



Ref. A09

PRIME MINISTER

As part of the exercise to reduce the size of the Civil Service by 1st April 1982 Departments have been told by the Civil Service Department to send in certain information following consultation with their Ministers. I have therefore to trouble you, in your capacity as my Departmental Minister, about the Cabinet Office options particularly since reductions here would be bound to affect the service which we provide for you and for Ministers collectively.

2. Departmental Ministers have to report to the Lord President by the end of this month -

- (a) The amount of savings that can be found in the Departments for which they are responsible by improving efficiency and reducing waste.
- (b) What further action would need to be taken in their Departments to bring total savings in staff costs for which they are responsible up to levels of 10 per cent, 15 per cent and 20 per cent by 1st April 1982 by performing functions less intensively, or curtailing them or dropping them altogether.

3. The CSD have said that no Department is exempt from this exercise but there are nevertheless good reasons why this Office is in a different position from other Departments. The CSD emphasise that this is "genuinely an exercise to reduce functions and not to reduce staff while leaving functions intact". The Cabinet Office does not in the main have "functions" or pursue policies which can be dropped. We supply a service both to Ministers collectively and to you in particular which presumably will have to be maintained. Furthermore the 3 per cent saving in the pay element of the cash limits which we, like other Departments, have had to make as a contribution to the recent pay awards has already meant a reduction in the Office of some 30 posts.

4. To be fair to CSD they point out that no overall target has been set and that there is no presumption that the final decision will result in a uniform percentage for all Departments. But once options are on the table they will be liable to CSD and subsequently to collective Ministerial scrutiny.



5. Annex A to this minute lists the various parts of the Office and indicates how cuts would affect each part whilst Annex B gives some examples of what 10 per cent, 15 per cent and 20 per cent cuts would mean for the Office as a whole.

6. I should be grateful for an opportunity to discuss briefly with you which, if any, of these options we should forward to the CSD.

John
JOHN HUNT

CONQUEROR

20th July, 1979



MANAGEMENT - IN CONFIDENCE

Annex A

Suggested Options for Consideration

(1) The Secretariat is the heart of the Office. After the 3 per cent savings have been achieved it will have a multi-representational staff of only 20 who will be responsible not only for servicing the Cabinet and its Committees but also for our various staff responsibilities in relation to nuclear matters, terrorism, the hot lines, etc. This is the smallest it has been since 1969. Subject only to (a) and (b) below, to reduce the size still further would impair not only the efficiency of the Committee system but also the briefing provided to the Prime Minister and other Committee Chairmen. The only possibilities seem to be:-

(a) A separate submission on the future of the Advisory Council on Applied Research and Development (ACARD) will be made soon in the Quango context. If the decision then is to abolish ACARD the Secretariat could save 1 Principal Scientific Officer.

Possible saving: £9,000

(b) A small saving could be achieved in the Home and Social Affairs Secretariat if the Deputy Secretary post was given up and the unit was headed by the Under Secretary. He would however have to be underpinned by the introduction of an Assistant Secretary. Such a downgrading is only possible because Devolution has now been removed from the Deputy Secretary's area of responsibility.

Saving: £5,000

(2) The CPRS - a small multi-disciplinary unit of only 18 people. Complete abolition of the CPRS would deprive the Prime Minister and Ministers of a central capability for work and advice on strategic and other non-departmental matters at a time when this is more likely to be required.

Total saving from abolition including support staff: £390,000

A reduction in the size of the CPRS would affect the range of subjects covered and the area on which advice could be given.

If 3 Adviser posts were given up
the saving would be £33,000

If 5 Adviser posts were given up
the saving would be £55,000

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- (3) European Secretariat - a unit of 8 people.

Complete abolition would result in a saving of £157,000.

There would however be no co-ordination of the policies of all home Departments in matters relating to the European Communities and the Prime Minister would be deprived of advice which is free from Departmental interest. Disbandment would result in a deterioration of the United Kingdom effort: and the Foreign and Commonwealth Office would probably take on staff to fill the gap! If the Unit is retained it might be possible to reduce it by 1 Principal but in an already busy area of work this would affect the quality and speed of output.

Saving in this case: £9,000

- (4) JIC and Assessments Staff has a staff of 27. Reductions which would endanger the flow of intelligence information to the Government presumably would not be acceptable. In that case the only possible reductions are in the economic assessment area. This would mean that there would be no co-ordinated assessments of overseas economic matters.

Saving: 1 Assistant Secretary, 3 Principals and
1 Personal Secretary - £40,000

- (5) Official Histories have a permanent staff of 6. The Histories programme has always been agreed with the Opposition and announced to Parliament. Histories now being written constitute a substantial investment which would be lost if the work was prematurely terminated. To start no new official histories would lead to considerable criticism: but the Military and Intelligence histories will all be completed by 1982 and if we do not step up the number of Peacetime Histories beyond the present number and aim to maintain only 4 histories in preparation at a time we could by 1982 achieve savings of £45,000.

- (6) Women's National Commission - the Office provides the Secretariat (2 staff) for this Commission which was first set up in 1969. We could eliminate this requirement if the WNC was abolished. (The Prime Minister has already expressed a provisional "Leave well alone" view on this).

Saving: £16,000

*If we don't keep the
W.N.C. - it shall be
recommended to replace it with
something much more
expensive.*



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(7) Common Services. This covers the Committee and Distribution Sections of the Office and the Typing and Reprographic services. Without these units the Office could not function. A service is provided from 8.00 am until 9.00 pm but if there is urgent work the typing and reprographic units continue to operate beyond 9.00 pm. To supply this service we have shift working. If the Common Services staff worked "normal" office hours 9.00 am to 6.00 pm we would save on staff and shift allowances.

Total saving: £75,000

The consequences of such a reduction would be that instead of the 3 circulations per day - 8.15 am, 1.00 pm and 5.30 pm - there would be 4 at say 9.30 am and 3.00 pm. Circulation of Cabinet and Cabinet Committee papers (briefs, agenda and minutes) would all be delayed. The build up would be gradual - at first some 3-4 hours but as late evening work piled up for typing and reproduction the following morning, papers could be as much as a day longer than at present in getting to Ministers. And even this could slip. The reputation of the Cabinet Office for the rapid circulation of briefs and minutes is something in which the staff are justly proud. Their efforts must help to speed up Government business.

(8) Central Statistical Office has a staff of 243.

Suggested CSO options, prepared by the Director of the CSO, are attached. The cuts proposed would save -

10 per cent - £162,000

15 per cent - £265,000

20 per cent - £338,000



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The CSO is responsible both for much essential economic and social statistics. This carries with it an obligation both to interpret data and to test their quality - often data collected by other Departments. In addition the CSO has responsibilities for central management of the Government Statistical Service. The options which follow are provisional to the extent that they do not take account of the effect of any reductions in the statistical services provided by other Departments.

Service to the Government

2. At the 10 per cent level there would be some inroads into the service to Ministers, notably through the CPRS for the Joint Framework for Social Policy. To remove this support and reduce our ability to respond quickly and reliably to questions about economic developments would save 12 posts, including some at senior staff level but mainly in the middle ranks, accounting for £108,000.

3. At 15 per cent we would save a further 6 middle range posts and £50,000 but at the expense of abandoning work needed for the Treasury and Bank which helps to explain financial flows between different sectors of the economy. Figures about the regions and social protection used in EEC negotiations on the Regional and Social Funds would also fall.

4. At 20 per cent it is not possible to maintain the quality of even the major macro-economic accounts. Least damaging might be to weaken the balance of payments estimates although these are closely watched by industry, the City and Parliament. We would also have to abandon work on statistical indicators which give early warning of underlying changes in the economy. Together these options save 6 middle rank staff (£47,000).

Service to the public

5. The CSO provides some direct services to the public, notably through its publications. To some extent these provide a return to people who have been put to the trouble of supplying the basic data. Several of these publications are of long standing and all are used as basic sources of reference by businesses and academics and individuals outside Government. Nonetheless it would be possible to make reductions which might be inconvenient to some users but not necessarily very damaging. These would save £11,000 and 2 junior staff at the 10 per cent level. At the 15 per cent level we would propose withdrawing from participation



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in the new PRESTEL service. The direct staff saving would amount only to £4,000 (1 junior official) and it is questionable whether, for a saving of this order, the Government should opt out from at least minimum participation in provision of up to date and objective statistics by a new medium which will be used largely by businesses and in the City. It is our intention that this service should as far as possible be self-financing.

6. The most up to date and sensitive service provided to the Press and public by the CSO is the Enquiry Office run by the Press Section. This would have to suffer a small cut of some £5,000 (1 junior official) at the 20 per cent level. There are some 300 or so telephone enquiries weekly and over 100 requests for written material. About one-quarter to one-third of the telephone enquiries are from the Press. We believe that even the small reduction proposed for this service would cause irritation to the present users, complaints to the Press and ultimately complaints to Ministers.

Central Management Services

7. We estimate that there are efficiency savings of some £12,000 (3 junior officials) which we would wish to make in any event. Continuing to the 10 per cent level we propose a reduction in work on the preparation of an overall strategy for the GSS and in our manpower planning activities. Less efficient management is likely to lead to inefficiencies in the assessment of priorities and employment of staff over the GSS as a whole. A saving of £10,000 (1 middle grade official) would be achieved.

8. Reductions of 15 per cent would lead to a reduction of the central Survey Control Unit which was set up to monitor the form-filling burden imposed on businesses and individuals by Government Departments but at this level of cut we would aim to retain our surveillance of business surveys. The savings would amount to £12,000 (1 middle grade and 1 junior official). CSO activities in maintaining consistency in Government statistics would have to be reduced at the 20 per cent level. There would be risks of duplication of effort between Departments and the continued use of out of date standards. Savings overall would be £18,000 (3 junior officials).



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Innovation and leadership

9. A much contracted CSO could of course be managed by fewer people at senior levels. There would be losses in leadership and innovation to be balanced against the need to avoid a top-heavy organisation. Savings at or above the 10 per cent level would amount to £20,000 (1 of the directing staff). At the 15 per cent or 20 per cent levels the figures would be a further £36,500 (2 Chief Statisticians).

Summary of options

	<u>£'000</u>	<u>Nos.</u>
10 per cent	162	20
Balance to 15 per cent	104	13
Balance to 20 per cent	72	10
	<u>338</u>	<u>43</u>

Some examples of how the various cuts might be achieved -

10% cuts - £520,000

(a)	Abolition of CPRS	£390,000	
	10% in CSO	<u>£162,000</u>	
		<u>£552,000</u>	
(b)	Reduction in Secretariat 2 posts	£14,000	
	Abolition of Economic Assessments	£40,000	
	Savings on Official Histories	£45,000	
	Abolition of WNC	£16,000	
	Reduce CPRS by 5	£55,000	
	Common Services cuts	£75,000	
	15% cut in CSO	<u>£266,000</u>	
		<u>£511,000</u>	
(c)	20% cut in CSO	£338,000	
	A selection of options under (b) to bring total to about	<u>£520,000</u>	
(d)	20% cut in CSO	£338,000	
	Abolition of European Secretariat	£157,000	
	Reduction in Secretariat - 2 posts	£14,000	
	Abolition of WNC	<u>£16,000</u>	
		<u>£525,000</u>	

15% cuts = £780,000

(e)	Abolition of CPRS	£390,000	
	20% cut in CSO	£338,000	
	Abolition of Economic Assessments	£40,000	
	Abolition of WNC	<u>£16,000</u>	
		<u>£784,000</u>	

(f)	Reduction in Secretariat 2 posts	£14,000
	Abolition of Economic Assessments	£40,000
	Savings on Official Histories	£45,000
	Abolition of WNC	£16,000
	Reduce CPRS by 5	£55,000
	Common Services Cuts	£75,000
	20% cut in CSO	£338,000
	Abolition of European Secretariat	£157,000
		<u>£740,000</u>

20% cuts = £1,040,000

(g)	Abolition of CPRS	£390,000
	Abolition of European Secretariat	£157,000
	20% cut in CSO	£338,000
	Abolition of Economic Assessments	£40,000
	Savings on Official Histories	£45,000
	Common Services Cuts	£75,000
		<u>£1,045,000</u>



FILE

Civil Service

10 DOWNING STREET

From the Principal Private Secretary

SIR JOHN HUNT

The Prime Minister has considered your minute of 20 July about options for manpower reductions in the Cabinet Office. She does not believe that it is possible for the Cabinet Office, which provides an essential service to Ministers collectively, to put forward realistic options adding up to the full guidelines required by CSD. She would not therefore wish you to put forward the full list set out in your minute.

The Prime Minister would however like the following options to go forward to CSD for discussion, though she recognises that at this stage you are not committed to implementation of them.

- i. She will await the further submission on the future of ACARD: but the consequences of abolition should certainly be included.
- ii. She agrees with (1)(b) of Annex A to your minute.
- iii. She would like you to put forward options for reducing CPRS by (a) two and (b) four advisers. In the latter case you would no doubt cover the possibility of relying more on outside consultants.
- iv. She would like the case for reducing or abolishing the economic element in the Assessments Staff to go forward.
- v. She agrees that the case for keeping the peacetime histories down to four at any one time should go forward.
- vi. She thinks that a cut of at least 10 per cent should be possible in the CSO.

C. A. W/A: WHITMORE

24 July 1979

PRIME MINISTER

Cuts in the Cabinet Office

20.7.79

I attach a ~~minute~~ from Sir John Hunt about the implications for the Cabinet Office of the present exercise, which the Lord President is overseeing, to reduce the size of the Civil Service in order to make savings in staff costs. As you will see, Sir John Hunt concludes his minute by saying that he would like to have a word with you about the options for the Cabinet Office which he might put to the CSD.

✓
not

In view of your very crowded timetable between now and the debate on Wednesday I think it doubtful whether we shall be able to fit in a meeting with Sir John Hunt on this subject and I have therefore had a word with him about his minute. The Cabinet Office have a very real problem when they are asked to contemplate savings of the order under consideration in this exercise. If one leaves on one side the Central Statistical Office, which is where the relatively big numbers in the Cabinet Office are, the rest of the office is very small and in most areas is already well down to the bone. If pro rata cuts are then applied, staffing levels in some cases are likely to be taken below the minimum that is required to sustain an efficient service to Ministers collectively and to you in particular. With these considerations in mind Sir John Hunt has told me that he thinks that the most that it would be reasonable to offer are savings in the following areas mentioned in annex A to his minute:-

After Monday

- (1) (a) Assume the abolition of ACARD - £9,000,
- (1) (b) He proposes to make this change which saves money though no staff - £5,000.

(2) He has in mind a cut in the CPRS of two people. I think that this is reasonable. The CPRS is already very small ~~but~~ ^{and} does need a balanced mixture both of people from different disciplines and of civil servants and outsiders. A cut of two would save £22,000.

More than this. we have not really got round to CPRS but surely the way to deal with it is to have very low numbers. It will be we outside for making. The 1000 is in the CPRS is in the...

(iii)

- (3) ✓ Sir John Hunt would prefer to avoid cutting the European Secretariat. I think that this is right: Michael Franklin and his people do a very valuable job in co-ordinating Community business and holding the ring between the various Departments concerned.
- (4) ✓ The economic assessment area of the JIC and assessment staff is well worth looking at for cuts and Sir John Hunt proposes to assume a saving of £40,000.
- (5) ✓ Reductions in work on Official Histories should produce £45,000.
- (6) ✓ Do you agree that the Womens' National Commission should not be abolished?
- (7) ✓ The common services support the Secretariat in the Cabinet Office and together they form the heart of the Office. A reduction here would be bound to affect the service which is now given to Ministers.
- (8) ✓ Sir John Hunt thinks that we should go for a 10% cut in the Central Statistical Office. The note on the CSO suggests to me that a cut of this size would not cause very much damage. The saving is £162,000.

Can we spare a little more here - the staff is enormous. mb.

If all these cuts are made, the total saving will be £283,000. This is rather more than halfway towards a cut of 10% and comes on top of the reduction of 30 posts which the Cabinet Office has already made as its contribution to the 3% saving in the pay element of the cash limits which all Departments have had to make as a contribution to the recent pay awards. I think that savings of this order are probably all that can be expected of a Department the size of the Cabinet Office if it is not to run into the kind of problems I have mentioned. Do you agree that Sir John Hunt should put forward to the CSD the reductions set out in the list above?

*Yes. but see CPAS
ans.*

John.