Ref. A02505

PRIME MINISTER

The Lord President has asked all Ministers in charge of Departments to send to the Civil Service Department and Sir Derek Rayner an outline of their plans for reviewing functions and improving efficiency as part of the exercise to reduce the size of the Civil Service to around 630,000 by 1st April 1984. I am putting this submission to you, in your capacity as my Departmental Minister, about the plans proposed for the Cabinet Office and the contribution it might make to this exercise.

2. There is no uniform target which a Department must achieve; reductions can be applied flexibly, so long as overall Civil Service numbers drop by 55,000 - 8 per cent of staff in post. We are asked for a provisional view of the reductions we can make up to April 1984, with more detailed thinking about 1981-82, and to give:

(a) An indication of the broad areas where it is proposed to look for new savings divided between:

(i) simplification of functions and other efficiency savings;

(ii) abolition and reduction of functions; and

(iii) "privatisation".

(b) Any significant new legislative requirements.

(c) The possible scale of staff surplus.

3. The Cabinet Office is in a different position from other Departments, as you agreed in an earlier manpower exercise (cf. Mr. Whitmore's minute of 24th July 1979). The Cabinet Office in the main does not have functions which can be dropped; it supplies a service both to Ministers collectively and to you in particular. Any savings in staff can therefore be achieved only through greater efficiency and perhaps by reducing still further the level of effort deployed on some functions. There is no scope for "privatisation"; nor can we foresee any significant legislative requirement which could materially affect the number of staff we need. Any reductions in numbers would be unlikely to lead to staff surpluses.

4. In such a small Department the scope for further staff reductions is severely limited by savings already made and those to which we are already committed, namely:

(a) Some 30 posts arising from the 3 per cent savings in the 1979-80 cash limits as a contribution to pay awards.

(b) A further 13 posts also from a $2\frac{1}{2}$ per cent saving in cash limits starting in 1980-81.

(c) A further 35 posts arising from changes which you approved under the Lord President's options exercise.

The savings under (c), together with other economies we were able to offer, represent some 7.3 per cent of our 1979 wage and salary costs: a figure which, I am bound to say, stands comparison with the percentages achieved by some other and larger Departments.

5. If we are not to prejudice the standard of service which the Office provides, there is in the main little scope for further savings, except perhaps in the Central Statistical Office and in our common services. This is not to say that the services they provide are any less essential than those provided elsewhere - indeed the common services sections are crucial to the effective operation of the Cabinet Office. But relatively large numbers of staff are engaged on the work, and it uses equipment and procedures which should be capable of improvements leading to productivity gains. Steps have already been taken in both areas which will lead to further staff savings. A "Rayner" study of the whole Central Statistical Office has just been completed and the recommendations are being studied. The CSD are studying the possibilities for Word Processors in our Main Typing Pool.

6. Annex A lists the areas of the Office and indicates the savings to which we are already committed under the options exercise. It also shows the plans we are following and the possible extent of further savings. The figures are very provisional, and we cannot be committed to them at this stage. They provisionally suggest reductions of 29 posts in all, which is about 5 per cent. I should be glad to know if you are content for me to provide information to the CSD and Sir Derek Rayner on the basis set out in the Annex.

RtA

ROBERT ARMSTRONG

ANNEX A

The Cabinet Office

1. The Secretariat has a staff of 20. Under the options exercise a Deputy Secretary post in the Home and Social Affairs Secretariat is being given up (on 30th June 1980), and an Assistant Secretary will be introduced to underpin the Under Secretary who will then head the unit.

Scope for further savings: review the need for Principal level posts in the Economic, Industrial and Scientific Affairs Secretariat; in particular the interface between the Secretariat and the CPRS on work relating to the Advisory Council on Applied Research and Development (ACARD). Possible saving of 1 Principal level post in 1980-81.

2. The CPRS is a small multi-disciplinary unit of 18 people. A reduction of 3 posts under the options exercise.

Scope for further savings: review work on ACARD see 1 above.

3. European Secretariat is a unit of 8 people. Saving of 1 Principal post under the options exercise.

Scope for further savings: none.

Why? Surely we can reduce no. of the secretaries.

4. JIC and Assessments Staff has a staff of 27. Saving of 4 posts under the options exercise in the economic assessment area.

Scope for further savings: none, without risk of serious loss of capacity to assess the product of intelligence and disseminate the results to the Departments concerned.

5. Official Histories have a permanent staff of 7. Saving of 2 posts under the options exercise.

Scope for further savings: none.

6. Women's National Commission. The Office provides the Secretariat which has been increased from 2 to 3. No scope for reductions.

7. Common Services - includes Committee and Distribution Sections, Messengerial, Typing and Reprographic Services. Total staff: 209. A saving of 4 posts under the options exercise.

Scope for further savings: the operations of the Cabinet Office depend crucially on a large, fast and reliable typing service and an effective Common Services area generally. But word processors offer the prospect of real savings

of effort and time when problems of security and personnel are overcome. A CSD study of the possibilities is in process.

Looking further ahead, other possibilities in the electronic office systems field will become available and the Office will wish to arrange for studies to be undertaken particularly in the Committee and Distribution areas.

It is difficult to quantify the scope for further savings, but we have included a notional 10 posts spread 2 in 1981-82,, 4 in 1982-83 and 4 in 1983-84.

8. Central Statistical Office has a staff of 237. A saving of 21 posts under the options exercise.

Scope for further savings: a "Rayner" study aimed at securing the best means for the continuing scrutiny and control of the need for and cost of individual statistical services has just been completed. The prospects for further cuts must be strongly influenced by this study, the findings of which are now being evaluated.

For the purposes of the manpower exercise we have assumed a further cut of 8 per cent - which amounts to 18 posts - spread 4 posts in 1980-81 and 1981-82 and 10 in the remaining two-year period of the exercise. Both the totals and the distribution are necessarily highly speculative at this stage.

Summary of Further Savings

	1980-81	1981-82	1982-83	1983-84
No. of posts	5	6	9	9

VLB

FILE

Civil Service

MR. WRIGHT
CABINET OFFICE

The Prime Minister has seen Sir Robert Armstrong's minute (A02505), about the plans proposed for the Cabinet Office as a contribution to the reduction of the Civil Service to about 630,000 by 1 April 1984.

She is content for Sir Robert to provide information to the C.S.D. and to Sir Derek Rayner on the basis set out in the annex to his minute.

M A PATTISON

7 July 1980

VLB

PRIME MINISTER

Here is Robert Armstrong's submission to you about the scope for further staff cuts in the Cabinet Office.

His initial conclusion is that there could be scope for a reduction of around 29 posts, in addition to savings to which the Cabinet Office is already committed. The further reductions would be around 5 per cent on current staffing levels.

Agree that Sir Robert may work on the basis set out in Annex A in discussions with the CSD and Sir Derek Rayner, following up the Cabinet decision about long-term Civil Service manpower targets?

Yes MT

4 July 1980