

Can we do more  
with CSO? We had  
very much reply to  
question

Prime Minister  
Robert Armstrong's reaction to  
your comment on Cabinet  
Office cost increases.  
Are you willing to  
endorse "x"?

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Ref. A03331

MR. PATTISON

we had reduced a lot of staff  
the other day. I think we  
we had a lot of staff  
reduced

MA 28/x

Thank you for your minute of 16th October to Mr. Wright, conveying the Prime Minister's agreement that I might submit an analysis of Cabinet Office costs to Mr. Channon, as part of the exercise on the annual costs of running Central Government.

2. I am sorry, though, that she interprets a staff costs increase of 22.1 per cent - which is the latest estimate for 1980-81 over 1979-80 - as meaning that the Cabinet Office is not offering a good example to other Departments. We really are trying quite hard.

3. Staff costs depend directly on two things - the number of staff employed and the amount they are paid. As far as the Cabinet Office is concerned, I bear a considerable responsibility for the former, but none at all for the latter: the wages and salaries of all our staff are centrally determined. In percentage terms pay increases in 1979-80 were high, and they were increased by awards deferred from earlier periods. As a result the average increase in pay was over 30 per cent. We managed to reduce the cost increase by bringing down our numbers by 25, and we intend to do more in future. We shall be cutting staff numbers by 15 per cent between 1979 and 1984 as our contribution to reducing the size of the Civil Service. The Cabinet Office is a small organisation, and many of its functions (Secretariat, CPRS, Intelligence Services, and the European Secretariat) offer limited scope for savings if we are to maintain standards of service to Ministers. But I am determined that the Cabinet Office should do, and I believe that it is doing, all it can, commensurate with maintaining a reasonable standard of service to Ministers, to reduce its numbers and hence its staff costs. I should like to think that the Prime Minister thinks so too.

RA

(Robert Armstrong)

28th October, 1980

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*See R.H  
Curt Sum*

10 DOWNING STREET

*From the Private Secretary*

MR WRIGHT  
CABINET OFFICE

The Prime Minister has seen a copy of Sir Robert Armstrong's minute to me of 28 October (A03331) about the Cabinet Office staff costs.

She does not dissent from his comments on the Cabinet Office performance, and she has noted that cost increases were significantly lower than the average pay increase.

The Prime Minister has, however, commented once again that she is disappointed by the limited savings so far in respect of the Central Statistical Office. She raised this point earlier in the week over a suggested answer to a PQ.

I understand that the results of the Rayner study of Government Statistical Services should be available fairly soon, and I hope that we can let this point rest until then.

*MA*

31 October, 1980

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*RB*