



CC ✓
 Prime Minister (1)

PRIME MINISTER

Yes Mr.

Agree (a) - (c) in the
last para of this minute?

MCS 28/6

CIVIL SERVICE NUMBERS AFTER 1984

I expect to consult you shortly on the handling of the Public Expenditure Survey. I should also like to consult you about the related subject of civil service manpower.

We should succeed in reaching the target of 630,000 for 1 April 1984. I do not think that it would be realistic to aim for another reduction of the same size (14%) in our second term of office, but I do believe that we should maintain firm pressure and keep the overall figures moving down.

Last December, Cabinet agreed that further target figures should be set for April, 1988. The figure for the Service as a whole should be built up from the individual figures agreed for each department; there should 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; there should be a realistic allowance for contingencies. I do not propose that these conclusions should be overturned.

As colleagues 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.

Because of the General Election, there has not yet been any Ministerial discussion of the results. But the figures which colleagues then reported amount to the prospect of a total of around 610,000 by 1 April 1988 on the basis of present policies, which would be improved to just under 605,000 after new initiatives which they hoped to set in hand. They were also asked to say what they would do if it were necessary to reduce these figures

further by 5% or 10%. The possible options identified under this heading came to some 35,000. But while further work is needed to refine that figure, the Treasury's preliminary assessment is that only about one-third of it represents options which may be practicable, and that some of those would require difficult policy decisions (eg the abolition of vehicle excise duty).

The 605,000 figure includes one large "hiving-off": the Royal Ordnance Factories with 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. 5,000 from the computerisation of PAYE in the Inland Revenue) are offset by proposals for increases (eg. 7,000 for the Prison Service).

In order to prepare firm proposals for collective decision, the Treasury will need to do three things in consultation with departments:-

- (a) assess the scope for greater savings from improved efficiency and productivity. I doubt whether all colleagues have set themselves sufficiently stiff hurdles here. In particular, Michael Heseltine had only just taken over at Defence (200,000 planned for April, 1984) when that department's return came in, and I hope for more from that quarter;
- (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.

I think that by these means it should be possible to reduce the overall target figure below 600,000, though I am not yet ready to offer an assessment of how much further it will be practicable to go.

It will, I think, be best to pursue this 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.

If you agree, therefore, I propose to put a paper on manpower to Cabinet on 21 July which will:-

- (a) report progress so far;
- (b) seek endorsement of the general line that the aim should be rather larger reductions than those so far on offer, but consistent with the conclusions reached last December;
- (c) put colleagues on notice that I will seek agreement to such reductions in the bilateral discussions on the Survey, and report back to Cabinet in the autumn.



PETER REES
27 JUNE 1983

27 JUN 1963

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bc N.O. DA

cc CO.

10 DOWNING STREET

From the Private Secretary

1 July 1983

Civil Service Numbers After 1984

The Prime Minister was grateful for the Chief Secretary's minute of 27 June, about Civil Service manpower.

She agrees that the Chief Secretary should put a paper on manpower to Cabinet on 21 July, as proposed in his minute.

M. C. SCHOLAR

John Gieve, Esq.,
Chief Secretary's Office.

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