



10 DOWNING STREET

THE PRIME MINISTER

Personal Minute

No. *11/12/83*

SECRETARY OF STATE FOR DEFENCE

Thank you for your minute of 3 November about the follow-up to the Cabinet discussion on 20 October about Civil Service numbers after 1984.

My understanding was that the Cabinet accepted the Chief Secretary's proposals on the understanding that they were a minimum and that colleagues should do better where they could.

I hope we shall all do better. But I think that, before we commit ourselves publicly to going further, we should be clear how the further reductions are to be achieved. Apart from the scope for further privatisation, I believe that there is still organisational slack and much scope for improving value for money in the public service. These matters have to be pursued Department by Department, and each Minister in charge of Department has to decide (in consultation with the Treasury) where to go for better value for money, and whether to take out the benefit of improved value for money in reduced manpower or improvements in service (or a combination of the two).

PERSONAL AND CONFIDENTIAL

/ Sir Robin Ibbs

*SUBJECT*

*see master 20*

- 2 -

Sir Robin Ibbs has outlined to me his plans to pursue improvements in efficiency and value for money in his talks with departmental Ministers, and I see that as an important element in the thrust for improving performance in the Civil Service and (where possible) reducing numbers below the level proposed by the Chief Secretary.

I am sending copies of this minute to the Chief Secretary, Treasury, to other Members of the Cabinet, and to Sir Robin Ibbs; and I hope that the Chief Secretary will look further at Civil Service numbers generally, and will be able to bring forward to the Cabinet in due course, and in any case in the context of next year's review of public expenditure, proposals which will take us to lower Civil Service numbers by 1988 than those accepted by the Cabinet this year.

21 November 1983



MO 2/2/6

PRIME MINISTER

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see Mr Hatfield CO  
Advance pl.AT  
4/11BR wa  
Mr Hatfield replica  
ATCIVILIAN MANPOWER NUMBERS

Because we have both been occupied in other ways over the last week, I have not mentioned to you before my concern over the follow-up to the Cabinet discussion on 20th October about Civil Service numbers after 1984. It was my impression of that meeting that it was decided to carry out further work on the scope for larger reductions before reaching a final view on the proposals put forward by the Chief Secretary. When I checked back with my Officials on the conduct of this further work, I found that the record of your summing up in the limited circulation annex to CC(83)30th Conclusions was expressed in much more general terms. I wonder if it is in fact your intention to take this rather further than is implied by the Minutes?

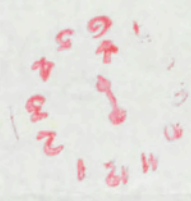
Wright

Ministry of Defence  
3rd November 1983

Elect  
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Public Expenditure  
15.24



4 NOV 1983



NOV 1983



10 DOWNING STREET

From the Private Secretary

9 December, 1983

Dear John,

Civil Service Manpower

The Prime Minister has seen the Chief Secretary's minute of 6 December. She is content with the way in which he will be seeking savings in Civil Service manpower during the course of the 1984 public expenditure survey.

I am copying this letter to Private Secretaries to other members of Cabinet, to Sir Robin Ibbs and to Richard Hatfield (Cabinet Office).

Yours sincerely  
Andrew Turnbull

ANDREW TURNBULL

John Gieve, Esq.,  
Chief Secretary's Office

PERSONAL AND CONFIDENTIAL

Sir R. Ibbs  
cc: 20

CS: Lang term Policy 14

DHSS

LP50

D/Eni

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LCO

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FCO

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MOD

MAFF

D/Env.

SO

WD

DTI

LP50

D/Transp.

Ⓢ

PERSONAL AND CONFIDENTIAL

FROM: THE CHIEF SECRETARY

DATE: 6 December 1983



Prime Minister

PRIME MINISTER

*MS*

You sent me a copy of your personal minute of 21 November to the Secretary of State for Defence about civil service manpower.

My understanding of the Cabinet's decision is the same as yours.

As you suggest, I will certainly take another look at this in the course of the 1984 Public Expenditure Survey. As departments develop their new machinery under the financial management initiative for reviewing the effectiveness and efficiency of their activities, I expect to see increased scope for considering fresh options for the better use of their resources. I know that Michael Heseltine, in particular, expects to take forward his use of MINIS for this purpose over the next few months. I will make a point of this in my discussions with colleagues in the next Survey.

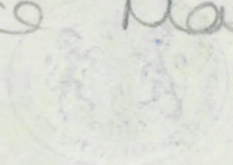
Copies of this minute go to the recipients of yours.

*PR*

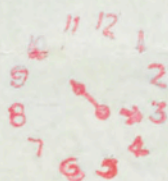
PETER REES

PERSONAL AND CONFIDENTIAL

Civil Service <sup>long term</sup> Manpower Pt 14



7 DEC 1983



COMMUNICATIONS  
LONDON

NBPM AT 27/11



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1  
Telephone 01-~~831722~~ 218 2111/3

MO 2/2/6

23rd November 1983

Dear Sir,

I understand you asked to see a copy of the minute from the Defence Secretary of 3rd November referred to in the Prime Minister's personal minute (M/12/83) of 21st November. A copy is attached.

I am copying this letter and the attachment to the Private Secretaries to other members of the Cabinet and to Richard Hatfield (Cabinet Office).

Yours ever,

*Richard Mottram*

(R C MOTTRAM)  
Private Secretary

J Gieve Esq





GR. Pityre  
18/11

10 DOWNING STREET

Prime Minister

You felt that Sir Robert's  
earlier draft was not  
positive enough on continuing  
the search for further  
manpower savings.

Agree this draft?

AT

18/11

As amended  
MS



Ref. A083/3300

MR TURNBULL

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Civilian Manpower Numbers

Thank you for your minute of ~~15~~ November.

2. If there is to be a further look at manpower numbers, the question arises when this should be, and in what context. There has just been a great exercise on the subject, which resulted in the memorandum which the Chief Secretary submitted to the Cabinet for discussion on 20 October. I think that it would be difficult to justify mounting a further exercise so soon after that.

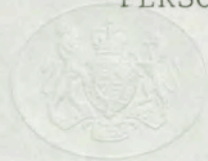
3. But Sir Robin Ibbs is doing the rounds of Ministers and Permanent Secretaries, and I know that he thinks that there is more to be achieved by way of improving efficiency (and so reducing manpower). I suggest that the Prime Minister should ask the Chief Secretary to look further at Civil Service numbers in the light of that, with a view to bringing forward to the Cabinet in due course, and in any case in the context of next year's review of public expenditure, proposals to take us to lower Civil Service numbers by 1988.

4. I attach a revised draft minute for the Prime Minister to send to the Secretary of State for Defence accordingly.

RA

ROBERT ARMSTRONG

18 November 1983



DRAFT MINUTE FROM THE PRIME MINISTER  
SECRETARY OF STATE FOR DEFENCE

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Thank you for your minute of 3 November about the follow-up to the Cabinet discussion on 20 October about Civil Service numbers after 1984.

2. My understanding was that the Cabinet accepted the Chief Secretary's proposals on the understanding that they were a minimum and that colleagues should do better where they could.

3. I hope we shall all do better. But I think that, before we commit ourselves publicly to going further, we should be clear how the further reductions are to be achieved. Apart from the scope for further privatisation, I believe that there is still organisational slack (~~in the Ministry of Defence as well as elsewhere~~) and much scope for improving value for money in the public service. These matters have to be pursued Department by Department, and each Minister in charge of Department has to decide (in consultation with the Treasury) where to go for better value for money, and whether to take out the



benefit of improved value for money in reduced manpower or improvements in service (or a combination of the two).

4. ~~The Efficiency Unit has an important part to play in this.~~ Sir Robin Ibbs has outlined to me his plans to pursue improvements in efficiency and value for money in his talks with departmental Ministers, and I see that as an important element in the thrust for improving performance in the Civil Service and (where possible) reducing numbers below the level proposed by the Chief Secretary.

*to other members of the Cabinet,*

5. I am sending copies of this minute to the Chief Secretary, Treasury, and to Sir Robin Ibbs; and I hope that the Chief Secretary will look further at Civil Service numbers generally, and will be able to bring forward to the Cabinet in due course, and in any case in the context of next year's review of public expenditure, proposals which will take us to lower Civil Service numbers by 1988 than those accepted by the Cabinet this year.

CIV SEM



LONG TERM

Pt 14

COMPTROLLER

Civil Service 80

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pa  
DMS  
12/11



Prime Minister

for information.

MR BARCLAY

DMS  
16/11

The Prime Minister may be interested to see the terms in which Sir Robin Ibbs has written to senior Ministers.

IAN B BEESLEY  
16 November 1983



## EFFICIENCY UNIT

70 WHITEHALL, LONDON SW1A 2AS

Enquiries : 01-233 8412

Direct line : 01-233 7359

15 November 1983

I expect you will have seen the letter of 6 October from the Principal Private Secretary setting out how the Prime Minister would like me to help Ministers continue to improve efficiency.

I discussed these matters with Permanent Secretaries recently at their autumn Sunningdale conference and I have since written to your Permanent Secretary and offered further discussion of the management task ahead.

My general feeling is that success in improving value for money during the first administration was encouraging but that further substantial improvement is possible, though the precise figure will vary from department to department.

In this context I attach great importance to establishing the lasting reforms -especially in financial and personnel management- as vigorous parts of the normal management system and not as bureaucratic formalities. Effort has to be concentrated at points where the reforms will yield maximum benefit. There is a substantial task of managing the transition from the traditional approach to civil service jobs to a new situation where every civil servant accepts an active responsibility to improve value for money year on year.

In support of this I have to report to the Prime Minister about the extent to which Departments' MINIS-type systems are being used to direct value for money work, and to establish the lasting reforms as instruments for securing better value for money.

I also have to put together from this a well-selected programme of scrutinies and review. It should support Ministers' use of MINIS-type systems in achieving worthwhile improvements and securing other benefits of the Financial Management Initiative.

Naturally, the majority of scrutinies and reviews will be carried out wholly in the department concerned. But I envisage that there will be a central interest in the most important and that the Prime Minister will ask me to take an interest on her behalf in a number of these.

I should be grateful, therefore, if you could let me know what are your target improvements for the department in 1984/85 and what programme of studies is planned to support these and future years' improvements. It would be helpful if I could have this by 9 December. I or the Efficiency Unit will discuss with your officials what help we can offer you towards the targets and which work would usefully be part of the central efficiency programme, which henceforth I envisage should cover the financial year.

ROBIN IBBS



Circulation List:

Lord Chancellor

Secretary of State for Foreign and Commonwealth Affairs

Secretary of State for the Home Department

Chancellor of the Exchequer

Secretary of State for Education and Science

Secretary of State for Northern Ireland

Secretary of State for Energy

Secretary of State for Defence

Secretary of State for Scotland

Secretary of State for Wales

Secretary of State for the Environment

Secretary of State for Social Services

Secretary of State for Trade and Industry

Secretary of State for Employment

Minister of Agriculture, Fisheries and Food

Secretary of State for Transport

Attorney-General

Minister of State, Privy Council Office

Grot Mach: Rayner Pt 14

16 NOV 1983



AT/15/11



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10 DOWNING STREET

*From the Private Secretary*

MR. HATFIELD  
CABINET OFFICE

Civilian Manpower Numbers

The Prime Minister has seen Sir Robert Armstrong's minute of 11 November (A083/3219) and the draft reply to the Secretary of State for Defence which was attached to it. The Prime Minister was unwilling to reply along the lines of the draft. She has commented that there should be a further look at Civil Service numbers generally. Thus, although the Chief Secretary's proposals have been accepted by Cabinet she does not think the search for further reductions should be abandoned.

B/E | I would be grateful if Sir Robert could consider how this further work might be done and could put new proposals to the Prime Minister.

MR. A. TURNBULL

15 November 1983PERSONAL AND CONFIDENTIAL

sy

Ref.A083/3219

MR TURNBULL

No - I think the Prime Minister <sup>①</sup>  
Should be a further content to reply as  
at no. possibly drafted by RTA?  
AF "11"

Flag A

You asked for advice on a minute which the Secretary of State for Defence sent to the Prime Minister on 3 November (MO 2/2/6) about civilian manpower numbers.

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2. The Secretariat certainly did not read the discussion at Cabinet on 20 October as "a decision to carry out further work on the scope for larger reductions before a final view on the Chief Secretary's proposals". I have gone back to my notes, and I do not think that any decision was explicitly stated. The Secretary of State for Defence said that on manpower he was the odd man out. The Government had done a marvellous job in the Prime Minister's first Administration, cutting one thousand staff in five years. The much more modest reduction for the next four years ( $4\frac{3}{4}$  per cent) compared with nearly 14 per cent in the first five years would be a modest target and would not apply much management pressure. Ministers have allowed themselves to be persuaded that there was no further to go than that. He did not believe it. The Prime Minister commented that she had asked me to come forward with a scheme for encouraging premature retirements to make way for fliers; she said that she wanted to see a scheme of merit pay; she thought that there was still organisational slack in the Civil Service; and she said that Sir Robin Ibbs had put in a "quite brilliant" minute outlining his plans in the next stage in the drive for increased efficiency. This led the Secretary of State for Trade and Industry to comment that the Cabinet should not be forced to cut financial programmes which Ministers regarded as essential in favour of local authority expenditure which they did not regard as essential.

3. The Prime Minister did not revert to the manpower question in subsequent discussion, and (as the minutes make clear) we took it that the decision was to accept the Chief Secretary's

proposals as a minimum and try to do better, with Sir Robin Ibbs and his Unit being seen as a main spearhead in that work.

4. I attach a draft of a minute for the Prime Minister to send to the Secretary of State for Defence.

*Re*

*(Approved by Sir Robert  
Amstrong and signed in his absence).*

C.S. 2 Pakiri P. M. C.

COMMISSIONER

11

DRAFT MINUTE FROM THE PRIME MINISTER TO THE  
SECRETARY OF STATE FOR DEFENCE

Thank you for your minute of 3 November about the follow-up to the Cabinet discussion on 20 October about Civil Service numbers after 1984.

2. I do not remember that there was a decision to carry out further work on the scope for larger reductions before reaching a final view on the Chief Secretary's proposals. On the contrary, I remember that you prefaced your own intervention with the observation that on this subject you were the odd man out. There was not in fact very much discussion of manpower, but my impression was that (as the minutes suggest) the Cabinet endorsed the Chief Secretary's proposals on the understanding that they were a minimum and that colleagues should do better where they could.

3. I think that the point here is that, if there are to be (as I hope there will be) reductions over and above the Chief Secretary's proposals, we should be clear before we commit ourselves to them how they are to be achieved. I believe that there continues to be scope for "privatising" functions now performed by Government Departments; and I am sure that

(as I said in Cabinet) there is still organisational slack (in the Ministry of Defence as well as elsewhere) and much scope for improving value for money in the public service. These matters have to be pursued Department by Department, and Ministers in charge of Departments have to make up their minds whether to take out the benefit of improved value for money in reduced manpower or improvements in service (or a combination of the two).

4. As I said at Cabinet, the Efficiency Unit has a leading part to play on this. Sir Robin Ibbs has outlined to me his plans to pursue improvements in efficiency and value for money in his talks with Departmental Ministers, and I look to that as a main element in the thrust for improving performance in the Civil Service and (where possible) reducing numbers below the levels proposed by the Chief Secretary.