



CC 19/12

Prime Minister:

MO 8

i) on manpower, Mr Heseltine is going no further than an extra 1000. Do you wish to take this further?

PRIME MINISTER

ii) to note position on projections of capital expenditure

1985 PUBLIC EXPENDITURE WHITE PAPER

19/12

In his minute of 7th December about the 1985 Public Expenditure White Paper, the Chief Secretary raised two issues concerning defence.

2. Paragraph 8 of the Chief Secretary's minute refers to the MOD manpower figures and to his disappointment that I have offered a reduction on 1st April 1988 of only 1,000. It is perhaps symptomatic of the way in which Cabinet is expected to address these issues that my understanding of the finally agreed total and the breakdown of that figure between Departments has to be based on the attached table. Colleagues may find the facts equally difficult to establish. On the basis of my offer of a further saving of 1,000 on my 1st April 1988 figure, the breakdown is as follows (ignoring that the contingency will all go to the benefit of Civil Departments):

	1.4.84		1.4.88
All Civil Departments	428640	-4.0%	411380
MOD including Royal Ordnance Factories (ROFs)	200000	-15.5%	169000
Contingency	1360		10000
Total	630000	-6.3%	590380
[MOD excluding ROFs	181500	-6.9%	169000]

It is not obvious from these figures why the record of my Department should be singled out for special mention. I remain ready to seek



further savings as part of a Government-wide exercise.

3. The Chief Secretary also raised the inclusion of a table on capital expenditure for three years ahead, compared with the one-year projection used last year. My officials were cautious about this because the available figures from the annual Long Term Costing exercise here are only partly based upon programme decisions of Ministers: for the rest the assumptions used are highly provisional. I would not wish the figures to be accorded the authoritative status that could be implied by inclusion in the PEWP. I am, however, sympathetic to the Chief Secretary's desire to project capital spending over the full planning period and I therefore agree that provisional figures should be used, taken for 1985/86 from the 1984 Long Term Costing and for the two following years extrapolated by the application of revaluation factors. The Chief Secretary's office have circulated a Table for our consideration, which includes defence figures derived in this way, in their letter of 13th December.

4. My officials have been in touch with the Treasury and agreed a number of editorial changes to the defence chapter.

5. I am copying this to Cabinet colleagues and Sir Robert Armstrong.

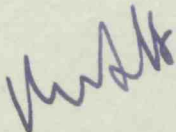

Ministry of Defence
14th December 1984

Table 5.17 Manpower targets to 1.4.88

	1.4.85	1.4.86	1.4.87	1.4.88
<i>Agriculture, Fisheries and Food</i>				
Ministry of Agriculture, Fisheries and Food				
Intervention Board for Agricultural Produce				
Chancellor of the Exchequer	11,461	[11,391]	[11,331]	11,191
Inland Revenue	725	629	670	663
Customs and Excise				
Department for National Savings	69,750	69,300	66,300	62,900
HMSO	25,500	25,445	25,265	25,020
Treasury	7,775	7,750	7,650	7,290
Royal Mint	3,600	3,450	3,410	3,320
Central Office of Information	3,460	3,427	3,374	3,326
Registry of Friendly Societies	939	955	943	932
Government Actuary	956	959	949	939
National Investment and Loans Office	130	130	128	121
<i>Education and Science</i>	66	66	66	66
Department of Education and Science	52	52	52	52
<i>Employment</i>				
Department of Employment	2,472	2,437	2,417	2,382
Health and Safety Commission/Executive				
Manpower Services Commission	29,919	29,224	28,255	27,803
Advisory Conciliation and Arbitration Service	3,662	3,652	3,644	3,644
<i>Energy</i>				
Department of Energy	21,500	21,000	20,445	20,002
<i>Environment</i>				
Department of the Environment	659	652	627	625
Property Services Agency	1,094	1,075	1,055	1,031
Ordnance Survey	6,538	6,483	6,403	6,343
<i>Foreign and Commonwealth Office</i>				
Foreign and Commonwealth Office	[27,073]	[26,413]	[25,703]	25,093
Overseas Development Administration	2,948	2,934	2,920	2,906
<i>Home Office</i>				
Home Office	8,354	8,194	8,090	8,007
Lord Chancellor	1,565	1,545	1,525	1,500
Lord Chancellor's Department (including Public Trustee Office)	37,175	37,731	39,939	41,048
Land Registry				
Public Record Office	10,221	10,221	10,196	10,001
<i>Northern Ireland</i>				
Northern Ireland Office	6,845	7,110	7,310	7,350
<i>Scotland</i>				
Scottish Office	406	413	419	425
Scottish Courts Administration	190	184	180	176
General Register Office, Scotland				
Registers of Scotland	[10,023]	[10,003]	[9,818]	[9,636]
Scottish Record Office	879	826	894	874
<i>Social services</i>				
Department of Health and Social Security	266	268	278	274
Office of Population Censuses and Surveys	230	222	904	939
<i>Trade and Industry</i>				
Department of Trade and Industry	128	125	132	118
Export Credits Guarantee Department	[93,000]	89,501	88,250	87,500
Office of Fair Trading	2,156	2,143	2,153	2,159
<i>Transport</i>				
Department of Transport	12,483	12,919	12,766	12,436
<i>Welsh Office</i>				
Welsh Office	1,340	1,255	1,235	1,230
<i>Small Departments</i>				
Cabinet Office (including HMSO)	[308]	[308]	[308]	[308]
Charity Commission	[113]	[113]	[113]	[113]
Crown Estate Office	14,523	14,713	14,511	14,678
Director of Public Prosecutions	[2,240]	[2,297]	[2,268]	[2,167]
Law Officers' Department	1,703	1,693	1,683	1,673
Lord Advocate's Department	330	321	321	321
Lord Advocate's Department	33	33	33	33
<i>Management and Personnel Office</i>				
Office of Arts and Libraries	267	266	265	265
Paymaster General's Office	22	22	22	22
Privy Council Office	22	22	22	22
Crown Office and Procurator Fiscal Service				
Treasury Solicitor's Department	52	51	51	51
<i>Defence</i>				
Ministry of Defence	847	875	895	920
	33	33	33	33
	930	1,000	1,020	1,040
	473	472	469	462
Contingency Margin				
Total	[179,000]	[176,000]	[173,000]	[170,000]
	3,000	5,500	8,500	10,000
	[611,160]	[605,211]	[601,025]	[591,380]

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