



FROM: CHIEF SECRETARY  
DATE: 27 December 1984

PRIME MINISTER

1985 PUBLIC EXPENDITURE WHITE PAPER

Prime Minister:

See Mr Heseltine

minute attached.

The question of future Mod  
Manpower will clearly  
be raised in the 1985 Survey

*attached*  
I have seen a copy of Michael Heseltine's minute to you of 14 December about defence manpower and capital. I am grateful to him for his agreement to the inclusion of the later year defence capital figures in the White Paper.

2 It would, indeed, as Michael implies, have been much better if I had been able to put the manpower figures provisionally agreed in the Survey to Cabinet colleagues before I circulated the draft public expenditure white paper for comment on 7 December. Regrettably, I could not do this, because it was not until 7 December that Michael let me know what reduction he was prepared to offer for the Ministry of Defence.

3 I am not, I am afraid, persuaded by the arguments in Michael's minute that the Ministry of Defence record on manpower compares favourably with that of other departments. As the table below shows, three of the large departments (Inland Revenue, the Employment Group and the PSA) are planning larger manpower reductions than the Ministry of Defence. Moreover, the figures for the civil departments mask substantial savings which have been reallocated to cover increases in demand-led work, in social security offices and elsewhere.

## NET REDUCTIONS IN LARGER DEPARTMENTS

	1.4.84		1.4.88
Inland Revenue	69,850	-10.0%	62,874
Customs and Excise	25,150	-0.5%	25,020
Employment Group	57,664	-9.6%	52,114
PSA	27,502	-8.8%	25,094
Home Office	35,767	+14.8%	41,048
Health and Social Security	90,709	-3.6%	87,463
Defence (excluding ROFs)	181,500	-6.9%	169,000
Agriculture	11,493	-2.6%	11,191
Lord Chancellor's Department	10,125	-0.9%	10,032
Trade and Industry	12,738	-2.3%	12,442
Transport	14,220	-1.0%	14,078

4 I welcome Michael's assurance that he is ready to seek further savings as part of a government-wide exercise; we shall be returning to this subject in the 1985 Survey but I must make it clear that I cannot accept that the scope for savings in the MOD depends on what happens in other departments.

5 I am sending a copy of this minute to Cabinet colleagues and to Sir Robert Armstrong.

*Paul Rees*

PP PETER REES

*(Approved by the Chief Secretary and signed in his absence)*