



FROM: CHIEF SECRETARY
DATE: 21 February 1985

PRIME MINISTER

CIVIL SERVICE NUMBERS

This minute reports the latest Civil Service Manpower figures.

Departments' staff-in-post figures at 1 January 1985 totalled 619,570. The total figure represents an overall reduction in the size of the Civil Service of more than 112,700 or 15.4 per cent since the beginning of the last Parliament but an increase of 2,400 during the last quarter.

3 The increase during the last quarter was expected. It was due to a rise of around 3,500 in the DHSS Regional Organisation to deal with the backlog generated by the industrial dispute at the Newcastle Central Office. Another factor was the higher level of recruitment by some departments during the quarter, who were waiting for school leavers to come on to the market with 'O' and 'A' levels.

4 The net increase of 2,400 in the last quarter comprises an increase of 3,119 non-industrials and a reduction of 719 industrials. Increases other than DHSS were in Customs and Excise (200, reflecting, mainly more staff to combat drug smuggling) and in the Royal Ordnance Factories (180, mainly as a result of increased workload at Radway Green Small Arms Division). There were reductions of 1,160 in the Ministry of Defence and of 230 in the Property Services Agency.

5 The next quarterly figure will show a big fall, because the Royal Ordnance Factories were incorporated as a Companies Act company on 2 January, and will be removed from the manpower count. The 1 April 1985 target of 606,000 will be met.

CCBT
CNO

Prime Minister (2)

To note. amb
22/2

6 The reduction in Civil Service numbers since 1979 produces a gross saving in pay costs in a full year of about £1 billion at current rates. The net saving, after taking account of the costs of services contracted out to the private sector is £750 million.

7 I will announce the January figures shortly by way of a low key written answer.



for PETER REES

[Approved by the Chief Secretary]



JR

10 DOWNING STREET

From the Private Secretary

25 February 1985

CIVIL SERVICE NUMBERS

This is simply to record that the Prime Minister has seen and noted the Chief Secretary's minute of 21 February, in which he gave the latest Civil Service manpower figures.

(DAVID BARCLAY)

Richard Broadbent Esq.,
HM Treasury.

(5)

QUESTIONS
No 1

N CIVIL SERVICE MANPOWER AND PAY

1. Size of civil service

Government's target of 630,000 by 1 April 1984 was achieved and, indeed, improved on. At 1 October numbers had fallen to 617,200. Brings reduction to more than 115,000 - or 15.7 per cent - since beginning of last Parliament; and saves around £750 million net on CS pay bill (in full year at current rates). By 1988, Civil Service will have been reduced by one-fifth.

2. How have savings been achieved?

Improvements in efficiency, greater use of new technology, cutting out unnecessary work, and by privatisation and contracting out. Productivity gains made, sometimes hand in hand with improvements in levels of service - eg in transport, waiting time for driving tests has been reduced, despite fewer staff. Policy is to retain within Civil Service only work which must be done there, or which can be done more efficiently and effectively there.

3. Progress on reducing civil service manpower policy after 1984?

Revised manpower plans published 22 January in 1985 PEWP (Vol II Table 2.17) provide for further overall net reduction of 2,300 on previously published figure (in 1984 PEWP), reducing size of civil service to about 590,000 by 1 April 1988. (Within overall reduction, contingency margin increased by 2,500 to give additional measure of flexibility and cover for unforeseen demands.)

4. Improving management of public money (FMI)?

PM has announced (19 November 1984 WA col 57) new programme building on Financial Management Initiative to secure real and early improvements in value-for-money in 'quangos'.

5. Efficiency Unit's CIR report?

[Consultancy, Inspection and Review Services in Government Departments: Efficiency Unit's Report to the PM]

PM endorsed report on 4 December [WA col 126]. Will be followed up by Ministers and Permanent Secretaries with assistance from new Joint Management Unit (see 6 below).

6. Joint Management Unit

Appointment of Mrs Valerie Strachan announced on 7 January (by Press Notice from Cabinet Office (MPO) and Treasury) to head new unit designed to support senior management of the two central Departments in carrying forward programme of management reforms. Succeeds Financial Management Unit, but one of first tasks will be helping to implement CIR report (see 5 above).

form part of review. But no recommendations made, and LAs have been asked openly to comment on the document. [Further questions should be referred to DOE or Welsh Office as appropriate.]

2.6 Audit Commission report on Capital Control System

Audit commission is to release imminently a report of its investigations into LA capital control system. Government's reaction to this report will of course be made known once it has been published.

RE-ORGANISATION

3.1 Cost/savings of reorganisation?

[Explanatory and Financial Memorandum to Local Government Bill gave figures of savings of order of £100 million (achievable by removing one tier of local government), with further savings to arise as successor authorities carry out services more economically. Transitional costs largely in 1986-87, largest component being estimated £40 million for compensation to staff.]

White Paper explained that reorganisation will save money after some transitional costs. Ultimate savings will be determined by way in which boroughs and districts react to their new responsibilities. Ministers will control precepts (income) of new joint boards and will have power to specify levels of manpower and of manpower expenditure in order to ensure they are set up on efficient basis.

Source: LG1 Division

7. Multi Departmental Review of Budgeting

Treasury Accountancy Adviser (Mr Wilson) has been asked to head a multi-Departmental review of budgeting in Government Departments. Will be carried out on usual scrutiny lines during 1985.

8. Civil Service pay assumption for 1985-86?

See L 3.1.

9. Civil service pay negotiations 1985 - unions' claims

Pay claims only just received end January beginning of February. Very broadly, claims are for 15 per cent and/or £15 per week minimum increases, and minimum wage of £100 a week. Claims now being discussed with unions; each claim will be considered carefully in light of arguments put forward to support it, and other relevant considerations. These include: position on recruitment and retention in civil service, cost and affordability, movements in pay elsewhere, and other claims submitted.

10. Megaw Report on civil service pay

Discussions on longer term pay arrangements, based on recommendations of Megaw report on pay of non-industrial civil servants, took back seat to 1984 pay negotiations. Many difficulties remain to be resolved, including future arrangements for arbitration, question of transitional period before a Megaw system could begin, and scope and nature of 'constraints' that might operate. Government nevertheless ready to carry on trying to reach a long term agreement.

11. Government proposals on 'performance bonuses'

Government announced on 5 December an experimental scheme under which individual members of staff in certain grades will have chance to earn bonus payments as a reward for particularly good performance. [Questions should be addressed to MPO.]

12. Future pay arrangements for industrial civil servants?

Unions representing industrial grades were told at time of Megaw Inquiry that discussions would be held with them on how principles emerging from Megaw might apply to them. Government has not entered into any commitments but informal preliminary discussions are taking place.

Source: Manpower 1/Pay 1, 2 and 3/FM Divisions