

FROM:

THE RT. HON. LORD HAILSHAM OF ST. MARYLEBONE, C.H., F.R.S., D.C.L.



HOUSE OF LORDS,
SW1A 0PW

CONFIDENTIAL

The Rt. Hon. the Prime Minister,
10, Downing Street.

28th April, 1980

Dear Margaret:

Civil Service Numbers and Costs

We are to consider in Cabinet on 1st May the memorandum (C(80)24) by the Minister of State, the Civil Service Department, proposing further reductions in Civil Service manpower. While I do not in any way dissent from the general strategy of reducing the size of the Civil Service by eliminating unnecessary functions and improving efficiency, I do see objections to our imposing on every Department a uniform proportionate reduction in numbers in the way proposed in paragraph 17 of the memorandum.

This approach seems to me particularly unsuitable for relatively small Departments, such as my own, where most of the staff do work which is either:-

- (a) demand-led; or
- (b) self-financing; or
- (c) both.

As far as I am concerned, in the first place I can control neither the volume of crime or civil litigation nor the numbers of house purchases and I am not prepared to adopt policies which must lead to an increase in delays in the Courts or the Land Registry; these delays are already bad enough and in some parts of the country unacceptably long. Equally, I have no control over the number of public records generated by Government Departments for which the Public Record Office must cater; and, as you know, I am already under serious political fire as a result of a "modest proposal" to reduce the facilities which the law requires the P.R.O. to make available to the public.

Secondly, the Minister of State rightly says in paragraph 8 of his paper that we must not "do things which are plainly silly simply in order to reduce the head count"; but that is exactly what he is asking us to do when he suggests an "across the board" percentage cut in numbers. Some Departments (the Land Registry is a notable example) not only cover their own costs but make a profit for the Exchequer out of the fees they charge. To stop them earning those fees by cutting down their staff just to contribute to a head count is, to adopt his own phrase "plainly silly".

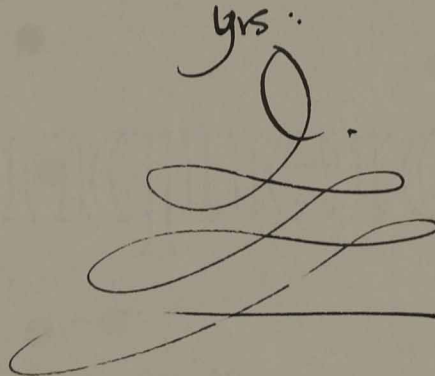
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Thirdly, a uniform percentage cut is relatively easily borne by any Departments that have allowed themselves to grow some fat. But a Department, particularly a small one, which has been scrupulous to avoid taking on unnecessary functions or retaining superfluous staff, and which has persistently sought to improve its efficiency, starts off from a worse base - a consideration which applies equally to the suggestion made in paragraph 11 of the paper that each Department should reduce its senior posts by 10%. For these reasons, while I am wholeheartedly in favour of our effecting economies by discontinuing useless functions, by the rigorous use of staff inspections, by the introduction of mechanical aids and by a constant search for efficiency, I do not think the imposition of a uniform percentage cut in staff numbers is the right way to go about it. If we decide to set ourselves a target such as is suggested (the reduction of the Civil Service to 630,000 by the end of this Parliament) we ought to leave ourselves a wide measure of flexibility over the respective contributions of the various Departments.

I am reluctant to take up time in Cabinet by raising what may seem to some to be my own parochial problems; but others may also face similar difficulties and I am therefore sending copies of this letter to Cabinet colleagues and Sir Robert Armstrong.

Yrs.


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