

CIVIL SERVICE MANPOWER

I attach the statement made in the House today with the table of savings made available to MPs and the press; some defensive briefing about MoD reductions which came my way; and a background note about the public payroll at No 10.

2. The essence of the note about No 10 is that the Prime Minister has reduced the complement by a total of seven compared with the beginning of the year; that these cuts have already been implemented (ie the Prime Minister has set a good example; other Departments will be implementing their cuts by FY 82/83); that staff in post at 1 December was 90 plus three part-timers (but that this is not a reliable guide because of fluctuations in No 10 staff; and we should not draw the conclusion that the total would be 97 if no cuts had been implemented).

3. Confused? There is more to come: when previous Administrations answered questions about staff at No 10 they gave figures only of "operational staff" and excluded such supporting staff as messengers and cleaners. Our current total of 90 includes messengers and cleaners, hence the difference with the figures quoted in the attached PQs. In addition, as the attached note explains, there are other people in No 10 carried on the books of other Departments etc (eg drivers, custody guards, carpenter, electrician, telephonists, detective, police, and part-timers such as a gardener and housekeeper).

4. Total staff at No 10 is 120 excluding the Prime Minister and her husband and eight others (Caroline, David Wolfson and his secretary, Ian Gow, and four people in the political office).

5. Hence there are a total of 130 people in the house.

6. I understand that this grand total figure - or the comparable figure under previous Administrations - has never been revealed in answer to PQs and we should concentrate, as far as possible in answer to questions, on the seven staff saved (including two press officers!).

NG

NB: The amount of money saved is just as complicated. The seven posts represent about £56,000 a year at current pay rates. But net savings [because of highly paid policy advisers, I believe] amount to about £20,000.

Embargo : Not for publication before 15.30 hrs
6/12/79

PARLIAMENTARY STATEMENT

REDUCTIONS IN THE SIZE OF THE CIVIL SERVICE

Mr Speaker, with your permission and that of the House, I should like to make a statement about the Government's review of the size and cost of the Civil Service.

We undertook this review for three main reasons. First, we believe that it is in the national interest to reduce the role of Government. Secondly, at a time when public expenditure as a whole has to be restrained, it is right that there should be a contribution from central Government administration. Thirdly, it is essential to examine any large organisation, public or private, from time to time and prune those activities which may have been undertaken for good reasons but which are now less necessary.

This is a report on the progress we have made so far. All Ministers have conducted an initial examination of the activities of their departments to identify the savings which can be made, whether by increased efficiency or by the abolition or curtailment of functions. As a result, we will be making savings right across the Civil Service. The scope for this varies between departments. At one end of the scale, the Department of Transport has identified savings amounting to some 18%. In other departments the scope is much smaller, but even in the fields of law and order and defence, to which as the House knows the Government attaches a particularly high priority, some valuable savings will be made.

This review will lead to annual savings in Civil Service staff costs of about £212m, most of which will be achieved by the financial year 1982-83. The net effect on public expenditure will however be less than this because some of the savings will come from putting work, which will have to be paid for, out to the private sector. In terms of staff numbers, the savings total some 40,000. This is in addition to the steps we have already taken to reduce expenditure on Civil Service manpower this year, saving some 20,000 posts - 60,000 in all. The Government's aim will be as far as practicable to secure the reductions by natural wastage.

The savings that will be made by departments as a result of the decisions I am announcing today will be shown in general terms in a table in the Official Report, and copies are available in the Vote Office. Details of the savings are of course the responsibility of the Departmental Ministers concerned.

These are the savings which it has been possible to identify reasonably quickly by examining a series of options across the Civil Service as a whole. The next stage will include a number of policy studies in some departments such as the Department of Health and Social Security, and reviews of activities already set in progress, particularly in the Ministry of Defence and the Department of the Environment.

The search for greater economy and efficiency will of course go on throughout the life-time of this Parliament. All Ministers will

continue to keep the work of their departments under close scrutiny and the House will be kept informed of progress from time to time. Sir Derek Rayner will assist in particular projects to improve efficiency and value for money.

I will not try to predict the future size of the Civil Service, but we have reversed the major expansion which took place under the last Government. Our predecessors planned for a Civil Service of 748,000 by April next year. The numbers now stand at 712,000. As a result of our scrutiny, though there may be short-term fluctuations, the general trend from now on will continue downwards.

The size of the Civil Service must always depend upon the duties the Government of the day asks it to undertake. The fact that this Government set out to identify areas in which the range of work can be narrowed, and to improve the efficiency with which the rest of the work is done, is no reflection on the conscientiousness and ability with which civil servants at all levels have carried out the tasks they have been given. I am glad to pay tribute to these qualities, as I am sure is the whole House.

Wright Fact: not exp in labour.

Redundancies:

Q Lay off:

Q Rayner work:

A 70-74: Fall

Mum Put back to pte tender

733000

CIVIL SERVICE MANPOWER
TABLE OF SAVINGS

<u>Department</u>	(at 1979 ^{£m} survey prices)	Staff (approximate)
Ministry of Defence Various economies and placing some work currently done in-house out to contract (in particular cleaning and catering); administrative economies from such measures as changing the arrangements for paying salaries and wages and for bill paying; further changes in arrangements for quality assurance, involving greater reliance on industry.	41.0	7500
Foreign and Commonwealth Office and Diplomatic Service Closure of some overseas posts; reduction in the size of the largest overseas missions and in staff numbers in the UK.	6.0	425
Overseas Development Administration Reductions in staff and programmes in headquarters and at the Scientific Units.	2.1	235
Ministry of Agriculture, Fisheries and Food Simplification of capital grant schemes and other minor savings.	4.1	470
Department of Industry Conversion of National Maritime Institute into a non-governmental Research Association or other industrial research laboratory; programme cuts at remaining Industrial Research Establishments; reductions in regional organisations mainly resulting from revised regional package; staff savings following expiry of Industry Schemes; and reductions in statistical, Establishment, and support services.	7.9	1,290

<u>Department</u>	(at 1979 ^{£m} survey prices)	<u>Staff</u> (approximate)
Department of Trade Changes in companies registration; reduction in some export promotion and commercial relations activities and in various civil aviation and marine functions; continuation of transfer of work to the European Patent Office; abolition of the Metrication Board.	3.1	455
Office of Fair Trading Extension of validity of consumer credit licences.	0.3	70
Export Credits Guarantee Department Computerisation for short-term business, and other procedural changes.	0.8	145
Department of Energy Reductions in activities of the Offshore Supplies Office, the Gas Standards Branch, and other services.	1.0	145
Department of Employment Further savings from computerisation, fortnightly attendance and payment, and administrative improvements in Unemployment Benefit Offices; extending qualifying period for unfair dismissal to one year, dropping permanent scheme for short time working compensation and other savings.	10.9	2,575
Manpower Services Commission Reductions in employment and training services.	20.2	3,400
Health and Safety Executive Selective reductions in activities	2.2	260
Advisory, Conciliation and Arbitration Service Extending qualifying period for unfair dismissal to one year, and other savings.	1.0	100
Department of Transport Changes in the operation of Vehicle Excise Duty, in arrangements for inspection of heavy goods vehicles, and other savings.	13.1	2,480

<u>Department</u>	<u>£m</u> (at 1979 survey prices)	<u>Staff</u> (approximate)
Department of the Environment and Ordnance Survey Simplification of housing and planning procedures; changes in research organisation and programmes; disbandment of Economic Planning Councils and other fringe bodies; other reductions in functions and support services.	9.9	1,620
Property Services Agency Reduction in building and dispersal programmes; contracting out maintenance of government buildings and general economy measures.	29.2	4,730
Home Office Improved efficiency generally and miscellaneous savings in areas other than prisons, police support and immigration control.	2.9	460
Lord Chancellor's Departments Savings from improved efficiency, computerisation, and some reduction in services at the Public Record Office.	1.9	450
Department of Education and Science Less intervention in matters which are the direct responsibility of Local Education Authorities and other agencies, and modifications in procedures.	1.0	155
Department of Health & Social Security Measures to improve efficiency and simplify procedures in social security administration. Savings in health and personal social services work through implementation of Government policy for less intervention in the activities of the National Health Service and local authorities.	8.3	1,705
Office of Population Censuses and Surveys Savings in most areas of the department, including statistical, census and survey work.	1.3	275

<u>Department</u>	(at 1979 ^{£m} survey prices)	Staff (approximate)
Treasury Abolition of certain functions, including Exchange Control, and other reductions.	0.4	40
Customs and Excise Abolition of Exchange Control checks and savings in general administration.	2.3	465
Inland Revenue Savings from measures in the 1979 Budget and Finance Act; the cancellation of rating revaluation; changes and simplifications in administration and procedures including reduced checking of repayments of tax, a reduction in statistical work, the abolition of continuous referencing for rating purposes, reduced spot checks of local authority valuation work, less information passed to local tax districts, changes in PAYE procedures.	19.0	5,515
Department for National Savings Completion of mechanisation of National Savings Bank; termination of British Savings Bonds and industrial group savings.	4.4	1,070
Civil Service Department Reductions in Civil Service Commission and Civil Service College and in various <u>departmental functions</u> and support services.	<u>2.3</u>	<u>280</u>
Central Office of Information Savings in the home service and through computerisation and general economy measures, and savings in overseas services including export promotion.	0.8	140

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<u>Department</u>	<u>£m</u> (at 1979 survey prices)	<u>Staff</u> (approximate)
Her Majesty's Stationery Office Anticipated reduction in demand for HMSO services; measures to increase efficiency; rationalisation of publications distribution organisation.	4.0	900
Scottish Office Reductions in functions, largely in parallel with similar reductions in equivalent Whitehall departments.	3.9	690
Forestry Commission Improvements in efficiency, cutbacks in the planned planting programme and reduced provision for public recreation.	1.5	240
Welsh Office Miscellaneous savings, largely in parallel with similar reductions in equivalent Whitehall departments.	1.6	235
Northern Ireland Office Savings in areas not vitally concerned with law and order.	0.7	120
Other Departments	3.1	325
TOTAL	<u>212.2</u>	<u>39,000</u>

MOD REDUCTIONS

The Ministry of Defence is contributing some 25% of the reductions announced in Parliament today. This takes in to account the expected result of three special studies (Bill paying, Catering and Cleaning and QA). A further three studies are also in progress (Dockyards, R&D, Supply Management) to see whether there is scope for giving up functions currently carried out by Civil Servants. All this comes on top of significant reductions (both service and civilian) made over the past 15 years.

PAST RECORD

The MOD has:

1. Cut civilian numbers by 150,000 since 1964
2. Cut civilian numbers by 35,000 since 1974
3. Cut Service numbers from 454,000 to 323,000 since 1964
4. Cut R&D establishments from 25 to 12
5. Cut Naval Cs in C from 6 to 2
6. Cut Dockyard manpower by 6,000
7. Cut Army Commands in UK from 6 to 1
8. Cut the Army tail by 31% to 46% (against a 19% cut for the Army overall).
9. Cut RAF Commands in UK from 8 to 2
10. Cut active flying stations from 164 to 97
11. Cut Headquarter staffs by 14% (some 2,100) since 1974
12. Cut 2 Star and upwards posts by 11% (14) since 1974

PRESENT EXERCISE

Recruiting Ban

The Government imposed a recruiting ban earlier this year to reduce expenditure on civilian pay by 3%. Further restraint in the MOD had to follow the lifting of the ban to ensure a cut of 3% in the numbers provided for in estimates. This will mean reducing numbers by 7,500 of which some 6,000 (2.5%) have already been shed. This reduction is to be made permanent. The startline, moreover, was some 14,000 below complement (ie the number of staff then needed) because of past recruiting problems.

Options Exercise

This was a review to identify possible curtailment or elimination of functions. The MOD produced a full range of options. As announced a cut of 7,500 is forecast. This is the Government's present assessment of what is possible by April 1982. We expect a major contribution to these savings to come from the first three studies (Bill paying, Quality Assurance, Cleaning and Catering). This will take total MOD cuts to 15,000 between April 1979 and April 1982.

THE STUDIES

The 6 MOD studies are:

Cleaning and Catering: 7,000 and 11,000 staff respectively involved: practically all industrials (cleaners, cooks, bottle washers).

Bill Paying: some 470 staff involved; all administrative civil servants.

Quality Assurance: 7,000 staff involved; 2,500 industrials and 4,500 non industrials (mostly professional and technical grades).

UK Dockyards (4): 41,000 posts involved; 29,000 industrials (incl 12,500 craftsmen and 3,500 apprentices) and 12,000 non industrials (incl 7,000 technical staff, 2,100 clerical and typing and only 550 administration).

R&D Establishments (12): 28,500 posts: 13,200 industrials, (incl nearly 5,000 craftsmen and 1,250 apprentices) and 15,300 non industrials (including over 10,000 science and technology grades and 700 policemen).

Supply Management: up to 12,000 posts; 3,000 non industrials, 6,500 industrials. 2,500 LECs.

Headquarters

In addition, aim is to make further reductions in HQ by 1.4.82 to meet balance of savings required from Management Review. This would bring the savings to a total of 19% from 1974.

ROLE OF MOD

Unlike most Departments, the MOD is not a regulatory department. It is a management and executive one. This is reflected in the make up of its staff:

Non craft industrials	87,000
Science and Technology groups	37,000
Other specialists (police, teachers, communications, stores supervisors, etc)	37,000
Craft industrials	32,000
Clerical grades	31,000
Admin and Executive	11,500
Apprentices	7,800