

PREM19

4

CIVIL SERVICE

(Dispersal)

(Part 1)

PREM 19/4

32/19

PART 1

MT.

Confidential Filing

Dispersal Policy.

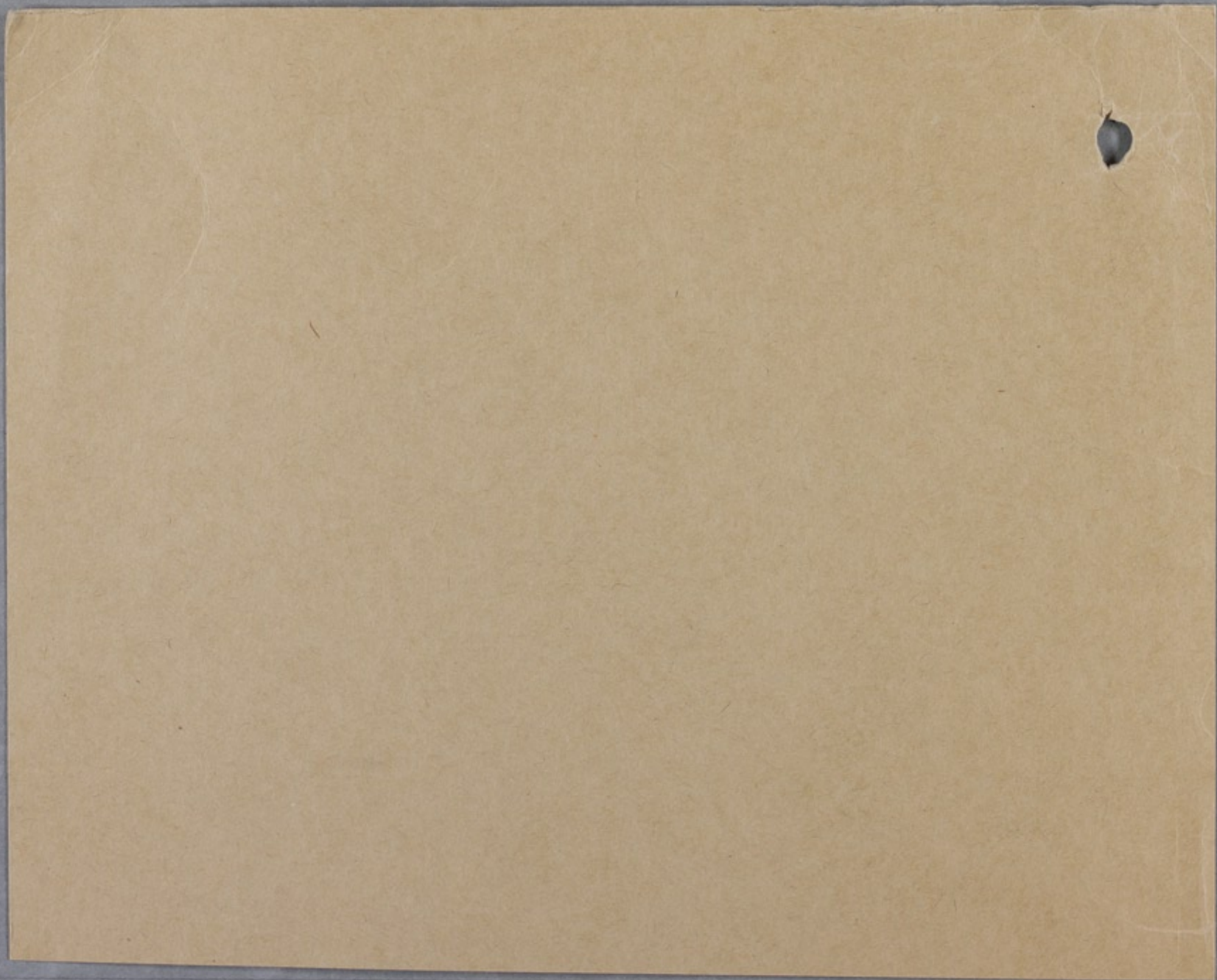
CIVIL SERVICE

MAY 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
25-5-79							
30-5-79							
4-6-79							
4-6-79							
26-79							
11-6-79							
12-6-79							
14-6-79							

PREM 19/4

by



● PART 1 ends:-

S/S Emp to PM 15.10.79

PART 2 begins:-

LP to PM 19.10.79

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PRIME MINISTER

DISPERSAL

At our meeting yesterday morning it was established that priority as regards the major long term dispersal should go to Glasgow; and I agreed with this.

I am nevertheless extremely concerned about reaction in Wales to the announcement that there is to be no major dispersal to South Wales, despite all expectations. This will come shortly after announcements about Assisted Area status and steelmaking which bear particularly harshly on Wales: and when there is also anxiety about future employment in coal.

A decision which gives substantial long term dispersal to Scotland only will, without the slightest doubt be regarded as an abandonment of the Welsh interest, particularly in view of the long standing commitment to Cardiff as a dispersal area, and the extensive preparatory work which has been carried out there, both by the local authorities and the Ministry of Defence. In my judgement very serious consequences will only be averted if the announcement included a measure of dispersal to Wales, perhaps on similar lines to that now contemplated for Glasgow.

I of course recognise the financial constraints under which we are working; but I believe that this is sufficiently important for the Government's standing

/in Wales,

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
E(EA)(79) 6	08/06/79
E(EA)(79) 3 rd Meeting, Minute 2	14/06/79
E(79) 26	17/07/79
E(79) 6 th Meeting, Minute 2	24/07/79
MISC 12(79) 1 st Meeting, Minutes	25/07/79
CC(79) 12 th Conclusions, Minute 4	26/07/79
C(79) 40	01/10/79
CC(79) 16 th Conclusions, Item 4	04/10/79

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB (CABINET OFFICE) CLASSES**

Signed *Wayland*

Date 22 October 2009

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

House of Commons Hansard
Columns 1441-1444

15/01/79
The Civil Service

House of Commons Hansard
Columns 902-922

26/07/79
Civil Service (Dispersal)

Signed *M Wayland* Date 22 October 2009

PREM Records Team

*cc: Mr Worsley
Civil Service*

PRIME MINISTER

DISPERSAL OF THE HEALTH AND SAFETY EXECUTIVE

Having learned of the Cabinet decision of 4 October which Grey Gowrie had notified to the Health and Safety Commission, John Methven and Lionel Murray wrote to me jointly to seek a meeting with me before any announcement was made, and I met them this morning.

They are dismayed at the decision that has been taken, and are concerned to ensure that their jointly held views are fully known. Briefly, they accept the need for dispersal in principle, but are most concerned that each instance should be considered on its merits.

In the case of the Health and Safety Executive they stress the depth of their joint involvement in the work of the HSC/HSE, and of their common concern to ensure that its activities pay full regard to the needs of industry. The effectiveness with which the necessary cooperation with industry can be achieved depends crucially upon close and continuing contact, which will be made much more difficult and expensive to industry if the policy branches of HSE are dispersed from London. (John Methven mentioned his impression that the number of complaints from industry had diminished during the past year as a result of the face to face meetings that it has been possible to arrange). Indeed, they feel that the cost and time involved for industry of contacts with a Bootle based HSE could well lead to a deterioration in the present relationship.

In short, both CBI and TUC accept that a substantial number of HSE posts should go to Merseyside, but they urge that the precise number to stay in London in furtherance of the Commission's work should be decided only after a thorough appraisal of the need for continuing policy liaison. This was done under the previous programme, when CBI/TUC/HSC concluded that 435 posts (ie about $\frac{1}{3}$) should stay. This was accepted by our predecessors, but circumstances may have changed, and the CBI

and TUC have again offered to cooperate jointly with the Health and Safety Commission in making such an appraisal in order to help us.

I see the force of their arguments. Indeed, it will also be more difficult for me and colleagues and our officials to exercise the degree of control I regard as necessary with a substantial part of the policy making elements of HSE in Bootle. The TUC, CBI and we are equally anxious to ensure that the work of HSC/HSE pays proper regard to the needs of industry, and that UK interests are properly handled in the EEC at which the HSE takes the lead for the UK Government in the health and safety field. The close cooperation needed to ensure all this will not be improved if the policy branches of the HSE are dispersed to Merseyside. In these circumstances, and especially since this is a field in which the CBI and TUC cooperate fully and harmoniously, I think it would be most unwise to disregard their unique joint approach or to rebuff their constructive suggestion for the reconsideration of the exact number to remain in London.

To do so would be to court the risk of a joint CBI/TUC stand which would cast the Government in an unfavourable light at a time when we are seeking to improve cooperation between the two sides of industry.

Accordingly, I suggest that our announcement about dispersal should omit any specific reference to the precise number of HSE posts to be dispersed, but should simply say that a substantial number of their posts should go, and that I should then invite the HSC, CBI, and TUC to undertake the offered joint examination as soon as possible.

Such a review could also take account of the risk that one of the consequences of dispersal of the Nuclear Installations Inspectorate (which is implicit in the Cabinet decision) would be to introduce delay into our future nuclear programme. This point was made to me by the HSE Staff Side, whom I also met earlier today, and who are already seeking a meeting with David Howell about the Nuclear Inspectorate.

We can, I am sure, avoid much needless embarrassment if our statement, which can now best be made in reply to a PQ when the House re-assembles is worded so as to leave us room for manoeuvre both as to precise number after the sort of study envisaged by CBI and TUC, and as to the choice of accommodation. (The HSE has not yet been consulted about the buildings to be vacated by the Inland Revenue, and it would only add to our embarrassment if they were specified only to prove unsuitable in the event).

I am copying this to other members of Cabinet, Paul Channon, Norman Fowler and Sir John Hunt.

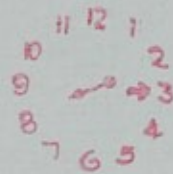


J P

15 October 1979

(James Prior)
(Employment)

16 OCT 1979



Ref. A0360

PRIME MINISTER

Dispersal of Civil Service Posts: The Revised Programme for Merseyside
(C(79) 40)

BACKGROUND

Cabinet decided on 26th July (CC(79) 12th Conclusions, Minute 4) that most of the previous Government's dispersal programme should be scrapped. The decision was announced in Parliament the same day. In relation to Bootle, the announcement said that 250 posts would move there (150 Home Office computer posts and 100 PSA posts) and that further dispersal - numbers unspecified - would be announced in due course. The Cabinet accepted that an announcement in these terms was likely in practice to lead to dispersal of substantial numbers of further posts to Bootle, and they invited the Lord President to come back to them in due course with firm proposals.

2. Underlying this decision was the realisation that the new Crown building at Bootle, St. John's House, was nearing completion and would provide accommodation for 2,300 Government staff. Not that there was any danger of the building standing empty - most of the occupants will be Inland Revenue staff who are currently in leased accommodation elsewhere in Bootle. But this other accommodation, some of it on long leases, would be hard to relet. So, without dispersal, the Government would be wasting rent on empty accommodation.

3. The Lord President's target has been to find 2,300 posts for dispersal, corresponding to the capacity of St. John's House. He now offers two options, neither of them achieving this target, but both providing substantial dispersal. CSD officials looked at a wide range of possibilities, including moves by Departments who were due to disperse to locations other than Merseyside under the previous programme, but both the options which the Lord President has put forward are confined to posts in Departments which were destined for Merseyside under that programme.

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4. Both options would move the 100 PSA staff already pledged, and 300 Home Office computer staff. The Home Secretary agreed to move 150 of these staff to Bootle because they needed to be near the computer. The computer in turn needed a new home on the termination of an agreement with the Metropolitan Police, and the computer suite at St. John's House was the only location available. The extra 150 Home Office staff covered by the Lord President's proposals include staff such as systems analysts, for whom there is certainly a case for being near the computer, but also a - possibly stronger - case for being near their clients, many of whom will be in London. I do not know whether the Home Secretary will accept this proposed extra move.

5. For the rest, Option 1 would move 1,200 Health and Safety Executive (HSE) posts, making 1,600 posts in all, while Option 2 would move 1,750 posts - 550 from HSE, 550 from MAFF, and 250 from the FCO, together with the 400 common to Option 1. The Lord President records objections from the HSE, and notes difficulties for MAFF and the FCO if their moves go ahead. He concludes that the best solution is to take most of the posts from a single Department and he recommends Option 1 as the least inconvenient for the Government.

HANDLING

6. The problem, as the Cabinet recognised in July, is that everyone supports dispersal but no-one wants to be the one to go. Lord Soames' paper points the finger very firmly at the HSE, even in his Option 2. The extra ingredients in that Option are MAFF and the FCO. But the MAFF dispersal would involve some officials in commuting between Liverpool, London and Brussels, and the FCO dispersal would involve some Diplomatic Service staff who would be between overseas postings. You may recall that at the last Cabinet discussion, Lord Carrington invited his colleagues to imagine telling a diplomat on return from Phnom Penh that his next posting was to Bootle, and got instinctive support from them. So Lord Soames can rely on at least two Ministers besides himself to argue convincingly that Option 1 is better than Option 2.

7. There is a problem over attendance. As you know, Mr. Prior is in America this week, and you have agreed that Lord Gowrie can represent him at Cabinet. Mr. Prior's absence might not matter too much if there were five or

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six other Ministers in the firing line, but as Lord Soames' paper has turned out, the heat is going to be very much on him. However, I understand that Mr. Prior was told of the substance of Lord Soames' paper (though he did not see the paper itself) before he left for America, and he did not press for the discussion to be deferred. (It is also relevant that the next few Cabinet meetings will be pretty heavily loaded anyway.)

8. You will want the Lord President to introduce his paper. Then I suggest that you invite other Ministers to speak as follows -

- (a) The Home Secretary to confirm his earlier offer to send 150 staff, and to give his views on sending an additional 150. If he jibs at the larger number, I suggest that you pass over the point for the moment and come back to it later.
- (b) The Foreign and Commonwealth Secretary and the Minister of Agriculture: you might simply ask them to confirm that they dislike Option 2 and would, presumably, prefer Option 1.
- (c) Lastly Lord Gowrie on the proposals for the Health and Safety Executive, particularly in Option 1 but also in Option 2.

9. Given the history of this question it is very desirable that the Cabinet makes a clear choice between Options 1 and 2 - and probably to choose Option 1. Lord Gowrie may however ask whether there is not another alternative. In theory there are two possibilities. First, it is always possible, though highly unlikely, that you will get a volunteer. Second, you could ask the Lord President to look again, perhaps concentrating on Departments like Defence who have been relieved of a large-scale dispersal to Cardiff, and the PSA, who are no longer going to Middlesbrough. But I would not recommend this unless a lot of Ministers object to the HSE move. CSD officials have looked right through the possibilities and it is quite clear that any Department, if pressed, can put up strong arguments against dispersal so a further review would probably still leave the HSE as the front runner. It is probably best to end the uncertainty now by agreeing with Lord Soames' recommendation.


10. Finally, you may need to refer to the question of the Home Office computer staff, if Mr. Whitelaw wanted to stick at 150 instead of going to 300. Assuming that the Cabinet have decided to move the HSE, you might ask the Lord President

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whether he wants to press for the additional 150 Home Office staff and, if he does, see if the Home Secretary is prepared to give way. If they cannot agree, you might guide the Cabinet to decide in favour of the Lord President partly in your role as Minister for the Civil Service, and partly for the tactical reason that, on his return from America, Mr. Prior may be that much more reconciled to defeat if he sees that he was not the only Departmental Minister to be overruled.

CONCLUSIONS

11. Subject to the discussion, you might guide the Cabinet to -
 - (i) Confirm their earlier decision to disperse 100 PSA posts and 150 Home Office computer posts to Bootle.
 - (ii) Agree (or not agree) to disperse a further 150 Home Office computer posts to Bootle, making 300 in all.
 - (iii) Agree to disperse 1,200 HSE posts to Bootle.


JOHN HUNT

3rd October, 1979



Original in C/R
cc from
Civil Service

10 DOWNING STREET

THE PRIME MINISTER

27 July 1979

Dear Mr. Craigen,

Thank you for your letter of 18 July about dispersal. Paul Channon's statement in the House yesterday made our decisions clear. In reaching them we have taken into account all the representations Members have made, and I am glad that it has proved possible to go ahead with the dispersal of at least 2,000 posts to Glasgow and East Kilbride.

Yours sincerely

Robert Storer

Jim Craigen, Esq., M.P.

ls



Original in GSK
cc LPO
intro
Fred

10 DOWNING STREET

THE PRIME MINISTER

26 July 1979

Dear Robert,

Thank you for your letter of 19 July about the previous Government's plans to disperse Ministry of Defence work at Harrogate to Glasgow.

You heard Paul Channon's statement today and I am delighted that you can now reassure your constituents that the revised programme of dispersal does not include moves from Harrogate.

Yours

Raymond

Robert Banks, Esq., M.P.

hw

Original in G/M

cc CSD
MOP
Press



10 DOWNING STREET

THE PRIME MINISTER

26 July 1979

Dear John,

You and a dozen colleagues wrote to me on 4 July about the possibility of dispersal of Civil Servants from the West Country to Glasgow. I know that you will have been pleased to hear Paul Channon's statement today in which he made it clear that this proposal has been dropped. I am glad that commonsense has prevailed.

Yours
sincerely

John Hannam, Esq., M.P.

Original in file
DS

cc: CSD
HOD
PRA



10 DOWNING STREET

THE PRIME MINISTER

26 July 1979

Dear Richard

You wrote to me on 18 July about the possibility of dispersing Civil Servants from the West Country to Glasgow. I was glad that you were able to hear Paul Channon's statement in the House today, in which he made it clear that we were not going ahead with this proposal - and equally glad that commonsense has had the last word.

Yours

Edward

The Rt. Hon. Edward du Cann, M.P.

hw



with compliments

MINISTER OF STATE

**CIVIL SERVICE DEPARTMENT
Whitehall, London SW1A 2AZ
Tel 01-839 7733 Ext**

STATEMENT

BY MR PAUL CHANNON MP

Civil
Service
2677

On 11 June the Government announced that it was going to review the programme of Civil Service dispersal. The Hardman Report of 1973 had produced 3 possible options. Our predecessors then produced a plan which was significantly different from any of them.

2. When we came into office we found it was proposed not only to disperse a further 21,000 Civil Service posts from London but also 4,000 from such places as Harrogate, Bath and Didcot. Such dispersal moves from places outside London were never suggested in the Hardman Report and it is impossible to see the justification for them. The present programme would cost over £250m. during the remainder of the present Public Expenditure Survey period to 1983/84, and we should be well into the 1990s before the benefits from dispersal began to offset the costs.

3. Whilst I recognise that in the Assisted Areas the dispersal programme has been viewed as an important element in improving employment opportunities, nevertheless some of the important considerations which led to the setting up of the Hardman study no longer apply. In 1973 the Civil Service was expanding and the Government faced the prospect of providing more offices at high London rents. This Government intends to reduce the size of the Service. Moreover, the gap between office rents in London and in the provinces has substantially narrowed and the long term financial benefits of moving people out of London are that much the less.

4. Having considered all these factors, the Government has reached the following conclusions.

5. Three moves ~~already in progress~~ should continue. These are the moves of the Manpower Services Commission to Sheffield, the Export Credits Guarantee Department to Cardiff and the Council for Small Industries in Rural Areas to Salisbury involving a further 2,600 posts. There are 2 further small moves which would increase the efficiency of the Departments concerned at very little cost. These are the laboratory of Her Majesty's Stationery Office to Norwich and a small group of about 90 Customs and Excise staff to Southend.

6. The Government has also decided that some dispersal of Civil Service posts is justified to meet the particularly pressing needs of Glasgow and Merseyside. A total of at least 2,000 posts will therefore be moved to Glasgow and East Kilbride by the Ministry of Defence and the Overseas Development Administration. The Glasgow posts will be located at the St Enoch's site. There will also be a dispersal to Bootle where there is a large building available. The full composition of this has not yet been settled but the first tranche of 250 posts will be the Home Office Computer Centre and a unit from the Property Services Agency.

7. All the posts in the revised programme will be taken from the London area.

8. Much of the dispersal programme which we inherited from our predecessors has been so altered from the original aims of the

Hardman Report that it would have made no sense in terms of regional policy to proceed with those moves. In the light of all the altered circumstances we have decided to proceed only with the moves which I have just announced. This will mean a saving in planned public expenditure of well over £200m up to 1983/84.



From the Secretary of the Cabinet

New amendment to Disposal
statement to be suggested by Mr Pym:

* A tonne of 2000 ppm will
be moved to Scotland
by MOD + ODA. 1350 by
MOD to Glasgow + 650 to
to E. Kilbride by ODA.

to replace second sentence of para 6
(all versions) of statement attached
to Ld. Pres's minute.

nr.
247

NOTE FOR THE RECORD

Mr. Langford

π o p.a.

cc Master set

Dispersal: Wales

The Secretary of State for Wales, accompanied by Michael Roberts, MP, Ian Grist, MP and John Stradling-Thomas, MP, called on the Prime Minister at their own request in her room at the House on 25 July at 2030 to discuss dispersal.

Mr. Edwards said that he thought the Prime Minister should be made aware of the political consequences of the decision to deprive Wales of the share in civil service dispersal which had been promised. This would be seen in Wales as a major slap in the face: having been at the top of the list Wales was now at the bottom and would get virtually nothing. The political difficulty lay in the fact that the ground for the reception of a large number of civil servants, primarily from the MOD, had been so thoroughly and publicly prepared in South Wales. Advance parties of civil servants had been entertained by the City of Cardiff, receptions for them had been publicised and hopes raised. The Conservative Party had real political hopes in South Wales, for example with gaining the Speaker's seat on his retirement. He suggested to the Prime Minister that, even if the decision could not now be changed, he hoped it would be possible to find 1500 or so civil servants in Whitehall who could be made new candidates for dispersal. There was no problem in Cardiff about office accommodation; 2000 civil servants were about to move out of the existing Welsh Office into a brand new building and their places could be taken by new arrivals. Mr. Edwards acknowledged that Wales had been given 750 civil servants from ECGD: but this move was already completed and would not salve the wounds of the impending announcement.

The Prime Minister told Mr. Edwards that he should not exaggerate the number of dispersed jobs which were going to Scotland. She saw the point which Mr. Edwards and his colleagues were trying to make but would like them to go away and prepare more detailed chapter and verse, with reference the Hardman Report, for their case. She could not hold out much hope, at this stage, that it would be possible to do anything to meet their concerns.

BM

26 July 1979

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Ref. A053

PRIME MINISTER

Review of the Dispersal Programme

(Lord President's minute of 25th July)

BACKGROUND

— E Committee on Tuesday agreed -

- (i) That the five dispersals described in Option 1 of the Lord President's paper E(79) 26 should go ahead.
- (ii) That there should be a significant dispersal to Scotland, which they interpreted as meaning that at least 2,000 posts should go there.
- (iii) That up to 2,300 posts should be dispersed to Bootle if Departments could be found who were willing to volunteer (250 jobs for Bootle are already agreed - 150 from the Home Office and 100 from Environment).
- (iv) That any announcement should include the names of the Departments whose staff were to move - though not necessarily the blocks of work concerned.
- (v) (By implication) that all other moves in the current dispersal programme should be cancelled.
- (vi) That a statement should be made tomorrow (Thursday).

2. You asked the Lord President to chair a small Ministerial group, MISC 12, to agree the details of items (ii) and (iii) above) and the text of a Parliamentary statement to be made on Thursday, 26th July.

3. MISC 12 met this morning, and reached agreement on Scotland (subject to one loose end). As to Bootle, the Group formed a clear view of what they wanted to do, but did not feel able to commit Departments not represented on the Group.

4. Given a Cabinet discussion, some Ministers will undoubtedly want to reopen (v) above - the total size of the dispersal package. The Secretary of State for
— Wales has already done this in his minute to you of 25th July and subsequently, and at today's meeting of MISC 12 Mr. Heseltine showed signs of wanting to do the same thing (though in his case for the benefit of England).

HANDLING

5. You might open the discussion of this item by referring to the E Committee decisions on Tuesday and the specific remit given to the MISC 12 meeting today.

You might then suggest that the Cabinet looks at the issues in the following order -

- (i) Scotland — 2,000. 650. ODA. —
- (ii) Bootle —
- (iii) Other dispersal measures (only if you agree that E Committee's implied decision can be reopened e. g. in the light of Mr. Edwards' representation).
- (iv) The Parliamentary announcement.

Scotland

6. Under the previous Administration's dispersal programme, the Ministry of Defence were to disperse some 1,120 posts from London to Glasgow, the remainder of the Glasgow dispersal being found from elsewhere in the country. E Committee agreed to scrap the moves from outside London. At MISC 12, the Secretary of State for Defence agreed that he would look for 1,400-1,450 posts to disperse to Glasgow. He indicated that it might make the best management sense if some of these posts were to come from outside London, but MISC 12 were very clear that this would be most unwelcome (because it would cast doubt on the Government's arguments against moving staff from non-London locations to Scotland). Mr. Pym agreed to do his best to find all the posts from within London. You might like to thank him for his co-operation.

7. MISC 12 also agreed that dispersal of 650 posts to the building now under construction at East Kilbride should go ahead. Together with 1,400-1,450 posts for Glasgow, this takes us above the minimum of 2,000 which the Secretary of State for Scotland was seeking. At present the East Kilbride places are due to be filled by the Overseas Development Administration. Mr. Marten made his case against moving in MISC 12 as he did in E Committee on Tuesday, and MISC 12 agreed that if any other Minister volunteered to disperse 650 posts to East Kilbride instead of the ODA, the offer should be accepted. You will want to check round the table to see whether there are any volunteers. If, as we expect, there are none, you will want to confirm that it will be ODA who will move to East Kilbride.

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8. If these two moves are agreed, we have a package of the required size (at least 2,000) and the dispersing Departments can be named. So the major issues on Scotland are tied up.

9. There are a couple of minor points about the Glasgow move. The Secretary of State for Scotland wants to use part of the large St. Enoch's site, rather than the whole of the smaller Anderston site, which would be sold. The remainder of the St. Enoch's site would be developed commercially. This is acceptable to the Secretary of State for the Environment, so no problems arise. The Secretary of State for Scotland also wants to be able to announce that work on the St. Enoch's site will begin as soon as possible. This raised a Treasury quibble at MISC 12. They would have preferred a year or so's delay to avoid a minor PESC problem. But I would not expect them to press this point in Cabinet.

Bootle

10. MISC 12 felt that both on regional policy grounds and because there was a building available, there was a case for announcing that the Government was going ahead with the dispersal of 2,300 posts to Bootle. But they did not see their way to achieving an agreed package of 2,300 posts for announcement on Thursday.

There are three possibilities:-

- (i) To announce the dispersal to Bootle of the 250 Home Office and Department of the Environment posts which the respective Secretaries of State have agreed and leave it at that (the building could then be filled by other locally-employed Government staffs at present in rented accommodation).
- (ii) To announce the 250 posts, and say the Government are considering the possibility of dispersing up to a further 2,000 posts, to be chosen from the Departments who were due to disperse posts to Merseyside under the previous Administration's programme.
- (iii) As for (ii), but widening the range so that all Departments are potential contributors to the 2,000 posts, not only those Departments who were due to go to Merseyside before.

11. Of these options, (i) may be attacked as derisory. Option (ii) has the merit of greater certainty than option (iii) but the Ministers whose Departments would be in the firing line under option (ii) will undoubtedly press for the field of choice to be widened. The Minister of Agriculture, Fisheries and Food has already done this in his minute to you of 23rd July.

12. Given the views of MISC 12, you may feel that we should go for option (ii) or (iii) rather than option (i). To achieve the full 2,300 posts will mean twisting some arms, and it is very much a matter of judgment whether you restrict the field of choice to those Departments who were due to send posts to Merseyside anyway, or look right across the board. As the Lord President points out in his minute, the previous Administration's proposals would have sent just under 4,000 posts to Merseyside, so there is some room for cutting out the least attractive moves as part of the process of reducing that figure to 2,000.

13. If the Cabinet agrees to 2,300 posts, and decides how many Departments are to be in the field for dispersal to Merseyside, the announcement can be drafted accordingly. You will also need to invite the Lord President to discuss the Bootle dispersal with the Departments concerned and report back to E Committee in due course with firm proposals as to which Departments should send how many posts towards the total of 2,000 in addition to the 250 posts which have already been agreed.

Other dispersal measures

14. The package you will have dealt with so far (option 1 +2,000 posts for Scotland and, if agreed, 2,300 for Bootle) is, I understand, just about compatible with the Property Services Agency's prospective PES allocation in the current PES period. Subject to my next paragraph, anything further would need a revision of this allocation.

15. Mr. Edwards argued in his minute to you of 25th July, and Mr. Heseltine argued at MISC 12, that the public expenditure problem was a red herring. We could reduce public expenditure, without cutting down on dispersal, by putting the development in the hands of private developers and in due course renting the offices from them.

16. This is true, but it offers bad value for money because it brings short-term gain at considerably higher long-term cost. Successive Governments have been criticised by the Public Accounts Committee for renting too much of the Government's total office estate, instead of owning it. If the Cabinet wants to go beyond the dispersal programme agreed by E Committee, it might be better and cleaner to increase the Property Services Agency's allocation and look for off-
N setting cuts elsewhere.

17. You will want to consider whether you are prepared to let E Committee's implied decision be reopened at all. If you are, the immediate question will be whether something can be done for Wales. The questions will be -

- (i) What is the minimum figure that the Secretary of State for Wales can accept?
- (ii) If this figure is added to the programme, is the Secretary of State for Defence prepared to send that number of posts to Cardiff as well as 1,400 posts to Glasgow?
- (iii) If not, will the Cabinet agree that the figure should be announced now and that the Department(s) to disperse to Cardiff should be identified later?
- (iv) Should the move to Cardiff be announced instead of the move to Bootle?
(This would be undesirable both on regional policy and on estate management grounds. It would meet significant opposition in Cabinet. But it would keep down the scope and thus the cost of the dispersal programme, and would make it easier for Departments to find the total number of posts to be dispersed.)

18. If something is agreed for Wales, you will want to check that the overall shape of the dispersal programme is still acceptable as far as Scotland and the English regions are concerned. Certainly any programme which gave Wales a higher priority than Merseyside would be wide open to criticism.

The Parliamentary statement

19. You might then invite the Cabinet to turn to the draft statement attached to the Lord President's minute to you of 25th July. There should be no problems on page 1. Page 2 offers several alternative paragraphs, to reflect various possible decisions. It may be that none of them will quite do but any further redrafting should be straightforward. You can probably leave it to the Lord President to make the necessary changes. He will also need to fill in the blank figure for public expenditure savings in the light of the Cabinet's decisions.

20. You might however draw the Cabinet's attention to the first sentence of paragraph 8 of the draft: "The rest of the existing dispersal programme will be cancelled". This is in line with E Committee's discussions and with the wish of several Ministers at MISC 12 to have a clear-cut announcement which would

discourage pressure from regional interests from further dispersals in the next few years. It does not, of course, rule out the possibility of further dispersal exercises in the more distant future. You will want express confirmation of this line.

Buildings under construction

21. In addition to the general discussion Mr. Heseltine may wish to raise the question of the two buildings under construction for dispersals which are now due to be cancelled - the specialised building for the Office of Population Censuses and Surveys at Southport and the additional building for the Department of Health and Social Security at Blackpool. The costings of the options in E(79) 26 assumed that if these dispersals were cancelled, the building contracts would be cancelled too. Mr. Heseltine is reluctant to do this. At MISC 12, the Lord President took the view that if Mr. Heseltine's reluctance led to additional public expenditure, he would need to sort out the consequences with the Chief Secretary. You may wish to support this line. Alternatively, if the Cabinet as a whole feels that it is important presentationally not to cancel these two building contracts, it may want to agree to an increase in the PSA's PES allocation for this purpose.

CONCLUSIONS

22. Subject to the discussion, you will want to record the Cabinet's conclusions on -

- (i) Scotland.
- (ii) Bootle.
- (iii) Any additional moves.
- (iv) The Parliamentary announcement.
- (v) Buildings under construction.

23. Where further decisions are required about precisely which Departments are to move how many staff to particular locations, you might ask the Lord President to discuss these matters with the other Ministers concerned, and to bring proposals to E Committee in due course.

John Hunt
JOHN HUNT

25th July, 1979



PRIME MINISTER

REVIEW OF DISPERSAL PROGRAMME

1. At Tuesday's meeting of the Ministerial Committee on Economic Strategy, you asked me to chair a small group of Ministers (MISC 12) to reach decisions on certain aspects of dispersal which E Committee had left open, and to agree a draft statement to be made in Parliament on Thursday 26 July. MISC 12 accordingly met this morning.

2. E Committee agreed to the moves in Option 1 of the paper E(79)26. MISC 12 had to deal with the question of moves to Scotland and to Bootle.

3. As to Scotland, E Committee expressed sympathy with George Younger's view that at least 2,000 posts should be dispersed there. At MISC 12 this morning, Francis Pym agreed that he would do his best to find 1400-1450 London-based posts to send to Glasgow. MISC 12 also agreed that 650 posts should be dispersed to the building now under construction at East Kilbride, giving a total of something over 2,000 for Scotland as a whole. Under the previous Administration's plans, the East Kilbride building was earmarked for the Overseas Development Administration. Neil Marten argued strongly that the dispersal of this many posts - about half of HQ staff - would affect the efficiency of a small Department such as his much more than that of a large Department. While appreciating his difficulties we felt that the political need was overriding and that the existing plan to disperse ODA posts should be confirmed unless any of our Cabinet colleagues are willing to volunteer 650 alternative posts for East Kilbride. If such offers are forthcoming we will need to know by tomorrow morning.

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4. As to Bootle, we noted that 250 posts had been volunteered for dispersal there and that E Committee were content for up to an additional 2,050 staff to go there if their Departments agreed. On reflection, we doubted whether this commitment went far enough. In particular, we thought there would be advantage, given the needs of Merseyside and the existence of the Crown Offices there, which will accommodate 2,300 staff, if the Government were able to commit itself to dispersing 2,300 posts to Bootle. We recognised that it would not be possible, in time for an announcement on Thursday, to reach agreement on which posts would go there, but we thought the announcement would be precise enough if it said that the posts would come from the Departments who are due to move to Merseyside under the existing programme. These are, the Home Office, the Foreign and Commonwealth Office, the Ministry of Agriculture, Fisheries and Food, the Health and Safety Executive and the Agricultural Research Council (the moves previously envisaged for them to Merseyside involved about 4,000 posts so that there should be room to cut out those moves least attractive on managerial grounds). The alternatives are either to announce the 250 moves already agreed, leaving the remainder of the new accommodation in Bootle to be filled by local moves from existing rented property, or leaving Bootle out of the announcement altogether.

5. Two other points arose of which you should be aware.

6. Firstly, some Ministers argued that we should not make a final announcement on Thursday, but that dispersal should be a continuing process. Otherwise they argued that there would be a tendency for numbers working in central London to creep back up. I took the view that, while of course we were not ruling out further dispersal exercises for all time, E Committee had decided to cancel the whole of the existing exercise apart from Option 1 and the moves to Glasgow and Bootle which we had been discussing. I am sure that Thursday's announcement must be designed to end uncertainty as far as possible. There is no point in encouraging the assisted areas to hope for further dispersals which, in the next few years at least, they are not going to get.

7. Secondly, Michael Heseltine pointed out that building contracts were in progress for two moves which E Committee decided to cancel, namely the Office of Population Censuses and Surveys to Southport (where the building under construction is of a specialised design which limits the possibilities for alternative uses) and the Department of Health and Social Security's further move to Norcross, Blackpool. We noted that the costing of the options considered by E Committee assumed that cancellation of these two dispersals would be followed by cancellation of the building contracts. Michael Heseltine is reluctant to take this step. We took the line that these were matters for him to sort out with the Chief Secretary, Treasury.

CONFIDENTIAL

8. I enclose a draft Parliamentary statement reflecting MISC 12's conclusions, and if you agree I would suggest that Cabinet be asked to reach final conclusions on it tomorrow morning.

9. I am copying this minute to all our Cabinet colleagues, the Minister of Transport, the Chief Whip, and Sir John Hunt.

S.

SOAMES

25 July 1979

DRAFT STATEMENT

1 On 11 June the Government announced that it was going to review the programme of Civil Service dispersal. The Hardman Report of 1973 had produced 3 possible options. Our predecessors then produced a plan which was significantly different from any of them.

2 When we came into office we found it was proposed not only to disperse a further 21,000 Civil Service posts from London but also 4,000 from such places as Harrogate, Bath and Didcot. Such dispersal moves from places outside London were never suggested in the Hardman Report and it is impossible to see the justification for them. The present programme would cost over £250m. during the remainder of the present Public Expenditure Survey period to 1983/84, and we should be well into the 1990s before the benefits from dispersal began to offset the costs.

3 Whilst I recognize that in the Assisted Areas the dispersal programme has been viewed as an important element in improving employment opportunities, nevertheless some of the important considerations which led to the setting up of the Hardman study no longer apply. In 1973 the Civil Service was expanding and the Government faced the prospect of providing more offices at high London rents. This Government intends to reduce the size of the Service. Moreover, the gap between office rents in London and in the provinces has substantially narrowed and the long term financial benefits of moving people out of London are that much the less.

4 Having considered all these factors the Government have ^{rather} concluded that ~~the present dispersal programme (must be substantially reduced.)~~
the following are relevant

5 Three moves ~~already in progress (are so far advanced) that they~~ should continue. These are the moves of the Manpower Services Commission to Sheffield, ~~the Export Credits Guarantee Department to Cardiff~~ and the Council for Small Industries in Rural Areas to Salisbury. There are 2 further small moves which would increase the efficiency of the Departments concerned at very little cost. These are the laboratory of Her Majesty's Stationery Office to Norwich ⁴⁰ and a small group of about 90 Customs and Excise staff to Southend. ⁴⁰

1850
 550
 67

EITHER

6. The Government have also decided that some dispersal of Civil Service posts is justified to meet the particularly pressing needs of Glasgow and Merseyside. A total of 2000 posts will therefore be moved to Glasgow and East Kilbride by the Ministry of Defence and the Overseas Development Administration. There will also be ^{some} dispersal to Bootle of 2300 posts. The precise composition of this has not yet been settled but the posts will be drawn from those Departments who were already assigned to Merseyside. These are the Ministry of Agriculture, Fisheries and Food, the Home Office, the Foreign and Commonwealth Office, the Health and Safety Executive and the Agricultural Research Council.

H.O. Consider ^{about} 150.

OR

6. The Government have also decided that some dispersal of Civil Service posts is justified to meet the particularly pressing needs of Glasgow and Merseyside. A total of 2000 posts will therefore be moved to Glasgow and East Kilbride by the Ministry of Defence and the Overseas Development Administration. A total of 250 posts will be moved to Bootle by the Home Office and the Property Services Agency. *h n*

OR

6. The Government have also decided that some dispersal of Civil Service posts is justified to meet the pressing needs of Glasgow. A total of 2000 posts will therefore be moved to Glasgow and East Kilbride by the Ministry of Defence and the Overseas Development Administration.

7. All the posts in the revised programme will be taken from the London area. *h n*

8. The rest of the ~~existing dispersal~~ programme will be cancelled. This will mean a saving in planned public expenditure of well over £200 million up to 1983/84.

PRIME MINISTER

Dispersal

This letter from Mr. Edwards asks you to meet him along with Michael Roberts, Ian Grist, and John Stradling-Thomas later today. They want to press the case for more dispersal to Wales.

You decided in E Committee yesterday on Option 1 plus some possible dispersal to Scotland and Bootle - the latter to be settled by MISC 12. Option 1 includes dispersal of 800 ECGD posts to Cardiff (250 have gone already, 550 will go soon). E Committee effectively ruled out any further dispersal to Wales, beyond this ECGD move - and in particular, therefore, it ruled out the dispersal of MOD posts which Mr. Edwards' minute is addressed to.

MISC 12 met this morning, and has found 2000 posts for Scotland, and had produced options for Bootle which will have to be settled in Cabinet tomorrow. It was not asked to come up with any further proposals for Wales.

Mr. Edwards' argument hangs basically on the fact that people in Cardiff think they are getting the MOD posts. He also says that "extensive preparatory work has been carried out there". I understand, in fact, that this involves no more than road works and drainage; and that the land could easily be sold off for either housing development or other office development.

Do you wish to see them? You could fit them in between the Debate on Southern Africa and your meeting with Junior Ministers probably. My own view is that you should not: dispersal will come up in Cabinet again tomorrow, and Mr. Edwards will have another opportunity to state his case then. He has done fairly well out of the public expenditure exercise, and I don't think he really has a case.

25 July, 1979.

8.30 p.m. 25/7/79.

S. L. K. McLaren
Duty Clerk.
(pp Mr Lankester)

Y SWYDDFA GYMREIG

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-233 3000 (Switsfwrdd)
01-233 (Linell Union)

Oddi wrth Ysgrifennydd Gwladol Cymru



WELSH OFFICE

GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER

Tel. 01-233 3000 (Switchboard)
01-233 (Direct Line)

From The Secretary of State for Wales

25 July

Dear Prime Minister

I have sent you a minute
about Dispersal that I should be most
grateful if you could consider urgently.
I have discussed the issue with
Michael Roberts, Ian Grist and
John Shadling. Thomas and Key have
asked whether you would be willing
to see them as they are so
concerned about the implications of
the decision. I realise the difficulties

but I should be out tonight
if you could find time to see
me later to-day

✓ Jim Love

Nick



in Wales, in the context of other recent decisions, to justify our retaining a more substantial part of the planned dispersal to Cardiff, albeit at a reduced level.

One possibility worth pursuing urgently which has been suggested by Michael Heseltine, would be that of persuading the private sector to provide the office accommodation for which we would then pay rent. This would overcome - one of the major difficulties we currently face - the PESC implications of our meeting the capital costs of the move. I think this is so important a proposal that we should not close the door on future study of it in our statement tomorrow. I hope therefore that until we can have a chance of examining this possibility we can at least keep the option open of a move to Cardiff.

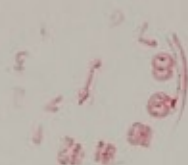
As the political argument has been considered paramount as far as Scotland is concerned, I would point out that in and around Cardiff there are 4 Conservative seats that cannot be regarded as secure in the meantime, and that there is the potential for a Conservative gain on the retirement of the Speaker. In that sense the political impact is much more immediate than anything that is likely in Glasgow.

/ I am sending



I am sending copies of this minute to members of E Committee
and to Sir John Hunt.

AR .



25 JUL 1979

CONFIDENTIAL



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~836 7022~~ 218 2111/3

CONFIDENTIAL

MO 2/5

25th July 1979

Dear Jim,

My Secretary of State would like to suggest a small amendment to the draft statement which was attached to the Lord President's minute of 25th July to the Prime Minister.

He accepts that the effect on the Ministry of Defence is that 1,400 posts will be moved from London and 1,400 posts established at Glasgow, and that the vast bulk of these will be direct transfers. But over the long period until the dispersal takes effect there could be organisational changes, and it would be sensible, therefore, to preserve some small degree of flexibility. We would not wish, for instance, to rule out completely the possibility that some posts, within the same area of work, might be moved from London to some existing MOD location in the provinces, and that an equal number of posts moved from that location to Glasgow.

the
area" We could preserve this small degree of flexibility by adding the words "from/London/" after "Civil Service posts" in the second line of paragraph 6 of the draft statement, and omitting paragraph 7.

I am copying this letter to the Private Secretaries to members of the Cabinet and the Minister of Transport, the Private Secretary to the Chief Whip and to Martin Vile (Cabinet Office).

Yours sincerely,
Roger Facer
(R L L FACER)

J Buckley Esq.,
Civil Service Department

CONFIDENTIAL
CONFIDENTIAL

25 JUL 1979



CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

Civil Service

cc: HO WO
 FCO SOC. SER.
 HMT DES
 DOI MR. CHANNON
 D/EM (CSD)
 MAFF MR. MARTEN
 DOT (FCO)
 D/EN CO
 CHIEF SEC. CDL
 MOD
 SO
 Env.
 24 July 1979

df 27779
Mr Hansard

Dear Jim,

Dispersal

The main conclusions of the E discussion on Civil Service dispersal this morning were:-

- (a) That option 1 should be adopted in full and that in addition there should be a significant dispersal to Scotland and, to the extent that this was possible, Bootle. A "substantial" dispersal to Scotland was not defined with precision but the meeting had considerable sympathy with the view of the Secretary of State for Scotland that at least 2,000 jobs should be involved.
- (b) That the favoured sites for dispersal in Scotland were East Kilbride and Glasgow, St. Enochs.
- (c) That a statement should be made to Parliament on Thursday afternoon. It was, the Committee thought, important that the announced moves should be in terms of identified Departments and not simply numbers of staff.
- (d) That a small committee should be established to work out details and to agree a draft Parliamentary statement before Thursday. They would report to the Prime Minister.
- (e) That the membership of the Committee (MISC 12) would be:-

The Lord President of the Council (in the Chair)
 The Secretary of State for Defence
 The Secretary of State for the Environment
 The Secretary of State for Scotland
 The Chief Secretary, Treasury
 The Minister of State, Civil Service Department
 The Minister of State, Foreign and Commonwealth Office (Mr. Marten)

/I am

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I am copying this letter to the Private Secretaries to all those present at the meeting, the Chancellor of the Duchy of Lancaster and Martin Vile.

Tom

Tim Latham

Jim Buckley, Esq.,
Lord President's Office.

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CONFIDENTIAL

P.087

MR VILE

Mr Lankester

DISPERSAL

Prime Minister

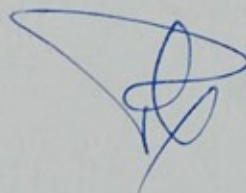
The meeting of
MISC 12 is set
for 9.30 a.m.

tomorrow. Are
you content
with this?

12
24/7

At 8 this morning the Prime Minister established a small group (MISC 12) to finalise the dispersal statement to be made on Thursday. I attach a draft letter which Mr Lankester might send to establish this formally. The membership derives from this morning's discussion except that we have added Mr Heseltine because of his responsibilities for the PSA.

2. Mr Lankester will no doubt wish to clear the draft with the Prime Minister.



P LE CHEMINANT

24 July 1979

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DRAFT LETTER FROM MR LANKESTER TO MR BUCKLEY, PS/LORD PRESIDENT

DISPERSAL

The main conclusions of the E discussion on Civil Service dispersal this morning were:-

(a) That option 1 should be adopted in full and that in addition there should be a significant dispersal to Scotland and, to the extent that this was possible, Bootle. A

~~(b) That~~ "substantial" dispersal to Scotland was not defined with precision but the meeting had considerable sympathy with the view of the Secretary of State for Scotland that at least 2,000 jobs should be involved.

(b) That the favoured sites for dispersal in Scotland were East Kilbride and Glasgow, St. Enochs.

(c) That a statement should be made to Parliament on Thursday afternoon. It was, the Committee thought, important that the announced moves should be in terms of identified Departments and

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not simply numbers of staff.

(d) That a small committee should be established to work out details and to agree a draft Parliamentary statement before Thursday. They would report to the Prime Minister.

(e) That the membership of the Committee (MISC 12) would be:-

The Lord President of the Council (in the Chair)
The Secretary of State for Defence
The Secretary of State for the Environment
The Secretary of State for Scotland
The Chief Secretary, Treasury
The Minister of State, Civil Service Department
The Minister of State, Foreign and Commonwealth Office
(Mr Martin)

2. I am copying this letter to the Private Secretaries of all those present at the meeting, the Chancellor of the Duchy of Lancaster and Martin Vile.

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Ref. A017

PRIME MINISTER

Review of the Dispersal Programme

(E(79) 26)

BACKGROUND

The previous Conservative Government commissioned Sir Henry Hardman to look at the possibility of dispersing more Government work from London. He reported in 1973, recommending that some 30,000 posts should be dispersed from London, though he had serious misgivings in some cases because of the damage to efficiency.

2. In July 1974, the Labour Government accepted the Hardman figures of 30,000 posts for dispersal, but changed the dispersal locations so as to give a more regional slant to the operation. For example, Glasgow would have received at most some 1,750 posts under the Hardman proposals, but was allocated 6,000 posts in the 1974 announcement.

3. Moves involving 5,000 out of the total 30,000 posts have now been completed. Moves involving a further 2,850 posts are in progress. The remaining moves are at various stages of preparation, and in some cases buildings are under construction for them.

4. With your agreement, Mr. Channon announced to Parliament on 11th June that the dispersal programme was to be reviewed, and added that the Government hoped to announce their conclusions before the Summer Recess. The plan now is that Mr. Channon should make an oral statement in the Commons on Tuesday afternoon following the E Committee discussion, and before the debate on regional policy later in the day.

Probably not
on Tuesday
following
Cabinet
today.
(Mr)

5. I understand that you discussed the problem with the Secretary of State for Scotland and the Minister of State, CSD, last week, following a meeting with Scottish backbenchers. Mr. Younger felt that the Glasgow 1750 option was the minimum realistic target. He also raised the question of moving the headquarters of nationalised industries to Glasgow to take up the otherwise vacant office space

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left by curtailment of Civil Service dispersal. I doubt if there is much mileage in this latter point (BNOC is already in Glasgow and will have to run down) but you might want to raise it.

6. The review has been conducted by the Official Committee on Accommodation, whose report is circulated with Lord Soames's paper.

7. The report shows that the basic problem is the same as in 1974. Dispersal brings material and psychological benefits to the receiving areas. It also allows savings of London rents and London Weighting, which more than outweigh increased staff requirements and travelling costs. So it produces a resource gain, and a benefit to the Exchequer, in the long term. On the other hand it involves heavy short term costs - £250 million in the current PESC period - as well as a continuing though unquantifiable loss of efficiency in the Departments concerned, and difficulties in providing rapid policy advice to Ministers. || For these reasons, dispersing Departments are generally against further dispersal, except for the three moves which are currently under way and two small rounding-off exercises. On the other hand the regional Departments, and especially the Scottish and Welsh Offices, pointed to the economic advantages of dispersal and to the political opposition which there would be to any major dilution of current plans.

8. The officials' report invites Ministers to choose between four options. They are not exhaustive, but they do give some idea of what programmes of various sizes might look like, bearing in mind regional priorities and the availability of sites and buildings. They are:-

- (i) Option 1: Minimum Dispersal. This option comprises the three moves now in progress - Manpower Services Commission (MSC) to Sheffield, Export Credits Guarantee Department (ECGD) to Cardiff, and Council for Small Industries in Rural Areas (COSIRA) to Salisbury, plus two other small moves, the HMSO Laboratory to Norwich and 90 Customs and Excise posts to Southend. All five moves are supported by the Ministers concerned. All other moves would be cancelled. This is the option which Lord Soames recommends.

85-2

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(ii) Option 2: Additional Low Cost Moves. This option comprises, in addition to the moves in Option 1, the use of two buildings to which the Property Services Agency (PSA) is already committed - St. John's House at Bootle for up to 2,300 staff, and offices now under construction at East Kilbride for 650 staff. If there is no dispersal to Bootle or East Kilbride, the PSA will be able to fill these offices by moves from leased accommodation nearby. But these leases will take a long time to dispose of, and meanwhile the PSA will be paying rent for accommodation it will not need. Option 2 gets this accommodation filled so there is a case for it on estate management grounds. It also adds a regional element as Bootle and East Kilbride are both in special development areas. But it costs more than Option 1 and introduces the problem of finding posts to disperse. Both these features of course become more marked in the later options.

650 jobs
2,300

(iii) Option 3: Supplementary moves designed to assist job creation in the Assisted Areas. This option sets out two additional packages of moves which might be considered on regional grounds. Officials recommend that the areas to benefit should be Merseyside, Glasgow and the North East in that order. So the first package gives 3,000 extra posts split equally between Merseyside and Glasgow; and the second gives, in addition to these 3,000, a further 1,350 to Glasgow and 3,000 to the North East.

These packages are subject to reservations by the Welsh Office who want something for Cardiff and the Scottish Office who think that the packages give Glasgow too little as compared with Merseyside.

(iv) Option 4: The existing programme slightly modified. This option is included mainly for purposes of comparison. It envisages continuing with the full programme of 25,000 further moves, with two modifications. Firstly, the proposed move of the Laboratory of the Government Chemist (260 posts) from London to West Cumbria is dropped altogether because - owing to the cost of the new laboratory - it shows a resource loss. Secondly the proposal to move 4,000 Ministry of Defence posts to Glasgow from outside London, announced by the last Government, is also dropped in favour of a move of 4,000 other posts, not necessarily MOD posts, to Glasgow from inside London. (A move from say, Salisbury,

22000
20000

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to Glasgow can arguably be justified on regional policy grounds, but is useless on public expenditure grounds because it brings no saving of London rents or London Weighting). Given the problems which Departments have had in meeting their existing commitments the identification of another 4,000 posts for dispersal from London would undoubtedly present very severe difficulties indeed.

9. The key figures in the options are as follows -

Option	Number of Posts to be Dispersed in Addition to the 5,000 Already Dispersed (Rounded)	Exchequer Costs in the Current PESC Period £ million	Total Resource Gain £ million
1	2,600	15	48
2	5,550	27	102
3i.	8,550	64	144
3ii.	12,900	81	151
4	24,740	225	233

HANDLING

10. You have agreed that Mr. Channon should attend for this item. You might ask him to introduce the paper (favouring Option 1) and then see if the Lord President has anything to add. You might then ask the Secretary of State for the Environment to comment, particularly on estate management aspects. These may lead him to favour Option 2.

11. You have agreed that all Ministers in charge of dispersing Departments may attend for this item, but you will not want to get bogged down in Departmental special pleading. However, Mr. Pym is obliged to leave at 11.45 and you may want to give him a chance to speak early on. Subject to that, I suggest that, after Mr. Heseltine, you turn to Mr. Younger and Mr. Edwards for their views. They will no doubt argue, though with different emphasis, for a bigger programme than Option 2. (They may argue that their preferred programmes need not actually be bigger. You could choose Glasgow or Cardiff instead of Bootle. But this would not make sense on either regional policy or estate management grounds. So it would be better to treat their bids as additional to Option 2, not alternatives to it).

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12. You might then see if there is any other support round the table for going beyond Option 2.

13. At this point it is just possible that Mr. Jenkin will offer to continue with the proposed DHSS move of a further 980 posts to Norcross, Blackpool, for which a building is under construction at the existing large Government establishment there. If the Committee are minded to choose Option 1 or 2, there is no harm in throwing this move in as well. But if they want to choose one of the "regional" packages, it would be better to scrap this move, cancel the building contract, and use the money thus saved towards the cost of building somewhere else e.g. Glasgow or Merseyside.

14. If there is support for going beyond Option 2 in the interest of Scotland, you might like to consider extending Option 2 by the inclusion of the Glasgow, Anderston site from Option 3i. This would give the following "regional" elements in the package -

Merseyside:	2,300 posts at Bootle		
Scotland:	2,150 posts (1,500 at Anderston and 650 at East Kilbride)	115- 4m.	15 4 15
Wales:	800 ECGD posts to Cardiff (of which 250 are already there and 550 have yet to move)		

15. This package is also the maximum which is (just about) compatible with the PSA's PES allocation as envisaged in the public expenditure option cuts exercise. That allocation could equally cope with 1,500 extra posts at Liverpool - the other part of Option 3i. - instead of 1,500 posts at Glasgow if that were desired.

16. If there is support for going beyond Option 2 in favour of Wales, it will be hard in equity to resist pressures to do more for the English regions as well. Going down this road would imply either something more than Option 3, or a restructuring of that option to help Wales.

17. If however there is no significant support, apart from Mr. Younger and Mr. Edwards, for going beyond Option 2, you might regard that avenue as closed, and seek the Committee's views as between Options 1 and 2.

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CONCLUSIONS

18. Subject to the Committee's discussion, you will want to record that they have chosen either one of the Options 1-4, or some variant on one of them.

ANNOUNCEMENT

19. The Lord President's Private Secretary has circulated (his letter of 20th July) the opening sections of a draft Parliamentary statement to be made in the afternoon following the E Committee meeting. The later sections will need to be drafted in the light of the Committee's decisions and agreed very quickly with the Ministers concerned. You might invite the Committee to look briefly at the draft circulated. If the Committee have gone beyond Option 2 you might give guidance on the following points for the undrafted sections -

- (i) Which areas are still in the running for further dispersals to be announced later? It might be possible to say that the field is restricted to, say, Glasgow, Merseyside and Teesside.
- (ii) Which moves are to be cancelled? It may be possible to say "all the rest" but if we are not being specific about which areas are still in the running, it may be desirable to be specific about certain cancellations, e.g. laboratory of the Government Chemist at West Cumbria, any dispersals from outside the London area, and the moves of OPCS to Southport and DHSS to Blackpool, whose cancellation will allow building contracts now in progress to be reconsidered.
- (iii) Guidance on the numbers to be dispersed. This is not needed for the announcement, but is essential for the officials who will be doing the follow up work.
- (iv) A target date for the further announcement - possibly "the autumn".


(John Hunt)

23rd July, 1979

CONFIDENTIAL



NBPM
ys

8 ST. JAMES'S SQUARE LONDON SW1Y 4JB

Telephone Direct Line 01-2146025

Switchboard 01-214 6000

J Buckley Esq
Private Secretary to the
Lord President of the Council
Civil Service Department
Whitehall
LONDON SW1

23 July 1979

Dear Tim.

DISPERSAL REVIEW: DRAFT STATEMENT

We have two comments on the draft statement enclosed in your letter to Tim Lankester of 20 July. First, the draft only covers two out of the four options available. Not least because the Lord President himself discusses three of the options in his memorandum E(79)26, we hope that we are right in assuming that there is no intention of foreclosing the discussion at tomorrow's meeting of E Committee.

Secondly, we must ask for the last sentence of paragraph 3 of the draft statement to be omitted. The "levels of unemployment" in the inner cities to which this refers are "residence-based" rates which cannot be compared with the "workplace-based" rates for the Assisted Areas. On any comparable basis it is misleading to say that unemployment in London is higher than in the Assisted Areas.

I am copying this letter to Tim Lankester and those to whom you copied yours.

Anderson

JA

JOHN ANDERSON
Private Secretary

CONFIDENTIAL



Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

23 July 1979

Dear Nick,

CIVIL SERVICE DISPERSAL

The Chancellor of the Duchy has seen a copy of the draft statement attached to the letter of 20 July from the Private Secretary to the Lord President to Tim Lankester, which will be discussed at E tomorrow morning.

The Chancellor of the Duchy fully understands the difficulties which were discussed this morning in Cabinet of making a major announcement only a few hours after decisions have been reached, and also the particular difficulties which may be faced by the Secretaries of State for Scotland and Wales. Nevertheless, he is firmly of the view that for a statement with such direct implications for regional policy to be made one or two days after the House of Commons has spent a full day in debating regional industrial policy would lead to accusations that the Government had deliberately withheld relevant information from the House, which it would be most difficult to refute. Not only Opposition Members, but back-bench Members on the Government side of the House would have real cause for complaint. He is, therefore, firmly of the view that it is essential that this statement is made tomorrow, unless it can be delayed well into the Summer Recess.

I am copying this to the Private Secretaries of members of E Committee.

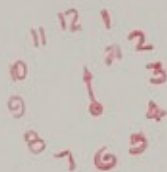
Yours sincerely
Charlotte Egerton

C M EGERTON

N Sanders Esq
Private Secretary
10 Downing Street
SW1

CONFIDENTIAL

23 JUL 1979



option should be favoured, I would hope, therefore, that before any public commitment is entered into we would have an opportunity of considering further advice from officials on the Departments that might make up the package of posts. In my view this advice should include a more detailed assessment of the likely damage to efficiency from dispersing the blocks of work involved. This approach would imply only an interim announcement before the Recess along the lines proposed for Option 3 in paragraph 9 of the Lord President's paper.

5. I am sending copies of this minute to the other members of the Economic Strategy Committee and to Sir John Hunt.

PETER WALKER
23 July 1979

CONFIDENTIAL



Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

20 July 1979

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

Dear Tim,

DISPERSAL REVIEW: ECONOMIC STRATEGY COMMITTEE

The Lord President has circulated a paper to colleagues (E(79)26) on the Civil Service dispersal programme which is to be taken by E Committee on Tuesday 24 July. I know that the Prime Minister has discussed the arrangements for an announcement following the decision which will be taken on Tuesday. There would clearly be advantage in the announcement being made before the debate on regional policy to be held in House of Commons on Tuesday afternoon.

The Prime Minister, and the other Ministers involved, may find it helpful before Tuesday to consider the shape of the possible announcement. A final version will of course depend on the decisions taken at E and the attached statement therefore contains two alternatives for the latter part, depending on whether Option 1 (that recommended by the Lord President), or Option 2 is chosen.

Subject to the Prime Minister's views, I think the most appropriate way of making the statement would be for the Lord President to deal with in in the Lords at 1500 on Tuesday and the Minister of State, Civil Service Department to repeat it at a suitable time after that in the Commons.

I am copying this letter to the Private Secretaries to members of E, to the Secretaries of State for Defence, Scotland, Wales, Social Services and Education and Science and to Martin Vile in Sir John Hunt's Office.

*Yours sincerely,
Jim Buckley.*

J BUCKLEY
Private Secretary

Enc

DRAFT STATEMENT

1. On 11 June the Government announced that it was going to review the programme of Civil Service dispersal. The Hardman report of 1973 had produced three possible options. Our predecessors then produced a plan which was significantly different from any of them.

2. When we came into office we found that it was proposed not only to disperse a further 21,000 Civil Service posts from London but also 4,000 from such places as Harrogate, Bath and Didcot. Such dispersal moves from places outside London were never suggested in the Hardman report and it is impossible to see the justification for them. The present programme would cost over £250m during the remainder of the present Public Expenditure Survey period to 1983/84, and we should be well into the 1990's before significant financial benefits from dispersal began to show. In some cases these benefits would not offset the costs until well into the 1990's.

3. Whilst I recognise that in the Assisted Areas the dispersal programme has been viewed as an important element in improving employment opportunities, nevertheless some of the important considerations which led to the setting up of the Hardman study no longer apply. In 1973 the Civil Service was expanding and the Government faced the prospect of providing more offices at high London rents. This Government intends to reduce the size of the Service. Moreover the gap between office rents in London and in the provinces has substantially narrowed and the long term financial benefits of moving people out of London are that much the less. Some inner city areas of London now have higher levels of unemployment than have assisted areas as a whole.

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4. Having considered all these factors the Government have concluded that no further substantial dispersal moves would be justified.

5. Three moves already in progress are so far advanced that they should continue. These are the moves of the Manpower Services Commission to Sheffield, the Export Credits Guarantee Department to Cardiff and the Council for Small Industries in Rural Areas to Salisbury. There are two further small moves which would increase the efficiency of the departments concerned at very little cost. These are the laboratory of Her Majesty's Stationery Office to Norwich and a small group of about 90 Customs and Excise staff to Southend.

6.

Option 1

6a. [The rest of the existing programme will be cancelled. This will mean a saving in planned public expenditure of nearly £240 million up to 1983/84.]

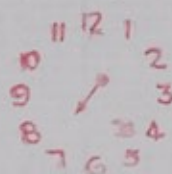
Option 2

6b. [In addition there are two buildings under construction which can be completed at relatively little cost. These can be used to enable up to 2,300 posts to be dispersed to Bootle and 650 posts to East Kilbride, representing a measure of assistance to two areas with the most pressing problems of unemployment. There will be a later announcement on which Departments will be involved in these moves.]

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The rest of the existing programme will be cancelled. This will mean a saving in planned public expenditure of £226 million up to 1983/84.7

20 JUL 1979



CSD.

CONFIDENTIAL

BF 20/vii for "E" briefing
MAP.

Prime Minister

You asked me to send you a note about the cost of dispersing the 1120 Ministry of Defence posts that it had been proposed should be moved from London to Glasgow.

The costs to be borne on departmental votes in the current PESC period would be £15 million (extending the period to 1984-85 would increase the figure to £19 million). There are two sites in Glasgow available for dispersal: Anderston (ready for occupation in 1983-84) and St Enoch (ready for occupation from 1985-86 to 1987-88). The above costs assume that the posts will be accommodated on the Anderston site.

I am copying this to George Younger.

P.C.

PAUL CHANNON

19.7.79

CONFIDENTIAL



19 JUL 1979



✓ Copy to Mr Gow
cc Mordaunt
Civil Service
na MAF

NOTE OF A MEETING IN THE HOUSE OF COMMONS AT 1020 P.M. ON WEDNESDAY
18 JULY ON DISPERSAL POLICY

Present:

Prime Minister	Mr. Iain Sproat
Secretary of State for Scotland	Mr. Allan Stewart
Minister of State, CSD	Mr. John MacKay
Mr. Ian Gow	Mr. Ian Lang
Mr. Mike Pattison	The Hon. Thomas Galbraith
	Mr. Barry Henderson
	Mr. Michael Ancram
	Mr. Alex Pollock
	Mr. David Myles
	The Lord James Douglas-Hamilton

* * * * *

Mr. Sproat, as Chairman of the Committee, thanked the Prime Minister for receiving them. Speaking on behalf of the Committee, he set out three basic political arguments for maintaining dispersal for Scotland. First, this had been a consistent commitment by the Conservative Party in Scotland. Secondly, a reversal of this policy would fan the dying embers of nationalism. The Conservatives had stressed that the best argument against devolution was in this form of decentralisation: an independent Scotland could have no claim on dispersed jobs from the British Ministry of Defence. To go back on dispersal would be a shot in the arm to the nationalists. The position of the Secretary of State, and of Mr. Teddy Taylor, in Scotland would be seriously undermined. Scotland had already undergone two shocks. One was the announcement of regional policy - this was not as bad as expected, but had had a bad press. The second was in the accelerated run down of shipbuilding, a symbolic industry in Scotland. Dispersal, if abandoned, would complete the trilogy, and would raise the question whether the Tories were serious about Scotland. The third political argument was that he and his Scottish colleagues firmly believed in the need to have top job opportunities in Scotland,

/ and indeed

and indeed elsewhere outside London. This did not involve removing jobs from Bath or Harrogate: they were examples of what the Committee wanted for Scotland. A good example for Scotland now would be a reversal of a trend away from such job opportunities in the regions.

The Prime Minister asked whether any other members of the Committee wished to add to this cogent presentation. Mr. Galbraith said that this was a much more serious matter than it might appear. Over a period of 50 years there had been a diminution of top jobs in the provinces. One appeal of the Scottish nationalists had been their attempts to counter this. The Scottish Tories had argued that the Government was responding to this need: the National Savings Bank had been moved to Glasgow; the Forestry Commission to Edinburgh; British Shipbuilders Headquarters had been put into the provinces by the last Labour Government. He added that he was well aware of the subtlety of argument of Defence officials from his own Admiralty days. They would settle their personal goals and then construct a convincing argument with which to persuade Ministers. The Government should tell the MOD that, if Britain was one country, then decision-making jobs must be spread around. Mr. Heath had made a major error in his Perth declaration in 1968, where he had not taken Scottish advice. If dispersal was now abandoned, he personally saw a future where Britain was not one country.

Mr. Ancram said that he did not represent a Glasgow constituency, but supported the call for dispersal: this was a major symbol for all of Scotland. Mr. MacKay pointed out that, in his Argyll constituency, there was already a major western military base at Holy loch. Security must therefore already have been found adequate. Mr. Henderson said that a third of the Royal Airforce was already in his constituency; but the decision-makers and administrators remained elsewhere. Mr. Pollock added that the RAF were also based at Lossiemouth. The Prime Minister observed that all this seemed to indicate considerable dispersal already.

Mr. Myles said that any reversal would be ammunition for the SNP. Mr. Galbraith said that it would take the heart out of those who believed in the union. He personally could not fight again in those circumstances.

/ Mr. Lang

Mr. Lang argued that dispersal was a form of devolution consistent with Tory philosophy. Mr. Stewart said that one argument advanced against dispersal had been the growing unemployment in London. But this was a result of industrial decay, and was not in the white collar jobs proposed for dispersal. Lord James Douglas-Hamilton added that the party in Scotland was unanimous in its approach. The several Scottish MPs who had remained in the Chamber for the Finance Bill debate wholeheartedly supported the approach. Mr. MacKay re-emphasised that dispersal was a crucial symbol, even if the immediate beneficiary would be Labour-held West Glasgow.

The Prime Minister said that the Committee had put its case clearly and unequivocally. She had taken no decision yet, and had wanted to hear views before the Government reached a decision. She had taken careful note of what had been said.

19 July 1979

CONFIDENTIAL

cc Mackin SD ✓ MAP
Govt Made July '99 - Director
of Overseas
Surveys

NOTE OF DISCUSSIONS ON DISPERSAL POLICY IN THE HOUSE OF COMMONS ON
WEDNESDAY 18 JULY

Present: Prime Minister
Secretary of State for Scotland
Minister of State, Civil Service Department
Mr. Ian Gow
Mr. Mike Pattison

The Secretary of State for Scotland and the Minister of State at the Civil Service Department met the Prime Minister in preparation for a discussion with the Scottish Group of Conservative backbench MPs.

Mr. Younger pointed out that the brief prepared by the CSD did not give sufficient weight to the longer term benefits offered by dispersal, but placed unreasonable emphasis on the immediate costs. The Prime Minister asked what posts would remain for dispersal to Scotland if the Ministry of Defence jobs coming from provincial centres in England were excluded. Mr. Channon said that there would be a number of defence jobs, and also 650 ODA jobs, with 350 jobs coming later with the Directorate of Overseas Surveys. The Prime Minister asked about the work of this organisation. Mr. Channon said that its workload was undoubtedly declining, and there was fierce resistance to the proposed move because of the loss of specialised staff. The Prime Minister asked whether it should not be abolished rather than dispersed.

The Prime Minister asked when a statement was scheduled on dispersal. Mr. Channon said that this was tentatively set for Tuesday. Mr. Younger said that this was quite unreasonable, as E Committee was only scheduled to reach a decision on Tuesday and the Government could not be committed to a statement when the outcome of the discussion was difficult to predict. Mr. Channon said there was strong pressure for a decision on Tuesday. All the regional centres which expected to benefit from dispersal were demanding to be put out of their misery one way or another. Mr. Younger insisted that Tuesday was unreasonably early for a statement.

/The Prime Minister

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The Prime Minister said that it was clear that there were not 5,000 MOD jobs suitable for dispersal. Mr. Younger said that this was not a major cause of concern in Scotland. The key to the situation was to ensure that the residue of London-based jobs did go to Scotland. Politically, he could live with this outcome. Mr. Channon pointed out that the Secretary of State for Defence would argue that it would be disastrous to move a major headquarters from London. Mr. Younger said he knew these arguments well from his MOD days. But arguments about security or communications were in practice invalid. The original Hardman proposals had recommended the dispersal of 1,780 jobs to Scotland. Mr. Channon observed that this was the most extreme of three Hardman options. The Government had not taken a firm view on these before the 1974 election. Mr. Younger recalled participating in preparation of a Government response at the time.

The Prime Minister asked whether Defence could offer the required number of semi and unskilled jobs. She added that she would want to be convinced on security grounds that suitable employees could be found locally, and that satisfactory communications arrangements could be ensured. Mr. Channon emphasised that the Election Manifesto had promised a review of the move of civil servants from London. Mr. Younger stressed the political importance of retaining the maximum dispersal programme to Scotland, and argued that the long term view of the costs should be borne in mind, and not obscured by the short term capital cost. In addition, if the further dispersal of defence staff from English regional centres were to be abandoned, there should be an urgent review of alternative uses of the Centre now being prepared in Glasgow.

The Scottish Conservative Committee then met the Prime Minister, see separate note.

Following the meeting, the Prime Minister said that the Committee appeared to believe that the full 6,000 jobs were still a serious possibility. They had a cogent case, but would surely laugh at the proposal for the residual numbers of less than 2,000. Mr. Younger said that he could sell the proposal for dispersal of the London-based jobs alone. The full existing package would be recognised as nonsense. Mr. Channon said that the original Hardman options had covered only the

CONFIDENTIAL

- 3 -

London-based jobs. Mr. Younger said that the 650 ODM jobs and 1,000 London-based MOD jobs should be dispersed. The rest could be left aside as Labour additions which made no sense. The additional facilities now being prepared for Glasgow could later be filled with something less - there was, for example, no obvious rationale for the British Steel Corporation Headquarters or the National Coal Board Headquarters to be based in Central London, far away from their working areas.

The Prime Minister asked whether the Secretary of State for Defence and Mr. Neil Marten would resist this reduced dispersal. The Secretary of State and Mr. Channon agreed that they would fight hard, but said that their case should be considered as special pleading. Mr. Channon undertook to provide a note on the cost of dispersing the 650 ODA posts and the London-based MOD posts.

19 July 1979

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Minister of State

Civil Service Department

Whitehall London SW1A 2AZ

Telephone 01-273 3000

M Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

18 July 1979

Dear Mike,

We spoke on the telephone this morning about the Prime Minister's proposed meeting tonight with the Scottish group of Conservative MPs to discuss dispersal.

... Briefing for this meeting is attached.

You said that the Prime Minister would like to see Mr Channon (and Mr Younger) immediately after the Division at 10 o'clock. Some time thereafter, the Scottish Conservative MPs would join them.

I am copying this (and the enclosure) to Kenneth Mackenzie in Mr Younger's Office.

Yours sincerely
Gary Roger

pp G E T GREEN
Private Secretary

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DISPERSAL OF CIVIL SERVANTS TO GLASGOW

MEETING OF PRIME MINISTER WITH SCOTTISH CONSERVATIVE MEMBERS

General

1. Present total dispersal programme put forward by the Labour Government involves the dispersal of 30,000 posts, 25,000 of which are still to be moved. This programme would cost Exchequer over £250m in present PES period. Significant cost advantages to Exchequer (principally from savings in London office rent bill and salaries) do not start to accrue until 1986 onwards. On present calculations the proposed moves to Glasgow from outside London would never make sense in economic terms.

Glasgow

2. Under the existing programme it is proposed to move 6,000 posts to Glasgow (centre and East Kilbride new town). See Annex.

	Posts	Costs to be borne on Departmental Votes 1979/85 £m	Costs to be borne on Departmental Votes 1979/90 £m
Ministry of Defence	5,000	37.4	90.4
Overseas Development Administration	1,000	8.5	1.4

3. The Scottish Members, in discussion with Minister of State, CSD, have urged that no posts should be dispersed to Glasgow from locations outside London. What they may not realise is that only 20% of present MOD posts assigned to Glasgow are due to go from London; remaining 80% (as announced by Labour Government) are due from places like Bath, Harrogate, Winchester, Exeter, Taunton, Didcot and Leeds. The Secretary of State for Defence is also opposed on operational grounds, to the dispersal to Cardiff of 4,000 London based posts.

Present position on dispersal review

4. Government has announced a review of whole programme and expressed hope of announcing conclusions before Summer Recess.

5. Lord President has circulated a paper, covering the Report of the review, for discussion at E Committee on 24 July, with a view to an announcement in Parliament later in the week.

6. In summary the proposals before colleagues will be:

*Shelburne
Committee
No. 200
Sub-Committee*

	Costs to be borne on Departmental Votes 1979/84
	<u>£m</u>
(i) Complete 5 moves already started (2,600 posts); <u>none to Scotland</u>	15
or (ii) Add to (i) 2 moves to buildings under construction at <u>Bootle</u> (2,300 posts) and <u>East Kilbride</u> (650 posts)	27 (including £15m in (i) above)
or (iii) Add to (i) and (ii) a selection of moves to Merseyside, <u>Glasgow</u> and, perhaps, Middlesbrough if it was decided regional policy considerations required these	64-81 (including £27m in (ii) above)

7. The Lord President is recommending (i).

Suggested response to Scottish Members

8. Present dispersal programme is immensely costly and the Labour Government departed significantly from Hardman Report (1973) recommendations notably in proposing to send 6,000 posts to Glasgow (instead of Hardman's 1,780), 4,000 of them from places outside London. Present review was thus essential.

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9. Members could be reminded that Scotland has benefited from earlier dispersals and relocation of new CS work.

Forestry Commission	Edinburgh	145	1966
Inland Revenue	Edinburgh	1,236	1970-77
	Glasgow	202	
Department for National Savings	Glasgow	<u>4,624</u>	1976
	TOTAL	6,207	

10. Government plans to announce decisions next week. In reaching those decisions the Prime Minister and her colleagues will have the points made by the Scottish Members very much in mind. Equally strong views have also been expressed by Conservative Members from other parts of the country including those representing West Country and London which would be feeding present dispersal to Glasgow.

PRESENT PROGRAMME:

GLASGOW DISPERSAL SITES

MOD Anderston. In 1978 the PSA concluded purchase negotiations with the Glasgow District Council for this site in inner Glasgow, and design work is now well advanced to meet the planned occupation date of 1983-84 (construction planned to commence in 1980) for 1,500 of the MOD posts.

MOD St Enoch. The Scottish Development Agency purchased the site (the disused St Enoch station in the centre of Glasgow) and having cleared it have sold it to the PSA. A building for 3,500 MOD posts is being planned, with construction to start in 1982, to be ready for occupation from 1985-86 to 1987-88.

ODM East Kilbride (6 miles from the centre of Glasgow). The Development Corporation has commenced construction of the building with a ready-for-occupation date in late 1980 for the 650 ODA posts. A site has not yet been decided for the balance of 350 (Directorate of Overseas Survey) posts.

NOTE: If these projects were cancelled the proceeds of site sales (£3.45m) would greatly exceed the prospective liabilities of £0.35m.

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Civil
Service

10 DOWNING STREET

From the Private Secretary

16 July 1979

The Prime Minister has considered your Secretary of State's minute of 13 July about dispersal of the MSC to Sheffield. She has noted that the present uncertainty is causing difficulties for staff members and their families; but she does not think it would be justified to make an announcement this week in advance of the E Committee discussion of the dispersal review and the more general announcement which will follow shortly afterwards.

The Prime Minister has also commented that she trusts that a decision to move MSC to Sheffield will not affect our determination to reduce their staff.

I am sending copies of this letter to Geoffrey Green (Civil Service Department), David Edmonds (Department of the Environment), Alistair Pirie (Chief Secretary's Office) and Martin Vile (Cabinet Office).

T. P. LANKESTER

John Anderson, Esq.,
Department of Employment

CONFIDENTIAL

KRF

*Prater all dispersed
announcements to
be made together
with M.I.C. decision
not affected -
determine how
reduce their
staff.*

PRIME MINISTER

DISPERSAL OF MANPOWER SERVICES COMMISSION TO SHEFFIELD

The dispersal review will recommend that the move to Sheffield should go ahead, but Mr Channon wants to hold this back until the general announcement which will be the week after next. E Committee will

take the review on 24 July; better not to preempt E decision.

This dispersal project is already under way. It is not physically irreversible, but the building which has been designed for MSC is one-third constructed and there is no sensible alternative to completing it. The Property Services Agency have now advised us that if MSC do not move to Sheffield we might incur a loss of up to £10 million in disposing of the building. Shall we say "no"?

12
13/7

In my view we should be subject to justified criticism if in the light of this dismal forecast we were to cancel MSC's dispersal, and I strongly recommend that MSC should be authorised to go ahead. The question for decision is whether we should announce this right away, without waiting for the outcome of the reappraisal of the dispersal programme as a whole.

Some 50 MSC staff have already moved to Sheffield, and others are in the process of buying houses there, or selling them in London. We know that in a number of cases wives or husbands of staff are in the middle of giving up their jobs in London, or otherwise committing themselves and their households, financially or otherwise, to an early move. Naturally all these people have been upset by the uncertainty, and I think we should put them out of their misery right away - real misery in some cases, to judge from the representations we are receiving. I hope you can agree to this. If so, I will concert the terms of an announcement with Paul Channon.

I am copying this minute to Paul Channon, Michael Heseltine, John Biffen and Sir John Hunt.

John Anderson.

J P
(Approved by Secretary of State
and signed in his absence)
13 July 1979



13 JUL 1979

From: Iain Sproat, M.P.



HOUSE OF COMMONS

LONDON SW1A 0AA

12th July 1979

Dear Ian,

I am writing to you on behalf of the Scottish Conservative Committee, of which I am Chairman, to ask for your help in arranging a meeting with the Prime Minister regarding the dispersal of civil servants to Scotland. The point of this is as follows:

The Party in Scotland has been totally committed for a long time, through numerous public statements by Teddy Taylor as Shadow Secretary of State, to a substantial dispersal of civil servants to Glasgow and East Kilbride - 5,500 from the M.O.D., 1,000 from the O.D.M. Quite apart from the inherent benefits of this action, it would be absolutely ruinous for the credibility of the new Scottish Office if, within weeks of taking over, we renege on what everybody in Scotland regarded as a commitment. Furthermore, all the present M.P.s, plus George Younger and Teddy Taylor, strongly argued, at the time of the Devolution Referendum, that it would not require Independence, or a Scottish Assembly, to bring jobs and opportunities to Scotland under a Tory Government: we all said we were totally committed to the 6,500 civil service jobs without any such constitutional changes. Thus, having beaten and all but killed off the S.N.P., this one decision going wrong could light the Nationalist fire all over again. In short, this is now a political decision primarily, rather than one merely about jobs for the West of Scotland. I will not go into all the arguments now - although if you wanted me to, in advance of the delegation going to see the Prime Minister, I could do so - but would ask you to believe that the entire Committee attach paramount importance to this matter.



I.R.E. Gow, Esq., M.P.
12th July 1979
Page 2

I have already been in touch with
the Prime Minister's Private Office in the usual way.

Yours ever,

A handwritten signature in dark ink, appearing to be 'I.R.E. Gow'.

I.R.E. Gow, Esq., M.P.



10 DOWNING STREET

THE PRIME MINISTER

6 July 1979

Original in G/R. MFS
Civil Service
cc CSD
DM
Press

Thank you for your letter of 25 June about the dispersal of the Manpower Services Commission to Sheffield.

As you know, the dispersal programme is being reappraised as a matter of urgency, including the move of the Manpower Services Commission. There have been no decisions reached yet on any of the planned dispersal moves but it is hoped that an announcement will be made before the end of July about the future of the programme.

I am grateful to you for letting me know the views of those directly concerned in Sheffield. I am glad that you have discussed the matter with Paul Channon and we shall take all the points you made into account in looking at the future of the programme.

(SGD) MARGARET THATCHER

J.H. Osborn, Esq., M.P.

vb

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CC HO
CO

108



Original on
Scotland: June 79;
Regional Policy

10 DOWNING STREET

From the Private Secretary

4 July 1979

Dear Kenneth,

The Prime Minister held a meeting at 1230 p.m. today with your Secretary of State and the Home Secretary to discuss the application of the Government's policies in Scotland. They had before them Mr. Younger's minute of 25 June. The following are the main points which came up.

REGIONAL POLICY

Mr. Younger said that any reduction in regional assistance to Scotland would be seen by the Scots as an attack on the Scottish economy. Special assistance for Scotland was justified by its relative backwardness, its distance from the UK markets, and by the need to reduce imbalances in the national economy: it was in the interests of the UK economy as a whole that these imbalances should be reduced since expansion had too often resulted in "overheating" in the South East and the Midlands. While he accepted the need to reduce public expenditure in support of regional policy this should not be done too fast and the amount of reduction should not be too great. Against this background, Mr. Younger said that he was pleased that the Prime Minister had asked Sir Keith Joseph to moderate his regional policy plans; and he hoped a compromise set of proposals would be accepted by Cabinet.

The Prime Minister commented that it was essential for public expenditure to be reduced: the ratio of public expenditure to GDP was actually increasing this year as compared with last. However, she agreed that it would be a mistake to move too fast on regional assistance; otherwise a "U-turn" would all too likely follow. The Home Secretary agreed that, although regional support must be reduced, it would be wrong to move too fast. To do so would lose the Government political support in both Scotland and Wales.

SHIPBUILDING

Mr. Younger said that contraction of the shipbuilding industry was inevitable, but this had to be handled carefully. Provided the necessary closures were implemented in turn rather than all at once, the position ought to be manageable. Thus, it would be right to move to the closure of Scotstoun in September, while Govan should be kept going a little longer. In order to maintain activity at Govan, it would be necessary to obtain a further order

/ after the

CONFIDENTIAL

After the existing Polish order; there was a reasonable prospect of such an order from P&O. Robb Caledon would also probably have to go; but in view of the heavy dependence on shipbuilding on the Lower Clyde, every effort must be made to maintain Scott Lithgow. It would be easier to proceed with these closures if the Government continued with a reasonable measure of general support in Scotland.

The Prime Minister said that she accepted this general approach. She hoped that efforts were being made to stimulate small businesses in Scotland so as to provide alternative employment for redundant shipyard workers. The Home Secretary commented that it was right to proceed with the closure of uneconomical shipyards, and that it had been a great mistake not to have implemented the closures on the Upper Clyde in 1971. However, he agreed that the timing of the closures was crucial.

DISPERSAL

Mr. Younger said that he hoped that the Government would be able to proceed with the previous Government's dispersal plans for the MOD and ODA to Glasgow. He accepted that it would be right to cancel the movement of jobs from the English regions to Scotland; but there would be a very adverse reaction if the dispersal of jobs from London were set aside.

The Prime Minister questioned whether any of the previous Government's dispersal plans were logical from the point of view of administration and expense. However, she agreed that political considerations would need to be taken into account with regard to the MOD and ODA dispersal proposals mentioned by Mr. Younger.

HILL SHEEP

Mr. Younger said that Treasury Ministers had decided that there should be no increase in the Hill Sheep subsidy over and above the 50p agreed by the previous administration. He had hoped that a further 50p increase could have been agreed; and he was prepared to find savings in his programmes to finance it. However, MAFF had not been able to provide offsetting savings. Although he understood the public expenditure reasons for rejecting a further increase, the decision would be strongly resented by Scottish farmers, and Lord Mansfield would have a difficult time explaining it to the NFU when he met them. Questioned whether it would not have been possible to have a higher subsidy for Scotland than in England, the Home Secretary said that any such move would have been bitterly opposed in England.

I am sending a copy of this letter to John Chilcot (Home Office) and Martin Vile (Cabinet Office).

Wm. W.

T. L.



10 DOWNING STREET

*Original of RSH
Civil Service*

*CCSD
Press*

THE PRIME MINISTER

4 July 1979

Dear Mr. Dormand,

Thank you for your letter of 25 June asking me to meet a deputation to discuss the dispersal problem.

I am in no doubt about the strength of the feelings which you and your colleagues have on this matter, but as Paul Channon is the Minister for the Civil Service, I think it would be best if you met with him to talk about this question. I am letting him know that I have suggested this.

*Yours sincerely
Raymond Fletcher*

Jack Dormand, Esq., M.P.

6

Civil Service

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WHITEHALL LONDON SW1A 2ER
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01-233 6106 (Linell Union)
Oddi wrth Ysgrifennydd Gwladol Cymru



WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 6106 (Direct Line)
From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

12 June 1979

D. Christopher

R. 12/6

DISPERSAL OF CIVIL SERVANTS

I have read with interest recent correspondence about the dispersal review and I was glad to see from your letter of 4 June that there will be ample scope for discussion in advance on the nature and scope of the review.

I have a special and direct interest because of the dispersal of MOD staffs. Local interest in the MOD dispersal to Cardiff (for which the necessary work is underway) is great and has been heightened in the past week by a series of events relating to the dispersal sponsored by the Ministry of Defence. The suggestion that there is to be a review has already led to a natural reaction of doubt about our intentions and this may well increase when the review is announced formally. The quicker we can dispel that doubt the better.

I am sending copies of this letter to the Prime Minister, members of the Cabinet, including the Minister of Transport, and Sir John Hunt.

J. em

Nick

The Rt Hon The Lord Soames GCMG GCVO CBE
Lord President of the Council
Civil Service Department
Old Admiralty Building
Whitehall
LONDON SW1



13 JUN 1979



10 DOWNING STREET

THE PRIME MINISTER

11 June 1979

Dear Mr. Campbell Savours

Thank you for your letters of 2 and 7 June about the Civil Service dispersal programme, and the Laboratory of the Government Chemist in particular.

We are having a fresh look at the programme, including the planned move of the Laboratory to Cockermouth, as a matter of urgency; and we shall take account of all the points you make in your letters and in the report you have prepared.

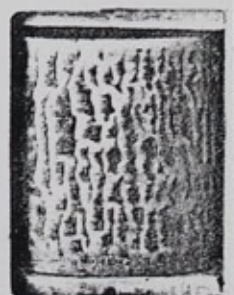
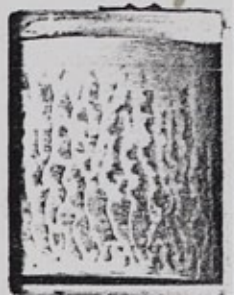
Yours sincerely

M.T.

Dale Campbell-Savours, Esq., M.P.

jfh

Civil Service
Original in G/Rooms



Civil Service



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

7 June 1979

R

W

[Handwritten signature]

CIVIL SERVICE DISPERSAL

Thank you for your letter of 4th June.

I am quite content with the wording of the arranged Question and Answer and your proposals for dealing with the policy review.

I am copying this to recipients of your letter.


[Handwritten signature]

(GEOFFREY HOWE)

The Rt. Hon. The Lord Soames, GCMG, GCVO, CBE.

1-7 1979





Civil Service Department,
Whitehall,
London, SW1A 2AZ

*With the Compliments
of the
Lord President of the Council*



Civil Service
Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

4 June 1979

The Rt Hon Sir Geoffrey Howe QC, MP
Chancellor of the Exchequer
HM Treasury
Parliament Street
London SW1P 3AG

1. Mr. [unclear]

2. Mr. [unclear]

5/6

Dear Geoffrey,

CIVIL SERVICE DISPERSAL

Thank you for your letter of 31 May.

2. We are already getting a number of representations from various interests affected by dispersal and we must clearly announce as soon as possible our intention of reviewing the programme. However, in view of the considerable Parliamentary interest in this subject I think the formal announcement should be made first to the House of Commons by means of an arranged Question and Answer. I am proposing to get the following Question to put down for written answer on 11 June (the day the House reassembles):-

- Q. To ask the Minister of State for the Civil Service Department what plans the Government has to review the programme for dispersing some 30,000 Civil Service posts to various locations in Scotland, Wales and the English regions.
- A. The Government is reappraising the probable costs and benefits of the programme and hopes to announce its conclusions before the summer Recess.

3. My intention is to put early proposals about the purpose and scope of the review to the appropriate Ministerial committee. With a broad directive from the committee, officials will then carry out the detailed examination and necessary consultation in time for me

to report back to my colleagues in the second half of July. This should enable us to take decisions in time for them to be reflected in this year's Public Expenditure Survey exercise. I am sure I do not need to emphasise that the programme relates to the Civil Service as a whole so that decisions on its future must be for our collective agreement.

4. Meanwhile, as you say, effectively the Property Services Agency has a moratorium on its capital expenditure in connection with dispersal but no action will be taken to disband the existing design teams in advance of decisions on the future of the programme.

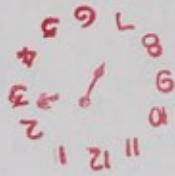
5. Like you I hope that our review will be able to take into account the report of the Strathclyde University survey of the economic and social effects of dispersal. The report was of course commissioned by the National Staff Side, but we shall do our best to get sight of it.

6. Copies of this letter go to the Prime Minister, members of the Cabinet including the Minister of Transport, and Sir John Hunt.

Yours ever

Christopher

SOAMES



-4 JUN 1979



CC LPO
DOE
HMT
CO

JS

10 DOWNING STREET

THE PRIME MINISTER

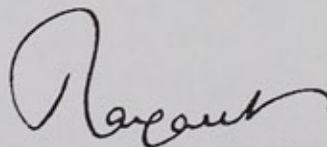
1 June 1979

Dear Horace.

Thank you for your letter of 22 May about Civil Service dispersal from London.

I can assure you that we are having a fresh look at the dispersal programme as a matter of urgency. I am sure you will appreciate that at present I cannot say more than this, but an announcement about how we are proposing to proceed will be made to Parliament as soon as it reassembles after the recess.

Yours ever



Horace Cutler, Esq., OBE.

HS



Civil Service

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

2 PP's

R

June 1979

The Rt Hon The Lord Soames
GCMG GCVO CBE
Lord President of the Council
Civil Service Department
Old Admiralty Building
Whitehall
LONDON SW1

DISPERSAL OF CIVIL SERVANTS

I understand from my officials that the Prime Minister has given her approval to a quick review of the dispersal programme, and that you are considering the form of the review and how it might be announced.

As you will appreciate, there is considerable interest in this matter in Scotland, where press speculation has been stimulated by the announcement on 25 May that the MOD programme of dispersal to Glasgow is under review, and dispersal is of great political sensitivity. The announcement of the more general review will require very careful handling, and I hope therefore that you will agree not only that Ministers collectively should be involved in the review, but also that there should be consultation on the terms and timing of the announcement.

I am copying this letter to the Prime Minister and to Francis Pym and Nicholas Edwards.

Approved by the Secretary of
State and signed in his absence

MISS J A STIRTON
for Private Secretary

21 JUN 1950



B.R.

3

● PRIME MINISTER

DISPERSAL

Mr. Horace Cutler has written to you (Flag A) asking for an early statement on dispersal policy. You have yourself expressed doubts about the continuation of the dispersal programme - and you have the Chancellor's support (Flag B); you have authorised an early review by the CSD. Some further background has been provided by the CSD (Flag C), and I attach (at Flag D) a draft reply for you to send to Mr. Cutler.

R.

31 May 1979



Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

31 May 1979

T Lankester
10 Downing Street

Dear Tim,

DISPERSAL

Attached is a draft reply from the Prime Minister to Mr Horace Cutler in response to his letter of 22 May on Civil Service dispersal.

2. The Prime Minister has agreed that the Lord President should put forward proposals on the scope and timing of a review of the dispersal programme with the intention of completing the review before the summer recess. It will be necessary to announce that this review is taking place and as there is, and has always been, considerable Parliamentary interest in dispersal it is considered advisable that the announcement should be made first to the House in the form of an answer to a written PQ. This will be done as soon as possible when Parliament reassembles after the recess.

3. Meanwhile we are receiving an increasing number of representations from the various interests affected by dispersal. And you have no doubt noticed that Mr Pattie, Under-Secretary of State for Defence, announced in answer to a written PQ on 25 May that the MOD had instituted a review of its plans for dispersal to Glasgow. This announcement by Defence was, of course, premature and was not cleared with us. It has, I understand, led to the issue being taken up by the press in Scotland and Scottish Ministers are being pressed on the issue.

4. Clearly the sooner the announcement about this general review can be made the better. Until then, enquiries are being answered on the lines of the attached draft, which follows a reply sent recently by the Lord President to Mr Mellish MP. We suggest that the Prime Minister should reply on the same lines to Mr Cutler.

I am copying this letter to Mr Dassey in Mr Pattie's office.

Yours sincerely,
Jim Buckley.

J BUCKLEY
Private Secretary

not
with
us
TL

* Civil Servants (Dispersal)

Mr. Dewar asked the Secretary of State for Defence if the Government remain committed to the dispersal of civil servant jobs in his Department to Glasgow

273

Written Answers

25 MAY 1979

and the West of Scotland; if he will give the number of jobs being moved, their description and the site where they are to be located; and what is the expected timing of such moves.

Mr. Pattie: In accordance with the undertakings given before the general election, we have instituted a review of MOD's plans for dispersal to Glasgow; it is too early yet to forecast the outcome of this review.

* level of dispersal



31 MAY 1979

Handwritten blue ink scribbles.

DRAFT LETTER FROM THE PRIME MINISTER TO MR HORACE CUTLER

CIVIL SERVICE DISPERSAL

Thank you for your letter of 22 May about Civil Service dispersal from London.

I can assure you that we are having a fresh look at the dispersal programme as a matter of urgency. I am sure you will appreciate that at present I cannot say more than this, but an announcement about how we are proposing to proceed will be made to Parliament as soon as it reassembles after the recess.



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

31 May, 1979

B

Dear Christopher

CIVIL SERVICE DISPERSAL

I have read with interest your minute of 23rd May to the Prime Minister and her Private Secretary's reply of 25th May.

I have for some time been concerned about the long term costs of this programme. I have also had doubts about its economic effects. I therefore very much welcome the idea of a quick review of the existing proposals in preparation for decisions in the context of the current Public Expenditure Survey. This review should be able to take into account the report of the Strathclyde University survey on the economic and social effects.

Decisions on dispersal are of particular consequence for the level of short and medium term savings we can expect to get from the Property Service Agency's Office & General Accommodation Services programme, and in this connection there should presumably be a moratorium on all PSA expenditure in connection with dispersal until decisions have been taken.

I am copying this letter to the recipients of yours.

Yours

(GEOFFREY HOWE)

The Rt. Hon. Lord Soames, M.P.



11 MAY 1979





10 DOWNING STREET

From the Private Secretary

25 May 1979

Overdue

The Prime Minister has received the enclosed letter from the Leader of the Greater London Council on the question of dispersal. I should be grateful if you would let me have a draft reply by Wednesday 30 May.

J. E. LANKESTER

Jim Buckley, Esq.,
Lord President's Office.

[Handwritten initials]



PRIME MINISTER

DISPERSAL

During the last Parliament we committed this Government to review "the whole of dispersal policy" under which 30,000 Civil Service posts are to be moved from London to various locations in Scotland, Wales and the English regions. (Hansard: January 15, 1979; Cols 1442-3).

2. I believe we ought to undertake a quick review and take early decisions. If not there will be large sums of public money wasted. The dispersal programme is well under way and substantial expenditure is already committed. Major building projects are at an advanced stage and some would be due to go to tender later this year or early next. The uncertainty which will remain during a review will affect Departments and their staff adversely as well as causing anxiety in those areas due to receive dispersed offices under present plans.

3. Therefore I believe we should aim to complete the review before the Parliamentary Summer Recess so as to ensure that any alterations flowing from it can be reflected in this year's Public Expenditure Survey exercise. With your agreement I will put proposals to colleagues at an early date on the scope of the review and its timing.

4. Copies of this minute go to the Chancellor of the Exchequer, the Secretary of State for the Environment and Sir John Hunt.

Prime Minister

Agree there should
be a review of
dispersal policy?

New orb.

12
2375

S.

SOAMES

23 May 1979

PS

From **HORACE CUTLER, O.B.E.**
LEADER OF THE GREATER LONDON COUNCIL
THE COUNTY HALL, SE1 7PB
Telephone 01-633 3304/2184

R23/5
A
22 May 1979.

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.

Dear Margaret;

You will remember that one of the matters we discussed some time ago was the question of dispersal of some Civil Service Departments from London following the Hardman Report.

We were requested not to make a fuss at that time and to await the announcement from Barney Hayhoe. This he did in the House of Commons-Report in Hansard on 15 January last Col. 1142 and 1443.

When I saw Michael yesterday he told me that this was a matter for Christopher Soames, but unfortunately it does not as yet appear to have been picked up, although a welcome statement has been made as to the freeze on civil service recruitment. Surely in this context the further implementation of Hardman must be delayed and my understanding is that in the absence of any announcement arrangements for the movement of civil servants out of London are still going ahead. I have been under pressure from several sources as to the exact position, having given my undertaking on behalf of our colleagues in opposition that immediate steps would be implemented.

Can you help please?

With best wishes

Yours
Horace.

END

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Archives (TNA) in London

February 2010