

Prime Minister

6.

Messrs Huxley & Fowler want to announce next week the initial results of this scrutiny. Two of the eight regional director posts would go,

12 December 1980

but some slight of hand is necessary about the regions themselves following political pressure.

Agree announcement of the decisions? MA 12/11



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PRIME MINISTER

SCRUTINY OF THE JOINT DOE/DTP REGIONAL OFFICES

Two examining officers appointed by Norman Fowler and me have recently reviewed the joint regional structure of our Departments. You asked Derek Rayner to take an interest in this scrutiny on your behalf. The report made major strategic recommendations on the number, and boundaries, of our regions. It also made recommendations on a wide range of procedural and administrative matters that are, in total, of considerable importance.

Number and boundaries of regions

The strategic recommendations on boundaries have understandably led to uncertainty and speculation among our staff and among outside interests. You yourself have had letters from Members of Parliament in the north east. Norman Fowler and I both think that any early decision on these proposals is essential so as to put an end to present uncertainties.

I am therefore writing to you to let you know what Norman and I recommend.

In looking at the proposals, we have had two main factors in mind - the need to reduce our joint manpower in the Regions and the political significance of the proposals.

Our Permanent Secretaries have discussed our proposals with Derek Rayner, who is content with them as a practical way forward. He endorses the emphasis we place on a selective approach adopted to the fact that we are doing less in total in the regions but also to the political undesirability of completely closing certain offices, and in our view that offices should be organised differentially, doing away with the idea of a "stock" office.

Our conclusions on the study's specific recommendations have the effect of reducing the number of regions from eight to six and are in detail as follows:

- a. We accept the report's proposal to transfer Cumbria from

from our Northern to North-West Region, so that it will be administered from Manchester instead of Newcastle.

b. The report proposed the merger of the remainder of the Northern Region (ie Northumberland, Durham, Cleveland and Tyne and Wear) with the Yorkshire and Humberside Region to create a new North Eastern Region based on Leeds, though retaining a (reduced) sub-office at Newcastle. This proposal has become known and has evoked strong criticism from local authorities, from MPs and from the press, on the grounds that it indicates a lack of commitment to the North East. So we propose to retain both Regions as separate entities but to arrange that they will share the same Regional Director.

c. Further south, the report suggests dividing the Eastern Region between the East Midlands and South Eastern Regions (with the opening of an entirely new sub-office, possibly at Cambridge). This would not be cost-effective in administrative terms and also has no political appeal. We propose that the Eastern and South Eastern Regions be left as they are and that we retain the East Midlands as a region but that it should share a Regional Director with the West Midlands Region.

In both the pairs of twinned regions we shall, of course, save at once an under secretary and his personal staff. We intend to secure further staff savings by local organisational arrangements adapted to local conditions. The essence of this will be flexibility, not a stock organisation. But until the details have been worked out, we cannot say how large these further savings will be.

The study report stressed the importance of close co-operation at local level between our regional offices and those of the Departments of Industry and Employment. We accept the principle of co-location of staff of the four Departments as a long-term objective. Meanwhile we aim to maximise the co-operation of officials responsible for local policies.

Procedural and administrative matters

Further study is needed before we can reach a final view on the other proposals in the report. We shall be in touch with Derek Rayner on these aspects of the report and intend to take a view on most of them early in the new year.

Publication

I should like to announce our decisions, by means of a written Parliamentary Question, before the Christmas Recess.

I am copying this minute to members of H Committee, the Paymaster General, Sir Derek Rayner, and to Sir Robert Armstrong.



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