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*cc Mackin SD ✓ MAP
Govt Mach 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 costs. 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

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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.

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Minister of State

Civil Service Department

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Private Secretary to the
Prime Minister
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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:

*Shelldell
Council
Narrow
Selection:*

	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.