

PRIME MINISTER

Prater all dispersal announcements to be made together with M.I.C. decision not affected - reduce their staff.

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.

DISPERSAL OF MANPOWER SERVICES COMMISSION TO SHEFFIELD *shall we say "no"?*

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.

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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

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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

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