



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.

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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.

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SOAMES

25 July 1979

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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 ^{revised} concluded that ~~the present dispersal programme must be substantially reduced.~~

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 and a small group of about 90 Customs and Excise staff to Southend.

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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} ~~a~~ 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.