

PRIME MINISTER

*has been. Further submission today MAF 26/1*

Mr. Prior wrote to you on 15 October seeking to re-open the earlier Cabinet decision about dispersal to Bootle.

I attach Sir John Hunt's advice, with the relevant papers.

David Wolfson has been in touch with the CBI about this. John Methven makes two points. First, the CBI and the TUC have major responsibility for HSE (between them they have six of the nine seats on the Health and Safety Commission). They are closely involved in the day to day work of the HSE, and would find it that much more difficult to keep this body - a powerful quango - under control if it is moved. Secondly, the original proposal to leave 435 policy posts in London was the result of a study done by TUC and CBI on what could be dispersed. If the Government now say that they are giving a ruling about the number of posts which may be maintained in London, without showing any concern with the efficiency arguments from the study, this will give the TUC an opportunity to make loud noises about irresponsible and inefficient Government decision making. The CBI might well feel obliged to support the TUC view in this particular case. Methven suggested to David Wolfson that a further study can be requested: this, he felt, might produce a smaller figure of posts required in London on efficiency grounds. (But the Department of Employment believe that any further study would trim the figure of 435 by only a few - figure of 400 now spelt out in Mr. Prior's further note at Flag E.)

Sir John Hunt's note does not stress the political difficulty for the CBI, although this is mentioned in paragraph 9. David Wolfson regards this as a serious problem.

Sir John offers three options and recommends enforcing the HSE dispersal but cancelling the Nuclear Installations Inspectorate dispersal. The NII point is hardly relevant to the HSE problem. Can I take it that you would favour the dropping of the NII dispersal, given the weight of advice in favour of that course?

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There is a political judgment to be made about the CBI position over HSE. If you are not prepared to run the risk of putting CBI and TUC into the same camp in criticizing the Government, and if you want to leave NII in London, you have a choice of finding another Department to fill the remaining Bootle space, or reducing the Bootle dispersal well below the Lord President's view of the minimum credible package. If you look for another Department, it is likely that every alternative candidate will find arguments just as persuasive as those wielded on behalf of HSE. A decision to go for another Department would require further Cabinet discussion.

Are you content to accept Sir John Hunt's advice despite the fears privately expressed by CBI?

*MA*

25 October 1979