



CONFIDENTIAL

PRIME MINISTER

ECGD MANAGEMENT REVIEW

I have, today, seen the papers on this prepared by Norman Tebbit and Peter Rees. Neither paper mentions the point but the plan envisages that some 200 out of 650 ECGD jobs in Cardiff should go.

Rumour is already rife in Cardiff and Jim Callaghan has already raised the matter with me in the House. The papers for E(A) do not deal with the terms of any announcement of our decision, yet this is a matter of great importance for me. These proposals are a major political problem from my point of view appearing, as they do, to detract from our commitment to decentralisation in general and especially to Cardiff.

I spoke to Norman Tebbit last week setting out my concern and the issues which I think must be dealt with in any announcement. I shall be meeting Paul Channon tomorrow to discuss these points further but in the meantime I am circulating copies of my letter to Norman Tebbit so that colleagues may be aware of the points I shall wish to see considered.

Copies of this letter and its attachment go to members of E(A) and Sir Robert Armstrong.

15 July 1985


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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

John Nara

10th July 1985

ECGD MANAGEMENT REVIEW

I have read reports about this review with some concern. Having now had the opportunity to study the document itself, together with reports by my officials of discussions with yours, it is quite clear to me that the review's proposals raise some serious difficulties from my point of view.

I fully appreciate the attractions of the more efficient and cost effective approach by ECGD to its operations set out in the report. But the loss of 400 - 500 jobs nationally and more particularly the loss of 200 posts (or even more) - almost a third of the establishment - in Cardiff, is clearly a matter of considerable sensitivity.

While I have no intention of arguing against necessary streamlining and while I am glad to note that the present proposals include implicit assurances about the continued presence of ECGD in Cardiff, I am concerned about the way in which they affect the Government's presence in Wales and in particular about the serious undermining of our commitment to dispersal of Government offices which can be read into them. The failure to carry through the MOD dispersal was strongly criticised but this plan, if implemented, would be seen as a clear reversal of the policy since jobs would be lost and some work (I understand) would be transferred back to London.

No-one could deny that Wales has borne its full share (arguably a greater than full share) of cuts in Civil Service jobs. My own Department has been reduced by some 15% since 1979 and there are job losses in prospect at the Driver and Vehicle Licensing Centre (500), in Jobcentres and Skillcentres (almost 100, despite the formidable pressures which our high levels of unemployment place on MSC facilities), in tax collection offices, the Ministry of Defence establishments at Crickhowell and Llangennech (almost 700), in a number of agricultural establishments such as the Plant Breeding Station (some 40) and quite probably in the Inland Revenue main office when PAYE is computerised. All this against a background where even the original dispersal of ECGD to Cardiff was on a considerably less generous basis than had been envisaged when the proposal first emerged and where even the reduced target of 700 jobs which I reluctantly accepted in 1983 has never been achieved.

/It is ...

The Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry



It is a particular blow to see this retreat to London by ECGD at a time when I am making major efforts to encourage the development of a financial service sector in Cardiff (the Chemical Bank is my first and main example to date), with modern technology making it easy to maintain excellent links with the City regardless of the distance between Cardiff and London. A move by ECGD to apply modern technology in Cardiff is wholly understandable but at the same time to return work to London could hardly come at a more inopportune time from the point of view of encouraging Cardiff's development as a centre of financial services.

I understand that you will be putting a paper to E(A) in the next week or so. I hope that you will take the opportunity which that paper offers to look at ways of mitigating the problems which implementing this review is likely to create. I think we have to seek a number of specific measures which will ameliorate the adverse effects of the plan and which can be announced at the same time as our decision on it. (Although I am not as yet clear when you propose to make an announcement).

I think that the following are the main points I would hope to see covered and which I hope we might be able to agree between us:-

1. that the new arrangements should be introduced in a phased way in order to minimise the number of compulsory redundancies and any industrial relations problems to which they might give rise - problems which are likely to affect other departments than your own;
2. that the new board or senior management of the department under the new arrangements should be instructed that their business plan must include a continued, major, viable ECGD presence in Cardiff for a reasonable period of time;
3. that we should look again carefully at the scope for bringing project-based ECGD work to Cardiff rather than centralising it in London;
4. that we should give high priority to looking for other parts of DTI (and indeed other Government activities) which might be decentralised to Cardiff and into the spare accommodation which may now become available;
5. that we identify the extent to which opportunities exist for re-deploying ECGD Cardiff staff amongst other Departments elsewhere.

I appreciate that time is short and, clearly, you will have thought of these points yourself. The matter is none-the-less one of some potential difficulty for me and I feel I must therefore register my concern before you reach firm conclusions. Perhaps we could discuss.

You may have seen Jim Callaghan
visit the issue at Welsh Quarter
on Monday
John Jones
Name