

CCND



From the Minister for Trade

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AT 2/7

The Rt Hon Nicholas Edwards MP
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30 July 1985

Jim Nick

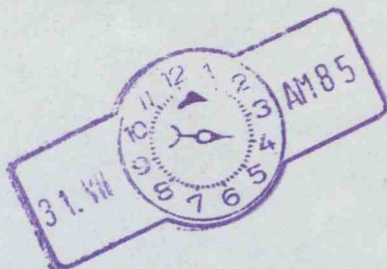
Thank you for your letter of 24 July and for your letters of 10 and 17 July to Norman Tebbit about the ECGD Management Review.

will request if reqd.

We have already discussed some of the points raised in your letters.

I take your point that we need to handle the press carefully and I have already met lobby correspondents from the Western Mail and BBC Wales. It was helpful to know in advance the line you proposed to adopt in reply to questions on our decision on the Review. I have no difficulty with these although I should point out that the reference in sub-paragraph (c) of your letter should be to "all short term guarantee business" and not to "small to medium guarantee business". ECGD's business is broadly categorised by the length of credit granted by exporters and it is essentially the short term (up to six months credit) business that is handled in Cardiff. But there are, of course, some very large exporters within the field.

We are agreed that we should press ahead with the Review's recommendations designed to provide a more professional and cost-effective service to exporters. Some recommendations involve the relocation of functions between Cardiff, London and the Regional Offices. You have asked that consideration be given to the possibility of locating the Management Services Group in Cardiff. In fact, computer staff account for the majority of those employed in this Group and they are, of course, already based in Cardiff (mainly Llanishen) and their number is likely to be increased. There may be some scope for locating the management function of this Group in Cardiff and your suggestion will be examined further as detailed plans are drawn up for implementation. However, this option will need to be weighed against the



needs of the organisation as a whole and should not be allowed to prejudice our ability. We shall also have to find a suitable way of finding from the Private Sector the best person available to head up the Group.

I am sending a copy of this letter to Members of E(A) and to Sir Robert Armstrong.

PAUL CHANNON

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From The Secretary of State for Wales

24th July 1985

Den Paul

ECGD MANAGEMENT REVIEW

I have seen the draft Parliamentary Question and Answer which it is proposed to table today.

While I do not object to the terms of the Answer, I must advise that there will immediately be questions in South Wales about the effect on employment in Cardiff. The background material that your officials were good enough to send to mine explains that no estimate can be given but it makes quite clear that the recommendations involve "streamlining procedures for underwriting and paying claims on short-term business" - which those in the know will conclude to refer particularly to Cardiff.

In my view trouble will be saved if the Western Mail and representatives of other media in Wales are included in any briefing by your office. In view of the interest shown by South Wales' MPs (particularly Jim Callaghan) it will be necessary for my Department to deal robustly with questions. In view of our discussion before E(A) the intention here is to reply to questions on the following lines:

- (a) the decision does not represent a reversal of Government policy for decentralisation;
- (b) nor does the possibility of changes in the operation of the ECGD in Cardiff reflect in any way on the suitability of the City of Cardiff as an excellent and convenient location for financial service operations;
- (c) the Cardiff operation of ECGD will continue and, as the nerve centre (in your words) of the small to medium guarantee business, will have a long future before it;

/(d) while it ...

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- (d) while it is not at present possible to establish how many posts will be reduced in Cardiff, we may expect the number to be of some significance, since the aim (which I support) is to increase the use of modern statistical methods and technology and so provide a more cost-effective and efficient service to the customer; we expect changes to be phased so as to keep redundancies to a minimum.

I am still far from convinced that economical and effective operation is more difficult in Cardiff than in London and, indeed, I shall be raising this point in connection with the difficulties of another governmental body, wholly based in the Home Counties, which is experiencing acute difficulties of recruitment. With this in mind I feel that I must press you strongly once again to give a favourable answer to my suggestion that serious consideration be given to locating the management services and finance group in Cardiff.

/ I am sending a copy of this letter to Members of E(A) and to Sir Robert Armstrong.

J. Evans
N. W.

