



FILE MS
Civil Service

10 DOWNING STREET

From the Private Secretary

26 January 1982

Dear Jonathan,

Dispersal

The Prime Minister was grateful for your Secretary of State's report of the E(EA) discussion about difficulties which have arisen over dispersal to Cardiff and East Kilbride.

The Prime Minister is content with the conclusions which E(EA) has reached in both these cases. She has, however, commented that the argument in paragraph 4 of your Secretary of State's minute, that we must take account of the effects on dispersal plans of subsequent reductions in Civil Service numbers, seems reasonable to her; and that she assumes that E(EA) committee in reaching its conclusions, have taken full account of the need to maximise management efficiency, within the constraints imposed by dispersal.

I am copying this letter to the Private Secretaries to members of the Cabinet and to David Wright (Cabinet Office).

Yours sincerely,

Michael Scholar

Jonathan Spencer Esq
Department of Industry.

CONFIDENTIAL

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PRIME MINISTER

DISPERSAL

The argument in terms reasonable Prime Minister
page 4 to me not.

To note ; do you wish to congratulate the Committee on sticking to its guns?

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E(EA) discussed on 19 January difficulties which have arisen over dispersal to Cardiff and East Kilbride (E(EA)(82)1st Meeting, Item 1).

2 We did so against the background of the Government's firm commitment to the dispersal programme announced in July 1979. You will recall that, in reply to questions on your statement on 13 May 1980 on the size of the Civil Service, you said that there was 'no change in the plans, numbers and destinations announced' for the dispersal programme (Col.1055) and that you reaffirmed as recently as 12 November (col 665) that there would be 'no change whatever' in the programme.

Cardiff

3 We announced that 800 posts in the Export Credits Guarantee Department (ECGD) would be dispersed to Cardiff. The original plan was to move there the whole of ECGD's Comprehensive Group operation. Partly as a result of the reductions in Civil Service manpower, only some 700 staff are now involved in that work; and the Secretary of State for Trade has not so far been



able to identify a satisfactory block of work - either in ECGD or, in consultation with me, in the Department of Trade and Industry - which could sensibly be moved to Cardiff to make up the total to 800. E(EA) considered whether instead the planned move of about 100 statistical posts to Newport, which is only about 12 miles from Cardiff and has a higher unemployment rate, could be presented as meeting the spirit of our commitment on dispersal to Cardiff.

4 Some members of the Sub Committee took the view that it was necessary to interpret our dispersal policy, in this case and generally, with a reasonable degree of flexibility. They argued that the aim must be to disperse clearly defined blocks of work whose removal from London would not disproportionately reduce Departments' efficiency; and that we must take account of the effects on dispersal plans, which date back in some cases to the 1973 Hardman Report, of subsequent reductions in Civil Service numbers. They agreed with the Secretary of State for Trade that it would be reasonable in the circumstances to disperse 700 jobs to Cardiff and to point to the 100 going to Newport.

5 A majority of the Sub Committee, however, attached greater weight to the arguments for sticking to the announced targets, including that of moving 800 jobs to Cardiff itself. Some members pointed out that banks and other private sector institutions increasingly find it advantageous to move part of

This seems reasonable to me



their Headquarters staff outside London, and they were not persuaded that Government departments could not find the necessary numbers. It was argued that, if anything, our dispersal programme is not ambitious enough and that this reinforced the need to meet the present targets in full; particularly as a concession on one move could encourage pressure for concessions elsewhere in the programme. In this particular case, expenditure has already been incurred in providing office accommodation for 800 staff in Cardiff; and it was thought that it would not be possible to defend moving staff to Newport as an adequate substitute for dispersal to Cardiff except in terms which called in question our commitment to the precise dispersal programme we have announced.

6 The Sub Committee has, therefore, asked the Secretary of State for Trade, to find sufficient posts from within the areas for which he is responsible to meet the target of dispersing 800 jobs to Cardiff.

*If this can be done bearing
in mind management efficiency,*

East Kilbride

7 Foreign and Commonwealth Office Ministers have had continuing difficulty in finding 650 jobs to move to East Kilbride. We decided in Cabinet in March 1980 that the target must be adhered



to (CC(80)11th Conclusions, Item 5): 180 jobs with the Crown Agents have been credited to this total but these, together with around 430 ODA posts already moved, leave a shortfall of between 30 and 40 posts.

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 8 At E(EA), Foreign and Commonwealth Ministers argued that it was difficult to see how the full target of 650 jobs could be met unless the Passport Office Record Unit, now situated at Hayes, is moved. They pointed out that dispersal would be poor reward for the refusal of the staff at Hayes to take industrial action during last year's Civil Service strike - the Unit was the only part of the Passport Office which kept working then; that their replacements in East Kilbride would almost certainly be more militant; and that computerisation will probably put an end to these jobs in about three years' time anyway. They suggested that a shortfall of between 30 and 40 on a target of 650 could be defended. Nonetheless, for the same general reasons as apply in the Cardiff case, E(EA) concluded that the 650 target must stand and invited the Foreign and Commonwealth Secretary to ensure that it is met.

9 I think that E(EA)'s discussion of the dispersal programme, and its decisions on the two particular cases, are of general interest and I am copying this minute to members of the Cabinet and to Sir Robert Armstrong.

PJ.
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22 January 1982