

DISPERSAL OF CIVIL SERVANTS: A POSITION PAPER

(A paper by the Research Department)

	<u>Page</u>
What the Hardman Report said ... ..	1
What we said ... ..	2
Labour change the pattern ... ..	2
"Non-metropolitan" Moves ... ..	2
Rationale and cost of Dispersal ... ..	2
Attitude of Personnel ... ..	3
"Mobile" and "Immobile" grades ... ..	3
A Government Response ... ..	3
Unemployment ... ..	4
The Strathclyde Study ... ..	5
Attitudes of Conservative MP's ... ..	5
Options ... ..	6
Appendix 1: Lord Peart's Announcement of 29th July, 1977	(i)
Appendix 2: Letter from Mrs. Margaret Thatcher to Sir Edward Brown	(iii)
Appendix 3: Letter from Mr. Barney Hayhoe to Mr. James Prior	(iii)
Appendix 4: Letter from The Institution of Professional Civil Servants	(iv)

What the Hardman Report said

A great deal of Government work was dispersed from London from 1939 onwards. By 1974 57,000, or more than one-third of all headquarters staff, already worked outside London. In 1970 the Conservative White Paper Cmnd. 4506, on The Reorganisation of Central Government announced the establishment of the Hardman enquiry to review the location of Government work. Sir Henry Hardman's Report, Cmnd. 5322, was published in June 1973. He concluded that, provided the Government were prepared to bear some loss in efficiency, "some 30,000 posts" could be dispersed over a period of time. Hardman suggested locations: the major proposals were for the North-West (5,000 jobs), Wales (5,500 jobs) and the South-East (12,000 jobs, of which nearly 11,000 would be for the new town of Milton Keynes).

What we said

The Conservatives supported the principle of dispersal in practice before the Hardman Report and in principle thereafter. But examination of the evidence shows that we never committed ourselves to any particular pattern of dispersal. Though we commissioned the Hardman enquiry, our statement printed at the beginning of the Report is careful not to commit us. It commends the Report as "a basis for discussion and for eventual decision".

The Government statement accepted in principle Sir Henry Hardman's view "that few rather than many locations should be selected" and proposed to consult civil service staff through the Whitley Council machinery (page vi). It considered the Report to be "cogently and authoritatively argued" but made it clear that the Government was "not committed to the precise scale or pattern of dispersal proposed". (page vi).

The Conservative Government set about considering the effect of Hardman on organisation and management: but in the event it fell to the new Labour Government to announce a decision on the Hardman recommendations. On that occasion the Conservative Spokesman, Mr. James Prior, said that "we warmly welcome dispersal of jobs from London" (Hansard, 30th July 1974, col. 485). But he added two pleas: (i) that a special transfer unit should be set up in London to help civil servants who do not want to move, and (ii) that the Government should give an assurance that "nobody will be forced to move unless he wants to go" (cols. 485-6).

#### Labour changed the pattern

The 10-year programme outlined by Edward Short, as Lord President, on 30th July 1974, maintained the Hardman aim, and envisaged dispersing about 31,000 civil servants, but quite significantly altered the pattern. Notably, more jobs are earmarked to go to "assisted areas". Edward Short said that nearly 90% of them would go to these areas. Whereas Hardman proposed sending some 1,200 jobs to Glasgow the present programme (as revised) proposes to send about 6,000 to Glasgow. Hardman's idea of sending 12,000 to Milton Keynes and East Anglia has been completely dropped. The South-West only gets about 1,000 jobs (all but 140 go to Bristol), instead of the 3,500 suggested by Hardman. The number of jobs for the North-West is almost halved.

After the capital expenditure cuts in the winter of 1976 the dispersal programme was reviewed, resulting in a longer time-scale and some alterations of detail, announced on 17th February and 29th July 1977. The final announcement of 29th July shows a slightly altered pattern but the shape is still essentially the shape laid down in Edward Short's announcement of three years before. The details will be found in Appendix 1.

#### "Non-metropolitan" Moves

Some proposed moves have come to light which appear to be very curious indeed. These are "tidying up" moves, not from London to the provinces, but from one non-metropolitan area to another. There is a proposal to move Defence personnel to Glasgow from Cheadle Hulme and proposals to move other MOD staff to Glasgow from various localities in the South and South-West. When Conservative MP's failed to persuade Lord Peart to cancel the latter the Leader of the Party was approached. On this type of move, after consultation with the Shadow Defence Minister, a clear answer has been forthcoming. The Conservative Party will not comment on individual cases but it will not be committed to Labour's proposals, and on taking office it will immediately review them. Mrs. Thatcher's letter on the subject dated 3rd October 1978 is reproduced as Appendix 2.

#### Rationale and cost of Dispersal

The Hardman Report accepted that some loss of efficiency would go with dispersal. But a number of benefits are claimed:-

- (i) Bringing jobs to areas of higher unemployment than London.
- (ii) Creating new office-work opportunities elsewhere.
- (iii) Reversing the over-centralisation of decision-making in London.
- (iv) Easing the recruitment and accommodation problems of congested London.

Dispersal is expensive. But Hardman pointed out that, viewing the operation as a whole, substantial benefits flow to the receiving regions and some overall economics accrue to the central government. Improved employment in the receiving regions reduces social service expenditure there; and office accommodation in the receiving regions

is cheaper than in London. Furthermore the Treasury should gain by not having to pay "London weighting". An early estimate was that the dispersal programme would result in "clear annual savings of at least £50 million" from 1986 onwards (Hansard, 22nd November 1976, Col. 851). After the 1976 review of Dispersal the estimate of savings became more cautious. The following passage appeared at the end of Lord Peart's statement on the revised time-table for dispersal of Civil Service jobs:

"On the best assumptions we can make at present, the net Exchequer costs [Of Dispersal] will be about £280 million over the period up to 1987-88, and net Exchequer savings will reach some £20 million annually by 1991-92. The discounted resource costs show a rate of return on investment of 9%" (CSD Press Statement, 29th July 1977).

These figures are contested by the Civil Service Staff side: the Strathclyde survey (see below) will provide an interesting check on them.

### Attitude of Personnel

The Staff side approved of the original Hardman recommendations. They have been less enthusiastic about the modifications to the programme made by the Labour Government. It was a member of the Whitley Council Staff Side, not a member of Central Office, who told us, "Virtually all the areas of large immigration are traditional Labour strongholds. With the exception of the recently won Workington there are no Conservative seats in these areas". This is rather unfair for example to the Hon. Member for Bristol West: but coming from that source it is an interesting view. The moves to some areas, e.g. South Wales, have gone ahead smoothly. But others, for instance proposals to move the PSA from Croydon to Teeside, the Government Chemist to Cumbria and notably Ministry of Defence personnel to Glasgow, have caused stiff resentment. The Government have had a hard job of persuasion. In addition to the generous terms negotiated by the Conservatives they have had to offer such inducements as retention of "London Weighting" (to be offset against future pay awards) to those who move.

### "Mobile" and "Immobile" grades

There is a spectrum of opposition from the Civil Service Unions ranging from the extremely caustic Institution of Professional Civil Servants to the much less hostile Society of Civil and Public Servants which favours Dispersal providing it is on a voluntary basis. SCPS represents the basic grades. This underlines the distinction between the "Mobile" and the "Non-mobile". The latter are below Executive grade and cannot be forced to move as part of their contract. The "Mobile" civil servants can be obliged to move. The Government always says that only some 50% of the posts that are dispersed need to be filled by Londoners, the rest being filled locally. But this has all the deceptiveness of an average figure. The "Mobile" grades fear that it will be much more difficult to fill their more skilled posts locally. They feel that a bigger proportion than one-half of their grades will have to move under compulsion. The classic case is the small Government Chemists's laboratory, of whom 360 are to go to West Cumbria by 1983-4. They strongly doubt whether many trained analytical chemists will be found in Cumbria waiting to fill the dispersed posts and they fear compulsory moves will be widespread.

### A Government Response

In a Written Answer this year, Charles Morris, Minister of State, let it be known that the Government has tacitly adopted the proposals urged upon it by Mr. James Prior on 30th July 1974.

Charles Morris said:

"The Government has given an assurance that there will be no redundancies among non-mobile staff as a result of the dispersal programme announced in July 1974, and as far as possible the dispersal of mobile staff will be on a voluntary basis. A central unit has been set up for the purpose of fulfilling these undertakings" (Hansard, 25th April 1978, cols. 522-23).

### Unemployment

It should be noted that the numbers quoted for Dispersal are numbers of posts, not numbers of persons. But, as noted above, the assumption is that only about half the posts dispersed will be filled by persons in the reception areas. There will of course be a certain amount of economic "spin-off" from the arrival of new families in the reception areas; but even here the Institution of Professional Civil Servants claim that the effect will be less beneficial than moving in manufacturing industries. They claim this because i) public servants do not consume products of local firms in the shape of components; ii) the Government generally operates centralised purchasing; and iii) wives and children of transferred men will be less likely to find jobs locally. (See Appendix 4).

Government spokesmen have always claimed that the areas to which Dispersal is to take place have higher unemployment than London. It would be difficult to counter this claim. We have checked the figures for all employment exchange areas included in Appendix 1. With the single exception of Sunningdale (where a very small move has already been completed), unemployment rates are higher than in Greater London.

In the biggest proposed reception areas unemployment rates are as follows:

	Number of posts	Unemployment %
Cardiff	6,900	8.1
Glasgow	5,500	9.1
Teesside	3,000	9.3
Merseyside	2,900	12.1
Sheffield	1,500	5.0
Bristol	1,020	6.3
E. Kilbride	650~)	8.8
Newcastle	500	7.7
Southport	500	9.0
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Greater London Area	-	4.1

But in the case of some of the "non-Metropolitan" moves mentioned on page 2, it should be noted that the rates of unemployment are not low. There is a plan to move upwards of 1,000 Ministry of Defence posts to the Anderson site, Glasgow. Some are to be moved from Cheadle Hulme and Bath. The rate of unemployment at Bath is 6.2% and in Greater Manchester it is 6.5%. Another proposed move is from Gloucestershire where the rate of unemployment is 5.2%. These are not low rates; and indeed they are higher than at several of the reception areas listed in Appendix 1 (e.g. Sheffield, 5.0%, Norwich, 4.9% or Cheltenham 4.8%).

### The Strathclyde Study

The Staff Side, having long queried the underlying cost and benefit figures of the Dispersal plan, pressed the Government for an enquiry. As this request was turned down, in the summer they commissioned a special study of the economic and social effects of Dispersal. Costing £7,000 - £9,000, conducted by Strathclyde University, this survey will report to Mr. Bill Kendall, General Secretary of the Staff Side, National Whitley Council in November or December. Being an independent survey, it will be published - possibly in March 1979. The enquiry team will study Teesside and Glasgow in depth, but will also look at the overall effect of Dispersal on London and on the receiving areas, as well as on the dispersed personnel themselves. The civil servants believe the enquiry will bring out decidedly different (and probably higher) costs than those in Government estimates.

### Attitudes of Conservative MPs

As large numbers of London-based civil servants live in "commuter-belt" areas, and constituencies in the area are generally Conservative, their Conservative incumbents have shown a keen interest in the problem. Many of them argue that conditions have changed since 1973, that industry and employment are leaving London and that London and the South-East can no longer accept the loss of the Government Departments. A recent initiative has come from two Greater London MPs, Barney Hayhoe and Geoffrey Finsberg, who this month wrote to James Prior outlining the problem and requesting him to seek Shadow Cabinet approval for the proposition "that the Party should not come out publicly in support of a complete review of the present dispersal policy". 7

Many Members of Parliament from the London area believe that the London employment situation has altered radically since Hardman reported. Manufacturing industries have been closing down or moving out. The number of jobs has diminished. In September 1973 it was 1.2% and in September 1974, 1.6%. The following year it jumped to 3.2% and to 4.3% in 1976. In 1977 it reached 4.6%. The 4.1% 1978 figure shows a welcome fall, but it is well over three times the rate of 1.2% in 1973, the year of the Hardman Report.

Some also have doubts about the economics of dispersal. The Departmental view is that it involves substantial capital investment but this should show an overall profit after a couple of decades. However, some have doubts about the basis on which this "profit" is calculated. Certainly no calculation of the net benefits seems to have been published since July 1977 (See page 3) and it is noteworthy that this calculation represents a substantial reduction on the previous calculation of 22nd November, 1976 (idem).

Criticism also comes from some MPs in the West affected by proposals for "non-Metropolitan moves" (see above). All together, within the Party in England and Wales, there is a sizeable group legitimately concerned by the effect of this programme on their constituencies. It is only fair to note on the other hand another probably smaller group of MPs who view its Dispersal programme favourably because their constituencies are in reception areas, or for other reasons. Those known to us include at least two or our Welsh MPs, all the Scottish Conservative MPs and two or three English Conservative MPs.

Constituency considerations loom large in this problem, over which the Conservative Party is not unanimous.

### Options

In the light of the foregoing facts, all or some of the following courses should be open to the Party:

→ We should retain the general principle of Dispersal to which we are previously committed.

Without jettisoning the principle, we should stress the too frequently overlooked Government statement dated 13th June, 1973 which precedes the Hardman Report Cmd. 5322. This Statement committed the Conservatives to consider Sir Henry Hardman's recommendations and to consult the Staff through the proper machinery before making final decisions. It clearly stated, "...the Government is not committed to the precise scale or the pattern of Dispersal proposed by Sir Henry Hardman".

✓ We should not go out of our way to make detailed decisions in advance of our being returned to office.

✓ ~~We should announce that on being returned to office we will institute an immediate review of the Dispersal programme.~~ This principle has in fact been conceded by the Leader's letter of 3rd October, 1978. (See Appendix 2).

We should encourage our Members of Parliament affected by Dispersal questions to treat them as constituency matters according to their own good judgement.

|| We should "latch on" to the forthcoming Strathclyde survey of the economic and social effects of Dispersal. The civil servants have themselves jointly commissioned it. Its conclusions (which may be sharply at variance with Government estimates) will carry weight. →

In advance of its publication we should for the record put a few shrewd questions to the Government on the basic calculations behind its estimates, how far they have been up-dated, how far the programme is progressing etc.

*Hardman  
Cousins*

*Cousins Independent*

Appendix 1DISPERSAL OF CIVIL SERVICE JOBS:LORD PEART'S ANNOUNCEMENT OF 29TH JULY 1977

Department	Approx No. of Posts	Location	Buildings ready for occupation
Ministry of Agriculture, Fisheries and Food	1,250	Merseyside	1981-82 to 1983-84 ø
Agricultural Research Council	160	Merseyside	1981-82 to 1983-84
Civil Service Department	500 170 50	Norwich Basingstoke Sunningdale	1982-83 1979-80 1975-76 "
H.M. Customs and Excise	500	Southend	1977-78 to 1984-85
Ministry of Defence	4,000 5,000 up to 4,000 1,500	Cardiff Glasgow Glasgow	1983-84 1985-86 to 1987-88 1983-84
Dept. of Environment Department of Transport)	1,020	Bristol	1977-78
Council for Small Industries in rural Areas	140	Salisbury	1978-79
Countryside Commission	90	Cheltenham	1974-75 "
Property Services Agency	3,000 1,000	Tee Regional Offices	1983-84 to 1984-85 Various dates up to 1984-85
Foreign and Commonwealth Office	500	Merseyside	1981-82 to 1983-84 ø
Department of Health and Social Security	500 980	Newcastle Blackpool	1977-78 1978-79, 1981-82
Home Office	1,000	Merseyside	1981-82 to 1983-84 ø
Natural Environment Research Council	190	Swindon	1978-79
Ministry of Overseas Development	650 350	East Kilbride Glasgow area	1980-81 (site not determined)

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Appendix 1 (cont.)

Department	Approx No. of Posts	Location	Buildings ready for occupation
Office of Population Censuses and Surveys	500	Southport	1981-82
Science Research Council	380	Swindon	1978-79
H.M. Stationery Office	380	Norwich	1978-79
Department of Trade ) Department of Industry)	600	Cardiff/ Newport	1978-79 to 1981-82
Companies Registration Office	1,000	Cardiff	1976-77
Laboratory of the Government Chemist	360	West Cumbria	1983-84
Export Credits Guarantee Department	800	Cardiff	1976-77, 1979-80
Manpower Services Commission	1,500	Sheffield	1979-80, 1981-82
Inland Revenue	230 1,380	Local/regional offices Other	1976-77 to 1977-78 (sites not determined)
Health and Safety Commission	-	(not determined)	

Notes: 1. Dispersals marked (") have been completed.  
 2. Dispersals marked (s) are to a shared building in  
 Merseyside: the same dates are shown in each case.

Source: Civil Service Department.



Appendix 2Letter from Mrs. Margaret Thatcher to Sir Edward Brown, 3rd October 1978

I am sorry for the delay in replying to your letter, which we have now had the opportunity to discuss with Ian Gilmour.

Ian was recently asked to state the Party's position concerning the Government's projected plan to 'disperse' the RAF from Innsworth in Gloucestershire. We are naturally reluctant to comment in detail on each local case, but our general view is clear: we accept the Government's reasoning that there is a case - as the Hardman report argued - for some dispersal of Ministry of Defence jobs from London to Cardiff and Glasgow but we have never believed that jobs which were already outside London should be dispersed.

The next Conservative Government will therefore be in no way committed to Labour's proposals and on taking office it will immediately review them.

I think you can make this very clear to your constituents and I should be happy for you to show this letter in the other constituencies which you say are affected.

Appendix 3Letter from Mr. Barney Hayhoe to Mr. James Prior, 2nd November 1978CIVIL SERVICE DISPERSAL

1. Circumstances have changed a great deal since the Hardman Committee reported in 1973 and the subsequent decisions made by the Labour Government in 1974 are being more and more questioned by those concerned in London and the South East. These changed circumstances are also reflected in the altered role of the Location of Offices Bureau which is no longer charged with removing jobs from London.

2. The attached copy of a letter from Cyril Cooper, Deputy General Secretary of the Institution of Professional Civil Servants is typical of the arguments now being deployed on behalf of the staff. Horace Cutler, Leader of the GLC, to whom the letter is addressed believes that there is "the strongest possible case for retaining these Departments in London". But he has not gone public with this view as he recognises that it would not attract national support within the Party and he does not want to embarrass colleagues.

3. Geoffrey Finsberg and I believe that the Party should now come out publicly in support of a complete review of the present dispersal policy. This review would take full account of the changed employment situation in London and would give close attention to the financial implications of continuing with present policies.

4. You agreed to seek Shadow Cabinet approval for this revised policy.

Appendix 4Letter from the Institution of Professional Civil Servants,  
21st September, 1978

My colleagues and I were most grateful to you for so readily agreeing to see us earlier this week and, in particular, for the constructive response which you gave to the views which we put to you.

As I explained, the Institution has always taken a balanced view towards the dispersal of government work from London. We readily recognise the employment problems in other parts of the country and in circumstances where it makes overall good sense for work to be done elsewhere, we have never opposed it as a matter of principle. In the context of the government's current dispersal programme there are, however, five moves, including very easily the two biggest, to which we are completely opposed. They are the Ministry of Defence moves to Cardiff and Glasgow, the PSA move to Teesside, the move of the Laboratory of the Government Chemist to West Cumbria, that of the Directorate of Overseas Surveys to Glasgow and the Health and Safety Executive to Bootle.

Our detailed objections are in each case rather different and I did briefly explain those. I need not repeat them in this letter, since if you wanted the detailed case against any particular move, we would willingly let you have it.

Our general objection is that there has been no recent serious study of the sociological and economic effects of moves which are going to cost little short of £300,000,000. The government seems to proceed purely on the faith that to move jobs to the regions will actually create work there. Having regard to the wives and dependents who will move with civil servants, it is not at all evident that the moves will overall add to employment opportunities in receiving areas. They may well have the opposite effect. They will certainly result in inefficiency and the need for additional staff. That was fully recognised in the Hardman Report.

The one thing that is absolutely clear is that life has changed enormously since dispersal was decided upon in 1974. Unemployment in London itself has increased to such an extent that the government agreed to relocate work outside London is now being required to stand on its head and, in addition to continuing with that task, to as well attract industry and commerce back into London. To do that and at the same time go ahead with dispersing 30,000 government jobs from London, with both the loss of jobs and the loss of revenue to local authorities, seems to us to be bordering on the lunatic.

We would have welcomed a serious study of the position and, in the absence of any new thinking or encouragement from the government, the Civil Service unions have themselves commissioned a study of the problem from the University of Strathclyde. We should have the report on that by the end of the year. That will obviously be of general interest in the context of dispersal.

It is crystal clear to us that the time has arrived for some rethinking on this subject. It seems to us that the whole emphasis ought to change from a presupposition that to move work from London is desirable unless there are insuperable obstacles in the way of doing that, to an attitude which would move nothing from London unless there are overwhelming reasons for so doing. There can be no sense in improving employment opportunities elsewhere - even if that were the result of dispersal - which we very much doubt, at the expense of worsening the unemployment problem in London itself.

Appendix 4 (cont.)

There are three ways in which we think you could help. Firstly, we should be grateful if you could write, in your role as Leader of the GLC to the Secretary of State for the Environment, or to such other Minister as you think fit, expressing a 'London' view on the government's obstinacy in going ahead with dispersal without making the slightest concession to the way in which things have changed since 1974.

Secondly it would perhaps be possible for you to raise the issue with the appropriate Federation of Municipal Bodies, so that they too could add weight to this point of view.

The third thing is, perhaps, rather more in your role as a leading London Conservative. As I made clear to you, the Institution is completely non-Party political. Nevertheless, we live in a real world and it is important to us to know what attitude political parties take on issues which concern us. If, therefore, you could tell us, after consultation with your colleagues, what attitude the Conservative Party takes to the issues which we have raised with you, it would be very helpful to us.

CYRIL COOPER  
Deputy General Secretary