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CABINET

MINISTERIAL COMMITTEE ON ECONOMIC STRATEGY

REVIEW OF THE DISPERSAL PROGRAMME

Memorandum by the Lord President of the Council

With the agreement of the Prime Minister, a review of the present Civil Service dispersal programme was announced to Parliament on 11 June by the Minister of State, Civil Service Department, who added that the Government hoped to announce their conclusions before the Summer Recess.

2. The report of officials is attached. It includes a set of costed options (paragraphs 41 to 61); an indication of the decisions which adoption of these would entail; and the suggested content of announcements reflecting those decisions (paragraphs 66 to 69).

Existing programme

3. Over 18,000 of the 25,000 posts still to be dispersed are due to go to Merseyside, Glasgow, Middlesbrough and Cardiff. Surprisingly, there have been no approaches from Merseyside or South Wales, but representations have been received from a wide range of interested groups and organisations, including MPS, a number of local authorities and several Civil Service unions; in particular, very strong representations were received from the Scottish Conservative MPs about the importance of continuing substantial dispersal to Scotland. It is clear that receiving locations will feel strongly about keeping their shares of the programme. On the other hand, most of the departments in the programme badly want to escape from their commitments. The unions are opposed (with the single exception of the Society of Civil and Public Servants) and there will continue to be considerable difficulty in manning the dispersed units satisfactorily whilst honouring the undertakings of the last Government and of the last Conservative Administration that so far as possible those in mobile grades who are moved should be volunteers.

Options for modifying the programme

4. The present dispersal programme is very expensive (over £250m up to the end of 1983/84) and offers dubious benefits in terms of the future efficiency of the Service. I see no basis on which we are likely to provide the necessary resources.

5. In terms of securing the efficiency of the Government machine and reducing manpower, therefore, I would advise my colleagues to cancel all but a few of the moves in the present programme, along the lines indicated in Option 1 of the report (paragraphs 41-42). This would

mean cancelling all the present moves except MSC to Sheffield (1,850 posts); ECGD to Cardiff (550); COSIRA to Salisbury (67); HMSO to Norwich (40); and Customs and Excise to Southend (90). The cost to the Exchequer up to 1983/84 would then be £15m, instead of the £250m.

6. I recognise however that this may present difficulties for some of my colleagues, who will be under strong pressure to allow substantial dispersal to go ahead to help the Assisted Areas. If they felt that Option 1 does not take adequate account of the needs of some of those Areas then we would have to consider Options 2 or 3 in the report.

7. Under Option 2 (paragraphs 43-46) the dispersal of 2,300 posts to Bootle and 650 posts to East Kilbride would be added to the list in Option 1. The total cost up to 1983/84 would rise to £27m.

8. Beyond this would be much more substantial moves which, if they were within the range set out in Option 3 of the report (paragraphs 47-58) would increase the total Exchequer cost up to 1983/84 to between £64m and £81m. Under this option there would also be a significant net cost to the Exchequer extending through to 1985/86.

Announcing a decision

9. If we were to decide to go for Options 1 or 2 then I would hope that a final announcement of the main decisions on the Review could be made before the Recess. On the other hand, if the decision was to adopt Option 3, then, because more work would have to be done to settle the precise size and composition of the total dispersal package, there could only be an interim announcement before the Recess.

Conclusion

10. I invite my colleagues to agree that we should settle on Option 1 as described in paragraph 5 above, and that an announcement of this decision should be made before the Recess.

CS

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17 July 1979

REVIEW OF THE DISPERSAL PROGRAMME

Report by the Official Committee on Accommodation

INTRODUCTION

1. This report follows the remit set by the Ministerial Committee on Economic Strategy, Sub-Committee on Economic Affairs (E(EA)(79) 3rd Meeting, Item 2) to review the Civil Service dispersal programme and to report by mid-July. It has been prepared by a Committee including representatives of the Civil Service Department, HM Treasury, the Department of Industry, Department of Employment, Department of Environment, Scottish Office and Welsh Office, in consultation with the Departments involved in the dispersal programme. As directed, the review has covered a full range of options and has taken full account of the costs and benefits of dispersal and regional policy considerations.

2. The programme announced by the previous Government in 1974 involved the dispersal of approximately 30,000 headquarters civil servants from 18 departments in 32 separate moves. There were four major receiving locations, Glasgow, Merseyside, Teeside and Cardiff. Details of departments, numbers and locations appear in Annexes 1 and 2. About 5,000 posts have been dispersed already, leaving a balance of 25,000 posts not yet moved.

3. The costs and savings of the dispersal programme can be considered in 2 ways: in Exchequer terms as they apply to the Government's direct spending and receipts, and in resource terms as they apply to the economy as a whole. The net Exchequer costs of dispersing the balance of the present programme amount to some £250m. over the current Public Expenditure Survey period, although there are continuing savings to the Exchequer after 1989 of £40m. a year. In resource terms, the benefits of the remaining dispersal programme amount to a total of £165m. The note at Annex 4 describes how these estimates are made and breaks the figures down by Department and by location.

BACKGROUND TO THE REVIEW

4. The idea of dispersal is nothing new. Successive post-war administrations have consistently pursued a policy of placing new central government work outside London, whenever possible. In consequence, about 70% of the non-industrial Civil Service (over 500,000 strong) is now located outside London. In 1962, following Sir Gilbert Flemming's review of 95,000 headquarters posts, some 14,000 were dispersed from London. These were made up of self-contained units of executive work which could be fairly readily separated from the rest of the Government machine without an intolerable loss of efficiency. Also since 1965, a policy has been pursued on regional grounds of locating new Government operations in assisted areas, as far as possible. The four major dispersal locations under the present programme benefited from these policies as follows:

AREA	Posts from dispersal 1964-79	Posts from new functions 1964-79	Total received to date	Posts to come from balance of programme	Overall Total inc previous policies
Merseyside	1268	1928	3196	3940	7136
West Central Scotland	4826	2283	7109	6000	13109
North East England	2738	3167	5905	3150	9055
South Wales	2378	5915	8293	5210	13503

In October 1970, the Conservative Government published a White Paper on the Reorganisation of Central Government (Cmnd 4506) which announced a review of the location of Government work, with

particular reference to the possibility of dispersing more of it from London. The review was conducted by Sir Henry Hardman. It reported in 1973, having examined 86,000 posts largely engaged on policy work in the headquarters of Departments in London. The study had regard to two main factors: the efficiency of Government operations and the needs of regional policy. A major consideration was the economic effects of dispersal. These included the potential resource benefits, the Exchequer costs and savings and the effects on Civil Service numbers.

5. An essential feature of the Hardman review was an evaluation of the effect of dispersal on efficiency, expressed in terms of damage to Communications. A communications study was conducted involving a measurement of the frequency of contacts and meetings between staff. Contacts both inside Government and outside were included. A mass of information on a very large number of individual relationships was analysed using operational research techniques. This led to an estimate of the time that staff would waste in extra travelling from a dispersed location and provided a means of assessing the resulting damage to efficiency. The results of this study gave an initial measure of the relative suitability for dispersal of different blocks of work. The review also analysed possible receiving locations taking regional policy and economic effects into account and included a survey of the human aspects of dispersal. It should be emphasised that the Hardman review was a sophisticated and complex study which took 18 months to complete. The present review had neither the time nor the resources to repeat its depth of analysis.

6. The Hardman report recommended that approximately 30,000 of the posts examined should be dispersed from London, though with serious misgivings in some cases because of the damage to efficiency. A judgment was needed between on the one hand this resulting damage to efficiency and the substantial short and medium term costs of dispersal, and on the other hand the requirements of regional policy and the longer-term economic benefits. Three possible solutions were therefore presented: a "regional" programme which located more work in assisted areas and led to most resource gain, but which caused greater inefficiency since these areas are generally further from London; a "recommended" programme which was less inefficient; and an "efficient" programme which caused least damage but also gave rather less resource gain.

7. Following a period of widespread publicity and consultation, the last Government announced in July 1974 the programme referred to in paragraph 2 above. The selected locations reflected a greater emphasis on the regional policy aspects than any of Hardman's suggested solutions:

Location	Hardman Report June 1973 "Regional Solution"	Programme announced June 1974
	<u>No of Posts</u>	<u>No of Posts</u>
Blackpool		980
Bristol	1248	1020
Cardiff/Newport	6518	5650
Central Lancs New Towns	1900	
Glasgow	1777	6000
Merseyside	3776	3940
Milton Keynes	4672	
Newcastle	1642	500
Plymouth	3270	
Sheffield		1900
Southport		500
Teesside	4100	3000
West Cumbria		360
Others	2524	5080

The timetable for the programme was subsequently revised in July 1977. The present completion dates appear in Annex 1.

8. The figures in paragraph 2 show the progress of the dispersal programme to date; 9 moves have been completed and a further 5 are under way. A total of £9m. has so far been committed by the PSA for 1980-81 onwards. They have 7 buildings under construction and have carried out

preliminary site clearance work in 2 locations. In a number of cases, cancellation would involve costs which are set out in more detail in Annex 10.

Government offices in London

9. The present dispersal programme provides an opportunity to rationalise the London Estate so as to save rents and, wherever possible, improve communications by concentrating Departments together. Rents form by far the largest element in the total cost of the headquarters Estate £57m out of £132m and will increase by about 35% over the next five years as long leases are reviewed to current market levels. Reductions could be maximised by retaining wherever possible Crown buildings and accommodation held on long leases at fixed historic rents in preference to space held at market rents subject to frequent reviews. On this basis annual rent and rate savings should amount to some £40 million by the late 1980s. Many large Departments in Central London operate from numerous buildings spread over a wide area (eg: DHSS 25 buildings; MOD 34). This increases their operational costs and savings could be made by grouping them more closely together. Present plans seek either to concentrate Departments around an existing nucleus of buildings or to regroup accommodation completely. Most large Departments would retain their main headquarters buildings in Central London, but the number of peripheral locations could often be drastically reduced. In order to gain acceptance of the rationalisation plans by Departments and their staff, it has been planned that any retained accommodation which is below current Civil Service standards would be upgraded.

THE PRESENT REVIEW

10. This part of our report looks first at the regional case for dispersal; then at the implications of the cuts exercises; and finally at departmental and staff side attitudes.

The Regional Case

Background

11. From 1964 to 1979, the present Assisted Areas have received the following totals of posts from civil service dispersals and new functions -

Scotland	: 9063
Wales	: 9539
North	: 7201
Yorkshire and Humberside	: 2042
North West	: 7516
South West	: 3922

These totals included -

Glasgow (inc East Kilbride)	: 6647
Cardiff	: 1471
Teesside (inc Middlesborough)	: 225
Liverpool (inc Bootle)	: 2417

12. Detailed figures are not available before 1964, but the main areas to benefit from civil service dispersal and new work before then were Newcastle and the Lancashire coast.

13. Under the current dispersal programme some 3,000 civil service posts a year are due to be moved to the Assisted Areas (The Department of Industry's target is to move 5,000 jobs a year under the Office and Service Industry Grant Scheme, and they estimate that in the years 1972-76 the combined effect of all regional policy measures in the Development and Special Development Areas was to keep employment there some 20,000 a year higher than it would otherwise have been.)

The Benefits of Dispersal

14. The presence or absence of dispersal will not make or break regional policies. But it is a significant addition to other measures. It is also regarded in the areas concerned as affording a degree of certainty at a time when footloose projects are scarce and competition for them is fierce. And it has great psychological significance as a mark of the Government's confidence in the future of an area.

15. Among the unemployed, those who find it hardest to get new work tend to be people formerly employed in manufacturing in areas of high unemployment, such as the Special Development Areas. The numbers of such people are likely to increase. Civil Service dispersal is not likely to be of much direct help to them, because unemployed manual workers tend not to take up clerical jobs. But it does increase the number of jobs on offer and - even more important for the longer term - it improves the employment structure of the area by widening the range of opportunities. In this way it can help other groups such as school leavers and married women. For example the Department of Health and Social Security offices at Newcastle take on 30-50 school leavers a week. Employment of women may not have much effect on registered unemployment - because many of those taken on would not have registered. But the new source of employment, and of local purchasing power, promotes local economic growth and helps to ease the strains of life where prospects of male employment are poor and liable to become worse.

16. As well as these direct effects on employment, dispersal has two indirect effects. The first is that establishing a new job in an area brings with it a demand for services which helps to create other jobs. The size of this effect is hard to estimate exactly and will vary from one case to another, but the only officially commissioned research gave an estimate of ^{one extra job created for every} five jobs dispersed. Research commissioned by the National Staff Side for other dispersals was more optimistic. ^(paragraph 32) The second effect is on

on net migration. The increased job opportunities will help to keep people in an area who would otherwise have left. Like the employment of married women, this may not have a great impact on the figures for registered unemployment, but it is a gain to the local economy nonetheless. On the other hand, the greater the number of mobile staff dispersed, the greater the number of their dependants who will seek employment in the dispersed locations.

17 We should have liked to compare the cost of civil service dispersal with other methods of helping the assisted areas. But there are two major obstacles to doing this. The first is that civil service dispersal offers the certainty of a number of jobs in specific places, and no other measure of regional policy can do that. The second is that dispersal offers a net public expenditure saving in the longer term and, if measurable cost was the sole criterion, could therefore be justified irrespective of any regional benefits. In practice we believe that a trade-off must be made between regional benefits and the unquantifiable loss of Government efficiency which does not show up directly in the public expenditure figures.

Review of Regional Industrial Policy

18. The announcement which the Government is to make on 17 July will not affect the present AA gradings of the main dispersal centres, although ^{after a year} West Cumbria will become a DA instead of an SDA and after 3 years Sheffield will ^{become} a non-AA instead of an Intermediate Area. The scale of the regional

programme in terms of expenditure will be reduced by between 30-40 per cent, with a higher proportion of the reduced expenditure being directed to the SDAs.

Reaction of the Assisted Areas to cuts in Civil Service Dispersal

19. The uneven distribution of unemployment throughout Great Britain is still as marked as in 1974 when the decisions on the Hardman recommendations were taken eg the average rate of unemployment in the Greater London 'Travel to Work' Area in 1978 was 3.9 per cent as compared to 12.2 per cent in Liverpool, 9.3 per cent in Glasgow, 8.9 per cent in Teesside and 8.2 per cent in Cardiff. Further details of unemployment rates in dispersing and receiving locations are in Annex 3. The AAs are therefore likely to be highly critical of cuts in the Civil Service dispersal programme particularly when combined with the planned changes in regional industrial policy and with the prospect of major redundancies in industries such as steel and shipbuilding. Even more important, their representatives will argue that an abandonment of dispersal plans will be widely interpreted as a sign of loss of Government confidence in the areas concerned and a withdrawal of its commitment to remedy local economic difficulties.

20. In Scotland (Annex 5) the current dispersal programme, taking direct and indirect effects together, could create about 1000 jobs a year over the next 8 years. The jobs would be concentrated in the Glasgow area where employment loss in the 1970s has averaged about 3000 jobs a year. Moreover employment prospects are likely to remain difficult, with the population seeking work likely to continue to increase, and a number of major redundancies threatened. The prospect of dispersal has been widely welcomed in Scotland not

only for its immediate effect on employment but also because it would increase the range of job opportunities especially for school leavers, help to counteract emigration (with its associated loss of talent and skill) and would promote the ability of West Central Scotland to generate its own self-sustaining growth. Any serious cuts in the programme will therefore be strongly opposed.

21. In Wales (Annex 6) the labour force has grown steadily over the last 12 years but the number of jobs has not kept pace, so unemployment has risen. The growth in the labour force is expected to continue, with an increase of 15 per cent expected between 1975 and 1991, compared to an average of 10 per cent for Great Britain as a whole. To maintain the present level of employment in Wales over this period some 15,000 new jobs a year will be needed. The remaining dispersal programme for Wales is small in relation to this need but it is a positive contribution, both in numbers and in terms of widening the range of employment opportunities, and if confirmed it is a bankable assurance. The proposed offices at St Mellons would be in the Cardiff travel-to-work area, with registered unemployment in June 1979 of 7.1 per cent. But they could expect to draw some of their staff from nearby Special Development Areas where unemployment is substantially higher and further redundancies are in prospect. As with Scotland, a strong reaction could be expected to any significant cut-back.

22. Liverpool (Annex 8) has the highest unemployment of any major travel to work area in Great Britain, in terms both of numbers - 59,000 - and of rate - 12.3 per cent. (For comparison, Glasgow's figures are 54,000 and 9.1 per cent and Cardiff's 14,000 and 7.1 per cent). Port-related employment has declined and there is a serious lack of office employment. Considerable store is set locally on the benefits that dispersal can bring and in the associated redevelopment of the Exchange Station site.

23. Dispersal to Teesside (Annex 7) is seen in the area as a measure of Government concern for the regional problems of the North-East of England. Quite apart from the serious unemployment problems that the North-East already faces, a number of the shipbuilding and ship-repair yards on Tyneside, Teesside and Wearside are vulnerable to closure or substantial redundancies. The Region has already seen in Newcastle some of the benefits that can accrue from dispersal and the prospect that some 3000 further jobs may not materialise would be highly controversial.

Effects on London

24. On the other hand, what other areas gain from civil service dispersal is lost to the capital, and there has been growing criticism in London of the policy of dispersal, allied to concern about the loss of employment opportunities and changes in employment structure. Manufacturing employment in London fell by 40% between 1961 and 1975. In the office sector, the proportion

of clerical, as against higher administrative, jobs fell from 69% of the total in 1961 to 63% in 1971 and the evidence is that this fall has continued, implying relatively fewer opportunities for the less well-qualified. London's overall unemployment rate remains well below the average for assisted areas. But in parts of Inner London, unemployment - particularly among immigrants - is more severe than in some assisted areas. Government offices need services which provide valuable employment opportunities for the unskilled. Moreover, with its large employment pool, London can cope - as other areas cannot - with the consequences of the reorganisation expansion and rundown of civil service units, as changing Government policies may require.

Staff Cuts and Other Economy Measures

25. It is somewhat early to assess the full impact of the function cuts and public expenditure review.

There are a few cases, such as the Export Intelligence Service and Economics and Statistics Division of the Department of Trade and the Property Services Agency dispersal to the regions, where the proposed staff cuts might remove whole units provisionally identified for dispersal. For the rest, most of the proposed moves should still be viable, though in giving evidence to the Committee, a number of Departments said that the function cuts would add to the difficulties which they already foresaw in meeting their dispersal targets. For example the 3,000 posts due to be dispersed to Middlesbrough by the Property Services Agency represent most of their headquarters staff. But the effect of the cuts in the building programme discussed below might reduce the numbers of headquarters staff in the PSA to less than this figure.

Cuts in the Building Programme

26. The process of site acquisition and building for dispersal is carried out by the Property Services Agency and most of the costs fall on its vote and PES programme. The only dispersal projects whose building costs will fall on their parent Departments' programmes are those of the Manpower Services Commission and the Health and Safety Executive (Department of Employment), Laboratory of the Government Chemist (Department of Industry), Council for Small Industries in Rural Areas (Department of the Environment) and Agricultural Research Council (Department of Education and Science), amounting in all to £45 million out of a total programme of £250 million.

27. Much of the Property Services Agency's expenditure is of a kind which cannot readily be reduced in the short term (eg office rents), so the PSA's contribution to the option cuts now under consideration has necessarily fallen particularly hard on the new building programme. The dispersal programme accounts for about half the total new building programme and after allowing for option cuts, work already started, and unavoidable urgent work (eg replacement of computer buildings) the amount left for dispersal projects not already started is very small indeed. This is illustrated by the following table:

THE EFFECT OF THE OPTION CUTS ON THE PSA'S MAJOR NEW WORKS PROGRAMME

	1980/81	1981/82	1982/83	1983/84	Total for 4 years
	£M	£M	£M	£M	£M
i. Original PESC bid options	68.4	78.9	77.0	77.7	302.0
ii. Cuts ^{OPTION CUTS} submitted to the Treasury	-39.0	-46.0	-58.0	-52.0	-189.0
iii. Remaining provision	29.4	32.9	19.0	25.7	113.0
iv. Expenditure on work in progress including dispersal	12.5*	4.1*	0.8*	-	17.4
v. Expenditure on new Minimum essential Works	16.9	26.8	23.0	21.8	95.6
vi. Remaining Uncommitted Expenditure	Nil	2.0	-4.8	3.9	

The figures in the last line compare with dispersal requirements, under the existing programme, in the region of £30 million for each of the four years.

28. The options set out later in this report will indicate that the Property Services Agency's figures, as cut, are compatible with a severely reduced dispersal programme. But if Ministers wanted the programme to retain a substantial 'regional policy' element there would need to be a change in the PSA's expenditure ceiling.

29. There is in the PSA's view no room for adjustment of the expenditure on minimum essential works. It includes expenditure on the Government Conference Centre but this has already been delayed by a

*includes £5.6m, £2.7m and £0.8m for these years respectively for committed dispersal projects

year and further delay would mean that the United Kingdom could not make satisfactory arrangements to act as host for meetings of an enlarged EEC in 1987. But savings could be made on expenditure on work in progress, if a decision were taken to cancel the dispersal of OPCS to Southport and the further dispersal of DHSS to Blackpool (both Intermediate Areas), because this would allow existing building contracts to be cancelled (with the possibility, at Southport, of selling the building instead). These possibilities are discussed further in paragraph 55. The savings thus achieved would be enough to pay for a building for 1,500 staff in an area of higher priority on regional grounds.

Departmental and Staff Side Attitudes

30. Departments' experience of most of the dispersals completed to date is not typical of the bulk of the programme, since they consisted of small self-contained blocks of executive work or complete organisations which have little contact with Ministers. Some experience of dispersing a section of policy work from a large Department is provided by the DOE/DTP move to Bristol. Manpower economies and a reorganisation delayed final identification of the blocks of work to move and 40% of the posts which were dispersed were different from those suggested by Hardman. Generally the move went smoothly, being facilitated by the co-operation of the Departmental Staff Side and the good quality and availability of locally recruited staff, although some difficulties were experienced in filling professional posts. The proportion of extra staff required during transfer was broadly in line with that anticipated by Hardman, ie a short term increase of 6% and a permanent one of 3%. On efficiency, there are already signs that the areas with high policy content, rather than executive or case work, are causing problems in terms of maintaining the provision of rapid advice to Ministers.

31. The Committee has taken the views of Departments still to disperse summaries of their views appear in Annex 11. Generally, dispersing departments are opposed to continuation of the dispersal programme and favour cancellation of 18 of the remaining 23 moves, covering 22,400 posts overall. Their reasons include the damage dispersal would inflict on their efficiency and the heavy costs involved in the short term. In many cases communications would suffer and high travel and subsistence costs would be incurred, particularly by those Departments due to move away from their main clients, who are located in the South East. Also, many professional staff are unwilling to move and already a number have resigned rather than be dispersed. In 5 cases covering 2,600 posts however, management favours the continuation of dispersal, either in full or in part, because moves are already under way and would be difficult or expensive to reverse; or because the moves are desirable on operational grounds, perhaps as a consequence of earlier dispersals. These moves are as follows:

Department	Location	Posts still to move under existing programme	Number of posts now recommended
Customs & Excise	Southend	500	90
CoSIRA	Salisbury	67	67
ECGD	Cardiff	550	550
HMSO	Norwich	83	40
MSC	Sheffield	1,850	1,850

Also, if dispersal to Bootle is continued, the PSA would be prepared to send 100 posts and the Home Office 150 or possibly 300.

32. On the whole, Departmental Staff Sides have the same attitudes as their respective managements towards the continuation or cancellation of particular moves. The National Staff Side have been unable to put forward a collective response, as its constituents' views are divided. The Society of Civil and Public Servants strongly favour continuation of the main elements of the programme. They argue that it would ease recruitment difficulties and the high cost of accommodation in London; create important job opportunities in the receiving locations and lead to a longer term resource gain of £800m. This figure was derived from a report by Strathclyde University which was commissioned by the National Staff Side. The report used assumptions based on evidence which does not appear to be consistent with the evidence available to Departments. The Institution of Professional Civil Servants and the Civil and Public Services Association are as strongly opposed to dispersal. Both consider it would damage efficiency and neither is convinced that the longer term economic benefits sufficiently justify heavy capital expenditure now. Nor do they believe that real employment opportunities would arise in the receiving areas. The IPCS are concerned about the possibility of compulsory moves for professionals and the CPFA believe that alternative Civil Service jobs for non-mobile staff could not be found near their homes and would involve expensive travel into central London. The Committee understands that arrangements have been made for all three unions to represent their views to the Minister of State, CSD.

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Department	Location	Posts still to move under existing programme	Number of posts now recommended
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POINTERS TOWARDS DECISIONS

33 This section looks at the management considerations which may point towards continuing some moves and cancelling others, and at those considerations which would suggest which areas should have priority if it were decided to continue with moves whose prime purpose was to provide new employment opportunities away from London.

Management considerations

34 In management terms the experience of dispersal moves so far has borne out Hardman's fears of adverse effects on Departmental efficiency, referred to in paragraphs 5 and 6. No amount of sophisticated communications can entirely replace face to face contacts; and the greater the policy content of the work dispersed the more difficult and time-consuming are the measures needed to deal with the problems of physical separation. The Scottish and Welsh Offices have over the years demonstrated the effectiveness of their London-based liaison units. But in the view of most other Departments, such liaison arrangements, however effective, can be but second-best to accommodation of the headquarters units of Whitehall Departments in one or more buildings in a single location.

35 Unlike the Hardman Report this review has been unable to use a single criterion, i.e. communications damage, for estimating the loss of efficiency arising from the dispersals in the current programme to provide an objective means of ranking them. But the following considerations are relevant in management terms:

- a. Some moves are so far advanced that it would make best management sense to continue with them than to reverse them (ECGD to Cardiff and COSIRA to Salisbury).
- b. Some other moves are desirable on operational grounds, possibly as a result of earlier dispersals (e.g. HMSO Laboratory to Norwich).
- c. Two moves have elements which suggest that the particular choice of unit for dispersal make them candidates for immediate cancellation. The first of these is the dispersal of nearly 4,000 MOD posts to Glasgow from locations outside London. The second is the proposal to move the Laboratory of the Government Chemist to Cockermouth which shows a substantial net loss in resource terms.

- d. Experience of moves already completed suggests that dispersals of units with substantial numbers of professional staff could encounter difficulties in the initial manning of units dispersed some distance from SE England and in the subsequent recruitment and retention of professional staff.
- e. The plans for most existing planned moves are liable to alteration to varying degrees, by the ultimate decisions on the cutting of functions.
- f. Special factors apply to some moves. It would be difficult to compel the Agricultural Research Council to move, as they are not civil servants. The Directorate of Overseas Surveys has already lost 20% output due to resignations attributed largely to the prospect of dispersal, and could close completely if the recent rate of staff loss continued. The Inland Revenue moves require decisions on Capital Transfer Tax, currently under review. 50% of the jobs in the FCO due for dispersal would continue to be held by Diplomatic Service officers with worldwide mobility obligations who would serve on average only one 2½ year tour in Liverpool.
- g. Disposal of the site at St. Mellons, Cardiff, poses special problems. It was formerly agricultural land but development has begun and if dispersal is cancelled the most appropriate alternative use might be for housing. The Government would need to offer to sell the land back to its previous owners either as housing land - which could be seen as profiteering - or restored to its previous condition as agricultural land, which would be seen as wasting money.
- h. It is arguable that dispersals to Scotland and Wales should not involve Departments whose writ does not run in those countries. This is why the Departments selected for dispersal to Glasgow under the Hardman proposals were the MOD and the ODA, both of them "UK-wide" Departments.

36 As to the regional policy considerations, unemployment in the four main receiving locations has been as follows:

	UNEMPLOYMENT		
	1978 Average %	June 1979 %	June 1979 Nos.
LIVERPOOL (Inc. Bootle)	12.2	12.3	59,399
GLASGOW (Inc. E. Kilbride)	9.3	9.1	53,980
TEESSIDE (Inc. Middlesbrough)	8.9	9.2	20,732
CARDIFF (Inc. St. Mellons)	8.2	7.1	14,018
GREAT BRITAIN	6.0	5.4	1,281,102

Taken in conjunction with the figures in paragraph 1) these figures indicate that Liverpool should be the top priority for any dispersal which is to go ahead, for reasons other than those of managerial efficiency and the overall public expenditure constraints, with Glasgow and then Teesside as runners-up.

Capital cost of halting the dispersal programme immediately

37 The capital cost of halting work in progress on dispersal schemes would not be likely to exceed £3m. and could well be less. The details of this estimate of costs to the Exchequer are in Annex 10. Some costs have however been incurred by local authorities who would have no contractual entitlement to their recovery. (We know of £ $\frac{1}{2}$ m. to date in Middlesbrough.)

Options

38 At the meeting of E(EA) on 14 June, Ministers considered briefly a range of 5 options from maintaining the present programme to abandonment of the programme entirely. In this review officials have followed the same broad pattern. The packages which follow illustrate a similar range of options, but also reflect various management considerations which apply to individual Departments. Each of the options has an estimate of the total public expenditure costs over the period up to 1983/4. These costs consist of 2 main elements: the cost of the buildings provided by the PSA and the costs borne by Departments for transfer allowances, travel and subsistence payments, etc. In addition, there is in each case an estimate of the increase which would have to be made in the proposals for PSA expenditure over the PESC period which are now under consideration by Ministers (Paragraph 28).

39 All the options could be made cheaper than the figures shown for the PESC period by postponing some of the moves which they contain. Alternatively, the costs could be kept the same but some of the moves identified in the options for cancellation could be postponed instead. But we do not recommend postponement for a matter of more than a few months as part of any new dispersal strategy because it would create a period of prolonged uncertainty not only in the Departments concerned but in the potential receiving areas, and could also mean leaving prominent sites cleared but undeveloped for a number of years.

40 Nor do we recommend abandoning the whole of the existing programme forthwith. This would mean stopping three moves which

are now in progress and either leaving the staff split between two locations, which would be administrative nonsense, or bringing the dispersed staff back to London, which would cost more than completing the move.

Option 1: Minimum dispersal

41. This would give the following package -
- a. the three moves now in progress -
MSC to Sheffield 1850 posts still to move
ECGD to Cardiff 550 post still to move
COSIRA to Salisbury 67 post still to move
 - b. two small moves which are supported by management as necessary to increase efficiency and which could be accomplished at relatively small cost:- these moves are -
HMSO laboratory to Norwich 40 posts
Customs and Excise to Southend 90 posts.

42. The full package including the two small additions would move a total of 2597 posts and would lead to a resource gain of ~~£57~~⁴⁸ million. The cost to the Exchequer over the current PESC period would total £15 million; the saving over the current programme would be £238 million.

	1979/80	1980/81	1981/82	1982/83	1983/84	(£m: savings + costs -)
	-9	-7 $\frac{1}{2}$	-3	1	3 $\frac{1}{2}$	

(the expenditure on COSIRA would fall on the vote of the Department of Environment.)

Option 2: Additional low cost moves

43. This option would add two dispersal locations to those in Option 1: Bootle, where accommodation for up to 2,300 posts will become available once a major Crown building (St John's House) now under construction is completed, and East Kilbride where the PSA have a 60-year lease on a building now under construction which will accommodate 650 posts.

44. If these buildings were not used for dispersal they could be used to rehouse local staff from existing leased properties. But these leases would be hard to dispose of and the result would be approximately negatory rents amounting to £1 million in the current PESC period. Dispersal would fill the spaces in Bootle and East Kilbride while releasing office accommodation in London for which there is a much readier market.

45. The Bootle offices contain a computer suite which is due to be occupied by the Home Office (150 posts for computer operators and possibly a further 150 for systems analysts etc). PSA Supplies are willing to send 100 posts to Merseyside. Under the existing programme the balance of some 1900 posts would be drawn from MAFF, HSE, FCO and Home Office. The accommodation at East Kilbride is intended under the existing programme for the ODA.

46. This option would move 5547 posts (including the Option 1 moves) and would lead to a resource gain of £102 million. Exchequer costs over the current PESC period would total £27 million, the saving over the current programme would be £226 million:

1979/80	1980/81	1981/82	1982/83	1983/84	(£ m: savings + costs -)
-10½	-10½	-5	-1½	½	

Both Option 1 and Option 2 are containable within the reduced PSA PES programme set out in the table in paragraph 27.

Option 3: Supplementary moves designed to assist job creation in the assisted areas

47. This option sets out two illustrative packages which Ministers might wish to consider if they decided that any revised dispersal programme should include more moves to areas to which special regional assistance policies are to continue to apply.

48. In constructing both these packages it has been necessary, in order to provide realistic estimates of Exchequer costs, to relate the size of moves to the buildings already planned for the existing programme. In calculating the resource gain from each package no assumption has been made about which particular Departments would go to each location. The only assumption made is that all the posts involved in such moves would be drawn from the Greater London area.

49. If Ministers did decide that a revised dispersal programme would include moves to some of the locations in Option 3 then we recommend that officials should be given a further remit to construct recommended packages of a specified size which would take account of the various organisational and management considerations of individual Departments referred to in paragraph 31 and Annex 11.

50 These packages are additional to the moves in Options 1 and 2. In constructing them we have assumed that, on regional policy grounds, Merseyside, Glasgow and the North East, in that order, should be the first to benefit from the additional moves.

51 In calculating the cost of both the packages in this option it has been assumed that no further work takes place on the buildings for DHSS at Blackpool and OPCS at Southport. The Secretary of State for Social Services has indicated that he strongly endorses the view of the Director General of OPCS that the dispersal to Southport should not take place. He added that if cancellation of the contract for the Blackpool building currently due to receive 588 DHSS posts would be expensive he was prepared to agree to that further measure of dispersal. PSA have indicated that cancellation would be cheaper than continuing with the building.

52 The money saved by cancelling both these contracts would enable the PSA to provide accommodation for 1,500 posts at Anderston, in addition to the Options 1 and 2 buildings, while virtually keeping within its option cuts.

53 The first package would move 3,000 posts in addition to those in Options 1 and 2 and we suggest that they should be allocated as follows -

- Merseyside 1,500 posts at Exchange Station
- Glasgow 1,500 posts at Anderston.

54 Overall (including the Options 1 and 2 moves), this package would move 8,547 posts and lead to a resource gain of £124 million. Exchequer costs, including additional PSA expenditure, over the current PESC period would total £64 million; the saving over the current programme would be £¹⁸⁹~~224~~ million.

1979/80	1980/81	1981/82	1982/83	1983/84	
-12½	-17½	-13½	-12	-8½	(£ m: savings + costs -)

However, extra Exchequer costs would be incurred after the current PESC period.

After taking account of the savings as the Blackpool and Southport contracts the PSA would require the following addition provision for the current PESC period over the figures now submitted to the Treasury

1979/80	1980/81	1981/82	1982/83	1983/84	
-0	-4	-6	-9½	-5	(£ m: savings + costs -)

55 The second supplementary package would provide, in addition to the moves already described, further moves to Glasgow and moves to the North East as Follows -

- Glasgow 1,350 posts (making 2,850 in Glasgow, plus 650 at East Kilbride, 3,500 in all. Within Glasgow this package would use the St. Enoch site but not the Anderston site.)
- North East 3,000 posts.

56 This package, including the moves in Options 1 and 2, would move 12,897 posts and lead to a resource gain of £151 million. Exchequer costs, including additional PSA expenditure, over the current PESC period would total £81 million:

1979/80	1980/81	1981/82	1982/83	1983/84	
-12½	-17½	-14½	-15½	-21	(£ m: savings + costs -)

- a saving of £172 million compared with the full existing programme.

Additional PSA provision required for the current PESC period (again after allowing for the Blackpool and Southport savings) would be:

1979/80	1980/81	1981/82	1982/83	1983/84	
-0	-4½	-6	-11½	-14	(£ m: savings + costs -)

Considerable extra PSA expenditure would also occur in later years totalling £36 million between 1984/85 and 1988/89.

57. As already indicated, further work by officials would be needed to identify the possible ingredients of such a programme.

58 We must here record two notes of reservation. The Welsh Office consider that the packages we have constructed do not do justice to the employment needs of Cardiff. The Scottish Office point out that the second package would give Merseyside the whole of its planned dispersals while significantly cutting those to Glasgow, and they consider that Glasgow's share should be improved.

Option 4: The existing programme slightly modified

59. Because of the likely constraints on public expenditure we have not taken further our consideration of packages which would cost more than those set out above. As already mentioned, we would wish however to draw attention to two moves which in our view should in any case be cancelled. The first of these is the move to Glasgow of almost 4,000 MOD staff from various locations outside London. This causes a resource loss because the costs of the move are not offset by savings in London rents or London Weighting.

60. We also recommend that the move of the Government Chemist to Cumbria should be cancelled. Not only is this strongly condemned by management and staff as likely to cause gross inefficiency of operation but there would be a net resource loss of £11 million (Annex 4).

61 For the purpose of comparison if the move of the Government Chemist were dropped and if the moves to Glasgow from outside London were replaced by moves from inside London the package would move 20,740 posts and lead to a resource gain of £220³³ million. Exchequer costs over the current PESC period would total £214²²⁵ million, a saving of £28²⁸ million, compared with the existing programme -

(£ MILLION : SAVINGS + COSTS -)

1979/80	1980/81	1981/82	1982/83	1983/84	
-24 ^{1/2}	-46 47	-51 52	-51 53	-42 45 ^{1/2}	(£ m) SAVINGS COSTS

GOVERNMENT DECISIONS

62 When the Government announced on 11 June that the dispersal programme was under review it was stated that it was hoped to announce conclusions before the Summer Recess.

63 In the time available the Official Committee has been able to form views on a number of moves which could be confirmed or cancelled by Ministers forthwith. Beyond those comparatively clear-cut issues however we do not find it possible to put to Ministers at this stage precise proposals which would enable the Government to announce before the Recess a final decision on dispersal other than one cancelling the remainder of the present programme.

64 The options set out above include some illustrative packages with moves whose primary purpose would be the creation of new job opportunities. If we are to construct more precise proposals on these lines and to recommend which Departments should be required to fulfil them, we need to know what assumptions we are to make about the size of such packages and the availability of resources, notably for PSA new construction, during the years following the current PESC period.

65 In setting out in the following paragraphs the issues for decision by Ministers which would stem from an endorsement of the options set out above, therefore, we have assumed that final decisions on the content of any regional policy moves would be taken by Ministers in the context of their discussions on public expenditure later in the year. A Government announcement before the Recess would, in those circumstances, be in the nature of an interim one.

OPTION 1

- 66 Confirm a. MSC to Sheffield 1850 further posts.
b. ECGD to Cardiff 550 further posts.
c. COSIRA to Salisbury 67 further posts.
d. HMSO Laboratory to Norwich 40 posts.
e. Customs and Excise to Southend 90 posts...

Cancel All other moves.

Announce Those decisions as the Government's final decision.

OPTION 2

- 67 Confirm a. - e. from Option 1
 PLUS
 f. Bootle - up to 2,300 posts.
 g. East Kilbride - 650 posts.

Cancel All other moves

Announce These decisions as the Government's final decisions, with the composition of the parties to Bootle and East Kilbride to be announced later.

OPTION 3

- 68 Confirm a.-g. from Options 1 and 2 above.

Cancel All other moves.

Suspend Work on sites in Liverpool, Glasgow and Middlesbrough.

Announce These decisions as interim decisions, with the promise of a further announcement of dispersals to one or more of Liverpool, Glasgow and Middlesbrough. Composition of parties to Bootle and East Kilbride and to Liverpool/Glasgow/Middlesbrough (if any) to be announced later, but the Government could say now that parties will not come from outside London.

OPTION 4

- 69 Confirm a.-g. from Options 1 and 2 above.

Cancel Laboratory of Government Chemist to Cumbria.
 MOD moves from outside London;

and if Ministers wished -

- OPCS to Southport
- DHSS to Blackpool.

(This would allow cancellation of building contracts.)

Suspend Work on all other sites so far as possible.

Announce These decisions as interim decisions, with further decisions on the rest of the programme (number, destination and dispersing Departments) to be announced later.

13 July 1979

TITLE

ANNEX

	LIST OF DISPERSAL MOVES
1	DISPERSAL - RECEIVING LOCATIONS AND NUMBERS
2	UNEMPLOYMENT PERCENTAGES
3	ESTIMATES OF THE COSTS AND SAVINGS OF THE DISPERSAL PROGRAMME
4	REGIONAL ASPECTS OF DISPERSAL:
	WEST CENTRAL SCOTLAND
5	SOUTH WALES
6	NORTH EAST ENGLAND
7	NORTH WEST ENGLAND
8	LONDON
9	CANCELLATION OF BUILDING PROJECTS
10	DISPERSING DEPARTMENTS VIEWS ON THE REMAINING PROGRAMME
11	

LIST OF DISPERSAL MOVES

DEPARTMENT	LOCATION	NUMBER OF POSTS	COMPLETION DATE
Ministry of Agriculture, Fisheries and Food	Merseyside (Liverpool)	1250	1983/84
Civil Service Department	Sunningdale	50	1975/76*
		170	1978/79*
		500	1982/83
Customs and Excise	Southend	500	1984/85
Ministry of Defence	Cardiff	4250	1983/84
	Glasgow	1500	1983/84
	Glasgow	3500	1987/88
Department of Education and Science:			
Agricultural Research Council	Merseyside	190	1983/84
National Environment Research Council	Swindon	200	1978/79*
Science Research Council	Swindon	430	1978/79*
Department of Employment:			
Health and Safety Executive	Merseyside (Bootle)	1000	1983/84
Manpower Services Commission	Sheffield	1900	1981/82 [@]
Departments of Environment and Transport:			
Countryside Commission	Bristol	1020	1977/78*
Council for Small Industries in Rural Areas	Cheltenham	100	1974/75*
	Salisbury	140	1979/80 ^{+@}
Export Credits Guarantee Department	Cardiff	800	1979/80 ^{+@}
Foreign and Commonwealth Office	Merseyside (Liverpool)	500	1983/84

DEPARTMENT	LOCATION	NUMBER OF POSTS	COMPLETION DATE
Department of Health and Social Security	Newcastle	500	1978/79 ⁺
	Blackpool	980	1978/79 ^{+@}
Home Office	Merseyside (Liverpool/Bootle)	1000	1983/84
Department of Industry:			
Laboratory Government Chemist	West Cumbria (Cockermouth)	360	1984/85
Inland Revenue	Local/Regional Offices	350	1977/78*
	Sites to be determined	1260	Not determined
Offices of Population Censuses and Surveys	Southport	500	1981/82 [@]
Overseas Development Administration:			
Headquarters	East Kilbride	650	1980/81 [@]
Directorate of Overseas Surveys	Glasgow	350	1984/85
Property Services Agency	Teeside (Middlesborough)	3000	1984/85
	Regional Offices	1000	1985/86
HM Stationery Office	Norwich	380	1981/82 ⁺
Department of Trade:			
Companies Registration Office	Cardiff/Newport	600	1981/82 ⁺
	Cardiff	1000	1976/77*

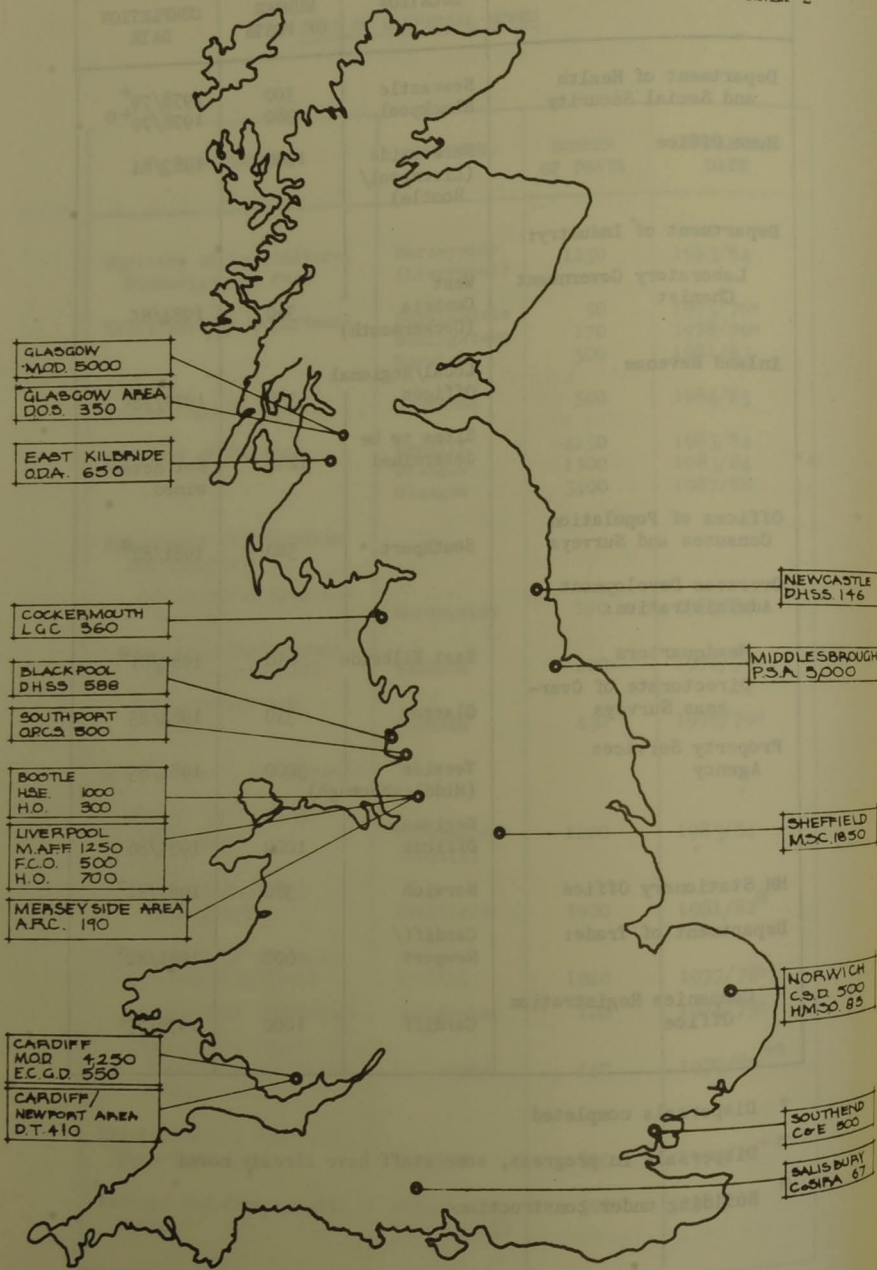
* Dispersals completed

+ Dispersals in progress, some staff have already moved

@ Building under construction

DISPERSAL-RECEIVING LOCATIONS AND NUMBERS

ANNEX 2



DEPARTMENTAL ABBREVIATIONS

ARC	Agriculture Research Council
C&E	Customs and Excise
CSD	Civil Service Department
CoSIRA	Council for Small Industries in Rural Areas
DHSS	Department of Health and Social Security
DOS	Directorate of Overseas Surveys
DT	Department of Trade
ECGD	Export Credits Guarantee Department
FCO	Foreign and Commonwealth Office
HMSO	Her Majesty's Stationery Office
HO	Home Office
HSE	Health and Safety Executive
LGC	Laboratory of the Government Chemist
MAFF	Ministry of Agriculture, Fisheries and Food
MOD	Ministry of Defence
MSC	Manpower Services Commission
ODA	Overseas Development Administration
OPCS	Office of Population Censuses and Surveys
PSA	Property Services Agency

Locations for Inland Revenue 1260 and P.S.A. 1000 posts not determined.
Departmental abbreviations are amplified overleaf.

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UNEMPLOYMENT PERCENTAGES

DISPERSING LOCATIONS	JULY	APRIL	RECEIVING LOCATIONS	JULY	APRIL
	1974	1979		1974	1979
	%	%		%	%
London	1.3	3.6	Merseyside	5.6	10.9
			Teesside TTWA	4.5	8.7
Outside London:			Glasgow	5.4	8.6
Bath	2.5	5.3	East Kilbride (Glasgow TTWA)	5.4	8.6
Leeds	2.3	4.9	Southport	4.2	7.9
Droitwich (Worcester TTWA)	1.5	4.5	Cardiff TTWA	2.8	7.4
Hullavington (Chippenham & Corsham TTWA)	1.1	4.4	Cockermouth (Workington TTWA)	4.6	7.3
Ashton-under-Lyne	1.9	4.2	Newcastle (North Tyne TTWA)	5.2	7.3
Didcot (Oxford TTWA)	1.7	3.9	Blackpool TTWA	2.6	7.1
Harrogate	2.1	3.8	Newport TTWA	2.5	6.8
Winchester (Southampton TTWA)	1.8	3.8	Southend	2.7	5.8
Exeter TTWA	2.0	5.4	Swindon	1.7	5.6
Taunton	1.7	3.8	Bristol TTWA	2.7	5.4
			Salisbury TTWA	2.0	4.5
			Sheffield TTWA	2.1	4.
			Norwich TTWA	2.0	4.3
			Cheltenham TTWA	2.3	3.6
			Basingstoke	1.2	3.2

Note: TTWA (Travel to Work Area) is indicated where this is appropriate

INTRODUCTION

1. So far about 5,000 posts of the programme announced in July 1974 have been dispersed. The estimates in this note relate to the remaining programme of 25,000 posts and cover the future period from 1979-80 onwards.

2. The future costs and savings of the dispersal programme are presented in two forms, that is, in terms of "resource" estimates and "Exchequer" estimates. The principle purpose of the resource estimates is to show the benefits of the programme to the nation as a whole. Many of these benefits will accrue to the country generally rather than directly to the government - savings in the resources consumed in commuting is one example - but they are none the less important and need to be taken fully into account when assessing the value of dispersal.

3. The purpose of the Exchequer estimates is to indicate how the more limited direct costs and savings of the programme are expected to apply each year to the government in terms of changes in its spending and receipts. In most cases an item in the Exchequer estimates will have a corresponding item in the resource estimates, but there are cases where the Exchequer items - for example, some of the transfer payments to civil servants - have no corresponding resource item.

RESOURCE COSTS AND SAVINGS

4. In estimating resource benefits to the nation as a whole it is necessary to take account of the fact that savings and costs occur at various points in time. The current practice for dealing with this, as suggested by the Treasury, is to discount future costs and savings at a real rate of 7% per annum - that is costs and savings in constant prices should be reduced by 7% for every year they are delayed relative to the base year (1978). The results can then be presented in terms of Net Present Value, which represents the discounted value of the programme expressed in prices broadly comparable to 1979 Public Expenditure Survey Prices.

5. The estimates show that on this basis, and subject to the considerations in the following paragraph, the benefits of dispersal exceed the costs by £165 million (Net Present Value). Of course this result depends critically on the assumptions chosen.

6. This resource gain indicates the economic case for the dispersal programme as distinct from the social or political case. Other aspects of the programme cannot be expressed in a straightforward monetary way. Examples include any decrease in Civil Service efficiency and better employment opportunities in the regions. It is a matter of judgment as to whether these considerations offset or significantly add to the economic case.

7. Full details of annual resource costs and savings from 1979-80 to 1989-90 are set out in Table 1.

EXCHEQUER COSTS AND SAVINGS

8. The Exchequer incurs significant costs during the implementation of dispersal and the main savings arise in later years. This results in a point in the programme where annual costs balance annual savings,

which occurs in 1986-87. By the end of the programme in 1989-90 (when all one off costs are complete) the total net costs are about £180 million and net Exchequer savings reach some £40 million annually and continue subsequently at this level.

9. Full details of annual Exchequer costs and savings from 1979-80 to 1989-90 are set out in Table 2.

10. The Exchequer and resource costs and savings are also broken down by department and location in Tables 3 and 4.

TABLE I RESOURCE COSTS AND SAVINGS OF THE DISPERSAL PROGRAMME
FROM 1979-80 TO 1989-90

DISPERSAL
COMPLETES

(£'000)

	COST(-) OR SAVING(+)	1979 -80	1980 -81	1981 -82	1982 -83	1983 -84	1984 -85	1985 -86	1986 -87	1987 -88	1988 -89	1989 -90
COSTS												
Accommodation:												
Buildings and Occupational Services	-	16411	32909	37434	40416	38788	21505	10900	7500	4550	1260	0
Furnishings and Supplies	-	407	1342	1494	2317	2705	2020	1175	750	250	0	0
Regional Rents	-	1014	1649	2454	2614	2714	2737	2761	2527	2551	2575	2599
Rent Equivalents for Existing Crown Buildings	-	30	348	569	575	581	586	592	598	604	610	616
PSA Departmental Expenses	-	4478	3924	3498	2638	1356	815	549	271	37	0	0
Regional Rates	-	386	776	1295	1950	2402	3060	3480	3620	3620	3620	3620
Telecommunications: Capital	-	643	766	1658	2259	1469	293	0	0	0	0	0
Recurrent	-	57	245	454	779	1157	1440	1605	1710	1745	1745	1745
Additional Manpower	-	1362	3109	3840	4789	6300	6019	5920	5710	5523	4329	4276
Allowances to Staff:												
Transfer payments	-	695	2082	2258	4362	6102	5748	1211	773	258	0	0
Travel and Subsistence Provisions	-	82	633	1055	2057	3566	4886	4934	4984	5034	5084	5135
Sports Provisions	-	100	100	510	510	510	305	0	0	0	0	0
Ministry of Defence Special Requirements	-	300	1656	2870	1654	4730	4070	5460	2310	2050	0	0
TOTAL COSTS		25966	49539	59389	66920	72381	53485	38588	30753	26221	19223	17991
SAVINGS												
London Rents	+	0	0	525	2806	6325	11208	17954	24431	28467	30530	31747
London Rates	+	0	0	219	1161	2737	4838	7479	9959	11156	11329	11420
Net Employment Effect	+	1061	3003	4374	6380	8654	9550	9650	9804	9815	9801	9915
Differential House Prices	+	2488	7794	9009	15059	19710	21586	-293	160	-133	0	0
Differential Commuting Costs	+	64	268	489	902	1449	1962	2006	2051	2082	2113	2145
Differential Domestic Rates	+	15	55	96	195	312	404	397	394	392	392	392
TOTAL SAVINGS		3628	11120	14712	26503	39187	49547	37192	46800	51779	54166	55619
NET COST OR SAVING		-22338	-38419	-44677	-40417	-33194	-3938	-1396	+16047	+25558	+34943	+37628
CUMULATIVE NET COST OR SAVING		-22338	-60757	-105434	-145851	-179044	-182982	-184378	-168331	-142773	-107831	-70203

Note As figures are rounded independently, there may be some slight discrepancies between the sums of constituent items and the totals.

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TABLE 2 EXCHEQUER COSTS AND SAVINGS OF THE DISPERSAL PROGRAMME FROM 1979-80 TO 1989-90

DISPERSAL COMPLETED

(£'000)

	COST(-) OR SAVING(+)	1979 -80	1980 -81	1981 -82	1982 -83	1983 -84	1984 -85	1985 -86	1986 -87	1987 -88	1988 -89	1989 -90
COSTS												
Accommodation:												
Buildings and Occupational Services	-	16411	32909	37434	40416	38788	21505	10900	7500	4550	1260	0
Furnishings and Supplies	-	407	1342	1494	2317	2705	2020	1175	750	250	0	0
Regional Rents	-	1014	1649	2454	2614	2714	2737	2761	2527	2551	2575	2599
Rent Equivalents for Existing Crown Buildings	-	30	348	569	575	581	586	592	598	604	610	616
PSA Departmental Expenses	-	4478	3924	3493	2638	1356	815	549	271	37	0	0
Regional Rates	-	386	776	1295	1950	2402	3060	3480	3620	3620	3620	3620
Telecommunications: Capital	-	643	766	1658	2259	1469	293	0	0	0	0	0
Recurrent	-	57	245	454	779	1157	1440	1605	1710	1745	1745	1745
Additional Manpower	-	1362	3109	3840	4789	6300	6019	5920	5710	5523	4329	4276
Allowances to Staff:												
Transfer payments	-	1392	4189	4641	9030	12825	12463	3364	2453	1298	497	117
Mark time and Cash payments	-	166	619	877	1487	2007	2159	1519	1303	864	411	57
Travel and Subsistence	-											
Provisions	-	92	710	1166	2285	3970	5568	5623	5680	5736	5794	5852
Sports Provisions	-	100	100	510	510	510	305	0	0	0	0	0
Ministry of Defence Special Requirements	-	300	1656	2870	1654	4730	4070	5460	2310	2050	0	0
TOTAL COSTS		26839	52342	62760	73303	81516	63041	42948	34432	28828	20841	18882
SAVINGS												
London Rents	+	0	0	525	2806	6325	11208	17954	24431	28467	30530	31747
London Rates	+	0	0	219	1161	2737	4838	7479	9959	11156	11329	11420
London Weighting	+	383	1645	2980	5158	7565	9464	9663	9862	9862	9862	9862
Tax and Social Security Effects	+	662	1718	2364	3220	4141	4225	4092	4099	4053	3989	4012
TOTAL SAVINGS		1045	3363	6088	12345	20768	29734	39187	48351	53538	55710	57041
NET COST OR SAVING		-25793	-48978	-56672	-60958	-60748	-33306	-3761	+13919	+24710	+34870	+38159
CUMULATIVE NET COST OR SAVING		-25793	-74772	-131444	-192402	-253149	-286456	-290216	-276298	-251587	-216718	-178558

Note: As figures are rounded independently, there may be some slight discrepancies between the sums of constituent items and the totals.

DISPERSAL PROGRAMME: NET EXCHEQUER COSTS AND SAVINGS OVER NEXT 10 YEARS (£m)

DEPARTMENT	79-80	80-81	81-82	82-83	83-84	84-85	85-86	86-87	87-88	88-89	89-90
Blackpool											
Department of Health and Social Security	- 2.8	- 3.0	- 2.4	- 2.2	- 0.1	0.5	1.1	1.1	1.2	1.2	1.2
Cardiff/Newport											
Ministry of Defence	- 2.2	-10.3	-17.7	-19.5	-16.4	- 0.8	4.6	7.0	7.2	7.6	7.8
Export Credit Guarantee Department	- 0.5	- 1.6	0	0.6	1.1	1.1	1.2	1.2	1.2	1.2	1.3
Department of Trade	- 0.4	- 1.1	- 1.1	0.1	0.4	0.6	0.6	0.6	0.6	0.6	0.7
Glasgow											
Ministry of Defence	- 1.5	- 5.3	- 6.8	- 7.2	-16.6	-14.1	-19.6	-13.9	-8.6	0.5	2.8
ODA: Headquarters	- 1.1	- 2.6	- 0.7	0	0.6	0.6	0.7	0.7	0.7	0.7	0.8
DOS	- 0.2	- 0.1	- 0.8	- 1.2	- 2.4	- 0.4	0.3	0.6	0.6	0.7	0.7
Merseyside											
Ministry of Agriculture, Fisheries and Food	- 1.5	- 3.7	- 4.2	- 5.3	- 4.1	0.1	1.4	2.3	2.4	2.5	2.5
DES: Agricultural Research Council	0	0	0	- 0.3	- 0.8	- 0.2	0	0.2	0.2	0.2	0.2
DES: Health and Safety Executive	- 0.3	- 2.3	- 2.4	- 0.4	- 2.3	1.0	1.1	1.2	1.2	1.2	1.2
Foreign and Commonwealth Office	- 0.6	- 1.5	- 1.7	- 2.1	- 0.9	- 0.2	0.5	0.8	0.9	1.0	1.0
Home Office	- 1.2	- 3.2	- 4.1	- 4.2	- 1.5	0.9	1.6	1.9	2.0	2.1	2.1
Middlesborough											
Property Services Agency	- 0.8	- 3.5	- 3.1	- 6.2	-10.5	-16.7	-3.0	1.9	4.3	4.4	4.8
Newcastle											
Department of Health and Social Security	- 0.4	- 0.1	0	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Norwich											
Civil Service Department	- 0.6	- 0.7	- 0.8	- 1.8	0	0.5	0.7	0.8	0.8	0.8	0.8
HM Stationary Office	- 0.1	- 0.3	- 0.4	- 0.1	0	0.1	0.1	0.1	0.1	0.1	0.1
Salisbury											
COSIRA	- 0.9	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Sheffield											
DES: Manpower Services Commission	- 7.6	- 5.6	- 2.9	0.1	2.1	3.0	3.6	3.8	3.9	4.0	4.0
Southeast											
Customs and Excise	- 0.5	- 0.8	- 0.8	0	0.2	0.4	0.6	0.6	0.6	0.6	0.6
Southport											
OPCS	- 1.4	- 1.8	- 0.7	- 0.7	0.2	0.6	0.9	0.9	0.9	1.0	1.0
West Cumbria											
DOI: Laboratory Government Chemist	- 1.0	- 0.7	- 2.2	- 6.5	- 7.0	- 6.4	- 1.5	- 0.5	0.7	0.7	0.7
Not determined											
Property Services Agency (regions)	- 0.1	- 0.1	- 0.6	- 0.9	- 2.2	- 5.0	- 0.4	0.7	1.6	1.7	1.8
Inland Revenue	- 0.1	- 0.8	- 3.0	- 2.7	- 0.5	1.0	1.6	1.7	1.8	1.8	1.8
Overheads											
	- 0.1	- 0.1	- 0.5	- 0.5	- 0.5	- 0.3	0	0	0	0	0
TOTAL	-26.0	-49.0	-56.7	-60.9	-60.7	-33.3	- 3.8	13.9	24.7	34.9	38.2

← Current PES period: total net cost £253.3m →

- Notes
1. Savings positive; costs negative (-)
 2. Dispersal programme completed at end of 1987-88
 3. Exchequer savings continue after 1989-90 at £40m per annum
 4. Rounding to nearest £0.1m may cause discrepancies between sums of constituent items and totals
 5. Figures include PSA expenditure on committed future contracts, which would require compensation if cancelled. Hence figures do not represent potential savings from cancellation.

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REMAINING DISPERSAL PROGRAMME: RESOURCE COSTS AND BENEFITS

DEPARTMENT	POSTS STILL TO BE DISPERSED	RESOURCE COST/BENEFIT* (£m)
<u>Blackpool</u>		
DHSS	588	4.2
<u>Cardiff/Newport</u>		
MOD	4250	34.7
ECGD	550	13.2
D o Trade	410	5.3
<u>Glasgow</u>		
MOD	5000	-37.9 +
ODA : HQ	650	5.7
: DOS	350	4.5
<u>Merseyside</u>		
MAFF	1250	13.0
DES : ARC	190	1.7
DEm : HSE	1000	9.0
PCO	500	4.7
Home Office	1000	11.5
<u>Middlesborough</u>		
PSA	3000	28.8
<u>Newcastle</u>		
DHSS	146	1.7
<u>Norwich</u>		
CSD	500	4.4
HMSO	83	0.5
<u>Salisbury</u>		
DOE : COSIRA	67	0.6

DEPARTMENT	POSTS STILL TO BE DISPERSED	RESOURCE COST/BENEFIT (£m)
<u>Sheffield</u>		
DEm : MSC	1900	33.3
<u>Southend</u>		
C&E	500	3.6
<u>Southport</u>		
OPCS	500	7.2
<u>West Cumbria</u>		
DOI: Lab Govt Chemist	360	-10.8
PSA (regions) <u>not determined</u>	1000	12.9
Inland Revenue	1260	15.0
Overheads		- 1.6
TOTAL	25054	165.2

Notes: * The resource costs/benefits are discounted to infinity, using the Test Discount Rate of 7% and therefore appear in terms of Net Present Value at 1979 prices. Savings appear positive (+); Costs negative (-).

+ The proposed MOD move to Glasgow shows a heavy resource loss because most of the posts due to be dispersed would be moved from outside London. If the moves were from inside London, the dispersal would show a resource gain of £19m.

REGIONAL ASPECTS OF DISPERSAL: WEST CENTRAL SCOTLAND
Note by the Scottish Office

1. The West Central Scotland Special Development Area has benefited from previous policies as follows:

Posts dispersed 1963 to April 1979	4826	New Government work established 1965 to April 1979	2283
Posts to be dispersed under present programme	6000	New Government work to be established	757

Experience of previous moves, such as the National Savings Bank move to Glasgow, suggests that dispersal brings welcome economic and social benefits.

2. The region faces severe economic problems. Unemployment in the Glasgow area is running at 9.1% (compared to the national rate of 5.6%) and is expected to rise further. The loss of jobs has been especially severe for men in the manufacturing sector, with the decline of traditional industries. Over 10,000 redundancies are threatened over the next 2 years; shipbuilding is particularly at risk.

3. The employment opportunities arising from the dispersal programme would be highly significant. Taking into account the multiplier effects which the additional employment would have in increasing demand for local services, the Scottish Office estimate that dispersal could provide a total of 7,800 jobs, 4,850 of which might be taken by local labour. An injection of employment of this size during the 1980s would provide a significant off-set to the trend decline in employment in Glasgow, which up to 1976 was running at 3,000 a year. Dispersal would also help to widen the economic base of the region and in particular would increase the range of opportunities for school leavers.

4. The population of Glasgow fell by 25,000 per annum during 1971/78. Dispersal would help to counteract this migration and would contribute to the development of a more diverse social structure. The location of many jobs in central Glasgow would aid the regeneration of the inner area of the city.

5. Dispersal has commanded close public interest in Scotland and has been the subject of considerable lobbying by a wide range of interested parties including the Strathclyde Regional Council, the Scottish TUC, the CBI, the Glasgow Chamber of Commerce and Scottish MPs. Curtailment of the present programme would lead to considerable public criticism.

REGIONAL ASPECTS OF DISPERSAL: SOUTH WALES

Note by the Welsh Office

1. South Wales, including the Special Development and Intermediate Areas, benefited from previous policies as follows:

Posts dispersed 1963 to April 1979	2378	New Government work established 1965 to April 1979	5915*
Posts to be dispersed under present programme	5210	New Government work to be established	257

* This figure includes 5,331 posts at DVLC, Swansea

2. Experience of previous dispersals indicates that they lead to wider benefits than direct local recruitment.

3. Dispersal would significantly aid the Welsh economy. Unemployment in Wales stands at 7.3% (national average 5.6%) and is rising as the coal and steel industries continue to contract. The experience of the Business Statistics Office and Welsh Office suggests that locally recruited staff for dispersed work would be drawn from a wide catchment area in which unemployment varies considerably (from 6.6% in Newport to 10.8% in Bargoed). This catchment area would include the South Wales SDA.

4. A 15% increase in the working population of Wales is expected by 1991, compared with 10% in Great Britain as a whole. Female activity rates in Wales will be a significant factor in this growth. The proportion of working women in South Glamorgan is 40.3% and in Mid Glamorgan 35.9%, well below the GB average of 42.7%. Some 15,000 new jobs will be needed each year and the proposed moves of the MOD and EDF to Cardiff could provide a significant proportion of these.

5. School leavers as well as women would particularly benefit. Young people in Wales are experiencing acute difficulties in finding employment: there are only 11 vacancies per 100 young people unemployed compared with 183 in the South East; 23 in the North West; 19 in Scotland; 11 in the North and a GB average of 60.

6. Dispersal to South Wales would therefore make a considerable contribution to easing the region's employment difficulties.

REGIONAL ASPECTS OF DISPERSAL: NORTH EAST ENGLAND

Note by the Department of the Environment

1. The Northern Region as a whole has benefited from previous policies as follows:

Posts dispersed 1963 to April 1979	3644	New Government work established 1965 to April 1979	3557
Posts to be dispersed under present programme	3506	New Government work to be established	782

The receiving locations for four out of five dispersed or new posts have been in Special Development Areas of the North East. 3000 of the posts to be dispersed would be located at Middlesbrough which, like most of the County of Cleveland, has Development Area status.

2. Experience of previous moves such as the Savings Certificate Office to Durham and the establishment of the Child Benefit Centre at Washington suggests that dispersal brings welcome economic and social benefits.

3. Past dispersal to the Northern Region has created some 6000 jobs for local labour. Though serving to increase female activity rates rather than reduce unemployment, it has stimulated the economies of reception areas through its impact on household incomes, produced at least nominal savings for the Exchequer through lower office rents and helped to diversify the region's economic base and occupational structure. Inadequate office employment and the need to disperse higher grade administrative work have been underlined by regional planners.

4. The dispersal programme has played an important part in increasing the confidence both of private investors and local authorities in the government's commitment to the regeneration of the regional economy.

5. Some 2,600 new jobs will be lost to the region if planned dispersals do not proceed. As well as foregoing any additions to the considerable range of benefits which have accrued to the region from earlier dispersals, residents of Cleveland in particular would have to expect a considerable loss of future amenity in terms of housing, shopping and recreational facilities generated by the PSA dispersal to Middlesbrough.

6. Local authorities in receiving areas could incur substantial costs, both through expenditure already made and the loss of future rateable value and income. Some major revisions of Structure Plan policies in Cleveland would almost certainly be necessary.

7. In general, but particularly on regional policy grounds, cancellation of planned dispersals would be of grave consequence to the Northern Region. Protests can be expected from a wide range of political, economic and commercial interests.

REGIONAL ASPECTS OF DISPERSAL: NORTH WEST ENGLAND
Note by the Department of the Environment

1. The North West region as a whole has benefited from previous policies as follows:

Posts dispersed 1963 to April 1979	4801	New Government work established 1965 to April 1979	2715
Posts to be dispersed under present programme	5051	New Government work to be established	484

The Merseyside Special Development Area in particular has received the following:

Posts dispersed 1963 to April 1979	1268	New Government work established 1965 to April 1979	1928
Posts to be dispersed under present programme	3940	New Government work to be established	471

2. Merseyside is an area of high persistent unemployment. Dispersal would create extra job opportunities, raise the average income of the area and generate additional demand for services, both in residential areas and the city centre.

3. The importance of Civil Service jobs is that they would substantially increase the amount of office employment in Liverpool and help redress the economic imbalance caused by the sharp decline of similar headquarters-type work in shipping, insurance and banking. As well as creating jobs in the construction industry, dispersal could also help to stimulate private office development, being seen as a demonstration of Government confidence in Liverpool.

4. All political and commercial interests strongly favour dispersal to Merseyside, as a means of helping to reverse the area's decline. Withdrawal from the present programme would be viewed as an abdication of Government responsibility for the less prosperous North West and would lead to major political protests.

REGIONAL ASPECTS OF DISPERSAL: LONDON
 Note by the Department of the Environment

1 Greater London has already suffered from previous policies as follows:

Posts dispersed 1963-April 1979:	31,905
Posts to be dispersed under present programme:	20,300.

It is hard to identify precise effects of these moves, but they must have contributed to the general decline in the buoyancy of London's economy.

2 Some inner city areas of London have higher levels of unemployment than have assisted areas as a whole. Between 1961 and 1975, employment in manufacturing industries in London fell by 40% compared with a fall of just 9% in England and Wales as a whole. Offices provide some manual work directly, and more indirectly. They also provide clerical work for school leavers and others with the appropriate level of qualifications at a time when the balance of office employment in London is moving towards the higher professional and managerial categories. Within the three Inner City Partnerships in London, Central Government has urged local authorities to give priority to the economic regeneration of their areas. Continuing with dispersal could be seen as demonstrating a lack of commitment to this objective.

3 Future gains for the assisted areas from dispersal will produce corresponding losses to London at a time when they can be ill afforded - losses to the overall economic activity of the capital, and losses of opportunities for local people to achieve economic and social advancement. At the political level, resentment of the effects of dispersal on London has been growing within both major parties. The Conservative manifesto for London said:

"A high priority must be given to the reversal of the jobs drain from London. Working with the GLC and the Boroughs we will launch a drive to expand sectors of employment which are appropriate to London. We will discontinue the present Government's conflicting policy of talking about reviving the inner city while decanting civil servants from London and strict control of Office Development We will re-examine the policy of dispersing civil servants from London based on the Hardman Report."

CANCELLATION OF BUILDING PROJECTS
CANCELLATION COSTS AND PROCEEDS OF SITE DISPOSAL

Note by the Property Services Agency

The following figures assume that decisions to terminate contracts are taken by 1 August and that sites are sold at the same price for which they were purchased (depending on market conditions the price actually realised might be more or less).

	<u>Proceeds of Sale</u>	<u>Cancellation and Other Costs</u>
<u>SCHEMES WHERE NO BUILDING HAS STARTED</u>		
Anderton, Glasgow	£1.1m	
St Enoch, Glasgow	£2.35m	
Middlesborough	NIL - site not yet purchased from District Council	£50,000 compensation to local authority
<u>SCHEMES IN PROGRESS</u>		
East Kilbride	N I L	£350,000 (cost of giving up leases on other buildings from which staff would move to the new building)
Southport	N I L (site value offset by cost of restoring site)	£850,000 cancellation costs. If sell to Giro: NIL
Cardiff, St Mellons	£250,000 (if sell as housing land possibly £3m - but this could raise political difficulties)	
Blackpool (Norcross)	N I L (part of Crown site)	£400,000 cancellation costs
Liverpool	£900,000	£200,000 (to renovate or demolish hotel) £50,000 (compensation to contractor)
<u>SCHEMES DUE TO BE COMPLETED THIS YEAR</u>		
Cathays Park, Cardiff	N I L	Nugatory rent £100,000
St John's House, Bootle	N I L	£1.2m
<u>TOTALS</u>		
Possible proceeds of sale	£8 million	
Cancellation charges and nugatory rent		£3.2 million

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DISPERSING DEPARTMENTS VIEWS ON THE REMAINING PROGRAMME

MAFF: 1,250 POSTS TO MERSEYSIDE (EXCHANGE STATION, LIVERPOOL)

1. Preliminary planning work only carried out. Dispersal could be stopped without incurring significant additional costs.
2. Management recommend against dispersal which involves one-third of the HQ organisation; much work is already carried out in regional and divisional organisations. Dispersal work would require face-to-face contacts with Ministers and would be difficult and costly to service from Liverpool. EEC entry has also altered work content since Hardman review and would be impaired by dispersal. Some professional and scientific staff would be unwilling to move and dispersal would make career development more difficult.

3. Estimate of extra resources required:

	1980-81	1981-82	(£000) 1982-83	1983-84
Salaries & ERNIC	33	110	1,046	1,654
General Admin Expenses (mainly as a result of removals)	30	40	628	3,356
Totals	63	150	1,674	5,010

Grand Total £6,897

4. Departmental Staff Side evenly balanced for and against. CPSSA & SPCS in favour; FDA, IPCS & CSU against.

5. Too early to comment on manpower cuts.

AGRICULTURAL RESEARCH COUNCIL: 190 POSTS TO MERSEYSIDE

1. Management favours cancellation because ARC's contacts are mostly with research institute directors in the South and East.
2. Heavy extra expenditure for travel and subsistence; inconvenience loss of efficiency.
3. Staff Side wholly opposed. ARC staff not civil servants, therefore dispersal would be difficult to enforce.
4. ARC outside scope of Civil Service manpower reductions.

CIVIL SERVICE DEPARTMENT: 500 POSTS TO NORWICH

1. Implementation: CSD has already dispersed 170 posts from London to Basingstoke and 50 posts from London to Sunningdale. Remaining moves includes 460 payroll computer staff and 40 PRISM computer staff; planning is not beyond the point of no return for either.
2. Long term advantages for management easier recruitment, improved career prospects for staff and greater flexibility and economy in operation of computers. Offset by cost of recruiting, training and accommodating 250 local clerical staff; transitional disruption and Departmental Staff Side opposition to payroll computer move.
3. Manpower cuts and improved efficiency could both reduce the number of posts available to disperse.
4. Management recommend transfer of PRISM to Norwich but wish to cancel dispersal of payroll computer.

COUNCIL FOR SMALL INDUSTRIES IN RURAL AREAS (COSIRA): BALANCE OF 67 POSTS TO SALISBURY.

1. Planning beyond point of no return; 93 posts already at Salisbury. Building nearly completed. Urgent need for HQ to be in one location - partial dispersal inefficient.
2. Impracticable to alter size of commitment or location. In event of cancellation Wimbledon premises too small to accommodate all posts and 73 incumbents at Salisbury were recruited locally.

CUSTOMS AND EXCISE: 500 POSTS TO SOUTHEND

Phase 1 (90 posts)

1. Management recommends continuation on grounds of efficiency; do not feel that cancellation would be justified.
2. Planning well advanced.
3. Would only be marginally affected by manpower cuts.
4. Staff Side would raise no objection to Phase 1.

Phase 2 (410 posts)

1. Management recommends cancellation on grounds:
 - a. arbitrary mix of headquarters work will lead to loss of efficiency.
 - b. communications difficulties.
 - c. cost of additional training and complementing.

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2. New building required in addition to the existing departmental Southend accommodation.
 3. Manpower reductions would make it more difficult to find posts for dispersal.
 4. Staff Side not in favour of Phase 2.
 5. No recruitment benefits as other large clerical employers in area.

MINISTRY OF DEFENCE: (4250 POSTS TO CARDIFF (St Mellons)
(1500 POSTS TO GLASGOW (Anderston)
(3500 POSTS TO GLASGOW (St Enoch)

1. Planning is not beyond the point of no return for either dispersal.
2. Management doubt the practicability of implementing 2 large scale dispersals, because of considerable administrative problems eg double running during the transition and difficulties of operating in dispersed locations especially Glasgow. Difficulties in finding staff to move, especially professionals. The Procurement Executive dispersal to Cardiff makes a coherent package, but after that has taken place there is no similar comprehensive area of work to draw on for Glasgow.
3. Hardman estimates of additional manpower needed are likely to be exceeded. Estimated costs of the dispersals is approximately £79m, with continuing expense for extra staff, transfer, travel and subsistence costs.
4. MOD Staff Side firmly opposed to any dispersal to Glasgow or Cardiff.
5. Secretary of State for Defence opposes MOD dispersal, believing the Department's effectiveness would be seriously impaired. It would make more difficult the continued improvement in efficiency and avoidance of waste.
6. Total number of HQ staff in post at 1.4.79 - 15,794 (2,610 Service, 13, 184 Civilian). Most are located in London.

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DEPARTMENT OF EMPLOYMENT

HEALTH AND SAFETY EXECUTIVE: 1,000 POSTS TO MERSEYSIDE

MANPOWER SERVICES COMMISSION: BALANCE OF 1850 POSTS TO SHEFFIELD

Health and Safety Executive

1. Preliminary planning stage only.
2. Management, supported by the TUC and CBI, oppose on efficiency grounds. Staff Side oppose because little scope for filling specialised posts by volunteers.
3. Estimated cost is £10m, of which £1m is recurrent.
4. Cancellation would provoke strong criticism from Merseyside, but perhaps less so than cancellation of more advanced dispersal projects.
5. Secretary of State's view is that the dispersal should be cancelled, but wishes a decision to be reserved for Ministers.

Manpower Services Commission

6. Implementation: building under construction; cost £15m. Notices of transfer sent to 153 staff; 92 of whom have bought houses in Sheffield.
7. Costs of accommodation (including leased) £20m; staff transfer £6m. Recovered by 1990.
8. Cancellation: there are possibilities of realisation on the Sheffield estate which, although offset by £3m on London rents and London weighting, could save money. Vigorous local protests would ensue.
9. MSC management: strongly committed to continuation; believe more justified by concentrating HQ staff in are building and easing personnel problems especially recruitment; in any case, they believe it is too late to cancel. Department of Employment management believe the move would be inefficient and costly.
10. MSC Staff Side generally opposed to cancellation. DEm Group Staff Side divided.
11. Secretary of State is likely to seek authorisation for continuation of MSC dispersal before other decisions are made.

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EXPORT CREDITS GUARANTEE DEPARTMENT: BALANCE OF 550 POSTS TO CARDIFF

1. Implementation: beyond the point of no return; dispersal one-third complete (250 posts); building nearly completed. Remaining London mobile posts already filled with volunteers for Cardiff, including 100 filled by staff brought in from other departments. Cancellation would endanger operations which affect the public directly. Accommodation in Cardiff committed as is release of that in London. Extra resources needed to complete are typical.

2. Size/manpower: dispersed numbers likely to be nearer 750 than 800, due to reductions already made. Further cuts likely to concentrate on more cost-effectiveness than reduced functions, but could lead to lower numbers still.

3. Cancellation or freezing at present stage would create far more inefficiency, disruption and wasted expenditure than completion. A largely self-contained group of Divisions is involved.

4. Location: Cardiff least inefficient; any change in location as undesirable as cancellation.

5. Staff Side: has co-operated for last 2 years and is committed to completion. They and staff would strongly resist any standstill or reversal.

6. Secretary of State for Trade does not contest the case for completing ECGD's dispersal.

FCO: 500 POSTS TO MERSEYSIDE: (EXCHANGE STATION, LIVERPOOL). DISPERSAL PLANNED TO COMPRISE FCO STAFF AND THOSE FROM LONDON PASSPORT OFFICE INCLUDING RECORDS BRANCH AT HAYES

FCO

1. Planning not beyond point of no return.

2. Management view is that FCO favour cancellation as internal economies have caused difficulties in finding numbers. No self-contained element which could be hived off; merger of FCO with ODA will make an efficient dispersal more difficult. Communications difficulties also envisaged. 135 of the posts for dispersal filled by Diplomatic Service Officers. Inefficient and counter-productive to disperse further a Department already dispersed in 120 countries.

3. Extra resources of 100 staff for one year with small continuing requirement of small administration staff. Costs in excess of £6m.

4. Departmental Staff Side opposed in principle but have co-operated.

PASSPORT OFFICE AND RECORDS BRANCH

1. Planning not beyond point of no return.

2. Management favour cancellation. Passport Office already dispersed on a regional basis and considerable inefficiency would be caused by further dispersal would also lead to a decline in the quality of the London counter service.

3. Additional expenditure on telecommunications. 60 extra staff would be needed, 24 temporary and 36 on permanent basis.

4. Departmental Staff Side against dispersal in principle.

5. Staff Side against but have reluctantly co-operated.

DEPARTMENTAL OF HEALTH AND SOCIAL SECURITY: BALANCE OF 588 POSTS
TO BLACKPOOL
BALANCE OF 146 POSTS
TO NEWCASTLE

Blackpool

1. Implementation: 392 posts already dispersed. Although planning for remaining 588 not beyond point of no return, cancellation would require compensation to building contractors. Management recommend completion to meet building commitment subject to a marginal adjustment of numbers. However, if building contract could be ended management would not favour implementing dispersal.

Newcastle

2. Implementation: 354 posts already dispersed. Difficult to identify remainder. Management favour cancellation of further dispersal.
3. Departmental Staff Side strongly favour both dispersals to improve career opportunities in Blackpool and Newcastle.
4. Manpower cuts unlikely to reduce number of posts at present schedule for dispersal.
5. Secretary of State for Social Services agrees management conclusions.

HOME OFFICE: 1,000 POSTS TO MERSEYSIDE (EXCHANGE STATION, LIVERPOOL, AND ST JOHN'S HOUSE, BOOTLE)

1. Departmental planning still at preliminary stage, no dispersals taken place, no Departmental resources committed yet or by local authorities.

2. Management recommends complete cancellation because of loss of efficiency; need to relocate 300 posts in computer unit, preferably in London, but possibly Bootle.

3. Additional staff required to implement moves:

<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>	<u>1983-84</u>	<u>1984-85</u>
1	112	258	328	110	75

Cost estimated to be £15 million over next 10 years.

4. Staff Side opposed in principle but have been co-operating with planning on basis of volunteers & local recruitment. Opposed recent package involving increase in mobile staff.

5. All units perform work unlikely to be significantly affected by future programme of manpower cuts.

6. Department has 5,580 HQ Staff in London.

INLAND REVENUE: BALANCE OF 1260 POSTS: SITES NOT YET DETERMINED

1. Work to be dispersed not yet settled, but might consist of Capital Tax Office posts.
2. No locations or dates yet.
3. Although not significantly affected by manpower cuts exercise, the current review of Capital Transfer Tax could result in Staff reductions. These would require legislation. If the CTT Office remained a candidate for dispersal, this would defer the earliest practicable implementation date.
4. Head Office staff in post in London at 1 April 1979 was 5,400.

LABORATORY OF THE GOVERNMENT CHEMIST: 360 POSTS TO WEST CUMBRIA (COCKERMOUTH)

1. Site selected but not purchased; extensive consultations with local authorities.
2. Management recommend against move on efficiency grounds; substantial staff time would be absorbed in travel to meetings. London outstation involving duplication of equipment and 50 extra staff would be needed. If the Laboratory stays in London the Glasgow outstation could take on a little more work, but scope is limited by size of existing building.
3. Site and building cost nearly £23m.
4. Staff Side firmly opposed to dispersal to West Cumbria.
5. Manpower cuts will probably be marginal because of the work which the laboratory carries out for the Government services generally.
6. There is no preferred alternative location.

OVERSEAS DEVELOPMENT ADMINISTRATION: 650 HQ POSTS TO EAST KILBRIDE
350 POSTS OF DIRECTORATE OF OVERSEAS SURVEYS TO GLASGOW

1. Neither dispersal beyond point of no return.
2. Management favours cancellation of both moves on grounds of cost and efficiency.
3. For Headquarters, serious communications problems with Advisers, Geographical Departments and Foreign Embassies would result. Very difficult to find the number of posts required; few volunteers so large numbers of new staff required, difficulties in placing non-volunteers in London would arise. Recent merger with PCO would be weakened.
4. In Directorate of Overseas Surveys many staff have already resigned rather than disperse; output is already down by 20% and the trend will continue. Difficult to recruit for specialised work in Scotland. Specialised building required.
5. Manpower cuts would reduce number of posts available for both dispersals.
6. Staff Side totally opposed to both moves.
7. Minister for Overseas Development has authorised Department's recommendation to cancel.

OFFICE OF POPULATION CENSUSES AND SURVEYS: 500 POSTS TO SOUTHPORT

1. Implementation: planning not beyond the point of no return although the building is under construction and cancellation of the contracts could be difficult.
2. Management favour cancellation on grounds of efficiency of operation eg separation of indexes of registers from registers themselves, problems for the public and difficulties in career and personnel management, including postings between locations. They hoped that an alternative use could be found for the building now under construction.
3. Staff Side generally opposed and (except at Southport) would favour cancellation.
4. Secretary of State had asked that the proposed OPCS dispersal should be reconsidered.

PROPERTY SERVICES AGENCY: 3000 POSTS TO MIDDLESBOROUGH
1000 POSTS TO REGIONAL CENTRES

1. Planning not beyond the point of no return for either dispersal.
2. Management favours cancellation of both dispersals, but replacing formal dispersal of 1000 posts to regional centres by a policy of moving posts out of London as appropriate. This has advantages on management and recruitment grounds and the projected move of Supplies staff to Liverpool might still be desirable.
3. Dispersal to Middlesborough present problems over communication with Ministers, central Government and main clients in London, would result in loss of efficiency and increased time and costs on travelling. Recruitment of professionals already suffering because of dispersal and resignations of existing staff are threatened. IPCS, representing bulk of staff involved, are strongly opposed.
4. Manpower cuts would reduce size of HQ dispersal.
5. Extra resources required for dispersal: 180 staff and £13m.

HM STATIONERY OFFICE: BALANCE OF 83 POSTS TO NORWICH

1. Implementation: 297 posts already dispersed; dispersal of 2 further posts in Technical Services committed. Dispersal of 37 laboratory posts at advanced stage; no plans yet for remaining 44 in Publications Group.
2. Management supports move of Laboratory staff on operational grounds but feels unable to take decisions yet on other moves.
3. Additional costs on administration negligible. PSA provision for new Laboratory is £0.3M; no extra PSA expense required for other moves.

4. Manpower cuts: no significant effect.

5. Staff Side is opposed in principle but have co-operated in practice. Majority Laboratory staff are opposed.

DEPARTMENT OF TRADE: BALANCE OF 410 POSTS TO CARDIFF/NEWPORT

1. Implementation: DOT have already implemented dispersals of 1,000 posts in Companies Registration Office and 191 miscellaneous HQ posts to Cardiff/Newport. There remain to be dispersed the Export Intelligence Service (150 posts), Economic and Statistics Division (80-100 posts), Insolvency Service (80-100 posts) and Marine Division (70 posts).
2. Manpower Cuts may drastically reduce the Export Intelligence Service and Economics and Statistics Division, leaving no identifiable units to disperse. Generally, cuts may reduce the number of posts yet to be dispersed by half.
3. Public concern on issues such as tanker disasters and pollution presents a strong case for Marine Division to remain in London, near Ministers.
4. Recruitment of professional staff for Marine Division and Economic and Statistics Division could be difficult if dispersal went ahead.
5. Extra resources of 5-10% in staff numbers and for additional communication would be needed for the Divisions involved.
6. Staff Side oppose dispersal of Marine Division but support other moves. Difficult to predict attitude to a reduced programme.