Location of Public Sector Jobs

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GLOSSARY

Admin & Sec	Administrative and Secretarial
Assoc Prof & Tech	Associate Professional and Technical
BREEAM	BRE Environmental Assessment Method
CABE	Commission for Architecture and the Built Environment
COSTA	Community Organisations of South Tyrone & Areas Ltd
CSO	Common Services Organisation
CURDS	Centre for Urban and Regional Development Studies
DARD	Department of Agriculture and Rural Development
DCA	District Council Area
DCAL	Department of Culture, Arts and Leisure
DE	Department of Education
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DIUS	Department for Innovation, Universities, and Skills
DOE	Department of the Environment
DRD	Department for Regional Development
DSD	Department for Social Development
ERYC	East Riding of Yorkshire Council
ESA	Education and Skills Authority
EU	European Union
FDA	First Division Association
FTE	Full-time Equivalent
GCSE	General Certificate of Secondary Education
GDP	Gross Domestic Product
GVA	Gross Value Added
HMIE	Her Majesty's Inspectorate of Education
HMRC	Her Majesty's Revenue and Customs
HMSO	Her Majesty's Stationery Office
HR	Human Resource(s)
IB	Incapacity Benefit
ICT	Information and Communications Technology
LFS	Labour Force Survey
LPS	Land and Property Services
MLA	Member of the Legislative Assembly
MP	Member of Parliament
NDPB	Non-Departmental Public Body

GLOSSARY

NHS	National Health Service
NI	Northern Ireland
NICS	Northern Ireland Civil Service
NICVA	Northern Ireland Council for Voluntary Action
NIO	Northern Ireland Office
NISRA	Northern Ireland Statistics and Research Agency
OFMDFM	Office of the First Minister and deputy First Minister
ONS	Office for National Statistics
PC	Personal Computer
PDA	Personal Digital Assistant
PFI	Private Finance Initiative
RPA	Review of Public Administration
SIB	Strategic Investment Board
SPICe	Scottish Parliament Information Centre
TTWA	Travel-to-work Area
UK	United Kingdom
VAT	Value Added Tax
XML	Extensible Markup Language

MEMBERS OF THE REVIEW

Chair

....

George Bain

Members

....

Brian Hanna   Chairman, Local Government Staff Commission, and
                         former Chief Executive and Town Clerk, Belfast City Council.

David Dobbin   Group Chief Executive, United Dairy Farmers.

David Watkins   former Senior Director, Northern Ireland Office.

Feargal McCormack   Managing Partner, FPM Accountants LLP.

Geraldine Keegan   former Principal, St Mary's College, Londonderry
                         (member from December 2007 to February 2008).

Janice Tracey   Chief Executive, Londonderry Chamber of Commerce
                         (member from March 2008).

Joan Ruddock   former Chairman, Belfast City Hospital.

Chairman's Foreword

Chairman's Foreword

1. The relocation of public sector jobs from capital cities to peripheral regions has attracted increasing attention in western societies over a number of years. Northern Ireland is no exception, where, in particular, the dispersal of civil service jobs from Belfast has been the subject of long-standing debate. Until now, however, relocations here have been ad hoc; a systematic and proactive approach has not been adopted.

2. We were established in December 2007 as an independent review to put forward "an agenda for action" and "a set of practical recommendations for the longer-term approach to the location of public sector jobs". The members of the Review have experience in a number of sectors: health, education, the civil service, the wider public sector, and business. But we do not represent any particular interest: we bring experience to the table, not representation.

3. The Review has been undertaken at an opportune moment. Northern Ireland, led by a new Executive, has entered an era of political stability and economic growth. In addition, a wide-ranging programme of reform across the public service and the innovative use of new technology and workspace offer new possibilities for how we work and deliver public services, and they support many of the Review's objectives.

4. We are grateful to everyone who gave their time and expertise to help with our work. These include elected representatives, permanent secretaries, chief executives, trade unions and staff representatives; those who advised, and gave presentations to, the Review; officials from the English, Irish, Scottish, and Welsh governments; those who attended our public meetings and provided written submissions; economic advisers and other staff from the Department of Finance and Personnel; and, in particular, statisticians from the Northern Ireland Statistics and Research Agency who supplied the large quantity and quality of statistical data that underpin our analysis, conclusions, and recommendations.

5. Important as all these people were to the success of the Review, however, the key factor was our Secretariat. We wish to recognise their initiative, hard work, excellent organisation, creative thinking, and drafting skills. They made our task much easier and ensured that our recommendations were soundly based.

6. Although the small size of Northern Ireland limits some of the benefits that can be obtained from relocation, the structural economic conditions (i.e. a fast growing economic centre and slower growing peripheral regions) are present. Indeed, regional economic balance – reducing the disparities in economic growth and social deprivation between areas, thereby ensuring that the economic benefits of the new Northern Ireland are accessible to a wider group – has been the primary consideration driving our work.

7. Having considered the evidence and the representations made to us, we unanimously agreed twenty-seven recommendations. Implementing our recommendations will require considerable political will, because accurate cost-benefit assessments will be difficult to undertake before the relocations, since the short-term costs will be much easier to quantify than the long-term benefits. Hence strong leadership and management, at the highest level, will be necessary to create and maintain the momentum required for success.

8. We believe that our recommendations on the relocation of public sector jobs will enhance the sustainable economic and social development of Northern Ireland. We have adopted a modest and prudent approach, because we want our proposals to be successful and to become a model of good practice from which others can learn. If they are successful – and we believe that with the right leadership and management they can be – then other opportunities will occur to proceed with a further wave of relocations in the future. Hence we commend our recommendations to the Government and people of Northern Ireland as the basis upon which both current and future relocation policy can be made.

Professor Sir George Bain

Executive Summary

Executive Summary

Chapter 1: Introduction

1. The relocation of public sector jobs from capital cities has attracted increasing attention, both nationally and internationally, over a number of years. Northern Ireland is no exception and the dispersal of civil service jobs from Belfast has been, in particular, the subject of long-standing debate. The Northern Ireland Executive approved an independent Review to bring forward a set of practical recommendations for the longer-term approach to the location of public sector jobs (including civil service jobs) in Northern Ireland and to propose an agenda for action. Subsequently the Review, which was established in December 2007, agreed to develop an approach to public sector job distribution that would best enhance sustainable economic and social development. Underpinning this goal were three sub-objectives relating to service delivery, economic growth, and sustainability.

2. We asked the Northern Ireland Statistics and Research Agency (NISRA) to provide statistics on the distribution of public sector jobs, private sector employment, and a range of other related issues. We took advice on the economy, conducted research on how relocation has been addressed elsewhere, and examined the relevant academic literature. Through a series of meetings and submissions the Review sought the opinions of those with an interest in the subject. We would like to thank all those who took the time to meet us, attend public meetings, and provide written submissions and presentations. Their input contributed to a comprehensive body of information that helped to shape the outcome of the Review.

Chapter 2: The Context

3. This Review has been carried out in a dynamic and complex environment. The new Executive, having set out its Programme for Government, made clear that growing the economy is of primary importance. Regeneration, building capacity, addressing disparities in regional infrastructure, and delivering high quality public services are also key priorities. The Investment Strategy for Northern Ireland – which supports the Programme for Government – has, at its heart, economically competitive and socially cohesive cities and towns as well as thriving and sustainable rural communities.

4.   The Northern Ireland economy has enjoyed a period of strong and stable economic growth over the past fifteen years, but structural weaknesses still need to be addressed. To do so will be challenging, especially within a tightening fiscal environment, but it must be done if the economy is to prosper and achieve its full potential. One of Northern Ireland's key strengths is a well-educated and skilled labour force. At the same time, however, over a fifth of the working age population has no qualifications, and only about a third of the young people from Northern Ireland who are in third-level education in Great Britain return to work here. Consequently, high-skilled employment opportunities need to be created to prevent the loss of skilled labour.

5.   The public sector is operating within a complex policy landscape of organisational, structural, and workspace change. A wide-ranging programme of reform is already well established across the civil service, education, health, local government, planning, rates, and water services. The introduction of large-scale structural changes as a result of the Review of Public Administration (RPA) has generated interest, not only in how services will be administered, but also in where the new bodies will be located. Reform of the physical workplace and the introduction of new technology are also major parts of the civil service agenda, along with the rationalisation of such support services as human resources and finance. Regional development, spatial policies, and sustainable development are additional factors helping to shape the future development of Northern Ireland.

6.   In short, the structural changes across key sectors, combined with the drive towards shared services and the emphasis on improved efficiency, effectiveness and quality, present significant challenges as well as opportunities for the civil service and the wider public sector. It is in this dynamic and challenging context that the debate about the location of public sector jobs is taking place.

Chapter 3: Employment and Population

7.   As part of our research, we drew upon statistical information on the size and composition of the public sector, and the distribution of public sector jobs. The public sector includes the civil service, local government, health and education services, the police, and a wide range of non-departmental public bodies and public corporations. The public sector in Northern Ireland accounts for 31 per cent of employee jobs and 13 per cent of the overall population (of all ages), figures that are higher than the comparable ones in Great Britain and the Republic of Ireland. People travel from every district council area in Northern Ireland to work in the public sector in Belfast, and these often number hundreds from areas remote from the capital city.

8. There are eleven travel-to-work (TTWA) areas: local labour markets within which the majority of people both live and work. Data by TTWA illustrate that public sector jobs are widely dispersed across Northern Ireland but that the distribution is uneven. The pattern of private sector jobs (and subsequently total employees) is quite different, but it also varies considerably by TTWA. In comparison to other capital cities in these islands, Belfast has the highest proportion of public sector employees per head of the working age population. Projections of the working age population suggest a growth of about 5 per cent across Northern Ireland by 2021.

Chapter 4: Theory of Relocation

9. The theoretical literature suggests three main reasons for relocation: to enhance the delivery of effective public services; to promote more balanced regional economic development and reduce social deprivation; and to promote sustainability. In the context of effective public services, theory suggests that significant cost savings can be achieved if significant labour and property price differentials exist between regions. Where these factors do not exist, the scope for savings is more likely to arise from re-engineering business processes. Relocation provides a catalyst to maximise the potential of technology and to adopt new working practices, thus creating greater effectiveness and efficiency. Creating a locational hub of related activities (i.e. clustering) also facilitates a flow of knowledge, skills, and expertise across organisations.

10. The process of relocation involves a number of risks, particularly in the transitional stages. Difficulties in retaining staff, for example, can affect efficiency through the loss of organisational memory and experience. Additionally, the recruitment and training of new staff not only increases the upfront costs, but may also result in a decrease in performance in the short term.

11. The key elements necessary to make a relocation of jobs economically viable are overheated labour and property markets in the originating location and corresponding slack in the receiving locations. Where these conditions exist, relocation can create a multiplier effect in the receiving location and, by enhancing the skills base, can contribute significantly to long-term growth. Theory also suggests that the clustering of jobs can have a positive impact by using the relocation of public employment to build upon the strengths of the receiving location.

12.   But a policy that changes the economic structure of a region can also create problems: for example, public sector crowding out, excess demand in the housing market, bidding up of wages in the local labour market, and competition between the public and private sectors for skilled labour. Nevertheless, relocation may enhance the sustainability of local communities by providing local access to high quality, public sector jobs. It can also bring about a reduction in commuting times, thereby benefiting the environment, improving work-life balance, and enhancing the social fabric of local communities. The impact will not be the same for everyone affected by the relocation of jobs: some workers may actually have their commuting journey increased as a result of relocation, making the overall net impact on the environment and related community and social impacts uncertain and perhaps small.

13.   In short, the theoretical literature suggests that relocation has risks and potentially negative consequences. But these tend to be short-term in nature, whereas the benefits occur over the longer term. Hence a time-based trade-off is involved in the decision to relocate public sector employment.

Chapter 5: Experience of Relocation

14.   As part of our research, we looked at the experience of relocation, concentrating mainly on Northern Ireland, the Republic of Ireland, Wales, England, and Scotland. The extent to which we have been able to draw conclusions has been determined by the degree of maturity of the various relocation strategies. In Scotland, for example, the location agenda is about nine years old and has been subject to audit scrutiny. Lessons learned are therefore relatively easy to identify, and they demonstrate the sort of issues that can arise where diverse objectives have to be balanced. The recent English experience shows the success that can be achieved where a clear and measurable objective (to reduce costs) is set from the outset, and the right environment (regional cost disparities) exists to achieve this objective.

15.   Several common themes run throughout all the strategies: the desire to promote economic growth, reduce deprivation, increase sustainability, and bring government and policy making closer to people. Success is difficult to justify solely on cost, however, unless efficiency gains can be clearly demonstrated. Realising social and economic benefits is a long-term objective that is not easily measured and, as such, requires strong political commitment, leadership and central direction. Phasing is also a key factor.

16.   Experience shows that the physical relocation of people gives rise to significant human resource and industrial relations issues. The skill sets required and the availability of labour to support and sustain relocated bodies should not be underestimated. And establishing clear objectives from the outset and a timeframe in which to evaluate progress, thus creating the framework in which to assess success, is important.

Chapter 6: Flexible Working

17.   Using flexible working (i.e. technology and workplace design) to facilitate relocation was a point that emerged strongly at our public meetings. Increasingly, a significant amount of work can be done in various locations: in an office (any office), at home, on the move. As technology advances, software and tools are becoming available to support more flexible and collaborative working. The next generation is growing up with this technology and will expect to use it in their working lives as they do in their personal lives.

18.   Opportunities around distributed networks that allow people from different organisations to share space in the same building are particularly important. A network of serviced, regional hub offices, could serve a range of public sector (and possibly private and voluntary sector) organisations. Elsewhere in the United Kingdom (UK), "one-stop shops" are also delivering a range of government services, both central and local, to the public.

19.   Statistical information on the take-up of flexible working is limited. But most central UK government departments and agencies have a formal policy on flexible working. Furthermore, the majority of UK local authorities are piloting or implementing flexible or mobile working. Evidence also suggests that flexible working produces substantial productivity gains as well as improvements in staff satisfaction. It does, however, require strong leadership and radical thinking about how and where staff work, challenging traditional approaches and processes. Flexible working also incurs additional interim costs, and significant efficiencies occur only when it is implemented as part of a wider workplace strategy.

20.   In short, the opportunities offered by the innovative use of technology and workspace support many of the Review's objectives. We have concluded, therefore, that flexible working should be an important feature in a broader relocation strategy.

Chapter 7: Proposals

21.   This chapter considers our findings in the context of Northern Ireland. Although its small size limits some of the benefits that can be obtained from relocation, the structural economic conditions – a fast growing economic centre and slower growing peripheral regions – are present. Regional economic balance – reducing the disparities in economic growth and social deprivation between areas – is our primary consideration in attempting to relocate public sector jobs. We strongly believe that the overall level of public service should not be diminished by relocation and that operational effectiveness and efficiency should be at least maintained. And if sustainability can be enhanced through relocation, then it should be. But the primary driver must be delivering economic growth and achieving a better regional balance.

22.   On that basis, and having examined the available evidence, we conclude that some public sector jobs should be relocated to improve regional economic balance, thereby ensuring that the economic benefits of the new Northern Ireland are accessible to a wider group. But taking account of the experience elsewhere in these islands, we should avoid grand and dramatic proposals and proceed in a modest and prudent manner.

23.   Our recommendations were shaped by several preliminary considerations. Accurate cost-benefit and value-for-money assessments will be difficult to undertake ex ante because the short-term costs will be much easier to quantify than the long-term benefits. Hence long-term, non-monetary benefits should receive primary consideration, and any business-case process should not be determined by value-for-money considerations alone. The relocations we recommend need to be seen initially as pilot projects and supported by a central corporate fund.

24.   The number of public sector posts moving from Belfast in the first phase of relocation should be relatively modest. Since we wish to maximise the potential for economic growth, the number of receiving locations should also be restricted. The posts have to be sufficiently numerous, however, to create a critical mass of high quality jobs, while ensuring that Belfast, as the capital city, is not destabilised at a time when it is realising significant economic prosperity. And phasing needs to be a key component of any future strategy in order to minimise disruption and ensure a smooth transition.

25. The infrastructure in the receiving locations needs to be sufficiently robust to absorb and sustain public sector employment over time. We therefore suggest a number of infrastructure requirements that are necessary to support a successful relocation: labour market capacity, suitable office and other accommodation (with the necessary technological infrastructure), availability of suitable housing, and adequate transport links with other administrative centres. And given the benefits of clustering similar types of employment in close proximity, a critical mass of public sector jobs is needed to encourage synergies and coherent career structures, and to attract private sector employment.

26. We recommend six locations to which public sector jobs should be relocated – Londonderry, Omagh, Craigavon, Newry, Ballymena, and Coleraine – and suggest that the scale of relocation should be commensurate with the infrastructural capability of each location. We also considered three smaller towns – Cookstown, Downpatrick, and Enniskillen – that have particular problems in terms of accessibility but where the nuclei of economic clusters are beginning to emerge. Should they do so, then, providing the infrastructural and access limitations can be addressed, their longer-term potential should be considered in the event of a future wave of relocations.

27. A pool of candidates for relocation was then identified using a range of criteria that included:

- a presumption against locating in Belfast when establishing new bodies or carrying out a fundamental review of existing functions and services resulting in the creation of a "new" entity;

- opportunities presented by the Review of Public Administration (i.e. the location of the new regional headquarter bodies);

- "delivery" or "arm's-length" organisations, such as executive agencies and non-departmental public bodies, back-room processing, and call-centre activity;

- rationalisation of common services, such as human resources and finance, currently being adopted across the civil service and wider public sector;

- the potential to enhance public service delivery or improve accessibility for customers and stakeholders (i.e. bringing government closer to people);

- substantial restructuring or a merger of government departments;

- technological advancements and flexible working;

- opportunities for clustering, co-location and "one-stop shops";

- lease-breaks (i.e. when the lease of a building is being terminated or reviewed); and

- institutions with a cross-border role.

28. Given the time and resources available to the Review, we were not able to carry out a full audit of all public sector bodies. But having met with all the permanent secretaries (and, in some cases their ministers) in the civil service and taken evidence on the new RPA structures, we identified twelve organisations that meet our criteria and create the critical mass of high quality jobs necessary to achieve locally sustainable economic growth. These are listed in our recommendations and have about 5,500 posts (excluding civil service and local government shared services). From this number, we recommend that about 3,000-4,000 posts (i.e. about 2 per cent of the total number of public sector jobs, or around 3 per cent of those based in the Belfast travel-to-work area) should be identified as pilot projects to be taken forward in a first phase of relocation.

29. In due course, an examination of the full range of public sector organisations – including agencies, non-departmental public bodies, commissions, regulators, and inspectorates – should be undertaken to assess their potential for relocation. Opportunities may also exist as part of a future strategy to pursue the dispersal to Northern Ireland of public sector jobs from Great Britain.

30. In short, we have recommended a modest, phased relocation of some public sector jobs from Belfast to a small number of centres. The scale of the relocations should provide a sufficient number of high quality jobs to encourage clustering and co-location, and to provide a coherent career structure for public servants outside Belfast.

Chapter 8: Implementation

31. Even a modest and phased approach to relocation will require significant political will, careful planning, and management. As a first step, policy makers will have to undertake the relevant impact assessments on our recommendations, including equality proofing in line with the requirements of Section 75 of the Northern Ireland Act 1998. The financial implications of relocation will also be an important factor in the Executive's decision making, and so we have provided some indicative costs and savings. These demonstrate the wide range of variables and types of costs that can be involved, including initial investment to facilitate relocation and, ultimately, to derive more far-reaching benefits.

32.   A critical element of implementation will be collective and sustained political leadership as well as openness and transparency of decision making. We have therefore proposed that an Executive sub-committee, supported by a small central unit, should be established as a mechanism to ensure co-ordinated leadership and continued momentum. Relocation plans should be integrated into business planning processes and managed through proven programme and project management methodologies already in widespread use across the public sector.

33.   The experience of relocation suggests that human resource and staffing issues will be a crucial consideration. Hence staff rights, terms and conditions, and similar matters must be given due consideration. Early and sustained engagement with the trade unions and a well-planned communications strategy are also key elements of any implementation strategy. Linked to these elements are the Public Service Commission's guiding principles relating to the RPA, which have been accepted by government and will apply to RPA-related bodies that have been proposed as candidates for relocation.

34.   In short, implementation will require a significant amount of detailed analysis, planning, and effort. But, above all else, successful implementation will require committed and continued leadership at all levels within government.

Chapter 9: Conclusion

35.   In undertaking this Review, we have been privileged to take an impartial view of a very complex subject. Given that Northern Ireland is entering a new era in its history, both politically and economically, the timing of the Review has also been fortunate. Current reforms within the public sector and technological advances offer new possibilities for how we work and deliver services.

36.   We believe that our proposals make economic, social, and political sense, fit with the wider objectives of the Executive, and will contribute positively to the new Northern Ireland by helping to create a better regional economic balance, encouraging wealth creation, and reducing economic disparity. But the results will not be immediate: the economic and social benefits will emerge only over time; hence the importance of taking a long-term view. We do not underestimate the challenges and the risks; indeed, it would be foolhardy to do so in light of the experience elsewhere in these islands. Hence we advocate pragmatism, and strongly recommend that we proceed modestly and prudently – because we want our proposals on relocation to be successful and to become a model of good practice from which others can learn in due course.

37. We must also manage expectations. Implementation will take time. But if our proposals are successfully implemented – and we believe that with the right leadership and management they can be – then other opportunities will occur to proceed with a further wave of relocations in the future. Hence we commend this report to the Government and the people of Northern Ireland as the framework upon which both current and future relocation policy in Northern Ireland can be made.

Recommendations

Recommendations

1. Flexible working should be an integral part of any relocation strategy adopted in Northern Ireland.

2. All public sector bodies should consider implementing flexible working approaches and include these within their business plans.

3. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should explore developing a network of regional satellite offices that could serve mobile public sector workers from a range of organisations. This might involve building on the Department for Regional Development's teleworking scheme and making better use of the existing regional estate.

4. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should develop an information and communications technology strategy for flexible working, which would deal, among other things, with security issues.

5. As part of any relocation strategy within the Northern Ireland public sector, consideration should be given to developing a networked touch-down office space on the Stormont Estate for flexible use by officials supporting ministers and the Assembly.

6. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should move to finalise and agree policies on remote and home working as a matter of urgency.

7. Telephone, video and web conferencing should be utilised more widely by managers in the Northern Ireland Civil Service and the wider public sector to facilitate communication between business areas and employees located in different towns and cities.

8. A shared online repository of case studies and good practice in relation to flexible working should be developed and promoted for use by the Northern Ireland public sector to stimulate wider take-up of flexible ways of working.

9. Public sector jobs in Northern Ireland should be relocated, but we should avoid grand and dramatic proposals and proceed in a modest and prudent manner.

10. Relocations should be implemented in a phased approach over a period of, say, five years.

11. A central corporate fund should be created for the pilot relocation projects.

12. Public sector jobs should be relocated to Londonderry, Omagh, Craigavon, Newry, Ballymena, and Coleraine, and the scale of the relocations should be commensurate with the infrastructural capabilities of the receiving locations.

13. The longer-term potential of Cookstown, Downpatrick, and Enniskillen as relocation centres should be considered in the event of a future wave of relocations, providing their infrastructural and access limitations can be addressed.

14. A presumption against locating in Belfast should exist when establishing new public sector bodies or reviewing existing functions and services.

15. New bodies created as a result of the Review of Public Administration should be candidates for relocation.

16. Relocation should be considered in relation to operational/processing units, common services organisations, and cross-border bodies.

17. Relocation should be considered in the event of the restructuring of government departments, lease breaks, and where opportunities exist to enhance service delivery, cluster services or co-locate services.

18. The following bodies should be candidates for relocation, providing a pool from which initial pilot projects should be identified:

   • Victims and Survivors Commission

   • Charities Commission

   • Regional Health and Social Care Board

   • Regional Public Health Agency

   • Common Services Organisation

- Northern Ireland Civil Service Shared Services

- Local Government Shared Services

- Education and Skills Authority Headquarters

- Northern Ireland Library Authority Headquarters

- Land and Property Services

- Northern Ireland Environment Agency

- Northern Ireland Water Headquarters

- A Departmental Headquarters (possibly the Department of Agriculture and Rural Development).

19. About 3,000-4,000 posts should be identified from the pool of candidates as pilot projects to be taken forward in a first phase of relocation.

20. Each government department, in conjunction with the central unit, should conduct its own audit, based on the criteria used by the Review, to identify further opportunities for relocation in the longer term.

21. Consideration should be given to pursuing dispersal of jobs from Great Britain as a way of further encouraging relocation and economic growth.

22. Longer-term non-monetary costs and benefits should receive primary consideration in relocation business cases.

23. Clear objectives and benefits-realisation plans should be developed at the outset of relocation projects as part of the business case.

24. An Executive sub-committee should be established to lead the relocation initiative, and ministers and accounting officers should provide visible leadership and be held accountable for relocation activities within their departments.

25. Relocation plans should be integrated into the business planning of departments and other public bodies and progress reported regularly to boards, ministers, the Executive, and the Assembly.

26. A small central unit should be set up to provide direction, oversight, and support on relocation.

27. Staff rights, terms and conditions, and interests should be given due consideration in the relocation decision making process, and there should be early and sustained engagement with the trade unions.

Introduction

CHAPTER 1

Introduction

1.1 Background to the Review

1.1.1 The relocation of public sector jobs from capital cities to peripheral regions is a theme that has attracted increasing attention in western societies over a number of years. Northern Ireland is no exception, where, in particular, the dispersal of civil service jobs from Belfast has been the subject of long-standing debate. The announcement of the Review of Public Administration (RPA) in March 2006 brought the issue to the fore by making clear that decisions on RPA-related bodies could result in some relocation of public sector jobs.

1.1.2 A public consultation on draft guiding principles to assist the decision making process on the location of RPA institutions gave rise to a view that a proactive dispersal policy should be considered. The view was reinforced by the Committee for Finance and Personnel which, in its *First Report on Workplace 2010 and the Location of Public Sector Jobs* in July 2007, called for an affirmative policy on dispersal and a strategy on public sector job location that would cover the civil service, local government, and the wider public sector. The Northern Ireland Executive subsequently approved an independent, time-bound review of policy that was established in December 2007.

1.2 Membership of the Review

1.2.1 The members of the Review have experience in a number of sectors: health, education, the civil service, the wider public sector, and business. But they do not represent any particular interests: they bring experience to the table, not representation. The Review was chaired by George Bain and had six other members: Brian Hanna, David Dobbin, David Watkins, Feargal McCormack, Janice Tracey (who replaced Geraldine Keegan in March 2008), and Joan Ruddock.

1.3   Terms of Reference

1.3.1   The terms of reference were agreed by the Executive and required the Review "to put forward a set of practical recommendations for the longer-term approach to the location of public sector jobs (including civil service jobs) in Northern Ireland and propose an agenda for action". In doing so, we were asked to:

- consider the current location and nature of public sector jobs and functions in Northern Ireland, including planned movements in the short term;

- consider current policies on the location of public sector jobs, including the framework for decision making on the location of RPA-related bodies (published in November 2007);

- take into account the public sector reform agenda, including:

  - the future context of the Northern Ireland Civil Service in light of the reforms underway to develop a modern civil service;

  - the practical outworking of RPA on the ground; and

  - changing patterns of service delivery, including increasing co-location, co-operation and integration of services and use of electronic delivery channels;

- consider the costs, benefits and lessons learned from previous dispersal exercises of public sector jobs within Northern Ireland;

- consider the potential longer-term impacts, costs and benefits of dispersal in the Northern Ireland context, including the social and economic cases for dispersal, the implications for communities, how best to maximise the longer-term benefits of a dispersal policy and value for money considerations;

- consider the potential equality issues in relation to the location of public sector jobs;

- consider the potential human resource issues in relation to the location of public sector jobs;

- consider the sustainable development and environmental issues in relation to the location of public sector jobs, including the road and public transport impacts;

- consider the organisational/operational impacts of decentralisation;

- take into account the Programme for Government and the Executive's plans and priorities, including considering how location policy could best be linked with other Executive priorities;

- consider the lessons learned from decentralisation policies in other jurisdictions – Scotland, Wales, England and the Republic of Ireland and their respective implementation;

- take into account the Regional Development Strategy;

- consider the availability of suitable office accommodation to which public sector jobs could be dispersed;

- reflect best practice in relation to policy making and implementation in relation to decentralisation of public sector jobs and functions; and

- take proper account of existing legislative and regulatory regimes, including employment law and other relevant Government policy and strategic frameworks, including "Lifetime Opportunities".

1.3.2   We were also asked to complete our work in about six months, which meant that we should produce our report during the summer of 2008.

1.4   Objectives of the Review

1.4.1   Having considered the terms of reference, we concluded that we should have an overarching objective that would briefly describe the purpose of the Review.   We agreed that this should be to put forward "an agenda for action" and "a set of practical recommendations for the longer-term approach to the location of public sector jobs" that best enhances the sustainable economic and social development of Northern Ireland. To underpin this objective, we set three sub-objectives: service delivery, economic growth and reducing social deprivation, and sustainability.

1.4.2   Since the primary purpose of a public sector job is to provide a public service, we concluded that we should not recommend any relocation that would reduce the overall level of public service. Indeed, relocation should, at least in the longer term, improve the operational efficiency and effectiveness of public services.

1.4.3   A further purpose of relocating public sector jobs should be to promote – directly and also indirectly through providing a better basis for private sector initiatives – more balanced economic development across the major regions of Northern Ireland.   Promoting economic growth within these broader regions should be the main method of trying to reduce social deprivation in more localised areas (e.g. political wards), because the evidence suggests that placing public sector jobs in smaller areas of this kind often does not significantly benefit those who live there.   Reducing social deprivation in these areas requires a multi-faceted, socio-economic approach.

1.4.4   The final sub-objective is sustainability.   If we can reduce the carbon footprint through the more efficient use of buildings and by lessening commuting (which would also enhance work-life balance), we should do so.   But given the relatively small number of public sector workers commuting long distances in Northern Ireland, relocating public sector jobs can make only a minor contribution to enhancing global sustainability and improving work-life balance, especially since reducing one person's commuting by relocating public sector jobs within a small area such as Northern Ireland may result in increasing another person's commuting.

1.5   Review Process

1.5.1   We recognised at the outset of our work that the debate on the location of public sector jobs was of significant interest to a wide range of people and that different groups had different and, often, opposing views on the issue. We also needed to understand fully the range of issues identified in the terms of reference.   So we established a process to enable us to gather the information and conduct the research that would help inform our thinking and, ultimately, our conclusions.   And since the discussion was likely to include both the location of newly formed bodies and the relocation of established organisations, we decided to refer to both scenarios, when it was appropriate to do so, by using the term "relocation".

1.5.2   We began by commissioning from the Northern Ireland Statistics and Research Agency (NISRA) detailed statistics on the distribution of public sector jobs. Although our primary interest was the location of public sector jobs, we wanted to understand their relationship with the private sector; so we gathered information on private sector employment as well. NISRA also provided data on a range of other related issues, including future population growth, the religious and gender composition of the labour force, and travel-to-work patterns.

1.5.3   We undertook research, including case studies, on how relocation of public sector jobs had already been addressed in practice, and took evidence from officials in Northern Ireland, the Republic of Ireland, Wales, England, and Scotland.   We surveyed the relevant academic literature and assessed the policy framework in which our Review was taking place. We took advice on the state of the Northern Ireland economy and gathered information on the extent of deprivation.

1.5.4. We also sought the opinions of those with a vested interest in the issue, including permanent secretaries in the civil service (and, in some cases, their ministers), the Irish Congress of Trade Unions, and the Public Service Commission. We invited views from each of the political parties and discussed our work with the Committee of Finance and Personnel on two occasions. We also took evidence from such bodies as the Strategic Investment Board, the Northern Ireland Local Government Association, and Invest NI.

1.5.5 Since we wanted to canvass a wider range of opinion, we organised twelve public meetings across Northern Ireland at which about 250 people – including politicians; representatives from district councils, chambers of commerce, regeneration groups, health and education bodies, the civil service, trade unions; and interested members of the public – attended and gave views (both oral and written) to the Review. We would like to thank all those who took the time to meet us, attend public meetings and provide written submissions and presentations. Their input contributed to a comprehensive body of information that helped to shape the outcome of the Review. A list of those we met and who provided evidence are set out in Appendix A.

1.6   Outline of Report

1.6.1 We met as a Review on eighteen occasions to discuss the issues and consider the evidence and views that were put before us. Our report reflects our findings, conclusions, and recommendations. It has nine chapters.

1.6.2 This introduction is followed by Chapter 2, which describes the context in which the Review took place. Understanding the complexity of the environment is important, as the relocation of public sector jobs is not a one-dimensional issue. It is multi-faceted, cutting across many aspects of government, and solutions need to take account of a dynamic and changing environment.

1.6.3 Chapter 3 gives a statistical overview of public sector employment in Northern Ireland. It sets out and analyses the detailed empirical evidence and comparative employment data that have helped to underpin our thinking.

1.6.4 Chapter 4 describes the theoretical rationale for the relocation of public sector jobs, based on a review of the academic literature. It outlines the main arguments in favour of relocating these jobs, as well as the potential risks and management considerations of doing so.

1.6.5   Chapter 5 examines the experience of relocating public sector jobs in various countries. In each country, it looks particularly at why relocation was considered, how it was implemented, and what can be learned from the experience that could help to shape future decision making in Northern Ireland.

1.6.6   During our research a strong and consistent message emerged about the need for more flexible working practices and better use of technology to facilitate new ways of working.   Chapter 6 looks at how information and communication technologies and flexible working are currently being deployed, and how they could support the achievement of the Review's objectives.

1.6.7   In Chapter 7 we develop criteria and identify specific locations and a pool of public sector bodies that could form the basis of a future relocation strategy. We conclude with recommendations on how relocation in Northern Ireland should be taken forward.

1.6.8   Implementation will be a demanding task that will take time to plan and deliver. We consider the various issues in Chapter 8 and set out our views on how our recommendations should be taken forward.

1.6.9   Chapter 9 makes some concluding observations on the Review's work and offers some reflections on the future.

The Context

CHAPTER 2

The Context

2.1 Introduction

2.1.1 This chapter describes the environment in which the Review has been conducted. It discusses the contextual issues and policy considerations that relate to the location of public sector jobs and that could influence the direction of the Review and its conclusions. The issues discussed are not exhaustive but nonetheless demonstrate the complexity of the environment in which we are operating. Consideration of equality and good relations, rural proofing, and staff interests are covered later in the report.

2.2 Political Background

2.2.1 Devolution in Northern Ireland was restored on 8 May 2007 following the election of a four-party Executive Committee of twelve ministers. The Executive subsequently published its first Programme for Government, setting out its plans and priorities for 2008-11 alongside the Budget and Investment Strategy for Northern Ireland for the next three years. The Programme for Government contains five strategic priorities that broadly reflect the need to pursue an innovative, productive economy, and fair society; protect and enhance the physical and natural environment; and use resources as efficiently and sustainably as possible.

2.2.2 Growing the economy is the Executive's primary priority, but linked to this objective are issues of regeneration, building capacity, addressing disparities in regional infrastructure, and delivering high-quality public services. The Programme for Government also makes clear that the Executive wishes to bring government closer to people, revitalise public services, and ensure more accessibility, accountability and responsiveness. All these issues are relevant when considering the location of public sector jobs.

2.2.3 Aligned to the Programme for Government is the Investment Strategy for Northern Ireland, which seeks to create economically competitive and socially cohesive cities and towns as well as thriving and sustainable rural communities. It commits to investing in the shaping of a competitive economy that is less reliant on natural resources, physical capital and low-skill labour, and is supported by a modern and efficient public sector.

2.2.4   There is no specific reference to the location of public sector jobs in either the Programme for Government or the Investment Strategy. Many of the stated priorities are relevant and complementary, however, to the issue that was raised most recently when announcements were made about the Review of Public Administration (RPA) in 2006. At that time, a view developed that the implementation of RPA-related decisions could result in some relocation of public sector jobs. As work on a framework to underpin decision making was developed, the Committee for Finance and Personnel produced its *First Report on Workplace 2010 and the Location of Public Sector Jobs* in July 2007.   It called for an affirmative policy on the dispersal of public sector jobs and a strategy for jobs location that would cover the Northern Ireland Civil Service (NICS), local government, and the wider public sector.

2.2.5   The Executive subsequently considered the Committee's report alongside responses to a public consultation on the issue and approved a two-pronged approach:

- to put in place a framework to provide a robust process for decision making on the location of RPA-related bodies; and

- to undertake a time-bound review of policy on the location of public sector jobs in Northern Ireland.

The framework was published in November 2007 and, following Executive approval, the Review was established in December 2007.

2.3   Socio-economic Context

2.3.1   The Northern Ireland economy has enjoyed a period of strong and stable economic growth over the past fifteen years, demonstrating record levels of employment and low unemployment in recent years. Output growth has remained strong, annual growth in Gross Value Added (GVA) is estimated to be around 5.6 per cent in 2006, ranking Northern Ireland as the second best-performing region in the United Kingdom (UK), behind only London. Recent developments within international financial markets have created an uncertain economic environment, however, and Northern Ireland is currently feeling the negative impact of the "credit crunch".

2.3.2   Productivity

2.3.2.1   In spite of favourable output performance, Northern Ireland currently has the second-lowest GVA per head of the UK regions (£15,175 or 81 per cent of the UK average). A comparison excluding London, the South East, and East of England shows GVA per head of 92.3 per cent, an improvement of 8.3 percentage points

over the last fifteen years. The rising trend is illustrated in Table 2.1. The fact remains, however, that Northern Ireland is still behind most other UK regions and faces significant challenges in several areas to close the gap.

Figure 2.1: Trends in GVA per Head, 1991-2006

Source: *ONS.*

2.3.2.2   There are also significant variations in GVA per head within Northern Ireland. Figure 2.2 shows that the figure for Belfast is considerably above that for other areas.   As the economy's regional driver, Belfast is the source of much of the employment and many workers commute from across the region to work there.

Figure 2.2: Intra-regional Variations in Productivity

Source: *ONS.*

2.3.2.3   Reducing the productivity gap is a major challenge for Northern Ireland and is made increasingly difficult by the nature and structure of private sector companies. There is a high proportion of small firms: approximately 88 per cent of VAT registered firms have fewer than 10 employees and less than 1 per cent have over 100 employees. This restricts both the levels of research and development as well as the total capacity of the private sector. A large proportion of the labour force is concentrated in the agricultural sector, and the steady decline of agricultural undertakings is affecting overall economic activity. Dependency on the services sector – in particular, on relatively low value-added sectors such as wholesale, retail, and hospitality – is a further problem.

2.3.3   Deprivation

2.3.3.1   The 2005 Northern Ireland Multiple Deprivation Measure provides a useful insight into overall economic and social prosperity within the region. It shows that seven of the ten most deprived district council areas are in the west of Northern Ireland (see Figure 2.3), which suggests that an east-west prosperity gap still exists.

Figure 2.3: Average Rank of Deprivation, 2005

Source: *NISRA.*

2.3.3.2   Of the 20 most deprived Super Output Areas in Northern Ireland, however, 18 are located in Belfast and 2 in Londonderry. Hence pockets of deprivation still exist within Northern Ireland's two largest cities.

2.3.4   Innovation

2.3.4.1   Total expenditure on research and development in Northern Ireland exceeded £300 million in 2005, 95 per cent of which was split equally between business and the higher education sector. The remaining 5 per cent was spent by government. In 2006 businesses accounted for a greater share of total research and development expenditure for the first time in four years. Between 2002 and 2006, however, overall business expenditure in this area fell by 10.5 per cent in real terms to £155 million. The level of activity is very low by international standards, illustrating that much more effort is needed to bring the region into line with other UK regions.

2.3.5   Skills

2.3.5.1   One of Northern Ireland's key strengths is its supply of skilled labour. A-level entries, for example, were the most successful in the UK in 2006 with a pass rate of 98.0 per cent, compared with the UK average of 96.9 per cent. A third of Northern Ireland pupils also achieved A grades thus topping the A-level league tables. Northern Ireland is also the highest performing region in the UK for obtaining GCSE passes (72.4 per cent compared with 63.3 per cent for pupils achieving between grades A*-C).

2.3.5.2   Despite these impressive performances, past failures in Northern Ireland's education system are evident: over a fifth of the working age population has no qualifications, a trend that is well above the UK average of 13 per cent. And of those who study for an undergraduate qualification at higher education institutions in Great Britain, only 36 per cent return to work in Northern Ireland. Consequently, the private sector is under pressure to create high skilled employment opportunities to prevent the loss of skilled labour.

2.3.6   Employment and Unemployment

2.3.6.1   Northern Ireland has a population of about 1.74m, of which 73 per cent aged 16+ are economically active. This is the lowest economic activity rate of the twelve government office regions in the UK. As a result, a considerable proportion of Northern Ireland's working age population is currently inactive and, consequently, the local economy suffers from using its resources inefficiently. Of those who are inactive (about 540,000) a high proportion have reported they do not want a job. These include a roughly even spilt between those who are looking after family or home, people who are permanently sick or disabled, and those who are students, retired or temporarily sick. Unemployment rates, on the other hand, are lower than in Great Britain, although greater proportions are long-term unemployed.

2.3.6.2   The declining unemployment rate masks an upward trend in claimants of incapacity benefit not only in Northern Ireland but also across the UK. Indeed, a clear inverse relationship has developed between claimant-count unemployment and the number of incapacity benefit claimants, which suggests that rather than finding employment, some people are, in fact, registering for incapacity benefit (Figure 2.4).

Figure 2.4:
Unemployment and Incapacity Benefit Claimants in Northern Ireland

Source: *Nomis, DSD.*

2.3.6.3 An additional important feature of Northern Ireland's labour market is that almost half (48.3 per cent) of those leaving the claimant count return to it within one year, indicating a significant level of recycling of claimants. Taken together, the indicators discussed above suggest that there are problems encouraging a core of the "hard-to-reach" economically inactive population to engage in the local labour market.

2.3.6.4 Taking a more detailed look at employment trends, the performance of Northern Ireland's labour market over the past five years has led to record levels of employment and low levels of unemployment. There were an estimated 788,000 people in employment at February 2008 (an increase of 16,000 in the past year).   But the working age employment rate, which is estimated at 70 per cent, is still the lowest of all the regions in the UK.

2.3.6.5 Focusing on the source of employment creation, Figure 2.5 demonstrates the importance of the service sector to employment growth in Northern Ireland. Although the manufacturing sector has experienced a decline of over 18,000 jobs since 1998, this has been offset by the growth of over 15,000 jobs in construction and almost 120,000 jobs in the service sector.

Figure 2.5: Index of Employee Jobs (Q1 1998 = 100)

Source: *DETI.*

2.3.6.6 A disproportionate number of employees work in low value-added industries such as construction, agriculture and the public sector (Figure 2.6). And much of the growth in service sector employment has been in low value-added sectors such as retailing and distribution, which require a relatively low skill level and receive a relatively low average wage.

Figure 2.6: Employee Jobs by Industry, Q4 2007

Source: *DETI, ONS.*

2.3.7   Public-Private Sector Balance

2.3.7.1   The proportion of people employed in the public sector in Northern Ireland is considerably higher than in other UK regions, accounting for 26 per cent of all jobs here compared with 19 per cent of total employment in Great Britain. That public sector employment accounts for such a large proportion of total employment is the result of the relatively low number of private sector jobs that complement the large public sector in Northern Ireland. This suggests that the private sector in Northern Ireland is underdeveloped relative to other regions in the UK, or the public sector is overdeveloped, or both.

2.3.7.2   The importance of the public sector in Northern Ireland is also enhanced because local pay levels are skewed in favour of the public sector. Data from the Annual Survey of Hours and Earnings indicates that average annual pay for full-time workers in the public sector is £26,942 compared with a private sector mean of £23,069. An analysis using the median indicates an even greater differential, with a public sector median annual wage of £25,307, well above the private sector median of £19,000. These higher earnings in the public sector may result in resource crowding out, with the public sector attracting a disproportionate share of higher skilled workers that might otherwise have been employed in the private sector.

2.3.7.3   Nevertheless, public sector expenditure has benefited the Northern Ireland economy.   It is around 70 per cent of Gross Domestic Product (GDP) in Northern Ireland, substantially above the level in other UK regions. It has cushioned the

local economy by providing stable employment during cyclical downturns, during the Troubles, and by forming a solid economic base with a significant number of jobs receiving national rates of pay. And although both public employment and public expenditure may shrink in the future as part of government efficiency-saving measures, the public sector will remain of fundamental importance to the future growth and development of the Northern Ireland economy for many years to come.

2.4   Policy Framework

2.4.1   Dispersal Policy

2.4.1.1   The debate on location and, more specifically, the dispersal of civil service jobs is longstanding. Guidance produced by the Department of Finance and Personnel in 1999 set out detailed advice on option appraisals for the NICS. The policy, which is still current, states that the possibility of dispersing civil service functions should be considered in the context of reviews and appraisals in which the location of the work is a significant cost element. This policy is reliant, however, on taking advantage of opportunity and does not constitute a proactive dispersal policy.

2.4.2   Review of Public Administration

2.4.2.1   Initial announcements about the RPA in March 2006 created the impetus for change when a new system of public administration was introduced based on the principles of subsidiarity, equality and good relations, common boundaries, and strong local government. Opportunities for well-planned services, delivered as close as possible to those receiving them, underpinned the structures that were put forward. Appropriate location of functions and services would be essential to generating such benefits as reduced bureaucracy, streamlined management structures, improved partnership working, delivery of fully integrated services, and fuller public engagement in determining priorities and shaping services.

2.4.2.2   Following the restoration of devolution, a review of the RPA was undertaken and in March 2008 the creation of eleven new local government districts was announced to facilitate the efficient and effective delivery of services to communities. Consequently, a range of functions will transfer to the new councils, including aspects of planning, rural development, the public realm aspects of local roads, urban regeneration and community development, a range of housing-related functions, and local economic development and tourism. The reform of local government will be implemented over the next three years, underpinned by a requirement to modernise local government, improve efficiency, develop effective delivery structures, and build local government capacity.

2.4.2.3   The RPA is also pivotal in terms of reform in education and health. In education, for example, major structural changes, including the new Education and Skills Authority, will create a fundamentally different approach to the way education is administered in Northern Ireland.   Likewise, the first phase of implementation of the RPA within health and social care has established five new integrated Health and Social Care Trusts with effect from April 2007. The introduction of a new Regional Health and Social Care Board, a Regional Public Health Agency, and the rationalisation of support services will radically reform the way in which health services are administered.   These changes, along with the reforms in education and local government, have not only generated interest in how services will be administered but also in where the new bodies will be located. Indeed, the location of the new RPA-related bodies has been a major catalyst for this Review and will be discussed in more detail later.

2.4.3   Workplace 2010

2.4.3.1   The physical workplace, together with office design, is another pertinent aspect of the policy framework. Workplace 2010 is part of a major programme of civil service reform aimed at rationalising and improving the civil service's office estate. It is based on the principle that well-designed office space and the use of new technology can have a significant impact on operational efficiency and effectiveness. And by so doing, Workplace 2010 is intended to drive organisational change in the civil service and improve the way in which services are delivered.

2.4.3.2   Workplace 2010 draws on established good practice in the public and private sector, which suggests that space can be more efficiently utilised through the introduction of open and flexible working and that this, in turn, provides opportunities to maximise the use of existing public sector assets. Effective design and construction can also contribute positively to improving environmental sustainability.   Workplace 2010 will be delivered through a Private Finance Initiative contract that will include the flexibility to respond to operational and organisational change, including changes in the location of civil service business. The delivery of estate-related services and the implications of workspace design are important components in the debate about public sector job location to be considered by this Review.

2.4.4 Regional Development Strategy

2.4.4.1 Notwithstanding the importance of structural and estate-related issues, relocation decisions must also consider regional development and spatial policies. The Regional Development Strategy *Shaping Our Future*, published by the Department for Regional Development in 2001, is intended:

- to guide the future development of Northern Ireland to 2025, creating an outward-looking, dynamic and liveable region and sustaining a high quality life for all;

- to include a hub, corridor and gateway framework designed to promote balanced and integrated growth across the network of cities and towns and their rural hinterlands; and

- to enhance equality of opportunity in all parts of the region and encourage the creation of balanced local communities.

2.4.4.2 Feedback from public consultation in 2007 on *Guiding Principles for the Location of Public Sector Jobs in Northern Ireland* showed a consensus that the Regional Development Strategy is an important element in the location debate. A review of the strategy is currently underway, the outcome of which is expected in 2010.

2.4.5 Sustainable Development

2.4.5.1 A recurring theme in the Regional Development Strategy is sustainability. The Sustainable Development Strategy for Northern Ireland, launched in 2006, provides a framework to help build sustainable communities. It is based on the premise that moving to a sustainable economy will drive the social progress that reduces deprivation and inequalities and improves quality of life while protecting the environment and its resources. The strategy sets out a number of priority areas for action, including climate change and energy; sustainable consumption and production; natural resource protection and environmental enhancement; and sustainable communities. Government is committed to delivering on its sustainable development strategy and the various strands of the strategy need to be carefully considered when coming to conclusions on location.

2.4.6 Public Sector Reform

2.4.6.1 Northern Ireland is currently implementing a wide-ranging programme of reform across the civil service, education, health, local government, planning, rates, and water services. These changes are reshaping the public sector to enhance the infrastructure and release resources to deliver improved public services. The key driver behind the reform agenda is rising citizen expectations in the context of constrained public finances, necessitating the delivery of significant efficiencies by all departments in 2008-11. Understanding the scale of reform and the requirement to improve services while achieving efficiencies is an important element of this Review.

2.4.6.2 There is, for example, significant reform underway in rating, water services and planning. A review of the domestic rating system has resulted in a package of short- and longer-term measures announced at the end of 2007 by the Minister of Finance and Personnel. Work is underway to deliver these improvements during 2008-09. The Executive has also confirmed that proposed new annual charges for water and sewerage would not be imposed in 2007-08. A review was established to address the longer-term financing of these services now provided by a government-owned company, Northern Ireland Water. Proposals on the design of a water and sewerage charging scheme are currently being discussed.

2.4.6.3 The Environment Minister launched a comprehensive programme of planning-system reform in November 2007. A Planning White Paper on the proposals for reform is expected later in 2008. This is closely linked to the implementation of future decisions relating to the RPA and the announcement that some aspects of planning will transfer to the new councils when they are established.

2.4.6.4 Underpinning wider public sector reform is a major programme of work to create a modern civil service. The Programme for Government refers to the need for change in the quality, efficiency and effectiveness of corporate services in the civil service. By making better use of technology, developing staff skills, and rationalising support functions, departments are seeking to focus resources on frontline priorities.

2.4.6.5 Changes to how corporate services are organised and delivered can also have implications for how and where business is conducted in the future. Rationalising such services as human resources, finance, and information technology is being considered in health and local government. The NICS has already made substantial progress in these areas. It has introduced a single electronic documents and records management system. Training and development is also managed centrally through a shared service centre. Human resource and personnel services will

be delivered from one centre (run by a private sector partner) by November 2008. Similar projects are underway for the provision of financial services and information and communications technology (ICT), both of which will be completed by April 2009. These projects, together with the availability of a single network of broadband services and the implementation of Workplace 2010, are creating a very different environment in which civil servants will work in the future.

2.4.6.6 The reform agenda also includes a range of projects about how public services are delivered. "NI Direct", for example, aims to simplify and improve public access to services. It will include a single telephone number through which people can get a large proportion of their inquiries dealt with at the first point of contact. Government web services are also being brought together to make it easier for people to interact with government online. This service will be implemented on a phased basis from December 2008. It has the potential to realise significant service improvements and cost savings.

2.4.6.7 Other modernisation initiatives include the Department of Agriculture and Rural Development (DARD) programme to roll out a network of "one-stop shops" for DARD services by 2011. DARD Direct, as it is to be known, is intended to provide farmers and others with every service they need under one roof, thus improving accessibility to more efficient and joined-up services. And the Social Security Agency's Strategic Business Review, which is developing options for future service delivery, will also mean changes in how the Agency operates and potentially where staff are located.

2.5 Conclusion

2.5.1 This chapter has sought to demonstrate the complexity of the environment in which the Review is being conducted and to give a sense of the scale of change underway. The political landscape in Northern Ireland has changed significantly and the new Executive's priorities are clearly stated in the Programme for Government. Headline figures indicate that the Northern Ireland economy, particularly its labour market, has performed well in recent years. There remain a number of structural weaknesses, however, which need to be addressed, including the high proportion of economically inactive; the large number of jobs in low value-added or declining industries; an over-reliance on the public sector; an underdeveloped private sector; and spatial variations in economic prosperity. Addressing these issues will be challenging, particularly within a tightening fiscal environment, but is essential if the economy is to prosper and achieve its full potential.

2.5.2   The public sector is operating within a complex policy landscape of organisational, structural and workspace change alongside regional strategies on spatial development and sustainability. Radical change in government is also a key theme for all public services. The structural changes across key sectors, combined with the drive towards shared services and the emphasis on improved efficiency, effectiveness and quality, present significant challenges as well as opportunities for the NICS and the wider public sector. The reform agenda will mean considerable change in the strategic focus of organisations as well as how individual members of staff carry out their jobs on a daily basis. These changes will inevitably create a degree of uncertainty among staff. It is in this dynamic and challenging context that the debate about the location of public sector jobs is taking place.

Employment and Population

CHAPTER 3

Employment and Population

3.1   Introduction

3.1.1   This chapter draws on information from a range of data sources to provide a statistical overview of public sector jobs in Northern Ireland. It provides statistics on the size and composition of the public sector, and the distribution of public sector jobs. These figures are put in context by comparing them with the distribution of the working age population and of all (i.e. public and private sector) employee jobs. In addition, projected population changes are considered, and analyses are presented of home-to-work travel patterns.

3.1.2   Size and Scope of the Public Sector

3.1.2.1   The public sector includes not just the civil service and local government but also the health and education services, the police, and a wide range of non-departmental public bodies and public corporations. At March 2008 there were 222,525 (full-time and part-time) public sector jobs in Northern Ireland compared with 499,195 private sector employee jobs and 119,210 (2007 figure) jobs in self-employment. In other words, the public sector accounts for 31 per cent of employee jobs, and 26 per cent of all jobs. The best available comparisons show that public sector employment accounts for 19 per cent of employment in Great Britain and 18 per cent of employment in the Republic of Ireland. Expressed as a proportion of the overall population (of all ages), public sector employment represents 13 per cent in Northern Ireland [a substantially higher figure than in Great Britain (10 per cent) and the Republic of Ireland (9 per cent)].

3.1.2.2   The working age population of Northern Ireland at mid-2006 was 1,077,416. Official projections released by the Northern Ireland Statistics and Research Agency (NISRA) give a projected working age population in 2015 of 1,133,600 and in 2021 of 1,132,900, in each case a rise of 5 per cent from 2006. A recent forecast, produced by Regional Forecasts Ltd, suggests that the total in employment in 2015 will be 7.9 per cent higher than in 2006: 9 per cent higher in the private sector and 5.7 per cent in the public sector. Last year, however, the then Finance Minister, Peter Robinson, stated that "our public sector is too large, given the overall size of the economy in Northern Ireland" (Hansard, vol. 24, no. 1, p. 3, col. 2). The Programme for Government refers to reducing bureaucracy and has as

a key goal "delivering 5 per cent efficiency savings on administration costs each year for the next 3 years for all Government departments".   These statements suggest that the number of jobs in the public sector is likely to decrease.

3.1.3   Data Sources and Methodological Approach

3.1.3.1   There is no single data source that provides comprehensive information on the public sector, so we have had to draw on a variety of official sources in order to shed light on the range of issues that are relevant to the present Review. The main source we have used is the Census of Employment, a statutory inquiry covering all employers in non-agricultural sectors in Northern Ireland, which is conducted biennially by the Department of Enterprise, Trade and Investment (DETI); for further details see Appendix B. The Census of Employment permits a spatial breakdown of public sector jobs, so it is ideal for our purposes. The most recent available results are from the September 2005 Census of Employment. For more up-to-date figures, though only at Northern Ireland level, we have been able to use the Quarterly Employment Survey (March 2008) conducted by DETI. Data on the occupational and religious composition of employment have come from the 2006 annual monitoring report published by the Equality Commission. To explore home-to-work travel patterns we have turned to the 2001 Census of Population as well as data relating specifically to the staff of the Northern Ireland Civil Service (NICS).

3.1.3.2   For population figures, the 2001 Census of Population has been our source since it can be disaggregated into small areas. To give a more up-to-date picture and indeed to look ahead a number of years, the population estimates and projections published by NISRA have been used.

3.1.3.3   In our analysis we have used two spatial units: travel-to-work areas (TTWAs), of which there are eleven in Northern Ireland (see Figure 3.1) and district council areas (DCAs). TTWAs are defined by the Office for National Statistics (see **http://www.statistics.gov.uk/geography/ttwa.asp "2001-based TTWA allocations"**), and are local labour markets – areas within which the majority of people both live and work. Given the nature of the Review, areas where the bulk of the resident population also work are very helpful in understanding overall imbalances in the number of public sector jobs. TTWAs meet that need; DCAs, in many cases, do not. For example, compared with the working age population there are relatively few public sector jobs in Ards, but to view that DCA in isolation would ignore its proximity to Belfast and Bangor and the fact that most employees in Public

Administration/Defence, Education, and Health and Social Work who live in Ards actually work in Belfast, Castlereagh or North Down. Accordingly, this chapter mainly presents data at TTWA level. The importance of DCAs for analytical purposes has not been discounted, however, and figures at this level have also been provided.

3.1.3.4   As can be seen from Figure 3.1, the Belfast TTWA is particularly large, ranging from the Ards peninsula to Lough Neagh and from Glenarm to Newcastle. Given the distance of some centres of population from Belfast, it would therefore be inappropriate to completely disregard areas within Belfast TTWA for potential relocation of public sector jobs.

Figure 3.1: Travel-to-work Areas*

Source: *ONS.*   *Crown Copyright*

* Travel-to-work Area names are given in **BLUE***.*

3.1.3.5 We considered whether it would be better to use the working age population or the economically active population of an area. We decided that working age population would be the preferred measure because people's decision whether to seek work can be affected by the availability of jobs, thus causing the size of the economically active population to fluctuate. Nevertheless, the economically active population is also a relevant measure and analyses based upon it are given in Appendix B.

3.1.4 Summary

3.1.4.1 The main points of Section 3.1 may be summarised as follows:

- The public sector includes not just the civil service and local government but also the health and education services, the police, and a wide range of non-departmental public bodies and public corporations.

- The public sector in Northern Ireland comprises 31 per cent of employee jobs, a higher proportion than in Great Britain or the Republic of Ireland.

- A variety of data sources have had to be used as no single source provides information on all the dimensions relevant to the present Review.

- Although local labour markets, defined in terms of travel-to-work areas, are useful and appropriate units of analysis for the Review, key analyses have also been presented by district council areas.

3.2 Distribution of Employment

3.2.1 Employer and Geographical Area

3.2.1.1 Table 3.1 gives a breakdown of the public sector by broad categories of employer. Taken together, NHS trusts, Education staff (in Boards and schools), and the eleven departments of the devolved administration account for almost three-quarters of public sector jobs. The remainder of public sector jobs are in a wide variety of bodies, including local government, the Police Service of Northern Ireland, public corporations, and UK central government.

Table 3.1: Public Sector Employee Jobs[a] at March 2008 by Type of Employer

Type of Employer	Number of Employee Jobs
NHS Trusts	71,626
Education & Library Boards (non-teaching)	40,363
Teaching Staff in all Schools	27,454
The 11 Government Departments (NICS)	25,610
Local Government (District Councils)	11,666
Police Service of Northern Ireland	11,554
Other Bodies[b] under aegis of NI Central Government	11,038
Public Corporations	9,267
UK Central Government (excluding the NIO)	6,377
Fire Service	2,172
Northern Ireland Office	2,129
Prison Service	1,883
Other Public Sector Bodies	1,386
Total	222,525

Source: *DETI Quarterly Employment Survey.*

Notes:
[a] *Excludes HM armed forces.*
[b] *This category includes, for example, the Housing Executive, Invest Northern Ireland, the Central Services Agency, and the Probation Board.*

3.2.1.2   The most recent estimated number of employees in the voluntary and community sector in Northern Ireland, which is heavily supported by government funding, is 28,932 (NICVA, 2005). Such employees are covered, though not separately identifiable, in the Quarterly Employment Survey and the Census of Employment, where they are included within the private sector figures. They equate to 6 per cent of private sector employees, and 4 per cent of all employees.

3.2.1.3   Comparative figures for the concentration of public sector jobs in capital cities in these islands are given in Table 3.2.   Caution must be exercised in drawing conclusions from the data, given the very different geographies of each country. And although the picture in Northern Ireland is similar to that in the Republic of Ireland, there has been a dispersal of public sector jobs from Dublin since the year to which the figures relate (2006). In each of the three countries of Great Britain, however, the proportion of public sector jobs in the capital is only half (or less) than that in Northern Ireland. To help set these figures in context, Table B19 of Appendix B shows the proportion of the population of each country that lives in the capital city.

Table 3.2: Public Sector Jobs[a] in Capital Cities[b,c]

	Northern Ireland	England	Wales	Scotland[d]	Republic of Ireland
Public sector jobs in capital as proportion of public sector jobs in country (%)	31	16	16	13	34
Public sector jobs in capital as proportion of economically active population[e] in country (%)	8	3	4	3	6
Public sector jobs in capital as proportion of population of working age[f] in country (%)	6	2	3	2	4

Source:
*DETI Census of Employment; mid-year population estimates; Labour Force Survey;
Public Sector Employment Series; Quarterly National Household Survey; Irish Census.*

Notes:
[a] *As at September 2005 for Northern Ireland; Q3 2006 figures for England (seasonally adjusted); Q4 2007 for Wales and Scotland; April 2006 for Republic of Ireland.*
[b] *For the Republic of Ireland, Dublin city and county.*
[c] *For Northern Ireland, Belfast City Council area.*
[d] *The number of people in public sector jobs in Edinburgh is not currently available. The estimated number is based on Scotland-level information from the Public Sector Employment Series and information about Edinburgh from the Annual Population Survey.*
[e] *As at December 2007-February 2008 for Northern Ireland, England, Scotland and Wales (seasonally adjusted figures). As at September-November 2006 for Republic of Ireland.*
[f] *As at 2006. Republic of Ireland figure is all aged 15-64.*

3.2.1.4   Table 3.3 shows the number of public sector jobs in each TTWA. Some 60 per cent of these are in the Belfast TTWA. The area with fewest public sector jobs is Strabane, with 1 per cent of such jobs.

Table 3.3: Public Sector Employee Jobs[a] at September 2005 by Travel-to-work Area

Travel-to-work Area	Full-time	Part-time	Total	Full-time Equivalent (FTE)[b]
Ballymena	4,753	3,370	8,123	6,438.0
Belfast	87,487	41,716	129,203	108,345.0
Coleraine	5,695	3,767	9,462	7,578.5
Craigavon	10,403	7,415	17,818	14,110.5
Derry	12,083	5,553	17,636	14,859.5
Dungannon	2,327	2,403	4,730	3,528.5
Enniskillen	3,668	1,891	5,559	4,613.5
Mid Ulster	2,877	2,882	5,759	4,318.0
Newry	5,838	5,562	11,400	8,619.0
Omagh	5,029	2,410	7,439	6,234.0
Strabane	1,301	973	2,274	1,787.5
Northern Ireland	**141,461**	**77,942**	**219,403**	**180,432**

Source: *DETI Census of Employment.*

Notes:

[a] *Excludes HM armed forces.*

[b] *FTE figures provide a total that is based on a distinction between full-time and part-time jobs. In this report, FTE figures have been calculated by counting each part-time employee job as 0.5 of a full-time employee job.*

3.2.1.5 Table 3.4 sets the number of public sector jobs in context by comparing them with the population of working age and giving a prevalence rate. (An equivalent table using the economically active population, Table B1, is given in Appendix B.) The range is from 8.2 to 21.5 full-time equivalent jobs for every 100 people of working age. The lowest figures are for Strabane (8.2), Mid Ulster (9.7), Newry (12.0) and Dungannon (12.0). The highest figures are for Omagh (21.5), Belfast (20.7) and Derry (17.2). Figures 3.2 and 3.3 present the data in a chart and a map respectively.

Table 3.4: Full-time Equivalent (FTE) Public Sector Jobs[a] per 100 of the Working Age Population by Travel-to-work Area

Travel-to-work Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Working Age Population
Ballymena	46,054	6,438.0	14.0
Belfast	522,567	108,345.0	20.7
Coleraine	53,010	7,578.5	14.3
Craigavon	85,575	14,110.5	16.5
Derry	86,207	14,859.5	17.2
Dungannon	29,402	3,528.5	12.0
Enniskillen	35,738	4,613.5	12.9
Mid Ulster	44,565	4,318.0	9.7
Newry	71,800	8,619.0	12.0
Omagh	29,055	6,234.0	21.5
Strabane	21,727	1,787.5	8.2
Northern Ireland	1,025,700	180,432	17.6

Source:

Census of Population 2001 and DETI Census of Employment 2005. In this and subsequent tables, Crown copyright material is reproduced with the permission of the Controller of HMSO under the terms of the Click-Use Licence, Number C2007001949.

Notes:

[a] Excludes HM armed forces.

Figure 3.2: Full-time Equivalent Public Sector Jobs[a] per 100 of the Working Age Population by Travel-to-work Area

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:

[a] Excludes HM armed forces.

Figure 3.3: Full-time Equivalent Public Sector Jobs[a] per 100 of the Working Age Population by Travel-to-work Area

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:
[a] *Excludes HM armed forces.* *Crown Copyright*

3.2.1.6 Figure 3.4 presents the same information as Figure 3.2, but for district council areas; the underlying data are given in Table B2 of Appendix B. For DCAs within, or mainly within, the Belfast TTWA, by far the highest rate of public sector jobs for every 100 people of working age is in Belfast (35.6) followed by Castlereagh (25.7) and Antrim (23.9); all the other DCAs – Ards, Carrickfergus, Down, Larne, Lisburn, Newtownabbey, and North Down – are much lower, with Larne (8.0) being the lowest. For DCAs within, or mainly within, the Coleraine TTWA, the highest rate of public sector jobs is in Coleraine (15.6), well above Ballymoney (10.0) and Moyle (9.5). The two DCAs that are wholly or mainly within the Craigavon TTWA – Armagh and Craigavon – have very similar rates of public sector jobs (17.2 and 17.0 respectively). Of the two DCAs that are wholly or mainly within the Derry TTWA, Derry (19.2) has a much higher rate than Limavady (11.8). Of the two DCAs that are wholly or mainly within the Mid Ulster TTWA, Magherafelt (11.5) has a higher rate of public sector jobs than Cookstown (7.6). Of the two DCAs that are wholly or mainly within the Newry TTWA, Newry and Mourne (13.1) has a higher rate than Banbridge (8.8). The rate of public sector jobs in the five DCAs that are approximately TTWAs in their own right varies widely: Ballymena (16.8), Dungannon (12.4), Fermanagh (13.1), Omagh (21.5), and Strabane (7.9).

Figure 3.4: Full-time Equivalent Public Sector Jobs per 100 of the Working Age Population by District Council Area

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

3.2.2   Gender Composition of Public Sector Jobs

3.2.2.1   The Census of Employment does not collect data on occupational classification. This information is available, however, in the annual monitoring reports published by the Equality Commission; but these reports do not include data on school teachers. As can be seen from Figure 3.5 (and Table B3), public sector employees are predominantly female: of the jobs covered in the Equality Commission's monitoring report, some 62 per cent were filled by females. To put this figure in context, the Labour Force Survey estimates that females constitute 45 per cent of the economically active population.

3.2.2.2   The composition of occupational groups ranged from 93.8 per cent male and 6.2 per cent female (Process, Plant and Machine Operatives) to 20.2 per cent male and 79.8 per cent female (Personal Service Occupations).

Figure 3.5: Gender Composition of Public Sector Employees (Full-time and Part-time) by Standard Occupational Classification

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

3.2.3   Religious Composition of Public Sector Employment

3.2.3.1   The Equality Commission's 2006 Monitoring Report notes that the LFS Religion Report (2005) estimates that the Catholic share of the economically active population lies somewhere between 40.4 per cent and 44.0 per cent.   Although the overall religious composition of the public sector is in line with the religious composition of the economically active population, it varies considerably in various parts of the public sector, as can be seen from Figures 3.6 and 3.7. (The exact proportions are given in Tables B4 and B5.) For example, in Figure 3.6 it ranges from 85.1 per cent Protestant and 14.9 per cent Catholic in the security-related sub-sector to 47.0 per cent Protestant and 53.0 per cent Catholic in the miscellaneous sub-sector. In most sub-sectors, the composition lies outside the estimated composition of the economically active (i.e. there appears to be an imbalance of some kind).

3.2.3.2   As is well known, there is a large under-representation of Catholics in security-related public sector jobs. Looking at the public sector excluding security-related jobs, there is an under-representation of Protestants: see Tables 3.5 and B6, which show 53.1 per cent of employees in this category were Protestant compared with 56.2 per cent in the public sector as a whole. Relocation of non-security-related public sector jobs would have the potential either to increase or decrease this imbalance. The magnitude and direction of change would depend on the number of jobs involved and the religious composition of the catchment area from which new recruits would be drawn.

Figure 3.6: Composition of Public Sector Full-time Employees (excluding those of Non-determined Community Background) by Sub-sector

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

Figure 3.7: Composition of Public Sector Part-time Employees (excluding those of Non-determined Community Background) by Sub-sector

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

Table 3.5: Composition of Public Sector Employees (excluding those in Security-related Occupations and excluding those of Non-determined Community Background)

	Protestant (%)	Roman Catholic (%)
Full-time	52.9	47.1
Part-time	54.3	45.7
Total	53.1	46.9

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

3.2.3.3   As can be seen from Figure 3.8 and Table B6, when those of non-determined community background are excluded, the religious composition of occupational groups ranged from 66.9 per cent Protestant and 33.1 per cent Catholic (Skilled Trades Occupations) to 52.5 per cent Protestant and 47.5 per cent Catholic (Professional Occupations).   A gender breakdown is given in Tables B7 and B8.

Figure 3.8:   Religious Composition of Total Public Sector Employees (Full-time and Part-time) by Standard Occupational Classification

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

3.2.4   Total Employee Jobs (Public and Private Sector Combined)

3.2.4.1   So far this chapter has considered only the distribution of public sector jobs. In reaching a view on whether public sector jobs should be relocated, however, it is appropriate to look at the distribution of total employee jobs. This information is given in Figures 3.9 and 3.10. (The underlying figures are given in Table B13, along with further data classified by DCAs and the economically active population.)

3.2.4.2   The pattern that emerges in Figure 3.9 shows some marked differences from Figure 3.2, which relates to public sector jobs only, as well as some similarities. Belfast has the highest rate of jobs for every 100 people of working age (61.2), and Strabane the lowest (33.2). Ballymena and Dungannon, however, have considerably higher rankings than in Figure 3.2 – second (57.7) and third (55.5) respectively – whereas Coleraine, Derry, and Omagh have considerably lower rankings – eighth (48.0), seventh (48.4) and fifth (50.7) respectively.

Figure 3.9: Full-time Equivalent Jobs[a] (in Public and Private Sectors[b]) per 100 of the Working Age Population by Travel-to-work Area

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:
[a] *Employee jobs; does not include self-employment.*
[b] *Excludes HM armed forces and Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.*

Figure 3.10: Full-time Equivalent Jobs[a] (in Public and Private Sectors[b]) per 100 of the Working Age Population by Travel-to-work Area

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:
[a] *Employee jobs; does not include self-employment.*
[b] *Excludes HM armed forces and Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.*

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3.2.5   Population Change over Time

3.2.5.1   The previous tables in this chapter have used population figures from the 2001 Census of Population, since that is the most recent count of the population and the only source from which small area, and hence TTWA, figures on working age population are available.   Mid-year estimates of population as at 2006, however, are available for DCAs, as are projections to 2021. A version of the data underlying Figure 3.4 (DCA-level figures on the number of public sector jobs per 100 of the working age population) using mid-2006 population estimates is given in Table B15. It shows a very similar pattern to Figure 3.4.

3.2.5.2   For each year of the projections the previous year's figure is "aged on" by one year; births, which are projected to occur during the year, are added; deaths, which are projected to occur during the year, are removed; and, finally, changes in migration (including internal migration within Northern Ireland) are incorporated. Northern Ireland and DCA projections are the result of applying long-term demographic assumptions only. They are based solely on historical trends in fertility, mortality, and migration; they do not take into account any planned policy changes that may influence population distribution. DCA figures tend to be less reliable than Northern Ireland figures, as smaller areas will be more affected by changes in migration. Also the reliability of projections decreases over time.

3.2.5.3   Table 3.6 shows how the working age population is projected to change over the period 2006-2021. The 2021 figures (fifth row) are the 2006 figures (first row) with the "demographic momentum", that is the impact of "ageing on" the population (second row) added, projected net migration (third row) added, and projected deaths (fourth row) subtracted. Combining the numbers in the first four rows in this way does not give exactly the same number as appears in the fifth row, simply because all the numbers have been rounded to the nearest hundred.

Table 3.6: Projected Change in Northern Ireland Working Age Population, 2006-2021

Population Working Age 2006 (mid-year estimate)	1,077,400
Demographic Momentum (2006 to 2021) (Ageing Factor)	73,400
Projected Net Migration (2006 to 2021) (Working Age)	16,900
Deaths (2006 to 2021) (Working Age)	34,600
Population Working Age (2021 population projection)	1,132,900
Change 2006 - 2021	5.2%

Source: *NISRA.*

3.2.5.4   DCA figures, and aggregations approximating TTWAs, are given in Table B16 of Appendix B; these show considerable variation across DCAs, with a particularly high level of population growth (45 per cent) projected for Dungannon.   Projected net migration is a major influence on these projected changes: in many areas it has a bigger effect than the age structure of the population.

3.2.6   Summary

3.2.6.1   The main points of Section 3.2 may be summarised as follows:

- Public sector jobs are not evenly distributed across Northern Ireland, with the number of public sector jobs per 100 people of working age ranging from 8.2 in the Strabane TTWA to 21.5 in the Omagh TTWA. The equivalent figure for the Belfast TTWA is 20.7.

- The pattern of distribution of all jobs (public plus private sector) is not the same as that of public sector jobs only, but there are some similarities. The number of employee jobs for every 100 people of working age ranges from 33.2 in the Strabane TTWA to 61.2 in the Belfast TTWA.

- The representation of females in the public sector is considerably greater than in the economically active population as a whole.

- In aggregate, the religious composition of the public sector is in line with that of the economically active population. The aggregate figure, however, masks an under-representation of Catholics in security-related jobs, which is offset by an under-representation of Protestants in non-security-related jobs.   Relocation of non-security-related public sector jobs would have the potential either to increase or decrease this imbalance. The magnitude and direction of change would depend on the number of jobs involved and the religious composition of the catchment area from which new recruits would be drawn.

- In each of the three countries of Great Britain, the proportion of public sector jobs in the capital city is only half (or less) of the proportion of public sector jobs in Belfast; but given the very different geographies of each country these figures need to be interpreted with caution.

- Population projections suggest that there will be growth of around 5 per cent in the working age population between 2006 and 2021, but there is considerable variation across DCAs, with a particularly high level of population growth (45 per cent) projected for Dungannon.   Projected net migration is a major influence on these projected changes.

3.3   Travel-to-work Patterns

3.3.1   Wider Public Sector

3.3.1.1   The Census of Employment does not contain any information on where employees live. For the public sector as a whole the best that can be done on this aspect is to use the 2001 Census of Population. It does not identify public sector employees as such, but it is possible to produce a reasonable proxy for these by using employees in Public Administration and Defence, Social Security, Education, and Health and Social Work. (DETI figures show that 87 per cent of public sector jobs are in these industry groups, and that 78 per cent of employee jobs in these industry groups are in the public sector.)

3.3.1.2   The 2001 Census can then be used to compare where such employees live with where they work (see Table 3.7). It shows approximately 30 per cent of these employees working in Belfast, 5 per cent working in Lisburn, and 5 per cent working in Castlereagh. There were people living in every DCA who worked in Belfast: including, for example, 644 from Newry and Mourne, 449 from Armagh, 361 from Dungannon, and 264 from Derry. Some 6 per cent of employees in Table 3.7 had a work address in Derry. Of these, 76 per cent had their home address in Derry and 8 per cent had their home address in Limavady, while 6 per cent (771) had their home address in Strabane, and 3 per cent (409) had their home address in Coleraine.

3.3.2   Northern Ireland Civil Service

3.3.2.1   Table 3.8 shows the home-to-work travel patterns of staff in the Northern Ireland Civil Service. The workplace of almost 60 per cent (17,711) of the staff is in Belfast. There are staff from every DCA who work in Belfast.   At January 2007, 331 people from Newry and Mourne, 317 people from Magherafelt, 230 people from Derry, 216 people from Armagh, 196 people from Dungannon, 132 people from Cookstown, 127 people from Strabane, and 116 people from Fermanagh were working in Belfast. Other DCAs with over 1,000 NICS jobs were Derry, with 1,863 staff (whose home addresses were mainly in Derry, Limavady and Strabane); Coleraine, with 1,202 staff (whose home addresses were mainly in Ballymoney, Coleraine and Limavady); and North Down, with 1,038 staff (whose home addresses were mainly in Ards and North Down).

Table 3.7: District Council Area of Home Address and Work Address of Public Sector Employees[a]

DCA of Home Address	DCA of Work Address											
	Antrim	Ards	Armagh	Ballymena	Ballymoney	Banbridge	Belfast	Carrickfergus	Castlereagh	Coleraine	Cookstown	Craigavon
Antrim	4,490	12	11	423	11	7	1,408	46	123	22	20	46
Ards	41	2,928	21	22	0	24	3,429	23	1,509	0	0	46
Armagh	12	8	3,941	4	4	131	449	0	28	9	26	1,060
Ballymena	1,308	14	14	3,714	115	3	773	24	50	103	23	27
Ballymoney	121	3	5	295	1,148	0	190	3	8	579	14	4
Banbridge	38	14	233	11	0	1540	1,036	6	123	3	10	756
Belfast	347	243	87	140	0	47	25,444	152	2,165	30	15	221
Carrickfergus	177	19	17	83	0	0	1765	1,418	123	8	6	11
Castlereagh	97	210	21	33	0	15	6,034	48	2,842	4	8	80
Coleraine	89	7	25	210	663	3	299	0	13	4,360	18	10
Cookstown	61	0	121	50	9	4	209	3	12	21	1,342	82
Craigavon	83	15	624	19	0	276	1,244	9	92	3	22	4,827
Derry	13	0	9	12	16	3	264	0	17	118	8	9
Down	33	154	26	15	0	56	2,148	10	782	0	0	42
Dungannon	15	0	535	7	0	9	361	3	11	9	176	427
Fermanagh	9	10	48	3	0	0	243	3	12	12	7	19
Larne	244	5	3	167	5	0	726	260	54	4	3	15
Limavady	31	4	15	25	33	0	120	3	8	240	3	3
Lisburn	322	58	131	37	3	164	5,746	38	743	7	26	449
Magherafelt	382	5	18	242	56	0	476	9	16	146	249	35
Moyle	44	0	3	130	200	0	127	3	7	243	3	3
Newry and Mourne	14	0	411	3	3	192	644	4	44	10	6	196
Newtownabbey	466	39	23	244	6	7	4,543	287	335	15	7	37
North Down	83	985	10	25	3	6	3,993	47	1,041	6	3	38
Omagh	10	0	29	4	0	4	173	3	5	5	44	28
Strabane	4	0	4	4	3	3	89	0	5	9	4	3
Total	8,534	4,733	6,385	5,922	2,278	2,494	61,933	2,402	10,168	5,966	2,043	8,474

Source: *Census of Population 2001.*

Notes:
[a] *All employees aged 16 to 74 who work inside Northern Ireland in industry groups L 'Public administration and defence, social security'; M 'Education'; and N 'Health and social work'.*

						DCA of Work Address								
Derry	Down	Dungannon	Fermanagh	Larne	Limavady	Lisburn	Magherafelt	Moyle	Newry and Mourne	Newtownabbey	North Down	Omagh	Strabane	Total
19	19	6	0	26	11	198	116	5	8	268	56	6	3	7,360
12	245	3	5	3	10	206	0	0	10	65	1,218	4	10	9,834
16	8	304	18	0	9	91	7	0	313	12	20	39	5	6,514
21	7	7	4	96	35	62	138	33	4	143	33	9	3	6,763
33	0	3	0	7	58	9	35	94	3	13	16	14	3	2,658
8	172	37	3	0	3	560	3	0	417	22	29	3	0	5,027
76	202	33	18	54	11	912	30	3	66	861	685	25	0	31,867
8	5	0	0	123	7	92	5	0	5	916	80	3	3	4,874
23	189	12	5	12	12	366	7	0	23	143	405	6	0	10,595
409	9	12	15	5	495	15	127	136	6	32	23	60	17	7,058
36	3	389	5	0	14	16	367	0	3	6	11	113	6	2,883
22	77	153	5	10	4	497	3	0	140	30	51	26	0	8,232
9,902	3	7	20	0	294	16	25	0	7	7	24	230	214	11,218
16	4,930	7	3	6	3	369	0	0	203	47	113	0	3	8,966
32	7	2,594	106	0	7	46	37	0	35	6	15	230	6	4,674
54	7	110	4,862	0	6	13	6	0	15	11	10	494	36	5,990
4	4	0	0	1,370	8	47	5	4	3	390	39	3	4	3,367
1,089	0	3	9	3	2,254	7	16	3	3	6	13	78	59	4,028
23	199	59	10	15	11	6,378	6	3	112	152	180	15	0	14,887
119	0	57	5	6	69	15	2,141	7	4	47	8	45	10	4,167
15	3	3	3	52	22	4	5	683	3	16	5	0	3	1,580
58	263	35	6	0	3	62	5	3	5,795	16	28	21	3	7,825
28	26	7	0	117	18	203	20	4	9	3,192	146	7	0	9,786
15	89	7	4	7	15	218	0	0	8	175	5,004	10	3	11,795
137	4	174	239	0	16	10	14	0	18	4	12	4,617	210	5,760
771	3	11	35	0	18	10	10	0	4	0	12	571	1,659	3,232
12,946	6,474	4,033	5,380	1,912	3,413	10,422	3,128	978	7,217	6,580	8,236	6,629	2,260	200,940

Table 3.8: NICS Staff by Work District Council Area and Home District Council Area[a]

DCA of Home Address	DCA of Work Address											
	Antrim	Ards	Armagh	Ballymena	Ballymoney	Banbridge	Belfast	Carrickfergus	Castlereagh	Coleraine	Cookstown	Craigavon
Antrim	137	1	0	59	0	0	478	4	4	35	4	3
Ards	3	131	1	3	0	0	1,536	3	46	1	0	2
Armagh	5	0	155	7	0	1	216	2	2	0	5	142
Ballymena	75	0	0	354	5	0	387	3	3	48	5	2
Ballymoney	12	0	0	66	49	0	137	0	0	140	1	0
Banbridge	9	1	7	4	0	68	456	4	12	0	3	75
Belfast	11	10	2	20	0	0	4,051	34	111	7	3	7
Carrickfergus	7	0	0	6	0	0	534	98	9	0	0	2
Castlereagh	1	6	0	8	0	0	1,504	15	99	4	2	5
Coleraine	12	1	0	64	31	0	171	0	2	531	0	0
Cookstown	20	0	6	25	0	0	132	2	0	10	75	6
Craigavon	11	0	38	3	0	13	702	3	17	3	5	362
Derry	5	0	0	13	0	0	230	0	0	62	0	6
Down	8	15	1	3	0	4	968	7	60	1	1	26
Dungannon	12	0	46	6	0	3	196	0	3	3	24	54
Fermanagh	10	0	3	8	0	0	116	0	5	2	3	3
Larne	5	0	0	37	0	0	282	30	0	18	1	0
Limavady	2	0	0	5	1	0	118	1	0	121	1	0
Lisburn	20	5	4	8	0	4	1,254	17	51	4	5	39
Magherafelt	44	0	0	73	2	0	317	0	1	78	29	0
Moyle	4	0	0	41	12	0	60	1	1	69	0	0
Newry and Mourne	7	1	33	4	0	14	331	1	7	0	3	82
Newtownabbey	27	0	0	23	0	1	1,136	42	18	6	2	4
North Down	2	43	0	5	0	0	1,328	18	38	1	0	3
Omagh	6	0	2	5	0	0	105	0	2	12	5	2
Strabane	3	0	0	7	0	0	127	0	1	12	0	5
Outside NI or data missing	14	18	15	29	5	7	839	50	34	34	6	37
Total	472	232	313	886	105	115	17,711	335	526	1,202	183	867

Source: *NICS Human Resource Management System.*

Notes:
[a] *As at 1 January 2007.*

DCA of Work Address															
Derry	Down	Dungannon	Fermanagh	Larne	Limavady	Lisburn	Magherafelt	Moyle	Newry and Mourne	Newtownabbey	North Down	Omagh	Strabane	Outside NI or data missing	Total
2	4	0	1	3	0	26	1	0	0	9	7	0	0	5	783
7	39	0	2	0	1	28	0	0	3	4	293	0	0	4	2,107
20	5	6	12	1	0	10	0	0	46	0	5	4	0	5	649
9	1	1	0	7	0	12	4	1	0	2	7	0	0	0	926
3	0	0	0	0	1	2	0	4	1	0	2	0	0	0	418
8	35	0	1	1	0	70	0	0	58	3	2	1	0	9	827
7	32	1	0	2	3	62	0	0	1	27	62	2	0	24	4,479
2	1	0	1	11	0	8	0	0	1	17	6	0	0	2	705
1	20	0	1	0	0	23	0	0	2	1	51	1	0	10	1,754
39	0	0	1	1	34	5	2	2	0	0	0	1	1	1	899
8	0	46	6	0	0	2	20	0	16	0	0	40	0	1	415
5	8	15	2	2	1	112	0	0	40	0	4	2	0	11	1,359
980	1	0	7	0	10	4	3	0	1	0	2	17	11	0	1,352
3	375	1	0	0	0	42	0	0	25	1	27	2	0	8	1,578
16	0	135	25	0	0	4	2	0	17	0	0	42	0	1	589
32	1	7	383	0	1	1	0	0	19	0	2	67	2	0	665
4	1	0	0	89	0	11	0	0	0	5	1	0	0	1	485
249	0	0	0	0	105	0	1	0	0	0	2	3	0	1	610
2	38	0	0	4	1	201	1	0	4	6	20	1	0	15	1,704
23	0	4	2	0	1	3	85	0	4	2	3	15	0	1	687
2	0	0	0	1	1	7	0	12	0	1	0	0	0	0	212
6	61	4	1	1	0	17	0	0	278	0	2	0	0	6	859
4	5	0	0	14	0	19	0	0	0	74	11	0	0	3	1,389
7	15	0	0	0	0	13	0	0	0	0	482	0	0	7	1,962
57	0	12	74	1	0	1	0	0	5	0	2	399	8	0	698
267	0	1	28	0	3	2	0	0	2	0	2	132	99	0	691
100	19	9	43	8	20	45	4	2	29	5	43	32	8	12	1,467
1,863	661	242	590	146	182	730	123	21	552	157	1,038	761	129	127	30,269

3.3.3   Distance Travelled to Work

3.3.3.1   The distance travelled to work by most NICS staff (i.e. those for whom both home address and workplace address are available) can be measured. These address data have been analysed using a geographic information system model known as "Simplified Modelling for Spatial Systems" (SMOSS). This model calculates road distances between two points: in this case, for each civil servant the centroid of the Census Output Area of the home address and the centroid of government buildings in the ward of the workplace. We would have ideally examined the time taken for the journey to work, since this is arguably more important than the distance, but owing to the myriad of factors involved it has not been possible to measure this.

3.3.3.2   Figure 3.11 presents the home-to-work distance by road for all NICS staff. (Equivalent information for various grade levels is given in Appendix B, Table B17, and data for each DCA in the Belfast TTWA is given in Table B18.) The data do not directly answer the question "How far would public servants be willing to travel to work?", but they do show that almost half of NICS staff currently travel 10 or more miles, almost a third travel 15 or more miles, and almost a quarter travel 20 or more miles. Only 11 per cent travel 30 or more miles to work. Clearly, there are dangers in generalising on this subject: hundreds of people are prepared to commute at least 50 miles to work, whereas there are likely others to whom a 10-mile journey would be unacceptably long.   Without the appropriate transport infrastructure, even a relatively short journey to work could be highly problematic. Of those who do travel quite long distances to work, a reasonable assumption is that many would prefer a shorter journey.

Figure 3.11: Distance Travelled to Work by NICS Staff[a]

Source: *NICS Human Resource Management System.*

Notes:

[a] *As at 1 January 2007.*

3.3.4   Summary

3.3.4.1   The main points of Section 3.3 may be summarised as follows:

- Around 30 per cent of employees in Public Administration and Defence, Social Security, Education, and Health and Social Work (combined) work in the Belfast City Council area, as do some 60 per cent of staff in the Northern Ireland Civil Service.

- There are people from every district council area who work in the public sector in Belfast. Often these number hundreds, even from district council areas remote from Belfast, such as Derry.

- We do not have direct evidence to answer the question "How far would public servants be willing to travel to work?", but data relating to the Northern Ireland Civil Service show that almost half of NICS staff currently travel 10 or more miles, almost a third travel 15 or more miles, and almost a quarter travel 20 or more miles.

3.4   Conclusion

3.4.1   The public sector is particularly important in Northern Ireland, accounting as it does for some 31 per cent of employee jobs. It comprises a wide range of employers across health and education services, central and local government, the police, and other organisations.

3.4.2   Public sector jobs are widely dispersed across district council areas, but this distribution is uneven, with Belfast having by far the highest proportion per head of the working age population. There are difficulties in making comparisons between different countries, but in each of the three countries of Great Britain the proportion of public sector jobs in the capital city appears to be only half (or less) than the proportion of public sector jobs in Belfast.

3.4.3   Analysis of travel-to-work areas shows that the Belfast TTWA has a very high proportion of public sector jobs per head of the working age population, but slightly behind Omagh. By way of contrast, Strabane is the TTWA with the lowest proportion of public sector jobs.

3.4.4   In considering the relocation of public sector jobs, equality issues – not least gender and religion – need to be taken into account. Given the comparatively high representation of females in the public sector and the large variation in the

gender composition of occupational groups, there is potential for any relocation to have a gender effect.

3.4.5   In aggregate, the religious composition of the public sector is in balance with that of the economically active population, but many sub-sectors have an imbalance. In particular, there is an under-representation of Catholics in security-related jobs. This is offset by an under-representation of Protestants in non-security-related jobs. Relocation of non-security-related public sector jobs would have the potential either to increase or decrease this imbalance. The magnitude and direction of change would depend on the number of jobs involved and the religious composition of the catchment area from which new recruits would be drawn.

3.4.6   The analysis of travel-to-work patterns has revealed that there are people travelling from all district council areas in Northern Ireland to work in the public sector in Belfast. Hence the relocation of jobs out of Belfast has the potential to reduce the commuting burden experienced by many public sector workers.

Theory of Relocation

4

CHAPTER 4

Theory of Relocation

4.1 Introduction

4.1.1 This chapter assesses the case for relocating public sector jobs. It draws on the relevant academic literature to ascertain the reasons a government might consider dispersing public sector jobs from a capital city as part of public policy. It outlines the main arguments in favour of relocating these jobs, as well as the potential risks and management considerations of doing so.

4.1.2 The literature suggests that there are three main reasons for relocation: first, to enhance the delivery of public services by improving operational efficiency and effectiveness; second, to promote more balanced regional economic development and reduce social deprivation; and third, to promote sustainability by achieving environmental benefits through changing commuter patterns, operating in more energy-efficient buildings, and helping to revitalise the economic and social infrastructure of local communities.

4.2 Service Delivery

4.2.1 Cost Savings

4.2.1.1 Important factors in business relocation decisions in the private sector include cost savings, competitiveness and changes in business processes, which positively impact on profit margins. The rationale in the public sector is slightly different. Although profit margins are not applicable in this sector, a key aim is to deliver value for money to taxpayers through the delivery of effective and efficient services.

4.2.1.2 Relocation can generate efficiency savings. In particular, cost savings in premises and labour are viewed as key relocation drivers. In both the public and private sectors, the bulk of operating costs arise from labour and property. Within national economies, these costs can vary considerably between regions. Therefore, depending on the extent of inter-regional cost disparities, there may be scope for cost savings to be achieved as part of a relocation policy. In particular, a movement of jobs from overheated locations with tight labour markets and pressurised property markets to locations with labour and property markets characterised by a greater degree of slack presents significant potential to achieve cost savings.

4.2.1.3   Much of the available literature on cost savings is concentrated on the example of relocating jobs from London and the South East towards more peripheral regions of the UK. Some recent research has estimated that transferring one thousand staff out of London could save as much as £35 million in labour costs over a decade, and that prime office space in London is, in some instances, five to six times more expensive than in other UK cities (Experian, 2004).

4.2.1.4   In some peripheral economies the potential for cost savings is not as great as that which could be achieved by relocating jobs from a large economy such as London. Some economies have little scope for cost savings on labour as pay is negotiated nationally; and sometimes commercial property costs do not have significant spatial variations, therefore limiting the potential for cost savings. In such economies the scope for cost savings is likely to arise from business process re-engineering rather than directly from relocation.

4.2.2   Catalyst for Change

4.2.2.1   Relocation can spur the adoption of new business practices, processes and technology as well as improvements in organisational culture (Gershon, 2004). Relocation can bring significant benefits to organisations, enabling them to reduce operating costs, reshape their culture, and modernise working practices with new technology (Experian, 2004). Relocation can therefore be a useful tool for public sector organisations faced with demands to operate more efficiently, particularly within a tightening fiscal environment.

4.2.2.2   In particular, relocation can provide an opportunity for organisations to implement change, especially technological change. Reorganising the way work is conducted by using telephone and video conferencing facilities and electronic means of communication (especially e-mail) is particularly effective where the information and communications technology (ICT) network is updated at the same time as relocation (Marshall, 2007).

4.2.2.3   Technology, as Chapter 6 makes clear, can also be used as a basis for changing the way, and location from which, staff work. Telecommuting is defined as the utilisation of telecommunications for work-related activities for the purpose of reducing commuting-related costs (Salomon, 1998). In earlier years, this tended to be restricted to the home-based working made possible by information technologies and telecommunications links. In more recent years, the definition has been stretched to include those working remotely in telecentres, and mobile workers (for example, those who operate from touch-down office facilities). The central idea behind the concept is work that has been relocated because of the opportunities inherent in technology (Perez et al., 2004).

4.2.2.4 Implementing telecommuting procedures as part of a relocation policy can bring a number of benefits, including reducing traffic congestion and air pollution (Handy and Mokhtarian, 1996; Novaco et al., 1991); reducing business costs and providing businesses with access to a larger labour pool (Salomon, 1998); responding to employees' needs for work-life balance (Madsen, 2003); and providing a more flexible and inclusive society by offering employment opportunities for mobility-limited groups (Matthes, 1992).

4.2.2.5 Technology can also act as an enabler in moving middle and senior level jobs outside capital cities. There is often a perception that senior staff in the public sector require proximity to ministers and other senior staff. Although this requirement may constrain the scope to relocate some posts in the upper echelons of the public sector, it is now possible to derive benefits from relocating even relatively communications-intensive functions (Marshall et al., 2005b).

4.2.3 Workplace Design and Staff Performance

4.2.3.1 A number of benefits can arise as a result of relocating premises, especially if existing premises are no longer sufficient to meet operational requirements. Relocation is not a prerequisite for introducing a new workplace, but it can provide an opportunity to start again with state-of-the-art modern premises, which can then act as a catalyst in achieving efficiency savings. Major efficiency, cultural and customer-service benefits are likely to accrue if staff like where they work and the building environment facilitates communication and modern working practices (Experian, 2004; Marshall et al., 2005a). Research suggests that a more pleasant and healthier internal environment is, among other things, more likely to improve staff retention and reduce sick leave (Gullickson and Tressler, 2001; PricewaterhouseCoopers, 2000; University of West of England and PriceWaterhouseCoopers, 2005).

4.2.3.2 While the working environment has an important influence on staff, the actual spatial locality of their employment is also important. Personal factors associated with geography are linked to the creation of job satisfaction. For example, in a recent study both male and female nurses cited having a work location close to home and being able to respond to children's or elderly parents' needs in an emergency as important contributors to their satisfaction (McNeese-Smith, 1999).

4.2.3.3 Relocation can also lead to an improvement in the quality of service delivery resulting from operating within a different labour market (Lyons, 2004). A relocation from a capital city can attract better quality labour from peripheral regions where labour markets are less tight, and this can contribute to improvements in the quality of public service delivered. A number of post-move evaluations suggest that relocations can

achieve improvements in business operation, including significant improvements in response times and in the quality of service provided (Marshall, 2007).

4.2.4   Innovative Approaches

4.2.4.1   Relocating public sector jobs provides an opportunity to relocate a mix of posts, including both senior and junior posts. This helps staff to further their careers through promotion at the new location, thereby contributing to reduced staff turnover. Relocating a significant number of professional and senior administrative jobs also helps to reduce any under-representation of such occupations and skills in the destination-locations, thereby helping to bolster the pool of skills and local institutional capacity (Marshall et al., 2003).

4.2.4.2   Cities represent the spatial manifestation of economic activity – large, urban agglomerations in which businesses choose to locate in order to benefit from proximity to other businesses and external economies of scale (HM Treasury, 2006). As a consequence of their role as regional drivers of economic activity, capital cities can often act as an "escalator region", attracting civil service staff from the provinces as they progress up the promotion ladder. Subsequent staff mobility is then likely to be close to the capital where job opportunities are greater (Marshall et al., 2003). Therefore, job dispersal can contribute to labour mobility and retention in local labour markets. By contributing to the provision of a high quality employment base, local workers will have less need to move from their hometown in search of employment of sufficient quality that is appropriate for their skill-set. Therefore, a relocation of jobs to a peripheral locality could potentially encourage local workers to continue to live and work in that area. And the retention of well qualified and skilled workers will contribute towards the long-term sustainability of these areas.

4.2.4.3   To achieve a balance between sustainable and high quality employment and efficiency savings a clustering approach may be necessary. A "cluster" is a concentration of firms that are able to produce synergy because of their geographic proximity and interdependence (Rosenfeld, 1997). In the public sector, a cluster approach involves the development of a locational hub of related activities that facilitates a regular flow of knowledge, skills, expertise, and staff. An example of a public sector cluster is the range of operational functions in employment and education that were relocated from London to Sheffield in the 1980s. This relocation is regarded as a success and achieved a number of positive outcomes, including providing staff with the opportunity to acquire national policy skills not normally found in the workforce of regional cities; and enabling a flow of knowledge into the local labour market through natural staff turnover (Lyons, 2004).

4.2.4.4   Clustering can reduce the relocation risk for employees by providing them with improved career opportunities across the public sector; and staff will therefore feel more comfortable being located in a peripheral location (Experian, 2004). The local business sector could benefit from knowledge spillovers that will contribute to productivity growth, and shorter travel to work times will enable staff to undertake more community and social functions (Core Cities, 2003). In this context, the relocation of public employment could be used in a targeted and strategic way to build upon the different strengths and economic potential of destination localities, thereby contributing to the attainment of both local and regional economic development strategies (Marshall et al., 2003; Burnside, 2004).

4.2.4.5   To ensure service delivery standards are maintained it is essential that any relocation is considered within the government's current policy framework. In particular, when considering a relocation on a clustering basis, it is essential that current government strategies are taken into account and an examination carried out of which departments, or parts of departments, currently work closely together or are likely to work closely together in the future. Without an explicit articulation of policy objectives, and a robust assessment of the spatial repercussions on the economy and polity, public sector relocation cannot deliver joined-up policy (Lloyd & Peel, 2006).

4.2.5   Transition of Relocation

4.2.5.1   The discussion in this chapter has largely been focused on the potential benefits that may arise as a result of a relocation of public sector employment. But the process of relocation includes a number of risks, particularly in the initial transitional phase following relocation.

4.2.5.2   Relocation can lead to staff-retention difficulties that impair operational efficiency through the loss of organisational memory and experienced and knowledgeable staff. Staff may be unable or unwilling to relocate because of family responsibilities or other reasons that attach them to their existing place of residence. In addition, spouse employment is an important consideration, and this can adversely affect staff mobility (Green & Canny, 2003).

4.2.5.3   The relocation process may also give rise to a number of transitional costs. There may be a transitional reduction in operational efficiency as new staff replace existing staff, and settle into their new posts. If there is an available pool of suitable replacement staff within the local labour market, however, then any adverse impact on operational efficiency will be relatively short-term.   Additional transitional costs include the recruitment and training costs for new staff.

4.2.5.4   In general, any gains in cost savings and operational efficiency associated with public sector relocation are long term, but the pain of disruption and the costs of financing relocation are short term (Marshall, 2007). Therefore, there is a time-based efficiency trade-off (i.e. short term cost versus long-term gain) associated with any relocation of public sector jobs.

4.2.5.5   The role and remit of the public sector is much broader than ensuring first-class service delivered in a cost-effective manner. Unlike a private firm, the public sector is charged with considering questions of equity, public costs, and wider benefits to the public (Jefferson and Trainor, 1996). Therefore, an analysis of the location of public sector bodies should be based on a wider economic analysis that includes all economic and social costs, and benefits.

4.3   Regional Economic Balance

4.3.1   Economic Activity and Growth

4.3.1.1   Conventional thinking on the economic impact of relocation might suggest that at the national level the impact of relocating jobs from one location to another would be neutral, as gains at the destination location would be offset by losses at the origin. But at times when parts of the regional economy are overheating, some rebalancing might contribute to economic growth. If relocation can bring into employment underutilised resources in destination regions and free up scarce resources in high-income origin locations, it can contribute to national economic growth and a more favourable regional economic balance (Jefferson and Trainor, 1996).

4.3.1.2   At the origin, in overheated labour markets characterised by excessive demand on infrastructure and competition between the public and private sector for staff and resources, a rebalancing of public sector jobs away from these areas will help redress regional economic disparities. In addition, releasing scarce skills to the private sector will contribute to the competitiveness of the local private sector (Marshall et al., 2005b).

4.3.1.3   In France, Finland, Ireland and the UK, relocation has been used to create jobs and encourage economic development in provincial regions, while at the same time reducing inflationary pressures in property and labour markets close to capital cities (Lyons, 2004; Decentralisation Implementation Group, 2005). Therefore, job dispersal can increase economic growth and contribute to a rebalancing of economic activity within a region without adversely impacting on the origin location.

4.3.1.4 Moving jobs from capital cities is unlikely in the long run to have significant negative consequences for these areas. This is due largely to the tightness of their labour and property markets and the attractiveness of capital cities for new investment in finance, business, and creative services (Buck et al., 2003).

4.3.1.5 But the available research suggests that there are a number of risks to destination regions in relocating public sector jobs. These include the possibility that increased demand in destination regions may increase both labour and property prices. Hence the increased demand in these regions could create difficulties for local people trying to purchase a property and also make it difficult for the local private sector to compete with the public sector for high quality skilled labour if the public-private wage differential is significant.

4.3.1.6 Growth in the non-market sector may crowd out the private sector and have negative impacts on enterprise and initiative in the local economy (Marshall, 2007). In particular, the creation of public sector employment paid according to national wage rates may undermine the creation of white-collar, service-sector employment in lower-paid, private sector regions (Henley & Thomas, 2001). In addition, any restructuring of the local employment base arising as a result of relocation will make the local economy more vulnerable to reductions in government expenditure (Marshall et al., 1999).

4.3.2   Knowledge Spillovers

4.3.2.1 Public sector investment can act as a catalyst for private sector regeneration of deprived and disadvantaged areas in run-down parts of peripheral regions (Experian, 2004). A higher skilled local workforce resulting from a relocation of high quality, public sector jobs implies greater levels of innovation, knowledge creation, transfer of skills, and thus productivity and economic growth. This point was stressed in the evidence provided by Experian to the Lyons Review:

> The more senior posts involved, the greater the economic benefit to the receiving location, because higher grade staff tend to be better paid and to have more disposable income to spend locally. In addition they are more likely to move with their post, or be based outside the area and travel longer distances to work, so they will not be exacerbating competition for local labour (Lyons 2004: p. 34).

4.3.2.2   The economic impact will be maximised if public sector service units with adequate training provision are transferred. This will facilitate the creation of a flow of learning to the private sector through networking and the movement of staff between sectors (Experian, 2004).

4.3.2.3   A relocation of public sector jobs to an area could potentially contribute to a better matching of local labour demand to local labour supply by creating jobs appropriate for the skills-set of the local labour market. If this enables people who are temporarily out of the labour market to gain employment, it will have a positive impact on economic activity in that location. In destination regions where there is a slack labour market and sustained high levels of unemployment, the benefits of increased employment opportunities are likely to be significant (Jefferson and Trainor, 1996). In short, the relocation of higher-skilled public sector jobs can play a large role in contributing to the enhancement of the skill and knowledge base of regions and thus ultimately increasing productivity and economic growth (Illeris, 1996), especially when connected to wider strategies aimed at enhancing regional competitiveness (Storper, 1997).

4.3.3   Regeneration

4.3.3.1   Traditional regional policy generally does not seek to promote relocation of economic activity (Amin et al., 2003).   UK regional policy has existed at varying levels of intensity for nearly seven decades, and government expenditure is now relatively low in relation to previous decades and delivered to a large extent through EU programmes (Taylor & Wren, 1997).   Therefore, in the absence of an active redistributive industrial policy, public sector relocation may be seen as the spatial articulation of a managerialist process that primarily seeks to secure efficiency gains in the public sector, while acknowledging a potential for geographic equity (Lloyd & Peel, 2006).

4.3.3.2   When public sector jobs are located in a disadvantaged area, it does not follow that these jobs will be filled by people from that area. The extent to which employment benefits a deprived area depends on the location of the employees' residences and the extent to which the labour profile of the business matches that of the deprived areas.

4.3.3.3   One of the major barriers faced by disadvantaged communities is that their skills do not match the requirements of the new jobs being created. This gap can be especially severe for particular groups at particular stages of their lives: young people leaving school, women returning to work, immigrants and older workers (URBACT, 2007). Hence a large proportion of relocated posts may be filled by

existing public sector workers seeking a transfer to the new location, which will lessen the positive economic impact on this location.

4.3.3.4   To have a positive impact upon pockets of deprivation in localities characterised by structural labour market problems, additional labour market interventions may be necessary to encourage people from the local community to take up the employment opportunities associated with a relocation of public sector jobs. Targeted advertising and assisting disadvantaged groups to compete for any new employment opportunities by providing work-skills training may be helpful in addressing deprivation. Encouraging engagement from the economically inactive will be critical to improving socio-economic performance in areas of deprivation. Indeed, successfully tackling deprivation requires a multi-faceted and sustained approach in a number of areas, including education, health and welfare. Such an approach alongside a relocation of public sector jobs will contribute towards helping deprived areas realise their full economic potential, reduce benefits costs, increase government income through taxes, and help support further growth through increased spending and upward pressure on wages.

4.4   Sustainability

4.4.1   Environment

4.4.1.1   Existing public sector staff transferring to posts closer to home, who would otherwise have commuted longer distances to work, could result in reduced commuting and thereby directly decrease carbon emissions. Although the net impact on the environment as a result of a change in commuting patterns may be relatively small, reducing carbon emissions remains an urgent and sizable challenge (King, 2007). There is no single solution to this problem, but by making smart choices as individuals about what, when and how to drive, significant reductions in carbon emissions can be achieved within a relatively short period of time (King, 2007). Therefore, any government policy that supports a reduction in the overall level of emissions can only be viewed as positively contributing to the environment.

4.4.1.2   As well as directly changing workers' commuter routes, relocation policy has a number of indirect impacts. In overheated local economies there is often excessive pressure on local infrastructure, especially on the main commuter routes. These routes are often suffering from severe traffic congestion, which in turn are associated with unreliable travel times. The extra time taken to travel under congested conditions is non-productive time, which could have been used to engage in some form of economic activity that would positively contribute to GDP. Congestion also causes an increase in emissions from petrol and diesel engines, mostly as

a result of frequent acceleration and the tendency for engines operating at low speeds to emit more of certain pollutants (Stopher, 2004). Therefore, any reduction in congestion associated with a relocation policy could potentially involve time savings, environmental improvements, and improved use of economic resources. The extent of any potential reduction in emissions, however, is totally dependent on the overall change in commuting patterns. Although a relocation of jobs may result in a reduction in one person's commuting, it may simultaneously result in an increase in another worker's commuting. This makes the net impact on the change in overall emissions uncertain and perhaps small.

4.4.1.3 Commuting is not the only environmental implication associated with a relocation of public sector employment; a change in the office building is also an important consideration. Energy consumed by buildings can account for a significant proportion of the total primary energy requirement in economies (Chan and Yeung, 2005). Therefore, an economy with a large public sector currently utilising old, energy-inefficient buildings could potentially make a significant long-term environmental contribution to a regional economy through a relocation programme involving a movement of jobs and people to new state-of-the-art, energy-efficient office accommodation.

4.4.2 People and Community

4.4.2.1 Reducing employees' journey times to and from work each day will allow them more time for leisure and for spending with their families, thereby improving work-life balance. Work-life balance is an area that has received much attention from researchers in recent years, reflecting increasing recognition that work and other life commitments cannot be easily separated. From an employee perspective, work-life balance is the maintenance of an appropriate balance between responsibilities at work and at home (De Cieri et al., 2005). From an employer perspective, valued employees need to be attracted and retained in a highly competitive labour market to help organisations succeed. With benefits on both sides of the employer-employee relationship, measures to enhance staff work-life balance are becoming of increasing strategic importance to organisations and now form part of many businesses' core human resources strategy.

4.4.2.2 Another effect of shorter travel to work times may be to enable staff to undertake more community and social functions, thereby helping to enhance the local community's social infrastructure. Case study evidence presented as part of the Lyons Review (2004) highlighted that following relocation staff were able to contribute their knowledge and skills to the local community through such voluntary activities as school governorships.

4.4.2.3 Job relocation can also contribute to labour mobility and retention in peripheral regions. These regions often suffer from a "brain-drain" whereby people endowed with a high level of human capital migrate from their region of origin in search of better quality and higher-paid employment (Beine et al., 2001). A relocation of high quality and well-paid public sector jobs to a peripheral locality could encourage local labour to continue to live and work in that area, while reducing the escalator effect that capital cities have on peripheral locations. Local economic development agencies have increasingly recognised the importance of retaining skilled labour as a key contributor to achieving higher rates of economic growth. Measures aimed at retaining skilled labour and attracting back labour that had previously migrated now form part of most local economic development strategies. Hence an injection of the correct occupational mix of public sector jobs would support these local development strategies.

4.5   Conclusion

4.5.1 Much of the discussion on public sector relocation revolves around the cost implications. Although this is an important consideration since taxpayers' money must be spent in an effective and efficient manner, the case for relocation deserves a much broader discussion as it can also improve service delivery, regional economic balance, and sustainability.

4.5.2 In the long run a relocation policy can have a positive impact on operational efficiency and effectiveness. Traditionally, job relocation seeking to reduce operational costs involves movement on an inter-regional basis. There are often large differences in labour and property costs between regions, and since these usually comprise the bulk of operational costs, there is potential for large cost savings. But significant cost savings can be achieved only if there are favourable labour or property price differentials between the origin and destination regions.

4.5.3 Relocation can provide an opportunity to implement changes in working practices and introduce technology to improve efficiency as part of a business re-engineering process. Although there is likely to be an adverse impact on efficiency in the short term as the relocation process is implemented, efficiency savings can be achieved over the longer term. In addition to efficiency savings, relocation in a new building can have a positive impact on staff recruitment, retention and performance that will, in turn, contribute to the overall strength of the organisation. Relocation can also encourage organisations to try new and innovative approaches such as teleworking and clustering.

4.5.4 A relocation of public sector jobs can contribute to regional economic balance without adversely affecting the origin destination. The key elements necessary to make a relocation of jobs economically viable is that the origin location is characterised by overheated labour and property markets, while the destination location has slack in both these markets. In this situation, resources are freed up at the overheated origin that can transfer to the local private sector, and previously idle resources are utilised at the destination. Once jobs are dispersed to the destination region, there may be a multiplier effect through knowledge transfer and the movement of staff between the public and private sectors and between civil service departments. The enhanced skills base of the destination region, and associated improvements in productivity, have the potential to contribute significantly to the destination region's long-term growth, especially when they occur in the context of regional competitiveness and economic development strategies.

4.5.5 Although a policy that changes the economic structure of a region has significant potential to stimulate economic activity, it also contains a number of risks. These include potential public sector crowding out, excess demand in the housing market, bidding up of wages in the local labour market, and competition between the public and private sectors for skilled labour. Additionally, creating an economic base that is heavily weighted towards the public sector can leave local economies vulnerable to reductions in government expenditure.

4.5.6 Relocation may enhance the sustainability of local communities by reducing the incentive for their young, well-educated and skilled labour to migrate to other regions by providing local access to high quality public sector jobs.   Relocation can also bring about a reduction in commuting times, thereby benefiting the environment through reduced emissions. In addition, by reducing travel-to-work times, employees will have more time for leisure and for spending with their families, thereby improving their work-life balance. Shorter travel-to-work times may also enable staff to undertake more community and social functions within their local areas of residence, thereby helping to enhance the social fabric of local communities. Although these benefits may arise for some workers and communities, the impacts will not be the same for all workers affected by a relocation of jobs. Some workers may actually have their commuting journey increased as a result of relocation, making the overall net impact on the environment and related community and social impacts uncertain and perhaps small.

4.5.7   The available literature on the subject of relocation suggests that there is a business, economic and social case for the dispersal of public sector employment. Although there are a number of associated risks and potentially negative consequences, there are also a number of benefits from which local and regional economies can benefit. Many of the risks and potentially negative consequences are relatively short-term in nature, whereas the benefits associated with relocation occur over the longer term; therefore, there is a time based trade-off involved in the decision to relocate public sector employment.

4.5.8   The outcomes targeted when developing policy often differ significantly from those that actually occur when the policy is implemented.   The arguments presented in this chapter have been largely theoretical.   We turn in the next chapter to what has occurred in practice when public sector jobs have been relocated.

Experience of Relocation

CHAPTER 5

Experience of Relocation

5.1 Introduction

5.1.1 This chapter examines the experience of the relocation of public sector jobs in various countries. As part of our research, we looked briefly at relocation in Canada, Finland and France and concluded that the issues and experience in these countries were similar to those in these islands. Hence, in addition to the experience in Northern Ireland, this chapter focuses on that in the Republic of Ireland, Wales, England, and Scotland because of their proximity and similarities in geographical scale, government structures, and the organisation of public services. In each country we look specifically at why relocation was considered, how it was implemented, and what can be learned from the experience that could help to shape future decision making in Northern Ireland.

5.2 Northern Ireland

5.2.1 We examined three case studies of the relocation of public sector bodies in Northern Ireland. The first of these was the relocation of seven civil service branches from the Belfast-North Down area to Londonderry in 1993-94. The rationale for the initiative was:

- to help revitalise Derry by introducing extra spending power by staff transferring to the area, creating additional employment opportunities, and boosting the construction industry; and

- to have a positive impact on equality of opportunity by having a more substantial civil service presence in the west.

5.2.2. The relocation was completed by mid-1994 when all 279 posts were transferred to two new buildings – Orchard House and Waterside House – located on either side of the River Foyle. It resulted in virtually a complete turnover of staff as people chose not to relocate and posts were filled from other parts of the civil service in Belfast, Derry and elsewhere. The transferred functions have been retained in Derry and are generally still operational some fourteen years later.

5.2.3   To assess the lessons learned from the relocation, we noted the findings of a government-commissioned evaluation carried out by Coopers & Lybrand in 1997. It concluded that:

- the full economic benefits and the creation of additional employment opportunities were restricted because the majority of transferring staff were already living in the area and contributing to the local economy – known as the "hometown effect" because the wealth that would have been generated by new residents was less pronounced;

- the "routine" nature of the transferred functions ensured that there was no significant adverse effect on operational effectiveness;

- the moves were difficult to justify on a value-for-money basis given the high costs involved [£17 million, the majority of which was construction (£11 million) and staff (£3.7 million) costs]; and

- the wider employment, income and revitalisation benefits were not commensurate with the costs.

5.2.4   From this analysis we conclude that:

- the "hometown effect" is a significant factor that must be considered carefully;

- the type of jobs transferred and associated skill sets are key issues; and

- success can be difficult to justify on a purely cost basis.

5.2.5   More recently, in 2003, the Social Security Agency relocated Pensions Credit to Carlisle House in Derry. The decision to locate in Derry was driven by two key objectives. The first was the introduction of a new telephony-based service that created flexibility in terms of location. As the Department for Social Development has responsibility for urban regeneration, the second objective was to encourage regeneration in Derry.   The centre opened in spring 2003 in a refurbished shirt factory on Carlisle Road staffed by 230 staff, comprising a mixture of existing civil servants (193) and new appointments (37). Pensions Credit continues to operate from Carlisle House today.

5.2.6   From our research, we have drawn a number of conclusions. Service delivery was significantly affected by a high level of inexperience at the outset caused by large numbers of staff choosing not to relocate to Derry. This was exacerbated by the specific skills and knowledge required and the lead-in times for training on social security benefits. It has been suggested to us that 75 per cent of the

original staff had no experience of the benefit, but it could be argued that since Pensions Credit was new, the level of inexperience cannot be wholly attributed to the relocation. We understand, however, that the promotion and publicity surrounding the new Pensions Credit added to the initial teething problems and backlogs of work that ensued. The service delivery problems took a long time to resolve.

5.2.7 Turning to the positive side, the regeneration aspects of the project have been successful and made a significant contribution to the development of the city. The security of a government tenant provided an incentive for local developers to refurbish a disused shirt factory at a very competitive price and without grant aid, thus ensuring value for money in accommodation costs. Additional revenue was introduced from the 230 new jobs and another 50 jobs were created as a result of the multiplier effect.

5.2.8 A number of lessons can be learned from this case study. These include:

- to be clear about the objectives of a relocation project and how its success will be measured;

- to not underestimate the human resource and staffing issues and the need to have human resource policies in the public sector that support relocation projects;

- to understand the skills and knowledge base required in the receiving location and how these can be sustained over time; and

- to ensure experienced staff are in place to maintain service delivery.

In short, a relocation project needs to be carefully managed so that operational effectiveness and service delivery are not adversely affected and can be sustained over time.

5.2.9 The third case study looked at the experience of InterTradeIreland, one of six cross-border bodies established in 1999. It is located in Newry and currently employs 42 people. Given the cross-border nature of its business, Newry offered a central location with good transport links on the economic corridor between Belfast and Dublin. Many of the staff employed by InterTradeIreland previously commuted to Belfast and welcomed the opportunity to relocate closer to home. This contributed to effective recruitment and retention of high quality local labour which, along with the effective use of information and communications technology (ICT), generated successful service delivery. Flexible working encouraged local women, in particular, to apply for jobs, and local career opportunities for young people were encouraged through placement opportunities.

5.2.10 The location of InterTradeIreland in Newry has generated confidence in the local economy and some additional spending power in the city despite the majority of staff already living in the area (i.e. the "hometown effect"). The decision to locate in the city has also contributed positively to the profile of the city and has attracted other businesses to the area. It is generally regarded as a good example, albeit a relatively small one, of successful location. Its success would seem to be the result of: the availability of a high quality labour supply; good infrastructure and transport links; and the availability of good quality accommodation; or put very simply – people, place and infrastructure. We have concluded, therefore, that two useful learning points from the InterTradeIreland experience are: understanding how success will be assessed and measured, and ensuring that the location of the organisation is aligned with its overall objectives.

5.3   Republic of Ireland

5.3.1 In December 2003 the Minister for Finance announced the decentralisation of government departments, civil service offices, and state agencies to provincial locations throughout Ireland. This is the most ambitious case study we have considered insofar as it includes the relocation of eight departmental headquarters from Dublin. The initiative encompasses 10,300 jobs to 53 locations in 25 counties.

5.3.2 The reasons for relocating, as announced by the Minister, were that:

- growth should be regionally balanced;

- there should be a change in culture in terms of policy formation – "no longer will policy be made entirely in Dublin on the basis of a Dublin mindset";

- the initiative would create better career opportunities for regionally based staff; and

- staff would have a better quality of life (e.g. reduced commuting and lower house prices).

5.3.3 Locations were selected taking account of the National Spatial Strategy and with the aim of clustering services within a region. To date two thousand staff have been relocated to thirty towns; but we understand that no complete government headquarters have been included, although some have adopted a phased approach to relocation and put advance offices in place. And the Decentralisation Implementation Group expects the scale of relocation to increase as property becomes available over the next two years. But we understand that, in light of the current economic climate, the phasing of the programme may be under review.

5.3.4 A number of major issues have emerged primarily concerning industrial relations and human resources. The programme is being implemented on a voluntary basis; staff are not required to move. Consequently, there is no redundancy or voluntary severance scheme; nor are removal or relocation expenses paid. Filling posts has proved difficult despite eleven thousand staff having applied to relocate. Gaps remain when experienced staff choose not to relocate or the receiving location has a mismatch of skills and grades. Arrangements have been agreed with the civil service unions on redeploying general service staff who wish to remain in Dublin. Progress on the relocation of professional and technical posts has been particularly challenging since there has been a low take-up of specialists volunteering to move.

5.3.5 The Government decided that ICT will co-locate with each of the departmental headquarters, and issues about the operation and location of data centres are currently being examined. With the move of departmental headquarters from Dublin, concerns have been expressed about the impact on the role of the civil service in supporting ministers, government, and the Oireachtas. A report on the arrangements to facilitate the operation of departmental headquarters from decentralised locations is being prepared. Some working arrangements will probably have to be modified to facilitate decentralisation and inter-departmental working.

5.3.6 Implementation in the Republic of Ireland is at an early stage so the impact on key areas such as service delivery, operational efficiency, and economic growth is difficult to establish at this time.   A phased approach to implementation has been adopted, taking account of the business, staffing, and property issues in each case. The experience to date shows, however, that despite a clearly stated objective to improve career opportunities and quality of life, the human resource and industrial relations issues arising from such an ambitious initiative should not be underestimated.   In short, all we have concluded from the Irish case at this stage is that there is merit in a measured approach with phased implementation over a reasonable timeframe.

5.4   Wales

5.4.1   A relocation strategy was instigated in Wales in 2001. The initial review made a number of recommendations, the main one being the proposal to move nine hundred jobs in the Welsh Assembly from Cardiff to three new regional offices in North, Mid and South Wales. The aim of the strategy was to:

- reduce overcrowding and reliance upon the Cardiff estate;

- redistribute wealth;

- regenerate local economies;

- create equity of employment opportunities across Wales;

- improve working environments for staff;

- improve accessibility and openness; and

- encourage sustainable development.

5.4.2   To date one of the three regional offices has opened in Merthyr Tydfil in South Wales. The second site at Aberystwyth is under construction and is due to open in summer 2009. Work on the third regional office in North Wales is expected to start later in 2008. Implementation is, therefore, at an early stage, but we have been able to draw some useful lessons from the experience so far. Decisions on which organisations and functions should be relocated must be taken well in advance of the move; maintaining service continuity is essential; affordability is a key issue (i.e. balancing investment costs with the constraints of a tight financial settlement and the requirement to make annual efficiency savings); and the relocation strategy needs to be aligned with other initiatives, including the estates strategy.

5.4.3   Other potential issues have been identified such as the effect of dispersed working for senior civil servants who are required to support Cardiff-based ministers and the Assembly. This will not be fully tested until such times as the offices in North and Mid Wales become operational. Similarly, the success of the Assembly's human resource policies and relocation incentives for staff has yet to be tested. In short, the Welsh case is interesting but too recent to allow definitive conclusions to be drawn on the strategy as a whole.

5.5 England

5.5.1 The experience of relocation in England can be traced back to the Fleming Review in 1963, from which about 22,000 low-level, administrative functions were relocated from London. This was followed by two subsequent initiatives in 1973 and 1988, which resulted in more substantial relocations, particularly in the Departments of Health and Social Security.

5.5.2 More recently, Sir Michael Lyons was asked in 2004 to advise ministers on the relocation of public servants out of London and the South East. The objective was clear: to reduce operating costs. Moving 20,000 posts was estimated to save £2 billion over fifteen years because of large cost and pay differentials between London and other regions in England. Relocation was also expected to:

- reduce staff turnover through better recruitment and retention;

- improve service delivery through the introduction of new ways of working, better business practices, and changed organisational culture;

- bring positive economic benefits to receiving locations; and

- regenerate run-down areas and revitalise communities.

5.5.3 Lyons recommended that 20,000 jobs should be dispersed and that there should be a presumption against new government bodies and activities being located in London and the South East. So far 16,000 of the 20,000 posts have already been moved, well ahead of the 2010 target date. To date relocations have been driven by property breaks in London, at which point occupants are required to seek alternative accommodation outside the capital. The selection of locations is for individual departments, taking account of business needs and location assessments. But departments are also required to consider the need for better regional economic balance. The local authorities in the top 20 per cent of the deprivation index are identified as the top priority, and the main regions to benefit have been Wales, Yorkshire and Humberside, and the North West.

5.5.4 The distances involved in relocations have generally required people to move, and the impact on the receiving economy has been greater than where the "hometown effect" applies. In many cases departments have moved posts rather than people, thus encouraging local recruitment. There is some evidence that the recruitment of staff outside London has contributed to a higher quality workforce and led to a reduction in staff turnover. Relocation packages for those staff choosing to relocate vary by department, but we understand that a number of the big departments have not had to move large numbers of people. The target set by

Lyons (20,000) is fairly modest in the context of a public sector of 142,000 posts in London and the South East, with the impact being less than it would be in a smaller jurisdiction.

5.5.5   One lesson to be learned from the English experience is that a specific efficiency agenda facilitated by regional cost disparities creates a clear and measurable criterion on which to base a relocation initiative. Cost savings have been the overriding objective and have been an important factor when weighing up the costs and benefits.   We conclude, therefore, that disparities in costs between regions can successfully drive a relocation initiative.

5.6   Scotland

5.6.1   The Scottish experience of relocation is the most mature of the cases we examined. It was introduced in 1999 to:

- ensure that government was more efficient and decentralised;

- provide cost effective delivery solutions; and

- assist areas with particular social and economic needs.

A Small Units Initiative was introduced in 2002 to bring the benefits of public sector employment to fragile rural communities. The overall policy was driven by an efficiency agenda similar to that proposed by Sir Peter Gershon's review, and a belief that relocation would contribute strongly to the development of weaker communities.

5.6.2   Government departments and agencies were required to undertake location reviews when a new body was being set up; where there was a merger or reorganisation; or when a significant property break was reached. In doing so, there was a presumption that where a body was based in Edinburgh, it would move away from the capital. Since 1999 about 2,500 posts in 28 organisations have been located outside Edinburgh and about half of these were set up in Glasgow. The moves have included a large number of small bodies (16 bodies of less than 50 posts). There are also a few examples of larger organisations dispersing: in one case 500-600 posts were relocated to seven different locations.

5.6.3   The Auditor General for Scotland produced a report in September 2006 that raised a number of issues about the relocation policy. His recommendations were subsequently the subject of an inquiry by the Scottish Parliament's Audit Committee. In brief, the Audit report concluded that there was limited evidence of efficiency gains. Staff turnover and absence levels had reduced but the wider

socio-economic benefits had not been measured. There had been no evaluation of whether relocation objectives had been met or if value for money had been achieved. Relocation triggers were not directly linked to policy objectives such as potential efficiency improvements. The majority of relocation reviews related to organisational changes or lease breaks, resulting in significant investment and disruption that was not necessarily appropriate. There were also concerns about the length of time taken to make relocation decisions (on average twenty-one months) and about the cost of relocations, specifically those elements related to recruitment and the duplication of resources where service delivery has to be maintained while new staff were being trained in parallel.

5.6.4   The Audit Committee subsequently carried out an inquiry and made a number of recommendations:

- decision making should be more sensitive to workloads, priorities, timing and relevance of reviews;

- potential redundancy costs should be taken into account;

- timeframes for taking decisions should be determined at an early stage;

- non-financial losses, such as the loss of expertise and the impact on staff morale, should be factored into evaluations;

- the receiving area should be considered in terms of policy objectives, the proportion of staff choosing to commute, whether the relocation will bring mainly posts or people, and whether the local population will fill incoming posts; and areas within cities should be differentiated from the overall state of a city's economy;

- interim evaluations of socio-economic changes in local economies should be undertaken and benefits and losses identified at individual locations as well as on a national basis;

- areas with particular socio-economic needs within Edinburgh should be assessed on the same basis as the rest of Scotland;

- organisations that support the work of the Scottish Parliament and other Edinburgh-based bodies should be excluded from full-scale review; and

- consideration should be given to how dispersal policy can complement the government's efficiency agenda (e.g. enabling the use of shared services and assisting with the delivery of best value in the use of public funds).

5.6.5   A further review of public sector asset management led to announcements in early 2008 of changes to the relocation policy because the original strategy had not achieved the major benefits intended: dispersing public sector jobs widely and assisting the areas in most economic need, despite a great deal of money, time and effort having been spent on moving organisations. An exception to this criticism was the Small Units Initiative, which will continue. It has been broadly welcomed in rural communities because it has brought high quality jobs to remote rural areas, where even a small number of posts bring demonstrable benefits.

5.6.6   The strategy changes that have since been introduced in 2008 mean that relocation is still an option providing it can demonstrate efficiencies and value for money. The location of public sector bodies in the future will be linked to the efficient use of available assets and relevant environmental considerations. Organisations will have to demonstrate that they can operate effectively from another location, that relocation costs can be afforded, and that there will be no compulsory redundancies.

5.6.7   In selecting a location in the future, greatest weight will be placed on:

- the suitability of the location to meet the organisation's needs, including business continuity, the potential for recruitment match with local employment trends and skill-sets, and the availability of appropriate local housing;

- the availability of suitable and reasonably priced commercial properties or sites within a reasonable timescale; and

- the potential to achieve efficiencies and value for money.

Consideration will also be given, however, to the opportunity to contribute to local regeneration and economic growth, to the development of a local centre of excellence, and to potential reductions in carbon emissions.

5.6.8   A particularly interesting evaluation in Scotland was carried out in 2003 on the relocation of the Public Pensions Agency to the Borders. This was acknowledged by Audit Scotland as a successful example of the benefits that can be gained from relocation. The evaluation demonstrated positive economic impacts relating to the initial construction of the building and the ongoing benefits of receiving almost three hundred jobs. Reductions in unemployment were cited as well as the responsiveness of the local labour market, and there was a view that the success would help to promote future inward investment. Feedback from staff working in the Pensions Agency was positive on such matters as security of employment and opportunity for career progression. The need for better public transport, however, was identified as an area where significant improvement was needed.

5.6.9   The experience of Scotland is particularly interesting given its similarities with Northern Ireland. And it has been particularly helpful to us given the various inquiries that have sought to assess the success of the policy since it was established in 1999. It is the most mature strategy of those we have examined and provides a number of valuable lessons, which include the need to:

- align location policy with the government's overall objectives;

- consider the budgetary implications and the requirement to identify efficiencies and demonstrate value for money;

- provide central direction, support and co-ordination with links to estate and asset management;

- identify clear criteria and rationales for considering a relocation initiative;

- have clearly defined success measures from the outset;

- engage early with staff and unions when relocation is being considered;

- have an open and transparent decision making process; and

- have a detailed process of monitoring and evaluation in terms of both value for money and socio-economic benefits.

5.7   Conclusion

5.7.1   The extent to which we have been able to draw conclusions from the experience of relocation elsewhere has been determined by the degree of maturity of the various relocation strategies. In Scotland the location agenda is about nine years old and has been subject to audit scrutiny. Lessons learned are relatively easy to identify, and demonstrate the sort of issues that can arise where diverse objectives have to be balanced. Lyons, on the other hand, although more recent, shows the type of success that can be achieved where there is a clear and measurable objective from the outset (to reduce costs) and the right environment (regional cost disparities) exists to ensure this objective can be achieved.

5.7.2   Several common themes run throughout the strategies we have examined. The desire to promote economic growth, reduce deprivation, increase sustainability, and bring government and policy making closer to people underpin the rationale for relocation in each jurisdiction. The socio-economic benefits have not yet been evaluated as these only become apparent over a number of years. Although there is insufficient evidence to demonstrate that these benefits have been achieved, defining critical success factors at the outset and establishing a timeframe for evaluation are clearly of fundamental importance.

5.7.3   The experience to date also shows the significant issues associated with the physical relocation of people even where career opportunity and quality of life have been specified as drivers for change. The Lyons Review has been able to address recruitment and retention issues by relocating from London where departments had problems attracting the right people in the first place. Some success has also been demonstrated where it has been possible to move posts rather than people, but this is dependent on the type of function being dispersed. The scale of the relocation programme in the Republic of Ireland has highlighted the human resource and industrial relation issues that can arise and provides a useful lesson for this Review.

5.7.4   From the evidence available we conclude that:

- decisions on relocation should be closely aligned with government objectives;

- success is difficult to justify solely on cost unless efficiency gains can be clearly demonstrated through, for example, regional differentials in property values and pay;

- realising social and economic benefits requires strong political commitment as it is a long-term objective that cannot be easily measured or quantified in the short term;

- a small units initiative can be very effective in remote and fragile areas;

- the approach to relocation should be phased;

- the skill sets required and the availability of labour to support and sustain relocated bodies should not be underestimated;

- strong leadership, central direction, and strategic planning are key elements of a relocation initiative; and

- success measures should be clearly identified and appropriate arrangements put in place to monitor and evaluate progress on a short - and long-term basis.

Flexible Working

CHAPTER 6

Flexible Working

6.1   Introduction

6.1.1   As technology advances, new ways of working are developing, changing both the timing and location of work. Increasingly, a significant amount of work can be done in various locations – in an office (any office), at home, on the move.   We are aware from our own experiences that the traditional boundaries and expectations about the working environment are changing and that the fixed link between work and place is beginning to break down. Furthermore, the potential role of technology and flexible working as part of a relocation strategy was a theme that emerged strongly at the regional meetings undertaken as part of the Review. This prompted us to look at the issue in some detail, and thus this chapter considers the concept of flexible working and the role it has to play within a broader relocation strategy.

6.2   Flexible Working: Definition

6.2.1   The term flexible working is used in a variety of ways.   We do not use it here to cover the issue of flexible working hours as we considered this to be outside the remit of our terms of reference.   For the purposes of this report the term is understood to include the use of technology and workplace design to enable staff to work in a range of locations without being tied to a particular desk.

6.2.2   We consider flexible working to include the following modes:

- **Mobile/remote working:** where an individual would usually have an office base but would also be equipped to work from a range of locations (e.g. hotel, airport, café) and/or avail of "touch down" space at satellite offices.

- **Touchdown working:** an arrangement that supports short-stay, drop-in style working in which individuals do not need an allocated work station as their work involves being out of the office for much of the time.

- **Satellite offices:** where one or more offices or sites are equipped for use by staff on a flexible basis, usually as an alternative to commuting. This may be an extension of another site within the organisation's portfolio or an office shared with other organisations, and it may offer such facilities as meeting rooms, networked workstations, printing and photocopying.

- **Home working:** where individuals are based at home for all or part of their working time and are provided with the necessary equipment and support to enable contact with colleagues and customers.

- **Teleworking:** where work is performed at a distance over a network such as the telephone or internet (e.g. sales, technical support, and helplines).

- **Hot-desking:** where individuals do not have a permanently allocated workstation but there is a designated area where they can work at one of a number of workstations.

6.2.3   We have concluded from our research that flexible working will be appropriate in different ways in different organisations. Organisations vary in the types of work staff undertake and thus the types of tools they require, the amount of interaction they have with others, and the amount of time they spend out of the office. This variation is often not reflected in working environments, however, and the challenge for organisations is to find the appropriate balance whereby they can obtain the benefits of a more flexible approach (University of Reading, 2004).

CASE STUDY:

Department for Innovation, Universities, and Skills (DIUS)

DIUS has issued its entire staff with encrypted, lightweight laptops and encourages staff to think innovatively about where and how they work. Many staff, including the Permanent Secretary and Board members, "hot-desk".   The department has also made big investments in video conferencing, including the first telepresence suite in Whitehall (with life-size, high-definition images) enabling regular collaboration between the London and Sheffield offices and reducing travel costs and unproductive staff time.   There are also plans to install WiFi in the London headquarters.

(DEGW/Office of Government Commerce, 2008)

6.3   Technology as Enabler

6.3.1   Technology is a key enabler for flexible working, allowing people to communicate from a wide range of places in many different ways. As technology advances, an increasing range of software and tools become available to support more flexible and collaborative working, including WiFi, audio/video/web conferencing, high speed broadband connectivity, mobile phones, and mobile devices such as laptops, tablets, Personal Digital Assistants (PDAs), and digital pens. We were also made aware of telepresence technology, which is still relatively expensive but offers a potentially powerful tool to support remote working as it utilises high-definition video and audio technologies to enable a person to feel as if they are actually present in the meeting they are joining virtually. The next-generation workforce is growing up with this range of technology and will expect to make use of it in their working lives as they do in their personal lives.

6.3.2   The Northern Ireland Civil Service (NICS) is also implementing a project called Network NI, which will provide wide area network services for all NICS buildings by October 2009. This co-ordinated approach to telecommunication services for data, voice and video will facilitate more flexible working across the NICS and provide a more resilient technological foundation.

6.3.3   This kind of connectivity opens up a range of options, some of which are already being piloted and implemented, which have a potentially important contribution to make to the broader policy on the location of public sector jobs. We are particularly interested in the opportunities around distributed networks, including:

- People from different organisations sharing space in the same building.

- Staff from dispersed organisations using touchdown space to work flexibly to support ministers as required.

- A network of serviced, regional hub-offices, serving a range of public sector (and possibly private and voluntary sector) organisations.

- A shared, serviced office or centre that staff from a range of organisations can pay to use space and other facilities on an as-needs basis.

- New service delivery configurations such as "one-stop shops" that deliver a range of government services (central and local) to the public.

6.3.4   Our research indicates that as part of the analysis and planning process for introducing flexible working, each role needs to be carefully examined and the appropriate technology selected to match. The implications for service delivery also need to be considered, recognising that a significant proportion of people do not have access to services delivered electronically and require telephone or face-to-face options. The infrastructure costs and, in particular, the security issues associated with technology also need to be recognised as constraints within the public sector context.   This is discussed in more detail later in the chapter.

6.4   Trends in Flexible Working

6.4.1   There has been an increase in recent years in the adoption and implementation of flexible working practices, including remote and home working, in both the private and public sectors.   The Office for National Statistics (Ruiz and Walling, 2005) found that 3.1 million people in the UK in 2005 (up from 2.3 million in 1997) worked mainly in their own homes, or in different places using home as a base.   UK government departments and agencies have reflected this trend and there has been some research on the issue, including the University of Reading's *Report on the Impact of Flexible Working on Core Government Offices* (2000) and *Flexible Working in Central Government: Leveraging the Benefits* (2004). The research highlights the transition by many departments from ad hoc flexible working arrangements to the introduction of formal flexible working strategies and policies.

6.4.2   Statistical information on the take up of flexible working is limited. Nevertheless, a few studies give an indication of its occurrence in the UK public sector. For example, a study found that most central UK government departments and agencies (55 per cent in 2004 compared with 9 per cent in 2000) had a formal policy on flexible working, while almost a third indicated that between 5 and 15 per cent of staff now worked flexibly, with just over 10 per cent stating that between 30 and 60 per cent worked flexibly (University of Reading, 2004). The Mobile Data Association (2007) report into mobile and flexible working in UK local government found that the majority of UK local authorities are piloting or implementing flexible or mobile working and over 85 per cent already have a mobile project underway.

6.5   Examples

6.5.1   A range of organisations, including public sector organisations, have overcome the challenges associated with flexible working to undertake pilots and wider implementations that have delivered a range of benefits as well as lessons for others.   We have included a few examples in this chapter and more in Appendix C to illustrate how some organisations are seeking to test new ways of working, exploiting technology, and rethinking how they use their physical assets.

6.5.2   We have drawn the following conclusions from the examples of flexible working:

- Public and private sector organisations have successfully implemented flexible working to deliver benefits for the organisation, customers and staff.

- Flexible working requires organisations to think radically about how and where staff work, challenging traditional approaches and processes.

- Flexible working tends to feature as part of wider accommodation strategies and as an integral part of wider cultural change initiatives within organisations.

- A wide range of jobs and types of work can be done flexibly, including senior roles.

- Introducing and embedding flexible working requires strong leadership, including senior managers leading by example.

- Piloting flexible working can be a useful way to test new approaches in a way that minimises the risks.

- All flexible working initiatives require careful planning and implementation, including monitoring and evaluation of the impacts.

CASE STUDY:

IBM

On any given day, around 30 per cent of IBM employees work away from their office, typically with a client. Nearly 90 per cent of IBM UK employees are equipped with ThinkPad laptops and 80 per cent of these have the ability to connect to email from outside an IBM location. Increasing numbers can get online anywhere they can receive a signal via a mobile connection. Essential day-to-day activities, including email, internet and so on can often be carried out from home and over 25 per cent of the IBM UK workforce is "truly" mobile with no designated office desk. Instead they use "drop-in centres" in IBM offices.

(www.ibm.com)

CASE STUDY:

Hertfordshire County Council

Hertfordshire County Council decided that real benefits would be gained from integrating changed ways of working with its accommodation strategy.

A review of the council's operation, as part of implementing the government's Gershon Review, identified that significant financial savings could be made by rationalising the accommodation, moving staff from 51 sites into 3 purpose built sites, and refurbishing County Hall. A strategic decision was made to use the opportunity for a wider change programme aimed at reviewing the working practices of all the council's staff. Launched in 2005, the change programme, "The Way We Work", will cover a seven-year period.

The accommodation has been designed to be ergonomically more conducive to staff and more economic to run. It has fewer desks than the number of staff based in the building. Staff who are always in the building have an allocated desk with "team desks" areas established for staff who are classified as "in and out". For staff that are mobile, based at home, or visiting the offices, there are touchdown areas where they can log in using their roaming identifications. There are also various other touchdown areas in other council premises, equipped with all the necessary technology.

Jobs have been reviewed and staff allocated the specific equipment they need to do their jobs, such as laptops with remote access to main files. Other devices allocated include PDAs, mobile phones and BlackBerries.

The Flexible Working Directory was launched in March 2003. This identifies all options available to staff and how they can access them. The human resource policies included have been reviewed, updated and relaunched. Induction training was provided for all staff before they moved into their new offices. Following the office move, further training was provided through workshops, and floor-walking for technical support was provided to staff in the first few weeks after the relocation.

493 staff have moved into the first purpose built office building, which has a reduced number of workstations resulting in a reduction in office space and workstation requirements of approximately 16 per cent.

Reduction in business travel within Trading Standards: work travel has seen a reduction of 10 per cent; work miles have reduced by 9,000, representing a 5-8 per cent reduction.

There has been an average 50 per cent reduction in environmental pollutants for trading standards staff working non-traditionally.

(Project Nomad, 2006a)

6.6   Gains from Flexible Working

6.6.1   Our study of flexible working reveals that those organisations that have implemented flexible ways of working point to a range of quantitative and qualitative benefits:

- better space utilisation leading to savings in accommodation costs;

- efficiency gains;

- improved staff productivity;

- improved service delivery;

- enhanced employee work-life balance and wellbeing, including reduced sickness absence;

- enhanced ability to attract, motivate and retain talented staff, thereby reducing turnover and associated costs;

- improved employee satisfaction and morale;

- savings in travel time and transport costs; and

- reduced carbon emissions.

6.6.2   As indicated by the local government case studies cited above, some hard data are available on these benefits from pilots and wider implementations that have been completed.   Project Nomad, based on a study of flexibility pilots in English local government, has concluded that productivity gains of up to 20 per cent are frequently reported in case studies (Project Nomad, 2006b).   The University of Reading study of flexible working projects in central government in Great Britain found that flexible ways of working raised staff satisfaction levels and had a positive impact on staff recruitment, motivation and retention.   It also noted, however, that flexible working usually meant additional interim costs with significant efficiencies possible only through implementation of flexible working on a larger scale as part of a wider workplace strategy that includes breaking the link between the individual member of staff and a desk or workstation (University of Reading, 2004).

6.6.3   The benefits discussed in this section support several of the main objectives of the Review as set out in Chapter 1, in particular improving service delivery, increasing public sector efficiency and effectiveness, and reducing traffic congestion and the carbon footprint. We have concluded, therefore, that flexible working enabled by the innovative use of technology should be an important feature in a broader relocation strategy.

6.7   Implementing Flexibility

6.7.1   Achieving such benefits requires careful planning and competent implementation. The potential barriers to implementing flexibility are often cited by organisations reluctant to pursue new ways of working and such concerns have to be taken seriously.   Nevertheless, a significant number of organisations have shown that these obstacles and risks can be identified and proactively managed and mitigated. Critically, the move to successful flexible working requires cultural change, a willingness to innovate, and acceptance of the premise that work is about what we do and how we do it – not about where we work.

6.7.2   We consider the following to be critical success factors in implementing flexible working:

- **Involvement:** sustained involvement of staff and, where appropriate, customers and end users in the design and implementation of flexible working to gain commitment and develop the most effective solution.

- **Leadership:** clear leadership from a senior level is necessary to champion the change and lead by example.

- **Changing behaviours and mindsets:** integrating flexible working as part of a wider change programme that is seeking cultural change in the organisation.

- **Supporting managers:** flexible working poses new challenges for managers and they need to be provided with guidance, trained, and supported to shift to an output-focused style of management.

- **Security:** flexible working strategies should ensure the technology to enable flexible working is secure and sharing office space does not create security risks.

- **Developing human resource policies on flexible working:** formalising the policies and processes around flexible working helps to provide the necessary support to staff and minimise the risk of issues and grievances arising.

- **Analysis of roles:** careful assessment of whether particular types of work are suitable for some form of flexible working should be undertaken.

- **Piloting:** adequately resourced, well planned pilots with senior leadership provide space for experimentation and enable lessons to be learned in a way that minimises risks.

CASE STUDY:

Southern Health and Social Care Trust Macmillan Nurses Digital Pen Pilot

Prior to the pilot, Macmillan nurses visited patients in their homes and then returned to the office to complete and submit forms. The answer to this time consuming problem was a digital pen and paper. With reduced time needed for paperwork, the nurses were able to capture and send back patient information using this simple-to-use, innovative, mobile technology.

As part of the pilot, Macmillan nurses in Newry & Mourne were equipped with a BlackBerry handset, a digital pen and digital forms for Pain Assessment, Palliative Care, and Specialist Patient Records. At a patient visit, once the nurse fills in the digital form, they tick a simple box on the form and the data are securely sent via their mobile device to the in-house server at Daisyhill Hospital. Within a few seconds a confirmation is sent back to the nurse's BlackBerry device informing them that the patient form has been received. The handwritten data are converted into XML data and are available for automatic insertion into any back-end database, thereby eliminating any time or effort re-typing the information.

The evaluation of the pilot demonstrated that benefits were realised in the following areas:

- reduced professional time spent recording, and re-transcribing patient/client notes, thereby enabling more professional time to be spent on core patient/client care;

- improved quality of patient care;

- streamlined administrative processes;

- improved ability to manage resources; and

- enabled Trust professionals to become used to interacting with ICT in a unobtrusive way.

(Southern Health and Social Care Trust and Delivery and Innovation Division, DFP)

6.8   Conclusion

6.8.1   Flexible working is about working in new ways to make the best use of organisational assets – staff, accommodation, and technology – with the key aim of better serving the customer. As public sector organisations in Northern Ireland face mounting pressure to "do more with less", meet increasing customer expectations, attract and retain talented staff, and adopt more sustainable approaches, we believe the opportunities offered by flexible ways of working should not be ignored. The potential of new technologies needs to be more fully utilised by the public sector. They can make a vital contribution to the objectives of this Review by enhancing service delivery, sustainability, and staff work-life balance.

6.8.2   A number of forward-thinking public sector organisations, including some in Northern Ireland, have demonstrated that the challenges associated with flexible working can be overcome and the risks managed to deliver positive results for organisations, customers and staff.   We recommend that wider innovation in this area needs to be encouraged and flexible ways of working should feature as an element within the broader relocation strategy. To achieve this we recommend that:

1. **Flexible working should be an integral part of any relocation strategy adopted in Northern Ireland.**

2. **All public sector bodies should consider implementing flexible working approaches and include these within their business plans.**

3. **The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should explore developing a network of regional satellite offices that could serve mobile public sector workers from a range of organisations. This might involve building on the Department for Regional Development's teleworking scheme and making better use of the existing regional estate.**

4. **The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should develop an information and communications technology strategy for flexible working, which would deal, among other things, with security issues.**

5. **As part of any relocation strategy within the Northern Ireland public sector, consideration should be given to developing a networked touch-down office space on the Stormont Estate for flexible use by officials supporting ministers and the Assembly.**

6. The Northern Ireland Civil Service and other public sector bodies in Northern Ireland should move to finalise and agree policies on remote and home working as a matter of urgency.

7. Telephone, video and web conferencing should be utilised more widely by managers in the Northern Ireland Civil Service and wider public sector to facilitate communication between business areas and employees located in different towns and cities.

8. A shared online repository of case studies and good practice in relation to flexible working should be developed and promoted for use by the Northern Ireland public sector to stimulate wider take-up of flexible ways of working.

6.8.3   In addition, we believe there would be value in incorporating flexible working practices for both senior and more junior staff within wider relocation pilot projects. These are discussed in the next chapter.

Proposals

7

CHAPTER 7

Proposals

7.1   Introduction

7.1.1   This chapter places the findings of the Review in the context of Northern Ireland, sets out some preliminary considerations on the approach to relocation, and establishes criteria both for receiving areas and for the selection of candidates for relocation. Using these criteria, we identify specific locations and a pool of public sector bodies that could form the basis of a future relocation strategy. The chapter concludes with recommendations on how relocation should be pursued in Northern Ireland.

7.2   Northern Ireland Context

7.2.1   As the Review developed, it became clear that the Northern Ireland context would be an important consideration. In Chapter 2 we concluded that the economy is performing well but there are structural weaknesses that need to be addressed, including spatial variations in economic prosperity. These variations are reflected in the deprivation index, where an overall east-west prosperity gap still exists. We also noted the importance of the public sector, and that it is in a period of unprecedented change driven by the need to improve efficiency, quality and effectiveness, which could ultimately result in significant changes in the way it delivers services and a reduction in the size of the sector.

7.2.2   Statistical data show that public sector employment in Northern Ireland, as a proportion of the total population, is higher than in the rest of the United Kingdom (UK) and the Republic of Ireland. It is also unevenly distributed and a disproportionate number of public sector jobs are located in the capital city compared with the rest of the UK and the Republic of Ireland. People travel to work in Belfast from every district council area, but the available evidence suggests that few (11 per cent) are willing to travel further than thirty miles.

7.2.3   The theory of relocation is based on studies of regions with differing economic characteristics, in particular, differences in labour and property markets. Given the small size of Northern Ireland, some of the theory does not apply in the same way as to relocations in larger geographical areas. When considering financial cost savings, for example, public sector pay is negotiated on a national basis here,

so there is no scope for labour cost savings as a result of relocation. Similarly, in a small economy the differences in property costs are less pronounced, thus reducing the scope for achieving large-scale savings. A report by the University of Ulster (2008) on the residential and office markets in Northern Ireland, commissioned by the Review, suggests that there are some variations in property values between Belfast and the rest of Northern Ireland. But the difference in values would not yield savings comparable to those realisable from moves out of London and the south east of England.

7.2.4   As well as differences in economic characteristics, spatial characteristics are an important consideration. In England, for example, the distances involved in relocating from London and the south east to, say, the north of England would typically require people to move house with their jobs, thus bringing significant positive economic benefits to the receiving location. In Northern Ireland, residents can travel by car to most places within ninety minutes. Consequently, the impact of relocation is likely to be less pronounced as relocated staff may choose to commute to work rather than relocate. The issue of distance also constrains the potential sustainability benefits. Although there is clearly pressure on the transport routes into Belfast, a relocation could result in a change to commuting patterns as people travel out of Belfast and possibly, depending on the quality of the infrastructure, create congestion in other areas. During our research, however, a strong case was made for the positive benefits of improving work-life balance for commuters, reducing congestion, and enhancing environmental sustainability.

7.2.5   The small size of Northern Ireland also exacerbates the "hometown effect", where the majority of transferring staff are already living in the receiving area and contributing to the local economy, thus reducing the economic growth that might otherwise be generated by new residents. The "hometown effect" restricts the full economic benefits that would be generated where the geographical distance is greater. This assumes that there would be no change in the composition of the workforce. Allowing for natural wastage and staff turnover, however, there would be opportunities to attract applications from people living in the local area over time. The general availability of skilled labour across Northern Ireland (as indicated by educational qualifications) would facilitate such a development.

7.2.6   Short geographical distances in Northern Ireland are, in our view, also a limiting factor when considering the usefulness here of a small units initiative similar to that in Scotland, where it was introduced to bring the benefits of public sector employment to fragile, rural communities. Given Scotland's physical terrain and geography, it is easy to see why such an initiative was welcomed there. Although weaknesses in Northern Ireland's transport infrastructure inhibit access to some

areas, we believe a strong case for a small units initiative is difficult to make here on the grounds of fragile and remote communities. Little scope also exists, when dealing with such small numbers of staff (typically less than fifteen), to encourage sustainable structures that would support career progression. Hence we have not pursued a small units initiative as an option for Northern Ireland.

7.2.7   Another consideration, based on the theory and experience of relocation, is uneven economic development (i.e. a fast growing core area supported by a slower growing periphery), which contributes to the structural economic conditions in which relocation could bring about a better regional economic balance. Although the relocation of jobs may occur across a relatively small geographical area, differences in the economic structure of Belfast and potential receiving locations means that any transfer of activity is likely to contribute to a better regional balance. This point was stressed at the public meetings, where it was suggested that public sector jobs could provide higher-paid, higher-quality jobs in areas with predominantly low-paid, private sector opportunities. It was also argued that relocation would help stimulate investment in local areas and attract and retain talented, qualified people by creating sustainable jobs with opportunities for career progression outside Belfast. A full summary of the views offered at the public research events is set out in Appendix D.

7.2.8   The evidence suggests that the potential improvements in service delivery associated with relocation are most likely to be realised when delivered as part of a wide-ranging reform programme that can help to bring about organisational and cultural change. Hence relocation in Northern Ireland could be used to maximise the benefits of the public sector reform programme currently underway. In addition, clustering of the public sector (as described in Chapter 4), which is a relatively new concept in Northern Ireland, could create a critical mass of high quality jobs, including senior posts outside Belfast. This would help contribute to the quality of the local employment base, which would, in turn, create positive spill-over effects in the local labour market and encourage local labour mobility and retention, thereby helping to slow the rate of internal migration into Belfast.

7.2.9   The Northern Ireland Civil Service (NICS) and the wider public sector has not been as innovative as some organisations in the UK and elsewhere in embracing the opportunities offered by technology-enabled flexible working. Problems with infrastructure were identified during our research as a major obstacle to attracting jobs, and concerns exist that, as a result of the RPA and other rationalisation projects, existing public sector jobs could be drained from local areas. Benefits could be obtained, therefore, from ensuring that flexible working is an integral part of a relocation strategy and is also adopted more widely in organisations

not relocating to help drive improvements in service delivery and to contribute towards reducing commuting and enhancing work-life balance among public sector employees.

7.3   Preliminary Considerations

7.3.1   A review of the academic literature and of the experience, mostly very recent, of relocating public sector jobs provides arguments and evidence both for and against relocation. Having considered these in the context of Northern Ireland, we have concluded that there is an imbalance in the distribution of public sector employment. Structural economic conditions (i.e. a fast growing economic centre and slower growing peripheral regions) exist, which, together with the scale of public sector reform, present a unique opportunity to encourage a degree of relocation. But we recognise that the small size of Northern Ireland limits the scope to make significant savings on property and labour costs or to maximise economic benefits.

7.3.2   On balance, we conclude that the relocation of public sector employment would contribute to improved regional economic balance and wealth creation and ensure that the economic benefits of the new Northern Ireland are accessible to a wider group. The structural and organisational changes already underway within the public sector provide the environment to facilitate the movement of business supported by increasingly sophisticated technological solutions. Considering the environment in which this Review has taken place, we therefore recommend that there should be some relocation of public sector jobs in Northern Ireland, but that we should avoid grand and dramatic proposals and proceed in a modest and prudent manner.

7.3.3   We should recognise that accurate cost-benefit and value-for-money assessments of relocations will be difficult, if not impossible, to undertake ex ante because the short-term costs (e.g. construction, removal expenses, training, recruitment, and project management) will be much easier to quantify than the long-term benefits (e.g. potentially greater regional economic growth, reduced deprivation, enhanced public service, and improved sustainability). Hence any business-case process should ensure that the long-term, non-monetary benefits receive primary consideration and should not be determined by value-for-money considerations alone. Relocations need to be seen initially as pilot projects, and they will require considerable political will to launch and to implement successfully.

7.3.4   We should aim in the first instance to move a relatively modest number of public sector posts from Belfast. The number of posts should create a sufficiently large critical mass of high quality jobs in other locations, while ensuring that Belfast, as the capital city, is not destabilised at a time when it is realising significant economic prosperity. To take advantage of the economic and other benefits of clustering, these posts should be relocated to a maximum of, say, five to eight towns or cities based on key hubs in the Regional Development Strategy.

7.3.5   In establishing the objectives for this Review, we referred specifically to service delivery. We strongly believe that the primary purpose of the public sector is to provide a public service, and one of the key priorities in the Programme for Government is the delivery of modern, high quality and efficient public services. Thus we do not recommend any relocation of jobs that would reduce the overall level of public service, particularly where organisations are engaged in front-line service delivery. Relocation should at least maintain operational efficiency and effectiveness and, ideally, increase cost-effectiveness and value-for-money in the longer term. The potential disruption that can occur from moving posts, or people or both, and the impact on service delivery must not be underestimated as is evident from experience elsewhere. Phasing should be a key component, therefore, of any future strategy, particularly where well established organisations are to be relocated. Hence we recommend that to minimise disruption to services and staff, and to help ensure a smooth transition, relocations should be implemented in a phased way over a period of, say, five years.

7.3.6   We should recognise that relocation will, in some cases, involve moving posts rather than people, because, given the small size of Northern Ireland, the post-holders may, at least in the short term, prefer to commute rather than move to the new location. Although this factor may reduce the economic benefits to the receiving location, it may also reduce (but not eliminate) the inflationary impact on property and labour markets in these areas and prevent reduced service levels resulting from employing inexperienced staff.

7.3.7   Recognising the initial costs involved in relocation and the pressure on public sector budgets, we recommend that a central corporate fund be created for the pilot projects. Costs will vary depending on the scale and requirements of individual relocations but, given the increasingly tight fiscal environment, there is likely to be limited spare capacity in departmental budgets to cover the transitional costs. A relocation budget, as recommended by Lyons in England and the Irish Government, should be a pre-requisite to get the projects up and running. Indicative costs are discussed further in Chapter 8 and Appendix E.

7.3.8 The importance of objectives and criteria on which to measure success is one of the lessons we have learned from experience in other countries. In relocating jobs to specific locations, the objectives of doing so (e.g. operational effectiveness and efficiency, and regional economic growth) should be explicitly stated at the outset and monitored on an ongoing basis. Then, after an appropriate period – say five yearly intervals – the relocations should be formally reviewed and evaluated to determine to what extent the objectives are being achieved. Future policy on the relocation of public sector jobs would be based, in due course, on these evaluations.

7.4 Criteria for Receiving Locations

7.4.1 Regional economic balance – reducing the disparities in economic growth and social deprivation between areas – is our primary consideration in attempting to relocate public sector jobs. Hence, in developing a number of centres outside the Belfast area, we need to maximise the potential for economic growth by restricting the number of receiving locations.

7.4.2 In addition, a number of infrastructure requirements are necessary to support a successful relocation. The first of these is labour market capacity: the receiving location must have, or be capable of developing, the capacity to absorb and sustain public sector employment over time. Employment can only be sustained if the labour force has the necessary skills or can be easily trained, or appropriate labour can be readily imported. The evidence suggests that, with one or two exceptions, the quality of the labour market (as determined by educational qualifications) is fairly consistent across Northern Ireland. The only concern might be the relocation of specialist posts requiring specific skill sets that are not readily available in specific locations.

7.4.3 Second, our research suggests that relocation needs to create a critical mass of a sufficient number and quality of jobs to be sustainable over time. Hence suitable office and other accommodation, with the necessary technological infrastructure, needs to be available within a reasonable timescale. The property report carried out by the University of Ulster shows that outside Belfast, only Londonderry currently has the capacity to sustain large Grade A offices of the type required for a large-scale relocation. Almost no speculative development currently occurs beyond Belfast and Derry, although development land and rental values seem to be considerably lower outside Belfast. Bearing this point in mind, some constraints relating to the office market clearly exist, but we understand that some potential to support office development is available in a number of other towns and cities.

7.4.4   Third, depending on the geographical location of the receiving centre, the availability of suitable housing within a reasonable timescale is an important consideration. Should people choose to move with their jobs, the receiving area needs to be able to absorb them. Spatial variations in average house prices (£188,750 in the Belfast travel-to-work area compared with £113,750 in Strabane) could provide an incentive for people to move from Belfast (University of Ulster, 2008). But given the small size of Northern Ireland and the intention to phase relocation, it is unlikely that large numbers of staff would move in the short term. This should mitigate against the potential risk of overcrowding the market and inflating local house prices.

7.4.5   The fourth criterion for selection is the availability of adequate transport (including public transport) links with other administrative centres. Weaknesses exist with the infrastructure, and the Investment Strategy for Northern Ireland is aiming, for example, to address major gaps in the transport network over the next ten years. The priorities include substantial improvements to a number of strategic road networks, all of which are significant when considering potential growth centres. Gaps in property infrastructure can be fairly easily addressed in the short to medium term, but the provision of appropriate transport networks requires a longer-term solution.

7.4.6   Finally, our research suggests that major benefits can be gained from clustering similar types of employment or related functions and services in close proximity, thereby creating critical mass and obtaining synergies from an interrelated skills base and coherent career structures that include promotion opportunities, as well as attracting related private sector employment. The potential for clustering was identified at a number of our public events as a means of retaining jobs in local areas and facilitating dispersal, and it plays an important role in our consideration of relocation.

7.4.7   In summary, regional economic balance, infrastructure, the labour market, and clustering are key components that, in our view, provide a sound basis on which to make geographical selection. Considering these in the context of our primary objectives (i.e. service delivery, economic growth, and sustainability), we recognise that service delivery should be a constant: the overall level of public service should not be diminished and operational effectiveness and efficiency should be at least maintained regardless of location. Similarly, if we can address sustainability through relocation, then we should do so. Hence the primary driver for relocation must be delivering economic growth and achieving a better regional balance.

7.5   Proposed Locations

7.5.1   In this section we propose various receiving locations based on the criteria outlined in Section 7.4. More specifically, we recommend that public sector jobs should be relocated to the following towns and cities on a scale commensurate with their infrastructural capabilities:

- Londonderry
- Omagh
- Craigavon
- Newry
- Ballymena
- Coleraine

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The justification for each receiving location is set out below.

7.5.2   Londonderry

7.5.2.1   Londonderry is Northern Ireland's second city and one of the largest population centres (about 32,000 dwellings) in the province. There is already a solid public sector presence in the city and a high incidence (17.2) of public sector jobs per 100 of the working age population. Hence there is a well established critical mass upon which to build and clustering could be more easily achieved. There are recent signs of growth in private sector employment, and the city is becoming more economically buoyant. The number of VAT registered businesses in the district council area has risen by 11.4 per cent between 2003 and 2007 (as reflected in the Office for National Statistics, Inter-departmental Business Register). The proximity to the University of Ulster at Magee College is also beneficial in terms of labour market skills. There is the opportunity, because of its geographical location, to facilitate cross-border institutions. Derry is also one of the few areas where the existing infrastructure, particularly the commercial property market, could readily absorb a substantial relocation of public sector employment. Former military sites at Ebrington and Fort George are key development opportunities, and plans are in place to upgrade the road network within, and to and from, the north west. Proximity to the City of Derry Airport is also advantageous.

7.5.2.2   We note the high levels of deprivation (39 per cent) and relatively high unemployment (3.7 per cent) in the Derry travel-to-work area, and the low working age population growth projections (less than 1 per cent in the next ten to fifteen years), all of which need to be addressed; relocation may help to mitigate these trends by encouraging employment and people into the area. We also note the significant weaknesses in the Strabane travel-to-work area in infrastructure, unemployment (over 4 per cent), number of public sector jobs per 100 of the working age population (8.2) and deprivation (56 per cent), but believe that these can be best addressed by building on the sound base in Derry to develop critical mass that will effectively benefit the region as a whole. Plans to build a dual carriageway between Strabane and Derry and the integration of the two councils as part of the new local government structure will also be helpful in this regard. Hence we recommend that Derry should be a primary site for relocation to absorb a substantial number of jobs in the relatively short term.

7.5.3   Omagh

7.5.3.1   Omagh is the largest town (about 8,000 dwellings) in the west of Northern Ireland, and the Omagh travel-to-work area has the highest concentration of public sector employment (21.5 per 100 of the working age population). This sound public sector base provides a critical mass on which to build and develop an employment cluster. Omagh's relatively central location means that it can offer employment opportunities to surrounding areas, including Enniskillen and Strabane, and it could also support cross-border bodies. Omagh has enjoyed above-average private sector growth: the number of VAT registered businesses in the district council area has risen by 9.5 per cent between 2003 and 2007 (Office for National Statistics, Inter-departmental Business Register). Over this period, 250 new businesses – primarily small and medium-sized enterprises – have been registered in Omagh, reflecting its success in attracting investment and employment. These factors, combined with the size of the town and an estimated working age population growth of 10 per cent (based on NISRA's projections) over the next ten to fifteen years, suggest that economic growth in the west and south west can be best achieved by concentrating public sector employment in Omagh. This conclusion is strengthened by plans to upgrade the road network to and from Derry.

7.5.3.2   Some weaknesses in infrastructure, particularly the availability of office accommodation and the limited office property market, could, at least in the short-term, constrain the scale of relocation. But we note the possible opportunities that may be created by the former military sites at Lisanelly and St Lucia. So we recommend that Omagh should be a primary site for relocation of public sector jobs and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.4   Craigavon

7.5.4.1   Craigavon is well connected geographically, with excellent transport links by both road and rail, and it can offer job opportunities to people in surrounding areas such as Armagh, Banbridge, Dungannon, Lurgan, and Portadown. Craigavon is one of the largest settlements in Northern Ireland (about 26,000 dwellings) with a relatively strong public sector base and a large number of public sector jobs (16.5 per 100 of the working age population in the travel-to-work area). There is also a relatively high incidence of private sector employment, a good rate of economic activity, and low unemployment, which demonstrates its ability to attract investment and employment. NISRA estimates that growth in the working age population over the next ten to fifteen years in Craigavon will be about 20 per cent.

7.5.4.2   All these factors suggest that there is an opportunity to take advantage of Craigavon's location, as well as building upon the public sector presence and promoting clustering in both the public and private sectors. We also note the relatively high incidence of deprivation, which relocation may help to address. Some constraints relating to the availability of office accommodation exist, although the University of Ulster report suggests some limited Grade A office space is available. These limitations could restrict the capacity to absorb a large number of jobs in the short term, but we believe that the balance of advantage lies with Craigavon's transport links and the scope for development. Therefore, we recommend that Craigavon is a primary site for relocation of public sector jobs, and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.5   Newry

7.5.5.1   Newry is already experiencing significant economic growth, promoted by its position on the eastern seaboard and the Belfast-Dublin corridor. It has excellent transport links by road and rail and can potentially offer job opportunities to people in Armagh, Banbridge, and the wider Mourne district (including a number of small coastal settlements). The city is reasonably large (about 11,000 dwellings) and indicative projections suggest a significant growth in the working age population (over 20 per cent) in the next ten to fifteen years. Unemployment rates are low (2 per cent). Newry's success is primarily attributable to its ability to attract and retain private sector employment. The number of VAT registered businesses in the district council area has risen by 15.6 per cent between 2003 and 2007 (Office for National Statistics, Inter-departmental Business Register). A relatively low number of public sector jobs exist in the Newry travel-to-work area (12 per 100 of the working age population), and we understand that private sector employment tends to be primarily in both low-grade and low-skilled occupations. There are also relatively high levels of deprivation (18 per cent) in the Newry travel-to-work area, which relocation may help to address. Newry's infrastructure, its transport links, and its location also provide opportunities to accommodate cross-border institutions. The office market is quite limited although the University of Ulster report indicates that some Grade A office space exists, with scope to develop the commercial property market.

7.5.5.2   We believe that the balance of advantage lies with Newry's geographical position, transport network, infrastructure, and the economic growth that is already well established. We also believe sufficient capacity is available to create a sustainable critical mass of higher-quality, higher-paid employment and to promote clustering in both the public and private sectors. We therefore recommend that Newry is a

primary site for relocation of public sector jobs and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.6   Ballymena

7.5.6.1   The north east of the province is a large geographical area served by two major settlements, Ballymena and Coleraine. Ballymena is geographically well positioned and is easily accessible by road and rail. It can potentially offer job opportunities to the surrounding area, including Antrim, Ballymoney, Larne, and Magherafelt. Ballymena is a large settlement (about 12,000 dwellings), with a projected increase in the working age population of about 6 per cent in the next ten to fifteen years. A well established public sector base exists – although the number of public sector jobs per 100 of the working age population is relatively modest (14 compared with the Northern Ireland average of 17.6) – and the incidence of private sector employment is pronounced: Ballymena has the highest number of private sector jobs (43.7) per 100 of the working age population in Northern Ireland and, overall, demonstrates a high rate of economic activity and low unemployment (1.6 per cent). An opportunity is available to build on the public sector base that exists, which would promote clustering in both the public and private sectors.

7.5.6.2   We note Ballymena's proximity to Belfast, but believe there is a strong case for growing the wider catchment area that includes a number of settlements along the Antrim coast and glens with very restricted access to other locations. The town has good transport links by road and rail and good access to the two Belfast airports. There are some weaknesses in the availability of office accommodation and a limited market exists. But the University of Ulster report suggests some Grade A office space and some scope for development are present, particularly if the site at St Patrick's Barracks becomes available. These infrastructural limitations could, however, restrict the capacity to absorb a large number of jobs in the short term. We recommend, therefore, that Ballymena is a primary site for the relocation of public sector jobs and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.7   Coleraine

7.5.7.1   Coleraine is the other major settlement in the north east. It is well positioned geographically and can offer job opportunities to the surrounding areas including Ballymoney and Limavady. It is a relatively large settlement (about 10,000 dwellings) with a sound public sector base. It has a relatively high incidence of public sector employment per 100 of the working age population (14.3), and it also has a high

rate of economic activity and low unemployment (2.5 per cent). Its proximity to the University of Ulster provides an opportunity to attract and retain skills. Relocation to Coleraine will, as in Ballymena, build on the existing public sector base, which will facilitate clustering in both the public and private sectors. We note, however, that the projected working age population is in decline (-2.7 per cent), which relocation may help to address.

7.5.7.2   The town is well served by road and rail networks and is accessible from the City of Derry Airport. It has similar infrastructural weaknesses in office accommodation and property market to other regional towns. But there is some limited Grade A office space and the University of Ulster report suggests some scope for development. We have also considered Coleraine's proximity to Derry and the development of the north coast as a major area of tourism. Nevertheless, there is a strong case for a critical mass of high quality, public sector jobs in the region that would create long-term sustainable growth for some of the more remote coastal areas. As in other locations, however, infrastructural limitations could restrict Coleraine's capacity to absorb a large number of jobs in the short term. Nonetheless, we recommend that Coleraine is a primary site for relocation of public sector jobs and that the scale of the relocation should be commensurate with its infrastructural capability.

7.5.8   Future Locations

7.5.8.1   The overarching objective of the Review is to enhance the sustainable economic and social development of Northern Ireland. We believe that concentrating the relocation of public sector employment in the six proposed locations will help to achieve this objective by encouraging better balanced economic growth that is accessible to the majority of the population. We also believe that the vast majority of the working-age population live within reasonable travelling distance of one or more of the six centres we have identified. Nonetheless, we consider below three smaller towns – Cookstown, Downpatrick, and Enniskillen – that have particular problems in terms of accessibility.

7.5.8.2   Cookstown is effectively in the centre of Northern Ireland, but it is relatively difficult to reach because of poor transport links. It hosts the agricultural campus at Loughry College, and there are plans to locate the new training college of the Police Service for Northern Ireland in the area.

7.5.8.3   Downpatrick is part of the Belfast travel-to-work area but, because of poor infrastructure, it has no easy access to either Belfast or South Down. But there

are currently plans to develop a public services campus on the site of the old Downshire Hospital, taking advantage of the new Down Hospital.

7.5.8.4   Enniskillen is also due to benefit from a new hospital that should help to draw employment into the area, and it is likely to continue to grow as a major area for tourism. But the town is poorly served by its transport networks.

7.5.8.5   Our intention at this stage is not to increase the number of receiving locations. We believe the six locations we have proposed are best placed to achieve the objectives of the Review. But, in the longer term, the possibility of new locations in Cookstown, Downpatrick and Enniskillen, where the nuclei of economic clusters are beginning to emerge, may develop. Should they do so, then, providing the infrastructural and access limitations can be addressed, they may have the potential to grow further in the future. We recommend, therefore, that the longer-term potential of these towns is considered, but only in the event of a future wave of relocations.

7.6   Opportunities for Relocation

7.6.1   There are some 120 public sector bodies in Northern Ireland, excluding schools and Health and Social Care Trusts. They range in size from about 10 jobs to many thousands of jobs. The health and education sectors account for two-thirds of public sector employee jobs, many of which are already widely dispersed delivering services in local areas, including provision of services to the people of Belfast. This limits, to some extent, the Review's scope for relocation, as many organisations and groups are not appropriate for relocation. Nevertheless, opportunities for relocation exist within the public sector, and we identify these below.

7.6.2   New Bodies

7.6.2.1   The first opportunity for relocation occurs with the formation of new bodies. We believe a presumption should exist against locating in Belfast when establishing new bodies. This should be the first principle of any relocation policy and new bodies should not be located in Belfast unless a compelling, evidence-based case for doing so can be made. Similarly, if a major review of existing functions and services results in the creation of a "new" entity, the assumption should be that it will relocate outside Belfast. This approach will encourage the longer-term growth of public sector activity outside the capital city. Hence we recommend that there should be a presumption against locating in Belfast when establishing new bodies or reviewing existing functions and services.

7.6.3 Review of Public Administration Institutions

7.6.3.1 The Review of Public Administration (RPA) has provided a unique opportunity to reshape radically the structure of public administration. It creates significant challenges for the public sector, especially in the areas of health, education and local government. The sub-regional Health and Social Care Trusts are already established, and work on the service-delivery model for education is underway. We recognise that co-terminosity (i.e. common administrative boundaries) and closer working with local government are important elements of the new arrangements and we commend this approach.

7.6.3.2 Decisions have yet to be taken on the location of the administrative headquarters of new regional institutions such as the Regional Health and Social Care Board and the Education and Skills Authority. We understand that the organisations concerned will draw posts and people from the legacy institutions, and we do not underestimate the inherent challenges of establishing the new bodies. The opportunity created by the RPA cannot be overlooked, however, and we recommend that new regional bodies, such as the headquarters of the new Health and Social Care Board and the Education and Skills Authority, should be located outside Belfast.

7.6.4 Operational/Processing Units and Common Services

7.6.4.1 An opportunity for relocation is also presented by operational or processing units and agencies that do not need to be close to policy headquarters or ministers. "Delivery" or "arm's-length" organisations – such as executive agencies and non-departmental public bodies, back-room processing, and call centre activity – can effectively be located anywhere, especially where they provide a province-wide service. Traditionally, many of these bodies have been located in Belfast, close to the parent department, but, given the nature of their business, many of them could be relocated.

7.6.4.2 Similarly, the rationalisation of common services currently being adopted across the NICS and the wider public sector provides an excellent opportunity to relocate support functions such as human resources, finance, and so on. Hence we recommend that operational/processing units or agencies, non-departmental public bodies, and common services are further options for relocation.

7.6.5   Improved Public Services

7.6.5.1   Linked to these opportunities for relocation are others that would enhance public service delivery or improve accessibility for customers and stakeholders. The Programme for Government sets out the Executive's wish to bring government closer to people, revitalise public services, and ensure more accessibility, accountability and responsiveness. Where this can be assisted through relocation, then we recommend that it should be considered.

7.6.6   Restructuring of Government Departments

7.6.6.1   We have also considered, albeit speculatively, the possibility for relocation in the event of a substantial restructuring or a future merger of government departments. As government looks for ways to be more joined up, and, as set out in the Programme for Government, a review of the number of departments will occur by 2011, we recommend that relocating some departmental business should be considered in the context of enhanced technology and more flexible working arrangements.

7.6.7   Clustering and Co-location

7.6.7.1   Earlier in the report we considered the benefits of clustering. Co-locating and establishing "one-stop shops" also feature increasingly strongly across government as organisations seek to join up services and improve the way these are delivered to the public. We already have examples, including the Jobs and Benefits Offices and DARD Direct, where departments or business areas are co-locating in an attempt to deliver a much more customer-focused service, and we commend this approach. Where an opportunity also exists to consider relocation as a result of streamlining, integrating and improving front-line services, then we recommend that organisations should do so.

7.6.8   Technological Advancements

7.6.8.1   In Chapter 6 we discussed the technological advancements that promote opportunities for flexible working (e.g. remote, mobile, and home working). We regard these as key elements of any relocation strategy, and a major opportunity that cannot be overstated. Thus we are of the view that technological capability should be an integral part of all plans to relocate.

7.6.9 Lease Breaks

7.6.9.1 The termination or review of a building lease was one of the main criteria in the Scottish strategy for triggering a relocation review. Although we would not advocate that every lease break should automatically trigger a formal review, we recommend that when a lease comes up for renewal, a review should at least be considered and the lease break treated as a potential opportunity to relocate.

7.6.10 Cross-border Institutions

7.6.10.1 Finally, in establishing opportunities for relocation, we propose that institutions with a cross-border role lend themselves, by the very nature of their business, to locations closer to the land border with the Republic of Ireland and should be considered accordingly. A number of bodies – such as Waterways Ireland, InterTradeIreland, and the North-South Ministerial Council – are already located in border areas and operating successfully. We recommend, therefore, considering the relocation of cross-border bodies that are currently based in Belfast.

7.7 Candidates for Relocation

7.7.1 Given the time and resources available to the Review, we have not been able to carry out a full audit of all public sector bodies. As part of our research, however, we met with all the permanent secretaries (and, in some cases, their ministers) of Northern Ireland departments, and took evidence from the Department of Environment and the Northern Ireland Local Government Association on the new RPA structures. This enabled us to identify a number of organisations that, in our view, are potential candidates for relocation (in line with the opportunities set out in Section 7.6) and create the critical mass of high quality jobs necessary to achieve locally sustainable economic growth. But critical mass has to be seen, at least in the short term, relative to the infrastructural capacity of the receiving location's ability to absorb and sustain additional jobs. Hence we propose below a range of organisations – from ones with less than fifty employees to those with many hundreds – to provide a pool of candidates from which initial pilot projects can be identified. In doing so, we recognise the challenges of, and concerns about, relocation in relation to service delivery, human resources, proximity and access to ministers, and so on. Proposals for addressing these issues are set out in the next chapter.

7.7.2   Victims and Survivors Commission

7.7.2.1   The Victims and Survivors Commission (about 20-30 posts) is a new body established in June 2008 under the auspices of the Office of the First Minister and deputy First Minister. The Commission will promote the interests of victims and survivors throughout Northern Ireland, and its work involves consulting with individuals, groups and organisations in the community, voluntary and statutory sectors. As a newly formed body with a regional interest, we recommend that the Commission should be a candidate for location outside Belfast.

7.7.3   Charities Commission

7.7.3.1   The Department for Social Development is bringing forward legislation to create a new Charities Commission (about 20-30 posts). This non-departmental public body will be responsible for the regulation of charities in Northern Ireland and for promoting best practice in the management and governance of the charitable sector. As a newly formed body with a regional interest, we recommend that the Charities Commission should be a candidate for location outside Belfast.

7.7.4   Regional Health and Social Care Board, and Regional Public Health Agency

7.7.4.1   The Regional Health and Social Care Board (about 400 posts) is a new, regional RPA-related body that will be established in April 2009 with specific responsibility for performance management and improvement, commissioning, and financial management in the health sector; it will replace the existing four Health and Social Services Boards. The majority of posts are likely to transfer from the existing boards, although we understand that a number of posts will be retained locally to facilitate partnership working with the Local Commissioning Groups and the Health and Social Care Trusts.

7.7.4.2   Similarly, the Regional Public Health Agency (about 300 posts) is a new, regional RPA-related body that will bring together the functions of the Health Promotion Agency, Health Action Zones, Investing for Health, and associated functions in existing boards and trusts. It will maintain a local presence, but the majority of posts will be drawn into a single body from April 2009. Both the new Board and the Agency have direct regional links and as "delivery" or "arm's-length" organisations do not require, in our view, to be physically close to ministers or the parent department. They also offer possibilities for clustering of related skills and services. We recommend, therefore, that both the new Regional Health and Social Care Board and the new Regional Public Health Agency should be candidates for location outside Belfast.

7.7.5   Common Services Organisation

7.7.5.1   The health and social care reforms include the establishment of a Common Services Organisation (CSO) of about 2,300 posts from April 2009 to provide a broader range of support functions for the health and social care service. The new body is intended to streamline and simplify processes, improve quality, and achieve savings in a range of services such as human resources, finance, estates, ICT, information, and procurement. A number of these functions are currently dispersed across the existing Trust and Board areas, and we understand that these will be brought together once the appropriate technological and telecommunications infrastructure can be put in place. Shared services can effectively be located anywhere and the creation of a large body such as this provides an opportunity for the clustering of related skills and services. Hence we recommend that the CSO should be a candidate for relocation.

7.7.6   Northern Ireland Civil Service Shared Services, and Local Government Shared Services

7.7.6.1   The development of shared services is not unique to the health sector. Within the NICS, for example, a major programme of reform is underway through which support functions such as human resources, finance, ICT, records management, and training are being brought together in shared services with further plans to improve access to public services and information through a project known as "NI Direct". The NICS shared services projects are in advanced stages of implementation and thought is being given to the future structure of the shared services with a view to achieving enhanced co-ordination and integration across the services. As the NICS shared corporate services mature, there could be an opportunity to relocate key aspects such as the in-house shared service centres, since these are back-office functions that could be located outside the Belfast area.

7.7.6.2   We also understand that the provision of common services will be considered as part of the restructuring and modernisation of local government. Shared services, as we have suggested, can effectively be located anywhere and the opportunities created within the NICS and local government should be considered accordingly. We recommend that, in moving to the next phase of the shared services programme, the NICS considers relocating key aspects of these services. We also recommend that the introduction of local government common services should be considered as candidates for relocation.

7.7.7   Education and Skills Authority Headquarters

7.7.7.1   The Education and Skills Authority (ESA) is a new organisation resulting from the RPA. It will have a strong local presence and the majority of services will be delivered at a local level, primarily to schools and the youth sector. It is expected that common services are also likely to be rationalised but located in a way that broadly supports the existing distribution of education service jobs. There will be a small corporate headquarters (about 100 posts) reporting directly to the Chief Executive of the new Authority. The nucleus of the ESA headquarters has already been established in temporary premises in Belfast. It is responsible, however, for a regional organisation and as a "delivery" body it does not require, in our view, to be physically close to ministers or its parent department. It also offers possibilities for clustering of related skills and services. We recommend, therefore, that the headquarters of the ESA should be a candidate for location outside Belfast.

7.7.8   Northern Ireland Library Authority Headquarters

7.7.8.1   Under the RPA, the Northern Ireland Library Authority will be established in April 2009 to take forward the delivery of library services across the province, aiming to provide a modern, efficient service to library users. Library functions will transfer from the existing education and library boards to the new Authority, but it is likely that the majority of staff will remain in their current locations (i.e. local libraries), with a small corporate headquarters of about thirty posts. The implementation team is currently based in a temporary location in Lisburn, but we are of the view that, as for the new health and education bodies, the Library Authority is a delivery organisation that does not require day-to-day access to its minister or its parent department. It also offers possibilities for clustering of related skills and services. As such, we recommend that the headquarters of the Library Authority should be a candidate for location outside Belfast.

7.7.9   Land and Property Services

7.7.9.1   Land and Property Services (LPS) was also created as a result of the RPA so that an integrated set of land and property related services for citizens and government would aid the regeneration and economic development of Northern Ireland. This resulted in April 2008 in the merger of rating, valuation, registration, and mapping services into a single agency. LPS is an agency of the Department of Finance and Personnel and provides services from eight centres across Northern Ireland,

although the majority of staff and functions are based in four buildings in Belfast (about 700 staff). We understand, however, that the agency wishes to bring the functions in the Belfast estate together into a single building.

7.7.9.2 We believe that LPS fulfils a number of our criteria insofar as it is an RPA-related body delivering a regional service throughout Northern Ireland. It is an operational agency that does not require day-to-day access to ministers or its parent department. It also aims to move its business when a lease break occurs in one of its buildings in the next three to four years. These factors create sufficient momentum for relocation to be considered and provide an opportunity to encourage clustering of related skills and services. But about a third of the posts in LPS are specialist functions (e.g. valuers and mappers). Hence relocation would have to be managed carefully, given the specialist nature of the skills required. We nevertheless recommend that Land and Property Services should be a candidate for relocation.

7.7.10 Northern Ireland Environment Agency

7.7.10.1 The Northern Ireland Environment Agency is the largest agency of the Department of the Environment, protecting and conserving our natural heritage and built environment, controlling pollution, and promoting the wider appreciation of the environment and best environmental practices. Previously known as the Environment and Heritage Service, it is an operational unit providing a regional service throughout Northern Ireland. Staff are currently based in two buildings in Belfast (about 400), one building in Lisburn, a depot in Moira, and a number of heritage sites across the province.

7.7.10.2 As an operational agency, it does not require day-to-day access to ministers or its parent department but, more importantly, the nature of its business means that it could effectively be located anywhere in Northern Ireland. Protecting the environment and natural heritage lends itself very well to bringing government closer to people, enhancing public service delivery, and improving accessibility for customers and stakeholders. We note, however, that the 400 posts in Belfast are split fairly evenly between general service grades and scientific and technical posts. Hence given the specialist nature of the skills required, relocation would have to be managed carefully. We also recognise that the agency has moved, relatively recently, to its current accommodation in the Gasworks – a point that should be considered in the timing of a future relocation. We nevertheless recommend that the Northern Ireland Environment Agency should be a candidate for relocation.

7.7.11 Northern Ireland Water

7.7.11.1 Northern Ireland Water is a government-owned company (through the Department for Regional Development) set up in April 2007 to provide water and sewerage services in Northern Ireland. It has a regional presence across the province responsible for the management and maintenance of reservoirs and treatment and pumping stations. The company's headquarters (about 400 posts) is in four buildings in Belfast, and we understand it wishes to bring these functions together in a single location.

7.7.11.2 As a government-owned company, it operates independently; thus it does not require physical proximity or day-to-day access to ministers or its sponsoring department, and the nature of its business does not require its administrative headquarters to be in Belfast. Given these features, together with the business need to establish new headquarters, there is sufficient momentum for relocation, which would provide an opportunity to encourage clustering of related skills and services, to be considered. We recognise that Northern Ireland Water is an autonomous body, but we nonetheless strongly encourage it to consider a headquarters location outside Belfast.

7.7.12 Departmental Headquarters

7.7.12.1 Relocation of departmental headquarters has not been tried anywhere in the United Kingdom. Although proximity to the seat of government is a major issue, questions arise over how much, and what parts, of a department actually require day-to-day access to ministers and senior policy makers. Notwithstanding all the risks, which are well rehearsed, we believe that principally because of the small size of Northern Ireland, an opportunity exists to pilot the movement of a departmental headquarters. It would address the fundamental issue of bringing government closer to the people and, in some cases, enhancing service delivery (and perhaps policy making) by improving access to customers and stakeholders. And in doing so, it would provide an excellent opportunity to encourage clustering of related skills and services. A pilot would also provide an opportunity to test the effectiveness and efficiency of flexible working when the department is physically remote from the seat of government.

7.7.12.2 We do not wish to be prescriptive about which government headquarters should be considered for relocation but, throughout our research, people consistently questioned why the headquarters of the Department of Agriculture and Rural Development (about 800 posts) is located on the Stormont Estate. The Department's principal aim is to promote sustainable economic growth and the development of

the countryside in Northern Ireland, and to assist the competitive development of the agri-food, fishing, and forestry sectors. Given the nature of its business and its agencies (e.g. the Forest Service and the Rivers Agency), a strong case can be made for relocating the headquarters and agencies. The department is also due to move from its current building on the Stormont Estate in 2013 as part of the Workplace 2010 programme. Hence we recommend that a departmental headquarters should be relocated and that the Department of Agriculture and Rural Development should be considered as a candidate.

7.7.13 Way Forward

7.7.13.1 To summarise, if all the candidates proposed in Section 7.7 were to be relocated, this would amount to approximately 5,500 posts (excluding posts involved in NICS shared services and potentially in local government shared services, as these services are not yet established). This represents approximately 3 per cent of the total number of (full-time equivalent) public sector jobs in Northern Ireland and just over 5.0 per cent of the (full-time equivalent) public sector jobs currently based in the Belfast travel-to-work area.

7.7.13.2 We have not attempted to match candidates to specific locations, as each relocation will require a full and detailed study. In addition, we have concluded that the initial wave of relocations should be phased, approached in a modest and prudent manner, and implemented as pilot projects. We recommend, therefore, that about 3,000-4,000 posts (i.e. about 2 per cent of the total number of public sector jobs or around 3 per cent of those based in the Belfast travel-to-work area) should be identified from the pool of candidates as pilot projects to be taken forward in a first phase of relocation.

7.7.13.3 We are satisfied, from the analysis we have conducted, that the pool of potential candidates provides a sound basis on which to develop an agenda for action. We are also satisfied that the majority of these organisations provide a sustainable critical mass that will offer high quality jobs and a coherent career structure in the receiving locations to address the issues of economic growth and sustainability.

7.7.13.4 But the pool of public sector bodies suggested above is not exhaustive. We believe that a critical examination of the full range of public sector organisations – including agencies, non-departmental public bodies, commissions, regulators, and inspectorates – will identify other suitable candidates for relocation. Hence we recommend that each department, in conjunction with the central unit described in Chapter 8 should conduct its own audit, based on the criteria used by the Review, to identify further opportunities for relocation in the longer term.

7.7.13.5 We also believe opportunities exist to pursue the dispersal of public sector jobs from Great Britain as part of a future strategy. A number of these – such as Her Majesty's Revenue and Customs, the Identity and Passport Service, and processing work of the Department for Work and Pensions – are already based in Northern Ireland. Further opportunities could exist to exploit the cost and staffing advantages that Northern Ireland has to offer. Hence we recommend that these opportunities be sought out as a way of further encouraging economic growth.

7.8   Conclusion

7.8.1 We have developed proposals in this chapter for the relocation of public sector jobs, taking into account the issues specific to Northern Ireland as well as the theory and experience of relocation in the rest of these islands. The evidence suggests that structural weaknesses in Northern Ireland need to be addressed. We also know that a prosperity gap exists between the east and west of the province, and, by comparison with other capital cities in these islands, a disproportionate proportion of public sector employment is concentrated in Belfast. The Executive's top priority is growing the economy, and we have concluded that some relocation of public sector jobs would create a better regional economic balance that would help to achieve this objective.

7.8.2 Hence we have recommended a modest, phased relocation of some public sector jobs from Belfast to a small number of centres to ensure that the economic benefits of the new Northern Ireland are more evenly distributed. The scale of the relocations should provide a sufficient number of high quality jobs to encourage clustering and co-location as well as a coherent career structure for public servants outside Belfast. The infrastructure (e.g. labour market, property market, and transport networks) in the receiving locations must also be sufficiently robust to absorb and sustain public sector employment over time.

7.8.3 We could not, however, rule out the possibility of new locations in the longer-term and noted the emergence of small economic clusters in particular areas – Cookstown, Downpatrick, and Enniskillen – where, presently, there are weaknesses in infrastructure and access.

7.8.4 Although recognising that many public sector bodies are already well dispersed, we have concluded that there are many opportunities for relocation, extending from the formation of new bodies and the RPA institutions to operational/processing units and common services organisations and cross-border bodies. Opportunities to improve customer service, as well as opportunities created by the restructuring of government departments, clustering and co-location of services, technological

advancements, and lease breaks, should also be considered. The list of proposed relocation candidates is not exhaustive as we believe that a critical examination of the full range of public sector organisations would identify other suitable candidates.

7.8.5 Hence we recommend that:

9. Public sector jobs in Northern Ireland should be relocated, but we should avoid grand and dramatic proposals and proceed in a modest and prudent manner.

10. Relocations should be implemented in a phased approach over a period of, say, five years.

11. A central corporate fund should be created for the pilot relocation projects.

12. Public sector jobs should be relocated to Londonderry, Omagh, Craigavon, Newry, Ballymena, and Coleraine, and the scale of the relocations should be commensurate with the infrastructural capabilities of the receiving locations.

13. The longer-term potential of Cookstown, Downpatrick, and Enniskillen as relocation centres should be considered in the event of a future wave of relocations, providing their infrastructural and access limitations can be addressed.

14. A presumption against locating in Belfast should exist when establishing new public sector bodies or reviewing existing functions and services.

15. New bodies created as a result of the Review of Public Administration should be candidates for relocation.

16. Relocation should be considered in relation to operational/processing units, common services organisations, and cross-border bodies.

17. Relocation should be considered in the event of the restructuring of government departments, lease breaks, and where opportunities exist to enhance service delivery, cluster services or co-locate services.

18. The following bodies should be candidates for relocation, providing a pool from which initial pilot projects should be identified:

    • Victims and Survivors Commission

    • Charities Commission

    • Regional Health and Social Care Board

    • Regional Public Health Agency

- Common Services Organisation

- Northern Ireland Civil Service Shared Services

- Local Government Shared Services

- Education and Skills Authority Headquarters

- Northern Ireland Library Authority Headquarters

- Land and Property Services

- Northern Ireland Environment Agency

- Northern Ireland Water Headquarters

- A Departmental Headquarters (possibly the Department of Agriculture and Rural Development).

19. About 3,000-4,000 posts should be identified from the pool of candidates as pilot projects to be taken forward in a first phase of relocation.

20. Each government department, in conjunction with the central unit, should conduct its own audit, based on the criteria used by the Review, to identify further opportunities for relocation in the longer term.

21. Consideration should be given to pursuing dispersal of jobs from Great Britain as a way of further encouraging relocation and economic growth.

7.8.6   In reaching our conclusions, we recognise the major challenges and potential risks that relocation presents. We have noted concerns about service delivery, costs, human resource issues, need for access to ministers, and so on. The next chapter sets out an agenda for action in which we address these and other challenges and set out our recommendations for moving forward.

Implementation

8

CHAPTER 8

Implementation

8.1 Introduction

8.1.1 We recognise that even a modest and phased approach to relocation will require significant political will coupled with careful planning and management. We appreciate the scale of the task and the complexities involved, including human resource (HR) considerations, maintaining service delivery, and putting in place arrangements that will facilitate successful implementation. This chapter therefore outlines proposals on how the Review's recommendations should be taken forward. It covers the factors that will inform the Executive's decision making as well as a number of implementation issues, including the development of the business case and the need for leadership and careful handling of the HR aspects of relocation.

8.2 Impact Assessments and Consultation

8.2.1 Following publication of the Review, it will be necessary for policy makers to undertake the relevant impact assessments on the proposals. These could include rural, economic, and social inclusion impact assessments. It will also include another vital aspect of impact assessment in the form of equality proofing and an Equality Impact Assessment in line with the requirements of Section 75 of the Northern Ireland Act 1998. This assessment will include consideration of the potential impact of the relocation proposals on the composition of the workforce within the Northern Ireland Civil Service (NICS) and the wider public sector. This process should include public consultation that would be undertaken in line with the relevant guidance of the Office of the First and deputy First Minister (OFMDFM) and the guiding principles for consultation of the Equality Commission for Northern Ireland.

8.3 Costs of Relocation

8.3.1 The financial implications of relocation will also be an important factor in the Executive's decision making. We believe that the Executive has to make an investment in relocation if it is to pursue a successful policy of dispersal to achieve broader socio-economic goals. Recognising this, and drawing on the experience

of relocation elsewhere, we have completed some preliminary work on indicative costs and savings and this can be found at Appendix E. The cost model is purely illustrative and is based on a number of assumptions. Nevertheless, it helps to demonstrate the wide range of variables involved in relocation and the types of costs that can be involved.

8.3.2   Although it is difficult to generalise because of the range of variables, the model shows the indicative costs and savings of relocation, and suggests that the cost per post will decline significantly over time. Larger-scale relocations tend to become less expensive over time on a cost per post basis relative to smaller-scale relocation projects.

8.3.3   As set out in Chapter 7, recognising the need for initial investment to enable relocation to take place as well as the current pressure on public sector resources, we have recommended that a central corporate budget is identified to fund the pilot relocation projects.

8.4   Business Case

8.4.1   A key aspect of the implementation process will be the business cases that will be required for bodies intending to relocate. We recognise that the conventional approach is for this process to be undertaken in line with the *Northern Ireland Practical Guide to the Green Book*. As indicated in Chapter 7, however, implementing relocations will take significant political will, because accurate cost-benefit analyses of relocations will be difficult to undertake ex ante since the short-term costs will be much easier to quantify than the long-term benefits (including broader socio-economic benefits). We recommend, therefore, that the longer-term non-monetary costs and benefits of the business case receive primary consideration. This is not the conventional approach; however, as experience elsewhere has demonstrated (see Chapter 5), major relocations require up-front investment and are unlikely to produce financial benefits in the short term.

8.4.2   To learn from the relocation implementations, particularly in the first phase, decision makers must be clear about how success will be measured and put in place robust mechanisms to monitor and evaluate the impacts and outcomes. We recommend that clear objectives and benefits-realisation plans are developed at the outset of relocation projects as part of the business case process. The evaluations should look at all the key aspects of the relocations, including the impact on the organisation's business, customers, receiving location, staff, and the broader region.

8.4.3   A central relocation unit (discussed in Section 8.5) should have a role in assisting with the development of business cases. As part of this process, the unit should update and adapt the *Framework to Underpin Decisions on the Location of Public Sector Jobs Resulting from the Review of Public Administration* (DFP, November 2007) to reflect the criteria established by this Review, and to provide a consistent basis for relocation business cases which ensures that longer-term non-monetary, as well as monetary, benefits receive consideration.

8.5   Leadership and Co-ordination

8.5.1   A critical element of the implementation strategy will be ensuring collective and sustained political leadership. We recommend that the relevant minister for each department involved in the relocation of a body should provide visible leadership on the issue. In addition, we recommend that an Executive sub-committee, similar to those set up to focus on water and sewerage services reform and local government reform, should be established to provide a mechanism to ensure co-ordinated leadership and continued momentum.

8.5.2   Political leadership needs to be supported by committed leadership among officials. The accounting officers in Northern Ireland departments, agencies and other public sector bodies involved in relocation must be held accountable for the relocation activities within their areas of responsibility. We recommend that the work of relocation should be integrated into the business planning of departments and other public bodies, and progress should be regularly reported to departmental boards, ministers, the Executive, and the Assembly. It is essential that the work around relocation is progressed in an open and transparent way. Hence permanent secretaries have a further important role to advise on propriety throughout the process, including ensuring that ministers do not become involved in decisions about location that may have connections with their own constituencies.

8.5.3   To support these leadership arrangements and provide co-ordination across the relocation programme, we recommend that the Executive establishes a small central unit. This unit would drive the process forward, providing central direction, oversight and support, and acting as a mechanism to share learning and good practice. It would work with key stakeholders to develop an overarching relocation plan and timetable, maintain momentum, and provide support to the Executive and ministers to facilitate decision making on relocations. The unit would require support across departments and should have close links with the organisations involved in the first phase of relocation. It may need to exist only for a limited period, and once relocation is well underway and integrated within departmental

operations, the unit could be scaled down and its core functions embedded in the ongoing business of appropriate departments.

8.6   Human Resources

8.6.1   The HR and staffing issues will be a crucial consideration within the relocation implementation strategy. We recognise that the subject of relocation and this Review will create uncertainty for some staff across the NICS and the wider public sector. On the one hand, the relocation agenda may offer potential opportunities to work closer to home for some staff; but for others it could mean a longer commute or result in staff looking to move to another post in their existing organisation or in another organisation that is not being considered for relocation. Hence staff rights, terms and conditions, and interests must be given due consideration in the decision making and implementation processes. At the same time, the Executive needs to recognise that the primary objectives of the Review – promoting regionally balanced economic growth, reducing deprivation, enhancing sustainability, and improving service delivery – should be paramount in implementing relocation.

8.6.2   Existing HR policies will set the parameters for the relocation strategy, and it is not for this Review to make detailed recommendations about the HR aspects of implementation. But we would highlight the need to learn from the experience of relocation elsewhere to avoid the relocation agenda being impeded by particular aspects of existing HR policies, protracted HR negotiations, and industrial relations disputes. Hence we recommend early and sustained engagement with the trade unions and a well-planned communications strategy to ensure open and timely communication with staff and their representatives throughout the process. In addition, the relocation plans should be informed by relevant information, including an analysis of affected staff in terms of where they live and their mobility. This should be complemented by a clear understanding of the skills and knowledge base in the receiving location.

8.6.3   The Public Service Commission has published nine guiding principles concerned with safeguarding the interests of staff to ensure their smooth transfer to new organisations established as a consequence of government decisions on the Review of Public Administration (RPA). These guiding principles have been accepted by government. A further guiding principle on voluntary severance is likely to be accepted and published shortly. For those RPA-related bodies that have been proposed as candidates for relocation in Chapter 7, the Commission's guiding principles will apply.

8.7 Project Management

8.7.1   As this chapter has shown, relocation initiatives are complex undertakings that necessitate detailed planning and active management of risk. We recognise that there will be concerns about relocation disrupting service delivery and causing uncertainty and anxiety among staff and stakeholders. It is essential, therefore, that the process is carefully planned and managed. Adopting a phased approach to relocations, as outlined in Chapter 7, will also help to minimise disruption, maintain service levels, and assist with handling the HR challenges. We would expect proven programme and project management methodologies (e.g. the Office of Government Commerce's frameworks such as PRINCE2 and Managing Successful Programmes) to be followed as these are already in widespread use across the Northern Ireland public sector.

8.7.2   As in all major change programmes that have major implications for stakeholders and, in particular, staff, intensive effort must be invested in communications. Staff and stakeholders should be involved in the development of plans and communicated with in a clear, timely, and accurate way throughout the relocation process.

8.8 Other Relevant Requirements, Policy and Guidance

8.8.1   In addition to the factors already outlined in this chapter, decision makers need to take into account a range of other requirements, policies and guidance. We do not consider these to be formal recommendations, but we highlight them as they have particular relevance to the implementation of relocation.

8.8.2   **Sustainable Development Strategy:** Decisions on location and accommodation should be taken in line with the Sustainable Development Strategy for Northern Ireland. This includes a number of relevant requirements, including that public sector office accommodation achieves a BRE Environmental Assessment Method (BREEAM) rating of "very good" and a target to make the government estate carbon neutral by 2015. In addition, there is a statutory duty on Northern Ireland government departments and district councils to ensure that the principles of sustainable development underpin all decisions and actions.

8.8.3   **Effective asset management:** In implementing the relocation recommendations, officials will need to make best use of existing public sector assets and avoid, where possible, unnecessary expansion of the estate. This requirement points to the need, when relocating organisations, to look at any public sector bodies that

are already operating in a receiving location and the options for co-location, and whether there is any potentially suitable vacant or surplus (or soon-to-be vacant or surplus) accommodation within the public sector estate.

8.8.4   **Workplace 2010:** The Department of Finance and Personnel is obtaining a private sector partner to upgrade and manage the civil service office estate through a Private Finance Initiative (PFI) contract. The contract, which has yet to be awarded, is intended to provide sufficient flexibility to accommodate the future movement of NICS business and services. Early decisions on the NICS organisations to be relocated should be aligned with the contract, thereby reducing the degree of uncertainty and, ultimately, costs.

8.8.5   **Lifetime Opportunities:** Those implementing relocation should also act in accordance with the policy framework for eliminating poverty and promoting social inclusion as set out in the Lifetime Opportunities strategy. The strategy retains the key principle of New Targeting Social Need, which is to direct resources within government programmes at those areas, groups and individuals in greatest objective need.

8.8.6   **Rural Proofing:** As part of taking forward relocation, rural proofing should be carried out at the appropriate stage. *A Guide To Rural Proofing* (DARD, 2003) sets out the approach, which is aimed at ensuring that all significant policy proposals submitted to ministers for endorsement will specifically identify any likely impact that policy might have on rural areas or communities, and an assessment of how any differential impact can be addressed.

8.9   Conclusion

8.9.1   This chapter has demonstrated that implementing our recommendations will be a demanding task that will take time to plan and deliver. A significant amount of detailed analysis, planning and effort will be required over the coming months and years to turn the relocation strategy into a positive reality, and we have highlighted those issues that we see as essential in achieving this objective.

8.9.2   Above all else, committed and continued leadership at both the political and senior management levels will be critical in achieving success. The significant HR and industrial relations aspects of relocation must be proactively addressed and sensitively handled throughout to help ensure smooth transitions. The challenges around resourcing and building a business case, particularly in the context of constrained budgets, have been acknowledged, but experience shows that some initial investment will be necessary to relocate and ultimately to derive more far-

reaching benefits. Finally, expert project management of a phased approach, and integration of an innovative flexible working strategy within the plans, will be further requirements for success.

8.9.3   Therefore we recommend that:

22. Longer-term non-monetary costs and benefits should receive primary consideration in relocation business cases.

23. Clear objectives and benefits-realisation plans should be developed at the outset of relocation projects as part of the business case.

24. An Executive sub-committee should be established to lead the relocation initiative, and ministers and accounting officers should provide visible leadership and be held accountable for relocation activities within their departments.

25. Relocation plans should be integrated into the business planning of departments and other public bodies and progress reported regularly to boards, ministers, the Executive, and the Assembly.

26. A small central unit should be set up to provide direction, oversight, and support on relocation.

27. Staff rights, terms and conditions, and interests should be given due consideration in the relocation decision making process, and there should be early and sustained engagement with the trade unions.

Conclusion

9

CHAPTER 9

Conclusion

9.1   We remarked at the outset of this report that the relocation of public sector jobs, although not peculiar to Northern Ireland, has been the subject of long-standing debate here. To date there has been no proactive approach to the subject: previous relocations have been conducted on an ad hoc basis. Through this independent Review we have been privileged to take an impartial view of, and to gain a fascinating insight into, a very complex subject. The Review has also been conducted at a time when Northern Ireland, led by a new Executive, has entered an era of political stability and economic growth. The reform of the public sector and technological advances also offer new possibilities for how we work and deliver public services. In short, we have undertaken this Review at an opportune moment.

9.2   The scale of our task was made clear by the wide-ranging terms of reference given to the Review. Having examined these carefully, we agreed early on that our proposals must make economic, political and social sense, and fit with the wider objectives of the Executive. With that in mind, we set out to develop an agenda for action and a set of practical recommendations on the location of public sector jobs that would best enhance the sustainable economic and social development of Northern Ireland.

9.3   The complexity of our task and the wide range of factors that can affect, or be affected by, relocation became clear early in our inquiries. Relocation is not a one-dimensional issue: we learned that moving jobs, even a short geographical distance, impinges on numerous aspects of public life, such as economic growth, value-for-money, service delivery, people, and organisations. And we found that an opportunity for one person could just as easily be regarded as a threat by another. Hence being able to draw on previous experience of relocation in coming to our own conclusions was most helpful.

9.4   Having considered the available evidence and the arguments for and against relocation (and there are many), we concluded that, on balance, there is a strong case for the movement of some public sector jobs in Northern Ireland. And the case is strengthened by the opportunities presented by devolution, the growing economy, and changes underway to the public administration system. We believe that relocation can contribute positively to the new Northern Ireland through helping

to create a better regional economic balance by encouraging wealth creation and reducing economic disparity. We also believe that relocation has the potential to reduce social deprivation, but we recognise that the solution to this problem requires a multi-faceted approach. Some redistribution of public sector jobs may also, albeit in a small way, contribute to a more sustainable Northern Ireland.

9.5   Although we have concluded that substantial benefits can be obtained from relocation, these will not occur immediately: the economic and social benefits will emerge only over time. A return on an investment in relocation over ten to fifteen years is not unreasonable; hence the importance of taking a long-term view. We recognise the upfront costs – particularly given the constraints of the current financial climate – and the transitional risks and challenges concerning service delivery and human resources that are inherent in relocation projects. And we do not underestimate these; indeed, to do so in the light of experience elsewhere in these islands would be foolhardy. Hence we advocate pragmatism and strongly recommend that relocation is undertaken in a modest and prudent manner – because we want our proposals to be successful and to become a model of good practice from which others can learn. A phased approach will be critical in reducing the risks associated with relocation, and our recommendations have been developed accordingly.

9.6   We also need to manage expectations. What we are recommending is, in our view, relatively small-scale. We nevertheless believe relocation has the potential to make a positive contribution to the Executive's overall goals and to help to shape the new Northern Ireland. But implementing our recommendations will require considerable political will. Decisions have to be made, for example, to make upfront investments in the pilot projects, in light of all the known risks, to reap what are currently unquantifiable, long-term benefits. Once those decisions are taken, strong leadership and management, at the highest level, will be necessary to create and maintain the momentum required to implement the pilot projects successfully.

9.7   We have therefore put forward recommendations for implementing our proposals and, in doing so, have identified the various factors that need to be considered. Not the least of these is a formal evaluation of the pilot projects. If these are successful – and we believe that with the right leadership and management they can be – then other opportunities will occur to proceed with a further wave of relocations in the future. Hence we commend this report to the Government and to the people of Northern Ireland as the framework upon which both current and future relocation policy in Northern Ireland can be made.

List of Contacts

APPENDIX A

List of Contacts

Meetings with Permanent Secretaries and Chief Executives

- Aideen McGinley (DEL Permanent Secretary)

- Alan Shannon (DSD Permanent Secretary)

- Andrew McCormick (DHSSPS Permanent Secretary)

- Bruce Robinson (former DFP Permanent Secretary and now Head of the Civil Service)

- David Gavaghan (SIB Chief Executive)

- Gavin Boyd (ESA Chief Executive)

- Leo O'Reilly (DFP Permanent Secretary)

- Malcolm McKibbin (DARD Permanent Secretary)

- Nigel Hamilton (former Head of the Civil Service)

- Paul Priestly (DRD Permanent Secretary)

- Paul Sweeney (DCAL Permanent Secretary)

- Stephen Peover (DOE Permanent Secretary)

- Stephen Quinn (DETI Permanent Secretary)

- Will Haire (DE Permanent Secretary)

In addition to meetings with Peter Robinson (former DFP Minister and now First Minister) and Nigel Dodds (DFP Minister), the following Ministers were met on request:

- Margaret Ritchie (DSD)

- Michelle Gildernew (DARD)

Other Meetings

Sir George also met with:

- Finance and Personnel Committee

- Invest NI

- Performance and Efficiency Delivery Unit

Representations

Representations were received from:

- Adrian McQuillan MLA

- Alan Bresland MLA

- Ards Borough Council

- Armagh City and District Council

- Ballymena Borough Council

- Banbridge District Council

- Belfast City Council

- Cathal Damian Boylan MLA

- Coleraine Borough Council

- Committee on the Administration of Justice

- Conor Murphy MP MLA, Minister for Regional Development

- COSTA Rural Support Network

- Craigavon Borough Council

- Derry City Council

- Down District Council

- Dungannon and South Tyrone Borough Council

- Eddie McGrady MP

- Equality Commission for Northern Ireland

- Exitoso

- FDA Northern Ireland Senior Officers Section

- Fermanagh District Council

- Green Party

- Gregory Campbell MP MLA

- Ilex

- Lisburn City Council

- Londonderry Chamber of Commerce

- Northern Health and Social Services Board

- Northern Ireland Committee, Irish Congress of Trade Unions

- Omagh District Council

- Pat Doherty MP MLA

- Professor Robert Gavin, University of Ulster, Magee Campus

- Public Service Commission

- Rural Community Network

- Sinn Fein

- Social Democratic and Labour Party

- Society Of Local Authority Chief Executives

- Southern Education and Library Board

- Strabane District Council

- Ulster Unionist Party

- Western Health and Social Services Board

Presentations

The Review had presentations from:

- DFP

- DOE

- DSD

- future@work (Clare House)

- Irish Civil Service

- Land and Property Services

- Northern Ireland Local Government Association

- Office of Government Commerce

- Scottish Executive

- Strategic Investment Board

- Welsh Assembly Government

We would also like to extend our thanks to all the individuals who attended the public meetings and to those who contributed their opinions and views.

Additional Employment and Population Data

APPENDIX B

Additional Employment and Population Data

Census of Employment

1   The Census of Employment has been carried out biennially since 1987 and covers all employers in the non-agricultural sectors of the economy.   Results are available at detailed levels of disaggregation and geographical location (subject to confidentiality being maintained), including a classification by public and private sector.   The sub-Northern Ireland analysis from the Census of Employment is based primarily on the location of the jobs, not on the home address of the employees.   Furthermore, in a small number of instances, when employers were not able to provide figures by actual location, the employees were allocated to the address where pay records were held (e.g. head office).   The relocation or change of reporting procedures by large employers can, therefore, affect the sub-NI analysis.

2   The Census of Employment collects information on the number of persons in full-time and part-time employment.   It counts the number of jobs rather than the number of persons with jobs.   Therefore, a person holding both a full-time and a part-time job, or someone with two part-time jobs, will be counted twice. Persons working thirty hours or less per week are generally regarded as being in part-time employment.

Additional Tables

Table B1: Full-time Equivalent (FTE) Public Sector Jobs[a] per 100 of the Economically Active Population by Travel-to-work Area

Travel-to-work Area	Economically Active Population Aged 16-74 Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Economically Active Population
Ballymena	35,478	6,438.0	18.1
Belfast	385,033	108,345.0	28.1
Coleraine	38,506	7,578.5	19.7
Craigavon	62,009	14,110.5	22.8
Derry	56,589	14,859.5	26.3
Dungannon	20,222	3,528.5	17.4
Enniskillen	25,855	4,613.5	17.8
Mid Ulster	31,234	4,318.0	13.8
Newry	49,979	8,619.0	17.2
Omagh	20,225	6,234.0	30.8
Strabane	14,004	1,787.5	12.8
Northern Ireland	**739,134**	**180,432**	**24.4**

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Note:
[a] *Excludes HM armed forces.*

This table shows a similar pattern to Table 3.3.

Table B2: Full-time Equivalent (FTE) Public Sector Jobs[a] per 100 of the Working Age Population by District Council Area

District Council Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Working Age Population
Antrim	30,622	7,319.0	23.9
Ards	45,595	3,879.5	8.5
Armagh	32,823	5,643.5	17.2
Ballymena	35,782	6,026.5	16.8
Ballymoney	16,269	1,619.5	10.0
Banbridge	25,490	2,239.5	8.8
Belfast	168,305	59,846.5	35.6
Carrickfergus	23,294	1,916.5	8.2
Castlereagh	39,421	10,113.0	25.7
Coleraine	34,224	5,345.0	15.6
Cookstown	19,700	1,495.5	7.6
Craigavon	48,671	8,260.0	17.0
Derry	64,546	12,419.0	19.2
Down	38,450	5,009.0	13.0
Dungannon	28,434	3,526.0	12.4
Fermanagh	34,514	4,519.0	13.1
Larne	18,748	1,496.5	8.0
Limavady	20,371	2,410.5	11.8
Lisburn	66,720	8,822.0	13.2
Magherafelt	24,086	2,763.5	11.5
Moyle	9,426	897.0	9.5
Newry & Mourne	51,983	6,788.0	13.1
Newtownabbey	49,342	5,078.5	10.3
North Down	46,812	4,947.5	10.6
Omagh	29,055	6,234.0	21.5
Strabane	23,017	1,817.5	7.9
Northern Ireland	**1,025,700**	**180,432**	**17.6**

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Note:
[a] *Excludes HM armed forces.*

Table B3: Gender Composition of Public Sector Employees (Full-time and Part-time) by Standard Occuptional Classification

	Male	Female	Total
Managers and Senior Officials	4,646 (52.0%)	4,291 (48.0%)	8,937
Professional Occupations	9,280 (45.8%)	10,978 (54.2%)	20,258
Associate Professional and Technical Occupations	24,328 (45.5%)	29,184 (54.5%)	53,512
Administrative and Secretarial Occupations	9,767 (23.1%)	32,487 (76.9%)	42,254
Skilled Trades Occupations	3,249 (69.0%)	1,460 (31.0%)	4,709
Personal Service Occupations	4,832 (20.2%)	19,053 (79.8%)	23,885
Sales and Customer Service Occupations	98 (23.0%)	329 (77.0%)	427
Process, Plant and Machine Operatives	5,066 (93.8%)	334 (6.2%)	5,400
Elementary Occupations	12,044 (36.1%)	21,342 (63.9%)	33,386
Total	73,310 (38.0%)	119,458 (62.0%)	192,768

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

Table B4: Composition of Public Sector Full-time Employees (excluding those of Non-determined Community Background) by Sub-sector

	Protestant (%)	Roman Catholic (%)
Health	50.8	49.2
Education	51.0	49.0
District Councils	60.6	39.4
Civil Service	57.3	42.7
Miscellaneous	47.0	53.0
Security-related	85.1	14.9
Overall Total	56.1	43.9

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

Table B5: Composition of Public Sector Part-time Employees (excluding those of Non-determined Community Background) by Sub-sector

	Protestant (%)	Roman Catholic (%)
Health	51.3	48.7
Education	55.1	44.9
District Councils	63.4	36.6
Civil Service	65.3	34.7
Miscellaneous	55.5	44.5
Security-related	95.6	4.4
Overall Total	**56.6**	**43.4**

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

Table B6: Composition[a] of Total Public Sector Employees (Full-time and Part-time) by Standard Occuptional Classification

	Protestant	Roman Catholic	Non-determined	Total
Managers and Senior Officials	4,839 (54.1%) [57.4%]	3,584 (40.1%) [42.6%]	514 (5.8%)	8,937
Professional Occupations	9,440 (46.6%) [52.5%]	8,532 (42.1%) [47.5%]	2,286 (11.3%)	20,258
Associate Professional and Technical Occupations	30,880 (57.7%) [60.8%]	19,906 (37.2%) [39.2%]	2,726 (5.1%)	53,512
Administrative and Secretarial Occupations	21,743 (51.5%) [53.2%]	19,163 (45.4%) [46.8%]	1,348 (3.2%)	42,254
Skilled Trades Occupations	3,011 (63.9%) [66.9%]	1,489 (31.6%) [33.1%]	209 (4.4%)	4,709
Personal Service Occupations	12,014 (50.3%) [52.7%]	10,777 (45.1%) [47.3%]	1,094 (4.6%)	23,885
Sales and Customer Service Occupations	236 (55.3%) [57.3%]	176 (41.2%) [42.7%]	15 (3.5%)	427
Process, Plant and Machine Operatives	2,947 (54.6%) [56.7%]	2,251 (41.7%) [43.3%]	202 (3.7%)	5,400
Elementary Occupations	17,566 (52.6%) [55.2%]	14,262 (42.7%) [44.8%]	1,558 (4.7%)	33,386
Total	102,676 (53.3%) [56.2%]	80,140 (41.6%) [43.8%]	9,952 (5.2%)	192,768

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

Notes:

[a] *Figures in square brackets show the row percentages when those in the non-determined category are excluded.*

Table B7: Composition[a] of Male Public Sector Employees (Full-time and Part-time) by Standard Occuptional Classification

	Protestant	Roman Catholic	Non-determined	Total
Managers and Senior Officials	2,655 (57.1%) [61.2%]	1,684 (36.2%) [38.8%]	307 (6.6%)	4,646
Professional Occupations	4,511 (48.6%) [56.3%]	3,506 (37.8%) [43.7%]	1,263 (13.6%)	9,280
Associate Professional and Technical Occupations	16,287 (66.9%) [70.4%]	6,839 (28.1%) [29.6%]	1,202 (4.9%)	24,328
Administrative and Secretarial Occupations	4,579 (46.9%) [48.5%]	4,857 (49.7%) [51.5%]	331 (3.4%)	9,767
Skilled Trades Occupations	2,133 (65.7%) [69.0%]	960 (29.5%) [31.0%]	156 (4.8%)	3,249
Personal Service Occupations	2,312 (47.8%) [50.3%]	2,280 (47.2%) [49.7%]	240 (5.0%)	4,832
Sales and Customer Service Occupations	42 (42.9%) [44.7%]	52 (53.1%) [55.3%]	4 (4.1%)	98
Process, Plant and Machine Operatives	2,771 (54.7%) [56.9%]	2,102 (41.5%) [43.1%]	193 (3.8%)	5,066
Elementary Occupations	6,511 (54.1%) [56.8%]	4,945 (41.1%) [43.2%]	588 (4.9%)	12,044
Total	41,801 (57.0%) [60.6%]	27,225 (37.1%) [39.4%]	4,284 (5.8%)	73,310

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

Notes:

[a] *Figures in square brackets show the row percentages when those in the non-determined category are excluded.*

Table B8: Composition[a] of Female Public Sector Employees (Full-time and Part-time) by Standard Occuptional Classification

	Protestant	Roman Catholic	Non-determined	Total
Managers and Senior Officials	2,184 (50.9%) [53.5%]	1,900 (44.3%) [46.5%]	207 (4.8%)	4,291
Professional Occupations	4,929 (44.9%) [49.5%]	5,026 (45.8%) [50.5%]	1,023 (9.3%)	10,978
Associate Professional and Technical Occupations	14,593 (50.0%) [52.8%]	13,067 (44.8%) [47.2%]	1,524 (5.2%)	29,184
Administrative and Secretarial Occupations	17,164 (52.8%) [54.5%]	14,306 (44.0%) [45.5%]	1,017 (3.1%)	32,487
Skilled Trades Occupations	878 (60.1%) [62.4%]	529 (36.2%) [37.6%]	53 (3.6%)	1,460
Personal Service Occupations	9,702 (50.9%) [53.3%]	8,497 (44.6%) [46.7%]	854 (4.5%)	19,053
Sales and Customer Service Occupations	194 (59.0%) [61.0%]	124 (37.7%) [39.0%]	11 (3.3%)	329
Process, Plant and Machine Operatives	176 (52.7%) [54.2%]	149 (44.6%) [45.8%]	9 (2.7%)	334
Elementary Occupations	11,055 (51.8%) [54.3%]	9,317 (43.7%) [45.7%]	970 (4.5%)	21,342
Total	60,875 (51.0%) [53.5%]	52,915 (44.3%) [46.5%]	5,668 (4.7%)	119,458

Source: *2006 Monitoring Report, Equality Commission for Northern Ireland.*

Notes:

[a] *Figures in square brackets show the row percentages when those in the non-determined category are excluded.*

Table B9: Full-time Equivalent (FTE) Private Sector[a] Jobs[b] per 100 of the Economically Active Population by Travel-to-work Area

Travel-to-work Area	Economically Active Population Aged 16-74 Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Economically Active Population
Ballymena	35,478	20,118.5	56.7
Belfast	385,033	211,647.0	55.0
Coleraine	38,506	17,857.0	46.4
Craigavon	62,009	33,067.0	53.3
Derry	56,589	26,827.0	47.4
Dungannon	20,222	12,797.5	63.3
Enniskillen	25,855	12,715.0	49.2
Mid Ulster	31,234	16,750.0	53.6
Newry	49,979	23,568.5	47.2
Omagh	20,225	8,506.0	42.1
Strabane	14,004	5,416.5	38.7
Northern Ireland	739,134	389,270.0	52.7

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:

[a] *Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.*

[b] *Employee jobs; does not include self-employment.*

This table shows a similar pattern to Table B10.

Table B10: Full-time Equivalent (FTE) Private Sector[a] Jobs[b] per 100 of the Working Age Population by Travel-to-work Area

Travel-to-work Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE jobs per 100 of Working Age Population
Ballymena	46,054	20,118.5	43.7
Belfast	522,567	211,647.0	40.5
Coleraine	53,010	17,857.0	33.7
Craigavon	85,575	33,067.0	38.6
Derry	86,207	26,827.0	31.1
Dungannon	29,402	12,797.5	43.5
Enniskillen	35,738	12,715.0	35.6
Mid Ulster	44,565	16,750.0	37.6
Newry	71,800	23,568.5	32.8
Omagh	29,055	8,506.0	29.3
Strabane	21,727	5,416.5	24.9
Northern Ireland	1,025,700	389,270.0	38.0

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:

[a] *Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.*

[b] *Employee jobs; does not include self-employment.*

This table shows a similar pattern to Table B9.

Table B11: Full-time Equivalent (FTE) Private Sector[a] Jobs[b] per 100 of the Working Age Population by District Council Area

District Council Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE jobs per 100 of Working Age Population
Antrim	30,622	12,396.0	40.5
Ards	45,595	9,788.0	21.5
Armagh	32,823	9,141.0	27.8
Ballymena	35,782	18,160.0	50.8
Ballymoney	16,269	4,456.0	27.4
Banbridge	25,490	6,541.5	25.7
Belfast	168,305	104,889.0	62.3
Carrickfergus	23,294	4,579.0	19.7
Castlereagh	39,421	11,189.0	28.4
Coleraine	34,224	13,355.5	39.0
Cookstown	19,700	7,300.5	37.1
Craigavon	48,671	22,639.5	46.5
Derry	64,546	21,449.5	33.2
Down	38,450	8,817.5	22.9
Dungannon	28,434	12,685.5	44.6
Fermanagh	34,514	12,384.5	35.9
Larne	18,748	5,158.5	27.5
Limavady	20,371	5,272.5	25.9
Lisburn	66,720	23,307.0	34.9
Magherafelt	24,086	8,955.5	37.2
Moyle	9,426	1,757.0	18.6
Newry & Mourne	51,983	18,319.5	35.2
Newtownabbey	49,342	20,426.5	41.4
North Down	46,812	12,274.0	26.2
Omagh	29,055	8,506.0	29.3
Strabane	23,017	5,521.5	24.0
Northern Ireland	**1,025,700**	**389,270.0**	**38.0**

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:

[a] *Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.*

[b] *Employee jobs; does not include self-employment.*

Table B12: Full-time Equivalent (FTE) Jobs[a] (in Public and Private Sectors[b]) per 100 of the Economically Active Population by Travel-to-work Area

Travel-to-work Area	Economically Active Population Aged 16-74 Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of Economically Active Population
Ballymena	35,478	26,556.5	74.9
Belfast	385,033	319,992.0	83.1
Coleraine	38,506	25,435.5	66.1
Craigavon	62,009	47,177.5	76.1
Derry	56,589	41,686.5	73.7
Dungannon	20,222	16,326.0	80.7
Enniskillen	25,855	17,328.5	67.0
Mid Ulster	31,234	21,068.0	67.5
Newry	49,979	32,187.5	64.4
Omagh	20,225	14,740.0	72.9
Strabane	14,004	7,204.0	51.4
Northern Ireland	**739,134**	**569,702.00**	**77.1**

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:

[a] *Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.*

[b] *Employee jobs; does not include self-employment.*

This table shows a similar pattern to Table B13.

Table B13: Full-time Equivalent (FTE) Jobs[a] (in Public and Private Sectors[b]) per 100 of the Working Age Population by Travel-to-work Area

Travel-to-work Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE jobs per 100 of Working Age Population
Ballymena	46,054	26,556.5	57.7
Belfast	522,567	319,992.0	61.2
Coleraine	53,010	25,435.5	48.0
Craigavon	85,575	47,177.5	55.1
Derry	86,207	41,686.5	48.4
Dungannon	29,402	16,326.0	55.5
Enniskillen	35,738	17,328.5	48.5
Mid Ulster	44,565	21,068.0	47.3
Newry	71,800	32,187.5	44.8
Omagh	29,055	14,740.0	50.7
Strabane	21,727	7,204.0	33.2
Northern Ireland	1,025,700	569,702.0	55.5

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:
[a] *Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.*
[b] *Employee jobs; does not include self-employment.*

This table shows a similar pattern to Table B12.

Table B14: Full-time Equivalent (FTE) Jobs[a] (in Public and Private Sectors[b]) per 100 of the Working Age Population by District Council Area

District Council Area	Working Age Population Living in Area (2001 Census)	FTE Jobs Located in Area (2005)	FTE jobs per 100 of Working Age Population
Antrim	30,622	19,715.0	64.4
Ards	45,595	13,667.5	30.0
Armagh	32,823	14,784.5	45.0
Ballymena	35,782	24,186.5	67.6
Ballymoney	16,269	6,075.5	37.3
Banbridge	25,490	8,781.0	34.4
Belfast	168,305	164,735.5	97.9
Carrickfergus	23,294	6,495.5	27.9
Castlereagh	39,421	21,302.0	54.0
Coleraine	34,224	18,700.5	54.6
Cookstown	19,700	8,796.0	44.6
Craigavon	48,671	30,899.5	63.5
Derry	64,546	33,868.5	52.5
Down	38,450	13,826.5	36.0
Dungannon	28,434	16,211.5	57.0
Fermanagh	34,514	16,903.5	49.0
Larne	18,748	6,655.0	35.5
Limavady	20,371	7,683.0	37.7
Lisburn	66,720	32,129.0	48.2
Magherafelt	24,086	11,719.0	48.7
Moyle	9,426	2,654.0	28.2
Newry & Mourne	51,983	25,107.5	48.3
Newtownabbey	49,342	25,505.0	51.7
North Down	46,812	17,221.5	36.8
Omagh	29,055	14,740.0	50.7
Strabane	23,017	7,339.0	31.9
Northern Ireland	1,025,700	569,702	55.5

Source: *Census of Population 2001 and DETI Census of Employment 2005.*

Notes:

[a] *Excludes Agriculture. The latest available (2007) full-time equivalent figure on the number of employees in Agriculture, Hunting & Related Activities is 7,190. This equates to about 1% of FTE employee jobs.*

[b] *Employee jobs; does not include self-employment.*

This table shows a similar pattern to Table B13.

Table B15: Full-time Equivalent (FTE) Public Sector Jobs[a] per 100 of the Working Age Population by District Council Area

District Council Area	Working Age Population Living in Area (2001 Census)	Working Age Population Living in Area (2006 Mid-year Estimate)	FTE Jobs Located in Area (2005)	FTE Jobs per 100 of 2001 Census Working Age Population	FTE Jobs per 100 of Mid-2006 Working Age Population
Antrim	30,622	32,266	7,319.0	23.9	22.7
Ards	45,595	47,371	3,879.5	8.5	8.2
Armagh	32,823	34,482	5,643.5	17.2	16.4
Ballymena	35,782	37,357	6,026.5	16.8	16.1
Ballymoney	16,269	17,883	1,619.5	10.0	9.1
Banbridge	25,490	28,523	2,239.5	8.8	7.9
Belfast	168,305	166,989	59,846.5	35.6	35.8
Carrickfergus	23,294	24,616	1,916.5	8.2	7.8
Castlereagh	39,421	39,451	10,113.0	25.7	25.6
Coleraine	34,224	34,337	5,345.0	15.6	15.6
Cookstown	19,700	21,576	1,495.5	7.6	6.9
Craigavon	48,671	53,793	8,260.0	17.0	15.4
Derry	64,546	67,927	12,419.0	19.2	18.3
Down	38,450	42,115	5,009.0	13	11.9
Dungannon	28,434	32,419	3,526.0	12.4	10.9
Fermanagh	34,514	37,466	4,519.0	13.1	12.1
Larne	18,748	19,223	1,496.5	8.0	7.8
Limavady	20,371	21,885	2,410.5	11.8	11.0
Lisburn	66,720	69,881	8,822.0	13.2	12.6
Magherafelt	24,086	26,573	2,763.5	11.5	10.4
Moyle	9,426	9,995	897.0	9.5	9
Newry & Mourne	51,983	57,116	6,788.0	13.1	11.9
Newtownabbey	49,342	49,990	5,078.5	10.3	10.2
North Down	46,812	48,193	4,947.5	10.6	10.3
Omagh	29,055	31,966	6,234.0	21.5	19.5
Strabane	23,017	24,023	1,817.5	7.9	7.6
Northern Ireland	1,025,700	1,077,416	180,432	17.6	16.7

Source: *Census of Population 2001, 2006 Mid-year Estimates, and DETI Census of Employment 2005.*

Notes:
[a] *Excludes HM armed forces.*

Table B16: Projected Change in Working Age Population[a], 2006-2021, by District Council Area

District Council Area	Population Working Age 2006 (mid-year estimate)	Demographic Momentum (2006 to 2021) (Ageing Factor)	Projected Net Migration[b] (2006 to 2021) (Working Age)	Deaths (2006 to 2021) (Working Age)	Population Working Age (2021 population projection)	Change 2006 - 2021
Ballymena	37,400	1,500	1,800	1,200	39,600	5.9
Subtotal: approximately Ballymena TTWA	37,400	1,500	1,800	1,200	39,600	5.9
Antrim	32,300	3,700	4,600	1,000	39,500	22.3
Ards	47,400	-1,000	3,100	1,600	47,900	1.1
Belfast	167,000	10,900	-19,500	5,300	153,100	-8.3
Carrickfergus	24,600	800	0	900	24,600	0.0
Castlereagh	39,500	1,200	-4,600	1,200	34,900	-11.6
Down	42,100	3,200	2,100	1,400	46,100	9.5
Larne	19,200	100	-600	700	18,000	-6.3
Lisburn	69,900	4,400	1,800	2,200	73,900	5.7
Newtownabbey	50,000	1,200	-3,200	1,500	46,500	-7.0
North Down	48,200	-1,100	-2,200	1,500	43,400	-10.0
Subtotal: approximately Belfast TTWA	540,200	23,400	-18,500	17,300	527,900	-2.3
Ballymoney	17,900	1,600	2,200	500	21,100	17.9
Coleraine	34,300	1,300	-5,500	1,000	29,100	-15.2
Moyle	10,000	100	600	300	10,300	3.0
Subtotal: approximately Coleraine TTWA	62,200	3,000	-2,700	1,800	60,500	-2.7
Armagh	34,500	3,600	2,700	1,100	39,600	14.8
Craigavon	53,800	5,400	9,500	1,700	67,000	24.5
Subtotal: approximately Craigavon TTWA	88,300	9,000	12,200	2,800	106,600	20.7
Derry	67,900	7,900	-5,000	2,300	68,500	0.9
Limavady	21,900	1,600	-1,400	700	21,500	-1.8
Subtotal: approximately Derry TTWA	89,800	9,500	-6,400	3,000	90,000	0.2

(continued)

Table B16, continued: Projected Change in Working Age Population, 2006-2021, by District Council Area

District Council Area	Population Working Age 2006 (mid-year estimate)	Demographic Momentum (2006 to 2021) (Ageing Factor)	Projected Net Migration[a] (2006 to 2021) (Working Age)	Deaths (2006 to 2021) (Working Age)	Population Working Age (2021 population projection)	Change 2006 - 2021
Dungannon	32,400	4,000	11,800	1,100	47,100	45.4
Subtotal: approximately Dungannon TTWA	32,400	4,000	11,800	1,100	47,100	45.4
Fermanagh	37,500	2,300	2,100	1,400	40,500	8.0
Subtotal: approximately Enniskillen TTWA	37,500	2,300	2,100	1,400	40,500	8.0
Cookstown	21,600	2,400	1,700	600	25,000	15.7
Magherafelt	26,600	2,800	2,600	800	31,200	17.3
Subtotal: approximately Mid-Ulster TTWA	48,200	5,200	4,300	1,400	56,200	16.6
Banbridge	28,500	2,000	4,400	900	34,000	19.3
Newry & Mourne	57,100	7,700	8,300	2,000	71,100	24.5
Subtotal: approximately Newry TTWA	85,600	9,700	12,700	2,900	105,100	22.8
Omagh	32,000	2,200	2,200	1,000	35,400	10.6
Subtotal: approximately Omagh TTWA	32,000	2,200	2,200	1,000	35,400	10.6
Strabane	24,000	2,800	-2,000	800	24,100	0.4
Subtotal: approximately Strabane TTWA	24,000	2,800	-2,000	800	24,100	0.4

Source: *NISRA.*

Notes:

[a] *All numbers have been rounded to the nearest 100. See paragraph 3.2.5.3.*

[b] *Including movement between different areas of Northern Ireland.*

Table B17: Distance Travelled to Work by NICS staff by Grade[a], 1 January 2008

Distance (Miles)	Grade 7+		Staff Officer/ Deputy Principal		Executive Officer I/ Executive Officer II	
	No.	%	No.	%	No.	%
Less than 3	219	14.5	737	15.3	1,410	19.0
3-5	205	13.5	523	10.8	853	11.5
5-10	342	22.6	982	20.3	1,524	20.5
10-15	250	16.5	794	16.4	1,118	15.1
15-20	146	9.6	476	9.9	699	9.4
20-30	195	12.9	693	14.3	986	13.3
30-40	78	5.2	293	6.1	421	5.7
40-50	36	2.4	163	3.4	192	2.6
50+	42	2.8	170	3.5	220	3.0
Total available	1,513	100.0	4,831	100.0	7,423	100.0

Distance (Miles)	Administrative Assistant/ Administrative Officer		Industrial		Total	
	No.	%	No.	%	No.	%
Less than 3	2,639	24.7	250	19.3	5,255	20.4
3-5	1,259	11.8	149	11.5	2,989	11.6
5-10	2,089	19.5	311	24.0	5,248	20.4
10-15	1,465	13.7	231	17.8	3,858	15.0
15-20	1,021	9.5	141	10.9	2,483	9.6
20-30	1,168	10.9	137	10.6	3,179	12.3
30-40	473	4.4	58	4.5	1,323	5.1
40-50	192	1.8	10	0.8	593	2.3
50+	396	3.7	9	0.7	837	3.2
Total available	10,702	100.0	1,296	100.0	25,765	100.0

Source: *NICS Human Resource Management System.*

Notes:
[a] *Including equivalent grades.*

Table B18: Distance Travelled to Work by NICS Staff[a] Working in the Belfast Travel-to-work Area

Distance (Miles)	DCA of Workplace							
	Antrim		Ards (includes Newtownards, Millisle, Greyabbey)		Belfast		Carrickfergus	
	No.	%	No.	%	No.	%	No.	%
Less than 3	69	18.2	51	26.2	2,536	16.5	57	21.3
3-5	12	3.2	37	19.0	1,951	12.7	33	12.4
5-10	49	12.9	54	27.7	3,315	21.6	61	22.8
10-15	69	18.2	17	8.7	2,247	14.7	52	19.5
15-20	62	16.4	16	8.2	1,113	7.3	19	7.1
20-30	55	14.5	15	7.7	2,122	13.8	29	10.9
30-40	30	7.9			930	6.1	9	3.4
40-50	17	4.5	5	2.6	450	2.6	7	2.6
50+	16	4.2			669	4.4		
Total	379	100.0	195	100.0	15,333	100.0	267	100.0

Distance (Miles)	DCA of Workplace							
	Castlereagh (includes Knockbreda, Newtownbreda, Hydebank)		Down (includes Ballynahinch, Castlewellan, Downpatrick, Newcastle, Strangford)		Larne		Lisburn (includes Lisburn, Hillsborough, Moira)	
	No.	%	No.	%	No.	%	No.	%
Less than 3	76	17.1	108	21.5	57	41.3	95	12.9
3-5	75	16.9	44	8.8	6	4.3	50	6.
5-10	102	22.9	128	25.5	25	18.1	131	17.8
10-15	66	14.8	87	17.3	21	15.2	194	26.3
15-20	46	10.3	41	8.2	11	8.0	118	16.0
20-30	55	12.4	82	16.3	9	6.5	91	12.3
30-40	10	2.2					29	3.9
40-50	15	3.4	12	2.4	9	6.5	11	1.5
50+							18	2.4
Total	445	100.0	502	100.0	138	100.0	737	100.0

(continued)

Table B18, continued: Distance Travelled to Work by NICS Staff[a] Working in the Belfast Travel-to-work Area

Distance (Miles)	DCA of Workplace					
	Newtownabbey (includes Mallusk, Glengormley)		North Down (includes Bangor, Holywood, Helen's Bay)		Total	
	No.	%	No.	%	No.	%
Less than 3	65	41.9	412	43.3	3,526	18.5
3-5	18	11.6	122	12.8	2,348	12.3
5-10	38	24.5	132	13.9	4,035	21.1
10-15	16	10.3	105	11.0	2,874	15.0
15-20	7	4.5	88	9.2	1,521	8.0
20-30	11	7.1	51	5.4	2,518	13.2
30-40			18	1.9	1,042	5.5
40-50			10	1.1	502	2.6
50+			14	1.5	737	3.9
Total	155	100.0	952	100.0	19,103	100.0

Source: *NICS Human Resource Management System.*

Notes:
[a] *As at January 2008.*

Table B19: Population of Countries and Capital Cities[a], 2006

	Northern Ireland	England	Wales	Scotland	Republic of Ireland
Population of capital	267,374	7,512,400	317,523	463,510	1,187,176
Population of country	1,741,619	50,762,900	2,965,900	5,116,900	4,239,848
Population of capital as proportion of country (%)	15	15	11	9	28

Source: *2006 Mid-year Estimates (UK), Irish Census.*

Notes:
[a] *For the Republic of Ireland, Dublin City and County.*

Flexible Working: Additional Case Studies

APPENDIX C

Flexible Working: Additional Case Studies

East Riding of Yorkshire Council: Revenues and Collections

East Riding of Yorkshire Council (ERYC) was created in April 1996 and became the largest unitary authority in the country. Because of its amalgamation of councils, ERYC faced a variety of problems from employees having to travel long distances to the work place through to lower salaries due to job downgrading.

By 1999-2000 staff turnover in the Revenue Services division of the Finance Directorate reached 35 per cent. There were 7,800 housing benefit claims outstanding and it was taking 103 days to assess a new claim. Because of this, there were 1,000 face-to-face inquiries every week.

With the service failing, the Chief Executive and Council members were motivated to do something urgently. It was necessary to look at the systems, structures and skills of the staff, and the customer service centres had to be integrated. The solution focused on working at and from home, touchdown centres, working close to home, fewer days at work, and different work cycles.

The business case was then developed, and in November 2000 the first home workers were established with five people in a pilot. Issues were tackled by surfacing and confronting them. The staff were involved and helped devise and deliver solutions to the problems through initiatives related to working smarter.

By 2003 there were 21 staff working at home, almost 10 per cent of the staff. There are 10 occasional home workers (e.g. managers) and 65 per cent of all staff now work compressed hours: either four days in five or nine-day fortnights.

Proven Efficiencies:

- productivity of home workers is 20 per cent higher than they were previously achieving in the office;

- 3 per cent reduction in sickness (equal to five FTE);

- 27 per cent reduction in staff turnover (increase of 48 FTE);

- reduction in cost of replacing staff of up to £400,000 per year;

- rent arrears halved from £1.4m to £750k;

- new claims assessment time down from 103 to 26 days;

- council tax collection is 97.8 per cent for 2002/3;

- reduction in benefits work in progress from 7800 to 300 claims; and

- quality improved as measured by complaints down from 56 to 6 per month.

(Project Nomad, 2006b)

Ofsted

Over a period of four years Ofsted has transformed its estate and the way it works by adopting a distributed home-based working approach. The inspection services have become entirely home based, and other supporting activities have been reduced from eleven to four locations.

Until four years ago – because of technology constraints and tradition – most Ofsted inspectors were based in a local office, even though their work took them away from the office to work with schools and carers for significant periods of time. Changing technology, demanding targets, and the desire of staff for more flexibility in organising their work meant that when the Early Years inspectors joined Ofsted in 2001, some of their existing home-based working arrangements were considered as a pilot for a strategy of widespread change. After the success of this trial, all inspectors became officially "home-based". Although they no longer have an office base, Ofsted supports staff with investment in effective ICT and a range of office services, and administrative and management support. This change also meant that the office estate could be restructured around a single National Business Unit with a small number of regional centres and a London central office.

Working in this way and maintaining consistent quality and high productivity has needed a high quality ICT system that is delivered to all staff wherever they are located. Home-based staff are issued with a standard encrypted laptop PC for use on site and connected at home through wireless broadband. They also have a printer, scanner, global positioning device (Tom Tom), cordless and mobile telephones; and some have BlackBerry devices.

Managers and staff receive training in managing and being managed at a distance, and managers and inspectors are selected for their ability to manage in this way. Managers also have a regime of regular monthly face-to-face individual meetings with each member of their team, regular monthly team meetings, and periodic wider area meetings.

(DEGW/Office of Government Commerce, 2008)

BT

BT has harnessed communications technology to transform the way the company runs, moving from a more static, site-based workforce to an "e-BT" of employees who work flexibly and/or from home. Equipping people with access to the information necessary to do their jobs seems obvious, but prior to "e-BT" much of the information was not available to people where they were working. Often engineers had to leave customer premises to find the information they needed, wasting time, and decreasing customer satisfaction. Providing employees with online, real time access to information and training not only increased productivity, it also increased sales and customer satisfaction, and facilitated flexible working.

To meet increasingly demanding and varied customer expectations in a 24/7 society, BT realised it had to be more and more agile as a company and to achieve this they applied the same flexible thinking to their people and the demands on them. BT now has:

- over 9,000 home workers;

- nearly 500 job sharers; and

- over 5,000 part-time workers.

BT has used its own technological products and services to effect this change: BT Broadband is used by employees at home, in the office, on customer premises, or while travelling.

70 per cent of BT's training is delivered online (253,000 course completions in the last year) to employees at work or home.

BT has changed processes and attitudes to facilitate flexibility. Managers are encouraged to agree flexible working requests; performance focus has shifted to outputs; and extensive information and support facilities are provided through the BT "Achieving the Balance" Intranet site.

The approach at BT produced several business benefits:

More talented workforce

Surveys show that people want to work for companies with a sound work-life balance ethos, so BT can draw from a wide talent pool. Flexible working helps attract and retain people often under-represented in the UK workforce such as disabled people, lone parents and carers.

More flexible and responsive workforce

- natural attrition is now only 2.8 per cent annually;

- 98 per cent of women return to BT after maternity leave; and

- flexible working over the last two years has helped retain 1,000 people.

Reduced absenteeism:

- BT homeworkers average just 3 days sick absence annually; and

- absenteeism rate is 20 per cent below the UK average.

Increased productivity:

- BT's "Self Motivated Team" project, involving about 6,000 employees, associates reward with output rather than attendance – participants now work fewer hours and are more productive; and

- over 9,000 BT employees now work from home with productivity gains of 15-31 per cent. Home-based call centre operators handle 20 per cent more calls than site-based colleagues.

Happier customers:

- flexible working helps BT respond to customer demand 24/7;

- customer and employee feedback shows improvements: customer dissatisfaction down 22 per cent in a year, home-based employees are 7 per cent happier than site-based colleagues.

Reduced costs:

- The annual cost to support an office-based worker in central London is around £18,000. It costs less than £3,000 a year to support a homeworker. On average each homeworker saves BT £6,000 a year.

- Improved retention saves about £5m a year on recruitment and induction.

http://www.employersforwork-lifebalance.org.uk/case_studies/bt.htm (April 2005)

Department for Regional Development Northern Ireland Teleworking Scheme

Definition of Teleworking

Teleworking can be described as an initiative that uses the appropriate information and communication solutions to allow staff to distance-work from their permanent place of employment up to a maximum of three days per week, dependent on the needs of their branch or division.

Aims

The aims of scheme are to enhance the work-life balance of staff by providing them with greater flexibility in how they organise their working lives and balance the demands of their career with their domestic responsibilities and personal well being. The scheme creates the opportunity for agencies and core businesses to provide flexibility in working arrangements that would meet business needs and possibly reduce operational costs. The scheme also helps achieve some of the government's "green" transport goals and objectives.

Background

A successful Teleworking Pilot Project was conducted within the Department for Regional Development (DRD) from October 2002 to March 2004. Following the positive evaluation of the Pilot Project by the Equal Opportunities Branch, an "expression of interest" circular was issued to DRD staff in July 2006. A number of priority locations were identified for Teleworking Centres and accommodation was subsequently secured at Roads Service Depots in Newry, Omagh, Seaforde, and Londonderry.

Applications

Applications were invited following the issue of an office memorandum in September 2007, and the first centre, located in Newry, came into operation on 22 January 2008, with the other three sites going live shortly thereafter. Fourteen members of staff are currently working in the scheme.

Scheme Lifespan

The overall viability of the Teleworking Scheme will be monitored on an ongoing basis and reviewed in full by the Equal Opportunities Branch after a period of three years.

(Department for Regional Development)

Summary of Public Research Events

APPENDIX D

Summary of Public Research Events

1.0　Dates and Locations of Events

1.1　As part of the Independent Review of Policy on the Location of Public Sector Jobs in Northern Ireland, the Chairman of the Review held twelve public research events as follows:

WEDNESDAY 16 APRIL 2008 11.00am - 12.30pm Verbal Arts Centre LONDONDERRY	**WEDNESDAY 16 APRIL 2008** 3.00pm - 4.30pm Strabane Community Library STRABANE
FRIDAY 18 APRIL 2008 11.00am - 12.30pm Market Place Theatre and Arts Centre ARMAGH	**FRIDAY 18 APRIL 2008** 3.00pm - 4.30pm Sean Hollywood Arts Centre NEWRY
MONDAY 21 APRIL 2008 11.00am - 12.30pm The Braid Ballymena Town Hall, Museum and Arts Centre BALLYMENA	**MONDAY 21 APRIL 2008** 3.00pm - 4.30pm Coleraine Leisure Centre COLERAINE
MONDAY 28 APRIL 2008 11.00am - 12.30pm Spires Conference Centre BELFAST	**FRIDAY 2 MAY 2008** 11.00am - 12.30pm Council Offices DUNGANNON
FRIDAY 2 MAY 2008 3.00pm - 4.30pm Burnavon Arts and Cultural Centre COOKSTOWN	**THURSDAY 8 MAY 2008** 11.00am - 12.30pm Down Arts Centre DOWNPATRICK
FRIDAY 9 MAY 2008 10.30am - 12.00pm Omagh Community House OMAGH	**FRIDAY 9 MAY 2008** 3.00am - 4.30pm The Clinton Centre ENNISKILLEN

1.2   About 250 people in total attended the events, and the Review welcomed the high level of interest and valued the contributions to the discussions. This appendix summarises the views offered, but it is not possible to describe all the responses in detail. The views and comments have been grouped into a number of broad themes.

2.0   Current Dispersal Policy

2.1   The view was expressed by some participants that the current Northern Ireland Civil Service (NICS) dispersal policy lacked accountability and was not systematically monitored. It was suggested that a future approach should enable decisions and actions on relocation to be monitored.

3.0   Impact of Initiatives Underway on Location of Public Sector Jobs

3.1   Concern was expressed at several events that the rationalisation underway as part of the Review of Public Administration (RPA) would remove public sector jobs from local areas and centralise jobs in Greater Belfast, despite the rhetoric about decentralisation and improved service delivery.

3.2   A number of participants were concerned that the temporary location of RPA-related bodies such as the Education and Skills Authority (ESA) and the Northern Ireland Library Authority in the Greater Belfast area would prevent the permanent headquarters being based elsewhere. It was observed that the implementation teams to set up these RPA-related bodies consisted of predominantly Belfast-based staff and the meetings tended to take place in the Belfast area.

3.3   Further concerns were expressed about the proposed structure of the ESA, suggesting that it would reduce the opportunities for face-to-face contact with key customers in local areas.

3.4   The importance of the local dimension to service delivery was raised at several events. It was noted that trust, knowledge, and support within local communities was vital, particularly in health and education. It was suggested that decentralisation was an important dimension of devolution as it helps to bring government closer to the people.

3.5   Participants at almost all the events highlighted the loss of public sector jobs from their local areas and expressed their concern that further public sector jobs within their areas were under threat. Several organisations were mentioned in this regard, including HMRC, the Housing Executive, the Water Service, the Social

Security Agency, Roads Service, and the Forest Service. The need to retain those jobs already dispersed was repeatedly emphasised.

3.6   Concern was expressed by some participants that the Workplace 2010 programme would restrict the capacity to disperse civil service jobs and thus would act as a constraint on the Review.

4.0   Potential Positive Impact of Relocation of Public Sector Jobs

4.1   Participants highlighted a number of advantages that the dispersal of public sector jobs could contribute towards:

- **More balanced and sustainable regional economic growth:** It was suggested at several events that public sector jobs could provide higher-paid, quality jobs in areas with predominantly low-paid, private sector job opportunities.

- **Attracting private sector investment:** It was argued by many participants that the dispersal of public sector jobs would help stimulate private sector investment in the area, a key priority for Northern Ireland and particularly important in those areas where traditional industries have declined. Such jobs would help attract and retain talented, qualified people. It was argued that InvestNI had a poor record in encouraging potential private sector investors to consider areas outside Belfast and, to a lesser extent, the north west.

- **Improved work-life balance for staff:** Travelling time was cited at most events as a major contributing factor to public sector staff absence levels caused by the stress it generates and the pressure it places on family life and personal finances. The number of civil service staff wishing to return to live in their local areas was highlighted.

- **Positive social development:** Participants at several events claimed that the dispersal of public sector jobs could have a beneficial impact in terms of reducing deprivation, targeting social need, contributing to regeneration, and boosting confidence in towns outside Belfast. It was also recognised, however, that parts of Belfast also had high levels of deprivation. It was stressed that the social development aspect, as well as the economic aspect, had to feature in the Review's objectives.

- **Reducing congestion and enhancing environmental sustainability:** The difficulties of commuting into Belfast and the associated travel costs for staff were highlighted at several events. It was suggested that dispersal could make a contribution to reducing the collective carbon footprint of public sector employees.

5.0   Obstacles to Dispersal of Public Sector Jobs

5.1   Participants highlighted a number of factors that acted as barriers to the dispersal of public sector jobs.

5.2   Many participants made reference to a "Belfast/metropolitan mindset", particularly among senior officials who were seen as resistant to the concept of dispersal.

5.3   Problems with local infrastructure were mentioned at several events as major obstacles to attracting jobs, both public and private sector: for example, underinvestment in local roads, the absence of rail links, distance from airports, and poor public transport provision.

6.0   Opportunities to Support the Dispersal of Public Sector Jobs

6.1   Participants highlighted a number of factors that could facilitate and support the dispersal of public sector jobs:

- **Skills:** Participants at several events stressed the skills base in particular parts of Northern Ireland and the existence of supporting educational facilities. Some towns pointed to the current location of public sector jobs in the area and the resulting strong local public administration skills base.

- **Technology:** The potential of technology to support the dispersal of public sector jobs through remote working and home working was highlighted at most events. The view was expressed that the public sector had been slow to embrace the opportunities offered through better utilisation of technology to improve efficiency and effectiveness and to enhance work-life balance.

- **Accommodation:** Participants at several events mentioned the existence of suitable accommodation and/or the prospect that suitable accommodation could be made available quickly. It was felt by some that a public sector tenant in local developments would provide a major confidence boost.

- **Local infrastructure:** Although problems with local infrastructure were highlighted, some participants pointed to the existence of examples of good local infrastructure, including educational facilities and property. The planned improvements to key roads were also mentioned at a number of events.

7.0   Suggested Approaches to Relocation of Public Sector Jobs

7.1   Participants offered a range of views on the conclusions that the Review might reach and how the relocation of public sector jobs should be taken forward.

7.2   Participants urged the Review to make bold recommendations and set out a clear policy.

7.3   There was strong support for clustering public sector jobs, possibly around key regional hubs identified in the Regional Development Strategy. Some participants highlighted the potential benefits in terms of customer service, efficiency, and sustainability of co-locating services.

7.4   Some participants suggested that a significant number of public sector jobs could be dispersed on a planned, phased basis to several key clusters around Northern Ireland. A number of participants made the point that careful management of the transition phase in relocating jobs would be critical. There was support for the idea of phasing dispersal and evaluating the process and results, possibly through a number of pilot projects.

7.5   A particular point stressed at most of the events was the need to ensure that where jobs are to be dispersed these should include high quality, sustainable jobs with opportunities for career progression.

7.6   Participants suggested that the Review should look at the options for dispersing both new and existing bodies. Although some people called for the relocation of an entire government department, others argued that particular types of functions, including operational jobs, could be more easily dispersed. Many participants questioned the claim that large numbers of staff need to be based in departmental headquarters.

7.7   At a number of the events the point was made that the Department of Agriculture and Rural Development should be located outside Belfast given the nature of its work and customer base. Several participants highlighted the current movement of a number of Forest Service operational staff to Belfast and questioned the need for this centralisation.

7.8   Participants at three events suggested the Review should explore the potential around the location of cross-border bodies and locating jobs in a way to assist with cross-border service delivery.

8.0   Implementation Considerations

8.1   Participants raised a number of issues that needed to be taken into consideration in undertaking the Review and in implementing its recommendations, including:

- managing human resource and industrial relations issues;

- financing the proposals, particularly in the context of a drive for greater efficiency in the public sector;

- equality, including the application of Section 75; and

- rural proofing.

Indicative
Cost Modelling

E

APPENDIX E

Indicative Cost Modelling

1.0　　Introduction

1.1　　The financial implications of relocation will be an important factor in the Executive's decision making. Recognising this, and drawing on the experience of relocation elsewhere, we have completed some preliminary work on indicative costs and savings that is reflected in this appendix. The cost model, which is purely illustrative, is based on a wide range of assumptions and demonstrates the variables involved in relocation and the types of costs that can be incurred.

1.2　　Generalising is difficult because the costs associated with relocation are influenced by an array of variables that are specific to each individual project (e.g. rental values, distance involved, fit-out costs, and so on). Nevertheless, this analysis gives a breakdown of the type of costs on a per post basis that can be incurred. The financial model is designed to illustrate key areas of expenditure and potential savings, and suggests that the cost per post will decline significantly over time; and larger-scale relocations tend to become even less expensive over time on a cost per post basis relative to smaller-scale relocations. The model should not be interpreted as a definitive guide to the costs and benefits of relocation as it is based on a number of assumptions, changes to which can have a significant impact on the modelling results.

2.0　　Scottish Experience

2.1　　As part of our research, we have included a review of the experience in Scotland, which gives a good indication of the actual cost of relocations that have occurred in the last ten years. The data, as shown in Table E1, illustrate a large degree of diversity between individual projects, some of which range from small-scale relocations involving only a handful of posts to large-scale projects involving hundreds of posts.

2.2　　The proportion of people who transfer with their posts range considerably between projects; there is no consistent pattern. This suggests that a number of project-specific factors influence whether staff relocate with their posts such as the occupational mix of the workforce, distances involved with relocation, and so

on. Aggregating the relocations together, however, suggests that approximately one-third of staff will relocate with their posts. This finding is consistent with that from other relocation projects within Northern Ireland and also with data used as part of the Lyons Review.

Table E1: Staffing and Relocation – Scottish Experience

	Accountant in Bankruptcy	Croft House Grant Scheme	HMIE	NHS Central Register	Office of the Scottish Carity Regulator	Scottish Building Standards Agency	Inquiry Reporters Unit	Scottish Natural Heritage	Scottish Public Pensions Agency	Total
Posts at original location	92	8.5	60	16	2	21	26	245	194	664.5
Posts expected at new location	140	8	60	17	30	44	26	245	218	788
Current staffing	132	9	111	16	34	29	22	250	220	823
Transferred	2	0	63	1	2	17	6	110	33	234
Ongoing/parallel running	31	0	0	0	0	0	0	25	0	56
New jobs	99	9	48	15	32	12	16	115	187	533
Internal recruitment	0	0	0	0	0	0	0	66	0	66
Executive	21	2	18	5	6	7	12	0	38	109
Other public sector	39	0	14	10	11	5	4	-	-	83
Other/not known	39	7	16	0	15	0	0	49	149	275
% of staff transferring	1.5	0.0	56.8	6.3	5.9	58.6	27.3	44.0	15.0	28.4
Ongoing/parallel running (%)	23.5	0.0	0.0	0.0	0.0	0.0	0.0	10.0	0.0	6.8
New jobs (%)	75.0	100.0	43.2	93.8	94.1	41.4	72.7	46.0	85.0	64.8

Source: *Audit Scotland Report 2006 and Scottish Parliament Finance Committee Report 2007.*

2.3   Table E2 illustrates the overall costs of relocation on a per post basis. Again, there is considerable diversity in the costs associated with relocation, even between relocation projects that are broadly similar in size. Interestingly, the cost per post is initially relatively high in all projects. But as the organisation becomes more established in its new location, recruits additional staff, and nears full operational capacity, the cost per post will decrease, often to a significant degree.

Table E2: Costs of Relocation on a Per Post Basis – Scottish Experience

	Number of Posts at Start-up	Current Staffing	Cost Per Post at Start-up (£)	Cost Per Post at (Current Staff) (£)
Office of Public Guardian	35	68	1,600	800
Mental Health Tribunal Service	75	76	7,700	7,600
Risk Management Authority	N/A	10	-	5,100
Central Enquiry Unit	N/A	9	-	20,000
Office of Scottish Charity Regulator	26	26	14,200	14,200
Care Commission	454	558	33,000	26,900
Waterwatch Scotland	1	6	160,300	26,700
Food Standards Agency	30	79	15,500	5,900
Scottish Executive Inquiry Reporters Unit	26	22	71,500	16,500
Her Majesty's Inspectorate of Education (HQ)	97	134	11,800	11,200
Her Majesty's Inspectorate of Education (Area Office)	9	9	12,800	12,800
Scottish Building Standards Agency	19	29	29,300	12,700
New jobs (%)	75.0	100.0	43.2	93.8

Source: *Audit Scotland Report 2006 and Scottish Parliament Finance Committee Report 2007.*

3.0   Indicative Cost Model for Northern Ireland

3.1   This model has been developed across a seven-year time period, which is consistent with that used for analysis in the Lyons Review, and it allows potential savings over the longer term to be factored into the analysis. It is based on the following assumptions:

- **Staff movement:** The model assumes that one in three staff will transfer with their posts, while the remaining two-thirds will transfer to other departments or bodies within the public sector. This assumption is consistent with data from the Lyons Review, the Scottish experience of relocation, and experience within Northern Ireland. It is also assumed that of the posts to be filled, 80

per cent will be filled by internal transfers and the remaining 20 per cent will be filled by external recruitment. This is consistent with existing experience of other relocation projects within Northern Ireland.

- **Property:** Workplace 2010 suggests that employees will need 10-12 square metres (sqm) of floorspace; the model has therefore assumed 11 sqm (118.4 sq ft), which means that a building required for 800 staff will need to have 8,800 sqm (94,720 sq ft) of floorspace. Office rental values used in the model have been derived from a study commissioned by the Review from the University of Ulster. The study gave both maximum and average rental values; the model has assumed the maximum rental values, as any public sector relocation will involve Grade A office accommodation, which is generally associated with rents at the top end of the market.

- **Physical transfer:** The model assumes that physical-transfer costs include fit-out and removal costs, information and communications technology (ICT), telecoms, and project management. We have assumed that fitting-out and removal costs will be £500 per sqm, which is consistent with figures used in the Lyons Review. ICT and telecoms costs are assumed to be £300 per sqm, and project management costs, based on information provided by the Department of Finance and Personnel (DFP), are assumed to be £100,000.

- **Human resource costs:** Based on DFP data, the model assumes that the cost of advertising for new vacancies will be approximately £3,500, and the cost of recruitment has been assumed to equal £500 per post. Training and parallel-running costs, based on two relocation projects in Scotland, are assumed to be £3,420 per post.

- **Staff relocation costs:** We assume that the proportion of staff moving house as a result of relocation would be relatively low, perhaps no more than 5 per cent. The model also assumes that staff moving house would be entitled to a homeowner relocation package (£39,175 for homeowners and £9,800 for those renting their home). We also assume that the make up of staff's residency status is representative of Northern Ireland's housing stock according to DSD statistics.

3.2   We have also assumed that relocations will move from Belfast to another travel-to-work area in Northern Ireland and so have built in average rental values based on the travel-to-work areas for the six recommended locations as shown in Table E3.

Table E3: Office Rents in Travel-to-work Areas in Northern Ireland

TTWA	2003 Prices		2007 Prices	
	Maximum Rent £ sq ft)	Average Rent (£ sq ft)	Maximum Rent (£ sq ft)	Average Rent (£ sq ft)
Ballymena	9.75	5.07	11.11	5.78
Belfast	15.05	6.93	17.15	7.90
Coleraine	7.43	4.42	8.47	5.04
Craigavon	7.25	3.83	8.26	4.36
Derry	15.33	4.80	17.47	5.47
Newry	11.71	5.49	13.34	6.26
Omagh	8.97	5.66	10.22	6.45
Average of 6 TTWAs	10.07	4.88	11.48	5.56

Source: *University of Ulster.*

3.3   Table E3 demonstrates that there are significant differences in the property costs between the six recommended locations. Hence while the model at Table E4 is based on an average rental value, a separate analysis based on each of the individual locations could present different results.

3.4   Based on all the assumptions set out in paragraphs 3.2 and 3.3, we have developed a financial model illustrating the indicative costs and savings per post for three relocations of varying sizes. These are given in Table E4.

Table E4: Set-up Costs

Cost	Relocation Involving 50 Posts (£)	Relocation Involving 400 Posts (£)	Relocation Involving 800 Posts (£)
Fitting out costs & removal costs	275,000	2,200,000	4,400,000
Project management costs	100,000	100,000	100,000
ICT & telecoms	165,000	1,320,000	2,640,000
Recruitment costs	6,833	30,167	56,833
Training/parallel running	171,014	1,368,116	5.47
Homeowner relocation package	26,120	208,958	417,916
Total set up costs	743,968	5,277,241	10,350,982

3.5   Table E4 indicates that fitting-out and removal costs are the largest component of set-up costs; ICT, telecoms, training and parallel running also account for a significant proportion of costs. Project management, recruitment and homeowner relocation costs are relatively minor in comparison.

3.6   It is also important to assess the potential savings associated with relocation and this is best done by considering costs and savings over time: in other words, the net cost beyond the initial set up. The major savings are related to rental values (i.e. savings in respect of property costs). The savings and net costs over seven years are shown in Table E5. There may also be potential to make savings on labour costs: for example, the introduction of new working practices and technology that could help to achieve efficiency savings. Equally, benefits can also be gained from operating within a more energy-efficient building. But we have not included either of these savings in the model.

Table E5: Net Relocation Costs over Time

Cost/Savings	Relocation Involving 50 Posts (£)	Relocation Involving 400 Posts (£)	Relocation Involving 800 Posts (£)
Set up costs	743,968	5,227,241	10,350,982
Cost per post at set up	14,879	13,068	12,939
Property savings	235,012	1,880,099	3,760,199
Net cost	508,955	3,347,141	6,590,783
Cost per post (Year 7)	10,179	8,368	8,293

3.7   The costs of relocating differ substantially in Year 0 between projects of differing scale. Relocation projects involving 50 posts could cost about £744k, 400 posts around £5.2m, and 800 posts approximately £10.4m. But once we include property savings (rent differentials between Belfast and the average of the travel-to-work areas of the six recommended locations) accrued over a seven-year period, the net cost differs significantly. In each of the scenarios modelled, the overall cost has fallen by at least 30 per cent after property savings are taken into consideration.

3.8   On a cost per post basis in Year 0 the cost ranges from £12,939 (800 posts) to £14,879 (50 posts). When we consider net cost after Year 7, this has reversed, with the relocation project involving 800 posts being the least expensive and the relocation project involving 50 posts being the most expensive. This is due to the economies of scale that can be achieved in the bigger projects (e.g. larger office floorspace); hence the larger the project, the greater the potential to generate savings.

4.0   Conclusion

4.1   Given the range of variables involved, as borne out by the variations in the Scottish projects, the cost of relocation is best assessed on a case-by-case basis. But, with the information available to the Review, we have identified the types of expenditure that could be incurred and have developed a set of assumptions on which indicative costs and savings have been modelled. The analysis shows that, typically, physical transfer is the major cost element of a relocation project, accounting for over two-thirds of set-up costs. Over time, however, there is potential to accrue savings primarily from rental differentials, and also from both labour and energy-efficiency savings.

4.2   The scale of the relocation is also important in terms of value for money. Larger projects will inevitably cost more on a per post basis at the outset, but these projects also have the potential to generate greater savings as they benefit from economies of scale, thus becoming less expensive over time relative to smaller projects.

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