

COMMITTEE ON THE PROGRAMME FOR GOVERNMENT

Report on Workplace 2010 and Public Sector Jobs Location

TOGETHER WITH THE MINUTES OF PROCEEDINGS, OFFICIAL REPORT AND
PAPERS RELATING TO THE WORK OF THE SUB-GROUP AND COMMITTEE

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Committee on the Programme for Government

On 24 November 2006, following a direction from the Secretary of State for Northern Ireland, the Rt Hon Peter Hain MP, the Business Committee established a Committee on the Programme for Government to consider the priorities for a new Executive and to make preparations for restoration. The Secretary of State directed that the Committee should, initially, be chaired by the deputy presiding officers, Mr Jim Wells and Mr Francie Molloy.

Membership

The Committee has ten members with a quorum of six, with at least one representative present from each party on the Committee. The membership of the Committee since its establishment on 24 November 2006 is as follows –

Gerry Adams MP
Jeffrey Donaldson MP
Mark Durkan MP
Sir Reg Empey
Michelle Gildernew MP
Martin McGuinness MP
David McClarty
Ian Paisley Jnr
Margaret Ritchie
Peter Robinson MP

At its meeting on 27 November 2006, the Committee agreed that deputies could attend if members of the Committee were unable to do so.

The Committee met on seven occasions between November 2006 and 15 January 2007. At the first meeting on 27 November 2006, the Committee noted the direction from the Secretary of State dated 23 November 2006 that a Committee on the Programme for Government should be established to consider the priorities for a new Executive and to make preparations for restoration. (A copy of the direction issued by the Secretary of State is attached at Appendix 5).

The Committee agreed to consider the Ministerial Code, Victims and Survivors issues and the Lifetime Opportunities strategy and to set up sub-groups to consider and report back on –

- Economic Issues
- Workplace 2010 and Public Sector Job Location
- Policing and Justice Issues
- Schools Admissions Policy

- Review of Public Administration and Rural Planning
- Comprehensive Spending Review; Programme for Government; Rates Charges and Water Reform

Sub-Group on Workplace 2010 and Public Sector Jobs Location

The Committee agreed the Sub-Group's terms of reference on 4 December 2006. The Sub-Group submitted its report on 3 January 2007. On 8 and 15 January 2007, the Committee considered the report from the Sub-Group and agreed the following amendments:

Executive Summary

- a) At the end of paragraph 4 add – ‘Nevertheless, the Sub-Group considers that any contract relating to Workplace 2010 should contain provisions to allow for:
 - The full realisation of benefits to the taxpayer, such as profit-sharing and claw-back
 - Premiums and surcharges to the unitary charges to be tightly controlled
 - No compulsory transfer of public sector staff to the private sector and
 - The accurate evaluation of assets.’
- b) Amend paragraph 5 to read – ‘Additionally, the Sub-Group considers that it is essential to have a modern and efficient suite of offices to enable the effective delivery of public services. One of the desired outcomes of Workplace 2010 should therefore be to ensure that there are enhanced working conditions for civil servants’.
- c) Add a new paragraph 6 to read – ‘The Workplace 2010 contract should not act as a constraint on any future policy on public sector job location that an incoming Executive may wish to pursue.’

Introduction

- d) At the beginning of paragraph 10 add – ‘The Sub-Group noted that in May 2001 the NI Executive had commissioned a Strategic Review of Government Office Accommodation which identified a number of potentially competing issues in relation to the structure of the Government estate, dispersal policy and space utilisation.’

Approval of the Report and Further Action

At the meeting on 15 January 2007, the Committee approved the findings and conclusions in the report and agreed that it should be printed. The Committee also agreed to write to the Secretary of State setting out its view that –

- no decision should be made on advancing the Workplace 2010 contract until the concerns expressed by the Committee in its report had been considered;
- it does not accept that the proposed consultation on Guiding Principles for the Location of Public Sector Jobs should be confined to the Review of Public Administration consequentials or that Workplace 2010 should be excluded from this consultation; and
- the approach being taken to the implementation of Workplace 2010 has the potential to lead to the closure of government offices in non-urban areas, which might in effect result in the centralisation of public sector jobs.

Sub-Group on Workplace 2010 and Public Sector Jobs Location Membership and Terms of Reference

The Sub-Group has six members with a quorum of four, with at least one member from each of the four parties represented on the Committee on the Programme for Government. The membership of the Sub-Group since its establishment on 27 November 2006 is as follows:

- Dr Esmond Birnie
- John Dallat
- Pat Doherty MP
- William Hay
- Robin Newton
- Pat O’Rawe

The Committee on the Programme for Government agreed at its meeting on 11 December 2006 that the Sub-Group on Workplace 2010 and Public Sector Jobs Location would be chaired by a member from the Democratic Unionist Party. Mr Edwin Poots was nominated as Chairperson by that party. Mr Francie Molloy had chaired the initial meeting of the Sub-Group on 7 December 2006.

The Committee on the Programme for Government agreed that deputies could attend if members of the Sub-Group were unable to do so. The following member attended at various times:

- Thomas Buchanan

On 4 December 2006 the Committee on the Programme for Government agreed the terms of reference, set out below, for the Sub-Group:

- To review -
 - Progress on Workplace 2010
- To consider –
 - Key issues in relation to public sector jobs location;
 - Government policy and progress in realising relocation;
 - Potential role of initiatives such as Workplace 2010 in job relocation; and
 - The principle of Workplace 2010 including the handing over of parts of the public sector estate to the private sector.

To report to the Committee on the Programme for Government by 3 January 2007

Contents

Executive Summary	1
Introduction	3
Consideration of Issues	5
Conclusions	9
List of	
■ Witnesses who gave oral evidence	10
■ Other evidence considered by the Sub-Group	10
Appendix 1 – Other Evidence	13
Appendix 2 – Letter from Secretary of State	139
Appendix 3 – Official Report	143
Appendix 4 – Minutes of Proceedings	169
Appendix 5 – Papers relating to the work of the Committee on the Programme for Government	181

Executive Summary

Introduction

1. The Sub-Group on Workplace 2010 and Public Sector Jobs Location, established by the Committee on the Programme for Government, met on 3 occasions during December 2006 to review progress on Workplace 2010, examine key issues in relation to public sector jobs location and prepare an associated report.

Evidence

2. The Sub-Group heard evidence from the Department of Finance and Personnel (DFP) and the Northern Ireland Public Service Alliance (NIPSA); it also considered documents submitted by the Committee on the Administration of Justice, an article written by John Simpson (an economic commentator) and it reflected on ‘decentralisation’ as experienced in Scotland and the Republic of Ireland.

Letter from the Secretary of State

3. The Sub-Group noted, with some dissatisfaction, the terms of a letter from the Secretary of State, dated 30 November 2006; the letter is reproduced elsewhere in this report.

Workplace 2010

4. The Sub-Group acknowledges the commercially sensitive, and advanced state of the procurement process, in relation to letting the Workplace 2010 contract, and the resultant constraints this places on the Sub-Group’s examination of this issue. Nevertheless, the Sub-Group considers that any contract relating to Workplace 2010 should contain provisions to allow for:
 - The full realisation of benefits to the taxpayer, such as profit-sharing and claw-back
 - Premiums and surcharges to the unitary charges to be tightly controlled
 - No compulsory transfer of public sector staff to the private sector and
 - The accurate evaluation of the assets
5. Additionally, the Sub-Group considers that it is essential to have a modern and efficient suite of offices to enable the effective delivery of public services. One of the desired outcomes of Workplace 2010 should therefore be to ensure that there are enhanced working conditions for civil servants.
6. The Workplace 2010 contract should not act as a constraint on any future policy on public sector jobs location that an incoming Executive may wish to pursue.

Equality, Social and Economic Effects

7. The Sub-Group has concerns about the specific economic impact on those local businesses presently providing services to government offices and who might be displaced as a result of the award of the Workplace 2010 contract. **The Sub-Group calls on a restored Executive to monitor the position and consider what interventions might be possible.**

Private Finance Initiative (PFI)

8. The Sub-Group has concerns about
- ‘Doubling the debt’ as a result of selling off parts of the government office estate, simply to secure an up front, one-off payment, in the order of £200m, to bolster public spending in Northern Ireland; and
 - The potential loss of jobs in the public sector as a result of letting the Workplace 2010 contract and calls on a restored Executive to undertake an urgent examination of policies, which appear to favour PFI solutions.
- The Sub-Group calls on a restored Executive to undertake an urgent examination of policies, which appear to favour PFI Solutions.**

Public Sector Jobs Location

9. The Sub-Group advocates, subject to careful consideration of the costs, an affirmative policy for the dispersal of public sector jobs which would take account of existing strategies for equality, rural development, sustainable development and targeting social need. **The Sub-Group calls on a restored Executive to proceed to develop and implement such a policy, for the benefit of the whole of Northern Ireland, as a matter of priority.**

Introduction

Establishment of Sub-Groups

1. At its meeting on 27 November, the Committee on the Programme for Government agreed a work programme up to 30 January 2007. This included the setting up of a number of Sub-Groups to consider: -
 - Comprehensive Spending Review; Programme for Government; Rates Charges and Water Reform
 - Economic Issues
 - Policing and Justice
 - Review of Public Administration and Rural Planning
 - Schools Admission Policy
 - Workplace 2010 and Public Sector Jobs Location
2. The Sub-Group on Workplace 2010 and Public Sector Jobs Location met on 3 occasions between 7 December and 21 December 2006. At its first meeting on 7 December, the Sub-Group agreed a work programme and the procedures for taking forward its work.
3. The Sub-Group agreed to take oral evidence from the Northern Ireland Public Service Alliance and from officials from the Department of Finance and Personnel. The evidence sessions took place on 14 December 2006. These organisations were also invited to make a short written submission to the Sub-Group setting out their views on Workplace 2010 and public sector jobs location.
4. The Sub-Group also agreed to invite a number of other organisations and individuals to make written submissions.
5. Other evidence considered by the Sub-Group included an Assembly Research & Library Services Paper on Public Sector Jobs Location and Workplace 2010 and a letter dated 30 November 2006 from the Secretary of State regarding the provision of advice by Departmental officials. A list of witnesses who gave evidence, a list of written submissions and other evidence considered by the Sub-Group is provided at page 10.
6. The Sub-Group met on 21 December and agreed that this report should be submitted to the Committee on the Programme for Government.

Context to Workplace 2010 and Public Sector Jobs Location

7. Workplace 2010 is a major element of the Civil Service Reform Programme initiated to address some urgent accommodation problems within the Northern Ireland Civil Service (NICS) office estate. It is a co-sponsored programme between the Department of Finance

and Personnel and the Strategic Investment Board Limited (SIB). The key strategic objectives of the programme are to enable the NICS to transform the way it delivers public services; to provide accommodation in which staff are proud to work; and to safeguard funding for priority front line services.

8. It is a large and complex programme affecting about three quarters of the office estate and is likely to affect around 18,000 staff. It involves the asset transfer of 77 buildings about half of which are in the Greater Belfast area. The remainder of buildings are in a number of regional towns and include the Jobs and Benefits Office network.
9. The Sub-Group noted that in May 2001, the NI Executive had commissioned a Strategic Review of Government Office Accommodation which identified a number of potentially competing issues in relation to the structure of the Government estate, dispersal policy and space utilisation. It advised that the Department of Finance and Personnel is due to publish a consultation document on 'Guiding Principles for the Location of Public Sector Jobs' in January 2007. The consultation is a key part of the process of developing a set of guiding principles to assist decision makers in the management of the location of public sector jobs.

Consideration of Issues

10. In order to meet the date for the submission of a report to the Committee on the Programme for Government by 3 January 2007, and within the time available, the Sub-Group on Workplace 2010 and Public Sector Jobs Location met on 3 occasions to consider issues.
11. The first meeting was used to ‘scope’ the issues within the Terms of Reference for the Sub-Group; it also afforded the 4 main political parties an opportunity to make initial statements and to identify relevant organisations, or individuals, who they wished to invite to make written and/or oral submissions.
12. The issues were further explored at the second meeting, during which the Sub-Group also heard oral evidence from witnesses and considered a number of written submissions and other documents, a list of which can be found elsewhere in this report.
13. In dealing with the first component of the Terms of Reference, namely progress achieved so far in implementing the decision to proceed with Workplace 2010, the key issues considered by the Sub-Group were:

Private Finance Initiative (PFI)

- The Secretary of State’s letter of 30 November 2006 in which he makes it clear that officials providing information to the Committee on the Programme for Government and its Sub-Groups were doing so in support of current Ministerial policies
- The extent to which the views of local politicians would be taken into account in relation to the decision to award the Workplace 2010 contract to a particular bidder
- The comparisons between Private Finance Initiative based solutions and traditional, in-house, procurement arrangements
- The potential for an ‘optimum bias factor’¹ to be used as a means to support a PFI based solution
- The decisions by other public sector organisations in Northern Ireland, and elsewhere, to revert back to in-house provision, from PFI based solutions
- The apparent lack of enthusiasm within the United Kingdom Civil Service to pursue total property PFI solutions
- The extent and consequences of the debt generated by pursuing a PFI solution
- The relevance of risk assessments when there is a presumption that PFI invariably delivers on time, and within budget, whereas in-house solutions are considered to have previously resulted in late delivery and cost over-run

¹ Otherwise referred to as optimism bias factor.

Workplace 2010 Contract

- The risks attached to calling on the four ‘preferred bidders’ for the Workplace 2010 contract to give evidence to the Sub-Group
- The associated risks to MLAs having direct contact with any of the preferred bidders
- The scale of, and timeframe for, the proposed contract
- The apparent contradictions between the financial data published by the two main parties, i.e. the Department of Finance and Personnel and the Strategic Investment Board, for example, with respect to the valuation of the properties concerned
- The absence of details relating to ‘unitary charge elements’
- The inflexibility provided by a ‘one size fits all’ solution
- The opportunities for the successful bidder to introduce additional, and significant, charges, or premiums, especially in order to guarantee flexibility
- The apparent lack of cognisance taken from the experience gained from the pilot projects in Royston House and Clare House
- The advantages, and disadvantages, of ‘home-working’ and ‘hot-desking’
- The potential for particular bidders to gain advantages by operating outside the United Kingdom’s tax regime
- The arrangements for sharing profits and/or ‘claw-back’ arrangements
- The flexibility within the contract to address unforeseen changes and the premium which might be applied
- The degree to which sensitivity analyses are to be applied to ensure projections are accurate and up to date
- The arrangements which will obtain on completion of the contract
- The extent to which requirements for flexibility to accommodate a policy of dispersal will feature in decisions about awarding a contract to one of the preferred bidders

Outline Business Case

- The outline business case relating to Workplace 2010, and the subsequent change in the envisaged contract (at the time of the ‘invitation to negotiate’) which resulted in the inclusion of proposals to transfer staff from the public to the private sector
- The ‘combination’ approach which provides for the transfer of properties and staff under a single contract
- The proposal to transfer facilities management and/or soft services

Equality, Social and Economic Effects

- The run-down, and inefficient, nature of the government office estate
- The extent to which the Department of Finance and Personnel is carrying out its statutory duty, under section 75 of the Northern Ireland Act 1998, to promote equality, in terms of letting the Workplace 2010 contract
- The potential loss to the taxpayer if capital values were to increase significantly over the period of the contract, in the absence of an adequate 'claw-back' arrangement
- The potential reduction in the quality of service provision
- The potential to create a poorer quality of working environment
- The effect on local businesses which are presently supplying services in those buildings which are expected to transfer to private ownership
- The extent to which local businesses can expect to be part of such a significant contract
- The potential conflicts of interest, and costs associated with the use of consultants
- The ability of the successful bidder to follow a sustainable development approach in fulfilling the terms of the contract

14. In dealing with the second component of the Terms of Reference, namely public sector jobs location, the key issues considered by the Sub-Group were:

A Policy of Dispersal

- The apparent lack of enthusiasm within the Northern Ireland Civil Service to develop an affirmative policy for the dispersal of public sector jobs
- The cost of dispersal
- The value of dispersal
- The extent to which the views of local politicians would be taken into account in relation to the development of policies for the dispersal of public sector jobs
- The failure to make the best of opportunities presented by decisions resulting from the Review of Public Administration to develop and implement a fair, equitable, affirmative and sustainable dispersal policy for the location of public sector jobs
- The lessons learned from other jurisdictions, notably Scotland and the Republic of Ireland

Equality, Social and Economic Effects

- The extent to which the Department of Finance and Personnel is carrying out its statutory duty, under section 75 of the Northern Ireland Act 1998, to promote equality, bearing in mind its responsibilities for staff within the Northern Ireland Civil Service
- The equality, social, environmental and economic advantages of an affirmative dispersal policy

Workplace 2010

- The risk of ‘re-centralisation’ as a consequence of Workplace 2010
- The omission from the Workplace 2010 proposals of any significant consideration of a policy for dispersal, which would take account of existing strategies for equality, rural development, sustainable development and targeting social need
- The loss of flexibility which would result from the majority of public sector office space being transferred to private sector ownership
- The loss of control of a property portfolio with resultant constraints on the pursuit of an affirmative dispersal policy

Conclusions

15. At its third and final meeting, the Sub-Group reflected on the range of issues and considered a number of conclusions.

Workplace 2010

In relation to Workplace 2010, the Sub-Group concluded that:

- The procurement process in relation to letting the Workplace 2010 contract was commercially sensitive and at an advanced stage
- The progress achieved to date, in letting the contract, was broadly in line with the timetable envisaged for the project
- It was essential to have a modern and efficient suite of offices to enable the effective delivery of public services
- The principle of transferring ownership of parts of the public sector estate to the private sector should only be sanctioned where value for money, and the benefit to the taxpayer, was proven to be beyond reasonable dispute and achievable
- Any contract relating to Workplace 2010 should contain provisions to allow for:
 - The full realisation of benefits to the taxpayer, such as profit-sharing and claw-back
 - Premiums and surcharges to the unitary charges to be tightly controlled
 - No compulsory transfer of public sector staff to the private sector
 - The accurate evaluation of the assets

Public Sector Jobs Location

In relation to Public Sector Jobs Location, the Sub-Group concluded that:

- There was no obvious policy relating to the location of public sector jobs
- The key issue in relation to public sector jobs location should be the further development and implementation of a policy of dispersal which ensured the capacity of the public sector to deliver a range of services efficiently and effectively, through affirmative and sustainable approaches, and in a way which would bring about social, economic and environmental and equality benefits throughout Northern Ireland
- The proposed award of a contract for Workplace 2010, in advance of final decisions about the location of services, resulting from decisions relating to the Review of Public Administration, was a matter of some concern, and one which could, ultimately, inhibit the pursuit of an affirmative dispersal policy for the location of public sector jobs

List of Witnesses who gave Oral Evidence and Other Evidence Considered by the Sub-Group

Northern Ireland Public Service Alliance

Kieran Bannon

John Corey

Jim Lilley

Janette McNulty

Department of Finance and Personnel

Tommy O'Reilly, Programme Director, Workplace 2010

Chris Thompson, Director, DFP Corporate Services Group

Other Evidence considered by the Sub-Group

Extract from Report by the Committee on Administration of Justice

An article featured in the Belfast Telegraph written by John Simpson, economic commentator

Paper on Experience of Decentralisation in Scotland

Paper on Experience of Decentralisation in Republic of Ireland

Assembly Research & Library Services Paper on Public Sector Jobs Location and Workplace 2010

Letter dated 30 November 2006 from the Secretary of State regarding the provision of advice by Departmental officials to the Clerk of Committee on the Programme for Government.

Appendix 1

Other Evidence



Briefing Paper for Programme for Government Committee Sub-group Meeting on 14 December 2006

Introduction

1. NIPSA welcomes the opportunity to submit evidence to the Sub Group considering Workplace 2010/Public Sector jobs location. NIPSA represents over 43,500 civil and public service staff in Northern Ireland. We represent all civil service staff who are directly affected by the proposed Workplace 2010 'Total Property PFI' project. This includes over 500 staff under threat of losing their civil service employment.
2. In submitting evidence to the Sub-Group, NIPSA's key points will be:-
 - **Private Finance Initiative (PFI)** costs the taxpayer more in the longer term and will severely curtail the ability of a devolved administration to direct resources to future priorities.
 - The proposed PFI 'Total Property' proposal is neither necessary nor appropriate for Workplace 2010 and is grounded on the long term loss of valuable assets which would be expected to increase in value **significantly**.
 - Small businesses in Northern Ireland will lose out.
 - Workplace 2010 PFI will remove future flexibilities on policy determination in relation to the location of Civil Service Offices and public service job location.
 - Evidence from the Workplace 2010 pilots is that the proposals fail to provide adequate and suitable accommodation. The pilots are not being conducted in a manner that allows proper evaluation prior to roll out.
 - DFP/SIB have failed to undertake a robust Equality Impact Assessment (EQIA) of Workplace 2010 contrary to Section 75 of the Northern Ireland Act 1998.
 - EQIA analysis of Workplace 2010 should be part of the EQIA of the Review of Public Administration (RPA) and the Workplace 2010 contract should not be placed before the latter EQIA is completed.
 - Facilities Management (FM) Services should be removed from further consideration under the PFI evaluation and furthermore DFP/SIB are not complying with Government policy on the treatment of FM (Staff Services).

Some of the main arguments in support of the above key points will be as follows.

PFI Costs More

3. Direct Rule Ministers (with the Strategic Investment Board (SIB)) are implementing an unprecedented number of Public Private Partnership/Private Finance Initiative (PPP/PFI) projects. We believe this is a concerted attempt to privatise public services in Northern Ireland. We believe this is the primary motivation for the proposed 'PFI Total Property' project for Workplace 2010 without any serious analysis of the alternatives.
4. NIPSA submits that PFI projects will cost the taxpayer more in the long run. Relying on PFI to meet current infrastructure needs will severely curtail the ability of any future devolved administration to direct available resources to the key priorities of the day. For example the Northern Ireland Audit Office Report (dated 7 December 2006) on Reinvestment and Reform confirmed that the future costs of meeting existing PFI signed deals already exceed **£1.5b** – this money must come from the NI block grant for future years. That NIAO report also highlighted again the disastrous PFI deal for Balmoral High School.

Workplace 2010 PFI

5. DFP/SIB seek to justify this PFI project on grounds of lack of investment in Civil Service Office accommodation, the need to address urgent problems and the desire to “*create a modern flexible working environment to support a modern Civil Service*”. NIPSA supports the latter objective but does not accept this objective can only be secured through a PFI Total Property project. It is neither necessary nor appropriate to sell off the Northern Ireland Civil Service accommodation estate to the private sector for all time. This will mean that a future devolved administration loses the increasing asset value of current office accommodation. It is a bad deal.
6. On the other hand private sector bidders have made no secret of their belief that substantial profits can be made under the Workplace 2010 PFI project – one comment made was that “*it was a licence to print money*” – at the taxpayers’ expense of course.
7. The scale of the proposed PFI project also means that small businesses in Northern Ireland currently supplying accommodation and maintenance services will lose out – they will be unable to compete for such a massive contract as evidenced by the four preferred bidders selected. Consequently the taxpayers’ investment in meeting the costs of the PFI project will be lost from the Northern Ireland economy.

Loss of Flexibility

8. NIPSA contends that selling off the Civil Service Office accommodation will reduce significantly the Government’s freedom to determine the future location of Civil Service jobs and services in respect of specific Departments and buildings. DFP’s claims that ‘flexibility’ will be built into the contract can only be achieved at a significant cost to the taxpayer. Government will effectively be paying for flexibility that is currently available and would continue to be available under conventional procurement arrangements. It is unprecedented to sign a contract lasting 20 years and flexibility is removed by an incapacity to terminate the contract arrangements in the event of poor private sector performance. There is recent experience of privatised soft service contracts in the Northern Ireland Court Service

and Health Sector not being renewed after a 2 to 3 year period on the basis that an in-house provision represents greater value for money and has a higher standard of service delivery.

9. As evidence of this lack of flexibility there is the immediate demand under Workplace 2010 to relocate the Departmental Offices (DE and DFP) from Bangor to the Belfast area. This makes no sense tested against other Government policies and furthermore does not meet equality requirements under Section 75 of the Northern Ireland Act 1998 (see paragraphs 13 and 14 below).
10. It is also essential that Government retains the maximum flexibility with regard to Civil Service Office accommodation in the context of the Review of Public Administration (RPA). It is essential that Government determines an overarching location framework for all public services with the capacity and scope to make changes to achieve the maximum possible equality, TSN and protection of public service staff interests. Entering into the Workplace 2010 PFI project will remove flexibility to include Civil Service Departments and Agencies within the determination of that policy framework.

Pilot Projects

11. NIPSA is deeply concerned that the two 2010 Workplace Pilots (Royston House and Clare House) fail to confirm that adequate and suitable accommodation will be available to Civil Service staff in the future. The Clare House project (Belfast Harbour Estate) has been fraught with difficulties and problems. For example the proposed accommodation standards are predicated on arrangements under which staff will be expected to share workstations with wholly inadequate public transport and safe car park facilities.
12. NIPSA is also concerned that DFP/SIB plan to sign the PFI contract before there is a proper and full evaluation of the Clare House project. This is contrary to the Deloitte MCS Limited Report published in December 2004 which recommended, most importantly, that a full test of the costs/savings anticipated to be achieved within the context of the Workplace 2010 Strategic Development Plan prior to its implementation across the NICS Estate.

EQIA

13. It is NIPSA's contention that Government has failed to undertake a proper robust Equality Impact Assessment (EQIA) of Workplace 2010. Attached at Appendix 1 to this paper is a summary of NIPSA's response to DFP's EQIA consultation. NIPSA is now calling for a comprehensive and independent EQIA to be undertaken before tender evaluation is completed.
14. NIPSA also contends that the EQIA analysis of Workplace 2010 cannot be undertaken in isolation from the overarching EQIA for the Review of Public Administration.

Staffing Implications (Facility Management Services)

15. DFP/SIB have insisted that the Workplace 2010 PFI contract should include all Facilities Management (Soft Services). Consequently over 500 Civil Service staff, many in the lowest

paid grades are under threat of compulsory transfer to a private sector company with loss of their civil service employment, pensions and terms and conditions of employment. Even if there was any case for the use of PFI in this project, there is no requirement to include Facilities Management (FM) Services in the contract.

16. Last March 2006 the Chancellor published PFI guidance which stated that FM Services should not be included in a contract where the *“transfer is not essential for achieving overall benefits of improved standards of service delivery . . . and where not transferring staff is consistent with delivering the Prime Minister’s commitment to flexibility in public service provision.”* To date DFP has refused to accept FM Services should be removed from the contract. In NIPSA’s view this confirms that the Workplace 2010 PFI project is driven by a desire or objective to privatise public services rather than to secure the most appropriate provision in the interests of the taxpayer, the people of Northern Ireland and staff.

Appendix 1

Nipsa Response to Equality Impact Assessment (EQIA)

Summary

- A. This paper sets out NIPSA's response to the Equality Impact Assessment (EQIA) consultation document on the proposed Workplace 2010 Programme. NIPSA is the largest public sector trade union in Northern Ireland with over 43500 members and is the recognised trade union for civil service staff directly and adversely affected by the Workplace 2010 privatisation project.
- B. NIPSA is wholly opposed to the Government's proposed policy of using a Private Finance Initiative (PFI) total property deal to secure Civil Service office accommodation for the future.

Notwithstanding NIPSA's position we have given careful and full consideration to the consultation document. We are not prepared to accept that the EQIA consultation document presented discharges the Department's statutory responsibilities under Section 75 of the Northern Ireland Act 1998 in respect of the policy decisions underpinning the Workplace 2010 Programme.
- C. As evidenced by the detailed comments below, we are submitting that this EQIA has not been undertaken objectively. It is wholly biased to facilitate the implementation of the PFI policy including the enforced transfer of staff from Civil Service employment to the private sector.
- D. Furthermore it is unacceptable that an EQIA being undertaken by a central Government Department on a major policy initiative involving £2b of taxpayers' money wholly fails to address the central principle of Section 75 which is to **promote** equality and not merely to check for adverse impact only against limited data that is readily available.
- E. NIPSA is therefore calling on the Department to suspend the bidding process for Workplace 2010 until a full EQIA is undertaken by persons wholly independent of the Department responsible for the PFI contract.
- F. Overall it is also deeply disappointing, and a matter of public concern, that another major policy initiative within the Northern Ireland Civil Service (NICS) has not been subjected to a rigorous independent and exemplary EQIA process. The continuing failures of Government in this key equality matter undermine the effectiveness of Section 75 provisions and must be addressed as a matter of urgency.

G. The following summary is based on NIPSA's detailed analysis of the Consultation Document as set out in the paragraphs below. Key points are:-

- The failure of the EQIA to date to address the fundamental policy of privatisation of public services and the use of PFI which has been demonstrated previously to result in adverse impact.
- The failure of the Department to have the EQIA undertaken independently to ensure objectivity and avoid inherent conflicts of interest for those charged with implementing the PFI project successfully.
- The failure of the Department to ensure the requirements of Section 75 to PROMOTE equality is discharged.
- The need for substantiated additional quantitative and qualitative data and research to ensure an EQIA is completed within the rigor of the Equality Commission's guidelines.
- The absence of relevant data to facilitate the assessment of potential and actual impacts across all Section 75 categories are inadequate.
- The failure of the presented assessments to address all other relevant issues.
- The failure to recognise the inherent potential adverse impact of the application of TUPE legislation.
- The failure to assess fully and properly the clearly available alternative policies to eliminate adverse impact or to ensure that potential adverse impacts are reduced to the maximum extent.
- The clear bias in the EQIA to facilitating implementation of the PFI policy.

Position Paper by The Department of Finance & Personnel

Workplace 2010

Background

1. Workplace 2010 was initiated to address some urgent accommodation problems within the Northern Ireland Civil Service (NICS) office estate and in doing so is at the heart of the Civil Service Reform Programme. It is a co-sponsored programme between the Department of Finance and Personnel (DFP) and the Strategic Investment Board Limited (SIB). It aims to create a modern, flexible working environment to support a modern civil service; to make real and lasting improvements in the estate management arrangements; and to help the NICS transform the way it delivers public services. It applies only to offices within the Central Government estate and does not extend to the property portfolio of the wider public sector.
2. Much of the civil service estate is in a poor state of repair due to the lack of investment in recent years. It is also inefficient and inflexible and inhibits the development of new working practices and ways of working. That accommodation which is in relatively good condition is also at risk of decline in the absence of substantial investment to maintain the infrastructure of the buildings. Workplace 2010 provides a unique opportunity based on well established best practice in public and private sector to upgrade the estate and more importantly to create the infrastructure to support a modern, fit for purpose civil service. By introducing an open and flexible working environment enabled by technology the existing floor space can be used much more efficiently resulting in a reduction of about 20% in the Greater Belfast area.

Private Finance Initiative (PFI)

3. The delivery mechanisms for this ambitious and challenging programme have been considered at length. Officials looked carefully at other large projects of this nature in Great Britain such as Her Majesty's Treasury, Ministry of Defence and Department for Works and Pensions and in doing so noted the successes in those projects. It was also clear that there were lessons to be learned and these were subsequently taken into account. The Outline Business Case completed in June 2005 made a full assessment of the costs and benefits of a number of options including traditional procurement and concluded that a Total Property PFI solution which was some £200m cheaper provided best value for money. Since then there has been continuing refinement of the figures, which would still demonstrate a strong value for money case.

4. Under a PFI arrangement of this nature, ownership of the specified properties transfers to a Private Sector Partner (PSP) in return for a significant capital payment. The PSP is then responsible for maintaining and servicing the accommodation in return for a monthly payment known as a unitary charge for the period of the contract, typically between 20 and 30 years.

Scope of the Workplace 2010 contract

5. This is a large and complex programme affecting about three quarters of the office estate and is likely to affect around 18,000 staff. The transaction has a number of key elements including the asset transfer of 77 buildings (out of a total of 202) about half of which are in the Greater Belfast area. The remainder are in a number of regional towns and include the Jobs and Benefits Office network.
6. The PSP will be required to make a significant capital payment upfront for the transferred assets which should release spending power of about £250m for reinvestment in priority front line services. The PSP will also be required to inject about £100m into the estate to upgrade and refurbish about 15 key properties. Finally the contractor will maintain and service all remaining properties thereafter for the lifetime of the contract. The successful partner will be contractually required to share any excess profits with the NICS. Profits will be measured every five years at which stage any profit over and above that contractually agreed at the outset will be identified and shared. The total value of the contract is estimated to be in the region of £1.5bn and has the capacity to bring lasting economic benefits in terms of employment, sustainability and wider corporate social responsibilities. It is also important to note that it is expected that the cost of the contract will be met largely from within the current funding envelope.

Procurement Position

7. Workplace 2010 has generated a very competitive procurement providing opportunity to achieve real value for money. It has attracted the interest of a number of large UK based organisations all of which have engaged the local property and services market in a wide range of locally based partnerships.
8. In early November four bidders submitted their detailed proposals for the programme. The bidders are consortia led by Land Securities Trillium, Mapeley, Partenaire and Telereal. All of the consortia rely heavily on Northern Ireland based service partners and suppliers ensuring that the programme will benefit the local economy. A rigorous evaluation of their submissions is currently underway. In early 2007 the two highest scoring bidders will be asked to submit their Best and Final Offer (BAFO). Following this a preferred bidder will be announced in spring 2007 with contract award in the summer. This will all be subject to Ministerial approvals.

Key Issues

9. Two key issues for the programme are the inclusion of facilities management in the contract and the dispersal of civil service jobs.

9.1 Facilities Management

It is intended that services such as catering, cleaning, reception services and security would be included in the contract. This is based on good practice which demonstrates clear value for money benefits where these are delivered by the PSP who owns and is responsible for the assets. In the case of Workplace 2010 cleaning, catering and the majority of security work (which accounts for about 70% of the facilities management costs) have already been outsourced for many years. The issue therefore relates to the potential transfer of the work of support grade staff who currently carry out reception, security and messengerial work. Programme officials are absolutely committed to minimising the numbers of staff who would have to transfer as a result of the contract and have been working closely with the Trade Unions to resolve the issue. More recently officials have now set an objective of having no compulsory transfers to the private sector and we believe that this objective will be achievable. A full EQIA has also been carried out to identify equality issues or differential impacts of the programme. The report of the EQIA will be published in early 2007 and will be considered carefully before any final decisions are taken.

9.2 Dispersal

Dispersal of civil service jobs from the Greater Belfast area has been a key political issue for a number of years and was raised in the context of a review of office accommodation in 2003. The impetus for Workplace 2010 was the need to address significant accommodation problems and as such it was never intended as a vehicle for driving dispersal. However officials have been clear from the outset that, whatever the solution, the NICS and the PSP must be in a position to respond quickly and effectively as and when decisions on the dispersal of jobs are taken. The programme is therefore being progressed on a phased basis, the first phase incorporating about three quarters of existing office space which will leave considerable scope to relocate civil service jobs as part of a second phase as and when decisions are made.

9.3 Crucially, the specification which has been produced for bidders already includes a requirement to price flexibility to allow for the vacation of a range of buildings in the event of a decision on dispersal. The advantage of this approach is that the flexibility cost will be determined in a very competitive situation and will ensure that the costs of dispersal are predetermined and provide the best value. Our advisers, who have considerable experience in this area, suggest that this provides better value for the NICS than having to dispose of property in an ad hoc way.

9.4 Officials, in reaching conclusions on flexibility, have taken account of the position in other jurisdictions. However, it needs to be recognised that those situations are somewhat different to the NI situation. Relocation initiatives in England and the Republic of Ireland for example, are driven by the very high costs of property and staff and the difficulties in recruiting and retaining staff in London and Dublin. The business cases are therefore very clear. These factors are not relevant in NI. There is thus very likely to be a significant cost to any proposal on relocation of civil service jobs here. However these costs can be minimised through the competitive process in which the Workplace 2010 programme is now engaged.

Impact of Review of Public Administration

Background

10. The dispersal of civil service jobs from the Greater Belfast area is part of a much wider issue relating to the location of public sector jobs generally. The implementation of the Review of Public Administration (RPA) could potentially result over time in significant relocation of public sector jobs across Northern Ireland. The existing profile of civil service jobs is attached at Annex 1.
11. The appropriate relocation of relevant staff is essential to the successful delivery of the benefits of the RPA, including reduction in levels of bureaucracy, streamlined management structures, the delivery of fully integrated services and fuller public engagement in determining priorities and shaping services. Location decisions therefore need to be coordinated across the public sector to support the achievement of these benefits, recognising that the nature of the RPA implementation will require such decisions to be taken over the next 3-4 years and beyond. Estate Management has accordingly been recognised by the RPA Steering Group as one of 12 'cross cutting' issues affecting a number of Government Departments.

RPA Estates Sub-Group

12. The RPA Estates Sub-Group has been set up as a DFP led cross-sectoral group reporting to the RPA Steering Group. Its objectives are:
 - to develop guiding principles that would provide a framework against which well informed and soundly based decisions by Ministers and Local Authorities can be taken; and
 - to establish baseline data on location of public sector jobs and other socioeconomic data to inform decision-making and ensure that progress can be monitored over time.
13. The Sub-Group is chaired by the DFP Permanent Secretary and includes senior officials from departments closely involved in the RPA implementation, the Northern Ireland Statistics and Research Agency and the Equality Unit of the Office of the First Minister and Deputy First Minister. It meets monthly and reports progress to the RPA Steering Group.

Current position

14. The Group has prepared a draft consultation document (Annex 2) which sets out existing policies and a set of new guiding principles that would provide the framework within which the decision making process on the location of new RPA bodies would operate. These are wide ranging covering for example service delivery, equality and good relations, value for money, staff interests, asset management and social and economic benefits. The consultative document has been considered by the Public Service Commission and after discussion with the Equality Commission will be released for public consultation early in 2007. Following consultation the principles will be submitted to Ministers for approval. By then the baseline data will also be finalised and guidance to ensure consistency in application of the principles

will be available. The Sub-Group will thereafter sit in an advisory capacity and provide a forum for evaluating progress and the impact of decisions on the distribution of jobs.

Interim decisions

15. The work to develop and agree guiding principles, including consultation, will take several months to complete. In the meantime, any early decisions on, for example, the HPSS Trust Headquarters, which are planned to be in place on an initial basis from April 2007, would be taken on an interim basis and temporary accommodation arrangements will be secured. However decisions on the location of the new permanent headquarters would be taken in line with the new principles following consultation and taking into account key RPA location decisions relating to other sectors.

Equality

16. The research to date suggests that decisions on the location of public sector jobs are likely to have implications in terms of equality. All future decisions on the location of public sector jobs will therefore be subject to equality screening and to consultation on the outcomes of the screening. If screening identifies that the decision could have significant implications for equality of opportunity it will then be subject to a full Equality Impact Assessment (EQIA). It is also proposed that where decisions are to be taken at roughly the same time they will be brigaded - screening and EQIA processes on a number of decisions would therefore be combined so that the aggregate implications and impacts can be fully understood.

Conclusion

17. The dispersal of civil service jobs from the Greater Belfast area and the wider location of public sector jobs are current political issues which have been considered carefully by Workplace 2010 and the Estates Sub Group. Workplace 2010 officials are committed to providing the flexibility to facilitate decision-making on future location, a commitment that has been at the heart of the decision to phase the contract and to build in contractual flexibility. The work of the RPA Estates Sub Group is also intended to support decision-making on the new RPA bodies. The draft principles will be issued for public consultation and will be subject to scrutiny by the political parties. In this way officials hope to secure consensus on a way forward that is objective, fair and well informed.

Department of Finance & Personnel

11 December 2006

Home and work location of permanent NICS staff in the 11 Ministerial Departments at 1 January 2006¹

DCA of home address		DCA of work address																											
		Antrim	Ard	Armagh	Ballymena	Ballymoney	Banbridge	Belfast	Carrickfergus	Coleraine	Cookstown	Craigavon	Derry	Down	Dungannon	Fermanagh	Larne	Limavady	Lisburn	Magherafelt	Moyle	Newry & Mourne	Newtownabbey	North Down	Omagh	Strabane	Outside NI or data missing	Total	
		120	0	0	50	0	0	434	0	4	35	4	2	2	4	1	1	2	0	15	1	0	0	8	5	0	0	2	690
		3	104	0	2	0	0	1,341	0	37	1	1	1	7	43	0	2	0	0	23	0	0	4	6	271	1	0	0	1,847
		6	0	188	7	0	3	195	0	2	3	134	21	5	7	12	0	0	4	0	0	40	5	5	0	1	638		
		70	0	0	325	4	0	377	1	4	55	4	2	13	1	1	0	8	0	7	3	0	0	2	6	0	0	883	
		12	0	0	61	43	0	131	0	0	141	2	0	1	0	0	1	0	0	1	0	4	1	0	2	0	0	400	
		9	0	7	3	0	64	416	0	17	0	5	70	9	33	0	0	1	0	52	0	0	62	3	4	1	0	0	756
		10	8	2	22	0	0	3,776	1	107	9	2	8	8	40	2	1	3	0	32	0	0	1	23	70	4	0	11	4,140
		9	0	0	13	0	0	482	50	9	0	1	1	1	0	0	10	0	5	0	0	0	0	17	6	0	0	605	
		2	6	0	5	0	1	1,338	0	98	4	2	4	2	19	0	1	1	0	13	0	0	4	1	52	0	0	5	1,558
		11	0	0	57	29	0	171	0	2	507	1	0	40	0	0	0	1	11	0	2	2	0	0	0	1	0	1	836
		20	0	6	26	0	0	127	0	0	9	74	12	8	0	38	8	0	3	23	0	0	16	0	0	37	0	1	408
		11	1	39	2	0	8	684	0	24	2	2	357	7	5	13	2	2	0	78	0	0	41	1	5	1	0	0	1,285
		4	0	0	12	1	0	216	0	1	49	0	8	962	0	0	7	0	6	1	3	0	1	0	3	15	7	3	1,299
		7	14	2	4	0	3	882	0	67	0	1	21	3	373	0	0	0	0	32	0	0	21	1	28	0	0	1	1,460
		11	0	45	4	0	2	209	0	6	2	23	52	18	1	131	31	0	0	2	0	0	16	0	1	45	0	0	599
		11	0	3	8	0	0	71	0	4	2	4	4	36	0	5	409	0	1	0	0	0	21	0	2	64	2	0	647
		5	0	0	32	0	0	235	13	2	18	1	0	4	1	0	0	86	0	7	0	0	0	5	2	0	0	0	411
		3	0	0	4	2	0	123	0	0	113	0	0	233	0	0	1	0	74	0	1	0	1	0	2	3	0	0	561
		20	4	3	5	0	2	1,170	1	46	2	3	28	5	41	1	0	4	0	134	1	0	4	5	28	3	0	1	1,511
		43	0	0	69	2	0	307	0	2	70	25	1	23	1	4	2	0	1	2	80	0	5	2	3	14	0	0	656
		4	0	0	34	12	0	56	0	3	65	1	0	1	1	0	0	1	7	0	12	0	0	0	0	0	0	0	198
		5	1	34	6	0	13	312	0	10	0	6	76	7	54	5	1	0	0	12	0	0	294	0	3	0	0	1	840
		24	0	0	15	0	1	1,011	11	17	7	2	5	5	4	0	0	11	0	14	0	0	0	71	17	0	0	1	1,216
		2	34	0	4	0	0	1,201	0	26	1	0	2	6	18	0	0	0	2	0	0	0	0	0	452	0	0	3	1,751
		5	0	1	3	0	0	80	0	3	11	4	1	62	0	12	74	1	0	1	1	0	6	0	2	384	6	0	667
		3	0	0	4	0	0	105	0	1	9	1	3	279	0	1	33	0	2	2	0	0	2	0	3	121	93	0	652
		12	6	12	26	3	1	560	1	32	28	5	23	81	14	8	36	5	5	6	1	0	25	3	51	27	6	1	978
		442	178	342	803	96	98	16,010	78	524	1,140	178	815	1,844	659	229	622	136	101	455	116	18	565	148	1,1023	726	114	32	27,492

includes staff on career break

Annex 1

ANNEX 1

Home and work location of permanent NICS staff in the 11 Ministerial Departments at 1 January 2006¹

Parliamentary Constituency of Work Address																				
Parliamentary Constituency of Home Address	Parliamentary Constituency of Work Address																			Total
	Belfast East	Belfast North	Belfast South	Belfast West	East Antrim	East Londonderry	Fermanagh & South Tyrone	Foyle	Lagan Valley	Mid Ulster	Newry & Armagh	North Antrim	North Down	South Antrim	South Down	Strangford	Upper Bann	West Tyrone	Outside NI or data missing	
Belfast East	484	137	697	118	1	2	2	3	10	0	2	6	38	8	18	5	2	0	7	1,540
Belfast North	131	190	510	105	7	2	0	3	3	1	0	5	10	15	7	2	1	0	1	993
Belfast South	331	157	827	151	1	6	2	1	16	1	1	13	42	10	16	7	6	4	4	1,596
Belfast West	138	131	660	283	0	2	0	3	11	1	1	2	5	6	10	3	1	0	1	1,258
East Antrim	175	176	480	107	159	19	0	5	13	3	0	46	13	47	2	1	4	0	0	1,250
East Londonderry	44	49	167	36	1	705	1	273	0	5	1	94	2	14	0	0	0	4	1	1,397
Fermanagh & South Tyrone	61	36	92	28	0	5	525	50	2	20	76	11	3	16	0	0	41	103	0	1,069
Foyle	15	46	128	28	0	55	7	962	1	3	1	13	3	4	0	0	8	22	3	1,299
Lagan Valley	230	127	598	135	6	2	1	5	150	6	13	6	29	30	51	5	44	4	1	1,443
Mid Ulster	64	68	298	79	0	80	103	35	5	209	36	98	3	71	2	0	30	59	1	1,241
Newry & Armagh	61	55	211	35	0	0	22	24	8	4	402	10	7	10	27	0	195	5	1	1,077
North Antrim	104	99	285	83	10	262	2	15	15	10	1	495	8	88	2	0	2	0	0	1,481
North Down	502	122	645	76	0	2	0	8	4	1	0	4	506	3	20	48	2	0	3	1,946
South Antrim	214	208	598	141	20	41	2	7	28	6	0	63	17	202	8	0	5	0	3	1,563
South Down	245	89	578	98	0	0	3	9	44	6	154	7	19	7	464	18	67	0	2	1,810
Strangford	828	168	861	155	1	1	2	6	33	2	7	5	254	12	68	112	5	1	3	2,524
Upper Bann	144	125	571	109	2	2	15	13	103	4	116	3	8	17	21	3	451	1	0	1,708
West Tyrone	35	25	112	17	1	22	120	341	3	6	9	7	5	8	0	0	4	604	0	1,319
Outside NI or data missing	159	87	272	73	6	33	44	81	6	6	37	29	51	15	15	7	23	33	1	978
Total	3,965	2,095	8,590	1,857	215	1,241	851	1,844	455	294	857	917	1,023	583	731	211	891	840	32	27,492

¹ excludes staff on career break

Annex 1

Home and work location of permanent NICS staff in the 11 Ministerial Departments at 1 January 2006¹

TTWA of Home Address	TTWA of Work Address												Total
	Ballymena	Belfast	Coleraine	Craigavon	Derry	Dungannon	Enniskillen	Mid-Ulster	Newry	Omagh	Strabane	Outside NI or data missing	
Ballymena	405	774	114	2	20	1	0	12	0	1	0	1	1,330
Belfast	109	14,686	50	100	42	4	5	17	37	9	0	23	15,082
Coleraine	120	344	793	0	53	0	1	6	1	1	0	1	1,320
Craigavon	11	1,405	2	831	35	18	14	6	126	6	0	1	2,455
Derry	16	369	169	8	1,322	0	10	5	3	23	9	3	1,937
Dungannon	3	239	2	120	17	126	21	22	17	38	0	0	605
Enniskillen	9	95	2	7	39	15	437	6	22	80	2	0	714
Mid-Ulster	91	485	76	19	29	39	10	193	20	44	0	1	1,007
Newry	6	416	0	127	7	5	1	7	308	0	0	1	878
Omagh	3	95	11	2	62	12	56	13	6	382	6	0	648
Strabane	4	98	5	3	237	1	31	1	1	116	91	0	588
Outside NI or data missing	26	647	30	36	82	8	36	6	24	26	6	1	928
Total	803	19,653	1,254	1,255	1,945	229	622	294	565	726	114	32	27,492

¹ excludes staff on career break

Annex 1

Home and work location of permanent NICS staff in the 11 Ministerial Departments at 1 January 2006¹

	Home location				Work location			
	Autumn 2005				Autumn 2005			
	NICS staff by home DCA	Survey - economically active population ²	NICS staff by home DCA as a proportion of economically active population		NICS staff by work DCA	Survey - economically active population ²	NICS staff by work DCA as a proportion of economically active population	
Antrim	690	23,000	3.0%	Antrim	442	23,000	1.9%	
Ards	1,847	32,000	5.8%	Ards	178	32,000	0.6%	
Armagh	638	25,000	2.5%	Armagh	342	25,000	1.3%	
Ballymena	883	33,000	2.7%	Ballymena	803	33,000	2.5%	
Ballymoney	400	16,000	2.5%	Ballymoney	96	16,000	0.6%	
Banbridge	756	19,000	4.0%	Banbridge	98	19,000	0.5%	
Belfast	4,140	112,000	3.7%	Belfast	16,010	112,000	14.4%	
Carrickfergus	605	21,000	2.8%	Carrickfergus	78	21,000	0.4%	
Castlereagh	1,558	29,000	5.3%	Castlereagh	524	29,000	1.8%	
Coleraine	836	28,000	3.0%	Coleraine	1,140	28,000	4.1%	
Cookstown	408	13,000	3.0%	Cookstown	178	13,000	1.3%	
Craigavon	1,285	40,000	3.2%	Craigavon	815	40,000	2.1%	
Derry	1,299	43,000	3.0%	Derry	1,844	43,000	4.3%	
Down	1,460	28,000	5.2%	Down	659	28,000	2.3%	
Dungannon	599	22,000	2.7%	Dungannon	229	22,000	1.0%	
Fermanagh	647	19,000	3.3%	Fermanagh	622	19,000	3.2%	
Larne	411	15,000	2.7%	Larne	136	15,000	0.9%	
Limavady	561	14,000	3.9%	Limavady	101	14,000	0.7%	
Lisburn	1,511	58,000	2.6%	Lisburn	455	58,000	0.8%	
Magherafelt	656	20,000	3.3%	Magherafelt	116	20,000	0.6%	
Moyle ³	198	5,000	3.7%	Moyle ³	18	5,000	0.3%	
Newry & Mourne	840	37,000	2.3%	Newry & Mourne	565	37,000	1.5%	
Newtownabbey	1,216	40,000	3.1%	Newtownabbey	148	40,000	0.4%	
North Down	1,751	34,000	5.1%	North Down	1,023	34,000	3.0%	
Omagh	657	22,000	3.1%	Omagh	726	22,000	3.4%	
Strabane	662	17,000	3.9%	Strabane	114	17,000	0.7%	
Outside NI or data missing	978			Outside NI or data missing	32			
Total	27,492	765,000	3.6%	Total	27,492	765,000	3.6%	

¹ excludes staff on career break² Estimates for the economically active population in each DCA have been taken from the Autumn 2005 LFS and are rounded to the nearest 1,000 and are based on the working age 16-59 for females and 16-64 for males.³ The LFS estimate for Moyle is based on a small sample size and is therefore subject to a higher than usual degree of sampling variability. It should therefore be treated with caution.

Review of Public Administration Guiding Principles for the Location of Public Sector Jobs



Consultation December 2006

Purpose

1. The implementation of Ministerial decisions in relation to the Review of Public Administration (RPA) could potentially result over time in significant relocation of public sector jobs across Northern Ireland. While there is considerable current guidance on relocation and accommodation, including HM Treasury and Department of Finance and Personnel (DFP) guidance, the scale of change provides opportunities to review the policy framework and in particular the principles which need to underpin decisions resulting from the RPA.
2. Accordingly an Estates working group¹ has been set up to collate the estates strategies and plans in the various RPA areas and to stimulate their effective co-ordination taking account of other reform programmes so that decision making by Ministers and Local Authorities on the location of new bodies is well informed and soundly based, having regard to service delivery needs, providing the best value for money, the rights of staff and consistent with government's wider social policy objectives and its statutory obligations, including those under Section 75 of the Northern Ireland Act 1998.
3. This consultation paper invites your views on the guiding principles for use by decision makers.

Context

4. The appropriate relocation of relevant staff will be an essential part of the successful delivery of the benefits of the RPA, including reduction in levels of bureaucracy, streamlined management structures, improved partnership working, the delivery of fully integrated services and fuller public engagement in determining priorities and shaping services. Such changes are also critical in ensuring continued compliance with Government targets to improve

¹ The Estates working group has been set up as a DFP led cross-sectoral group reporting to the RPA Steering Group. The working group, chaired by DFP Permanent Secretary John Hunter, includes senior departmental representatives closely involved in the RPA implementation and the Northern Ireland Statistics and Research Agency (NISRA). It meets monthly and reports progress to the RPA Steering Group

quality of care and to assist in the delivery of Government's commitments on sustainable development and climate change.

5. There is a significant body of growing evidence concerning best practice in office design which informs initiatives such as Workplace 2010² and which should be taken into consideration. The evidence recognises that the physical workplace can have a significant impact on efficiency and effectiveness and aims to create better working environments using new technology, improved processes, more focused and intensive use of resources and the potential for much greater flexibility. It demonstrates that there are tangible benefits to be gained from workplace and organisational change which could play an important role in establishing a new culture for the new organisations and support its management aims. This creates an opportunity in the context of rationalising public sector organisations to seek to rationalise the estate, maximising the use of existing public sector assets, with the presumption that new buildings will be procured only if the need cannot be met from within the existing public estate. Decisions on location should be made on the basis of whole-life costs with a view to releasing savings which can be directed to front-line delivery.
6. The Terms of Reference for the RPA noted the following in relation to the co-ordination and integration of services:

'In considering sub-regional or local delivery mechanisms it may therefore be sensible to examine the potential of creating the same geographical units for the organisation of functions and how far this might allow better co-ordination, including services provided on a cross-border basis.....An integrated approach also needs to examine how best we can facilitate the essential interconnection between key public services such as social services, housing and education.'
7. Location decisions therefore need to be coordinated across the public sector to support the achievement of these benefits, recognising that the nature of the RPA implementation – a phased programme – will require such decisions to be taken over the next 3-4 years.

Review of UK and ROI Policy

8. A summary review of relocation policy across the UK and ROI is included at **Annex A**. The policies across all of the jurisdictions have a number of common themes, primarily:
 - a. Economy and efficiency
 - b. Decentralisation and devolution;
 - c. Assisting areas with particular social and economic needs.
9. In each of these countries, the policies are set within a broader context of legislative and value for money obligations which apply in respect of new public sector investment (eg. the need for economic appraisal). In some instances, they are supported by specific targets for the relocation of a proportion of existing public sector jobs. There are clearly lessons to be learned from the experience in these jurisdictions, although it is also important to recognise

² Workplace 2010 is an initiative to rationalise and improve the Civil Service office estate.

that the size of Northern Ireland in both spatial and population terms provides a rather different set of challenges.

Current Requirements, Policy and Guidance in Northern Ireland

10. The main considerations of current requirements, policy and guidance which apply in Northern Ireland in relation to the issue of relocation are as follows:
- (i) In any use of government resources, Departments and other public bodies must achieve value for taxpayer's money and the methodology for achieving this is set out in the Treasury Guide to Economic Appraisal and Evaluation, otherwise known as the *Green Book*. The Northern Ireland Practical Guide to the Green Book along with specific guidance issued on an ad hoc basis by DFP in relation to investment and option appraisal are also relevant.
 - (ii) DFP guidance on 'Dispersal Of Civil Service Jobs', produced in March 1999, provided Departments with detailed advice on option appraisals for the location of functions and staff across the NICS. In addition to outlining the normal steps required in an option appraisal, it focussed on dispersal options for NICS posts. In doing so it drew on the findings of a research study undertaken in 1997 by independent consultants Coopers and Lybrand. The latter study included a post project evaluation of dispersals to Derry/Londonderry which occurred in the early 1990's and provided suggestions regarding the methodology to be used for appraising future dispersal options. It is important to recognise that the current policy states that 'the possibility of dispersing Civil Service functions should be considered in the context of reviews and/or appraisals in which the location of the work is a significant cost element.' There is thus no extant proactive dispersal policy – it relies on taking advantage of opportunities, of which RPA is clearly a prime example. A fuller statement of the policy is attached at **Annex B**. It is clear that there are significant costs to dispersal options and this will provide a driver towards seeking to get the best use out of existing assets through initiatives such as Workplace 2010 (which is described in more detail later).
 - (iii) Section 75 (1) of the Northern Ireland Act 1998 requires that public bodies should, in carrying out their functions relating to Northern Ireland, have due regard to the need to promote equality of opportunity between the nine Section 75 categories. This must apply in all cases and, in addition, without prejudice to these obligations, public bodies are also committed to have due regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.
 - (iv) The current policy framework for addressing social need (New TSN) places particular emphasis on directing resources at those areas, groups and individuals in greatest objective need. In the context of relocation, this translates to a need to consider the potential impact of decisions on deprived areas and vulnerable groups with the objective of maximising socio economic benefit and minimising adverse impact.
 - (v) The Public Service Commission's guiding principle on 'Managing Vacancies Effectively' was produced in July 2006. It recommends that, in order to minimise the risk of redundancies as a result of decisions arising from the Review of Public Administration, and recognising

the need to keep open all possible means to redeploy staff, existing employing authorities should avoid creating new posts, and should also use all available expedients to manage vacancies which might arise within defined groups. It also sets out principles for the filling of vacancies and comments on the need to ensure that service delivery is not adversely affected.

11. In addition to these overarching constraints, and other legislative requirements such as the Human Rights Act, there are a number of key current policies which apply in considering the issue of relocation.
12. **The Regional Development Strategy**, 2001 highlights that even on a modest scale a dispersal policy of civil servants throughout Northern Ireland could bring local economic benefits, support town centre revitalisation, underpin and encourage private sector investment. It commends an appropriate level of decentralised public and private sector investment which would have environmental and economic benefits, reducing commuting to the Belfast metropolitan area and relieving congestion as well as contributing to the equitable sharing of resources. The Strategy includes an objective to promote a balanced spread of economic development opportunities across the Region focused on the Belfast Metropolitan Area, Londonderry, Craigavon and the other identified urban hubs/clusters, as the main centres for employment and services. An appropriate extract from the Strategy is contained in **Annex C**.
13. In 2004, the Department of Agriculture and Rural Development published '**A Guide To Rural Proofing**' aimed at ensuring that all significant policy proposals submitted to Ministers for endorsement will specifically identify any likely impact which that policy might have on rural areas or communities, and an assessment of how any differential impact can be addressed. Driving factors for the Guide were outlined as 'to encourage a more equitable distribution of public and private investment' and 'to promote social inclusion and target interventions at economic black spots.'
14. **The Terms of Reference for the Review of Public Administration** (March, 2005) included a number of relevant obligations including a commitment to Equality and Human Rights and ensuring that Section 75 and New TSN policies are fully considered and opportunities to decentralise services, and related employment opportunities are also examined. It also recommended that in considering sub-regional or local delivery mechanisms it would be sensible to examine the potential of creating the same geographical units for the organisation of functions and how this might allow better co-ordination, including services provided on a cross-border basis.

Central DFP Responsibilities and Guidance

15. The current policy on dispersal of civil service jobs is outlined in paragraph 10(ii) and is produced in more detail in **Annex B**. That policy is essentially reactive to opportunities rather than a pro-active policy of dispersing specific jobs or functions from the Greater Belfast area. The RPA clearly provides those opportunities.
16. **The Programme For Government** made a commitment to investigating the dispersal of Civil Service jobs as part of the Strategic Review of Government Accommodation placing significant emphasis on the role of New TSN in deciding the possible location of dispersed

posts as an element in reducing socio-economic differentials between the two communities in Northern Ireland.

17. In May, 2001 a DFP commissioned **Strategic Review of Government Office Accommodation** identified a number of potentially competing issues in relation to the structure of the Government estate, dispersal policy and space utilisation. The Assembly Committee for Finance and Personnel subsequently commissioned a **Research Paper (no.20/02-26th March, 2002)** which discussed the potential implications of a Dispersal Policy including a 'reactive' and 'proactive' approach. This document concluded that there are tensions between the prima facie financial costs and benefits; the 'softer' socio-economic costs and benefits and the political commitments identified in the DFP Report.
18. In early 2004 work re-commenced on the development of the office accommodation strategy and this work culminated in the production in October 2004 of a Strategic Development Plan entitled **Workplace 2010**. This outlined a new policy focus around:
 - The provision of a modern, flexible, open plan office estate that would enable the NICS to transform the way in which it delivers public services;
 - Rationalisation of the estate providing a smaller number of larger buildings for reasons of efficiency and effectiveness, and disposing of surplus accommodation; and
 - Achieving value for money through a "total property PFI" solution with a private sector partner.
19. The procurement of the partner is now well underway with a contractual target date in the middle of 2007. The contract has been scoped and will be developed to allow for decisions on dispersal by taking a phased approach to implementation and including costed flexibility options within the requirement.

Conclusion

20. While a wide range of relevant policies exist in Northern Ireland, there are no guidelines to assist decision makers in the management of the location of public sector jobs. At a time of increasing political focus on the jobs issue, significant organisational change and the increasing need for investment in public sector infrastructure to meet future service needs, there are dangers that a failure to develop practical guiding principles could lead to criticism that the public sector is failing to capitalise on opportunities for integration and/or co-location of key public services whilst achieving optimum value for money in how it uses assets across the public sector. The legal and policy frameworks established by Section 75, the Regional Development Strategy and Rural Proofing place requirements on the public sector to achieve an equitable distribution of public sector investment across Northern Ireland.
21. There is also a significant body of growing evidence concerning best practice in office design which informs Workplace 2010 and should be taken into consideration. This recognises that physical workplace can have a significant impact on efficiency and effectiveness and aims to create better working environments using new technology, improved processes, and the potential for much greater flexibility. It demonstrates that there are tangible benefits to be gained from workplace and organisational change which could play an important role in

establishing a new culture for the new organisations and support its management aims. And it provides a framework within which the estate can be rationalised providing efficiency savings which can be redeployed to the front line.

22. **Accordingly, it is proposed to collate the estates strategies and plans in the various RPA areas and to stimulate their effective co-ordination, taking account of other key reform initiatives, so that decision making by Ministers and Local Authorities on the location of new bodies is well informed and soundly based, having regard to service delivery needs, providing the best value for money, the rights of staff and consistent with Government's wider social policy objectives, including those under Section 75 of the Northern Ireland Act 1998.**

What is Needed in Northern Ireland?

23. Clearly, therefore, we need a coherent and integrated public sector framework in Northern Ireland which incorporates current requirements, policies and guidance, and is underpinned by common key principles. The proposed principles are set out below:

(i) Improving Service Delivery

- Providing workspace that will enable the provision of more efficient, effective and accessible public services;
- Providing local public services where demand exists;
- Exploiting opportunities for co-location and co-operation in key public services; and
- Promoting the provision of more integrated services which meet customer and business needs and achievement of economies of scale.

(ii) Taking Account of Staff Interests

- Respecting staff rights, terms and conditions;
- Engaging fully with staff during the decision making process;
- Location should, where possible, provide sustainable career development opportunities for staff within the local area; and
- Location should, where possible, take account of the mobility and travel to work needs of staff.

(iii) Achieving Value for Money

- Releasing funding to priority front line services;
- Maximising value for money for the taxpayer in line with Green Book guidance; and
- Minimising, where possible, transitional costs such as recruitment, travel, staff costs, training, programme management, and parallel running.

(iv) Effective Working

- Providing flexible accommodation that is predominantly open plan and determined by function rather than grade (in line with Workplace 2010 principles);

- Maintaining and enhancing services and ensuring skills retention;
- Ensuring convenient and/or accessible location to key stakeholders; and
- Maintaining operational efficiency and effectiveness including responsive policy advice to Ministers.

(v) Effective Asset Management

- Providing a co-ordinated approach to the asset management of the public sector estate;
- Rationalising, where possible, the public sector estate to deliver a smaller, more efficient portfolio of larger properties;
- Maximising value for money on the basis of whole life costs;
- Making best use of existing assets avoiding, where possible, unnecessary expansion of the estate; and
- Contributing to a public estate that optimises sustainability in line with the Sustainable Development Strategy for Northern Ireland.

(vi) Maximising Social and Economic Benefits

- Supporting development in areas of social and economic deprivation (in line with the Anti Poverty Strategy);
- Contributing to local economic growth and sustainability;
- Building on the regional hubs as identified in the Regional Development Strategy; and
- Taking account of the impact on public employment within the new Council boundaries.

(vii) Promoting Equality and Good Relations

- Contributing to the equitable distribution of public sector employment opportunities;
- Creating opportunities to address inequalities in access to services and employment opportunities for vulnerable groups and communities;
- Creating a decision making process that is objective, open and transparent;
- Ensuring open communication with the public and their representatives during the decision making process; and
- Promoting good relations between different sectors of society.

(viii) Sustainable Development

- Procuring operating and managing the estate sustainably;
- Leading in the sustainable procurement of works, supplies and services;
- Maximising resource efficiency;
- Making efficient use of space and ways of working, in buildings that are exemplars of energy, water and carbon efficiency in operation and maintenance;
- Conserving and sustainably managing land and encouraging biodiversity; and
- Integrating the principles of sustainability fully into working practices.

24. We also need an overarching structure to promote the consistent and effective application of the framework across the public sector. This will be the role of the Estates Working Group of the RPA Steering Group.

Maximising Impact

25. While these principles can be applied in relation to each decision on the location of public sector jobs, the impact of the guidelines could be increased by bringing together decisions which are due to be made in the same broad timeframe. By this means we would seek to ensure that decisions complement each other in a positive way.

Interim decisions

26. The work to develop and agree guiding principles, including consultation, will take several months to complete. In the meantime, any early decisions required (e.g. in relation to HPSS Trust Headquarters which are planned to be in place on an initial basis from April 2007) would be taken on the following basis:
- decisions will be taken with appropriate reference to the central co-ordination arrangements (i.e. the RPA Steering Group and Estates Working Group);
 - decisions will be taken on an interim basis i.e. temporary accommodation arrangements will be secured and decisions on the location of the new permanent headquarters would then be taken in line with central guidance agreed following consultation and taking into account key RPA location decisions relating to other sectors;
 - the current statutory requirements, together with the policies and guidance described in paragraphs 10-19 above will be fully taken into account;
 - the draft principles referenced in paragraph 23 above supplemented by appropriate base data on the current position in relation to the location of jobs, deprived areas, and vulnerable groups will be considered;
 - taking full account of the new Local Authority boundaries; and
 - decisions will be subject to consultation with staff, trade union and stakeholder groups.

Equality

27. From our research to date it is highly likely that decisions on the location of public sector jobs will have implications in terms of equality.
28. All future decisions on the location of public sector jobs will be subject to equality screening and to consultation on the outcomes of the screening exercise. If screening identifies that the decision would have significant implications for equality of opportunity it will be subject to a full Equality Impact Assessment (EQIA).
29. As proposed at paragraph 25, where decisions on the location of public sector jobs are due to be taken around the same time or similar times, we will seek to brigade them, undertaking

a combined screening and EQIA process and thereby reflecting the aggregate implications and impacts.

Consultation

30. This consultation is a key part of the process of developing a set of guiding principles to act as a framework within which decisions can be taken on the location of public sector bodies set up under RPA and affected by other key reform initiatives. **We look forward to receiving your comments on the approach outlined in this document to dealing with location issues. In particular we would welcome views on the principles outlined in paragraph 23 above and how these, and/or other principles might be developed into a practical framework.**
31. A twelve week period for submission of comments will extend from x December 2006 until x March 2007. Correspondents are asked to submit their views as early as possible during this period to allow as much time as possible for consideration. In light of the requirements of the Code of Practice on Access to Government and the Freedom of Information Act, all responses may be made available to the public on request, to Parliament or the Northern Ireland Assembly. You have the option of indicating that you wish your response to remain confidential and the Department will generally respect your request. If it is in the public interest to override your request the Department will contact you before disclosure and, if appropriate, provide an opportunity for your response to be withdrawn.
32. Responses must be made in writing before the closing date to:
- Emma Wilson
Department of Finance and Personnel (NI)
Room S21
2nd Floor
Rathgael House
43 Balloo Road
Bangor
BT19 7NA
- Or by email to: Emma.Wilson@dfpni.gov.uk
- Or by fax to 028 91 858 048
33. Enquiries:
If this document is not in a format that meets your needs, or if you have any other queries, please contact us at the above address or call 028 91 858 245.

Annex A

A Review of Policies for Location of Public Sector Jobs in Other Jurisdictions

1. The policies across all of the jurisdictions have a number of common themes, primarily:
 - a. Economy and efficiency
 - b. Decentralisation and devolution
 - c. Assisting areas with particular social and economic needs

In each of these countries, the policies are supported with appropriate obligations in respect of new public sector investment and in some cases specific targets for the relocation of a proportion of existing public sector jobs. There are clearly lessons to be learned from the experience in those jurisdictions, although it is also important to recognise that the size of Northern Ireland in both spatial and population terms provides a rather different set of challenges.

Wales

2. In 2001 the Welsh Assembly agreed the **Relocation Strategy 2002-2007**. This embedded a number of principles for a location review. These included:
 - An overall objective to increase the proportion of staff working outside Cardiff
 - Bringing the delivery of services closer to customers
 - Operational efficiency and effectiveness, including maintaining a responsive policy advice to Ministers
 - Accommodating the wishes of the Assembly's staff
 - Local economic impacts
 - Value for money
 - Promoting sustainable development

Scotland

3. In September 1999, the Scottish Executive introduced a relocation policy. This policy covers the Executive's Departments and Agencies, Non-Ministerial Departments and the sponsored public sector. Implementation is overseen by a Relocation Policy Team in the Executive's

Public Service Reform Group. It has developed guidance for implementing the relocation policy titled **The Relocation Guide, June 2005**. Its overarching objectives are to:

- Ensure that the government in Scotland is more efficient and decentralised
- Provide cost effective delivery solutions
- Assist areas with particular social and economic needs

England

4. In March 2004 Sir Michael Lyons published an **Independent Review Of Public Sector Relocation** in England which outlined the policy context as being:

‘The Government is committed to improving the efficient delivery of public services, boosting regional economic growth and bringing government closer to people, through greater decentralisation and devolution’ concluding that ‘the pattern of government needs to be reshaped...In particular this pattern fails fully to reflect the large cost disparities between London and other parts of the UK and the revealed benefits of dispersal for the efficient delivery of government business and for regional economies.’

The Report recommended taking forward urgently dispersal of 20,000 jobs as a first tranche from London and the South East. The Report’s recommendations were accepted by the Government who endorsed the principles in November 2003 as follows:

- The concentration of Government activity in London and the South East must be determined by the service needs of the regional population and the interests of effective national Government. The current degree of concentration is not optimal in terms of efficiency, effective delivery and the needs of the United Kingdom outside London and the South East.
- The Government is committed to realising the benefits of well-planned dispersals of public sector activity from London and the South East. These benefits include enhanced efficiency and service delivery, social and economic benefits across the United Kingdom, and improved governance, including paving the way for further devolution of national Government responsibilities. Importantly, Lyons concluded that, where dispersal did take place, it was done in such a way to allow units of a sufficient size that could support sustainable career progression for local people.

Responsibilities

- Heads of departments and sponsored bodies will be responsible on a continuing basis for realising the benefits of relocation and will be held accountable for exercising this responsibility.
- Public sector relocation is a key strand of modernising and reforming Government.
- Heads of departments must integrate relocation with their wider reform programmes, in particular the search for greater efficiency, and the development of pay and workforce strategies

Republic of Ireland

5. In December 2003, the Irish Government announced through the annual Financial Budget statement and a policy document titled **Public Service Decentralisation. Governance Opportunities and Challenges**, a commitment to the voluntary decentralisation of over 10,300 posts in civil service departments/offices and agencies to over fifty locations across twenty-five counties throughout the country. It also specified that the location of any future bodies should be in areas compatible with the new programme. In the document **‘Sustainable Development-A Strategy For Ireland’** one of the primary considerations should be to avail of the opportunity that arises for the new government offices to make a positive contribution to the life and fabric of the selected towns.

Annex B

Date 22 March 1999

Dispersal Of Civil Service Jobs

1. The purpose of this note is to provide Departments with detailed guidance on the implementation of the revised Government policy on the possible dispersal of Civil Service jobs.
2. In John Semple's minute of 16 February 1996 Permanent Secretaries, he confirmed Ministers' approval to the commissioning of a research study into the economic and social benefits of dispersal of Civil Service jobs. Following receipt of the report of the study by external consultants, and consideration by the Civil Service Management Board, the Secretary of State, in response to Paul Murphy's note of 15 September 1998, has agreed that dispersal policy should be linked to accommodation planning, but should take into account wider policy imperatives, including New TSN and the regional planning strategy and associated commitments in the "Partnership for Equality" White Paper.
3. The effect of the revised policy is that the possibility of dispersing Civil Service functions should be considered in the context of reviews and/or appraisals in which the location of the work is a significant cost element. This might include the renewal of leases and major refurbishment, but consideration of dispersal should certainly be triggered by a requirement for new sizeable accommodation.
4. Where Departments identify a requirement for new accommodation at a significant cost, a rigorous examination should be carried out to determine whether dispersal of the function for which the accommodation is required is feasible in operational terms taking account of such factors as the current disposition of the function, the relation between the function and clients and providers, the nature of the function's work and any other relevant issues. In examining this issue, Departments will be expected to take a strategic look at the disposition of their staff against the accommodation currently available and the options for rationalising this disposition. The aim is to ensure that the examination of the requirements for new accommodation takes account of service delivery needs, but also aims to provide, where possible, the opportunity for Ministers to consider the costs and benefits of serious candidates for dispersal, rather than have new accommodation aimed solely at functions which are inherently unsuitable for dispersal.
5. The conclusions of the examination of the feasibility of dispersal should be included in the initial business case put to the Office Accommodation Branch (OAB) supporting a new accommodation requirement.
6. The economic appraisal should be undertaken in accordance with the specific guidance on the appraisal of options for dispersal of NICS jobs in the attached booklet and the general guidance in the Northern Ireland Preface to the Green Book, which was circulated to Departments with DAO (DFP) 16/97. The appraisal should cover, inter alia, the need for the proposed accommodation, the cost of all the options under consideration, and the impact of

all the options upon equal opportunities, New TSN and the regional planning strategy including transportation. In the case of dispersal options, there should also be an assessment of the economic impact upon the areas which would be losing and the gaining the dispersed jobs.

7. It is recognised that the policy and the guidance may need to be amended to reflect any different approach introduced by the Assembly, but it is important to have in place a process which can be adapted as necessary. The First and Deputy First Ministers have been advised and are content to proceed on this basis.

Annex C

The Spatial Development Strategy for Northern Ireland

In the context of achieving the optimal balance between Belfast and the rest of the Region, the Strategy promotes the decentralisation of public sector employment to Londonderry and the main towns thereby augmenting their range of service functions. Even on a modest scale this could bring significant local economic benefits, support town centre revitalisation, underpin and encourage private sector investment. **An appropriate level of decentralised public and private sector investment would have environmental and economic benefits, reducing commuting to the Belfast Metropolitan Area and relieving congestion as well as contributing to the equitable sharing of regional assets.**

Renewal and revitalisation of run down sectors of towns will continue to be targeted, particularly the most disadvantaged neighbourhoods, as an integral feature of the Strategy to reinforce the main hubs. Facilitating economic development in, or in close proximity to, the most disadvantaged urban areas of the main towns will help to achieve regional balance and tackle long-term unemployment as part of the 'New Targeting Social Need' initiative.

In designating the main towns as hubs for significant growth, the **SDS recognises that future levels of growth for each town, or cluster of towns, will vary. Some centres will generate much more growth than others**, reflecting the interaction of such factors as strategic location, the size of population in the town and its catchment, the range of employment, infrastructure and services available, and the quality of environment and living conditions which increase the 'draw' of a town.

A number of the main hubs already have a well established sub-regional role and a more extensive sphere of influence reflecting their larger size and the availability of a wide range of higher order urban functions. These centres generally have larger populations of over 20,000 persons and include high numbers of retail, financial and other businesses, and a diverse provision of administrative, education, health and leisure services. For example, they include Ballymena to the North, Newry to the South, and Omagh in the West. Such centres are expected to generate higher levels of future growth reflecting their established role and strength as local engines of economic activity in their respective sub-regions.



Written Submission from The Scottish Executive

Background and Context to policy

1. The Scottish Executive's relocation policy was introduced in September 1999 following devolution in Scotland.. The overarching objectives of the policy are to:
 - Ensure that the government in Scotland is more efficient and decentralised ;
 - Provide cost-effective delivery solutions ;
 - Assist areas with particular social and economic needs.
2. The policy covers the Executive's Departments and Agencies, Non-Ministerial Departments and the sponsored public sector. An important strand of the policy is the Small Units Initiative (announced in 2002) which is aimed at supporting Scotland's most fragile rural communities by relocating small units. The policy covers bodies throughout Scotland and not just those currently based in and around Edinburgh. A timeline indicating the evolution of the policy from its inception in 1999 is attached at **Annex A**.
3. The Relocation Guide published in June 2005 provides information on the policy and the methodology that forms the location review process. The Guide may be accessed at: (<http://www.scotland.gov.uk/Publications/2005/06/2791500/15017>). The policy covers both relocations of existing organisations and location of new bodies. It prescribes a standard location review process comprising two stages: the first weighing up the identified business needs of the organisation against the socioeconomic considerations and resulting in a shortlist of areas to be considered for a given relocation; the second, a full economic costing of the identified options (in line with the guidance in the Treasury Green Book). Although in the earlier days of the policy, location reviews were normally undertaken by consultants on behalf of the relocating organisations, it is now standard practice that the reviews are completed in-house by Project Boards comprising representatives of the organisation and of relevant unions and Scottish Executive policy staff and analysts.
4. Relocating organisations fund their own relocations and to date no Scottish relocations have followed the PFI/PPP model; Scottish Ministers have made a small amount of central funding available to assist with the set-up costs for Small Unit Initiative Relocations (typically units relocating under this strand of the policy have not held discrete assets).

Timetable for implementation

5. The Scottish relocation policy is not driven by a specific target or timetable. Organisations are reviewed when they reach a trigger point, i.e. when a new unit, agency or public body is established, where an existing one is merged or otherwise reorganised or where a significant property break is reached. Our forward review programme is agreed annually by the Scottish Cabinet and overseen by the Group of Relocation Ministers, a Cabinet Sub- Committee.

Progress achieved

6. To date, we have completed 38 location reviews, reviewing almost 4000 jobs in total. We have:
 - Relocated 2432 posts outside Edinburgh;
 - Decided on the locations of a further 1001 posts (still to undergo physical relocation)
 - Located 160 posts within Edinburgh.
7. The Relocation policy has resulted in distribution of government jobs to areas of identified socio-economic need across the length and breadth of Scotland: from Tain to Tiree, Glasgow to Galashiels, Dingwall to Dumfries. All of the organisations that have relocated have continued to meet their targets and only a small proportion have required to parallel-run during the transitional phase.
8. We have just undertaken our first evaluation of the policy: the draft evaluation report will be considered by the Finance Committee of the Scottish Parliament on 12 December 2006 prior to formal publication. Initial findings from the report indicate that relocation is bringing tangible economic benefits to communities across Scotland albeit that it is still too early to realise the full impact of the relocations that have taken place to date. The draft evaluation report can be seen at: <http://www.scottish.parliament.uk/business/committees/finance/papers-06/fip06-32.pdf>.
9. We also propose to develop and publish an evaluation framework which will form the basis of future evaluation exercises and ensure that adequate data is collected.

Obstacles and Hurdles/Lessons learned

10. Our evaluation exercise has enabled us to consider obstacles, hurdles and lessons learned. It is clear that in considering any relocation, due regard must be given to the following issues:
 - Resourcing: planning and management of relocation has proved time consuming and adequate resources are required to ensure that the policy can be implemented successfully. In response to identified need, a dedicated Relocation Policy team was set up in 2004 supported by a virtual Relocation Support Team;
 - Cost: as with any project, it is important to ensure that good project management procedures are in place and that costs of relocations are monitored. To ensure comparability, we have found it helpful to issue a cost questionnaire to relocated organisations. We have learned that clarifying our expectations of data gathering in

advance of relocation significantly improves the quality of data provided and that this in turn has a significant impact on the quality of evaluation that may be produced;

- Existing property commitments (long leases and owned buildings) – these may prove difficult and costly to give up and therefore have a greater influence on the success of the policy and the cost of relocations than might be anticipated. It is therefore important to ensure that good management data exists on existing commitments: we are now undertaking an exercise to register all government property holdings;
- Staff : the Relocation Guide states that it is essential for staff to be consulted as part of the relocation process. More specifically, staff who are not civil servants cannot be absorbed into the Scottish Executive except where their home organisation has been approved for the Civil Service Gateway Register and where capacity exists, and hence may require to be made redundant (to date staff have only been made redundant in the case of one relocation). This has significant costs both in financial and human capital terms;
- Opposition from local media, politicians and pressure groups from the original location. Clarity of purpose is vital and consideration must be given to the strategy for communicating relocation decisions, the likely impact on the area from which the organisation is relocating and the prospective benefits likely to accrue from relocation;
- Interaction with other policies: we have identified significant opportunities for us to capitalise on synergies with other Scottish policies including Regeneration and Efficient Government and these can be best be realised with good advance planning.

Scrutiny

11. You may also find it helpful to consider recent independent reports scrutinising the Scottish Executive relocation policy. The Finance Committee of the Scottish Parliament held an enquiry into the Scottish Executive Relocation policy in 2004. The findings and process of this enquiry may be seen on the Scottish Parliament website: www.scottishparliament.gov.uk.
12. In September 2006, the Auditor General for Scotland published a report into the Relocation policy. This may be found at : <http://www.audit-scotland.gov.uk/index/06pf05ag.asp>.

Relocation Policy Team
Scottish Executive

December 2006

Annex A

Evolution of Scottish Executive Relocation Policy

- On **15 September 1999**, the then First Minister, Donald Dewar, outlined the objectives of the policy to Parliament in response to a Parliamentary Question (S1W-1558):

“Two objectives should govern location and relocation decisions. First, the location of the Departments and agencies of the Scottish Executive and the bodies it funds should promote efficiency and effectiveness. Second, and subject to the first objective, ...the work of the Scottish Executive and related bodies should be close to the communities they serve.”

“When the Scottish Executive establishes a new unit or agency, or where an existing unit is merged or otherwise reorganised, there should be a presumption against location in Edinburgh. We have also decided that where a significant property break point is reached – for example, the termination of an existing lease – relocation options outside Edinburgh will be considered. In each case, Ministers will look at alternative locations. Costs will be taken into account in deciding on location, along with operational effectiveness and the position of staff concerned.

“The policy will apply to the Departments of the Scottish Executive, to its executive agencies, to the Departments of the non-Ministerial office holders and to the Crown Office, and to all non-departmental public bodies funded by the Scottish Executive.”

- On **25 October 2002**, Andy Kerr, then Minister for Finance, announced, also in response to a Parliamentary Question (S1W-30915), the Small Units Initiative as an additional strand to relocation policy. The aim of the Initiative was to identify small units of work which are location independent and might successfully be carried out at remote locations. The policy recognised that even small numbers of additional jobs could make a significant difference to social and economic conditions in fragile rural areas. The Minister also confirmed that necessary funding would be made available over 3 financial years to offset some of the start up costs of Small Unit relocations.
- In **May 2003**, Ministers included a specific commitment to continue dispersal of government jobs in the Partnership Agreement.
- In **January 2004**, Tavish Scott, then Deputy Minister for Finance and Parliamentary Business, with responsibility for relocation policy, during evidence to the Finance Committee further clarified the methodology for considering location options. He confirmed that, to reflect Ministers’ objectives for addressing social and economic need, a suggested weighting of 50% would be given to socio-economic considerations in the qualitative assessment of relocation options, including data on unemployment,

underemployment, availability of suitable labour and deprivation indicators. Reviews were also required to consider business efficiency considerations, including costs, available transport links and property. The Deputy Minister also emphasised the need to take account of the views of staff and trade unions and for these views to be reported to Ministers as part of reviews.

- In **September 2004**, in response to the Finance Committee Inquiry on the Relocation of Public Service Jobs, the Scottish Executive set out a number of additional improvements it would introduce to the operation of the policy, including:
 - publish revised guidance on the relocation process;
 - ensure the reasons for each future relocation decision were made clear;
 - set clearer standards for staff consultation on relocation;
 - consider how the application of appraisal criteria could be made more consistent, through the publication of clear guidance on methodology to be used in relocation; and
 - provide information on the costs of relocation.
- In 2004 a dedicated Relocation Team was established within the Scottish Executive to co-ordinate activity on relocation policy. The Team currently consists of 5 staff, with support from property advice, HR and analytical professionals.
- The relocation review methodology, appraisal criteria and the requirement to consult with staff and unions were formalised with the publication of the Scottish Executive Relocation Guide in **June 2005**. The Guide also set out Ministers' current high level objectives for relocation policy, to:
 - ensure that government in Scotland is more efficient and decentralised;
 - provide cost-effective delivery solutions; and
 - assist areas with particular social and economic needs.

Relocation Policy Team
Scottish Executive

December 2006

Decentralisation Programme in the Republic of Ireland

The decentralisation programme involves the relocation of 10,300 civil and public service posts out of Dublin to 58 locations:

- 6,200 (60%) civil servants – general service ,
- 1,000 (10%) civil servants – professional & technical
- 2,300 (22 %) State Agency employees
- 800 other including HSE, Garda and Defence Force personnel

The facts are:

- In **excess of 10,600 staff** have applied on the CAF to decentralise.
- Over 50% of CAF applicants are based in Dublin. The programme also allows provincial based civil servants an opportunity to relocate to a new town / new organisation. The objective of the decentralisation programme has never been simply to move civil servants in their current posts to provincial locations. Instead it aims to relocate public and civil service posts and to move civil servants who volunteer to relocate to positions outside Dublin.
- The highest numbers of civil service staff are in the clerical grades which have a high turnover rate. This rate of staff turnover is such that it is expected that the “backfilling” of those posts in existing provincial locations can be managed over the transition period without adding to overall civil service numbers.
- **22 locations are oversubscribed** in that the number of CAF applicants exceeds the number of posts on offer. While there may not be a precise grade match in each case, this is an indicator of the high level of interest in the programme among staff. (A list of these locations is attached).

The programme is being overseen by the Decentralisation Implementation Group (DIG) who has put a prudent planning framework in place. Given the importance to the public of the range of services being decentralised (including social welfare payments, tax administration, grant payments, agriculture payments, etc.) **the priority is to ensure effective implementation and to manage the phasing of the moves to meet that overriding objective.**

The timeframes set out by the DIG are guided therefore by the need to ensure business continuity of all public services and to manage the relocation in a manner which minimises business risk. **These timeframes are arrived at following detailed analysis of the staffing, business and property elements in relation to each organisation and location. The Group also required each organisation to prepare detailed implementation plans setting out the practical steps to prepare for relocation.** Details of these timeframes are set out at Appendix C.

The DIG in their September, 2006 report referred to the significant level of activity underway at present:

- **On the property front**, sites or building acquisition has now been completed or is significantly advanced in 37 locations.
- **On the staffing front**, 33% of the 7,200 civil service posts due to relocate are now filled by staff who are decentralising and are currently skilling up in their new jobs.
- **In relation to moves**, to date decentralising organisations have a presence in 12 locations. By the end of 2007, it is expected that decentralising Departments and Offices will have a presence in a total of 29 new locations around the country. These are listed at Appendix B.

The key issue is not the degree of mobility but how it is managed. **The Civil Service has considerable expertise in managing successful decentralisation moves.** Organisations such as Revenue, Social & Family Affairs and Agriculture have managed large scale moves in the past while retaining excellent service to the public.

Mobility itself is nothing new for civil servants. It is a normal element of HR practice across Departments to ensure that staff move posts on a regular basis in order to acquire a range of skills, expertise and knowledge as they progress through their career.

In relation to staff remaining in Dublin, it is important to understand the process in place to manage this issue. It is important to understand that staff will come on stream in Dublin on a phased basis as their organisations progress towards their timeframe for relocation. This phasing allows the absorption of Dublin staff into vacant posts to be managed over the full transition phase of the programme.

- The primary mechanism for placing civil servants who are in posts which are due to decentralise but wish to remain in Dublin is by way of bilateral transfer. As staff who have applied to decentralise continue to be transferred into decentralising organisations, the posts they vacate become available to those wishing to remain in Dublin..
- In addition, the Public Appointments Service has commenced the operation of a system which will **match Dublin based posts with people wishing to remain in Dublin.** Any decentralising organisation which anticipates that it will have staff wishing to remain in Dublin who cannot be placed within the organisation will engage with the Public Appointments Service in the placement of these individuals. The initial operation of these arrangements brought to light some teething problems in matching the available vacant posts in Dublin with staff who are ready to be released by decentralising organisations. The precise operation of these arrangements is currently being discussed with the civil service unions to improve their overall effectiveness.
- The highest numbers of civil service staff are in the clerical grades which have a high turnover rate. The level of turnover in these grades is such that it is not anticipated that there will be difficulty in placing staff at these grades in Dublin.

There will also be opportunities to place staff at all grades as vacancies arise through retirement over the coming years.

Professional & Technical Staff

Approximately 1,000 or 10% of the overall programme is composed of professional & technical posts.

While the take up from the professional & technical staff is low, **around 100 professional & technical personnel have already been assigned** to posts that are decentralising, representing about 10% of these posts covered by the programme.

The Implementation Group recognised the particular complexities of the issues involved for these grades but nonetheless believed that relocation was possible, through further discussion.

Discussions have been ongoing with the staff representatives and proposals have been tabled in relation to options for staff remaining in Dublin and in relation to promotion arrangements for these grades. In addition, staff have been assured of the voluntary nature of the programme. Those wishing to remain in Dublin will be absorbed into posts in the civil service or, alternatively, in other public service bodies.

The Government has consistently said that duplication of posts is not proposed. It is not the intention to recruit an officer for a position in a decentralised location until an alternative post has been found for the current post holder in Dublin.

The recent report of the Decentralisation Implementation Group asked the Department of Finance to explore the full range of options across the public service in consultation with relevant unions. It is intended to progress discussions with the relevant staff representatives and seek to identify areas where progress can be made.

State Agencies

30 State agencies are due to decentralise. The Implementation Group has recommended a more individualised approach to these organisations. A number of agencies are progressing their moves where the location, mix of staff, business and size of the organisation, etc. is favourable.

Progress in relation to Human Resource issues has not been as rapid in the State Agencies as in the Civil Service. The Civil Service has had the opportunity to develop an understanding of the decentralisation process over the years. This experience is now quickly being developed at State Agency level.

Proposals for inter-organisational mobility to assist the decentralisation programme is a new development which will inevitably take time to tease out with the unions. The Government's approach to this programme from the outset has been to proceed as much as possible on the basis of consultation and agreement with the staff representatives. This policy has enabled significant progress to be made in relation to the Civil Service moves and it is the intention to continue with this policy in relation to the State Agency sector.

From the outset guarantees have been provided at Government level that all those employees not wishing to transfer out of Dublin will be facilitated with an alternative public service post

in Dublin. It should prove possible to facilitate the transfers of those public and civil servants who wish, also on a voluntary basis, to relocate to provincial locations.

FÁS - FÁS and SIPTU agreed to enter a process of discussion, facilitated by the LRC, on the arrangements to apply in respect of promotion in light of the re-location of FÁS Head Office to Birr, Co. Offaly. This process of engagement under the auspices of the LRC concluded in mid-September without agreement. SIPTU has now referred the issue of the decentralisation link to Head Office promotions to the Labour Court. The outcome of the Labour Court hearing may assist in finding a way forward in relation to the IR aspects of the State Agency moves.

Appendix A

Oversubscribed locations

1. Limerick	12. Longford
2. Kilrush	13. Carrick on Shannon
3. Clonakilty	14. Drogheda
4. Kanturk	15. Claremorris
5. Macroom	16. Knock Airport
6. Na Forbacha	17. Navan
7. Loughrea	18. Trim
8. Killarney	19. Carrickmacross
9. Listowel	20. Tullamore
10. Newbridge	21. Sligo
11. Kilkenny	22. Athlone

Appendix B

Table 1 – Overview of Planned Moves to end 2007

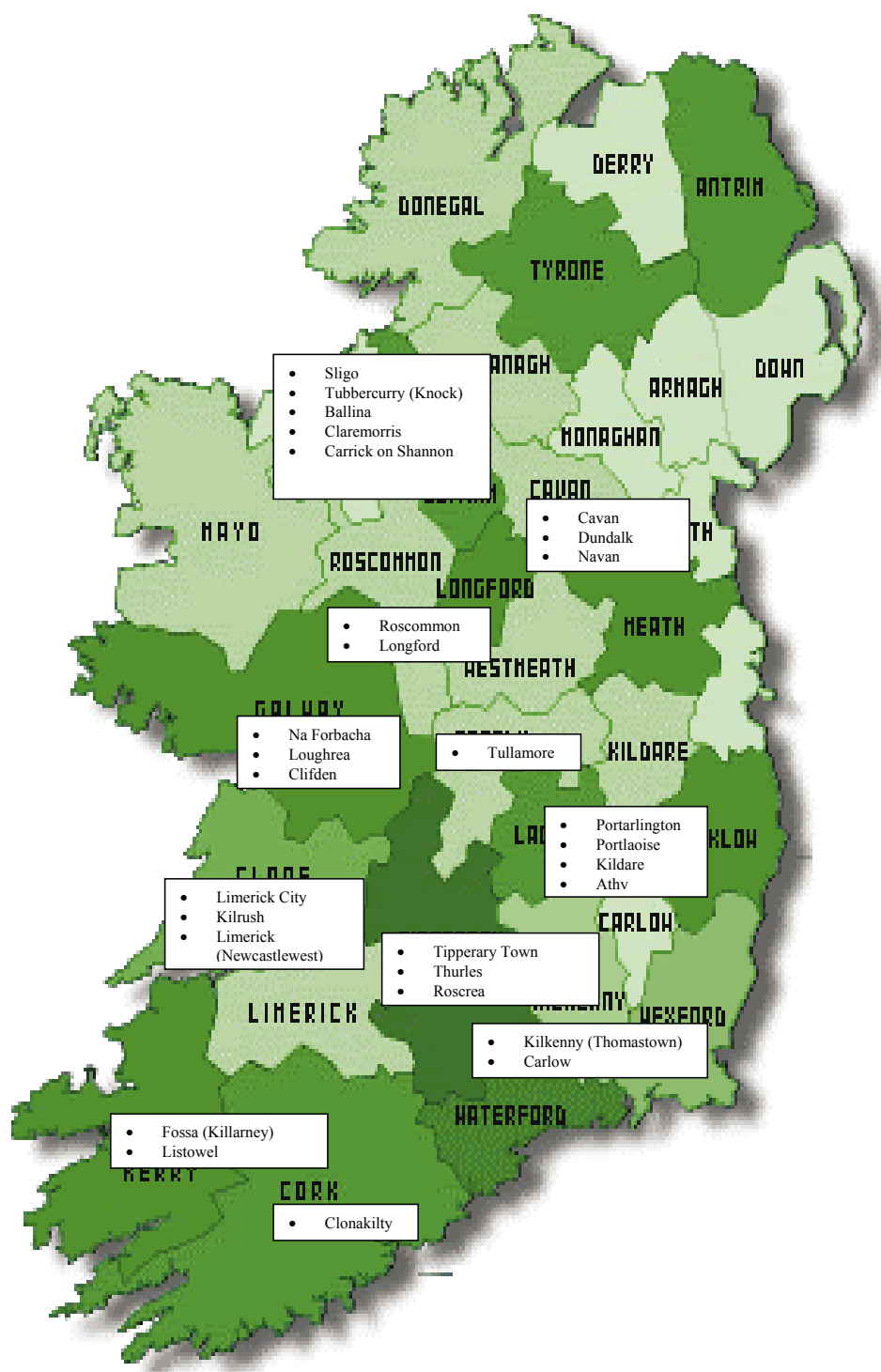
	Location	Organisation	Accommodation Spaces Available
1.	Portlaoise	Dept of Agriculture & Food	200-250
2.	Tipperary	Dept of Justice, Equality & Law Reform – Private Security Agency	13
3.	Na Forbacha	Dept of Community, Rural & Gaeltacht Affairs	10
4.	Sligo	Dept of Social & Family Affairs	100
5.	Clifden	Pobal	21
6.	Limerick Newcastlewest advance party)	Revenue Commissioners	50
7.	Tullamore	Dept of Finance	135
8.	Tubbercurry (Knock advance party)	Dept of Community, Rural & Gael Affairs	75
9.	Thurles	Garda HQ – Garda Vetting Office	40
10.	Clonakilty	Dept of Communications, Marine & Natural Resources	90
11.	Cavan	Dept of Communications, Marine & Natural Resources	40
12.	Portarlinton	Data Protection Commissioner	23
13.	Kilkenny (Thomastown advance party)	Health & Safety Authority	28
14.	Loughrea	Road Safety Authority/Dept of Transport	50
15.	Killarney	Dept of Arts, Sports & Tourism	70+
16.	Roscommon	Land Registry	40
17.	Ballina	Road Safety Authority	60
18.	Carrick-on-Shannon	Dept of Social & Family Affairs	186
19.	Kilrush	Revenue Commissioners	50
20.	Claremorris	Office of Public Works	40
21.	Listowel	Revenue Commissioners	50
22.	Athy	Revenue Commissioners	100
	Thurles	Garda HQ – Fines Office	43
23.	Navan	Probation & Welfare Service	20
		Garda Civilian HR Unit	36
		National Property Services Regulatory Authority	6
		Coroner's Agency	40
24.	Dundalk	Sustainable Energy Ireland	20
25.	Limerick	Dept of Foreign Affairs	125
	Tipperary	Dept of Justice, Equality & Law Reform	18
	Roscommon	Land Registry	40
26.	Carlow	Dept of Enterprise, Trade & Employment	80
27.	Roscrea	Equality Authority	15
28.	Kildare	Dept of Finance - CMOD	33
29.	Longford	Irish Prison Service	141
End 2007 Total			2,138

Appendix C

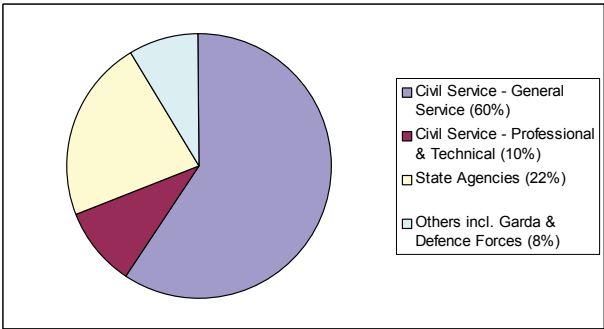
Decentralisation Programme Update Timeframes from DIG September 2006 Report

Location	Organisation	Indicative Dates June 2005		Update September 2006		Availability of Advance Accommodation
		Construction Start	Construction Completion	Construction Start	Construction Completion	
Athlone	Education & Science	Q1 2006	Q4 2007	Q4 2006	Q2 2008	
Athy	Revenue Commissioners	Mid 2007	Mid 2009	Mid 2007	Mid 2009	Due Q1 2007
Ballina	Road Safety Authority			Lease/Fit-out	Q1 2007	Due Q4 2006
Ballinasloe	Railway Safety Commission	(unlikely to involve construction)	End 2008	(unlikely to involve construction)	Q1 2009	
Buncrana	Social & Family Affairs	End 2007	Early 2009	Q2 2007	Q1 2009	
Carlow PPP	Enterprise, Trade & Employment	Q2 2006	Q2 2008	Q1 2007	Q1 2009	Due Q1 2007
Carrickmacross	Social & Family Affairs	End 2007	End 2008	Mid 2007	End 2008	
Carrick-on-Shannon	Social & Family Affairs	Underway	Q4 2006	Underway	Q4 2006	
Cavan	Communications, Marine & NR	End 2007	End 2009	End 2007	End 2009	Due Q4 2006
Claremorris	Office of Public Works	Mid 2007	Early 2009	Mid 2007	Early 2009	Due Q1 2007
Clifden	Pobal (formerly ADM)			Q3 2007	Q3 2008	In place
Clonakilty	Communications, Marine & NR	Q1 2006	Q2 2007	Q1 2007	Q3 2008	In place
Donegal	Social & Family Affairs	End 2007	Mid 2009	End 2007	Mid 2009	
Drogheda	Transport	Q1 2007	Q1 2008	Q3 2007	Q3 2008	
Drogheda PPP	Social & Family Affairs	Q1 2007	Q1 2009	Q1 2007	Q1 2009	
Dundalk	Sustainable Energy Ireland			Site to be identified		Due 2007
Fermoy	Agriculture & Food	End 2007	Early 2009	End 2007	Early 2009	
Kanturk	Office of Public Works	End 2007	End 2008	End 2007	End 2008	
Kildare	CMOD			Site to be identified		Under investigation
Kilkenny	Environment, Heritage & LG	End 2007	End 2008	End 2007	End 2008	
Killarney	Arts, Sport & Tourism	Q1 2006	Q2 2007	Q4 2006	Q1 2008	In place in Fossa
Kilrush	Revenue Commissioners	Q4 2005	Q4 2006	Q4 2006	Q1 2007	
Knock Airport	Community, Rural & GA	Q1 2006	Q2 2007	Q1 2007	Q2 2008	In place in Tubbercurry
Limerick	Development Co-operation Ireland	Q4 2005	Q1 2007	Underway	Q3 2007	
Listowel	Revenue Commissioners	Q4 2005	Q4 2006	Underway	Q1 2007	
Longford	Irish Prison Service	Q4 2005	Q1 2007	Q1 2006	Q1 2007	
Loughrea	Transport	Q1 2006	Q1 2007	Q4 2006	Q1 2007	Interim Accommodation
Macroom	Agriculture & Food	End 2007	Early 2009	Site to be acquired	Site to be acquired	
Mullingar PPP	Education & Science	Q2 2006	Q2 2008	Q1 2007	Q1 2009	
Na Forbacha	Community, Rural & GA	Early 2006	Early 2007	End 2006	End 2007	In place
Navan	DJELR Agencies	End 2007	Early 2009	Q4 2007	Q1 2009	Due Q2 2007
New Ross	Environment, Heritage & LG	End 2007	Early 2009	Q3 2008	Q4 2009	
Newbridge	Defence	Q1 2006	Q3 2007	Q1 2007	Q3 2008	
Newcastle West	Revenue Commissioners	Q1 2006	Q1 2007	Q4 2006	Q4 2007	In place in Limerick
Portarlington	Data Protection Commissioner	Mid 2007	Mid 2008	Mid 2007	Mid 2008	Due Q4 2006
Portarlington	Equality Tribunal	Mid 2007	Mid 2008	Mid 2007	Mid 2008	
Portarlington	NEWB	Mid 2007	Mid 2008	Mid 2007	Mid 2008	
Portarlington	NCCA	Mid 2007	Mid 2008	Mid 2007	Mid 2008	
Portlaoise PPP	Agriculture & Food	Q2 2006	Q3 2008	Q1 2007	Q1 2009	In place
Roscommon	Land Registry	Mid 2007	Mid 2009	Mid 2007	Mid 2009	In place
Roscrea	Equality Authority	End 2007	End 2008	Q4 2007	End 2008	Due 2007
Roscrea	Garda Ombudsman Commission	Mid 2007	Mid 2008	Q4 2007	End 2008	
Sligo	Social & Family Affairs	Q2 2005	Q3 2006	Q2 2005	Q4 2006	In place
Thomastown	Health and Safety Authority			Q3 2007	Q4 2008	Due Q4 2006 in Kilkenny
Thurles	Garda HQ (part)	End 2006	Early 2008	Mid 2007	End 2008	In place
Tipperary	Justice, Equality & Law Reform	Early 2007	End 2008	Early 2007	End 2008	In place
Trim	Office of Public Works	Q4 2005	Q4 2007	Q4 2006	Q4 2008	
Tullamore	Finance	Q4 2005	Q3 2006	Complete	Complete	Permanent Move Complete
Waterford	Environment, Heritage & LG	Mid 2007	Mid 2009	Q2 2008	Q3 2010	PPP
Wexford	Environment, Heritage & LG	Q1 2006	Q3 2007	Q1 2007	Q3 2008	
Youghal	Public Appointments Service	Early 2008	Mid 2009	Early 2008	Mid 2009	
Youghal	Valuation Office	Early 2008	Mid 2009	Early 2008	Mid 2009	

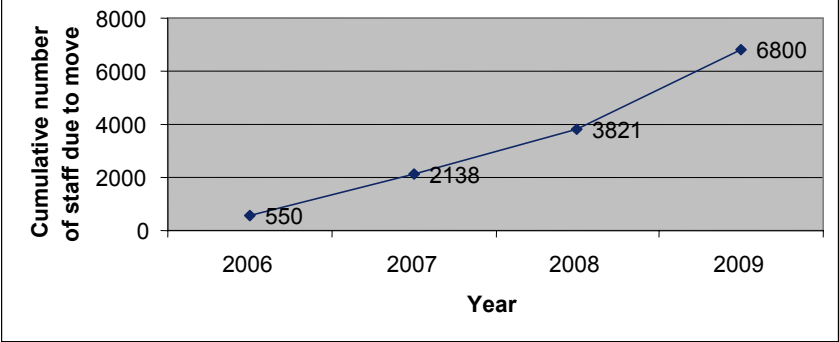
Locations to which Civil Servants will have moved by end 2007



Components of Decentralisation Programme



Decentralisation programme - Civil Service staff movements



*Based on property timeframes provided by the OPW. Precise numbers will depend on progress in finalising the buildings between now and 2009.

Representation of article in Belfast Telegraph, October 2005, reproduced with the permission of John Simpson

Slimmer but fitter: reshaping the civil service estate by John Simpson

There is more than a little interest in the huge contract to modernise the accommodation which provides office space for over 10,000 civil servants. This contract is likely to be the largest single office property development deal in Northern Ireland of recent years.

The contract, or contracts, will be to provide, manage and maintain over 150,000 sq.metres of office accommodation for civil servants with the largest single concentration of activity in the south-eastern part of the Stormont estate.

There are different components of this task.

1. The present dispersal of civil servants over 70 properties in the Greater Belfast area has grown, like topsy, through the years of the troubles and reflects too many ad hoc decisions as new space was needed and often leased from private sector providers.
2. The current arrangements are inefficient and, in too many places, incapable of meeting modern basic standards. The best advice from external sources is that the number of civil servants, using more efficient allocations of space, could be given better accommodation but in only 80 percent of the space used at present.
3. Adapting and modernising the arrangements will be costly, arguably, because not enough has been spent on modernisation and new working facilities in recent years. Expectations by officials are that the current 70 properties could, after rationalisation and change, be cut by half to about 35 buildings.
4. Although not an issue presented by officials, arguably there will be less need for space if the review of public administration is at all effective and the number of officials decreases.
5. Finally, the scale of the re-organisation, re-equipment, rationalisation, renovation and new build, are such that the management of the property aspects of the process calls for contracted development specialists.
6. All these changes come when current annual spending of £35m.pa. is needed just to operate the current arrangements in Belfast.

On the logic of these arguments, there is little scope for disagreement. The conclusions on the methods to respond to the needs have proved more complex and controversial.

The Government has taken advice and amongst the options has compared the estimated costs and timetable priorities, over a 20 year period, of recruiting the expertise 'in house' with the cost of employing a commercial organisation(s) to provide capital and expertise to carry out the project. In short, a conventional procurement process compared to a private financed and managed contract (PFI).

The PFI option has been chosen. If the bid price is higher than the adjusted conventional equivalent, then the deal would fail. If, as the financial advisers to Government claim, the net effect over 20 years is cheaper, then a contract will be agreed with the keenest offer (judging value for money).

To those who argue that the PFI decision is an example of dogma over principles, or private profit gaining at the expense of the taxpayer, the short answer is that officials in the Department of Finance and Personnel will be able to compare the bids against the original estimates to satisfy themselves and the Audit Office that the PFI really is cheaper. If the private sector bids can beat conventional contract costs, and still leave a profit for the risk takers, then it would be dogma over principle to veto such an answer.

Bids will be sought to buy Government owned properties, mostly but not only in the Belfast area, including Dundonald House, Castle, Craigantlet, and Hillview Buildings. With the purchase will also go a contract to refurbish (and replace older parts and temporary buildings) and then manage and maintain the properties, and provide services and facilities for the operation of the buildings, for a 20 year period.

The precise specification for the contracts has not yet been published but it is expected to be finalised, as a first option, within the next 6-8 weeks. Bidders will be asked to tender and, as a variant, will be invited to refine the specification to offer answers that may be more attractive and better value for money to Government than the base line that has been compiled.

Government sources are somewhat reticent in any discussion to quantify the costs and benefits of the project, partly because there are commercial interests involved in making bids and partly because the final deal is subject to further negotiation. Commercial confidentiality is, however, also a cloak to avoid public debate.

Elements of the deal include:

1. the price to buy the buildings going into the contract
2. the capital needed for necessary spending to convert the estate to new standards
3. the annual revenue earned from Government in payment for the revamped facilities and services
4. reduced spending by Government in rents, or lease payments, to private landlords, as the efficiencies of the new system accumulate.

In an estimate using only an order of magnitude, the up-front capital needed to finance the project may be some £500m.(or somewhat less if some of the purchase price of the buildings is commuted into a reduced level of the annual leasing payments by Government). Then, as

the buildings are refurbished, the developer will begin to earn revenue in leasing and facilities management fees.

Government would, of course, like to maximise the initial capital injection since, in the short-term, this would help to sustain other parts of the Government capital programme.

One ball-park estimate is that the PFI deal, discounted to provide comparable estimates of total present day funding, might cost about £900m. over the 20 years. This, of course, depends on good competing bids. Conventional costing, also discounted to a comparable base, is put at nearer £1.1bn. This is the source of the officially quoted estimate of PFI being £200m. cheaper.

This does, however, leave questions on the reasons why a PFI is estimated to be better long-term value for money.

The experience of Government contracts of this kind, mainly in GB, is that several features combine to generate a difference. None of the identified arguments relies on lower wage levels or lower basic costs of materials and services bought in.

Chief among the explanations are:

- i. the past record which shows that conventional public sector contracts of this kind have a high ratio of cost over-runs to initial estimates
- ii. the generally good record of PFI for finishing on time, or early, thus giving a service bonus
- iii. the better purchasing efficiency of the private sector to reduce certain costs or generate internal and external economies of scale
- iv. the advantage of a spread of charges in terms of the timing of costs
- v. the discounted advantage of having a partial capital receipt in the funding

This project, Workplace 2010, is one of those likely, if not the most likely, to get advantage from the principles of PFI. It also has the advantage of meeting the auditing rules to take the assets and liabilities off the Government balance sheet.

The proposal has been criticised as ‘not just selling the family silver but actually selling the house’. Yes, the sale price means that, in terms of value for money, the old property does need extensive repairs and renovation. The new rented accommodation will be higher quality, better fitted for the purpose, and more efficiently organised. In addition, there should be comparative savings that can be invested in other ways.

Timetable

Workplace 2010 will go out to tender across the whole of the EU contracting market place through a notice in the Official Journal in November 2005.

Bids to go on the select list must be made by next January and (when assessed) the successful firms, or consortia, will be notified that they will be invited to negotiate sometime in April 2006.

After negotiations, a detailed contract will be signed by the end of 2006 and work on the buildings, decanting of staff to allow access, and a sequence of delivery of parts of the project, will start in April 2007.

Will some buildings disappear? What buildings will be extensively refurbished? Inevitably, the expectation is that the 'huts' at Stoney Road and Castle Buildings should go. Possibly Craigantlet Buildings might be demolished. The big unknown is the future of Dundonald House: at the least a large internal revamp is expected. At this stage, the proposals on these topics have not been published.

Which privately owned buildings will be returned with vacant possession to their landlords? No public information is available but, over the years from 2007 to 2012, in a gradual change, some private sector owners may be looking for new tenants.

Assembly Research and Library Services

Public Sector Job Location and Workplace 2010

Introduction

The Department of Finance and Personnel is due to publish a consultation document on ‘Guiding Principles for the Location of Public Sector Jobs’ in January 2007.

The consultation is a key part of the process of developing a set of guiding principles to assist decision makers in the management of the location of public sector jobs set up under the Review of Public Administration (RPA)¹.

Opportunities for Public Sector Job Relocation

There is no current proactive dispersal policy – it relies on taking advantage of opportunities, of which RPA is a prime example.

An Estates working group (see Annex B) has been set up to inform decision making by Ministers and Local Authorities on the location of new bodies, having regard to service delivery needs, providing the best value for money, the rights of staff and consistent with government’s wider social policy objectives and its statutory obligations, including those under Section 75 of the Northern Ireland Act 1998.

The Terms of Reference for the RPA noted the following in relation to the co-ordination and integration of services:

‘In considering sub-regional or local delivery mechanisms it may therefore be sensible to examine the potential of creating the same geographical units for the organisation of functions and how far this might allow better co-ordination, including services provided on a cross-border basis...An integrated approach also needs to examine how best we can facilitate the essential interconnection between key public services such as social services, housing and education.’

Location decisions therefore need to be coordinated across the public sector to support the achievement of these benefits, recognising that the nature of the RPA implementation – a phased programme – will require such decisions to be taken over the next 3-4 years.

¹ See HM Treasury and Department of Finance and Personnel (DFP) current guidance on relocation and accommodation. A summary review of relocation policy across the UK and ROI is included at Annex A.

There are tangible benefits to be gained from workplace and organisational change. RPA presents an opportunity to rationalise the estate, maximising the use of existing public sector assets, with the presumption that new buildings will be procured only if the need cannot be met from within the existing public estate. Decisions on location should be made on the basis of whole-life costs with a view to releasing savings, which can be directed to front-line delivery.

There are significant costs to dispersal options and this will provide a driver towards seeking to get the best use out of existing assets through initiatives such as Workplace 2010 (see Annex C). The successful bidder for the Workplace 2010 project will be required to make a significant capital payment of approximately £250m upfront for reinvestment in priority front line services. Further, by introducing greater efficiency in the use of accommodation, the Workplace 2010 project will realise a 20% reduction in floor space requirement in the Greater Belfast area. The Service provider under this contract will also invest approximately £100m to upgrade and refurbish a number of properties within the civil service estate.

Current Requirements, Policy and Guidance in Northern Ireland

The main considerations of current requirements, policy and guidance, which apply in Northern Ireland in relation to the issue of relocation, are as follows:

- (i) In any use of government resources, Departments must achieve value for taxpayer's money².
- (ii) DFP guidance on 'Dispersal Of Civil Service Jobs', produced in March 1999, provided Departments with detailed advice on option appraisals for the location of functions and staff across the NICS. In addition to outlining the normal steps required in an option appraisal, it focussed on dispersal options for NICS posts. In doing so it drew on the findings of a research study undertaken in 1997 by independent consultants Coopers and Lybrand. The latter study included a post project evaluation of dispersals to Derry/Londonderry which occurred in the early 1990's and provided suggestions regarding the methodology to be used for appraising future dispersal options. The current policy states that 'the possibility of dispersing Civil Service functions should be considered in the context of reviews and/or appraisals in which the location of the work is a significant cost element.'
- (iii) Section 75 (1) of the Northern Ireland Act 1998 requires that public bodies should, in carrying out their functions relating to Northern Ireland, have due regard to the need to promote equality of opportunity between the nine Section 75 categories.
- (iv) The current policy framework for addressing social need (New TSN) places particular emphasis on directing resources at those areas, groups and individuals in greatest objective need. In the context of relocation, this translates to a need to consider the

² See Treasury Guide to Economic Appraisal and Evaluation, (the Green Book). The Northern Ireland Practical Guide to the Green Book along with specific guidance issued on an ad hoc basis by DFP in relation to investment and option appraisal are also relevant.

potential impact of decisions on deprived areas and vulnerable groups with the objective of maximising socio economic benefit and minimising adverse impact.

- (v) The Public Service Commission's guiding principle on 'Managing Vacancies Effectively' was produced in July 2006. It recommends that, in order to minimise the risk of redundancies as a result of decisions arising from the Review of Public Administration, and recognising the need to keep open all possible means to re-deploy staff, existing employing authorities should avoid creating new posts, and should also use all available expedients to manage vacancies which might arise within defined groups. It also sets out principles for the filling of vacancies and comments on the need to ensure that service delivery is not adversely affected.

In addition to these overarching constraints, and other legislative requirements such as the Human Rights Act, there are a number of key current policies which apply in considering the issue of relocation.

- (i) **The Regional Development Strategy, 2001** highlights that even on a modest scale a dispersal policy of civil servants throughout Northern Ireland could bring local economic benefits, support town centre revitalisation, underpin and encourage private sector investment. It commends an appropriate level of decentralised public and private sector investment which would have environmental and economic benefits, reduce commuting to the Belfast Metropolitan Area and relieve congestion as well as contributing to the equitable sharing of resources. The Strategy includes an objective to promote a balanced spread of economic development opportunities across the Region.
- (ii) In 2004, the Department of Agriculture and Rural Development published '**A Guide To Rural Proofing**' aimed at ensuring that all significant policy proposals submitted to Ministers for endorsement will specifically identify any likely impact which that policy might have on rural areas or communities, and an assessment of how any differential impact can be addressed. Driving factors for the Guide were 'to encourage a more equitable distribution of public and private investment' and 'to promote social inclusion and target interventions at economic black spots'.
- (iii) **The Terms of Reference for the Review of Public Administration** (March, 2005) included a number of relevant obligations including a commitment to Equality and Human Rights and ensuring that Section 75 and New TSN policies are fully considered and opportunities to decentralise services, and related employment opportunities, are also examined. It also recommended that in considering sub-regional or local delivery mechanisms it would be sensible to examine the potential of creating the same geographical units for the organisation of functions and how this might allow better co-ordination, including services provided on a cross-border basis.

Annex A

A Review of Policies for Location of Public Sector Jobs in Other Jurisdictions

The policies across all of the jurisdictions have a number of common themes, primarily:

- a. Economy and efficiency
- a. Decentralisation and devolution
- b. Assisting areas with particular social and economic needs

In each of these countries, the policies are supported with appropriate obligations in respect of new public sector investment and in some cases specific targets for the relocation of a proportion of existing public sector jobs. There are clearly lessons to be learned from the experience in those jurisdictions, although it is also important to recognise that the size of Northern Ireland in both spatial and population terms provides a rather different set of challenges.

Wales

In 2001 the Welsh Assembly agreed the Relocation Strategy 2002-2007. This embedded a number of principles for a location review. These included:

- An overall objective to increase the proportion of staff working outside Cardiff
- Bringing the delivery of services closer to customers
- Operational efficiency and effectiveness, including maintaining a responsive policy advice to Ministers
- Accommodating the wishes of the Assembly's staff
- Local economic impacts
- Value for money
- Promoting sustainable development

Scotland

In September 1999, the Scottish Executive introduced a relocation policy. This policy covers the Executive's Departments and Agencies, Non-Ministerial Departments and the sponsored public sector. Implementation is overseen by a Relocation Policy Team in the Executive's Public Service Reform Group. It has developed guidance for implementing the relocation policy titled **The Relocation Guide, June 2005**. Its overarching objectives are to:

- Ensure that the government in Scotland is more efficient and decentralised
- Provide cost effective delivery solutions
- Assist areas with particular social and economic needs

England

In March 2004 Sir Michael Lyons published an **Independent Review Of Public Sector Relocation** in England which outlined the policy context as being:

'The Government is committed to improving the efficient delivery of public services, boosting regional economic growth and bringing government closer to people, through greater decentralisation and devolution' concluding that 'the pattern of government needs to be reshaped...In particular this pattern fails fully to reflect the large cost disparities between London and other parts of the UK and the revealed benefits of dispersal for the efficient delivery of government business and for regional economies.'

The Report recommended taking forward urgently dispersal of 20,000 jobs as a first tranche from London and the South East. The Report's recommendations were accepted by the Government who endorsed the principles in November 2003 as follows:

- The concentration of Government activity in London and the South East must be determined by the service needs of the regional population and the interests of effective national Government. The current degree of concentration is not optimal in terms of efficiency, effective delivery and the needs of the United Kingdom outside London and the South East.
- The Government is committed to realising the benefits of well-planned dispersals of public sector activity from London and the South East. These benefits include enhanced efficiency and service delivery, social and economic benefits across the United Kingdom, and improved governance, including paving the way for further devolution of national Government responsibilities. Importantly, Lyons concluded that, where dispersal did take place, it was done in such a way to allow units of a sufficient size that could support sustainable career progression for local people.

Responsibilities:

- Heads of departments and sponsored bodies will be responsible on a continuing basis for realising the benefits of relocation and will be held accountable for exercising this responsibility.
- Public sector relocation is a key strand of modernising and reforming Government.
- Heads of departments must integrate relocation with their wider reform programmes, in particular the search for greater efficiency, and the development of pay and workforce strategies

Republic of Ireland

In December 2003, the Irish Government announced through the annual Financial Budget statement and a policy document titled **Public Service Decentralisation. Governance Opportunities And Challenges**, a commitment to the voluntary decentralisation of over 10,300 posts in civil service departments/offices and agencies to over fifty locations across twenty-five counties throughout the country. It also specified that the location of any future bodies should be in areas compatible with the new programme. In the document '**Sustainable Development-A Strategy For Ireland**' one of the primary considerations should be to avail of the opportunity that arises for the new government offices to make a positive contribution to the life and fabric of the selected towns.

Annex B

RPA Estates Sub-Group

The Estates working group has been set up as a DFP led cross-sectoral group reporting to the RPA Steering Group. The working group, chaired by DFP Permanent Secretary John Hunter, includes senior departmental representatives closely involved in the RPA implementation and the Northern Ireland Statistics and Research Agency (NISRA). It meets monthly and reports progress to the RPA Steering Group.

The RPA Estates Sub-Group has been set up as a DFP led cross-sectoral group reporting to the RPA Steering Group.

Its objectives are:

- to establish a base case of data on location of public sector jobs and other socio-economic data to inform decisions and to update that case as decisions are taken so that progress can be monitored;
- to develop appropriate policies and guiding principles to use as a framework against which decisions on location can be taken; and
- to collate the estates strategies and plans in the various RPA areas and to stimulate their effective coordination (taking account of other reform programmes) so that decision making by Ministers and Local Authorities on the location of new bodies is well informed and soundly based, having regard to service delivery needs, providing the best value for money, and taking account of the rights of staff and consistent with Government's wider social policy objectives and its statutory obligations, including those under S75 of the Northern Ireland Act 1998.

The RPA Estates Sub-Group will continue until the guidelines on the application of principles are produced in Spring 2007. The Sub-Group will thereafter sit in an advisory capacity and provide a forum for evaluating feedback and lessons learned.

Project milestones – completed to date

- Draft paper on principles for consultation produced, and Public Service Commission's views sought by end October 2006.
- Formal project structure (including PID, project plan and risk assessment) set up by end October 2006.
- Skeleton paper on baseline data on relevant socio-economic indicators produced by end October 2006.

Project milestones – going forward

- Consultative document issued in January 2007.
- Consultation on principles completed by end March 2007.
- Paper covering baseline data finalised by end February 2007.

- Outcome of consultation considered and proposals produced for Ministers Spring 2007.
- Guidelines on the application of policies and principles produced by end March 2007.

Interim decisions

The work to develop and agree guiding principles, including consultation, will take several months to complete. In the meantime, any early decisions required (e.g. in relation to HPSS Trust Headquarters which are planned to be in place on an initial basis from April 2007) would be taken on the following basis:

- decisions will be taken with appropriate reference to the central co-ordination arrangements (i.e. the RPA Steering Group and Estates Sub-Group);
- decisions will be taken on an interim basis i.e. temporary accommodation arrangements will be secured and decisions on the location of the new permanent headquarters would then be taken in line with central guidance agreed following consultation and taking into account key RPA location decisions relating to other sectors;
- the current statutory requirements, policies and guidance will be fully taken into account;
- the draft principles supplemented by appropriate base data on the current position in relation to the location of jobs, deprived areas, and vulnerable groups will be considered;
- taking full account of the new Local Authority boundaries; and decisions will be subject to consultation with staff, trade union and stakeholder groups.

Equality

Decisions on the location of public sector jobs will have implications in terms of equality.

All future decisions on the location of public sector jobs will be subject to equality screening and to consultation on the outcomes of the screening exercise. If screening identifies that the decision would have significant implications for equality of opportunity it will be subject to a full Equality Impact Assessment (EQIA).

Annex C

Workplace 2010

Workplace 2010 is a major element of the Civil Service Reform Programme initiated to address some urgent accommodation problems within the NICS office estate. It is a co-sponsored programme between the Department of Finance and Personnel (DFP) and the Strategic Investment Board Limited (SIB) to create a modern, flexible working environment to support a modern civil service, to make improvements in estate management arrangements and ultimately to help the NICS transform the way it delivers public services.

Much of the estate is in a poor state of repair due to the lack of investment in recent years. It is also inefficient and inflexible and inhibits the development of new working practices and ways of working. Accommodation which is in relatively good condition is also at risk of decline in the absence of substantial investment to maintain the infrastructure of the buildings. The Workplace 2010 project will adopt best practice in the public and private sector to upgrade the estate and create the infrastructure to support a modern, fit for purpose civil service. By introducing an open and flexible working environment, enabled by technology, the existing floor space can be used much more efficiently resulting in a reduction of about 20% in the Greater Belfast area.

The Outline Business Case considered a number of options including traditional procurement and recommended that a Total Property PFI solution clearly provided best value for money. This means that ownership of the specified properties transfer to a Private Sector Partner (PSP) in return for a significant capital payment. The PSP is then responsible for maintaining and servicing the accommodation in return for a monthly payment known as a unitary charge for the period of the contract.

Objectives of the Programme

The key strategic objectives of the programme are to enable the NICS to transform the way it delivers public services; to provide accommodation in which staff are proud to work; and to safeguard funding for priority front line services.

Scope of the contract

This is a large and complex programme affecting about three quarters of the office estate and is likely to affect around 18,000 staff. The transaction has a number of key elements including the asset transfer of 77 buildings about half of which are in the Greater Belfast area. The remainder are in a number of regional towns and include the Jobs and Benefits Office network.

The PSP will be required to make a significant capital payment upfront for the transferred assets of about £250m for reinvestment in priority front line services. The PSP will also be required to inject about £100m into the estate to upgrade and refurbish about 15 key properties; to manage the movement of about 11,000 staff into the newly refurbished accommodation; and to maintain and service all remaining properties thereafter for the lifetime of the contract. The total value of the contract is estimated to be in the region of £1.5bn and has the capacity

to bring lasting economic benefits in terms of employment, sustainability and wider corporate social responsibilities.

Procurement Position

In early November, four bidders submitted their detailed proposals for the programme. The bidders are Land Securities Trillium, Mapeley, Partenaire (led by McAleer and Rushe) and Telereal. An evaluation of their submissions is currently underway including how they plan to undertake the refurbishment programme, minimise business disruption to the NICS and deliver a programme of integrated services for the 20 year contract period.

In early 2007 the two highest scoring bidders will be asked to submit their Best and Final Offer (BAFO). Following this a preferred bidder will be announced spring 2007 with contract award in the summer. This will all be subject to Ministerial approvals.

Political Interest

Workplace 2010 has engaged with the four main local political parties on all the key issues throughout the development of the programme. Officials have briefed the party advisers on a number of occasions and taken their views on a range of issues including for example, the legislative changes on the Stormont Estate, consultation on an Equality Impact Assessment and the dispersal of civil service jobs. Discussions with the political advisers are continuing and it is expected that a further briefing on the outcome of the EQIA and the bid evaluation will be provided in early February.

Key Issues

The two key issues for the programme are the inclusion of facilities management in the contract (or more specifically the impact for civil service staff currently employed in this work) and secondly the dispersal of civil service jobs.

Facilities Management

On the matter of facilities management it is intended that services such as catering, cleaning, reception, security and so on would be included in the contract. This is based on Treasury guidance and good practice which demonstrates that there are clear value for money benefits where these are delivered by the PSP who owns and is responsible for the assets. In the case of Workplace 2010 cleaning, catering and the majority of security work (all of which accounts for about 70% of the facilities management costs) have already been outsourced for many years. The issue therefore relates to the potential transfer of support grade staff who currently carry out reception, security and messenger work. However there is a commitment to minimising the numbers of staff who would have to transfer as a result of the contract. The NICS have engaged with Trade Union Side and Personnel Directors to resolve the issue.

A full Equality Impact Assessment (EQIA) has also been carried out to identify equality issues or differential impacts of the programme. The report will be published in early 2007.

Dispersal

Dispersal of civil service jobs from the Greater Belfast area has been a key political issue for a number of years and was raised in the context of the 2003 review of office accommodation. The impetus for Workplace 2010 was the need to address significant accommodation problems and as such it was never intended as a vehicle for driving or delivering dispersal. However the civil service position is that whatever the solution the NICS and the PSP must be in a position to respond quickly and effectively as and when decisions on the dispersal of jobs are taken. The programme is therefore being progressed on a phased basis, the first phase incorporating about three quarters of existing office space which will leave considerable scope to relocate civil service jobs as part of a second phase as and when decisions are made. The NICS have also made it clear to bidders that the contract will have to be sufficiently flexible to accommodate future change on a significant scale. Bidders have also met with political representatives and are aware of the issues.

Committee Clerk
Programme for Government Committee
Workplace 2010 Sub Group
Room 419, Parliament Buildings
Stormont
Belfast
BT4 3XX

12 December 2006

Many thanks for the invitation to provide written evidence to the Sub Group on the topics listed. Unfortunately we only received the request yesterday (Monday 11 December 2006) and are unable to provide a detailed response to the particular issues listed in the time available.

However, CAJ recently published a major report on equality in Northern Ireland which we have enclosed. There are a number of sections of the report which will be of particular interest to the Committee, namely Chapter Two, which deals with public sector employment, and Chapter Six, which deals with Investment, Procurement, and Equality. There is also a list of recommendations on pages 168-174 which relate directly to the issues raised in your letter. In particular, we are concerned that all key proposals (such as Workplace 2010) are delivered in a way which is compliant with Section 75 of the Northern Ireland Act and Targeting Social Need principles. In practice this means ensuring that not only are proposals subject to a detailed Equality Impact Assessment during the development stage, but also that the equality implications of the proposals are assessed on an ongoing basis as the proposals are being rolled out. The latter point is particularly important, however is frequently overlooked.

We hope that the Committee finds this material useful, and we are happy to provide any further follow-up material, or assist in any way that the Committee might wish to suggest.

Best wishes,

Tim Cunningham
Equality Project Worker

Committee on the Administration of Justice (CAJ)

Equality in Northern Ireland: the rhetoric and the reality

Chapter Two

Inequalities in Northern Ireland's labour market

Complaints of religious discrimination in employment, alongside issues such as housing, electoral arrangements and policing, were a recurrent theme during the period of devolved government at Stormont from 1921 to 1972.¹ Following the passage of the 1989 Fair Employment Act however, the 1990s saw substantial progress towards a more equitable distribution of employment and employment opportunities.² Research has concluded that it is likely that the work of the Fair Employment Commission (FEC) was an integral part of the processes driving change in the Northern Ireland labour market in the 1990s.³

This chapter will show that, notwithstanding the advances of the 1990s, there is still much to do to ensure "employment equality" for Catholics and Protestants in all areas of the labour market.

The chapter is organised according to the following headings:

1. gathering the information: monitoring fair employment
2. analysis of the monitoring figures – patterns and trends overall
3. employment equality in the public sector
 - 3.1 the public sector as a whole
 - 3.2 equality and the Northern Ireland Civil Service
 - 3.2.1 composition of NICS by grade
 - 3.3 equality within the security sector
 - 3.3.1 Northern Ireland Prison Service
 - 3.3.2 Chief Constable of the PSNI
 - 3.3.3 Secretary of State for Defence
 - 3.3.4 Northern Ireland Policing Board
 - 3.4 equality and local government (District Councils - DCs)
 - 3.4.1 composition across DCs as a whole
 - 3.4.2 composition across DCs by grade
 - 3.4.3 composition of individual District Councils



- 3.5 equality within health sector
- 3.6 equality within education sector
 - 3.6.1 composition by grade
- 4. employment equality and the private sector
 - 4.1 introduction
 - 4.2 the monitored Northern Ireland private sector
 - 4.3 under-representation in large private sector concerns (1000+)
 - 4.3.1 Catholic under-representation
 - 4.3.2 Protestant under-representation
 - 4.4 specific sectors of the workforce
 - 4.4.1 airline/aircraft industry
 - 4.4.2 energy sector
 - 4.4.3 transport sector
- 5. International perspectives on the Northern Ireland labour market
- 6. Conclusions
 - 6.1 The Private Sector
 - 6.2 The Public Sector

1. Gathering the Information – Monitoring Fair Employment⁴

The Fair Employment (Northern Ireland) Act 1989 introduced compulsory workforce monitoring by community background requiring certain employers to register with the Fair Employment Commission.⁵ In October 2000, under the Fair Employment and Treatment Order (FETO), the Equality Commission for Northern Ireland assumed responsibility for overseeing the operation of the fair employment legislation.⁶ All public sector employers identified in the Fair Employment (Specification of Public Authorities) Order (Northern Ireland) are deemed to be automatically registered with the Commission. In January 1990 all private sector employers with 26 or more employees were required to register, and from January 1992, the requirement to register with the Commission was extended to all concerns with 11 or more employees.

All registered employers (both public and private sector) are required to monitor the composition of their workforces as follows:⁷

- full-time employees have been monitored since 1990;
- part-time employees (those working less than 16 hours per week) have been monitored since 2001;
- since 1991, applicants and appointees in the public sector and large private sector concerns (those with 251+ employees) have been monitored;
- in 2001 this requirement was extended to all registered private sector concerns;
- since 2001, promotees and leavers in the public sector and large private sector concerns (251+) have also been the subject of monitoring.

It is important to point out however that not all the Northern Ireland workforce is monitored, and that the following are *not* monitored: the self-employed, those on government training schemes, the unemployed, school teachers and those working in private sector concerns with 10 or less employees. Monitoring covers approximately 69% of those of working age in employment (DETI, 2005).

Given the reliance throughout this report on monitoring data, it is worth initially recognising the reasons behind gathering this data. The primary purpose behind introducing workforce monitoring was to assess the degree of fair participation within individual companies, and thus to determine whether affirmative action measures might be necessary. A secondary outcome of this process however has been the generation of a large amount of monitoring data which, when aggregated, provides a reliable, annually updated picture of participation within monitored concerns. In his foreword to the 2005 fair employment monitoring report, the Chief Commissioner of the ECNI commented that⁸ -

"I have come quickly to realise the value of the data presented here and, more importantly, of the monitoring process which generates them.... There can be little doubt that the change that these data reflect did not come about by accident. It was the product of legislation, effort, endeavour and, not least, of the work of the Commission and its



predecessor bodies. It is a telling example of the potential of a public policy intervention."

Similarly, the former Irish Taoiseach Garret Fitzgerald referred to the *"remarkable progress that has been made in social research in Northern Ireland"*.⁹ The development of solid empirical data has been crucial in determining both the advances made to date, and to determining remaining challenges. Central to the "fair participation" model, which is at the heart of the fair employment legislation, is a recognition that only by gathering the necessary data can one identify if a problem of under representation exists.

The Chief Commissioner's comments are worth bearing in mind lest the issue of monitoring data ever be taken for granted. Inequality – in whatever domain – can only be tackled on the basis of solid and reliable data.

The existence of detailed data about Northern Ireland's labour force allows one to get behind the 'headline' figures. For example, the Chief Commissioner also notes in his foreword that:¹⁰

"The imbalances in employment recorded in the early 1990s have in effect disappeared. The composition of the workforce is now Protestant [57.7%] and Roman Catholic [42.3%]. Given that the proportion of those available for work is around [57.3%] and [42.7%], the current composition is close to what might be expected."

On the face of it, this looks like a 'good news' story, but the figures that follow in the body of this report suggest it is too premature to suggest that the problems of the early 1990s have all disappeared. The material that follows (all based on the Equality Commission's detailed monitoring statistics) will show that while the aggregate figures are quite positive, the breakdown across individual places of employment continues to reveal widespread and significant problems in relation to the operation of the Northern Ireland labour market. These problems must be addressed if Catholics and Protestants are to be (and to feel) fairly treated in employment terms, and if conditions in the labour market are to ensure a modern competitive and thriving economy.

2. Analysis of the ECNI Monitoring Figures - Patterns and Trends Overall

On initial viewing, the monitoring figures might indeed look as if Northern Ireland has seen the end of the problem of community imbalances in the labour market. As outlined above, the foreword to the latest monitoring report states that overall, the composition of the monitored workforce in Northern Ireland at 2004¹¹ was Protestant [57.7%] and Roman Catholic [42.3%], with the respective proportions of those available for work according to the 2001 census at [57.3%] and [42.7%]. Thus, there is a [0.4%] imbalance overall – a figure not likely to cause concern.

However, these figures hide continued serious imbalances within various sectors of the workforce.

One of the problems for example with the current Northern Ireland labour market is that communities tend to be concentrated in particular sectors of employment. Historically this has always been the case in Northern Ireland, and this is very much a legacy of the divided nature of Northern Irish society. Clearly, as a result of the increased integration of workplaces since the passage of the 1989 Fair Employment Act, there is no longer the level of segregation that there was until the early 1990s. Indeed one of the great achievements of the 1989 Act, and in particular community outreach measures was the attempt by a number of employers to challenge the notion that they were only interested in employing one section of the community. Nonetheless there remain serious structural imbalances in relation to where certain sections of the community tend to work.

These patterns clearly highlight problems both in terms of the equality of opportunity afforded individuals, but also in terms of good community relations, since they reveal patterns of segregation and separation between the two communities. There is however yet another serious problem in that fluctuations in the fortunes of particular sectors of the economy will have disproportionate consequences for the communities concentrated in that sector.



For example, in the Northern Ireland context, the Protestant community - traditionally well-represented in the local manufacturing industry - suffers disproportionately when compared to their Catholic neighbours as Northern Ireland's manufacturing base experiences the consequences of the global decline in this arena. Another major employer for Protestants and unionists has traditionally been the broadly defined "security industry", which has included at various times the Royal Ulster Constabulary, the Ulster Defence Regiment, Royal Irish Regiment, the Northern Ireland Prison Service, the various part-time reserves/special constabularies associated with these organizations, and indeed, at the height of the conflict, the large number of jobs created in peripheral security occupations, such as civilian searchers etc. In purely employment terms, the transition to a more peaceful society was therefore bound to have a much more damaging impact on 'Protestant' jobs, than on 'Catholic' jobs.

These examples highlight the social and political problems that can arise if sectors of the labour market are disproportionately occupied by members of one group but not others. The inflexibilities thereby created in the labour market have been long recognized when discussing the 'gendering' of different occupations.

The statistics available as a result of fair employment monitoring highlight that Northern Ireland has clear community disparities across a range of sectors, and this is explored in more detail below.

3. Employment Equality and the Public Sector

One of the key features of the Northern Ireland economy is the disproportionate size of the Northern Ireland public sector, which accounts for 63% of the economy of Northern Ireland, substantially higher than 43% for the United Kingdom as a whole¹². This is explained to a large degree by the fact that from the 1970s, private capital, particularly international investment, was reluctant to invest in Northern Ireland. As a result of this, from the early 1970s, government intervened to keep the Northern Ireland economy afloat, and although this is no longer government policy, the enlarged public sector is clearly yet another legacy of the conflict of the last thirty years.

For the purposes of the ECNI monitoring reports, the public sector is comprised of five main sectors, namely: the civil service, security-related employment, District Councils, health and education. Each of these sectors will be examined in turn, and this report will show that significant problems continue to exist with respect to how the public sector is providing "fair participation" for both communities.

3.1 The Public Sector as a whole

According to the ECNI, the proportion of those available for work in each community is around [57.3%] for Protestants and [42.7%] for Catholics. The figures below for those actually working in the public sector show that of those for whom a community could be determined, the percentages of Protestants working full-time in the public sector is [57.4%] with an equivalent figure of [42.6%] for the Catholic community. The similarity between these figures might suggest that one should be very positive about the level of 'fair participation' in terms of the large workforce employed by the public sector.

Composition of Full-time Employees Across the Public Sector¹³

	Protestant	Catholic	Non-Determined	Total
Total	85,750 (54.7%) [57.4%]	63,575 (40.5%) [42.6%]	7,516 (4.8%)	156,841 (100.0%)

However, looking more closely at the public sector as a whole by the employee grade, a much more mixed picture in relation to the composition of the public sector workforce across the various grades can be observed.¹⁴ Under-representation among Catholics is highest at SOC 5 (Skilled Trades Occupations)¹⁵ where Catholics make up [32.3%] of the workforce of those for whom a community can be determined - an under representation of [10.4%]. It should be noted however that at this grade there are only 4,355 employees in total, or (2.8%) of the entire public sector workforce.



The next highest in terms of Catholic under representation occurs at SOC 3 (Associate Professional and Technical Occupations) where Catholics account for [37.2%] of employees for whom a community can be determined - i.e. an under representation of [5.5%]. At this grade, there are 45,942 employees, or (29.3%) of the entire public sector workforce.

For the Protestant community, under representation is highest at SOC 4 (Administrative and Secretarial Occupations), where Protestants make up [53.3%] of those for whom a community can be determined, which is [4.0%] below that which would be expected. Overall, there are 39,424 employees at this grade across the Northern Ireland public sector.

The next lowest representation among Protestants is at SOC 2 (Professional Occupations) where Protestants make up [53.6%] of those for whom a community can be determined, which is [3.7%] below that which would be expected. Overall, there are 14,616 employees at this grade across the Northern Ireland public sector.

It is also worth considering the breakdown of the individual workforces across the public sector, in order to get a more detailed examination of disparities within the composition of individual workforces, and it is to this that we now turn.

3. 2 Equality and the Northern Ireland Civil Service

The Civil Service as a whole accounts for a quarter (25.8%) of the monitored public sector full-time workforce. Monitoring information relating to civil servants employed in Northern Ireland is contained in the monitoring returns completed on behalf of the Northern Ireland Civil Service by the Head of the Department of Finance and Personnel, and by the Minister for the Civil Service.

According to the latest monitoring report, of the 33,646 employees in total filed under the remit of the Department of Finance and Personnel, [56.1%] of those for whom a community could be determined were Protestant, and [43.9%] were Roman Catholic. This represents just over

[1%] of an over representation for the Roman Catholic community. For those 7,037 employees monitored under the remit of the Minister for the Civil Service, the monitoring returns indicate that [66.6%] are Protestant and [33.4%] Catholic. This gives almost [10%] of an under representation for the Catholic community.

The table that follows shows that in 2004 the civil service employed 40,487 people in a full-time capacity, a (3.1%) increase on the 39,274 recorded in the previous year. The overall composition was (55.1%) Protestant, (40.3%) Roman Catholic, and (4.6%) non-determined. Protestants accounted for [57.8%] of those whose community was determined and Roman Catholics for [42.2%]. Given that the proportions of those available for work is around [57.3%] and [42.7%], the aggregate figures for the current composition of the civil service is indeed close to what would be expected. The overall composition is presented in the next table. ¹⁶

Composition of Civil Service Full-time Employees by Religion

	Protestant	Roman Catholic	Non-Determined	Total
Total	22,314 (55.1%) [57.8%]	16,312 (40.3%) [42.2%]	1,861 (4.6%)	40,487 (100.0%)

The table below illustrates the trend in community composition of the civil service after excluding secondees. It shows that excluding secondees would mean that the Catholic share of the civil service has increased by [6.9] percentage points since 1990.

	1990	1992	1994	1996	1998	2000	2002	2004
Roman Catholic	36.8%	37.0%	38.0%	39.0%	39.4%	40.4%	42.6%	43.6%
Protestant	63.2%	63.0%	62.0%	61.0%	60.6%	59.7%	57.4%	56.4%



3.2.1 Composition of the Northern Ireland Civil Service by grade

When assessing the extent that employment patterns are in fact exhibiting fair participation regardless of community origin, it is important to break down the overall figures in terms of occupational grades. The monitoring returns provide useful data relating to the various Standard Occupational Categories (SOCs).

The most influential and important grade in the NICS is SOC 1 (Managers and Senior Officials). It is worth noting that at this grade, among those employees for whom a community could be determined, Catholic representation is [39.2%] and Protestant representation is [60.8%], giving an under-representation of Catholics of [3.5%]. This grade of staff is clearly extremely influential, but is not very numerous - SOC 1 makes up only (3.0%) of the overall NICS workforce.

At the SOC 2 level (Professional Occupations) the percentage of Catholics employed in the civil service is (36.1%), or [38.5%] of those for whom a community could be determined - giving an under-representation of just over [4%]. Again however, this particular grade does not have a high proportion of employees overall, compared with the NICS as a whole, representing only (8.8%) of the overall workforce.

Indeed, almost three-quarters (72.8%) of civil service full-time employees are concentrated in two occupational groups, namely: Associate Professional and Technical posts (SOC 3) and Administrative and Secretarial Occupations (SOC 4). At SOC 3 (Associate Professional and Technical Occupations) the percentage of Catholics employed is (32.5%), or [34.4%] of those for whom a community could be determined. Given that the proportion of Catholics is [42.7%] of those available for work, this gives an under representation of [8.3%].

It is worth noting that at SOC Grades 1, 2, and 3 (ie Managers and Senior Officials, Professional Occupations, and Associate Professional and Technical Occupations) which represent almost one third of the whole NICS workforce, Catholic representation is [35.9%] of those for whom a community could be determined, giving an under representation of almost [7%]. This Catholic under-representation at the higher and professional

and technical grades of the civil service is then offset by a significant over-representation at SOC 4 (Administrative and Secretarial Occupations), with Catholic representation at this grade being (48.6%), or [49.8%] of those for whom a community could be determined, giving an over representation of [7.1%]. Significantly, with 20,689 employees, this single grade represents over half (51.1%) of the entire civil service workforce.

Indeed, looking only at those employees for whom a community could be determined, and removing the administrative and secretarial grade (SOC 4) from consideration, a very interesting picture emerges. The remaining half of the civil service contains only [33.9%] Catholic employees, which is an under representation of [9%]. In other words, the clear over-representation of Catholics among the administrative and secretarial occupations hides a clear imbalance at all other grades so that, when aggregated, the figures show an overall community balance close to that which would be expected, but obscures important differentials in community employment patterns.

Clearly Northern Ireland has a civil service of "two halves", and it is a mistake to assume (as may have been the case in the past) that Catholic under-representation is an issue only at the levels of the Senior Civil Service. This analysis shows that the community differentials are much more marked. This finding is important in and of itself, but may have important consequences for the Review of Public Administration that is currently underway across the public sector. The Review is intended to streamline and modernise public services, and the general presumption is that job losses are likely to ensue. These figures indicate that any fundamental public sector reform is likely to have serious consequences for employment equality, depending on the areas of the NICS in which the job losses might occur. At its crudest, significant job losses at a particular grade will have a significant impact on the Catholic community, while job losses across other areas of the NICS are likely to disproportionately affect Protestants.

As commented on earlier regarding the decline in Northern Ireland's manufacturing base (and see on for the discussion of employment within the security sector), differential community employment patterns *within*



specific sectors and across different grades indicate particular problems that must be remedied. At the very least, such patterns highlight that there are important structural inequalities still at force and, in periods of communal tension, they could contribute to serious instability. Whether or not active discrimination is to blame, good community relations and a shared vision of a prosperous and peaceful future will be impossible if individuals and the communities they belong to believe that they are being left behind.

3.3 Equality within the 'Security' Sector in general

An area of the employment field in Northern Ireland which has experienced major changes in the last number of years has been what the ECNI refer to as "security related occupations". According to the latest monitoring report from the ECNI, included in the monitoring returns are the following security-related occupations: the Police Service of Northern Ireland, the Royal Irish Regiment, the Territorial Army, the Royal Naval Reserve, the Northern Ireland Prison Service, civilian secondees from the Northern Ireland Civil Service and the Northern Ireland Policing Board.

Looking however, at the security sector as it is currently defined by the ECNI, it is clear that, like manufacturing, this is an area of the economy in which the Protestant community is experiencing overall a significant and a disproportionate impact in employment terms. As overall employment in the sector decreases, it is largely Protestants losing the jobs; equally clearly, despite gradual increases over time, Catholics continue to be seriously under-represented in the sector.

Composition of Public Sector Full-time Employees in Security-related Occupations by Religion¹⁷

	Protestant	Catholic	Non-Determined	Total
Total	14,422	1,887	752	17,061
	(84.5%)	(11.1%)	(4.4%)	(100.0%)
	[88.4%]	[11.6%]		

Trends in Catholic [%] of Security-related Full-time Occupations,
1990-2004

	1990	1992	1994	1996	1998	2000	2002	2004
Total	7.4%	7.4%	7.7%	8.1%	8.4%	8.7%	9.1%	11.6%

Much of the public debate has focused on the very specific initiative introduced as a result of the Patten reforms to policing, which requires that police recruitment be undertaken on a 50:50 basis. These tables however highlight that the pursuit of employment equality in the security sector has a long road to travel.

In 2004, there were 17,061 monitored full-time employees in the security-related occupations, compared with 16,969 in 2003 – an increase of (0.5%)¹⁸. The composition was (84.5%) Protestant, (11.1%) Catholic and (4.4%) Non-Determined. Among those whose community background was determined, [88.4%] were Protestant and [11.6%] were Catholic. The Protestant count fell by 104 (0.7%) during the year, while the net number of Catholic employees rose by 199 (11.8%). As a result, the Catholic share increased by [1.2%] percentage points. Between 1990 and 2004, there has been an overall [4.2%] increase in the Catholic share.

Therefore, based on these figures, and assuming that the percentage continues to increase, it would be 25 years, or 2029, before Catholic representation in this sector is in line with that which would be expected from their representation in the population as a whole.

3.3.1 Northern Ireland Prison Service

The following table gives a breakdown for the composition of the Northern Ireland Prison Service grades for the last five years.¹⁹ There have been very few changes in the composition of the Prison Service grades, due mainly to the limited recruitment campaigns carried out during the period.



Prison Service Grades

Year	Protestant	Roman Catholic	Non-Determined
2001	79.2%	8.4%	12.4%
2002	79.2%	8.6%	12.2%
2003	80.1%	8.3%	11.6%
2004	80.2%	8.2%	11.6%
2005	80.2%	8.7%	11.1%

General Service Grades

Year	Protestant	Roman Catholic	Non Determined
2001	74.8%	21.8%	3.4%
2002	74.1%	21.8%	4.1%
2003	75.1%	22.8%	2.1%
2004	76.9%	21.2%	1.9%
2005	75.9%	22.5%	1.6%

In correspondence between the CAJ and the Director of the Prison Service, Robin Masefield, it was noted that efforts were being made to improve the numbers of job applications from under represented groups, and the Service had published an affirmative action strategy.²⁰ Among the measures included in their outreach measures to attract applicants, the document reported:

"NIPS follow the advertising policy of the NICS. All advertisements must be placed in the Belfast Telegraph, News Letter and the Irish News. In addition, the NIPS will consider advertising in the Daily Ireland and other selected local press."

Subsequently, however, the Director explained that the government department responsible (the Department of Finance and Personnel) had insisted that official policy was only to advertise in the Belfast Telegraph, Newsletter and the Irish News, thereby excluding use of Daily Ireland, or other complementary conduits that might have a particularly high readership in the Catholic community. Given the fact that the Prison

Service has significant levels of under-representation of Catholics, it would seem vital that they be allowed, and indeed encouraged, to engage in affirmative action to seek to remedy this imbalance. Later in this report, the potential of public procurement policy addressing and redressing community differentials of all kinds is explored (see chapter six). It is worth noting here, however, how central policy making can either undermine or exacerbate community differentials and the inequalities that foster alienation and community tensions.

Indeed, it is also worth reflecting on the fact that the Prison Service arguably has a particularly important obligation to draw its workforce from across all the communities of Northern Ireland (beyond even its legal duties under fair employment legislation). While employees facing harassment or discrimination may have to suffer unfair treatment at their place of work, they at least have the option of returning to the safety of their own homes, and family and friends, when the working day has finished. Prisoners, by their very nature, do not have the option of returning anywhere; their experience is by its nature a "24 hour" experience. Accordingly, to avoid both the reality or the perception of unfair treatment, it is vital that prison staff reflect broader society.

For this reason CAJ believes that the current levels of inequality within the NIPS merit special attention.

3.3.2 Chief Constable of the Police Service of Northern Ireland

According to the latest monitoring report, the composition for those coming under the remit of the Chief Constable are, for those for whom a community can be determined, [87.7%] Protestant, and [12.3%] Catholic, giving a Catholic under representation of [30.4%].

The move to 50:50 recruitment to the Police Service has been widely and hotly debated. Suffice it to say – for the purposes of this report – that the decision to recruit on a 50:50 basis was exceptional in a number of regards:



- it applies specifically and only to the issue of policing and was legislated for as a result of policing not employment equality legislation;
- the measure required the UK government to seek a specific exemption from the law of the European Union;
- the initiative is time-limited.

The very specific nature of this measure bears emphasising here, since some commentators have conflated the relatively recent reforms to policing, with long-standing employment measures such as affirmative action strategies, welcome statements for the under-represented community, monitoring returns etc. So, for example, the purpose of recruitment monitoring in general is to gather information and, where appropriate, take measures to address issues of under-representation. The extensive public awareness of the quota system as it applies to policing has led to misunderstandings that somehow 50:50 recruitment applies in many areas of employment, and that the equality law somehow allows for workplaces to fix quotas. This is most certainly not the case. The purpose of equality law is to ensure that the labour market and employers are acting fairly - recruiting and employing people in line with their representation in the population.

While "fair participation" was self-evidently not the situation in the past with regard to policing, for many reasons, overall composition is changing. It will be interesting to see how the figures change over time, and what happens once the time-limited nature of the 50:50 arrangements end. Interestingly, if the police tend like many employers to recruit disproportionately from the 16-24 age range, the different community demographics may still result in 50:50 recruitment figures, whether or not a formal quota exists. Certainly, given that Catholics make up 49.6% of this particular age range, they would – all other things being equal – expect to continue to be appointed to half of the available posts.

3.3.3 Secretary of State for Defence

Out of a total of 3,288 employees, the proportions of staff are [95.5%] Protestant and [4.5%] Catholic, giving a Catholic under representation of [38.5%].

3.3.4 The Northern Ireland Policing Board

Out of a total of 1,372 employees, the composition of the Policing Board is [82.3%] Protestant and [17.7%] Roman Catholic, giving a Catholic under representation of [25.0%].

3.4 Equality and Local Government in Northern Ireland – The Case of District Councils

3.4.1 Composition Across District Councils as a whole

Across the 26 District Councils a total of 8,926 persons were employed in a full-time capacity in 2004, an increase of 212 (2.4%) on the previous year. Their composition was (58.8%) Protestant, (37.3%) Roman Catholic and (3.9%) non-determined. Protestants accounted for [61.2%] of those for whom a community could be determined, and Catholics for [38.8%].

Given that, according to the Census of Population of 2001, the Roman Catholic proportion of those available for work (the economically active of working age) was [42.7%] overall, this means that in effect Catholics are [3.9%] under represented in employment in District Councils as a whole.

3.4.2 Composition Across District Councils by grade

At certain grades however, community differentials are much more marked, and it is worth noting from the ECNI report that across the various SOC grades there is also quite a degree of variance for both communities.



For example, in relation to the Catholic community, it is worth noting that representation falls as low as (32.4%) of the workforce, or [33.2%] of those for whom a community could be determined at SOC 8 (Process, Plant and Machine Operatives) which is [9.5%] below that which would be expected from the general population. Similarly, within District Councils as a whole, Catholic representation at SOC 5 (Skilled Trades Occupations) stands at (33.2%), or [34.6%] of those for whom a community could be determined. This represents just over [8%] below that which would be expected as a result of overall population figures.

Indeed, Catholics are under-represented for almost all remaining SOC grades, with two exceptions. At SOC 2 (Professional Occupations) Catholics are slightly over represented in proportion to what would be expected. However, across District Councils as a whole, at SOC 7 (Sales and Customer Service Occupations) Catholic representation is (51.4%) or [52.8%] of those for whom a community could be determined, which is over [10%] above that which would be expected. The converse is obviously true for the Protestant community. Protestants are over-represented at SOC 5 and SOC 8, and under-represented at SOC 7.

The report has commented earlier on the risk that is created to community cohesion and good community relations if certain kinds of jobs are seen as disproportionately 'owned' by members of one community or another. Clear patterns of such communal differentiation beg serious questions both about the legacy of past policies and the likelihood of continuing inequality. As also highlighted, the current Review of Public Administration is expected to culminate in fundamental changes to the number, structure and nature of District Councils. Staffing will be expected to adapt to the new arrangements, but serious community differentials in workforce patterns of the kind highlighted above cannot be, and should not be, lightly set aside.

3.4.3. Composition of Individual District Councils

Whilst the overall picture of staffing levels across all District Council areas is not seriously out of kilter with the proportions of the general population, a worrying picture emerges when one looks at the composition of individual District Councils.

Unfortunately, the statistics provided in the chart below are not easily accessible by way of the ECNI monitoring figures. CAJ has developed the chart below from ECNI monitoring figures to look at the situation in each individual District Council: the problems are immediately apparent.

Composition of District Council Employees by District Council

Specified Authority	[%P]	[%C]
Carrickfergus Borough Council	93.2%	6.8%
Castlereagh Borough Council	91.2%	8.8%
North Down Borough Council	89.3%	10.7%
Newtownabbey Borough Council	89.1%	10.9%
Ards Borough Council	82.7%	17.3%
Ballymena Borough Council	82.0%	18.0%
Ballymoney Borough Council	81.9%	18.1%
Lisburn City Council	80.1%	19.9%
Banbridge Borough Council	79.1%	20.9%
Coleraine Borough Council	74.2%	25.8%
Larne Borough Council	74.0%	26.0%
Antrim Borough Council	69.4%	30.6%
Craigavon Borough Council	62.2%	37.8%
Belfast City Council	61.3%	38.7%
Limavady Borough Council	60.4%	39.6%
Cookstown District Council	56.4%	43.6%
Armagh City and District Council	54.7%	45.3%
Dungannon & South Tyrone Borough Council	52.2%	47.5%
Magherafelt District Council	48.4%	51.6%
Fermanagh District Council	44.1%	55.9%
Omagh District Council	34.1%	65.9%
Moyle District Council	33.0%	67.0%
Strabane District Council	32.8%	67.2%
Down District Council	25.0%	75.0%
Derry City Council	24.8%	75.2%
Newry & Mourne District Council	13.9%	86.1%



As the figures show, in two Councils - Carrickfergus and Castlereagh - Catholic representation, in percentage terms, is in single figures at [6.8%] and [8.8%] respectively. Taking the overall percentage of Catholics economically active in the population as the reference point, Catholic under representation stands at [33.9%] and [35.9%] respectively. Moreover, in another two Councils, (Newtownabbey and North Down) Catholic under representation is over [30%]. In a further five Councils (Ards, Ballymoney, Ballymena, Banbridge, and Lisburn) Catholic under representation is over [20%], and in a further three Councils (Antrim, Coleraine and Larne) Catholic under-representation is in double figures.

Looking at the situation with respect to Protestant under representation, we can see again serious problems in some Councils. According to the ECNI monitoring report, the proportion of Protestants available for work overall in the population is [57.3%], yet there are eleven Councils in which there is some Protestant under representation.

In one of these, Newry & Mourne, under representation stands at over [40%]. In a further two Councils, Derry and Down, under representation stands at over [30%], while at a further three (Moyle, Omagh and Strabane), Protestant under representation stands at over [20%]. In two other Councils, under representation is around double figures (Fermanagh and Magherafelt), while in three other Councils, Protestant under representation exists, but is less pronounced and in single figures.

Clearly a word of caution needs to be exercised in relation to the above analysis of under-representation, in that not all Councils may have catchment areas for employees that reflect the population as a whole. In other words, there are less Catholics living in North Down, or Protestants living in Newry & Mourne, than within the economically active population as a whole. Nonetheless, in many cases the Councils in question are either located in, or adjacent to, areas where there are sizeable proportions of both communities. For example, Castlereagh Borough Council is adjacent to Belfast City Council area and would have a catchment area that would include the city centre; yet Catholic employment within Castlereagh Council stands at [8.8%].

Even accepting that there may be limitations arising from the "catchment area" issue, there are clearly enough District Councils in which there are particularly egregious examples of under-representation to give cause for concern.

The issue of under representation will clearly need to be addressed as a key priority for any new organisational structures arising out of the Review of Public Administration.

3.5 Equality and the Health Sector

Employees in the health sector were detailed in the monitoring returns of twenty five public sector bodies in 2004. The sector contains approximately one third (34.4%) of all public sector full-time workers across four Health Boards and twenty one independent health-related organisations.

Composition of Health Sector Full-time Employees by Sex

	Protestant	Roman Catholic	Non-Determined	Total
Male	4,538 (41.3%) [47.9%]	4,928 46.9% [52.1%]	1,051 (10.0%)	10,517 (19.5%)
Female	21,469 (49.4%) [52.1%]	19,746 (45.5%) [47.9%]	2,223 (5.1%)	43,438 (80.5%)
Total	26,007 (48.2%) [51.3%]	24,674 (45.7%) [48.7%]	3,274 (6.1%)	53,955 (100.0%)

It is worth noting at the outset that the proportion of non-determined employees within the health sector is the highest of all areas of the public sector. Indeed looking at SOC 2 (Professional Occupations)



the proportion of non-determined employees rises to (16.4%). The importance of this finding is commented on below.

As the table shows, the proportion of Catholics overall in the health service is (45.7%) while the proportion of Protestants is (48.2%) and (6.1%) non-determined; accordingly, the composition of those for whom a community could be determined was [51.3%] Protestant and [48.7%] Roman Catholic. Given that Catholics make up [42.7%] of the population available for work, this represents a [6%] over-representation. Conversely Protestants are under-represented at a level of [6%].

The next table (which excludes non-determined employees) shows an increasing growth in the proportion of Catholics employed in the health sector; having started at a much higher base in 1990 than existed elsewhere in the employment sector, with the exception of education (discussed later in the chapter).

Composition of Health Sector Full-time Employees, 1990-2004

	1990	1992	1994	1996	1998	2000	2002	2004
Roman Catholic	43.5%	44.5%	45.7%	45.3%	46.5%	47.2%	47.4%	48.7%
Protestant	56.5%	55.5%	54.3%	54.7%	53.5%	52.8%	52.6%	51.3%

Looking at the composition of the health sector by SOC grade, further patterns can be determined. According to the ECNI monitoring figures, over one-third (35.9%) of all full-time employees in the health sector are working in Associate Professional and Technical Occupations (SOC 3). This group includes nurses and the professions allied to medicine. At this grade, Protestant representation stands at (45.8%), or [48.6%] of those for whom a community could be determined, giving a level of Protestant under representation of [8.7%].

A further (11.4%) of those employed in the health sector are employed at SOC 2 (Professional Occupations) where the Protestant composition

of the workforce is [50.3%] of those for whom a community could be determined, giving a level of under representation of [7.0%].

Under-representation of Protestants at this level of the health service professionals has been commented on by Osborne and Shuttleworth (2004, p.16) who state:

"Little public comment...is made about the long-term consequences for Protestants of the continuing haemorrhage of young Protestants to universities and colleges in Britain, with little evidence of their return to live in Northern Ireland. These movements, which have been going on for two decades, are having an impact on the representation of Protestants in the highly qualified workforce. Already, sections of the public services, for example health, record an under representation of Protestants in professional and managerial positions. Taken together with the older age structure of Protestant employees in most of the public sector compared with Catholic employees, there is likely to be ever further growth of the share of Catholics in this sector. Rising proportions of Catholics are most unlikely to result from 'discrimination', but could have a great deal, ironically, to do with the effects of this long-standing migration."

In summary, there is clearly an under-representation of Protestants in the health sector, and particularly at professional grades. It is possible that, as Osborne and Shuttleworth suggest, this gap in qualified Protestant professionals is the outcome of the movement of young Protestants to universities in Britain who do not return.

It is precisely to test such an hypothesis – and propose action accordingly – that it is necessary to carry out of an Equality Impact Assessment. CAJ is unaware of any such EQIA being carried out, and we return later to this question of concrete steps to be taken with regard to this and the many other differential patterns highlighted in the public sector.



3.6 Equality within Education Sector

Monitoring returns from the education sector include the five Education and Library Boards and staff employed by the 16 Further Education colleges, but exclude teaching staff not in further education. The sector contains one sixth (13.6%) of the monitored full-time public sector workforce.

Composition of Education Full-time Employees by Religion

	Protestant	Roman Catholic	Non-Determined	Total
Total	11,002 (51.5%) [53.7%]	9,494 (44.4%) [46.3%]	878 (4.1%)	21,374 (100.0%)

As the table above shows, the overall composition is currently (51.5%) Protestant, (44.4%) Catholic and (4.1%) non-determined. The composition of those for whom a community could be determined was [53.7%] Protestant - i.e. [4%] below that which would be expected.

Change over time in the proportion of employees within the education sector for whom a community could be determined

	1990	1992	1994	1996	1998	2000	2002	2004
Roman Catholic	41.0%	42.7%	43.3%	44.8%	45.9%	46.0%	46.6%	46.3%
Protestant	59.0%	57.3%	56.7%	55.2%	54.1%	54.0%	53.4%	53.7%

Again, like the health sector, it is notable that the Catholic percentage of the workforce in education began from a relatively high point in 1990 at 41.0% of those for whom a community could be determined.

3.6.1 Composition of Education Sector by grade (Standard Occupational Classification - SOC)

At the level of professional occupations, (SOC 2), Protestant representation in 2004 was (47%), or [49.2%] of those for whom a community could be determined, which is [8.1%] below that which would be expected from representation in the population as a whole. Catholic representation was (48.7%) at SOC 2, or [50.8%] of those for whom a community could be determined, which is of course [8.1%] above that which would be expected.

There appear to be two dynamics at work here. Firstly, there is high and increasing Catholic representation - starting (like health) from a comparatively higher base in 1990. Interestingly, the proportion of Catholic employees in the education sector, among those for whom a community can be determined, was [41%] in 1990, a figure which is higher than the current level of representation in Catholics in 2004 in District Council employment. The second interesting dynamic at work is that, like health, Protestants are clearly under-represented across the whole sector, but in particular at SOC 2 level, ie among professional occupations.²¹

What is also particularly interesting about representation by SOC grade within the education sector is the fact that at the highest levels of the education sector, SOC 1, (ie Managers and Senior Officials) Protestant representation is (57.0%), or [59.8%] of those for whom a community could be determined. This is in fact [2.5%] above that which would be expected given their level of representation in the population at [57.3%]. Conversely, Catholic representation at the highest levels of the education sector at SOC 1 is actually (38.3%), or [40.2%] of those for whom a community could be determined. This is [2.5%] below that which would be expected given their level of representation within the population as a whole.

Yet for most of the rest of the education sector, the level of Protestant representation is below that which would be expected, the exception being SOC 5 (Skilled Trades Occupations) where Protestant representation is [5.5%] above that which would be expected.



Clearly, the higher level of Protestant representation at SOC 1 could be seen as a response to historical patterns of employment where there were higher proportions of Protestants in managerial positions. One would expect however for this pattern to change when the greater representation of Catholics at SOC 2 and SOC 3 starts to progress onto more senior positions. The higher Protestant representation at the SOC 5 shows another interesting aspect to the traditional employment patterns – namely that Protestant under representation is actually a “middle-class” phenomenon. The higher representation of Protestants at SOC 5 would appear to show that there is no problem in terms of employment in the health sector for working class Protestants, but there is a problem with an under-representation of middle class Protestants in professional positions.

Again, this is an issue that one could expect to be addressed in an EQIA, which, to our knowledge, has not occurred. Instead of taking this practical step to analyse and remedy the compositional imbalances in the education and health sectors, government has instituted a specific taskforce to look at issues of Protestant disadvantage. The work and genesis of this taskforce is commented on in some detail in chapter 5, but it is worth noting that, for all the criticisms that can be made of its work, the taskforce is at least giving lip service to the problems of the Protestant working class. The data here shows that the problems of under-representation for the Protestant community in the public sector are in fact actually being experienced at the level of middle-class employment.

4. Employment Equality and the Private Sector

4.1 Introduction

As Osborne and Shuttleworth have pointed out, it is salutary to look at the 1971 census and note the occupations that belong to a distant and pre-computing past, such as rope-makers, smiths and weavers, while the dramatic drop in those employed in agriculture is a reminder of the scale of change²². Conversely, there are now job titles in Northern Ireland like “call centre worker” which only came into existence in the

1990s. Other dimensions affecting the labour market have included the expansion of service sector work, the growth of women's employment, and changes in the role of government in the labour market, with a retreat from the attempted management of prices and incomes in the 1960s and 1970s to policies that currently emphasise terms like flexibility and employability.

Shuttleworth has located 1975-1980 as the key years in the transition from 'then' to 'now', pointing out that the collapse of the British car industry in the West Midlands was mirrored by the troubles of the Midwest "rust belt" region of the U.S., and the decline of its auto industry.

Clearly therefore, the decline in major industries such as shipbuilding, engineering and manufacturing has been part of a global phenomenon. Like their counterparts on the Clyde, Tyneside, and Merseyside, the shipyard and engineering firms of Northern Ireland are experiencing the harsh realities of globalization. Workforces in the UK cannot compete with workforces in places like Korea when it comes to building ships²³. Yet, within the Northern Ireland context these areas of work were traditionally dominated by the Protestant community, and by men. Indeed, as the latest ECNI monitoring report points out, during 2004, Protestants accounted for almost eighty per cent (78.3%) of net job losses in manufacturing industry.²⁴ Equally, the loss of jobs in the last thirty years in these sectors has had significantly less impact on the Catholic community, given the relatively lower proportions of Catholics employed in these sectors.

It is difficult to think of a more socially divisive cocktail than a combination of de-industrialisation and resultant loss of jobs, given the clearly differential impact as between the two communities. Strong political leadership and clear economic policies are required if social and communal divisions are to be overcome and a healthy economy developed in which people can reach their fullest potential.



4.2 The Monitored Northern Ireland Private Sector

As stated earlier, one of the most significant developments in relation to employment policy in Northern Ireland was the requirement in the 1989 Fair Employment Act that employers monitor the religious composition of their workforce. In 1990 concerns with 26 or more employees were required to register with the Fair Employment Commission (FEC) and submit their first monitoring return that year. Concerns with 11-25 employees were not required to submit their first return until 1992²⁵.

As the following table shows, Catholic representation across the monitored private sector stands at [40.6%] of those for whom a community can be determined, giving an under representation overall of [2.1%]. This community differential is not dramatic; again, however, the overall aggregate figure obscures significant levels of inequality for both communities at the level of individual concerns.

The table below shows the overall composition of the full-time monitored private sector workforce.²⁶

	Protestant	Roman Catholic	Non-Determined	Total
Total	144,211	98,660	14,097	256,968
	(56.1%)	(38.4%)	(5.5%)	(100.0%)
	[59.4%]	[40.6%]		

The composition of the monitored private sector workforce full-time employees by SOC grade, for example, reveals some interesting disparities. Catholic representation is lowest at SOC 5 (Skilled Trades Occupations), where the Catholic percentage of the workforce is (36.6%), or [37.9%] of those for whom a community can be determined – an under representation of [4.8%]. SOC 5 consists of 33,457 employees in total, or (13.0%) of the Northern Ireland private sector monitored workforce.

The next lowest representation of Catholics is at SOC 4 (Administrative and Secretarial Occupations) where Catholic representation is (36.8%) of the workforce, or [39.0%] of those for whom a community can be determined - giving an under representation of [3.7%]. At SOC 9

(Elementary Occupations), Catholic representation is (37.2%) or [39.8%] of those for whom a community can be determined - an under representation of [2.9%]. Catholics are under-represented at almost every other grade, ranging from [1.3%-2.0%]. The two exceptions are SOC 2 and 3, where Catholics are over represented by [2.0%] and [1.5%] respectively.

Looking at the figures by sector of work, the position is even more stark with respect to uneven distribution of employees. At SOC 8 (Metal Goods, Engineering and Vehicle Industries) Catholic representation is (33.1%) of all employees, or [34.4%] of those for whom a community can be determined. This gives an under representation of [8.3%]. This sector accounts for 29,629 employees or (11.5%) of the workforce.

The situation becomes even more problematic however when one looks at the private sector by size of workforce, with particular levels of under representation apparent in the largest employers in Northern Ireland (Appendix Two).

4.3 Under Representation in large Private Sector Concerns (1000+ Employees)

Appendix Two provides a list of all those private sector employers in Northern Ireland with more than 1000 employees. The figures provided in the monitoring returns submitted to the ECNI certainly give some *prima facie* cause for concern.

Clearly caveats need to be entered here in that some of these organisations are likely to be located in parts of Northern Ireland where the proportion of both communities available for work differs from the proportion of both communities available for work across Northern Ireland as a whole. Equally however, given the sizes of the workforces concerned, it does seem reasonable to expect some kind of correlation overall between those employed, and the overall representation of the workforce, given that in many cases the overall travel-to-work catchment areas for the bodies concerned would be fairly close to the Northern Ireland average. It is also likely to be the case that, for many



of the larger employers, the overall workforce will be located across a range of different sites. Again, notwithstanding some regional variations, one would expect the overall makeup of the workforce to be not significantly different from the Northern Ireland workforce as a whole.

Clearly it would be useful if a more detailed analysis were to be carried out on the information provided; however, it is clear from the information provided, that there are sufficient grounds for concern on the basis of the information already available.

For example, the largest number of employees for any private sector employer in Northern Ireland is Tesco PLC with 7,731 employees, of whom only [32.9%] of those for whom a community can be identified are Catholic. This is almost [10%] below the [42.7%] of Catholics available for work according to the last census. As a major retailer, Tesco is an organisation with a number of sites located across a range of areas in Northern Ireland, so it is somewhat surprising that the level of Catholic representation is so low. This is one case where more analysis on this would be required to ascertain the exact reasons for the low level of Catholic representation in its workforce. The next largest employer in Northern Ireland is Short Brothers PLC, which has 5,573 employees, of which [14.7%] of those for whom a community could be identified are Catholic, which is [28%] below that which would be expected. The problem of under-representation is reversed in companies such as Dunnes Stores Ltd., where Protestant representation is [28.1%] of those for whom a community can be identified, or [29.2%] below that which would be expected, from an overall workforce of 3,088.

4.3.1 Catholic Under Representation in Private Sector Concerns (1000+ Employees)

Overall, looking at Appendix Two, there are four employers with more than 1000 employees who have an under-representation of [20%] or more in relation to Catholics – namely Shorts, where the under representation is [28%], Maybin Property, where the figure is [30.7%], Millar Andrew [23.5%], and Charles Hurst [20.8%].

There are a further four employers where the level of Catholic under-representation is in double figures, namely Michelin Tyre [17.9%], the Co-Operative Group [17.4%], F G Wilson [15.3%], and the National Australia Group [12.7%].

For a further three workforces, the level of Catholic under-representation is between [5%] and [10%]. These include Tesco PLC [9.8%], Ulster Bank [5.7%] and the University of Ulster [5.5%].

4.3.2 Protestant Under Representation in Private Sector Concerns (1000+ Employees)

Overall, there are two employers who have an under representation of [20%] or more in relation to Protestants – namely Seagate Technologies (Ireland) Ltd where the under-representation is [27.9%] and Dunnes Stores Ltd where the under-representation is [29.2%].

There is one employer where the under representation of Protestants is in double figures, namely the Bank of Ireland [12.8%].

There is one further employer where the level of Protestant under representation is between [5%] and [10%], namely the Allied Irish Bank, with an under representation level of [7%].

4.4 Specific sectors of the workforce

It is worth noting that there are a number of areas of the private sector in which under-representation seems to be a particular problem. These are situations in which a number of employers are clearly all working in the same sector, and in some cases providing a similar service. The sectors are illustrative, and have been chosen on the basis that they have particularly high levels of under-representation, which in some cases, may result from historical phenomena.



4.4.1 Airline/Aircraft industry

As outlined above, the second largest employer in Northern Ireland is Short Brothers PLC, which has 5,573 employees, of which [14.7%] of those for whom a community could be identified are Catholic, which is [28%] below that which would be expected. Clearly, in spite of all the outreach and affirmative action measures the company has undertaken, the problem of significant Catholic under-representation persists.

Short Brothers PLC is an aircraft manufacturer, and it is interesting that many other organisations working in the aircraft field also experience problems in relation to the under representation of Catholics. The following chart lists organisations contained in the monitoring report that are in the "air industry", and as the figures show, there are significant problems in relation to the under-representation of Catholics in all these concerns with levels of under-representation ranging from [14.4%] to [28.9%].

Composition of the Northern Ireland Airline/Aircraft Industry

Company Name	[%P]	[%C]	Total Number of Employees	Level of Under Representation
Thales Air Defence	[86.2%]	[13.8%]	563	[28.9%] C
Belfast City Airport Ltd.	[81.0%]	[19.0%]	303	[23.7%] C
Belfast Int'l Airport	[75.3%]	[24.7%]	192	[18%] C
Flybe	[72.1%]	[27.9%]	185	[14.8%] C
British Airways	[71.7%]	[28.3%]	102	[14.4%] C
National Air Traffic Services	[76.7%]	[23.3%]	43	[19.4%] C

4.4.2 Composition of the Energy Sector

Another sector showing particular levels of Catholic under representation is the energy sector.²⁷ The other workforce relevant for this sector is AES Kilroot Power Ltd which has a composition of [85.7%] Protestant and [14.3%] Catholic, giving [28.4%] of Catholic under representation.

Veridian Groups PLC

Company Name	[%P]	[%C]	Total Number of Employees	Level of Under Representation
NIE				
Powerteam Ltd	[68.2%]	[31.8%]	816	[10.9%] C
Northern Ireland Electricity PLC	[71.4%]	[28.6%]	402	[14.1%] C
Service and Systems Solutions	[67.7%]	[32.3%]	594	[10.4%] C

4.4.3 Composition of the Transport Sector – Public and Private

According to the latest monitoring report, the composition of the 789 employees of Northern Ireland Railways Company Ltd was [72.0%] Protestant and [28.0%] Catholic, giving a level of Catholic under representation of [14.7%]. For the 33 employees of the Northern Ireland Transport Holding Company, the figures are [68.8%] Protestant and [31.3%] Catholic. Both these companies are listed in the specified public authorities of the public sector. However, within the list of private sector companies there are a number that are clearly transport related. Wrightbus has 710 employees, [4.7%] of whom are Catholic, which is an under-representation of [38.0%], and Transbus International has 178 employees, [19.1%] of whom are Catholic, giving an under representation of [23.6%].



5. International perspectives on the Northern Ireland labour market

As pointed out in chapter one, in an attempt to address problems of inequality in employment in Northern Ireland a code of conduct for US firms operating there called the "MacBride principles" was drawn up in 1984. These principles were used as a vehicle to oblige the British government to strengthen equality laws in Northern Ireland, most significantly in 1989, but also in 1998. In addition 17 U.S. states and more than 30 cities and counties passed laws - mostly during the late 1980s and early 1990s - that required pension funds to promote the MacBride principles through shareholder action and investment decisions.

In California, the Public Employees Retirement System²⁸ (Calpers) and the State Teachers Retirement System are required to annually investigate and report on corporate compliance with the MacBride principles, and to support shareholder resolutions on the subject. This means that, in practice, the retirement systems are specifically required to draw up a list of all companies with whom they have investments that do business in Northern Ireland each year, and then determine whether each corporation on the list has, during the preceding year, taken substantial action, in compliance with the law applicable in Northern Ireland. In order to comply with this requirement, Calpers commissioned research by the independent Washington-based Investor Responsibility Research Center (IRRC).²⁹ These reports, drawn up to comply with legal requirements in the U.S., provide a useful resource in terms of an independent analysis of the current position in relation to fair employment practices at the companies examined. Looking at the latest IRRC Report to the California Public Employees Retirement System³⁰ the conclusions would certainly give rise to concerns about the level of genuine employment equality in Northern Ireland.

The IRRC report found that of the organisations that they examined (ie those organisations with whom the Calpers held investments), Catholics were much better represented at U.S. firms in Northern Ireland than at non-U.S. firms. In the study, Catholics made up just under 36 percent of the 50,200 employees whose religion was identified in non-

U.S. companies, but accounted for nearly 47 percent of the 21,500 workers with identified religion at U.S. firms.

The latest study also found - as was the case in 2004 and 2003 - that among firms with whom Calpers held investments, more firms – 31 employers – have problems with Catholic under representation than Protestant under-representation (22 employers). In addition, the magnitude of Protestant under-representation has tended to be less substantial than the magnitude of Catholic under-representation.

Clearly, this study is limited to 51 firms – ie only those with whom the California Public Employees Retirement System hold investments. However the finding that, of those firms surveyed, Catholic and Protestant representation is significantly different at U.S. firms than non-U.S. firms requires further investigation.

6. Conclusions

6.1 The Private Sector

Clearly, significant differentials across the private sector still exist. In some cases, this is within industries and organizations where there has been historical under-representation. In such cases, however, there is a particular problem in that many are not experiencing any significant level of expansion (Shorts would be a good example of such a company). Clearly, for many organisations, the wider business environment might dictate that workforces should not be increased, or should be cut, and in such an environment, significantly increasing the proportion of an under-represented group will be particularly difficult.

What is particularly worrying however is that some newer organizations, and ones that have undergone significant expansion in recent years also exhibit significant levels of under representation. Belfast City Airport is a prime example, with over 300 staff, but only [19%] of whom are Catholic. The fact that newer, high profile



businesses such as the city airport - which have undergone significant expansions and do not face the prospect of a decline in their business - contain such unbalanced workforces, shows that much remains to be done to ensure that "fair participation" is delivered across the private sector. Likewise, the high levels of Protestant under representation in major retail stores such as Dunnes Stores, shows that continued vigilance on the part of the ECNI is required as regards private enterprises where recruitment is likely to be an ongoing process. The need for continued monitoring, along with affirmative action agreements and a strong, well financed ECNI to support complaints of individual acts of discrimination, is clearly evident.

6.2 The Public Sector

One of the features of the Northern Ireland economy is the disproportionate size of the Northern Ireland public sector, which accounts for 63% of the economy of Northern Ireland, substantially higher than 43% for the United Kingdom as a whole.³¹ The enlarged public sector is clearly yet another legacy of the conflict of the last thirty years. Changes planned to the sector in the coming period – such as the overhaul of public administration - will need to ensure that current workforce inequalities are effectively undermined and not further exacerbated.

- In relation to the civil service it is worth noting that at SOC Grades 1, 2, and 3 (ie Managers and Senior Officials, Professional Occupations, and Associate Professional and Technical Occupations), which represent almost one third of the whole NICS workforce, there is a Catholic under-representation of almost [7%]. This under representation at the higher and professional and technical grades of the civil service is then offset by a significant over-representation at SOC 4 (Administrative and Secretarial Occupations), where Catholics have an over representation of [7.1%].
- In relation to the security sector, based on current figures, and the percentage increases over the last two years, it would

be 2029 before Catholic representation in this sector is in line with that which would be expected from their representation in the population as a whole.

- In District Councils, Catholic representation at SOC 7 (Sales and Customer Service Occupations) is just over [10%] above that which would be expected, however Catholics are under represented at almost every other grade. In relation to individual Councils, under representation for both communities is very marked.
- In the health sector, overall, among those for whom a community could be determined, there is a Protestant under representation of [6%]. This under-representation increases at professional grades i.e [7%] and [8.7%] at SOC 2 and 3 respectively.
- The pattern of representation in the education sector is also problematic with no Protestant under representation at the highest level SOC 1 (Managers and Senior Officials), but under representation at the next two levels SOC 2 (Professional Occupations) and SOC 3 (Associate Professional and Technical Occupations) of [8.1%] and [6%] respectively. Elsewhere in the education sector, the level of Protestant representation is slightly below that which would be expected, except for SOC 5 (Skilled Trades Occupations) where Protestant representation is [5.5%] above that which would be expected.

The problems of under-representation cited here would be much better understood, and remedied, if the appropriate public authorities conformed to their Equality Schemes and carried out Equality Impact Assessments.

While the District Councils in particular have produced a range of Equality Impact Assessments over recent years; few if any have been willing to address the issues identified above – namely the lack of representation of certain communities in their workforce.



This failure to use Section 75 of the Northern Ireland Act in the way that it was envisaged to tackle inequalities will need to be addressed in the current five yearly review of its operation.

ENDNOTES FOR CHAPTER TWO

1 Fair Employment in Northern Ireland, A Generation On, Edited by Bob Osborne and Ian Shuttleworth, Blackstaff, 2004.

2 Ibid, P.185.

3 "The Impact of Affirmative Action Agreements", McCrudden, Ford and Heath, in Fair Employment in Northern Ireland, A Generation On, Eds Osborne and Shuttleworth, Blackstaff, 2004, P. 150.

4 As with ECNI monitoring, throughout this report "Protestant" refers to those determined by monitoring methods as members of the Protestant community and "Catholic" or "Roman Catholic" refers to those determined by monitoring methods as members of the Roman Catholic community. Individuals for whom it was not possible to determine a community background are described as "non-determined". Since the introduction of statutory monitoring in 1990, the proportion of employees for whom it has not been possible to determine a community background has decreased slightly from (5.6%) in 1990 to (5.4%) in 2004. The non-determined proportion is higher in some occupational groups and sectors, such as SOC2 "Professional Occupations" in the health sector. This report will use the same format as the Equality Commission in that percentages shown in square brackets [] are based on Protestants and Roman Catholics only, with the Non-Determined excluded.

Percentages in round brackets () are based on all employees, including the non-determined. Where a percentage for one community is shown in square brackets [] the corresponding percentage for the other community can be calculated by subtracting from 100. This cannot be done in relation to the round bracket figures () given that there will be a certain percentage of non-determined employees.

5 Monitoring Report No. 15, A Profile of the Northern Ireland Workforce, Summary of Monitoring Returns 2004, Equality Commission for Northern Ireland, December 2005, P. 3.

6 Ibid.

7 Ibid.

8 Ibid, Foreword by Bob Collins, Chief Commissioner of the Equality Commission.

9 Foreword by Garret Fitzgerald, Fair Employment in Northern Ireland, A Generation On, Edited by Bob Osborne and Ian Shuttleworth, Blackstaff, 2004, P.vii.

10 Ibid at 7.

11 The latest monitoring figures available from the Equality Commission relate to 2004; these figures were published in December 2005.

12 Wikipedia, Economy of Northern Ireland.

13 Monitoring Report No. 15, A Profile of the Northern Ireland Workforce, Summary of Monitoring Returns 2004, Equality Commission for Northern Ireland, December 2005, P. 3.

14 The Northern Ireland workforce for monitoring purposes is divided into a range of Standard Occupational Groups, see Appendix 2.

15 See the Index for Classifying Job Titles, published 2002 by the Office of National Statistics for a breakdown of occupations within each of the SOC categories.

16 For monitoring purposes it should be noted that in 1990 and 1991 Northern Ireland Civil Service employees and employees seconded to police stations in Northern Ireland were included in the Police Authority for Northern Ireland return. Since 1992 they have been monitored by the Northern Ireland Civil Service. Excluding the NICS secondees from the 2004 Civil Service monitoring figures allows a comparison of the same section of monitored employees over the full period of statutory monitoring.

17 Monitoring Report, P. 23.

Equality in Northern Ireland: the rhetoric and the reality

18 Ibid.

19 Published in a response to a Parliamentary Question and reprinted in a letter to CAJ from the head of the Northern Ireland Prison Service, in letter dated 18 November 2005.

20 Ibid.

21 Fair Employment in Northern Ireland, A Generation On, Edited by Bob Osborne and Ian Shuttleworth, Blackstaff, 2004.

22 Ibid. P. 21.

23 "A Place Apart? The Northern Ireland Labour Market in a Wider Context", Shuttleworth and Green, in Fair Employment in Northern Ireland, A Generation On, Edited by Bob Osborne and Ian Shuttleworth, Blackstaff, 2004.

24 Ibid.

25 Monitoring Report No. 15, A Profile of the Northern Ireland Workforce, Summary of Monitoring Returns 2004, Equality Commission for Northern Ireland, December 2005.

26 Ibid, P. 51.

27 "Northern Ireland Electricity" now has no entry in either the public or private sector list of workforces. For the current list of private sector concerns, the entry that would previously have related to the NIE, now states, "See Veridian Group PLC".

28 Calpers was established by state law in 1932 to provide retirement benefits for California State employees. Calpers currently manages pension and health benefits for more than 1.4 million California public employees, retirees and their families, and has an investment portfolio market value of \$207.2 billion.

29 Non-U.S. Companies, the MacBride Principles and Fair Employment in Northern Ireland: A Report to the California Public Employees' Retirement System, Prepared by the Investor Responsibility Research Center, Washington D.C., January 2006. This report on fair employment at non-U.S. companies in the California Public Employees' Retirement System (Calpers) portfolio that are currently doing business in Northern Ireland was produced to comply with Statutes 1999, Chapter 341, Section 7513.5 of the California Government Code.

30 Ibid.

31 Wikipedia, Economy of Northern Ireland.

Chapter Six

Investment, Procurement and Equality

Introduction

There is little doubt that the Northern Ireland economy has experienced something of a boom since the mid 1990s. Evidence abounds of substantial investment and job creation across a range of sectors. Understandably, the approach adopted across government and the public service to such growth has been one of accentuating the positive. One such example was a press release issued by the Department of Enterprise, Trade and Investment (DETI) in March 2006, entitled *"Multimillion Investment to Enhance Firms Position as World Leader"* which announced that:

"FG Wilson (Engineering) Ltd is set to receive a £47 million investment boost, making it the global centre of excellence in research and manufacture of diesel and natural gas powered electrical generators for parent company, Caterpillar Inc. The investment, which includes an offer of £12.2m assistance from Invest Northern Ireland, will provide the opportunity for the creation of 155 new jobs at the company's facilities at Larne, Springvale (Belfast) and Monkstown."

Unfortunately, no further details were provided about the 155 jobs, and which of the three facilities would benefit from the investment. This is of more than passing interest, given that according to the latest fair employment monitoring figures,¹ of the 2,345 employees in F.G. Wilson, only [27.4%] of those for whom a community could be determined were Catholic, an under-representation of [15.3%] in terms of their proportion of Catholic employees. Needless to say, the press release issued in March 2006 made no mention of any such under-representation, with the then government minister referring only to the fact that: *"FG Wilson's success shows that Northern Ireland companies can indeed become global leaders in the manufacturing sector".²*

Such an approach is also evident, as chapter three has shown, in relation to announcements that Northern Ireland is currently experiencing record



low levels of unemployment and neglect to mention the large numbers of people economically inactive who want to work but are not considered "unemployed" in the technical sense.³ While there is nothing wrong with "accentuating the positive" it should not be done at the cost of acknowledging that problems in relation to equality continue to exist.

The problem to be addressed by investment and procurement policies

Previous chapters have shown that there is clearly a major problem in that a sizeable proportion of both communities have not shared in this economic success story. This is exemplified in a study by DTZ Piedad Consulting, which concludes that⁴ *"It is likely that recent growth in prosperity has bypassed a significant minority within each community particularly those living in workless households"*.

Moreover, the same study notes that the influence of the labour market performance of older or previous generations has on younger and future generations, may lead to an increasing polarisation of work-poor and work-rich households.⁵ Around one third of young people from workless households, across all communities, held no qualifications, just 15% of young people from working households held no qualifications - less than half the rate of those from workless households.

What this shows is a need to acknowledge that there is a significant minority, in both communities, who are being left behind, and that there is a generational aspect to this process. Fair employment legislation and economic growth has facilitated and particularly benefited the Catholic middle class, but one of the biggest problems in Northern Ireland is the fact that workless households, both Catholic and Protestant, are becoming relatively more disadvantaged.⁶

For this significant minority of both communities, post-ceasefire Northern Ireland has meant that they are relatively worse off than in the early 1990s. Moreover, this significant minority, as the Noble index of deprivation shows (see Appendix One), is most likely to live in North

and West Belfast, Derry, Strabane, and rural parts of Northern Ireland.⁷ Many of the areas that experience the most deprivation are the same areas that were seriously deprived more than 30 years ago, and are also the areas that experienced violence and death related to the conflict (see *Lost Lives*, McKittrick, Kelters, Feeney & Thornton 1999, tables 8, 9, 13, 14 and 15). The fact that such areas are relatively worse off than previously should be of concern to all policy makers, and yet the previous chapter highlights some of the failed government responses to these problems.

At best, lip service is occasionally paid to the problems of the most disadvantaged in Northern Ireland, though rarely is there any acknowledgement of the resources required to remedy the situation. Yet it is imperative that public policy be geared towards ensuring that the workless households in Northern Ireland *begin* to benefit from the economic upturn that is currently being experienced by the rest of Northern Irish society.

Such an approach will require a radical departure from current government policy, and require a series of actions across all areas of public policy. This will in particular require the effective harnessing of inward investment and public procurement policies to equality objectives to ensure that progress is achieved. Such an approach will also require input from the international community, particularly international investors. Fortunately, there is a track record of success in this area. The international community played a key role in ensuring that advances were made in addressing inequality in the mid-1980s (see chapter 2). They continue to play a role, and it is hoped that this interest will be maintained and built upon (see visit in 2005 to Northern Ireland by Alan Hevesi, NY State Comptroller).⁸

Social Objectives in Investment : the context

There has long been a recognition of the need for, and value of, investment programmes and policies aimed at promoting equality in Northern Ireland.



For example, during the passage of the Fair Employment Act in 1989 the then Opposition tabled amendments which aimed to impose on the Industrial Development Board⁹ and government departments more generally a duty to "*secure that their various functions are carried out with due regard to the need to promote equality of opportunity*".¹⁰

In its Second Report in 1990, SACHR returned to this issue, arguing that government should establish machinery that would monitor the impacts of legislation, policy, and administration on equality of opportunity and on relations between the two sections of the community¹¹. This machinery effectively became the Policy Appraisal and Fair Treatment (PAFT) Guidelines, which in turn formed the basis for Section 75 of the Northern Ireland Act.

It is important to note, therefore, that there is a direct link between the current requirements of Section 75, and early recognition that government policies, particularly inward investment, had a key role to play in promoting equality of opportunity between the two communities.

SACHR further returned to this issue in their report of 1997¹² which recommended that there should be a public review of IDB strategy in order to reconsider targets based in District Councils and Travel-to-Work areas, given the existence of strong chill factors within such areas (the discussion of workforce composition in District Councils in chapter two notes the extent and pervasiveness of those problems). SACHR recommended that the then Local Economic Development Unit (LEDU) should be required to set targets for job creation and investment location.

In addition, SACHR recommended that the possible merits of additional special incentives for industry and business to locate in areas of very high unemployment should be researched. This research should be comparative and focus, in particular, on the potential for attracting companies which would employ workers from the local labour market¹³.

This issue also featured in the 1999 deliberations of the Northern Ireland Affairs Committee, which recommended that the IDB Equality Scheme should "*in particular consider the extent to which its operations might*



since they are too complex and strategic, and do not lend themselves to an EQIA. Instead, consultees are reassured that they will be able to participate in assessing the individual programme measures which flow from the high level policy. Of course, by this late stage, many crucial decisions have already been made, and the EQIA process is relatively worthless.

For a particular example of how the system works (and does not work) from the perspective of consultees see the box opposite which sets out how Section 75 was applied to the procedures for amalgamating the various job creation agencies into Invest NI.

The vicious circle: a case-study

Government decided to merge the various public agencies responsible for various aspects of economic development and inward investment. In March 2001, DETI published the necessary draft legislation for restructuring, and attached an Equality Impact Assessment (EQIA).

CAJ responded in June 2001, indicating amongst other things that any eventual relocation of premises for the new organisation would have to be subject to its own separate full EQIA. In particular, CAJ highlighted the need for any future relocation to include consultation with *"potential as well as existing stakeholders"*.¹⁶

CAJ was invited to testify before the relevant NI Assembly Committee later in 2001, and drew attention to the fact that: *"Moreover, our comment about the need for the new structures to outline whether they will lead to the promotion of equality of opportunity or not has also not been adequately addressed. The response being merely that there is an obligation to safeguard the employment of staff working in the existing agencies."*¹⁷

Nothing further was heard by consultees about the amalgamation and the location of the new offices until a press release (April 2003),¹⁸ announcing that the headquarters of the new agency was to be the first Strategic Investment Board (SIB) - supported Public/Private Partnership (PPP) project in Northern Ireland. The new economic development agency was to be named "Invest NI", and a formal notice was to be placed in the Official Journal of the European Community the following week seeking expressions of interest. The minister¹⁹ had apparently requested that the project be included on a list of early priority PPP projects for the newly established SIB.

CAJ wrote²⁰ again in May 2003 to ask about progress on an EQIA on the appropriate location for the agency. Questions were asked about how this project (worth over £20m) might contribute to the promotion of equality, in particular:

contd. overleaf



- whether this major construction project would be used as one of the pilot schemes to target recruitment from the unemployed; and
- how the *location* of the new investment headquarters could contribute to greater equality?

As a Belfast venue seemed likely, we proposed that special consideration be given to the Springvale site: in West Belfast (major area of deprivation); accessible to both republican and loyalist communities; easily accessible from the city-centre and all transportation; and a site, which had previously been considered for a new university campus which had not materialised. It was argued that locating such a high-profile economic development agency in this area would provide not only an important economic and morale boost to a very deprived area, which had been sorely disappointed about the campus decision, but would also show to international investors, visiting the office, that the area was not "out of bounds".

The reply from Invest NI²¹ stated that the headquarters project proposal could not be included as a pilot scheme to recruit from the unemployed as this had not been included in the original contract notice.²² It also indicated that Springvale would not be being considered as a potential site, as none of the bidders had chosen to put forward this option. The letter did however state that the project would be subject to a full EQIA.

A further letter was sent to Invest NI from CAJ²³ noting the requirement in the Equality Commission's statutory guidelines that public authorities engage with equality issues at an early stage of policy development, and noting that, in this case, *"from the approach adopted, consultees are likely to be presented with something of a fait accompli with regard to many of these key issues when formal consultation of the EQIA commences"*²⁴.

This is in fact precisely what happened, and the subsequent EQIA effectively sought views from consultees on the choice between two possible city centre locations.

This case-study exemplifies a number of problems, not least, the difficulties that consultees have faced in relation to implementation of Section 75.

In one sense, DETI and Invest NI complied with the letter of the law, by carrying out a full EQIA of the siting of the new headquarters. For CAJ, however, as one of many consultees who were raising issues about the amalgamation, our main concerns in relation to the equality implications of the new headquarters siting were never addressed. It is difficult to know what else a consultee might have done to convey its concerns – correspondence and interventions (including testimony before an Assembly committee) in June, August and September 2001, and then again in 2003 (May and July).

The project also highlighted the problem of applying Section 75 to the PPP contracting process, where legal obligations in one area (EU), were cited as responsible for undermining opportunities elsewhere to promote equality. That need not have been the case however. If those drafting the original specification been made aware of the import of Section 75, and indeed the nature of the pilot projects for the unemployed, and had included considerations of TSN and equality from the outset (as they are obliged in law to do), the outcomes could have been entirely different.

Guidance on how Section 75 can be applied in the PPP context is awaited. While much can and should be being done in the interim; the guidance will be useful in further clarifying how to ensure that the legal equality duty condition policy making in this area.

Is Invest NI undermining or exacerbating inequalities in Northern Ireland?

No EQIA having been carried out into the work overall of Invest NI, it is impossible to properly assess the impact that Invest NI has made on the promotion of equality between the two communities. One is left having to examine a range of materials in order to determine what “proxy” measures can be used to make this determination.



Looking at the latest Invest NI annual report, there is little reference to the impact of Section 75 on the work of the organisation, apart from a reference to "increased staff awareness of Section 75 issues", and reference to a number of specific initiatives involving migrant workers, and attempts to engage with ethnic minority community business leaders.²⁵ There is also a mention of work that Invest NI has carried out in conjunction with the Employers Forum on Disability to raise awareness around the new provisions of the Disability Discrimination Act – something that might have happened even in the absence of Section 75.

No reference is made anywhere in the report to specific actions involving the promotion of equality between the two communities. There is however one reference to New TSN within the context of foreign direct investment (FDI) secured. The report claims that against a competitive background²⁶:

"Invest NI had its most successful year to date, winning 17 new FDI projects offering the potential of 1,905 jobs and representing a total investment of £58.2 million. In line with Invest NI's commitment to supporting New TSN areas, 71 per cent of the new inward investment projects secured was promoted in these areas."

The question remains as to what is the aggregate impact on New TSN areas, as opposed to non-TSN areas, of the work of Invest NI. It is good that the organisation promotes investment in TSN areas, but are these promotional efforts successful; if not, why not; and, where the investment into a TSN area is secured, does it deliver any measurable impact for local people.

The same problem arises in relation to the information provided in the report on regional activity, with the report pointing out that: *"follow-up work on the West Belfast and Greater Shankill Taskforces included the processing of proposals for Integrated Development Fund Support. The first project to receive such assistance, workspace units at Lanark Way, was announced in February 2005."*²⁷

No mention is made of the proportion of resources allocated to this project in relation to the overall expenditure of the organisation, however.

One therefore has no way of knowing if this work is merely paying lip service to equality and TSN, or actually delivering real change.

Nor is it easy to determine the "equality profile" of the Invest NI client companies. A laborious process of examining the list of client companies in the Invest NI annual report, and comparing these with the monitoring figures from the Equality Commission is needed.

For example, according to the Invest NI annual report, one of its largest client companies in terms of share investments is Randox Laboratories Limited, with Invest NI currently holding 4,000,000 shares in the company.²⁸ Looking at the ECNI monitoring report for Randox Laboratories Limited however reveals that of those in the workforce for whom a community could be determined, [32.2%] were Catholic.²⁹ This is over [10%] below that which would be expected from the population as a whole. Clearly there might be variations in relation to the location of Randox and its travel-to-work area, and it would therefore be important for Invest NI to publish such equality profiles as a matter of routine. How else will anyone, inside or outside Invest NI, determine the extent to which equality – which it has a *legal* duty to promote - is in fact being complied with in its work with client companies.

Another measure of Invest NI's work to promote equality would be to compare spending across geographic areas.

While not perfect, it is clearly better than no analysis at all. As Appendix One shows, the Noble model provides a very sophisticated model for mapping deprivation in Northern Ireland by geographic area. In addition, the maps attached in Appendix six to the report also indicate changes in the pattern of economic activity, and job density across Northern Ireland. Looking at this data, a key question therefore arises as to the extent to which the investment agencies have contributed to increasing jobs in those areas of most need and those regions experiencing the highest levels of economic inactivity?

Again, it is worth considering Appendix five which shows levels of assistance from Inward Investment over the last number of years. On the face of it, the figures would certainly give cause for concern. Looking



at the assistance offered by parliamentary constituency 2002/03 to 2004/05, the totals show that the figures for South Belfast were £208.6 million, East Belfast £103.22 million, West Belfast £70.42 million, and North Belfast £56.9 million. In other words, those parts of Belfast in greatest need, were offered least assistance. As Appendix One shows, all but three of the top twenty most deprived super output areas in the whole of Northern Ireland are in North and West Belfast. However, looking at the breakdown of assistance offered by parliamentary constituency, North and West Belfast received just 8.3% of the £1537.54m total assistance offered over this period. In other words, the two parliamentary constituencies with 17 of the most deprived super output areas, got a mere 8.3% of assistance between them. In terms of inward investment by parliamentary constituencies, the figures again show significant levels of disparities, with North Belfast doing particularly poorly.

Those constituencies "west of the Bann" (namely West Tyrone, Foyle, Fermanagh and South Tyrone, Mid Ulster and Newry & Armagh and South Down) collectively were offered £465.66 million, or 30.2% of all assistance. These would be areas which, as shown in the maps at the back of the report, are progressively getting worse in relative terms compared with the rest of Northern Ireland. As these figures show, Invest NI appears to be contributing to increasing inequality in Northern Ireland – by replicating the pattern of general spending which sees those areas in most need receiving least by way of government intervention.

Invest NI very much markets itself as an organisation that contributes to growth in the Northern Ireland economy by creating jobs. As the data above also shows however, the increase in number of jobs created in Northern Ireland from the mid-1990s onwards had little or no overall impact on the proportion of workless households, with 19% of Catholic households and 16% of Protestant households workless. This would indicate that the new jobs did not go to those people who most needed them – and that the division between the work-rich and work-poor is increasing.

Of course if Invest NI is to play a positive role in addressing the problems of inequality, and the damage they create to the economic, social and political fabric of this society, it has to acknowledge those problems, and its potential role in addressing them. Avoiding carrying out EQIAs, failing to gather and analyse equality data, or to effectively engage those directly affected by their decision-making (ie failing to comply with their Section 75 legal duties), is unacceptable. The lost opportunity presented by the choice of site for their own headquarters should not be repeated.

The Strategic Investment Board, Public Procurement and Equality

The extent to which public procurement can influence equality has been a concern for campaigners for some time in Northern Ireland. In 1996, the then Northern Ireland Equal Opportunities Commission published a report³⁰ which identified the adverse impact that certain contracting processes were having on gender inequality. In their 1997 report, the Standing Advisory Commission on Human Rights (SACHR) recommended that within public contracts, targets should be set for the recruitment of long-term unemployed people, based on increasing the proportion of such people who obtain work with the employer who wins the contract.³¹ Government noted the SACHR recommendation in the White Paper 'Partnership for Equality', but rejected extending legislation beyond the measures that existed in the 1989 Fair Employment Act.³²

Significantly, the NI Affairs Committee, in its 1998-1999 session, highlighted the particular importance that procurement could play in relation to furthering equality objectives. The report recommended that:³³

"the Government look again at the potential contribution of contract compliance to achieving fair employment objectives, taking account of the full extent to which this may be compatible with EU law and drawing fully on the experience of the United States Federal Government...public bodies award contracts on behalf of the



communities they serve. It is not therefore, in our view, unreasonable that these communities might expect that public contracts should, all other things being equal, go to contractors who further such a basic policy aim as fair employment".

Significantly, the report also noted that the Committee did not

"consider the award of public contracts as simply an economic activity by the Administration, in which the Administration can consider itself as equivalent to a private sector organisation. We find it difficult to see how public purchasing activity can in principle be regarded as a separate area of state activity in which equality criteria are ignored that are considered self-evident in other areas of state activity, such as public sector employment". ³⁴

The Committee went on to recommend that government departments and public bodies review the position that they have taken with regard to public procurement in the context of the preparation of their Equality Schemes under Section 75 of the Northern Ireland Act.

The Review of Public Procurement subsequently set up by the Northern Ireland Executive was widely welcomed and CAJ made a submission to the public consultation.³⁵ As a result of this review, a procurement policy was approved for Northern Ireland which contained as one of its central principles the concept of integration between procurement and other policies. The new policy states that: *"in line with the Executive's policy on joined-up government, procurement policy should pay due regard to the Executive's other economic and social policies, rather than cut across them".*³⁶

The Review also led to the establishment of a Central Procurement Directorate, which resulted from the merger of the Construction Service and the Government Purchasing Agency.³⁷ Another recommendation of the Procurement Review was the initiation of a pilot scheme of 20 projects to evaluate the potential for the use of public procurement contracts to assist the unemployed into work.³⁸ Within these projects, contract provision required contractors to bring forward and implement an employment plan for utilising the unemployed in work on the contract.

An independent evaluation of the projects by the University of Ulster showed that they had been a success.³⁹

In light of the successful evaluation of the pilot projects, it is clear that that there should be an immediate move to establish a general and permanent scheme to ensure that public procurement contracts generally assist the unemployed into work. While the private sector is unlikely of its own volition to include social objectives within its proposals, it is bound to comply with such objectives, if the government inserts them formally into any contract. Accordingly, government must ensure that all its contracts actually specify social and equality objectives, and should recognise that any voluntarist approach in relation to this issue is wholly inadequate. The legal and policy tools exist; we should be implementing them.

Equality and the Investment Strategy for Northern Ireland (ISNI)

Perhaps the best example of the need for equality to be linked to both procurement and investment is exemplified by the new Investment Strategy for Northern Ireland (ISNI). Worth £16 billion over the period 2005-2015, this strategy represents a significant opportunity to address, through the use of government investment and procurement, existing problems of inequality and disadvantage. One must consider however that data has shown that the jobs created between the mid-1990s and 2004, by and large had little impact on those experiencing most disadvantage. It is vital therefore that this pattern is not repeated in relation to the ISNI.

Unfortunately, when the draft ISNI was issued for consultation, the draft document made little more than a passing and inadequate reference to social objectives. The document stated that: *"The investment programme will deliver direct social benefits through the provision of new and upgraded schools, healthcare facilities and transport. There will be additional benefits through improved employment prospects in the construction of new facilities and in their operation and maintenance".*⁴⁰



Given the scale of the problems highlighted in earlier chapters of this report, any investment programme to deliver upgraded schools, healthcare facilities and transport is highly welcome. However, there are many other social benefits that can be built into such a major funding programme. Yet, if sufficient care is not taken to ensure that the most excluded benefit from the employment opportunities thereby created, many of the social benefits of increased employment will be lost. To provide greater employment prospects, without ensuring that they will be available to those excluded from the labour market, will merely increase existing inequalities in Northern Ireland. There are too many examples of this happening in the past: so action is needed urgently if Northern Ireland is to fully benefit from the ISNI.

Yet, early signs are not good. It is clearly imperative that there be a detailed outline of how the contracting process associated with the ISNI can deliver on promoting greater equality. An EQIA needs to be carried out, but to date this not happened. Instead, it is being argued that the strategy (worth £16 billion and estimated to create 16,000 jobs potentially) does not "lend itself"⁴¹ to an equality analysis. The "vicious circle" is in operation again.

It is precisely because a strategy is important that it must be equality impact assessed as a whole. Currently it seems as though government is arguing that equality cannot be applied to the big decisions, but only – belatedly – to the small ones.

Failure to equality impact assess high level proposals means that opportunities to undermine current inequalities will be lost. It is vital that when all the key players making the decisions are in the room together discussing such high-level strategies, equality is at the heart of those strategic discussions. That, after all, was the intention of imposing the Section 75 duty on all public policy makers, and any attempts to avoid this duty are in breach of that legislation.

It is therefore vital that there is a high-level EQIA of the ISNI in order to determine the impact of the £16 billion investment on equality and on community differentials. As mentioned earlier, the growth in employment and the economic benefits that have been evident in

Northern Ireland over the last decade have largely by-passed the poorest members of society. This pattern must be challenged and reversed; if no action is taken, it is likely to get worse.

Conclusions

Investment and public procurement policies can effect major change (both positive and negative).

Earlier chapters in this report have shown that a significant minority of both communities are relatively worse off than in the early 1990s. It is vital therefore that organizations charged with managing inward investment and procurement carry out high level impact assessments in order to establish the extent to which their operations are either contributing to a reduction in, or actually reducing differentials between the two communities, rather than exacerbating existing inequalities.

This exhortation is not merely a CAJ recommendation to the organisations concerned, it is a legal statutory requirement on the public sector. Moreover, it makes good economic sense (see earlier reference to speech by Alan Hevesi, NY State Comptroller).

By ignoring equality considerations, economic planners risk replicating and deepening the patterns of the past. At the local level, there are many attempts to tackle economic inactivity, regenerate deprived areas, and work on a cross-community basis to develop models for change (see reference elsewhere to the ground-breaking work of the West Belfast and Greater Shankill Taskforces). These initiatives need to be supported and encouraged by high-level policy making; this is clearly not happening at the moment.



ENDNOTES FOR CHAPTER SIX

¹ Monitoring Report No. 15, A Profile of the Northern Ireland Workforce, Summary of Monitoring Returns 2004, Equality Commission for Northern Ireland, December 2005.

² News Release, Department of Enterprise, Trade and Investment, 30 March 2006.

³ For a fuller discussion of this problem see chapter three.

⁴ Ibid. P. 12.

⁵ Ibid. P.19.

⁶ Ibid. P.20.

⁷ See appendix six for a series of maps that show serious regional disparities in terms of economic benefits over the last decade.

⁸ Report of seminar hosted by Equality Coalition, July 2005, at which Mr Hevesi, who was in Belfast to announce an investment in Crescent Capital Ltd said: *"I believe our involvement investing in Crescent today has to be in the context of fairness, equality, inclusion of communities and recognition of disparities"*. As sole trustee of the second largest pension fund in the USA with over \$100billion to invest, Mr Hevesi brings a lot of influence to bear on the local debate, and is convinced that *"you can do well financially and do good at the same time"*.

⁹ The Industrial Development Board, the Industrial Research and Technology Unit, the Local Economic Development Unit, the Department of Enterprise Trade and Investment's Business Support Division and the business support functions of the Northern Ireland Tourist Board were all replaced in April 2002 by Invest NI, see Industrial Development Act, 2002.

¹⁰ "Mainstreaming Equality in the Governance of Northern Ireland", Christopher McCrudden, Fordham International Law Journal, Volume 22, April 1999, Number 4, P.1708.

¹¹ Ibid.

¹² "Employment Equality: Building for the Future", Standing Advisory Commission for Human Rights, Cm. 3684, June 1997.

¹³ Ibid. P.31.

¹⁴ The Operation of the Fair Employment Act 1989: Ten Years On, Fourth Report, Volume 1, HC Session 1998-99, p. xxxviii

¹⁵ CAJ Submission to DETI consultation on the screening of policies, June 2001.

¹⁶ Ibid.

¹⁷ CAJ letter to Committee for Enterprise, Trade and Investment, 1 August 2001; letter from Committee Clerk, 5 September 2001; Letter to Committee from CAJ, 18 September 2001; Northern Ireland Assembly, Committee for Enterprise, Trade and Investment, Report on the Industrial Development Bill, Second Report, Session 2001/2002.

¹⁸ Press Release, Office of the First Minister and Deputy First Minister, 25 April 2003.

¹⁹ By this stage the Assembly had been suspended and Northern Ireland had Direct Rule.

²⁰ Letter from CAJ to Invest NI, 30 May 2003.

²¹ Letter from Invest NI to CAJ, 23 June 2003.

²² EU contracting rules require that all conditions are included from the outset rather than at a late stage which could put different contractors at a competitive disadvantage.

²³ Letter from CAJ to Invest NI, 9 July, 2003.

²⁴ Ibid.

²⁵ Invest NI, Annual Report and Accounts, 2004-05, P.56.

²⁶ Ibid. P.42.

²⁷ Ibid. P.28.

²⁸ Ibid. P.124.

²⁹ Monitoring Report No. 15, A Profile of the Northern Ireland Workforce, Summary of Monitoring Returns 2004, Equality Commission for Northern Ireland, December 2005, P.147.

³⁰ Report on Formal Investigation into Competitive Tendering in Health and Education Services in Northern Ireland, EOC (NI), 1996.

Equality in Northern Ireland: the rhetoric and the reality

³¹ Employment Equality: Building for the Future, Standing Advisory Commission on Human Rights, 1996.

³² "Partnership for Equality", White Paper, Cm 3890, 1998.

³³ The Operation of the Fair Employment Act 1989: Ten Years On, Northern Ireland Affairs Committee Fourth Report, Volume 1, HC Session 1998-99

³⁴ Ibid.

³⁵ CAJ Submission to the Procurement Review, CAJ, see www.caj.org.uk

³⁶ Department of Finance and Personnel, Public Procurement Policy, May 2002.

³⁷ www.cpdni.gov.uk/

³⁸ See "vicious circle" case-study earlier in the chapter.

³⁹ Evaluation of Pilot Projects, Andrew Erridge, University of Ulster, 2005

⁴⁰ Draft Investment Strategy for Northern Ireland, Para. 57.

⁴¹ According to the draft document, *"the ISNI is a high level summary of government priorities and therefore does not lend itself to the full procedures for the conduct of equality impact assessment as set out in ECNI guidance. However, recognising their statutory obligations under Section 75 of the Northern Ireland Act 1998 and the overarching government policy New Targeting Social Needs (NTSN), departments and the SIB have sought to ensure that equality, good relations and targeting social need were mainstreamed throughout consideration of investment priorities"*, ISNI, p. 87.



Recommendations

As a result of the issues identified and conclusions reached in this report, the Committee on the Administration of Justice (CAJ) has set out the following recommendations which we believe offer the possibility of delivering on greater equality. Essentially, these recommendations could be summed up by simply stating "implement section 75".

It is recommended:

Structures

- that a high level team consisting of all the permanent secretaries, the head of the civil service, representatives of the ECNI and independent experts be established to implement and oversee the programme of equality actions outlined here.
- that the ECNI issue guidance on Equality Impact Assessment clarifying that an EQIA is required to examine how differential impacts can be addressed regardless of whether they are caused by direct discrimination or structural factors.
- that the head of the civil service confirms that there is no distinction in law between "high-level" and other policies, so that in future all policies will be subject to the equality duty and, as appropriate, Equality Impact Assessments.
- that high level EQIAs be carried out in order to determine how spending priorities, the Review of Public Administration, and the Northern Ireland Investment Strategy can contribute to a reduction in the differentials between the two communities outlined above.
- that continued monitoring, along with affirmative action agreements and a strong, well-financed Equality Commission, able to support complaints of individual acts of discrimination, be retained and strengthened.

Employment

- that high level EQIAs be carried out in order to establish the impact of public sector reform, particularly the Review of Public Administration, on employment equality in the public sector between Catholics and Protestants generally.
- that an EQIA examine the general differential concentrations of both communities across the various SOC grades of the public sector and what measures can be put in place to reduce these differentials.
- that an EQIA examine the particular concentration of Catholics in the NICS at one grade, SOC 4, in order to establish whether there is evidence of lack of equality of opportunity in the organisation at SOC grades 1, 2, and 3. Such an EQIA would also outline mitigating and alternative measures which would be introduced in order to ensure greater equality within the NICS and reduce the existing differentials across the various grades.
- that an EQIA examine in particular the fact that Protestants are under represented at SOC 2 and 3 in the health and education sectors. Such an EQIA would examine what measures could be taken to ensure that the under representation of Protestants in these areas is reduced. Targets and timetables for the reduction of the current levels of under representation would be set.
- that an EQIA examine the serious levels of under representation for both communities within a number of District Councils. This EQIA should outline measures to ensure that such under-representation is addressed.
- that the EQIA of the District Councils examine in particular the impact that the new Council structure outlined in the Review of Public Administration is likely to have on employment patterns. Such an EQIA would ensure that the new District Council structures result in less, rather than greater community imbalances in the Councils concerned.



- that in relation to the security sector, an EQIA examine how significant Catholic under representation can be reduced across the range of organisations in this sector. Such an EQIA would include targets and timetables for reducing community differentials.
- that the ECNI carry out an investigation as to why there is such a degree of under representation of both communities among some of Northern Ireland's biggest employers.
- that, notwithstanding the reduction in overall rates of unemployment, high level targets, and a programme of action, be adopted for the reduction in the differential rates of unemployment between the two communities.
- that independent research be carried out immediately to assess the extent to which those economically inactive in Northern Ireland are in effect "hidden unemployed" and to propose actions accordingly.
- that independent research be carried out in order to establish whether the difference in economic activity rates between the two communities of [9%] is as a result of demographic factors, or a result of inequality. Where any differential is found to be a result of inequality, targets for the reduction of that differential should be established.
- that high level targets and a programme of action be adopted to reduce the proportion of workless households in both communities.

Housing

- that the NIHE publish all existing data in relation to housing differentials.
- that independent research be commissioned in order to establish why the proportion of Catholics overall across Northern Ireland on the NIHE waiting list since March 2002 has risen by 30%.
- that in particular this research would examine what implications the increase in these and other differentials has for those responsible

for implementing the NIHE and DSD Equality Schemes, and the Neighbourhood Renewal initiative. Why were these patterns not being picked up as they ought to have been, and addressed accordingly?

- that the NIHE, in conjunction with DSD, establish targets, and a program of action, for a reduction in the differential waiting times for allocation of housing between the two communities.
- that targets be set for reducing the differentials between the percentage of Catholics on the NIHE waiting lists and those allocated housing (if subsequent research shows that this is a problem for Protestants in any area, that also would need to be addressed).
- that the NIHE re-examine the Common Selection Scheme EQIA and in particular examine how the EQIA can address community differentials whether these differentials are caused by direct or indirect discrimination or other structural factors.
- that consideration be given as to the consequences of these findings for longer term decisions regarding the reform of local government administration (the Review of Public Administration) and housing provision.

Targeting Social Need

- that the government establish a statutory anti-poverty initiative to give the TSN initiative the necessary weight.
- that the new statutory anti-poverty initiative be complemented with institutional and financial support within government.
- that the new anti-poverty strategy establish high-level targets for the reduction of community differentials.
- that New Deal be subject to another EQIA which would in particular examine how New Deal can reduce community differentials in



unemployment and whether these differentials are caused by direct discrimination or other structural factors.

Protestant Taskforce

- that government tackle disadvantage in Protestant working class areas by giving proper effect to the Targeting Social Need commitment made over a decade ago, and that it abandon policies that succeed solely in sectarianising the work to tackle poverty.

Education

- that the government move immediately to abolish academic selection.
- that timetables be set for reducing and ending the reality of students from both communities leaving school with no qualifications.

Neighbourhood Renewal

- that new targets and indicators be established for Neighbourhood Renewal, in consultation between DSD and the NIHE. These new targets should be based on eliminating inequalities in line with Section 75 of the Northern Ireland Act
- that new targets should include a reduction in the differential waiting times for housing allocation between the two communities.
- that new targets for Neighbourhood Renewal include well established and recognised poverty indicators such as a reduction in overcrowding, or a reduction of those living in unfit housing.
- that Neighbourhood Renewal also establish realistic and ambitious targets for reducing the differential between the proportion of those in employment in the 10% most deprived super output areas and Northern Ireland as a whole. Such an approach would be linked to ensuring that any employment differentials between the two communities are also eliminated.

Shared Future

- that the current approach to Shared Future be set aside and a new vision be developed which places equality and a rights based approach at the heart of building relationships between the two communities.
- that targets be set for reducing the levels of deprivation between the most deprived and the least deprived parts of Northern Ireland.
- Given that the workplace is a sphere of public life in which there is greater interaction between Catholics and Protestants now than there was 30 years ago, it is recommended that independent research be commissioned to examine how the equality lessons from "fair employment" can be applied to other spheres of public policy.

Investment and Procurement

- that Invest NI carry out a high level EQIA which examines in particular, the extent to which its activities as a whole over the past five years have impacted on:
 - the employment levels of the two communities.
 - the regional variations in economic deprivation as published by the Noble Index of deprivation.
 - the top 10% super output areas of multiple deprivation as published by the Noble Index.
- that in particular a high level EQIA of ISNI clarifies how the proposed Investment Strategy, worth £16 billion, will reduce the current inequalities identified in this report.
- that the EQIA of the ISNI outlines how the ISNI will redress the current regional imbalance in economic activity in Northern Ireland outlined in the maps in Appendix six of this report.
- that in particular the EQIA examine to what extent the Investment Strategy will address the needs of the ten most deprived Super Output Areas (SOAs) in Northern Ireland.



- that independent research be commissioned to investigate how procurement measures can ensure that the £16 billion investment strategy contributes to reducing differentials between the two communities.
- that all procurement contracts over the EU threshold contain targets for recruitment of the unemployed.

Appendix 2

Letter from Secretary of State

Correspondence with the Secretary of State regarding the provision of advice and information to the PfG Committee and its sub-groups



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Principal Private Secretary to the
Secretary of State for Northern Ireland

Nuala Dunwoody
Clerk Assistant
Clerk to the Committee on the Programme for Government
Room 28
Parliament Buildings
Stormont
BELFAST BT4 3XX

30 November 2006
Received 6/12/06

Dear Nuala,

Thank you for your letter of 20 November recording the Programme for Government Committee's conclusions on the Chancellor's economic package following the Committee's meeting on 20 November. The Secretary of State has noted how the Committee intends to proceed.

He has also asked me to respond to the Committee's request, contained in that letter, that he instruct officials to provide full and complete information to the Committee.

The Press Release issued following the meeting of the Programme for Government Committee on 20 November correctly recorded that the Secretary of State had undertaken to make officials available to the Committee, and also recorded that Nigel Hamilton had attended the meeting to confirm that. Since then, the Committee has, of course, had a fresh Direction dated 23 November from the Secretary of State, which again confirms that officials will do all they can to facilitate the Committee's work, including attending meetings and providing information.

The Committee will, of course, understand that, pending restoration of the Assembly, officials continue to be answerable to Ministers of the UK Government. While they may provide factual briefing and describe the key elements of Government policy on particular issues, it is not their role, nor should they be requested, to provide the Committee or its sub-groups with confidential information, Departmental or personal views or generally to do anything other than support current Ministerial policies.



Northern
Ireland
Office

The Secretary of State would therefore request that the Committee and its sub-groups acknowledge and observe the boundaries within which officials will be working, and on that basis is content to confirm the undertakings given in the earlier Directions and by Nigel Hamilton.

A handwritten signature in black ink. The signature is written in a cursive style, starting with a large 'S' and ending with a long, sweeping horizontal line that extends to the right. The name 'Simon' is partially legible within the signature.

SIMON MARSH
PRINCIPAL PRIVATE SECRETARY

Appendix 3

Official Report

Thursday 14 December 2006

Members present:

The Chairman, Mr Edwin Poots
Dr Esmond Birnie
Mr Thomas Buchanan
Mr John Dallat
Mr Pat Doherty
Mr Robin Newton
Mrs Pat O’Rawe

Witnesses:

Mr Kieran Bannon	}	Northern Ireland Public Sector Alliance (NIPSA)
Mr John Corey		
Mr Jim Lilley		
Ms Janette McNulty		
Mr Tommy O’Reilly	}	Department of Finance and Personnel (DFP)
Mr Chris Thompson		

The subgroup met at 11.06 am.

(The Chairman (Mr Poots) in the Chair.)

1. **The Chairman (Mr Poots):** I have received an apology from Mr William Hay, who cannot attend the meeting. Mr Tom Buchanan is deputising for him today.

2. The next item on the agenda concerns the minutes of the subgroup’s meeting on 7 December, which was chaired by the Deputy Speaker Mr Molloy. I do not know whether those minutes are correct or whether the staff have recorded them. Do those members who were present wish to propose that the minutes are an accurate record of that meeting?

3. **Mr Dallat:** I propose that the minutes are correct.

4. **Mrs O’Rawe:** I second that.

5. **The Chairman (Mr Poots):** Is the subgroup satisfied that the minutes represent an accurate record of its proceedings of 7 December?

Members indicated assent.

6. **The Chairman (Mr Poots):** Does any member wish to raise an issue that arises from those minutes? One such matter has been drawn to my attention, which relates to the revised procedures for subgroups. Those procedures were agreed by the Programme for Government Committee at its meeting on 11 December.

7. Members are advised that, in addition to agreeing on the chairing of subgroups, the Programme for Government Committee agreed that where a member attends a subgroup meeting that is held in private to deputise for another member who is not yet ready to leave, the deputising member should be allowed to sit in the gallery in place of a party researcher until the other member leaves the meeting. There should be no more than one member and one researcher per party in the gallery at any one time.

8. I invite members to offer their comments and views on the revised subgroup work programme, which is in members’ packs. It has been suggested that we schedule a contingency meeting on 3 January in the event that the draft report is not finalised at the meeting planned for 21 December. Do members have any thoughts on the programme that has been set out? Do members wish to pencil in a meeting on 3 January?

9. **Mr Doherty:** Must we have a meeting on 3 January or during that week?

10. **The Committee Clerk:** That date is a contingency in the event that the subgroup does not conclude its business next Thursday. The subgroup is due to present its report to the Programme for Government Committee on 3 January.

11. That is the expectation, and that is what we are all working to. I thought it advisable to say to members, as a contingency, that if the subgroup needs to have a meeting then that is the last possible date, given the Christmas holidays, etc. It is just a suggestion. Members may be confident that they can conclude the

business next Thursday and that there will be no need for a meeting. Members are, of course, entitled to nominate substitutes.

12. **Mr Doherty:** If the subgroup concludes next Thursday, the report will not be available for members to read. Do we therefore need to have another meeting?

13. **The Committee Clerk:** If all of the business is concluded today, the Committee staff will draft the report over the weekend, and it will be issued to members next Tuesday.

14. **The Chairman (Mr Poots):** Would the subgroup still need to clear the report?

15. **The Committee Clerk:** Yes.

16. **The Chairman (Mr Poots):** Therefore, the last date on which we can meet is 3 January 2007.

17. **The Committee Clerk:** Yes, the papers have to be lodged with the Committee on the Programme for Government by then.

18. **The Chairman (Mr Poots):** So, in a sense it is Hobson's choice.

19. Following last week's meeting, advice has been received from the Assembly's procurement service regarding the possibility of calling the four remaining bidders for the Workplace 2010 contract to give evidence. The advice is generic and, by necessity, is not informed by the circumstances particular to the subgroup or to procurement.

20. It is highly unlikely that bidders would disclose details of their proposals or provide information that they consider commercially sensitive during the course of questioning by the subgroup.

21. It is also highly likely that the competition rules protect the bidders from disclosure of such information, and the subgroup would therefore be in breach of those rules. It is now an established principle within the freedom of information environment that information relating to active procurement processes is protected until the conclusion of those processes, and even then, only successful information is generally released.

22. As the request for information is occurring prior to evaluation of the tenders, the subgroup would be exposing itself to accusations of influencing the evaluation process by compromising commercial confidentiality or by unduly influencing the evaluation process, which will have been heavily prescribed in the contract documents and for which the subgroup has no responsibility.

23. Finally, and most importantly, in the opinion of the Head of Procurement, bidders responded to the stated need, as described in the specification and evaluation process. Therefore, whether the issues concerning the subgroup have been addressed is not isolated to the bidders' determinations but is much more influenced by the process conducted by the client — the Department of Finance and Personnel (DFP), supported by the Strategic Investment Board (SIB). If those issues are substantive to the requirement then they should have been fully described in the procurement strategy, tender specification and evaluation methodology.

24. For the subgroup to better understand whether the issues have been given due consideration in the Workplace 2010 project, the Head of Procurement recommends that the SIB and the Workplace 2010 team are asked to demonstrate, from the project initiation document, the procurement strategy, specification and evaluation methodology, how, and to what degree, the issues will be addressed.

25. In summary, the Assembly's Head of Procurement recommends that the subgroup does not call the bidders to give evidence as it would expose the subgroup to procurement and probity risks. It is also, for commercial and process reasons, unlikely to achieve the objectives of the subgroup.

26. That is the advice we have received and it is fairly clear. Has anyone anything they wish to say on it.

27. **Dr Birnie:** I have two points.

28. First, we have to take that advice. It is pretty comprehensive and detailed. On a related point, and possibly other members are in the same position, I have received approaches from

two of the bidders for a personal briefing. In the light of the above advice I will be turning down those requests.

29. **Mr Dallat:** Chairman, I am very disappointed that I was only contacted by one of them.

30. **Dr Birnie:** Only one contacted me yesterday, Chairman.

31. **Mr Dallat:** I would certainly be influenced by Esmond's point. That is not something with which I feel comfortable.

11.15 am

32. **Mr Doherty:** Like John, I was contacted by only one of the bidders. That contact stopped with the office staff, and I was not going to comment on the list.

33. **The Chairman (Mr Poots):** Robin, how do you feel about the advice that we received?

34. **Mr Newton:** I declared last week that I had been contacted months ago. I have not been contacted since then. I understand fully and concur with the advice. However, I have two areas of concern within the overall context of the award to the successful bidder, which may well result in companies who currently work for the Civil Service losing contracts and jobs. I note the indication that efforts will be made to ensure that the successful bidder absorbs some of that loss, but there is no guarantee.

35. The successful bidders have indicated that they will rely on local suppliers. However, that is easily said when making a bid. I want an assurance that, when awarding the contract, those persons currently contracted to us retain some form of connection — although I do not know how that would be done. The successful multinational organisation should ensure that, where possible, use is made of local labour and companies.

36. **The Chairman (Mr Poots):** That is a good point, which should be raised with the Department of Finance and Personnel later, because it will ultimately make the recommendation. Perhaps the subgroup could say something about the response that we received from the Department.

37. Do any other members wish to comment on that issue?

38. **Mr Doherty:** Is it not predetermined that one of the four bidders will be awarded the contract? Is that not what this meeting is about?

39. **The Chairman (Mr Poots):** That is a matter for the Department. Are members content with the advice that we have received?

40. **Mr Doherty:** Chairman, you say that it is a matter for the Department. Where then does the work of the subgroup sit?

41. **The Chairman (Mr Poots):** The Department is carrying out the work, and we, as a subgroup of the Programme for Government Committee, have been asked to examine that. The work of the Programme for Government Committee is to establish a Programme for Government. If the subgroup decides that it disagrees wholly with the Workplace 2010 strategy, for example, that view would be passed on to the Programme for Government Committee. If the Executive were established, it may wish to take cognisance of that decision, bearing in mind that it was the four main parties in Northern Ireland that made that decision.

42. However, at present, the strategy is being taken forward by direct rule Ministers and the Department of Finance and Personnel. The view of the subgroup is not unimportant, but they are taking the decisions. However, the parties in this room could take those decisions at a later stage.

43. We move to subgroup procedures. It was agreed at the subgroup's meeting on 7 December to issue letters inviting the Northern Ireland Public Service Alliance (NIPSA) and the Department of Finance and Personnel to present evidence on Workplace 2010 and public sector jobs location. Letters were also issued seeking written submissions from the Committee on the Administration of Justice and John Simpson, and papers from the respective Administrations on the experience of decentralisation in Scotland and the Republic of Ireland. Each request sets out details of key issues that were identified by the subgroup at its meeting on 7 December. The remainder of today's meeting will be concerned

with the consideration of those oral and written responses.

44. The subgroup will shortly call representatives from NIPSA and departmental officials to give evidence on Workplace 2010 and on public sector jobs location.

45. Before calling the witnesses to give evidence, members may wish to allocate questions or they can ask questions as they wish — I am in your hands on that. A series of questions has been produced that you may or may not wish to use.

46. **Dr Birnie:** We should use our own discretion.

47. **The Chairman (Mr Poots):** Each session will last for approximately 45 minutes, with five to 10 minutes for questions and answers. The NIPSA witnesses will be first. The meeting will adjourn at about 1.00 pm to allow Mount Charles to set up lunch. I propose that we eat our lunch and return to the table as quickly, and with as little interruption, as possible. There are some technical matters to be attended to by Pi Communications, and as soon as that is completed I would like to restart the meeting.

48. After lunch, the key issues will be the matters that will have arisen from the oral evidence session; then we will move on to the written submissions. At the end of the session, the subgroup and the staff will summarise the key issues and draft the report. Time allocations are important today, because Hansard needs to provide transcripts of this morning's evidence session, which will assist the drafting. We are working to an exceptionally tight deadline of 3 January, and it is important that we get through the work as quickly as possible to allow the staff to concentrate on the detail.

49. We would like your views on the layout of the proposed format of the draft report that was agreed by the Programme for Government Committee, a copy of which is being circulated around the table. All the subgroup reports have similar layouts.

50. **The Committee Clerk:** As the Chairman says, the report pretty much follows the standard format, although this subgroup is one

of the first to draft a report. However, it is reasonably conventional and not dissimilar to previous experiences. Last week, members of the subgroup agreed that it should be short. I understand that the Programme for Government Committee has encouraged its members to encourage their parties to think in those terms, given that the Programme for Government Committee also has six such reports to consider in a very short time.

51. **The Chairman (Mr Poots):** Are members happy with the format?

Members indicated assent.

52. **The Chairman (Mr Poots):** Members may want to discuss the draft in private session, bearing in mind that when it is finished most of it will be available to the public.

53. A letter from the Secretary of State about the provision of advice and information to the Programme for Government Committee and its subgroups is being circulated around the table. The subgroup may wish to note that the letter states that while departmental officials:

“may provide factual briefing and describe the key elements of Government policy on particular issues, it is not their role, nor should they be requested, to provide the Committee or its sub-groups with confidential information, Departmental or personal views or generally to do anything other than support current Ministerial policies.”

54. I see a little confusion on members' faces, particularly about the line on expression of views. Please take a moment to read the letter; I had the misfortune to read it yesterday.

55. Do members have any comments that they wish to place on record?

56. **Dr Birnie:** It circumscribes what the DFP officials can say to us, but that is probably inevitable.

57. **The Chairman (Mr Poots):** It is the Secretary of State's instruction to them, so they will have to follow it.

58. **Mr Dallat:** Chairman, the paragraph that you read out merits some response. We must

record our concern. It almost leads me to believe that we are wasting our time.

59. **Mr Doherty:** The letter mentions confidential information, which leads us to suppose that there actually is confidential information. If we are to do our job properly, we must know whether there is another agenda apart from our agenda.

60. **Mr Newton:** The Programme for Government Committee has accepted it, and we are operating as a subgroup of that Committee. While I may feel otherwise —

61. **Mr Dallat:** By saying nothing, though, the subgroup is giving the impression that it approves of this letter.

62. **The Chairman (Mr Poots):** I will put the matter to the subgroup then. Do members want to note our dissatisfaction at the content of the letter from the Secretary of State?

63. **Mr Dallat:** I propose that the subgroup notes that. I do not want it to appear that we agree with it.

64. **The Chairman (Mr Poots):** Are we all agreed?

Members indicated assent.

65. **The Chairman (Mr Poots):** We now move to declarations of relevant interest — membership of councils and so forth does not apply here. Does anybody have a directorship in any of these companies? *[Laughter.]*

66. Nobody has anything to declare.

67. **Mr Doherty:** Does declaration of interest include a political opinion?

68. **The Chairman (Mr Poots):** I do not think so.

69. We are now ready to move to the evidence session with the Northern Ireland Public Service Alliance (NIPSA), who will provide evidence on Workplace 2010.

70. **The Chairman (Mr Poots):** Lady and Gentlemen, you are very welcome.

71. I am Edwin Poots, the Chair of the subgroup. As such, I am independent, so I will facilitate the meeting rather than enter into

debate. Witnesses will have five to 10 minutes to give evidence, and members will have 20 to 30 minutes to pose questions.

72. I remind members — and advise witnesses — that under schedule 1(8) to the Northern Ireland (St Andrews Agreement) Act 2006, members' statements are granted qualified, not absolute, privilege. However, given that witnesses who appear before a subgroup of the Transitional Assembly are not members, their evidence does not attract the qualified privilege that is provided for under schedule 1(8) to the Act. I do not expect that we will need to worry about that; nonetheless, I must explain the rules.

11.30 am

73. Any one who speaks should identify themselves so that the Hansard staff, who are producing the report, can pick up their names. I will now hand over to Mr Corey. Members will have the opportunity to ask questions after he has given his evidence.

74. **Mr John Corey (Northern Ireland Public Service Alliance):** I am John Corey, the general secretary of the Northern Ireland Public Service Alliance (NIPSA). I thank the subgroup for giving us the opportunity to present evidence on Workplace 2010 and on the location of public sector jobs.

75. We submitted a short briefing paper, which I assume is available to the subgroup. In that, we focus mainly on Workplace 2010 because it is the issue that is of most urgency to civil servants. We also have major concerns about the location of public sector jobs in the context of the review of public administration (RPA). There are direct connections between those issues.

76. The second paragraph of our submission summarises eight key points for consideration on Workplace 2010, and we expand on those points in the subsequent paragraphs. The Department of Finance and Personnel and the Strategic Investment Board, which are responsible for Workplace 2010, will present — and have done so — it as a groundbreaking project that will provide, in their words, “a modern flexible working environment”. As the

trade union that represents civil servants, we have no reservations about wanting them to have good quality, modern accommodation. At the same time, NIPSA is not opposed to open-plan offices. The majority of civil servants have always worked in such environments, and the majority of them who are below the rank of deputy principal work in open-plan offices. Therefore that idea is not new to us.

77. However, we do not accept that modern, open-plan offices for the Civil Service can be secured only via a private finance initiative (PFI) project, or, in this case, a total-property PFI project. We set out our principal arguments against the proposal in our written submission; however, I will not repeat those now.

78. Workplace 2010 proposes to sell off for all time almost all the Government's wholly-owned office accommodation in Northern Ireland. That is a massive decision. In the long term, that decision has unforeseen consequences and implications. No one can predict exactly what the requirements or needs of public services in Northern Ireland will be in 20 years or 25 years.

79. However, there are immediate and foreseeable consequences of the total-property PFI-deal proposal. We have identified those consequences in our written submission.

80. I want to emphasise three points in addition to those raised in the written submission. NIPSA stands by its argument that the cost to taxpayers of a private finance initiative (PFI) will always be higher than properly organised traditional procurement. Last week, the Northern Ireland Audit Office (NIAO) published a report confirming that there is already a £1.5 billion PFI debt to be repaid out of the Northern Ireland block grant over the next 20 years. The Workplace 2010 programme has the potential virtually to double the liabilities for a future Northern Ireland Administration, be it devolved or otherwise. NIPSA contends, therefore, that such a level of PFI debt will curtail the capacity of any devolved Administration to determine where money should be spent on future priorities. We are concerned about the sheer scale and size of Workplace 2010.

81. Whatever arguments may be made in favour of PFI for specific buildings, to sign up to it for all Civil Service or public service office accommodation is, frankly, madness. It is not in the interest of anyone in Northern Ireland: it is not in the interest of public-service staff or the delivery of public services. As presented, the Workplace 2010 PFI programme can only be in the interest of the private shareholders of the successful company.

82. Northern Ireland needs maximum flexibility and control over its office estate. Fundamental policies on the location of public-service jobs in Northern Ireland have still to be determined. This week, I took delivery of a draft report on the location of public-service jobs from the Department of Finance and Personnel,

83. which will be published for consultation, as I understand, in January 2007, and no decisions have been taken on the principles, policies or framework for that. NIPSA's argument is that it is fundamentally wrong, therefore, to enter into a Workplace 2010 contract that will fetter the flexibility that is currently available to Government in relation to the determination of the location of all Civil Service offices and Departments.

84. Secondly, an important part of the policy determination of the location of jobs will be the application of equality under section 75 of the Northern Ireland Act 1998. There are other policy considerations, such as a new targeting social need (new TSN) policy, a regional development strategy, a guide to rural policy and the RPA itself. NIPSA submits that the equality impact assessment to date on Workplace 2010 does not discharge the Government's responsibilities under section 75.

85. We reminded the Department concerned that its duty under section 75 is to "promote equality", not to undertake a cursory check of the limited available data and make broad statements about adverse impact or otherwise. Given the scale of Workplace 2010 and, particularly in the context of the fundamental change in public services under the RPA, NIPSA submits that the equality impact

assessment of Workplace 2010 should be exemplary in its application of the Act. That has not yet happened.

86. NIPSA also strongly believes that the equality impact assessment of Workplace 2010 cannot be undertaken in isolation from the equality impact assessment of the review of public-sector jobs, or, indeed, the RPA and the location of those jobs detailed in the paper about to be presented.

87. The third and final point relates to facilities management under the proposed Workplace 2010 contract. DFP and the Strategic Investment Board (SIB) are currently insisting — it appears to NIPSA — that facilities management, which affects 500-plus Civil Service staff, must be part of the PFI contract. Indeed, a DFP spokesperson has been quoted as saying that including the facilities management element and the staff in the contract — possibly forcing those staff to transfer to a private-sector employer — is in line with Government policy.

88. NIPSA respectfully submits that that is not in line with Government policy. The latest Government policy was published in March 2006 in a document entitled ‘PFI: strengthening long-term partnerships’. At paragraph 5.58 it clearly states that:

“The Government’s policy is that departments have the option of not transferring soft services staff in a PFI project, where they believe their transfer is not essential for achieving the overall benefits of improved standards of service delivery specified by the procurer; and where not transferring staff is consistent with delivering the Prime Minister’s commitment to flexibility in public services provision.”

89. The fundamental point that NIPSA wishes to raise is that to date, on Workplace 2010, DFP and SIB have not been following Government policy as stated. In our view, that policy requires the total separation of the facilities management element of a PFI contract from the rest of the contract. Properly, that should be assessed wholly independently and separately.

90. Those are the three points that NIPSA wishes to emphasise in addition to all that we have said in the written submission.

91. **The Chairman (Mr Poots):** Thank you. As is practice, we shall go round the parties first, and then members will be free to ask further questions.

92. **Mr Newton:** What has the trade union experience been with similar programmes in England and Scotland? What has been the impact of new technology, the freeing-up of space, the embracing of hot-desking and the opportunity to work at home?

93. **Mr Corey:** The most famous — if famous is the right word to use — example of PFI contracts on the provision of accommodation is a similar project for the Inland Revenue/ Customs and Excise. The company that secured the contract was Mapeley, and the Inland Revenue was severely reprimanded by the Public Accounts Committee for entering into that contract. Mapeley was Bermuda-based and not paying any relevant taxes in the UK, yet it was taken on to provide accommodation services for the Inland Revenue at the time.

11.45 am

94. With regard to NIPSA’s experience of these so-called modern, open-plan offices, I am not familiar — my colleagues may be — with any research or analysis of how they work in practice. In the Clare House pilot project — part of the Workplace 2010 plan — significant difficulties arose in trying to negotiate arrangements that were acceptable to staff. According to my latest information, there are more staff than desks — or workstations — in that building. There has been no resolution of that. Our members report that they cannot work, in practical terms, without being assigned a workstation of their own.

95. New technology tends to occupy more office space, rather than less. At least that has been the experience of many people. Previously, workstations would not have had technology around them.

96. There are mixed views about working at home. That can suit particular individuals at particular times, but there is no consensus on it.

Recently, I met representatives of people with disabilities, and they argued against working at home. It can leave workers isolated and unable to enjoy the benefits of coming to a workplace.

97. Kieran may want to add to that.

98. **Mr Kieran Bannon (NIPSA):** I am the assistant general secretary of NIPSA.

99. The issue of hot-desking relates to one of our other concerns. On the Workplace 2010 project, the report from Deloitte, referenced in our submission, discussed the undertaking of two pilot exercises. It said that those pilot exercises should be fully and properly evaluated in order to decide whether the programme for Workplace 2010 should be rolled out across the Northern Ireland Civil Service. However, that is not the approach taken by the Northern Ireland Civil Service. Matters such as hot-desking arrangements and home working should be properly evaluated. Home working involves a raft of other issues: health and safety, the isolation of homeworkers and how they are managed. From a trade union perspective, there are many other issues. There is no home-working policy in the Northern Ireland Civil Service at the moment. NIPSA has just received a draft document on the subject.

100. NIPSA's concern is that much of Workplace 2010 is being forced through without proper evaluation and costing. The Clare House experience of hot-desking is such that, when members of staff were moving in, they were told that the IT connections were not working correctly and not up to the standards required. When some of our members raised that point, they were told that they could go to a hotel down the road and use its IT facilities. Those are the sorts of concerns that we have.

101. **Mr Doherty:** I have a substantial main question, and a short subsidiary one. What work has been undertaken to compare the cost of refurbishment through PFI as against the cost of the Northern Ireland Civil Service carrying it out on the basis of providing good-quality, modern accommodation? Have any comparisons been made? For my supplementary question, may I ask what percentage of civil servants your union represents?

102. **Mr Corey:** On the first point, NIPSA has not undertaken any such cost comparisons.

103. Data available to date relates to the outline business case, which has been used to justify the decision to proceed to the invitation to negotiate. Quite frankly, our view is that the outline business case was constructed to achieve an objective: to show that it would be financially beneficial to proceed with a total PFI property contract.

104. Arrangements for comparing the costs of a PFI proposition with a traditional in-house procurement arrangement make provision to add factors to the calculations. One such element is the optimum bias factor, which can be used to inflate costs when comparing one arrangement with another. As trades unions, we are sceptical about the validity of those cost comparisons.

105. We are wholly unconvinced that the projected costs and savings for the Workplace 2010 project will be realised. Significantly, the outline business case did not contain a proposition that staff would be transferred to the private-sector company. For some reason — we are not 100% sure why — between the outline business case and the invitation to negotiate being issued, it was decided that staff would transfer to the private-sector company.

106. We submit that, when the outline business case was prepared, there was no proper costing of the alternative comparator with a total PFI contract, in which staff would be transferred to the private-sector company, and an in-house procurement process. Furthermore, we are not convinced by the figures in the outline business case or that they can be realised.

107. The finances of the Workplace 2010 project are based on very shaky ground. I do not wish to stray into other areas, but the point should be made that entering into a total PFI contract, which ties up Civil Service accommodation for 20 years, makes no sense when maximum flexibility is required. If there is a desire to use PFI contracts for any Civil Service accommodation, those contracts should be on a building-by-building basis. That would allow each contract to be assessed separately,

rather than committing the Civil Service to the project for the duration of the contract.

108. Can you refresh my memory on your last question, Mr Doherty?

109. **Mr Doherty:** What percentage of the Civil Service does NIPSA represent?

110. **Mr Corey:** NIPSA represents about 70% of all civil servants. Our total membership from the Civil Service is about 18,500 staff from a total of 24,500 non-industrial civil servants. NIPSA does not represent industrial civil servants.

111. **Mr Dallat:** Mr Corey, you will be aware that Civil Service jobs are being lost outside the greater Belfast area, not least in Coleraine, where the staff of Revenue and Customs has been completely wiped out.

112. In the House of Commons, Mark Durkan submitted a question for written answer about whether civil servants would be able to remain employees of the Northern Ireland Civil Service under the review of public administration and the Workplace 2010 project. David Hanson's response on 7 November 2006 was that the Civil Service:

“would be obliged to treat the refusal to transfer as a resignation.”

113. Is that a very polite way of saying that NIPSA members will be sacked if they do not comply?

114. **Mr Corey:** You could put it in that way, but I assume that the Minister was seeking to explain that if staff are to be compulsorily transferred to a private-sector company, the Transfer of Undertakings (Protection of Employment) Regulations 2006 will apply. Where those regulations apply, and a person refuses to accept the transfer, that person would legally be deemed to have resigned. That is the ultimate legal point on the matter.

115. In order to be clear for the record, as I indicated in my earlier remarks, more than 500 civil servants will be affected by the proposed PFI contract. We have been engaged in extensive discussions with the Department of Finance and Personnel about the transfer of those staff, and have asked whether all staff would be expected

to transfer and what the alternatives might be. Work is ongoing on that. However, those 500 staff have had no assurance that their Civil Service employment would be maintained or that some or many of them — many of whom are the lowest-paid staff in the Civil Service — would be forced to transfer to a private-sector company, with the loss of their Civil Service employment and the consequent risks to their pensions.

116. Government policy dictates that the examination of whether facilities management or soft services should be transferred as part of a contract requires entirely separate assessment and analysis from the rest of the PFI contract. Our essential demand is that facilities management be assessed separately. Moreover, we do not believe that facilities management should be included in the contract.

117. Under Workplace 2010, the private sector is to be given control and ownership for all time of Civil Service accommodation by dint of a Government decision; we do not like and do not agree with that. We strongly believe that the staff should be separated from that. There is no reason that the private sector could not own a Government building — not that we agree with that — but with those providing the services in the building, such as messenger, porter and mailing services, continuing to be Civil Service staff. That is our preferred and clear demand for the project.

118. Facilities management staff should be removed from the contract. We still believe that the contract is wrong for the other reasons that I have outlined, but that would be our approach.

119. **Mr Dallat:** On the same matter, Mark Durkan submitted a question for written answer in the House of Commons about the future of Civil Service staff at Waterside House, Carlisle House and Orchard House in Derry. In response, David Hanson wrote:

“Current planning assumptions are that the existing staff will remain in Derry. Under Workplace 2010 there are no plans to relocate these staff out of Derry.”

120. On close examination, that is no promise at all. Is there a danger that there could be recentralisation rather than the decentralisation that we had hoped might come out of this? Is that of concern to your members?

121. **Mr Corey:** Absolutely. Workplace 2010 contains no policy on decentralisation. It in no way takes account of desirable policies of dispersal, rural development or targeting social need. Those matters are not being considered at all in the determination of Workplace 2010. That is our fundamental point.

122. We are concerned that, by signing up to a 20-year contract, the Government will lose their flexibility to consider matters of dispersal, equality, and rural development. The private-sector owner will have the major say on where buildings and staff are located.

123. If we are to determine fairly where jobs should be located in Northern Ireland as part of the review of public administration — and there will never be a better opportunity to determine fairness and equality in relation to the location of those jobs than the RPA — it is critically important that all Civil Service and public-service jobs are part of that consideration. The Government should have full flexibility to determine that.

12.00 noon

124. That critical flexibility will be lost for Civil Service accommodation if Workplace 2010 is agreed before next April.

125. **Dr Birnie:** Thank you for coming. Taking you back to Pat's question, the Government and the Department of Finance and Personnel will say that the outline business case shows that over the 20 years, PFI will create perhaps a £200 million advantage over traditional procurement. Is a large part of that apparent saving likely to come about through either a reduction in the floor space that is allocated for each staff member or through a qualitative reduction in provision? Will the quality of the working environment be reduced and could that lead to a reduction in the quality of service provision?

126. **Mr Corey:** I shall answer that in the first instance; then Kieran can pick up on the detail

of the costings. The £200 million saving is at best a guesstimate; we cannot say that the savings will be in one area or another. As I said to Pat, under the outline business case, the optimum bias factor is used in the calculation of the cost. Using that factor, there is a great deal of scope to adjust figures to suit a particular end.

127. We still believe that PFI is not necessarily in the taxpayers' interests: we will not change our view on that. We are highly sceptical about the alleged £200 million saving. I remarked in our written submission that one person who had connections with a bidder said to me openly that Workplace 2010 was "a licence to print money". That concerned me greatly. I assume that he meant that the project is a licence to print money for the private sector — not for the taxpayer.

128. **Mr Bannon:** It is difficult for us to be precise about the quoted figures. You might have seen some of our announcements in the press in which we quoted figures. To use what I understand is a good political term these days, the figures that appear on the websites of the Strategic Investment Board and the Northern Ireland Civil Service do not add up. We are concerned that some of the figures show an automatic £0.8 billion profit for the private sector.

129. Picking up on some earlier points, and again with reference to Mr Doherty's questions, we are concerned about the unitary-charge element of the contract. Indeed, we have expressed concerns that the Government office standard accommodations — to which you have referred where standards of space are concerned — appears as a one-size-fits-all standard. Civil servants assure us that that is not the case; however, in the document that was released to the private sector, one table appears in the invitation-to-tender document.

130. It sets out one standard of accommodation. In fact, we have had meetings with the private sector, and it is not breaching any confidentiality to say that we raised concerns about the one-size-fits-all approach.

131. Indications are that most people would admit that a one-size-fits-all approach is not

possible. For example, a different standard would need to be applied to a general office situation as opposed to a laboratory or to the office of a planner who works with large-scale maps.

132. It appears that this standard provides an opportunity for the private sector to increase charges significantly. It may be prepared to pick up a requirement that deviates slightly from the standards and run with it at a cost to itself. However, it will charge excessively for additional requirements that are significantly different from the agreed standard. We have had experience of that in the Civil Service already in the Driver and Vehicle Testing Agency (DVTA).

133. I come back to the point about the comparison between PFI and normal procurement. My colleague John Corey referred earlier to the Mapeley contract. Figures produced in relation to that project show that, by Mapeley's own evaluation, the HM Revenue and Customs portfolio was worth £220 million in 2001. It now stands at £566.6 million — a significant increase, and a loss, we would argue, of £346 million to the taxpayer. That loss is only over a five-year period. This contract will last for 20 years. If that sort of loss were to happen in Northern Ireland, there would be significant losses to the taxpayer.

134. There are other examples of PFI contracts here, both in the Northern Ireland Court Service and in the Health Service. This year both organisations decided not to renew contracts, which covered a two- to three-year period. At least they had the ability, under those contracts, to move services back in-house on the same premise that NI Civil Service management is arguing that Workplace 2010 should move them to the private sector — that standards of service are better and there is less cost to the taxpayer.

135. **The Chairman (Mr Poots):** Do any members who have not yet asked a question wish to do so? Does any member who has asked a question wish to ask a follow-up one?

136. **Mr Doherty:** From reading all of the material that we have and from my understanding of it, there are two big issues — decentralisation and privatisation. In this situation I am in favour of decentralisation and against privatisation. On

decentralisation, the Scottish Executive, in their written submission, make it very clear that as a policy position they will:

“assist areas with particular social and economic needs.”

137. The material from the Twenty-six Counties, while not as specific, indicates that that is the thrust of what they are doing. How does the trade union relate to that information?

138. I see from your material that 60% of the population live in the greater Belfast area and that 59% of Civil Service jobs are based in Belfast. That seems to match, but the information is being shown as percentages and does not take into account social and economic need. Also, many people have to travel into Belfast, which complicates and skews the figures. My core point, with regard to decentralisation, is about the policy requirement to assist areas of economic and social need.

139. **Mr Corey:** I can say unequivocally that NIPSA supports decentralisation and dispersal of jobs where that is and can be clearly and objectively justified under section 75 of the Northern Ireland Act 1998 and in relation to targeting social need, rural development policy and other relevant policies. I am clear about that.

140. I also recognise that there can be tension between that statement and the views and concerns of our members. I am certain that our members in the greater Belfast area would have strong views if the ultimate application of that statement were that x thousands of jobs had to be transferred from the greater Belfast area to west Tyrone.

141. **Mr Doherty:** Not if they went to Omagh or Strabane.

142. **Mr Corey:** If the policy of dispersal and the decentralisation of jobs is objectively justified, it will have to be implemented. That is our approach.

143. Workplace 2010 operates against the policy of dispersal and decentralisation in very simple terms. I do not know whether the Government's proposed consultation on the guiding principles for the location of public

sector jobs, which is about to be published, is available to the subgroup. However, it seeks to establish policy, frameworks and principles on the future of public sector jobs in Northern Ireland, including Civil Service jobs. For the life of us, we cannot see how that policy can be addressed and determined while at the same time, under the current timetable, a contract can be signed with a private sector company — whether one company or a conglomerate — that curtails what the Government can do with their Civil Service accommodation.

144. We will know the answer in two or three years' time. If a devolved Administration wished to relocate a certain number of Civil Service jobs to a certain town, it would not be a question of considering the proposal's costs: the Administration would have to examine the contract with the private sector to find out what it could and could not do.

145. NIPSA has been told that flexibility will be built into the contract and that there will be a premium for flexibility. In other words, taxpayers will have to pay a premium to the private sector for the necessary flexibility — a fundamental issue in the location of public sector jobs — in a contract for property that the Government currently own. That makes no sense.

146. We can cope with PFI propositions for individual Government buildings. However, signing up for the total property of the Northern Ireland Civil Service is madness; it is not in the interests of people in Northern Ireland. If selling off Government property is such a good idea, why is the whole United Kingdom Civil Service not doing it?

147. **Mr Dallat:** I would like to ask about decentralisation. I am sure that you would agree that many of your members are among those who block the motorways into Derry and west Tyrone and everywhere else and that they are suffering stress as a result. They are constantly lobbying their politicians for transfers home.

148. **Mr Corey:** Yes.

149. **Mr Dallat:** Would you agree that there is much to be learnt from the Welsh model? Five hundred civil servants have been transferred

from Cardiff to Aberystwyth, which is a town that I know well — it would suffer a great deal of social deprivation, were it not for the university. Do you agree that an affirmative approach to decentralisation is well worthwhile in the interests of the huge parts of the North that have been socially and economically disadvantaged since the foundation of the state?

150. **Mr Corey:** I repeat my point: the review of public administration's paper on the location of public service jobs is a once-in-a-lifetime opportunity to change, to promote equality and to address all the other issues. NIPSA is deeply concerned that that opportunity will be unnecessarily fettered by Workplace 2010 in itself, forbye all the other issues that we have raised.

151. **Mr Bannon:** We have already highlighted the links with the RPA. Those links cannot be understated because the entire demographics of public sector jobs will be different as a result of that process. As the leading public sector trade union in Northern Ireland, we have been at the forefront of trying to advance that policy.

152. In 1991, we agreed a proactive approach with the Civil Service, although several documents produced since then have tried to get away from that position. That proactive approach was supposed to function was when the lease of a building ran out or when a new function was to be introduced. The areas where buildings and functions would be relocated were outside Belfast and the greater Belfast area. We considered that to be a pragmatic way forward.

153. When Tom King was Secretary of State for Northern Ireland, civil servants tried to put Ministers off the big-bang approach of moving to the north-west by showing that it would cost money. It may come as a surprise to Government, but equality costs money. We are certainly of the view that we need to be doing that.

154. Much of what is happening in the Civil Service is contrary to that at the moment. For example, the electronic human resources (EHR) project, with which members may be familiar, has meant another substantial contract of many years' duration. In fact, that contract cannot be walked away from for another 15 years. That

contract sought to close a branch in Derry that had been relocated 10 years previously for the specific purpose of decentralisation. We are concerned about the approach of senior civil servants to that issue.

12.15 pm

155. **The Chairman (Mr Poots):** Our time is up. Thank you for your presentation and for responding to the questions. I have no doubt that your views will feature in the subgroup's report, which will be produced in due course. Your views will be recorded in the Hansard report.

156. The subgroup will now have a presentation from officials from the Department of Finance and Personnel. Members should be aware that the same arrangements as regards privilege apply: subgroup members have qualified privilege; witnesses do not. However, I am sure that nothing will be said that will cause any concern.

157. I am glad to welcome Chris Thompson, director of DFP's corporate services group, and Tommy O'Reilly, programme director of Workplace 2010. The officials will make a 10-minute submission, after which members will ask questions.

158. **Mr Chris Thompson (Department of Finance and Personnel):** We welcome the opportunity to make a presentation on Workplace 2010 and the work that we have done on the location of public sector jobs to the subgroup. We have provided a background paper, which includes a draft of our consultative document on the location of public sector jobs. The aim of the presentation is to help the subgroup understand the context of Workplace 2010 and to assure the subgroup of the ability of the programme to positively contribute to the agenda of an incoming Executive.

159. For the benefit of members, I shall place Workplace 2010 in context as part of the wider reform of the Civil Service. Workplace 2010 aims to improve the way in which we manage, lead and provide services. A series of programmes and projects is aimed at providing better human resources, better accounting facilities, better information and communication facilities and making good cost savings in all those areas.

160. By providing a new way in which to manage Civil Service business, Workplace 2010 sits very much within that programme.

161. I must make it clear from the outset that much of our current office estate is very rundown and inefficient. Some of the estate is relatively new, but those properties tend to be the ones that we have leased, because we have neither built nor bought properties for many years. Therefore our better accommodation tends to have been leased to us. The owned office estate is generally old, inefficient and in need of investment.

162. Moreover, in the wider public and private sectors, both nationally and internationally, there is a move towards the workplace environment supporting better and more efficient services. That involves rationalising the estate into a smaller but more efficient set of buildings and moving to a largely open-plan environment.

163. We know that to do nothing is not an option. That fact has been recognised for a long time. To address the problem in the traditional manner would require a minimum investment of more than £100 million. The question is whether we want to take £100 million from money that would be spent on front-line services.

164. There is clear trend towards the use of PFI in the public sector. It is felt to be a more efficient and effective vehicle to deliver change, and, based on projects that have been undertaken over the years, there is now a considerable body of evidence to support that view.

165. We have looked at all the options available for implementing Workplace 2010, and the PFI option provided best value for money and was considerably cheaper than traditional procurement. PFI is therefore the solution that we propose to transform the office estate. The upshot is that we believe that the proposed solution could be broadly funded from current funds for the estate. Moreover, that could result in an injection of £250 million of capital into the Northern Ireland block.

166. From our point of view, the choice is stark. Do we want to remove £100 million from front-line services to fund this essential move

forward, or do we want to provide an incoming Executive with £250 million of spending power to achieve the same result? Faced with that stark choice, we propose a PFI solution.

167. The package should include a fully integrated facilities-management service. In fact, most of these services, including cleaning, catering and security services, are already outsourced. However, messenger services and portage are not outsourced at present. We believe that those services should also be included in the PFI contract.

168. Decisions are still to be made, but we are working with the trades unions to minimise compulsory transfers to the private sector partner (PSP). I need to update members on developments on that matter, as we have now set an objective of having no such transfers. That will mark a good step forward, which, if achieved, will largely take The Transfer of Undertakings (Protection of Employment) Regulations (TUPE) out of the equation.

169. The other big issue is dispersal. Many commentators, although not all, are committed to the dispersal of Civil Service jobs. Members need to understand, however, that dispersal costs money, and whether Workplace 2010 were in place or not, dispersal will require significant investment. However, we are committed, as and when decisions are taken, to facilitating dispersal as economically as possible through Workplace 2010 and the non-transferred estate. We believe that that provides the best vehicle for future decisions on dispersal.

170. That said, we cannot consider the location of Civil Service jobs in isolation from the wider public sector and the input of the RPA. Accordingly, we have produced draft proposals to guide decision-makers in those complex areas. Those have been copied to the subgroup, and those proposals will be issued for public consultation in January.

171. Moving to the progress that we have made on the project, the original outline business case envisaged contract completion by the end of 2006 and the beginning of 2007. After the outline business case was completed, we spent six months in consultation with Ministers and

externally, so that period was taken out of the equation.

172. We began the formal procurement process in November 2005 with the issue of the Official Journal of the European Union (OJEU). We shortlisted four consortia in April 2006; we issued an invitation to negotiate in June 2006, and we received responses in November 2006. We are evaluating those responses, and the evaluation will be completed by mid-February 2007.

173. What happens then will depend on the outcome of the evaluation and on other external factors — a great deal of work will be required at that point to determine the next step. Broadly, we are assuming that we will take two of the four consortia through to best and final offer with a view to completing contractual business by the summer of 2007.

174. Finally, I would like to make it clear that we have conducted this programme in a totally open and transparent way, and we have kept the political advisers of the four main parties up to date as we have moved forward. We have carried out two public consultations on the subjects of the Stormont estate and on the equality impact assessment. We have been completely upfront and honest in our dealings, and we have listened to the views that have been put to us. I hope that the subgroup will regard Workplace 2010 as a positive contribution to the programme of an incoming Executive.

175. **Mr Newton:** I would like to ask some brief questions. Several companies that supply services will be affected when the final allocation is made. They are small local employers with a small labour force. What indications have the four consortia given that they would use local companies and local labour, particularly in the area of facilities management?

176. You will be aware of what the trade union said as regards the Inland Revenue allocated project. The union also quoted the situation in Clare House — I do not know where that is — with which it is not happy. It views the hot-desking situation there as very undesirable.

177. Some political representatives commented on the number of people working at home and the opportunities for facilitating that in order to free up space and to reduce the stress involved in travelling to work.

178. The trade union was quite disparaging about one previous successful bid.

179. Can you reassure me about protection for local employees and contractors working for the Civil Service and the potential to save space by hot-desking, home working and reducing stress?

180. **Mr Thompson:** On the first point, all the bids are from consortia, which comprise several companies.

181. In fact, 40 companies are involved in the four bids. Of those, 30 are based in Northern Ireland. Therefore, as each consortium has been built up, it has used local firms, and it intends to use local labour. There is no question of that. The consortia have established a presence in Northern Ireland. It is positive for the Northern Ireland economy in that it attracts more inward investment with this contract. Competition will be good. I am absolutely convinced that as a result of Workplace 2010, employment opportunities will be at least as good in the private sector, and there will be good opportunities for Northern Ireland companies to be involved in that process. Of course, we cannot insist on using any particular firm in a contract. However, it is absolutely clear that local firms have a big part to play in each consortium.

12.30 pm

182. The central procurement directorate started to move into Clare House about a month ago. I have been there several times. It is fantastic. If members would like to visit, we would be absolutely delighted to make arrangements. Just by walking around it, it is interesting to see the different ways of working. There has already been greater teamwork as people get together in little groups. It is not a single workspace — there are breakout spaces, little meeting rooms, conference rooms, table and chairs. All those positive facilities are already being used extensively.

183. We have not insisted that anyone should hot-desk. However, many people who work in Clare House are peripatetic workers. They work out of the office a lot of the time. Several of them have said that they do not need their own desks, and we are beginning to see this. There is plenty of touchdown space for them to come in, plug in their computer and work away. That facility is provided as normal. Staff are already saying that that is the way that they want to work. We are not making it compulsory for anybody. We are not telling anyone that he or she cannot have a desk.

184. Finally, an open-plan environment does not mean that one size fits all. I must make that absolutely clear. It is about the allocation of workspace by function rather than by grade. We accept that “by function” means that there will be people who need to work at drawings, for example, who will need more space. That is absolutely part of our plan. The accommodation is much more fit for purpose.

185. We visited many areas in Great Britain where similar projects have been undertaken. I have seen similar arrangements in dozens of buildings. You specifically asked me about that. I have never met anyone who has told me that that is awful and that he would rather go back to cellular accommodation. I have met one or two people who said that they missed having their own office, but they went on to say that they accepted that it was a more efficient and effective way of working and that they could not argue with it. It is remarkable that having visited so many such offices, I have never met one member of staff who said that he thought it was awful.

186. **Mr Newton:** The trade union was quite disparaging about the Inland Revenue. Can you comment on that?

187. **Mr Thompson:** The firm involved is Mapeley, which is an offshore business. The criticism was of tax avoidance. We cannot legislate as to who will or will not apply for competitions; what we can do is make sure that the full costs are taken into account. In our evaluations, we will be asking Mapeley about its tax position. Where its tax position shows that it will be avoiding paying tax we will take

that into account in the price. In other words, we will compare like with like to ensure that no one is getting an advantage.

188. **Mr Newton:** You said that all the bidders had tied in some local companies to the contract. How tightly are they tied in? Do those links go live when the contract is awarded? A local company called ABC is tied in with whomever the major successful bidder will be. How tight will that link be?

189. **Mr Thompson:** We cannot tie that in very tightly. Even we are not tied into any of them. Contracts are let for a specific time and then they are competed for again. There is nothing to say that any of our current suppliers will still be a supplier in five years. Another local or national firm could beat them in a competition. We cannot legislate for that; that is how competition works. However, there is a tremendous opportunity for local firms here. We want to concentrate on ensuring that local firms get the support that they need to get these contracts and remain part of the competition.

190. **Mr O'Reilly:** When contracts are awarded for the main services we are looking at, there will be firm contracts in place. At the moment, all the bidders have selected partners whom they envisage as the main organisations to provide their services.

191. For example, for the refurbishment of the 18 buildings amounting to the expenditure of about £100 million to £120 million, the bidders have nominated organisations that they will be able to work with who will actually deliver the services. Before the contract is finally awarded, firm contract terms will have to be in place to make sure that the outcomes will definitely be delivered. The contracts will be the vehicle for stipulating the services to be delivered. At the moment, we have four sets of partners, all of them locally based. Whoever is awarded the contract will have the contract firmly in place and the services will be delivered to the local companies.

192. **Mr Doherty:** You made it clear in your submission that doing nothing was not an option. Then you went on to talk about the cost of £100 million and whether that money could

be better spent. Having established the cost, I want to focus on the value that would result. Was any evaluation done of the cost of doing this in-house? If so, did you employ consultants in that process, and who were they?

193. If phase 1 is implemented, it will leave absolutely no room in phase 2 for any real decentralisation. What is your response to that?

194. **Mr Thompson:** We tend to contrast PFI against in-house options. A full and rigorous examination of the costs and benefits of those two options were considered at outline business case stage. We worked very firmly to the rigorous Treasury guidance on comparison. That comparison showed clearly that the in-house option would cost £200 million more than the PFI option. As that was the clear outcome of the outline business case, we have moved forward with the PFI solution. However, in taking those decisions, we are guided by the performance of PFI as opposed to traditional methods. The most authoritative guidance is the National Audit Office's 2003 report, which made a specific comparison between PFI and traditional construction. That report showed that, in traditional construction, three quarters of projects came in over cost and late; whereas in PFI, three quarters came in on time and to cost and, of those that came in late, only 8% were more than two months late. Those compelling figures came from the National Audit Office, and not from consultants; they are key statistics for Government in considering whether a PFI solution or a traditional solution is best.

195. We were, of course, advised by consultants, as would be the case with any project of such a size and nature. This is a highly complex area, and we need people who understand it fully, who have done it before, and who take previous experience into account. We have engaged a consortium of consultants to advise us on the project, which is led by Deloitte, including many very experienced advisers who have been involved in similar projects in the past.

196. No decisions have yet been taken on phase 2, which concerns the non-transferred estate, because we have not yet decided whether there will be a phase 2. However, the non-

transferred estate contains most of our buildings and about 20% of our floor space. There is still considerable flexibility. However, that is not really the point as far as decentralisation is concerned. Our requirement for the private sector has included an obligation to cost now for the flexibility to vacate any building in the future — apart from a small core. The price will be predetermined through competition so that we will know what it will be. There is good competition between four keen bidders, and we believe that we can secure a good deal on the flexibility that is required to allow us to vacate buildings in the future.

197. As I said in my introduction, there will be a cost to dispersal or decentralisation. However, we are putting arrangements in place so that we will know the cost up front. The price will have been arrived at through competition, and that will give us the best vehicle for decentralisation and dispersal. It will not reduce flexibility; it will make it a much more straightforward and clear process with predetermined costs.

198. **Mr Doherty:** Do the four preferred bidders employ any of the same consultants that you employ?

199. **Mr Thompson:** One of the consultants that we employ was an employee of one of the bidders a few years ago

12.45 pm

200. He has declared that interest, and some of the other consultants who work with us have worked for some of those consortia. Those interests have been declared, and we have made sure that the consultant who used to be an employee of one of the bidders will be involved in a non-executive role in any evaluation. He will not be involved in scoring, for instance, nor in deciding who will move to the next stage of the process. That requirement has been put in place and has been made absolutely clear.

201. In addition, we have set up an independent compliance committee to look at how the evaluation process is being carried out. It comprises a non-executive director from one of the Departments, a person from the Office of Government Commerce, someone from the

wider public sector in Northern Ireland and our Treasury officer of accounts, who is our most senior accountant. Their job will be to ensure that conflicts of interest are dealt with in a fair, open and equitable way.

202. **Mr Doherty:** Are you saying that there could be a conflict of interest?

203. **Mr Thompson:** I am saying that as long as conflicts of interest are declared, we can ensure that they cannot compromise the evaluation process.

204. The consultant that you mentioned will not be involved in scoring the bids or in the decision to shortlist or to award to any particular consortium.

205. **Mr Doherty:** I want to pursue that point. Are you saying that you have employed consultants, with safeguards, who are employed by the preferred bidders?

206. **Mr Thompson:** No; they are not employed by the preferred bidders at this point; they had some connection with the bidders in the past through doing work for them. I am sorry; I totally misunderstood your point. No one who works for us is employed by one of the bidders. I can categorically assure you of that.

207. **Mr Dallat:** I could not help noting, Mr Thompson, that you have quoted the Northern Ireland Audit Office (NIAO) several times; perhaps that indicates an improving relationship.

208. However, last week the NIAO published a report that is very worrying for future generations, who may be up to their neck in debt for the next 50 years as a result of some PFIs. What evidence is there that future generations will not be up to their necks in debt over private contracts?

209. **Mr Thompson:** I assume that you refer to Balmoral High School. I will answer the question first in general, then specifically.

210. We can bandy good and bad experiences back and forth about PFIs and traditional procurements. For every bad experience with a PFI contract, believe me, there are matching bad experiences with traditional procurement contracts, which have cost the taxpayer

millions. We must learn lessons from those bad experiences, whether through PFI or traditional procurement routes, so that we do not repeat the mistakes of the past.

211. The contract for Balmoral High School was for a school with a certain number of pupils, and the number has since halved and is likely to fall further. That is not a new problem. There have been cases in Great Britain where people have contracted for more places than they need.

212. From the point of view of Workplace 2010, that was the point of our taking a phased approach — of not going for 100% of our accommodation upfront. We are contracting for accommodation that will facilitate 18,000 staff out of a total of 28,500. I simply cannot envisage a Civil Service that will employ less than 18,000 staff in the foreseeable future.

213. We have learnt that lesson, although there are other lessons to be learnt. We carried out a full evaluation of all the issues that were raised in the various National Audit Office reports, and we have ensured that those issues have been taken care of in our project.

214. **Mr Dallat:** Just as the needs of education change, so do the needs of Government. I wonder what changes might come about in the next few years that will cause similar problems.

215. Can you give us the estimated average monthly unitary charge that will go to the private sector as a result of Workplace 2010?

216. **Mr Thompson:** I am sorry; I cannot. All the firms have tendered bids; therefore I cannot go into details on a matter that is part of that bidding process.

217. **Mr Dallat:** I was simply asking for a projection.

218. What are priority frontline services? Can you elaborate on the terms and conditions of the contractor requirement on the private-sector partner to share profits with the Northern Ireland Civil Service?

219. **Mr Thompson:** Frontline services are the direct services that people interface with daily: health, education, social welfare, tax, motor tax

and so on. We want public funds to be used for those services, as far as possible.

220. What was your second question?

221. **Mr Dallat:** My second question was about the sharing of profits. I am thinking in particular of the car park at the Royal Victoria Hospital and similar fiascos.

222. **Mr Thompson:** I take your point completely. The contract will contain mechanisms to deal with that matter. Tommy may like to deal with the issue in more detail.

223. **Mr O'Reilly:** Several mechanisms have been built in to deal with what we deem excess profits. We are considering the deal from a public-sector perspective and trying to ascertain what would be a reasonable rate of return, and that is being dealt with in a competitive environment. We will measure the company's profits annually, and if they exceed the amount agreed in the contract, clawback provisions will come into effect.

224. If, during the lifetime of the contract, the company sells the property that we sold to them for over and above the price that it paid for it — or the company is granted planning permission that allows it to use the property for different purposes — the public sector will share in the profit.

225. If the special purpose vehicle changes its contractual status, and, for example, the property is sold on, the public sector would again have opportunities to claim back any additional profit. Contractual structures are in place to ensure that the public sector gains from any additional benefits that the company may make during the period of the contract.

226. **Mr Thompson:** With your indulgence, Chairman, I would like to respond to another of Mr Dallat's comments.

227. I am 100% certain that there will be change in the Civil Service in the next 20 years. The first PFI deal of this nature was done in Great Britain, and it involved the then Department of Social Security in Great Britain, which is now the Department for Work and

Pensions. The contract was agreed in the early 1990s, and it has run for 12 or 15 years now.

228. During the period of that contract, the Department of Social Security changed dramatically because it merged with the old Department of Education and Employment to form the Department for Work and Pensions. That was a massive change, and the contract to deal with it was renegotiated.

229. In its report on that process, the National Audit Office made it clear that the contract was a fantastic deal for the Department because it allowed it to incorporate the new — and totally different — Department. There is no doubt that there will be changes; however, an ample number of precedents has been set to allow us to deal with those changes positively — even to the satisfaction of the National Audit Office.

230. **Mr Dallat:** I wish to inject an element of positivity. The SDLP is concerned that decentralisation has not been front-loaded into Workplace 2010. Like other political parties, we have also expressed our concerns and made suggestions for the project, about which you already know. Do you understand how the SDLP is amazed that decentralisation was not a key factor in the process? Could recentralisation emerge from it, given the flexibility of the private contractor?

231. **Mr Thompson:** The contract is not about decentralisation or recentralisation; it is about providing a new working environment. It must allow for decentralisation, but I am not aware of any plans for recentralisation in the greater Belfast area. The contract can be used positively as and when decisions on decentralisation are made. When that happens, we stand ready to use this contract positively so that we can contribute.

232. **Mr Dallat:** I am sure that you are aware of the disappointment that was felt in the previous Assembly when the Department of Education offered to transfer from Bangor to Belfast, but the Department of Health, Social Services and Public Safety did not respond to that offer. Following the example of the National Assembly for Wales, which facilitated the transfer of approximately 500 Civil Service jobs

from Cardiff to Aberystwyth, is there not an absolute need for some sort of directive? Are you aware of the massive regenerative effect that that has had on an area of Wales that has suffered as a result of economic decline in sectors such as farming?

233. **Mr Thompson:** We have had some good experience of those situations. I was in charge of the project to set up the pensions centre that brought over 300 jobs to the Carlisle Road area of Derry, resulting in tremendous regeneration. Therefore I have had personal involvement in that sort of process. As civil servants, we must be ready to move quickly when political decisions are made, and that is what we want to do.

234. **Dr Birnie:** In 2005, a figure of £200 million was quoted in the outline business case. Has that been revised since?

235. **Mr Thompson:** Not formally, but we look at the costs and benefits at every stage and then revise them. We have not revised the outline business case. However, post evaluation, when we have greater clarity on the process and before we move into the final stage, we will revisit those figures so that it is clear that we have an affordable project that meets our requirements.

236. **Dr Birnie:** Will a new, more up-to-date figure be released into the public domain?

237. **Mr Thompson:** Yes.

238. **Dr Birnie:** It is an immensely difficult task to project costs and benefits over a 20-year period, and, like any venture of that nature, that task is vulnerable to assumption. I hope that a sensitivity analysis would be conducted to see by how much those projections are subject to risk. If the projections are subject to risk, is £200 million a central estimate? If so, what is the worst-case scenario, and, at the other end of the projection, what is the best-case scenario with regard to the net gain or net loss to the taxpayer?

1.00 pm

239. **Mr Thompson:** I will pass over to Tommy in a moment, as he may have more detailed information, but I agree that a

sensitivity analysis is essential. The key risks are set out and the project team considers the potential cost of each. In fact, the estimated £200 million saving includes the costs associated with a series of identified risks. That is a median-case, not the best-case, scenario. That is how things are done.

240. **Mr O'Reilly:** As regards the overall figures, each option is broken down into its key components and a series of sensitivities is applied. For example, if construction costs are set at £120 million, we would apply sensitivities to determine what would happen to that figure if labour costs were to rise by 20% per annum or if the cost of materials changes.

241. As Chris said, £200 million is the median figure. While compiling the outline business case and as part of the evaluation process, we are stress-testing the work to ensure that we have a thorough understanding of the potential costs. That work will roll forward into the revised business case, which we will draft after the evaluation has been completed.

242. **Dr Birnie:** What is the worst-case scenario?

243. **Mr O'Reilly:** For which option? Remember, we are talking about a series of options.

244. **Dr Birnie:** The preferred option.

245. **Mr O'Reilly:** If we apply the key sensitivities to the PFI option, we should not end up in a position that is worse than the public-sector comparator — assuming that the public-sector comparator remains stationary, because if we apply the same sensitivities to the public sector comparator, its position will alter too. Applying the major sensitivities to the preferred option shows that it is still value for money for the public sector.

246. **Dr Birnie:** Is all of that analysis included in the published outline business case?

247. **Mr O'Reilly:** Much of it is, but it is work in progress.

248. **Dr Birnie:** May I press you again on the important issue of clawback? In a case in England a private contractor for a group of

buildings sold the contract on and made a profit of about £300 million. What percentage of clawback are you talking about?

249. **Mr O'Reilly:** We will negotiate that with the provider. We have included our position on clawback in the draft contract, and all the bidders have been asked to comment on it in their bids. The final position will be the subject of negotiation, but we want to move to a position that is much more favourable to the public sector.

250. **Dr Birnie:** How much does dispersal cost per job?

251. **Mr Thompson:** It is impossible to give a general figure. An evaluation of the dispersal to Derry — the one before the dispersal to Carlisle Road in the city — is in the public domain. The cost per job depends on several factors, such as how many staff would move to the new location. The bricks-and-mortar cost is only one element of a sizeable cost. People will argue that the resulting social benefit makes it a cost worth paying. However, that is a matter for political debate. When we have concrete proposals, those can be clearly costed.

252. **Dr Birnie:** It is not unreasonable to assume that the cost-per-job move could be at least £20,000. Additional staff relocation costs may push that figure up towards as much as £100,000 per job.

253. **Mr Thompson:** I do not want to comment on specifics. One can make some assumptions based on the PricewaterhouseCoopers (PWC) work, which is in the public domain. However, should the Executive want us to, we could take a couple of specifics and give options on how that would be done in various scenarios and produce costs.

254. **Mr Newton:** Would the percentage clawback be agreed only when the successful bidder is notified and not while the contract was being negotiated?

255. **Mr O'Reilly:** We have given the four bidders a draft contract that sets out our views; they have been asked to comment on acceptability. They are being driven through a competitive process. In the next phase, we will

move to agree most, if not all, of the terms while we are still in a competitive environment before the contract award. In that sense, the bidders have to deal not only with what they would like to do from a commercial viewpoint but with what their competitors may be doing. Through that process we get maximum value for the public sector. Ultimately, however, the contract is only with one bidder.

256. **Mr Thompson:** We could end up negotiating with two different bidders to get to their absolutely final positions, which may be different. We would take those into account in the final evaluations.

257. **Mr Newton:** That is slightly different from what you said to Edwin. I had picked up that the clawback would be discussed with the successful bidder, rather than as part of the negotiation process.

258. **Mr O'Reilly:** Perhaps I did not explain it properly.

259. **Mr Newton:** Am I right in thinking that 59% of Civil Service jobs are situated in the greater Belfast area and that greater Belfast comprises 60% of the population of Northern Ireland?

260. **Mr Thompson:** We have provided members with a table showing the location of public sector jobs, but I am not an expert in this area.

261. **Mr Newton:** One of your colleagues quoted those figures last week.

262. **Mr Thompson:** Neither figure —

263. **Mr Newton:** If we assume that those figures are correct, or nearly correct, why are we talking about decentralisation at all?

264. **Mr Thompson:** It is a political issue, and one which I —

265. **Mr Newton:** Is it purely a political issue?

266. **Mr Thompson:** The issue has economic, political, staff and public service elements.

267. **Mr Newton:** We are discussing an economic package. You were upfront about the economic benefits; but the decentralisation aspect is a political issue.

268. **Mrs O'Rawe:** My questions have all been whittled down because we have already covered issues concerning consultants, decentralisation, the PFI procurement saving of £200 million and whether conditions would be attached to contracts constraining the sale of office accommodation during the contract. What will happen when the contract expires?

269. **Mr Thompson:** A considerable proportion of our accommodation is leased, so when a lease runs out, we decide whether to apply for an extension, to make a different deal or to move out of the building. At the end of that period we have complete flexibility as to what we want to do. Who knows what the Civil Service will look like at that time?

270. **Mrs O'Rawe:** Could the property revert back to the Civil Service?

271. **Mr Thompson:** No. The ownership will pass to the private sector. These are office blocks, not buildings of significant cultural value. I should make that clear.

272. **The Chairman (Mr Poots):** Time is going by, but we could have a couple more questions.

273. **Mr Doherty:** Section 16 of the Department's submission entitled: 'Workplace 2010 & Public Sector Job Location Position Paper by the Department of Finance & Personnel' states that:

"All future decisions on the location of public sector jobs will therefore be subject to equality screening and to consultation on the outcomes of the screening."

274. The emphasis is on "All future". Does that mean that the proposals have not been subjected to such screening and consultation?

275. **Mr Thompson:** It does not. Workplace 2010 has been subjected to the most rigorous equality screening and full equality impact assessment that I have ever seen. That was carried out independently, and we have consulted widely. The Department has organised forums for people to give their views. It has taken views in writing and from the political parties. All those views are being combined in a final

equality impact assessment that will be produced in the New Year.

276. **Mr Doherty:** Therefore nothing is to be read into the words “All future”.

277. **Mr Thompson:** No. That was specifically included to take account of the RPA.

278. **Mr Doherty:** Will the report be made available to the public?

279. **Mr Thompson:** It will be a public document.

280. **Mr Dallat:** In paragraph 8 reference is made to the benefit to the local economy in determining the successful bidder. I am sure that every member, even Robin, will agree that economic prosperity is not evenly dispersed across the North of Ireland. Decentralisation of the Civil Service is but one means of trying to redress the inequality — and perhaps even the injustices — of the past. How decisive will it be in determining the successful bidder?

281. **Mr Thompson:** It will not be decisive. There are several criteria, but decentralisation will not be one of the main areas for evaluation.

282. **Mr O'Reilly:** There are two different aspects. In how it applies the different criteria the Department is bound by European procurement law. It is now unlawful to take into account local issues, such as where jobs are based or benefits to local communities, which were taken into account under the old regulations. The Department does, however, take into account benefits to the local economy and to the social fabric of Northern Ireland through the sustainable approach that bidders are adopting. Each bidder is obliged to set out details of how they approach corporate responsibility and their commitment to local producers and firms. That is one of the subcriteria that the Department asks about. However, benefits to the local economy cannot be considered at a higher level.

283. **Mr Dallat:** Were I a senior civil servant or a fully paid up member of a posh golf club in Belfast, I would not need to worry.

284. **Mr O'Reilly:** Pass.

285. **The Chairman (Mr Poots):** On that happy note, the subgroup will break for lunch. I am sure that, together with the NIPSA presentation, the Department's submission will contribute significantly to the subgroup's final report. I thank you both in the meantime.

Adjourned at 1.14 pm.

Appendix 4

Minutes of Proceedings relating to the Report

Thursday 7 December 2006

Held in Room 144, Parliament Buildings

Present	Francie Molloy (Chairman) Dr Esmond Birnie John Dallat Pat Doherty MP William Hay Robin Newton Pat O’Rawe
In Attendance	John Torney (Principal Clerk) Stephen Graham (Committee Clerk) Joanne Adair (Assistant Committee Clerk) Sean Mc Cann (Clerical Supervisor)
Observing:	Clive Mc Farland (DUP Researcher) Mr Ronan McCay (SDLP Researcher) Mr Mark Neale (UUP Researcher) Ms Dara O’Hagan (Sinn Fein Researcher)

The meeting commenced at 1.31 p.m. in closed session

1. **Apologies**

There were no apologies. The Chairperson introduced the support staff to the Members.

2. **Declaration of Interests and Privilege**

Members noted that the Transitional Assembly’s Standing Orders 29 (f) state that, ‘before taking part in any debate or proceeding of the Assembly, a Member shall declare any interest, financial or otherwise, which is relevant to that debate or proceeding, where such interest is held by the member or an immediate relative.’

The Chairman asked members to declare any relevant interests.

Mr Newton advised the meeting that he had been approached by one of the companies bidding for the Workplace 2010 PFI project.

Members noted the information in relation to privilege contained in Paragraph 8 of Schedule 1 to the Northern Ireland (St Andrews Agreement) Act 2006.

3. Terms of Reference

Members noted the terms of reference for the sub-group, as determined by the Programme for Government Committee.

4. Sub Group Procedures

Members noted the procedures for the sub-group as determined by the Programme for Government Committee.

Members noted that future chairing arrangements would be considered by the Committee on the Programme for Government at its meeting on Monday 11 December.

It was agreed that all meetings of the sub-group would be held in public session and that today's meeting would move into public session following consideration of sub-group procedures.

It was noted that it was for the Committee on Programme for Government to decide whether elected members could attend sub-group meetings as observers.

The meeting moved into public session at 1.55 p.m.

5. Sub Group Work Programme

Members noted that the Sub Group on Workplace 2010 and Public Sector Job Location is due to report to the Committee on the Programme for Government by 3 January 2007.

A Senior Assembly Researcher briefed Members on two research and other background papers on public sector jobs location and Workplace 2010 and the strategic review of government accommodation.

Each party gave a brief presentation on the key issues in relation to Workplace 2010 and Public Sector Job Location:

SDLP

- The opportunity offered by Workplace 2010 and the Review of Public Administration (RPA) to deliver fair and proportionate distribution of public sector jobs
- The need for decentralisation to be built into Workplace 2010 as decentralisation has worked in Scotland and Wales
- The need to seek views from the Department of Finance and Personnel and to seek reassurance that the government departments are open to change

Sinn Féin

- Concerns about the Government's commitment to a fair share of jobs throughout Northern Ireland and the lack of public sector jobs outside of the Greater Belfast area

- Concerns about the prospect of the loss of jobs and entitlement
- Concerns about the impact of Workplace 2010 on local suppliers
- Issues surrounding decentralisation and privatisation, particularly value for money and the potential for the loss of public money if bids are lower than the realised value of public buildings

UUP

- Concerns that there are many outstanding questions in relation to Workplace 2010 and Public Sector Job Location.
- Concerns about whether due consideration has been given to the two pilot projects at Clare House and Royston House.
- The implications of the Review of Public Administration on public sector jobs location.
- Concerns about consultancy costs in relations to Workplace 2010.
- Issues relating to the decision to take a PFI approach including contract management, claw back arrangements, the erosion of terms and conditions for civil servants and the track records of the 4 bidders.
- Concerns about a potential conflict of interest between the Northern Ireland Civil Service and the Strategic Investment Board.

DUP

- The socio-economic factors, such as education and housing, that need to be taken account in taking forward Workplace 2010 and any future decision on decentralisation
- Concerns that decentralisation in Northern Ireland could face similar difficulties to those experienced in the Republic of Ireland
- Concerns that Workplace 2010 could have major implications for local suppliers
- Concerns that Workplace 2010 project should be implemented for the good of Northern Ireland as a whole and decentralisation has to work for everyone

Members noted the draft issues paper, which set out a number of key issues in relation to Workplace 2010 and public sector jobs location and agreed to forward any additional issues or questions to the Clerk.

The Sub-Group considered the provisional work programme and agreed that:

Officials from the Department of Finance and Personnel and the Strategic Investment Board should be invited to provide oral evidence at the next meeting of the Sub-Group.

Representatives of the Northern Ireland Public Service Alliance should be invited to provide oral evidence at the next meeting of the Sub-Group.

Written submissions should be sought from the Council for the Administration of Justice and John Simpson.

Papers on the experience of decentralisation in Scotland and Republic of Ireland should be sought from the respective administrations.

6. Any Other Business

The Sub-Group considered and agreed the tabled draft press release.

7. Date of Next Meeting

Subject to a decision by the Committee on the Programme for Government on future chairing arrangements, the next meeting will take place on Thursday 14 in Room 152, Parliament Buildings, at 11 a.m. Further meetings are provisionally arranged 19 December in Room 144, Parliament Buildings, at 11 a.m. and 21 December in Room 152, Parliament Buildings, at 11 a.m.

The meeting adjourned at 2.49 p.m.

Thursday 14 December 2006

Held in Room 152, Parliament Buildings

Present Edwin Poots (Chairman)
Dr Esmond Birnie
Thomas Buchanan
John Dallat
Pat Doherty MP
Robin Newton
Pat O’Rawe

In Attendance John Torney (Principal Clerk)
Stephen Graham (Committee Clerk)
Joanne Adair (Assistant Committee Clerk)
Sean Mc Cann (Clerical Supervisor)

Observing: Clive Mc Farland (DUP Researcher)
Mr Ronan Mc Cay (SDLP Researcher)
Mr Jackie Mc Mullan (Sinn Fein Researcher)

The meeting commenced at 11.03 a.m. in public session

1. **Introduction**

The Chairman welcomed members to the second meeting of the Sub-Group and explained the Committee on the Programme for Government’s decision on future charring arrangements.

2. **Apologies**

Mr William Hay (Mr Thomas Buchanan attended the meeting as DUP Representative in place of William Hay).

3. **Minutes of Proceedings**

The minutes of the meeting of 7 December were agreed.

4. **Matters Arising**

Members noted the revised procedures for the sub-group as determined by Committee on the Programme for Government.

Members noted the revised Sub Group work programme and agreed to the possibility of a contingency meeting on 3 January 2007.

Members noted and accepted advice from the Assembly's Head of Procurement Service against calling representatives of the firms that had tendered to the Workplace 2010 contract to give oral evidence.

5. Handling of Evidence Sessions

Members noted that officials from the Northern Ireland Public Service Alliance (NIPSA) and the Department of Finance and Personnel (DFP) were attending the meeting to give oral evidence and agreed handling arrangements for the evidence sessions and consideration of oral and written evidence.

The Sub-Group agreed the proposed format for the draft report circulated at the meeting and agreed that the consideration of the draft report at the next meeting should be held in closed session.

Members noted a letter from the Secretary of State regarding the provision of advice by Departmental officials to the Clerk to Committee on the Programme of Government and agreed to record their concern.

6. Declaration of Interests

Members were asked to declare any interest prior to the commencement of the evidence sessions. There were no declarations of interest.

7. Evidence Session with NIPSA

Representatives from NIPSA joined the meeting at 11.30 a.m.

The Chairman welcomed John Corey, Jim Lilley, Kieran Bannon and Janette Mc Nulty and gave a brief explanation of qualified privilege. John Corey gave a brief opening statement. Key issues included:

- NIPSA do not accept that the objectives of Workplace 2010 can only be achieved by a Private Finance Initiative (PFI)
- The cost to the taxpayer of the decision to take a PFI approach has the potential for Workplace 2010 to double the PFI debt to Northern Ireland
- The limited nature of the Equality Impact Assessment on Workplace 2010 and the Government's obligations under Section 75 of the Northern Ireland Act
- Concerns that the potential transfer of 500 Facilities Management staff is not in line with government policy

NIPSA then answered questions from members. The key areas of questioning were:

- The ongoing pilot exercise in Clare House
- The comparative costs of a PFI versus traditional procurement
- The implications for staff who refuse to transfer to the Private Service

- Provisions under TUPE arrangements
- The impact of Workplace 2010 and NIPSA's views on decentralisation
- The possibility that any savings will come about by a reduction in the levels of provision and reduction in floor space

The Chairman thanked the NIPSA officials and they left the meeting at 12.15 p.m.

8. Evidence Session with Departmental Officials

Officials from the Department of Finance and Personnel joined the meeting at 12.17 p.m.

The Chairman welcomed Chris Thompson, Director of Corporate Services Group and Tommy O'Reilly, Programme Director, Workplace 2010. Chris Thompson gave a brief opening statement. Key issues included:

- Workplace 2010 is part of a wider reform programme in the NICS
- Workplace 2010 follows a clear national trend towards PFI as the best cost option and will lead to a cash injection of £250m
- DFP have an objective of no compulsory transfers to the private sector
- Workplace 2010 has the flexibility to accommodate the dispersal of public sector jobs
- The evaluation process for the remaining four consortia bidding for the Workplace 2010 contract
- The action taken by DFP in order to be open and transparent and to consult as widely as possible

Officials then answered questions from members. The key areas of questioning were:

- Concerns that protection for local suppliers should be tied into the Workplace 2010 contract
- The comparative costs of a PFI versus traditional procurement including the best and worst case scenarios
- The role and cost of consultants for the Workplace 2010 project and the potential for conflicts of interest
- The arrangements for profit sharing with the NICS
- The possibility that Workplace 2010 could lead to re-centralisation of jobs to Belfast rather than decentralisation
- The methodology used to arrive at potential cost savings
- The cost, per job, of dispersal
- The Equality Impact Assessment process

The Chairman thanked the DFP officials and they left the meeting at 1.14 p.m.

The meeting was suspended at 1.15 p.m.

The meeting was reconvened at 1.30pm.

Mr Doherty proposed that the remainder of business today should take place in closed session. There was not consensus and the proposal fell. The meeting continued in public session.

9. Consideration of Oral Evidence

The Chairman sought members' views on the key issues arising from the evidence sessions with NIPSA and DFP.

Key views arising from the NIPSA evidence session included:

- Concerns about value for money
- Concerns about privatisation and its impact on staff. For example, the lack of clarity about the pension rights of staff following their transfer to the private sector
- The impact that the loss of the NICS office estate could have on efforts to pursue a proactive decentralisation policy
- The degree of NIPSA's commitment to a policy of decentralisation

Key views on the DFP evidence session included:

- Concerns about the lack of definite information about the potential costs of the PFI contract for Workplace 2010
- The potential benefits of decentralisation on local economies and the reduction of congestion in Greater Belfast
- The need to provide local suppliers with a share of the PFI contract without breaching regulations governing competition
- Concerns about direct rule ministers pursuing a PFI solution without taking account of the views of local politicians
- Concerns that the existing Equality Impact Assessments were inadequate

10. Consideration of Written Evidence

The Chairman sought members' views on the key issues arising from the papers on the experience of decentralisation in Scotland and the Republic of Ireland.

Key issues arising from the paper on the experience of decentralisation in Scotland included:

- The Scottish programme of decentralisation as a means to address socio-economic needs
- The need to find a balance between efficiency and addressing those socio-economic needs
- The lack of data on the cost of decentralisation

Key issues arising from the paper on the experience of decentralisation in the Republic of Ireland included:

- The scale, complexity and concerns about the progress of the programme of decentralisation in the Republic of Ireland
- Comparisons between Edinburgh, Dublin and Belfast regarding congestion and the benefits and difficulties of decentralisation

The Chairperson sought members' views on the key issues arising from the written submission received from the Committee on the Administration of Justice and a Belfast Telegraph news article provided by John Simpson.

Key issues arising from the written submission provided by the Committee on the Administration of Justice (CAJ) included:

- The degree to which the CAJ submission addressed the issues of geographical equality in Northern Ireland and Workplace 2010 and decentralisation issues
- Concerns raised in the submission regarding the inequalities in Workplace 2010

Key issues arising from the Belfast Telegraph news article provided by John Simpson included:

- Concerns raised in the article about the unavailability of information to undertake critical analysis
- The degree to which the article deals with all aspects of the outline business case for Workplace 2010

The Chairman advised members that any further issues, particularly relating to the Outline Business Case, should be forwarded to the Clerk by close of play on Friday 15 December, for inclusion in the draft report.

11. **Any Other Business**

The Sub-Group considered and agreed the tabled draft press release.

12. **Date and Time of Next Meeting**

The next meeting will take place on Thursday 21 December in Room 152, Parliament Buildings, at 11a.m.

The meeting adjourned at 2.37pm.

Thursday 21 December 2006

Held in Room 152, Parliament Buildings

Present	Paul Girvan (Chairman) Dr Esmond Birnie Thomas Buchanan John Dallat Pat Doherty MP Robin Newton Pat O’Rawe
In Attendance	John Torney (Principal Clerk) Stephen Graham (Committee Clerk) Joanne Adair (Assistant Committee Clerk) Sean Mc Cann (Clerical Supervisor)
Observing:	Clive Mc Farland (DUP Researcher) Ronan Mc Cay (SDLP Researcher) Jackie Mc Mullan (Sinn Fein Researcher) Mark Neale (UUP Researcher)

The meeting commenced at 11.02 a.m. in closed session with Paul Girvan in the chair.

13. **Introduction**

The Chairman welcomed members to the third meeting of the Sub-Group on Workplace 2010 and Public Sector Jobs Location. He reminded members that it was agreed, at the meeting on 14 December, that consideration of the draft Report should be held in private session.

14. **Apologies**

Mr William Hay (Mr Thomas Buchanan attended the meeting as DUP Representative in place of William Hay).

15. **Minutes of Proceedings**

The minutes of the meeting of 14 December were agreed.

16. **Matters Arising**

There were no matters arising from the minutes of the meeting on 14 December 2006.

17. **Discussion on Key Issues and Conclusions for inclusion in the Report from the Sub-Group on Workplace 2010 and Public Sector Jobs Location**

The Sub-Group considered and agreed the key issues and conclusions for inclusion in the Report subject to a number of amendments.

18. **Consideration of the Report from the Sub-Group on Workplace 2010 and Public Sector Jobs Location**

Members considered the Report from the Sub-Group on Workplace 2010 and Public Sector Jobs Location to the Committee on the Programme for Government and noted that, insofar as it is possible, the format of the Report was consistent with Reports from other Sub-Groups.

Members considered the report on a 'paragraph-by-paragraph' basis as follows: -

Front Page	Agreed
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Membership and Terms of Reference	Agreed
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Introduction

Paragraph 1	Agreed
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Paragraph 2	Agreed
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Paragraph 3	Agreed
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Paragraph 4	Agreed
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Paragraph 5	Agreed
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Paragraph 6	Agreed
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Paragraph 7	Agreed
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Paragraph 8	Agreed
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Paragraph 9	Agreed
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Paragraph 10	Agreed
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Consideration of Issues

Paragraph 11	Agreed
Paragraph 12	Agreed
Paragraph 13	Agreed
Paragraph 14	Agreed as amended

The meeting was suspended at 12.28 p.m.

The meeting was reconvened at 12.44 p.m.

Paragraph 15	Agreed as amended
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List of Witnesses who gave oral evidence

and other evidence considered by the Sub-Group	Agreed
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Conclusions (paragraph 16)	Agreed as amended
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Executive Summary

Paragraph 1	Agreed
Paragraph 3	Agreed
Paragraph 4	Agreed
Paragraph 5	Agreed
Paragraph 6	Agreed
Paragraph 7	Agreed as amended

Members then agreed, in its entirety, the Report from the Sub-Group on Workplace 2010 and Public Sector Jobs Location to the Committee on the Programme for Government.

19. Minutes of the Meeting on 21 December 2006

In order to facilitate their inclusion in the Report, the Sub-Group agreed that it was content for the Chairperson to approve the minutes of the meeting of 21 December, relevant to consideration of the report, to facilitate its inclusion in the Report.

20. Any Other Business

The Sub-Group considered and agreed to issue the tabled draft press release.

21. **Date and Time of Next Meeting**

It was agreed not to proceed with the contingency meeting arranged for Wednesday 3 January 2007 in Room 152, Parliament Buildings at 10.30 a.m.

The meeting adjourned at 1.15p.m.

Appendix 5

Papers relating to the work of the Committee on the Programme for Government



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Secretary of State for Northern Ireland

Mrs Eileen Bell, MLA
Speaker of the Assembly
Parliament Buildings
Stormont
Belfast
BT4 3XX

27 November 2006

PROGRAMME FOR GOVERNMENT COMMITTEE

One of the elements of the St Andrews Agreement is a Programme for Government Committee to agree priorities for a restored Executive and to make preparations for restoration. It is intended that the Committee should meet regularly over the coming months, at least once a week.

I, therefore, hereby direct under paragraph 2(2) of Schedule 1 of the Northern Ireland (St Andrews Agreement) Act 2006 that the Business Committee shall establish a Programme for Government Committee to meet at 12:00 noon on Monday 27 November and subsequently at dates and times to be agreed by the Committee.

I also direct that:

- The Committee should be made up of 10 MLAs with the number of members from each party being on the following basis – 3 DUP, 3 Sinn Féin, 2 UUP, 2 SDLP
- The meeting on 27 November should be chaired by one of the Deputy Speakers (Mr Francie Molloy and Mr Jim Wells) (who shall not count for the purposes of the composition set out above) with future chairing arrangements to be agreed by the Committee



Northern
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Office

- The Committee's procedures, membership arrangements and arrangements, including charring arrangements, for any subgroups of the Committee shall be such as shall be determined by the Committee.

I am content for officials in OFMDFM and other NI Departments to do all they can to facilitate the Programme for Government Committee and its sub-groups, including attending meetings and providing information, if this would be helpful.

A handwritten signature in black ink, appearing to be 'P. Hain', written over a horizontal line.

RT HON PETER HAIN MP
SECRETARY OF STATE FOR NORTHERN IRELAND

Norman Irwin
Assembly Liaison Officer
DFP
Ministerial Suite
Craigantlet Buildings
Stormont Estate

9 January 2007

Dear Norman

COMMITTEE ON THE PROGRAMME FOR GOVERNMENT

Report on Workplace 2010 and Public Sector Jobs Location

At its meeting yesterday, the Committee considered the report of the Sub-Group on Workplace 2010 and Public Sector Jobs Location. The Committee wishes to give the matter further consideration at its meeting on 15 January 2007. My purpose in writing is to seek clarification, urgently, from the Department about the extent to which the contract for Workplace 2010 will provide for the upgrading of those buildings currently in the Government's office estate and which are presently in a poor state of repair.

It would also be helpful if you were to indicate the date on which the Department expects to publish the consultation document "Guiding Principles for the Location of Public Sector Jobs".

A reply by midday, Thursday, 11 January 2007 would be appreciated.

Yours sincerely

Committee Clerk
Ext 21448

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FROM: NORMAN IRWIN

DATE: 11 JANUARY 2007

**TO: COMMITTEE CLERK
PROGRAMME FOR GOVERNMENT COMMITTEE**

I refer to your letter of 9 January seeking clarification on a couple of issues concerning Workplace 2010.

In respect of your first query a major element of the Workplace 2010 contract is the upgrading and refurbishment of the Government office estate. The upgrade, which will require private sector investment in excess of £100m, will ensure that at least 15 core properties (9 of which are in the Greater Belfast area and 6 in the regional estate) will be refurbished to a very high standard and maintained thereafter for the lifetime of the contract. This programme will include major buildings such as Dundonald House, Castle Buildings and Clarence Court in Belfast and Waterside House in Londonderry. By using the space more efficiently the newly refurbished buildings will also accommodate many more staff. This means that about 21 of the very poorest buildings can be disposed of or vacated in the short term thus reducing the ongoing maintenance costs.

In respect of the consultation document “Guiding Principles for the Location of Public Sector Jobs”, the Department expects to publish before the end of January 2007.

I hope this answers your queries satisfactorily. If you have any queries please do not hesitate to ring me on 29147.

Norman Irwin

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