



## Departmental summaries

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39 departments were asked to submit relocation proposals to the review by September 2003. This annex summarises each set of proposals for the main 18 departments, and gives an assessment of them, based on the framework set out in chapter 6. Each summary sets out an implementation agenda for the department concerned. A single summary covers the 21 smaller departments in aggregate. The assessment takes account of further exchanges with departments up to March 2004.

### Tables showing the geographical patterns of departments, before, and after, proposals

Each summary includes a table showing the current geographical pattern of the department, and what the pattern would be once all proposals are implemented, including the impact of any expected staff reductions, where the department highlighted these in their submissions. These figures do not reflect any possible changes to staff numbers as a result of further efficiency measures. Details on what has been included in each of the tables are given in the text for each summary.

### Definitions

In each of the tables, staff numbers, and their geographical pattern, are shown for a) each department, before and after proposals are implemented, and b) for each departmental group, before and after proposals are implemented. The definitions for department, and “department group” are the same as those used for the baseline table shown in chapter 5 of this report. “The department” covers the department alone, whilst “department group”, covers the department, its executive agencies and non-departmental public bodies, and any other sponsored bodies. The figures showing current geographical patterns, before any proposals are implemented, are the same as those shown in the baseline table in chapter 5.

The Ministry of Defence is treated differently – the two sections show civilian, and military staff, instead of “department” and “department group” figures. Again, this is the same as is shown in the chapter 5 baseline table. The presentation of the Chancellor’s departments also varies.

Unless otherwise stated in summaries, the numbers shown are: full time equivalent, permanent staff. They include both industrial and non-industrial staff, although, with the exception of the Ministry of Defence, the vast majority of staff are non industrial. The numbers were correct as at June 2003, and reflect further comment from departments up to March 2004. Their source is information submitted to the review by individual departments.

## CABINET OFFICE

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
Cabinet Office	Current pattern	1,856	1,709	92
	Pattern if all proposals implemented	1,856	1,459	79
Cabinet Office group	Current pattern	2,141	1,994	93
	Pattern if all proposals implemented	2,141	1,744	81

### History and context

The Cabinet Office defines its role as providing a strong centre to make government more effective. Its four objectives are to:

*support the Prime Minister in leading the government, build capacity across government, coordinate policy across government and promote standards across government.*

The Cabinet Office has around 1,400 posts in London, mostly in Westminster, and a further 300 posts in the South East, mainly in Sunningdale, Basingstoke and Guildford. Some 150 posts are spread across the rest of the United Kingdom in the Government Offices for the Regions, Her Majesty's Stationery Office (HMSO) in Norwich, and Emergency Planning College in Easingwold in Yorkshire. The Government Car and Despatch Agency, the Department's only agency, has some 280 posts in London. The Cabinet Office is responsible for a number of small advisory public bodies included in the above figures.

The main activities carried out in London cover public sector delivery and reform, communications and corporate services, secretariat functions, government information and communications, Parliamentary Counsel and the Whips Offices. The Civil Service College is at Sunningdale, and financial and pension services are at Basingstoke.

### Proposals to the Independent Review of Public Sector Relocation

The Cabinet Office identified four operations covering around 250 posts that could be moved out of London and the South East, although some of these could, instead, be made redundant. These include posts from the Office of the e-Envoy, Histories and Records functions and the Corporate Development Group as well as London-based HMSO. The Department considers that there may be scope for relocating other parts of corporate services covering 120 posts, although further work needs to be done before they could be turned into firm proposals. The Cabinet Office has not specified alternative locations but has indicated that colocation with other government activities would be favoured to allow for shared support services and for career development. Around 30 per cent of the Department's staff are currently on loan from other departments' central headquarters functions, and the choice of locations would take account of the need to continue to draw on this market.

Greater use of information and communications technology for remote working was also considered but the Department concluded that the high level of influencing, communication and coordination it undertook required considerable face-to-face contact in London.

The Department concluded that the majority of its functions needed to be based in London and that no large unit could be relocated in its entirety.

### Assessment

These proposals are significant given that the Cabinet Office is a relatively small department at the centre. Together with the possibility of a further 120 posts they would represent some 26 per cent of London based staff excluding the Government Car and Despatch Agency. These proposals should now be worked up and implemented.

The Department could go further in identifying the scope for modern information and communications technology to reduce the need for face-to-face meetings. Its assumptions about the availability of loaned staff outside London need revisiting in the light of the findings of this review.

The review was not persuaded that Sunningdale is the most cost effective location in the long-term for the Civil Service College. The rationale for retaining the pensions functions in Basingstoke was not particularly compelling.

### Implementation agenda

The review recommends that the Cabinet Office should:

- implement the relocation proposals submitted to the review;
- explore the possibilities for further moves out of London, the scope for joining up and re-engineering some back-office activities with other central departments, and the potential for greater use of information and communications technology to assist remote working;
- test the business case for the location of the Civil Service College in Sunningdale Park in Berkshire and, thereafter, regularly review the case for staying there; and
- test the business case for retaining the civil service pensions functions in Basingstoke.

## CHANCELLOR'S DEPARTMENTS

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
Inland Revenue <sup>1</sup>	Current pattern	76,108	14,290	19
	Pattern if all proposals implemented	76,108	12,840	17
Customs and Excise	Current pattern	22,590	9,489	42
	Pattern if all proposals implemented	22,590	8,989	40
ONS	Current pattern	3,451	1,628	47
	Pattern if all proposals implemented	3,451	400	12
Treasury <sup>2</sup>	Current pattern	1,152	1,152	100
	Pattern if all proposals implemented	1,152	1,134	98

### History and context

The Chancellor of the Exchequer's departments include the Inland Revenue, Customs and Excise, HM Treasury, the Office of National Statistics (ONS), as well as National Savings & Investment and the Government Actuaries' Department (the last of which is considered along with smaller departments in a separate summary). Between them they employ about 100,000 staff, or about a fifth of the civil service.

There are a number of bodies linked to the Treasury (not all of them in ways that reflect the standard categorisations). The Office of Government Commerce is an Office of the Treasury and is covered in the summary of smaller departments. The Debt Management Office (85 posts in London) is an executive agency. The Royal Mint (entirely outside London) and the Bank of England (1400 posts in London) are classified as public corporations linked to Treasury and are not included in the figures above. Treasury also has a relationship with the Financial Services Authority, an independent regulator funded by levy (whose employees are not deemed public servants). The Valuation Office Agency (VOA) is an agency of the Inland Revenue responsible for valuing property and retains 1368 or 31 per cent of its staff in London.

The Chancellor's Departments describe their role as a key one at the heart of government. Treasury is the economics and finance ministry, ensuring a stable and growing economy and sound public finances, and leading the drive for greater efficiency in public services. Inland Revenue and Customs provide key frontline services for citizens and businesses, including administering tax and tax credits, tax collection and enforcement. ONS produces statistics essential in public policy making.

<sup>1</sup> Includes Valuation Office Agency.

<sup>2</sup> Includes Debt Management Office but excludes other bodies linked to Treasury.

Both the Revenue departments are widely dispersed, reflecting a nationally distributed service and a history of earlier reorganisations. There are some 22,000 posts in London and the South East. The Customs, with enforcement duties in ports and airports, has more of a concentration in the South East than the Revenue. ONS has 1000 posts in London and 2700 posts in Newport, Southport and Titchfield, Hampshire. The Treasury has around 1,100 posts located in central London. It has no public service delivery responsibilities.

The Revenue departments have been heavily involved in government efforts to reorganise delivery services for greater efficiency, exploiting technology. Treasury has a recent history of slimming down and devolving functions and responsibilities to other bodies (including operational control of interest rates to the Bank of England). A review of tax policy and administration has been undertaken by Gus O'Donnell, Permanent Secretary to the Treasury. It will have important implications for the Treasury and Revenue Departments, including the transfer of some policy functions to the Treasury and a greater joining up of delivery functions.

### Proposals to the Independent Review of Public Sector Relocation

**Inland Revenue** propose to move up to 1450 posts up to the end of 2009. These will include: moving unsolicited telephone traffic to Contact Centres; moving PAYE processing work from the South East; moving operational Trusts work from London; and moving some posts from Business Stream Headquarters, Corporate Support and Operations Headquarters, as well as key operational and policy posts out of London. The Revenue see the opportunity for further dispersals after this tranche. According to their submission, this will leave very little Revenue operational activity in London which does not require access to customers. There is not yet a firm VOA proposal but the Agency is considering moving some routine enquiry work into call centres outside London and the South East.

**Customs and Excise** propose to relocate 500 posts from a number of business streams, including Support Service, Law Enforcement, and Business Services and Taxes, to existing sites throughout the UK.

**The Office for National Statistics** propose a radical restructuring of the department that would see the London head office of approximately 1,000 staff reduced to around 400 posts that have regular contact with ministers, and other key London stakeholders. All other activity would be transferred to Newport, Bristol or Cardiff, building on their existing presence. The department is keen to move out of Titchfield.

**Treasury** has been considering the opportunities for relocation as part of a rationalisation of support services. As a result an initial 18 posts will be moved outside London by 2005 and Treasury has said it will look for further opportunities. The Treasury also intends to embed its currently small regional presence through the secondment of staff to the Government Offices for the Regions network.

## Assessment

The initial responses from the Chancellor's departments as a whole propose nearly 3900 job moves representing about 4% of total jobs. The Chancellor has now confirmed his intention to achieve 5000 job moves, which this review welcomes, while recognising that the detailed business planning in relation to these further posts still needs to be done.

Opportunities for rethinking the spatial pattern of these departments need to flow from the impact of the O'Donnell Review, which departments were not able to factor into their initial proposals because of the timing of that review. Such opportunities will include those that may arise from a greater joining up of activities across existing departmental boundaries.

The proposals from both Revenue departments continue a history of reorganisation on business efficiency and quality grounds. Even after implementing these proposals, both departments would continue to retain a significant presence in London and the South East and it will be particularly important to ensure that the remaining functions reflect genuine continuing need for a local delivery presence. The opportunities for dispersing VOA activity should be fully grasped.

The Office for National Statistics have made far reaching proposals and intend to begin implementation in 2007. The review believes there is a strong case for bringing this work forward. Treasury's intention to build on its initial proposal of 18 posts should focus on the opportunities that can be expected to arise from further back office rationalisation, the Gershon and O'Donnell reviews, and Treasury's concerns with regional outcomes. The opportunities relating to the Debt Management Office and Office of Government Commerce should be fully explored.

The existing proposals leave scope for more work to identify opportunities for dispersing functions from other bodies within the family of Chancellor's departments. Some of these like the VOA and National Savings are operational in character and it is not clear that they merit a London headquarters.

## Implementation agenda

The Review recommends that the proposals put forward by this group of departments are implemented, in light of the Chancellor's commitment to an initial tranche of 5000 posts. This will require a focus on opportunities:

- to both join up and disperse delivery activities, taking account of the O'Donnell and Gershon reviews;
- to slim down headquarters functions in each department, building on a track record in this area and taking account of the conclusions of this report;
- to disperse functions of bodies linked to the Chancellor's departments: Debt Management Office, Office of Government Commerce, Valuation Office Agency, Bank of England, Financial Services Authority and National Savings and Investment, with a view to the scope for relocating London headquarters in some cases.



## DEPARTMENT FOR CONSTITUTIONAL AFFAIRS

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
DCA <sup>1</sup>	Current pattern	1,874	1,639	87
	Pattern if all proposals implemented	1,874	440	24
DCA group	Current pattern	15,200	7,650	50
	Pattern if all proposals implemented	15,625	6,450	42

### History and context

The Department for Constitutional Affairs is a new department comprising the former Lord Chancellor's Department and parts of the former Scottish and Welsh Offices. The Department states that its responsibilities are to uphold justice, rights and democracy, to drive forward the reform and improvement of the justice system, and to reform and safeguard the constitution, so it serves the public effectively.

There are 15,200 staff in the Department's headquarters, including the Court Service, the Public Guardianship Office and other bodies such as the Legal Services Commission. Around 7,500 posts are based outside London and the South East. The majority of the posts in the Court Service, the Legal Services Commission, the Public Guardianship Office, and the Office of the Official Solicitor & Public Trustee which are located in London and the South East are described as frontline staff, dealing directly with customers and, as a result, are not considered suitable for relocation by the Department. Approximately 1,600 posts currently based in London and the South East are considered potential candidates for relocation.

### Proposals to the Independent Review of Public Sector Relocation

The Department estimates that up to 1,200 of the 1,600 posts at the centre of the Department may have the potential, in the longer term, to be relocated outside London and the South East. The Department is considering location in the context of overall efficiency and process re-engineering, which includes current moves towards shared services, slimming the centre and rebalancing the ratio of central to frontline staff from one in five to one in 20. The Department is wary of proceeding with dispersals before these wider changes have clarified.

The Department does not envisage stand-alone relocations which it regards as too expensive and with too long a payback (it suggests 20 years or longer). Rather, it emphasises a gradualist approach that takes advantage of high natural wastage in London, and estates rationalisation to keep costs down.

The Department identifies three principles which will underpin its proposals:

- Newly established functions will be assumed to be sited outside London unless operational requirements or business cases demand otherwise. This may include parts of the new Judicial Appointments Commission and the new Tribunals Agency headquarters.

<sup>1</sup> Headcount figures – rather than full time equivalents. As at June 2003.

- Functions exercised by other bodies within the DCA family of organisations have the potential (subject to compelling business cases and estates rationalisation) to be located outside London and the South East. If this policy is pursued then up to 425 posts which would otherwise be in London may have the potential to be located elsewhere in the United Kingdom.
- In re-engineering its centre, the Department is to consider whether there may be scope for locating any policy development functions outside London and the South East.

### Assessment

The Department's vision of a much reduced centre is to be welcomed, and the overall approach looks sound. It reflects a number of principles that have been highlighted in the main report, including the need to integrate locational considerations in wider business planning and reform programmes, a recognition of the possibilities for dispersing policy functions, and a presumption of non-London locations for new activities. The Department has a testing reform agenda and it is likely to throw up significant opportunities for rethinking the balance of activity between London and other parts of the country.

This approach in itself does not constitute a set of specific proposals for dispersal and there is a clear need for the department to develop firmer, timetabled propositions. As the main report notes, a gradualist approach to dispersal can have clear advantages but also be at risk of becoming bogged down. A desire to sort out reform fundamentals before turning to locational considerations risks missing the opportunities to use location change as a catalyst for reform in its own right. A presumption against London locations for new activities is at risk of becoming watered down if operational requirements are allowed to trump the principle in ways that have been subject to critique in this report. The Department's assumptions about the payback period for stand-alone relocations look unduly pessimistic.

### Implementation agenda

The review:

- welcomes the Department's vision of a reduced centre with as few as 400 posts and its broad approach to dispersal, integrated with wider moves on efficiency;
- recommends that the Department now develops firm propositions for dispersal of functions in the context of the forthcoming spending review;
- recommends that the Department clarifies with some urgency how the presumption of an out of London location for new activities will be applied in relation to the Judicial Appointment Commission, the new Tribunal Agency headquarters and other planned bodies.

## DEPARTMENT FOR CULTURE MEDIA AND SPORT

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
DCMS	Current pattern	478	478	100
	Pattern if all proposals implemented	478	478	100
DCMS group	Current pattern	20,681	13,122	63
	Pattern if all proposals implemented	20,681	12,518	60

### History and context

The Department for Culture, Media and Sport (DCMS) was established in 1992, and its aims are: to improve the quality of life for all through cultural and sporting activities, to support the pursuit of excellence, and to champion the tourism, creative and leisure industries.

DCMS has a very small London headquarters of 478 staff, focused on policy and strategy. It delivers through 60 sponsored bodies, including 40 NDPBs, many of which are headquartered in London, but have regional structures. These sponsored bodies include the national museums, such as the British Museum, smaller museums such as the Horniman Museum, the BBC and Channel Four<sup>1</sup>, English Heritage, Royal Parks Agency, the Football Licensing Authority and VisitBritain. Some of these bodies have become more dispersed in recent years. For example, Arts Council England, Sport England, English Heritage and the National Heritage Memorial Fund.

DCMS has also outsourced its payroll, pensions, payments, accounting systems and services, IT services and facilities management, in an effort to further enhance efficiency.

### Proposals to the Independent Review of Public Sector Relocation

DCMS have identified over 600 posts, for possible relocations from three sponsored bodies:

- UK Sport (UKS) – As part of a current review of UKS, to reflect the post devolution environment, DCMS are considering the possibility of relocation of UKS (or colocation with others). The Department has said that any proposals would need to reflect discussions with the devolved administrations in Scotland and Wales;
- A new organisation, which will be formed from the merger of the New Opportunities Fund and the Communities Fund, when a suitable legislative opportunity arises;
- the new Gambling Commission, which is to be established when a suitable legislative opportunity arises, and will take over and expand on the functions of the current Gaming Board. DCMS accept that the case for retaining the Commission's headquarters in London should be reviewed, but they argue that there may be a strong economic case for a continued London location, given that stakeholders remain in London.

<sup>1</sup> Which are not included in the numbers in the table.

DCMS did not offer proposals relating to any other of their sponsored bodies for a number of reasons. These included that the organisation: was too small to make relocation viable; was, by definition, based in London, such as Historic Royal Palaces; was a national cultural institution, and part of London's heritage – including most of the national museums; already had a significant regional structure, such as the Arts Council England, or needed to be based in London, as that was the location of most of its stakeholders.

DCMS pointed out that the London background of some NDPB chairman and chief executives can form a barrier to relocation, and suggested that it would be helpful if this issue could be considered in relation to the public appointments system.

DCMS said that they were unable to identify any opportunities within the department itself because it was already very small.

### Assessment

DCMS' proposals are modest, in that the department does not propose to move more of its sponsored bodies. In the review's judgement, DCMS has not fully justified the continued location, in London, of those remaining activities. For example, opportunities may arise from the fact that some bodies already have regional structures. It is not clear that the current regional structure is optimal. DCMS' concern that the London background of the heads of some public bodies acts as a barrier to further dispersal is an important one.

DCMS have offered to consider opportunities for joining up back office services across their sponsored bodies, for example, with reference to the national museums, and the review encouraged the department to consider this further.

The review was keen for DCMS to develop thinking on the opportunities for greater dispersal of the BBC. The DCMS thought that the review of the BBC's Charter would provide an opportunity to reconsider the BBC's role in regional production and programming.

### Implementation agenda

The review recommends that:

- implementation timetables are drawn up for the proposals submitted;
- DCMS should do further analysis of the scope for dispersal of functions from its sponsored bodies, rigorously testing the case for functions and their headquarters remaining in London. As part of this, DCMS should look at further opportunities for joining up and relocating back office functions across its sponsored bodies; and
- location should be a specific element of the BBC charter renewal negotiation.

## MINISTRY OF DEFENCE

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
MOD civilians <sup>1</sup>	Current pattern	89,750	25,240	28
	Pattern if all proposals implemented	89,577	24,219	28
MOD military <sup>1,2</sup>	Current pattern	203,680	57,600	28
	Pattern if all proposals implemented	203,502	54,383	27

### History and context

The purpose of the Ministry of Defence (MOD) and the armed forces is to defend the United Kingdom, British Overseas Territories, their people and interests. Its role includes conflict prevention, crisis intervention and strengthening international security.

The MOD employs over 293,000 military and civilian personnel and is already dispersed with almost 72 per cent of both groups based outside London and the South East. This means that over a quarter of its staff is still located in those two regions. In London, there are almost 6,400 military and 7,300 civilian posts and in the South East there are 51,200 military and 18,000 civilian posts respectively – these include significant parts of the Royal Navy (its headquarters in Portsmouth), the Army (in Aldershot) and Royal Air Force (in RAF Brize Norton and RAF Benson). The London headquarters of approximately 5,120 posts include defence strategy and policy, finance, personnel, equipment capability, defence intelligence and exports promotion, as well as carrying out the military strategic command of operations.

In recent years, the Department has conducted significant relocations from the South East with the transfer of the Defence Procurement Executive to Bristol covering 7,200 posts. The Meteorological Office, a trading fund of the MOD, also moved from Bracknell to Exeter in 2003 involving around 1,000 posts.

### Proposals to the Independent Review of Public Sector Relocation

The MOD has proposed four significant further relocations from London and the South East, which together with efficiencies total approximately 4,238 posts<sup>3</sup>. They include closure of the Army Technical Foundation College in Arborfield, Berkshire and, subject to affordability, moving posts from the Defence Medical Services Training Centre to Birmingham. The potential relocation of units, and subsequent closure of Woolwich Station in London, is also being considered and would result in a sizeable number of posts moving from the region. A number of posts from the Disposal Services Agency would move from London when the agency transfers to the ownership of the Defence Logistics Organisation in the South West. The rationalisation of the Defence Science and Technology Laboratory on to three sites will also result in a net reduction of posts in the South East.

<sup>1</sup> Staff numbers are correct as at July 2002.

<sup>2</sup> Military excludes the Gurkhas, Full Time Reserve personnel and home service battalions of the Royal Irish Rangers.

<sup>3</sup> The exact split between military and civilian posts affected has yet to be determined.

The MOD is also looking at the scope for further rationalisation of Royal Air Force support units which may give rise to significant numbers of posts being relocated out of the South East and East as well as relocation of MOD Police headquarters and closure of certain singleton barracks.

### Assessment

The MOD has a considerable track record in rationalisation and dispersal and its Core Sites Review and Defence Training Review have a direct bearing on relocation.

Proposals to relocate four activities out of London and the South East that represent around 5 per cent of the Department's posts in those regions are welcome. The dispersal of some 3,900 posts is a significant contribution to the Government's relocation agenda. The review recognises that the relocation of military establishments can be more complex than moving office based activities. However, when seen in context of an establishment of almost 293,000 posts with some 83,000 posts in London and the South East alone, the proposals appear modest and suggest that much more could be achieved.

The examples of the proposed relocations of the Defence Medical Education and Training Agency and the Army Technical Foundation College should pave the way for a more general presumption that training of recruits in future be done outside the relatively costly South East, consistent with operational needs.

The review acknowledges that there has been a major reorganisation of head office with staffing levels more than halving. The review also recognises the critical and unique role of the MOD's head office during a time of crisis. However, the rationale for retaining as many as 5,000 posts, including support functions, in London headquarters has not been particularly persuasive.

### Implementation agenda

The review recommends that the MOD should:

- implement proposals, as a priority, submitted to this review;
- build on its past achievements and explore the scope for reducing further its presence in London and the South East;
- consider further the longer-term possibilities of creating 'super' multi unit garrisons in other parts of the United Kingdom;
- test the case for retaining many training facilities in South East locations on the basis that where possible these facilities should be elsewhere; and
- look again at the size of its London headquarters with a view to rationalising its presence further in central London in line with the principles in chapter 9.

## OFFICE OF THE DEPUTY PRIME MINISTER

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
ODPM <sup>1</sup>	Current pattern	2,431	2,355	97
	Pattern if all proposals implemented	2,431	2,118	87
ODPM group <sup>2</sup>	Current pattern	8,986	4,410	49
	Pattern if all proposals implemented	8,986	4,173	46

### History and context

The Office of the Deputy Prime Minister (ODPM) describes its aim as creating prosperous, inclusive and sustainable communities for the twenty-first century. It has responsibility for local government finance, performance and governance. The Department, which was set up in 2002, has a portfolio of responsibilities that include functions and structure inherited from the Cabinet Office and the former Department for Transport, Local Government and the Regions. It also has lead responsibility for taking forward the Government's regional and devolution agenda and shares with HM Treasury and Department of Trade and Industry the Government's targets for regional economic growth. ODPM sponsors nine non-departmental public bodies including the Audit Commission, Housing Corporation and English Partnerships.

The ODPM group is already dispersed throughout the English regions largely through its network of Government Offices for the Regions and its non-departmental public bodies with almost 51 per cent of posts located outside London and the South East. Within London, there are some 2,000 posts in departmental headquarters and a further 900 in sponsored bodies. The headquarters activities are largely made up of policy development functions covering fire, health and safety, local government and regional issues including sustainable communities. In addition, there are a number of support services located both in the London and the South East.

### Proposals to the Independent Review of Public Sector Relocation

ODPM have identified almost 240 posts as potentially suitable for relocation to the Government Offices for the Regions or to existing ODPM locations. The Department cites a particularly heavy Parliamentary workload as an important reason for retaining most of its existing policy functions close to Ministers and Parliament in the capital. In its role as co-sponsor of this review, the Department has begun work on defining the irreducible elements of a modern Whitehall headquarters.

Taking account of the emerging principles from the current efficiency review, ODPM says it will work with the Treasury and the Cabinet Office to explore the potential for joint arrangements for a range of back-office activities and the scope for further work to be carried out in the Government

<sup>1</sup> ODPM refers to full time equivalent staff and secondees etc in ODPM central. The figures are correct as at 30 January 2004.

<sup>2</sup> ODPM group includes full time equivalent staff in ODPM central, its non-departmental public bodies and agencies.

Offices for the Regions rather than within London headquarters. ODPM will also continue to champion the Government Offices as an instrument for the regionalisation of other departments' functions.

The Department accepts the potential for moving the headquarters functions of the Audit Commission and Housing Corporation and has asked both organisations to carry out reviews into the need to have London headquarters and options for reducing their size. Both reviews will be completed by end March 2004.

### Assessment

The Department's proposals to move some 240 posts out of central London represents an 11 per cent reduction in its core department in London. ODPM has focused on opportunities to move largely service delivery and back-office functions, and in the judgement of the review has left plenty of scope for exploring the long-term potential of moving significant elements of departmental headquarters and policy functions. As a result, ODPM's proposals, although consistent with its championing of the Government's decentralisation and regional agenda, appear modest.

The review acknowledges that ODPM is a relatively new department and has yet to develop a firm sense of the balance between its delivery functions and its role as a central department. Achieving clarity in this area will help the Department take its thinking forward on dispersal, as will its continuing work on defining essential headquarters functions. Given ODPM's lead for Government on regionalisation and devolution, the Department can be expected to develop a radical vision of the opportunities for dispersing activities, including those that arise as a consequence of the creation of elected regional assemblies in England.

The Department also has further to go in factoring in the efficiencies that could be gained through lower pay and accommodations costs outside London and the South East and the use of modern information and communications technology to overcome the locational difficulties of operating outside the capital.

### Implementation agenda

The review recommends that ODPM, consistent with its responsibilities for regions and local government, and its championing of devolution, local government and regionalisation through the Government Offices network, should:

- implement, as a priority, its relocations proposals submitted to this review;
- ensure early decisions on the future locations of sponsored bodies headquarters in London;
- take a fundamental look at its own headquarters operations, exploring how they could function with a slimmed down presence in London; and
- make early progress with opportunities to re-engineer back office activities within the Department and jointly with other departments.

## DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
Defra <sup>1</sup>	Current pattern	7,802	4,079	52
	Pattern if all proposals implemented	7,393	3,406	46
Defra group	Current pattern	31,017	10,161	33
	Pattern if all proposals implemented	30,158	9,038	30

### History and context

Defra was created in 2001 from a merger of the former Ministry of Agriculture, Fisheries and Food with functions from the Department of Environment, Transport and the Regions and from the Home Office. Defra's strategic priorities, all under the over-arching aim of promoting sustainable development, are: climate change and energy; sustainable consumption and production; natural resource protection; sustainable rural communities; and a sustainable farming and food sector (including animal health and welfare). Defra has a large delivery arm, including for example, the Rural Development Service, the Environment Agency (a large NDPB, with some 11,000 staff); English Nature; the Countryside Agency; and the Rural Payments Agency (RPA). These bodies all have regional or sub-regional structures.

With one third of the staff based in London and the South East, the Defra group retains a large London/SE presence compared to many other departments. This is partly explained by functions which are tied to a specific location such as Kew Gardens and Wakehurst Place (some 650 staff), or which involve direct delivery of services to the public or management of land and facilities, for example the Environment Agency, British Waterways Board, English Nature. Even excluding these functions from the overall picture, the wider Defra group still has some 7,200 staff, or 23 per cent, in London and the South East with no local service delivery or location-specific function, in particular, a large scientific function near Weybridge, and RPA Corporate Centre in Reading.

Defra recognise that the central core is large and are committed to addressing this. There are about 3,000 staff in London. A number of reviews address this, especially the Haskins' review, which recommends greater separation of policy and delivery functions and notes that the proposed new Land Management Agency should not require headquarters in London or the South East. The Department has been seeking to reduce its accommodation requirements through a strategy of flexible working, which, together with plans to relocate back-office services, should achieve a reduction of some 50 per cent in the London office estate by 2011.

The Department anticipates an increase in the devolution of delivery functions to the regional and local level. If elected regional assemblies emerge, commitments have already been made that responsibility for certain important strands of the Department's work, such as biodiversity, will be devolved to the new regional tier.

<sup>1</sup> All figures are headcount.

## Proposals to the Independent Review of Public Sector Relocation

Defra propose to move 350 posts, all from back office support functions (some of these moves have already taken place). Further moves in consideration include the State Veterinary Service (30 posts) and Veterinary Medicines Directorate (140 posts), and the dispersal of some licensing and inspectorate functions (maximum 50 posts).

In addition to the 350 posts identified above, Defra are losing 409 posts through outsourcing IT functions, of which 323 are in London or the SE ; and will downsize 450 posts at the Rural Payments Agency in Reading. These changes are also reflected in the summary table above.

### Assessment

Defra's approach demonstrates an awareness of the business benefits from decentralisation. Defra clearly see benefits in basing proposals around existing sites. But there are a wider range of possible locations available, and the Department should not overlook what other locations have to offer, eg sites near universities for science functions, or research, or the wider benefits of strategic 'clustering'.

Post implementation, the Department will still maintain a large London/SE presence. The review welcomes Defra's commitment to follow up across the Department the wider implications of Lord Haskins' recommendations about placing delivery functions closer to customers. The review has noted that work is in hand to take forward Lord Haskins' recommendations for delegation of functions to RDAs and GOs. Policy functions should not be excluded from consideration; Defra have already demonstrated that they can operate these successfully at a distance from London, although they point out their recent priority has been to integrate effectively the policy functions which came together in the new Department.

In addition, there may well be scope for dispersal arising from the ongoing programme of efficiency reforms, in particular through joining up with other departments or service providers, and using ICT.

### Implementation agenda

The review recommends that Defra work up business cases for moving the 350 posts identified above with a view to early implementation. As the Department continues to develop proposals for further moves, and as work continues to secure efficiency gains, Defra should confirm:

- dispersal opportunities arising from further devolution of functions and the separation of policy and delivery work; in particular scope for defining the functions, and reducing the size of, the London headquarters operation;
- a non London/South East location for the headquarters of a new land management agency, should that go ahead;
- medium to long term potential for moving activities which are not local service delivery, or location specific, out of the South East.

## DEPARTMENT FOR EDUCATION AND SKILLS

		Total number of staff <sup>1</sup>	Number of staff in London and South East	per cent of staff in London and South East
DfES	Current pattern	5,366	2,555	48
	Pattern if all proposals implemented	5,366	2,555	48
DfES group	Current pattern	16,656	4,932	30
	Pattern if all proposals implemented	16,656	4,142	25

### History and context

DfES itself was created in 2001 after machinery of Government changes. The Department states that its aim is:

*To help build a competitive economy and inclusive society by:*

- *creating opportunities for everyone to develop their learning;*
- *releasing potential in people to make the most of themselves; and*
- *achieving excellence in standards of education and levels of skills.*

Much of the delivery of DfES' objectives is through organisations outside the review, such as schools and universities. These are not included in the figures above.

Further delivery is through DfES' wider family of bodies, such as the Learning and Skills Council, The Qualifications and Curriculum Authority, The Teacher Training Agency, National College for School Leadership, Investors in People, and the General Teaching Council for England. These are included in the figures in the table above.

DfES is considerably dispersed, with major offices in Sheffield, Runcorn and Darlington, as well as London. Looking at the full DfES group of bodies, 30 per cent of staff are in London and the South East. When considering DfES alone, over half of the staff are outside London and the South East – which is unusual for a core department. It has a London headquarters of 2,478 staff.

This dispersal reflects a history of relocation; for example, the establishment of the Manpower Services Commission in Sheffield in the 1970s, which is now part of DfES. More recent developments include 300 posts being created or transferred out of London over the last five years, and the establishment of the Learning and Skills Council in Coventry, and the National College for School Leadership in Nottingham.

DfES is currently engaged on a change programme to enable it to be the strategic leader in the education and skills sector, and deliver more through its partners. This will impact on the structure of the Department and will lead to an announcement in summer 2004 about a reduced headquarters size.

<sup>1</sup> All figures include staff in the Government Offices.

## Proposals to the Independent Review of Public Sector Relocation

Until their change programme is completed, and its implications for the structure of DfES are apparent, DfES have chosen not to make immediate proposals for relocation. They are also concerned that service delivery pressures make relocation difficult at the present time, and that they are at capacity across the out-of-London estate.

However, with the recognition that any relocation could be phased to reduce such pressures, DfES have agreed to actively explore the possibilities of relocating around 800 staff, in the medium term, from the three bodies still with a significant presence in London; the Qualification and Curriculum Authority, The Teacher Training Agency, and Investors in People UK. Further details on these candidates are not yet available.

At present, DfES have made no proposals for the further dispersal of the core department.

### Assessment

The review welcomes the Department's interest in London-based arm's length bodies. Despite their considerable current levels of dispersal, it is disappointing that DfES have chosen not to make firm proposals to the review at this time. Full analysis and business plans underpinning such proposals remain to be developed.

DfES' submission to this review has not shared the Department's thinking on the opportunities for dispersing core DfES staff which will arise from its change programme, including reform and slimming down of the London headquarters. This misses the opportunity to use locational change as an agent of reform. Delivery pressures are a factor to be considered in business planning, not a barrier to making plans, as discussed in the main report.

### Implementation agenda

The review recommends that:

- DfES draw up a timetable for decisions on the location of those arm's length bodies which remain in London, and in particular The Teacher Training Agency and the Qualifications and Curriculum Authority;
- thinking on location should be an integral part of the wider modernisation and reform agenda, and considered as part of DfES' current change programme, rather than done afterwards; and
- DfES should look to disperse functions as part of its efforts to slim down the London headquarters.

## FOREIGN AND COMMONWEALTH OFFICE

		Total number of staff <sup>1</sup>	Number of staff in London and South East	per cent of staff in London and South East
FCO	Current pattern	14,301	3,711	26
	Pattern if all proposals implemented	14,301	3,711 <sup>2</sup>	26
FCO group	Current pattern	21,611	4,392	20
	Pattern if all proposals implemented	21,611	4,392	20

### History and context

The Foreign and Commonwealth Office (FCO) describes its overall purpose as being to work for UK interests by; *promoting the security of the UK in a safer, more peaceful world, improving UK, and worldwide prosperity through effective economic and political governance globally, promoting a strong role for the UK in a Europe which is responsive to people's needs, and ensuring UK overseas territories are secure and well governed. It shares further responsibilities with the MOD, DFID, the Home Office, and DTI.*

FCO is also responsible for a number of sponsored bodies, including the British Council and British Trade International (a joint responsibility, with DTI).

As might be expected, the FCO are considerably dispersed around the globe. Consequently just 20 per cent of the FCO group staff are in London and the South East. The FCO has a London headquarters of 2,411 staff (a further 707 staff from FCO services are also based in London). The FCO state that this is necessary because of the location of many international stakeholders in London and the desirability of maintaining a single base of policy staff in the interests of those returning from postings overseas.

The FCO's other UK base is in Hanslope Park, near Milton Keynes, where they have nearly 800 staff. The FCO have been based here since 1946, and it is their centre for support services.

The Department are currently working on efficiency improvements, including joining up with other government departments, especially DFID; outsourcing; and rationalisation of their London estate.

### Proposals to the Independent Review of Public Sector Relocation

The FCO originally proposed the dispersal of 156 posts, from central London, to Hanslope Park. After further discussion, it has identified a further 300 posts which could move. These posts are mainly in functions such as records and historical management, IT, finance and various other support functions.

<sup>1</sup> Includes staff working, and recruited, overseas. It does not include British Trade International staff, as they were covered in DTI's submission. Numbers do not include staff from the BBC World Service – a public corporation.

<sup>2</sup> The 456 staff which FCO intend to relocate have not been removed from the London/SE figures, as these will still be in the SE.

The FCO states that, over time, it intends to widen the role of Hanslope Park, from its current status as a back office site. Additionally, it has identified some areas of work where joining up across government might be possible, which could result in opportunities to disperse. Details are, as yet, unavailable.

FCO believes that the choice of Hanslope Park, rather than a location outside the South East, is the best option. Because it is a bespoke site, the department states that accommodation costs would be cheaper than those outside the South East, and there would be little profit from sale of the site, as it has to return to agricultural land should the FCO vacate it.

FCO made no proposals in relation to its sponsored bodies, which include the British Council.

### Assessment

Building on their considerable current level of dispersal, and given their relatively small overall numbers in the UK, these proposals are a positive start, but the review does not find especially persuasive the arguments for keeping UK-based policy posts together in London.

The review questioned the choice of Hanslope Park as an alternative site, given its location in the South East, but FCO's rationale for this decision seems sound. However, the department will need to ensure that Milton Keynes remains the best value option over time, given the risk that planned housing and population growth push up costs. Given the closeness of Milton Keynes to London, there is certainly scope for more radical thinking about the balance of activity between the two sites.

FCO demonstrates consideration of ICT, and emergency planning, as further drivers for relocation.

It is notable that FCO has identified no opportunities in relation to its sponsored bodies.

### Implementation agenda

The Review recommends that:

- the FCO works up its proposals further, along with a timetable for implementation;
- the Department considers further the balance between Hanslope Park, and London including policy posts, to reduce the size of their London headquarters; and
- dispersal opportunities should be identified for FCO's sponsored bodies.

## DEPARTMENT OF HEALTH

		Total number of staff <sup>1</sup>	Number of staff in London and South East	per cent of staff in London and South East
DH	Current pattern	3,634	1,952	54
	Pattern if all proposals implemented	2,245	1,159	52
DH group	Current pattern	25,684	9,789	38
	Pattern if all proposals implemented	24,984	7,886	32

### History and context

The Department of Health (DH) states that: *The aim of the Department is to improve the health and well being of people in England. It is responsible for leading and driving forward change in the NHS and social care, as well as improving standards of public health. It sets the national standards on waiting and emergency care and helps to promote healthier lifestyles and living.*

Over the past ten years the Department of Health has implemented a policy of devolution. In the early 1990s the then NHS Management Executive was established in Leeds, resulting in the transfer of about 30 per cent of total staffing (including a significant number of senior level posts). More recently there has been a shift from the central department to the NHS Strategic Health Authorities and colocation of public health units in Government Offices for the Regions. There has also been an increase of some 200 posts in arm's length bodies in Leeds over the last three years. The majority of the department's 1,952 London and South East contingent are headquarters staff located in Elephant and Castle.

### Proposals to the Independent Review of Public Sector Relocation

Department of Health have proposed the relocation of 1,030 posts from their arm's length bodies by 2008. These include proposals to relocate 150 posts from the NHS University (NHSU)<sup>2</sup> to a location outside London and the South East within a partner university – and the Dental Practice Board (DPB) with 280 relocatable posts. The Department has also proposed the relocation of a further 600 posts from other arm's length bodies, mostly to Leeds.

The department has a change programme in place and is cutting its headquarters by 38 per cent, or 1,400 staff, to become focused on strategic leadership rather than detailed management. About half these posts will be abolished and the other half will be transferred, mainly to the Department's arm's length bodies. The reduction in London and the South East posts is estimated to be in the region of 790. A further 80 core posts are likely to be relocated away from London within two years of this initial reduction. The policy base in Leeds will be maintained and the primary location will remain in London.

<sup>1</sup> Figures exclude operational organisations ie NHS, Local Authority staff.

<sup>2</sup> NHSU – these will be new posts, located outside London/SE.

## Assessment

Building on its long-standing history of decentralising functions, including the major headquarters in Leeds, the Department has produced positive proposals.

Relocation opportunities identified fall mainly in the arm's length bodies rather than in the core Department. The Department's proposals to this review do not change the balance of the core activity between London and Leeds. This will need to be revisited as the change programme goes forward.

The review welcomes the Department's commitment to a more slimmed down centre and the systematic approach it has shown to exploring the scope for dispersing arm's length functions currently in the South. The Department needs to ensure that all opportunities for dispersing arm's length operations are explored, bearing in mind the London locations of recent bodies like the Commission for Healthcare, Audit and Inspection and the National Patient Safety Agency.

## Implementation agenda

The review recommends that:

- the Department takes forward the implementation of the 1,030 proposed relocations and develops a timetable for action, including for the proposed move of 80 core departmental staff.
- the Department should continue to re-assess the balance of activity between London and Leeds, including policy.
- The Department should ensure that it is comprehensive in identifying dispersal opportunities within arm's length bodies.

## HOME OFFICE

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
HO	Current pattern	15,640	12,946	83
	Pattern if all proposals implemented	15,440	10,446	68
HO group	Current pattern	69,549	29,344	42
	Pattern if all proposals implemented	69,349	26,844	39

### History and context

The Home Office is the department responsible for internal affairs in England and Wales. Its aims are: *to build a safe, just and tolerant society, to enhance opportunities for all, and to ensure that the protection and security of the public are maintained and enhanced.*

The Department employs large numbers of staff in the direct provision of services (eg immigration, prisons) as well as working through others to deliver (eg the independent police service). The Department's structure is currently undergoing significant changes. In January 2004 the Home Secretary announced the establishment of the National Offender Management Service (NOMS) to provide an end-to-end management service for all offenders. This new body will be set up from June 2004 and will bring together the prison and probation services. The Home Office is also committed to reducing the size of its headquarters with announcements expected in the summer of 2004.

The nature of the Home Office's work necessitates the adoption of a dispersed structure and this is reflected in the fact that almost 60 per cent of the department's activity is based outside London and the South East. Of those staff based in London and the South East many are involved in front line service delivery based in either prisons or working as immigration officers at airports and ports and so are not candidates for relocation.

The 12,946 staff working directly for the Home Office in London and the South East include 5,000 who provide immigration and nationality services from a headquarters site in Croydon, approximately 4,000 based in the Home Office's London headquarters, 1,500 based at the Prison Service headquarters, 850 in the Forensic Science Service providing scientific support to the police and expert evidence to the courts, and 600 split between the London branch and the national headquarters of the Passport Agency.

### Proposals to the Independent Review of Public Sector Relocation

The Home Office have identified scope to relocate a total of 2,300 posts from London and the South East and would remove at least a further 200 posts through efficiency improvements.

The largest component of the Home Office proposals is the relocation of Prison Service and National Probation Directorate headquarters when these merge to form NOMS. The Home Office believe this merger will enable 1,800 posts to be transferred from London and the South East and at least a further 200 to be removed entirely.

In addition to these proposals the Home Office have identified a number of smaller units within the Home Office headquarters that are suitable for relocation. These units total approximately 510 posts.

Finally, the Home Office have identified the possibility of transferring the London laboratory of the Forensic Science Service from its Central London site to another part of the South East. The service needs to have a presence within London and the South East but the department consider that a prime site may not be appropriate.

### Assessment

The review notes the Home Office's analysis that has currently identified 510 relocation opportunities within their own headquarters and expects further opportunities for relocation to be identified, as part of plans to slim down headquarters.

The review shares the Home Office view that the merged Prison Service headquarters and National Probation Directorate is a strong candidate for relocation and would encourage the Department to confirm the commitment to a non London/South East location.

The Home Office have recognised that while the Forensic Science Service must retain a presence in London and the South East, this does not necessarily require them to be based in the heart of London. The review believes that similar thinking should be applied to the London Passport Office.

The review would particularly welcome detailed consideration being given to the Immigration and Nationality Department (IND) offices in Croydon. While some analysis has been carried out that recognises that there may be relocation and efficiency opportunities in the future, substantial further thinking is required.

### Implementation agenda

The review recommends:

- early confirmation of the Department's intention to headquarter the new National Offender Management Service out of London and the South East;
- further work on the dispersal of headquarters functions as part of current efforts to slim these down;
- further work on IND in Croydon with a view to identifying more cost-effective locations for those functions which are not necessarily tied to Croydon;
- further work on the dispersal opportunities associated with the Forensic Science Service and London Passport Office.

## DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

		Total number of staff <sup>1</sup>	Number of staff in London and South East	per cent of staff in London and South East
DFID	Current pattern	2,934	1,026	35
	Pattern if all proposals implemented	2,934	941	32
DFID group	Current pattern	2,934	1,026	35
	Pattern if all proposals implemented	2,934	941	32

### History and context

The Department for International Development (DFID) was created in 1997 from the Overseas Development Administration. DFID states that its overall aim is: *to reduce global poverty and promote sustainable development, in particular through achieving the Millennium Development Goals.*

As a department with an international focus, DFID has less than half of its staff based in London and the South East, with the majority of the rest based in posts overseas, nearer their customers and stakeholders. It has a London headquarters of 1,026 staff.

DFID currently operates a split site in the UK, with head offices in London, and over 500 staff in East Kilbride. This office was established during the post Hardman round of dispersals in 1981, when part of the then Overseas Development Administration was relocated. Given its split site headquarters, and extensive network of posts overseas, DFID has successfully developed a culture of effective working at a distance. The extensive use of ICT, such as videoconferencing, and frequent management visits to East Kilbride, are an example to other departments of how split site offices can be made to work.

DFID expects to be able to make considerable efficiency gains over the next few years, through its IT change programme, and moves towards joining up across Government, particularly with the Foreign and Commonwealth Office (FCO).

### Proposals to the Independent Review of Public Sector Relocation

DFID proposes the dispersal of 85 posts from London to its office in East Kilbride. A first phase of 45 posts, which will be dispersed by the end of 2004, includes posts from DFID's UN and Commonwealth Department, and some professional and support staff from policy divisions. Decisions on the second phase, to be completed by 2005, have been brought forward in response to this review, and will also include key policy posts, many of them senior.

In the longer term DFID says that it hopes to develop East Kilbride further, as a policy hub, to ensure career opportunities there, and the sustainability of the site.

<sup>1</sup> This includes staff working, and recruited, overseas and is correct as at September 2003.

DFID is currently looking at further dispersal opportunities with a focus on international opportunities, and is working with the FCO on opportunities to join up services, improving efficiency. DFID notes it has evolved from an aid giving organisation, to a development policy organisation, over the last few years, requiring greater coordination across government at the centre, and thus a stronger headquarters in London than once might have been the case.

DFID state that their proposals will allow the rationalisation of their estate in London, and consequent accommodation savings.

### Assessment

Although small in number, these proposals represent a further shift in DFID's strategy to develop its East Kilbride operation as a self-sustaining policy hub, rather than a support office. Therefore they strike the review as positive, and potentially exemplary, in line with views expressed in this report.

The review notes that DFID has been able to articulate how its proposals fit with its broader modernisation and reform agenda. The review also welcomes the initial thinking about joining up operations with other departments. The department could go further in articulating what might form the irreducible core of DFID in London, and the dispersal opportunities which might arise from a more radical re-examination of the balance of activity between London and East Kilbride (and overseas).

### Implementation agenda

The review recommends that DFID:

- implement the dispersal of their 85 posts as soon as possible;
- continue to address the balance between the two UK offices, to realise all opportunities to develop East Kilbride as a policy hub; and
- develop further thinking on joining up support services across government, especially with FCO.

## DEPARTMENT OF TRADE AND INDUSTRY

		Total number of staff <sup>1</sup>	Number of staff in London and South East	per cent of staff in London and South East
DTI	Current pattern	4,351	3,973	91
	Pattern if all proposals implemented	3,901	2,923	75
DTI group	Current pattern	27,911	8,962	32
	Pattern if all proposals implemented	27,461	7,912	29

### History and context

The role of the Department of Trade and Industry (DTI) is to drive up United Kingdom productivity and competitiveness by working closely with business, consumers and employees. Its vision is ‘prosperity for all through successful business, excellent science and innovation and fair markets’.

The DTI group includes a large number of non-departmental public bodies and agencies of which most notably are the Regional Development Agencies, the Small Business Service, the Insolvency Service, the Advisory, Conciliation and Arbitration Service (ACAS), and the Office of Communications (OfCOM). The Department (through the Office of Science and Technology) also sponsors six research councils that are major funders of science research. The Medical Research Council (MRC) is the only one based in London, with 240 headquarters posts.

Approximately a third of the DTI group’s posts are located in London and the South East. Within this London number, almost half are to be found in departmental headquarters which accounts for approximately 4,000 posts, the Small Business Service and UK Trade International. The remainder are in the Insolvency Service, Employment Tribunals Service and Companies House.

DTI points out that it has, for many years, pursued a policy of devolving work to its agencies and non-departmental public bodies as well as locating activities away from London and the South East. The Regional Development Agencies are a key tool in the Government’s regional economic policies. It has already outsourced support services such as IT and accounting functions, and relocated much of its human resources functions. The Department is currently in the process of relocating its finance function to Billingham and building up its human resources centre of excellence in Cardiff by relocating posts there.

The Department has located a number of functions close to the industries they relate to, most notably the oil and gas industry in Aberdeen and the automotive industry in Birmingham.

<sup>1</sup> Staff numbers correct as at 30 June 2003.

## Proposals to the Independent Review of Public Sector Relocation

The Department is currently implementing its pay and workforce strategy that will deliver savings of 20 per cent in the DTI headquarters staffing in central London. 450 posts will go through natural wastage or through a limited voluntary retirement scheme. Subject to appropriate funding, another 600 posts will be relocated to the regions from the one Department, Small Business Service, Insolvency Service and UK Trade International.

The Department is currently considering the scope for achieving efficiencies and improving services to customers through re-engineering of its key processes. As part of that project, DTI is exploring the scope for relocating beyond the 600 posts so far identified. This is likely to build on the work already underway to relocate some of the Department's routine processing work and to consider the scope for moving some of its service delivery out of London. The Department is also considering the possibility of joining up with other departments in the provision of back office and other services but work on this is at an early stage.

The Office of Science and Technology is to review the size and location of the London headquarters of the MRC.

### Assessment

The DTI group as a whole is considerably dispersed, but the core department will remain very large and very London-centric even after its proposals are implemented. The review considers that the Department could go much further in assessing the scope for dispersal in the context of continued downward pressure on the size of its headquarters and with a hard look at the need for arm's length operations to be based in London.

The review welcomes the Department's approach to the possibility of joining up and re-engineering back office activities with other departments.

As a co-sponsor of the Regional Development Agencies, co-owner of the Government's target for improving growth in the regions and the department with lead responsibility in government for promoting business and enterprise, the DTI should be able to address further the contribution that dispersal could play to strengthening certain industrial and research clusters, building on the existing precedent of locating support for the automotive sector in Birmingham.

The review has not been persuaded of the case for the continued London location of the MRC and notes the London location of the recently created OfCOM.

### Implementation agenda

The review recommends that DTI should:

- implement its relocation proposals submitted to the review;
- look for further opportunities for slimming down headquarters with additional dispersal as part of that;
- examine the scope for relocating arm's length operations such as ACAS, the Small Business Service and MRC;
- look at potential synergies that might exist with other departments and explore opportunities for re-engineering activities and joining up with them in the regions; and
- look for more colocation opportunities to strengthen industry and research clusters.

## DEPARTMENT FOR TRANSPORT

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
DfT <sup>1</sup>	Current pattern	1,651	1,449	88
	Pattern if all proposals implemented	1,651	1,377	83
DfT group <sup>1</sup>	Current pattern	17,093	4,680	27
	Pattern if all proposals implemented	17,093	4,608	26

### History and context

The Department for Transport (DfT) is responsible for the delivery of the Government's transport strategy and came into being in 2002 to provide a stronger focus on the delivery of that strategy. The new department inherited many of the transport responsibilities of the former Department for Transport, Local Government and the Regions. DfT has a number of executive agencies and non-departmental public bodies including, notably, the Driver and Vehicle Licensing Agency, the Highways Agency and the Strategic Rail Authority.

The DfT group is considerably dispersed through its sponsored bodies across the United Kingdom with almost 73 per cent of its posts outside London and the South East. A large concentration of posts is found in its London headquarters with just over 1,500 posts, followed by the Strategic Rail Authority with over 630 posts. The remaining posts in London largely involve local delivery of the group's services.

The Maritime and Coastguard Agency with 330 posts moved to Southampton (South East region) in 1993. The 320 posts in the Highways Agency headquarters have largely been moved from London to Birmingham, Bristol, Leeds and Manchester, and this migration is scheduled to be completed in 2004, although a small headquarters function remains in the capital. Approximately 10 per cent of headquarters staff are also based in Hastings.

Apart from departmental headquarters functions in London and the headquarters of Maritime and Coastguard Agency in Southampton, the headquarters functions of the Department's agencies are located in major centres outside London and the South East.

### Proposals to the Independent Review of Public Sector Relocation

DfT identified between 30 and 40 posts in the Rail Investigation Branch that could move out of London but have yet to specify where these posts might migrate. It also identified possible relocation candidates including the headquarters function of the Traffic Area Network covering 16 posts that could go to Bristol and a further 21 posts dealing with bus subsidies that could move from London.

<sup>1</sup> Numbers are correct as at October 2003.

DfT is concerned about relocating headquarters staff at a time when transport policy is going through a period of radical change, and cites similar reasons for not proposing a relocation of the Strategic Rail Authority. The bulk of the Maritime and Coastguard Agency moved to Southampton in the last ten years and the Department argues that it would be unnecessarily disruptive to relocate the organisation again.

### Assessment

The Department has inherited a good track record on relocating activities away from London evidenced by the recent decentralisation of some 300 Highways Agency posts to other cities outside London, leaving around only 12 per cent of non-local delivery posts in central London.

Although the Department is already dispersed through its agencies, its proposals to move only about 70 posts out of London and the South East strike the review as disappointing. The review recognises that transport policy is in a state of flux, but believes that the Department can nevertheless go further in exploring the locational dimension to further change and reform.

The review believes that the Department can do more to examine the scope for dispersing policy and other headquarters functions, including exploring the potential for modern information and communications technology to allow engagement with stakeholders from non-London locations, and better reflecting the Department's own commitment to greater regionalisation.

In discussions with the review, it was clear that DfT was well seized of the opportunities for dispersal arising from re-engineering back-office activities and joining up with other departments. These should be reflected in the Department's further work.

The Maritime and Coastguard Agency does not strike the review as a likely relocation candidate.

### Implementation agenda

The review recommends that DfT should:

- take forward, as a priority, its relocation proposals submitted to the review;
- re-examine its rationale for retaining so much of its policy work in its London headquarters, in line with the recommendations in chapter 9, and in particular explore the scope for further regionalisation;
- take the opportunity of the current review of railways to look at the scope for relocating railways functions away from London and the South East, including those of the Strategic Rail Authority, as part of any rationalisation process; and
- explore potential synergies with other departments to see whether there are opportunities for re-engineering and joining up activities outside the capital.

## DEPARTMENT FOR WORK AND PENSIONS

		Total number of staff	Number of staff in London and South East	per cent of staff in London and South East
DWP	Current pattern	18,498	2,726	15
	Pattern if all proposals implemented <sup>1</sup>	18,498	2,391	13
DWP group	Current pattern	129,446	23,108	18
	Pattern if all proposals implemented <sup>1</sup>	111,446	14,256	13

### History and context

The Department for Work and Pensions (DWP) was established in June 2001, from the Department of Social Security and parts of the Department for Education and Employment. The department is responsible for getting people into work, supporting those out of work, reducing poverty and supporting older people and disabled people.

DWP provides services through a number of arm's length operations, many of which are executive agencies, including Jobcentre Plus, The Pensions Service, The Child Support Agency, the Disability and Carers Service, the Appeals service, and the Health and Safety Executive (HSE).

The DWP group is considerably dispersed across the UK, with large bases in Leeds, Sheffield and Newcastle. Much of this dispersal reflects DWP's role as a major delivery department. DWP has been involved in re-engineering business processes through ICT, to improve efficiency, and shares some accommodation and services with other government departments. DWP has a London headquarters of around 2,500 staff.

The Health and Safety Executive has nearly 4,000 staff, with a headquarters in Bootle, which was established in the 1980s when over 1,000 jobs were relocated there.

### Proposals to the Independent Review of Public Sector Relocation

DWP has firm plans to disperse 1,836 posts from its delivery services in London and the South East, which predate this review. It is also set to reduce overall department, and sponsored body staff numbers by 18,000 over the next two to three years, 5,000 of these from London and the South East.

Beyond this, DWP proposes to disperse a further 2,221 posts from London and the South East. These posts come from the Child Support Agency, Disability Benefit Directorate, Jobcentre Plus, and DWP personnel and other back office functions. These jobs are mainly delivery focused, where face-to-face contact is not required, or are in back office and support functions.

Posts would be moving mainly to locations where DWP already has a presence around the UK.

<sup>1</sup> Figures reflect 18,000 posts likely to go due to efficiency gains, 5,000 of which are from London and the South East. The table also includes the 1,836 posts definitely relocating.

The HSE has proposed the relocation of 130 posts from a total of 700 in its London office, reflecting its role in rail safety. These are likely to move to Merseyside and Aberdeen, and possibly to Birmingham, depending on the wider Government review of rail regulation.

### Assessment

Building on its current considerable dispersal, DWP submitted a positive response to the review. The Department appears to have taken a thorough approach to business planning, covering pay and accommodation savings, and recruitment and retention benefits. Further development of thinking around what forms the irreducible core of a London headquarters is required, to ensure all opportunities are captured, as is more thinking about the implications of local pay flexibility.

DWP suggests that its proposals are rooted in its longer term modernisation and reform plans, but the read-across has not been particularly strongly brought out in its proposals.

### Implementation agenda

The review recommends that:

- DWP finalise the business cases for its proposals, and draws up firm implementation timetables as soon as possible. The review recognises that DWP is undergoing a wider change programme. The Department should ensure that its dispersal proposals are consistent with and supportive of wider reform;
- DWP should also consider further what functions form the irreducible core headquarters of the Department, and any further dispersal opportunities in light of this; and
- HSE finalise the business case for their dispersal proposals, and draw up firm implementation timetables as soon as possible.

## SMALLER DEPARTMENTS

	Total number of staff in UK	Number of staff in London and South East	per cent of staff in London and South East
Charity Commission	589	167	28
Central Office of information	368	368	100
Crown Prosecution Service	7,499	2,421	32
Crown Estate	400	373	93
Export Credit Guarantee Department	410	350	85
Food Standards Agency	2,336	597	26
Government Actuaries Department	98	98	100
Crown Prosecution Service Inspectorate	42	31	74
Land Registry	8,129	1,291	16
Legal Services Secretariat	35	35	100
National Archive	554	554	100
Office of Communications	848	722	85
Office of Gas and Electricity Markets	303	303	100
Office for Standards in Education	2,825	1,080	38
Office of Fair Trading	609	609	100
Office of Water Services	285	14	5
Office of Government Commerce	588	180	31
Ordnance Survey	1,638	1,317	80
Office of the Rail Regulator	127	127	100
Serious Fraud Office	229	229	100
Treasury Solicitors Office	720	710	99
<b>Current pattern</b>	<b>28,632</b>	<b>11,576</b>	<b>40</b>
<b>Pattern if all relocation and efficiency proposals are implemented</b>	<b>28,632</b>	<b>11,546</b>	<b>40</b>

### History and context

The departments included in this summary are predominantly small organisations with under 1,000 members of staff but with some notably larger bodies too. They are involved in a range of activities but can broadly be divided into four groups:

- regulators such as the Office of Fair Trading and the Office of the Rail Regulator;
- inspectorates including OfSTED and the Crown Prosecution Service Inspectorate;
- specialist services like the Government Actuaries Department and Treasury Solicitors Office that are focused on service delivery for key customers in government and elsewhere; and
- larger services like the Crown Prosecution Service and Land Registry.

## Proposals to the Independent Review of Public Sector Relocation

The proposals submitted by these departments identified only 30 candidates for relocation. Notwithstanding the significant overall degree of existing dispersal, this response is disappointing.

These departments identified a number of barriers to the greater dispersal of their activities. A number of these issues were common to many of the responses:

- upfront costs of relocation would significantly outweigh the savings that the transfer of a relatively small number of people could generate;
- relocation of the whole department is impossible as key customers are based in London and the South East;
- creating a second headquarters and splitting the department between two sites would not prove economic or sustainable due to the small size of the organisation;

## Assessment

The review believes that these responses have failed to grasp the opportunity for cost savings and improved service delivery that relocation offers. They focus on issues that make change difficult rather than looking for opportunities to think radically about their future size and shape. These arguments have some force in relation to the smaller of these departments but, as noted, there are some large bodies too.

The argument that a body needs to be wholly based in London because ministers and key customers are based there is overly simple, as set out in the main report.

The main report also develops a case for locating regulators and inspectorates out of London as a means of enhancing their authority and independence.

Where departments have genuine problems of small scale, dispersal opportunities may be best pursued as part of efforts to share common services with larger departments.

## Implementation agenda

- departments should revisit their proposals and work to identify further relocation opportunities by thinking creatively about the opportunity to relocate back office functions, joining up with other departments, and by challenging assumptions about functions that need to be in London.
- the Government should consider how to apply a presumption of non-London headquarters for regulators and inspectorates in this group.

