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A brief history of relocation

E.1 There is a long history to the relocation of government work from London and the South East, reflecting the persistent differential in operating costs between London and other parts of the UK, and also the long-standing wider government aim of supporting lagging regional economies. Early relocations were centrally led drives, which were only partly successful in achieving the moves identified. In the 1980s the emphasis switched to the identification of freestanding departmental business units, which were separated out and became Next Steps Agencies, sometimes relocating away from the 'parent' department.

E.2 The first well-documented relocation exercise was conducted by Sir Gilbert Flemming in 1963¹. Flemming's methodology was based on identifying self-contained areas of activity that could be relocated in their entirety to generate property and labour savings without any loss to efficiency. In tune with the available ICT, and with the civil service culture of the day, Flemming's review concentrated only on teams where there was little contact with ministers or other stakeholders. The review resulted in the relocation of several self-contained blocks of processing, accounting and statistical functions. Of some 57,000 posts identified, 22,500 were relocated between 1963 and 1972, with around 70 per cent of these posts going to assisted areas. A further 9,490 posts were established outside London.

E.3 In 1973 Sir Henry Hardman carried out a review² of 78,000 London posts, which identified a further 31,500 for dispersal. The drivers were once again operating costs and wider regional economic concerns. The review was conducted in the context of a general reorganisation of government functions which aimed to improve the quality of policy formulation. Hardman included policy work in his exercise, and the frequency of meetings with Ministers, and contact with other units within Government and outside stakeholders were relevant factors. Other factors taken into account were: the characteristics of the local labour market; the critical mass of the relocating functions in terms of efficiency and viable career structures; and whether or not the destination had assisted area status.

E.4 Where senior staff needed regular contact with London, Hardman recommended short distance relocations, with routine or processing work going to more peripheral areas. His approach was characterised by a strong central strategy which matched functions to specific locations, and underpinned by exhaustive research into government's communication patterns. The aim was to achieve an optimum solution taking into account effectiveness, operational cost savings, and the needs of the receiving location. In the event, around 10,000 of the posts identified were dispersed.

E.5 In the late 1980s, the focus was on controlling administrative costs and achieving more business-like service delivery. The concept of the separation of implementation and policy, and the creation of agencies dealing with operational delivery was developed by the Ibbs Report (Efficiency Unit, 1988), and taken forward by Sir Peter Kemp as the Next Steps programme.

¹ See 'Public Sector Relocation and Regional Development' C.W Jefferson and M Trainor, *Urban Studies* Vol. 33, No 1, 37-48, 1996. A dispersal programme also took place during World War 2.

² 'The Dispersal of Government Work from London', Cmnd 5322, June 1973.

E.6 The creation of Next Steps Agencies during the 1980s and 1990s resulted in some significant decentralisation, as policy and management functions were separated out, and departments were broken up into smaller units with a clearer focus on business objectives. According to CURDS' response to this review:

“Between 1989 and 1993 19,000 posts were relocated or established outside the South East, and a further 6,800 jobs planned for decentralisation. Relocation was again predominanatly driven by costs savings. According to Jefferson and Trainor (1996) the 1980s and 1990s relocations went predominantly to larger regional centres with good office accommodation and labour availability. On average 37 per cent of staff moves with the unit and 63 per cent were recruited locally. Very few senior grades were relocated, and approximately 70 per cent were in either administrative assistant or administrative officer grades and 27 per cent in executive grades.”

E.7 The process which began with the Next Steps programme has continued to produce new agencies in the 1990s, many of them relocated outside London and the South East. But, as this review concludes, supported by Lord Haskins' recent report on Defra, there is still a significant amount of delivery work being undertaken at the centre.

E.8 Since 1997, there have been few large 'set piece' moves away from London. Dispersal has proceeded more incrementally, in response to regional policy, and to the emphasis on local service delivery and the need to join up national and regional policy. This has seen a strengthened Government presence in the regions, with the creation of the Regional Development Agencies, the expansion of the Government Offices, and a growing number of other public bodies with some regional organisation. This incremental pace of change is increasingly falling short of the Government's ambitions of efficiency and regional development.

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