9 Rethinking location

Summary

In seeking to reshape the pattern of its locations, Government faces an analytical challenge. It will need much clearer thinking to determine the functions which need to be in London, and a willingness to confront attitudes and ways of working which do not meet its objectives. In particular:

- The Government needs to continue the work prompted by this review to define the necessary constituents of a modern Whitehall headquarters, and as part of that to confirm the policy functions that are properly based in London.

- There is a need for the Government to showcase and overcome cultural resistance to communications technologies, including videoconferencing, and to become much more rigorous in defining the circumstances that justify face-to-face meetings in London.

- Ministers can set an example in their working patterns by being willing to accept advice from officials at a distance. And senior officials must be prepared to challenge working patterns that impose extra costs on the organisation.

- Government should acknowledge and tackle other cultural factors that might constrain thinking about locations. It should engage in "mythbusting" in the face of Whitehall received wisdom about past relocations, while addressing genuine problems and concerns, for example the fear that to be out of London is to be "out of the loop".

- Departmentalism is a potential brake on dispersal opportunities that could arise from joining up government functions across organisational boundaries. There is a role for the centre in facilitating "joining up", but service chiefs should also see this as a key part of their management responsibilities.

The analytical challenge

9.1   I have sought to demonstrate that the Government has scope to go much further in achieving a pattern of locations which best meets its objectives. In the next chapter I outline the actions that I believe the Government will need to take to realise its ambitions.

9.2   The Government needs clear underpinning analysis to inform these actions, and it must challenge assumptions and attitudes which no longer reflect its priorities. I have been conscious that thinking about location has been constrained in a number of ways. These can be summarised as follows:

- A lack of analytical clarity about the essential constituents of the department headquarters functions, including policy in particular, and their relationship to the wider organisation and those it does business with;

- Cautious thinking about the potential afforded by communications technologies to overcome physical distance, alongside unexamined assumptions about who should attend meetings, how often, where and at whose behest; and

- A relatively fixed and unchallenged view of ministerial working preferences helping to determine the balance of activity between London and other locations.

9.3   There were also some "softer" cultural factors that appeared to colour the disposition of departments towards issues of location. These include negative perceptions based on received wisdom about past relocations, particular concerns of senior civil servants, and departmentalism.

Headquarters functions and policy

9.4   I have argued that the Government's ambitions to improve public service delivery and to devolve decision making responsibility nearer to the front line suggest the need for a radically slimmed down core of departmental headquarters in London. At the same time those functions which have no need of physical connection with the centre, or whose effectiveness would be enhanced by distance from the centre (arm's-length bodies, functions closely linked to service delivery) should be presumed not to need a London location.

9.5   It is clear to me that Government lacks a robust analysis of the nature and purpose of different kinds of modern Whitehall headquarters; how they should relate to other parts of the government machine and the wider world; the functions they should contain; and the size they should be.

9.6   The Government is committed to slimming down headquarters, and in discussion with me permanent secretaries acknowledged that their departments needed to go in this direction. Similar moves are afoot in the corporate sector with *Boots* providing a recent example of efforts to streamline the centre alongside a strengthening of the front line. In the context of my review, the Office of the Deputy Prime Minister has offered and begun work on an analysis attempting to define the functions of the departmental headquarters, with input from a number of other interested parties in government. Note should be taken of the Irish Government's radical thinking on the scope for regionalising headquarters functions, leaving very small secretariats in Dublin.

9.7   Nowhere is thinking more in need of tightening than in the area of policy. Departments' responses to my review suggested that the civil service struggles to define policy, to articulate the distinct functions embraced by this catch-all term, and to construct a closely-argued rationale for retaining some of these functions in London. I found a tendency to apply the term "policy" in a very loose way, to suggest that policy functions were indivisible (or at the very least, difficult to disentangle), and to assert, rather than to demonstrate, the need for officials who have little, if any, direct contact with ministers and London-bound interlocutors nevertheless to be on hand in London.

9.8   Clarifying what is policy, and what parts of it are properly for London-based headquarters, strikes me as a necessarily central feature of the continuing work to define the modern Whitehall headquarters. It makes sense to take account of the analysis provided by Lord Haskins, to which I have referred in chapter 2. Account should also be taken of those departments which do have significant policy arms out of London, such as the Departments of Health and Education and Skills, and Inland Revenue.

9.9 I suggest that any analysis of what constitutes policy needs to take account of the following:

- Strategic development, standard setting and high-level performance monitoring are the policy functions most clearly associated with central functions, but it does not follow that all who are engaged in them need to be in London;

- The work that supports the legislative process and ministers' Parliamentary duties needs to be led in London (but again not all of it necessarily needs to be conducted there, and not all of it is policy);

- Some of what is currently regarded as policy in London may be duplicative or in other ways add little value, or even destroy value if it imposes hidden bureaucratic costs on delivery agents;

- Use of modern communications technology in an inclusive, communicative, organisational culture allows policy makers to have extensive dealings with London while permanently based elsewhere;

- "Intelligent delivery" or "operational policy" – that part of the policy process which closely informs the design and delivery of government programmes – may work better if colocated with delivery agents;

- Policy with a strong regional dimension, or which underpins programmes which are regionally specific, or regionally differentiated, might be better based within the Government Offices for the Regions; and

- Devolution of the decision-making power to delivery agents or other tiers of government will sometimes be the best option.

9.10 Early in my review I was keen to explore whether national policy might be done differently or better if done out of London, and I hoped the consultation might throw some light on this question. A number of people suggested to me that government policy was prone to bias because the outlook and understanding of policy makers was coloured by their London environment. For example, it was suggested that housing policy was overconcerned with shortage (a problem in the South) and too little concerned with excess supply (a problem in the North), and that this reflected a Southern outlook. As might be expected, this notion was hotly contested by some in Whitehall.

9.11 On the basis of the evidence I gathered, I am not able to conclude that national policy would be done differently or better outside London, though it is clear to me that policy that relates to particular areas must be informed by good local intelligence. It is also clear from the experience of such departments as Health and Education and Skills that national policy can be and is done perfectly well out of London, and that such departments are able to draw on a correspondingly wider pool of talent.

Communications technologies and meetings in London

9.12 I am clear that the tendency to regard the headquarters and policy functions as indivisible is in part conditioned by perceptions of how effectively an organisation can operate across physical distance using modern technology. The responses to my review revealed considerable variation in the degree to which departments embraced and factored into their planning the possibilities afforded by modern communications technologies. It was also clear that there were many examples of good practice to be learned from, in both the public and private sectors.

9.13   An example of a department that has adopted modern technology enthusiastically is the Department for International Development (DFID). The department operates across the world (though also between London and Scotland) and therefore has a particularly strong business rationale for finding alternatives to expensive and time-consuming travel. Nonetheless the lessons from DFID, as set out in the box below, have wider applicability. Above all the DFID experience illustrates what can be achieved when a department's embrace of technology is led from the top down, and regarded as central to its core business.

Department for International Development (DFID)

DFID makes heavy use of communication technology, including satellite and ISDN links and videoconferencing. It has about 100 videoconference suites, half of which are in the UK, and a remote working system that can be dialled into from anywhere in the world using a laptop. Ministers fully support the technology as do senior managers. The permanent secretary has videoconferencing facilities at home.

- The costs of £4m for bandwidth installation and £4 million for videoconferencing equipment are expected to be recouped within two years;
- Each trip saved between London headquarters and East Kilbride saves £250 in air fares and four hours of travelling time;
- The £10,000 cost of installing videoconferencing facilities in Bangkok was estimated to have paid for itself after four uses; and
- The technology allows ministers to engage in, for example, a simultaneous link-up with nine southern African presidents and the United Nations, without leaving the UK. It allows ministers and officials to participate in meetings which it would be impractical for them to attend.

DFID recognises that using videoconferencing effectively requires a different culture. The department has sought to invest in technology that is sufficiently reliable, but also to ensure that staff are comfortable with it. Emphasis is given to training, including the etiquette peculiar to videoconference meetings, as a result of which staff, over time, have become more disciplined, structured and time-efficient in their use of the technology.

DFID report that the use of modern technology has improved staff productivity by providing faster, more reliable communications, better access to web-based knowledge and information and in the case of videoconferencing reduced the need for, and expense of, travel. The equipment is sufficiently up-to-date that DFID are able to send secure confidential documents around the world.

9.14   I have encountered the notion that while videoconferencing has a part to play in routine transactions and in the straighforward transmission of information, it cannot substitute for face-to-face interactions when there is high level and sensitive business to conduct. The DFID example suggests otherwise. I was also particularly struck that videoconferencing was used during the peace negotiations that led to the 1998 Belfast Agreement.

9.15   The Government may need actively to showcase and promote the benefits of communications technologies, using the examples I have highlighted in this report, and others. This will help overcome any resistance which can be traced to unsatisfactory personal experiences of the technology in its earlier, less useable (and perhaps badly used) incarnations.

9.16   I do not want to argue that there is a simple opposition between videoconferencing and face-to-face meetings. For one thing, video is only one of several available communication technologies. It is too early still to assess the likely impact of the next wave of wireless and broadband-enabled technologies. Nor should we overlook the possible impact of technologies yet to come, bearing in mind how quickly e-mail, the internet and mobile phone have transformed working methods.

9.17   Meanwhile, it would be a mistake to overlook the humble telephone and the power of telephone conferencing (routinely used, for example, by the Department for Education and Skills to link its sites in London, Sheffield, Darlington and Runcorn). As *Experian* reported: *"Telephone is far from being obsolete in the age of e-mail and videoconferencing and is often the preferred communication method in large, dispersed sectors, such as consulting and financial services".*

9.18   It would be naïve to suppose that face-to-face meetings can be entirely replaced by electronic means, even supposing that such a state of affairs were desirable. But it is plain to me that there is scope for more rigorous thinking in departments about the circumstances which justify face-to-face meetings, particularly where these incur considerable costs in travel and staff time. A number of cultural factors might affect the propensity to schedule face-to-face meetings, and the propensity of others to attend them. The need to demonstrate visibility and availability (and fear of what might be decided in one's absence) can be powerful influencers, particularly if those travelling into London start from a position of feeling marginalised within their London-centric organisations.

9.19   It might repay the Government, in the context of its search for improved efficiency, to take a close look at the culture of London meetings and the extent to which it is shaped by such organisational and social-psychological factors. One useful measure of the effectiveness of face-to-face meetings might be the the number of participants who are empowered to offer views or take decisions on behalf of their organisations (rather than simply to take notes and report back).

Ministerial preferences

9.20   Ministers themselves have a powerful influence on the geographical expression of their departments' business. The requirement for staff to be located in London, the need for regionally-based staff to travel frequently to London: these are commonly explained by reference to the needs, demands and predilections of ministers including, in some cases, their reported reluctance to conduct serious business by video conference.

9.21   If ministers are to take forward their commitment to reshaping the pattern of government business, it follows that they will need to set a good example in relation to their own departments. One way to do this would be to signal to their organisations, for example in their approach to communications technology, that they are prepared to conduct serious business electronically. A good example is set by the Secretary of State for International Development, Hilary Benn MP, who reported to my review:

> *"Videoconferencing is a way of life in DFID. With our staff and partners based all over the world, it makes sense and saves money to conduct as much business as possible remotely. This has worked extremely well for us. DFID staff frequently talk to their international counterparts and colleagues in other countries using the videoconferencing system, saving time and money on travel. And, I can get advice when I need when it without our staff in our country office having to travel all the way to London. It really does work!"*

9.22   Ministers may also want to reflect on the geographical pattern of their working week and whether it offers the opportunity for them to spend some time based in – or linked to – offices of their department outside the London headquarters. A relevant consideration is the location of the minister's home and constituency, bearing in mind that only a minority are based permanently in London. Such an approach is not without precedent and is currently best exemplified by Northern Ireland Office ministers, who divide their working week between London and Belfast. It was also the pattern of Scottish and Welsh ministers before devolution.

9.23   Meanwhile, it is the duty of civil servants to provide objective advice on the cost and other organisational implications of ministerial choices (bearing in mind that department heads are accountable to Parliament for their management of departmental resources, and that the impact of significant organisational change is likely to outlive the tenancy of many a minister). If a minister's preferences are felt to impose unjustifed costs, it is the job of the permanent secretary to say so, while respecting the final decision.

Cultural factors

9.24   Discussions with departments suggested to me that there are recurrent themes in Whitehall thinking that seem to constitute a kind of mythology about relocation, including the beliefs that relocation works only for low-grade clerical work; that past relocations have been problematic; and that in particular split headquarters do not work, with regional sites perennially marginalised and senior staff spending their lives on trains or quietly returning to London.

9.25   Like many myths it has a basis in fact, having been informed by some of the problems that *Experian* found in past relocations and which I have reflected in chapter 3 and chapter 7. But it is also inaccurate, exaggerated and prejudiced. The Government needs to ensure that departments can learn from past mistakes, but it may also need to engage in some mythbusting.

9.26   In the case of senior staff (who I have argued may need to be the particular target of relocation drives), there will be additional concerns to contend with, including the possibilities of career isolation, and these are examined in chapter 7.

9.27   Finally, thinking in Whitehall tends to flow within rather than across departmental boundaries. Two decades' progressive delegation of autonomy to departments and their bodies has brought clear benefits, but there is a growing realisation of a downside. The Prime Minister recently commented that *"too often government's structures reflect vested interests and tradition. Departmentalism remains strong in Whitehall - usually too strong - and the allocation of ministerial portfolios sometimes unhelpfully reinforces these barriers."*[2]

9.28   This is problematic for a Government which sees the potential for efficiency and service quality improvements through joining up functions across organisational divides. Joining up will also provide new opportunities for rethinking locations. Permanent secretaries, in their discussions with me, acknowledged the limitations of departmentalism, spoke about attempts across government to join things up, and indicated that they would welcome stronger steers from the centre, or even direction, on certain matters.

9.29   Such steers and directions may come – and I recommend in chapter 10 three particular aspects of government that will need tighter coordination. In the meantime, it is unclear to me how strongly service chiefs believe themselves to have a personal responsibility, as part of their management remit, to join up with others. It is a responsibility that may need emphasising in the context of my review.

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[2] From a speech on civil service reform delivered on 24 February 2004.