

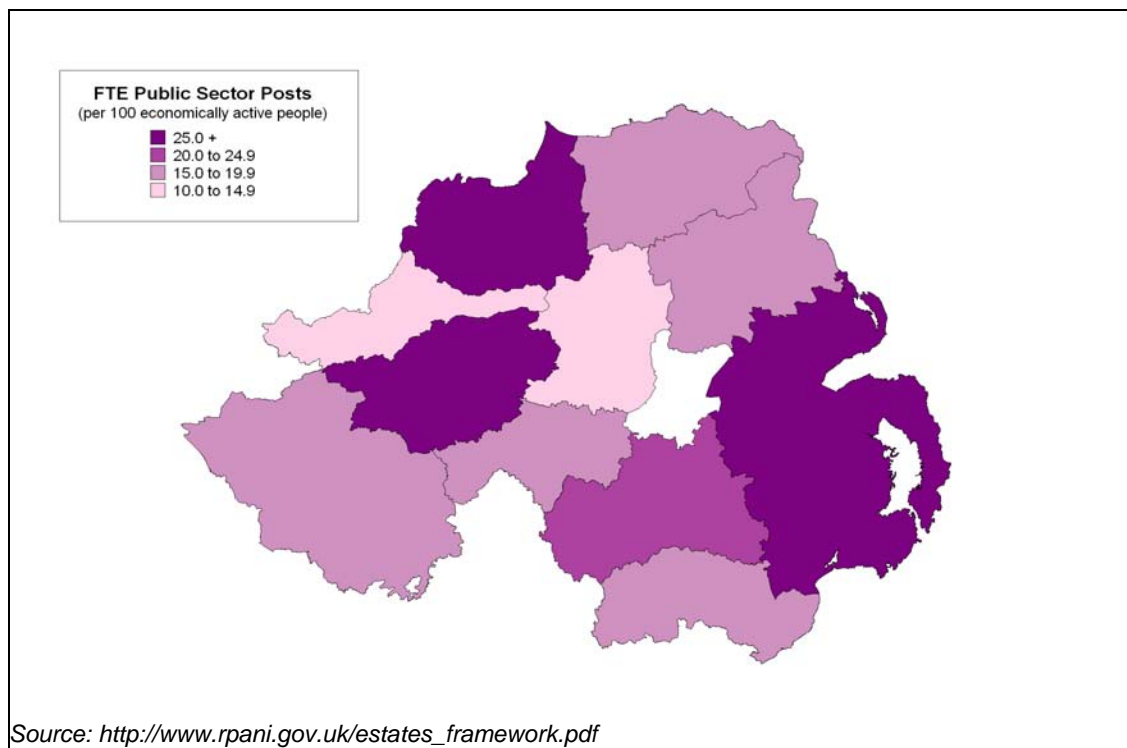
Follow up Research to Committee Meeting 30/01/08

The Location of Public Sector Jobs

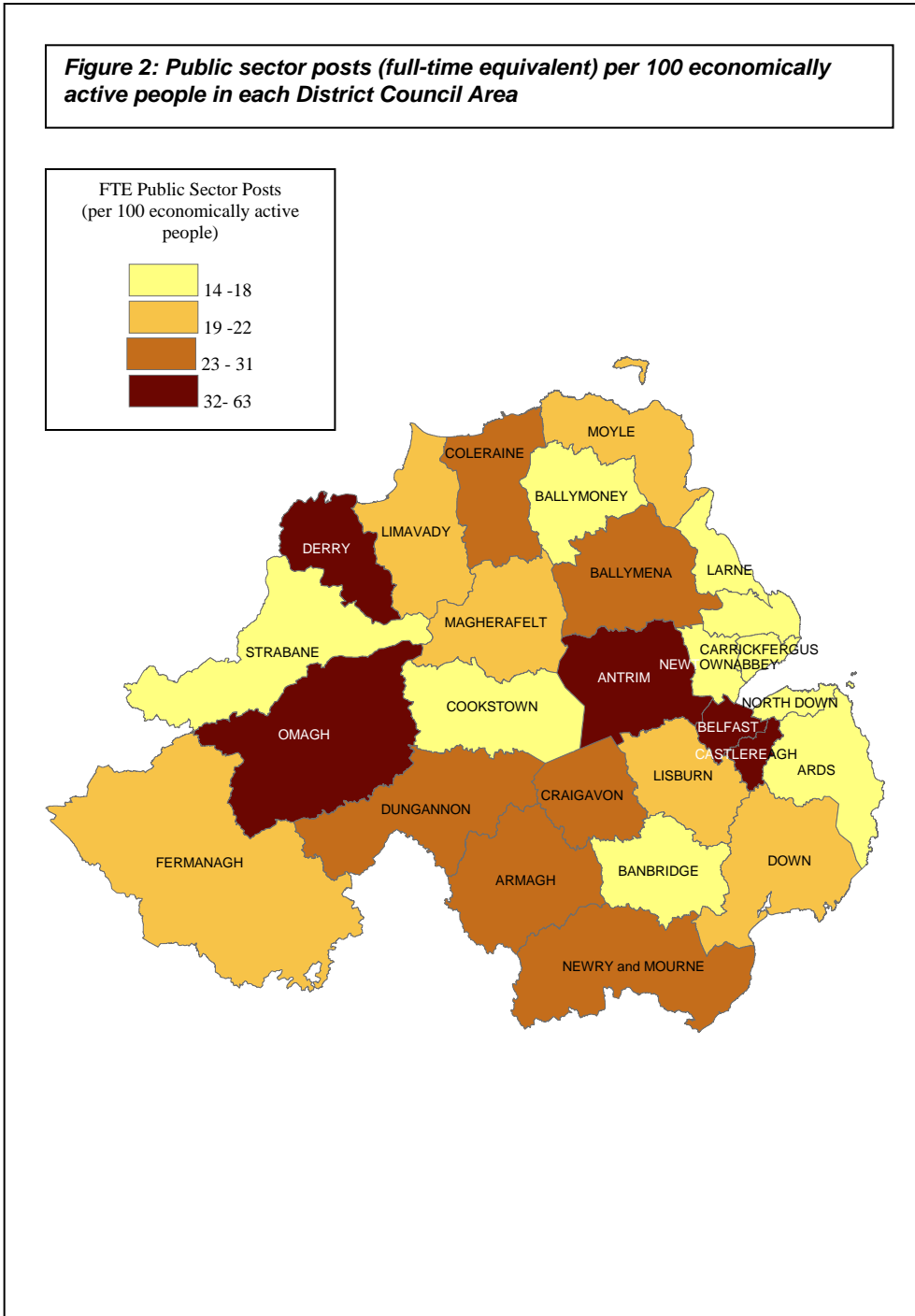
1. Figures for the distribution of public sector jobs in NI by Council area.

The map presented in the briefing paper on the Location of Public Sector Jobs was reproduced from the Department of Finance and Personnel (DFP)s *'Framework to Underpin Decisions on the Location of Public Sector Jobs resulting from the Review of Public Administration'*. The proportions of public sector jobs are mapped on the basis of Travel-to-Work-Areas, as defined by the Department for Enterprise, Trade and Investment:

Figure 1: Public sector posts (full-time equivalent) per 100 economically active people in each Travel-to-Work Area



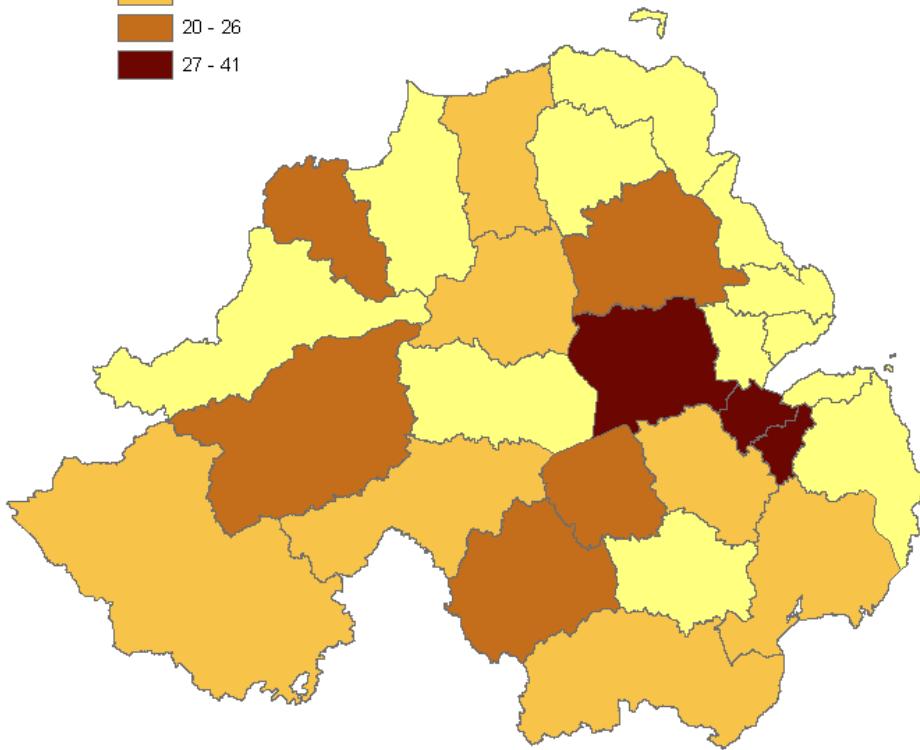
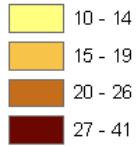
The DFP document does not provide a breakdown of the number of jobs by District council Area. However, it has been possible to produce the following map, based on the same figures and methodology¹:



¹ The methodology used was to take the number of public sector jobs (per Census of Employment 2005) and express these as a proportion of the economically active population (per the 2001 Census).

Figure 3: Public sector posts (full-time equivalent) per 100 working age people in each District Council Area

**FTE Public Sector Posts
(per 100 working age
population)**



2. Assessment of impact on deprivation in cities where jobs are dispersed to.

The economic literature assesses the impact on destination areas on the basis of the 'multiplier effect'; this measures the combined impact of:

- Jobs created because the relocated body purchases goods and services in the area (the indirect effect);
- Jobs created because employees of the relocated body spend money in the area (the induced effect);
- Jobs lost because the relocated body reduces the number of people working for existing employers (the displacement effect or 'crowding out')².

A multiplier value of 'one' implies no impact on the destination area in excess of the number of jobs created – i.e. a neutral economic impact. A multiplier of 1.5 indicates that for every two jobs moved, a further job is created. It should be noted that multiplier analysis does not capture effects such as the boosting of skills and productivity, and therefore might understate the impact on an area.

Experian found that “...the economic benefit to areas receiving relocated government functions was greater than had been believed...” and revealed the following estimates³:

Figure 4: A Comparison of Multiplier Estimates in the UK

Relocation	Year of Study	Multiplier Estimate
ONS estimate	1995	1.5
ODA (East Kilbride)	1988	1.25
English Partnerships (major projects)	1994	1.29 1.38-1.56
Enterprise Zones (various)	1995/2000	1.05-1.15 1.3-1.7
Scotland (various)	2001	0.67-1.5
Patent Office (Newport)	2003	1
DHSS (Leeds)	2003	1.3

Source: 'The Impact of Relocation' A Report for the Independent Review of Public Sector Relocation, Experian 2004

The *type* of jobs relocated was found to be significant:

“...the more senior posts involved, the greater the economic benefit to the receiving location, because more senior staff tend to be better paid and to have more disposable income to spend locally.”

Conversely, in its 2004 report, the Scottish Finance Committee stated that it was⁴:

² This can occur when competition for staff increases and existing employers lose staff to the incomer. If the incomer pays more than local rates (likely in the case of public bodies), such competition is more likely to drive up local wages, reducing the propensity of the private employers to take on staff.

³ Experian, *The Impact of Relocation*, 2004

“...concerned that the way in which relocation has operated so far has not had as significant an impact on areas of deprivation as the policy may suggest”

The Committee went on to suggest that, in some cases, operational effectiveness was overriding deprivation in the determination of relocation destinations. However, in its response to this report, the Scottish Executive highlighted the fact that the policy was still relatively young and that it expected the benefits to grow with the relocation programme. The Executive also pointed out that a renewed emphasis was being placed on social-economic benefits in the appraisal criteria.

Despite this, there are a number of specific relocations in Scotland which are generally accepted as having been successful. The relocation of the Scottish Public Pensions Agency (SPPA) to Galashiels is one such example⁵. This is estimated to have resulted in an annual impact of £6.13 million and 289 full-time jobs⁶.

3. Whether staff relocated with the jobs or chose to travel.

A report by Audit Scotland found that *“...most current staff did not transfer from the original location. Of some 800 posts located or relocated in the cases we examined just over a quarter (234) of staff had transferred from the original location. Some 250 of the posts were filled by transfers from the organisations’ other locations and by staff already employed by the Executive or other public bodies.”*⁷

There is no evidence of staff remaining in the original location and travelling.

4. How staff movements were managed/staged to avoid discontent.

Audit Scotland found evidence that staff were consulted with and engaged throughout the Scottish relocation process⁸. In 11 of the 12 cases examined, organisations told staff about relocation reviews before a public announcement. In all cases, organisations continued to plan and manage the process well throughout the review and decision-making stages. Staff members were consulted to assess preferences and factors which were likely to influence decisions. During the relocation process, staff members were engaged via:

- Regular newsletters;
- Intranet updates and forums; and
- Staff meetings.

Some organisations also provided relocation advice, for example in the form of information packs. With regards to those staff members who chose not to move, support was offered in the form of re-training and assistance in finding alternative employment.

There does not appear to be any evidence of relocations having been phased for the purpose of avoiding discontent.

⁴ Finance Committee of the Scottish Parliament, *Relocation of Public Sector Jobs*, 2004

⁵ As acknowledged by Lyons in his *Independent Review of Public Sector Relocation* and relevant trade unions http://www.hm-treasury.gov.uk/consultations_and_legislation/lyons/consult_lyons_index.cfm

⁶ Finance Committee of the Scottish Parliament, *Relocation of Public Sector Jobs*, 2004

⁷ Audit Scotland, *Relocation of Scottish Executive departments, agencies and NDPBs*, September 2006

⁸ Audit Scotland, *Relocation of Scottish Executive departments, agencies and NDPBs*, September 2006

5. Whether resistance to staff transfers categorised by grade especially more resistance from lower paid, females with family ties.

Experian found evidence that senior (or aspiring senior) staff can be more reluctant than lower paid employees to relocate because of:

- A perceived lack of career opportunities outside the city centre⁹;
- Concern that they will be required to travel to London frequently;
- Concern that it will be impossible to re-enter the London housing market at a later date.

The studies do not identify any instances of particular resistance from female staff.

6. Re paragraph 4.2 relating to the breakdown of regions.

It is not possible to provide a current breakdown of relocations by region, per the recent response to a parliamentary question on this issue:

“Information on relocations is not held centrally and could only be provided at disproportionate cost¹⁰.”

The table below provides the most recent account of relocations / new posts in the UK regions (1993):

	Number of posts dispersed, 1963-72	Number of posts in newly established offices, 1965-72	Number of posts located or relocated, 1973-88 ^b	Number of posts relocated, 1989-93	Number of posts in newly established offices, 1989-93	Planned relocations as at October 1993
South East	6222	2782	-	-	-	-
East Anglia	1192	-	780	295	11	640
South West	692	640	420	925	786	3892
West Midlands	279	-	290	607	1666	108
East Midlands	211	535	-	1280	133	900
Yorkshire & Humberside	783	-	2337	2793	13	1027
North West	4176	1821	3145	2847	740	249 ^a
North	3112	265	470	1935	141	-
Wales	1174	1652	818	1782	11	-
Scotland	4684	1797	2092	994	767	60
Northern Ireland	-	-	20	515	650	-
Various	-	-	1264	6	45	6
Total	22 525	9492	11 636	13 979	4963	6882

^aIncludes 139 new posts.

^bThis data under-estimates moves to the South East

Source: Hardman (1973); HM Treasury; Jefferson and Trainor (1995); Marshall (1995)

⁹ Experian, *The Impact of Relocation*, 2004

¹⁰ <http://www.publications.parliament.uk/pa/cm200203/cmhansrd/vo021127/text/21127w18.htm>

7. Staff retention and turnover as an advantage and a drawback - which areas did each specifically relate to

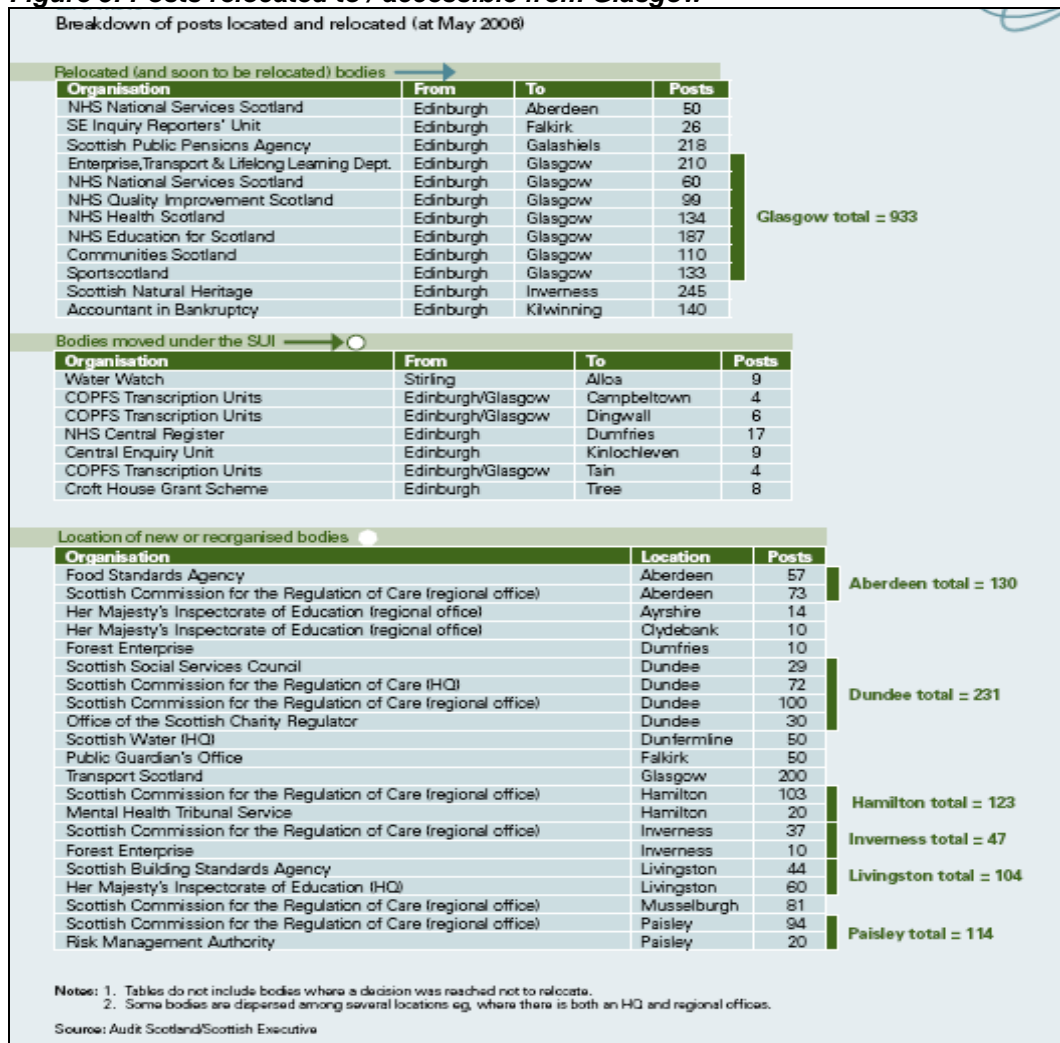
Some of the UK cases have indicated that following relocation, there was a reduction in recruitment and retention problems. These findings were associated with the following moves from London¹¹:

- The Patent Office move to Newport
- The Department of Social Security and National Health Service Executive joint move to Leeds
- The Met Office relocation to Exeter

However, the Irish experience was that staff turnover in work areas being decentralised was in excess of 90%, resulting in significant disruption¹².

8. Evidence of jobs relocated to / accessible from Glasgow:

Figure 5: Posts relocated to / accessible from Glasgow



Source: Audit Scotland, *Relocation of Scottish Executive departments, agencies and NDPBs*, September 2006

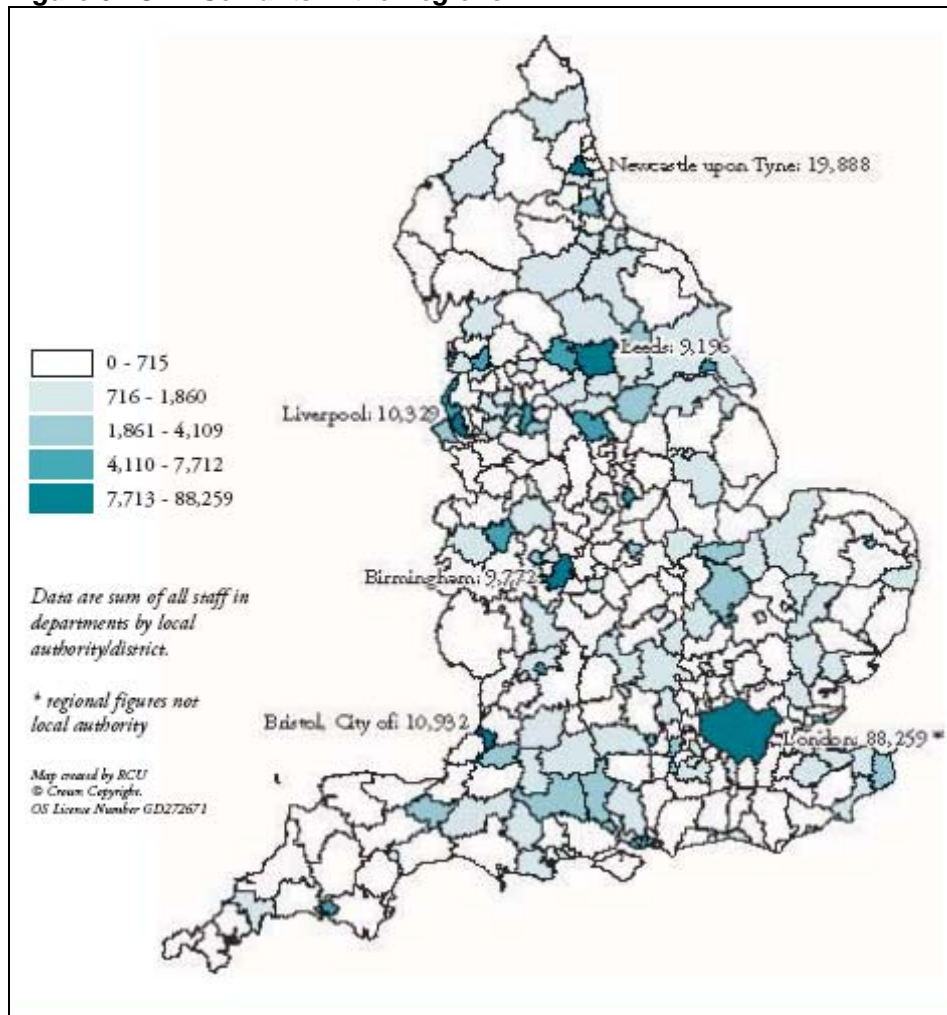
¹¹ Marshall et al. *Relocation, Relocation, Relocation*, Regional Studies, (2005), 767-787

¹² Submitted to Scottish Parliament Finance Committee 2004b.

9. Stats on current distribution of jobs in England/Scotland/ROI/Wales compared to Northern Ireland.

It has proven difficult to find comparable figures for the distribution of public sector jobs across the UK and the Republic of Ireland. However, the figure below provides an indication, in that it shows the absolute number of civil servants in the regions. It should be noted that this does not account for all public sector jobs, it is not expressed as a proportion of the economically active population, and it is not broken down by local authority area.

Figure 6: Civil Servants in the Regions



Source: Lyons, *Independent Review of Public Sector Relocation*, 2004

10. More info around the definition that offices to be moved should be sufficiently large and self-contained. Yet organisations with 6 staff relocated in ROI.

Irish relocation criteria states that “units should be large and self contained enough to avoid disruption of agencies’ business and provide staff with appropriate career opportunities”¹³. However, it has not been possible to source any quantitative guidelines as to how ‘large’ and ‘self contained’ are defined.

¹³ SPICe Briefing, *Comparative Relocation Policies*, 26 February 2004