

# D

## Evidence from other countries

---

### Introduction

**D.1** The review was keen to learn from international experience of relocation and decentralisation, and trawled for information from other countries. The search was not exhaustive, and the information presented here is based on a limited search of literature, and on material submitted by embassies. It does, however, provide an overview of activity and experience in other countries and points out differences and similarities of approach which are instructive.

**D.2** A number of themes emerged from the evidence submitted, which resonate strongly with those identified in the main report. In particular the drivers for relocation were broadly consistent across the international scene, although the emphasis varied, and Japan was notable for pursuing resilience as a key aim. Across the board countries saw the dispersal of government functions as yielding cost reductions; a better balance between the centre and regions; and a lever to introduce modernisation and improved efficiency.

**D.3** Reductions in overheads were a key benefit, with some countries seeing improved recruitment and retention and improved productivity as important benefits. Relocation was also seen as the opportunity to secure improved efficiency on the back of re-engineering, new working practices and modernisation. These were seen as delivering not just savings in operating costs but more choice for the customer (Norway), and better delivery of services. The example from Canada, while a large regional rather than national project, well illustrates the scope for radical restructuring of service delivery to achieve both cost savings and a much more seamless and convenient service for customers.

**D.4** Relocation was also seen as contributing to a better balance between the region and the centre. This was generally expressed in terms of a better economic balance, with the aim being to provide jobs and stimulate growth in areas where economic performance lagged. There was also some explicit recognition of the need to address perceptions of remoteness and policy-making dominated by the capital (Japan, Scotland, France). Germany is an interesting example of a highly devolved country, which is still decentralising at the regional level (Länder) to promote economic growth within the Land. Some saw merit in building regional clusters, perhaps by reinforcing existing presences (Ireland, France). France was keen on developing strong centres of excellence, especially based around science and research.

**D.5** A few submissions mentioned the need to tackle congestion and overheating in the capital (eg Tokyo, Dublin), and the French have a longstanding policy of strict control of development in the historic centre of Paris. The Japanese approach is particularly interesting in that it seeks to enhance the ability of government to continue its business following a natural disaster (earthquake, typhoon). This is a driver which has parallels with the need to improve resilience to the terrorist threat in the post 9/11 world (chapter 8).

**D.6** The examples gathered covered a wide range of work types to be moved. Ireland is considering moving some government headquarters from Dublin, with ministers retaining a small secretariat in the capital. Norway is proposing to move regulators from Oslo, to give them greater independence from government.

**D.7** Some pitfalls were identified. The example from Norway suggests that seeking to secure business continuity by extending moves over a three year period added to costs and the risk that key staff would leave for other jobs. The German experience was that free-standing organisations and agencies relocated more successfully than advisory and strategic functions, which could feel cut off from the centre. This was also the experience of agencies in Berlin, when the seat of government was in Bonn, and with Bonn when the seat of government moved to Berlin following unification.

**D.8** The material illustrates a range of approaches. The French (starting from a highly centralised baseline) have a central committee which considers functions for dispersal to regions. The approach in Ireland is notable for the strong lead from Ministers, and clear commitment from the top, despite some controversy over the proposals. The plans are also based around a National Spatial Strategy, which provides a framework for relocation decisions. A locational framework is discussed in chapter 8 of the main report. The approach in Scotland is based around an agreed national policy, and a system of location reviews triggered by specific events. Germany's devolved system appears to build on the principle of decentralising functions to the most local tier possible.

### Scotland

**D.9** The Scottish Parliament have recently updated their relocation policy<sup>1</sup>. The principal objectives are:

- improved efficiency and effectiveness;
- targeting areas of social and economic need; and
- decentralisation.

**D.10** Relocation reviews are triggered by:

- the creation of new organisations or units;
- reorganisation or restructuring of departments or agencies; or
- a significant property break, such as a renewal of a lease.

**D.11** In the first two scenarios there is a policy presumption against an Edinburgh location but none in the latter, but even under that scenario bodies must consider locations outside Edinburgh. Issues to be considered include socio-economic factors, sustainable transport links/accessibility, costs, operational effectiveness and the position of staff concerned.

**D.12** Around 1300 posts have already been located, or are planned to be located out of Edinburgh. Around a further 1,800 posts will be subject to relocation reviews in 2004. Bodies are brought into the programme on an annual basis subject to the triggers above. The next announcement of bodies entering the programme is due at the end of 2004. Examples to date include the relocation of the Enterprise and Lifelong Learning Department to Glasgow; the setting up of a Food Standards Agency presence in Aberdeen; and the relocation of the Scottish Public Pensions Agency (SPPA) to Galashiels in the Scottish Borders.

---

<sup>1</sup> See <http://www.scottish.parliament.uk/finance/or/fi04-0102.htm>

**D.13** The main benefits have been improved staff retention, better qualified staff, and economic benefits in areas of relative socio-economic need (eg Galashiels). Highlands and Islands Enterprise have relocated finance and central service activity from Inverness to Benbecula, proving the feasibility of the decentralisation of activity to remote areas and encouraging employers, who may previously have been reluctant to locate activity in these areas, to revisit their thinking.

**D.14** The main risk is perceived to be disruption of delivery. This is less of an issue where new functions are being created. Where an existing function is being moved, retention of experience can be an issue. However the operation of the policy has been pragmatic, displaying flexibility about the timing and phasing of moves and making additional short-term financial provision to maintain transitional standards of delivery through a variety of measures, for example dual running.

### Ireland<sup>1</sup>

**D.15** In his Budget statement in December 2003, Finance Minister Charlie McCreevy announced plans to push forward with Ireland's decentralisation programme which contributes to a core objective of the country's National Development Plan 'the achievement of balanced regional development.' The proposal is that over 10,000 posts, across all government departments, will be transferred away from Dublin city centre. Eight departments will transfer to the regions. Ministers will move with their department but maintain a small secretariat and office space based in Dublin, for Dáil and city business.

**D.16** Functions planned for transfer include headquarters functions, advisory agencies, training agencies and regulatory bodies (Central Fisheries Board). The criteria for the selection of departments included consideration of career opportunities, the impact on the region, and the location of the department's customer base. Locations were considered against the country's National Spatial Strategy, which promotes regional development, together with the desirability of clustering related activity within a region, and building on a department's existing presence. For example, it is proposed to move the headquarters function of the Department of Agriculture and Food to Portlaoise where it already has a regional office.

**D.17** Benefits are expected from: reduced staff turnover and better productivity; reduced demand on Dublin's infrastructure; job opportunities for people outside Dublin; new working practices; and increased private sector involvement. This will come initially through 'property swaps' which aim to ensure that property acquired in regions is matched as closely as possible by disposal of property in Dublin. But the review notes that these proposals have also generated controversy.

### France<sup>2</sup>

**D.18** Although France is highly centralised, with limited regional autonomy, a policy of dispersal has been in place for almost 50 years in both public and private sectors. A key aim has been to keep large developments away from Paris, especially the Ile de France. In the last 12 years some 30,000 public sector jobs have been moved, including posts in Foreign Affairs, Social Affairs and Work, Economy, Finances and Industry, Defence, Transport, Housing and Tourism.

<sup>1</sup> The review is grateful to the Department of Finance, Dublin, for this material.

<sup>2</sup> The review is grateful to the British Embassy Paris for their contribution to this material, which also draws on the CITEP website: [www.citep.gouv.fr/](http://www.citep.gouv.fr/)

**D.19** There is a well established mechanism for pursuing dispersal. The Committee for the Territorial Establishment of Public Employment (CITEP) was set up in 1998 to concentrate on services provided by the non-competing public sector. CITEP ensures the balanced distribution of employment in each region by taking into account the needs of the users of public services, efficiency concerns of the state, and modernisation and performance of public management.

**D.20** Decisions on locations are influenced by impact on the local plan; emergence or reinforcement of centres of excellence; and stimulation of the local economy. The major block to staff mobility is spouse employment. Preconditions for success are: the development of an interdepartmental pool of employment; willingness to make the move a collective project, with direction and good local support; good preparation, allowing plenty of time; and a positive response from the area receiving the relocated activity.

**D.21** The benefits are judged to be:

- generally positive in terms of quality of the service;
- particularly positive when involving the establishment of a scientific, technical or research function; eg Toulouse;
- raising the image of the receiving area;
- reinforcing the role of the regional capital (or the European ambition of cities);
- emergence or reinforcement of a centre of excellence;
- stimulation of the local economy, particularly direct or induced effects of employment; and
- positive effects in the modernising of the transferred functions in performance, management and governance.

Regionalisation of transport began with the Transport Express Regional (TER) after a joint agreement between the State-run SNCF and the Regions in the 1990's. Responsibility fell to seven volunteer regions (Alsace, Centre, Nord-Pas de Calais, Pays de la Loire, Provence-Alpes, Cote-D'Azur, Rhone-Alpes, Limousin). The result has been a marked improvement in transport services: the modernisation of stations, new trains and timetables more suited to people's needs. Regional lines that had suffered under national management and were threatened with closure were overhauled and kept open. The Regions spent €2 billion of their budget on transport in 2003: more than 16 per cent of their budget, a rise of 8 per cent from 2002.

### Germany

**D.22** As a federal state Germany is highly decentralised with the Länder (the regional tier) having their own constitution, parliament and executive. Länder in turn are decentralised, and pursue relocation of government departments away from regional capitals with a view to job creation and economic growth.

**D.23** The success of this system appears mixed. Freestanding agencies, such as security and intelligence agencies or watchdogs, work well away from the centre and enjoy more independence. Those with a more strategic focus and direct advisory role to the Government, find themselves removed from the action.

**Berlin and Bonn**

The British Embassy in Berlin reported that prior to unification the federal Government placed some of its agencies in Berlin to guarantee jobs, and maintain a presence there. Following unification in the late 1990s the Government moved to Berlin, but decided to split most ministries into a Bonn and a Berlin branch, in order to maintain a presence in Bonn. This has proved cumbersome, and there is a clear trend for the top layers of hierarchy to move to Berlin.

**Norway**

**D.24** In May 2003 the Norwegian Government announced plans to move eight state regulatory agencies from Oslo<sup>3</sup>.

**D.25** These moves are part of a wider reorganisation and modernisation of the public sector, to create more effective public administration and offer greater freedom of choice for users of services. They are also intended to free up regulatory bodies from political control, and help maintain distance from the institutions they regulate. The Government claims this will also lead to more balanced regional development, and help build knowledge and capacity in the regions. The moves are also intended to improve retention rates.

**D.26** These relocations would happen over a 3 year period, to ensure business continuity, and to give staff time to relocate or find new jobs. This does however push up costs in the transitional period involving a split headquarters arrangement, as shadow teams would be needed. There is some concern about loss of key staff. There has also been concern about costs, efficiency impacts and the effect on employment in Oslo, and the proposal has met with opposition from the trade unions.

**Japan<sup>4</sup>**

**D.27** The Japanese Government are currently considering bids from candidate sites for a new capital city outside Tokyo. This will be a new political and administrative centre, leaving Tokyo as the economic and cultural centre of Japan.

**D.28** The relocation of capital functions in Japan is seen as a method for “ushering in a new age” – they see it as a driver of deregulation, decentralisation and wider reform of Government. The project is also intended to reduce congestion and overheating problems in Tokyo. Another driver is the need to reduce the impact of natural disasters (especially earthquakes) on the Government’s capacity to conduct its business. This will be achieved by dispersing the risk, to a site where there is little possibility of an earthquake or large scale disaster at the same time as in Tokyo. Vacated land in Tokyo will also be used to build earthquake shelters.

**D.29** The case for relocation also maintains that a new city would counter the dominance of Tokyo in policy making and decision making. The scope for relocation will be strictly defined to avoid creating too great a concentration in the new city. The infrastructure investment, which will include major transport links, is intended to have economic benefits for the whole country.

<sup>3</sup> This material comes from european industrial relations observatory on-line [www.eiro.eurofound.eu.int](http://www.eiro.eurofound.eu.int)

<sup>4</sup> The material comes from a Report by the Council for Relocation of the Diet and Other Organizations [www.mlit.go.jp/kokudokeikaku/daishu/English/er\\_001.html](http://www.mlit.go.jp/kokudokeikaku/daishu/English/er_001.html)

**D.30** Functions and bodies considered for relocation include the House of Councillors, House of Representatives, central functions of national government and the supreme court. Relocation of the Cabinet, central policymaking functions and crisis management functions are also being considered for transfer.

### Canada: British Columbia<sup>5</sup>

**D.31** Although a regional tier of government rather than national government, British Columbia is large enough to offer useful comparisons at national level, and provides an example of how ministries can join up to improve service delivery.

**D.32** The Service Delivery Project Project was set up to develop coordinated and flexible approaches to service delivery in heartland communities. Cross-ministry teams have been set up, and improvements have been delivered through:

- colocation and sharing office space, supplies, equipment, resources;
- greater use of electronic business tools;
- cross-boundary integration of select internal functions to enable coordinated delivery across more than one ministry eg investigation work, enforcement functions; and
- common integrated front counters for public access to government.

**D.33** The project has so far achieved 21 colocations; three one-stop shops; a toolkit of guidance on sharing facilities; partnerships with the wider public sector (health authorities, school districts etc); promotion of local leadership and client centred delivery and the promotion of a culture of cross-ministry collaboration to solve delivery issues.

---

<sup>5</sup> The review is grateful to the Ministry of Management Services, British Columbia, for this material.