

# B

## Responses to the consultation

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### Introduction

**B.1** The review launched a public consultation on 19 June 2003, asking for evidence and views on:

- the likely economic impact on the regions of moving public sector activity away from London and the South East;
- how government might look and perform if policy development and service delivery were further decentralised;
- what might be learnt from previous and current relocations of activity, both in the private and public sector; and
- how businesses take advantage of advances in technology and electronic communications to allow people to be based away from the operation centre.

**B.2** More than 200 responses were received, including submissions from local authorities, academics, Regional Development Agencies, Government Offices for the Regions, think tanks and interested individuals. Table B.1 shows the breakdown. Departments themselves submitted information based on their previous experience. The review also held meetings with a variety of stakeholders. The full list of respondents to the consultation can be found towards the end of this annex.

**B.3** Six responses addressed the consultation questions in considerable substance and were published in January 2004 on the Treasury website<sup>1</sup> (the Core Cities, the Royal Institute of Chartered Surveyors, the Centre for Urban and Regional Development Studies submission on behalf of the English Regional Development Agencies, the British Chamber of Commerce, the Local Government Association and the Town and Country Planning Association).

**B.4** Many of the private sector responses were from companies offering commercial relocation services, or from property owners and developers proposing specific sites. These submissions are not discussed in this annex but have been passed to the Office for Government Commerce to allow those developing relocation plans to access this material.

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<sup>1</sup> [www.hm-treasury.gov.uk/lyonsreview](http://www.hm-treasury.gov.uk/lyonsreview)

**Table B.1: Respondents to the consultation**

Category	Number of Respondents
Private Sector Companies	30
Individuals	33
Regional Development Agencies	8
Regional Assemblies	4
Scotland, Wales	4
Members of Parliament	12
Local Authorities/local bodies	105
Other Interested Parties	11
Total	207

**B.5** The responses broadly followed the following themes, which are discussed in greater detail below.

- local and regional impact of relocations;
- human impact of relocation;
- impact on how government might perform;
- lessons learned from previous relocations; and
- impact of information and communication technologies.

### Economic impact of relocation

**B.6** The review asked for views and supporting evidence on the likely economic impact of public sector activity. The consultation stimulated a great many local 'bids'.

**B.7** A number of submissions from regional or local bodies modelled the potential impact of relocation. Submissions from Yorkshire and Humber, Tees Valley, the North West and the West Midlands, among others, contained estimates of the number of local jobs that would be created by transferring a given number of public sector posts to those areas and also included estimates of the gross value added by that transferred activity. These corresponded to economic multipliers ranging from 1.15 to 2.2.

**B.8** The review cannot vouch for the methodology used in these assessments but they are consistent with *Experian Business Strategies'* broad findings in Chapter 4.

**B.9** Submissions from the Core Cities and the Centre for Urban and Regional Development Studies highlighted the role that relocation could play in narrowing regional gaps in growth rates and strengthening economies, especially if clusters of more senior work are created in cities which can then act as motors of growth for the regions.

**B.10** Submissions from Nottingham said that the relocations of the Inland Revenue and Capital One to Nottingham sparked a £200 million pound public and private sector regeneration of the city's canalside corridor. A cluster of financial services businesses had grown around the Inland Revenue and the move of 3,000 jobs across these two organisations indirectly created an additional 2,000 jobs. Other submissions noted the regenerative and other impacts on Leeds, Sheffield, Exeter and Edinburgh.

**B.11** Responses from some local authorities and regional organisations were also keen to ensure that departments fully consider the potential risks in transferring activity. These impacts are discussed in detail in chapters 3 and 4, and reflect *Experian's* detailed analysis for the review. Concerns put forward were:

- increased demand may increase property and labour prices;
- growth in the non-market sector in a region may crowd out the private sector and have negative impacts on enterprise and initiative in the local economy; and
- the increased dependence of a regional economy on government makes it more vulnerable to reductions in government expenditure.

**B.12** Some respondents highlighted the fact that some regions that perform poorly in economic terms already have a high proportion of civil servants. This makes it difficult to sustain the argument that adding to public service employment will strengthen an under-performing regional economy. Sustainable, long-term improvements in regional development will depend upon private sector growth, and the relocation of public sector jobs, particularly lower-skilled ones, will do little to generate spin-off enterprise.

**B.13** A number of respondents discussed the impact that relocation might have on London and the South East. Some submissions were positive about the potential to alleviate overheating and congestion. Others pointed out that London and the South East are not homogenous: there are pockets of deprivation, and relocating public sector activity away from these areas might have a disproportionately damaging effect on local economies. This is addressed in chapter 4.

**B.14** Others proposed that there is the potential for activity to relocate out of overheated areas of London and the South East but remain within the region and still attain many of the cost savings associated with the best relocations.

## Human impact of relocation

**B.15** Submissions from interested parties in London and the South East and those from unions representing public sector workers emphasised the human issues around relocation, and in particular the importance of care in relation to the impact on staff from ethnic minorities and poorer communities.

**B.16** Respondents observed that realising the potential cost savings of relocation might prove more difficult now than in earlier drives in the 1960's and 1970's. The wider range of living arrangements and a greater diversity of family circumstances, specifically the rise of dual income households, may reduce the willingness of staff to relocate. This might potentially lead to the loss of key staff or compel the public sector to pay higher relocation packages to ensure that important staff are retained.

**B.17** The Joseph Rowntree Foundation submitted a paper on the effects on families of job relocations in which they outline seven 'good practice in relocation' points. These are reproduced in chapter 7.

### Impact on how government might look and perform

**B.18** The review was interested to hear views and supporting evidence on whether further decentralisation might change the performance of government, improving service delivery and policy making, while bringing government closer to the citizen and countering the perceptions of a London-dominated approach. While some submissions mentioned these issues briefly, there were two substantive responses on these issues: one from the Centre for Urban and Regional Development studies and another from the Core Cities.

**B.19** The CURDS response pointed to the potential for building a stronger regional civil service based around existing centres of expertise in the more devolved agencies that have head offices in all regions. This would offer a counterweight to centralisation in London. They highlighted the evolution of the civil service in Wales as an example of ‘a shift from a purely administrative civil service to one that has a stronger policy focus, is better co-ordinated and has better local knowledge’.

**B.20** Core Cities’ submission similarly advocates the decentralisation of policy and ‘intelligent delivery’ work to help counter the ‘pull’ of London and retain and enhance knowledge and capacity in the regions, thus driving up performance. They support further decentralisation and devolution and point to the success of those European cities where a considerable measure of power and resources have been devolved from the centre.

**B.21** The consultation exercise and meetings held by the review elicited views on the type of policy that could be undertaken better or at least equally as well away from London (see chapter 9). There was surprisingly little evidence put forward to show that national policy development would actually be better, or service delivery improved, if it were further decentralised, though some suggested that London-based policy makers are biased by their environment.

**B.22** There was also a view that government would perform better if located with or closer to the expertise it needs. In the specialist, professional areas of government work the technical competence of staff needs to keep pace with best practice and be at the leading edge of research and knowledge. There were clear advantages of relocation to sites in close proximity to recognised centres of excellence.

### Lessons learnt from previous relocations

**B.23** A number of respondents to the review set out benefits their organisations had reaped from relocation, and preconditions for success or good practice. Organisations had generally benefited from the following:

- few problems recruiting a high-calibre workforce;
- low staff turnover rates;
- better working conditions;
- good quality of life;
- significant reductions in commuting time;
- better use of broadband for email, video-conferencing and web-cam links;
- reduction in property and operational costs; and
- good transport links.

**B.24** Pre-conditions for success, and general points of good practice were:

- coordination and collaboration between key agencies;
- early development of a framework for major recruitment and training;
- staff at all levels kept informed of progress;
- reconnaissance visits and provision of good local information for staff;
- engagement with the regional community, starting at the planning process;
- a staggered approach to the transfer of work;
- help with accommodation for employees;
- all expenditure planned at the outset;
- reasonable time for planning and implementation allowed; and
- inward investment support not ended with relocation but on-going support for any further expansion or development plans.

**B.25** Civil service relocations have worked better when a department has concentrated a significant number of staff in a single location or when a location already has a reputation for excellence in a particular profession or technical field.

**B.26** One private sector company moved 12,000 people over 6 years. Their use of postcode analysis to minimise the cost and human impact of relocation is highlighted in chapter 7.

**B.27** Even when relocations to an area are welcomed, it is important to anticipate and manage the following repercussions: strain on the transport infrastructure; increased pressure on an already highly charged property market and the affordability index; and the capacity of schools and other public services.

**B.28** Some of the challenges that organisations have had to overcome include: negative perception of the area; staff opposition; and difficulty in persuading stakeholders to transfer meetings from London.

### Impact of information and communication technology

**B.29** Submissions to the consultation highlighted the use that private sector companies are making of information and communications technologies (ICT) to allow their staff to work from home or remote from the fixed office location, as well as increasing the flexible working options for staff. In addition, businesses have been able to take advantage of technology to re-engineer in the following ways:

- reducing the number of customer-facing local offices, with the remaining, large customer handling centres integrating customer service with increased sales activities;
- creating specialist back offices, known as shared service centres, where functions such as accountancy and legal activities are brought together at a single site to serve a national, pan-European or even global market;
- creating ‘multi-media contact centres’ to handle customers interactions by email or over the internet, as well as by phone.

**B.30** Businesses that relocated have highlighted the role of modern communications in ensuring efficient operations are maintained. ICT is creating new types of markets in many sectors and making it easier for all organisations to relocate, manage and restructure their business. For example:

- the use of email is now so great as a means of inter-organisational communication that staff can communicate as easily from a distance of 200 miles as from the same buildings;
- business and other organisations are making more use of the internet to create all-encompassing internal information systems – which are breaking down the barriers of geographical dispersion.

**B.31** One insurance company said that it moved to the West Midlands, with a retained workforce, and achieved an overnight 20 per cent increase in productivity through new IT and telecom systems and a 40 per cent improvement within 6 months.

**B.32** IBM implemented flexible working for its workforce in the UK and elsewhere. About 14 per cent of their 20,000-plus UK staff are classified as flexible workers, generally based at an IBM office and about 0.5 per cent are classified as ‘home’ workers. For IBM flexible working was an opportunity to improve its land and property resource use. They have been able to consolidate their office space around a ‘hotdesking’ environment, saving over 1,000,000 square feet of office space in the UK. Reduced office space offers environmental as well as economic benefits in terms of reduced heating and lighting and also contributes to reduced traffic congestion by allowing travel to and from the office to take place off-peak. Flexible working has helped with recruitment and retention.

**B.33** BT has considerable experience both in-house and working with customers in using ICT for ‘flexible working’ – this includes remote and home-based working. Over the past 10 years they say they have:

- closed significant parts of their property estate and reduced costs, saving £59.5million per annum;
- increased staff morale by 55 per cent;
- reduced absenteeism by 75 per cent;
- increased productivity by 31 per cent.

### Consultation respondents and others who offered views

#### Organisations

Bevan Foundation  
British Chamber of Commerce  
Conservative Party  
Core Cities  
Council of Civil Services Unions  
County Surveyor’s Society  
Centre for Urban and Regional Development Studies  
First Division Association  
Joseph Rowntree Foundation  
Local Government Association  
London First

OFWAT  
 Royal Institute of Chartered Surveyors  
 South West Economy Centre  
 Town and Country Planning Association

**Regional Development Agencies**

East Midlands Development Agency  
 East Midlands Assembly  
 Government Office for the East Midlands  
 East of England Development Agency  
 East of England Regional Assembly  
 Government Office for the East of England  
 English Regional Development Agencies (CURDS)  
 Greater London Authority  
 North West Development Agency  
 South East England Development Agency  
 South West RDA and South West RA  
 Yorkshire Forward

**Regional Assemblies**

North East Assembly and  
 Association of North East Councils  
 North West Regional Assembly  
 South East England Regional Assembly  
 West Midlands Regional Assembly

**Devolved Administrations**

Scotland Office  
 Scottish Development International  
 Scottish Executive  
 Welsh Assembly Government

**Local Authorities/Local Bodies**

Ashford Borough Council  
 Councils of the Thames Valley Region  
 Birmingham City Council  
 Blackburn with Darwen Borough Council  
 Borough of Crewe and Nantwich  
 Bournemouth Borough Council  
 Bradford City Centre, Urban Regeneration Company  
 Calderdale Council  
 Caradon District Council  
 Carrick District Council  
 Catalyst Corby URC  
 Cheshire County Council  
 City of Bradford Metropolitan District Council  
 City of Stoke on Trent  
 Copeland Borough Council  
 Cornwall County Council  
 County Durham Development Company  
 Croydon Council  
 Cumbria  
 Cumbria Inward Investment Agency  
 Darlington Partnership  
 Derby City Council  
 Derby City Scape Ltd  
 Devon and Cornwall Business Council  
 Devon County Council  
 District of Easington  
 Doncaster Metropolitan Borough Council  
 Dundee City Council

Durham County Council  
 East Lancashire Partnership  
 East Sussex County Council  
 Ellesmere Port and  
 Neston Borough Council  
 Exeter City Council  
 Fife Council and Scottish Enterprise Fife  
 Finance Cornwall  
 Forest Heath District Council  
 Gloucestershire First  
 Greater Norwich Area  
 Greater Peterborough Investment Agency  
 Hartlepool Partnership  
 Hasting Borough Council  
 Herefordshire Council  
 Hull City Council/  
 East Riding of Yorkshire Council  
 Invest Northern Ireland  
 Keele University  
 Kent County Council  
 Lancashire West Partnership  
 Leeds City Council  
 Leicester City Council  
 Leicester Regeneration Company  
 Leicester Shire Promotions Ltd  
 Lincolnshire County Council  
 Lincolnshire Enterprise  
 Liverpool City Council

Locate in Kent  
Luton Borough Council  
Manchester City Council  
Manchester Investment  
Development Agency Service  
Metropolitan Borough of Wirral  
Mid Yorkshire Chamber of Commerce  
Middlesbrough Council  
Norfolk County Council  
North Ayrshire Council  
North Norfolk District Council  
North Wales Economic Forum  
North West Universities Association  
Northampton Borough Council  
Northamptonshire County Council  
Nottingham City Council  
Nottinghamshire County Council  
Oxfordshire County Council  
Peterborough City Council  
Poole Borough Council  
Rotherham Metropolitan  
Borough Council  
Scotland Office  
Sedgemoor District Council  
Sefton Metropolitan Borough Council  
Shrewsbury and Atcham Borough Council  
Shropshire County Council  
Somerset Strategic Partnership  
Southend-on-Sea Borough Council  
Stafford Borough Council  
Suffolk Chief Executive's Group,  
Ipswich Borough Council  
Sunderland Area Regeneration Company  
Surrey Heath Borough Council  
Sussex Enterprise  
Swindon Borough Council and the New  
Swindon Company  
Taunton Chamber of Commerce  
Taunton Deane Borough Council  
Taunton Town Centre Partnership  
Tees Valley Development Company  
Telford Development Agency  
Thames Gateway South Essex Partnership  
Tees Valley Development Company  
The Fylde Coast Initiative  
The Mersey Partnership  
The South West Peninsula  
Torbay Council  
Torbay Development Agency  
Wandsworth Council  
Wear Valley District Council  
Wellingborough Borough Council  
West Dorset District Council  
West Lancashire District Council  
West Lothian Council  
Wigan MBC  
Wiltshire County Council  
Wolverhampton City Council  
Worcestershire County Council  
Worthing Borough Council  
York-England.com

**Individuals**

Rob Atkins  
 Graham Bankes  
 Councillor S T Benson (Thurrock)  
 Christine Booth  
 Richard Conlin (French Policy)  
 Stephen Connolly  
 Nigel Cook  
 James Currie  
 DTI Employee – Confidential  
 J.N Edmondson  
 Margaret and Ian Edmondson  
 F.G Fallows  
 Eric Galvin  
 John Gulvin  
 Beverly Heath  
 Peter Houghton  
 Ninad Kadam  
 Paddy May  
 David Miller  
 Natalie Newman  
 Bernard Ogden  
 Kelvin Palmer  
 Sid Platt  
 Ben Prince  
 Leslie A Rowe  
 Colin Rowley  
 Tim Scrace  
 Ian D Settle  
 Daniel Stapleton  
 Adrian Stradling  
 Brian Wilcox  
 Philip M Zanker

**Private Sector Companies**

Association of Relocation Agents  
 Aukett Ltd  
 BT  
 Canary Wharf Group Plc  
 Capita  
 Cendant Mobility  
 Chesterton International plc  
 Commercial Relocation Consultants Ltd  
 CORPRA – Real Estate and Corporate Vision  
 Dalepride  
 DBM plc  
 DJH Associates  
 Experian Business Strategies  
 Express Park Development Company Ltd  
 Fujitsu Services  
 G W Interiors  
 IBM  
 Insignia Richard Ellis Ltd  
 Instant Offices Ltd  
 Land Securities plc  
 Marsh UK  
 Mercer Human Resource Consulting  
 MUA Property Services Ltd  
 Nightingale Estates Ltd  
 Profile Locations  
 Roxylight Group Services Ltd  
 Sun Microsystems Ltd  
 The Internet Corporation  
 Topland group of companies  
 Underwoods  
 Vertex Customer Management  
 WSP Development

