



Response to HM Treasury

BCC Response to “Lyons Review – Public Sector Relocation Project”

HM Treasury consultation

September 2003

INTRODUCTION

The British Chambers of Commerce (BCC) welcome the opportunity to participate in this debate. Business plays a key role in wealth creation in the regions and should have a central voice. Chambers of Commerce are the only business organisation with a strong regional base, representing 135,000 businesses across the country. We have consulted the entire network on this issue and the opinion of that network is represented below. We trust that our opinions will be given commensurate weight in the deliberations of the Government on this matter.

SUMMARY

The BCC fully supports moving as much of the civil service as practicable out of London. We have long called for such a measure and are pleased that the Government has finally adopted a listening approach on this matter. This is because it will:

- Ø Ease traffic gridlock in the South East, especially reducing the pressure on public transport and allow the private sector the easy access to infrastructure to flourish without unnecessary impediments from the public sector;
- Ø Ease the pressure on the housing market in the South East;
- Ø Regenerate neglected communities in other parts of the UK through public sector expenditure with a sustainable long-term benefit.
- Ø Move branches of Government further into “the real world” away from the London-centric climate that can tend to insulate from the problems of other areas of the UK.
- Ø Potentially reduce the tax burden, as wages for staff outside London will not need to be so high. A review of the number of civil servants running concurrently with the relocation programme could well ensure even lower operating costs for central Government and thus lower taxes. As the private sector currently struggles to create the wealth to support the ever-growing public sector this may be a move that cannot come too soon. A full review of civil service numbers must accompany this study.
- Ø The relocation programme must be carried out in a sensible and well thought-out way. Full and rigorous cost/benefit analyses must be undertaken and published. Moving civil servants out of London only then to keep bringing them back into the area on an unreliable transport network would not be cost effective. The Government is encouraging business to work more online and we would suggest that

the Government could well act as an example in adopting more “virtual” ways of working using new technologies.

RESPONSE FROM THE BCC

The Chambers of Commerce network is deeply involved in the local and regional economy across the whole of the UK. As a national voice for local business we can see many benefits to the whole country in distributing the public sector across the nation. The Chamber network is the ideal partner for the Government in advising where in the UK would be suitable for each section’s relocation and where the most benefit would accrue for both the civil service and the local communities involved.

However, the business community must insist that this review is part of a more wide-ranging look at the civil service. The rise in the number of public sector jobs, at the expense of the productive private sector, must be halted. It is unsustainable to expect the private sector to be able to survive if it is continually being squeezed to pay for more civil servants. Business provides the money for the public sector and there is a danger that the goose that lays the golden egg will be killed off if this is not recognised. A challenge should be issued to the public sector to do more with less. Furthermore, the BCC believes that more than the targeted 20,000 civil servants could be moved out of London once the initial programme has been completed.

The potential knock-on benefits for the country are immense if the project is efficiently run. Local communities will have new jobs to aspire to, they will not have to see a large proportion of their populace leave to head to London and the infrastructure improvements that should follow (especially the pressure that only Government can exert to roll out broadband services) will potentially re-invigorate neglected areas of the country. Therefore, not only does the project have to be managed to give value for money to the taxpayer it also has to target the benefits to the most suitable and needy areas of the UK. Very rarely does an opportunity to kill two birds with one stone in such a way come along. This project could ease South East transport and housing problems whilst addressing economic difficulties elsewhere in the country. The investment in infrastructure to support relocations must be forthcoming and this will provide a further boost to areas outside the South East. This is why Chambers of Commerce are fully behind this proposal and, as the only business body with its strength at the local and regional level, ready to play a full part in the project as it moves forward. However, areas of the South East region that also suffer from serious levels of deprivation should be considered if civil servants in London are to be moved out of the city. Regeneration moves could also benefit such areas.

Lessons can perhaps be learned from previous moves out of London, such as the Benefits Agency moving to Quarry House in Leeds. The regenerative effect of the move is still being felt as whole new facilities have arrived and continue to do so in the area. After some initial teething problems, the project acted as a catalyst for regeneration of a run-down edge of city centre site,

Quarry Hill. Subsequently, the following developments have followed the Quarry House project: a new West Yorkshire Playhouse; a new HQ for BBC North; a new site and buildings for Leeds College of Music; a new base for Northern Ballet and finally, recent approval has been granted for a new and substantial mixed use development (retail, leisure, residential, commercial), utilising the last of the available land. All together a very successful regeneration project. Leeds Chamber of Commerce can be contacted via the BCC for further details should this be necessary.

Business relocations occur regularly and can perhaps also be learned from. The BCC would be happy to act as a liaison between the Government and businesses that have recently undertaken such moves. We would suggest that public sector relocations should follow similar models as private sector moves in that clear benefits should be identified from moving and that a relocation should be at worst cost neutral or that costs can be made back through future savings as outlined above.

Business also wishes to avoid the spectacle of local authorities becoming involved in sterile and destructive competition when seeking to influence any re-location decisions. Each re-location decision should be based on need and greatest benefit.

If sites are to be vacated in the South East, then planning policies in the region would need to be radically amended to discriminate in favour of development for employment, and not given to housing for example.

We would also encourage local procurement of services be a key part of this programme to ensure the boost in public expenditure in the area is matched by the opportunities for local companies to benefit.

ENDS.

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| Contact: Matthew Knowles – m.knowles@britishchambers.org.uk - 020 7654 5808. |
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