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## The human dimension

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### Summary

There is an important human dimension to government locational decisions. Modern family structures and working patterns have made the context for relocation increasingly complex. So has the diversification of the modern civil service, with staff terms and conditions varying across government.

Relocation offers staff who move out of London an opportunity to improve their quality of life. It also affords new job opportunities for individuals who are not able or prepared to move to London to work.

The evidence supports an approach to dispersal which emphasises relocating senior and specialist staff, and relying as much as possible on local recruitment. Careful handling of the human impacts is necessary, including changing the perception that career progress is possible only in London.

This approach also requires the civil service to adopt a more common stance on staffing matters, with the Government:

- Promoting good practice in the cost-effective use of relocation financial packages, taking account of private sector experience;
- Improving the arrangements for the cross-service redeployment of staff to avoid redundancy, and to improve staffing in key public services, especially in London.

### Introduction

7.1 There is a prominent human dimension to questions of location and relocation, some aspects of which were explicitly drawn to my attention by the Council of Civil Service Unions. The impact of dispersal is felt not only by those who are in the frame for physical relocation (and their families) but also by those who do not move in post, and by individuals who can avail themselves of new job opportunities in locations receiving dispersed functions.

7.2 Government departments considering new locations operate in a very different environment to that which prevailed when Sir Henry Hardman undertook his review. The last thirty years have seen major changes in working patterns, with a growth in the numbers of women and ethnic minorities in the labour market, dual-income households, people working part-time or in other non-standard patterns, and workers with caring responsibilities. These changes have been reflected in the civil service and wider public sector. Research for the Joseph Rowntree Foundation<sup>1</sup> emphasises that trends in family structures and ways of working have created a more complex context for employers planning relocations and that employees are increasingly likely to set limits on when and where they relocate in the interests of work/life balance.

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<sup>1</sup> 'The Effects on Families of Job Relocations'. Joseph Rowntree Foundation May 2003.

7.3 The civil service itself is less monolithic than in the early 1970s. The centre has delegated successively greater managerial and financial freedoms to individual departments, and a parallel process has been at work within departments such that 72 per cent of civil servants now work in executive agencies or operations run on agency lines. Terms and conditions for staff below the senior civil service are now matters for individual departments and there is considerable variation. It is a conscious aim of the Government to encourage greater permeability between the civil service and wider public and private sectors, particularly at more senior levels.

7.4 There is also more awareness of the potentially discriminatory impact of mobility clauses on women, following legal actions in the 1990s. Some departments appear to have become very cautious about mobility, but most have retained mobility clauses in their terms and conditions. More recent advice suggests that departments can enforce mobility clauses if they have a good business case for doing so and also act reasonably.

7.5 In short, the human dimension of dispersal is complex, probably more so than thirty years ago. Departments have a lot to consider, and need to proceed with care.

### Some reasons for leaving London (and for staying put elsewhere)

7.6 The features of London that make it an expensive and challenging environment for employers also impose costs on individuals, meaning that a move to other parts of the country can lead to considerable improvements in quality of life. Indeed, such improvements are a consistent feature reported by those who have moved to work outside London. (That has to be balanced against the personal costs of moving, and the findings of the Joseph Rowntree Foundation considered above).

7.7 London and the South East are the most expensive areas to live, according to recent work by the Office of National Statistics on regional consumer price levels, and the disparity with the rest of the UK has widened since 2000. House prices in particular are much higher than in the rest of the country, as I set out in chapter 3.

7.8 Employees in London also take much longer travelling to work. According to the 2002 ONS Labour Force Survey the average travel to work time of staff based in Westminster is 53 minutes, second only to the time for City of London workers (59 minutes). The average commute for other major urban areas is far shorter: for example Edinburgh (30 minutes), Manchester (24 minutes) and Birmingham (32 minutes). According to data submitted to my review only 23 per cent of central London workers live within 30 minutes of work compared a UK average of 67 per cent.

7.9 Meanwhile, it is easy to overlook the benefits to individuals living outside London and the South East for whom the dispersal of government work provides new job opportunities. Not everyone is prepared or able to come to London (the Joseph Rowntree research is relevant here too), so greater dispersal can bring not only new opportunity for individuals, but also the chance for the civil service to avail itself of talent that might otherwise be lost to it, and to reflect rather better in its own composition the diversity of the UK workforce. Employing graduate level staff outside London, will also help counter the assumption that bright graduates with an ambition to work in the civil service must come to London.

## Who should move?

7.10 Relocating activities is not the same as relocating people, and in an age when moving functions is likely, as I have discussed in chapter 2, to be part of wider reorganisations of these functions, there is no necessary linkage between the relocated post and the person who occupies it.

7.11 The decision who to move must be decided in the light of the organisation's business requirements, taking account of such factors as the need to retain certain skills in the interests of business continuity; the costs of relocation packages; savings arising from relying on local recruitment; the prospect of redeploying staff who do not move; and the costs of redundancy.

7.12 I believe that the broad model government ought to apply is one in which no more staff are relocated in post than are strictly necessary to ensure business continuity, and the retention of the skills needed to make a success of the relocated operation. That is likely to mean that many of the relocated staff will be relatively senior or specialist. This approach strikes me as consistent with a number of findings from the evidence that I have reviewed in this report:

- Relocating fewer people in post keeps costs down and allows employers to take full advantage of regional pay differentials (and even more so if they develop more flexible pay policies);
- Staff cannot be assumed to be willing to relocate, given modern family circumstances, and there are risks in seeking to move people from ethnic minorities to locations where their communities are not well represented (as discussed in chapter 4);
- A critical mass of more senior people is needed in regional offices to ensure their viability and connectedness to the rest of the organisation (as noted in chapter 3);
- Senior incomers are likely to increase the multiplier effect on receiving locations, while being less likely to cause local labour market overheating, as well as bringing wider benefits for the public service and community (chapter 4);
- A focus on moving posts rather than people is likely to be more helpful in a tight London labour market, allowing the redeployment of staff in front-line public services.

## Managing the impact on individuals

7.13 In a submission to my consultation the Joseph Rowntree Foundation set out seven “good practice in relocation” points which they hoped would guide my review. They are set out in the box below and I pick up some of the key themes in this chapter.

**Good practice in relocation: Joseph Rowntree Foundation**

1. Sensitivity to the employment needs of partners
2. financial and wider relocation assistance
3. relocation mentoring and counselling services
4. the provision of information on the destination area
5. recognition of the practicalities relating to obtaining school places
6. recognition of different mindsets of individuals relating to relocation moves
7. consideration of commuting rather than relocation options.

**Relocation packages**

7.14 Financial assistance is clearly a key component of the departmental “sell” to potentially relocating staff. An approach to locations that is selective about who moves ought, in principle, to allow some flexibility in the deployment of assistance.

7.15 I was struck by an example highlighted by *Experian* of a private company that was able to make a business case for relatively high relocation packages, on the grounds that these enabled the relocation to take place faster, reducing costs overall. Such an approach might be particularly fruitful in helping senior people to move who may, as we will see shortly, be particularly resistant. In the civil service, relocation packages are a matter for individual departments and practice appears to vary. There is clearly a need for a more common understanding across the service of what might constitute best practice, taking account of private sector experience.

**Selling the location**

7.16 The likely destination can be a fraught issue for employees and employer alike as the extract below from “Yes, Prime Minister” illustrates. There continues to be a lively geographical snobbery in this country, and locations which are popular are not necessarily those that supply the greatest business advantage to the department. There are good lessons to be learned from the practices of, for example, the Inland Revenue (in relation to the Nottingham move) and the Met Office (Exeter) in helping staff learn about, visit, and subsequently become well settled in the new location.

**Locational choice for the Rt Hon Jim Hacker MP<sup>2</sup>**

“He made it clear, very properly, that we really cannot ask senior officers to live permanently in the north. I asked for a list of reasons. He obliged:

1. Their wives wouldn't stand for it
2. No schools
3. Harrods is not in the north
4. Nor is Wimbledon
5. Ditto Ascot
6. And the Henley Regatta
7. Not to mention the Army and Navy Club

In short he argued that civilisation generally would be completely remote. This sort of sacrifice is acceptable to the forces in time of war but if the move were made in these circumstances, morale would undoubtedly plummet.”

**Senior careers**

7.17 A location strategy which puts emphasis on relocating senior (or aspiring senior) staff needs to address concerns that are particularly pressing for this group, some of which were highlighted by *Experian* as a result of their research. These include:

- Perceptions that career opportunities will be more limited out of London;
- 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.

7.18 *Experian* highlighted the danger of career isolation and the growth of “them and us” cultures separating the London and regional offices. For senior staff, there may be a particular fear that being out of London will mean being “out of the loop”. The high concentration of senior civil servants in London helps to perpetuate the notion that senior careers can only be advanced in London (and of course this in turn helps reinforce the London-centric nature of the senior civil service).

7.19 This is a challenge for employers. One way to respond is to look for alternatives to outright relocation. *Experian* draw attention to the expectation in some private companies that potential high-flyers will have a number of regional postings as part of their preparation for promotion. The civil service might learn something from this approach, which would be consistent with the increasing emphasis in government on the desirability of policy staff having some direct experience of service delivery.

<sup>2</sup> From “Yes Prime Minister: the diaries of the Rt. Hon. Jim Hacker MP”.

7.20 Choice of location is also relevant. Relocating to a large city with an existing cluster of government activity is less likely to be viewed as a career limiting move. A government approach to location choice which builds in a degree of clustering (as discussed in chapter 8) will therefore help. In the longer term, two other factors should help mitigate this problem. Firstly, the more senior posts that are created in the regions, the less risky a move out of London will appear. Further decentralisation – and devolution – will change the conditions in which subsequent dispersals are considered. Secondly, it will be necessary for civil servants to develop a broader view of where their careers lie, appreciating that people increasingly move between different parts of the public sector and between public and private sectors. Greater permeability is a clear theme of the Government's thinking on the future development of the senior civil service.

### Travel

7.21 Concerns about frequent travel to London reflect real problems that have arisen with split headquarters, although they may also be conditioned by the received wisdom on past relocations. This is a management challenge for employers to ensure that they are rigorous in defining the circumstances in which face-to-face meetings in London are really necessary, and that they are making best use of technology to allow effective working at a distance. These issues are explored in chapter 9.

7.22 Reluctance to lose one's footing on the London property ladder is an understandable concern. It may be difficult and expensive for employers to satisfy in full. An alternative is to move the employee's desk, but not their home. Such an approach was notably adopted in the early 1990s by a company as part of a rationalisation which substantially reduced their London office estate and moved several thousand jobs to locations outside London. Careful analysis of postcode data allowed the company to move these jobs without requiring staff to move house. There was a clear cost driver for the company (no need for relocation allowances) but there was also considerably less disruption for staff.

7.23 This approach will of course be best suited for relocations that maintain activity in the South East and which therefore might not best serve the Government's interests in achieving a better regional spread. The broad point, though, is that it can pay employers to take careful note of where their staff live, bearing in mind that many people commute large distances to work in London. A related point (which has been raised by the consultants CORPRA) is to take note of where London-based employees in practice spend their working days. For some workers a not uncommon pattern might involve a day or two in London and the rest of the week travelling round the country. A relocation might therefore have less of an adverse impact than employers suppose.

7.24 In the end, it may be difficult to persuade senior and specialist staff to move. Relocations like those of the Patent Office and Met Office are seen as successes now but were hotly resisted at the time. A lot of work had to go into persuading specialists and scientists in these two bodies to move. Voluntary approaches are always best but in the end employers must do what is best for the business, which is why it is important that government departments retain mobility clauses.

## What about those who don't move?

7.25 The corollary of an approach which relocates relatively few staff in post is that there are many people left behind who do not move in post. Where there is a relatively high staff turnover (for example in call centres), natural attrition will to a large extent take care of this problem. That apart, the choices left for the employer are redeployment or redundancy.

7.26 Redundancy is a big cost, both financially and in its impact on individuals, which is why government should seek to minimise it wherever possible. Redundancy was not a major feature of the Hardman wave of dispersals because a relatively unified civil service was able to redeploy staff both within and across departmental boundaries. Today it is more likely that as departments seek efficiency savings alongside opportunities to disperse activity, jobs will be lost as well as relocated.

7.27 Today's more fragmented civil service is likely to find redeployment across boundaries awkward, a theme to which I return in chapter 10. A diversity of terms and conditions of employment obviously complicates matters. I have noted that in France the development of an inter-departmental pool of labour is seen as a success factor for decentralisation. There is a particular problem of incompatibility between civil service terms and conditions and those in non departmental public bodies, which has added complexity, for example, to the handling of staff of Scottish Natural Heritage (an NDPB) who stay behind when the body undergoes a planned relocation.

7.28 There is clearly sense in the Government's seeking to clarify these boundary issues if it is to achieve a more holistic approach to redeployment across the wider public sector in the interests of efficiency and improved service delivery. It might be of particular benefit in London, if staff can be redeployed in key public services which suffer recruitment and retention problems.

## Impact on ethnic minorities and deprived communities

7.29 Chapter 4 set out the issues here and my broad conclusion that a programme of dispersal of government work out of London ought not to have a net adverse effect on ethnic minority staff and those living in deprived areas. But in relation to these groups it is clearly important that departments act with care, recognising for example, that 43 per cent of London civil service staff in junior grades are from ethnic minorities and that some minorities are not well represented outside London.

## Conclusion

7.30 In chapter 10 I outline the principles that the Cabinet has already agreed should govern its developing agenda on locational issues. These include the principle that:

*“Departments will benefit from a broadly common approach to the staffing dimension of relocation, including the early engagement of trade unions, following best practice in the design of relocation packages, pursuing a voluntary approach to movements of staff where possible and seeking to reabsorb elsewhere in the public sector staff who do not move with their relocated posts.”*

7.31 That is the right basis on which the Government should seek to deal with the complex human dimension of dispersal.

