Moving out

Making a success of civil service relocation

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Summary

In its March 2020 budget, the UK government committed to moving 22,000 civil service jobs out of London by the end of the decade. It will do this by moving central government jobs to other cities and towns, rather than devolving funding and decision making power. There are several forms the commitment to moving 22,000 jobs out of London could have taken. The most radical would have been to devolve functions and decision making power – and therefore jobs – to local government and city regions. The other primary model would be to change the location in which central government work is carried out. This latter model is the one the government is using to fulfil the commitment it made in the March budget and is the focus of this paper.

Ministers have said they want to move civil service jobs out of London as part of the Johnson government's 'levelling-up' agenda, and to ensure policy makers better reflect the whole of the UK population. Both ministers and senior civil servants have pointed to widespread remote working during the coronavirus pandemic as evidence that civil servants – even those working directly with ministers – do not need to be physically present in London to do their jobs well. With only 13% of the UK's population but around two thirds of its policy makers in London, relocations should help the UK civil service attract and retain talented staff who do not want to live in the capital.

But the government will struggle to meet all of its aims and maintain the quality of its work. Those aims it does meet will come at significant cost and with disruption.

The government must therefore be realistic about what relocations can achieve. Shifting 22,000 jobs around the country could bring localised benefits to the selected areas, but it will not be a panacea for overcoming economic inequality between regions – if that is what the government means by 'levelling up'. Further, departments should not assume they can successfully establish an office in whichever location they happen to choose. In many cases, small, deprived towns will struggle to supply highly skilled workers or encourage them to relocate from London or elsewhere. For example, the performance of the Office for National Statistics (ONS) suffered for several years after its move from London to Newport in Wales, when 90% of its London-based staff chose not to follow it. However, cities with a larger talent pool might not offer the shift in perspective the government says it wants: of the 12 cities besides London that have been earmarked for government 'hubs', only three voted to leave the EU.

We argue that **relocations**, **particularly for policy and other specialist roles**, **should focus on improving the capacity of the civil service by widening the pool of highly skilled workers available to it**. Many talented people who want a civil service career cannot or do not want to live in London. In many – but not all – cases, capturing and retaining this talent will mean setting up sizeable offices with decent career paths in larger cities that have substantial and skilled labour markets, such as those where government hubs are planned. Ministers and senior officials will also need to commit to long-term plans from the start to ensure that new offices succeed where past relocations have fallen short of expectations. This approach will help to create a sustainable civil service presence in more parts of the country.

The initial decisions that departments, agencies and public bodies (hereafter 'departments') take on relocations will determine whether their new offices succeed or fail. Drawing on past reviews and interviews with civil servants working in and out of London, this paper identifies four tests for whether a decision on civil service relocation is likely to work:

- 1. Does the labour market in the receiving location meet the department's needs? Departments should focus on widening the pool of talent available to them. They must also be sure that their chosen locations will be able to attract the skills they need.
- 2. Will the relocation result in a 'critical mass' of roles, including senior ones, in the new location? Experience shows that this critical mass which will be different for every department is needed to make offices outside London vibrant and sustainable. Departments should relocate identified senior roles early in the life of a new office.

- **3.** Has the department taken account of the plans of other central government departments and local government? Co-ordination will be key. This will help provide full career pathways in a single location and make it easier to bring the right parts of government together in a relocation.
- **4. Do the department's ministers and senior officials have a long-term plan to ensure the move is sustainable?** The necessity perceived and real of being located physically close to ministers has been a key barrier to successful relocations in the past. Ministers must show their full support for a relocation, while senior officials must have a long-term plan for how the new office will thrive and be integrated into the wider department.

The context for the current round of civil service relocation

The government's approach is to relocate existing civil service jobs, rather than to devolve power or change how decisions are made

In its March 2020 budget, the UK government committed to relocating 22,000 civil service jobs away from London by the end of the decade. This commitment could take several forms. The most radical model would be to devolve functions and decision making power, along with the relevant civil service roles, to local government and city regions. The other primary model would be to change the location in which central government work is carried out. The latter is the model the government is using to fulfil its commitment. In the past, this has involved either relocating existing London-based staff or advertising roles in the new location if incumbents choose not to relocate.

Conditions are promising for changing the geographical distribution of the civil service

The government's commitment is underpinned by its 'levelling-up' agenda and ministers' desire, which senior civil servants share, for the civil service – especially its policy makers – to better reflect the country it serves. The minister for the Cabinet Office, Michael Gove, has tied relocations to a push for the civil service to be "less southern" and "closer to where the action is" and to the recruitment of policy makers from "overlooked and hitherto undervalued communities". Minister of state at the Cabinet Office, Lord Agnew, has described the civil service as overwhelmingly "urban metropolitan thinkers".

The 22,000 target builds on plans to create government 'hubs' in locations around the country (including London)⁴ and on the existing Places for Growth programme, which works with departments to identify jobs that can be relocated out of London and has already been implementing a pre-existing commitment to move 1,000 posts out of London by 2022.⁵

Government hubs are planned for:

- Belfast
- Birmingham
- Bristol
- Cardiff
- Edinburgh
- Glasgow
- Leeds
- Liverpool
- London (Canary Wharf, Stratford and Croydon)
- Manchester
- Newcastle
- Nottingham
- Peterborough.

Since the government made the commitment in March 2020, the coronavirus pandemic has shown that relocating policy roles – including senior ones – might be more sustainable than sceptics previously thought. Vast numbers of civil servants have worked from home during the pandemic. Most interviewees thought the experience had shown that they do not need to be physically present in Westminster, close to ministers or their colleagues, to do their job effectively (even if some ministers remain resistant to online meetings). Michael Gove and some senior civil servants have publicly echoed this view: Alex Chisholm, the Cabinet Office permanent secretary, noted the experience had "made it much easier to achieve the vision of a UK-wide civil service". For those outside London, widespread remote working has put them on an even footing with colleagues in the capital. Departments have stepped up their electronic communication and with meetings being held entirely online, those outside London who might have previously been the only remote attendee are no longer excluded from water-cooler chat or side discussions before and after meetings.

But remote working during the pandemic has also shown some of the disadvantages of a dispersed civil service

The government cannot assume that because civil servants have managed to continue providing services and developing policy through remote working during the pandemic, the career disadvantages of being located outside London have been removed. Ministers are not equally enthusiastic about virtual meetings. Further, it is much easier

to sustain existing working relationships through virtual forms of communication than it is to forge new ones,⁷ and some civil service leaders have argued that the development of junior staff is much better done in person.⁸

Some permanent secretaries have also indicated that even if civil servants spend less time in their offices than before the pandemic, offices will remain a fixture of civil service life. That means the levelling effect that widespread remote working has had for those outside London could easily dissipate, as they once again find themselves the only one joining a London-based meeting remotely.

Past rounds of relocation have sometimes fallen short of ministers' ambitions

Despite successive waves of relocations dating back to the 1960s, policy roles and senior civil service jobs remain concentrated in London. Departments have often relocated roles they thought their headquarters could do without, rather than thinking about how they could build a viable and dynamic regional presence. Meanwhile, the career benefits of ministerial exposure, as well as the perceived need to travel, have limited the ability of departments to persuade senior policy officials to head to — and stay in — offices outside London. At the other end of the spectrum, some more ambitious relocations have caused enormous disruption for the work of government. The relocation of the ONS's headquarters from London to Newport, for example, led to the loss of 90% of London-based staff. Further, relocations can have high upfront costs. And even though political interest in relocation is strong at the moment, new priorities might emerge and compete for departmental attention. To be successful, relocations will need long-term drive from ministers and the centre of government.

This paper outlines four tests that departments should satisfy for a successful relocation

The decisions departments make now are crucial for securing successful relocations. Success means creating dynamic, vibrant new offices – not isolated outposts – which broaden the range of talent on offer to the civil service, while minimising disruption to departments' work. This is not necessarily inconsistent with ministers' goals of boosting local economies or injecting more of a 'northern' perspective into the civil service. But in most cases, relocating with the primary goal of talent attraction and retention is more likely to improve the quality of the civil service and its work.

This paper sets out ministers' objectives for relocation, patterns in the current location of civil servants and then four tests of a good relocation decision. These tests make clear the things a department must consider when making decisions about a relocation in order to maximise the chances of success. We do not address how to carry out the relocation, but focus on the initial decision. Our findings are based on reviews of past relocations and interviews with 25 current and former civil servants and others with experience of civil service relocation and the functioning of offices outside London. A list of departments from which we interviewed individuals is included in the appendix of this paper.

Why pursue civil service relocation?

Ministers have indicated that they want to move civil servants, particularly those working on policy, outside the capital to make the culture of the civil service less London-centric and to bring them closer to the impact of their work. Michael Gove has cited the need to "reduce the distance between government and people", while Lord Agnew has signalled that he wants "to see civil servants in the areas that need help because it makes it more real and human for all involved". Closely tied to this is ministers' desire to change the culture of the civil service: for it to be "closer to the 52% who voted to Leave [the EU]" and for it to be less "socially rooted in assumptions which are inescapably metropolitan".

As well as helping policy makers better understand economic inequality, the government wants to use relocations to reduce it. Michael Gove has said that relocations will be used to "distribute opportunity, jobs and investment fairly", 16 noting that past relocations have generally been to more prosperous cities.

Past moves show the difficulties of ensuring that relocations achieve these sorts of aims and the trade-offs involved, including the enormous costs to departments' finances and productivity that can be incurred when they try to do so. Even so, spreading civil service jobs to more parts of the country, particularly large cities with skilled labour markets, will help departments draw on the widest possible talent pool.

Relocated civil service jobs can boost employment opportunities in and the economic fortunes of deprived areas, but the benefits tend to be localised and marginal

The government wants to boost economic growth and employment opportunities in regions outside London. This has also been a goal in past relocation programmes. Relocating parts of or whole departments can offer a number of potential benefits to receiving regions: new job openings, a boost to local spending by departments and relocated employees, the potential for urban regeneration projects and investment from other businesses that want to be located near government offices. Past reviews have found positive multiplier effects for some major relocations, and interviewees in towns and smaller cities were positive about the contribution that civil service jobs made to their communities – one said that in their town, a civil service job was seen as something to aspire to. Several local councils – such as Exeter City Council in the case of the Met Office, which relocated from Bracknell – have pointed to civil service relocations as having sparked regeneration projects or acted as anchors for private sector investment.¹⁷

Even so, there is relatively little robust, quantitative evidence of the economic benefits of relocation (as distinct from qualitative claims that individual councils or government departments have made), and the evidence that is available suggests that relocations

^{*} For instance, the Lyons review found a multiplier of 1.25 for the relocation of the ODA to East Kilbride: that is, one job created for every four relocated, Lyons M, Well Placed to Deliver? Shaping the pattern of government service, March 2004, p. 33, retrieved 2 November 2020, www.civilservant.org.uk/library/2004-Lyons-full_report.pdf

will only advance a 'levelling-up' agenda in a limited way. ¹⁸ Economic benefits from relocations tend to be highly localised, with much of the non-public sector employment growth coming from displacement of jobs from other parts of the same region. ¹⁹ Past reviews have also found that the greatest impact on job creation comes from clustering government jobs in a limited number of locations, instead of wide dispersal. ²⁰ This means that relatively few communities stand to benefit from relocations.

Given these localised effects, moving 22,000 London-based civil servants to other cities and towns will make a relatively small contribution to reducing economic inequality between regions: 22,000 represents only a 6% increase in the number of civil service jobs already located outside London. Policies that can be applied across the country – such as boosting the capacity of local government, funding further education to improve skills and improving the attractiveness of city centres – are more effective ways of boosting local economies.²¹

The government also faces a potential trade-off between maximising local employment opportunities and minimising civil service turnover. It could relocate existing functions and departments with the aim of bringing new employment opportunities to existing residents in the receiving areas by redeploying London-based staff or making them redundant and advertising their positions in the new locations, instead of moving them along with their posts. This would come at the cost of higher staff turnover, with the associated problems of loss of corporate memory and productivity as new hires become familiar with their roles.²² The government has indicated that it wants civil servants to remain in post longer, in order to build up expertise and see complex projects through to completion.²³ Problems associated with turnover could be minimised by shifting roles as they are vacated, but this would mean any benefits to the receiving location are accrued over a longer timeframe.

Moving civil service jobs outside central London can deliver cost savings – but high upfront costs are a disincentive to departments

In some past relocations, cost cutting has been to the fore, with administrative roles being moved to locations where office space is cheaper than in London and there are fewer major employers competing for labour. Even before regional pay differentials are considered, the government estimates that accommodating a civil servant in London costs more than three times as much as accommodating a regional counterpart.²⁴

However, there can be a trade-off between cheaper rent on the one hand, and costs associated with the move on the other, including redundancies, relocation payments, travel to London, and recruitment and training for new staff. In particular, the high upfront costs of relocation – estimated in 2010 at up to £40,000 per person before property costs – weighed against savings, which might be reaped over a much longer timeframe, have at times deterred departments from pursuing ambitious relocations.²⁵ A review in 2010 recommended departments change the cost equation by making it more difficult for staff to access redundancy payments (by increasing redeployment options for staff who do not wish to relocate, for instance).²⁶

Leaving the capital will not automatically improve policy makers' understanding of delivery or the impact of their policies and programmes

Where civil servants work on place-based policies or programmes, such as funding packages for the economic development of specific regions, being located in the relevant region will improve their work. We heard from interviewees in these types of roles that being able to 'walk the streets', see how communities worked and collaborate in person with local organisations such as councils and local enterprise partnerships helped them better understand the needs of the area and build this into their policy settings.

But moving civil servants out of London will not always bring them closer to 'the action' – the impact on the ground of the policies they have designed – as some government ministers desire. Despite the current focus on the north–south divide in economic fortunes, the capital has more than its share of deprivation: nearly 20% of Universal Credit claimants are located in London and Essex,²⁷ and London has a lower median income than the country as a whole once housing costs have been taken into account.²⁸ Further, London is comparatively more deprived than England as a whole according to the Ministry of Housing, Communities and Local Government's index of multiple deprivation, which draws on indicators across domains including health, employment, education, crime and barriers to housing and services.²⁹

Policies or programmes that are not tied to a particular place or region are less likely to be improved by virtue of shifting those working on them to locations outside London. Some London-based staff told us that having offices in different areas of the UK improved their understanding of life outside the capital, and they gave examples such as appreciating the importance of spending on roads in areas with poor public transport. But interviewees working on policies applied across the country tended not to think their regional location influenced the quality of their work, strengthened relationships with stakeholders or made new partnerships possible. This accords with the findings of a 2004 review, which investigated whether relocations could improve such policies, but was unable to conclude that they would be different or better for being developed outside London.³⁰

There is a trade-off between the places most likely to offer skills and the locations that could help the civil service better understand the conditions behind the Brexit vote

Ministers have flagged that one aim of the current round of relocations is to make the civil service more representative of the whole of the UK, and be "closer to the 52% who voted to leave". Several civil servants also told us that the result of the EU referendum had sparked a feeling within the civil service that it needed a better grasp of views in the rest of the country.

But the cities best positioned to offer the skills that departments need – including those chosen to host government hubs – mostly voted to remain in the EU. Of the 12 cities aside from London that will host government hubs, only three voted to leave the EU, and only one of those (Peterborough) voted to leave by more than 55%. Several are in places that recorded higher Remain votes than London, where 40% of voters opted for Leave.³² Even the strongest advocates of relocation we spoke to were sceptical about the ability of the civil service to attract people with policy skills to small towns with a lower socioeconomic profile, which were more likely to have voted for Leave.

Relocating central government jobs is not the same as allowing communities greater control

Michael Gove has linked relocations to "allowing communities to take back more control of the policies that matter to them" and "bringing government closer to the people". But unless central government powers and funding shift to a local level alongside jobs, relocations will not empower local communities. Nor will a dispersed presence necessarily change centralised approaches to designing policies. For instance, the Manchester mayor, Andy Burnham, has pointed to the Department for Education as having a significant presence in Manchester (and other cities in the UK) but a centralised approach to making decisions.³³

Giving communities 'more control' means more programmes along the lines of those for unemployed people in London and Manchester, both of which have been given power and funding to develop and deliver their own versions of a national programme.³⁴

But relocations can help expand the talent pool available to the civil service

We argue that the most compelling reason for changing civil service location – the one most consistent with improving government effectiveness – is to draw on a wider pool of talent. Of the UK's 67 million residents, only nine million live in London.³⁵ Increasing the civil service's presence in other major UK cities will in turn increase the range of talent it can draw on. For instance, the 13 cities that will host government hubs (including London) have 'travel to work areas' that include nearly a third of all UK residents who are employed or are actively looking for work.³⁶ These cities would draw on an even greater percentage of the UK's highly skilled workers, as travel to work areas are larger when only people with a high level of qualification are considered.³⁷ With the exception of Newcastle, these travel to work areas also have a higher-than-average proportion of residents who work in managerial or professional jobs.^{27,38}

We spoke to many civil servants, including from the policy profession and others with specialist skills, who could not or did not want to live in London. Reducing London's stranglehold over these jobs will help the civil service attract and retain talent that would otherwise be lost to it.

^{* &#}x27;Travel to work areas' represent sets of sub-regional labour market areas that are identifiable as patterns of commuting: Coombes M and Bond S, 'Travel-to-Work Areas: The 2007 review', Office for National Statistics, 2007, www.ncl.ac.uk/media/wwwnclacuk/curds/files/TTWA%20report.pdf

^{**} The relevant dataset covered only Great Britain, so did not provide a figure for the Belfast travel to work area.

Where is the civil service now?

Only around 20% of the UK's 456,000 civil servants are based in London, but policy and senior roles are disproportionately based there (see Figures 1 and 3).³⁹ More than two thirds (64%) of civil servants who work on policy are based in London. Other professions concentrated in the capital are economics (75%) and communications (53%). Those working on operational delivery are more likely to be outside London.⁴⁰

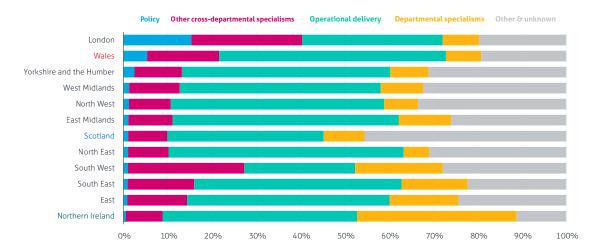


Figure 1 Balance of civil service profession types by region, 2018

Source: Institute for Government analysis of Office for National Statistics, Annual Civil Service Employment Survey 2018.

This pattern is reflected in the location of individual departments, with large, delivery-focused departments being more dispersed around the country (see Figure 2). For instance, only 9% of Department for Work and Pensions (DWP) staff are in London.⁴¹ Compared with London, civil service employment elsewhere in the UK is weighted towards the Ministry of Defence (MoD), HMRC, DWP and the Ministry of Justice (MoJ).

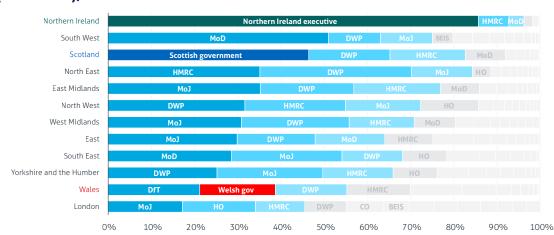


Figure 2 Percentage of each region's civil service staff in each department (headcount), 2020

Note: BEIS = Department for Business, Energy and Industrial Strategy, CO = Cabinet Office, DfT = Department for Transport, DWP = Department for Work and Pensions, HMRC = HM Revenue and Customs, HO = Home Office, MoD = Ministry of Defence and MoJ = Ministry of Justice.

Source: Institute for Government analysis of Cabinet Office, Civil Service Statistics, 2020; and Northern Ireland Statistics and Research Agency, Employment in the Northern Ireland Civil Service, April 2020.

Policy-focused departments, by contrast, tend to be concentrated in London. For example, HM Treasury (HMT) has a negligible presence outside London – 97% of its staff are in the capital (excluding those in its executive agencies).⁴² But some do have a significant policy presence in other cities. For instance, the former Department for International Development (DfID), now part of the Foreign, Commonwealth and Development Office (FCDO), has a second headquarters in East Kilbride near Glasgow.

In terms of civil service grades, the higher the grade of the civil servant, the more likely they are to be based in London: 68% of senior civil servants and 45% of grades 6 and 7 are in London (see Figure 3).

Figure 3 Location of civil servants by grade, 2020 (percentage of civil servants in each grade, headcount)

Region	Whole civil service	AO/AA	EO	SEO/HEO	Grades 687	SCS
London	20%	9%	16%	26%	45%	68%
North West	12%	15%	14%	10%	7%	3%
Scotland	10%	12%	11%	10%	8%	5%
South West	9%	6%	8%	13%	10%	5%
South East	9%	10%	10%	8%	6%	3%
Wales	8%	9%	8%	7%	5%	5%
Yorkshire and the Humber	8%	8%	9%	7%	6%	3%
West Midlands	6%	7%	7%	6%	4%	3%
North East	6%	10%	6%	5%	3%	2%
East	5%	6%	5%	4%	2%	2%
East Midlands	5%	6%	5%	4%	2%	1%
Northern Ireland	1%	1%	1%	1%	0%	0%

Note: AO/AA = administrative officer/administrative assistant, EO = executive officer, SEO/HEO = senior executive officer/higher executive officer and SCS = senior civil service. Percentages exclude civil servants who are overseas or unreported. SCS includes equivalent grades not technically part of the senior civil service.

Source: Institute for Government analysis of Cabinet Office, Civil Service Statistics, 2020.

Even though only 20% of civil servants are based in London, the capital has been the chief beneficiary of the growth in civil service numbers since the EU referendum (see Figure 4). Staff numbers in the capital have grown by 17% since 2017, compared with 6.7% growth across all other regions of England.⁴³

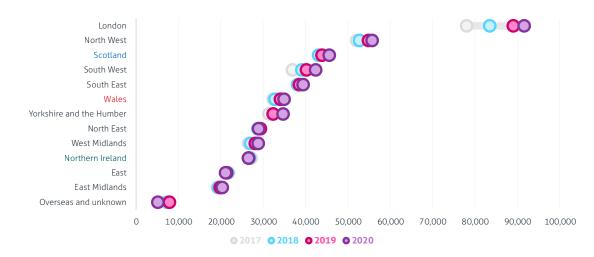


Figure 4 Number of civil servants in each region, 2017–20 (headcount)

Note: Northern Ireland includes the Home Civil Service and the Northern Ireland Civil Service. Source: Institute for Government analysis of Office for National Statistics, Annual Civil Service Employment Survey, 2017 and 2018; Cabinet Office, Civil Service Statistics, 2019 and 2020; and Northern Ireland Statistics and Research Agency, Northern Ireland Civil Service Employment Statistics, 2017–20.

Four tests of a decision on civil service relocation

The decisions departments and ministers make now about future locations will help determine whether relocations result in vibrant, effective offices outside London, drawing on the best talent from across the country, and break the perception in many parts of the civil service that successful careers must revolve around London. Further, good decisions will help maximise the economic benefits of relocations for receiving locations, even if those benefits are localised and relatively small.

Drawing on past reviews of relocations and interviews with civil servants, we set out four tests that will help departments judge whether their relocation decisions are likely to succeed or fail.

Test 1: Does the labour market in the receiving location meet the department's needs?

A move out of London offers the opportunity to draw on a wider talent pool, but the department must consider whether existing staff will relocate to the new office and whether that office will be able to attract new staff with the right skills. This depends on two factors: the chosen location and the type of staff the department wants to employ there.

Forcing staff to move to a location they perceive as undesirable can lead to significant disruption, especially if the department struggles to replace them in the new location. For instance, when the ONS moved its headquarters and 850 roles from London to Newport in Wales between 2005 and 2010, around 90% of staff instead chose to

stay and seek other jobs in London. This attrition rate was in part attributed to the lack of comparable career opportunities for both ONS employees and their spouses in Newport: only 12% of jobs in Newport were knowledge-based at the time.⁴⁴ Although it has since rebuilt its skills base, in the wake of the move the ONS also struggled to recruit economists with suitable expertise, damaging its analytical capability. This led to a recommendation in a 2014 review that, along with retaining and strengthening its Newport headquarters, the ONS should beef up its presence in London to draw on a wider labour market for economists.⁴⁵

Relocation can increase the pool of talent available to the civil service

With only 13% of the UK's population living in London, 46 having a civil service presence across the UK gives the government access to the widest possible pool of talent. Interviewees frequently told us that having offices in other cities meant they could access talented staff who did not want to live in London. They cited the lower cost of living outside London (especially housing) and lifestyle (such as a shorter commute) as attractions for many civil servants in smaller cities.

In most cases, departments should look to large cities, which are more likely than towns to offer an appropriately skilled workforce and attract existing civil servants

Interviewees emphasised that certain types of locations are more attractive to civil servants than others or are more likely to have the necessary skill base. Career opportunities (in and out of the civil service), high-quality schools and career opportunities for spouses were among the characteristics interviewees frequently mentioned, particularly those working in policy roles. Meanwhile, some locations will have characteristics that make them attractive to specific departments: the desire to attract a more diverse workforce was partly behind the move of GCHQ from Cheltenham to Manchester, for example.⁴⁷

On the whole, interviewees based in large cities reported few problems attracting the staff they needed. They were less optimistic about the prospect of setting up anything other than back-office jobs in smaller, economically deprived locations. These views are reinforced by data showing that the 10 UK cities where jobs are most scarce (an indicator of economic weakness) have 30% fewer people with high-level qualifications than the 10 UK cities with the least competition for jobs, 48 and past analyses showing that bigger cities are more likely to have labour markets that suit the policy and specialist roles that the government has indicated it wishes to relocate. 49

Even if most civil service relocations are to large cities, small towns in the vicinity would still benefit from increased employment opportunities. Large cities have labour market areas (or 'travel to work areas') that extend well beyond their boundaries. For instance, of the 288,000 people working in the Manchester local authority area at the last census in 2011, 109,000 lived in the same area, 132,000 lived in the rest of Greater Manchester and 48,000 lived outside Greater Manchester.⁵⁰

Departments with a monopoly on a profession will have more flexibility in their choice of location

As well as the location itself, job type also influences whether a move is viable. Departments with a monopoly on a profession have greater scope to relocate jobs without shedding staff. Unlike the ONS's move to Newport, the majority (82%) of Met Office staff followed it to Exeter from Bracknell, near London.⁵¹ This happened even though the move was "hotly resisted" at the time, in part because of staff perceptions of Exeter.⁵² This was because meteorologists and other specialists faced a choice between following the Met Office or leaving their professions.

For administration staff, policy generalists and people in larger professions (such as lawyers and accountants) who can more easily find comparable work in their existing location, departments will likely have a harder time convincing staff to move. But they will have greater scope to replace them in labour markets outside London, particularly in large cities with the qualities mentioned above. Even so, being located outside London was occasionally cited to us as a barrier to the recruitment of some in-demand specialists such as digital technologists, in tandem with other factors such as low salaries relative to the private sector.

In considering moves, departments will need to consider how to avoid reducing ethnic diversity within their workforce

People from a minority ethnic group make up 35.6% of the economically active population in London, but in other areas this proportion is significantly lower, ranging from 17.4% in the West Midlands to 4.8% in the North East.⁵³ This is reflected in civil service employment: 34.4% of staff in London are from a minority ethnic group, compared with 8% elsewhere (including overseas posts).⁵⁴ Shifting the balance away from London could make it harder to meet targets such as increasing the proportion of new recruits to the senior civil service from minority ethnic groups to 13.2% for the period 2022–25.⁵⁵

Test 2: Will the relocation result in a 'critical mass' of roles, including senior ones, in the new location?

Interviewees consistently told us that a 'critical mass' of roles – including senior ones – in offices outside London is a precondition for a successful move. Critical mass will be different for each department and agency. But it is necessary to offer attractive career pathways and to ensure the office carries weight within the wider department. This in turn will help with attracting high-quality, ambitious staff – particularly those within the policy profession – to the new office. Special attention needs to be given to anchoring offices with senior roles. The presence of these roles helps build regional offices' profiles, but they are difficult for even well-established offices to retain. For instance, the East Kilbride office of the former DfID has not been able to keep a consistent director-level presence, in part because of the demands of frequent travel to London.

We heard that small offices, particularly those with relatively autonomous functions, have sometimes failed to keep up with developments and the way of operating in London headquarters. In at least one case, this was perceived to have had such a significant knock-on effect on the quality of the relevant team's work that it was relocated back to London.

Departments need to build critical mass in each office to offer career pathways and help with building the profile of offices outside London

Building a critical mass of people and jobs is essential in making sure that offices can attract high-quality staff and avoid becoming forgotten or isolated outposts. Those with a range of teams, types of work and levels of seniority are more likely to offer rich career pathways for their staff, and thus attract ambitious and capable people. Increased working from home and the adoption of technology that facilitates remote working might negate some of the need for critical mass, but will not do away with it entirely. Civil service leaders have said that jobs will still be anchored to offices, even if there is more flexibility about attendance, 56 so having career pathways within each office still matters.

Many interviewees, particularly those in policy roles, highlighted the importance of critical mass for opportunities for promotion and skill development. Past reviews have identified that perceptions about career progression have discouraged ambitious relocations in the past, but that scale could help bring about the necessary opportunities.⁵⁷

We also heard that building up the size and policy responsibilities of departments' regional offices contributes to their recognition and prestige within the broader department. For instance, the former DfID's decision to send policy and programme jobs to East Kilbride (originally set up to house support functions), followed by further waves of the relocation of policy jobs, have contributed to its status as a 'second headquarters'. Today, nearly 400 staff from its policy and country programme teams and 45% of its UK-based staff are located in East Kilbride, 58 with around 1,000 policy staff in London. Conversely, we heard that smaller offices can sometimes feel remote from developments within their wider department.

Departments also need to offer critical mass in each office to facilitate staff development

Critical mass is not only about the opportunity to move up in the civil service, but also sideways to gain new skills. Several interviewees told us that their offices outside London had very low turnover relative to Whitehall headquarters, which was frequently attributed to the lack of other opportunities in the location. While high turnover hurts institutional memory, very low turnover is also associated with low productivity because staff can lack the incentive to strive for high performance. They may also not get the varied experience needed to acquire new skills, and the organisation does not benefit from the injection of ideas that new entrants can bring.⁵⁹

Critical mass is also important for individual staff development. Several interviewees, even those who are great advocates of relocation, felt that learning and development programmes and mentoring were best delivered in person, but that this was harder to do in cases of wide dispersal or where there were small teams of workers. Alex Chisholm has cited the development of junior staff as a reason why civil servants were encouraged to return to the office during the summer of 2020.⁶⁰

Departments must ensure senior jobs are part of that critical mass

Interviewees consistently told us that jobs at director level and higher were needed to give offices outside London a strong profile, offer a career path for staff in roles below them and act as a bulwark against the pull of political gravity back to London. While the evidence for civil service relocations promoting local economic development is limited, there is some evidence that suggests that the benefits are maximised by the presence of senior jobs.⁶¹

But senior jobs remain highly concentrated in the capital. Interviewees outside London told us that, even when departments do manage to relocate them, jobs at director level and above are the hardest to retain. This is because these jobs involve higher levels of ministerial contact (requiring frequent travel to London, particularly where ministers or officials have a preference for face-to-face meetings) and because there are typically few senior roles in regional offices, leading to incumbents outside London feeling out of the loop and lacking opportunities for promotion. Reducing the proportion of senior jobs within London could help address this pattern.

To create critical mass, departments should relocate senior roles early on, rather than waiting for them to be vacated

Departments have tended to take one of two main approaches to relocations: in some cases, roles have been moved as they have become vacant, while in others, entire organisational units have been relocated within a short space of time, without waiting for any turnover.

The first approach has advantages: it avoids the need for costly redundancies, reduces disruption and limits the loss of capability and corporate memory if civil servants choose not to move with their jobs. When the ONS moved to Newport, 90% of staff chose not to follow the agency, and even years later, problems with its capability were pinned on the disruption that the relocation had caused.⁶² It also means that civil servants taking up jobs outside London are committed and willing participants in the process: we heard some anecdotal evidence that people who are 'forced' to move are more likely to return to London when the opportunity arises.

On the other hand, the first approach relies on staff turnover to achieve relocations at the same time as the government has committed to reducing turnover. It also means that offices outside London can end up with an assortment of roles whose co-location makes little sense, while splitting teams or creating 'solo' workers. Split teams require deft management to instil an institutional culture and provide adequate support and

access to development opportunities. A gradual approach also increases the risk that departmental attention and drive move on to other areas of civil service reform before the relocation is complete.

While the right mix of these approaches will look different for each department, decision makers should consider requiring identified senior roles to relocate early in the life of a new office. Adopting a policy of allowing roles to be undertaken from any of a department's offices, where there is no business case to the contrary, would also help, but departments will need to be careful that regional roles – including senior ones – do not end up drifting back to London.

We heard that there is more enthusiasm and drive behind the current round of relocations than there has been in the past. But the history of civil service reforms shows that even high-profile efforts can fade as leadership turns over or new priorities emerge. Therefore, the civil service should relocate senior roles early on to show that the relocation is a serious endeavour, before this momentum dissipates. This may involve significant costs, such as redundancies and relocation support. But if relocation is indeed a government priority, it should be underpinned by the resources needed to remove cost as a barrier.

Departments need to assess how many offices they can sustain

Departments also need to decide whether their needs are best served by a hub-and-spoke model, with a number of smaller regional offices, or by setting up a 'second headquarters' as the then DfID did. The second headquarters model has worked well for the visibility and profile of DfID's East Kilbride office, in the context of its relatively small size and the fact that it does not deliver programmes and services to the British public. On the other hand, staff from large departments with London headquarters told us they are able to sustain sizeable policy operations in multiple locations.

Test 3: Has the department taken account of the plans of other central government departments and local government?

Departments should not decide on and plan their moves in isolation. Smaller departments in particular will benefit from working with others to build critical mass outside London, while central co-ordination will help broker moves that could promote co-operation on policy challenges that cross departmental boundaries. Departments should work together (with the assistance of the Cabinet Office), give industry early notice of their intentions and hook into local councils' plans for their areas.

Departments need to work in concert to build critical mass and offer varied career paths in locations outside London

Given the importance of critical mass, departments should work together, facilitated by the Cabinet Office, to identify cities (including those earmarked as sites for future government hubs) where together they can each establish a sizeable presence, including policy roles. This would help smaller departments and bodies that might struggle to achieve critical mass alone.

Giving civil servants the ability to move between departments in a single location will help offer opportunities for advancement more akin to those available in London, and thus improve the attractiveness of those jobs. This is important because moving between departments and gaining broad experience is widely perceived to be the easiest route to the top of the civil service. Ministers have said they want to reward civil servants for staying in post longer and developing deep, specialist expertise. But until the current career incentives change – and the history of civil service reform suggests this will be easier said than done – departments will need to offer generalist career pathways outside London if they want to attract talented, ambitious policy staff.

Policy roles in particular should be relocated with the prospect of moves between departments in mind. Even policy generalists located in cities with a relatively high number of civil service jobs sometimes told us they had few opportunities for movement, mainly because their skills were not well suited for the other, more specialised jobs on offer. This is less of a concern for attracting staff to more specialised programme work outside London. For instance, one interviewee from an executive agency focused on programme delivery told us that their small regional office had very low turnover, but felt that staff made an active choice not to move on, rather than low turnover being a symptom of being 'stuck' in their roles.

Moves should be co-ordinated across departments to break down departmental silos

Relocating civil service jobs outside Whitehall could help break down departmental silos, if departments work together – with the assistance of the Cabinet Office – to identify teams that could be usefully located in the same cities outside London. Many policy problems require different departments to work together to solve them, something with which government often struggles. But even though civil servants from different departments are often co-located when they work in cities outside London, location decisions are not always made with cross-department policy connections in mind. Interviewees sometimes described being co-located with another department, but the teams from the co-located department with which they worked most closely were somewhere else entirely.

The government's proposed hubs that have a designated policy focus should help bring together relevant civil servants from different departments and build critical mass. These hubs include transport in Birmingham, health in Leeds and culture in Manchester. But relocations falling outside these hubs will also need support from the centre of government to co-ordinate their moves.

Moves need to be co-ordinated with the plans of other departments, local government and anchor institutions such as universities to maximise economic development and ensure a pipeline of talent

As we set out under Test 1, departments need to consider the attributes of the local labour market in a potential location and whether it is likely to offer the skills they need. Being transparent about future relocation plans, and talking to local government and anchor institutions such as universities early in the decision making and planning process can help departments work with those organisations to cultivate an appropriate workforce in the receiving location.⁶⁵ These pipelines can also help promote economic growth by signalling opportunities to businesses in related industries.

As we have already noted, civil service relocations are not a panacea for 'levelling up'. But early conversations with local authorities and local enterprise partnerships, facilitated by the centre of government, can promote economic benefits for receiving areas by matching the economic development priorities of these areas with the attributes and needs of departments. The co-ordination of plans across departments, where it leads to clusters of similar activity in locations outside London, can also help with maximising these benefits by attracting private sector investment.⁶⁶

This central support can also help avoid location decisions made on arbitrary grounds, such as the location of ministers' constituencies. Evidence submitted to the 2004 Lyons review of public sector relocation showed a positive correlation between the number of key marginal constituencies held by the governing party and the changing proportion of civil service numbers located in the region.⁶⁷

Test 4: Do the department's ministers and senior leaders have a long-term plan to ensure the move is sustainable?

The act of announcing a relocation is only the beginning. Ministers and senior officials must also develop long-term plans for sustaining effective and dynamic new offices as part of the initial decision.

The necessity – perceived and real – of being located physically close to ministers has been a key barrier to relocating policy and senior roles in the past, even for well-established offices outside London. Ministers can do much to dismantle this barrier. We were told that, in some cases, ministers have been entirely relaxed about taking advice via telephone or video calls and that ministerial resistance to a decentralised workforce is more perceived than real – an excuse that officials use to avoid relocations. But other interviewees cited specific instances where ministers had shown a strong preference for officials to be in the room with them, even during the coronavirus pandemic. This meant officials in those departments located outside London were either excluded from conversations with ministers or faced extensive travel. Interviewees cited both factors as reasons why senior roles had tended to drift back towards London in the past.

For their part, senior officials need to invest sustained attention and resources in even well-established and large regional offices – and make that investment visible to the department in question. Many interviewees recounted a feeling of being 'second-class citizens' in their departments, struggling to make themselves heard in meetings where they were the only online attendee, while others felt stretched by the demands of regular travel to the London headquarters whose own way of working had not been changed by the existence of other departmental offices. These factors have contributed to a drift of high-profile and senior jobs back to London.

Ministers need to support the relocation – and be seen to do so – as well as be prepared to make the most of the opportunities for better policy making

Ministers must be prepared to deal with officials remotely and make this clear to their departments, given that the need to be physically present has been given as a reason against relocation in the past, and proximity to ministers is often viewed as the path to career advancement.

But ministers' role is not only to avoid being a roadblock: they also need to make clear to their departments that diversifying their geographical presence is a priority. Relocations can be costly and disruptive to departments in the short term, and interviewees who had worked on past rounds of relocations told us that ministerial drive – and momentum from Number 10 – are needed to avoid departments putting relocations on the backburner. In some cases, this is unlikely to be a problem: we heard that some ministers are very enthusiastic about the relocation programme, and eager to set up new executive agencies in small towns. But the fact that not all are comfortable with virtual meetings shows the need for the centre of government to drive relocations.

If a more geographically diverse workforce, with a better appreciation of life in different parts of the country, is to lead to better policy outcomes, ministers also need to be prepared to make the most of this knowledge. Interviewees reported mixed experiences. In some cases, ministers were enthusiastic visitors to regional offices, keen to engage with local staff and find out what was happening on the ground. In other cases, ministers made little or no attempt to engage. We were also told that one department had constructed a ministerial suite in an office outside London, but that this had never been used.

Senior leaders need to remain committed over the long term – and be seen to be so

We were told that senior leaders need to constantly 'sell' the relocated office to the whole department, in terms of both its contribution to the work of the department and the lifestyle benefits of living outside London. For instance, we heard that calling DfID's East Kilbride office the department's 'second headquarters' was a deliberate choice. In some cases, designated advocates among the department's senior leadership helped with visibility for regional offices and to ensure they were not overlooked for training and development opportunities.

To improve the attractiveness of a career outside London, senior leaders must be able to set out a long-term pipeline of high-profile work for relevant offices. Rather than thinking about what a department can spare from its London headquarters, its leaders need to think about what kind of work can act as a magnet and build the identity of an office. One interviewee pointed to their office leading on spending review work as a good example.

Interviewees also highlighted the importance of good communication from senior leaders based in London. Examples included regular visits and messaging that is equally accessible to the entire department regardless of location. This is important for both making staff outside London feel recognised and helping them to stay engaged with developments in Whitehall.

Departments need to invest in physical infrastructure and change the whole department's way of working

To ensure that staff working outside London both have and are perceived to have the same opportunities and influence as their London counterparts, departments need to invest in physical infrastructure such as high-quality workspaces and IT platforms and equipment. They also need to make a concerted effort to adjust the culture of the whole department to avoid Whitehall-centricity.

Departments also need to invest in reliable, high-quality IT systems that support remote meetings both within departments and with colleagues in other departments and bodies. This is particularly important when it comes to meetings with ministers, who have been understandably frustrated when IT difficulties have stopped the efficient functioning of online meetings. We were told that, in some cases, different departments' IT systems have not been compatible, which has made it impossible to conduct joint meetings via video conference and led to increased travel to London for meetings involving multiple departments.

As well as addressing physical, logistical questions such as IT, departments also need to instil cultural and behavioural shifts among staff in London. They need to ensure that communication from their leaders is as accessible to staff outside London as those within it. We heard that, in one department with teams split across London and other cities, staff stand-up meetings are held via video link, with responsibility for chairing meetings being rotated between sites.

Another frequently cited example was the need to ensure that the style of chairing meetings does not exclude those who are not physically present. Several interviewees told us of the difficulty of exerting influence in a meeting when they are the only remote attendee. This was specifically raised in respect of senior roles.

Ideally, this cultural and behavioural change should be instilled across the entire civil service – even in those departments or agencies located exclusively in London. One interviewee from a department with a significant presence outside London praised their department's commitment to this but described the approach of departments based mainly in London as "awful".

Conclusion

Ministers have set ambitious goals for relocations. They want to reduce the distance between the government and the people, and improve the quality of government programmes by bringing civil servants closer to the people who are affected by the policies they design. Related to this is ministers' desire to break what they view as the civil service's 'metropolitan' mindset and to instil a better understanding of the conditions behind the Brexit vote. At the same time, relocations are also intended to contribute to 'levelling up', promoting economic growth and job opportunities in deprived communities.

Past rounds of relocation have failed to deliver many of the promised dividends and ministers' goals might again prove elusive, but current circumstances do show the potential for a less London-centric way of working and greater scope to draw on talent from across the country. The pandemic has demonstrated that civil servants can produce high-quality work and support ministers regardless of their location. It has also forced managers and departmental leaders to develop new techniques for managing wellbeing and learning and development from a distance.

Even so, relocations are a long-term commitment for both ministers and senior officials and current enthusiasm is not enough to achieve ministers' aims and to promote effective government. The decisions they make now will set new offices up for success – or failure – long after the initial drive has dissipated.

We argue in this paper that in order to make successful decisions on relocation, departments should:

- pick locations that offer a suitable labour market
- create critical mass in the new location, including senior jobs
- take into account the plans of other departments, local government and local institutions
- set out a long-term plan from the outset, with a plan for how ministers and the rest of the department will adapt ways of working.

Unless these requirements are met, there is a strong risk that relocations will fail to meet ministers' objectives and compromise government effectiveness in the process.

Appendix

We interviewed individuals from the following departments:

- Foreign, Commonwealth and Development Office
- Department for Work and Pensions
- Department for Transport
- HM Treasury
- HM Revenue and Customs
- Ministry of Housing, Communities and Local Government
- Met Office
- Education and Skills Funding Agency
- Department for Environment, Food and Rural Affairs.

We also spoke to individuals from a further two departments who asked us not to name their departments.

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