

Second Report of

Decentralisation Implementation Group

30 July 2004

Table of contents

CHAPTER 1	5
Introduction and progress since March report	5
Progress since March Report	6
CHAPTER 2	9
A post-decentralised civil service	9
Cross-organisational collaboration	9
Interaction with the Oireachtas	11
Customer services	12
Servicing of EU and international meetings	12
Corporate memory	13
Next Phase	13
CHAPTER 3	15
Implementation plans	15
Background	15
Cross-cutting issues	16
CHAPTER 4	19
Central Applications Facility (CAF)	19
Developments since 31 March 2004	19
Preliminary CAF data	20
ICT and health sector jobs	21
Next steps	22
CHAPTER 5	25
Industrial relations and human resource issues	25
Industrial relations	25
Promotion and recruitment	25
Management of transfers	25
Staff remaining in Dublin	26
Training	26
Childcare	29
Support for those moving	30
Communications	30
CHAPTER 6	31
Accommodation	31
Site acquisition	31
Dublin property	31
Procurement approach	32
Integrated approach	32
Ministerial offices	32
CHAPTER 7	35
Financial aspects	35
Property	35

Non-property	36
CHAPTER 8	39
Sequencing of moves	39
Overall approach	39
Property	39
Implementation plans	40
Interim moves	40
CHAPTER 9	43
Implementation plan - next steps	43
A post-decentralised civil service	43
Implementation plans	43
Central Applications Facility	43
Industrial relations and human resource issues	44
Accommodation	45
Financial aspects	45
Sequencing of moves	46
APPENDICES	47
Appendix A: Membership of the Implementation Group	49
Appendix B: Terms of Reference	50

CHAPTER 1

Introduction and progress since March report

1.1 We have been charged by the Minister for Finance with the development of an implementation plan and with helping to drive implementation of that plan in co-operation with Government departments and State agencies. Our membership and terms of reference are at Appendices A and B.

1.2 In our first report of 31 March 2004 we identified issues, addressed some of these and commenced work on others. The report concluded with an overall implementation plan which included time-framed next steps. It was accepted by the Government and published on 7 April. Since then a large amount of work has been done by all concerned. It is only by detailed analysis and planning that a major project of this nature can be advanced. This second report describes the progress which has been made since then. It reviews and updates our implementation plan in the light of the developments.

1.3 The decentralisation programme has continued to attract a large amount of public attention and comment. Our mission, as we said previously, is to facilitate the successful implementation of the Government's programme. We acknowledged in the first chapter of our March report that decentralisation will give rise to challenges and difficulties. We specifically asked all departments and agencies to incorporate a risk assessment of the process in their individual implementation plans.

1.4 Identifying risks and challenges has to be an integral first step in any good implementation process – ignoring them would be bad planning. This does not mean that the difficulties cannot be overcome. On the contrary, a realistic approach to assessment of risks in conjunction with planned steps to mitigate those risks, should help to maximise the medium and long-term benefits of the decentralisation programme.

1.5 There is a danger that the identification of problems and the development of strategies to address these problems may give a false impression. By its very nature, this type of process tends to accentuate the negative. For example, there has been concern that decentralisation would damage the operation of the civil service. We are pleased, therefore, to be able to outline in Chapter 2 of this report the work which is being done in relation to the implications of a post-decentralised civil service. The objective is to ensure that the delivery of “joined up Government” does not suffer as a result of decentralisation. We are convinced that this objective can be achieved.

1.6 We are also pleased with the overall quality of the individual implementation plans prepared by departments and agencies (Chapter 3). Much of the media comment has focussed on the difficulties identified – correctly - in the plans. However, in most cases the organisations themselves have moved beyond that and identified ways of addressing those challenges over a period. Some of the issues raised, including some of the ‘people’ issues, have to be addressed in the central industrial relations discussions. We are particularly pleased that some organisations are starting to identify the potential upsides that can be secured from decentralisation in terms of improved business processes and service delivery.

1.7 Another significant, and positive, development since our last report was the release of preliminary data from the Central Applications Facility (CAF). Allowing for the caveats mentioned in Chapter 4, we believe that these initial results provide a good solid basis for moving forward with the implementation process. We are still at a very early stage in the process and already there is evidence of a lot of interest among staff in moving to the new locations. **In order to build on this, we are recommending that independent outside expertise be engaged to help us understand, through the use of focus group interviews and other processes, how those who are still considering their options under the decentralisation programme view the decision to move from Dublin, and the key levers and barriers to their decision-making.**

1.8 As indicated in Chapter 5, there are important industrial relations and human resource issues that still need to be addressed. There are particular issues and difficulties with the State agencies, promotion policy, the management of staff transfers and the reassignment of staff who wish to remain in Dublin.

1.9 There has been good progress with the accommodation aspects of the implementation plan (Chapter 6) including site selection, disposal of surplus Dublin property and preparations for the procurement of new buildings. The initial indications from a financial assessment confirm our previously-expressed view about the self-funding nature over time of the property aspect of the programme (Chapter 7).

1.10 The next significant milestone in the process will be the release of further data from the CAF in September. We will report later in the autumn to the Cabinet sub-committee on Decentralisation outlining our views, in the light of the CAF data and other considerations, on sequencing and timing of moves from Dublin by individual organisations.

1.11 Overall, therefore, we believe that good progress has already been made. Clearly, there is no alternative to teasing out the issues in detail and arriving at good long-term solutions in consultation with all of the parties involved. As the process develops we expect to see an increasing focus on the potential upsides of the programme – for the public servants affected in one way or another, for the local communities concerned and for the overall business of Government and public service delivery.

Progress since March report

1.12 Progress under each of the headings in the implementation plan in our March report is summarised in the following paragraphs.

Central Applications Facility (CAF)

1.13 The CAF was launched on 12 May. It included information about the business units, grades and staff numbers to be transferred to the decentralised locations. It also contained summary details of, and links to, the fact-sheets prepared by departments and agencies for the destination towns. Preliminary data from the CAF was provided to us and published on 8 July 2004.

Relocation of ICT and health sector staff

1.14 On 8 July the Minister for Finance announced the locations for 870 ICT and 350 health sector jobs following consideration of the proposals made by this Group in our first report.

Industrial relations and human resource issues

1.15 The Department of Finance has provided us with regular updates on the discussions between public service management and unions. We have approved an overall decentralisation training plan. We have also agreed an approach to the provision of pre-school childcare facilities and support services for staff interested in moving.

Individual implementation plans

1.16 A series of workshops/seminars was held for departments and agencies to assist them in preparing their implementation plans. We met with a number of Secretaries General to ascertain their views on the main issues arising in implementing the programme. We received and reviewed a total of 53 individual plans and are pursuing cross-cutting issues that have been raised.

A post-decentralised civil service

1.17 We continued to liaise with the Strategic Management Initiative (SMI) Implementation Group of Secretaries General about the longer term implications of a decentralised civil service. Chapter 2 deals with this important aspect. Further work is ongoing.

Property aspects

1.18 The OPW has been assessing proposals for each of the locations in accordance with the approved criteria and procedures. The selection and purchase of sites is proceeding. Work is progressing on developing (i) generic contract documents for procurement of buildings, (ii) generic space utilisation and other standards, (iii) a generic Public Sector Benchmark against which to evaluate the value for money of PPP bids and (iv) a plan for the rationalisation of the State's Dublin property portfolio and the disposal of surplus property. An independent process auditor has been appointed to oversee the site procurement process.

Financial aspects

1.19 The OPW has prepared a financial assessment of the property procurement and disposal aspects of the programme. This will be submitted to Government in the autumn. At our request, the Department of Finance engaged outside consultants to prepare a financial model to help assess and track the non-property cost implications of the programme. The model will be used by this Group, with the assistance of the Department of Finance, to assess non-property costs.

CHAPTER 2

A post-decentralised civil service

2.1 There have been significant improvements in the management of the civil service, and wider public service, in recent years¹. Enhanced corporate governance systems have been, and are being, put in place under the Strategic Management Initiative. These include Statements of Strategy, Business Plans, the Performance Management and Development System, the Management Information Framework, eGovernment initiatives, and the Mullarkey Report². Together, these systems provide a good foundation for implementation of the decentralisation programme. Indeed, the fact that these new common systems are being developed across the civil service – and that civil servants are, therefore, familiar with them – should be of benefit in managing implementation of the decentralisation programme.

Cross-organisational collaboration

2.2 Concerns have been expressed that decentralisation could undermine the increased drive in recent years to deliver “joined up Government”. In particular, it has been suggested that decentralisation could reduce formal and informal networking between departments – and between public bodies generally – with adverse effects on the formulation of policy advice to Ministers and the Government.

2.3 Cross-departmental groups, networks and committees play a significant part in policy formulation in today’s civil service and will continue to do so. The structures and institutions which have been developed under three broad headings warrant particular attention, i.e. those supporting (i) the various Cabinet sub-committees, e.g. Senior Officials’ Group on Social Inclusion (ii) social partnership, e.g. the National Economic and Social Council, the National Economic and Social Forum and the Sustaining Progress Steering Group and (iii) the SMI modernisation programme, e.g. the SMI Implementation Group and its various sub-Groups. There is also the annual estimates/budget cycle to be considered. There are a myriad of other groups operating under the aegis of individual departments, some inter-departmental and largely internally focussed but many of which include key external actors in the relevant sector, customers, social partners or individuals with expertise in particular policy areas.

2.4 The requirement in a post-decentralised civil service for some officials to travel greater distances will give rise to time and other costs. However, it also presents an opportunity to develop a more strategic approach to scheduling and managing meetings. The overall aim should be to have fewer but more focused meetings scheduled in advance, which would result in sharper engagement and well-defined outputs.

2.5 The informal networking which often takes place at such meetings can continue in future, albeit in the context of a smaller number of meetings. Any “losses” in this regard can be off-set by developing and supporting more formal network

¹ Evaluation of the Strategic Management Initiative by PA Consulting dated March 2002.

² Report of the Working Group on the Accountability of Secretaries General and Accounting Officers which addresses, inter alia, risk management.

opportunities. Existing interpersonal networking at senior level can be supported by more regular meetings of existing groups such as the Assistant Secretary, Personnel Officer and Finance Officer Networks. New cross-organisational networks can be developed at middle management levels to ensure that the senior managers of the future have the opportunities to develop similar networking systems in a post-decentralised civil service.

2.6 These process improvements should be supported by:-

- (a) greater use of formal electronic support systems such as eCabinet, the PQ system, eLegislation and eEstimates, and the development of new Cabinet sub-committees, social partnership and SMI technical support systems;
- (b) new informal collaboration and co-ordination systems, i.e. using new software which supports high levels of authentication and encryption and with appropriate facilities (e.g. collaborative document writing and review, collaborative presentations, instant messaging, file sharing, support at meetings and collaborative project management); and
- (c) an extended communications platform, i.e. by developing new facilities such as large-scale videoconferencing and/or audio conferencing capable of supporting multiple concurrent channels.

2.7 We have been advised that weekly meetings of Secretaries General to be briefed by the Secretary General to the Government will continue.

2.8 We also understand that a review of the existing cross-departmental collaborative structures and processes underpinning Cabinet sub-committees, social partnership, SMI and the estimates/budget is being undertaken by the Departments of the Taoiseach and Finance in the context of the foregoing considerations.

2.9 The intention is that each Department will be asked to undertake a similar review in relation to inter-departmental, or equivalent, groups that it chairs. The Centre for Management and Organisation Development (CMOD) in the Department of Finance will also be exploring the scope for technical improvements and innovations, and for more regular formal networking opportunities. The results of this work will be considered by the SMI Implementation Group of Secretaries General prior to submission to the Taoiseach for consideration by the Government.

2.10 There is another form of “joined up Government” that arises from eGovernment initiatives. It is becoming increasingly possible to share facilities and other service delivery support systems that could not have been shared in the past. Public service bodies are already using shared telecommunications infrastructures and management services. Work has begun on developing an approach to the use of shared managed data centre services. Common entry points to aggregated government information about services are already available through the OASIS³ and

³ A website which provides citizens with a single access point to information on public services public services.

BASIS⁴ initiatives. All public service tendering opportunities are now handled through a shared single resource. The Public Services Broker is being developed to provide a web-based common entry point to government systems. This is underpinned by new inter-organisational connection systems that allow computer systems to talk to one another and share data. It is planned to explore the potential for common call centres as an extension to the Public Services Broker. This shared multichannel approach will facilitate the completion of service requests for all Government services, regardless of the agencies that provide these services, and will, over time, result in service delivery being location neutral. There is also scope for using shared facilities and services for common systems. An approach to the sharing of Human Resource Management Systems and associated services has been developed and work is underway to bring this about. Similar approaches for payroll systems and the Management Information Framework are also planned.

Interaction with the Oireachtas

2.11 It has been suggested that decentralisation will seriously reduce departments' ability to support Ministers in discharging their Oireachtas duties.

2.12 Officials are usually in attendance on Ministers taking Bills and Motions, including Private Members Business. Officials would also be involved in other aspects of parliamentary business, particularly appearances before Committees, even when their Ministers are not involved.

2.13 In the normal course, the need for attendance during debates on legislation or at Oireachtas Committees will be known in advance. Apart from any additional time and costs involved in travel, such attendance should not create any particular problems for decentralised departments. On occasion, an adjournment debate or other debate will have to be serviced at short notice. Post-decentralisation, the necessary briefing material and statements could be prepared remotely. Any oral briefing which may be required in some instances can be provided by telephone contact with the secretariat in Dublin.

2.14 It will be important that the new decentralised offices have access, as part of their communications facilities, to the closed circuit TV system in the Oireachtas so they can monitor proceedings and provide briefing for Ministers as required.

2.15 The intention is that the Departments of the Taoiseach and Finance will examine and quantify the extent of parliamentary involvement by the departments whose headquarters are due to be decentralised. In addition, an examination of the legislative process, involving interaction with the Offices of the Attorney General and the Parliamentary Counsel as well as the Oireachtas, is to be undertaken. In both cases, the examinations will be conducted under the auspices of the Implementation Group of Secretaries General, again for consideration by the Taoiseach and the Government.

⁴ A website which provides business with a single access point to all government information and services.

Customer services

2.16 Departments are already providing services on a national basis from their existing locations. In principle, there is no reason why services should not be provided nationally from locations outside of Dublin and some already are. While this brings new challenges, there is also the opportunity to leverage decentralisation as a catalyst to enhance existing customer service levels. Developments in eGovernment provide new means of accessing services which are attractive to many customers of the public service.

2.17 It is evident to us from the initial implementation plans which we received that many departments/agencies are already addressing customer service issues. These issues will need further examination by each organisation as it develops its implementation plan.

2.18 The SMI Quality Customer Service Group has recently prepared a *Note on Customer Service Issues and Decentralisation*. It covers six main topics, identifies the challenge under each heading and outlines suggested approaches to meeting each challenge. The topics and challenges are as follows:

Service delivery: To provide the best possible customer service standards from decentralised locations.

Staff turnover/training/loss of skills: To transfer a customer service ethos, procedures, practice and skills to new staff and to maintain service levels while also experiencing a considerable staff turnover.

Business process re-engineering/flexibility: To use decentralisation to lever improvements in service without putting an extra burden on staff coping with new jobs in new locations.

Central support services: To provide high quality internal customer service support services locally such as IT, HR and property management to newly decentralised offices while these services themselves are also being decentralised.

Maintaining morale: To maintain morale and customer service standards of staff remaining in Dublin thereby encouraging them to pass on their knowledge to staff taking on their positions in new locations.

Maintaining a common organisational culture: To create and maintain a shared customer-focussed service culture across several dispersed locations.

The note has been circulated to departments and can be used as a quality assurance checklist by organisations to ensure that their decentralisation implementation plans take account of the full range of customer service issues.

Servicing of EU and international meetings

2.19 Additional costs and time will undoubtedly arise in travelling to Brussels and other locations. The extent will depend upon the distance from Dublin airport or another airport with international flights.

2.20 New ways of servicing meetings in Brussels will need to be explored. In some cases it may be possible to locate an additional officer or officers at the Permanent Representation in Brussels so as to reduce the presence needed from Dublin. There are, however, limitations to this approach given the need for staff with specialised knowledge to attend negotiations and to act upon the outcomes. It will not be a solution in all cases.

Corporate memory

2.21 There is concern that decentralisation will result in significant loss of corporate knowledge and memory - although it can also be argued that in some cases a loss of corporate memory can act as a catalyst for positive change by freeing an organisation from an over-reliance on precedent. The matter has received considerable attention in the individual implementation plans prepared by departments/agencies and specific remedial actions are proposed where appropriate.

2.22 Research on this topic is being undertaken by the Committee for Public Management Research and its first report is due in September 2004. This research is linked to work which is underway in the Department of Communications, Marine and Natural Resources and which is due to be completed in the autumn.

2.23 In order to support a recent large-scale regional reorganisation, the Revenue Commissioners have put in place a “community of practice” initiative. This aims to establish links between previous and current occupants of jobs and categories of work through organised and active intercommunication. In the case of decentralisation, communities of practice would have to cross organisational boundaries and would require technologies of the type already described above.

2.24 The outcome from these initiatives will be brought together in a CMOD-hosted seminar (see Chapter 5).

Next Phase

2.25 We share the view of the SMI Implementation Group of Secretaries General that this work programme is addressing key business issues in a manner which will provide effective responses to these criticisms of decentralisation. We will continue to liaise closely with the SMI Implementation Group.

CHAPTER 3

Implementation plans

Background

3.1 We recommended in our previous report that each department/agency should prepare its own implementation plan and submit it to us. We received and reviewed a total of 53 plans. The overall quality of the plans is good and we look forward to more comprehensive versions when the first phase of the CAF results become available and when organisations have had an opportunity of developing solutions to issues and a momentum to the process.

3.2 Most plans list the steps already taken; outline the organisation's existing mission, responsibilities and organisational structure; identify its customers; address various people, property and business aspects; outline risks – including the loss of skilled staff - and risk-mitigation strategies; mention the scope for business process review; identify likely additional costs; and suggest how decentralisation will be project managed. Some tend to identify and highlight the challenges whereas others move beyond that and identify possible ways of meeting those challenges. A number of the State agencies outline particular difficulties that they see arising.

3.3 The plans emphasise – correctly - that these are initial iterations and will need to be developed further as the output from the CAF emerges, the property situation becomes clearer and individual business units within the organisation develop more detailed plans. In the next iteration, each department must ensure that its plan and the plans of each of its agencies include all the appropriate risk mitigation strategies.

3.4 Several plans identify other changes which are already underway or in prospect, such as the impact which reform of the Common Agricultural Policy will have on the Department of Agriculture & Food, the establishment by the Department of Education & Science of a regional office structure, reviews of the higher education and inland fisheries sectors and the proposed establishment of a national personal advocacy service by Comhairle. Some plans mention the need to explore the scope for regionalising service delivery and other organisations say they are examining their existing regional office structures in the light of the decentralisation programme.

3.5 A number of plans mention the need to prioritise eGovernment initiatives for service delivery in advance of decentralisation. Others emphasise the need to accelerate and deepen existing Electronic Fund Transfer payment arrangements. The scope for developing and implementing eGovernment service delivery improvements should be seen as a particularly important aspect of the implementation process. As indicated in Chapter 2, as these new eGovernment systems develop service delivery will, increasingly, be location neutral.

3.6 We have asked the OPW to follow up points raised in the plans about accommodation. The Department of Finance will also be pursuing a number of other issues on a bilateral basis with the departments concerned.

Cross-cutting issues

3.7 As might be expected, there are a significant number of common themes reflected in the plans. These include, for example, concerns about high staff turnover, loss of corporate memory, impact on organisational culture, service delivery for Dublin-based clients, the additional costs associated with travel in future, the impact on staff morale and motivation, and the particular challenges to be faced in dealing with professional/technical staff and other specialist staff especially in the case of the State agencies.

3.8 The need for, and extent of, staffing overlaps during the transition period is highlighted in most plans although some acknowledge that the scope for overlaps will be more limited this time because so many other organisations will also be moving during the same time period. The introduction of ground rules which would enable staff turnover and overlaps to be managed in a collegiate way across the system is requested. A number of other potential mitigating measures are mentioned including the possibility of using recently-retired staff for a limited period and the establishment of reciprocal arrangements with other organisations to provide access to experienced staff who have moved to other organisations.

3.9 A number of plans emphasise the need to ensure that staff who agree to remain with their organisations as key trainers during the transition period are not disadvantaged in terms of assignments at the end of the project. Others mention the need to find some way of catering for staff who are prepared to try commuting to, and working from, the new location but later find that the commute is not sustainable. A number signal their intention to explore the scope for more flexible working arrangements, including teleworking, as a means of retaining existing staff. The position of contract staff is also raised as an issue to be addressed.

3.10 The case for some form of “vetting” of potential new entrants to an organisation is another common theme, particularly among the State agencies. The option of taking in transferred staff on some form of trial or probationary period is mentioned in some plans.

3.11 The Department of Finance should in consultation with the Decentralisation Liaison Officers, develop a set of best practice protocols which address these and other related issues within an overall framework for managing staff transfers (see paragraph 5.5).

3.12 The need for continued access to some office facilities in Dublin (e.g. for conferences or presentations) is mentioned in many plans. This is supported in some instances by a strong prima facie business case although the need is not as readily apparent in other cases. Such facilities could also include access to rooms for use on a “hot-desk” basis by staff from decentralised offices who are in Dublin on particular days, to the extent that this is not provided in the Ministerial offices referred to in paragraph 6.16. **We recommend that the Department of Finance evaluate the extent of the need for access to Dublin office facilities and explore possible aggregation opportunities in this regard. Possible options would be the development of shared facilities operated by the public service or procured from the private sector.**

3.13 The importance of robust ICT systems, broadband support and teleconferencing and videoconferencing facilities is emphasised. Some plans refer to relocating most or all of their existing ICT equipment whereas others envisage replacing existing ICT equipment and a period of dual running. The purchase and/or relocation of equipment should take cognisance of our recommendation that space be acquired in two private sector world-class data centres as set out at paragraph 5.11 of our first report. Any equipment replacement strategy should be subject to the development of strong underlying business cases. We understand that voice and data services are already available at all locations and that actual demand will determine the exact nature of their provision. **We recommend that each department/agency put appropriate arrangements in place to evaluate ICT needs and consider how these can most effectively be met and that CMOD should provide assistance in that regard where required.**

3.14 We have asked the Department of Finance to issue a request for tender seeking outside assistance to provide advice on how to help secure the maximum positive benefit for local communities in the decentralised locations. The aim is to produce:

- (i) best practice guidelines, incorporating practical planning steps, for use by departments and agencies in progressing their implementation plans;
- (ii) guidelines which would be made available to relevant local authorities (and other local interests) to help them identify steps which they might take to maximise the economic and social benefits associated with implementation of the programme; and
- (iii) advice in relation to what steps might be taken by this Group both generally and in relation to specific cross-cutting issues.

3.15 Each department/agency should continue to develop its implementation plan as the output from the CAF emerges, the property situation becomes clearer and individual business units within the organisation develop more detailed plans. These successive iterations should be discussed within the local partnership structures. The Department of Finance should also put arrangements in place to monitor progress in developing the implementation plans and to facilitate sharing of best practice.

CHAPTER 4

Central Applications Facility (CAF)

Developments since 31 March 2004

4.1 The CAF was launched on 12 May 2004. It is operated by the Civil Service Commission. The system is primarily web-based, thus allowing staff to make applications from work or home to a single application point. For those with no access to a computer, an application can be made over the phone or in person. A helpline facility has been put in place to assist potential applicants.

4.2 A detailed document about the human resource procedures underpinning the operation of the CAF was prepared following discussions with staff interests. Potential applicants were encouraged to study this document before making applications to ensure they were fully informed about the conditions under which the system operates.

4.3 The discussions with staff interests took place in two strands, one with the sub-committee of the civil service General Council and the other with an ICTU group of unions representing staff in the State agencies. Ultimately, the civil service unions raised no objection to the CAF being launched on the basis outlined in the document dealing with human resource procedures. However, the ICTU group did not agree and a number of the unions advised their members in the State agencies not to co-operate with the CAF (see paragraph 5.2).

4.4 Just over 8,500 posts were included in the CAF when it was launched – nearly 6,300 civil service posts and 2,250 State agency posts. The CAF did not then include the 835 ICT posts and 500 health sector posts included in the decentralisation programme. In addition, separate arrangements are in place to deal with the Defence Forces (300 posts) and the Garda Síochána (90 posts).

4.5 Separate arrangements are also in place for about 155 of the most senior level posts in departments and agencies. Each Secretary General has been asked to speak personally to all individuals at this level about the options open to them and to establish their intentions in relation to decentralisation. They are to report back to the Secretary General PSMD, Department of Finance who will report to this Group. They were also asked to put similar arrangements in place for chief executives and other senior staff of State agencies under the aegis of their departments.

4.6 In paragraph 2.16 of our previous report we recommended that persons who applied to the CAF in the first eight week period should receive preference over those who applied at a later date. Based on the launch date of 12 May this preferential period was to have ended on 7 July. However, in the absence of a decision at the time about the locations for the ICT and health sector staff, we decided in June to extend the period for the receipt of preferential applications until 7 September 2004. This was designed to ensure that people had as much information as possible in considering their options under the decentralisation programme.

Preliminary CAF data

4.7 Notwithstanding the extension to 7 September, we decided that all interested parties should have access to the preliminary information available from the CAF at the beginning of July as had originally been envisaged. Accordingly, the Civil Service Commission extracted preliminary data from the CAF based on applications received up to midnight on 6 July 2004. An initial set of summary tables was provided to us on 8 July. Advance copies were then provided to public service management and staff interests before being released into the public domain.

4.8 The CAF was designed primarily to allow Dublin-based civil and public servants to apply for/express an interest in transferring to the new decentralised locations. It was agreed with the unions that staff serving in existing provincial locations could also apply for the new locations. It was recognised that this could give rise to vacancies in the existing locations. Accordingly, the CAF allowed staff to indicate a willingness to transfer from Dublin to existing provincial work locations. Finally, it also allowed provincially-based staff to apply for transfer to a different existing provincial location.

4.9 This multi-faceted nature of the CAF means that particular care needs to be exercised in interpreting the early data. The starting point is the number of Dublin-based staff interested in moving to the new locations. It is also reasonable to include the number of Dublin-based staff interested in moving to existing provincial locations on the basis that these can “release” an equivalent number of staff serving in provincial locations who wish to move to the new decentralised locations. The number of provincially-based staff interested in moving to the decentralised locations needs careful consideration because in the absence of replacements any large-scale transfer of such staff would have serious implications for service delivery in the existing provincial offices. Finally, the global figures available so far do not give a good indication of the extent of the grade match between applicants and jobs.

4.10 The preliminary data indicates that 2,949 Dublin-based public servants are interested in moving out of Dublin – 2,487 to the new locations and 462 to existing provincial offices. This equates to 35% of the 8,527 jobs on the CAF.

4.11 The total number of staff who applied was 5,811, of whom 4,843 are interested in moving to the new decentralised locations. However, this latter figure includes 2,356 staff already working in provincial locations. As against this, only 462 Dublin-based public servants are interested in transferring to existing provincial locations. These figures raise significant issues in relation to releasing a large number of provincially-based staff to the new programme locations.

4.12 The preliminary data shows a distinct difference in the level of response to the CAF between civil and public servants. A total of 2,619 Dublin-based civil servants have applied to move out of Dublin – 2,195 to the new locations and 424 to existing provincial offices. In contrast, only 330 Dublin-based employees of State agencies have expressed an interest in moving – 292 to the new decentralised locations and 38 to existing provincial locations.

4.13 In percentage terms, the number of applications from Dublin-based civil servants equates to 42% of the 6,277 civil service jobs on the CAF. The number of

applications from Dublin-based State agency employees equates to only 15% of the 2,250 State agency jobs on the CAF. In both cases it should be noted that some of the civil servants wish to move to State agency locations and some State agency employees want to move to civil service job locations.

4.14 The CAF data indicates that only a minority of staff wish to move with their existing employer to the new locations. Of the 2,949 Dublin-based public servants interested in moving out of Dublin, only 478 or some 16% are interesting in moving with their current organisation. However this is no different to previous decentralisation programmes at a similar stage.

4.15 We believe the overall figures for the civil service represent an encouraging start. The cut-off date for the initial period of priority applications is 7 September and the CAF will remain open for the duration of the programme. The level of interest in moving may increase over the implementation period and revised promotion and recruitment practices and procedures will support implementation of the decentralisation programme (paragraphs 2.35 to 2.46 of our report of 31 March 2004 refer).

4.16 There are a number of points worth bearing in mind in assessing the State agency figures, as follows:

- (a) civil servants have positive previous experiences of decentralisation;
- (b) there is a long-standing tradition of transfer across the civil service; and
- (c) many common grading structures exist in the civil service; whereas
- (d) there is not the same culture of inter-organisational transfer among staff in State agencies; and
- (e) some trade unions advised their members in the State agencies not to participate in the CAF.

ICT and health sector jobs

4.17 On 8 July 2004, the Minister for Finance announced the following locations for the decentralised health sector and ICT jobs:

Health sector:

- The headquarters of the new Health Service Executive (HSE) involving the decentralisation of up to 300 jobs will be in Naas.
- The headquarters of the new Health Information & Quality Authority (HIQA) involving the decentralisation of 50 jobs will be in Cork City.

These organisations are due to be established on a statutory basis by 1 January 2005.

ICT jobs:

- Agriculture & Food: 125 jobs in Portlaoise.
- Social & Family Affairs: 225 jobs in Drogheda.
- Local Government Computer Services Board: 90 jobs in Drogheda.
- Reach: 15 jobs in Drogheda.
- Revenue Commissioners: 380 jobs in Kildare town.
- Department of Finance (CMOD): 35 jobs in Kildare town.

The Minister said he would be asking other Government departments and all small and medium-sized public bodies to consider the extent of usage they could make of the ICT staff centres and the associated data centres which will house the ICT equipment.

Next steps

4.18 It is clear that many staff wish to move out of Dublin. It is equally apparent that many others want to remain in Dublin even if their jobs are being relocated. We believe there is another group of staff who are still considering their options under the decentralisation programme. People in this category may be trying to weigh up the advantages and disadvantages of moving with their jobs or choosing to remain in Dublin. Ultimately, of course, it is a matter for each individual to make his or her own decision. However, given the radical scale of this programme we believe that some new insights are needed. **In particular, we recommend that the Department of Finance should engage independent outside expertise to help us understand, through the use of focus group interviews and other processes, how this intermediate group view the decision to move from Dublin and the key levers and barriers to their decision-making.**

4.19 The Civil Service Commission, in conjunction with the Department of Finance, is in the process of adding information about the ICT business units, grades, staffing numbers and locations to the CAF. This should be done as soon as possible.

4.20 **We recommend that a separate applications facility be established to deal with the HSE and HIQA jobs.** We believe this is preferable to including these jobs in the existing CAF because (i) the establishment of the HSE and HIQA is part of a wider programme of structural reform within the health sector and (ii) the jobs involved will be drawn from the civil service, the health service and health agencies. This facility should be developed by the Department of Health & Children in conjunction with the Department of Finance and the Civil Service Commission. The exact modalities of how it should operate will need to be discussed with the civil service and health service unions.

4.21 Staff working in various State agencies which are not decentralising could avail of the CAF to express an interest in transferring to the decentralised locations. The CAF did not, however, provide a similar facility to Dublin-based staff in other parts of the public service such as Dublin-based staff in the local authority, health and education sectors. The overall aim of the programme is to encourage public servants to relocate from the capital to the regions. We believe that the range of applicants should be as wide as possible. **Accordingly, we recommend that a separate CAF-type facility should be devised which would allow staff serving in Dublin in these parts of the public service to express an interest in transferring to the decentralised locations. This should be developed by the Department of Finance in conjunction with the Civil Service Commission.** The modalities of how it should operate will need to be discussed with management and staff interests in the relevant sectors.

4.22 The revised cut-off date for the initial period of priority applications under the CAF expires on 7 September. The Department of Finance and the Civil Service Commission should analyse and submit to us the information available at that time.

We should be provided with information about the most senior level posts at the same time. Relevant information should then be made available as before to departments, agencies and staff interests.

CHAPTER 5

Industrial relations and human resource issues

Industrial relations

5.1 There have been ongoing discussions between civil service management and unions. These covered two main issues:

- (i) the human resource procedures underpinning the operation of the CAF – see paragraphs 4.2 and 4.3: and
- (ii) promotion and recruitment – see paragraphs 5.3 and 5.4.

5.2 The ICTU group of unions have raised what they regard as fundamental concerns about the voluntary nature of the decentralisation programme in the case of State agency employees and the impact of decentralisation on organisational coherence and viability, skill sets, corporate memory and overall service delivery. Some of the unions advised their members in the State agencies not to co-operate with the CAF or with the preparation of the implementation plans. We understand that the Department of Finance is preparing a position paper summarising the views which have been expressed by each side in the discussions to date. Both sides are then to consider how the discussions might be taken forward.

Promotion and recruitment

5.3 As we indicated in our previous report, it will not be possible in some locations to fill all of the posts being decentralised by means of lateral transfers – this was always going to be the case. Promotion and recruitment practices and procedures need to be revised to take account of this. Civil service management tabled certain interim proposals in that regard (paragraphs 2.35 to 2.46 of our previous report) but, to date, these have not been agreed.

5.4 These interim proposals were to operate until end-September 2004. Management had proposed that both sides would then review them in the light of information from the CAF. In view of the time that has elapsed, there seems to be little value in pursuing interim arrangements at this stage. Both sides need to consider the information which will emerge from the CAF in September and agree appropriate arrangements in relation to promotion as soon as possible. In addition, the Department of Finance should ensure that the filling of normal course vacancies in recruitment level grades takes full account of the decentralisation programme. Finally, the Department of Finance also needs to table for discussion with the unions proposals in relation to regional recruitment, mobility and promotion policy in a post-decentralised civil service.

Management of transfers

5.5 An overall framework for managing staff transfers needs to be developed. This will have to deal with the various issues outlined in paragraphs 2.26 to 2.34 of our previous report and in the individual implementation plans (paragraphs 3.8 to 3.10 of this report). Many of these issues have industrial relations implications and will have to be discussed with staff interests. Staff applying under the CAF may want to transfer as soon as possible to the organisation which is due to move to the location of

their choice. Managed correctly, this approach may also suit the business needs of departments and agencies. It is important that this be facilitated in the discussions with staff interests.

Staff remaining in Dublin

5.6 The implementation plans confirmed, as we had already highlighted, the need to address the concerns of staff whose jobs are being decentralised and who opt not to relocate.

5.7 Previous decentralisation experience demonstrates that the contribution of this group will be vital to the success of the programme. They will, for example, be involved in preparing job manuals for use by incoming staff and providing on-the-job training to the new entrants. Some may be identified as ‘key trainers’: their organisations will want them to remain on as some of their colleagues gradually depart to alternative posts in Dublin and others prepare for the move to the new location. Some may even be asked to work in the provincial location for a short time to ensure a smooth transition.

5.8 We have already emphasised the importance of including this group in the various elements of the implementation process. Their personal development needs are as important as are those of those moving and should be addressed in training strategies. They are experiencing considerable uncertainty and insecurity. Management must put in place strong communication strategies for this group.

5.9 Clearly, a key concern for this group of staff is the question of reassignment to other jobs in Dublin. Our March report recommended that arrangements be developed to deal with this. The CAF human resource document confirms that “a system will be put in place to allow staff to indicate preferences on where they would wish to transfer to although it must be recognised that it will not always be possible to meet these wishes”.

5.10 This issue needs to be addressed in the context of the framework for managing staff transfers and will have to be discussed between management and staff interests. Staff will start to transfer from one organisation to another in advance of organisations moving to the new locations. Inevitably, situations will arise where the number of staff wishing to transfer into some organisations will exceed the numbers who have applied to transfer out of those organisations. On the other hand, some organisations will have potential net vacancies. Where an organisation is faced with a net excess the selection of those to transfer will initially be done on the basis of volunteers. If there are insufficient volunteers, the “last in first out” principle will apply.

Training

5.11 Our report of 31 March 2004 identified training as a key factor in preparing for, and implementing, the decentralisation programme.

5.12 Primary responsibility for meeting training needs rests with each department/agency and training is dealt with in the individual implementation plans.

5.13 At our request, CMOD prepared proposals for an overall decentralisation training programme identifying areas for common responses. The relevant State agencies are included in the programme, along with civil service departments. The main elements of the programme are outlined below.

- (a) Implementation plans (workshops) A series of workshops have already been held to help organisations prepare their implementation plans. A common template for a typical plan emerged from the workshops and was circulated to all the organisations concerned. The exercise also provided preliminary views about the training issues emerging and possible responses.
- (b) Decentralisation issues and experience capture (workshops) The public service has significant experience of successful decentralisation over the last twenty years. The current decentralisation programme can benefit from the knowledge and experience gained. A workshop is being organised to capture this knowledge and to draw out strategic and operational guidance of benefit to those planning and implementing the new programme.
- (c) Project management skills (courses) The potential for running short courses in project management specifically tailored to the needs of decentralisation project management is being assessed. It is expected that this course will be available in autumn 2004.
- (d) Integration of human resource and training functions (seminars) The implementation plans identify the need for a set of best practice protocols to address human resource issues such as staffing overlaps, assignments of key trainers, etc. (paragraphs 3.8 to 3.10 refer). Following the development of those protocols, a number of seminars will be arranged focusing on the development of a practical integrated approach between human resource and training initiatives. Specific workshops on complex issues such as the timing and phasing involved in placements and the possible need for overlapping staff may also be arranged.
- (e) Communications training (workshops) The scale and complexity of the decentralisation programme requires effective communications. Additional communications training is being provided with both internal and external audiences in mind. In relation to internal communications, it is essential that all staff, whether relocating or not, be kept informed and involved in the process over the coming years. Later in the process, the interventions will also include options for assisting relocating organisations to manage expectations and build relationships with local communities.
- (f) Business mapping/re-engineering (seminars) A seminar has already been held to outline best practice in a number of departments in relation to mapping business processes and dealing with knowledge management. The seminar was well attended and the feedback was very positive. The potential for further initiatives in this area is being examined. Such initiatives would draw on knowledge and experience arising from existing and ongoing work being undertaken by public service organisations in the area of business process mapping and improvement.

- (g) Writing job manuals (courses) Interventions to help key personnel design and draft job manuals in accordance with best identified practices are to be developed and delivered. These will draw on experience in the Office of the Revenue Commissioners and other existing decentralised offices. It is expected that this training will be replicated and cascaded by organisations. The manuals, in turn, will be a vital element in the induction training of new staff.
- (h) Record management policies (procedures) Procedures on best practice in fundamental records management are being updated and circulated. The National Archives is about to commence a project dealing with electronic document and records management.
- (i) Retention of corporate knowledge (seminar) A number of initiatives have just commenced in this area (see paragraphs 2.21 to 2.24). As these develop, a high-level seminar will be arranged dealing with principles and approaches to capturing and transferring corporate knowledge. In co-operation with other public sector organisations and drawing on the work of various academic and training institutions, it is intended to work towards an overall strategic approach to this issue coupled with practical suggestions to secure optimum knowledge and skills transfer to incoming staff.
- (j) Train the trainer (courses) Appropriate training courses will be provided or sourced for the expected large number of “key trainers”. In addition, a series of workshops will be run to assist managers to identify skills and knowledge gaps and plan, or source, appropriate responses.
- (k) Planning and executing induction procedures (seminar) A working group under the auspices of the Training & Development Committee is carrying out research into best practice. Guidance materials will be developed by the Committee and made available to training units. In the light of the scale of staff turnover expected, induction materials will have to be developed to facilitate a specific focus on organisation culture, core values and ethos. This will assist each organisation to identify its own unique characteristics and appropriate methodologies for ensuring their capture, retention and communication.
- (l) Specialist skills (courses) Potential demands for existing courses (internal audit, human resources, public procurement, etc.) will be examined in the light of the ongoing decentralisation programme. There may be a need to organise one-off, organisation specific or other tailored approaches.

Other issues

5.14 The Decentralisation Liaison Officers and Departmental Training Officers will be the primary channels for communications on initiatives being undertaken and for securing nominations to attend various interventions. They should identify the appropriate candidates within their organisation to attend courses, seminars and workshops.

5.15 Should the need for common responses demand large-scale training interventions, central procurement procedures such as framework contracts will be arranged in consultation with departments and agencies. This will give a value for money approach across the public service. CMOD will also continue to liaise with public service organisations, training providers and other third parties with a view to sharing information and experience and disseminating best practice.

Childcare

5.16 In our previous report, we highlighted the need to address the availability of pre-school childcare facilities in the decentralised locations. Following from that, we received a report from a small inter-departmental committee representing the Departments of Finance and Justice Equality & Law Reform.

5.17 There are four civil service crèches operating at the moment: two in Dublin and one each in Ennis and Athlone. They provide 120 full-time childcare places. An operator has been appointed to a fifth crèche in Sligo which will come on stream in August. A tender has issued for the operation of a sixth crèche in the new Department of Agriculture & Food buildings in Backweston, Lucan – this should be operational in October. The OPW is examining other possible projects in Cork, Limerick and Galway.

5.18 The aim of the Equal Opportunities Childcare Programme (EOCP) is to increase by 50% the supply of childcare places throughout Ireland. The programme is managed by the Department of Justice Equality & Law Reform and funding of almost €270m has been committed to date.

5.19 The decentralisation programme, involving as it does the relocation of large numbers of staff, can be expected to create additional childcare needs in the new locations. The development of additional childcare services to meet these needs would also be of benefit to the relevant local communities.

5.20 Each department/agency should assess the childcare needs of the staff who wish to decentralise to its new locations. It should also assess the availability of childcare places in each location. This can be done with the assistance of the childcare directorate in the Department of Justice Equality & Law Reform and the relevant city/county childcare committees.

5.21 Where supply is insufficient to meet the anticipated new demand, the development of new, or where suitable the expansion of existing, services should be undertaken under the EOCP. We are advised that the timescale for completion of projects under the programme is usually two years or more from receipt of application. It is important, therefore, that early action be taken by departments and agencies.

5.22 The building of new workplace crèches funded and managed under the Civil Service Childcare Initiative is unlikely to be a viable option in most locations. However, the development of workplaces crèches, ideally as a joint venture with other employers and organisations in the area, could be considered where (i) a department has identified a need (ii) there is an absence of places locally and (iii) the need cannot be met under the EOCP.

Support for those moving

5.23 We remain convinced of the need to provide a professional and comprehensive service to assist those moving with the myriad of issues that are likely to arise (see paragraph 2.67 of our report of 31 March). Without wanting to prejudge the outcome of the exercise at paragraph 4.18 aimed at identifying key factors influencing individual decisions, it is reasonable to assume that many of these issues will be of concern to those who have already applied under the CAF and to those who are still considering their options. We attach particular importance to the need to provide support for the partners of those moving, including support for those seeking employment in the new locations.

5.24 We believe the best approach at this stage would be to seek expressions of interest from those interested in delivering the required service, including those interested in forming a consortium for this purpose (the latter could include private, public or voluntary organisations, or any combination thereof). The successful party could, in delivering its services, work in parallel with the advisory role of the Employee Assistance Service. In the case of auctioneering, legal and removal services, it should provide a mechanism to leverage maximum benefit for individuals, in terms of quality and cost of service, from the very large numbers relocating under the programme and the potential quantum of business involved.

5.25 Accordingly, we recommend that the Department of Finance seek expressions of interest from those interested in delivering a professional and comprehensive service to assist those moving with the types of issues listed in paragraph 2.67 of our report of 31 March.

Communications

5.26 We have emphasised before that a dynamic approach to communications must be an integral part of the implementation process. Given the inevitable uncertainties arising as a result of the decentralisation programme, it is important to disseminate information to management and staff as soon as it becomes available. Our approach to communications was reflected in the arrangements put in place by the Civil Service Commission as part of the launch of, and ongoing support of, the CAF, including the provision of a call centre facility and enquiry line. It was also reflected in the manner in which the preliminary results from the CAF were released as soon as they became available with advance briefings being provided for Decentralisation Liaison Officers and trade unions.

5.27 The individual implementation plans submitted to us are the responsibility of the relevant individual organisations. We are aware that some of the plans were discussed within local partnership structures and made available on individual websites shortly after being sent to us. We support that approach. We believe these plans should be available to staff and the general public subject to any necessary deletion of commercially sensitive information.

5.28 We will continue to review communications as part of our ongoing work. We propose to establish a regular regime of meetings with Decentralisation Liaison Officers and we have asked that an intranet be established for them.

CHAPTER 6

Accommodation

6.1 This Chapter summarises the current position in relation to the property procurement and disposal aspects of the decentralisation programme. It also identifies a number of issues for further consideration.

6.2 The OPW is managing a total of 54 locations which include the locations for the ICT and health sector jobs announced on 8 July. Individual State agencies are managing their requirements at four locations.

Site Acquisition

6.3 The OPW has been assessing proposals for each of the locations in accordance with the approved criteria and procedures outlined in our previous report. This assessment process involves the following deliverables:

- architectural assessment of proposals and 'short listing' of preferred options;
- valuation of sites/properties;
- client inspection of sites coupled with client feedback;
- clarification on planning issues;
- confirmation that the possible land solution is adequate for the project;
- negotiations on acquisition of site properties; and
- agreement in principle to purchase, subject to certain site investigations, and completion of legal formalities.

6.4 Property solutions have been agreed for 5 locations and the assessment/acquisition process, including consultation with clients, is reaching the concluding phase at 17 other locations.

6.5 Assuming that no major difficulties emerge, the OPW expects that the purchase of suitable sites at all the locations concerned will be agreed in principle by the end of the year.

Dublin Property

6.6 The OPW has reviewed the stock of the State's Dublin property portfolio involving both owned and leased properties.

6.7 The surplus Dublin space generated by the decentralisation programme requires that a cohesive approach be taken with a view to optimising the rationalisation and consolidation of the State's Dublin based portfolio. The strategic target includes maximising the return from State owned assets while, to the greatest extent possible, minimising the exit costs involved in the leased buildings. In managing the property disposal strategy account will be taken of the potential impacts on the property market.

6.8 OPW has identified a preliminary schedule of owned properties that could be available for sale or some alternative extraction of value. Similarly, OPW has focussed on a range of leased buildings that potentially could become available for

disposal. Issues that underpin the lease 'exit strategy' include cost, the unexpired lease term and available lease break dates.

Procurement approach

6.9 In our previous report we recommended a PPP approach to the procurement of office accommodation. We indicated that the adoption of a Design Build Maintain and Finance (DBMF) approach was the preferred procurement mechanism and this has been agreed by the Government

6.10 A generic public sector benchmark (PSB) is being prepared by the OPW in accordance with the Department of Finance Interim Guidelines for the Provision of Infrastructure and Capital Investments through Public Private Partnerships (PPPs). The PSB is a comprehensive risk-adjusted costing of the project elements using traditional procurement over the whole life of the project. It will be used as the yardstick, in each case, to measure the value for money of PPP bids.

6.11 Work is progressing on the preparation of detailed space utilisation and other standards for the decentralised accommodation. It is expected to be completed by September.

6.12 Consultant legal advisors, under the direction of the Chief State Solicitor, have been appointed to draft the necessary generic contract documentation for the procurement of buildings. The procurement process will require customised novel legal documentation to achieve the optimum legal procurement mechanism which safeguards to the highest possible level the interests of the State while also being acceptable to the market. The appropriate legal documentation will be ready to meet the anticipated procurement timetable for decentralised office buildings.

6.13 There are a small number of locations where the OPW consider that the DBMF approach may not be the most appropriate. In most instances this arises by virtue of the fact that a number of the risks which would normally transfer to the private sector are being retained by the public sector e.g. the planning and/or design risk.

6.14 An independent process auditor has been appointed, reporting to the Chairman of the OPW, to oversee the site procurement process.

Integrated approach

6.15 We have asked the OPW to submit proposals to us on the scope for adopting an integrated approach to property acquisition and disposal. This would involve seeking tenders from the private sector for the provision of decentralised accommodation on a DBMF basis in return for the surrender to the successful bidder of appropriate Government property in Dublin on completion of the transfer. We intend to examine this issue in September.

Ministerial offices

6.16 Ministers with headquarters outside of Dublin are to be provided with a centralised suite of offices, close to the Houses of the Oireachtas, for a small secretariat so they can conduct business while in Dublin and when the Dáil is in session. The financial assessment of the property aspects of the programme which has

been prepared by the OPW (see Chapter 7) provides for the retention of the Agriculture House building on the basis that it would include the Ministerial office accommodation.

CHAPTER 7

Financial aspects

Property

7.1 The overall financial objective agreed by Government for the decentralisation programme is to ensure that property acquired at regional level is matched over time in cost terms by the disposal of property currently held in Dublin, whether held on lease or otherwise.

7.2 On a prima facie basis, this would certainly appear to be an achievable objective. It is an indisputable fact that property prices and office rental levels in Dublin are significantly above those to be found outside the greater Dublin area. On this basis, and even allowing for the likely costs associated with the early surrender of leased property in Dublin, it is not unreasonable to conclude that the costs, over time, of holding property in the regions are likely, at a minimum, to be no higher than those associated with holding property in Dublin.

7.3 In order to test this proposition, we asked the OPW to evaluate the projected costs of procuring sites and accommodation in the regions and compared them with the financial benefits of moving out of property in Dublin. As a result, estimates of the annual cash flows required to fund the property aspects of the decentralisation programme have been calculated. Discounted cash flow (DCF) methods were used to evaluate these cash flows and determine the net present value of (NPV) of the project.

7.4 The financial model used to evaluate the implications of the programme is based on the assumption that the new accommodation in the regions is procured on a DBMF basis on OPW acquired sites, with ownership of the accommodation reverting to the OPW after a 20 year period.

7.5 The model also looks at three maintenance options as part of the evaluation process. The main differences between the options relate to the level of maintenance provided by the developers over the 20 year timeframe.

7.6 In addition, the model incorporates, inter alia, the following main elements:

- the estimated cost of construction (using the DBMF method of procurement);
- the estimated cost of exiting early from unexpired leases on Dublin properties;
- the revenue expected to be generated by the disposal of State owned properties in the Dublin area which are deemed surplus to requirements; and
- the estimated annual savings on rental payments on leased Dublin properties which are vacated following decentralisation.

7.7 The financial assessment is now being considered by the Department of Finance. It will be submitted to the Minister for Finance and the Government in September.

Non-property

7.8 At our request, the Department of Finance engaged external consultants Deloitte to prepare a financial model dealing with the potential non-property cost implications of the programme. We have received and considered their report.

7.9 As might be expected, it is not possible to quantify many of the costs at this stage because of lack of clarity on the ultimate outcome of certain key cost drivers, particularly the number of staff who will opt to decentralise with their existing employing department/agency. The latter will be the key driver for the cost of knowledge transfer. The consultants have, however, developed a model to assess the incremental effort/resources required under different scenarios. They have also developed proposals for tracking decentralisation expenditure going forward.

7.10 The principal cost headings identified as arising *during the implementation period* will relate to:

- (i) knowledge retention and training - formal training, documenting processes and on the job training/staff overlaps, with the latter expected to be the most significant cost factor;
- (iii) logistics - costs associated with the physical relocation;
- (iv) recruitment; and
- (v) programme management.

7.11 The largest costs are likely to relate to the incremental time/resources required for these activities. The extent to which this gives rise to a financial cost will depend on the approaches taken by individual departments/agencies to meet this requirement. The consultants suggest that the available options are likely to include all, or some combination, of the following:

- (i) creating additional capacity through productivity improvements or by streamlining the provision of public service during the transition period, i.e. prioritisation of essential services;
- (ii) use of overtime, temporary resources or external resources; and
- (iii) extending the timescale.

7.12 Relative to the potential transition cost of meeting these resourcing requirements, the incremental expenses for travel and subsistence in organising the move and other logistical costs would not be significant.

7.13 The consultants did not assess the potential ICT transition costs because it is not clear at this stage what the ICT strategy and operating model will be for the

departments/agencies other than those specifically identified as moving to the three ICT centres. Similarly it is not possible to assess the potential ICT savings that could undoubtedly arise by using a shared services model for ICT. This is an issue that should be addressed by CMOD.

7.14 The consultants highlighted another important factor which could give rise to an incremental cost unless carefully managed. This is the potential cost associated with temporary “excess” resources in Dublin. This would arise if jobs are relocated and insufficient staff are willing to move, resulting in promotion and/or new recruitment to fill the decentralising jobs. It would last until staff not opting to decentralise are reassigned and absorbed into the wider public service.

7.15 The principal *ongoing costs* identified relate to potential inefficiencies and extra costs arising from increased distances to customers, stakeholders, Dublin and the airport. However, the consultants say that the potential costs can be reduced through improved scheduling and the increased use of tele/video conferencing. In addition, we believe that the potential efficiency gains of official cars and block purchasing of overnight accommodation should be explored. On the other side, savings are expected to be gained from redesigning business processes. The consultants say that anecdotal evidence from previous decentralising units (which is supported by Deloitte experience of relocation programmes) would suggest potential efficiency gains of at least 5%.

7.16 The financial model will be used by this Group with the assistance of the Department of Finance, to evaluate potential cost implications under different scenarios. In addition, the Department of Finance will examine the consultants’ proposals for tracking decentralisation expenditure at departmental/agency level and issue appropriate guidelines to the organisations concerned for the capture of the data.

CHAPTER 8

Sequencing of moves

8.1 We said in our previous report that we would develop proposals for inclusion in this report in relation to timing and sequencing of moves in the light of:

- (i) the information emerging from the first phase of the CAF;
- (ii) the up-to-date position in relation to property procurement; and
- (iii) the individual implementation plans submitted by departments/agencies.

Overall approach

8.2 The cut-off date for the initial period of the CAF has since been extended until 7 September. In the light of the new information from the CAF and further consideration of the property and business aspects outlined below, we will report in the autumn to the Cabinet sub-committee on Decentralisation outlining our views on sequencing and timing.

8.3 A big bang approach with all organisations moving at the same time is neither feasible nor desirable. We consider that the most appropriate approach is likely to involve an initial tranche of moves comprising a group of organisations/locations. This group would receive priority in terms of staff transfers, property procurement and so on. The selection of organisations for inclusion in this first phase of moves would need to have particular regard to the figures emerging from the CAF and the state of readiness as indicated by implementation plans but other factors could also be important. For example, in the case of departments moving to more than one location, it might be important to include one of the locations in the first tranche in order to allow that department to manage its overall move on a phased basis. Subsequent tranches of moves would take place on a similar basis.

Property

8.4 Although the acquisition of an existing building may yet emerge as a solution in one or two locations, it is clear that we have to plan on the basis that the property solution in each of the decentralised locations will involve site purchase and the construction of a new building. This has implications for timescales.

8.5 As indicated in Chapter 6, the site acquisition process is reaching the concluding phase at about 22 locations and the OPW expects that the purchase of suitable sites at all the remaining locations will be agreed in principle by the end of the year.

8.6 The following property-related aspects need to be taken into account in considering timing and sequencing:

- (i) there are no particularly compelling reasons from a purely property procurement perspective for fast-tracking some locations ahead of others, but fast-tracking some of the new buildings may offer benefits in managing the

Dublin property disposal element of the programme, for example to avail of a forthcoming lease-break;

(ii) the procurement of new accommodation can, in general, proceed at a fairly even pace for all locations but the nature of the process and the scale of the overall programme means that some projects will inevitably start, and finish, earlier than others;

(iii) broadly speaking, smaller buildings could be ready for handover in about two years from now whereas larger buildings may not be ready for about three years;

(iv) as indicated in paragraph 4.27 of our previous report, aggregation of procurement should result in keener prices and shorter timescales but this would, of course, require bundling a number of projects within a reasonable distance of one another; and

(v) there are a small number of locations where, for the reasons outlined in Chapter 6, the DBMF approach would not be appropriate and where it might be possible to procure new accommodation within a somewhat shorter timeframe – because, for example, there is already a full design or the project will involve an extension to an existing State owned building.

Implementation plans

8.7 Organisations were asked to address timing and sequencing in their individual implementation plans. In particular, they were asked to identify any business-related issues that should be taken into account for these purposes.

8.8 Many of the plans highlighted the need to avoid moving at particular times during the annual business cycle, such as when the end-of-year accounts and the appropriation accounts are being finalised. A number of others suggested that moving during the summer period would be preferable from a family-friendly perspective. We agree that these are matters that need to be carefully considered.

8.9 Nearly all of the plans make the point that timing is largely dependent upon the availability of accommodation and, crucially, staff. Some of the plans deal with the question of whether the organisation should move at one time to the new location or whether some phasing would be preferable. This is particularly relevant for departments moving to more than one location and, as indicated above, there are important sequencing issues to be addressed in such cases.

Interim moves

8.10 The Department of Agriculture & Food is proposing to move to Portlaoise on a phased basis with up to 50 staff starting to move immediately, another block in the first half of 2005 and further units to move later in 2005/early 2006. About 100 jobs in all would be based in temporary accommodation and would move in due course to the new headquarters building along with the remaining Dublin-based staff and the 200 staff already in Portlaoise. There are sound business reasons for the approach being adopted, arising from the impact on the Department's business and services of the reform of the Common Agricultural Policy.

8.11 A small number of other plans raised the issue of interim moves and/or temporary accommodation. We have asked the Department of Finance to pursue all such suggestions with the relevant organisations and the OPW. It will be necessary in each case to explore the scope for acquiring appropriate temporary accommodation, the additional costs that would be involved and the business case underpinning such a move.

CHAPTER 9

Implementation plan - next steps

9.1 We have reviewed and updated our implementation plan in the light of developments since our previous report. The revised plan is set out below, with action points grouped under a number of broad headings.

A post-decentralised civil service

9.2 The SMI Implementation Group of Secretaries General is addressing the longer term implications of a decentralised civil service and disseminating advice and proposals as appropriate to departments. Good progress has been made. It will be essential that the delivery of “joined up Government” does not suffer as a result of decentralisation and we will be getting regular updates on developments from the Department of Finance.

Implementation Plans

9.3 Each department/agency should continue to develop its implementation plan as the output from the CAF emerges, the property situation becomes clearer and individual business units within the organisation develop more detailed plans. In the next iteration each department should ensure that its plan and the plans of each of its agencies include appropriate risk mitigation strategies. The plans should be discussed within the local partnership structures. The Department of Finance should put arrangements in place to monitor progress in developing the implementation plans and to facilitate sharing of best practice.

9.4 The Department of Finance will be pursuing a number of issues raised in the implementation plans on a bilateral basis with the departments concerned.

9.5 The Department of Finance should evaluate the extent of the need for access by decentralising departments and agencies to Dublin office facilities and explore possible aggregation opportunities in this regard. Possible options would be the development of shared facilities operated by the public service or procured from the private sector.

9.6 Each department/agency should put appropriate arrangements in place to evaluate ICT needs and consider how these can most effectively be met: CMOD should provide assistance on equipment replacement strategy and other issues where required.

9.7 The Department of Finance should proceed with its RFT seeking advice on how to help secure the maximum positive benefit for local communities in the decentralised locations.

Central Applications Facility

9.8 Although many staff wish to move out of Dublin and many others want to remain in Dublin, there is another group who are still considering their options under the decentralisation programme. The Department of Finance should engage independent outside expertise to help us understand, through the use of focus group

interviews and other processes, how this intermediate group view the decision to move from Dublin and the key levers and barriers to their decision-making.

9.9 Information about the ICT posts should be included in the CAF as soon as possible.

9.10 A separate applications facility, for the health sector jobs, should be developed by the Department of Health & Children in conjunction with the Department of Finance and the Civil Service Commission. The exact modalities of how it should operate will need to be discussed with the civil service and health service unions.

9.11 A separate CAF-type facility should be developed by the Department of Finance in conjunction with the Civil Service Commission which would allow staff serving in Dublin in the local authority, health and education sectors to participate in the decentralisation programme. The modalities of how this should operate will need to be discussed with management and staff interests in the relevant sectors.

9.12 The revised cut-off date for the initial period of priority applications under the CAF expires on 7 September. The Department of Finance and the Civil Service Commission should analyse and submit to us the information available at that time. We should be provided with information about the most senior level posts at the same time. Relevant information should then be made available to departments/agencies and staff interests.

Industrial relations and human resource issues

9.13 The Department of Finance should continue to provide us with regular updates on their discussions with civil and public service unions.

9.14 Civil service management and unions should agree appropriate arrangements in relation to promotion following the release of data from the CAF in September. The Department of Finance should ensure that the filling of normal course vacancies in recruitment level grades takes full account of the decentralisation programme. It should also table for discussion with the unions proposals in relation to ongoing regional recruitment, mobility and promotion policy in a post-decentralised civil service.

9.15 An overall framework for managing staff transfers needs to be developed. This will have to address the various issues outlined in paragraphs 2.26 to 2.34 of our previous report and in the individual implementation plans (paragraphs 3.8 to 3.10 of this report). Many of these issues have industrial relations implications and will have to be discussed with staff interests

9.16 This framework should deal with how staff whose jobs are being decentralised and who opt not to relocate will be reassigned to other jobs in Dublin and the arrangements for canvassing preference in this regard.

9.17 Primary responsibility for meeting training needs rests with each department and agency. The overall training programme outlined in paragraph 5.13 to cater for areas of common interest should proceed.

9.18 Each department/agency should assess the childcare needs of the staff who wish to decentralise to its new locations and the availability of childcare places in the new location. Where the supply is insufficient to meet the anticipated new demand, the provision of additional services should be addressed under the Equal Opportunities Childcare Programme⁵ (EOCP). The development of workplaces crèches, ideally as a joint venture with other employers and organisations in the area, could be considered where (i) a department has identified a need (ii) there is an absence of local places and (iii) the need cannot be met under the EOCP.

9.19 The Department of Finance should seek expressions of interest from those interested in delivering a professional and comprehensive service to assist those moving with the types of issues listed in paragraph 2.67 of our report of 31 March.

9.20 We have asked the Department of Finance to establish a Decentralisation Liaison Officers' intranet and a regular regime of meetings with Decentralisation Liaison Officers.

Accommodation

9.21 The OPW should proceed with the acquisition of suitable sites or existing buildings in the new locations in accordance with the approved criteria and procedures outlined in our previous report.

9.22 The OPW should finalise the generic Public Sector Benchmark⁶, space utilisation and other standards and contract documents, and submit these to the Department of Finance.

9.23 The OPW should submit proposals to us on the scope for adopting an integrated approach to property acquisition and disposal.

9.24 As indicated in our report of 31 March, CMOD and OPW are to set up an inter-agency group, supported by appropriate outside expertise if required, to draw up a request for tender seeking space in two private sector world-class data centres for issue to the market in autumn 2004.

Financial aspects

9.25 The financial assessment prepared by the OPW in relation to property procurement and disposal should, following consideration by the Department of Finance, be submitted to the Minister for Finance and the Government in September.

9.26 The financial model of the non-property aspects of the programme will be used by this Group, with the assistance of the Department of Finance, to evaluate potential cost implications under different scenarios. In addition, the Department of Finance should examine the consultants' proposals for tracking decentralisation expenditure at departmental/agency level and issue appropriate guidelines to the organisations concerned for the capture of data.

⁵ The EOCP 2000-2006 is operated by the Department of Justice, Equality and Law Reform.

⁶ This is used as the yardstick to measure the value for money of PPP bids.

Sequencing of moves

9.27 We will report in the autumn to the Cabinet sub-committee on Decentralisation outlining our views on sequencing and timing. The selection of organisations for inclusion in the first phase of moves will need to have particular regard to the figures emerging from the CAF and any relevant property and business aspects.

APPENDICES

APPENDIX A

Members of the Implementation Committee

Mr. Phil Flynn	Chairman Bank of Scotland and former President of ICTU
Mr. Dermot Quigley	Former Chairman of the Revenue Commissioners
Ms. Jane Williams	Managing Director, Sia Group
Mr. Fred Devlin	Chartered Surveyor
Mr. Eddie Sullivan	Secretary General, PSMD, Department of Finance
Mr. Sean Benton	Chairman, Office of Public Works

Mr. Phil Flynn is the chair of the Committee and reports directly to the special Cabinet sub-committee on Decentralisation.

APPENDIX B

Terms of Reference

The Minister for Finance announced a major new programme of public service decentralisation in his Budget Statement on 3 December 2003 involving the relocation of 10,300 civil and public service jobs to 53 centres in 25 counties.

The Government has established a special Cabinet sub-Committee, comprising the Taoiseach, Tanaiste, Minister for Finance and Minister for the Environment, Heritage and Local Government, to oversee implementation of the programme and an Implementation Committee to drive the process forward. The Chair of the Implementation Committee will report to the Cabinet sub-Committee

The Implementation Committee is asked to develop a detailed implementation plan in co-operation with all of the organisations involved in the programme and to submit this to the Minister for Finance by the end of March 2004. The Implementation plan should, in particular, address the following issues:-

- (a) the sequencing of the various moves;
- (b) the office infrastructure aspects – on a basis which ensures that property being acquired at regional level is matched over time in cost terms by disposal of property currently held in the Dublin region, whether held on lease or otherwise;
- (c) the major human resource and industrial relations issues that will need to be addressed;
- (d) the financial implications and, in particular, how addition ongoing costs might be minimised;
- (e) how best to deal with the 835 (approximately) IT jobs included in the programme;
- (f) how best to align the public service modernisation (SMI) and decentralisation programmes;
- (g) how implementation of the new programme might enhance the efficiency and effectiveness of the public service (including the scope for pooling common services between departments); and
- (h) an associated communications strategy aimed for example at staff, local communities and the public generally.