

**Progress Report**  
**of the**  
**Decentralisation Implementation Group**

**To the Tánaiste and Minister for Finance**

**July 2007**

## **Background**

The Decentralisation Implementation Group (DIG) was appointed by Government in December 2003. The ongoing role of the Group is to oversee and drive the development of an overall, workable framework for decentralisation, with each organisation taking responsibility for its own detailed implementation arrangements.

The Group feels that it is again timely to review progress to date and to give an updated view as to the options for consideration and, in some instances, the decisions required in order to deliver on the implementation of the remainder of the programme.

In preparing this update, the Group is building on the recommendations and themes of our previous DIG reports. From the outset, the Group has sought to guide an orderly and timely implementation of the full programme while also maintaining business continuity within an agreed cost framework. The Group focused primarily on three pillars of the implementation arrangements – availability of staff, business continuity and progress on accommodation.

The Group mapped out phasing arrangements for the programme. This approach to managing the timeframes has been helpful in enabling a number of organisations to move early while also ensuring adequate time is taken to manage the sometimes complex issues arising for a number of other organisations on the staffing, business or property front. The Group selected 21 first phase locations on the basis of an assessment of progress on property acquisition, numbers applying and business readiness to move. The selection was informed by the implementation plans prepared by each organisation and the Group's recommendations were accepted by the Government. The Group has also put indicative timeframes on a further 24 second phase locations.

From the outset the focus of the Group had been to urge prompt action on those elements of the programme most amenable to early relocation. It has in parallel taken the opportunity in each of its reports to assess the remaining challenges and, where appropriate, to put forward practical recommendations to assist in overcoming those obstacles.

The original Government announcement referred to the transfer of 10,300 posts to 53 locations.

- 6,200 (60%) civil servants – general service including ICT
- 1,000 (10%) civil servants – professional & technical
- 2,300 (22 %) State Agency posts
- 800 other including HSE, Garda and Defence Force personnel

Over the intervening period, the scale of the programme has increased to 59 locations with over 10,900 moves now proposed. For ease of reference, an overview of the programme by county and town is attached at Appendix 1. The increase in overall numbers since the announcement of the programme arises because of additional

locations/bodies being added to the programme and changes to business functions/posts to be decentralised.

### **Progress to date**

In general, the Group continues to be of the view that the civil service part of the programme is progressing satisfactorily. However, some other elements are continuing to prove challenging, especially those relating to the State Agency sector.

#### ***Pace of movement***

*2007* – By end June 2007 decentralising organisations had established a presence in over 20 new locations with over 1,000 staff in place. It is envisaged that by the end of 2007 public services will be delivered from 33 of the towns involved in the Decentralisation Programme with over 2,000 posts transferred from Dublin to the regions.

*2008/2009 and beyond* – The latest OPW update on accommodation allows for the planned movement of up to 6,800 staff by end 2009. This represents largely the civil service elements of the programme. The achievement of this target will require continued focus by all organisations on driving forward their implementation arrangements.

#### ***CAF applicants***

In excess of 10,600 civil and public servants have applied on the Central Applications Facility (CAF) to decentralise. Approximately 50% of the applicants are currently based in Dublin with the balance currently in provincial locations. Managing the number of CAF applicants in existing provincial locations adds to the complexity of the implementation arrangements.

#### ***Assignments***

Almost 40% of the 7,200 Civil Service posts due to relocate under the full programme are now filled by staff who are either in their new decentralised location or are being skilled up in their new jobs prior to moving. In addition, over 600 State Agency staff have been placed by way of recruitment and promotion in posts which are due to relocate under the programme. This represents approximately 25% of State Agency posts in the programme. The Group wishes to acknowledge the significant efforts that Departmental/Agency management and staff have made to ensure that the turnover of staff of this magnitude has been successfully achieved, while also ensuring business continuity and quality service to their customers.

#### ***Business planning***

All Departments, Offices and Agencies have produced implementation plans setting out the detailed arrangements they are putting in place for relocation while also ensuring business continuity and effective delivery of services to customers. Most of the plans are comprehensive and their preparation involved detailed reviews of business processes as well as the logistics of the move. The Group has reviewed progress periodically and has met with the Secretaries General and a number of CEOs of decentralising organisations to discuss issues arising.

The Group is satisfied generally that a prudent approach is being taken by Departments and Offices in relation to assessing the risks involved and the adoption of appropriate measures to manage business risk and to ensure continued smooth running of public services.

### ***Property***

Sites or building acquisition has now been completed or is significantly advanced in 38 locations. Progress is continuing in relation to the identification of suitable sites or properties in the remaining locations.

In addition, advance accommodation has been secured or is in the process of being finalised in over 20 locations to enable early moves to take place while the permanent accommodation is being progressed. These advance moves help to further the decentralisation programme by building momentum within Departments, assisting with business continuity and providing opportunities to assign staff currently located in provincial offices to their new posts without the requirement for lengthy training periods in Dublin.

### ***IR Progress***

*Civil Service General Service* - Across the civil service, transfers, recruitment and promotion practices generally are being managed in a way which facilitates the achievement of the decentralisation programme in an efficient manner while also recognising the needs of those civil servants staying in Dublin. The Civil Service General Service unions are continuing to engage meaningfully in discussions on all aspects of the implementation arrangements.

Industrial relations issues in relation to the professional & technical posts and the relocation of State Agencies are addressed later in this report.

## **Analysis of Civil Service Locations**

The following analysis looks at Civil Service locations. The over-arching issues touching on implementation are addressed later in the report.

In coming to a view on progress achieved to date and remaining challenges to be overcome, the Group has had a detailed look at the current state of play in each of these locations under the following headings:

- i) the original plan and the current numbers of posts now proposed;
- ii) the latest CAF information available on first preference applications for each location;
- iii) the Group's timeframe for relocation as agreed by Government;
- iv) any up to date information from the organisation in question;
- v) business issues arising;
- vi) the latest property position and costs committed;
- vii) staff assignments made to date;
- viii) staffing gaps remaining to be addressed;

The Group considers that the Civil Service General Service elements of the programme are well on track and should be fully achievable over the period ahead. The Group has come to this view based on the proactive approach of the organisations concerned, the degree of progress already evident, progress made in preparing for the transfer of the business, the take-up among CAF applicants and the availability of accommodation.

In the case of a small number of locations the Group considers that certain initiatives in the area of staffing are required to proceed to full implementation as the CAF uptake for these locations is currently low. In looking at available options, the Group has examined turnover at Clerical Officer (CO) and Executive Officer (EO) grades and has concluded that the level of recruitment required to complete the staffing complement at these grades is feasible over a reasonable period without adding to Civil Service numbers overall.

A number of promotions across the grades will also be necessary to fill the remaining staffing gaps in certain undersubscribed locations. The Group recommends that the Department of Finance should now put the necessary steps in train to free up local recruitment where necessary, and to initiate, where appropriate, arrangements to fill gaps by promotion in consultation with the relevant unions.

This approach will provide certainty on the arrangements for the filling of remaining gaps and will enable final decisions to be taken by the OPW in relation to property / construction options for these locations. As part of their ongoing monitoring of implementation arrangements, the Group has developed an approach to assessing proposals to proceed to construction in each of the second phase locations. This approach requires an assessment of both the overall CAF position, the remaining staffing gaps and plans in place to fill those gaps, together with an assessment of progress made in placing staff who wish to remain in Dublin in appropriate posts. An assessment of the organisation's business readiness to move is also an important element of this decision making process.

The Group considers that in locations where completion of a staffing complement requires a significant number of promotions, it may be necessary to phase the move over

a longer period than previously indicated. This would ensure that business continuity and staffing issues arising are addressed including the allowance of adequate time to place staff who wish to remain in Dublin in appropriate vacancies. Decisions taken in this regard may of course have implications for the total number of posts moved by end 2009.

### **Staff Remaining in Dublin**

The Public Appointments Service is operating a system to match Dublin based vacancies with people wishing to remain in Dublin. All Departments and Offices have prepared detailed staffing plans setting out the phased release of staff over the transition phase of the programme.

The highest numbers of civil service staff are in the clerical grades which have a high turnover rate. The level of turnover in these grades is such that it is not anticipated that there will be difficulty in placing staff at these grades in posts in Dublin.

While the take-up of decentralising posts is lower in the AP/PO grades the overall numbers of staff is also lower. From the data provided by Departments and Offices on expected numbers of staff at these grade levels to be placed in Dublin posts, it is expected that these staff can be absorbed over time into posts in Dublin although the pace of absorption is likely to extend over a reasonable period of time.

This element of the programme is of course closely inter-linked with timeframes for relocation. Any initiatives to fill remaining gaps in undersubscribed locations, alterations to the make-up of staffing contingents or movements in timeframes will impact also on the pace of assignments required in Dublin. The Group consider it essential therefore that this element of the programme is monitored closely as the programme progresses so as to ensure that the interests of staff remaining in Dublin continue to be fully aligned with other developments in the implementation arrangements and that any additional costs arising are identified.

The continued success of the implementation of the Government programme requires the full co-operation of all organisations in reassigning staff as required. The Group is aware that there has been some reluctance among decentralising Departments to release staff to Dublin based posts in other organisations. The reasons for this are varied. However, this is an essential step in ensuring that opportunities to place staff who wish to remain in Dublin are maximised. The Group wishes to see all organisations co-operate fully with this aspect of the Dublin Arrangements.

### **Professional & Technical Posts in the Civil Service**

There are approximately 950 professional & technical posts included in the programme.

Approximately 750 professional & technical staff have expressed an interest on the CAF in decentralising. These applications are distributed as follows:

- In the case of approximately 180 applicants there is a direct grade match between the post and the applicant;

- A further approximately 190 are former higher tax officers and tax officers who are eligible to take up general service posts under an agreement reached with the civil service unions;
- In the case of the remaining 370 applicants, the applicants have applied to organisations which do not currently have any posts in the applicant's particular profession or technical speciality.

In addition, by end April last, approximately over 60 staff have been recruited or promoted into professional & technical posts with a requirement to decentralise. This creates a potential pool of approx 240 professional & technical staff currently available to fill the 950 posts decentralising. This represents over 25% of the total numbers required.

From the outset, the Group recognised that delivering on the professional & technical elements of the programme would present particular challenges. These arise primarily because of the low take-up of professional & technical staff for decentralised posts, the specialist nature of many of the posts and the absence of any tradition of cross-stream movement among these grades.

Each of the reports of the Group to date has highlighted these issues and recommended particular actions to address these challenges. The Department of Finance has updated the Group regularly on progress on the industrial relations front.

The Group understands that there has been some positive engagement with the relevant union in the case of individual organisations. The Group notes this case by case approach and supports this initiative.

The passage of time has allowed some recruitment and promotion opportunities to be filled in a manner which furthers the decentralisation objectives. Nonetheless given the scale of the remaining gap in a number of locations, the successful implementation of this element of the programme will most likely take place over an extended timeframe. The cost implications and business impacts of managing a transition period will need to be taken fully into account in negotiations with the unions in relation to each of the organisations concerned.

### **Information Communications Technology**

The Group has recognised the particular challenges in implementing the ICT elements of the programme. In its last report, the Group proposed to discuss the range of implementation issues with the Secretaries General of the organisations concerned and to revert to the Minister with options for a feasible way forward.

Under the programme, 3 Departments are due to relocate approximately 840 ICT posts – Revenue to Kildare Town (378 posts), Social & Family Affairs to Drogheda (262 posts) and Agriculture to Portlaoise (203 posts). The Group has now met with each of these organisations.

The Revenue Commissioners have signalled to the Group that in their particular circumstances, and taking account of the fact that their Headquarters (HQ) will remain in Dublin, they have fundamental concerns about the business risks involved in relocation of the full ICT function to Kildare. The Group accepts that the Office of the Revenue Commissioners need to weigh carefully the extent of this potential risk to their core business functions and to then present their views to the Minister for Finance in this regard.

The Group is of the view that the ICT moves to Drogheda and Portlaoise are achievable but that successful completion of the moves in each case will require a decision on necessary steps to fill remaining gaps. In coming to this view, the Group has noted that in each case the HQ of the Department will be co-located with the ICT function and that the Departments themselves regard co-location of the HQ and ICT functions as the optimum business arrangement.

Early progress in discussions with the unions on the range of issues impacting on the ICT moves, recruitment, promotions and arrangements for staff remaining in Dublin are critical to furthering implementation. The Group would also like to see prompt implementation of the training arrangements, skills matrix and handover principles developed by CMOD to support the decentralisation process.

## **Data Centres**

The Group asked the OPW to chair a working group to review the options in relation to the location and management of data centres. CMOD carried out extensive research on various data management options and came to the following conclusions:

- In a changing international regulatory regime governing data access and collection, it is becoming increasingly difficult for private companies to give robust assurances to the Irish State that its data would not be subject to access by the security agencies of other countries;
- Loss of business knowledge and failures of operational integrity are more likely to occur if data services are managed in isolation from an organisation's key operating functions;
- Experience to date with outsourced data management centres has revealed a high level of supplier inflexibility in coping with the requirement of State bodies within the confines of rigid service level agreements and a general high cost level within the industry;
- Departments have specific logistical requirements, ancillary business functions and large scale legacy systems, which do not fit well with commercially managed data centres.

On this basis, the working group considered how best to supply data management services from within the State sector in a cost effective and efficient manner. The main conclusions of the working group are as follows:

- For security and business continuity reasons, it is essential that two Data Centres be brought into use in parallel to maintain critical output should all or part of one of the Centres go off-line;
- Disaster recovery was considered to be best served by a third remote centre – this would be the subject of a separate project;
- Technical constraints related to the need for real-time transfer require that the maximum fibre-optic cable run between the two Data Centres cannot exceed 28km;
- Given the proposed location of the ICT staff centres post decentralisation Dublin would be the preferred location for the Centres.

This Group accepts the conclusion of the working group and has asked that the analysis be taken to the next stage i.e. the appraisal stage include the costing and cost benefit analysis of the proposal. This would include an examination of opportunities to offset costs as part of any property solutions for the centres.

### **State Agencies**

State Agencies represent 2300 posts or just over 20% of the programme. The pace of progress in the State Agency part of the programme continues to be slow. The Group have commented on the difficulties in achieving progress on this aspect of the programme in a number of our previous reports.

There are a number of inter-related factors which have served to frustrate progress in relation to the State Agency part of the programme. It is clear from the outset that some of the unions involved have adopted a stance of opposition to the Government policy and have therefore been reluctant to become involved in meaningful negotiations on implementation arrangements. This has also led to an effective boycott of the CAF process in many Agencies.

The Group has always emphasised the central role of the Board and management in each Agency in driving this process forward. The Group would consider that all Agencies should now, at a minimum, have initiated HR recruitment policies to support the programme, have begun to put phased timeframes in place and be actively securing advance and/ or permanent accommodation solutions in the decentralised location.

We also recognise the key industrial relations issues impacting on progress. In our report of October last, the Group asked the Department of Finance to seek to get discussions underway with ICTU on the range of industrial relations issues impacting on relocation including the possibility of transferability between Agencies or between Agencies and the Civil Service. We understand that ICTU has responded indicating that further consultation with its members will be required. Given that the programme is now operational for more than 3 years, the Group is disappointed with this outcome.

There is now, in our view, a need to re-energise this aspect of the programme in order to make progress in relation to the relocation of each Agency.

As with the other sectors included in the decentralisation programme, the Group considers it important that the State Agencies are examined on an individual basis to establish the degree to which early progress is possible in each case and the timeframes for full achievement of the relocation plan. In this regard, the Group has initiated a series of meetings with the CEOs of individual Agencies and the Secretary General of the parent Department in each case. In considering options for successful completion of this element of the programme, the Group considers the following issues to be of relevance:

- Approximately 50% of the overall posts are spread across just 4 State Agencies – Enterprise Ireland (292), FÁS (383), Fáilte Ireland (178) and Ordnance Survey Ireland (199). An individualised approach to seeking solutions to the challenges in each of these organisations is a necessary next step to progressing the State Agency element of the programme. The Group notes the efforts FÁS have made to move the programme forward and understands that an agreed date is awaited for the Labour Court hearing of the ongoing industrial relations issue.
- A renewal of efforts with ICTU to get meaningful discussions underway is essential to achieve early progress.
- Any analysis of specific locations needs to take account of the overall number of posts planned, the full potential pool of applicants if transferability between Agencies were in place in the future, the scale of the remaining staffing gap and available options for filling the gap.
- The structure of each organisation and the make-up of the staffing component between specialists and general managerial / administrative staff will impact on the options available to place remaining staff in Dublin.
- The scope for individual Agencies to form advance parties in the new locations and the issues surrounding the costs and business effectiveness of a dual location over the transition period should be examined.

The Group will also press ahead with the process of engagement with individual Agencies set out above with a view to agreeing a realistic timescale for completion of each move whether on a phased basis or as one single relocation project.

## **Costs**

*Property costs* - The estimated gross cost of the property aspects of the original decentralisation programme was €900m at the outset of the programme (2004 prices). This was based on provision of accommodation for 10,300 staff outside of Dublin.

The overall number of staff for which accommodation is required has increased since the announcement of the programme due to additional bodies and locations being added to the programme (390 posts), changes to business functions of certain organisations (260 posts), additional space required for worksharing staff, planned future expansion, consultants, etc. (150) and consolidation of certain existing regional offices into new buildings (270). From the costs incurred to date, the OPW anticipates that the direct cost of providing accommodation for this increased number of staff will be contained within the overall envelope.

*Disposal of property in Dublin* - While the majority of posts have not yet moved from Dublin, the OPW has been able to dispose of property in Dublin being held for future expansion because the announcement of the decentralisation programme clarified that most future expansion of Civil Service accommodation would not be in central Dublin. Total income from such property disposed of between January 2004 and December 2006 was €362.5 million. In addition property valued at €75 million was transferred to the Affordable Homes Partnership. It is expected that over €50 million will be realised by central Dublin disposals in 2007 alone and further large disposals are planned from 2009 on depending on progress with staff moves.

*Non-property costs* –As expected, non-property costs have been increasing since the beginning of 2007 as more advance accommodation is in place, staff training has increased and actual moves have taken place. At end March 2007, the total non-property costs incurred amount to approximately €6.8m.

## **Operating in a Decentralised Public Service Environment**

The Group has referred in our previous reports to concerns expressed that decentralisation could impact on the role of the Civil Service in supporting Government and the Oireachtas. This is a matter that will need to be addressed by the Departments of Finance and An Taoiseach as part of the ongoing Civil Service modernisation programme. We understand that some preliminary consideration has already been given to the issue and will need to be advanced further to ensure that there will be no reduction in the Civil Service support for Government and the Oireachtas taking account of decentralisation and of the ongoing development of cross-departmental collaboration and joint working arrangements. The Group has asked to be kept informed of progress in this regard.

The Group has also been advised by the OPW that initial proposals are being drawn up in relation to the provision of shared office facilities for the use of Ministers and Departments when they are required to attend to business in Dublin. As the first of the Headquarters of Departments will be relocating in 2008, the Group considers it

essential that early progress be made on all of these issues. The Group is clear that these facilities in Dublin are not intended to duplicate the Departments' offices in the decentralised locations and that briefs of requirements will represent the absolute minimum necessary to support the Minister while in Dublin.

In relation to the development of HR policies, the Group understands there has been considerable progress in relation to regional recruitment at CO level. It now urges the Department of Finance to develop these initiatives further in association with the Public Appointments Service. The Group also considered it important that the concepts of regional mobility and regional promotion pools are urgently explored by the Department of Finance in association with the relevant unions to ensure a full career structure for all civil servants within a particular region.

## **Conclusion**

The Group believes that the implementation arrangements for the decentralisation programme are generally progressing well.

In particular, we are of the view that the Civil Service General Service elements of the programme can be achieved subject to some flexibility in the areas of promotions and local recruitment. We are also satisfied that it is desirable that the main ICT functions are co-located with the HQs of the respective Departments and believe that these moves can be completed over a period once the plans for filling skills gaps have been agreed with the relevant unions.

In relation to the Dublin arrangements, we would continue to urge Departments to co-operate fully and promptly with arrangements for placing those staff who do not wish to decentralise. While we appreciate that there might be some reluctance to release experienced staff, it is in the interests of both the organisation and the staff concerned that the full transition phase of the programme is used in placing Dublin staff.

In the case of professional & technical staff, we note the continued engagement by the Department of Finance and the relevant union to address outstanding issues on a case by case basis. We will continue to monitor progress in this area and will bring to the attention of the Minister any issues arising.

The Group has an ongoing concern about the pace of progress in the State Agencies. We wish to reiterate the central role of the Board and management in each Agency in driving this process forward. As mentioned earlier in our report, we would consider that all Agencies should, at a minimum have initiated HR recruitment policies to support the programme, have begun to put phased timeframes in place and be actively securing advance and/or permanent accommodation solutions in the decentralised location. We will continue our programme of discussions with individual Agencies. There is also a need to engage further with ICTU on the wider mobility aspect.

The availability of advance and permanent accommodation has been a key driver of the programme to date. The Group will continue to work closely with the OPW to ensure that the target timeframes for delivery of completed accommodation are met.

The Group welcomes the update from the OPW in relation to the overall costs of the property aspects of the programme and notes that full delivery of the original programme is still anticipated within the original envelope of €900m in 2004 prices.

The Group acknowledges that the post decentralised civil service must be in a position to continue to make an effective input into policy formulation and legislation and to discharge its role of supporting Ministers and Government and the Oireachtas. Some adaptation to business arrangements may be required for this purpose. The Group has asked to be kept informed of developments in this area as it is addressed by the Departments of Finance and An Taoiseach as part of the ongoing Civil Service modernisation programme.

Finally, the Group wishes to acknowledge the continued superb contribution of the management and staff of the organisations involved in the programme. The degree of progress achieved to date is testament to the professional and conscientious approach being adopted to successful implementation of what is a complex and large scale programme.

**Decentralisation Implementation Group**  
July, 2007