

Minister for Finance publishes two reports from Decentralisation Implementation Group

The Minister for Finance, Mr. Brian Cowen T.D., today (24 November 2004) published two reports submitted to him by the Decentralisation Implementation Group (DIG) chaired by Mr Phil Flynn. The recommendations in both reports have been accepted by the Government.

The first report deals with the selection of organisations/locations for inclusion in the first phase of moves. The second deals with the financial implications of the office accommodation aspects of the programme and the procurement methodology. Both reports are available on the decentralisation section of the Department of Finance website at www.finance.gov.ie.

The Minister said “It is less than a year since this major Government programme was announced. It has since been demonstrated clearly that there is substantial interest in the programme among civil and public servants. The reports being published today, and the earlier reports from the Flynn Group, show that implementation of the programme is well on track.”

The first report published today lists fifteen Government departments/offices which should be the first to relocate outside of Dublin. This would involve twenty-one projects, twenty locations, nearly 3,500 jobs and the transfer of eight headquarters. The report contains a schedule showing indicative construction start and completion dates for the procurement of office accommodation in the new locations. All except four projects would get underway in 2005: eight would finish in 2006, nine in 2007 and four in 2008.

The Group suggests that a more individualised approach to implementation be adopted for the State agencies. It identifies seven agencies/locations, involving over 700 jobs, which should receive initial priority attention. The report also contains recommendations about how decentralisation of Garda Headquarters and the Defence Forces (500 jobs in all) and ICT posts (nearly 1,000 jobs) can be advanced. It says it will report again in the spring of 2005 and will deal in that report with the locations/organisations not specifically listed in the current report (i.e. approximately 4,700 jobs).

The second report being released today contains a financial assessment of the office accommodation aspects the decentralisation programme. The Minister explained that the detailed costs/savings figures provided by the DIG could not be published because of the commercially sensitive nature of the material. However, the key findings are:-

- in the years 2006 to 2010 there is an increasingly negative cumulative cash flow as the site acquisition, construction and lease exit costs exceed the proceeds from the disposal of surplus owned property in Dublin and the rental savings;
- thereafter, the rental savings act to reduce, and eventually eliminate, the negative cumulative cash flow to the State;
- from 2026 onwards the cumulative discounted cash flow becomes positive; and

- at the end of that period, the State owns all the buildings in the decentralised locations and the annual rental savings would continue to accrue.

The Minister said he would be dealing with the capital costs of procuring office accommodation in the decentralised locations when he announced the revised multi-annual capital investment envelopes on Budget day.

The Group is recommending a twin-track approach to the procurement of office accommodation in the new locations. A PPP approach, involving Design Build Maintain and Finance, is to be adopted for the larger projects – assuming that it demonstrates value for money in each case. A Design and Build approach is to be used for the smaller projects where the value of the project would not be sufficient to generate an economically viable proposition for private sector investment.

Finally, the Minister said that a separate report had been prepared by Deloitte for the DIG dealing with the potential non-property costs and savings which could arise under the programme. This report is also being made available today on the Department of Finance’s website.

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Note for Editors

The Group recommends that the civil service departments/offices set out in Table 1 of its report (reproduced below) be included in the first phase of moves.

| Table 1 | | |
|-----------------|--|--------------|
| Location | Organisation | Posts |
| Clonakilty | Department of Communications, Marine & Natural Resources | 91 |
| Drogheda | Department of Social and Family Affairs HQ ¹ | 215 |
| Drogheda | Department of Communications, Marine & Natural Resources | 47 |
| Killarney | Department of Arts, Sport and Tourism HQ | 141 |
| Kilrush | Revenue Commissioners | 50 |
| Listowel | Revenue Commissioners | 50 |
| Newcastle West | Revenue Commissioners | 50 |
| Limerick | Department of Foreign Affairs | 125 |
| Longford | Irish Prisons Service | 159 |
| Loughrea | Department of Transport | 40 |
| Newbridge | Department of Defence HQ | 202 |
| Portlaoise | Department of Agriculture HQ ² | 392 |
| Sligo | Department of Social & Family Affairs | 100 |
| Trim | Office of Public Works HQ | 333 |
| Tullamore | Department of Finance | 135 |
| Total | | 2130 |

¹ Number shown does not include 262 IT staff.

² Number shown does not include 203 IT staff.

The Group also recommends that the organisations set out in Table 2 of its report (reproduced below) be regarded as potential “early movers” and should plan accordingly.

| Table 2 | | |
|--------------------|---|--------------|
| Location | Organisation | Posts |
| Athlone | Department of Education & Science | 108 |
| Carlow | Department of Enterprise, Trade & Employment | 313 |
| Carrick-on-Shannon | Department of Social & Family Affairs | 220 |
| Knock Airport | Department of Community, Rural and Gaeltacht Affairs HQ | 164 |
| Mullingar | Department of Education and Science HQ | 299 |
| Wexford | Department of Environment, Heritage & Local Government HQ | 258 |
| Total | | 1362 |

The Group sets out in Table 3 of its report (reproduced below) seven State agencies and locations that should receive initial priority attention in terms of implementing the programme.

| Table 3 | | |
|-----------------|--|--------------|
| Location | Organisation | Posts |
| Birr | FAS | 390.5 |
| Clonakilty | BIM | 94 |
| Drogheda | Comhairle | 47.5 |
| Dundalk | Sustainable Energy Ireland | 40 |
| Loughrea | National Safety Council | 12 |
| Portarlington | National Council for Curriculum and Assessment | 28 |
| Thomastown | Health and Safety Authority | 111 |
| Total | | 723 |