

**Relocation – Issues/Update**

**Summary**

1. This paper outlines some of the issues the Board may wish to consider in anticipation of receipt of a further letter from Mr Finnie on the requirement for SNH to relocate all Edinburgh based posts/functions to Inverness.

**Action**

2. **The Board is invited to consider:**
  - 1) **Whether the letter from Mr Finnie addresses the important issues outlined in this paper (Paras 5 – 12).**
  - 2) **Determine what, if any, further clarification is required.**
  - 3) **Determine whether a Direction from the Minister should be sought.**

**Preparation of the paper**

3. This paper has been prepared by Ian Edgeler (Director of Finance and Relocation)

**Background**

4. At the Board meeting on 20 May, members received a paper prepared by Ian Edgeler that looked at the various pieces of correspondence received to date. At the Board meeting on 10 June, members were updated on subsequent activities, including the meeting between Mr Finnie, John Markland, Michael Scott, Ian Jardine and officials on 2 June. The further letter promised by Mr Finnie at that meeting has yet to arrive but it will be useful for Board members to think through some of the issues that the letter may raise and to be clear about what their next steps should be once the letter is available. Board members will be aware that we have now reached the informal deadline by which we advised staff that we would have completed any negotiation that was possible (i.e. summer recess).

**Relocation Decision**

5. There continue to be calls from a number of quarters for an explanation of what information Ministers considered to assist them in making their decision that SNH Edinburgh based posts/functions should be relocated to Inverness and how this decision relates to declared policy on relocation. The Board were briefed that at the meeting on 2 June Mr Finnie made it clear that Ministers will not reconsider their decision and it is perhaps unlikely that he will offer any

additional justification. However, the TUS launched an e-Petition on 25 June that declares that:

- The Minister's relocation decision is contrary to the principles of the SE's policy on dispersal of public sector jobs.
  - The decision is contrary to the recommendations of the DTZ Report and the Board.
  - The decision fails to meet the criteria for relocation as published by the SE.
  - The decision is the most expensive of the options considered, represents poor VFM and will do nothing to assist the local economy of deprived areas.
  - As a consequence of the decision up to 200 staff will be made redundant with huge cost implications and lasting damage to one of SNH's core capabilities – its highly experienced and qualified advisory staff.
6. The TUS view is that this petition, which they believe will attract very significant numbers of e-signatures, stands a very good chance of being considered ahead of other normal petitions (there is a back-log of these from before the election) because the issue is Executive policy and because the executive are keen to demonstrate the success of the e-petition system. The Board will wish to consider their reaction to Mr Finnie's letter in the knowledge that this petition is likely to generate considerable support and may be considered by a number of Parliamentary Committees.
7. The Board may also wish to consider the assertion that has been made in some of the later letters/statements made by Mr Finnie that "...SNH is a better candidate than other organisations for location in the Highland area..." We had worked on the declared assumption in the relocation policy, that where a relocation review was triggered by a lease break, there was no presumption against the organisation remaining in Edinburgh. In this instance, although the status quo was a viable option for SNH, it appears that Ministers took the view that within the policy there was a different presumption, that a body had to be relocated to the Highland area/Inverness.

### **Compulsory Redundancy**

8. The Board are aware of the First Minister's intervention before the election, when he suggested that there would be no need for compulsory redundancy for staff who did not wish to relocate to Inverness. Mr Finnie agreed at the meeting on 2 June that his letter would clarify this issue as it could have fundamental implications for the Board in terms of the statutory requirement for consultation and the legal interpretation of "meaningful consultation". In the period since the First Minister made this statement, there has been a gradual move away from his statement, to a position that there should be **no need for compulsory redundancy** or that it is intended that **any requirement for**

**compulsory redundancy should be minimised.** The fact remains that, if we are unable to redeploy or retain in Edinburgh any staff who do not wish to relocate, then we will be in a compulsory redundancy situation. The Board will wish to be clear that Mr Finnie's letter at least acknowledges this situation.

### **Retaining Some Staff In Edinburgh**

9. The Board were briefed that at the 2 June meeting, Mr Finnie said that he was prepared to receive a submission from SNH that made the case, on grounds of cost and/or efficiency for retaining some staff in Edinburgh. He made it clear that the majority of posts would have to go to Inverness and it was assumed that the numbers to be retained in Edinburgh should be no more than **around 50**. Following an exchange in Parliament there is some suggestion that this position may have changed to looking at a proposal to retain some staff beyond 2005 but not on a permanent basis. The Board will wish to be clear on this point and any implications that flow from it.

### **Some Flexibility Over Timing**

10. At the meeting on 2 June Mr Finnie also suggested that he was prepared to receive a submission making the case, again on grounds of reduction in cost/improvement in efficiency, for giving SNH some flexibility over the timing of the move for some posts. It is clear that it will not be possible to relocate all Edinburgh functions/posts into a new HQ building in Inverness by April 2005 and Mr Finnie was sympathetic to our desire not to have relocated staff in a number of temporary sites in and around Inverness. However, there has been some suggestion that we will not be authorised to negotiate any extension to the lease at Bonnington beyond 31 March 2005. Therefore if we wish to retain in Edinburgh advisory staff based at Bonnington, we will have to make other arrangements for their accommodation (it is likely that some/all will be accommodated in Hope Terrace). This is likely to detract significantly from the increased efficiency arguments that we may wish to put forward. The Board will wish to be clear that the letter clarifies this situation.

### **Costs**

11. The Board have been clear all along, that it is essential that the Scottish Executive should cover all of the additional costs related to relocation, starting with the full costs of the Relocation Group being assembled to manage the relocation process, all consultancy costs associated with the move and all actual staff-related costs, including redundancy, relocation, recruitment and training, "golden handcuffs" costs etc, and all building related costs including temporary leases and the capital costs of providing a flagship HQ in Inverness, built to the highest environmental specification. The Board will wish to assess to what extent Mr Finnie's letter gives them this reassurance.

### **Key Targets and Objectives**

12. The Board were concerned that the Minister should acknowledge that some fall-off in SNH performance against key targets and objectives was inevitable

but that at this stage it was not clear where, what and when this would be. This fall-off would largely depend on which members of staff were lost and when and it was unlikely that we would be able to manage this to any significant degree. We will need to continue to monitor the risks being generated in their various forms. The Board will wish to assess to what extent the Minister acknowledges this concern.

## **Direction**

13. Before relocation work can properly commence, the Board will be required to give the CEO a Direction. In light of the issues above, the Board will need to be clear whether, having received the Minister's letter, they are now in a position to give this Direction. The Board will also have to consider whether, notwithstanding the content of the Minister's letter and his earlier assertion that he did not see it as necessary to give a specific Direction, they do, nonetheless, require a formal Direction before they are prepared to implement the Minister's wishes. If it is decided that a Direction is required, it will be important to be clear about exactly what aspects of the relocation decision the Board wish to be directed on.
14. In the event that the Board determine that they require a Direction or if there is concern that the Minister's letter requires further clarification, a response to Mr Finnie will need to be prepared.

## **Political Activity**

15. An compilation of recent PQ's, answers and a copy of the e-Petition will be tabled at the meeting.

**Ian Edgeler**