



DEBATE PACK

Number CDP-2016/0047, 24 February 2016 (revd ed)

Planned closure of Sheffield BIS office

Lucinda Maer
Andy Clark

Summary

This note provides background to a debate in Westminster Hall on 24 February 2016 sponsored by Kevin Barron on the closure of a Dept. of Business, Innovation & Skills office in Sheffield. For further information contact the authors or Marguerite Page for information about small firm support generally.

Contents

| | | |
|-----------|---|----------|
| 1. | Closure of the Sheffield office | 3 |
| 1.1 | Government announcement | 3 |
| 2. | The Spending Review and civil service reform | 4 |
| 3. | Civil service employment by region | 6 |
| 4. | Press coverage | 8 |

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

Summary

The closure of the BIS St Paul's Place office in Sheffield was announced on 28 January 2016. BIS's total budget is set to decrease by 26% in real terms across the spending review period (2015/16 to 2019/20). The civil service reform plan, published by the Coalition Government, has not been replaced or updated by the Conservative administration elected in 2015.

This note sets out the details of the Government announcement and places it in the context of the Spending Review and trends in civil service distribution by region. It also includes links to press reports about the planned closure.

The Secretary of State gave [evidence](#) to the Business, Innovation and Skills Select Committee on 10 February 2016, during which the Sheffield office was discussed.

1. Closure of the Sheffield office

1.1 Government announcement

The Government announced plans for the closure of the St Paul's Place office in Sheffield on 28 January 2016. The move will create a combined central headquarters and policy centre in London. The announcement, made by the BIS Permanent Secretary Martin Donnelly, also stated that "around 6 business centres will also be established around the country". Martin Donnelly stated that the announcement was "part of implementing our BIS 2020 strategic plans to modernise the way we work, reduce operating costs and deliver a simpler, smaller department that is more flexible and responsive to stakeholders and businesses".¹

Responding to an urgent question in the House of Commons the following day (29 January 2016), Anna Soubry (Minister for Small Businesses, Industry and Enterprise) stated that:

The Department... is committed to delivering efficiency savings and contributing to the Government's deficit reduction targets. As such, we have developed the BIS 2020 strategic plans to modernise the way BIS works... As part of these plans, the Department has announced its intention to close the BIS office in Sheffield at St Paul's Place by January 2018.²

On 10 February 2016 Rt Hon Sajid Javid MP, Secretary of State, Department for Business, Innovation and Skills, and Martin Donnelly CMG, Permanent Secretary, Department for Business, Innovation and Skills, gave [evidence](#) to the Business, Innovation and Skills Committee and discussed the decision to close the Sheffield BIS office.

¹ Gov.uk news story, [BIS to close Sheffield Office](#), 28 January 2016

² HC Deb 29 January 2016 c559

2. The Spending Review and civil service reform

BIS's total budget is set to decrease by 26% in real terms across the spending review period (2015/16 to 2019/20). Its resource budget, from which most of its spending is made, is set to decrease by 17% and its capital budget is set to decrease by close to 60%. Further data are presented in the appendix of the Library's [briefing on the Spending Review](#) and in an accompanying [interactive spreadsheet](#).

In response to questions in the Chamber on 29 January 2016 the Minister, Anna Soubry, linked the decision to government savings. She said:

We are having to ensure that we spend public money wisely. Unfortunately that means that we have to reduce the number of people working for us. We must make sure we use the money to best effect, which is why we considered the decision so very carefully, as I hope that she understands that we would.³

The BIS 2020 strategic plan has not been published however, in October 2015, the *Guardian* published some details from an internal BIS document. The *Guardian* reported that:

The case for radical change is set out in stark terms. Despite "huge strides in the last five years", BIS is "too complex", with "45 partner organisations and 80+ locations", such that "those who deal with us find us hard to understand and navigate". BIS "currently costs too much to run", and its users "need a better service" with "faster and more efficient access to advice and funding". To address these challenges: "the Secretary of State asked BIS in June to develop options...Consultants [i.e. McKinsey] validated the options we developed. He has now asked us to take these options forward through a full change programme."

The document explains "what will change by 2020", with headlines including:

- Reducing the number of partner organisations by more than half [i.e. from 45 to around 20];
- Cutting operating costs by 30-40 per cent, delivering annual savings of c. £350m;
- Consolidating the "BIS family", which is currently spread across around 80 sites, into 7 or 8 "centres of excellence".⁴

The Coalition Government published its Civil Service Reform Plan in 2012. This set out the aspiration of a "smaller and more strategic" civil service. The reform plan did not mention civil service relocation or the distribution of civil service posts across the UK. The Conservative

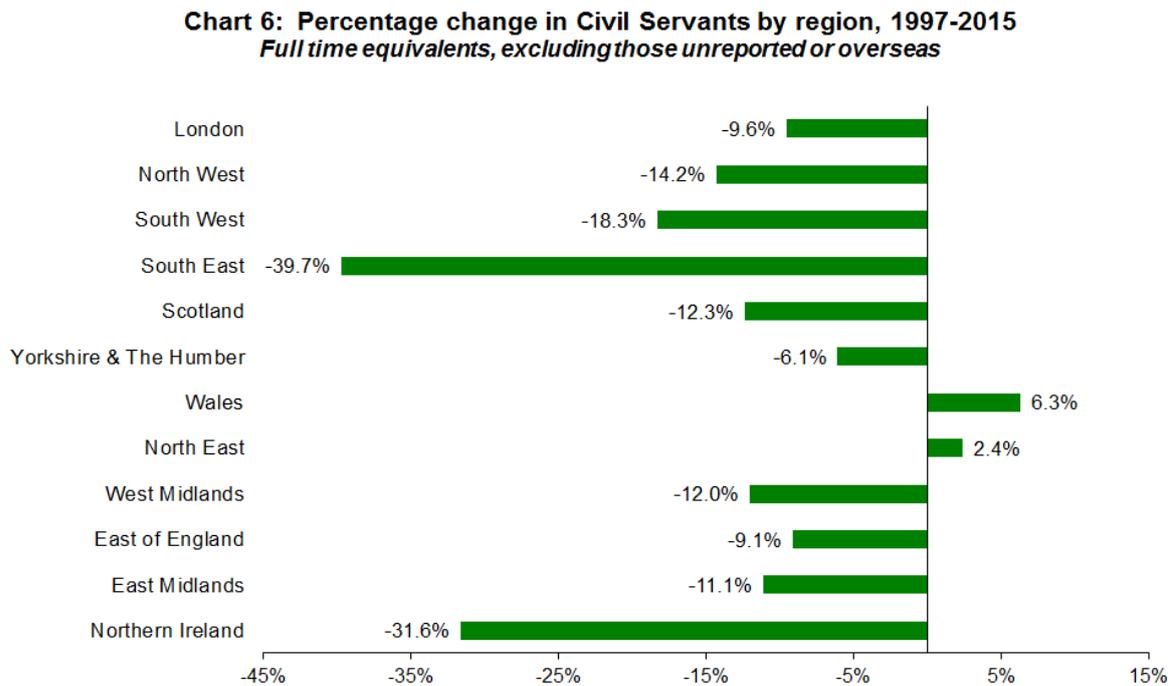
³ HC Deb 29 January 2016 c562

⁴ "[Sajid Javid's blueprint for BIS heightens fears for research funding](#)", *The Guardian*, 1 October 2015

Government elected in 2015 has not published a new civil service reform plan.

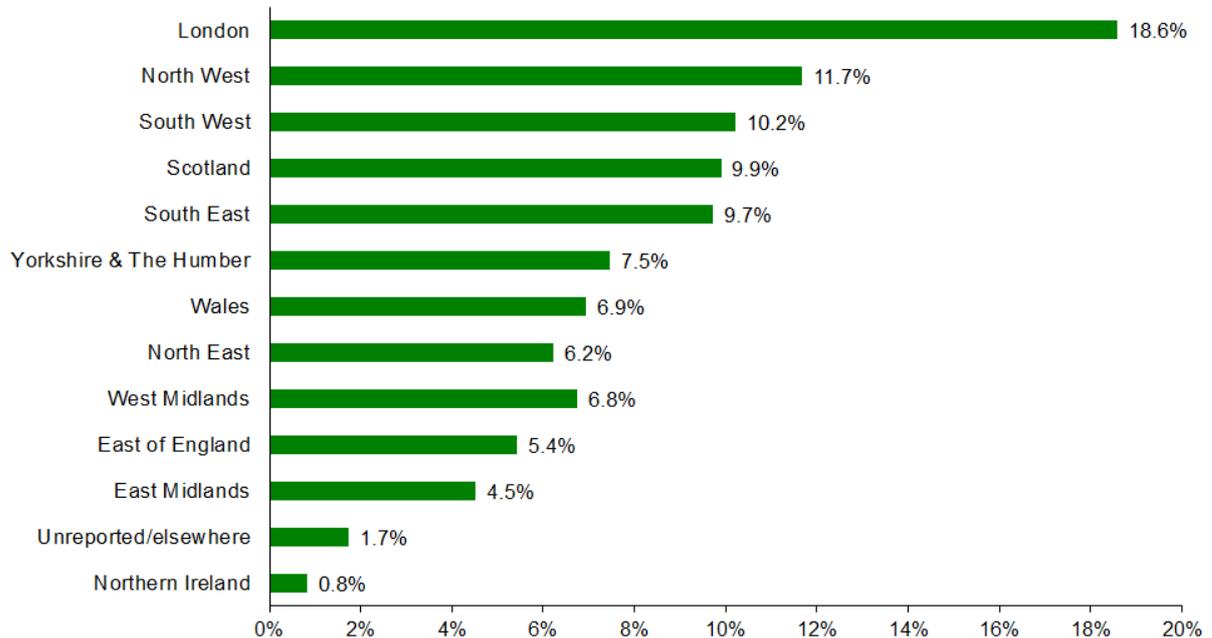
3. Civil service employment by region

The following chart from the Commons Briefing Paper, *Civil Service Statistics*, shows how the number of civil service employees in each region has changed since 1997:



The Briefing Paper also shows the overall distribution of civil servants by region in March 2015. About one fifth of all civil servants (permanent and temporary) were based in London at 31 March 2015. 12% of civil servants worked in the North West, 10% worked in the South West and 10% in Scotland.

Chart 5: Civil Servants by region: 31 March 2015
Percentage of full time equivalent total



The only regions where civil servant numbers have increased since 1997 are the North East and Wales, although the two regions together still only account for 13% of all civil servants. By contrast, FTE civil servant numbers in the South East have fallen by almost 40%; numbers in London were about the same in 2010 as they were in 1997, but have fallen in the last few years to around 10% below those levels. There was a reduction in the number of FTE civil servants across all regions except London, the West Midlands and Yorkshire & The Humber between March 2014 and March 2015.

Responding to questions in the House of Commons on 29 January, the Minister stated that the “vast majority” of BIS staff were spread around the country. She said: “Of the 20,000 staff paid for by BIS, only some 2,000 – about 10% - work at No. 1 Victoria Street”.⁵

⁵ HC Deb 29 January 2016 c561

4. Press coverage

["Government business department shuts largest non-London office"](#), *The Guardian*, 28 January 2016

["Tories to close Sheffield business department"](#), *The Financial Times* (Subscription required), 28 January 2016

["Civil service job cuts in Sheffield show Northern Powerhouse is hot air'. say MPs"](#), *Sheffield Telegraph*, 1 February 2016

["Sheffield Bis office faces closure 'because phones do not work properly'"](#), *Sheffield Star*, 2 February 2016

["ICT issues 'contributed to Sheffield BIS office closure'"](#), *Public Technology.net*, 3 February 2016

About the Library

The House of Commons Library research service provides MPs and their staff with the impartial briefing and evidence base they need to do their work in scrutinising Government, proposing legislation, and supporting constituents.

As well as providing MPs with a confidential service we publish open briefing papers, which are available on the Parliament website.

Every effort is made to ensure that the information contained in these publically available research briefings is correct at the time of publication. Readers should be aware however that briefings are not necessarily updated or otherwise amended to reflect subsequent changes.

If you have any comments on our briefings please email papers@parliament.uk. Authors are available to discuss the content of this briefing only with Members and their staff.

If you have any general questions about the work of the House of Commons you can email hcinfo@parliament.uk.

Disclaimer

This information is provided to Members of Parliament in support of their parliamentary duties. It is a general briefing only and should not be relied on as a substitute for specific advice. The House of Commons or the author(s) shall not be liable for any errors or omissions, or for any loss or damage of any kind arising from its use, and may remove, vary or amend any information at any time without prior notice.

The House of Commons accepts no responsibility for any references or links to, or the content of, information maintained by third parties. This information is provided subject to the [conditions of the Open Parliament Licence](#).