Dear Des,

At the Finance Committee meeting on Relocation on 13 December 2005, a number of issues were raised which could not be answered in full at the time, and which would require more detailed research. I would like to take the opportunity to answer these in this letter.

Firstly, I agreed to provide an accurate up-to-date table detailing the total number of relocations to date. I can confirm that the table presented to the Committee in December was accurate, and attach the latest version at Appendix 1. I’d be happy to discuss any further questions on the numbers, either in correspondence or at our next Finance Committee session.

Relocation Tracker Details

Dr Murray asked for more detail to be provided on the Relocation Tracker in future to include: the number of relocated posts that are filled locally; the number of people who move with relocated posts; and the working age of the people who move.

For all future location reviews the completion of the Post Relocation Evaluation: Staff Survey, as shown at Annex F in the Relocation Guide, will provide figures on number of posts and numbers recruited, moving or commuting, which have not been previously researched. The figures for the moves that have already been completed will form part of our policy evaluation, as these are all factors which affect the costs and impact or relocations. We hope to be able to provide a report on the evaluation project later this year. Initial findings from a small selection of projects suggest that on average 50% of relocated posts are filled by people who are recruited locally. Of the remaining
50%, it is assumed that on average 25% posts are filled by people who move house with their posts and 25% are filled by people who commute. Information on the working age of the people who move with relocated posts is not currently available. We had not planned to include this in our staff survey - *Post Relocation Evaluation: Staff Survey* until this was raised by the Committee. We will keep this in mind for our proposed refreshing of the guidance.

**Accountant in Bankruptcy**

Mr Swinney asked for an evaluation of the cost of the Accountant in Bankruptcy’s move to Kilwinning to be published, in particular in regard to the double running which was required in the initial stages of the move.

A full costing of the move will not be available until the move is complete and staff have all moved in. However, the most up-to-date cost information of all one-off costs and building costs can be found at Appendix 2. From that information, it is clear that in the final stages of preparation for moving into the new HQ, AIB was making a relative saving in rent in its 2 temporary buildings compared to the levels of rent and rates previously being spent in George Street Edinburgh. However, during the phase of double running in Edinburgh and in Ayrshire the estimated figures additional staff costs (for duplicate running) are:

- 2004/05 - £450k
- 2005/06 - £850k
- 2006/07 - £150k

These figures will be influenced by any changes in the planned timescale to reduce the number of Edinburgh based staff.

Although it is too early to quantify, it is expected that the new HQ in Kilwinning, as a modern energy efficient building, will realise savings in running costs which will soon more than cover the initial start up costs. Costs of £350k have been incurred so far (which is subject to confirmation and was spent over 2 financial years 04/05 and 05/06) in IT and telephony related expenditure, most of which was spent on hardware - such as PCs, telephone systems, servers, video conferencing system, etc). The estimated Relocation cost over the 3 years 04/05 to 06/07 is around the £4m mark however, it must be noted that these figures may be subject to change once the Accountant in Bankruptcy have carried out a full evaluation.

**Scottish Natural Heritage**

You also asked to be informed of any interim evaluation of the costs associated with SNH’s move to Inverness. SNH’s current budget position taken from the most recent Budget Report to the Relocation Project Board, of 22 March 2006, showed total expenditure to date at £7.76m. This figure will increase once HR and accommodation costs are realised this year. SNH estimates the cumulative net additional cash cost of relocation to 2011 as approx £17 million (if the new HQ is leased) and £27 million (if it is purchased). The outturn for redundancy payments alone arising from the relocation is predicted to be £6.903m against a budget of £7.621m. The savings are partly a consequence of a greater number of staff relocating and fewer staff redundancies than forecast in the Relocation Project Plan.
Finally, Mr Swinney asked to know the budget for the Relocation Policy Team. I can confirm that the team consists of 6 staff and the total cost for the team is around £125,000 per year.

I hope the answers I have provide here to specific issues raised by Committee members are helpful. I would be happy to discuss any of these further.

Kuid Regards

George

GEORGE LYON