

Summary

Localisation of national public sector enterprises - where and why?

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This is a study of where national public sector enterprises, that were either moved or established in the period 2005-2016, were located, and whether these locations are in line with national planning guidelines for integrated housing, land use and transport planning. We found that 63 percent of businesses and 59 percent of the state employees were located in accordance with the guidelines. There is no systematic variation between localisation and city size, but there is great variation between different governmental sectors. Also, between 2011-2016, public sector enterprises and employees were to a lesser extent located in accordance with the planning guidelines compared to 2005 - 2010. We found that it is mostly the enterprises themselves that make the decision of where to locate. Localisation is often not an important criterion, and other criteria, especially (in our cases) hospital and police-specific criteria and costs, are considered as more important. The Norwegian Public Roads Administration stands out by placing strong emphasis on localisation that reduces car dependence.

National public sector enterprises represent approximately 10 percent of the Norwegian workforce, and includes many types of public-oriented functions. Where such activities are located has a large societal significance, for several reasons. Localisation affects travel behaviour, traffic volumes, greenhouse gas emissions and accessibility to the same functions. Where such functions are located can help strengthen city centres and densification strategies, or they can contribute to continued urban sprawl. National public sector enterprises can also serve as important models for other activities and businesses. In Norway, national guidelines for integrated land use and transport planning have been in force since 1993, and the current edition states that these also apply to visitor- and workplace-intensive national enterprises. The guidelines state, among other things, that "trade and other public-oriented private and public services should be located based on a regional overall assessment adapted to existing and planned centre structure and public transport interchanges" (Ministry of Local Government and Modernisation 2014a). If the Government does not follow its own guidelines, municipalities and counties will have difficulties steering private developers in directions that are in line with such guidelines.

Statsbygg is the largest property manager at the national level civil sector, and is both developer and adviser in construction and property affairs. They wanted a study of whether and to what extent national public sector enterprises have been located in line with the national guidelines for integrated housing, land use and transport planning, and if not – why? Statsbygg therefore initiated this project. This report is the result.

Research questions

The first part of the project set out to acquire knowledge of **where** public sector enterprises have been located in the last 10 years, the extent to which these localisations are in line with the national guidelines, and the consequences these locations have in terms of greenhouse gas emissions. We have tried to answer the four following questions:

- Which public sector buildings/activities have a high user intensity?
- Where has national public sector enterprises with high user intensity been located over the last 10 years?

- Have localisations of national public sector enterprises over the last 10 years been in accordance with national planning guidelines for integrated housing, land use and transport planning?
- How do decisions on different localisations of public sector enterprises affect greenhouse gas emissions from transport?

Furthermore, Statsbygg wants to increase their knowledge on **why** public sector enterprises are located the way they are, which processes leads to this, the role of different actors, and which criteria are considered as most important. There are two specific questions:

- How do decision-making process leading to location of important national public sector enterprises proceed?
- Which considerations and consequences have been prioritised in choosing a localisation in specific projects, and which are not prioritised?

Where are public sector enterprises located?

Many public sector enterprises have a high user intensity, that is, the number of employee- and visitor-generated trips to and from the building/function per day. According to the national planning guidelines, these enterprises should in most cases be located close to existing and planned centre structure and public transport interchanges. Such areas are expected to generate the lowest car traffic per employee and per visitor as they are the most accessible with public transport and have the highest number of people living within walking and cycling distance. These areas are usually also the least accessible by car, and have the poorest parking availability. We have defined such areas as A-areas. In the largest cities, we have defined the areas just outside the city centre, that is inner city areas, as A2-areas.

We found that 63 percent of public sector enterprises that have been established or relocated over the past 10 years have been located in A- or A2-areas, while 37 percent have been located outside such areas. When looking at the proportion of employees who have been located or relocated, we find that 59 percent are located in A- and A2-areas while 41 percent are located outside these areas. The results show that there is a relatively large gap between the national planning guidelines and the actual localisations.

In the 20 municipalities we have studied, we find a large variation in the share of public sector enterprises and employees who are located in and outside A- and A2-areas. The share of those who are located outside A- and A2-areas ranges from zero percent in the cities Ski and Drammen to 100 percent in Sandnes. Between these extremes, the whole scale is in play.

We find no correlation between city size and the share of public sector enterprises located within or outside A-areas. If we rank the cities from lowest to highest share of employees located outside A and A2-areas, we find the largest cities in place number 5 (Oslo), 6 (Trondheim), 11 (Bergen) and 19 (Stavanger). Neither when we group the cities by size, we find systematic variations with size.

However, we find large variations between different sectors of public enterprises. Healthcare services with and without beds, as well as social services, have the highest share of enterprises and employees located outside A- and A2-areas. The sectors with the lowest share of employees located outside A-areas are public administration - justice, public administration - industry, employment (Labour Inspection Authority, Public Departments, Consumers' Advisory Council, etc.), and 'other sectors'.

When looking at development in the period 2005-2016, we find that the share of public sector enterprises and employees located outside A-areas clearly is higher in the last period

(2011-2015) than in the first period (2006-2010). This to a greater extent applies to the share of employees, than to the share of public sector enterprises, see Figure S1. Thus, the development is not moving in the right direction.

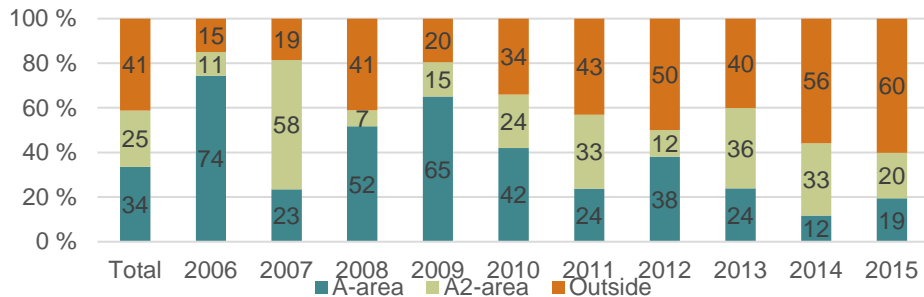


Figure S1: The share of state employees with changed locations in different areas, measured over time. Percentage.

To visualize how localisation might affect greenhouse gas emissions from transport, calculations for four public sector enterprises, each with a city-centre localisation and a localisation outside the city-centre, were made and compared. In all four cases, we find that the location outside the city-centre have higher CO₂ emissions (ranging from 7 to 36 percent) compared to the city-centre localisation. We used Statsbygg's climate calculator to do these calculations. We have not considered how accurate this model calculates greenhouse gas emissions.

Why are public sector enterprises located this way?

Processes and decisions for (re) localization of state enterprises will be affected by national instructions and guidelines for how state enterprises shall act as developers and tenants, sector-specific guidelines and the like, and the context of the individual business. We found that national instructions and associated guidelines mainly concern how assessments shall be executed, what procedures to follow and how the responsibility is divided. Thus, there are less guidance on the more detailed level, for instance on where public sector enterprises should be located. One exception is the guidelines from the Ministry of Local Government and Modernisation on *Management of large governmental building projects in an early phase* from 2017, which requires an analysis of locations in an early stage of the project as well as make references to the national planning guidelines. Both the Police, Norwegian Public Roads Administration and the Directorate for Health have made sector specific guidelines. They do, to a varying degree, give guidance and instructions on localisation. The Norwegian Public Roads Administration gives the clearest instructions. The agency for hospital buildings (Sykehusbygg) has made a draft for new guidelines for hospitals that goes further than the other sector guidelines in requirements for assessments of locations and on following the Planning and Building Act. We have studied three cases, to pinpoint where and when location decisions are made: The hospital in Stavanger, the police station in Arendal, the National Road Administration (NPRA) Region East Hamar and the Oslo Department. In all cases, locational decisions were made by the enterprises themselves and approved by the respective Ministry or Directorate. There is little focus on localisation, but rather on building or land properties, with the exception of the Norwegian Public Roads Administration. The specific requirements the national public sector enterprises have for their disciplines are important criteria, especially for the hospital and the police station cases. The time aspect is also important, as all enterprises studied have a final date when they need to move from their current location. Needs of employees are prioritized before visitor needs. The Norwegian Public Roads Administration uses accessibility-related criteria for their locations, and they aim to be a model for achieving zero growth in car traffic. In

all cases, following instructions issued by the ministries, which provide guidelines for processes and content in investigations, is considered as important.

We found that price had been one important factor in the localisation decision in all three cases. In two cases, a location outside the city-centre was chosen. It is usually more expensive building or renting in the city-centre, in what we have defined as A-areas, than elsewhere in the city. If costs have a decisive impact on the localisation, public sector enterprises will often end up being located outside the city-centre and A-areas. If public sector enterprises are to follow national planning guidelines, an important question is how this challenge can be met.

In the processes we have studied, the enterprises themselves had a major influence on the locational decision. In two cases, relevant actors were sceptical towards the proposed location. Planning according to the Planning and Building Act was activated to different degrees in the cases. One case concerned rental of an existing building, two cases were already zoned, while in one case included zoning of an area according to the Planning and Building Act. This makes it difficult for local and regional authorities to participate in the processes, and their arguments related to localisation can easily be perceived as a second play-off.

We found clear signals to that the government wishes that the state enterprises should be located in accordance with the national planning guidelines to a larger extent than present day practice, for instance through the new draft for guidance for hospital buildings and a White Paper on sustainable cities and strong regions from 2017.

What can be done differently?

We have discussed which changes in decision-making processes that might help national public sector enterprises locate to a higher degree in accordance with the national planning guidelines. These can briefly be summarized as the following:

- Instructions, guidelines, and other guiding material should have clearer requirements and routines for assessing locations according to national planning guidelines, also in early phases of projects
- Instructions, guidelines, and other guiding material should have clearer reference to the Planning and Building Act, and the rules and guidelines connected to the act, including the national planning guidelines, and the implications that would follow from this
- It should be considered if the guidelines to a larger extent than today should have requirements on public sector enterprises to locate in ways that reduce the transport demand and car-usage
- In tenders for plots and buildings, criteria for localisation in keeping with the planning guidelines should be part of the criteria set in the tender³
- It should be considered how the governmental level could deal with the fact that plots and buildings in areas that will lead to a lower car-usage and have better accessibility by other modes than the private car, often are more expensive than plots and buildings in other parts of the city, and thus makes it less economically favourable for the national public state enterprises to locate in such areas

Employees in Statsbygg could to a larger extent be made more knowledgeable when it comes to localisation according to the national planning guidelines, and (thus) given greater influence in the localisation processes (especially in early phase)

³ For example, like the Norwegian Public Roads Administration practices