



**Northern Ireland  
Assembly**

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**COMMITTEE FOR  
FINANCE AND PERSONNEL**

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**OFFICIAL REPORT  
(Hansard)**

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**Workplace NI**

24 March 2010

**NORTHERN IRELAND ASSEMBLY**

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**COMMITTEE FOR  
FINANCE AND PERSONNEL**

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**Workplace NI**

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**Members present for all or part of the proceedings:**

Ms Jennifer McCann (Chairperson)  
Mr Peter Weir (Deputy Chairperson)  
Mr Fra McCann  
Mr Mitchel McLaughlin  
Mr David McNarry  
Mr Adrian McQuillan  
Mr Declan O'Loan  
Ms Dawn Purvis

**Witnesses:**

Mr Philip Irwin            )       Department of Finance and Personnel  
Mr David Orr             )

**The Chairperson (Ms J McCann):**

The next evidence session is on Workplace NI. The Committee has a letter from the Department of Finance and Personnel (DFP) on the draft NICS accommodation plan. I welcome David Orr again and Philip Irwin, who is the head of the properties division of the corporate services group (CSG).

**Mr David Orr (Department of Finance and Personnel):**

The termination of the Workplace 2010 contract was a significant issue for us. We all know why the contract was terminated: the two remaining bidders withdrew just over a year ago because of

the difficulty in securing financing and the diminution in property values. We really needed to take stock and go back to first principles. The markets remain difficult, and there is no private finance solution to be found in the next two to three years. We have to assume, therefore, that we will do what we can with conventional funding.

Conventional funding is tight, and there are many competing demands on it. The Department has produced an early draft of a Northern Ireland Civil Service accommodation strategy to recognise those points. It is quite an honest strategy, because it does not say that we will do magnificent things. Frankly, there is not the money for that. However, we can do some useful things.

One benefit that came out of the Workplace 2010 experience was the office accommodation principles, which can be found at annex A to the paper on the draft accommodation plan. Around 10% of our people across the Civil Service are in that type of accommodation, and it is proving successful. Its biggest financial advantage for the Department is that it uses roughly 25% less space than traditional cellular, individual offices. That is working well. I wish to invite the Committee to see some of that more recent accommodation, perhaps at Causeway Exchange, or the “Future@Work” area in Clare House, which aims to demonstrate how we can move ahead with working practices.

This is an early draft, and Philip will provide a summary of it. At this stage, I suppose that we are looking for input from the Committee, and for good ideas to incorporate into the strategy.

**Mr Philip Irwin (Department of Finance and Personnel):**

As David said, the draft accommodation plan is based on the Northern Ireland Civil Service’s remaining committed to the principles that we set out during the Workplace 2010 procurement, which are now defined as “Key Workplace Northern Ireland (WPNI) principles” in annex A to the paper.

The paper focuses on greater Belfast, because tenants in many of the large buildings outside greater Belfast are subject to decisions that will be made under the review of public administration (RPA). Therefore, there is uncertainty about the demand side, and we will leave that matter until we have more certainty about our tenant base.

The Department has set two goals in putting together the draft accommodation plan: reducing the overall footprint, and its associated operational costs; and seeking to upgrade the worst accommodation and trying to move as many people as possible to the new standards. All that must be undertaken within the constraints of business needs, current lease expiries, and the capital and operational budget constraints under which the Department operates.

*(The Deputy Chairperson [Mr Weir] in the Chair)*

Paragraphs 2.2 and 2.3 provide a summary, under three main headings, of where the Department is at: the quality of accommodation; the current efficiency of accommodation; and an analysis of the lease expiry dates. On the quality of accommodation, the main headline is:

“approximately 30% of the space is categorised as poor or very poor”.

On the efficient use of accommodation, Committee members will see from the graph in annex B to the paper that there is room for improvement. The Department currently has a significantly higher square metres per workstation figure than was envisaged under Workplace 2010, and we probably have the ability to improve that further without spending significant amounts of capital. However, money must be spent to take walls down and open up space if we are to achieve the 11 sq m for each person target that is envisaged under the Workplace NI principles.

Finally, paragraph 2.3 shows that some 30,000 sq m of leases will expire over the next three years. That will provide the Department with an opportunity, because changes can be made only when leases are expiring or when the Department is no longer bound by contractual conditions. However, the Department does not want to exit all that space. Some of it is specialised and has had money spent on it, and the Department will want to renew those contracts and remain in those premises. However, there is enough scope to allow the Department to move the pieces on the board.

Section 3 of our submission sets out the draft accommodation plan itself. First, to cover the financial year 2010-11, paragraph 3.1 shows the various moves that can be made within current budgetary constraints. Those will make savings of approximately £300,000 a year and will result in a one-off capital receipt, as the Department will be able to release a currently held piece of land.

Paragraph 3.2 goes on to consider the position beyond 2010-11. All the information set out in paragraphs 3.2.1 and 3.2.2 is subject to business cases and an analysis of various options under each of the different headings. However, the Department has tried to make some assumptions as to the indicative levels of savings, and the investment that may be required to achieve those savings. A different option could be selected after the details of the business cases are worked through case by case, but the detail that is provided will give the Committee a top-level indicative view of what might be required and what the benefits might be.

Lease expiries are analysed under paragraph 3.2.1 of the draft plan. The 30,000 sq m that I mentioned is broken down into three sets of 10,000 sq m: 10,000 sq m of which a significant amount can be exited and the space reduced through a variety of different means; 10,000 sq m that will require a degree of spend but would allow the footprint to be reduced and budgetary savings to be made; and 10,000 sq m that falls more into the final year, and that has not been considered in the table in paragraph 3.2.1, because the savings will be made beyond the financial year 2012-13. However, if the assumptions made on those projects are the ones that the business cases project as being the best way in which to proceed, approximately £1 million could be saved each year. A level of savings can also be made on the lease renewals over the next three years.

Paragraph 3.2.2 examines a variety of projects under a set of assumptions that will have to be tested through business cases. It also provides an indicative level of the capital spend required to achieve those projects. I will not go into details, but, in 2011-12 and 2012-13, we are looking at budgetary requirements of approximately £10 million a year. In 2010-11, the number will not be as big, because it takes time to get things on to the ground. If the projects that are identified are completed, approximately 1,400 additional workstations will move to the new accommodation standard, removing 7,000-odd sq m of the worst accommodation and resulting in savings of approximately £1 million a year in running costs.

Paragraphs 3.3 and 3.4 make the point that the numbers and the projects that we have been talking about do not address all the issues. Paragraph 3.3 makes the point that there is still a significant amount of space for which refurbishment work has been postponed, and that work cannot be postponed indefinitely. Paragraph 3.4 points out that other ad hoc opportunities will arise — some have already arisen — and that we are speaking to various people. Those issues will be considered as we go through the three-year plan.

**The Deputy Chairperson:**

Thank you for your very comprehensive presentation. Members will now ask you a number of questions.

**Mr McNarry:**

David, I do not agree entirely with your opening remarks about the commercial property market. I understand why you said it, but I do not agree entirely with it, so it does not do a great deal to convince me that there is nothing worth pursuing in Workplace 2010. I hope that Workplace 2010 will not just be dropped, because it is vital to what we need to do here.

*(The Chairperson [Ms J McCann] in the Chair)*

The final two paragraphs of Mr Irwin's letter of 18 March 2010 to the Committee are probably the most important ones. He states:

"It is important to note that even the modest capital investment mentioned in this draft plan is not included in existing budgets".

Therefore, we are searching for something that I am not sure is too real. The final paragraph states:

"Even if such funding is secured, the tight financial position means that the plan cannot address all of the pressing and time-critical issues within the estate."

You are almost setting us up to say that you have great plans but no money with which to carry them out, and even if you were to get the money, it would not be enough. My concern is that Workplace 2010 seems to have been, to use your choice of word, terminated. I would like it to be still on the table, even on a smaller scale. That is not what is contained in the proposals, but, somewhere down the line, a small-scale version of Workplace 2010 should be considered. The market must be tested, but I do not think that you are doing so. You may be getting estimates from estate agents, and so on, but you are not testing the market.

I really should not mention the fact that the Invest Northern Ireland was able to find the rent for a building that nobody occupied for a long time. That cost ratepayers £2 million-odd, and although the Department was not responsible for doing it, it reflects on us all.

Looking at the offices and buildings that we have, what the draft plan says about new premises is fine. Some of them are lovely and must be very nice places in which to work. I may not have

picked up on it, but you do not seem to mention some of the appalling conditions in which some of our employees have been and are asked to work. Are conditions for employees assessed?

Are the complaints that I receive different from those that you receive? I receive complaints from people who are unhappy with the work conditions in which they are asked to work. That is not satisfactory. You tell us what you would like to do but that you do not have the dough to do it. What are we going to do for those people?

The final paragraph of your letter also states:

“More significant capital sums will be required in the years from 2013 onwards to address these issues.”

It appears that anyone who can make such a statement has an idea of what lies ahead. How significant are the sums about which we are talking? How much money are we talking about?

I congratulate you on the intention of the savings. The paper is credible, but it is short on costs. The costs that you have included are difficult for a poor soul such as me to follow. You state that you will make various amounts of savings, but I am not sure against what you are saving that money. Furthermore, I am not sure how much the 1,400 additional workstations, for instance, will cost. I need your assurance that you are going in a clear direction. Allied to that, and if there is validity in what I said earlier about people working in appalling conditions, how will that clear direction address the problems?

**Mr Orr:**

You mentioned the prospect of public-private partnerships (PPPs) — private finance. We have continued to explore that on smaller-scale developments on the principle that the whole project was perhaps too big and that we should look at some smaller-scale developments. We have received feedback from the market that private sector finance for buildings may be possible, provided that there is a continuing occupation by a Department. In other words, people are not interested in buying government property in order to develop it for housing; they are interested in buying it if there is a sitting tenant. That is the first principle.

**Mr McNarry:**

Is there a sitting tenant? Are you not a sitting tenant?

**Mr Orr:**

Yes. There is an interest in purchasing government property, provided that government continues to occupy the buildings. However, the capital receipt that the Department would receive in any sale is low. For instance, we have received a range of assessments of the capital receipt that would be received for the likes of Netherleigh House, which has slightly less than 10 acres. Those assessments range from £3.5 million to £4.5 million to £5.5 million. That is low for 10 acres of prime land.

**Mr McNarry:**

We are not talking about boom time. That is the market.

**Mr Orr:**

That is correct. Therefore, we have to ask whether we wish to realise those sorts of capital receipts at that low level or whether we want to wait until the market recovers.

**Mr McNarry:**

I do not want to go too deeply into it, but if people are able to make those assessments, are they able to tell you how long you will have to wait before we are back in boom time? I do not hear anybody telling me that we are going to be back in boom time. We have a construction industry, and the trades allied to that are in deep trouble.

I am just making the pitch that a long-term need has been identified in your paper and was identified in Workplace 2010. Is there merit in asking whether we can look at some smaller scale on-the-market prices, which will benefit those who will occupy the building, and will benefit the construction industry and its allied trades, which are in serious trouble? Are we factoring in those considerations?

**Mr Orr:**

Yes, we are.

**Mr McNarry:**

Are we still coming up blank?

**Mr Orr:**

We are coming up blank for the reasons that I outlined. Property prices are low, so capital receipts are low. Lending is tight, and, as members will know, interest rates for such private finance initiative (PFI) property are not conducive to selling properties. Therefore, the business case is difficult to make at the moment.

I will now address your point on conditions.

**Mr McNarry:**

I understand the business case problem. Will you allow me to write you an alternative business case?

**Mr Orr:**

That is why we are here: to get input from the Committee.

**Mr McNarry:**

You can write a business case for whatever you like, but you have to take on board the strengths and weaknesses of the market. No one is telling me when we will get out of the current situation, so we all have to cut our cloth accordingly. All that I am suggesting is that you take that on board when considering the overall benefits.

**Mr Orr:**

On the conditions, we have rated the office estate on the basis of its condition, and that includes working conditions. I fully accept that some of our estate is poor and some is very poor. Indeed, our assessment is that 15% of our estate is in poor condition and 15% is in very poor condition, and that is significant.

**Mr McNarry:**

You are making my case for what we need to do here

**Mr Orr:**

I am looking forward to seeing the business case come through.

**Mr McNarry:**

Surely those statistics give you a real reason for compiling a business case. Forget about the construction industry, which I have already highlighted, there is reluctance because of the current markets. We are not gamblers in this place. The bankers do the gambling, and they have gambled all our money away. We have people who we are trusting to do work for us. Adrian McQuillan asked about sickness and absence levels in the Civil Service, but there is a reason for those levels. How long will we be able to keep things going, given such percentages?

**Mr Orr:**

You are speaking to someone who wants to improve that by 30%. That is why we are here.

**Mr McNarry:**

I know that, and you are much better than some of the other bozos who have sat there looking at me as if I were dead meat.

**Mr Weir:**

From either side of the table. *[Laughter.]*

**Mr Orr:**

We want to improve that. The first factor that we need to make work for us in any business case is that we need to see how much of a receipt we will get for selling a property. Then we need to look at how much the private sector will charge us to lease that property, having taken account of their costs in doing the improvement work.

**Mr McNarry:**

You might expect to pay 50% less than what you expected to pay for a lease under Workplace 2010.

**Mr Orr:**

I am not so sure about that, because leasing costs have gone down 10%.

**Mr McNarry:**

In the great commercial world, which others frequent, I assure you that leasing costs and rents have gone down, because the commercial world has to survive.

**Mr Orr:**

I would like to be talking to you as a property developer, because the developers to whom we have spoken require significant leasing amounts, which take account of the price that they have paid for the building. They have to make a return on their investment and on the cost of upgrading.

**Mr McNarry:**

Is the problem that, because you are the client, developers think that DFP is an easy touch? There is property to rent, and it costs much less to do so today than it did two years ago, and it will continue to cost less.

**Mr P Irwin:**

That is absolutely right. However, you are talking about the way in which Workplace NI will be financed. What we have put together is a plan based on financing Workplace NI through normal government capital. However, what you are proposing is a Workplace 2010, PFI-style arrangement, whereby we sell the property and use the money to upgrade the accommodation.

**Mr McNarry:**

Do not misunderstand me. The mindset is that you have terminated — to use your word — Workplace 2010.

**Mr P Irwin:**

Workplace 2010 procurement.

**Mr McNarry:**

I think that you will agree with me when I say that surely it is worth pursuing that on a smaller scale if possible. However, how you do that has to be for best value. Therefore, you have to ask yourself how Workplace NI can be done for best value, and, in doing so, whether you can address the problems in the construction industry and the fact that 15% of accommodation is not so good and 15% is very poor. That is the business case. If the Workplace 2010 way of doing it is insurmountable, there are other ways.

**Mr Orr:**

Yes.

**Mr P Irwin:**

The reason that it is not as attractive as it was is that much of the surplus land was being sold, and bidders in Workplace 2010 were factoring in that receipt as part of the deal. In the current climate, as bits of the estate are sold off for development, that number will be much smaller. That is a major driver in the change in the economics.

**Mr McNarry:**

I need somebody to tell me for how long you are going to hold on to the land? It is sitting there doing nothing. You are not using it. When will somebody reach the decision that you are going to do something with it?

**Mr Orr:**

Sorry, but we are not talking about land that is sitting idle. We are talking about —

**Mr McNarry:**

You mentioned Netherleigh House.

**Mr Orr:**

Netherleigh House is occupied by the Department of Enterprise, Trade and Investment (DETI).

**Mr McNarry:**

Property, then. You need to make changes. Are you just going to sit there? When will something happen to kick-start the project?

**Mr Orr:**

We are trying to develop a strategy that takes account of the need to improve the estate and of the difficult financial position that we are all in. Mr McNarry makes a good point when he says that we should not close our mind to the opportunity to use private finance, perhaps on a smaller scale. We will keep an open mind on that.

**The Chairperson:**

I am very conscious of the fact that other members have questions.

**Mr McNarry:**

The final paragraph of your letter states:

“More significant capital sums will be required”.

What are those significant capital sums?

**Mr P Irwin:**

There is a draft plan that includes approximately £15 million per annum, spread over perhaps half a dozen years. That is the magnitude of additional funding about which we are talking.

**Mr McNarry:**

From 2013 to 2019. Is that what you are talking about?

**Mr P Irwin:**

Yes.

**The Chairperson:**

A number of members want to ask questions. Therefore, we have to move on. We are already half an hour behind time. Members should keep their questions focused, and the officials should try to keep their answers focused, too.

**Mr F McCann:**

I have two short questions. The last time that we visited Clare House to view the open-plan shared space, there were some indications of staff dissatisfaction at having to work under those conditions. I know that an offer has been made to visit Clare House again. Do you continually assess and review the impact that dissatisfaction may have on staff morale?

On the back of what David Orr said at the beginning, I am concerned that 30% of property is in either poor or very poor condition. That throws up all sorts of mind-boggling health and safety problems that may exist and questions around the conditions in which people may be working. Should health and safety checks be carried out continually?

Previously, we received a list of the Department's stock of properties. Is there any possibility that we could get another list, which outlines details of each property's condition and how many people are employed in it?

**Mr Orr:**

On your first point, staff satisfaction with accommodation at Clare House continues to be assessed. A survey is ongoing. It took two or three years, but I believe that staff are much happier now with their accommodation.

We also undertook a survey at Causeway Exchange shortly after staff moved into it under the Workplace NI accommodation principles. Positive feedback was received. Although you will always get individual preferences and a range of opinions, my feeling is that staff are generally content with their working conditions. I certainly am, and Philip works in the same building as them.

We will provide a list of stock, conditions and staff. We have all that data. We have any amount of data that we can provide to the Committee.

**Mr P Irwin:**

All statutory health and safety works are undertaken annually. Checks are undertaken as frequently as they are required. Any remedial action that is required from that is also undertaken. There is no suggestion that we do not undertake our statutory duties to health and safety works.

**Mr Orr:**

I want to reinforce that point if I may. Health and safety is top priority. Therefore, all those inspections continue, whether they relate to air-conditioning systems and legionella, lifts, fire safety, structural safety, or whatever. Any remedial action that is needed is prioritised and carried out. Therefore, health and safety is not being compromised.

**Mr McLaughlin:**

When I look at the draft accommodation plan, I am struck by the absence of objectives, performance indicators, a time frame and budget resources. It is hardly a strategy when there are no objectives or targets even in the operational plan. The caveat at the end of your note states that even if funding is secured, the plan cannot address all issues in the estate. David McNarry

referred to that. There are no budget lines: bids have to be made, which may or may not be successful. Even if they are successful, the bulk of the work that needs to be done between now and 2013 could not go ahead.

Therefore, as I said, there are no objectives, performance indicators, time frame or budget. What does the draft plan actually mean?

**Mr Orr:**

It means that I have a big problem. How can I offer targets and time frames when I do not have the money that I need in my budget? That is my basic problem.

**Mr McLaughlin:**

I can sympathise with the answer that you have given me. I can see your dilemma. Of accommodation stock, 17% is suitable under Workplace NI principles, which we support. That means, however, that 83% is not suitable.

**Mr Orr:**

Did I say 10%?

**Mr McLaughlin:**

No. Your pie chart shows at paragraph 2.2 shows that 6% of accommodation is in excellent condition and 11% is in good condition. Both of them are up to those kinds of standards.

**Mr P Irwin:**

Do not confuse those two different standards. Certain excellent accommodation is not categorised under the Workplace NI standard. In other words, it is not open plan; does not have shared printing areas; does not have the density of workstations that we are talking about, and so on. However, it is still excellent accommodation that is in excellent condition.

**Mr McLaughlin:**

OK. You have given us five categories, one to five. You have given us a pie chart. Do they correlate or not? I can look only at the information that has been put in front of me.

**Mr P Irwin:**

The pie chart and the categories correlate. Some accommodation will fall into the category of being in good or excellent condition. That is —

**Mr McLaughlin:**

Are you telling me that “good” would be mostly open-plan and “reasonable” mostly cellular? Therefore, am I right in assuming that accommodation that is in reasonable condition does not satisfy Workplace NI accommodation principles?

**Mr Orr:**

Yes.

**Mr McLaughlin:**

You said that the Department has a significant problem. At one stage, Workplace 2010 was a budgeted-for strategy. I accept that there have been significant changes in market conditions, and I do not think that we can just transform the estate. However, do we have a strategy at all? If we do, are all the possibilities being considered? For example, the Minister of Finance and Personnel has taken a public position on the Bain proposals on relocation. His is not an Executive position; rather, it is his view. However, was the Minister’s view something else that tied the Department’s hands?

The draft accommodation plan appears to show that the Department has not considered matters such as whether a correlation exists between the number of civil servants who travel up to three hours a day from their place of work to substandard accommodation and sickness levels owing to stress. I do not see how there could not be. Have we considered cost-effective alternatives, such as shared services or co-location? The draft plan does not suggest alternatives to the expensive option of demolishing and rebuilding the existing stock.

At present, we cannot release the budget resources to simply bulldoze and rebuild, so we must consider all the options. I do not see that being addressed in the draft plan; in fact, those options are noticeably absent.

**Mr Orr:**

Yes.

**Mr McLaughlin:**

How many civil servants can we take off the roads every day because we can give them shared accommodation elsewhere?

**Mr Orr:**

You are right: Bain's recommendations in his 'Independent Review of Policy on Location of Public Sector Jobs' has not been factored into the draft plan. That is because the report is subject to Executive discussion and decision. As the Committee knows, the paper that the Minister presented to the Executive some time ago has yet to be taken. Until we receive direction from the Executive, the Bain recommendations will not be taken into account in the early-draft strategy.

**Mr McLaughlin:**

Yes, but it becomes a decision for the Executive when they are presented with a draft strategy up to 2013 that sets aside all those objectives and options. If nobody has costed those options or compared them with the current proposals, the outcome is that we do not end up with a strategy to upgrade the working conditions of civil servants, because we cannot afford the alternative that is presented to us here. We cannot do it.

**Mr Orr:**

Yes.

**Mr McLaughlin:**

If the Executive have not taken a decision to dump the Bain proposals, why should the Department's projections ignore a possible outcome that may be considered a good idea and the way around the problem?

**Mr Orr:**

I am waiting for Executive direction before we incorporate the Bain recommendations into our plan. Until that occurs, we are trying to do the best that we can with the estate and the funds that we have.

**Mr McLaughlin:**

The Committee should consider recommending to the Minister that he address that issue at the

Executive and give them the opportunity to set out their position — they have had the report long enough — or that he develop the best possible proposals on accommodation options that take the Bain proposals into account and allow the Executive, in the light of the fullest information and the current economic conditions, which David McNarry pointed out. By simply not taking a position, the Executive are ignoring the opportunity to do something about accommodation in the prevailing circumstances. The Executive asked for and got the Bain report, so they are entitled to consider it and to decide whether to implement the report's recommendations. However, that should not stop people from thinking outside the box. That is my main criticism of the draft plan.

**Mr McNarry:**

Are you saying that the Executive are dysfunctional?

**Mr McLaughlin:**

No. I did not say that at all. You might have wished that I had said it.

I invite that the report be put before the Executive, in order to give them a chance to do something about it.

**The Chairperson:**

Have you finished, Mr McLaughlin?

**Mr McLaughlin:**

Yes, for the moment. Did that sound like a rant?

**The Chairperson:**

No. You have suggested a course of action for the Committee. Do Members agree that we take forward that proposal?

**Mr Weir:**

I support the first part of the proposal, which stressed the urgency of the Executive coming to a conclusion on the Bain proposals. However, I have many problems with the Bain proposals, and I am not happy to support the second part of the proposal, which is to incorporate the Bain proposals into the draft plan. We can all unite around the fact that, to get certainty, we need a decision from the Executive.

**Mr McLaughlin:**

How are we to decide on the Bain report if we do not explore it? If we make a set of proposals, people can say that they have looked at them. Either it saves money or it does not.

**Mr Weir:**

On the one hand, I agree that the Bain proposals should be brought to the Executive and that the Executive should reach a decision on them. On the other hand, I take the view that, until the Executive reach a decision, the Bain recommendations should not be incorporated into a set of proposals. It may be a two-stage process. I am happy to support the first part of the proposal.

**The Chairperson:**

Will we take forward the proposal?

**Mr McQuillan:**

Market conditions may dictate Bain. One might consider central Belfast to be best value for money, only to discover a site in Coleraine that accommodates twice the number of people for half the price.

**Mr McNarry:**

Newtownards is cheaper. *[Laughter.]*

**The Chairperson:**

Members are saying that the fact that the Bain proposals are not incorporated into the draft plan is in itself an issue. That is something that we need to thrash out.

**Mr O'Loan:**

I will try to make my questions as succinct as possible, and I will be happy if the answers are also succinct.

I welcome that you are trying to do something. I agree with David McNarry's point that private money may well be available. I know of private investors with large sums who are said to be looking at investing in social housing here. I mentioned to their associates that that opportunity also exists. We should be looking at opportunities.

Moreover, let me register my sadness that the Bain proposals are not being integrated into the draft plan.

There was a major operation to understand and log the estate. Has that exercise been completed?

**Mr P Irwin:**

It has been. The review of the quality of accommodation has been done.

**Mr O'Loan:**

Does the estate lend itself to refurbishment? Are you convinced that refurbishment will bring value for money?

**Mr P Irwin:**

We will look at it on a building-by-building basis. For some buildings, refurbishment makes sense, and it would be more cost-effective to refurbish them than to take new space. With other buildings, and particularly where small pockets of space are spread around different parts of Belfast, it may make more sense to exit them and move into a single building.

**Mr O'Loan:**

If you carry out the indicative three-year plan, what percentage of the task will be completed?

**Mr P Irwin:**

We would be able to exit between 25% and 30% of the accommodation categorised as “poor” and “very poor”. It would add 1,400 workstations of Workplace NI standard, but a significant number of other workstations would remain. That is a relatively small percentage of the overall estate.

**Mr O'Loan:**

The Minister has an Invest to Save project for next year. Are you bidding into that?

**Mr Orr:**

We are not, because the time taken to make the investment is not available, and the savings have

to come in the same year. It is not possible with this sort of property project. The lead times are too long for us to deliver the savings in the same year.

**Mr O’Loan:**

I am sorry that that is not possible, because I would like to see the accommodation plan move on. Will you invest only in properties that you own, or are the terms of your long-term leases such that you will invest money in some leasehold buildings?

**Mr P Irwin:**

We are prepared to invest in leasehold buildings, provided that there is a reasonable length on the lease. Many of the newer larger buildings do not fall into the “poor” and “very poor” categories. We will invest mainly in properties that we own, but, in principle, we would not have any problem with investing in a leased building if it made sense to do so.

**Mr O’Loan:**

I suspect that your answer to my final question will be no. The Bain proposals do not enter into this equation. In consideration of the public sector estate, recognising that it is not only the Civil Service estate that needs to be looked at, are you co-operating with other public sector bodies, including local government, to try to get good co-operative solutions in the round across Northern Ireland?

**Mr P Irwin:**

Our interaction with local government has been done under the RPA. Some staff who are currently housed in accommodation that we own and look after will move to local government, so work has been carried out with local government to discuss what the longer-term plans for staff will be when they transfer to local government.

**Mr Weir:**

I shall follow on from Declan’s point. I am slightly sceptical about the amount that can be brought in by way of capital receipts. Perhaps partly to do with the constituency that I represent, I am sceptical about the proposals in the Bain review. I agree with Declan and Mitchel in that I am concerned at the lack of imagination and wider thinking. I am interested in your response to Declan on the wider public sector, particularly local government. It seems that thought has been limited to considering staff who are moving from local government to central government, and

the opportunity that that creates.

I am concerned by paragraph 1.2 of your draft accommodation plan, which deals with the current office estate. I can appreciate that certain buildings have a specific function and have no other involvement. I am a bit concerned from the way in which that paragraph is written that the proposals seem to be overly restrictive in putting forward the idea that a building has a purpose and that nothing else should happen there. Effectively, those buildings are cut out of the plan.

I am quite taken by the movement towards the use of public service centres in the rest of the UK and in the Republic of Ireland. A range of functions is provided in one building, and that is also beneficial to the wider community. I am a bit concerned that the plan appears to suggest a doctrinaire approach through which buildings that are for one purpose will not let anyone else through the door. That does not seem to be particularly productive thinking.

I appreciate that local government faces huge issues with the RPA, but I would like to see at least some degree of thinking towards more imaginative solutions. It should not simply be a case of transferring a building to local government because the staff are transferring to local government. I would like to see solutions that involve different parts of the public sector, including central government and local government, sharing buildings among different sections of government. I do not see a great deal of evidence of such thinking, and I am a bit concerned that there has been a lack of imagination at a broader level. There has been a little too much thinking inside the box.

**Mr Orr:**

That was not our intention, and I am sorry that we have given that impression. We are certainly open to the idea of one-stop shops, which you mentioned. The RPA and the community planning obligations on the new councils may well provide an opportunity for government to co-operate. If a council with expanded powers were to open a one-stop shop in a town, some government services could also be provided. That option is certainly not excluded.

**Mr Weir:**

I do not see a great deal of evidence of commitment to it either, to be honest. You may not have said that it is out of the picture, but I do not see evidence that Departments and different functions are even being encouraged to share facilities.

**Mr P Irwin:**

The comment at paragraph 1.2 of the draft accommodation plan relates to what we call the regional estate. We have focused on greater Belfast because that is where the bulk of poor accommodation is. However, the plan is also driven by the fact that certain buildings have many non-NICS tenants. For example, we own and operate the County Hall in Ballymena. However, the majority of the people who work in that building are not departmental staff but work for the North Eastern Education and Library Board, health trusts, and so on. We have spoken to them, but their current position is that, until the RPA is sorted, they cannot commit to anything. That is why paragraph 1.2 shows that we have parked the matter until those tenants are in a position to make commitments.

**Mr Weir:**

By the same token, there are broader issues that may be heavily affected by the RPA. For example, why has there been no blue-sky thinking about co-locating a jobs and benefits office with a Housing Executive office in one building, so that people can access them together. That is just one example, and it may not work. However, I am unconvinced that there is commitment to flexibility in the Department's approach. Such flexibility would also be welcomed by the public, because they would be able to go to one place to deal with two or three issues, and that would be convenient.

**Mr Orr:**

We will take that point on board.

**Mr McQuillan:**

You said to Fra that you are doing remedial work to keep the 30% of property that is in poor or very poor condition up to health and safety standards. Is that not just throwing good money after bad? Would it not be better to cut your losses and go elsewhere?

**Mr Orr:**

To go elsewhere would cost money.

**Mr McQuillan:**

In the long term, would it not be cheaper?

**Mr Orr:**

It may be, but if one cannot afford to move, one cannot afford to move. Therefore, existing accommodation must be kept in good condition for health and safety reasons. I am not trying to fight the Committee; I am simply trying to explain the facts.

**Mr McQuillan:**

Have you looked for accommodation outside Belfast, given the difference in the market value of accommodation elsewhere?

**Mr P Irwin:**

At the moment, there is plenty of good value accommodation in Belfast.

**Mr McQuillan:**

What about outside Belfast?

**Mr P Irwin:**

At the end of the day, it comes down to demand from Departments. If a Department tells us that it wants to accommodate X people in a certain region, we will do that. However, we are not, I suppose, driving that.

**Mr McQuillan:**

There is no drive to do that from the Departments?

**Mr McLaughlin:**

Nobody is driving.

**Ms Purvis:**

You will not be surprised to hear that I am not unhappy that Workplace 2010 has gone. I do not believe in the principle of the private finance initiative. The project was too ambitious and did not give enough consideration to the fact that we would be left with a debt millstone around our necks. It is no surprise that those who are interested in purchasing government buildings are maintaining leases at such high prices, because they know that it is such a lucrative business, as accommodation is so necessary.

Having said that, I am not averse to selling assets that are surplus to requirements. I understand what the Department is trying to do with its plan, although I take on board the other comments that were made about detail and about starting with zero budget in order to move forward. There is the Capital Realisation Task Force. What is its role in your strategy?

**Mr Orr:**

The Capital Realisation Task Force, which works to the Office of the First Minister and deputy First Minister (OFMDFM), is available to assist us if we have surplus property to dispose of. We will have a meeting with it in the next two or three weeks. The task force's initial focus is on ensuring that Departments such as ours have good information on their assets, because it is not possible to manage assets unless we know what they are. One by-product of Workplace 2010 is that we have good information on our assets. We will, and do, work with the task force on good asset management and when we have surplus property to dispose of.

**Ms Purvis:**

Your paper focuses on savings. Do you intend to obtain the income to continue with the strategy from those savings? What will happen to the savings that are predicted in the paper? Will they return to a central pool or are you allowed to keep them to address the strategy?

**Mr Orr:**

We are not allowed to hold on to the savings. Therefore, to put it very simply, spending money to move into the desired type of accommodation will result in a reduction in cost. That money can then be used for the benefit of the Northern Ireland block. We do not retain the savings.

**Ms Purvis:**

The paper mentions additional costs, and Declan touched on the issue of dilapidation costs. It is possible that extensive dilapidation costs might offset those savings.

**Mr P Irwin:**

That might happen in the first year. The savings that we have highlighted are annual savings that will accrue year after year. However, you are right to say that we will potentially have to deal with dilapidation costs in the first year.

**Mr Purvis:**

That comes back to Mitchel's point about starting with a zero budget.

**The Chairperson:**

Thank you very much for your patience, David and Philip. Committee members raised many concerns and highlighted many issues, and I have no doubt that you will take those on board. Given that the plans are underdeveloped, we cannot endorse them at this stage. Moreover, we need to consider Mitchel's proposal. We reached an agreement — correct me if I am wrong, Peter — to seek an Executive decision on the Bain proposals so that the outcome of this discussion could inform the development of your strategy. We will go down that road if you are happy enough to do so.

**Mr Weir:**

You might want to add that we need an "urgent" decision. Whether Committee members are for or against it, they will want some degree of certainty on the matter.

**The Chairperson:**

Is that OK?

**Mr Orr:**

Yes. I want to clarify two matters. First, we did not intend to ask the Committee to endorse the draft plan. We said that the plan is at an early stage.

**Mr McNarry:**

Now you are bluffing us. *[Laughter.]*

**Mr Orr:**

Secondly, I want to clarify another issue for the purpose of the Hansard report. At the outset, I may have said 10% of our people are in Workplace 2010-type accommodation. I meant to say 1,000 of the 25,000 people. I do not want to mislead the Committee.

**Mr McLaughlin:**

The Committee strongly shares your objective for accommodation.

**Mr Orr:**

Thank you very much.

**The Chairperson:**

Thank you for attending.