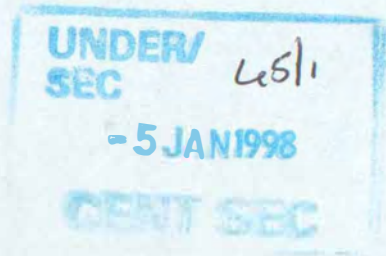


E.R.

BAB/4660/BN

FROM: Brian Blackwell
PEFO
5 January 1998



PS/Secretary of State (L&B)

cc: PS/Mr Ingram (L,B&DED)
PS/Mr Murphy (L,B&DFP)
PS/Mr Worthington (L,DENI&DHSS)
PS/Lord Dubs (L,DOE&DANI)
PS/PUS (L&B)
PS/Mr Semple
Mr Watkins
Mr McCusker
Mr Pearson
Mr Hassall
Mr McGuigan
Mr Taylor

STORMONT CASTLE REFURBISHMENT PROGRAMME

Purpose

This submission reports on the current situation on the refurbishment proposals for Stormont Castle.

Background

2. Up until August 1997 Stormont Castle, a Grade B listed building, served as the headquarters of the Secretary of State for Northern Ireland, NIO Ministers, the Head of the NICS and senior officials from the NIO and Central Secretariat as well as the NI Information Service. A condition report in 1995 identified various defects and problem areas that needed to be rectified. The building has now been vacated to allow this essential work to proceed and to allow for replacement of the temporary structures that formerly housed the NI Information Service.

3. The project was at an advanced pre-contract stage, with construction work due to start in mid-May 1998, completing in November 1999 at an original estimated cost of £5.55m.

4. However, the additional needs of the NI Information Service, including the provision of broadcast and press conference facilities, following acceptance of the recent review, will mean that the project proposals will have to be substantially re-worked and re-costed, leading to some delay for both the start and completion dates. This work will be taken forward as part of the action plan for the NI Information Service.

Economic Appraisal and Costs

5. An economic appraisal also examined six other possible options in relation to the accommodation. The net present cost of each with associated comments are set out below:

- A do minimum work option was costed at £3.47m. This provides a baseline for the comparison of other options but is not considered a suitable solution, as the frequency of maintenance and remedial work, which is disruptive to occupants, would be expected to increase significantly over the coming years;
- Two refurbishment options based on a decant to either Block B, Castle Buildings or Parliament Buildings were costed at £7.8m and £7.76m respectively;
- Build new premises in Belfast city centre - £22.8m;*
- Lease a suitable city centre property; if one could be found - £21.04m;* or
- Build in West Belfast - £20.46m.*

*These costs take account of all the security measures which would be recommended by the RUC should any solution be pursued but exclude additional running costs above those required for the Stormont Castle.

6. A private finance solution is theoretically possible. The Stormont Regulations and the Government Property Act (Northern Ireland) 1933, however, prohibit the sale, lease or surrender of any property within the Estate. Therefore the legislation would require amendment which is likely to be contentious publicly. The additional security and costs associated with the three non - Stormont Estate options are likely to render any other private finance option non-viable.

7. The refurbishment of the Castle therefore represents the most cost effective solution which meets the accommodation needs of the occupants, though the costs are still significant in the context of the budget available for office accommodation.

Security and Political Considerations

8. The RUC advice is such that the Office of the Secretary of State and those functions closely associated with it should not, for the foreseeable future, be located outside the Stormont Estate. That advice effectively rules out the options to move the offices outside of the Stormont Estate.

9. Whilst no one is yet in a position to determine either the future role and staffing needs of the Office of the Secretary of State for Northern Ireland in the event of a political settlement, there is little doubt that there will continue to be, at least for a substantial period, a Secretary of State for Northern Ireland and therefore a Northern Ireland Office. It is difficult at this time to estimate the scale of staff/headquarters.

10. Whatever the options arising out of the Talks process, there could be a potential embarrassment for the Secretary of State and the post-devolution NIO cohabiting with a new devolved administration whose headquarters will presumably be in Parliament Buildings.

11. Whilst other possible options cannot be produced at this stage, as a consequence of a political settlement, the NIO and Central Secretariat take the view that it makes financial and political sense to engineer a refurbishment programme for Stormont Castle for re-occupation by the Secretary of State and senior NIO officials, Central Secretariat, and the NI Information Service.

Revised Timetable

12. There is now a need for an urgent revision of the client instructions to take account of the new accommodation requirements for the NI Information Service. This is being currently addressed by all concerned.

13. However, this will lead to a further delay in the work commencing on Stormont Castle until late Summer. Our optimistic assessment is that reoccupation is unlikely to occur until late 1999/early 2000.

Conclusion

14. The Secretary of State and Ministers are **invited to note** the current position.

(Brian Blackwell)

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