

20 February 2009

Termination of Workplace 2010 Procurement

The Department of Finance and Personnel has announced the termination of the Workplace 2010 procurement.

Workplace 2010 is a major programme of work to transform the Northern Ireland Civil Service office estate. It was suspended on 31 October 2008 pending discussions about the acquisition of Trillium by Telereal (the two remaining bidders) and in light of the prevailing financial turmoil.

During the suspension period the Department undertook to review the procurement in light of the global decline in the property and credit markets.

Following this review, and as a result of discussions with the now combined Telereal/Trillium business, the parties have decided that it will not be possible to conclude the current Workplace 2010 procurement process in the foreseeable future. This is because exceptional market conditions have made it difficult to obtain debt finance for this type of property-related contract, and because of the fall in the value of commercial property.

Consequently the current procurement has been terminated.

A spokesperson for the Department of Finance and Personnel said:

"We regret that wider economic conditions have prevented the conclusion of the Workplace 2010 contract. It simply does not make sense to proceed given the decline in property values and the difficulty in securing finance. Unfortunately these issues are outside the control of the Department and the bidders.

"However, the Department remains committed to the original objectives of Workplace and is actively examining alternative ways to deliver them.

"We will now seek to achieve these objectives through a number of alternative routes including consideration of conventional procurement to deliver some early phases of the programme and reviewing how the later phases might also be delivered."

A spokesman for Telereal and Trillium said "We are very disappointed that market conditions have prevented us from concluding this deal. Telereal and Trillium remain committed to assisting the NICS to achieve its accommodation objectives."

NOTES TO EDITORS

Background

Workplace 2010 was initiated by the Northern Ireland Civil Service as a means of creating a modern, flexible working environment and to support new working practices.

Objectives

The overall objectives of Workplace 2010 are:

- To reduce the overall footprint of the NICS office estate;
- To provide accommodation that will enable the civil service to transform the way it delivers public services;
- To provide accommodation that is fit for purpose in which staff are proud to work; and
- To safeguard funding for priority front line services.

Procurement Status

The procurement process for Workplace 2010 was suspended on 31 October 2008 as a result of continuing speculation that both Workplace 2010 Bidders (Telereal and Trillium) could come under common ownership. This was confirmed on 8th January 2009, when Land Securities announced that agreement had been reached for the sale of their Trillium business to Telereal.

During the suspension period the Department undertook to review the procurement in light of the global decline in the property and credit markets. Following this review, and as a result of discussions with the now combined Telereal / Trillium business, the parties have decided that it will not be possible to conclude a contract within the scope of the current Workplace 2010 procurement process in the foreseeable future. Consequently the current procurement has been terminated.

Next steps

The NI Civil Service remains committed to the objectives of Workplace 2010 as a means of creating a modern, flexible working environment to enable the delivery of better public services, and in a more cost-effective way.

Experience to date has reaffirmed the importance of the Workplace 2010 objectives and the NICS plans to pursue these objectives notwithstanding the termination of the current procurement.

The Department will now seek to achieve the objectives of Workplace 2010 through a number of alternative routes including consideration of conventional procurement to deliver some early phases of the programme and reviewing how the later phases might also be delivered.