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Have you any comments?

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DEPARTMENT OF FINANCE

Q 29/4/74
L. J. JOHNSTON

V D McGoldrick Esq
Department of Commerce
Industrial Development - Factories Branch
Chichester House
Chichester Street
BELFAST BT1 4JX

24 April 1974

Dear McGoldrick

I refer to your letter of 11 March 1974 in connection with arrangements governing Army occupation of publicly owned buildings.

The rules for temporary occupation were set out in a letter dated 24 November 1969 from Cecil Bateman to Major General Dyball. This letter, which was copied to all Permanent Secretaries, is still the basis of present arrangements viz that the general basis of charge against the Army should be the extra costs incurred by the Northern Ireland Government. We take the view that this test, which applied primarily to buildings should also apply to lands and sites. Prima facie this means that rentals formerly paid by the Army to Craigavon Commission in respect of the tenure of lands which have now passed into ownership of the Department of Commerce should no longer be paid. If however Army occupation of the major frontal position of the Maghon Industrial Estate leads to considerable nugatory expenditure on layout and road schemes with virtually no economic return to Commerce then it may well be that strong pressure should be exerted on the Army to reconsider their occupation of that site.

In the course of operation of the rules firm understandings were established firstly that Commerce has the expectation that it can reoccupy if an industrial tenant is found (and it would appear that this should apply to sites as well as buildings) and secondly that waiver of rental no longer applies where the letting is taken out of the "temporary occupation" category by one means or another. This happened in the case of the Jersey Kapwood factory at Lurgan where a letting was made "for at least 5 years". You no doubt have a letter on your file dated 31 May 1972 from Jamieson to Dunwoody which indicated that an economic rent should be charged in respect of that letting and we assume that you have in fact been in receipt of a rent. If this particular factory has as you state been wholly converted to Army use in a way that makes rehabilitation to industrial use prohibitive then we agree that there are good grounds for attempting to negotiate a sale with the Property Services Agency.

The need for a note in the Appropriation Accounts relating to Army occupation of sites and buildings could perhaps best be considered in the context of the Trading Accounts exercise for factories at present under consideration.

Yours sincerely

L. J. JOHNSTON

L J JOHNSTON

/BP

Mr Johnston : I agree with your views, given 240
Commerce has the expectation - as stated by Mr Harris -
that it is a necessity if an industrial tenant is found.
An interpretation of the Act should be agreed in context?
 ARMY OCCUPATION OF PUBLICLY OWNED ACCOMMODATION *trying to arrange. We*

Commerce in their letter of 11 March 1974 ask whether the rules governing Army occupation have been altered since 1969. These rules were laid down in Sir Cecil Bateman's letter of the 24 November 1969 and dealt with "accommodation which is temporarily being occupied by the Army" the general basis of charge being the extra cost (if any) of the temporary occupation incurred by the NI Government. This normally means that there is no charge for rent or rates. The above letter also agreed to the installation of temporary facilities in these properties on the understanding that the Army could be called on to make good at the end of the occupation. Commerce are now, in effect, posing the following questions:-

1. Can occupation which has continued for more than 4 years still be regarded as temporary? If not, should the rules now be changed?
2. Where the installation by the Army of facilities has gone so far beyond the "temporary" conception envisaged in the letter that making good is no longer possible (as appears to have happened in Ex Jersey Kapwood) should Commerce approach the Defence Land Agent with a view to negotiating a sale?
3. Are lands/sites to be treated on the same basis as "accommodation" for the purposes of the above rules?
4. Are lands/sites taken over by Commerce from Craigavon Commission to which the Army had previously been paying a rent to now come under the heading of "publicly owned accommodation" and therefore be rent free or should Commerce demand a rent on the basis that they "inherited an existing commitment to collect the rents"?
5. Should there be some accounting annotation in the Estimates/Appropriation Accounts with regard to waiver of rents?

Mr McGoldrick of Commerce informed me by telephone on 5 April 1974 that he has already sounded out the Property Services Agency (which acts on behalf of the Defence Land Agent) in connection with questions 2 and 4 above. The Agency said it would consult Treasury in London.

As you will see from Mr Jamieson's letter of the 31 May 1972 we suggested to Commerce that they should negotiate a rent payment for the Jersey Kapwood factory. Mr McGoldrick is not clear that Commerce have done so and undertook to check this point. If this factory has been wholly converted to Army use as Commerce indicate then I think a sale to the Army should be negotiated if the Army can be induced to buy.

With regard to question 4 I can see no reason why the rule for lands and sites should not be on the same basis as buildings and that this should be so whether the lands/sites have been acquired direct by Commerce or by transfer from Craigavon or other "New Town" Commissions. Mr McGoldrick has apparently also raised the

question with the Property Services Agency which said it would consult Treasury about this point also. I assume that the commitments taken over by Commerce from Craigavon Commission existed independently of Army requirements and that although there is a loss of rents to Commerce no extra costs are involved.

Should it be found desirable to insert a note in Appropriation Accounts to explain the rents position governing Army occupation this could perhaps best be treated as part of the Factory Trading Accounts exercise at present under examination (file A 611/74).

I am inclined at this stage to await further information from Commerce (Mr McGoldrick said he would write again when he had a further reaction from the Property Services Agency) before reaching final conclusions on the attempt to sell Ex-Jersey Kapwood. As to the other types of Army occupations mentioned I think these can still be regarded as "temporary" and subject to the rules already laid down. The position could be reviewed in say 6 months' time. There has been some recent correspondence at A1044/72 (attached) which follows the 1969 rules.

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L J JOHNSTON

Department of Finance
Treasury Division
STORMONT

10 April 1974

13/3/74

[Mr. Morrell]

a commercial undertaking. It is decided at the beginning of the season what price will be charged for the permits. This is on a sliding scale, and obviously it is more expensive at the beginning of the season when the sportsman has a better chance of a successful day's shooting. These permits are on sale at a fixed price, a price which varies during the course of the season, and are available to anyone. No distinction is made as to the part of the country from which a person comes. It is as easy for somebody from beside the shoot to obtain a permit on the first day as for somebody from outside the jurisdiction.

INDUSTRY AND COMMERCE

Re-establishment of Armagh Factory (Army Occupation)

3 Mr. Mallon asked Mr. Hume (Department of Commerce) what steps he is taking to have the Worcester valve factory in Armagh, at present occupied by the Army, re-established as a source of employment.

Mr. Hume: My Department and Local Enterprise Development Unit have drawn the attention of several manufacturing firms to this factory at Armagh and we will continue to do so until a suitable tenant offering new employment opportunities for the area has been promoted.

Mr. Mallon: Can Mr. Hume assure us that this factory is available at the moment for occupation? If not, how long will it take before it becomes available as a result of Army withdrawal?

Mr. Hume: As the hon. Member knows, the Army is at present in occupation of the factory, but my understanding is that, given due notice, it would be prepared to vacate it in the interest of new jobs for the area. The hon. Member understands that my Department would need to check and repair the industrial facilities in the factory that have been out of commis-

sion over the past three years, but I can assure him — my understanding is clear on this — that, once a tenant has been agreed by my Department or by L.E.D.U., there will be no undue delay.

EDUCATION

Meals at Dungannon Voluntary Schools (Provision)

4. Mr. Daly asked Mr. McIvor (Department of Education) whether he is aware of discontent existing in the Dungannon area as a result of the failure of the Southern Education and Library Board to provide school meals at voluntary schools in Dungannon; and what responsibility he has in this matter.

Mr. McIvor: The Southern Education and Library Board, which became the responsible education authority last October, is providing meals for the pupils attending St. Patrick's Boys' and Girls' Secondary Intermediate Schools in Dungannon. I understand also that the Board will shortly be going to tender for a temporary dining room and servery to cater for the pupils of St. Patrick's monastery and convent primary schools. Various proposals have been under consideration by the voluntary school authorities for the replacement of these primary schools and school meals provision in permanent accommodation would normally be considered concurrently with such a development.

The provision of school meals at voluntary grammar schools is the responsibility of the governing bodies concerned.

Mr. Daly: I thank the Minister for his reply. Is he aware that this has been going on for about five years now? Is he also aware that there are about 1,000 youngsters involved? I would say that 50 per cent., or 500, of these might be entitled to free meals. Whether the responsibility lies with the management committee or with the Ministry, I would ask the Minister to put pressure on whoever is responsible.



DEPARTMENT OF COMMERCE
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Louis J Johnston Esq
Department of Finance
STORMONT
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Your reference

Our reference FG 93/01

Date // March 1974

Dear Johnston

I refer to Holden's letter of 17 October 1969 in which he enclosed a copy of a letter from the Director of Operations, Lisburn, about the financial arrangements which might govern Army occupation of publicly owned buildings. Mais replied to the letter on 23 October 1969 and my immediate purpose is to advise you that we are continuing to abide by the terms of Mais's letter in respect of the several factory buildings now occupied by the Army.

PQ 13/3/74

The factories occupied together with the rents which we would be charging industry under the 1969 Rent Schedules are as follows:-

<u>Factory No</u>	<u>Location</u>	<u>Former Occupier</u>	<u>Factory Area</u>	<u>Factory Rent</u>
F55	Carnmoney	Ex-Light Alloy	94,623 sq ft	£14,195
F66	Lurgan	Ex-Jersey Kapwood	114,707 sq ft	£12,453
F127	Armagh	Ex-Worcester Valve	19,059 sq ft	£ 2,135
F276	Londonderry	Ex-Saracen	43,232 sq ft	£ 4,540
F302	Londonderry	Ex-BSR Casting Shop	11,576 sq ft	£ 1,565

The theory is that the Army would be willing to vacate any of these factories on a month's notice if our purpose was to provide new employment opportunities. In fact we believe that in some instances we might find considerable difficulty in regaining possession of the buildings. In one case - Ex-Jersey Kapwood - I intend to approach the Property Services Agency which acts on behalf of the Defence Land Agent with a view to selling this factory because the reports that have come to us make it perfectly clear that it has been wholly converted to Army use and the cost of its rehabilitation to industrial purposes would be prohibitive. With this exception we intend to continue to allow occupation completely rent-free. If as has been suggested from time to time this practice should entail some accounting annotation in the Estimates or the Appropriation Account our two Departments can agree the drafting with the Exchequer and Auditor General.

A new problem has arisen at Craigavon in respect of lands which we have taken over from the Commission. This is our first dealings with the Army on sites as distinct from buildings. On the Maghon Industrial Estate the Army agreed with the Commission to pay £2,220 per annum rent for a site of 3.3 acres and they have now returned to us for an additional 8 acres, a request we shall find difficulty to refuse. The Defence Land Officer has stated firmly that now that the land is no longer owned by the Commission but by this Department he intends to discontinue to pay the site rent for the 3.3 acres and to enter into no commitment for a site rent for the 8 acres. I intend to bill the Defence Land Officer for the site rents as we inherited an existing commitment to collect the rents. In any event the Army will now be in occupation of the major frontal portion of the Estate thus rendering the balance virtually useless to us for industrial lettings. In the meantime we are committed to continuing a layout and road scheme which will be completed in total almost £70,000.