

Comisiwn y Cynulliad Assembly Commission

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Wales Governance Centre at the Pierhead

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1.0 Purpose and summary of issues

- 1.1 The Assembly Commission, at its meeting on 19 May 2010, supported in principle a proposal for a joint initiative with the Wales Governance Centre of Cardiff University.
- 1.2 Under this initiative, the Wales Governance Centre would help to develop the Pierhead as a forum for informal public debate on issues of key relevance to the work of the Assembly and for independent research, involving also the participation of other Welsh universities.
- 1.3 To enable this initiative to be delivered, the Centre would be allowed to make use, on a non-contractual basis, of vacant office space in the Pierhead, without extra cost to the Commission.
- 1.4 The proposal would involve an agreed programme of activities and detailed mutual expectations.
- 1.5 Since May, Commission staff have been working on the detail of this proposal. A number of points of clarification were sought and addressed satisfactorily. Latterly, an outline

Memorandum of Understanding has been prepared and discussed and is broadly agreeable to both parties.

- 1.6 Since the in principle support for the Wales Governance Centre at Pierhead proposal, there has been a change in the Assembly's financial position and approach. Commission staff have consequently sought further advice on rental evaluation and on the likely market value for the unoccupied space.**
- 1.7 The Commission holds the Pierhead as part of its functions, providing the Assembly with the property, staff and services required for the Assembly's purposes and of promoting public awareness of the current or any pending system of devolved government. Given the legal framework within which the Commission must operate when dealing with assets such as the Pierhead, the Commission would not be free to enter into purely commercial arrangements with potential occupiers.**
- 1.8 Nonetheless in these current financial circumstances, it is important that the Assembly Commission is satisfied that the initiative offers value for money. In discussions, the Wales Governance Centre has indicated that it would accept in principle the possible need to cover Assembly costs over and above the normal operations of Pierhead. For example, the additional costs incurred by the Assembly of providing staff for out of hours events.**
- 2.0 Recommendations**
 - 2.1 That the Commission ratifies its previous support in principle and agrees that the Wales Governance Centre should be accommodated in otherwise unoccupied office space in the Pierhead in return for a clearly defined programme of events.**
- 3.0 Discussion**
 - 3.1 The Wales Governance Centre at the Pierhead initiative is a bold, imaginative and innovative way of using unoccupied parts of the Assembly estate to harness expert advice, input**

and resources at minimum cost to the Assembly and in a way that is relevant to, and supportive of, the Commission's statutory functions of supporting the deliberative work of the Assembly and of promoting public awareness of devolved government in Wales.

- 3.2 The vision is centred on harnessing the “research capacity of Wales’ leading institutions of Higher Education in order to support the work of the National Assembly for Wales, helping to make devolved governance in Wales as effective as possible and, ultimately, improve the quality of life for the nation’s citizens”. The proposal has particular application in respect of the Fourth Assembly and the support that could be offered to Members.
- 3.3 The Wales Governance Centre at Pierhead would serve to “draw together the five University signatories of the St David’s Day declaration (Cardiff, Aberystwyth, Bangor, Swansea and Glamorgan)”. It will also “broaden and deepen the policy debate in and around our institutions of devolved government”. While there is as yet no formal agreement between the Wales Governance Centre of Cardiff University and the other university partners, the WGC Director reports that there is a great deal of interest and support.
- 3.4 The legal framework within which the Commission must operate would not permit it to seek tenants for parts of the Pierhead on a commercial basis. When options for the use of the Pierhead were being considered in early 2007, the then Head of APS Legal Services sought counsel’s opinion on the extent to which those options were limited by the requirements of the Government of Wales Act 2006 (which was then about to come into force). Counsel advised that “any decision by the Commission to use the Building or part thereof for the discharge of its own functions must, in my view, be confined to those functions set out in the provisions outlined above” (i.e. section 27(5) and Schedule 2, paragraphs 2, 3, 4 and 5). The advice of the current Chief Legal Adviser is that the commercial letting of parts of the Pierhead would not fall within any of those functions and would therefore be *ultra vires*.

- 3.5 Occupation of part of the Pierhead by a body whose activities are related to the Commission's functions (such as the Wales Governance Centre (see paragraph 3.1 above) *would* be within the Commission's powers and such occupation could, in principle, involve the payment of a charge (e.g. a 'rent') as part of the overall arrangement.
- 3.6 The suggestion of charging 'rent' to the Wales Governance Centre would however be problematic. The proposal which the Commission has approved in principle is that there should be a 'partnership' (in a non-technical sense), namely an arrangement (the Memorandum of Understanding describes it as an 'initiative') under which the Assembly benefits from certain defined activities of Wales Governance Centre and Wales Governance Centre benefits from accommodation provided by the Commission, rent free, on a non-contractual basis and with only limited expectation as to security of occupation. From a practical point of view, such an arrangement could not accommodate payment by Wales Governance Centre of a 'market rent' without it changing fundamentally. The benefit which Wales Governance Centre would receive from the arrangement would be reduced and their contribution would need to be defined much more precisely and its monetary value set against the "rent". While experience indicates that the work of the Wales Governance Centre is of significant potential value to the Commission – and while the Commission would incur substantial costs if it had to 'buy in' the sort of expertise offered by the Wales Governance Centre – it is difficult to apply the concept of a 'market rent' where the 'tenant' has to provide services to the 'landlord' which are unique to the parties in question.
- 3.7 Even though, for the legal reasons set out above, letting to a commercial tenant would not be possible, Commission staff have, for the purposes of comparison, arranged for an independent valuation of the hypothetical commercial rent for the Pierhead office accommodation to be carried out. From this, the estimated commercial rent is £11 per square foot. The size of the 3 rooms that could potentially be used is 888sq ft so the space has a hypothetical potential rental

value of around £9,768 per annum. In estimating the Pierhead's commercial rent, the independent property surveyors have indicated that there is plenty of other and potentially more attractive accommodation available locally in the same price range. In addition, the vacant space/offices are not particularly marketable in that they comprise a number of vacant rooms within a building used for a variety of purposes as opposed to primarily office use buildings. The offices are not adjacent and, due to the nature of the building, there is no lift access to the top floor, which limits accessibility.

- 3.8 While it is difficult to put a definitive figure on the financial 'value' to the Assembly of the services offered by the Wales Governance Centre, Commission staff have investigated some comparative costs. In terms of programme content and frequency of events, the Wales Governance Centre has stated that it is inappropriate to be overly prescriptive until it is in a position to have detailed discussions with colleagues from across the St David's Day Declaration Group of Universities. However, as a broad indication, given that the Centre has suggested organising two policy area 'strands' each year as well as a number of other one-off events, the Director envisages that once fully operational the Governance Centre would be organising an average of at least one event per week in the Pierhead during the Assembly term. Events will include seminars, presentations, workshops, conferences and lectures. Event costs do, of course, vary depending on their nature and style, speakers, management of guest lists, catering, special staging and staff input. Large conference events can cost significant sums running into several thousands of pounds. However, working on the basis of a range of more modest seminars, workshops and lectures, a reasonable cost estimate would be £500 to £1000 per event, to cover preparation and staffing. Taking the lowest probable cost of £500, one event per week during the 36 weeks a year that the Assembly sits would amount to a total value to the Assembly of £18,000 per year. That figure does not include the additional resources provided by the Wales Governance Centre for

academic study of and interaction with the National Assembly for Wales.

- 3.9 To date the Commission's policy in relation to others occupying space within its buildings has been limited to those with direct links to the work of the Assembly and the lease also restricts in this area. The leasehold, in line with the nature of the functions of the Assembly and of the Commission, envisages use primarily for the National Assembly for Wales or associated public sector bodies but not commercial organisations.**
- 3.10 There are also operational issues that would restrict the hypothetical attractiveness of the building to potential tenants, such as: restricted access when functions are taking place in the hall; lack of flexibility in the Assembly implementing its own policies and activities (such as estate closure at Christmas); security and access; lack of parking; and the character of other uses of the building, i.e. the fact that the organisations that are provided with office space have clear links to the work of the Assembly.**