

**Adran Economi a'r Thrafnidiaeth
Department for Economy and Transport**



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: CWL&C Committee 12072018 Film and major television production in
Wales evidence session 16

Bethan Sayed AM
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Dear Bethan,

At the Culture, Welsh Language and Communications Committee on 12 July, Mick McGuire, Director, Business and Regions said that he would send the Chair information in relation to the cost of fixing the roof at Pinewood Studio Wales and a rationale for not undertaking a full structural survey prior to purchase of the building. [REDACTED]

When acquiring or disposing of property, It is normal practice for a valuation report to be carried out to confirm that the transaction represents market value. Such reports comment on the condition of the building but do not extend to a full examination of the roof, unlike a full structural survey which would have looked at all aspects of the building.

As the AGW Report noted, the condition of the buildings at the time was observed and reported by the independent valuers as being in a generally reasonable state of repair commensurate with its age and use. No urgent or significant defects or items of repair were noted within the valuation report which would be likely to give rise to substantial expenditure in the foreseeable future or which fall outside of the scope of a normal annual maintenance programme.

As you are aware, shortly before Pinewood moved into the building, a number of water leaks became apparent, mainly in the vicinity of the rainwater gullies. The required roof repairs could have been restricted to these areas Officials considered the options available and decided to implement a more comprehensive refurbishment scheme costing £979,000. This provided a coating for the entire roof and had the benefit of extending the life of the roof to more closely match the term of the lease. It was also considered that this option would minimise operational and reputational risks, assist with the ongoing management of the property and would make the property more saleable should Welsh Government seek to dispose of the property in the future.

It is almost impossible to accurately ascertain the cost of ongoing repairs to the roof because it would depend on how quickly the roof deteriorated in the future.

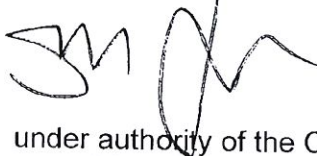
At the time, officials established that circa 90% of the water ingress that the property was experiencing was due to deterioration of the lining of the gutter system. We may have been able to undertake isolated repairs to address the identified leaks at a cost of £15-20K. However, this option would not have guaranteed a watertight building going forward. The property was circa 16 years old. A roof system would usually be expected to have a life span of between 20 and 25 years, depending on the environment that it is exposed to. Consequently, further deterioration could reasonably be expected during the term of the proposed lease to Pinewood. If this deterioration was limited to the gutters more comprehensive works to reline the gutters could be implemented with an estimated cost of £100,000.

However, it is likely that in addition to the issue relating to the gutters there would be future problems with the roofing sheets that make up the majority of the roof. Isolated repairs of this type could be implemented on an as needed basis, but would be unlikely to fully resolve the issue.

Taking this type of reactive approach might have proved cheaper over time, but it would have meant more frequent maintenance and additional financial and reputational risks. For example if filming schedules were impacted or sets damaged due to ongoing water ingress productions could have been delayed with significant budget implications to the production companies.

The property was acquired in the open market with the purchase price taking into consideration the fact that the roof was a significant way through its expected life. The scheme undertaken significantly extends the life of the roof and includes a 20 year guarantee, which would be taken into consideration by a purchaser should Welsh Government seek to sell the property in the future.

Yours sincerely

A handwritten signature in black ink, appearing to be 'JM' followed by a stylized flourish.

under authority of the Cabinet Secretary for Economy and Transport,
one of the Welsh Ministers