OIFIG AN ARD-AIGHNE
OFFICE OF THE ATTORNEY GENERAL

Tithe an Rialtais, Sráid Mhuirfean Uachtarach, Baile Átha Cliath 2
Government Buildings, Upper Merrion Street, Dublin 2
MD Malartán Doiciméad/DX Document Exchange: DX7 Baile Átha Cliath/DX7 Dublin
Teileafón/Telephone: 01 631 4000 Facs/Fax: 01 676 1806
Ríomhphost/Email: info@agirlgov.ie url: www.attorneygeneral.ie

7 March 2014

Ms Niamh Maguire
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2



Dear Ms Maguire

I refer to your query dated 21 February 2014 concerning expenditure incurred by the Law Reform Commission on rent and associated costs.

Attached, please find the requested information as provided to Mr Liam O'Daly, Director General by Ms Finola Flanagan, the full-time Commissioner of the Law Reform Commission.

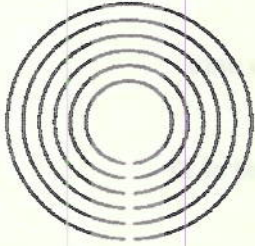
For clarity, the Philip Hamell referred to on the third page of the letter is an Assistant Secretary in the Department of the Taoiseach.

Please feel free to contact myself if you require any further material

Yours sincerely,


Padraig McMahon

Head of Administration



LAW REFORM
COMMISSION/COMISIÚN UM
ATHCHÓIRIÚ AN DLÍ

7 March 2013

Liam O'Daly
Director General
Office of the Attorney General
Government Buildings
Upper Merrion St.
Dublin 2.

Dear Liam,

The PAC has sought information about *"the steps taken deal with excess accommodation where there is ineffective expenditure on unoccupied space"* at the Commission's offices in Shelbourne Road.

I would like to clarify at the outset that the figure of €428,000 mentioned in the audit certificate encompasses expenditure on this unoccupied space for the two-year period spanning 2011 and 2012 (although the certificate itself is in respect of 2012 only).

The Commission's premises comprises approximately 1300 square metres of office space over two floors of IPC house. The rent per square foot for the premises was set following a scheduled rent review in 2004 in which the Commission were advised by Hamilton Osborne King (now Savills). At that time, the rent was set at approximately €28 per square foot per annum plus service charge to include utilities.

In the period 2008-2009, the Commission continued to hold the premises under a 2 year Temporary Convenience Letting (TCL) in a deal made directly with the landlord and with the same rent and service charge in place.

In 2009 the total annual cost of the rent plus service charge was approximately €591,000 (€450,000 rent plus €141,000 service charge). A new 8-year lease commenced on 1 January 2010, initially again

with the annual rent of €450,000 p.a. plus service charge with no provision for rent review until expiry of the lease at the end of December 2017.

At the time when this arrangement was entered into, the staff of the Commission consisted of 32 persons plus the President and four Commissioners.

Over the course of 2010 the sanctioned number of staff reduced to 20 (plus the President and four Commissioners) and the Commission budget reduced from €3.5 million approximately to €2.4 million. This was as a result of discussions following the publication of the Report of the *Special Group on Public Service Numbers and Expenditure Programmes* in July 2009.

The reduction in staffing and budget meant that the Commission became a much smaller organisation. It was not a simple matter, however, to arrange a corresponding reduction in office space since the lease arrangement was binding. The Commission therefore set about finding measures that would reduce our expenditure as much as possible.

In Autumn 2011 a meeting was held with the landlord (Pierce Molony of Liddington Ltd.) seeking reductions in rent and service charge. This led to agreement in October 2011 that there would be a cap on the service charge of €100,000 for 2011 and that all possible reductions would be pursued in future years. The landlord also agreed to a reduction in rent for 2012 and subsequent years of €20,000 in return for the Commission giving up 10 car park spaces (being the maximum number of spaces which he would take back). The total cost of rent and service charge in 2011 was approximately €550,000 a reduction of €40,000 compared to previous years¹.

The €20,000 rent reduction came into effect on 1 January 2012. Between Autumn 2011 and Autumn 2012, three researchers from the Department of Justice were also working with the Commission on a project funded by that Department. This meant that total staffing for most of 2012 consisted of 23 persons plus the President and four Commissioners.

By mid-2012 the Commission had begun moving the library archive to the second floor and relocating the second floor staff to the first floor. This was to consolidate the occupied space and free up the additional space in a format that would be suitable for an alternative use, if one could be found.

In July 2012 the Commission wrote to the OPW seeking assistance and advice in identifying any other State body in need of accommodation who might make use of our extra capacity and offering to relocate to another smaller premises releasing our accommodation for use by a larger body if one could be found. The OPW conducted a site visit to assess suitability of premises and also removed excess stored furniture from second floor as part of getting ready to sub-let. The OPW advised that there were many bodies in a similar situation (with excess space due to reductions in numbers of staff, merging with other bodies etc. where leases are already in place) and that for this reason there was considerable excess accommodation and it might be difficult to find a tenant.

¹ a figure of €116,000 for Service Charge was used in the 2011 Financial Statements but the balance of €16,000 was refunded by the landlord during 2012 bringing the actual cost back to €100,000 for the 2011 year.

Around this time the Commission also agreed (with Philip Hamell) to provide accommodation for the Constitutional Convention but this was not taken up as other accommodation for that body was found elsewhere.

In September 2012 another meeting was held with the landlord to seek rent reductions. The landlord again refused but offered a further reduction of €10,000 in service charge for 2012.

In November 2012 the Commissioner wrote to the Audit Committee outlining steps taken to date and undertaking to pursue all possible measures to reduce these costs in the future.

By the end of 2012 the Commission had 19 staff plus the President and four Commissioners all of whom were accommodated on the first floor. Part of the second floor was in use for the library archive and the remainder was ready for letting. The second floor was advertised on the OPW database of available accommodation. The total rent plus service charge in 2012 was €520,000² (a reduction of €30,000 compared to 2011 and €71,000 compared to the 2009 figure as set out in the lease).

The second floor and facilities were given by the Commission to the Magdalen Laundries Redress Scheme (who were seeking accommodation but had no funds to pay rent or service charge) from the beginning of March until the end of June 2013. Although no saving was achieved for the Commission in its rent and service charges there was an overall saving to the State. The total rent plus service charge in 2013 was €520,000 which was the same as 2012, being €71,000 less than 2009 figure.

Under the ECF, staff numbers in the Commission were reduced to 18 by the end of 2013 plus the President and four Commissioners.

In October 2013 discussions began with Rebo (the Credit Unions Restructuring Board, an agency of the Department of Finance) who were interested in subletting part of the second floor. The Commission was advised in this by the OPW and solicitor services were provided by the CSSO. Heads of terms for a sub-lease arrangement were agreed in December 2013.

The sub-lease is being signed today by Rebo for three years beginning 18 March 2014. Rebo will pay €16 per square foot rent (which is current full market rent as advised by OPW) for half of the floor, all of the service charge for the second floor and for eight car park spaces at €2,500 per annum each. The total payable by Rebo annually for the three years of the sub lease will be approximately €121,000 per annum. The total cost (to the Commission) of rent plus service charge annually under new arrangement is expected to be €399,000 for the next three years with nine months remaining on the Commission's head lease after Rebo's sub lease expires. This annual figure represents a reduction of €192,000 per annum when compared to the 2009 figure. This new arrangement will mean that full use is made of all of the space rented by the Commission for the period of the sub-lease.

The Commission remains committed to reducing its expenditure on office accommodation to the minimum achievable. The Commission would also be prepared to relocate to other premises if that

² This figure adjusted to exclude the €16,000 refund received in 2012 in respect of service charge in 2011 as mentioned above (Figure in the 2012 Financial Statement includes the refund)

is achievable. We will continue to work with the OPW to seek the best possible solutions for management of our leased accommodation.

Yours sincerely



Finola Flanagan
Commissioner.