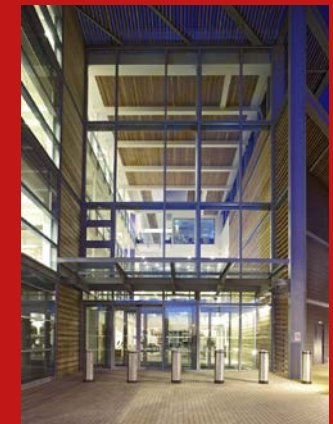




Llywodraeth Cymru
Welsh Government

State of the Estate

The efficiency and environmental performance of the Welsh Government administrative estate 2019-2020



Contents

1. Introduction	3
1.1 Location Strategy 2015-2020	3
1.2 The Administrative Estate	4
2. Estate Performance	5
2.1 Efficiency	5
2.2 Size and Running Costs	6
2.3 Environmental Efficiency	7
2.4 Display Energy Certificates	8
2.5 Environmental Performance	9
3. Looking Forward	10



1. Introduction

As a departure from previous reports, this 2019-20 State of the Estate highlight report is confined to the key performance measures for the final year of the 2015-2020 Location Strategy. In addition to comparing 2019-20 with the previous reporting year, it includes reference to the position at the beginning of the Strategy period.

The Administrative Estate is of critical strategic and operational importance and underpins the delivery of Welsh Government business. Optimising building efficiencies and providing the right working environment improves productivity and ensures resources are directed where they are needed – delivery of core Government aims for a more prosperous, environmentally robust and equal Wales.

The 2015-20 Strategy builds upon the significant successes of the previous two strategies. The cost of the administrative estate has

reduced, size has reduced, carbon emissions have substantially reduced, biodiversity has been enhanced and the overall quality of the estate improved, with the majority of workspace transformed.

There have been many challenges during this strategy period, ending with flooding of two office sites following Storm Denis, Bedwas and Treforest, and a global pandemic. These unforeseen events have delayed the closure of Plas Carew. The impact of the pandemic on the way we work has also introduced particular challenges that will shape the nature and form of the administrative estate for 2020-2025 and beyond.

Key data is set out in the following text, with more detailed breakdown of the headline figures in the Appendices.

1.1 Location Strategy 2015-2020

The 2015-20 Strategy set out the following priorities:

- a dispersed estate in the right locations, comprising fewer buildings, substantially improved in both quality and performance;
- modern, flexible, supportive working environments with the right technology to enable staff to work efficiently;
- reduced operating costs reflecting increasing financial challenges;
- a rationalised office estate of 15 core and operational offices comprising less than 70,000 sq m of office accommodation.

Delivery of these priorities is supported by a number of guiding principles, primarily that the estate should meet Welsh Government business and policy requirements and provide efficient, safe, healthy and environmentally sustainable working environments.

This highlight report summarises the key efficiency and environmental performance data and highlights progress through the strategy period against:

- Size and running cost of the estate:
 - Rent¹
 - Business Rates
 - Other costs
- Workplace efficiency:
 - £ per full time equivalent (FTE) post
 - Square metres (sq m) per FTE
- Energy performance as Display Energy Certificate (DEC).
- Environmental performance for CO₂ emissions; waste generation and recycling and water consumption.

The figures presented in this report provide a snapshot the efficiency of the core operational offices held within the estate as at 31 March 2020.

Specialist properties are excluded from the cost efficiency figures.

Details of specialist properties are shown at Appendix 4.

Previous reports have included overseas offices. Welsh Government overseas offices are now mostly co-located in Foreign and Commonwealth premises.

1.2 The Administrative Estate

The Estate provides modern flexible working and meeting space for 5,405 full time equivalent staff and contractors in 17 core offices, the main hubs being Cathays Park, Cardiff, Rhyd-y-Car, Merthyr Tydfil; Rhodfa Padarn, Aberystwyth and Sarn Mynach, Llandudno Junction. Other offices and premises are located across Wales to ensure a dispersed presence and to ensure that services can be delivered to meet business needs.

Supporting data is set out in Appendices to the report:

- **Appendix 1** Key data for the 17 core offices of the Administrative Estate as at 31 March 2020.
- **Appendix 2** Savings achieved from properties vacated 2015-2020.
- **Appendix 3** Performance Summary 2015-2020.
- **Appendix 4** Performance Summary of Specialist Estate Properties.

¹ Freehold offices are assigned a notional rent. This is reviewed every 5 years in line with the corporate asset valuation, the most recent review being 31 March 2020.

2. Estate Performance

2.1 Efficiency

Overall the Administrative Estate continues to reduce in size. The need to be dispersed across Wales limits the opportunities for further office closures, however where opportunities arise, options to 'right size' are actively considered through development of business cases, investment appraisals and consultation with staff and Trade Union Side.

Opportunities to co-locate, either by sub-letting surplus space or within other public buildings are actively explored, the example of Welsh Government moving into Powys County Hall in Llandrindod Wells now in the final stages of development.

The 2015-2020 Strategy envisaged a number of office closures as part of the estate rationalisation, not all of which have been achieved within the five year period. Policy changes during the strategy period and robust business planning in appraising the options as each opportunity arose, have resulted in a larger residual estate than originally envisaged. This has had a consequential impact on floor area and cost targets. A rental revaluation of the freehold estate in 2020 and increases in utility costs have been major factors in not reaching cost targets.

Planned rationalisation, to include the closure of Plas Carew, Nantgarw and rationalisation of the accommodation in Llandrindod Wells, Newtown and Treforest/Pontypridd to a space standard of 5 FTE to 10 workstations and 8 sq m per workstation will have a positive impact on the space efficiency of the estate, with consequential benefits in running costs.

The performance of the Welsh Government administrative estate continues to compare favourably against both the UK Government estate and the private sector in terms of cost per sq m and cost per FTE, but falls below the space efficiency measure of sq m per FTE². This is largely as a result of the dispersed nature of the estate.

Although not all targets have been achieved, there have been considerable improvements in environmental performance. The impact of flooding and COVID-19 have prevented the reduction in the number of buildings, but this target will be achieved in the 2020-21 financial year.

The key performance figures for the estate as a whole, are set out below. An analysis by building can be found at Appendix A.

2.2 Size and Running Costs

	31 March 2015	31 March 2019	31 March 2020	Change (2019-20)	2020 Target
State of the Estate					
Total Area of Estate sq m	82,295	76,836	76,181	0.85 %	70,000
Number of Properties	25	18	17	-1	16
Cost of Estate (million)	£18.136	£17.920	£20.42	13.95%	£15.5 ³
Efficiency					
Cost per FTE	£3,285	£3,428	£3,778	10.21%	£2,679
Cost per sq m	£212.4	£233.22	£268.04	14.93%	£221
Sq m per FTE	15.5	14.7	14.1	-4.1%	12

³ Neither target nor cost figures have been adjusted for inflation.

2.3 Environmental Efficiency

The estate has performed well in terms of environmental efficiency, investments in technology and behaviour change delivering significant positive reductions in carbon, waste and water (Figure 1).

Potential future investments have been identified to enable the estate to contribute further to a zero carbon public sector by 2030.

Estate Wide

- Increasing building energy efficiency via capital projects and optimisation
- Internet based metering, monitoring and targeting
- Pipework, flange and valve
- Revised Building Temperature Policy
- Instantaneous electrically heated taps
- Waterless urinals at various sites
- Frequent building surveys



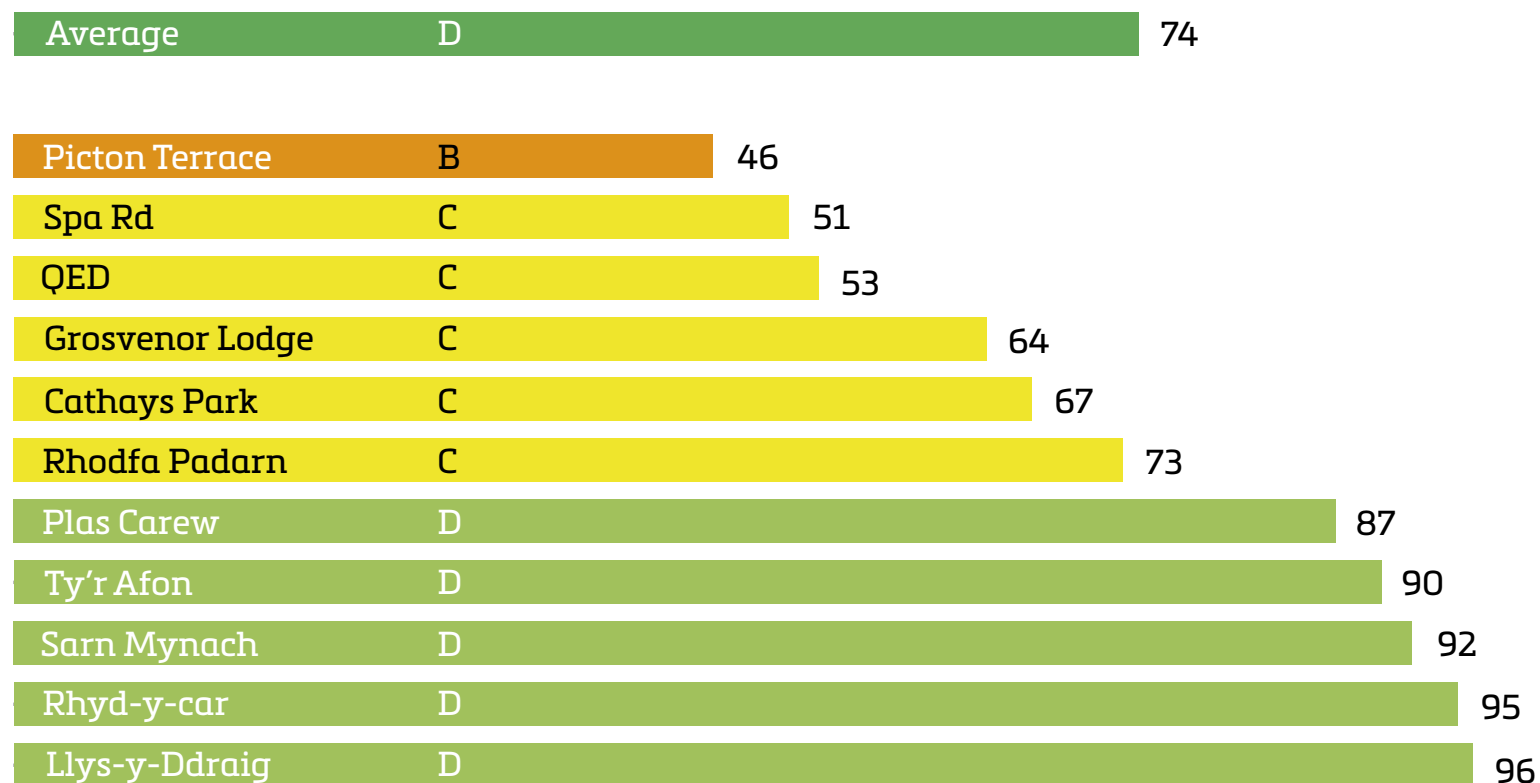
Figure 1: Carbon Management in the Administrative Estate

Carbon Management across the Welsh Government Administrative Estate



2.4 Display Energy Certificates

Site DEC Performance 2019-2020



The average DEC rating has improved by 3 points since 2018-19. All offices performed better than the average for their type and size, with 7 out of 11 showing improvements since March 2019.

2.5 Environmental Performance

	31 March 2015	31 March 2019	31 March 2020	% Change (2019-20)	2020 Target	Achieved 2015-2020
Total Emissions (t CO ₂)	8,498	4,236	3,713	12.34		
Electricity (t CO ₂)	7,185	3,193	2,647	17.09	-30% from 2010-11 baseline	-56%
Gas (t CO ₂)	1,313	1,043	1,066	-2.2		
Total waste (tonnes)	500	372	284	23.66	Decrease 0.5% p.a.	-43%
Landfill (% total)	25	1	1		Increase to 80%	82%
Recycling (% total)	75	88	82	-6.81		
Water (m ³ / person/year)	8.3	6.2	5.6	9.67	6 m ³ per person at key sites	5.6 m ³

The estate has maintained or improved environmental performance across 6 out of 8 categories.

The 2020 carbon reduction target of 30% has been surpassed: emissions have been reduced by 70% since the baseline year of 2010-11. Emissions have reduced by 523 tonnes of CO₂ t in the twelve months to March 2020 and by 56% over the Strategy period.

3. Looking Forward

This highlight report takes place at the end of an eventful year. Unprecedented weather and the pandemic have challenged the way we work, which will undoubtedly have an impact on the future size, shape and use of the operational estate.

Significant improvements have been made in the efficiency of the estate from the reduction in the number of buildings. Opportunities to continue to make improvements in the future will be largely dependent upon increasing the utilisation of those retained buildings.

Welsh Government is now setting a new path forward through the development of a new workplace strategy for the post-pandemic landscape. One that will embed a permanent change in working pattern with more staff working either from home or remotely. A new framework of high-level principles that will be used to shape future estate plans.

However as this shift in working model replicated across the public sector, the reality is that there is likely to be a greater amount of underutilised space across the public estate. This will increase the challenges in improving efficiency.

These factors do, however, present an opportunity to consider a different set of indicators that fully reflect its effectiveness in addition to the ever important efficiency measures.

Appendix 1: Core Property Data 2019-20

Address	WG Total Freehold Ownership NIA	NIA sq m	Snowdrop Staff 2019 (inc contractors using WG space)	Snowdrop sq m. per staff	Desk Ratio	Tenure	Annual O/G Ex Rent & Rates	Rates Paid 2019	Rent*
CP1 and CP2 Cathays Park, Cardiff	37,923	37,696	2641.6	14	1.00	○	£4,719,417	£1,249,597	£3,430,000
Part Second/Part 5th Floor, Ty Hywel, Cardiff Bay	1,792	1,792	127.4	14	1.34	■	£54,917	£0	£0
Ty'r Afon, Bedwas Road, Bedwas, Caerphilly	2,907	2,486	148.2	17	1.67	■	£306,780	£125,981	£374,490
Rhyd-y-Car, Merthyr Tydfil	6,097	6,097	544.2	11	1.06	○	£1,151,841	£260,370	£825,000
Plas Carew, Nantgarw (Units 5/7)		1,950	77	25	1.91	■	£204,348	£106,252	£327,194
QED Centre, Treforest Industrial Estate, Pontypridd		3,763	319.1	12	1.35	■	£504,403	£169,359	£275,000
Crown Buildings, Picton Terrace, Carmarthen	3,791	3,209	261.2	12	0.93	○	£263,439	£121,818	£262,400
Havenshead BP, Milford Haven		155	21.6	7	0.83	■	£12,754	£6,970	£16,800
Llys-y-Ddraig, Penllergaer Business Park, Swansea	1,792	1,713	290.1	6	0.79	○	£290,088	£75,931	£148,180
Rhodfa Padarn, Aberystwyth	6,262	5,781	259.4	22	1.50	○	£1,021,427	£257,314	£591,400
Crown Building, Spa Road East, Llandrindod Wells	2,672	2,346	102.1	23	1.57	○	£202,188	£50,656	£145,000
Ladywell House, Newtown		1,495	67.2	22	1.44	○	£196,439	£44,973	£150,900
Timekeepers Office, Holyhead		55	7.6	7	1.05	■	£4,154	£0	£5,000

Address	WG Total Freehold Ownership NIA	NIA sq m	Snowdrop Staff 2019 (inc contractors using WG space)	Snowdrop sq m. per staff	Desk Ratio	Tenure	Annual O/G Ex Rent & Rates	Rates Paid 2019	Rent*
Sarn Mynach, Llandudno Junction	7,105	6,139	405.4	15	1.06	○	£1,095,075	£319,488	£627,750
1 Grosvenor Lodge, Grosvenor Road, Wrexham		318	13.8	23	1.75	■	£41,626	£13,282	£40,800
Suites 5, 7 & 8 Block A, Victoria Dock, Caernarfon		738	78.7	9	1.02	■	£85,811	£48,655	£76,200
Ground floor, Unit 2 Oak House, Celtic Springs Business Park, Newport		448	40.2	11	0.77	■	£28,864	£25,906	£63,600

○ Freehold ■ Leasehold

Freehold and long leasehold properties are shown as notional rents. Rents relate to the floor area occupied by Welsh Government.

* All figures include VAT, where payable.

Appendix 2: Location Strategy Savings

Savings Achieved from Properties Vacated 2015-2020

	Date Vacated	Total Estimated Savings 2015-16	Total Estimated Savings 2016-17	Total Estimated Savings 2017-18	Total Estimated Savings 2018-19	Total Estimated Savings 2019-20	Total Estimated Savings 2020-21	5 Year Total
Wynchway House, Haverfordwest	01/02/16	£21,861	£131,168	£131,168	£131,168	£131,168	£131,168	£677,701
Arran Road, Dolgellau	31/03/16	-	£7,073	£7,073	£7,073	£7,073	£7,073	£35,365
National Park, Penrhyndeudraeth	31/03/16	-	£29,094	£29,094	£29,094	£29,094	£29,094	£145,470
Brecon House, Caerphilly	31/05/17	-	-	£106,280	£127,606	£127,606	£127,606	£489,098
Tyr Llyn, Swansea	23/06/17	-	-	£371,811	£481,245	£481,245	£481,245	£1,815,546
Old Vicarage, Holyhead	12/01/18	-	-	£7,110	£33,271	£33,271	£33,271	£107,373
Hill House, Picton Terrace, Carmarthen	01/04/18	-	-	-	£139,078	£139,078	£139,078	£417,234
Bocam Park, Bridgend	22/06/18	-	-	-	£92,863	£119,770	£119,770	£332,403
Crown Buildings, North Penrallt, Caernarfon	27/07/18	-	-	-	£242,337	£356,666	£356,666	£955,669
Clarence House, Newport	30/05/19	-	-	-	-	£79,381	£94,999	£174,380
Southgate House, Cardiff	19/09/19	-	-	-	-	£87,042	£163,766	£250,808
Total Savings		£21,861	£167,335	£652,536	£1,283,735	£1,591,394	£1,684,186	£5,401,047

Appendix 3: Performance Summary 2015-2020

	31 March 2015	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020
State of the Estate						
Total Area of Estate sq m	82,295	81,888	82,275	80,325	76,836	76,181
Number of Properties	25	22	22	20	18	17
Cost of Estate £ million	£18.136	£17.428	£18.417	£18.477	£17.920	£20.420
Rent £ million	£5.849	£5.835	£5.891	£5.600	£5.328	£7.360
Rates £ million	£2.721	£2.771	£2.785	£2.810	£2.863	£2.877
Other £ million	£9.564	£8.821	£9.740	£10.067	£9.729	£10.183
Vacant Space	-	-	-	-	-	-
Efficiency						
Cost per FTE	£3,139	£3,229	£3,380	£3,576	£3,428	£3,778
Cost Efficiency £ per sq m	£220.37	£212.82	£223.85	£230.02	£233.22	£268.04
Rent £ per sq m	£71.08	£71.26	£71.26	£69.71	£69.34	£96.60
Rates £ per sq m	£33.07	£33.84	£33.85	£34.98	£37.26	£37.76
Other £ per sq m	£116.23	£107.72	£118.39	£125.33	£126.62	£133.68
Space Efficiency sq m per FTE	14.2	15.2	15.1	15.5	14.7	14.1
sq m per Workstation	11.46	11.95	12.21	12.63	12.91	12.85
Workstations per FTE	1.24	1.27	1.24	1.23	1.14	1.1

	31 March 2015	31 March 2016	31 March 2017	31 March 2018	31 March 2019	31 March 2020
Environmental Performance						
Total Emissions (t CO ₂)	8,498	6,939	6,259	5,376	4,236	3,713
Electricity (t CO ₂)	7,185	5,863	5,193	4,259	3,193	2,647
Gas (t CO ₂)	1,313	1,076	1,066	1,117	1,043	1,066
Total Waste Arising (Tonnes)	500	498	553	350	372	284
Landfill (% of total)	25	22	18.5	12	1	1
Recycling (% of total)	75	78	81.5	88	88	82
Waste to Energy (% of total)	-	-	-	-	11	17
Water (CU.M/person/yr)	8.3	8	7.1	6.3	6.2	5.6

* Figures include oil & LPG consumption

Appendix 4: Properties Outside the Scope of the Report – Specialist Estate

Address	Reason for Exclusion	Floor Area sq m NIA	Total Annual Cost 2016-2017	Total Annual Cost 2017-2018	Total Annual Cost 2018-2019	Total Annual Cost 2019-2020
25 Victoria Street, Westminster	Office located outside Wales	304	£334,994	£479,844	£435,749	£358,403
31/33 Newport Road, Cardiff	Specialist Use	172	£155,713	£162,317	£185,413	£107,725
Specialist Facility, Caldicot	Specialist Use	N/A	£523,807	£768,651	£544,002	£597,208
Llandough Trading Estate, Cardiff (Unit 22)	Specialist Use	615	£134,183	£138,497	£106,170	£93,939
Traffic Management Centre, Coryton, Cardiff	Specialist Use (traffic)	763	£230,799	£236,951	£298,460	£174,748
Traffic Management Centre, Morfa BP, Ffordd Sam Pari, Morfa	Specialist Use (traffic)	1,128	£165,272	£190,144	£179,382	£127,542
Plt 233, Pavilion Royal Welsh Showground, Builth Wells	Specialist Use (Pavilion)	220	£50,600	£74,932	£69,050	£47,438
Rural Affairs Specialised Accommodation, Carmarthenshire	Specialist Use	452	£49,592	£34,123	£36,957	£36,104