



Llywodraeth Cymru
Welsh Government

State of the Estate

The efficiency and environmental performance of the
Welsh Government administrative estate 2018-19



Foreword



Rebecca Evans

This year's annual review of the administrative estate takes place against a backdrop of continuing austerity and budgets which remain under pressure. Despite these constraints, there have been a number of positive achievements to report in respect of both costs and environmental performance.

The need to strengthen our resilience means that we cannot ignore the cost of running our office estate, and despite inflationary pressures we have reduced the headline cost by just under 3%. The cost per member of staff compares favourably against the equivalent UK Government benchmark.

Our efforts to reduce the cost of running the estate must also take account of our promises to tackle poverty, deliver against the Economic Action Plan, and reduce environmental impact. Maintaining a dispersed estate contributes to local employment opportunities and economic activity across Welsh communities as well as delivering accessible public services.

I am particularly pleased that the administrative estate has made significant positive progress in reducing energy consumption. CO₂ emissions have again reduced this year and we have now achieved a 66% reduction from the 2010-11 base level, against a target of 30%. The proportion of waste sent for recycling was 88% with 11% used for energy production, reducing landfill to less than 1%. Improvements have been achieved in six out of eight benchmarks for energy efficiency during the year.

The rationalisation of the estate in Caernarfon is a good example of how we are delivering against these objectives, demonstrating how our investments in the workplace are improving the client and staff experience as well as reducing costs. Relocation into modern offices has also released a valuable asset that will be redeveloped as part of the regeneration of Caernarfon town centre. Investment in the fabric of the estate, as demonstrated by the refurbishment of our Carmarthen office, also contributes directly to energy efficiency. Improving biodiversity across the estate remains a priority and this report highlights some notable achievements in this regard.

We are facing many challenges and uncertainties as we enter the final years of the 2015-2020 Location Strategy, and there will be more challenges and uncertainties ahead as we look further into the future. Although we will be able to make further reductions in the size of our own estate to reduce our own overheads, we need to innovate and work in collaboration with the wider public sector to ensure that, collectively, we use our resources to best effect for the people of Wales.

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1. Introduction

1.1 About this Report

This is the 11th annual Welsh Government State of the Estate report. It provides an assessment of the efficiency and environmental performance of the administrative estate during 2018-19 against key performance indicators (KPIs), historic performance, comparable public sector organisations and the targets and objectives set in the 2015-2020 Location Strategy.

The overarching aim of the Location Strategy is to provide a high quality, cost effective and sustainable estate, in the right locations to support the business operations of the Welsh Government.

The Strategy identifies the following priorities for 2015-2020:

- 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; and
- a rationalised office estate of 15 core and operational offices comprising less than 70,000 sq m of office accommodation.

Guiding principles serve as the main strategic objectives underpinning these aims, which includes:

- Support for Welsh Government primary business needs and policies. The Location Strategy will maintain the Government's commitment to be located across Wales ensuring an appropriate distribution of presence and employment nationally.

- Optimise the efficiency of the estate making the best use of a key Government asset; delivering reductions in operating costs and helping direct resource to the delivery of the Government's front-line national strategy for a more prosperous Wales.
- Provision of workplaces that provide safe, healthy environments that contribute to staff well-being.
- Provision of the right workspaces and facilities for staff to improve overall business efficiency and productivity toward the delivery of Welsh Government core objectives.
- Building on past successes, the estate will continue to be managed in an environmentally sustainable way helping to combat climate change through an integrated and ambitious environmental management strategy, that will further reduce environmental impacts and improve biodiversity.
- Achieve full utilisation of retained sites and minimise surplus space remain intrinsic to the aims of the Location Strategy.
- Continue to adopt an average space ratio of 8 workstations per 10 staff (8:10) or better.

Key challenges include maximising utilisation and improving environmental performance whilst delivering significant operational savings and enhanced operational effectiveness across the whole of Wales.

The Well-being of Future Generations (Wales) Act 2015 requires that the Welsh Government's actions meet present day needs without compromising the needs of future generations.

Public bodies are required to contribute to seven well-being goals, aimed at creating:

- a prosperous Wales
- a healthier Wales
- a more equal Wales
- a Wales of cohesive communities
- a Wales of vibrant culture
- a thriving Welsh language
- a globally responsive Wales.

The National Strategy, 'Prosperity for All', specifically aims to provide the right support for people and businesses; address regional inequalities; promote fair work and the decarbonisation of public services. There is also a firm commitment to co-location of public services. The administrative estate contributes directly to these objectives by supporting regional employment; enabling effective services from a dispersed presence, and through the provision of modern working environments and flexible working policies.

Annual reviews of the Location Strategy by the Administrative Property Strategy Group¹, ensures it continues to align with business need and can respond quickly to change. A key component to the strategy is rationalisation: the closure of offices, following consultation, and where appropriate to business needs. Savings achieved are redirected to improving the remaining estate and supporting the delivery of public services.

Ongoing reviews of regional need have been undertaken in 2018-19 and continue to take place. Consolidation is planned in Mid Wales (Powys) which will see retention of offices in both Newtown and Llandrindod Wells. These projects will be completed in 2020-2021 and will release a site for redevelopment as a contribution to wider economic and housing policies.

The process of developing the next iteration of the Location Strategy will commence in 2019. This will draw from the findings of a review of the 2015-2020 Strategy.

The remainder of this section of the report provides an overview of the estate in terms of efficiency, environmental performance, KPIs and concludes with a summary of the financial and environmental performance of the estate in 2018-19.

Section 2 looks in detail at the size of the estate. Section 3 considers the costs of operating the estate, supported by the data at Appendix 1. The overall efficiency of the estate is contained within Section 4 and Section 5 gives a more detailed view of environmental performance. Section 6 provides a forward look to 2018-19. The report concludes with a Section 7, which reports on the overseas presence of the Welsh Government.

Two case studies are included at Appendices 5 and 6 to demonstrate how some of the key objectives have been realised over the reporting period.

¹ The Administrative Property Strategy Group (APSG) provides the critical mechanism for shaping and reviewing estate strategy against the Welsh Government's developing business needs. The Group acts both in an advisory role and as a clearing house for all new accommodation proposals. The process of channelling property aspirations via APSG ensures consistency, policy alignment and best value.

1.2 Overview

a) Efficiency

This report focuses on the 18 core offices across Wales held within the Welsh Government's administrative estate, as at 31st March 2019.

An additional 8 specialist properties, which include stores, traffic management centres and the pavilion at the Royal Welsh Showground, are excluded from the cost and efficiency analysis in this report. Appendix 7 provides details of the size and annual cost of these properties.²

The 21 Welsh Government overseas properties are excluded from the analysis contained in this report. Section 7 provides an overview of the overseas estate and summarises the costs of these properties.

The core administrative estate accommodates a workforce of 5,219³ full time equivalent (FTE) staff and contractors in 18 offices with a total floor area of 76,836 sq m.

The number of FTEs has increased by 52 since March 2018 (1%).

The cost of running the estate in 2018-19 was £17.920m: a reduction of £557,000 since 2017-18. Appendix 1 sets out key property data for these offices.

The current Location Strategy aims to reduce the office space occupied to less than 70,000 sq m by 31 March 2020, delivering estimated gross savings of between £3.0m and £3.5m and running cost savings of circa £2.5m per annum after 2020⁴.

Investment in preventative spending and more agile ways of working are expected to contribute to future cost efficiencies. New leasehold offices at Victoria Dock, Caernarfon, acquired during 2018, enabled staff to relocate from outdated offices in nearby North Penrallt. This has reduced both floor area occupied and cost per FTE, and has provided a high quality working environment for Welsh Government staff. Both former sub-tenants remained within the town centre, DEFRA taking the opportunity to co-locate with Gwynedd County Council.

b) Tackling Climate Change and Environmental Performance

The Welsh Government sets a high standard of environmental performance for the public sector in Wales. The Environment (Wales) Act 2016 sets out an over-arching minimum of 80% reduction in CO₂ emissions by 2050. As at 31 March 2019 a reduction of 66% had been achieved from the baseline year of 2010-11. Water consumption per FTE has reduced by 1.6% and carbon emissions from gas and electricity by 21.2% over the period covered by this report. The amount of waste produced increased by 6.3%, however 88% was recycled, 11% sent for energy generation and the amount sent to landfill reduced to 1%.

Reducing environmental impact remains a priority and the aim is to continue to ensure that the estate operates in an increasingly sustainable and efficient manner.

² Carbon figures relating to overseas properties are included in Section 5.

³ The hours worked by part-time staff are combined to obtain an equivalent number of full time jobs.

⁴ These figures ignore the effect of inflation.

1.3 Measuring Performance

Our estate performance is measured against a set of Key Performance Indicators (KPIs):

- changes in the overall size and the total running cost of the estate;
- improvements to workspace efficiency expressed as £ per FTE;
- the use of occupied space expressed as sq m per FTE;
- Display Energy Certification (DEC) rating; and
- environmental performance against objectives and targets for CO₂ emissions, waste generation, waste recycling and water consumption.

1.4 Summary of Performance

The following table shows performance in 2018-19 against the previous year and the 2020 targets⁵. There have been improvements in two important KPIs, namely cost per FTE and space efficiency. These improvements are primarily due to the reduction in the space occupied in Caernarfon, and Bridgend.

Environmental performance remains strong, with improvements against all KPIs apart from the amount of waste produced. The ability to send waste for energy production has helped to reduce the amount sent to landfill.

Summary of Performance: The Headline Data and Key Performance Indicators for the Welsh Government administrative estate

| | 31st March 2018 | 31st March 2019 | % Change | Rating | 2020 Targets |
|----------------------------|-----------------|-----------------|----------|--------|--------------|
| State of the Estate | | | | | |
| Total Area of Estate sq m | 80,325 | 76,836 | 4.36% | | 70,000 |
| Number of Properties | 20 | 18 | 10.00% | | 16 |
| Cost of Estate £ | 18.477m | 17.920m | 2.99% | | 15.5m |
| Rent £ | 5,600m | 5.328m | 4.86% | | 4.7m |
| Rates £ | 2.810m | 2.863m | 1.89% | | 2.6m |
| Other £ | 10.067m | 9.729m | 3.35% | | 8.2m |

Improvement Deterioration

⁵ The targets were set at the beginning of the 2015-2020 Strategy period. There has been no adjustment to targets or performance figures to account for inflation.

| | 31st March 2018 | 31st March 2019 | % Change | Rating | 2020 Targets |
|--------------------------------------|--------------------|--------------------|----------|--------|--|
| Efficiency | | | | | |
| Cost per FTE | £3,576 | £3,428 | 4.1% | ○ | £2,696 |
| Cost Efficiency – £ per sq m | 230.02 | 233.22 | 1.4% | ▲ | 221 |
| Rent £ per sq m | 69.71 | 69.34 | 0.5% | ○ | 68 |
| Rates £ per sq m | 34.98 | 37.26 | 6.55% | ▲ | 37 |
| Other £ per sq m | 125.33 | 126.62 | 1.05% | ▲ | 118 |
| Space Efficiency – sq m per FTE | 15.5 | 14.7 | 5.16% | ○ | 12 |
| Sq m per workstation | 12.63 | 12.91 | 2.22% | ▲ | 11 |
| Workstations per FTE | 1.23 | 1.14 | 7.32% | ○ | 1 |
| Environmental Performance | | | | | |
| Total Emissions (t CO ₂) | 5,376 | 4,236 | 21.20% | ○ | Reduce by 30% by 2020 on a 2010-11 baseline |
| Electricity (t CO ₂) | 4,259 | 3,193 | 25.00% | ○ | |
| Gas (t CO ₂) | 1,117 | 1,043 | 6.60% | ○ | |
| Total Waste Arising (Tonnes) | 350 | 372 | 6.30% | ▲ | Decrease by 1.5% per annum |
| Landfill (% of total) | 12 | 1 | 91.67% | ○ | Increase recycling to 80% |
| Waste to Energy (% of total) | - | 11 | - | ○ | |
| Recycling (% of total) | 88 | 88 | 0.00% | ■ | |
| Water (CU.M/person/yr) | 6.3 | 6.2 | 1.60% | ○ | 6m ³ per person per annum at key sites |

○ Improvement ▲ Deterioration ■ No Change

Appendix 4 sets out a summary of the performance of the Estate from 2014 to 31 March 2019.

2. Size of the Estate

2.1 Total Floor Area

The core space occupied by Welsh Government has decreased by 3,489 sq m to 76,836 sq m over the 12 months to 31 March 2019.

The decrease is partly attributable to minor changes in the space let to other public bodies, but mainly due to the following larger properties becoming surplus:

- Hill House, Carmarthen (612 sq m)⁶.
- Bocam Park, Bridgend (329.5 sq m).
- Two floors at Picton Terrace, Carmarthen (582 sq m).
- North Penrallt, Caernarfon (2,546 sq m).

The vacant space at Picton Terrace is currently on the market to let. North Penrallt is under offer and, subject to planning permission, will be redeveloped for residential use. 738 sq m of modern office space at Victoria Dock, Caernarfon has been leased to accommodate staff from North Penrallt.

2019-2020 will see the closure of Southgate House, Cardiff (371 sq m), Clarence House,

Newport (311 sq m) and Plas Carew, Nantgarw (1,950 sq m).

New premises have been taken at Oak House, Newport (447.5 sq m) to replace Clarence House. This will accommodate the staff currently located at Clarence House and the Welsh Tribunal operation currently located in Southgate House.

The net effect of these closures will be a reduction in space occupied of about 2,184 sq m.

Planned changes in Powys for 2020-21 will see the staff at Spa Road, Llandrindod Wells co-locate with Powys County Council in County Hall and a reduction in the space occupied in Newtown. These moves will see a reduction in the size of the Estate of approximately 1,600 sq m.

Occupied space has fallen from 101,000 sq m in 2008 to 76,836 sq m as at 31st March 2019, a reduction of 24%.

The decision to retain QED, Treforest for the medium term, and the delay in rationalising the estate in Mid Wales (Powys) are key reasons for exceeding the 2020 target of 70,000 sq m.

2.2 Number of Holdings

As at 31st March 2019, the Welsh Government administrative estate in Wales comprised 18 core and operational offices. The closure of Southgate House, Cardiff and Plas Carew, Nantgarw will reduce this to 16 properties.

A summary of core holdings as at 31 March 2019 are set out in Appendix 1 and a regional overview of the estate is included at Appendix 3.

⁶ The costs of Hill House appeared in the 2017-18 State of the Estate report. The property was vacated in July 2017, but not marketed until 2018-19.

3. Costs

The total occupancy cost for the year to 31 March 2019 was £17,920,204, a decrease of £556,337 over the 12 months to 31 March 2018. These costs include actual rents on leasehold properties, notional rents in respect of freehold properties, business rates, other outgoings and VAT. The use of notional rents enables a comparison of the freehold estate with

the leasehold properties and with other public and private sector estates.

The reduction in costs is primarily due to the reduction in space occupied. We have seen a reduction in both rental and other costs. Welsh Government's rates liability has increased by 1.89 % principally due to the increase in the UBR.

3.1 Cost of the Estate

The annual cost of the estate from 2013 to 2018 is shown at Appendix 4. The costs comprise:

- rental commitments and notional rentals in respect of freehold properties;
- rates;
- maintenance costs;
- service charges;
- utility costs;
- security costs; and
- CRC Energy Efficiency Scheme Allowances.

Rental costs have decreased by approximately £272,000 (4.86%) over the reporting period due to Welsh Government vacating space at Bocam Park, Bridgend; Picton Terrace, Carmarthen and North Penrallt, Caernarfon. The 2018-19 costs also reflect the removal of Hill House from the core estate. These reductions have been partly offset by taking new space at Victoria Dock, Caernarfon.

The Uniform Business Rate for the year 2018-19 in Wales was increased from 49.9p to 51.4p. This has resulted in an increase in rates payable of approximately £53,000. The rates liability in relation to the 3 properties vacated was in excess of £90,000.

The cost of other outgoings fell by £338,000 last year. The closure of the offices referred to above contributed to this reduction.

Additional savings in excess of £900,000 can be expected in rent, rates and other outgoings as a result of the closures planned in 2019-20. These will be partially offset by the costs of Oak House, Newport.

| Utilities | 2015-2016 | 2016-17 | 2017-18 | 2018-19 | % Change on previous year |
|---------------|-------------------|-------------------|-------------------|-------------------|---------------------------|
| Water £ | 146,923 | 144,290 | 112,006 | 118,008 | 5.4% |
| Gas £ | 260,380 | 193,364 | 210,426 | 179,655 | -14.6% |
| Electricity £ | 1,421,536 | 1,295,386 | 1,367,249 | 1,267,586 | -7.3% |
| Total | £1,828,839 | £1,663,040 | £1,689,681 | £1,565,249 | -7.4% |

Utility bills have again fallen, by 7.4% overall. Water costs have increased, largely due to the increase in the number of FTEs. Gas and Electricity costs have fallen by 14.6% and 7.3% respectively.

The Carbon Reduction Commitment Energy Efficiency (CRC) Scheme is a mandatory emissions reporting scheme that affects large organisations in both the private and public

sector. It aims to reduce CO₂ emissions through energy efficiency. The Welsh Government purchases 'allowances' for every tonne of carbon emitted as a result of gas and electricity used.

Welsh Government purchased 16,519 allowances in 2018-19, at a total cost of £285,632.

Of these, 4,181 allowances were in respect of the administrative estate at a cost of £72,289 (£17.29 per tonne).



4. Efficiency

The cost efficiency of the estate is an analysis of costs by reference to FTEs, occupied floor area and workstations. A summary of performance against the previous year and 2020 targets is provided at 1.4 and a summary from 2015 to 2019 at Appendix 4.

During 2018-19 overall costs decreased by 4% to £3,428 per FTE, despite inflationary pressures on maintenance. This has been achieved through effective management of estate expenditure and resources and a reduction in floor space of 3,489 sq m.

The space efficiency figure has also improved from 15.1 sq m to 14.7 sq m per FTE, again due to a reduction in the space occupied.

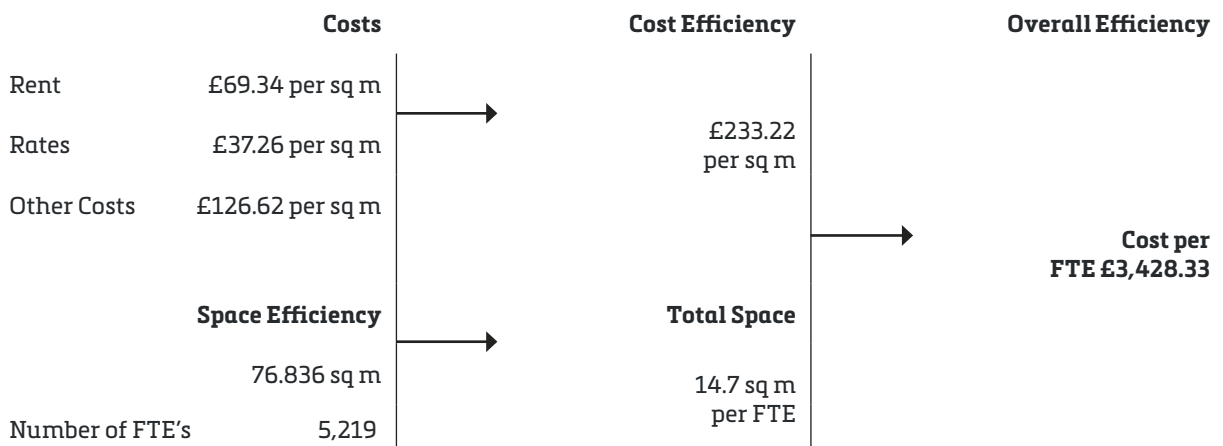
Work continues on the estate rationalisation programme. Confirmed closures of Southgate House, Cardiff and Clarence House, Newport and Plas Carew, Nantgarw will reduce the size of the estate by a net 2,184 sq m^{7 8}.

Further rationalisation projects have commenced with proposals for reducing the size of the estate in both Newtown and Llandrindod Wells.

The Welsh Government administrative estate continues to outperform the UK Government Estate on a number of efficiency measures⁹.

4.1 Benchmarking

The key performance indicators can be summarised as follows:



⁷ Oak House, Newport has replaced Clarence House.

⁸ Based on 2018-19 costs.

⁹ The State of the Estate 2017-18 www.assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766271/CO_State_of_the_Estate_Report_2017-2018.PDF.

4.2 Cost per FTE

There were 5,219 FTEs in 2018-19, an increase of 52. This figure includes Welsh Government employees and contractors. Contractor's staff are included within the overall figure as they support Government business, work within and use Government space in the same way as Welsh Government employees. Accommodating contractors within our offices generates an overall saving, reducing contractors' operating costs and consequently the level of fees paid by Welsh Government.

The Welsh Government estate average cost per FTE was **£3,428 as at 31 March 2019** which represents a reduction of circa 4% from last year. This reduction is primarily due to the savings made from rationalising space occupied.

The most recent corresponding figure for the UK Government estate (2017-18) is £4,553 per FTE¹⁰. Performance of the Welsh Government estate compares very favourably with this figure.

4.3 Cost per Sq M

The average rent currently stands at £69.34 per sq m, a marginal improvement of 37p per sq m on last year.

The rates payable have increased by £2.28 per sq m over the year.

'Other Costs', which includes utilities, maintenance, service charges, insurance etc., have increased by £1.29 per sq m over the year. This increase is due to inflationary pressures on the running costs of the estate.

The average total cost per sq m across the estate as at 31 March 2019 was £233.22 compared to £230.02 in 2018, an increase of 1.4%.

The most recent corresponding figure for the UK Government estate (2017-18) is £486 per sq m. Performance of the Welsh Government estate compares favourably with this figure.

4.4 Space Efficiency

Space efficiency improved by 0.4 sq m (2.7%) to 14.7 sq m per FTE. This was due to office closures in Bridgend and Carmarthen and reducing space in Caernarfon. Further improvements are anticipated next year following planned and potential changes in Cardiff and SE Wales.

Welsh Government continues to lag behind the UK Government estate, which measured 9.4 sq m per FTE in 2017-18. The lower efficiency figure within the Welsh Government estate reflects the strategic aim to maintain regionally dispersed estate across Wales. This limits opportunities to pursue larger economies of scale, but supports wider economic and social policy objectives.

¹⁰ The State of the Estate 2017-18 p34 www.assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766271/CO_State_of_the_Estate_Report_2017-2018.PDF.

4.5 Feedback from our Staff

Welsh Government policy of involving and listening to feedback from staff is embedded within the business improvement programme. This includes an annual survey which provides the opportunity for staff to give feedback on the working environment. 73% of staff participated in the survey and 74% responded positively.



5. Environmental Performance 2018-19

Collaboration and knowledge sharing between Facilities Services, core contractors and other WG colleagues resulted in impressive improvements in environmental performance across 6 out of 8 categories.

The 2020 carbon reduction target of 30% has been surpassed: emissions have been reduced by 66% since the baseline year of 2010-11. Savings of 1,140 tonnes of CO₂ were achieved in 2018-19.

88% of waste was again recycled in 2018-19, with less than 1% sent to landfill. The remainder was utilised for energy recovery. Water consumption fell by 1.6% per person over the reporting period, maintaining the good practice benchmark of 6m³ per person per annum.

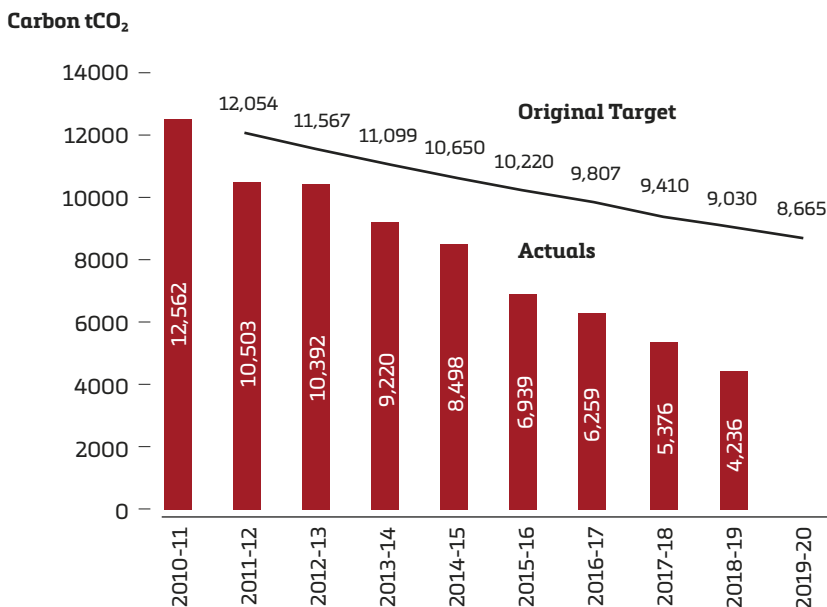
Biodiversity projects on the estate endeavour to support local wildlife through the creation of new habitats and native planting and we now have bee apiaries at 4 of our offices.

5.1 Carbon Management and Reduction

2018-19 carbon emissions amounted to 4,236 CO₂; **a reduction of 1,140t (21%)** compared to 2017-18. Emissions have now

been **reduced by an impressive 8,326t since 2010-11**. The target is to go below 4,000 tonnes by 31 March 2020.

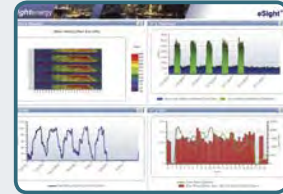
Welsh Government administrative estate Total Carbon



Carbon Management across the Welsh Government Administrative Estate

Estate Wide

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



Rhodfa Padarn, Aberystwyth

- District heating system utilising biomass boiler
- Free cooling from automatic windows
- Mechanical fresh air cooling of server rooms
- Car park solar PV array



Picton Terrace, Carmarthen

- Refurbishment designed for energy efficiency
- Roof mounted Solar PV array



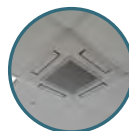
Llys-Y-Ddraig, Swansea

- Roof refurbishment
- Building management system optimisation



Tŷ'r Afon, Bedwas

- Upgraded ventilation and cooling system



Sarn Mynach, Llandudno Junction

- Biomass boiler
- Zone valves for heating system
- Pond water free cooling
- Free cooling from automatic windows
- Mechanical fresh air cooling of server rooms



Rhyd-y-car, Merthyr Tydfil

- Biomass boiler installed
- Air quality monitors and inverter motors for fresh air supply
- LED lighting in stairwells and toilets



Cathays Park, Cardiff

- Re-engineering of heating system
- Building management system upgrade
- Car park ventilation based on CO₂ monitoring
- Night time lighting reduction

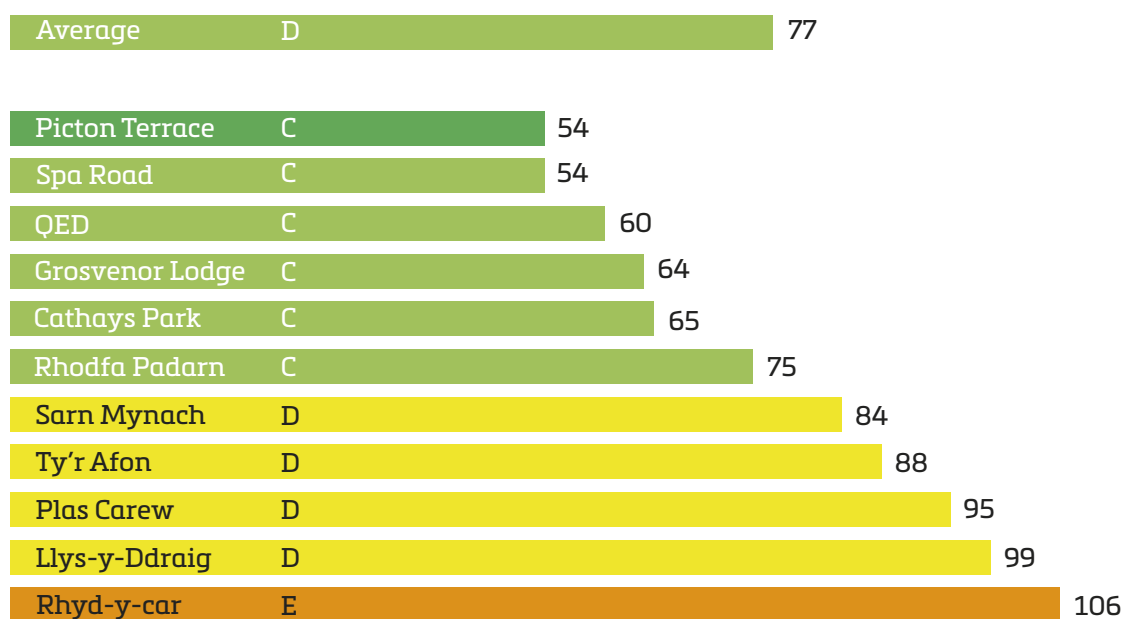


5.2 Display Energy Certification (DEC)

Display Energy Certificates (DEC) are designed to demonstrate the relative energy performance of buildings on a scale of 'A' to 'G' – 'A' being the most efficient. Performance is based on actual

energy consumed over a 12 month period and relates to the size and type of building. Any score below 100 indicates above average performance.

Site DEC Performance 2018-2019



The average rating is unchanged since 2017-18. All offices performed better than the average for their type and size except Rhyd-y-car, Merthyr Tydfil.

- 6 out of 10 offices showed some improvement since 2017-18.
- The lowest performing office Rhyd-y-Car, Merthyr, improved by 4 points since 2017-18 and is expected to improve following the installation of a biomass boiler in 2018-19.

- Picton Terrace dropped a rating. This is as expected, as the site was partially unoccupied during refurbishment in the previous assessment period.

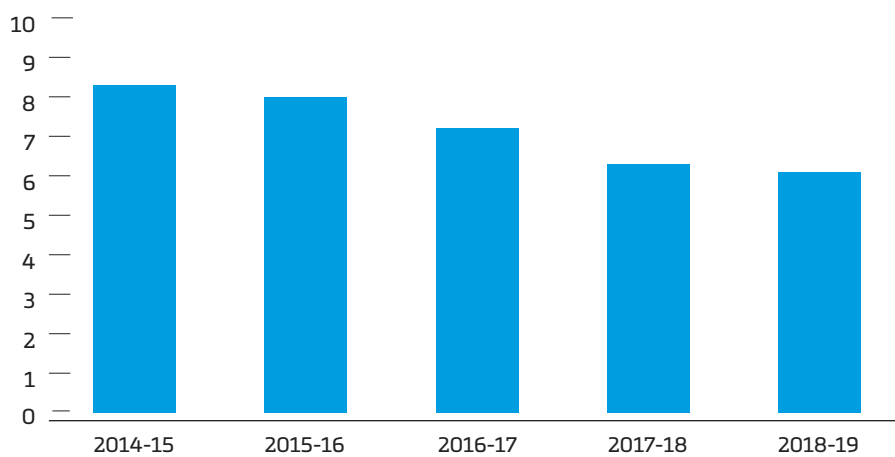
5.3 Water Management

Water consumption increased due to higher numbers of FTEs, but the volume per person **decreased by 1.6%** from 6.3m³ to 6.2m³ over 2018-19. 8 offices **achieved or exceeded the good practice target of 6.0 m³**; Llandudno

Junction **surpassing the best practice target of 4.0m³**.

A water management survey and will be undertaken during 2019-20 and active steps will be taken to further reduce water consumption.

Water Consumption per person – M³



5.4 Waste Management

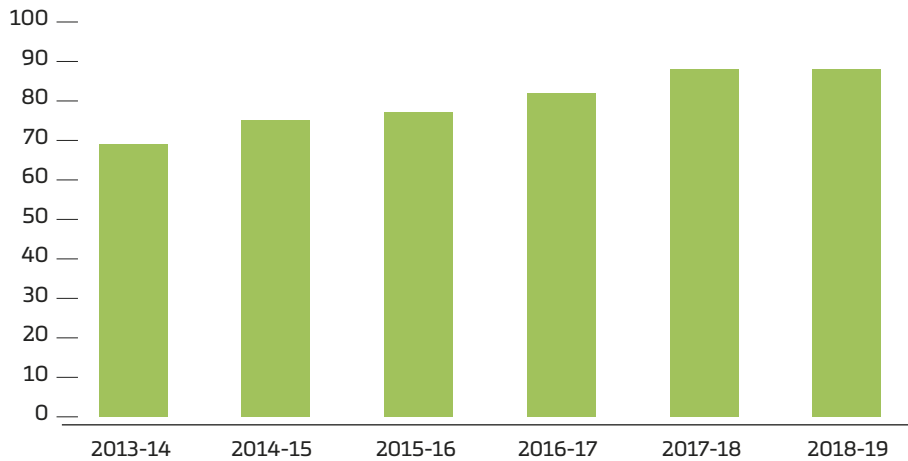
The proportion of waste materials recycled **remained at 88%**, continuing to exceed the 2020 target of 80%. **11% of waste was sent for energy recovery** with less than **1% going to landfill**.

Continuing collaboration with waste management contractors has ensured all materials are processed efficiently. Secondary sorting of waste is undertaken at the 4 main sites enabled the types of waste to be monitored, minimising cross contamination.

Actions taken during 2018-19 to reduce the amount of waste created, particularly plastics, included:

- removal of single use hot drink cups across all catering services;
- introduction of reusable cutlery with the removal of all single-use cutlery items; and
- removal of all straws and single-use pots for take-away food products.

Percentage of Waste Recycled Per Annum



5.5 Enhancing Biodiversity

There have been a number of new measures introduced to protect and enhance local wildlife habitats at all core offices, including a wildflower roof garden and a fourth bee apiary at Cathays Park. A small pond has been installed at Rhyd-y-car, Merthyr Tydfil and bird feeders attract wild birds at many of the sites throughout the year.

Further ongoing actions include:

- reducing the frequency grass is trimmed at various sites;
- creation of hedgehog and insect homes;
- installation of bird and bat boxes;
- use of nature friendly pesticides; and
- nature friendly garden design.

The Facilities Services team continue to work closely with the soft-landscaping contractors and ecologists to build on the actions already taken.

Biodiversity across the Welsh Government administrative Estate



OGL WC32574 © Crown copyright 2018

If you want to find out more email biodiversity@gov.wales

6. Forward Look 2019-20

The penultimate year of the 2015-2020 Location Strategy has seen improvement over the previous year on a number of KPIs and progress continues towards the targets set at the beginning of the Strategy¹¹.

Environmental performance stands out as a success story and the installation of biomass in Merthyr Tydfil is expected to further improve environmental performance. Benefits in terms of efficiency and cost per FTE have also been achieved during the reporting period.

Rationalisation of the Powys estate and the closure of Southgate House, Cardiff and Plas Carew, Nantgarw will help to reduce costs and improve efficiency benchmarks further. Maintaining a dispersed estate limits the extent to which economies of scale can be achieved from fewer buildings, but this approach maintains job opportunities within communities across Wales, supports local economies to help tackle poverty and ensures local access to services.

New offices at Victoria Dock, Caernarfon and Oak House, Newport provide modern high quality working environments, with lessons learned from the refurbishment projects feeding into the work being planned in Newtown and Llandrindod Wells, in Powys.

Plans to identify and deliver collaborative solutions continue, in terms of both co-location and the use of surplus buildings and sites. North Penrallt is an example of a surplus building being used for housing, to meet local need and provide much needed regeneration within Caernarfon Town Centre. Initial marketing of the Dinerth Road site in Rhos-on-Sea¹², now surplus to Welsh Government requirements, has shown

promising interest from a number of public and private sector developers. The site at Spa Road, Llandrindod Wells provides another future opportunity for a variety of policy led housing and regeneration opportunities.

Financial constraints have affected the pace of implementation for the 2019-20 financial year, the effect of which will be a delay to the planned rationalisation of Spa Road, Llandrindod Wells and Ladywell House, Newtown until 2020-21. These projects will, however, ensure staff have a high quality working environment, the relocation of Spa Road into Powys County Hall a good example of collaborative working to the mutual benefit of Welsh Government and the County Council.

¹¹ No adjustments have been made for inflation.

¹² This property has been vacant for some years, but has been occupied by Conwy CCBC until December 2018 when their new offices were completed.

7. Welsh Government Overseas Presence 2018-19

7.1 Role of the Overseas Offices

Welsh Government overseas presence aims to strengthen relationships and connectivity and generate economic benefits and advantage by promoting and protecting Wales' place in the

world. Core activities encompass the promotion of trade and investment; strengthening of government and institutional relationships; tourism; culture and education.

7.2 The Overseas Estate

The overseas network has continued to grow, with new offices established in Berlin, Dusseldorf, Doha and Paris.

Welsh Government now occupies 21 offices located in 11 countries: Belgium; Canada; China; France; Germany; Ireland; India; Japan; Qatar; United Arab Emirates, and the United States of America. 17 offices are now co-located within Foreign and Commonwealth Office (FCO) Embassies, High Commissions or Consulates, strengthening institutional relationships and networking opportunities.

During 2017 the FCO revised the charging mechanism for partners which has resulted in a change to the methodology used by Welsh Government to record charges. There are no full charges for new offices in the first 2 years.

2018-19 is the first year with full year costs for the Tokyo and Mumbai offices. Full charges of opening our Montreal office and costs for the newly opened offices in Berlin, Doha, Dusseldorf and Paris are awaited, and these will be included in 2019-20.

All charges from FCO include a 2.4% increase; while the fluctuating exchange rate has also adversely affected costs.



Overseas Estate, Annual Running Costs (£)

| | 2014-2015 | 2015-2016 | 2016-17 | 2017-18 | 2018-19 |
|---------------|--------------------|--------------------|--------------------|-----------------|-----------------|
| Atlanta | - | 9,000.00 | 9,000.00 | 5,199 | 15,301 |
| Bangalore | 18,000.00 | 18,000.00 | 9,000.00 | 4,308 | 15,301 |
| Beijing | 16,587.86 | 16,661.70 | 17,330.76 | 17,614 | 20,569 |
| Berlin | - | - | - | - | 0 |
| Brussels | 247,951.00 | 231,989.00 | 317,105.00 | 246,378 | 268,000 |
| Chicago | 9,000.00 | 9,000.00 | 9,000.00 | 5,793 | 15,301 |
| Chongqing | 26,780.62 | 29,425.94 | 36,790.17 | 40,418 | 41,573 |
| Doha | - | - | - | - | 0 |
| Dubai | 18,162.74 | 18,000.00 | 18,000.00 | 13,666 | 30,603 |
| Dublin | 9,000.00 | 9,000.00 | 9,765.33 | 14,409 | 15,301 |
| Dusseldorf | - | - | - | - | 0 |
| Montreal | - | - | - | 236 | 252 |
| Mumbai | 25,981.10 | 29,470.72 | 38,133.36 | 273 | 30,603 |
| New Delhi | 9,000.00 | 9,000.00 | 9,000.00 | 3,417 | 15,301 |
| New York | 27,000.00 | 27,000.00 | 18,000.00 | 24,065 | 30,603 |
| Paris | - | - | - | - | 0 |
| San Francisco | 9,000.00 | 9,000.00 | 9,000.00 | 5,496 | 15,301 |
| Shanghai | 31,518.56 | 17,979.31 | 17,464.74 | 18,736 | 20,430 |
| Tokyo | 59,397.35 | 6,139.01 | 5,874.54 | 630 | 53,555 |
| Washington | 18,000.00 | 22,871.81 | 27,000.00 | 34,319 | 45,904 |
| | £525,379.23 | £517,789.49 | £550,463.90 | £434,958 | £663,899 |

Appendix 1: Core Property Data 2018-19

| 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 | 37,904 | 37,696 | 2,499.2 | 15 | 1.06 | ○ | £4,357,680 | £1,221,719 | £1,834,292 |
| Part Second/Part 5th Floor, Ty Hywel, Cardiff Bay | | 1,792 | 119.2 | 15 | 1.43 | ■ | £55,492 | £0 | £0 |
| Southgate House, Cardiff (First Floor) | | 371 | 29.6 | 13 | 1.25 | ■ | £88,615 | £21,151 | £54,000 |
| Ty'r Afon, Bedwas Road, Bedwas, Caerphilly | | 2,486 | 148.2 | 17 | 1.67 | ■ | £255,992 | £121,813 | £373,568 |
| Rhyd-y-Car, Merthyr Tydfil | 6,097 | 6,097 | 564.7 | 11 | 1.02 | ○ | £1,189,945 | £254,430 | £550,000 |
| Plas Carew, Nantgarw (Units 5/7) | | 1,950 | 83.7 | 23 | 1.76 | ■ | £224,769 | £103,828 | £327,194 |
| 3rd Floor, Clarence House, Newport | | 311 | 35.1 | 9 | 0.88 | ■ | £35,295 | £15,035 | £44,669 |
| QED Centre, Treforest Industrial Estate, Pontypridd | | 3,763 | 322.1 | 12 | 1.34 | ■ | £463,742 | £165,495 | £275,000 |
| Picton Terrace, Carmarthen | 3,791 | 3,209 | 234.0 | 14 | 1.06 | ○ | £272,035 | £140,708 | £245,479 |
| Havenshead BP, Milford Haven | | 155 | 20.4 | 8 | 0.88 | ■ | £18,977 | £6,811 | £14,000 |
| Llys-y-Ddraig, Penllergaer Business Park, Swansea | 1,792 | 1,713 | 249.2 | 7 | 0.91 | ○ | £292,267 | £74,193 | £143,535 |

| 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* |
|--|---------------------------------|----------|--|--------------------------|------------|--------|----------------------------|-----------------|----------|
| Rhodfa Padarn, Aberystwyth | 6,612 | 6,151 | 248.9 | 25 | 1.57 | ○ | £949,663 | £253,426 | £501,356 |
| Spa Road East, Llandrindod Wells | 2,672 | 2,350 | 96.0 | 24 | 1.44 | ○ | £223,485 | £47,014 | £141,609 |
| Ladywell House, Newtown | | 1,495 | 67.0 | 22 | 1.51 | ■ | £175,725 | £43,947 | £150,900 |
| Timekeepers Office, Holyhead | | 55 | 9.6 | 6 | 1.67 | ■ | £16,388 | £0 | £5,000 |
| Sarn Mynach, Llandudno Junction | 7,105 | 6,186 | 402.1 | 15 | 1.11 | ○ | £959,111 | £343,693 | £550,389 |
| 1 Grosvenor Lodge, Grosvenor Road, Wrexham | | 318 | 14.1 | 23 | 1.70 | ■ | £35,952 | £12,978 | £40,800 |
| Suites 5, 7 & 8 Block A, Victoria Dock, Caernarfon | | 738 | 76.2 | 10 | 0.80 | ■ | £113,975 | £36,864 | £76,200 |

○ 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 2010-2015

| | Properties Vacated | Total Estimated Savings 2010-11 | Total Estimated Savings 2011-12 | Total Estimated Savings 2012-13 | Total Estimated Savings 2013-14 | Total Estimated Savings 2014-15 | 5 Year Total |
|----------------------|--------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------|
| 2010-11 | 16 | £663,026 | £1,447,305 | £1,447,305 | £1,447,305 | £1,447,305 | £6,452,246 |
| 2011-12 | 9 | | £1,415,623 | £2,003,958 | £2,003,958 | £2,003,958 | £7,427,497 |
| 2012-13 | 7 | | | £856,498 | £1,290,266 | £1,290,266 | £3,437,030 |
| 2013-14 | 8 | | | | £565,130 | £905,270 | £1,470,400 |
| 2014-15 | 4 | | | | | £478,939 | £478,939 |
| Total Savings | 44 | | | | | | £19,266,112 |

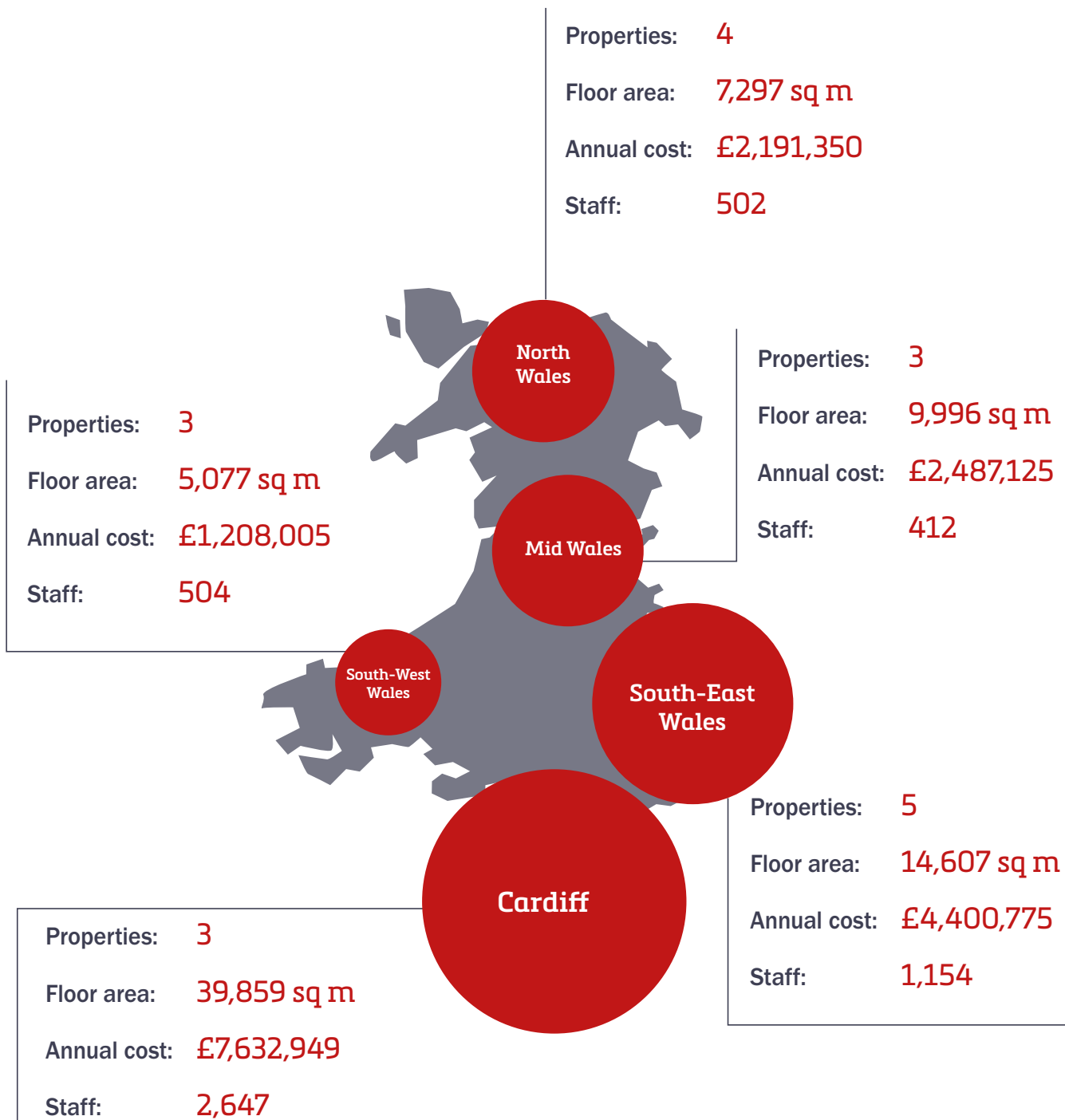
Savings Achieved from Properties Vacated 2015-2020

| | 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 | 5 Year Total |
|---|--------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|-------------------|
| Wynchway House, Haverfordwest | 01/02/16 | £21,861 | £131,168 | £131,168 | £131,168 | £131,168 | £546,533 |
| Arran Road, Dolgellau | 31/03/16 | - | £7,073 | £7,073 | £7,073 | £7,073 | £28,292 |
| National Park, Penrhyndeudraeth | 31/03/16 | - | £29,094 | £29,094 | £29,094 | £29,094 | £116,376 |
| Brecon House, Caerphilly | 31/05/17 | - | - | £106,280 | £127,606 | £127,606 | £361,492 |
| Tyr Llyn, Swansea | 23/06/17 | - | - | £371,811 | £481,245 | £481,245 | £1,334,301 |
| Old Vicarage, Holyhead | 12/01/18 | - | - | £7,110 | £33,271 | £33,271 | £73,652 |
| Hill House, Picton Terrace, Carmarthen | 01/04/18 | - | - | - | £139,078 | £139,078 | £278,156 |
| Bocam Park, Bridgend | 22/06/18 | - | - | - | £92,863 | £119,770 | £212,633 |
| Crown Buildings, North Penrallt, Caernarfon | 27/07/18 | - | - | - | £242,337 | £356,666 | £599,003 |
| Total Savings | | £21,861 | £167,335 | £652,536 | £1,283,735 | £1,424,971 | £3,550,438 |

No properties were disposed of during 2016-17.

Welsh Government have acquired leasehold accommodation in Holyhead Port and Victoria Dock, Caernarfon.

Appendix 3: Regional Overview



Appendix 4: Performance Summary 2014-2019

| | 31st March 2014 | 31st March 2015 | 31st March 2016 | 31st March 2017 | 31st March 2018 | 31st March 2019 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| State of the Estate | | | | | | |
| Total Area of Estate sq m | 84,572 | 82,295 | 81,888 | 82,275 | 80,325 | 76,836 |
| Number of Properties | 29 | 25 | 22 | 22 | 20 | 18 |
| Cost of Estate £ million | 17,941 | 18,136 | 17,428 | 18,417 | 18,477 | 17,920 |
| Rent £ million | 6,169 | 5,849 | 5,835 | 5,891 | 5,600 | 5,328 |
| Rates £ million | 2,781 | 2,721 | 2,771 | 2,785 | 2,810 | 2,863 |
| Other £ million | 8,990 | 9,564 | 8,821 | 9,740 | 10,067 | 9,729 |
| Efficiency | | | | | | |
| Cost per FTE | 3,285 | 3,139 | 3,229 | 3,380 | 3,576 | 3,428 |
| Cost Efficiency £ per sq m | 212.14 | 220.37 | 212.82 | 223.85 | 230.02 | 233.22 |
| Rent £ per sq m | 72.95 | 71.08 | 71.26 | 71.61 | 69.71 | 69.34 |
| Rates £ per sq m | 32.88 | 33.07 | 33.84 | 33.85 | 34.98 | 37.26 |
| Other £ per sq m | 106.31 | 116.23 | 107.72 | 118.39 | 125.33 | 126.62 |
| Space Efficiency sq m per FTE | 15.5 | 14.2 | 15.2 | 15.1 | 15.5 | 14.7 |
| sq m per Workstation | 12.30 | 114.46 | 11.95 | 12.21 | 12.63 | 12.91 |
| Workstations per FTE | 1.26 | 1.24 | 1.27 | 1.24 | 1.23 | 1.14 |
| Environmental Performance | | | | | | |
| Total Emissions (t CO ₂) | 9,220 | 8,498 | 6,939 | 6,259 | 5,376 | 4,236 |
| Electricity (t CO ₂) | 7,683 | 7,185 | 5,863 | 5,193 | 4,259 | 3,193 |
| Gas (t CO ₂) | 1,537 | 1,313 | 1,076 | 1,066 | 1,117 | 1,043 |
| Total Waste Arising (Tonnes) | 583 | 500 | 498 | 553 | 350 | 372 |
| Landfill (% of total) | 31 | 25 | 22 | 18.5 | 12 | 1 |
| Recycling (% of total) | 69 | 75 | 78 | 81.5 | 88 | 88 |
| Water (CU.M/person/yr) | 9.8 | 8.3 | 8 | 7.1 | 6.3 | 6.2 |

Figures include oil & LPG consumption.

Appendix 5: Case Study Environmental Improvements at Picton Terrace

The Welsh Government office in Picton Terrace, Carmarthen, has been refurbished to improve energy efficiency, comfort levels for staff and to provide flexible, collaborative working spaces. Internal areas were redecorated; insulated cladding installed to the exterior façade and a new entrance, secure reception area and dedicated spaces created for meetings with clients.

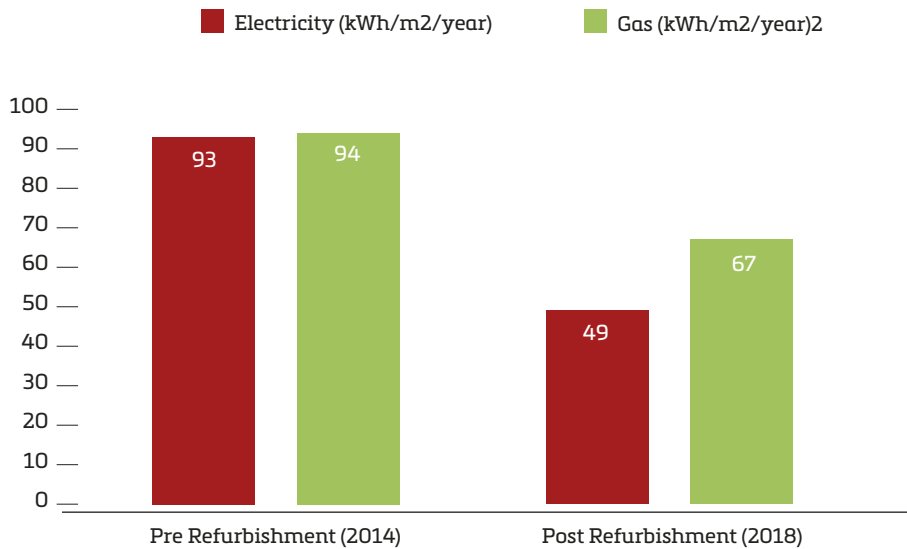
Existing partitions, doors, ceilings and floor finishes were removed to create a modern, flexible working environment. Meeting rooms now benefit from glazed partitions and doors, and new collaborative working spaces have been provided throughout the building. Floor coverings

were replaced with carpet tiles and kitchens and toilet areas now have slip resistant vinyl finishes. Walls and ceilings were repainted.

External insulation cladding helps to regulate internal temperatures more effectively while new automatically opening windows maintain comfortable internal temperatures and provide an appropriate amount of fresh air.

New gas fired condensing boiler systems have successfully reduced gas consumption by around 15%. The installation of an intelligent building management system has also enabled remote performance and energy efficiency monitoring of the heating and hot water systems.





The original energy inefficient fluorescent light fittings were all replaced with LED fittings and an automatic control system installed to ensure appropriate light levels and reduce wastage in unoccupied areas. Solar Photovoltaic (PV) panels have been installed on the roof, supplementing the electricity supply from the grid.

These improvements have reduced annual energy consumption by 30% per annum. They have also achieved significant improvement to occupier

comfort: the building heats up and cools down quicker, regulating temperatures more effectively and reducing waste. Light levels are maintained at a level appropriate to work activities and local adjustments are enabled according to occupation requirements.

The refurbishment of Picton Terrace demonstrates the extent to which refurbishment of WG administrative estate properties has had on both energy efficiency and occupier experience.



Appendix 6: Case Study Victoria Dock, Caernarfon

The core aims of the 2015-2020 Location Strategy focus on the efficiency and effectiveness of the administrative estate: realisation of opportunities to rationalise, whilst seeking to maintain a dispersed presence and to improve the quality of the accommodation for the benefit of staff and visitors. Rationalisation is therefore far greater than maximising monetary savings. Decisions need to be mindful of the need to ensure jobs and services remain spread across Welsh communities.

Modernising working practices through a transition to smart working and the use of new technologies was recognised as a key driver for reducing the amount of floorspace required; to deliver quality services and improve the office environment.

As one of the least efficient offices in terms of floorspace, at 34 sq m per FTE, North Penrallt in Caernarfon was a prime opportunity to deliver significant efficiencies and improve the quality of the office environment. The intention was to relocate staff to more appropriately sized premises in the town, and then to dispose of the surplus building for redevelopment to improve the local economy and environment in Caernarfon.

A lack of appropriately sized accommodation in Caernarfon and the presence of UK Government departments DEFRA and DWP Jobcentre as tenants were complicating factors. As vital public services located within Caernarfon town centre, it was important that each retained an operational presence in the town.

Welsh Government identified their own space requirements, but a lack of suitable sized offices hampered efforts to relocate within the town. Collaborating with building owners Watkin Jones and the Welsh Language Commissioner, a scheme was devised whereby the Welsh

Language Commissioner would relocate within Victoria Dock and the Welsh Government would combine their suite and the remaining vacant offices on the second floor for their own use.

The offices were fitted out to enable flexible working staff relocated from North Penrallt in July 2018.

Working with Gwynedd County Council, DEFRA were able to relocate from North Penrallt into the existing County Council offices; the collaboration instigated by the Welsh Government Estates team. DWP also remained in the town, with new premises in St Helens Road, adjacent to Caernarfon Castle and the main Town Square.

Net gains from 'right sizing' to 10 sq m per FTE amount to approximately £1,700 per Caernarfon based FTE. Feedback on the new working environment from staff has been very positive.

The North Penrallt building has been successfully marketed and a sale agreed. The proposal, for conversion into high quality apartments for sale and to rent, will be an asset to the town centre environment as well as the local economy.



Appendix 7: 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 |
|---|------------------------------|---------------------|-----------------------------|-----------------------------|-----------------------------|
| 25 Victoria Street, Westminster | Office located outside Wales | 304 | £34,994 | £479,844 | £435,749 |
| 31/33 Newport Road, Cardiff | Specialist Use | 172 | £155,713 | £162,317 | £185,413 |
| Specialist Facility, Caldicot | Specialist Use | N/A | £523,807 | £768,651 | £544,002 |
| Llandough Trading Estate, Cardiff (Unit 22) | Specialist Use | 615 | £134,183 | £138,497 | £106,170 |
| Traffic Management Centre, Coryton, Cardiff | Specialist Use (traffic) | 763 | £230,799 | £236,951 | £298,460 |
| Traffic Management Centre, Morfa BP, Ffordd Sam Pari, Morfa | Specialist Use (traffic) | 1,128 | £165,272 | £190,144 | £179,382 |
| Plt 233, Pavilion Royal Welsh Showground, Builth Wells | Specialist Use (Pavilion) | 220 | £50,600 | £74,932 | £69,050 |
| Rural Affairs Specialised Accommodation, Carmarthenshire | Specialist Use | 452 | £49,592 | £34,123 | £36,957 |