

The Scottish Civil Estate: Efficiency and Sustainability 2012/13

THE THIRD REPORT ON THE
PERFORMANCE AND ENVIRONMENTAL SUSTAINABILITY
OF THE SCOTTISH CIVIL ESTATE.

Laid before the Scottish Parliament by The Scottish Ministers
October 2013

SG/2013/213

Introduction

Overview

This is the third annual report on the efficiency and sustainability of the Scottish civil estate and has been produced in accordance with the provisions of the Climate Change (Scotland) Act 2009 (Appendix III).

Specifically Scottish Ministers are required to lay before the Scottish Parliament a report containing an assessment of the progress made in the year towards improving the efficiency and the contribution to sustainability of buildings that are part of the civil estate in Scotland.

A further obligation is to explain the purchase or leasing by Scottish Ministers of any building within the financial year that does not fall within the top quartile of energy performance.

Comparisons of the key performance indicators with previous years' reports need to be treated with caution, since the organisations which comprise the Scottish civil estate have changed since the First Report for 2010-11, as well as the buildings and occupancies within it. The component organisations for 2012-13 remained unchanged from 2011-12, but as indicated throughout the report, the time lag between reducing staff numbers and the ability to dispose of buildings has had an adverse effect on a number of the indicators. These should improve as buildings are vacated as leases expire.

The Scottish Civil Estate

The civil estate comprises many of the properties that make up the estates of the core Scottish Government and its eight executive agencies, which during the period of this report were:

- Accountant in Bankruptcy
- Disclosure Scotland
- Education Scotland
- Historic Scotland
- Scottish Prison Service
- Scottish Public Pensions Agency
- Student Awards Agency for Scotland
- Transport Scotland

Buildings that fall within the civil estate are listed at Appendix I.

Changes to the Civil Estate between 1 April 2012 - 31 March 2013

There were 11 executive agencies during 2010-2011 This fell to eight in 2011–2012. This number has remained static during the period of this report. However the list of buildings occupied by these bodies did change so year on year comparisons are not quite comparing like with like.

Context

The organisations comprising the Scottish Government and its executive agencies are a complex, multi-faceted group of bodies with executive, operational and administrative functions.

Fulfilling these functions means the civil estate comprises a diverse array of assets that range from standard administrative offices to very specialised operations such as fisheries and agricultural research stations and laboratories.

This report focuses on the administrative part of the civil estate particularly those offices where the core Scottish Government or its executive agencies are the main occupier and control the building's plant and environment. This component of the civil estate comprises 42 core administrative offices, (44 in 2011 and 43 in 2012) which accommodate about 5,082 full time staff (circa 7,616 in 2011 and 5,891 in 2013), with a net internal area of 86,003 m² (115,986 m² in 2010-11 and 99,920 m² in 2012/13). (The efficiency and sustainability performance of the wider Civil Estate, including both offices and specialist operations, is summarised in Appendix II).

The Scottish civil estate includes both freehold and leasehold properties. The three main administrative buildings in Edinburgh - St Andrew's House, Saughton House and Victoria Quay - are owned and comprise 57,447 m², approximately 67% of the floor area of the 43 administrative buildings.

The portfolio has been regularly rationalised to ensure it meets the needs of the organisation. Over the years several large buildings in Edinburgh at Jeffrey Street, Waterloo Place, James Craig Walk and Greenside Place have been either sold or their leases surrendered. The sale of the ex-agricultural office Jeanfield House, Perth has been completed. The NHS has taken up the opportunity to use two vacant floors of Meridian Court, Glasgow and the building as a whole has now been transferred to NHS Other buildings have seen a significant rationalisation of space. Actions currently underway include:

- Workspace planning in Victoria Quay, Edinburgh is proceeding to facilitate re-use of space freed up by reduced staff numbers, or staff relocated there from Saughton House; and
- Workspace planning in Saughton House is in progress to allow the re-use by other public bodies of space released by falling staff numbers to allow them to relinquish leases of other properties with the private sector as they expire and thus making savings..

For the second year running no additional properties transferred into the civil estate in 2012/13.

Objectives of Estate Management

The Scottish Government's objective remains to reshape the civil estate so that it fulfils modern operational requirements effectively, economically and sustainably.

Five years ago, in 2008, the then Cabinet Secretary for Finance and Sustainable Growth, John Swinney, published his Asset Management report which provided a property management framework. Since then changes in the size of the Scottish Government have led to the creation of a strategy to reduce the size of the core administrative estate (and related costs) by 25% during the life of the current Parliament. Many of the executive agencies whose properties are covered by this report are also working on strategies involving the sustainability agenda and public spending reductions.

The aims of civil estate management remain to improve:

- **Efficiency** – through using existing space more effectively and simultaneously reducing the size and running costs of the estate. The Scottish Government and its agencies will be able to operate with a smaller estate due to its reducing size and the introduction of modern working practices which require less space for particular tasks; and
- **Sustainability** – by reducing carbon dioxide emissions, water consumption, and waste, and improving energy performance.

Performance Measurement

Efficiency and sustainability of the civil estate is measured using a number of Key Performance Indicators (KPIs) taken from internal sources and the Civil Service electronic Property Information Mapping Service (e-PIMS™), previously run by the OGC. e-PIMS™ is the central database of Government Central Civil Estate properties and land. It records the precise location of property, along with the associated information such as landlord, lease details and usage. Scottish Government asset managers are able to locate/view individual properties on an electronic map, access and amend their core property details online, and interrogate the system to identify vacant space. The KPIs enable measurement and reporting on:

- the overall area of the civil estate (m²) and the total cost of the estate,
- workspace efficiency in offices expressed as £/FTE (Full time equivalent), calculated based on the £/m² (rent, rates and other occupation costs), Net Internal Areas (NIA) and the number of employees based in the buildings,
- the use of occupied space expressed as m²/FTE based on the space allocation per workspace and the ratio of FTEs to each workspace,

- compliance with the commitment to procure buildings in the top quartile of energy performance, and
- sustainability performance against targets for waste recycling and water consumption.

This third report provides both a snapshot of the position (as at 31 March 2013), and an indication of changes over the last two reports.

The Immediate Effects of Falling Staff Numbers.

The staff numbers as at 31 March 2011 were 7,616 FTEs, at 31 March 2012 were 5,891 FTEs and at 31 March 2013 were 5082 FTEs representing a further decrease of 809 FTEs. As the method of measurement has been refined over the two years, and the number of executive agencies covered by the report have changed the figures are not directly comparable.

In the same period the occupied Net Internal Area covered by the report changed from 115,986 m² (2011) to 99,920 m² (2012) and continued to drop to 86,003 m² (2013).

The cost per FTE rose from £3,447/FTE (2011) to £3,615/FTE (2012) and to £4,977/FTE (2013). The space per square metre per FTE rose from 14.4 m² (2011) to 16.9 (2012) m² and to 17.4 m² (2013). Both these reflect the fact that staff numbers have shrunk more rapidly than the estate. Similarly the number of workstations per FTE rose from 1.06 to 1.37 and remains fairly static at 1.36 due to the removal of surplus work stations across the estate. As space vacated by staff leaving is disposed of by sale, relinquishing leases or back-filling by other public sector bodies these KPIs should fall. The aim is to move towards 10 m² per FTE for existing space and 8 m² per FTE for substantially refurbished or new office space, where this is operationally appropriate. In some buildings, such as St Andrew's House, this is close to achievement.

Only limited comparisons can be drawn from the data as the cohort of buildings being compared in each of the three years are not exactly the same.

Property Costs on the Office Estate

The rent per square metre has risen from £77/m² (2011) to £80/m² (2012) and to £98/m² in (2013), due to phased increases in rent coming into effect. Whilst property managers in the civil estate do negotiate robustly with landlords at rent review, some leases have fixed rent reviews which preclude the ability to make reductions. In contrast the cost of rates fell from £56 m² (2011) to £44 m² (2012), but rose in 2013 to £54 m², largely due to changes in empty rates relief.

Waste Recycling

The percentage of waste recycled increased from 64% (2011) to 71% (2012) and is now 82% in (2013). This increase is most likely due to increasingly sophisticated off-site segregation of our general waste that was formerly sent to landfill.

Water Consumption

Reported water consumption was 8.9 m³ per FTE (2012), compared to an estimated figure of 7.2 m³ (2011) and has risen to 10.4 m³ in (2013). This reflects more accurate consumption measurement resulting from the continued roll-out of more water meters across the estate. Such metering enables reporting to be based on actual consumption rather than Rateable Value-based estimates. In part the change also reflects the lag between falling staff numbers and disposal of buildings because not all water usage is linked to individual staff. There is some baseline fixed consumption.

Energy Costs

Energy consumption based on area had remained about the same over the first two reports, 286 kWh/m² (2011) and 288 kWh/m² (2012), but has risen to 304 kWh/m² (2013). Because reductions in the size of the estate cannot be delivered at the same rate that the workforce has contracted, energy consumption has risen from 4,126 kWh/FTE (2011) to 4,908 kWh/FTE (2012) and continues to rise to 5,314 kWh/FTE (2013). As the space that has to be served reduces this KPI should improve.

Energy costs per FTE have risen from £246 (2011) to £349 (2012) and have continued to rise to £401 (2013). This is due to rising utility costs and the fact that although staff numbers have fallen the space requiring heating has yet to decline proportionately. This will occur as freeholds and leases are relinquished as the core and agencies' estates restructure.

Property Costs on the Combined Office and Non Office Specialist Estate

Specialist buildings like SASA (Science and Advice for Scottish Agriculture) headquarters, at Gogarburn, Edinburgh and the Marine laboratory, Torry, Aberdeen are unusual buildings with specific space, heating and water consumption characteristics, so they are separated out from the administrative estate. This separation enables the office estate to be benchmarked against similar public and private sector comparators.

The commissioning of the Marine Aquarium, known as the Ellis Building, in Aberdeen resulted in a significant increase in water consumption in 2012, from 12.8 to 22.1 m³ per FTE (2012). Without this facility, consumption would have dropped to 11.35 m³ per FTE. The effect is sustained this year with water consumption at 23 m³ per FTE. The commissioning of the Aquarium is also the main reason for an increase in energy consumption from 5938 kWh/FTE (2011) to 7520 kWh/FTE (2012) to 7,619 kWh/FTE (2013).

Prospects for the Future

The estate occupied by the Core Scottish Government has a programme of work underway to rationalise the estate in order to reduce the space held by at least 30,000m² by March 2016, a reduction of 25%. Cash savings of at least £5.5m p.a., or 25%, will be achieved over the same period.

Where offices are held on leasehold they offer opportunities for flexibility when the leases end or tenant's lease breaks occur. The Scottish Government has six main office building leases due for renewal over the next four years comprising 32,159 m² (around 32% of the administrative estate).

Freehold vacant space arising in the owned estate is normally offered for sale, such as the recently sold office at Jeanfield House, Perth. Where vacant space arises in leased accommodation efforts are made to backfill with other public sector bodies in order to reduce the running costs of the core Scottish Government estate, and to remove the need for those bodies to lease additional space from the private sector. As leases expire during 2016-2017 it is expected that the opportunity will be taken to vacate some of these buildings as, in the medium term, the Scottish Government will not require as much office space as in the past.

APPENDIX I – The Scottish civil estate

Civil estate – administrative offices

28 CUNZIE STREET ANSTRUTHER	MERIDIAN COURT GLASGOW
52/66 NEWMARKET STREET AYR	CADZOW COURT HAMILTON
BALIVANICH BENBECULA	REX HOUSE HAMILTON
DOUGLAS CENTRE BUCKIE	LONGMAN HOUSE. INVERNESS
CALTON HOUSE EDINBURGH	THAINSTONE COURT INVERURIE
CROFT-AN-RIGH EDINBURGH	PENNYBURN ROAD KILWINNING
GOVERNOR'S HOUSE EDINBURGH	UNIT 4B KINLOCHLEVEN
GYLEVIEW HOUSE EDINBURGH	TANKERNESS LANE KIRKWALL
LONGMORE HOUSE EDINBURGH	ALEXANDRA BUILDINGS LERWICK
PENTLAND HOUSE EDINBURGH	DENHOLM HOUSE LIVINGSTON
SAUGHTON HOUSE EDINBURGH	HARBOUR BUILDINGS MALLIAG
ST ANDREW'S HOUSE EDINBURGH	CAMERON HOUSE OBAN
THISTLE HOUSE EDINBURGH	CUSTOMS HOUSE OBAN
VICTORIA QUAY EDINBURGH	ST JAMES HOUSE PAISLEY
23 WALKER STREET EDINBURGH	STRATHEARN HOUSE PERTH
CALENDAR BUSINESS. PARK FALKIRK	SCORRYBRECK PORTREE
119-121 SHORE STREET FRASERBURGH	ST OLA HOUSE SCRABSTER
EUROPA BUILDING GLASGOW	KEITH STREET STORNOWAY
TWEEDBANK GALASHIELS	STATION STREET STRANRAER
TWEEDSIDE PARK 7 GALASHIELS	STRATHBEG HOUSE THURSO
5 ATLANTIC QUAY GLASGOW	WEST SHORE STREET ULLAPOOL

Civil estate – specialist buildings

MARINE LABORATORY ABERDEEN	UNIT 6B TOWER STREET (STORE) EDINBURGH
FISH CULTIVATION UNIT ACHNASHEEN	SPS COLLEGE FALKIRK
SPS CENTRAL STORES BATHGATE	FIRE SERVICES COLLEGE GULLANE
LEITH WALK STORE EDINBURGH	FRESHWATER LABORATORY MONTROSE
MOTOR TRANSPORT UNIT BONNINGTON EDINBURGH	FISH REARING UNIT PERTH
SASA EDINBURGH	FRESHWATER FISH LABORATORY PITLOCHRY

Properties that do not form part of the Scottish civil estate

A building that does not use energy for heating or cooling the whole or any part of its interior, e.g. garages, water pumping stations etc.
A building that is not used for the purposes of Scottish Central Government Administration e.g. Prison Officers' Club.
A building that is not of a description of buildings for which the Scottish Ministers have responsibilities in relation to efficiency and sustainability, e.g. where Ministers are not the property holder in their own right and are not responsible for the control of the main environmental systems, .. E.g. Highlander House, Endeavour House and Buchanan House.
Historic Scotland: Monuments in Care, workshops, stores, depots, tourist or visitor centres, e.g. Skara Brae Visitor Centre, Blackness Castle Depot and Holyrood House Garden Workshops.
Scottish Prison Service: Operational estate - prisons, staff college & central store.

APPENDIX II – Performance summary

1. EFFICIENCY – BASELINE KPIs (as of 31 March 2011, 2012 & 2013)

KEY PERFORMANCE INDICATORS	SG & Executive Agencies 2010/11 Offices Only	SG & Executive Agencies 2010/11 Offices & Specialist	SG & Executive Agencies 2011/12 Offices Only	SG & Executive Agencies 2011/12 Offices & Specialist	SG & Executive Agencies 2012/13 Offices Only	SG & Executive Agencies 2012/13 Offices & Specialist
Cost Per FTE (£)	3447	3949	3615	3864	4977	5273
Cost per m ² (£)	242	215	213	183	281	220
m ² per FTE (m ²)	14.4	21.1	16.9	24.1	17.4	23.7
Rent per m ² (£)	77	58	80	64	98	68
Rates per m ² (£/m ²)	56	47	44	34	54	42
Other Costs per m ² (£/m ²)	110	105	88	75	131	107
m ² per Workstation (m ²)	13.6	18.7	12	18	12.8	18
Workstations per FTE	1.06	1.06	1.37	1.35	1.36	1.33
Water consumption per FTE (m ³ /FTE)	7.2	12.8	8.9	22.1 ¹	10.4	23.6
% of total waste recycled	64	61	71	69	82	65
Energy consumption per m ² (kWh/m ²)	286	281	288	293 ²	304	307
Energy Consumption per FTE (kWh/FTE)	4126	5938	4908	7520 ³	5314	7619
Energy Cost per m ² (£/m ²)	16	17	20	22	22.87	22.86
Energy Cost per FTE (£/FTE)	246	379	349	572 ⁴	401	569

Explanatory notes

¹ 11.35 m³ excluding the new Marine Laboratory

² 284 excluding the new Marine Laboratory

³ 6033 excluding the new Marine Laboratory

⁴ 475 excluding the new Marine Laboratory

1. The 2011/12 report covers the core Scottish Government estate and that of 8 executive agencies. The 2011 report covered the core Scottish Government estate and 11 agencies. The KPIs in the two years cover some different bodies and buildings.
2. The 2011/12 measurement of full-time equivalent staff had been improved over the period so direct comparisons of KPIs involving FTEs cannot be made.

APPENDIX III - Climate Change (Scotland) Act 2009

The Scottish civil estate

75 Energy performance of buildings procured for the Scottish civil estate

(1) The Scottish Ministers must, in so far as reasonably practicable, ensure that the energy performance of any building that becomes part of the civil estate in Scotland falls within the top quartile of energy performance.

(2) For the purposes of subsection (1), a building becomes part of the civil estate if it is procured or constructed by or on behalf of the Scottish Ministers.

(3) The Scottish Ministers may, by regulations, provide that the duty under subsection (1) does not apply in respect of specified buildings or categories of buildings.

76 Report on the Scottish civil estate

(1) The Scottish Ministers must, in respect of each financial year beginning with 2010–2011, lay before the Scottish Parliament a report containing an assessment of the progress made in the year towards improving—

- (a) the efficiency; and
- (b) the contribution to sustainability,
of buildings that are part of the civil estate in Scotland.

(2) If the energy performance of a building mentioned in subsection (3) does not fall within the top quartile of energy performance, the report must state the reasons why the building has become part of the civil estate.

(3) That building is a building—

- (a) to which section 75 applies; and
- (b) which becomes part of the civil estate in the financial year to which the report relates.

(4) The report under this section must be laid before the Parliament no later than 31 October next following the end of the financial year to which the report relates.

77 Scottish civil estate: supplementary

(1) For the purposes of this section and sections 75 and 76—

(a) “building” means a building that uses energy for heating or cooling the whole or any part of its interior; and

(b) a building is part of the civil estate in Scotland if it—

(i) is used for the purposes of Scottish central government administration; and

(ii) is of a description of buildings for which the Scottish Ministers have responsibilities in relation to efficiency and sustainability.

(2) The Scottish Ministers may, by order, provide—

(a) for buildings of a description specified in the order to be treated as being, or as not being, part of the civil estate;

(b) for uses specified in the order to be treated as being, or as not being, uses for the purposes of Scottish central government administration.