

The Scottish Civil Estate: Efficiency and Sustainability 2013/14

THE FOURTH REPORT ON THE
PERFORMANCE AND ENVIRONMENTAL SUSTAINABILITY
OF THE SCOTTISH CIVIL ESTATE

Laid before the Scottish Parliament by the Scottish Ministers
31 October 2014

SG/2014/172

Introduction

Overview

This is the fourth 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 1).

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

A second obligation is to report on the number of properties acquired by Scottish Ministers within the financial year that do not fall within the top quartile of energy performance. During 2013/14 the Scottish Government did not add any properties to its estate.

Comparisons of this year's Key Performance Indicators (KPIs) with those of previous years need to be treated with caution as the estate is dynamic and changes constantly according to a number of factors. Firstly, the organisations which comprise the Scottish civil estate change over time. Secondly, the number of buildings within the estate will change through acquisitions and disposals. Thirdly, the areas occupied within the buildings will change as the business needs of bodies lead them to expand or contract.

The time lag between reducing staff numbers and the ability to dispose of buildings continues to have an adverse effect on a number of the indicators. These should improve as buildings are disposed of 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. During the period of this report they 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 2.

Changes to the Civil Estate between 1 April 2013 - 31 March 2014

The number of organisations covered by this report changes from time to time as government modernises. During 2010-2011, the period of the first report, there were eleven executive agencies. This fell to eight during the current period (see box above) so it should be noted that the comparisons required by statute are not 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.

Supporting the delivery of these functions means the civil estate comprises a diverse collection of assets that range from ordinary administrative offices to highly specialised facilities such as fisheries and agricultural research stations and laboratories.

This report focuses on the administrative part of the civil estate and particularly those offices where the core Scottish Government or its executive agencies are the main occupier and control the building's plant and environment. For completeness the report includes the KPIs for the whole estate, comprising both offices and specialist buildings, in a matrix in Appendix 3. The text generally refers to the administrative estate but comments on the whole estate where there are features of particular interest.

The Scottish Government's Office Component of the Civil Estate

- FTE staff – 5,300
- Size of Office Estate – 78,600 m²

During 2013-2014, the office component of the civil estate comprised 40 core administrative buildings (78,600 m²). This represents a reduction of four buildings from the 2010-2011 level. The Scottish Government's core office estate includes both freehold and leasehold properties. The three major administrative buildings in Edinburgh - St Andrew's House, Saughton House and Victoria Quay - are owned (Saughton House is a long leasehold) and comprise 57,447 m², or around two thirds of the floor area of the 40 administrative buildings.

The Scottish Government's estate is continuously being rationalised to ensure it meets the needs of the organisation. Since the organisation took over responsibility for its own estate from the Property Services Agency in 1990 several large buildings in Edinburgh (Jeffrey Street, Waterloo Place, James Craig Walk, and Greenside Place) have either been sold or had their leases surrendered. In addition, in 2013 Jeanfield House, the ex-agricultural office in Perth, was sold and subsequently redeveloped for social housing. At the same time (2012-13) the NHS took over responsibility for two vacant floors of Meridian Court, Glasgow that had been part of the civil estate. The transfer of these floors enabled the NHS to surrender private sector leases elsewhere. Other buildings have seen significant rationalisations of their space.

Actions currently underway include workspace planning at:

- Atlantic Quay, Glasgow to reconfigure and better use space vacated by another body,
- Victoria Quay to reconfigure vacant space; and,
- Saughton House to reconfigure space for occupancy by the Student Awards Agency for Scotland and other public bodies. This allows them to relinquish leases of other properties within the private sector as they expire and thus making savings.

Also, St James House, Paisley was vacated in 2013/14.

For the second year running no additional properties transferred into the civil estate in 2013/14.

Objectives of Estate Management

A key objective of the Scottish Government's property strategy remains the reshaping of the civil estate so that it fulfils modern operational requirements effectively, economically and sustainably.

The Cabinet Secretary for Finance Employment and Sustainable Growth, John Swinney, published his Asset Management report in 2008. This 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 have their own strategies involving the sustainability agenda and public spending reductions.

The main aims of the management of the civil estate remain to improve:

- **Efficiency** – through using existing space more effectively and simultaneously reducing the size and running costs of the estate. The introduction of modern working practices means that the Scottish Government and its agencies will require less space for particular tasks; and
- **Sustainability** – by reducing carbon dioxide emissions, water consumption and waste, and improving energy performance, and waste recycling the Scottish Government will continue to improve its environmental performance.

Performance Measurement

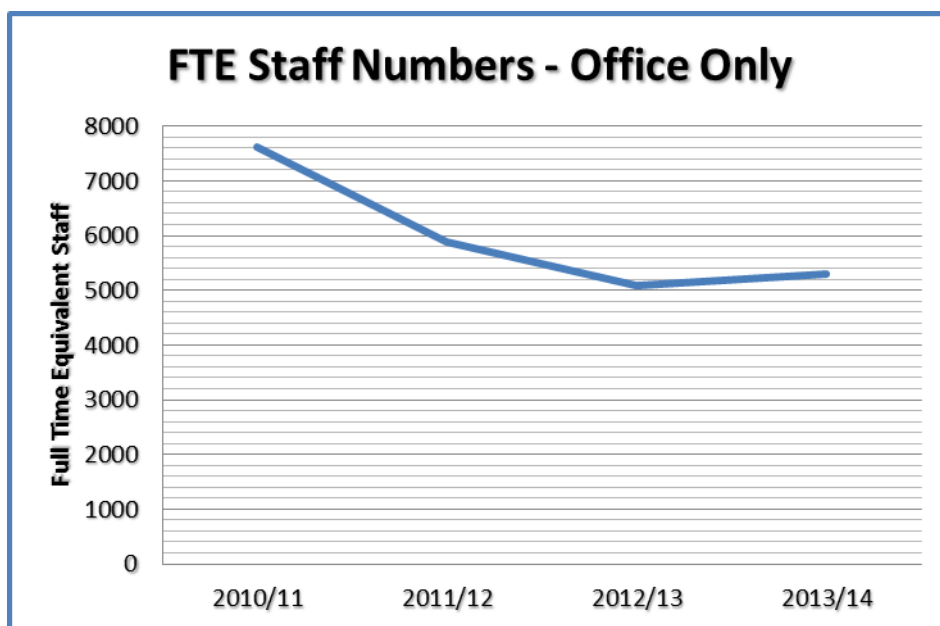
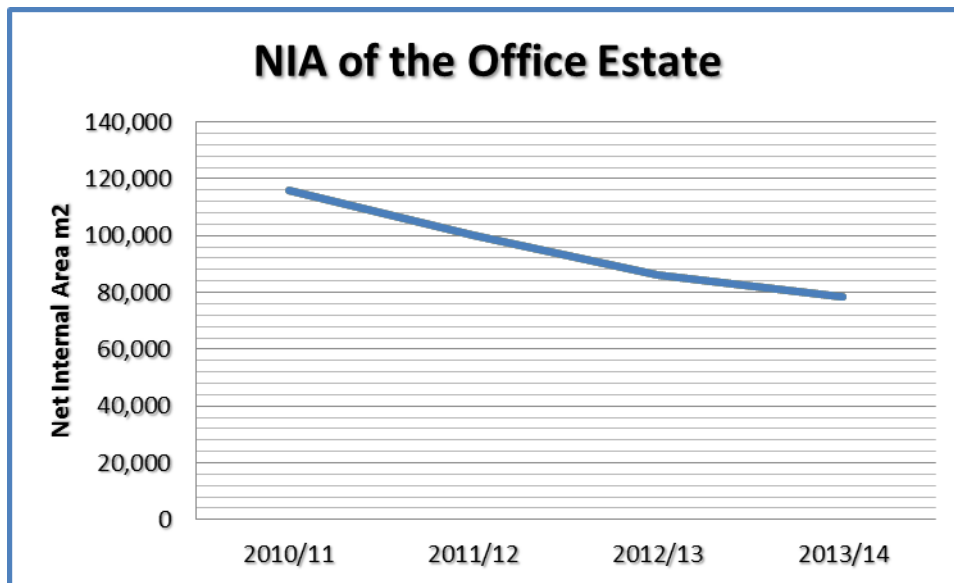
The efficiency and sustainability of the civil estate is measured using a number of KPIs taken from internal sources and the Crown Commercial Service's electronic Property Information Mapping Service (e-PIMS™). e-PIMS™ is the main database of Government Central Civil Estate properties and land and property holdings. It records the location of property, along with the associated information such as landlord details, lease details and usage. Scottish Government asset managers can locate and view individual properties on an electronic map, access and amend their core property details online, and interrogate the system to identify vacant space. The ePIMS™ data and KPIs enable measurement and reporting on:

- the overall area of the civil estate (m²) and the total number of Full Time Equivalent (FTE) staff,
- workspace efficiency in offices expressed as Total estate cost (rent, rates and other costs of occupation)/FTE, and Area in m² (Net Internal Area (NIA))/FTE, and the use of occupied space expressed as Area (m²)/ workstation,
- compliance with the commitment to procure buildings in the top quartile of energy performance (as stated above, no additional properties transferred into the civil estate in 2013/14)
- sustainability performance against targets for waste recycling and water consumption.

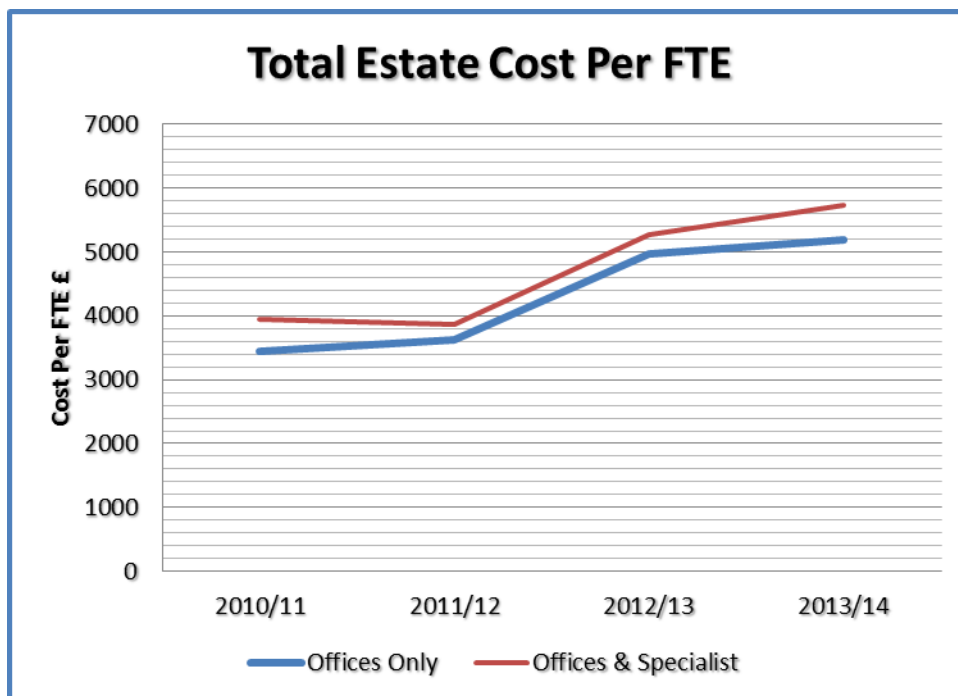
This fourth report provides both a snapshot of the position (as at 31 March 2014), and an indication of some of the changes over the last three reports which are now shown graphically.

The Organisational Context

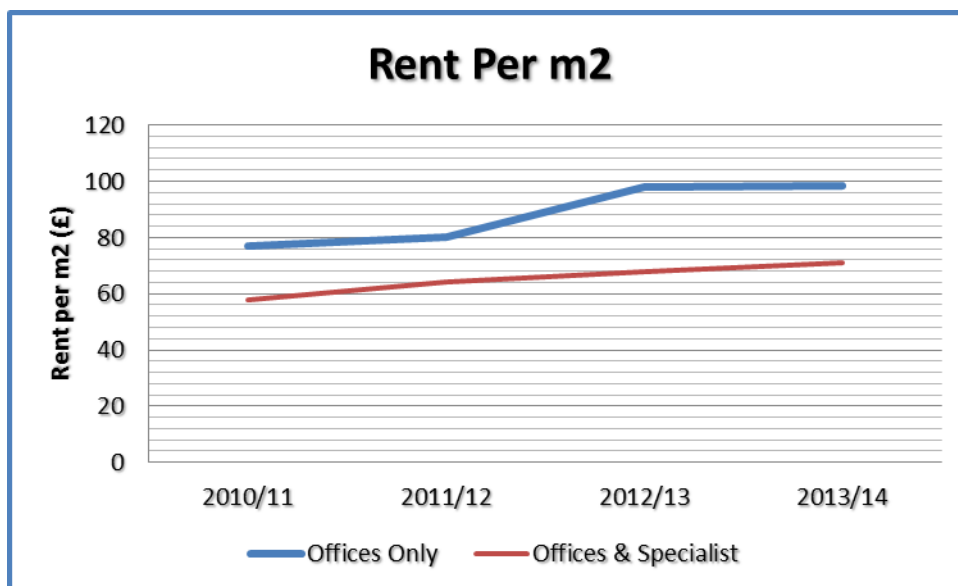
As organisations come into and leave the civil estate the staff numbers over the periods vary accordingly. This makes reports difficult to use consistently, particularly as the definition of what constitutes a FTE member of staff has also changed in that period within some of the organisations which constitute the civil estate. Broadly speaking, most bodies have been reducing staff numbers over the period, and as that happens, they rationalise and reduce space as their leases permit. For some organisations this can cause KPIs relating to space usage to deteriorate as smaller numbers occupy more space than they need until the surplus space can be disposed of.



Property Costs of the Office Estate

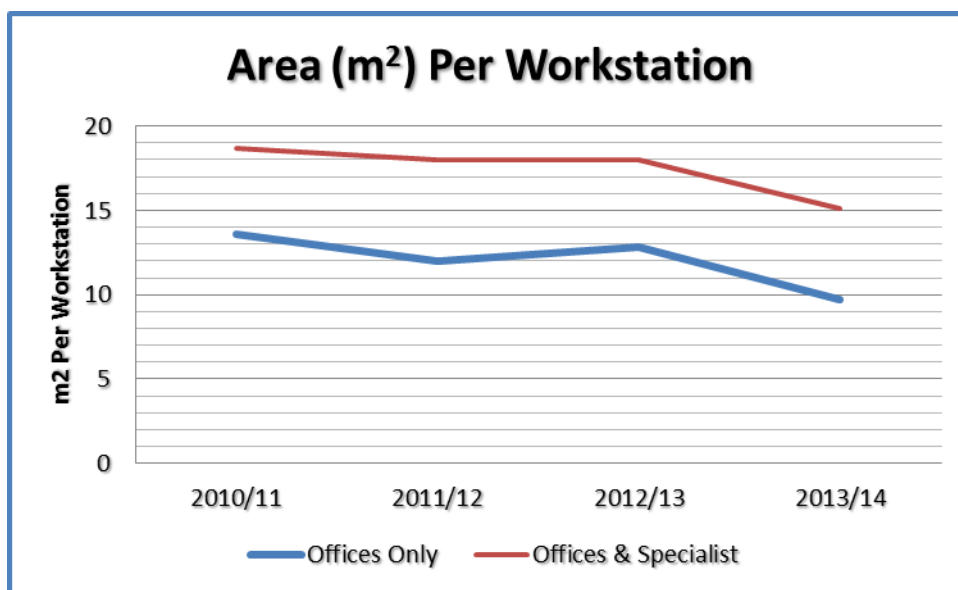
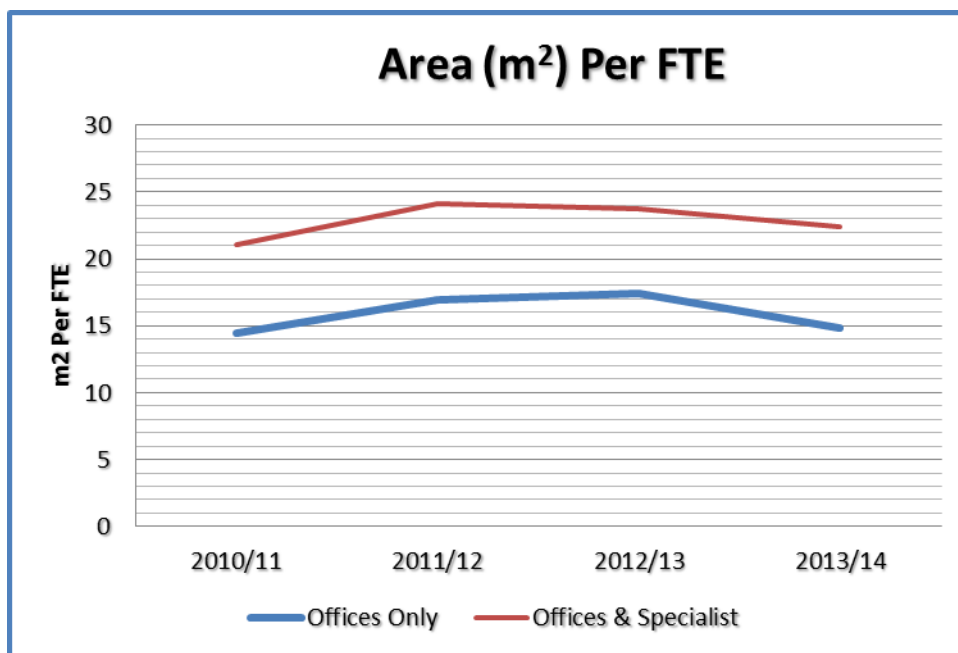


Total estate cost includes rent, rates and a wide range of other costs of occupation including repairs and maintenance, service charge, water and sewerage, security and cleaning. The increase in cost per FTE is as a result of a combination of factors. It reflects the increasing cost of accommodation both through contractual increases in rents and as markets improve and rents increase and also the increasing cost of utilities. It is also affected by the time lag between accommodation being vacated by staff and it being disposed of from the estate.



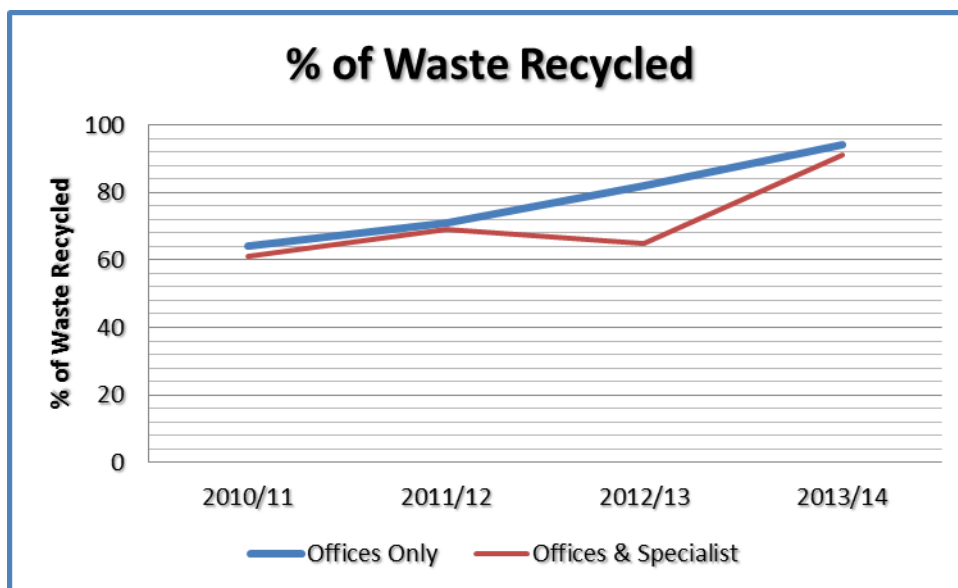
One of the factors impacting on total estate cost is rent. Property managers in the civil estate negotiate robustly with landlords at rent review, but some managers are faced with a lease that has annual formula based rent reviews which preclude the ability to make reductions. As the market for offices improves, demand increases and the supply of vacant space falls, asset managers, including those in the public sector, will increasingly work in an environment of rising rents.

Use of Occupied Space



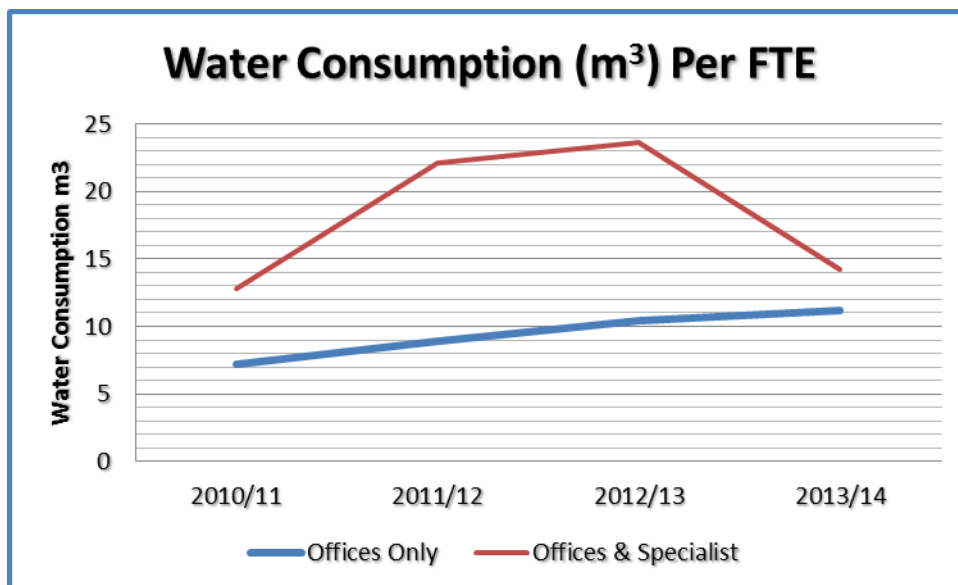
The aim of the current strategy remains to move towards 10 m² per FTE for existing space and 8 m² per FTE for substantially refurbished or newly built office space, where this is operationally appropriate.

Waste Recycling



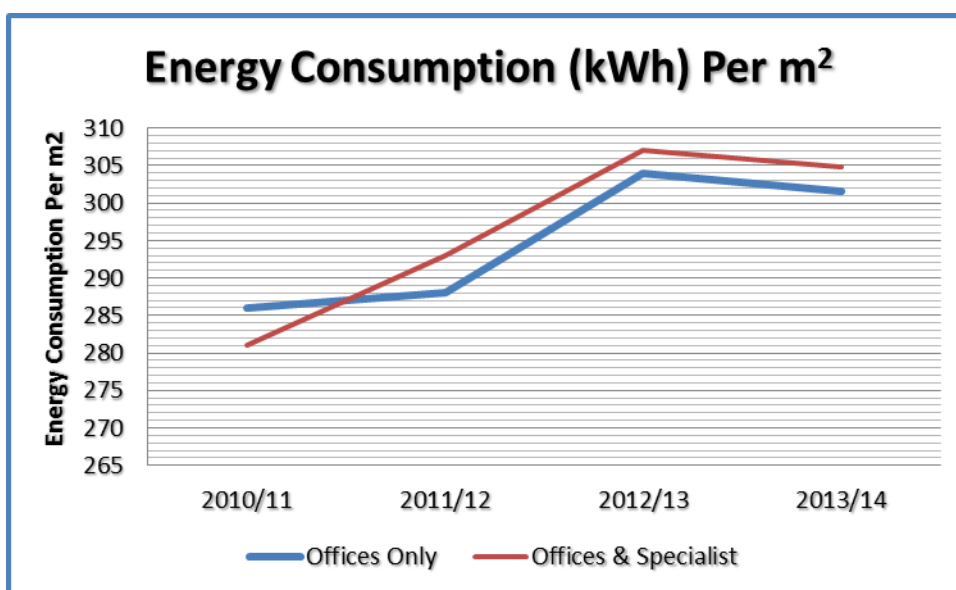
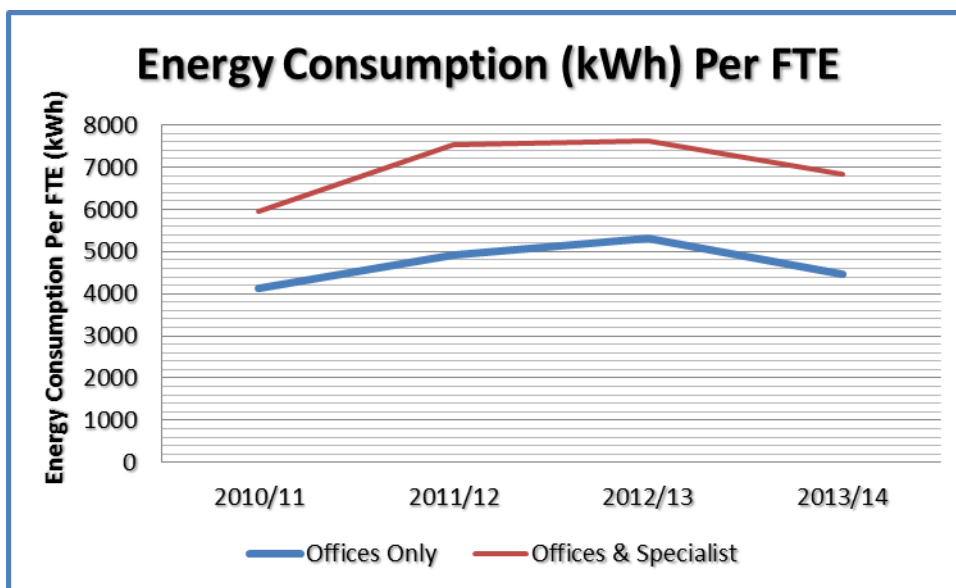
Due to sustained effort by facility managers and their contractors within the Scottish Government and its agencies, the percentage of waste recycled increased from 64% (2011/12) to 94% (2013/14). This increase is due to increasingly sophisticated off-site segregation of general waste that was formerly sent to landfill.

Water Consumption



Over recent years improvements in technology have enabled more accurate reporting based on actual consumption. During 2010-2011, reported water consumption, which was based upon less frequent meter readings and Rateable Value-based estimates, produced a figure of 7.2 m³ per FTE. With proper measurement enabled by the roll-out of Automatic Meter Readings the figure for 2013/14 was shown to be 11.2 m³ per FTE. The lower levels of water consumption in the combined Offices and Specialist buildings category in 2013/14 is heavily influenced by the programme of experimentation at the Marine Laboratory which, at that time, focussed on sea water-based activities.

Energy Consumption



Property Costs on the Combined Office and Non Office Specialist Estate

Because of their specialist nature, buildings like SASA (Science and Advice for Scottish Agriculture) headquarters, at Gogarburn, Edinburgh and the Marine Laboratory, Torry, Aberdeen have specific space, heating and water consumption characteristics so, in this report, they are separated out from the administrative office estate. This separation enables the office estate to be benchmarked against similar public and private sector comparators.

The commissioning of the Marine Aquarium, in Aberdeen resulted in a significant increase in water consumption between 2011 and 2012. This year there has been a fall in this freshwater consumption due to the substitution of seawater for some uses.

Prospects for the Future

The part of the Scottish civil 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. At the date of this report we are 40% of the way towards meeting the space target and 37% towards achieving the cost saving target.

Where offices are held on leasehold they offer opportunities for flexibility when the leases end or tenant's lease breaks occur. Six of the Scottish Government's main office buildings have leases that are due for renewal over the next four years comprising 32,159 m².

Freehold vacant space arising in the owned estate is normally offered for sale, such as Jeanfield House, Perth. Alternatively it can be transferred to another government body that needs space such as at Thistle House, Edinburgh which will be transferred to the Scottish Legal Aid Board in 2014/15. Similarly, 23 Walker Street Edinburgh has a lease expiry in 2014/15 and so this is also likely to leave the estate. 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.

Technological changes over the years of the report, like more compact IT equipment, video-conferencing, electronic records storage, telephone numbers which travel with the user and hand held devices all contribute to reducing the demands for space and, as the KPIs show, this investment is starting to bear fruit.

We are on track to meet our targets for a smaller, more economical, efficient and sustainable civil estate by 31 March 2016, and to achieve further improvements in the years beyond.

APPENDIX 1 - 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.

APPENDIX 2 – The Scottish civil estate – administrative offices

28 CUNZIE STREET ANSTRUTHER	5 ATLANTIC QUAY 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	STRATHEARN HOUSE PERTH
23 WALKER STREET EDINBURGH	SCORRYBRECK PORTREE
CALENDAR BUSINESS. PARK FALKIRK	ST OLA HOUSE SCRABSTER
119-121 SHORE STREET FRASERBURGH	KEITH STREET STORNOWAY
EUROPA BUILDING GLASGOW	STATION STREET STRANRAER
TWEEDBANK GALASHIELS	STRATHBEG HOUSE THURSO
TWEEDSIDE PARK 7 GALASHIELS	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	FRESHWATER LABORATORY MONTROSE
LEITH WALK STORE EDINBURGH	FISH REARING UNIT PERTH
MOTOR TRANSPORT UNIT BONNINGTON EDINBURGH	FRESHWATER FISH LABORATORY PITLOCHRY
SASA EDINBURGH	

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 and staff college.

APPENDIX 3 – Performance summary

1. EFFICIENCY – BASELINE KPIs (as of 31 March 2011, 2013 & 2014)

KEY PERFORMANCE INDICATORS	SG & Executive Agencies 2010/11 Offices Only	SG & Executive Agencies 2011/12 Offices Only	SG & Executive Agencies 2012/13 Offices Only	SG & Executive Agencies 2013/14 Offices Only
Cost Per FTE (£)	3447	3615	4977	5179
Cost per m ² (£)	242	213	281	349
Area per FTE (m ²)	14.4	16.9	17.4	14.8
Rent per m ² (£)	77	80	98	98
Rates per m ² (£/m ²)	56	44	54	72
Other Costs per m ² (£/m ²)	110	88	131	153
Area per Workstation (m ²)	13.6	12	12.8	9.7
Workstations per FTE	1.06	1.37	1.36	1.52
Water consumption per FTE (m ³ /FTE)	7.2	8.9	10.4	11.2
% of total waste recycled	64	71	82	94
Energy consumption per m ² (kWh/m ²)	286	288	304	302
Energy Consumption per FTE (kWh/FTE)	4126	4908	5314	4473
Energy Cost per m ² (£/m ²)	16	20	23	25
Energy Cost per FTE (£/FTE)	246	349	401	377

As the organisations comprising the civil estate keep changing, the buildings listed within the estate vary, space holdings of organisations within the buildings alter with operational needs, the definitions of FTE change and measurement methods improve, year on year comparisons need to be treated with caution as like is not being compared with like.

KEY PERFORMANCE INDICATORS	SG & Executive Agencies 2010/11 Offices & Specialist	SG & Executive Agencies 2011/12 Offices & Specialist	SG & Executive Agencies 2012/13 Offices & Specialist	SG & Executive Agencies 2013/14 Offices & Specialist
Cost Per FTE (£)	3949	3864	5273	5725
Cost per m ² (£)	215	183	220	256
Area per FTE (m ²)	21.1	24.1	23.7	22.4
Rent per m ² (£)	58	64	68	71
Rates per m ² (£/m ²)	47	34	42	47
Other Costs per m ² (£/m ²)	105	75	107	115
Area per Workstation (m ²)	18.7	18	18	15
Workstations per FTE	1.06	1.35	1.33	1.48
Water consumption per FTE (m ³ /FTE)	12.8	22.1	23.6	14.2
% of total waste recycled	61	69	65	91
Energy consumption per m ² (kWh/m ²)	281	293	307	305
Energy Consumption per FTE (kWh/FTE)	5938	7520	7619	6821
Energy Cost per m ² (£/m ²)	17	22	23	23
Energy Cost per FTE (£/FTE)	379	572	569	506

As the organisations comprising the civil estate keep changing, the buildings listed within the estate vary, space holdings of organisations within the buildings alter with operational needs, the definitions of FTE change and measurement methods improve, year on year comparisons need to be treated with caution as like is not being compared with like.

Explanatory notes

1. The 2013/14 report covers the core Scottish Government and eight agencies.
2. The 2011/12 report covered the core Scottish Government estate and that of eight executive agencies. The 2010/11 report covered the core Scottish Government estate and 11 agencies. The KPIs over the years cover some different bodies and buildings.