

The Scottish Civil Estate: Efficiency and Sustainability 2015/16

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

Laid before the Scottish Parliament by the Scottish Ministers
31 October 2016

SG/2016/122

Introduction

Overview

This is the sixth 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.

Comparisons of this year's Key Performance Indicators (KPIs) with those of previous years need to be treated with caution as the composition of the estate is dynamic and changes constantly as staff numbers fluctuate and working practices change. The estate being measured is not static as the organisations which comprise the Scottish civil estate change over time. Also the number of buildings within the estate fluctuates through acquisitions and disposals. Furthermore the areas occupied within the buildings change as the business needs of bodies lead them to expand or contract.

In past reports 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. There are signs that this situation may be working its way through and some of the KPIs are beginning to improve as buildings are disposed of, as leases expire and the space bodies occupy within buildings also contracts.

The Scottish Civil Estate

The civil estate comprises many of the properties that make up the estates of the core Scottish Government and its seven executive agencies. During the period of this report they were:

- Accountant in Bankruptcy
- Disclosure Scotland
- Education 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 from 1 April 2015 - 31 March 2016

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 has fallen to seven (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 make up 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 – 5294
- Size of Office Estate – 68637 m²

During 2015-2016, the office component of the civil estate comprised 33 core administrative buildings (NIA 68637 m²). This represents a reduction of 11 buildings from the 2010-2011 level. The Scottish Government's core office estate includes both owner occupied and leasehold properties. The three major administrative buildings in Edinburgh - St Andrew's House, Saughton House and Victoria Quay - are owned (Saughton House is held on a long ground lease) and comprise 57,447 m², or around three quarters of the total floor area of the 33 administrative buildings. Some of this space is occupied by other government departments such as the Scottish Courts and Tribunals Service or the Office of the Lord Advocate for Scotland – a UK department.

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 2013 Jeanfield House, the ex-agricultural office in Perth, was sold and subsequently redeveloped for social housing. During 2012-13 the NHS took over responsibility for two vacant floors at Meridian Court, Glasgow that had been part of the civil estate. This enabled the NHS to save money by surrendering private sector leases elsewhere. Other buildings have seen significant rationalisations of their space; 23 Walker Street Edinburgh (vacated 2014/15), and St James House Paisley (vacated 2013/14) are no longer part of the civil estate and in April 2014 Thistle House was transferred off the estate to the Scottish Legal Aid Board. The former marine research station at Aultbea was sold in 2014/15.

During 2015/16 the SG core civil estate has been further reduced in size by 6165 sq m due to lease terminations, co-location with public bodies and transfers to the Scottish Courts and Tribunals Service (SCTS) to reflect the change in responsibility for Tribunals. These are:-

- Bothwell House, Hamilton - part - Transferred to SCTS
- Hamilton house, Hamilton - part - Transferred to SCTS
- Denholm House, Livingston - SG Core occupancy reduced to locate the Scottish Independent Living Fund
- Governor's House, Edinburgh – co-locations with the Scottish Human Rights Commission and the Scottish Fiscal Commission
- Altens Store, Aberdeen – termination of lease and property vacated
- Highlander House, Glasgow – Lease expired and property vacated

Actions currently underway to improve and enhance how space is used include workspace planning and reconfiguration at:

- Pentland House, Edinburgh – co-location with National Libraries of Scotland and NHS Lothian;
- Atlantic Quay, Glasgow – reconfiguration of work space exploiting modern technology to redesign and make better use of the space;
- St Andrews House – parts reconfigured for hot-desking and collaborative working;
- Victoria Quay – continuing works to reconfigure work space exploiting modern technology to redesign and make better use of the space.

In 2015/16 the Ocean Trade Centre in Aberdeen was added to the core SG estate as a replacement for the older Altens Store with a smaller and more efficient building. This reduced the estate by 470 m².

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 then 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 led to the creation of a strategy to reduce the size of the core administrative estate (and related costs) by 25% by 31 March 2016.

A further SG-led programme to work more widely across the public sector continues to take this work forward. 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™ which is the main database of Government Central Civil Estate properties and land holdings. It records the location of each 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:

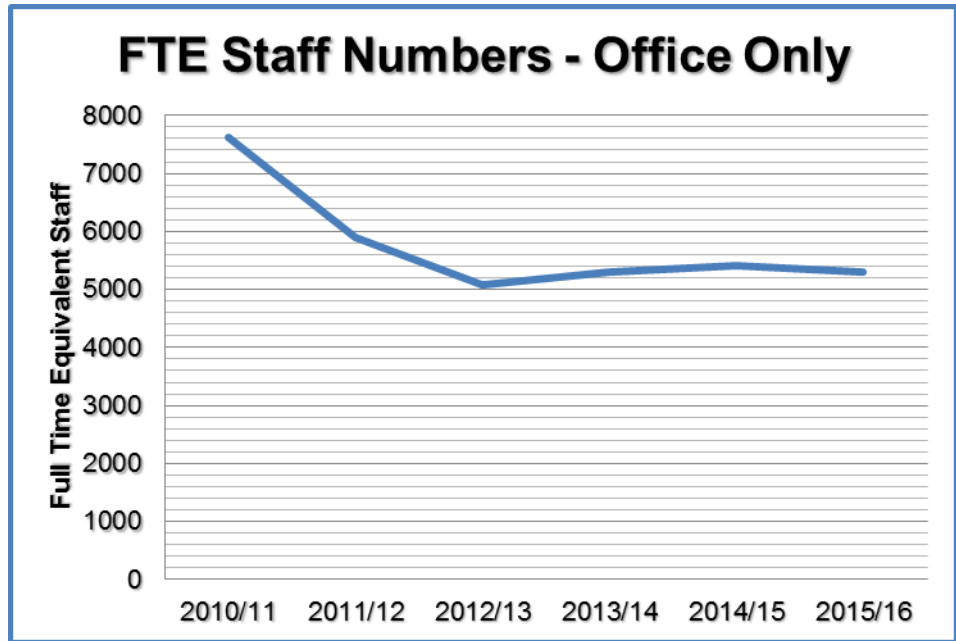
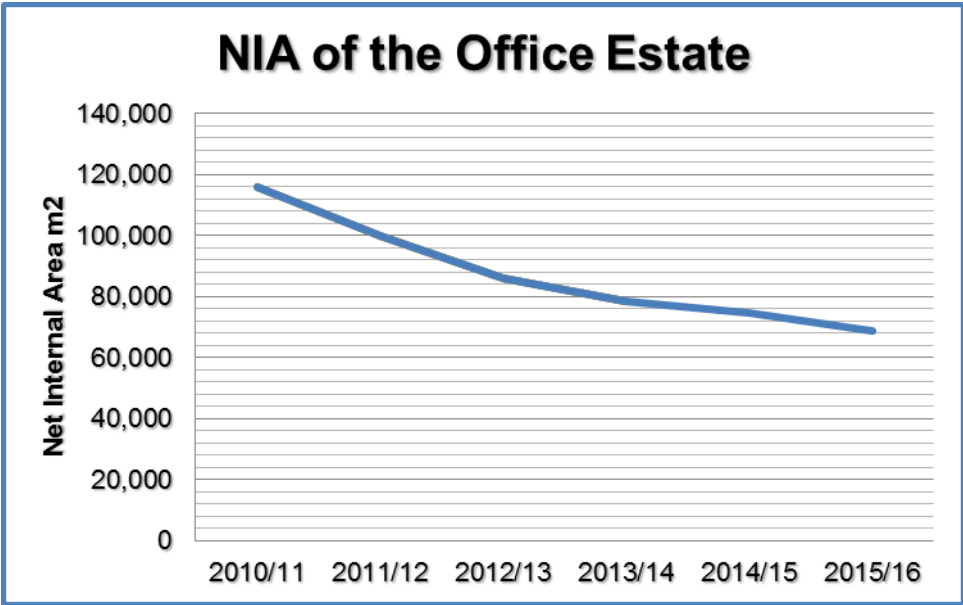
- the overall area of the civil estate (m²) and the total number of Full Time Equivalent (FTE) staff;
- workspace efficiency in offices expressed as Total estate cost (rent, rates and other costs of occupation)/FTE, and Area in m² (Net Internal Area (NIA))/FTE, and the use of occupied space expressed as Area (m²)/ workstation;
- compliance with the commitment to procure buildings in the top quartile of energy performance;
- sustainability performance against targets for waste recycling and water consumption.

This sixth report provides both a snapshot of the position (as at 31 March 2016), and an indication of some of the changes over the last five reports which are shown graphically.

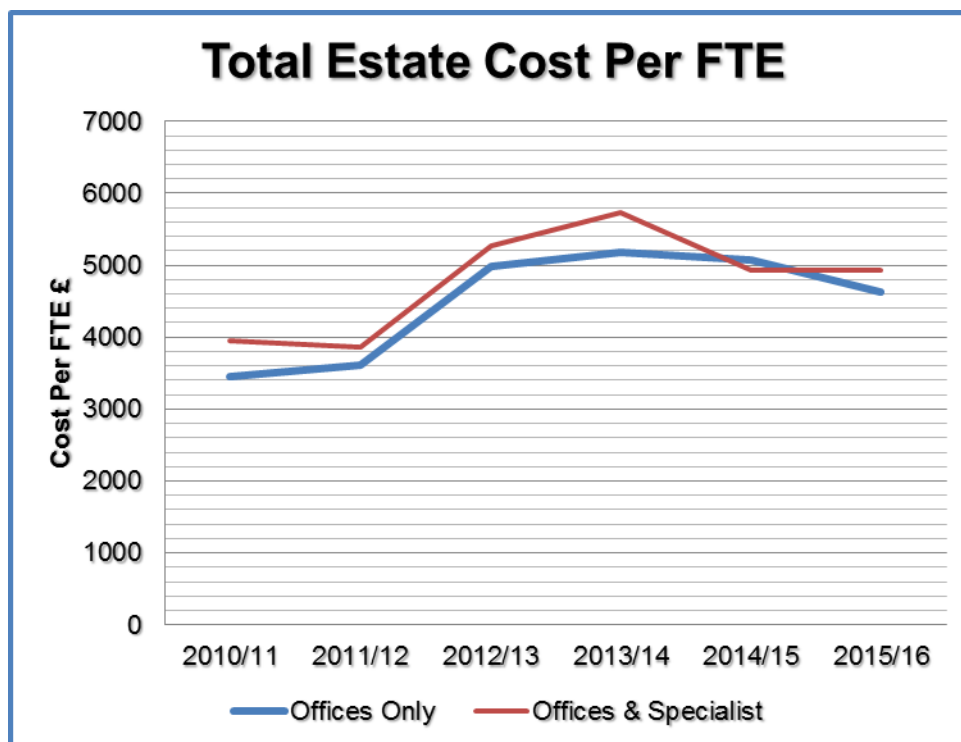
The Organisational Context

As organisations come into and leave the civil estate the staff numbers over the periods vary accordingly. This makes this series of reports difficult to interpret 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 6 year 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. Overall the floor area of the estate is significantly lower than at the start of the series. Staff numbers within the sample fell quite sharply in the first three years, and have then steadied in the last three years.

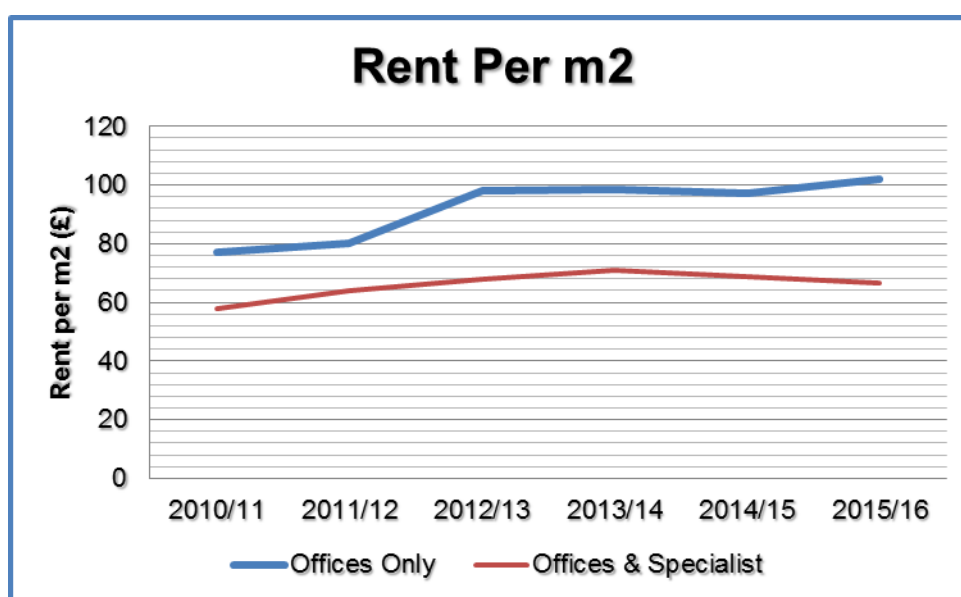
The merger between Historic Scotland and the Royal Commission on Ancient and Historical Monuments of Scotland (RCAHMS) to form Historic Environment Scotland completed on 1 October 2015. As this is now a non-departmental public body rather than an agency, any statistics relating to Historic Scotland have fallen out of the 2015-2016 figures.



Property Costs of the Office Estate

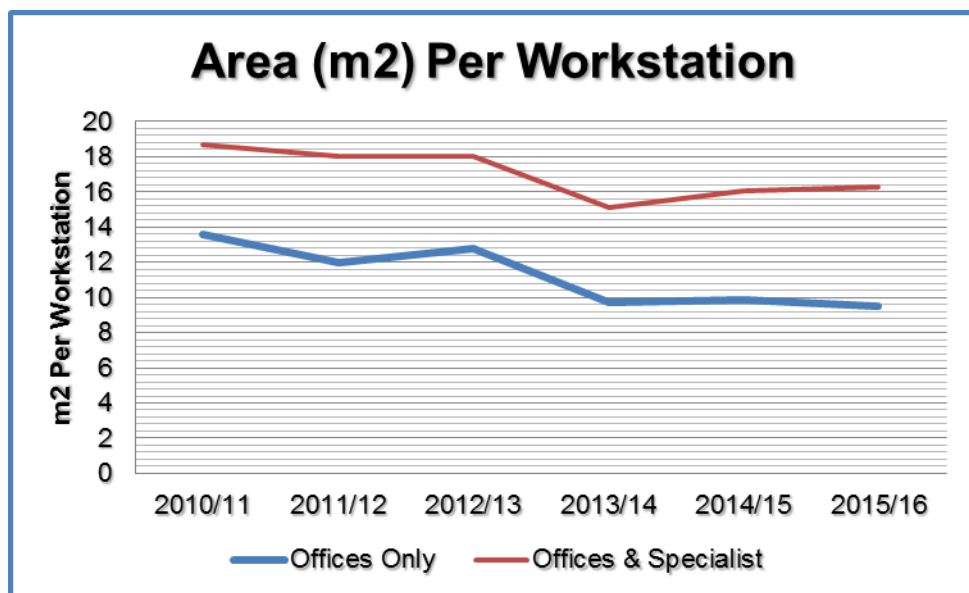
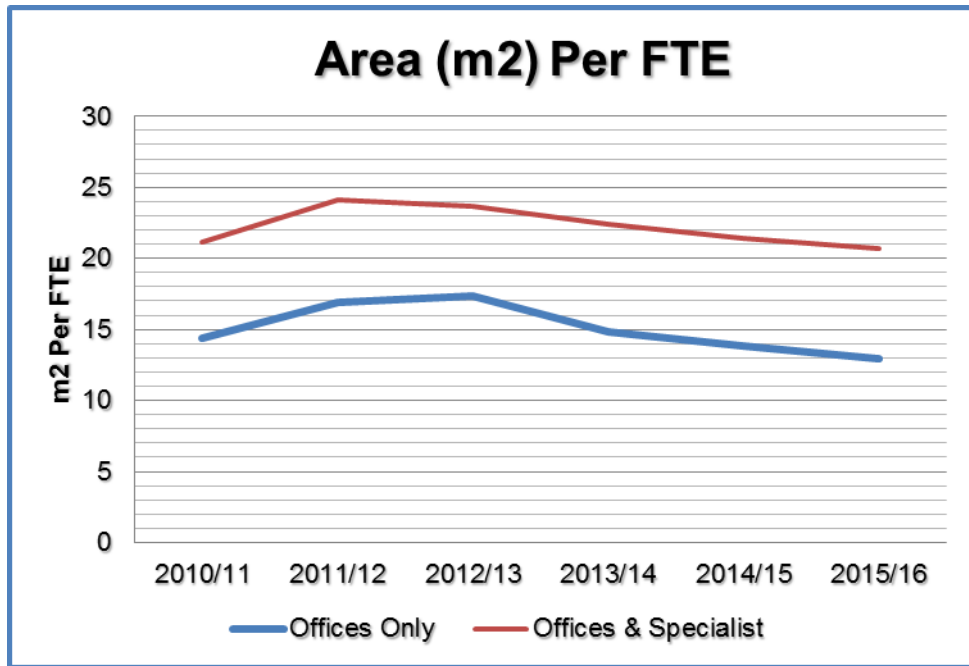


Total Estate Cost includes rent, rates and a wide range of other costs of occupation including repairs and maintenance, service charge, water and sewerage, security and cleaning. The increase in cost per FTE from 2011-12 to 2014-15 was as a result of a combination of factors. It reflected the increasing cost of accommodation at that time, through increases in rent as the property market improved together with uplift in the cost of utilities. It was also affected by the time lag between accommodation being vacated by staff and it being disposed of from the estate. As space is reduced there has been a welcome fall in total cost per FTE over the past two years in offices in particular.



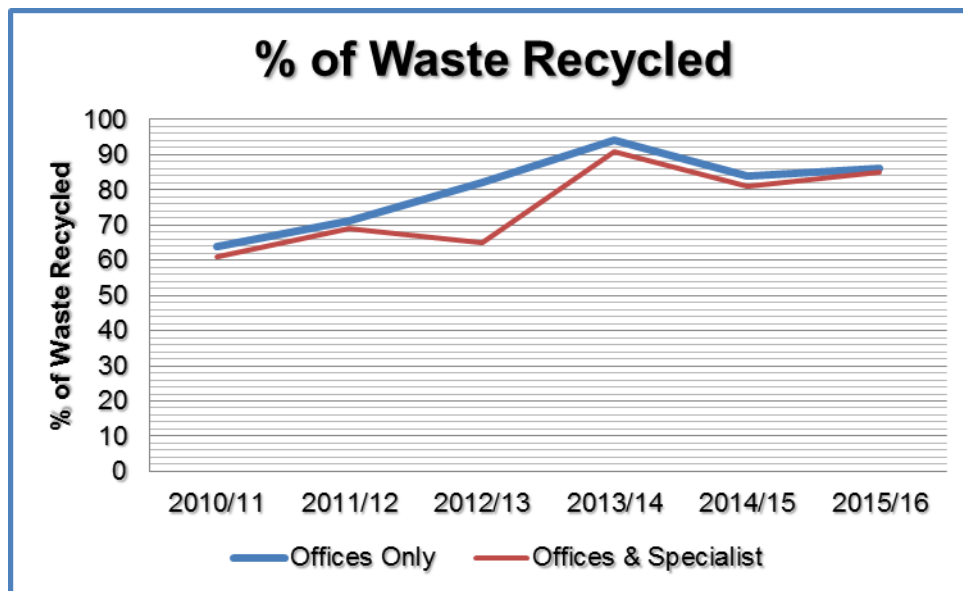
One of the factors affecting the total estate cost is rental levels. Property managers in the civil estate negotiate robustly with landlords at rent review, but some managers are faced with a lease that has either upwards only reviews of rent or is increased in line with the Retail Price Index (RPI), or some other index, both of which preclude the ability to make reductions. As the market for offices is reinvigorated, demand has risen and the supply of vacant space fallen, so asset managers, including those in the public sector, are increasingly working in an environment of declining incentives and rising rents.

Use of Occupied Space



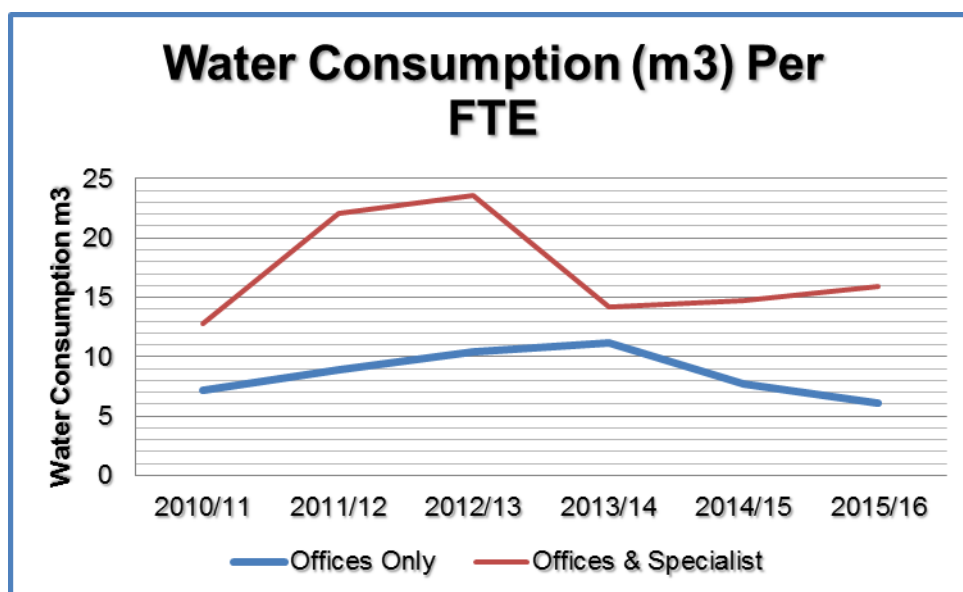
The strategy since 2011 is to actively work towards 10 m² per FTE for existing space and 8 m² per FTE for substantially refurbished or newly built office space, where this is operationally appropriate.

Waste Recycling



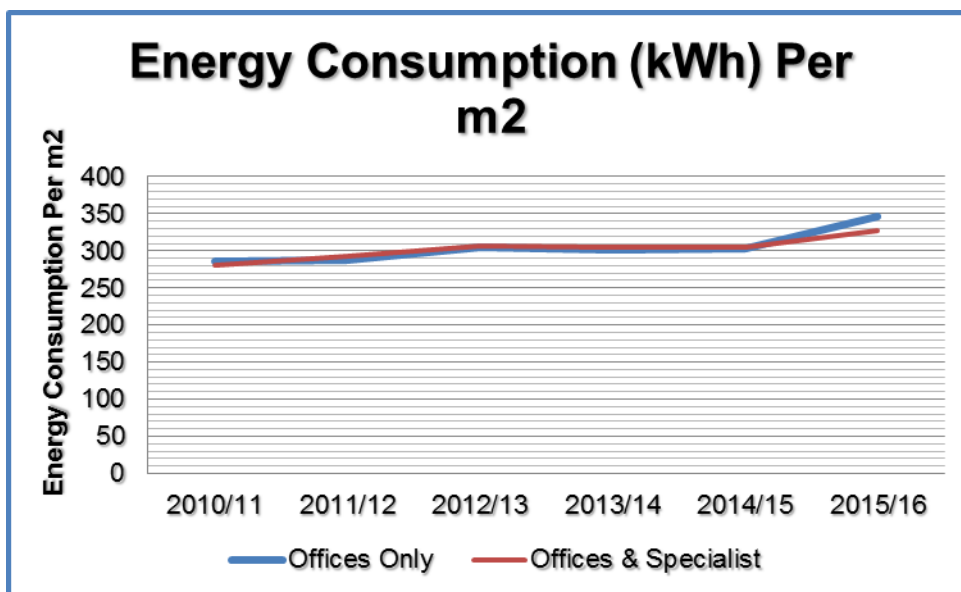
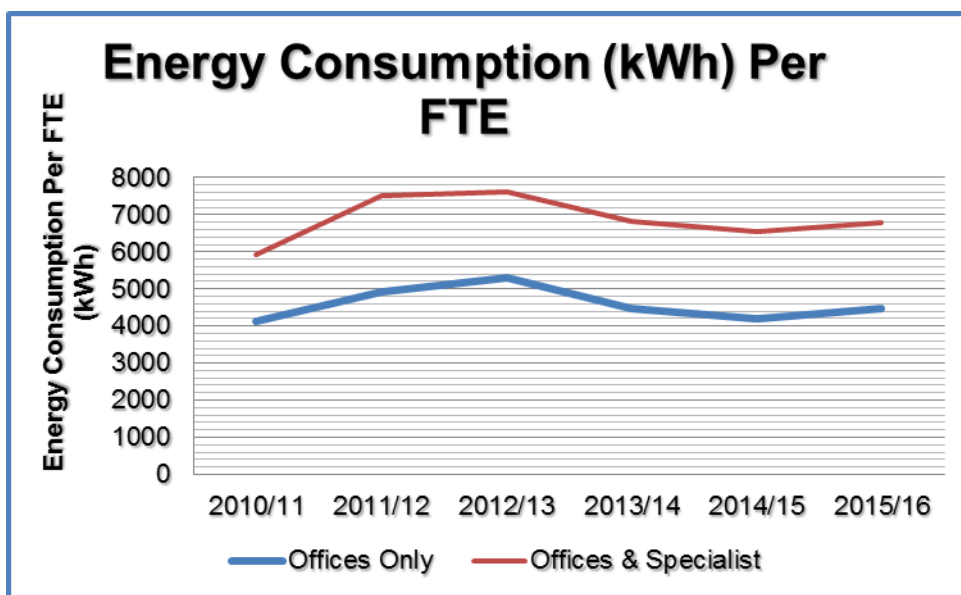
Due to sustained effort by facility managers and their contractors within the Scottish Government and its agencies, the percentage of waste recycled increased from 64% (2011/12) to 94% (2013/14). This increase is due to the rise in segregation of recyclable material at source and further extraction of recyclable material at Materials Recovery Facilities that would have formerly been sent to landfill. In the last two years a declining trend across the board to 83% has been reversed, rising back to 86%.

Water Consumption



Over recent years improvements in technology have enabled more accurate reporting based on actual water 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. It is now 6.0 m³ per FTE for 2015/16. The lower level 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. When the business needs of Marine Scotland require a switch to fresh water, this figure will increase again.

Energy Consumption



During the year 2015/16 energy efficiency measures were taken in completing the LED upgrade at Atlantic Quay. A similar upgrade to LED lighting at St Andrew's House is programmed for this coming year together with the installation of Solar Photo-Voltaic panels at Victoria Quay, St Andrew's House and Saughton.

The creation of Historic Environment Scotland and consequent removal of their large storage properties with low energy costs has led to a slight increase in energy consumption per m² in this year's figures.

Property Costs on the Combined Office and Non Office Specialist Estate

Because of their specialist nature, buildings like the 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 offices using 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. In 2013/14 there was a fall in this freshwater consumption due to the substitution of seawater for some uses. This major user is sufficient to influence the water consumption KPI for the whole sample, and the resumption in the use of freshwater for some activities has led to a slight uplift in the KPI.

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. The space held is to be reduced by at least 30,000m² by March 2016, a proposed reduction of 25%. In 2011-12 the core SG estate comprised 119500 m². It is now 98000 m², a reduction of 21500 m² or 18%. Cash savings of at least £5.5m p.a., or 25%, were targeted for the same period. At the end of the 2014-15 financial year the core Scottish Government had reached 62% of the cost saving target and by 31 March 2016 88% of the target had been reached generating recurring annual savings of £4.9m. It is anticipated that by the end of December 2016 the full 25% target will have been met both for space and cost reductions.

Where offices are held on leasehold they offer opportunities for flexibility when the leases end or a tenant's lease break option occurs. Three of the Scottish Government's main office buildings have leases that are due to end over the next three years comprising in total 13,408 m².

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 requires space such as at Thistle House, Edinburgh which was transferred to the Scottish Legal Aid Board in 2014/15. Similarly, the lease on 23 Walker Street Edinburgh was transferred in 2014/15 and so no longer forms part of the estate. Where vacant space arises in either leased or owned accommodation efforts are made to backfill with other public sector bodies in order to reduce the running costs of the core Scottish Government estate. This also removes the need for those bodies to lease additional space from the private sector, thereby securing savings overall for the public purse.

Technological changes over the years of these reports, such as 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.

The Scottish Government and its agencies remain committed to a smaller, more economical, efficient and sustainable civil estate. Scottish Government is continuing to deliver improvements across the central public sector estate using accommodation and property changes together with enabling technologies to implement better ways of working and delivering services.

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
BALIVANICH BENBECULA	CADZOW COURT HAMILTON
DOUGLAS CENTRE BUCKIE	REX HOUSE HAMILTON
GOVERNOR'S HOUSE EDINBURGH	LONGMAN HOUSE. INVERNESS
PENTLAND HOUSE EDINBURGH	THAINSTONE COURT INVERURIE
SAUGHTON HOUSE EDINBURGH	PENNYBURN ROAD KILWINNING
ST ANDREW'S HOUSE EDINBURGH	UNIT 4B KINLOCHLEVEN
VICTORIA QUAY EDINBURGH	TANKERNESS LANE KIRKWALL
CALLENDAR BUSINESS. PARK FALKIRK	ALEXANDRA BUILDINGS LERWICK
119-121 SHORE STREET FRASERBURGH	DENHOLM HOUSE LIVINGSTON
EUROPA BUILDING GLASGOW	HARBOUR BUILDINGS MALLAIG
TWEEDBANK GALASHIELS	CAMERON HOUSE OBAN
TWEEDSIDE PARK 7 GALASHIELS	CUSTOMS HOUSE OBAN
WEST SHORE STREET ULLAPOOL	STRATHEARN HOUSE PERTH
STRATHBEG HOUSE THURSO	SCORRYBRECK PORTREE
STATION STREET STRANRAER	ST OLA HOUSE SCRABSTER
KEITH STREET STORNOWAY	

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 which does not meet the 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.

Scottish Prison Service: Operational estate – prisons and staff college.

APPENDIX 3 – Performance summary

1. EFFICIENCY – BASELINE KPIs (as of 31 March 2011, 2012, 2013, 2014, 2015 & 2016)

KEY PERFORMANCE INDICATORS	SG & Executive Agencies	SG & Executive Agencies	SG & Executive Agencies	SG & Executive Agencies	SG & Executive Agencies	SG & Executive Agencies
	2010/11 Offices Only	2011/12 Offices Only	2012/13 Offices Only	2013/14 Offices Only	2014/15 Offices Only	2015/16 Offices Only
Cost Per FTE (£)	3447	3615	4977	5179	4817	4811
Cost per m ² (£)	242	213	281	349	348	371
m ² per FTE (m ²)	14.4	16.9	17.4	14.8	13.9	13.0
Rent per m ² (£)	77	80	98	98	97	117
Rates per m ² (£/m ²)	56	44	54	72	63	61
Other Costs per m ² (£/m ²)	110	88	131	153	165	171
m ² per Workstation (m ²)	13.6	12	12.8	9.7	9.9	9.5
Workstations per FTE	1.06	1.37	1.36	1.52	1.40	1.37
Water consumption per FTE (m ³ /FTE)	7.2	8.9	10.4	11.2	7.7	6.0
% of total waste recycled	64	71	82	94	83	86
Energy consumption per m ² (kWh/m ²)	286	288	304	302	302	346
Energy Consumption per FTE (kWh/FTE)	4126	4908	5314	4473	4188	4490
Energy Cost per m ² (£/m ²)	16	20	23	25	23	22
Energy Cost per FTE (£/FTE)	246	349	401	377	318	286

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	SG & Executive Agencies	SG & Executive Agencies	SG & Executive Agencies	SG & Executive Agencies	SG & Executive Agencies
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Offices & Specialist	Offices & Specialist	Offices & Specialist	Offices & Specialist	Offices & Specialist	Offices & Specialist
Cost Per FTE (£)	3949	3864	5273	5725	4716	4929
Cost per m ² (£)	215	183	220	256	220	238
m ² per FTE (m ²)	21.1	24.1	23.7	22.4	21.4	20.7
Rent per m ² (£)	58	64	68	71	59	67
Rates per m ² (£/m ²)	47	34	42	47	43	43
Other Costs per m ² (£/m ²)	105	75	107	115	100	128
m ² per Workstation (m ²)	18.7	18	18	15	16	16
Workstations per FTE	1.06	1.35	1.33	1.48	1.33	1.27
Water consumption per FTE (m ³ /FTE)	12.8	22.1	23.6	14.2	14.7	15.9
% of total waste recycled	61	69	65	91	80	85
Energy consumption per m ² (kWh/m ²)	281	293	307	305	306	328
Energy Consumption per FTE (kWh/FTE)	5938	7520	7619	6821	6538	6773
Energy Cost per m ² (£/m ²)	17	22	22.86	23	19	18
Energy Cost per FTE (£/FTE)	379	572	569	506	402	380

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 2015/16 report covers core Scottish Government and seven agencies.
2. The 2014/15 report covered the core Scottish Government and eight agencies.
3. 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.
4. The vast majority of the measurements upon which these KPIs are based, conform to the RICS Code of Measuring Practice 6th Edition, rather than the International Property Measurement Standards: Office Buildings introduced on 1 January 2016.