



Llywodraeth Cymru
Welsh Government

State of the Estate

The efficiency and environmental performance of the Welsh Government administrative estate



Foreword



Mark Drakeford

Our programme for government, *Taking Wales Forward* together with the recently published *Prosperity for All – national strategy*, sets out our ambition to achieve real and sustainable change in Wales by 2021 at a time of the longest period of austerity in living memory and the financial uncertainty caused by the decision to leave the European Union. Against this fiscal background, it is important that we ensure we make effective use of all our key resources, including the administrative estate.

The *Location Strategy* (2015-20) sets out the programme for change, which includes providing an estate which is both efficient and effective to support our business needs and provide a healthy, sustainable working environment. It also maintains the Welsh Government's commitment to being located across Wales.

The annual *State of the Estate* report provides a summary of our progress towards meeting these goals. Performance is measured against: a set of indicators measuring cost; space and environmental performance; the wider UK public estate; and the objectives in the *Location Strategy*.

There have been some significant cost challenges during this reporting period but we remain on course to achieve the longer-term objectives. Although the cost of running the estate has increased, we continue to perform well against the UK and Scottish administrative estates.

Our approach to improving the sustainability and environmental performance of the administrative estate continues to deliver results. The introduction of new energy management systems has reduced costs by 10% and CO₂ emissions for the reporting year. CO₂ emissions are now 51% lower than the 2010-11 baseline – exceeding the 2020 target of 30%. Carbon reduction will remain a priority and will include, where appropriate, renewable technologies.

We know our future organisational requirements will continue to change, not least as a consequence of leaving the EU. The *Location Strategy* acknowledges that business forecasting is not static and our approach is designed to ensure the estate remains flexible and responsive to future requirements.

The Merthyr Tydfil Flexible First pilot demonstrates our commitment to the wellbeing goals. Staff have been able to explore alternative ways of working across a dispersed estate, improving productivity and home-work balance at no detriment to service delivery. The evaluation of the pilot has shown more agile working practices are integral to an efficient and effective estate and an enhanced flexible working package will be rolled out across the Welsh Government in future months.

The first two years of the current *Location Strategy* have seen the introduction of some important changes to the estate and the way it is used. The objectives for a reduced, less-costly and sustainable estate continue to be appropriate – albeit challenging but achievable. We will ensure the administrative estate is managed within future budgets allowing us to direct resources where they are needed to deliver our primary objective to create a better, more prosperous Wales.

Contents

Foreword	2
1. Introduction	4
1.1 About this Report	4
1.2 Overview	5
a) Efficiency	5
b) Tackling Climate Change and Environmental Performance	6
1.3 Measuring Performance	6
1.4 Summary of Performance	7
2. Size of the Estate	9
2.1 Number of Holdings	9
2.2 Total Floor Area	9
3. Costs	10
3.1 Cost of the Estate	10
4. Efficiency	12
4.1 Benchmarking	12
4.2 Cost per FTE	13
4.3 Cost per sq m	13
4.4 Space Efficiency	14
4.5 Feedback from our Staff	14
5. Environmental Performance	15
5.1 Carbon Management and Reduction	15
5.2 Display Energy Certification (DEC)	16
5.3 Water Management	16
5.4 Waste Management	17
5.5 Enhancing Biodiversity	17
6. Forward Look 2017-18	19
7. Welsh Government Overseas Presence 2016-17	20
7.1 Role of the overseas offices	20
7.2 The Overseas Estate	20
7.3 Look ahead	21
Appendices	
Appendix 1 – Summary Source Property Data	22
Appendix 2 – Annual Savings From Vacated Properties	24
Appendix 3 – Regional Overview	25
Appendix 4 – Performance Summary 2012-2017	26
Appendix 5 – Case Study – Flexible First Pilot	27
Appendix 6 – Case Study: Establishing Efficiencies and Introducing Renewables	30
Appendix 7 – Properties Outside the Scope of this Report	32

1. Introduction

1.1 About this Report

This is the Welsh Government's 9th annual State of the Estate report. It provides an assessment of the efficiency and environmental performance of the administrative estate during 2016-17 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
- a rationalised office estate of 15 core and operational offices of less than 70,000 sq m.

The guiding principles which serve as the main strategic objectives under-pinning these aims include:

- an estate that supports the Welsh Government's business needs and goals, ensuring a dispersed presence and employment opportunities across Wales
- rationalisation and consolidation of the estate at core offices incorporating modern, efficient and consistent workspace design to accommodate changing demands at optimum cost

- adoption of flexible working and supporting technologies to enable an average ratio of 8 workstations per 10 staff (8:10)
- safe, secure, compliant and healthy workplaces that demonstrate reduced environmental impact and operational costs.

The Strategy aims to address challenges that 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 dispersed estate contributes directly to these objectives by supporting regional employment and enabling effective services to be delivered across the whole of Wales.

The Strategy is reviewed annually by the Administrative Property Strategy Group¹, to ensure it continues to be aligned with future business need and that the estate can respond quickly to change. Rationalisation of the estate includes office closures, each of which will be driven by operational need and will be subject to a business case and staff consultation at the relevant time.

The remainder of this section of the report provides an overview of the estate in terms

of efficiency, environmental performance, key performance indicators (KPIs) and concludes with a summary of the financial and environmental performance of the estate in 2016-17.

Two case studies, of the Flexible First pilot undertaken at the Rhyd-y-Car office, Merthyr Tydfil and energy efficiency and renewables projects across the estate, are included at Appendices 5 and 6.

1.2 Overview

a) Efficiency

This report focuses on the 22 core offices across Wales held within the Welsh Government's administrative estate, as at 31st March 2017.

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. Carbon figures relating to these properties are included in this report at 1.4 and Section 5.

The Welsh Government also holds an overseas estate of 15 properties which are excluded from the analysis contained in this report. These properties are listed within Section 7.

The estate accommodates a workforce of 5,449² Full Time Equivalent (FTE) staff and contractors over 22 offices and a total floor area of 82,275 sq m. The cost of running the estate in 2016-17 was £18.417m. A summary of property data for these offices can be found at Appendix 1.

The Location Strategy aims to reduce the office space occupied to less than 70,000 sq m, a reduction of 12,275 sq m by 31 March 2020. This is intended to deliver estimated gross savings, ignoring the impact of inflation, of around £3.46m and running cost savings of circa £2.52m per annum after 2020. We are currently on target to exceed both these figures. The Strategy also identifies the potential to deliver capital receipts from freehold disposals.

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.

² The hours worked by part-time staff are combined to obtain an equivalent number of full time jobs.

A focus on investment in preventative spending and more agile ways of working are expected to contribute to future efficiencies. The case study of the Flexible First pilot provides an example of proactive investment of this nature.

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 80% reduction in emissions by 2050. As at 31 March 2017 we had achieved a reduction of 51% from the baseline year of 2010-11. Water consumption has reduced by 11.25% and carbon emissions from gas and electricity by 9.8% across the administrative estate over the period covered by this report.

The amount of waste produced increased by 11.04% and the proportion of waste sent to landfill fell, but the proportion of waste recycled improved from 78% to 81.5%.

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. Having made significant gains by reducing the size of the estate and installing energy efficiency measures, the focus is moving towards the further benefits to be gained from technological energy management solutions and renewable energy. The case study at Appendix 6 sets out some of the achievements in environmental performance during 2016-17.

1.3 Measuring Performance

Our estate performance is focused around a set of KPIs which measure:

- 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
- environmental performance against objectives and targets for CO₂ emissions, waste generation, waste recycling and water consumption.

1.4 Summary of Performance

The following tables show performance against 2015-16 and the 2020 targets.

	31st March 2016	31st March 2017	% Change	Rating	2020 Targets
State of the Estate					
Total Area of Estate sq m	81,888	82,275	+0.47%	▲	70,000
Number of Properties	22	22	0	■	16
Cost of Estate £ ³	17.428m	18.417m	+ 5.67%	▲	15.5m
Rent £ ³	5.835m	5.891m	+ 0.96%	▲	4.7m
Rates £ ³	2.771m	2.785m	+ 0.50%	▲	2.6m
Other £ ³	8.821m	9.740m	+ 10.4%	▲	8.2m

Efficiency⁴					
Cost per FTE	£3,229	£3,380	+ 4.67%	▲	£2,696
Cost Efficiency – £ per sq m	212.82	223.85	+ 5.18%	▲	221
Rent £ per sq m	71.26	71.61	+ 0.49%	▲	68
Rates £ per sq m	33.84	33.85	+ 0.03%	▲	37
Other £ per sq m	107.72	118.39	+ 9.91%	▲	118
Space Efficiency – sq m per FTE	15.2	15.1	- 0.66%	○	12
Sq m per workstation	11.95	12.21	+ 2.20%	▲	11
Workstations per FTE	1.27	1.24	- 2.36%	○	1

○ Improvement ▲ Deterioration ■ No Change

³ Rounded to nearest £100,000.

⁴ Efficiency figures calculated using actual rather than rounded figures.

	31st March 2016	31st March 2017	% Change	Rating	2020 Targets
Environmental Performance					
Total Emissions (t CO ₂)	6,939	6,259	- 9.80%	○	Reduce by 30% by 2020 on a 2010/11 baseline
Electricity (t CO ₂)	5,863	5,193	- 11.43%	○	
Gas (tCO ₂)	1,076	1,066	- 0.93%	○	
Total Waste Arising (Tonnes)	498	553	+ 11.04%	▲	Decrease by 0.5% per annum
Landfill (% of total)	22	18.5	- 15.91%	▲	Increase recycling to 80%
Recycling (% of total)	78	81.5	+ 4.89%	○	
Water (CU.M/person/yr)	8.0	7.1	- 11.25%	○	6m ³ per person per annum at key sites

○ Improvement ▲ Deterioration ■ No Change

A summary of the performance of the Estate from 2012 to 31 March 2017 can be found at Appendix 4.



2. Size of the Estate

2.1 Number of Holdings

As at 31st March 2017 the Welsh Government administrative estate in Wales comprised 22 core and operational offices. There were no closures in 2016-17. Six closures are planned for 2017-18 and two alternative occupations will be taken in Caernarfon and Holyhead. The intention remains that the core office estate of the

Welsh Government will be down to 15 properties by March 2020.

A summary of existing holdings are scheduled in Appendix 1 and a regional overview of the estate is included at Appendix 3.

2.2 Total Floor Area

The space occupied by Welsh Government has increased by 382 sq m to 82,275 sq m over the 12 months to 31 March 2017.

This increase is a result of tenants either vacating or reducing space in Picton Terrace, Carmarthen; Llys y Ddraig, Penllergaer, Swansea; and Rhodfa Padarn, Aberystwyth, off-set by a sub-letting of surplus offices to Higher Education Funding Council Wales (HEFCW) at Ty'r Afon, Bedwas.

The Welsh Government disposed of the freehold interest in the office at Ladywell House, Newtown, but remain in the offices as tenant. This disposal does not affect the figures within this report.

2017-18 will see closures at:

- Caernarfon
- Holyhead
- Ty'r Llyn, Swansea
- Hill House, Carmarthen
- Bocam Park, Bridgend
- Brecon House, Caerphilly

After the acquisition of new office space in Holyhead and Caernarfon, the net effect of these closures will be a reduction in space occupied of about 4,650 sq m, to a total of 77,625 sq m.

Occupied space has fallen from 101,000 sq m in 2008 to 82,275 sq m as at 31st March 2017, a reduction of 18.5%. We are on target to reduce the space occupied to less than 70,000 sq m by 2020.



3. Costs

The total occupancy cost for the year to 31 March 2017 was £18,417,022, an increase of £989,474 over the last 12 months.

These costs include actual rents on leasehold properties, notional rents in respect of freehold properties, business rates and other outgoings. The use of notional rents enables a comparison with the leasehold properties and with other public and private sector estates.

The increase in cost is primarily due to the Welsh Government's new Soft Facilities Management (SFM) contract and as a result

of re-aligning internal budgets. The new SFM contract replaces one put in place seven years previously and includes additional business support functions previously undertaken by Welsh Government staff. These functions include security; reception; handyman; post; concierge; messengers and porters. Although this has increased the costs associated with the administrative estate, there has been a reduction in Welsh Government overheads within different budgetary areas.

3.1 Cost of the Estate

The annual cost of the estate from 2012 to 2017 is shown at Appendix 4. The costs comprise:

- rental commitments, notional rents in respect of freehold properties, and service charges
- rates
- hard and soft facilities management costs
- CRC Energy Efficiency Scheme Allowances
- carbon management implementation costs.

Rental costs have increased by £56,000 over the last 12 months due to the Welsh Government becoming responsible for space previously occupied by tenants and sub-tenants. As a result of proposed closures during 2017-18 we anticipate a rental saving of approximately £400,000 per annum.

The Uniform Business Rate for the year 2016-17 in Wales was increased from 48.2p to 48.6p. This, and the increase in occupied space, resulted in an increase in rates payable of approximately £14,000. Over the last five years

Welsh Government has achieved an annual saving of £320,000 on its rates bill, despite annual increases in the Uniform Business Rate.

Further savings of approximately £200,000⁵ are anticipated next year.

Other outgoings increased by £989,474 last year. The recently tendered SFM contract now includes functions previously undertaken by Welsh Government staff. These costs were not included in previous year's figures. Savings of approximately £470,000 in other outgoings are expected from the disposals planned in 2017-18.

Utility bills have again fallen during 2016-17, with an overall reduction of 10.7% to £20.21 per sq m.

⁵ This figure is for the properties to be vacated. The rates liability on the new premises at Caernarfon and Holyhead are unknown.

Utilities	2014-2015	2015-16	2016-17	% Change on year
Water £	149,480	146,923	144,290	-1.79%
Gas £	284,628	260,380	193,364	-25.7%
Electricity £	1,618,326	1,421,536	1,295,386	-8.8%
Total	£2,052,434	£1,828,839	£1,663,040	-10.7%

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. In 2016-17 26,743 allowances were purchased at a total cost

of £435,996, averaging £16 per allowance. 6,191 of these were attributable to the administrative estate, which represents a reduction of 10% from the 2015-16 figures. The total cost of allowances attributable to the administrative estate for 2016-17 was £101,220.70.



4. Efficiency

The cost efficiency of the estate is an analysis of costs by FTE employees, 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 2012 to 2017 at Appendix 4.

Floor area, facilities costs and FTE employees have all increased in 2016-17, resulting in an increase in the cost per sq m across the estate. There has been a small increase in sq m per workstation, but an improvement in efficiency in terms of sq m per FTE and the number of workstations per FTE.

Work continues on our estate rationalisation programme with six scheduled closures

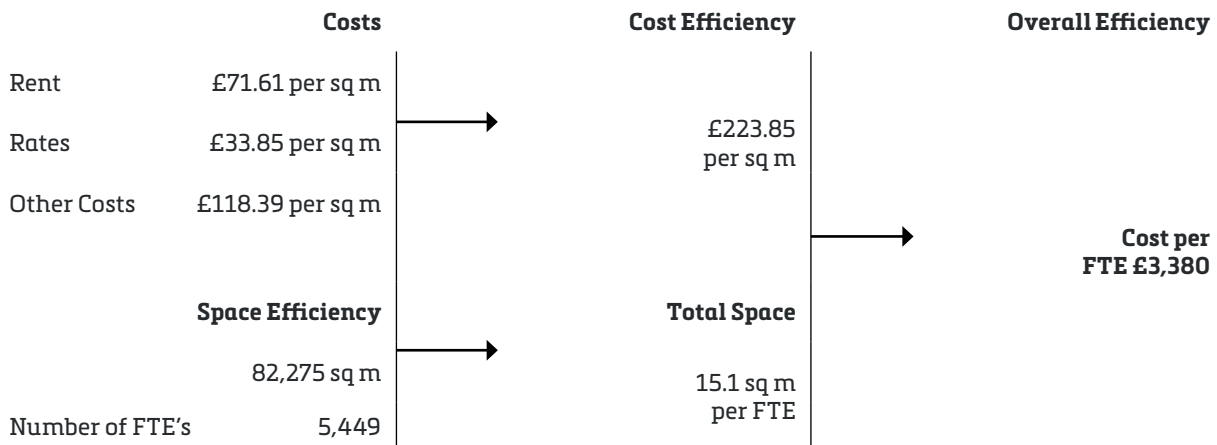
(4,650 sq m) in 2017-18. Some of these buildings, including Ty'r Llyn, Brecon House and Bocam Park are the least efficient on the administrative estate. Efficiency savings can be anticipated next year. Based upon 2016-17 costs the annual savings are expected to be in excess of £1m.

The Location Strategy proposes further rationalisation up until 31 March 2020, with closures taking place as the opportunity arises, dependent upon business need.

The Welsh Government administrative estate is performing significantly better compared to published figures for the UK Central Government Estate and the Scottish Government Estate across a range of KPIs.

4.1 Benchmarking

The key performance indicators can be summarised as follows:



4.2 Cost per FTE

Staff numbers for 2016-17 increased to 5,449 FTEs, a small increase on 2015-2016. This figure includes Welsh Government employees and contractors. Contractor's employees 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. By accommodating contractors within our offices we generate 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 £3,380 as at 31 March 2017.**

4.3 Cost per sq m

The average rent currently stands at £71.61 per sq m, a marginal increase on last year.

The rates payable have increased by £0.01 per sq m over the year.

'Other Costs', which includes utilities, maintenance, service charges, insurance etc. have increased by £10.67 per sq m over the year, equating to £919,464. In addition to general price increases, this is a consequence of the new SFM contract. These costs now includes a range of business support functions and security.

Savings of 10% have been achieved in respect of Carbon Management Implementation Costs

This represents an increase of 4.67% from last year. This increase is primarily due to increased security costs and additional functions included within the new SFM contract.

The most recent corresponding figure for the Central Government Estate (2015-16) is £4,587 per FTE⁶ and for Scotland (2014-15) £4,817 per FTE⁷. The private sector equivalent for 2015-16 is £5,428 (2015-16)⁶.

Performance of the Welsh Government estate compares favourably with these figures.

and CRC Energy Efficiency Scheme Allowances for the administrative estate.

The **average total cost per sq m across the estate as at 31 March 2017 was £223.85** compared to £212.82 in 2016, an increase of 5.18%.

The most recent corresponding figure for the Central Government Estate (2015-16) is £443⁶ per sq m and for Scotland (2014-15) £348⁷. Performance of the Welsh Government estate compares favourably with these figures.

The private sector equivalent for 2015-16 was £502 per sq m⁶.

⁶ Cabinet Office, 2017 The State of the Estate 2015-16.

⁷ The Scottish Civil Estate: Efficiency and Sustainability 2014-15.

4.4 Space Efficiency

Space efficiency, measured in **sq m per FTE**, **at 31 March 2017 was 15.1**, a marginal improvement on the previous year and a 16.6% improvement since 2012.

Whilst significant improvement continues to be made across the estate, Welsh Government still lags behind the Central Civil Estate. The most recent corresponding figure for the Central Government Estate is 10.4 sq m per FTE (2015-16)⁸ and for Scotland 13.9 sq m per FTE (2014-15)⁹.

The equivalent private sector comparator in 2015-16 is 10.9 FTE⁸.

Assuming the potential closures referred to above are realised, we should achieve the targets of 12.8 sq m per FTE and the 8:10 desk ratio by 31 March 2020.

Higher costs per FTE within the Welsh and Scottish Governments' estates reflects their respective strategies to maintain geographically dispersed offices. Whilst this approach limits opportunities to pursue the larger economies

of scale which may otherwise be achievable, there are economic and social benefits to the communities in which government offices are based.

The challenge of improving the efficiency of the estate took a step forward in 2016-17 with the successful introduction of the Flexible First pilot for staff based at the Merthyr Tydfil office. Alongside improved team-working ICT tools, informal meeting and quiet working spaces, Flexible First has enabled teams to be more agile in their working practices. With a focus on increased productivity, teams were able to trial working from multiple locations. Evaluation suggested that the pilot was effective in reducing travel time to meetings, enabling a better work-life balance and reducing sickness rates.

The Board have subsequently agreed to extend Flexible First across the estate, supporting the cultural change that is fundamental to the efficiency of the estate. The Flexible First Case Study can be found at Appendix 6.

4.5 Feedback from our Staff

The Welsh Government's policy of involving and listening to feedback from staff is embedded within the business improvement programme and includes an annual survey which provides the opportunity for staff to provide feedback on an anonymous and confidential basis.

71% of staff (3,931) took part in the 2016 survey. Respondents were asked whether they were satisfied with their working environment and 72%¹⁰ responded positively.

⁸ Cabinet Office, 2017 The State of the Estate 2015-16.

⁹ The Scottish Civil Estate: Efficiency and Sustainability 2014-15

¹⁰ www.gov.wales/docs/caecd/research/2016/160721-welsh-government-people-survey-2016-en.pdf

5. Environmental Performance

2016-17 has been another successful year as the Welsh Government continue to improve the environmental performance of the estate.

Water and energy consumption have fallen, and the proportion of waste recycled has improved. Additional biodiversity projects have been introduced at a number of sites and are

being incorporated into all refurbishment projects.

CO₂ emissions fell by 10.7% during 2016-17 which is a 51% decrease since the 2010-11 baseline.

Although the 2020 target has already been exceeded, carbon reduction will remain a priority for the energy efficiency of the portfolio.

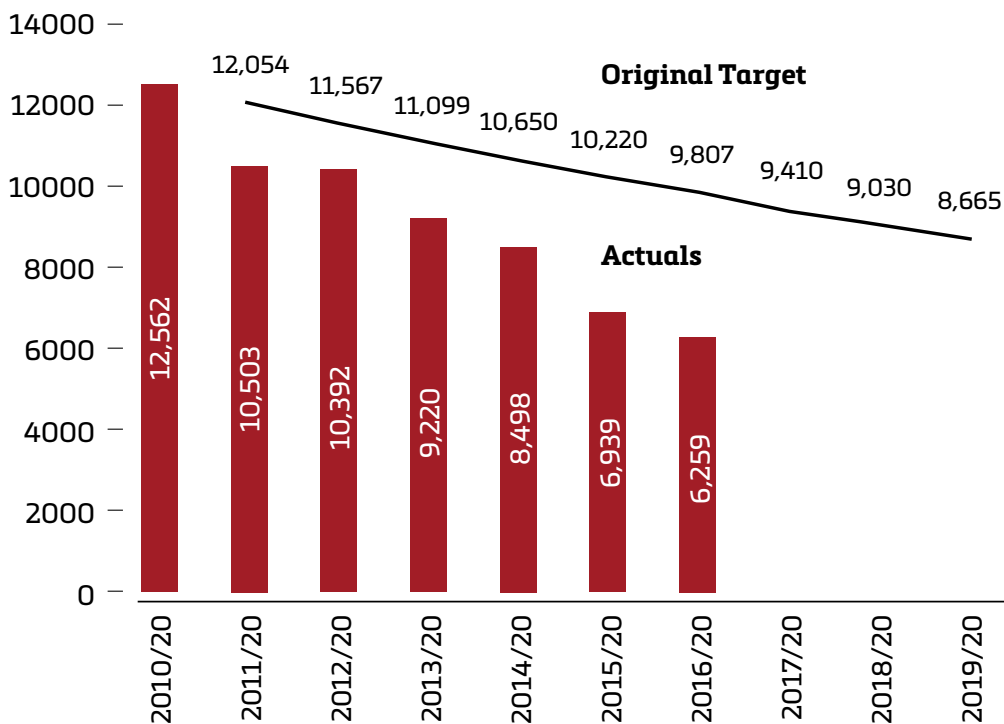
5.1 Carbon Management and Reduction

Carbon emissions totalled 6,259 tonnes CO₂ in 2016-17, which equates to a reduction of 680 tonnes (9.8%) since 2015-16. Overall emissions

have been reduced by 6,303 tonnes since the 2010-11 baseline.

Welsh Government administrative estate Total Carbon

Carbon tCO₂



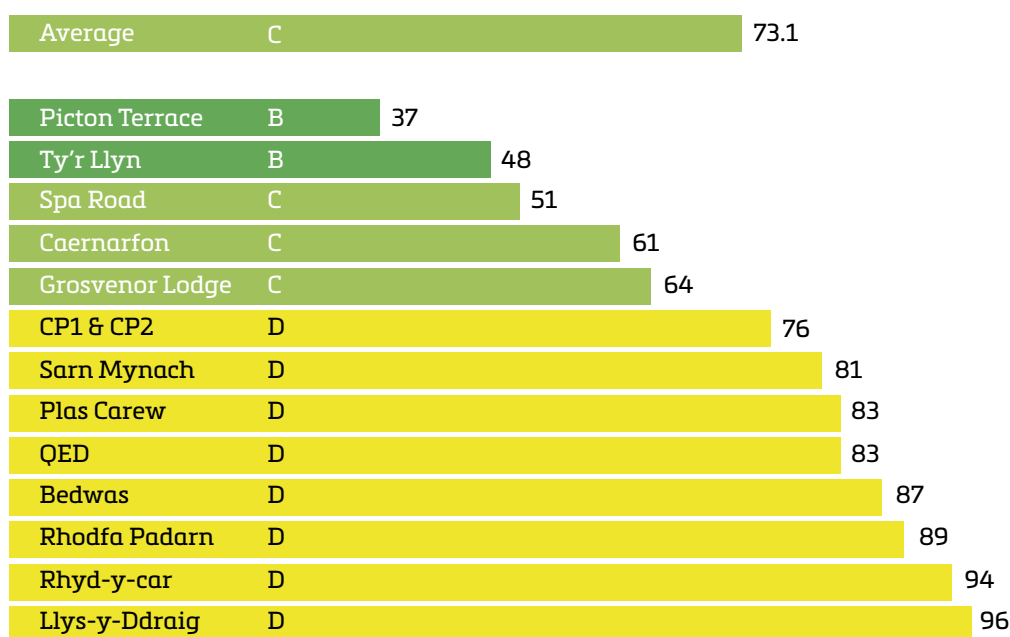
5.2 Display Energy Certification (DEC)

DEC's are designed to show the energy performance of a building on a scale of 'A' to 'G' – 'A' being the most efficient. The indicators are of operational performance based upon annual carbon dioxide emissions per unit of area of the building caused by its consumption of energy,

compared to a value that would be considered typical for the particular type of building.

The DEC ratings for our major sites are as follows:

Site DEC Performance 2016/2017



Despite a slight deterioration in overall DEC performance¹¹ since 2015-16, the estate has reduced consumption of gas (-0.93%) and electricity

(-9.8%). Overall, CO₂ emissions have fallen by 9.8%. Renewable energy from biomass and photovoltaic sources have also been introduced.

5.3 Water Management

Water consumption has decreased by 11.25% from 8m³ to 7.1m³ per person over the period of this report. The aim is to achieve the best practice target of 6.0m³ by March 2020. Best practice is currently 4.0m³ in line with the UK Government's Greening Commitment Targets.

Six offices achieved or exceeded the best practice target. A 30% reduction in water consumption was

achieved at the Rhyd-y-Car office, Merthyr during 2016-17 as a result improved water management and the roll-out of waterless urinals.

Waterless urinals have now been installed at six of our offices, and it is planned to extend the use of these during 2017-18.

¹¹ This is as a result of some of the assumptions within the calculation methodology.

5.4 Waste Management

A new SFM contract was put in place in 2016. As a result of a subsequent review of waste management processes, waste materials are now being manually weighed on a more regular basis across a greater number of sites. Data management processes have been reviewed with the aim of improving the validity of data collected.

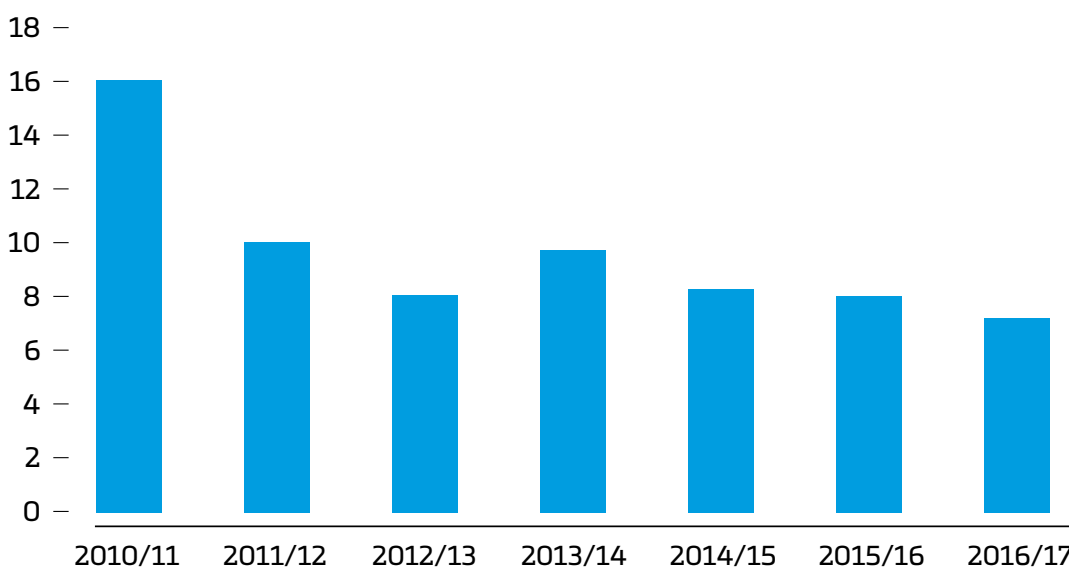
Measured waste increased by 11% over 2016-17, believed to be as a result of improved data collection and reporting. The proportion of waste materials recycled increased from 77.6% to 81.5%, exceeding our 2020 target of 80%.

The amount of waste sent to landfill fell by 15.91% during 2016-17. Improvements in data collection and analysis are planned for 2017-18 to ensure any issues are dealt with promptly.

Other improvements in waste management over the year included:

- a reduction in the number general waste bins, especially in meeting rooms
- an increase in facilities for recycling
- improved accessibility and siting of bins

Amount of water consumed annually per person (M³)



5.5 Enhancing Biodiversity

A variety of projects have been developed across the estate to protect and enhance wildlife habitats, including:

- planting native wildflower gardens
- reducing the frequency of grass trimming
- installation of bird and bat boxes
- creating hedgehog and insect homes
- establishing bee apiaries at three offices
- use of nature friendly pesticides.

The aim is to continue to collaborate with soft-landscaping contractors, internal and external ecologists and policy colleagues to create additional wildflower gardens and install wildlife homes. It is also planned to conduct a communication exercise during Wales Nature Week 2017.

Biodiversity across the Welsh Government administrative estate

Enhancing biodiversity and wellbeing

Biodiversity enhancement of our estate can help **reduce** our emissions and **build** climate resilience, as well as providing an **attractive** place to work.



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

6. Forward Look 2017-18

Significant progress has been made in the first two years of the Location Strategy. Progress for the remainder of the Strategy period will continue to depend upon rationalising the estate and improving energy performance.

To be effective and efficient, any further reduction in the size of the estate must be led by business need and Welsh Government's goal to retain a dispersed estate. More flexible working, improved design and technologies will enable the estate to work to an average desk ratio of 8 workstations to 10 staff. Implementation of the Flexible First project across the estate is expected to support this aim.

Some progress in reducing the size of the estate has already been made with the closure of Ty'r Llyn, Swansea and Brecon House, Caerphilly. The planned vacation of Bocam Park and relocation at Caernarfon and Holyhead are underway. The final phase of refurbishment of Picton Terrace, Carmarthen has been completed. Refurbishment of the offices at Llys y Draig, Penllergaer has also been completed.

The proposed office at Victoria Dock, Caernarfon will provide modern flexible accommodation and will reduce the office space occupied by Welsh Government by 1,794 sq m. The proposed office, storage and laboratory space in Holyhead Dock is being refurbished to suit the specific business requirements of the Marine and Fisheries Department and will enable them to vacate space occupied in the DWP offices which are scheduled for closure in March 2018.

The ongoing incremental refurbishment of Cathays Park, Cardiff will provide the necessary capacity and more efficient flexible space to enable further rationalisation of the south east Wales estate over the next three years.

Co-location continues to be a priority across the estate. Where space is under-occupied, Welsh Government offers other public organisations the opportunity to occupy serviced office space. Natural Resources Wales and the Student Loans Company have occupied surplus WG offices in Rhodfa Padarn, Aberystwyth and Sarn Mynach, Llandudno Junction and HEFCW took surplus space in Bedwas as a sub-tenant in 2016.

Considerable progress has been made in reducing the energy consumption from gas and electricity and further reduced water consumption is planned. Improvements in data collection and use will continue and where possible engineered solutions will be used to make further improvements.

This report has reviewed performance against a set of KPIs that have remained, without review, since the first State of the Estate report in 2009. A key objective for 2017-18 will be to review indicators, taking into account current best practice.

The targets for the 2015-2020 Location Strategy were set in mind of the hard and soft facilities management frameworks effective from 2011. Given the realignment of budgets that has resulted in the additional facilities costs outlined in this report, the new SFM contract rates from 2016 and the new HFM contract which will take effect from April 2018, the coming reporting period will be a timely opportunity to review the targets originally set.

7. Welsh Government Overseas Presence 2016-17

7.1 Role of the overseas offices

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

world¹². Core activities encompass promotion and strengthening of government and institutional relationships; trade and investment; tourism; culture and education.

7.2 The Overseas Estate

Welsh Government now has 15 offices located in 7 countries: Belgium; China; Ireland; India; Japan; United Arab Emirates and the United States. Within the last 5 years we have successfully co-located 9 of our existing representations and new operations in Foreign and Commonwealth Office (FCO) premises, strengthening institutional relationships and networking opportunities.

In 2016-17 we successfully completed 2 further co-location projects. In April 2016,

our representation in Tokyo relocated into the British Embassy, Tokyo. In January 2017, our representation in Mumbai successfully relocated into the Deputy High Commission, Mumbai.

Welsh Government now has a total of 12 representations co-located within FCO Embassies, High Commissions or Consulates.



¹² National Strategy 'Prosperity for All' www.gov.wales/about/programme-for-government/?lang=en.

7.3 Look ahead

The overseas estate will have a key part in delivering the objectives of the National Strategy. As we look to strengthen our overseas presence,

we will continue to collaborate with FCO and will seek opportunities to co-locate where it makes sense to do so.

Overseas Estate, Annual Running Costs (£)

	2014-2015	2015-16	2016-17
Atlanta	-	9,000	9,000
Bangalore	18,000	18,000	9,000
Beijing	16,588	16,662	17,331
Brussels	247,951	231,989	317,105
Chicago	9,000	9,000	9,000
Chongqing	26,781	29,471	36,790
Dubai	18,163	18,000	18,000
Dublin	9,000	9,000	9,765
Mumbai	25,981	29,471	38,133
New Delhi	9,000	9,000	9,000
New York	27,000	27,000	18,000
San Francisco	9,000	9,000	9,000
Shanghai	31,519	17,979	17,465
Tokyo	59,397	61,391	5,875
Washington	18,000	22,872	27,000
	£525,380	£517,790	£550,464

Appendix 1: Summary Source Property Data

Address	WG Total Ownership NIA	NIA sq m	Snowdrop Staff 2017 (inc contractors using WG space)	Snowdrop sq m. per staff	Desk Ratio	Tenure	Annual O/G Ex Rent & Rates	Rates Paid 2017	Rent inc VAT (where payable)
CP1 and CP2 Cathays Park, Cardiff	37,904	37,696	2,635.5	14	1.22	○	£4,101,192	£970,999	£1,850,000*
Part Second/Part 5th Floor, Ty Hywel, Cardiff Bay		1,792	124.6	14	1.43	■	£48,542	£0	£0
Southgate House, Cardiff (First Floor)		371	28.7	13	1.36	■	£62,129	£23,207	£54,000
Brecon House, Caerphilly Business Park, Caerphilly		395	14.8	27	1.22	■	£34,270	£25,758	£67,576
Ty'r Afon, Bedwas Road, Bedwas, Caerphilly	2,907	2,486	153.2	16	1.61	■	£359,356	£125,873	£374,568
Assembly Building, Rhyd-y-Car, Merthyr Tydfil	6,097	6,083	584.3	10	0.98	○	£1,066,926	£281,880	£550,000*
Plas Carew, Cefn Coed, Nantgarw (Units 5/7)		1,950	90.9	21	1.23	■	£182,943	£133,650	£327,194
3rd Floor, Clarence House, Newport		311	23.6	13	1.10	■	£49,796	£18,954	£44,669
QED Centre, Treforest Industrial Estate, Pontypridd		3,763	360.2	10	1.25	■	£424,573	£182,736	£275,000*
Bocam Park, Bridgend		329.5	5.6	59	4.29	■	£53,546	£23,328	£57,457
Crown Building, Picton Terrace, Carmarthen	3,791	3,791	179.0	21	1.34	○	£259,500	£99,991	£290,000*

○ Freehold

■ Leasehold

▲ Moto

* Notional rent

State of the Estate

Address	WG Total Ownership NIA	NIA sq m	Snowdrop Staff 2017 (inc contractors using WG space)	Snowdrop sq m. per staff	Desk Ratio	Tenure	Annual O/G Ex Rent & Rates	Rates Paid 2017	Rent inc VAT (where payable)
Hill House, Picton Terrace, Carmarthen	822	612	37.6	16	1.22	○	£69,406	£18,614	£56,000*
Havenshead BP, Milford Haven		155	17.6	9	1.02	■	£27,986	£6,804	£14,000*
Llys-y-Ddraig, Penllergaer Business Park, Swansea	1,792	1,759	148.3	12	1.01	○	£226,791	£72,024	£145,000*
Ty'r Llyn, Clos Llyn Cwm, Waterside Park, Enterprise Park, Swansea		1,567	93.9	17	1.53	■	£200,109	£79,704	£201,432
Rhodfa Padarn, Aberystwyth, SY23 3UR	6,612	6,151	285.1	22	1.44	○	£940,964	£237,077	£555,000*
Crown Building, Spa Road East, Llandrindod Wells	2,672	2,475	98.6	25	2.17	○	£266,496	£46,410	£150,000*
Ladywell House, Newtown	3,756	1,495	64.9	23	1.56	○	£181,025	£43,983	£150,900
Crown Buildings, North Penrallt, Caernarfon	3,825	2,546	73.9	34	1.00	○	£178,218	£57,185	£100,000*
Old Vicarage, Holyhead		43	9.6	4	0.83	▲	£21,181	£955	£12,266
Assembly Offices, Llandudno Junction	7,105	6,186	404.5	15	1.07	○	£931,236	£319,030	£560,000*
1 Grosvenor Lodge, Grosvenor Road, Wrexham, LL11 1DB		318	14.1	23	1.99	■	£54,081	£17,132	£56,400

○ Freehold

■ Leasehold

▲ Moto

* Notional rent

Appendix 2: Annual Savings From Vacated Properties

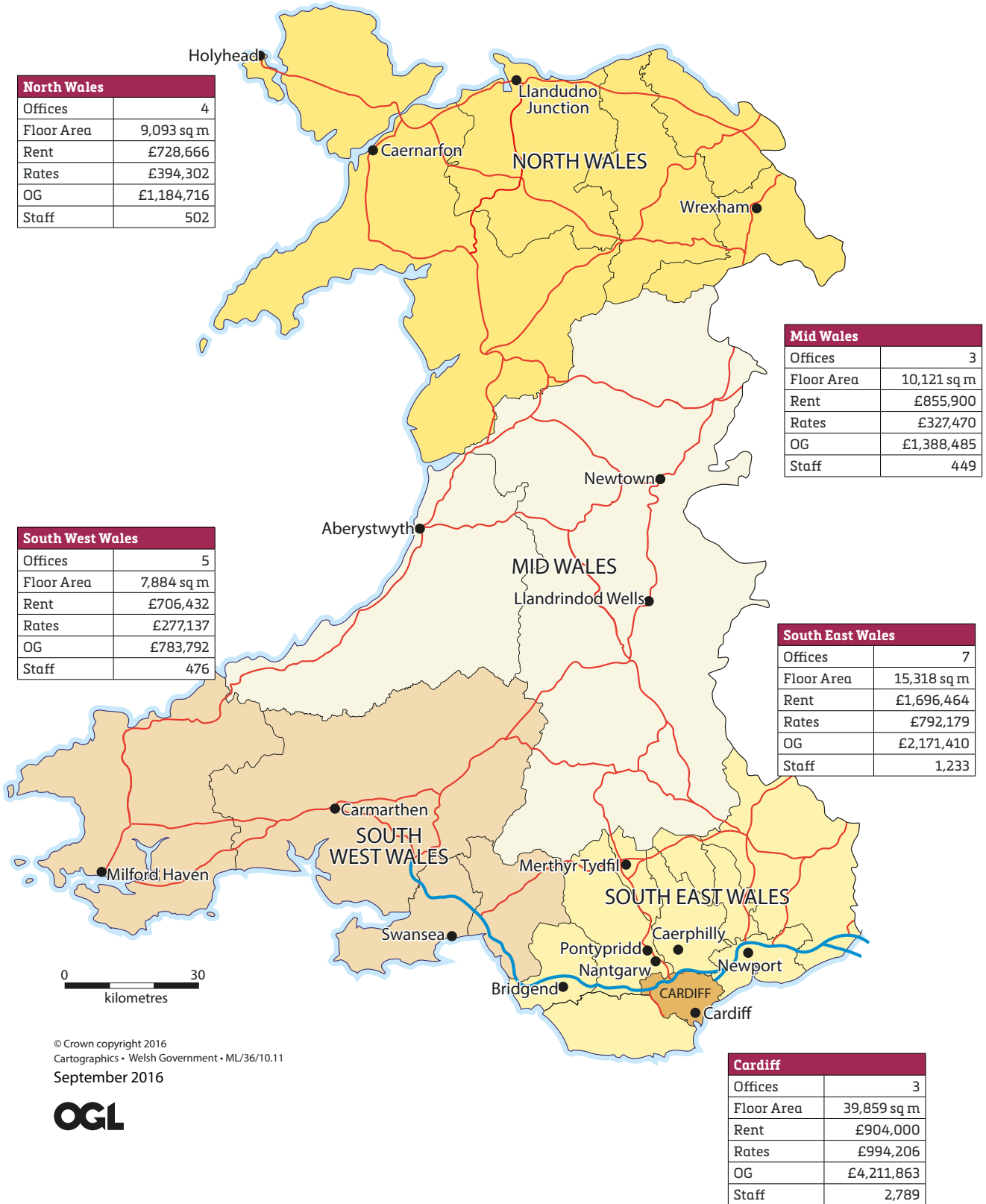
Cumulative Savings from Properties Vacated 2010-2015

	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

Location Strategy – Savings Achieved from Properties Vacated 2015-2020

	2015-16	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 Estimated Total
Wynchway House, Haverfordwest	01/02/16	£21,861	£131,168	£131,168	£131,168	£131,168	£131,168	£546,533
Arran Road, Dolgellau	31/03/16	-	£7,073	£7,073	£7,073	£7,073	£7,073	£28,292
National Park, Penrhyndeudraeth	31/3/16	-	£29,094	£29,094	£29,094	£29,094	£29,094	£116,376
Total Savings		£21,861	£167,335	£167,335	£167,335	£167,335	£167,335	£691,201

Appendix 3: Regional Overview



© Crown copyright 2016
 Cartographics • Welsh Government • ML/36/10.11
 September 2016



Appendix 4: Performance Summary 2012-2017

	31st March 2012	31st March 2013	31st March 2014	31st March 2015	31st March 2016	31st March 2017
State of the Estate						
Total Area of Estate sq m	92,497	88,483	84,572	82,295	81,888	82,275
Number of Properties	41	35	29	25	22	22
Cost of Estate £ * million	18.653	18.35	17.941	18.136	17.428	18.42
Rent £ * million	7.193	6.541	6.169	5.849	5.835	5.89
Rates £ * million	3.11	3.05	2.78	2.72	2.77	2.79
Other £ * million	8.35	8.77	8.99	9.56	8.82	9.74
Vacant Space	2.47%	1.42%	-	-	-	-
Efficiency**						
Cost per FTE	3,639	3,420	3,285	3,139	3,229	3,380
Cost Efficiency £ per sq m	201.66	207.39	212.14	220.37	212.82	223.85
Rent £ per sq m	77.76	73.92	72.95	71.08	71.26	71.61
Rates £ per sq m	33.59	34.42	32.88	33.07	33.84	33.85
Other £ per sq m	90.31	99.05	106.31	116.23	107.72	118.39
Space Efficiency sq m per FTE	18.1	16.5	15.5	14.2	15.2	15.1
sq m per Workstation	12.53	12.48	12.30	11.46	11.95	12.21
Workstations per FTE	1.44	1.32	1.26	1.24	1.27	1.24
Environmental Performance						
Total Emissions (t CO ₂)	10,503	10,392	9,220	8,498	6,939	6,259
Electricity (t CO ₂)	8,907	8,523	7,683	7,185	5,863	5,193
Gas (t CO ₂)	1,596	1,870	1,537	1,313	1,076	1,066
Total Waste Arising (Tonnes)	665	609	583	500	498	553
Landfill (% of total)	34	31	31	25	22	18.5
Recycling (% of total)	66	69	69	75	78	81.5
Water (CU.M/person/yr)	10	8	9.8	8.3	8	7.1

* Rounded to nearest £100,000

** Efficiency figures calculated using actual rather than rounded figures

Appendix 5: Case Study – Flexible First Pilot

Successive Welsh Government Location Strategies have achieved significant cost and energy savings, in part through the strategic disposal of property assets. Further potential savings have been identified through additional property disposals, but the focus has inevitably had to shift towards better ways of working in order to drive positive change within the organisation.

With teams increasingly dispersed across Wales to meet business needs, increased productivity needs to rely upon modern, flexible and supporting environments and a more agile workforce to meet the challenges posed by Taking Wales Forward, within increasing budgetary constraints.

Although some flexible working patterns had been introduced within Welsh Government over a number of years, research identified an opportunity to increase both scope and scale. A pilot of the enhanced package took place for staff based at the Merthyr Tydfil office between July 2016 and March 2017.

Research from flexible working approaches in other organisations suggested that business, environmental and personal benefits might be expected from more flexible working within Welsh Government:

- increased productivity
- reduced travel time
- reduced carbon footprint
- increased motivation
- better work/life balance
- higher staff retention
- increased engagement
- less sickness absence

Merthyr Tydfil was chosen as a suitable site for the pilot as all four Welsh Government business

domains were located there, the majority of staff lived within a forty mile radius of the office, with a higher proportion of female and younger staff permanently located there. The expectation was that this demographic profile might best demonstrate the equality effects of flexible working. The building was also identified as having the physical attributes suited to introducing the tools to support the changes. Ultimately, however, it was the support of senior staff with teams located at Merthyr that was critical in ensuring that the pilot was given a strong chance of succeeding.

Although business need remained paramount, the pilot enabled staff to explore ways of working that improved productivity whilst allowing a healthy home-work life balance. Both physical tools and new policies were introduced to support managers and staff:

- pods were installed as informal meeting areas and quiet working spaces
- the Business Lounge introduced a range of new technologies to help people collaborate and connect with internal colleagues and business partners
- shorter and clearer HR policies were introduced to assist teams and business need, including reinforcement of the clear desk policy
- staff were able to discuss their preferred work-style and pattern with their managers
- team Charters were developed to formalise the commitment to flexible working that suited the business area
- phase 1 Teamworks tools, including voicemail, online meeting facilities and instant messaging were phased in across the estate to improve greater locational flexibility and dispersed team working.

Evaluation of the pilot suggested that it had been a great success, with a wide range of flexible working options being utilised within teams.

The Board reviewed the recommendations paper from the final evaluation of the pilot and in June 2017 agreed, in principle, to flexible working being rolled out across the estate.

“Flexible working has enabled me to open recruitment to all staff and therefore have the widest pool of applicants and get the right skills into the team.”

“ICT alongside the new flexible working policies has enabled us to cut down on travel, extend VC and telephone conferencing to suppliers and external stakeholders ... public money being better spent than on travelling.”

“We are closer to our stakeholders, which improves working relationships and lends credibility to the idea of open government.”



Hybu Hyblygrwydd
Flexible First

“Using flexible location and working times I was able to draw on skills across Wales to deliver my business goals, accommodate a variety of personal needs and encourage diversity.”

“Instead of commuting to a specific random office each day, we often work from the office closest to home. This reduces pressure on our key offices such as Cardiff, and it means fewer commuting miles too – supporting the Welsh Government’s efforts to cut down on carbon emissions.”

Final evaluation – highlights



From		To
36%	Increased use of Stratus laptops	65%
56%	Reported that flexible working is seen as the norm within their teams	77%
57%	Felt they could choose to work in office spaces that best suit the activity they are working on	72%
46%	Said they have access to the communication tools they need to work flexibly	70%
76%	Managers agreed their staff had the right skills to work flexibly	93%
74%	Managers felt equipped to manage flexible working amongst their staff	94%

Appendix 6: Case Study: Establishing Efficiencies and Introducing Renewables

Background

In order to reduce our carbon emissions for the administrative estate and meet the targets set within the Climate Change Strategy for Wales, we have taken forward numerous actions over recent years. Our actions have resulted in a considerable 50% reduction in carbon emissions since 2010-11.

This has been achieved by adopting a bespoke carbon strategy focussing on efficiency savings, optimisation of current systems and integrating sustainability practices during building design and refurbishment.

Projects have included:

- in-depth energy audits
- re-engineering of local and centralised air conditioning
- optimisation of chiller units
- re-design of Building Energy Management Systems which incorporates local energy targets
- biomass heat systems
- photovoltaic panels.

Creating an Energy Efficient Estate

At our older, more established offices we decided to optimise the systems that were already in place. We have corrected problematic and wasteful processes by re-designing energy intensive areas such as air conditioning, domestic hot water systems and chiller usage. Working in close partnership with our Hard Facilities Management contractor, including a dedicated energy engineer, we took forward a comprehensive review of existing procedures and developed a considerable improvement plan which was taken forward in connection with our 2010-11 five year Carbon Reduction Strategy. Going forward we will continue to investigate possible efficiency savings as outlined in our 2016-2020 Environmental Strategy for the administrative estate.

The second approach relates to the construction of two newly built offices on the estate. In line with the European Energy Performance of Buildings Directive (EPBD) and BREAAAM, we investigated and integrated low carbon solutions at the design stage. It was decided that the best option for our new Aberystwyth office was to connect to a biomass fed district heat system. At our Llandudno

Junction office we opted for a primary biomass heat system. The ongoing success of these installations has relied on the following:

- regular maintenance undertaken by experts
- connection to an intelligent Building Energy Management System which flags potential errors instantaneously
- modifications and improvements to system when necessary.

Both methodologies have reinforced that simplicity of design combined with best industry practice can produce the highest building performance.

In addition to biomass, we also introduced other renewable processes. At Llandudno Junction we utilised the potential of an external water feature by designing a bespoke air handling system that provides additional office cooling when required. More recently we have installed a photovoltaic array of 60 panels at our Aberystwyth office. The panels provide an 18 kilowatt peak (kWp) which equates to 10% of the building's electrical needs.

Future Plans

We are currently taking forward a major refurbishment Carmarthen office, Picton Terrace. We will take this opportunity to integrate renewable technologies, improve energy management and increase energy efficiency. Plans include the following:

- 70 photovoltaic panels with a 20 kWp capacity
- installation of naturally ventilated meeting rooms
- new cladding with high thermic values to improve insulation
- a re-designed, integrated Building Energy Monitoring System
- decommissioning of Air Conditioning (AC) across the whole office with the exception of one server room which will run on a demand basis only
- intelligent LED lighting system with daylight dimming and presence detection
- introduction of a demand-led kitchen ventilation system to minimise wastage.

Plans for 2017-18 include the installation of LED lighting to two further sites, electrical car charging points across the estate and negotiation of a 100% renewable green electricity tariff.

Future legislation, such as the decarbonisation of the Welsh public sector, will require us to be even more innovative in the way we design and manage our estate. Renewable technologies will play a major role going forward and considerations for such systems will be made during the design of office refurbishments, new office acquisitions and where appropriate, re-fit projects.



Appendix 7: Properties Outside the Scope of this Report

Address	Reason for Exclusion	Floor Area sq m NIA	Total Annual Cost 2015-2016	Total Annual Cost 2016-2017
25 Victoria Street, Westminster	Office located outside Wales	304	£339,711	£334,994
31/33 Newport Road, Cardiff	Specialist Use	172	£158,603	£155,713
Specialist Facility, Caldicot	Specialist Use	N/A	£635,949	£523,807
Llandough Trading Estate, Cardiff (Unit 22)	Specialist Use	615	£127,760	£134,183
Traffic Management Centre, Coryton, Cardiff	Specialist Use (traffic)	763	£189,657	£230,799
Traffic Management Centre, Morfa BP, Ffordd Sam Pari, Morfa	Specialist Use (traffic)	1,128	£131,490	£165,272
Plt 233, Pavilion Royal Welsh Showground, Builth Wells	Specialist Use (Pavilion)	220	£48,671	£50,600
Rural Affairs Specialised Accommodation, Carmarthenshire	Specialist Use	452	£62,053	£49,592