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Llywodraeth Cymru
Welsh Government

State of the Estate

The efficiency and environmental performance of the
Welsh Government administrative estate 2017-18



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Foreword



Mark Drakeford

This 10th annual review of the performance of the administrative estate is set against the background of the longest period of austerity in living memory; real-term cuts to the Welsh Government's budget, which in turn have resulted in severe budgetary constraints; increasing demand for public services and rising costs.

We are also having to manage ongoing uncertainty arising from the EU referendum result in 2016 and the negotiations to secure a deal as the UK prepares leave the European Union. With less than six months to exit day, the results of these negotiations remains far from conclusive.

The Location Strategy (2015-20) set the ambitious aim of delivering a sustainable administrative office estate fully compatible with the Welsh Government's operational needs, goals and policy objectives.

Our estate is spread throughout Wales and contributes directly to the priorities in the Welsh Government's national strategy Prosperity for All and the Economic Action Plan by supporting regional employment, spreading opportunity and economic benefits and ensuring effective services are delivered across the whole of Wales. The opening of the new offices in Caernarfon is a good example of this long-term commitment. This focus on a dispersed estate does, however present challenges in ensuring the buildings are fully used. Implementing more flexible ways of working and new ICT technology is also expected to create difficulties in predicting the amount of traditional office space we require.

This annual State of the Estate report provides a snapshot of the progress we have made throughout 2017-18 against the key indicators relating to space and cost efficiency; environmental performance and, where data is available, the wider UK estate.

There have been significant reductions in carbon emissions; consumption of electricity, water and waste. In overall terms we have achieved a 57% reduction in carbon emissions since the base year 2010-11, substantially exceeding our climate change objectives. Our recycling target was surpassed last year, but we will strive to make further improvements – the environmental resource efficiency case study shows how effective our progress has been to date, and how collaboration is creating new opportunities in this area.

Increasing costs, in particular tariffs on utilities, has had an impact on our ability to make cost efficiencies during the year. Floor space has reduced, as has the headcount resulting in a slight deterioration in cost per sq m and cost per FTE. The vacation of surplus space in 2018-19 will have a more positive effect on these measures.

Overall the estate continues to perform well on a number of efficiency measures compared to the UK and Scottish Governments.

This State of the Estate report also includes some examples of how the public sector is co-locating services and organisations within the administrative estate to help meet the current financial challenges head on.

We will need to work collaboratively with the wider public sector if we are to achieve the Location Strategy objectives in final two years to March 2020. The pressure on budgets will continue for the foreseeable future and the need to release resources from efficiencies in the administrative estate is increasingly important in delivering our objectives for a better, more prosperous Wales.

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1. Introduction

1.1 About this Report

This is the Welsh Government's 10th annual State of the Estate report. It provides an assessment of the efficiency and environmental performance of the administrative estate during 2017-18 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 comprising less than 70,000 sq m of office accommodation.

Guiding principles serve as the main strategic objectives under-pinning these aims, which include:

- Our property must support Welsh Government primary business needs and policies. The Location Strategy will maintain the Government's commitment to be located across Wales ensuring an appropriate distribution of presence and employment nationally.
- We will optimise the efficiency of the estate making best use of a key Government asset; delivering reductions in operating costs and

helping direct resource to the delivery of the Government's front-line national strategy for a more prosperous Wales.

- Our workplaces will provide safe, healthy and stimulating working environments that contribute to staff well-being. By providing the right workspaces and facilities for staff, we aspire to improve overall business efficiency and productivity toward the delivery of Welsh Government core objectives.
- Building on past successes our estate will continue to be managed in an environmentally sustainable way helping combat climate change through an integrated and ambitious environmental management strategy, that will further reduce environmental impacts and improve biodiversity.
- Full utilisation of our retained sites and minimising surplus space, remain intrinsic aims of the Location Strategy. As part of all workspace redesign and refurbishment we will continue to adopt an average space ratio of 8 workstations per 10 staff (8:10) or better.

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 National Strategy, 'Prosperity for All' specifically aims to provide the right support for people and businesses; address regional inequalities; promote fair work and the decarbonisation of public services. There is also a firm commitment to co-location of public services. The administrative estate contributes directly to these objectives by supporting regional employment and effective services from a dispersed estate and through the provision of modern working environments to support flexible working practices. As the case study at Appendix 5 shows, opportunities to co-locate are achieved through a variety of mechanisms.

The Location 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, will continue to be subject to

a business case and consultation at the relevant time. The intention is that savings achieved from rationalisation can be redirected to improving and delivering public services.

The remainder of this section of the report provides an overview of the estate in terms of efficiency, environmental performance, KPIs and concludes with a summary of the financial and environmental performance of the estate in 2017-18.

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

Two case studies which demonstrate measures taken to achieve 'Collaboration across the Welsh Government Estate' and 'Resource Efficiency – The Story so Far' are included at Appendices 5 and 6.

1.2 Overview

a) Efficiency

This report focuses on the 20 core offices across Wales held within the Welsh Government's administrative estate, as at 31st March 2018.

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, however, included in this report (Section 5).

The Welsh Government also holds an overseas estate of 16 properties which are excluded from the analysis contained in this report. These properties are listed within Section 7 of this report.

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.

The estate accommodates a workforce of 5,167 Full Time Equivalent² (FTE) staff and contractors over 20 offices and a total floor area of 80,325 sq m.

The number of FTEs has reduced by 282 since March 2017, a reduction of 5.18%. Although the size of the estate reduced during the reporting period, this has had the effect of reducing the space efficiency from 15.1 sq m per FTE to 15.5 sq m per FTE.

The cost of running the estate in 2017-18 was £18.477m. 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 11,852 sq m by 31 March 2020. This is intended to deliver estimated gross savings, ignoring the impact of inflation, of between £3.0m and £3.5m and running cost savings of circa £3.2m per annum after 2020. On the assumption that those closures identified in the Strategy proceed, these target savings may be exceeded. The Strategy identifies the potential to deliver capital receipts from freehold disposals of between £4.0m and £4.5m.

A focus on investment in preventative spending and more agile ways of working are expected to contribute to future efficiencies. During 2017-18 the refurbishment of Picton Terrace, Carmarthen has been completed, enabling Hill House Carmarthen to be vacated and sold.

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 2018 we had achieved a reduction of 57% from the baseline year of 2010-11. Water consumption has reduced by 11 % and carbon emissions from gas and electricity by 14% over the period covered by this report. The amount of waste recycled improved from 81.5% to 88%, further exceeding the 2020 target of 80%.

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.

² The hours worked by part-time staff are combined to obtain an equivalent number of full time jobs. Data as at 31 March 2018.

1.3 Measuring Performance

Our estate performance is focused around a set of Key Performance Indicators (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 table shows current performance against 2016-17 and the 2020 targets.

There has been a marginal deterioration in a number of KPI's, including two important KPIs, namely cost per FTE and space efficiency.

Environmental performance has been positive in all categories apart from the consumption of gas. There has been a significant reduction in waste

accompanied by an increase in recycling and reduction in landfill. Water consumption continues to fall.

Whilst the targets on number of properties and floorspace remain achievable, general increases in costs of running the estate and the upward trend in these indicators suggest that the 2020 cost targets will be very challenging.

	31st March 2017	31st March 2018	% Change	Rating	2020 Targets
State of the Estate					
Total Area of Estate sq m	82,275	80,325	-2.37%	○	70,000
Number of Properties	22	20	-9.09%	○	16
Cost of Estate £	18.417m	18.477m	0.33%	▲	15.5m
Rent £	5.891m	5,600m	-4.94%	○	4.7m
Rates £	2.785m	2.810m	0.90%	▲	2.6m
Other £	9.740m	10.067m	3.36%	▲	8.2m

○ Improvement ▲ Deterioration

	31st March 2017	31st March 2018	% Change	Rating	2020 Targets
Efficiency					
Cost per FTE	£3,380	£3,576	5.80%	▲	£2,696
Cost Efficiency – £ per sq m	223.85	230.02	2.76%	▲	221
Rent £ per sq m	71.61	69.71	-2.65%	○	68
Rates £ per sq m	33.85	34.98	3.34%	▲	37
Other £ per sq m	118.39	125.33	5.86%	▲	118
Space Efficiency – sq m per FTE	15.1	15.5	2.65%	▲	12
Sq m per workstation	12.21	12.63	5.41%	▲	11
Workstations per FTE	1.24	1.23	-0.81%	○	1
Environmental Performance					
Total Emissions (t CO ₂)	6,259	5,376	-14.1%	○	Reduce by 30% by 2020 on a 2010/11 baseline
Electricity (t CO ₂)	5,193	4,259	-21.9%	○	
Gas (tCO ₂)	1,066	1,117	4.57%	▲	
Total Waste Arising (Tonnes)	553	350	-36.70%	○	Decrease by 0.5% per annum
Landfill (% of total)	18.5	12	-35.14%	○	Increase recycling to 80%
Recycling (% of total)	81.5	88	7.98%	○	
Water (CU.M/person/yr)	7.1	6.3	-11.28%	○	6m ³ per person per annum at key sites

○ Improvement ▲ Deterioration

A summary of the performance from 1 April 2013 to 31 March 2018 can be found at Appendix 4.

2. Size of the Estate

2.1 Total Floor Area

The operational space within the core administrative estate has decreased by 1,950 sq m to 80,325 sq m over the 12 months to 31 March 2018 as a result of the disposal of:

- Tyr Llyn, Swansea (1,567 sq m);
- Brecon House, Caerphilly (395 sq m);
- The Old Vicarage, Holyhead (43 sq m).

The Holyhead property has been replaced by The Timekeepers Office which provides 55 sq m of office space³.

Three further offices have been vacated since 1 April 2018:

- Bocam Park, Bridgend (329.5 sq m)
- North Penrallt, Caernarfon (2,546 sq m)
- Hill House, Carmarthen (612 sq m).

2.2 Number of Holdings

As at 31st March 2018 the administrative estate in Wales comprised 20 core operational offices. The intention remains that the core office estate of the Welsh Government will be reduced, according to business need, to 15 or 16 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.

Staff from North Penrallt, Caernarfon have moved into newly fitted out offices at Victoria Dock, Caernarfon (738 sq m). Completion of the refurbishment of the offices at Picton Terrace, Carmarthen, during 2017, has enabled all Welsh Government staff to move out of Hill House. Vacation of North Penrallt and Hill House has enabled the freehold interests to be marketed 'for sale' and Hill House is under offer. The net effect of these closures will be a reduction in space occupied to a total of 77,575 sq m.

Operational space has fallen from 101,000 sq m in 2008 to 80,358 sq m as at 31st March 2018, a reduction of 20.50%. We remain on target to reduce the space occupied to approximately 70,000 sq m by 2020.



³ There is additional storage space attached to Timekeepers which has been left out of this appraisal as a non-office property.

3. Costs

The total occupancy cost for the year to 31 March 2018 was £18,476,541, an increase of £59,519 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 of the freehold estate with the leasehold properties and with other public and private sector estates.

The increase in costs is primarily due to increased costs and scope of the Welsh Government's

new soft facilities management (SFM) contract. 2017-18 is the first full year of the new SFM contract which replaced one put in place 8 years previously. This contract includes additional business support functions, such as post room cover, porters and messengers, which were previously undertaken by Welsh Government staff. Some security costs were previously excluded from SFM costs and these are now included in the figures within this report.

3.1 Cost of the Estate

The annual cost of the estate from 2014 to 2018 is shown at Appendix 4. The costs comprise:

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

Rental costs have decreased by approximately £292,000 in 2017-18 due to Welsh Government vacating leasehold space at Tyr Llyn, Swansea; Brecon House, Caerphilly and the Old Vicarage, Holyhead. The lease renewal at Grosvenor Road, Wrexham also secured a reduction in rent payable. As a result of proposed closures during 2018-19 we anticipate further rental savings of approximately £213,500 per annum.

The Uniform Business Rate for the year 2017-18 in Wales was increased from 48.6p to 49.9p. This, plus the 2017 Revaluation of rateable

values, has resulted in an increase in rates payable of approximately £24,350. Over the last five years, however, Welsh Government has achieved an annual saving of £235,000 on its rates bill, despite annual increases in the Uniform Business Rate. Further savings of approximately £91,000⁴ are anticipated next year.

Other outgoings increased by £327,000 last year. The recently tendered SFM contract now includes functions previously undertaken by Welsh Government staff. Savings of approximately £311,000 in other outgoings are expected from the disposals planned in 2018-19.

There has been an increase in gas (8.82%) costs, which aligns with an increase in gas consumption of 4.57%, largely due to the cold spring. Electricity costs have increased by 5.54%, despite a reduction in consumption of 21.9%. The increase in cost is due to increased tariffs. These increases have been offset by significant savings in water consumption and costs. The net effect has been an increase in utilities costs of 1.6%. Overall the cost of utilities has decreased by 19% since 2014-15.

⁴ 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	2017-18	% Change on previous year
Water £	149,480	146,923	144,290	112,006	-22.37%
Gas £	284,628	260,380	193,364	210,426	8.82%
Electricity £	1,618,326	1,421,536	1,295,386	1,367,249	5.54%
Total	£2,052,434	£1,828,839	£1,663,040	£1,689,681	1.60%

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 2017-18 21,573 allowances were purchased by Welsh Government at a cost of £358,111.80. Of these, 5,278 allowances were in respect of the administrative estate at a cost of £87,614 (£16.60 per tonne).



4. Efficiency

The cost efficiency of the estate is an analysis of costs by reference to FTEs, operational⁵ floor area and workstations. A summary of performance against the previous year and 2020 targets is provided at 1.4 and a summary from 2013 to 2018 at Appendix 4.

Costs increased by £59,519 and FTE numbers decreased by 282 in 2017-18, resulting in an increase in the cost per sq m and cost per FTE across the estate.

The space efficiency figure has increased to 15.5 sq m per FTE.⁶ There has been a small decrease in the number of workstations per FTE, but the sq m for each workstation has increased slightly from 12.21 sq m to 12.63 sq m.

Rationalisation of the estate continues with the closure of Bocam Park, Bridgend; North Penrallt,

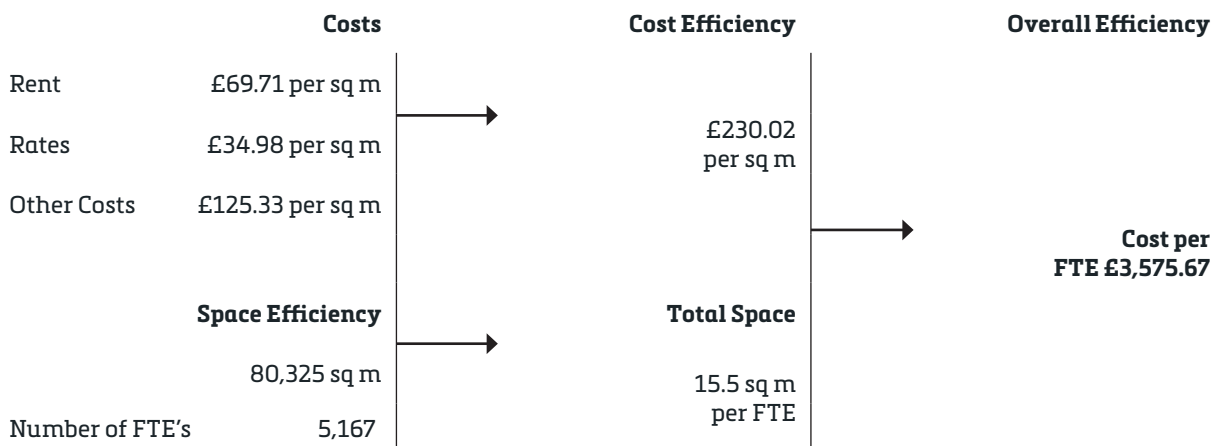
Caernarfon and Hill House, Carmarthen, resulting in a reduction in floorspace of 3,488 sq m. This improvement will be partially offset by Welsh Government taking more efficient space at Victoria Dock, Caernarfon (738 sq m). Based upon 2017-18 costs the annual savings are expected to be in excess of £632,555.

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

The Welsh Government administrative estate continues to perform significantly better compared to published figures for the UK Central Government Estate across a range of KPIs.⁷

4.1 Benchmarking

The key performance indicators can be summarised as follows:



⁵ This includes Hill House, Carmarthen and Bocam House, Bridgend, which although vacated during 2017-2018 are included in the data for that financial year.

⁶ The vacation of Hill House, Carmarthen and Bocam Park, Bridgend will have a marginal impact on the space efficiency.

⁷ The State of the Estate (2016-17) HM Government.

4.2 Cost per FTE

Staff numbers for 2017-18 decreased by 282 to 5,167 FTEs. 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. Accommodating contractors within Welsh Government offices generates an overall saving, reducing contractors' operating costs and consequently the level of fees paid by Welsh Government.

The average cost per FTE across the administrative estate was **£3,576 as at 31 March 2018**, an increase of 5.80% from last year. This increase reflects increased costs, reduced staff numbers and a limited reduction in floor space.

The most recent corresponding figure for the Central Government Estate (2016-17) is £4,859 per FTE. Performance of the Welsh Government estate compares favourably with these figures.⁸

4.3 Cost per sq m

The average rent currently stands at £69.71 per sq m, a decrease of £1.90 per sq m 2016-17.

The rates payable have increased by £1.13 per sq m over the same period.

'Other Costs', which includes utilities, maintenance, service charges, insurance etc. have increased by £6.94 per sq m over the year. This increase is largely due to general price increases arising from the new SFM contract and an increase in the unit cost of utilities. SFM costs

now include business support and security. 2017-18 was the first full year of the new contract.

The average total cost per sq m across the estate as at 31 March 2018 was £230.02 compared to £223.85 in 2017, an increase of 2.76%.

The most recent corresponding figure for the Central Government Estate (2016-17) is £493 per sq m. Performance of the Welsh Government estate compares very favourably with this figure.⁸

4.4 Space Efficiency

Space efficiency, measured in sq m per FTE, at 31 March 2018 was 15.5 sq m. Although staff numbers have reduced by 282, the reduction in operational floor area of 1950 sq m is less than the 15.1 sq m per FTE reported in 2016-17.

Welsh Government continues to underperform when compared to the Central Civil Estate and private sector offices. The most recent corresponding figure for the Central Government

Estate is 9.9 sq m per FTE (2016-17) and private sector 10.9 sq m per FTE (2015-16).⁹

The poorer space efficiency per FTE within the Welsh Governments' estate reflects its strategic aim to maintain regionally dispersed offices across Wales, which limits opportunities to pursue larger economies of scale. This approach, however, supports wider economic and social value policy objectives.

⁸ The State of the Estate (2016-17) HM Government.

⁹ The State of the Estate (2016-17) HM Government.

The disposal of North Penrallt, Caernarfon; Hill House, Carmarthen and Bocam Park, Bridgend will reduce the size of the administrative estate to 77,575 sq m. On the assumption that staff numbers remain at 5,167 FTE, this would have the effect of improving space efficiency to 15.01 sq m per FTE. A small increase in staff numbers is anticipated as a consequence of BREXIT. This will have a beneficial, but marginal effect on space efficiency.

Assuming FTE staff remain at about 5,167, adopting a 8:10 workstation ratio and a target of 11 sq m per workstation, an estate of around 71,000 sq m would be required, compared to a target of 70,000 sq m. Reviews of the Location Strategy, currently taking place in SE Wales – Cardiff and Mid Wales (Powys) are based upon these target space standards.

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. 73% of staff took part in the 2017 survey. Respondents were asked whether they were satisfied with their working environment and 74% responded positively.

This target standard is not particularly challenging when compared to modern flexible working spaces, which research indicates could be as ambitious as adopting 6:10 working and 8 – 10 sq m per workstation.¹⁰ Implementation of new IT solutions and flexible working practices does, at present, make it more difficult to forecast the required size of the estate, but the expectation is that there will be a reduced requirement for traditional office space.

Should the programme of rationalisation set out in the Strategy not be implemented, then there will be a high risk that the target space efficiency measures will not be met. It needs to be recognised that the commitment to the policy objective of retaining a regionally dispersed estate is a major influence on the space efficiency measures.



¹⁰ BCO (2018) Office Occupancy Density and Utilisation.

5. Environmental Performance

The environmental performance of the administrative estate continues to improve. Collaboration with internal colleagues, core contractors and external organisations has enabled the expansion of expert advice, sharing best practice and the ability to demonstrate exemplar performance.

Energy consumption has been cut even further and exceeds the 2020 carbon reduction target. Emissions have reduced by 57% since 2010-11. The volume of waste has been reduced by 36.7%

during 2017-18 and 35% less is being sent to landfill than in the previous year. The proportion of recycled waste has also increased and is now 88%.

A water reduction strategy has resulted in an 11% decrease in water usage over the same period. Biodiversity projects have now been introduced at many sites and local wildlife has been supported by enhancing by the creation of new habitats and native planting.

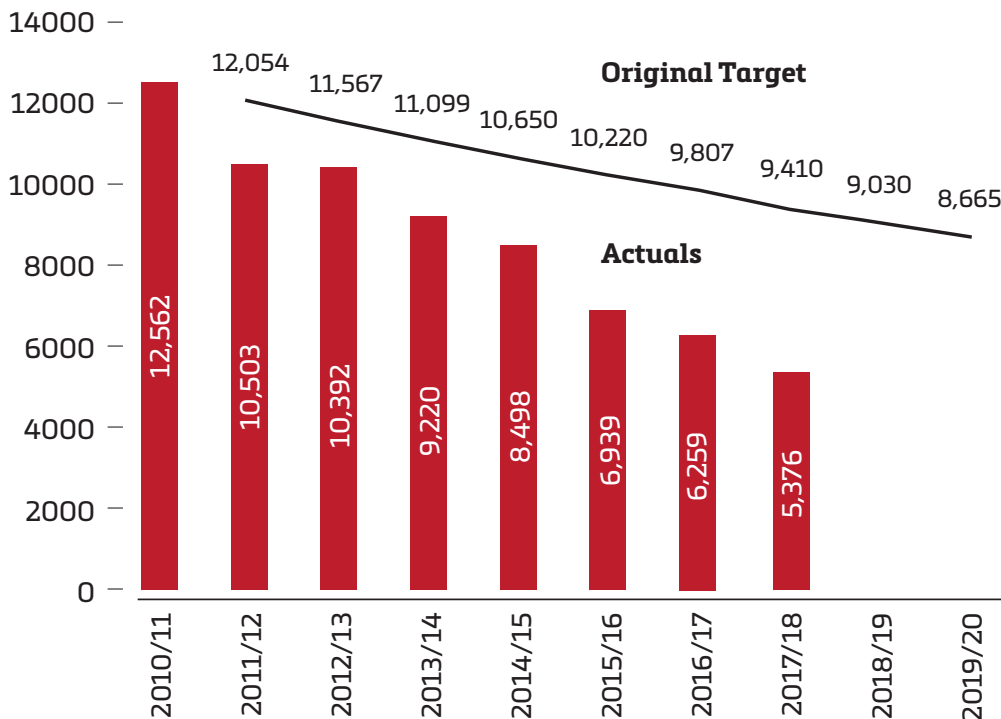
5.1 Carbon Management and Reduction

During 2017-18 carbon emissions were reduced by a further 883t (14%) to 5,376t CO₂.

Overall emissions have been reduced by a substantial 7,186t since 2010-11.

Welsh Government administrative estate Total Carbon

Carbon tCO₂



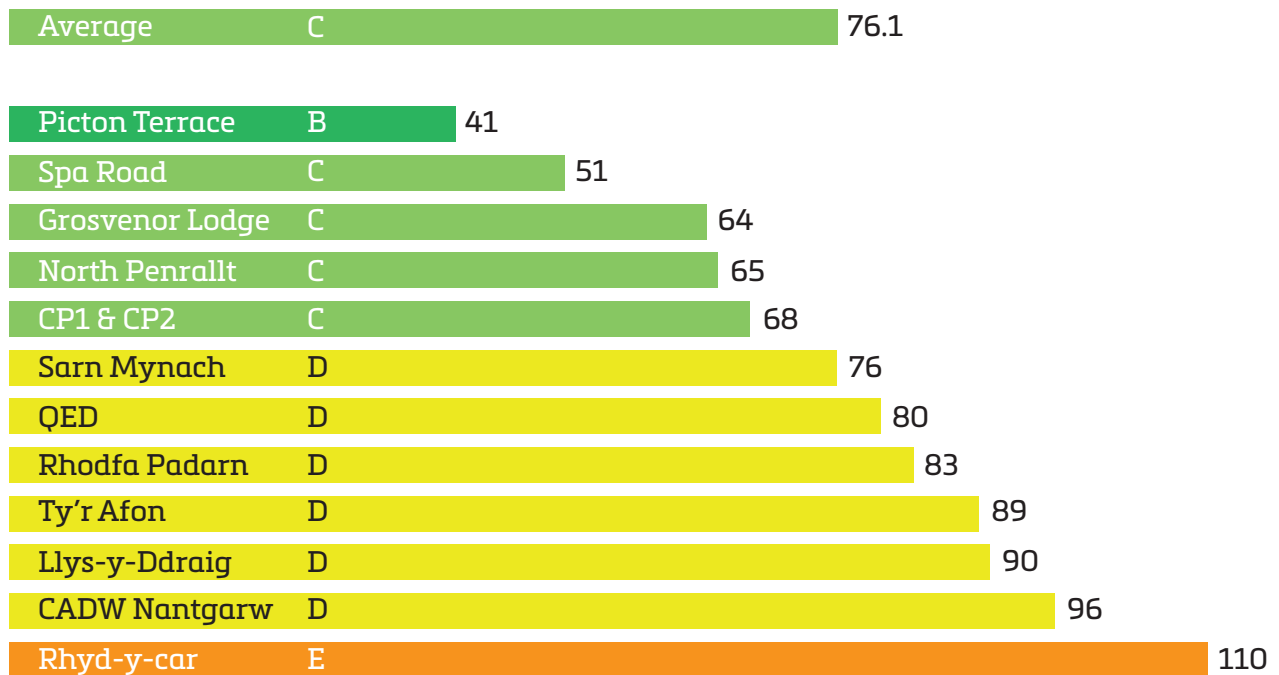
5.2 Display Energy Certification (DEC)

DEC's are designed to show the energy performance of a building in comparison to other buildings of similar size and type on a scale of 'A' to 'G' - 'A' being the most efficient. Performance

is based on actual energy consumed over a 12 month period.

The DEC ratings for our main sites are as follows:

Site DEC Performance 2017/2018



Key features of the DEC across the estate:

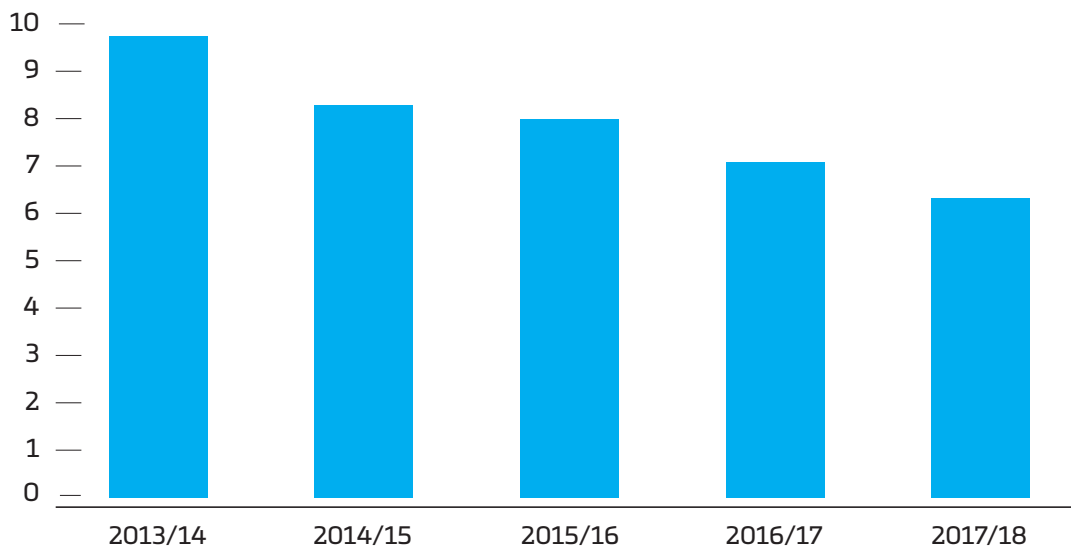
- The average rating has remained the same since 2016-2017
- Cathays Park, Cardiff, has improved by one rating since 2016-2017
- Rhyd-y-car, Merthyr, has dropped a rating since 2016-17, which can be attributed to an increase in gas consumption due to the prolonged cold winter. In order to improve energy performance at this site we will be installing a biomass boiler during 2018-19.

5.3 Water Management

Water consumption decreased by a further 11% from 7.1m³ to 6.3m³ per person during 2017-18. Eight offices achieved or exceeded the good practice target of 6.4m³, with four of these sites surpassing the best practice target of 4.0m³.

The significant decrease in water usage was due to improved water management in combination with the further roll-out of waterless urinals across the estate.

Water Consumption per person – M³



5.4 Waste Management

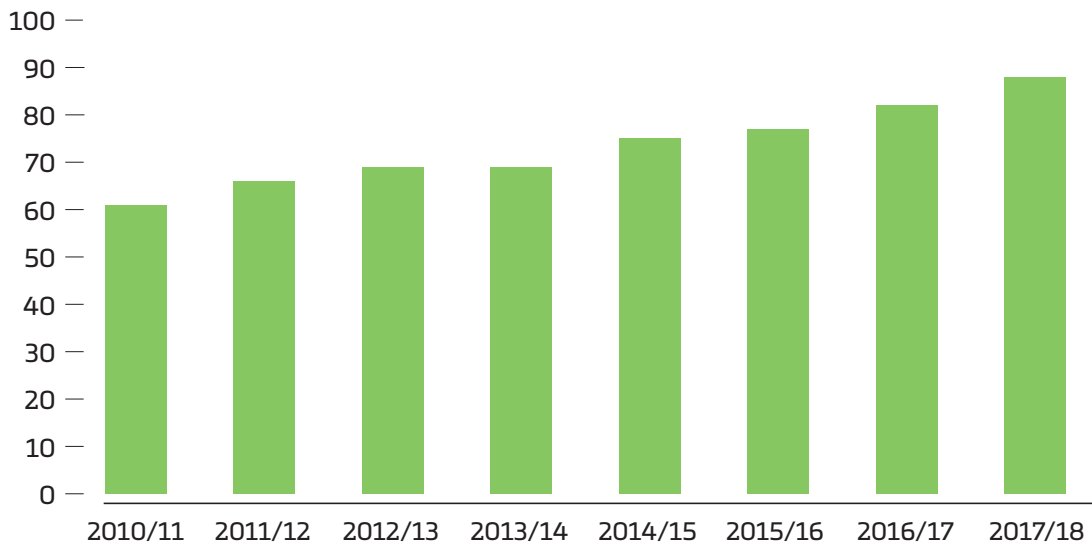
Improved collaboration with waste management contractors has ensured more efficient processing of all materials. Secondary waste sorting takes place at the four main sites, enabling monitoring of the types of waste being disposed of, minimising contamination and increasing the amount of recycling.

The proportion of waste materials recycled increased from 81.5% in 2016-17 to 88% in 2017-18, further exceeding the 2020 target of 80%. Recycling facilities are continually improving and progress is being made in finding new ways to re-use existing items.

Actions taken forward during 2017-18 have included:

- ‘Take-back’ packaging scheme in partnership with the furniture contractor
- Extended use of ozonated water for cleaning purposes¹¹ – reducing both the number of plastic bottles being thrown away and reliance on chemical cleaning agents
- Replacing plastic cutlery with biodegradable options
- Continuing the ‘cup for life scheme’ to promote the use of reusable hot drink containers over disposable cups.

Percentage of Waste Recycled Per Annum



¹¹ Adding ozone to water acts as a cleaning agent which reduces the use of chemicals.

5.5 Enhancing Biodiversity

A variety of projects have taken place over a number of years with the aim of protecting and enhancing local wildlife habitats. Actions have included:

- Planting native wildflower gardens
- Reducing the frequency grass is trimmed at various sites
- Installation of bird and bat boxes
- Creation of hedgehog and insect homes
- Providing food and water for birds at a number of sites throughout the year
- Establishment of bee apiaries at three offices
- Use of nature friendly pesticides
- Creation of a compost area at our Aberystwyth site

- Nature friendly garden design
- Estate wide communication campaign during Nature Week 2017
- Monitoring and management of 2 ponds.

Collaboration with soft-landscaping contractors, internal and external ecologists and policy makers during 2018-19 has enabled the following projects:

- Installation of a pond at Rhyd-y-Car, Merthyr Tydfil
- Installation of bee hives and a wildflower area on the roof of Cathays Park, Cardiff
- Introduction of a wildflower area at Ty'r Afon, Bedwas.



6. Forward Look 2018-19

Progress continues to be made against the aims and the targets set out in the 2015-2020 Location Strategy, particularly in respect of energy. Building on this success remains dependent upon further rationalisation of the estate in the face of continually rising running costs and in the expectation of continuing budgetary constraints.

The vacation of North Penrallt, Hill House and Bocam Park in 2018 removes a significant amount of surplus floorspace from the Estate, whilst the on-going reviews of Mid Wales (Powys) and Cardiff/SE Wales have identified potential savings from additional rationalisation in these areas.

Retaining a dispersed estate provides a challenge to further rationalisation (to save on costs), but meets a number of important policy aims for Welsh Ministers. With this in mind, collaboration with public sector partners will become increasingly important. Collaboration with public sector partners continues, either to co-locate within surplus office space on the Welsh Government Estate or by exploring the opportunities for co-location within the wider public sector estate. Inter-departmental collaboration and collaboration with Local Authority partners presents important opportunities to deliver against wider policy objectives, in particular releasing land for housing.

Another key objective within the Location Strategy relates to the improvement in the quality of the working environment for the benefit of staff, with the aim of improving wellbeing and productivity. The rollout of flexible working policies and ICT solutions alongside physical improvements to office environments is critical in making the administrative estate effective and flexible enough to meet future needs and working practices. The ongoing programme of capital investment includes the installation of modern flexible working and meeting spaces, integrated ICT and telephony, and updated remote access solutions. The recent completion of fit-out of Victoria Dock, Caernarfon demonstrates some of the benefits of this approach. Continuing with this investment is important to the environment as well as mitigating the effects of future cost increases.

7. Welsh Government Overseas Presence 2017-18

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

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

7.2 The Overseas Estate

Welsh Government now has 16 offices located in 8 countries: Belgium; China; Ireland; India; Japan; United Arab Emirates, United States and Canada. 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 February 2018 we also opened a presence in Canada, co-located at the British Consulate in Montreal. Welsh Government now has a total of 13 representations co-located within FCO Embassies, High Commissions or Consulates.



7.3 Look ahead

The overseas estate will have a key part in delivering the objectives of the National Strategy. The overseas network will continue to grow over the next year, with new offices being

established in Berlin, Dusseldorf, Doha and Paris. These offices will be co-located within FCO Embassies and Consulates

Overseas Estate, Annual Running Costs (£)

	2013-2014	2014-2015	2015-16	2016-17	2017-18
Atlanta	-	-	9,000.00	9,000.00	5,199.00
Bangalore	14,652.96	18,000.00	18,000.00	9,000.00	4,308.00
Beijing	25,614.72	16,587.86	16,661.70	17,330.76	17,614.00
Brussels	269,709.00	247,951.00	231,989.00	317,105.00 ¹²	246,378.00
Chicago	10,000.00	9,000.00	9,000.00	9,000.00	5,793.00
Chongqing	29,661.20	26,780.62	29,425.94	36,790.17	40,418.00
Dubai	20,000.00	18,162.74	18,000.00	18,000.00	13,666.00
Dublin	10,000.00	9,000.00	9,000.00	9,765.33	14,409.00
Montreal	-	-	-	-	236.00
Mumbai	34,422.71	25,981.10	29,470.72	38,133.36	273.00
New Delhi	10,000.00	9,000.00	9,000.00	9,000.00	3,417.00
New York	30,000.00	27,000.00	27,000.00	18,000.00	24,065.00
San Francisco	10,000.00	9,000.00	9,000.00	9,000.00	5,496.00
Shanghai	65,413.07	31,518.56	17,979.31	17,464.74	18,736.00
Tokyo	63,266.72	59,397.35	6,1391.01	5,874.54	630.00
Washington	20,011.26	18,000.00	22,871.81	27,000.00	34,319.00
	£612,751.64	£525,379.23	£517,789.49	£550,463.90	£434,958.00

The costs for Tokyo and Mumbai are low in comparison to previous years. The FCO have implemented a new charging mechanism for partners on the platform and have not charged Welsh Government for the first two years of

co-location. Welsh Government will be charged for these offices in the next financial year, which should then align with previous years. Montreal is a new office and will be charged for the complete year in the next financial year.

¹² Increase due to index linked rent and exchange rate.

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 2018	Rent inc VAT (where payable)
CP1 and CP2 Cathays Park, Cardiff	37,904	37,696	2,501.8	15	1.26	○	£4,532,938	£1,186,749	£1,850,000
Part Second/Part 5th Floor, Ty Hywel, Cardiff Bay	1,792	1,792	110.8	16	1.59	■	£43,431	£0	£0
Southgate House, Cardiff (First Floor)		371	30.1	12	1.17	■	£76,328	£19,336	£54,000
Ty'r Afon, Bedwas Road, Bedwas, Caerphilly	2,907	2,486	142.0	18	1.73	■	£279,703	£137,725	£374,568
Rhyd-y-Car, Merthyr Tydfil	6,097	6,083	546.1	11	1.07	○	£1,099,717	£247,005	£550,000
Plas Carew, Cefn Coed, Nantgarw (Units 5/7)		1,950	82.4	24	1.92	■	£197,658	£100,798	£327,194
3rd Floor, Clarence House, Newport		311	32.4	10	0.96	■	£50,384	£14,596	£44,669
QED Centre, Treforest Industrial Estate, Pontypridd		3,763	348.2	11	1.17	■	£424,466	£160,666	£275,000
Bocam Park, Bridgend		329.5	0	0	0.0	■	£45,596	£16,717	£57,457
Crown Building, Picton Terrace, Carmarthen	3,791	3,791	213.7	18	1.16	○	£284,685	£102,794	£290,000
Hill House, Picton Terrace, Carmarthen	822	612	0	0	0.0	○	£64,061	£19,017	£56,000

○ Freehold ■ Leasehold

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 2018	Rent inc VAT (where payable)
Havenshead BP, Milford Haven		155	17.5	9	1.03	■	£21,543	£6,612	£14,000
Llys-y-Ddraig, Penllergaer Business Park, Swansea	1,792	1,759	239.1	7	1.08	○	£340,465	£73,978	£145,000
Rhodfa Padarn, Aberystwyth	6,612	6,151	261.1	24	1.57	○	£988,083	£237,551	£555,000
Crown Building, Spa Road East, Llandrindod Wells	2,672	2,475	101.4	24	1.93	○	£247,574	£47,589	£150,000
Ladywell House, Newtown	1,495	1,495	64.2	23	1.57	■	£192,187	£42,665	£150,900
Crown Buildings, North Penrallt, Caernarfon	3,825	2,546	73.8	34	1.29	○	£201,304	£55,362	£100,000
Timekeepers Office, Holyhead		55	10.6	5	0.75	■	£0	£0	£5,000
Sarn Mynach, Llandudno Junction	7,105	6,186	377.0	16	1.19	○	£932,698	£327,882	£560,000
1 Grosvenor Lodge, Grosvenor Road, Wrexham		318	15.1	21	1.85	■	£44,490	£12,600	£40,800

○ Freehold ■ Leasehold

Appendix 2: Location Strategy

Savings Achieved from Properties Vacated 2010/2015

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

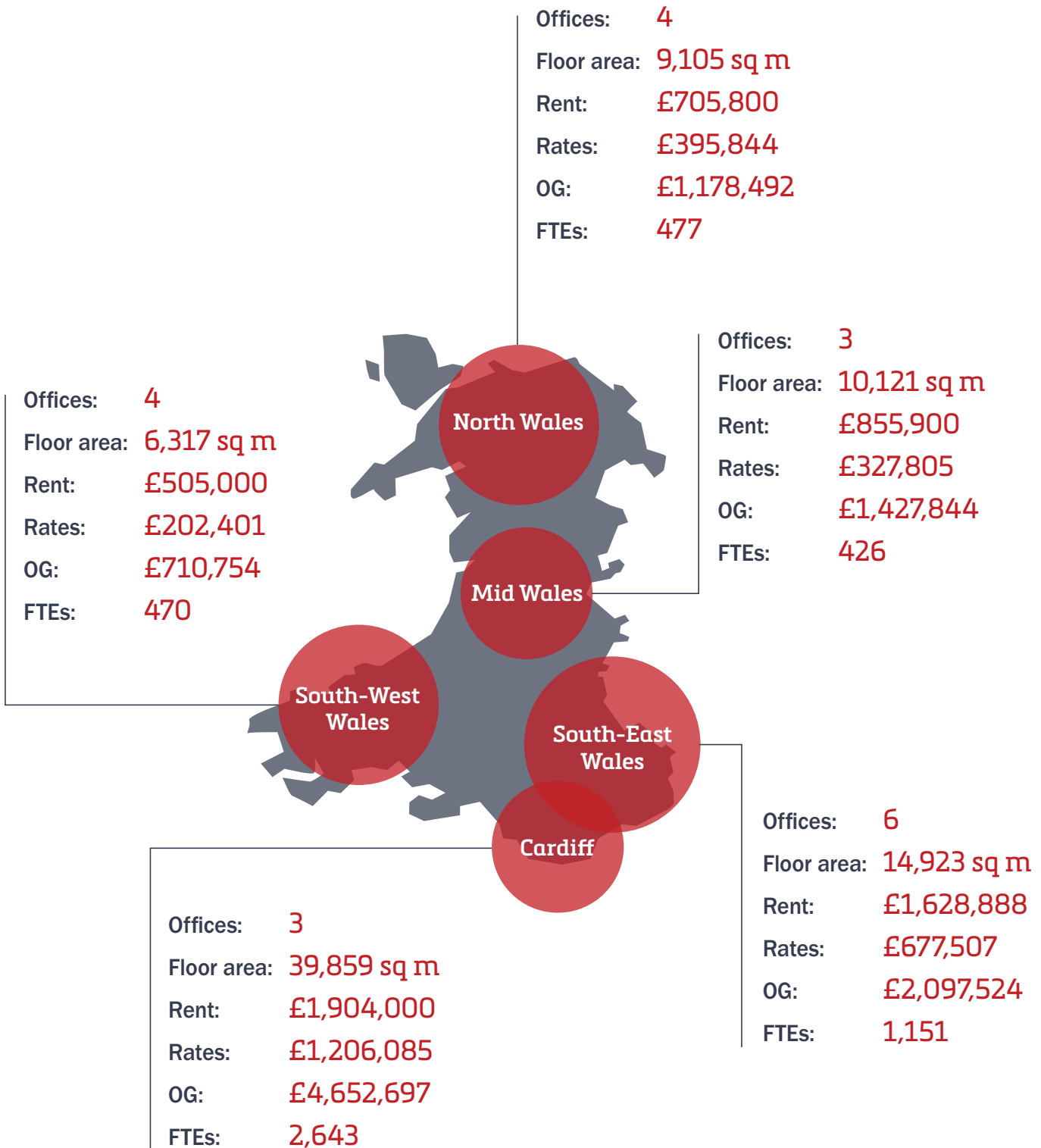
Savings Achieved from Properties Vacated 2015-2020

	Date Vacated	Total Estimated Savings 2015/16	Total Estimated Savings 2016/17	Total Estimated Savings 2017/18	Total Estimated Savings 2018/19	Total Estimated Savings 2019/20	5 Year Total
Wynchway House, Haverfordwest	01/02/16	£21,861	£131,168	£131,168	£131,168	£131,168	£546,533
Arran Road, Dolgellau	31/03/16	-	£7,073	£7,073	£7,073	£7,073	£28,292
National Park, Penrhyndeudraeth	31/03/16	-	£29,094	£29,094	£29,094	£29,094	£116,376
Brecon House, Caerphilly	31/05/17	-	-	£106,280	£127,606	£127,606	£361,492
Tyr Llyn, Swansea	23/06/17	-	-	£371,811	£481,245	£481,245	£1,334,301
Old Vicarage, Holyhead	12/01/18	-	-	£7,110	£33,271	£33,271	£73,652
Total Savings		£21,861	£167,335	£652,536	£809,457	£809,457	£2,460,646

NB. Welsh Government have acquired a new satellite office in leased accommodation in Holyhead.

No properties were disposed of during 2016/17. However re-occurring savings of £167,335 were achieved for properties vacated in 2015-16.

Appendix 3: Regional Overview



Appendix 4: Performance Summary 2013-2018

	31st March 2013	31st March 2014	31st March 2015	31st March 2016	31st March 2017	31st March 2018
State of the Estate						
Total Area of Estate sq m	88,483	84,572	82,295	81,888	82,275	80,325
Number of Properties	35	29	25	22	22	20
Cost of Estate £ million	18.35	17.941	18.136	17.428	18.42	18.477
Rent £ million	6.541	6.169	5.849	5.835	5.89	5.600
Rates £ million	3.05	2.78	2.72	2.77	2.79	2.810
Other £ million	8.77	8.99	9.56	8.82	9.74	10.067
Vacant Space	1.42%	-	-	-	-	-
Efficiency						
Cost per FTE	3,420	3,285	3,139	3,229	3,380	3,576
Cost Efficiency £ per sq m	207.39	212.14	220.37	212.82	223.85	230.02
Rent £ per sq m	73.92	72.95	71.08	71.26	71.61	69.71
Rates £ per sq m	34.42	32.88	33.07	33.84	33.85	34.98
Other £ per sq m	99.05	106.31	116.23	107.72	118.39	125.33
Space Efficiency sq m per FTE	16.5	15.5	14.2	15.2	15.1	15.5
sq m per Workstation	12.48	12.30	11.46	11.95	12.21	12.63
Workstations per FTE	1.32	1.26	1.24	1.27	1.24	1.23
Environmental Performance						
Total Emissions (t CO ₂)	10,392	9,220	8,498	6,939	6,259	5,376
Electricity (t CO ₂)	8,523	7,683	7,185	5,863	5,193	4,259
Gas (t CO ₂)	1,870	1,537	1,313	1,076	1,066	1,117
Total Waste Arising (Tonnes)	609	583	500	498	553	350
Landfill (% of total)	31	31	25	22	18.5	12
Recycling (% of total)	69	69	75	78	81.5	88
Water (CU.M/person/yr)	8	9.8	8.3	8	7.1	6.3

Figures include oil & LPG consumption.

Appendix 5: Collaboration across the Welsh Government Administrative Estate

The core Administrative Estate provides office accommodation that supports business needs and goals, whilst ensuring a dispersed presence to provide employment opportunities across Wales. Whilst efficiency and rationalisation programmes have seen a reduction in the number of properties occupied, opportunities to maximise the efficiency of office space have also been realised through collaboration with other public sector bodies and community groups. More value is achieved from assets, whilst realising wider benefits for ourselves and our partners.

The buildings Welsh Government own at Rhodfa Padarn, Aberystwyth and Sarn Mynach, Llandudno Junction were designed to enable external visitors and members of the public access to work, exhibition and meeting space on the ground floor, where there is also exhibition space, a café and access to Welsh Government publications. A number of meeting rooms are can also be used by other public sector organisations in Rhodfa Padarn, Sarn Mynach and Rhyd-y-Car.

Where layout and security considerations permit, Welsh Government has entered into more formal agreements to enable other public bodies to use available office space in order to realise mutual financial and operational benefits. By offering co-location opportunities, public sector assets can be released that can contribute to other strategic goals, such as land for housing.

Examples of co-location include Natural Resources Wales, who occupy offices at Rhodfa Padarn, The Student Loans Company who operate from Sarn Mynach and the Higher Education Funding Council in Wales who occupy Welsh Government accommodation in Bedwas. The aim of these arrangements is to ensure savings are achieved for the public purse as a whole by letting other public organisations occupy on a cost recovery, rather than ‘for-profit’ basis.

Co-location also enables closer working with Welsh Government departments. HEFCW, for instance, occupy accommodation under a sub-lease at Ty'r Afon Bedwas, where a number of Welsh Government staff involved in Post 16 Education and Funding are also based.

External community and cultural events are also hosted on Welsh Government premises:

- Pontypridd Roadents running club start and finish their annual 10K road race from the car park at QED.
- Sarn Mynach hosted the 2017 TRAKZ Fringe Festival, the building’s distinctive glass front providing the backdrop for vertical dancing display.
- The BBC Drama, Requiem, featured the car park at Cathays Park.
- Public events and displays by CADW in connection with their campaigns.

Looking to the future, opportunities for co-location are being actively explored as part of the options appraisal review of the Location Strategy in Mid Wales (Powys) and South East Wales/Cardiff. In Caernarfon, close working with Gwynedd County Council has identified an opportunity for DEFRA to relocate within the County Council estate following their vacation of North Penrallt, Caernarfon. In both cases this releases land for redevelopment to meet other policy objectives. Discussions continue with Welsh Government Housing and Regeneration colleagues, Conwy County Borough Council and Registered Social Landlords about the best use of the Dinerth Road, Colwyn Bay site, once it is vacated at the end of this year.

Appendix 6: Resource Efficiency: The Story So Far

The journey towards creating a more efficient estate started in 2003 when the first Environmental Management System (EMS) accreditation was achieved. A key challenge has been to reduce **energy consumption** across the estate. In collaboration with expert energy consultants, the Facilities Management team have analysed energy use and developed intelligent building management systems that have not only reduced consumption, but have provided a more pleasant working environment for staff. The resultant 57% reduction in carbon from the 2010-11 baseline has exceeded both expectations and the target figure of 30% reduction by 2020.

Major improvements have also been achieved in **waste management** and waste is now sorted at Rhodfa Padarn, Aberystwyth; Sarn Mynach, Llandudno Junction; Rhyd-y-Car, Merthyr Tydfil and Cathays Park, Cardiff. Waste streams are closely monitored and robust data is now collected to the extent that figures reported are actual rather than an estimated. 88% of waste is now recycled and the volume of waste has decreased significantly. In collaboration with staff and catering and waste management contractors, the amount of food waste has also been reduced, single-use plastic items have been minimised and biodegradable food packaging materials are used wherever possible.

Reducing **water consumption** is another major challenge where collaboration has seen big improvements in efficiency. Smart meters have been installed at freehold properties and consumption is audited by both Facilities Management staff and external consultants. Grey-water systems have been introduced at Rhodfa Padarn, Aberystwyth and Sarn Mynach, Llandudno Junction and other equipment purchases take water efficiency into account. Another successful efficiency measure is the installation of waterless urinals. These measures

have seen water consumption reduced by 11% over the past year and 40% from the baseline 10m³ in 2011-12.

Improvements have been achieved in the sustainability of supply chains for Facilities goods and services. A detailed review of existing contracts has led to more effective management of supply chains and specifications are now tailored to include sustainable development objectives such as:

- local goods and services
- fair trade food and drink
- creation of apprenticeships in the supply chain
- purchase of recycled and recyclable materials
- re-use of office equipment
- support and sponsorship for charities in Welsh communities

Main contractors are now required to develop Resource Efficiency Plans to encourage life-cycle thinking and collaborations with local social enterprises.

Significant progress has been made in achieving efficiencies in the use of resources across the estate. The future brings the challenge of embedding the principles of sustainability throughout the lifespan of our refurbishment projects.



Appendix 7: Properties Outside of the Scope of this Report – Specialist Estate

Address	Reason for Exclusion	Floor Area sq m NIA	Total Annual Cost 2016-2017	Total Annual Cost 2017-2018
25 Victoria Street, Westminster	Office located outside Wales	304	£334,994	£479,844
31/33 Newport Road, Cardiff	Specialist Use	172	£155,713	£162,317
Specialist Facility, Caldicot	Specialist Use	N/A	£523,807	£768,651
Llandough Trading Estate, Cardiff (Unit 22)	Specialist Use	615	£134,183	£138,497
Traffic Management Centre, Coryton, Cardiff	Specialist Use (traffic)	763	£230,799	£236,951
Traffic Management Centre, Morfa BP, Ffordd Sam Pari, Morfa	Specialist Use (traffic)	1,128	£165,272	£190,144
Plt 233, Pavilion Royal Welsh Showground, Builth Wells	Specialist Use (Pavilion)	220	£50,600	£74,932
Rural Affairs Specialised Accommodation, Carmarthenshire	Specialist Use	452	£49,592	£34,123