

The Scottish Civil Estate: Efficiency and Sustainability 2011/12

The second report on the
performance and environmental sustainability
of the Scottish civil estate.

Laid before the Scottish Parliament by The Scottish Ministers
October 2012
SG/2012/206

Introduction

Overview

This is the second annual report on the efficiency and sustainability of the Scottish civil estate (hereafter referred to as the “civil estate”) and has been produced in accordance with the provisions of the Climate Change (Scotland) Act 2009 (Appendix III).

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

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

The first report, laid before the Scottish Parliament in October 2011, provided the baseline as at 31 March 2011 against which changes in the make-up of the civil estate and its performance at each year end can be examined. However as the organisations which comprise the Scottish civil estate change, and the buildings and occupancies within it also change, simple year on year comparisons of the key performance indicators have limited value.

The Scottish Civil Estate

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

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

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

Changes to the Estate since 31 March 2011

The year of this report has seen major changes in the organisations comprising the Scottish civil estate due to the restructuring and simplification of government in Scotland and budgetary pressures leading to the downsizing of those bodies. There were 11 executive agencies during 2010-2011 and this reduced to 8 in 2011-2012, the period of this report. The list of buildings covered also changed and those covered by this report are set out in Appendix 1.

These changes include Education Scotland being formed as a result of the amalgamation of HM Inspectorate of Education and Learning Teaching Scotland. Education Scotland remains an executive agency.

National Archives of Scotland has joined with General Registers of Scotland to form The National Records of Scotland and is now a Non-Ministerial Department.

Scottish Housing Regulator has changed its status and is now a Non-Ministerial Department.

The Social Work Inspection Agency has merged with the Care Commission to form a Non Departmental Public Body known as the Care inspectorate.

Context

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

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

The prime focus of this report is the administrative part of the civil estate particularly those offices where the core Scottish Government or its executive agencies are the main occupier and can control the building's plant and environment. This component of the civil estate comprises 43 core administrative offices, (44 in 2010-11) which accommodate about 5,891 full-time equivalent staff (circa 7,616 in 2010-11), with a net internal area of 99,920 (115,986 m² in 2010-11). (Efficiency and sustainability performance of the wider civil estate, including both offices and specialist operations, is summarised in Appendix II).

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

The portfolio has undergone regular rationalisation to ensure it meets the needs of the organisation. Over the years several large buildings in Edinburgh at Jeffrey Street, Waterloo Place, James Craig Walk and Greenside Place have been either

sold or their leases surrendered. Other buildings have seen a significant rationalisation of space. Actions currently underway include:

- Negotiations for the sale of an ex-agricultural office property at Jeanfield, Perth for redevelopment;
- Workspace planning in Victoria Quay, Edinburgh is underway to facilitate re-use of space freed up by reduced staff numbers and for staff relocated there from Saughton House;
- Workspace planning in Saughton House is in progress to allow the re-use of space released by falling staff numbers by other public sector bodies, to allow them to relinquish leases of other properties with the private sector when they end; and
- Discussions are ongoing with NHS bodies to re-use two vacant floors of Meridian Court, Glasgow, thus enabling them to give up leased private sector space elsewhere, and benefit from co-location with NHS NSS who are already in the building. This may lead to the eventual transfer of the building as a whole to the NHS.

There are no additional properties that have transferred into the civil estate in 2011/12.

Objectives of Estate Management

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

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

The aims of civil estate management remain to improve:

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

Performance Measurement

Efficiency and sustainability of the civil estate is measured using a number of Key Performance Indicators (KPIs) taken from the Office of Government Commerce's (OGC) electronic Property Information Mapping Service (ePIMS). These KPIs enable measurement and reporting on:

- the overall area of the civil estate (m²) and the total cost of the estate,
- workspace efficiency in offices expressed as £/FTE, calculated based on the £/m² (rent, rates and other occupation costs), Net Internal Areas (NIA) and the number of employees based in the buildings,
- the use of occupied space expressed as m²/FTE, based on the space allocation per workspace and the ratio of FTEs to each workspace,
- compliance with the commitment to procure buildings in the top quartile of energy performance, and
- sustainability performance against targets for waste recycling and water consumption.

This second report provides both a snapshot of the position (as at 31 March 2012), and an indication of changes since last year's report.

The Immediate Effects of Falling Staff Numbers.

The staff numbers as at 31 March 2011 were 7,616 FTEs and at 31 March 2012 were 5,891 FTE's representing a decrease of 1,725 FTEs. As the method of measurement has been refined over the two years, and the number of executive agencies covered by the report have changed the figures are not directly comparable. In the same period the occupied Net Internal Area changed from 115,986m² to 99,920m². The Cost per FTE increased from £3,447/FTE to £3,615/FTE. The square metreage per FTE rose from 14.4 m² to 16.9 m². Both these reflect the fact that staff numbers have shrunk more rapidly than the estate. Similarly the number of workstations per FTE rose from 1.06 to 1.37. As space vacated by departed staff is disposed of by sale, relinquishing leases or back-filling by other public sector bodies these of KPIs should improve.

Limited comparisons can be drawn as the buildings being compared in the two years are not exactly the same for reasons explained earlier.

Property Costs on the Office Estate

The rent per square metre has risen from £77/m² to £80/m². Whilst property managers in the civil estate do negotiate robustly with landlords at rent review, some leases have fixed rent reviews which preclude the ability to make reductions. In contrast the cost of rates has fallen from £56 m² to £44 m².

Waste Recycling

The percentage of waste recycled increased from 64% to 71%. Reported water consumption was 8.9 m³ per FTE, compared to an estimated figure of 7.2 m³ in 2010-11. This in part reflects the lag between falling staff numbers and disposal of buildings. It also reflects more accurate consumption measurement resulting from the roll-out of more water meters across the estate, which enables reporting to be based on actual consumption rather than Rateable Value-based estimates.

Energy Costs

Energy consumption based on area has remained about the same (286 kWh/m² during 2010/11 and 288 kWh/m² during 2011/12). Because reductions in the size of the estate cannot be delivered at the same rate that the workforce has contracted, energy consumption per FTE has risen from 4,126 kWh to 4,908 kWh.

Energy costs per FTE have risen by 42% from £246 to £349. This is due to a combination of increased utility costs (67% increase in gas costs and a 5% increase in electricity costs) and the fact that while staff numbers have fallen the space that has to be heated has yet to decline proportionately.

Property Costs on the Combined Office and Non Office Specialist Estate

These specialist buildings like SASA (Science and Advice for Scottish Agriculture) headquarters, Gogarburn, Edinburgh and the Marine laboratory, Torry, Aberdeen are very different buildings with particular space, heating and water consumption characteristics, so these are separated out. This separation then enables the office estate to be benchmarked against similar public and private sector comparators.

The commissioning of the Marine Aquarium, known as the Ellis Building, in Aberdeen has resulted in a significant increase in water consumption in 2011/12, from 12.8 to 22.1 m³ / m². Without this distorting effect, consumption would have dropped to 11.35 m³ / m². The commissioning of the Aquarium is also the main reason for an increase in energy consumption from 7,017 to 7,520 kWh/FTE.

Prospects for the Future

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

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

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

APPENDIX I – The Scottish civil estate

Civil estate – administrative offices

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

Civil estate – specialist buildings

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

Properties that do not form part of the Scottish civil estate

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

APPENDIX II – Performance summary

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

KEY PERFORMANCE INDICATORS	SG & Executive Agencies 2010/11 Offices Only	SG & Executive Agencies 2010/11 Offices & Specialist	SG & Executive Agencies 2011/12 Offices Only	SG & Executive Agencies 2011/12 Offices & Specialist
Cost Per FTE (£)	3447	3949	3615	3864
Cost per m ² (£)	242	215	213	183
m ² per FTE (m ²)	14.4	21.1	16.9	24.1
Rent per m ² (£)	77	58	80	64
Rates per m ² (£/m ²)	56	47	44	34
Other Costs per m ² (£/m ²)	110	105	88	75
m ² per Workstation (m ²)	13.6	18.7	12	18
Workstations per FTE	1.06	1.06	1.37	1.35
Water consumption per FTE (m ³ /FTE)	7.2	12.8	8.9	22.1 ¹
% of total waste recycled	64	61	71	69
Energy consumption per m ² (kWh/m ²)	286	281	288	293 ²
Energy Consumption per FTE (kWh/FTE)	4126	5938	4908	7520 ³
Energy Cost per m ² (£/m ²)	16	17	20	22
Energy Cost per FTE (£/FTE)	246	379	349	572 ⁴

Explanatory notes

1. This report covers the core Scottish Government estate and that of 8 executive agencies. The 2011 report covered the core Scottish Government estate and 11 agencies. The KPIs in the two years cover some different bodies and buildings.

2. The measurement of full-time equivalent staff has been improved over the period so direct comparisons of KPIs involving FTEs cannot be made.

¹ 11.35 m³ excluding the new Marine Laboratory

² 284 excluding the new Marine Laboratory

³ 6033 excluding the new Marine Laboratory

⁴ 475 excluding the new Marine Laboratory

APPENDIX III - Climate Change (Scotland) Act 2009

The Scottish civil estate

75 Energy performance of buildings procured for the Scottish civil estate

- (1) The Scottish Ministers must, in so far as reasonably practicable, ensure that the energy performance of any building that becomes part of the civil estate in Scotland falls within the top quartile of energy performance.
- (2) For the purposes of subsection (1), a building becomes part of the civil estate if it is procured or constructed by or on behalf of the Scottish Ministers.
- (3) The Scottish Ministers may, by regulations, provide that the duty under subsection (1) does not apply in respect of specified buildings or categories of buildings.

76 Report on the Scottish civil estate

- (1) The Scottish Ministers must, in respect of each financial year beginning with 2010–2011, lay before the Scottish Parliament a report containing an assessment of the progress made in the year towards improving—
- (a) the efficiency; and
 - (b) the contribution to sustainability,
of buildings that are part of the civil estate in Scotland.
- (2) If the energy performance of a building mentioned in subsection (3) does not fall within the top quartile of energy performance, the report must state the reasons why the building has become part of the civil estate.
- (3) That building is a building—
- (a) to which section 75 applies; and
 - (b) which becomes part of the civil estate in the financial year to which the report relates.
- (4) The report under this section must be laid before the Parliament no later than 31 October next following the end of the financial year to which the report relates.

77 Scottish civil estate: supplementary

- (1) For the purposes of this section and sections 75 and 76—
- (a) “building” means a building that uses energy for heating or cooling the whole or any part of its interior; and
 - (b) a building is part of the civil estate in Scotland if it—
 - (i) is used for the purposes of Scottish central government administration; and
 - (ii) is of a description of buildings for which the Scottish Ministers have responsibilities in relation to efficiency and sustainability.
- (2) The Scottish Ministers may, by order, provide—
- (a) for buildings of a description specified in the order to be treated as being, or as not being, part of the civil estate;
 - (b) for uses specified in the order to be treated as being, or as not being, uses for the purposes of Scottish central government administration.