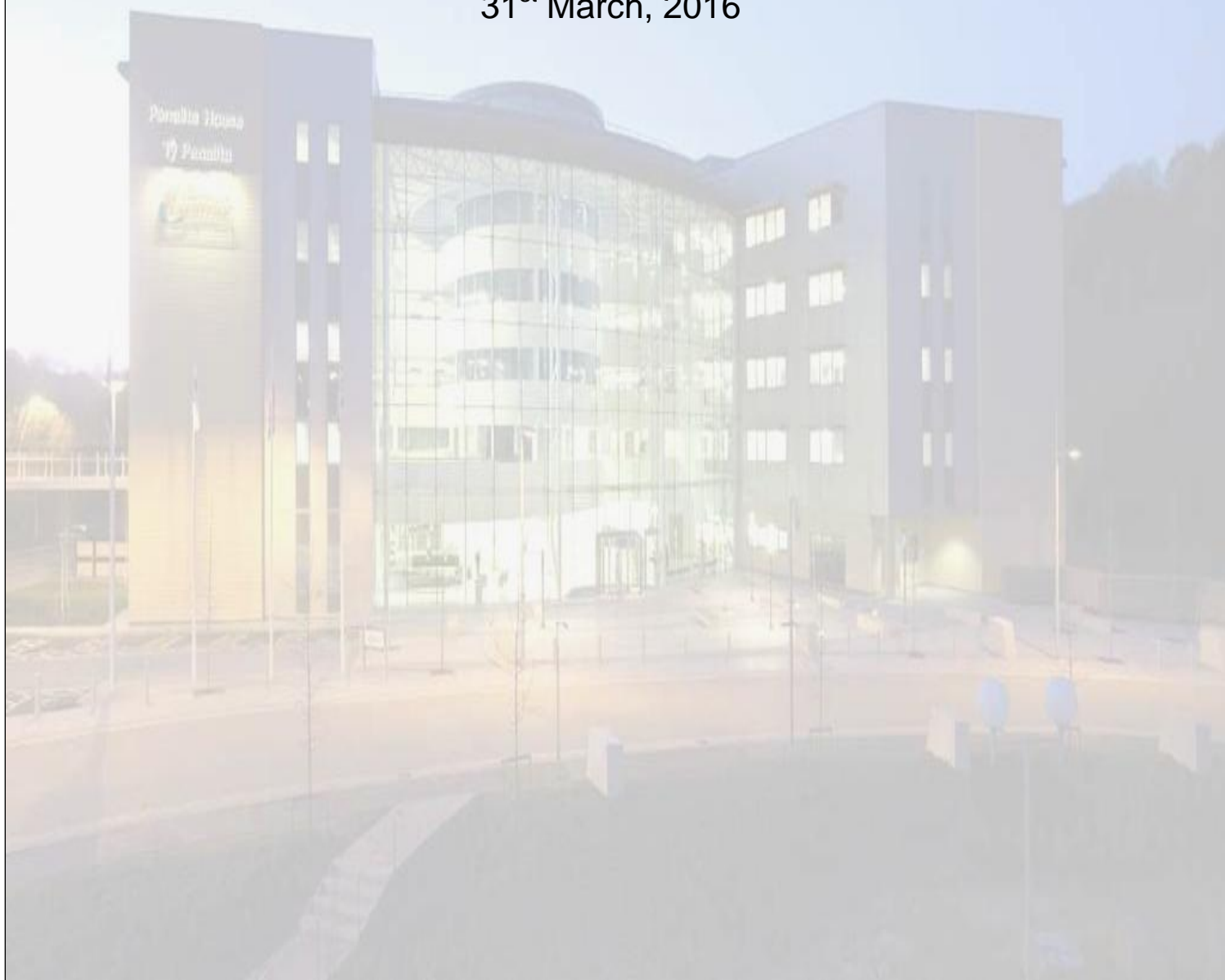


Caerphilly County Borough Council

State of the Estate Report

31st March, 2016



A greener place Man gwyrddach



Foreword



I am delighted to present this report, the first of what I hope will be an annual publication, summarising the “State of the Estate” for Caerphilly County Borough Council.

This first edition contains details of the considerable progress made in the management of the council’s Land and Building Estate since the development of the Council’s Land and Building Strategy in 2012. It demonstrates the key role Asset Management has in supporting the council to positively react to extreme funding reductions and to help it maintain service delivery.

There is no doubt that the council has to change, and Asset Management is at the forefront of those transformational changes. The council has had to, and will have to, make some difficult decisions to “balance the books” and the closure of some of our Corporate Offices is an example of those difficult decisions. Nevertheless, I believe this State of the Estate report demonstrates that, in doing so, we have been able to make high levels of savings that helps protect jobs, maintain service delivery and, in the case of Pontllanfraith House, will ultimately regenerate communities. We have also heavily committed to improving the condition of our building stock and reducing our carbon footprint.

Although in its infancy, and not therefore reflected in this report, the Council is also considering how it can promote greater Community engagement in its estate via Community Asset Transfer.

Additionally, the council needs to hold discussions with other public bodies such as the Local Health Board, Police and Voluntary Sector to explore the potential for sharing our building assets. We have already done this to a small degree with the Police in Caerphilly Library and with the Aneurin Bevan Health Board, but we recognise there is more work to be done. We are hopeful that the new Public Service Board that will be established from 1st April 2016, as part of the Well Being of Future Generations (Wales) Act 2015, will act as a conduit for these shared building resource discussions.

Introduction

Caerphilly County Borough Council has fixed assets worth £717,281,359*, which makes it the second most costly resource, after staff, to manage. Of the 20 Welsh Authorities that submitted building performance data to Welsh Government in 2014/15, Caerphilly has the 4th largest public building portfolio.

The Corporate Estate comprises office accommodation, workspace, leisure buildings and other property used to deliver council services that are owned, leased or occupied by the authority.

This report focuses on corporate buildings where the authority has a maintenance liability, excluding school buildings and council house stock.

There are a number of definitions of the term Asset Management, Caerphilly focuses on the RICS's 2008 Public Sector Asset Management guidelines:

“Strategic Asset Management is the activity that seeks to align the asset base with the organisation’s corporate goals and objectives. It ensures that the land and buildings asset base of an organisation is optimally structured in the best corporate interest of the organisation concerned”.

In recent budgets, the government has been consistent in its commitment to make savings from the public estate. The current economic climate and slow-down in the property market presents opportunities and challenges for councils acquiring and disposing of assets and managing commercial property portfolios.

Through effective management of its asset base, the council can:

- Deliver exceptional services for citizens, aligned with locally agreed priorities, whilst focusing investment clearly on need;
- Empower communities and stimulate debate;
- Improve the economic well-being of an area;
- Ensure that, once built, assets are correctly maintained;
- Introduce new working practices and trigger cultural organisational changes;
- Reduce carbon emissions and improve environmental sustainability;
- Increase co-location, partnership working and sharing of knowledge;
- Improve the accessibility of services and ensure compliance with the Equalities Act 2010;
- Generate efficiency gains, capital receipts, or an income stream; and
- Improve the quality of the public realm.

This is Caerphilly’s first *State of the Estate* report and provides a snapshot of the performance data we use to monitor the efficiency and effectiveness of our corporate buildings.

* As at 31st March, 2015. (Note: this is the “book” asset replacement value and does not represent the market value, which is likely to be significantly lower).

EXECUTIVE SUMMARY

This *State of the Estate Report* is the first report to cover the authority's building performance metrics. In future years, it will be a summary of annual performance, this issue should be read as a 'baseline' report.

Comparison over time

Through effective asset management, over the last 4 years we have achieved the following:

A smaller, more effective estate

We have:

- reduced our total square metres of corporate buildings by **6.19%** - we are now using **10,748** square meters less than in 2012;
- vacated or disposed of **34** buildings;
- increased occupancy at our existing sites, with utilisation improving from 11.33 sq.m per FTE to **9.16 sq.m** per FTE.

We have achieved this by a program of property reviews that identified poorly performing properties, and by modernising buildings to make better use of our property holdings. This has enabled us to vacate surplus properties, both freehold and leasehold, and to support more efficient ways of working.

Cost savings and Environment

We have:

- reduced our carbon emissions by **2,299 tonnes**;
- achieved NNDR (non-domestic rates) savings totalling **£3,609,393***.

**This figure excludes prior year savings totalling £4,109,616*

	Schools estate	Non-schools estate
NNDR savings 2010/11	£190,885.18	£331,284.11
NNDR savings 2011/12	£204,007.53	£324,681.15
NNDR savings 2012/13	£213,938.54	£339,326.37
NNDR savings 2013/14	£223,000.43	£357,753.22
NNDR savings 2014/15	£239,531.86	£515,827.24
NNDR savings 2015/16	£246,514.08	£422,643.39
Total	£1,317,877.62	£2,291,515.48

We have:

- achieved **£4,099,637** capital receipts from freehold disposals:

Capital receipts 2011/12	£1,089,301
Capital receipts 2012/13	£621,437
Capital receipts 2013/14	£1,054,500
Capital receipts 2014/15	£448,399
Capital receipts 2015/16	£886,000
Total capital receipts	£4,099,637

Summary of key performance since 2011/12:

	2011/12	2015/16	% change
Area Sq.M. (GIA)	173,562	162,814	-6.19%
No. of Corporate buildings	440	406	-34
Carbon emissions (t Co2)	16,236		
No. of buildings made reasonably accessible	165	209	+26.70%

Size and condition of the Corporate Estate

Since 2012, we have reduced our total office accommodation by **20.01%**, mainly due to the closure of three corporate offices, Ty Pontllanfraith, Hawtin Park and Enterprise House. This allowed relocation of staff to existing sites including Ty Penallta and Tir-y-berth Offices.

Ty Pontllanfraith had been identified as a building requiring major investment to enable continued use, which was not possible in the current financial climate. An options appraisal determined that the most viable option for the authority was relocation to existing sites and disposal of the site. The closure of the site will generate savings of **£600,000 per annum**, of which, £100k will be secured up to March, 2016.

Hawtin Park offices was a leasehold property and the termination of the lease resulted in savings to the authority of **£500,000 per annum**. Enterprise House was also leasehold and resulted in a further **£200,000 saving per annum** to the authority.

These closures enabled the Authority to fully utilise the building at Ty Penallta and further reduce the operational costs per employee (FTE).

Performance over the last year

Indicator	2014/15	2015/16	% change
Total area sq.m of Corporate buildings (GIA)	172,399	162,814	-5.56%
Total number of Corporate buildings	412	406	-1.46%
Total Net Internal Area (NIA) of Office Accommodation*	22,756	18,203	-20.01%

*based on 3 largest offices (Ty Penallta, Ty Tredomen and Ty Pontywindy)

Building Condition

From April 2015, Microsoft ceased support for the Authority's I.T. operating software, Windows XP. This necessitated the upgrade of our existing Asset Management data system.

This provided an opportunity to fully review the way our condition surveys are completed and recorded. Surveys and reports were interrogated in detail and resulted in the ability to produce more accurate condition reports than was previously possible.

Over the last year, the revised indicators show that the percentage of our **corporate buildings in condition A or B is currently 84.31%**, this compares to 46.00% last year. The difference is partly due to the old system calculating these figures on an average condition rating per building, the new system calculates the actual number of elements within each building over a 25yr period. Hence, the picture painted previously was bleaker than exists today.

Moreover, by targeting maintenance spend on Priority 1 and condition D items, this has had a considerable effect on the overall condition of the corporate estate. Our outstanding urgent works required (**Priority 1**) has been **reduced by 22.89%**.

Condition Indicators	2014/15	2015/16	% change
% of GIA of Corporate buildings in condition A	4.30 %	6.74 %	+56.75 %
% of GIA of Corporate buildings in condition B	41.70 %	77.57 %	+86.02 %
% of GIA of Corporate buildings in condition C	41.80 %	10.80 %	-74.16 %
% of GIA of Corporate buildings in condition D	12.20 %	4.89 %	-59.92 %
% Value of required maintenance cost in Priority 1	7.60%	5.86 %	-22.89 %
% Value of required maintenance cost in Priority 2	40.50 %	55.04 %	+35.90 %
% Value of required maintenance cost in Priority 3	51.90 %	39.10 %	-24.67 %

Efficiency of use

This section focuses on how efficiently we use our office accommodation. The amount of space per person is calculated as total useable space (sq.m NIA) divided by the number of full-time equivalent employees (FTEs) and/or workstations.

The data shows that, over the last 2 years, we have reduced our key office accommodation (useable NIA) by **28.94%** and, by relocating staff to existing sites, we have improved the efficiency of the remaining offices*.

In 2014/15, we had an average utilisation of 11.33 sq.m. per FTE. Over the last year, we have reduced this figure by **19.15%** to 9.16 sq.m per FTE.

However, it must be appreciated that some factors can affect the ability to improve space utilisation. Design features of certain buildings may mean that they will never be occupied to capacity.

Ty Penallta

The Council's main corporate office, Ty Penallta, was completed in 2008 and originally commissioned to accommodate 650 workstations. Although a very impressive building, with its large atrium, reception area and unique design features, it means that not all of the measured internal space is useable.

Over the last few years, it has been recognised that we need to make our buildings work for us and utilise them as efficiently as possible. By rationalising our office accommodation, and identifying the actual useable space available, we have achieved a **47.69%** increase in utilisation on the original specification. As of January, 2016, Ty Penallta accommodates 960 workstations and 768 FTEs, with further staff due to be relocated in the near future.

Corporate Offices

The table below demonstrates the improvements made to office accommodation running costs and occupation rates in our three main corporate offices.

Indicator	2014/15	2015/16	% change
Useable Net Internal Area (sq.m. NIA) Offices*	12732.2	9046.8	-28.94%
Total number of FTEs (% difference relocated to other offices)	1123.6	987.6	-12.10%
Total Office Accommodation Costs*	£2,334,006	£1,909,672	-18.18%
Office Accommodation Costs per FTE*	£2,077.26	£1933.64	-6.91%
Total Sq.M (NIA) per FTE*	11.33	9.16	-19.15%

*based on 3 largest offices (Ty Penallta, Ty Tredomen and Ty Pontygwindy)

Note: 15/16 Accommodation Costs will not be confirmed until close of accounts, these are projected figures

Space per Workstation v's Space per Person (sq. m per FTE)

In 2015/16, Caerphilly has an average of **6.65 sq. m per workstation** (9.16 sq.m per FTE) in its 3 main offices. The recommended workstation size to promote efficient space planning in office buildings is considered to be 6.50 sq. m per workstation.

Although significant improvements have already been made, going forward we should ensure that services within these buildings utilise their space to its full capacity. If we were to achieve 100% utilisation, based on increasing the number of FTEs to match the number of workstations, our office accommodation costs would reduce **by 27.33%** from £1,933.64 per FTE to £1405.20 (£1,909,672/1359) per FTE, representing a potential total saving of £521,887. It is worth reiterating that this level of saving can only be realised if we can fully utilise the spare capacity.

Beyond this, the report recognises the importance of flexible working and the opportunities to make further savings through heightened utilisation of desks as well as through lower space allocation per workstation.

There is a fundamental change taking place to the way in which office space is used and managed, a change driven by technology and budget constraints. More and more occupiers are introducing flexible working styles to improve efficiency and effectiveness, allowing staff to become more mobile and make work-life choices. The modern workplace is becoming a more fluid, more responsive environment.

The table below highlights the difference between the number of workstations currently available at each of the main offices, compared to the number of FTEs occupying those workstations.

Indicator	Ty Penallta	Ty Tredomen	Ty Pontygwindy	Total
No of workstations available	960	249	150	1359
No. of FTEs - 2015/16	768	136.6	95	999.6

The Council plans to work, initially, to an average office occupation ratio of 8 workstations to 10 employees (Asset Management Strategy). The ratio of 8/10 is a conservative figure and many organisations, particularly within the private sector where, historically, the cost of office accommodation has been valued more, are working to significantly lower ratios.

The 8/10 ratio would equate to 1200 staff for 960 workstations in the case of Ty Penallta. This demonstrates there is spare capacity within the building. At Ty Tredomen, occupation numbers could be raised to 311, and at Ty Pontygwindy to 187.

The above figures clearly demonstrate there is spare office accommodation in our main corporate offices. However, we must be realistic, as there are barriers to achieving 100% occupation. In particular, car parking facilities for both staff and visitors are at a premium. Investment into increasing car parking availability, although limited in area, is potentially possible outside our current land ownership, and the potential benefits/cost are under consideration. The Council is also currently considering how agile our workforce is and how agile it needs to be. There is also the realisation that reducing public sector funding will inevitably lead to a reduction in our current workforce.

[A sustainable and accessible Caerphilly](#)

Our Sustainable Development Strategy 2008, “Living Better, Using Less”, sets out the contribution that we will make to our joint goal of a sustainable county borough, and the principles that underpin our strategy and policy development, service delivery, partnership work and the way our organisation is run.

Caerphilly has understood the importance of good energy management for some considerable time. Caerphilly was one of the first local authorities to develop and implement the Local Authority Carbon Management Programme with the Carbon Trust, and was the first in Wales to implement the Local Authority Financing scheme.

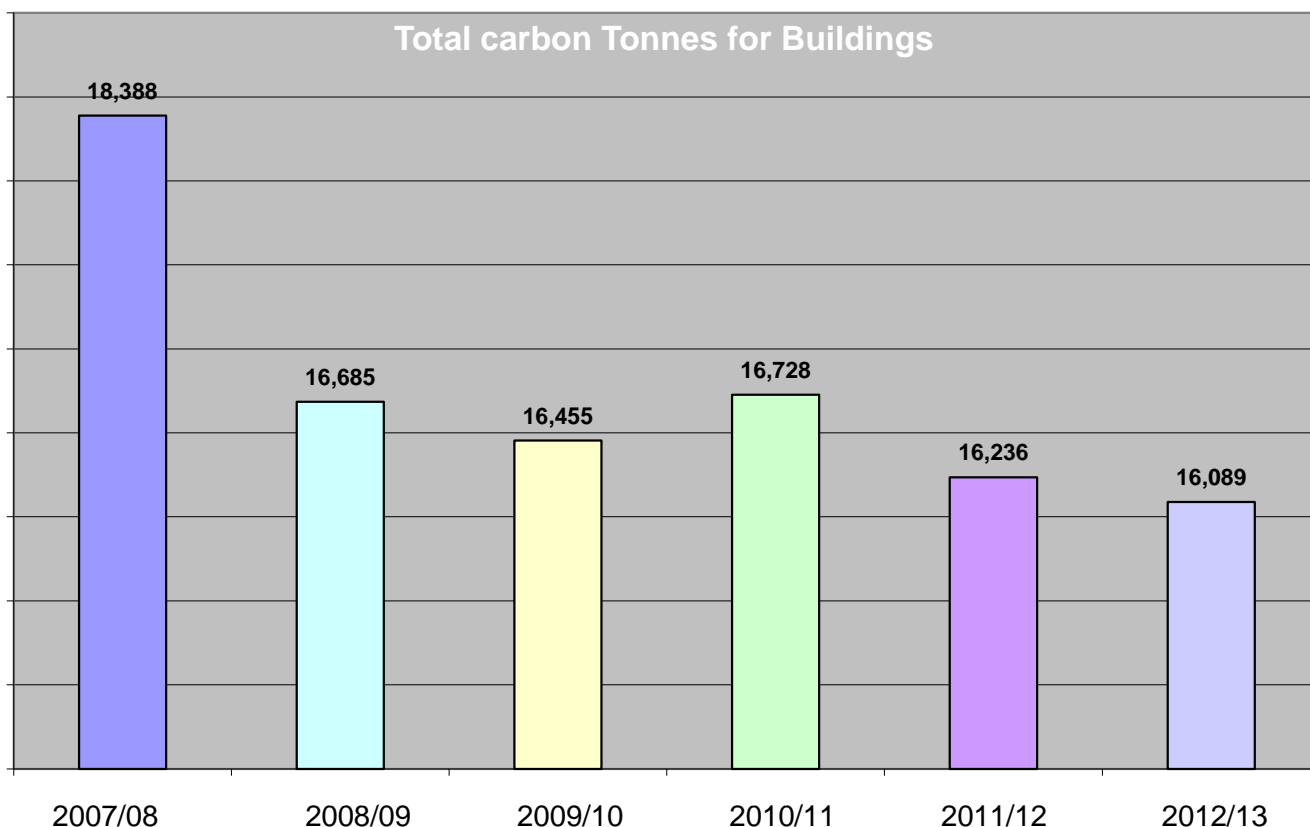
Since 2007, we have continued to reduce the greenhouse gas emissions of the corporate estate.

To assist in reducing carbon emissions and costs, the authority has a 45% Carbon Reduction Strategy in place and has recently developed a Carbon Management Improvement Objective.

In line with our Carbon Reduction Strategy, the Improvement Objective focuses on 4 priorities to reduce emissions:

- Good Housekeeping (10% reduction)
- Invest to Save (20% reduction)
- Design and Asset Management (10% reduction)
- Renewable technology (5% reduction)

[Reducing Carbon Emissions](#)



During the 14/15 financial year, British Gas changed their internal billing system. As a result of this, they have been unable to provide any billing on electricity for Caerphilly sites. Due to this, we are unable to report on total building energy costs, consumption and carbon emissions. This will be addressed in future 'State of The Estate' reports when data on all buildings will be available.

Consumption graphs for Ty Tredomen and Ty Penallta are shown below:

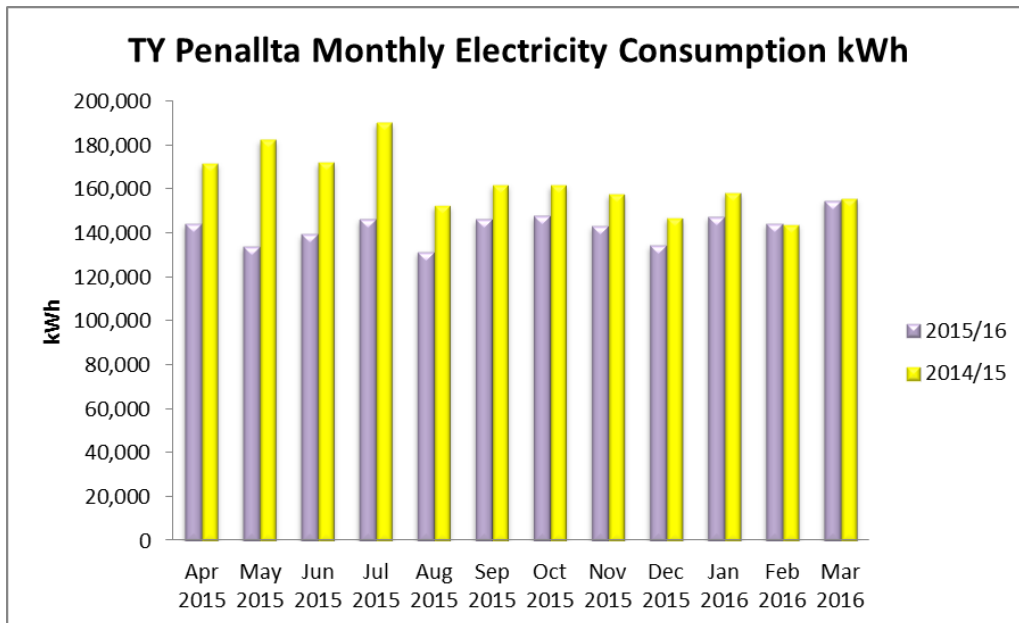


Table of Consumption (kWh) for 14/15 and 15/16

	2015/16	2014/15	Difference	Move %
TOTAL	1,718,179	1,959,273	-241,094 kWh	-12.31

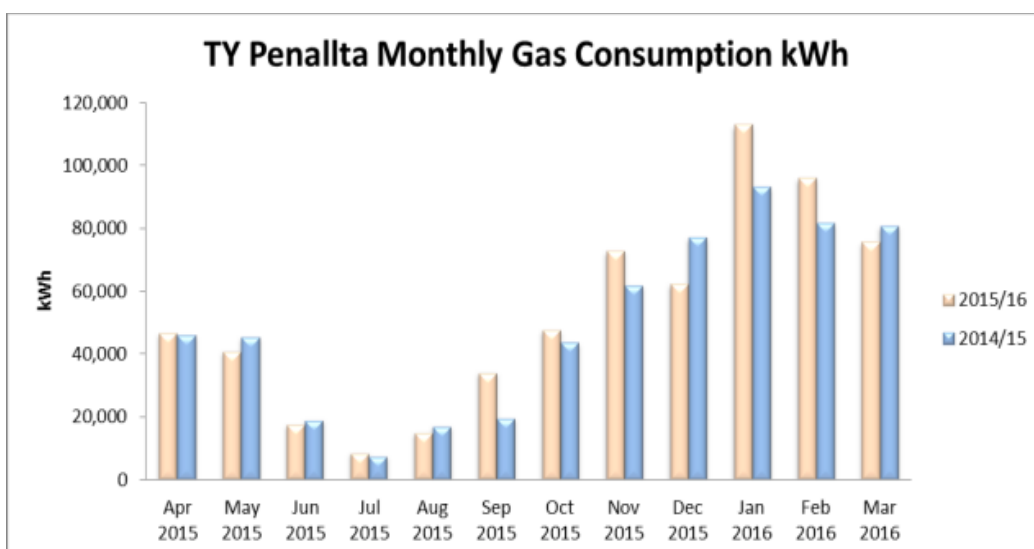


Table of Consumption (kWh) for 14/15 and 15/16

	2015/16	2014/15	Difference	Move %
TOTAL	632,013	594,236	37,777 kWh	+ 6.36

Ty Penallta's gas consumption for heating purposes is small. The increase in consumption is partly due to a need for additional heating, but mainly due to the fact that Meals On Wheels have relocated to the site and, in effect, are now maximising the use of the building's catering asset. To put the increase into perspective, 37,777 kWh equates to gas costs of £724 across the year, or £1.98 per day.

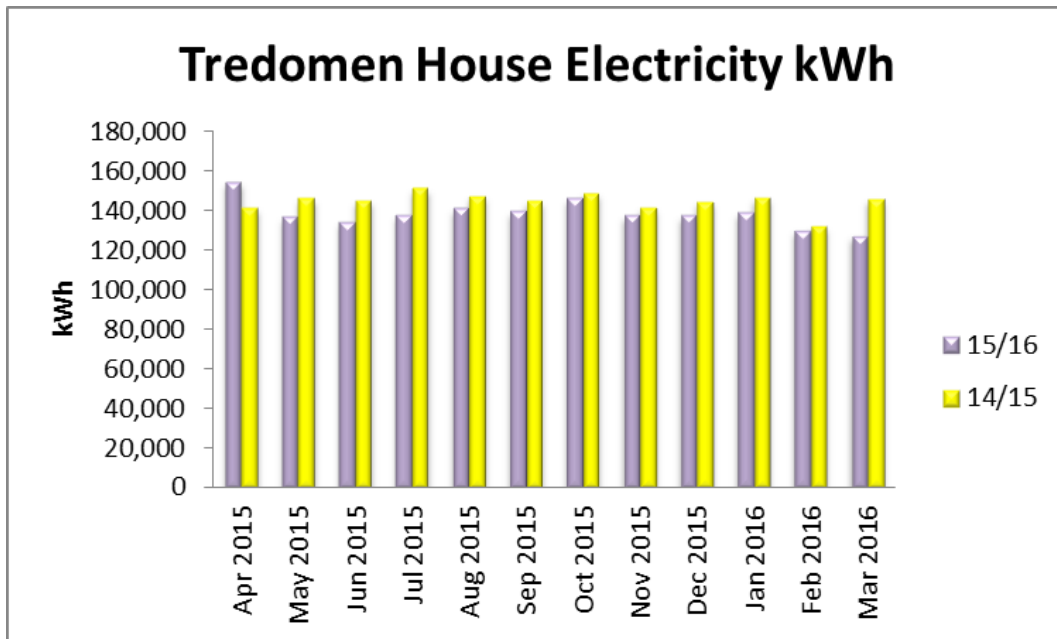


Table of Consumption (kWh) for 14/15 and 15/16

	15/16	14/15	Difference	Move %
TOTAL	1,661,331	1,719,031	-57,700 kWh	-3.35654

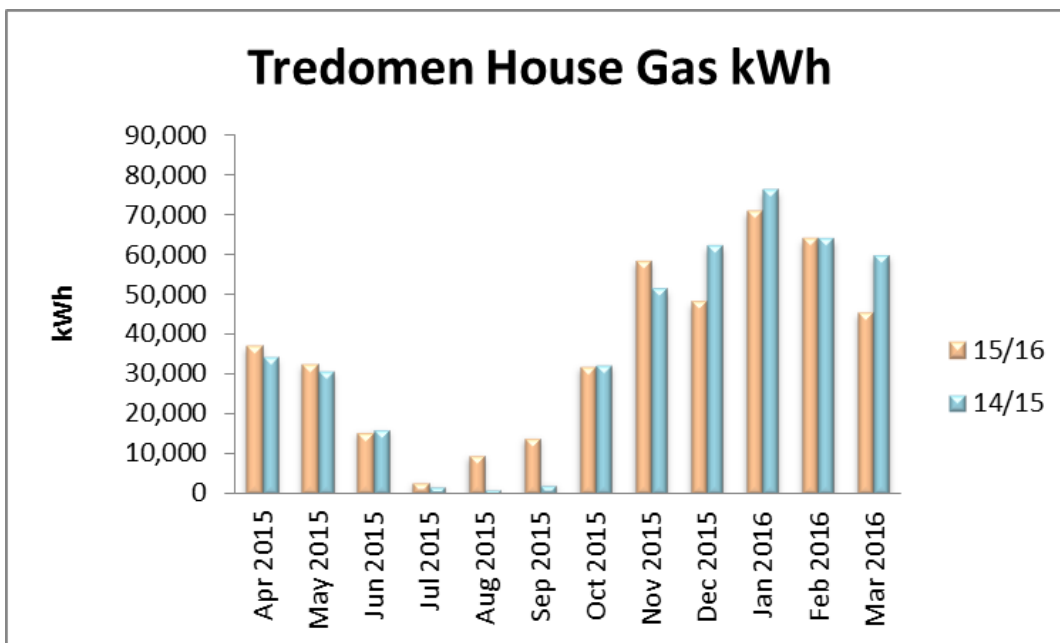
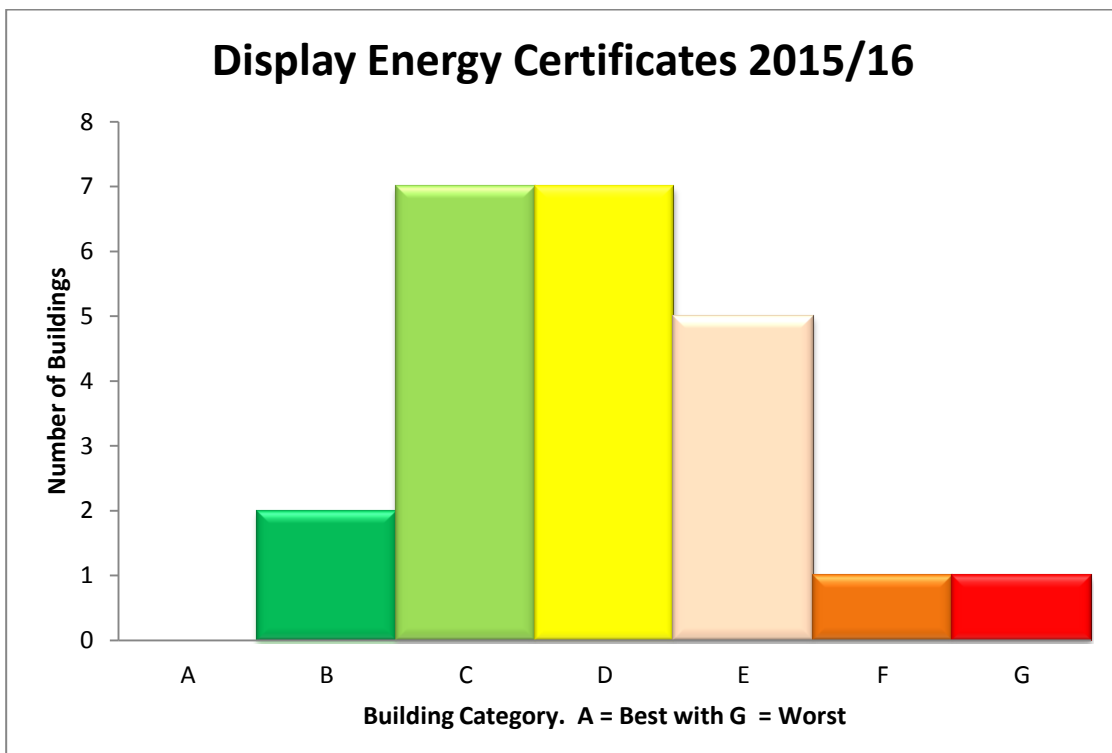
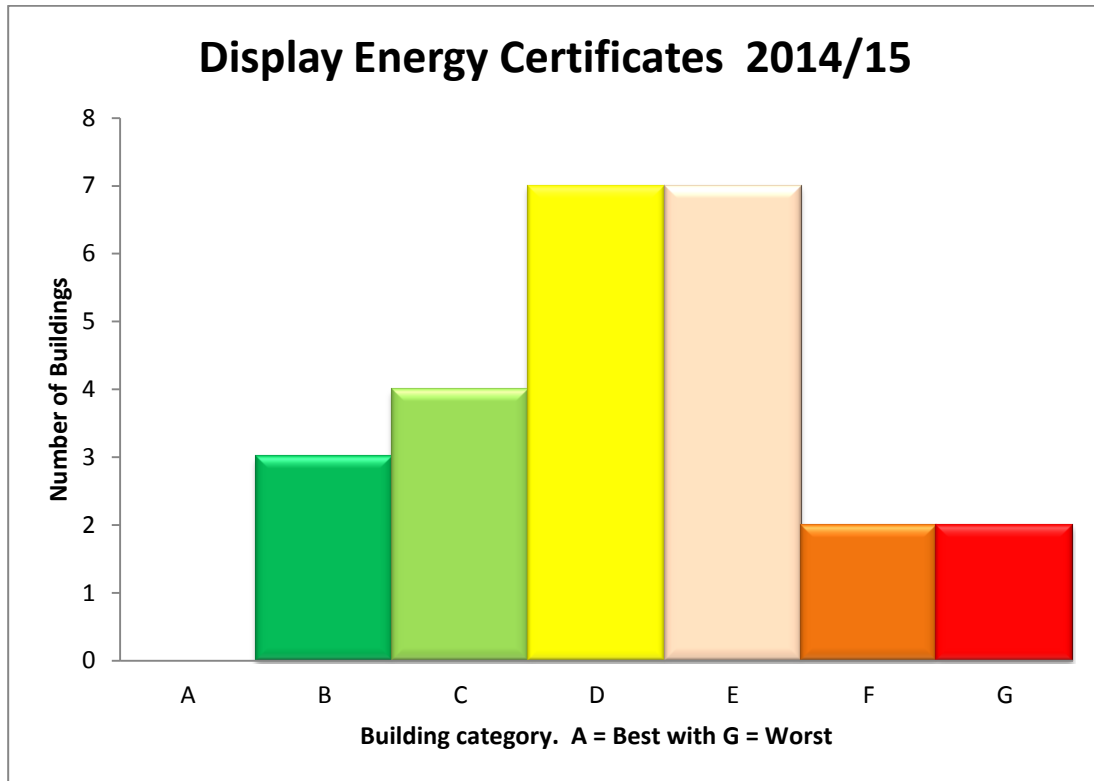


Table of Consumption (kWh) for 14/15 and 15/16

	15/16	14/15	Difference	Move%
TOTAL	432,733	433,970	-1,236 kWh	-0.28

DECs

Display Energy Certificates (DECs) show a building's energy performance from an operational perspective, that is, it accounts for people's actions on energy performance in the building. A typical building should achieve a score of 100, which is between a D and an E category in the graphs below.



Disability Access

The Council's Corporate Property Division continues to deliver improvements to make public buildings accessible for all via the DDA Work Programme. Each year, a programme of work is arranged to update and improve the physical access capacity of a range of Council owned buildings.

During 2014-15, £50,000 of capital funding and £150,000 of revenue funding was used to upgrade properties across the county borough.

DA Indicator	2014/15	2015/16	% change
No. of buildings made suitable and reasonably accessible	202	209	+3.37%

Statutory Maintenance within Corporate buildings

The Council has made a concerted effort to improve the number of outstanding priority remedial works identified via the Statutory Testing regime, as can be seen from the tables below. We have also centralised responsibility for Statutory Testing Management to build upon the progress made to date and to ensure that, in future, the council's estate is 100% compliant.

Further to the corporately managed sites, Corporate Property also offer SLA agreements to other users for the completion of their outstanding tasks. A number of schools have entered into this agreement.

Table 1. Electrical tasks which are outstanding (over 90 days) – P2s

	ELECTRICAL			
	Dec 14	July 15	Oct 15	Jan 16
Community Centres	29	0	0	68*
Corporate Property	172	0	0	0
Economic Development	177	117	37	0
Sheltered Accommodation	115	232	230	135
Social Services	275	52	79	2

*New inspections carried out in Community Centres – Jan 16

Table 2. Legionella tasks which are outstanding (over 90 days) – P2s

	LEGIONELLA			
	Dec 14	July 15	Oct 15	Jan 16
Community Centres	38	34	34	12
Corporate Property	72	2	2	6
Sheltered Accommodation	90	13	14	4
Economic Development	25	3	3	2
Social Services	183	8	2	7

Table 3. Gas Remedial Tasks which are outstanding (over 90 days) – P2s

	GAS REMEDIAL TASKS	
Community Centres	29/36 sites have completed their remedial tasks	7 Sites have outstanding tasks
Social Services	16/28 sites have completed their remedial tasks	12 Sites have outstanding tasks
Pavilions	58/62 Sites have completed their remedial tasks	4 sites outstanding
Libraries	16/19 sites have completed their remedial tasks	3 sites outstanding
Leisure Centres	2/10 sites have completed their remedial tasks	8 sites outstanding

Going forward

The report clearly shows that, through effective asset management, improvements and savings have been made over the last few years. The age when services occupied buildings in isolation from each other is gone, or at least going, and the continuing focus will be to maximise the use and efficiency of our existing building stock.

A culture of smarter working, supporting a robust programme of efficient space utilisation, and disposal of surplus property and land, will steer the way we manage our property portfolio in the coming years. We should continue to challenge whether all our assets are required, are fit-for-purpose and provide value for money to meet current and future needs.

We must continue to seek views of service users, and communities, to inform reviews of the asset base. For property assets, there should be a comprehensive programme of property reviews. Under-performing, or surplus, assets should be rationalised, or disposed of, in ways that deliver best value, and through an appraisal of the options that strike a balance between cost and income and the delivery of outcomes for local communities.

By working with the principles set out in this report, we can deliver better services, achieve higher savings and better manage rationalisation of our estate, releasing land for new homes and jobs.

In the last few years, our Building Consultancy team has been involved in a number of high profile new-build and refurbishment projects to provide state-of-the-art facilities for the residents of Caerphilly County Borough. Amongst them, the new Ystrad Mynach Centre of Sporting Excellence, Islwyn West Comprehensive School and St. Ilan Comprehensive School.

The work we have completed at the former St. Ilan School (Y Gwyndy) is a fine example of the specialist expertise that exists within the authority, and this expertise has been transferred to the Islwyn West School project. So much so, that the appointed external Project Manager for the Islwyn West project (Aecom) has recognised the quality of the design team as being amongst the best he has worked with, across both the public and private sector.

Attached at Appendix 1 is a case study detailing the project carried out at Y Gwyndy, which highlights the work involved in completing this BREEAM Excellent rated project.

BREEAM is an environmental standard that rates the sustainability of buildings in the U.K. It measures sustainable value in a series of categories, ranging from energy to ecology. Within each category, developments score points, or credits, for achieving targets, and their final total determines their rating.

Caerphilly strives to meet this standard in all new build and refurbishment projects.

Project Delivery Case Study

Y Gwyndy, 3 – 18 Welsh Medium School, Caerphilly



Overview

- Started 2012, will be completed 2016.
- Total project budget £20m.

Strategic objectives:

- To provide for the growing demand for Welsh-medium 11-18 education within the County Borough;
- To provide fit for purpose accommodation for the existing YGG Caerffili 3-11 school.

Project objective:

To create a BREEAM Excellent 1,350 pupil 3-18 Welsh medium school.

Scope of the project:

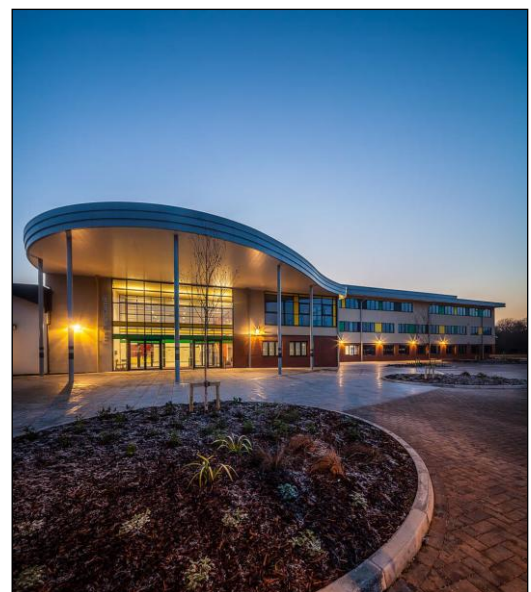
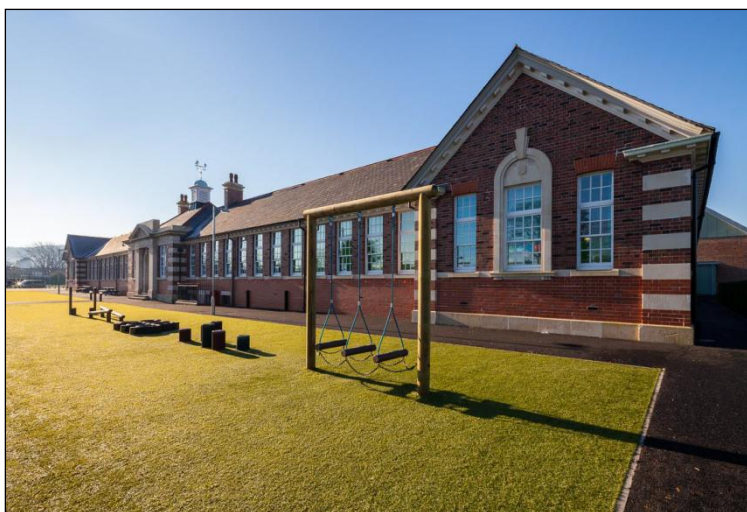
- a derelict 1,654 sq.m Grade 2 Listed Building was brought back into use;
- a derelict 2,396 sq.m 1980's teaching block was brought back into use;
- 6,536 sq.m of new build accommodation was added;
- new parking, bus drop-off and play areas were added;
- a state of the art 3G rugby pitch will be delivered in 2016.

Designed, administered and project managed by our Building Consultancy.

Description

The challenge was to sympathetically rejuvenate derelict buildings plus to add new build wings and link buildings to create a 3-18 school fit for the 21st Century.

The design team worked closely with school staff and governors, together with other stakeholders and contributors, to develop the design and liaised closely with Cadw to return the Listed Building element back to its former glory, albeit subtly adapted to provide size compliant teaching areas and to improve insulation levels.



The new build elements carry architectural details over from the existing buildings, and the result is a successful blend of different architectural styles which are brought together to create an inspiring and interesting learning environment.

Close collaboration with the school staff, and other stakeholders, helped ensure the end result was fit for purpose and user satisfaction was high. Pupils were encouraged to have an influence on the design. Indeed, pupils were given colour pallet options and chose the colour schemes.

A strong, site based client team proactively worked with the contractor's team and attended meetings with key sub-contractors to resolve detailing issues. This close collaboration meant issues were swiftly resolved in a way that was acceptable to CCBC.

The project was delivered in phases but centralised boilers, sprinkler tanks and kitchen serve the whole development.

Phase 1 - which could accommodate 200 11-18 pupils, was opened on time in September, 2013.

Phase 2 - a 450 place 3-11 school (replacement Ysgol Gynradd Gymraeg Caerffili) was similarly opened on time in September, 2015.

Phase 3 - (additional 700 11-18 places) was completed in the Autumn, 2015.

Phase 4 - 3G pitch and external play areas will be completed in Autumn 2016.

The project will be delivered within budget.

Staff and pupils are delighted with their new facilities and the school was officially opened by the First Minister, Carwyn Jones, in December, 2015.