

Social Security Scotland Property Acquisition Summary Report

Introduction

Social Security Scotland was established as a new Executive Agency of the Scottish Government in September 2018. Work was undertaken in 2017 to identify the most suitable locations for the Social Security Scotland's main central offices – this work can be found [here](#). A decision to locate the head office in Dundee and have a second office of a similar size in Glasgow was taken and commercial property advisers were procured to support the acquisition of the property requirements in both cities.

The key objectives included securing interim property solutions in both locations to support the Social Security Scotland's launch and initial growth before identifying the longer term properties to be procured, fitted-out and available for full occupation. A illustrative acquisition timeline is provided in Appendix 1.

The Approach

The acquisition process began with the development of a set of Social Security Scotland property visioning principles for main buildings which can be found in Appendix 2. In addition a comprehensive market overview and availability report was commissioned detailing property options as well as highlighting off-market opportunities to partner with landlords, developers, occupiers, local Council and Regeneration Agencies.

Detailed viewing tours and presentations were held, following which feedback was collated. This feedback was measured against the gateway criteria of measures which were agreed in conjunction with the Scottish Government's in-house Property experts. Sample Gateway Criteria can be found in Appendix 3. Those sites that were determined as not having the potential to satisfy the criteria were removed from consideration thereby creating a shortlist.

A Request for Proposal document was developed by property advisors and was put to the market. This helped to ensure all proposals received were consistent, aligned with the Social Security Scotland's needs, and protected a proactive negotiating position. Detailed evaluation of these proposals which incorporated qualitative assessment criteria derived from the property visioning principles, together with financial analysis, supported the business case preparation. Sample criteria used in a qualitative assessment is provided in Annex 4.

As a result, in addition to the financial assessment, the recommendations also considered the extent to which the proposals satisfied the qualitative assessment criteria. These included the socio-economic impacts of each option and the suitability of the premises to staff and clients.



Throughout the analysis and selection process in addition to commercial property advisors specialist socio-economic consultants were appointed, to ensure that the HM Treasury Green Book Guidance and the five-case model was appropriately used. As the UK public sector's best practice approach to options appraisal in central government, the five-case model applied a level of detailed analysis which arrived at a robust recommendation of the most suitable sites, the optimum commercial deal and most efficient procurement route.

All aspects of each transaction were appraised, for example the rent, financial incentives, lease terms and life-cycle costs, and both professional Scottish Government officials and external expert property advisors provided professional guidance on governance arrangements and best market practice throughout. Further illustrative lease considerations are provided in Appendix 5.

Comprehensive building surveys, mechanical and electrical surveys and documented Schedules of Condition were undertaken as required to mitigate risk, inform the business cases and detailed commercial terms. The acquisition programme and legal milestones were closely monitored through to conclusion whilst ensuring property arrangements were on track during acquisitions of both interim and longer term arrangements.

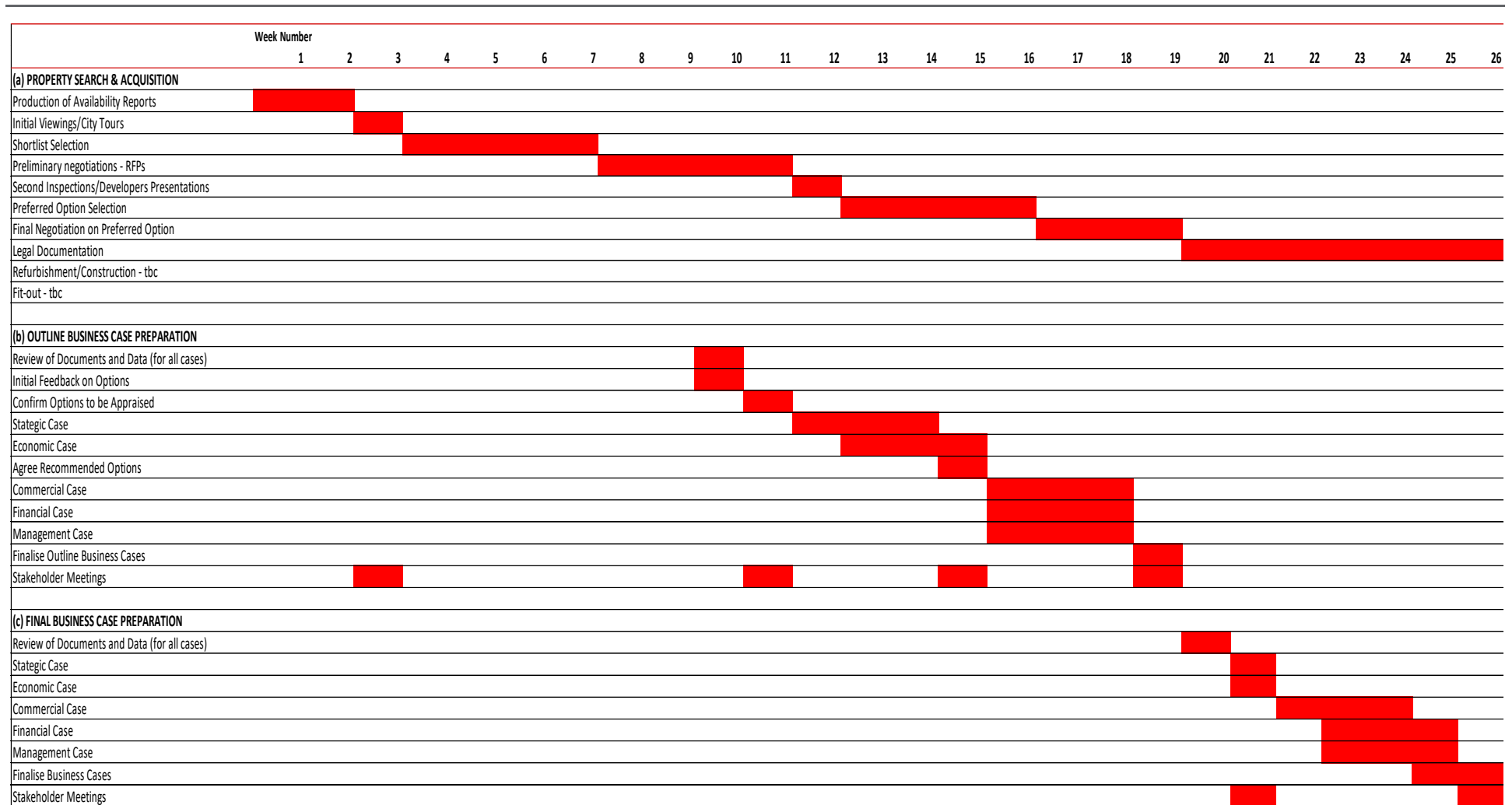
The Results

Working primarily in partnership with Dundee and Glasgow City Councils both interim and now longer term properties have been successfully delivered, meeting the strict time pressures, business needs and social value criteria in both locations. The acquisition process followed was designed to ensure that a wide range of options were considered and provide confidence that the recommended solution would best satisfy the requirements of Social Security Scotland and deliver good value for money.

Appendices:

1. Typical Acquisition Timeline
2. Property Visioning Principles
3. Illustrative Gateway Criteria
4. Sample Assessment Criteria
5. Illustrative Lease Considerations

Appendix 1: Example Acquisition Timeline



Dignity, fairness, respect.

Appendix 2: Central Buildings Visioning Principles

Over and above the normal considerations that are standard within any assessment of property in the public sector (e.g. Value for Money, environmental etc) the overarching aim when assessing property for Social Security Scotland is to identify buildings that are as fair as is possible a physical embodiment of the Social Security Scotland's culture. The 7 key principles have been:

- **A 'public' building** – open and welcoming to our clients and the wider public. Reflects a service that is designed by, and belongs to, the people that use it. (For example, could provide facilities that can be used as a community hub and be used by the public out with any interaction with Social Security Scotland services).
- **Is fully accessible** - the buildings and their immediate surroundings go beyond 'compliant' and are recognised as best practice in accessibility (For example accessibility is the 'norm' with no feature staircases; site on flat surroundings with minimal physical barriers etc.).
- **Is approachable and not intimidating** – visually seeks to redress the power imbalance in people's experience of the current system (For example not obviously 'new big corporation 'statement' buildings'; fitting to their surroundings; not fenced in; etc)
- **Rooted in communities** - Feels part of the communities we serve and where people live their lives (For example not in commercial districts; out-of-town business parks etc.).
- **Can contribute to our Local Delivery network** - Located in places where our clients would readily, ideally already, visit and therefore contribute to our Local delivery network. Where face to face advice and guidance to clients will be provided.
- **Supports the People Culture** – Recognises that building a culture of '*Dignity; Fairness and Respect*' starts with our own people. A good working environment and facilities which supports the recruitment and retention of high-quality people and makes them feel valued.
- **Provides Operational Resilience** – Head office and secondary office that are geographically separate but connected via direct transport routes. This provides resilience, business continuity and enough movement of staff to share a common Social Security Scotland culture.

These factors elevated the assessment of property beyond bricks and mortar to something that would aid service delivery and embed a positive culture within the organisation.



Appendix 3: Illustrative Gateway Criteria

Gateway Criteria	Measure
Implementation and Risk:	
Option is deliverable within timescales	Occupation achievable in 2020 or as soon as possible thereafter
Size of premises is sufficient for permanent requirements	No smaller than 700+ Full Time Equivalent by 2020 Space requirements based on 8 square metres Net Internal Area per desk and an 8:10 desk sharing ratio
Meets business needs	Model office for IT testing Ground floor or equivalent easily accessible meeting space Staff facilities Provision for Social Security Scotland specific reception area & public access space
Digital Connectivity	Premises able to be fully connected to the Scottish Government's Public Services Network (SCOTS) in time for occupation.
Economy and Environment:	
Fit-out	Suitable existing fit-out or potential to provide suitable fit-out within available budget / timescale
Modern specification with upper environmental performance	EPC: Minimum D or above Note – this is the minimum provision, the quality of Environmental performance will be considered in the Detailed Assessment for shortlisted properties - where the potential to achieve upper level environmental performance will be targeted



Appendix 4: Sample Assessment Criteria

Sample Assessment Criteria

1. Distance from major transport terminus / hubs
2. Distance from local train station or bus stops
3. Staff/Clients arriving by rail can easily access the property with weekend and off-peak services frequently available
4. Staff/Clients arriving by bus can easily access the property with weekend and off-peak services frequently available
5. Availability of local amenities e.g. shops, food, post office, etc. to staff
6. Competition or alignment of similar employers in proximity
7. Alignment to potential regional Labour Market
8. Building provides dedicated ground floor public access area
9. Disabled individuals are able to access and use the property and its location
10. Energy Performance Certificate (EPC) and Building Research Establishment Environmental Assessment Method (BREAAAM) rating
11. Location of building aligns with the Social Security Scotland's Property Vision Statement
12. Suitability of 'fit' with neighbouring properties and organisations
13. Capability for future sub-division/expansion of floor plate
14. Potential for interim premises to then accommodate a larger permanent solution
15. Suitability of existing building lay out / fit out
16. Potential contribution to the regeneration of local area

Appendix 5: Illustrative Lease Considerations

Below is a table providing examples of a number of key lease considerations taken into account when undertaking the Social Security Scotland commercial property acquisitions together with a summary of the associated benefits.

Lease Consideration	Summary of Approach and Benefits
Form of Incentive	The most efficient form of incentives were secured comprising a mixture of reduced rent, capital contribution and additional incentives for items such as carpet tiles and floor boxes.
Repairing Obligation	Building surveys were undertaken to ensure that selected buildings were fit for purpose. Appropriate warranties were sought for new buildings. Existing buildings required restrictions on repairing obligations including schedules of condition and appropriate service charge caps.
Flexible Lease Lengths	Social Security Scotland considered flexible lease lengths allowing for future flexibility on space usage in the event of changes to occupational requirements.
Alienation Clause	Appropriate alienation clauses were written into lease so as not to adversely hinder future sub-letting/assignment potential.
Security	Legal rights were secured to incorporate additional security measures, for example the right to install and monitor CCTV covering the external areas, access control systems for lift, vehicular and pedestrian access to the rear car park.
Existing Fit-out and Amenities	Where available the use of existing amenities and fit-out including showers, lockers, café provision services and furniture were documented to be provided and remain in situ for the use of Social Security Scotland.
Permitted Use	Planning consultancy advice was received to ensure the appropriate planning requirements were met to match Social Security Scotland's vision for how each building was to be used. These permitted uses were then written into the lease.