

Property Controls

Guidance for Public Bodies



In the service
of Scotland

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 **Scottish Government**
Riaghaltas na h-Alba

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1. Ministerial Introduction



As the Minister for Public Finance, I have the privilege of overseeing the Single Scottish Estate (SSE) Programme within my portfolio, and I am delighted to launch our new Property Controls – Guidance for Public Bodies.

We are working in collaboration and co-operation with our partners across the Scottish public sector to ensure efficient use of existing buildings. Careful strategic asset planning and best practice estate optimisation, supported by these new property controls, will help us deliver the best possible services to the public where needed and when required.

The Property Controls Guidance is aimed at all public sector bodies involved in property management and acquisition. It builds on existing good practice, provides clear guidance on the processes for leaseholds and property acquisitions, and ensures consistency across the Scottish public estate whilst supporting the evolving property needs for improved public service delivery.

The new templates included have been developed following excellent stakeholder engagement and aims to make the process well-defined and more streamlined. The guidance documents will help public bodies articulate their property needs effectively, ensuring that decision-making is based on robust data and is aligned with broader government objectives, such as public service reform (PSR), the transition to net-zero, inclusive growth, and supporting new ways of working.

This guidance is integral to supporting the objectives of the SSE Programme, which aims to create a more efficient, sustainable, and value-driven approach to managing the public sector property estate. By applying these property controls we can transform and repurpose the Scottish public sector properties, ensuring that organisations work across traditional boundaries to maximise the value derived from public estate, step towards net-zero targets, contribute to efficient use of public resources, and improve the management of the Scottish Ministers' estate.

In conclusion, the Property Controls Guidance will provide invaluable support in delivering the SSE Programme objectives collaboratively with our public bodies, driving efficiency, enhancing service delivery, and supporting Scotland's broader net zero and economic goals.

A handwritten signature in black ink, consisting of a stylized 'M' followed by a series of horizontal strokes that trail off to the right.

Mr. McKee, Minister for Public Finance

2. What are Property Controls?

Property Controls are in place to **safeguard public funding and ensure value for money** to the public purse relative to property transactions. Any acquisition or investment in administrative property is in scope of these controls.

Where a [public body covered by the Scottish Public Finance Manual \(SPFM\)](#) wishes to acquire property by purchase or by lease, renew an existing lease, remain in situ post lease break-option or relocate to 'on estate' administrative accommodation they must first produce a detailed business case (for more information on business cases please click the following link - [Business case - Service Manual](#)) for review and seek endorsement by the Property Controls team. Operational property falls out with the scope of Property Controls as per the table within Section 3 of this guidance. Property and Construction Division (PCD) can provide further clarification and support on the policy if there are any doubts. This process must be followed prior to applying for Ministerial approval to acquire or retain estate as per the SPFM.

The Property Controls team will provide advice and guidance for any property matter, whether supporting the development of a proposal or scrutinising it to provide advice to Ministers. Public bodies or sponsor teams should contact the [Property Controls team](#) early as possible when considering a property matter, whether it falls within the scope of Property Controls or not.

Through the Property Controls process, the team will review the business case for the transaction to ensure that public funding is being safeguarded and that value for money is being achieved. It should be noted that approval under Property Controls does not grant budgetary authority nor does it guarantee Ministerial approval will be forthcoming. The public body must ensure that the finance business partner / sponsor team have confirmed that the budget is available for the transaction and all associated costs / professional fees.

The Property Controls process will result in the property proposal either being endorsed (potentially with conditions) or not. Overall approval in deciding whether or not the proposal can proceed will require to be considered by Ministers. In considering the property proposal (please see the diagram below and Section 6 for further information) PCD can provide pre-submission guidance to the submitting public body to ensure their case is robust. Property Controls will also be responsible for providing the relevant Ministers with a final assurance assessment of the business case, confirming its' compliance with relevant government policies via a narrative statement for submissions requesting approval. A Ministerial submission requesting approval to proceed with the property transaction must then be prepared by the public body / sponsor team. The submission must include the Property Controls assessment outcome and any more detailed narrative from PCD.

Estimated Timescales

Public bodies should ensure that they engage with their Scottish Government (SG) sponsoring team (where applicable) and PCD as early as possible, **ideally a minimum of 2 years ahead of the expected transaction**. However, in cases where major refurbishment works are proposed then earlier engagement with PCD is required.

For leased properties, 2+ years from the termination or break is the optimum time to engage with PCD for the consideration of the options and the strategy for a lease event. Understandably, this will not always be feasible in shorter duration agreements or for reactive change to business needs. However, whatever the duration of a lease, it is crucial to the best use of public funds that submissions for property transactions are sent to Ministers in sufficient time for an alternative course of action to be practically implemented, e.g. to relocate to available 'on estate' options or close a building rather than remain in situ. Accordingly, agreeing the strategy in advance may allow a submission for approval in principle to be obtained permitting a programme timeline to be agreed.

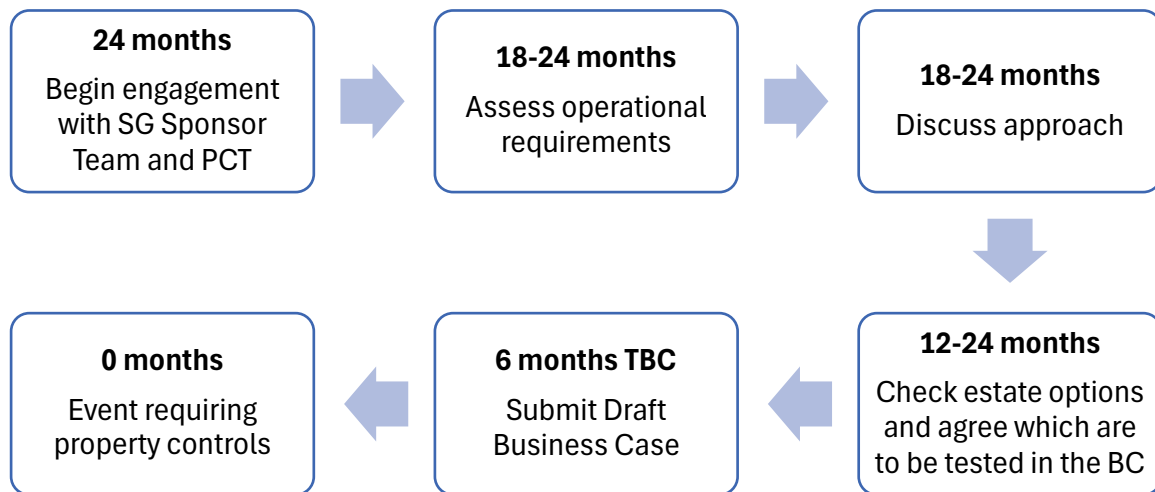
PCD must be engaged by the public body / sponsor team at the earliest possible opportunity and consulted throughout the process. Submitting business cases for endorsement at an advanced stage with no prior consultation fails to demonstrate good stewardship of public funds and the direction Ministers have given for public bodies to work within SSE principles wherever possible - [Single Scottish Estate - Public sector procurement](#).

Late engagement limits opportunities for Scottish Ministers to consider the property need in the wider context of the estate and optimise costs and opportunities under Public Service Reform and the Verity House Agreement.

Property Controls commentary and regular Ministerial updates highlight to Ministers where early engagement and consultation has provided the opportunity to deliver best value to the public purse as a whole and to learn lessons from where opportunities have been missed. Help with planning for lease expiry and break dates can be sought from PCD at any time.

The timeline below shows approximate timings for engagement / actions prior to the lease event. Please refer to Section 6 for more detailed information.

Pre Submission process flow



Note: The timeline to be agreed at 24 months in advance in case the BC needs to be approved in principle to allow significant fitting-out works at 9-12 months before the lease event.

3. What is in scope of Property Controls?

The SSE programme is currently focussed on the public sector administrative estate only with an initial focus on offices. It is for the relevant public body, in consultation with their portfolio Minister, to make decisions on operational buildings.

Property Controls Apply	Property Controls <u>Do Not</u> Apply (projects subject to a bodies' own internal sponsor and Ministerial Endorsement requirements)
<ul style="list-style-type: none"> • Administrative accommodation / non-operational estate and anything ancillary to that function [including separate storage facilities] • Mixed use administrative/ operational buildings where office accommodation is the majority use (50.1% or greater) • In Scotland or internationally 	<ul style="list-style-type: none"> • Property held for operational purposes e.g.: <ul style="list-style-type: none"> - Science & research facilities (with the exception of Marine Directorate) - Galleries & museums - Justice facilities - Clinical facilities - Investment properties* • Does not apply to bodies who hold specific delegation

*Please note that where Property Controls may not apply, PCD guidance and commentary is still available to support bodies, their sponsor teams and Ministers and may be mandatory. PCD will confirm whether property controls apply in case of any doubt.

4. Which bodies are in scope of Property Controls?

The Bodies in scope of Property Controls are those covered by the [SPFM](#):

- the constituent parts of the Scottish Administration (i.e. the core SG, the Crown Office and Procurator Fiscal Service, SG Executive Agencies and non-ministerial departments); and
- [bodies sponsored by the SG.](#)

5. Which property transactions are covered?

Property Controls assessment is required by bodies in scope and for assets in scope for any proposal committing to expenditure on property, including:

Leasehold

- Acquisitions (i.e. grant of new lease/licences, assignments and subleases)
- Lease renewals and extensions
- Renegotiation of lease break options (incl. non exercise of lease break options)
- Re-gearing or adjustment to existing terms of the lease
- Investment in upgrades and / or refurbishment within 3 years of lease expiry. Investment at a late stage of a lease commitment can negatively affect the commercial negotiating position over future lease renewals. Therefore, the timing of investment, must be carefully considered in the context of future occupation, dilapidation liability and the effect this may have on our commercial position.

MOTO's with UKG

- New MOTO being set up
- renewals and extensions
- Investment, upgrades or contribution to refurbishment
- A MOTO with UKG represents an expenditure outside of the Scottish Ministers estate. For this reason, they will be scrutinised in more detail than that of a MOTO on our own estate

Property Acquisition

- Acquisition of any freehold / heritable property interest (new and existing buildings) except for compulsory purchase
- Significant investments in retained leasehold properties

6. I have a case requiring a Property Controls assessment, what do I need to do?

The purpose of Property Controls is to ensure that management and use of public property meets SG's strategic objectives, delivers value for money, and aligns with sustainability goals. On this basis we would encourage all bodies to be familiar with the key objectives of PSR and the SSE when considering their property estate.

With regard to the specific process, while the necessary steps may vary given the individual and unique nature of property related decisions, the following are typical stages involved in the Property Controls process:

- 1) **24+ months: Begin engagement with Sponsor Team & Property and Construction Division (PCD):** For leased properties, at least two years from the termination or break date is the optimum time to engage with your sponsor team and PCD for the consideration of the options and the strategy for the lease event. This may not always be feasible in shorter duration agreements or reactive change to business needs. In any event, allow sufficient time to properly analyse all suitable options and plan the budget and implementation timetable required. At this stage the organisation should have a strategic asset plan in place to consider the particular property need.
- 2) **18 – 24 months: Assess Operational Requirements:** Align property asset management with SG's strategic objectives, with a particular focus on SSE and PSR. This involves understanding and articulating the needs of a business area, their strategic business planning, workforce and location plans and how property can best support their functions. This can involve discussions with stakeholders regarding their space and location needs and any likely changes in function, business delivery or technology. PCD can provide guidance and advice with respect to evaluating the property asset to determine its suitability for retention, lease, sale, or redevelopment.
- 3) **18 – 24 months: Discuss Approach:** Begin discussions with PCD with regards to the controls process and confirm individual requirements. Ensure ePIMS/InSite data is up to date for the organisation involved.
- 4) **12 - 24 months: Check Public Estate Options:** This stage will require a thorough assessment of existing properties, including usage, condition, costs, and alignment with strategic goals. The time required to undertake this stage can vary materially depending on the asset's complexity and we would therefore recommend early

engagement with PCD. The team can also assist in determining the availability of alternative 'on estate' or co-located property solutions.

- 5) **6-12 months: Options Appraisal:** At this stage it is necessary to evaluate potential options for acquiring, disposing, or repurposing properties. This includes financial analysis, risk assessment, and consideration of alternative delivery models. PCD are available to provide advice on the best practice when undertaking option appraisals. If a re-location is required, allow sufficient time in the programme for any fit-out.

- 6) **6 months: Submit Draft Business Case:** No later than 6 months prior to the lease event and in some cases earlier, A final version of a "Business Justification Case" or "Full Business Case" must be submitted for review by the sponsor team (if applicable) and Property Controls, together with the relevant strategic asset plan and confirmation of data validation on ePIMS/InSite. This should outline the rationale for the transaction, financial implications, risk assessments, and how it supports strategic objectives. Please note that in the event that major works (i.e. fitting out works) are required a period of 6 months is likely to be insufficient, and a minimum of 12 – 18 months will be required. In all cases we would recommend that early engagement with PCD is essential to establish an appropriate time frame.

Details and further information on the templates available can be found in the "Templates" section below.

- 7) **Approval Process:** The body or their sponsor team are to submit the business case to PCD for review. Please be aware that the final review process can take additional time, depending on the governance structure and the required level of approvals and especially if there has been no prior engagement with PCD. Please see Figures 1 & 2 below for more detailed information.

- 8) **Implementation:** - Should the property proposal be endorsed by PCD, ensure all other approvals including AO templates and any engagement with portfolio Ministers is completed and proceed to implement the property decision, whether it involves acquisition, refurbishment, maintenance, or disposal. This stage involves coordinating with relevant stakeholders, including contractors and property managers. The team are available to ensure appropriate advice and guidance is provided to assist with this process.

It is essential to ensure that appropriate legal advice is sought, documents of records kept, and salient lease information recorded on e-PIMS/InSITE. If a public body is not experienced in property transactions, then guidance and support must be sought from PCD.

Please note that it is important to consult and follow SG guidelines and policies for precise steps in this process, such as the [procurement of goods and services](#), as these may require time in your project plan and be updated or altered over time to adapt to new strategies or challenges.

Templates

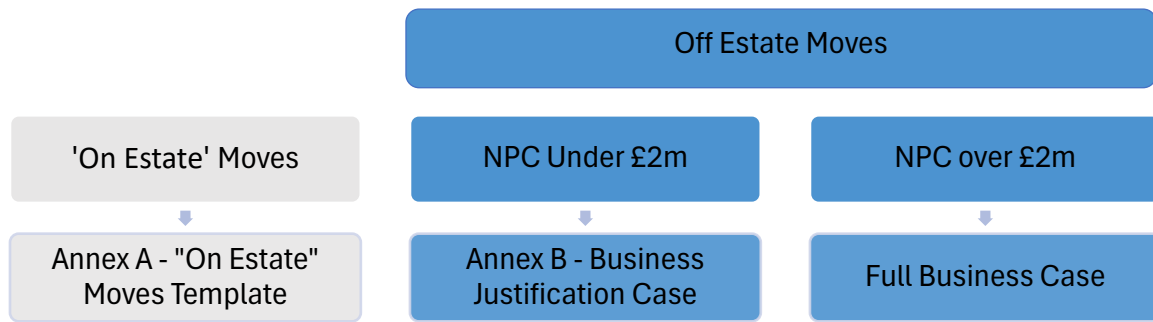
The templates in this Business Case Template document (Section A & Section B) provide an outline structure of the range of information that should be included within a request for Property Controls endorsement. The level of detail required should be proportionate to the value and complexity of the particular proposal. Please note that it is the responsibility of the body proposing a property project to ensure all relevant matters are considered, including whether a property solution is the correct option.

For proposals relating to 'on estate' moves e.g. a move to the SG Core Estate or an existing public body office already being funded by the Scottish Exchequer, the template at **Section A** must be used.

For proposals under the value of £2 million Net Present Cost (NPC) that are **not** 'on estate' moves, the Business Justification Case (BJC) template at **Section B** must be used. Please note that an NPC excel model has been developed to assist in determining the value of the NPC. This model along with further information is available to download from the SSE webpage [Single Scottish Estate - Public sector procurement](#)

For higher value cases, above £2 million NPC, a Full Business Case should be submitted. The sponsor team (or PCD where there is not a sponsor team) can provide a template for use in these cases. Further guidance can be found in Treasury's 'The Green Book (and supplementary guidance.

PCD will decide what is and what is not an 'on estate' move where there is any doubt. The overwhelming assumption and Ministerial priorities are that the existing estate already paid for by the public sector and / or Scottish Exchequer will be used first before any commercial property or lease committing to funds leaving Scottish Government can be considered. Barriers of security differences, governance, organisational identity or other matters should be regarded as opportunities for innovation in finding solutions to jointly use existing estate and not as presumptions against co-locations.



Note: The timeline to be agreed at 24 months in advance in case the BC needs to be approved in principle to allow significant fitting-out works at 9-12 months before the lease event.

There is guidance on preparing the case for submission available on the SPFM webpages. In particular:

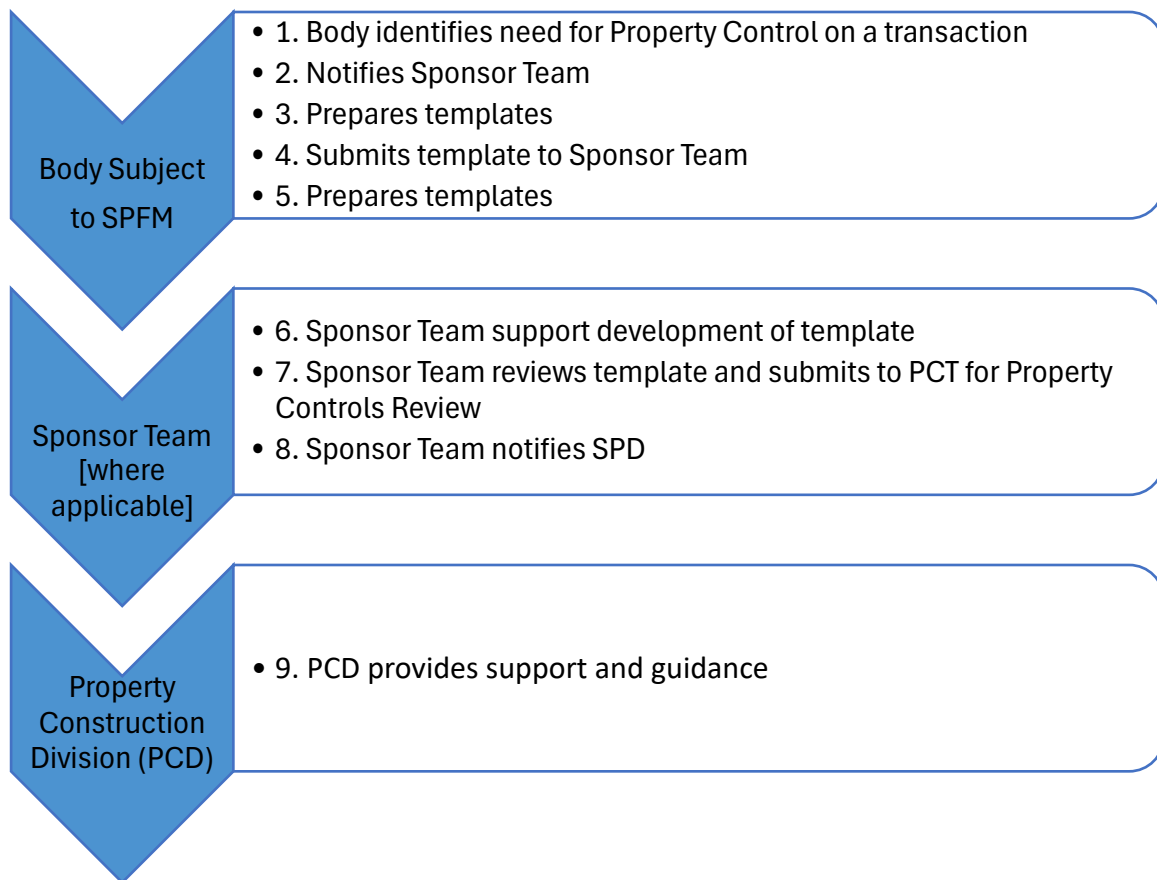
- [Guidance on property acquisition](#)
- [Guidance on options appraisals](#)

If further support is required during the development of the template or in circumstances where cases are likely to be novel or contentious, the [Property Controls team](#) is able to provide further support and guidance.

Once the BJC or FBC has been completed, the sponsor team (where applicable) will submit it to the Property Controls mailbox ([Property Controls mailbox](#)) and the review process will begin. In order to plan efficiently for longer-term or larger cases it may be preferable to agree a direction of travel early and seek an approval “in principle” from Ministers subject to later verification of costs. PCD can guide in deciding this.

Where a public body does not have a sponsor team within the SG, they should approach PCD directly and the case for review should be submitted directly to the Property Controls team.

Figure 1: Property Controls - Submission Process Flow



As noted within Section 1 - PCD should be contacted at least 2 years before a lease event. This is to ensure that sufficient time is available to properly assess options and deliver the necessary works. However, in more complex cases this time frame may need to be increased so we would recommend that PCD is contacted at the earliest possible opportunity.

7. What happens once I have submitted the case to the Property Controls Team?

Once a case is submitted a PCD Chartered Estates Surveyor will be nominated to lead the review. The Surveyor will acknowledge receipt (this will be copied to sponsor team) and, where cases are straightforward, not novel or contentious and the approach has been previously agreed with the team, a response will usually be received within three weeks.

The Surveyor will begin by reviewing the case for eligibility and completeness. Where a case or the body is not in scope of Property Controls, the SG property team will inform the sponsor team and / or public body and no further action relating to Property Controls is required. The sponsor team will be able to advise the public body on any alternative approvals routes which need to be followed. Advice from PCD is still available whether Property Controls applies or not.

Where the information on the template is incomplete the case will be returned to the sponsor team and/or the public body and will not be progressed until the template has been completed. In these instances, the sponsor team (as applicable) should re-submit the case to Property Controls as if it is a new case. Early engagement with the team on proposals will help mitigate against any delays such as this.

Subject to the initial eligibility and completeness review, the Surveyor will then conduct a review of the template content to assess the strategic fit, commercial, financial and management cases in relation to value for money, SSE / PSR principles and the SPFM.

In certain instances, the Surveyor reviewing the case may need to seek further clarification from the public body. In these cases, the Surveyor will directly contact the body copying in the sponsor team (where applicable).

The public body should respond to the queries from the Surveyor within five working days of receipt of a query where possible. Failure to meet this timeline may result in delays to the review of the case. Time spent gathering further information may delay the target of concluding the case in three weeks.

Once any clarifications have been responded to, the Surveyor will complete their review and submit to the SG's Chief Surveyor for final quality assurance review, which will result in one of the following:

- 1. Recommendation to Endorse**
- 2. Recommendation to Endorse (with Conditions)**
- 3. Recommendation to Not Endorse**

Where a Recommendation to Endorse is given, the sponsor team (where applicable) or Executive Agency will then be free to arrange the appropriate Ministerial approval route for the transaction, including any AO template or other financial approvals and will include the Property Controls assessment outcome and any narrative provided in their advice to Ministers.

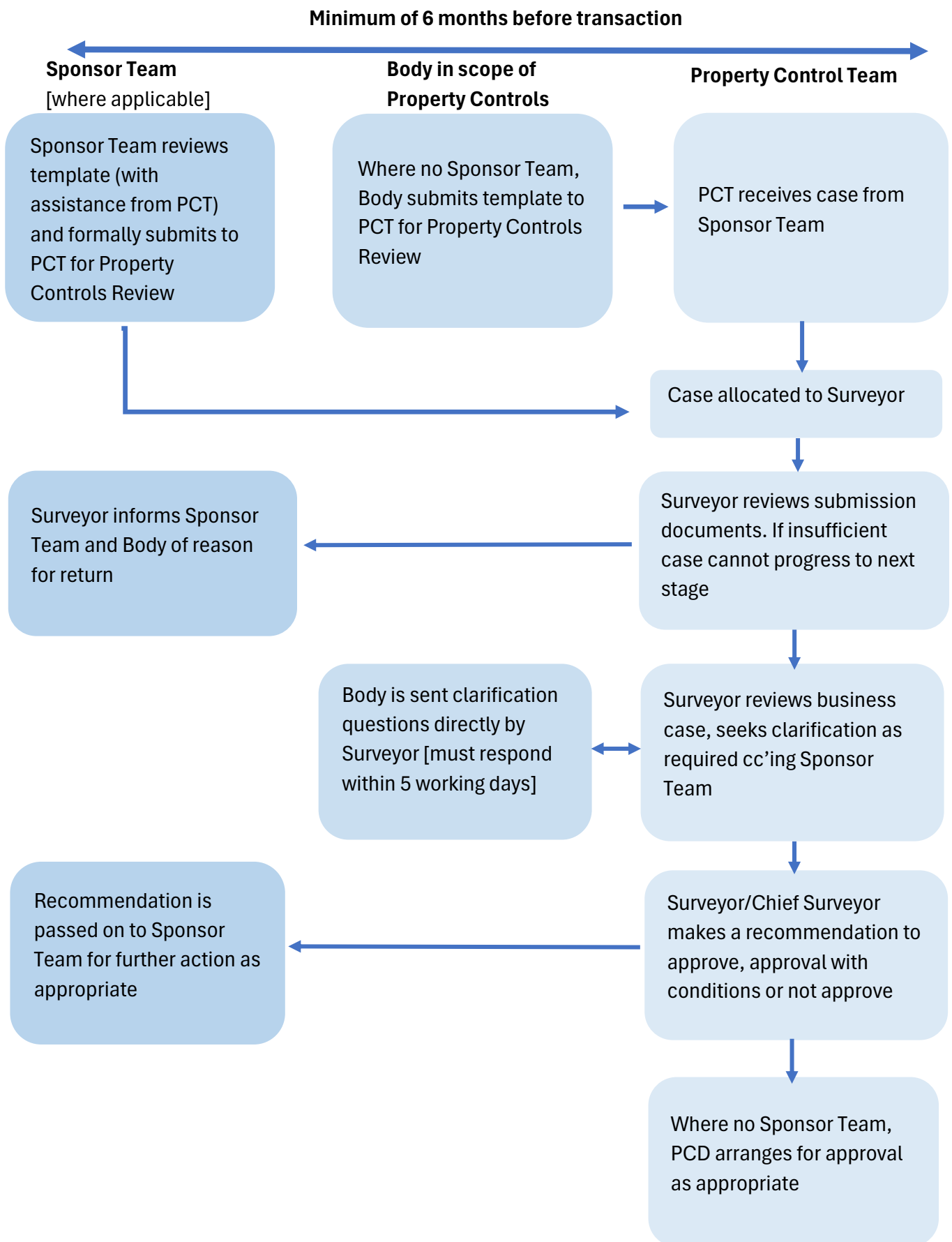
Where a Recommendation to “Endorse (with Conditions)” is given, the public body and their sponsor team should ensure that any conditions are met, and the sponsor team should inform the PCD of this. In some instances, the conditions may relate to future events (e.g. leases on buildings with lower Energy performance Certificate (EPC) ratings being extended for a shorter time period than requested).

Where a Recommendation to “**Not** Endorse” is given, public bodies should discuss this with their sponsor team and PCD to determine the best course of action.

In order to proceed, approval is required from both the Cabinet Secretary for Finance and the Economy and the relevant portfolio Minister. A simultaneous submission to them should be copied to the Minister for Public Finance.

In all cases a draft copy of the submission should be sent to PCD for clearance before it is sent to Ministers. The submission must include the Property Controls assessment outcome and any more detailed narrative from Property Controls or PCD.

Figure 2: Property Controls – Review and Recommendation Process Flow



As noted previously, where possible, PCD should be contacted **at least 2 years** before all lease events. This is to ensure that sufficient time is available to properly assess and deliver all available options and that no course of action is ruled out solely because of a lack of time. In more complex cases the minimum time (6 months) allowed for the Property Control review process may need to be increased, so we would recommend that PCD is contacted at the earliest opportunity.

8. Further Support and Guidance

Further support and guidance are available on the Property Controls and [SSE](#) sections of the Scottish Government website.

The Team is happy to support and advise public bodies and their sponsor teams at any time regarding matters under Property Controls or with any aspect of a property matter. They can be contacted through:

PropertyandConstruction@gov.scot

9. Business Case Template

The Business Case Template is available on the [SSE](#) sections of the Scottish Government website.



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Any enquiries regarding this publication should be sent to us at

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