



ESTATE STRATEGY

<u>CONTENTS</u>	<u>Page No</u>
1.0 INTRODUCTION	3
2.0 SECTION A: STRATEGIC DRIVERS	4
3.0 SECTION B: CURRENT STATUS OF THE SEPA ESTATE	6
4.0 SECTION C: FUTURE REQUIREMENTS	7
5.0 SECTION D: APPRAISAL OF OPTIONS	9
6.0 SECTION E: WAY AHEAD	10
Appendix A: Property Information	Attached
Appendix B: Performance of the current estate	13
Appendix C: Guiding principles for the implementation of SEPA's estate strategy	22

INTRODUCTION

SEPA's Annual operating plan (AOP) 2010/11 describes the work we do and how we are transforming the way SEPA does its work to deliver a better service at a significantly reduced cost to the taxpayer and charge payers.

This estate strategy is one part of our ongoing drive to be smaller, more flexible, more responsive and more innovative, doing a better job at lower cost. SEPA wants to reduce the cost of running its estate so as to maximise the funds available to invest in core purpose of protecting and improving Scotland's environment. We also want the size and nature of our estate to better reflect and support the changes we are making to our business model and organisational culture. SEPA wants to lead by example in reducing our overall environmental footprint.

This strategy will also help contribute to the following Scottish Government national outcomes:

- *'our public services are high quality, continually improving, efficient and responsive to local people's needs', and*
- *'we reduce the local and global environmental impact of our consumption and production'.*

SEPA's estate consists of 24 mainland office/laboratory properties in 20 locations, three island offices, and four stores. Three facilities are shared with other public bodies. This strategy focuses mainly on our plans for SEPA's estate during the three year period 2010-2011 to 2012-2013, although some longer term considerations may be necessary in the business cases which arise from the strategy.

About SEPA

As Scotland's environment watchdog, SEPA aims to protect the environment and human health by being an excellent environmental regulator and effective and influential authority on the environment, limiting climate change and preparing Scotland for a sustainable future. All of SEPA's work supports the Scottish Government's national outcomes for Scotland.

To operate effectively SEPA needs a local presence throughout Scotland so that our regulatory staff can be in touch with local customers and communities and respond effectively to environmental incidents, and our scientific staff can take samples and monitor local environmental conditions. We therefore need a network of facilities dispersed across the country. On the other hand, some SEPA functions and services are delivered at a national level, and their location can be more flexible. These national and local contexts are equally important for SEPA's service delivery and this estate strategy addresses the requirements of both. SEPA is working more and more in partnership with other bodies and this strategy reflects that integrated approach and the opportunities for sharing services across Scotland's public sector.

About this estate strategy

This document aims to describe:

- The link between SEPA business strategy and our estate,
- SEPA's existing estate, its condition and performance,
- The current and future requirements of the estate, and the changes necessary to implement those requirements,
- The risks and issues associated with the current estate,
- The options available to us to address estate issues,
- The opportunities for development and rationalisation,
- The factors that will need to be considered, and balanced, in making decisions about our estate; including the impacts on costs, business processes, staff and our carbon footprint.

This statement outlines our overall direction of travel and broad aspirations. It is not intended to provide a detailed business or financial justification for changes to individual buildings, or to quantify targets. It is a framework which will help guide changes within the overall estate, and within which detailed individual business cases can be developed.

SECTION A: STRATEGIC DRIVERS

Linking SEPA's mission, vision and Annual operating plan (AOP)

SEPA's mission is to protect and improve Scotland's environment. Our vision is to be a world class environmental regulator, promoting and securing positive environmental and economic outcomes for Scotland. SEPA's AOP for 2010/11 sets out the transformational changes we are implementing in order to realise this vision. The strategic drivers for these changes include:

- Scotland's changing public sector landscape,
- Ongoing environmental, technological, economic, policy and legislative changes,
- The need to live within our means,
- The desire to ensure that neither tax nor charge payers face a burden any bigger than is necessary to protect Scotland's environmental assets,
- SEPA's commitment to reducing the environmental impacts of our own operations, and
- SEPA's commitment to the Scottish Government's objectives of:
 - delivering more efficient, streamlined and integrated public services,
 - supporting Scotland's economy, and
 - exploring the potential for shared services between public bodies.

These drivers have the following consequences for the estate strategy:

Cost efficiency

SEPA is anticipating the need to reduce SEPA's operating costs by at least 20%, and possibly by as much as 40% over the next few years as a result of reductions both in public spending and income from charges.

A new business model

SEPA's new business model relies less on traditional functional specialisms such as science, policy and environmental protection, and more on identifying and resolving priority problems using inter-disciplinary teams, often working closely with external partners. To do so we will need to be able to deploy our resources more quickly and flexibly, and develop a new culture of inter-disciplinary problem solving.

Being fit for the future

SEPA has been planning the necessary changes to our organisation for over a year now, but recognise that dramatic changes to the provision of public services are likely in the near future. We must therefore be in a position to provide the necessary flexibility to respond and adapt quickly and effectively to changing circumstances, including corporate priorities, working practices and workforce plans.

An exemplar of good environmental practice

SEPA wishes to be an exemplar of good environmental practice, and through this strategy we aim to make the best possible use of our estate to minimise the environmental impacts of our own operations. We have set ourselves challenging targets for reducing our carbon emissions, including targets relating specifically to the operation of our buildings. We will continue to manage our estate to minimise its direct environmental impact as far as practicable, and to reduce the environmental impacts of staff travel. We will aim that any new-build facility acquired by SEPA will be rated at least BREEAM (Building Research Establishment Environmental Assessment Model) 'Excellent' and have an 'A' rated energy performance certificate (EPC).

Providing a good working environment

SEPA is committed to being a high performing organisation. To be so, we need the right people in the right places, doing the right jobs in the most efficient and effective ways.

SEPA's estates strategy must support new approaches to workforce planning, flexible and remote working and new working patterns. It must also ensure that our estate enables, encourages and supports real synergies between SEPA teams, functions and services in support of a culture of effective interdisciplinary working, possibly with other public bodies.

We want to provide the best possible working environment for our staff, an environment that is safe, pleasant and productive, with the capacity to adapt to SEPA's future needs. We also want to support the adoption of new scientific, IT and communication technologies, helping staff to work in new ways, and promoting innovation and efficiency.

Working together

A key driver of this estate strategy is the Scottish Government's commitment to a more integrated approach to delivering public services, maximising efficiency across the public sector and delivering greater coherence and better value. SEPA also participates fully in the Asset Management Review.

SEPA is already co-located with other public bodies in a number of locations, sharing services and providing a more integrated approach. This strategy builds on that work and we will seek further opportunities for sharing buildings and services, although this will not always be possible and some existing co-locations may be superseded by more strategic changes to our estate.

Delivering nationally and locally

SEPA intends broadly to retain our existing local presence across Scotland, although not necessarily in the exact locations or at the same scale as at present. For some high volume, capital intensive activities (for example some laboratory analyses), it is agreed that concentrating services in a 'centres of excellence' model makes financial and operational sense. There may be flexibility in the potential location of nationally managed services, and decisions regarding their location will be taken on the basis of business requirements, financial efficiency and the opportunities presented by the property market.

SECTION B: CURRENT STATUS OF THE SEPA ESTATE

Overview of the SEPA estate

SEPA's estate currently comprises 24 mainland office/laboratory properties, three island offices, seven laboratories and four stores. There are 31 separate facilities in total, ranging in age from older properties inherited from predecessor bodies to new builds, of which 17 are leased and 13 owned. SEPA is co-located with other public bodies at three locations: Perth, Balloch and Aberdeen. The total estate extends to more than 26 000m², currently accommodates 1344 staff and costs around £5.6m per year. The mainland facilities include multiple properties at four locations: Dingwall, Perth, Stirling and East Kilbride, additional properties having been acquired during periods of organisational growth.

A detailed account of the current SEPA estate can be found at Appendix A.

Running costs and maintenance

The total budget allocation for the provision of all SEPA facilities and estate management functions, together with utility payments, rent and rates and running repairs is £5.6m. The property operating costs for each building range from £25.80 to £107.35 per m². The higher operating costs are generally associated with older buildings or those with laboratories, and the lower costs with the new buildings. The mean property running costs are £46.28 per m².

Overall fitness for purpose

SEPA has assessed the overall fitness for purpose of each building in our estate against 19 performance criteria in eight different categories: image, accessibility, flexibility, condition, surroundings, suitability, location and environmental impact. The assessment of fitness for purpose of each building in our estate is included in Appendix A, and a detailed breakdown of the performance of the current estate in Appendix B.

Summary

Much of our current estate was inherited from predecessor bodies when SEPA was established in 1996. The acquisition of additional facilities to accommodate growth in SEPA's responsibilities and in the size of the organisation since then has been less well-planned and strategic than would be desirable and is no longer consistent with the strategic drivers of an organisation reducing in size.

Whilst the majority of SEPA's estate is in good condition, a significant proportion is below average. Many older buildings are inflexible in interior layout and design and so do not support modern, flexible working practices or open plan working. Many of these buildings also have poor energy efficiency, hindering progress on reducing our carbon footprint and restricting our capacity to introduce innovative technologies. Accommodating staff in

multiple facilities at single locations is not consistent with SEPA's desire to develop a more interdisciplinary organisational culture.

In summary, the time is now right for us to take a broader, more strategic view of SEPA's estate and how it supports the transformational changes SEPA is planning over the coming years.

SECTION C: FUTURE REQUIREMENTS

SEPA will need to deliver cost savings of some 10% in 2010/11 and potentially similar reductions in future years. The total SEPA staff complement is also likely to reduce, possibly by some 25% (from some 1,350 currently, to around 1,100 to 1,200 staff) over the next 2-3 years.

The bulk of SEPA's expenditure is on three things – people, processes and property. Achieving reductions in property costs could make a significant contribution to financial savings.

As well as considering the fabric of buildings themselves, we will also ensure maximum use of available space within buildings, for instance by following public sector guidelines for space planning, such as increasing the person to 8 desks for every 10 staff members

SEPA's environmental monitoring and regulatory work requires some staff to be accommodated locally across Scotland. This dispersed geographic presence will continue to be essential, and previous analyses have demonstrated that our current geographic distribution of office locations is broadly suitable for our workload. Where our regulatory and scientific effort changes as a result of our planned strategic change programmes, this must be assessed and supported in terms of accommodation.

As part of our strategic change agenda SEPA has identified cost and operational efficiencies and improvements that can be achieved by delivering some high volume, specialist, high cost services through a 'centre of excellence' model. This means providing these services for the agency as a whole from a limited number of locations which make best business sense. To maximise efficiency and synergies, it may be advantageous for some functions to be co-located with 'centres of excellence'. Conversely, it might be feasible or desirable for some 'national' services to be delivered from any, or multiple, locations. SEPA intends to retain a Stirling Office, although not necessarily housing all the functions currently located there.

SEPA will be seeking to achieve cost and operational efficiencies by taking advantage of lease breaks and the opportunities presented by the prevailing property market. As a member of Scotland's public sector family, SEPA is actively engaged in securing the benefits arising from shared services, facilities and buildings. SEPA is already co-located with other agencies in a number of locations and we will continue actively to pursue further such opportunities subject to capital availability and the priorities of SEPA and partner bodies. SEPA also participates fully in the Asset Management Review.

The objectives of SEPA's estate strategy are set out below. The headings used in section A, are:-

Cost efficiency

- To significantly reduce the running costs of our estate, as a contribution towards cost savings across the organisation.
- To move away from having multiple buildings at single locations.

New business model

- To ensure good quality, fit for purpose, flexible facilities which support SEPA's:
 - corporate culture,
 - new business model, including more interdisciplinary and partnership working, new working patterns and practices,
 - effective use of information and communication technologies.

Being fit for the future

- To provide an estate accommodating a significantly smaller staff complement, possibly around 1,100 to 1,200 staff, in the next few years.
- To support delivery of the 'Developing our People' programme.

Exemplar of good environmental practice

- To improve progressively the overall environmental performance of our estate.
- To ensure that any new-build facilities acquired by us are BREEAM 'Excellent' and 'A' rated for energy efficiency.
- To ensure SEPA offices are as accessible by public transport as possible.

Providing a good working environment

- To make optimum use of the space available within all SEPA buildings.
- To provide a good working environment for staff that encourages innovation and business efficiency.
- To take impacts on staff into account when taking decisions about the estate.

Working together

- To continue to explore opportunities for shared buildings and facilities with other public bodies.

Delivering nationally and locally

- To maintain a dispersed geographic footprint at locations that support local delivery of our regulatory and scientific services.
- To accommodate national services in locations which make the best business sense.
- To retain a Stirling Office at a suitably cost and operationally effective location, accommodating appropriate corporate functions and possibly shared with other public bodies.
- To move towards a two laboratory model, utilising the existing Aberdeen facility and the acquisition of a new facility in the central belt, with four science support centres dispersed across the country.

SECTION D: APPRAISAL OF OPTIONS

We have established three broad options for taking forward the objectives of SEPA's estate strategy, and considered the risks, issues and opportunities associated with each. The three strategic options are:

1. To retain the existing estate
2. To conduct a review of the entire estate
3. To conduct a targeted review of SEPA's larger facilities

Option 1: Retain the existing estate

Whilst the existing estate satisfies SEPA's requirements for a geographically dispersed local presence across Scotland, there are a number of associated potential **risks, issues and constraints**, including:

- new environmental legislation may give SEPA new duties, with consequent pressure on the estate,
- increased property related legislation may increase estate management costs,
- budget pressures could reduce funds available for maintenance and repair,
- some smaller properties have poor transport communications infrastructure,
- some restrictive leases may reduce flexibility,
- opportunities to improve environmental performance are limited in some cases,
- some older properties limit flexibility and require expensive upkeep,
- some properties have poor marketability prospects,
- several leasehold properties carry potentially high dilapidation liabilities,
- the estate is of mixed quality, running cost, environmental performance and quality,
- the current location of services and functions is not sufficiently well planned or consistent, and
- the estate does not currently support a 'centres of excellence' model for the provision of laboratory services.

As a result, we do not believe the existing estate supports SEPA's aspirations of being a more flexible, smaller, greener, more cost-effective organisation and have discounted this as a strategic option.

Option 2: Review the entire SEPA estate

SEPA's estate extends to some 30 individual facilities, ranging in size from unstaffed stores to large office/laboratory buildings accommodating 200+ staff. To conduct a review of each facility in SEPA's estate would not target effort on those facilities with the highest potential to contribute to the objectives of the estate strategy and would not, therefore, make the best use of SEPA's limited capacity to conduct detailed reviews of its estate.

As a result, a wholesale review of SEPA's estate has been discounted as a strategic option.

Option 3: A targeted review of larger facilities

Six locations (Aberdeen, Dingwall, East Kilbride, Edinburgh, Stirling and Perth) together accommodate around 1100 SEPA staff, or 80% of SEPA's total complement, as well as nearly all laboratory facilities. They are also the facilities on which SEPA's strategic change agenda is likely to impact most significantly, and represent our most multi-functional facilities. These locations therefore represent the greatest potential to contribute to SEPA's

strategic aspirations within the required timescale. A targeted review of these facilities in the context of scientific, regulatory, national and support functions and services would make the best use of SEPA's limited capacity to review our facilities.

Smaller facilities would not be reviewed in detail, but would be subject to an ongoing overview of potential to improve environmental performance of the existing buildings, potential acquisition of replacement buildings, and potential for co-location with other public bodies.

The option of a targeted review of larger facilities, whilst maintaining an overview of options for improvement or relocation of local offices, is therefore SEPA's preferred strategic option.

SECTION E: THE WAY AHEAD

For operational, environmental and financial reasons the time is right for SEPA to modernise its estate so it better supports the delivery of business objectives. There are significant opportunities to cut costs and take advantage of current market conditions, to improve environmental performance, provide greater flexibility and create a working environment supportive of SEPA's business model, organisational values and culture. This can be achieved, for example, by taking account of forthcoming lease breaks and market conditions to rationalise the number of buildings SEPA operates and reduce the need for multiple buildings at single locations. This will both reduce costs and maximise the synergies available through co-location of associated functions.

We will develop and consider specific business cases for the implementation of this estate strategy in four contexts:

- The need to maintaining a local presence for regulatory and scientific functions
- The optimal location of national Operations and corporate support services
- The optimal location of specialist laboratory/technical functions
- The optimal location of a Stirling Office

Strategic office developments

Stirling office

SEPA's Stirling Office currently operates from three buildings in the Castle Business Park in Stirling. Significant efficiencies could be generated in the short term by accommodating staff in fewer buildings and plans will be developed to reconfigure office space to achieve this, if and as lease breaks allow. In the longer term, the leases on the Castle Business Park buildings terminate in 2014 and replacement accommodation needs to be found. Opportunities for co-location are being pursued. It is likely that some existing functions based in our Stirling office will be located there, but others could be relocated to other buildings within the SEPA estate.

Other national functions

SEPA currently operates national services from a number of facilities around the country, including East Kilbride, Edinburgh, Perth, Stirling, Dingwall and Aberdeen. There may be some flexibility in the location of these services, and we will consider options for suitable future locations in the context of business cases associated with this estate strategy.

Laboratory facilities

As part of SEPA's Step Change in Science change programme we have conducted a detailed analysis of the business requirement for laboratory facilities. The results of this analysis create both opportunities and challenges within the overall estate:

- SEPA has committed to moving from the existing arrangement of three main laboratories and three smaller laboratory facilities towards a two laboratory model, one of which will be at Inverdee House, Aberdeen (this facility is now operational, but the relocation of laboratory services to and from Aberdeen is not yet complete). Options will be considered for the location of a second laboratory, likely to be in the central belt. This would house the laboratory facilities currently located in East Kilbride and Edinburgh, and we will also explore the potential for co-location of other services and functions in this facility.
- A new laboratory in the central belt would be a centre of excellence, within a SEPA facility that achieves high environmental credentials, measured by BREEAM rating and energy performance certification.
- SEPA will close the Dingwall Technical Building in the latter months of 2010 and relocate all staff to SEPA's main Dingwall office, Graesser House. Thereafter the Technical Building will be disposed of via sale or lease.

Operations bases

SEPA's Operations Directorate local teams will continue to be dispersed across the country. The location of Operations staff working in national functions could be flexible. Some Operations functions could benefit from co-location with other SEPA functions, teams or services, for example in the proposed new facility in the central belt. There will continue to be a need for a local operational presence in both the east and west of the central belt as well as the north.

In determining the future building acquisitions SEPA will undertake financial and qualitative option appraisal to determine the optimum solution for our needs. Where any of our six main offices require replacement, this will be done on the basis on an operating lease with a break clause at a maximum lease period of 15 years. The driver for this approach is the forecast lack of available capital over the Strategy period.

For all other offices, SEPA will consider the option to purchase the property as well as leasing where this provides better value for money over the longer term.

In order to minimise the building footprint required, SEPA will design its buildings to support working from home by ensuring that touch down facilities are available for staff in local offices.

Action Plan

The following table outlines the proposed timetable for key actions to implement this strategy. Each action will require approval by SEPA and the Scottish Government where necessary, and may be influenced by a range of other developments and interdependencies, such as agreement with other public bodies shared services or accommodation.

No	Estates Action Plans	Proposed Timescale
1.	Reconfigure Graesser house, vacate Dingwall Technical Building (relocate staff).	March 2010
2.	Submit Business Case for new central facility.	September 2010
3.	Agency Board approval of estates strategy.	September 2010
4.	Submit Business Case for Stirling Office to SMT.	November 2010
5.	Agency Board approval of Stirling Business cases for submission to Scottish government.	December 2010
6.	Review West of Scotland Property.	2011
7.	Relocate Stirling Office.	Dec 2012
8.	Review East of Scotland Property.	May 2013

In addition, SEPA will continue to manage its estate, including local facilities, in order to support achievement of its wider organisational objectives. SEPA will continue to seek opportunities to improve environmental performance and reduce running costs, and explore opportunities for co-location and shared services. SEPA will relocate our Arbroath, Shetland and Lochgilphead offices to more suitable accommodation within their respective towns when suitable opportunities arise.

SEPA will continue to improve the image, perception and accessibility of our estate, through improved entrance foyers and public information areas, which clearly communicate our purpose and organisational values.

SEPA will seek to improve continuously our estate management arrangements. This will include market testing (for example considering benchmarking and outsourcing options for estate upkeep) and ongoing rationalisation of its facilities management contracts.

The guiding principles SEPA will adopt in implementing this estate strategy and action plan can be found at Appendix C.

Appendix B: Performance of the current estate

Performance Criteria

Each of the nineteen performance criteria detailed below is given a weighting adding up to a total potential score of 190 for each property to determine its overall assessment.

Assessment Category	Performance Criteria
Image	Standard of general appearance of the building
Accessibility	Building Accessibility for the disabled
Accessibility	Building Accessibility for the non-disabled
Flexibility	Adaptability of the rooms
Flexibility	Room utilisation
Condition	Standard of maintenance and repair
Condition	Dilapidation provision/potential repairs
Condition	Standard of decoration
Surroundings	Car parking
Surroundings	Grounds and landscaping
Suitability	Suitability for intended use
Suitability	Suitability of heating and ventilation
Suitability	Suitability of IT/telecommunications connections
Suitability	Sufficiency for intended use (too big – too small?)
Location	Convenience of travel to and from property
Location	Appropriate for service delivery
Location	Appropriate security measures
Flexibility	Future marketability
Environmental Impact	Establish and monitor water usage, energy consumption, U-values, CO ₂ emissions

Summary of performance

Aberdeen (Greyhope House) has now been demolished and a new-build replacement, Inverdee House, is already part occupied and nearing full operational readiness on an immediately adjacent site. The storage accommodation has been excluded from the strategy given that it is minimal in terms of both size and value.

The overall impression is of an estate that is in substantially good condition with a limited number of properties in poor condition and these are currently being addressed. There is a high dilapidation liability in a selection of the leasehold properties.

The worst performing properties such as 62 High Street, Arbroath; Burnbrae, Mossilee Road, Galashiels are now being considered for replacement. In addition to this, Law House, Glasgow is also being considered for disposal.

Other properties are being considered for replacement and disposal. These considerations flow more from operational and organisational changes within SEPA rather than the selected properties performing poorly.

Summary of key findings

The following paragraphs summarise the key findings of the individual properties within the property assessment review from the property terrier. A list of the various properties along with previously reported Feuhold values contained within the 2009 SEPA Asset Valuation is provided below:

Feuhold Properties

<u>Property Number</u>	<u>Address</u>	<u>Description</u>	<u>2009 Value</u>
01A	Aberdeen, Inverdee House	Office/Laboratory	£7,770,000 (See note)
02	Ayr, 31 Miller Road	Office	£335,000
03	Dingwall, Graesser House	Office	£675,000
04	Dingwall, Strathpeffer Road	Office/Laboratory	£240,000
05	Dumfries, Rivers House, Irongray Road	Office	£300,000
06	East Kilbride, 5 Redwood Crescent	Office/Laboratory	£2,550,000
07	Elgin, 28 Perimeter Road	Office	£115,000
08	Fort William, Carr's Corner Industrial Estate	Office/Store	£115,000
09	Fraserburgh, Shaw House, Mid Street	Office/Store	£115,000
10	Galashiels, Burnbrae, Mossilee Road	Office/Laboratory	£150,000
11	Glasgow, Law House, West of Scotland Science Park	Office	£375,000
12	Newton Stewart, Penkiln Bridge Court	Office	£100,000
13	Thurso, Thurso Business Park	Office	£110,000

Note: The figure provided for Aberdeen, Inverdee House is effective from 31 March 2010, whilst the other figures are reported with effect from 31 March 2009. It is important to recognise this disconnect and not directly compare valuations with different dates given the volatile nature of the property market.

Inverdee House is a BREEAM Excellent building with an EPC rating of A.

Miller Road, Ayr (02)

- Property occupies a central location with good on-site car parking and proximity to public transport.
- Property refurbished at acquisition approximately eight years ago, hence limited repairing liabilities, other than running maintenance.
- Property arranged over several floors which may affect efficiency and disabled access.
- Property ought to be reasonably marketable.

Graesser House, Fodderty Way, Dingwall Business Park, Dingwall (03)

- Situated on periphery of a small town with good on-site car parking.
- Reasonable condition with limited potential repairing liabilities.
- Modern purpose built office over ground floor only with good access and disabled facilities.
- Property ought to be marketable although may have to be occupied by 2/3 occupiers.

Strathpeffer Road, Dingwall (04)

- Situated on periphery of a small town with reasonable parking/storage facilities on site.
- Property has been identified as surplus and is likely to be offered for sale.

Rivers House, Irongray Road, Dumfries (05)

- Situated close to arterial routes on periphery of town.
- Anticipate requirement for regular running repairs.
- Split level accommodation reduces effective use of property and disabled access.
- Property likely to be considered for co-habitation under the SEARS policy in 2011.
- Unusual layout may present future marketing difficulties.

Redwood Crescent, Peel Park, East Kilbride (06)

- Good public transport links and well located in terms of road access.
- Property now appears tired internally and comprehensive refurbishment throughout is required.
- Open plan office accommodation with lift access and good disabled access facilities.
- Good provision of car parking.
- Property ought to be relatively marketable subject to market conditions at the point of sale although may have to be occupied by two occupiers.

Perimeter Road, Pinefield, Elgin (07)

- Back-lying position within industrial estate adjacent to trunk road, close to town centre.
- Anticipate requirement for maintenance to roofs in particular. In general, the property requires some additional refurbishment, at which time it would be prudent to investigate the possibility of creating open plan accommodation
- Good disabled access.
- Anticipate limited demand in any future marketing of the property, subject to market conditions.

Carrs Corner Industrial Road, Lochybridge, Fort William (08)

- Adjacent to trunk road, close to town centre.
- Limited requirement for repairs.
- Well presented property with good disabled access.
- Flexible space solutions through open plan layout.
- Potential surplus space available in the property.
- Subject to market conditions and levels of demand, property should be reasonably marketable.

Shaw House, Mid Street, Fraserburgh (09)

- Highly accessible property within the town centre.
- Good condition of property reduces future repairing expenditure.
- Good disabled access.
- Potential surplus space within the property.
- Subject to market conditions and levels of demand, property should be reasonably marketable.

Burnbrae, Mossilee Road, Galashiels (10)

- Situated close to town centre
- Requirement for on-going maintenance.
- Potential surplus space within the property.
- Property likely to be considered for relocation under the SEARS policy in 2011.
- Anticipate reasonable demand (subject to market conditions) from residential sector if property were to be sold.

Law House, Todd Campus, West of Scotland Science Park, Acre Road, Glasgow (11)

- Well located property within popular science park location.
- Limited future repairing liability.
- Well presented property with good disabled access.
- Open plan layout provides flexibility although property now operating at occupational capacity.
- Property being considered for disposal.
- Reasonably marketable property (subject to market conditions) assuming no restrictive user covenants in title.

Penkiln Bridge Court, Minnigaff, Newton Stewart (12)

- Situated within residential area in village.
- It is likely that repairs to the adjacent river bank will be likely in the short term. Thereafter liability for repairs ought to be relatively small.
- Residential style over two floors presents difficulties for disabled access, although external access arrangements are DDA compliant.
- Potential surplus space within the property.
- Reasonable local demand if converted back to residential, which is possible at minimal cost.

Thurso Business Park, Thurso (13)

- Situated on Business Park to northern periphery of town.
- Good condition of property reduces future repairing expenditure.
- Well presented property with good disabled access.
- Potential surplus space within property.
- Subject to market conditions and levels of demand, property should be reasonably marketable.

Leasehold Properties

<u>Property Number</u>	<u>Address</u>	<u>Description</u>
101	Arbroath, 62 High Street	Office
102	Edinburgh, Clearwater House	Office/Laboratory
103	Glenrothes, Saltire Centre	Office
104	Lochgilphead, 2 Smithy Lane	Office
105	Orkney, Norlantic House	Office/Store
106	Perth, Whitefriars Crescent	Office
107	Perth, Strathearn House	Office
108	Shetland, The Esplanade	Office
109	Stirling Office	Office
110	Stornoway, 2 James Square	Office
111	East Kilbride, Orbital House	Office

62 High Street, Arbroath (101)

- Property occupies a central location within the town but has limited parking provision.
- Property in need of repairs and expected dilapidation issues at lease expiry in September 2012.

- Arranged over first and attic floors with no lift which presents disabled access issues.
- Position of internal load bearing walls creates an inflexible layout.
- Lease expires in September 2012, subject to a tenant break at 5th September 2010 subject to 3 months prior notice.

Clearwater House, Heriot-Watt Research Park Avenue North, Riccarton, Edinburgh (102)

- Good road communications being adjacent to city bypass and new park and ride facility improves communications with city centre.
- Given extensive fit out by SEPA, expect significant dilapidation liability at lease expiry.
- Highly accessible location for non-disabled, lift access to upper floor assists disabled access.
- Potential surplus space following relocation of laboratory in property and reasonable car parking provision.
- Extensively altered and increased in size, thus reducing potential marketability.
- Lease expiry in November 2026 with tenant break provision at 2016.

Pentland Court, Saltire Centre, Glenrothes, Fife (103)

- Business park location close to town centre.
- The property comprises a reasonably modern office building arranged over ground floor thus providing good disabled access.
- Potential surplus space in the property.
- The market conditions are not strong at present and we would anticipate limited demand for the property should it be marketed.
- Lease expiry in October 2016.

2 Smithy Lane, Lochgilphead (104)

- Back lying location in town centre.
- Reasonable condition of property reduces future repairing expenditure.
- Well presented property with good disabled access.
- Potential surplus of space within the property.
- Property is likely to be considered for relocation under the SEARS policy.
- Lease renewed for five years with a tenant only break provision on the third anniversary. Exercise of the break may then allow exit from the property – April 2011. The lease is due to expire in April 2013.

Norlantic House, Orkney (105)

- Business park location close to town centre.
- Generally satisfactory condition.
- Reasonable disabled access arrangements.
- Property should be reasonably marketable, subject to market conditions.
- Lease expiry at March 2016.

7 Whitefriars Crescent, Perth Business Park, Perth (106)

- Business park location close to city centre.
- It is likely that the restructuring and substantial internal fit out by SEPA will create a future dilapidation liability.
- Lift access to first floor provides reasonable disabled access.
- Property currently operating at capacity.

- Property is not considered easily marketable given poor market conditions.
- Lease expires in February 2016.

Strathearn House, Perth (107)

- Shared property with Scottish Government
- Business park location on periphery of city centre, with good road links.
- Generally good condition.
- Reasonable disabled access.
- Property is not considered easily marketable given poor market conditions.
- Lease expires in December 2017.

The Esplanade, Shetland (108)

- Good location within town centre.
- Anticipate requirement for running repair and dilapidation liability.
- Limited disabled access arrangements.
- It is anticipated that the office will be relocated and may form part of the SEARS policy.
- Property currently held on tacit relocation.

Stirling Office, Castle Business Park, Stirling (109)

- Stirling office comprises three individual buildings, being Erskine Court, Bremner House, and Carseview House, providing business park accommodation close to both town centre and good road links. However, public transport accessibility continues to be an issue, although there is now a regular bus service, serving the business park.
- Given the extent of the internal partitions, we would anticipate a potential dilapidation liability at lease expiry/break exercise should the landlord wish to see the partitions removed.
- Each building comprises a modern two storey office pavilion with lift access and good disabled facilities.
- The Stirling office function is spread over three buildings creating an inefficient working environment. Preference to relocate to purpose built single building in 2013 following exercise of break provisions over the leases for the three existing buildings in 2011 and 2013.
- Market conditions are not good at present with SEPA being protected by break provisions within Carseview House at January 2011 and Bremner House and Erskine Court at January 2013.

2 James Square, Stornoway (110)

- Good location within town centre.
- Anticipate requirement for running repair and dilapidation liability.
- Limited disabled access arrangements.
- Lease expiry in October 2014.

Orbital House, East Kilbride (111)

- Good proximity to both public transport and town centre.
- Limited repairing liabilities.
- Good disabled access arrangements.
- Potential surplus space in the property.
- Property not particularly marketable in current climate.
- Lease expiry in 2017, with tenant break option at 2012.

Appendix C: Guiding principles for the implementation of SEPA's estate strategy

Equalities

Equality legislation outlines SEPA's responsibilities as a public sector employer and public service provider to tackle unlawful discrimination and harassment, and to promote Equality of Opportunity. As part of our commitment to this we will ensure that an appropriate Equality Impact Assessment is carried out on options for change emerging from our estate strategy and that the findings of these inform the decisions we make.

Staff

The contribution and continued high performance of our staff is important to SEPA's continued success. We recognise that changes to our estates portfolio have the potential to impact significantly on staff, both collectively and individually. Impact on staff is one of the material factors that we will consider carefully before taking decisions about changes to our estate. Once decisions have been made we will consult fully with staff on how changes are implemented.

Use of space within properties

We will ensure the best use of SEPA buildings through effective space planning. We will achieve effective and efficient use of space through analyses of working processes and practices and reconfiguring accommodation, equipment and working patterns to maximise benefits to staff and the business. In doing so we will apply the following principles:

- Ensuring that staff have adequate space to work, whilst maximising the use of space. We will follow government guidelines by providing 8 desks for every 10 staff members.
- Ensuring co-location of particularly interdependent teams, services and functions.
- Introducing flexible office space to cater for alternative working practices such as shared working space and touchdown areas for SEPA staff and partner body staff.
- Ensuring that sufficient meeting rooms and cost effective storage are available.
- Recognising opportunities for informal home working or other alternative working practices.
- Ensuring that 'dry room' facilities are provided where required.
- Providing safe, accessible parking for SEPA pool vehicles and vehicles used for inter-office visits.

Environmental performance

We will seek to improve continuously the environmental performance of our estate. Any new-build facility acquired by us will be 'BREEAM Excellent' and have an 'A' rated energy performance certificate (EPC). As far as practicable, we will ensure that our offices are accessible by public transport.

Building Regulations and Standards

We will ensure that our estate complies with all current building regulations and standards in respect of the properties themselves, and for the health and safety of staff and others using the properties.

Condition of property

We will ensure that our properties are of an acceptable standard, are regularly maintained, and provide working conditions that are fit for purpose, secure and safe.

Acquisition and disposal of properties

The acquisition of properties by SEPA will be on the basis of best value criteria, which will take into account the estates drivers outlined in this strategy and the associated costs. In order to ensure that the requirements of all SEPA functions are satisfactorily considered, and as far as practicable addressed, all business cases for property acquisition or disposal will be considered and decided by SEPA's Strategic Management Team.

Co-location

We will seek opportunities to co-locate and/or share services with other public bodies wherever practicable. The Scottish Government has a key role in co-location decisions and funding and SEPA fully participates in the Asset Management Review.

Projected business needs

Our Annual operating plan and strategic change programmes are setting the agenda for SEPA's future business needs. In the current economic climate it is difficult to predict our future funding accurately. However, we anticipate that we will need to reduce our operating costs steadily over the next 2-3 years, and that this will involve a reduction in staff complement, potentially to around 1,100 to 1,200 FTE including c85 FTE new staff arising from new activities placed on SEPA arising from implementing the Flooding Act, Flood Warning Dissemination and the Reservoirs Act. Our estate strategy must provide the flexibility needed to accommodate staff movements and deliver cost savings, as well as supporting changes to SEPA's business model.