



States of Guernsey

Estates Plan



States of Guernsey
Trading Assets

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1. INTRODUCTION

The Purpose of the Estates Plan

The States' Trading Supervisory Board (STSB) has produced the Estates Plan ("the Plan") to align the objectives for the States land and property portfolio with the States of Guernsey's vision, objectives, policies and strategies.

Why the Plan is needed

Strategic management of an estate acts as a catalyst for change, both financially and operationally. We are already seeing the beginning of change by the better use of space and the rationalisation of the States' office accommodation into two main buildings. This led to the return of two properties, now surplus to requirement, to the STSB.

The Plan sets out five objectives to improve knowledge and performance of, and returns from, the States property portfolio. In particular to maximise income (capital and revenue) and minimise expenditure (recurring annual revenue costs). The Plan also sets out a strategic framework for making decisions on property.

The outcomes of a more effective and efficient use of property will be better working locations, a reduction in the amount of space required, improved professional property practices, increased value and better public amenities.



Background and context

As the owner of a large number and variety of buildings the States property portfolio is uniquely placed to play an important part in facilitating changes in the delivery of States' services, both now and in the longer term.

Since 2014 much work has been carried out examining and understanding the way other jurisdictions manage their property portfolios. The opportunities for the better management of the estate have been presented to, and approved by, the former Treasury and Resources Department and latterly the STSB.

The conclusion of this work has been that a trading entity (the precise form of this new structure is yet to be agreed) needs to be developed to introduce a more commercial treatment of the States land and property portfolio. Within the property portfolio the roles and responsibilities of the Landlord, Tenant and User/Occupier need to be recognised and implemented. The STSB, through the trading entity, will act as the Landlord and deliver property functions for properties that are non-specialist, public facing and could act as commercially traded assets. The Policy & Resources Committee will be the Tenant and the Committees the User/Occupiers. The Plan sets out the objectives for the trading board, the structure of which will be established through the results of developing themed work streams over the next two years.

The drivers for the transformation of the delivery of more commercial real estate management are those set out in Public Service Reform, Estates Optimisation, and the outcomes will support the Policy and Resource Plan Phase 1 in regard to:

- our quality of life,
- our community,
- our place in the world,
- our economy,
- and the categories within the Capital Portfolio of maintain, transform and grow our service delivery.

The culmination of the exercise has been developed into the proposals set out in this document.

The aims of the Plan are to:-

- Support Estates Optimisation, a critical work stream for the delivery of the Public Service Reform Objectives (2015-2025).
- Underpin the Policy and Resource Plans Phases 1 and 2.
- Contribute to the Medium Term Financial Plan objectives.

The Public Sector Reform Estates Optimisation commitments are to:-

- Reduce the overall cost of operating the public service estate;
- Increase the flexibility and capacity of public service office accommodation;
- Support improvements in efficiency and customer service through the introduction of modern ways of working;
- Introduce new space standards for public service office accommodation;
- Seek opportunities to rationalise the public property portfolio and dispose of surplus property.

The States approved the Medium Term Financial Plan (MTFP) in June 2017 as part of the Policy and Resource Plan Phase 2. This recognised that a realistic approach to the fiscal strategy included that **“a reduction in the cost of public services can see a return to fiscal surplus without the need for unrealistic or drastic measures.”** but that the *“carry on as normal”* approach is not an option. The MTFP also sets out a requirement for capital income (receipts) from property of £1 million per annum for the period 2018-2021 with a planned general revenue reduction from property rationalisation of between £1-2.2 million over the period..

Measures are set out to develop the advantageous use of the States land and property portfolio to a much greater degree than previously. These need to be proportionate to the differing demands placed on the States Real Estate – cashable savings (both capital and revenue) need to work compatibly with Investment in our major assets, including balancing costs and cross cutting service delivery.

The Plan covers the period up to 2021 in line with the principal Committees’ Policy and Resource Plans, and the MTFP. **The ethos of the Estates Plan is that all decisions and actions relating to the States land and property assets should not be taken in isolation, but that they fit into the bigger picture.** This is to ensure that all assets are used to their optimum capacity, either by the States alone, or with strategic partners and others to generate wider benefits.

Understanding the complexity of our land and property estate

The following statistics offer an indication of the scale of the States of Guernsey' land and property portfolio:-

- A total of 4132 building units (being buildings or extensions to buildings). (Appendix 1 – The Estate)
- A total current asset insurance rebuild value in excess of £2 billion.
- Total annual rental outgoings of £2.6 million
- Total annual rental income of £3.5 million

Current routine capital and revenue budgets in excess of £20 million per annum to repair and maintain the estate

NB. Data is changing constantly as the use of land and properties is reviewed and assets disposed of (or acquired) to meet changing priorities and service strategies.

The Chartered Institute of Public Finance and Accountancy (CIPFA) definitions have been used to categorise the States' assets under the International Financial Reporting Standards (FRS102) (IFRS) classifications. (See Appendix 2 – IFRS classification of States Land and Property Assets).

The States' property assets are a valuable operational resource, but they are also an ongoing liability, requiring active management. They need regular revenue and capital funding to maintain and therefore need to be used as efficiently as possible. When no alternative economic operational use can be identified, assets require an alternative use, such as sale or leasing out to generate capital or revenue receipts. The receipts could be utilised for re-investment in either new/improved services or to meet future service demands and help reduce running costs, or to contribute to the savings requirements set out in the MTFP.

Targeted investment will be used to ensure we have good quality assets to create the right physical environment for delivering better services, equally if assets are unsuited to their current use, or are of poor quality, they can detract from the delivery of States services and may need to be repurposed or sold.

2. THE PLAN

The Plan is the framework for services to be provided by the trading entity, which will be established to maximise the return from commercial use of the States' large and varied property portfolio. Transition work will be needed, and these work streams should start later in 2018 following the States debate, mid-2018, setting out the proposals for the new trading entity.

The trading body will, in its formative stage, manage, maintain and administer the properties that the current Estates Management section of Property Services is responsible for. In future there may be a developing role for its commercial management. However no property or land will be transferred to the trading entity's balance sheet without a clear individual property decision, based upon a Property Performance Report¹ having been produced and agreed, including the relevant valuation applicable. Likewise, no property will be transferred before going through the Opportunity Management system to confirm its future potential.

Property Objectives

To define the work required to deliver a real estate service that enables the achievement of Estates Optimisation, the following have been developed:-

- A. **BETTER WORKING LOCATIONS.** To provide the right buildings in the right place and condition to meet current and future service delivery needs.
- B. **IMPROVE PROFESSIONAL PRACTICES.** Maintain and utilise the assets to best professional practice standards.
- C. **INCREASE VALUE.** Use the assets to enable the transformation of service delivery in line with public sector reforms and grow the ability of the portfolio to benefit the Island or a specific sector of the economy.
- D. **BETTER PUBLIC AMENITIES.** Optimise the value from public amenity land and buildings.
- E. **IMPROVE PROPERTY PERFORMANCE.** Improve space utilisation, reduce space usage, deliver value for money property services and increase income and efficiency savings.

The Plan enables various existing threads of asset policy to be brought together and unified. Strategic transformations to improve property services and other key efficiency improvements will all benefit from asset backed opportunities.

¹ A Property Performance Report is a data report which provides a snapshot of the details, performance statistics and costs of operating and maintaining States properties.

Implementation of the Objectives

Objective A: Better working locations

Provide the right buildings in the right place and condition to meet current and future service delivery needs.

Why? Our operational assets must align to our service requirements in the short, medium and long term with reference to number of buildings, their location, condition, accessibility and fitness for purpose. It is vital that our buildings are contributing to the States' corporate objectives (by generating revenue and capital receipts for example, through the sale of properties surplus to requirements) and assets that do not meet these criteria will be considered for alternative use or disposal.

Due to the significant budget pressures if property performance does not improve in line with the proposals in the Estates Plan greater financial pressures will swing back onto the revenue spending budgets of States Committees who deliver the front-line services to the Island.

How?

- Data Gathering – assess, monitor and categorise performance to enable decisions on progress and comparisons on:
 - Suitability
 - Costs in use (rent, TRP, service charges & utilities)
 - Urgent repairing liabilities
 - Utilisation
- Analysed to produce RAG status so enabling ranking of assets and interrogate performance to identify poorly performing assets where remedial action/disposal/alternative service provision can be decided. To help make strategic property decisions and ensure best service delivery use;
- Report Key Performance Indicators;
- Match property to service needs;
- Enable continuing reviews – regular reviews allow identification of land and buildings that may be more suitable for alternative uses/services and/or prioritised for future investment;
- Apply modern space standards;
- Support modern/mobile ways of working;
- Consolidate and release properties so that buildings or sites that are surplus to requirements could be disposed of as part of the MTFP objectives for the STSB or enable economic development;
- Understand (and possibly charge for) usage costs.

Objective B: Improve professional practices

Maintain and utilise the assets to best practice standards.

Why? Good management includes a full maintenance regime for assets for several reasons. Properties run more efficiently when properly maintained, minimising operational breakdown in service (heating, lifts, leaks etc.), and maximising economies of scale by batching similar jobs and/or outsourcing. Property elements also benefit from repairs carried out in a timely manner to extend the useful life of components and limit the potential for failure. Best practice standards are set by both professional property organisations (RICS, RIBA etc.) and legal requirements.

How?

- Adopt proper IFRS accounting standards;
- Report proper values and classifications;
- Adopt professional standards;
- Ensure the Estate is well maintained in good repair and that catch up/backlog maintenance is prioritised with an agreed timetable for implementation;
- Bring all core operational buildings up to recognised standards for service delivery, including improving the accessibility for all users;
- Measure, report and benchmark performance;
- Accelerate “Opportunity Management”;
- Sharpen and define clear responsibilities, agree RACI (**R**esponsible, **A**ccountable, **C**onsulted, **I**nformed) chart of responsibilities for each party.

Objective C: Increase value

Use the assets to enable the transformation of service delivery in line with public service reforms.

Why? Public Service Reform Estates Optimisation is an enabler for the delivery of the corporate initiative approved by the States in 2015.

How?

- Work with Service Areas and their operational transformation programmes to enable the best use of office space;
- Reduce the amount of property occupied by the States;
- Examine innovative measures so buildings can facilitate new ways of working;
- Improve access to and energy usage in public buildings.

Grow the facility of the portfolio to benefit the Island and/or a specific sector of the economy.

Why? The Estate helps Committees to deliver their Services and in addition is able to support the development of economic opportunities and harness market forces, through the use of its large and varied portfolio of land and property.

How?

- Monitor, balance and review the portfolio risk profile;
- Drive increase in sustainable income and property values;
- Acquire properties to enable growth and service transformation;
- Enter into partnerships/third party arrangements and/or commercial developments where the use of the States assets would facilitate and grow a sector of Island economy.

Objective D: Better public amenities

Optimise the value from public amenity land and buildings.

Why? Public assets must be used to ensure value for money to the public purse. Whilst value can mean different things to many there needs to be a common consensus as to the States' role in provision of services from this category of land and buildings.

How?

- Promote and facilitate working with partners to enhance and maintain the opportunities within the public amenity land and associated buildings;
- Provide strategic leadership, where required, for Amenity Development Area projects.
- Explore and enable innovative ways of working with the third sector to ensure the land and built heritage of the island is conserved for the use and enjoyment of all, importantly being able to hand on a positive legacy to future generations;

Objective E: Improve property performance

Improve space utilisation, deliver value for money property services and generate efficiency savings.

Why? Achieving value for money should underpin all actions carried out using States' resources.

How?

- Facilitate rationalisation of office space:
 - Introduce new space standards for public service office accommodation
 - Work with others to implement these standards
 - Support service areas and their operational transformation programmes;

- Reduce the overall cost of operating the public service estate;
- Review all lease arrangements (both leased in and leased out) to ensure that contractual and legal obligations are being carried out by all relevant parties and ensure any new leases have the recognised and appropriate risk levels and risk share. Also review for lease break clauses and/or within 18 months of lease expiry to evaluate the need for any renewal/alternative properties;
- Enable service delivery in the right place;
- Reduce Environmental Impact:
 - Identify waste
 - Design out waste
 - Investigate & introduce where practicable alternative energy supplies
 - Reduce water usage and waste water;
- Optimise the value received from amenity land and buildings:
 - Implement a non-operational asset strategy
 - Support local initiatives through flexible leases and other business initiatives.
 - Set up an Opportunities Register Management Group for land and property, provide leadership for the Group to review key strategic sites for their potential to promote economic improvements and social wellbeing.

3. BENEFITS AND RISKS

Implementing the actions set out in the Plan will have strategic implications for the property portfolio which, in time, will filter through to affect all users.

Providing the right buildings in the right place and condition to meet current and future service delivery needs.

- BENEFITS:**
- Less properties will be needed for service delivery, as spatial requirements become more defined and refined with the continuation of the implementation of new ways of working and greater use of technology;
 - The provision and delivery of facilities will be more streamlined, efficient and cost effective, both using scarce resources more proficiently and with the potential to generate capital and reduce revenue spend;
 - The flexibility and capacity of public service office accommodation will be increased, in line with the commitments of Estates Optimisation, under the Public Service Reform agenda.

- RISKS:**
- Rationalising States built assets will lead to some further properties being declared surplus to requirements;
 - Care has to be taken that putting these buildings onto the market does not adversely affect the market forces;
 - Less buildings for States use could mean less flexibility for the States in move management of staff and/or affect the disaster recovery plans for various Committees;
 - What might be the right place now, may not be in the future due to unforeseen issues with fast moving scenarios (technology, changes in services required, climate change, accessibility issues etc.).

Maintain and utilise the assets to best practice standards.

- BENEFITS:**
- Working conditions will be improved (space, lighting, accessibility etc.) as properties are brought up to modern standards;
 - Older, ineffective buildings are repurposed, refurbished or disposed of. Improving staff engagement and satisfaction in line with strategic outcomes set out in the Public Service Reform;
 - Clear roles, responsibilities and accountability for properties will be established, facilitating more efficient use of resources;

- Introduction of new space standards for public service office accommodation will follow standards applied in the UK public sector, implementation of these have led to a marked year on year reduction of requirements for public service offices leading to space standards of sub 10m² per person.

RISKS:

- Scarce resources could be spent on upgrading buildings, only to find that they are no longer needed;
- Non-investment in our built assets could lead to new buildings being necessary within a shorter timescale than their projected lifecycle;
- Poor use of space with little or no regard for costs leads to poor financial management of assets.

Use the assets to enable the transformation of service delivery in line with public sector reforms.

BENEFITS:

- Supporting and enabling more modern ways of working allows the greater use of technology, large scale automation of systems and processes to take place;
- Properties will be refined down to those more suited and flexible for modern working methods;
- Property space will be flexible, able to be repurposed and used to capacity, thus ensuring better value in the spending of public money;
- Working, using and visiting these buildings will enhance the customer service and experience, improving customer engagement and satisfaction;
- Making the most of our buildings and property portfolio is an important part of delivering Public Service Reform and will increase the flexibility and capacity of public service office accommodation.

RISKS:

- If service delivery changes in the future to require more space in different areas then the portfolio might need to increase capacity, which will come at a cost, whether rented in or outright purchase;
- By seeking the opportunities to rationalise the public property portfolio we will be concentrating services into fewer buildings which may give less resilience for disaster recovery;
- Repurposing, refurbishing old buildings can be less cost effective than investment in new and disposing of older unfit properties in poor condition may generate less receipts than planned and anticipated.

Grow the facility of the portfolio to benefit the Island and/or a specific sector of the economy.

- BENEFITS:**
- Reviewing and challenging the States' land and property ownership (looking at why we own properties and what they contribute) allows the portfolio to manage risk areas where revenue receipts could be lost;
 - Increasing the flexible use of the core portfolio will maximise the return on the investment in the assets and reduce abortive costs by practical strategic planning.
 - Increasing the infrastructure will increase the contribution to the Island's prosperity as the ability to identify and implement opportunities to add value to the portfolio can result in an improved asset and also an unexpected windfall payments. Given the current financial restraints and the need to raise capital these are important areas for the Plan;
 - By developing the Opportunities Register (a list of land and property opportunities that will be prioritised and actively managed) projects will be achieved which will benefit the economy (such as the construction industry) and potentially improve the offering the island provides in terms of facilities for both islanders and visitors.
- RISKS:**
- Returns on investment in property may decline;
 - Non-investment in our built assets will lead to reduction in asset value and could affect performance.

Optimise the value from public amenity land and buildings.

- BENEFITS:**
- Introducing both controlled and managed Opportunities Register and Amenity Development Areas² (ADA's) will allow greatest advantage to be leveraged where scope exists;
 - There will be a drive (working with the Committees whose mandates cover this) to develop and enhance the provision and customer experience of amenities and facilities on Island;
 - The trading entity will be the focus of master planning and co-ordination of third sector involvement in projects. Measures to stimulate this sector are likely to increase market confidence, with consequent positive effects;

² Amenity Development Areas represent land management and economic development challenges that do not always involve States land.

- ADA's offer an opportunity for collaborative working initiatives involving private funding and the third sector working together to create and achieve the fulfilment of community initiatives.

RISKS:

- Unless work with the community is adequately planned, led and resourced it could lead to the States being left to intervene and pay for annual recurring costs for upkeep of areas;
- Any intervention by the States into market economies could have unintended consequences.

Reduce space usage, deliver value for money property services and increase income and efficiency savings.

BENEFITS:

- Reducing the number of public buildings and increasing their capacity and efficiency will reduce the cumulative cost of operating the public service estate, however it must be noted that buildings do need regular maintenance and capital investment to ensure they remain efficient and retain their asset value;
- Measures to develop the Property Performance Reports for each asset will show where resources are being used, where they could be put to better use and where buildings should be disposed of. This will enhance organisational performance measurement and management;
- Any land or property that is considered surplus to States requirements will be evaluated for the best return to the States'. This will deliver and demonstrate value for money.

RISKS:

- Without regular investment into the assets they will deteriorate with corresponding reduction in their efficiency leading to reduction in their useful life which will deliver inefficient lifecycle costings;
- Unless there is more awareness of the actual costs, costs in use and residual costs of the assets they will continue to be used as a "no cost" facility.

4. OVERARCHING PRINCIPLES OF THE PLAN

In addition to specific objectives, the general management and administration of a well-run portfolio must embrace overarching principles for areas of action and the basic actions to provide the day to day best use of land and property assets.

These principle action areas relate to what types of properties are being used and how they are used.

Accommodation (Offices, residential and commercial)

These will be used to:-

- Improve customer service by better layouts for buildings with public access etc.
- Reduce accommodation space required
- Save money (make less space work harder at less cost per m²)
- Reduce environmental impact
- Increase accessibility.

Operational Properties

These will be used to:-

- Enable customer service centres and access points
- Maximise use of reduced space
- Link properties to the most appropriate services
- Co-locate services where suitable
- Maintain and enable flexibility and longevity
- Increase accessibility.

Non-Operational (including Investment) Properties

These will be used to:-

- Maximise Income
- Minimise management costs
- Make strategic acquisitions and disposals
- Enable economic opportunities and growth
- Rebalance the portfolio.

Amenity/Community facilities

These will be used to:-

- Ensure best use
- Involve other parties
- Provide leadership through master planning.

Delivery

To deliver the overarching principles of the Plan the following areas need to be continued and/or transformed, resourced and actioned:-

Strategic Estate Management:

Continuing Tasks:

- Categorise properties in accordance with the requirements of the International Financial Reporting Standards and other relevant public accounting standards;
- Carry out valuations of the major States' building/Investment properties/high value buildings;
- Assess the property estate using Property Performance Reports (see Figure 1 and Appendix 3) to better understand how it equates to the other comparable jurisdictions and the private sector, to help make strategic property decisions;
- Reduce space required for service delivery by ensuring flexible space provision, making that space work more efficiently and reduce property costs;
- Assess which land and property will continue to form the property estate and which to recommend for improvement, alternative use, transfer or sale.

Figure 1: Property Performance Reports

PROPERTY PERFORMANCE REPORTS (PPR)

PPRs assess current performance against future requirements using the 'Decision Matrix':

Suitability ↑	Good	Additional investment	Prioritise maintenance	Status quo
		Additional investment or disposal	Change of use or investment	Review current use
	Poor	Disposal	Change of use or disposal	Change of use
		Condition Rating → Good		

- Monitor/prepare Business Cases for strategic States-owned sites for development opportunities and shared projects with other organisations;
- Apply below market rents only when supporting (through STSB or other States' Committees policies and with States' approval) the economic, social or environmental well-being of the Island and where funds to supplement the loss of rental income are provided;
- Explore a new strategic approach to maximise capital growth and income balancing with corporate priorities, enabling regeneration and other opportunities and contributing to the unique heritage and environment within the island;
- Link all assets to States' strategies through an understanding of the future life cycle asset management which will show if a building can contribute to long term strategies effectively and efficiently;
- Develop management systems and processes that enable flexibility and the ability to respond positively with regard to asset management and development;
- Use the approved decision trees for core and non-core operational properties to continually review the portfolio. (Appendix 4, example of a Decision Tree).

Operational Estate Management:

Continuing Tasks:

- Maintain a property maintenance programme to keep assets in good repair;
- Improve value for money on costly rented in properties by regular review of current leases performance;
- Negotiate the terms of new leases (for both commercial, retail and domestic properties) to ensure value for money for the States as a whole over the term of the lease. In particular where there are repair and maintenance obligations on the States, pass the responsibility on to the tenant or set up a service charge from which the costs can be recovered;
- Monitor the impact of any legislative changes on the obligations of the States' as landlord, update lease terms as necessary and make allowance for any changes within the property budgets if deemed necessary;
- Prepare and review Property Performance Reports for all investment and major operational properties;
- Assess market value of investment properties to allow forward financial planning in cases of rental changes;
- Review properties prior to incurring significant spend to ensure that any proposed capital investment offers the best value to the States.

Property disposals and sales:

Continuing Tasks:

- Consider the sale of surplus, poor quality, vacant or underperforming properties;
- Explore opportunities for working with others to enhance asset value and partnership working;
- Follow the approved decision tree processes for land and property sales;
- Reduce costly rented in property liabilities.

Property Investment/Acquisitions:

Continuing Tasks:

- Prepare and review asset management plans for all investment and major operational properties;
- For investment properties, assess the potential increase in rent on rent review or grant of new lease following lease expiry;
- Consider the purchase of a property where this will enable the States' to fulfil its strategic and corporate objectives and/or that meets the requirements of a business case, with States' approval;
- Review properties prior to incurring significant spend to ensure that the proposed Capital Investment offers the best value;
- Explore alternative methods of working with partners to achieve best value for the States;
- Follow the approved Acquisitions decision tree process.

Opportunities Register:

New Tasks:

- Develop and maintain a register of potential opportunities and mini projects;
- Prioritise, develop and take forward, through the leadership of the Opportunities Management Group, the short, medium and longer term opportunities in line with the States' strategic vision;
- Two opportunities from this register are of specific focus:-

Harbour Action Areas (HAAs)

Tasks:

- Work with all parties to provide co-ordination within HAAs development of harbour operations, amenity user groups, environmental and commercial interests.

Amenity Development Areas (ADAs)

Tasks:

- Provide resources to implement and manage masterplans for identified ADAs;
- Make best use of third party input of resources to facilitate ADAs;
- For third party approaches, follow the approved decision tree process.

5. MONITORING OUR PERFORMANCE

Through implementation of the Plan we will:

TRANSFORM

- Adopt a space standard of 10m² or less per person for offices;
- Reduce the floor area used for administration/office use by a minimum of 5% by end of 2020;
- Reduce the number of office buildings owned/rented and used as offices by the States by end 2020;
- Reduce energy consumption within the States estate by 1% per annum;
- Improve the balance of the States' investment portfolio to reduce risk to the income stream;
- Establish Landlord/Master tenant/Occupier relationship to ensure clarity of roles.

GROW

- Assess opportunities for strategic investments in assets for the States;
- Achieve a minimum return of 4% pa from the States investment properties (in some circumstances a lower figure may be acceptable for strategic purchases);
- Increase income;
- Increase master planning for Amenity Development Areas;
- Prioritise capital investment improvements on properties based on returns to the States (both financial and social).

MAINTAIN

- Adopt National Property Performance Management Initiative (NaPPMI) performance indicators, endorsed by the Chartered Institute of Public Finance & Accountancy (CIPFA). These have been used in the UK to develop and promote good practice in Local Authority asset management benchmarking;
- Use the Property Performance Reports (Appendix 3 and Figure 1, page 17) to assess performance and investment needs;
- Prioritise backlog maintenance works to reduce by 10% value per annum;
- Carry out regular maintenance on properties based on Condition Survey results SAP data and resources available.

6. SUMMARY OF THE PROGRAMME

Implementation of the Plan will be developed carrying out a two year period of work streams. States approval of the policy letter and receipt of funding for the work streams will be required to transform the service. Once the work streams have been completed the trading body (structured to deliver services under the Target Operating Model which will be developed in the work streams worked out through the 5 objectives) will have been set up by 2020, and will require a minimum period of at least a year to establish its working practices.

Delivery of the Plan objectives will:-

- Improve Services/Quality of workspaces
- Reduce costs and space usage
- Support the achievement of Future Guernsey and the Public Service Reform
- Release capital and increase revenue
- Improve the Island amenities and economic development.

Whilst additional resources will be required in the set up period, there are those posts within the current Property Services that carry out either all or at least 50% of their working time in supporting the Estates function. These posts will be subsumed within the trading entity structure to enable suitable resourcing to successfully deliver the new trading function. There will be no net increase in posts unless increased services are requested, agreed and funded.

A review of the structure and effective working of the property trading body will then be carried out at end 2021, which may lead to minor amendments in service delivery. The framework of the new entity will need to be set out depending on the results coming from the work streams required to deliver the services (the Target Operating Model). The structure will need to allow for all current Estates Management tasks and will differ from the current structure by the development of a Commercial Section, which will explore, evaluate and implement commercial opportunities that arise from the active management of the Opportunities Register.

The trading entity will maintain, manage and administer the leases, building fabric and elements of the non-specialist properties owned or rented by the States of Guernsey as a trading entity. It will also continue to carry out the Estate Management of the land and properties currently run by Property Services (approximately 65) which provide an annual income of around £2.5 million (subject

to market forces and existing leases), and those buildings and land parcels that are managed and maintained by them, but which do not provide and income (approximately 140). The GRE will not provide corporate capital project management services, or corporate facilities management directly (unless subject to specific arrangements, which will involve costs incurred).

Where the nature of the property is highly specialist and not a “generic reusable property” and hence is totally integral long-term to the provision of the public service being delivered it will be under the direct control of the Committee providing that service (for example, hospitals and schools). It is believed that in this way the core service delivery responsibilities required from the Committees’ will be better protected.

When that specialist building is surplus to requirements it will then transfer to the trading entity for re-use considerations at an appropriate capital/market value given its condition and future potential. These appraisals are carried out using the decision tree process (Appendix 4).

Delivery of the major transformation changes set out in this document cannot be undertaken in a reasonable timescale without specific and appropriate resources being made available.

APPENDIX 1 - The Estate

By area

Owned by States of Guernsey:		(English acres)
Land parcels	2,606 sites	
Number of buildings	4,132 incl. States Houses	
Total area of land parcels	7,770,559m ²	1,920
Leased In by States of Guernsey: (incl fee farms, Lihou, Crown land, Jethou)		
Number of buildings	177 sites	
Total area of land parcels	521,074m ²	129
Owned & Leased:	8,291,633m²	2,049
Guernsey (total area)	63km ²	15,568
Herm (total area)	1.321329km ²	327
Brehon (total area)	3,775m ²	1
Alderney (States of Guernsey-owned) <ul style="list-style-type: none"> Breakwater & associated buildings Alderney Telephone Exchange Alderney Airport 	238,647m ²	59
Sark (Telephone Exchange only)	878m ²	0.2
Total	64,564,629m²	15,954
12% of total land area is States owned		

By type

Type	Area (Sq m)		No of sites (out of 2606)
Protected monuments & historic sites ³	2,149,411	(28%)	162
Coastal Sites ⁴	1,206,013	(16%)	136
Airport	1,026,530	(13%)	28
Schools ⁵	506,268	(7%)	36
Social Housing ⁶	467,683	(6%)	1739
Belgrave Vinery & Fontaine Vinery	141,452	(2%)	10
PEH (and adjoining fields)	129,767	(2%)	8
Beau Sejour	67,269	(0.08%)	3
Electricity Substations ⁷	1,683	(0.02%)	74
Balance (approx.) ⁸	2,020,483	(26%)	410

³ Includes Herm, some coastal areas with fortifications, Longue Hougue (including Mont Crevelt & a Napoleonic Battery), Castle Cornet, Swissville, Government House, Candie Gardens & Saumarez Park

⁴ Some land parcels are included in the figures for Protected Monuments and Historic Sites.

⁵ Including playing fields.

⁶ Including communal areas and car parks

⁷ Leased to Guernsey Electricity

⁸ Remaining entries include offices, fields, sports facilities, traffic islands and verges, harbour facilities, beach kiosks, public toilets, reservoirs (including water filled quarries) and waste facilities.

APPENDIX 2 – IFRS⁹ classification of States land and property assets

CATEGORY	DESCRIPTION	COUNT	EXAMPLE
PROPERTY, PLANT & EQUIPMENT (PPE)			
Other Land & Buildings Core¹⁰	Operational properties from which we deliver our services or policies, these are further sub divided into core and non-core	1,980	1,612 entries are Housing SPP Harbour
Other Land & Buildings Non-Core¹¹	Operational properties from where we deliver our services or policies, sub divided into core and non-core	174	Sir Charles Frossard House
Strategic Purchases	Properties that have been purchased for the enablement of current or future strategies/ projects, rather than for the primary use of the building.	64	Misty Isles for Transport Strategy
Community Assets	Properties which are intended to be held in perpetuity that may have no determinable useful life, or may have restrictions on their sale	111	Priaulx Library
Heritage	Properties with historical, artistic, scientific, technological, geophysical or environmental activities, held and maintained principally for their contribution to knowledge and culture	99	Castle Cornet

⁹ IFRS - International Financial Reporting Standards

¹⁰ Core operational properties – buildings used specifically to deliver a direct States service (e.g. the Harbours and Hospital)

¹¹ Non-Core Operational buildings – operational properties that are used to deliver corporate objectives other than a direct States service (e.g. Sir Charles Frossard House).

Surplus Assets	Properties not being used to deliver services and do not meet the criteria for Assets Held for Sale or Investment Properties	104	Belvedere Field
Asset Under Construction (AuC)	Properties that would otherwise fall into one of the other categories (except Investment or Assets Held for Sale) but during construction are specified here.	0	-
INVESTMENTS			
Investment Property	Properties for the sole purpose of receiving rent or capital appreciation	31	Sir John Leale House
Assets held for sale	Available for immediate sale	1	Fort Richmond
Assets held for sale	Must be actively marketed	4	Rue Marguerite
Assets held for sale	Expected to be sold within one year	2	Grange Road House
BLANKS		210	
TOTAL¹²		2,780	

¹² Includes land parcels

APPENDIX 3 - Property Performance Report

Property Performance Report

Report Date:

CAD No	Property Name
UPRN: 814 Report Date: 2 nd November 2017 Parish: St Peter Port Site:	ADDRESS: La Charroterie, St Peter Port, GY1 1FH Related Asset Entries:

A.

SOG Tenure: Freeholder Freeholder: States of Guernsey Property Leased out: No This asset Valuation: Property Age: Site bought by SoG 22.05.1986	Committee Responsible: States Trading Supervisory Board Asset Classification: Operation Non core Asset type: Description: Purpose built office – concrete frame, blockwork infill panels, aluminium frame doors and windows with a trussed slate roof. Floor Area NIA Model led 3640 M ²
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B. Property Contact information

Controlling section: Property Services Parish Deputies: Barry Brehaut, Peter Ferbrache, John Gollop, Jan Kuttelwascher, Marc Leadbeater, Michelle Le Clerc, Joe Mooney, Charles Parkinson, Lester Queripel, Dawn Tindall, Rhian Tooley.	Head of Unit/Section: David Parish Service Contact: Mark Ogier H&S Duty Holder: David Parish Site Contact: Janet Vinning P&D Contact:
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C. Property Performance review summary

Controlling Section:	PPR Recommended Action:	<input type="checkbox"/>
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PROPERTY PERFORMANCE MATRIX	Category Result:	<input type="checkbox"/>	WTG	Total PPR Score:
1. Overall PPR Review	/10			<input type="checkbox"/>
CONDITION CRITERIA	Category Result:	<input type="checkbox"/>		PPR Matrix:
2. Condition rating	/10	<input type="checkbox"/>		
3. Required maintenance	/10	<input type="checkbox"/>		
4. BM Rating	/10	<input type="checkbox"/>		
5. % of Urgent Works	/10	<input type="checkbox"/>		
6. % of Property values	/10	<input type="checkbox"/>		
SUITABILITY CRITERIA	Category Result:	<input type="checkbox"/>		Suitability
7. Suitability Rating	/10	<input type="checkbox"/>		
8. Suitability Score	/10	<input type="checkbox"/>		
9. Accessibility Rating	/10	<input type="checkbox"/>		
PERFORMANCE /RUNNING COSTS CRITERIA	Category Result:	<input type="checkbox"/>		Condition
10. Energy Use	/10	<input type="checkbox"/>		
11. Running Costs	/10	<input type="checkbox"/>		
12. CO2 Emissions	/10	<input type="checkbox"/>		
13. Water Consumption	/10	<input type="checkbox"/>		
Building Open 24/7?	/10	<input type="checkbox"/>		
UTILISATION CRITERIA	Category Result:	<input type="checkbox"/>		Applicable Performance Indicators
14. Opening Hours	/10	<input type="checkbox"/>		Core Data <input type="checkbox"/>
15. Hot desk Ratio	/10	<input type="checkbox"/>		PI1 <input type="checkbox"/> PI4 <input type="checkbox"/>
16. Space Efficiency	/10	<input type="checkbox"/>		PI2 <input type="checkbox"/> PI5 <input type="checkbox"/>
17. FTE Use Efficiency	/10	<input type="checkbox"/>		PI2 <input type="checkbox"/> PI6 <input type="checkbox"/>



Poor Condition

Applicable Performance Indicators

Core Data		
	PI4	
	PI5	
	PI6	

Cadastre or other reference	Property Name																				
D. Annual Statistics <div>Base year:2016</div>																					
Energy Cost: £127,175 Water Cost: £6,945 Term Maintenance Costs: £70,581 Reactive Maintenance Costs: inc above Consultancy Fee Costs: £0 Caretaking Costs: inc above Security Costs: Inc above	Grounds Maintenance Costs: £18,082 Insurance Costs: £17,000 (Building only) Parish Rates Costs: £4,906 TRP Costs: £0 Cleaning Costs: £67,849 Waste Costs: £15,207 Total Annual Running Costs: £350,906																				
Annual Water use: TBC Annual Energy Use: TBC	Annual CO ² Emissions: ??																				
E. Building Maintenance – Required Maintenance																					
SOG Maintenance Responsibility: Property Services Last Survey Date:	Priority 1 Maintenance: Priority 2 Maintenance: Priority 3 Maintenance:																				
Planned Maintenance Expenditure:	Total required Maintenance																				
F. Health & Safety Compliance																					
<table border="1"> <thead> <tr> <th>Responsibility</th> <th>Notes</th> <th>Applicable</th> <th>Assessed</th> </tr> </thead> <tbody> <tr> <td>Fire Safety: Property Services</td> <td>Risk:</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Asbestos Management: Property Services</td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Legionella Management: Property Services</td> <td></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Property H&S Responsibility: Property Services</td> <td>Frontline database Ref:</td> <td></td> <td></td> </tr> </tbody> </table>	Responsibility	Notes	Applicable	Assessed	Fire Safety: Property Services	Risk:	<input type="checkbox"/>	<input type="checkbox"/>	Asbestos Management: Property Services		<input type="checkbox"/>	<input type="checkbox"/>	Legionella Management: Property Services		<input type="checkbox"/>	<input type="checkbox"/>	Property H&S Responsibility: Property Services	Frontline database Ref:			
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Legionella Management: Property Services		<input type="checkbox"/>	<input type="checkbox"/>																		
Property H&S Responsibility: Property Services	Frontline database Ref:																				
G. Other information																					
<u>Survey Notes:</u> <u>General Notes:</u>																					
Protected Building? <input type="checkbox"/> Within a Conservation area <input type="checkbox"/>																					
<p>PLEASE NOTE: All property running cost information has been extracted from the States finance system based on actual expenditure for the previous financial year, wherever possible this is based on the relevant budget cost centre. Where relevant costs are not clearly identifiable on the finance system these may have been apportioned over similar properties. Full details of how the figures are calculated area available from the Asset Management Team. Condition data quoted is based on the latest survey information held on the Property & Design database. Suitability data is based on the latest suitability questionnaire response completed by the property manager and held on the P&D database. Contact the Property Services if you need any further clarification or information</p>																					

APPENDIX 4 - Example of a Decision Tree

DISPOSAL PROCESS

