

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD

OPTIMISING THE USE OF THE STATES LAND AND PROPERTY PORTFOLIO

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Optimising the Use of the States Land and Property Portfolio' of the States' Trading Supervisory Board dated 26 April 2018 they are of the opinion:-

1. To agree that the future operating model for the management and administration of States land and property shall be such that the States' Trading Supervisory Board acts as Landlord (unless there is a good reason for it not to do so) and the Policy & Resources Committee the Tenant, on behalf of itself and other Committees of the States as Occupiers.
2. To note the intent of the States' Trading Supervisory Board, over the course of a two year transitional period, to develop and adopt a new operating model for land and property (to include that described in Proposition 1) within its Estates Plan, with the purpose of rationalising and optimising the management and administration of land and property owned and leased by the States.
3. To note in particular the intent of the States' Trading Supervisory Board in connection with the foregoing, to clarify the distinct roles and responsibilities, in respect of property services, of the States' Trading Supervisory Board, the Policy & Resources Committee, and other States Committees.
4. To delegate authority to the Policy & Resources Committee to approve funding from the Transformation and Transition Fund of up to £1million to facilitate the work set out in Propositions 1 to 3.
5. To note the intent of the States' Trading Supervisory Board to return to the States of Deliberation at the end of the two year transitional period to-
 - (a) update the States on progress achieved, and
 - (b) seek approval for any mandate changes that are necessary as a result of the foregoing Propositions and that cannot be made by other means.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

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OPTIMISING THE USE OF THE STATES LAND AND PROPERTY PORTFOLIO

The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

26th April, 2018

Dear Sir

1 Executive Summary

- 1.1 The States must strive for good stewardship and where appropriate to maximise value, not necessarily financial, from its substantial and diverse land and property portfolio, improve the way that internal property services are delivered and enable and support the States' policy priorities. In order to achieve this there needs to be considerable change in the way the States manages, operates and services the properties across the States.
- 1.2 The proposals in this Policy Letter, if implemented, will mean that the necessary changes can be made for the maximum benefit of the organisation and the island as a whole. This will be achieved through greater definition and clarity of the roles and responsibilities regarding the States' Estate, coupled with better management information to ensure that considerably improved and informed decision making can take place. The changes are far reaching, touching all Committees, and including organisations outside of the States. The proposals must not be seen as a simple reorganisation of the current Property Services and Estates organisations.
- 1.3 The changes will include refined data and systems and the implementation of tools and techniques for prioritising and establishing the optimum use of properties. Also holding those properties which are returned over time for future generations to enjoy across the organisation and potentially setting up a land and property trading entity, called Guernsey Real Estate, within the States' Trading Supervisory Board. Delivery of operational activities required to align the objectives for the States' estate with the States of Guernsey's vision, objectives, policies and strategies have been set out in an Estates Plan

(www.gov.gg/estatesplan).

- 1.4 Exploratory work will be undertaken to examine the feasibility of corporate Facilities Management¹ services across the States, to the greatest extent possible. In addition currently Project Management responsibilities sit partly in Policy & Resources, partly in user Committees and partly in the States' Trading Supervisory Board. An investigation as to whether these would be more effective in being served by a more unified function is also included in the remit of this work. If the States' Trading Supervisory Board were to take on responsibility for these areas, it would need to be resourced appropriately. It is intended to make progress on the transformation of the methods of delivery for these services ideally for the start of the next States' term.
- 1.5 The programme of work contains a number of defined work streams to examine, design and optimise the delivery of the required services through a new Target Operating Model for property. For the programme to achieve full design and implementation will take a number of years and will be challenging, given the need to continue to provide existing services at minimal cost and disruption.

2 Introduction

- 2.1 The States' Trading Supervisory Board is responsible for the efficient management, operation and maintenance of property and real estate owned or leased by the States of Guernsey ("the Estate"), together with many other duties, powers and operational functions required by its mandate. The property functions are currently discharged by the States' Trading Supervisory Board's Property Section, which also delivers the States' *'corporate engineering and architectural services.'* The States' Trading Supervisory Board has examined the efficiency and effectiveness of the services delivered, and found that the current arrangements are not generally best fit for purpose. More effective use of our resources would better support the States' policies, strategies and plans, improve the corporate management of States' assets and relieve the burden of dealing with routine accommodation issues from the Committees, enabling them to focus limited resources on their prioritised service delivery.
- 2.2 To obtain maximum value from the Estate the property objectives need to be aligned to the corporate vision, objectives, goals and policies of the States of

¹ For the purpose of this policy letter, Facilities Management is the organisation and delivery (either in-house or outsourced) of the property and housekeeping services necessary for the optimum running of a building to improve quality of use and productivity of the core business. Examples of tasks include cleaning, lift servicing and organising minor repairs. It also covers actions to ensure compliance with legal requirements in the provision of accommodation, such as legionella testing, asbestos management and the maintenance of fire alarms and equipment.

Guernsey. The current property arrangements and practices are inconsistent with these and tend to be responsive, ad hoc and provide shorter term returns rather than within the framework of a strategic Estates Plan.

- 2.3 The States' property portfolio includes many pieces of land which are held for public amenity reasons, and not for any commercial motive. The States' Trading Supervisory Board recognises its responsibilities as guardians of these unique assets. The assets of the States of Guernsey include a small number of properties in Alderney to which this report applies equally.
- 2.4 To recognise the potential for economic development offered by amenity areas and their contribution to the quality of life within our community, specific consideration is proposed for Amenity Development Areas (ADA's). With master-planning input from the States' work with third parties will enable focus and co-ordination of effort to promote these opportunities.
- 2.5 The States' Trading Supervisory Board has worked with the Policy & Resources Committee, within a Joint Steering Group, to design a solution to support service delivery. The States' Trading Supervisory Board has also developed an Estates Plan to align the property and corporate objectives and has set out the transition work streams, to be developed over a minimum period of two years, necessary to deliver this Plan. The changes will affect the operation of the property functions, the roles and responsibilities of the management of the States property assets, reduce the amount of space used for service delivery and identify financial savings. The transformation work will include investigation into the setting up of a trading entity, Guernsey Real Estate, to act in a commercial manner, as one of the trading assets of the States' Trading Supervisory Board.
- 2.6 Achieving service transformation will require resources to develop the work streams required over a two year period to ensure certain corporate services are based where they can best function, and to set up the structure and operation of a more commercially based property business. Several options for this entity were examined, including:
 - (a) Maintain Property Services as currently structured, but introduce recharging for all services provided, developing a more centralised Estates Management for other States' Committees to enable increase in commercial use of the assets and maximise economies of scale.
 - (b) Separate the unit into its present three distinct service areas (Estates Management, Facilities and Resources and Project Services). This would allow Estates Management to be developed as a more commercially focussed management entity.

- (c) Outsource all or any of the current functions, retaining a small core team to manage and monitor the delivery of the outsourced services.

Having considered the research and reviews carried out, the States' Trading Supervisory Board concluded that option (b) would be of greatest value to the States. This was because option (a) did not create a different environment for change to be introduced, and option (c) would only be possible once the services were organised so that outsourcing would be beneficial, which was not the case at this time.

- 2.7 The development of the Target Operating Model for the potential commercial entity of Guernsey Real Estate will be a priority for the transition work streams. The resources required to develop the necessary work streams will be funded from the Transition and Transformation Fund. The transfer of responsibilities for some areas of service delivery may require minor changes to mandates between the Policy & Resources Committee and the States' Trading Supervisory Board.

3 Reasons for Change

- 3.1 There are four major issues that are apparent in trying to increase the contribution that the Estate can make to achieving States' policies, in particular those relating to the Public Service Reform commitments for Estates Optimisation. These relate to reducing the number and cost of operating and managing public buildings ensuring they support the delivery of value for money, facilitate modern ways of working and help improve customer service.
- 3.2 Firstly, emerging commercial, property management and construction related opportunities are being delayed, side lined, or missed, as operational business as usual consumes the limited resources within the current property section's workload. The prioritisation and managed progression of these opportunities is important if the States of Guernsey is to expand its capacity to increase capital and revenue returns from the assets and support economic growth.
- 3.3 Secondly, in order to support the States strategic plans, the management, maintenance and administration of the Estate should be focussed on supporting the Committees to deliver their mandates. Currently the majority of Committees spend a significant amount of their resources dealing with land, property maintenance, accommodation and, in some cases, construction issues. Public Service Reform requires the most effective use of our buildings, island wide, and the best possible customer access. The objectives of the proposed new entity, Guernsey Real Estate, support this allowing Committees to concentrate limited resources on service delivery, rather than property and property related matters. Additionally, the more the estate of generic office and non-specialist buildings can generate in income or capital, the less pressure

there will be on Committees on the reduction of annual operational budgets.

- 3.4 Thirdly, the organisation of the States of Guernsey's public sector, such as Human Resources, Procurement and Information Systems and Services have been evolving, bringing together corporate functions that provide internal services across the organisation. The one function that has not yet been consolidated under a single organisation is the internal property function.
- 3.5 Lastly, although the States' Trading Supervisory Board provides Facilities Management services for thirteen States buildings (including Sir Charles Frossard House, the Old States Office and the Police Station amongst others) some Committees choose to manage these services themselves. Facilities Management is one of the areas defined in the Medium Term Financial Plan procurement theme as having major opportunities for cross cutting savings, efficiencies and economies of scale. Better value in the procurement of these services could be achieved if Facilities Management obtained economies of scale, which would be enabled by these services being procured and run as a corporate resource. Examination of the practices of other comparable UK authorities and private companies revealed that to achieve efficiencies in services and costs, common practice was to amalgamate common Facilities Management generally, then competitively tender to evaluate the merit of outsourcing various functions to Facilities Management companies.
- 3.6 These concerns and their associated issues were taken by the States' Trading Supervisory Board to the Policy & Resources Committee early in 2017. Following this meeting a Joint Steering Group, made up of Members of the Policy & Resources Committee and the States' Trading Supervisory Board, plus Deputy Victoria Oliver (a qualified Chartered Surveyor), has been defining the work streams that would be required, over a two year implementation period, to plan and implement the changes. Work streams have been designed to define, structure and implement the proposed changes in roles, responsibilities and service delivery associated with the setting up of a commercial real estate entity within the States' Trading Supervisory Board. The Joint Steering Group has also been involved in progressing an Estates Plan which translates the proposals for the management and administration of the States' land and property portfolio into a framework of operational detail for a new trading entity.

4 Outline of the Proposals – Proposed New Operating Model, Roles and Responsibilities and Key Delivery Features

- 4.1 The new operational focus is set out in the Estates Plan (www.gov.gg/estatesplan). Setting up the proposed Guernsey Real Estate, and consolidating property responsibilities where they are best placed to be most effective will require a number of work streams to be progressed within a two

year transition period. This timescale is regarded as reasonable and flexible, given the varied programme of diverse areas of work which need to be examined, trialled, adjusted where necessary and then implemented. The areas where development work will be focussed cover improving property performance, underpinned by better data, systems, processes and organisation providing:

- Better Working Locations
- Improved Professional Practices
- Improved Value and return from the Estate
- Better Public Amenities

The proposals will encompass the potential of setting up of a more commercially focussed land and property trading entity run by the States' Trading Supervisory Board. This will require the development of a Target Operating Model to delineate service areas and the structure that will deliver these services.

- 4.2 Implementing a new operating model will need changes to current delivery structures. It will also require greater clarification of the roles and responsibilities of the landlord, tenant and user/occupier of States properties. The functions need to be set out clearly for each party and can be flexed according to which services are required. Within a new commercially focussed property management system the main actors in general would be:

PROPERTY LANDLORD – STATES' TRADING SUPERVISORY BOARD

Responsibilities:

- Operationally provide and manage non-specialist properties² and land.
- Manage the process for maximising the value of the States' estate.
- Manage reinvestment in properties (refurbishments, developments, partnerships etc.) such as surplus to requirement vacant buildings.
- Invest/divest assets in line with States' defined cash needs, set by the States through the Policy & Resource Plan.
- Manage the estates potentially through a new trading entity.

PROPERTY TENANT - POLICY & RESOURCES COMMITTEE

Responsibilities:

- Establish policies for overall service delivery and property location policies.

² Specialist properties are those which are integral to the delivery of a unique core service (Hospitals, prison, schools etc).

- Determine space requirements.
- Monitor lease commitment costs and terms.
- Set standards of services' accommodation.

PROPERTY USER/OCCUPIER - STATES COMMITTEES

Responsibilities:

- Agree space and facility needs to deliver operational services provided by the Occupier.
- Occupy allocated property and comply with lease/occupancy agreement terms.

- 4.3 For the transformation of the service delivery operational functions to be a success, it is fundamental to the changes in operational practice that the relevant parties recognise and understand their specific roles and responsibilities as set out. There will be sharpened property management roles, supported by framework decision trees for all key decisions, such as property sales, acquisitions, investments and refurbishments carried out under a scheme of delegation.
- 4.4 The Policy & Resources Committee, as Tenant, will be responsible for the policies applying to standards for States accommodation, such as workstation sizes, density, required levels of decoration etc., and the Landlord, the States' Trading Supervisory Board, would supply advice on acceptable standards, legal requirements and the suitability of available buildings. Where the Tenant (P&RC) and the Occupier/User Committee do not agree on issues, such as space standards for service delivery, then the matter will be taken to the States of Deliberation for their decision.
- 4.5 The Policy & Resources Committee may have the responsibility for the corporate delivery of Facilities Management to support the occupiers of the buildings (States Committees), under its authority and responsibility as the Tenant of States Properties.
- 4.6 The major responsibilities of the three parties are summarised below, and show the roles that will be clarified, and the relevant parties responsible for the individual actions to be carried out. The chart, called a RACI chart, shows a responsibility assignment matrix which describes the roles and responsibilities of parties in the task delivery for property usage.

Clarity of Responsibilities – Partial RACI* Chart

		STSB Landlord Role	P&RC Tenant	Occupying Dept./User
1.	Define SoG space needs & standards	I	R/A	C
2.	Adhere to SoG space needs & standards	I	A	R
3.	Plan timing for surplus property release	I	A	R
4.	Achieve occupied property rationalisation	C	R/A	R
5.	Define property use after release by SoG	R/A	I	I
6.	Manage property portfolio value	R/A	C	I
7.	Inspect property for lease compliance	R	I/A	C
8.	Draft sound property leases	R/A	C	C
9.	Define lease length & maintenance terms	R	A	C
10.	Comply with lease & maintenance terms	A	R	R
11.	Propose property usage opportunities	R/A	C	I
12.	Sales and purchase of land and property	R/A	C	I

*R = Responsible (performs); A = Accountable (has veto);
C = Consulted (contributes & feedback); I = Informed (needs to know).

- 4.7 The trading entity (potentially Guernsey Real Estate) will initially continue to manage and maintain their current portfolio responsibilities (approximately 200 properties and land parcels) whilst developing their commercial role through implementation of the Opportunities Register. There may be certain types of specialist buildings (such as Hospitals and Schools) which remain long-term within the remit of the occupying Committee. No property or land should be transferred to the trading entity without a clear individual property decision, based upon a Property Performance Report³ having been produced and agreed, including a condition survey etc. and the valuation attributable to the property.
- 4.8 There may be cases where the Landlord, Tenant, User/Occupier agree areas of responsibility within a building and in other cases the Tenant, User/Occupier may prefer to have the Landlord provide all services and maintenance. There are many models for the provision of accommodation that could be facilitated including:
- The Landlord providing the shell of a building and the Tenant, User/Occupier fitting out the building for their specific use and fully maintaining and repairing the whole building themselves;
 - The Landlord providing fully serviced accommodation, taking all repair, maintenance and facility management responsibility;
 - A combination of areas within the two models above.

³ A Property Performance Report details the data and property information for individual properties performance regarding operating costs and facility standards. An example is appended to the Estates Plan.

- 4.9 Accommodation and provision of buildings can be negotiated so as to facilitate the efficient use of resources and capabilities within the States and will be subject to availability of appropriate resources to meet the needs of Committees.

Examples of how the roles would work are set out below:

Use of Sir Charles Frossard House as an office block for States' Committees

Tenant – Policy & Resources Committee (P&RC). Under a Service Level Agreement with the Landlord, the P&RC can be responsible for the procurement and administration of the Facilities Management contract delivering the required services to the extent and standards determined by the P&RC, who will be advised by the Project Services section on the legal requirements for using the building.

Landlord - States' Trading Supervisory Board (STSB) will be informed by the P&RC, and will have an overview to ensure that all legal requirements are being met for the functioning of the building. If required, the Landlord could continue to look after the envelope of the building (and indeed the Facilities Management contract if needed), ensuring that capital works necessary are carried out (subject to resources being made available). The Landlord will be responsible for all major repairs to the fabric of the building. The Landlord can also be responsible for refurbishments, fixtures and fittings and their renewals, such as providing new carpets and blinds (subject to resources).

As there are several **Users/ Occupiers** in Sir Charles Frossard House, these Committees will be consulted, by P&RC, as to the Facilities Management processes, their needs and the standards required.

Leased in residential properties used for key workers (eg teachers, nurses)

All legal arrangements regarding property acquisitions and disposals have to be actioned through States' Trading Supervisory Board, by current States Resolution. This includes leasing in properties and this will continue within the structure of Guernsey Real Estate, if created, as it ensures that property arrangements and liabilities are centrally recorded and professionally overseen. The Committee that requires use of the properties for their staff act as the user, and agree the level of responsibilities for the upkeep and maintenance of the property direct with their staff in occupation and in compliance with the lease terms and conditions.

Construction of a new building, such as a school or office block as a capital project.

The Policy & Resources Committee are responsible for the Capital Portfolio and its progression, following States' decisions on capital priorities and funding. Assistance from central Project Services in developing briefs, outsourcing and providing project management advice to the sponsoring Committee. This will be provided either in house, if resources are available, or outsourced, arrangements will need to be agreed on the overseeing of the construction of each project. Any property or land vacated, due to the provision of the new facilities and surplus to requirements, will be handed back to the Landlord (STSB) for decisions on its best value future. The STSB can provide services for management and maintenance of the building to the User/Occupier, but this will be subject to agreement and the provision of resources, both staff and ongoing budget requirements.

- 4.10 As can be seen from these examples, the provision of services is varied, flexible and will be subject to the final Target Operating Model for the new trading entity (possibly Guernsey Real Estate) agreed following culmination of the two year's work streams to set up the best model for property service provision and operation.
- 4.11 In addition to clarity of actions the Joint Steering Group felt it was important that users of the States' estate should be more aware of the "value" of their accommodation. This recognition should encourage the more efficient use of property by the User/Occupiers. Initially it is likely that notional rent will be calculated to raise awareness and understand the value of the usage.
- 4.12 Where the new trading entity (potentially Guernsey Real Estate) take responsibility for the management and maintenance of a building there will need to be real service charges to cover the cost of the services provided. There is a backlog of maintenance in the States' estate of over £30m and addressing this in the current financial situation is not an easy task. The amount of work required has remained at the same level for some years, or increased, due to lack of resources. A detailed examination of the assets, and their liabilities, will need a value for money appraisal in order to provide a prioritised asset improvement plan. Methods to deal with this historic, on-going problem will be detailed in a future report to the States. Having an income would enable Guernsey Real Estate to access funding for inward investment into improving its assets, and asset base.
- 4.13 It is also recognised that assessing a rental value for particular accommodation (such as the Hospital, the Prison and the Fire Station) which is used wholly for the delivery of specialist public services might not be appropriate. Opportunities and issues that may arise between the Tenant and the Landlord will be subject to sensible discussion as to the way forward without prejudging

the outcome, and will be resolved by mutual agreement.

4.14 One of the major features of the proposed new structure will be the introduction of an Opportunities Management Group set up and run by the States' Trading Supervisory Board. This will examine the priority, funding scale, benefits and implications, including both policy and services benefits, arising from property related opportunities. This Group membership will carry out cross functional working and will be constituted so that it draws its membership from the relevant Committees required to progress and deliver an opportunity. A number of projects have already been identified in specific areas covering the following aspects:

- Varied short term opportunities (achievable within 3 years), such as selling Fort Richmond, maximising the value from Rue Marguerite land area and areas for temporary or permanent light industrial use.
- Site Releases, such as further office accommodation, the best use of Fontaine Vinery and the Pitronnerie Road Strategic Industrial Reserve.
- Opportunities that facilitate economic development throughout the Bailiwick, such as those that may be provided by the release of the Income Tax Office and Castel Hospital.
- Strategic Asset opportunities, such as the Harbour Action Area.
- Investment Opportunities within the current portfolio, including examining the benefits of bringing forward works to address the substantial backlog maintenance requirements within the current portfolio.
- Amenity Development Areas⁴ within the current portfolio, an example of these could be La Vallette and Bathing Pools.
- Examination of the obligations of the current Leasehold properties rented in by the States of Guernsey.

5 Outcomes and Benefits of the New Operating Model

5.1 Introduction of the new operating model and service delivery through the Estates Plan will support the achievement of States strategic objectives and policies by delivering the Estates Optimisation programme of work and support the Medium Term Financial Plan requirement from property capital receipts of £1million per annum, with a planned general revenue reduction from property rationalisation of between £1-2.2 million over a four year period. The major outcomes of this will be to:

- Reduce the overall cost of operating the public service estate through maximising the use of space and implementing a prioritised repair

⁴ Amenity Development Areas represent land management and economic development challenges and opportunities.

programme;

- Increase the flexibility and capacity of public service office accommodation through refurbishment where necessary;
- Support improvements in efficiency and customer service through the introduction of modern ways of working;
- Implement the policies for new space standards for public service office accommodation;
- Seek opportunities to rationalise the public property portfolio and dispose or explore innovative ways of releasing the liability of surplus property;
- To the greatest extent possible, unify the Facilities Management delivery to enable efficiencies and economies of scale and greater standardisation of services.
- Examine the Project Services role within the States and recommend any improvements necessary for better functioning and outputs.

5.2 Realisation of benefits in delivering these work streams will be from:

- Improving the facilities and quality of the services delivered, whether these be technical, management or administration services for the property estate or construction projects;
- Releasing capital from surplus properties and land, with a target of £10million sales/long leases or the like, in a 7 year period;
- Increasing revenue from commercially occupied/used properties;
- Reversing the decline of the States' assets by introducing Master Planning of areas such as Amenity Development Areas;
- Reducing the amount of responsive repairs by increasing the planned preventative maintenance work carried out on States' properties;
- Supporting Committees through the provision of focussed, prioritised property services to allow them to concentrate on service delivery, relieving pressure on limited resources;
- Providing the supporting data, through analysis of the state of the estate on a per building basis, to ensure limited resources can also be used to target improvements in accessibility, inclusivity and energy saving measures;
- Structuring a commercial entity, potentially Guernsey Real Estate, to support the use of the States' built assets, their management and administration, to provide continuity as one cross cutting organisation, rather than the current generally multi-faceted approach by individual Committees;
- Recognising the value of the land and property through the more commercial treatment of the estate and assist in maximising property asset value and opportunities.

6 Cost of the Transition

- 6.1 There will be a cost to the examination, design and implementation of the changes to the strategic operating methods and their opportunity management. Funding for this programme of work is therefore required. It is estimated that a sum of up to £1 million will be required for this two year transition programme. The estimated costs should be considered in the context of the value an estate where the insurance rebuild valuation is in excess of £2.5bn, from which the current income derived is around £3.5m. The proposed programme supports the delivery of Estates Optimisation within the Public Sector Reform which, it has already been agreed by the States, will be funded from the Transformation and Transition Fund.
- 6.2 Estimated costs for the implementation phase of this programme are based both on the approximate number of working days that should be required from both in-house and for external technical specialists, where appropriate, to resource the programme of work which will scope, plan, test, refine and introduce the required changes.
- 6.3 Within the programme there are specific work streams necessary for the delivery of the Estates Plan. The Estates Plan objectives are designed to support Estates Optimisation by delivering the transformation of services in the following areas:-
- a. Better data, systems, processes and organisation
 - b. Better working locations
 - c. Increased professional practices
 - d. Improved Value
 - e. Better Public Amenities
 - f. Programme management and control.
- 6.4 By considering the resources required to deliver the six strands of the transformation programme of work, set out above, by 2020, tasks were assigned the number of full time equivalent staff hours, and the level of expertise required equated to a salary scale. The costs over the timespan were further examined to determine whether they contributed to:-
- Programme and Project Management
 - Supporting strong governance and reporting
 - Supporting effective engagement
 - Delivering the required product, and
 - Being applicable, measurable and proportionate to the benefits to be delivered as set out in Section 5 of this report.

- 6.5 Change will not be immediate. There will be a gradual transition over the minimum period of two years' required to develop, evaluate and evolve the work streams. The tasks include the design of the most suitable Target Operating Model for this service delivery, which will take into account best practice and best value requirements from the States' estate. Once the new Target Operating Model for property has been designed, the new structure can be staffed and implemented from existing posts within the current Property Section, albeit in some cases with adjusted and re-focussed roles within the transformed service structure.

7 Minor Mandate Changes

- 7.1 To deliver the Estates Plan, and in pursuance of the policy for States property and land management proposed by the States' Review Committee, the Policy & Resources Committee and the States' Trading Supervisory Board consider that marginal changes to their related mandates may, at a future date, be appropriate.
- 7.2 These may be required to assist and clarify good professional practice in operational management, and enable resources to be based where they can be used to ensure best corporate use of their skills.
- 7.3 Before the programme of work examines the opportunities that may be presented by changing the way that some of the property services are delivered, it is premature to request any changes of mandate between the Policy & Resources Committee and the States' Trading Supervisory Board. The Joint Steering Group consider that it would be more appropriate to return to the States of Deliberation following the completion of the two year programme to update on progress achieved, and if necessary, request any refinements to mandates and resources and detailing the required changes.
- 7.4 It is noted, however, that under their current mandate, the Policy & Resources Committee may allocate operational functions to Committees, or transfer them between Committees as long as both parties agree to this transfer of responsibilities.

8 Timing and Project Progress

- 8.1 The majority of the work streams within the programme will start mid-2018, and delivery of these will be complete by the end of this current States term. Following on from this programme the proposed trading entity (possibly Guernsey Real Estate) will deliver the transformed services as its business as usual, as well as their new operating function, from current amended establishment resources.

- 8.2 The work on the Estates Plan has been developed and progressed to date by a Joint Steering Group of representatives of the Policy & Resources Committee, the States' Trading Supervisory Board, together with Deputy Victoria Oliver (due to her professional expertise). This Group will remain at the forefront of the programme of work, and will oversee work on Opportunities Management.

9 Engagement and Consultation

- 9.1 The States' Trading Supervisory Board has carried out extensive research on the structure needed to deliver this project. The study examined what measures other comparable jurisdictions have implemented, including the States of Jersey, local authorities in the United Kingdom and State Governments in the United States of America. In considering options the States' Trading Supervisory Board also examined its role as landlord of the property estate and the most effective relationship with service user Committees.
- 9.2 Consultation has also taken place with local professional property and facilities management providers, the Chief Secretaries and officers of States Committees and those delivering property services to the United Kingdom Cabinet Office.

10 Conclusions

- 10.1 Previous States have resolved to incorporate a more unified and focussed approach to the management and administration of the States land and property assets. The proposals within this report take the utilisation of the States property portfolio to the next level by:
- recognising the roles and responsibilities of the parties involved in the use and management of the States estate;
 - designing, transitioning and transforming operational property services to develop the commercial function and identify and action those opportunities contained within the current portfolio;
 - enabling and facilitating joint working (with both States Committees and other parties) on the more commercial use of property;
 - obtaining the best use for the island from States' owned amenity areas.

11 Compliance with Rule 4

- 11.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 11.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications. She

has advised that there is no reason in law why the Propositions should not to be put into effect.

- 11.3 In accordance with Rule 4(3), the Board has included Propositions which request the States to approve funding of up to £1million. Further details about the financial implications of the Propositions are provided in paragraph 6.
- 11.4 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Board.
- 11.5 In accordance with Rule 4(5), the Propositions relate to the duties of the Board. The States' Trading Supervisory Board has a duty to ensure the efficient management, operation and maintenance of property and real estate owned or leased by the States.
- 11.6 Also in accordance with Rule 4(5), the States' Trading Supervisory Board consulted with all Committees and external bodies such as comparable jurisdictions and local professional property and facilities management providers.

Yours faithfully

C N K Parkinson
President, STSB

J C S F Smithies
Vice-President, STSB

S J Falla MBE
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J C Hollis
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