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Government of Jersey

Transfer of Property Holdings to Infrastructure



Introductions / overview of review team

- Matthew Symes
 - Civil Engineer, career in consultancy advising clients on property management and organisation solutions, plus business transformations
 - e.g. Royal Mail organisation, Direct Line Group, Olympics mobilisation, HS2 delivery strategy, Irish Government OPW capability and capacity review
- Ben Burke-Davies
 - Senior Government official plus private sector experience
 - MoD, then head of Strategy in Government Property Unit involving restructuring of portfolios and adopting different property / asset management approaches.



Our understanding of the context

Jersey's benefits sought

- Strategic view of the whole asset management solution
- All related resources in one place
- Cost efficiencies / savings from administration of Jersey's property and infrastructure assets
- Release value through office consolidation
- Value creation through development / planning gain (over and above SJDC)
- New workplaces become enablers for change
 - breaking down barriers and promoting agility and flexibility
 - potentially as part of the public sector reform programme

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INTERNATIONAL COMPARISONS

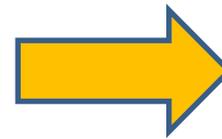
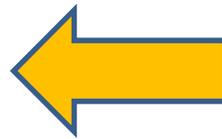
(TRANSLATION – THERE IS NO “RIGHT” ANSWER)

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Two broad models evident in governments

The “devolved” model



The “centralised” model

Benchmarking, standards



Centre

Resource accountability
Landlord / directive role

Resource accountability
“owner occupiers”

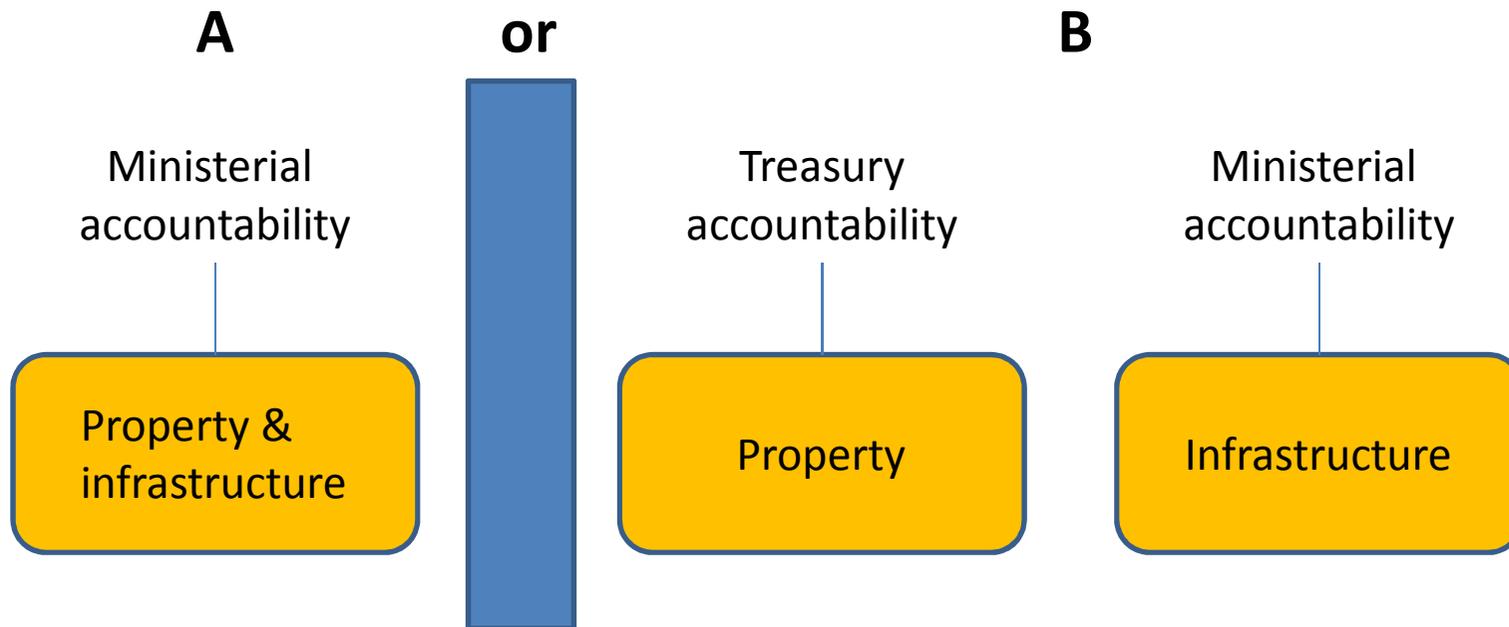


Departments

Tenant / occupier role



Reporting lines – again two broad themes



Country	Pop (000)	Area (sq. mi)	Model	Ministry	Integrated with Infrastructure?	Property Value (£bn)	No. of properties
Monaco	36	0.78	Central	Infrastructure	Yes	N/A	960 000 m2
Bermuda	65	20.6	Central	Public Works	Yes	1.5	200
Guernsey	60	30.1	Central	Treasury	No	N/A	N/A
Jersey	100	46	Central	Treasury	No	1	250 (?)
Cayman Isles	57	102	Central	Infrastructure	Yes	N/A	N/A
Isle of Man	85	221	Central	Infrastructure	Yes	1	N/A
Netherlands	17,000	16,000	Central	Interior	No	4.1	2,000
Ireland	6,000	33,000	Central	Treasury	Yes	2	2,500
Singapore	5,500	277	Devolved	N/A	N/A	N/A	N/A
Barbados	280	166	Devolved	N/A	No	N/A	N/A
Jamaica	2,890	4,240	Devolved	N/A	No	N/A	N/A
UK	65,000	94,000	Devolved	Cabinet Office	No	110	5,500
New Zealand	4,500	103,000	Devolved	Social Development	No	N/A	1129
Australia	24,000	2.9m	Mixed	Treasury	No	N/A	562



Status

- No business case for this change(!) ... not even retro-fitted (!!)
 - No consideration of options
 - Unusually relaxed governance for such a major change
- A “stealth” transition is already underway
 - Not a plan as such
- Low-level / negligible transformation
 - Missing a trick in terms of benefits

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Potential benefits

- Synergies, by aligning two project-centric groups
 - Pooling scarce “white collars” – more resilient
 - Some projects interact – better coordination / comms
 - Good sense in merging maintenance communities
- Whole life asset view / strategic asset management
- Regeneration / value release potential
- Catalyst for public sector reform programme

Benefits & status

L



M



M



H



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Potential dis-benefits from the transfer

- | | Impact |
|--|--------|
| <ul style="list-style-type: none">• Remoteness from Treasury<ul style="list-style-type: none">◦ Weaker link between £ and strategic planning◦ Weaker link between £ and business case sponsorship | L |
| <ul style="list-style-type: none">• Loss of independent stance / position<ul style="list-style-type: none">◦ Custodian of the “people’s assets” | M |

Potential dis-benefits from stopping the transfer



	Impact
• Demotivating, not to follow-through at this stage	H
• Lose the synergies mentioned above	M



Observations on transition

- Merging two units in “Business as Usual” mode
 - Opportunity to re-structure not being taken
- Missing the opportunity to re-shape particularly JPH role & authority
 - More directive, less facilitative / service provider culture
 - Role as landlord and reform catalyst
 - Stronger remit for value release





CONCLUSIONS

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Conclusions

- No right answer – different governments have different approaches
 - Some have thought about and rejected Jersey's approach
 - Others have evolved into different solutions
 - Several have an integrated asset management approach
- For Jersey, there are some advantages in the transfer (but the disadvantages need thinking about and managing)
- BUT - not managed as a transformation and the benefits may be missed
 - Org structures; Remits / authorities; Transition plan
 - 1+1=2 in this case, the way things are going



Recommendations

- Although it's a “done deal”, Officials should present a business case for change
 - Do nothing option
 - Hybrid – e.g. Transfer FM / maintenance to TTS; JPH reports to Treasury
 - Full transfer as stated
- Define the new end state
 - Organisational model, roles, competencies, responsibilities
 - Authorities (e.g. JPH in strong landlord role?)
- Develop a clear, purposeful transition approach
 - With momentum
 - Driven by benefits, and officials should track and manage benefits realisation



ANNEX

INTERNATIONAL COMPARATORS

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Australia

- Constitutional monarchy, with a federal division of powers. There are 18 ministries and 20 ministers in cabinet, headed by the Prime Minister, **Tony Abbott**.
- Property is currently a mixed model, **The Property and Construction Division** and sits under the Department of Finance.
- It sets guidance for all government buildings and manages its own estate and within a property policy framework.
- Employs **140** staff, **30%** of which are professionally qualified.
- Property portfolio of **2.9** million m², **526** buildings.



Bermuda

- British Overseas Territory, with a 10-strong cabinet, overseen by the premier, **Michael Dunkley**.
- The Property function, **Department of Public Lands and Building** is centralised, and sits under the Ministry of Public Works.
- Services include the management of property, commercial and residential leases, and managing maintenance and repair
- Responsible for **1,500** acres of land, including several hundred buildings with an asset value of **£1.5bn**.
- Department includes Architects, Surveyors and FM professionals.



Cayman Islands

- British Overseas Territory with an 8-strong cabinet headed by the premier, **Alden McLaughlin**.
- The property function, the **Department of Public Works**, is centralised and sits under the Ministry of Planning and Infrastructure.
- Services include project management, construction, architecture, surveying, repair and maintenance
- Department is split into four: Finance & Admin, Operations & Works, Development & Planning and HR.
- Services are provided mainly **in-house** using professional staff on the basis that PW will be reimbursed as aggregated on time and project costing systems.



Guernsey

- Possession of the British Crown, with 10 Government Departments, headed by the Chief Minister, **Jonathan Le Tocq**.
- **Property sits under the Treasury**, as the **States Property Services**.
- Services include property and construction advice, promote good practice, property management and best practice.
- Recently criticised for combining services into one centralised building and selling off others to raise **£18m**.

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Ireland

- Integrated property function (Office of Public Works, OPW) has its own Minister, **reporting to Treasury function (called DPER)**
- OPW has strong landlord role for most government-owned assets, taking a directive stance about occupancy
- OPW is “one stop shop” for asset management planning, setting standards and policies, for project management and maintenance.
- Scope includes direct responsibility for offices, blue light stations, flood defences and heritage assets and design / PM support on demand for operational assets such as schools, hospitals etc.
- Scope also includes benchmarking of central and local gov assets
- 1.4 million m² of assets, managed by 480 professional staff

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Isle of Man

- Self-governing British Crown Dependency with an 8-strong executive government - the Council of Ministers, led by Chief Minister, **Alan Bell**.
- The Property function, **Estates Shared Services**, sits under the Department of Infrastructure.
- **NB – Treasury retains direct management of Strategic Asset Planning**
- Responsible for managing over **£1bn** worth of assets.
- Main purpose is to manage, maintain and develop all government property.
- Currently undertaking a cost saving programme by reducing buildings, aim for **£3.9m** savings in 15-16.



Monaco

- Second smallest country in the world, sovereign city state headed up by the monarchy, **Prince Albert II** and his minister of State, **Michel Roger** who preside over a five member Council of Government.
- Property is centralised and comes under the Ministry of Environment, Urbanism and Infrastructure.
- The planning and delivery functions are split into two – **Service des Travaux Publics** and **Service de Maintenance des Batiments Publics**.
- Planning is in control of **90%** of the infrastructure budget and is the main contact point for all architects and engineers
- Delivery is in charge of the day to day running of the estate, which is about **960,000 m²** of space.

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Netherlands

- Parliamentary democracy, with the monarchy as head of state. Executive power lies with the Council of Ministers, 13-16 man strong, headed by the Prime Minister **Mark Rutte**.
- The property function, the **Central Government Real Estate Agency**, sits under the Ministry of the Interior. Recently formed body in 2014 out of a merger of four property agencies.
- Its role includes managing and maintaining the portfolio, strategy and policy, construction, development and remodelling.
- **1,760** staff, **80%** professionally qualified, **13.3** million sq./m.

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New Zealand

- Parliamentary democracy, with a 20-strong cabinet headed by the prime minister, **John Key**.
- Property sits under the Ministry for Social Development, and is devolved – **Property Management Centre of Expertise**.
- It's main role is to lead and assist agencies in the effective management of the estate and is split into three functions: Projects, Strategy and Research, Operations.
- Government has been recently mandated to go from **20.5 sq./m** per person to **12-16 sq./m**.
- The estate occupies **1.66 million sq./m** of office space for **62** government agencies, providing space for **62,000 FTE**.