



## Minute of Decision

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### Functional Leadership: Property

**Portfolio:** State Services

On 1 October 2012, following reference from the Cabinet Committee on State Sector Reform and Expenditure Control, Cabinet:

- 1 **agreed** that the mandate for the functional lead for property will apply to all departments, including the New Zealand Defence Force, the New Zealand Police, the New Zealand Security Intelligence Service, and the Parliamentary Counsel Office;
- 2 **invited** the Speaker of the House to direct the Office of the Clerk and the Parliamentary Service to comply with mandate for the functional lead for property;
- 3 **invited** the responsible Minister for each Crown Agent (except District Health Boards) to convey their expectation that Crown Agents comply with the property functional leadership mandates;
- 4 **noted** that in the paragraphs below ‘mandated agencies’ means departments that are required or directed, and Crown Agents that are expected, to comply with the property functional leadership mandate;
- 5 **agreed** that the mandate for the functional leader for property will include all ‘office accommodation’ and ‘public interface’ areas, and will exclude ‘operational areas’ as defined in the ‘property management guidelines for office space’ document issued by the Minister of State Services;
- 6 **agreed** that the Property Management Centre of Expertise (the PMCoE), as agent of the functional leader for property, will develop, in consultation with agencies, property strategies, principles, standards, tools and processes that will prescribe how agencies will develop and manage their individual property strategies;
- 7 **agreed** that all mandated agencies will obtain the approval of the functional leader for property prior to entering into contracts for acquisition or disposal (in part or full) of leased or owned office accommodation or public interface accommodation;
- 8 **agreed** that these property principles, standards, tools and processes be submitted to the State Sector Reform Ministerial Group for their approval by 28 February 2013;

- 9 **agreed** that, once these have been approved by Ministers, all mandated agencies will be required to comply with the detailed standards, tools and processes and standards for property related products and services;
- 10 **agreed** that pending approval of the principles, tools and standards referred to in paragraph 6, agencies will seek approval of the functional leader for property for any decisions on acquisition, disposal or procurement of any property related goods or services;
- 11 **agreed** that mandated agencies will be responsible for developing bi-annual property strategies for approval by the PMCoE (the first to be completed by 30 June 2013), that adhere to the principles, standards and strategies established by the functional leader for property;
- 12 **agreed** that agencies will continue to manage their own properties within the functional leader for property established principles, guidelines and standards and the agreed bi-annual strategy;
- 13 **directed** all mandated agencies to adopt the integrated workplace management system, 'Archibus', procured by the Ministry of Social Development, on a cost-recovery basis;
- 14 **agreed** that the PMCoE will undertake the all-of-government procurement function for all office accommodation and public interface property related goods and services;
- 15 **directed** chief executives of mandated agencies to take up all all-of-government contracts for property related goods and services, as existing contractual commitments allow;
- 16 **directed** the State Services Commissioner, acting as Head of State Services, to support and assist the work of the functional leader for property by:
- 16.1 communicating government expectations to agencies in the State services;
  - 16.2 supporting the functional leader for property in engaging the wider State sector;
  - 16.3 supporting in engaging with Ministers on significant agency-level issues;
  - 16.4 where necessary taking a hands on role in helping resolve issues that arise in the interaction of the property functional leader and agencies;
- 17 **noted** that the functional leader for property will develop, in consultation with mandated agencies, operating procedures for the interaction between agencies and the PMCoE, such procedures to be published by the PMCoE by 30 November 2012;
- 18 **noted** that some agencies could elect to transfer property management functions to the PMCoE (or procured outsource providers) on a cost-recovery basis;

## Resourcing and funding

19 **noted** that the anticipated financial savings from functional leadership of property are:

	2013/14 (\$m)	2014/15 (\$m)	2015/16 (\$m)	2016/17 & Outyears (\$m)
Operating savings	\$9.000	\$60.000	\$95.000	\$110.000

20 **agreed** that Chief Executives of agencies contribute to the costs of PMCoE on a cost recovery basis (for direct services) and on an ongoing basis up to 5 per cent of four year average savings;

21 **noted** that the objective of the funding regime will be to ensure funding for property functional leadership is fiscally neutral over the forecast period;

22 **noted** that the detailed mechanism for this funding regime will be consulted upon, agreed between the functional leader for property and the Head of State Services, and issued by the PMCoE by 30 November 2012;

23 **authorised** the State Sector Reform Ministerial Group to make any decision that may be needed to give effect to the funding mechanism outlined in paragraph 22 above;

24 **approved** the following changes to appropriations to provide for the costs of the Property management Centre of Expertise, with no impact on the operating balance over the forecast period:

Vote Social Development Minister of State Services	\$m – increase/(decrease)				
	2012 /13	2013 /14	2014 /15	2015 /16	2016 /17 & Outyears
Departmental Output Expense: Property Management Centre of Expertise (funded by revenue Crown)	0.400	1.000	(0.700)	(0.700)	-
Departmental Output Expense: Property Management Centre of Expertise (funded by revenue other)	0.400	1.500	3.200	3.200	2.500
<b>Total operating</b>	<b>0.800</b>	<b>2.500</b>	<b>2.500</b>	<b>2.500</b>	<b>2.500</b>

25 **approved** the following changes to appropriations to provide for the costs of the 'Archibus' integrated workplace management system, to be funded on a cost recovery basis from mandated agencies, with no impact on the operating balance:

Vote Social Development Minister of State Services	\$m – increase/(decrease)				
	2012 /13	2013 /14	2014 /15	2015 /16	2016 /17 & Outyears
Departmental Output Expense: Property Management Centre of Expertise (funded by revenue other)	0.901	0.255	0.255	0.255	0.255
<b>Total operating</b>	<b>0.901</b>	<b>0.255</b>	<b>0.255</b>	<b>0.255</b>	<b>0.255</b>

- 26 **agreed** that the changes to appropriations for 2012/13 above be included in the 2012/13 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

### **Governance and risk management**

- 27 **noted** that the functional leader for property will maintain an advisory group of Deputy Chief Executives and an external independent advisor, and will provide regular updates to Chief Executives via the established Chief Executive forum;
- 28 **directed** the functional leader for property to report to the State Sector Reform Ministerial Group via an annual operational plan and end of year report for each fiscal year, including performance metrics for the PMCoE, with the first annual operational plan for the period from 1 December 2012 to 30 June 2014 to be completed by 30 November 2012 and thereafter annual plans to be completed by 30 June for the upcoming fiscal year;
- 29 **directed** the functional leader for property to provide a quarterly progress report tracking benefits realisation to the State Sector Reform Ministerial Group, with the first report in March 2013;

### **Publicity**

- 30 **noted** that the Minister of State Services will release the submission under SEC (12) 80 and associated minute, along with those relating to the functional leadership of information and communications technology and procurement, in consultation with the State Sector Reform Ministerial Group.

Secretary of the Cabinet

Reference: CAB (12) 541; SEC Min (12) 18/8

*Secretary's Note: This minute supersedes SEC Min (12) 18/8. A Cabinet minute has been issued for this item for the information of all Ministers and Chief Executives.*

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