



## COVERSHEET

<b>Minister</b>	Hon Andrew Little	<b>Portfolio</b>	Public Service
<b>Title of Cabinet paper</b>	Report back on the Mandate of the System Leader for Property	<b>Date to be published</b>	18 October 2023

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
27 July 2023	Report back on the Mandate of the System Leader for Property	Office of the Minister for Public Service
31 July 2023	Report back on the Mandate of the Procurement System Leader GOV-23-MIN-0034 Minute	Cabinet Office

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons for free and frank opinions and commercial information.



# Cabinet Government Administration and Expenditure Review Committee

## Minute of Decision

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### Mandate of the System Leader for Property: Report Back

**Portfolio**                      **Public Service**

On 27 July 2023, the Cabinet Government Administration and Expenditure Review Committee:

#### Previous decisions

- 1        **noted** that in April 2022, GOV agreed to strengthen the way property and other shared services are managed and noted that the Public Service Commissioner intended to designate the Secretary for Business, Innovation and Employment as System Leader for Property under section 56 of the Public Service Act 2020 [GOV-22-MIN-0003];
- 2        **noted** that as part of the above decisions, GOV agreed in principle, subject to the outcome of a business case, to strengthen leadership of government office accommodation through greater centralisation of all or some of the government office accommodation property functions by:
  - 2.1      leveraging a centralised funding model to achieve improved outcomes across the system;
  - 2.2      centralising portfolio management with authority to drive strategically aligned decisions consistent with all of government direction and a revised Government National Property Strategy;
  - 2.3      providing greater oversight and transparency of government office accommodation investment decisions;
  - 2.4      requiring agencies to adopt centralised processes and standards;
  - 2.5      increasing the capacity and capability of the Government Property Lead to enable the planning and implementation of any changes;
- 3        **noted** that Cabinet expected further advice from each System Leader on the detailed mandate and associated financial, resourcing, capability and capacity requirements necessary to lead a significant shift in the way systems were run;

## Proposals

- 4 **noted** that current government office property arrangements are not effective in supporting the public sector reforms, meeting government expectations, or ensuring the effective and efficient management of the portfolio;
- 5 **noted** that a Detailed Business Case considered four options for the management of office accommodation, with a Centralised Business Unit yielding the greatest net benefits, and that the proposals in the paper under GOV-23-SUB-0034 support this option;
- 6 **noted** that two linked proposed changes are recommended to give effect to the changes sought:
  - 6.1 strengthening the mandate of the System Leader for Property with the agreed outcomes - Public Service Act 2020 s56(2) as described in Annexes one, two and three, attached under GOV-23-SUB-0034;
  - 6.2 supporting the mandate further by progressively centralising the delivery of government office accommodation under a centralised business unit;
- 7 **noted** that in addition to the **Commercial Information** and benefits from a centralised approach, the combination of the recommended mandate for the System Leader for Property and centralised delivery is expected to enable a state in which:
  - 7.1 a consolidated government office portfolio will be more efficient in minimising unnecessary office accommodation cost, effective in delivering government's strategy for office accommodation, sustainable, and funded from agencies existing baselined property appropriations as centralisation is embedded;
  - 7.2 centralised acquisition, management, decision rights and ownership of government leases will provide a more consistent application and approach to lease approvals and renewals;
  - 7.3 the government's buying power for both leasing and property services will be leveraged with a centralised property funding appropriation providing greater visibility of the true cost;
  - 7.4 there will be better office space utilisation, resilience and flexibility with government office accommodation consistent in design and layout with system centric office accommodation decision making;
  - 7.5 accountability and transparency of the portfolio will be strengthened and will support government office accommodation and public service objectives and the overall strategic context for the portfolio;
- 8 **noted** that while consistent with Cabinet's previous decisions, the above changes represent a significant long-term administrative change to the delivery of government office accommodation in the Public Service and will take time to fully implement and realise the full benefit from;

## Proposed System Leadership approach

### Strategic Direction Mandate

- 9 **agreed in principle** that the System Leader for Property will be accountable for the strategic direction and performance of the government office accommodation property system with the relevant mandate, function, and powers as set out in Annex One attached under GOV-23-SUB-0034, subject to the report back in paragraph 18 below;

### Portfolio Programme Mandate

- 10 **agreed in principle** that the System Leader for Property will be accountable for the investment decisions and intentions across the government office accommodation property portfolio programme, with the relevant mandate, function, and powers as set out in Annex Two attached under GOV-23-SUB-0034, subject to the report back in paragraph 18 below;

### Operational Delivery Mandate

- 11 **agreed** in principle that the System Leader for Property will be accountable for the day-to-day delivery and management of government office accommodation property (the), with the relevant mandate, function, and powers as set out in Annex Three attached under GOV-23-SUB-0034, subject to the report back in paragraph 18 below;
- 12 **noted** that realising the full benefits of a strengthened mandate, functions and powers of the System Leader for Property is interlinked and dependent on progressively centralising all government office accommodation property functions, portfolio assets, capability and resourcing into a single business unit;
- 13 **noted** that resourcing and capacity to deliver the recommended Strategic Direction, Portfolio Programme, and Operational Delivery mandates is contingent on the implementation of a Centralised Business Unit;
- 14 **noted** that seven chief executives have so far been designated as system leads, including the Chief Executive of the Ministry of Business, Innovation and Employment as System Leader for both Property and Procurement;
- 15 **noted** that system leads meet regularly as a team, chaired by the Public Service Commissioner, to drive greater efficiency, alignment, and impact across their areas, prioritise investment and coordinate advice, and ensure that a whole-of-system approach is taken to address their common challenges;

### Strengthening government office property delivery through centralised delivery

- 16 **agreed** to progress work on analysing and designing the functions required to centrally manage government's property portfolio over 2023/24;
- 17 **agreed** that progressively centralising the management of all government office lease, property, facilities and asset management functions, along with the relevant related workforce and appropriations into the recommended Centralised Business Unit is the Government's preferred approach to delivering government's expectations for property and to support the wider public sector reforms;
- 18 **invited** the Minister for the Public Service to report back to GOV in June 2024 on progress with the detailed analysis and design, including detailed property system baseline information, costs, funding options, impacts and implementation plans that will support a final, fully informed decision to proceed with centralisation of the portfolio;

- 19 **noted** that the Minister for the Public Service **Free and frank opinions** that will support proceeding to full implementation once final Cabinet decisions are made in June 2024;
- 20 **agreed** in principle to proceed with full centralisation of the government office accommodation portfolio subject to Cabinet approval of implementation and cost details in June 2024 and **Free and frank opinions** that supports the approved implementation;
- 21 **directed** all mandated agencies to support the Government Property Group as necessary to enable the appropriate analysis and design phase to move towards centralised delivery of government office accommodation;

### Crown Agents

- 22 **agreed in principle** to extend Property System Leadership to Crown Agents, subject to whole of government direction being issued under section 107 of the Crown Entities Act 2004;
- 23 **directed** the Government Property Group to develop a proposal for a section 107 direction and a draft direction in consultation with The Treasury and Public Service Commission;

### Financial implications

- 24 **noted** that the above proposals are expected to be cost neutral over the longer term and that funding to undertake the first phase of design and initial establishment will be funded by internal reprioritisation within the Ministry of Business, Innovation and Employment (MBIE);
- 25 **noted** that implementation and transition to a centralised model will require further funding post the 2023/24 Financial Year, and it is proposed that, if approved by Cabinet, this funding be provided by **Free and frank opinions** [GOV-23-SUB-0018];
- 26 **noted** that the centralisation of the government office accommodation portfolio will provide for a sustainable model, funded by agencies existing baseline property appropriations as centralisation is embedded with functions, appropriations and operational funding coming from a single appropriation **Free and frank opinions**
- 27 **agreed** that the cost for implementation and transition be quantified during the design and initial establishment phase, and form part of the report back to Cabinet in June 2024, including potential funding options;

### Continuation of Property Functional Lead role

- 28 **agreed** that the Property Functional Leader role established in 2012, the Functional Leader for Property 2018 Mandate, and all associated directions, guidance, tools, templates, instruments and any other artefacts created by the Property Functional Lead or issued by the Property Functional Leader role in connection with that role, will continue to exist and apply, in order to provide certainty while supporting the transition to Property System Leadership;

- 29 **agreed** that, to the extent of any inconsistency between the Functional Leader for Property 2018 Mandate and System Leader for Property Mandate, the System Leader for Property mandate will prevail;
- 30 **agreed** that, to the extent of any inconsistency between templates, tools standards and guidance issued by the System Leader for Property and any directions, guidance, tools, templates, instruments or any other artefacts created by the Property Functional Leader, those issued by the System Leader for Property will prevail.

Vivien Meek  
Committee Secretary

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**Present:**

Hon Grant Robertson (Chair)  
Hon Jan Tinetti  
Hon Andrew Little  
Hon Dr Deborah Russell

**Officials present from:**

Office of the Prime Minister  
Officials Committee for GOV