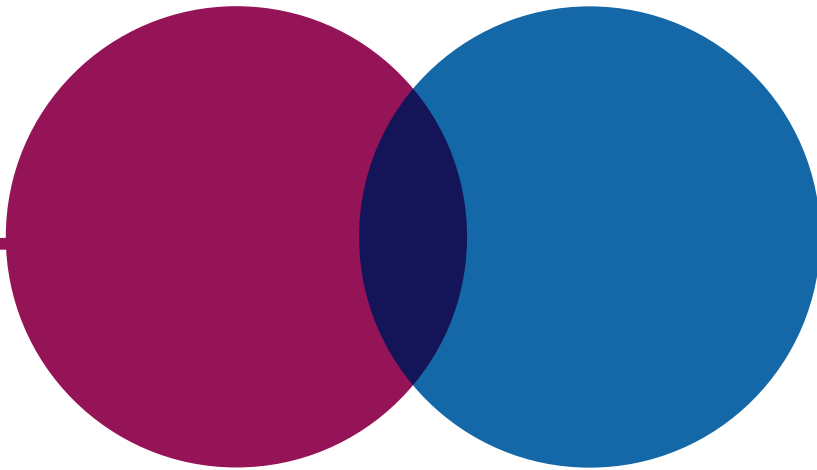




National Audit Office



Managing central government property

Cross-government

REPORT

**by the Comptroller
and Auditor General**

SESSION 2022-23

15 JULY 2022

HC 571



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Cross-government

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

8 July 2022

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Key facts

136,844

UK central government buildings in 2020-21

157m

floor area (gross internal area) of UK central government property in m²

£158bn

value of UK central government property in 2020-21

- £22 billion** cost of operating UK central government property in 2020-21
- 12** number of property portfolios across government, as reported in the 2020-21 State of the Estate report
- 10** number of major property programmes currently underway at the centre of government
- 1** number of major property programmes completed from the 2018 government estate strategy
- at least £3.6 billion** estimated potential benefits government has calculated from the creation of the Government Property Agency and its consolidation of government's general-purpose property

Summary

1 Government has extensive property holdings, which it uses to deliver services to the public and support its operations. Central government property ranges from offices to hospitals, academy schools, jobcentres, courts, prisons and museums. The Cabinet Office has categorised these property assets into 12 portfolios, based on how government uses property to deliver services. As of March 2021, the value of these property holdings was approximately £158 billion (see Figure 2 on page 17).

2 The Office of Government Property (OGP), which is part of the Cabinet Office, sets the strategic direction for the management of government property as a whole, leads the Government Property Function and the Government Property Profession, which gathers property professionals across government, and administers the government's property controls. It does not manage any individual properties or set the strategy for individual property portfolios, which are managed by the relevant department or arm's-length body (ALB). The health, defence and school portfolios are the largest, together making up 89% of government property by area and 85% by value. Of the 12 portfolios, 10 are led by their respective departments. The science and land portfolios, which span multiple departments, do not have a single overall lead. The Government Property Agency (GPA), an executive agency of the Cabinet Office, is responsible for setting and implementing a property strategy for the office and warehouse portfolios.

3 The OGP and the GPA are engaged in, or responsible for, a range of property transformation programmes. For example, the OGP, in partnership with the Local Government Association, is responsible for supporting public sector partners to get the most from their property assets through collaboration (One Public Estate). The OGP is responsible for relocating civil service roles from London to the regions (Places for Growth). The GPA is responsible for taking over management of central government offices from departments and consolidating the office portfolio by using space more flexibly with greater sharing of space in London (Whitehall Campus) and across the country (Government Hubs). Government needs to manage its property effectively in order to achieve strategic priorities. For instance, as part of its strategic objective to deliver levelling up, government plans to relocate civil servants from London to the regions, and this requires locating sites which meet capacity, environmental and efficiency requirements.

Scope

4 This study examines how the Cabinet Office maintains, oversees and manages central government property through the OGP and the GPA. The study considers:

- how central government property and its management have changed since we last reported on them in 2017;¹
- progress on the property programmes included in the 2018 government estate strategy;
- key challenges for central government property management; and
- long-term planning and priorities, including those relating to net zero and levelling up.

5 This report focuses on UK central government property. It does not cover the property assets of the devolved administrations, local government, public corporations and the wider public sector (such as the Parliamentary estate). It does not consider land use or disposal, or property maintenance in detail, which we have reported on previously.² The report sets out case studies from the Department for Work & Pensions (DWP), HM Revenue & Customs (HMRC) and the Ministry of Justice (MOJ) to show how different property portfolios are managed and to highlight the breadth and variety of properties government holds. It does not examine in detail how the departments that have responsibility for managing property assets manage those assets.

6 This report builds upon a large body of National Audit Office work on government property. We have reported on the Cabinet Office's efforts to reform central government property in 2012 and 2017, before the creation of the GPA.³ We have also analysed the management of specialised properties such as those of HM Courts & Tribunals Service, as well as the property of specific departments, including HMRC and the Ministry of Defence.⁴

1 Comptroller and Auditor General, *Progress on the government estate strategy*, Session 2016-17, HC 1131, National Audit Office, April 2017.

2 Comptroller and Auditor General, *Investigation into the government's land disposal strategy and programmes*, Session 2017-2019, HC 2138, National Audit Office, May 2019; *Investigation into maintenance of the museum estate*, Session 2019-2021, HC 108, National Audit Office, March 2020.

3 Comptroller and Auditor General, *Improving the efficiency of central government office property*, Session 2010-2012, HC 1826, National Audit Office, March 2012; *Progress on the government estate strategy*, Session 2016-17, HC 1131, National Audit Office, April 2017.

4 Comptroller and Auditor General, *Managing the HMRC estate*, Session 2016-17, HC 7216, National Audit Office, January 2017; *Transforming courts and tribunals – a progress update*, Session 2017-2019, HC 2638, National Audit Office, September 2019; *Optimising the defence estate*, Session 2021-22, HC 293, National Audit Office, June 2021.

Key findings

Data

7 Lack of good data is a major barrier to effective decision-making about central government property. The OGP started collecting data on the operating cost, value and size of all central government property in 2020-21. It collects only high-level data from the organisations that have responsibility for managing property assets and relies on them to hold more detailed information. It does not have comprehensive, real-time information on how central government property is distributed around the country or office occupancy following the COVID-19 pandemic. The GPA is piloting ways of measuring occupancy of the offices it manages, but it has limited information about those held by departments. A recent review of eight departments by the Government Internal Audit Agency found that three departments had data on the condition of all their property and five departments had no data on the condition of at least one-quarter of their property (paragraphs 1.7, 3.3, 3.4, 3.6–3.8).

8 Delays to a new database of central government property called InSite have hindered the Cabinet Office's attempts to collect more and better-quality data. The InSite database, originally planned for 2021, has been delayed. The contractor did not complete the project to the original or extended timescales. In the meantime, the OGP is relying on manual collection of aggregate data for its annual State of the Estate report. The OGP is now responsible for gathering data on the whole of central government property, including specialised assets. It told us that it has secured agreement in principle from nearly all organisations to share their data, and estimates that this will expand its data collection from around 5,000 property assets to potentially more than 100,000 assets. Some departments do not collect all the data required and obtaining them will be a long-term endeavour (paragraphs 2.13–2.16 and Figure 7).

9 Departments need accurate workforce planning data to support the GPA in managing the government's office portfolio. In our report on specialist skills in government, we noted that departments' overall progress on improving workforce planning was slow and we recommended that departments accelerate the adoption of workforce planning tools. Without accurate workforce planning data from departments on the number of employees and their location, it is difficult for the GPA to maximise efficiencies when planning and implementing departmental relocations. The impact of the COVID-19 pandemic on ways of working has made it more challenging for departments to anticipate what their future space requirements will be (paragraphs 3.5 and 3.10).

Property programmes

10 In the past five years, government has launched 11 programmes that aim to make central government property more efficient and cost-effective. Of these, the property disposals programme has been completed and generated £5.2 billion in receipts by March 2020. Some other programmes are longer-term efforts. Government has reduced by 6% the size of the central civil estate (which consists of the property assets that multiple departments can use without substantial alterations, such as offices), from 7.9 million square metres in 2016-17 to 7.4 million square metres in 2019-20. It did so even as the civil service headcount was growing to reflect EU Exit work. Government has made progress towards implementing its vision for a single management of the office portfolio. As of March 2022, 12 of 16 major departments had transferred all their offices to the GPA or agreed a transfer timeline for the remaining offices with the GPA. The GPA had anticipated in April 2018 that the transfer of central government offices to the Agency would have been completed by April 2021 (paragraphs 1.8, 2.5, Figures 5 and 11).

11 The GPA oversees a number of these property programmes, the most significant of which is Phase 2 of the Government Hubs programme.

An Infrastructure and Projects Authority (IPA) independent review team noted in April 2022 that successful delivery appeared feasible, although significant issues required management attention. HMRC, which oversees Phase 1 of the programme, had successfully opened 12 of the 14 planned hubs and closed at least 150 offices by May 2022. The GPA had opened two London hubs and the first of 17 regional hubs which are due to consolidate departments' regional offices into shared locations by 2026. The GPA is progressing a parallel programme to consolidate central London offices (paragraphs 2.6–2.8 and Figure 5).

12 The OGP oversees Places for Growth, a high-profile programme designed to advance civil service relocation out of London. It commits government to moving 22,000 civil servants from London to the regions by 2030. In recent years, civil servants have remained disproportionately based in London. As of March 2022, 5,950 relocations (27% of the commitment) were completed. While government uses headcount as the primary measure of progress, success will also require changes in the property portfolio. Government needs to continue disposing of properties in London and securing appropriate sites outside London. The GPA plays the primary role in obtaining and managing those offices (paragraphs 3.22–3.24).

13 The Government Property Function and the GPA met some but not all of their targets in 2021-22. The annual plans of the cross-government Property Function, which the OGP oversees, set out government's deliverables against the priorities set out in the 2018 property strategy, as well as in other areas such as sustainability. In 2021-22, the Government Property Function delivered 80 out of 108 deliverables (74%), including opening 194 temporary jobcentres and agreeing 15,700 civil servant relocations with departments, to be completed by 2025. The GPA met targets on property utilisation and on the quality of the data held in its property database, among others. It did not meet targets in other areas such as customer satisfaction and carbon and energy reduction (paragraphs 2.19, 2.20, Figures 6 and 8).

14 The GPA estimates it will realise £903 million benefits by 2037 but there is a risk that not all the benefits from consolidating government property and its management will materialise. In 2018, government anticipated that the creation of the GPA would deliver benefits of at least £3.6 billion over 20 years. This was on the basis that most central government offices would be transferred to the GPA and consolidated into hubs. However, it is unclear when departments will transfer their remaining offices to the GPA and how strong the demand for hub accommodation will be. Three departments have yet to agree a transfer date for some or all of their offices. In its draft Annual Report for 2021-22, the GPA has stated that the projects approved up to March 2022 will realise £903 million benefits by 2037⁵ and that it has released 31 central London office buildings, against a target of 51 closures by 2026 (paragraphs 2.8, 3.14, 3.17 and Figure 11).

Skills and standards

15 Government is taking steps to improve property skills in government but many initiatives are in their early stages. Since 2018, the OGP has recruited more property apprentices, launched a Property Fast Stream for graduate recruitment, established the Government School of Property and issued a Property Career Framework. This is intended to help with recruiting property staff and developing the skills of existing staff. Departments told us there had been improvements but that there was more work to be done. The OGP has plans to offer training to provide more professional accreditations and to strengthen the leadership skills of government property professionals. It told us that it is working on clarifying the skills that the clients of property delivery organisations such as the GPA should have (paragraphs 3.11–3.13 and 3.20).

16 The OGP operates property controls and has developed a standard for property management across government. For example, the OGP requires government organisations to seek formal approval when they renew leaseholds to ensure that, where possible, they exercise lease breaks and move to a government hub or negotiate a better lease. The OGP and the DWP have been trialling a new approach to the property controls, where the OGP has granted DWP permission to renegotiate a group of its leases rather than considering each lease on a case-by-case basis. This allowed DWP to negotiate rent concessions that it plans to use to improve properties to make them more sustainable (paragraphs 2.17, 2.18 and Figure 5).

⁵ Information correct at date of publication.

Challenges for property planning

17 The spending review cycle makes it more complex to make the case for longer-term investment programmes. Specific funding for programmes, such as Places for Growth, is certain only until 2025. Some departments we spoke to considered that there was little appetite in government for initiatives with long-term savings. A programme with a positive seven-year payback may not get board approval as government focuses on smaller, short-term commitments. We previously reported on the challenges government faces in balancing long-term value for money with short-term savings (paragraph 3.31).

18 The COVID-19 pandemic and government's decisions to relocate civil servants from London to the regions and to reduce their number will alter government's use of and demand for offices. While working flexibly can support more efficient ways of working and reduce the need for space, government has also signalled its intent to encourage more office working to make sure that the benefits of working face-to-face are not lost. At the same time, the planned headcount reductions in the civil service headcount might result in a reduced demand for office accommodation, including in regional hubs. The government's new property strategy is due to be published later in 2022 (paragraphs 3.10, 3.18 and 3.21).

Conclusion on value for money

19 Central government property, valued at £158 billion, is one of government's largest assets and running it costs some £22 billion a year. Having good-quality property in the right place that is properly utilised, run efficiently and adaptable to future needs is fundamental to unlocking savings, as well as achieving a number of important government priorities such as net zero and levelling-up.

20 The government's new property strategy will provide the opportunity to set out long-term ambitions for how it manages this important asset. But some longstanding problems pose a real risk to its successful delivery. The OGP, working with the GPA and departments, needs to address data problems urgently, so it can understand what the picture is across government, take stock of its assets and make evidence-based decisions. It should also take steps to identify a single lead for each of the property portfolios across government, so it can support, challenge and hold these to account as 'one estate'. Developing a more cohesive view, supported by robust data, will help government deliver efficiencies, understand what works to improve efficiency and lead to a better managed estate so as to deliver improved value for money.

Recommendations

21 The OGP should work with the GPA and departments to incorporate these recommendations into its delivery plans.

Roles and responsibilities

The OGP should:

- a** ensure each property portfolio has an identified single lead by December 2022. The lead should have clear responsibilities and objectives related to their portfolio and provide a consistent set of information to support central oversight; and
- b** analyse the plans for each portfolio by location to identify any duplication and understand where efficiencies can be achieved. It should track the actions taken and monitor the savings that are made across government as a result of its work.

Data and information

- c** The OGP should:
 - take prompt and decisive action to establish its new property asset register, InSite, minimising additional cost to the taxpayer; and
 - analyse how and why the inSite project has failed to meet its goals and deadlines, producing lessons learned that can be used to inform future digital projects.

Alongside this, the OGP should continue its work to:

- agree data improvement plans with the departments that have outstanding data readiness issues;
 - assess whether it has the capability to manage and analyse the cross-government data it is collecting as part of the InSite programme and put in place appropriate actions to rectify this if not; and
 - collect property utilisation data from across central government and analyse them to identify opportunities for co-locations and sub-letting or disposing of under-utilised space.
- d** The Cabinet Office should work with departments to prepare workforce plans for the next five years. These plans should then be consolidated to produce a single view of workforce plans by year and region.

Programmes

- e** The OGP should measure if the expected programme benefits set out in the 2018 government estate strategy have been achieved. It should assess whether change has been realised and disseminate the lessons learned to date from delivering those programmes.
- f** The OGP and GPA should:
 - discuss with the departments which have not yet agreed the transfer of their offices their onboarding plans and agree on whether these plans remain achievable and represent value for money; and
 - assess whether the estimated benefits from consolidating government property, and from the hubs programme, remain realistic. If not, the GPA should re-baseline the benefits estimate for both these programmes.

Property skills

- g** The OGP should:
 - support departments to improve maturity of property skills; and
 - monitor departments' level of skills against the functional standard to ensure they are being met across government; collect data on the impact and benefits of OGP's training initiatives; and act on these data to ensure training resources are targeted and deployed most effectively to ensure that the functional standard is being met.

Delivering efficiencies

- h** The OGP should:
 - work with HM Treasury to consider what longer-term financial settlements are available to best incentivise long-term value for money decisions about government property; and
 - work with portfolio leads to identify any efficiencies from ways of working during the COVID-19 pandemic that can be sustained.

Property strategy

- i** The OGP should set out key performance indicators and interim milestones for each of the objectives in its upcoming property strategy.

Part One

Central government property and its management

1.1 Government has extensive property holdings, which it uses to deliver services to the public and to support its own back-office operations. As of March 2020, government's land and buildings were valued at £483 billion, totalling 23% of all of the government's assets by value. Most of the property (59% by value) is local government property. The remainder includes the property of the UK central government, the devolved administrations' central governments and public corporations (**Figure 1** on pages 14 and 15). This report uses 'central government property' to refer to the land and buildings that the UK central government owns or occupies.

1.2 Central government property ranges from offices to hospitals, academy schools, jobcentres, courts, prisons and museums. As of March 2020, central government property was valued at £163 billion.⁶ It amounted to 8% of all of government's assets and 34% of all public sector property by value. Central government property cost £22 billion to run in 2020-21, included 136,844 buildings and spanned more than 150 million square metres as of March 2021.

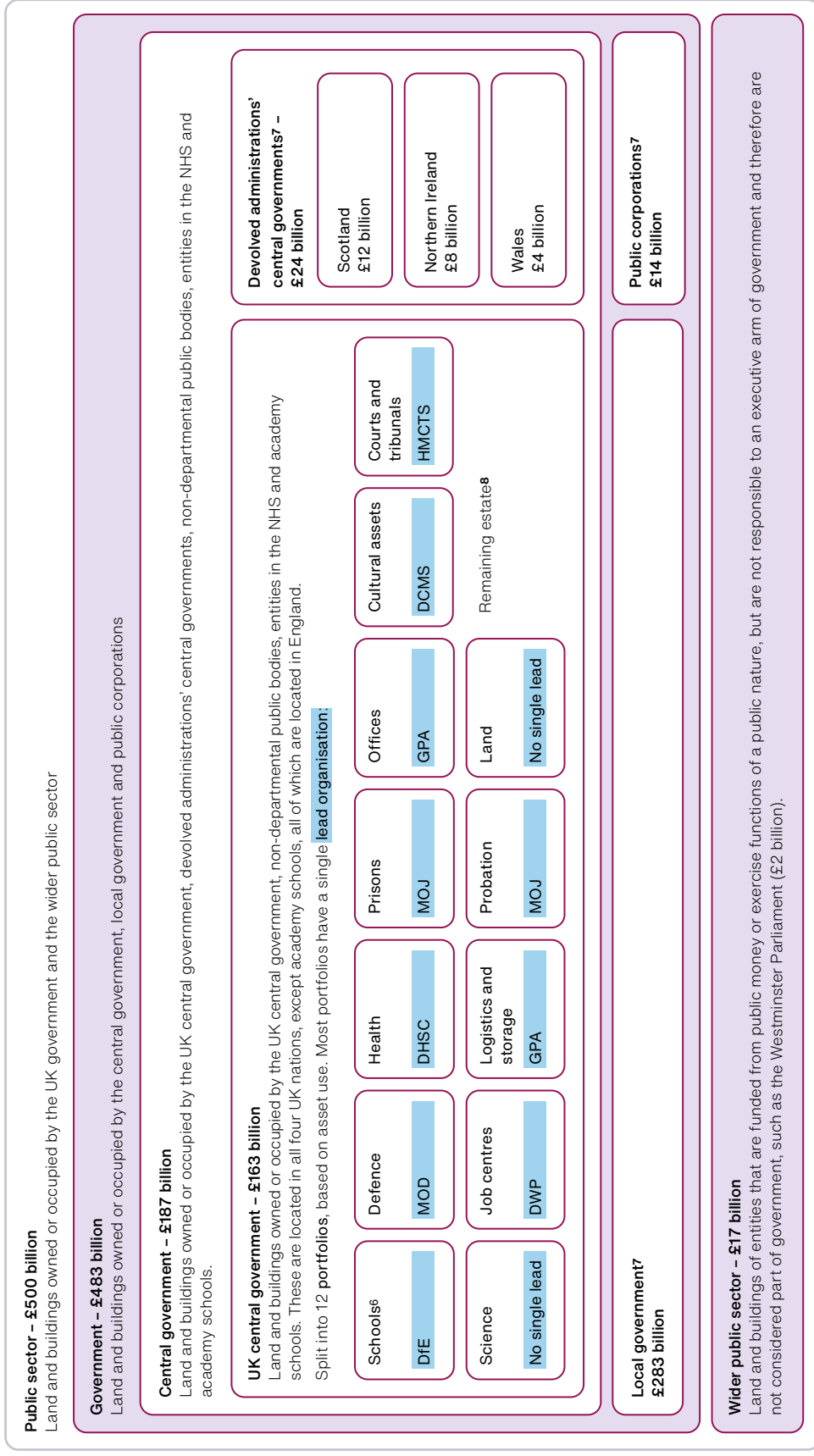
1.3 This part sets out:

- the size, cost and value of central government property;
- how it has changed since 2016-17; and
- how central government property is managed.

⁶ The notes to Figure 1 set out what properties are included and or excluded from this value.

Figure 1
How UK public sector property is structured

As of March 2020, UK central government property was valued at £163 billion and amounted to one-third of all public sector property by value



Outside the public sector estate

- Infrastructure assets such as canals, flood defences, railways and roads.
- Higher education institutions (classified as private sector bodies by the Office for National Statistics).
- English and Welsh further education institutions (classified as private sector bodies by the Office for National Statistics).

Figure 1 *continued*

How UK public sector property is structured

Notes

- 1 The following abbreviations have been used for portfolio leads: DCMS = Department for Digital, Culture, Media & Sport; DfE = Department for Education; DHSC = Department of Health & Social Care; DWP = Department for Work & Pensions; GPA = Government Property Agency; HMCTS = HM Courts & Tribunals Service; MOD = Ministry of Defence; MOJ = Ministry of Justice.
- 2 The values provided are those of properties controlled by government bodies, based on 2019-20 Whole of Government Account (WGA) data, and by wider public sector bodies, based on the list of entities that are not responsible to an executive arm of government in Annex 2 to the WGA, and on the values published in their individual 2019-20 annual reports and accounts. 'Properties' include land, dwellings and other buildings, whether they are held for occupation or for investment purposes. They do not include infrastructure assets such as roads and railways.
- 3 The values exclude: (a) properties of the bodies that are not included in the WGA, such as those whose assets, liabilities, income and expenditure in 2019-20 was under £20 million. The Comptroller and Auditor General concluded that the 2019-20 WGA was not fairly presented due to the exclusion of some bodies, such as the Royal Bank of Scotland, among other reasons; (b) properties that public sector bodies do not control. An entity controls a property if it has right to substantially all its economic benefits. This is typically the case for properties which are owned or leased for substantially all their remaining useful economic life, but not for properties held on shorter leases; (c) properties under development. The WGA does not separately identify their value.
- 4 The values provided are market values as of 31 March 2020 less depreciation, except for specialised assets. The value reported for specialised assets is how much it would cost to replace them, less depreciation from the date they were acquired.
- 5 The size of the boxes is not proportional to the value of the property they represent.
- 6 The central government school portfolio only includes academy schools, which receive direct central government funding. Other state-funded schools are part of local government property as they are funded from central government via local government. There were around 9,800 academy schools and 12,200 state-funded schools in 2021/22.
- 7 The property of devolved administrations (£86 billion as of March 2020) consists of the property of their central governments (£24 billion), local government (£53 billion) and public corporations (£9 billion). The figure presents the property of the devolved administrations' central governments separately. However, it includes the property of their local governments and public corporations within the total values for local government and public corporations.
- 8 The remaining estate includes ancillary uses for operational property, conference or training facilities, and facilities for welfare services to staff (such as nurseries). It is not considered a portfolio.
- 9 While the responsibilities of the GPA include defining the strategy and delivering outcomes for the government's logistics and storage portfolio, the GPA has focused primarily on the office portfolio up to 2021-22 and regards logistics and storage as an area of development for the future.
- 10 Numbers do not sum due to rounding.

Sources: National Audit Office analysis of data submitted by government bodies for the audit of the 2019-20 Whole of Government Accounts, 2019-20 Annual Reports and Accounts of wider public sector bodies, Cabinet Office, *State of the Estate 2020-21* and interviews with Cabinet Office officials

The size, value and cost of central government property

1.4 As of 31 March 2021, central government property covered 6.9 billion square metres, including both land area and the floor space of buildings. This was roughly equivalent to 4.5 times the size of Greater London. Of this, 6.7 billion square metres, or 98%, was land, and the remainder buildings. Half of this land was occupied by the Ministry of Defence (MOD) and included in the Defence portfolio. The remainder forms the central government land portfolio and is managed by a range of organisations. These include Forestry England, which holds approximately 75% of the land in the central government land portfolio, Network Rail (approximately 15%), and other bodies including Homes England, the Nuclear Decommissioning Authority and National Highways.

1.5 As of 31 March 2021, the properties on the balance sheets of central government bodies had a value of £158 billion. Of this, 85% consisted of academy schools, the health portfolio and the Defence portfolio (**Figure 2**). Central government property included 136,844 built assets as of March 2021.

1.6 Operating central property cost government £22 billion in 2020-21. This represents 2.5% of central government's total expenditure in 2020-21. It is equivalent to approximately half of central government's expenditure on defence, all its expenditure on public order and safety, and four times its expenditure on environment protection in 2020-21. The costliest property portfolios were the health, defence and school portfolios, responsible for 50%, 17% and 15% of the total cost (£11 billion, £4 billion and £3 billion). The land portfolio accounted for only 0.1% of the total cost (£21 million).

1.7 Before 2020-21, the Cabinet Office did not track the total size, value or operating cost of central government property, but focused on the central civil estate. The Cabinet Office told us this consists of the property assets that multiple departments can use without substantial alterations (such as offices, certain warehouses and science laboratories), and excludes specialised assets such as hospitals. The Cabinet Office also tracked the utilisation of a large portion of central government offices, called benchmarked offices, to monitor how efficiently offices were utilised. Around 80% of the office portfolio by area was benchmarked in 2019-20.

1.8 Between March 2017 and March 2020, the civil service headcount increased by 9%, partly in response to EU Exit. Despite this:

- the size of the central civil estate decreased by 6% from 7.9 million square metres to 7.4 million square metres;
- its operating cost remained stable at around £2.9 billion (in 2021 real terms); and
- the utilisation of benchmarked offices, measured as square metres per full-time equivalent employee, improved by 9% as it fell to 9.0 square metres.

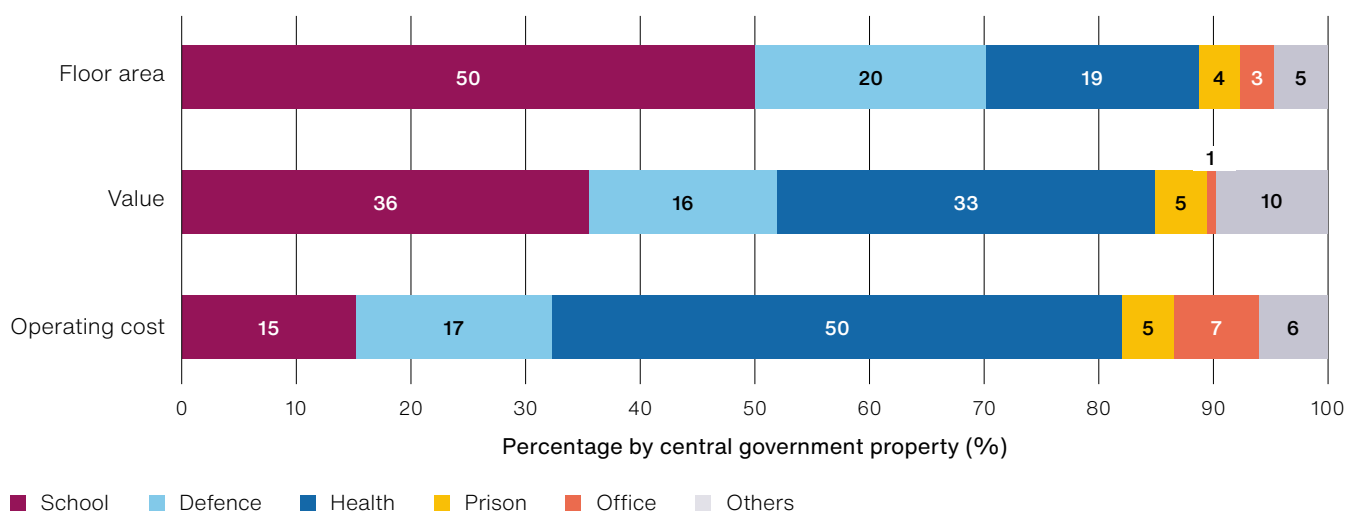
Figure 2

Floor area, value and operating cost of UK central government property, March 2021

The school, defence and health portfolios were the largest by floor area, value and operating cost



Characteristics of central government property



Notes

- 1 The floor area total and percentages are based on gross internal area.
- 2 The floor area of the school portfolio relates to locally managed schools in England. The operating cost and value of the school portfolio relate to academy schools. The operating cost relates to the period from September 2018 to August 2019 and the value is as of 31 August 2019.
- 3 The values provided are those of the properties included in the balance sheets of government bodies¹. These are largely those held as freeholds or under long-term leases. The value reported for these properties is their market value at year end based on their existing use, less depreciation, except for specialised assets. The value reported for specialised assets is how much it would cost to replace them, less depreciation from the date they were acquired.
- 4 Operating cost figures are based on annual costs for 2020-21.
- 5 'Others' includes the following portfolios: courts & tribunals, cultural assets, jobcentres, land, logistics & storage, probation, and science. It also includes the remaining central government estate, which is not part of any portfolios.
- 6 Numbers do not sum due to rounding.

Source: National Audit Office analysis of Cabinet Office, *State of the Estate 2020-21* and of Office of Government Property data

How central government property is managed

1.9 The Office of Government Property (OGP) has categorised central government property in 12 portfolios, based on how government uses property assets to deliver services.⁷ Of these, 10 have a lead organisation responsible for setting a portfolio strategy (Figure 1). The science and land portfolios, both of which span multiple departments, do not. The centre of government is responsible for setting the strategic direction of government property, as well as coordinating cross-government efforts. Since our 2017 report, the former Government Property Unit has been replaced. The Office of Government Property (OGP) now sets the strategy and standards for the Property Function and Profession, and the Government Property Agency (GPA), an executive agency of the Cabinet Office, manages the central government office and warehouse portfolios.⁸ Government departments and other individual organisations are responsible for their own property strategies based on their individual needs.

Individual organisations

1.10 Each government organisation (department, arm's-length body, local government body and public corporation) is responsible for developing its property strategy and annual Strategic Asset Management Plan, in line with the government property strategy. This involves determining property needs and locations, given the organisation's business strategy and workforce plans. Some organisations are directly responsible for operational property management, which includes acquisitions, disposals, maintenance, improvement works and facilities management. Other organisations delegate some or all management responsibilities to property delivery organisations. For example:

- the Defence Infrastructure Organisation carries out building, refurbishments, maintenance, repairs and provides utilities and facilities management for MOD properties; and
- LocatED buys and develops sites to build new free schools.

1.11 Departments have different priorities for their property management (**Figure 3**). For example, HM Revenue & Customs' (HMRC's) property largely concerns office space for its employees. By contrast, the Department for Work & Pensions (DWP) and the Ministry of Justice (MOJ) prioritise the provision of customer-facing services such as jobcentres and courts.

⁷ Cabinet Office, *State of the Estate 2020-21*, December 2021.

⁸ Comptroller and Auditor General, *Progress on the government estate strategy*, Session 2016-17, HC 1131, National Audit Office, April 2017.

Figure 3

Overview of case study departments' property

HM Revenue & Customs (HMRC), the Department for Work & Pensions (DWP) and the Ministry of Justice (MOJ) have large and complex property estates

	HMRC	DWP	MOJ ¹
Size (internal floor area)	766,000 m ²	1,421,000 m ²	5,187,000 m ²
Annual operating cost	£298 million	£562 million	£1,425 million
Key property assets	Regional centres Border facilities	Jobcentres Assessment centres	Courts and tribunals Prisons
Important partners	HMRC is now a landlord for numerous government departments which occupy office space in HMRC's regional centres.	One Public Estate. Local authorities co-located with jobcentres. Private sector property companies that serve as landlords for jobcentres.	MOJ manages the property of other government bodies, such as Her Majesty's Prison and Probation Service. HM Courts & Tribunals Service (HMCTS) has its own property management team, but MOJ manages HMCTS' capital projects.
Recent changes in their estate	Since we last reported on HMRC's estate ² , HMRC has exited its office leases and has built 12 new, state-of-the-art regional centres in cities throughout the UK. HMRC has sublet free space in the regional centres to other departments.	In response to the increased demand after lockdown-related delays, DWP created a Rapid Estate Expansion Programme in 2021 to set up temporary jobcentres. It had set up 194 centres by June 2022.	To deal with the backlog of cases after lockdown, HMCTS utilised 34 Nightingale venues (venues used as courts on a temporary basis) in 2021-22, which provided 72 additional courtrooms. ³
Challenges	Interoperability. HMRC is working to make sure that regional centres meet the needs of tenants from a multitude of departments.	All of DWP's property is leasehold. This causes challenges when DWP wants to redesign jobcentres. Much of the estate is in a poor condition, in part because of past, poor Public Finance Initiative (PFI) contracts. Hundreds of lease breaks are coming due at the same time.	Securing new prison accommodation is challenging, particularly securing planning permission. Upgrading prisons that are in constant operation poses numerous challenges. MOJ did not receive the funding necessary to upgrade its property to meet net zero requirements.

Notes

- Figures for size and operating cost relate to 2019-20 and are from the 2019-20 State of the Estate report. The MOJ's size and annual operating cost have been calculated by combining figures for the Justice and Prison portfolios. HMRC has provided more recent figures, as of 31 March 2022: 628,000 m² for internal floor area and £348 million annual operating cost. The DWP has provided more recent figures, as of 31 March 2022: 1,690,000 m² for internal floor area and £766 million annual operating cost.
- Comptroller and Auditor General, *Managing the HMRC estate*, Session 2016-17, HC 7216, National Audit Office, January 2017.
- The number of courtrooms open at any one point fluctuated as the needs of HMCTS and of the venues changed.

Sources: National Audit Office analysis of Cabinet Office, *State of the Estate in 2019-20*; *State of the Estate 2020-21*; Comptroller and Auditor General, *Reducing the backlog in criminal courts*, Session 2021-22, HC 303, National Audit Office, July 2021; letter from DWP to the Chair of the Work and Pensions Select Committee, 26 May 2022; interviews with case study departments

1.12 Departments have variable oversight of the property of their arm's-length bodies (ALBs). Some departments manage their ALBs' property. For instance, the MOJ manages Her Majesty's Prison and Probation Service's property. Other departments, such as the DWP, have traditionally taken a light-touch approach to oversight of their ALBs' property. A department told us that there has been a recent push from the centre of government for departments to take a more active role with their ALBs on property, an approach which is supported by the OGP. The OGP told us that it is working with departments to ensure property governance is in place across the departmental landscape and that it is seeing improvements in the way departments engage with their ALBs on property issues. For example, the Department for Business, Energy & Industrial Strategy regularly organises a property forum to discuss property matters with its ALBs and update them on changes to policy and governance.

The role of the centre of government

Cabinet Office

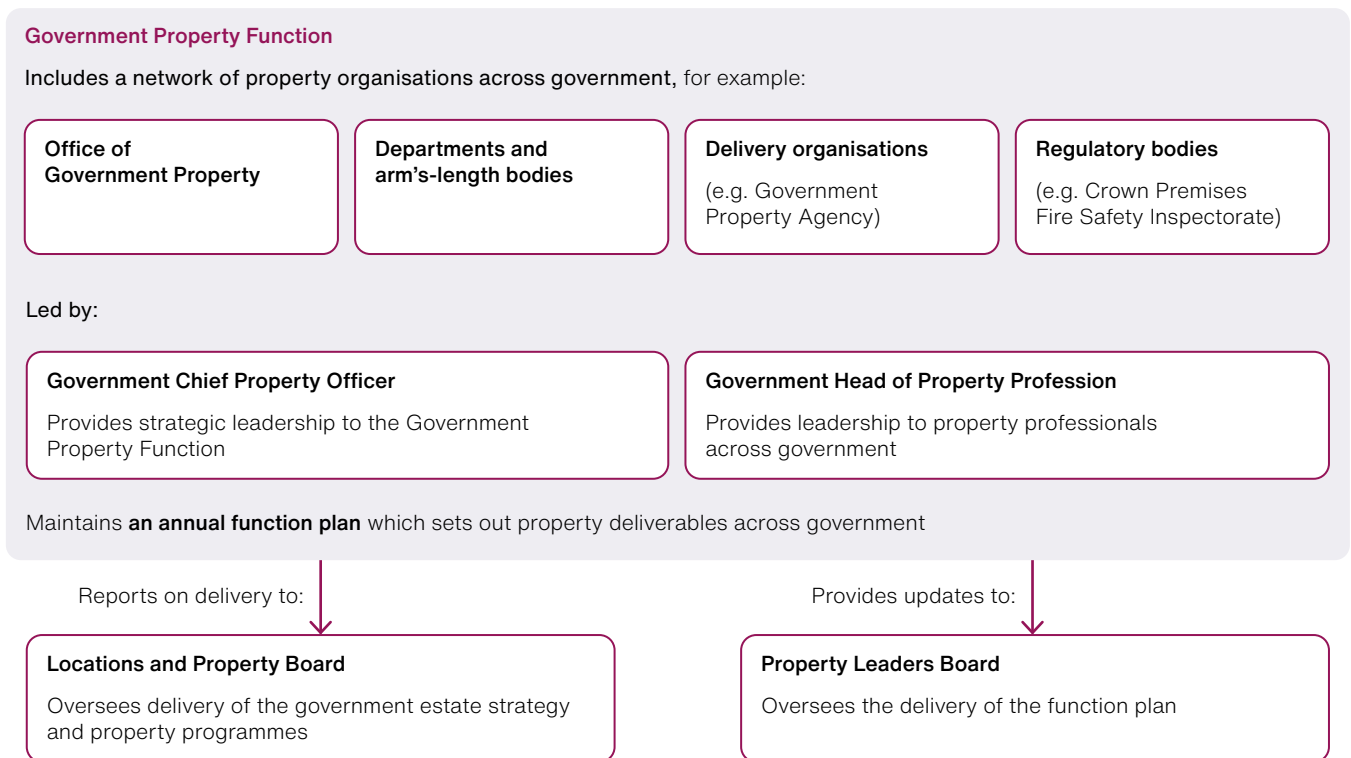
1.13 The OGP and the GPA were created from the former Government Property Unit and are both based in the Cabinet Office. The OGP oversees central government property as a whole, sets the government property strategy and standards, holds departments to account to meet cross-government strategic objectives on property, gathers data on central government property, seeks opportunities to coordinate government's use of property, provides expert advice to government organisations and supports them to build professional capability and skills. The OGP also administers property and facilities management controls. It had 95 members of staff as of March 2022 and cost approximately £10 million to run in 2021-22.

1.14 The OGP leads the Government Property Function and the Government Property Profession, which gathers property professionals across government (**Figure 4**). Property is one of 14 professional civil service functions with staff across all departments.

1.15 The GPA was set up in 2018 as an arm's-length body of the Cabinet Office to set the strategy and property solutions for central government offices and warehouses.

Figure 4
The Government Property Function

The Government Property Function tracks property deliverables across government and reports on delivery to the Property Leaders Board



Source: National Audit Office analysis of the Government Property Function's Function Plan for 2021-22 and of information available on GOV.UK

Infrastructure and Projects Authority

1.16 The Infrastructure and Projects Authority (IPA), which reports to the Cabinet Office and HM Treasury, carries out assurance reviews of the property projects which are included in the Government Major Projects Portfolio. Reviews assess the likelihood that each project will deliver its objectives to time and cost. They identify areas of good practice and of concern and set out recommendations to increase the likelihood of successful programme delivery.

HM Treasury

1.17 HM Treasury approves property projects which are novel, complex, contentious, require primary legislation or whose budget exceeds a department's delegated authority level.

Part Two

Changes in central government property and its management since 2017

2.1 This part sets out:

- progress on the property programmes included in the 2018 government estate strategy;
- developments in the work of the Office of Government Property (OGP) and the Government Property Agency (GPA); and
- developments in departments' management of their property since we last reported on central government property in 2017.

Progress with the government's 2018 estate strategy

2.2 Since publishing the 2018 government estate strategy, the Cabinet Office has launched a wide range of projects to:

- transform government property by rationalising it, moving civil servants to shared sites strategically located across the country, promoting co-locations between central and local government and transferring management of central government offices to the GPA;
- create a register of all central government property;
- issue standards and guidance;
- support the government property profession, promote flexible working and relocate civil service roles from London to the regions; and
- improve government property's environmental performance.

2.3 Government's property programmes are at different stages of progress (**Figure 5** on pages 23 to 26). Wide-ranging transformation programmes, such as Government Hubs, Whitehall Campus and net zero programmes, are ongoing and the intended benefits will not be fully realised for many years. Some programmes, such as the new database of central government property and the relocation of civil servants to the regions, only recently entered the delivery phase.

Figure 5

Government's progress delivering the programmes set out in the 2018 government estate strategy, as of March 2022

Out of the 11 programmes set out in the 2018 government estate strategy, 10 are ongoing and some are likely to stretch for many years into the future

Programme	Goals	Delivery responsibility ¹	Progress (as reported by government)
Estate transformation			
One Public Estate Ongoing	Support councils to collaborate with central government and the wider public sector on property programmes to create economic growth, deliver services from shared locations and generate efficiencies	Local Government Association, Office of Government Property (OGP) and Department for Levelling Up, Housing & Communities (DLUHC)	<p>From its launch in 2013 to March 2021, the programme has supported more than 750 projects across 72 local partnerships, involving 98% of English local authorities, 13 central government departments and hundreds of public sector bodies.</p> <p>Partnerships reported delivery of £461 million in capital receipts, reduced annual operating costs by £100 million, created 31,500 jobs and released land for more than 19,500 homes.</p> <p>The programme is ongoing. The Infrastructure and Projects Authority's (IPA's) <i>Annual Report on Major Projects 2020-21</i> provided a Delivery Confidence Assessment of Amber/Green, meaning that successful programme delivery appeared probable.</p>
Asset Efficiency and Unlocking Land for Housing Complete	Dispose of enough land for building 160,000 new homes between 2015 and 2020	Land-owning departments, overseen by the then Ministry of Housing, Communities & Local Government (MHCLG) ²	<p>By June 2019, departments had disposed of land with the capacity to build around 48,000 homes, representing approximately 30% of the overall programme commitment.</p> <p>The then MHCLG confirmed in 2019 that land for 160,000 homes will be released to a longer timeframe due to the complexities of disposals and the evolving demands placed on departments' property.</p> <p>While the cross-government programme to release departments' land for homes ended in 2020, One Public Estate has continued to enable collaborative property projects which support the release of local government land, specifically through the Brownfield Land Release Fund, that One Public Estate delivers on behalf of DLUHC to remediate local authority-owned land and release it for housing.</p>
	Release £5 billion receipts through sales of surplus land and buildings between April 2015 and March 2020	OGP	Government achieved £5.2 billion receipts by March 2020, when the disposals programme concluded.
	Introduce a new framework for assessing the whole-life cost of property	OGP	The government functional standard for property, first issued in 2020, requires that decisions concerning property assets, from acquisition to disposal, consider the cost of the assets throughout their life cycle. These include the costs associated with acquisition, ownership, use, operation, maintenance and disposal. Rather than developing a new framework for assessing whole-life costs, the Cabinet Office has mandated the use of tools such as international cost management standards and current rules of measurement to determine whole-life costs.

Figure 5 *continued*

Government's progress delivering the programmes set out in the 2018 government estate strategy, as of March 2022

Programme	Goals	Delivery responsibility ¹	Progress (as reported by government)
Asset Efficiency and Unlocking Land for Housing <i>continued</i>	Be a good partner to the property and telecommunication industries	OGP	<p>The OGP is developing a new version of the Government Property Finder, a website that provides details of government property for sale.</p> <p>Government issued guidance in 2018 for departments and the communications industry on agreements to host communications infrastructure on central government property in order to help facilitate government's ambition to achieve at least 95% mobile coverage across the UK by 2025. The guidance was updated in 2020.</p>
Government Property Agency (GPA) Ongoing	Central agency intended to manage government's general-purpose property assets (offices and warehouses)	GPA	As of March 2022, 37% of central government offices by area had been transferred to the GPA. The GPA was leading on the delivery of government's priorities for flexible working, interoperability and net zero.
Government Hubs Ongoing	House multiple organisations under one roof at specific locations across the country	HM Revenue & Customs (HMRC) and GPA	<p>HMRC's Locations programme formed the first phase of the Government Hubs programme. As of May 2022, HMRC had closed at least 150 offices and opened 12 out of 14 planned hubs.</p> <p>The GPA leads on the second phase of the Government Hubs programme, which aims to deliver 17 regional hubs by March 2026. As of June 2022, the GPA had opened one regional hub, started construction of three hubs and announced a further 13 regional hubs.</p> <p>An IPA independent review team assessed in April 2022 that successful programme delivery appeared feasible. Significant issues required management attention, but appeared resolvable.</p>
Whitehall Campus Ongoing	Create a smaller, more efficient central London estate, concentrated around a single campus of buildings in Whitehall	GPA	As of March 2022, the GPA had released 31 central London office buildings and opened the Old Admiralty Building hub in Whitehall.

Figure 5 *continued*

Government's progress delivering the programmes set out in the 2018 government estate strategy, as of March 2022

Programme	Goals	Delivery responsibility ¹	Progress (as reported by government)
Data and standards			
Digital National Asset Register and Estate reporting Ongoing	Increase performance reporting from under 50% to 70% of central government property	OGP	Performance reporting in the annual State of the Estate reports up to 2019-20 focused primarily on the office portfolio, which represents approximately 3% of central government buildings by size and 7% by operating cost. The 2020-21 report encompasses all central government portfolios, except for COVID-19 testing sites and for a small number of organisations that did not provide data.
	Develop metrics for non-office asset types	OGP	The Cabinet Office issued a property data standard setting out the data that central government organisations will be required to submit to the Digital National Asset Register. The data to be submitted are applicable to office and non-office assets alike.
	Create a register of all public sector property and land	OGP	Contracted-out work to design and build the Digital National Asset Register started in October 2020 and is ongoing.
Standards of Excellence Ongoing	Publish requirements and advisory messages for public sector property management	OGP	The Cabinet Office issued a property standard and a property data standard in 2020, guidance on property controls in 2021 and two facilities management standards in 2022.
	Revise the source of property cost information to ensure consistency across departments	OGP	The Cabinet Office has mandated the use of tools such as international cost management standards and current rules of measurement to determine whole-life costs (see above).
	Review the government's use of National Property Controls ³	OGP	Government updated the property spend control, issued a facilities management control and is trialling guidance for organisations to develop pipelines of leaseholds, acquisitions and disposals.
People			
Places for Growth Ongoing	Relocate 22,000 civil service roles from London to places across the whole of the UK by 2030 ⁴	Individual departments and OGP	As of May 2022, departments had committed to a total of 15,700 relocations by 2025 and 21,500 relocations by 2030. Departments completed 5,950 relocations (27% of the target) by March 2022.
Smarter Working Ongoing	Promote flexible working and workplace arrangements	GPA	As of March 2022, the GPA had assessed one in three government departments (14 out of 43) as having reached Smarter Working maturity.
Government Property Profession⁵ Ongoing	Promote professionalism and ensure that property expertise informs policy and decision-making	OGP	The OGP launched the Government School of Property in 2021 to improve public sector expertise in property management, signpost learning and development opportunities in priority policy areas such as sustainability, and allow civil servants to gain industry recognised accreditations.
	Promote diversity and inclusion	OGP	The Cabinet Office set up a shadow board, comprising people from underrepresented backgrounds, who scrutinise key policies in parallel with the Property Leaders Board.
	Drive recruitment and retention	OGP	Since 2020, government set up a Property Fast Stream for graduate recruitment and issued a Property Career Framework.

Figure 5 *continued*

Government’s progress delivering the programmes set out in the 2018 government estate strategy, as of March 2022

Programme	Goals	Delivery responsibility ¹	Progress (as reported by government)
Urban improvement			
Enhancing the Heart of London Ongoing	Improving public realm in the area between Buckingham Palace, Trafalgar Square and Parliament Square	Public Realm Steering Board, bringing together senior stakeholders from public realm projects in Whitehall and Westminster	Victoria Westminster BID (Business Improvement District) and Whitehall BID have gone live. Areas of activity include public realm improvements that chime with the government estate strategy; improving the streetscape; cleanliness and security; and, providing events for local workers, including government employees in the SW1 postcode area.

Notes

- 1 While several bodies have responsibility for delivering the programmes set out in this table, the OGP has policy responsibility for all programmes.
- 2 For further details on responsibilities in relation to land disposals, see Comptroller and Auditor General, *Investigation into the government’s land disposal strategy and programmes*, Session 2017–2019, HC 2138, National Audit Office, May 2019. MHCLG became DLUHC in September 2021.
- 3 The National Property Controls set out the property transactions (leases, acquisitions and disposals) for which government organisations require Cabinet Office approval. They are designed to help organisations reduce unnecessary spend, encourage cross-government collaboration and deliver value-for-money outcomes.
- 4 In 2018, government committed to relocate up to 1,000 civil servant roles out of London by the planned end of the then current Parliament in 2022. In 2020, government committed to relocating 22,000 civil servant roles outside of central London by 2030. In 2021, government committed to relocating 50% of senior civil servant roles outside of London by 2030.
- 5 The Government Property Profession is part of the Government Property Function.

Sources: National Audit Office analysis of government documents and interviews with government officials

2.4 The 2018 government estate strategy did not set out milestones, key performance indicators and target end dates for each of the programmes. Our recent *Framework to review programmes* notes that leadership should ensure progress is regularly measured and assessed, including consideration of progress against milestone achievements and analysis of whether benefits are being achieved.⁹

9 National Audit Office, *Framework to review programmes*, April 2021.

Government Property Agency's programmes and performance

2.5 The GPA was established in April 2018 to set the strategy for central government offices and warehouses and to manage them on a portfolio basis. The GPA has focused on taking up management of central government offices, consolidating offices into hub accommodation in London and the regions, and leading on the delivery of other government priorities for the office portfolio. These include flexible working, interoperability and net zero. The GPA is working with departments and arm's-length bodies (ALBs) to arrange the transfer of their offices by 2025. In April 2018, the GPA had anticipated that the transfer of central government offices to them would have been completed by April 2021. As of March 2022, 37% of central government offices by area had been transferred. In 2021-22, the GPA had 320 members of staff, generated net income of £17 million (excluding non-cash items) and received £30 million in funding from the Cabinet Office.

The Government Hubs programme

2.6 The Government Hubs programme involves relocating civil servants from a variety of departments to around 30 large, state-of-the-art buildings which are strategically located across the country. HM Revenue & Custom's (HMRC's) Locations programme formed the first phase of the Government Hubs programme. As of May 2022, HMRC had closed at least 150 offices and opened 12 out of 14 planned hubs.

2.7 The GPA leads on the second phase of the Government Hubs programme, which aims to deliver 17 regional hubs by March 2026. As of June 2022, the GPA had opened one regional hub, started construction of three hubs and announced a further 13 regional hubs. In April 2022, an Infrastructure and Projects Authority (IPA) independent review team assessed that successful delivery of the programme appeared feasible, although significant issues required management attention. These appeared resolvable and, if addressed promptly, should not present a cost or schedule overrun.

2.8 The GPA also leads on the Whitehall Campus programme to reduce the size of central government's London offices from 68 buildings in 2018 to 17 in 2026. The GPA opened two London hubs, one in 2018 and one in 2021. It reports that it had released 31 central London offices as of March 2022.

Other programmes

2.9 Smarter Working involves giving employees the technology, workspaces and flexibility to decide how, when and where to work, whether in an office or remotely. The GPA assists departments in the implementation of Smarter Working practices and conducts Smarter Working maturity assessments. The 2018 government estate strategy set an ambition for all departments and executive agencies to work in line with the British Standards Smarter Working Code of Practice by 2022. Having re-baselined the Smarter Working programme following the onset of COVID-19, the GPA had assessed one in three departments (14 out of 43) as having reached Smarter Working maturity as of March 2022.

2.10 The GPA leads on the property aspects of government's efforts to enhance collaboration in offices through shared technologies. As of May 2022, it had deployed a building access system which enables civil servants to work from multiple locations in four sites, covering 17,000 civil servants.

2.11 As part of its role leading on delivering net zero for the office portfolio, the GPA is installing low-carbon upgrades, such as LED lighting and solar panels, across the office portfolio. It estimates that the projects completed up to March 2022 generated utility savings of over £560,000 per annum.

2.12 The GPA monitors its own performance by tracking metrics relating to customer service, data, health and safety, property management and performance, and staff. The GPA met six out of the fifteen targets included in its draft 2021-22 Annual Report. **Figure 6** shows the GPA's performance against a representative set of targets.











The Office of Government Property

2.13 In the 2010s, much of the focus of the Government Property Unit was on rationalising central government offices and increasing their efficiency. With the GPA being established as a delivery agency, the successor body, the OGP, was able to review existing data for specialised assets such as hospitals, schools and prisons. The aim is to understand if these assets are in the best locations or might be best used for alternative purposes, and to build a richer picture of government property which, once combined with demographic, socioeconomic and other data, can be used to inform decisions to support regional and national strategies to unlock the value of property. To enable this broader view, the Chancellor of the Duchy of Lancaster requested that the OGP gathers data on the whole central government property estate, including specialised assets. The OGP estimates that this will expand its data collection from around 5,000 property assets to potentially more than 100,000 assets.

Figure 6

Government Property Agency performance, 2021-22

The Government Property Agency (GPA) met targets on data quality and property utilisation. It did not meet all targets relating to customer satisfaction, carbon and energy reduction, the transfer of offices to the GPA, and women at senior civil servant level

Area	Metric ¹	Target	Performance	Target met?	Change from 2020-21
Clients	Customer satisfaction score	6.6	5.4		N/A ²
Data	Accuracy of the key fields in GPA's property and accounting system	98%	99.6%		N/A – new metric
Property	Central government offices onboarded	40%	37%		
	Carbon and energy reduction savings ³	2m tCO ₂ e 16 gWh	1,218 tCO ₂ e 4.8 gWh		N/A – new metric
	Void properties	Less than 1%	0.61%		
Staff	Staff engagement score	66%	61%		
	Women at senior civil servant level	50%	39%		N/A – new metric

Notes

- 1 The table shows a representative selection of the 15 key metrics against which the GPA disclosed performance in its draft 2021-22 Annual Report.
- 2 The GPA's customer satisfaction scores for 2020-21 and 2021-22 are not comparable as they were measured in different ways.
- 3 The abbreviation "CO₂e" stands for "carbon dioxide equivalent", a measure of how much a gas contributes to global warming, relative to carbon dioxide. The abbreviation "gWh" stands for gigawatt hours, a unit of energy representing one billion watt hours.
- 4 Numbers included in the graphic are taken from a draft version of GPA's 2021-22 Annual Report and Accounts and were correct at date of publication.

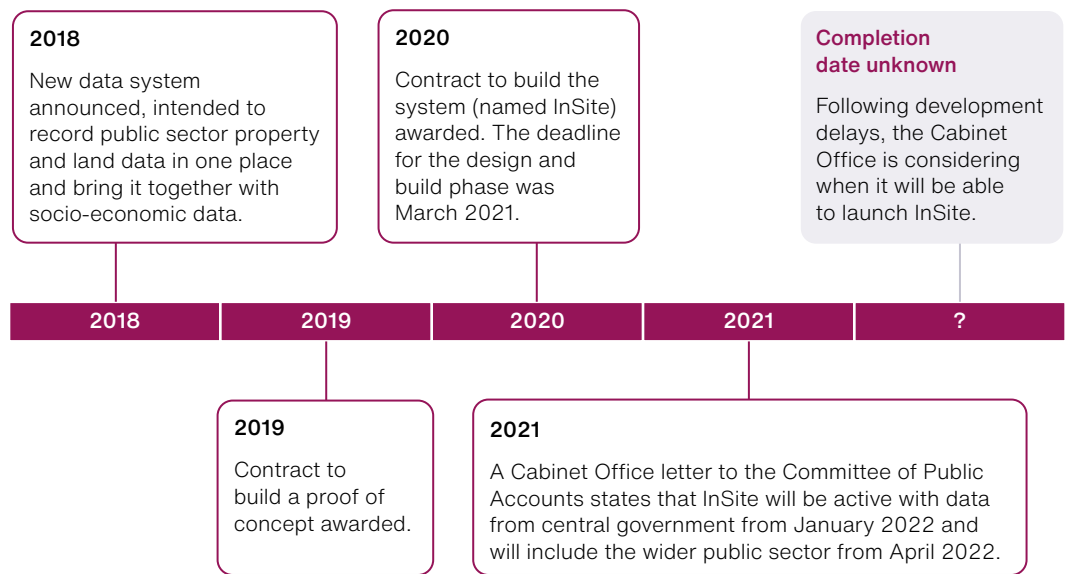
Source: National Audit Office analysis of Government Property Agency, draft *Annual Report and Accounts 2021-22* and GPA information

2.14 To support its expanded mandate, the OGP has been developing a new database of central government property called InSite. The delivery of InSite, originally planned for 2021, has been delayed. The contractor did not complete the project to the original or extended timescales (**Figure 7** overleaf). The cost implications of these delays are currently unknown. Meanwhile, the OGP is relying on manual collection of aggregate data for its annual State of the Estate report.

Figure 7

A timeline for InSite, the new database of UK government property data (2018-present)

The Office of Government Property has been working to develop a new data system to replace the current system (ePIMS)



Sources: National Audit Office analysis of Cabinet Office, *The State of the Estate in 2017-18*; Cabinet Office, *Government Estate Strategy*, July 2018; GOV.UK Digital Marketplace; letter from the Cabinet Office to the Committee of Public Accounts, 29 October 2021; procurement documents; and interviews with Cabinet Office officials

2.15 The OGP continues to require that departments provide property information through ePIMS, the current database of government property. The OGP told us that ePIMS was designed to hold information relating to the central civil estate, rather than the whole central government estate, and that the data ePIMS holds for offices and job centres is of reasonably good quality, whereas data on other property assets is of variable quality.

2.16 The OGP is engaging with departments to improve their readiness to supply data to InSite. In 2020 it issued a government property data standard, setting its expectations for the data that organisations will need to supply to InSite. The OGP assessed in April 2022 that 40 organisations could fully comply with the data mandate, whereas 14 were not fully compliant and planned to address gaps. It told us that it has received agreement in principle from nearly all organisations to share their data. The OGP agreed to receive limited datasets relating to schools, NHS trusts and community health partnerships, and Ministry of Defence properties for a range of reasons, including complex ownership structures and the cost of data collection. The OGP told us that obtaining data from some organisations will be a long-term endeavour.

2.17 Since our 2017 report on the government's property strategy, the OGP has been expanding and enforcing property controls with the aim of aligning property management across government to government's strategy.¹⁰ Since September 2021, the OGP jointly operates the facilities management spend control with the Government Commercial Function to provide assurance on facilities management contracts and improve the quality and efficiency of facilities management spend. Under the National Property Control, organisations which do not intend to exercise a lease break need the OGP's approval. The OGP expects departments and their ALBs to exercise every lease break so that they can dispose of property altogether, move to an existing government property or negotiate a better lease. The OGP relies on compliance monitoring of ALBs by departments.

2.18 The OGP and the Department for Work & Pensions (DWP) have been trialling a new approach to the leasehold control. The OGP granted the DWP permission to renegotiate a group of its leases with one portfolio landlord, rather than considering each lease on a case-by-case basis. The DWP negotiated rent reductions and a capital contribution from the landlord, for a total of at least £16 million, in exchange for carrying out energy efficiency improvements and waiving 2023 lease break options, giving the landlord certainty that the DWP will occupy the properties until 2028. The DWP expects them to make properties more sustainable and advance the government's net zero agenda.

The Government Property Function

2.19 The Government Property Function's annual plans set out the deliverables of the main departments, the GPA and the OGP against the priorities set out in the government's 2018 property strategy, as well as deliverables in other areas such as sustainability. The 2021-22 plan has 108 deliverables in seven areas:

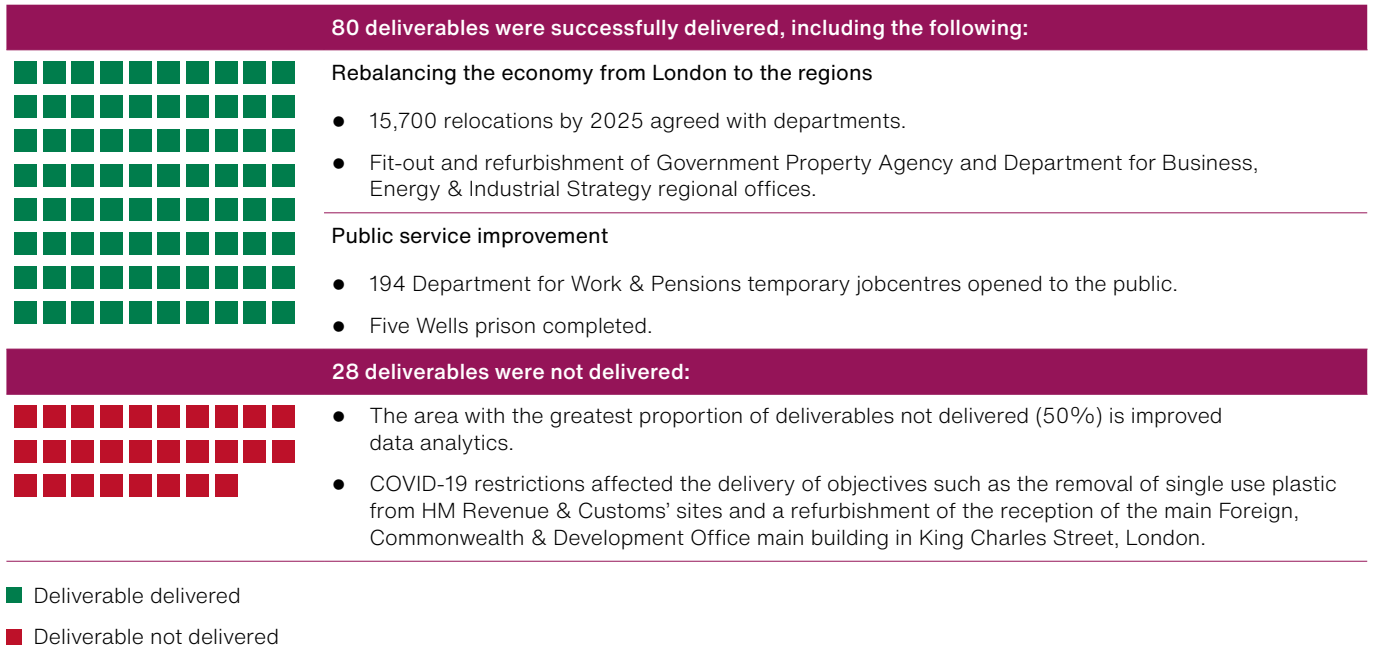
- excellent public services;
- rebalancing the economy;
- strengthened expertise;
- great places to work;
- better asset management;
- improved data and analytics; and
- sustainability.

2.20 The Function delivered 80 out of 108 deliverables (74%) in 2021-22 (**Figure 8** overleaf). Most, but not all, of the deliverables include key performance indicators and are tracked based on data reported by departments.

¹⁰ Comptroller and Auditor General, *Progress on the government estate strategy*, Session 2016-17, HC 1131, National Audit Office, April 2017.

Figure 8
Government Property Function performance, 2021-22

The Government Property Function delivered 80 out of 108 deliverables



Note
 1 The Government Property Function Plan's deliverables for 2021-22 were split in seven thematic areas: excellent public services (100% delivered), rebalancing the economy (94% delivered), sustainability (80% delivered), strengthened expertise (73% delivered), better asset management (69% delivered), great places to work (64% delivered) and improved data analytics (50% delivered).

Source: Government Property Function, *Property Function Plan 2021/22 Q4 Performance Report*; information from the Foreign, Commonwealth & Development Office

Departments' management of their property

2.21 Individual departments and ALBs have been carrying out a wide range of property programmes that reflect wider government priorities. For example:

- in the past five years, many departments and ALBs have worked to rationalise their property. For instance, the Legal Aid Agency reduced its property holdings by nearly one-third in 2018-19;
- during the COVID-19 pandemic, several departments rapidly expanded their estates to meet increased demand. NHS England created Nightingale hospitals and the Department of Health & Social Care (DHSC) created testing centres to help cope with the medical emergency. The DWP set up 194 temporary jobcentres to support those who lost their jobs and HM Courts & Tribunals Service set up Nightingale courts to address the backlog of court cases;
- all the departments we spoke to are also seeking to advance the sustainability of their property, in line with government's net zero strategy. The Ministry of Justice (MOJ) expects the four new prisons being built to reduce carbon emissions by at least 85% compared with other prisons already under construction; and
- departments and ALBs are also implementing property programmes that address their unique needs and circumstances (**Figure 9** overleaf).

2.22 Departments, the OGP and the GPA collaborate to share good practice. The OGP convenes the Property Leaders Board and the Property Profession Board, which provide forums for departmental property leaders to discuss issues relating to strategy and capability. There are also boards dedicated to specific topics, such as sustainability, and programmes, such as Places for Growth. HMRC and the GPA have collaborated on the Government Hubs programme. For example, HMRC has shared with the GPA a compilation of lessons they learned in areas such as risk management, early engagement and change control during construction of its regional centres.

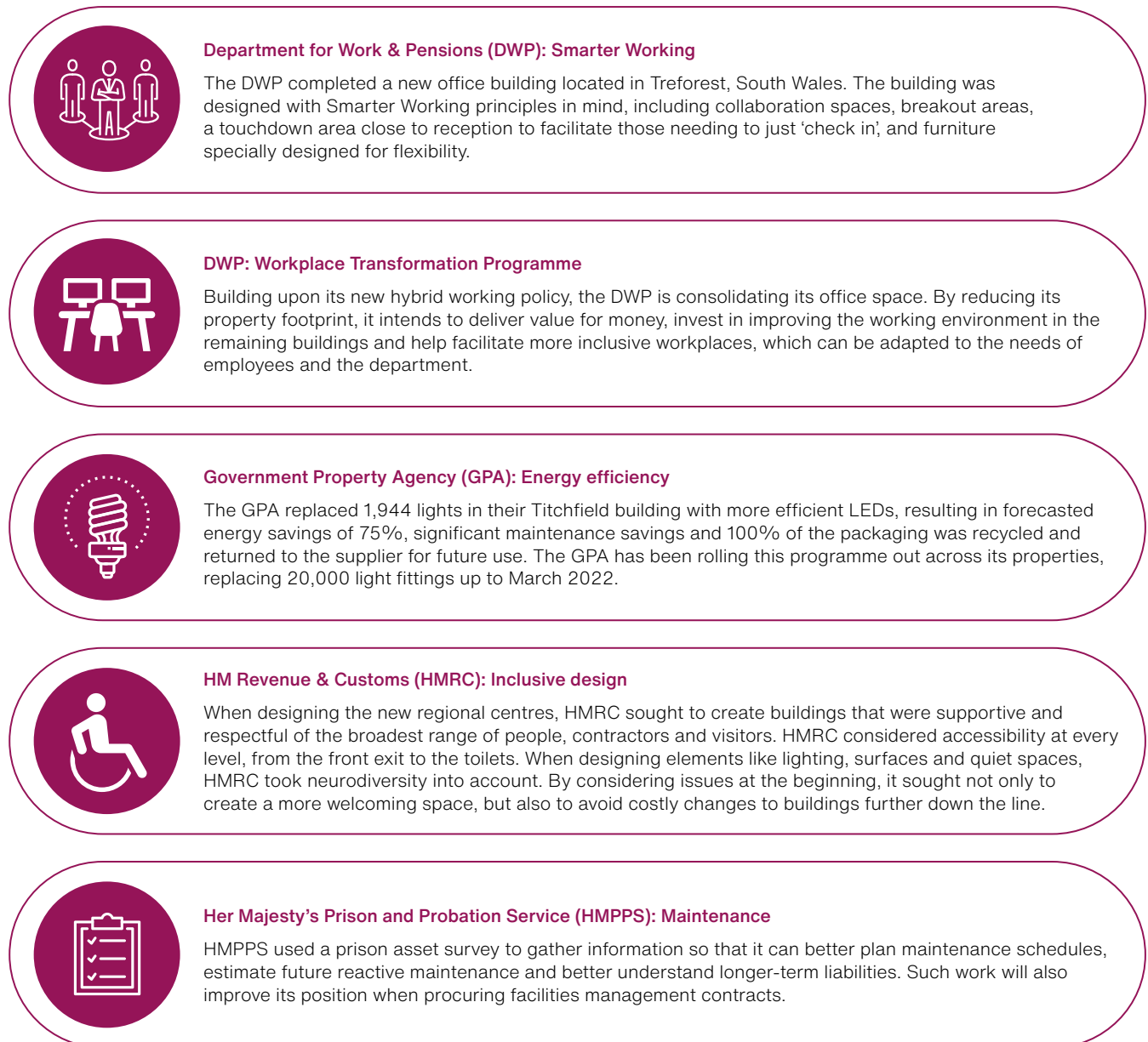
2.23 Departments told us that they would like more guidance on key issues, such as measuring progress towards net zero. Some organisations have found it challenging to identify and understand the range of guidance for measuring and reporting greenhouse gas emissions.¹¹ Also, some departments and agencies would like cross-government forums to discuss specialist issues, such as fire safety.

¹¹ Comptroller and Auditor General, *Measuring and reporting public sector greenhouse gas emissions*, Session 2021-22, HC 63, National Audit Office, June 2022.

Figure 9

Good practice: modernising government property

We have found examples of good practice in how departments and arm's-length bodies are modernising their property portfolios



Sources: Cabinet Office, *State of the Estate 2020-21*; *Hansard HC*, 18 March 2022, vol. 710, col. 60WS; National Audit Office, *Improving the Prison Estate*, February 2020; National Audit Office analysis of Government Property Agency (GPA) and HM Revenue & Customs (HMRC) documents; interviews with Department for Work & Pensions, GPA and HMRC officials

Part Three

Challenges and opportunities

3.1 In this part we look at:

- challenges with government's property management; and
- long-term planning and priorities, including those relating to net zero and levelling-up.

3.2 We have reported on central government offices as well as specialised property portfolios, such as courts and tribunals, prisons and the defence estate.¹² In these reports, we identified recurring issues (**Figure 10** overleaf).

Data

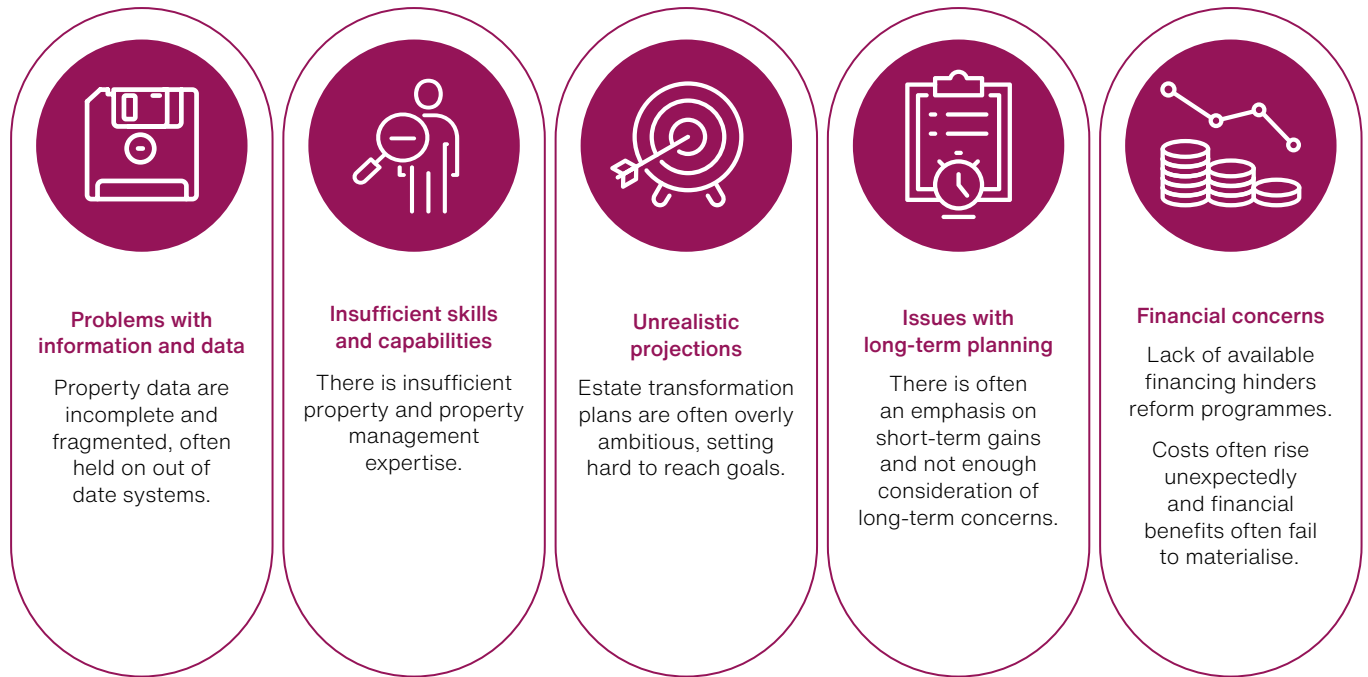
3.3 Good data and information are essential to understand what property government holds and to identify where it can prioritise its efforts and make efficiencies. In Part Two we describe the work the Office of Government Property (OGP) and Government Property Agency (GPA) have done to improve the data the centre of government holds on property, particularly in terms of its cross-government needs in relation to offices. This work is still ongoing and the centre relies on data from departmental portfolios.

3.4 Data quality is variable across departments. Departments do not always hold complete records on the properties they have or the level of maintenance required. For example, a recent review of eight departments by the Government Internal Audit Agency (GIAA) found that three departments had data on the condition of all of their property and five departments had no data on the condition of at least one-quarter of their property. The Cabinet Office told us that there has been a cultural shift across government regarding the importance of property data. More organisations recognise the usefulness of baseline performance indicators. The OGP plans to help departments improve their data analysis capabilities in the future.

¹² Comptroller and Auditor General, *Transforming courts and tribunals – a progress update*, Session 2017–2019, HC 2638, National Audit Office, September 2019; *Improving the prison estate*, Session 2019–20, HC 41, National Audit Office, February 2020; *Optimising the defence estate*, Session 2021–22, HC 293, National Audit Office, June 2021.

Figure 10
Common challenges with government property programmes

Our past reports found problems common to property transformation programmes



Source: National Audit Office analysis of past reports on government property

Workforce planning and location data

3.5 The GPA uses workforce planning and headcount data to assess whether government offices are aligned with policy priorities. In our 2019 report on specialist skills in government, we noted that departments’ progress on improving workforce planning was slow and we recommended that departments accelerate the adoption of workforce planning tools.¹³ Without accurate workforce planning data on staff numbers and their location from departments, it is difficult for the GPA to maximise efficiencies when planning and implementing departmental relocations. The impact of the COVID-19 pandemic on ways of working has made it more challenging for departments to anticipate what their future space requirements will be.

¹³ Comptroller and Auditor General, *Specialist skills in the civil service*, Session 2019–2021, HC 575, National Audit Office, July 2020.

3.6 The Cabinet Office tracks civil servant relocations from London to the regions and the GPA tracks office closures achieved through the Whitehall Campus Programme. However, departments that exit London properties as they exercise lease breaks are not required to seek approval from the Cabinet Office. The lack of comprehensive data on London exits and on the regional distribution of central government offices limits government's ability to estimate the savings achieved through civil servant relocations.

Occupancy targets and metrics for offices

3.7 The OGP uses data on the number of employees assigned to each office, rather than attendance data, to measure their efficiency. This data collection did not take place during 2020-21 during the pandemic and there are no comprehensive data available on the occupancy of central government offices as a whole. This limits government's ability to identify which offices are under-utilised and could be vacated or sub-let.

3.8 The GPA is currently piloting ways of measuring office utilisation that are based on the actual number of individuals in a given building. It expects to roll them out in up to one-third of its offices by 2025. It has limited information about the offices held by departments.

3.9 In 2020, government estimated that, as a result of departments' adoption of Smarter Working, regional hubs would achieve an occupancy level of 4.5 square metres per full-time equivalent (FTE) occupant. This is based on 50% of hub occupants being in the office at any given time.

3.10 Following the COVID-19 pandemic, it is unclear what balance of office-based and remote working and occupancy targets government organisations will adopt. While working flexibly can support more efficient ways of working and reduce the need for space, government has signalled its intent to encourage more office working to make sure that the benefits of working face-to-face are not lost.

Property skills

3.11 The OGP is taking steps to improve property skills across government and many initiatives are in their early stages. A survey undertaken in 2020 found that civil servants perceived the Government Property Function's professionalism to be inconsistent.

3.12 Since 2020, the Government Property Function launched a Property Fast Stream for graduate recruitment and a leadership development scheme, established the Government School of Property and issued a career framework. The framework is intended to help with both recruiting property staff and developing the skills of existing staff. The Government Property Function also reports to have recruited over 400 property apprentices since 2018, against an internal target of 250.

3.13 Departments told us there had been improvements in this area, but also suggested there was more work to be done. The OGP has plans to strengthen the leadership skills of government property professionals. It aims for 75% of individuals in core property roles to be holding or working toward a recognised professional accreditation by 2025, and 90% by 2030 (compared with 63% in 2020). When the new Government Property Community's website is launched, this will provide a forum for profession members to access expertise and training.

Challenges delivering programmes

Consolidating government property

3.14 It is unclear when all major departments will complete the transfer of their offices to the GPA. As of March 2022, 13 of the 16 major departments and at least 18 other bodies (departments and arm's-length bodies (ALBs)) had transferred all or some of their offices to the GPA. Among the main departments, the Department for Environment, Food & Rural Affairs, the Department for Work & Pensions (DWP) and HM Revenue & Customs (HMRC) have yet to agree a timeline for the transfer of some properties to the GPA (**Figure 11**), although some of their ALBs have transferred properties to the GPA. HMRC has transferred one property to the GPA and told us there are no plans or current discussions concerning the transfer of other HMRC offices to the GPA, including the 12 hubs opened so far by HMRC. These are 12 of the planned 33 government hubs (including regional and London hubs).

3.15 The GPA told us it is government policy that all departments will transfer their offices to the GPA by the end of the current Spending Review period in March 2025. This is four years later than was anticipated in 2018. Any further delays in the transfer of central government offices to the GPA could affect its ability to manage the central government office portfolio as a whole and realise all the benefits that it anticipated.

3.16 The GPA told us that it can deliver the vast majority of its projected benefits, even though some departments have not transferred their offices to the GPA, by setting a portfolio-wide strategy and collaborating with departments on its implementation. It told us that benefits are missed when departments choose to deliver their own facilities management or adopt different technologies, which limit civil servants' ability to work effectively from different locations.

Figure 11

Progress with the transfer of the offices of the 16 major UK government departments to the Government Property Agency, March 2022

By March 2022, 12 departments had transferred all their offices to the Government Property Agency (GPA) or agreed a transfer timeline for the remaining offices with the GPA. Three departments had yet to agree a transfer date for some or all of their offices

Transfer complete	● Cabinet Office ²
	● Department for Business, Energy & Industrial Strategy
	● Department for Digital, Culture, Media & Sport
	● Department for Education
	● Department for International Trade
	● Department for Levelling Up, Housing & Communities
	● Foreign, Commonwealth & Development Office ²
	● HM Treasury
Partly transferred, timeline agreed for the remaining properties	● Department of Health & Social Care
	● Home Office ²
	● Ministry of Justice
Not transferred, transfer timeline agreed	● Department for Transport
Partly transferred, timeline not agreed for the remaining properties	● Department for Environment, Food & Rural Affairs
	● HM Revenue & Customs ³
Not transferred, timeline not agreed	● Department for Work & Pensions
Out of scope (no transfer planned)	● Ministry of Defence

Notes

- 1 The figure includes the 16 main government departments, excluding their arm's-length bodies. At least 18 other bodies had transferred properties to the GPA as of March 2022. These include arm's-length bodies of the departments that have not yet transferred any properties to the GPA.
- 2 The Cabinet Office has retained 10–12 Downing Street. The Foreign, Commonwealth and Development Office and the Home Office have retained properties which include office space as well as operational facilities. These properties are not in scope for transfer to the GPA. Central government offices situated overseas are not in scope for transfer to the GPA either.
- 3 HM Revenue & Customs (HMRC) has transferred a property to the GPA to support the government's approach to management of the Westminster estate. HMRC told us that there are no plans or current discussions concerning the transfer of other HMRC offices to the GPA.

Sources: National Audit Office analysis of Government Property Agency Annual Report and Accounts; and Government Property Agency and HM Revenue & Customs information

Benefit realisation

3.17 Government's business case for setting up the GPA, approved in 2018, estimated that it would deliver benefits of at least £3.6 billion over 20 years, compared with the status quo. This assumed that the GPA would manage the central government office portfolio as a whole. For instance, it would time disposals across the portfolio in such a way as to improve sales proceeds, reduce wasted space by managing voids at the portfolio level and generate significant economies of scale, such as a 75% reduction in facilities management staff. In its draft Annual Report for 2021-22, the GPA has stated that the projects approved up to March 2022 will realise £903 million benefits by 2037.¹⁴

3.18 The Government Hubs business case noted that delivery of hubs will be at risk should the programme be unable to secure the expected commitments for each hub. The April 2022 Infrastructure and Projects Authority independent review of the Government Hubs programme noted that some departments are likely to adopt a 'wait and see' approach before making long-term commitments. The government's plan to reduce the civil service headcount by around 91,000 roles (approximately 20% of the current size) to 2016 staffing levels by March 2025 may also affect demand for hub accommodation. The number of civil servants increased by 16% (from around 418,000 to around 485,000) between March 2016 and March 2021.

Collaboration

3.19 The GPA is working on improving relationships with clients. An external review of the GPA, carried out between August and December 2020, identified customer service as an area of improvement. The GPA focused on improving its relationship with clients and reports that it has developed a customer insight strategy, a client engagement charter, piloted client satisfaction training and improved client reporting. A GIAA report on the GPA's client services culture, issued in December 2021, stated that the GPA had introduced suitable mechanisms. Still, these will take time to fully embed into the organisation and show positive results. A separate GIAA report noted that, while departments are expected to act as the GPA's intelligent clients, there are inconsistencies across departments regarding what that role entails.

3.20 The OGP has told us that it is working to clarify the key tasks that an intelligent client is expected to perform and the property skills it ought to have. Departments raised concerns about the GPA's customer service and facilities management. The GPA told us that departments tend to focus on day-to-day operational management in their engagement with the GPA and that it hopes they will increase their focus on strategic issues.

¹⁴ Information correct at date of publication.

Long-term planning and priorities

3.21 As of July 2022, government was considering what its priorities will be in its future strategy. The 2018 strategy emphasised initiatives for regional growth, releasing land for housing development, better asset management and improved data. A new strategy is out for consultation and is due for publication later in 2022.

Places for Growth

3.22 Government has committed to relocating 22,000 civil servants and 50% of senior civil servant roles out of London by 2030. This is a key part of the government's levelling-up policy and its Declaration on Government Reform.¹⁵ The OGP has a dedicated Places for Growth team that works with departments, the GPA and the Civil Service Board to advance this goal. Government uses headcount as the primary measure of progress. It reports that 5,950 relocations (27% of the commitment) were completed by March 2022 and it aims for a further 10,550 relocations (48% of the total) to be completed by 2025. The Cabinet Office stated in May 2022 that it had secured commitments for 15,700 relocations from departments by 2025 and 21,500 relocations by 2030 against an April 2020 baseline. The OGP is holding departments to these commitments and working to ensure they are embedded in departments' outcome delivery plans.

3.23 Relocating civil servants out of London requires concurrent changes in the property portfolio. Government needs to continue disposing of properties in London and securing new sites outside of London which meet capacity, efficiency and environmental requirements. The Places for Growth team is seeking to foster the creation of regional clusters, both to tap into available skills and to stimulate regional economic growth. While the team works with other partners, such as local councils and One Public Estate, the GPA plays a primary role in finding and providing office space outside of London.

3.24 To achieve its targets for civil servant relocations, government will need to reverse historical trends in the regional distribution of workers and of office property. In recent years, civil servants have remained disproportionately based in London. While 13% of the UK population was based in London both in 2016-17 and in 2019-20, the percentage of civil servants working in London increased from 19% in March 2017 to 20% in March 2020. The office portfolio, too, remained disproportionately based in London and, to a smaller extent, in the North of England (**Figure 12** overleaf).

15 Prime Minister and Cabinet Secretary, *Declaration on Government Reform*, June 2021.

Figure 12

Regional distribution of central government offices relative to the UK population, 2016-17 and 2019-20

Between 2016-17 and 2019-20, central government office space has remained disproportionately based in London and in the North of England

Region	2016-17			2019-20		
	Percentage of office space	Percentage of UK population	Variance	Percentage of office space	Percentage of UK population	Variance
	%	%	%	%	%	%
London	23	13	+10	24	13	+11
North of England	30	23	+7	31	23	+8
Scotland, Wales, Northern Ireland	15	16	-1	15	16	-1
South of England	17	22	-5	16	22	-6
Midlands	11	16	-5	10	16	-6
East of England	4	9	-5	4	9	-5

Notes

- 1 The regional distribution of office space has been calculated based on the net internal area of occupied benchmarked offices. Occupied benchmarked offices include all central government office occupations of more than 500 square metres and some smaller occupations. In 2019-20, these offices consisted of about 75% of the central government office portfolio by area. Information on the regional distribution of the remaining office occupations is not available.
- 2 Some of the nine regions recognised by the Office for National Statistics have been aggregated for ease of exposition. 'Midlands' includes East Midlands and West Midlands. 'North of England' includes Yorkshire and the Humber, North East and North West. 'South of England' includes South East and South West.
- 3 UK population statistics for 2016-17 are based on mid-2016 population estimates and those for 2019-20 are based on mid-2019 population estimates.

Source: National Audit Office analysis of Cabinet Office data on office space and of Office for National Statistics population estimates

3.25 The Cabinet Office stated in November 2021 that relocating civil servants from London to the regions will generate annual savings of billions of pounds, even after taking into account the cost of opening and operating new sites in the regions.¹⁶ This is because property costs in London are significantly higher than in the rest of the country. In 2019-20, the cost per square metre of the government's benchmarked London offices was £1,025, 84% higher than the national average, and the cost per person was £7,854, 57% higher than the national average. The Cabinet Office told us that it might be possible to relocate more than 22,000 civil servants out of London by 2030. As well as cost savings, this could provide more career advancement opportunities for civil servants based outside of London.

Net zero

3.26 Effective property management will be crucial to the achievement of government's ambitious environmental targets. Government has stated that to meet its target of achieving net zero greenhouse emissions by 2050, emissions from the buildings and activities of the public sector will need to be near carbon-zero. This will require improving the energy efficiency of public sector buildings and decarbonising their heating and cooling systems.¹⁷

3.27 Since 2011, government has agreed targets with central government departments and their partner organisations to reduce their emissions as part of the Greening Government Commitments (GGCs). By 2019-20, government reported achieving in aggregate a 50% reduction in emissions from central government departments and their partner organisations, exceeding its target to reduce emissions by a minimum of 43% from a 2009-10 baseline. Government attributed 31% of this reduction to improved management of central government property.

3.28 As we note in our report on measuring and reporting public sector greenhouse gas emissions, the GGCs do not provide a complete picture of progress made by the public sector in reducing its emissions. The measures do not include all sources of emissions, do not apply to public sector organisations beyond central departments and their immediate partner organisations, and not all bodies that are expected to report emissions under the GGC guidance do so.¹⁸

3.29 Individual organisations are not expected to set themselves a net zero target. The GIAA reviewed the strategic asset management plans of eight departments in 2021. It found that the plans contain an overall strategy to meet net zero commitments, but typically do not translate this into implementation plans.

3.30 The GPA and one of the departments that we spoke to did not receive funding for their net zero programmes as part of Spending Review 2021. HM Treasury told us that, instead of agreeing to individual departmental requests for net zero programmes, it provided £3.9 billion to the Public Sector Decarbonisation Scheme. The GPA's business case for its net zero programme states that it would not be able to deliver its contribution to the UK's legally binding net zero targets without additional funding. The GPA is currently running a scaled-down net zero programme, focusing on LED lighting and upgrades to heating, ventilation and air conditioning. It is using funds from its lifecycle replacement programme and from Phase 1 of the Public Sector Decarbonisation Scheme. It is also preparing net zero programme bids for Spending Review 2025.

¹⁷ HM Government, *The Clean Growth Strategy: Leading the way to a low carbon future*, October 2017, amended April 2018.

¹⁸ Comptroller and Auditor General, *Measuring and reporting public sector greenhouse gas emissions*, Session 2021-22, HC 63, National Audit Office, June 2022.

Long-term funding

3.31 The nature of the HM Treasury Spending Review cycle makes long-term decision-making more difficult. HM Treasury told us that it tries to align spending review periods with the length of parliament and that, although it sometimes agrees with longer capital funding settlements, most capital funding aligns with the spending review period. Specific plans for programmes such as Places for Growth only have certainty until 2025. A department we spoke to told us that there is little appetite in government for initiatives with long-term payoffs. A programme with a positive seven-year payback may be declined as government focuses on smaller, short-term commitments. Departments told the GIAA that three-year programmes with annual budgets make it difficult to make long-term plans for maintaining and replacing assets. We have reported on the challenges government faces in balancing long-term value for money with short-term savings. In our report on efficiency in government, we noted that the government's short-term focus had limited government's progress on being more efficient in the long term and that focusing on efficiency gains within the Spending Review period could inadvertently store up additional costs for later.¹⁹

3.32 The maintenance of government property continues to be a significant cost for government. The OGP has identified significant risks as a result of the shortfall in estate maintenance investment across all departments. Departments told us that they are struggling to maintain their property. Our recent study on the Weybridge site, which houses the UK's primary science capability for managing threats from animal diseases, found that historic under-investment in ongoing maintenance resulted in a maintenance backlog.²⁰ The OGP acknowledges that ongoing maintenance costs are becoming an increasingly important issue. Since 2019, the OGP has developed tools and training to support departments in assessing maintenance investment requirements and quantifying the risks arising where maintenance was delayed or not carried out. HM Treasury told us that it encouraged departments to use these tools to inform maintenance investment proposals at Spending Review 21, but more work is needed between the OGP and departments to ensure that they are fully embedded ahead of the next Spending Review. OGP has also established a Better Buildings programme. It told us that this programme will include the reporting, through departmental Strategic Asset Management Plans, of condition and backlog maintenance metrics underpinned by whole-life cost evaluations.

¹⁹ Comptroller and Auditor General, *Efficiency in government*, Session 2021–22, HC 303, National Audit Office, July 2021.

²⁰ Comptroller and Auditor General, *Improving the UK's science capability for managing animal diseases*, Session 2022–23, HC 64, National Audit Office, June 2022. We have also reported on the maintenance of museums and prisons. See Comptroller and Auditor General, *Investigation into maintenance of the museum estate*, Session 2019–20, HC 108, National Audit Office, March 2020; Comptroller and Auditor General, *Improving the prison estate*, Session 2019–20, HC 41, National Audit Office, February 2020.

Appendix One

Our evidence base

- 1** We reached our independent conclusions on whether the Cabinet Office has been able to effectively maintain, oversee and manage central government property following our analysis of evidence collected primarily between November 2021 and May 2022.
- 2** The report uses 'Cabinet Office' to designate the Office of Government Property (OGP), which supports the Government Property Function and the Government Property Profession across all departments, and the Government Property Agency (GPA).

Document review

Back catalogue review

- 3** We analysed National Audit Office and Committee of Public Accounts reports on government property. We sought to understand trends, problem areas, past recommendations and progress over time. We looked at our past reports on central government property strategy in 2017 and 2012. We also looked at reports on specific property portfolios that have been produced in the past five years. Given the changes in government strategy, we determined that reports before 2017 were of less relevance. We used thematic analysis to identify common themes, which are summarised in Figure 10.

Background review of government's programmes

- 4** We did a thorough search using common tools such as Google, as well as in-house resources, to find publicly available documents related to government property, such as: government's property strategies, Greening Government Commitments reports, yearly State of the Estate reports, the GPA's Annual Report and Accounts, the government property data standard and the net zero playbook. We utilised thematic analysis to identify key themes and projects. This analysis informed our study questions and provided basic details about the government property initiatives that we utilised within the report.

Document review

5 After a full study was approved, we formally requested documents from Cabinet Office related to strategies, programmes, data, portfolio management, governance, performance and assessment. We reviewed each document against our audit questions. When relevant, we consulted with experts, such as the business case analysis network. The majority of this document analysis occurred between February and April 2022.

Interviews

6 Interviews took place frequently throughout the audit. All interviews occurred online. We took detailed notes. Notes were then analysed in two ways. We analysed each note against our study questions. We also analysed the notes thematically and used emerging themes to inform future interviews and data requests.

Interviews with Cabinet Office officials

7 We met with numerous officials in the OGP, in order to understand its strategy, programmes and progress to date. We met with the outgoing and incoming government chief property officer and head of the Property Profession, in order to learn about government's property strategy and future plans. We met with them several times, to receive updates as government policy evolved. The meetings lasted about an hour. We met weekly with the chief operating officer for the Office of Government Property to discuss ongoing government initiatives and to clarify questions about roles and responsibilities, particular programmes, or future plans. We met biweekly with the chief data officer to discuss the government's data-related topics, including the new data standard, how the State of the Estate reports have been compiled and the inSite project. We performed a walk-through of systems being developed, including the property profession website and the new government property finder. We also met with the senior responsible owner and programme director for Places for Growth to learn about the past progress and future plans of that programme.

8 We had a series of interviews with a member of OGP's data team to discuss specific questions about the size, value, operating cost, location and environmental impact of government property. At each meeting, we raised questions based on publicly available data. These meetings were also used to explore the government's procedure for tracking and reporting such data. The meetings were often followed with additional documents or data requests. Given that OGP is currently changing its technology and data reporting procedures, we were unable to obtain the granular data that we had expected to analyse.

9 We held meetings with officials from the GPA in order to better understand its priorities, programmes, and progress to date. We met with the chief executive officer. We met with the chief digital and technology officer. We received a walk-through of the GPA's data systems. We met multiple times, in order to receive updates on changes as they occurred. We also held meetings about the GPA's net zero efforts and its lifecycle replacement projects to understand the scope and progress of those projects.

Other interviews

10 Our study questions include whether the centre of government understands the needs and priorities of government departments and how it interacts with departments on issues related to property. We interviewed departments to understand their perspective on these two topics. We interviewed HM Revenue & Customs, the Department for Work & Pensions and the Ministry of Justice because they are each responsible for large but distinctive estates with unique needs and priorities. While these departments provided examples of the range of property assets that government organisations hold and of the variety of issues they encounter, we do not take a stand on the extent to which these can be generalised across other organisations and we acknowledge that we interviewed a minority of the portfolio leads and of government's property organisations. We spoke with high-ranking property leaders in each department and interviewed each for 90–120 minutes. We performed semi-structured interviews, covering a set of common questions, but probing where we found their responses particularly relevant or unique. Each meeting was followed by a request for documents to detail programmes or developments that were discussed at the meeting. In addition to relying on interview information to answer the two key study questions, we extracted good-practice examples that we highlighted at several points throughout the report.

11 We met with officials from other organisations who could provide insights on central government property:

- We met with the Government Internal Audit Agency to discuss its recent audit work on property maintenance.
- We met with the Infrastructure and Projects Authority to discuss its assessment of the government's major property programmes.
- We met with GeoPlace LLP to discuss available location data on government property.
- We met with UK Government Investments to discuss its role as shareholder on the GPA's board and its views of the GPA's performance and governance.

Data analysis

12 We performed data analysis to understand the size, composition, operating cost, efficiency, value, regional distribution and environmental performance of central government property, the central government civil estate and the offices benchmarked by the Cabinet Office, and how these have changed since 2016-17. We analysed data from the annual State of the Estate reports, the Whole of Government Accounts, the annual reports and accounts of wider public sector bodies, data provided by the OGP and data collected by HM Treasury for the Whole of Government Accounts. We also used published Office for National Statistics data on the UK population and civil servant headcount, the Public Expenditure Statistical Analyses (PESA) 2021 published by HM Treasury and the GDP deflator series published by HM Treasury in December 2021.

13 To understand trends in the GPA's income, expenditure, funding and in the transfer of government property to the GPA, we analysed data from the GPA's Annual Reports and Accounts from its establishment in 2018-19 to 2020-21 and the draft 2021-22 Annual Report and Accounts. At the time of publication, the draft accounts were unpublished so may be subject to change. We also commissioned analysis of these data from the Financial Analysis Team in the Analysis Hub.

14 Data from annual reports and accounts, including the Whole of Government Accounts, are audited. Data from the State of the Estate reports and PESA, as well as data provided by the OGP and case study departments, are unaudited. The State of the Estate reports and PESA are official government documents.

15 State of the Estate reports are primarily based on property data submitted by departments. As we note in paragraph 3.4, the quality of departments' property data is variable. The Cabinet Office told us that it carries out data input checks and, where possible, year-on-year consistency checks on the data provided by departments.

16 The trend in operating cost of the central civil estate reported in paragraph 1.8 is in 2020-21 real terms, based on unaudited OGP data and the December 2021 GDP deflator series. All other financial data in the report are in nominal terms.

17 We have not considered whether the data regarding the utilisation of benchmarked offices, which we set out in paragraph 1.8, are statistically significant with respect to the central government office portfolio as a whole.

CORRECTION SLIP

Title: Managing central government property

Session: 2022-23

HC 571

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Correction one:

In the Recommendations in the Summary, on pages 11 and 12, there are labelling and bulleting issues which need to be corrected.

The third bullet of recommendation c, on page 11, reads “Alongside this, the OGP should continue its work to:”. This text should not be bulleted.

The text “Programmes” at the top of page 12 is labelled as recommendation e. This should be a header rather than a separate recommendation. The subsequent recommendations f to j should instead be labelled e to i.

Correction two and three:

In both paragraphs 14 and 3.17 of the above report we say:

“In its draft Annual Report for 2021-22, the GPA has stated that the projects approved up to March 2020 will realise £903 million benefits by 2037”.

“March 2020” should actually read “March 2022”.

Correction two:

The paragraph currently reads:

14 The GPA estimates it will realise £903 million benefits by 2037 but there is a risk that not all the benefits from consolidating government property and its management will materialise. In 2018, government anticipated that the creation of the GPA would deliver benefits of at least £3.6 billion over 20 years. This was on the basis that most central government offices would be transferred to the GPA and consolidated into hubs. However, it is unclear when departments will transfer their remaining offices to the GPA and how strong the demand for hub accommodation will be. Three departments have yet to agree a transfer date for some or all of their offices. In its draft Annual Report for 2021-22, the GPA has stated that the projects approved up to March 2020 will realise £903 million benefits by 2037⁵ and that it has released 31 central London office buildings, against a target of 51 closures by 2026 (paragraphs 2.8, 3.14, 3.17 and Figure 11).

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Date of correction: 15 September 2022

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