



National Audit Office



REPORT

Maintaining public service facilities

Cross-government

SESSION 2024-25
22 JANUARY 2025
HC 544



We are the UK's independent public spending watchdog.

We support Parliament in holding government to account and we help improve public services through our high-quality audits.

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2023, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £1.59 billion. This represents around £17 for every pound of our net expenditure.



National Audit Office

Maintaining public service facilities

Cross-government

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 20 January 2025

This report has been prepared under Section 6 of the
National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

14 January 2025

Value for money reports

Our value for money reports examine government expenditure in order to form a judgement on whether value for money has been achieved. We also make recommendations to public bodies on how to improve public services.

The material featured in this document is subject to National Audit Office (NAO) copyright. The material may be copied or reproduced for non-commercial purposes only, namely reproduction for research, private study or for limited internal circulation within an organisation for the purpose of review.

Copying for non-commercial purposes is subject to the material being accompanied by a sufficient acknowledgement, reproduced accurately, and not being used in a misleading context. To reproduce NAO copyright material for any other use, you must contact copyright@nao.org.uk. Please tell us who you are, the organisation you represent (if any) and how and why you wish to use our material. Please include your full contact details: name, address, telephone number and email.

Please note that the material featured in this document may not be reproduced for commercial gain without the NAO's express and direct permission and that the NAO reserves its right to pursue copyright infringement proceedings against individuals or companies who reproduce material for commercial gain without our permission.

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.

CORRECTION SLIP

Title: Maintaining public service facilities

Session: 2024-25

HC 544

ISBN 978-1-78604-593-5

Ordered by the House of Commons to be printed on 20 January 2025

Correction one:

The error involves a typo in the date range. “2014-25” should be corrected to “2014-15”.

Text currently reads:

Page 33, Paragraph 3.13:

The Department for Culture, Media & Sport underspent between 9% and 55% of the capital budget of its sponsored museums and galleries every year from 2014-25 to 2023-24.

Text should read:

The Department for Culture, Media & Sport underspent between 9% and 55% of the capital budget of its sponsored museums and galleries every year from 2014-15 to 2023-24.

Date of correction: 24 January 2025



Contents

Key information 4

Summary 6

Part One

Government property 16

Part Two

Data and transparency 25

Part Three

Funding 29

Part Four

Capacity and capability 37

Appendix One

Our audit approach 40

This report can be found on the National Audit Office website at www.nao.org.uk


If you need a version of this report in an alternative format for accessibility reasons, or any of the figures in a different format, contact the NAO at enquiries@nao.org.uk


The National Audit Office study team consisted of:


John Anderson,
Leon Bardot, Lana Eekelschot,
Maria-Christina Eskioglou,
Rachel Fenn and Alberto Vanzo,
with assistance from
Matthew Hooper, Anna Robinson,
Tahirul Uddin and Lucy Whelan,
under the direction of Siân Jones.

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

 020 7798 7400

 www.nao.org.uk

 @NAOorguk

Key information

Why the maintenance of government property is important

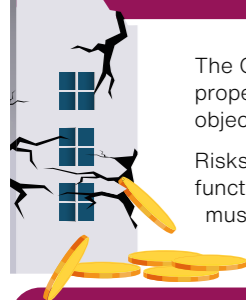
Property maintenance is important so that public sector buildings remain safe, functional and comfortable for public sector employees and the public.

Poor property condition can negatively affect the delivery of services to the public, the public sector's productivity and staff retention, and the value of government property.

Delaying maintenance can significantly increase future costs.



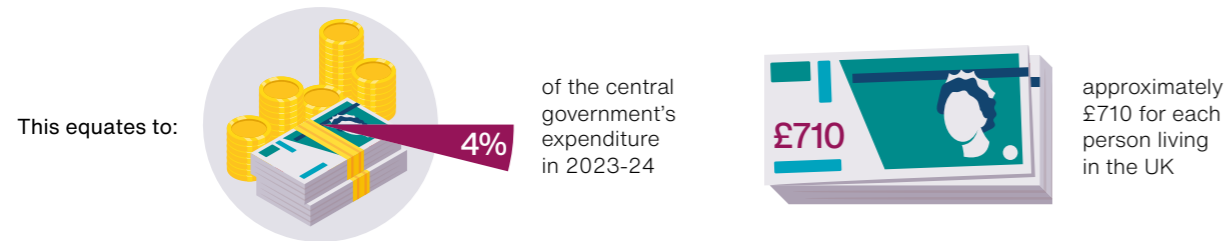
Poor property condition is a significant risk across government



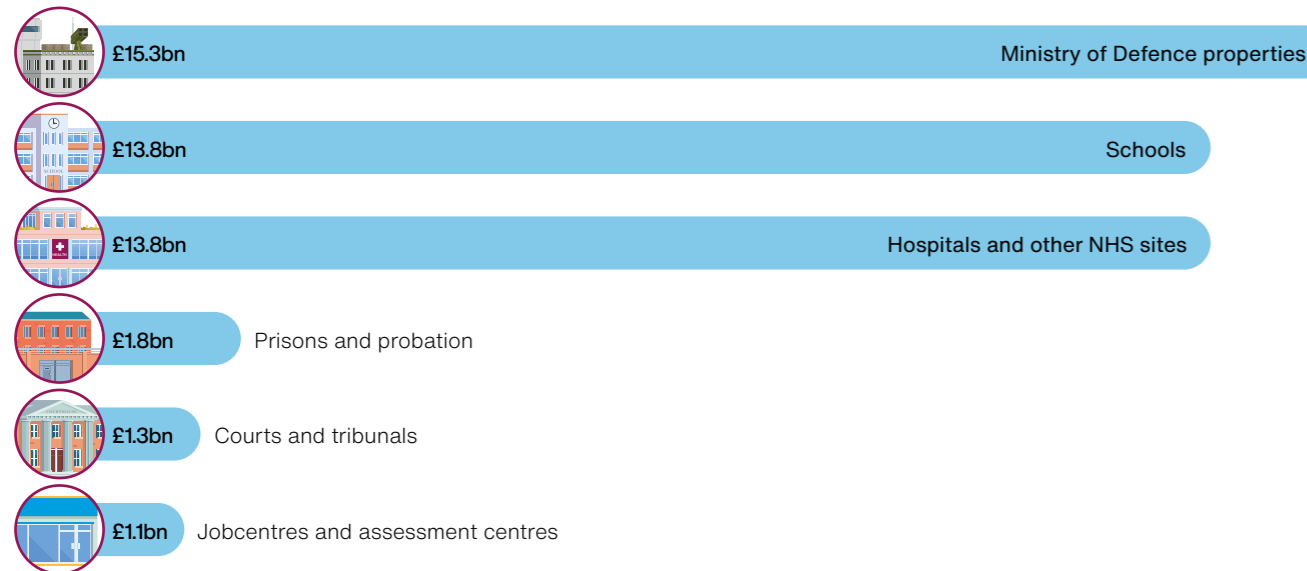
The Civil Service Board, which supports the strategic leadership of the civil service, considers unsafe property condition to be one of the principal risks to the civil service's ability to deliver the government's objectives, and assesses it to be beyond the level of risk that the government can accept.

Risks relating to property condition have materialised, taking property out of use and impacting functionality of properties such as prison cells, law courts, schools, hospitals, defence estate and museums. On average, between 2019-20 and 2023-24, approximately 5,400 clinical service incidents occurred in the NHS every year due to property and infrastructure failures.

The government's maintenance backlog has grown steadily in recent years and is now at least £49 billion



The types of property with the largest backlogs



There are several causes for the increase in the backlog

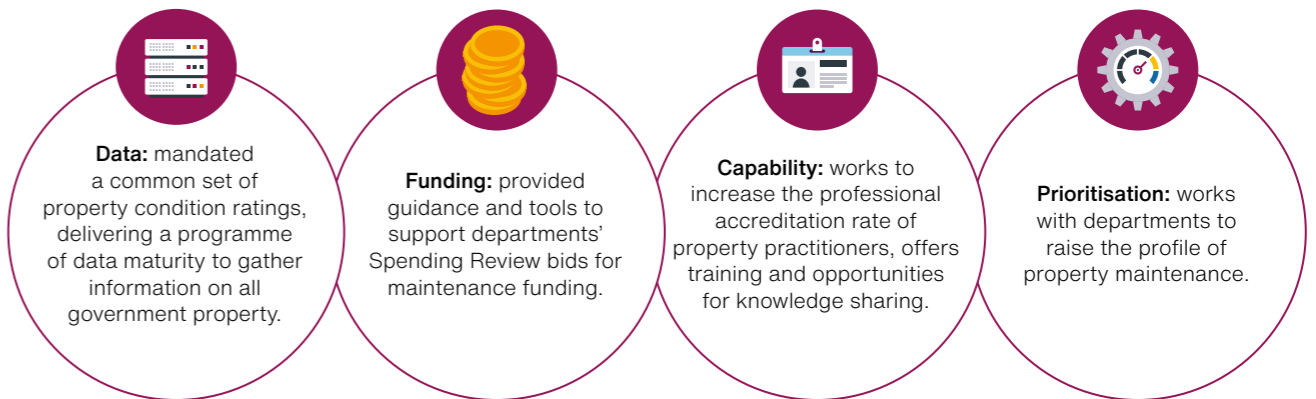
Historic under-investment

Cost increases and inflationary pressures

Many aged buildings are reaching the end of their intended operational life at the same time

For income-generating portfolios such as museums, loss of income due to COVID-19

The Office of Government Property has taken action to improve property condition and reduce the backlog



More work is needed

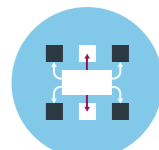
Data

- Standardised definition of the maintenance backlog
- Used across government to estimate the total backlog
- Maintenance backlog information published annually to improve transparency



Planning

- Long-term plans for departments' capital needs
- Arm's-length bodies to produce strategic asset management plans or be included in departmental plans



Funding

- HM Treasury to tackle the backlog through the next spending review
- Assessments of the benefits of new builds versus maintaining existing properties in business cases for new builds



Capability

- Office of Government Property to use data on the property profession to make recommendations to departments about addressing skills gaps in property roles
- Departments to include workable property workforce plans in their strategic workforce plans



Summary

Introduction

1 The government has extensive property holdings, which it uses to deliver services to the public and support its operations. Government property ranges from hospitals to jobcentres, courts, prisons, museums, research facilities, offices and warehouses (**Figure 1**). As of March 2023, the value of freehold properties was approximately £187 billion.¹ Ministry of Defence (MoD) properties such as military bases, National Health Service properties such as hospitals, and schools make up approximately 89% of government property by area and 84% by value.

2 Property maintenance is important so that public sector buildings remain safe, functional and comfortable for public sector employees and the public. Poor property condition can negatively affect the delivery of services to the public, the public sector's productivity and staff retention, and the value of government property.

3 Recent National Audit Office reports have highlighted that schools, hospitals and prisons have significant maintenance backlogs.² A maintenance backlog is the value of work that has not been carried out or has been deferred when maintaining assets. It includes the cost of works that should have already taken place and excludes the cost of works that will be required in the future. Delaying these works can significantly increase future costs.

4 Government departments and arm's-length bodies (ALBs) have day-to-day accountability for their own property. HM Treasury (HMT) and the Cabinet Office influence departmental decision-making by allocating funding and by publishing cross-government policies, standards, strategies and guidance. The Office of Government Property (OGP), part of the Cabinet Office, sets the strategic direction for the management of government property. The OGP established the Better Buildings Programme in 2022 to develop a standard, consistent methodology across government for building maintenance and risk management, and share best practice across government.

¹ Government Property Function and Cabinet Office, *State of the Estate 2022-2023*, updated April 2024.

² Comptroller and Auditor General, *Condition of school buildings*, Session 2022-23, HC 1516, National Audit Office, June 2023; Comptroller and Auditor General, *Progress with the New Hospital Programme*, Session 2022-23, HC 1662, National Audit Office, July 2023; Comptroller and Auditor General, *Increasing the capacity of the prison estate to meet demand*, Session 2024-25, HC 376, National Audit Office, December 2024.

Figure 1
Types of UK government property

The UK government owns or occupies a wide range of properties, which it has categorised into 15 portfolios



Notes

- 1 The 'remaining estate' includes properties which do not fall under the other portfolios, such as industrial buildings, and properties of organisations whose assets have multiple uses or are difficult to disaggregate.
- 2 Each box represents a property portfolio and includes examples of the types of property that fall under it, not an exhaustive list.

Source: Government Property Function and Cabinet Office, *State of the Estate 2022-2023*

Scope of this report

5 This report examines whether the government plans and manages property maintenance in a way that ensures value for money. It covers:

- the importance of property maintenance, how the government manages its property, and the size and composition of the government's maintenance backlog (Part One);
- the timeliness, completeness and consistency of the government's data on property condition and the backlog (Part Two);
- how the government funds property maintenance and how government organisations use the funding available (Part Three); and
- property professionals' capacity and capability (Part Four).

6 The report focuses on the properties that the government uses to deliver services to the public and support its operations, such as NHS properties, schools, jobcentres, courts, prisons, museums, research facilities and warehouses. It does not cover offices;³ equipment; land; overseas properties such as UK embassies and MoD sites abroad; infrastructure assets such as roads, flood defences and nuclear decommissioning sites;⁴ and the implications of the government taking up responsibility for the maintenance of public finance initiative (PFI) assets as PFI contracts come to end.⁵ It also excludes the property of the devolved administrations, local government offices, public corporations and the wider public sector, such as the Parliamentary Estate in Westminster.⁶

Key findings

Data and transparency

7 Department Strategic Asset Management Plans (SAMPs) are of varying quality in terms of both format and level of detail. The SAMP is a mandatory requirement for all departments with a property portfolio. It provides an opportunity for departments to consider the totality of their assets and plan how to manage maintenance and disposals in the longer term. However, not all departments prepare comprehensive plans (paragraph 1.10).

3 Comptroller and Auditor General, *Managing central government property*, Session 2022-23, HC 571, National Audit Office, July 2022.

4 Comptroller and Auditor General, *Resilience to flooding*, Session 2023-24, HC 189, National Audit Office, November 2023; Comptroller and Auditor General, *The condition and maintenance of local roads in England*, Session 2024-25, HC 117, National Audit Office, July 2024.

5 Comptroller and Auditor General, *Managing PFI assets and services as contracts end*, Session 2019-21, HC 369, National Audit Office, June 2020.

6 Comptroller and Auditor General, *Restoration and Renewal of the Palace of Westminster: Progress update*, Session 2021-2022, HC 1016, National Audit Office, January 2022.

8 The government's data on the condition of its properties and the maintenance backlog are incomplete, out of date, and use inconsistent definitions, which hinders the government's ability to make effective funding decisions. The most recent attempt by the OGP to quantify the maintenance backlog across government property, in March 2022, did not include data on the MoD's property, except for single living accommodation for service personnel. HM Prison and Probation Service's calculation of replacement costs for probation centres is based on 2019 values. Organisations include different costs in their calculations of the backlog, preventing decision-makers from comparing maintenance backlogs across government. This affects the government's ability to make strategic decisions on property, including prioritisation of funding and delivery of cross-government initiatives (paragraphs 2.2 to 2.6).

9 The government is taking action to improve the quality, completeness and consistency of information on the condition of its property and the maintenance backlog. After some delays, the OGP is introducing InSite, an enhanced data collection system, and aims to have completed its implementation by March 2025. The OGP hopes the new system will improve data consistency and will use it to gather information on government property, as per the government property data standard. Additionally, as part of the Better Buildings programme, the OGP is undertaking initiatives to improve data quality, such as publishing tools to help departments produce better business cases for maintenance. We assessed the Better Buildings programme against our framework for reviewing programmes and found that, while the programme had clear objectives, the OGP was slow to progress the programme and had limited levers to encourage change across departments (paragraphs 2.9 to 2.14 and Figure 7).

10 There is limited transparency on the condition of government property and the maintenance backlog. The Cabinet Office does not regularly publish information on the condition of government property and the backlog, as it is incomplete. Only NHS England publishes backlog costs annually. The Department for Education (DfE) has also previously published statistics on the condition of government-funded schools in England. The latest published data date back to surveys carried out from 2017 to 2019 and a new data collection programme is ongoing (paragraphs 2.7 to 2.8).

Property condition

11 We calculated that the government’s maintenance backlog has increased steadily in recent years and is now at least £49 billion. This equates to approximately 4% of the government’s total expenditure in 2023-24, or around £710 for each person living in the UK (based on mid-2023 population estimates). The OGP has estimated that the actual cost of remediation (the real cost of repairs to improve property condition, rather than simply maintaining it) could be substantially higher, in some cases 10 times higher. MoD properties, schools and NHS properties have a backlog totalling more than £10 billion each and make up 88% of the total backlog. Government officials we spoke to have identified historic underinvestment, cost increases and inflationary pressures, the fact that many aged buildings are reaching the end of their intended operational life (the point at which they cease to be useful) around the same time and, for income-generating portfolios such as museums, loss of income due to COVID-19 as the causes for the increase in the backlog (paragraphs 1.12 to 1.16).

12 Some government organisations provide services to the public from old buildings, which are expensive to maintain and susceptible to faults, and have no plans to move to newer buildings. Government bodies may not move to newer buildings for a variety of reasons, including the historical significance of existing sites, cultural resistance from staff not wanting to move to modern buildings, difficulties in finding suitable buildings in the required locations, or the fact that the proceeds from selling existing properties would be low and the cost of acquiring new buildings high. The OGP provides departments and ALBs with guidance on how to decide which properties to retain and to dispose of. Government’s disposals generated receipts of £1.1 billion in 2022-23, against a target of £500 million per annum (paragraphs 3.11 and 3.12).

13 Building failures have affected the delivery of public services, government’s productivity and its ability to withstand shocks. The Civil Service Board, which supports the strategic leadership of the civil service, considers unsafe property to be one of the risks to the civil service’s ability to deliver government’s objectives, and assesses it to be outside of its appetite, that is, beyond the level of risk that government can accept. Out of 17 main government departments, five have identified a risk relating to property failure, safety or suitability as one of their principal risks, including the departments which lead on three of the four largest government and public sector property portfolios (DfE, MoD and the Ministry of Justice). Risks relating to property safety and failures have materialised across government property and resulted, for instance, in the closure of prison cells, law courts and museums. On average, between 2019-20 and 2023-24, approximately 5,400 clinical service incidents occurred in the NHS every year due to property and infrastructure failures (paragraphs 1.4 to 1.7).

Funding

14 Short-term planning and funding for property maintenance affects the government's ability to deliver the best value for money in the long term.

Government organisations operate with annual maintenance budgets and are not allowed to transfer unspent funds to the following year. Meeting a year-end deadline to spend maintenance funding may be difficult as works take time to plan and deliver. Work is often concentrated in the last quarter of the year, which makes it harder to oversee than if it were spread evenly across the year. Organisations are incentivised to spend any leftover funds before year end and to split large projects into smaller annual chunks. This encourages them to pursue quick wins and piecemeal solutions rather than long-term value for money. Long-term plans for acquisitions, investment and disposals would help government organisations maintain their property effectively. However, organisations do not usually make long-term plans as they only have funding certainty for the current spending review period (paragraphs 3.14 to 3.18).

15 Government organisations told us that preventative maintenance is better value for money than reactive repairs but that funding to support preventative maintenance is not seen as a priority.

Government organisations told us that maintenance funding has often been significantly lower than the amounts they estimated they need, and that this limits their ability to carry out preventative maintenance, which delivers better value for money than reactive repairs, and to prevent the condition of their property from continuing to deteriorate. HMT told us that, when allocating funding to departments, it works with them to strike a balance between property maintenance and other competing priorities. It stated that business cases for maintenance should clearly evidence the outcomes that planned investment will achieve (paragraph 3.4 and Figure 8).

16 Some organisations have prioritised acquiring new properties or day-to-day spending over maintaining their existing properties. In our 2024 value for money report on the prison estate, we found that HM Prison and Probation Service (HMPPS) did not maintain prisons to the necessary standard, due to insufficient funding.⁷ Dilapidation of existing cells and earlier policy choices to close some prisons offset HMPPS's progress in increasing prison capacity.⁸ The Department for Health & Social Care transferred £4.3 billion from its capital to revenue budget between 2014-15 and 2018-19, partly to prioritise day-to-day spending for NHS providers whose financial position had deteriorated. In November 2023, the House of Commons Public Accounts Committee concluded that “the raiding of capital budgets in the recent past is an underlying cause of the estates crisis the NHS is now in”. HMT now requires departments that wish to transfer funding from capital to revenue budget to demonstrate that this does not take funding away from necessary maintenance expenditure. HMT also intends to further restrict departments' ability to transfer funding from capital to revenue budget. HMT is strongly encouraging departments to consider improving their existing properties before submitting spending review bids for new builds (paragraphs 3.6 to 3.10).

17 Some departments and ALBs with a significant maintenance backlog regularly underspent their capital budget. For instance, the Department for Culture, Media & Sport (DCMS) underspent between 9% and 55% of the capital budget of its sponsored museums and galleries every year from 2014-15 to 2023-24. The total underspend over this period was £277 million. There are several reasons for this underspend, including additional income received by museums and galleries, the sale of some assets, and delays to projects whose funds are ring-fenced and cannot be repurposed to reduce the maintenance backlog (paragraph 3.13).

Capacity and capability

18 The OGP has made progress in recruiting and upskilling people with property expertise, but there remains a shortage of experienced professionals across government. Some organisations with significant property portfolios do not have enough accredited property experts and are finding it difficult to recruit experienced professionals. The number of property professionals within government is fluctuating and varies significantly across organisations, partly due to differences in their responsibilities and the size of the estate. The government is on track to meet its ambitions for recruitment to the Property Fast Stream and apprenticeships, and professional accreditations. However, some departments and ALBs told us that it is becoming increasingly difficult to recruit property specialists. Gaps in departments' capacity and capability impact their ability to manage the performance of private sector providers of maintenance services effectively (paragraphs 4.3 to 4.5 and 4.9 and Figure 11).

⁷ Comptroller and Auditor General, *Increasing the capacity of the prison estate to meet demand*, Session 2024-25, HC 376, National Audit Office, December 2024.

⁸ See footnote 7.

19 The OGP is working to improve capability and share best practice, but it has an incomplete picture of current capability levels. The OGP's annual Capability Data Commission provides a picture of the property profession, accreditation levels and skills gaps. However, this picture is incomplete as participation is voluntary for some public bodies, who opted out. Guidance for SAMPs also indicates that departments should assess capability needs and whether sufficient skills are available. The OGP is working to improve capability. For instance, it is developing a skills taxonomy and will roll out learning opportunities targeting specific skills. Of the property professionals we spoke to, those based in departments had greater awareness of the OGP's tools and knowledge sharing sessions than those based in ALBs (paragraphs 4.6 and 4.8).

Conclusion on value for money

20 Having good-quality property that is properly maintained, utilised and adaptable to future needs is fundamental to delivering public services. However, the condition of government property has declined over the last decade. The government has accumulated at least £49 billion of maintenance backlog. The government will need to consider the optimal way to manage its assets alongside its long-term investment plans, in addition to the cost of ongoing maintenance, to bring property condition to a satisfactory level.

21 The scale of the challenge will become intractable unless the OGP urgently addresses strategic planning gaps across government, so it and departments can understand what the full picture of maintenance requirements is across government, ahead of the next and subsequent spending review periods. In the short term, this will allow the most urgent works to be prioritised and risks to be understood. In the medium to long term, it will allow for the government to take a more strategic approach to property maintenance and management, working towards future-proofing the estate to make it fit for purpose and to represent the best value for money.

Recommendations

Data and transparency

a The OGP should:

- mandate to departments and ALBs that they use the standardised definition of maintenance backlog, as defined by the OGP⁹ by March 2026, so the true figure across government can be calculated;
- include data on the maintenance backlog in the State of the Estate reports from 2026-27 onward; and
- work with departments to develop a strategic plan for the government to contain and then reduce the maintenance backlog, backed up by a longer-term cross-government programme.

b Government departments should:

- use the new standardised condition and backlog data tools to provide comprehensive condition and backlog data to OGP for inclusion in the 2026-27 State of the Estate report;
- update their SAMP by the end of Q4 2026-27 to include a long-term property plan, which sets out the capital needs of the service over the next 10 or more years, and a plan to reduce their backlog;
- ensure that all ALBs and public funded buildings are in scope of departmental SAMP or produce one themselves; and
- undertake a full risk assessment of the impact of condition on their service delivery (using the OGP risk impact assessment tool), and update their departmental risk registers by the end of Q4 2025-26.

⁹ The OGP defines the maintenance backlog as the value of work that has not been carried out or has been deferred when maintaining assets.

Funding

- c** Ahead of the next Comprehensive Spending Review and beyond, HMT should consider agreeing longer-term settlements for property investment for those organisations that have robust long-term strategic asset management plans, additional controls to prevent necessary maintenance funding from being diverted to other spending areas, and make greater use of cross-departmental funding pots to tackle problems arising across government property.
- d** As part of its business-as-usual activities, HMT should ensure that business cases for new builds include assessments of the benefits of new buildings versus the maintenance of existing property, or explain why the government cannot achieve its objectives solely by maintaining existing properties. Equally, business cases for maintenance should include an assessment of whether a new building would deliver better value for money.

Capability and capacity

- e** The OGP should:
 - work with departments to ensure they include actionable property workforce plans in their strategic workforce plans; and
 - use the data it collects on the property profession and future projections of property professionals to make recommendations to departments about addressing skills gaps in property roles, to enable them to oversee contractors and ALBs with large and complex property portfolios effectively.

Part One

Government property

1.1 This part sets out:

- the importance of property maintenance;
- how government manages its property; and
- the size and composition of the government's maintenance backlog.

The importance of property maintenance

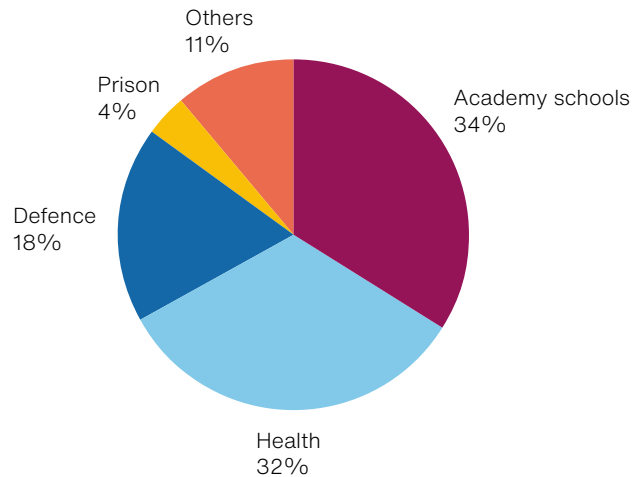
1.2 The government has extensive property holdings, which it uses to deliver services to the public and support its operations. Government property ranges from hospitals to schools, jobcentres, courts, prisons, museums, research facilities, offices and warehouses (Figure 1). As of March 2023, the value of freehold properties was approximately £187 billion (**Figure 2**).¹⁰ Ministry of Defence (MoD) properties such as military bases, NHS properties such as hospitals, and schools make up approximately 89% of government property by area and 84% by value.

1.3 'Property maintenance' refers to the interventions which ensure that existing properties can perform to a given standard. They include cleaning, checking walls and roofs, and repairing and replacing electrical, water, sewerage and heating systems.

1.4 While keeping property in a reasonable condition may not have the same visible impact as building new properties, an optimised management system for planned maintenance brings a wide range of benefits. Well-maintained government properties are more cost effective, less likely to break down, more valuable and longer lasting than poorly maintained buildings. For the people who work in them, well-maintained properties contribute to higher levels of wellbeing, reduced absenteeism and higher productivity. For the public who uses them, well-maintained properties result in lower levels of stress and anxiety and a better experience interacting with the government. They also improve the UK's ability to withstand shocks and emergencies, such as new diseases.

Figure 2

Value of central government property by portfolio, March 2023

Academy schools, defence and health properties are the largest by value**Notes**

- 1 The values provided are those of the properties included in the balance sheets of government bodies. These are largely those held as freeholds or under long-term leases, and exclude properties the government occupies under short-term leases such as jobcentres. The value reported is 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.
- 2 Government property is categorised into portfolios. 'Others' includes the following portfolios: courts and tribunals, cultural assets, infrastructure, jobcentres, land, logistics and storage, offices, overseas, probation, and science. It also includes the remaining government estate, which is not part of any portfolios.
- 3 The total % value of all categories does not add to 100% because of rounding data labels to the nearest 1%.

Source: National Audit Office analysis of Government Property Function and Cabinet Office, *State of the Estate 2022-2023* and of Office of Government Property data

1.5 Poor property maintenance can result in water leaks, collapsing ceilings, fire alarm faults and other building failures. These pose a threat to health and safety, including in places where there are young and vulnerable people, and result in buildings being out of use.

1.6 The government has identified poor property condition as a significant risk. The Civil Service Board, which supports the strategic leadership of the civil service, considers unsafe property to be one of the risks to the civil service's ability to deliver the government's objectives, and assesses it to be outside of its appetite, that is, beyond the level of risk that the government can accept. Out of 17 main government departments, five have identified a risk relating to property failure, safety or suitability as one of their principal risks, including the departments which lead on three of the four largest government and public sector property portfolios. These are the Department for Education (DfE), MoD and the Ministry of Justice (MoJ).¹¹

¹¹ The Department for Education does not own or directly manage schools and is not the custodian of schools. This role is devolved to responsible bodies depending on the type of school, who have the legal responsibility for the land and buildings, and to those bodies who may hold the freehold or leasehold interest in the land or hold it in trust.

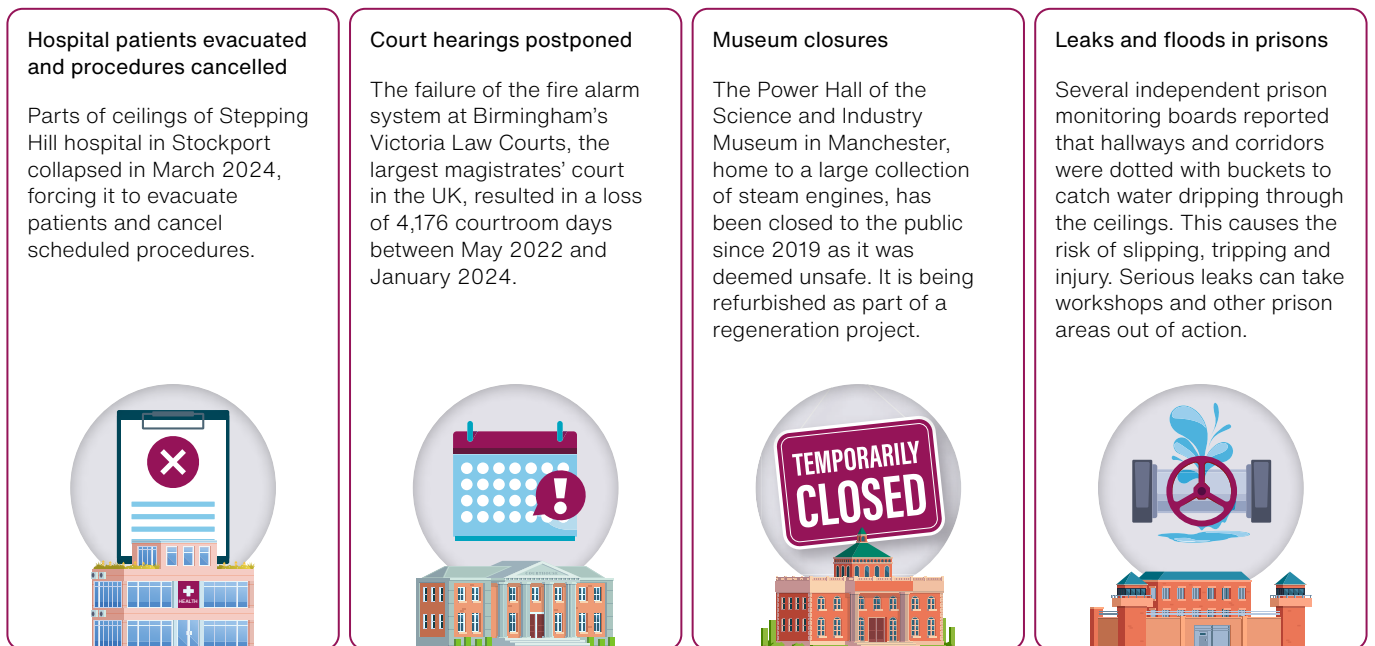
1.7 These risks have materialised across government property and resulted, for instance, in the closure of prison cells, law courts and museums (**Figure 3**). On average, between 2019-20 and 2023-24, approximately 5,400 clinical service incidents occurred in the NHS every year due to property and infrastructure failures.

1.8 This report focuses on the properties that the government uses to deliver services to the public and support its operations, such as schools, jobcentres, courts, prisons, museums, research facilities and warehouses. The report does not cover offices; equipment; land; overseas properties, such as UK embassies and MoD sites abroad; and infrastructure assets, such as roads and railways, flood defences and nuclear decommissioning sites, which have been covered in previous National Audit Office work.¹²

Figure 3

Examples of incidents arising from poor property condition and insufficient maintenance

The poor condition and insufficient maintenance of government properties has resulted in disruption to public services, building closures and health and safety hazards



Source: National Audit Office analysis of government documents and publicly available documents

12 For instance, Comptroller and Auditor General, *Managing central government property*, Session 2022-23, HC 571, National Audit Office, July 2022; Comptroller and Auditor General, *Resilience to flooding*, Session 2023-24, HC 189, National Audit Office, November 2023; and Comptroller and Auditor General, *The condition and maintenance of local roads in England*, Session 2024-25, HC 117, National Audit Office, July 2024.

How the government manages its property

1.9 The Office of Government Property (OGP), part of the Cabinet Office, owns the government's property strategy. It has various responsibilities, including collecting data on government property and publishing the *State of the Estate* report (**Figure 4** on pages 20 to 21).

1.10 Government departments and arm's-length bodies (ALBs) are responsible for their own property strategies. The OGP expects each organisation to develop an annual Strategic Asset Management Plan (SAMP), in line with the Government Property Strategy and the UK Government Functional Standard for Property. This involves determining property needs and locations, given the organisation's business strategy and workforce plans. The SAMP is a mandatory requirement for all departments with a property portfolio. It is an opportunity for departments to consider the totality of their assets and plan how to manage maintenance and disposals in the longer term. However, not all departments prepare comprehensive plans. We reviewed a small number of departmental SAMPs and found that they were of varying quality in terms of both format and level of detail.

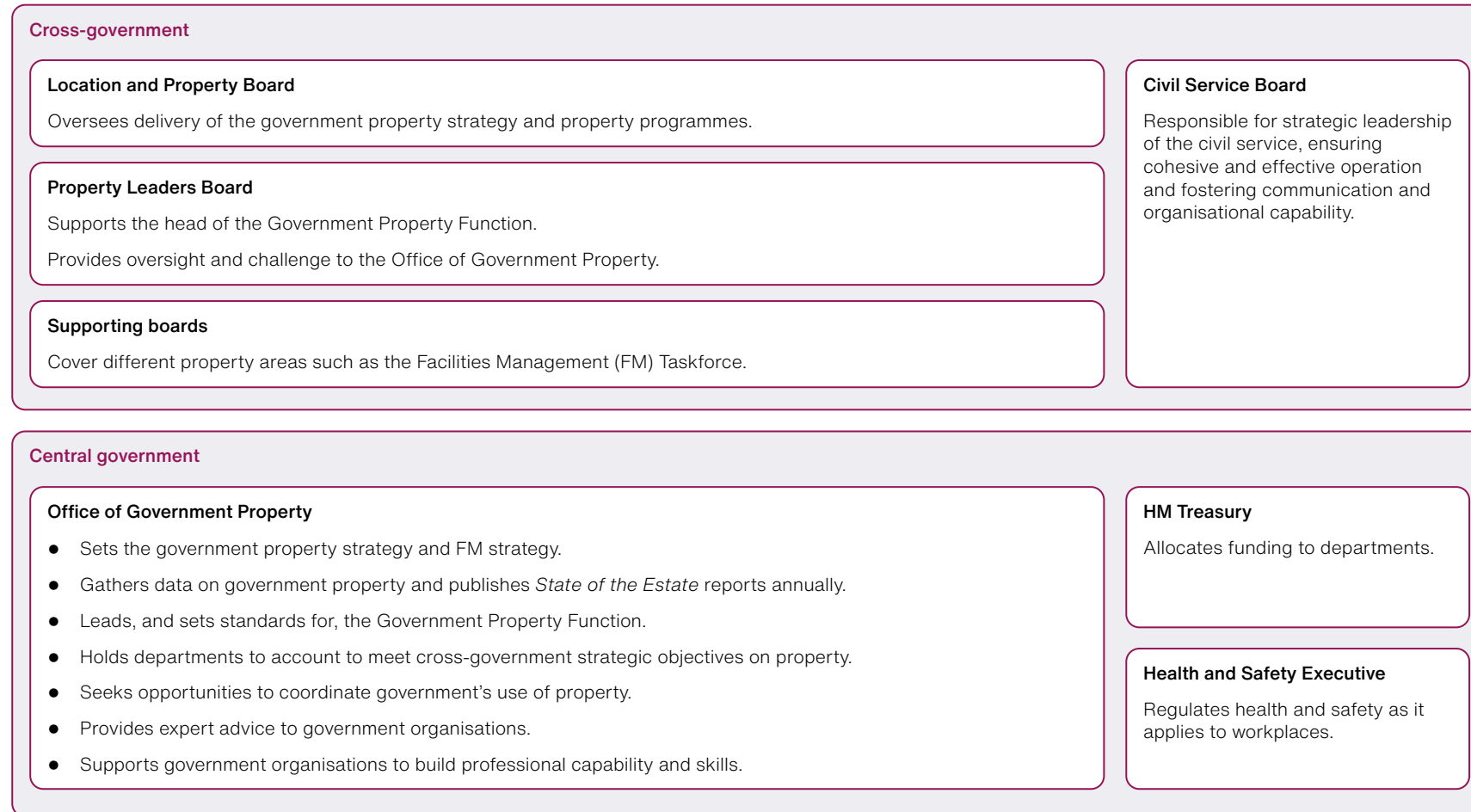
1.11 Responsibilities for operational property management vary across departments. Some manage the property of their ALBs, which includes acquisitions, disposals, maintenance, improvement works and facilities management. Other organisations delegate management responsibilities to their ALBs, as shown in the following instances:

- The Department for Environment, Food & Rural Affairs manages all its ALBs' property.
- The MoJ manages the property of HM Prison and Probation Service, but has delegated responsibility for managing courts and tribunals to HM Courts & Tribunals Service.
- The ALBs of the Department for Energy Security & Net Zero and the Department for Science, Innovation & Technology manage their own property, with the support of these departments' shared Integrated Corporate Services Estates & Sustainability team.

Figure 4

Roles and responsibilities for the management of central government property

Several bodies have responsibility for the management of government property, and the Office of Government Property sets the overall strategy for property management



Lead organisations for property portfolios

Of the 15 government property portfolios, 13 have a lead organisation which is responsible for setting a portfolio property strategy.

Courts and tribunals HM Courts & Tribunals Service	Cultural assets Department for Culture, Media & Sport	Defence Ministry of Defence	Health Department of Health & Social Care
Infrastructure No single lead	Jobcentres Department for Work & Pensions	Land Department for Environment, Food & Rural Affairs	Logistics and storage Government Property Agency
Offices Government Property Agency	Overseas Foreign, Commonwealth & Development Office	Prisons Ministry of Justice	Probation Ministry of Justice
Schools Department for Education ¹	Science Rotating lead ²	Remaining estate No single lead	

Departments and arm's-length bodies

- Accounting Officers, executive committees and boards are responsible for ensuring that properties are safe and compliant, support the delivery of policy priorities, deliver value for money, meet sustainability obligations, and support organisational performance and the wellbeing of those who occupy and visit them.
- Each organisation is responsible for developing its property strategy and strategic asset management plan, and for delivering cross-government objectives on property.
- Departments are responsible for allocating funding to their arm's-length bodies and for considering risk management within their arm's-length bodies.
- Some departments manage the property of their arm's-length bodies. Others delegate management responsibilities to arm's-length bodies.

Notes

- 1 The Department for Education provides funding for maintenance of schools in England. It is not the custodian of schools. This role is devolved to responsible bodies depending on the type of school, who have the legal responsibility for the land and buildings, and to those bodies who may hold the freehold or leasehold interest in the land or hold it in trust.
- 2 Departments with large science property holdings convene in the Cross Government Science Property Group. The role of chair rotates across member departments.

Source: National Audit Office review of government documents

The maintenance backlog

1.12 The maintenance backlog is the value of work that has not been carried out or has been deferred when maintaining assets. It includes the cost of works that should already have taken place and excludes the cost of works that will be required in the future. The Cabinet Office has estimated that deferring backlog maintenance can multiply costs by over 1.5 times over a two- to four-year period.

1.13 Based on information provided by the 17 main government departments, the maintenance backlog across government was at least £49 billion as of October 2024.¹³ This equates to approximately 4% of the government's total expenditure in 2023-24, or around £710 for each person living in the UK (based on mid-2023 population estimates). The OGP has estimated that the actual cost of remediation (the real cost of repairs to improve property condition, rather than simply maintaining it) could be substantially higher than the maintenance backlog, in some cases up to 10 times higher.

1.14 MoD properties, schools and NHS properties have a backlog totalling more than £10 billion each and make up 88% of the total backlog. The remaining 12% relates primarily to prisons and probation centres, courts and tribunals, and jobcentres and assessment centres. Each of these property types has a backlog of between £1 billion and £2 billion (**Figure 5**).

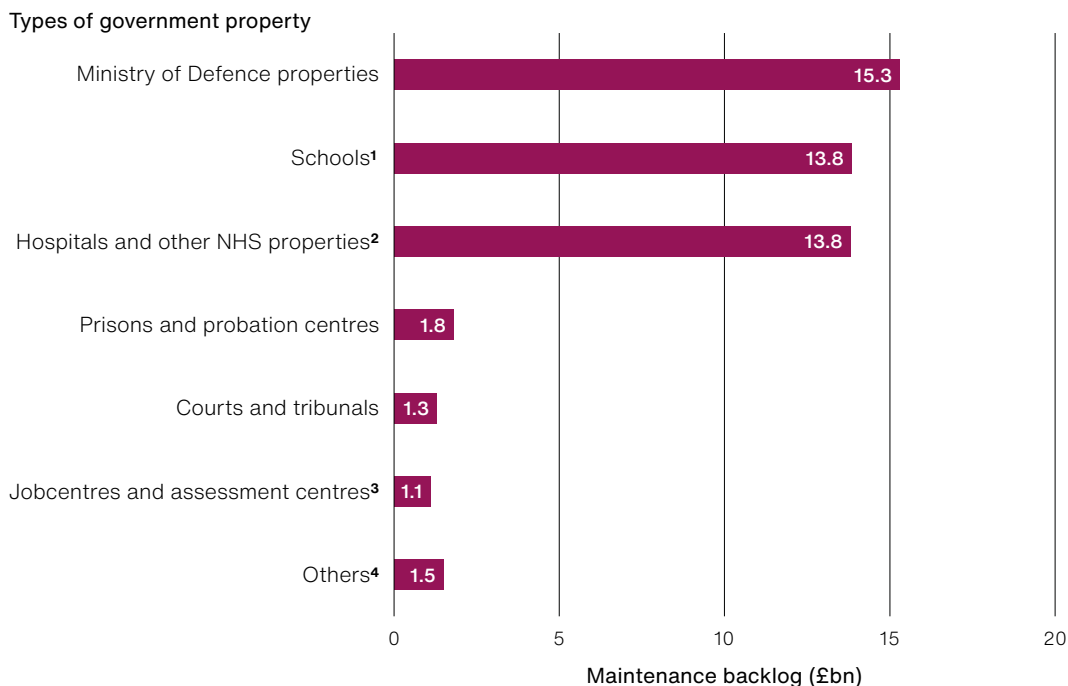
1.15 The maintenance backlog has increased steadily in recent years. The OGP estimated the backlog to be at least £14.8 billion in January 2019 and £34.9 billion in March 2022. While these estimates use different methods and are not comparable, data relating to individual organisations confirm this upward trend. For instance, between 2014-15 and 2023-24, NHS England's backlog increased steadily, at an average of £908 million per year (in 2023-24 real terms) (**Figure 6** on page 24).

1.16 Government officials we spoke to have identified historic underinvestment, cost increases and inflationary pressures, the fact that many aged buildings are reaching the end of their intended operational life (the point at which they cease to be useful) around the same time and, for income-generating properties such as museums, loss of income due to the COVID-19 pandemic as the causes for the increase in the maintenance backlog.

13 This is an unaudited estimate. We have set out limitations of this estimate in Appendix One.

Figure 5
Composition of the government’s maintenance backlog, October 2024

Ministry of Defence properties, schools, and NHS properties such as hospitals make up 88% of the total backlog



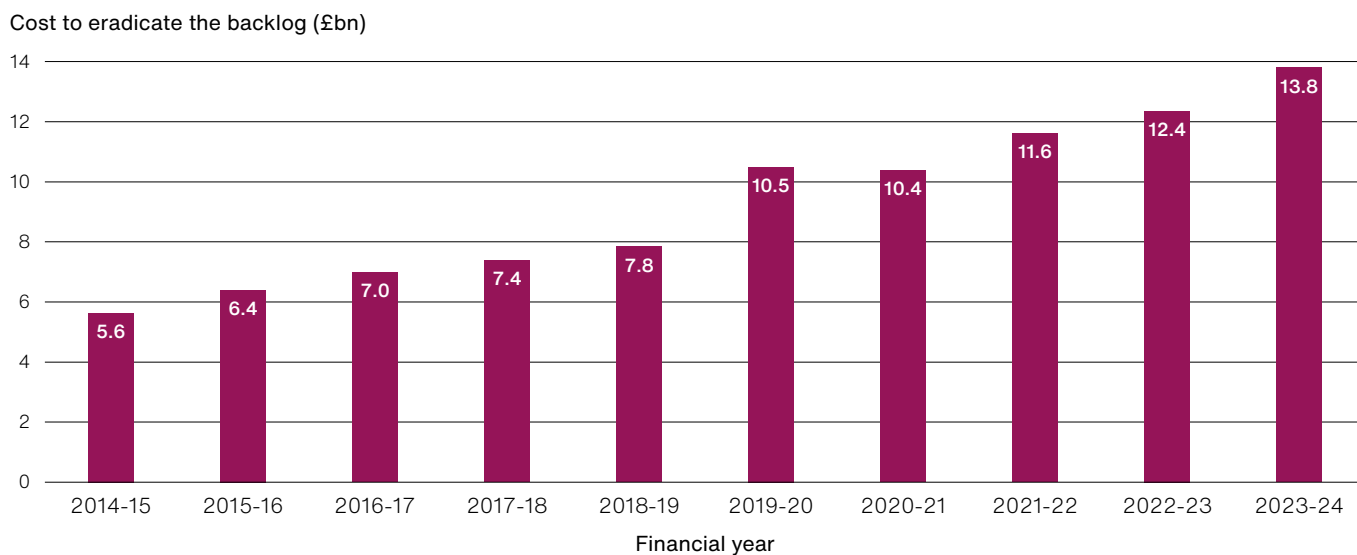
Notes

- 1 The £13.8 billion relating to schools is based on the Department for Education’s (DfE) estimate of schools’ total condition need, defined as the modelled cost of the remedial work to repair or replace all defective elements in the school estate. We have converted that figure to 2023-24 prices and followed the Office of Government Property in treating condition need as indicative of schools’ backlog. DfE’s estimate is based on data collected between 2017 and 2019 and does not account for any subsequent investment to improve schools or deterioration of their condition. A new data collection exercise is due to complete in 2026. DfE does not own or directly manage schools and is not the custodian of schools.
- 2 The £13.8 billion for hospitals and other NHS properties includes the sites which contribute to NHS England’s annual Estates Returns Information Collection. NHS Blood and Transplant’s maintenance backlog is included under ‘Others’.
- 3 The £1.1 billion relating to jobcentres and assessment centres includes sustainability improvements which will be carried out in combination with maintenance work. For buildings which house jobcentres and assessment centres alongside offices, the figure covers maintenance for the whole building.
- 4 ‘Others’ includes property not included in the other categories such as museums, laboratories and weather stations.
- 5 The maintenance backlog is the value of work that has not been carried out or has been deferred when maintaining assets. It includes the cost of works that should have already taken place and excludes the cost of works that will be required in the future, except in the case of the Ministry of Defence (MoD). The figure presented in this graphic for the MoD includes the works required over the next 10 years to bring the property assets that are required or advantageous to support operations (excluding those that are no longer required for operations) to a good condition.
- 6 The values are based on unaudited backlog data provided by government departments and arm’s-length bodies, and are presented in 2023-24 prices. Some of these data are from before 2023-24 and have been converted to 2023-24 prices to account for the impact of inflation. While there have likely been additional cost increases due to deteriorating property condition, we have not adjusted data to reflect these additional costs.
- 7 The values are minimum values. Different organisations use different definitions of the backlog and the figures provided by some organisations exclude the costs of certain works, costs relating to specific buildings, or were lower-bound estimates. They also exclude equipment; land; offices; overseas properties, such as UK embassies and MoD sites abroad; and infrastructure assets, such as roads and railways, flood defences and nuclear decommissioning sites.

Source: National Audit Office analysis of government data

Figure 6
 NHS England's maintenance backlog, 2014-15 to 2023-24

NHS England's maintenance backlog has increased steadily over time, with an average increase of 11%, or £908 million, every year



Notes

- 1 Figures are in 2023-24 real terms.
- 2 NHS England's maintenance backlog increased in nominal terms between 2019-20 and 2020-21.

Source: National Audit Office analysis of NHS England, *Estates Returns Information Collection*, 2014-15 to 2023-24

Part Two

Data and transparency

2.1 This part covers:

- the timeliness, completeness and consistency of the government's data on property condition and the maintenance backlog;
- the level of transparency in the government's publication of property data; and
- recent and current improvements in data quality, completeness and timeliness.

The timeliness, completeness and consistency of the government's data on property condition

2.2 The government does not have complete, up-to-date data on property condition, and the data it holds are, in places, out of date. Some departments and arm's-length bodies last surveyed the condition of their properties five or more years ago, despite the government's functional property standard mandating organisations to survey property condition at least every five years. HM Prison and Probation Service's calculation of replacement costs for probation centres is based on 2019 values. Other departments are surveying property condition regularly but are not routinely publishing the data, meaning the Office of Government Property (OGP) is unable to form a view on the condition of the whole estate. The Department for Education's (DfE's) most recent published data on school building condition is as of 2017 to 2019.

2.3 The government does not have a complete picture of the current maintenance backlog. The most recent attempt by the OGP to quantify the maintenance backlog across government property, in March 2022, did not include data on the Ministry of Defence's (MoD's) backlog except for service personnel's single living accommodation. As of October 2024, the Home Office was unable to estimate the maintenance backlog across its non-office properties.

2.4 Government organisations include different costs in their calculations of the backlog. They may only include direct costs to replace fixtures, or also additional costs. NHS England (NHSE) includes the cost of moderate- and low-risk maintenance. The British Library includes only critical and urgent issues. Inconsistencies prevent decision-makers from comparing maintenance backlogs across departments. MoD includes the works required over the next 10 years to bring the property assets that are required or advantageous to support operations (excluding those that are no longer required for operations) to a good condition.

2.5 The government's lack of consistent, complete and timely data impacts its ability to be strategic in prioritising funding. Departments with poor data on property condition are less able to prepare strong business cases for HM Treasury (HMT), to secure funds to maintain their buildings. Departments told us that HMT is more receptive to bids when supported by good business cases that show the impact that can be achieved. However, HMT currently does not have the data to have a strategic view of property across departments.

2.6 Without comparable data on outstanding maintenance and the condition of buildings across its property, the government is less capable of making wider strategic decisions, including prioritisation of funding and driving cross-government initiatives. For example, the government's goals on net zero need to involve government property, due to its contributions to carbon emissions.

Transparency

2.7 There is limited transparency on the condition of government property and departments' maintenance backlog. The Cabinet Office does not regularly publish this information as it is incomplete. The Cabinet Office received condition data for only 64% of buildings falling within scope of State of the Estate reporting in 2022-23, and is concerned that the remainder are the buildings in the poorest condition.

2.8 Of the organisations holding significant property portfolios, only DfE and NHSE have published property condition data in the last few years:

- Every year, NHSE publishes the cost to eradicate the maintenance backlog and the number of serious safety incidents resulting from property and infrastructure failures.
- DfE has published statistics on the condition of government-funded schools in England, based on surveys carried out from 2017 to 2019. It did not publish the underlying data for individual schools. DfE is running another data collection programme, based on surveys undertaken from 2021 to 2026.

Recent improvements in data quality, completeness and timeliness

2.9 To improve data consistency, the OGP is enhancing the government's data collection system to enable comprehensive implementation of the government property data standard through its InSite Programme across the central government property portfolio. In addition, all departments are required to maintain up to date information on all their property assets and submit aggregated information annually to the OGP for central validation and publication in the annual State of the Estate report. The delivery of InSite, originally planned for 2021, has been delayed. The contractor appointed by the Cabinet Office to develop a bespoke database could not complete the project to the original or extended timescales. Following National Audit Office and Public Accounts Committee recommendations to take prompt and decisive action to get the technology provision up and running as soon as possible, the Cabinet Office appointed a new supplier to deliver the technology solution based on off-the-shelf software.¹⁴ The OGP expects to implement the new data collection and analysis system by March 2025.

2.10 The OGP issued a property data standard in February 2023. Data uploaded to InSite will be required to meet the standard. The standard mandates organisations to use standardised categories for building condition. Following the new standard will ensure that all organisations are considering and categorising their property condition and maintenance needs in the same way.

2.11 Several departments have made progress in improving their data quality or are working to have better data on the condition of their property, as shown in the following instances.

- The Department for Work and Pensions (DWP) has been improving its data on the condition of jobcentres since 2018, when these properties ended private finance partnerships. OGP research on scale of the maintenance backlog in 2019 excluded DWP as a result of data limitations. DWP now surveys the condition of its property every two years.
- The Department for Culture, Media and Sport (DCMS) has recently commissioned external consultancy on the backlog of DCMS-sponsored museums and galleries and determined the size of their maintenance backlog. This information was not previously available.¹⁵

¹⁴ Comptroller and Auditor General, *Managing central government property*, Session 2022-23, HC 571, National Audit Office, July 2022; Committee of Public Accounts, *Managing central government property*, Thirty-First Report of Session 2022-23, HC 48, December 2022.

¹⁵ Comptroller and Auditor General, *Investigation into maintenance of the museum estate*, Session 2019-2021, HC 108, National Audit Office, March 2020.

The Better Buildings programme

2.12 The OGP established the Better Buildings programme in 2022 to develop a standard, consistent methodology across government for building maintenance and risk management, and share best practice from across government.

2.13 As part of the Better Buildings programme, the OGP is undertaking several initiatives to improve data quality:

- Prior to Phase 1 of Spending Review 2025, the OGP published tools and guidance to help departments to produce better quality business cases for HMT. These included a calculator to estimate future spend on maintenance. Government officials told us that these are very beneficial. Arm’s-length bodies had less knowledge of these tools than departments.
- The OGP established a Facilities Management Taskforce and the Property Leaders Board, bringing together property professionals from across government into working groups on property condition and safety. These working groups have identified 12 key themes around property maintenance, including condition ratings, investment and capability.

2.14 We have assessed the Better Buildings programme using our framework to review programmes (**Figure 7**).¹⁶ The OGP was slow to progress the programme, as OGP staff were rediverted from the Better Buildings programme to focus on managing the risks relating to reinforced autoclaved aerated concrete (RAAC) across government but has begun to produce outputs as originally planned. The OGP told us that it was behind schedule in developing a standardised calculation method for the maintenance backlog across government, but that it has delivered a set of additional tools, such as updated spending review tools for departments that were beyond the scope of the programme funding.

Figure 7

National Audit Office assessment of the Office of Government Property’s (OGP’s) Better Buildings programme, October 2024

The Better Buildings programme has clear objectives, but the OGP has limited levers to encourage change across departments

Areas of good practice	Areas for improvement
<ul style="list-style-type: none"> ✓ The programme has clear objectives. ✓ The OGP identified risks to the delivery of objectives. ✓ The OGP engaged with property stakeholders across government. 	<ul style="list-style-type: none"> ✗ Several desired outcomes are less clearly defined. ✗ The OGP has limited levers to encourage change across departments. ✗ Progress was not tracked beyond business-as-usual updates.

Source: National Audit Office analysis of Office of Government Property documents

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

Part Three

Funding

3.1 This part covers:

- how the government funds property maintenance;
- how government organisations use the funding available; and
- short-, medium- and long-term funding for property maintenance.

How the government funds property maintenance

3.2 HM Treasury (HMT) allocates budgets for the running costs of public services (resource budget) and investment (capital budget) to departments. Funding for day-to-day maintenance (replacing like-for-like) comes from the resource budget. Funding to improve the condition of a property or extend the time span over which it can be used comes from the capital budget.

3.3 The Office of Government Property (OGP) and HMT support departments in preparing strong spending review bids for maintenance. Ahead of Phase 1 of Spending Review 2025, the OGP issued guidance and tools to help budget for maintenance, running costs and carbon reduction interventions. HMT required departments to demonstrate they used these tools in preparing their Spending Review bids. The OGP has seen some improvements in the quality of departments' bids for maintenance funding as part of Phase 1 of Spending Review 2025 and has identified opportunities to improve the quality of bids for future spending reviews.

Use of funds

Prioritisation

3.4 HMT told us that, when allocating funding, it works with departments to strike a balance between property maintenance and other competing priorities, explaining that the quality of business cases is a determinant in whether departments secure funding for maintenance, and that business cases for maintenance should evidence the outcomes that planned investment will achieve, such as productivity improvements. Departments and arm’s-length bodies (ALBs) told us that, without an increase in maintenance funding, the condition of their properties will continue to decline, and backlogs will continue to increase (**Figure 8**). Funding constraints can prevent departments from focusing on preventative maintenance, which typically delivers the best long-term value for money, as they have limited funds available once they have carried out reactive repairs and works required to continue delivering business operations and comply with statutory duties.

Figure 8

Examples: maintenance funding awarded to government bodies

The funding awarded to departments and arm’s-length bodies for maintenance work has often been significantly lower than the amounts they estimated they need

Department for Education (DfE)

In its Spending Review 2020 case, DfE recommended £5.3 billion a year as the capital funding required to maintain schools and mitigate the most serious risks of building failure once it had expanded its School Rebuilding Programme. Since it would take time to achieve this expansion, DfE requested an average of £4 billion a year for 2021 to 2025. HM Treasury allocated an average of £3.1 billion a year.

HM Prison and Probation Service (HMPPS)

HMPPS estimated in September 2024 that it would cost £2.8 billion over the next five years to bring prisons into a fair condition, defined as operationally safe and exhibiting only minor deterioration. This would mean more than doubling its current annual expenditure on maintenance. In Phase 1 of Spending Review 2025, the government awarded £220 million in prison and probation maintenance in 2024-25 and up to £300 million in 2025-26.

Source: Comptroller and Auditor General, *Condition of school buildings*, Session 2022-23, HC 1516, National Audit Office, June 2023; Comptroller and Auditor General, *Increasing the capacity of the prison estate to meet demand*, Session 2024-25, HC 376, National Audit Office, December 2024; and HM Treasury, *Autumn Budget 2024*, October 2024

3.5 Given wider pressures on public spending, it is important for departments to make effective decisions on prioritisation. This involves deciding which works to carry out and which to forgo or postpone, whether to maintain existing properties, refurbish, or build new ones, and whether to divert funds allocated to maintenance to other areas of spending. Several organisations have well-established mechanisms for prioritising and ranking maintenance tasks, as shown in the following examples.

- HM Courts & Tribunals Service prioritises work that addresses significant risks to court operations; significant risks to the health and safety of the judiciary, staff, users and the public; serious security risks; breaches of statutory compliance; and work that supports sustainability targets and utilities savings.
- When prioritising maintenance work, NHS England considers whether it affects buildings that are fit for the future, fit for current operations but not for the future, or slated for disposal.

3.6 Some organisations have prioritised acquiring new properties at the expense of maintaining existing ones. For instance, HM Prison and Probation Service (HMPPS) did not maintain prisons to the necessary standard, due to insufficient funding. Dilapidation of existing cells and historical policy choices to close some prisons offset HMPPS’s progress in increasing prison capacity. Since the government’s 2010 prisons strategy, HMPPS has indefinitely closed over 4,100 cells due to dilapidation. This is more than the combined capacity of the two newest prisons.¹⁷ The OGP has been working to increase senior officials’ understanding of the importance of property maintenance. HMT is strongly encouraging departments to consider improving their properties before requesting funding for new builds as part of Spending Review 2025.

3.7 Some organisations have prioritised day-to-day spending over maintenance and investment in long-term assets. The Department for Health & Social Care (DHSC) transferred £4.3 billion from its capital to revenue budget between 2014-15 and 2018-19, partly to prioritise day-to-day spending for NHS providers whose financial position had deteriorated.¹⁸ In November 2023, the Public Accounts Committee concluded that “the raiding of capital budgets in the recent past is an underlying cause of the estates crisis the NHS is now in”. It recommended that DHSC “should not reduce planned capital investment to meet day-to-day spending needs”.¹⁹ DHSC transferred £0.9 billion from its capital to revenue budget in 2023-24 and proposed to transfer a further £0.9 billion in 2024-25.

¹⁷ Comptroller and Auditor General, *Increasing the capacity of the prison estate to meet demand*, Session 2024-25, HC 376, National Audit Office, December 2024.

¹⁸ Comptroller and Auditor General, *Review of Capital Expenditure in the NHS*, Session 2019-20, HC 43, National Audit Office, February 2020.

¹⁹ House of Commons Committee of Public Accounts, *The New Hospital Programme*, First report of Session 2023-24, HC 77, November 2023.

3.8 DHSC and NHS England told us that financial pressure on revenue budgets necessitated its transfers from capital to revenue budget. A portion of the funding transferred was ring-fenced and could not be used to fund maintenance. Another portion did not relate to property, but to software which used to be purchased out of the capital budget and then transitioned to a subscription model, which is funded from the revenue budget. Other transfers were technical adjustments for programme budgets provided in the wrong currency or solely as capital funding, even though their running costs had to be classified as resource spending.

3.9 Since 2023-24, HMT requires departments that wish to transfer funding from capital to revenue budget to demonstrate that this does not take funding away from necessary maintenance expenditure.²⁰ HMT told us that it intends to further restrict departments' ability to transfer funding from capital to revenue budget.

3.10 There are often few incentives for officials and ministers to prioritise maintaining property over day-to-day spending. Maintenance projects often deliver benefits over a long time frame. Ministerial and official turnover means the credit for long-term successes will likely fall to others. Starting a cycle of prevention often involves a higher initial outlay. Over time, savings can reduce overall cost and improve value for money, but it can be hard to justify such short-term increases.²¹

Maintaining old properties

3.11 Government organisations can reduce their maintenance cost and backlog by disposing of properties that they no longer need. Even when a property is sold for a price far below its actual value, this can generate savings in the form of avoided expenditure, as the property no longer has to be maintained and even empty properties can require some maintenance (for instance, to test fire systems). The OGP provides departments and ALBs with guidance on how to decide which properties to retain and to dispose of. Government's disposals generated receipts of £1.1 billion in 2022-23, against a target of £500 million per annum.²²

²⁰ HM Treasury, *Consolidated budgeting guidance: 2023-24*, March 2023.

²¹ Comptroller and Auditor General, *Lessons learned: a planning and spending framework that enables long-term value for money*, Session 2024-25, HC 234, National Audit Office, October 2024.

²² Government Property Function and Cabinet Office, *State of the Estate 2022-23*, April 2024.

3.12 As properties age, they become more expensive to maintain and replacing them with newer properties is often considered. Historic buildings, such as several courts and museums, can be costly to maintain, inaccessible, more susceptible to damage and more expensive to repair than modern buildings. Once they have accrued a maintenance backlog, this can be expensive to clear. Nevertheless, some organisations continue operating in old buildings and have no plans to move to newer buildings. Government officials told us that this due to a variety of reasons. Organisations may:

- want to retain certain buildings because of their historical significance;
- be culturally resistant from staff not wanting to move to modern buildings;
- be open to moving to a new building, but require it to be in a specific location (for instance, because it serves a local area) where no replacement building is available; or
- decide not to move because the proceeds from the sale of the old building would be low and the cost of acquiring a new building high.

One organisation told us that, the longer it takes to dispose of a property, the more it needs to spend to maintain it. This makes executives less inclined to sell the property as they want to see a return on their maintenance investment.

Underspends

3.13 Some organisations with large maintenance backlogs consistently underspend their capital budget. The Department for Culture, Media & Sport underspent between 9% and 55% of the capital budget of its sponsored museums and galleries every year from 2014-15 to 2023-24. The total underspend over this period was £277 million. There are several reasons for this underspend, including additional income received by museums and galleries, the sale of some assets, and delays to projects whose funds are ring-fenced and cannot be repurposed to reduce the maintenance backlog.

Short-, medium- and long-term funding

3.14 Government organisations operate with annual maintenance budgets. Transferring unspent funds to the following year is often not easy and requires HMT’s permission, with the following consequences.

- Organisations need to tender a contract and incur the relevant expenditure by year end, as they do not know if there will be sufficient funding for the work in next year’s budget. Meeting a year-end deadline may be difficult as maintenance takes time to plan and deliver. HM Revenue & Customs (HMRC) has designed a two-year process to manage these constraints (**Figure 9**).
- Organisations are unable to commit to multi-year contracts, which often deliver the best value for money. Instead, they split large projects into smaller chunks and adopt piecemeal solutions over subsequent years.
- Organisations are incentivised to spend any funds that are left over before year end as they cannot carry them over to the next year. This too encourages pursuing piecemeal solutions and quick wins.
- Because contracts take time to be awarded, maintenance work is often concentrated in the last quarter of the financial year (typically January to March), which makes it harder to oversee than if it were spread evenly across the year. Work performed outdoor progresses more slowly as daylight hours are short and weather patterns are less favourable and predictable than in the summer months.

Figure 9

Good practice: HM Revenue & Customs’ (HMRC’s) approach to planning major property upgrades and replacements

HMRC has designed a process to work around the constraints of the government’s annual spending cycle by approving and designing projects the year before they are delivered

Year 1				Year 2
August	September to December	December to January	January to April	May onward
Supplier return	Validation	Impacting and approvals	Design	Delivery
HMRC’s facilities management suppliers recommend a pipeline of replacement assets or required works.	Property professionals with relevant expertise assess and assure the pipeline, set out options and make recommendations.	Governance boards approve projects. The organisation sets out baseline costs and timelines.	Design work is commissioned alongside cost plans and a review of necessary building approvals. The organisation issues a tender and appoints contractors.	Works take place. Additional work is lined up in case of delays or underspend.

Source: National Audit Office analysis of HM Revenue & Customs’ documents

3.15 Long-term plans for acquisitions, maintenance and disposals and funding certainty help organisations maintain their property effectively. Yet, government organisations do not usually make property investment plans extending beyond the current spending review period as they have no certainty over the funding available beyond the current period. There are examples of central government making medium- and long-term asset management plans (**Figure 10**). However, these plans are not underpinned by medium- or long-term funding settlements.

Figure 10

Examples: medium- and long-term planning for managing government property

The Department for Environment, Food & Rural Affairs (Defra) and HM Courts & Tribunals Service (HMCTS) have prepared medium- or long-term plans to better manage their property

Defra's Weybridge site

The Weybridge site houses the UK's primary science capability for managing threats from animal diseases. In 2022, we reported that historic underinvestment in the site caused a significant maintenance backlog and that Defra's 'patch-and-repair' approach to maintenance was unsustainable. We recommended Defra should prioritise a long-term asset maintenance strategy with clear responsibilities.

In response, Defra issued a five-year strategy for managing and developing the Weybridge site. The strategy includes key performance indicators and plans to eradicate the maintenance backlog and upgrade infrastructure.

HMCTS' estates strategy

HMCTS is responsible for managing courts and tribunals. In 2022, HMCTS published an estates strategy, covering 5- and 10-year ambitions for addressing maintenance backlogs.

Source: National Audit Office analysis of government documents

3.16 HMT has increased its focus on longer-term savings from property maintenance. While Phase 1 of Spending Review 2025 covered a period of one year, HMT asked departments for data and spend profiles covering five years for capital investment. Phase 2 of Spending Review 2025 will include a settlement for capital funding for an additional four years.

3.17 The OGP told us that it would be easier to secure value for money from property spending if government considered property as a kind of infrastructure. The government has some long-term plans and medium-term funding settlements for infrastructure. For example, Network Rail, which manages most of Great Britain's rail infrastructure, has five-year settlements and a long-term plan to 2050.

3.18 The government has announced that it will set out a 10-year strategy for major infrastructure projects and five-year capital budgets, which will also cover some property projects. A new body, the National Infrastructure and Service Transformation Authority, will oversee this strategy.

Part Four

Capacity and capability

4.1 This part considers:

- departments' ability to build staff skills and capacity and to retain skilled staff;
- the work that the Office of Government Property (OGP) is doing to support departments' property professionals; and
- the ability of the private sector and specialist contractors to provide adequate services.

Departments' staff skills and capacity

4.2 In its property strategy for 2022 to 2030, the government committed to develop the property profession, including increased levels of professional accreditation, skills, leadership and talent management. The government set the ambitions to achieve 90% accreditation of property professionals at grade 7 and above by 2030, to grow and improve early talent programmes (attracting a minimum of 300 apprentices and 60 graduates by 2025), and to continue to monitor the diversity of the Property Profession. The strategy does not address future skills resilience or how property professionals should be placed across the civil service to ensure all departments are able to strategically manage their assets.

4.3 The number of property professionals within government is fluctuating. The 2024 Civil Service Statistics calculated the Government Property Function workforce at 7,095 full-time equivalent employees (FTEs), compared with 6,950 FTEs in 2023 and 7,600 FTEs in 2022. There is significant variability in the number of property professionals across departments and arm's-length bodies (ALBs), not only in absolute terms but also relative to the size of the property portfolios they oversee.

4.4 Property professionals within departments and ALBs told us that it is becoming increasingly difficult to recruit property specialists. One organisation reported that it had been trying to fill a property vacancy for over a year. The main barrier it cited was the salary offered, which is lower than in the private sector.

4.5 The government is on track to meet its ambitions for recruitment to the Property Fast Stream and apprenticeships, and professional accreditations. (**Figure 11**). In 2021, the government established a School of Government Property, which offers training and supports different levels of accreditation to government property professionals and apprenticeships for new starters.

Recent improvements

4.6 The OGP runs an annual Capability Data Commission. This collects information from government organisations to establish progress against the property strategy, to:

- understand the size, shape and location of the Government Property Function;
- track progress toward the 2025 and 2030 accreditation targets; and
- establish what work is required to meet the targets.

This enables government to have a clearer picture of the property profession, accreditation levels and skills gaps. However, survey participation is optional, and several organisations opt out, leading to an incomplete picture.

4.7 The OGP told us that it worked with professional bodies across the property industry to reduce the number of main accrediting bodies available to government property professionals from over 25 to 7. This has made it easier for professionals to seek the appropriate training.

Figure 11

Progress against the government’s targets for the recruitment and professional accreditation of property professionals

The government is on track to meet its ambitions for recruitment and professional accreditations

Ambitions	Progress
90% of government property professionals at grade 7 and above to have a professional accreditation by 2030.	67% of government’s property professionals had a professional accreditation as of November 2024.
300 new apprenticeships to start by 2025.	302 apprenticeships started between July 2022 and September 2024.
60 graduates to be recruited via the Fast Stream programme by 2025.	61 graduates were recruited between September 2022 and September 2024.

Source: Office of Government Property documents

4.8 The OGP told us that to improve capability, it facilitates deep dives, mentoring, networking events, knowledge and best practice sharing across departments. To aid skills development in departments, every government function should set out the skills required for professionals operating in different roles and at different grade levels. The OGP has an established Career Framework for the Property Function. It is developing a skills taxonomy and will roll out learning opportunities targeting specific skills. Department professionals told us that they found the sessions and information supplied by the OGP and the Government Property Function helpful. Professionals based in several ALBs had not heard of the OGP's offering, despite overseeing large property portfolios.

Procuring services

4.9 Departments and ALBs rely on private sector providers to undertake most of their maintenance, with few exceptions (for instance, hospital caretakers, school premises managers). The shortage of qualified property professionals impacts departments' ability to act as intelligent clients, to understand property condition, articulate the specifications for the work required, set key performance indicators and penalties for poor performance, procure services and manage contractors. This may lead to providers not delivering value for money.

4.10 Effective competition between suppliers can improve value for money, but property professionals told us that there are few credible contractors for some types of maintenance. They sometimes receive only one compliant bid that they then have to take to get the property maintained. Also, poorly designed requirements and sourcing can lead to few bids, or to government appointing suppliers that prove to be unsuitable.

4.11 The government's functional standard on commercial activity in departments and ALBs requires organisations to maximise their purchasing power by aggregating demand and using collaborative procurement. Contracting authorities should consider opportunities to work together to deliver value for money. The OGP told us that the Department for Transport and the Department for Environment, Food & Rural Affairs have procured maintenance across their departmental groups to achieve economies of scale.

Appendix One

Our audit approach

Our scope

1 This report focuses on the properties that the government uses to deliver services to the public and support its operations, such as schools, jobcentres, courts, prisons, museums, research facilities and warehouses. The report does not cover offices; equipment; land; overseas properties, such as UK embassies and Ministry of Defence (MoD) sites abroad; and infrastructure assets, such as roads and railways, flood defences and nuclear decommissioning sites.

Our evidence base

2 We reached our independent conclusions on whether the government plans and manages property maintenance in a way that ensures value for money based on our analysis of evidence collected primarily between August and October 2024.

Document review

- 3** To collect initial information and inform the fieldwork of this study, we reviewed:
- publicly available information on the maintenance of government property, including reports, guidance, strategies and legislation, as well as spending reviews and budgets; and
 - previous National Audit Office (NAO) reports related to property maintenance in specific departments, such as schools and prisons.

During our fieldwork, we requested information from the Office of Government Property (OGP) and all main government departments relating to maintenance backlog, plans for addressing backlog, contingency plans, key challenges to the maintenance of the portfolio, and examples of good practice. We reviewed the information against our audit questions.

4 We reviewed high-level risk registers from the Cabinet Office, Department for Business and Trade (DBT), Department for Culture, Media & Sport (DCMS), Department for Energy Security & Net Zero (DESNZ), Ministry of Housing, Communities & Local Government, Department for Science, Innovation & Technology (DSIT), Department for Transport (DfT), Department for Work & Pensions (DWP), Department of Health & Social Care (DHSC), Foreign, Commonwealth & Development Office (FCDO), HM Treasury (HMT), Home Office, and Ministry of Justice (MoJ) as of 2024. We also reviewed the risk register for the Department for Environment, Food & Rural Affairs (Defra) as of December 2023. We have reviewed risks disclosed within the 2023-24 Annual Report and Accounts of the MoD, Department for Education (DfE), and HM Revenue & Customs (HMRC).

Data analysis

5 We analysed government data on:

- property condition and the maintenance backlog, to give us a clearer understanding of the maintenance challenge across departments;
- changes over time, to enable us to identify trends;
- the frequency and recency of condition surveys, to allow us to assess the relevance and timeliness of the data; and
- impacts of the maintenance backlog on productivity.

6 Where we have reported financial figures relating to prior years in 2023-24 prices, we have used the GDP deflator series published by HMT in June 2024.

7 Our estimate of the government's maintenance backlog is a minimum value, based on unaudited backlog data provided by government departments and arm's-length bodies (ALBs). It is presented in 2023-24 prices. Some of these data are from before 2023-24 and have been converted to 2023-24 prices to account for the impact of inflation. While there have likely been additional cost increases due to deteriorating property condition, we have not adjusted data from before 2023-24 to reflect these additional costs. For instance, the figure we have used for the DfE's backlog is a modelled cost, based on data collected between 2017 and 2019 and does not account for any subsequent investment to improve schools or deterioration of their condition. Different organisations use different definitions of backlog. The figures provided by some organisations exclude the costs of certain works, costs relating to specific buildings, or are lower-bound estimates. The figure used for the MoD includes the works required over the next 10 years to bring the property assets that are required or advantageous to support operations (excluding those that are no longer required for operations) to a good condition. Our estimate excludes equipment, land, infrastructure assets such as roads and railways, buildings supporting infrastructure assets such as train stations, and the other property types which are not part of our study's scope.

8 The statement that £49 billion equates to 4% of the government's expenditure in the Key information section of this report is based on a public sector total managed expenditure of £1,222.7 billion. Our source is the Office of Budget Responsibility's Public Finances Databank released in November 2024. The statement that £49 billion equates to around £710 per each person living in the UK is based on a UK population of 68,265,200. Our source is the Office for National Statistics' mid-year estimate of the UK population for 2023, released on 8 October 2024.

Case studies

9 We undertook case studies on three property portfolios to better understand the context of maintenance backlog, key opportunities and challenges, how the government responds to the challenges, and to identify learning points for the maintenance of government property. For the case study selection, we excluded portfolios that are out of scope, covered in other NAO work, have the lowest values, lack asset homogeneity, or are not intended for human occupation. We selected our sample based on the number of total assets, total value, and size of the property maintenance backlog. The portfolios we selected as case studies are:

- NHS hospitals;
- MoD properties; and
- courts and tribunals.

10 For each portfolio, we analysed documents and data relevant to property maintenance and interviewed staff of the organisations overseeing the selected portfolios (DHSC, MoD and HM Courts and Tribunals Service (HMCTS)). Interviews were semi-structured and conducted remotely. They covered property condition and maintenance backlog (including data supporting this understanding), the impacts of (not) doing maintenance, planning prioritisation, funding, challenges to the maintenance of the portfolio and good-practice examples.

Interviews

11 We interviewed:

- OGP officials, to understand their views on how well government organisations maintain their property and on departments' oversight of ALBs; the OGP's work to provide guidance and tools to departments, support practitioners across government and improve capability; and progress of the Better Buildings programme;
- HMT officials, to understand decision-making processes and prioritisation of funding for property maintenance;
- officials from departments (DBT, DCMS, DESNZ, DSIT, DWP, HMRC, Defra, MoJ, DfT and Home Office), ALBs (UK Research and Innovation), non-departmental public bodies (Nuclear Decommissioning Authority) and government companies (Government Facilities Services Ltd, Ordnance Survey) to gain insight into their approach to property maintenance, the condition of their property, the context of any maintenance backlog, the barriers they face, good practice examples and learning points;
- Government Internal Audit Agency officials to discuss their views and audit findings on the maintenance of government property; and
- the Institute of Workplace and Facilities Management to gain understanding of facilities management suppliers across government.

Focus groups

12 We conducted two focus groups with government property professionals to better understand the issues that government organisations face in maintaining their properties and their views on the work of the OGP and on accessing HM Treasury funding for property maintenance. The participating organisations were: DCMS, Defra, DWP, FCDO, HMCTS, Medicines and Healthcare products Regulatory Agency, Met Office, MoJ, the Nuclear Decommissioning Authority, NHS Blood and Transplant, NHS England, UK Health Security Agency and UK Research and Innovation.

Engagement with experts

13 As part of our quality assurance and internal consultation procedures, we engaged with National Audit Office experts in risk management and people and operational management, and teams with specific knowledge of property maintenance across government departments, including both financial auditors and value for money auditors.

This report has been printed on Pro Digital Silk and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office

Design and Production by NAO Communications Team
DP Ref: 015063-001

£10.00

ISBN: 978-1-78604-593-5