House of Commons

Public Accounts Committee

Oral evidence: Managing Central Government Property, HC 48

Thursday 13 October 2022

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Watch the meeting

Members present: Dame Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Mr Mark Francois; Mr Louie French; Kate Green; Nick Smith; James Wild.

Gareth Davies, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, and Siân Jones, Director, National Audit Office, and David Fairbrother, Treasury Officer of Accounts, HM Treasury, were in attendance.

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Witnesses

I: Alex Chisholm, Permanent Secretary, Cabinet Office, and Chief Operating Officer for the Civil Service; Mark Chivers, Government Chief Property Officer, Cabinet Office; Dr Janet Young, Head, Government Property Profession; Steven Boyd MBE, Chief Executive, Government Property Agency.

HOUSE OF COMMONS

Report by the Comptroller and Auditor General

Managing central government property (HC 571, Session 2022-23)

Examination of witnesses

Witnesses: Alex Chisholm, Mark Chivers, Dr Janet Young and Steven Boyd MBE.

Q1 **Chair:** Welcome to the Public Accounts Committee on Thursday 13 October 2022. Today, we have officials from the Cabinet Office and the Government Property Agency here to answer questions about the Government's extensive property portfolio, which is valued at about £158 billion and costs the taxpayer about £22 billion a year to maintain. We have looked at this before. We last had people in to discuss it in about 2017, when we were looking at the then plan to rationalise the portfolio, and to set up a new agency to manage and professionalise it, and to centralise a lot of it in order to achieve savings of £3.6 billion over 10 years. We want to discuss how that has been going, including issues that have arisen since the pandemic, which perhaps shine a different light on some of those plans, and to see whether the Government are continuing with their original plans. Obviously, use of taxpayer money is at the heart of our considerations.

I welcome as our witnesses: Alex Chisholm, the Permanent Secretary and Chief Operating Officer of the Civil Service; Steven Boyd, Chief Executive of the Government Property Agency; Mark Chivers, the Government Chief Property Officer—there is a bit of an alphabet soup today; to be clear, the Government Property Agency is an executive agency of the Cabinet Office, but Mr Chivers sits in the Cabinet Office as the Government Chief Property Officer—and Dr Janet Young, Head of the Government Property Profession, who also sits in the Cabinet Office. If that has not confused people already, I don't know what will.

To start, I go back to a letter that Sherin Aminossehe, who was then Executive Director and Head of the Government Property Unit, wrote to us after our hearing in June 2017. She described the December 2016 outline business case for establishing the Government Property Agency. We were a little sceptical about another quango being set up. Mr Chisholm, you have pretty much come up with every combination of the words "Property", "Government", "Agency" and "Unit". We wanted to know what this agency was going to do; she said that the outline business case "indicates the benefits of establishing an agency are likely to be in the region of hundreds of millions of pounds over a ten year period. We have developed a professionally developed financial model in which to test this and refine the tools required to establish an agency and to firm up the deliverable benefits of a test of viability." In all of that, the plan was to provide savings opportunities to the tune of about £3.6 billion over the next decade. As an opener, Mr Chisholm, will you tell us how that is going?

Alex Chisholm: Thank you very much, and thank you also to the NAO for its excellent Report, which has been very helpful to us.

The GPA, as you say, is a relatively young agency, but it is one that we are very pleased we established. If we had not, we would be establishing it now. It has bought great efficiency to our management of our estate. It has helped us to consolidate our use of offices, and is now taking over responsibility for the Government hubs programme, and it has already delivered two new hubs and has another three in construction. That is the core part of its responsibility. It may help the Committee to know that the Government Property Agency deals with only two types of property: offices and warehouses.

As you rightly said, the overall central Government property estate is huge. It is £158 billion and 136,000 buildings, but most of those are not general-purpose offices. The GPA is the specialist delivery agency focused on the use of offices and warehouses—I think there are about 1,400 offices, so it is much smaller than the overall estate—but that has been extremely useful and important, particularly because we are trying to make the best possible use of the office estate. Over the last decade, we have been able to reduce the total use of property by about 30%, which has obviously produced huge savings, and GPA has been important to that since it got up and running. It has also helped us with more strategic projects to do with trying to make sure that the estate that we run is used efficiently, not just from a money perspective, but from an energy sustainability perspective. We have helped to reduce emissions, particularly with new buildings, and provided very productive, collaborative workspaces that are properly equipped with new digital technologies and so on, which is very important to the modern workforce.

Chair: Let's put some of that in context, because if anyone is watching, there are lots of big numbers. Figure 2 in your "State of the Estate" report—this is not from the NAO Report directly—shows that defence, schools and health have the biggest total square footage, but the prison estate, at £981.8 million, is the most expensive to run. None of those are in the Government Property Agency, just to be clear. You would say it is important, but it is still quite a small body, and there is still a lot dealt with by central Government.

I ask Mr Mark Francois to come in on issues relating to the GPA and the OGP.

Q2 **Mr Francois:** Thank you, Chair. Ladies and gentlemen, good morning. On page 5 of the Report, the second paragraph says, "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". At the bottom of the same paragraph, it says: "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." Why have we got two different bits of the Cabinet Office both coming up with a strategy for the same thing?

Alex Chisholm: Let me start off the answer; colleagues may want to come in later. The core thing there is the type of property we are talking about. As I was just beginning to get into with the Chair, the GPA is looking only at offices, of which there are about 1,400—not at the 136,000 buildings that we have across schools, hospitals, prisons and defence facilities.

Q3 **Mr Francois:** Sorry, but let me say this to save time, because we heard the previous answer. You still have two different bits of the Cabinet Office both setting strategies for the same bits of estate. If we want to save office space, why don't we just merge them? Why don't we just fold the GPA back into the OGP and let one body do it, rather than two?

Alex Chisholm: As well as the fact that the GPA is very focused on offices, not other types of property, the other thing that it may help the Committee to understand is that the OGP, which is a very small, functional leadership group of about 100 people, is responsible for strategy, standards and skills—all those aspects that relate to the—

Q4 **Mr Francois:** With respect, 100 people is not small to the taxpayer. That is an infantry company.

Alex Chisholm: It is small relative to the overall number of people working in Government, which, as you know, is about 500,000.

Q5 **Mr Francois:** There's the rub. How many people are in the OGP, then?

Alex Chisholm: That's about 100. I was going to say that the responsibility of the GPA, which has about 340 people, is around delivery. It is an executive agency, but it is a delivery body focused on offices and warehouses, so it is not primarily a strategic authority; it is a doing body. It is building and kitting out hubs and making the best use of the space we have.

I suppose that the cost of those people, which I know the Committee will be interested in, needs to be in reference to the underlying value of the assets. We have £158 billion in the property portfolio. If you have 100 people looking at this centrally, that is probably a relatively small team. That is also relative to the tens of thousands of people who would be engaged in property across the whole of the public estate.

Mr Francois: Without wishing to be disrespectful, I find that completely unconvincing, but that is just me.

Q6 **Chair:** Mr Boyd, do you want to explain what you do?

Steven Boyd: Good morning, everyone.

Mark Chivers: Steven, can I do the strategy bit first? Just to try to make it clear—

Mr Francois: Bristol UOTC?

Steven Boyd: Yes, we know each other.

Mr Francois: We were at university together. You are that Steven Boyd!

Mark Chivers: "That Steven Boyd"—that's what I keep saying! I lead OGP. I have come in as the Government Chief Property Officer, and I am clear that what I am leading is the strategy for the Government estate. That is all types of property. The strategy, policy and assurance on delivery is our role and what we are doing. Hopefully you will have seen the new Government property strategy, published this year. That is the output, and that sets the direction of travel for the whole Government estate. What we do in OGP is pull that Government estate together to cross-fertilise learnings, set standards, set out best practice and improve the capability of the property profession across the whole of Government.

Q7 **Mr Francois:** Just to be clear, that includes the MOD and the Department of Health?

Mark Chivers: Correct. I own none of the property, in property terms. What happens then is a number of different bodies deliver the portfolio transformation—the improvement of the property—across that estate. For example, in the NHS, that might be the individual trusts. It might be NHS property services. It might be community partnerships. For offices and the warehouse portfolio, that is the GPA. The GPA's role, and I will hand over to Steven to talk about it more eloquently, is to make portfolio change happen in offices and warehouses.

Steven Boyd: Good morning, Chair, and good morning, Mark. Yes, GPA is a delivery organisation. We work under the auspices of the Office of Government Property, which provides, as has been said, an overarching direction of travel for the whole of the estate, including the NHS, the MOD and so on. The asset classes involved across the estate are quite different, whether that is a hospital, prison or office. Our area of specifically is offices, and we are focusing on that portfolio, together with warehouses. We are not about the general direction of travel; we are about real delivery. We are about understanding what estate we have, ensuring it is used to the best effect for the taxpayer, keeping costs down, and making the space as productive as possible for civil servants.

Q8 **Mr Francois:** Real delivery—let's come on to that. Page 10 of the Report, paragraph 20, says: "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."

Who is responsible for that: the OGP, the GPA or both?

Mark Chivers: There are two different levels. If I may, I will start, and then Janet will give more detail. In terms of that strategic overview, the OGP collects together the basic data that gives us an overview of the whole Government estate. In the InSite project, which we will talk about, we collect together a standard set of high-level data across the whole Government estate. That is 112 fields, and we are up to about 80% collection on that. At the start of the strategy, we had audited information on 5,000 properties; this has taken us having information on 136,000 properties. OGP is collecting high-level data across the whole Government estate.

The GPA—Steven will talk about this—will have a lower level of detail. They will have the information that they need for that portfolio transformation—that delivery.

Q9 **Mr Francois:** Okay. Let's crack on. Who is responsible for InSite: the OGP or the GPA?

Mark Chivers: The OGP.

Q10 **Mr Francois:** All right; let's come straight to that. Page 7 of the NAO's Report states under "Key findings" that a "Lack of good data is a major barrier to effective decision-making about central government property." That, I am afraid, is a theme that runs throughout what Mr Chisholm has quite rightly acknowledged is a very good NAO Report.

Directly below that, paragraph 8 states: "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."

We have now established that the OGP is responsible, so where are we on InSite?

Dr Young: Shall I pick that up? Good morning, everyone. The InSite project was launched to update an existing database we have, called ePIMS, which remains live and is useable. That system was brought in in 2005, so it needs updating from a technology point of view.

The InSite project will help us to better collect all that additional data from all those assets. The focus with ePIMS is on the 5,000 property assets that principally formed the general-purpose estate, but we are keen to collect all the information on all those other different portfolios, so we went out to tender for the InSite asset database. We awarded the contract in autumn 2020.

Q11 **Mr Francois:** Who did you award it to?

Dr Young: We awarded it to a company called Landmark Solutions Ltd. The contract value was £1.3 million. The original completion date was to be March '21. I think it is fair to say that the company had challenges in recruiting the resources and holding on to them—lots of turnover. We gave them some time extensions to complete the work, at no extra cost to the project, and the final completion date was to be December '21.

It became clear by October or November '21 that they were going to struggle. We had some very specific milestones that they needed to hit, and they were struggling, so we issued a letter to them to say, "You need to get this finished." We asked them to put in place a rectification plan, and we have them until the end of March '22. Their problems continued, so we then entered into discussions to terminate the contract, which we concluded in July.

By that stage we had paid out about £880,000 of the £1.3 million.

Q12 **Chair:** Can I just be clear about the figures? Was it £1.3 billion or £1.3 million?

Dr Young: Million. It is a £1.3-million project. At the time they missed targets in the rectification plan in March, we had paid out about £880,000. They continued to have those resourcing problems, and we entered into a termination agreement. As part of that, they repaid us £300,000, which we have received. We also agreed some other arrangements with them; they were transferring software licenses that they had already purchased, and as part of the agreement, they agreed to support the mobilisation of the new contractor. We have paid out roughly £580,000 of the £1.3 million. The other point is that despite their challenges, they have actually completed quite a lot of the work product. It is there, and it will be usable when the project is completed. I hesitated there, because it is not usable at the moment, but that is being transferred to us. That is where we are; we are delayed.

Q13 **Mr Francois:** That is very helpful; there was a lot of detail there. The thread that runs through the report is the lack of data. We are basically relying on a 17-year-old computer system. The plan to get the new, modern and really up-to-date system has not worked. What is your plan B? What is your new computer, who is it with, what does it cost, and when does it enter into service?

Dr Young: First of all, we started executing plan B when we started to see that the contractor was struggling. We were really keen to not wait for the new system in order to start collecting improved data. We have arrangements in place to collect the data, which you have seen in figure 2 of the "State of the Estate" report. To collect that high-level data on the location, size, cost and energy performance of the estate, as Mark said—

Q14 **Mr Francois:** Sorry to press you, but we have limited time. What is the new one called, when does it go live, and who is providing it?

Dr Young: The new system will be called InSite, as it is now. We expect to be out to tender for a new supplier in the next month or so. Subject to the market, we expect to be able to appoint the new supplier in the new year. On the completion date, we have taken a lot of soundings from colleagues who have run other digital projects. We are very reluctant to put prescriptive requirements on the timeline for when that will be completed.

Q15 **Mr Francois:** Why?

Dr Young: Because we don't want to prescribe how they will use our existing 60% of product. Our planning assumption is that that will take about six months, but we want to see what the market comes back with. Some suppliers may be able to pick up the work already completed and turn it around very quickly.

Q16 **Mr Francois:** Sorry, but let me say this, to save time. Let's call this thing InSite 2, for want of a better term. You have not yet begun the tender process for it. You hope to have someone under contract early next year, and you hope to get them to create InSite 2, but you don't quite know when it is going to come into service. You don't quite know who is going to build it yet.

Dr Young: No. We will know that once we have done the procurement. What we have been doing in the last few months is a very detailed lessons learned on why the first project did not succeed.

Q17 **Mr Francois:** To explain, I will declare an interest as a former MOD Minister. I have the scars on my back from lots of MOD programmes, which cost much more than this, that went horribly wrong. That is where I am coming from. I have to say that the fault in the Government's attitude to this relates to the lack of data. To have not actually sorted out this programme yet, and to be unable to tell the Public Accounts Committee when it is going to go live, is very disappointing, isn't it?

Dr Young: We are disappointed, too. However, we are at this moment collecting the updated information on those 137,000 assets that the Chair mentioned at the beginning, and that is going into our next "State of the Estate" report, which we are on track for. It's not ideal. The new system will be very helpful, in terms of collecting that data more easily, and will be more automated, but we are not waiting for that; we are cracking on and collecting the data anyway.

Q18 **Mr Francois:** But why didn't you just buy something commercially, off the shelf? Why did you need to develop a bespoke computer programme when there are lots of other companies that do property management and will have had similar systems that are well established? Why didn't you just go and buy one of those?

Dr Young: We looked at off-the-shelf systems, because that would be our preference, too. At the time we went out for the InSite system with that first supplier, unfortunately those systems weren't going to deliver what we needed, but we are aware that the market has moved on, and that is why, when we go back out to tender, we hope that there may be new off-the-shelf systems that meet our requirements.

Q19 **Mr Francois:** Forgive me, but that is all a bit Micawberite, isn't it? "Something may turn up." This isn't really very good. My tax-paying constituents, if there are any watching this, are not going to be very happy. Let's come on to how you are doing with the overall—

Mark Chivers: Forgive me: can I add a couple of points? It is important to understand this. You are absolutely right: we always want more data. The data comes through to us, and the "State of the Estate" report is testimony to that. It is before Parliament, so it is an important document. A few years ago, we were talking about 5,000 properties; it is now 130,000 properties. That information, that data, is coming through, and that is part of the InSite project—

Q20 **Mr Francois:** Mr Chivers, let me save some time, because other members of the Committee have lots of questions to ask. Sorry, I don't wish to be impolite; this is only to save time. The NAO reports to us that you are having to collate a lot of this data manually—in 2022.

Mark Chivers: I would put that as an exaggeration. I was going to say, on your point about using an off-the-shelf system, that one of the difficulties is that we are receiving data from 160 different bodies across Government. It is in trying to automate that data that the problem has arisen in the InSite project. It's what is called the APIs. It's the automating of that system—

Q21 **Mr Francois:** Sorry, are you saying it's too complicated to get a modern computer to integrate data from 160 entities?

Mark Chivers: Well, that's the difficulty that we have had, and that's what we will be going out to reprocure, from someone who can provide that.

Q22 **Mr Francois:** The 60% that was delivered under InSite 1—is that hardware and software, and what happens to that? Will that ever be used, or are you going to have to start all over again?

Dr Young: I will answer that. What is being delivered is designs and wireframes—effectively, webpages—that comply with the Government digital standard. What does that mean? It's about 140 webpages. When users in Departments or in the Government Property Agency want to enter some information about their property assets, they need a webpage to access that. That has been built.

Q23 **Chair:** You own that?

Dr Young: Those have been built and they will go into the tender documentation pack when we go out to tender. They can be used. That is investment that—

Q24 **Mr Francois:** You have spent nearly £1 million of taxpayers' money on some webpages?

Dr Young: No, we have spent £584,000 for a considerable amount of design for this new system, which, as Mark says, has to talk to 160 different organisations. We have webpages—

Q25 **Mr Francois:** Sorry, but for a modern computer, that's like falling off a log. It is not that complicated.

Dr Young: Well, it is the integration of what we want with those 160 bodies that proved the challenge for the previous supplier, but a lot of that work is there. It is ready. It is being handed over. It is going into our tender pack for when we go out to tender.

Q26 **Mr Francois:** Meanwhile, the NAO tells us that your major failure is a lack of data, and that you are trying to address this with a 17-year-old computer system—which probably does have trouble talking to 160 different entities, because it is 17 years old; I accept that—and manual collation. It is just not very impressive, to be honest.

Let us move on; let's talk about reform of the management of Government property and look at the hubs. HMRC announced 14 hubs as part of its locations programme; it has opened 12 of them to date. You have announced an intention to establish 17 Government hubs, for Government more broadly, outside of HMRC. How many of those are now open?

Steven Boyd: Let me lead on that. We are leading on phase 2 of the Government hubs programme, and are intending to meet the workforce requirements of Departments, which vary over time. The number of hubs that we will end up delivering will be the number that meets the workforce requirement that provides best value for the taxpayer. That said, the number we are aiming to deliver in this SR period will be broadly 17.

So far, in that second group, we have completed four projects. That is a large building in London, the Old Admiralty Building, another large building in Birmingham, at Stephenson Street, and then two other buildings that were not planned at the time that the SR was completed, which we have delivered at pace. One is in Wolverhampton—the second headquarters of the Department for Levelling Up—and then there is an interim facility in Darlington for the economic campus. So, we have four delivered, open, in use, and popular with their users.

Q27 **Mr Francois:** Four are open; they are not just finished, but open?

Steven Boyd: They are open, with people in them and working from them in a productive way, and then there are others in hand.

Q28 **Mr Francois:** Let us talk about those that are in hand, and the data on that. Have you identified all 17 sites? Can you tell the Committee, "There are 17 that we are aiming for, and we know where all 17 are going to be"?

Steven Boyd: Yes, we know where all 17 are. I would group those into three categories. There are those that are already open—the four projects I have talked about. There are those that are in hand—in construction or already announced, so we know where those are. Then, there is still a group, as I think you would expect, where we have not yet announced where the sites will be, though we have a list.

Within that last group, there are broadly two categories. There are those where we are pretty sure that we know where we want them to be, but are still in commercial negotiations with potential landlords, or to buy a site. In those cases, while we are pretty clear, being more public about that would undermine our commercial position, so we are not yet in the position to do that. I am sure you will understand that. Then, there are a small number on that original plan where Department workforce plans have not yet materialised to justify the construction of those facilities, so we are working with Departments to see whether they actually need those, because you would not thank me if I went ahead and delivered a hub that was then empty because there was no requirement for it.

Q29 **Mr Francois:** One last question, because I think that other colleagues want to follow up on more of the detail. We understand that you have declared the location—the town or city that they are likely to be in—of 11 of the 17. Is that right?

Steven Boyd: That is correct, yes.

Q30 **Mr Francois:** Okay, so there are six more. Can you let the Committee, in confidence, have a note of where the other six are, please? It would also be very helpful if you could give us a table of all 17, with at least the town or city location, and when you estimate they will open. As you say, 17 is an ambitious number, and, so far, it is only four. Can you provide us with that data?

Steven Boyd: I can certainly provide you with that data. We have that data. You are right; it is ambitious. It is building on the success of phase 1 of the hubs programme, which, as you mentioned earlier, delivered 12 buildings in a SR period, and we are looking to deliver a similar number. While it is ambitious, and projects of this type are always challenging, we are optimistic that we will deliver what is needed to meet Department workforce requirements.

Mr Francois: Okay. Thank you very much.

Q31 **James Wild:** I want to talk a little bit about how this £158 billion is managed through the 12 portfolios that have been set up, 10 of which are by Department, but two are cross-cutting. Who is responsible for the science and land portfolios in Government?

Dr Young: On the science estate, a number of different Departments have assets. As part of our new strategy, we will be selecting a single lead for the science estate. Our starting point is to talk to BEIS—the Business Department—which is where UKRI research councils and the Government chief scientific officer are based. There are also scientific assets in DEFRA, the MOD and Health that we will bring into the conversation. However, that is our starting point for science.

For the land estate, the biggest Department by far is DEFRA because of all the Forestry Commission land holdings. Again, we will talk to DEFRA about them taking an overall co-ordinating lead on land. That is our plan. We are going to have those conversations during the rest of this operational year.

Q32 **James Wild:** So, by the end of this calendar year, or the financial year, you would have a nominated Department—an SRO?

Dr Young: That is our aim, certainly. Clearly, we need to have those conversations with those Departments and ensure that this is achievable by then. But yes, that is our plan—the operational year, so end of March.

Q33 **James Wild:** The end of March, okay. What powers do you have if, after those conversations, you can't agree that someone will take this on? What central Cabinet Office or Treasury powers exist to direct this?

Mark Chivers: I think it will be a practical conversation. We are talking to the Department all the time as you would expect in terms of bilaterals. There is a bit of give and take. There is a clear recommendation coming out of the NAO Report, which we agree with, that there needs to be a single owner. The conversations will start on that basis with all the interested parties and we will see where we get to. I don't envisage it being an issue.

Q34 **James Wild:** Good, okay. That is encouraging. In recent times, you have been recruiting a lot more expertise into the property function, including a lot of property apprentices, which is good to see. Clearly, the Government set an objective to get the civil service back to the size it was in 2016. How will you ensure you keep the right skills while downsizing the Cabinet Office, the OGP and the GPA?

Alex Chisholm: It is obviously a challenge right across Government to make sure that as we get smaller, we don't suffer a loss of skills or capabilities. Indeed, we need to add to our skills and capabilities; the Committee has many times recognised that and encouraged us in that direction. That is a challenge for the Cabinet Office and for every other Department engaged in that. One of the safeguards against that is having good information about the skills that we do have, which is something that has been improving through the annual civil service employment survey.

Obviously, we are focusing on property today. Within that area, there have been a number of initiatives taken around building up the skills of property professionals. The property career framework is one of those. There is now a Government School of Property. You mentioned the approach taken with apprentices, and there is now also a fast stream programme devoted to property. It is an area that—with no disrespect to my property colleagues on my right—occasionally hasn't enjoyed the full attention or limelight, but which is now recognised as being incredibly important for the overall efficiency of Government operations. It is also important, of course, for members of the public interacting with the Government estate.

Q35 **James Wild:** On the fast stream point, there were some reports earlier in the year that fast stream recruitment had been paused. Is that the case for the property side?

Alex Chisholm: The overall approach is that the fast stream is obviously operating this year. It comes in in September and October; indeed, I have already met with the new intake and given them an initial welcome. That is operational. The Government announced in June that they were going to pause the fast stream for next year, and there has been no subsequent announcement.

Chair: Very carefully worded, Mr Chisholm.

Q36 **James Wild:** On the skills point, Mr Chivers, you have come in from the private sector, where you were managing estates for Boots and involved in other properties. I was a bit concerned when you were responding to Mr Francois about the IT system and endorsing what seems to have been not an ideal approach and not using off-the-shelf systems, which presumably you may have used in your previous life. What other lessons do you think the public sector can learn from how the private sector manages its property, making sure that it is running costs and getting rid of stuff it doesn't need? What are the top three things you are bringing into the Government?

Mark Chivers: I might just mention the top two, if that's all right. Mr Francois is exactly right that getting the data, understanding the supply and demand data and being able to match it is key to our success. That mismatch between supply and demand leads to portfolio change, growth, levelling up, disposal proceeds and so on. The second thing that I would say has gone completely from my mind—

Chair: We can come back to you.

Mark Chivers: Place! That was the second thing. I used to run a small estate in comparison. I used to think it was a big estate, but it was small in terms of Government size. It was about 2,500 shops, offices, warehouses and so on. We used to look at each place in its own right. I am absolutely certain that there is an opportunity for Government to look at place collectively and across the public sector, rather than independently by Department. The NHS and DHSC are trying to optimise their portfolio in a place in Nottinghamshire, where I live. That work is going on through the ICSs at the moment. Steven, through the office portfolio, is trying to optimise the office estate. How can we bring those optimisations together in a place? That is where true opportunity will become available. There will be significant churn and significant proceeds out to disposals, but there is also the opportunity, which is the first part of the new Government strategy, to build place and services, contributing to levelling up and so on. Those are the two things that I bring with me.

James Wild: Good, okay. I think that's all I have for now.

Q37 **Chair:** Okay, we will come back to you later. I just wanted to check in on the science point that Mr Wild raised. I don't know who I would turn to ask about the Animal and Plant Health Agency site at Weybridge. Would that be you, Dr Young? You were nodding. We have just recently done an inquiry into that, and our report is about to come out in the next month or so. We are very alarmed, actually, about the state of that site and the very specific needs for the site physically, in terms of the skills needed to deliver. The site is absolutely critical to challenging and dealing with diseases that would have a huge impact on the economy, rural communities and so on. Covid has highlighted what the challenges are of zoonotic diseases for the wider human population. When we had the hearing with the Treasury, it had not yet confirmed the £2.8 billion needed to do that site. Do we have an update on that?

Dr Young: I think we will probably need to come back to you on that, Chair.

Q38 **Chair:** Okay, but just to be clear, is a specific Treasury agreement on funding required for that to go ahead? It is not something you can do within the funding you have?

***Dr Young** indicated assent.*

Chair: Okay, well if you could come back to us on that, that would be very helpful. If you do so quickly, we might be able to incorporate it into our report. Over to Sir Geoffrey Clifton-Brown.

Sir Geoffrey Clifton-Brown: Good morning, gentlemen.

Chair: And Dr Young.

Sir Geoffrey Clifton-Brown: And Dr Young, indeed. Most important of all. First among equals.

Chair: Well, Dr Young has a title she has earned. I think we should recognise that.

Q39 **Sir Geoffrey Clifton-Brown:** Indeed. Mr Chivers, you let slip in your last answer that you were director of estates at Boots—a reasonably large portfolio. I used to work for a company that you might have come across called Jones Lang LaSalle, and I am a chartered surveyor, so I do know a thing or two about how to run—

Chair: Perhaps at this point, Sir Geoffrey, we should make sure that you formally record your declaration of interest.

Sir Geoffrey Clifton-Brown: Yes. As declared in my entry in the Register of Members' Interests, I am a chartered surveyor. I bet you had decent data systems in that Boots portfolio. Did you not?

Mark Chivers: A bit to my previous response, you always aspired to have better data.

Sir Geoffrey Clifton-Brown: That is not the question I posed.

Mark Chivers: No. We had different data, and the big difference—rather than the quality of the property data, which can be found—is that we were operating on a multi-spreadsheet system, a multi-database system. We had never made the journey in terms of "Shop 1 has all of that data" and being able to press that button; that was something that we had not done. We were using multiple systems. What was different was having, if you like, the demand data through the advantage card and the loyalty scheme, which allowed us to see where people lived and where they were interacting with the estate. That is the big difference that I would identify between a retailer and the Government estate in terms of data.

Q40 **Sir Geoffrey Clifton-Brown:** I do not see how you, as the chief Government property officer, can really begin to manage the Government estate properly unless you have proper data.

Mark Chivers: Correct.

Q41 **Sir Geoffrey Clifton-Brown:** I mean, we did have an answer. Perhaps in fairness, I should come back to Dr Price, because there still seems to be a question mark—as per Mr Francois's excellent questioning—as to when you are even going to begin to get the next version of the property database out to tender, let alone when it is likely to be complete. Can we just press you a bit on that? I do not really see how we can begin to start to look at the Government's efficiency—I am actually referring to figure 7 on page 30. My colleague Mark Francois called it InSite 2; I think that is an excellent acronym, because we do not want to get it mixed up with

InSite 1. When is InSite 2 likely to be let, and when are we likely to see it completed? I am really looking for some quite accurate dates here.

Alex Chisholm: I think you will have to repeat your previous answer.

Dr Young: Our plan is that we appoint early in the new year. Our planning assumption is that it will take six months to build; it may be less. We will see what the market says, but it is also important to emphasise that there will then be a mobilisation period where all the 160 bodies that Mark mentioned earlier get trained up in using that system. In the meantime, we are collecting that data—it is not optimal, as we have already covered, but we are collecting that data. We can see quite a bit of information there about opportunities. For instance, we just stood up a disposals programme using our existing data, and we can see that there are some efficiencies to be had.

Q42 **Mr Francois:** Forgive me, just to follow up: when will the thing go live? If you use military terminology, you have what is called an initial operating capability—IOC. That means when it first works, and you have what is called full operational capability, FOC, which is when it is totally up and running. What is the IOC for InSite 2? Come on, when is it?

Alex Chisholm: I am sure it will be next year. You will also know from your own experience of military procurement that if the procurers themselves pre-define the delivery period and choose a magic month, that is not a recipe for successful delivery. We are conducting a procurement. The procurer will come back—

Q43 **Mr Francois:** Forgive me, but you are fighting me on the wrong ground here. Very often, the reason they go horribly wrong is because they are not firm enough about when things should come in, and the contractor ends up running away with it. I am sorry, but that is fundamentally wrong. What you have to do is set hard targets and keep the contractor to them, otherwise things drift, which is what has gone on here.

Chair: Have you got a range of dates?

Alex Chisholm: As part of the contract, but we are not at contract stage. The procurement is going out next month, as Dr Young said, and we expect to be able to announce the person early in the new year. At that point we will have a very good answer to the Committee as to which month we expect it to be over the next financial year. We have given you an estimate now because we have not yet had the response from the market; we expect that once we get that response, it will be in the range of six months. Whether it will be live in July, August, September or October, I do not know now, and I will not know until we contract for that in January.

Q44 **Mr Francois:** Can you reassure the Committee that it will be live and populated with the data? The reason we are hammering the nail here is that the NAO, which writes the Reports—it is our job to read them—tells us that this is your fundamental weakness, so it is right at the heart of the whole issue. You are now telling us that it will be live at the end of 2023—

yes?

Alex Chisholm: I would expect it to be live at the end of ’23, yes.

Q45 **Mr Francois:** You would expect it to be?

Alex Chisholm: Yes, and we can confirm that as soon as we get to contract stage.

Q46 **Chair:** When you are doing this procurement, presumably you are talking to the Government Digital Service, so it’s not like you are just saying to the contractors, “Come back to us with a date.” You have some idea of the landing point for this.

Alex Chisholm: Yes, absolutely.

Dr Young: We’ve got a very clear set of requirements.

Q47 **Chair:** Okay, and are you confident about that? The other thing that has arisen from Mr Francois’s excellent questioning is that you are saying that there is a lack of skills in the contractor for delivering this.

Alex Chisholm: That particular contractor.

Q48 **Chair:** That’s my point, Mr Chisholm. Is this a wider problem, or is it just that particular contractor? If it is just that particular contractor, why could they not get the skills? Are you confident that the new contractor—

Alex Chisholm: It’s a tight market for digital skills, but I am confident that we can get a good supplier in the future.

Q49 **Chair:** So you are confident. Was there a problem with the first supplier? Did they over-egg what they could deliver?

Alex Chisholm: Obviously they failed to deliver, which is why we had to step in.

Q50 **Chair:** What due diligence are you doing to make sure that doesn’t happen again? They all come and say that they are going to do a great job and it’s all going to be fine, and I have spent a decade or more on this Committee sadly finding that that is not the case.

Mark Chivers: This may provide a bit of reassurance. We soft-tested the procurement earlier in the autumn—at the end of the summer—and there was a body that was prepared to come forward. On exactly your point, when we did the due diligence, they couldn’t give us the faith that they could deliver it. Once burnt, twice shy, etc.

Alex Chisholm: Also, the market has improved since we started the initial process.

The bigger point, which Mr Francois was rightly extracting from the NAO Report, is that data is fundamentally important. I just want to emphasise to the Committee that there is no difference of opinion between us. It is this organisation that has been pursuing that agenda. When we talk about property assets, we are moving from 5,000 to 136,000, and we are gathering an enormous range of data. We agree 100%; that is why it is our strategy, and that is why we have been pursuing it.

The interruption to the success of that has come from the fact that in the upgrade of one part of the system to a newer system, that procurement hasn't gone well. That has cost us a year. It hasn't cost us any money. I hope you understood from the previous analysis that our net cost is about £500,000. That is about 40% of the budget, and we have had about 60% of the work product, so it is not actually a money issue, but there has been a delay issue. The frustration we feel relates to the accessibility of that data for the people using it and the ability for us to interrogate and interpret it. That is why we are now having to do a—

Q51 **Mr Francois:** I understand what you are saying, sir. By the way, if you want to talk about the problems with moving back dates, come back and we'll have a chat about something called Ajax.

Chair: Luckily for Mr Chisholm—

Mr Francois: That's not your direct worry. The reason we are making such a big thing of this is that the NAO, which have gone through this with a fine-tooth comb, as they always do brilliantly, tell us that, for want of a better phrase, this is your Achilles heel in terms of delivering a very ambitious Government property programme of tens of billions of pounds-worth of value. Therefore, it seems rather daft that the whole thing is basically held up quite badly by a failure in a £1.3 million computer programme. That is not to say that that is not important taxpayers' money, but given the relative scale between that and what is at stake, just go and buy something tomorrow morning that works for £2 million and turn it on. Why do you have to go round this endless loop? You are reinforcing failure. This method didn't work. Go to the market and buy a system that works—and do it quickly.

Alex Chisholm: That is exactly what we are doing. Not to be argumentative, but the benefits you describe around the efficient use of the property estate come from land sales, Government hubs—a thousand different activities, of which this property database is only one aspect, although it is important. Also, we have a property database; we just want a better one. The overall benefit runs to several billions of pounds, and this is only a small part of it.

Q52 **Mr Francois:** Sorry—page 7; key findings of the NAO; "Data"; para 7: "Lack of good data is a major barrier to effective decision-making about central government property." That is the NAO's conclusion.

Alex Chisholm: That is our analysis as well, which is why we are hugely expanding the amount of data we are gathering.

Mr Francois: All right, Chair. I think we have made the point.

Q53 **Chair:** We have an agreement then. Before I go back to Sir Geoffrey and while we are on the subject of data, the Department for Education was doing a major exercise to analyse and assess the property they had. That was under the previous permanent secretary and has obviously carried on. One of the issues was finding out where there was asbestos. Are you doing that already or will it be part of the new database to make sure there is a real understanding of where asbestos is, what the plan therefore needs to be and what the cost will be to remove it? I suppose Mr Chivers would be a good person to start.

Mark Chivers: I will start off. Steven can talk about the offices and Janet can provide some colour, probably. A key part of the strategy is the "better". The new strategy has three components. The second component is "smaller, better and greener", and it is one of the issues that we have—

Chair: Mission two.

Mark Chivers: Mission two, thank you. We have a significant backlog in maintenance across the different estates. Education, as you quite rightly point out, is the largest of those. It has been doing a really good survey programme, literally surveying the 23,000 schools to get up-to-date information. What we are laying out as an aside in the better building programme is a requirement to survey your properties every five years. That is not uniform at the moment, but that is what we are pushing for as part of the better programme.

For the Department for Education, asbestos is an issue. Asbestos is also an issue for the NHS, and for the trusts, and there are also some issues for the Department for Education, and the other portfolios: things like reinforced aerated autoclaved concrete, which is an issue across the market and the property world. Again, the Department for Education is doing some really good intrusive survey work, because you need to do intrusive surveys to find out where you have got RAAC and where that is an issue.

It is coming together, and what the better buildings programme is doing is helping to set standards, both for buildings and for surveys, and for the requirement of information coming back to us.

Q54 **Chair:** I will not bring everyone else in on that—it is not unimportant, but it is not central to everything we are discussing today. However, there is a challenge, of course. Take asbestos in schools. One of the challenges if you get schools to survey every five years is that there is a cost to them of doing that. Then there is the cost of replacing it. If you are a school governor and you discover that you have asbestos, you have then got to do something about it. But where is the money? There is no central pot, so is there any central thinking in the head of Government on property about how you will help organisations prioritise the removal of unsafe asbestos, which is now deteriorating? Even the safest stuff must be deteriorating at a rate that we need to be worried about.

Mark Chivers: Asbestos—I must pass over to the lady on my right, who is a building surveyor—can be completely safe. It just needs to not be disturbed. There are a number of ways that you can encapsulate it to make it safe—

Q55 **Chair:** I do not want to go into the details of asbestos particularly, because I recognise that. Nevertheless, it is important to know where it is and to know that you will eventually want to remove it, because schools get reconfigured. There are times when you will need to disturb that asbestos. We could go down that whole asbestos route, but did you want to add anything briefly, Dr Young?

Dr Young: I will just add to what Mark said. The responsibility for doing those surveys and understanding that data—that word again—understanding what the challenges are at a school level is with headteachers in schools, but the Department for Education obviously wants to get an understanding across the board. They do take into account the challenges around health and safety: asbestos, concrete planks—

Q56 **Chair:** It's the cost, Dr Young. For a school that is struggling to pay its bills and pay for teachers, if it does not have to do it, you can see that there may be a temptation to put it off. You have got this central role. What you are saying is fantastic—that we want to do all this good, proper property management stuff—but drilling down to the local level, it is a lot harder for them to do.

Dr Young: It is harder and there are ways of clearly making those situations safe. There is a lot of guidance on how to do that. Crucially, the Department for Education sets funding programmes for allocating capital to schools to address the quality of the estate. There is a strategic programme of funding that applies to the education estate, for which the Department for Education holds the purse strings.

Q57 **Chair:** I cannot see it right in front of me, but you have deadlines for mission one, mission two—for those watching, I am referring to the "State of the Estate" report from 2022. You have three missions and deadlines for them, but with any challenges in funding in a Department like Education, there will be a risk to your meeting your central Government target, won't there? Presumably that is stating the bleedingly obvious, isn't it?

Mark Chivers: The backlog in maintenance across the whole Government estate is billions and, as Janet says, there are some programmes within the Departments that are addressing that. For example, the new hospital programme is addressing some of the worst-condition hospitals, and new schools are being built that can replace some of the worst schools. But it is absolutely an issue across the Government estate, and of course it is an issue that is not going to go away.

Chair: An issue that, unless it is resolved, will continue to be costly. Mr Wild, and I think we know that you are going to bring in RAAC.

Q58 **James Wild:** Thank you, Chair. I am pleased that you mentioned RAAC, the concrete cancer issue, because regular viewers of our sessions will know that my local hospital, the Queen Elizabeth in King's Lynn, is the most RAAC planked hospital in the country. It has 2,500 timber and steel supports currently supporting that cracking roof. Obviously, I am campaigning hard for it to be one of those new hospital programmes. Can you reassure me that in your role you are working with the Department of Health and the NHS, given the serious risk that exists? You mentioned schools, where there was the collapse of a RAAC roof in 2019. In my local hospital, this is a real issue for the patients and particularly for the staff. Are you working with the NHS to ensure that they get the seriousness of the situation and the importance of resolving the problem urgently?

Mark Chivers: Absolutely we are. We are talking to the DHSC and we also have lines of sight into NHSE. Janet and I were talking to the estates director of NHSE earlier this week. Just as an aside, which may or may not reassure you, it is an issue very dear to my heart because I am a non-exec on a board in Nottingham, which is in phase 4 of the new hospital building programme.

James Wild: Good.

Q59 **Sir Geoffrey Clifton-Brown:** I do apologise to you, Dr Young, because I called you Dr Price. I hadn’t got my glasses on; I should go to Specsavers. I would like to ask Mr Chivers whether it is the intention that all 14 of HMRC’s hubs and all 17 of the hubs you manage will come under your orbit?

Mark Chivers: It might be Mr Boyd, Sir Geoffrey, if that is all right.

Steven Boyd: Let me see if I can answer that question. The important thing is that we are providing really high quality, digitally connected space that helps civil servants to be as productive as possible, and to do so at the best value for the taxpayer. The buildings in phase 2, on which GPA is delivering, will inevitably be under our management. On the buildings that have been provided by HMRC—and a good job they have done; they are managing those buildings well—we have a memorandum of understanding with them, where they operate the buildings but we work with them to make sure that any space that becomes available, if it is under-utilised for instance, can be filled by other Departments. That therefore saves costs by allowing us to close a building in the vicinity perhaps. Although we do not control those HMRC buildings directly, there is a very good and effective relationship underpinned by an MOU, which is working well.

Q60 **Sir Geoffrey Clifton-Brown:** What lessons have you learned from the HMRC hub programme?

Steven Boyd: The big change since those buildings were originally planned and started on and where we are now is the covid pandemic.

Sir Geoffrey Clifton-Brown: Yes, indeed.

Steven Boyd: An awful lot of research was conducted to decide how to build and design those buildings, with soundings taken across the private sector to get good solutions, particularly focusing on productive environments and inclusive space for all the civil servants using those environments. I think that many of those things have turned out to be very well delivered and effective.

However, the change in working patterns following the covid pandemic has meant that there are fewer people working regularly from the office than there were before the pandemic, so we now know that those buildings are rather larger than they originally needed to be.

In respect of phase 2, we have changed our plans and therefore we are assuming that hubs delivered in phase 2 will be 25% smaller than they would have been if we were making the plan pre-covid, to take account of those changed working patterns.

As I mentioned previously, because of those changing working plans, which I think are not quite settled yet, there is some space in those phase 1 hubs that is not required immediately by HMRC. Therefore, they have made that space, in conjunction with us, available to other Departments, and they are very successfully shared by multiple Departments.

For example, if you take the hub at Queen Elizabeth House in Edinburgh, I think there are now 16 different Departments operating from that HMRC phase 1 hub, and operating very effectively.

Q61 **Sir Geoffrey Clifton-Brown:** You have praised this HMRC programme, which was largely signed before covid. How many of the 12 hubs that are now open were signed on 25-year unbreakable leases?

Steven Boyd: I don't have that exact figure, but I think it would probably be none, or maybe one or two—a very small number.

Q62 **Sir Geoffrey Clifton-Brown:** Well, we certainly know that it is at least one. Can you let us have a note on that, please?

Steven Boyd: I will come back to you having checked with HMRC.

Q63 **Sir Geoffrey Clifton-Brown:** And how many of your own—11 announced so far, with six further ones to be announced, so 17—are signed on 25-year non-breakable leases?

Steven Boyd: We seek to have a balance of tenures across our estate. We don't want to have all our eggs in one basket, if you like, so we need to be flexible. I am sure, given your background, that this is something you would be a strong advocate of: we seek to have a balance in a particular geographical area, with some freehold, some long leases and some shorter leases, so that we can be flexible as the workforce requirement grows or shrinks.

With respect to your specific question about the hubs, there will be a mixture of those tenures. We are looking to increase the number of freeholds. Some of those that have already been let are on 25-year leases with a break at 20 years and some are on shorter leases. For instance, our building in Birmingham is on a shorter lease; I believe it is a 15-year lease.

That is part of the intention of getting a balance of tenures across the board, so that we can be flexible.

Q64 **Sir Geoffrey Clifton-Brown:** I accept that. Those were signed pre-covid, on a 25-year lease—there is at least one of them. This Committee warned that it was the wrong thing to do. You are now stuck with a 25-year unbreakable lease—or HRMC is—on at least one building, and probably more. We will ask you for a list of all of the tenures, please, on all of those 14, and the 11, and the six still to be announced, when you have got them, so that we can see what sort of arrangements they are—

Steven Boyd: I am very happy to provide that.

Alex Chisholm: Can I mention one other point? I think I am right in saying that when the HMRC programme was originally designed, it was exclusively for the use of HMRC. It was basically a consolidation—

Sir Geoffrey Clifton-Brown: Well, that's not what they told us.

Alex Chisholm: Originally—

Q65 **Sir Geoffrey Clifton-Brown:** With great respect, Mr Chisholm, the whole predication of signing those hubs was that whatever space HMRC didn't want—I have got the transcript here in front of me—they were to sublet to other Government Departments.

I am coming on to that, because if they were signed on 25-year leases at a price that was far higher than you would be able to find on the market now, it does mean that not only are HMRC paying a much bigger price in rent than they needed to, but they are now also having to sublet in this phase of the programme to other Government Departments at a rent that is far higher than the market rent.

I will put a question to both of you. If HMRC wants to sublet these offices and I am, say, in charge of the Department of Health, am I obliged to go and get an office at above market rent under the HMRC programme or can I go to the same city—say, Leeds—and hire an office at a market rent, which will be much less than the Government's hub rate?

Alex Chisholm: Steven will want to come in on that; I will just clarify what I was saying before. What I did say was that the programme that originally was a consolidation of around about 170 different HMRC offices into about 12 to 15 was the original plan. Versions of that plan that were developed a number of years ago showed basically exclusive HMRC usage of a number of those properties.

Because of the impact of the Places for Growth programme and the demand from 19 different Departments for new places to have people working across Birmingham, Glasgow, Cardiff and everywhere else, a lot of those hubs, which were previously described as being intended to be very largely or exclusively for HMRC use, have become multi-use.

Queen Elizabeth in Edinburgh has, I think, 16 Departments, or maybe even more than that. I have been to those. It has made a huge difference. In our own office in Glasgow, we have taken a floor from HMRC. It would not have been practical for the Cabinet Office to have an exclusive, nice office for 300 people in Glasgow, but to take a floor from HMRC as part of the new Atlantic hub has been fantastic, and at much lower cost than it would have been if we had tried to make our own specification.

Q66 **Sir Geoffrey Clifton-Brown:** That depends on what agreement was signed, whether it was pre-covid and what the rental level was, which is what I am trying to get a line of questioning on. Mr Boyd, can you try and elucidate?

Steven Boyd: I will, definitely. I should first of all declare a conflict of interest. During the time when the hubs were being planned and at the initial stage of delivery, I was the estates director at HMRC. While I do not have the immediate up-to-date information, I do know something about how they were kicked off.

Let me deal with the two issues separately: first, the planning for the use of space, and secondly, the relative rental cost. On the planning for the use of space, as has been said, they were planned to be exclusively for HMRC occupation, but with flexibility built in so that if the workforce requirement at HMRC were to change over time—we have seen as a result of covid that that has changed—the design of those buildings was intentionally such that they could be sublet to other people, other Government Departments, which is where we are now, but also potentially sublet on a floor by floor basis if necessary to local government perhaps or even the private sector. The design of the buildings, security systems and leases was set out entirely to do that. So that is very possible and that protects us very well.

Further, the capacity of those buildings was designed to be no more than 70% of the civil service number of people in a particular area, so that you could close the smaller offices and bring them in if that was a necessity at the time. Things have changed since then because of Places for Growth, and many of the regional locations where HMRC is based are now seeing an increase in the number of civil servants, as civil servants move from London to the regions as part of our target to move 22,000 roles by 2030. So there is plenty of flexibility baked in.

As to your question about whether HMRC is paying too much or too little, which will inevitably be a point for debate among surveyors, I would say that a key factor in setting the rental level for a building is the length of tenure. We have observed that most Departments, before the office estate started to be brought together under HMRC, were typically taking very short leases, perhaps three to five years. A 10-year lease is quite unusual.

Taking a longer lease, with a first break perhaps at 20 years, achieves a significantly lower rent, and those rents are passed on by HMRC or GPA to Departments. They can now be offered a chance to move into a hub, provided by either GPA or HMRC, and they are able to move from poorer quality facilities on the outskirts of town to high quality, digitally connected facilities in the centre of town and pay a lower rent than they would have done before. That is one reason why Departments are quite keen to take that opportunity, and it is a real justification for GPA in that we can make a whole region or whole city plan, rather than a building-by-building plan. Some of those buildings can be taken either as freehold or on a long lease, and therefore we can maximise value to the taxpayer, which is what we do.

Sir Geoffrey Clifton-Brown: Mr Boyd, you are very good at putting a good veneer on a very dodgy subject.

Mark Chivers: Sir Geoffrey, may I add a couple of points? First, your directional intent is exactly the same as mine coming in—shorter leases, flexibility and all that is exactly right. You probably know, but the rest of the panel might not, that there is a new accounting standard called IFRS 16, which means that, effectively, leases have to be capitalised and put on the balance sheet. For the first time we are seeing a real comparison between the lease capitalisation—the future commitment to pay rent—and what a freehold value will be. The initial conversations with the Treasury have been really positive, in the sense that, because it can now see what the future commitment is, there is a readiness to address freehold purchase. For me, freehold purchase is where we can and should be moving more where we can, particularly in the office estate, where there is the intensity of value. We cannot always, because there are not buildings to be bought, and some need to be developed and so on.

Q67 **Sir Geoffrey Clifton-Brown:** Thank goodness—the light of common sense, at long last. To me, as a chartered surveyor, and I hope to you, either you want to sign a relatively short lease, so you have flexibility to get out, or you want to buy the freehold. But to sign a 25-year lease, with no break clause, gives you very little flexibility. I hear what you say, Mr Boyd, and HMRC told this Committee almost word for word what you have said. They were wrong then, and it is wrong now. It is wrong now because you did not have the flexibility. We do not yet know how many of those 25-year leases were signed. It did not provide the flexibility for covid, and it has not provided big flexibility for the current bond market fall. Have you read the *FT* article, dated 9 October 2022, "Investors pile out of UK property funds after bond market shock"?

Steven Boyd: By chance, I have.

Q68 **Sir Geoffrey Clifton-Brown:** Almost as we speak, rents and commercial property prices are plummeting in many of these cities. Signing these long leases must be the wrong thing to do. I am hugely worried that you are still trying to defend it.

Mark Chivers: Let me start on the *FT* article. Steven and I genuinely were talking yesterday about whether, exactly as you just described, there is an opportunity for some—and let me use the cliché—bottom fishing: looking at buying in some of those long leases. That is something that we will take away and look at.

Q69 **Sir Geoffrey Clifton-Brown:** That is exactly what your former clients would be doing.

Mark Chivers: Yes, and that's good property management, when there is valuation. There will be an issue—

Q70 **Chair:** For those who are not property experts, could you explain in simple steps what that would mean practically for the taxpayer? At the moment, there is a 25-year lease being paid for. What would bottom fishing mean? Do you want to explain in simple terms what that means?

Mark Chivers: If there is a rent of £1 million for the next 20 years—for the sake of simplicity, ignoring rent review clauses and so on—the freehold value for that at the moment in the market may be £15 million. You are comparing £15 million of a freehold, which you will own at the end of the lease, with a commitment to pay an amount of money out for that period of time.

Q71 **Chair:** Just to be clear, because of the market, you think there is an opportunity to buy from under the freehold.

Mark Chivers: I think capital values, as mentioned, will come down, and are already coming down. A number of people have pulled out of deals. At the moment, the price of gilts is coming down. The investment funds will have an allocation, across their portfolios, of a certain amount in property, a certain amount of gilts and a certain amount in equities. If the value of the gilts is coming down, property might look over-weighted, and that will induce an amount of sale.

We will go into a period of some people trying to sell, and there not necessarily being the appetite in the market for acquisitions—although, to use that cliché again, people will come in at some point and bottom fish. We are entering a period of illiquidity, which is really difficult for the property market. The other thing to say about that is that everyone—buyers and sellers—wants valuations to assure that a good deal is being done. Valuation is difficult at a time when those transactions are not going on. So, there will be a difficult period.

Q72 **Sir Geoffrey Clifton-Brown:** You are committed on all 11 of those properties, whatever the lease arrangement is, and we do not yet know what it is—

Steven Boyd: There is one of those that we are not yet committed on—not yet formally on contract.

Q73 **Sir Geoffrey Clifton-Brown:** One out of the 11, but what about the six that are to come?

Steven Boyd: On the six still to come, we have not committed on any of those.

Q74 **Sir Geoffrey Clifton-Brown:** What we are getting this morning is a thought about a little bit of flexibility as to whether you enter short-term leases or buy the freehold. That is a step forward.

May I take two other aspects of these offices, in particular the big hubs? First, we have not really talked about this in this hearing, but since covid the occupation of these offices is likely to be considerably less, so how are you reacting to that prospect in your remaining office hubs?

Steven Boyd: This is an issue that applies not just to the hubs but to the whole office portfolio. Let me give you some numbers. Everybody in the civil service and in the private sector did not come into the office every single day before covid—that was not the norm. The civil service saw approximately two thirds of people in a typical office on any one day. That is broadly equivalent to the private sector, which saw pretty much the same thing: around about two thirds on average. We have seen a change in working patterns, and the private sector is also seeing a change in working patterns. I do not think we have yet got to the point where that has settled out, but it is clearly lower than it was before.

As I mentioned previously, we have made an assumption that it will now be approximately half, rather than two thirds, on any given day. That is a reduction of 16 percentage points or, 25%—that is the quarter smaller hubs I talked about. We are keeping that under review to see whether that is the correct number. It is the role of Departments, not the Government Property Agency, to make personnel and HR arrangements with their people and decide when they should be in the office and doing what, working with them and observing that. Currently, 50% seems to be right in some places, and in others it seems possibly to be too high. If that trend continued for a while, we would have to make some changes there.

There are a number of factors that seem to affect attendance in an office. One is certainly the quality of the office; good-quality offices have more people there. Another is community; if there is a good community around the space, that works well. There is also geography; it is certainly the case that offices in central London and Whitehall tend to have a higher level of attendance than in the regions. I think many private sector companies doing similar types of work are seeing similar things.

We need to keep under review—if you will allow me, it is important that we have the data to be able to keep that under review. One of the points of data comes from Government Departments. We ask them what they are doing and how many people are coming into work. You have probably seen that for departmental headquarters in central London, that data is published weekly on gov.uk. We also want to have a pure property view and measure how many people are actually coming in—not that I do not take the word of the Departments, obviously, but I want us to measure it ourselves. We have developed pilot systems to measure, which have been proven, checked and approved for security, and which we have rolled out to 24 of our buildings so far. That is a small proportion—

Q75 **Chair:** Is that the GovPass?

Steven Boyd: Yes, it is related to GovPass. Broadly, you show your pass when you go into the building, and that is one person. We also use the wi-fi systems. People tend to carry one laptop with them—one laptop, one person—so we can quite quickly establish, on a real-time basis, information every 10 minutes on how many people are in the building and on a floor-by-floor basis. That will be rolled out aggressively over the estate. It is 24 now, and we hope to get to 60 by the end of this financial year, and we are pushing to achieve more. Of course, other Departments also measure some of those things today. One of the things we are working on with them—there is good agreement on this—is to share that data, so that we can have real-time information. As has been pointed out by a number of Committee members, the better the data, the quicker and more effectively we can make decisions.

Q76 **Mr Francois:** Very quickly, on a definition point—this is very important. To be clear, when you say how many people are in each week and publish it, that is not how many people are ordinarily based in the building. You are talking about how many people were actually in the building.

Steven Boyd: Correct.

Alex Chisholm: We show percentages.

Q77 **Mr Francois:** But I am told a lot of Government Departments give their occupancy figure as just how many people actually have a desk or a workstation, not how many people actually sit at them.

Steven Boyd: With respect, I do not think that is correct. Government Departments report on the number of people who are present as a proportion of the number of people allocated to that building.

Mr Francois: Okay, that is clear. Thank you.

Q78 **Sir Geoffrey Clifton-Brown:** Mr Chisholm, part of the predication for this whole, very expensive hub programme was to move a significant proportion of the civil service out of London and into the regions. Will you tell us how that is going?

Alex Chisholm: Well, in a word. The target that was referred to earlier was 22,000 roles to be reallocated by 2030. It is quite front-loaded with 15,000 of those by ’25. In the NAO Report, you will see that it was just less than 6,000, but that figure is now over 7,000—so 7,000 of the 15,000 who need to be moved by ’25. We are on track, which is good.

Q79 **Sir Geoffrey Clifton-Brown:** Great. A perspective of the data should give Mr Chivers and Mr Boyd an indication of the amount of space that they need to provide.

Alex Chisholm: Yes, and, if the Committee will allow me, the other thing that is very important is that it is about not just the sheer number of roles, but the types of roles. You will remember that much earlier such programmes in Government—the “Next Steps” thing, which I was part of—were very much about back office and support-type roles. Part of what is so exciting about this is that it is the full range of roles. If you go to Darlington, you can do any job in the Treasury from Darlington that you could do down the road on Horse Guards. That is a very big change, and a very positive one. It has opened up the civil service to anybody who wants to work for us in any part of the country, which is very positive and very good for the economic connections and local growth.

Q80 **Sir Geoffrey Clifton-Brown:** As always, there is also a downside when you create these changes. Mr Chisholm or Mr Boyd, will you tell us about that? The London market has dropped almost faster than any other city, so you will be left with a whole lot of surplus offices in London that you will need to get rid of. How are you going to do that?

Steven Boyd: May I answer that? There are two programmes here that run in parallel, sister back-to-back programmes: the hubs programme, which is designed to create offices in the nations and regions of the UK, and the Places for Growth initiative, which is moving roles from London, clearly adding to the pot of people who need to be accommodated in a particular city, whether it be Birmingham, Glasgow or Newcastle. The downside of that, as you say—although I would suggest it is in fact an upside—is that the space we require in central London is much less. We have been planning for that, and we are acting on that through the Whitehall campus programme.

In 2017, when the GPA was in shadow, there were 80-something buildings in Transport for London zone 1. Since then, we have taken every lease opportunity to come along, be it break or expiry, and released all those leased buildings. So, that is 30-something released since then, and there are another 30 to go, which will get us down to the original plan target of 20. When the programme started, the target was 20, but, on our initiative, we looked at that and said, "Working patterns have changed. We don't need 20 anymore. We think we can do 17", so our revised target is now 17 buildings in the Whitehall campus, Transport for London zone 1, by 2030. We are well on track for that.

Every lease we give up is money saved. To make sure that that works well, there is some limited investment in buildings that will be retained to make sure that they have as good facilities—in connectivity and inclusive design—as the ones in the hubs. That is saving a lot of money and you will know, as a chartered surveyor, that there are very big differentials between London and other parts of the country.

To give the Committee some broad figures, central London might be £50 to £60 per square foot—you can pay more than that in the west end, if you want—and outer London, where we have places in Stratford, Canary Wharf and Croydon, £30 to £40 per square foot, but we can have an excellent office in the centre of Birmingham, Manchester or Glasgow for £20 to £24 per square foot. So, huge savings to be had.

Overall, we reduce the cost of the estate in London, make a very big saving for the taxpayer, and reinvest a proportion of that money into delivering hubs in the regions. As Alex has said, that allows civil servants to have a really good place to work, a great place in which to work more productively—

Q81 **Sir Geoffrey Clifton-Brown:** I do not think that anyone is criticising the policy. It must make sense to try to get civil servants into the regions. For those 17, will you manage that by literally coming to the end of the leases, or will you have to go to market and sell some buildings?

Steven Boyd: Managing the end of the leases. Almost all the buildings in central London are lease, except for a smaller number—in the mid-teens—which are all in those 17. Basically, the buildings along this street are largely freehold, and those will be the core of our future estate.

Q82 **Chair:** So are the Treasury and the Foreign Office freehold, for example?

Steven Boyd: Some in that group are freehold. The Foreign Office building on King Charles Street is freehold, while 100 Parliament Street and its sister building, 1 Horse Guards Road, are actually PFI. The freehold is therefore within the PFI, but at the end of that PFI in 2037, it reverts back to us.

Q83 **Sir Geoffrey Clifton-Brown:** Fair enough. Can we come to net zero? That of course is another reason why you need to retain flexibility. The ambition is to reduce emissions by 78% compared with 1990 levels by 2035, along with the commitment in the clean growth strategy for public buildings to achieve an ambition of 50% emission reduction by 2032 against the 2017 baseline. How are you getting on in reaching those milestones?

Alex Chisholm: I think Janet will come in on that. One historic figure that I was impressed by when I went looking for it was that total emissions from the Government estate have gone down by 57% from the year ’09-10 to the year ’20-21. That has obviously come from a combination of using less space—I have already mentioned that we are shrinking the overall footprint—and using space more efficiently and emitting less.

Q84 **Sir Geoffrey Clifton-Brown:** And, one would hope, Mr Chisholm, by moving out of older buildings into newer buildings.

Alex Chisholm: Yes—modern heating, ventilation, air conditioning, lighting and so on. With considerable expertise on my right, I am going to shut up and hand over to Janet.

Sir Geoffrey Clifton-Brown: Dr Young, your moment in the sun.

Dr Young: Thank you. It is a core part of our new strategy. Mark mentioned earlier that mission two is smaller, better, and greener. For the greener part—the net zero part—targets are set by BEIS. You will see that we have incorporated those targets into our strategy. Emissions targets have been broken down Department by Department, so they are all pretty clear about what they need to do next.

BEIS was also allocated a pot of £3.9 billion by the Treasury in the last spending round for public sector decarbonisation. That is available for central Government and the rest of the public sector to help to fund decarbonisation, so there is funding and a clear set of targets—that is part of our strategy. At OGP, we are providing guidance and training to Departments to help them to work out how to do that and to understand what they need to do to their estate—the physical changes they will need to make—and how much it will cost.

As I am sure you are aware, Sir Geoffrey, that is a key part of overall strategic asset management planning. We have been developing tools and guidance to help them—a net zero playbook, for instance. One thing that we will do over the next few months—we are just about to let the contract—is some analysis of any gaps between what the Department says it needs to do and what it has already planned. We at OGP are doing quite a lot to help Departments to achieve the targets set by BEIS.

Q85 **Sir Geoffrey Clifton-Brown:** When we get this new data system, will you be able to pinpoint individual buildings and Departments that still have a lot to do to meet those targets?

Dr Young: The system is not designed to collect that; it maintains high-level energy performance data. The analysis is very much at the operational portfolio level where, through the surveys that we have been talking about—safety, for instance—building surveyors like myself will go around inspecting buildings and working out what they need to do to deal with safety and building-condition problems. They will also look at what changes they need to make to the structure of those buildings, at how they can improve insulation, for instance, to reduce the demand for energy, and at the suitability of those properties for some of the new technology that is coming on stream, such as ground source heat pumps, air source heat pumps and that kind of thing.

It very much has to be done at that kind of level. The Department or the portfolio leads will be collecting that kind of information, and then building up a picture of the changes they would need to make if they didn't change the estate. That will then feed into their decisions about what changes they need to make going forward. It links back—the smaller, better, greener theme is all interlinked—because some of those properties probably won't be needed in the future and the cost of adapting for net zero might be one of the factors that makes them decide they would be better moving somewhere else or consolidating. That is where the link with the efficiency agenda comes in.

Q86 **Sir Geoffrey Clifton-Brown:** It sounds as though you have an awful lot of work to do to see whether the new greening government commitment framework 2021-2025 is going to be met. Have you got the personnel to do that? How are you going to perform this really quite large task?

Dr Young: There are two aspects to that. First, there are the teams in the Government Departments—in the property delivery bodies such as GPA and others that will be doing all those detailed surveys that I told you about. The other part of it is how we in the centre at OGP can help them. We have been providing carbon literacy training, for instance. We have been providing tools that they can use to help them calculate, assess and interpret their data. We will also be carrying out analysis with this new piece of work I have just mentioned.

It is a team effort. The majority of the work will be in Departments to do all that detailed analysis. We are here to help and to provide tools and training, but also to look at the bigger picture when we consolidate all the returns from those Departments. In fact, although we have not started that work yet, I think we already have over half of Departments' plans from them about what they need to do to achieve net zero. The next couple of years are going to be really important for us.

Q87 **Sir Geoffrey Clifton-Brown:** I don't know whether you will be able to help me with this next question—you will soon tell me. Does the programme apply to local government?

Dr Young: The overall target for net zero applies to local government. They can certainly access the funding that BEIS holds. The programme that I have been describing is part of the Government property strategy, which applies to central Government. Local government will potentially take a slightly different route, but they are bound by the target.

Alex Chisholm: And we do work with them on One Public Estate.

Dr Young: Yes, I can mention One Public Estate. One of the programmes that we host at OGP is called One Public Estate. That has been running since 2013. What that programme does is bring together all the different parts of the public sector in a place. Mark said, coming in from Boots, that you need to look at things in a particular place. The programme provides modest amounts of seed funding to all the different organisations on the ground in a particular town or city, to help them do some feasibility studies or master planning to see whether there are opportunities for co-location or sharing buildings—that is sharing buildings across the whole of the public sector, not just within their organisation. Potentially, they may be able to solve the challenges that they are all grappling with on their own, such as net zero, by collaborating with another part of the public sector. You may go down from, say, 10 buildings to two buildings, something like that. It makes the problem easier to solve if you collaborate and share.

Q88 **Sir Geoffrey Clifton-Brown:** Mr Chivers, I am very pleased to hear about the One Public Estate policy. Going back to the Chair's question on schools, I have a small primary school that has 40-year-old portakabins. They are pretty hot in the summer and pretty cold in the winter, and they leak. I tried and tried to get the county council to replace them, but all it would do is bodge and mend. This is really unsatisfactory from a carbon emissions point of view and from a child safety and welfare point of view in 2022. I am sure every Member of Parliament would be able to find an example of what I have just said, so what are we doing with this One Public Estate policy to start to root out the most egregious property cases that need to be attended to first?

Alex Chisholm: On the particular example of schools, there is now a dedicated schools body—is it called "Locate"?

Mark Chivers: LocatED.

Alex Chisholm: LocatED—with "ED" at the end, which is a slightly odd—

Chair: Another property quango!

Sir Geoffrey Clifton-Brown: You want to ask them.

Alex Chisholm: That was created by the Department for Education a number of years ago to give a real focus to improving the quality of accommodation in schools. From the results that I have seen—obviously at one remove—it has been successful in that.

One Public Estate is mainly focused on central and local government, but it has been successful, as you mentioned. There has been something like £500 million in capital receipts, £112 million in reduced running costs annually, 31,000 jobs supported and 27,000 new homes. It has been a really good example of join-up across the system and the whole of government, in a way that I know this Committee has encouraged us to do many times. Hopefully, that is a glimmer of hope about the shape of the future.

Q89 **James Wild:** Paragraph 3.15 states that "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." Originally, the plan was for that to have happened sometime before, so what proportion of offices have actually been transferred?

Steven Boyd: Forty-one point four.

Q90 **Chair:** That has gone up 4% since the Report—

Steven Boyd: Yes, it goes up all the time, in that—

Chair: So it has gone up since then.

Steven Boyd: Yes, it has gone up since then.

Q91 **James Wild:** In 2018, the Government estimate was that the GPA would deliver benefits of £3.6 billion by 2037. Do you stand by that target?

Steven Boyd: We are on track to deliver that target. That £3.6 billion figure is the forecast for after 10 years of operation on a 20-year net present value basis. After four years of operation, on the same 20-year net present value basis, we have delivered £903 million. With six more years to go, lots of hubs generating a saving to be delivered and lots of buildings in central London to be closed, which will generate more savings, I am confident that we are on track to meet that target.

Q92 **James Wild:** So the delays and disruption from properties not being transferred when they were originally planned to be have not affected that overall target. You are confident.

Steven Boyd: I am confident that we will get to that figure. Many of the things that we are doing are not overly affected by who controls the building, so it does not affect the Government hubs programme or our plan to close offices in London—we are beating the drum on that. There are some issues where it would be more straightforward and more efficient for us to be making the decisions, rather than having to negotiate with others, but that will not have a significant effect on getting to those targets.

Q93 **James Wild:** What is the reluctance? What is the delay? Why are people not transferring properties like that?

Steven Boyd: There are a range of reasons. One of the reasons why it is taking longer than originally planned is that this is not a straightforward case of simply signing a piece a paper and moving a building from one place to another. We carry out proper due diligence every time we transfer a building. That means that we gather any data that might be missing, and we make sure that we are not taking on anything we should not be taking on or that we have a liability we cannot afford down the line—it is a proper commercial approach, and that is not something that can be done quickly. We do that in stages. We also need to be careful that, for a young organisation that is growing, we do not bite off more than we can chew. We need to make sure that when we take things on, we do it well.

Q94 **James Wild:** Is that affected by the delay in the data system that Mr Francois and Mr Clifton-Brown have delved into already?

Steven Boyd: In a very minor way. As people have said, a data system is already in place—ePIMS—which provides us with an overview of the scope of the office estate that we are looking to transfer, and we also rely on workforce plans from Departments, but we create the majority of the data we use on the buildings that we manage, partly through the due diligence process when buildings come on to our books, and then through surveys that we conduct ourselves.

We hold that data on a completely different system within our team, and when the InSite system comes on board, we will transfer the necessary fields—actually a very small proportion of the fields; we maintain hundreds and hundreds of data fields on every building. The overarching view currently held in ePIMS, and which will be held in future—InSite, InSite 2, or whatever you want to call it—is that there are only 112 fields. An address, for instance, is five fields: building name, street and so on. It is high-level data on location, size, cost, and sustainability. To run an estate effectively, we need a lot more detailed information.

Q95 **James Wild:** Currently, £22 billion a year is spent just operating the central Government property estate, which is worth £158 billion. Is that ratio of asset value to running cost good, bad or indifferent?

Mark Chivers: It sort of is what it is. It goes back to the previous discussion about freehold versus leasehold. At the moment, the whole government estate is 89% freehold, so a large amount of asset value is held. An element of that operating cost is rent for the third party-owned portfolio—the leasehold portfolio—but as well as rent, the big components in it are facilities management costs, including the maintenance costs, the rates and all those other costs.

As part of the spending review, we have a plan to reduce that by £500 million over the three-year spending review period. That comes on the back of the programme that Steven described and some DWP programmes, and as OGP, we will assure that that value comes out. We are tackling it.

Q96 **James Wild:** I was going to come to the £500 million, which is approximately a 2% reduction in costs per year. How did you determine that that is the appropriate target? Is it ambitious enough?

Mark Chivers: It is built bottom-up, and there could be some more in terms of NHS savings and so on, but that is what we have assured so far. Those are the plans that we as OGP think are, I guess, secure for us to be able to maintain that that money will come out.

Q97 **James Wild:** If things went in your direction, what might be a realistic increase above that 2%?

Mark Chivers: We will look at that. I cannot hypothesise at the moment. One thing that we have done since the strategy was published, but during the period of it, is bring is the FM controls—

Chair: Facilities management.

Mark Chivers: Sorry, facilities management, which is big money: of that £22 billion, £8 billion or so is facilities management. Buying that better, and contracting with the market better in terms of specification and the way we procure and deliver that, gives much better value for money going forward. We are doing that sort of thing across the piece.

Q98 **James Wild:** Okay. You also have a target to realise £500 million per annum from disposals to reinvest in the estate. Given the points made by Sir Geoffrey about the value of some of those assets, will you rework that target?

Mark Chivers: I genuinely think it is a risk; we will see where the market ends up. One thing I would say is that the experience from the last disposals programme, when I was not here, is that it is a lot of small pieces, not big chunks. There were a couple of big chunks in the last disposals programme in the old War Office and the railway arches—that was about £2 billion—but on average, the disposals were small pieces of land and so on. The average lot size in those was only just over a million. What I am trying to say is that there is more security in the value of lots of little pieces, rather than having some really high-status assets and selling those.

Q99 **James Wild:** I declare an interest, having been a special adviser in the Ministry of Defence when the old War Office contract was being done—I am sure Mr Francois was also there. Are there any plans—there have previously been plans—to split to Hyde Park barracks site and to sell off half of that to realise a significant amount? Are you aware of any plans to restore that?

Mark Chivers: It is a conversation—one of the regular topics that we talk to MOD about. MOD are providing a very, very firm defence of the need for that asset.

Q100 **James Wild:** Indeed. I remember the discussions.

Mr Chisholm, the Committee has previously raised concerns about achieving value for money on public land disposals. What lessons have you learned from the past to ensure that mistakes are not repeated in the future, as you move forward with this target?

Alex Chisholm: As Mark has just said, it was a successful programme. I think £5 billion or so was realised. We would be doing very well to be able to match that given the market conditions and, I suppose, the most available sites have already been reprogrammed.

One of the lessons learned, which I think the NAO have brought out in their Report, is that you need to look at the incentives for the people who actually control the assets. That is because there is a lot of work involved in preparing a site for sale and, if people feel that is an enormous amount of work for somebody else's benefit, then they might, in a resource-constrained environment, choose to do something else.

I think that has been recognised. I do not know if you saw much else in the Chancellor's statement about the growth plan. There was also a reference there to how, within the NHS and indeed other owners of property, they will be able to recycle the benefits from disposals. I think that does try to address the issue highlighted in the back end of the NAO Report about the long-term incentives.

Q101 **James Wild:** Yes, I did see that. It was a model to incentivise the MOD to get rid of properties and land when I was there, but how does that impact you? You have said that you need to realise these £500 million of efficiency savings to then reinvest into the estate. Is there a potential disjoint where some Departments may sell off assets and retain that, but the need for spend is in other Departments?

Alex Chisholm: That is more a matter for the Treasury than for us, but obviously we try to provide a constant pressure for minimising the amount of the estate that we continue to hold on to. We have, as you have heard in relation to Whitehall for example, pretty aggressive plans for shrinking that estate further.

Q102 **James Wild:** What are your expectations? What have you set for the Cabinet Office, and then more broadly about the working practices of the modern civil service? How often are you expecting people within your Department to be physically in the office, and how do you see that going forward?

Alex Chisholm: There are probably lots of things to be said about that. Within the Cabinet Office, we are a very varied workforce. We have got people working down the road in 70 Whitehall, many of them working on policy advice and support dealing with crisis response and working closer with Ministers and Parliament. We have other people in the Cabinet Office working up in Newcastle on government recruitment and in York and elsewhere on security vetting, and so on. I mention that because what I have learned over many years is that you do not want to assume you have a homogenised workforce, where everybody's need of where and how they work is the same. Actually, looking across the civil service, it is incredibly varied. I will just borrow the previous comparison with Boots, for example. If you look at what Boots does across different parts of the country and what the civil service is doing, the requirements for prison officers or Border Force people are just so different to what they would be for policy workers in a Whitehall office.

That teaches one not to try to set a general rule. To attempt some generalities, it is good to have people who are office workers coming into the office to experience the benefits of collaborative and productive working together. I think that is good for the sense of esprit de corps and the sense of what the organisation is trying to achieve together. Sometimes you also get additional creativity from working together.

We have put a lot of effort through the Government property function into trying to support modern, collaborative, digitally supported workspaces. We also think it is incredibly important, given what we were talking about before about places for growth, that we enable people to work in all parts of the country. It is now very easy to jump on to a video call with a colleague in the Glasgow office rather than saying, "Could you come down by train or plane to visit me?", or the other way round. It has been very good to bring people very quickly together. Those are some things that we have found in good practices. To emphasise, we encourage people to come into the office at least for a part of the week, because we think that is very positive. We do not have a general rule across the whole civil service, because it is ridiculous to say to someone who is a prison officer how many days of the week they should come into an office; they need to be present every day, and ditto members of the Border Force and such like.

James Wild: Thank you.

Q103 **Mr French:** Can I just come back to the £22 billion revenue expenditure on property to which Mr Wild referred? Mr Chivers, you said that £8 billion of that is spent on facilities management. That figure jumps out at me, because it is obviously a big part of the puzzle. How are you managing that facilities management angle, given that there has been a lot of disruption in the market in recent years among some of the big operators? How is the risk being managed by the Government?

Steven Boyd: If I may give you a specific answer, although I cannot speak to hospitals or prisons, because that is another issue, we have paid the right amount for the service over the past decades, because the amount of money paid for facilities management services has gone down and down. That has led to quite narrow margins for some of the suppliers, which increases the risk. We are aware of that and currently about to market for our new set of workplace services contracts, including facilities management and operational security. They will adopt modern standards that are focused on people rather than on the buildings, to allow people to be as productive as possible. They will also be regional; we have inherited a series of overlapping national contracts that are all largely London-focused and they will be replaced with regional contracts. In each region we will have at least two different suppliers across hard FM—the maintenance of buildings—and soft FM, which is catering, cleaning, security and the like, to make sure that, should there be an issue with one of the suppliers, as there was with Carillion a few years, we have an immediate fallback to hand and it is not all hands to the pump to find a temporary solution.

Q104 **Mr French:** From what you have said, there is obviously an opportunity for smaller players, particularly in the regions, to bid for this work. To allow the levelling-up agenda that you have spoken about, will you make it easier and less burdensome from a procurement point of view for smaller businesses to bid for such work.

Chair: Mr Chisholm is like a coiled spring.

Alex Chisholm: That is exactly right because I want to warmly agree with Mr French—that is exactly what the Government are trying to do for their procurement efforts. Steven spoke about what we are doing in relation to the office estate, but if you look at the huge procurement facilities management that the MOD has been doing recently, that, too, is breaking it down region by region. It is doing that both with a view to encourage more competitive intensity at a local level and also to allow smaller operators that perhaps do not have the entire national footprint to be able to come in and to move apart from the throng. The idea is to move from just having three or four very large operators to dozens of smaller ones.

Mr Francois: I'm sorry, but FDIS is an unmitigated disaster, and the DIO had to write to thousands of service families to apologise for how badly their living quarters are being managed when they regionalised the contracts. I am sorry, but FDIS is a disaster.

Chair: Perhaps Mr Chisholm has not got the detailed knowledge of that contract, which we have looked at a lot in this Committee.

Mr Francois: I refer you to the *Guardian* article of a couple of weeks ago.

Chair: And we can refer you to our previous work—our library, as it is growing to be—on this subject. One last question from Mr French.

Q105 **Mr French:** I want to come to how you manage the contracts, which is one of the issues. Often, the public sector outsources certain elements, but contract management is the key part, not just of driving efficiencies but ensuring that there are not issues, as Mr Francois just highlighted.

I have one last quick question. You mentioned a digipass and tracking flows of people in different government buildings. What is the enforcement/resistance? If you are picking up on your data—we have talked a lot about data issues—that what you are being told and what your data is showing do not match up and are not correct, what enforcement powers do you have over those individual Departments to ensure that people are giving you accurate information about the use of the offices?

Steven Boyd: We worked with the Government Security Group to create a single-access pass for Government—GovPass we call it—which over time will replace the individual pass systems that each different Department has at the moment. There is not resistance to adopting that in Departments. In fact, on Monday all the Departments agreed that they would adopt that standard going forward, together with another series of elements in respect of building property technology. I think a little time is involved—

Chair: So there is a time lag, but not a lack of willingness.

Steven Boyd: Correct. It is a time lag. Existing contracts have to come to an end and some hardware has to be replaced, but that is the plan, and we are all working together to do that.

Q106 **Mr Francois:** Mr Chisholm, to be clear, you are not responsible for service families' accommodation but, in all seriousness, I urge you to have a word with David Williams at the MOD about what has gone wrong in FDIS. If we can charge you to do that, we will leave it there.

Alex Chisholm: I will do that.

Q107 **Mr Francois:** Thank you very much, sir.

Right. Who is responsible for the HMRC hubs? Is that the OPG or the GPA?

Steven Boyd: HMRC is responsible for its buildings. In respect of co-ordinating across the office portfolio in the round, that would be the GPA. We are responsible for the office portfolio. We work closely with HMRC—

Mr Francois: That will do. We are tight for time.

Steven Boyd: We are happy to answer—

Q108 **Mr Francois:** You have assured us that we now have weekly statistics for the occupancy of Government buildings—not just how many are based there, but how many are coming in—

Steven Boyd: With respect, I might have missed saying that that is for headquarters buildings in London.

Mr Francois: Oh, sorry—

Chair: The Whitehall campus programme.

Steven Boyd: For the Whitehall campus—

Q109 **Mr Francois:** Hang on a minute—stop. When I challenged you earlier, you told me I was wrong, but now you are correcting yourself, so I was right.

Chair: I think it was probably because that conversation about how it was measured was in the middle of a conversation about—

Mr Francois: No, no—sorry, Chair. You made it look like I was wrong, but in fact I was correct, wasn't I?

Steven Boyd: I am sorry if I made it look like you were wrong. I was being specific about how the data is measured and collected—

Q110 **Mr Francois:** But you were only talking about head office buildings; my question was about the whole estate, wasn't it?

Steven Boyd: In respect of the whole estate, my answer was still correct, in that that approach applies everywhere. I am being specific that what is reported on gov.uk is only the central London campus.

Mr Francois: I'm glad we've cleared that up.

Chair: That was made clear at the time—on the website.

Steven Boyd: On the website, yes.

Q111 **Mr Francois:** It wasn't. Now, how many people? What is the proportion of usage, of people going into the HMRC hubs?

Steven Boyd: I cannot tell you the specifics, but I can give you some generalities. HMRC has now adopted, as we have across the office portfolio, an assumption that about half the people will come in at any one time. That varies from place to place. We certainly see, as I mentioned before, higher attendance in London than we do in some other regions. I do not have those figures to hand—

Q112 **Mr Francois:** In some of the regions, it might be less than 50%.

Steven Boyd: Correct, it might be.

Q113 **Mr Francois:** I will tell you why I make that point. Some of my constituents say that, for all this reorganisation, it is still quite hard to get through to HMRC on the phone, but that is a point beyond the scope of today's sitting—

Chair: We are seeing them next week.

Mr Francois: Good. My point was that you have those 12, soon to be 14, HMRC hubs spread right across the four nations of the United Kingdom, and now you want another 17 Government hubs. If the utilisation rates in those HMRC hubs are not terribly high, would it not be possible basically to combine the two programmes and make greater use of the HMRC hubs? If necessary, those hubs could be made a bit bigger, extending them or taking property nearby, effectively rolling the two programmes into one, which would represent a saving of literally billions of pounds to the taxpayer over very many years. Could we look at that?

Steven Boyd: That is exactly what we are doing already. If space is available in one of those HMRC buildings, we use that space first. Sometimes, that means that another building is still required, but it is smaller than the original requirement. Sometimes, it might mean that another building is not required at all. That is being done already.

Q114 **Mr Francois:** Does that mean that most of those 17 sites are practically likely to be co-located?

Steven Boyd: No, there is some co-location. In very big cities, such as Birmingham, there are already two hubs, and in some other places that will also be true—Manchester and Leeds for instance. The next part of the programme is largely looking at those places that have not yet been—

Q115 **Mr Francois:** I think we would encourage you to look at that more closely because, working purely from first principles, if your first set are not really being fully utilised, you might be able to squeeze a lot of the second into the first. I hope I have made the point.

Steven Boyd: You have, and let me assure you that that is exactly what we are doing.

Q116 **Mr Francois:** Last, who has got regional fire control centres?

Steven Boyd: Regional fire control centres?

Dr Young: It is the Department for Levelling Up, Housing and Communities.

Q117 **Mr Francois:** Are they not part of your portfolio yet?

Mark Chivers: They are part of the whole Government estate of course, but the responsibility lies with the DLUHC at the moment.

Q118 **Mr Francois:** These were Prescott's babies, but they have been stuck on the Government's books for over 20 years and—

Mark Chivers: There are two—

Q119 **Mr Francois:** Hang on. We are talking about letting out property that we do not need, so how are we doing on those?

Mark Chivers: There are two really difficult ones from my last conversation with DLUHC and I am speaking to them again tomorrow. There was the prospect of a solution to one of those and no prospect of a solution at the moment to the other one.

Q120 **Mr Francois:** Was it just two left? Are all the others already re-let?

Mark Chivers: I think that is right—

Steven Boyd: That is correct; seven of nine have been re-let, and two are proving to be a challenge.

Mr Francois: Could we have a note on that, perhaps? Thank you very much, Chair, that's me done.

Q121 **Chair:** Thank you very much, Mr Francois. To pick up on what my colleague was saying about the utilisation of space, you had planned 6 square metres as utilisation space for office spaces. Can you explain why, and whether that is still going to be the metric as you now try to balance this new portfolio?

Steven Boyd: That definitely remains the target—6 square metres—which is considerably less than it has been in the past. This is worked out by how many people we expect to be there on average, and we have set that at being largely half, and how much a person who is actually present needs to work in an effective way. The figure that we use there is 9 square metres. So it is 9 square metres per person who is there and we assume that half the people who could be there are there, so that works out overall across the civil service at 4.5 square metres for our new builds. We have a number of buildings that are not quite in that place, so overall our target of 6 square metre space feels quite achievable, but it will take a little time.

Q122 **Chair:** Then that comes into the issue of the asset value. I do not want to go into it in much more detail, but you talked about bottom fishing but you have sell off some of the property. I want to be absolutely clear and to nail it: are you really planning carefully when you might relinquish or sell properties, because if the bottom floor falls out the market, how do you do the calculation about how long you hold on to an asset, what you do with it in the meantime or whether you sell it? You have your annual budgeting, your savings targets, and there can be a drive to sell because you need to meet those targets. Have you got the confidence of Government, I suppose? Perhaps this is for Mr Chisholm. Are you able to hold on to a property, in other words in order to sell it at a higher price later? Is that something you can calculate, or are you being forced to sell?

Alex Chisholm: I think that is something that Government can do. We can take that long-term view.

Q123 **Chair:** Pressure for savings is not going to mean that we have a fire sale of cheap assets?

Alex Chisholm: No, the opportunities may be the other way round.

Mark Chivers: And in each location we will be taking professional advice, so notwithstanding my comments earlier about illiquidity in the market making valuation difficult, we will be taking professional advice.

Q124 **Chair:** I do not have time to go through all the Departments, but the MOD, which is a regularly featured in our Committee—in some respects, we are like the second Defence Committee, if our sister Committee will forgive us for that description—has, according to your own report, 98,497 built assets, and at £3.7 billion is the second highest cost after Health. When we have had MOD witnesses before us we have found such a reluctance to meet their land disposal targets. How deeply, and who gets into—I could look at other Departments too, but MOD is a regular visitor to us—looking at those 98,000-and-odd properties and whether that Department is willing to relinquish what they should be relinquishing?

Mark Chivers: Coming out of the summer and £500 million-a year disposals target, we have been talking to all the Departments. There is of course a bit of negotiation and so on. All I can say to you is that at the moment the MOD, unsurprisingly because of the holdings, have come up with the biggest disposal number. Through the process over the next few years we will pressuring for more and for more all of the time, notwithstanding your previous comments.

Q125 **Chair:** They have often come up with a number before but it has not actually materialised, so what levers have you got to make sure? Partly because of the psyche of our MOD, it has to plan for every eventuality and for risks. They look on a long-term basis at things, and they may want to have land in case—it is always just in case. That is where they are coming from. Your thinking is, "We have this target to meet, and we might not need all this land. There might be better, modern ways of using it." Have you managed to penetrate the culture of the MOD?

Mark Chivers: That is the constructive tension.

Chair: I love the way the civil servants describe it.

Mark Chivers: I am trying to find my way through. As a relatively new civil servant, that is the constructive tension. It is about trying to encourage people not to hold on to something that may have vague utility value at some point in the future. That is the live conversation.

Q126 **Mr Francois:** You deal with the DIO?

Mark Chivers: Yes.

Mr Francois: Good luck.

Chair: That is helpful to know. We will be interested to know how that tension materialises, so we will keep an eye on that. It has been interesting—from Boots to the MOD in one fell swoop. Let's see how that goes. We could go through every area and we have obviously touched on health and education as well, but there is a huge challenge. Thank you very much for your candour. We have highlighted some of our concerns and we will be producing our report before Christmas—I will not commit to any sooner than that. Thank you very much for your time. The transcript of this session will be put up on the website uncorrected as soon as our good colleagues at *Hansard* are able to do that, which is likely to be in the next couple of days.