

Public Accounts Committee

Oral evidence: Condition of Government properties, HC 641

Monday 31 March 2025

Ordered by the House of Commons to be published on 31 March 2025.

[Watch the meeting](#)

Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Mr Luke Charters; Peter Fortune; Lloyd Hatton; Chris Kane.

Siân Jones, Director, National Audit Office, Max Tse, Executive Director, National Audit Office, and Edward Pinney, representing the Treasury Officer of Accounts, were in attendance.

Questions 1 - 89

Witnesses

I: Mark Chivers, Government Chief Property Officer; Mike Green, Chief Executive, Defence Infrastructure Organisation; and Cat Little CB, Chief Operating Officer for the Civil Service and Permanent Secretary to the Cabinet Office.



Report by the Comptroller and Auditor General
Maintaining public service facilities (HC 544)

Examination of witnesses

Witnesses: Mark Chivers, Mike Green and Cat Little.

Chair: Welcome to the Public Accounts Committee on Monday 31 March 2025.

The Government own and manage a range of different types of property, which they use to deliver public services and support their day-to-day operations. That includes hospitals, schools, prisons, courts and museums, alongside many other categories. Maintaining those buildings is vital, so that they remain safe, functional, and comfortable for employees and members of the public who work or use them.

As our recent inquiry into the prison estate showed, however, serious risks related to the properties' safety have already materialised across much of the Government estate. Indeed, the NAO found that the Government's maintenance backlog has been growing and it is now estimated to have reached at least £49 billion, as of last October. Schools, hospitals and Ministry of Defence properties face the largest backlogs.

The Government's patchy and inconsistent data on the condition of the properties means that the maintenance backlog could be much higher than estimated. Today, we will question our witnesses about their strategy for tackling this huge backlog and addressing some of the challenges of data, funding, skills and expertise.

I think you have been warned that Luke Charters has a question at the top of the session. Luke, over to you, please.

Q1 **Mr Charters:** Good afternoon, permanent secretary. My constituents—all our constituents—want to see a lean and efficient civil service. I have been looking at the roles of the Office of Government Property and of the Government Property Agency, and have had feedback from civil servants. As far as I see it, there is overlap when it comes to strategy, efficiency, collaboration, property transformation and a high number of things. Should not the Office of Government Property and the Government Property Agency be merged?

Cat Little: Thank you for having us this afternoon, and for your first question. At the moment, as you probably know, the Cabinet Office is undergoing a review of its structures and how it operates, and we are looking at every single part of what the Cabinet Office does alongside other parts of Government—how we deliver our services, how we organise ourselves—with the intention of stripping out duplication and inefficiency.



HOUSE OF COMMONS

We will continue to look at some of these questions. I cannot give you a straight yes or no answer this afternoon, but wherever we find duplication or inefficiency, we will want to make a change.

Q2 Mr Charters: I see in the “State of the Estate” report that the Government’s office portfolio shrank by 5.3%. Why has the Government’s bloated property bureaucracy not shrunk with it? Is the Cabinet Office serious about efficiency, or is it content to let duplication between the OGP and GPA drag down progress and prevent further efficiency?

Cat Little: There is quite a lot of assumption in your question about what bureaucracy is in place. The GPA has significantly increased the scope of what it does in recent years. It is now managing over half the Government office estate, and now we are stabilising that significant growth in order to make sure that we can deliver the services that we need to deliver.

When you talk about underlying bureaucracy and inefficiency, they are not proportionate or directly linked, from my perspective. Of course the Cabinet Office is very serious about efficiency. That is why we are reducing the cost and the size of what we do, and that is why we are working across Government to drive agility and strip out duplication across the whole civil service. That is a personal priority of mine. It is something that we want to change significantly, taking out any bureaucracy that does not add value.

Mark Chivers: Mr Charters, it is not helped by the fact that two of the words in the names, with their three-letter acronyms, are the same: Office of “Government Property” and “Government Property” Agency. To be clear, my team is the Office of Government Property, and I am responsible for the strategy across all the different portfolios of Government. We define 15 portfolios and, in large part, the delivery of the transformation of those portfolios is done by a particular Department. In some instances, the same portfolio lies across different Departments—office being a prime example, and research and labs being another example. The role of the GPA is to deliver the portfolio change in the office portfolio. The roles are quite different: one is a delivery vehicle and my team is largely a strategy function.

Mr Charters: I am happy to leave it there if we can depart with the message that you are considering duplication in this area.

Cat Little: We are looking at duplication and inefficiency across everything that the Cabinet Office does.

Q3 Chair: To follow Mr Charters’ question, I first declare my declaration in the Register of Members’ Financial Interests. When I was involved in managing big portfolios of properties, a long time ago—longer than I care to admit to this Committee—the structure was that a senior partner would oversee each portfolio. They would be responsible for both strategy and all matters of maintenance. It would then go out to the individual specialists to deal with their bit, whether that was the strategy of buying and selling, repair, refurbishment or whatever it was. One unit, however, was looking



HOUSE OF COMMONS

at the whole thing. I take Mr Charters' point that having both bodies appears, on the face of it, to be a duplication.

Mark Chivers: As Cat has said, we will look at any duplication all the time. While the Government Property Agency will set the strategy for the office portfolio—exactly as you described, Sir Geoffrey—it does not set the overall guiding principles for the whole of the Government estate. Just so you understand the scale, we have just over 140,000 buildings in the wider central Government estate; the office portfolio as a whole is about 4% of that, and the GPA controls about 2% of the whole estate.

Q4 **Chair:** The NAO concludes that the OGP “is unable to form a view on the condition of the whole estate.” We were doing this decades ago for very large property portfolios. Why have we not today got to a system where you have a pretty good knowledge of the state and condition—and the data to back it up—for the whole estate?

Mark Chivers: Certainly there is something about the size and complexity of the estate. It is the most significant estate in the UK. What I think is also true is that the condition of the estate has not been looked at, historically, in the level of detail that it should be. When I came before the Committee last time, Sir Geoffrey, I had been in post about six months. I have now been in about three years, and we have been trying to raise the profile of exactly that: raise definitions of condition, and produce some tools that allow the Departments to fundamentally look at what needs to be true in order for them to maintain the estate, having defined what the condition is, etc. It absolutely is a journey. We are in a better position than we were in two and a half years ago—without a doubt—and we will continue to improve it.

Q5 **Chair:** May I take you to figure 5 on page 23? There is an important bit in note 1. It says: “A new data collection exercise is due to complete in 2026.” Are you up to date on progress with that? And is that a financial '26 or calendar '26?

Mark Chivers: It may well be a financial '26. What we have done is this. Back in '22, as I came in, we required the Departments to state the condition of their portfolios. That was not a hugely scientific process at that time. We required Departments in '21—before I arrived—to have a rolling surveying programme, because lots of the Departments had not systematically surveyed their properties. With the survey starting to happen and with the condition being defined, we got some returns on that, and we learnt from that and said, “Okay, we need to do that in more detail. We need to understand it better.” The work that we are doing at the moment, which will be published in the second quarter of the next financial year—which starts tomorrow—so in the summer, will be a more detailed definition of condition and there will be better tools to establish, having established the condition, what it is going to cost to bring those properties up to par.

Q6 **Chair:** While that is really interesting, the question was this. You have a new data collection exercise, which is due to complete in 2026. Are you on track to achieve that?



Mark Chivers: Yes.

Chair: You are on track to achieve that?

Mark Chivers *indicated assent.*

Q7 **Chair:** Cat Little, will it be published?

Cat Little: Yes, absolutely. Just to clarify, Sir Geoffrey, I think this note refers to schools specifically, and I think that says a lot about the complexity of the data collection, because each portfolio has a different cycle of data validation and collection. I could not speak on behalf of the DFE, but our intention is to collate all the data so that in '26-27 we publish the most up-to-date and comprehensive "State of the Estate" yet. That will include all the information that Mark just talked about in terms of the condition of the estate and more consistent maintenance backlog information, which, as you know, has been a real challenge.

Chair: That is really helpful from the pair of you. Obviously the Committee will want to unpick aspects of all of what you have both said, so I will now hand over to my deputy, Clive Betts.

Q8 **Mr Betts:** We have just heard that you are moving towards, in '26-27, getting some consistency, but you have said you cannot speak for the DFE. Are they going to be inconsistent, then?

Cat Little: No, I just have not had the conversation. Mark may have done—in fact, Mike might have some recent historical experience.

Mike Green: I can speak for DFE historically; I do not know what they are doing today. Back when I joined, which was nearly 13 years ago, we had very little information. We went out and surveyed every single building in the school estate, but having a building does not mean you need the building, so we also looked at the use and the need, and where all the pupils were, and latched the two together. That gives you an absolute number for maintenance backlog. They have done the survey again since then, which gives you the way the estate is changing, and again since then, which gives you the fact that it is not changing in a linear progression; it is changing more exponentially.

Q9 **Mr Betts:** So all the Departments are going to have data when you publish in 2026-27.

Cat Little: Yes, and I should say that every single Department collects a whole cycle of data. Most Government Departments have comprehensive information, especially the large service information. Schools has done a very comprehensive update recently, as has the DWP.

Q10 **Mr Betts:** What has been the problem in the past then, when data has not been collected? What has stopped it from happening? Is it just inertia?

Mike Green: I think it has been managed as separate portfolios. My observation would be that prior to 10 years ago, there was the public estate and the departmental estates, and I do not think there were



HOUSE OF COMMONS

attempts to look over it. That is the work that Mark and his team are doing. They are trying to aggregate it and get a full picture.

Cat Little: The Office of Government Property is a relatively new organisation. Going back to Mr Charters' question earlier, the reason it is different and adds value in this space is because previously, nobody was collating the 15 different portfolios and consolidating that information strategically. Having a centre of gravity at the heart of the Cabinet Office that is able to take a system view of our estate is incredibly valuable, but that did not use to happen.

Q11 **Mr Betts:** So Departments are actually listening to you now and doing what you ask them to do, are they—without exception?

Mark Chivers: Increasingly, they are.

Mr Betts: The word “increasingly” implies that some are not.

Mark Chivers: We can always do more—of course we can. The fact that we have an increased backlog maintenance number, from £35 billion to £49 billion, clearly demonstrates that we need to do even more than we are doing already.

Q12 **Mr Betts:** But all Departments are now co-operating fully, are they?

Mark Chivers: We have the big three, which account for 88% of the portfolio: the Ministry of Defence, the Department for Education, and the Department of Health and Social Care/the NHS. Each of those manages condition in a slightly different way historically because of their portfolio. You have heard Mike talk about the DFE history. He can equally talk for the MOD, because that is now his role. Maybe we can compare and contrast, but a £49 billion backlog maintenance number is enough to get anyone's attention.

Mr Betts: That did not really answer the question. Are all Departments—all of them—fully co-operating?

Mark Chivers: I would like, Mr Betts, for Departments to do even more. We are engaged in conversations, we have mandated the standards, and we have mandated the requirement for surveys. It is then down to the accountable officer within the Department to run their estate.

Cat Little: Could I expand briefly on that? To be very clear, I think every Government Department is co-operating. If they are not making as much progress as we would like, that is normally because there are complexities and significant challenges. This is not a compliance exercise; this is complex, difficult work and, quite often, it is reliant on property experts having resources and funding available as well as the systems to collate the data. That is what hampers co-operation.

Q13 **Mr Betts:** In some ways, I am not really interested in why they may not be co-operating. If there are issues with some Departments not fully co-operating—not fully adopting the same standards to assess maintenance backlogs—then surely, that ought to be out in the public domain. We



ought to know where the problems are. Whether it is just Departments not wanting to engage or whether it is Departments saying that they do not have the resources, we surely ought to have that information.

Cat Little: Every single Department has either got a strategic asset management plan or has a plan to produce it. Only one is working with us to produce an up-to-date plan. My view is that every Department is co-operating. There are different levels of maturity about the information they have, but it is not as though there is a Department saying, "No, I don't want to address my backlog maintenance."

Q14 **Mr Betts:** Are they all adopting a standard definition of what constitutes a backlog?

Mark Chivers: They are. That is what I was trying to explain to Sir Geoffrey a moment ago. In '22 we set up a definition. That is too loose for us going forward, which is why we are doing the work that we are doing now. We will publish in the summer a more defined statement around condition and give the Departments tools that will allow them to calculate how much needs to be invested over what time period to remediate that backlog.

Mike Green: I understand your question. I think most Departments, if not all Departments, will co-operate because it is in their interests to do so, because the Treasury and their Cabinet Office colleagues take a dim view if they do not. I would add that Departments are at different stages in their evolution of the quality of data. Some are way in front, and some are only really just getting going in the kind of understanding that is required in the estate, based on the questions that Mark and his team are asking. It will take time for that data to become comparable.

Q15 **Mr Betts:** When you produce this consolidated information in 2027, presumably there will be one or two asterisks denoting some Departments are not quite up to speed.

Cat Little: We will make clear where there is any inconsistency, but, as Mark just described, our plan is to get consistency and a complete dataset.

Q16 **Mr Betts:** Okay. That is the easy bit. On arm's length bodies, have you got all of them up to speed or committed to getting up to speed? Do you actually know what is happening in the arm's length bodies?

Mark Chivers: Within the departmental strategic asset management plans—the plan around the portfolio, what needs to be invested in it and what condition it is in—the Departments have the responsibility to portray the position in the ALBs as well. We are then splitting out some of the ALBs. The Government Property Agency, to Mr Charters' earlier question, has for a while had an independent strategic asset management plan. This year, for example, Homes England will have its own strategic asset management plan, rather than being part of MHCLG. Again, we are in transition; the accountability flows through as transparently as possible.

Q17 **Mr Betts:** I suppose the concern is that with some arm's length bodies, the Departments might say, "Get on with it. We are not going to do it as a



HOUSE OF COMMONS

Department. You are going to be responsible”, but they do not get on and do it. Who identifies that?

Mark Chivers: We have an assurance process on the strategic asset management plans. We will talk to the Departments and support them, often in the preparation of those strategic asset management plans. That is the kind of thing that we would pick up. If we did not think it was sufficiently detailed or was not providing the coverage, we would point that out. Genuinely—this is not an excuse—we are on a journey. The strategic asset management plans that we got last year and that we will get in June this year are so much better than three years ago when I came in.

Q18 **Mr Betts:** Do you pick up academy schools in the definition of arm’s length bodies?

Mike Green: The DFE does, yes. It says they would be surveyed as part of the properties—

Mr Betts: The DFE would be able to say exactly what the maintenance backlog in academy schools is.

Mike Green: Yes.

Mr Betts: That would be interesting. Including the ones built under PFI?

Mike Green: They were all inspected. You would expect the ones built under PFI to be in good condition because they are still being cared for, but they were all inspected. I am speaking for the DFE, so I need to be a bit careful because it might have changed since I was there, but certainly that was the case.

Q19 **Mr Betts:** Is that information kept separately in the asset management plans and in the maintenance plan? PFI is a slightly different responsibility in terms of whose difficulty it is if there is a maintenance backlog.

Cat Little: The IPA help Departments to do asset condition surveys for PFI because, as you say, it is a slightly different responsibility in that you need to be able to understand what you have to do to put the lease back in order ahead of the PFI contract expiring. I have probably used the wrong terminology from a property perspective. That is why we get the asset condition surveys undertaken, and it is the IPA that runs support to help PFI contracts in particular.

Q20 **Chair:** You will be aware that this Committee has consistently focused on RAAC and asbestos, particularly in schools and hospitals. Are you sure that the property condition surveys are going to extensively look at which properties have asbestos and RAAC in them?

Mike Green: All properties should have an asbestos survey. Following on from that, all properties should have an asbestos management plan. We do assure that those are there and in place. As regards RAAC, we started looking for RAAC across properties many years ago. When the DFE



HOUSE OF COMMONS

decided to close schools, it got an elevated interest for a while, but certainly the MOD and DFE knew where their RAAC was.

All our RAAC is managed and mitigated. I cannot speak for all Departments, but certainly I think that the DFE and MOD managed RAAC well—compliments to Mark's team, because they pulled together a whole-of-Government response. It was not just, "Departments, go off and sort your own lives out"; we had big conversations.

Q21 Chair: The one Department that had some really bad examples was DHSC. We saw some really terrible hospitals—I will not name them here. Are you sure you know the exact extent of all the RAAC in all those hospitals?

Mark Chivers: Yes. The new hospital programme has rebuild moneys funded in the Budget for the seven most extreme hospitals, and RAAC has largely been taken out or repaired in the other less significant instances. The likes of Calderdale, King's Lynn or whatever are still in the new hospital programme, and they were brought forward in the programme to address them after '23.

Q22 Chair: Cat Little, I hesitate to ask you this question, because I asked it of another permanent secretary about another subject. I wonder whether we could instil more discipline into the Departments that give you information by incorporating something in the annual report and accounts of each Department about what its backlog was, how much it spent on maintenance last year and how much it intends to spend the following year. I hesitate to ask you this because, when I asked the permanent secretary—I cannot remember whether it was he or she—they said, "Sir Geoffrey, do you want one volume or two of annual report and accounts?" I just wonder whether this is worth considering.

Cat Little: As you know, the Treasury is responsible for setting out the directions for accounts, and the notes to the accounts already contain a huge amount of capital information; you can see the levels of depreciation and the estimates of risk. Quite a lot of our Government Departments have backlog maintenance and property risk as a principal risk in their front sections as well. For the biggest Departments with the biggest issues, you already have a lot of that information, but I am very happy to have a chat with the Treasury and say, "Do you mind if we add a little more information here?" I think it would be relevant to see the financial data next to the property data.

Chair: That is really helpful.

Mark Chivers: The other thing, Sir Geoffrey, is—coming out of the NAO Report, which we absolutely support and agree with—the need to put the condition into the "State of the Estate" report, which is laid before Parliament each year, so there will be real transparency around the condition of the portfolios, the departmental estates and how that has moved over time as we get more of an annual data flow.

Chair: That is very helpful. Thank you very much.



HOUSE OF COMMONS

Q23 **Lloyd Hatton:** Clive helpfully started asking questions around this important issue, but it would be helpful if you could, as concisely as possible, make clear to the Committee how much of the newly promised data collection and analysis system has been fully implemented by the Office of Government Property.

Cat Little: I will start. This is a real credit to Mark and the team. I believe you are talking about the insight programme, on which I have been regularly updating you. That system goes live tomorrow. I would have loved to have been able to say that it had gone live today, but tomorrow it is. It is up and running and it will be fully functional.

Q24 **Lloyd Hatton:** That is very helpful. Moving on, one of the things in the NAO Report that I was most struck by was the fact that, at the time of writing, we knew about the condition of only around two thirds of Government buildings. Could you explain in a bit of detail how we have got to the point where we have such a big gap in our knowledge and understanding?

Mark Chivers: The first thing to say is that the NAO Report focused on only part of the estate. It focused on the service-delivery, or citizen-facing, part of the estate; it excludes offices, infrastructure and one or two other pieces. The Report looked at the state of the data associated with those bits that were in scope, if you like.

As we have discussed, each Department is on a journey in terms of surveying the estate, and how regularly that happens, so there will be some old data in the Report. It goes back to what I was describing earlier: it is about setting a condition statement, requiring the portfolios to be surveyed to that condition statement, and then providing the Departments with tools to allow them to calculate how much needs to be invested into rectifying the estate.

We are improving all the time. You have heard from Education that there is a rolling survey. The NHS, which is another big component of the estate, is continually looked at on a rolling basis, and each year something goes into a databased called ERIC, which is the NHS estate-surveying tool, which also picks up clinical incidents that come out of the estate and applies a risk measure on that piece of maintenance or condition. Mike can talk about the MOD, but those are the three biggest estates, based on what I said earlier, in terms of 88% of the estate and 88% of the condition backlog.

Q25 **Lloyd Hatton:** It would be useful to understand how we can get to a point where there is far greater transparency. I appreciate what you said about what does and does not fall in the scope of the NAO Report, but there is obviously a significant gap. How do we ensure greater transparency? It is very difficult for Parliament or the public to have an accurate understanding of the condition of these buildings if there is no publicly available information about one in three of them.

Mark Chivers: The answer is probably that as we look at setting up the new standard and the calculation tools I have described a couple of times,



HOUSE OF COMMONS

we then apply that to the whole of the Government estate, rather than the piece that the NAO looked at in detail this time. There is no reason not to apply it to the whole portfolio, and there will then be transparency across each of the Departments and each of the property portfolios.

- Q26 **Lloyd Hatton:** In the meantime, what can the three of you share with the Committee about the condition of that 36% of buildings that are not currently reported on? We do not have a formal or official understanding of their condition. My concern, when reading the Report, was that they were likely to be the buildings that were in the worst disrepair, and where the problems were perhaps going to be the most complex and therefore the most expensive to resolve. Can you give the Committee any reassurance, or share with us any further information, about the condition of that 36% of buildings?

Cat Little: Let me go through the bits of the estate that are not in the Report. Over half of the office estate in Government is in the GPA. The GPA produces our annual report and accounts, which includes a summary of the backlog maintenance and the work that we are undertaking to manage risk in the GPA estates. That information is available, but we have not necessarily brought it all together yet, and the intention is to do so. There is equipment that is very varied, and Mike can say a bit about defence equipment, which has a very unique characteristic to itself. That is contained within individual Departments, so there is not a summary portfolio for equipment. There is land, which we do not include, but I do not think you would expect us to from a risk perspective. There is overseas property, which is largely within the accounts of the Foreign, Commonwealth and Development Office, and it has a very advanced estate function there. There are also infrastructure assets, which are mainly transport assets, which are the state of roads. As you know, the Department for Transport produces very regular information about the state of roads and wider transport infrastructure. I want to assure you that, of those categories, there are other means of looking at the state of those assets.

- Q27 **Lloyd Hatton:** The list that you have just given is all mentioned in the NAO Report. What would be useful for me, and hopefully for the Committee, would be a better understanding of the buildings that fall within scope where there are those gaps, rather than all the things that you have just told me that do not really count for the purpose of this Report. Are those buildings the ones where there are the most problems, and where disrepair is most profound and protracted?

Cat Little: That is our understanding. Obviously, any Government Department that has a very high property risk will have it declared within its annual report and accounts, and there are five Departments that currently have it as very serious risk in the front section of their annual report. I do not think there is any lack of transparency when we look at the combination of measures that we use to assess risk. We also have the corporate risk register for the whole of Government, which is produced by the Cabinet Office. That is assessed by the very top leadership of the senior civil service to make sure that we are also looking at property risk



from a horizontal perspective. I am confident that risk is being escalated in the right way, but Mike clearly wants to add to that.

Mike Green: I will give you some examples of buildings that may not be included. I do not know the make-up of it, but it is highly unlikely that a new building will have a property condition survey. At the other end of the scale, it is highly unlikely that a building awaiting demolition, of which we have many, would be included. If we put them into the survey, it would come back as a full rebuild, which is false if we are going to demolish it and not use it. A shared ownership model might be another one where Government occupy a building but do not own it. I can think of several categories that would be in the percentage you describe, which will be significant.

Q28 **Lloyd Hatton:** That is useful to know. I appreciate that there is obviously that work within the civil service, which you mentioned, on making sure that Departments with higher risk publish that information. Again, there still seems to be a lack of information for Parliament and the public to be able to pore over and say, "There are some serious disrepair issues that will be highly expensive, which the public and Parliament should be aware of." Until we get to a point where those gaps are filled in, we will not know the picture, so you can understand why people would despair slightly. How can we possibly make informed decisions if this information is not available?

Cat Little: I agree with that entirely, which is why we very much welcome both the NAO Report and this hearing. As Mark has described, we are absolutely on track to close those gaps, and to make sure that that is produced transparently in the year 2026-27.

Mark Chivers: I have one final thing to say on that subject, Mr Hatton. I am looking to Siân, but I think you are close to completing a review of the condition of the foreign estate.

Siân Jones: We are.

Mark Chivers: There will also be a transparency on the FCDO foreign estate as well.

Siân Jones: Colleagues are indeed doing a Report on the FCDO's overseas estate that will cover a lot of the issues that we have talked about there.

Chair: As we already found in the previous Committee, there are some significant problems in the foreign estate.

Q29 **Lloyd Hatton:** Moving slightly on, the Chair very kindly started to investigate this point earlier, but it would be useful to get a bit more detail from the three of you about the RAAC crisis and to understand how destabilising, if at all, that crisis was to the work of the Office of Government Property and its ability to implement that work. My understanding is that there was a massive diversion of civil service resources on to that. How bad was that in terms of your ability to get work done, and how much has it meant that deadlines were missed and



HOUSE OF COMMONS

that timelines have been pushed into the future?

Mark Chivers: That is fair. We spent quite a lot of time from 23 September co-ordinating the efforts across Government, which Mike kindly talked about. We and the Departments moved really quickly to assess the situation and find out that we have got 450 properties across the whole Government estate with RAAC and put together the mitigation plans for that. Without a doubt it was a diversion. In a funny way, it was also a bit of a benefit. Regarding what Mike described, it gave our convening power and credibility in the centre for actually pulling that together quite a benefit in the moment and subsequently. It also raised the profile of condition, as I was talking about earlier, and the journey that the Government are on.

Q30 **Lloyd Hatton:** Moving on slightly, could you outline for the Committee what work is being undertaken to support different Government Departments so that they have a better understanding of the scale of the maintenance backlog, particularly bearing in mind, as we have discussed, that there will be gaps in knowledge about the buildings in the most disrepair?

Mark Chivers: The starting point of all of this is that we need some decent data. We need to understand the condition of the portfolios. We continue to provoke and encourage Departments to survey their properties to get good data. We then pull that together so that we have got a view over the whole estate, but more importantly also track that through into the strategic asset management plans. Each Department will have a plan of what it is going to do with its estate. We have increased the timeframe on some of those. When I first came in, it was sort of a year because of the annularity of budgets. Now we are asking for a further forward look at what Departments are going to do with their estates. We are supporting as well as provoking on that.

We are also doing a considerable amount of work to support the property profession and capabilities. Over the period we have now recruited 300 apprentices across Government. We have also recruited 60 property surveyors, all of whom are being used in Departments to prop up the skills and the capabilities. We are providing cross-training programmes for professionals to update their skills, abilities and capabilities. We are also holding regular forums so that we can communicate best practice, how you should look at portfolios, and what the learnings are from different portfolios, and so on. From an Office of Government Property point of view, we are trying to bring all the Departments together from the centre, share best practice, analyse where there are gaps and create the plans to fill those gaps.

Q31 **Lloyd Hatton:** One of the things I found difficult to fully comprehend when reading the Report was that the definitions behind the calculations for the maintenance backlog seem to vary between Departments. There was one that was referenced in relation to the MOD. It would be useful to understand to why that is the case and how we can expect consistency and effectiveness across Departments if the definitions on which the



HOUSE OF COMMONS

calculations are based vary between them.

Mark Chivers: It is a really good question. When we announced the standard—the definitions—in '22, it was a very loose standard. As I have mentioned already, we will publish a much tighter definition this year that will allow those calculations to be more reliable. If I asked you how you would define it, Mr Hatton, you might say, “It is the deferred maintenance,” or a bit of deferred maintenance and a bit of what we call life cycle replacement—a bit of the normal flow of stuff. Some Departments look forward as well and do a level of forecasting and anticipation—Mike might talk about that. The short answer to your question is: the standard that we bring in this year will be an incontrovertible standard around the definition of backlog maintenance. Then we will flow the calculations from that.

Q32 **Lloyd Hatton:** Thank you; that is helpful. It would be useful if the Committee could have some more detail on when that is going to happen so we can see that greater consistency.

Mark Chivers: It will be in quarter 2 of the 2025 financial year—so it will be in the summer.

Cat Little: I would be happy to write to you with a copy of that definition so that you can see precisely what we are doing.

Q33 **Lloyd Hatton:** One of the things that struck me in the Report was that it was difficult to see how you could have consistency if all the Departments have such different starting points. Moving on to the last area from me, I want to touch on the way that maintenance for Government buildings is funded. The NAO Report is clear that currently Departments operate within annual maintenance budgets, and unspent money tends to go back to the Treasury unless they seek specific permission, which often is not the case. Is that a good way of operating, or could we incentivise better and more strategic thinking and better value for money for the taxpayer if we instead move towards multi-year funding for dealing with buildings and their maintenance?

Cat Little: There have been quite a few changes on the funding proposal. The Treasury has set out that there will be a 10-year infrastructure strategy and five-year capital funding cycles. That is a very big shift in the longevity and sustainability of how we go about funding assets. I am personally a very big advocate of that. It is impossible to manage capital maintenance and investment cycles over shorter periods.

Budgets being annual is a common thing. That is a common theme—that is required by Parliament. But I am also seeing much more flexibility in the use of capital between years. The Treasury has been much more flexible in how it has applied capital in recent times. There are some big changes that are positive, and the spending review, which is under way at the moment, will also make a big difference because it will be a multi-year spending review.

Chair: I think, Lloyd, if you do not mind, Mike Green has something to



add to that.

Mike Green: The thing you referred to is a significant issue. As Cat said, we are having much better conversations with our Treasury colleagues around different funding methods and infrastructure. In a design life of a building of 60 years, trying to manage it with annularity or with variable spending reviews where you cannot commit beyond then is really hard. It is hard to have a long-term plan. The management of infrastructure absolutely needs a long-term plan.

Q34 **Lloyd Hatton:** Is the Treasury listening?

Mike Green: Yes.

Q35 **Lloyd Hatton:** Good. Do you think it will be able to move towards an approach where there is greater certainty for Whitehall Departments on their funding for building maintenance?

Cat Little: I will start, and Mike can add a real-life example. We are going to have our first 10-year infrastructure strategy. There is nothing to stop a Department having a longer plan—schools have had a 10-year building plan, the new hospital programme extends even further and the military equipment plan extends, as you know, over at least 10 years, with planning out until the 2090s. Government Departments in partnership with the Treasury are doing much more on decade-long cycles.

The fact that we will have five-year capital is a massive step forward. I would actually question our ability to forecast over that period, and to manage capital effectively. This is not all about blaming the Treasury; the Treasury also has to manage our finances over a five-year rolling forecast. It is about finding the right balance to give optionality in the use of capital, and to make sure that it is driving the best value for money for the taxpayer.

Mike Green: I will give you a good example: in schools, we got a 10-year settlement. It was not for the whole budget, because you do not need it for the whole budget—you need it for the bits you want to commit to over a longer period. If you want a factory to build modular buildings, they are not going to do that on a one-year settlement. We have no skin in the game, so they would rather just carry on doing the same old thing as they have been without risk. If you want to be better and more efficient—and to build in a better way—you have got to work with industry to enable them and have skin in the game so that they do not take all the risk, because they won't. That demands not only a long-term plan but the long-term ability to commit, and the Treasury is listening.

Q36 **Chair:** May I follow that point, Mike? You come from the DFE, and one of my big property bugbears is Elliott buildings in schools. They are too hot in the summer and too cold in the winter, and they are very expensive to maintain. They have a design life of about 40 years, but some of them are still there 60 years later. Will this 10-year programme eliminate all those buildings?



Mike Green: I was there a while ago, so I can talk in general terms. The DFE went out to every building in the school estate. They ranked them in condition of need from one to 86,000, and they are working their way up the list. There are some modular buildings in good condition—we might not like it. They are trying to address buildings with RAAC or asbestos in, and buildings that they may or may not need—does the school need to be bigger or smaller, for example? It is quite a complicated conversation. I guarantee that they share your dislike for the buildings that they have inherited.

Q37 **Chair:** Thank you for that. To add an important point, the NAO says in paragraph 1.13 that—as we have discovered extensively in the hearing already—the backlog is £49 billion. Then it helpfully points us to the appendix, and paragraph 7 in that says, “While there have likely been additional cost increases due to deteriorating property condition, we have not adjusted data from before 2023-24 to reflect these additional costs.” So the £49 billion is probably only a start. When are we going to get a handle on where the property maintenance backlog really is? Because if you have not included the deterioration, you do not really know how bad the backlog is.

Cat Little: I very much agree with that. It is a snapshot in time; it is not complete data. We know that there is inconsistency in the information. To go back to some of what Mark was saying earlier: first, we need to get the definition right; secondly, we need to get every portfolio and Department reporting against that backlog definition; and thirdly, we need to collate it and share it, which is our plan for 2026-27.

Q38 **Chair:** Until you do that, you cannot really make a proper business plan to the Treasury for the money that you need. You can get some way towards it, but you cannot get totally there.

Cat Little: We cannot do 100%, but we can set out what the highest risk and most urgent backlog maintenance issues are. I dream of a world where we would be able to pay for the whole of the backlog maintenance—that is never going to happen. The fact that we can prioritise effectively, and that Departments are able to have the right negotiations with the Treasury, is the most important thing. We need to make sure that the data is complete for future spending reviews.

Q39 **Chair:** While we are on the subject, reading the Report as a property person—and I do not know whether Mark Chivers and Mike would agree with this—it struck me that this is a huge property portfolio, much of which is old, costing a huge amount to maintain. Is there a mechanism in there to either demolish or replace those old properties with new ones?

Cat Little: It certainly is. We have disposed of significant numbers of assets, as you know. Quite often, we are disposing of surplus assets that are underutilised, are not adding value to the estate and are not fit for purpose in the modern world. All of this has to be accompanied by a proper estate strategy that included disposals, and a good comprehensive plan for what you are going to make by lease and how you manage your



freehold estate. That is exactly what we do in the “State of the Estate” report.

Q40 **Chair:** Brilliant—thank you. Now, I do not mind who answers this question, but Lloyd Hatton started to examine this subject, so I will prise it open a bit more. It is about the new computer program—the InSite program. As you rightly say, Mark, when you came before us in 2022, we criticised you then for the delays. You have since had to get a new contractor. It is really welcome news that the program is going to be in operation tomorrow. The real \$94,000 question: is it going to work?

Mark Chivers: Yes.

Q41 **Chair:** You have tested it extensively and it is going to work?

Mark Chivers: To go back to Cat’s point earlier, I could not have come before you today otherwise. The testing plan finished at the end of last week and we go live tomorrow. We have tested it with the Departments. We have done all the user testing. So yes, Sir Geoffrey, it will work; I am assured that it will.

Q42 **Chair:** Well, it is very nice to have a positive reply; we usually get sort of hedging replies, so it is great to get that reply. We will look forward with interest to seeing the progress on that. We will probably have you back before the Committee to report in a year or two’s time.

Mark Chivers: I will be more than happy to. As you can imagine with the elapsed time, we have learned quite a few lessons, so we are just going through a review of the lessons that we have learned. That will then go before a non-exec in one of the Departments to pressure-test that. I am happy to share that with the Committee.

Chair: I am very happy to hear that; thank you very much.

Q43 **Mr Charters:** Could I come back to the maintenance backlog and the issue of schools to round that off for the Committee? I can see that effectively what was inherited was a £13.8 billion maintenance backlog in schools. However, there are a few ways in which that figure could be much higher, as we have heard today, including through deterioration on the estates since 2019 and the RAAC crisis in schools. There is also the fact that the NAO made a valiant effort in uprating the 2019 figures based on the HMT deflator series, but we know that construction material costs in the wider real economy have been far greater than that.

First, would you be willing to admit that we could be looking at a far greater figure when it comes to the maintenance backlog in schools, although we will have to wait a little bit of time to say for certain?

Cat Little: It is almost certain that that number is higher. I think that is why, if you go back to the Budget in 2024, the Treasury put in significantly more money to top up the schools building programme as well as the maintenance programme; a further £2.4 billion was put into the schools budget back in November last year.

Q44 **Mr Charters:** That helps, because I would like to turn to arm’s length



HOUSE OF COMMONS

bodies. Do you feel as though you can get to grips holistically with the size of the maintenance backlog for ALBs? Which of them are you most concerned about?

Cat Little: I will refer back to what Mark said earlier. It is an expectation that all Government Departments also account and provide information on the backlog of maintenance of ALBs. Obviously, we have talked about some of the biggest ALBs, such as the NHS. However, Mark works with the ALBs daily, so I will let him answer the second half of your question.

Mark Chivers: The ones that we are particularly focused on are those that tend to be almost a property company ALB. Homes England, for example, is almost a property company. There are a number of others. Network Rail has very significant property development holdings. There is another DFT one—another rail property development company—called London and Continental Railways.

Within the NHS, Cat mentioned NHS England, but there is also a business called NHS Property Services, which is more concerned with the primary care estate rather than the secondary care estate, which is picked up by NHSE. We have ongoing conversations with all of those. I was with the executive of NHS Property Services two weeks ago, talking about their FM contracts and their plans generally across their estate.

We have the structure in terms of the requirement, as Cat has said, for the strategic asset management plans of the Departments to reflect their arm's length bodies. Indeed, we are moving more and more towards the arm's length bodies having their own SAMP, if the body is significant enough.

Q45 **Mr Charters:** When are you tracking that all arm's length bodies will have to have their own SAMP?

Mark Chivers: Homes England is the one for this year. We have not asked NHS Property Services to do it but there is quite a lot of potential change in the arm's length body landscape with the NHSE announcement, so we could ask about that next year. There is no request for London and Continental Railways or Network Rail at the moment; they are dealt with through the Department for Transport strategic asset management plans, but that is something we could consider.

Q46 **Mr Charters:** To check my understanding, did you indicate that NHS Property Services does not have to produce an annual strategic asset management plan?

Mark Chivers: Its whole business will have a business plan. The asset management plan will be reflected in the one from the DHSC.

Q47 **Mr Charters:** My broader question is: are you confident that ALBs have the right skills and capability to execute SAMPs and what additional steps are you taking to mitigate some of the risks?

Mark Chivers: In a funny way, I am more confident for those property-type businesses because property is their day-to-day business. In the case



HOUSE OF COMMONS

of NHS Property Services, it is providing facilities for GPs and health centres—that is its business. It is more difficult when property is not a key part of the arm's length body. A lot of arm's length bodies have little or no property, so they are very easy to pick up through the departmental strategic asset management plans.

Q48 Mr Charters: I will now turn to disposals. One of the boldest decisions the Government have taken is scrapping NHS England. That has huge possibilities for productivity. Can you confirm how you are looking at supporting the NHS England programme to dispose of some of the assets that it may hold?

Cat Little: I will start, but Mark should add to this. It is very early days. There is a huge programme looking at how we bring together the NHS and the Department of Health. The existing disposal programme, as you know, included the Department of Health and the NHS. We now have to recalibrate those plans for the changes that have been announced in the last two weeks. We will need to give you a further update once we have been able to bottom that out.

Q49 Mr Charters: Do you have an early indication as to the size of the disposals that you may be looking at?

Cat Little: Not yet.

Q50 Mr Charters: Supporting the disposals will be a major programme. Do you feel that you are sufficiently resourced to provide that additional support?

Mark Chivers: I refer back to the description of the maintenance backlog—we provide co-ordination in the centre for the Departments' disposals programmes, and check that they are delivering them. We have a forward look, which is the plan of what will be disposed of in any one year, and we hold the pen, or hold those Departments to account for that delivery.

To Cat's earlier point, we are disposing of the property that is not fit for purpose, that cannot be maintained or that has no economic life going forward, and properties that we do not want to keep for reasons of utility, if not condition. I probably used this expression two and a half years ago—I cannot remember—but we are not selling the family silver, nor even the family pewter. We are selling the stuff that no one wants, and Government have been very successful in that. We had an initial three-year target of £1.5 billion, and we have exceeded that. At the end of this financial year, we will report how much we have exceeded it by; it is by a little margin.

Q51 Mr Charters: Finally, we have talked quite a bit about NHS property, and the decision on NHS England was a seismic moment. Do you think it is time to review NHS Property Services to see if there could be a more efficient mode for delivering property management throughout the DHSC?

Cat Little: That is a matter for the Health Secretary, as part of NHS England's move into the Department of Health and Social Care. I am not aware of the detailed considerations at this stage.



HOUSE OF COMMONS

Q52 **Chair:** Mr Chivers, please do not refer to the property as not even being gold, silver or pewter. It is a very valuable platinum property. We want the best price for the taxpayer possible.

Mark Chivers: Quite right, Sir Geoffrey. I can tell that you come from an agency background.

Q53 **Chair:** On that subject, the biggest property portfolio arm's length body is, of course, HS2. We have them before us regularly and they are always very laissez-faire about getting rid of their unwanted property. They hold billions of pounds-worth of it. Cat Little, is there anything more you can do? The Government need the money and some of the previous homeowners want to be able to buy their homes back, yet there seems to be a blockage somewhere in the system that stops that from happening.

Cat Little: As you know, the approach to property disposals and asset management is under the auspices of the Department for Transport. We work very closely with the Transport team to help, enable and give them guidance and capability, but it is such a vast exercise. I genuinely think we are doing what we can, but it really is for the Department to oversee.

Q54 **Chair:** But like everything else to do with HS2, it seems to be so big that they do not seem to be really getting to grips with it.

Cat Little: I couldn't give an opinion on that.

Q55 **Chair:** Can I ask you to have a discussion with them and the Treasury and see what more we can do in terms of property? It seems to be a really bad business, given that the Government need the money and the people who had the properties, in some cases, want to buy them back.

Cat Little: I would be very happy to take that up as a specific area of discussion, and I can report back to you.

Q56 **Chair:** Thank you. We will take a break in a minute, but I have one last question for you, which I should have asked in relation to the questions from Lloyd Hatton and me about spending requests to the Government. We know from our hearings with the DHSC—they are at the forefront of this, but they are not the only Department doing it—about them transferring their budget from capital to revenue. The Treasury has now prevented this, so hopefully the £900 million that the Department transferred last year—I do not know how many billion that amounts to over the last five years—will not happen again. But is there anything you can do in terms of property to make sure that that does not happen, and that the true amount is spent on capital budgets for their property?

Cat Little: It is worth looking at why so much capital is not spent, and why there is always oversupply at the year end. It is partly to do with forecasting and partly to do with operational readiness. There is quite a lot that the property function can do to make sure that the best programme management and supply-chain readiness is at their disposal, so that we can get money out the door as quickly as possible, so we get all the systems working effectively as we can. That is a combination of the OPG and the commercial teams that sit in the Cabinet Office.



HOUSE OF COMMONS

As you all know from experience, it is really hard to forecast and manage your supply chain across the vast nature of things that we do, but it is a good thing that we are preventing the capital to RDEL switches. We must incentivise Departments to use it or leave it.

- Q57 **Chair:** I thank our witnesses very much. We have covered a lot of ground so far. We are going to take a break now. It is almost 16:40 on the clock, so let's try and be back by quarter to.

Sitting suspended.

On resuming—

- Q58 **Chair:** Mark, we have talked a lot about the condition of the buildings, but we all know that finding RAAC and asbestos cannot be done by looking at it—a surveyor will sometimes have to take roofs off, ceilings down or whatever to find it. The original RAAC was found by a ceiling suddenly collapsing in a school. Are you on top of all the real risks, so that it is unlikely—you can never be 100% sure—that we find ourselves in a similar position in future?

Mark Chivers: It is a really good question, Sir Geoffrey. There is a danger of not saying never say never. Increasingly, we are pulling the property experts across Government together to talk about where the risks are and what issues are being faced in particular portfolios. I will not start any hares running, but we had a conversation two months ago about a specific issue that one of the Departments had raised, and by coming together with some quality advice and the other Departments, a wider conversation could be had about it.

So never say never, but we handled RAAC, I think, well. We are clear on asbestos risk, legionella risk and some of the other things. What we need to look out for is how new methods of construction bring risks into the estate. As those buildings mature, there is then a level of deterioration, or something happens that had not been expected in the design—because it is a new method, it is still new, and we are looking out for that all the time.

- Q59 **Mr Betts:** We have talked about how Departments, hopefully, are improving in getting a grip on the existing maintenance backlog on their buildings and knowing what the state of the buildings is, but they have to look forward and get business cases together to actually start improving their estate. What help will you give them in that process?

Mark Chivers: The Departments are busy bidding into SR pots at the moment. We have provided some tools for them to better calculate the amount of money that they need. We will also be scrutinising—together with the Treasury—the bids as they come in, hopefully to give it some constructive challenge.

- Q60 **Mr Betts:** We are back to this issue again: giving Departments the tools, or access to them, and getting them to use them are not necessarily the same thing. Are all Departments using the tools, or are some carrying on as they always have done?



HOUSE OF COMMONS

Mark Chivers: If they don't use the tools, the risk is that when the bids go into the Treasury for the SR, they will not be well constructed and will be very easily challenged by us and by Treasury.

Q61 **Mr Betts:** Are you engaged in the process of challenging now, and are you finding a few Departments that have not been listening until they get challenged?

Mark Chivers: The SR bids will finally go in on 10 April, so we will see after 10 April. There is a period for scrutiny of each of the bids.

Q62 **Mr Betts:** I think there is reference in the NAO Report to the fact that in arm's length bodies, some of the relevant officers were not even aware of the help that you can give. Did that surprise you?

Mark Chivers: We need to do more all the time. The arm's length bodies that Siân and the team chose to look at were in the middle ground of being property companies, like those we have described—Homes England, NHS Property Services and so on—down to some of the arm's length bodies that had property but weren't using it as their primary vehicle for business every day. So no, that doesn't surprise me. It is a wake-up call to go out and redo the stakeholder management and engagement even more than we have done already.

Q63 **Mr Betts:** Do you do that with the Department, through the Department or directly to the arm's length bodies?

Mark Chivers: Certainly, in terms of the ones that Siân's Report has picked up, we will do it directly to those.

Q64 **Mr Betts:** So the NAO Report picked it up. Were you not aware of that before the NAO reported it then?

Mark Chivers: No, as I said, we put all of our tools out to the Departments. If the Departments have not passed those on to individual arm's length bodies, we do not know that until we see the sample or something coming through for us to test. So what we will do, going forward, is even more of that direct communication.

Q65 **Mr Betts:** Shouldn't Departments be doing it? Departments must know that you have this help that you can provide. Shouldn't they be communicating that regularly to arm's length bodies as a matter of course?

Mark Chivers: Yes, and we can provide that extra coverage as well directly.

Q66 **Mr Betts:** That may be something we need to consider, because it is a concern if Departments are not passing that on.

To look at the issue of disposing, or whether to build new facilities and get rid of old ones or to carry on maintaining, do you think there is still a culture whereby people say, "Oh, it's there, so we will just carry on muddling through with what we've got"?



HOUSE OF COMMONS

Cat Little: I don't think it is possible to generalise, really; it is so different in different bits of the estate. If you ask most sector leaders what they would like, they want shiny, brand-new, fit-for-purpose, modern, tech-compliant buildings. Quite a lot of our estate, as you know, is in very old, largely Victorian legacy buildings, which are just not fit for purpose. In fact, most of our estate here in Westminster, including the House of Commons, is really challenging in that respect.

So we have a mix, depending on which service and where you are. The reality is that we cannot afford to have greenfield, brand-new buildings, so we have to get the mix right and it has to be good value for money. I don't think people are muddling through. I think there is a combination of real passion to drive a modern estate as well as to make do when we know we cannot afford it.

Q67 **Mr Betts:** Does that go right through, if people are not property people? Is it not just easier to say, "Oh, the roof is not very good. We'll find a way of patching it up", rather than, "Actually, this roof is so bad that we will spend so much money patching it up over the next few years that we are better off looking at the potential for a new building"? Is that an instinctive thought process that people engage in, or is it that people think, "Oh, it's there. We'll just do a bit of work and get through it"?

Cat Little: The reality is that it is a vast estate; it is going to be inconsistent. A lot will depend on your property experts and your director of estates, and how they support you in making those decisions. It should be a partnership between your specialists in property and, ultimately, decision makers in Departments.

Q68 **Mr Betts:** That is the next question. Is that partnership happening in reality with all Departments?

Mark Chivers: There are some that it happens brilliantly with and some that it doesn't happen as well with. To go back to your previous question, Mr Betts, that is why we rely on the surveys; there is the need to have a survey. The survey will tell you whether continuing to patch the roof is the right thing to do or whether actually you should replace it, and whether it is such an onerous task to replace the roof that you need to move out of the building altogether. That is what the survey is designed to do—to get quality data on what the right solution is for a particular building.

Q69 **Mr Betts:** I suppose what I am still trying to get at—what I am trying to tease you to tell us—is which Departments are not really co-operating, and not coming to you and getting advice on these things.

Cat Little: I don't mean to be difficult, but I think every Department wants to co-operate. I don't think we have any Departments that are just ignoring us and not working with us in any way, shape or form.

Q70 **Mr Betts:** Oh, come on! All we have seen so far is that it is not a great picture through the whole of Government. There are gaps here; there have been Departments choosing different criteria, Departments not conducting surveys and Departments not coming to you for help and



assistance. So something is going wrong somewhere, isn't it?

Mark Chivers: The thing that I would say is that we have an ever-improving relationship, notwithstanding the changes in the DHSC and NHSE. We have an ever-improving relationship with the DFE, the MOD and the DHSC, and that is 88% of this particular issue—the estate, the condition and so on. There is also something about the situation if a particular arm's length body—we will pick things up directly, as Siân's Report shows, but in terms of the materiality of the issues there, they are relatively small in comparison with the big three. If you extend that to include the DWP and MOJ—both sides of the MOJ; His Majesty's courts but also prisons and the probation service—you are up to 98% of the issue, between 98% and 99% of the issue. We absolutely will make the relationships work even better with everyone else, but my focus, certainly around condition, is on the main three and subsequently the DWP and MOJ.

Q71 **Mr Betts:** I think Mike Green wants to come in and tell us how he is co-operating fully. Is that right?

Mike Green: I will simplify the explanation considerably. I remember joining the civil service, and you go for a conversation with colleagues in the Treasury, where you say, "How much can we have this year?" and they say, "10% less than last year, Mike. Is that okay?"—I exaggerate for effect. Actually, I walked out of there thinking, "No, that's not okay." We went out and we surveyed every single school. We put together a comprehensive model for deterioration, for condition, for why you want one school or however many schools you need—because the system does not work if you do not co-operate, and co-operate well. I have to say that colleagues in the Treasury have an incredibly difficult job to do. We need to present them with the information in a comparable way, and all this kind of stuff; and that is the great work that Mark and his team do. My reassurance to you is that the system does not work if you do not do that. I am sure there is variety.

Mr Betts: I am sure it is a very good system, but my concern is still that I am not sure everybody is thoroughly engaged in it.

Chair: Do you want to go straight on to personnel, Clive?

Q72 **Mr Betts:** I will, yes. We come back to whether Departments have actually got the necessary skills in their property teams. We have had examples of the Home Office not reaching out for help, or reaching out but ignoring the help that was available, with certain of their property issues. Have Departments got the necessary skills, and are those that have not got the skills the ones that sometimes do not reach out to you?

Mark Chivers: Those are two very separate questions. The skills are changing and we need to improve them, which is why we are focusing on the development programmes for existing colleagues, but also bringing in new talent in terms of the apprenticeships and graduates. We have hit the 2025 target for 300 new apprentices in, and by the end of '24 we hit the 2025 target for 60 graduates in. So we are starting to build some of our



own. The technical skills are changing, related to new types of building and so on. There are particular skillsets, and Mike might be best placed to give you some quite esoteric ones around particular portfolios, whether it is military or whatever else. Those skillsets can be really hard to find in terms of employment or third-party contractors, and you may have to pay considerable amounts of money for them.

We saw it a little bit with RAAC, where suddenly everyone was a RAAC expert, but actually no one really knew anything about RAAC, and we were leading the thinking from the centre. We need to continue to build the skills around maintenance, maintenance standards and looking at maintenance. I honestly do not know whether there is a link between the lack or benefit of having a full skillset and communication engagement. It does not feel as though there is, but I can take it away and have a look at it.

Mike Green: Some of the work that the Government have done recently that I would commend the most is around functions. When I joined, it was a new thing just coming in. We work in the property function, but there are all sorts of functions. That work has been really successful, to the point where you can be a property specialist in Government. In the Defence Infrastructure Organisation, we take on a large number of apprentices. We take on property fast-streamers. The property fast-streamer thing did not exist when I started in Government. We are getting better and better. Is it always perfect? No, it is not. We have people who have unique, in-depth knowledge who have been around a long time, particularly in defence. Those people get offered twice as much money to go and work for somebody else and then get rented back to you. That is undoubtedly a continuing issue, but although it is difficult, it is not end-of-the-world stuff.

Q73 Mr Betts: I have two follow-ups. First, I take the point about people going off because there are higher salaries elsewhere, and it is a challenge in other areas in Government, such as IT. Are you restricted by the civil service pay frameworks? Can you actually offer the necessary remuneration when you have got particular specialisms that you need?

Mike Green: Yes, of course we are. The civil service pay framework is restrictive, for quite obvious reasons, as it is with schools, as it is with police, as it is everywhere. Certainly, in my part of the world, we concluded that we therefore need to be better at growing our own, with the acceptance that at some point some of these people will leave and be a benefit to UK plc; let us not disguise that. We just need to keep the throughput going. There was a blip last year because in the civil service we all had controls on recruitment, but we are back on track trying to get our training and our growing-our-own system working as well as they can.

Cat Little: Unlike digital—we have discussed this in a couple of recent Committees—I am not aware of there being as significant a gap between supply and demand. If there were, we would look at value for money and specific cases for the property function. Going back to something that Mark said earlier, quite a lot of our big property organisations in



HOUSE OF COMMONS

Government are on separate pay frameworks, or they are not within normal bounds. Quite a lot of our most senior people in property organisations are paid above the civil service frameworks for good reason, because we are trying to buy in some very specialist property skills.

Q74 Mr Betts: That is a helpful answer. Moving on to something completely different, property construction often seems a very male-oriented and dominated profession. How are you going about recruiting more female apprentices? Is that something you are deliberately trying to do, because there is a whole range of talent out there that often gets ignored?

Mark Chivers: That is absolutely something we are trying to do. Mike talked about the functions, and the male-female split for the property function is the worst of all the functions. Having said that, it is considerably better than in the private sector. Relatively, we do better in terms of inclusivity than the private sector, but that is not saying much, because the private sector does not do it particularly well. That continues to be a train we are on.

I have a governance group called the property leaders, where we set up a shadow cabinet or board which promotes diversity and inclusion on the race and gender protected characteristics, including gender. That has been a real success—a real success. It is something that I am very proud of—that we have enabled people to come to those committees, which have many more people on them who look like Mike and me than people who look like a representative sample of the whole community. We are trying really hard, and we have a long way to go.

Q75 Mr Betts: It is not just recruiting, is it, but retaining once people come to work in what may be a very male and white-dominated environment?

Mike Green: It is a really difficult subject, isn't it? I remember being at university doing civil engineering, with 76 people on the course, 71 of whom were male. This is a problem that needs a lot of effort and a lot of work to get through. I am proud to say that the executive committee at the DIO is 50:50 male to female, but we still have to work on other characteristics. I can give you the reassurance, Mr Betts, that we look at the numbers and think about what we can do, but it is a really difficult thing to move the dial on significantly.

Q76 Chair: I have a few more questions on personnel. I do not mind who answers this. Paragraph 4.2 on page 37 states: "The government set the ambitions to achieve 90% accreditation of property professionals at grade 7 and above by 2030, to grow and improve early talent programmes...300 apprentices and 60 graduates...and to continue to monitor the diversity of the Property Profession." It goes on: "The strategy does not address future skills resilience or how property professionals should be placed across the civil service to ensure all departments are able to strategically manage their assets." By the looks of it, you are doing a lot, but you still have a lot to do. Do you want to comment?

Mark Chivers: I think that is exactly right, Sir Geoffrey. I am confident that we will get to the accreditation rate by 2030. I am delighted that in



my senior team, I now have acronyms that will mean something to you: a member of the team is on the governing council of the RICS, and another member is on the governing council of the IWFM. We are trying to simplify the number of accrediting bodies because, as we know, in property you can be a planner, an architect, a project manager, a civil engineer or a surveyor, or in facilities management, so we are reducing around the two core expertises. We will continue to work with those organisations and have training programmes so that people can become accredited in those organisations. As you say, as I said and as Mike said in response to Mr Betts, we need to continue to focus on inclusivity, and to hold to account through the bilateral conversations that I have with each of the teams about their representation within the team.

Q77 Chair: I am very glad you are here to answer my next question, because you are a classic example as someone who has been in the private sector, managing the Boots property portfolio, and who is now the most senior person in government managing property. What more can we do to encourage—use whatever word you like—transfers between the private and public sector, and probably back again, whichever way around it is? I started off in the public sector and went to the private sector, and I found that incredibly beneficial. It might have been beneficial for me to come back into the public sector again; I don't know. What more can we do to encourage those sorts of transfers?

Mark Chivers: I think we have to selfishly try to get better as the public sector. If we can really develop the 7,000 or so people within central Government—let alone within local authorities—who are part of the property profession, and really build those people up, as Mike has talked about, some of them will leave and go back into the private sector. For them to go back into the private sector saying, "I had a wonderful time in the Ministry of Defence. I came through the fast stream programme, and I got my apprenticeship at the Ministry of Justice," breaks down some of those barriers. In a quiet moment, I would love to be able to say that every significant property professional ought to have a spell in the public sector. That would just be brilliant, because it is different but it is enriching.

Q78 Chair: Very good. Talking about those 7,000-odd people, the number fluctuates each year, doesn't it? The report makes it clear that the number has gone up, and then it has gone down, and then it has gone up again. Do you have in your mind the total number of full-time equivalents? Bearing in mind the backlog and the deterioration of property that we have, there seems to be a huge need for more people in there. Do you have a plan in your mind for the numbers that you want to get to, say, by 2030?

Mark Chivers: The number of people? Not really. I think we need to respond. What we are doing is working with each of the Departments in their workforce plans to build up that picture Department by Department. How many property professionals do you need to do your particular piece of work? That will provide a bottom-up answer, but I do not know whether it will be 5,000 or 9,000.



Cat Little: We are producing our first strategic workforce plan alongside the SR, which we are hoping to bring together in the summer. That is the bottom-up answer to what Mark has just described, but we have also got to do the top-down, to check the supply and the demand, and to check that our forecast of what is needed is right. I should also say that in this world, quite a lot of what we do is delivered through our supply chain in partnership with the private sector. I would be a little bit cautious about assuming that the FTE in Government is the key thing to be monitoring. We should be looking at spend, and spend throughout the whole of our property supply chain as well.

Q79 **Chair:** Clearly, there is a Government policy to reduce numbers in the civil service. Will property professionals be exempt from those cuts?

Cat Little: It is not a headcount reduction; it is a cost reduction that was announced a couple of weeks ago. Reducing the administrative costs of the civil service is now being worked through as part of the spending review. If we think it is better value for money and cheaper to employ more people and have less contractors or contingent labour on our books, that is what we will do. I think it is a bit early to say exactly what it means for each function. There will not be broad exemptions, because we want to get into the value for money, and you need to look at consultants, contingent labour and cost overall, not just the number of civil servants on our books.

Q80 **Chair:** We in this Committee are quite keen on reducing costs. Let me take you to paragraph 4.11 on page 39, the end of which states: "The OGP told us that the Department for Transport and the Department for Environment, Food & Rural Affairs have procured maintenance across their departmental groups to achieve economies of scale." Are there more, similar arrangements that could be had to get economies of scale?

Cat Little: Most definitely. There is both vertical and horizontal integration. I think we have done quite a lot of horizontal integration. The GPA is a really good example of where over half of our office estate is now done horizontally for the whole of Government. Over time, we will expand that because we genuinely believe there is an economy of scale factor there. Some Departments have vertical integration of their property services, but not all. One of the things our Ministers are very keen for us to get into at this spending review is where we can take functions within groups of Departments and further integrate our professional services to drive economies of scale and cost reduction.

Q81 **Chair:** Following that answer, can I ask you or Mark Chivers to turn to the subject we have looked at before, the HMRC hubs? I have thought about it quite carefully and think the model is right in which the Government procure a big office, sub-let it to various Departments and get economies of scale like that; but I have now refined one of my criticisms. I could not quite understand why I did not like the 25-year non-breakable leases, but this is why, and I would be very interested to hear your comment, Mark. The Government can always borrow money cheaper than the private sector can. Essentially, when you distil it, it is a financial transaction: you



HOUSE OF COMMONS

are getting somebody to find a site, build this big building and then hand it over to you, so why on earth would you want somebody else owning it? It is always more expensive when somebody else owns it. Would it not be more logical, in most cases in the future, to own the freehold, rather than have those long leases?

Mark Chivers: I know that you have just seen HMRC, Sir Geoffrey. Before they came to see you a couple of weeks ago, I asked, "Do you want me to come with you?" because I started the conversation two and a half years ago. Genuinely, one of the things I am most pleased about in my three years is that we are now actively considering buying freeholds, which was not the case before. We have bought the freehold in Darlington for the new development, another for a development in Manchester, and HMRC has bought in the freehold, with 17 years left on the lease, in Croydon for exactly the reasons you say.

Naturally, I am completely with you that I would prefer always to have freehold, and the overall estate is about 86% freehold, so we are doing pretty well. In some transactions, a freehold is not available. I am sure HMRC talked to you about Newcastle; we looked really hard for a freehold solution there and we could not find one. There was a clear business need and case for new premises, and we secured a leasehold, rather than a freehold. My natural inclination is completely with yours, in that I would always rather have a freehold. As you say, the cost of finance is cheapest when we do it ourselves, rather than paying a premium for a developer to go and develop it on our behalf.

Q82 Chair: What that briefing from HMRC did was convince me that it is actually a good model. I am wondering what more you can do. Basically, you have a big building, in this case an office building, and you encourage more Government Departments to move there, which would then get the economies of scale and management. Particularly with modern trends of hot-desking and so on, you can rapidly provide accommodation for a Department—it might be the jobcentre or whatever—that needs extra space. It is there and economical. What more can you do to encourage that model?

Cat Little: We are smiling because that is exactly our plan. We are currently working through the future regional hub model for Government. HMRC has an approach, and the Government Property Agency has a regional hub model, which is the basis on which the Darlington economic campus is built. What we want over time is to bring more Government Departments together in regions—probably in hubs and spokes because we have such a vast estate. We want more Departments working together. That is what mission-led government looks like, it is what great collaboration looks like, and it achieves an economy of scale as well. That is the plan.

Chair: Great.

Mark Chivers: It is not just an office play, either. To your point about a jobcentre being part of a local authority building and combining it with a



HOUSE OF COMMONS

library and so on, we have a programme called One Public Estate, which is now 11 years old and has been doing that for all that time. It has been very successful in generating sale proceeds and jobs and making land available for housing. One of the conversations that will go into the SR process as a bid is industrialising that to drive much greater collaboration in place.

Q83 **Chair:** What that did was not only produce that programme, which sufficient, but it enabled lots of Government Departments to sell off an old, high-maintenance building in favour of a new, modern, low-maintenance building, so it was doing exactly what I was talking about at the beginning regarding the older estate.

Mark Chivers: Exactly.

Q84 **Chair:** Mike Green, I am coming to you on the Annington Homes deal. One of the biggest problems in Government property is the defence housing estate. Did you advise on the £10.1 billion deal to repurchase the Annington Homes estate?

Mike Green: Yes. I shook hands with Guy Hands.

Q85 **Chair:** Okay. The first question is how you knew that you got value for money, because basically you were buying property that had a long leasehold on it. The leasehold value, I gather, was about £5 billion, and you paid £10 billion, so how do you know you got value for money for that?

Mike Green: We paid £6 billion; the value was £10.1 billion, because we could, if you like, remove the lease situation. The opportunity is much bigger. Actually, because of the way Government accounts for money, the way we paid rent on it, and its devaluation, the cost was—I am speaking for my accounts colleagues—significantly less than £6 billion. How do we know we got value for money? Finance in the DFE looked at it, finance in the Treasury looked at it, finance in the Cabinet Office looked at it, and we were advised by UK Government Investments, which thought it was a great deal. Actually, it was one of the easiest business cases I have seen go through.

Q86 **Chair:** Okay, but that has not solved the problem; it is only the beginning of the solution. As I told the Minister when I was briefed on it, you are going to need an injection of money to pump-prime any redevelopment of that estate. A lot of it needs selling off, demolishing or major refurbishment. How are you going to achieve that?

Mike Green: I will be careful with my language. The Secretary of State has us doing a housing review of how we are going to do just that. It is in progress. We are being advised by some properly inspirational people, including the ex-chairman of Wimpey, Natalie Elphicke and so on. A whole host of people are trying to figure out the answer to your question. The answer will be multiple things. There will probably be private money. We will probably sell off some sites and use the money to develop others. It is going to be quite complicated, depending on the needs of the estate, but it is absolutely the right thing to do. It is the only way I can see to fix the



military estate and provide homes that people will be proud to live in. I anticipate that at least two thirds of the estate will need rebuilding.

Q87 Chair: I am delighted to hear that answer, but if I were a military family sitting here, my next comments would be, "I'm living in totally inadequate accommodation now. It's overcrowded. I don't have a proper heating system. I don't have a proper water heating system. There's damp coming in everywhere." A lot of these houses are in an appalling condition, so the question is: how long is all that going to take?

Mike Green: There are two things going on for this. The first one is maintaining the houses we have. We have just done our settlement with DFE finance—Treasury, if you will. We have an amount of money we are happy with. It is the first year for a long time we have had it prior to the financial year starting, which enables us to plan properly. We are currently writing down what you are going to get for that money. We have stopped allocating houses with damp and mould already—we did that around 2022. Believe it or not, we used to allocate houses with damp and mould. That stopped. We have put a lot of effort into dealing with the damp and mould—probably more the wipe-down kind than rebuilding the house or cladding the outside. We nearly made a lot of mistakes in this. Actually, you need a proper plan to fix it once and for all. We now have that; it is in the rebuilding of the estate. At the same time we are trying to manage the estate and make sure we keep the houses that we have in good condition while we desperately, as quickly as we can, rebuild that which needs rebuilding.

Q88 Chair: As my deputy so admirably stated, a lot of the hearings we have are about not just recruitment, but retention as well. The total job package is a really important part of that, and so is the condition of the property that they live in. I cannot think of anywhere in the entire Government estate where there are so many residential properties. In military recruitment last year, for every 100 people they recruited they lost 130. Clearly the job package is not adequate, and a major part of that is the condition of the Government defence housing estate. So I repeat the question: how long is it going to take before we have an adequate number of good condition properties for all of our military people who wish to live in them?

Mike Green: We will continue to improve the houses that we have and manage them well. We need something like 50,000 to 55,000 houses. We currently have 37,000. Military houses are—I am not sure what the opposite of dense is. Undense? Where we might build five on a plot, Wimpey would build 20. There is the opportunity to significantly contribute towards the Government's housing target, but it takes time. We have just reacquired the estate. We are going to carve the country up into a number of conurbation plans. We will look at every bit of land we own in that area and say, "What is the right solution for that?" Then we will get on with it in a variety of ways. It is really difficult to answer when because it depends on whether there is planning legislation change, which would help greatly. Of all the things that typically hold up a development, we could do with them out of the way, and we could build a lot faster. I would say that in



HOUSE OF COMMONS

five years we will be well into it and turning out houses as quickly as we can. Where we can, we will start with the worst ones.

Your earlier question is right, though. I sit here today not knowing where the money for pump-priming is going to come from and whether we have to sell off a bit to dig a bit. People spit their tea out when I say this, but the easiest way is to give us another £5 billion. We will buy a load of new houses and put the people in them, and then we will develop all the others. We know we cannot do that though; we all see the fiscal situation, so it is a question of finding a balance as to how we are going to fund this and get through it.

The Secretary of State and our Ministers are giving us a tough time over getting on with this, quite rightly. But they also want the housing review to know we are going to do it properly. So can I take up your invitation to Mark to come back here and tell you how that is going? We are at a stage now where the housing review is ongoing. The Secretary of State has some decisions to make. Then, we will have a much better idea of how we are going to get through this. We will know whether there will be a change of legislation on planning or anything else, and we will be in a much better position to comment.

Q89 Chair: I would imagine, knowing a little bit about the estate, that it will be a question of there being plenty of scope to sell off land to pay for refurbishing or rebuilding some of the estate. Nevertheless, there is a lag. You property experts know as well as I do that selling off property takes time. Is somebody going to make the case to the Treasury that you need to pump-prime this in order to get things moving, so that we are not sitting here in 10 years' time with the thing still not having progressed?

Mike Green: That is exactly the thing that the Secretary of State and Ministers are involved in, as well as looking at alternative sources of money. Fundamentally, what we want is a great estate for our wonderful service people. The way we get there is really important because it affects our speed. There are some really important conversations going on, which I do not know the answer to, I am afraid, but we will soon.

Chair: I am sure you do not need me to tell you the urgency of it. Those recruitment figures that I gave you are pretty shocking.

Mike Green: The Haythornthwaite review laid out really clearly for us the things that are important to our military colleagues. I visit a lot of houses. Do they pass the "Would you sleep here?" test? No, some of them do not, but it is not all bad. I am not going to say we have a lot of new houses, but the gap between our worst house and our best house is way too big.

Chair: Too many are in the bottom ranks.

Mike Green: Indeed.

Chair: Are there any questions from colleagues? No? Then I thank all three of our witnesses very much indeed. It has been an interesting and enjoyable session, and we have covered a lot of ground. We will produce a Report with recommendations in due course. A copy of our uncorrected



HOUSE OF COMMONS

transcript will be available in a few days.