Government building maintenance backlog is at least £49 billion, spending watchdog says

7 months ago

The public spending watchdog has estimated that the government's maintenance backlog is at least £49 billion; government will need to consider the best way to manage its assets alongside its long-term investment plans, in addition to the cost of ongoing maintenance, to bring property condition to a satisfactory level.

The National Audit Office (NAO) found that Ministry of Defence properties, schools and NHS properties have a backlog totalling more than £10 billion each and make up 88% of the total backlog. Sites including prisons, job and assessment centres, courts, and museums and galleries have backlogs less than £2 billion each and make up the remaining 12%.

The true cost of full remediation is not known, but the Office of Government Property (OGP) believes it could be substantially higher than estimated. This is because the government's data on the condition of its properties is incomplete and out of date. The combination of incomplete data and the lack of a comprehensive strategy around asset management hinder the government's ability to make effective funding decisions.

Building failures have affected the delivery of public services, government's productivity and its ability to withstand shocks. On average, between 2019-20 and 2023-24, approximately 5,400 clinical service incidents occurred in the NHS every year due to property and infrastructure failures. Poor property condition can also negatively affect civil service productivity, staff retention, and the government's ability to meet environmental targets.

For a variety of reasons, there can be resistance in moving out of old buildings, despite them being expensive to maintain and susceptible to faults. These include the historical significance of existing sites, difficulties in finding suitable buildings in the required locations, or the fact that the proceeds from selling existing properties would be low and the cost of acquiring new buildings high.

Data from individual organisations suggests that maintenance backlogs have been rising for at least a decade; for instance, between 2013-14 and 2022-23, NHS England's backlog increased steadily, at an average of £800 million per year (in 2023-24 real terms).

Departments and other government bodies attribute rising backlogs to a range of reasons: including cost of work increasing; several buildings requiring replacement at the same time; lost income from the pandemic, meaning there is less money available for maintenance work; and historic underinvestment.

The Cabinet Office has estimated that deferring backlog maintenance can increase costs by more than 50% over a 2- to 4-year period. To address the backlogs, government is working to improve its understanding of the condition of its estate.

After some delays, the OGP is introducing InSite, an enhanced data collection system, and aims to have implemented it by March 2025.

The NAO is recommending that government implements a series of measures to address the backlogs. These include:

- mandating to departments and arms-length bodies a standardised definition of the maintenance backlog, so the true figure across government can be calculated.
- including data on the maintenance backlog in the State of the Estate report from 2026-27 onward.
- departments producing long-term property plans, setting out capital needs and a plan to reduce their backlog.
- considering ahead of the next and subsequent spending review periods, how the backlog could be tackled, by for example, where feasible, agreeing longer-term settlements for property investment and ring-fencing maintenance funding, or encouraging a thematic approach to bids that tackle similar problems across government property.

Gareth Davies, head of the NAO said: "Allowing large maintenance backlogs to build up at the buildings used to deliver essential public services is a false economy. Government needs better data on the condition of its operational assets and should use it to plan efficient maintenance programmes to deliver better services and value for money."