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PAC report highlights 'toothlessness' of NHS Property Services

By: Calum Rutter | 6 Nov 19

A lack of power has meant the organisation set up to manage NHS properties has racked up nearly £700m in debts since it was created, the Public Accounts Committee has said.

NHS Property Services was "set-up to fail" because it was "created with a muddled objective", the watchdog claimed in a damning report released yesterday.

"It does not have the same powers as a commercial landlord but is expected to run parts of the estate for the Department of Health and Social Care and it inherited a range of long-standing issues," the PAC stated.

The government-owned company's debt has tripled from £210m in March 2014 to the latest figure of £576m. Between 2014-15 and 2018-19 the service, which manages 12% of the NHS estate, wrote off £110m of debt.

Much of the problem is because occupants of NHS properties, which include trusts and GPs, are not paying their rent – or are doing it slowly.

The PAC report acknowledged NHS Property Services has made progress tackling issues it inherited when it was set up in 2013.

But, the committee added, it has continued to struggle to get tenants to sign rental agreements – 70% of them still do not have one in place – because it does not have the powers of a commercial landlord and is powerless to enforce occupancy contracts and charges.

"NHS Property Services was gifted valuable local assets when the NHS was reorganised," PAC chair Meg Hillier said, launching the report yesterday.

"It can neither make its own decisions about the future of these public assets but nor does it always engage well with local stakeholders.

"It lacks the powers to run its £3.8bn portfolio of properties effectively."

NHS Property Services Ltd was set-up under the Lansley reforms in December 2011 and is responsible for maintaining and managing 2,900 properties, with an estimated value of around £3.8bn.

Hillier called the widespread lack of rental agreements "unacceptable", blaming rental disputes for the company's billions of pounds of debt.

"Pursuing and resolving these disputes is a waste of NHS resources, which would be much better focused on delivering better patient services," she said.

"The department [of health and social care] must take urgent action to fix this system which does not serve the taxpayer or local health bodies well."

The PAC is "concerned" that the DoHSC "is relying on others to find solutions [to the problem] without a clear timetable for achievement".

The DoHSC is currently carrying out a review into the company and is due to report by the end of this year.

The department said it was unable to comment because parliament is now in pre-election period. The election is on December 12.

Calum Rutter
PF International reporter