

PUBLIC BOARD
Backlog Maintenance (2024/25)
(Escalation from Infrastructure Committee meeting 12 June 2025)
31 JULY 2025

Presented for:	Information
Presented by:	Chris Kelly, Associate Director (Estates Compliance & Risk) Richard Noble, Associate Director (Estate Strategy & Development)
Author:	Chris Kelly, Associate Director (Estates Compliance & Risk)
Previous Cttee:	Infrastructure Committee (12 th June 2025) Updated version following backlog maintenance validation

Our Annual Commitments for 2025/26 are:	
Recognise and act upon moments that matter to our patients	
Support our patients to get home a day sooner	
Be in the top 25% for patient experience and efficiency in outpatients	
Support each other to act with kindness and compassion	
Reduce our carbon footprint by creating greener patient pathways	
Support our staff to manage every £ wisely	
Make best use of our estate, equipment, and digital assets	✓

Risk Appetite Framework				
Level 1 Risk	(✓)	Level 2 Risks	(Risk Appetite Scale)	Impact
Operational Risk	✓	Physical Assets Risk - We will optimise patient outcomes and experience, workforce experience, and Trust financial benefit through the effective management of our premises and equipment.	Cautious	Moving Away
Clinical Risk	✓	Patient Safety & Outcomes Risk - We will provide high quality services to patients and manage risks that could limit the ability to achieve safe and effective care for our patients.	Minimal	Moving Away
Financial Risk	✓	Change Risk - We will deliver change aligned to the Trust's strategy on time and to budget with benefits achieved and no significant adverse impacts, focussing on the delivery of large-scale capital developments.	Cautious	Moving Away

External Risk	✓	Legal & Governance Risk - We will operate the Trust in compliance with the Law and UK Corporate Governance Code, where applicable.	Averse	Moving Away
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Key points	
<ol style="list-style-type: none"> 1. Provide information on the Trust estate backlog maintenance position/ liability, as this is the estimated cost of bringing the Trust estate (premises & equipment) back to a minimum expected standard for healthcare (condition B - sound, operationally safe and exhibits only minor deterioration). 2. Buildings may fail to meet this standard because they are in a state of physical disrepair and/or fail to comply with certain safety/ statutory regulations. 3. All Trust estate backlog maintenance (physical assets) is risk assessed in accordance with approved DoH methodology. 	For Information

1. Summary

The Trust has a total backlog maintenance (BLM) liability in physical condition and statutory compliance of £254m. This is inclusive of a total Critical Infrastructure Risk (CIR) BLM of £138m, which is made up of items classed as high and significant risk BLM.

The insufficient Building & Engineering (B&E) Capital and the delay to Hospitals of the Future (HotF) have a significant impact on the Trust's ability to manage/ control the risks associated with backlog maintenance (BLM).

The current BLM total for the LGI estate is £141m (56% of our Trust total BLM). £77m of this is CIR (56% of Trust total CIR).

Delivery of HotF would have reduced the current Trust BLM liability by 58% and CIR by 56% (to c. £102m and £61m respectively at current estimates).

At the LGI this would have had a significant impact, reducing BLM liability by 94% and CIR by 94% (to c. £8m and £5m respectively at current estimates).

2. Background

A full 6-facet property appraisal of the Trust's estate was undertaken in 2022/23, in line with Department of Health requirements for land and property appraisal. This covered the following facets:

- Physical condition
- Statutory condition (fire and health & safety requirements)
- Functional suitability
- Space utilisation
- Quality
- Environmental management.

BLM covers the first two of these six facets. The impact and costs from the other four facets do not form part of the Trust's BLM assessment and are not covered as part of this paper.

The independent BLM condition survey covers the entire estate. The property appraisals are an annual mandatory requirement by NHSE (ERIC return – S04 Quality of Buildings) and they are monitored by our Estates Strategy Programme Board, which reports to the Trust Infrastructure Committee.

From 2023/24 to present, the condition survey has been undertaken on a 20% physical inspection/ 80% desktop assessment basis.

The backlog maintenance liability (risk level/ value) has since increased over this period, due to the age of the estate, inflation, and insufficient B&E Capital investment.

It should be noted that the Trust's limited capital has been prioritised in areas other than those to be replaced under the HotF programme, in line with the Trust's strategic direction.

The milestone targets to manage our backlog liabilities safely and effectively (and the associated risks on business continuity and patient safety) are an increasing concern. Insufficient capital investment is now compounded by the delay to the HotF programme and the reality/ revenue pressures of having to safely manage the critical infrastructure and statutory risks in these areas at the LGI (especially Clarendon Wing and the Old Site) for an extended period.

3. Proposal

Our annual Property Appraisal was undertaken from January to April 2025 to the NHS Estates Guide 'A Risk-Based Methodology for Establishing & Managing Backlog', to evaluate & calculate the risks for each premises & equipment defect.

See Appendix 1 – BLM six facet survey summary report 2024-25

The survey covered the Physical Condition, (including all external and internal building fabrics, fixtures, and fittings; electrical and mechanical systems), Statutory Compliance, Functional Suitability, Space Utilisation, Quality of the Environment, and Environmental Management.

The aim of this is to analyse overall costs and risks identified during the survey. This will assist in highlighting particular trends or patterns in the problems identified, thus assisting in the planning of future maintenance, refurbishments, Estate Strategies or rationalisation of facilities and the way they are utilised to maximise the benefit to the service users and employees. All costs are reported as net costs. These do not include any uplifts that may be applicable such as:

- Main contractor's preliminaries, overheads, and profit
- Temporary or enabling works.
- Contingencies
- Professional fees
- VAT
- Decanting or temporary accommodation

- Inflation

The exact uplift applied to form a project cost is best considered on a project-by-project basis. For example, the uplift applied to a scheme of internal redecoration within an unoccupied building is likely to be less than that associated with the replacement of a heating system in an operational building when decanting costs, temporary accommodation and enabling works are factored in.

Table below shows a breakdown of the backlog costs (i.e. costs required to bring elements currently below condition grade 'B' up to condition grade 'B' immediately) by risk:

Backlog by Site	Low	Moderate	Significant	High	Total
Leeds General Infirmary	£3,724,939	£59,991,122	£74,750,756	£2,187,697	£140,654,514
St James University Hospital	£4,691,820	£40,027,112	£47,186,828	£1,097,934	£93,003,694
Chapel Allerton Hospital	£46,967	£1,913,074	£3,369,096	£633,660	£5,962,797
Seacroft Healthcare Campus	£1,499,033	£4,209,443	£7,065,282	£1,808,744	£14,582,502
Total	£9,962,759	£106,140,751	£132,371,962	£5,728,035	£254,203,507

4. Financial Implications

As noted in section 3, all costs below are net costs.

The Trust has a total BLM (Physical Condition and Statutory Compliance) liability of £254m, inclusive of a total CIR BLM of £138m.

In addition, total impending BLM (assets currently in Condition B that will fall below B within 5 years, assuming no major investment in the interim, including costs for site infrastructure) is an additional £97.8m, split as follows:

- LGI: £35m
- SJUH: £53m
- CAH: £6.6m
- SCH: £3.3m

Total impending BLM estimated in years 6-10 is a further £21.2m.

a. Physical Condition

The BLM cost calculated for Leeds Teaching Hospitals NHS Trust within the Physical Condition report is £243m

Works identified includes replacements to infrastructure including roofs, windows, drainage, building management systems, ventilation, water distribution, heating, and electrical systems.

b. Statutory Compliance

There are Statutory Compliance items that require immediate remedial action with a total backlog cost of £11.2m. Works identified include fire safety works and risk assessment.

c. Capital Investment

Operational Capital

There is currently constrained capital locally and nationally with both ICB and NHSE holding CDEL issues. Whilst there is increasing pressure on CDEL, the Trust financial position also means that cash to support schemes which are not cash-backed is limited even if CDEL is available.

This has resulted in an expected reduction of around 25% to the Trust's annual operational capital programme over the next few years, reducing from £45m to circa £30m for 25/26.

In addition, changes for IFRS16 mean leases must be accounted for as capital, and there will be no further CDEL cover for leases. After leases and other pre-commitments are accounted for, LTH has around £24m available to distribute across all programmes for 25/26. The B&E capital programme had been planning for around £20m of operational capital in 25/26 based on the last available finance information; the allocation as of June 2025 is £11m.

In addition to BLM priorities, operational B&E capital is also targeted at non-BLM risk reduction schemes (e.g. for corporate risks which are not BLM).

National Estate Safety Fund (NESF)

NHSE has agreed a single year national settlement for 25/26 of £750m for estate safety. This fund is targeted at both CIR reduction and elimination of safety noncompliance in maternity and mental health units.

The West Yorkshire ICB allocated is c. £48m, of which the Trust has been awarded £21m. A programme has been established within the B&E capital programme to manage these works. The timescales for the funding mean that this investment is being allocated to schemes which are deliverable in 25/26.

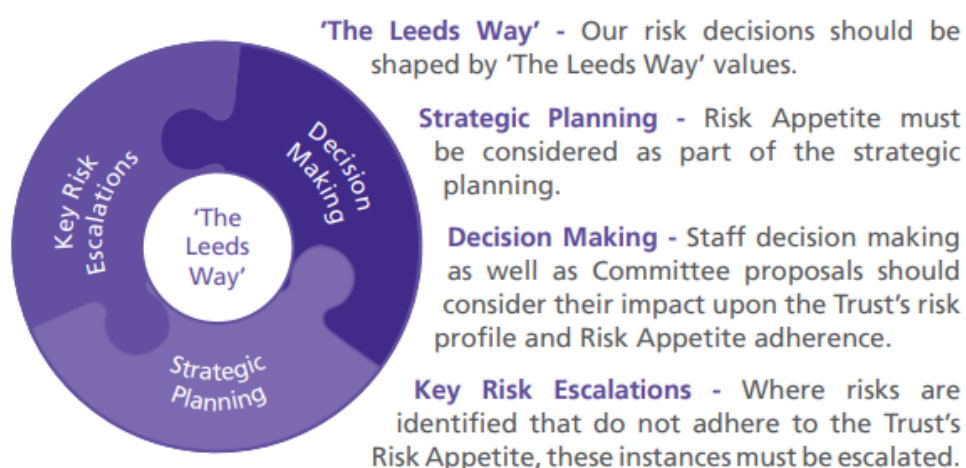
It is anticipated that the government's Spending Review may include a multi-year settlement for capital, including a continuing allocation for estate safety. If this materialises it will potentially assist in planning and delivering more complex BLM schemes, which are likely to require multi-year programmes including decant. However, given the scale of the Trust's current and impending BLM challenges, the Trust's BLM is expected to continue to deteriorate.

5. Risk

The outcome of insufficient B&E Capital funding/ strategic investment in the Estate is an increase in BLM liabilities. This equates to:

- An increasing risk/ liability for the estate duty-holder (Trust Chief Executive Officer).
- A significant challenge for the designated person (Director of Estates & Facilities) to provide assurance to the duty-holder on the compliance with Regulation 15: Premises and equipment, (Health and Social Care Act 2008 (Regulated Activities) Regulations 2014).
- Increased revenue pressure on E&F to effectively maintain aged obsolete premises & equipment.
- An increase in estates related incidents impacting clinical services (business continuity & patient safety).
- An increase in formally recorded risks on the E&F risk register (Physical Asset/ Business Continuity/ Legal & Governance Risks).
- An increase in formally recorded risks on CSU risk registers related to the estate/ environment (Patient Safety & Outcomes/ Patient Experience Risks).
- Failure to achieve the backlog reduction/ control milestones within the Board-approved Estates Strategy.

The Risk Management Committee provides assurance oversight of the Trust's most significant risks, which cover the Level 1 risk categories. Following E&F attendance/ discussion at the Risk Management Committee meeting in January 2025, there were no material changes to the risk appetite statements related to the Level 2 risk categories and the Trust continues to operate within the risk appetite for the Level 1 risk categories set by the Board.



The key risk relating to this paper is -

Appendix 2 - E&F Risk 9584 – Insufficient B&E Capital Investment to manage BLM liability (scored 20) There is a risk to the continuity of clinical services due to the Trust having insufficient capital resources in the current and future financial years to replace ageing equipment and maintain the estate building and engineering infrastructure across clinical and support departments resulting in potential significant harm to patients and unsafe conditions for staff, visitors and residents.

Legal Implications -

Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 - Regulation 15: Premises and equipment –

The intention of this regulation is to make sure that the premises where care and treatment are delivered are clean, suitable for the intended purpose, maintained and where required, appropriately located, and that the equipment that is used to deliver care and treatment is clean, suitable for the intended purpose, maintained, stored securely and used properly.

The Trust retain legal responsibility under these regulations when they delegate responsibility through contracts or legal agreements to a third party, independent suppliers, professionals, supply chains or contractors. The Trust must therefore make sure that they meet the regulation, as responsibility for any shortfall rests with the Trust duty holder.

CQC cannot prosecute for a breach of this regulation or any of its parts, but it can take regulatory action. See the [offences section](#) for more detail.

CQC must refuse registration if the Trust cannot satisfy them, that they can and will continue to comply with this regulation.

Appendix 3 - Trust risk appetite framework (2025) –

*External Risk is ‘the risk of direct or indirect loss as a result of a failure to comply with regulation, operate within the law and deliver on our partnership obligations.’ The Trust’s appetite for external risk is averse. Given that the Trust is only able to deliver safe and effective patient care and outcomes with the support of the Regulator, we have zero appetite for any management decisions that present risks to the Trust maintaining its CQC registration, compliance with the law and any risks that may cause an adverse impact to the reputation of the Trust or wider NHS. **Averse - Avoidance of risk and uncertainty is key objective.***

External Risk	Statement	Risk Appetite Scale
Legal & Governance Risk	We will operate the Trust in compliance with the Law and UK Corporate Governance Code, where applicable.	Averse
Partnership Working Risk	We will maintain well-established stakeholder partnerships which will mitigate the threats to the achievement of the organisation’s strategic goals.	Open
Regulatory Risk	We will comply with or exceed all regulations, retain its CQC registration and always operate within the law.	Averse
Strategic Planning Risk	We will deliver Our Vision “to be the best for specialist and integrated care” through the delivery of a set of Strategic Goals and operating in line with Our Values.	Cautious

6. Communication and Involvement

The Associate Director, Estates Compliance & Risk is the Senior Responsible Officer for BLM & compliance monitoring & assurance reporting. This is a key topic/ focus area of the Estates Strategy & reports periodically to our Estates Strategy Programme Board, chaired by the Director of Estates & Facilities, for governance & assurance purposes (see attached E&F Governance & Assurance structure).

7. Equality Analysis

Not applicable.

8. Improving Health Equity

Not applicable.

9. Publication Under Freedom of Information Act

This paper is exempt from publication under Section 22 of the Freedom of Information Act 2000, as it contains information which is in draft format and may not reflect the organisation's final decision.

10. Recommendation

The infrastructure committee was asked to review the information presented and consider the Trust risk appetite for increasing backlog maintenance liabilities, i.e. how much risk the Trust can take in order to deliver 'Our Strategy' in line with the Trust Risk Appetite Framework.

It was recommended that for monitoring & assurance purposes the paper is refreshed/ presented annually to the Infrastructure Committee, in line with the Trust property appraisal/ BLM independent assessment (annual mandatory reporting requirement for NHS England via ERIC).

11. Supporting Information

The following papers make up this report:

- Appendix 1 – Backlog Maintenance six facet survey summary report 2024/25
- Appendix 2 - E&F Risk 9584 – Insufficient B&E Capital Investment to manage BLM liability
- Appendix 3 – Trust Risk Appetite Framework (2025)

Chris Kelly
Associate Director – Estates Compliance & Risk
04/07/2025