



House of Commons
Committee of Public Accounts

Ministry of Defence: Leaving the Services

Thirty-seventh Report of
Session 2007–08

*Report, together with formal minutes, oral and
written evidence*

*Ordered by The House of Commons
to be printed 23 June 2008*

The Committee of Public Accounts

The Committee of Public Accounts is appointed by the House of Commons to examine “the accounts showing the appropriation of the sums granted by Parliament to meet the public expenditure, and of such other accounts laid before Parliament as the committee may think fit” (Standing Order No 148).

Current membership

Mr Edward Leigh MP (*Conservative, Gainsborough*) (Chairman)
Mr Richard Bacon MP (*Conservative, South Norfolk*)
Angela Browning MP (*Conservative, Tiverton and Honiton*)
Mr Paul Burstow MP (*Liberal Democrat, Sutton and Cheam*)
Rt Hon David Curry MP (*Conservative, Skipton and Ripon*)
Mr Ian Davidson MP (*Labour, Glasgow South West*)
Mr Philip Dunne MP (*Conservative, Ludlow*)
Angela Eagle MP (*Labour, Wallasey*)
Nigel Griffiths MP (*Labour, Edinburgh South*)
Rt Hon Keith Hill MP (*Labour, Streatham*)
Mr Austin Mitchell MP (*Labour, Great Grimsby*)
Dr John Pugh MP (*Liberal Democrat, Southport*)
Geraldine Smith MP (*Labour, Morecombe and Lunesdale*)
Rt Hon Don Touhig MP (*Labour, Islwyn*)
Rt Hon Alan Williams MP (*Labour, Swansea West*)
Phil Wilson MP (*Labour, Sedgefield*)

Powers

Powers of the Committee of Public Accounts are set out in House of Commons Standing Orders, principally in SO No 148. These are available on the Internet via www.parliament.uk.

Publication

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/pac>. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Mark Etherton (Clerk), Emma Sawyer (Committee Assistant), Pam Morris (Committee Assistant) and Alex Paterson (Media Officer).

Contacts

All correspondence should be addressed to the Clerk, Committee of Public Accounts, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5708; the Committee’s email address is pubaccom@parliament.uk.

Contents

Report	<i>Page</i>
Summary	3
Conclusions and Recommendations	5
1 The Department's policy on resettlement support	9
2 Supporting Service Leavers in gaining civilian employment	11
3 Supporting Service Leavers in securing accommodation	14
4 Addressing other issues faced by Service Leavers	18
Formal Minutes	20
Witnesses	21
List of written evidence	21
List of Reports from the Committee of Public Accounts 2007–08	22

Summary

The Ministry of Defence (the Department) needs to recruit about 20,000 men and women each year to the Armed Forces. Recruits are required to adapt to military life and to give up some of the freedoms enjoyed by civilians. They are also likely to leave the Armed Forces at least 25 years before a normal civilian retirement age of 65 and will, therefore, need and wish to have a second career. The Department believes that effective support for Service personnel at the end of their career aids retention and is a reward for long service.

The majority of Service Leavers are entitled to a full package of resettlement support from the Department and are generally very satisfied with this support. 91% of those Service Leavers entitled took advantage of the resettlement support. And six months after discharge, only 5% of Service Leavers looking for work were still unemployed. Of the 9% of Service Leavers who did not take up the package, many were prevented from doing so because of pressures from operations or because they were refused time to attend.

Early Service Leavers—who have served less than four years in the Armed Forces or have been compulsorily discharged—are not entitled to the full resettlement package but to a much reduced level of support. This support is provided by the Royal Navy, Army and Royal Air Force signposting them to Jobcentre Plus and ex-Service welfare organisations. This group are more likely than those who have been in the Services for longer to suffer from unemployment and difficulty in getting suitable accommodation.

Many Service Leavers have already organised civilian accommodation in preparation for when they leave the Armed Forces, either by purchasing or by renting a home. Fewer junior ranks own their own property compared to other ranks. The Department has recently introduced a number of measures to encourage serving personnel to buy their own homes.

Very few Service Leavers are entitled to support from local authorities in finding suitable accommodation. A few local authorities delay providing such support until the Department has gained a court order against the Service Leaver for possession of their military accommodation.

On the basis of a Report by the Comptroller and Auditor General¹, we took evidence from the Department on the development of resettlement policy; the support given to Service Leavers in gaining civilian employment and securing accommodation; and how other issues faced by Service Leavers are addressed.

1 C&AG's Report, *Leaving the Services*, HC (Session 2006–07) 638

Conclusions and Recommendations

- 1. Early Service Leavers are most vulnerable to social exclusion, yet the majority of the Department's resettlement support is directed at those with longer service histories.** The Department sees resettlement support as a reward for service and as an aid to retention, but many longer-serving Service Leavers will secure civilian employment and accommodation without any assistance. The Department should develop and introduce additional targeted measures for Early Service Leavers and others in most need. It should do this on the basis of better evidence on the effectiveness of its existing assistance.
- 2. First line resettlement support is weak and poorly monitored within the Army even though it is the principal assistance for Early Service Leavers and crucial for other Service Leavers to get through to further resettlement activities.** The Department should instigate its planned improvements to training for first line resettlement staff and for better quality assurance measures, and seek feedback from Service Leavers to assess whether performance has improved by the end of the year.
- 3. The Department has reduced the number of forms Service Leavers must complete to obtain the resettlement support to which they are entitled but the system needs to be streamlined further.** The Department should look at the process from the point of view of Service Leavers, particularly those with lower educational attainment who have been heavily reliant on administrative support throughout their service careers, with the aim of reducing bureaucracy to the absolute minimum.
- 4. Some Commanding Officers have not made it easy for Service Leavers to attend resettlement in a timely fashion.** The demands of frontline operations, including in Iraq and Afghanistan, as well as other military tasks, are vital, but prioritising them to the exclusion of other planning has prevented or delayed some Service Leavers in starting their resettlement. Notwithstanding operational demands, the Department should require Commanding Officers to give resettlement due priority and management attention. It should determine a reasonable length of time for Service Leavers to spend in the United Kingdom at the end of their career, taking into account current operational commitments for particular branches, and ensure that all Service Leavers get the necessary time for resettlement. The Department should also require first line staff to encourage individuals to draw up realistic resettlement plans, taking into account likely deployments up to two years ahead of departure dates.
- 5. Attendance at Career Transition Partnership is very high across the board but within some groups such as junior ranks, the percentage is lower, as are satisfaction levels.** The Department should identify why other ranks have lower attendance at Career Transition Partnership and why other ranks are less satisfied with some courses than officers.

- 6. Unemployment is significantly higher among Early Service Leavers than among other Service Leavers.** The Department believes much of the problem lies with those Army trainees who have failed basic training and came into the Army with poor basic skills and few qualifications, and would in any case struggle to gain employment. It also thinks that many Early Service Leavers may have returned to full time education. The Department has been working with the Department for Work and Pensions to try to identify the full extent of the problem of unemployment amongst Early Service Leavers. The Department should determine more accurately the numbers that remain unemployed six months after discharge. It should also identify the risk factors due to the individual's background and service experience, and decide if it can do more to support those most likely to be unemployed.
- 7. A minority of Service Leavers do not have accommodation when they leave but have experienced difficulty in getting some local authorities to accept their responsibilities to assist them in finding housing.** Part of the problem relates to the lack of a "local connection" to the area where the Service Leaver had served but, in other cases, local authorities were simply reluctant to assist Service Leavers without them being evicted from Service housing. The Department should work with the Department for Communities and Local Government to identify which local authorities insist that Service Leavers are evicted, and then enforce the guidance forbidding such practices. It should also estimate the likely pattern of demand on local authorities following the granting of local connection to identify where problems may emerge, and project this analysis forward to the introduction of 'super garrisons'.
- 8. The Department provides good support to serving personnel looking to buy their own home, and to single Service Leavers who need accommodation on discharge, but the take up of these services is low.** The Department should refer more of its single Service Leavers to the services provided by the Single Persons Accommodation Centre for the Ex-Services (SPACES), especially those whom it has identified as most vulnerable to social exclusion. The Department should do more to encourage home ownership earlier in the careers of serving personnel or prior to discharge by:

 - further raising of awareness among Service Leavers and serving personnel through advertising the Department's housing briefings;
 - training the first line to encourage personnel to consider their future housing needs;
 - monitoring the impact of the schemes introduced to promote home ownership and considering expanding the use of Long Service Advance of Pay to include buy to let properties; and
 - exploring with the financial sector possible saving schemes which could help Service personnel to build up enough savings to get on the property ladder at the end of their career.

9. **The Department has introduced new provision for the mental health support of veterans suffering as a result of active service on operations but has done little to advertise the provision to veterans.** The Department should do more to raise awareness of the new provision and to remind veterans of the support available. It should monitor take-up of assessment from St Thomas' available from November 2007, and of the additional guidance and support provided to GPs. The Department should also strengthen its screening for potential risk of mental health problems when Service Leavers have their final medical, and should use this opportunity to alert Service Leavers to the support available to them following discharge.

1 The Department's policy on resettlement support

1. As part of the military covenant between the Ministry of Defence (the Department) and its personnel, the provision of resettlement support allows serving personnel to serve, secure in the knowledge that they will receive assistance to prepare them for life and future employment when they leave the Services. The Department believes that a robust and effective system of resettlement provision is a fundamental pillar of personnel support and a tangible manifestation of the Armed Forces' commitment to be an employer of first choice.²

2. The level of support received by personnel is generally in proportion to their length of service. The majority of Service Leavers get resettlement assistance from staff within the Army, Royal Navy or Royal Air Force and employment support from a central contracted out service, the Career Transition Partnership. In addition, Service Leavers are given a grant of £534 towards any training they undertake and are granted up to 35 days paid resettlement time to prepare for their return to civilian life.

3. Since April 2004, Service Leavers who have served less than four years get some limited assistance in making their transition to civilian life. This assistance, known as first line support, is mainly delivered by personnel in the individual Services and includes a mandatory interview which signposts help from Jobcentre Plus and other external sources. Individuals assessed as vulnerable in this interview can be offered additional help, including some assistance from the Career Transition Partnership. Any member of the Armed Forces who is medically discharged is entitled to the full resettlement package regardless of how long they have served.³

4. Many of the Service Leavers who receive the full resettlement package are very able people and are likely to secure civilian employment and accommodation without the support of the Department. However, many of the Early Service Leavers are likely to experience problems when they return to civilian life.⁴ The Department regards resettlement as a reward for long service and an encouragement to people to continue to serve. It recognised that there was a difficult balance to be struck but believed that it had continued to improve its support for Early Service Leavers since the initial introduction of this support in 2004.⁵

5. Early Service Leavers receive less support than other Service Leavers. In addition, in the Army, the support is delivered by staff with no specialist training and who are themselves subject to a very high turnover. Very few Early Service Leavers had been referred on to the Career Transition Partnership for further support.⁶ Building on recommendations by the

2 C&AG's Report, para 1.2

3 C&AG's Report, paras 1.6, 1.10; Figure 3

4 Early Service Leavers are those who have served less than four years in the Armed Forces or have been compulsorily discharged.

5 Qq 2–6

6 C&AG's Report, paras 2.31–2.33

National Audit Office, the Department will be introducing a better training package for resettlement staff, and improved oversight and monitoring of first line support.⁷

6. Service Leavers are required to complete many complex and bureaucratic forms to obtain resettlement support. They are required to obtain authorisation and signatures from multiple sources because responsibility for different aspects of resettlement rests in many quarters. For example, approval for absence from work rests with individual military units and there are also several potential streams of funding on which to draw.⁸ The Department has recently reduced the number of forms from 11 to eight but considers it needs to maintain a proper audit trail to ensure adequate stewardship of public funds.⁹

7 Qq 26–27

8 C&AG's Report, para 2.24

9 Qq 7–8

2 Supporting Service Leavers in gaining civilian employment

7. In 1998, the Department contracted out the provision of career transition services to the majority of Service Leavers. This employment support package is called the Career Transition Partnership and includes a three day workshop covering career advice, CV writing, interview techniques and advice on how to approach employers. Service Leavers can attend vocational or management training course provided internally or can use an individual training grant of £534 towards the cost of external courses. Service Leavers are also given access to an individual career consultant during their resettlement and for two years after discharge.¹⁰

8. At the time of Comptroller and Auditor General's Report, 6% of the Service Leavers who used the Career Transition Partnership were unemployed six months after discharge. This was higher than the national average of 5.5% unemployment.¹¹ Since then, the Department's surveys show an improved position with only 5% of Service Leavers unemployed and seeking work six months after discharge.¹²

9. The take-up rate of those Service Leavers entitled to employment support has risen from 56% in 1999–2000 to 91% in 2005–06.¹³ Service Leavers generally think highly of the Career Transition Partnership but 9% of them do not use the services. Many waive their entitlement so they can leave early, but other reasons for non-attendance included that Service Leavers had too much work to do, were refused time to attend or were delayed on operations (**Figure 1**).¹⁴

10. The Department acknowledged that there had been pressures on Service Leavers which had prevented them attending the Career Transition Partnership. Armed Forces personnel should usually spend their last six months of service in the United Kingdom but operational commitments have prevented this happening for some personnel in the Army. The Department had recently taken measures to mitigate the risk of this problem occurring in the future. For example, the Army will now ensure that all personnel serve at least the last four months of their service in the United Kingdom.¹⁵ Service Leavers who are not able to take up their resettlement entitlement because of pressure of work can apply to have their resettlement deferred through extending their service.¹⁶

11. Junior ranks were less satisfied with their resettlement than others. Some 46% of junior ranks considered their resettlement as 'very' or 'fairly good' as against 67% of officers. Getting time off military duties for resettlement activities is dependent on the relevant

10 C&AG's Report, paras 2.9–2.13

11 Qq 67–72; C&AG's Report, para 2.2

12 Ev 18

13 C&AG's Report, paras 2.1, 2.7

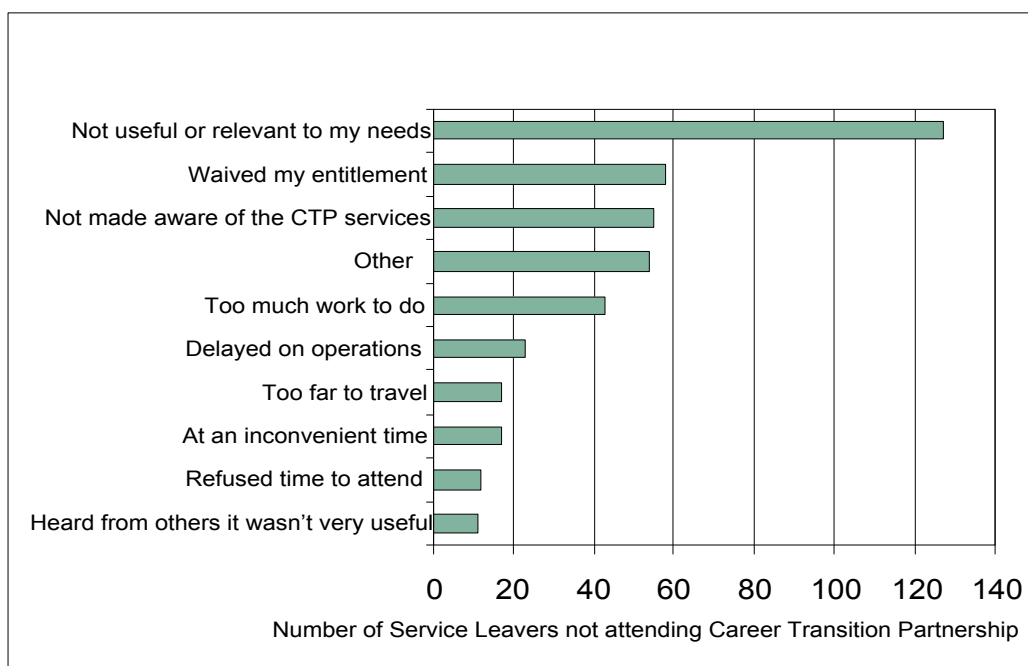
14 C&AG's Report, para 2.20

15 Qq 9–13

16 Q 44

Commanding Officer. Service Leavers experience variable treatment from their units depending on their rank and Service, which has also resulted in lower attendance rates at the Career Transition Partnership facilities.¹⁷ Junior ranks also valued less some of the specific training courses provided by Career Transition Partnership. For example, 82% of officers found the self employment and small business course useful, but only 48% of junior ranks.¹⁸ The Department told us that the system was not geared to the needs of officers but designed to meet the needs of all Service Leavers. It told us that the problems might have arisen because of poorer management of the resettlement process at unit level, in particular, the advice given to individual Service Leavers.¹⁹

Figure 1: Reasons for not attending the Career Transition Partnership



Source: C&AG's Report

12. Early Service Leavers are more likely than other Service Leavers to remain unemployed six months after discharge, but unemployment rates have also fallen for this group from 16% at the time of the National Audit Office's survey in Autumn 2006 to 14% in March 2007. The Department thought that this rate was broadly in line with the national average for those under 25 years old, and considered this was a significant achievement for a group of people many of whom had left the Armed Forces before completing basic training and had probably entered the Armed Forces with few if any qualifications. We questioned the Department as to whether Service Leavers who had returned to live with their parents were more likely to be unemployed. The Department reported that the National Audit Office survey found that 16.5% of those living back at home were unemployed and seeking work.²⁰

17 C&AG's Report, para 2.22

18 C&AG's Report, para 2.9

19 Qq 78–86

20 Qq 28–29; Ev 18

13. The individual Resettlement Training Costs grant is a contribution towards the cost of external training that Service Leavers wish to attend. The grant was set at £534 when it was introduced in 1993 and has remained at this level since, thereby falling by 33% in real terms. The Department plans to increase the grant to £1,018 provided it can recoup the additional costs through reduced travel and accommodation costs.²¹ It has been in the process of making this decision for over three years.²² The Department estimates that the additional cost in raising the grant is likely to be £6 million a year but does not have accurate historic data to allow it to calculate the costs it has avoided by not raising the grant in line with inflation since 1999.²³

14. Some external training providers set course fees, together with accommodation, at the maximum level of grant, plus the full amount Service Leavers can claim for accommodation. They therefore recoup some of the training costs through accommodation charges.²⁴ The Department could not tell us how many suppliers were charging Service Leavers on this basis, although it subsequently told us the names of some providers that had been reported to them from Service Leavers. A total of 54 complaints have been received over the past six years. The Department investigates thoroughly any complaints by Service Leavers against suppliers and has removed some companies from its preferred suppliers list as a result.²⁵ All preferred suppliers are now required to disclose their course costs and residential accommodation costs on the Career Transition Partnership website.

21 C&AG's Report, paras 1.9, 2.16–2.18

22 Qq 140–153

23 Ev 18

24 C&AG's Report, para 2.19

25 Qq 73–77, 157–162

3 Supporting Service Leavers in securing accommodation

15. The Department provides serving personnel and their families with low cost rental accommodation for the duration of their Armed Forces career. This support recognises the requirement on service personnel to change jobs and location frequently throughout their career. Nevertheless, many serving personnel choose to purchase a home to give their families increased stability or in preparation for when they leave the Armed Forces.²⁶

16. The extent of home ownership within the Armed Forces is shown in **Figure 2**.²⁷ It varies noticeably between the different Services, in part because of the differing mobility requirements. For example, the Royal Navy has fewer bases in the United Kingdom than the Army and Royal Air Force and personnel often choose to base their families near one of these bases.²⁸ There is also a marked difference in the level of home ownership between the different ranks. The National Audit Office survey found that 89% of officers and 83% of senior ranks owned their own home prior to discharge, whereas only 25% of junior ranks did.²⁹ The Department told us that this disparity may partially be a reflection of age as junior ranks are younger when they leave the Services and may, therefore, be less inclined to seek to buy a home.³⁰

Figure 2: Home ownership in the Armed Forces

	Royal Navy and Marines		Army		Royal Air Force		All	
Do you currently own your own home ?	Officer	Rating	Officer	Soldier	Officer	Airman	Officer	Other ranks
Home ownership (percentage)	84	70	67	30	72	44	73	45

Source: C&AG's Report

17. The Department, through the Joint Service Housing Advice Office, provides advice and regular briefings to Service Leavers and their partners on future housing options. The majority of Service Leavers who attended the briefings said they found them useful. The Joint Service Housing Advice Office also provides briefings and a monthly magazine on non-military housing issues for all serving personnel.³¹ We asked the Department if this advice did not come too late and if Armed Forces' personnel should not be encouraged to

26 C&AG's Report, paras 3.3–3.4

27 C&AG's Report, para 3.4; Figure 10

28 Qq 123–124

29 C&AG's Report, para 3.5

30 Qq 15–18

31 C&AG's Report, paras 3.10–3.12

consider buying a home earlier in their career. The Department told us that serving personnel are encouraged to attend the briefings but much advice came at the discretion of Commanding Officers. It is working to improve the consistency and performance of unit level advice.³²

18. The Department has measures to promote home ownership for serving personnel in the Armed Forces. A long-established measure is the Long Service Advance of Pay which provides an interest free loan of £8,500 towards house purchase for personnel who have served over four years and intend to live in the house.³³ Currently 31,000 personnel are in receipt of the Long Service Advance of Pay, with a further 3,000 applying each year.³⁴ The Department has recently introduced a number of further initiatives to encourage home ownership. **Figure 3** lists the other schemes in place and their take-up amongst Armed Forces personnel to date.³⁵

19. In addition to the briefings in paragraph 17 above, the Department provides advice and support in finding suitable accommodation for single Service Leavers through the Singles Persons Accommodation Centre for the Ex-Services (SPACES). This was established in 2000 and is managed by the English Churches Housing Group at a cost to the Department of some £130,000 a year. The facility has helped some 3,500 people since its inception, although the National Audit Office survey revealed a lack of awareness of SPACES amongst single Service Leavers. Only 13% of single people who owned a home prior to discharge were aware of the services it provided.³⁶ The Department has acted to improve awareness of SPACES and promote access to its services but could not tell us the current level of awareness. Officers conducting the mandatory interviews with Early Service Leavers are now required to probe more deeply into the future accommodation plans of Leavers and to direct them where appropriate to SPACES.³⁷

20. Under homelessness legislation in England and Wales, Scotland and Northern Ireland, local authorities must provide suitable accommodation for housing applicants who are eligible for assistance.³⁸ Those who qualify include people who are homeless through no fault of their own, have dependent children, and are vulnerable because of physical or mental health difficulties, including as a result of having served in the Armed Forces. The Department makes it clear to Service Leavers that very few of them are likely to be eligible for such assistance. Nonetheless, for those who are eligible, it is vital that such assistance is provided in a timely manner.³⁹

32 Qq 40; 125–126

33 C&AG's Report, paras 3.6–3.9

34 Q 41

35 Ev 18

36 C&AG's Report, paras 3.14–3.16

37 Qq 42, 91–92; Ev 18

38 Set out in the Housing Act 1996 for England and Wales and Housing (Scotland) Act 2001 and Homelessness etc (Scotland) Act 2003 for Scotland and Housing (Northern Ireland) Order 2003 for Northern Ireland.

39 C&AG's Report, paras 3.18–3.16

Figure 3: Schemes to encourage home ownership within the Armed Forces

Scheme	Description	Start date	Take-up (No of personnel)
DCLG Homebuy Schemes, including New Build and Open Market Homebuy Restricted to those earning less than £60,000 a year	<p><u>New Build Homebuy</u> Purchasers can buy between 25% and 75% of a new build property on a leasehold basis, paying a mortgage on their share of the property and rent on the remainder. When the purchaser wishes to sell, the property is sold at market value and the benefits shared on the basis of the equity share.</p> <p><u>Open Market Homebuy</u> Buyers can purchase a home on the open market through a combination of a mortgage and an equity loan repayable on the sale of the property or the final instalment of the mortgage. There are three options combining equity loans from Government and commercial lenders covering between 17.5% and 32.5% of the property value.</p>	<p>September 2006 as part of the Key Worker Living Programme which only applied to South East England</p> <p>Eligibility expanded to include Open Market Homebuy to all regions in December 2007</p>	30
English Partnerships First Time Buyers Initiative	Purchasers must take out a mortgage for at least 50% of the property price. English Partnerships will contribute the remainder. After three years, buyers will pay a fee to English Partnerships of 1% of its contribution per annum, rising to 3% after five years. If the purchaser wishes to sell, the property is sold at market value and the shared owner benefits from any equity built up on the share they own.	<p>September 2006 as part of the Key Worker Living Programme</p> <p>Eligibility expanded to include Open Market Homebuy to all regions in December 2007</p>	5
Shared Equity Services	This is a commercial scheme. Shared Equity Services launched Forces Housing in 2006, combining a mortgage from a Bank (55%) with an equity loan from Shared Equity Services (45%). The scheme is temporarily not available to new applicants, as the company have stated that they are seeking a new financial backer.	June 2006	62

Source: Ev 21–22

21. Local authorities may also take account of whether the person applying for assistance has a local connection with their district. Under current legislation, serving personnel and anyone who normally lives with them do not establish a local connection while serving there in the Armed Forces. This can disadvantage any Service Leaver who wishes to reside in the area where they served and who is entitled to assistance from the local authority.⁴⁰ The Housing Regeneration Bill currently before Parliament should allow Armed Forces personnel to establish a local connection with the area in which they serve.⁴¹

40 C&AG's Report, para 3.19

41 Qq 43, 103, 107–113, 129–131

22. Some local authorities consider that Service Leavers who move out of Service Family accommodation on their last day of service have made themselves intentionally homeless. In recognition of this, the Department allows Service Leavers to remain in their accommodation for a limited time to allow them to have their application for assistance considered. A few local authorities are delaying acceptance of any responsibility until the courts grant the Department an order for possession and the Service Leaver is 'evicted'. This results in increased costs for the Service Leavers, and also a period of unnecessary stress and anxiety.⁴² The Department is working with the Department for Communities and Local Government to prevent this happening by tightening up the guidance which, even in its current form, makes it clear that local authorities should not wait for the Department to evict people before they engage with them.⁴³

23. The Department is currently funding research into the extent of rough sleeping and homelessness among ex-Service personnel in London and the effectiveness of interventions to prevent this arising. The research currently estimates that 6% of the single homeless population (rough sleepers and hostel dwellers) in London have at some time in the past served in the Armed Forces. This is a significant reduction from the figure of 25% quoted by certain charities in 1999.⁴⁴ The Department believe homelessness amongst veterans is a small problem in relation to the total homelessness population in the United Kingdom, and that these people may well have been through many experiences since leaving the Armed Forces which may have lead them to become homeless.⁴⁵

42 C&AG's Report, para 3.21

43 Qq 43, 46, 99–102

44 C&AG's Report, paras 3.23–3.24

45 Qq 97–98

4 Addressing other issues faced by Service Leavers

24. The House of Commons Defence Select Committee reported that the identification and treatment of veterans with mental health issues was not sufficiently thorough or systematic.⁴⁶ Service Leavers undergo a medical on departure from the Armed Forces but this will not necessarily reveal previously undisclosed mental health issues caused by operational service. Such problems may emerge many years later. In November 2007, the Department announced a new model for community mental health for veterans. Veterans who think they have mental health difficulties resulting from military service since 1982 can attend a medical assessment programme at St Thomas' Hospital, London. The assessments will be undertaken by an ex-Service medical officer who is a consultant psychiatrist.⁴⁷ The cost of this service is some £200,000 a year and it is also available to serving personnel.⁴⁸

25. The Department and the four United Kingdom Health Departments are setting up six pilot sites in the United Kingdom to trial a new community-based veterans' mental health service for two years. The key aim is to improve understanding within the National Health Service, including amongst GPs, of the nature of veterans' mental health needs and the scale of requirement for specialised services. The Department will provide start-up costs for the six pilot sites and meet the specialised costs of the evaluation. The cost of the project to the Department is £500,000, with additional funding from the Scottish and Welsh Governments and the Primary Care Trusts involved.⁴⁹

26. The Department could not tell us how much it had spent on advertising either the pilots or the assessment programme at St Thomas' Hospital as most of the related publicity had been wrapped up within advertising and other communications on veterans' issues in general, and, in particular, on support for Veterans Day events. The Department appears to have spent no money on radio or television advertising although it is planning some television advertising for Veterans Day 2008.⁵⁰

27. The Department provides briefings for Service Leavers about the financial aspects of resettlement. In particular, it includes advice about the Armed Forces Pension Schemes and generic information about financial investment. It does not include guidance on general financial and budgetary management. The briefings were generally considered useful, but they were more likely to be attended by officers and senior ranks (47% and 41% respectively) than junior ranks (only 20%).⁵¹ The Department believes that fewer junior ranks attend because they are less likely to have reached pensionable age, which is the major focus of the briefings. Following the National Audit Office study, the Department

46 Defence Committee: Report: *Medical Care for the Armed Forces*, (Session 2007–08) HC 327, Summary

47 Qq 35–39, 61–65

48 Ev 18

49 Qq 132–139; Ev 18

50 Qq 132–139; Ev 18

51 C&AG's Report, paras 4.1–4.6

has identified a very good self-learning package created by the Financial Services Agency which will be available electronically for Service Leavers from the end of March 2008. The Department also plans to introduce household budgeting and management seminars for serving personnel.⁵²

Formal Minutes

Monday 23 June 2008

Members present:

Mr Edward Leigh, in the Chair.

Mr Richard Bacon
Paul Burstow
Mr Ian Davidson
Mr Philip Dunne

Mr Austin Mitchell
Geraldine Smith
Mr Don Touhig

Draft Report (*Ministry of Defence: Leaving the Services*), proposed by the Chairman, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 27 read and agreed to.

Resolved, That the Report be the Thirty-seventh Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 25 June at 3.30 pm.]

Witnesses

Monday 18 February 2008

Page

Sir Bill Jeffrey KCB, Permanent Under Secretary, **Mr Chris Baker OBE**,
Director-General, Service Personnel Policy, and **Air Commodore Phil Miles**,
Director of Resettlement, Ministry of Defence

Ev 1

List of written evidence

Ministry of Defence

Ev 18

List of Reports from the Committee of Public Accounts 2007–08

First Report	Department for International Development: Tackling rural poverty in developing countries	HC 172 (Cm 7323)
Second Report	Department of Health: Prescribing costs in primary care	HC 173 (Cm 7323)
Third Report	Building for the future: Sustainable construction and refurbishment on the government estate	HC 174 (Cm 7323)
Fourth Report	Environment Agency: Building and maintaining river and coastal flood defences in England	HC 175 (Cm 7323)
Fifth Report	Evasion of Vehicle Excise Duty	HC 227
Sixth Report	Department of Health: Improving Services and Support for People with Dementia	HC 228 (Cm 7323)
Seventh Report	Excess Votes 2006–07	HC 299
Eighth Report	Tax Credits and PAYE	HC 300 (Cm 7365)
Ninth Report	Helping people from workless households into work	HC 301 (Cm 7364)
Tenth Report	Staying the course: the retention of students on higher education courses	HC 322 (Cm 7364)
Eleventh Report	The compensation scheme for former Icelandic water trawlermen	HC 71 (Cm 7364)
Twelfth Report	Coal Health Compensation Schemes	HC 305 (Cm 7364)
Thirteenth Report	Sustainable employment: supporting people to stay in work and advance	HC 131 (Cm 7364)
Fourteenth Report	The budget for the London 2012 Olympic and Paralympic Games	HC 85 (Cm 7365)
Fifteenth Report	The Pensions Regulator: Progress in establishing its new regulatory arrangements	HC 122 (Cm 7365)
Sixteenth Report	Government on the Internet: Progress in delivering information and services online	HC 143
Seventeenth Report	Foreign and Commonwealth Office: Managing Risk in the Overseas Territories	HC 176
Eighteenth Report	Improving corporate functions using shared services	HC 190
Nineteenth Report	BBC Procurement	HC 221
Twentieth Report	HM Revenue & Customs: Helping individuals understand and complete their tax forms	HC 47
Twenty-first Report	The Carbon Trust: Accelerating the move to a low carbon economy	HC 157
Twenty-second Report	Improving the efficiency of central government's use of office property	HC 229
Twenty-third Report	Report on the NHS Summarised Accounts, 2006–07: Achieving financial balance	HC 267
Twenty-fourth Report	The privatisation of QinetiQ	HC 151
Twenty-fifth Report	The cancellation of Bicester Accommodation Centre	HC 316
Twenty-sixth Report	Caring for Vulnerable Babies: The reorganisation of neonatal services in England	HC 390
Twenty-seventh Report	DFID: Providing budget support to developing countries	HC 395
Twenty-eighth Report	Government preparations for digital switchover	HC 416
Twenty-ninth Report	A progress update in resolving the difficulties in administering the single payment scheme in England	HC 285
Thirtieth Report	Management of large business Corporation Tax	HC 302
Thirty-first Report	Progress in Tackling Benefit Fraud	HC 323
Thirty-second Report	Reducing the cost of complying with regulations: The delivery of the Administrative Burdens Reduction Programme, 2007	HC 363
Thirty-third Report	Ministry of Defence: Major Projects Report 2007	HC 433
Thirty-fourth Report	Increasing employment rates for ethnic minorities	HC 472
Thirty-fifth Report	Housing Market Renewal: Pathfinders	HC 106
Thirty-sixth Report	HM Treasury: Making Changes in Operational Projects	HC 332
Thirty-seventh Report	Ministry of Defence: Leaving the Services	HC 351

First Special Report The BBC's management of risk
Second Special Report Evasion of Vehicle Excise Duty

HC 518
HC 557

Oral evidence

Taken before the Committee of Public Accounts

on Monday 18 February 2008

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon
Mr Ian Davidson
Mr Philip Dunne
Nigel Griffiths
Keith Hill

Mr Austin Mitchell
Dr John Pugh
Geraldine Smith
Mr Alan Williams

Mr Tim Burr, Comptroller and Auditor General, and **Mr Mark Andrews**, Director, National Audit Office, were in attendance.

Mr Marius Gallaher, Alternate Treasury Officer of Accounts, HM Treasury, was in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

LEAVING THE SERVICES (HC 618)

Witnesses: **Sir Bill Jeffrey KCB**, Permanent Under Secretary, **Mr Chris Baker OBE**, Director-General, Service Personnel Policy, and **Air Commodore Phil Miles**, Director of Resettlement, Ministry of Defence, gave evidence.

Q1 Chairman: Good afternoon. Welcome to the Committee of Public Accounts. Today we are considering the Comptroller and Auditor General's Report on *Leaving the Services*. We welcome back Sir Bill Jeffrey. Should I congratulate you on your knighthood, Sir Bill?

Sir Bill Jeffrey: You may do, yes. Thank you.

Q2 Chairman: Mr Chris Baker and Air Commodore Phil Miles. Air Commodore, we should thank you for arranging a very interesting visit to Aldershot where the Committee looked at what you do to help people who intend to leave the Services. Can I just ask, Air Commodore, you arranged the visit and we enjoyed it, but I just wonder whether, as often happens in this sort of thing, help tends to go to those who need it least? I was struck by the very high quality of those people we spoke to, people who were fighter pilots and the rest, who were learning building skills which they had no intention of carrying out in private life; they openly admitted to us that they were looking forward to doing up their bathrooms with those new skills. It may all be very useful but I wonder if what I said is not true and whether you should be more proactive. There is evidence in this Report, for instance, for Early Service Leavers that we know this is a very skeleton type service. I am not just talking about Early Service Leavers; I am talking about people who may have real problems when they leave the Services. I wonder whether you should be more proactive to help those who might really have problems rather than just having a reactive service where there is possibly one little job you want to learn, motorcycle maintenance skills or whatever, but it may not be necessarily part of the public interest. What do you say to that?

Air Commodore Miles: Chairman, I think there are several aspects to your question. Firstly, as regards the training that is available at the Resettlement Training Centre, it does cover a broad range of disciplines, some 55 in all, some of which lead very much to vocational qualifications which are recognised outside. There are some courses, small, short courses, which are much more life skills courses but also give people a taster for particular avenues of employment which they may or may not wish to follow up later on. As regards the Early Service Leavers, I am sure we will discuss that later on this afternoon. We do provide a service overall which seeks to deliver resettlement commensurate with the service that people have done. We very much look at resettlement as an incentive to, and a reward for, longer military service.

Q3 Chairman: I think this is mentioned in paragraph 2.31: "... 16% of Early Service Leavers were unemployed and looking for work" compared with 6% of Service Leavers overall. That should worry you, should it not?

Air Commodore Miles: In terms of the Early Service Leavers, it is true that there is a higher proportion of those who are not in employment six months post discharge, but it is actually comparative to that of the general cadre of males under 25-years old. Of course, that includes a very broad numbers of capabilities. Remember also the Early Service Leavers are people who have limited skills to offer the job market.

Q4 Chairman: Those may be just the sort of people you should do more to help, should you not, rather than the very experienced men that we met on our visit who, frankly, were highly employable in any event.

 Ministry of Defence

Air Commodore Miles: I come back to my point, Chairman, that the philosophy of resettlement is very much to actually deliver a reward for further service. Many of the people who are Early Service Leavers—

Q5 Chairman:—So the philosophy is to reward those who have given most to the Services—

Air Commodore Miles: Very much so.

Q6 Chairman:—rather than to help people get jobs.

Air Commodore Miles: Of course, most of the Early Service Leavers leave the Armed Forces without actually reaching their trained strength and, therefore, have actually failed the military training.

Sir Bill Jeffrey: If I may, Chairman, this is a difficult balance. It is interesting that your observation is that this is the group that needs most attention. Objectively it may be but we also need to bear in mind, however, that one of the most important issues for us at the moment is to encourage retention and to keep people serving. I think also we are getting better at hitting the Early Service Leaver market than we were even when this Report was written.

Q7 Chairman: Sir Bill, why is it such a painfully bureaucratic process? Why is there so much form-filling involved? As I understand it, the culture in the Armed Forces is not an individual form-filling culture, they are often not used to filling out their own forms, yet here you are asking them to go through many form-filling hoops. Is that fair to them?

Sir Bill Jeffrey: We need some form-filling so that there is a proper audit trail for entitlement and delivery and adequate stewardship of public funds. We have reduced the number of resettlement specific forms.

Q8 Chairman: In paragraph 2.24 it says there are 11 different forms during resettlement.

Sir Bill Jeffrey: We have reduced the resettlement forms to eight recently and I think, of these, only one, which is the one relating to authorisation of resettlement training, could be said to be very complex. It is something we keep on working at because we appreciate, as you do, that the population we are often dealing with certainly does not want to be going in for any more form-filling than they have to. I do not know whether the Air Commodore wants to add to that.

Air Commodore Miles: The numbers of forms that you quoted do, of course, include forms for use of extended learning credits and, therefore, they are forms which are in general use throughout people's careers where they are entitled to take up learning credits. The resettlement forms, as the PUS has said, there are only ten of those and we have reduced those to eight already, and there is only the complex form there. The complexity of the form is not actually driven by us, it is driven by and large by where competences lie within the single Service structures

for authorising various things because each Service is structured differently and different people have different authorities and accountabilities.

Q9 Chairman: Can we look at figure nine now, "Reasons for not attending the Career Transition Partnership (CTP)". Clearly people think highly of this operation but it is one in ten who cannot attend these courses. Should you not ensure this is an entitlement? Should you not say that they must be able to join these courses rather than they can?

Sir Bill Jeffrey: For the Early Service Leavers I think we are now saying that they must attend for the interviews and briefings. Air Commodore, do you want to deal with this question?

Air Commodore Miles: May I clarify, Chairman? Are we talking about those who are entitled to access to Career Transition Partnerships?

Q10 Chairman: That is right. If you look at figure nine it says that some, for instance, are delayed on operations, some have too much work to do. It occurs to me that perhaps commanding officers are not enabling all their people to actually attend these courses because they are involved on operations or they have got too much to do, too far to travel, and there are other reasons.

Air Commodore Miles: It is true that there have been pressures in the past and, indeed, there still are pressures to do with their other work activities which are militating against people attending. We have actually taken quite a lot of steps already to mitigate that. For example, in the Army if one has served four years then your last four months of service have to be within the UK. That was introduced in November. We always encourage Service Leavers to begin their resettlement preparation as early as possible to offset the disruption of operational tours.

Q11 Chairman: Is that being adhered to? The National Audit Office told me in the briefing just now it was six months, is that right, or is it four months?

Mr Andrews: It says in the Report that it is six months.

Air Commodore Miles: Six months is what we aim at for everybody, they have their last six months of service in the UK, however within the Army, to accommodate particular issues that they have at the moment with operational commitments, they have made an insistence that certainly the last four months of a person's career should be in the UK.

Q12 Chairman: That is being abided by, is it?

Air Commodore Miles: To the best of my knowledge, Chairman. As I say, this came in pretty recently, last November. I am sure if you require further clarification we could provide a note on it.

Q13 Chairman: That leads me to my next question, Sir Bill. Obviously the level of operations is at a more intense level than ever before in peacetime. Why are you allowing this intensity of operations to militate against people's ability to attend these courses which are vital for their future employability prospects?

Ministry of Defence

Sir Bill Jeffrey: It is worth bearing the numbers in mind. If you look at table nine the most common reason given for not attending the CTP was the view that it was not useful or relevant to the person's needs or they wanted to waive their entitlement. Out of 5,000 people surveyed just over 20 cited delayed on operations as a reason for being unable to do this. That is 20 too many obviously but it is not a huge issue. I am very keenly aware, and we have discussed it in front of this Committee in the past, of the pace of operational deployment at the moment. As the Air Commodore says, we are trying very hard to conduct things in such a way that as people get towards the end of their service they do have space and time to concentrate on this.

Q14 Keith Hill: I would like to ask one or two questions about the housing prospects of those leaving the Service. My presumption, or the evidence, is that the military life is a pretty peripatetic one and that means that Service personnel are unlikely to stay in one place long enough to put down roots.

Sir Bill Jeffrey: It varies, Mr Hill. That is certainly true of the Army. A figure that surprised me in preparing for this hearing was that 61% of Service Leavers already own their own homes, so it is not as uncommon as all that and we are trying to encourage it. Obviously Service families move more than others, generally speaking, but it varies depending on which Service you are in.

Q15 Keith Hill: Since you have mentioned the survey and that 61% let us go straight into what the survey shows. One thing that we ought to bear in mind is that the response, which was not a bad response, was only 13% and actually the NAO says that their respondents are likely to be the people who are most settled in terms of their life after the Service, so already it may be a slightly skewed sample that we are looking at. If I could draw your attention to figure 11 on page 25 which shows what has happened to that 32% who did not own their home prior to leaving. This is two years out after leaving the Service and it shows that a third are still living with relatives, one is inclined to say, and only 23% of those who did not own their own initially own their own home. Do you not find those figures a little worrying?

Sir Bill Jeffrey: I certainly take the point that we should be cautious about over-interpreting this survey for the reason you give. The 61% I gave of those who owned their own home at the point of discharge was, I think, an MoD figure and the NAO survey found 68%, which rather bears out what you say. It is very hard to judge whether roughly a quarter acquiring their own home within a couple of years of leaving, given the population that we are dealing with, is a good result. We would be aiming higher obviously.

Mr Baker: We have to bear in mind that a very substantial number of these people leave the Forces at a very young age, at an age where in typical society you would not expect them to be able to get on to the housing market.

Q16 Keith Hill: But the sample is a cross-section of all those who have left.

Mr Baker: Yes.

Q17 Keith Hill: The number of Early Leavers amongst the respondents, I seem to recall, was about 10% of the overall sample, so actually most of the people who were being surveyed here were people who on the whole had done the appropriate amount of service in any circumstances.

Mr Baker: An Early Leaver is defined as earlier than four years.¹ Looking at people who join the Services at 16 or 17 sometimes you can be not an Early Leaver and leaving at the age of 21 or 22, which is still substantially in advance of the likelihood of owning a house taken across the population as a whole.

Q18 Keith Hill: I take your point there, but if you look at figure 31, which is in Appendix Six, it is perfectly clear that there is a very clear variation in who actually is the owner-occupier under Service personnel because figure 31 indicates that 75% of other ranks did not own their home prior to leaving the Service. 75% is very high, would you not say, who were not owner-occupiers? If you look then at figure 33 it suggests that of those other ranks two years out about a third of them now own their own home which kind of fits in anyway with what we see in figure 11. If my calculations are correct, what it means is that 50% of other ranks do not own their own home after two years. If you look at the national figures of home ownership, over 70% of households in the UK now are owner-occupiers, so ex-Service personnel do not really seem to be owner-occupiers on the same scale as the rest of the population. Is there any explanation for this?

Sir Bill Jeffrey: The only explanation I can think of is the one that Chris Baker has given, which is that because of the point in people's lives when they tend to leave the Armed Forces, it is not as disproportionately young as the Early Leaver population but it is a disproportionately young population. I have a family member living in my own home in his mid-20s with a perfectly good job.

Q19 Keith Hill: He says with a note of frustration.

Sir Bill Jeffrey: Not in the slightest, it is a pleasure. I do not think we are, as it were, sitting here defending that percentage. Obviously it would be better if it was higher. We are talking about events that take place in a period after people have left our employment. All we can be expected to do is to give them as good a start as possible. On the whole, without being defensive about it, this Report suggests that we are quite successful in that. If you look at employment outcomes rather than housing outcomes, in my view we are remarkably successful.

¹ *Note by witness:* Early Service Leavers also include those who are compulsorily discharged under circumstances incurring loss of normal time-accrued resettlement entitlement.

 Ministry of Defence

Q20 Keith Hill: It goes without saying that people who have served the country deserve the same opportunities, if not better opportunities, than the rest of the population.

Sir Bill Jeffrey: Absolutely.

Q21 Keith Hill: I wonder if it is true that you are doing as much as possible to help them into owner-occupation. If you look at paragraph 3.7 on page 24, yes it refers to the scheme to facilitate home ownership but it does say that the personnel are only eligible for the loan if they are purchasing their only property, which is reasonable, and they are planning to occupy it. Given the peripatetic nature of the military life, which we have agreed on already, is that not a slightly limiting condition? Would it not be worth having a look at the possibility of helping people into owner-occupation even if it were for the slightly notorious buy-to-let market, but certainly to have the opportunity to acquire a property which they might want to rent out in the interim and at least would be something for them to go into at the end of the process? Is it worth having a look at that?

Mr Baker: We have taken the view to date that we would not encourage people to buy-to-let as such, but the rules surrounding the Long Service Advance of Pay are not really as restrictive as paragraph 3.7 might give the impression. You qualify for the loan if you intend to occupy it but if the exigencies of the Service take you to a different location there are provisions for you to continue to receive the Long Service Advance of Pay. The terms of the loan change slightly if you are not occupying the property but you can certainly continue to receive it.

Keith Hill: I am pleased to hear it. I do not want to labour these points but it does seem to me that there are some apparent inequities in terms of opportunities for own-occupation. We want these people to have the best opportunities, so all I can say is I would urge the Department and the Services to perhaps work even harder to ease people into home ownership.

Q22 Dr Pugh: Would it be fair to say that the resettling of people who have left the Army is a relatively low priority for the Forces. The Forces is about defending the nation, fighting wars and so on, and this is not part of the fundamental mission statement of military forces, is it, resettling people?

Sir Bill Jeffrey: I can only speak for myself. My sense since I arrived in the MoD has been that this issue is one that the Armed Forces take seriously for the very reason that the earlier question implied, which is that these are people who we do owe a significant debt to as a society and we owe it to them to ensure, particularly given that the occupation is one which by its nature involves them leaving in what the rest of us would regard as mid-career, that we do as good a job for them as we can. I sense, and the Air Commodore and anyone else can speak for themselves, that is the view my Service colleagues take. It is obviously the case that the closer you get to the frontline the more other preoccupations begin to intrude and that is one of the things that in our

follow-up to this Report we have been addressing. I do not think there is any lack of appreciation that this is an important issue.

Q23 Dr Pugh: Would it also be fair to say that part of the recruitment platform of the Forces is to emphasise the benefits of going through the Forces in terms of what career opportunities open up in terms of the experience that they will get? A lot of the propaganda to join the Army and so on seems to testify to this, does it not?

Sir Bill Jeffrey: It is certainly the case that one of the things the Armed Forces succeed in is in making people more employable when they leave than when they join.

Q24 Dr Pugh: And to some extent say they will succeed in doing that, do they not, when they recruit people?

Sir Bill Jeffrey: Indeed. Some of our analysis, and my colleagues may have more detail, bears that out. Our recruitment levels are holding up. One of the reasons we believe we are still relatively successful is because we offer that prospect.

Q25 Dr Pugh: It is really a question of how many come out of the other end with that kind of experience having been good for them and have established a career or are looking towards establishing themselves a career. It seems that few of the junior ranks when they leave attend the briefings. It also seems that amongst the Early Service Leavers very few get referred to central transition support or second line support. It seems that the staff who deal with that very often are themselves subject to a very high turnover and the people in the Army performing this service for them often have no specialist training. Does it look like resettlement in part is just going through the motions in some aspects of Service life anyway?

Air Commodore Miles: If I may pick that one up, Dr Pugh. The issues that you have identified there are issues which have been recognised in the Army, which is why there is a significant programme within the Army at the moment to improve the management and delivery of resettlement services at unit level. That is extending much wider than just the promulgation of a quality management manual. There is a systemic programme spread over the first six months of this year which is a root and branch review, a better training package which will be mandatory for the Army first line support, independent oversight, independent of the chain of command, by educational professionals of the delivery of resettlement performance at unit level, and it has been enshrined in the Army audit of unit's process as well.

Q26 Dr Pugh: But the NAO found little evidence of much monitoring of performance of resettlement support. What you seem to be saying is that it is improving but in some aspects it is still deficient.

Air Commodore Miles: We would acknowledge that what the NAO found was a statement of the position as they found it. We have sought to build on their

 Ministry of Defence

recommendations to develop this programme, certainly within the Army which needs development of its processes and better oversight to ensure what should be being delivered according to policy actually is being delivered.

Q27 Dr Pugh: Following up the line of questioning developed by Mr Hill, how many go through the Army, say, and basically go back to living with mum, no permanent job, no permanent home? How many people have not benefited in any employment sense from going through the Army? Can you give us an idea of what rough percentage it might be?

Sir Bill Jeffrey: I think it is very hard to do so. If the Committee would find it useful, we could write to you about that issue.²

Q28 Dr Pugh: It would be helpful.

Sir Bill Jeffrey: It is a complicated issue because it faces both those who stay longer and those who leave earlier. The record in relation to those who stay longer—

Q29 Dr Pugh: When people leave do you make an assessment of their employability, things like their overall level of literacy?

Sir Bill Jeffrey: That is one of the assessments that is made.

Q30 Dr Pugh: For everybody who leaves you know what their reading age is, for example?

Air Commodore Miles: I cannot answer that question. I would assume that that is part of the assessment that is made when individuals—

Q31 Dr Pugh: Some people leave the Army these days because they are found to have taken recreational drugs. I understand cannabis hangs about in the system and is often picked up. They are discharged because it is in their system. Clearly there will be different sorts of people who get discharged under those circumstances. There will be people who are occasional recreational users of a drug like cannabis and there will be other people who have a serious drug problem. Do you know how many people you are releasing with a serious drug problem?

Mr Baker: The total numbers who are exiting the forces each year as a result are 600 to 700. We do have an intervention programme run by the Ministry of Defence.

Q32 Dr Pugh: Not all the people will be added?

Mr Baker: Not all the people will be added to that.

Q33 Dr Pugh: How many of them are addicts? How many people have you discharged believing them to be drug addicts?

Mr Baker: I could not answer that question. What I am saying is that we do have a programme to rehabilitate some drug users. Clearly, that is based

on an assessment, not simply of their drug habit but of their value and aptitude as soldiers, sailors and airmen.

Q34 Dr Pugh: Can we switch now to mental health? There was a Report out last week from the Commons Defence Committee in which they said, “The Ministry of Defence are trying to tackle the mental health care for serving members of the forces but once they had given up their military career there was no system of ensuring that their specific needs were understood by civilian doctors.” Is an independent medical assessment made of people as they are discharged, both in terms of the state of their physical health and also in terms of their mental health?

Sir Bill Jeffrey: I think we would accept the Defence Select Committee’s strictures on the point about follow-up. There is a new model for community mental health services for veterans which ministers announced back in November. We are piloting a different approach and building up to six sites under which there will be access to clinicians with expertise in veterans’ mental health who will provide assessment and help with suitable feedback. There is certainly a lot going on. This will be led by the NHS.

Q35 Dr Pugh: At the point at which the person is discharged for whatever reason, do you have a clear picture and an independent assessment of the state of their mental and physical health? The reason why I say that is that I have two pieces of case work that I am dealing with in my constituency. In one case, a soldier in the 1950s who was poisoned at Porton Down and has claimed that he has suffered physically ever since and another man who was involved in the shoot to kill policy in Aden which apparently the British forces had and for many, many years has been in discussion, shall we say, with the Veterans’ Agency over what the Army should or should not have done with him. In both cases, they would have been enormously assisted at the point at which they left the services if they themselves had been properly and adequately assessed. In terms of future cases, have we got to the stage now, when people leave, where we have an adequate picture of how they are mentally and physically situated?

Sir Bill Jeffrey: I believe we are getting there. Certainly in relation to cases in the past one thing we have done is to extend the medical assessment programme to veterans so that their GPs will have access to expert military assessments to help them deal with these issues later in life.

Mr Baker: There is the extension of the opportunity for any veteran who feels they might have mental health difficulties arising from service since 1982 to attend the Medical Assessment Programme at St Thomas’s Hospital where there is a consultant psychiatrist.

Q36 Dr Pugh: I do accept it is a very complicated area.

² Ev 18-19

 Ministry of Defence

Mr Baker: The problem which is widely acknowledged is that with mental health issues particularly it can take a very long time for issues to manifest themselves.

Q37 Dr Pugh: If you do not have the assessment at the point at which they leave, you have less data to go on, have you not really?

Mr Baker: You cannot always pick up a mental health problem.

Q38 Dr Pugh: You agree with combat stress. You told the Defence Committee that the average period between leaving the service and developing mental health problems could be about 15 years.

Mr Baker: It can be a long time, certainly.

Q39 Geraldine Smith: Can I go back to housing first of all because certainly that struck me as still a problem for a lot of Service Leavers. When we were on the visit speaking to some of the people who obviously had their act together and knew what they were doing in terms of employment and everything, I think housing was the one issue that they raised. I think it is this difficulty of how you get people onto the property ladder. I am not sure I would be encouraging them to go for buy to let but I am not sure what we should be doing. I think we should be doing more than we are when people come into the services to at least give them the advice to think long term, particularly if they are in for a number of years. That does not seem to occur. For a number of people we have spoken to, it was not pointed out to them over the period that they would be in the services how much the prices would increase and maybe we should be doing something about that. Should we not be giving people advice when they join the forces to start with?

Air Commodore Miles: In terms of offering people advice on the options, the Joint Services Housing Advisory Office holds regular regional housing briefings throughout the country. You do not have to be a Service Leaver to attend these and we encourage service personnel and their spouses to attend them. Those briefings outline all the options put to people and hopefully, if people attend early on in their careers, it will give them some pause for thought certainly in terms of looking at some of the initiatives that the MoD has in hand to help with house purchase. The key worker status initiatives which have now been rolled out throughout England and I believe Wales as well will give people access to low cost residential property that they can aspire to own.

Q40 Geraldine Smith: Do you do any work with, say, building societies and things to see if there could be preferential mortgages?

Mr Baker: Yes, we do. There is a variety of schemes already in place, bespoke schemes, for service personnel involving shared equity arrangements with commercial providers. There is also the discount that Annington Homes offer to ex-service personnel buying their houses that are released by the Ministry of Defence through the Annington

contract. Phil has mentioned the key worker living programme. We began that in 2006 with the first time buyers and the new build scheme but we have made an important breakthrough there with the DCLG in that, since November 2007, we now have access to the open market home buy scheme which we think will be much more attractive to service personnel. We have also managed to extend eligibility for that from London and the South East across the whole of England. That is heading in the right direction. We mentioned long service advance of pay. Just to give you a feel for the number of people that helps, there are 31,000 people currently in receipt of long service advance of pay to help pay for their property and that scheme still attracts 3,000 or so new participants every year so there is quite a lot going on.

Q41 Geraldine Smith: There seems to be quite often a problem when single people leave their services and find accommodation. Indeed, I had a young woman who came to see me who had a reasonably good job and everything that she had obtained since leaving the forces but housing was the problem. She did not know anything about this organisation, SPACES. Can you tell me a bit about it because at the time when she came to see me I did not know about it either unfortunately. How do you make service personnel aware of that?

Mr Baker: We have consciously picked up the fact that SPACES may not be as widely advertised amongst Service Leavers as is appropriate and we have taken steps to ensure that the knowledge of SPACES is more widely available. SPACES is something that is run as an MoD contract which is run through the English Churches Housing Group and it provides assistance to single people who might need accommodation when leaving the services. Some 3,500 have been helped since it was established.

Q42 Geraldine Smith: What sort of liaison do you have with local authorities about Service Leavers and assistance with housing? My own local authority operates a points system and I think you should have some points for being in the services. If you have done your duty to your country and are prepared to sacrifice your life ultimately, then your country should do something for you.

Sir Bill Jeffrey: This has been a problem and the NAO Report picks it up as a problem because historically entitlement to social housing has traditionally been based on local connection and homelessness. The Housing Regeneration Bill that is before Parliament now deals with the local connection point by making it clear that effectively it does not apply to members of the Armed Forces. If it receives Royal Assent before the summer, it should come into effect at the beginning of next year. The issue about homelessness is more complicated. The NAO Report goes into the fact that some authorities are a bit inclined to argue that Service Leavers do not qualify for social housing until we have evicted them from our property and in some cases even secured a court order. Here, the existing

 Ministry of Defence

homelessness code of guidance should be sufficient, we believe, to prevent this happening but we are talking to the Department of Communities and Local Government about ways of strengthening the guidance so that it is less likely that authorities will take that attitude in the future.

Q43 Geraldine Smith: It was very interesting to go on the visit and I thank you for your time when we were there. Speaking to some of the people again who were Service Leavers, one of the things they seemed to indicate was that some of the programmes and courses they could go on, when they went back, they were faced with a lot of work because they had to take time off to do these various courses. Some of them were very useful to them but it was very difficult to fit them in. Do you think it is a problem really that not enough resources are put behind ensuring, particularly in the junior ranks, that they can go on the resettlement programme? Should it not be a greater priority, just accepting that whilst you may say they are able to go, if they know they are going to have to go back and face such a huge backlog of work, it may put them off?

Sir Bill Jeffrey: In the NAO survey, as I said earlier, the numbers saying that volume of work was an inhibitor were relatively small but I am quite sure you are right. One knows from other experience that often in bureaucratic terms you go back to the in-tray that you left. It is not like that directly for members of the Armed Forces but there are equivalents of it and we clearly need to encourage down the chain of command an attitude that gives people the space to do these things and not feel that they are just suffering in terms of the day job.

Air Commodore Miles: If individuals are not able to take their resettlement entitlement due to pressure of work, they can apply to have their resettlement deferred. Only small numbers actually do. I do have the figures if you would like them.

Q44 Geraldine Smith: Again, so few of the junior ranks attend the financial briefings. Have you identified why that is the case and are you doing more to encourage them to do so?

Air Commodore Miles: The answer is yes. The financial briefings are focused in two areas really. One is to explain about service pensions. That of course is something which is probably not going to be relevant to the very junior people who have not reached pensionable age. The second element is looking at more general, financial management investment. The NAO Report identified that potentially they saw that there was a gap in the market for courses for some individuals on budgetary management, household management, that sort of thing. We have identified and addressed that. It does not apply to many people but we have identified an FSA package which is quite outstanding, which we will make available to Service Leavers hopefully from the end of this month on a self-learning package through the Defence Learning Portal and signpost people to that should they wish to have it. The Department also has a plan to have household budgeting and management seminars for

service personnel generally. Of course, inculcating people into good financial habits is a lifelong process and we try to do that with recruits when they first join the Armed Forces. We do not always succeed.

Mr Baker: That final point is another FSA product, the workplace based seminar which we hope to launch.

Q45 Chairman: I want to take up one point underlining Geraldine Smith's questioning. This is in paragraph 3.21 on page 26 which we have already alluded to. "There are additional concerns that a small number of local authorities are delaying acceptance of the main homelessness duty until the courts grant an order for possession to Defence Estates . . . Not only would the Service Leaver have to pay court fees and increased rent for the period of the regular occupancy, this period of a regular occupancy could cause unnecessary anxiety and stress, especially for the small number of Service Leavers leaving on mental health grounds." I think this is disgraceful. People who have been asked to fight to their country are in a situation where one part of the public sector is evicting them from another part of the public sector and if we achieve nothing else this afternoon, Sir Bill, I would like you to give a commitment to this Committee, particularly as we have a Housing Bill going through Parliament at the moment, that we can put a stop to this.

Sir Bill Jeffrey: As I have said, what we are discussing with the DCLG at the moment is ways of tightening up guidance which ought in fact, in my view, to prevent this happening anyway because it makes it clear that authorities should not wait for us to evict people before engaging with them.

Q46 Chairman: You do agree that it is a scandalous state of affairs?

Sir Bill Jeffrey: It is. I agree entirely. At the moment, the discussion is about can we tighten this up at the administrative level. Clearly, if that does not work then there may be a legislative option.

Q47 Mr Dunne: Sir Bill, from the introduction to the NAO Report, it is clear that you have a recruitment need of the order of 20,000 a year into the services and in the last year some 25% more than that left, 24,600. Is there a pattern of gradual decline which is being deliberately engineered by the Department or is that a coincidence?

Sir Bill Jeffrey: It is certainly not being engineered by the Department. The current position on manpower and retention is complicated. I would say, as I said earlier, that our recruitment levels are healthy in the sense that we are achieving for all three services a high proportion of the targets that are set. In the Army, we are not succeeding in converting that into trained strength to the degree that we are targeting. Although the voluntary outflow rates, which are in effect the percentage leaving every year before the end of their planned engagements, are pretty stable across all three services, there are some signs that they are edging up and there are some areas of concern. If you take all that together, we are

 Ministry of Defence

still a few percentage points short of the strength of the Armed Forces that we need and we do need to manage intake with departures in the way that your question implies.

Q48 Mr Dunne: Is the current streamlining exercise affecting service personnel or is that purely the support staff?

Sir Bill Jeffrey: The head office streamlining exercise does cover head office people who are dealing with the high policy, if you like, of service personnel issues but it does not touch those in the single services themselves, although there have been, it is fair to admit, efficiency exercises in the service headquarters as well.

Q49 Mr Dunne: Can you quantify in order of magnitude how many service personnel would be covered by the streamlining exercise?

Sir Bill Jeffrey: About 300 in a head office that has about 1,200 or so. I have taken your question to be about those service personnel who happen to work in the head office in London.

Q50 Mr Dunne: Indeed.

Sir Bill Jeffrey: That is a little more than 1,000 people of whom 200 or 300 I would say, as we work our way through this, we will be able to redeploy back into their services. The streamlining exercise has a bearing on these issues at the very centre of the Department but it does not touch the single service headquarters, for example, where much of the important work is done.

Q51 Mr Dunne: You used the word “redeploy” which I suspect is a euphemism because many of these officers will be reaching the end of their natural careers and there may not be a role for them to be redeployed into in a shrinking service.

Sir Bill Jeffrey: Some will but the streamlining exercise will take place over two or three years during which most people in that position would have come to the end of their posting anyway, but many will not. What is quite striking about the MoD head office is that it is a place through which pass many of the rising stars of the Armed Forces, and so many will complete their term in the head office and then move on to greater things.

Q52 Mr Dunne: Are the Armed Services exempt from age discrimination legislation?

Sir Bill Jeffrey: I had better leave that to my colleagues but I think they are, yes.

Mr Baker: Yes.

Q53 Mr Dunne: Which is why the current retirement age, from looking at the table on page one, would be 54 or 55. Would that be right?

Mr Baker: The normal retirement age is 55.

Q54 Mr Dunne: Have you considered extending the retirement age as a means of bridging this gap in recruitment that you have highlighted, because I understand many other NATO forces have an older retirement age?

Mr Baker: We have certainly looked at that. 55 is not hard and fast. That is the point at which full pension entitlement is payable under the Armed Forces pension schemes but some do serve on if there is a need for their services, if they are in particular skilled areas, so 55 is not necessarily the end of the road. We have looked at whether the case for amending normal retirement age from 55 exists. Our feeling at the moment is not but we do keep that under review and clearly the basic need for the Armed Forces is to maintain throughput and ensure that they have a fit, predominantly young workforce to deliver the operational commitments.

Q55 Mr Dunne: Indeed, and clearly one would not look to be sending people of above your current retirement age into active service but there are plenty of roles undertaken by service personnel where continued experience would be very valuable. When you say it is not an absolute cut-off, how widely known is this within their services? Do people who are coming up for retirement have any opportunity to take advantage of a later retirement?

Mr Baker: Indeed, yes. I think we can send you a note, if that would help, telling you how many people serve on beyond 55.³

Sir Bill Jeffrey: A factor obviously is that people who accumulate their full pension entitlement, especially at the sort of age where they might well be looking for a second career anyway, may be less keen to stay on but there is nothing to prevent it in principle.

Air Commodore Miles: I can confirm that on a personal basis. My retirement date should be in April but I have been extended until August.

Q56 Mr Dunne: Four months?

Air Commodore Miles: Yes.

Q57 Mr Dunne: At your own request? Were you aware that it could happen or was that a request made of you by the Department?

Air Commodore Miles: It was convenient to the Department and it was convenient to me. I was offered the opportunity to serve a little longer in this appointment and I was happy to do it because of the programmes I am currently running.

Q58 Mr Dunne: As you have volunteered your own case, if you were offered the opportunity to continue working until you were, say, 60 within the Department, is that something which would be attractive to you? The point I am making is that this may technically be an opportunity but it is not actually realistic for most serving officers.

³ *Note by witness:* As at 1 January 2008 there were 330 Regular Service personnel aged 55 and over. There were also 295 Full Time Reserve Service personnel aged 55 and over, and of our Mobilised Reservists, 30 were aged 55 or over. The figures are provisional due to ongoing validation of data from the new Joint Personnel Administration system. They have been rounded to the nearest 5 in line with our standard rounding policy. These figures exclude Sponsored Reserves, Adult Cadet Force Volunteers, the Volunteer Reserve except those called out, Military Provost Guard Service and Non-Regular Permanent Staff.

Ministry of Defence

Air Commodore Miles: If the job was one that I would find interesting and I felt that I could give something to the Department, yes, I would.

Q59 Mr Dunne: I think that is very helpful and, Mr Baker, I would urge you to consider this as a serious way of helping to bridge this recruitment gap. Can I pick up some of Dr Pugh's questions about the impact of mental health on the services? I think I took from what Mr Baker was saying that you are now undertaking medical assessments of people on departure. Is that correct? Is that a routine assessment?

Mr Baker: There is a routine, physical check on departure, yes.

Q60 Mr Dunne: What records do you keep of individual service personnel after they have left active service or left service on your books if you like, in order to determine whether or not stress induced mental health conditions may materialise after they have left the service?

Mr Baker: Their full service medical record is retained and is available for consultation.

Q61 Mr Dunne: Indeed, but in this current climate of more active engagement than we have been used to for some years many of these conditions do not appear while people are still in service. They appear many years later. Do you maintain any kind of records of service personnel to be able to identify how prevalent such conditions are?

Mr Baker: We certainly have records showing those who have encountered mental health problems during service.

Q62 Mr Dunne: That is not the question I am asking; it is after service.

Sir Bill Jeffrey: What you are asking about is those who leave with no indication at that time that they are suffering from mental health problems. The realism of keeping in touch with that whole population is I think questionable. The way we have chosen to tackle it is in the ways that we were describing earlier, through enhanced support for those in the community—GPs in particular—who are likely to be coming across these cases and enhanced opportunities for people who do feel concerned that their mental health may have deteriorated since they left to bring themselves to notice and to receive the best specialist support. It is more by exception than in the blanket way that your question would imply.

Q63 Mr Dunne: One would hope this is a small proportion of your leavers but I think it refers to 2% of those who are homeless having suffered psychiatric treatment. These are the cases which are most vulnerable, where people need the most help, to pick up the Chairman's opening questions. Is help available if somebody presents who has been an active service member and the condition presents some years after? They can still have access at the MoD's expense to appropriate medical treatment?

Sir Bill Jeffrey: There is in particular a medical assessment programme now going on at St Thomas's in London which offers all veterans with operational service since 1980 a mental health assessment by a military psychiatrist who can then make treatment recommendations and provide advice and support for the civilian NHS and other care providers. The facility is there. This has been, I would admit, a somewhat neglected area in the past. It is something that we are still building upon.

Q64 Mr Dunne: Could I ask you to consider how you would canvass the population of veterans to see whether there is a wider problem out there than you currently appreciate? Is that something which is feasible within your ability to maintain contact with veterans?

Sir Bill Jeffrey: We can certainly consider that.

Q65 Chairman: Air Commodore, in that period between April and August will you be doing a plumbing and building course at Aldershot?

Air Commodore Miles: I am ashamed to say I have rather neglected my own resettlement so far.

Q66 Mr Davidson: Would I be right to think that because we have had such a low response, only 13% responding and I think only 10% of soldiers, the figure of 6% unemployment that we are quoted here in the Report is likely to be a gross underestimate?

Sir Bill Jeffrey: I would not say gross, but for the reason that was implicit in Mr Hill's questions those who chose to respond to this survey probably are more settled people.

Q67 Mr Davidson: The unemployment level amongst ex-service personnel is likely to be considerably higher than the national average. 6% is higher than the unemployment rate at the moment and if that is an under estimate then effectively unemployment amongst ex-service personnel is considerably higher than the national average.

Sir Bill Jeffrey: The Air Commodore will correct me but the 6% is the Early Service Leavers.

Air Commodore Miles: I think there are two issues here. For those who undertake a career transition partnership programme, we are doing rather better than in the NAO Report in terms of getting people out into employment at the six month point. In the last six months for which we have data—

Q68 Mr Davidson: Page 15, chart six, "The Employment Status of Service Leavers", 6% unemployed. That, as I understood it, applied to all of them.

Air Commodore Miles: Yes, it does.

Q69 Mr Davidson: 6% is higher than the national average. This has been accepted as being an under estimate and therefore it is true that those who leave the services are disproportionately unemployed.

Air Commodore Miles: I would not say that you could construe that because I draw to your attention the fact that for those who use the NAO

 Ministry of Defence

programmes now 95% as from the last six months of analysis are in employment within six months. Amongst the Early Service Leavers, we did a—

Q70 Mr Davidson: You are not disputing the Report?

Air Commodore Miles: I am not disputing the Report.

Q71 Mr Davidson: You are saying that the situation has changed since then?

Air Commodore Miles: I am saying the situation, we believe, has moved on.

Q72 Mr Davidson: Maybe we can have an update then on that, please. That would be helpful. In paragraph 2.19 it is being alleged that some external providers are setting their charges according to the money available. Can we have a list of those companies?

Sir Bill Jeffrey: We can consider providing such a list.⁴

Q73 Mr Davidson: How do you mean “consider providing”?

Sir Bill Jeffrey: I am never quite certain at what point commercial confidentiality weighs in.⁵

Q74 Mr Davidson: It has been suggested here that these people are basically robbing you blind. They are setting their charges according to the amount of money that is available and you are saying that you will not tell us.

Sir Bill Jeffrey: I am not saying I will not tell you. I am saying I will consider telling you.

Q75 Mr Davidson: Is that a yes or a no? Once you have gone from here that could just be a polite way of saying no.

Sir Bill Jeffrey: It is not a polite way of saying no. I know with this Committee that I should not give cast iron commitments that I am not absolutely certain I can fulfil.

Q76 Mr Davidson: Why would you not be able to fulfil it?

Sir Bill Jeffrey: Because there might be an issue of commercial confidentiality.

Mr Davidson: I am not asking for the charges. I am just asking for their names. This seems to me to smack of malpractice. If you are telling me that you are refusing to tell us who is responsible for setting their charges according to the amount of money available, then that is obviously a great cause for concern. Chairman, maybe we could leave them to reflect on that and come back to it after the hearing.

Chairman: In any event, it could be provided to this Committee in confidential terms. The list will come, Mr Davidson.

Q77 Mr Davidson: I was particularly glad to hear from the Air Commodore that he was interested in rewarding those who have given most which I

presume from the way in which this Report has been written means officers. It does look very much as if this is geared to the needs of officers. If we look at paragraph 2.22 for example, in the centre of that there is a great deal about getting time off being dependent on the commanding officer, variable treatment amongst the services being dependent upon the relationship with their unit, their rank and also the priority etc. “This may be one explanation of why junior ranks were less satisfied with their resettlement.” Further on it says, “46 per cent of junior ranks rated the resettlement support as very or fairly good compared to 67 per cent of officers.” Why are the officers much happier than the other ranks? Is it because the system is geared to them?

Air Commodore Miles: I think that would be an unfair construction to put on it.

Q78 Mr Davidson: What would be a fair construction then?

Air Commodore Miles: The 47% does of course include Early Service Leavers who we have acknowledged do not receive the same level of resettlement benefits because they have not served so long.

Q79 Mr Davidson: Some of them will be officers may be.

Air Commodore Miles: Yes, some of those will be officers.

Q80 Mr Davidson: That is neither here nor there then.

Air Commodore Miles: It is a small number of officers who are Early Service Leavers of the total numbers. In terms of the benefits that we provide—

Q81 Mr Davidson: No. I recognise evasive action when I see it. I do not think that you are responding to the points that I am raising with you. Could I ask you to look at paragraph 2.9 where, in the final paragraph there it says, “82 per cent of officers who attended the ‘Self employment awareness and small business start-up’ workshop found it useful . . .”, but only 48% of the junior ranks who attended. Why should something be constructed in a way that is more acceptable to the officers than to junior ranks? Why should the percentages not be equal?

Air Commodore Miles: The course is constructed to be acceptable to all Service Leavers. The sad fact is sometimes some people choose courses which perhaps they are not best suited to. They are advised on which courses they should do.

Q82 Mr Davidson: The officers are choosing which courses they are suited to but the other ranks are not. Presumably that is bad advice, is it not, on which courses are most appropriate to them? I would not accept this in a school from careers advisers or anybody else with responsibility for directing somebody to a particular course that was relevant to them so I do not see why I should accept it here.

⁴ Ev 19

⁵ Ev 19–20

 Ministry of Defence

Sir Bill Jeffrey: The scheme itself is open to all ranks. That is the basis on which it is constructed. Some elements of it probably get better scores from some ranks than others. It is not set up to be rank conscious.

Q83 Mr Davidson: All of the people who go to this presumably are self-selecting after advice?

Air Commodore Miles: Yes.

Q84 Mr Davidson: Why is it that those amongst the other ranks who have expressed an interest in this are less satisfied with it than the officers?

Sir Bill Jeffrey: I think some of this may come back to the discussion we were having earlier about the extent to which, as one gets down to unit level, this scheme has been well managed in the past. As Air Commodore Miles was saying, in the Army in particular, there has been a big programme of effort to improve the way it is managed, including support given for people expressing an interest in it.

Q85 Mr Davidson: You can understand my concern?

Sir Bill Jeffrey: I understand the concern very well.

Q86 Mr Davidson: In paragraph 4.2—this is the briefings on financial awareness—to some extent this has been covered but it is surely a disgrace that 47% of officers attended but only 20% from the other ranks because presumably they think it is not for the likes of them.

Sir Bill Jeffrey: It is a judgment that they need to make about their own decisions.

Q87 Mr Davidson: That is right. We have recognised already I think that you acknowledge that you will not be providing the sort of financial advice that the other ranks might want but you have undertaken to do that in the future. That is correct, is it not?

Sir Bill Jeffrey: That is the position.

Q88 Mr Davidson: Do you think you would have found that out if it had not been for the NAO chasing you?

Sir Bill Jeffrey: I hope so, yes.

Q89 Mr Davidson: I hope so as well but that is not quite an answer. Is there a mechanism within your system that would identify this? What worries me when the MoD consistently come in front of us is that you discover things once the NAO draws them to your attention. I do not blame you but you are the one who happens to be here so I will raise it with you. It seems that these points never come into their consciousness.

Sir Bill Jeffrey: It is for me to answer. You question us about NAO Reports which uncover shortcomings. If you look at this one as a whole, it uncovered many fewer shortcomings than strengths because this is an area where I think we are doing remarkably well. We are doing remarkably well because of the commitment of a number of individuals like Air Commodore Miles who are very much alert to ways in which they can improve it. Briefing myself for this hearing, my sense was that

this was genuinely an area where there was an attitude of continuous improvement, looking for ways of making the thing—

Q90 Mr Davidson: I think that is not unreasonable. You are doing far better than you did in the past but the fact that it is not good enough still should not be a cause for complacency. If I look at paragraph 3.16 which some of my colleagues have touched on, towards the bottom it says: “Of those single survey respondents who did not own a house prior to discharge, only 13 per cent stated that they were put in contact with, or made aware of assistance provided by SPACES.” That seems to me to be disgraceful. That is the group for whom this is most designed and they are not made aware of it.

Sir Bill Jeffrey: That is the point on which we have taken action since the NAO reported.

Q91 Mr Davidson: In that case, we can just get an update, Chairman. Can I ask the NAO something? In paragraph 3.18 you mentioned the legislation in England and Wales but since these are people being discharged from the British Army, the Royal Air Force and the Royal Navy you should surely also be covering the Northern Ireland and Scottish situations in terms of legislation?

Mr Andrews: I do not know the position in Scotland but the cases where we identified problems were in England and Wales.⁶

Q92 Mr Davidson: You did not identify any problems in Scotland or Northern Ireland?

Mr Andrews: That is not to say that they are not there.

Q93 Mr Davidson: This surely ought to have related to the legislation?

Mr Burr: I think that is right.

Q94 Mr Davidson: So we will not have that again then?

Mr Baker: We are now taking this up with the Scottish Executive. We needed to get the amendment into the Housing Bill in Westminster first.

Q95 Mr Davidson: In paragraph 3.21, there is the point about a small number of local authorities that are behaving badly. Can you name them?

Sir Bill Jeffrey: Again, at the risk of sounding as though I am attempting to avoid the question, I will certainly take that away, consult local government departments and see whether we can do so.⁷

Q96 Mr Davidson: Can I turn finally to paragraph 3.26 which says in the final couple of lines: “. . . it is difficult to say with any accuracy the percentage of homeless people who have served in the Armed Forces.” Given that some of your weapons can travel thousands of miles and hit targets as small as that door, surely identifying the number of ex-service personnel who are homeless is not beyond

⁶ Ev 20

⁷ Ev 21

 Ministry of Defence

the bounds of possibility? It is an indication that you do not give this much of a priority, the fact that you are not able to do this, and that you do not pursue after the initial period the lives of those who have served as assiduously as you ought.

Mr Baker: We have some data from the DCLG which does show that this is a very small problem in relation to the total homelessness issue in the United Kingdom and, in terms of following up, in a sense you have made the point. Some of these people can be servicemen for a very short period of time and then can become homeless very much later after having had a variety of other experiences. We simply do not have—

Q97 Mr Davidson: That is interesting. My experience, having come across quite a number of these individuals, is that quite often their entire lives have been established or set in a pattern because of their experience in these services. They are used to taking orders; they are used to being in a structured environment; they are used to heavy drinking and, when they lose the surrounding environment in which they continued with their alcohol, their lives just fell to bits. I understand that they might very well have gone through a number of other experiences but are you not culpable for not following this up?

Sir Bill Jeffrey: The picture you describe is a familiar one and my sense is that that must be one of the factors that is around. What is striking though is that our Department of Communities and Local Government colleagues believe that the level of homelessness among ex-service people is falling. Although it depends on the question you ask, a striking statistic is that only 0.1% of all homelessness acceptances recorded by that Department were attributable to vulnerability due to time spent in HM forces. That is not to say that there were not more who were ex-service men and women but our sense is that it is numerically less of an issue than one might imagine.

Q98 Mr Mitchell: In paragraph 3.21 it says that a small number of local authorities are delaying acceptance of a main homelessness duty. What is the main homelessness duty?

Sir Bill Jeffrey: The duty to provide accommodation for those who are homeless within the terms of the relevant housing legislation.

Q99 Mr Mitchell: They have a duty to provide accommodation for those with families?

Sir Bill Jeffrey: Yes, they do.

Q100 Mr Mitchell: That overrules it?

Mr Baker: Yes. The issue here is that they are waiting for evictions from MoD property.

Q101 Mr Mitchell: It is not that; it is a question of where that right can be exercised. If a soldier comes from Grimsby, wants to go back there and has a family, he is homeless there, the council has a responsibility to provide accommodation of some kind.

Mr Baker: That is true.

Q102 Mr Mitchell: Does that then operate in the place they came from or the place they are discharged to?

Mr Baker: This is where an amendment to the Housing Act is relevant because what was happening was that people were being passed from the local authority where they were serving in the Armed Forces back to their place of origin, if you like, and there was a difficulty in establishing a local connection where they were serving with the Armed Forces.

Q103 Mr Mitchell: You said to Mr Davidson that you would go away and look at it but we would like a list of these few local authorities which are behaving in that kind of fashion so they can be named and shamed. It is disgraceful.

Sir Bill Jeffrey: I take delivery of that and, before we name and shame, we probably ought to consult our colleagues in DCLG.⁸

Q104 Mr Mitchell: There is also the problem of accommodation on the last day of service for people who have made themselves “intentionally homeless”. Is that happening on a large scale? Who is doing that?

Sir Bill Jeffrey: I do not think that is happening on a large scale. The intentionally homeless point is really that these authorities that are doing this are treating those who we have not evicted from our property—

Q105 Mr Mitchell: That only applies to people who the authorities require you to evict?

Sir Bill Jeffrey: Yes.

Q106 Mr Mitchell: At paragraph 3.20 it mentions the Housing Act which Mr Baker referred to, 1996. I do not quite understand it. They can take account of a local connection when considering the level of priority to give social housing with applications from people on the housing waiting list. Most housing waiting lists are redundant nationally. About 1,600,000 people on housing waiting lists at present have no chance of getting a house at all. What is the position? I do not quite understand the way it is phrased. Is it that discharged Army and Navy personnel can go on the housing list or can be put on the housing list for the period they are in the services, so they can go back to it afterwards, or what? Is it saying that local people on the housing list have a priority over Army personnel? Which of those?

Sir Bill Jeffrey: The amendment to the Housing Act does not bear on the issue of absolute priority. What it does is to prevent local authorities from taking account of the fact that the ex-service person presenting themselves to them does not have a local connection.

Q107 Mr Mitchell: Is that only for those who leave early?

⁸ Ev 21

 Ministry of Defence

Sir Bill Jeffrey: No; it is for all.

Q108 Mr Mitchell: It can adversely impact on serving members who apply for social housing before they leave the service. Does it only apply to them?

Sir Bill Jeffrey: It applies in the terms of the discussion we have been having this afternoon both to those who are Early Service Leavers and to those who are eligible for the more extensive package of support that the Report examines. It is any of them in that position where they go to a local authority with whom they do not have a longstanding connection but it may happen to be close to where they were discharged. At the moment the local authority can say, "Go away. You do not have any connection here." Once the Bill is enacted, they will not be able to do that.

Q109 Mr Mitchell: Having been a Member a long time in this place, to my recollection, there used to be no problem with Grimsby at any rate with housing Army personnel who wanted to come back there or who wanted to settle there. They used to automatically get put on the list and automatically rehoused. That duty has now broken down, has it?

Sir Bill Jeffrey: No. You say: "coming back to Grimsby." If they are coming back to Grimsby, they have the local connection that the existing legislation envisages. The issue is more about those who are not going back to their city or town of origin. There, there has been evidence of them having difficulties.

Q110 Mr Mitchell: Paragraph 3.20 says that you are discussing it with the Department. "... the Government announced that it had decided to change the housing legislation, at the earliest opportunity ...". They have an opportunity now because there is a kind of mish-mash Bill called the Housing and Regeneration Bill which carries a lot of dead ideas from the basement of the Department of Communities and Local Government into legislative form. Are they doing what you want in terms of housing? Is there a provision in that Bill?

Mr Baker: Section 270 of that Bill.

Q111 Mr Mitchell: Is there a provision in that Bill which will satisfy what you think are the needs of the Army personnel?

Mr Baker: It will allow servicemen to establish a local connection through service in the Armed Forces.

Sir Bill Jeffrey: This Report was published six months ago and since then the government has included in the Bill a provision that does precisely what you have just been talking about.

Q112 Mr Mitchell: You are happy with the Bill?

Sir Bill Jeffrey: Entirely.

Q113 Mr Mitchell: It is nice to meet somebody who is. The provision for helping military personnel with housing—it says that they are helped because they

are given key worker status and they are helped with shared equity schemes. Is that while they are serving or when they leave?

Sir Bill Jeffrey: I am sorry. I did not quite catch that.

Q114 Mr Mitchell: It says that help is provided for those who want to buy through key worker status—that will be for rented accommodation—and for shared equity. Is that help provided while they are in the forces or is it help provided when they leave?

Mr Baker: Whilst they are in the Forces. We have managed to include the Armed Forces now in the list of key workers who qualify for the key worker living programme and, as I said earlier, we have just managed to extend the number of products for which the military are eligible, including the open market home buy scheme which we think will be the most attractive. We have extended eligibility across the whole of England.

Q115 Mr Mitchell: Can you give us some figures? Not many people have been housed under that scheme.

Mr Baker: Not many people have been housed under the more restrictive elements of the key worker living programme which we were previously eligible for. We have housed about 25 altogether under the initial market home buy but the open market home buy we think is the key to opening this up to a much larger population.

Q116 Mr Mitchell: Can you give us some figures on those who have opted for shared equity and been helped in that way?

Mr Baker: I do not have those figures immediately to hand but we can certainly provide a note.⁹

Q117 Mr Mitchell: They do not get any help on leaving. It seems to me from the figures here that chaps buy—that is officers—during service but other ranks do not, which will put other ranks at a particular disadvantage when they leave the service because they are facing the need to buy or get rented accommodation which is difficult on a rising market. They do face a particular problem. Do they get any help?

Mr Baker: I do not think it is true to say that other ranks do not buy. Senior, non-commissioned officers do buy, not quite to the same level as officers but to comparable levels. Junior ranks leaving the forces do not buy but, as we have discussed slightly earlier, I think you can attribute that as much to their age profile as to anything else. The help that they get within the service is as we have described. As they leave, the Joint Service Housing Advisory Office is giving them briefings on their options. It is giving them signposting to the various alternatives they have. We have a nomination scheme that runs with 40 local housing associations with which we have placed—

⁹ Ev 21-22

 Ministry of Defence

Q118 Mr Mitchell: The amount of help that is given in paragraph 3.15 through English Churches Housing Group working with the Joint Service Housing Advice office is quite small: 650 people leaving the Armed Forces and successfully liaising with local authorities. The number leaving is a pathetic number.

Mr Baker: That is not the totality of the achievement. The nomination scheme has placed over 2,000 people with housing associations.

Q119 Mr Mitchell: Given the fact that the other ranks will have a particular difficulty because they have been renting accommodation and outside it is going to be difficult to get rented accommodation—they might have to buy—it does put them in a very difficult situation.

Mr Baker: It is possible, I agree, but we do our best to signpost them to the available sources of housing.

Q120 Mr Mitchell: Which is not good enough really. I have seen from the international comparators that the United Kingdom congratulates itself rather smugly on being at the forefront of providing tailored, professional help to military personnel as they leave. If you look at what is provided, the Americans and to a degree the Australians provide far more help generally. The help provided by the Americans is quite fantastic. They are entitled to receive weekly unemployment for a year. If they want to resume education, they are entitled to grants to do so. Additional funding to pay for returning up to two years after discharge. Disability compensation. A range of services for personnel who are disabled. This is far more than we provide in this country. Why are the Americans so generous and we are so mean?

Sir Bill Jeffrey: No two national schemes are the same. We have not been congratulating ourselves because of the focus of this session. We do not see it that way. The fact remains that the NAO Report said that overall our arrangements compared very favourably to those of other nations.

Q121 Mr Mitchell: It says that because you are providing good advice and help. That is agreed, but there is far more help in cash terms, scholarships and all the other things for the Americans and for other nationalities than for our lads.

Sir Bill Jeffrey: The US system certainly, in terms of longer term payments, is I think more generous than any other.

Air Commodore Miles: I think there is also an issue with the Americans of course, that a lot of their system is making good shortfalls in provision which are provided through our normal social welfare system—for example, on the health care side and so on—which veterans would not have access to were it not being provided.

Mr Mitchell: I would imagine, as it gets more arduous and you get more of a problem, you are going to have to provide more help in line with the Americans.

Q122 Mr Bacon: I would like to take up where Mr Mitchell left off, Mr Baker, on this question of housing and in particular the question of purchasing versus not among officers and ratings and officers and soldiers. If you turn to page 23, the chart there in figure ten shows a very distinct difference between the Royal Navy and the Marines on the one hand and the Army and the Royal Air Force on the other. You can see it is all higher for officers. Officers are 84% for the Navy and it is over two thirds for both the Army and the Air Force but it is 70% for ratings in the Navy, whereas other ranks in the Army are 30% and, in the Air Force, 44%. That is a huge difference.

Sir Bill Jeffrey: Some of this reflects the extent to which people move about. In the Navy it is much more common for all ranks to base themselves and their families close to one particular place.

Q123 Mr Bacon: It is cultural, is it not, to a large extent?

Sir Bill Jeffrey: It is.

Q124 Mr Bacon: We have probably had more concern expressed to us during the visit about housing than any other issue and I think that is probably why you have had so many questions about it. Given that it is more difficult in many ways for the Army and, to an extent, the Air Force, that obviously places an extra duty on you, if you want to be sure that for example they are not going to become an extra burden on the state later, to help them with housing. I am pleased to hear that you have flexed the rules with the scheme referred to in paragraph 3.7 about planning to occupy but I am wondering if you are doing enough because it is quite clear from paragraph 3.18—this is the one on the homelessness duty—where it says, “The Department makes it clear to Service Leavers during its housing briefings that few are likely to be entitled to the main homelessness duty.” In many cases, they had better do something else. Surely the time to tell them that is not when they are Service Leavers; it is the moment that they arrive so that you are helping them very early on in their military careers. Obviously those who stay longer will get more help. One understands that. By the time they come to leave more of them have done something about it. More of them have become home owners because it will help you as custodian of the public purse.

Sir Bill Jeffrey: I agree with that. We touched on it a little earlier and, for that reason, my own view is that quite the most important part of this agenda, taking it forward as opposed to looking into the past, is the part that is about improving the performance of the chain of command within the individual services. We talked earlier about the Army. Since this Report was published, the Army has embarked on quite a significant programme of improvement which is partly about auditing. It is partly about what in a different context would be called line management.

 Ministry of Defence

Q125 Mr Bacon: We were told on some occasions, “I had a commanding officer who told me” and some did not, so that is basically what you are saying.

Sir Bill Jeffrey: Frankly, it is about consistency in that respect. It is about all commanding officers doing what they best do, as in any other walk of life. I think you are absolutely right. It is only when we get to the point where that discussion is going on and there are alert, well briefed people close to the service man or woman who are able to talk knowledgeably about the options and the prospects. That is the point at which we will begin to address the issue that you quite validly raise.

Q126 Mr Bacon: Do you think you could extend the scheme further in a way that would enable military personnel to save with the MoD as they went along? After all, the government has just nationalised a mortgage bank so it is an area you are getting into anyway.

Sir Bill Jeffrey: If you think I am going to answer questions about that—

Q127 Mr Bacon: It was not an invitation. It just came to me as I was asking this question. It does seem to me you are either going to have to help them the other end by applying more pressure to local authorities or you can do more at the beginning. If you had a more pervasive saving scheme, if you like, save to buy that was part of their induction when they join the armed services, you would have a smaller problem at the other end, would you not?

Sir Bill Jeffrey: It is a very interesting thought. My colleagues may tell me we have already looked at it but it is certainly something we should look at.

Q128 Mr Bacon: For those who are approaching the state in one form or another, this was the bit that worried me when you said that, after the guidance has been issued, it is to be hoped that local authorities will take a different attitude in future. It just struck me as a bit hand-wringing, hopeful and slightly wet. Is it not better to lay down what ought to happen and to make sure that local authorities have a statutory duty? These are special people who have served the country. As Geraldine Smith said, they should get points. Do they get any kind of points through your scheme, your proposed changes to the legislation? Is that a factor?

Sir Bill Jeffrey: Subject to correction from my left, they do not get any different priority than they would have under the homelessness legislation anyway.

Q129 Mr Bacon: Not a lot is going to change.

Sir Bill Jeffrey: What they do get is an assurance that they will not have their lack of local connection held against them.

Q130 Mr Bacon: There is just one thing that the local authority housing officer or the housing association officer will no longer be able to throw at them, although they probably will because it will take a

while for the rules to percolate down. Essentially, you are not saying to local authorities, “You must treat these people as special”, are you?

Sir Bill Jeffrey: As I said earlier, the second bit of it is the bit about the authorities that are to my mind not acting consistently with the existing guidance on engaging with people, giving them advice and support before they are evicted from service accommodation. On that we are talking to DCLG colleagues. The intention is to tighten up that guidance very significantly so that local authorities will not have any excuse for doing other than the right thing. As I said a little earlier, there is always the option of legislation if it is necessary.

Q131 Mr Bacon: I would like to move on to the issue of mental health for people who have left the services. The Defence Select Committee Chairman this morning praised the treatment of battle field injuries but went on to say that they had concerns about mental health. You described the approach as one of enhanced support for GPs and enhanced support for those who may need help later. How much do you spend on that?

Sir Bill Jeffrey: Without notice I cannot say but we can certainly provide it, unless one of my colleagues can say.¹⁰

Q132 Mr Bacon: How much do you spend on radio advertising for veterans who may need your help?

Sir Bill Jeffrey: We had better write to you.¹¹

Q133 Mr Bacon: Do you know if you spend any? I hear ads for people who are looking for a job, who have been out of work for a long time, who need to reskill and maybe have problems with literacy and numeracy. I hear ads for reporting benefit cheats, so it is something the government does. I have never heard a radio ad that says, “You have served this country. You have done something that nobody else does and you have watched your best friend die in front of you with his head blown off, rolling across the ground near your feet”. Something the media are very bad at making clear is what really these people go through. “You may need some help. We are here to help. Phone this number.” Has there ever been a radio ad like that or something like that?

Sir Bill Jeffrey: I do not know myself whether radio advertising features. There is definitely a campaign to communicate the existence of—

Q134 Mr Bacon: Is there anybody here who knows if there has ever been a radio ad?

Mr Baker: I am fairly certain there has not been a radio ad, no.

Q135 Mr Bacon: I am afraid that speaks volumes.

Mr Baker: We have advertised in newspapers and our strategy here involves getting the service charities on board as well.

¹⁰ Ev 22

¹¹ Ev 22-23

 Ministry of Defence

Q136 Mr Bacon: The great thing about a radio ad is that it percolates. People hear it and then they tell their mate, do they not? This was an article in *The Daily Telegraph* on 17 October last and it says, “Everyone loves our smashing soldiers when on parade in their smart dress uniforms, bully boots, sparkling off the cobbles as they march off to war. It is only when they come back with bits broken off or hollowed eyed at what they have seen that the relationship sours and the love affair turns cold. It is only when they actually want something from us that it seems to be decided at various levels that they are irksome pests, malingerers or worse. Returning soldiers cannot get adequately housed or properly cared for in hospital which is an ongoing national disgrace. Neither do they get the respect they deserve or a proper understanding of what they have been through.” Do you recognise that description? Do you think it is to some degree fair?

Sir Bill Jeffrey: I recognise the description, Mr Bacon. I think in the comment near the end about healthcare for those returning from operations in particular, yesterday’s report, in fact, is warmer about the performance of Selly Oak, in particular, and Hedley Court and, indeed, is full of praise for the service in theatre. What I do recognise is an issue that I think concerns all of us who are interested in defence about public attitudes and the extent to which when servicemen and women return from theatre they find a less supportive and sympathetic response sometimes—not always—than they might hope for.

Q137 Mr Bacon: Do you know what the national suicide rate is?

Sir Bill Jeffrey: I do not know offhand.

Q138 Mr Bacon: 700,000, which is less than 0.01%, I suppose it is 0.007%. It is famously said that more vets in Vietnam who came back committed suicide afterwards than were killed in Vietnam and that the same is true of the Falklands. It is widely understood that over 300 people who served in the Falklands have committed suicide since their return out of about 28,000 who served. That is about 1%, over 100 times higher. Do you not think there is an awful lot more that you should be doing down the line for these people?

Sir Bill Jeffrey: It is an extraordinarily important issue and it is one that preoccupies us in the Department and it preoccupies my senior military colleagues. You may feel that when you add it all up we do not do as much as we might, but there is no lack of will and there is no lack of appreciation of just how important this issue is.

Chairman: Thank you. Our last questioner is Mr Alan Williams.

Q139 Mr Williams: Just a couple of questions. In paragraph 2.16 it points out the Individual Resettlement Training Costs grant is £534. It also says that it has been at that figure since 1993 and in that time it has lost a third of its value. Why?

Sir Bill Jeffrey: I cannot explain why it has been left.

Q140 Mr Williams: Sorry?

Sir Bill Jeffrey: I cannot explain why it has been left at the same level in the intervening—

Q141 Mr Williams: Oh, no, you cannot get away with that. Are you telling me you have come here to talk about this Report and you cannot explain why a grant that is crucial to the adaptability of servicemen when they are leaving has not been altered since 1993? Who can, if you cannot?

Sir Bill Jeffrey: All I am saying is it is a fact.

Q142 Mr Williams: It is a fact. Why is it a fact?

Sir Bill Jeffrey: What we are trying to do now is to increase a very significant—

Q143 Mr Williams: Only because it has been pointed out to you by the National Audit Office. Air Commodore, can you tell us?

Air Commodore Miles: Yes, certainly, Mr Williams. We did not need the NAO to point this out to us. One of the things I recognised when I first took this appointment up was the fact that the grant was actually very low. In fact, my predecessor had already set in train a proposal to look to uplift it and we are looking to uplift it to over £1,000. The way that we can do that is only by saving money which we do use at the moment in terms of travel and subsistence so that we can offset it on a cost-neutral basis.

Q144 Mr Williams: You have not raised it yet to £1,000, you are thinking of raising it to £1,000?

Air Commodore Miles: No, we are doing more than thinking of it. We already have a project running at the moment to roll out much more training to be delivered on a local regional basis so that people do not have to spend that money on travel and subsistence.

Q145 Mr Williams: How long ago was it that your predecessor recognised the need?

Air Commodore Miles: The paper that she submitted was just before I took over from her.

Q146 Mr Williams: Which was how long ago?

Air Commodore Miles: I have been in the job now for two and a half years.

Q147 Mr Williams: It is nearly three years ago that the problem was identified and we still have not got the £1,000 that was identified three years ago?

Air Commodore Miles: Because we have to put in place the mechanisms to enable that cost-neutral uplift and that is what we are doing.

Q148 Mr Williams: You have to put in place what?

Air Commodore Miles: We have to put in place the ability for people to train in a way they do not have to use travel and subsistence so that we can use that money.

Ministry of Defence

Q149 Mr Williams: If you put the money there, the courses will be adapted. Three years ago if you had just said, “Okay, we are upping it to £1,000”, then the courses would by now be providing the extra facility, would they not?

Air Commodore Miles: I can only work within resettlement in the money that is actually provided for me. I do not actually have the Individual Resettlement Training Costs grant, this is money which is owned by each of the single Services. What I can say is, of course, although that looks quite a bleak picture, that it is only £534, that money will buy you four weeks’ worth of training at the resettlement training centre because we have pegged the prices there for contract-funded training. In addition to that, if I may, the other thing that we are seeking to do is also to be able to use extended learning credits for courses which meet the same eligibility criteria, the same course as you would use for your IRTC grant, so potentially by next October we will be able to offer people some £3,000 towards their resettlement training.

Q150 Mr Williams: The £1,000 you referred to earlier which was comparable with the £530, the £530, if had been upgraded, would be £800 now anyhow, so really all you are doing is adding an extra £200 on what it had been in 1993.

Air Commodore Miles: One of the things we wish to do, because it has not been done in the past with the Individual Resettlement Training Costs grant, is not only to give it an initial boost but thereafter to maintain its value through inflation-proofing increases year after year.

Q151 Mr Williams: How much extra is this going to cost you? What is the gross figure? What have we been saving all these years? How much more is it going to be for you to introduce £1,000, a global sum?

Air Commodore Miles: I am sorry, I do not have that figure immediately with me. I could provide a note.¹²

Q152 Mr Williams: I would like you to do that if you would, please.

Air Commodore Miles: Yes, but we are taking the money from money that we already spend. We spend about £9 million a year on travel and subsistence.

Q153 Mr Williams: You see, this is the other thing that is interesting. In the days of National Service I fought the Russians as an education officer in the RAF. They were so intimidated they soon gave up. Actually it was about 30 years later, but that is beside the point. There is a difference, is there not, between the Services in the value added to the personnel you take in? In the RAF, which I was in, a large part of tech ed, for example, was taking youngsters with no skills and turning them into kitters to keep the aircraft in the air, they taught them a skill. The Navy to the same extent needed specific skills which had training. The trouble is the Army skills so often are not those that have—what can I say—a civilian life

marketability, inevitably taking into account what Mr Bacon has just said. Thinking in terms of this grant, how many people retire a year? How many leave a year and would therefore have qualified?

Sir Bill Jeffrey: Almost 25,000 Leavers each year.

Q154 Mr Williams: 25,000.

Air Commodore Miles: The numbers that qualify for Career Transition Partnership are not small, it is about 62.8% of the total.

Q155 Mr Williams: Excuse my ignorance here, would a young man leaving the Services as an infantryman for whom a major role of training was discipline—you have got to get a lot of discipline to go over the top against a machine gun—so much of the financial input to his training is something that is going to do him no good in civilian life at all, have the same £534 or £1,000 when he comes out as everyone else?

Air Commodore Miles: Yes, he would. I think it is important to recognise that what resettlement is also seeking to do is to actually use people’s in-service skills. Even infantrymen are not just trained to fire rifles these days, many of them are extremely highly trained, many of them have trained as drivers, therefore, what we do is we seek to build on those competencies which they have achieved throughout their Service careers and to develop something which is truly marketable to civilian employers. I think the statistics show that by and large the Career Transition Partnership is quite successful in doing that.

Q156 Mr Williams: Coming to the point Mr Davidson made about these external training providers, what guarantee is there in view of the points he raised, when you up the sum to £1,000 they are not just going to virtually take the same money and give very little extra quality of training? How are you able to monitor that?

Air Commodore Miles: I think there is always a risk there and clearly what we seek to do is to ensure value for money. We do have a complaints procedure. Where Service Leavers are unhappy with the value for money that they have received, they can report it to us and we will rigorously investigate it and we will take action against any companies which we find are—

Q157 Mr Williams: Looking in terms of where we are sitting, you are now saying, “Well, great, we are going to give up to £1,000 from £500-odd”. Are you going to the service providers and saying, “Now, if you are going to have this extra money, what specifically are you going to be providing that you weren’t providing before?”

Air Commodore Miles: A lot of courses provided by external providers are more than £530, but not all of them by any means.

Q158 Mr Williams: No, that is because they are taking their accommodation money as well.

¹² Ev 23

 Ministry of Defence

Air Commodore Miles: This is something that we suspect a number of companies are, it is extremely difficult to prove. Now the way that we try and reduce—

Q159 Mr Williams: What is extremely difficult to prove?

Air Commodore Miles: It is extremely difficult to prove. Unless we get in to look at a company's specific books, and I do not think we have authority to do that, it is very difficult for us to determine whether the money that they are actually charging a Service Leaver is truly value for money. What we can do is where there are comparators with other companies and bad practice is brought up to us to—

Q160 Mr Williams: I am sorry, I am running out of time, but tell us a little more about these service providers. I have not read the Report thoroughly, I must admit, this time. What background do they have? How many of them are there? What choices are there?

Air Commodore Miles: There are many providers of training in this country, literally hundreds. What we seek to do is offer Service Leavers a good choice, not only through the Career Transition Partnership but through the preferred suppliers list, which is a list of accredited suppliers of quality training, value for money training, which we can recommend for Service Leavers but we cannot compel them to use those particular trainers. Up to a point there is an issue there of *caveat emptor*, just the same as there is for anybody else purchasing training from a provider.

Q161 Mr Williams: There are so many of them that it is impossible to monitor them basically, is it not? That is the reality.

Air Commodore Miles: To monitor them all is absolutely impossible. We take action where specific instances of poor value for money are brought to our attention but over and above that, as I say, we seek to reduce the risk to Service Leavers through rolling out more training through the Career Transition Partnership and also by having a comprehensive list of preferred suppliers on the major disciplines. We cannot possibly cover everything to deliver that.

Sir Bill Jeffrey: The only way we could eliminate the risk altogether would be by requiring our people only to use those providers that are on the approved list.

Air Commodore Miles: That would be impossible.

Q162 Mr Williams: NAO, I recognise this is beyond the remit you were working to, is there any advice you can give to them on how they can more effectively monitor the suppliers? Under the arrangement at the moment it seems almost anyone can set up and say they are a supplier and collect a fee.

Mr Burr: We certainly have done work in other areas of control of training providers and we will look at that and see if there is anything we can pass on.

Mr Williams: Air Commodore, if you could let me have the information from you. Thank you very much.

Q163 Chairman: Thank you, Sir Bill. That concludes our inquiry. Generally, you are right, it is a good Report and things are getting better but there are some gaps, as I think you have identified, which we may return to in our report.

Sir Bill Jeffrey: Could I say, Chairman, if I am allowed to, we genuinely appreciate the fact that the Committee took the trouble to go to Aldershot and look at it there. It was noticed and much appreciated.

Chairman: Thank you very much.

 Supplementary memorandum submitted by the Ministry of Defence

Question 27 (Dr John Pugh): *How many people have not benefited "in an employment sense" from going through the Army [Military]?*

As noted at the hearing it is difficult to be precise about the percentage of Service leavers who do not benefit in any employment sense from their military service. The NAO Report cites that only 18% of Service leavers surveyed stated that their military service had not helped them in gaining subsequent employment. The most recent statistics we have available show that 95% of Service leavers accessing the Career Transition Partnership programmes who wish to work are in employment six months after discharge, and only 14% of Early Service leavers are still claiming Job Seekers Allowance at the same point. It is true that levels of unemployment are higher amongst Early Service Leavers, who comprise 37% of the total annual outflow, than other leavers. However, the Committee will recall that 59% of Early Service Leavers are discharged from training establishments before completing their initial military training, of which 75% are from the Army. They are therefore predominantly young and have not had the time to take advantage of the significant opportunities during productive military service either to improve their educational qualifications or to acquire the competencies and professional qualifications that will make them more attractive to prospective civilian employers on discharge. For these individuals it would not in our view be reasonable to lay responsibility for lack of success in the wider employment market at the door of the Department. By signposting them to Jobcentres and actively encouraging engagement in DWP New Deal and Connexions programmes, the Department provides, to those who do not, in the event, enter a productive military career, a level of support not normally offered by other employers.

In respect of educational improvement, the Armed Forces' record is impressive, as shown in the table below, which is drawn from the NAO's survey of recent leavers.

	<i>Highest level of academic qualification on entry to Service</i>	<i>Highest level of academic qualification on exit from Service</i>
None	11%	11%
NVQ 1 & 2	5%	21%
GCSE	57%	15%
A levels/NVQ3	17%	22%
1st Degree/NVQ4	8%	24%
Masters/Doctorate	1%	7%

The numbers of Service personnel raising their best academic attainment level from GCSE to A level or better is particularly striking. Moreover, the same survey revealed that only 4% of recruits have professional qualifications compared to 28% of Service leavers. We have done no substantive analysis on the 11% who enter and leave with no qualifications but the likelihood is that there is a close correlation with much of the compulsory discharge outflow from initial training.

The NAO's survey of recent Service leavers also showed that 12% of respondents were living with their relatives. Of these 72% were under 25 years old and 21% were aged between 26 and 35: 53% fell under the definition of Early Service Leavers. However, accommodation arrangements are not of themselves an indicator of employment disadvantage because the survey showed that 51% of those living with relatives had full time jobs and only 16.5% were unemployed but seeking work: of the latter 58% were Early Service Leavers.

Questions 67–72 (Mr Ian Davidson): *An update on Service leaver unemployment levels*

The NAO Report stated that 94% of leavers who accessed Career Transition Partnership (CTP) programmes who wish to work are in employment six months after discharge; and the NAO's survey of recent Service leavers noted 16% of Early Service Leavers were unemployed and seeking work. Subsequent data for the last full six months that we have available (September 2006—March 2007 inclusive) show that 95% of leavers who accessed CTP programmes who wish to work are in employment six months after discharge and that among Early Service Leavers the percentage who were unemployed and seeking work at the same review point (ie six months post-discharge) was 14%. In both cases, the figures reflect an improvement on the figures found by the NAO and therefore the conclusion must be that the level of unemployment among all Service leavers who wish to work has declined notwithstanding a tightening national labour market.

Most Early Service Leavers are discharged before completing their basic military training and are thus under 25 years old and predominantly male. The 14% unemployment rate among Early Service Leavers is broadly comparable with the national unemployment rate among males under 25 prevailing at the time the Department's survey of such leavers was undertaken. However, the national rate reflects the entire spectrum of employability from the highly academically and professionally qualified to those with very few qualifications and poor basic skills, whereas the majority of Early Service Leavers discharged from training schools do not achieve the standard of performance needed to enter productive military service. It could be inferred that even amongst those Early Service Leavers who discharge under such circumstances, for some their very brief time in uniform in an ordered environment that seeks to instil a sense of self-worth and self-discipline has conferred some advantage in the wider employment market compared with their civilian analogues.

Questions 72-76 (Mr Davidson): *Some external providers are setting their charges according to the money available. Can we have a list of those companies?*

There are many hundreds of providers of vocational and management training within the United Kingdom from whom Service leavers can purchase courses and it is impossible to police them all. The Department has no legal authority to challenge a provider's charges, unless there is clear evidence of malpractice arising from a Service leaver complaint. The Department actively investigates companies against which complaints are made, suspending those that may be on the CTP Preferred Supplier List (PSL) until issues are resolved. Over the past six years, 54 complaints have been received about companies on the PSL: there were only four last year, of which one resulted in the removal of MET UK from the PSL.

Examples of companies the Department has investigated in the recent past about possible inappropriate accommodation and questionable charging include: Trade Skills Training, Stevand Training Services, Weston Transport Training Services, Step to Training and MET UK. The outcomes were these; Step to Training have amended their accommodation billing practices but remain not recommended by the Department pending assessment of the company for inclusion on the Preferred Supplier List. Trades Skills

Training refunded a Service leaver. Stevand Training Services was removed from the PSL and shortly afterwards ceased trading. Weston Transport Training Services was also removed from the PSL and, exceptionally, because of the company's refusal to cooperate with investigations, CTP Career Consultants and single Service Service Resettlement Advisors were directed not to authorise training from the company. No action was necessary in relation to MET UK.

There are a few companies on the PSL who levy accommodation and food charges on Service leavers attending residential courses that approach the maximum allowances that can be drawn down. These include: Mike Watts Fine Woodworking Courses, Perpetuity Training (a physical security and contingency management training provider), PS Ridgeway Ltd (transportation and specialist cargo handling), Systems Communications and Networks SCN Ltd (predominantly IT and telecommunications network engineering) and You Train (a software engineering trainer). In all but one of these training providers, which is subject to investigation, the majority of their courses exceed the level of the IRTC grant by a substantial margin. None of this necessarily means that the providers were setting their charges according to the money available, but the information may be helpful as a general comparison between the level of charges and the amount of the grant.

To mitigate the risk of excessive public expenditure on accommodation and meals arising from resettlement vocational and management training courses, the Department's policy is to maximise the availability and use of quality training available to Service leavers that is within daily commuting distance from major concentrations of Service personnel or located near available Service accommodation, either through the CTP contractor or from accredited providers on the PSL. A significant development in the past 6 months is that all PSL providers are required to disclose their course costs, including residential costs, on the CTP training course website

Question 91 (Mr Ian Davidson): *An update on the numbers of Service leavers made aware of SPACES*

The NAO Report notes that of the single respondents to their survey of recent Service leavers, only 13% who did not own a house prior to discharge stated that they had been made aware of the assistance provided by the Single Persons Accommodation Centre for Ex-Service Personnel (SPACES). The Department at present has no figures on the current level of awareness although it has made considerable improvements in the structured manner in which SPACES support is brought to the attention of those Service leavers who might need it. The recently introduced feedback mechanism for Early Service Leavers on the quality of their resettlement provision and the annual survey of Early Service Leavers resettlement outcomes should provide evidence of the effectiveness of the new measures we have put in place.

The briefing presentation that is delivered to all Early Service Leavers has been revised to include specific mention of the accommodation support SPACES will provide and details of how to contact the organisation. This is reinforced by officers conducting the mandatory one-to-one resettlement interviews with Early Service Leavers, who are now required to probe more deeply into the post-accommodation plans of leavers. If individuals are assessed as vulnerable to homelessness or returning to less than satisfactory family circumstances, the interviewing officer is required to again signpost the services available from SPACES and how to contact the organisation. If appropriate, the interviewing officer will offer to get in touch with SPACES at the individual's request. As a fallback, the resettlement presentation to Early Service Leavers also advertises the location, dates and times of the regular Joint Service Housing Advice Office regional housing briefs, in which the role of SPACES, the services offered and contact details is outlined.

Since the end of January 2008, it has been mandatory for all Service leavers whose transition is not managed under the Early Service Leaver scheme to attend a resettlement interview with a regional resettlement advisor: before this date, attendance of resettlement interviews by officers was discretionary. The interview covers a wide range of resettlement matters including housing. The resettlement advisor is required to bring to the attention of the Service leaver the location, dates and times of the regular Joint Service Housing Advice Office regional housing briefs and, in the case of single personnel who do not own their own home, SPACES.

At the end of the mandatory resettlement interview, all Service leavers are required to sign a document stating that they have received and understood the information listed in the briefing schedule: this includes housing information.

Execution of the revised regime will be actively policed in the Army, in which the NAO report identifies some unevenness in the delivery of resettlement services at unit level, with routine audit of performance by specialist Army Training and Education Service staffs outwith the Chain of Command. Provided all the actions outlined above are discharged, it is difficult to see what more can be done to inculcate awareness in Service leavers of SPACES and encourage those with identified accommodation needs to use its services. That said, the Army resettlement communications strategy implemented with effect from the end of February 2008 ensures that all Service leavers are provided with explicit guidance on their resettlement entitlement and the Army Service leavers handbook, which from January 2008 is issued to all Army Service leavers, includes a section on accommodation issues with particular reference to SPACES.

Clearly, however, we cannot compel individuals to use SPACES if they choose not to do so.

Question 95 (Mr Ian Davidson): *In paragraph 3.21, there is the point about a small number of local authorities that are behaving badly. Can you name them?*

Question 103 (Mr Austin Mitchell): *We would like a list of these few local authorities which are behaving in that kind of fashion so they can be named and shamed. It is disgraceful*

There are two issues identified in the report:

- “concerns that a small number of local authorities may be seeking to delay accepting a main homelessness duty towards Service Leavers and their families who meet the statutory homelessness criteria, and are requiring them to remain in their Service accommodation beyond their last day of service.”
- “additional concerns that a small number of local authorities are delaying acceptance of the main homelessness duty until the courts grant an order for possession to Defence Estates although this does not appear to be widespread.”

Having considered this, as we undertook at the hearing, in consultation with DCLG, MOD’s view and that of DCLG is that it would not be appropriate to publish the names of the local authorities involved. Neither MoD nor DCLG has, in the past, collected information on local authorities which adopt these practices. The NAO, which came across examples in the course of its fieldwork, recognises that they are anecdotal. It is understood that the local authorities concerned were not given an opportunity to comment on the reliability of the accounts given to the NAO.

MoD has accepted the NAO’s recommendation that it should seek to obtain a better idea of the scale of the problem (as well as working with DCLG to minimise the number of cases in the future). Currently, our IT systems only give figures for the overall level of evictions from MoD property for all reasons, of which local authority insistence on a Possession Order is only one. These show that in Financial Year 2005–06 there were 68 evictions; in 2006–07 there were 104; and in 2007–08 there were 58 up to 18 February 2008. IT systems are now being modified so that, in addition to recording that a Possession Order has been sought in certain cases, they also hold data on why this action has become necessary. From the middle of 2008, therefore, we will start to acquire more reliable data about any cases where local authorities are failing to follow DCLG’s guidance in this matter.

Question 116 (Mr Austin Mitchell): *How many Service personnel had been helped into house ownership by shared equity schemes. Shared equity, which makes house purchase more affordable by allowing the purchaser to acquire only a proportion of the equity at the outset, is a valuable addition to the range of schemes for getting on to the property ladder*

Both government and commercially-funded shared equity schemes are available to Service personnel. Those who have a household income of less than £60K will qualify for the Department of Communities and Local Government (DCLG) run schemes, whereas there is no income ceiling for the commercial scheme as currently offered. Details are as follows:

- (a) *DCLG New Build Homebuy*: Purchasers can buy between 25% and 75% of a new build property on a leasehold basis. They will pay a mortgage on their percentage of the property and a subsidised rent on the remainder. The purchaser can subsequently increase their share of the property to 100%. If the purchaser wishes to sell, the property is sold at market value and the shared owner benefits from any equity built up on the share they own.
- (b) *DCLG Open Market Homebuy*: The scheme enables buyers to purchase a home on the open market with the help of an equity loan and a mortgage on the remainder. The equity loan must be repaid either on the final instalment of the mortgage or on resale of the property. There are three different Open Market Homebuy products:
 - (i) 17.5% Government equity loan (maximum £50K).
 - (ii) 12.5% Government equity loan + 12.5 % Participating Lenders.
 - (iii) 17.5% Government equity loan + 15% Yorkshire Bank.
- (c) *English Partnerships—First Time Buyers Initiative*: Purchasers must take out a mortgage for at least 50% of the property price. English Partnerships will contribute the remainder. After three years, buyers will pay a fee to EP of 1% of its contribution per annum, rising to 3% after five years. If the purchaser wishes to sell, the property is sold at market value and the shared owner benefits from any equity built up on the share they own.
- (d) *Commercial Scheme*: Shared Equity Services (SES) launched Forces Housing in 2006, combining a mortgage from a Bank (55%) with an equity loan from SES (45%). The scheme is temporarily not available to new applicants, as SES have stated that they are seeking a new financial backer.

The following table shows the number of personnel who had completed purchases under these schemes, from their start dates up to 29 February 2008. It does not take account of those who may have applied to the schemes but not yet reached completion.

<i>Scheme</i>	<i>Start Date</i>	<i>Completions</i>
DCLG Homebuy Schemes (Includes New Build and Open Market Homebuy)	September 2006 access to Key Worker Living Programme (KWLP) New Build. Expanded eligibility to include Open Market Homebuy to all regions December 2007	30
Shared Equity Services	June 2006	62
English Partnership First Time Buyers Initiative	September 2006 as part of the KWLP. Expanded eligibility to all regions December 2007	5

Question 131 (Mr Richard Bacon): *I would like to move on to the issue of mental health for people who have left the services. The Defence Select Committee Chairman this morning praised the treatment of battle field injuries but went on to say that they had concerns about mental health. You described the approach as one of enhanced support for GPs and enhanced support for those who may need help later. How much do you spend on that?*

The MoD and four UK Health Departments are working together in setting up six pilots in the UK to trial a new community-based expert veterans' mental health service. It is intended that this service will be trialled for two years following which we hope to roll it out UK-wide. The MoD will provide start up costs for the six pilot sites and will meet the costs of the evaluation. The total cost of the project to MoD is £500,000 though additional funding has been contributed by the Scottish and Welsh Governments and a number of the Primary Care Trusts involved have committed additional resources to the pilots. A key aim of the aims is to improve NHS understanding of both the scale of the requirement for an expert veterans' mental health service and the nature of veterans' mental health needs.

For veterans not in a pilot area, the MoD's Medical Assessment Programme (MAP) based at St Thomas's Hospital, London, offers expert mental health assessments to veterans who served in operations since 1982 and who are concerned that their health has been adversely affected by service. Assessments are undertaken by a former ex-Service medical officer who is a qualified GP and consultant psychiatrist. The cost of this service is some £200,000 per annum but it is also available to serving personnel and a small number of those attending are assessed for a general health problem that they are concerned may be linked to service.

Additionally the MoD set up The Reserves Mental Health Programme in November 2006. This offers a dedicated mental health assessment by the Defence Medical Services for any member of the Reserve Forces demobilised since January 2003 following deployment overseas. In the event that individuals are assessed as having a combat-related mental health condition, they are offered outpatient treatment by the Defence Medical Services, who have particular expertise in this area. The Programme is based at the Reserves Training and Mobilisation Centre at Chilwell in Nottinghamshire. Costs for the first year, including those for infrastructure, IT and staff, were £743,243.

Question 132 (Mr Richard Bacon): *How much do you spend on radio advertising for veterans who may need your help? Do you know if you spend any? I hear ads for people who are looking for a job, who have been out of work for a long time, who need to reskill and maybe have problems with literacy and numeracy. I hear ads for reporting benefit cheats, so it is something the government does. I have never heard a radio ad that says, "You have served this country. You have done something that nobody else does and you have watched your best friend die in front of you with his head blown off, rolling across the ground near your feet". Something the media are very bad at making clear is what really these people go through. "You may need some help. We are here to help. Phone this number." Has there ever been a radio ad like that or something like that?*

The MoD has commissioned Veterans Day advertising on local BBC radio stations through Community Services Volunteers; this included advertising of services for veterans; £23,000 was spent on a campaign linked to Veterans Day 2007 and a further programme of advertising is being commissioned for Veterans Day 2008; there will also be TV advertising. We also advertise the services we offer to veterans, including the free-phone Veterans Helpline and Veterans-UK website, regionally in newspapers, telephone directories and on public transport; the total spent in such advertising over the past three years is approximately £170,000. In addition, it is a condition of the £350,000 grants made available by the Department for Veterans Day events across the country that they should publicise the support services available to Veterans; this is monitored to confirm effective delivery. The Government additionally publicises and provides access to the services it offers at major public events where a substantial veterans' attendance may be expected; it does this through Service Personnel and Veterans Agency caravans, manned by members of the Veterans

Welfare Service. We also publicise other Government and charitable services available to veterans, including the Government's mental health pilots, the Medical Assessment Programme at St Thomas' Hospital London and the Reserves Mental Health Programme; we do not have figure for the cost of this material. Finally, Ministers regularly take the opportunity of radio and TV interviews to publicise the services offered to veterans.

Question 151 (Mr Alan Williams): *What is the additional cost of raising the level of the Individual Resettlement Training Cost (IRTC) grant to £1000; and the costs avoided by the Department by not increasing its value from £534 since it was introduced in 1993?*

The Department has a target to increase the value of the IRTC grant from £534 to £1018 with effect from October 2008 and, thereafter, to sustain its value annually in line with inflation. We will be seeking to resource the increase by reducing the amount currently spent on travel and subsistence by Service leavers attending resettlement vocational training by delivering more quality training courses, local to more Service leavers, so such costs are avoided. As the NAO report observed, Service leavers annually spend over £9.5 million in subsistence costs associated with individual resettlement preparation. The increase in funding needed in the first full year of the IRTC grant uplift is assessed to be in the order of £6.524 million, assuming all personnel entitled to the grant use the full amount. In practice the outturn is likely to be lower because Service leavers attending contract-funded courses provided by the Career Transition Partnership (CTP) are not hard charged but have their IRTC grant "account" debited by one twentieth for each day of training provided. At this stage it would be difficult to provide a figure for the abatement in IRTC grant outturn, not least because for some of the more expensive training we might provide under a contract, building on experience with the Royal Irish (Home Service) bespoke local training package, might require a higher per diem IRTC grant soft charge on Service leavers: an expectation of at least £0.5 million would not be unreasonable.

An assessment of the costs avoided by the Department in not increasing the IRTC grant since its inception in 1993 is more problematic because the Department has an incomplete record of expenditure due to the way that the single Services construct and manage their budgets in line with their wider organisational structures. In the case of the RAF, no centralised records are available because the Service disaggregates provision to Air Station level as part of the wider training budget. Significant restructuring of the single Service since 1993 compounds the difficulty of an audit trail. Accurate data on historic IRTC grant expenditure could only be provided at disproportionate cost although, with effect from 1 April 2008, the single Services will be maintaining a record of their outline resettlement costs.
