



House of Commons  
Defence Committee

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# The Armed Forces Covenant in Action? Part 2: Accommodation

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**Second Report of Session 2012–13**

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

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## Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

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The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume. Additional written evidence may be published on the internet only.

### Committee staff

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# Conclusions and recommendations

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## The importance of accommodation to Armed Forces personnel

1. Armed Forces personnel and their families see accommodation as a key component of the Armed Forces Covenant. It is clear that they have concerns about it and we consider those concerns in this Report. The MoD agrees that accommodation is an important and integral part of the Covenant. We welcome the commitment made by the MoD to report to Parliament on accommodation in the Annual Report on the Armed Forces Covenant. We expect to see the importance given to the Covenant by the Armed Forces and the MoD reflected in the content of the Annual Report. We would welcome clarification of when the first Annual Report is due to be presented to Parliament. (Paragraph 13)
2. The MoD should fully recognise that serving Armed Forces personnel and their families regard accommodation as fundamental to the Armed Forces Covenant. It should regularly update Armed Forces personnel and their families as to developments in its policy on accommodation. (Paragraph 16)

## The provision of accommodation

3. We note that actual levels of home ownership have declined substantially over recent years. We should like to see more research in this area, particularly as house purchase in the Army can lead to separation and pressure from families to leave. (Paragraph 18)

## Service Families Accommodation

4. We welcome the policy that no family will be placed in housing assessed at conditions 3 or 4. We are, however, concerned that the MoD may become complacent about the quality of accommodation especially as condition 2 is a broad band and, at the lower end of the band, the quality of accommodation could easily slip into condition 3. We expect the MoD to tell the Committee if it has to revert to putting families in accommodation in conditions 3 or 4. We recommend that the MoD review the condition 2 band to see if it should be split into two sub-categories which lay down expected quality thresholds for families to facilitate management decisions on the improvement of properties. (Paragraph 26)
5. We accept that it is appropriate for the MoD to reflect local factors such as access to local facilities when determining the grade for charge. But the MoD should revise the system for determining the grade for charge and ensure that non-condition related factors are up to date. It should ensure that the condition of the property is more closely reflected in the grade for charge. (Paragraph 28)
6. We are concerned about the amount of substitute accommodation that the MoD is having to use. Not only is it costly but it is unsatisfactory for the families to live away from their Units. The MoD should make decisions about Germany, rebasing and the Future Accommodation Project, as speedily as possible. (Paragraph 32)

7. We accept that some of the concerns about the standard of maintenance may be the result of poor communication but believe that many of them must result from the genuine experience of personnel and families. The MoD should investigate the entrenched belief amongst occupiers of Service Families Accommodation that the maintenance contractors carry out short term fixes to problems rather than provide a good quality repair. It would also be worthwhile to review the incentives and measurements of success amongst maintenance contractors to ensure that they are in line with comparable best practice in the private sector. The MoD should continue to monitor satisfaction levels with reactive maintenance carefully and deal promptly with any deterioration in performance, in particular during the three year 'pause' in the upgrade programme. (Paragraph 34)
8. The MoD should monitor the impact on the service given to personnel and families living in Service Families Accommodation of the changes to the system of allocation and the amalgamation of the Housing Information Centres. It should act promptly to rectify any problems identified. (Paragraph 36)

### Single Living Accommodation

9. We accept that there are many uncertainties with regard to the provision of accommodation such as the return from Germany and rebasing, and the Future Accommodation Project. However, it is unsatisfactory that over 60 per cent of Single Living Accommodation is in conditions 3 and 4. It is unacceptable that the MoD can make no estimate as to when it might meet its aspiration to have 90 per cent of such accommodation in the top two categories. (Paragraph 42)
10. We recommend that the MoD should have regard to both the needs of the Armed Forces and the expectations of personnel when determining how much single and multiple occupancy accommodation it should build in the future. The MoD should carry out further work on determining the quantity of multi-occupancy accommodation required for trainees and those early in their careers in order to maintain unit cohesion and to prevent isolation, in particular in junior Armed Forces personnel. (Paragraph 46)
11. We recommend that the MoD should determine how much Single Living Accommodation it needs and take steps, as appropriate, either to provide more accommodation in barracks or to reduce excess provision. It should consider the advantages of achieving any reduction by decommissioning the worst accommodation first in any location. The MoD should also improve its management information on the provision of SLA in terms of the number of bed spaces, the quality of the accommodation and its usage. (Paragraph 48)

### New build of SFA and SLA

12. We welcome the work the MoD is doing to review the factors which drive the cost of replacing SLA to develop a more cost-effective approach for future projects. We consider that such work should include the examination of new options in respect of the provision of new accommodation. We look forward to seeing the results of this work in due course. We expect the MoD, in carrying out the further work we call for

in paragraph 46, to take into account the cost of building each en-suite room. (Paragraph 52)

13. We regard the three year stoppage of the upgrade programme for both Service Families Accommodation and Single Living Accommodation as a false economy. The announcement sent out the wrong signal to Armed Forces personnel about the importance the Government attached to the Armed Forces Covenant. We recommend that the MoD look again urgently at the stoppage and consider whether the increased long-term cost that is likely to accrue from this policy means that it is making a decision on a false economy and whether it should find the additional resources required to reinstate the upgrade programme. (Paragraph 58)
14. We welcome the Budget announcement of an extra £100 million to be spent on Armed Forces accommodation as we regard this additional funding as both necessary and timely. The MoD should provide us with further details as to how this money is to be spent, where it is to be spent, and over what period. (Paragraph 60)

### Home ownership

15. We recommend that the MoD should ensure that the lessons learned from its work in developing schemes to encourage home ownership should be taken forward into the Future Accommodation Project. These lessons should include better financial education and information for Armed Forces personnel and greater flexibility in relation to the offers available. The MoD should increase the size of the Long Service Advance of Pay as it is 22 years out of date and therefore not likely to encourage a high uptake amongst those eligible. (Paragraph 65)
16. We recommend that the MoD Joint Housing Advice Office should be tasked to educate Armed Forces personnel early in their careers about the likely situation on housing when they leave the Services and some of the options they may wish to consider prior to leaving in the light of this reality. The Joint Housing Advice Office should be supported and resourced to carry out this additional task. (Paragraph 67)
17. The Government should clear up the confusion as to the situation on council tax rebates for Armed Forces personnel who own their own home but have to live in SFA overseas. All Armed Forces personnel with an empty property who are living in SFA in the UK or overseas should be entitled to a rebate of 50 per cent of council tax as they pay a charge in lieu of council tax on their SFA property. Alternatively those living in SFA overseas should not be required to pay a contribution in lieu of council tax. (Paragraph 69)

### New Employment Model and the needs of the individual Services

18. We have not looked at the work on the New Employment Model in detail but, as a result of the divergence in accommodation needs between the Naval Service and the Army, it has become apparent to us that it is crucial the Government ensure that the New Employment Model will work for each of the three Services allowing sufficient variation within the Model to meet their differing needs and aspirations. (Paragraph 72)

19. As with the New Employment Model, proposed arrangements under the Future Accommodation Project should be sufficiently flexible to meet the needs of the three individual Services by allowing sufficient variation to meet their differing needs. They should also take account of the needs of personnel at different stages in their lives and careers. (Paragraph 77)
20. We recognise the MoD is considering the entitlement rules as part of its work in support of the Future Accommodation Project and the New Employment Model. We believe that the MoD should consider whether the current arrangements for accommodation meet the needs of modern family life. It should take this into account when comparing and modelling the options under the Future Accommodation Project. (Paragraph 81)
21. Given the fragility of morale and past difficulties with effective communications, we recommend that the MoD develop a well thought-through communications plan for the Future Accommodation Project which involves direct communications with individual Service personnel and their families conveying relevant and detailed information as well as general communications via the Families Federations. This plan should be in place and activated as soon as an announcement is made in Parliament. (Paragraph 84)
22. We recommend that the MoD research the potential impact on recruitment and retention of the options for consideration under the Future Accommodation Project. In particular, the MoD should investigate the likely impact on the retention of personnel serving unaccompanied either because of increased home ownership or unmarried personnel not being entitled to Service Families Accommodation. We think it particularly important in the Army's case to compare rates of premature voluntary release, in recent years, between home owners and those in SFA. (Paragraph 86)
23. We are concerned that the introduction of almost any proposals for the New Employment Model and the Future Accommodation Project will require upfront start-up costs. Given the financial constraints faced by the MoD, we ask the MoD to ensure that any plans for the Future Accommodation Project can be fully funded before embarking on them. The MoD should provide us with the details of the financial package it has available to undertake these developments. (Paragraph 87)
24. Given the willingness of the Treasury to embrace 10 year budget cycles for other aspects of the MoD's budget it would seem reasonable, given the front-loading and potential long term savings, for the MoD to argue for a similar approach with respect to changes in the housing arena. (Paragraph 88)

### **Defence Infrastructure Organisation Transformation**

25. The MoD accepts that the Defence Infrastructure Organisation is undergoing a major transformation at the same time as managing the estate aspects of significant events such as the return of Armed Forces personnel from Germany. Given the importance of managing Service Families Accommodation and Single Living Accommodation well, we want assurance from the MoD that the DIO will remain

sufficiently robust and properly staffed to carry out the work required of it while going through this major change. (Paragraph 92)

## Conclusion

26. We recognise the importance of accommodation to Armed Forces personnel and their families. The MoD has made progress in improving Service Families Accommodation but has a way to go in ensuring that all personnel entitled to SFA are accommodated near to their Units and not in substitute accommodation. The three year 'pause' in the upgrade programme is unfortunate and gave the wrong signal to personnel about how the Government regarded accommodation as part of the Armed Forces Covenant. We look forward to seeing how the additional funding announced in the budget will be used to reverse the earlier signal. (Paragraph 93)
27. The New Employment Model and the Future Accommodation Project are important in underpinning changes to the Armed Forces. We are concerned that the models adopted by the Armed Forces should truly reflect the different needs of the three Services. The conclusions of the Future Accommodation Project should: address the different needs of the three Services;
  - meet the needs of modern family life where practicable;
  - balance the aspiration of personnel to have their own rooms with the need to promote unit cohesion by having multi-occupancy rooms;
  - have a comprehensive a plan to communicate the outcome of the Project;
  - have the necessary funds to implement the results of these projects. (Paragraph 94)
28. The Defence Infrastructure Organisation is managing a large estate and carrying out a major transformation programme in the midst of uncertainty over the Future Accommodation Project, return of personnel from Germany and other rebasing issues. We ask the MoD to review whether the DIO is sufficiently well staffed to undertake this transformation. (Paragraph 95)

# 1 Introduction

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## Background

1. The Armed Forces Covenant between the people of the United Kingdom, the Government and all those who serve or have served in the Armed Forces and their families was set out by the Government in May 2011:

The first duty of Government is the defence of the realm. Our Armed Forces fulfil that responsibility on behalf of the Government sacrificing some civilian freedoms, facing danger and, sometimes, suffering serious injury or death as a result of their duty. Families also play a vital role in supporting the operational effectiveness of our Armed Forces. In return, the whole nation has a moral obligation to members of the Naval Service, the Army and the Royal Air Force, together with their families. They deserve our respect and support, and fair treatment.

The Covenant covers a range of issues including terms and conditions of service, healthcare, education, housing, benefits and tax, responsibility of care, deployment, support after Service and recognition.<sup>1</sup>

2. On housing, the Armed Forces Covenant states that:

In addressing the accommodation requirements of Service personnel, the Ministry of Defence (MoD) seeks to promote choice, recognising the benefits of stability and home ownership amongst members of the Armed Forces where this is practicable and compatible with Service requirements, and also that their needs alter as they progress through Service and ultimately return to civilian life. Where serving personnel are entitled to publicly-provided accommodation, it should be a good quality, affordable, and suitably located. They should have priority status in applying for Government-sponsored affordable housing schemes, and Service leavers should retain this status for a period after discharge.<sup>2</sup>

3. The Armed Forces require personnel to be mobile to meet operational needs and to serve on remote bases, hence personnel are provided with accommodation for which they pay a charge based on the condition of the property and locally available facilities. Married personnel, those in civil partnership and those with sole custody of children are provided with houses or flats for their families (Service Families Accommodation).<sup>3</sup> Single personnel or those serving unaccompanied are provided with either single or multi-occupancy rooms (Single Living Accommodation). The MoD leases the majority of its SFA in England and Wales from Annington Homes under a sale and leaseback arrangement made in 1996, although it retains responsibility for maintaining the properties.<sup>4</sup> The accommodation is

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1 The Armed Forces Covenant, [www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/Personnel/Welfare/ArmedForcesCovenant/](http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/Personnel/Welfare/ArmedForcesCovenant/)

2 The Armed Forces Covenant, page 7, paragraph 4 [www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/Personnel/Welfare/ArmedForcesCovenant/](http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/Personnel/Welfare/ArmedForcesCovenant/)

3 Ev 58

4 National Audit Office, *Service Families Accommodation*, HC 13, 2008–09

managed mainly by the MoD —the Defence Infrastructure Organisation—except for a limited amount of Single Living Accommodation provided under Public Finance Initiative contracts. Much of the repair, maintenance and upgrade work is carried out by subcontractors.

4. The MoD is currently involved in significant work reviewing the provision of accommodation to Armed Forces personnel and their families. In early 2012, it started work on reviewing its current arrangements for the employment of Armed Forces personnel; the project is called the New Employment Model. One element of this work deals with the provision of accommodation to Armed Forces personnel and their families, called the Future Accommodation Project.

### Scope of the inquiry

5. In December 2011, we announced an inquiry into the provision of accommodation to Armed Forces personnel and their families. This inquiry is the second in a series of inquiries dealing with the Armed Forces Covenant. We examined how the MoD and others deliver the accommodation component of the Armed Forces Covenant. We scrutinised the quality and condition of the accommodation provided to Armed Forces personnel and their families and how the MoD promotes home ownership and how it supports personnel in finding accommodation when they leave the Services. In particular, we have examined:

- the condition of the accommodation provided to families and single personnel;
- the upgrade programme for both Service Families Accommodation and Single Living Accommodation;
- how Armed Forces personnel regard their accommodation and related services;
- whether the MoD has sufficient accommodation of the right size and quality in the right place;
- how the MoD is managing the housing estate and single living accommodation, including planning, allocation, the upgrade programme, repair and maintenance arrangements; and
- to what extent and how the MoD is promoting home ownership and how it supports those leaving the Armed Forces in finding future accommodation.

6. As part of our inquiry, we visited Catterick Garrison where we saw a selection of Service Families Accommodation of varying age and condition and Single Living Accommodation including recently completed en-suite rooms of a high standard and multi-occupancy rooms which were very run down. We had the opportunity to talk to Armed Forces personnel and their families about their experience of living in MoD accommodation. We also spoke to MoD staff and contractors working on the management and maintenance of the housing stock. We would like to thank those we met for their time and the frank exchange of views.

7. We took oral evidence from the Families Federations representing the families of the Army, Naval Service and the RAF and received written submissions from a number of

other external sources. On the Government side, we took evidence from MoD officials responsible for the policy on the provision of accommodation to Armed Forces personnel and their families and from those officials responsible for the management of the defence estate including accommodation. The Rt Hon Andrew Robathan MP, Minister for Defence Personnel, Welfare and Veterans, also gave evidence to us. A full list of witnesses and written submissions are given on page 46. We are very grateful to all those who provided evidence to us either orally or in writing.

## Previous reports

8. In conducting our inquiry and in producing this Report, we took account of work done by the previous Defence Committee, the National Audit Office (NAO) and the Committee of Public Accounts. The relevant reports are as follows:

- Defence Committee Report: The work of the Defence Estates, Fifteenth Report of Session 2006-07.<sup>5</sup>
- National Audit Office Report, Service Families Accommodation, March 2009.<sup>6</sup>
- The subsequent Committee of Public Accounts Report on Service Families Accommodation, Forty-first Report of Session 2008-09.<sup>7</sup>

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5 Defence Committee, Fifteenth Report of Session 2006-07, *The work of Defence Estates*, HC 535

6 National Audit Office, *Service Families Accommodation*, HC 13, 2008–09

7 *Service Families Accommodation*, Forty-first Report of the Committee of Public Accounts, HC 531, 2008–09

## 2 Accommodation as a pillar of the Armed Forces Covenant

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### Accommodation in the Armed Forces Covenant

9. The Armed Forces Act 2011 requires the Government to prepare an annual report on the Armed Forces Covenant defined as follows:

An armed forces covenant report is a report about effects of membership, or former membership, of the armed forces on service people, or particular descriptions of such people—

- a) in the fields of healthcare, education and housing;
- b) in the operation of inquests; and
- c) in such other fields as the Secretary of State may determine.<sup>8</sup>

### The importance of accommodation to Armed Forces personnel

10. The Families Federations told us that Service personnel and their families saw “housing as a staunch pillar of the Covenant”. Julie McCarthy of the Army Families Federation said that personnel and families needed to see that the Government was taking housing seriously before they would “buy into the Covenant”.

In terms of Army personnel—certainly the families and service personnel that I speak to—they see housing as a staunch pillar of the Covenant, and I do not think that it is necessarily represented in the deliverables against the Covenant that we are seeing at the moment. They see it as very much a huge part of their terms and conditions of service and, putting aside everything else that is being offered, that for them is actually the big thing. They will not necessarily buy into the Covenant until they see that housing and their terms and conditions of service are the pillar for the Government as well.<sup>9</sup>

11. We asked the Families Federation if they thought that the Government and Parliament were upholding the Covenant as they should, Julie McCarthy said that she thought not:

In terms of housing, it is probably fair to say that most families feel it is failing. There are the reductions in funding for general upgrades, but look at the funding pause between 2013 and 2015, where there will be no upgrades at all. [...] As part of the Covenant, they feel that that should be addressed first. Before we get into all the other stuff, that should be right. Families feel that their soldier is going away on ops

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8 Armed Forces Act 2011 – Parliament website

9 Q 1

and serving their country, but they should come back to decent accommodation, and families should be provided with decent accommodation while they are away.<sup>10</sup>

12. The Rt Hon Andrew Robathan MP, Minister for Defence Personnel, Welfare and Veterans told us that:

[...] we consider that accommodation is an integral and very important part of the Covenant. You will know that only three issues are specifically named as having to be reported on in the Annual Report on the Covenant, and accommodation, along with health and education, is one of those.<sup>11</sup>

**13. Armed Forces personnel and their families see accommodation as a key component of the Armed Forces Covenant. It is clear that they have concerns about it and we consider those concerns in this Report. The MoD agrees that accommodation is an important and integral part of the Covenant. We welcome the commitment made by the MoD to report to Parliament on accommodation in the Annual Report on the Armed Forces Covenant. We expect to see the importance given to the Covenant by the Armed Forces and the MoD reflected in the content of the Annual Report. We would welcome clarification of when the first Annual Report is due to be presented to Parliament.**

14. The Families Federations told us that Armed Forces personnel and their families valued accommodation very highly and saw it as part of their terms and conditions of employment and as promoting unit cohesion and support for families when personnel were deployed on operations. The provision of accommodation was particularly important for those who were required to be mobile; it was the only option allowing families to live together. They also told us that, for many personnel, Service Families Accommodation was the only affordable housing solution:

*Dawn McCafferty [RAF Families Federation]:* [...] Service families and the serving personnel hugely value the provision of Service-provided accommodation, both single living and married accommodation, and I think that part of it is because they are joining a community, a family—it is a lifestyle choice to join the Royal Air Force or the Armed Forces—and they are having Service accommodation provided right from the outset. So when you are a single person who has just joined up, you are given accommodation to live in as part of the team—you live close to work—and then as you move on, perhaps you get married, and there is provision of accommodation for you and your family, to enable you to move together as a family, and I think that is hugely valued by them.

*Kim Richardson [Naval Families Federation]:* I think they expect it, actually. I think it is almost part of their terms and conditions of service, so there is an expectation. The only thing that I would add is that, for some of our younger and more vulnerable people, Service Family Accommodation is the only affordable option for housing that they have.

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10 Q 14

11 Q 109

**Julie McCarthy**[*Army Families Federation*]: I agree with all of that and just say that, with the mobile Army that we have, it is the only real option that families have for living together and spending any sort of quality time together. [...]

**Dawn McCafferty**: Evidence for how highly they value it is that, when we started asking questions [...] as to how they would feel if the provision of accommodation was to be reduced or taken away, there was a very, very strong feeling against that suggestion. They felt that it would undermine team cohesion and put huge pressure on the families.<sup>12</sup>

Nevertheless, there was evidence of different attitudes between the Services, in particular, between the Royal Navy and the other two Services. Kim Richardson told us:

I would say that mobility has a role to play in operational capability. Our families tend to be mobile, and a percentage of them would need to be housed. But I would also say that where we are at the moment is unaffordable, and we have to look at what we do in future. We can't carry on in the place we are at the moment. While I understand Julie's point, I think this is more of an Army Military Covenant point than an Armed Forces Covenant that is looking at the wider picture.<sup>13</sup>

15. We asked the MoD what impact poor accommodation had on the morale of the Armed Forces. The MoD acknowledged that accommodation did have an effect on morale but was unable to quantify it. Brigadier John Wootton, Director, Infrastructure Army HQ, told us that:

The measuring of morale is a difficult activity to put a precise score on. It is also difficult to take that score and put cost terms or effectiveness terms on it, in the context of military capability and output. Therefore, it is a difficult question to answer.<sup>14</sup>

The Minister told us:

Regarding Single Living Accommodation, to a large extent, young men, typically, or women, are probably less bothered by their accommodation [...]. They do relish the fact [...] that they do not pay very much for the accommodation. It will take some time [...] to get Single Living Accommodation up to the standard that we would wish.

You also mention the impact that it has on people's views. I am glad to say, and this is an ongoing thing, that since 2007 there has been a Continuous Attitude Survey. The answer to, "How satisfied are you with the overall standard of my current accommodation?" has gone up from 49% in 2007 to 57%, which is a pretty substantial jump. Last year, the question relating to morale in difficult times said, "How much does Service accommodation impact on your intentions to stay or leave the Service?" "Increases the intention to stay" has gone up from 13% in 2007 to 24%, and there has been a concomitant decrease in "increases the intention to leave." It is

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12 Q 1

13 Q 15

14 Q 79

not in one of the top five reasons that people leave the Armed Forces, which is significant.

Single Living Accommodation is not what we would wish to have, but [...] actually people just get their heads down and get on with it. That is true when they are young and less bothered than somebody my age might be about comforts. They make themselves comfortable in the most remarkable conditions on operations and they are less concerned—and these figures bear this out—than we might imagine about how they are looked after. That is not to say that that is an excuse for poor accommodation; it is not. But not everyone is appalled at the idea of sharing a room or that there may not have been a lick of paint in the last couple of years.<sup>15</sup>

**16. The MoD should fully recognise that serving Armed Forces personnel and their families regard accommodation as fundamental to the Armed Forces Covenant. It should regularly update Armed Forces personnel and their families as to developments in its policy on accommodation.**

### 3 The provision of accommodation

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#### Background

17. Gavin Barlow, Director Service Personnel Policy explained the reasoning behind the provision of accommodation to Armed Forces personnel:

It is a condition of Service, in recognition of the mobile lifestyle of the Service person and the fact that they frequently serve on remote bases, that they are provided with accommodation, whether family or Single Living Accommodation. That is an entitlement for all regular personnel. Whether they get Service Family Accommodation or Single Living Accommodation depends on their circumstances [...] Normally the accommodation would be provided at, or within a reasonable distance of, their duty unit. Policy on the provision of living accommodation is set out in tri-service regulations now, and that is fairly common to our Service personnel policies across the board, where we have converged policy a lot over recent years. Barring a few very small variations on entitlements and charging, there is no significant difference between the three Services.<sup>16</sup>

18. The MoD has to balance the requirements of the Services that personnel are mobile and the provision of support to families against the increased recognition that families would prefer to be based in a stable location to allow spouses to maintain their employment and children to have continuity of education. It told us that:

MOD policy for the provision of accommodation is to offer choice to Service personnel through a ‘mixed economy’ of housing solutions that includes quality public provision and home ownership support options.

Recent surveys have shown a growing trend towards Service personnel wanting to own their own homes. Their reasons vary and include a desire for family stability, an investment in the future or to enable cohabitation. Surveys also suggest a strong link between fulfilling these aspirations and retention in Service.<sup>17</sup>

**We note that actual levels of home ownership have declined substantially over recent years. We should like to see more research in this area, particularly as house purchase in the Army can lead to separation and pressure from families to leave.** We consider this matter further in paragraphs 61 to 65.

19. The extent of mobility within the Army was illustrated by Julie McCarthy:

Taking it on from there, we are probably the most mobile Service. Over 17 years, I had 11 houses—12 at the end of this year. It is that frustrating thing that, for the Army families, it is about mobility. We cannot get our heads around having the separated Service as much as the Navy has done, and sometimes I wish we would.<sup>18</sup>

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16 Q 52

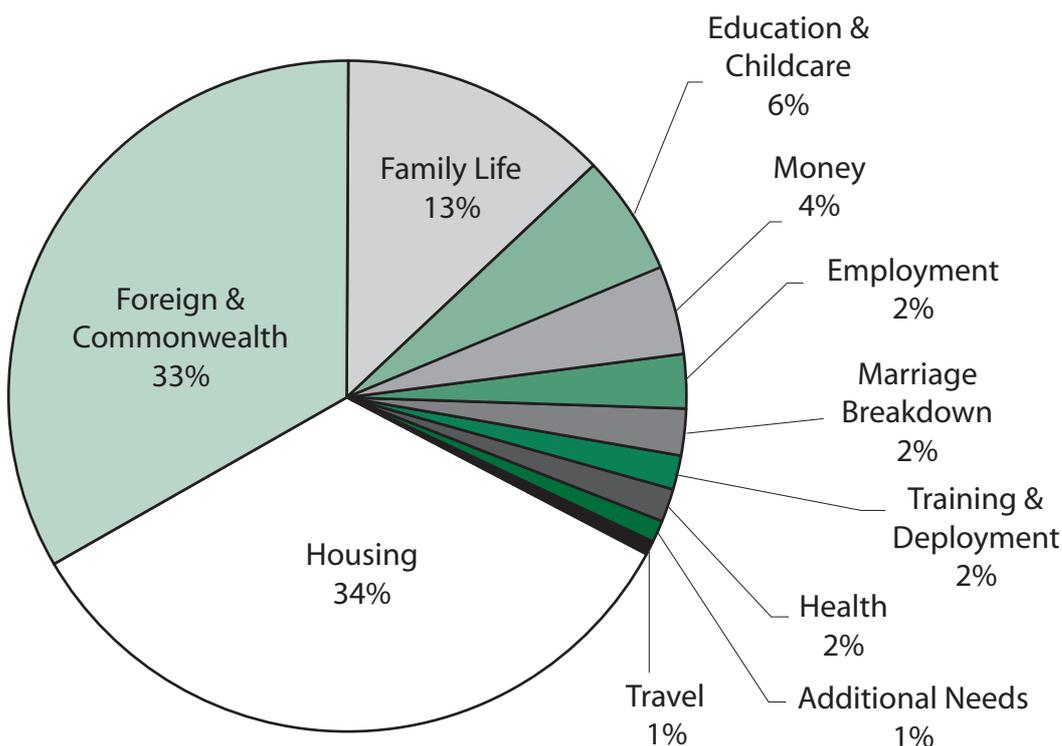
17 Ev 33

18 Q29

## Service Families Accommodation

20. The Families Federations told us that housing was still the major item raised by Armed Forces personnel and their families. The Army Families Federation reported that 34 per cent of the concerns raised with them from July to September 2011 were about housing (see figure 1 below for the full break down of issues raised).<sup>19</sup> Indeed, if the queries raised by the families of Army personnel recruited abroad are excluded, housing accounted for more than half of all concerns.

**Figure 1: Concerns raised by Armed Forces personnel and their families with the Army Families Federation—July—September 2011**



*Note: "Foreign and Commonwealth" concerns are those raised by Armed Forces personnel recruited in the Commonwealth and elsewhere abroad.*

*Source: The Army Families Federation*

21. The RAF Families Federation also reported that housing was the highest reported category of complaint:

Housing has been consistently the highest reported issue category since the launch of the RAF Families Federation. Over those four years however, we have seen a subtle shift in the types of housing issues reported. Initially, we received a large number of complaints about the condition and maintenance of Service Family Accommodation (SFA), most of which were attributed to Modern Housing Solutions (MHS) as the primary contractor in England and Wales. We are still contacted by families who have problems with their SFA maintenance but those issues that have arisen of late have been of a more significant and serious nature, often involving multiple agencies. That said, recently introduced regular meetings between our Evidence Assistant

(Housing) and the MHS focal point Customer Care Manager have created a system which pinpoints problems quickly and enables rapid resolution by MHS staff before the situation deteriorates into what previously might have caused a ‘stand-off’ between MHS and occupants. We also liaise with DIO [Defence Infrastructure Organisation] HIC [Housing Information Centre] staff on a regular basis to ensure that our families are receiving the right level of support. Over the last two years we have seen an increase in the number of reported concerns regarding the allocations and entitlement policies. On the allocations front, there are several RAF units that have absolutely no spare SFA capacity and families are being accommodated at alternative sites, often some distance from the community support facilities of their parent unit and with the added disadvantage of having to pay a ‘Home to Duty’ contribution despite the lack of choice over where they live.

On the policy front, families are becoming more frustrated with the current regulations and frequently implore the Federation to challenge the existing rules, which appear to be based upon a definition of the family from a bygone era and do not take into consideration the differing family models which exist in the RAF in the 21st century.<sup>20</sup>

22. Similarly, the Naval Families Federation also said that housing was the major area of concern reported to them, within which allocation of accommodation was the largest group followed by maintenance and repairs, and then entitlement rules.<sup>21</sup>

### **The costs of Service Families Accommodation**

23. The gross costs of Services Families Accommodation (SFA) in the UK were £461 million with income from occupants of some £143 million in 2010-11.<sup>22</sup> A comparison of costs in previous years is given in Table 1 below:

**Table 1: Costs of Service Families Accommodation in the UK<sup>23</sup>**

	2006-07 £m	2007-08 £m	2008-09 £m	2009-10 £m	2010-11 £m
Anningtons Rent	146	152	150	150	153
Housing PFIs	21	27	27	27	27
Contributions in lieu of Council Tax	51	53	59	57	57
Planned and reactive maintenance	136	147	126	131	122
Upgrades	19	30	35	50	46
Substitute Accommodation	18	18	26	31	38
Staff Costs	19	16	17	18	18
<b>Gross Cost</b>	<b>410</b>	<b>443</b>	<b>440</b>	<b>465</b>	<b>461</b>

20 Royal Air Force Families Federation Survey Report for the Future Accommodation Project, [www.raf\\_ff.org.uk](http://www.raf_ff.org.uk)

21 Naval Families Federation: Future Accommodation for Service Families Survey Report, [www.nff.org.uk](http://www.nff.org.uk)

22 Ev 35

23 Ev 35

	2006-07 £m	2007-08 £m	2008-09 £m	2009-10 £m	2010-11 £m
Income from occupants	(125)	(129)	(138)	(140)	(143)
<b>Net Cost</b>	<b>285</b>	<b>314</b>	<b>302</b>	<b>325</b>	<b>318</b>
House purchases				13	9

Source: The Ministry of Defence

### The condition of Service Families Accommodation

24. The MoD has an elaborate assessment system for determining the ‘standard for condition’ of SFA based on the size of the property, the condition of the building and the electrical supply, and the quality of the fixtures and fittings. A detailed description of each of the categories is given in the MoD memorandum<sup>24</sup> and appendix 3 of the 2009 NAO Report on Service Families Accommodation.<sup>25</sup> There are four categories of condition; standard 1 and 2 are deemed satisfactory. The MoD told us that, from January 2012, no family would be newly placed in condition 3 or 4 accommodation. However, as at 7 February 2012, some 797 families were living in standard 3 accommodation and 127 in standard 4 although they had been offered a move to a better property.<sup>26</sup> The number of properties in each of the four conditions is given in Table 2 below.

Table 2: Number of SFA properties by standard for condition<sup>27</sup>

Number of SFA Properties - Standard for Condition (as at 31 Dec 11)	Number		Total	
	Officers	Other ranks		
Number of SFA at Standard 1 for Condition	5,139	17,809	22,948	47%
Number of SFA at Standard 2 for Condition	5,112	18,018	23,130	47%
Number of SFA at Standard 3 for Condition	193	762	955	2%
Number of SFA at Standard 4 for Condition	20	157	177	1%
Standard for Condition not yet determined	2365	1,611	1,847	4%
<b>Total properties</b>	<b>10,700</b>	<b>38,357</b>	<b>49,057</b>	<b>100%</b>

Source: The Ministry of Defence

25. In 2010, 58 per cent of respondents to the Armed Forces Continuous Attitude Survey said they were satisfied with the overall standard of their SFA, six per cent higher than in 2007.<sup>28</sup> In Summer 2011, the Families Federation conducted a survey of families asking what they liked most and least about living in SFA. The highest response for what they liked best was ‘low charges make it affordable’ (Royal Navy 33 per cent, RAF 35 per cent

24 Ev 73 and Ev 80

25 National Audit Office, *Service Families Accommodation*, HC 13, 2008–09

26 Q 85

27 Ev 36

28 Ev 36 For 2011, the figure for satisfaction level (57 per cent) could not be broken down between SFA and SLA.

and Army 45 per cent). The highest response for what they liked least was ‘the condition of the property’ (Royal Navy 20 per cent, RAF 23 per cent and Army 21 per cent).<sup>29</sup>

**26. We welcome the policy that no family will be placed in housing assessed at conditions 3 or 4. We are, however, concerned that the MoD may become complacent about the quality of accommodation especially as condition 2 is a broad band and, at the lower end of the band, the quality of accommodation could easily slip into condition 3. We expect the MoD to tell the Committee if it has to revert to putting families in accommodation in conditions 3 or 4. We recommend that the MoD review the condition 2 band to see if it should be split into two sub-categories which lay down expected quality thresholds for families to facilitate management decisions on the improvement of properties.**

### **Charges for Service Families Accommodation**

27. SFA is divided into four grades (Grade for Charge) which determine the charge to be paid by each family. The actual charges are determined by the Armed Forces Pay Review Body. Whilst all charges are subsidised, personnel residing in poor condition accommodation or where the local environment or access to facilities is deemed not to be good, are charged lower amounts. The system for determining the grade for charge has not been revised for some time and contains some elements which are outdated such as access to a public telephone box.<sup>30</sup> It is not clear that sufficient emphasis is given to the condition of the property when determining the grade for charge. For example, 3,801 properties are in the top condition but are charged at the lowest grade for charge (4) and a further 8,043 properties in the top condition are charged at grade 3 for charge. Table 3 shows a comparison of the grade for charge of properties against the standard for condition.

**Table 3: A comparison of the grade for charge with the standard for condition for SFA properties<sup>31</sup>**

Grade for Charge	Standard for Condition					Grand Total
	1	2	3	4	Not Recorded	
1	3695	1079	54	16	88	4932
2	7409	6121	161	31	179	13901
3	8043	10182	431	92	252	19000
4	3801	5745	301	38	1324	11209
<b>Grand Total</b>	22948	23127	947	177	1843	49042

Source: Ministry of Defence

**28. We accept that it is appropriate for the MoD to reflect local factors such as access to local facilities when determining the grade for charge. But the MoD should revise the system for determining the grade for charge and ensure that non-condition related factors are up to date. It should ensure that the condition of the property is more closely reflected in the grade for charge.**

29 Ev 37

30 Ev 80 and National Audit Office, *Service Families Accommodation*, HC 13, 2008–09, Appendix 3

31 Ev 39

### Management of the accommodation

29. The MoD has improved its management of empty properties and the number of empty properties has fallen from 18 per cent in September 2008 to 10 per cent in January 2012 although the MoD calculated that a further three per cent of properties are empty as they are being held awaiting decisions about accommodating personnel returning from Germany.<sup>32</sup> David Olney, Chief Operating Officer, Defence Infrastructure Organisation(DIO), told us that he expected decisions on the return from Germany to be made by the end of 2012.<sup>33</sup> Air Commodore Alan Opie, Head of Operations, (accommodation), DIO, told us that a margin of empty properties is needed to manage the high level of moves—some 40 per cent of families move each year.<sup>34</sup>

30. The MoD has had a programme to upgrade SFA properties. The numbers of properties upgraded and costs of the upgrade programme are shown in Table 4 below. The MoD told us there will be a further 800 properties upgraded in 2012–13.<sup>35</sup> The upgrade programme has been stopped for three years from 2013–14 (see paragraphs 53 to 58).

**Table 4: Upgrade Programme for Services Families Accommodation<sup>36</sup>**

	2006–07	2007–08	2008–09	2009–10	2010–11	2011–12	TOTALS
<b>England &amp; Wales</b>	830	508	707	853	817	661*	4376
<b>Scotland</b>	375	129	19	55	81	50*	709
<b>Northern Ireland</b>	10						10
<b>Totals</b>	<b>1215</b>	<b>637</b>	<b>726</b>	<b>908</b>	<b>898</b>	<b>711*</b>	<b>5095</b>
<b>Upgrade Costs (£M)</b>	19	30	35	50	46		

Notes: \* Estimated numbers for 2011–12

Source: Ministry of Defence

31. We heard from the Families Federations that some families had had to be accommodated in private rented accommodation, called substitute accommodation, as there was limited MoD housing available in some locations.<sup>37</sup> Much of the substitute accommodation is on bulk leasing from Annington Homes and costs have risen from £18 million in 2006–07 to £38 million in 2010–11.<sup>38</sup> Not only is the use of substitute property expensive, it is sometimes unsatisfactory for personnel and their families as they are often living some distance from their Units.<sup>39</sup> When asked whether the MoD had sufficient

32 Q 92 and National Audit Office, *Service Families Accommodation*, HC 13, 2008–09

33 Q 94

34 Q 92

35 Ev 40

36 Ev 39

37 Qq 5 and 17

38 Ev 35

39 Qq 5 and 17

accommodation of the right size in the right locations, Air Commodore Alan Opie told us that they had shortages in particular areas such as Salisbury Plain, Culdrose and Lincolnshire.<sup>40</sup> He also told us that decisions were needed on rebasing and the Future Accommodation Project before addressing the issue of shortage of accommodation in certain areas:

In the short term, we are plugging that gap with substitute accommodation picked up from the rental market, and there will be a bulk hire on a five-to-10-year lease, [...]. We are now waiting for the estate rebasing decisions to see whether we now need a long-term fill in those areas or, because of the rebasing decisions and because of the draw-down in elements of the three Services, whether demand will go down. We obviously also need to factor in elements of the Future Accommodation Project and the New Employment Model to see how they factor on these long-term procurement decisions.<sup>41</sup>

**32. We are concerned about the amount of substitute accommodation that the MoD is having to use. Not only is it costly but it is unsatisfactory for the families to live away from their Units. The MoD should make decisions about Germany, rebasing and the Future Accommodation Project, as speedily as possible.**

### ***Provision of maintenance, allocation of housing and other services***

33. Modern Housing Solutions (MHS) carries out 250,000 pieces of planned maintenance and 250,000 pieces of reactive maintenance annually on SFA properties.<sup>42</sup> While performance on reactive maintenance has improved<sup>43</sup>, there are still concerns amongst Armed Forces personnel that the quality of maintenance is not good. On our visit to Catterick, personnel and members of their families told us that MHS did lots of short fixes instead of one good quality repair. We were told by the MoD that contractors and subcontractors should not be paid twice for the same job if they did an inadequate job and that there are detailed control processes in place to ensure compliance and detect fraud.<sup>44</sup> We were also told that some of the concerns resulted from misperceptions by Armed Forces personnel and their families and lack of communications by the DIO and its contractors.<sup>45</sup>

**34. We accept that some of the concerns about the standard of maintenance may be the result of poor communication but believe that many of them must result from the genuine experience of personnel and families. The MoD should investigate the entrenched belief amongst occupiers of Service Families Accommodation that the maintenance contractors carry out short term fixes to problems rather than provide a good quality repair. It would also be worthwhile to review the incentives and measurements of success amongst maintenance contractors to ensure that they are in**

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40 Q 92

41 Q 93

42 Q 98

43 Ev 83

44 Ev 82

45 Qq 103 to 105

**line with comparable best practice in the private sector. The MoD should continue to monitor satisfaction levels with reactive maintenance carefully and deal promptly with any deterioration in performance, in particular during the three year ‘pause’ in the upgrade programme.**

35. Allocation of properties to Armed Forces personnel and their families is currently the responsibility of seven Housing Information Centres (HIC) across the country.<sup>46</sup> The MoD has decided that more of the allocation process can be done electronically and that the number of Centres can be reduced to two. Kim Richardson of the Naval Families Federation expressed reservations about the reduction in the number of Centres.

We have a sense of nervousness about it. We are worried about a loss of local knowledge and understanding. I think that we have made our views very clear that our families are only just getting their heads round the fact that they had HICs [Housing Information Centres], and now we are going to HASCs [Housing Allocations Service Centre]. We will watch the next few months with interest. I hope it is successful, but we have a sense of nervousness.<sup>47</sup>

Air Commodore Alan Opie said that he believed the new arrangements should work well:

[...] While we would centralise the allocations process, making good use of the technology to increase the transparency to individual Service personnel, at the same time it would be balanced by our regional staffs focusing purely on supporting both the command chain and the local Service families. I’m very keen to ensure that we are meeting on a regular basis at each major garrison with the garrison commanders and with local families in our families clinics. I also meet each of the Services on a three to four-month basis. We try to ensure that if issues arise, we are able to nip them in the bud and address them.<sup>48</sup>

**36. The MoD should monitor the impact on the service given to personnel and families living in Service Families Accommodation of the changes to the system of allocation and the amalgamation of the Housing Information Centres. It should act promptly to rectify any problems identified.**

## Single Living Accommodation

### *Condition of Single Living Accommodation*

37. Armed Forces personnel are provided with Single Living Accommodation (SLA) if they are not entitled to SFA or choose not to take up their entitlement. Entitlement rules are discussed further in paragraphs 79 to 81. The condition of the accommodation is divided into four categories reflecting factors such as size, whether shared or not and heating;

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46 National Audit Office, *Service Families Accommodation*, HC 13, 2008–09 and Ev 43

47 Q 18

48 Q 98

details of the grading of SLA is given in Annex C of the MoD memorandum.<sup>49</sup> The condition of SLA in the UK is shown in Table 5 below.

**Table 5: Details of SLA accommodation numbers and Standard for Condition for UK by Rank and Type<sup>50</sup>**

	RANK	Standard for condition				Total
		1	2	3	4	
UK	Senior Officer	1,323	652	319	557	2,851
	Junior Officer	4,424	2,049	2,754	5,547	14,774
	Senior Non-commissioned Officer	5,231	1,953	2,392	6,399	15,975
	Other ranks	28,786	10,541	16,831	41,346	97,504
<b>UK Total</b>		<b>39,764</b>	<b>15,195</b>	<b>22,296</b>	<b>53,849</b>	<b>131,104</b>

Source: Ministry of Defence

38. There are 5,948 multi-occupancy rooms in the UK. However, the MoD does not know how many bed spaces these rooms represent. Of the 39,764 SLA at standard 1 for condition, 33,413 have en-suite facilities.<sup>51</sup> Less than 40 per cent of SLA is in conditions 1 or 2; the MoD's aspiration is to have 90 per cent of accommodation in the top two categories.<sup>52</sup>

39. The Families Federations told us that personnel's expectations of SLA change with their age, seniority and length of service.<sup>53</sup> Dawn McCafferty of the RAF Families Federation said:

They are not necessarily all single from the start. Some of them are divorced and have perhaps gone through having a family life. It changes your perspective, because if you have just joined up and come from university halls of residence or from home and you go into a nice block that has had the SLAM [SLA Modernisation] upgrade, you will probably be very pleased with it. There are obviously a lot of blocks that are not yet up to that standard, but there is a push to improve. If you are a divorced senior NCO, however, and your room is now your home, a lack of storage and a lack of upgrades within senior NCO Single Living Accommodation can be a real issue. It depends at what stage in life you are.<sup>54</sup>

40. When asked how long it would take the MoD to have 90 per cent of its SLA in category 1 or 2, David Olney told us:

49 Ev 62

50 Ev 47 and Ev 90

51 Ev 90

52 Q 76

53 Qq 7 - 12

54 Q 7

That is a difficult question to answer. We will have achieved 50% of Single Living Accommodation in the right condition and scale. I introduce scale here because we cannot differentiate between condition and scale in the way we measure the estate at the moment. Our aspiration is to move to a considerably higher figure of 90%, but with the money we have in the budget I cannot predict when that is likely to be. However, there are two components that may help, but don't ask me to put figures on them. One, of course, is rebasing.

Rebasing has two implications. One is the capital we can spend on rebasing, and in all likelihood that will mean capital being spent on Single Living Accommodation as we rebase troops from one place to another. The second is that we will disinvest ourselves of sites, and consideration of which sites we will dispose of must include their condition, not only their disposal value, because the running cost of the estate is too great for the budget. Therefore, one could fairly suggest that we would be getting rid of some of the worst accommodation.<sup>55</sup>

41. The MoD subsequently confirmed that it does not know how long it will take to meet its aspiration for Single Living Accommodation to be in conditions 1 and 2. It anticipated that some 45 per cent of SLA will be at standards 1 or 2 by March 2013. The MoD estimated that to bring all SLA up to standard 2 for condition would cost some £3 billion which it deemed unaffordable.<sup>56</sup>

**42. We accept that there are many uncertainties with regard to the provision of accommodation such as the return from Germany and rebasing, and the Future Accommodation Project. However, it is unsatisfactory that over 60 per cent of Single Living Accommodation is in conditions 3 and 4. It is unacceptable that the MoD can make no estimate as to when it might meet its aspiration to have 90 per cent of such accommodation in the top two categories.**

### ***Unit cohesion and multi-occupancy Single Living Accommodation***

43. In recent years, the MoD decided that it would aim for single en-suite accommodation for Armed Forces personnel apart from those in basic training where the norm should be multi-occupancy accommodation. As part of the work (Single Living Accommodation Modernisation) to meet that aspiration, the MoD agreed set designs for single en-suite and for multi-occupancy rooms. The standard of that accommodation was high and designed to be robust and long standing.<sup>57</sup>

44. Brigadier John Wootton explained that they were building accommodation for the next 30 to 50 years and so needed to have regard to future needs:

The Army policy is that we aspire to [...] single room, en suite. That is the target policy and we are not there by any means at the moment. We see that as important for recruitment and retention and because it acknowledges where a lot of the recruits come from and what their aspirations are in this day and age. As we are building

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55 Q 76

56 Ev 90

57 Ev 48 and Q 53

accommodation for the next 30 to 50 years we need to have an eye to the future so we are not building something that might be obsolescent according to the norms of society and what the Army needs later on. There is discussion about whether the policy needs to be reviewed in terms of the Army and that is ongoing work. At the moment, the Army believes that the targets should be there, accepting that the circumstances when you are building—the building may not suit moving to a single, en-suite solution—and the financial situation at any particular time may mean that we have to go for lesser option but we should retain the target.<sup>58</sup>

45. We were told that there is not universal agreement in the Armed Forces about the increased provision of single en-suite accommodation. There are concerns that it is bad for unit cohesion and that soldiers might become isolated in their rooms. Rt Hon Andrew Robathan MP also thought this should be looked at:

That is a particularly good issue to raise. [...] a lot of young men and women do not particularly care where they lay their weary heads for a brief period of time, especially if they are out of barracks a lot.

However, the aspirations of young people today are somewhat changed from 36 years ago. They have different aspirations and different expectations of life. They will have many more pieces of electrical equipment than they perhaps would have done in those days. It will be a little more expensive too. It is a very good point about young people sitting on their own in a room, perhaps unhappily contemplating things, whereas if they were in a four-man room or a larger room, there are other people with whom to speak, who can, in shorthand, buck them out of their unhappiness. [...]

However much I might hark back to the past, aspirations are greater. We are looking forward and we are building for the future—not just for the next 10 years, but the next 30 years. It would be strange if we did not look at the aspirations of young people today and what they want. [...]

When people are looking back, I think they would say, “Why on earth did you build these four-man rooms? We want our own room.” That is typically what people would want. [...] It is a debate that has taken place in the Services themselves, particularly in the Army, where having a whole or half section on patrol adds to cohesion, particularly among young people on their first time away from home. We need, however, to look at the way that society has changed in our lifetimes and the way that people expect more.<sup>59</sup>

**46. We recommend that the MoD should have regard to both the needs of the Armed Forces and the expectations of personnel when determining how much single and multiple occupancy accommodation it should build in the future. The MoD should carry out further work on determining the quantity of multi-occupancy accommodation required for trainees and those early in their careers in order to**

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58 Q 53

59 Q 136

**maintain unit cohesion and to prevent isolation, in particular in junior Armed Forces personnel.**

### ***Management of the accommodation***

47. The MoD could only provide us with limited data as to the take up and occupancy rates of SLA for the last five years: permanent occupation rates were as follows: 2008, 95,207; 2009 92,235; and 2010, 94,441.<sup>60</sup> The MoD told us that only 65 per cent of SLA was being used which represented a significant over supply even taking account into account that some SLA is used on a temporary basis for visitors:

The most recent annual world wide audit of SLA (to quantify holdings and future requirements) indicated there was a 65% utilisation rate against current holdings and 70% against the stated future requirement. This represents a management margin of around 30%, indicating a significant over supply. This skews the condition data and underplays the significant improvements delivered (since 2003 over 47,000 new or improved SLA bedspaces have been delivered). Whilst some vacant stock is being retained pending the announcement of the future basing plans, the Department is seeking to identify and dispose of surplus accommodation. Within the DIO Transformation Programme, a central database for SLA is being developed to enable the Department to manage its stock more efficiently and target investment more accurately.<sup>61</sup>

**48. We recommend that the MoD should determine how much Single Living Accommodation it needs and take steps, as appropriate, either to provide more accommodation in barracks or to reduce excess provision. It should consider the advantages of achieving any reduction by decommissioning the worst accommodation first in any location. The MoD should also improve its management information on the provision of SLA in terms of the number of bed spaces, the quality of the accommodation and its usage.**

### **New build of SFA and SLA**

49. The MoD told us that there had been a limited number of new SFA properties built:

New SFA properties have been acquired in some areas of shortage using bulk lease hire, through Anningtons. In addition a major development at Bulford will eventually provide 260 houses, a mixture of three and four-bedroom properties to current standards for condition.<sup>62</sup>

The MoD also told us that some 840 new homes were planned to be built from 2013 onwards in Tidworth, Brize Norton and Stafford.<sup>63</sup>

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60 Ev 47

61 Ev 90

62 Ev 39

63 Ev 87

50. Due to the cut in funding for three years from April 2013 (discussed below in paragraphs 53 to 58) some 3,000 to 4,000 fewer bed spaces of SLA will be delivered than previously planned saving some £65 million a year<sup>64</sup>. The numbers of bed spaces delivered or planned in the SLA modernisation programme and PFI projects are given in Table 6 below. The delivery of those bed spaces planned in 2013–14 and 2014–15 are part of private finance initiative (PFI) contracts.<sup>65</sup> Many of the new bed spaces delivered by the modernisation programme and by PFI contracts are for accommodation for trainees. The MoD told us:

The Army Recruiting and Training Division have benefitted from some 5,500 new bed spaces delivered through Project SLAM and Project Allenby Connaught. The effect of this is that around 65% of Trainee bed spaces are at a standard considered to be suitable and acceptable. This data is for Phase 1 & 2 Trainees, which by definition have to be other ranks. The position for Phase 1 and 2 Trainees is greatly improved from previous years, which attracted a significant level of criticism.<sup>66</sup>

**Table 6: New Single Living Accommodation bed spaces delivered<sup>67</sup>**

Financial year	Number of SLA bed spaces delivered by SLAM	Number of SLA bed spaces delivered by PFI projects	Total number of SLA bed spaces delivered
2005–06	3,570	209	3,779
2006–07	2,207	1,752	3,959
2007–08	2,008	2,967	4,975
2008–09	2,719	2,244	4,963
2009–10	4,442	1,723	6,165
2010–11	2,582	2,271	4,853
2011–12	889	2,145	3,034
2012–13	3,037	1,220	4,257
2013–14	-	276	276
2014–15	-	138	138
<b>Total</b>	<b>21,454</b>	<b>14,945</b>	<b>36,339</b>

Source: The Ministry of Defence

51. The MoD is reviewing the cost of building SLA under the current modernisation programme to try to identify a more cost-effective solution. David Olney briefly described the work:

64 Ev 49

65 Ev 49 and Ev 51

66 Ev 34

67 Ev 51

It is about £70,000 to build [each single, en-suite room]. As the Brigadier said, we are reviewing the cost drivers in that, some of which are scales and policy and some of which are the fact that we take a long-term view over the quality of the build, as opposed maybe to elsewhere in the private sector. So we are reviewing the cost drivers of Single Living Accommodation given the times we face.<sup>68</sup>

The MoD subsequently told us that the cost of building junior ranks en-suite accommodation was some £63,000 per room.

**52. We welcome the work the MoD is doing to review the factors which drive the cost of replacing SLA to develop a more cost-effective approach for future projects. We consider that such work should include the examination of new options in respect of the provision of new accommodation. We look forward to seeing the results of this work in due course. We expect the MoD, in carrying out the further work we call for in paragraph 46, to take into account the cost of building each en-suite room.**

### The impact of the three year ‘pause’ in the upgrade programme

53. Early in 2012, the MoD announced that, as part of its savings programme, it had stopped all upgrade work for both Service Families Accommodation and Single Living Accommodation for three years from April 2013. Dawn McCafferty told us that the ‘pause’ in the upgrade programme had undermined the Covenant:

I can’t recall the exact timing, but I do know that the Covenant came out and, within a few months, the pause in funding was announced. We got feedback immediately from families to say, “That’s the Covenant broken, then.” They saw a direct link. Those things probably are not linked at all, but there was a direct link in families’ minds, because the Government had just published the Covenant and said that they would try to provide and enhance Service accommodation, but then announced the pause in funding. It was seen as a definite breach of the Covenant.<sup>69</sup>

54. David Olney told us that the MoD had taken cuts from other parts of the estate first but had had to make cuts in the expenditure on accommodation to meet its targets:

[...] Therefore, when looking at the major funding problem facing the Department, we have had to look further at our budgets to see where we could make further savings.

Regrettably, [...] we have come to the conclusion within DIO that we can no longer simply look at the remainder of the regular estate—technical accommodation, airfields, office blocks, workshops, etc.—nor can we look at the training estate any more, because we feel there would be a severe risk of operational impact. When you go down our budget, you conclude that there is only one other place to look, and that is housing and single living. [...] We must absolutely protect reactive maintenance on both. We must absolutely protect the planned maintenance programme, and we fought hard and succeeded in protecting minor upgrades and improvements, and

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68 Q 54

69 Q 15

the asset replacement programme. What we were, unfortunately, not able to save, given the circumstances in which the Department finds itself, was the major upgrade programme for three years for Single Living Accommodation and SFA.<sup>70</sup>

55. The Minister said:

I can promise you there were other options considering almost everything. The SDSR [Strategic Defence and Security Review] and the PR11 [Planning Round 2011], which this was part of subsequently, considered huge numbers of options, some of which were not attractive—I will put it no stronger than that—to any of us. It came down to the fact that this was seen as a way of saving money in the short term. It was the best way, we considered, from April next year for three years. It was not a perfect option—absolutely not—but it was just a decision that was taken. There were a lot of decisions taken that we did not like to take.<sup>71</sup>

56. The MoD calculated that the three year ‘pause’ would result in additional costs on SFA of £197 million over 10 years to save less than £47 million a year. The MoD told us that it was not possible to calculate the additional costs of SLA although it would be a minimum of £1.5 million to £2 million. It also told us that the impact of the three year funding pause would be as detailed in the Figure 2 below:

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70 Q 75

71 Q 147

Figure 2: Impact of the three year 'pause' in funding for upgrades<sup>72</sup>**Service Families Accommodation (SFA)**

In cash terms, the pause in funding (to save some £47m annually) assessed over a 25 year period is estimated to be:

- £100m in lost rental revenue
- £90m increased risk of response maintenance costs
- An element of capital improvement costs (e.g. the roof upgrade may have a life of 60 years)

Other significant impacts of the funding pause will impact directly. These include:

- Lower customer satisfaction
- Higher number of complaints
- Higher energy charges for Service families
- Higher carbon consumption

**Single Living Accommodation (SLA)**

The table below gives an indication of the additional costs that would be incurred to maintain SLA if the upgrade programme did not occur. As discussed in the main memorandum to the Committee, SLA is not managed discretely in many cases which precludes a fuller and longer term analysis such as that for SFA.

Source: The Ministry of Defence

57. When we asked David Olney if the three year pause in funding of the upgrade programme was a false economy, he said:

Over the longer term, I think it would be difficult to quarrel with that.<sup>73</sup>

He further told us:

In any walk of life, you have maintenance on a house—whether it is your own house or another house—and you have to take decisions as to whether you have the cash to do it. That is what the Department has done. Someone at some time will pay for that.<sup>74</sup>

**58. We regard the three year stoppage of the upgrade programme for both Service Families Accommodation and Single Living Accommodation as a false economy. The announcement sent out the wrong signal to Armed Forces personnel about the importance the Government attached to the Armed Forces Covenant. We recommend**

72 Ev 80

73 Q 90

74 Q 91

**that the MoD look again urgently at the stoppage and consider whether the increased long-term cost that is likely to accrue from this policy means that it is making a decision on a false economy and whether it should find the additional resources required to reinstate the upgrade programme.**

59. In March 2012 as part of his Budget Statement, the Chancellor announced £100 million investment in Armed Forces accommodation from 2013–14 for the repair and refurbishment of 650 SFA properties, the purchase of 25 properties and the provision of 600 en-suite SLA rooms.<sup>75</sup>

**60. We welcome the Budget announcement of an extra £100 million to be spent on Armed Forces accommodation as we regard this additional funding as both necessary and timely. The MoD should provide us with further details as to how this money is to be spent, where it is to be spent, and over what period.**

## Home ownership

61. The MoD told us that its policy towards home ownership was as follows:

MOD policy for the provision of accommodation is to offer choice to Service personnel through a ‘mixed economy’ of housing solutions that includes quality public provision and home ownership support options.<sup>76</sup>

Many of the reasons that Armed Forces personnel and their families value SFA, such as affordability, serving accompanied and family life, and unit cohesion and support, are also reasons why personnel decide not to buy their own homes (see paragraph 14).

62. The extent of home ownership amongst Armed Forces personnel varies between the three Services; the MoD told us that, in response to the 2011 Tri-Service Families Continuous Attitude Survey, 56 per cent of families owned their own homes comprising 78 per cent of Naval Families, 45 per cent of Army Families and 62 per cent of RAF families.<sup>77</sup> However, the MoD told us that data from the wider Armed Forces Continuous Attitude Survey showed fewer personnel owned their own home in 2011 than in 2007 and that reported numbers had fallen from 46 per cent in 2007 to 38 per cent in 2010 and 32 per cent in 2011.<sup>78</sup>

63. The MoD told us that it supported a number of schemes promoting home ownership and that some Armed Forces personnel had access to Government funded schemes. Both the offer and the take-up of these Schemes have been limited. A summary of the schemes and their take up provided by the MoD is shown in Figure 3 below.

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75 HC Deb, 21 March 2012, col 796 and the MoD associated press notice

76 Ev 33

77 Ev 52

78 Ev 86-87 and Q 108

Figure 3: Existing MOD funded schemes<sup>79</sup>

**Armed Forces Home Ownership Scheme.** In January 2010, MoD launched a four year pilot bespoke shared equity scheme, with the assistance of the Homes and Communities Agency, for Service personnel. The pilot scheme offers mortgage assistance to Service personnel who wish to purchase a property and is independent of the wider government schemes. **The scheme is heavily over subscribed: there have been 1,830 applications of which 551 were eligible and 113 completions up to November 2011.**

**Long Service Advance of Pay,** up to a value of £8,500, is intended to assist towards the balance of the purchase price (taking into account, for example, legal expenses, surveyor's fees, land registration and estate agent's fees) when buying a property. **There are currently 13,254 recipients.**

**Refund of Legal Fees** contributes up to £5,000 towards the legal and associated expenses a Service person incurs when following a new assignment if they elect to sell a private home and purchase a property at their new duty station. Alternatively, it can contribute towards the legal fees that arise on letting/repossession of a home. **Take-up is currently approximately 300 Service personnel a year.**

**Government Funded Schemes.** In addition to the MOD-funded schemes, there are several affordable housing schemes in England, Scotland and Wales that are designed to help Service personnel buy their own homes. Service personnel have 'priority status' to access the schemes whilst serving, and for a further 12 months after they leave. Whilst a similar scheme exists in Northern Ireland, Service personnel are not afforded priority status.

In order to access the schemes, Service personnel must meet the following criteria:

In England household income (normally assessed as the combined income of husband/wife/partner) is £60,000 or less, and the individual/family cannot afford to buy on the open market without help.

In Scotland and Wales personnel are eligible if they cannot afford to buy a property that meets the household's needs without help.

Source: The Ministry of Defence

64. The long service advance of pay—an interest free loan of £8,500—is taken up by some 13,254 recipients currently, the size of the loan was last uprated in 1990.<sup>80</sup> Gavin Barlow told us that:

From an MoD point of view, the Long Service Advance of Pay is the scheme that is taken up by the majority. Pretty routinely, about 2,500 personnel sign up to it every year, so our cost in terms of the outgoing investment is about £20 million annually<sup>81</sup>

79 Ev 53

80 Ev 53 and Q108

81 Q 69

65. **We recommend that the MoD should ensure that the lessons learned from its work in developing schemes to encourage home ownership should be taken forward into the Future Accommodation Project. These lessons should include better financial education and information for Armed Forces personnel and greater flexibility in relation to the offers available. The MoD should increase the size of the Long Service Advance of Pay as it is 22 years out of date and therefore not likely to encourage a high uptake amongst those eligible.**

66. The MoD provides specialist advice to Armed Forces personnel leaving the Services through its Joint Housing Advice Office. Briefings cover many aspects of finding accommodation including purchase and rental; more detail is provided in the MoD written evidence.<sup>82</sup> The Families Federations said that MoD needed to educate Armed Forces personnel about future accommodation and that this education should start early in the careers:

*Kim Richardson:* You said after they leave the Service, but I think that they need to start their planning while they are in the Service. It brings you back to everything we have talked about today. Everything is there to equip them—people who can talk to them about what is available—but is it straightforward? Do people think about it before they go? Not necessarily, and I would say that for our compulsory redundees it is not even on their radar. I think that the Service does its bit, but it is a personal responsibility to start thinking about what you want at the end of your time long before you need it.

*Dawn McCafferty:* There is an automatic trigger. When you come to, I think, the last two years of Service, you are entitled to resettlement if you have served a basic number of years, and there is a housing element within that resettlement package, so you would go to a housing brief. But actually that can be a little bit too late in the day, if you haven't considered housing at all at that stage, to think about getting into the housing market.

Also, quite a lot of our Service personnel get lulled into a sense of, “Well, it's okay, I'll be entitled to social housing”, but if they leave and have a pension, albeit quite a small one as a young corporal or a young sergeant, and they cannot find work, they will not actually be entitled to social housing. No matter what the Covenant has done about recognising cessation of occupancy of SFA, they are not going to be entitled to jump the queue. They are going to have to go out and find private rented or buy, and they are going to struggle. As we have said all the way through, early education about long-term housing needs is critical right from the start, so that they can start planning and so that they don't fall off at the end of that cliff and find that they do not have a home.<sup>83</sup>

67. **We recommend that the MoD Joint Housing Advice Office should be tasked to educate Armed Forces personnel early in their careers about the likely situation on housing when they leave the Services and some of the options they may wish to consider**

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82 Ev 54

83 Q 49

**prior to leaving in the light of this reality. The Joint Housing Advice Office should be supported and resourced to carry out this additional task.**

68. Personnel who own accommodation, but have to live in SFA, receive a 50 per cent rebate in their council tax if the property is unoccupied. It is unclear whether this arrangement applies to those living in SFA overseas. As part of the charge for SFA, personnel pay a charge in lieu of council tax in the UK or overseas. It has been brought to our attention that different local authorities operate different policies in respect of those overseas, some giving them a 50 per cent rebate and others only 10 per cent.

**69. The Government should clear up the confusion as to the situation on council tax rebates for Armed Forces personnel who own their own home but have to live in SFA overseas. All Armed Forces personnel with an empty property who are living in SFA in the UK or overseas should be entitled to a rebate of 50 per cent of council tax as they pay a charge in lieu of council tax on their SFA property. Alternatively those living in SFA overseas should not be required to pay a contribution in lieu of council tax.**

## 4 Future Accommodation Project

### New Employment Model and the needs of the individual Services

70. In early 2012, the MoD began work on the New Employment Model (NEM) looking at how Armed Forces personnel are employed; the model is described in Figure 4 below. One element of the work on the NEM is the Future Accommodation Project looking at how accommodation will be provided to Armed Forces personnel and their families.

**Figure 4: New Employment Model<sup>84</sup>**

In publishing the outcome of the Strategic Defence and Security Review (SDSR) last October, the Government made a commitment in respect of Service Personnel to:

- ensure that service in the Armed Forces remains an attractive choice in a rapidly evolving employment market;
- better balance the demands placed on our people and their families, providing greater domestic stability which is central to spouses' employment and children's education, while continuing to support mobility where this is essential to Defence requirements.

The MOD recognises that the current employment model for Service Personnel has not changed significantly in over 40 years and requires updating to meet the needs of the Armed Forces of today and tomorrow. To address this and to fulfil the Government's SDSR commitment, the MOD has set up a programme to develop a NEM.

The NEM programme will examine:

- The difference between what the Services offer against the expectations of Service Personnel and their families.
- The issues that we face in a climate of reducing resources.
- The operational requirement for greater agility, flexibility and joint capability from within a smaller force structure.

To properly examine these areas, the NEM programme has formed five project teams to focus on:

- Manpower Utilisation and Terms of Service.
- Financial and Non-Financial Conditions of Service
- Future Accommodation
- Training and Education
- NEM Delivery

The NEM projects will report their findings in the Autumn of 2012. These will be drawn together into a package of options for consideration by the Defence Board. Once they have been agreed, it is expected that implementation will start in 2014–15, with some measures taking up to 10 years to complete in full.

Source: *the Ministry of Defence*

71. The Minister told us that the NEM was not a cost cutting exercise but had to be cost neutral:

Can I just say that the Future Accommodation Project is not a cost-cutting exercise? The New Employment Model is meant to be cost neutral. [...] There is no determination to save money. Cost neutral means that we are unlikely to spend any more money, as you will understand, but it is not about saving money. It is about reshaping the terms and conditions of service and the way that people are employed, but it has to continue to be attractive.<sup>85</sup>

**72. We have not looked at the work on the New Employment Model in detail but, as a result of the divergence in accommodation needs between the Naval Service and the Army, it has become apparent to us that it is crucial the Government ensure that the New Employment Model will work for each of the three Services allowing sufficient variation within the Model to meet their differing needs and aspirations.**

### Future Accommodation Project options

73. When asked about the importance of balancing the understandable desire of families for greater geographical stability with the Services' need for mobility, the Minister told us that it was an important issue:

[...] That is a very good question. For instance, if you were to say to young men or women, "Join the Army and get stability," that is probably not a great recruiting slogan. The New Employment Model is definitely being worked up at the moment, [...] The decisions have not yet been made; they are still very much in genesis. We are looking at a whole load of things in the New Employment Model. It includes pay, allowances and accommodation. The way in which we provide accommodation, or the accommodation provision, is certainly up for discussion, but any accommodation projects will not be worked out in isolation.

I do think this is a real problem. It is one that I have looked at, and I have to say that I think it is, in the long term, sensible that we should be aiming to have more settled Armed Forces. [...] Of course, if one is less mobile and more static—at Catterick or wherever—one gets a greater opportunity to buy one's own house.

[...] We are talking about the aspirations of young people today joining the Armed Forces. Not unreasonably, they continue to wish to buy their own home. That is one

of the things that greater stability will assist. It will not make it happen, but it will assist.<sup>86</sup>

74. Gavin Barlow gave us more detail on the NEM and its interaction with the Future Accommodation Project:

The New Employment Model as a whole involves us looking at the extent to which we can alter conditions and terms of Service to deliver a model that is more affordable and more attractive than the current one and that enables us to manage Service personnel in what we are calling a more agile way. [...] Clearly, if we are looking at affordability for the New Employment Model and at accommodation, we need to look at entitlements in the round. One way in which we might be able to change the overall entitlements package is to look at whether there are groups of Service personnel for whom a different accommodation deal might be possible. If we are looking at the New Employment Model in terms of our career structures that deliberately makes some personnel less mobile than others and offers them an employment package that does not include obligations to move in quite the same way as the majority of Service personnel currently have, that might enable us to change the balance of their own particular remuneration package.

Somehow out of this we must find a way of releasing enough resource to meet the changes to entitlements that we want to bring into play in order to meet the needs of families as they present them—for example, the unmarried partners’ question, the question about who is able to live in your house and what scale it can be, and questions on whether people should have a greater ability to vary the accommodation they get according to their personal circumstances. [...]<sup>87</sup>

### ***The different needs of the three Services***

75. The three Services have differing needs from accommodation. The Army is, and is likely to remain, extremely mobile. The RAF is less so and the Royal Navy and Royal Marines will reduce to just three substantial bases, with concentration of the remaining commando near Plymouth. In addition, naval personnel have greater separated service while they are at sea. The MoD does not keep statistics on the take-up of SFA in each of the three Services although take-up levels do differ in each of the Services. The percentage occupancy of SFA by each Service is as follows: some 11 per cent are from the Royal Navy; 63 per cent from the Army; 24 per cent from the RAF; and two per cent of others.<sup>88</sup>

76. When asked whether the three Services needed the same arrangements with regard to accommodation, the Minister replied:

All this is very much up for grabs. In relation to the New Employment Model studies and the Future Accommodation Project studies, there are representatives of all three Services, and they are helping to shape the options that are being developed. [...]

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86 Q 123

87 Q 61

88 Ev 36

They are able to ensure that factored into those options are the single Service needs and differences.

Over my lifetime [...] there has been a move towards a more tri-Service approach, a joint approach. [...] Pay and allowances, for instance, are now very much joint service—much more than they used to be. We have just set out, of course, a Joint Forces Command, in the last few months, which again is bringing things together where necessary. I am a great defender of the differences as well, I should add. I think many things can be done best in a single manner, but absolutely we need to take cognisance of the differences between the three Services.<sup>89</sup>

**77. As with the New Employment Model, proposed arrangements under the Future Accommodation Project should be sufficiently flexible to meet the needs of the three individual Services by allowing sufficient variation to meet their differing needs. They should also take account of the needs of personnel at different stages in their lives and careers.**

### *The involvement of the Families Federations*

78. The MoD invited the three Families Federations to carry out surveys of their members about their future accommodation needs, the details results of which can be found on their websites. The Families Federations found that the provision of SFA was important to their members but they would like to buy their own homes if their spouse had a stable employment base and they could afford to do so.<sup>90</sup> They told us that expectations of Armed Forces personnel and their families had changed:

***Dawn McCafferty, RAF Families Federation:*** I think that is why that younger generation are challenging some of the rules and entitlements that are in place now, because they do not recognise those boundaries. The framework is different and they are challenging it.

***Kim Richardson, Naval Families Federation:*** Our expectations and our families' expectations are much higher than they were before. If you go back 25 years, when you were given Service Family Accommodation, you would have taken anything. I moved into a house where they had taken an extra foot off round the carpet, because my husband was not the right rank for us to have it fitted. That has changed and we have moved on. With expectations now, you would not accept that.

***Julie McCarthy, Army Families Federation:*** Spouses have changed too. More of us are working, we are getting married later and we have older spouses coming in, so there are different expectations.<sup>91</sup>

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89 Q 124

90 Naval Families Federation [www.nff.org.uk](http://www.nff.org.uk), Army Families Federation [www.aff.org.uk](http://www.aff.org.uk), RAF Families Federation [www.raf-ff.org.uk](http://www.raf-ff.org.uk)

91 Q 46

### **Entitlement rules**

79. Currently, married personnel, those in civil partnership and those with sole custody of children are provided with Service Families Accommodation. The size of housing allocated to officers is dependent on their rank. The size of housing for other ranks is determined by family size.<sup>92</sup> There have been very few changes in entitlement rules over many years. The Families Federations told us that these rules do not meet modern family needs. For example, they do not provide accommodation for unmarried people in partnerships with children, those with children over 18 years no longer in education and those with caring responsibilities for elderly relatives.<sup>93</sup>

80. Gavin Barlow told us that the MoD had looked at extending the entitlement to SFA but could not afford to do so, but it would review this decision as part of the work on the Future Accommodation Project:

When we look at wider policy changes, we have considered, on a number of occasions, the possibility of extending the right to live in Service Family Accommodation to couples in stable relationships who are not married or in civil partnerships. We have never been able to come to the conclusion that that was possible, primarily because of affordability in recent years, rather than any strong issue of principle, but that is definitely one thing that we are looking at again within the New Employment Model world.<sup>94</sup>

He also told us that not all personnel took up their entitlement:

[...] We have a large number of personnel who do not take up their entitlements, particularly to Service Family Accommodation. Essentially, they live on the market without any subsidy or support from us for their own private housing.[...]<sup>95</sup>

**81. We recognise the MoD is considering the entitlement rules as part of its work in support of the Future Accommodation Project and the New Employment Model. We believe that the MoD should consider whether the current arrangements for accommodation meet the needs of modern family life. It should take this into account when comparing and modelling the options under the Future Accommodation Project.**

### **Communications and morale**

82. We asked the Minister about morale in the Armed Forces and what the MoD was doing to improve communications about accommodation to Service personnel and their families and increase their sense of confidence. He told us:

[...] If I might paint the broader picture, a lot of people in this country are worried about their futures. Unemployment is rising, and the financial situation is not good. The Chancellor said only last weekend, as I recall, that there is no money to spend on

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92 Ev 58

93 Q 35

94 Q 57

95 Q 66

other things. [...] That is the broader picture. In the Armed Forces we have had to introduce cuts that we do not like under the SDSR. In an ideal world, these would not have happened; let us put it that way. Let me promise you that I and my colleagues in the Ministry of Defence did not come into government intending not to spend money on things that we believe to be valuable, but we have come into a difficult situation.

Is morale fragile? I think there is much uncertainty, and uncertainty is in many ways the worst thing, because people worry. If they know the future, they worry less. As regards the Royal Navy and the Royal Air Force, we have announced the final tranche of redundancies, so people now know what the field is going to be and who is going. That is a good way forward in terms of relieving uncertainty.

You mentioned communication in particular. I meet the Families' Federations regularly. [...] I stay in touch with it because I think it is important that we do. I go back to my point from my opening statement, which is that if families are discontented—if spouses are discontented—the Serviceman or woman on operations or elsewhere tends to be discontented as well.<sup>96</sup>

83. We asked the Minister how the outcome of the Future Accommodation Project would be communicated to Armed Forces personnel and their families, he said he was not sure:

I would expect that the decisions will be communicated to the families. I am not quite sure how the announcement will be made. It is obviously a parliamentary issue, and there will be a written ministerial statement or, indeed, a statement. [...] If there is anything that adversely affects people in particular, I would consider it worthwhile to discuss it with the Families Federations.<sup>97</sup>

**84. Given the fragility of morale and past difficulties with effective communications, we recommend that the MoD develop a well thought-through communications plan for the Future Accommodation Project which involves direct communications with individual Service personnel and their families conveying relevant and detailed information as well as general communications via the Families Federations. This plan should be in place and activated as soon as an announcement is made in Parliament.**

### Options

85. The MoD provided us with an outline of the financial modelling being undertaken as part of the Future Accommodation Project including the current costs of providing accommodation, the rental subsidy and comparisons with civilians, but told us that this work was still ongoing.<sup>98</sup> Gavin Barlow told us that the MoD was considering all options including that of an allowance payable to Armed Forces personnel for accommodation:

[...] It looks on the face of it like a possible radical change that one could make, to move to a position where we give an allowance of some kind to Service personnel

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96 Q 160

97 Q 162

98 Ev 90

and allow them to spend that either on some form of subsidised publicly provided accommodation or in the open market. That would enable them, under various scenarios, to be more flexible about what they chose to have. Potentially, it could also reduce our own risks and costs associated with providing accommodation.

But it is not straightforward, particularly from a purely financial perspective, especially in the MoD's case. We have a large number of personnel who do not take up their entitlements, particularly to Service Family Accommodation. Essentially, they live on the market without any subsidy or support from us for their own private housing. Moving to a situation in which an allowance is made more generally available to personnel to enable a wider range of choice for the majority might be quite expensive and difficult to do, but it is certainly on the table. There are different ways in which you could make such an allowance work—at least in theory.<sup>99</sup>

**86. We recommend that the MoD research the potential impact on recruitment and retention of the options for consideration under the Future Accommodation Project. In particular, the MoD should investigate the likely impact on the retention of personnel serving unaccompanied either because of increased home ownership or unmarried personnel not being entitled to Service Families Accommodation. We think it particularly important in the Army's case to compare rates of premature voluntary release, in recent years, between home owners and those in SFA.**

**87. We are concerned that the introduction of almost any proposals for the New Employment Model and the Future Accommodation Project will require upfront start-up costs. Given the financial constraints faced by the MoD, we ask the MoD to ensure that any plans for the Future Accommodation Project can be fully funded before embarking on them. The MoD should provide us with the details of the financial package it has available to undertake these developments.**

**88. Given the willingness of the Treasury to embrace 10 year budget cycles for other aspects of the MoD's budget it would seem reasonable, given the front-loading and potential long term savings, for the MoD to argue for a similar approach with respect to changes in the housing arena.**

## 5 Capacity of the Defence Infrastructure Organisation

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### Defence Infrastructure Organisation transformation

89. The Defence Infrastructure Organisation (DIO) is undergoing a major transformation Programme, reducing staff numbers from 7,000 to 2,000, while conducting the renegotiation of large contracts for maintenance and other services and planning the return of troops from Germany. Prospect told us that in the last quarter of 2011, the DIO had 617 leavers, was carrying 1,245 vacancies and had 186 staff without jobs in the MoD redeployment pool.<sup>100</sup>

90. We asked the MoD whether the DIO had the capacity to manage a major business transformation and maintain its service to Armed Forces personnel and their families, David Olney, Chief Operating Officer, DIO, told us that the DIO could manage the change without a drop in performance:

It is an enormous change programme; I wouldn't deny that fact. Transforming a business that would be a top 30 FTSE company on the scale on which we're doing it, while delivering the changes to the three Services in particular, is an enormous challenge. I won't deny there will be hot spots. But with the programme of backfilling that we've done, where we have to go out to the market to bring in short-term temporary employment, we believe, in relation to the housing at least and the single living, that we are managing that programme. So I am not anticipating a drop in service to our users. [...] <sup>101</sup>

[...] what I am suggesting is that a change of that size will eventually save some £1.2 billion a year and transform the organisation, so it would not be unreasonable to suspect that we would need some outside help to do it, which is what we have gone for. Within the ambit of day-to-day service delivery, we try as far as possible to use military and Service personnel; where we cannot, we will go out and bring in the necessary consultants [...]. <sup>102</sup>

He also told us that, in order to avoid any impact on service delivery, the DIO had delayed redundancies until they had reorganised their processes and organisation. <sup>103</sup>

91. In response to a similar question, Rt Hon Andrew Robathan MP told us:

[...] all change can bring difficulties with it, and we all understand that. This is a change for the better. The DIO is bringing together a lot of differing bits. It will certainly make things more efficient and continue to have the capacity to support accommodation during what is a major transformation [...].

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100 Ev 96

101 Q 98

102 Q 100

103 Q 101

Will we be able to stop complaints? I doubt it. But it is a sensible move towards transformation, and we are taking sometimes quite rusty processes into a more modern technology that will benefit people. Nobody is going to accuse me of being a modernist, I hope. There are, however, a great many things that we can do to be more efficient, save a great deal of money, and provide a better service to our personnel, particularly in terms of family accommodation.<sup>104</sup>

[...] there is potential for many difficulties, but I think that it is the right way to travel and the plans are essentially sound. The truth is that the Armed Forces and the MoD in general have historically delivered as required—I am sure that there will be hiccups, because there are always hiccups in a new organisation—and I think that the delivery of infrastructure and housing will be no exception.

I am not saying that the path will always be smooth, but we are aiming to make it smother than it is now. Although I take your point entirely that there are all sorts of competing pressures, and the move back from Germany is a particularly big one, let's put it this way, it has not kept me awake at night worrying, because I believe that we can pull this off and it will make for a better, more efficient, cheaper DIO, which serves our people better.<sup>105</sup>

**92. The MoD accepts that the Defence Infrastructure Organisation is undergoing a major transformation at the same time as managing the estate aspects of significant events such as the return of Armed Forces personnel from Germany. Given the importance of managing Service Families Accommodation and Single Living Accommodation well, we want assurance from the MoD that the DIO will remain sufficiently robust and properly staffed to carry out the work required of it while going through this major change.**

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104 Q 151

105 Q 152

## Conclusion

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93. We recognise the importance of accommodation to Armed Forces personnel and their families. The MoD has made progress in improving Service Families Accommodation but has a way to go in ensuring that all personnel entitled to SFA are accommodated near to their Units and not in substitute accommodation. The three year 'pause' in the upgrade programme is unfortunate and gave the wrong signal to personnel about how the Government regarded accommodation as part of the Armed Forces Covenant. We look forward to seeing how the additional funding announced in the budget will be used to reverse the earlier signal.

94. The New Employment Model and the Future Accommodation Project are important in underpinning changes to the Armed Forces. We are concerned that the models adopted by the Armed Forces should truly reflect the different needs of the three Services. The conclusions of the Future Accommodation Project should:

- address the different needs of the three Services;
- meet the needs of modern family life where practicable;
- balance the aspiration of personnel to have their own rooms with the need to promote unit cohesion by having multi-occupancy rooms;
- have a comprehensive a plan to communicate the outcome of the Project; and
- have the necessary funds to implement the results of these projects.

95. The Defence Infrastructure Organisation is managing a large estate and carrying out a major transformation programme in the midst of uncertainty over the Future Accommodation Project, return of personnel from Germany and other rebasing issues. We ask the MoD to review whether the DIO is sufficiently well staffed to undertake this transformation.

# Formal Minutes

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**WEDNESDAY 13 JUNE 2012**

Members present:

Mr James Arbuthnot, in the Chair

Mr Julian Brazier	Penny Mordaunt
Thomas Docherty	Sandra Osborne
Mr Jeffrey M. Donaldson	Sir Bob Russell
John Glen	Bob Stewart
Mr Dai Havard	Ms Gisela Stuart
Mrs Madeleine Moon	

Draft Report (*The Armed Forces Covenant in Action? Part 2: Accommodation*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 95 read and agreed to.

*Resolved*, That the Report be the Second Report of the Committee to the House.

*Ordered*, That the Chair 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.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 7 February.

[Adjourned till Tuesday 19 June at 2.00 p.m.]

## Witnesses

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### Tuesday 7 February 2012

Page

**Dawn McCafferty**, Chairman, RAF Families Federation, **Julie McCarthy**, Chief Executive, Army Families Federation, and **Kim Richardson OBE**, Chair, Naval Families Federation

Ev 1

**Gavin Barlow**, Director, Service Personnel Policy, **David Olney**, Chief Operating Officer, Defence Infrastructure Organisation, **Air Commodore Alan Opie**, Head of Operations Accommodation, DIO, and **Brigadier John Wootton**, Director, Infrastructure Army HQ, Ministry of Defence

Ev 11

### Tuesday 28 February 2012

**Rt Hon Andrew Robathan MP**, Minister for Defence Personnel, Welfare and Veterans, Ministry of Defence

Ev 21

## List of printed written evidence

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1	Ministry of Defence	Ev 32
2	Letter from Rt Hon Andrew Robathan MP, Minister for Defence Personnel, Welfare and Veterans, Ministry of Defence, to Chair of the Defence Committee, Rt Hon James Arbuthnot MP	Ev 91
3	The Royal British Legion	Ev 92
4	Prospect	Ev 96
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6	Brookfield Residential Property Services	Ev 100

# List of Reports from the Committee during the current Parliament

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The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

## Session 2012–13

First Special Report	Ministry of Defence Annual Report and Accounts 2010–11: Government Response to the Committee's Eighth Report of Session 2010–12	HC 85
First Report	Ministry of Defence Supplementary Estimate 2011–12	HC 99

# Oral evidence

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## Taken before the Defence Committee

on Tuesday 7 February 2012

Members present:

Mr James Arbuthnot (Chair)

Mr Julian Brazier	Sandra Osborne
Mr Jeffrey M. Donaldson	Sir Bob Russell
John Glen	Bob Stewart
Mr Dai Havard	Ms Gisela Stuart

### Examination of Witnesses

*Witnesses:* **Dawn McCafferty**, Chairman, RAF Families Federation, **Julie McCarthy**, Chief Executive, Army Families Federation, and **Kim Richardson OBE**, Chair, Naval Families Federation, gave evidence.

**Q1 Chair:** Let us start this first evidence session for our second inquiry into the Armed Forces Covenant in Action. This one is about accommodation.

I say to all three of you, welcome back and thank you very much for coming. Your evidence in previous inquiries has obviously been so valuable that we want you here in almost permanent session. As you have introduced yourselves on previous occasions, I do not think we need to ask you to go through that ritual today.

I would like to begin, please, by asking you the extent to which personnel and their families value the principle of being provided with accommodation by the Ministry of Defence. We shall come on to practice and condition in due course, but do they value the principle? If they do, what do they value in particular? Who would like to begin?

**Dawn McCafferty:** I would say that Service families and the serving personnel hugely value the provision of Service-provided accommodation, both single living and married accommodation, and I think that part of it is because they are joining a community, a family—it is a lifestyle choice to join the Royal Air Force or the Armed Forces—and they are having Service accommodation provided right from the outset. So when you are a single person who has just joined up, you are given accommodation to live in as part of the team—you live close to work—and then as you move on, perhaps you get married, and there is provision of accommodation for you and your family, to enable you to move together as a family, and I think that is hugely valued by them.

**Kim Richardson:** I think they expect it, actually. I think it is almost part of their terms and conditions of service, so there is an expectation. The only thing that I would add is that, for some of our younger and more vulnerable people, Service Family Accommodation is the only affordable option for housing that they have.

**Julie McCarthy:** I agree with all of that and just say that, with the mobile Army that we have, it is the only real option that families have for living together and spending any sort of quality time together. In terms of Army personnel—certainly the families and service personnel that I speak to—they see housing as a staunch pillar of the Covenant, and I do not think that it is necessarily represented in the deliverables against

the Covenant that we are seeing at the moment. They see it as very much a huge part of their terms and conditions of service and, putting aside everything else that is being offered, that for them is actually the big thing. They will not necessarily buy into the Covenant until they see that housing and their terms and conditions of service are the pillar for the Government as well.

**Dawn McCafferty:** Evidence for how highly they value it is that, when we started asking questions in the surveys that all three of us did last year, as to how they would feel if the provision of accommodation was to be reduced or taken away, there was a very, very strong feeling against that suggestion. They felt that it would undermine team cohesion and put huge pressure on the families. That was the overriding vote that we got across all three Services. So when you start to threaten it and take it away or start to mention alternative options—perhaps they do take it for granted at the moment, and see it as part of their terms and conditions—they are very quick to fall back and say, “No, this is part of my serving partner’s terms and conditions, and it is what helps us serve as a family.”

**Q2 Chair:** Thank you, that is helpful. The first thing I should have said at the beginning is that we expect this part of the session to go on until 3.30, and the next part of this evidence session, with Ministry of Defence officials, to go on until 4.30, and we will hope that the answers to some of the things that you say will come out in the second session. During the second session one of the issues we will dance lightly over is this issue of the cohesion of units, and whether single accommodation in sometimes quite isolated rooms and units might be damaging to the cohesion of units.

**Q3 Bob Stewart:** Could I just ask, is it now absolutely 100% that a young soldier, sailor or airman, on marriage, gets offered a married quarter, or are there still some people who are not able to fit into the married quarter stock? In other words, they have to stay with mum or dad, or somewhere else, until there is a quarter available. Are we now 100% or not?

**Julie McCarthy:** It depends what areas people are moving into. In terms of eligibility you are right; it is

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on marriage or civil partnership that people become entitled. I know that is an area Dawn would probably want to talk about, in terms of eligibility and entitlement to quartering, and some of the Future Accommodation Projects we are looking at. We have particular problems at the moment with some families in Northern Ireland trying to get back to the UK mainland, to England, but moving, say, to Abingdon or other areas where there is very little Service Family Accommodation. They are having to stay in their current SFA till something becomes available. My biggest concern is that the rush to rebase back from Germany, not obviously backed up by significant investment, means that that will get worse and worse for our families.

**Q4 Bob Stewart:** My real question was about it being very important, I assume, from your point of view, for a young wife—or husband if it is the other way round—to be brought straight into the fold, as it were. If they are left out they tend not to feel part of the system.

**Dawn McCafferty:** Some of them may be allocated accommodation, which they are entitled to, but it is still quite some distance from the base, and if the partner cannot drive it is quite isolating and that can be just as difficult. I am sure in an ideal world every commanding officer would want to bring the married community and civil partnerships on to the base, on to the patch.

**Q5 Bob Stewart:** So the short answer to the question is that there are still some people who are not provided with accommodation on marriage or civil partnership.

**Dawn McCafferty:** No, they are, because they will be given substitute accommodation. So if there is an entitlement, whether it is because you are a single parent with care of a child, or married or in a civil partnership, you are entitled to Service Family Accommodation. If it is not available at your parent unit, then the DIO is obliged to find you what it calls Substitute Service Family Accommodation, and that can then be at that distance. I am not saying this just about SSFA; some SFA can be isolating, as well, because it is on a patch, or indeed a unit, away from the parent unit. For example, in Lincolnshire you might be posted to Waddington, and be entitled to a quarter there. They haven't got enough quarters at the moment, so you might be accommodated at Digby or at Scampton. Again, if your parent unit is some 15 or 20 miles around the city, that can be very isolating for the family.

**Bob Stewart:** Understood. I think I have had the answer.

**Q6 Mr Donaldson:** Just following up on the housing accommodation, I know that the experience in Northern Ireland is that where personnel are leaving Service, and they have a limited time in which to find alternative accommodation when they are in Service accommodation, they just join the housing waiting list. In Lisburn, in my constituency, which is home to Headquarters Northern Ireland, that is a very lengthy waiting list. Is there more that could be done under

the Military Covenant to address this issue of where Service personnel are just treated like anyone else?

**Julie McCarthy:** I think what should happen and what we are still not seeing from a lot of local councils is them accepting that certificate of cessation as notification that that person is about to become homeless. What they are doing is forcing DIO to take eviction proceedings, so that they are physically going to be removed from that house before they will leave, and then the person is put out on to the waiting lists.

**Chair:** We will get back to this later in the evidence session, and I think Bob Russell has a question that he wants to ask you about it. Getting back to the conditions of the property, I call Bob Stewart.

**Q7 Bob Stewart:** Do you have a feel for how single personnel view their accommodation? It is probably more a feel than something that you have a big handle on.

**Dawn McCafferty:** They are not necessarily all single from the start. Some of them are divorced and have perhaps gone through having a family life. It changes your perspective, because if you have just joined up and come from university halls of residence or from home and you go into a nice block that has had the SLAM upgrade, you will probably be very pleased with it. There are obviously a lot of blocks that are not yet up to that standard, but there is a push to improve. If you are a divorced senior NCO, however, and your room is now your home, a lack of storage and a lack of upgrades within senior NCO Single Living Accommodation can be a real issue. It depends at what stage in life you are.

**Q8 Bob Stewart:** So your answer is that it is variable.

**Dawn McCafferty:** Yes, very much so.

**Kim Richardson:** All I would add to that is that, by tradition, the Navy tend to put their roots down and live in their own home, so our serving person is the mobile one. We use Single Living Accommodation, and I sense—a bit like Service Family Accommodation—that it is a bit of a postcode lottery. If you talk to a group of Royal Marines, they would tell you that they would not necessarily like the individual room set-up, and I think sometimes our young people get quite used to the space that they have and then they join a ship with a lot less space.

**Q9 Bob Stewart:** The Royal Marines are totally out of bloody control—that is why. *[Laughter.]*

**Kim Richardson:** No, they're not. I love the Royal Marines.

It depends what you are looking for from Single Living Accommodation. For some, it is a home; for some, it is somewhere just to stay during the week.

**Q10 Bob Stewart:** So, again, it is variable.

**Kim Richardson:** It is what you want from it.

**Dawn McCafferty:** Again, we have quite a proportion of our people who, as Kim has perhaps intimated, are living in the block or living in the Mess during the week. They have a family home somewhere else and have chosen to commute, and therefore it is just a bed for the night in the working week and then home to

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their real home at the weekend. Again, the perception of what that room means to them will change depending on whether it is your only home or your work home.

**Q11 Bob Stewart:** So it is variable and à la carte.

**Kim Richardson:** Yes.

**Dawn McCafferty:** Yes.

**Q12 Bob Stewart:** Is that the same for you, Julie?

**Julie McCarthy:** It is. I would not add anything different. For some of the soldiers that I meet, it is just a place to put their head down, but for others, if they do not necessarily have a home to go back to—the singles—and if they are not going home to mum and dad, it is home and they will feel much more that they have to make it that way. Dawn and I were recently in the Falklands, and the standards of accommodation there are very low in quite austere circumstances. When you are so far away from home is when we really see the difficulties. If they were brought up to standard, it would mean so much more, because of where they are.

**Dawn McCafferty:** We saw an improvement programme being put in place there, which was very impressive, but when we actually spoke to the lads and lasses living in the accommodation down there, they were very resilient and they were okay about it. They knew that they were a long way from home and that it was basic and functional, but they were making the most of it, so I was actually quite impressed by their approach to some pretty low quality Single Living Accommodation, which is in massive need of refurbishment.

**Bob Stewart:** They are on operations—that is why. They consider themselves on operations.

**Q13 Chair:** You have limited your answers, perhaps expectedly, to Single Living Accommodation. What about families? What do they think about the condition of the properties?

**Kim Richardson:** It is a postcode lottery.

**Dawn McCafferty:** It varies across estates. It varies within estates. It varies, again, based on expectations. If you have just got married and have just moved out of the block, your first home may well feel like a palace, but as you move on in your career and become more experienced and have to move from a modernised, upgraded quarter to something that has not yet benefited from an upgrade—and may not during your tour—you are going to feel let down and that you do not have the quality of accommodation that you were hoping for. It is very varied.

**Kim Richardson:** Depending on where you are looking for Service Family Accommodation, it is also about choice. You are asked to make three choices about where you want to live, but along the south coast and in other parts where the Army are, there is no choice. Although the overall management margin for the country looks pretty good, we actually have areas of the country where it is poor. That then influences where your children go to school, your local provision of dentists and doctors, and all the things that you take for granted when you are moving.

On the postcode lottery, it depends on where you want to live in the country and on what is available.

**Julie McCarthy:** I do not think you would find many Army families who aspired just to be in a grade 1 house, which is probably news to Alan Opie's ears. When people look at grade 1, they see the rent, but what they actually want is just a good serviceable kitchen, bathroom and shower. A number of Army wives I have spoken to have said, "I could put up with this if I just had a shower that worked. That would be great." It is those little things that make the real difference—the fact that there is no mould, that the windows shut properly and that the house is a decent standard. There is also the fact that, when you move, you are not worried about what you are going to get. If there was a uniform standard across the piece, that would be a great thing. My husband is putting his postings in at the moment, and there is just that thought, "Where are we going to live next? What is it going to be like?" That trepidation sets in because people just do not know; it depends where they are going.

**Dawn McCafferty:** One of the most demoralising aspects, which we have had quite a lot of casework on in the last few months, is damp. If you have damp in your house, that can be really demoralising, particularly if you have young kids or a pregnant wife. That sort of casework reaches the media, and it reaches our attention very quickly. We perhaps still need to do some work to find out why so many of our properties have a damp issue and how DIO is tackling that from a grass-roots perspective, rather than just going in and painting over it, which is what the families tend to feel is happening. Most of the families are quite happy to accept the condition overall, they get used to the scale that they are entitled to and, as I say, they are broadly resilient, but if you move into those quarters, and they develop damp, that is one of the most emotive things a family comes across. The DIO staff will come over and try to fix it, but it comes back and comes back, and that is probably one of the biggest issues we have dealt with in the last six months to a year. We are not quite sure how to get over that.

**Chair:** Thanks. Sir Bob Russell.

**Q14 Sir Bob Russell:** Mrs McCarthy, in response to a question from the Chairman, you said that decent housing was a staunch pillar of the Covenant. Is Parliament upholding what the Covenant should be, or is it failing?

**Julie McCarthy:** In terms of housing, it is probably fair to say that most families feel it is failing. There are the reductions in funding for general upgrades, but look at the funding pause between 2013 and 2015, where there will be no upgrades at all. Families feel that that could be addressed. As part of the Covenant, they feel that that should be addressed first. Before we get into all the other stuff, that should be right. Families feel that their soldier is going away on ops and serving their country, but they should come back to decent accommodation, and families should be provided with decent accommodation while they are away.

**Q15 Sir Bob Russell:** Do the others agree with that general overview?

**Dawn McCafferty:** I can't recall the exact timing, but I do know that the Covenant came out and, within a few months, the pause in funding was announced. We got feedback immediately from families to say, "That's the Covenant broken, then." They saw a direct link. Those things probably are not linked at all, but there was a direct link in families' minds, because the Government had just published the Covenant and said that they would try to provide and enhance Service accommodation, but then announced the pause in funding. It was seen as a definite breach of the Covenant.

**Kim Richardson:** I would say that mobility has a role to play in operational capability. Our families tend to be mobile, and a percentage of them would need to be housed. But I would also say that where we are at the moment is unaffordable, and we have to look at what we do in future. We can't carry on in the place we are at the moment. While I understand Julie's point, I think this is more of an Army Military Covenant point than an Armed Forces Covenant that is looking at the wider picture.

**Dawn McCafferty:** Again, I think families are quite astute to the idea that it doesn't necessarily have to be Service-provided accommodation in the longer term, as long as there is a capacity to have accommodation so that people can continue to serve near the base, and perhaps be accompanied. I don't think people are necessarily tied into the idea that accommodation has to be MoD-provided, but if you are going to take that away, be sure to put something decent in its place, and make sure it is affordable. There is a lot of concern about what is going to happen in the longer term. The Future Accommodation Project is exploring lots of different options. We have all tried to influence that research, but no one is sure what the future shape of accommodation is going to look like. Families are obviously jumping to the conclusion that it is going to be worse.

**Q16 Sir Bob Russell:** Thank you for that. What type of accommodation issues do families raise with you? I appreciate we only have until 3.30.

**Kim Richardson:** It is lack of choice at the moment. It is the "Why can't I?" question. It comes back to Colonel Stewart's point. We are not providing accommodation for the modern family. We are staying with the old, traditional rules and regulations that we have had in place for some time. Couples in partnerships with children would like to know why they cannot access Service Family Accommodation because they see themselves as a family. I certainly have seen a step change in the "Why can't I?" question, and I think that they are all reasonable questions to ask.

**Q17 Sir Bob Russell:** What are the problems—if there are any problems—with allocations?

**Julie McCarthy:** It is where the houses are. For the Army, the particular areas are Catterick, across Salisbury plain and, coming into Oxfordshire, Abingdon and around that area. It is the availability. As Kim says, it is about a choice. There isn't a choice;

that is the house that is available. Sometimes, it is trying to fit in timing. We have had lots of conversations recently with the DIO about the impact of VERS on their civil service staff, the levels of staffing and whether we will see the customer service that we need for our families moving into summer churn.

**Dawn McCafferty:** We have got hot spots around the country from a RAF perspective. Some families just cannot get accommodation close to the parent unit. Probably 40% to 50% of the issues brought to the attention of our Federation—and broadly the same across the others—are housing-related. They break down into lots of different types, but the common denominator in all of them is usually communication or a breakdown of communication. Whether it is about the policy and not understanding the entitlements, whether it is about allocation and the HICs staff not necessarily communicating particularly well with the occupant or whether it is about maintenance, it is nearly always down to communication. That is where the Federations end up trying to link back interested parties and the occupant to make sure that they are talking to each other.

**Q18 Sir Bob Russell:** I will come on to maintenance in a minute, but what impact do you see the amalgamation of seven housing information centres into two having? Positive, negative or no difference?

**Kim Richardson:** We have a sense of nervousness about it. We are worried about a loss of local knowledge and understanding. I think that we have made our views very clear that our families are only just getting their heads round the fact that they had HICs, and now we are going to HASCs. We will watch the next few months with interest. I hope it is successful, but we have a sense of nervousness.

**Q19 Sir Bob Russell:** That was a very diplomatic answer.

What are the problems with maintenance? I represent a garrison town, so I have a rough idea. Can we have it on the record?

**Julie McCarthy:** To be fair to MHS, where there is a simple repair and the right man appears, he or she does the job and goes again. That works well. The majority of our families will say, "Yes. It worked well". I live in SFA. I know exactly what they get wrong. I was on the phone to the help desk this morning. Mainly, it is not a simple job so it gets misinterpreted at the help desk, and the wrong sub-contractor comes out. We need more than one sub-contractor: the electrician rips up the wall, so someone else needs to come to plaster and paint. The plastering and paint takes an age, and it is up to the occupant to chase. We have all heard that. If you are in your own house, you have to do that. I have my own house. I know that I need to do it, but when we are told that we will get the service, we expect a service delivery.

**Q20 Sir Bob Russell:** So there are problems.

**Julie McCarthy:** Yes.

**Q21 Sir Bob Russell:** What about special needs adaptations? Is that a problem?

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**Dawn McCafferty:** I was going to highlight that as a particular problem. The DIO and the MHS staff are doing their best, but they are particularly difficult families to support during either a move-in or an upgrade programme, or when something needs repairing in the house. One particular group of families has come to our attention: those with children with autism, who really struggle with change. They cannot cope with contractors coming in and out with no warning. They need preparing for it. When there is major change in the house—some of the families feel that there needs to be a better understanding and a more empathetic approach from some of the sub-contractors, because they are the guys who actually go into the house. Again, it comes down to communication and planning around that family, and trying to make sure that they do turn up for the appointment that has been made and it is not a missed appointment, that they come out with the right kit and get it done as effectively as possible. If an adaptation needs to be made to a quarter for somebody with a disability or a special need, that is one of the most difficult areas. Fair dues to DIO for working very hard to improve delivery, but it is still a real issue. They must dread it when they get the call from a family saying, “I have a special needs requirement in a quarter,” because that is one of the hardest things to manage and creates such a lot of emotion within a family if they get it wrong.

**Julie McCarthy:** One of the major delays for special needs adaptations is gaining an occupational therapist’s report, because if a family is not living in the quarter, they cannot access the local authority’s occupational therapist. The family are trying to access something in, say, Hampshire when they are living in Scotland, but because they are not living there, the local authority does not have to provide that service. Getting that OT’s report is the real difficulty, so we could smooth that over as part of the Covenant work.

**Q22 Sir Bob Russell:** May I just ask a supplementary question? We used to have an issue with the statementing of schoolchildren, but we now have an arrangement whereby the statementing goes with the child to the next local education authority area.

**Julie McCarthy:** Not always. That is not a given.

**Dawn McCafferty:** More often than not they find that they have to start again.

**Q23 Sir Bob Russell:** If that is the case, the Committee and I would like to have examples, although not today, because that should not happen. I was merely going to say that, as I thought we had cracked it with education statementing, there was perhaps a way to do it with special needs.

**Julie McCarthy:** The trouble is that they are different housing.

**Kim Richardson:** People’s needs change, which I think is where an occupational therapist’s report needs to be current. As a child goes from being a youngster to a teenager, their needs will change. I understand why the delay causes problems, but I do not think it is something that could go with somebody.

**Sir Bob Russell:** Thank you.

**Q24 Chair:** But if it is something that could be dealt with by the occupational therapist in Scotland, could they send their report to Hampshire?

**All Witnesses:** Yes.

**Julie McCarthy:** We have had occasions in the past, especially with adults with a disability such as needing wheelchair access, where it is a relatively simple thing and that has happened. That happened with a member of my staff, and it has worked very smoothly for them; but where a new occupational therapist’s report is needed, there are delays.

**Kim Richardson:** Do you mind if I add one thing? I think we have to be sensitive to the bigger picture of special needs. DIO has the potential to become a local authority in terms of what it provides, I think. We have had contact from families who want adaptations to Service Family Accommodation because a wheelchair-bound elderly parent comes to visit on a regular basis. The pot is only so big, and I have a real sense of nervousness that we are never going to meet everybody’s aspirations or demands. I would like to register that.

**Chair:** Moving on to the issue of house purchase, I call John Glen.

**Q25 John Glen:** Recognising that there is a wide variance among the Services in the percentages of families who own their own homes, and notwithstanding what Dawn says about the expectation of accommodation being part of the contract, I would like to explore with each of you the numbers of families who buy their own homes and the difficulties that they encounter in doing so. I have been doing some work on this over the past six months, and I think there is a lot of uncertainty about how enabling, or not, the MoD can be. Could each of you say something about your experience?

**Dawn McCafferty:** We did some survey work on this last year to inform the Future Accommodation Project. If we start with the aspiration, something like 90% of the RAF families who responded to our survey wanted to own their own home. A fair percentage of those, however, did not own their own home because they felt it was unaffordable, incompatible with mobile military life or because the housing market is too unpredictable and they did not feel comfortable with trying to dip in and out of it while they were serving. There is a real desire among serving families to own their own home, and not just families—I have met some very astute young lads who bought houses very early in their career and wanted to let them out.

The issue is whether you want to buy a house as an investment to move into after your Service, or whether you want to make it your home and try to move while you are still serving. That is the real challenge. People have tried to do that and found themselves in real financial difficulties because they have not been able to sell. They have then had to either move into quarters or rent locally to the next parent unit, and found themselves in real debt and financial difficulty, because they have overstretched themselves trying to do both—trying to have a home and be mobile. Most of them then end up making a decision, at some stage, to stabilise, so they buy the home and settle the family.

You then split the family, because the guy or girl in uniform commutes and lives in the Mess or the barrack block, with the life that brings for them, but the family are elsewhere. It is stable—the wife can perhaps have her own job and the children can have a stable education, access to doctors and all that good stuff—but you are actually putting huge pressure on the family. I do not know how many separated tours that family will sustain before they eventually turn round and say, “This is not what we want to do.” Home ownership and the decision to buy the home can often be the reasons why people leave the Air Force.

**Q26 John Glen:** The uncertainties around market conditions, and whether or when to buy and so on—  
**Dawn McCafferty:** There is nothing the MoD can do about that.

**Q27 John Glen:** In essence, that is a general consideration, but in terms of the specific barriers that exist—there is obviously the uncertainty of where one would be deployed—there is the prospect of renting a property out. What are the particular barriers that you think exist in their minds?

**Dawn McCafferty:** I think, for most, it is affording that deposit. The Long Service Advance of Pay is well overdue for a review. That is set at £8,500, maximum. Well, I claimed that when I was serving seven years ago, and it is still at that level. House prices have changed remarkably just in that period. If the MoD is serious about trying to support home ownership, it needs to look at that. It is only a loan; it is not a gift or a grant. It is taken back out of your terminal benefits, so it is a loan to the Service person to enable them to pay that deposit. I think that that is one of the biggest challenges, and if they could review that—

**Q28 John Glen:** The amount, the timing or both?

**Dawn McCafferty:** The amount, in particular. Timing was changed and it actually became more accessible, because it used to be more of a Navy allowance, I think. Then the other Services came into line, when we went into JPA, so we gained better access to that allowance. The access is good, but the amount is pitiful, when you are trying to afford a deposit on a modern home.

**Q29 John Glen:** In terms of the MoD’s role in this, is it optimal or are there more things that could be done?

**Dawn McCafferty:** As I understand it, they have reviewed it, but then they got hit with a £250 million saving in the allowances bucket and, therefore, it was unaffordable. I think the intent is still there to try to provide—again, under the Future Accommodation Project—better ways of supporting home ownership and schemes for assisted house purchase, but whether it is affordable, I do not know.

**Kim Richardson:** I would say that the Navy has the highest separated Service of the three Services. We go to sea so, for a long time now, our families have opted to settle down, either close to home or close to the ports, and to put their roots down and buy a home. If you look at the statistics, do we have higher problems with marital breakdown? I sense that we probably do

not, because we get used to it. What our families would say is that you are rewarded by the MoD for being mobile; you are not rewarded for being static, and a mobile lifestyle is expensive.

If I were going to pitch for anything today, it would be about a pilot we had for home ownership. It is still under way. It was predominantly taken up by the Navy. I think we need to look at more pilots, or to turn the pilot into something more substantial, to help our people get on the housing ladder. I sense that, if we are not careful, we will build a dependent group of people who, when they actually go out to civvy street, have never paid a deposit on a rented property. We need to start earlier and encourage them to do what we are traditionally doing, by nature, and which we are actually making work; that would be my view.

**Julie McCarthy:** Taking it on from there, we are probably the most mobile Service. Over 17 years, I had 11 houses—12 at the end of this year. It is that frustrating thing that, for the Army families, it is about mobility. We cannot get our heads around having the separated Service as much as the Navy has done, and sometimes I wish we would.

I would like to see our encouraging people to buy earlier. I think that many people do not because of the cost of buy-to-let and the admin involved in renting your house out, even if you want to get on to the housing ladder early. In our survey, the reason why people were buying property was to get a foot on the housing ladder and as an investment. They knew that they needed to do it. When you start to get into buy-to-lets and you look at the extra costs involved, you end up paying towards that and towards your SFA. With everything that is going on, and with so many single-income Army families because the spouse cannot get employment—either because they are moving around, or because in the current economic situation a job is difficult to come by—it is an extra expense that they do not want and they cannot really afford. Maybe something around the buy-to-let mortgages, which would encourage our people to get on the housing ladder without having to move into the house, would really help.

**Q30 Chair:** Do you think the Ministry of Defence should be giving the sort of financial advice that that implies, by encouraging young soldiers to buy buy-to-let property?

**Julie McCarthy:** I don’t know whether the MoD should encourage soldiers to be buying buy-to-let, because when they lose money, does that give them a liability? I don’t know whether there is a reluctance on the part of the MoD. A lot of it is personal choice. It is about educating our soldiers and allowing people in. Maybe if people are looking at the Joint Services Housing Advice Office, does it need more resources to get out there and tell more people about home ownership, about what is available and about what their personal choice could be? It is important to remember that buying a house is a personal choice. We chose to do it a long time ago because we could see the benefits.

**Q31 Chair:** Since then, house prices have gone up.

**Julie McCarthy:** They have, yes.

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**Q32 Chair:** House prices can go down as well as up.  
**Julie McCarthy:** They can, as I found out with my latest house that I am trying to sell.

**Q33 Mr Brazier:** Can you indulge me for a moment in a pre-amble? This sounds terribly similar to the position in the mid-1990s when I went into all of this. There was a really quite well resourced scheme called “buy, let and settle.” The Army—it was just the Army, because there is a very big difference between the Navy here and the other two Services—did a survey at the end of it, which showed that families who bought were almost twice as likely to PVR as other families. That was your point, if I remember rightly, Ms McCafferty. It seems to me that there is a gaping gap here between a Service that, apart from submariners, is entirely settled on the south coast of England, and the other two Services where you have got very large moves—even leaving Germany out of the equation, because it will eventually go.

**Chair:** Before you move on from that point, just for the benefit of the record, please will you translate PVR?

**Mr Brazier:** Yes. Premature—what was it?

**All witnesses:** Premature voluntary release.

**Kim Richardson:** Putting your papers in.

**Mr Brazier:** I can also produce the Army personnel research establishment survey from 1994, which really put the lid on it. The question I was really going to ask was this. Is it realistic to expect a family to buy a property and let it if they are not going to live in it, because the financial risks involved—trying to make phone calls from Scotland because the neighbours tell you that the tenants are beating the house up, or whatever—are so great? Is it ever going to be a realistic prospect for families with one income in the more junior ranks of the Armed Forces to buy stuff to let?

**Dawn McCafferty:** It is about education.

**Julie McCarthy:** There is a difficulty in that, no doubt. I have done it, following my husband around—living in Germany and getting that phone call saying, “The tenants are leaving next week and, by the way, they have not paid the rent.” There are risks involved, but we recognised that in order to be able to buy the size of house we wanted when my husband left the Service, we would need to start thinking about it earlier.

Maybe buy-to-let is not the way—you are right that there are risks involved—but perhaps savings schemes. I don’t know whether the scheme you were talking about was the one where you put in £3 and got £1, which they closed just before my husband got into it. There could be something like that scheme where people are encouraged to save. There needs to be something, and buy-to-let is not the panacea for everything but it is preparing people. It is an education.

**Dawn McCafferty:** I don’t know the full details of it, but I know that the MoD is working at the moment with the Royal British Legion and Standard Life on a new initiative, which is called, I think, “financial capability.” That is aimed at improving the awareness and the education of all Service personnel and their families about finances in the round, not only about

house purchase but about pension planning and savings. That is the sort of thing we should be doing. We are not encouraging people to take a particular option; we are telling them about all the sorts of things they need to take into consideration at various life stages in their Service career, so that they can make their choices and plan according to their income. As you say, a youngster—I have met young single airmen who have managed to get into the housing market at the right time. I blew it as a junior officer. We went into the housing market and went into negative equity for 10 years, just because I got in at the wrong time. So I have been there as well and had a rented property that lost me money, because we thought it was an investment. Perhaps if I had been better aware of the risks I might not have done it.

There is a real need to educate a lot of our Service personnel and the family members about the options they can take for house purchase and long-term saving and pension planning. Pension planning in particular is an area that we really need to look at, because so many of our Service partners do not have their own pension in their own right.

**Kim Richardson:** Can I just add, I think we need to treat people like adults? I think we need to give them options and let them choose, and that is the route I would take.

Just to correct something you said, Mr Brazier: 5% of the naval Service have next of kin around Liverpool, so we do not all live around our home ports; we are sort of spread country-wide.

**Q34 Mr Brazier:** No, but the postings for surface Navy for a very long time have all been on the south coast.

**Kim Richardson:** But we tend to live throughout the whole UK.

**Mr Brazier:** Just for the record, please don’t think that I underestimate the difficulties the Navy faces. The last time I looked at the statistics, marital breakdown was significantly higher in the Navy than the other two Services because of the pressures. That may have changed recently. So please don’t think I devalue it. But it is a different set-up.

**Q35 Sandra Osborne:** Could I ask you about future needs as far as accommodation is concerned? I believe you have carried out various surveys among your families. But first, you are talking about people who want to buy because they want to be on the housing ladder. Are there people who would prefer to be in their own home, even if it means being separated during the week?

**Kim Richardson:** I think we almost need a basket of fruit, as it were, for people to choose what works for them, because it won’t stay the same. We will always need Service Family Accommodation, because for certain families that will be the only affordable—or the only—option that they can take up, particularly if they want to stay mobile and claim continuity of education allowance, and those sorts of things. But I sense at different times during a Service career you want different things.

My husband and I chose to put our roots down and buy a home when my children reached secondary

school age, because we felt that was the right time. He became the weekender. It worked for me. I had all week to do what I wanted to do and then I tidied on a Friday. That does not work for other families, so it is about each family being an individual. But at the moment I sense that the problem is that they have not got the choices that perhaps they would like in order to make those informed decisions when it is right for them.

**Dawn McCafferty:** Certainly, the future package needs to look at what we call the 21st-century family, in that it does not do that at the moment. We have been asking the Future Accommodation Project team to at least consider the needs of the unmarried couples with children and without children, divorced dads, those with elderly parents and those with older children. We have casework, for example, involving children who go past the age of 18 who are not in full-time education—you lose the entitlement to that bedroom. The child, therefore, is now either sleeping under the dining room table or is expected to find their own accommodation. Families are coming back at us and saying, “You know, I’ve been in the Air Force for 20-odd years, my son has been with me throughout. He’s come back from college or uni and can’t find a job or somewhere to live, but now he’s being asked to share with his younger brother. He’s not entitled as a member of our family any more.” It is a question of asking the policy makers at least to recognise that the family structure has changed and is changing—it is really difficult and probably unaffordable—and come up with a solution that allows those different family types to enjoy accommodation as well, and be able to live together as a family.

**Julie McCarthy:** I agree with Dawn. It was recognised that some of that will mean sacrifices in other areas. I know that our families, when we spoke to them about that, and with the Future Accommodation Project, said, “Keep it as it is. There’s already not enough housing and not enough money to go around, so what do we do?” What a future family will look like is a really difficult thing to balance.

In terms of people wanting to live in their own homes, speaking from an Army family point of view, we do, but actually we also want to spend as much time as possible together—given the nights out of bed that our soldiers have, at the best of times. We had quite a scary response when we asked those who were living married and accompanied—23% got home only twice a month and only 6% got home once a month. Although 45% got home every weekend, it is the constant breakdown—

**Q36 Chair:** Sorry, but which group are you talking about?

**Julie McCarthy:** These are married and accompanied—people living in their own homes who answered our survey—and 23% were getting home only twice a month. My husband serves with a hybrid unit—the TA and the regular unit—so it could be that he has to do weekends, so I would see him even less if we lived separately.

That is what Army families see—if they are together in the unit when the soldiers go away they live

together and have that support from each other. They see that the support they gain from the community that they are surrounded by cannot be quantified. If you talk to TA families, they will tell you what it is like when it is not there. That is the thing. We can’t quantify it, which is what worries me. It has no economic value at the moment, until it is so far down the line that we are in trouble.

**Dawn McCafferty:** In our survey of RAF families, some choose to live away and live in their own homes and the Service person commutes. But when we asked them for the reasons why they enjoyed living in Service Family Accommodation—a lot of them do—they said that mostly it was down to the low charges, which they very much appreciate, and being close to work for the Service person. From a non-serving perspective, the partners were voting to say, “It’s because I want to live with other Service families.” The point that Julie has just made is that that mutual support, particularly when the guys and girls deploy, and having people around you—your neighbours—who are going through and have experienced the same thing, is really important.

The Navy has obviously learned to cope with that by going into its own communities and engaging with the local community support networks, but for an awful lot of Air Force families, knowing that they are on the patch with other Service families around them when the guys and girls are deployed is a really important part of living in Service accommodation. Many would choose not to have their own home, but to have that comfort blanket around them and to then perhaps move into their own home later on.

**Kim Richardson:** We don’t have units in the same way as the other Services, so we could have somebody from HMS Sutherland living next door to somebody who works in one of the medical units. We don’t have these patches of people from the same units. We also have people from the other Services living around us. What I come back to every time is that it is about choice and what is right for your family at any given time, not one-size-fits-all in this instance.

**Julie McCarthy:** Can I read you two quotes from our survey, both from married and accompanied personnel? One says: “We haven’t chosen to live apart, but due to SFA shortages and schooling issues we have had no option. This has impacted on us emotionally as we feel that as a family we have no time together, and financially as we live nearly 500 miles apart, so it is expensive to travel home.”

Another lady—a soldier’s wife—told us: “We plan to move into SFA at the end of the year. Living apart whilst holding down a job myself and raising young children single-handedly is difficult. We have decided that moving into SFA is the only option for us to ensure we continue to be a happy, well-balanced family.” For me, that sums it up completely for Army families.

**Q37 Sandra Osborne:** Can I take you back to your comment about the family structure in the 21st century? Are there actual rules that say that if people are living together, rather than married, they are not entitled?

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**Dawn McCafferty:** They are not entitled. They have some rules. You are not allowed to cohabit in Service-provided accommodation if you are not married, but you are allowed to visit four nights a week—who polices that, I don't know. There are many instances, certainly in the Royal Air Force, of co-serving couples, or a guy or a girl who is serving and has a partner or child.

If the female is serving, she will normally take the quarter and live there with the child. The lad will live either in the Mess or the barrack block and will visit four times a week, unless he is caught going more often, but they are not allowed to cohabit. The guy is expected to go back to the block and not live as daddy in the house. That causes all sorts of casework, because those are the rules as they stand.

**Kim Richardson:** We also have rules where if you are an officer you are allocated accommodation by rank, and if you are another rank you are allocated your accommodation by your family size. We often end up with someone who has been serving a long time going into Service Family Accommodation for the first time as a warrant officer and being allocated a house that is a small property, and he feels, "You know what? I've been in the Service a long time." The rules need looking at. They are not modern.

**Dawn McCafferty:** Not at all. As I say, on this issue about the children who reach a certain age and are not in full-time education, it has an impact on your entitlement. So you may have been living in quarters, but when you next move, you will be entitled to a smaller house with one less bedroom as a direct result of that. The rules are not written for what I would call the 21st-century family. The Future Accommodation Project will have taken that well on board, and we look forward to seeing how it is going to resolve it.

**Q38 Sandra Osborne:** So presumably gay people in civil partnerships would be able to get accommodation whether they were married or are not.

**Dawn McCafferty:** They are entitled.

**Q39 Sandra Osborne:** So it is not equal in that respect. Could I ask you what your perception is of how the families view the MoD's intentions for the future? Do they have fears that family accommodation will be less?

**Dawn McCafferty:** They think there is an agenda running to get them out of quarters as a cost-saving measure. If you listen to the families, they feel that everything is stacked up against providing accommodation long term. They know it is an expensive, unaffordable, unsustainable solution and they fear that it will be taken away. The biggest fear is that the quarter charges are going to start going up very soon and very dramatically. That worries them because they are used to the present situation and, again, it is part of what they consider to be their terms and conditions of service.

Part of the Covenant is that they are entitled to have subsidised accommodation for all sorts of different reasons, not least of all because it is not theirs and they cannot paint it or personalise it. It is recognition of the fact that the guys and girls are in uniform and are doing a unique job for this country. If they have that

taken away and are threatened with, "Well, you'll be paying market rate before you know it," they will then start really demanding decent quality, good maintenance and access for all—not just for those who fit the particular rule box. There is a genuine fear that there is an agenda running, and it is all about cost.

**Julie McCarthy:** Yes, I would agree.

**Kim Richardson:** All I would add to that is that I sense there is so much going on out in civvy street at the moment that our families are looking at the bigger package. We have still got redundancy. We are looking at pensions. It is the bigger package, and housing is but one part of the bigger picture, to be perfectly honest.

**Mr Havard:** I am trying to make some sort of sense of what you say. It is interesting—

**Chair:** They think it is very sensible.

**Q40 Mr Havard:** I did not mean that, Chair. What you seem to be saying is, for example, 83% of Army families said that they would rather serve accompanied, so they want the ability to do that. You said that you cannot put a cost on that, but there is a huge cost to that in terms of it being a force multiplying morale and all the rest of it. There will be people in the MoD who will understand that, whether they are prepared to recognise it publicly at the moment in terms of pounds, shillings and pence. That is where the debate is. But it is real and it will be real. Monetaring some of these things as far as bean counters might understand them is where you are, it seems to me. For example, on RAF families, you said something about there being a high level of ownership, but a third still think that it is unaffordable. You were talking about the business of not having enough capital to inject or whether or not if you buy something, there is the whole facilities management process that goes with that. There are then the moves, and so on.

Is there an argument that there should be a provision across that helps you with those aspects of the process of making those transitions as people need to make them? You seem almost to suggest that, even if you are in the process of having bought a property or a buy-to-let property, the maintenance and management of that process over time is not assisted either in terms of financial education or by having someone taking some of the problem away from you temporarily and releasing your equity so it can go somewhere else and so on. Is that an area that should be being considered in terms of providing the flexibility that you want, even once you enter into the process—never mind getting into the process in the first place?

**Julie McCarthy:** I don't know. In a perfect world—

**Q41 Mr Havard:** It does not necessarily have to be a perfect world, because it is the alternative to having costs the other way. If there are to be trade-offs and the subsidy is to go, what is going to be provided in its place is the question you are asking. Is the price of reducing one thing to provide another? Would that facility process help you?

**Dawn McCafferty:** That would be very welcome. If there were a trusted agent who could be used as, if you like, the fount of all knowledge for Service

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personnel who are looking to buy houses to let out and who could manage it and provide professional expertise at a decent cost, that would be a very welcome service. At the moment, people are out in the private market trying to find an agent that suits them, and some are good and some are not so good, so, yes, I think that that would be a benefit.

In the survey, we asked questions along the lines of, "One way of skinning the cat would be to say, 'Let's have provision of accommodation for a period of your Service, say your first five, 10 or 15 years, and thereafter you are expected to stand on your own two feet in accommodation terms.'"

That did not go down at all well with our audiences. The families felt very strongly that accommodation should be provided throughout, because, as Kim says, for some, they will need to be mobile throughout their whole career. Alternatively, they might be mobile at the beginning, when they are young and single and going around the world doing their deployments, then they may want a period of stability when they are with their families, bringing up children, and then, as the kids leave and you reach that later stage of your career, you will want to be mobile again and want Service accommodation at your beck and call. Even though we tried to think of options that might give you that cost saving elsewhere, the families were actually fairly wedded to the idea of long-term provision.

**Q42 Mr Havard:** I would just like to know whether or not this has been part of a discussion with you when there has been a revision or discussion of the New Employment Model.

**Julie McCarthy:** There have been agencies before that were aimed particularly at serving personnel to help them buy houses and then run them for them. I am thinking of a particular agency that went under last year and left people with debts and owing rent and all sorts. Unless it is very well run, it is a tricky area and I would be very nervous about the MoD providing—

**Q43 Mr Havard:** I wonder what elements have been discussed with you when you are talking about the New Employment Model and all that?

**Kim Richardson:** There is a view out there that we look at how much housing costs—the whole package—and we take that figure, divvy it up and give everybody a certain amount of money and they choose what they want to do with it: whether they want to rent or buy. There is a view out there that that might be the radical solution. I do not know.

I think that we all feel at the moment that the New Employment Model and the Future Accommodation Project is under way. We do not know what it will deliver and we do not know what its findings will be. We do not know whether it will deliver anything. I think that we are all hopeful that it will come up with some good suggestions—a lot of work has gone into it—but, at the moment, I sense that the answers that you are going to get will be about where people are today and how housing is impacting on them, and we are back to one size not fitting all.

**Q44 Ms Stuart:** At the risk of being accused of being a terrible popularist by the Chair, have any of you read Joanna Trollope's "The Soldier's Wife"?

**Julie McCarthy:** I started it on the train this morning. We get a mention on page 162.

**Q45 Ms Stuart:** It has the public buy into this debate. When she was on "Woman's Hour" with—

**Julie McCarthy:** Kimberley MacGillivray, our north London co-ordinator.

**Q46 Ms Stuart:** What struck me in the debate was that there was this perception that the world is moving on incredibly rapidly in terms of the attitude of those in the Service. The younger they get the more they want extraordinary flexibility. They felt that a lot of the portrayal was caught in a historic vault and that those on the frontline now want—

**Dawn McCafferty:** I think that is why that younger generation are challenging some of the rules and entitlements that are in place now, because they do not recognise those boundaries. The framework is different and they are challenging it.

**Kim Richardson:** Our expectations and our families' expectations are much higher than they were before. If you go back 25 years, when you were given Service Family Accommodation, you would have taken anything. I moved into a house where they had taken an extra foot off round the carpet, because my husband was not the right rank for us to have it fitted. That has changed and we have moved on. With expectations now, you would not accept that.

**Julie McCarthy:** Spouses have changed too. More of us are working, we are getting married later and we have older spouses coming in, so there are different expectations.

**Chair:** Moving on, briefly, to the issue of leaving the Services, which we have touched on already. Bob Russell.

**Q47 Sir Bob Russell:** Just before that, I want to ask Mrs McCarthy a question. You mentioned the importance and the strength that the Army Estate has and the RAF Estate has for the military personnel's wives supporting each other. That is particularly so when a whole regiment or battalion is deployed overseas.

Have you had any evidence back from the people you represent where a whole chunk of Army houses are being sold on into the private sector? You start having a dilution of that because you have civilian families who, with the best will in the world, perhaps have a less disciplined lifestyle than military families.

**Julie McCarthy:** We haven't, and I think Colchester is probably the place to get it, because I know that is where it has happened more. What it has meant is that those left in the areas have just pulled together more, and what makes me nervous is that that creates an even bigger divide. What I would like to see is those two communities coming together.

**Q48 Sir Bob Russell:** I will leave that one, Chair.

**Kim Richardson:** Actually, we have seen some problems where houses have been sold off. Sometimes it is because when the properties are taken on by

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whoever is buying them, the work done makes them look as if they are a better quality of provision, so we have had problems from having them close.

**Q49 Sir Bob Russell:** I am fully aware of exactly what you are saying, but I do not want to test the patience of the Chair. We can return to that on another occasion.

Does the MoD assist personnel and their families with planning for their accommodation needs after they have left the Services, in some cases having been made compulsorily redundant?

**Kim Richardson:** You said after they leave the Service, but I think that they need to start their planning while they are in the Service. It brings you back to everything we have talked about today. Everything is there to equip them—people who can talk to them about what is available—but is it straightforward? Do people think about it before they go? Not necessarily, and I would say that for our compulsory redundees it is not even on their radar. I think that the Service does its bit, but it is a personal responsibility to start thinking about what you want at the end of your time long before you need it.

**Dawn McCafferty:** There is an automatic trigger. When you come to, I think, the last two years of Service, you are entitled to resettlement if you have served a basic number of years, and there is a housing element within that resettlement package, so you would go to a housing brief. But actually that can be a little bit too late in the day, if you haven't considered housing at all at that stage, to think about getting into the housing market.

Also, quite a lot of our Service personnel get lulled into a sense of, "Well, it's okay, I'll be entitled to

social housing", but if they leave and have a pension, albeit quite a small one as a young corporal or a young sergeant, and they cannot find work, they will not actually be entitled to social housing. No matter what the Covenant has done about recognising cessation of occupancy of SFA, they are not going to be entitled to jump the queue. They are going to have to go out and find private rented or buy, and they are going to struggle. As we have said all the way through, early education about long-term housing needs is critical right from the start, so that they can start planning and so that they don't fall off at the end of that cliff and find that they do not have a home.

**Sir Bob Russell:** Thank you.

**Q50 Chair:** Is there anything else you would like to say? Are there any burning issues you would like to make us aware of in this particular inquiry into accommodation?

**Kim Richardson:** No, but thank you for asking us. All of us.

**Q51 Chair:** Not at all. We shall do so, I'm afraid, on every one of our Covenant inquiries, and you will get sick of the sight of us.

**Kim Richardson:** And I would just like to say that we have managed to get all the way through without mentioning Annington, so I think we have done quite well.

**Chair:** We got quite close to it.

**Sir Bob Russell:** I bit my tongue.

**Chair:** Thank you very much indeed. We have all learnt a lot in this hour, so many thanks.

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### Examination of Witnesses

**Witnesses:** **Gavin Barlow**, Director, Service Personnel Policy, **David Olney**, Chief Operating Officer, Defence Infrastructure Organisation, **Air Commodore Alan Opie**, Head of Operations Accommodation, DIO, and **Brigadier John Wootton**, Director, Infrastructure Army HQ, Ministry of Defence, gave evidence.

**Q52 Chair:** Thank you very much indeed, gentlemen, for coming to give evidence. I would also like to begin by thanking you for organising a most helpful visit to Catterick, a few weeks ago now, in which we saw a lot and learned a lot, and it has helped us in this inquiry. We are most grateful.

You have been listening to the evidence we have had this afternoon. Can I begin by asking what is the policy on providing accommodation for Armed Forces personnel overall, and how is it different in the different Services? Who would like to begin?

**Gavin Barlow:** If I may, Mr Chairman, I will take the lead on answering questions on policy, where I can, and David will lead on the delivery issues.

**Chair:** By all means.

**Gavin Barlow:** It is a condition of Service, in recognition of the mobile lifestyle of the Service person and the fact that they frequently serve on remote bases, that they are provided with accommodation, whether family or Single Living Accommodation. That is an entitlement for all regular personnel. Whether they get Service Family

Accommodation or Single Living Accommodation depends on their circumstances, and you had a discussion earlier about the current entitlements. Normally the accommodation would be provided at, or within a reasonable distance of, their duty unit. Policy on the provision of living accommodation is set out in tri-service regulations now, and that is fairly common to our Service personnel policies across the board, where we have converged policy a lot over recent years. Barring a few very small variations on entitlements and charging, there is no significant difference between the three Services.

**Q53 Chair:** You may remember that in Catterick we raised the issue of at the end of the working day young, single men, particularly, going into the single rooms and in a sense being isolated from the rest of their unit and less likely to join in and be cohesive with their unit. This is something we are likely to raise with the Minister when he comes before us. We will ask whether this will cause a problem or whether people, certainly in the initial stages of being in a unit,

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should perhaps be in more multi-room accommodation. I know we have been moving towards spending more money on this single-unit stuff. Is there anything anybody would like to say about that issue?

**Brigadier Wootton:** The Army policy is that we aspire to Z scale, which is single room, en suite. That is the target policy and we are not there by any means at the moment. We see that as important for recruitment and retention and because it acknowledges where a lot of the recruits come from and what their aspirations are in this day and age. As we are building accommodation for the next 30 to 50 years we need to have an eye to the future so we are not building something that might be obsolescent according to the norms of society and what the Army needs later on. There is discussion about whether the policy needs to be reviewed in terms of the Army and that is ongoing work. At the moment, the Army believes that the targets should be there, accepting that the circumstances when you are building—the building may not suit moving to a single, en-suite solution—and the financial situation at any particular time may mean that we have to go for lesser option but we should retain the target.

**Q54 Chair:** And each single, en-suite room costs £70,000?

**David Olney:** It is about £70,000 to build. As the Brigadier said, we are reviewing the cost drivers in that, some of which are scales and policy and some of which are the fact that we take a long-term view over the quality of the build, as opposed maybe to elsewhere in the private sector. So we are reviewing the cost drivers of Single Living Accommodation given the times we face.

**Chair:** Thank you. We will come back to that in later evidence.

**Q55 John Glen:** For clarification, Mr Barlow, could you set out what changes in policy have occurred from the MoD's perspective in terms of entitlement of Armed Service personnel to Service Family Accommodation? Have there been any changes to this point, and what have been the most significant changes in recent times that the Committee would be interested in?

**Gavin Barlow:** In recent times, in terms of changes to entitlements, I suppose the most significant is the introduction of the entitlement for same-sex couples in civil partnerships, which was enabled essentially by the change in the law on civil partnerships themselves. That enabled us to regard those relationships in the same way as heterosexual marriages, if you like, which was the traditional ruling on entitlements.

In terms of the future, we are looking at the possibility of much wider-ranging changes, to take account of the sorts of changes in circumstances that modern families experience. The previous session with the Families Federations involved some discussion of the challenges that modern families face in trying to comply with the current set of entitlements.

**Q56 John Glen:** Apart from that specific change around specific partnerships, there have not been any significant changes in entitlements.

**Gavin Barlow:** Not unless you want to jog my memory, Mr Glen, with something specific.

**Q57 John Glen:** No, I am not trying to catch you out. I just want to get a picture of where we are at, so we can understand what will change in the future and how it relates to that. Obviously, we have seen the discussion this afternoon about the way family structures and relationships are different. I am inviting you to make any observations around things you have done—that's all.

**Gavin Barlow:** The only other point, which a colleague has reminded me of, is that we have extended the time that bereaved spouses can stay in Service Family Accommodation, but changes of that kind are relatively minor—even though they can be significant for the individuals—rather than substantive.

When we look at wider policy changes, we have considered, on a number of occasions, the possibility of extending the right to live in Service Family Accommodation to couples in stable relationships who are not married or in civil partnerships. We have never been able to come to the conclusion that that was possible, primarily because of affordability in recent years, rather than any strong issue of principle, but that is definitely one thing that we are looking at again within the New Employment Model world.

**Q58 John Glen:** Okay. Finally, in your opening remarks to the Chairman—to return to the first question—you said that there were no significant differences between the Services. What differences exist and are still a cause of anxiety or concern from a policy point of view at the MoD?

**Gavin Barlow:** Well, I am not sure that they are a cause for anxiety or concern. Generally speaking, we allow for tolerable variation, which I think is the term of art used in Service personnel policy.

One example is that in the Army, personnel over the age of 37 pay no charges on Single Living Accommodation, if they are living there during the week and in their own home at weekends. Another would be that the RAF cannot oblige personnel to accept accommodation that is below entitlement, whereas in the other two Services, they are allowed to be offered accommodation that is a scale below what their normal entitlement would be, but these are very minor variations in entitlement.

**Q59 John Glen:** It would be quite significant nevertheless to the people at comparable ranks in the other Services. Is it not a cause of significant dispute and frustration from the others? Or, do they just accept that there is an inequality at that level?

**Gavin Barlow:** For the most part, yes.

**Q60 Chair:** You said it is insignificant. Looked at from the point of view of the Ministry of Defence, it is insignificant, but from the point of view of that particular family who has suffered that particular

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issue, it is 100% of their housing entitlement that has been reduced.

**Gavin Barlow:** Yes, absolutely.

**Q61 Mr Havard:** You have made my point, Chair. That is absolutely right, so how is it going to be accommodated and rectified when you change the policy through the New Employment Model? That is something I am looking at. The New Employment Model has five elements, one of which is future accommodation, looking at, among other things, policies, entitlements and delivery. In there somewhere is presumably a discussion about these aspects in terms of the New Employment Model. What changes is it going bring to resolve some of these difficulties?

**Gavin Barlow:** The New Employment Model as a whole involves us looking at the extent to which we can alter conditions and terms of Service to deliver a model that is more affordable and more attractive than the current one and that enables us to manage Service personnel in what we are calling a more agile way. I will leave that last part to one side. Clearly, if we are looking at affordability for the New Employment Model and at accommodation, we need to look at entitlements in the round. One way in which we might be able to change the overall entitlements package is to look at whether there are groups of Service personnel for whom a different accommodation deal might be possible. If we are looking at the New Employment Model in terms of our career structures that deliberately makes some personnel less mobile than others and offers them an employment package that does not include obligations to move in quite the same way as the majority of Service personnel currently have, that might enable us to change the balance of their own particular remuneration package. Somehow out of this we must find a way of releasing enough resource to meet the changes to entitlements that we want to bring into play in order to meet the needs of families as they present them—for example, the unmarried partners' question, the question about who is able to live in your house and what scale it can be, and questions on whether people should have a greater ability to vary the accommodation they get according to their personal circumstances. We really want to move to a position where we are able to accommodate people's needs more flexibly. Equally, I cannot conjure up within the New Employment Model as a whole more money in total to meet all those needs. We must look at how, over time, we might be able to vary the investment that we are making in Service personnel to meet a different set of needs from the ones that we currently have.

**Q62 Mr Havard:** Just help us a little in terms of what elements there would be in that. Are you saying, for example, that there might be certain things for reservists, given that the balance is changing? Are they going to be brought into the equation? How is that going to apply to them? What happens to people's entitlements when they move from being regular to reservist? Will there be something for that group of people? Is there going to be something to deal with the question that was raised earlier about the amount

of capital that somebody might be able to put up to buy a house for certain groups of people if they are less mobile than others? What other elements are under consideration in this particular part of the employment model?

**Gavin Barlow:** Well, certainly we are going to look at support to home ownership and the extent to which we might be able to put more resource into that. In the last session, you heard the concerns expressed by the Families Federations about the fact that Long Service Advance of Pay has been static for many years at £8,500 and it is a long-standing aspiration for them, and indeed for many in the Services, to see that figure raised. We have tried to look at those kinds of changes in our investment, or our allocation of resources, to get better value for money out of the overall package.

As far as the reserves are concerned, we will very much look at what comes out of the implementation of Future Reserves 2020, which is still in its early stages to see what specific requirements come out of that in terms of changed conditions of service for reserves. We are not actively looking at that at the moment. We just have not got to that part of the process.

**Q63 Mr Havard:** It is interesting. You said at the start that you wanted to set aside the agility part. That seems to be the most difficult bit, in the sense of structuring your processes to allow for that agility and to predict who you want to be agile, when you want them to be agile, and how you facilitate that. Is the imperative to provide that agility or is it to save money?

**Gavin Barlow:** It is not to save money in that sense. The New Employment Model is not a major cost-saving exercise. There are some savings targets associated with specific elements, like the allowances package, but overall we are trying to look at how we can balance the resources that we have within the defence programme for personnel in a different way. It is not a pursuit of savings for their own sake.

**Q64 Mr Havard:** Can I ask you about the subsidy? You heard earlier evidence—I think you were in the room—and people's concerns about costs increasing. Where is that? Is that in jeopardy? Is it in play? What is going to happen?

**Gavin Barlow:** Well, we certainly do want to look at accommodation charges and the level of subsidy in the round. It is a fact that the level of subsidy in comparison to market rates at the moment is rather greater than, say, the one the Armed Forces Pay Review Body use as their rule of thumb for the appropriate subsidy for grade 1 for charge accommodation.

It is not necessarily the case that that means having to look for a wholesale or radical shift in the level of subsidy, and certainly not in the short term. I know that this is a concern of the Families Federations and perhaps more of personnel themselves, who do not have as much contact with the policy staffs—probably fortunately. If we were suddenly going to do something radical and make an enormous change of some kind, I just do not see how we could.

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Charging is a matter for the AFPRB to make recommendations on. They would be bound to make such recommendations in the light of evidence provided by, amongst others, the Ministry of Defence, but they would want to look at the value of the overall package. It would be completely unrealistic for the Department to simply say, “We are going to stop subsidising Service Family Accommodation” and for us to expect that to have no impact on other elements of the package, which the AFPRB would want to give advice on. We certainly do want to look in the long term at how we can stabilise the level of subsidy and in certain cases reduce it where it is appropriate to do so.

**Q65 Mr Havard:** It is a long-term aspiration to reshape it rather than reduce or eradicate it?

**Gavin Barlow:** We certainly want to make sure that the subsidy is appropriate to the quality of the accommodation—quality in its widest sense—that Service personnel are provided with. It is not clear at the moment that that is the case.

**Q66 Sandra Osborne:** On changes to terms and conditions, we heard a point of view in the last session that simply putting resources into salaries and then allowing Service personnel to make their own decisions about their accommodation could be considered. Is that something that is on the agenda, or is it just a point of view?

**Gavin Barlow:** No, that is very definitely something that we are actively looking at. It looks on the face of it like a possible radical change that one could make, to move to a position where we give an allowance of some kind to Service personnel and allow them to spend that either on some form of subsidised publicly provided accommodation or in the open market. That would enable them, under various scenarios, to be more flexible about what they chose to have. Potentially, it could also reduce our own risks and costs associated with providing accommodation.

But it is not straightforward, particularly from a purely financial perspective, especially in the MoD’s case. We have a large number of personnel who do not take up their entitlements, particularly to Service Family Accommodation. Essentially, they live on the market without any subsidy or support from us for their own private housing. Moving to a situation in which an allowance is made more generally available to personnel to enable a wider range of choice for the majority might be quite expensive and difficult to do, but it is certainly on the table. There are different ways in which you could make such an allowance work—at least in theory.

**Q67 Sir Bob Russell:** Who is driving this agenda? It looks as though the sticky fingers in the Treasury might be here.

**Gavin Barlow:** Absolutely not. As I said, the New Employment Model is not being driven by a cost-cutting agenda at all. In fact, the drive behind it is very much from the principal personnel officers in the three Services. They have set the vision for the future that they want to pursue. Indeed, it has to be that way, because the three Services and the centre need to

come to a collective view about what the right overall set of terms and conditions of service will be in future. Primarily, it has to support the delivery of operational capability, and that is what we are here to do. It would be quite wrong to see it as some kind of savings exercise—it is certainly not a Treasury-inspired one. That is not what is going on.

**Q68 Ms Stuart:** I want to come to the provisions for housing. Gavin Barlow has given us a very good sense of the centre’s view, but what are the views of the various Services on the kind of support they get in acquiring housing?

**David Olney:** Do you mean purchasing housing?

**Q69 Ms Stuart:** Yes—encouraging home ownership. Within that, on a historical note, can you remind the Committee how long ago you fixed the £8,500 rate?

**Gavin Barlow:** Yes, I am sure that I can clarify that by the end of the session.

There is a lot of desire among the Service community for increased assistance in home ownership. We have been doing a lot in recent years, at least to look at what we can do. Clearly, it is not just a Ministry of Defence issue; the Government generally run a number of schemes to assist people to acquire affordable homes. Service personnel have been given priority access to those schemes in some cases, and they can certainly make use of them all.

From an MoD point of view, the Long Service Advance of Pay is the scheme that is taken up by the majority. Pretty routinely, about 2,500 personnel sign up to it every year, so our cost in terms of the outgoing investment is about £20 million annually.

**Q70 Ms Stuart:** Can I press you on that topic? Currently, some 13,000 people receive Long Service Advance of Pay for that. What numbers are entitled to it? What is the percentage?

**Gavin Barlow:** Essentially, most Service personnel can go for Long Service Advance of Pay if they want to, but it is an interest-free loan—they have to pay it back.

**Q71 Ms Stuart:** Is there a difference in uptake between the three Services? That is what I am trying to get at.

**Gavin Barlow:** There are some small differences about when people are allowed to start Long Service Advance of Pay. I can’t remember which, but one of the Services you have to serve in rather longer to get access to it. Certainly, after four years’ service anyone can take it up.

As well as Long Service Advance of Pay, more recently we have introduced an Armed Forces home ownership scheme as a pilot. That has had relatively limited funding—£5 million per annum. It is a pilot that has proved extremely popular. It allows eligible personnel, those who have between four and six years’ Service, to apply for a shared equity deal with the MoD, where we will fund between 15% and 50% of the value of a property, up to a maximum of £75,000. We are spending pretty much the full £5 million per annum on that. Clearly, that is helping a relatively small number of personnel.

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**Q72 Ms Stuart:** I know it is early days, but in terms of geography, could you tell us where the pilot has been taken up? It is across England, isn't it? Presumably, success of this pilot would be 100% take-up, or not?

**Gavin Barlow:** Yes, we are getting pretty much 100% take-up. We are getting far more than that in applications, once you are into establishing the personnel who are eligible—so far we have had 1,830 applications of which about 550 were eligible. We have seen completions through to November last year run to 113 so far. It is a steady process. It is not a matter just of applying; you do actually have to go through and buy the house and establish the deal.

**Q73 Ms Stuart:** I was listening to you earlier. Whenever I hear an official talk about taking something “in the round” or “looking at it anew”, it always tells me there is something on the way out. Is there concern in the MoD that probably the long-term view is that SFA will completely disappear?

**Gavin Barlow:** There may be some people in the MoD thinking that, but I would be pretty clear that it is not the official view. It is pretty clear, on whatever basis you look at what we might do under the future accommodation programme, that there are going to be long-term requirements for publicly provided accommodation of some kind. Any efforts to move away from that on a significant scale could be done only over the long term, consistent with, for example, the development of the Army's super garrisons. So not in this decade I would have thought.

**Q74 Chair:** At the beginning of that series of questions you said that if you hadn't, during the course of questions, given us the answer to when the £8,500 long service advance of pay was set, you might do so by the end.

**Gavin Barlow:** I still don't have the answer.

**Chair:** If you don't have the answer by the end of this evidence session, please write to us with it. We would be grateful.

We will move on to the three-year pause in the accommodation upgrade programme.

**Q75 Sir Bob Russell:** Well, gentlemen, this is appalling, isn't it? Whom should we chase to get this three-year pause un-paused? Whose fault?

**David Olney:** Fault is probably for others to consider. I would make three points. You could say why did DIO have to offer up savings in accommodation as opposed to other elements of its budget? That might be a reason to start and then we could move forward. Over the past few years—from '09 onwards—we have faced cuts in the money we have been able to spend on the estate in general; for argument's sake, the technical estate and the training estate. We have preserved our ability to modernise accommodation, both Single Living Accommodation, and SFA. As part of SDSR, the screw was tightened and further savings and efficiencies were made and promised. But of course, as we all know, SDSR does not solve the Department's financial hole, and you will be as aware of that as I am. Therefore, when looking at the major funding problem facing the Department, we have had

to look further at our budgets to see where we could make further savings.

Regrettably, and I say this from the heart, we have come to the conclusion within DIO that we can no longer simply look at the remainder of the regular estate—technical accommodation, airfields, office blocks, workshops, etc.—nor can we look at the training estate any more, because we feel there would be a severe risk of operational impact. When you go down our budget, you conclude that there is only one other place to look, and that is housing and single living. When looking at that, what must we absolutely protect? We must absolutely protect reactive maintenance on both. We must absolutely protect the planned maintenance programme, and we fought hard and succeeded in protecting minor upgrades and improvements, and the asset replacement programme. What we were, unfortunately, not able to save, given the circumstances in which the Department finds itself, was the major upgrade programme for three years for Single Living Accommodation and SFA.<sup>1</sup>

**Q76 Sir Bob Russell:** Gentlemen, I do not blame you for a minute; that is why my earlier question about the Treasury was put in. As you know, we are doing an inquiry—“The Armed Forces Covenant in Action?”—and you have heard the excellent evidence given by the Families Federations, particularly Mrs McCarthy who said that housing is a staunch pillar of the Covenant. It was Mrs McCafferty, I think, who took the view—her two colleagues did not disagree—that the Covenant was already breaking, and that was before the three-year pause. The Committee will be preparing a report which will no doubt go to the Government, so how long will it be before the Single Living Accommodation is in a condition that you wish?

**David Olney:** That is a difficult question to answer. We will have achieved 50% of Single Living Accommodation in the right condition and scale. I introduce scale here because we cannot differentiate between condition and scale in the way we measure the estate at the moment. Our aspiration is to move to a considerably higher figure of 90%, but with the money we have in the budget I cannot predict when that is likely to be. However, there are two components that may help, but don't ask me to put figures on them. One, of course, is rebasing.

Rebasing has two implications. One is the capital we can spend on rebasing, and in all likelihood that will mean capital being spent on Single Living Accommodation as we rebase troops from one place to another. The second is that we will disinvest ourselves of sites, and consideration of which sites we will dispose of must include their condition, not only their disposal value, because the running cost of the estate is too great for the budget. Therefore, one could fairly suggest that we would be getting rid of some of the worst accommodation.

**Q77 Sir Bob Russell:** Single living.

**David Olney:** Yes, single living

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**Q78 Sir Bob Russell:** Coming on to Service Family Accommodation, the vast majority of which is not owned by the Ministry of Defence, how long will it take to get all SFA accommodation up to grade 1 or 2?

**David Olney:** I will pass that down and give you some statistics. Some 96% of SFA is in Standard 1 or 2 condition. Clearly, 4% is not, and as from January this year, we do not now allocate that family housing. Some people still live in it, but we do not allocate that housing. We would suggest that we have made huge strides in recent years in the quality of housing we offer our Service families. Now, we offer housing only in those two conditions.

**Q79 Sir Bob Russell:** What impact is poor accommodation having on the morale of Armed Forces personnel?

**David Olney:** I have two Service personnel beside me, one from the RAF and one from the Army. I would look to them to give you an honest assessment of that.

**Brigadier Wootton:** The measuring of morale is a difficult activity to put a precise score on. It is also difficult to take that score and put cost terms or effectiveness terms on it, in the context of military capability and output. Therefore, it is a difficult question to answer.

**Q80 Mr Havard:** It is real, isn't it?

**Brigadier Wootton:** Absolutely. I don't deny the importance of the question. It is just difficult to give a precise answer to it. If we look at the data we have on people's attitudes to their accommodation, the Armed Forces Continuous Attitude Survey shows that 57% of people are happy with the condition of their accommodation.

**Q81 Sir Bob Russell:** What was that percentage?

**Brigadier Wootton:** It was 57%; these are 2011 data. Some 65% were satisfied with value for money; 42% were satisfied with quality of maintenance; and 43% were satisfied with the response to requests for maintenance. If you look at those figures and say, well, if you are going to reduce the impact on the number of Service personnel, in terms of the families who will not get refurbished quarters or soldiers who will not be in new accommodation—it is going to take a hit on those statistics.

**Q82 Sir Bob Russell:** Those statistics are already not a ringing endorsement. What is the strong message that we need to convey to Parliament in our report on morale?

**Brigadier Wootton:** The statistics are as I have given you, in terms of what the continuous attitude survey says. I would suggest that if fewer people are getting improved accommodation, that might go down, but it is difficult for me to quantify that, as perhaps you would wish me to.

**Q83 Sir Bob Russell:** But if you were a betting man, is your expectation that the satisfaction levels would go down, and thus the effects on morale would get worse?

**Brigadier Wootton:** I would expect it to have a negative effect.

**Air Commodore Opie:** If I could focus on the housing perspective first, the key objective for us was to get all accommodation in the UK to a standard 2 for condition. When we went to Catterick, we saw what standard 2 meant. The important thing for us is to make sure that we maintain that standard and that we deliver at "move in", and then maintain it all the way through the tour.

If we look at customer satisfaction going back over the last 12 months, as MHS in particular has worked on its business improvement plan, we have seen customer satisfaction pick up quite markedly. One of the pieces of work we have been trying to do is to marry the customer satisfaction that MHS is measuring in its 5% survey of all tasks—that is a task-by-task review—with the AFCAS assessment over a year as to why only 57% of people are satisfied. An element of that is in the fact that most houses have, on average, six to eight tasks done in a year. If they are hitting about a 90% acceptance under the MHS measure, over the year, that may well average out at the 57% for how people feel overall throughout the year. The key for us is keeping at that standard 2, and ensuring that people understand and manage their expectations around that.

**Q84 Sir Bob Russell:** But you don't anticipate a rosy future, with the cuts?

**Air Commodore Opie:** What we do anticipate is being able to keep to that standard. We based ourselves on the 2009 National Audit Office report to get to this commitment by 2013—we got there one year early—to reach that standard 2 for condition, and we feel that we have achieved that. Rather than taking our properties up to standard 1 for condition, which we would have liked to do with the upgrade programme, we are having to use the asset replacement programme to protect, in effect, the standard at standard 2.

**Q85 Sir Bob Russell:** On the Single Living Accommodation, I can contrast the "Auf Wiedersehen, Pet" building we saw at Catterick barracks with the state-of-the-art Merville barracks in my constituency, and I assume that we wish to go for the latter rather than the former.

Finally, how many families are currently living in condition 3 or 4 housing?

**David Olney:** There are currently 797 families in standard 3 for condition and 127 in standard 4. What we have offered is that if anybody wants to move to standard 2 for condition or above, we would move them. For quite a number of these properties, people are still in a standard 3 property only because they have asked us, rather than upgrade their property in the middle of their tour, if they could stay there until the end of their tour, and then we would pick up. Certainly if they came to us and said that they would rather move, often there may be six months to a year before they move anyway and they would rather not have the disruption.

**Q86 Mr Havard:** Can you just help us? The upgrade programme has been in effect cut or put aside. You or the Ministry of Defence have given us today some supplementary information on what its effect will be.

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I was going to ask you about what the effects will be on the maintenance budget, and you tell us that it is potentially £90 million or £100 million in lost revenue; there are elements of improvement costs in there, as well as lower customer satisfaction, a higher number of complaints, higher energy charges and higher carbon. These are the effects—you say—over a 25-year period in order to provide a £47 million annual cash saving. That is over a 25-year period. Coming back to the question about when the completion will be, if your costs in terms of these savings are set out over 25 years, where are we in relation to 2013, 2015 or even 2020?

**David Olney:** We would maintain our stock to standard 2 for condition. There are two elements to this impact statement: one is the loss of rent income to the MoD, because in effect 2,400 properties would be upgraded—800 per annum—for those three years.

**Q87 Mr Havard:** What alternatives to doing that were not decided on? Were there any other alternatives or was this seen as the only way to save the money?

**David Olney:** I think, as I suggested earlier, that when you go through the DIO budget as I did, and you look at the savings that we have had to make elsewhere, you are left with the painful conclusion that, given that we have protected this for the past four years, there was nowhere else to turn. That, frankly, is a fact of life in relation to the budget that I run across the whole estate, given the cuts that we have had imposed upon us in previous planning rounds and the savings made as part of SDSR.

**Q88 Mr Havard:** Can I ask you a couple of questions then from the construction industry point of view? It is obviously a bit surprised as well—they see *Building* magazine and go, “Oh, look at that.” The next generation estate contracts is a sort of industry standard for doing these things that the MoD adopted. As I understand it, some sort of revision of that will be going on and some sort of legal team is possibly looking at that to transfer more risk to them. Are we going to go back to bespoke contracts for the MoD with the building and construction industry or are we going to continue to adopt the industry standard?

**David Olney:** I can assure you quite clearly that we will be using the NEC3 contract, which is the industry standard.

**Q89 Mr Havard:** Right. In terms of the delay and the contract process you already have, people have a view into it, so is any consideration being given to where that might fit in with competition law, particularly EU competition law? As a consequence of the delay, the people involved might have a favoured position in that. Are there any concerns that putting in the pause might cause liabilities to the MoD in some other form in the industry?

**David Olney:** By that, I assume that you mean that there will be a backlog of maintenance on the estate, which will have to be factored into the data pack, which we will be giving all industry, against which they bid. In answer to your direct question, I do not consider that there will be any procurement or

vulnerability. There will be an impact, and we outlined some of those earlier, but as far as the procurement of the next generation estate contracts is concerned, we are within the OJEU procurement programme principles and law.<sup>2</sup>

**Q90 Chair:** You have all given the impression of considerable reluctance to go down this path. If we were to put into our report the notion that this pause represents a false economy, would you be able to quarrel with that?

**David Olney:** Over the longer term, I think it would be difficult to quarrel with that.

**Q91 Chair:** We would not describe it as a grotesque false economy. *[Laughter.]*

**David Olney:** In any walk of life, you have maintenance on a house—whether it is your own house or another house—and you have to take decisions as to whether you have the cash to do it. That is what the Department has done. Someone at some time will pay for that.

**Q92 Chair:** Moving on, do you have enough accommodation of the right size in the right locations?

**Air Commodore Opie:** From our perspective, we particularly looked at the void properties. If we again go back to the 2009 NAO Report, 18% of our stock was empty at that stage and costing us a lot of money that we could not invest for the benefit of families. We set ourselves a target that we felt a management margin or a void rate of 10% was what we would need to manage the estate effectively. We need that rattle room, because about 40% of our families move every year. We have, in effect, got to that 10% in the net rates. We have a further 3% that is sitting empty and waiting for the estate rebasing programme to be confirmed. The 10% average across the UK means, as we heard in the first session, that there are hotspots. Particular hotspots would be Salisbury Plain, Culdrose, and Lincolnshire. They are obvious ones that were mentioned before.

**Q93 Chair:** Where you have insufficient accommodation.

**Air Commodore Opie:** At present, we do. We are looking at the estate rebasing programme. In the short term, we are plugging that gap with substitute accommodation picked up from the rental market, and there will be a bulk hire on a five-to-10-year lease, again to plug that piece. We are now waiting for the estate rebasing decisions to see whether we now need a long-term fill in those areas or, because of the rebasing decisions and because of the draw-down in elements of the three Services, whether demand will go down. We obviously also need to factor in elements of the Future Accommodation Project and the New Employment Model to see how they factor on these long-term procurement decisions.

**Q94 Chair:** What is the time scale of decisions on this being made in relation to returning troops from Germany?

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**David Olney:** The plan is that we should start to see the emerging thoughts from the Army's consideration of how it restructures itself by the first half of this year. In parallel with that, we are doing work to look at the size of the estate—not in the general, but in the specific about what estate could accommodate what—so that as the two become clearer we can start to map out the structures in the three Services versus where they could be based. By the end of this calendar year, I would expect to start to see some real meat on the bones, recognising of course that we are already going ahead with some early moves into Pirbright, Cottesmore, and the like. That is the time frame that we are working to.

**Q95 Chair:** Thank you. So by the first half of this year?

**David Olney:** We should start to see—I think I said—emerging plans from the Army, and CGS said that in his briefing notes. I am only quoting from what Sir Peter Wall has said. Then, along with our work on the sites and the opportunities, we can start to merge the two and see where the basing takes us.

**Chair:** On the allocation of accommodation, I call Dai Havard.

**Q96 Mr Havard:** The idea, as I understand it, is to amalgamate information centres down from seven to two. Could you say something about what you think the impact and effects of that are?

**David Olney:** I'll let Alan add to this, but the concept we've always had is of more choice and modernising the Service, but at the same time—I'll be honest with you—being more efficient in the way we do our business as well, so it's a win-win. For at least a year or so, we've had an electronic form that allows people—I think it's mainly the Navy and the RAF that have taken it up—to bid, as it were, for accommodation. We are expanding that, so that by, I think, April this year we would expect an increasing number of people to use that service, but in so doing, we are offering them far more information. We are offering them floor plans and pictures of the accommodation. We are showing them what is available, so they choose, rather than us allocating.

**Q97 Mr Havard:** We heard earlier that the jury is out on that as far as the families are concerned at the moment. It is early days.

**David Olney:** It is early days, but we also looked very carefully at what the Australians had done with their self-service allocation system and took the good points from it, while recognising we are different, hence why we don't do total allocation. We do self-preference, so that there is an element of chain of command input into it. Also, we have to be cognisant of other issues that may come about. We may know of upgrade programmes that are going to occur that would mean that housing stock may not be available.

**Q98 Mr Havard:** This question is sort of related to allocation, but it is really about where your organisation is in the round in relation to fulfilling all these requirements and the other transformation activities that are taking place. For example, the

accommodation service review has just gone on, you've been transferring staff around and so on. There's a bit of a sorry tale about how the staff found out about this. It was told to us. They didn't really understand what was coming and were told, not necessarily in the best fashion, that this cut was taking place. As I understand it, in terms of your capacity to deal with these things, towards the last quarter of last year, you had 617 leavers, 1,245 vacancies and 186 staff without jobs in the MoD's redeployment pool. This question is really about your capacity as a DIO to make the changes, because at the same time as you're being asked to do these huge projects, you have your own internal change and a reduction and a reshaping. Are these two things together sequenced terribly well? It seems to be part of the reason being given as to why there have been certain delays. What's the relationship between the two? Do you have the necessary capacity?<sup>3</sup>

**David Olney:** It is an enormous change programme; I wouldn't deny that fact. Transforming a business that would be a top 30 FTSE company on the scale on which we're doing it, while delivering the changes to the three Services in particular, is an enormous challenge. I won't deny there will be hot spots. But with the programme of backfilling that we've done, where we have to go out to the market to bring in short-term temporary employment, we believe, in relation to the housing at least and the single living, that we are managing that programme. So I am not anticipating a drop in service to our users. Indeed, I would turn it on its head and say that given that I have lost all those people—"lost" is an interesting word—given that those people have chosen to leave and we have allowed them to leave, and given that I have contributed massively to the transformation programme, I do not believe—my words—I have dropped a ball, and I am responsible for delivery, in the period of that change, other than maybe the balls that might have been dropped had it not occurred. In other words, to me, there is a positive nature to this, given the numbers of people that we have taken out of this organisation.

**Air Commodore Opie:** Can I just add something on the allocations review and what it offers us? While we would centralise the allocations process, making good use of the technology to increase the transparency to individual Service personnel, at the same time it would be balanced by our regional staffs focusing purely on supporting both the command chain and the local Service families. I'm very keen to ensure that we are meeting on a regular basis at each major garrison with the garrison commanders and with local families in our families clinics. I also meet each of the Services on a three to four-month basis. We try to ensure that if issues arise, we are able to nip them in the bud and address them. We try to ensure that we have good systems out there. Inevitably, when we are doing 250,000 response maintenance jobs a year through MHS and 250,000 planned maintenance posts, there will be problems in those 500,000 jobs. The important thing for us is being able to capture those problems, address them and ensure that families are not too inconvenienced when they occur.

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**Q99 Mr Havard:** One of our concerns is about the transfer of responsibilities to people who are not able to discharge them and whether the military could discharge those responsibilities. There is also the question of whether, if you do not have the capacity internally, you buy in the capacity.

May I ask you about contractors? As I understand it, the next generation contract programme started in 2008. On implementation support, for example, you have been using contractors. Where are we in relation to your organisation having to buy in services, as it were, because it cannot provide them internally through the contracts process or by transferring them to other people?

**David Olney:** You have moved into implementation support, which is more about the wider transformation programme than accommodation per se, but it is perfectly true—

**Q100 Mr Havard:** That is one example. There may be others.

**David Olney:** Yes, but what I am suggesting is that a change of that size will eventually save some £1.2 billion a year and transform the organisation, so it would not be unreasonable to suspect that we would need some outside help to do it, which is what we have gone for. Within the ambit of day-to-day service delivery, we try as far as possible to use military and Service personnel; where we cannot, we will go out and bring in the necessary consultants, whether that be to help Alan with HICs or because we need to recruit some quantity surveyors for a major building programme.

**Q101 Mr Havard:** I am not questioning your need to use contracts in some fashion or another, but we are trying to gauge the cost of using those things vis-à-vis other costs, because, as you know, there have been questions about the use of contracts in other parts of the Ministry of Defence for a long time. In this area, we just want to be clear about the attendant costs of making these changes and what the balance is between having to use skills from outside through contractors, should they be required, and using internal resources.

**David Olney:** The answer I would give you is that, if you look at the next phase of the early retirement scheme, which will take place in the next financial year, we have taken a conscious decision that, because we will not have reorganised ourselves by the time the first people could leave in June, we will not be making any large numbers of calls on that programme until such time as we have reorganised our processes and organisation to allow us to make the cuts without impacting on service delivery, nor are we going for short-term fixes by going into the recruitment market. We have taken a deliberate decision to delay some cuts because there is a cost impact.

**Chair:** There may be questions arising from that that we want to ask the Minister, because it is a very interesting area. Moving on to the maintenance of accommodation, I call Sir Bob Russell.

**Q102 Sir Bob Russell:** I have just the one question. We met some lovely families in Catterick, and they

told us that repairs were often not completed on the first visit and had to be logged as a further job. Are there perverse incentives in the MODern Housing Solutions contract that encourage that practice?

**David Olney:** As I said at Catterick when that point was raised, the contract is incentivised and, indeed, MHS's payment plan is such that they only get paid for one visit, so the fact that they may take three visits—apart from the annoyance it would cause me because it would annoy families—would result in the contractor making a loss.

**Q103 Chair:** They only get paid for one visit?

**David Olney:** Yes. In other words, if you were to phone up the help desk to complain about, say, a broken tap, and they turned up to repair the tap—assuming they could repair it in one call—they would get paid for that repair. If they turned up and had a look at it, or did some bodge job, and the occupant phoned up five days later—there are time limits, but it is not five days—to say, “My tap is still not working,” and MHS had to send the plumber out again, the plumber would not get paid for the second visit, and we would not pay them either. To make it clear, the incentive is for first time right, and we have put in an extraordinary effort, as has MHS, to improve the statistics on first time right over the past few years.

**Sir Bob Russell:** I am grateful for that answer because the perception was the opposite.

**David Olney:** I accept that that is the perception. Clearly, if it were a deliberate act, it would be fraud on the part of the contractor and we would chase it down as far as we could.

**Q104 Chair:** How can such a perception have been allowed to arise?

**Air Commodore Opie:** The key for us is really in communication. Again, something that we have really picked up since 2009 is getting messages across. I don't think we are there yet, however, and we must still keep working hard on getting that piece across and ensure that we meet regularly. MHS, for example, supports all our local meetings as well as our meetings with the services and the MoD, and we need to go down that route of communication and get people to understand the service that is provided. When they suspect that there is a problem, they should use the complaints system so that we can investigate it fully.

**Q105 Chair:** But you have heard this afternoon about the issue of damp being the most debilitating and concerning. We heard about that in Catterick—people raised the issue of damp being just painted over, and the answer given was that sometimes applying a particular type of paint can be an appropriate treatment for damp. Nevertheless, if damp is one of the top issues about the condition of housing felt by the families—and it clearly was at Catterick—the issue of communication is a major one.

**David Olney:** It is. Interestingly, after the Catterick problem we spoke to MHS about how we can improve communication in that field, even though there is advice on the website about damp and how it can be avoided as far as possible. Interestingly, we discussed the idea that when a worker goes in to paint—to use

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your example—they should take time to explain what they are doing and show that they are not just painting over the cracks but putting on a special paint that helps to alleviate the mould problem. A conversation should take place, rather than someone doing a simple repair and walking out of the house. We are learning all the time. That was good feedback, and we will take on board the fact that we have to get better at communication.

**Q106 Chair:** May I remind you about the story of the smoke alarm?

**David Olney:** The carbon monoxide alarm.

**Air Commodore Opie:** We have been unable to trace it.

**David Olney:** The individual did not leave us a name. That is unfortunate because if it were true—which we doubt—it would be a serious failure.

**Air Commodore Opie:** We can only suspect that it was perhaps a subcontractor, or certainly taken in that way. If we could track down that type of incident, we would take action—that is why we encourage people to give us feedback if they feel that such a thing has happened, and I know that MHS would support us in that.

**David Olney:** All the telephone calls to the help desk are recorded, so if we get even an indication of when it was we can at least play back the records and see who phoned up. We have been unable to do that at this stage.<sup>4</sup>

**Q107 Chair:** Perhaps there is a culture within the Armed Forces of soldiering on and not complaining when, in relation to the condition of one's housing, it ought to be absolutely clear that you should not put up with boded jobs.

**Air Commodore Opie:** Absolutely. I totally support that, which is why in our local meetings we must ensure that we get that message across the chain of command. People should be encouraged so that when they have issues, they don't need to wait for us to visit but can feed the problem into the system and we will investigate. Obviously, the Families Federation is another way of feeding things in, but we feel that we have a good complaints system that we keep

encouraging people to use and, if they were ever to come across a problem, we hope that they would report it to us and that we would investigate.

**Q108 Chair:** Thank you. Is there anything else that you would like to raise, or anything that has been raised in the evidence session but that you feel has not been covered by questions?

**Gavin Barlow:** I promised to give the Committee one fact about Long Service Advance of Pay and when that was last updated, which, I gather, was in 1990. I think it would take too much effort to find out when LSAP originated, and it would probably require consultation with single Services' historical branches.

**Chair:** I am aware of the fact that house prices have changed a bit since 1990.

**Gavin Barlow:** Indeed. Mr Chairman, with your permission, may I just refer to something in the written memorandum we gave you recently? In our answer to question 57 in the memorandum, which is about trends in home ownership across the three Services, we referred to evidence from the families Continuous Attitudes Survey, which has shown a relatively steady, slow rise in trends in home ownership. What we did not do, and should have done, was refer to evidence that points in the other direction, from the Armed Forces Continuous Attitudes Survey, where, over the last four years, we have actually seen quite a substantial fall in the number of families who report home ownership.

Whether this is a long-term trend or a short-term blip caused by the current economic situation we just do not know, and it is quite difficult to be sure how many home owners there are among the Service community, because it is not something on which we collect specific data. We can only go by the attitude surveys. I just wanted to draw your attention to that: we made a definitive statement there about home ownership increasing, and I just do not feel that that is something that we can back up.<sup>5</sup>

**Chair:** I am most grateful to you for clearing that up, even though it adds a bit of confusion to what the reality is, whatever that may be. Thank you very much for your evidence—most helpful.

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<sup>4</sup> Ev 87

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<sup>5</sup> Ev 86

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**Tuesday 28 February 2012**

Members present:

Mr James Arbuthnot (Chair)

Mr Julian Brazier	Penny Mordaunt
Thomas Docherty	Sir Bob Russell
John Glen	Bob Stewart
Mr Dai Havard	Ms Gisela Stuart
Mrs Madeleine Moon	

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**Examination of Witness**

*Witness:* **Rt Hon Andrew Robathan MP**, Minister for Defence Personnel, Welfare and Veterans.

**Q109 Chair:** Minister, welcome back to the Defence Committee and thank you for coming to give evidence on the accommodation inquiry that we are doing as part of our series of inquiries into the Armed Forces Covenant in Action. At the last evidence session, I said thanks to the Ministry of Defence, but I repeat my thanks for the organisation of a very helpful visit to Catterick, during which we spoke to a lot of people. That has informed our inquiry well, so thank you very much for your part in organising that.

This is one of a series of inquiries into the Armed Forces Covenant. I kick off by asking you for your view of the importance in that Covenant of accommodation as an issue, when seen by Armed Forces personnel.

**Mr Robathan:** If I might, I shall make a bit of an opening statement in response to that question. It will cover a broader part, but I think it will be useful.

First, I welcome the opportunity to discuss accommodation. To answer your question specifically, we consider that accommodation is an integral and very important part of the Covenant. You will know that only three issues are specifically named as having to be reported on in the Annual Report on the Covenant, and accommodation, along with health and education, is one of those.

I do not want to teach you to suck eggs, Chairman, but I may cover ground that you already know. The satisfaction of family members, particularly spouses, is very important for the contentment of soldiers, sailors and airmen, particularly when away on operations. If somebody's spouse, in a weekly telephone call, is saying, "This is disgusting—the roof's leaking and the boiler's broken," that leads to a discontented soldier, sailor or airman. We are very well aware of the impact of poor accommodation on family members. That also applies to single men, but perhaps in slightly lesser quantities; that is a slightly different issue. The overall satisfaction and contentment of our personnel is extremely important. I know that you will bring out one or two issues of where everything is not exactly perfect with accommodation, but I shall use an analogy that will be recognised by Mr Docherty. It is a little bit like painting the Forth Rail Bridge, although now there is new paint and they do not have to do it the whole time. It goes on and on and no sooner have you got to the end than you start again.

It is fair to say that most of us know what happens in our accommodation, our homes—no sooner has

something been fixed than you have to go back and replace the carpets, the plumbing, the boiler, the lighting or whatever it may be. It is an ongoing process that you will recognise will never be perfect because somebody will be able to think of a better way of doing something that was done a few years ago. But we are working on that.

You will also raise the pause that we have put into the planned upgrade of SFA. I know that you all wish to raise this. It is very regrettable, as I think I have said on the Floor of the House, and it is not something that we would wish to do. But we have found ourselves in a very difficult, indeed dire, financial situation—not just in the Government's finances as a whole, but in defence in particular. We have had to save money. To clarify matters, the pause does not stop the provision of maintenance and what we might term minor improvements, which could include a new boiler, kitchen, bathroom or whatever. That is going on and will continue to go on when the pause starts in April next year.

You mentioned Catterick Garrison. You might know that we are in an ongoing process; I should say that it started before this Administration came into office. Next month, we will take over 400 new junior-rank Single Living Accommodation rooms in Gaza barracks. The process is going on and things are going well; I would not want anybody to think that all is bad, because it is not. We will address that later.

Interestingly, Julie McCarthy was quoted in *The Times* yesterday. Julie and I see each other from time to time. She has been quoted today on a blog, which I am sure you have all read, in which she says, "There is no doubt that the Defence Estate is expensive to maintain and that changes need to be made to make its long term future viable...and until we know more, families should not be worried by stories such as this"—that is, the story in *The Times* yesterday.

I hope that I have answered your question and given a few other points to think about.

**Q110 Chair:** You have indeed given us several things to think about. One of the bits of evidence that you will have read is from Dawn McCafferty, who is from the RAF Families Federation, rather than the Army Families Federation. She said, "I do know that the Covenant came out and, within a few months, the pause in funding was announced. We got feedback immediately from families to say, 'That's the Covenant broken, then.'" My suspicion, particularly

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from what you have said already, is that you did not like the pause any more than anybody else. What do you say about the comment that the Covenant had been broken?

**Mr Robathan:** I don't think that the Covenant has been broken. We cannot do everything at once. I much regret—I think everybody does—that we have had to make this savings measure, but it should be noted that spending on accommodation in the recent past has been protected in relation, for instance, to the technical and training estates. I am afraid that the conclusion was reached that this was somewhere where we could make short-term savings, when we have to make savings.

I asked the three Families Federations to a meeting before the announcement—not that I was trying to suborn them in any way; I wanted them to know exactly why we were doing it and what we were doing it for. I understand that they are unhappy, and so am I. But I am afraid that when looking for savings—you can list all the things on which we have had to make savings—this was one of the things that we had to look at.

**Q111 Sir Bob Russell:** We have to accept, don't we, that every single house is not owned by the public, but by a privatised company. Therefore every pound of public investment to improve the living accommodation for our families enhances the capital value of a company that has already ripped off the public purse through the privatisation. It has had all its money back in 10 years and is now making a killing—almost a licence to print money. Would it not have been helpful if the Ministry of Defence were able to recoup the sale proceeds to invest in modernising the housing stock?

**Mr Robathan:** On that note, I'll need a drop more water. It might interest you to know that I well recall, in 1996 when the plans were being developed, going to a meeting at the Ministry of Defence at which I said that I did not think that this was a frightfully good idea.

**Q112 Chair:** It wasn't with me, was it?

**Mr Robathan:** Actually, Chairman, it was with you and one Michael Portillo. I was not going to mention that, as it happens. I was told that I didn't know what I was talking about and that this was a brilliant idea and a good way to raise money. So I start from the same premise as yourself, Sir Bob. Unfortunately, we are where we are with the contract. To be fair to Annington Homes, they have stuck by the contract—

**Sir Bob Russell:** I'll bet they have; they're on a winner.

**Mr Robathan:** They have indeed done relatively well out of it, but I don't think one should criticise them for having done well out of a contract that the Ministry of Defence—before your and my time there—signed up to. One must therefore accept the situation as it is. The contract, as you know, changes in 2021—almost certainly after my time—but to renege on an agreement is a very difficult thing to do.

**Q113 Sir Bob Russell:** As somebody who opposed this before I got here, I am glad that we at least agree

on that. Can I put it to you, Minister, that if the coalition Government can find money from the public purse, as it has done, to upgrade and improve former military housing on one side of the road, surely the same Government can find money to upgrade houses on the other side of the road that are still occupied by military personnel, who were serving in Helmand province this time last year?

**Mr Robathan:** I think you refer to married quarters in Colchester that were sold to a housing association. I have to say that it was not my responsibility.

**Q114 Sir Bob Russell:** That is correct. It is still public money.

**Mr Robathan:** Absolutely. I am with you, Sir Bob. I think it would be jolly nice if you could get the Treasury to give us more money to spend on housing and perhaps take some away from social housing—sorry, that is not Government policy and I am not suggesting it—but we are where we are, and this would be DCLG money, not Ministry of Defence.

**Q115 Sir Bob Russell:** If the Select Committee concluded that the upgrading of MoD housing was an important part of the military ethos and the Covenant, on which the ink has barely dried, and if we were to recommend to the Government that the modernising and upgrading of Army, Navy, and Air Force housing should be separate from the Ministry of Defence budget, is that something that you would welcome?

**Mr Robathan:** If it were to be separate, I can see that that could be attractive. However, you will have seen at the weekend that the Chancellor was repeating what Liam Byrne said, which is that there is no money. I have to say that I think it highly unlikely that we will receive further money towards immediate upgrades of Service Family Accommodation. It would be jolly nice, but it would be difficult. As I have already alluded to, we have a huge number of issues in the Ministry of Defence. I will not list the cuts, because that would be iniquitous, but we have made serious reductions in expenditure on some equipment platforms, on personnel numbers and whatever, and we have had to make difficult choices, which I can promise you have not been pleasant.

**Q116 Chair:** This choice of the three-year pause, does it amount to a false economy?

**Mr Robathan:** I know you will have seen the figures, and I have them here if I can pick them out.

**Q117 Chair:** I think you have suggested that it costs an extra £190 million.

**Mr Robathan:** I think that is over 25 years, and I think we are saving £47 million a year in each of the three years. You are right that it brings costs with it. However, it is the immediate problem that we have. If I may say so, what I would revel in is that after all this pain—a lot of pain is going on at the moment—we will actually be in a position where the defence budget overall is balanced broadly, which I think is the term that we use. Indeed, there may even be savings this year that we have not spent. I do not think that it is a false economy, because we have to make the books balance now, not some time in the future. I

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fear that the ethos in some Departments has been, “We will balance the books some time down the road, but not now,” and we need to get it balanced now.

**Q118 Ms Stuart:** I have a brief follow-up to Sir Bob Russell’s questions. Do I understand correctly, from what you have said in answer to his questions and given that we are three weeks away from the Budget, that the MoD is actively lobbying the Treasury for more money for housing?

**Mr Robathan:** I do not think that I said that. In fact, I know that I did not say that.

**Q119 Thomas Docherty:** Using your Forth Bridge analogy, because, as you know, I actually worked on the project for a while—

**Mr Robathan:** I did not know that.

**Q120 Thomas Docherty:** When Railtrack, as it was, paused, the costs actually went up later on, as the Chairman said. Could you outline why that will not be the case if no work is done for three years? That strikes me as counterintuitive. Given that the NAO has been quite scathing about other projects where you have basically backloaded costs—if that is the correct phrase—are we not going to end up with another NAO report further down the road saying that that is exactly what you have done?

**Mr Robathan:** I hope not; we are definitely not keen on doing that. I am trying to find the exact details. I think—you will understand this, Mr Docherty—that one has to judge short-term needs and long-term needs. It may cost more in the long term, so it may be a false economy, as the Chairman says.

I am sorry to repeat myself, but it has not been an easy time to make savings in the defence budget—savings that frankly we did not wish to make. I could list all sorts of projects that we would rather had not been ended, and we have taken a lot of flak for them. I am not going to get party political, but it is true that at least £38 billion was going forward every 10 years, and there were no visible signs of resources being made available. If we had pursued the policies that we inherited, people would rightly have criticised us for failing to take difficult decisions when they needed to be taken.

I agree with you: we may eventually have to spend more on this—who knows? In the short term, however, we have to save money now.

**Q121 Thomas Docherty:** On that point, are you confident that post-2016 you have found the money to do all this?

**Mr Robathan:** You may know that the Chancellor of the Exchequer has promised that there will be an uplift in funds every year after 2015, which is in four years’ time. If we can bed down the current structure, I think that life will be better. You may have seen an article in *The Times* today by Graeme Lamb—I am not just talking about jam tomorrow but about a promise of our ability to do more than we can at the moment. It is certainly planned that the pause will be three years, and we will then take up the upgrade programme again.

**Q122 Chair:** Minister, at the last Defence Committee, we had a Minister in front of us who told us that he did not recognise the existence of a black hole.

**Mr Robathan:** Who was that?

**Chair:** That was now Lord Davies. In the same context, I am afraid that you may find that this Committee is sceptical about a balanced defence budget until we can actually see it and bite it, and possibly even see it audited without a qualified account. That would be good. We hear what you say and we might even hope that you are right. We will now move on to the New Employment Model.

**Q123 Mr Brazier:** How do you see the New Employment Model balancing the understandable desire of families—some families at least—for greater stability, with the services’ need for mobility?

**Mr Robathan:** I have lots of notes, and I am trying to refer to them to make sure that I don’t get everything completely wrong. That is a very good question. For instance, if you were to say to young men or women, “Join the Army and get stability,” that is probably not a great recruiting slogan. The New Employment Model is definitely being worked up at the moment, and I have some points that I could make on that. The decisions have not yet been made; they are still very much in genesis. We are looking at a whole load of things in the New Employment Model. It includes pay, allowances and accommodation. The way in which we provide accommodation, or the accommodation provision, is certainly up for discussion, but any accommodation projects will not be worked out in isolation.

I do think this is a real problem. It is one that I have looked at, and I have to say that I think it is, in the long term, sensible that we should be aiming to have more settled Armed Forces. Indeed, if I may say so, Mr Brazier, you have been talking to me over a number of years about the desire of members of the Armed Forces to buy their own homes. Of course, if one is less mobile and more static—at Catterick or wherever—one gets a greater opportunity to buy one’s own house.

I think the figures—this is off the top of my head—are that 75% of married naval personnel or naval families own a property, whereas it is less than 50% of Army families. Across the board, the number of naval personnel who own a property is well over 50%, I believe, whereas in the Army it is about 26% or 27%. That reflects the fact that of course the Navy is based largely, although not exclusively, in Portsmouth and Plymouth, so people will buy a house in the vicinity of their base. We are talking about the aspirations of young people today joining the Armed Forces. Not unreasonably, they continue to wish to buy their own home. That is one of the things that greater stability will assist. It will not make it happen, but it will assist.

**Q124 Mr Brazier:** You mentioned the Graeme Lamb article, which I thought was rather good. It seems to me that the most powerful point he makes in it is that there is a very big difference between the three Services in this. Could I ask you this? Is it really wise

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to try to have one New Employment Model, rather than having each of the Services develop its own? We are talking about the particular example of home ownership. I of course have been looking for alternative routes to eventual home ownership that do not involve early purchase, and have put forward a number of proposals. You gave the example of the Navy. It is a very long way apart, as Graeme Lamb says—all its families are in two places basically; this is the surface Navy—from the Army. Would it not be more effective to develop three employment models?

**Mr Robathan:** All this is very much up for grabs. In relation to the New Employment Model studies and the Future Accommodation Project studies, there are representatives of all three Services, and they are helping to shape the options that are being developed. I think that is the right way to put it. They are able to ensure that factored into those options are the single Service needs and differences.

Over my lifetime and therefore over the lifetime, I guess, of everyone in this room, there has been a move towards a more tri-Service approach, a joint approach. We used to talk about a “purple” approach. Pay and allowances, for instance, are now very much joint service—much more than they used to be. We have just set out, of course, a Joint Forces Command, in the last few months, which again is bringing things together where necessary. I am a great defender of the differences as well, I should add. I think many things can be done best in a single manner, but absolutely we need to take cognisance of the differences between the three Services.

**Q125 Mr Brazier:** On the visit that we made to Catterick, of the two officers’ wives I was speaking to, one had made seven moves in nine years and the other had made 15 moves in 17 years. Even a very significant reduction in turbulence would not put them in the same ball park as the Navy. I used to work for a company that employed more people worldwide than we employ in the NHS. One of our national operations would have been bigger than the UK Armed Forces, and we had industrial arms, mining arms, in a number of other areas. There was a corporate decision that we were to pull the pay and conditions together into a single strategy. The final result was something that was both more expensive and caused widespread anger and dissatisfaction. I just tell you that as a cautionary tale.

**Mr Robathan:** That is a perfectly reasonable point, but I hope that we do not arrive at that state. I am with you to a very large extent that we must not throw the baby out with the bathwater, whatever it might be, and we need to take account of the fact that there are differences in the three Services.

A long time ago, I had a very varied career and did a lot of travelling in the Armed Services, but you are not likely to spend a year in Hong Kong any more. After 2020, you are unlikely to be based in Germany, so the opportunities for foreign travel and postings certainly are much reduced. Therefore, there is an opportunity for people to get more settled, and that would be the benefit. I should say that probably the people who will remain least settled are officers going

up the ranks, because they will tend to be posted, especially as they get more senior.

**Q126 Mr Havard:** On the New Employment Model and the related Future Accommodation Project, and how they are sequenced together, you say that everything is up for grabs and a discussion is taking place. We had a memo from the MoD that said that these two things were expected to be discussed by the Defence Board in September this year, with a view to full implementation from 2015, subject to approval and funding—the subject being funding. Is that still the programme? In terms of the discussion about what should form those different things, both with accommodation and the rest of the New Employment Model, it is up for grabs until September 2012—this year. Is that correct?

**Mr Robathan:** It is.

**Q127 Mr Havard:** Will there be some sort of visibility beyond that on whether you have different schemes for different Services, or a united scheme?

**Mr Robathan:** Specifically on accommodation, I have been talking in the last couple of days, not unrelated to my appearance here, to the leader of the Future Accommodation Project. We are expecting that that will be published and out in September—in fact, probably before that—so that it will be available for discussion by the Defence Board and, these days, given that there is quite a lot of transparency, I am sure that it will be available for others to see as well.

**Q128 Chair:** So it will be published before it goes to the Defence Board.

**Mr Robathan:** I didn’t say that, but I see no reason—

**Q129 Chair:** You said published in September.

**Mr Havard:** The memo says that it would go to the board in September.

**Mr Robathan:** It will go to the board in September. I imagine that we will not be hiding its contents, because there are all sorts of methods of transparency, such as FOI, and I do not see why it should be particularly confidential.

**Q130 Chair:** It is an interesting innovation to have things published before they go to the Defence Board. I commend it entirely.

**Mr Robathan:** At or around the same time, if I may put it that way. It will possibly be slightly afterwards, but I do not envisage that this will be a secret document that we will not share with others.

**Chair:** Getting on to the Future Accommodation Project, John Glen.

**Q131 John Glen:** On the interaction between the New Employment Model and the Future Accommodation Project, which drives which? We understand what you are saying, and about the financial constraints, but it is unclear what happens if the report and recommendations with respect to the Future Accommodation Project say one thing, and the New Employment Model considerations come up with something else. How do the two work together?

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**Mr Robathan:** It is not quite like that, Mr Glen. The New Employment Model is the broad study, if I can put it that way, and the Future Accommodation Project is an integral, but specific, part of that, so it is partly that they are working hand in hand. The NEM aims for a greater stability in Service life, as we have mentioned already, and it will be balanced against the need to deliver operational capability. That is a difficult balance, but I think we need to realise that the way people lead their lives and the way that the Armed Forces operate is somewhat different. I mentioned Germany and we have to take note of that. The old method of posting every two-and-a-half years went out some six or seven years ago. We are now with more stable posting.

I think it is important to appreciate that we want the New Employment Model to deliver an attractive option to people joining and remaining in the Services. As part of that, the Future Accommodation Project is very important as well, but it is a part of the New Employment Model, not a separate issue.

**Q132 John Glen:** But the New Employment Model could presumably set up expectations of accommodation that would not be possible in the conclusions of an accommodation-focused review. Can you see circumstances where, to address what you have rightly acknowledged is a different model of postings, you create a demand for different levels of support for accommodation in different ways?

**Mr Robathan:** Yes, but I think you are, if I may say so, slightly pre-empting the results. I would not say everything is up for grabs—I hope I did not say that earlier—but I think we are looking across the board at different options; but that will be as part of the New Employment Model. For instance, if one as a young soldier is based in a particular space for 10 years, that brings with it all sorts of possibilities. They might wish to get married; they might wish to buy a house. If they are single they might wish to buy a house. I think we will need to—mentioning expectations—ensure that we don't raise expectations unreasonably, but, for instance, when we are occupying barracks, as we will when we bring people back from Germany, the question has been raised, "Will there be enough accommodation?" Well, there has to be enough accommodation, or we won't send people to those barracks. It is not a possibility that there won't be enough accommodation because, frankly, in the second decade of the 21st century we cannot really put people in tents any more.

**Q133 John Glen:** So in terms of the financial modelling and affordability, how is financial modelling being used to determine different options? Is it based on a view taken of what is desirable accommodation, or are you opening up to whole different models of perhaps subsidising private accommodation? How wide are the options under consideration?

**Mr Robathan:** Well, we are looking at a great many options, many of which will of course be discounted: that is the nature of the beast. There are many variables in the financial modelling. I think it fair to say that financial modelling is something that does not

always produce the result that actually happens in the long term, but we are looking at financial modelling, of course. This is taking place as the programme develops. As I said, some things will be discounted. Each option will be taken into account.

Regarding accommodation, some people, as they do now, may wish to live away at weekends with a family in a different part of the country, and that is perfectly reasonable—it is their choice, but therefore we need to determine what sort of Single Living Accommodation we need for married personnel or family personnel who actually do not live there and want Single Living Accommodation rather than a quarter. We need to look at all these issues. There are a huge number of variables, and it is pretty complicated in the details.<sup>1</sup>

**Q134 Thomas Docherty:** It is our understanding that the Minister of State is leading a process around basing, cap badges, regiments and so on. Could you outline how that very substantial piece of work is being integrated with the piece of work that you are clearly leading on, around accommodation, employment models and so on?

**Mr Robathan:** That is a particularly good question, because the basing review, which MinAF took through, has established some issues. You will know some in Scotland. We are really working to that, but not absolutely everything is finalised yet, and you will know that as well. I hope that the Ministry of Defence operates like a well-oiled machine, with every part operating together. Why are you laughing? We do speak to each other. We work in the same corridor, and actually our officials certainly speak to each other, so I think there is some coherence there.

**Q135 Thomas Docherty:** I appreciate that you have a good relationship with your fellow Minister, notwithstanding political hues, but, in all seriousness, you have got the Minister for the Armed Forces leading. Taking an example where you are turning RAF Leuchars into an Army base, which is a completely different model with different accommodation and so on, how are the two teams being brought together to ensure that the thinking that the Minister of State is leading is the same as your thinking?

**Mr Robathan:** They are very closely linked, but they are separate issues on how the New Employment Model settles down, because it is a model across the country and is not specific to a particular base. If our employment model says that we need to provide x accommodation—a lot of this is not rocket science—that will tie in with a base.

There may need to be further accommodation built at RAF Leuchars, for instance, although I am not sure of the exact numbers, if there is a brigade of young soldiers—typically there are more junior ranks in the Army than in the Air Force—going into that area. That is a bridge, however, that we are yet to cross.

**Q136 Chair:** Minister, one of the issues that we discussed when we went to Catterick and saw some of the excellent new Single Living Accommodation,

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was that of young soldiers, new into the Army, locking themselves away in their own cocoon. Each en-suite room costs £70,000 and we discussed the consequences that the accommodation might have for the cohesion of the unit and for the knowledge of the officers of what the young men, possibly fresh from home, were going through in any particular circumstances. What is your approach to that?

**Mr Robathan:** That is a particularly good issue to raise. I am not quite the oldest person in this room, but it is getting on that way. Colonel Stewart is probably ahead of me by a minute. As a for instance, when I went to Victoria Barracks, Windsor in 1976, we had dormitories, essentially, for the junior ranks, which were about 100 yards long, and each bed space was separated by metal cupboards. As it happens, the young soldiers loved it, because there was a great sense of community and it cost them a shilling a week or whatever it might have been, so they had more money in their pockets than they would otherwise. That is an issue that remains the case: a lot of young men and women do not particularly care where they lay their weary heads for a brief period of time, especially if they are out of barracks a lot.

However, the aspirations of young people today are somewhat changed from 36 years ago. They have different aspirations and different expectations of life. They will have many more pieces of electrical equipment than they perhaps would have done in those days. It will be a little more expensive too. It is a very good point about young people sitting on their own in a room, perhaps unhappily contemplating things, whereas if they were in a four-man room or a larger room, there are other people with whom to speak, who can, in shorthand, buck them out of their unhappiness. That is a real point.

However much I might hark back to the past, aspirations are greater. We are looking forward and we are building for the future—not just for the next 10 years, but the next 30 years. It would be strange if we did not look at the aspirations of young people today and what they want. You could say, and perhaps you have done, that if you go to a student house in one or two of our university towns, you will discover people living cheek by jowl in, frankly, rather disgraceful conditions, in which I hope they would not be allowed to live in the Armed Forces. Nevertheless, it would be strange if we were to build in a like manner.

When people are looking back, I think they would say, “Why on earth did you build these four-man rooms? We want our own room.” That is typically what people would want. I have a lot of sympathy with what you are saying; there is a lot of truth in it. It is a debate that has taken place in the Services themselves, particularly in the Army, where having a whole or half section on patrol adds to cohesion, particularly among young people on their first time away from home. We need, however, to look at the way that society has changed in our lifetimes and the way that people expect more.<sup>2</sup>

**Q137 Chair:** I fully understand the point that you are making. At Pirbright, there is some new

accommodation that is going up, which the Defence Committee in the last Parliament visited. It is for the training of young soldiers. Some multiple occupation accommodation was being built which was frankly very impressive. It may well be that, because of the shortage of money that you referred to, the Ministry of Defence might find it as well to consider providing accommodation like that for young soldiers, in addition to providing it for those in training.

**Mr Robathan:** That is a very good point, particularly in relation to those in training, of course, where people may be struggling with an entirely new environment. The cohesion that you get from a group of people is much greater, and some of us have experienced that. Interestingly, at Sandhurst people still share rooms, I believe, which I suppose is probably because that is the way they have always done it there.

**Q138 Chair:** But your last argument was that we have got to move away from the way that we have always done things.

**Mr Robathan:** Yes, but we have not spent any money on refurbishing those rooms. I think you raise a good point, but to a large extent it is up to the Services to determine if they think that that is better. The way that things are going forward at the moment, the Armed Forces certainly think that they should be building for the future—the next decades—rather than providing accommodation that some people would think is now below par, if you are sharing a room with another three people.

**Q139 Chair:** I understand that, but as we have raised the issue with the relevant Minister, I hope that the Armed Forces will consider it.

**Mr Robathan:** I’m sure that it could be a recommendation to put in, Chairman. I am certainly agnostic on this; I am not entirely averse to what you say, as I think you will have appreciated.

**Q140 Mrs Moon:** One of the issues that was raised with me at Catterick, and interestingly it was also raised with me when I visited Annapolis, is that there is a grave risk in setting an expectation for youngsters joining the Armed Forces about the quality of accommodation that they will experience during their Service career. For example, in the Navy you will not be living in Single Living Accommodation on board a ship usually; you will be in very cramped conditions. And in Annapolis, to give another example, no one is allowed to close their door until a certain time in the evening, because the expectation is that you have to live a communal life. Are we at risk with this focus on single-person accommodation of giving an expectation that life in the military will not be fairly rough and ready for a lot of your service?

**Mr Robathan:** I can only say that I agree with you to a large extent. As you know, because the Committee kindly changed the date of my appearance before it, I was in Afghanistan last week, and people there are sharing accommodation, with at least four to a room, or whatever it may be. It is pretty spartan accommodation, if I can put it that way. They have beds, I am glad to say—the ones I saw did. You are absolutely right that, on submarines and ships, the

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likelihood of having your own cabin is slim to non-existent, depending on what sort of vessel it is.

Again, however, we need to appreciate that people's aspirations are greater than they were when I was 18 and it would be strange if we were to look at building different accommodation than we have already. The trick, if I may say so, is to balance the cohesion and the mutual support that young people can give each other with decent accommodation. But I know that if we were to produce poor accommodation, this Committee would be the first to criticise us, so we need to look at improving accommodation, which includes probably allowing everybody to have single en suite accommodation.

**Q141 Mrs Moon:** The Committee is in no way suggesting that the Ministry of Defence produces poor accommodation.

**Mr Robathan:** I did not think that you were suggesting that.

**Q142 Penny Mordaunt:** I just wanted to ask a question about the conditions. Some 60% of Single Living Accommodation is condition 3 and 4. I wanted to know two things. First, how long it will take for that accommodation to get up to condition 1 or 2. Secondly, what impact is poor accommodation having on morale? I know that you addressed that in your earlier remarks.

**Mr Robathan:** I do have some figures here—if I can find them—on morale. You have raised Single Living Accommodation, which is sensible. On family accommodation, if I can just touch on that because it is important, 96% of accommodation is in standards 1 and 2 for condition. When you went to Catterick, you were shown some at the bottom of standard 2, which I think the Committee has judged acceptable. I would of course like to have everyone in standard 1, but it is difficult. I will say, because I do not think that one should be partisan, that this is something that took place under the previous Administration, and we are still painting that blasted bridge. We should realise that something is ongoing.

Regarding Single Living Accommodation, to a large extent, young men, typically, or women, are probably less bothered by their accommodation—I was in Hounslow recently, which has been in the press. They do relish the fact—a couple of people here will certainly know this—that they do not pay very much for the accommodation. It will take some time—I cannot give you the details but I will write to you with our judgment, because I do not have the figure at my fingertips—to get Single Living Accommodation up to the standard that we would wish.<sup>3</sup>

You also mention the impact that it has on people's views. I am glad to say, and this is an ongoing thing, that since 2007 there has been a Continuous Attitude Survey. The answer to, "How satisfied are you with the overall standard of my current accommodation?" has gone up from 49% in 2007 to 57%, which is a pretty substantial jump. Last year, the question relating to morale in difficult times said, "How much does Service accommodation impact on your intentions to stay or leave the Service?" "Increases the

intention to stay" has gone up from 13% in 2007 to 24%, and there has been a concomitant decrease in "increases the intention to leave." It is not in one of the top five reasons that people leave the Armed Forces, which is significant.

Single Living Accommodation is not what we would wish to have, but—if I might go back to Afghanistan—actually people just get their heads down and get on with it. That is true when they are young and less bothered than somebody my age might be about comforts. They make themselves comfortable in the most remarkable conditions on operations and they are less concerned—and these figures bear this out—than we might imagine about how they are looked after. That is not to say that that is an excuse for poor accommodation; it is not. But not everyone is appalled at the idea of sharing a room or that there may not have been a lick of paint in the last couple of years. That is shorthand for a lot of other things.

**Q143 Penny Mordaunt:** Thank you. If you could write to us with regard to that.

**Mr Robathan:** Yes. I will send you the Continuous Attitude Survey as well, or the details of it.<sup>4</sup>

**Penny Mordaunt:** Great. Thank you.

**Q144 Chair:** What you were not able to tell us was how long it will take to get your SFA accommodation up to grade 1 or 2.

**Mr Robathan:** SFA?

**Chair:** Yes.

**Mr Robathan:** Well, 96% is up to Standard 1 or 2.

**Q145 Chair:** Sorry, Single Living Accommodation.

**Mr Robathan:** I know; they are horrible terms. For the Single Living Accommodation, I do not have the figures to my fingertips. I am not sure if we even know how long it will take.

**Q146 Chair:** Is that not actually the point? You will not be able to write to us about it.

**Mr Robathan:** I will write to you with our estimate. It may not be accurate. If I cannot make an estimate, I will let you know.<sup>5</sup>

**Q147 Bob Stewart:** Minister, why did the MoD decide to go for a complete cut on accommodation upgrades and not do a 50% or a percentage cut? It was a just a deliberate cut like that. Were there any other options? You probably won't know, but were any other options considered, as opposed to taking 100%?

**Mr Robathan:** I can promise you there were other options considering almost everything. The SDSR and the PR11, which this was part of subsequently, considered huge numbers of options, some of which were not attractive—I will put it no stronger than that—to any of us. It came down to the fact that this was seen as a way of saving money in the short term. It was the best way, we considered, from April next year for three years. It was not a perfect option—absolutely not—but it was just a decision that was

<sup>4</sup> Ev 90

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taken. There were a lot decisions taken that we did not like to take.<sup>6</sup>

**Q148 Bob Stewart:** It was the least-worst option.

**Mr Robathan:** That is a very good way of putting it.

**Q149 Mr Brazier:** May we come back for a second to differences between the Services as it affects the firm base policy? If a naval ship goes off on a deployment from Plymouth, you have the families living in and around mostly what is a naval town. If an Army unit goes out from Catterick, there is no civilian housing around it. People who have bought houses are commuting up to 20 miles, they were telling us, from where they are. So the whole idea of families being in a supportive community—the fundamental of firm base—simply goes out of the window. One could make the same point about bases in Surrey, where the accommodation around is extremely expensive. Anyone who wanted to buy accommodation would probably be some way away. Can you really achieve firm base for the Army within the same kind of model that will suit the Navy?

**Mr Robathan:** You are right. They are different. Absolutely, they are different, and they are already different. Again, this is, to a certain extent, a changing view of society. For instance, when I first joined the Army, typically a wife would always go with her husband—and it was a husband—on deployment abroad. In recent years, people have said, “Actually, no, I am not interested in that. I don’t want to be deployed from either abroad or from London to Yorkshire or Scotland, or wherever it might be. I’ve got a job here. I want to get on and do my job, and I am going to stay here.” That is why there has been an increase overall, I believe, in the number of people living away from home and living in Single Living Accommodation.

We need to be aware of being too prescriptive. It is a very good point. I think the cohesion of a unit overall is diminished when people are scattered around and do not share the experience and the life of the barracks social, or whatever it may be. But many more women work now than used to. It is typically still husbands and wives, rather than wives serving and husbands. They wish to have jobs, not unreasonably. That is one of the issues cited as why people wish to leave the Armed Forces—their spouse cannot get a job because they keep moving. These things have to be balanced. You are quite right. I live in Leicestershire, but buying a house somewhere around Pirbright would be bloody expensive. I think it is a sensible way forward that allows people to make their own choices, their own decisions, and live a life that I think they wish to lead. They can still remain in a barracks if they wish.

**Q150 Mr Brazier:** And that is going to stay, is it?

**Mr Robathan:** Everything is being considered, but I do not think necessarily that the option that was mentioned in *The Times* is being—in fact, the option that was mentioned in *The Times* has not been formalised. Whether it is or not is not my business at the moment. The study is looking at it. The Future

Accommodation Project is looking at that and many other things, but there are many other options.

For instance, one is giving everybody an allowance for accommodation. People’s lives are changing and their aspirations are not necessarily the same as they were 40 years ago. I don’t want to get too much into the history, but if you look back to the past, in the 19th century people followed the flag and so on, but there was a big issue about the number of people who went abroad. Under the Cardwell reforms, one battalion was based at home and one was based abroad, but the number of wives and families that could go abroad was very limited. That led to all sorts of interesting issues about second families abroad. In the Edwardian period after the Boer wars we started having married quarters, and that really took off between the two world wars. Society evolves and changes, and people’s aspirations and desires change. The desire of married people to have live-in quarters in the way that they used to in SFA has diminished. It has not gone, and neither will it go, I suspect, but it is changing.

**Chair:** We will now move on to the Defence Infrastructure Organisation.

**Q151 Mr Havard:** You are having a pause in spending for three years, and at the same time the Defence Infrastructure Organisation is undergoing a significant reorganisation. There are questions about the capacity of that organisation to do the two things at once, and to make its changes and relate in the way that it should to the civil contracting industry, while at the same time keeping up levels of satisfaction. Some 42% of respondents were satisfied with the quality of the maintenance in 2011, and 42% were also satisfied with responses to requests for repair. In your MoD memo, you say that in order to make the £47 million annual savings over a 25-year period, some of the risks could be lower customer satisfaction, higher numbers of complaints, higher energy costs and a greater carbon footprint. You have already identified those consequences. Can you say something about your confidence, or otherwise, in what needs to change in order for the Defence Infrastructure Organisation to do those two things simultaneously, while hopefully avoiding some of the consequential problems that you identified?

**Mr Robathan:** Again, this is a change. It is not going into the unknown, but all change can bring difficulties with it, and we all understand that. This is a change for the better. The DIO is bringing together a lot of differing bits. It will certainly make things more efficient and continue to have the capacity to support accommodation during what is a major transformation—Andrew Manley, the Chief Executive who I meet from time to time, takes me through this. One other thing about the transformation is that, as you may know, a better use of technology is being brought in. To go back to Service Family Accommodation, that will allow people—just as on almost any estate agent’s website these days—to look on a website and see the variety and type of house that they may be able to have. That is the way that things will go forward, and I think it is very sensible.

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Will we be able to stop complaints? I doubt it. But it is a sensible move towards transformation, and we are taking sometimes quite rusty processes into a more modern technology that will benefit people. Nobody is going to accuse me of being a modernist, I hope. There are, however, a great many things that we can do to be more efficient, save a great deal of money, and provide a better service to our personnel, particularly in terms of family accommodation. That is what we are looking to do.

**Q152 Mr Havard:** The issue that we are wrestling with is not that organisational change will not necessarily provide greater efficiency per se in that particular organisation. You are, however, putting that organisation in a place where it has to make that transformation and at the same time deal with the problems that come from this freeze, along with the expectations and the changes of bringing people back from Germany. It is about how they relate to the civil construction industry and how contracts can be negotiated or renegotiated. To expect the organisation to make its organisational change while dealing with the extra problems you have put to it in terms of a freeze and the transition from Germany seems to be a big ask. Certain people in the construction industry would say that you were bonkers to try to do both together. I think they have. That is their assessment. There is clearly potential for difficulty, so how do you protect against that?

**Mr Robathan:** You are quite right; there is potential for many difficulties, but I think that it is the right way to travel and the plans are essentially sound. The truth is that the Armed Forces and the MoD in general have historically delivered as required—I am sure that there will be hiccups, because there are always hiccups in a new organisation—and I think that the delivery of infrastructure and housing will be no exception.

I am not saying that the path will always be smooth, but we are aiming to make it smother than it is now. Although I take your point entirely that there are all sorts of competing pressures, and the move back from Germany is a particularly big one, let's put it this way, it has not kept me awake at night worrying, because I believe that we can pull this off and it will make for a better, more efficient, cheaper DIO, which serves our people better.

**Q153 Mr Havard:** So you see no need to delay, or perhaps merit in delaying, the reorganisational change in part, as a whole or in certain areas of capacity to allow it to do the job better? You do not see any reasons to delay the pace and shape of the change.

**Mr Robathan:** This is evolving, but I do not see any need to delay it as a whole. There may be some parts that take longer to sort out, but I do not see any purpose in delaying the transformation as a whole.

**Chair:** Moving on to communication. Madeleine Moon.

**Q154 Mrs Moon:** You said that you met with the Families Federations before the announcements were made. Did you talk to them about the announcement that would be made? Were they given advance notice?

How were the implications for housing communicated?

**Mr Robathan:** Due to what I saw as the fairly serious nature of this, I thought it only fair to give advance notification to the three Families Federations, which do a very good job and which I meet from time to time—indeed, I am visiting the RAF Families Federation next week or the week after, I think. It was not a question of quieting them down, but I felt that they deserved to know what we were going to announce in advance of reading it in the newspapers. I think that was not far off a year ago when I saw them. I think that it was in spring last year. I will not say that it was greeted with huge enthusiasm, because it was not, and I am not surprised by that.

As I said, it was not a very happy decision to make, but it was one that we felt was necessary. I think that the Families Federations have appreciated being kept informed, and I think that that is what we owe them as the representatives of the families of those who serve in the Armed Forces and support the Armed Forces. That is why I did it. I think that the communication on that worked quite well, but, as I said, it was not greeted with enthusiasm and I was not surprised at that.

**Q155 Mrs Moon:** How did you announce the three-year pause in the upgrade programme?

**Mr Robathan:** Gosh, I think it was in a WMS—a written ministerial statement—but that was after I had spoken to the three Families Federations.

**Q156 Mrs Moon:** Did you warn them of that in advance?

**Mr Robathan:** I said that we would be announcing it. I am not sure whether I actually mentioned the written ministerial statement, but, yes, I warned them it was going to be announced.

**Q157 Mrs Moon:** You warned them that this was going to be announced?

**Mr Robathan:** Yes.

**Q158 Mrs Moon:** And what was their reaction?

**Mr Robathan:** You would have to ask them about their inner thoughts, but I think that there was a certain resignation and an understanding of why we were doing it, but of course they were not terribly happy that this was changing. It particularly affects the Army, because more Army families live in Service Family Accommodation, both in overall numbers and proportionately.

**Q159 Chair:** It sounds a bit like your own reaction.

**Mr Robathan:** It is a decision of Government policy, and I support it.

**Q160 Mrs Moon:** The RAF Federation describes morale at the moment as “fragile”. What are you going to do to improve communications with families in Service Family Accommodation, so that they can feel some sense of value? That is the big risk in this. Government need to save money, but Government have to keep morale; you have to keep people feeling that you are their side, and that you understand the

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difficulties that they face in giving service to their country. What can you do to increase that sense of confidence?

**Mr Robathan:** I think that is a very good point. If I might paint the broader picture, a lot of people in this country are worried about their futures. Unemployment is rising, and the financial situation is not good. The Chancellor said only last weekend, as I recall, that there is no money to spend on other things. We have an international situation—I will not speculate in this Committee, because it is probably out of order, about what will happen to Greece in the near future. That is the broader picture. In the Armed Forces we have had to introduce cuts that we do not like under the SDSR. In an ideal world, these would not have happened; let us put it that way. Let me promise you that I and my colleagues in the Ministry of Defence did not come into government intending not to spend money on things that we believe to be valuable, but we have come into a difficult situation. Is morale fragile? I think there is much uncertainty, and uncertainty is in many ways the worst thing, because people worry. If they know the future, they worry less. As regards the Royal Navy and the Royal Air Force, we have announced the final tranche of redundancies, so people now know what the field is going to be and who is going. That is a good way forward in terms of relieving uncertainty.

You mentioned communication in particular. I meet the Families' Federations regularly. As I said, I am going to the RAF Families Federation with Dawn McCafferty in a couple of weeks' time. I am very happy to listen to any submissions or letters that the Federation wants to send, and I stay in touch with it because I think it is important that we do. I go back to my point from my opening statement, which is that if families are discontented—if spouses are discontented—the Serviceman or woman on operations or elsewhere tends to be discontented as well. I am sure we all know of people—I certainly do—who were told they had a glittering career ahead of them in the Armed Forces, who leave because they say, "Well, actually, my wife wanted me to go." That is understandable. One of the issues that I think the Committee commented on was having to have enforced redundancies in the Armed Forces. That is because we did not have a large number of volunteers coming forward to take early retirement. In one sense, that is encouraging. In another, it is quite sad.

**Q161 Mrs Moon:** You mentioned the *Times* article, and you suggested that one of the options put forward for that—I think it was the one where they say that you would have a housing entitlement of around eight to 10 years—was not one that you saw perhaps as being—

**Mr Robathan:** You will understand that the Future Accommodation Project is going forward with other people. I am not sitting on it. I think you would also expect us to look at a wide range of options, and among those options would be value for money. My own suspicion is that that option was considered and is not particularly likely to be recommended, but I cannot tell because it is ongoing.

I mentioned one or two other options before. For instance, there is the option of giving people an allowance for accommodation across the board. Funnily enough—although perhaps I should not go there—that could apply to some people in this room as well. We are looking at different options, because, as I said, I do not think that we should consider that the way in which married families have lived their lives in the last two or three decades is necessarily the way that people will want to live in the future. We need to pay attention to that.

Again, every Service is represented on the Future Accommodation Project and they are having an input into it and therefore helping to shape any decisions. It has not been me, a gentleman in Whitehall, or indeed the civil service that is making these decisions. They are being made by the Armed Forces themselves.

**Q162 Mrs Moon:** One of the worst ways of getting information is from the front page of a national newspaper. In terms of the Future Accommodation Project, how are you going to make public the final decisions in relation to it? Will there be advance notification for the Families Federations, so that they can also ensure that accurate information gets out to families, who will be extremely nervous about the future plan?

**Mr Robathan:** I would expect that the decisions will be communicated to the families. I am not quite sure how the announcement will be made. It is obviously a parliamentary issue, and there will be a written ministerial statement or, indeed, a statement. I would not particularly expect a statement, but a written ministerial statement sounds more likely. If there is anything that adversely affects people in particular, I would consider it worthwhile to discuss it with the Families Federations.<sup>7</sup>

**Mrs Moon:** Good.

**Mr Robathan:** Can I just say that the Future Accommodation Project is not a cost-cutting exercise? The New Employment Model is meant to be cost neutral, as you may know. What I am trying to say is that there is no target for savings. There is no determination to save money. Cost neutral means that we are unlikely to spend any more money, as you will understand, but it is not about saving money. It is about reshaping the terms and conditions of service and the way that people are employed, but it has to continue to be attractive. One particular point is that I would certainly wish to keep the Families Federations on board, because it would be unwise of me not so to do.

I have a few other options that are being looked at. For instance, the LSAP—Long Service Advance of Pay—is actually very popular. I think about 2,500 a year are applying for up to £8,500, which helps buy houses. Somebody has described here the 21<sup>st</sup>-century family, but families are changing. It is not just men and their wives any more. Families are changing, and we need to take account of that as well. I go back to the aspirations of people younger than myself who see life slightly differently.

<sup>7</sup> Ev 91

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28 February 2012 Rt Hon Andrew Robathan MP

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**Q163 Chair:** Dai Havard has asked about customer satisfaction levels and the Defence Infrastructure Organisation. Madeleine Moon has asked about communication with people. Sometimes when we visit members of the Armed Forces and their families in their quarters, we find that they complain about repairs having to be done over and over again. It has been suggested to us by Officers that that is not a real problem, but that there may be a communication issue—if repairs are not done properly, they will be properly done only if people will complain immediately. Is there a problem of communication?

**Mr Robathan:** Are you talking particularly about Modern Housing Solutions?

**Chair:** Yes.

**Mr Robathan:** I think there are several aspects to this. One is that Modern Housing Solutions gets paid only once for the job, so if it does it badly the first time and goes back two or three times, it has to sort that out itself. We are not paying it excessively.

I think communication is important. One of the problems with modern communication is that sometimes there is miscommunication. I am not a great aficionado of Facebook, although I am sure everyone else in this room is, but people read and follow the Army Rumour Service, for instance, and it is not always entirely accurate.

Just as an example, I was in Afghanistan last week, and several people came up to me and said, “What’s all this about cutting the operational allowance in half?” I thought, “Blimey! I didn’t know about that.” As I am responsible for it, I was rather surprised to hear that—and it was a rumour, which people had taken at face value. I can almost, 99.99%, put my hand on my heart and say we are not about to cut the operational allowance in half. Communications are not always accurate. I said to the Brigadier out there, “What is this?” He said, “Well, we’ve put it in Routine Orders.” But people tend to read Facebook more than

they read Routine Orders, so communications are not always helpful.

Let me go back to accommodation; I have a further point to raise on that. The inefficiencies of plumbers, carpenters or whoever it may be are not confined to our married quarters estate—the SFA. You are also old enough, Chairman, to remember that rather famous Flanders and Swann song, “’Twas on the Monday morning, the gasman came to call”. If people get things wrong, they are paid only once for it and they need to sort it out.

**Q164 Chair:** Yes, I just raise with you the need to get round the military reaction of not complaining in order to ensure that accommodation concerns are properly dealt with.

**Mr Robathan:** I think that is a perfectly fair comment. I should say that people are more willing to complain than they used to be. Indeed, the Prime Minister gets a lot of these complaints sent direct to him. I sometimes find it slightly unusual that Mrs Bloggins at whatever-it-is base should write to the Prime Minister to complain about her leaking tap, but there you go.

**Q165 Chair:** There you go. There are no further questions. Is there anything further you wish to raise with us?

**Mr Robathan:** No, but may I just, in conclusion, say that I do welcome this inquiry. I think the Covenant is very important. We have put a great deal of store by it, and accommodation is absolutely central to that. To a large extent, your interest bolsters my position and the Ministry of Defence position in terms of accommodation. We will continuously be painting—like with the Forth Bridge—to keep it up to standard.

**Chair:** Thank you very much, Minister. That was a very helpful evidence session. We are most grateful.

# Written evidence

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## Written evidence from the Ministry of Defence

MoD welcomes the decision of the Committee to extend its inquiry into the Armed Forces Covenant to Accommodation. The quality and quantity of MoD Accommodation for both Single personnel and Families remains at times an easy target for a critical media. In the round the facts show that the great majority of Service Family Accommodation (SFA) is at the top two standards for condition (of four), and is available for Service families to move into as they are posted. Since January 2012, we have met our commitment not to allocate SFA below Standard 2 for condition, a type which the Committee visited in Catterick. On the face of it this appears a healthy position, but inevitably in such a large and complex estate there will continue to be numerous issues, and we recognise that bodies such as the Army Families Federation continue to register a comparatively high level of concern over SFA. In addition, and despite a large and widespread investment over the past eight years, less than half of Single Living Accommodation (SLA) meets the standards we aspire to. Accommodation that is poor, or SFA needing repair (particularly when spouses have been deployed), can have a pernicious effect on Service recruitment and retention, and negatively impact upon the moral component that we rely upon in our Armed Forces to underpin operational effectiveness.

The MoD estate has evolved over many years, and not only accommodation but also the wider infrastructure is sometimes in the wrong place and of the wrong type. This will take significant investment to address. Similarly the management arrangements we have in place are generally satisfactory, but do at times go wrong. We are very clear that the majority of our occupants are far from ordinary people—if not deployed then they are either training for operations or in the case of family dependents are supporting those training for operations. This brings an additional responsibility to us, and one where we need constantly to ensure our actions match our words. The Committee's trip to Catterick will have given a flavour of life on the ground, and the experiences of those on all sides of the accommodation picture, and we trust it was suitably enlightening. We should welcome any further visits the Committee wish to make.

One area of concern raised during the visit to Catterick was that of the freeze on Accommodation upgrades from 2013–14 for three years for both SLA and SFA—this will significantly impact upon both single Service personnel and Service families. The estate will not be upgraded and in all likelihood will fall into a managed decline until Defence can put into place further upgrade programmes. The pause has been a source of frustration to all parties involved, from occupants through to suppliers and providers, but in the context of the overall Defence Budget difficult decisions have had to be made. As well as the pause, the Department will need to understand better how the changes to the Services' New Employment Model (NEM) will play out in terms of future accommodation needs, as indeed will the work on basing and the return of the Army from Germany. The NEM and related Future Accommodation Project are expected to be discussed by the Defence Board in September 2012, with a view to full implementation from 2015, subject to receiving approval and funding being available.

Further evidence will be submitted in relation to questions arising from the Catterick visit. The remainder of this memorandum addresses the questions raised by the Committee.

In response to the specific questions raised by the Committee:

### COMMENTARY ON HOUSING POLICY

#### 1. *Reasons for housing Armed Forces personnel including the differences between Services*

It is a condition of service in recognition of their inherently mobile lifestyles, frequently remote bases and terms of Service, that Regular Service personnel (including some categories of Full Time Reserve Service personnel) are provided with accommodation. Depending upon the individual's Personal Status Category (for an explanation of which see Annex A) and individual circumstances, this can take the form of either publicly-provided family or single accommodation (or an appropriate substitute) either at, or within an appropriate distance from, their duty unit, or an appropriate allowances package. Policy is set out in tri-Service accommodation regulations; hence, with a few minor exceptions, there is no variation between Services.

#### 2. *Description of housing policy/and practices including service delivery*

Deputy Chief of the Defence Staff (Personnel and Training) (DCDS (Pers&Trg) staff are responsible for formulating Service living accommodation policy. The "Tri-Service Accommodation Regulations" (TSARs) are the definitive policy source document for the provision of Defence living accommodation. The TSARs provide policy guidelines for the provision of:

- Service Family Accommodation (SFA) and Substitute Service Family Accommodation (SSFA) in UK and overseas; and
- Single Living Accommodation (SLA) and the substitute equivalents to trained personnel<sup>1</sup> on a worldwide basis (except for accommodation in operational theatres and temporary accommodation at training areas where separate arrangements apply).

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<sup>1</sup> Trained personnel—personnel undergoing Phase 3 training or serving in front line units

Officers are allocated SFA primarily by rank, however, other factors such as family size, appointment, representational responsibilities and personal choice may influence the final allocation. Other Rank accommodation is allocated by family size, although personal choice may influence the final allocation. As a guiding principle, officers should not be accommodated in Other Ranks Service Family Accommodation, and similarly, Other Ranks should not be accommodated in Officers Service Family Accommodation. Exceptions may only be made by the local commander in consultation with the Housing Information Centre.

For SLA, Officers are accommodated in either a Senior Officer suite or Junior Officer room, depending on their rank, in the Officers' Mess; Senior Non-Commissioned Officers (SNCOs) reside in the SNCOs' Mess and Other Ranks are housed in Barrack Block accommodation. The latter can vary from single en-suite rooms to multiple occupancy ones. The full range of SLA accommodation is detailed at Q35.

The TSARs also define the "4-Tier Grading system", which provides a consistent means of determining accommodation charges for differing standards of SFA and SLA globally.

The TSARs are periodically reviewed by DCDS (Pers&Trg) staff in consultation with the single Services and the providers of Defence living accommodation in the UK and overseas.

Defence Infrastructure Organisation Operations Accommodation (DIO Ops Accom) is responsible for the management of Service Family Accommodation (SFA) in the UK including:

- Repair, maintenance and improvement of 49,000 SFA in the UK (this service is delivered in England and Wales by MODern Housing Solutions (joint venture between Carillion and Enterprise), in Scotland by Turners Estate Solutions (the Regional Prime Contractor), and by two term contractors in Northern Ireland;
- Arranging Substitute SFA and Substitute SLA where required;
- Allocation of SFA to entitled and eligible personnel;
- Housing services to about 44,800 Service families at any one time; and
- Managing around 20,000 family moves into and out of accommodation each year.

Single Living Accommodation is allocated by the unit. The assets are managed under a range of arrangements as detailed in later responses.

### 3. Policy on home ownership

MoD policy for the provision of accommodation is to offer choice to Service personnel through a "mixed economy" of housing solutions that includes quality public provision and home ownership support options.

Recent surveys have shown a growing trend towards Service personnel wanting to own their own homes. Their reasons vary and include a desire for family stability, an investment in the future or to enable cohabitation. Surveys also suggest a strong link between fulfilling these aspirations and retention in Service. MoD has for many years offered specific support to assist Service personnel to overcome barriers to home ownership which include: Long Service Advance of Pay; the payment of disturbance allowance; removal expenses; and a contribution towards legal fees for those moving between private homes on change of appointment. In addition, stemming from the publication of the Service Personnel Command Paper in July 2008 and the Armed Forces Covenant in May 2011, there has been an increasing drive to ensure that personnel are not disadvantaged as a result of their service. A number of further measures have been implemented including the pilot Armed Forces Home Ownership Scheme and several Government funded affordable housing schemes for which Service personnel have "priority status".

Within the context of Future Basing and the return of the Army from Germany, MoD is developing "Super Garrisons" within the UK with the aim of enabling Service personnel to be deployable whilst giving the family greater stability. The build up of Super Garrisons should help to enhance the opportunity for home ownership, broaden spouse career opportunities and provide for a greater continuity of education. Plans for Super Garrisons will continue out to 2035.

### 4. Description of work underway on the future employment model and what that might mean for accommodation

*The Challenge.* Pre-Strategic Defence and Security Review 2010 (SDSR10) work showed that the existing employment model will not in the medium to long term offer an affordable or sustainable solution to our requirement for sufficient, capable and motivated Service Personnel (SP); regular and reservist alike. The three main challenges that need to be addressed are: affordability—the financial risks and cost growth embedded in the current programme, whilst recognising the costs inherent in delivering high quality people and, the requirement to do better within further reduced resources; attractiveness—the mismatch between what the Services offer and the expectations of SP, now and in the future; agility—the operational requirement for greater agility, flexibility and joint capability, from within a smaller force structure. Accordingly, recognising the need for change and reflecting the direction contained within the Strategy for Defence (SfD), the Service Personnel Board (SPB) agreed a clear vision for a different future and a collective determination to make change happen.

*The New Employment Model (NEM).* DCDS(Pers&Trg) has been directed to develop detailed costed options for a “NEM”, which: delivers a better balance between the demands placed on SP and their families, and the cost of supporting them, whilst maximising Operational Capability (OC) by improving choice and opportunity in how people manage their lives and careers; supports a Whole Force approach to delivering OC; ensures that SP and their families are treated fairly and equitably through a balanced, affordable and competitive employment and remuneration package. A programme of five individual projects has been created to address particular aspects of the programme: Manpower Utilisation and Terms of Service looking at career structures and management; Financial and Non-Financial Conditions of Service looking, inter alia, at pay, pensions and allowances; Future Accommodation looking at policy, entitlements and delivery; Training and Education, all aspects including resettlement; and how any changes would be delivered: NEM Delivery.

*The Future Accommodation Project (FAP).* The FAP is required to identify an alternative approach to the provision of an accommodation solution for SP which will better meet future needs for affordable and good quality housing during Service and, if possible, upon transition to civilian life. Areas being examined include:

- (a) *Policy:* constraints and inconsistencies; whether existing policy needs to change to match societal trends and evolving SP aspirations (eg with respect to the approximately 21% of SP in unmarried long term relationships often including children; the increasing numbers of over-18 dependants not in education or employment; those with caring responsibility for elderly relatives); should entitlement to accommodation be tapered over time; does more need to be done to assist SP with transition?
- (b) *Provision:* how living accommodation is managed, allocated and maintained; and whether there are alternatives to the current model of public sector provision
- (c) *The 4 Tier Grading System:* current targets for accommodation quality are above nationally recognised benchmarks—those set by DCLG for example—and contribute directly to the affordability challenge. This is exacerbated by low levels of rental charges, compared to the wider public/social housing market creating a large gap between the cost of provision and income received.

The NEM and FAP are expected to be discussed by the Defence Board in September 2012, with a view to full implementation from 2015, subject to receiving approval and funding being available.

#### 5. *Explanation of differences between different regions of the UK, for example Northern Ireland*

There is no fundamental difference between the regions in terms of the policy for provision of accommodation.

Most MoD housing stock in England and Wales is either leased from Annington Homes Limited (who bought most of MoD’s housing stock in 1996 with the majority immediately leased back by MoD on 200 year leases), or provided under PFI or Bulk Lease Hire (BLH) arrangements (properties provided primarily by Annington Homes on a 10 year contract to meet medium term shortfalls in housing stock).

SFA in Scotland and Northern Ireland fell outside of the 1996 sale and are predominantly MoD owned. Where a short term requirement necessitates a rental from the open market, Substitute SFA (SSFA) is provided.

#### 6. *Interaction with the training estate*

This response has been targeted on the provision of accommodation at training facilities for new and recently joined recruits.

The Army Recruiting and Training Division have benefitted from some 5,500 new bed spaces delivered through Project SLAM and Project Allenby Connaught. The effect of this is that around 65% of Trainee bed spaces are at a standard considered to be suitable and acceptable. This data is for Phase 1 & 2 Trainees, which by definition have to be other ranks. The position for Phase 1 and 2 Trainees is greatly improved from previous years, which attracted a significant level of criticism.

The position in other Services, Royal Marines aside, is that less of their accommodation is considered to be at the top two grades, and the majority at the lowest two grades. If the Committee would like further analysis in this area it can be supplied. Data on the wider SLA position is included in later responses.

#### 7. *Likely impact of plans for introduction of super garrisons and return from Germany*

The Basing Optimisation Programme is working up its plans which will cover, among other things rebasing from Germany. Given the current uncertainty surrounding the Army 2020 proposals the potential to develop plans for super garrisons is unlikely to become clear until late 2012 and it is therefore too early to comment at this stage. Living accommodation forms only part of the overall requirement, but this will be provided as required either from current stock or by the provision of additional housing.

To illustrate a current example, it appears that the early moves into Cottesmore can be met from existing stock. However, there may be a need to provide additional core stock, BLH or SSFA for subsequent moves.

## SERVICE FAMILIES ACCOMMODATION

## Cost

8. *Cost of SFA for the last five years split into relevant categories, for example, payments to Annington Homes, substitute accommodation, payments to PFI contractors, maintenance costs—reactive and pre-planned, staff costs, upgrade programme and other costs*

DEFENCE INFRASTRUCTURE ORGANISATION  
ACCOMMODATION EXPENDITURE—UK HOUSING

<i>£m</i>	2006–07	2007–08	2008–09	2009–10	2010–11
Anningtons Rent	146	152	150	150	153
Housing PFIs	21	27	27	27	27
Contributions in lieu of Council Tax	51	53	59	57	57
Planned and reactive maintenance	136	147	126	131	122
Upgrades	19	30	35	50	46
Substitute Accommodation	18	18	26	31	38
Staff Costs	19	16	17	18	18
<b>Gross Cost</b>	<b>410</b>	<b>443</b>	<b>440</b>	<b>465</b>	<b>461</b>
Income from occupants	(125)	(129)	(138)	(140)	(143)
<b>Net Cost</b>	<b>285</b>	<b>314</b>	<b>302</b>	<b>325</b>	<b>318</b>
House purchases				13	9

Source: 2006–07 and 2007–08—NAO Report—18 March 2009

Source: 2008–09 to 2010–11—DIO Ops plus Head Office

For the Permanent Joint Operating Bases (PJOBs), because the contracts were tendered as fixed price packages for the whole of the estate, it is not possible to break out the costs associated with maintenance of SLA or SFA from the remainder of the estate.

## DIO MAINTENANCE (EUROPE)

<i>€k</i>	2007–08	2008–09	2009–10	2010–11	2011–12
SFA	6,285	5,671	4,675	4,880	3,491
Reactive (Direct) <sup>1</sup>					
Pre-Planned (Direct) <sup>1</sup>	1,273	1,134	935	976	698
Pre-Planned (Indirect) <sup>2</sup>	5,697	7,731	4,832	4,241	5,605
<b>Total</b>	<b>13,255</b>	<b>14,536</b>	<b>10,442</b>	<b>10,097</b>	<b>9,794</b>

Notes:

<sup>1</sup> Does not include labour costs

<sup>2</sup> Includes Kitchen and Bathroom Refurbishments

9. *Condition*

Description of the system for determining the quality of SFA.

The description of the system for determining the Standard for Condition (SfC) is attached at Annex E.

10. *Numbers of properties in each of the standard for condition categories in the UK*

For all properties

For each type of property, for example type I to type V and types, A, B, C and D.

## STANDARD FOR CONDITION DATA (AS AT 5 JANUARY 2012)

Standard for Condition	Property Type											Grand Total
	I	II	III	IV	V	VS	A2	B	C	D	DS	
1	18	134	1,004	1,923	1,696	364	3	4,257	11,490	2,054	5	<b>22,948</b> (47%)
2	37	152	913	1,751	1,783	476	3	5,358	11,130	1,525	2	<b>23,130</b> (47%)
3	13	11	48	71	44	6		264	418	80		<b>955</b> (2%)
4		3	7	9	1			34	113	10		<b>177</b> (<1%)
Not Recorded	1	15	51	56	113			258	1,105	248		<b>1,847</b> (4%)
<b>Grand Total</b>	<b>69</b>	<b>315</b>	<b>2,023</b>	<b>3,810</b>	<b>3,637</b>	<b>846</b>	<b>6</b>	<b>10,171</b>	<b>24,256</b>	<b>3,917</b>	<b>7</b>	<b>49,057</b>

(49,057 includes 15 properties used as welfare facilities)

## 11. Numbers of properties in each of the standard for condition categories overseas

For all properties

Numbers of properties in each of the standard for condition categories overseas.

For each type of property, for example type I to type V and types, A, B, C and D.

Data is not held in the same format as above, this table shows the breakdown by condition.

Number of SFA Properties—Standard for Condition (as at 31 December 2011)	Quantity		Total Assets	Percentage
	Officers	ORs		
Number of SFA at Standard 1 for Condition	973	3,802	4,775	32%
Number of SFA at Standard 2 for Condition	655	2,466	3,121	21%
Number of SFA at Standard 3 for Condition	968	3,245	4,213	28%
Number of SFA at Standard 4 for Condition	959	1,545	2,504	17%
Standard for Condition not yet determined	5	230	235	2%
<b>Total Number of SFA recorded at Standard for Condition</b>	<b>3,560</b>	<b>11,288</b>	<b>14,848</b>	<b>100%</b>

## 12. Take up of SFA by Service for the last five years

SFA is a tri-service asset, and as such detailed take-up rates by Service are not normally kept. However, from the current data held it can be estimated that the percentage occupancy by Service of the currently occupied SFA is:

- Royal Navy—10.8%
- Army—63.1%
- Royal Air Force—24.1%
- Foreign/International—0.5%
- Civilians—0.4%
- Others—1.1%

The “others” include SFA used as misappropriated SLA and properties used as welfare facilities.

## 13. Armed Forces personnel views of accommodation for last five years from the Continuous Attitude Survey or elsewhere

The Department seeks views from members of the Armed Forces on various aspects of Service life, including accommodation, as part of a programme of Continuous Attitude Surveys (AFCAS). Whilst questions vary over time, the question “How satisfied are you with... the overall standard of my current accommodation” has been asked consistently to Service personnel over the last five years. The results show some improvement over time. In 2011, 57% of personnel (across all three Services) said that they were satisfied with the overall standard of their current accommodation. That figure has been gradually increasing over the past five years and now stands at 9% above the findings for 2007.

For 2011, the figures cannot readily be broken down between occupants of Service Families Accommodation and Single Living Accommodation. In 2010, when a total of 54% were satisfied with the overall standard of their accommodation, this corresponded to figures of 58% for occupants of Service Families Accommodation (6% higher than in 2007) and 50% for occupants of Single Living Accommodation (this had been 49% in 2008 but 45% in 2009).

In the 2011 AFCAS, 65% of respondents across all the Services said that they were satisfied with the value for money offered by Service accommodation, an increase of 8% with respect to 2007. 42% said they were satisfied with the quality of maintenance or repair to their accommodation, and 43% were satisfied with the response to requests to maintain or repair it. These were new questions introduced in 2011 so no comparison with previous years is possible.

#### 14. *Families views of accommodation for last five years from the Continuous Attitude Survey or elsewhere*

The Tri-Service Families Continuous Attitude Survey does not reproduce the same questions as the Armed Forces Continuous Attitude Survey, so we cannot comment on whether the views of family members differ from those of the serving member of the family. In 2008, when the National Audit Office commissioned a survey of occupants of SFA which was sent direct to the properties themselves and was completed by either the Service person or a member of their family, around three quarters of respondents felt that their property was generally well maintained (19%) or fairly well maintained (57%).

The Families Federations conducted a future accommodation survey for Service families during the summer of 2011. When asked what they liked most about living in service accommodation the top response was:

*“Low charges make it affordable”* (RN 33%, RAF 35% and Army 45%).

The second most popular response was:

*“Being close to work”* (RN 16%, RAF 23% and Army 21%).

Inversely when asked what did they least like about Service accommodation the top negative response was:

*“Condition”* (RN 20%, RAF 25% and Army 25%).

The second most popular negative response for the RN and RAF was “inability to personalise my home” (RN 15%, RAF 15% and Army 14%).

“Allocation Policy” was the second most popular negative response for the Army and this was the third most popular negative response for the other two services (RN 12%, RAF 12% and Army 17%).

The same survey asked the question “How important is home ownership to you?” Those that responded “Very important” or “important” were RN 88%, RAF, 78% and Army 79%.

#### 15. *Description of the system for determining the charges paid by Armed Forces personnel*

Service personnel pay a daily charge for residing in SFA or SLA. The charge is dependant upon the size of the property/room (known as Type) and other factors such as the condition of the accommodation (known as Standard for Condition), its facilities, location and the amenities available to occupants in the surrounding area. There are currently four levels of charge for SFA and for SLA and the charging system is accordingly known as the “Four Tier Grading System”.

The Armed Forces Pay Review Body (AFPRB) is responsible for recommending the level of charges paid by Service personnel for both SFA and SLA. The AFPRB’s approach has been to set charges that are comparable with the housing costs faced by civilians, less a discount which it judges reflects the disadvantages of living in Service accommodation. More recently, in light of the public sector pay freeze for 2011–12, and other changes affecting the Armed Forces, the AFPRB has considered whether there should be any increase in charges for the same period. However, as employees in the rest of the public sector faced increases in the cost of living including housing costs, it concluded it appropriate to continue with their normal methodology of raising accommodation charges in line with the rental component of RPI in November 2010.

## 16. Numbers of properties in each of the grade for charge categories in the UK

For all properties

For each type of property, for example type I to type V and types, A, B, C and D.

The requested information for UK SFA, as at 5 January 2012, is detailed below.

## GRADE FOR CHARGE DATA AS AT 5 JANUARY 2012

Grade for Charge	Property Type										Grand Total	
	I	II	III	IV	V	VS	A2	B	C	D		DS
1	27	45	158	350	145	22		262	3,243	676	4	<b>4,932</b> (10%)
2	30	138	964	1,718	1,234	393		1,809	6,524	1,091		<b>13,901</b> (28%)
3	11	96	760	1,517	1,822	384		3,878	9,144	1,386	2	<b>19,000</b> (39%)
4	1	36	141	225	436	47	6	4,210	5,342	764	1	<b>11,209</b> (23%)
<b>Grand Total</b>	<b>69</b>	<b>315</b>	<b>2,023</b>	<b>3,810</b>	<b>3,637</b>	<b>846</b>	<b>6</b>	<b>10,159</b>	<b>24,253</b>	<b>3,917</b>	<b>7</b>	<b>49,042</b>

## 17. Numbers of properties in each of the grade for charge categories overseas

For all properties

For each type of property, for example type I to type V and types, A, B, C and D.

Detailed information by type not available.

## DIO OPERATIONS INTERNATIONAL SFA ASSETS

Number of SFA Properties—Grade for Charge As at 30 June 2011	Quantity			
	Officers	ORs	Total Assets	Percentage
Number of SFA at grade 1 for charge	573	1,561	2,134	14%
Number of SFA at grade 2 for charge	1,771	4,069	5,840	39%
Number of SFA at grade 3 for charge	594	4,091	4,685	32%
Number of SFA at grade 4 for charge	612	1,462	2,074	14%
Number of SFA below grade 4 for charge	10	105	115	1%
<b>Total Number of SFA Graded for Charge (by Offr/OR)</b>	<b>3,560</b>	<b>11,288</b>	<b>14,848</b>	<b>100%</b>

## 18. Rents paid by Armed Forces personnel by type of property and grade for charge in the UK and overseas

See Annex B, which sets out the charges payable for SFA and SLA for the period 1 April 2011 to 30 March 2012.

## 19. Analysis of properties of grade for charge by standard for condition

Analysis of which the relationship between standard for condition and grade for charge.

## GRADE FOR CHARGE V STANDARD FOR CONDITION DATA OF UK SFA

Grade for Charge	Standard for Condition					Grand Total
	I	2	3	4	Not Recorded	
1	3,695	1,079	54	16	88	<b>4,932</b>
2	7,409	6,121	161	31	179	<b>13,901</b>
3	8,043	10,182	431	92	252	<b>19,000</b>
4	3,801	5,745	301	38	1,324	<b>11,209</b>
<b>Grand Total</b>	<b>22,948</b>	<b>23,127</b>	<b>947</b>	<b>177</b>	<b>1,843</b>	<b>49,042</b>

In the case of the 16 SFA at S4fC but G1fC:

- All 16 SFA are void, and therefore no occupancy charges are being raised;
- They are located at the Fareham Estate, Rowner and are part of a major upgrade programme that is due to be completed in mid-2012;
- The upgrade programme will raise 195 properties to S1fC;

- Records show the properties were at S4fC because the electrical wiring was over 39 years old (which would not be picked up by a Board of Officers)—it would be possible for the properties to be assessed at S1fC in every other category as the overall SfC is based on the lowest that any one element scores; and
- In line with current policy, a Board of Officers will be convened within one month of completion of the upgrade programme to review the GfC.

Although the information in the table is correct, because of the wiring issue and the lag to when the upgrade programme is complete it does appear incongruous. However, it would be contrary to normal practice, and not make sense, for a Board of Officers to be convened to review the GfC for void accommodation undergoing upgrade work.

#### GRADE FOR CHARGE V STANDARD FOR CONDITION DATA OF OVERSEAS SFA

<i>Grade for Charge</i>	<i>Standard for Condition</i>					<i>Grand Total</i>
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>Not Recorded</i>	
1	1,934	—	—	—	—	<b>1,934</b>
2	2,210	3,183	446	—	—	<b>5,839</b>
3	242	437	3,677	231	—	<b>4,587</b>
4	—	3	30	2,535	—	<b>2,568</b>
Below G4fC	—	—	—	243	66	<b>309</b>
<b>Grand Total</b>	<b>4,386</b>	<b>3,623</b>	<b>4,153</b>	<b>3,009</b>	<b>66</b>	<b>15,237</b>

#### UPGRADE AND NEW BUILD PROGRAMME

20. *Details of the upgrade and new build programme for last five years by number of properties and costs including a description including location separately for the UK and overseas*

New SFA properties have been acquired in some areas of shortage using bulk lease hire, through Anningtons. In addition a major development at Bulford will eventually provide 260 houses, a mixture of three and four-bedroom properties to current standards for condition.

#### UPGRADE PROGRAMME AND HOUSING PRIME CONTRACTOR COSTS

	<i>FY</i>	<i>FY</i>	<i>FY</i>	<i>FY</i>	<i>FY</i>	<i>FY</i>	<i>TOTALS</i>
	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	
England and Wales	830	508	707	853	817	661*	<b>4,376</b>
Scotland	375	129	19	55	81	50*	<b>709</b>
NI	10						<b>10</b>
<b>Totals</b>	<b>1,215</b>	<b>637</b>	<b>726</b>	<b>908</b>	<b>898</b>	<b>711*</b>	<b>5,095</b>
Upgrade Costs (£ million)	19	30	35	50	46	nyk	

\* indicates the anticipated number of upgrades that will be completed this FY.

For Overseas the position is:

#### Permanent Joint Operating Bases (PJOBS)

Gibraltar: £3.095 million invested as part of the investment in upgrading 74 SFA at Europa estate. 22 SFA apartments built and completed in the last five years at a cost of £0.926 million.

Cyprus: RAF Akrotiri SFA. There is an ongoing project for replacement of SFA at RAF Akrotiri. The project was initiated in 2007, with delivery taking place from 2008–14 at a cost of £77.5 million. The project entails the demolition of 330 1960s Prefabricated SFA and delivers 269 new SFA as follows:

- (a) 234 Other Ranks (ORs) SFA of Types C & D.
- (b) 35 Officers SFA of Types IV & V.

South Atlantic Islands (SAI): Routine maintenance is delivered by the MOD FM contract, but upgrades are funded up to an annual limit by Falkland Islands Government under a long-standing arrangement.

## Germany

No major upgrade or new build programme for the last five years in Capital Works Programme.

### 21. *Future upgrade and new programme for next five years (or over the length of the planning period)*

The position for future upgrades for SFA in the UK for the next five years is:

#### FY 2012–13

DIO plan to complete 800 S1fC Upgrades in England & Wales and an additional 30 S1fC SFA in Scotland and Northern Ireland against a provisional target of 800 SFA. A further 3,000 SFA in England and Wales will have elemental (eg kitchens, bathrooms, boilers) improvements carried out to maintain at S2fC as a minimum. Of the total planned upgrades, 415 are currently recorded at S3&4fC.

#### FY 2013–14 to 2015–16

DIO plan to complete elemental improvements to 3,000 SFA per annum in England and Wales to maintain at S2fC as a minimum. There is no planned upgrade programme due to the three year pause in SFA Upgrade Funding (See Q22).

#### FY 2016–17 onwards

Each year, DIO plan to complete 800 S1fC Upgrades in England and Wales and an additional 30 S1fC SFA in Scotland and Northern Ireland against a provisional target of 800 SFA. A further 3,000 SFA in England and Wales will have elemental improvements carried out to them to maintain at S2fC as a minimum.

The position for future upgrades for Overseas SFA for the next five years is:

#### PJOBS:

Cyprus: In addition to remaining SFA being delivered under the Project detailed in Serial 20 above, £3.5 million in PR12 currently for improvements to SFA.

Gibraltar: Project EUSTON will deliver new SFA to replace that transferred to Government of Gibraltar (GoG). These will be funded by GoG.

SAI: Falkland Island Government investment in SFA refurbishment is expected to continue for foreseeable future.

#### Germany:

Following the outcome of the SDSR, there are currently no plans to upgrade SFA in Germany.

### 22. *Any delays or cancellations within the programme*

Due to delays in the MoD financial approvals process in 2011–12, the SFA upgrade programme in the UK was amended from 800 major upgrades and 2,200 elemental upgrades (eg kitchens and bathrooms) to 700 major upgrades and 2,700 elemental upgrades. In Summer 2011, the Department announced a three year pause in SFA Upgrade funding for the period FY 2013–14 to 2015–16. The pause will postpone 2,400 major upgrades to S1fC during the three year period (c £47 million pa). Funding for elemental upgrades and maintenance are not affected.

For Overseas, Refurbishment of SFA valued at £2 million was cancelled in Gibraltar in 2010 because of withdrawal of funding for use on alternative requirement.

### 23. *Maintenance programme*

Description of the arrangements for maintenance in the UK and overseas.

Occupants of Service Family Accommodation in the UK benefit from a comprehensive maintenance service, which is provided free of charge to users—providing they or other occupants in the property have not wilfully caused the damage themselves.

These services are provided by a series of contracts across the UK, as set out in the table below, which includes an extensive supply chain of local operatives. The service is available 365 days of the year through free phone numbers. Problems are categorised and attended to based on whether they are classed as an emergency, urgent or routine.

If the issue reported is not covered by the relevant contract, it will be referred to the Defence Infrastructure Organisation for a decision, or a relevant alternative contract (for example Aquatrine for water/drainage issues).

<i>Location</i>	<i>Maintenance provider on behalf of MOD</i>	<i>Method of delivery</i>
England and Wales	MODern Housing Solutions (MHS)— Housing Prime Contract	Customers call the MHS helpdesk. The Helpdesk arranges for a suitable local operative to attend based on the urgency of the problem. This is to agreed service levels covering Emergency, Urgent and Routine.
Scotland	Turner Estate Solutions (TES)— provided as part of the Regional Prime Contract	Customers call the TES Helpdesk which arranges for a suitable local operative to attend—again based on the urgency of the problem and whether it is covered by the contract.
Northern Ireland	Two locally employed contractors	Customers call DIO Ops Accn staff based in Northern Ireland, who arrange for locally employed contractors to undertake the relevant work. If an emergency occurs out of hours, customers ring their local guardroom who will arrange for a relevant contractor to be called out.

For Overseas, the position is:

## PJOBS

All of the overseas estate whether SLA, SFA, or other types of accommodation is maintained under an Infrastructure Support Provider Prime Contracts. Under these contracts the Contractor is paid a fixed price for the operation and routine maintenance of the whole estate. The scope of tasks to be undertaken is defined in a schedule provided by the Authority. This includes all tasks and inspections necessary to ensure statutory compliance.

Under these contracts the contractor is also obliged to repair, without specific reference to the Authority, all reactive maintenance (ie things which have broken and which could not be foreseen or planned), up to an inclusive repair limit, typically £1,500 per arising. There is no limit on the number of such arisings.

Any unforeseen repair which will cost more than £1,500 to fix is referred to the Authority which will decide whether it wishes to place an order on the contractor to undertake the repair, or perhaps to programme the repair as part of a wider upgrade activity.

The current suite of three contracts was let four to six years ago. Over the next 16 months they will be replaced by a single contract of similar fundamental type, covering all four locations.

## Germany

### Planning

Indirect Maintenance programmes are agreed with the Customer annually in September/October. The programmes are prioritised and expenditure is targeted towards the Customers' operational needs in accordance with Integrated Estate Management Plans (IEMPs).

### Procurement

The delivery of FM within BFG is achieved using the two separate procurement routes of Indirect Services and Direct Services, with the division being based on New Works or Maintenance. The delivery arrangements are:

FM Indirect Services are programme managed by DIO Ops Int Europe Division (DIO (E)) and conducted by the German Construction Administration (GCA) as part of the Host Nation support arrangements, which are governed by the NATO Status of Forces Agreement. The term FM Indirect Services embraces both Works and associated activities.

FM Direct Services up to 8 August 2011, were delivered through a DIO(E) In-House capability supported by Specialist and Measured Term Contractors. The term FM Direct Services embraces both Works and associated activities. Babcock Support Services won the contract to deliver FM Direct Services and have been doing so since 8 August 2011.

#### 24. Details of the contract for maintenance and plans for its renewal

Separate contract arrangements exist across the UK for the maintenance of Service Family Accommodation (SFA). The current contracts are due to end between November 2012 and April 2014—as set out in the table below.

The Next Generation Estates Contract programme is currently considering options for the future provision of a single UK wide maintenance contract for SFA. The NGEC National Housing Prime (NHP) contract is due to begin in 2013–14, although this is currently the subject of a review which may lead to a later in service date. If the review recommends a change to the planned implementation date of the NGEC NHP, the existing contract arrangements will have to be reviewed and extended.

<i>Location</i>	<i>Maintenance provider on behalf of MOD</i>	<i>Current planned contract end date</i>
England and Wales	MODern Housing Solutions (MHS)—Housing Prime Contract.	April 2014 (subject to review)
Scotland	Turner Estate Solutions (TES)—provided as part of the Regional Prime Contract.	April 2013
Northern Ireland	Two locally employed contractors.	April 2013

For Overseas, the position is:

#### PJOBS

New contract now in place—Please see the response to Q 23.

#### Germany

Babcock International Group PLC was awarded the contract by DIO to provide FM direct services at British Forces bases across Germany from 8 August 2011. Babcock deliver planned and reactive building maintenance, grounds maintenance and incidental minor new works to support the British Forces' buildings, assets and estate at 12 stations, predominantly in the German states of Lower Saxony and North Rhine-Westphalia.

The five-year contract is valued at €200 million with an option to extend for a further two years.

#### 25. Costs of maintenance programme over last five years split by reactive, pre-planned and any specific programmes in UK and overseas

The information on SFA maintenance costs is included in the response to Q8.

#### 26. Planned costs of maintenance for the next four years split as above

The information provided below represents the latest planned position for England and Wales. The present maintenance contracts are due to expire and be replaced by NGEC in April 2013 (see Q 24 above). As this stage it is not known how NGEC will frame the maintenance arrangements. The period April–September 2012 includes £27.7 million of planned and reactive maintenance in SFA in England and Wales.

<i>£k</i>	<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>
Prime Contract	110,507	113,301	117,548	123,395	122,345
Upgrade	50,492	0	0	0	47,188
<b>Totals</b>	<b>160,999</b>	<b>113,301</b>	<b>117,548</b>	<b>123,395</b>	<b>169,533</b>

#### DIO MAINTENANCE (EUROPE)

<i>€k</i>		<i>2012–13</i>	<i>2013–14</i>	<i>2014–15</i>
SFA	Reactive (Direct) <sup>1</sup>	3,074	3,074	2,459
	Pre-Planned (Direct) <sup>1</sup>	615	615	492
	Pre-Planned (Indirect) <sup>2</sup>	7,569	5,500	4,400
	<b>Total</b>	<b>11,258</b>	<b>9,189</b>	<b>7,351</b>

#### Notes:

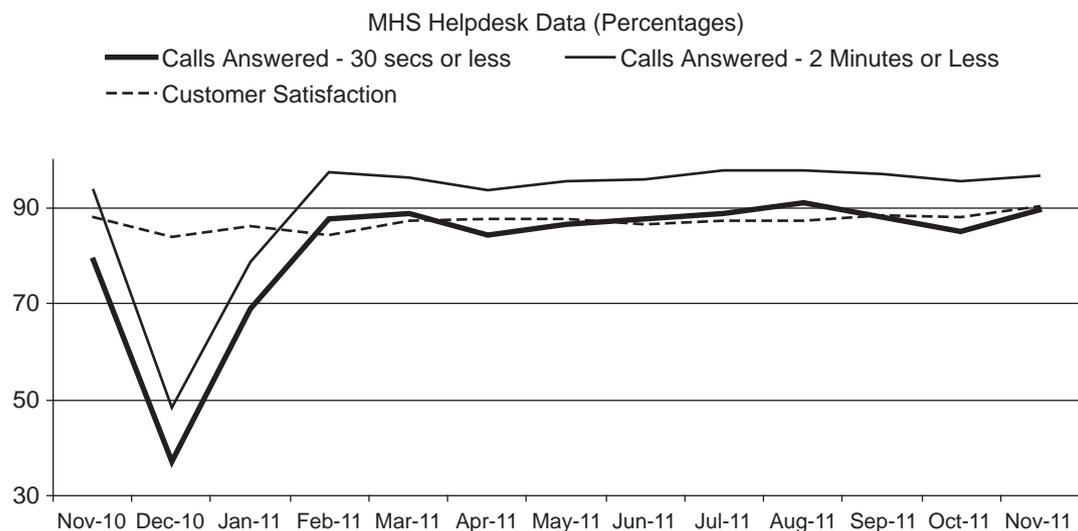
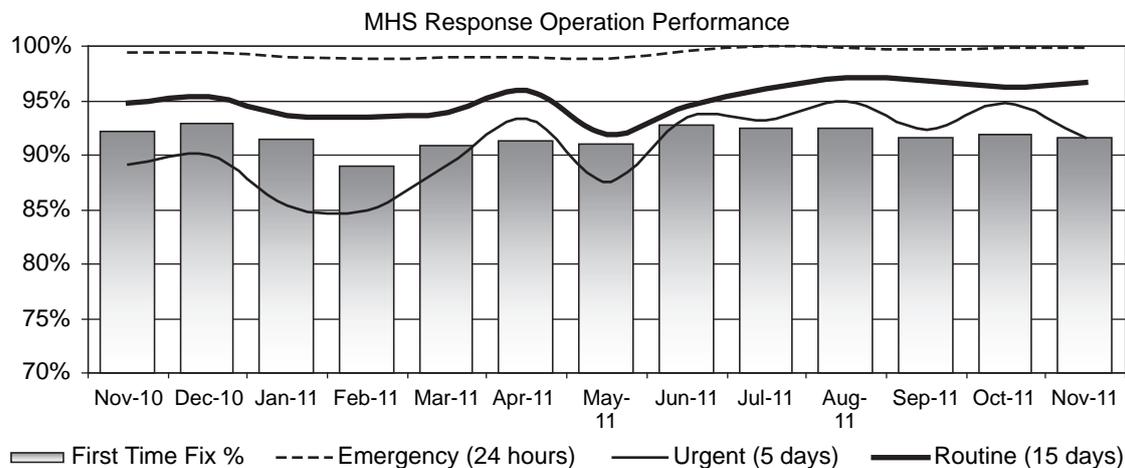
<sup>1</sup> Does not include labour costs.

<sup>2</sup> Includes Kitchen and Bathroom Refurbishments.

Expenditure on SFA maintenance will reduce as the number of federal SFAs are handed back to the German authority and also the cost of maintaining SFAs should reduce with Direct maintenance being carried out by Babcock.

27. Performance statistics for maintenance contract with Modern Housing Solutions including user satisfaction

The tables below indicate MHS performance statistics for both response maintenance and the telephone helpdesk.



28. Any other performance statistics

The latest copy of DIO Operations Accommodation Key Performance Indicators, which are issued monthly to stakeholders, is attached.<sup>2</sup>

29. Allocation

Arrangements for allocation of properties in the UK and overseas TLBs

The allocation of properties in the UK and overseas is made in accordance with the entitlement and eligibility criteria detailed in the Tri Service Accommodation Regulations (TSARs). Allocations are made by rank for officers (although other factors such as family size, appointment, representational responsibilities and personal choice may influence the final allocation), and family size for other ranks.

Additionally, differing conditions apply to Operational areas and Permanent Joint Operating Bases (PJOBs) overseas where allocation is made in accordance with the local in-Theatre accommodation policy.

Overseas allocations are made by Garrison/Station Housing staffs and all applicants have to apply using a manual application form. In the UK allocations are currently undertaken at eight Housing Information Centres who allocate to specific geographical areas. However, with effect from April 2012, and as part of a wider DIO Transformation Programme we are substantially changing the UK SFA allocations service to improve customer service for Service personnel, which was highlighted as a concern by both the National Audit Office and the Committee of Public Accounts. The key changes will be:

- the introduction of an automated, self preference system; and

<sup>2</sup> Not printed

- the rationalisation and centralisation of allocation service at a single Housing Allocations Services Centre (HASC) based, for business continuity reasons, at Aldershot and Thetford.

The e-enabled self preference system (due to go live from April 2012) will allow Service personnel and their families to view online “estate agent” details of available properties that match their entitlement, and to state their top three preferences. The new arrangements will provide greater choice for Service personnel and transparency of process whilst delivering efficiency savings.

### 30. Percentage of empty properties (voids) for last 10 years in UK and overseas

The data currently available is:

UK Voids:

April 2001—19%  
 April 2002—17%  
 April 2003—16%  
 April 2004—16%  
 April 2005—15%  
 April 2006—18%  
 April 2007—20%  
 April 2008—21%  
 April 2009—17%  
 April 2010—15%  
 April 2011—13%

January 2012—12.70% (Gross) January 2012—9.47% (Net)—around 3% of void properties, which could normally be disposed of, are being held pending decisions on estate re-basing.

	2007-08	2008-09	Cyprus			2007-08	2008-09	Gibraltar		
			2009-10	2010-11	2011-12			2009-10	2010-11	2011-12
Total No. of SFA		2,193	2,168	2,168	1,908		455	441	429	429
Number of routine voids		99	119	119	84		18	15	82	68
Routine Void % of total		4.51	5.49	5.49	4.4		3.96	3.4	19.1	15.9
Number of vacant SFA awaiting/undergoing modernisation		43	55	42	37		43	45		
Number of SFA awaiting demolition		141	249	218	36					

	2007-08	2008-09	FI			2007-08	2008-09	ASI		
			2009-10	2010-11	2011-12			2009-10	2010-11	2011-12
Total No. of SFA		75	75	75	75		22	22	9	24
Number of routine voids		1	10					1		
Routine Void % of total		1.33	13.3	0	0		0	4.55	0	0
Number of vacant SFA awaiting/undergoing modernisation		5	5	2	2				1	3
Number of SFA awaiting demolition										

For Germany, the figure is presently 14% in garrisons other than Rhine where it is 23% due to its closure.

### 31. Reasons for number of currently void properties

There is a need to maintain a number of void SFA across the UK to allow for the management of stock. This includes the routine maintenance and upgrade of properties and the significant churn of service families moves. Currently, 20,000 family moves in and out of SFA are completed in the UK each year.

The target of getting the average void level across the UK down to 10% by 1 April 2012 has been achieved, albeit some 3% of stock is also being retained pending confirmation of the Estate Re-basing Programme.

### 32. Disposal of properties in UK and overseas

The majority of SFA are let to the Department through a leaseback arrangement with Anningtons Property Limited, following the sale of the SFA estate across England and Wales in 1996. When SFA is declared surplus, it is “handed back” to Anningtons under the terms of the contract. It is usual for Anningtons to then place the properties on the open market for sale. There is no formal mechanism for sale to Service personnel within the agreement with Anningtons. However, Anningtons often give a small discount and/or preferential reservation opportunities on an *ad hoc* basis depending upon site location and demand for the properties.

Some SFA, within a site’s security fence, together with service houses in Scotland and Northern Ireland were excluded from the Anningtons agreement and as such are dealt with on a case by case basis. Those houses behind the wire tend to be integral to the site and supplied via site utilities. As a consequence it is impractical to sell the houses separately and they will be sold with the site as a whole. Houses outside the

security fence may be sold individually or in bulk (often to Housing Associations) depending upon location. In neither case is there any policy that permits the sale of such properties at a discount to serving/ex-serving personnel.

Outside the UK, SFA is either sold where the asset is owned by the Department, or is surrendered back to the owner when it is no longer required. The terms of that surrender will be subject to the conditions of the occupation agreement between the Department and the owner.

The major disposal/release of SFA within the UK has been put on hold until the outcome of SDSR and Germany re-basing has been confirmed.

Overseas properties fall into three categories: freehold, leasehold, and those held from the host nation under international treaty (eg NATO SOFA). Those properties which are surplus to requirement are either sold, if they are owned freehold, terminated if they are leasehold, or released back to the host nation if they are held under international treaty (subject to compensation provisions for improvements or dilapidations).

#### SINGLE LIVING ACCOMMODATION

##### Cost

33. *Cost of single living accommodation (SLA) for the last five years split into relevant categories, for example, substitute accommodation, payments to PFI contractors, maintenance costs—reactive and pre-planned, staff costs, upgrade programme and other costs*

Those costs available are shown in the response to Q 44 below. Because of the way in which PFIs are structured, it is not possible to attribute costs to the construction/refurbishment of SLA buildings. Projects pay a unitary charge for available space and not for the buildings themselves. Furthermore, in a number of instances, SLA accommodation is part of a facility which has also been refurbished or newly built and it is not possible to separately identify the costs relating to improvements to living accommodation only.

In circumstances where accommodation to type or seniority is not available then Substitute Single Service Accommodation (SSSA) is used. Net costs excluding Council Tax costs and Utilities costs are shown below. In many cases accommodation is shared by a number of Service personnel.

<i>Year</i>	<i>£ million</i>
2006	38.3
2007	43.4
2008	49.6
2009	53.6
2010	50.3 (awaiting final figure for 2010)

##### Condition

34. *Description of the system for determining the standards and quality of SLA*

The 4 Tier Grading (4TG) System provides the mechanism for awarding points for the standard and quality of accommodation. Where a standard for a particular feature, for example the condition of the room including decoration, carpets and fixtures is not, or cannot, be met, this shortfall is awarded a number of “deficiency points”.

Annex C sets out the 4TG criteria for SLA, showing the scaling, condition and other non-accommodation related factors (for example noise nuisance and building works) which are to be assessed, together with a “Grading Points Summary Sheet”. Guidelines on the assessment of adverse environmental factors for the 4TG of SLA are at Annex D. The overall points score as recorded on the Summary Sheet determines the accommodation grade for charging purposes as follows:

<i>Net overall points score</i>	<i>Accommodation grade</i>
0–4 deficiency points	1
5–9 deficiency points	2
10–14 deficiency points	3
15–25 deficiency points	4
26 or more deficiency points	Below Grade 4

In this way, a property in good condition could still be charged at a lower Grade due to, for example, the paucity of amenities and public services.

For accommodation attracting 26 deficiency points or more, the case is to be referred to the appropriate single Service authority who will consider whether it would be appropriate to reduce the charges further by waiving the rental element of the accommodation charge and charging for the utilities only, or waiving the rental element and the heat and light and/or the water elements of the accommodation charge.

SLA is graded by a local “Board of Officers”. A Board may inspect in-depth only a proportion of like properties within the same accommodation where similar conditions apply. Accommodation is subject to a re-grading audit at least once every four years. Where accommodation has been subject to improvement, it is normally to be re-graded by the managing authority within one month of completion.

### 35. Range of types of accommodation

Service personnel are allocated SLA by rank in accordance with the scales table below. However, for SLA other factors such as the availability of above or below eligibility accommodation and personal choice may influence the final allocation in some cases. As a guiding principle, officers and senior NCOs should occupy respective Mess accommodation, and other ranks should occupy junior ranks accommodation.

The allocation of SLA to single and unaccompanied personnel is a matter for local regulation at the discretion of the local commander. The guiding principle is that single and unaccompanied personnel should be allocated SLA to their eligibility. Unaccompanied personnel should not be accommodated below eligibility or disadvantaged in any other way on the basis that they maintain a family home elsewhere, are therefore likely to commute weekly and may not be liable to accommodation charges. Equally, unaccompanied personnel should not be advantaged over single personnel for whom the SLA represents their home.

Should SLA appropriate to the applicant’s eligibility not be available, alternative accommodation above or below the eligibility may, if available, be allocated. When SLA above the normal eligibility is allocated for Service reasons, the SLA charge is to be that related to a Grade 1 SLA of the Type to which the Service person is normally eligible, unless the Grading of the SLA actually occupied is lower in which case the lesser rate must be charged. As a general guideline, once the accommodation above scale has been allocated, personnel should not normally be required to vacate it during the course of their tour of duty at that location. However, vacation may be required if it is subsequently needed by an eligible occupant at the discretion of the local commander.

Service personnel may request as a matter of personal choice to occupy SLA above their eligibility, if available, on the basis that they will pay the accommodation charge for the Type and Grade of SLA which they occupy.

Types of SLA are summarised in the following table:

<i>JSP 315 Scale</i>	<i>Type</i>	<i>Rank of occupant</i>	<i>Description</i>
30	SO	Senior Officer (Major and equivalent) and above	A suite of rooms in the Officers Mess consisting of a sitting room and bedroom with en suite provision (shower, basin and WC)
30	JO	Junior Officers (Captain and equivalent) and below	A bedroom with en suite provision (shower, basin and WC)
32	OC	Officer cadet	A bedroom with en suite provision (shower, basin and WC)
32	C	Candidate	A bedroom with shared ablutions
35	S	WO and SNCO	A bedroom with en suite provision (shower, basin and WC)
3	Z	Other Ranks	A bedroom with en suite provision (shower, basin and WC)
3	Y	Personnel undergoing Ph 2 training	Bed space in a four person room with shared ablutions
3	X	Personnel undergoing Ph 1 Training	Bed space in eight or 12 person rooms with shared ablutions
3	X	RN Personnel undergoing Ph 1 training	Bed space in 24 person room with shared ablutions

Where there is insufficient SLA of the appropriate type, units (in consultation with their respective chains of command and DIO Ops Accommodation/Overseas Housing Provider as appropriate) are responsible for providing substitute accommodation which broadly reflects the equivalent eligibility to SLA.

### 36. Amount of accommodation in each of the condition categories in the UK

### 37. Numbers of properties in each of the condition categories overseas

For all accommodation

For each type of accommodation

Instead of the Grade for Charge (GfC) of SLA being collated centrally, Standard for Condition (SfC) of SLA bed-spaces are now assessed through an annual worldwide audit.

Where GfC is an assessment of condition, scale, location and environmental factors to determine the occupancy charges for personnel, the SfC methodology for assessing SLA, like that for SFA, is a more accurate

measure of the actual condition of the accommodation. The most recent SfC audit of SLA (October 2010) has been used.

Details of SLA accommodation numbers and Standard for Condition for UK and Overseas by Rank and Type:

	<i>RANK</i>	<i>SFC1</i>	<i>SFC2</i>	<i>SFC3</i>	<i>SFC4</i>	<i>Grand Total</i>
UK	SO	1,323	652	319	557	<b>2,851</b>
	JO	4,424	2,049	2,754	5,547	<b>14,774</b>
	SNCO	5,231	1,953	2,392	6,399	<b>15,975</b>
	OR	28,786	10,541	16,831	41,346	<b>97,504</b>
<b>UK Total</b>		<b>39,764</b>	<b>15,195</b>	<b>22,296</b>	<b>53,849</b>	<b>131,104</b>
Overseas	SO	95	49	74	95	<b>313</b>
	JO	270	385	338	376	<b>1,369</b>
	SNCO	351	135	528	724	<b>1,738</b>
	OR	2,824	946	2,463	9,436	<b>15,669</b>
<b>Overseas Total</b>		<b>3,540</b>	<b>1,515</b>	<b>3,403</b>	<b>10,631</b>	<b>19,089</b>
<b>Grand Total</b>		<b>43,304</b>	<b>16,710</b>	<b>25,699</b>	<b>64,480</b>	<b>150,193</b>

### 38. Take up of SLA by Service for the last five years

The figures provided are those detailed in the AFPRB Papers of Evidence from 2007. From 2008 the figures were obtained using Joint Personnel Administration (JPA) data. The limitations of this include that the figures do not include casual visitors, sports and some courses. However, in general terms, the figures give an approximation of those permanent SLA worldwide occupiers. High quality SLA usage rate data is recognised as a flaw in our current system and is being addressed as part of the DIO Management of SLA work stream which will report this year.

SLA permanent staff occupation rates:

2007	72,930 <sup>(1)</sup>
2008	95,207 <sup>(2)</sup>
2009	92,235 <sup>(2)</sup>
2010	94,441 <sup>(2)</sup>

(1) Armed Forces Pay Review Body (AFPRB)

(2) Data supplied by JPA

### 39. Armed Forces personnel views of accommodation for last five years from the Continuous Attitude Survey or elsewhere

See Q 13 response.

Accommodation charges

### 40. Description of the system for determining the charges paid by Armed Forces personnel

See Q15 response.

### 41. Numbers of properties in each of the categories of charge in the UK

For all properties

For each type of accommodation

Grade for Charge (GfC) is set by the Chain of Command (ie the User) and is established by an assessment of three factors; Condition, Scale and Location/Environmental. Where there are shortfalls deficiency points are awarded and as these accrue GfC reduces incrementally in four bands. This is set out at Annex C and D.

Some historic data is available and can be supplied if required, but as explained in the response to Q36–37 above this is not now collected.

## 42. Numbers of properties in each of the categories of charge overseas

For all accommodation

For each type of accommodation

See response to Q 41.

## 43. Rents paid by Armed Forces personnel by type of accommodation and charge

See Annex B.

Upgrade and new build programme

## 44. Details of the upgrade and new build programme for last five years by number of properties and costs including a description, including location separately for the UK and overseas distinguishing between single living accommodation modernisation (SLAM) projects and others

Details of the SLA new build programme to date and for the future is given on the table attached at the end of this document.<sup>3</sup>

The Service Personnel First (SPF) programme for the UK estate is shown below detailing the past and putative funding lines. The SPF programme provides work to refurbish Single Living Accommodation blocks to a higher standard. Types of work include; upgrading ablutions and kitchens; converting multi-occupancy rooms to individual rooms, redecorating; installing white goods; adding electrical sockets etc.

The Department is considering how it should upgrade SLA in the future, including:

- Should Single Room En Suite (known as SLA Z Standard) remain the target standard for all SLA upgrade projects or should a mix of Single and Multi-Occupancy Rooms (En Suite and Non En Suite) be provided, where appropriate?
- Should upgrades be planned on a “whole site” or “worst first” approach?
- How should the balance of funding be apportioned to major upgrades (eg Project SLAM) and minor improvements (Service Personnel First).

SERVICE PERSONNEL FIRST TABLE

DIO Delivery Area	2009–10		2010–11		2011–12		2012–13	2013–14	2014–15	2015–16
	Expenditure (£m)	Improved SLA bedspaces	Expenditure (£m)	Improved SLA bedspaces	Expenditure (£m)	Improved SLA bedspaces	Funding Line (£m)	Funding Line (£m)	Funding Line (£m)	Funding Line (£m)
RPC Central	1.087		1.985	1,294	4.738	1,526				
RPC East	6.690		0.500	200	2.769	185				
RPC Scotland	2.698		0.597	84	0.415	84				
RPC SW	5.634		1.199	24	1.524	201				
RPC SE	9.274		4.161	904	3.694	403				
International Europe and ESG	3.123		5.408	533	2.066	303				
International PJOBS	1.573		1.108	166	0.532	510				
<b>Total</b>	<b>30.079</b>		<b>14.958</b>	<b>3,205</b>	<b>15.738</b>	<b>3,212</b>	<b>10.000</b>	<b>10.000</b>	<b>10.000</b>	<b>10.250</b>

The following have been delivered by PFI. All buildings are in the UK.

FY	SLA Buildings
2005–06	2
2006–07	16
2007–08	72
2008–09	71
2009–10	63
<b>Total</b>	<b>224</b>

Details of bed spaces delivered can be found in the response to Q 52.

<sup>3</sup> Ev 56

45. *Future upgrade and new programme for next five years (or over the length of the planning period)*

The following are planned to be provided under PFI arrangements in the UK:

<i>FY</i>	<i>SLA Buildings</i>
2010–11	72
2011–12	53
2012–13	23
2013–14	4
2014–15	2
<b>Total</b>	<b>154</b>

Details of bed spaces delivered can be found in the response to Q 52.

46. *Any delays or cancellations of the programme*

Due to the cut in funding to SLA 2013–14 to 2015–16, some 3,000–4,000 fewer bed spaces will be delivered over the three years from April 2013 than were previously planned (the cut represents some £65 million each year).

The SLAM contract will finish in 2013 and as no further funding has been allocated no re-let is envisaged. In future, therefore, if the DIO sought to build more SLA, or if the Army sought to inject funds for new SLA, the DIO would have to revert to funding bespoke projects from the Capital Works Programme. This would lose the time and cost benefits associated with an in-place fully functioning SLA delivery programme

Maintenance programme

47. *Description of the arrangements for maintenance in the UK and overseas*

Maintenance is undertaken through a generic service level agreement for the RPC maintenance contract in relation to SLA currently within the scope of the RPCs. New SLAM blocks will be covered by the seven year SLAM compliance period (information provided by SLAM/Projects). Future Maintenance arrangements will be covered by Next Generation Estates Contracts (see Q 48).

Five infrastructure PFIs are involved in the delivery and maintenance of SLA. They cover the army garrisons across the Salisbury Plain, and at Aldershot and Colchester, the Fleet Accommodation Centre at Devonport, and Headquarters units at Northwood and Corsham. These PFIs are delivering and maintaining living, working, technical and recreational accommodation for some 31,000 military and civilian personnel, and will also provide a wide range of support services over 35 years. These are long term commitments and the first contract is not due to end until 2029, and the last in 2041.

48. *Details of the contract for maintenance and plans for its renewal*

Project SLAM is a Functional Prime Contract for the delivery and maintenance (seven-year Compliance) of single living accommodation (SLA) for Armed Forces personnel across the UK mainland, predominantly England and to a lesser extent Wales and Scotland. The project also delivers Mess accommodation both as stand alone facilities and combined with SLA. Phase 1 of the contract was awarded in December 2002 for a five year period, phase 2 for a similar five year period commenced in December 2007. The construction element of the contract terminates in December 2012, however construction and compliance projects in progress at that date will continue until their contractual end.

There are no plans for renewal of the Project SLAM contract. Future SLA requirements will be delivered via the applicable (NGEC) Framework or Regional Prime Contract (RPC), depending upon the project value.

PFI: One of the strengths of PFI is that the contractor is obliged to maintain facilities to the high standard set out in the contracts on a through life basis. For the PFIs this means a guaranteed level of service and fully maintained SLA throughout the period of the contract. If standards are not maintained, financial penalties are imposed on the contractor.

49. *Costs of maintenance programme over last five years split by reactive, pre-planned and any specific programmes in UK and overseas*

The table details the planned and reactive figures for the five RPCs (this excludes Northern Ireland Data which was not available at compilation). Due to the nature of the contracts and the timescale for a response it has not been possible to split the data by planned and reactive maintenance. The table also details the forecasted cost for SLAM blocks coming out of compliance over the next four financial years.

Information on maintenance on SLAM blocks still in compliance is below. As part of the Project SLAM contract, each individual project is subject to a seven year maintenance (“compliance”) period with the exception of stand alone Messes (without SLA) which have a one year compliance period and refurbishment

projects which are handed over for maintenance by the RPC organisations on completion. It is a contract requirement that the properties are maintained to Grade 1 condition for charge during the compliance period.

UK SLA MAINTENANCE (EXC NEW BUILD SLAM BLOCK MAINTENANCE IN COMPLIANCE PERIODS)

<i>Planned and Reactive Maintenance</i> (£ m)	2007–08	2008–09	2009–10	2010–11	2011–12
RPC Scotland	1.970	2.313	2.722	3.765	5.012
RPC Central & East	4.912	6.404	6.984	6.760	6.404
RPC SE & SW	8.582	5.517	8.590	5.909	3.761
SLAM Compliance Adjustment					
<b>Total</b>	<b>15.464</b>	<b>14.234</b>	<b>18.296</b>	<b>16.434</b>	<b>15.177</b>

SLAM MAINTENANCE COSTS

	2006–07	2007–08	2008–09	2009–10	2010–11
Compliance Programme Management	£388,885	£432,462	£505,379	£877,259	£671,534
Compliance	£1,112,460	£1,783,911	£2,247,122	£2,804,149	£4,484,946
<b>Total</b>	<b>£1,501,345</b>	<b>£2,216,373</b>	<b>£2,752,501</b>	<b>£3,691,408</b>	<b>£5,156,480</b>

Because of the way in which PFIs are structured, it is not possible to attribute costs specifically to maintenance of SLA. Projects pay a unitary charge for serviced space, whether it is living accommodation, working areas, leisure areas, etc, and the contractor is incentivised by a payment mechanism linked to performance and availability. The unitary charge, which will also include provision for debt servicing and repayment, is not broken down in a way in which specific individual components can be identified. This applies to Q 50 also.

DIO MAINTENANCE (EUROPE)

€k		FY 2007–08	FY 2008–09	FY 2009–10	FY 2010–11	FY 2011–12
SLA	Reactive (Direct) <sup>1</sup>	2,227	1,985	1,636	1,708	1,222
	Pre-Planned (Indirect)	1,638	1,604	3,611	1,534	1,270
	Soldier First	0	497	3,628	5,042	2,363
	<b>Total</b>	<b>3,866</b>	<b>4,086</b>	<b>8,876</b>	<b>8,284</b>	<b>4,855</b>

Notes:

<sup>1</sup> Does not include labour costs

<sup>2</sup> Includes Kitchen and Bathroom Refurbishments

Expenditure on SFA maintenance will reduce as the number of federal SFAs are handed back to the German authority and also the cost of maintaining SFAs should reduce with Direct maintenance being carried out by Babcock.

50. *Planned costs of maintenance for the next four years split as above*

UK SLA MAINTENANCE (EXC NEW BUILD SLAM BLOCK IN COMPLIANCE PERIOD)

<i>Planned and Reactive Maintenance</i> £ million	2012–13	2013–14	2014–15	2015–16
RPC Scotland	5.016	5.168	5.345	5.448
RPC Central & East	6.763	7.147	7.488	7.853
RPC SE & SW	4.275	4.594	4.866	5.152
SLAM Compliance Adjustment	1.419	3.058	4.422	5.523
<b>Total</b>	<b>17.473</b>	<b>19.967</b>	<b>22.121</b>	<b>23.976</b>

FUTURE SLAM MAINTENANCE BUDGET FIGURES

	2011–12	2012–13
Compliance Programme Management	£689,000	£727,000
Compliance	£5,324,000	£4,685,000
<b>Total</b>	<b>£6,013,000</b>	<b>£5,412,000</b>

DIO MAINTENANCE (EUROPE)					
	€k	FY 2011–12	FY 2012–13	FY 2013–14	FY 2014–15
SLA	Reactive (Direct) <sup>1</sup>	1,222	1,076	1,076	1,076
	Pre-Planned (Indirect)	1,270	1,150	1,150	1,150
	Soldier First	2,363	3,717	1,500	1,500
	<b>Totals</b>	<b>4,855</b>	<b>5,943</b>	<b>3,726</b>	<b>3,726</b>

Notes:

<sup>1</sup> Does not include labour costs

<sup>2</sup> Includes Kitchen and Bathroom Refurbishments

Expenditure on SFA maintenance will reduce as the number of federal SFAs are handed back to the German authority and also the cost of maintaining SFAs should reduce with Direct maintenance being carried out by Babcock.

#### 51. Performance statistics for maintenance including user satisfaction

The most recent customer satisfaction survey of Commanding Officers (2010) suggested an average of 57% were content that Project SLAM accommodation had been delivered to the agreed programme, and 47% that single and family accommodation had been delivered according to programme overseas. There are of course various possible reasons why programmes do not meet their programme dates, varying from operational reasons to the weather, and in the case of overseas some working conditions can be particularly difficult.

For SLAM accommodation the following has been collated by the Project SLAM Helpdesk.

<i>Response Within Service Level Agreement</i>	<i>Total Calls</i>	<i>% within SLA</i>	
		<i>SLA</i>	<i>SLA Target</i>
April–December 2011	31,729	99%	95%

<i>Satisfaction Survey</i>	<i>Surveys Completed</i>	<i>% within SLA</i>	
		<i>SLA</i>	<i>SLA Target</i>
April–December 2011	401	99%	95%

In PFI provided SLA the occupants are regularly canvassed for their views on the standard of delivery across a range of services. The responses have been extremely encouraging with satisfaction rates regularly exceeding 90%.

#### 52. Any other performance statistics

Number of new/improved bed-spaces delivered by SLAM:

	2003–04	2004–05	2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
Core Funded	150	1,862	3,036	1,812	1,215	2,078	948	1,862
TLB Funded	0	0	534	395	793	641	494	720
<b>Total</b>	<b>150</b>	<b>1,862</b>	<b>3,570</b>	<b>2,207</b>	<b>2,008</b>	<b>2,719</b>	<b>4,442</b>	<b>2,582</b>

In all, the five infrastructure PFIs will be responsible for some 16,800 SLA bedspaces (including 1,800 that were taken on as existing), virtually all of them single en suite. Delivery by FY is as follows:

<i>FY</i>	<i>SLA Bedspaces</i>
2005–06	209
2006–07	1,752
2007–08	2,967
2008–09	2,244
2009–10	1,723
2010–11	2,271
2011–12	2,145
2012–13	1,220
2013–14	276
2014–15	138
<b>Total</b>	<b>14,945</b>

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 PLANNED BED SPACES TO BE DELIVERED

	<i>2011–12</i>	<i>2012–13</i>
Core Funded	842	2,337
TLB Funded	47	700
<b>Total</b>	<b>889</b>	<b>3,037</b>

53. *Allocation*

Arrangements for allocation of properties in the UK and overseas

The large garrisons with brand new, Type Z ensuite Single Living Accommodation, designed in a campus style (such as Tidworth and Bulford, Colchester, Catterick and Aldershot) manage allocation centrally.

The campus style and central management rather than individual unit management allows for better use of any vacant SLA. However, the importance of group cohesion to military capability means that allocation of SLA is of fundamental importance to Services and hence the allocation process is carried out by the military chain of command.

Smaller stations and overseas rely on their Quartermasters to allocate bed spaces which are generally organised along unit lines.

The department is considering changes to the way in which it allocates SLA to make the best use of the stock available, including:

- That SLA will continue to be managed locally under existing arrangements;
- The introduction of standardised e-enabled processes for allocation of SLA;
- A central MOD Single Living database be developed as part of the DIO Technology Solution; and
- Substitute SLA (used where no appropriate stock is available) be managed centrally by DIO.

54. *Percentage of empty accommodation for last ten years in UK and overseas*

As in the response to Q38, the management information available of SLA both in terms of allocation and usage rates is recognised as poor and is being addressed as part of the DIO's work on the Management of SLA. SLA is used by permanent occupants, permanent occupants who have a family home and who travel back to their homes for weekends and leave, course attendees, casual visitors, VIP visitors, sports participants to give just a few examples of the difficulty of measuring on a consistent and meaningful basis the occupancy levels. SLA may also be made available to a small number of eligible MoD Civil Servants under the guidelines specified in JSP464 Part 3. The recording of occupation rates is delegated in the main to local management. There is currently no accurate information on the percentage of unallocated SLA over the last 10 years.

55. *Disposal of properties in UK and overseas*

SLA generally forms blocks of accommodation based on single, two or four man rooms, some of which is located within Messes whilst some is in separate accommodation blocks. The blocks are almost always integral to larger sites and set behind the security fence. They are supplied with site utilities and as such, when declared surplus, are not sold individually but as part of a wider site disposal.

When released, the future use of such accommodation blocks is determined by the Local Planning Authority in the UK, or in respect of assets held overseas, subject to the terms of the agreement that the Department holds with the asset owner or that nation's government.

## PROMOTION OF HOME OWNERSHIP

56. *Description of the MoD's policy re home ownership*

See the response to Q3 above.

57. *Extent of home ownership by Service for the last five years*

Of those who responded to the 2011 Tri-Service Families Continuous Attitude Survey, 56% said that they owned their own home. There was a wide variation between the Services, with 78% of Royal Navy families owning a home, as against 45% of Army Families and 62% of RAF Families. The corresponding figures for 2010 were 78%, 43% and 65%. Directly comparable survey information is not available for earlier years but the Department believes that there has been an increase in levels of home ownership across all the Services over the last five years.

## 58. Lists of schemes supported by the MoD, and their start date and take up

Existing MoD funded schemes:

- (a) *Armed Forces Home Ownership Scheme (AFHOS) Pilot*. On 10 January, MoD launched a four year pilot bespoke shared equity scheme, with the assistance of the Homes and Communities Agency (HCA), for Service personnel. The pilot scheme offers mortgage assistance to Service personnel who wish to purchase a property and is independent of the wider government schemes. Whilst it can only be used to purchase a property in England, Service personnel do not have to be located in England in order to join the scheme. Currently, the scheme is only available to serving personnel of all ranks with between four and six years service. MoD will fund between 15% and 50% of the property's value up to a maximum of £75,000. Properties valued up to £300,000 can be purchased. Whilst applicants are still serving in the Armed Forces no charges or interest is applied (to the MoD element of the funding) unless they wish to sublet the property or it is located over 50 miles from their work location. In that case a charge of £200 per year applies. If applicants wish to move whilst serving they can "port" the loan to another property. On leaving the Armed Forces applicants have a further 12 months without charges, but after 12 months has passed, charges will apply at a gradually increasing rate. The scheme is heavily over subscribed: there have been 1,830 applications of which 551 were eligible and 113 completions up to November 2011.
- (b) *Long Service Advance of Pay (LSAP)*. LSAP, up to a value of £8,500, is intended to assist towards the balance of the purchase price (taking into account, for example, legal expenses, surveyor's fees, land registration and estate agent's fees) when buying a property. There are currently 13,254 LSAP recipients.
- (c) *Refund of Legal Fees (RLE)*. RLE contributes up to £5,000 towards the legal and associated expenses a Service person incurs when following a new assignment if they elect to sell a private home and purchase a property at their new duty station. Alternatively, it can contribute towards the legal fees that arise on letting/repossession of a home. Take-up is currently approximately 300 Service personnel pa.

*Government Funded Schemes*. In addition to the MoD-funded schemes, there are several affordable housing schemes in England, Scotland and Wales that are designed to help Service personnel buy their own homes. Service personnel have "priority status" to access the schemes whilst serving, and for a further 12 months after they leave. Whilst a similar scheme exists in Northern Ireland, Service personnel are not afforded priority status.

In order to access the schemes, Service personnel must meet the following criteria:

In *England* household income (normally assessed as the combined income of husband/wife/partner) is £60,000 or less, and the individual/family cannot afford to buy on the open market without help.

In *Scotland and Wales* personnel are eligible if they cannot afford to buy a property that meets the household's needs without help.

## ENGLAND

There are two main products available from the Government in England to help buy a property. They operate in different ways:

*Shared Ownership*. This which involves a Shared Ownership (leasehold) arrangement. Applicants buy between 25% and 75% of a new build property with a normal mortgage (or savings). The scheme provider, usually a housing association, finances the rest. As well as mortgage payments, applicants pay a subsidised rent on the scheme provider's share of the property, which will be a maximum of 3% in the first year, and is then reviewed. The scheme provider will hold the deeds of the property. At any time applicants can buy a bigger share, up to 100%, though there may be restrictions in some rural sites.

*Equity Loan—FirstBuy*. Eligible applicants will be offered an equity loan of up to a maximum of 20% of the purchase price (based on the open market value). Applicants are required to fund at least 80% of the purchase price by means of a conventional mortgage, savings and any deposit where required. Applicants must obtain their conventional mortgage from a Qualified Lending Institution. For the first five years there is no fee charged on the equity loan component. At the start of year six a fee is collected of 1.75% of the market value of the property at the time the loan is entered into multiplied by the outstanding percentage under the equity loan, the annual fee of 1.75% will be uplifted by RPI +1% p.a. The equity loan is provided by the HCA and developer and held as a joint second charge.

## SCOTLAND

In Scotland, priority status can be used to access one of the shared equity schemes that form part of the Low Cost Initiative for First Time Buyers (LIFT) which is provided across the Scottish regions. These are the New Supply Shared Equity scheme, the New Supply Shared Equity with Developers Trial, and the Open Market Shared Equity Pilot.

Under these schemes, which are operated by Registered Social Landlords, applicants will have to show that they cannot afford to buy a house that meets their needs without assistance. If accepted, applicants will normally purchase between 60% and 80% of the property with a standard mortgage arrangement. Applicants will need to demonstrate what they can afford to pay, and the amount they contribute must be the maximum mortgage that they can afford. In most cases the Scottish Government will fund the remainder. Applicants will hold the deeds of the property. Applicants are not required to pay any additional rents or charges to the Scottish Government, but if they sell the property they must pay back to them the percentage share funded.

The differences between the schemes are as follows:

*New Supply Shared Equity scheme.* Registered Social Landlords will only offer new build properties to meet the needs of an applicant's family under this scheme.

*New Supply Shared Equity with Developers Trial.* This scheme operates like the New Supply Shared Equity scheme, except applicants purchase a home built by a developer rather than the housing association and the Scottish Government and the developer will each fund part of the cost of the applicant's home through an interest free equity loan.

*Open Market Shared Equity Pilot.* This scheme can be used to buy new or existing properties. However the value of the property must be inside the limits set by Registered Social Landlords for each region of Scotland to meet the needs of the applicant's family.

Also offered across Scotland is a Shared Ownership scheme:

*Shared Ownership.* This scheme allows applicants to buy 25%, 50% or 75% of a new build property to meet the needs of their family on a leasehold arrangement, using a normal mortgage (or savings). A housing association finances the rest and will hold the deeds of the property. In addition to mortgage repayments, applicants pay an occupancy charge, which the housing association will set based on the stake being purchased. Applicants can increase their share at any point to own either 50%, 75% or 100% of the property.

## WALES

In Wales applicants have priority access to the HomeBuy Scheme:

*HomeBuy Scheme.* Applicants are eligible to apply for this scheme if they cannot afford to buy a property that meets their household's needs without help. The Welsh Assembly Government will provide an equity loan, normally of between 30% and 50% of the purchase price of the property with applicants taking out a mortgage for the remainder. The equity loan offered by the Government will take into account applicants family needs, regional house prices and what they can afford to pay on a mortgage. Applicants do not have to pay interest on the equity loan. However if they sell the property they must pay back the same percentage of the sale price as they borrowed from the Government.

## NORTHERN IRELAND

The scheme available in Northern Ireland is as follows:

*Co-Ownership Housing Scheme.* This is a Shared Ownership (leasehold) arrangement. Applicants must show that they cannot buy a property to meet their needs without help. Applicants can choose a property on the open market, anywhere in Northern Ireland, costing up to £175,000 and must buy at least 50% of it. As well as their mortgage payments, applicants will pay an annual charge of 2.5% of the amount which is paid by the scheme provider. The scheme provider will hold the deeds of the property, but applicants can increase their share at any time, up to 100%, and the annual charge is adjusted to match this. The scheme is operated on a first-come first-served basis, and there are no priority groups.

## LEAVING THE SERVICES

### 59. Description of arrangements to support those leaving the Services in finding accommodation for both families and single personnel

Specialist housing advice is provided by the Joint Service Housing Advice Office (JSHAO) through a housing advice line, "Housing Matters" magazine and an external website. It is also provided in the form of periodic briefings at Regional Resettlement Centres (RRC) and Army Education Centres overseas. These presentations are open to all Service personnel including personnel not in the resettlement phase.

The JSHAO briefings are co-ordinated by Right Management on behalf of the single Services. All Service leavers (SL), and their spouses or civil partners and dependants are eligible to attend these briefings. SL within their final 9 months of service are given priority to attend.

The housing brief "Housing, the Options" covers:

- Self Analysis
- UK housing market

- 
- Social Housing including Homelessness Legislation, Local Authority and Housing Association Rental and Purchase and the JSHAO MOD Referral Scheme
  - Financial Aspects of House Purchase (Delivered by an Independent Financial Advisor)
  - Affordable Housing Initiatives (Delivered by a Regional HomeBuy Agent)
  - Charitable Housing (Delivered by a range of charities depending on location)
  - Long Service Advance of Pay
  - Commercial providers and schemes including Annington Homes
  - Private Rental
  - House purchase—the legal process

A comprehensive booklet is provided at the briefings which complements the presentations and provides useful contact information to enable obtaining further information if required. During 2010–11 JSHAO conducted 71 briefings across the UK and overseas (62 were programmed but an additional nine added due to redundancy announcement) at which 1,370 Service personnel attended.

The Single Person's Accommodation Centre for the Ex-Services (SPACES) provides a placement service for single personnel being discharged from all three Services. They handle approximately 720 Service personnel per year making referrals to supported housing projects that provide temporary single self contained flats such as Mike Jackson House located in Aldershot and the Beacon which is located in Catterick. The JSHAO handle approximately 370 applications through the MoD Referral Scheme per year for those requiring assistance in securing housing on leaving.

TABLE TO SUPPORT RESPONSE TO Q44

<i>Project—Delivery Route</i>	<i>8 Year Totals</i>	<i>FY 2011–12</i>				<i>Total Del 2011–12</i>
		<i>Q1</i>	<i>Q2</i>	<i>Q3 (tbc)</i>	<i>Q4 (tbc)</i>	
<b>SLAM—Core funded and delivered</b>						
SLAM—RN	2,959	64				64
SLAM—Army	7,194	94	81		95	270
SLAM—RAF	2,474		508			508
SLAM—CTLB	336					—
SLAM—DE&S	0					—
<b>Sub-Totals</b>	<b>12,963</b>	<b>158</b>	<b>589</b>	<b>—</b>	<b>95</b>	<b>842</b>
<b>SLAM delivered/TLB Funded</b>						
RN	12					—
Army	2,743		35		12	47
RAF	786					—
CTLB	36					—
DE&S	0					—
PJHQ	0					—
<b>Sub-Totals</b>	<b>3,577</b>		<b>35</b>	<b>—</b>	<b>12</b>	<b>47</b>
<b>SLAM Total Delivery</b>						
<b>SLAM Funded/TLB delivered</b>						
RN	713	—	—	—	—	—
Army	0	—	—	—	—	—
RAF	0	—	—	—	—	—
CTLB	300	—	—	—	—	—
DE&S	1,758	—	—	—	—	—
PJHQ	0	—	—	—	—	—
<b>Sub-Totals</b>	<b>2,771</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TLB Programme</b>						
UK—RN	1,740					—
UK—Army	12,967	109	255	566	1,008	1,938
UK—RAF	2,561	128				128
UK RAF: ELAN	1,218					—
UK—CTLB	700					—
UK—DE&S	2,515					—
UK—NI	1,765					—
UK—PJHQ	566	72				72
<b>Sub Totals</b>	<b>24,032</b>	<b>309</b>	<b>255</b>	<b>566</b>	<b>1,008</b>	<b>2,138</b>
Overseas—Germany	2,724	48		159		207
Overseas—PJHQ	990	—	192	—	—	192
Overseas ROW	277					—
<b>Sub-Totals</b>	<b>3,991</b>	<b>48</b>	<b>192</b>	<b>159</b>	<b>—</b>	<b>399</b>
<b>Grand Totals<sup>1</sup></b>	<b>47,334</b>	<b>515</b>	<b>1,071</b>	<b>725</b>	<b>1,115</b>	<b>3,426</b>
<b>10 Year</b>						
<i>Project—Delivery Route</i>	<i>FY 2012–13</i>	<i>Totals</i>	<i>FY 2013–14</i>	<i>FY 2014–15</i>	<i>FY 2015–16</i>	
<b>SLAM—Core funded and delivered</b>						
SLAM—RN	254	3,277	—	—	—	—
SLAM—Army	839	8,303	—	—	—	—
SLAM—RAF	312	3,294	—	—	—	—
SLAM—CTLB	662	998	48	—	—	—
SLAM—DE&S	270	270	—	—	—	—
<b>Sub-Totals</b>	<b>2,337</b>	<b>16,142</b>	<b>48</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>SLAM delivered/TLB Funded</b>						
RN	—	12	—	200	360	—
Army	280	3,070	—	—	—	—
RAF	99	885	94	529	—	—
CTLB	312	348	—	—	—	—
DE&S	—	—	—	—	—	—
PJHQ	—	—	—	—	—	—
<b>Sub-Totals</b>	<b>691</b>	<b>4,315</b>	<b>94</b>	<b>729</b>	<b>360</b>	<b>—</b>
<b>SLAM Total Delivery</b>		<b>20,457</b>				

<i>Project—Delivery Route</i>	<i>FY 2012–13</i>	<i>10 Year Totals</i>	<i>FY 2013–14</i>	<i>FY 2014–15</i>	<i>FY 2015–16</i>	
<b>SLAM Funded/TLB delivered</b>						
RN	—	713	—	—	—	
Army	—	—	—	—	—	
RAF	—	—	—	—	—	
CTLB	—	300	—	—	—	
DE&S	—	1,758	—	—	—	
PJHQ	—	—	—	—	—	
<b>Sub-Totals</b>	—	2,771	—	—	—	
<b>TLB Programme</b>						
UK—RN	—	1,740	100	170	168	
UK—Army	944	15,849	274	1,126	849	
UK—RAF	172	2,861	70	220	556	
UK RAF: ELAN	250	1,468	—	—	—	
UK—CTLB	—	700	359	—	—	
UK—DE&S	60	2,575	200	438	—	
UK—NI	—	1,765	—	—	—	
UK—PJHQ	—	638	—	—	—	
<b>Sub Totals</b>	1,426	27,596	1,003	1,954	1,573	
Overseas—Germany	—	2,931	—	—	—	
Overseas—PJHQ	—	1,182	—	—	—	
Overseas ROW	—	277	—	81	—	
<b>Sub-Totals</b>	—	4,390	—	81	—	
<b>Grand Totals</b>	4,454	55,214	1,145	2,764	1,933	
<i>Project—Delivery Route</i>	<i>FY 2016–17</i>	<i>FY 2017–18</i>	<i>FY 2018–19</i>	<i>FY 2019–20</i>	<i>FY 2020–21</i>	<i>18 Year Totals</i>
<b>SLAM—Core funded and delivered</b>						
SLAM—RN	—	—	—	—	—	3,277
SLAM—Army	—	—	—	—	—	8,303
SLAM—RAF	—	—	—	—	—	3,294
SLAM—CTLB	—	—	—	—	—	1,046
SLAM—DE&S	—	—	—	—	—	270
<b>Sub-Totals</b>	—	—	—	—	—	16,190
<b>SLAM delivered/TLB Funded</b>						
RN	72	—	—	—	—	644
Army	—	—	—	—	—	3,070
RAF	—	—	—	—	—	1,508
CTLB	—	—	—	—	—	348
DE&S	—	—	—	—	—	—
PJHQ	—	—	—	—	—	—
<b>Sub-Totals</b>	72	—	—	—	—	5,570
<b>SLAM Total Delivery</b>						21,760
<b>SLAM Funded/TLB delivered</b>						
RN	—	—	—	—	—	713
Army	—	—	—	—	—	—
RAF	—	—	—	—	—	—
CTLB	—	—	—	—	—	300
DE&S	—	—	—	—	—	1,758
PJHQ	—	—	—	—	—	—
<b>Sub-Totals</b>	—	—	—	—	—	2,771
<b>TLB Programme</b>						
UK—RN	—	—	—	—	—	2,178
UK—Army	—	—	—	—	—	18,098
UK—RAF	—	—	—	—	—	3,707
UK RAF : ELAN	—	—	—	—	—	1,468
UK—CTLB	—	—	—	—	—	1,059
UK—DE&S	—	—	700	700	—	2,575
UK—NI	—	—	—	—	—	1,765

<i>Project—Delivery Route</i>	<i>FY</i> <i>2016–17</i>	<i>FY</i> <i>2017–18</i>	<i>FY</i> <i>2018–19</i>	<i>FY</i> <i>2019–20</i>	<i>FY</i> <i>2020–21</i>	<i>18 Year</i> <i>Totals</i>
UK—PJHQ	—	—	—	—	—	<b>638</b>
<b>Sub Totals</b>	—	—	<b>700</b>	<b>700</b>	—	<b>31,488</b>
Overseas—Germany	—	—	—	—	—	<b>2,931</b>
Overseas—PJHQ	—	—	—	—	—	<b>1,182</b>
Overseas ROW	—	—	—	—	—	<b>358</b>
<b>Sub-Totals</b>	—	—	—	—	—	<b>4,471</b>
<b>Grand Totals</b>	<b>72</b>	—	<b>700</b>	<b>700</b>	—	<b>60,490</b>

January 2012

## Annex A

### PERSONAL STATUS CATEGORY DEFINITIONS

1. The definitions of Personal Status Category (PStat Cat) into which personnel are placed for the purpose of determining entitlements to benefits are described below.

2. All personnel are to be placed into one of the following PStat Cats:

- (a) *PStat Cat 1*. Those in PStat Cat 1 will meet one of the following qualifying criteria:
  - (1) A married member of the Armed Forces, who lives with their spouse, or who would do so but for the exigencies of the Armed Forces.
  - (2) A member of the Armed Forces, who is registered in a civil partnership in accordance with the Civil Partnership Act 2004, or is in a civil partnership under an overseas scheme recognised under that Act, and who lives with their registered civil partner, or who would do so but for the exigencies of the Armed Forces.
- (b) *PStat Cat 2*. Those in PStat Cat 2 will meet the following qualifying criteria:
  - (1) A member of the Armed Forces who has parental responsibility within the terms of the Children Act 1989 for a child(ren) and who satisfies all of the following conditions:
    - (a) Can properly be regarded as the centre and prime mover in the life of the child(ren).
    - (b) Provides a home where they normally live with the child(ren) except where unable to do so for reasons attributable to their service in the Armed Forces.
    - (c) Provides, where the child(ren) is unable to care for itself, a child carer who can look after the child(ren) during their absences attributable to their service in the Armed Forces. The child carer must not be the other natural parent of the child(ren). The other natural parent should normally only have staying access to the child(ren) for an aggregate of 56 days in any 12 month period. Staying access greater than this may render the Service person ineligible for PStat Cat2 (these restrictions on access do not apply while on recognised Unaccompanied Duty).
    - (d) Accepts financial responsibility for the child(ren).
  - (c) *PStat Cat 3*. A member of the Armed Forces who is not in PStat Cat 1 or 2 and who provides financial support for their spouse or former spouse, civil partner or former civil partner, or child(ren) by voluntary agreement. In this case, voluntary agreement means financial support provided other than pursuant to an order made by a court, a Child Support Agency Maintenance Assessment, or the MOD under the relevant Service Act.
  - (d) *PStat Cat 4*. A member of the Armed Forces who is not in PStat Cat 1 or 2 and who provides financial support for their spouse or former spouse, civil partner or former civil partner or child(ren) under an order made by a court, a Child Support Agency Maintenance Assessment, or the MOD under the relevant Service act.
  - (e) *PStat Cat 5*. All other members of the Armed Forces.

### SERVICE, CIVIL SERVICE AND WELFARE ORGANISATION SPOUSES AND CIVIL PARTNERS

3. When the spouse or civil partner of a member of the Armed Forces in PStat Cat 1 is a member of the Armed Forces (s), or the UK Civil Service (c), or a recognised welfare organisation, then the category is to bear the additional suffix of “s” or “c”. The Service spouse/civil partner and their spouse/civil partner will elect

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which spouse/civil partner will be PStat Cat 1 or the Civil Service equivalent, and which will be PStat Cat 5 or the Civil Service equivalent. A spouse or civil partner in a welfare organisation is to declare a PStat Cat in the same way as if they were a UK Civil Servant. The chosen option will be notified and can only be changed subsequently:

- (a) On the occasion of substantive promotion, reversion or relinquishment of rank/grade of either spouse/civil partner.
- (b) When either spouse/civil partner leaves the Service/Civil Service/recognised welfare organisation.
- (c) When either spouse/civil partner goes over zone for promotion.
- (d) When either spouse/civil partner is assigned in the UK.
- (e) When a Servicewoman is on unpaid maternity leave.

Where there is a wish to change the PStat Cat other than in these circumstances, casework is to be submitted through the chain of command to JPAC Pay and Allowance Casework & Complaints Cell (PACCC).

**Annex B**

**SERVICE FAMILY ACCOMMODATION (SFA) CHARGES (£ DAILY)—ENGLAND, SCOTLAND, WALES, NORTHERN IRELAND AND OVERSEAS**

	Grade 1		Grade 2		Grade 3		Grade 4				
	Unfurnished	Part Furnished									
Type I	23.20	24.31	16.73	17.70	18.67	9.06	9.74	10.42	4.63	5.04	5.45
Type II	20.90	21.88	15.07	15.94	16.81	8.22	8.83	9.43	4.25	4.61	4.97
Type III	18.42	19.27	13.30	14.04	14.77	7.29	7.81	8.34	3.85	4.16	4.47
Type IV	13.92	14.69	10.27	10.96	11.65	6.00	6.49	6.97	3.26	3.56	3.85
Type V	10.95	11.64	8.46	9.07	9.67	5.10	5.53	5.96	2.98	3.24	3.50
Additional Bedroom	0.83	0.86	0.58	0.63	0.67	0.37	0.41	0.44	0.15	0.16	0.17
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	Grade 1		Grade 2		Grade 3		Grade 4				
	Unfurnished	Part Furnished									
Type D	10.50	10.96	7.67	8.09	8.51	4.48	4.78	5.08	2.51	2.68	2.85
Type C	8.89	9.31	6.70	7.06	7.42	4.10	4.37	4.64	2.40	2.55	2.70
Type B	7.60	7.95	5.93	6.24	6.55	3.74	3.96	4.19	2.27	2.40	2.52
Type A	5.72	6.01	4.51	4.76	5.02	2.93	3.11	3.29	1.92	2.03	2.14
Additional Bedroom	0.28	0.31	0.23	0.27	0.30	0.13	0.14	0.16	0.05	0.05	0.07

SINGLE LIVING ACCOMMODATION (SLA) CHARGES (£ DAILY)—ENGLAND, SCOTLAND,  
WALES, NORTHERN IRELAND AND OVERSEAS

<i>SLA Type</i>	<i>Rank</i>	<i>Grade 1</i>	<i>Grade 2</i>	<i>Grade 3</i>	<i>Grade 4</i>
SO	Lt Cdr, Maj, Sqn Ldr and above	6.14	4.99	3.27	1.94
JO	Lt RN, Capt, Flt Lt and below	5.00	4.05	2.65	1.58
S	WO & SNCO	3.77	3.07	2.01	1.20
Z & OC	Other Ranks and Officer Cadet	2.16	1.79	1.18	0.75
X or Y	Other Ranks and Personnel in receipt of New Entrant Rate of Pay (NERP) <sup>4</sup>	1.74	1.41	0.94	0.63

*Notes:*

- Personnel in receipt of NERP are to be charged the X or Y SLA charge, regardless of the SLA occupied.
- See JSP 754 paragraphs 09.0109 and 09.0110 for regulations where SLA is allocated, for Service reasons, either above or below entitlement.

SFA GRADE 4 CHARGES LESS RENT ELEMENT (£ DAILY)—ENGLAND,  
SCOTLAND, WALES, NORTHERN IRELAND AND OVERSEAS

	<i>Unfurnished</i>	<i>Part Furnished</i>	<i>Furnished</i>
Type I	1.25	1.66	2.06
Type II	1.22	1.58	1.93
Type III	1.18	1.49	1.80
Type IV	1.15	1.44	1.74
Type V	1.12	1.38	1.65
Type D	1.10	1.27	1.44
Type C	1.07	1.22	1.37
Type B	1.04	1.17	1.30
Type A	1.03	1.14	1.26

SINGLE LIVING ACCOMMODATION (SLA) UTILITIES CHARGE (£ DAILY)—ENGLAND,  
SCOTLAND, WALES, NORTHERN IRELAND AND OVERSEAS

<i>SLA Type</i>	<i>Rank</i>	<i>Heat and Light</i>	<i>Water</i>	<i>Total</i>
SO	Lt Cdr, Maj, Sqn Ldr and above	0.67	0.33	1.00
JO	Lt RN, Capt, Flt Lt and below	0.42	0.33	0.75
S	WO & SNCO	0.32	0.33	0.65
Z & OC	Other Ranks and Officer Cadet	0.28	0.33	0.61
X or Y	Other Ranks and Personnel in receipt of New Entrant Rate of Pay (NERP) <sup>5</sup>	0.21	0.33	0.54

*Notes:*

- Personnel in receipt of NERP are to be charged the X or Y SLA charge, regardless of the SLA occupied.
- See JSP 754 paragraphs 09.0109 and 09.0110 for regulations where SLA is allocated, for Service reasons, either above or below entitlement.

GARAGE AND CARPORT CHARGES (£ DAILY)—ENGLAND,  
SCOTLAND, WALES, NORTHERN IRELAND AND OVERSEAS

	<i>£</i>
Standard Purpose Built Garage	0.87
Substandard and Below Standard Garage	0.56
Standard Purpose Built Car Port	0.44
Substandard Purpose Built Car Port	0.28

<sup>4</sup> Including those in receipt of: Artificer Apprentices, Probationary Medical and Communications Technicians Rates of Pay, Year 1, 2 and 3 only.

<sup>5</sup> Including those in receipt of: Artificer Apprentices, Probationary Medical and Communications Technician Rates of Pay, Year 1, 2 and 3 only.

## 4TG CRITERIA FOR SINGLE LIVING ACCOMMODATION (SLA)

Table 1

## DEFICIENCIES RECOGNISED FOR GRADING SLA

<i>Ser</i>	<i>Deficiency</i>	<i>Deficit point score</i>	<i>Comments including supporting evidence to be annexed to proceedings of grading boards</i>
<b>JSP 315 SCALING RELATED DEFICIENCIES</b>			
1.	<i>Reduced bed space area.</i> Applicable where area (sq m) allocated per person is: (a) 25% to 39.9% below scale or, (b) 40% or more below scale:	5 or, 10	1. Refer to Table 2 for reduced space calculations, 2. Serial 1 not to be awarded if Serials 2 or 5 have been applied.
2.	<i>Sharing.</i> Applicable where trained personnel are required to share accommodation, and, where trainees are required to share sleeping accommodation in dormitories of more than 12.	5	1. Serial 2 not to be awarded if Serial 1 or 5 has been applied. 2. Trained personnel are defined as those attending Phase 3 training or in front line units (or detached/posted to other duties). 3. Trainees are defined as personnel undergoing phase 1 and 2 training.
3.	<i>Integrated washing and/or WC facilities.</i> Applicable where facilities are not integrated in same building as sleeping accommodation.	2–5	1. Five points to be awarded where washing and/or WC facilities are in a separate building (only likely to be found overseas). 2. In certain overseas units two points may apply where there are open verandas leading to central ablution areas.
4.	<i>Scaling of Washing and WC facilities.</i> Applicable where washing and WC facilities are below scale.	Maximum 5	1. Refer to scaling ratios in Table 3.
5.	<i>Provision of furniture and/or furnishings.</i> Applicable where not provided to scale.	Maximum 10	1. Serial 5 not to be awarded if Serial 1 or 2 has been applied. 2. Refer to Table 4 for scaling and accompanying notes.
6.	<i>Power sockets.</i> Applicable where power sockets and/or electric razor sockets are below scale. Award quarter point for deficiency of each single socket (ie half point for deficiency of double socket as shown) up to a maximum of two points. Quarter point round down. Half point round up.	Maximum 2	1. When calculating electric razor sockets, those provided as integral part of wall-mounted bedside lights are to be combined with those provided in ablutions. Power socket scaling: Senior Officers—Five double sockets. One shaver socket. Junior Officers—Four double sockets. One shaver socket. OCdts—Three double sockets. One shaver socket. SNCOs—Four double sockets. One shaver socket. Z—Four double sockets per person one shaver socket. Y—Four double sockets per person. X—Two double sockets per person.
7.	<i>Ancillary facilities within same building.</i> Applicable where not provided or below scale.	Maximum 2	1. Up to two points may be awarded for non provision/under scale provision of any/all of the following ancillary facilities: (a) Laundry/cleaning facility including engineering connections for washing machine (One point). (b) Drying rooms (including inadequate heating and poor hanging facilities) (One point). (c) Ironing/Airing facility (One point). (d) Common room (One point). (e) Storage space (One point).

<i>Ser</i>	<i>Deficiency</i>	<i>Deficit point score</i>	<i>Comments including supporting evidence to be annexed to proceedings of grading boards</i>
8.	<p><i>Location of public rooms in relation to the sleeping accommodation.</i> Applicable where public rooms (including dining rooms, Mess and social clubs) are far removed from sleeping accommodation.</p> <p><b>CONDITION RELATED DEFICIENCIES</b></p>	Maximum 5	<p>1. Up to five points may be awarded if, for example, accommodation blocks are far removed from messing facilities, or occupants of SFA misappropriated as SLA are required to eat meals in the Mess/Cookhouse rather than in the misappropriated SFA, as follows: (a) 200 m—One Point. (b) 400 m—Two points. (c) 600 m—Three points. (d) 800 m—Four points. (e) 1,000 m+—Five points. As assessed by EWC/DWS/GPM as appropriate.</p>
9.	<p><i>Physical condition and fitness for purpose of the SLA.</i> FDT1 Grade of the SLA to inform the award of deficiency points for grading for charge purposes.</p>	Maximum 10	<p>1. Refer to DIO Corporate Plan 03 and Future Development Target (FDT) 1, which requires TLBs to assess the physical condition and the fitness for purpose of the SLA (Grades A—D for each criteria). See Table 5 for the award of deficiency points under 4TG.</p>
10.	<p><i>Condition of decoration, carpets, furniture, fixtures and fittings.</i> Applicable where the condition of decoration, furniture, carpets, fixtures and fittings is below standard. Note: Each deficiency is to be awarded individual points notwithstanding that only a maximum of five points may only be counted within this serial for 4TG purposes.</p>	Maximum 5	<p>1. Decoration. Assessment to take into account fair wear and tear. Poor state of decoration is where one or more of the following defects are evident: (a) Marked or stained walls, ceilings and paint work. (b) Peeling, blistering or flaking of paint work. (c) Ingrained dirt. (d) Damaged paint work or plaster. (e) Discoloration or variation of colour of walls, ceiling or paint work eg due to partial redecoration, removal of paint surface by cleaning materials. (f) Cracked or mildewed tiles. 2. Furniture, Carpets, Fixtures and Fittings: The age and condition of carpets, fixtures and fittings such as sinks, wash-hand basins, baths, fitted cupboards and communal facilities should be assessed compared with the standard of newly installed items. Poor condition is for example, when items are: (a) Chipped, cracked or scratched. (b) Bent or otherwise damaged. (c) Discoloured or stained. (d) Stained, worn, frayed or threadbare carpets.</p>
11.	<p><i>Heating system failure.</i> Applicable where heating system, when operated normally, fails to achieve the following temperatures:</p>	Maximum 5	<p>1. Assessment by DIO/GPM. Deficiencies lasting seven days or less will not generate any points score. In the event of total breakdown of heating supply for periods in excess of seven days then points may be awarded for temporary downgrading. Confirmation required that ambient temperature necessitated use of central heating and EWC's confirmation of failure and inability to provide adequate alternative heating: (a) Toilet Area/Bathroom 16°C. (b) Bed-Sitting Room/Bedroom 18.5°C. 2. One deficiency point for each degree below.</p>
12.	<p><i>Air Conditioning (Tropical/sub tropical areas only where such systems exist).</i> Applicable where air conditioning/dehumidifiers/and/or ventilation system fails to cool or reduce humidity to the following levels:</p>	Maximum 5	<p>1. Unit medical officer's confirmation that ambient temperature necessitated use of air conditioning and/or ventilation. Assessment by DIO/GPM (or contractor). Points may be scored only where the system, as opposed to its operation by individuals, is inadequate. (Deficiencies lasting seven days or less will not generate any points score). Where the building/rooms are air conditioned by means of a central plant and fail to meet the following criteria: (a) Temperature 25.5°C. One point for each degree above. (b) Relative Humidity 54%. One point for each 1% above.</p>

<i>Ser</i>	<i>Deficiency</i>	<i>Deficit point score</i>	<i>Comments including supporting evidence to be annexed to proceedings of grading boards</i>
			2. Where the rooms are air-conditioned by means of either split level or "room coolers": (a) Temperature 26.5°C. One point for each degree above (b). Relative Humidity 54%. One point for each 1% above.
	<b>NON PROPERTY RELATED FACTORS</b>		
13.	<i>Reasonable access to essential amenities.</i> Applicable where the location of SLA is 1.5 miles or more from essential facilities including those available on the unit (as shown in the comments), and Service or public transport does not enable reasonable access to the amenities. Reasonable access is defined as: (a) Bus stop/train station is within half mile of central position in the unit, and (b) Frequency of bus/train service is 60 minutes or less between 8 am–8 pm Monday–Saturday.	Maximum 5	1. The Local Service Commander is to establish a suitable central position in the unit from which to measure the distance to essential amenities. The route to each amenity is to be the shortest practicable route. 2. The following are recognised as essential amenities for SLA: (a) Shop (NAAFI, general grocery shop or similar providing a service akin to a corner shop)—One point. (b) Bank or Automated Cash Dispenser (excluding those which charge all users for cash withdrawals)—One point. (c) Post office—One point. (d) Public telephone—One point. (e) Service or public transport pick-up point—One point. 3. Deficiency points should be awarded for lack of reasonable access to each essential amenity up to a maximum of five points.
14.	<i>Environmental factors.</i> Applicable where there are adverse environmental factors prevailing for six months or more.	Maximum 5	See guide at Annex C.

Table 2

STANDARD AND REDUCED FLOOR AREA RECOGNISED FOR GRADING SLA  
(CROSS-REFER TO TABLE 1, SERIAL 1)

<i>Accommodation Type</i>	<i>Area Norm Standard m<sup>2</sup></i> (see Notes 1 and 2)	<i>Reduced Floor Area 25–39.9% below Norm m<sup>2</sup></i>	<i>Reduced Floor Area 40% or more below Norm m<sup>2</sup></i>
Senior Officers (SO)	14	10.5–8.5	8.4 and below
Lt Cdr/Maj/Sqn Ldr and above Bedroom Sitting Room	14	10.5–8.5	8.4 and below
Junior Officers (JO) Bed-Sitting Room	19	14.3–11.5	11.4 and below
Officer Cadets (OC) Bedroom/Study	13	9.8–7.9	7.8 and below
Candidates (C) Bedroom	9	6.8–5.5	5.4 and below
WOs/SNCOs (S) Bed-Sitting Room	19	14.3–11.5	11.4 and below
Junior Ranks (Type Z)	11	8.3–6.7	6.6 and below
Junior Ranks (Type Y)	11	8.3–6.7	6.6 and below
Junior Ranks (Type X) Bedroom (Multiple) per bed space	8.5	6.4–5.2	5.1 and below
Bedroom (Single)	9	6.8–5.5	5.4 and below
Deficiency Point Score	—	5	10

*Notes:*

1. Bedroom Area Norms for Types SO, JO, OC, S and Z excludes the en suite provision.
2. Where air-conditioning is not provided, Area Norm may increase by 33% in tropical areas and 12.5% in sub-tropical areas.
3. Training Camp Accommodation is not normally Graded (see 14022), hence no details shown in chart.

**Table 3**  
**WASHING AND WC FACILITIES RECOGNISED FOR GRADING SLA**  
**(CROSS-REFER TO TABLE 1, SERIAL 4)**

<i>Accommodation Type</i> <i>(See Notes 1 and 2)</i>	<i>Toilet</i> <i>(WC)</i>	<i>Wash Basin</i>	<i>Shower</i> <i>(See Note 3)</i>	<i>Bath</i> <i>(See Note 3)</i>
Senior Officers (SO) Lt Cdr/Maj/Sqn Ldr and above	En-suite 1:1	En-suite 1:1	En-suite 1:1	One per floor or per 10 bedrooms
Junior Officers (JO)	En-suite 1:1	En-suite 1:1	En-suite 1:1	One per floor or per 10 bedrooms
Officer Cadet (OC)	En-suite 1:1	En-suite 1:1	En-suite 1:1	One per floor or per 10 bedrooms
Candidate (C)	1:5	1:2	3:10	1:10
WOs/SNCOs (S)	En-suite 1:1	En-suite 1:1	En-suite 1:1	One per floor or per 10 bed-sitting rooms
Junior Ranks (Type Z)	En-suite 1:1	En-suite 1:1	En-suite 1:1	One per floor or per 10 bed-sitting rooms
Junior Ranks (Type Y)	1:4	1:2	1:4	1:12
Junior Ranks (Type X)	1:4	1:2	1:4	1:12
Deficiency Point Score where below scale (Note 4)	1	1	1	1

*Notes:*

1. Non provision of en suite to Types SO, JO, OC, S and Z will attract three deficiency points (shower—one pt, WC—one pt, basin—one pt)—to be reviewed at the next 4TG audit.
2. Training Camp Accommodation is not normally Graded hence no details shown in chart.
3. A Bath/Shower combination is not to be double counted where a fitted shower is combined with the bath.
4. Where provision of any or all ablutions is 50% or more below scale (ie WC 1:8 or more; washbasin 1:4 or more; shower 1:8 or more; bath 1:24 or more) 1 additional deficiency point may be awarded.

**Table 4**

SCALING OF FURNITURE, FIXTURES AND FITTINGS RECOGNISED FOR GRADING SLA  
(CROSS-REFER TO TABLE 1, SERIAL 5)

Ser	Critical Furniture/ Furnishing	Furniture Scaling by Type of accommodation						Deficiency Points if not provided
		SO	JO	OC	S	Z/Y	X	
1.	Bed	1	1	1	1	1	1	5
2.	Double Wardrobe	2	2	1	2	1	1	5 per item
3.	Double Wardrobe Top Box	2	2	1	2	1	1	1 per item
4.	Single Wardrobe			1		1	1	5
5.	Single Wardrobe Top Box			1		1	1	1
6.	Wide Drawer Chest	2	1	1	1			1 per item
7.	Bedside unit	1	1	1	1	1	1	1
8.	Wall bookshelf	1	1	1	1	1	1	1
9.	Single Low Cupboard		1	1	1			1
10.	Single Drawer Chest		1	1	1	1		1
11.	Desk top	1	1	1	1	1		1
12.	Double Cupboard	2	1	1	1	1	1	1 per item
13.	Chair desk	1	1	1	1	1	1	1
14.	Chair easy	1	1		1			1

*Notes:*

1. No points to be awarded for deficiency of any of the above serials if the deficiency arises from lack of space, or sharing, as per Annex B, Table 1, Ser 1 and 2 (ie if the bed space area allocated to each occupant is so cramped that furniture would not easily fit in). Deficiency points can be awarded for lack of space, or sharing, or lack of furniture.
2. Deficiency points should be awarded if space is to scale but furniture is not able to be provided by the Accommodation sponsor.
3. Deficiency points not to be awarded if furniture items have been wharfed at the request of the occupant.
4. In some older SLA without modern furniture, 4TG Boards may have to interpret "furniture equivalents" to reach an appropriate points score.

**Table 5**

PHYSICAL CONDITION AND FITNESS FOR PURPOSE OF THE SLA)  
(CROSS REFER TO TABLE 1, SERIAL 9)

DIO's draft Estate Condition Survey Assessment Methodology dated 25 March 2002 includes criteria to assess physical condition and fitness for purpose each of which attracts grades A–D. Award of deficiency points for 4TG purposes should be calculated in accordance with the table below by assessing the number of deficiency points for physical condition and fitness for purpose and adding together the points awarded under each criteria to determine the overall points total (maximum of 10).

<i>FDTI</i> <i>Physical condition</i>	<i>Deficiency points for</i> <i>4TG</i>	<i>FDTI</i> <i>Fitness for purpose</i>	<i>Deficiency points for</i> <i>4TG</i>
A	0	A	0
B	2	B	2
C	3	C	3
D	4	D	4
Plus X where annotated	1	Plus X where annotated	1
	Maximum total 5 points		Maximum total 5 points

Table 6

## GRADING POINTS SUMMARY SHEET FOR SLA (ALL RANKS)

UNIT: \_\_\_\_\_ LOCATION: \_\_\_\_\_ ROOM NUMBER(S): \_\_\_\_\_

TOTAL POINTS SCORE: \_\_\_\_\_ GRADE AWARDED: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_

Ser (a)	Factor (b)	Deficiency (c)	Applies (d)	Deficiency	Deficiency
				Points Allowed (e)	Points Awarded (f)
1.	Reduced bed space area.	Area (sq m) allocated per person is: (a) 25% and 39.9% below scale; (b) 40% or more below scale.		5	
2.	Sharing.	Where trained personnel are required to share accommodation. Where Phase 1 and 2 trainees are required to share accommodation in dormitories of more than 12.		10	
3.	Integrated washing and/or WC facilities.	Washing and/or WC facilities are not integrated in same building as sleeping accommodation.		5	
4.	Scaling of washing and WC facilities.	Washing and WC facilities are below scale.		2-5	
5.	Provision of furniture and/or furnishing.	Furniture and/or furnishings not provided to scale.		Max 5	
6.	Power sockets.	Electric power sockets are below scale.		Max 10	
7.	Ancillary facilities.	Non provision/under scale provision of ancillary facilities.		Max 2	
8.	Location of public rooms.	Location of public rooms (dining rooms, mess and social club) in relation to the sleeping accommodation.		Max 2	
9.	Physical condition and fitness for purpose.	Refer to DIO Annual Estate Condition Survey grading for the SLA.		Max 5	
10.	Condition of decoration, carpets furniture, fixtures and fittings.	Decoration, carpets, fittings or fixtures below standard.		Max 10	
11.	Heating.	Heating system fails to achieve correct temperatures.		Max 5	
12.	Air Conditioning/ Ventilation (Overseas only).	Air conditioning and/or ventilation system fails to provide adequate cooling or to reduce humidity.		Max 5	
13.	Access to essential amenities.	If SLA is 1.5 miles or more from essential amenities including those available on unit and Service or public transport does not enable reasonable access to the amenities. See definition at Table 1.		Max 5	
14.	Environment.	Adverse environmental factors.		Max 5	
<b>TOTAL OF ABOVE DEFICIENCY POINTS</b>					

Note: Enter X in column (d) against Serial where deficiency applies, and points awarded in column (f).

## Annex D

## GUIDE TO THE GRADING OF SFA AND SLA—ADVERSE ENVIRONMENTAL FACTORS

## INTRODUCTION

1. *Purpose.* MoD's 4 Tier Grading Regulations (4TG Regulations) permit the award of 1–5 deficiency points on those occasions when adverse environmental factors are prevailing for six months or more (unless a different qualifying time period is stated in the individual factors)—serial 16 to Annex A (SFA) and serial 14 to Annex B (SLA) refers. The purpose of this guide is to assist 4TG Boards in the award of deficiency points under the environmental factors serials thereby permitting more consistent and objective application of the criteria across the SFA and SLA estate. However, the guide is by no means definitive and 4TG Boards retain discretion to

award deficiency points as considered appropriate depending on the nature and severity of the local environmental conditions which apply.

2. *Environmental Factors.* The following environmental factors are covered in this guide:

- Flooding and drainage
- Noise Nuisance
- Building works
- Landfill, Tipping or Recycling Areas
- Mining and Subsidence
- Local Adverse Sewage, Chemical or Engineering Works
- Adjacent Electrical Pylons
- Coastal Location
- Geographical Elevation
- Adverse social and environmental factors

3. *Award of deficiency points.* The total deficiency points which may be awarded is five. In cases where more than one environmental factor may be present the points score may be added together to a maximum ceiling of five.

#### FLOODING AND DRAINAGE

Some areas will be prone to or under threat from flooding or the effects of a high water table. The following scores represent the severity of a flood or water table hazard.

#### FLOODING AND POOR DRAINAGE

<i>Ser</i> (a)	<i>Level of Severity</i> (b)	<i>Pts to be Awarded</i> (c)	<i>Remarks</i> (d)
1.	The SFA/SLA is regularly subjected to flooding or in the past has been affected by flooding and no direct flood prevention measures have been put in place to prevent reoccurrence.	5	
2.	The SFA/SLA is situated in an area where the effects of flooding have a direct impact on the living conditions of the occupants.	4	
3.	The SFA/SLA is situated in an area which is considered to be under threat from flooding or high water table effects and as such is enclosed within an area which receives flood warnings from the Local Authority or Environmental Agency.	3	
4.	Gardens of SFA and any adjacent public areas/facilities available within the Service establishment for use by occupants of SLA are subject to the effects of high groundwater conditions or poor surface drainage which prevents the full use of these facilities for the majority of the year.	2	
5.	Gardens of SFA and any adjacent public areas/facilities available within the Service establishment for use by occupants of SLA are subject to the effects of high groundwater conditions or poor surface drainage which prevents the full use of these facilities on a seasonal basis.	1	

#### NOISE NUISANCE

5. SFA/SLA may be affected by noise nuisance. The noise must be present for the majority of the year and significantly affect the silent hours. Guidance to assist 4TG Boards in assessing the severity of noise nuisance without resorting to measurement of Decibel Levels (dB) is below. Where queries arise which require measurement of noise levels, 4TG Boards should be aware that the World Health Organisation (WHO) recommends that the general daytime outdoor noise levels should be less than 55dB(A)Leq to prevent significant community annoyance, and at night a level in the order of 45dB(A)Leq is desirable to meet sleep criteria. Measurement of noise levels which exceed the WHO recommendation may attract deficiency points at the discretion of 4TG Boards.

## NOISE NUISANCE

<i>Ser (a)</i>	<i>Level of Severity (b)</i>	<i>Pts to be Awarded (c)</i>	<i>Remarks (d)</i>
1.	The SFA/SLA is located under/or adjacent to the approach circuit to a RN Air Station, Army Air Corps Regiment, RAF Flying Station, National, Regional, or City Airport, or adjacent to ground movements of aircraft and/or helicopters operating at these locations.	5	Small local airfields (eg flying clubs) should be awarded a lower score due to the lower traffic rate.
2.	Railway and Motorway Noise. The SFA/SLA is located adjacent to a main railway line or motorway.	4	Adjacency to a local railway line with a limited day time service should attract a lower score due to lower traffic rate.
3.	The SFA/SLA is subjected to persistent noise from Electrical Substations, Engineering/ Production works and any other Mechanical Installation (Pumping Stations and the like).	3	
4.	The SFA/SLA is subjected to road noise from the passing of heavy traffic along a road which runs directly adjacent to the SFA or its garden/SLA.	2	Dual Carriageway or Trunk Road.
5.	Agricultural Noise. The SFA/SLA is subjected to the persistent noise from intensive agricultural activity.	1	ie Battery Hen Coups. Turkey Farming.

## BUILDING WORKS

SFA/SLA may be affected by building works which cause noise and dust and which may restrict access to accommodation or Service provided facilities for use by the occupants of the accommodation.

## LOCAL BUILDING WORKS

<i>Ser (a)</i>	<i>Level of Severity (b)</i>	<i>Pts to be Awarded (c)</i>	<i>Remarks (d)</i>
1.	Building works are adjacent to the SFA/SLA which significantly effects living conditions due to noise, dust or other hazard.	5	A major site within the SFA estate/Service establishment.
2.	Building works are adjacent to the SFA estate/ Service establishment/SLA which significantly effects living conditions due to noise, dust or other hazard.	4	A major site adjacent to the SFA estate/Service establishment.
3.	The SFA estate/Service establishment is located on an access route to a building site which has a significant impact on occupants of the accommodation due to restricted access and passage of heavy machinery.	3	3 points may be awarded if building works restrict access to accommodation, or Service facilities provided for use by occupants of the accommodation.
4.	The SFA estate/Service establishment is located on an access route to a building site which is utilized by heavy machinery	1-2	At the discretion of 4TG Boards depending on severity of use by heavy machinery.

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 LANDFILL, TIPPING OR RECYCLING AREAS

SFA/SLA may be affected by the activities of Local Authorities or civilian contractors involved in the recycling or storage of waste materials, and offensive odours and increased insect populations which may arise from a local landfill or tip.

## LOCAL LANDFILL, TIPPING OR RECYCLING AREAS

<i>Ser</i> (a)	<i>Level of Severity</i> (b)	<i>Pts to be Awarded</i> (c)	<i>Remarks</i> (d)
1.	A Local Authority landfill site is located directly adjacent to the SFA/SLA which significantly effects living conditions due to the processing noise, smell and increased insect population.	5	A major site which process large amounts of waste.
2.	A Local Authority landfill site is located directed adjacent to the SFA estate/Service establishment which significantly effects living conditions due to the processing noise, smell and increased insect population.	4	A major site which process large amounts of waste.
3.	A Local Authority or Contractors Recycling site or Plant is located directly adjacent to the SFA/SLA which has a significant effect on the standard of living due to processing noise or increased HGV traffic to the site.	3	A smaller site which recycles materials in the main.
4.	A Local Authority or Contractors Recycling site or Plant is located directly adjacent to the SFA estate/Service establishment which has a significant effect on the standard of living due to the processing noise or increased HGV traffic to the site.	2	One point can be awarded due to distance form the site if relevant.
5.	Contractors Recycling Site is located on the same road access to SFA/SLA which has a significant effect on the standard of living due to increased HGV traffic to the site.	1	Must be on or share the direct route to the site.

## MINING AND SUBSIDENCE

Properties can be affected by the activities of a contractor involved in mining or related activities. Such activities have a wide range of negative effects and can blight entire communities. If the SFA/SLA is located in such an area, high scores can be awarded due to a number of different reasons, however, dust, noise, and distance from the site will usually be the defining factors in how high the awarded score will be.

## MINING AND SUBSIDENCE

<i>Ser</i> (a)	<i>Level of Severity</i> (b)	<i>Pts to be Awarded</i> (c)	<i>Remarks</i> (d)
1.	The SFA/SLA is adjacent to an area which is significantly effected by Deep, Strip or Open Cast Mining, Blasting or Quarrying.	5	The boundary of the mining should be adjacent to the SFA/SLA.
2.	The SFA/SLA is located within an area which is significantly effected by Deep, Strip or Open Cast Mining, Blasting or Quarrying.	4	Within 200 metres.
3.	The SFA/SLA is located on a route or access way to mining works listed above and there is a significant increase in the amount of HGV traffic.	3	
4.	The SFA estate/Service establishment is located on a route or access way to mining works listed above and there is a significant increase in the amount of HGV traffic.	2	
5.	The SFA/SLA is located adjacent to Waste Tips or Spoil areas directly related to mining operations (current or disused) which have an adverse effect on the outlook of the property.	1	ie, there is a large spoil heap (1,000 m3+) at the bottom of the SFA garden/adjacent to the SLA.

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 LOCAL ADVERSE SEWAGE, CHEMICAL OR ENGINEERING WORKS

The majority of works should not have a direct effect on the Service community and as such should not be scored just because of their presence. However, in circumstances where works have a negative effect because of pollution, exhaust fumes (from large generators or the like) or smell, deficiency points may be awarded.

 LOCAL ADVERSE SEWERAGE, CHEMICAL OR ENGINEERING WORKS
 

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<i>Ser</i> <i>(a)</i>	<i>Level of Severity</i> <i>(b)</i>	<i>Pts to be Awarded</i> <i>(c)</i>	<i>Remarks</i> <i>(d)</i>
1.	N/A	5	
2.	N/A	4	
3.	The SFA/SLA is located directly adjacent to a large sewerage/chemical works the operation of which affects the SFA/SLA	3	Large = over 200 m <sup>2</sup> with exposed processing units.
4.	The SFA/SLA is located adjacent to a small sewerage/chemical works the operation of which affects the SFA/SLA.	2	Small unit under 199 m <sup>2</sup> which has exposed processing units (Not Bio Disk Type).
5.	The SFA/SLA is located adjacent to a heavy engineering or chemical works whose operations significantly affect the standard of living.	1	Noise, smell or traffic nuisance.

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## ADJACENT ELECTRICAL PYLONS

Electrical Pylons come in varying sizes, from large lattice steel structures which carry very high voltages to wooden poles which may support local transformers. The occurrence of pylons should be limited and electrical installations should be positioned far enough away from SFA/SLA not to present a negative effect. Care should also be taken not to confuse telephone poles with electrical supports. Telephone poles and their supported wires do not attract any points.

 ADJACENT ELECTRICAL PYLONS
 

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<i>Ser</i> <i>(a)</i>	<i>Level of Severity</i> <i>(b)</i>	<i>Pts to be Awarded</i> <i>(c)</i>	<i>Remarks</i> <i>(d)</i>
1.	A High Voltage (HV) four Leg, steel lattice construction Pylon is located within the boundary of the SFA/SLA.	5	
2.	A steel HV Pylon is located adjacent to the SFA/SLA, or electrical switching complex and substation is located directly adjacent to the SFA/SLA.	4	
3.	Phased HV power lines pass over the boundary of the SFA/SLA as per Serial 1.	3	
4.	A transformer is located within the boundary of the SFA/SLA.	2	Transformer should be fenced or contained within a brick enclosure.
5.	A Timber support pole or double pole c/w step-down transformer is located within the boundary of the SFA/SLA.	1	

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## COASTAL LOCATION

To attract points the SFA/SLA must suffer significant effects from being directly located in an exposed coastal location. Only the scores from either Para 10 or 11 can be taken into consideration.

## COASTAL LOCATION

<i>Ser</i> (a)	<i>Level of Severity</i> (b)	<i>Pts to be Awarded</i> (c)	<i>Remarks</i> (d)
1.	N/A	5	
2.	N/A	4	
3.	N/A	3	
4.	The SFA/SLA is located on an exposed coastal location which is subjected to major storms and bad weather.	2	
5.	The SFA/SLA is located on a sheltered coastal location which is subjected to storms and bad weather.	1	

## GEOGRAPHICAL ELEVATION

To attract points under this serial, the SFA/SLA must be cut off until midday on any affected day by sustained and heavy snowfall. In general the SFA/SLA should be isolated and located in an exposed highland location.

## GEOGRAPHICAL ELEVATION

<i>Ser</i> (a)	<i>Level of Severity</i> (b)	<i>Pts to be Awarded</i> (c)	<i>Remarks</i> (d)
1.	N/A	5	
2.	N/A	4	
3.	N/A	3	
4.	The SFA/SLA is located in an exposed highland position which is cut off (physically snowed in) for over 30 days a year due to snow and poor weather	2	
5.	The SFA/SLA is located in an exposed highland position which is cut off (physically snowed in) for over 15 days a year due to snow and poor weather.	1	

## ADVERSE SOCIAL AND ENVIRONMENTAL FACTORS

13. Adverse social and environmental factors including proven and recorded cases of vandalism and criminal activity, and poor/non existent provision of services, on the basis that:

- (a) The Local Service Commander has drawn up a Community Action Plan (CAP) to identify the problems, and taken action to address those problems in consultation with the Services' chain of command, the Local Authority, the Police or other agencies as appropriate.
- (b) Once the CAP has commenced, a case identifying the problems and explaining what action has been taken at the local level has been submitted to the Service Authority (single Service Pay/Housing Colonels) at MoD level.
- (c) On receipt of the case the Service Authority:
  - (1) Has determined that five deficiency points may be awarded immediately on those occasions where it is likely that the adverse social and environmental factors can only be resolved in the long term, if at all.
  - (2) Or, in cases where the adverse social and environmental factors are likely to be resolved in the short term, has determined that further evidence as to the effectiveness of the CAP over a period of up to six months is required, and on the basis of that evidence, has determined whether there is then a case for the award of five deficiency points.
  - (3) Or, has determined that the case should be rejected.
- (d) Where the case is agreed by the Service Authority, five deficiency points may be awarded with effect from the date of that decision.
- (e) The case is reviewed by the Service Authority after 12 months.

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**Annex E****STANDARD FOR CONDITION—DEFINITION AND ITS APPLICATION****1. Standard for Condition**

- (a) *History.* The definition for Standard for Condition was developed in 1996. A definition for Standard for Condition was required so that deficiencies in SFA standards could be quickly and easily itemised on a common basis. The definition was developed so that it could be straightforward to understand, tie in with the requirements of JSP315 (scales 21 and 22) and with the 4 tier grading system for charges where it applies to condition of SFA.
- (b) The definition allows DIO to set priorities based the property attributes and its condition. If the items within each of the categories are fully met or within 0–4 point then the property will be Standard 1 for Condition.
- (c) The definition was originally taken from the Housing Trust improvements, JSP315, Building Regulations, Health and Safety items, and specific items to improve the fabric of buildings such as ventilation to rooms to avoid condensation problems and to roof spaces to reduce rot problems in timbers, and also, energy efficiency items to meet Government Energy targets as well as to reduce costs to tenants and to improve comfort. The definition specifically excludes room areas, storage areas, external areas, garages and access to schools, shops etc. which will continue to be covered within the 4 tier system for charges.
- (d) *Application.* A database is maintained for all SFA which records all the attributes of the Standard for Condition definition as well as the category and overall scores. When SFA are subject to a major improvement, for example new kitchen; bathroom; windows; doors; electrical installation; heating system etc the Standard for Condition score for that property is updated. There is no requirement to revise the Standard for Condition to reflect outstanding response repairs; Standard for Condition is designed to reflect outstanding planned maintenance.





Category	Ref Code	Description of Element	Defect	Individual Section Points				
				Points Max	Actual Points	Standard 2	Standard 3	Standard 4
	RIDBELL	Front Door Bell Defects		1.0		Standard 2	7	11
	XDRLIGHT	Front Door Light Defects		1.0		Standard 3	12	20
		<b>Sub-Total of Points</b>		<b>14.0</b>	<b>0.0</b>	<b>Standard 4</b>	<b>21</b>	<b>and over</b>
<b>Electrical</b>	CUNTYPE	Electrical Consumer Unit to be MCB		16.0				
	ELIGAGE	Electrical Wiring Age	0 if Under 33 years, 3 pts/year over 33	18.0				
	<i>Lighting Defects</i>							
	SRMLPTS	Sitting Room to have 2 Lights		1.0				
	KITLPTS	Kitchen to have Fluorescent Light(s)		1.0				
		<i>Electrical Socket Outlets Defects (Doubles)</i>						
	HALLSCKS	Hall Sockets 1		1.0				
	STRSCKS	Stair Sockets 1		1.0				
	SRMSCKS	Sitting Room Sockets 4	If only three sockets or less 1 point	1.0				
	DRMSCKS	Dining Room Sockets 2		1.0				
	BED1SCKS	Bedroom 1 Sockets 3		1.0				
	BED2SCKS	Bedroom 2 Sockets 3		1.0				
	BED3SCKS	Bedroom 3 Sockets 2		1.0				
	BED4SCKS	Bedroom 4 Sockets 2		1.0				
	BED5SCKS	Bedroom 5 Sockets 2		1.0				
	BED6SCKS	Bedroom 6 Sockets 2		1.0				
	DRSSCKS	Dressing Room Sockets 1		1.0				
	KITSCKS	Kitchen Sockets 4	If only three double sockets or less 1 point	1.0				
	UTILSCKS	Utility Room Sockets 2	Less than two double sockets 1 point	1.0				
	FRDGSCKT	Refrigerator Power Defects	No dedicated socket 1 point	1.0				
	STFSCKS	Staff Room Sockets 2		1.0				
	BSHAVER	Bathroom Shaver Socket		1.0				
	SRMTVSKS	Sitting Room Television Point 1		1.0				
	BEDITVSK	Bedroom 1 Television Point 1		1.0				





Category	Ref Code	Description of Element	Defect	Individual Section Points	
				Points Max	Actual Points
<b>Bedroom</b>	BED1ROBE	Bed 1 Double Wardrobe Not Fitted		2.0	
	BED2ROBE	Bed 2 Double Wardrobe Not Fitted		2.0	
	BED3ROBE	Bed 3 Double/Single Wardrobe Not Fitted		1.0	
	BED4ROBE	Bed 4 Single Wardrobe Not Fitted		1.0	
	BED5ROBE	Bed 5 Single Wardrobe Not Fitted		1.0	
	BED6ROBE	Bed 6 Single Wardrobe Not Fitted		1.0	
		<b>Sub-total of points</b>		<b>8.0</b>	<b>0.0</b> Standard 1
		<b>Total Points</b>		<b>346.0</b>	<b>0.0</b>
		<b>Overall Property Grading</b>			<b>Standard 1</b>

**Bedroom Defects**

	<i>Min</i>	<i>Max</i>
Standard 1	0	4
Standard 2	5	8
Standard 3	9	15
<b>Standard 4</b>	<b>16</b>	<b>and over</b>

### Further written evidence from the Ministry of Defence

This Supplementary Memorandum provides information in relation to the Committee's visit to Catterick, and the payment and control mechanism relating to the maintenance of housing in England and Wales.

#### 1. Longer term costs for the three year funding pause for upgrades

Following the announcement of the three year pause in upgrades from 2013, the effects are anticipated to be:

##### Service Families Accommodation (SFA)

In cash terms, the pause in funding (to save some £47 million annually) assessed over a 25 year period is estimated to be:

- £100 million in lost rental revenue;
- £90 million increased risk of response maintenance costs;
- An element of capital improvement costs (eg the roof upgrade may have a life of 60 years).

Other significant impacts of the funding pause will impact directly. These include:

- Lower customer satisfaction;
- Higher number of complaints;
- Higher energy charges for Service families;
- Higher carbon consumption.

##### Single Living Accommodation (SLA)

The table below gives an indication of the additional costs that would be incurred to maintain SLA if the upgrade programme did not occur. As discussed in the main memorandum to the Committee, SLA is not managed discretely in many cases which precludes a fuller and longer term analysis such as that for SFA.

£	FY13/14	FY14/15	FY15/16
3000 beds	476,625	488,540	500,754
4000 beds	635,500	651,387	667,672

#### Notes

1. The funding gap equates to a loss of 3,000–4,000 new bed spaces, it is therefore assumed that we will have to maintain the same number of additional bed spaces.
2. It is assumed that the additional funding required will be the difference between the average maintenance costs per bed space per annum for SLAM Compliance (£445) and the cost of maintaining SLA through the RPC (£600)
3. This is based on current PROMTU levels and makes no adjustment for NGEC
4. It is assumed that SLA will have to be maintained to a higher standard (ie above wind and weather proof) than other areas of the estate, this is built into the figures above.
5. The above figures make no provision for Minor New Works (MNW) that could be associated with maintaining an older asset base, this is unquantifiable at this stage, for information, there has been approximately £5 million spent on MNW for accommodation in FY11/12.
6. The soldier personnel first programme has not been included in the above. This currently stands at £10 million for the next three years.

#### 2. Sustainable Development Aspect of Recent Projects

The Department has delivered a number of projects that have contributed to sustainability objectives including, as the HCDC will be aware, the installation of solar thermal panels to 12 SFA at Catterick. The ongoing Upgrade Programme provides replacement heating systems with more efficient boilers, low flow sanitary fittings, and increased loft insulation levels. Between April 2008 and March 2011, some 2,400 SFA benefitted from this programme. In the same timeframe, the boiler replacement and loft insulation programmes have resulted in the replacement of some 1,400 boilers aged over 10 years in SFA, and loft insulation to a depth of 270mm in approximately 10,000 SFA. In addition, some 120 SFA have benefitted from the installation of external insulated render to improve their thermal properties.

#### 3. Grade for Charge and Standard for Condition

##### Grade for Charge

Grade for Charge (GfC) is used to calculate the charges payable by occupants of SFA and is based on four banding levels. Grade for Charge (GfC) is established by an assessment by the Chain of Command of three

factors: Condition, Scale (Size) and Location/Environment (noise and access to local amenities). Where there are shortfalls deficiency points are awarded. As these accrue, GfC reduces incrementally in four bands; in some instances positive points can be awarded for items such as en-suite bathroom. The charges levied are reviewed annually by the Armed Forces Pay Review Body.

#### Standard for Condition

Properties are assessed by Standard for Condition (SfC), with S1fC being the highest and S4fC the lowest. SfC is used to determine the overall physical condition of the property. The final rating is arrived at by means of assessing a property against a total of 102 attributes, with different scoring and weighting for each. The attributes are grouped into eight sets—Building Fabric, Energy Efficiency, Health and Safety, Security, Electrical Standard, Sanitary Fittings, Bedrooms and Kitchen—and the lowest score of any one group is used as the overall Standard.

A proportion of the housing stock will always fall below the highest standard due to age, wear and tear, cyclical improvements and resource constraints. With effect from January 2012 no Standard 3 or 4 for Condition properties are allocated for occupancy. As many SFA are located in relatively isolated rural areas, it is possible for SFA to be a high SfC whilst attracting a low GfC.

#### 4. Improved Customer Service

##### Allocation Services

The Department is seeking to improve the SFA allocation process in April 2012 by:

- Introducing an automated, self-preference system;
- Centralising allocation services at a single Housing Allocations Service Centre based at two locations, Aldershot and Thetford.

The automated, self preference system will provide greater transparency in the allocation process, and will allow Service Personnel and their families to:

- View online “estate agent”<sup>6</sup> details of available properties that match their entitlement linked to their new duty station;
- Express their preferences from the available properties which match their entitlement;
- Receive all documentation electronically reducing the time taken to receive an SFA offer; and
- Self book all appointments relating to their move, once an allocation has been made.

##### Governance

The Department has introduced more robust and transparent governance arrangements for its customers. At the strategic level, governance is provided by the Joint Customer Board (JCB) which brings together MoD policy-makers, DIO, the single-Services and the Family Federations. At the operational level, a Housing Forum, which reports to the JCB, was established in 2009 and was instrumental in the development of Key Performance Indicators for SFA; these are issued monthly to key stakeholders to increase transparency and accountability and were passed to the Committee with the earlier memorandum. The Housing Forum is augmented by meetings between DIO and the single Services, which provide oversight to routine meetings at the point of delivery between Housing Officers, Contractor representatives, the local command chain and occupants.

#### 5. The MHS response to specific mould problems raised with HCDC

The Department’s website contains a link that provides advice to occupants on how best to reduce condensation, and therefore mitigate the risk of mould developing.

<http://www.mod.uk/DefenceInternet/MicroSite/DIO/OurPublications/ServiceFamilyAccommodation/ServiceFamilyAccommodationGuideOnCombatingCondensation.htm>

The normal approach to resolving issues of damp or mould begins when an occupant contacts the MHS Helpdesk to report a problem in their SFA. The standard response to such a telephone call would be to send a Technical Officer to inspect the property, the environment, and the damp/mould issue before deciding on the appropriate course of action. This may simply involve issuing the guidance leaflet so that the occupant can help themselves; or agreeing with the occupant that there are some physical aspects of the home that MHS can remedy immediately (such as fitting an extractor fan, trickle vents or clearing airbricks); or agreeing with the Department to more detailed work (interior walling or insulation) should that be recommended.

MHS have compiled a paper describing their Business Improvement Strategy, and this is attached at Annex A.

<sup>6</sup> Description of property, together with floor plans, with images of front and rear elevations, garden, kitchen, bathroom, lounge and primary bedroom.

## 6. Investigate Housing Issues raised

Following the HCDC visit, where a number of issues were raised over particular properties, a series of visits were undertaken on 16 and 17 January by a local MoD official and MHS representatives. Work has either been undertaken or is in hand to deal with the majority of the issues raised, and in particular work has been undertaken by the water company C2C to resolve the sewage issue related to Haig Road to prevent recurrence of the incident in March 2011. Some issues relating to draughty doors and windows will be subject to the Asset Replacement Programme being funded.

## 7. MHS (and their Subcontractors) Payment Mechanisms and Control Processes for Reactive Maintenance

The details underpinning the contractual arrangements with MHS which would mitigate against MHS (or their subcontractors) from either gaining additional payments for reporting separate jobs or improving their performance figures are set out below:

### Payment Mechanisms

The Housing Prime Contract is an incentivised cost recovery contract and MHS claim actual costs incurred subject to share line adjustments. On a monthly basis, a sample audit is undertaken of costs claimed for the works element of the Maximum Price Target Cost (MPTC) invoice, together with an audit of the staff and facilities costs. The Department also receive an annual interim certified cost statement which contributes towards the final price payable at the end of the contract. This Statement is audited each year by White, Young and Green and MoD's Cost Assurance and Analysis team to ensure costs are in accordance with the Cost Allocation Statement within the Contract. The share line arrangement within an MPTC incentivises MHS to keep costs down as they pick up 30% of any cost over runs.

Reactive maintenance occurs when a SFA occupant telephones the 24 hour MHS Helpdesk to report a fault. Based on the discussion with the occupant, the Helpdesk will decide whether it would be appropriate to raise a work order to rectify the fault. If a work order is raised, then the MHS subcontractor would be tasked with investigating and making good. The subcontractor is paid via an agreed schedule of rates, but is only paid once the work is complete—the occupant signs to confirm this. Should the occupant subsequently get back in touch with the Helpdesk to indicate the fault had recurred, then it would be raised as a re-work which is *not* charged to the contract. As an additional check, MHS produce monthly reports identifying all occupied SFA that have had more than two reactive maintenance tasks raised in a four week period which is sent to their zone commercial managers to investigate.

It is possible that a subcontractor could close an order that was not complete with the occupant signing off unknowingly (for instance in the case of a carbon monoxide detector by not replacing the battery without advising the occupant) but this would be blatant fraud. Both MHS and the Department complete random/risk compliance checks on works which act as a deterrent to this type of activity. MHS employ a Fraud Manager who oversees the joint Fraud Prevention Policy. The Fraud Prevention Policy and any issues raised are reviewed as part and parcel of strong governance arrangements by the Fraud Steering Group. Details of the Fraud Prevention Policy and the Terms of Reference for the Fraud Steering Group can be supplied if required.

### Control Processes

Turning now to Departmental compliance and assurance checks, approximately 2%-5% of all total orders raised nationwide (including Scotland and Northern Ireland which are covered by separate contractual arrangements) are subject to a physical inspection, both for works in progress and those completed (works that have been financially completed approximately two-week prior to inspection). This will include random and risk based inspections. The inspections include all works types, including response maintenance, and covers all estates.

The inspections will check that the works were to the required scope, within the contract timescales and quality and cost, and, where appropriate, will include discussions with occupants relating to the works.

In the event that the inspection finds any part of the works unsatisfactory then a Notice of Defect (NOD) will be raised indicating a defect has been noted and asking for remedial action to be undertaken. MHS would, in discussion with their Embedded Supply Chain Member/Contractor, be required to return the completed NOD stating the root cause of the defect and the corrective action taken, all of which would be in accordance with their Quality Assurance Procedure. All defects raised are monitored to ensure a satisfactory closure, and are subject to trend analysis. If appropriate, trends can be fed in to the Fraud Prevention system.

In addition to the Departmental assurance regime, MHS also undertake inspections of works in progress, and those recently completed, across all suppliers and supply chain operatives. Data is reviewed regularly to identify any adverse trends—repeat failures, failure to carry out works, frequency of missed appointments, and poor quality of workmanship—that could potentially lead to a repeat job which would be unnecessary if the

initial job had been completed correctly. The results of both Departmental and MHS assurance checks are reviewed at joint quality assurance meetings and trends/issues acted upon.

February 2012

## Annex A to MoD Further Written Evidence

### Service Families Accommodation MHS Performance, Governance & Assurance

#### BACKGROUND

The House of Commons Defence Committee (HCDC) is undertaking a review of the military Covenant and how this relates to the provision and maintenance of Service Families Accommodation. As part of this exercise they visited Catterick garrison in January 2012 to meet serving personnel and understand their perceptions of the service provided by DIO and MHS. Subsequent to the visit the HCDC requested additional information on the governance and assurance of MHS and its services, and this paper contains our response. To assist the HCDC we have given these within a broader context linked to the NAO report of 2009 and its recommendations.

#### HCDC'S INFORMATION REQUEST

“What arrangements are in place to prevent MHS closing a reported fault when the work has not been completed. For example, advising the person to remove the battery from the carbon monoxide detector—one job—and then categorising the repair of the detector or examination of whether there is a problem as a second job. (The Committee is) concerned that MHS or its subcontractors may do this to gain additional payments for separate jobs or to improve their performance figures ie the numbers of jobs completed in one visit. Can you please arrange for someone to let us know what the payment mechanisms are for reactive maintenance and what control processes are in place to prevent the above happening.”

#### MHS PERFORMANCE TIMELINE

The MHS contract commenced in 2006 after a very short mobilisation period, and for this and many other reasons (not least a demand level very significantly higher than expected) the first few years did not deliver the levels of service required. In 2008 the National Audit Office (NAO) were commissioned to review the provision and maintenance of SFA, and the report was published in early 2009.

The timing of which coincided with an internal focus on business improvement and the wide-ranging actions initiated delivered a transformation of the business over an 18 month period. From late 2010 onwards, MHS service delivery was materially improved and from early 2011 customer perception began to reflect this (since perception generally lags six months behind such changes).

In 2011 we achieved our highest levels of service and performance, ahead of target, but most importantly verified by customer and stakeholder feedback. A key element of the improvement plan was the establishment of accurate and customer perception-based measurement: the ultimate measure of our success is customers telling us how they see it, as opposed to our own views and reports.

We have a robust Continuous Improvement model, and the agenda for 2012 builds on the improvement delivered during 2011.

#### THE MHS BUSINESS IMPROVEMENT STRATEGY 2009 TO 2011

The publication of the NAO report prompted a full and thorough review of the MHS operational and support models, developed collaboratively with DE (as was at the time), to address the issues raised. This wide-reaching plan was predicated on a number of key elements:

- Restructure of the senior management model, with a new Managing Director and Operations Director appointed. A new executive position of Customer Service Director was also created to bring focus to this critical area;
- Overhaul of the MHS supply chain model, with the worst performing organisations removed from the contract, refreshed leadership in the others and a new commercial mechanism to deliver a better service, and enhanced assurance;
- Transformation of the customer experience, with significant direct engagement with customers and stakeholders to understand their needs and requirements leading to new models for the Helpdesk including complaints and dissatisfaction management, customer satisfaction measurement and ongoing feedback;
- Fundamental changes to the operational model to increase true first-time fix, reduce missed appointments, improve the Move In experience and provide a more effective service; and
- Clearer and more robust reporting and governance of performance introduced with enhanced assurance.

## NAO OBSERVATIONS & RECOMMENDATIONS

In March 2009 the NAO published their detailed review of Service Family Accommodation. This recognised that the first two years of the contract saw far more demand than was expected and that the model was overloaded. It stated that “many of these problems have been resolved and there has been an upward trend in the contractor’s performance against Key Performance Indicators” but commented on a number of ongoing issues and problems that customers were experiencing.

The report contained a number of headline recommendations for Defence Estates, and three of those directly related to MHS. In addition a further five more detailed recommendations were in the appendices (amongst many others not directly related to MHS).

### PRIMARY RECOMMENDATIONS

*1. The Department should improve its maintenance (of the SFA) by managing the contract more effectively, especially in monitoring and analysing the performance of the contractor*

A key change was the design of a new reporting framework that both reflected the contractual obligations on MHS and also the customer service experience that was insufficiently defined in the contract or delivered by MHS. A new weekly dashboard was launched that focused both on contractual metrics and customer perception feedback. A key development with the former was the adoption of jointly ratified performance, where the new MHS Operations Director and their DIO opposite number compared and contrasted their reports and agreed the shared and accurate numbers that were reported. This process encouraged collaborative working, but its primary benefit was to strongly critique and test MHS’s reporting model. In terms of customer perception reporting a new satisfaction model was developed based upon industry best practice from the Institute of Customer Service (ICS) that was more reflective of reality and based upon a question set that was developed with customers themselves, ensuring that we asked the questions that customers wanted to be asked.

The national dashboards and reports were mirrored with new local reporting models, with the process completing in 2011 with the launch of a much more focused and representative monthly contractual performance report.

*2. The Department should complete repairs and clean all properties prior to the Move In of families*

A primary focus has been the transformation of the Move In experience, with our operational teams targeted to commence work well in advance to ensure that the take-back milestone (two days in advance of Move In) is achieved, with only marginal work needed in those final two days. We have made very significant progress in this respect, and over the last three months of 2011 we achieved just under a 99% move-in acceptance rate.

*3. Building on existing forums, the Department should adopt a greater customer focus, learning from good practice in the social housing sector. There should in particular be better communication to occupants and a greater degree of participation, where appropriate, in determining priorities for investment and service improvement, including through better use of Occupant Consultative Meetings*

The establishment of a Customer Service team, headed by a new post of Customer Service Director, was one of the primary drivers of the transformation process. An 18 month customer service strategy was developed based upon direct feedback from customers in a large number of consultative meetings, surgeries and workshops, with particular engagement with the three Family Federations. We asked customers how they wanted to be treated, built an entirely new model and deployed a behavioural coaching framework to support it. We worked with the Institute of Customer Service to bring new ideas into the business and made the conscious decision to stop referring to them as “occupants”: adopting the word “customer” was a powerful signal. Through our ICS membership we engaged with social housing organisations to benchmark our performance and identify improvements to our model.

In 2011 we were shortlisted for five regional and two national customer service awards; judged by external industry professionals. We were awarded four trophies and at the end of 2011 we were shortlisted by the ICS for “Best UK Customer Satisfaction Strategy” with the winner to be announced in March 2012.

The report then detailed a large number of more specific recommendations for DE. Five of these required DE to improve the management and performance of MHS by:

*1. Managing the contract more effectively to make sure that Key Performance Indicators are being measured appropriately and targets are appropriately met (for example, by verifying that new jobs are not opened for the same repair), and that subcontractor performance is well monitored by the prime contractor*

This is a fundamental issue, and mirrors the question raised by the HCDC. There are two potential risks for DE now DIO and the public purse; firstly, that MHS could be paid twice for one core response job, and secondly that MHS could manipulate the KPI performance reporting by cancelling a job about to exceed its target date and raising a new one with a fresh date. Both these risks would also result in a very poor customer experience with unnecessary repeat visits and a long overall duration. For these reasons, and to demonstrate

effective assurance to DIO, MHS has a robust model in place that has been developed over the lifetime of the contract.

In terms of commercial assurance, the model is designed to incentivise both MHS and its contractors to do the right job on the first attempt. The Housing Prime Contract is based upon a maximum price target cost and MHS share the pain of overspends that would result from job generation. In parallel we would share the benefit if the target price was under-spent and these ensure that the MHS SMT and its assurance model are strongly focused on keeping the number of jobs to the genuine level raised by customers and to the tightest optimum scope. This is reinforced by the commercial model that MHS has in place with its suppliers where they are only paid once for each job with the cost of a repeat visit or a re-worked job carried by them. The Helpdesk asks every customer if the job they are raising has been reported before and the Assurance Team oversee the rework frequency and distribution for patterns and trends.

The MHS Assurance Team also undertakes frequent and random inspections of works in progress, and those recently completed, across all suppliers and supply chain operatives. Data is reviewed to identify repeat failures, and this would include failure to carry out works, the frequency of missed appointments and poor quality of workmanship that could potentially lead to a repeat job that would have been unnecessary if the initial job had been completed correctly. The DIO Assurance Team also has a programme of inspection of works in progress to police MHS, and support MHS's policing of the supply chain.

The cancelling and rebooking of orders, which could be abused in order to manipulate KPI performance, can only be done by a small central operations team under the control of the Operations Director. The number, frequency and patterns of order cancellation are audited by the MHS Assurance Team and in turn can be reviewed by the DIO Assurance Team.

Finally, a key arbiter of probity in this area is customer satisfaction. Job cancellation and manipulation, and repeat and nugatory visits would all result in poor customer satisfaction results and a high number of associated complaints. The MHS Customer Service Team undertakes a wide range of analysis and measurement in these areas, with root-cause analysis of dissatisfaction, and the results are reviewed in great depth with DIO each month. This functions as a final back-stop for healthy operational performance.

*2. Instructing the maintenance contractor to improve the chance of getting a repair right first time by improving the ability of the Helpdesk to understand the nature of the reported fault correctly, for example, by improving the usability of the Diagnostic Decision Tool*

The relaunch of the Customer Service Team included a fundamental review of the Helpdesk and all its processes. The diagnosis model was reviewed and enhanced, based directly on customer and field-operative feedback to make it easier to use and more aligned to the objective of right first time. A key element of this was the design of a new model for managing failures of heating systems, where, rather than attempting to diagnose the actual fault, we instructed an operative to go and fix the broader problem that the customer had reported ("my radiators are cold, for example"). This output-based approach is aligned to the industry best-practice "3star" model and delivers both a better service for customers and a more assured mechanism for DIO as the balance of commercial risk is carried by MHS and its contractors. This model was piloted in two of our zones in 2011, and is being rolled-out across the country in 2012.

The review also showed that the behaviour and philosophy of the Helpdesk team was as important as the system's functionality. Historically there had been insufficient customer-focus and the process was often very transactional, with inadequate emphasis on correctly managing the customer interaction to both correctly diagnose the issue and explain the course of action. Three programmes of customer empathy coaching were rolled out from 2009, with a key objective of ensuring that the customer contact resulted in both a correct diagnosis and a happy customer. In 2011 customers scored the Helpdesk Team at an average of 8.9 out of 10 in the new and robust satisfaction mode. Customers were sampled after the job that they raised with the Helpdesk had been completed therefore allowing them to judge how well the request had been captured and communicated.

*3. Reaching agreement with the contractor to provide shorter and more convenient appointment times and to report progress with their repair to save families from having to chase the progress of ongoing repairs with the Helpdesk*

Appointment times is one of the few areas where the model has not developed with customers offered morning, afternoon, all-day or "avoiding the school run" slots. Our analysis and customer engagement model identified that the primary driver of customer dissatisfaction was not the slot size or timing, but rather our frequent inability to keep our promise. Deappointed and Missed Appointments (DMA) were by far the most common reason for complaints and our subsequent DMA Project reduced this failure by half. MHS believes that shortening the appointment windows would not align to current customer demand.

In terms of having to chase repairs the DMA Project removed a significant reason for delays and therefore customer need to chase MHS. MHS also initiated work management disciplines in the operational scheduling teams to ensure that customers are kept informed about the status of their job if it cannot be resolved within the target times that DIO stipulate and which MHS communicates to customers when they raise a job.

*4. Deep cleaning all properties immediately prior to Move In with families only being required to carry out a surface clean on move-out*

Customers are still required to clean their homes on Move Out returning them to the Move In Standard.

To provide additional customer value in this area MHS launched for DIO a voluntary "Pre-payment Cleaning Scheme" which customers can use instead of cleaning their home at move-out. For a fee they are released from all obligations to clean their home when they depart and for time-poor customers this has proved very popular.

*5. Getting the contractor to identify any work which is required to achieve the Move In standard, and is likely to take longer than 15 days; and ensuring that this work starts early, so that families are not disrupted on move-in*

This has been discussed above.

#### MEASURING SATISFACTION AND MANAGING DISSATISFACTION

In 2010 MHS designed a new model to measure what customers thought of the housing maintenance service. The model was developed through a series of workshops with customers and stakeholders where they described the questions they wanted to be asked and about which elements of the service provided. MHS engaged with the ICS and benchmarked against other models, and utilised the globally-recognised "Net Promoter Score" model where customers are asked to score the key elements of their experience from one to ten, with low scores being subtracted from high scores giving a net result that is both very accurate and reflective of true customer perception. MHS contacts 5% of customers on the day after their job has been completed and asks five simple questions about their overall experience, the service from the helpdesk, the quality of the work done in their home, the professionalism of the operative and their happiness with the duration of the job from their initial call through to the completion of the work. The ICS have validated the MHS model and the results correlate very closely both with complaint performance and anecdotal feedback. Over the 18 months since MHS launched the new model service delivery performance has significantly and measurably improved.

MHS has also designed a new model to manage dissatisfaction to ensure that when things go wrong reaction is both quick and effective. An unhappy customer is treated with empathy and respect and has guaranteed access to a manager on the spot or within 60 minutes at most. If this does not resolve the issue MHS guarantees access to a Director within three hours, 24 hours a day and every day of the year. MHS has made it much easier to raise a formal complaint, allowing customers to raise them by phone, letter, email, facebook post or in person and we guarantee to call a customer to verbally acknowledge their complaint within 60 minutes of receiving it. Every complaint is managed by a named and dedicated Customer Care Manager who resolves the issue and keeps the customer informed. Typically 98.5% of these initial (Stage One) complaints are resolved to the customer's satisfaction. Where they are not, MHS works with DIO on the resultant Stage Two complaint process that they manage with every Stage Two customer receiving a personal call from the Customer Service Director or their deputy. The number of Stage Two complaints generated by MHS has fallen from 35 per month at peak to fewer than 10.

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#### Supplementary evidence from the Ministry of Defence

Question 89: *Is the MoD confident that it will remain the right side of EU competition law despite any changes it is making or might make to the NEC3 contract or to the contractual processes because of delays in renewing contracts?*

The Defence Infrastructure Organisation has secured a licence for the use and modification of the NEC3 form of contract for its Next Generation Estate Contracts (NGEC) contracts. The projected delays in letting the new contracts will require extensions to the existing contracts. Presently only one of the existing Regional Prime Contracts will exceed the published EU timelines however mitigating action is being determined to minimise the impact. Legal advice indicates that given the maturity of the NGEC procurement process, there is a minimal risk of legal challenge.

Question 98: *Are the numbers of leavers, vacancies etc referred to in this question correct, if not can the Committee have the correct figures?*

The figures are correct.

Question 108: *Gavin Barlow pointed out that the figures in the memorandum on home ownership quoted from the families Continuous Attitudes Survey differed from those in the personnel Continuous Attitudes Survey, can the Committee have the figures from the CAS which shows a decline in home ownership?*

The report on the 2011 Armed Forces Continuous Attitude Survey (AFCAS), published in September 2011, summarised the responses on home ownership over the last five years, covering all ranks and all three Services, as follows:

AFCAS	2007	2008	2009	2010	2011
Do you currently own your own home? Please answer this question whether you live in this property or not.	46%	45%	36%	38%	32%

A copy of the table from which this is extracted (Table 6.7 of the 2011 report) is attached,<sup>7</sup> and indicates that the effect is common to all of the Services. As stated in the response to Q108 of the Oral Evidence, this is in contrast to the effect observed in other data, notably the results of the Families Continuous Attitude Survey. Although the two surveys are completed by different populations, there is no obvious reason why they should point in different directions.

The various data sets make it difficult to reach firm conclusions, both in terms of the precise extent of home ownership in the Services, and on whether any changes reflect a long-term trend or a short-term phenomenon. The statement made in response to question 57 of the Department's memorandum—that the Department believes that there has been an increase in levels of home ownership across all the Services over the last five years—should be qualified accordingly.

*Question 106: A report on the installation and maintenance of (a) fire detector alarms and (b) carbon monoxide alarms in single person accommodation and family accommodation*

The MOD is committed to adopting the national building standards empowered by the Building Regulations on the estate, in respect of all new, altered or refurbished buildings.

The requirement to install fire detection in SLA and SFA is defined in Crown Fire Standards (CFS). As per the Building Regulations these detection systems are inspected regularly by DIO personnel to ensure they are compliant.

CFS and Defence Fire Risk Management Organisation (DFRMO) Fire Safety advice does not mandate the use of Carbon Monoxide detection; the Building Regulations requires detectors to be installed in dwellings in instances where a solid fuel appliance is being provided. Therefore Carbon Monoxide detection devices are not provided in SLA due to the fact that the Boiler house or plant room is separated from any accommodation.

In SFA those properties with open flued appliances (older boilers, gas focal point fires, back boiler units) and solid fuel fires are all fitted with carbon monoxide detectors which are maintained on an annual basis, usually at the same time as the fire detection units and, if a gas supplied house, the Landlords Annual Gas Inspection (CPI2). Maintenance of these units is strictly in accordance with the manufacturers instructions and replaced if found to be defective or within 12 months of the manufacturers replacement date. Modern standalone CO detectors are sealed units therefore where the battery is getting close to expiry (usually signified by an intermittent "bleep" from the unit) and this is reported to the Help Desk by the occupant as a fault, the whole unit will be replaced in line with the accepted priority status but irrespective of the date of the annual maintenance visit.

Where only room sealed gas appliances are fitted to a property CO detectors are not normally fitted as spillage of exhaust gas is not technically possible only in extreme circumstances, however where a CO detector is already in the property it will be maintained.

*Question 75: Can the MoD confirm that in addition to the three year pause in the upgrade programme for SLA and SFA that there will not be any new build accommodation coming on stream for SFA or SLA?*

During the three-year pause from 13 April in the Upgrade Programme for SFA, there are plans for new build SFA at the following locations:

- Tidworth Garrison—some 250 SFA are due to be built from late 2013 onwards. These SFA would help reduce MoDs reliance on using Bulk Lease Hire properties within the area;
- Brize Norton—some 200 SFA are due to be built from late 2013 onwards as part of the Future Brize programme; and
- Stafford—some 390 SFA are due to be built from mid-2013 onwards to provide accommodation for Project BORONA and Defence Medical Services.

These projects will be subject to financial approvals.

For SLA, Project Allenby/Connaught will not be affected by the pause, and it is expected that a further approximately 3,200 bed spaces will be delivered across Salisbury Plain and Aldershot by 2014.

*It would be very useful to have background statistics on the length of Service of personnel—apparently some work has been done in the MoD or DASA or SPVA about average length of Service and only 2% of personnel do a full career in the Armed Forces.*

<sup>7</sup> Not printed

TRAINED UK REGULAR FORCES OUTFLOW BY AVERAGE LENGTH OF SERVICE,  
APRIL 2008–MARCH 2011

	<i>No of personnel</i>	<i>Average length of service</i>
<b>Naval Service</b>		
Officers	1,150	19 years 0 months
Other Ranks	7,210	13 years 2 months
<b>Army</b>		
Officers	2,800	15 years 2 months
Other Ranks	22,570	10 years 4 months
<b>Royal Air Force</b>		
Officers	1,450	20 years 5 months
Non-Commissioned Aircrew	140	26 years 11 months
Ground Trades	6,760	17 years 4 months

*Source:* DASA

*Notes:* Figures are for trained UK Regular personnel only, and exclude Gurkhas, Full Time Reserve Service personnel and mobilised reservists

Figures show outflow from the trained UK Regular Forces, including personnel leaving the Services, deaths, and recalled reservists on release. They do not include promotion from ranks to officers or flows between Services.

Length of service (LOS) has been calculated using entry date. There are known problems with the entry date information extracted from JPA. If personnel have transferred from another Service, have served under an alternative assignment type (eg reserve forces), are re-entrants or have transferred from Other Ranks to Officers, their entry date may correspond to any of these events. The resulting LoS may reflect their current period of service, include previous service, or it may be the time that has elapsed since they first joined the Armed Forces, irrespective of any break in service. It will invariably include time spent on untrained strength. Those with an unknown *LOS* have been removed from the average *LOS* calculations.

TRAINED UK REGULAR FORCES OUTFLOW DUE TO TIME EXPIRY, APRIL 2008–MARCH 2011

	<i>Naval Service</i>	<i>Army</i>	<i>Royal Air Force</i>
<i>Officer outflow</i>	1,150	2,800	1,450
of which Time Expiry	420	960	600
<b>% Time Expiry</b>	<b>36%</b>	<b>34%</b>	<b>42%</b>
<i>Other Ranks outflow</i>	7,210	22,570	6,900
of which Time Expiry	1,570	4,670	2,350
<b>% Time Expiry</b>	<b>22%</b>	<b>21%</b>	<b>34%</b>

*Source:* DASA

*Notes:* Figures are for trained UK Regular personnel only, and exclude Gurkhas, Full Time Reserve Service personnel and mobilised reservists.

Figures show outflow from the trained UK Regular Forces, including personnel leaving the Services, deaths, and recalled reservists on release. They do not include promotion from ranks to officers or flows between Services.

Due to the ongoing validation of historic data from the Joint Personnel Administration system, military strengths for the period May 2009–October 2011 are provisional and subject to review. As a result of improvements in the quality of data sourced from JPA and the monthly data validation processes, DASA consider all data before 1 May 2009, and from 1 November 2011 onwards to be fit for purpose and therefore final.

February 2012

**ARMED FORCES CONTINUOUS ATTITUDE SURVEY—2011 REPORT—EXTRACT**

**Table B6.7 Do you currently own your own home? Please answer this question whether you live in this property or not. [A213]**

	Officers												Other ranks						Total												
	2010				2009				2008				2010				2009				2008				2007						
	Proportion (%)	Standard Error (%)			sig change	Proportion (%)	Standard Error (%)			sig change	Proportion (%)	Standard Error (%)			sig change	Proportion (%)	Standard Error (%)			sig change	Proportion (%)	Standard Error (%)			sig change	Proportion (%)	Standard Error (%)				
Tri-Service	Yes	65	0.9	-5%	-9%	26	0.5	-6%	-4%	-13%	32	0.5	-6%	-4%	-13%	32	0.5	-6%	-4%	-13%	32	0.5	-6%	-4%	-13%	32	0.5	-6%	-4%	-14%	
	No, but saving to buy in the future	16	0.7	7%	-10%	49	0.7	-3%	-3%	-14%	45	0.6	-3%	-3%	-14%	45	0.6	-3%	-3%	-14%	45	0.6	-3%	-3%	-14%	45	0.6	-3%	-3%	-14%	
	Total unweighted count (n)	18	0.8	7%		25	0.6	9%			24	0.6	8%			24	0.6	8%			24	0.6	8%			24	0.6	8%			
Royal Navy	Yes	78	1.6	-8%	-8%	37	1.2	-8%	-6%	-21%	44	1.0	-8%	-6%	-21%	44	1.0	-8%	-6%	-21%	44	1.0	-8%	-6%	-21%	44	1.0	-8%	-6%	-20%	
	No, but saving to buy in the future	9	1.1	4%	-8%	39	1.4	5%		-22%	34	1.1	5%			34	1.1	5%			34	1.1	5%			34	1.1	5%			
	Total unweighted count (n)	13	1.3	4%		24	1.2				22	1.0				22	1.0				22	1.0				22	1.0				
Royal Marines	Yes	64	2.4	-10%	-19%	33	0.9	-4%	-6%	-18%	36	0.9	-4%	-6%	-18%	36	0.9	-4%	-6%	-18%	36	0.9	-4%	-6%	-18%	36	0.9	-4%	-6%	-20%	
	No, but saving to buy in the future	26	2.3	8%	-23%	51	1.0	4%		-19%	49	1.0	5%			49	1.0	5%			49	1.0	5%			49	1.0	5%			
	Total unweighted count (n)	10	1.6			15	0.8				15	0.7				15	0.7				15	0.7				15	0.7				
Army	Yes	61	1.4	-5%	-6%	22	0.7	-5%	-4%	-7%	27	0.7	-5%	-4%	-7%	27	0.7	-5%	-4%	-7%	27	0.7	-5%	-4%	-7%	27	0.7	-5%	-4%	-10%	
	No, but saving to buy in the future	18	1.2	9%	-9%	53	1.0	-5%	-5%	-9%	49	0.9	-5%	-5%	-9%	49	0.9	-5%	-5%	-9%	49	0.9	-5%	-5%	-9%	49	0.9	-5%	-5%	-10%	
	Total unweighted count (n)	21	1.2	9%		25	0.9				24	0.8				24	0.8				24	0.8				24	0.8				
RAF	Yes	67	1.7	-10%	-10%	30	1.1	-6%	-21%	-18%	38	1.0	-6%	-21%	-18%	38	1.0	-6%	-21%	-18%	38	1.0	-6%	-21%	-18%	38	1.0	-6%	-21%	-16%	
	No, but saving to buy in the future	16	1.3	6%	-8%	42	1.3	10%			37	1.1	10%			37	1.1	10%			37	1.1	10%			37	1.1	10%			
	Total unweighted count (n)	17	1.4	6%		27	1.2				25	1.0				25	1.0				25	1.0				25	1.0				

The wording for the "No" options changed substantially in 2010 therefore significance test for 2007-09 are not applicable

### Supplementary written evidence from the Ministry of Defence

Question 133: *(The Committee would like to) have details of the financial modelling which is being undertaken as part of the Future Accommodation Project (FAP) including the results of it*

Financial modelling for the FAP is ongoing and is not yet finalised. Areas being examined as part of the work include:

- Rental subsidy.* The effects on pay, by rank and type of property, of a series of propositions with respect to rental subsidy levels. Why Service personnel should be treated differently with respect to the amount of rent that they pay; which factors relating to the exigencies of Service life play a part in the setting of rent levels, what should be included in future, and the resultant financial effect.
- Cost of providing living accommodation to the MoD.* Identifying the net cost to the Department of providing living accommodation; examination of measures which might reduce the costs of that provision; options for re-investment of any resources released.
- Comparison with civilians in similar circumstances.* Examination of rental rates in social housing and on the open market, and the effect of introducing various charging levels on Service Personnel as a proportion of net income, compared with civilians on similar salaries.

Question 136: *The numbers of Single Living Accommodation (SLA) spaces which are single occupancy by condition and the number of spaces which are multiple occupancy, the Committee would like this information by standard for condition*

Details of SLA accommodation numbers and Standard for Condition and Scale for UK and Overseas by Rank and Type are shown in the following table:

	RANK	SFC1	SFC2	SFC3	SFC4	Grand Total
UK	SO	1,323	652	319	557	<b>2,851</b>
	JO	4,424	2,049	2,754	5,547	<b>14,774</b>
	SNCO	5,231	1,953	2,392	6,399	<b>15,975</b>
	OR	28,786	10,541	16,831	41,346	<b>97,504</b>
<b>UK Total</b>		<b>39,764</b>	<b>15,195</b>	<b>22,296</b>	<b>53,849</b>	<b>131,104</b>
Overseas	SO	95	49	74	95	<b>313</b>
	JO	270	385	338	376	<b>1,369</b>
	SNCO	351	135	528	724	<b>1,738</b>
	OR	2,824	946	2,463	9,436	<b>15,669</b>
<b>Overseas Total</b>		<b>3,540</b>	<b>1,515</b>	<b>3,403</b>	<b>10,631</b>	<b>19,089</b>
<b>Grand Total</b>		<b>43,304</b>	<b>16,710</b>	<b>25,699</b>	<b>64,480</b>	<b>150,193</b>

Within these totals, there are 9,089 multi occupancy rooms (5,948 in the UK and 3,141 overseas). It is not possible to identify from the data held the precise number of bed-spaces these multi occupancy rooms represent, nor their Standard for Condition and Scale.

This shortfall in management information will be addressed as part of the current SLA Review. Of the 43,304 SLA at Standard 1 for Condition and Scale, 36,584 (33,413 in UK and 3,171 overseas) have en-suite facilities.

Questions 142–143, 146: *An estimate of the length of time it will take to get all Single Living Accommodation up to standards 1 and 2 for condition—it would be good to understand the assumptions underpinning the calculation*

The Department is currently unable to confirm when it will be in a position to answer this question: there are a number of strategic decisions which need to be made around future basing, NEM and that in the current financial situation upgrading all SLA to standard 1 and 2 is unaffordable.

The MoD owns some 150,000 bed-spaces of which 131,000 are in the UK and 19,000 are overseas (some 70% in Germany). At the moment, some 40% of SLA are at Standard 1 and 2 (29%) and (11%) respectively for Condition and Scale. With planned modernisations, it is anticipated this will increase to some 45% by March 2013 when the 3-year upgrade pause will commence although some projects delivering SLA will continue (eg Project Allenby/Connaught will deliver a further 3,200 bed-spaces by 2014). The latest estimate to upgrade all SLA to at least Standard 2 for condition is in the range of £3 billion, which is unaffordable. The Department is endeavouring to bridge this gap firstly by managing its stock more efficiently and releasing surplus accommodation and minimising the cost of the upgrades.

The most recent annual world wide audit of SLA (to quantify holdings and future requirements) indicated there was a 65% utilisation rate against current holdings and 70% against the stated future requirement.<sup>8</sup> This

<sup>8</sup> The SLA utilisation figure above does not give a totally accurate reflection of the actual SLA usage rate. Information is only collected for Service personnel using SLA as their permanent residence. The figure, therefore, excludes Civil Servants, contractors, civilians and non-permanent-residential Service personnel. Additionally, the figure used is a snapshot and currently no detailed analysis has been carried out to check for trends and variations with the figure.

represents a management margin of around 30%, indicating a significant over supply. This skews the condition data and underplays the significant improvements delivered (since 2003 over 47,000 new or improved SLA bedspaces have been delivered). Whilst some vacant stock is being retained pending the announcement of the future basing plans, the Department is seeking to identify and dispose of surplus accommodation. Within the DIO Transformation Programme, a central database for SLA is being developed to enable the Department to manage its stock more efficiently and target investment more accurately.

The Department is reviewing the factors which drive the cost of upgrading SLA in order to develop a more cost-effective approach for future SLA projects. This work will take into account the following factors:

- whether Single Room En-Suite (modern SLA Z Type) should remain the target for all SLA upgrade projects or a mix of Z Type and Multi-Occupancy Rooms (SLA Y Type) should be provided, as appropriate;
- the provision of communal facilities;
- specification of security and safety measures;
- economies of scale by planning upgrades on a “whole site” rather than “worst first” approach; and
- the balance of funding that should be apportioned to major upgrades (eg Project SLAM) and minor improvements (Service Personnel First).

*Question 147: Details of the other non-estate options considered alongside the three year “pause” in the upgrade programme for Service Families Accommodation and Single Living Accommodation*

When the Department carries out its annual budget-setting process, known as the Planning Round, every aspect of departmental expenditure is analysed and needs to be justified on both value-for-money and priority grounds. When the Department makes a decision to “pause” funding or in other cases to cut funding for a project, there is not a run-off against other items of expenditure, but rather the decision is made within the context of all departmental spending.

*Question 162: (The Committee would like to have) details of the current plan to communicate the results of the Future Accommodation Project and the New Employment Model to Service personnel*

A cascade brief providing an update on the New Employment Model (NEM) programme, including work undertaken by the Future Accommodation Project was issued to all Service personnel on 20 February 2012.<sup>9</sup>

Evaluation of NEM work started with a number of focus groups to test some ideas about the future model with a broad range of Service personnel and their families. These took place between 20 February and 2 March 2012 and will help shape the final report. A framework of options will continue to be developed until June 2012, in preparation for a Defence Board decision in September 2012. An update will be communicated to all Service personnel in October 2012.

March 2012

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**Letter from The Rt Hon Andrew Robathan MP, Minister for Defence Personnel, Welfare and Veterans, to the Chair**

Thank you for your letter dated 30 January 2012 concerning recent newspaper reports about conditions at Hounslow Barracks.

I can assure you that the Ministry of Defence is committed to ensuring that its Service Personnel are occupied in properties that are of a good condition and maintained to the highest standards.

The majority of Service Personnel at Hounslow Barracks live in newly refurbished en-suite accommodation, in which there has been a considerable amount of investment. The remaining Service Personnel referred to in the recent reports are currently living in temporary accommodation and will be accommodated in new en suite Single Living Accommodation in a fully refurbished accommodation block. This is due to be completed in Autumn 2012.

In addition, the department will shortly also complete the refurbishment of 117 Service Family Accommodation properties, ensuring they are now fully in line with modern housing standards and environmental needs. They will provide the levels of comfort and safety that Service families expect. Improvements have included new kitchens and bathrooms, new curtains, carpets and flooring; redecoration and rewiring.

I trust this response makes the department’s position clear and reassures you of our commitment to provide our personnel with the highest possible living conditions.

14 February 2012

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<sup>9</sup> Not printed

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## Written evidence received from the Royal British Legion

### SUMMARY

- Whilst there have been some improvements in the standard of Armed Forces accommodation over the last five years, the situation in many regards is still dire. Without continued investment and clear planning, it is likely accommodation will remain the number one cause of concern for Armed Forces personnel and their families.
- As part of this submission, we make a number of recommendations. We urge the Committee to consider these recommendations and, where appropriate, to put them to the Ministry of Defence.
- The Legion would be happy to provide any further information, as requested, and would like to reiterate our thanks to the Defence Select Committee for carrying out this important inquiry.

### 1. *The condition of the accommodation provided to families and single personnel*

#### Service Family Accommodation

(i) The 2011 Armed Forces Covenant Interim Report (AFCIR) states that 96% of Service Family Accommodation (SFA) homes are in the top two of the four condition standards. Although this is an improvement on five years ago, 55% of these are in Standard 2 and 45% are in Standard 1.<sup>10</sup> The MoD considers Standard 2 properties to be of “a good standard”. However, these homes often require a modernised bathroom, kitchen or heating system. Moreover, we are concerned that the recently announced three year pause to the major upgrade programme may indicate that the MoD is dropping its commitment to bring all SFA up to the highest level and will instead consider Standard 2 as a satisfactory condition. This is simply not acceptable.

(ii) The MoD claimed in March 2011 that approximately 1,500 units remained at the lowest category of Standard 3 or 4. Whilst published data makes it hard to be specific, upgrades since this date may mean that about 1,000 family homes still remain in dire need of upgrade. Properties rated at this condition standard often require major refurbishment, typically requiring a new kitchen, bathroom, heating system and often a new roof and windows.

(iii) It was announced in March 2011 that Standard 4 homes were no longer allocated. With perhaps 1,000 Standard 3 homes remaining occupied, and with the extra demand created by returning personnel and their families from Germany, we look for an assurance from the MoD that it will ensure that no families live in these properties after March 2013, in line with its Defence Accommodation Management System (DAMS) target.

#### Single Living Accommodation

(iv) Overall, the Single Living Accommodation (SLA) estate is in a worse condition than SFA. Due to historical factors the task of modernising SLA is more demanding than doing so for SFA.

(v) Nevertheless, we continue to have grave concerns. The MoD state that 40% of SLA is in “good condition”.<sup>11</sup> The most recent figures for the whole SLA estate, that the Legion is aware of, are from October 2009. At this point 25% of SLA within the UK was considered to be at condition grade 1, 14% at grade 2, 16% at grade 3. However, shockingly 45%, or 60,000 units, were graded at the lowest level of condition, level 4.<sup>12</sup> Notwithstanding the 8,700 new or modernised bed spaces which are due to be completed by March 2013, it appears from the 40% figure provided in AFCIR that the proportions in each have not changed significantly since the Defence Select Committee’s 2007 inquiry. Despite the upgrade programme many thousands of trained and untrained personnel are still occupying outdated and very poor standard accommodation. This is simply not acceptable.

(vi) As with SFA, we are concerned that the SLA estate may come under strain from the repatriation of personnel from Germany and other factors resulting from the SDSR. Indeed some Navy personnel have been required to share rooms in Plymouth and Portsmouth following the disposal of ships. If the MoD envisages such events occurring again, we suggest consideration of a “living off barracks” allowance to deal with short and medium term pressures on SLA.

### RECOMMENDATIONS

- Seek an assurance from the MoD that it will ensure that no service families live in Standard 3 or 4 properties after March 2013, in line with its DAMS target.
- Seek an assurance from the MoD that it will ensure that SLA at the lowest level is upgraded as a matter of priority after the three-year upgrade plan and that during the freeze period, any efficiency savings identified within the MoD (per page 15 of the Coalition Agreement) are invested in raising the quality of the lowest condition housing stock.
- Ask the MoD to consider a “living off barracks” allowance to deal with short and medium term pressures on SLA.

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<sup>10</sup> Andrew Robathan, Minister for Defence Personnel, Welfare and Veterans, Hansard, Column 618W, 26 July 2010

<sup>11</sup> Armed Forces Covenant Interim Report, MOD, 2011

<sup>12</sup> Figures from October 2009 but announced to Parliament in January 2010. Kevan Jones, Under Secretary of State and Veterans Minister, MOD, Hansard, Column 794W, 27 January 2010.

## 2. *The upgrade programme for both service families accommodation and single living accommodation*

(i) As outlined above, the upgrade programme for both SLA and SFA is set out in DAMS. We welcomed the publication of the MoD's aims, targets and plans for upgrading its accommodation and in particular the short term plans for the worst accommodation to be addressed by 2012 and 2013.

(ii) However, we felt that the longer term plans for much of the estate were too slow, leaving many thousands of Service personnel and their families living in substandard accommodation for years to come. Accommodation would not reach the highest standard until 2020. Even by this date a substantial proportion of SLA would still not be upgraded and there appeared to be no plans to address this.

(iii) In light of the very disappointing three-year upgrade freeze, we urge the Committee to examine whether the previous administration's promise to reinvest the entirety of the almost £1 billion raised from the sale of Chelsea Barracks—including the final payment of £159 million—in the upgrade of Armed Forces accommodation has been or is to be fulfilled. The Legion has previously tried and failed to assess whether this promise amounted to additional expenditure or simply a funding stream for existing commitments.

### Service Family Accommodation

(iv) We note the MoD appears to be delivering on their short-term promises regarding the worst standard SFA. However, the important next step—upgrading the substantial number, perhaps 25,000, of SFA properties in Standard 2 to Standard 1 by 2020—will be an enormous undertaking. We are concerned that the three-year pause to the major upgrade programme will make this unachievable. Moreover, although the Asset Replacement Programme, which provides improvements like kitchens and bathrooms, will continue throughout the freeze period, it is unclear whether it can deliver the necessary scale of improvements.

(v) Overall, we are disappointed that any momentum built up in meeting the short-term aims will be lost due to the three year pause in major upgrade work. Whilst we understand further outcomes of the SDSR, such as redundancies and relocation from Germany and the New Employment Model (NEM), will cause difficulty for Defence Estate planning, we believe that the Committee should call on the MoD to publish an updated DAMS outlining clearly what accommodation they require, where it needs to be located, and how they intend to deliver it to the highest standard. We would also like assurances that the MoD is not abandoning their intention of bringing all SFA up to Standard 1.

### Single Living Accommodation

(vi) Hopefully, the recent, and soon to be delivered, upgrades may enable the target of 50% of trained personnel occupying Grade 1 Scale SLA by March 2013 to be achieved.

(vii) The next SLA target is for 70% of trained personnel to be in Grade 1 SLA and the remainder in Grade 2 by 2020. At the same point it is intended for all accommodation for initial trainees to be in the appropriate scale (X or Y) and most at Grade 1. However, some transit accommodation, the lowest priority, is still likely to be at the lowest grade even by 2020.

(viii) As outlined above, we were disappointed that even by 2020 only 70% of the trained strength would be occupying Grade 1 accommodation with no outline plans for upgrading the remaining 30% in Grade 2. Whilst we would ideally like to see plans to upgrade all accommodation to the highest standard, we support the prioritisation of home base accommodation for trained personnel. The continued provision of shared accommodation (scale X and Y) to trainees is understandable and we supported the Department's intentions to ensure the majority of this would be at Grade 1.

(ix) The announced pause in major works means that 3,000–4,000 planned upgrades between 2013 and 2016 will not be delivered. It appears that unless significant extra funding is allocated post 2016, even the 70% target will not be reached. It may even be the case that by 2020 many trained personnel will not only be residing in Standard 2 accommodation but thousands may still be using Standard 3 or 4 units. This is a cause for grave concern.

### RECOMMENDATIONS

- That the MoD be requested to publish an updated DAMS as soon as possible, outlining clearly what accommodation they require, where it needs to be located, and how they intend to deliver it to the highest standard.
- Call for an assurance from the MoD that it is not abandoning its aim to bring all SFA up to Standard 1.
- Seek an assurance from the MoD that the DAMS targets for 2020 will be met.
- Call on the MoD to provide full disclosure of exactly how the proceeds from the sale of Chelsea Barracks were spent, and whether that money invested in Armed Forces accommodation was invested as new money, or allocated to previous commitments.

### 3. *How Armed Forces personnel regard their accommodation and related services*

(i) There a number of sources of information on Armed Forces personnel's regard for their accommodation and related services. We have compiled below, in chronological order, a selection of information from these. There has been for some time a significant proportion who report dissatisfaction with both the condition and maintenance of Service accommodation. Some improvement can be seen since 2007, probably as a result of the increased focus on accommodation and investment in both upgrades and maintenance, and some aspects such as value for money and size of accommodation are viewed in a positive light. However, overall Service accommodation remains the number one cause of concern for service families; the vital need to ensure that these concerns are alleviated cannot be overstated.

#### 2007 Armed Forces Continuous Attitude Survey<sup>13</sup>

(ii) The rate of those Tri-Service personnel reporting being dissatisfied or very dissatisfied with their housing was 40%, with 47% satisfied or very satisfied. Whilst some respondents were positive about the value for money of Service accommodation (satisfaction levels of over 50% [except for the Royal Marines]), feedback about the more fundamental matters of maintenance and improvement was extremely disappointing, with dissatisfaction ranging across the Services from 40–55%. The Royal Navy and Royal Marines were asked for their views on the standard of bathrooms: 39% of the former and 44% of the latter were dissatisfied or very dissatisfied.

#### 2008 National Audit Office Survey Service Families Accommodation

(iii) Overall, 62% were satisfied with their current property, but a significant 24% were dissatisfied. This was lower than the corresponding NAO housing benchmark of 81%. The survey found, unsurprisingly perhaps, a correlation between the standard of home occupied and levels of satisfaction. About half of respondents (52%) thought the condition of their property was good, and 31% thought it was poor. Again, this is lower than the corresponding housing benchmark of 79%. Kitchens and bathrooms were the aspects of accommodation that occupants were the least satisfied with. The amount of living space received the highest positive ratings.

#### 2009 Armed Forces Continuous Attitude Survey<sup>14</sup>

(iv) Across all Services, 36% of respondents reported dissatisfaction. Across both SFA and SLA, 49% said that they were satisfied with their accommodation. Specifically, the feedback for SFA was better, with 50% satisfied. However, only 45% reported the same for SLA.

#### 2010 Army Families Federation—Families Concerns October—December

(v) The Army Families Federation (AFF) published details of the issues or problems families seek their assistance with. In this period 36% of all contact with the AFF concerned housing. Since January 2007 housing has, bar one quarter, been the number one cause of concern for Service personnel and their families. The main housing concern, at 51%, was repairs and maintenance.

#### 2011 Armed Forces Continuous Attitude Survey<sup>15</sup>

(vi) In 2011, 55% of personnel reported being satisfied with their accommodation, an improvement on 2007's 47%. Whilst nearly a third are still unhappy, this indicates that the improvement programmes of the last few years are starting to have an impact. In addition the level of dissatisfaction with maintenance fell to 35% across the Services. As might be expected when general satisfaction rates increase, the satisfaction at the value for money rose from the 2007 level of just over 50% to 65% across all three Services.

(vii) Whilst there have been improvements, housing remains the number one cause of concern to Service personnel and their families. Without continued investment in upgrades, which is essential to provide all Service personnel and their families with the good quality housing they deserve, satisfaction levels will not reach the levels we, and even the MoD in their own benchmarking, believe should be attained.

### RECOMMENDATION

- Ensure that the accommodation upgrade programme is accelerated after the 2013–16 freeze, to ensure that accommodation is no longer the number one cause of concern for Armed Forces personnel and their families.

### 4. *Whether the MoD has sufficient accommodation of the right size and quality in the right place*

(i) It is not possible for the Legion to answer this fully in light of a number of factors including estate rationalisation, the early return of personnel from Germany and the structural changes and loss in manpower

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<sup>13</sup> Published in 2008 data collected in 2007

<sup>14</sup> Published in 2010 but data collected in 2009

<sup>15</sup> Published in 2011 but data collected in 2010

detailed in the SDSR. As we have outlined above, we feel it is important that the MoD published as soon as possible an updated DAMS outlining its renewed and revised accommodation requirements and upgrade plans.

(ii) The Future Accommodation Project (FAP), part of the New Employment Model, is exploring options for the future provision of accommodation. A reduction in reliance on, and entitlement to, MoD accommodation is one possibility being examined. If this approach is to be taken it will be vital that a wide range of alternatives are considered and where necessary adequately funded. Professor Hew Strachan outlined a number of potential ideas in his 2010 Task Force report on the Military Covenant.<sup>16</sup> It is vital that the MoD fully considers and consults on the realistic availability of suitable levels of accommodation in individual locations and the impact of significant numbers of Armed Forces members entering the private housing market.

#### RECOMMENDATIONS

- Ensure that the MoD's renewed and revised accommodation requirements and upgrade plans are included in an updated DAMS.
- Ensure that the MoD fully considers and demonstrates its thinking on the FAP and the availability of accommodation in specific locations available to Armed Forces personnel.

#### 5. *How the MoD is managing the housing estate and single living accommodation, including planning, allocation, the upgrade programme, repair and maintenance arrangements*

(i) The agreement with Annington Homes remains a concern to us. Public funds are used to maintain and repair properties, the proceeds from which, when sold, pass to a private company. This is surely a poor use of available public funding in both the short and long term. Renegotiation of this agreement is due in 2021. We believe the MoD should explore the potential for a renegotiation of the terms of this contract ahead of this date, with the possibility of moving away from the provision of accommodation in the way currently provided by the contract with Annington Homes.

(ii) The allocations system for SFA has caused much discontent. The Legion hopes the new system to be introduced this year will improve the experience of Armed Forces personnel and their families. Furthermore, in relation to maintenance and repairs, we hope the Customer Access Point pilot will prove successful and, if so, will be replicated across the estate.

#### RECOMMENDATIONS

- Examine the possibility of renegotiating the arrangement with Annington Homes before 2021.
- Extend the Customer Access Point pilot across the estate if it is judged to have been a success.

#### 6. *To what extent and how the MoD is promoting home ownership and how it supports those leaving the Armed Forces in finding future accommodation*

(i) As the Committee will be aware, the MoD is exploring, as part of the NEM, future options for the provision of accommodation. It appears that a reduced reliance on Service accommodation is one of the options under consideration. This could potentially provide savings to the MoD whilst at the same time, through increased home ownership, ease the transition from Service to civilian life. It is anticipated that reduced levels of mobility in Service life may make this achievable.

(ii) The Legion supports any opportunity, such as an allowance for private rent or mortgages, which provides personnel with additional choice and access to homes that best suit their needs. We also appreciate the benefits stability can bring, such as in relation to education and spouse employment. However, we believe that it is critical that such change is only implemented if it is realistic and fully considered. We are concerned that, in looking for savings, the MoD may be tempted to overestimate the practicality of such a policy change. We are concerned that, in reality, mobility may not be reduced enough and that personnel may be unwilling or unable to purchase a home local to a base and thus be subjected to significant weekly commuting.

(iii) The MoD should also consider whether the housing markets in locations where personnel are to be based provide sufficient housing for the increased demands which would be placed upon them.

(iv) Reduced mobility may not necessarily translate into an increased appetite for home ownership or living away from the base. Approximately 40% of non-home owning personnel provide their reasons for not buying a home as: "I don't want to buy a home where I am currently located" and "Living in SLA/SFA is better suited to my/my family's needs at present".<sup>17</sup>

(v) AFCAS 2011 found nearly 50% of the one third of personnel reported to be homeowners reside in SLA during the week.<sup>18</sup> The AFF surveyed families for FAP and found that: "The message from families and Service personnel (some of whom are not yet in SFA) is clear, the majority want to live with their family and not be subjected to weekly commuting". AFF found that 71% of families would consider leaving the Army if

<sup>16</sup> Report of the Task Force on the Military Covenant, September 2010.

<sup>17</sup> Armed Forces Continuous Attitude Survey, MOD, 2011

<sup>18</sup> Armed Forces Continuous Attitude Survey, MOD, 2011

SFA were no longer available.<sup>19</sup> We accept that such attitudes can and may well change if mobility of Army life does indeed reduce and suitable alternative provision is provided. However, the MoD must not rush into a significant policy change without full consideration.

(vi) With regards to encouraging home ownership, a number of schemes are available to Service personnel and those who have recently left Service. In addition, the Government has been working with lenders and credit reference agencies to address the problems personnel can have with accessing mortgages.

(vii) The schemes available to the Armed Forces now include the MoD's own new scheme, Armed Forces Home Ownership Scheme (AFHOS). This is popular but, due to limited funding, assisted only 93 people to purchase a home between April 2010 and July 2011. The Long Service Advance of Pay (LSAP) is a loan of up to £8,500 to assist with a deposit. This is helpful but has not kept pace with house price inflation, which lowers the benefit it brings. Additionally Armed Forces personnel are given priority status for Government funded home ownership schemes. This is retained for 12 months after leaving Service. The Homes and Communities Agency are to actively target personnel by visiting bases. We encourage the MoD and other departments to continue promoting home ownership amongst our Armed Forces.

(viii) On the wider issue of access to future accommodation the Joint Service Housing Advice Office (JSHAO) provides specialist housing advice and information to those, primarily, in the resettlement stage. The JSHAO has links with a wide range of organisations including housing associations, local authorities, estate agents and military charities.

(ix) The Legion has raised concern at the lack of provision for Early Service Leavers (ESL). ESLs are more vulnerable to social exclusion, yet have very limited or no access to the MoD's resettlement programme. The MoD is now working in partnership with the Legion and others to develop the Future Horizons Project. This will aim to engage ESLs before they walk out of the gate and link them in with local agencies for employment, education and housing.

(x) The difficulty in accessing social rented housing after discharge is a frustration for many Service Leavers. The mobility of Service can place personnel at a disadvantage when it comes to housing allocation systems. The Legion is very pleased that some local authorities now recognise Service in their allocation policies. The London Borough of Barnet awards a small level of priority for contribution to the community to applicants with a Service history, resulting in automatic entitlement. The City of Edinburgh now backdates waiting priority to the date of enlistment if an application is made within two years of discharge. Neither of these entitlements will place someone at the top of the housing list, but they will in some cases tip the balance. Importantly, these policies are positive recognition of Service and an attempt to address disadvantage.

(xi) The DCLG, in its draft allocation guidance, encourages local authorities to consider the needs of Armed Forces and to consider adopting schemes such as those outlined above.<sup>20</sup> In addition ex-Service personnel with a pressing housing need are to be awarded additional preference. The Legion will certainly be supporting these developments in our submission to the consultation.

#### RECOMMENDATIONS

- Ensure the New Economic Model is fully considered and consulted upon, taking into account specific housing markets and not focussing solely on financial considerations.
- Ensure that personnel who want to purchase a home, or be allocated social housing, are suitably supported.

*February 2012*

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#### Written evidence from Prospect

Since the Defence Infrastructure Organisation (DIO) was formed from Defence Estates in April 2011, their primary task has been to deliver the cuts in staff regardless of outputs. Staff are leaving in their droves as they are either voting with their feet or leaving through the voluntary early release scheme. The business is being carried on the shoulders of the survivors. Whilst the organisation is falling over, they are currently recruiting to naval gaze on future outputs and how to transfer what is left to the private sector.

It is well known that MoD through the flawed Strategic Defence and Security Review would be shedding 25,000 civilian posts and DIO planned to share that burden by reducing its staffing level from 7,000 to 2,000. Therefore what further impact does DIO anticipate as a result of the additional 3,000 job cuts revealed by the Guardian on 30/01/12?

How many staff with critical skills, experience and knowledge is DIO losing as a result of the Voluntary Early Release Scheme (VERS) which ends this financial year and the next round, VERS2? What will be the impact of this on service delivery? In the last quarter up to the end of 2011, it is reported that DIO had 617 leavers, was carrying 1,245 vacancies and had 186 staff without jobs in the MOD redeployment pool.

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<sup>19</sup> Army Families Federation, AFF Housing Brief, 2011

<sup>20</sup> Allocation of accommodation: Guidance for local housing authorities in England—Consultation, Department for Communities and Local Government, 2012.

Prospect members have had their posts disestablished this week under the Accommodation Services Review (ASR) which has cut an organisation that directly supported the Armed Forces. Some of the Accommodation Services duties have been passed to other staff but over 200 posts have been cut without considering the critical staffing needed to undertake the outcomes required. These posts have been in existence since the first Barrack Master General was appointed in 1795 by Royal Warrant. The ASR has failed the Military Covenant and indeed the public purse by ignoring the demand for the issue, refurbishment and storage of hundreds of millions of pounds worth of defence stores. Members report that the cadre has been reduced to an uncoordinated, understaffed, unregulated, partly contractorised and demoralised disaster.

A long serving member says “I feel sorry for the Armed Forces we have so proudly and loyally served as they will receive a lesser standard of service than they deserve and MoD may have to resurrect a similar organisation to meet their unique needs for all units, camps, barracks, buildings and married families stationed in the UK in the very near future.”

Staff are learning of their futures through the media and recently read of the delays to the programme of Next Generation Estate Contracts through the construction press? See the attachment from Building Magazine of 13 January 2012: “MoD puts £5 billion worth of construction work on hold” by Allister Hayman and the Prospect press release in response: <https://www.prospect.org.uk/news/id/2012/00068><sup>21</sup>

In the current financial climate and depressed state of the construction sector, Prospect believes that an acceleration of the programme would be more appropriate and by delaying the process, this will allow the Strategic Business Partner which is to be appointed in April 2013 to have access to the proposed contracts before they are placed. Prospect would also question if the extension of the existing contracts is considered legal in terms of European competition law?

DIO have adopted the NEC3 industry standard form of contract which is written in plain English and very clearly sets out responsibilities for all parties. It is our belief that the MoD legal team are now amending large elements of it, and Prospect feels that this will be in order to pass an unrealistic amount of risk to the contractor. Based on past experience, Prospect believe that this will not be properly managed by the over-stretched and under-resourced DIO thereby destroying any hopes of MoD benefiting from widespread use and experience of NEC3 by other clients in both the public and private sector.

In support of the Next Generation Contract programme which was launched in 2008, how much is DIO spending on consultants providing “implementation support”? It is our belief that this money would be better spent on improving the quality and condition of accommodation for servicemen and women and their families.

Members were saddened to learn of the delay in the letting of the contracts via the construction media rather than via the MoD internal employee relations and communications systems particularly as an email had been sent to all staff as a “Dear Colleague” letter on the same day.

DIO has a staff and skills shortage which is increasingly day by day and the haemorrhaging of specialist staff reduces its intelligent customer capability and damages support to the front-line. Prospect doubts that the DIO will be fit for purpose by the time and will not be able to undertake the £1.5 billion refurbishment of over 49,000 UK military homes as planned which means housing for the Armed Services families will be in a state of disrepair in direct contravention of the military covenant.

*February 2012*

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### **Written evidence from the Defence Police Federation**

#### **SUMMARY**

The Ministry of Defence Police (MDP) is the MoD’s own dedicated civil Police Force of around 3,600 officers responsible for protecting Ministry of Defence MoD assets and the wider general public from security threats by providing general policing. As part of this, almost 100 Defence Community Police Officers support members of the Armed Forces and their families living in service accommodation through its community policing function, contributing to the upkeep of the Armed Forces Covenant. However, this role is under threat from wider reductions to the MDP announced as part of the SDSR.

The MoD needs to recognise that that the quality of Armed Forces accommodation is not just dependent on the physical quality of buildings, but also on the quality of life available in the accommodation, including issues such as anti-social behaviour. Therefore, the reduction in the number of the Defence Community Police Officers threatens to undermine the Armed Forces Covenant.

#### **OVERVIEW**

1. This submission has been prepared by the Defence Police Federation (DPF) and will focus on the role of the Ministry of Defence Police (MDP) in supporting members of the Armed Forces and their families living in service accommodation through its community policing function, contributing to the upkeep of the Armed Forces Covenant.

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<sup>21</sup> Not printed

#### THE MINISTRY OF DEFENCE POLICE

2. The MDP is the MoD's own dedicated civil Police Force of around 3,600 officers—all with constabulary powers—and some 300 civilian staff. It operates in five geographic Divisions, serving nearly 100 MoD establishments and units throughout the United Kingdom and is headquartered in Wethersfield in Essex. It also takes part in a number of overseas commitments, notably in Afghanistan, Georgia and Kosovo. It performs a vital service in protecting Ministry of Defence MoD assets and the wider general public from security threats by providing general policing. It is primarily responsible for delivering police, investigative and guarding services to MoD property and installations, personnel and their families.

3. As such, the MDP provides a unique and specialised national civilian police service, focused on the defence community, providing it with the same service as any of Britain's local police forces, as well as armed and unarmed security at key defence sites, and the protection of Britain's nuclear deterrent and Critical National Infrastructure.

4. The MDP is part of the Ministry of Defence Police and Guarding Agency (MDPGA) and is not to be confused with the Ministry of Defence Guard Service (MGS). Unlike the MGS, the MDP provides defensive armed policing, is authorised to carry arms, including less lethal options, outside the wire and has full constabulary powers within its areas of responsibility.

#### THE KEY FUNCTIONS OF THE MINISTRY OF DEFENCE POLICE

5. The Statement of Requirement relating to the MDP identifies a number of key outputs:

- armed guarding and counter terrorist activities;
- protection of defence personnel and property and uniformed general policing;
- criminal investigations and fraud;
- international policing and training;
- the largest number of specialist search dogs of all UK police forces;
- protection of the UK's nuclear assets, both at bases and in road conveys; and
- special capabilities, such as the largest marine support unit of any of the police forces in the UK.

#### THE ARMED FORCES COVENANT: SUPPORTING SERVICE FAMILIES

6. Good quality community policing, provided by Defence Community Police Officers (DCPOs) plays a vital role in ensuring the safety and comfort not only of the Armed Forces but also their families, allowing them to concentrate on their jobs while away on duty.

7. The Armed Forces Covenant document published by the Government in 2011 recognises the importance of good quality accommodation, but mainly defines this in terms of choice, home ownership, and affordability. It also mentions that service personnel should have priority status in applying for Government-sponsored affordable housing schemes.

8. However, good quality accommodation is about quality of life as well as the building which families live in. The MDP have a vital role to play in this. As part of their role in defending the security of MoD estates, officers also help deal with other issues such as anti-social behaviour, ensuring a good quality of life for those living in service accommodation, particularly where accommodation is located alongside non-service accommodation.

9. While the MDP is not considered by the MoD to be front line forces, through ensuring the safety and comfort of families back in the UK, its activities allow the Armed Forces to function in theatre. For example, domestic unrest and concern about the safety and wellbeing of family members is a major contributor to service personnel being drawn back from theatre. Evidence suggests that the mere presence of the MDP in married quarters and other locations serves to increase the confidence of service personnel as to the safety of their families. In one example, the wife of a soldier serving in Afghanistan ran into problems when her car was clamped. The soldier called the local community police officer, who was able to solve the problem—providing the soldier with reassurances that his family wasn't experiencing difficulties while he was away and helping him to concentrate on his job.

10. The Defence Community Police Officer and Divisional Support Groups, along with the Home Front initiative, serve to support the covenant between the state and the Armed Forces. MDP officers play an important role in helping the UK provide the long term duty of care to its service members. The general policing duties carried out by the MDP serve to bolster the foundation of the covenant. Any reduction or alteration in the role of the MDP will therefore have a direct impact on the covenant.

11. In addition, the role of the MDP in this area is something that has already begun to be undermined in recent years. Colchester Garrison is a clear example of the MDP's important role in this. After its closure, the Garrison police station was replaced by two unit beat officers working in conjunction with the local Home Office force. Although this is an incredibly proactive and capable unit, two officers cannot possibly replace the confidence and the work that was carried out by the Garrison Ministry of Defence Police station. Since 1997,

the number of serving MDP officers in Colchester has been reduced from 30 to three. With the best will in the world, it is not possible for the local Home Office police force to make up for this difference and ensure that adequate support to the very specific needs of services families is being offered.

12. In another example of the work of community police officers, an initiative led by MoD Police based at HM Naval Base Clyde saw a reduction in anti-social behaviour from local young people by around 80% in a year. The work of officers was focused on the naval base's Churchill Estate in Helensburgh which is home to about 1,000 military and civilian families. The work involved officers teaming up with the NHS and other agencies to hand out useful information at "Blue Light Discos".

13. Since the beginning of the initiative in 2007, MDP officers have seen an annual fall in anti-social behaviour, with a 55.5% decrease in 2008, a 48.1% decrease in 2009, and an 86.6% fall in 2010. The work also reduced the cost of vandalism on the estate by £58,000 a year. This kind of work is seriously at risk from the scale of cuts to the MDP budget.

14. The reductions likely to result from the SDSR will therefore reduce the MDP's ability to provide a service which supports service members and their families, undermining the commitments contained in the Armed Forces Covenant to ensure that they have access to quality accommodation and a good quality of life. The next section explains further information about the reasoning behind these cuts.

#### STRATEGIC DEFENCE AND SECURITY REVIEW (SDSR)

15. In May 2010, the MoD started a review of the current services and capabilities provided by the Department with the objective of identifying and clarifying its future needs of these services. The SDSR, which was published in October 2010, identified new non-front line savings of at least £4.3 billion over the spending review period. Overall, this is likely to represent a 25% reduction in non-front line organisations such as headquarters, support roles and organisations including Defence Equipment and Support and the MDP. The MoD claims this could save at least £2 billion per year by 2014–15.

16. As part of this programme of spending reductions, the Ministry of Defence considered a number of options to achieve efficiencies within the MDP. Throughout the consultation period, the DPF expressed concerns about the options being considered and the reasoning behind them.

17. Our concern was that, by looking to make substantial reductions in the MDP budget without properly considering the impact on security, and by making their assessment on an extremely limited cost-per-officer basis, the MoD is failing to learn lessons from past efficiency drives. While our members are conscious that efficiencies can no doubt be found within the MDP, we were keen to ensure that any decisions taken by the MoD were based on long term value for money considerations rather than short term savings, and including proper consideration of the national security implications.

18. However, in December 2011, following the end of the consultation period, the Defence Police Federation received notice that the MoD had decided to sign off on options for the MDP which will entail up to a 50% cut to the MDP budget. This will potentially lead to a reduction in the number of MDP officers by 1500, as well as the loss of or significant reductions to our fraud investigation and public order policing role. This not only potentially puts national security at risk, but also means a significant reduction in other valuable functions.

19. Community Police Officers are likely to face significant cuts as part of this reduction. While the focus on ensuring the quality of service accommodation in the Armed Forces Covenant is welcome, the fact that neither the Covenant nor any of the associated documents mention the role of community policing, means that the community policing aspect is under serious threat.

20. As a result of these cuts, the number of community police officers is likely to be reduced from just under 100 to 37. The eventual aim is to completely remove this function by 2015, depriving the defence community of an important service which helps to ensure the safety and comfort of service personnel and their families.

#### VALUE FOR MONEY CONSIDERATIONS

21. The DPF has serious concerns about the value for money implications of the planned cuts. Some of the areas singled out for cuts, such as the CID, actually bring in more money than they cost, in their detection, prevention of crime and the recovery of assets through use of the Proceeds of Crime Act, due to their expertise in investigating areas such as high-value procurement fraud, leading to questions about why they are facing such reductions. The MDP is the only part of the Department capable of such action due to its Constabulary authority.

22. Decisions have been based on a one-to-one cost assessment, in which a police officer costs more per annum than either a guard or private provider—but this does not account for the greater levels of training required of MDP officers, meaning they are able to perform a greater range of roles with less personnel than the alternatives. Such alternatives would also not be able to replicate the role of the community police officers.

23. Particularly in light of the ongoing terrorism threat, this means that over the long-term the MoD could put itself in the position of needing greater personnel among guards and private providers (at significantly greater cost) than if the MDP is for most part retained at its current size.

#### CONCERNS ABOUT IMPLEMENTATION

24. Now that the headline figures have been agreed, the MoD will carry out a site by site consultation to determine where specific cuts will be made. We have further concerns about this process. Such a consultation ought to be carried out in a holistic way, with a chance for the MoD to step back and consider the overall impact of the cuts on the national security picture and make changes are necessary. However, our concern is that cuts will be implemented in a piecemeal way, with no consideration of the overall effect. We are currently seeking reassurances from the MoD that this will not be the case.

#### CONCLUSIONS AND RECOMMENDATIONS

25. Defence Community Police Officers play a vital role in upholding the Armed Forces Covenant by increasing the support available to service members and their families living in MoD accommodation, including service members serving overseas.

26. Recognition is needed that the quality of Armed Forces accommodation is not just dependent on the physical quality of buildings, but also on the quality of life available in the accommodation. In particular, this includes a requirement to deal with issues such as anti-social behaviour.

27. The good work of the MDP in this area is threatened by the significant cuts proposed to the budget, which will include a significant number of DCPOs.

28. As well as their work in policing accommodation, the MDP as a whole supports the work of the Armed Forces and the Armed Forces covenant by providing effective security to a range of MOD sites—a role which is again threatened by these budget cuts.

#### ABOUT THE DEFENCE POLICE FEDERATION

29. The DPF is the staff association of the MDP. It was founded in 1971 after the amalgamation of the representative bodies of the police forces for each branch of the Armed Forces, from which the MDP was formed.

*January 2012*

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### **Written evidence from Brookfield Residential Property Services**

#### BROOKFIELD: ABOUT US

Brookfield GRS is part of the operations of Brookfield Residential Property Services (Brookfield RPS), which is a division of Brookfield Asset Management, Inc. (Brookfield). Brookfield (NYSE: BAM, TSX: BAM.A) is a specialist asset management company focused on property, power, and infrastructure assets. Brookfield has approximately \$150 billion in assets under management and 50 years of operational experience in the relocation industry.

Brookfield ensures that Brookfield GRS has the resources needed to support all current and anticipated needs for our clients' programs. Brookfield GRS is the most financially stable relocation company in the world, which allows us to grow with our clients and support their employee mobility needs around the world.

Brookfield GRS has over 700 clients and in 2010 managed over 85,000 relocation initiations. With 27 offices across Europe, Asia, Australia, South America and North America, and 34 on-base locations in Canada and Europe, Brookfield GRS works with corporate and Government clients to improve the return and administration of their employee relocation spending by leveraging specialised expertise, technology and global resources.

Over 35% of our annual volume comes from servicing Government clients in Canada and the USA. Our Government Relocation Program is designed to integrate all the services and activities associated with relocation into a single, seamless, efficient system.

#### BROOKFIELD RESPONSE TO DEFENCE SELECT COMMITTEE INQUIRY: THE ARMED FORCES COVENANT IN ACTION? PART 2: ACCOMMODATION

1. Brookfield GRS welcomes the opportunity to respond to this inquiry. In this submission, we will focus very specifically on the re-allocation process and related services for service personnel and their families when moving between bases both within the United Kingdom, and to British military bases overseas, such as Cyprus and Germany.

2. Brookfield GRS has significant experience of effectively delivering the relocation of military personnel within a restricted budget: since 1999, we have managed the relocation programme for the Canadian Forces (CF), Royal Canadian Mounted Police (RCMP) and public servants on behalf of the Government of Canada.

3. Canada in the early- to mid-1990s faced a similar situation to that of the UK currently, namely the stated need of the Government to close a large budget deficit by making significant savings in Government expenditure and driving innovation and growth in the economy.

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4. As part of this, the Government of Canada sought to make savings in the defence budget through downsizing initiatives through the Force Reduction Program, including the closure of two bases in Germany, and the outsourcing of the relocation function.

5. Prior to the outsourcing of the CF relocation program, the Government of Canada's Department of Defense was experiencing cost overruns and a program that was unfit for purpose.

6. On being awarded the contract for the management and delivery of the relocation function for the CF, Brookfield GRS in partnership with the Government of Canada began a wholesale remodel of the system by consulting with stakeholders including military personnel and their families on what the system should encompass in order to deliver an effective and responsive system.

7. Brookfield GRS developed for the CF a tailored solution that encompassed the needs of the Government of Canada to reduce costs while delivering a new system that met the needs of service personnel and their families.

8. Our technology is designed to provide an extensive private network that controls secure access via remote sites to Brookfield applications. It ensures privacy and confidentiality reflecting government requirements for a secure and confidential network.

9. The streamlined CF system brought together various previous funding streams and systems under one "roof", so simplifying the relocation process for CF personnel, with a focus on transparency as to the allowance options and accommodation options available.

10. Our advisory services for government clients have been tailored to meet the needs of the public sector employee and our experience has shown that professional services are best served with a single point-of-contact, in a one-on-one interaction with each relocating employee.

11. Brookfield GRS has prepared a complete advisory plan along with a set of detailed, completely tested procedures under the program. Advisory services is a structure of service delivery provided through a series of five major steps with a potential 11 other contact points with relocating employees throughout their relocation.

12. Our government program provides relocating employees with enhanced benefits and options, and makes the relocation process more efficient and effective.

13. 100% of Brookfield GRS advisors that work on Canadian Forces moves are on-base and provide personal assistance and guidance through every step of their relocation, including the allocation of housing, house-hunting, expenses, allowances and the co-ordination of their move.

14. In addition over half of the Brookfield GRS CF advisors are military spouses or ex-military personnel.

15. One of the key differences to the current UK system is the advanced and popular home ownership advisory service that Brookfield GRS offers to service personnel. We are aware that home ownership is something the UK Government is keen to expand among service personnel, and as such we are able to facilitate discussions on successful models used in Canada and the USA.

16. Since taking on the management and delivery of the relocation function in 1999, Brookfield GRS has identified and implemented savings of approximately £40 million per year to the Government of Canada. These savings are based on leveraging economies of scale from implementing mass moves, and from audited control over spending. Prior to outsourcing the Integrated Relocation Program (IRP) it took three Canadian Forces Members/civilian employees to do the job that one Brookfield Advisor currently does.

17. Since 1998, on winning the tender, Brookfield GRS has invested over £6 million in technological solutions systems that have delivered efficiencies in the online relocation process.

18. In order to continuously assess the impact of the relocation system on service personnel and their families, Brookfield GRS runs ongoing satisfaction surveys. These are sent to the assignee at the end of each move, the results of which attest to our high success rate in making the relocation process a less stressful and more personal experience.

19. This year alone, Brookfield GRS will administer approximately 15,000 CF relocations as well as another 5,000 relocations for RCMP (Royal Canadian Mounted Police) and Government of Canada public servants and 5,000 US government relocations (non-military).

20. Brookfield GRS has followed developments in the UK Ministry of Defence (MoD) closely, specifically in terms of the New Employment Model (NEM) team and the Future Accommodation Project (FAP), and commend the progress that has been made so far.

21. We have held several meetings with the FAP that have been valuable in helping us to understand the current system, while sharing our Canadian expertise and competencies.

22. Alongside this and in keeping with our ethos, we have worked to engage the Families Federations in order to seek their views as to the current UK system of relocations for service personnel.

23. From the information we have gathered it appears certain that Brookfield GRS, using the Canadian experience, has knowledge and experience that could assist the MoD to design and implement a new relocations system that increases transparency and control for UK service personnel.

24. In addition Brookfield GRS would deliver a system with total cost transparency for the MoD, enabling the effective audit of expenditure.

25. Should the MoD wish to continue to work towards a higher take-up of home-ownership among service personnel, Brookfield GRS could utilise experience to assist in the set-up of appropriate schemes.

26. The relocations process is a core competency for Brookfield GRS, and we are proud of the systems we have developed for the CF, and the satisfaction feedback we receive from users of the system.

27. We sincerely believe that our CF experience is of value to the current reform process within the MoD, and we are committed to continue to share experience with the FAP team.

28. Should Members of the Defence Select Committee require further, more detailed information on the process we undertook to improve the CF relocations system, Brookfield GRS would be very willing to share further documents and information.

*January 2012*

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