



Defence Committee

Oral evidence: Service accommodation, HC 55

Monday 27 November 2023

Ordered by the House of Commons to be published on 27 November 2023.

[Watch the meeting](#)

Members present: Robert Courts (Chair); Sarah Atherton; Mrs Emma Lewell-Buck; John Spellar.

Questions 58-182

Witnesses

I: Claire Kober OBE, Managing Director, Homes, Pinnacle Group; Craig McGilvray, Managing Director for Complex Facilities, Amey; Jerry Moloney, Managing Director, VIVO Defence Services.

Written evidence from witnesses:

- [Pinnacle Group \[SAC0013\]](#)
- [Amey \[SAC0015\]](#)
- [VIVO Defence Services \[SAC0008\]](#)



Examination of witnesses

Witnesses: Claire Kober OBE, Craig McGilvray and Jerry Moloney.

Q58 **Chair:** Welcome to the House of Commons Defence Select Committee's latest evidence session on service accommodation. I am grateful to our three witnesses for coming along to give evidence today. We have Claire Kober, the managing director for homes at Pinnacle Group, Craig McGilvray, the managing director for complex facilities at Amey, and Jerry Moloney, the managing director at VIVO Defence Services. I am very grateful to all of you for your time and for coming along today.

We will get into the essence and the substance of some of the matters in just a moment, but could we just start off by all of you explaining briefly what it is that you deliver under the FDIS contracts?

Claire Kober: Thank you for having us here today. Pinnacle is a housing management specialist and, for 30 years, we have worked in partnership with local authorities, housing associations and the wider public sector, as well as institutional investors and developers. Your inquiry is obviously looking at service accommodation in the round, but the first thing to say is that our interest in this contract is concerned solely with service family accommodation.

We provide the National Accommodation Management Service, which means that we are, effectively, the first point of contact for customers. Our contract comprises two main areas of activity. The first is that we operate the national service centre, which is in Speke, in Liverpool. That acts as the principal point of contact for service families. It comprises a repairs help desk, which deals with logging maintenance requests; home services, which deals with allocation of properties; and a complaints and compensation function, which administers complaints and compensation requests on behalf of all suppliers as well as the Defence Infrastructure Organisation. That is the first area of activity.

The second is what I would describe as a regional field force of housing officers, which operate across all four regions of the country. From a customer perspective, these regional teams manage the move-in and move-out process, removals and furniture provision, and in-occupancy visits and requests. Across the contract, about 460 staff are working for Pinnacle and our subcontractors, the main one being Pickfords for the provision of removals, and we employ about 365 of those people directly.

Craig McGilvray: Thank you for giving us the opportunity to provide evidence to your Committee. Amey has been providing services to the military for approximately 100 years. We deliver this not only through the construction and maintenance works that we do, but also through the way that we recruit and the social impact that we bring. In this particular engagement, our activities are primarily maintenance activities. There are some that are planned and programmed, which will be statutory and mandatory maintenance of the houses. There is also reactive



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maintenance, where something has happened and the householder is looking for it to be repaired, which is not on a forward programme, and we support the work in preparation for the family to move into the property. We also do upgrade works to the properties between the move-out of one family and the move-in of another.

Q59 **Chair:** If I were to summarise that, you hold the contract to carry out repairs and maintenance in the northern and central regions. Would that be correct?

Craig McGilvray: Exactly, yes.

Jerry Moloney: Thank you for the opportunity to provide evidence today. It is very much the same as Amey, VIVO is a joint venture specifically formed to deliver services to defence only. We do not operate in any other markets. In addition to what Craig said, it is a repairs and maintenance contract. We have some elements of project works, which are not contracted, but, where funding and investment are available to make improvements to the estate, we undertake that work to deliver those improvements as well.

Q60 **Chair:** If I were to summarise in the same way, you have the same part of the contract but for the south-east and south-west. Would that be accurate?

Jerry Moloney: That is correct.

Q61 **Chair:** Thank you. Now that we have that clear, let us go on to some of the matters that I and my colleagues want to cover today. To put things straightforwardly, the tri-service families continuous attitude survey results paint a pretty bleak picture: 74% are dissatisfied with the response for requests for maintenance and work, compared to 55% last year; 65% are dissatisfied with the quality of maintenance and repair work, compared to 54% last year; 39% are dissatisfied with the overall standard of SFA and SSFA.

We can be pretty clear that this failure to deliver a decent standard of accommodation with prompt and effective repairs is a shambles that is letting down our servicemen, women and their families. It regularly tops the complaints for the families federations, and it is abundantly clear that it is now affecting morale, recruitment and retention. Why do each of you feel that our servicemen, women and families have been let down so badly?

Claire Kober: I want to start by acknowledging some of the challenges that these contracts have faced in the early months, and by saying that we have worked very hard to put things right in order to improve standards of performance and to ensure that service personnel and their families get the service that they deserve.

Looking at the challenge that you crystallise in terms of the continuous attitude surveys, I would say that it falls into three issues that I would



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pick up: first, some of the challenges around the change in contractual structure; secondly, challenges around the mobilisation period, by which I mean the period up to 1 April 2022; thirdly, the challenges that we encountered in the early months of the contract. I would like to just touch on each of those areas briefly, if that is okay.

In terms of the contractual configuration, the previous contract—National Housing Prime—had gone from one provider and moved into FDIS accommodation with three providers. That inevitably increased the contractual complexity and was further complicated by the fact that this is not a traditional prime plus supply chain arrangement that you might expect to see.

There is no contractual interface between the three suppliers here. We rely on collaboration, the only common party being the Defence Infrastructure Organisation, which has necessitated it taking more of a leadership role and taking decisions when contractors had different approaches, for example, at bid stage. There are definitely strengths in this approach, but, during that mobilisation phase, working through the differences took time and was challenging.

If I move on to mobilisation, these are, as I have alluded to, complex contracts and we mobilised them within a very short timescale of eight months. With the benefit of hindsight, that was very, and perhaps too, ambitious. If I look towards our own performance as contractors during mobilisation, we perhaps focused too heavily on some of the IT aspects of the programme and not enough on the underlying business processes. A huge amount of time went into ensuring that the four IT systems were connected, and a personal reflection would be that insufficient time went into having consistent business processes between our organisations. If you put that another way, you cannot systematise processes if there is ambiguity in what those processes are.

In terms of the early months of the contract, which is the final area that I wanted to touch on, the issue there was that demand exceeded levels that were in the data room at bid stage. Put simply, we were receiving many more calls than we expected to in the early days. It was not just that, but that those calls coming into our national service centre were taking longer than what we would call the average handling time, and that there were many more repeat calls than would be expected.

Demand is seasonal and, as we moved into autumn and winter, the situation became more challenging. Perhaps I could just bring that to life by giving you some stats from last December. In terms of bid stage data, we were told that we could expect to receive perhaps 34,200 calls in December. We received 52,900. Bid room data would suggest that average handling time would be around 250 seconds per call, but it was 506 seconds. Call handling times were longer, because customers were chasing outstanding work and raising multiple issues on calls. We had a



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callback or chased call rate of about 50%. Industry norms would suggest that that would be about 15%.

What I would say about our own performance is that we were too slow to respond to that. The way that we responded to it, turned things around and secured contractual improvements by February, which was a significant reduction in call wait times, was to significantly increase the staffing. At go-live, we had just under 29 full-time equivalents on the repairs help desk in the national service centre. By February, when we had upstaffed it, trained those people and got them on to the phones, it was 62.

Q62 **John Spellar:** Of those calls that you received, do you have any idea how many were initial calls raising a problem and how many were repeat calls chasing up on progress?

Claire Kober: Yes, I do. In terms of the second part of your question about chasing progress, I can say that, in broad terms, since contract go-live, about 48% of all calls are chasing previously raised jobs, which can be for a variety of reasons.

Q63 **John Spellar:** In December, as you say, there was a significant uptick in the numbers compared with what had been put in the invitation to tender. The question, though, is whether that is because more people were raising cases or because of failures in the system that meant that more people were having to chase up their previous call to see what was going to happen for their repairs.

Claire Kober: It was a combination of the two. There were more cases and more calls coming in, as well as more chasing, which meant that calls were taking longer, there were more repeat calls, and the abandoned rate was higher.

Q64 **Chair:** Let me just pick up on that. There are two issues there. There are more calls coming in, but it is winter, so it is to be expected that you are going to get more calls over the course of winter when it is cold and wet. How on earth did that catch you by surprise?

Claire Kober: The cold snap happened in that first week in December. By then, call wait times had already started to increase. We were recruiting more staff, but it then takes about three weeks of training before a staff member can do a call. In this industry, there can be quite a high turnover of staff at particular times. There is a lag in terms of recognising that there is an issue, but it was definitely recognised that there was an issue in the autumn. The cold snap hits and demand really goes through the roof, and we are caught in a difficult scenario.

Q65 **Chair:** I understand that you have an issue around hiring people. There is an issue across the economy about having enough people with the right skills. The point is that you knew that winter was coming. You had tendered for this contract. You had fundamentally underestimated the amount of people and resources that you would need, had you not?



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Claire Kober: One of the things that I just said was that we were too slow to respond.

Q66 **Chair:** It is not just about responding once the crisis is happening, but about why you were in such a bad place to deal with the crisis in the first place.

Claire Kober: In the first year of a contract, you would typically be relying on the data that is in a data room, because you have not experienced it before. I fully accept the point that you are making, but, when you are going through it for the first time, what you have to go on is the data that you relied on at bid stage.

Q67 **Chair:** Do you accept my point that you fundamentally underestimated the scale of the task that you had in front of you?

Claire Kober: I would phrase it slightly differently and say that we fundamentally underestimated the demand on the contact centre that we would face in the winter, because, if we had understood that, we would have recruited up and had more staff for the beginning of December. In fact, it took us until mid-January to get those staff onstream.

Q68 **Chair:** Let us talk about the other point that Mr Spellar has just raised, which is around these repeat calls. One of these suggestions that is made is that the system operates on the basis of a dropdown menu, which does not fit the reality of what customers are facing. You have someone who is sent out, ostensibly, to deal with one issue, only to find out that it is something completely different and they have to go back again. This is a fundamental misunderstanding of how real life works, is it not?

Claire Kober: I would not recognise that characterisation. What happens is that a caller calls the national service centre. Our call handler takes the call. They run through something called a diagnostic decision tree. They talk through the nature of the problem. Is it a boiler issue?

Chair: That is what I mean, just to be clear. You called it a diagnostic decision tree and I called it a dropdown menu, but we are talking about the same thing.

Claire Kober: Yes. To be clear, Pinnacle administers that tree, but we work with VIVO and Amey on the diagnostic tree, because we need to ensure that the operatives they send out are the correct people. On occasion, we will say that the diagnostic tree is sending out the wrong trade and we will workshop that. That is not something, in all honesty, that I recognise as having been an issue: wrong trades routinely being sent out.

Q69 **Chair:** You clearly have cases where people are having to come back over and over again to get the issue faced. That is clearly the case.

Claire Kober: You are right that there has been a high chased call rate, but that can be for a number of issues. It can be for a missed appointment. It might be that someone is saying, "An engineer came out



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and did the job, but it is not finished. Can you give me a progress update?" It could be someone calling to say, "You have booked an appointment for tomorrow morning. I am just checking that you are coming tomorrow morning" or, "You have booked an appointment for today. I have been told that you are coming this afternoon. Can you give me an update on when the engineer is coming?" That rate that I have given you for chased calls covers a whole range of issues, some of which you might term a service failure or a problem in the system, and others of which are a precautionary call from a customer.

Chair: I can certainly tell you that, from a constituency perspective, it absolutely is the case that people are repeatedly calling and often getting the wrong trades coming out, who are not able to fix the problem. That is something that you may need to look at.

Q70 **Mrs Lewell-Buck:** I am just trying to get this clear. The continuous attitude survey that the Chair referred to was only this year. You have all had your contracts since 2021. Is that right?

Claire Kober: April 2022.

Q71 **Mrs Lewell-Buck:** You have highlighted all the issues and the problems, but it does not seem like anything is changing. The Defence Secretary was with us just last week or the week before, and he was highlighting that there are still unacceptable levels of performance. We have had evidence recently in this inquiry saying that there is still poor customer service, a lack of communication, missed appointments, repeated visits, poor response to maintenance issues, and poor quality of workmanship and materials. What I am trying to drive at is that you know all the problems. They have been problems for a while now. What are you all doing about it?

Chair: Claire, can I have that answer first? I wanted to pick up on some of the points that you gave in your opening statement, and I will come to Craig and Jerry in due course.

Claire Kober: We have focused on improving call response times, and I have covered some of the work that has been undertaken. In terms of the results that they have generated since February this year, the average speed to answer has reduced and consistently been under 30 seconds each month. I got the data this morning for last week. Even as the weather is getting worse and call volumes increase, call response times continue to be much quicker.

We have overhauled the complaints and compensation system. For the first time, we have introduced cash-based compensation for out-of-pocket expenses, by which I mean hotel stays, and loss of cooking and heating facilities. We have introduced a new compensation system, working with the two RAMS partners, which means that compensation claims have gone from an average claim time of 67 days down to two days. That is performance that has been achieved since August. They would be the key things that I would pick up from a Pinnacle perspective,



thinking particularly around the national service centre and our role there.

Q72 Chair: I will come on to the others in due course to answer that. Can I just pick up some of the points that you have made? I will come back in a second to the wider point about what we are doing to fix it. You told us about how the short timescale under which the contract was implemented was probably too ambitious with hindsight—I think that that is what you said; you will correct me if I am wrong—and that you were probably too heavily focused on IT. You have told us about the decision tree that you go through when a problem is diagnosed, but was this not tested in advance? How did you get to a situation where it was too ambitious and where your decision tree—the system you provide, upon which everything else hangs—was clearly not fit for purpose last winter?

Claire Kober: I do not think that there is an indication that the decision tree was not fit for purpose. There have been some minor tweaks to the decision tree that we make on a workshop basis with the two RAMS providers. As I say, Pinnacle very much administers the decision tree, but they are not our engineers who are sent out. The RAMS providers have an interest in ensuring that the right engineer or operative is sent to the right job.

Q73 Chair: Just to understand that, if the wrong person is sent out, it may not sit with you, but it may sit with one of your colleagues.

Claire Kober: What I am saying is that we take the calls, so we operate the decision tree. It is our call handlers who use it, so we need to ensure that it is efficient and does not take too long for them to run through, but it is the RAMS providers who send out the right operative. They need to ensure that the questions that we are asking enable them to find the right operative. What I am saying to you is that I have not seen any evidence that has shown that there has been any large-scale issue with the decision tree.

I fully accept that there have been individual cases. I see them on social media as much as you, and you obviously receive them through your constituents, but there is nothing that I have seen that would demonstrate that there is a fundamental problem with the decision tree.

Q74 Chair: Let us move on to some of the other points that you have mentioned around the way that the contract was set up. The movement from one to three is absolutely key in this. You mentioned that there is no contractual interface between you. Is that a fundamental flaw in the contract? Has DIO set you up to fail by the fact that there is no contractual interface between you?

Claire Kober: No, I do not believe that it is a fundamental flaw. I started by saying that Pinnacle has worked in housing management for 30 years. Having a split between the housing management service and the maintenance service is something that I have seen across a number of contracts. What is different and less usual here is that, whereas that



often takes the form of a prime plus supply chain, these are three distinct providers and, therefore, we are reliant on collaboration across them. DIO has provided the framework for that collaboration and, while others may have different views, it works well from my perspective.

Q75 Chair: You see the concern that I have there. If, in your view, it is not about a contractual failure, and if the way in which the contract was set up, in that it is dependent on collaboration, is not at fault, is it the fact that you are not talking to each other and not co-operating well enough together?

Claire Kober: My point was that it represented a change and complexity. With change comes a time requirement for those changes to be understood and to bed in. I was simply referring to that in the context of an eight-month mobilisation period.

Q76 Chair: So it all happened too quickly, essentially, for you to get your processes in place.

Claire Kober: One of the ambitions of FDIS accommodation was to invoke a families-first approach. Under the previous contracts, it had been too heavily focused on asset management at the expense of the families living behind the front door. What this contractual structure does is provide the families focus through Pinnacle, with the asset focus through Amey and VIVO, as well as, from a client perspective, spreading the risk among three contractors and driving accountability.

Q77 Chair: You do accept that a family-first approach is going to ring pretty hollow to my constituents and others when they are dealing with multiple waits and visits from people who cannot fix the problem; when issues, be it with damp, mould or general accommodation, simply are not fixed; and when they are constantly being passed from pillar to post by your call centre.

Claire Kober: I fully accept that the service has not been as good as it should be in the early months of operation, but we have worked very hard to make improvements.

Q78 John Spellar: Can I just seek a bit of clarity about what the difference is between this family-based approach and the asset-based approach? Surely, what the families are concerned about is that the house that they are living in is properly dealt with. What is the difference that you are trying to identify?

Claire Kober: In organising these contracts, it was identified by the Defence Infrastructure Organisation that moving to a National Accommodation Management Service, with regional maintenance services sitting alongside them, would put the focus on families and mean that, essentially, rather than thinking first and foremost about repairs and maintenance or compliance, you are thinking about the experience of families. That is why you would have a housing specialist providing that front end of the service.



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Q79 **John Spellar:** I still do not entirely understand. If someone is coming along to fix the boiler, they are coming along to fix the boiler. How is that family approach any different from an asset maintenance approach?

Claire Kober: To give you a different example, when I explained Pinnacle's contract, I said that we run a national service centre and a field force of housing officers. The role of those housing officers is to manage the move-in and out process. Five days before a family moves into a property, they go along to that property, look at the void works that have been undertaken by either VIVO or Amey, and say, "Do those void works meet the move-in standard?" If they do not, VIVO and Amey have more work to do with their subcontractors, and then there is a pass or fail.

There is a distinction in the system between the people undertaking the work on the asset and the people determining whether that work is of sufficient quality. The way in which it was described to me at bidding stage was that, under previous contracts, a single contractor would, basically, mark its own homework.

John Spellar: I understand that now. Thank you.

Q80 **Chair:** Did DIO impose any financial penalties on you?

Claire Kober: There are contractual financial penalties and they have been invoked.

Q81 **Chair:** I am going to turn to Craig now with the same question as a starter, which I asked, and which I will ask of all of you in due course. Given the background that I have alluded to and the clear dissatisfaction, why do you feel our servicemen, women and families have been so badly let down?

Craig McGilvray: I just want to be very clear that Amey has supported the military, veterans and service families for a long time. Five of my senior leadership are veterans, so we are very closely associated with the issues that are live here. We did not deliver the beginning of this contract as well as we should have done. There were a number of issues around that, and our response to that has been to invest in whatever resources and capacity are required to meet the service levels that lie within the contract.

We are currently consistently delivering close to the levels of service that are within our contract. According to the latest reports, every one of the reactive tasks are either meeting or very close to meeting the performance level. We clearly need to rebuild trust. We clearly need to focus entirely on the needs of the occupant of the house, but, like I said, we have increased our manpower by at least 40% or 50% in different areas. There is nothing that has held us back from recovering the service that the families are entitled to under this contract.

Q82 **Chair:** You have increased your manpower, which is good to hear, because you clearly need it, but why were you so under-resourced at the



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beginning? I will put the same question to you that I put to Claire. You knew that you were going to be undertaking this contract.

Craig McGilvray: We plan on a level of efficiency of delivery and, for multiple reasons—partly the additional complexities in the contract—the manpower that we put in place was insufficient, given, for example, not being able to get into houses to do maintenance tasks.

Q83 **Chair:** I am sorry to interrupt you, but not getting into houses is a separate point from you not having the manpower available. I accept that there is a legitimate issue there, but that is a separate point, is it not?

Craig McGilvray: Except that it reduces the efficiency of the individual worker. We clearly needed a lot of the additional investment, because we were not as efficient as we would have planned when we were setting out on the contract. We have tried to introduce technology. We have a product called TechSee, so that, if a boiler fails, we can ask the family—

Q84 **Chair:** It is your AI solution, is it not?

Craig McGilvray: That is right, and 40% of the time those avoid the need to attend the house. We can advise the family what to do without us coming, which is clearly a better solution. For the other ones, our engineers will turn up with a very clear understanding of the problem that we are there to solve.

Q85 **Chair:** You have spoken mostly about the steps that you are taking. That is welcome and I want to talk about that, but I am concerned that, if you start putting in place a cure without an adequate diagnosis, we are simply going to see the same thing over again. What I am not understanding from you is what you feel has gone wrong so far. What is your diagnosis of what has gone wrong?

Craig McGilvray: We simply did not have enough manpower to deliver under the contract as it existed in the field, and we needed to put more in until we meet the levels of delivery.

Q86 **Chair:** So your view is that it is down purely to manpower.

Craig McGilvray: For us, absolutely, yes.

Q87 **Chair:** Were there no IT issues?

Craig McGilvray: The IT creates additional work, but manpower solves that through workarounds.

Chair: We will come back to that in a second.

Q88 **Mrs Lewell-Buck:** As an aside to that, Craig, you are saying that manpower was the issue. What were the numbers that you had at the start of the contract and what are they now? Are they broken down into relevant qualifications like builders, electricians or engineers?

Craig McGilvray: Broadly, we had about 160 Amey direct employees at the start, and we are currently up to about 250, so not quite double. We



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started off with circa 400 contractors and now have about 700. I do not have the individual breakdown by trade with me, but I would be more than happy to supply that, if it was helpful.

Chair: We would be grateful if you could write to us afterwards with those figures.

Mrs Lewell-Buck: Could Jerry do that as well?

Chair: Perhaps I can just make that request to everybody where relevant in terms of trades that are available. Craig, I am sorry for interrupting you. Had you finished?

Craig McGilvray: Yes.

Q89 **Sarah Atherton:** Firstly, apologies for being late and if I say something that you have already mentioned. Craig, when you bid for this contract, you must have known that you did not have the manpower or personnel to fulfil the contract.

Craig McGilvray: We made a number of assumptions about the efficiency that the workforce could deliver on a day-by-day basis and we manned up to that level. Given the way that the contract has been enacted in the field, the reality of it is that those levels of efficiencies have not been achieved and, therefore, the only solution is to put more people to work in a less efficient way. That is something that, like I have said, we have done very willingly, at our cost, to bring the service close to what the service families should be expecting.

Q90 **Sarah Atherton:** When the MOD and DIO looked at the contract and the tendering process, how much scrutiny did you have? You are going to sit pretty. You are not going to highlight any anomalies that you may have in your bid, but how much scrutiny did you have from the MOD?

Craig McGilvray: It does a full tender evaluation. We do not know the specifics of that, because, as a contractor, we do not get to see the way in which it reviews and evaluates, so I am not sure that I can answer the question.

Q91 **Chair:** Would you agree with Claire's view that, in hindsight, the timescale of the contract was too ambitious?

Craig McGilvray: In hindsight, yes. The longer you get to mobilise, the better these things work out. There are standard timeframes that authorities try to work to. I was the previous contractor and I believe that the authority was keen to move away from the old contract into the new one and, therefore, to put into place a much higher level of service for the service families than it felt we were delivering under our old contract. It is a very challenging question to decide what right is.

Q92 **Chair:** Can I put the same point to you that I put to Claire about the contractual interface between the suppliers and whether this is a fundamental flaw of the system? Have you been set up to fail in the absence of such contractual ties? Can you comment on that, please?



Craig McGilvray: It is not unusual in different industries. In my experience of working in the water industry, this alliance type of working is not uncommon. We had a major construction alliance with Anglian Water and Thames Water, and the underlying contractual construct was very similar. The reality is that the behaviours that are then required to make it work take time to develop. I know that, in those operations, the client needs to be very close and the contractors need to work very hard on collaboration, which is something that improves enormously over time. This was an ambitious timeframe for it.

Q93 **Chair:** That is all well and good, but why did you not work on getting those relationships up and running in advance? It simply is not acceptable for you to be working out how you are going to perform your contract while it is in place, because the people who are suffering are our service families.

Craig McGilvray: I firmly agree. The service that we delivered at the beginning of this contract was entirely unacceptable. As I have noted, I have internal stakeholders who are service families or are from the military community, and we have quite a large number of reservists in my ranks as well, so be assured that, internally, there is very deep dissatisfaction in terms of what has been delivered. We have pushed every resource that we can find into the recovery of this. At Amey, the board has highlighted that the No. 1 issue for the business is to resolve what is being done for our service families.

Q94 **Chair:** Reputationally, it certainly has a massive impact. What about the DIO's financial penalty? Claire told us that those have been invoked. Has that been the case for you too?

Craig McGilvray: Absolutely, it has applied full KPI deductions for a number of months.

Q95 **Chair:** Jerry, I am going to put the same question to you, please. Why do you feel that our servicemen, women and families have been so badly let down by your performance of the contract?

Jerry Moloney: First of all, I acknowledge that our performance in 2022 did not deliver the service that families required, for which I am very regretful and I apologise to service families. Claire said that the model was complex. It had operated for a single way and with a single provider for 15 years, so bringing three parties together was quite a complex arrangement to make that change.

There are three key areas for VIVO in terms of why we had problems delivering the service that should have been delivered in the early months of the contract. The first is that we had an IT failure between us and Pinnacle in the early weeks and months of the contract. It was an intermittent issue in quite a complex arrangement, where data flows between our system and Pinnacle's system in order to make appointments. Pinnacle makes the appointments on our behalf to visit service families. That was an intermittent failure, so Pinnacle was making



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appointments, we were not seeing them in our system and, quite rightly, families were getting really frustrated with VIVO when we did not turn up for their appointment.

Q96 Chair: I am just going to pause you there, because it is just so germane. This is precisely the frustration that I have been expressing. Families watching this will find it extraordinary that you had not tested this in advance. How on earth did you unleash a system between the two of you that clearly fell over when it was put into practice?

Jerry Moloney: We had tested the system. We had not tested it robustly enough. Clearly, not enough resilience testing was done. We did not do enough aggressive testing with high levels of data. The intent of the contract in the first month was to have a soft landing, so only urgent and emergency jobs were delivered in the first month of the contract. The scale of the problem in terms of missed appointments was not seen until a month into the contract.

By the time we understood how that was impacting families, in our area alone, 17,000 appointments had built up that we had missed. That was significant for us and for families that we had let down, for which I apologise again.

Once we had understood what the issue was and rectified it, we were playing quite a lot of catch-up on that backlog of 17,000 jobs. That was the first issue: trying to recover that situation on 17,000 jobs. Just to put that in context, there are 28,000 properties in the south-east and south-west and, on average, we take 16,000 jobs a month. It was a month's worth of backlog to catch up on, on top of the normal day-to-day calls and repairs that were coming in.

We were starting to work our way through that backlog and, around October or November time, the tragic case in Rochdale of the death from damp and mould raised awareness to service families. Quite rightly, we saw a real spike in calls, which probably did not help Pinnacle at the time. Claire mentioned the influx of calls. That created a significant amount of calls for us in a very short space of time from families that were concerned about the health and wellbeing of their children, quite rightly. With that, on top of the backlog of work, we were working really hard to recover.

Q97 Chair: I am going to pause you there, because it does sound as if you are pleading in your defence the fact that a tragic nationwide cause caused people to ring you, but that is precisely what you should be in the position to deal with.

Jerry Moloney: Absolutely, and that is what we did. We dealt with those calls, but we were trying to clear down the backlog at the same time. They were the three main areas that caused us issues and caused us to let families down in the first year of the contract. I am pleased to say that



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we are now stable. The IT systems are very stable and have been for several months, and our backlog is cleared.

Q98 **Chair:** Forgive me for interrupting you. I will come to you and ask about what you are doing in the future. I want to just ask you about one other thing. In your case, you gave us written evidence in which you blamed a prolonged cold spell during December 2022, coupled with a historic underinvestment in repairs, as being responsible for what you had. Which bit about it being cold in winter caught you by surprise, or are you simply blaming the underinvestment in repairs over the course of years?

Jerry Moloney: The combination of underinvestment certainly does not help. We have some very aged heating systems.

Q99 **Chair:** Was the scale of that hidden from you when you took the contract over?

Jerry Moloney: Yes.

Chair: It was hidden from you.

Jerry Moloney: It was not hidden, but, when we took the contract on, we found that the estate was in a far worse condition than we ever anticipated. There was very limited data in the bid documents around the condition of the estate. Part of the contract that we are contracted to do is to do facilities condition surveys of the houses.

Q100 **Chair:** Can I just be clear about this? You took over a contract without understanding the nature of the condition that it was in. How on earth could you ever match your resources adequately to the task, if that is the case?

Jerry Moloney: That was the difficulty that we had, with 28,000 properties, all in varying conditions. It was very difficult to understand what the condition was of those 28,000 when we were taking it on at the time, so, yes, we did have problems.

Q101 **Chair:** It is a fundamental flaw in the way in which the whole thing was set up, is it not?

Jerry Moloney: Absolutely, the underinvestment in the estate has created some of the problems that we are seeing today.

Q102 **Chair:** The first point that I put to you was about why you were not prepared for winter. You can see the point that I am driving at, and I hope that it does not seem trite, but you get cold spells in winter. You get damp and mould. It happens. Why were you not ready for it?

Jerry Moloney: We were ready. What we did not anticipate was the backlog of jobs that had built up because of this IT issue as we moved into the winter period, so that probably caught us unaware.

Q103 **Mrs Lewell-Buck:** In line with the Chair's question there, was the MOD not upfront with you about the housing stock that you were taking on and



the problems that existed? Was there no information sharing at all?

Jerry Moloney: It is very difficult to give details in a big document around the condition of 28,000 properties. There is so much: boilers and heating systems. Part of it was unknown. There are lots of unknowns in those properties when you inherit them.

Q104 **Mrs Lewell-Buck:** So neither the MOD nor you knew, and you found out only once you inherited the properties.

Jerry Moloney: We had a good understanding that there was a lack of investment over the years on those properties, but the extent of what we found was a surprise to us.

Q105 **Chair:** Being fair to you, if you are saying, "We did not understand the condition of the properties that we were going to get and it was, essentially, a secret," it was purely guesswork as you were putting the contract together as to how much you were going to need.

Jerry Moloney: You make some assumptions. We are responsible only for repairs, not for the investment to upgrade properties. We just carry out repairs. What we did not understand at the time was that we were trying to repair systems that should have been replaced years ago.

Q106 **Sarah Atherton:** With that in mind, if you were going to pitch for the contract again, what would you ask differently of the MOD?

Jerry Moloney: We would ask for a lot more condition data, which is now a contracted element of the contract that we are operating today. We are contracted to collect data on the condition of all the properties on the estate in the areas that we look after. That information would be available in the next round of contract lets, but it was not available when we were bidding for this contract.

Q107 **Sarah Atherton:** Claire, what would you ask differently of the MOD this time?

Claire Kober: Shortly before you arrived, we were discussing a bid data issue from a Pinnacle perspective. I was explaining that we operate the national service centre, and the volumes of calls that we had expected to come in were far below what we experienced. I gave some data from last December, where bid data would suggest that we should have expected 34,000 calls, but we received 52,000.

Q108 **Sarah Atherton:** So what would you ask the MOD?

Claire Kober: It is about having a more robust data room at bid stage. The thing I would say—and Jerry has illustrated the point—is that, this time around, in terms of the contracts, there are contractual requirements on all of us, which will ensure that the data is in a more robust state than it was when we bid these contracts.

Q109 **Sarah Atherton:** Craig, would you ask anything different from your fellow panel members?



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Craig McGilvray: We were the previous incumbent, so we had a good understanding of what we were used to maintaining, the cost of that and the manpower required. Clearly, as we demobilised the old contract, we provided the authority with whatever information we were contracted to. We knew what we were going into.

Q110 **Chair:** In your case, Jerry, I have not asked you whether financial penalties have been imposed by DIO, as I have asked the other two.

Jerry Moloney: Yes. We have had full deduction and an application of penalties to our contract.

Q111 **Chair:** Can I also ask you about the lack of a contractual link between suppliers, as I have asked the others?

Jerry Moloney: Between the four parties—and I include DIO in that—we have worked pretty well and very collaboratively together. There is a lack of contractual link between us and Pinnacle, but that does not stop us from working very closely and collaboratively, and making sure that we are all responsible for our parts of the contract.

Q112 **Chair:** Would you agree with Craig that it has taken time to put those non-contractual working practices together?

Jerry Moloney: It has taken time to establish those and to make clear who was responsible for what in the contract. They are well understood now. I would agree that it took time to understand that.

Chair: But you would agree that, perhaps, next time, that is something that needs to be looked at. I had stopped you, Claire, and you were halfway through telling me about what you were doing to fix things. I have promised you all a chance to come back on that, but I am going to ask John Spellar to take us forward on what you are doing to fix the problems that we have heard about.

John Spellar: We could look at a number of specific areas that you can give us an indication on. The first would be to fix damp and mould and to improve energy efficiency in homes. The second would be up-to-date gas and electrical safety certificates, which you will be aware is a matter that has vexed the Committee. We really are quite surprised at the failure to get these, given how safety-critical they are. The third is reducing the number of void properties across the estate. The fourth is to improve the standards of properties before families move in, which is a matter that was indicated earlier with regard to the work that should be undertaken, in other words sorting out the voids before people turn up.

Chair: Let us have Claire first, given that you looked as if you were about to speak anyway.

Claire Kober: I was not particularly. I was not sure if you wanted to start with damp and mould, in which case my colleagues are probably the best place to start, or if you wanted to talk about the move-in standard.

Q113 **Chair:** I am entirely relaxed about what order we do it in, as long as we



do it all, so let us start with the move-in standard.

Claire Kober: Pinnacle's role in terms of the move-in standard is, effectively, to ensure that that standard is being met. I have described that one of the benefits of this contractual arrangement is that you have a division between the organisations responsible for undertaking the void works and the organisation that is taking a decision as to whether the works that have been undertaken are up to standard.

Pinnacle's role is to ensure that the work that is undertaken is up to standard. We do that by providing a pre-move-in appointment five working days before a family moves in, and then a move-in appointment on the day. What we see over the course of the contract—and collectively we report on these measures monthly with DIO's CEO and chief operating officer—is that performance is definitely moving in the right direction. If I look at the October data nationally, across VIVO's and Amey's performance, 84% of properties met the move-in standard.

What our housing officers do between pre-move-in and move-in is not simply to sit back but to work with the RAMS contractors—VIVO and Amey—to speak to colleagues at DIO regionally or locally, if there is a particular issue with a property, and to do everything that they can do to ensure that that property gets over the line, the family can move in and the property passes its move-in, and that there is, therefore, no disruption for the family involved. That would be our role in terms of the move-in standard.

Your question around void properties was a wider policy question in terms of the proportion of properties that are void. As far as I can tell, looking back across the data over many years, there has always been about a 20% void rate in the estate. It is for DIO to determine how that void rate is to be driven down. My understanding is that, over time, we have moved from a system that was about privately subletting void properties, and there is a contractual element in the previous contract. Amey subcontracted it to another organisation, but, for a short time, it was a Pinnacle role under this new contract.

The reason why I am slightly stumbling on my words is that, with the new accommodation offer that is coming forward, the way of dealing with void properties is to increase the entitlement to service family accommodation, which would mean that more of the void estate is occupied by service personnel who have, until now, not been entitled to service family accommodation, or have been eligible but did not have the same level of priority.

Q114 **Chair:** You were being asked about what you were doing to fix damp and mould and to improve energy efficiencies in homes, so the ongoing work going forward.

Craig McGilvray: Damp and mould have clearly been highlighted as an issue in the estate. There are, effectively, two responses. One is what



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you might call a quasi-emergency response. When the issue arose at the start of this year, we stood up 15 damp and mould teams to go and visit the family immediately and address some of the most obvious issues. Some of the damp and mould issues are low-level.

In association with Pinnacle and the DIO, we created a scale of severity. At the top of the scale, it is very severe and the family needs to move out of the accommodation. That could help our damp and mould teams assess the state of the house. If it was a low-level event—for example, mould in the bathroom area—they could simply clean it for the family and make it habitable again.

The more severe cases need survey work, which is not part of the core maintenance. We needed surveyors to come out and assess in a more detailed way what the families and what the building needed, because it might be driven by structural faults.

There is a very clear programme, from dealing with low-level and fast, to getting into the longer-term issues, but resolution of the longer-term issues requires sufficient funding to resolve all the houses that need addressing. That is something that I know the authority is still working on.

Chair: On a capital basis.

Craig McGilvray: Yes, exactly.

Q115 **Chair:** What one lesson have you learned from last winter?

Craig McGilvray: Very fast inspection to show that the family knows that we are on it, that we care and that we are trying to do something about it. We need to help them understand whether they have cause for concern or whether they can be reassured that it is a minor issue of cleaning or, as we found in bathrooms, of the Xpelair systems not working as well as they could have done, which can cause the family to experience some of these issues. Very quickly putting a face to the problem in front of the family was the No. 1 win in that situation.

Q116 **Chair:** Communication is certainly a major issue, and we are going to come back and ask you about that again in a second. Can I ask you about gas and electricity safety certificates, please, and what you are doing to make sure that they are up to date?

Craig McGilvray: It is a matter of record that we were behind on this work and, clearly, it is absolutely not satisfactory for a family to be left in that way. As I have highlighted previously with our approach to reactive tasks, our approach to these planned tasks was to do whatever needed to be done in order to resolve them as quickly as possible.

The challenge on that is about getting the right access into the house at a time suitable for the family. Therefore, rather than worrying about the construct in the contract, we simply leant on every support that we could



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get our hands on, whether that was the local military command or the family federations, and said, "We need to get through this work, but, in order to do the work, we need to get into the house at a time suitable for the family." We have now recovered, and the backlog is eliminated, but there was clearly a period where this was unsatisfactory.

Q117 **Sarah Atherton:** If I was a private landlord, I could give my tenant 24 hours' notice to enter that property to do a gas inspection, which is a legal requirement. It is about health and safety. Why are you saying that you could not get access? Do you have different terms and conditions as a licence to occupy? Is health and safety more flexible under a licence to occupy than it is with a leasehold?

Craig McGilvray: No, the statutory requirements must be the same underneath. I am not best to advise on the difference between private landlords and the military landlord.

Jerry Moloney: I can perhaps answer that question. There is a difference. In social housing, if you have tried to gain access twice, you are entitled to cap off and isolate the gas supply, leaving the family without gas. We are not allowed to do that in this contract. That is not a requirement under this contract. You are no longer allowed to force entry to do the maintenance either. It is very different in social housing, where they have the ability to cap off the gas supply, forcing the family to let you gain entry to do a boiler service.

Q118 **John Spellar:** Why is that?

Jerry Moloney: It is MOD rules. The MOD does not want service families to be left without heating or hot water, understandably.

Q119 **Sarah Atherton:** I do not really understand that. There is a legal requirement to have these checks. Some of them were over a year out of date. If there had been a tragic accident, the MOD or you would have been absolutely liable. I do not think that it is adequate to say, "I knocked twice but I could not get in."

Jerry Moloney: That is not what I am saying. The MOD contract that we operate under does not allow us to cap off gas or force entry. That is a requirement in the contract. That is different to social housing, where you do have the ability to cap off the gas after two visits and being unable to gain entry.

Q120 **John Spellar:** Have you drawn this to the MOD's attention?

Jerry Moloney: Yes, absolutely. The MOD will be aware of this.

Q121 **John Spellar:** What was its response?

Jerry Moloney: During the summer period, when we had these problems—and I am very grateful to MinDP and DIO—there was a change in the process where the chain of command mandated that, if we could not get into a property, the service personnel worked from home on the



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day for which the appointment was made. That is how we managed to clear the backlog of work down. That is the new process going forward. The chain of command is very well engaged and will get entry to that property for us if we have tried on two occasions and not got entry. It works well.

Q122 **Chair:** Is that applying to everyone at all levels?

Jerry Moloney: Yes, absolutely.

Q123 **Chair:** You very helpfully came in on the gas and safety point that I was going to ask you about anyway. Could I ask you about damp and mould, and energy efficiency? What are you are doing on that?

Jerry Moloney: We have received over 3,500 reports of damp and mould in properties in the south-west and south-east. We have done first responder visits to all those that have been reported. We will go and look at the extent of the damp and mould in those properties, triage them and score them between 1 and 5, where 5 is serious, and the family probably needs to be decanted, and 1 is low-level.

We have completed 2,100 surveys. They have been done by registered chartered engineers, and the purpose of those surveys is to put together a package of works in that property to understand the remediation needed to eliminate the damp and mould.

The Secretary of State has injected £400 million, as communicated over the last few weeks. Out of that £400 million, quite a substantial amount has been put forward to address damp and mould issues. We have identified 2,500 properties where significant work needs to be done. Those works range from loft insulation to replacing doors and windows, installing ventilation and repairs to general property. We are working our way through those. I am pleased to say we have delivered 1,124 packages to homes already this year, and we intend to deliver the remaining throughout the winter period by the end of next March.

Where we carry out remediation work, we also install smart technology. We are installing sensors. Those sensors are monitored remotely. If the conditions in the property change, if damp and mould is detected after we have done that work, we will get an automatic alert and we will send our people back to the property to understand what has not worked.

Q124 **Chair:** Could you answer the same question I put to Craig? What lesson have you learned from last winter?

Jerry Moloney: It is about communication and making sure we keep families informed. If we cannot deliver the work or a follow-on job, we need to keep that family informed of when the work will be complete.

Q125 **Sarah Atherton:** Claire, the family federations have mentioned a few things to me and I have also received anecdotal evidence on this. As I was rushing in, I happened to hear that you involve Pickfords. On



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average, what is the length of time it takes for a family coming from overseas to get their belongings?

Claire Kober: I would need to write you that on that issue. Sorry, that is not part of our contract. We do UK-based.

Q126 **Sarah Atherton:** No, it is all right. I have got the wrong person. It used to be called "marching in" and "marching out" in my day. There have been some concerns about punitive charges for wear and tear. What is your schedule? How do you work marching in and marching out?

Claire Kober: The first thing to say is that the charges for wear and tear are DIO charges. They are not Pinnacle charges. Our housing officers are responsible for doing what we describe as a pre-move-out appointment, which takes place about a calendar month before a family moves out of a property.

That is an advisory appointment. The idea is to go through the property with the family and to advise on any elements of the property that need to be brought up to standard in order that the family is not charged for any element. An example would be if they had put particular pictures or mirrors on the wall. We would say, "You need to take those down, make it good and ensure that the redone piece of work is painted." That would be an example of that.

When the move-out takes place, if there are any areas that do not meet the standard, a charge is applied according to DIO's schedule. I have previously seen the reports about punitive charges that you have talked about. I am desperately trying to rack my brain as to which area of the country it was, but there was an area of the country at some point last year where I remember there was a concern that the charges were punitive. We worked with DIO to look at that.

As I recall, there was no evidence that punitive charges had been applied. It does come up every so often, particularly on social media, but there is not an issue with punitive charges more broadly. With a contract of this scale, every so often there will be an individual case where a member of our staff has perhaps been overzealous in applying the standard and seeing that charges have to be made.

The key point is that it is a DIO schedule of charges. Families are advised in advance of moving out. If any charge is to be applied, it is in line with that DIO schedule. I have not seen any evidence to suggest that there is any issue at scale.

Q127 **Sarah Atherton:** You provide the DIO with the evidence, and then it checks against the property.

Claire Kober: No, DIO provides the charging schedule in terms of how much are people charged if the standard is not met. Pinnacle's housing officers go in—



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Q128 **Sarah Atherton:** You do the inspection.

Claire Kober: Yes, exactly.

Q129 **Sarah Atherton:** You are the ones identifying whether that is a possible charge or not.

Claire Kober: Yes.

Q130 **Sarah Atherton:** You could see where there is scope for an overzealous application of the rules.

Claire Kober: Not really, no. We do not have an incentive to overcharge. Our staff are not incentivised. We do not keep that cash. No, they are there to do a job, in the same way that the housing officers are there to see whether the move-in standard has been met. They take that job very seriously. Many of them are former serving personnel themselves or spouses of serving personnel. No, I do not see that.

Q131 **Sarah Atherton:** How does a service family identify whether they want to take that property or not?

Claire Kober: The applications for properties are made via the e-1132, which is a DIO system that Pinnacle administers. Once the housing application comes in from a family, Pinnacle administers those applications through the housing allocations team, which is one of the three teams that sit in the national service centre.

Q132 **Sarah Atherton:** How does it work if a family is coming from overseas?

Claire Kober: It is an online system.

Q133 **Sarah Atherton:** Do they get a walk-through video?

Claire Kober: There is not a walk-through video for anyone. For about 90% of properties on the e-1132, there are photographs present. The age of those photographs varies. The quality of those photographs varies.

Over a period of time, through the new contract—I do not believe it was part of the old contract—Pinnacle has to take new photographs of properties. The information that families are using to make decisions on properties is improving. In the last year, about 25% of photographs have been updated.

Some properties have floor plans associated with them—it is about 60% of properties—and some do not. If there is not a floor plan, our housing allocations team will do their best to find a floor plan from a neighbouring property to show a family. It is worth noting that properties in Northern Ireland have neither photographs nor floor plans.

Q134 **Sarah Atherton:** Once the family get here and they have accepted that property based on whatever evidence the DIO system has, they are really stuck with that property, are they not?



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Claire Kober: The allocation takes place beforehand. I would not draw a distinction between families that are overseas and families that are UK-based.

Q135 **Sarah Atherton:** The only reason I am asking is that we have received evidence that overseas families coming in get poorer quality accommodation because they cannot refuse it until they are here.

Claire Kober: I am not sure that is something I immediately recognise, but I am very happy to review that evidence and write to you, if that is a concern that the Committee has.

Q136 **Sarah Atherton:** I have one last point. What can families do themselves in a property? Can they change a washer? Can they change a tap? What are they allowed to do themselves?

Claire Kober: I am looking to my colleagues either side to see whether either of them can help with this question. If not, I would suggest that we write to you.

Jerry Moloney: Yes, I would suggest that we write to you, but my understanding would be that anything that requires a statutory certification should be left for us to do.

Q137 **Sarah Atherton:** They should leave electrics and gas, but they can do general maintenance.

Jerry Moloney: I am not sure. I am not clear, but that would be my understanding. I am very happy to write to the Committee after and confirm that.

Chair: It would be very good to be clear about that. If you would, I would be grateful.

Q138 **Mrs Lewell-Buck:** In some situations, families are not seeing the property they are being allocated. If they arrive there and it totally does not suit their needs, what happens? Are they forced into a property that they do not want?

Claire Kober: The way that the e-1132 works is that they select up to three properties. They can go to a particular property depending on what they are entitled to. They can pick between them.

Families sometimes feed back—I am supporting this position—that the information that is available to them is not as full as you or I would want to see if we were moving to a property. That is a situation that is improving. As I say, we now have a contractual requirement to update photographs and 25% have been updated this year. I was looking at the e-1132 with my team last week, and the information in some areas is really quite limited.

Q139 **Chair:** Just for specificity, it is a contractual requirement to do what by when?



Claire Kober: A certain proportion of photographs have to be updated every year. I could come back to you with the—

Q140 **Chair:** Will there come a time when the floor plans will all be there and there will be a good selection of photos on everything?

Claire Kober: It will get there eventually, yes, excluding Northern Ireland.

Q141 **Chair:** Can you tell us when? If you cannot tell us now, can you again write to us about that?

Claire Kober: I will write to you on the contractual provisions. I am not clear whether that is floor plans as well as photographs, but I will be clear when I write to you.

Q142 **Chair:** Can I take you back to some of the issues we have been talking about? In the conversation between Claire and me, we touched on this point about allocating the right professional to the right task at the right time and then making sure that there is sufficient information on the systems for any follow-ups.

There has been some disagreement between us as to where that sits and what the cause of that is, but I want to see what work you are doing to make sure that it is right first time in the future, so that you have the right professional allocated to the right task first time. What are you doing to make sure that that is the case from now on?

Claire Kober: From a Pinnacle perspective, our interest is in ensuring that the diagnostic decision tree is efficient, that we get to the heart of the repairs job that is being reported as quickly as possible, and that it is accurate and so does not necessitate a follow-on call, because that puts more pressure on our system and makes it more inefficient.

Q143 **Chair:** How do you know that is right? You said in answer to me earlier that you had not seen any evidence that that is the case when I was putting to you that it is. How would you ever know? Are you not just seeing repeated calls?

Claire Kober: No. We meet with VIVO and Amey monthly at an operational level. There is a senior operations meeting every month and there is a sort of seniors meeting where we get together. This is precisely the sort of issue that would be raised. If VIVO or Amey were detecting through either their staff themselves or their supply chain that a particular issue or job in the diagnostic tree was being diagnosed incorrectly and the wrong operative was being sent out, that is exactly the sort of issue that would come up.

If that came up, we would come together in a workshop to look at the diagnostic tree. We would say, "What is throwing us off course here and leading to the wrong job?" and we would then refine the tree. In a matter of hours, the tree can be updated, so that our call handlers are using an updated decision tree.



Q144 **Chair:** That is ongoing, is it?

Claire Kober: It is ongoing. My recollection is that the last workshop would have been earlier this year. I cannot think of an issue. I am desperately trying to think what the issue was at that point in time. It has not come to me yet. There has not been anything. I would say that was probably January or February time. There have not been any significant issues with the diagnostic tree.

I would not want you to get the impression that there is no evidence because there is evidence. It would come from VIVO and Amey saying, "Hang on a minute. We are sending out the wrong trades all the time."

Q145 **Chair:** From Pinnacle's perspective, the decision tree is the thing in which you place your faith. What about VIVO and Amey?

Craig McGilvray: I would split the response into the critical and urgent tasks. We have talked about heating and hot water. It is entirely unacceptable for families to be left cold. I have already talked about the technology we have brought in. It is about having an engineer who understands the actual systems that are to be worked on seeing evidence of what is required to be done.

For those urgent tasks, we have a second line of defence to triage the detail, not the fact that it is a boiler issue or a hot water issue, but what is it that is causing that in whatever system is in that house? That is done through our north and central regional service centres. The non-urgent tasks are in a process that works. They tend to be simpler tasks: a handle that is not working and things of that ilk. They are more straightforward and therefore they do not need the extra handling involved in understanding a system issue that can have multiple causes.

Q146 **Chair:** How do you monitor the performance of subcontractors?

Craig McGilvray: Part of our commitment to working for Government, which is all Amey does, is to use an SME supply chain. It is an important part of how we agree to deliver our contract. We have been working with our supply chain for quite a number of years.

Q147 **Chair:** Forgive me. The nature of these committees is that we are all pretty short of time. I understand the virtue you would like to express to us about working with SMEs and so forth. I know you have been doing it for a while. I want to understand how you monitor the performance of your subcontractors.

Craig McGilvray: Subcontractor management is embedded in our regional service centres with our management teams. They are meeting on a daily basis and understanding how the performance metrics are going. The subcontractors are on back-to-back KPIs, aligned to the things that are important to us within the contract.

Q148 **Chair:** Jerry, could I ask you the same question, please? What are you doing?



Jerry Moloney: We have been working with Pinnacle. We have sent people to Pinnacle's help desk to listen to calls and help them understand what information we need to help us get the right trade to the property. That is ongoing. It has got far better. Where there is a discrepancy when we receive the information, quite often we will phone the family and get some clarity around what trade is needed and what the repair is.

We are updating our system. I will give you a good example. Sometimes we get called to repair a shower. We might send a plumber, but if the shower is electric it might need an electrician. We are starting to collect that data and make a note of it on our system so that, when that call comes in the future, we know it is an electric and not a gas-fired shower.

In terms of our supply chain and our suppliers—

Q149 **Chair:** This must be a matter of asking the right question, which brings it back to Pinnacle.

Claire Kober: Yes, and getting the right answer. The household does not necessarily always answer in an accurate way. It goes back to the point Jerry made earlier about the quality of data on the assets inside the properties. Traditionally, that has not been there. For example, we do not have a record as to whether a property has an electric shower. To some extent, our call handlers are reliant on what families say. We all sometimes get that wrong.

Jerry Moloney: Just to finish off on how we monitor the performance of our suppliers, we have what is called fast feedback, so 30 minutes after a supplier or, indeed, our own direct delivery operative has left a property, we send the householder a text message with five questions. They are quite simple. Did we turn up on time? Did we fix the problem? Were they presentable? Were they courteous?

We monitor not only our suppliers, but the individuals in our suppliers. From that information, we work out whether we have any individual issues with operatives or trends that we can start to address.

Q150 **Chair:** Do you have enough service appointments to meet demand now?

Jerry Moloney: We did have a problem previously. We now have enough service appointments. It was a problem with our technology. We needed to make sure our engineers and our suppliers had handheld technology so we could make appointments on the system. That should be much better.

Craig McGilvray: Yes, we do. The most recent change was to make sure there were sufficient appointments at weekends. For urgent and critical tasks we need to be available, so we need to have the right volume of appointments available during the weekend. The answer is yes.

Q151 **Chair:** Can I ask you about communications? You have alluded to it already. What are you doing to improve your communications with



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customers about their accommodation and, generally, your engagement with service families?

Craig McGilvray: First of all, we have a very close relationship with the family federations. My head of contract meets with the chief execs of the family federations and did so a short number of weeks ago. They did not have any material issues to raise with him.

Secondly, there is leadership by me and my team. If an issue comes up, we go and visit. I went to Lossiemouth when it was difficult. I was in Cottesmore a few weeks ago. A more challenging move-in was reported there, so I went to meet the garrison commander and the head of welfare. We are out speaking to the leaders of those areas right across our patches. The garrison commanders can sometimes have a less punchy view than the receivers of the service, but clearly that is important.

Finally, we support the collaborative comms through the DIO to reach service families, hopefully, and we input into the messages that are put out.

Jerry Moloney: We engage with families in several ways. We have repair liaison officers. These tend to be the spouses of ex-military personnel who have at some point in their life lived in Ministry properties. They will be at a known location that we promote on a Monday, Wednesday and Friday, for example, between 10 am and 2 pm.

People will get to know that there is a local person from VIVO. If they have an issue that they are not getting progress with, they can visit that person and talk through their issue. That person will have a link into the operations of VIVO in order to get the problem resolved much quicker. That is one way.

We meet on a quarterly basis with local welfare housing officers. We link up with Pinnacle and DIO in the region. We hold quarterly review sessions to get feedback on our service. As Craig said, I often go out and speak to families. I speak to senior military personnel to understand the impact of how we are delivering homes for service families on their military capability. If someone has a bad experience in their family house, quite often that transfers into the workplace.

Claire Kober: I would just add that DIO takes a co-ordinating role across suppliers, which is both helpful and welcome in this space. It has several channels. There is the Defence Connect platform and the Families First newsletter, which has been introduced since the contract started. That is key in getting those high-level messages out to service families.

From our perspective, we have focused on proactive communications. This winter we have co-ordinated on behalf of all suppliers a proactive winter campaign focusing on what families can do to ensure their property is ready for winter, such as familiarising themselves with where



the stopcock is in the property. There is some key advice there. We have revamped the move-in pack, which is an email pack that goes to all families when they move into a property. There is now a physical move-in pack in place as well.

We have an hour-long response time for social media responses—there are quite a number of social media contacts, as I know you will be aware—to ensure that, where repairs issues in particular are raised, they get pulled into the system immediately rather than simply dealt with as a social media piece of comms.

We have recently collaborated with the family federations to produce a video particularly for the staff in the national service centre to ensure that they communicate better with families, thinking particularly about some of the challenges service families are facing more broadly, and that we get empathy right.

Q152 **Sarah Atherton:** You can log complaints, concerns and requests online. What is the name of each of your sites?

Jerry Moloney: Formal complaints are logged directly by Pinnacle. Pinnacle then passes those on to the respective service provider.

Q153 **Sarah Atherton:** How successful is that logging process? Do you do any data analysis on whether that is successful and performing well?

Claire Kober: Yes. Pinnacle administers complaints on behalf of all suppliers. As Jerry has said, we produce a monthly report that is considered by DIO, including the CEO and COO. We report on that monthly. We provide an overview of complaints, the number of cases that have been logged and closed in a given week by supplier, the active complaints that are outstanding and any that are over the 10-day timescale. We report on the reason for a complaint. We also report monthly on the top 10 outstanding complaints.

This is something that is well understood by all suppliers at a senior level and, as I say, instigated by DIO.

Q154 **Sarah Atherton:** What is your system called?

Claire Kober: There is not a particular—

Sarah Atherton: There is no name for it.

Claire Kober: No.

Q155 **Sarah Atherton:** Do you ever assess ease of use for the customer?

Claire Kober: It is easy to log a complaint. I can tell you how many complaints have been logged.

Sarah Atherton: When I say “complaint”, I mean fault—if there is a fault in a property. I am sorry; it is my mistake.



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Claire Kober: It depends. If we are talking about faults, the first port of call is to log that as a repairs job through the repairs helpdesk. That is usually the family's first port of call. People may also raise a complaint at the same time.

Q156 **Sarah Atherton:** What is that system called?

Claire Kober: It is just a complaints system.

Q157 **Sarah Atherton:** I will tell you why I am asking this. Last Friday I was in prison. I go over to my local prison often. It is the largest state prison in the UK. Amey is contracted to do the maintenance of the prison estate for north Wales and the Midlands upwards. I was sat in the office with the governor, and an Amey maintenance chap came in to turn their radiators down because they cannot change the temperature of their offices on their own. He has a special device to do it.

They use a system to log repairs and complaints called Planet FM. They said it is the most unintuitive and difficult system to use as a customer. They find it very difficult to articulate on this system what exactly the concern is. You have talked about diagnostic trees, accuracy of diagnosis and times of response. They find that really difficult because they are having difficulty expressing to you through the system what the problem is. It does not sound as if you identify with that.

Claire Kober: Certainly not on this contract from a Pinnacle perspective, no. A family would log a complaint via the complaints helpdesk. They can phone it or email a complaint in. There is no need for them to use a system. We have a CRM system in the background, but it is not a customer-facing system.

Q158 **Chair:** Would it be helpful if the MOD brought back what I understand was a dedicated accommodation officer?

Craig McGilvray: We have put back into our patch what we call customer and community engagement officers. We have reinvested about 30 of those back into the contract.

Q159 **Chair:** Those are your people, though. They are not uniformed, are they?

Craig McGilvray: Those are our people. They are direct employees.

Q160 **Chair:** I am asking whether it would be a good idea to bring back a uniformed accommodation officer, as I understand used to exist.

Craig McGilvray: There are enough points of contact and liaison. I do not have anything particularly to add as to whether the demarcation of people who care for the service families should be with the ultimate customer or in the contract.

Q161 **Chair:** It would give the service users one point of contact, probably a uniformed officer but maybe a senior NCO, to whom they could go and with whom they could leave those problems. That person would be inspecting the condition of the property and then liaising with you. At the



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moment, it seems like they do not have that senior military figure to go to. They have to deal directly through you.

Craig McGilvray: I understand that they have appointed welfare officers. I have met a number of those as I have gone around. I do not understand the difference. There are the uniformed welfare officers who I meet when we go on visits to understand service provision. They may be a bit senior for the role you are talking about.

Q162 **Chair:** They have other tasks. It is dedicated; that is the point I am putting to you.

Jerry Moloney: There are unit welfare officers and base support on most establishments. There could be better co-ordination between the roles that are employed by us, Pinnacle and the unit welfare officers; there could be a better definition of what each one is responsible for. At the moment, families have a choice of where to. They can go to our repair liaison officers, the unit welfare officer or the base support. There could be better clarity in what the roles and responsibilities are.

Q163 **Chair:** Therein lies the point, Jerry. There are a number of people at different levels and in different organisations. When you are sitting there from a family perspective or from a serviceman's or servicewoman's point of view, you have multiple people and you get bounced from pillar to post. I understand that it used to be the case that, if you had an accommodation problem, you went to the accommodation officer and they resolved it.

Jerry Moloney: Yes. Pinnacle has a housing officer as well. That probably confuses it even more.

Chair: Yes, indeed.

Claire Kober: I would simply add that, contractually, we have housing officers on the ground. There are about 150 across the country. They are responsible for providing that first point of contact for families. Their principal responsibility is around what we call the five appointments: move-in, move-out, pre-move-in, pre-move-out and what we call a 14-day occupancy check, so two weeks after you have moved into a property.

They are also responsible for undertaking what we call patch management, which is something we are working on with DIO and have introduced, around ensuring that the wider estate is in good order. That could be liaising with a family member, or reporting a streetlight being out or some issue with some paving in a particular area or a children's play area.

Q164 **Chair:** They are your people.

Claire Kober: Yes.

Q165 **Chair:** They are liaising with the family member. There is no one to hold



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your people to account. That is the point I am making. From a service user perspective, it is someone to hold you to account; from your perspective, it is a person to deal with.

Claire Kober: From our perspective, it is a person to deal with. I suspect we would all say that the collaboration that exists at local level means that realistically my housing team works closely with Craig's people in the north and central regions, and Jerry's people in the south. There is that sort of mutual accountability.

We have talked about the link with welfare officers. At a more senior level, there is a regular forum with the MHLOs, military housing liaison officers, which I know you discussed with the family federations in your session a few weeks ago. There is lots of communication. There is not that uniformed accommodation officer that you describe. Given that our experience of the contract has been quite short term, that is not something I have been in contact with. I am not sure when they were moved out of the system.

Q166 **John Spellar:** You have identified some of the problems you have with the inadequacy of the data that is available. When did the combined accommodation assessment system banding assessments last take place? That determines the grading of the property and how much a serviceperson should pay for it.

The MOD has assessed that nearly 97% of UK military family housing meets or exceeds a decent standard. Do you accept that assessment? Should the DIO consider changes to what constitutes a decent home or use different measures for assessing the standard of the accommodation and, indeed, whether a property is habitable?

Claire Kober: In terms of the grading of housing stock, we have the CAAS system, which relies on information from all contractors to determine an assessment of the grading of a property. Again, that is a policy that is set by DIO.

Moving on to your decent homes standard question, CAAS can trigger a recommendation for decent homes work. If that CAAS survey is undertaken, and a property does not meet the decent homes standard and it is required for allocation, the assessment can recommend that those works take place. Ultimately, DIO is responsible for investment decisions, so it is a recommendation.

The Pinnacle team is responsible for providing a quarterly forecast of decent homes movement, that is those properties that are going to fall beneath the decent homes standard because of deterioration as well as those that have undergone improvement works. Craig referred to some of the improvement works that are taking place this year through the capital allocation and will be happening next year as well. The Pinnacle team is dependent on that information coming in from other suppliers to update that.



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The question on whether the decent homes standard is the right standard is ultimately a question for DIO. From a broader housing perspective, I would comment that it is a statutory minimum standard rather than necessarily what you or I may say is a property of an acceptable quality. Effectively, it is a test of reasonableness. Is the property in a reasonable state of repair? Does it have reasonably modern facilities? Does it have reasonable thermal efficiency?

Q167 **John Spellar:** All I will say is that, given the reports from a number of places across the country about the inadequacy of some properties, it does therefore seem unlikely, in principle, that 97% of properties meet the decent homes standard, does it not?

Claire Kober: That was my point about the decent homes standard. It is not necessarily a standard of—

Chair: Forgive me. There are two points here. There is the question, which you are answering, about whether the decent homes standard is right or whether it should be a higher standard. Mr Spellar is making the point that, whatever the decent homes standard is, the MOD says that 96.8% of homes meet it. He is asking you whether that sounds right to you. Do you agree that 96.8% of homes meet the decent homes standard?

Claire Kober: I feel completely unqualified to answer that question, I am afraid.

Chair: That is fair enough.

Craig McGilvray: Thank you for the question. Our role is carrying out maintenance and upgrading properties. We have no view on how properties are graded for service personnel or whether they are suitable for the purpose.

Q168 **Chair:** Would you agree that 96.8% meet the decent homes standard?

Craig McGilvray: I can assure you I have no knowledge of whether they would or would not.

Q169 **Chair:** Would you say the same, Jerry?

Jerry Moloney: Yes, I am not qualified to assess whether they meet the standard. What I can tell you is that there is investment going in now. I did not answer the question earlier on about energy efficiency.

In the south, one of the pieces of work being invested in at the moment is £62 million of thermal improvement work. That will no doubt have an impact on the condition of those particular houses and help to meet the standards, but I cannot answer your question.

Q170 **Mrs Lewell-Buck:** As you will be aware, the new accommodation offer is being introduced early next year. It is likely to increase the eligibility criteria for service family accommodation. Bearing in mind all of the



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issues that have been raised today and the improvement plans you have in place, with March next year not that far away, how are you going to manage the additional pressure? I am happy to take Jerry, Claire and then Craig.

Jerry Moloney: It might be worth Claire starting because it is probably more of a Pinnacle responsibility, but I can certainly follow up with how we are helping to support that.

Claire Kober: The new accommodation offer will increase entitlement for service family homes. The first point of pressure that I would express on the current system will be that Pinnacle will be processing more housing applications from service families who are therefore entitled. The first pressure will come into what I would describe as our home services team. We will require more staff to process those applications.

There will also be more moves because those people will move into properties, which will put a greater demand on our housing officers. At the same time, there will be greater demand on the two RAMS contractors in getting void properties that are unavailable and making them available or doing void work such that the property is ready for a family to move in.

I talked earlier about there being a void rate of around 20% across the estate. There are different projections of the effect that the NAO will have on the void rate, but it could come down to something like 5% to 10%, which then drives additional demand on repairs requests, that is, more calls to the national service centre and more repairs jobs for the two RAMS contractors to undertake. Therefore, with greater volumes in absolute numbers, there will be more complaints, more compensation requests, more logistics and more DIO input.

Q171 **Mrs Lewell-Buck:** Claire, you will correct me if I am wrong, but did you say earlier that it takes about three months to train somebody up? Are you already advertising for more staff now?

Claire Kober: It takes about three weeks, but, yes, we have already offered roles to the first call handlers because there will be more demand on the national service centre.

Q172 **John Spellar:** They are dealing with service personnel. Do they need any level of security clearance?

Claire Kober: Yes, which is what takes some of the time.

John Spellar: Is that a problem? In other areas such as airports, it is an underlying problem as to why they are short-staffed at the moment. I wondered whether that was a problem for you as well.

Claire Kober: It is not a problem in terms of recruiting people. We find—

John Spellar: I mean getting them cleared.



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Claire Kober: Yes, it takes time. It is a really good point. In relation to some of the earlier questions around last winter's pressure and the speed with which you bring someone on board, I made the point that you have to train them and it takes three weeks. The point I neglected—it is a really important point—is that they have to be security cleared, which takes a number of weeks as well.

John Spellar: It can take months.

Claire Kober: That is why NAO does not go live until March. We have already interviewed and offered roles to the first cohort of people. Unless we did it this side of the Christmas break, frankly, we would not be able to move and be ready in time.

Q173 **John Spellar:** Could I suggest that we write anyway even before doing a report on that, Chairman?

Chair: Certainly, yes. We will do that.

Jerry Moloney: The change will result in more void preparations for us. It is scalable. We can recruit more suppliers to meet that demand. This is where it probably gets more complicated: if the model were to result in, say, 5,000 more occupations, that would result in about 30,000 more reactive calls for us a year. That is significant.

The labour market for trades is quite difficult already. We have already started looking to see how we could meet that demand. Yes, the more notice we can get about volumes, the more we can increase and scale up to meet those demands.

Craig McGilvray: I have already talked about how we have broadened and deepened our supply chain, which is more an ongoing process as we speak. In this contract, everything is relative to us. We have a smaller portfolio of houses than Jerry does and we work in very different regions.

The issue is live and being discussed broadly as we speak. I am assured by my teams that we will have capacity to deliver what needs to happen come the spring.

Q174 **Mrs Lewell-Buck:** Are you getting information from DIO or the MOD about how much this demand is going to increase?

Jerry Moloney: We are, but it is not yet fully defined. We are not clear on the volumes yet. We do know that there is certainly an increase coming.

Q175 **Mrs Lewell-Buck:** It is difficult for you to plan if you do not know exactly what you are going to be dealing with.

Jerry Moloney: It is, but we can start looking at the market now. In the south, there is a particular problem with employment. There is lots of high employment in the south. It is difficult to get tradespeople in the



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south and the south-west, particularly in the Cornwall area. We are already starting to look at the areas that we know are problematic.

Craig McGilvray: We are grateful that it is not starting until after the winter is hopefully behind us. We will have surge supply chains through the winter period anyway. The opportunity is to maintain that surge to prepare for what is coming afterwards.

Q176 **Sarah Atherton:** I do not envy you, Claire. The “need over rank” part of the new accommodation model has certainly caused a bit of a stir on the ground. Have you been given any guidance around this or are you very clinically going to look at need and correlate that to available properties?

Claire Kober: Fundamentally, the policy is for MOD and DIO. Pinnacle’s role is simply to administer the system in terms of the increased application numbers that we will get. Like lots of parts of the contract that we already operate, we will be operating in line with policy.

In many respects—we talked about charges for properties—some of these decisions are not for us. These are not decisions for us, but implementing them is what our teams do. I spoke earlier about empathy and how that is really important. Empathy and efficiency is what we have to do.

Q177 **Chair:** You were asked about the guidance, though, rather than the policy. You were not being asked about the policy. You were asked about whether you had been given any guidance for its implementation.

Claire Kober: We are working closely with both DIO and MOD policy people at the current time. Much of it is their responsibility, but we work closely with them. I am meeting with them weekly.

Q178 **Chair:** So not yet.

Claire Kober: It would not be fair to say “not yet”. It is work in progress. By definition, it is iterative.

Jerry Moloney: To help ease the situation, at the moment there are a high number of unoccupied void properties that are offline. There is the investment that the Secretary of State made available, and 600 properties in the south are being brought back online. That will mean that more properties will be available over the course of the next six months.

Q179 **Sarah Atherton:** Are they larger properties?

Jerry Moloney: There are all different types of properties. There are some large properties and some standard properties.

Q180 **Sarah Atherton:** Craig, do you have any comment about need over rank?

Craig McGilvray: We would not be able to contribute anything to the discussion from Amey’s point of view.

Q181 **Chair:** I am going to give the last word to Claire. I would like you to



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explain, please, for anyone who is watching, about the complaints system. We have touched on it already, but I would just like a clear explanation of how it works and how a complaint can be progressed from level 1 to level 2, if they are not happy with the way a complaint has been handled.

Claire Kober: It is for a family to log a complaint. They can do that in four ways. They can do that via telephone to the national service centre; they can use a web form; they can use chat; or they can log a complaint via social media.

When a complaint is logged, we have a CRM system called NEC. That complaint is logged on to NEC. In the background, because most complaints relate to some aspect of a maintenance job, in reality, we are liaising with colleagues from either Amey or VIVO. We have a regional team of customer solutions managers working with colleagues at that local level. There are very well-established relationships. They are talking daily. There is a weekly meeting that they have in those localities.

From a family perspective, it has been logged. An investigation is started. The family is contacted to let them know that is under way. In the meantime, we will have heard back from the RAMS contractors, Amey and VIVO. If it is a maintenance job, the job usually needs to be finished before the complaint can be closed. It has to have been completed to the customer's satisfaction before the complaint can be closed.

Once the job has been done, we go back to the customer. Most often, this takes the form of a phone call. We say, "We understand the work has been done. Can we confirm that is the case? Can we confirm you are happy with it?" That is the point at which the complaint closes.

There is often a compensation request that sits alongside the complaint. That is managed separately. Again, it can be logged in any of the ways I have described. We now have a new system called Paytia, which is a system that we use for rent payments in the wider Pinnacle business. We worked out that, if we reversed that system, instead of tenants paying rent to us, we could pay compensation payments, which are mainly in the form of high street vouchers and, in the areas I have explained, cash payments to families.

That is a totally online system that all three suppliers have real-time access to. There are pre-purchased compensation vouchers. It works. The average time to pay compensation to a family is two working days. The family is updated at every stage by email.

You asked about stage two complaints. They are administered by DIO. At that stage, it is a DIO process. A very small number of complaints make it to stage two. The issue that prevents complaints being closed—as I mentioned earlier, we report monthly on complaints, including the top 10 complaints, at quite a granular level across all suppliers—is when there



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are particular complexities around some of the work. Often, it is where the work that needs to be done is high value or very complex.

Q182 **Chair:** How does somebody progress it from one to two?

Claire Kober: It is the same process. You can log it in the same way, but it is simply managed by DIO at that stage, in line with good governance, given that Pinnacle has managed the first stage.

Chair: I am very grateful to everyone for their evidence today. We have covered a great many topics in an area that is of enormous concern to our servicemen, women and their families. There is a lot there for us to pick over. Having dealt with complaints at the end there, let us hope there will be a need for fewer of them in the future. Thank you very much indeed for your time today.