



Defence Committee

Oral evidence: Service Accommodation, HC 55

Tuesday 27 February 2024

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Members present: Sir Jeremy Quin (Chair); Richard Drax; Mr Mark Francois; Gavin Robinson; John Spellar; Derek Twigg.

Public Accounts Committee member present: Anne Marie Morris.

Questions 183 – 313

Witnesses

I: James Cartlidge MP, Minister for Defence Procurement, Ministry of Defence; Major General Richard Clements, Director, Army Basing and Infrastructure, Ministry of Defence; Mike Green, Chief Executive, Defence Infrastructure Organisation; Vice Admiral Philip Hally, Chief of Defence People, Ministry of Defence.

Written evidence from witnesses:

- [Ministry of Defence \[SAC0070\]](#)
- [Ministry of Defence \[SAC0071\]](#)



Examination of witnesses

Witnesses: James Cartlidge, Major General Richard Clements, Michael Green and Vice Admiral Philip Hally.

Q183 **Chair:** Welcome to the Commons Defence Select Committee meeting on service accommodation. It is good to see you again, Minister. It is virtually a weekly occurrence at the moment. I noticed that in your last appearance you said the NMH tender would be going out soon. Do I see that it was launched today?

James Cartlidge: Indeed, yes.

Chair: It has been one week. We will not take that to mean that “soon” will always be one week, but it is good to see it announced. There is a large number of areas for us to cover off. I do not know whether you first want to introduce the team that you have with you and then we will get going.

James Cartlidge: I am the Minister of State for Defence Procurement.

Major General Clements: I am Richard Clements, Director, Army Basing and Infrastructure. I am here in my capacity to talk about single living accommodation at Army camps, but I am also here as a customer to DIO for service family accommodation.

Vice Admiral Hally: I am Phil Hally, Chief of Defence People.

Michael Green: I am Mike Green, chief exec of the Defence Infrastructure Organisation.

James Cartlidge: Can I make two parish announcements? First, as you said, I spoke at the International Military Helicopter Conference in Twickenham this morning and announced the next stage of competition for the NMH, which we have had a lot of discussion on before. It is worth looking at because there is a heavy emphasis on UK industrial contribution and exportability.

Secondly, with the permission of the Speaker, I am hoping to make a statement on acquisition reform tomorrow afternoon, you will be pleased to know. It is a busy time, but obviously the focus today is on infrastructure and estate.

Q184 **Chair:** If permission is granted, the statement tomorrow on acquisition reform is very welcome news. I am sure we look forward to hearing what you have to say on that, Minister, but we are even more looking forward to hearing what you have to say this afternoon about service accommodation.

We noted yesterday quite a dramatic change of direction in terms of the allocation of housing, with that firmly paused. I wonder whether you would like to start the session by giving us a bit of background on that, what led to it and what we should expect henceforth.



James Cartlidge: First of all, I probably would not use the word “dramatic” myself. The defence estate and infrastructure is not always particularly dramatic, but it is very important. It is a key part of the offer that we want to put out there in terms of recruitment and retention and generally supporting all those who serve in our Armed Forces.

As you know, overnight we have had confirmation that the Secretary of State, in discussion with my colleague Andrew Murrison, the Minister for Defence People and Families, has decided, on the basis of the reaction we have had in recent days, particularly from Army officers and their families, to pause and review the previous plans in relation to moving from entitlement based on rank to need. However, I stress that we are nevertheless keeping the implementation date of 11 March for important parts of those plans: the £1,500 towards conveyancing costs for personnel becoming first-time buyers, which I am sure we all support, and the extension of the waiver on SLA, both of which are very strongly supported.

To explain, as you know we are extending the waivers to newly entitled service personnel who maintain a main home 50 miles away from their assigned location, no matter their age, service or relationship status. That will still happen on 11 March, together with the support for conveyancing fees, but we are pausing and reviewing the changes in relation to the move from entitlement on rank to need.

Chair: Thank you, Minister. I should have said at the outset, but we are joined by Anne Marie Morris—it is a pleasure to have her with us—from the PAC, which is also taking a particular interest in service accommodation. Richard, do you want to lead off on the Minister’s statement?

Q185 **Richard Drax:** Minister, we all welcome the statement. You can tell that by the number of people here today, namely wives. I must tell the Committee that I am an ex-soldier. That is an interest as such. I can tell you from my experience that, if you upset the wives, you will have all hell to pay. That has been done.

I believe this policy goes back some years. A lot of emails I have read and a lot of correspondence that I have had all make the point that this is their home. Their husbands, in most cases, go off and serve our country, often in dangerous circumstances, knowing that their families are safe in a house that, through rank and experience, they have earned, not least because of the responsibilities that they have.

I just wonder whether the Minister and the representatives of the Army and Royal Navy are aware of how serious this has been. I do not quite agree with you, Minister; I think “dramatic” is a perfectly fair word to use. What has happened is not good. As we all know, we are trying to retain officers and other ranks, particularly at the captain level, who are leaving for a whole raft of reasons. As you know from the correspondence that I am sure you have received, this would be another of those



reasons.

Would you agree that the review should be carried out separately with each of the three services, given their very different levels of mobility, not centrally by CDP and his team in the MoD?

James Cartlidge: It is a very good question. I am grateful for the points you make. I totally understand. When I say not dramatic, I do not mean not important, or that we have not reflected a great deal in a relatively short time on the rapid increase in volume in recent days, reflecting the concern of a significant number of people, which, as you say, is reflected in the turnout today.

Q186 **Richard Drax:** Do you understand why?

James Cartlidge: I understand why, absolutely. You make the point about this being a home. In my portfolio, I have a responsibility for the estate, rather than personnel specifically. We are one Ministry, but my point is that I have visited a whole range of estates. I always ask to see not just the average accommodation but the very worst. When I first visited these estates, it was all posted in the chat on social media, "I bet they did not take him to the block that is in a terrible state." They did. I made sure they did, and I always do. The reason I do that is because I understand how important that accommodation offer is to retention.

There is a huge mix in the state of our accommodation, but there are many principles within this reform that are widely accepted as being—

Q187 **Richard Drax:** Could you answer the question? We are very short of time. Should the review be carried out separately within each of the three services rather than centrally by CDP and the team in the MoD? That was the question. We will come to other issues about the housing later, I am sure.

James Cartlidge: First of all, we have only just made this decision. I am not going to prejudge the detail of how we will go about it. In the normal way, policy-wise, we have to recognise there are particular issues that present themselves to the Army, but some aspects of the Navy and Air Force will also see those. There are particular bases. The other point is that there are challenges if you try to implement a policy exceptionally, as it were. It is difficult not just legally but administratively. That is why we have announced a pause across the services.

I am not going to prejudge what will happen in the review. We have just announced it. I will finish with this point. The reason we have announced it is because we do care what the feedback is. We have listened. We have heard what people have said. A lot of angst has come out. We wanted to respond to that. We do not want to be in a position where we are losing personnel over this. We want to get the policy right.

I would finish this answer by asking where we want to be. Is it possible to square the circle and get to a position where we can bring in some of the



improvements to entitlements that we have promised and, at the same time, ameliorate enough of the potential negative consequences that have caused some of the angst that we have seen? That is clearly where we have to get to. As far as I am concerned, that will be a priority for the review.

Q188 **Richard Drax:** Just quickly, when it comes to the review, will you make clear to everyone how you intend to do it?

James Cartlidge: There will be meetings in the coming days that clarify a lot of this. At the earliest point when we can share some of that work, I would be happy to. We have only just announced that we will be pausing and reviewing. I am just not in a position to go into that much detail. If I could, I would, as you know.

Q189 **Richard Drax:** We do not want you to have to come back again when everyone says, "I wish you had spoken to us"—for example, the wives.

James Cartlidge: That is a very good point. In that review, we want to hear from people; we want to try to engage as much as possible. Indeed, that is why we are here in front of the Select Committee. That is a function of the way we have accountability in Parliament.

The first thing to do was to put our hands up and say, "We have had a fierce reaction from an important cohort of people in our Armed Forces." We have reacted to that, we have listened and therefore we have announced this pause and review. I cannot go into a huge amount more detail on the substance of that, given the time that has elapsed.

Q190 **Mr Francois:** Minister, this is a victory for common sense. On the basis of giving credit where it is due, the Secretary of State should be commended for listening to the very large number of voices that were very opposed to this for very good reason. I draw an analogy with the Government changing their mind on railway ticket offices. That was overwhelmingly unpopular; the Government listened and they dropped it. Hopefully, we are doing the same here.

I speak as I find. In politics it is very difficult to get credit for anything, but we should give Ministers and the Department credit for listening and doing the right thing. I would just like to put that on the record. We do not want to upset Army wives, or Army husbands, given the number of women who now serve in the Armed Forces.

Can we just confirm something? That bit of the policy has been paused and is being reviewed, and I am sure in time will be dropped, but there are other elements of the package, such as underlining that couples who are not married but are in established relationships can qualify for service family accommodation. They used to be called married quarters, anecdotally. The old policy was that you had to be married to qualify. That seemed very unfair on unmarried couples in long-term relationships, many of whom had children. For the avoidance of doubt, can you please confirm that those changes will go ahead? It is just that unwise change of



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the basis of allocation from rank to need that we are reviewing. The other measures will go ahead.

James Cartlidge: First of all, thank you for your opening remarks. I will pass to Admiral Hally shortly to go into some of the detail. Essentially, as I outlined, the headline is that we are very much pausing and reviewing the change in respect of need versus rank, et cetera, which is widely understood. We are still implementing the very positive changes in respect of the conveyancing fee rebate and the extension of the waiver. In terms of the impact on entitlement, I will pass to Admiral Hally.

Q191 **Mr Francois:** Those two benefits will apply across all ranks, will they?

James Cartlidge: Yes.

Vice Admiral Hally: The first thing I would say is that all aspects of the home ownership package, which is the extension of Forces Help to Buy and the £1,500 for conveyancing, will go ahead as planned.

On single living accommodation, we are extending the SLA waiver and removing the situation that we had before for people living 50 miles away from where they work. In the Army, they only got a waiver if they were over 37. In the Navy and the Air Force, they only got a waiver if they were married. Those differences between services, ages and marital statuses are all being removed from 11 March. We will extend the waiver across everyone who owns or rents a property more than 50 miles away.

In terms of what is being paused, it is the whole of the package as currently proposed for family accommodation. The Secretary of State has said that we are absolutely committed to opening up the entitlement to family accommodation to people in long-term relationships. There are about 40,000 of those in the Armed Forces. About 27% of our Armed Forces personnel are in long-term relationships. That is a relationship where people have been personally and financially committed to each other for over a year. Many of them have children as well.

Q192 **Mr Francois:** Yes, you have to define it somehow. A year is the cut-off date.

Vice Admiral Hally: A year is the cut-off date. The second group, of which there are about 5,000, are the people who have responsibility for non-resident children. They have children from a previous relationship, who they have custody of on weekends, over the holidays and whatever. We reckon there are about 5,000 of those.

Those two groups always could and still can apply for family accommodation on an if-available basis. The proposal was that we would give them absolute entitlement. Even if MoD family accommodation was not available, we would go to the private rental market and find them comparable accommodation. Where the rent was greater than what they would pay for SFA, we would make up the difference.



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The whole element of the package relating to the SFA has been paused. We are going to look at that policy. The element that we really need to look at is the aspect of rank-based or needs-based. A few weeks ago we revised the policy on the SLA waiver. The policy on the SLA waiver—we are going ahead with rolling it out to everyone—was a change that we implemented just a few weeks ago.

Again, we listened and we heard. My team reviewed it and we rolled out a new policy. We said, “Let us get rid of what was proposed.” Some people would benefit and some people would not; some people would pay and claim back. In a digital world, we should not be in a position where people are paying and claiming back. You should only be paying what you owe. We made a decision at our people committee to simplify the system and roll it out to everybody.

Q193 **Mr Francois:** I am sorry. Forgive me, but there is never enough time at these things. I do not mean to cut across you. I do not wish to appear impolite.

On the point about couples in long-term relationships being given “absolute entitlement” to SFA, that has not caused any backlash. If it has, it has been a very small one. No one on this Committee is opposed to that. It is just the shifting basis of rank to need that has caused the reaction that the Minister was referring to. I am looking around the Committee to see whether anyone demurs, but I do not think anyone on the Committee would have a problem with the change to allow an absolute entitlement for those in long-term relationships. If anything, we would encourage it. It is a good move. We were looking at that when I was in the Department. It is the rank-versus-need thing that is the real problem, just to be very clear.

Vice Admiral Hally: What my team has to do is to review how we can look again at rank-based and whether and how we can accommodate, within the existing stock, a revision of that element within our commitments to those in long-term relationships and those with non-resident children.

Q194 **Mr Francois:** Lastly, Admiral, we know you are an industrious chap. How long do you think this review will take?

Vice Admiral Hally: That is the conversation that is going to be happening in the next couple of days. I cannot answer that at the moment. What I can say is that I want to give clarity to everybody on where they stand as soon as possible. Given where we are, I cannot answer that now. Within a few days, I can probably come back to the Committee.

Q195 **Mr Francois:** Could you notify us what the rough timescale is?

Vice Admiral Hally: Yes.

Mr Francois: There will be a great deal of interest. The Minister is doing



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well. When he came before us recently, he said two announcements would come soon. He has come up trumps twice, to be fair. We would like to hear that this will be done soon, and then we will be reassured.

Vice Admiral Hally: Yes, absolutely.

James Cartlidge: In Suffolk terms.

Mr Francois: Touché, Minister.

Q196 **Anne Marie Morris:** Minister, as someone who sits on the Public Accounts Committee, I should say for the record that I am a member of the APPG for the Armed Forces and I have a military family. On the Public Accounts Committee, we look at value for money. That is not just about cost. That is about whether or not we are getting value for the policy as a whole.

My question and concern, Minister, is about ensuring that, when you go about this review, this time around there is a full impact assessment that looks at all of the issues and the impacts of the policy as you revise it. Perhaps just by way of a parallel example, during Covid we looked solely at the impact on those who would catch or sadly pass away as a result of Covid. We did not look at the impact on people with cancer or heart disease, et cetera, nor indeed did we look at the impact on the economy. That has cost us dear.

Minister, can you assure me that you will look very carefully at collecting a lot more data rather than just a sample of 60 replies? Will you collect that data? Will you be very clear about the metrics to be applied to the new policy? This is not just about whether or not it ticks a box. Your impact assessment will, quite rightly, look at improving the quality of accommodation. Frankly, single and married is shocking and needs improving. That is absolutely the right thing to do. Secondly, though, this impact assessment needs to take account of the impact in all three services on morale, retention and the recruitment message this will send out.

I am afraid I must reinforce the points that my colleagues have made with regard to the importance of looking at this from the perspective of all three forces. I hear what you say. It is clearly simpler—and it must seem fairer—to look at the three forces in the same way. The reality is that personnel in the Army usually have a two or three-year rotation. The family goes too, not always but mostly. For the other two services, the families can establish themselves in the hometown of the relevant squadron or naval base. They have the opportunity to create a home.

Given these different needs, can you assure me that you will make this assessment in the round, take all those factors into account and look at it from the perspective of all three forces? They are different.

James Cartlidge: I will work through those. First of all, in reverse, yes, we will definitely look at it in the round. In terms of the issue about the three services, I cannot really add much to what I said to Mr Drax, simply



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because of the early stage that we are at. We want to give a sense of timing as soon as possible.

You ask a very good question on value for money. I am very conscious of that. It is difficult to define it. As you say, the issue here is ultimately about retention and recruitment. Losing the valuable resource of some of our most experienced and important personnel would have a significant cost to it in many ways, which we must take into account.

Indeed, on the point about morale, in many ways that has been a key factor. We have seen the reaction. We are very sensitive to the fact that we are responsible for our people. We have therefore taken the decision, on the basis of the feedback we have had, to undertake this review. That is a very reasonable approach to take.

I will not be drawn into the Covid comparison, only because that was dramatic. I was the Chancellor's PPS at the time. We received advice which changed within hours that hundreds of thousands of people would die very quickly if you did not take route X or Y. That is a very dramatic position to be in and not one where you can undertake very detailed analysis, unfortunately—if only we could have done.

In a situation like this, you need to weigh all the different factors. We have to recognise there is a finite supply of property. There is a finite available budget for investing in the estate and so on. If we have a dynamic approach, we can look at the levers that we have. If we proceed with what sounds like a widely supported principle in terms of changing the entitlement for those in long-term relationships, can we allow that and ameliorate the wider impacts that have been so negative for the people who are here and who have been understandably very vocal over the last few days?

Vice Admiral Hally: Could I just add something just to underline that? This is absolutely about retention. We are very clear about the importance of accommodation. There is pay, a very generous pension and accommodation. They are the trinity that we really care about.

This is about investment. We are investing £200 million over three years, £900 million over 10, and we want to get the best value out of that as a retention-positive measure. I want to retain all 33,000 people currently in SFA as well as the 45,000 people who will become eligible for it. This is about spreading the benefits of that generous subsidy that we provide for service personnel to a much bigger proportion of our people.

In doing that, part of the recommendation to pause is about surveying much more widely across our people, in terms of both single services and more generally across those who are currently living in SFA and those who aspire to do so. We not only want to understand what they aspire to do but also to give them opportunity to apply. We want to understand what their actions are likely to be so that we can get better data as to what the likely demand will be and whether that demand will be smooth



or whether there will be a peak in it. Data gathering is absolutely the heart of this.

Q197 **Anne Marie Morris:** Minister, the MoD has said that this change is not intended to be something to reduce cost. The intention was that it would balance itself out. If cost is not the objective, are we not risking trying to do two things at the same time? The first is to sort out appalling accommodation; the second is to review the benefits and entitlements of different ranks and whether you are commissioned or non-commissioned. I do not think this is what we should be doing, but it feels like that is what this is creeping into.

Do you agree we should keep them separate? The focus should be, in this review, on what we do about accommodation, pure and simple, without changing the entitlements of different ranks. If you want to increase them, that is fine. If you are going to reduce them, that is a different issue and it needs to be properly consulted on.

Richard Drax: Hear, hear.

James Cartlidge: To be as clear as possible, when you say that cost should not be a focus, what I would say as a Minister is that you nevertheless have to have a budget. We are not doing this to drive down cost. We are not doing this as a cost-saving measure. We are trying to enhance the offer to our personnel, which I would describe more as a value-add than a cost saving. Ultimately, to use a word from accountancy, it is about productivity in the sense of getting more out of your people because you are making the Armed Forces more attractive and so on.

Accommodation has not been a great assistant to us in that regard, not least because of the reputation, which has been justified, particularly in some of our estates. We have tried to invest in that. We will be talking more later about the wider issues with accommodation standards, et cetera, where there is a universal consensus that, for longstanding reasons, we have to improve it.

As Admiral Hally said, the focus is on retention. We are using this review to ask whether we can still extend that entitlement, on which there is wide consensus and support—correct me if I am wrong—and ameliorate the wider negative impacts on personnel. As we have seen, those cause a lot of upset and therefore threaten to have a negative impact on the retention side.

Q198 **John Spellar:** Minister, you rightly referred to the very strong reaction to the proposals. Why did not you anticipate it?

James Cartlidge: I would say two things. There is a lot of support as well. There are many people in the armed services who would benefit quite directly from these measures going forward. That is why I have stressed that we are not in the business of trying to trade off members of our Armed Forces. We want to fight as a cohesive whole. We want to



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have an ethos at a single service level and wider support for the Armed Forces as a whole. The reaction was pretty sharp in recent days. It is very important that we show that we are cognisant of that and respond to it. We are listening, and I think that is a reasonable response.

Q199 **John Spellar:** Why did not you anticipate that you would get that reaction? Was it not quite predictable?

James Cartlidge: As I think Mr Drax said earlier, this policy has, in a way, been in one form or another of consultation since 2015. We have been moving down this line. To what extent should we have anticipated it? It is not really for me to say. We have seen what has happened and we have reacted to it. That is the important point. We have listened. We now need to get on with this review.

Vice Admiral Hally: May I add something, Minister? When we did the engagement several years ago—in one of our surveys we had 24,000 responses, and we did further qualitative engagement through what was the FAM pilot—it became clear to us that different sections of the Armed Forces community had different views as to the relative positivity of them as a group. What was clear was that middle and senior ranking officers were less positive. It was as a direct result of that work that we put in place the three years of transitional protection and the opportunity for people to apply for a one-up in terms of their bedroom entitlements. In recent weeks, we have worked on a policy for two-up and to have other caveats in there.

We were surprised. That was very much aimed at providing reassurance to a group that we knew needed reassurance. Over recent weeks, we have seen that that has not reassured them. That will be a key part for the review.

John Spellar: “Less positive” may go down in the political lexicon.

Chair: Whatever the purpose, it did not provide sufficient reassurance, it is fair to say. I think I can say that the Committee very much welcomed the statement yesterday. Thank you for making it yesterday so we could have a productive discussion today, which is also welcome.

If you are able to write to us with more details on the timing, the metrics in the review, the form of the review and in particular how the tri-service response will be addressed, that would be very helpful. You know where the Committee comes from, which I know is where you come from: recruitment and retention is incredibly important. You have a problem here. We welcome the fact that you are addressing it and we look forward to hearing more.

All those who are adversely affected by the proposed change, which has happily been paused, would be the first to say that what they want is good accommodation for all. That is what we are going to move on to now. We have a lot more ground to cover.



We will move on to other issues. If, having heard the first bit of the session, people want to depart, they are more than welcome to do so. If so, please do so now. Out of courtesy to the Minister, we do not want to have people moving around while he is answering questions.

Major General Clements: We will still be discussing accommodation, will we not?

Chair: We will still be on accommodation. You are all very welcome to stay. Indeed most people want to, which is great. The next batch of questions is on the FDIS contracts and their performance.

Q200 **Mr Francois:** On that topic, Admiral, you and I have discussed in the past why people leave. It is an amalgam of reasons. I once wrote for a Prime Minister a report, *Stick or Twist?*, all about that based on lots of focus groups on military bases. In recent years it seems like poor accommodation is becoming more of a driver of why people leave than it was a few years ago.

To evidence that—you quite rightly talked about surveying people—we have the Armed Forces Continuous Attitude Survey, or AFCAS as it is known. There is a family version called FAMCAS and a reserves version called RESCAS, for completeness. According to the last AFCAS, the survey of service personnel, in June 2023—another one is due relatively shortly—satisfaction with some aspects of SFA has fallen considerably since 2022. The killer fact is that satisfaction with the quality of maintenance and repair work, which is what the FDIS contract is there to do, has fallen from 37% in 2015, before FDIS came in, to 19% in 2023.

You bring in this new contract, which is meant to solve these problems, even though some people warned you passionately against it, and now less than one in five Armed Forces personnel are satisfied with it. How on earth has this has been allowed to happen, Minister?

James Cartlidge: First of all, the crucial point is that we had support from members of the public when we concluded the last part by saying that what we want to see is better accommodation for all service personnel. That goes without saying.

The next bit is trying to deliver it in practice. There are many constraints and factors to bear in mind. We should acknowledge that there is a longstanding structural issue with an awful lot of our accommodation, which means you are constantly having to run what I suppose you would call sticking-plaster repairs rather than something more fundamental. In turn, that is about financial restraint. There is no doubt about it.

From my point of view, when I came into this job and took over responsibility for the estate last April, it was a question of focusing on performance—you are absolutely right that the performance of the contractors was not good enough—and then ensuring that performance improved. For me, most importantly, notwithstanding the issue of gas, which was an absolute priority because it was a legal issue—



Mr Francois: We will get to that.

James Cartlidge: I thought you might. Notwithstanding that, I set out my aim last winter. We are still just about in winter, technically. In November 2023, I stood up at Oral Questions and said, “We are determined that this winter, the one we are just about to enter, will be a significant improvement from last year.” The previous winter in 2022-23 was nothing like good enough. We had significant problems with failing heating and hot water, et cetera.

By any measure, what I set out to do, with the support of my colleagues, has led to a significant improvement. I am not pretending it is 100% perfect yet, but we made a significant difference on the key metrics, including dealing with damp and mould. There are basically two parts to that. There was lots of work under the surface across the estate, but number one was getting additional resource in place. We got an additional £400 million. Secondly, last November we had a clear plan—I called it the winter plan—where we set out the aims that we had, which are now being delivered with a significant uplift in the number of properties getting damp and mould work and a reduction in things like compensation payments and missed appointments.

Q201 **Mr Francois:** On the basis of that, are you confident that when we get the AFCAS 2024 results—Admiral, I presume that will be in June 2024—that figure of 19% satisfaction with the quality of maintenance and repair work will be dramatically higher? I do not mean like 21%. I mean way higher than one in five. Can you give us that assurance now?

James Cartlidge: That will be a collective decision taken by a large number of individuals, so obviously I cannot directly guarantee that. What I can say is that the statistics that I have show to me that there has been significant improvement. If I may—

Q202 **Mr Francois:** Hang on a second. We will come on to stats in a minute. There is a problem with the stats, which we will come on to. You mentioned safety. None of us wants to live in a home with mould, where the boiler does not work, where the heating is problematic or where there are cracks in the walls. No one would want that. Safety must be the paramount consideration.

When I got my gas bill the other week, while I was recovering from the shock, I read this leaflet from British Gas. It says here, “We are here to protect you. Carbon monoxide poisoning kills around 60 people every year in England and Wales. Let us make sure you are not at risk.” It then says, “Get regular gas safety checks. A Gas Safe-registered engineer can spot problems before they become dangerous. Get appliances and flues checked once a year and you will sleep easier knowing you and your loved ones are safe.” I cannot see anyone disagreeing with that, and yet we know, with the transition to FDIS, there was a massive problem about gas safety checks.

On 21 June last year, we had a hearing as part of our inquiry into



procurement. I was chairing that day, and you were giving evidence—we cannot fault you on your productivity, Minister. This story, no pun intended, was running hot in the media. You said this was a really serious issue and you would write to us with the latest stats. You then wrote to us on 31 July, and you assured us there was no gas safety certificate that was longer than six months overdue.

On 17 August, you wrote to us again and corrected your own letter. On 17 August 2023, you said, “Whereas in July we were assured that there were no gas certificates that were 12 months out of date, actually the real number was 29.” In 29 cases, we had service quarters where they had not had a gas safety certificate for over a year.

For the avoidance of doubt, no one who knows you is suggesting for a nanosecond that you deliberately misled a parliamentary committee—let us stop any hares running there—but somebody did. Somebody gave you a letter, which you signed in good faith, with a bunch of statistics that turned out to be completely erroneous about the safety of our Armed Forces personnel and their loved ones. Who gave you that erroneous information?

James Cartlidge: If I may just address this, it is a very important point.

Mr Francois: It is.

James Cartlidge: I am happy to come back to the wider point on gas because it is incredibly important, but, first of all, there is a big difference between writing a letter with figures that turn out to be mistaken, and then writing at the first opportunity to clarify and confirm that, and misleading. There is a big difference between the two. The second letter was to correct the first. I am sorry that it happened. It was an error.

Q203 **Mr Francois:** What we want to know is who was responsible for the error. You signed it in good faith.

James Cartlidge: Mr Francois, it is an error. It is not being misleading. Just to be clear, there is a big difference between the two.

Q204 **Mr Francois:** I put it to you, Minister, that there were some officials, either in the Department and/or the DIO, who were so embarrassed by the media pounding that they were getting, quite rightly, that they wrote a letter that played down the extent of the problem, which you then had to write and correct two and a half weeks later.

You do not have to be the most cynical man on God’s earth to believe that someone in the bowels of the organisation gave you duff information because they did not want the truth to emerge at that time. I am prepared to believe that when you found that out in private you were climbing the walls.

James Cartlidge: No, and the reason is I believe a mistake was made. It is as simple as that. I believe that. I have no evidence to believe the basically nefarious motive you are describing.



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It goes without saying that I do not have the ability, personally, to transpose myself somehow to however many thousand properties to discover whether there is a valid gas certificate. I am reliant on the statistics that I am given and, as you say, take in good faith. I believe they were produced in good faith and an error was made. At the earliest opportunity this was corrected in writing.

Q205 **Mr Francois:** Who drafted that letter for you?

James Cartlidge: It was drafted by officials within the Ministry of Defence.

Q206 **Mr Francois:** Which officials?

James Cartlidge: I am not going to name them at this point. That is not necessary. If I thought for a moment that what you were saying was correct, I would be absolutely mortified. I do not believe that is the case. There was an error in providing me with these statistics.

The first time I was asked by the Committee about the issue of gas certificates, I was as open as I could be about all the statistics I knew at that time. It was an incredibly serious issue. It related to the fact that when FDIS was first introduced—this has been acknowledged by DIO—there were issues with the way the computer systems effectively transferred over. This led to real problems in communicating with people about the need to—

Q207 **Mr Francois:** Minister, no one is criticising you. I was very clear about that, but I am happy to reiterate it. This contract between Pinnacle, Amey and Vivo has been an unmitigated disaster. Some people told you it would be, and it is. I just want to come back to the safety point because it is so important. I will hand back to the Chair. There are lots of questions about it. I just wanted to focus on safety. We will leave it to others to judge whether anybody has bent the figures.

In all seriousness, where are we now on gas and electricity safety in SFA and SLA? What is the current position, please?

James Cartlidge: The figures are very low. I am happy, Mike, for you to bring up the very latest statistics. There will always be some cases—this is probably true for most major landlords—where we go out of our way to contact people and we make multiple efforts to gain entry, but these are very exceptional cases. The number is a tiny percentage. Mike, do you have the latest figures?

Michael Green: The number for both certificates is somewhere between 200 and 300. The other thing I will say is that we have attempted to enter all those properties twice.

Q208 **Mr Francois:** 200 and 300 are still big numbers to me.

Michael Green: It is between 200 and 300.

Q209 **Mr Francois:** One is a big number. How out of date are those



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certificates? If you are a private landlord and you do not have an up-to-date gas or safety certificate for one of your tenants, you can be prosecuted. There are a lot of people who have been. You can go to court and be fined. In extremis, it is worse than that. You have that discipline in the private sector. Housing associations and social landlords have the same discipline. They can be prosecuted.

If there are still 200 to 300 outstanding, for how long have they been outstanding?

Michael Green: It varies. It is due to many different things. What we are doing is—

Mr Francois: “It varies” does not help the Committee much.

Michael Green: They are out of date. I do not know the whole gamut of how long they have been out of date. It will not be too long.

Q210 **Mr Francois:** Forgive me. You are the chief executive of DIO. What do you mean you do not know?

Michael Green: I know they are out of date. I know they are out of date probably by less than a year, but I cannot confirm that to you.

Q211 **Mr Francois:** Do you want me to ring directory inquiries and ask them? Come on.

Michael Green: We will write to the Committee as early as possible.

Q212 **Mr Francois:** What—like last time?

Michael Green: Yes, we will write to the Committee as early as possible.

Chair: If I may, this is an entirely legitimate line of questioning. I am glad we have pursued it. It is important that we do get this in writing. I know you will make certain there is no mistake in this particular letter. Clearly, we would not want to hear from you twice in two and a half weeks. Mark, if you would allow us, Richard has to come in as well.

Mr Francois: All I am going to say is, Mr Green, you knew this was coming up. You knew this would be an issue. You cannot answer that very important basic question. If this were a courtroom, I would say, “The prosecution rests.”

Q213 **Chair:** Before we go on, can I just ask one question? In the new contracts, I know your intention was to put in stuff that incentivises better performance.

James Cartlidge: Yes.

Q214 **Chair:** Do you want to talk us through what specific measures were put in place to try to get better performance out of the contractors? Is it just that those things have not worked or the systems did not allow them to work? What has happened in terms of delivery?



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James Cartlidge: I would make a couple of points. I do want to respond on the gas point because this is calling into question the reputation of the Department. I am responsible, sitting here, for my civil servants. I am the Minister who is accountable. We will get those figures as soon as possible, and I will ask them to be double and triple-checked.

When I discovered, a few days after taking on the role of Minister, that there were as many thousand properties as there were at that time with overdue gas certificates, you can imagine my reaction. The only thing you can do in that position is to try to fix it as rapidly as possible. In that situation, we responded very effectively. I was very pleased with the response to the situation, given that the priority was to deal with it as soon as possible. We linked up with the chain of command, which essentially ordered personnel to work from home on a specific day so we knew they would be in. We surged capacity in to deal with it. We had a significant impact.

It is impossible to have zero. What the exact figure is and how long they have been overdue we will find out as soon as possible. I will insist that there is a double-check involved to ensure that it is up to date. We have not been in any way deliberately misleading. The figures that I discovered at that point were totally unacceptable, and we dealt with it as soon as we possibly could.

Mr Francois: Minister, when you realised they were wrong, you wrote to us rapidly to correct them. The Committee completely understands that. There is no argument between us. The point has been made, so I will hand back to the Chair.

Q215 **Chair:** Is there anything you want to add about how you are incentivising better performance?

James Cartlidge: It is carrot and stick. We have been withholding profit from contractors. The point I was going to make was that we got the contractors around the table at that time, banged heads together, metaphorically speaking, and fired up the system very effectively. We have been withholding profit where appropriate.

On a significant range of metrics we have genuinely seen improvement recently. I cannot speak for surveys because that is measuring people's interpretation of how they feel. In terms of the objective data that we have on, for example, the number of complaints or refunds, et cetera, there have been significant improvements. I am happy to go into that, if you wish.

Michael Green: In terms of Mark's comment that officials deliberately misled the Minister, it is utterly untrue and I refute it completely.

Chair: We will move on. Thank you for saying that, Michael.

Q216 **Richard Drax:** I am going to ask about Pinnacle, which has not done a great job either. What are DIO and Pinnacle doing to resolve outstanding



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housing and maintenance complaints more quickly? Do you want to answer that, Mr Green?

Michael Green: We have worked very hard. First, can I start off by apologising to families? The launch of FDIS was not as it should have been. I walked right into the middle of that. We were not in a good space. It is fair to say that we lost control for a number of months in the first year of FDIS. I apologise absolutely to families for that situation. It was not acceptable. It was not good.

What have we done? We have immediately called in all the CEOs of the companies concerned, Pinnacle, Amey and Vivo. I have continued to have fortnightly and monthly meetings with them to go through the statistics, plans and correction certificates. We have issued them with a default notice so they do not get profit out of this.

Their response has been very good. They are properly bothered about providing a good service. I know it does not seem like that, but it was very hard in that first year. The IT system failed. We lost sight of 18,000 jobs. As well as that, they were handed 12,000 jobs from the previous contract. Since 2010, we have been doing fix-on-fail in the estate, which is effectively the unmanaged decline of your estate. From 2010, that has been building up. When we launched the contract, which allows for maintenance, we got an awful lot of phone calls from people saying, "Can you please fix this?" It was very hard for those first few months.

James Cartlidge: Pinnacle's main role is managing the call centre.

Michael Green: Pinnacle took a lot of unfair criticism. I understand why people criticise. I need to say that. They did not answer the phone fast enough. They were not equipped to deal with—

Q217 **Richard Drax:** Why was the criticism unfair?

Michael Green: They were not the only ones in the situation. They took all the flak for everyone. I am sure Pinnacle would not say they were perfect, and they do not. As the face of the FDIS contract, they took all the flak.

We then had the terrible death in social housing of Awaab Ishak, which I am sure you all remember, which led to a lot of damp and mould calls. Up until early 2022, we would allocate houses with damp and mould. We have stopped that. We have worked very hard on this.

The Minister mentioned the additional £400 million. I personally lobbied Ministers for that £400 million. We were given it, and we are spending it on fixing damp and mould. We have 5,000 houses with damp and mould. Clearly, we started with the worst ones. We moved 90 families out of their houses because the damp and mould was so bad.

Q218 **Richard Drax:** How old are these houses?



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Michael Green: The majority of houses in the MoD estate were built in the 1950s and 1960s. They were poorly built in the first place. They would have had a lovely roaring fire that would draw the damp out of the house. That has gone—

Richard Drax: They would not have had showers.

Michael Green: —and we have fitted central heating. We fitted double glazing and sealed them up. We put in showers. We put in tumble dryers. A lot of these houses had no insulation or were single brick, which means a direct cold bridge to the outside. The state of the MoD estate—I came from the school estate and I have done the Boots the chemist estate—is shocking. Some of it, not all, is in need of a lot of attention. That is a mission that I want to go on. Recent Ministers have joined in that, but we have underinvested in the estate for at least 30 years.

Q219 **Richard Drax:** To be realistic, because of the state of the housing and the age—I know a little bit about houses—is it possible to get them to the standard in which they should be, i.e. with no mould? To a certain extent, that also depends on how you live in a house, with air going through it and all the rest. If you lock all the windows and doors, it encourages mould more. I do not know where the mould is coming from. Is it coming from the ground? Is it coming from the window? Is it coming from the roof? Is the house leaking?

James Cartlidge: I do not know about yours, but in my constituency a new build is from about 1500. The fact they were built in the 1950s does not necessarily mean they are going to be good or bad. It is a structural issue that comes up time and time again.

What I can confirm is that we have made a huge amount of progress in our winter plan on damp and mould. That is the key thing that you asked. Can we deal with it? The point is that we are having to try to fix the problem. I would not quite use the phrase “sticking plaster”, but it varies. We have had thousands of what we call remedial jobs, which is a basic treatment. There will be others where there are more fundamental interventions.

In an ideal world, you would want to be rebuilding as much of that as possible, but it is just not practically deliverable in the timescale. That just underlines the point. This goes back to Mr Francois’ point. Because of safety—damp and mould is a safety issue—you are constantly having to prioritise and focus. That is where your resources go. I am happy at any point to show you some of the statistics, which show the improvement in performance since last winter.

Q220 **Richard Drax:** Mr Green has just said he is still shocked. You talk about rebuilding, and that is one solution. How much rebuilding is going on?

Michael Green: This year we have treated over 3,000 houses for damp and mould.



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Q221 **Richard Drax:** How much rebuilding is going on?

Michael Green: There is very little rebuilding.

James Cartlidge: That will not be rebuilding. That will be remediation of existing property.

Q222 **Richard Drax:** I am asking about rebuilding so that houses meet proper modern standards.

Michael Green: I estimate that probably two-thirds of the estate needs rebuilding.

Q223 **Richard Drax:** Just moving on, should the MoD consider bringing housing officers back in-house to manage these issues?

Chair: Before you say anything, it is wonderful to have an audience for the Select Committee—you are the politest lobby we have ever seen in Parliament—but can we have some quiet, please? We have to allow the panel to focus on their answers. I do not want to be discourteous.

Richard Drax: Chair, there is no one better to air their views than those who are living it right now, but I totally accept your point.

Should we bring housing officers back or not?

Major General Clements: I will come on to that, if I may. I have lived in quarters. I have lived in 14 in my 26 years of marriage. I live this. I am the only person sat around this table who has lived this, I think it is fair to say. I am also the Army customer to DIO, which delivers the quarters on our behalf. We are actively engaged in working closely and collaboratively with DIO and industry partners to make sure that the voices you have heard here are represented.

There is a disparity here. The performance indicators are absolutely improving and have improved. There is an enormous difference between where we were a year ago and where we are today. We will give you some evidence to explain why that is proven. The challenge is about how it feels. After years of conscious decisions about how we were going to prioritise our funding and the previous contract, which was not good, we are at a point where we are trying to rectify the poor position with a contract that Mr Green has already acknowledged did not work well early on. We have got it back on track. It does not feel perfect yet because of the lack of trust. It takes time to build confidence, but we are heading in the right direction.

We have a contract, and we should use it. It is there to deliver something. If it is not performing, we should hold those industry partners to account, which, again, DIO is doing rigorously. We have to be really careful here. Bringing back housing officers would appear to be a simple solution. We do have military housing liaison officers. We have 11 of those throughout the whole of the UK. We have a chain of command, which we use.



Q224 **Richard Drax:** There are 11 throughout the whole of the UK?

Major General Clements: We have 11 in the whole of the UK, who are there to monitor and support. They are not there to run the estate. We have a contractor to do that.

Q225 **Richard Drax:** It is a lot of houses for 11 people, is it not?

Major General Clements: I appreciate that, but there is a system of complaints. When I visit people and talk to them, we actively encourage people to complain and to report faults, which they must do.

Q226 **Richard Drax:** It is a no to housing officers.

Major General Clements: That is not what I said.

Q227 **Richard Drax:** You did say that.

Major General Clements: Yes, I did say that. That is a fair counter. What I would say is let us make the contract work. That is what we need to do rather than necessarily—

Q228 **Richard Drax:** The contract does not work and it has proven not to for many years. Where do you go from there? It is not working, is it?

Major General Clements: I would contend that that is not necessarily the case. Statistically, we can show that it is not the case. The point I am making is that the reaction you are getting in this room is because trust has been broken in the past.

Q229 **Richard Drax:** What about your own personal experience? You say you lived in Army quarters all your military career. Have you had a problem?

Major General Clements: Yes, I have shared the experience that other people in this room have had of having a bucket in a bedroom to deal with a drip. I have had that, but it falls to the system to try to make it work. It can be quite difficult and it was difficult a year ago. It is better now.

Q230 **Richard Drax:** When will the promised Home Hub portal be made available to enable families to track jobs and book their own appointments online?

Michael Green: The promised Home Hub is in development. We need to collect data to enable that. I would guess that it will be around about a year, but at the moment we are trying to fix the problems that are in front of us to enable us to do that.

Q231 **Richard Drax:** When did you start looking at introducing this initiative? How long ago was it?

Michael Green: We started it as part of the introduction of FDIS, but, as I have already said, we had other things to focus on for the first year of FDIS. We are now slowly turning our attention to doing things better in the future.



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Q232 **Richard Drax:** From my own experience as an officer looking after my men, what really annoyed people was the fact that everything took so long and then when it was done it was not done properly. Those were the two main issues. If there were a portal where families could see when their appointment was going to be, i.e. next week or the week after, I would have thought that would be hugely reassuring, rather than waiting for something that sometimes does not happen or somebody who may turn up when they are not even there.

Michael Green: I acknowledge that, Mr Drax. I completely agree. The way to manage this is with much more use of technology.

Q233 **Richard Drax:** Can we do that within a year? Technology moves pretty quick. Mr Green, I would have thought that you could leave this room and have it up probably within a month or two? It is not very difficult.

Michael Green: It is quite complicated. We have people working on it. I am happy to write and tell you about progress.

Richard Drax: Your colleague is nodding.

Q234 **Gavin Robinson:** Good afternoon, gentlemen. Major General Clements, you mentioned making the contract work. I am going to ask the Minister in a moment about the statement that he made in November and the winter preparedness that he outlined effectively at that time. Are you aware whether that statement, when it was made in November, was making a contract work, or was it at an additional cost?

Major General Clements: I am really sorry. I am not quite sure I understand what you are getting at there.

Gavin Robinson: Winter 2022-23 was a difficult time for a lot of service families, potentially including yourself, and that was the consequence of a failure to maintain properties well enough. Bad weather comes; people understand that bad weather comes, but when systems have not been maintained satisfactorily, pressure starts to show. The Minister outlined a different level of preparedness November just passed for the winter of 2023-24.

You have indicated that we need to make the contracts work. My question to you is whether, when the Minister announced the increased winter preparedness in November 2023, that was making a contract work or that was a recognition that what was within the contract was insufficient and additional resource was required.

Major General Clements: It is probably neither. That is probably not a terribly helpful answer. The point I was trying to make earlier on and in response to your question now is that we are in a much better place. Whether there is enough resource to do that is a separate question. What was really acknowledged and learned from—

Q235 **Gavin Robinson:** I am not sure that I quite follow that, because you have talked about trust being the element that really needs work. You



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have indicated in answers to the questions—and winter gets mixed in with this—that it is about preparedness and that we should make contracts work. Now, you are saying something quite different; that, irrespective of the contract we have, this is about resource, capacity and all the rest. Which is it?

James Cartlidge: Can I come in? You have the existing FDIS contract. Then we put in place additional resource to go further on addressing these core issues like damp and mould. That money was made available in July 2023. We then set about putting in place the contractors, et cetera, and in November, coming into winter—and particularly to reassure families, given their experience the previous winter—I set out specific goals that we wanted to achieve over that winter.

There are two parts to that. The first is that, internally in DIO, they set up this bronze, silver, gold command structure, to deal with severe storms. Of course, we had, I think—correct me I am wrong—10 alphabetical storms. It has been pretty stormy and there has been a lot of call for that.

In terms of the additional funding for damp and mould, for new heating systems and so on, we set specific targets, which have by and large been delivered and we are on our way to delivering. For example, we promised 4,000 properties would receive support over damp and mould. We are up to just under 2,500, with another 800 to be done before the end of the financial year and another 700 to take us up to 4,000 early in the next financial year. We are making progress.

Q236 **Gavin Robinson:** I do want to be quite specific about this, because it is the detail that matters. Two winters ago, two Novembers ago, worse than that occurred. That is not to take away from the fact that you did put in additional resource, but it was additional resource at additional cost. There was an increase of 55% in call handlers. There was additional resource required for the provision of out-of-hours response maintenance or folks that could help fix issues when they arose. Those were both additional costs; isn't that right?

James Cartlidge: Yes. We put in extra investment and we did that to ensure that this winter, which is just finishing, would be markedly better in terms of experience for Armed Forces personnel. By that, we meant primarily in those most serious, prioritised threats such as damp and mould, issues with heating and so on.

Q237 **Gavin Robinson:** That is important, Minister. It is important that you did it, because in November 2022 through to March 2023 there were something like 11,000 calls where families were saying, "Our heating is not working." On some occasions, it was taking four days to get a response, which is totally unacceptable.

James Cartlidge: If we take missed appointments in January 2023, there were 3,910 compensation claims for missed appointments. In January this year, there were 1,317. That is a fall of around 2,000.



Q238 Gavin Robinson: I am recognising the improvement in the resource that you have put in, but it is additional resource. It goes over and above contracts. It is additional resource that was created because of the catastrophe of 2022-23, and if I was in a service family, if I was living in service accommodation, I would want to know whether this would sustain. Was this a reaction because 2022-23 was terrible and so embarrassing, but it is a one-off? Can I have any confidence that that will be there in future years? Will the 55% additional call handlers and additional out-of-hours staff become ingrained, because it is now recognised that that is the level of service required?

It cannot be that there has been such an energetic response because of such a bad year, only for that preparedness to wane in future years. That is the opportunity I would like you to seize and give some reassurance about.

James Cartlidge: The £400 million extra that was put in resulted from the DCPR refresh. If you recall, that was really quite important in the sense that it focused on people and these sorts of issues, rather than, "Here are the new, shiny platforms," which is quite a rare thing for defence in some respects. That £400 million was very important. That is over two years.

The first tranche of that meant that this financial year, which is just finishing, we have effectively doubled our spend on maintenance and upgrades for our Armed Forces accommodation. It means there will be significant further investment next year. Beyond that, you are then into the spending review period.

Michael Green: You are right. In that previous winter, we had something like 12,000 heating and cooking systems fail. I will come back to that. That is an extraordinary number of failures in old equipment that we need to replace. This year, as part of the winter planning, we put a lot of thought into making sure we had stock, making sure we tested systems, making sure we had plans for storms and specific cold and making sure we had more people.

That previous winter was very difficult, because it was not just us, it was British Gas, everyone was suffering, trying to get hold of people. We have sorted that out and gotten ourselves out of the situation we got ourselves into. Tradespeople were very rare in that period. I think we lost 250,000 tradespeople through Brexit. It was quite hard to do that. We have now secured those resources and your question is, "Is it the same going forward?" Yes. We are committed, going forward, that that will not happen again.

Q239 Derek Twigg: Can I just be clear? I may have misheard. When you said that, up until 2022, houses were still being allocated with damp and mould in. In fact, you quoted 5,000, I think, during your answer. Are we sure, as of today, that no family has been allocated a property—in other words, are moving into a property—that has damp and mould in?



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Michael Green: Yes.

Q240 **Derek Twigg:** Not a single family, as we speak today, will be moved into—

Michael Green: The policy is we will not allocate to a family a house that has damp and mould. That is the policy.

Q241 **Derek Twigg:** Who knew, in 2022, that properties were being allocated with damp and mould in them? Did that go up to Ministers, heads of the services or the Permanent Secretary? Who knew, at what level, that families had been allocated properties—

Michael Green: This had been the case for many decades. What is used is a thing called the decent homes standard, which does allow for an amount of damp and mould when it is allocated. It is the same in social housing. I suspect that has been the case for a long time.

Q242 **Derek Twigg:** It was just a known fact in the Department, that—

Michael Green: I believe so, yes. The more knowledge about the relationship between damp and mould and respiratory diseases—

Q243 **Derek Twigg:** As of today, no family is moving into a house with damp and mould. That is what you are saying.

Michael Green: Absolutely, yes.

Derek Twigg: That is on the record.

Michael Green: That does not mean we do not have houses with damp and mould, because there are issues. As I have said, there are issues with the state of the property and also lifestyle issues.

Q244 **Derek Twigg:** We can get into condensation and all of that as well, but that is—

Michael Green: Indeed, and with energy prices as they are—

Q245 **Derek Twigg:** That is okay. I just wanted to get on the record what you are saying. That is fine. We will come to the issue of the additional money, which the command paper refresh referred to. There was £220 million you indicated was allocated this year. How much of that additional £220 million has been spent, to date?

Michael Green: All of it has.

Q246 **Derek Twigg:** All of the £220 million has been spent before the end of the year.

Michael Green: Yes.

Q247 **Derek Twigg:** Does that mean you are overspending now?

Michael Green: This is £220 million of extra money to do projects.



Derek Twigg: That is right, yes.

Michael Green: We have done that. I have a list of what we have delivered. We have delivered new boilers and new heating systems. We have insulated a number of houses and we have spent all that money. It is gone. At the start of next year, we will start again with the further £180 million we have. That is not the total money. That is the extra money for projects to improve properties.

Q248 **Derek Twigg:** It has all been spent.

Michael Green: Yes.

Q249 **Derek Twigg:** How many homes of the 4,000 earmarked to receive damp and mould remediation—

James Cartlidge: 2,435, is it? It is just under 2,500 to date. I think it is another 800 this financial year and 700 early in the next financial year. That takes us up to the 4,000 that we promised to do.

Q250 **Derek Twigg:** That was about 60% of the properties that needed work. That left about 40%.

James Cartlidge: Not every single property has damp and mould.

Q251 **Derek Twigg:** It left about 40% I think, did it not?

Michael Green: We have categorised damp and mould from 1 to 5. As I say, in those most serious—

Q252 **Derek Twigg:** How many properties does that leave, then, needing that work? We have a figure of around about 40% left that need that work.

Michael Green: It is slightly more complex. We have categorised it from 1 to 5. In some cases, we have put in a permanent fix. In some cases, the condition or type of property means we know the mould will come back, so what we are doing is insulating the outside of the house. We are providing new double glazing, which will have a trickle vent. We will put into the bathroom what I would call a competent extractor fan.

Some houses have had a temporary fix, awaiting a project. Some houses need much more substantial work. Some houses need knocking down and starting again.

Q253 **Derek Twigg:** How many houses does that leave that you cannot allocate, because they have not had the full work—

James Cartlidge: Can I suggest something to the Committee? It is entirely up to you, but I did quite a detailed breakdown in a written answer recently. I am more than happy to send it again. It details what we promised in the winter plan, which is primarily about damp and mould, and where we are up to now. I am more than happy to do that.

Q254 **Derek Twigg:** Out of the 1,000 void properties that have received refurbishment, what is the situation?



James Cartlidge: 202 have been completed so far.

Q255 **Derek Twigg:** Is that out of the 1,000?

James Cartlidge: Yes. Work is going on at the moment for the others.

Q256 **Derek Twigg:** When do you expect to have the 1,000 completed by?

James Cartlidge: Within the next four weeks, by the new financial year.

Q257 **Derek Twigg:** Between 700 and 800 will be finished in the next period.

Michael Green: Yes.

Q258 **Derek Twigg:** Can I come on to a general question? Clearly, we have focused very much on the condition of properties and the various problems regarding bringing them up to speed. Is a big problem not that there are not enough properties, in particular of the type that people need, that families need? Is that not a big problem?

James Cartlidge: Certainly, sitting here talking about some of the issues we did at the start of the session, if we could wave a wand and get thousands of extra homes in very quickly it would make a lot of this a lot easier.

Q259 **Derek Twigg:** Sorry, Minister. We have focused a lot on maintenance and the condition of properties. There is also the issue about the number of properties required and the difficulty in getting families allocated into properties that they really need, rather than having to make do.

James Cartlidge: Yes, but all I am saying is that there is a huge mix of factors in that. It is well documented that every summer—particularly summer—there is a huge amount of movement in the estate, so you do need a significant number of properties that are empty. What is the ideal number for that?

Q260 **Derek Twigg:** What do you think is needed?

James Cartlidge: We have a percentage in mind.

Q261 **Derek Twigg:** What properties do you need to be able to make the correct offer to the relevant families, for what their needs are?

Michael Green: At the moment, we are not far out. With the introduction of FAM, there are a significant number of additional people, which is why we are bringing on board void properties, which is why we are currently talking to the Minister about bringing on more void properties. On top of FAM, we know there will be a gap in the number of houses that we have. We do not know how big it is, because we do not know how many people will take up their entitlement.

Q262 **Derek Twigg:** You do not know the gap at the moment.

Michael Green: We do not know how many people are going to want to take up the entitlement that FAM will bring. What we do know is, as we



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get more and more data, we are going to have to both right-size the estate in terms of number of houses and size and type of houses. We know that.

Q263 **Derek Twigg:** When do you expect to be in a position to be able to do that?

Michael Green: We need FAM to get going. As I say, we have enough houses to manage the start of FAM and then we will have to react, to make sure the estate is right-sized as we go.

Q264 **Chair:** The difficulty is, as has been explained very clearly, you are embarking on the project. You just do not know, at this stage, where there will be insufficient housing across the estate.

Michael Green: We have a cushion, Chair.

Q265 **Chair:** That is the 10% void you normally maintain.

Michael Green: We brought on board 1,000 voids. We are buying some new property—I think about 170 new properties that we know of—and we are currently talking with the Minister about bringing on further voids, to make sure we can maintain that cushion. We need to react, because nobody has been able to model—I do not think anybody could model—how many people would take up the entitlement. We will have to react at that point to what we see happening in the market.

James Cartlidge: It is an example, if I may say, of the way in which you have to look at all these different levers. There are so many different factors, but were we—it is hypothetical at this stage—able to deploy more resource to bring back more voids, that would be a good example of something that would have a positive impact from that point of view.

Q266 **Chair:** All I am identifying is that you are clearly aware there could be a problem further down the path on this. At the moment, you are finding it impossible to model the scale of that potential problem. You know there is going to be an increase in entitlement. You do not know how many people are going to take up that entitlement, but you have put in place measures to try to mitigate that, by having void properties brought in. You are debating to what extent you need to do more.

James Cartlidge: Yes.

Michael Green: It is impossible to model accurately.

Q267 **Chair:** Mr Green referred to the two-thirds statistic in terms of housing really requiring work on it. The Department has said in the past that the £1.8 billion over 10 years being allocated to improve the housing stock is not going to be sufficient to get it to where you want it to be. Has modelling been done as to what the total level of investment would be to get the estate back to where you would wish it?

Michael Green: We are currently working on two submissions for Ministers. When I joined, we did a very quick and dirty, "What does it



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take to get the estate somewhere where we could consider it somewhere people would be happy to live?" We came up with that figure. This is not answering the sustainability questions, but just making the estate what I would call decent.

I said that was around £2 billion to £2.4 billion. I took that to Ministers, the Permanent Secretary and the Chiefs. They said, "Fine. How much can you spend in the first year?" We said £220 million, which we have done. We were nervous about that, because it is a lot of work from a standing start, but we got it done.

Who knows what will happen beyond the spending review? This is the Minister's point. We are funded to the spending review. We are clearly hoping for at least the same or more money, to continue improving the estate for our amazing Armed Forces. That is why I am here. That is what I want to do. We have talked about the condition of the estate and what we need to do to it. It does take money. I cannot hide from that.

Q268 Chair: In response to Mr Twigg, you outlined what the decent homes standard may mean in practice. Despite the fact you have homes that meet the decent homes standard, they clearly do not meet, in some cases, the reasonable aspirations of the service personnel. Was there not going to be an enhanced target standard introduced? When is that expected to come in?

Michael Green: Yes, indeed. We have been working with DLUHC on what the standards are and improving them. The MoD introduced DH+, which was a step up from the decent homes standard, and we are working on an enhanced standard, which does a number of things. It will break the link between age and condition, because at the moment there is an assumption that a house is so old that it is in a certain condition. That is not true. If you give Victorian houses a new roof every 100 years, they will be fine for evermore. We will break that link.

We are going for a reduced toleration of hazards within houses and trying to make them better. We are going to be raising the quality of workmanship, because I have been here not quite two years and the quality of workmanship I see needs work, to say the least. We are enhancing the quality of everything we do. We are hoping to introduce higher minimum standards for energy efficiency, which leads to the comment about how many of our houses will pass that. Not many will pass any energy efficiency standard at all. We are hoping to move them all up to C, which is not unusually ambitious, if I am going to be honest, but if I say two-thirds of the estate needs either significant refurbishment, rebuilding or repurchasing, that is the scale of the task in front of us.

Q269 Richard Drax: I asked a question about the rebuild. I think you said you bought 170 new properties.

Michael Green: We bought 300 last year and 170 this year.



Q270 **Richard Drax:** When you think of the millions that you are pouring into these wasting assets, in many cases, because the housing is so old, why is there not a sinking fund of some sort to at least attempt to build new houses, to meet the varying standards that—

James Cartlidge: That is effectively what there is, I would argue.

Michael Green: It is what we are doing, but this is greatly complicated by the situation with Annington Homes.

Q271 **Richard Drax:** That was a disaster, selling off for £2 billion. It was an absolute disaster. We all know that.

Michael Green: Indeed, and we were supposed to put that money back into the estate and we did not. We put £100 million of it back in. I am going to violently agree with you. It does complicate the situation you have just described, however, because we have houses. We are obliged to keep them. We have to return a certain number every year. I would love to stand back and say, "We are going to do something different."

Q272 **Richard Drax:** That is the point of my question. You are in a terrible situation. I am agreeing with you.

James Cartlidge: In effect, that is what currently happens. We are buying these largely new-build estates in bulk from developers in certain areas, near barracks, et cetera. That is expensive at scale and, at the same time, you are still going to have a huge amount of accommodation out there with all the problems of damp and mould, et cetera. You do have to prioritise and we are restricted on this point. I would just say, on Annington, we are very limited in what we can say on that, because of the court issues.

Q273 **Mr Francois:** Mr Green, one of the characteristics of an organisation in denial is it ignores its customers. When I did that *Stick or Twist?* report into retention back in 2020, which we did the fieldwork for in 2019, we visited 12 military establishments—Army bases, naval bases, air bases—and we did four panels in each with officers, senior NCOs, junior ranks and partners. When you spoke to the partners, in particular, the thing they overwhelmingly wanted was the old patch managers back.

Under that system, you had someone who knew the estate—they knew that the boiler at number 23 had always played up—someone who partners, particularly if the serviceman or woman was away on deployment, knew who to go to to get something fixed. It worked pretty well. It was tried and tested. Now, you have to ring a call centre, which then eventually books a contractor, who may or may not turn up. Then they turn up and say, "Sorry, love. I do not have the part," and then they come back a week later. It is a mess. Remember that people pay rent to live in these quarters. They are not rent-free; they pay a fee. What they want is the old patch managers back. I know because we spent a year asking them. Why do you not come out of denial and give the customers what they are asking for? They pay the rent, Mr Green. Why do we not do



that?

Michael Green: Mark, I do listen to customers. I spent 12 years working for a retailer, where the customer was everything. We do listen. Let me be clear.

Q274 **Mr Francois:** But that was Boots.

Michael Green: That was Boots the chemist, yes.

Q275 **Mr Francois:** And how much public sector housing do Boots run? They sell a lot of lipstick.

Michael Green: The similarities are incredible. I am quite surprised. They do not run any public sector housing, but they do listen to customers. That is the point I was making.

Q276 **Mr Francois:** Why do you not now?

Michael Green: I do not agree that we do not.

Q277 **Mr Francois:** If they are all telling you that is what they want, why not listen to them?

Michael Green: To be clear, we have housing officers. Those housing officers work for Pinnacle. We are looking very hard at how we manage the joint resources of Pinnacle, Amey, Vivo and the DIO, and we hope to improve considerably the thing you are describing.

Q278 **Mr Francois:** Are they not very remote? Is that not the problem?

James Cartlidge: I will say two things. I am going to bring in Major General Clements in a second. In terms of performance, as in the customer-facing experience, all I can do is go on the same list of figures, the two January comparisons and the statistics we have for the performance. The call centre waiting time in January 2023 was an average of 305 seconds. This January it was 23 seconds, which comes from the extra staff that have been allocated to it. That is Pinnacle. That is significant.

Major General Clements: It goes back to Mr Drax's question. Apologies that I did not answer it as fully as I should have done. There are different layers of the onion here, which will hopefully go some way to reassure you. This is why I was not wedded to one solution here. We do have a number of military housing liaison officers. We have Pinnacle, which has representatives on the ground as well. People on any base will have a welfare officer available to support them and a chain of command wrap that goes around that.

We also have a very effective regimental sergeant major network. We have a very effective chain of command network, which means that when things are not going well and we are made aware of them, we are able to approach those directly. This goes back to my point about making the contract work. We are able to engage. We work very closely with DIO.



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We work very closely with the industry partners. I have hotlines to each of those industry partners so that, if things are going wrong in whatever area, we work collaboratively together to fix those problems.

There are various different mechanisms that are in place and in force there, to try to deliver the effect that you are talking about, rather than perhaps talking about one solution. Things do not always go perfectly well, but what I do know is that, for example, Pinnacle have a troubleshooting team. When we are aware of something, we can pass that detail and that information to them to get that fixed. I still maintain that we have to make the contract work first and then that system is there to provide back-up.

Q279 **Mr Francois:** The contract will never work. It is fundamentally flawed and always was. You have a welfare officer, but it is not the welfare officer's job to fix the houses.

Major General Clements: Mr Francois, that is not what I am saying. You say that the contract is never going to work. We are working really hard to make it work and we are working in a collaborative manner—

Q280 **Mr Francois:** Forgive me, but if it is working so well, why, as reported in the Mail Online earlier today, did you have to pay over £2.2 million in compensation payments to military tenants last year? If it is working so well, why are you paying out £2 million to compensate people for failure?

James Cartlidge: The point we are making is that we acknowledge—and Mike has done this—the massive issues that arose from the contract changeover, which was to do with IT. That was not acceptable performance. Furthermore, in terms of the customer experience of that—the most important part of it, which is the winter when they get the most calamitous housing issues, loss of hot water when you most need it, et cetera—was a very poor performance and we have significantly improved on that this year.

I can look at a whole range of measures but, in terms of compensation, as I said, in January last year there were 3,910 compensation claims from missed appointments. This year, there were 1,317. It is improving significantly, despite the extant figure that you have referred to. The number of complaints was 2,940 last January and is 979 this January. Reported cases of mould and damp is different from properties that have it, because they could be longstanding. That was 1,673 last January and—

Q281 **Mr Francois:** Minister, it is like talking to a failing NHS trust: they quote statistics; they do not talk about human experience.

James Cartlidge: Those statistics are facts, Mr Francois. They are facts, and that is what we have to deliver on. I can only go by that. If those statistics had doubled or were worse, you would be using them against me, I suspect, but they have improved significantly, not on every single



metric, but on these key metrics where, I accept, the performance was not nearly good enough. There has been a significant improvement.

Q282 Mr Francois: This is my last bite here, Chair. On page 26 of this report—I am sorry to mention it again, but there it is—I recommended to the Prime Minister, copied to the Defence Secretary, in February 2020 that, “The DIO’s proposed FDIS contract should be put on hold while other more attractive options are explored for providing service families accommodation which genuinely respects our personnel and their loved ones, rather than continuing to take them for granted”.

The MoD accepted every single recommendation in this report bar that one and we are where we are. I am afraid the DIO is in denial and this will never improve until they come out of it.

James Cartlidge: That is your *Stick or Twist?* report, isn’t it?

Mr Francois: Yes. In other words, you were warned four years ago.

James Cartlidge: They are not in denial because, from what I have heard today, there is acknowledgement of these handover problems, which are fundamentally IT-related.¹ That meant that, therefore, for example—it is very serious and I accept that—on the gas inspection issue, there was an ineffective system. Thank God we nipped it in the bud before, as far as we are aware, anything serious arose from it.

I can only go by statistics for showing these improvements. There is significant improvement. I would rather be in that position that it be deteriorating. I have acknowledged about the contract handover, because I am ultimately accountable in this room. I have acknowledged about the contract handover and I have acknowledged about the previous winter but, by the same token, we should acknowledge that this winter is a very significant improvement, as we promised in the winter plan, despite all those named storms, flooding and other issues we have had. We need to keep making improvements and we need to keep looking at how we—

Q283 Mr Francois: James, they are leaving in droves.

Chair: Mark, we need to move on.

Mr Francois: Hang on. They are leaving in droves, James. We have to stop them quitting. We have to fix this.

James Cartlidge: Everyone sitting here agrees that the top priority is retention. That is why we have taken the decision we did overnight. We have been clear on that. That is why we have paused the policy we have been discussing in the first part of this session. We are addressing this. The amount of extra money we put in was a significant increase. It more than doubled the amount for the financial year.

¹ Note from witness: The Department does not recognise the statement that the DIO is in denial. The MOD agreed with the direction of the report and are committed to working constructively on many of the recommendations that were made.



Mr Robinson has left now. He makes the point that we have had to put in extra money on the contract, but that is what people wanted us to do. That is what the call was from all parliamentarians: to put more money in and then deliver change. We have put more investment in. We have set out a plan. We are delivering the plan. I cannot do more than that but I would obviously like—

Mr Francois: You are pushing on a piece of string.

Chair: Let us move on, if we may, to SLA. We must not forget SLA. We have had a lot of focus on other issues.

Q284 **Anne Marie Morris:** The single living accommodation seems to get a worse write-up than the family situation we have been talking about, based upon the letters that we have had from serving personnel. It is not just damp and mould; it is much more serious than that. A third are living, as we understand it, in what are described as terrible living conditions. We had one example at RAF Odiham of three toilets and showers being shared by 23 occupants.

James Cartlidge: I think I have been to that block.

Anne Marie Morris: I hope you were not caught short there. My question to you, Minister, is that this accommodation is different in nature from family accommodation. My colleague is going to talk about the new standards, but what are you going to do now to alleviate some of the worst instances? It is a different challenge, trying to find that single living accommodation. What are the steps that you are proposing to take in the next three or four months?

James Cartlidge: First of all, it is an extremely good point. Totally understandably, nearly all of the correspondence we all get as MPs on accommodation will be related to SFA, because you have, dare I say it, a permanent family for whom that is more their home, shall we say. On SLA, you get very little, even though, having visited a lot of it, I can see why you raise the point you do.

Our colleague Ranil Jayawardena invited me to Odiham. I went to visit. I am pretty sure I went to that particular example you are referring to, which is probably not a paragon of the best practice. Interestingly—and this is one of the issues with SLA—it is a slightly different management approach. SFA is directly managed by DIO. SLA is the TLB but, in the case of Odiham, interestingly, I am pretty sure the TLB is the Army, even though it is an RAF base. There are a couple of others like that. It is a complication.

When I went to visit, this was something we were trying to sort out, because if we could resolve that issue in itself, it would have an impact. It is just harder to manage. To put it as diplomatically as possible, there is a different expectation, perhaps, in some of the forces. This causes all kinds of issues. Fundamentally, as ever, it is still about investment. We



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do want to improve this. I think the budget is £5.3 billion over 10 years to improve SLA, but there are a lot of investments in place. I am going to bring in General Clements, because this is his specialism today.

Major General Clements: I will pick up on your point about the third. It is terrible. I can lay out the position from an Army perspective, and I hear the challenge. I stay very close to my tri-service partners on this, but I can lay out the Army position rather than talk about the other two services.

From the Army perspective, we have 55,000 rooms and 67,000 bed spaces. The maths is that, yes, we have multi-occupancy rooms. Over half of our accommodation is over 25 years old. That in itself, going back to the discussion we have just had about quarters, is the same challenge of old stock that needs refurbishment and needs renewing in order to bring it up to standard.

Of those 55,000 rooms, 33,500 are in good condition, of which 32,000 are ensuite, which is, as I said, 60%. I am trying to tackle the delta there. The difference between what we have that is good and what we have that is not so good is to try to fill that delta. How are we going to go about that? We have an Army-delivered programme that is £1.2 billion that the Army is going to spend, because it is the Army's infrastructure top priority to address that. That will deliver 8,500 new rooms, which will be net zero, with a whole load of efficiencies, carbon savings and benefits for our people but, more importantly, really good quality rooms.

We are also bringing online a further 7,000 rooms as part of the defence estates optimisation programme. That is a wider defence-wide portfolio programme. I am the senior responsible owner of the Army's element of that. We are starting to close the gap immediately. What I can say to you right now, today, is that there are around 1,000 rooms within the Army programme that are either under construction or under contract to be constructed. We are making great inroads into this, but it is a 10-year delivery programme. Would I like to go quicker? Absolutely, I would like to go quicker. We will do our best.

If I may, Chair, I will bring an example to life here. We have built nearly 70 rooms at Imjin Barracks in Gloucester. Those are state-of-the-art, fantastic rooms—single accommodation, ensuite. Not only that, they save 40% of the energy use compared to a normal single accommodation room. That is delivering efficiencies for the wider Government. In your role, you will be grateful for that, I am sure.

The point is they are better rooms and, in building those rooms, we worked with industry to construct rooms that soldiers want. Rather than just building them a room that someone of my generation feels that they need, we actually road-tested it with soldiers in the Army. The Army Sergeant Major went and had a good look around them and made suggestions about how to make them better. They are more sustainable and they are better for what people want. These are fantastic.



The one thing I will finish with is that the block at Imjin Barracks in Gloucester is actually very smart in terms of the technology that has been put into it. It is one of the smartest buildings in Europe in terms of the technology, to ensure that we know how efficiently it is being run, in order to make it better. I hope that goes some way to reassure you.

Q285 Anne Marie Morris: Yes and no. My colleagues will want to deal with the standards and the long-term 10-year plan. My initial question, to which I have still not had an answer, was about what you are going to do in the next three to six months. When I read some of the circumstances that some of our servicemen and women find themselves in, it seems to me that some are so egregious. A plan is great but, in the short term, are you identifying those that really are, frankly, what most of us would describe uninhabitable and are you doing something about that now?

Major General Clements: Yes. We are doing something about. I think you are hinting at the defence minimum accommodation standards. Is that where you are going with this? Defence has stated what a defence minimum accommodation standard should be.

Anne Marie Morris: I will just stop you there, because I am treading on other people's toes. That was not my question.

Major General Clements: My apologies.

Q286 Anne Marie Morris: No, not at all. That is absolutely where we will be going. That is part of the long term. This is the aim. This is how we are going to fix it in 10 years. What are you going to do now, in the next three months, for the men and women living in very inferior circumstances? That has nothing to do with the new standard and nothing to do with the 10-year plan, because they will not be baked.

Major General Clements: I am sorry, but I think they are absolutely intimately linked. We are absolutely determined to make single accommodation as good as possible. As I say, it is the top priority. We cannot do that overnight. It takes time to achieve it. Where those conditions are unacceptable, we will move people out and move them to better accommodation. The defence minimum accommodation standard—hence my point that they are intimately linked—is very close to that.

Come 1 April, the defence minimum accommodation standard mandates that, where a person's room has any issues relating to damp and mould and/or infestation from pests, that is either addressed immediately—we have around 48 hours to do that—or that individual is moved to another room or into another accommodation that is available locally. I do not want to be difficult but they are so intimately linked. There is a long-term problem we need to get after but, in the short term, we are fixing whatever we can as quickly as we can.

There are resource challenges. There is a resource challenge in terms of money. There is a fiscal challenge across Government, which I know we are very acutely conscious of, but then it is about the workforce and



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capacity of industry to be able to fix the sheer scale of the problems we have.

You picked up, for example, the ratio of ablutions to people. I cannot fix that easily and quickly overnight. Believe me, if I could, I would; I cannot. We are doing everything we can, but it has to be considered in the balance of investments and the wider challenges across the department.

Q287 Mr Francois: On this new defence minimum accommodation standard, which will become DMAS very quickly, you mentioned that if a quarter—or a living space, if it is single living accommodation—suffers from infestation or mould, it fails the DMAS standard and something has to be done about that immediately. Did I hear you correctly?

Major General Clements: Yes, you did.

Q288 Mr Francois: What about if the heating breaks? Does that fail the standard? If your boiler breaks and you have to shower in cold water, does that break the standard?

Major General Clements: It does break the standard. In 14 different camps we have already put in these things called stubs and sockets, which effectively mean that, when the heating or hot water fails, we are able to put generators in to get that heating and hot water up as quickly as possible. We also have the contract that relates to the delivery of support to all of the camps. That, again, has the same mechanism where, when a problem comes up, we fix the fault as quickly as possible.

Q289 Mr Francois: You are in a barrack block and the showers fail overnight. The lads and lasses go to get a shower and it is all coming out cold. Everybody is a bit upset, quite rightly. Someone says, “Crikey, we have to fix this.” Under the DMAS, how quickly does it get fixed?

Major General Clements: It gets fixed under the contract that is already in place.

Q290 Mr Francois: What is the maximum period of time allowed? Often, you have communal heating systems in these blocks, as we know, General. Like the Minister, I used to go visit and all the rest of it. I would try the showers. James is very diligent. You have a communal barrack block. The heating goes down. The boilers break. What is the longest allowable under DMAS to fix that?

Major General Clements: As I understand it, it is around 48 hours, but let me get back to you and check.² That is not under the defence minimum accommodation standard. That is what we need to do. Even a minute of a soldier being without heating or hot water, for me, is unacceptable.

Q291 Mr Francois: It breaks Sunday night and they still have to shower in cold

² Note from witness: Maintenance is to be conducted no later than 48 hours.



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water on Monday and Tuesday, but you will have it fixed by Wednesday.

Major General Clements: I would fix it as quickly as I can. I am not going to wait until that 48-hour window.

Q292 **Mr Francois:** For anyone living in a private house, if their boiler broke, they would want the plumber in on Monday and they would want it fixed by Monday evening, would they not? They are not going to have their wife and kids showering in cold water. Why, in the military, do we have to wait until Wednesday?

Major General Clements: Mr Francois, that is not what I said. I said we would fix things as quickly as we can. I am crystal clear. We will do everything we can to move as quickly as possible within that. Within the FDIS contract, which relates to camps, we absolutely will move as quickly as we can to do so.

Q293 **Mr Francois:** You are aware that a couple of months ago the Second Sea Lord visited single living accommodation at HMS Collingwood and what he was shown was so appalling he condemned it on the spot. He basically had it closed that day, because he would not allow junior rates to live in it one day longer. Are you telling me that will never happen again?

Major General Clements: No, I am not telling you that right now.

Q294 **Mr Francois:** Why? How can that happen?

Major General Clements: I have already explained that we have a number of competing pressures. We will do everything we can to deliver. I have laid out what the Army's programme is to get after delivering that—

Q295 **Mr Francois:** Let us talk about this quickly. They are leaving in droves. Someone not a million miles away from this room told me recently that, whereas the MoD has a public number that for every five that join, eight are leaving, the real number is now three to one. For every person that joins the Armed Forces now, three are leaving. If that carries on, within a couple of years all this incredibly expensive kit that we keep buying will be worthless, because there will be no one left to operate it.

They are leaving in droves because young people will not live in accommodation like this anymore, nor should they. They go back at the weekend to their home town. They go out for a drink with their mates, who tell them about their new flat and their Gucci trainers and their great job. Then they say, "What about you?" and they say, "I am living in this really dingy barracks and the boiler keeps breaking." Their friends say, "You are an idiot, mate. Leave," and they do. They are leaving in droves. This is not just about the welfare of those people, who we call heroes and then treat like dirt. It is actually about the operational effectiveness and the defence of the realm, because this has been going on for so many years and has gotten so bad that they are now voting with their feet and telling us to stuff it, are they not?



James Cartlidge: I do not accept the point, Mr Francois, for the simple reason—

Mr Francois: Look at the outflow numbers, James.

Chair: Mark, let him answer.

James Cartlidge: We also have to be realistic. I was at Collingwood recently. If a situation like that arises, it goes without saying that it is terribly disappointing. We want to deal with those things. There is no magic wand that transforms the estate overnight. We have the estate that we do. Can we make the best of it? Can we improve the condition in SLA? As you have heard, there is this programme. It will take time. The General is absolutely right to say that.

Likewise, in SFA we have these longstanding issues, which we are addressing. We have to prioritise. There is a finite budget, at the end of the day, even though we have increased it significantly in respect of the current financial year and the next one. If you look at some of the improvements in SLA, when you go to estates, you will see—dare I say it—the shiny new thing we are building, but there will be legacy issues. It is very rare that you do not see that sort of dynamic. I wish tomorrow you could completely change that.

I do not think it is the only factor in the retention issue by any means, but we are very conscious of it. We want to improve it. There is a lot more to the offer that we want to make to people. That is why we had the Haythornthwaite review. We want to get on these things. I am bound to say, going back to the beginning of the session, that one of the reasons we wanted to make these changes was to improve the offer. Absolutely, retention is a priority, but it is complex.

Q296 **Mr Francois:** Minister, with respect, I said earlier that there are a number of reasons why people leave. With that cohort of young people— young privates, young seamen and young airmen—that is increasingly why they leave. The peer pressure from their friends is that they should not have to put up with it. In retention terms, for that cohort, it is now becoming one of the principal reasons why they leave.

At a more senior rank, maybe you leave because of issues with spousal employment, maybe you leave because of educational issues for your children or maybe you leave because you think you can get a better-paid job elsewhere, but, for a lot of the youngsters, they are now leaving because they will not live in Sierra-Hotel...

James Cartlidge: Can I just go from my own experience? It is entirely anecdotal. It is not scientific, but I have tried the scientific, imperial stuff. My anecdotal experience, from the people I have met leaving, is that it is not because of this. The spousal employment is a good one. I have met people living in areas where it is very expensive to get on the property ladder, relative to the income that they receive, which is not an easy issue to address.



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We also should be encouraged by the fact that in January the Army applications were at the highest level for six years. That is very positive. That reflects the appeal of the mission and the situation we are in the world. It is not a cliché but people are rallying to the cause and wanting to do their bit. We have to ensure that, when they join up, they have accommodation that is satisfactory and they have a belief that they will be treated as well as possible.

We are trying to do that but, as I said, I do not have the accommodation magic wand. We have a range of policies that are starting to deliver improvements.

Q297 **Mr Francois:** Spousal employment is not an issue if you do not have a spouse. I am talking about the younger cohort, who have only been in a year or two. They are leaving in large numbers because they will not live like this.

The budget is finite. Without wishing to pre-empt your statement tomorrow, which we are all looking forward to, in all seriousness—you know I mean that—we are going to have to spend a little bit less money at the margin on bright, shiny kit, and a bit more money on our people and our families. If we do not, within a few years you will not have anyone to operate your bright, shiny kit in the first place.

James Cartlidge: Mr Francois, whenever we come in front of this Committee, we get, “You should not have stopped that platform, that platform and that one. You should be getting hold of this capability, this capability and that platform.” I mean no disrespect. That is what everybody else does and, by the way, they want tax cuts to boot and they want more money for their local hospital—

Mr Francois: No, what you get is—

James Cartlidge: Hold on. Wait a minute.

Mr Francois: You should make the platforms work, like Ajax.

James Cartlidge: We all have to prioritise. We all have to prioritise and it is a big challenge. We managed to get the extra £400 million into the core maintenance and upgrade budget, which is delivering these thousands of homes getting damp and mould treatments, as we said. That was a significant achievement. I have not heard confirmation from any other potential Government that they would have done the same. It is a significant investment. We know we need to do more. I am absolutely clear on that. We do not want to lose good people, and that is why we took the decision overnight to pause and review in respect of this latest policy change.

Chair: On exactly that point, Richard, I know you wanted to ask whether we have sufficient investment going on, and it is exactly the point to raise.



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Q298 **Richard Drax:** Minister, you mentioned the £5.3 billion over 10 years to improve SLA. Is that realistically going to be sufficient to bring it up to the standard that we all expect it to be?

James Cartlidge: That is the budget we have at the moment. It is an ambitious programme. As the General said, there are a range of elements to that. There is both refurbishment and new build. It is actually 14,000 new rooms either refurbished or completely rebuilt that will be delivered by the programme. I think that is right.

Q299 **Richard Drax:** Will they be ensuite?

James Cartlidge: I would love it if that was the case. I am not sure what the percentage is. When they are new build, I think by default they are.

Major General Clements: It is the default setting for new build.

James Cartlidge: If it is a refurbishment, there are some blocks that are four people sharing and that is not going to be the case. It would be pretty difficult, but that £5.3 billion is a significant investment.

Q300 **Richard Drax:** If I can just go back to ploughing good money after bad and the other case of the housing stock, which we hear about, and the difficulties you face, Mr Green, what about ploughing good money after bad into single living accommodation? Are you going to pour hundreds of millions of pounds into buildings that you say are 25 years old that, in effect, should not have more money poured into them?

James Cartlidge: We have just heard, "If there is a hot water problem, we want it fixed immediately." That is what I just heard and, of course, that is what we want to do. You do have to have a maintenance budget for your existing SLA. I am pretty sure I have seen this block in Collingwood. As I say, genuinely, when I go, I say, "Show me the rough side." I was up in Catterick where there were four to a bit of the accommodation. It is similar in Collingwood. The views I found were mixed. A lot of people were not paying any contribution towards that. They were away a lot. The view was mixed.

Q301 **Richard Drax:** You slightly missed my point, Minister, with due respect. I am just asking whether you will pour hundreds of millions of pounds into flats that will keep requiring someone to come and fix the boiler, the damp, the this, the that.

James Cartlidge: It is a mix of both.

Q302 **Richard Drax:** We are talking about spending taxpayers' money wisely. Is this not a time to review, in effect, probably the whole way housing is looked at, frankly? It is absolute chaos.

James Cartlidge: We have just announced one review, Mr Drax.

Q303 **Richard Drax:** My personal view is that you need to do another one to make sure that the money we spend is well spent and that, as my



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colleague has said—and I entirely agree—that we keep young people, particularly young, single people in the Armed Forces—

James Cartlidge: I am going to bring General Clements in, because he is very much our point man for SLA, but I do want to emphasise that it is probably a bit of both. This is exactly the same in SFA. You have this constant tension between the urgent priority, accommodation people are living in, and, if they have a problem, you have to deal with it—

Q304 **Richard Drax:** The point I am making is that you have a whole lot of buildings that you admit you are stuck with in a terrible deal, which gave £2 billion in the short term, which you are pouring hundreds of millions of pounds into.

James Cartlidge: That is SFA, not SLA.

Richard Drax: The problems keep recurring. It seems to me like madness.

Major General Clements: On the single accommodation, to bring us back to that element of it, it is not a binary, simple solution. May I offer that having a spectrum of accommodation available on each campus is a good thing? For some people, it is their home. For some people, it is a transit. It is a bed for two, three, four nights a week, depending on how their operating weekly commute is. A young soldier from a Yorkshire regiment explained to me that he is “just tight” and wants to live in cheap accommodation, because that is his choice. That is fine.

Having a spectrum of accommodation is not a bad thing. We do make balanced investment decisions as we go through it and, if it is cheaper to knock a block down and put a new one up, then we absolutely consider that.

Richard Drax: That is exactly the point I am making.

Major General Clements: This is defence estate optimisation. We in the Army are closing a number of camps and consolidating. That is exactly the decision we are making.

James Cartlidge: As I said at the beginning, SFA is through DIO, primarily, so we have a lot more engagement on that. SLA is, by and large, run directly by the TLB—the Army, the Navy or the Air Force. They will be making those decisions on a management basis. I suppose that is what I should have said at the beginning. I just do not think you will ever get away from this point that you have this tension.

Q305 **Richard Drax:** Is their system working better than yours?

James Cartlidge: They are the same system.

Q306 **Richard Drax:** You have just said they have more control.



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James Cartlidge: SFA is, by and large, managed by DIO. On SLA—single living accommodation—communal blocks are managed by the direct frontline commands of the Army, Navy or Air Force.

Q307 **Richard Drax:** Does that work better?

Michael Green: The difference is we have a fix but the only thing we do is manage SFA. We have a budget and that is what we get. The Army also buys tanks or whatever it may be. They can make better decisions, hopefully, around where they put their investment and, if they choose to put their investment into SLA, they can do that.

Q308 **Mr Francois:** If the boiler breaks, is it a DIO contractor that has to come and fix it?

James Cartlidge: Do you mean in an SLA property?

Mr Francois: Yes.

James Cartlidge: It would be an FDIS.

Q309 **Mr Francois:** Effectively, it is the DIO. Often, the garrison commanders have begged you to be allowed to spend the budget locally and you will not let them.

Michael Green: The question was about capital replacement.

James Cartlidge: That is managed by the frontline command in that case.

Michael Green: The answer to your question, Mr Drax, is that we do use a model to decide whether you are better to refurbish, rebuild or repurchase.

Q310 **Richard Drax:** To go back to my question, is £5.3 billion sufficient over the next 10 years to do what you want to do with SLA?

James Cartlidge: It is the budget we currently have.

Q311 **Richard Drax:** Is it sufficient?

James Cartlidge: It will achieve a significant amount. It will achieve 14,000 new rooms, either brand new or refurbished.

Michael Green: It is a considerable amount. It will go a long way.

Q312 **Chair:** When does your SLA management information system come in? That will help. When is SLAMIS going to arrive?

Michael Green: In the majority of cases, it is up and running now. There are a few last bits we have to do, but the news is good. It is up and running.



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Major General Clements: It is up and running and we welcome the benefits it brings, because it will give us a better understanding of our stock, the standard of it, et cetera.

Q313 **Chair:** I think we can end there. There has been a lot of passion this afternoon, but that is only because everyone recognises this is extraordinarily important. We all want to have service personnel with the highest-quality accommodation. I know that is your collective view. It is certainly the view of all of us collectively and we want to see that happening. I was hoping to end it, Michael, but do you want to say one thing?

Michael Green: I just want to do one thing, if I may, Chair, which is to pay tribute to the accommodation team. I know sometimes they seem like a bit of a punchbag. They are a punchbag for the condition of the estates and all sorts of things. I know they feel passionately and care about the people in the houses, as do I, and in the past year they have done FDIS. They have done an extra £220 million. They are looking at ARAP and what that means. There is so much going on in this space and they are working so hard.

By the way, the budget has quadrupled and the team is still the same size. They work incredibly hard and I just want to pay tribute to them. I know it is difficult and I, the DIO and the accommodation team are a bit of a punchbag. They work very hard doing the best with what they have. I just wanted to say that.

Chair: It is positive that you are using this opportunity to thank your team for the work they do. I have absolutely no doubt that they want to achieve what we all want to achieve, which is the very best quality of accommodation for service personnel. There is a lot of work to be done and we know it is not easy, but thank you for your presence and your evidence this afternoon.