



HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: Improving single living conditions for service personnel, HC 940

Thursday 25 February 2021

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Members present: Meg Hillier (Chair); Sir Geoffrey Clifton-Brown; Barry Gardiner; Peter Grant; Mr Richard Holden; Nick Smith; and James Wild.

Defence Committee Member present: Mark Francois.

Gareth Davies, Comptroller and Auditor General, National Audit Office, Jeremy Lonsdale, Director, NAO, and Marius Gallaher, Alternate Treasury Officer of Accounts, were in attendance.

Questions 1-103

Witnesses

I: Sir Stephen Lovegrove, Permanent Secretary, Ministry of Defence; Charlie Pate, Director General, Finance, MOD; Lieutenant General James Swift, Chief of Defence People, MOD; and David Brewer, Chief Operating Officer, Defence Infrastructure Organisation.



Report by the Comptroller and Auditor General Improving Single Living Accommodation (HC 1129)

Examination of witnesses

Witnesses: Sir Stephen Lovegrove, Charlie Pate, Lieutenant General James Swift and David Brewer.

Q1 Chair: Welcome to the Public Accounts Committee on Thursday 25 February 2021. We are here to look at the quality of accommodation provided to single or unaccompanied members of the armed forces. In a typical working week, 42% of our armed forces live in such accommodation, which is managed by the Ministry of Defence. The National Audit Office has recently highlighted in a very clear Report that the standard of the accommodation is very variable. Today, we will ask senior officials at the MOD how they will work to improve the quality of that vital accommodation, which plays an important part in supporting our armed forces service personnel.

I am delighted to welcome as a guest at our Committee today Mark Francois, a member of the Defence Committee. He has also produced an important report, which he has submitted to No. 10 Downing Street, on this very issue, and on retention in the armed forces more generally.

I am also pleased to welcome our witnesses. We have Sir Stephen Lovegrove, in his final appearance before us as permanent secretary at the Ministry of Defence before he moves on to his new role as national security adviser. We have Charlie Pate, the Director-General for Finance at the Ministry of Defence; Lieutenant General James Swift, Chair of Defence People at the Ministry of Defence; and David Brewer, the Chief Operating Officer of the DIO, the Defence Infrastructure Organisation, which is also part of the Ministry of Defence.

Sir Stephen, it is your last outing in front of us as permanent secretary before you move on to your new job. We thought it would be a good opportunity for you to tell us honestly what you think you have achieved in the time that you have been permanent secretary, and what the key challenges are for your successor as you move on.

Sir Stephen Lovegrove: Thank you, Chair. I am very conscious of the honour you afford me by allowing me to speak for a moment or two on this. I will be quick.

I will start with one regret, which is that I will not be in post to oversee the programme of work ahead of us in the coming four years as a result of the spending settlement last year. In my time in the Ministry of Defence, we have done a lot, but we never had that kind of funding certainty, with incomings matched properly with outgoings.



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We have discussed the consequences of that on many occasions in this Committee. It has on occasion been extremely hard-going. It has put a great deal of pressure on the system and on people, as they have had to adjust all their plans and programmes because of the overwhelming financial pressure we have been seeking to manage in what is a very big and important set of initiatives.

That should not be the future, quite candidly. There should be a focus for my successor on implementing something that is properly funded over a period of time, and which moves the Ministry of Defence, its equipment, its people and its infrastructure into a place that is in much better balance, with a much clearer line of sight to the kind of defence that we want in 2025 and then in 2030.

I have a couple of other observations. It is an intensely interesting time to be doing defence and working in national security in general. As someone said to me the other day, it feels like we are now in the post-post-cold war period. State competition has come roaring back, but in rather different forms from the ones that we have been used to in the past 30 years.

There needs to be a much broader definition of national security, and I think that the covid crisis has developed that. There has been a great deal of very unwelcome and continuing proliferation around the world of weapons of mass destruction. All those things have led to the renaissance of doctrine, and norms for use for new technologies—much of the changes have indeed been brought about by technology. It is a fascinating time to be doing these kinds of jobs. I will obviously be staying close to all those subjects as NSA.

Two final points. I said that the main challenge for my successor will be implementation. I believe that to be the case. I think that our systems are in a much better place than they were five years ago. I would say to my successor that in this very joined-up world, we need to continue with the very deep integration of defence into the rest of Whitehall and British life. Sometimes defence has a tendency to be a bit fortress defence, and that is not helpful to it or to the country. The more that we can get out there, the more that we can explain what we do, and the more that we can make a contribution, the better it will be.

Finally, my main reflection is on what an extraordinary institution the Ministry of Defence and all its constituent parts—single services and civilian organisations—are. They are a remarkable collection of institutions for the nation, and they are populated by really remarkable colleagues. I have made many friends here. Unique among defence institutions in the world, we are fully integrated between civilian and military sides—obviously not when it comes to conflict; we know where the balance is there, but in times like this, when we are not war-fighting but certainly in constant competition. The preciousness of our model, with civilians and the military integrated very, very fully—and we are integrated with the agencies—is very valuable. I urge my successor to cherish that and to nurture it as much as possible.



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Q2 **Chair:** Thank you very much. That is very helpful and interesting. You talked about your regret about not being around for the future, but have you any regrets about things that happened on your watch that you would have done differently with the perspective of hindsight? Now is your moment to be candid and honest about what perhaps has not gone so well.

Sir Stephen Lovegrove: I would have liked us to be in a position to have deleted and killed off some projects in a way that we were not able to. We have constantly said that we need to preserve decision space for Ministers to make those kinds of decisions in a strategic way. That is true, but there are some projects that under any circumstances we could have probably have seen were not going to stand the test of time. That is one area.

Q3 **Chair:** Can I tempt you to name any of those?

Sir Stephen Lovegrove: I don't think I will yield to that temptation right now, because clearly announcements are yet to be made on some of those projects by Ministers.

Q4 **Chair:** Okay, we'll let you off that hook for now. Can I just check on the timetable for the appointment of your successor?

Sir Stephen Lovegrove: The process is under way at the moment. There is a keenness on the part of the Cabinet Office and the Cabinet Secretary to get the appointment made and implemented as quickly as possible. Certainly, the various interviews will have happened by mid-March, I think. I think the aim is to get the person in seat as soon as they possibly can after that. I will be moving across to the national security adviser slot in the week of 15 March on the current plan.

Q5 **Chair:** So there will be a tight handover, potentially.

Sir Stephen Lovegrove: There will be a tight handover. That is definitely the ambition.

Chair: Thank you very much, Sir Stephen. Thank you for your time as permanent secretary. We are obviously looking forward to having you in front of us in your new guise at some point—there is no getting off the Public Accounts hook. Lucky you!

I will pass to Mark Francois, who is guesting from the Defence Committee today.

Q6 **Mr Francois:** Sir Stephen, as I am privileged to be a guest of the PAC this morning, I can speak only for myself, but as a former Minister in the Department, I place on the record that I think you were a very good permanent secretary at the MOD in incredibly challenging times.

It is interesting that when you were pressed by the Chair about an area where perhaps the Department could have done better, you talked about projects, and I want to press you on that.

A year ago, the National Audit Office produced a Report that said only five of the 32 major procurement programmes in the MOD were running on time and many, unfortunately, were over budget. The most recent



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report last month said, again, that the equipment plan is out of balance. Can you give us any reassurance that you have grasped the nettle of procurement in the integrated review?

Sir Stephen Lovegrove: I think I can. Thank you for your words at the top. We have been completely candid that the budget is not in balance. I have certainly never made any pretence that it was. I have been pretty clear as well that the £16.5 billion that we were awarded at the end of last year is not going to be new money to put on top of a balanced budget—some of it will have to pay off the overdraft, as it were.

A number of the projects that you identify and that the NAO have identified have moved to the right or been knocked off their budgetary controls because of this constant attempt to live a bit hand to mouth as a result of the financial pressure that the Department has been under. The main subject of conversation today—the single living accommodation—has also suffered as a result of that. The general financial pressure that the Department has been under has meant that we have not been able to do things that we have wanted to do.

A good example is Protector. We knew that we weren't capable of buying all the Protectors that we wanted on the original timetable. We had to put a delay in. Putting a delay in has meant that the programme on the production line has had to halt. Spinning up the production line again has put costs back into the programme, so there you are—delay equals overrun.

The opportunity that we are determined to take, and are taking, with this financial settlement is to put it on a settled, balanced footing—definitely for the next four years, or for 10 years in prospect. I very much expect that the tone of discussions around the equipment programme for next year will be refreshing to the Committee, and considerably more refreshing to colleagues in the Department.

Q7 **Mr Francois:** Stephen, as we are tight for time, I am going to resist the temptation to reel off a whole litany of programmes that have gone horribly wrong or been badly delayed—except, perhaps, Astute, A400M, Warrior CSP, Ajax, the Challenger 2 upgrade, Crowsnest, et cetera. Isn't the fundamental problem not just the budgetary pressure, but the inability of DE&S and Abbey Wood to actively, properly manage the contractors, who, frankly, on a number of these programmes, have been running rings round you for years?

Sir Stephen Lovegrove: I don't think I would share that view. I certainly do share the view that we need to improve our procurement practices. I certainly do share the view that we need to make sure that our procurement practices are appropriate for a digital age, and I think there is quite a long way to go on that, but I don't believe that the contractors are running rings around us.

I think the problems, in so far as they are problems, are probably more self-generated, in that we need to stick with properly scoped work in the first place and not change things if we can possibly avoid it. It is that kind



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of activity that has proven, by and large, to put cost and delay into the programmes, rather than, necessarily, contractors letting us down. Occasionally that does happen—more often, obviously, than I would like—but we have very firm, increasingly firm, penalties and remedies when that occurs, and we are not frightened to use them.

Chair: Thank you very much, Mr Francois. Now to Sir Geoffrey Clifton-Brown MP.

- Q8 **Sir Geoffrey Clifton-Brown:** Good morning, Sir Stephen, and congratulations on your new job. You have been in this one in some very difficult times. Not the least of the issues, and the one on which I would like to ask you a question, is Annington Homes, where the rent has been largely fixed for the last 25 years, but there has been a major arbitration, and the award is due in late September. Could you tell us what progress has been made with that, and what action you are taking to deal with it, because it is likely to have profound consequences and no doubt involve considerable cost?

Sir Stephen Lovegrove: Thank you, Sir Geoffrey. You are absolutely right. Again, I have never been, I think, anything less than candid about the inadequacy of the deal that was struck with Annington Homes in the late '90s. Effectively, we benefit from a 58% reduction in the market rent that Annington charges for these homes. That is due to end in 2025. There are very differing views as to what the appropriate level of discount is between us and Annington; we have not been able to agree that between ourselves, so we are now in a process of formal arbitration in front of Lord Neuberger.

I am not at liberty to tell you what the answer will be, because the arbitration is still under way. We hope to be able to give you some initial findings later in the year. But you are right to identify that the sums of money potentially in play are very significant and could, if we get the kind of answer that we do not want, put an additional significant pressure on the Department's finances. This is about the Department. It's not about the rent that we have been charging families or anything like that; it's about the Department's finances, and we are determined to use every lever that we possibly can to ensure the right answer for Defence and the people who serve in it, but I can't give you any further information, particularly about the progress of the arbitration, Sir Geoffrey, because it is still in train.

- Q9 **Sir Geoffrey Clifton-Brown:** Let me try a slightly different tack, Sir Stephen. We know that the defence infrastructure budget has a £1.4 billion shortfall over the next 10 years. Given that this matter is likely to cost a significant amount of money, is there any sort of reassurance you can give us that this is not going to put further pressure on the budget for renovating and renewing the single living accommodation, which we are studying today?

Sir Stephen Lovegrove: First of all, I hope that it is not going to put any pressure on anything, because I hope that we will be successful in the



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arbitration. I really do hope that, and I have every expectation that we will be. Mr Pate may wish to comment on this, but if it goes the wrong way for us and puts pressure on the Defence budget, we will not be looking at it as something that is limited to the infrastructure and accommodation budget. We will be looking at it as a pressure that will need to be absorbed by Defence as a whole. A decision will be made as to whether or not it gets absorbed by an accommodation budget, a programme budget or a general overheads budget. It will be looked at in the round, so it will not go at once to an immediate infrastructure pressure.

Charlie Pate: The only thing that I would add, beyond that full focus on a successful outcome of the arbitration, is that, as we look forward over the 10 years, we hold a departmental contingency. That is something that we have not been able to manage over the past year because of the financial situation, but we are determined to maintain one to cover things should risks and issues arise. That will not be a substantial contingency, but it will be available in extremis should we require it.

Sir Geoffrey Clifton-Brown: Those are helpful answers. Chair, I think I will leave it there for now.

Chair: It is worth flagging that the National Audit Office is looking at general estates issues in June, so we would hope to be looking at that in late June or July, all else being equal and depending on our final timetable. I will now ask Nick Smith, MP, to come in.

Q10 **Nick Smith:** Thank you, Chair, and best wishes in your new role, Sir Stephen.

In Defence questions in the House of Commons Chamber over recent years, there has been a long-running saga and concern about the project for recruitment, to the Army in particular. What are your lessons learnt from the management of that project, which appears to many of us to have been a pretty sorry saga, unfortunately?

Sir Stephen Lovegrove: One comment and two lessons, and then General Swift will definitely want to pick it up. One comment is that after a very slow start, that programme is working okay actually. It is in a much better place than it was at the beginning.

The two lessons are definitely worthy of note, and not merely in this area but right across the piece. One is that the specification in the first place was way too detailed. It was over-specified and there was not enough flex in it for something that was new. We do this quite a lot in Defence: we over-spec at the beginning, something does not go quite right—things do not go right in complex programmes—and we find ourselves on a hook, which we find it difficult to get off. The new ways of procurement associated with digital projects in the private sector have largely avoided those kinds of problems, and we really have to learn the lessons.

The second lesson is that there was a huge underestimate—this will, no doubt, raise a wry smile among the members of the Committee—of the complexity of a major IT project in government. That is what this is. It



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became bogged down in technical difficulties, which were not anticipated at the beginning, and right across the piece we need to do much better than that. Those would be my two observations, but I am sure that General Swift has further.

Lieutenant General James Swift: I have one further observation, which is the real value and importance of close partnership. We did not get off on the right foot in this project, but once we established the close partnership between Capita and the Army, the symbiotic relationship allowed for real success to be delivered.

Last year, despite covid derailing things at the very end of the year, the Army hit its target—or, sorry, the partnership of the recruiting programme hit its target. This year, that partnership has continued to pay dividends, because of course, when covid struck, it meant that we had to do recruiting differently. We went online as much as we possibly could, but things such as medicals still had to be face to face, and that is partly delivered by Capita as part of this programme. Real, strong relationships allowed the flexibility required to work through those covid challenges and then to catch up, such that this will be another good year for the recruiting partnership.

- Q11 **Nick Smith:** All that makes sense, doesn't it, Chair? Tales of complicated IT systems and improving processes are familiar to the Committee. I was a bit troubled by Sir Stephen's comment that now things were okay. After so many years of this system being defended, after this length of time, to have a system or a process that is described only as "okay" is discomfiting, I am afraid. I do hope that, as the General says, despite covid, new processes mean that recruitment targets will be helped in the future. In defence, threats are multiplied and are ever-changing, and the technology is very exciting, but it seems to me to be primarily a people business, and that will be the discussion of today's meeting. We have to try to get that right for the future, please.

Sir Stephen Lovegrove indicated assent.

Chair: I think I see nods there—we will take those as agreement. We will discuss quite a lot about supporting people through single living accommodation in a moment, but before we do, we have a final early question from Richard Holden MP.

- Q12 **Mr Holden:** I should declare that I was a special adviser in the Ministry of Defence some time ago. Sir Stephen, there has been a lot of speculation in the press in the last couple of days about the Armour upgrade programme for Challenger 3. I have a major constituency interest in that, because all tracked vehicle tracks are made in my North West Durham constituency. Can you comment on any of that speculation and about what is actually being planned at this stage?

Sir Stephen Lovegrove: You will understand that my comments can only be very limited in advance of ministerial announcements. Our focus here is to provide the best, safest and most lethal equipment to our soldiers in our armoured division so they can do the job that they know they have to



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do and that we need them to do. That is the guiding principle behind any decisions that we will be making on Armour—heavy, medium or light. That will be much clearer after the integrated review and, indeed, in the Defence Command Paper shortly after that.

- Q13 **Mr Holden:** So at this moment, no final decisions have been made one way or the other on whether we are going to see a huge reduction in the number of heavy-armoured tanks for the Army?

Sir Stephen Lovegrove: Decisions are with Ministers at the moment.

Chair: Mr Holden will clearly have a lobbying job to do there on behalf of his tank track factory. We will now move into the main subject for today: the single living accommodation issue, which I introduced at the beginning. I will throw straight to Nick Smith MP to kick off.

- Q14 **Nick Smith:** In the round, this is a good Report by the NAO, but, as I am sure many of us will think, it outlines a poor performance by the Department on managing single living accommodation. Sir Stephen, given the importance of our service personnel—they defend our country—how can it be acceptable that more than a third of those living in single living accommodation are in the poorest grades of accommodation?

Sir Stephen Lovegrove: It is not acceptable. We are determined to work very hard to improve that performance. We will no doubt talk about some of the things that we are doing later in this session.

I would like to re-emphasise that we recognise that this is an incredibly important part of our offer, as it is known, and the attractions of working in the armed forces—why people would want to do it. We clearly recognise that expectations are changing about the quality of accommodation that people want. By and large, it is outstripping the quality of our housing stock, some of which is very old. There are specific issues to do with how our service personnel get housed and the different types of housing they require, and that unit cohesion requires, at different points of their career, which others are better qualified to talk about than I am, and which we need to take into account. There is no doubt that some of our stock is very old.

There is also no doubt that the financial challenges we have got have led us to a position that none of us wanted to be in, where we have had to adopt a policy of “fix on fail”, which is a recipe for housing stock deteriorating, to be candid. We want to do preventative maintenance and upgrade, such that that does not happen. There is a lot of work to do.

This is a very valuable and clear Report. There are many worthwhile suggestions in it, most of which—probably all—we will take up. I would say one thing. Accommodation is still a net attraction for people in the armed forces, as the Report makes clear in chapter 3. Some 34% of people in it say it is a factor in them wanting to stay. Admittedly, 29% say it is a factor in them wanting to leave. Nevertheless, there are many who look upon it as one of those things that makes them want to—

Chair: I love your ability to get the positives out of this. We will not cite every detail of the Report, because we know that, and you know that. We are trying to move it along a bit.

Sir Stephen Lovegrove: Okay, one final point.

Chair: Go on then, Mr Lovegrove. We are being very indulgent with you today.

Sir Stephen Lovegrove: The funding settlement gives us the opportunity to address this more fully.

Chair: At last, we might all say. Mr Smith, back to you.

- Q15 **Nick Smith:** Sir Stephen, you have said that it is not acceptable that so many service personnel live in such poor-quality accommodation. Why has the number of service personnel living in poorly rated accommodation been growing?

Sir Stephen Lovegrove: For some of the reasons that I mentioned. As I say, expectations have been changing. What constitutes poor quality has moved along. There is quite a lot of interesting stuff on grading and standards in the Report, which, no doubt, we will get in to.

Secondly, we have not been in a position to have the financial resources to invest in this area as much as we would like. Everything is about a balance of investment choice in the MOD, and sometimes infrastructure and accommodation comes lower down the balance of investment choice than we would like it to.

- Q16 **Nick Smith:** May I ask Lieutenant General Swift a question? Why are service personnel provided with accommodation that has problems with — we have just been through a pretty cold snap in January and February — basic facilities such as heating and hot water? People have awful experiences in the field and in training when they are involved with our armed forces, but when they come home, they should be able to have a hot shower, shouldn't they?

Lieutenant General James Swift: Thank you, Mr Smith. Much of the estate is very old. Some of it is so old that it is historic. That makes the provision of heating and hot water across the estate and those sorts of facilities really challenging in some places. Of course, much of the estate is also nearly brand new and does not suffer from those problems in the same way.

I note your point that people should have access to heating and hot water. We have been spending money on what I suppose you could call a quick win. We have been establishing stubs and sockets—that is the technical term—such that if the distributed heating system that covers the whole or part of a camp fails, it is possible to plug a boiler into the building, into the prearranged stub, to make sure we can bring heating and hot water on line. This year alone, just in the Royal Air Force, those stubs and sockets meant that 900 people who would otherwise have been adversely affected



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by heating and hot water disruptions had that problem fixed within 24 hours of it arising.

- Q17 **Nick Smith:** That is good, and the fact that you have helped 900 people in those circumstances is great. Well done for kicking in at short notice, I'm sure. How many other people have been affected by those problems in the last two months?

Lieutenant General James Swift: It is not just in the RAF that they have been putting in these stubs and sockets. For example, there was one base where some of the building blocks affected had the stubs and sockets in place, and therefore we fixed the problem within 24 hours. There were other buildings where they weren't already in place, but we then got the building works in as fast as we possibly could, so the impact was minimised. As I say, the estate is very old, and it is going to take us time to address these problems, but we really recognise that they need addressing.

- Q18 **Nick Smith:** Can you let us know how many service personnel didn't have hot water in January because of problems with heating systems? Can you get back to us on that, because we would be interested to know?

Lieutenant General James Swift: Mr Smith, I don't have those figures, so I will get back to you.

Chair: Thank you very much, Lieutenant General Swift.

- Q19 **Nick Smith:** Lieutenant General, what are you doing about the complaints by some personnel about the food on offer and the lack of self-catering facilities? So many of us now like to produce our own food. Why are there insufficient self-catering facilities for our personnel?

Lieutenant General James Swift: In many cases, when the buildings were built, they weren't built with self-catering facilities because at that stage that wasn't part of the expectation or indeed what we wanted to deliver. We absolutely recognise that that is something that our people want now.

The Army, for example, are investing £77 million over the next period in order to put in those catering facilities. Even then, with that investment in that particular example, there will be 25% of buildings where that is not possible because of fire or other safety regulations. Wherever possible, they are addressing that, and the Navy is following suit for the same reasons. The choice to be able to self-cater or use—[Inaudible.]

Chair: Somehow we have lost your sound, Lieutenant General Swift. You are back.

Lieutenant General James Swift: I hope I am back.

Chair: Could you just restart that sentence? We somehow lost you for a moment.



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Lieutenant General James Swift: We are working towards providing that choice so that people living in single living accommodation can either choose to self-cater where that is possible, use centralised catering facilities or indeed have access to other catering.

Q20 **Nick Smith:** I was looking at the plans for upgrading facilities like that, but it appears to be a lot of jam tomorrow. The Lieutenant General has talked about many millions of pounds of investment, but looking at the timeline, it seems to be at the end of the road.

Lieutenant General, give us some encouragement that you really are going to get these important changes made sooner rather than later. I would be really fed up if I had to rely on someone coming up with a quick fix so that I could have a hot shower, or if I was waiting ages before I knew if I could fix myself some lunch easily. It is just hopeless in so many places at the moment. Give us some confidence that you are really going to get into gear on this.

Lieutenant General James Swift: The services are already in gear on this. For example—I am citing the Army again—single living accommodation is the Chief of the General Staff's No. 1 infrastructure priority, because he absolutely recognises how important it is to the lived experience. Part of that is addressing the issues of the old estate around heating and hot water, and part of it is about improving that lived experience, in terms of catering facilities in all places that they can get at that. It is top of their list.

Chair: David Brewer wanted to come in on that.

David Brewer: Mr Smith, I just wanted to add a couple of points. You picked up on probably two of the biggest infrastructure-related issues that cause concern in single living accommodation, which are heating reliability and catering provision. You talked about the speed and the rate at which we are going after those problems.

Obviously, we have activities that are very substantial major rebuild and refurbishment, but the programme that the Chief of Defence People outlined around the heating stubs really has built incredible momentum over the last 12 to 18 months. If your heating goes down at home or your hot water goes down at home, it is normally a fairly straightforward issue. It is normally about your boiler or the boiler pump. The problem that we have in the single living accommodation is that these are often big district heating systems and we often find that the gas supply pipes, which are very old and underground, are corroded. That can take a long time to fix. So, if we do have a problem, it can take weeks rather than days.

The programme that Lt General Swift referred to has allowed us to put a temporary fix in place within 24 hours. We have done that on 33 occasions this year and we have fitted those stubs to 415 buildings. That is over the last 12 months. That is a programme that is building momentum. I think that will make a material difference across the whole of the estate on that issue. The issue about unreliable heating is probably present in around about 50% of our single living accommodation stock.



- Q21 Nick Smith:** Thank you for that answer. It is good that you have come up with something, but relying on poor quality district heating systems that break down in the medium or long-term is hopeless, isn't it? What are you doing to get that right, so that the infrastructure is reliable, rather than using these—worthwhile—quick fixes?

David Brewer: It is about a balance of the two things. It is about major rebuild and major refurbishment and, at the same time, sensible, targeted, short-term interventions that make a quick difference.

As you will see from the Report, over the last 20 years, about 55,000 rooms across the single living estate have been upgraded. Generally, those are now in good condition and the heating and hot water is reliable in those. That leaves about another 50,000 that are not in that condition. If you look at our forward investment programme, the major rebuild and refurbishment programme does get after those at scale, but obviously that is over the 10-year investment period.

it is also the case that we tend to utilise the best quality, more reliable buildings for people's long-term living accommodation. The poorer quality buildings are generally used where people are in them for fairly short durations, sometimes weeks at a time, rather than months at a time.

- Q22 Nick Smith:** Thanks for that. To Mr Brewer and to Mr Pate as well please, when are you going to resolve the problems with the maintenance and repairs service provided to SLA users? In the round, it appears to be hopeless.

David Brewer: I will respond first, as that is my area of direct responsibility. We see an odd feature in the AFCAS survey, which is the level of satisfaction with the repairs service is getting worse, but empirically and evidentially, the performance is actually getting much better. At the start of our current maintenance contracts, the NGEC contracts, which are scheduled to run until 2021-22, we were experiencing poor performance in the maintenance system. The response time is 12 hours to make an initial fix and five hours to make a permanent repair. Over the last two or three years, we have seen performance against those really improving and we are now at about 96% or 97% of the time when that KPI is being achieved.

- Q23 Nick Smith:** That is a contradiction—I am glad you say it is a contradiction. I would always listen to the consumers and service users first. If I were you, I would concentrate on that, and get that right. I think it is important. Tell me something: for your providers of maintenance and repair services—have any of them won any awards for fantastic service in recent years, at all? I was looking at some of the housing sector awards initiatives, last night, on my iPad, before today, and I did not see anything—but I could be wrong—from the service providers that you use.

David Brewer: There have been a number of awards. I do not have a list of them to hand. I guess the other thing to mention is we are in the process of working towards some replacement contracts for those

maintenance services, across both the single living accommodation and also across the service families accommodation. At the moment we have one supplier who, as I have said, started off performing not to standard, but has improved. We are moving to a situation where we are going to have eight separate contracts, with a minimum of six separate suppliers; so we will be drawing a bit more diversity into the supply chain, and we will be, therefore, drawing in a wider breadth of organisations.

Q24 Nick Smith: Do you penalise your present supplier for poor performance?

David Brewer: We do, yes, whether that is the catering contracts or whether it is in the maintenance contracts. There are elements of their payments which are linked to performance, and that is something which we are ratcheting up a little as we move into our new contract arrangements, which probably be the FDIS contracts—Future Defence Infrastructure Services.

Q25 Nick Smith: Are they meaningful? Do they really sting? Do they make their mark? Does the supplier get poor publicity if they underperform?

David Brewer: It is quite difficult to answer that directly at the moment because, as I have said, we are largely, in the last couple of years, in a place where the suppliers are meeting the contracted performance standards consistently. That is across both the maintenance and the catering space. We have talked a little bit about the sort of history and some of the affordability challenges that we faced previously. These current contracts were let to a very minimal specification. They were let to “fix on fail” standards at a time when we did not have a budget allocation to do more than that. So we recognise that the standard of delivery is not what we would expect, and not what we intend to do going forward. But the contractors are, actually, generally meeting the contracted level of service.

Q26 Nick Smith: Okay. I have talked about holding contractors’ feet to the fire. Would you ever recommend your contractor to any of the housing sector as best provider of a particular service, at all? Would you ever nominate them to any area of excellence within the housing sector?

David Brewer: As I said, when this contract started we were very disappointed. It was originally a CarillionAmey joint venture. The performance in the initial years was poor. After Carillion—

Q27 Chair: Sorry, Mr Brewer, we are absolutely aware of that, because we have looked into that in detail in this Committee, so while we appreciate the history lesson—I don’t mean that rudely—if you could cut to the answer to Mr Smith’s question: so you were disappointed. It has got better, but would you do what Mr Smith has suggested?

David Brewer: Yes, I would, Mr Smith. In particular, a couple of areas that I think they are very good at: the one I would pull out is their responsiveness around introducing increased billable works. As you are probably aware, we have increased the spend, including the fiscal stimulus spend that was allocated this year. That supplier has turned around—from August last year they have now got an extra nearly £100 million -worth of



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improvement works on contract in the space of a few months, with a large number of those on the ground. So they turned that around extremely quickly, and in fact one of my colleagues has just dropped me a message that says Amey Defence won the FM specialist of the year in the *Construction News* awards—and the collaborative working, in 2019, in conjunction with DIO. So those are two examples where they received industry recognition.

Q28 Nick Smith: I saw that, and it was good; it had some good stuff on installation. Thumbs up to that. Do you feel confident that, if you invited, say, Kirsty and Phil around to rate your accommodation, they would give you the thumbs up?

David Brewer: That moves us into a much broader sphere, which is about the actual nature of those buildings. I think the Chair's introduction was absolutely spot on, because it is really variable. We have some very good, high-standard accommodation, and we also have some stuff that is very poor and which we are getting after.

Q29 Nick Smith: Okay. Mr Pate, do you have anything to add on the ongoing problems with making that the case? You pay for it.

Charlie Pate: All I would add is that, since we delegated single living accommodation budgets to the commands a couple of years ago, we have seen expenditure on hard facilities management—upgrading and renewing rooms—increase by two thirds. That emphasises the importance and weight that the commands place on this accommodation and the need for improving the standards, and it actually vindicates the decision to delegate, because it shows that they are managing within their overall budgets to reallocate funding to things that they view as very important and part of the overall recruitment and retention offer for their people. I think you are beginning to see that, but it is hard to overstate the depth of the shadow that the move to “fix on fail” cast over all this and over our infrastructure. It will take time and, as you have stated, money to reverse that.

Q30 Nick Smith: Thank you. I know that colleagues will come back to you on the role of commands in managing the stock later. General Swift, what are you doing from the Army leadership side to tackle the decline in levels of satisfaction with single living accommodation that we have heard about? The NAO has done some great stuff in this Report, bringing together groups—sometimes families—to talk about accommodation. What are you going to do about this, because it is so important for recruitment and retention that you get accommodation right, isn't it?

Lieutenant General James Swift: Mr Smith, it is a really important part of people's lives, obviously; as you said earlier, it is their home in many instances. In some cases, it is not their home but just where they lie their head for a few nights a week, which changes their—

Nick Smith: Sometimes five out of seven nights, or four out of seven. It is a chunk of time.



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Lieutenant General James Swift: It is, but it means that different people have different desires for that accommodation, I suppose. Focusing for a moment on those people for whom it is their home, I agree with you that it is important to them. As the Report lays out, satisfaction rates are at 49%, and indeed have been broadly in that space over the last few years, certainly since it was delegated. When you link that to retention, I think it is really important to understand where accommodation sits in the pecking order of our people's aspirations and what they want to get out of service. If you look, for example, at the armed forces continuous attitudes survey and the reasons why people state they have left—indeed, we have done some analysis recently, benchmarking that against our joint personnel administration system, which is another record of why people have left—accommodation actually comes in at 11th. The things that people really want to join and stay for are job satisfaction, and then pay and allowances and then the work-life balance. Getting those things right, while also sustaining the right level of accommodation standard, is the balance that all the commands, not only the Army, wrestle with.

Q31 Nick Smith: So is it No. 11 on your list of things to do?

Lieutenant General James Swift: No, it is not. I have been in the role of Chief of Defence People for a year now. A year ago I was the general officer commanding of the armoured 3rd (United Kingdom) Division, and as such I was in charge of 25,000 people. I went out and visited them all, and they were in a variety of accommodation. When speaking to them, by and large the response was that their accommodation—in fact, there was one brilliant exercise that I went to visit, and I was failing to get negative feedback; generally speaking, soldiers are good at giving negative feedback, or whingeing, as we say. I kept pushing and pushing, and then I asked what their accommodation was like. A lance-corporal chucked in and he said, "Well, actually, sir, I think we are quite lucky with our accommodation. If you've got more money to spend, I want more training like this, because this has been brilliant." That is what he was joining and staying for, and that helped shape our decision making.

Q32 Nick Smith: What I am hearing is that improving accommodation is part of the balance of how you spend your resources and prioritise your working day, but my sense from listening to you is that it is down there in the weeds. That really is my interpretation of what you are getting at here.

This is such a good Report from the NAO, which outlines poor performance by the MOD over a long period of time. You gave one anecdote—one corporal who found it fantastic and wants to be better trained—don't we all? I understand we will come on to talk about it in more detail later, but there are a lot of people who are really fed up with the accommodation, and this is a very good Report that is a very strong nudge for you to get your act together. I am just looking for a sense from you that you are going to grip it, and I do not get that sense at the moment.

Can I come on to a particular question, please? Why are the Royal



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Marines more unhappy than other personnel with their SLA? I was looking through some media reports last night about problems in Devonport. What is going on there?

Lieutenant General James Swift: Yes, the Royal Marines do have a particular problem with their accommodation. Part of it is a result of historical buildings, but most of it is a result of the “fix on fail” approach that we have taken over recent years. As a result, the Navy command is addressing that with an investment of £79 million over the next period, directly focusing on that Royal Marine accommodation in order to make amends there.

Q33 **Nick Smith:** Do you still spend a lot of money on hotel accommodation in the Devonport area for the Marines?

Lieutenant General James Swift: I do not have the details to hand, but Mr Brewer may.

David Brewer: I am afraid I do not have the details on that. As you will see in the Report, we spend something like £33 million a year on substitute accommodation, and the lion’s share of that is in London and Bristol. I am afraid I do not know the direct figures for the Devonport area.

Q34 **Nick Smith:** Could you give us the breakdown? Could you write to us later, please, on how much you spend in London, Bristol and Devonport? I would be interested to see whether that is still an ongoing problem.

David Brewer: Of course.

Q35 **Nick Smith:** One more question, Chair—a quick question to General Swift. What should the satisfaction level be for service personnel?

Lieutenant General James Swift: I think Sir Stephen addressed that earlier, when he said that more people see accommodation as a reason to join and stay than see it as a reason to leave. Of course, there are then the people in the middle who see it as neutral, so I think that is the benchmark that we should be looking at: that we continue to deliver accommodation that is positive to more people than it is negative.

Q36 **Mr Holden:** Thank you, Lt General Swift, for some of your answers. I am just interested in you saying that levels of satisfaction have stayed pretty similar over the past few years, when figure 11 in the NAO Report shows a significant drop tri-service, from a satisfaction level of 58% down to 49%. Do you not recognise that that is quite a significant drop? We both went to university, and a 60% for the RAF would have scraped you a 2:1, but now we are down at 46%, which would have just got you a third. Do you recognise the decline in those numbers?

Lieutenant General James Swift: I do over that period of time, Mr Holden. I think what I said was that since 2018, the levels have been broadly even or rising. The reason I picked that date was not because it suits the statistics, but because that was when we delegated the funding and responsibility for single living accommodation to the commands. That



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has proved itself, both in terms of the fact that they are closest to the service people, and therefore best understand their needs, and have that direct responsibility, but it has also translated into increased investment, as others have already said.

- Q37 **Mr Holden:** But Lieutenant General, it has continued to decline in the RAF through that period. I know it has seen a bit of a bounce around in the Royal Navy, according to the statistics, and maybe a slight tick up from the Royal Marines, from the appallingly low level in 2018 of 38%. It is hardly all the sunlit uplands, with satisfaction levels along those lines, is it?

Lieutenant General James Swift: No, it is not. I wouldn't want either you or Mr Smith to think I was complacent about this at all; absolutely not. It is something that we need to get after, and we are. That is why £1.5 billion is planned to be invested in single living accommodation, so that we can address some of the issues that have been raised by the excellent NAO Report.

- Q38 **Mr Holden:** I must agree with Mr Smith that the way you are coming across makes it seem that this is not the top priority for you and that if, on balance, things are sort of okay for most people—I don't know whether you are getting to the meat of this issue. I want to come quickly to an issue that Mr Brewer mentioned to Mr Smith. He said that if people are in this for short periods of time, then it is not so much of a problem. What are short periods of time in some of this accommodation, Mr Brewer? We are still seeing Nissen hut-style accommodation being used. What do you classify as short periods of time, Mr Brewer?

David Brewer: First, I am really sorry if we have given any sort of sense that this wasn't a very long way up our list of priorities. Maybe I can come back later and explain some of the pressure my team and I feel about delivering services into heads of establishment, with regard to these types of accommodation.

The sort of thing I am talking about is somebody who is on a course for a couple of weeks or who is working away, having meetings at establishments. If I go working around the country or in some of our overseas bases, I will stay in single living accommodation for a few nights at a time. It is that type of period. It is transit accommodation, which is a short number of weeks, not stretching into a short number of months, which is what we talk about as short term.

- Q39 **Mr Holden:** I understand that, but some of these people are going to be in this pretty poor accommodation for weeks on end, which is not a priority because it is for the short term. That is not acceptable, is it? If you were being sent around, as Lieutenant General or senior civil servants, you wouldn't be expected to be in this sort of accommodation for weeks on end, would you?

David Brewer: As I say, I have stayed in very poor accommodation, not for more than a week or two, and found it serviceable. Obviously, the grading system that we are talking about includes a number of factors. It

is not just the condition of the accommodation. It is the size, the scale and the location of the accommodation. There are a number of factors taken into account.

The issue that we are dealing with here is not about the average condition of the accommodation, but about the variability. We absolutely recognise that there is some poor accommodation. We use it as infrequently and for as short term as possible. In fact, I was chatting to my customer in the Army. Across the Army there are around 60,000 rooms; 8,000 of those are very poor-condition multiple-occupancy rooms. That is the sort of the proportion of the stock that we are dealing with being in poor condition.

- Q40 **Mr Holden:** Could you give me a breakdown of the proportion, Mr Brewer, on the basis of your accommodation for your senior ranks? Is any of that grade 4 or is it just at the bottom end?

David Brewer: The grading and the rank of the person won't necessarily be an issue.

- Q41 **Mr Holden:** I think the Committee would be quite interested in a breakdown on that basis, so can you send a breakdown of your general levels of accommodation for junior ranks, senior NCOs, junior officers and senior officers? That would be helpful for us. There is a feeling that some people get pushed out, right to the bottom. We need to get a bit more of a handle on that, so can you send over that information?

David Brewer: We will definitely send the information that we have. One of the things that I am sure we will talk about today is the SLA MIS project, and we would recognise that our ability to track who is using which piece of accommodation is poor at the moment. That is one of our big data issues. We will do what we can with the information that we have available to us.

- Q42 **Mr Holden:** Thank you. I just want to go back and dig a little further into what some of Mr Smith was asking about. Why is the treatment of some service personnel different within and across the services? Some are not paying for their SLA due to their marital status and age. Sir Stephen, is this something that you are going to continue into the future?

Sir Stephen Lovegrove: I am definitely going to defer to Mr Brewer and General Swift on this. I am not the expert, but obviously it is the case that personal circumstances vary and, indeed, the nature of the accommodation varies. Those are the things that are taken into account, but rather than waste time, I will hand over to the experts.

Mr Holden: Okay, thank you. Lieutenant General?

Lieutenant General James Swift: It is a good question, and it reflects the slightly different natures of the services. Therefore, the way the policies have evolved between the services is slightly different. If we take the Army's case, what it reflects is that, towards the end of someone's career—the other ranks' career is normally to around age 40—it is encouraging those people to settle their families where they want to be settled after their time in service, in order that the disruption of the



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transition from a service life to the future is minimised for the family. By doing that, it enables them to settle the family in their future location while still delivering their output to defence, without having to pay for their accommodation twice. That is how that one has evolved.

- Q43 **Mr Holden:** I think I understand. Are there any plans for this to evolve further in the future, to reflect more modern ways of living? Or is this something that you have under continuous review?

Lieutenant General James Swift: It is under continuous review. As part of the defence accommodation strategy and the action plan that follows from that, we will need to look at this again.

- Q44 **Mr Holden:** Lieutenant General Swift, is your accommodation currently grade 4?

Lieutenant General James Swift: I am in service family accommodation, so it is under a different grading system, but unfortunately it isn't brilliant. It is single glazed and very draughty, as has been noticeable this winter. No, it is not perfect.

- Q45 **Mr Holden:** That brings me quite neatly to my next question, which is picking up a comment from one of my colleagues about insulation. How will you meet the insulation climate change targets going forward? Is that part of your upgrade plan—to ensure that insulation is better with your new-build accommodation? One of the concerns that we have is that you are going to end up in panic stations in two or three years' time, and then end up trying to retrofit, incredibly expensively, huge amounts of new accommodation.

Lieutenant General James Swift: I wonder if Mr Brewer would like to lead off on that one.

David Brewer: Absolutely. Obviously, it is an extremely current issue—climate change and decarbonisation overall. What we are doing at the moment is running a number of low-carbon trials across SLA properties. We are also looking at a sustainability premium. Where we are looking at new-build accommodation, we think that about a 5% to 7% uplift can deliver a much higher standard of energy efficiency performance. We are in the process of implementing that through our building standards. We have talked a little bit this morning about service family accommodation as well as single living accommodation. We run a massive programme of re-roofing, insulation and double glazing, to improve energy efficiency across the service family accommodation, and we are investing £179 million this year exclusively in energy efficiency.

We are also in the process of putting in place about 2,000 bed spaces on the training estate that are in modular build, 50-personnel blocks. They are effectively carbon positive—they generate a surplus of green energy. So we have got quite a lot of live work around trying to put in place better arrangements. The MOD, under General Nugee's leadership, has also been working on its wider sustainability strategy, which sees us really going after sustainability and energy performance in the estate.



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Q46 Mr Holden: I understand that, Mr Brewer. I am in the process of buying a house myself at the moment and the energy performance certificate is one of the things that you have got to have as basic. What is your aim for your new accommodation? Are we going to be seeing all A-grade accommodation? Or is it going to be way down the list, like my own building is?

David Brewer: It will be effectively DREAM excellent-plus. I do not have an equivalent in that energy efficiency rating to give you.

Q47 Mr Holden: Would you send that across to us? It would be helpful for us to know what you are aiming for in terms of a scale that people can understand?

David Brewer: Indeed.

Q48 Chair: Thank you, Mr Holden. Sir Stephen Lovegrove, I think you wanted to come in briefly on this. Brief would be helpful.

Sir Stephen Lovegrove: It will be very brief. Mr Brewer mentioned General Nugee's work. It is very comprehensive on climate change and Defence. It is class leading. It has already been widely distributed around NATO, and other militaries have taken note of it. I am sure that, if you are interested, he would be keen to come in and talk you through some of the things that we are doing. Obviously, COP26 is an opportunity for us to promulgate that work more widely.

Chair: Thank you very much. It is certainly a big concern of this Committee—we are doing a thematic series of work and reports on net zero and climate change issues—so we may take you up on that.

Q49 Peter Grant: Sir Stephen, I want to pick up on a comment you made earlier where you suggested that the additional spending review money gives you the opportunity to address the problems of single living accommodation. How much of the additional money announced by the Prime Minister do you envisage being used to improve single living accommodation?

Sir Stephen Lovegrove: A significant amount. I am not in a position to be able to give you precise numbers at this point, but that information will be made available in due course. We will be looking to spread the additional money across all our areas of spend—equipment procurement, equipment support, people, infrastructure. Infrastructure obviously includes this area.

Q50 Peter Grant: What is your assessment of the amount that would be needed to bring all the single living accommodation up to an acceptable standard?

Sir Stephen Lovegrove: Acceptable standard is of course a very interesting part of the Report and we need to do more work on defining what that acceptable standard is. I think in the Report it says—Mr Brewer will probably know more about this than me or Mr Pate—that £2 billion would be required over some years to be able to get all of the



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accommodation up to what they would define as an acceptable standard. Candidly, I think we are unlikely to be spending that level of money on this, so we will try to do what we can. Part of that will obviously be to reduce the size of the estate as much as we can and work to free up money in that way. In particular financial terms, either Mr Brewer or Mr Pate will have a better response.

- Q51 **Peter Grant:** I will maybe come back to Mr Pate in a minute. Can I press you a bit further on that, Sir Stephen? To be frank, my concern, and I think the concern of some other members of the Committee, is that this initial money seems to have been spent an awful lot of times before it has actually arrived in the MOD. You said before that it would be a ministerial decision based on advice from civil servants and commands as to how that would be initially allocated. What, if anything, should we read into the fact that when the Prime Minister announced this additional money, in a statement of more than 1,500 words, he didn't mention the word "accommodation" once?

Sir Stephen Lovegrove: I would not presume to put myself into the Prime Minister's shoes. I think that is a question I cannot really answer, but I can tell you that the £16.5 billion which he announced will be spent on, as I said before, a combination of things: remedying some of the financial problems we have at the moment and further investment in our people, our equipment and our infrastructure. It cannot all be spent in one area and there will obviously be choices to make, as there are in any walk of life, but I really would like to assure you and the Committee that infrastructure—in particular the infrastructure which supports the lifestyles of our people—is a very high priority for the Department, and we will do what we can, consistent with our other demands, to improve this picture.

- Q52 **Peter Grant:** Thank you. I will come to Mr Pate specifically on the financials. Can you give us your best estimate as to what the maintenance backlog is on single living accommodation? How much is needed to bring it up to the equivalent standards expected by a local authority tenant? Secondly, do you have any provisional idea of how much of the spending review money will be used to improve this accommodation?

Charlie Pate: On the first point, I am not able to do that on the technical levels of quality, so I will leave that to Mr Brewer, but the NAO Report does set out various reports that we have had done by, I think, Mace and others, which set out various ways of measuring our backlog. I also think it is instructive that we have figures that show we currently spend on the annual lifecycle of investment about a third of what the Royal Institution of Chartered Surveyors suggests we need to spend to maintain the estate. As I said earlier, that goes back to the decision in 2009-10 to move to "fix on fail".

Looking ahead, last year we spent about 12% of our budget on infrastructure in the round, and a large amount of that is delegated to the commands. As we go through the process from the spending review, we have the integrated review setting out the strategy we explained last time



we were in front of you, and then we take that into individual budgets for each command. We will set those out with control totals for next year and then their 10-year planning assumptions. It is at that point that we have delegated responsibilities for infrastructure, including single living accommodation, and the commands will decide what to put into this investment compared with other areas within their gift. The NAO Report sets out the £1.5 billion that is the current planned amount of investment from the commands. That is the best information at the moment from this Department.

- Q53 Peter Grant:** Thank you, Mr Pate. I have one further question, if I may—I am aware that we have invited Mr Francois to guest today and we have not heard from him, so I want to leave time for what I know will be interesting questions from him.

Lieutenant General Swift, when I look at the accommodation that my constituents are entitled to expect if they rent from the local authority, a housing association or other social landlord, or even from a private landlord whose only interest is to make a profit, in all those tenancies there is a legally required standard that the accommodation must be maintained to. If they join the Army or other armed forces, they are likely to move into accommodation with no specified standards whatsoever for what they are entitled to expect. Do you consider that acceptable? If not, can you indicate when armed forces personnel will at the very least have a standard against which they can measure their accommodation?

Lieutenant General James Swift: We already adhere to the minimum standard for health and safety reasons that you would expect. I think Mr Smith used the word “nudge” earlier. Perhaps as a result of a nudge from the NAO Report, what we are going to do this year is define a minimum standard for condition for single living accommodation in order to get at exactly the point you are making and the Report has made.

I will just touch on this, though. The four-tier grading system includes commentary on, or reflects, the standard, the scale and the location and environment, so it is possible to have a very high standard room but in a location—such as close to a runway—such that although it is of a very high standard, it is a low grade for charge, because it reflects that whole experience, not just the standard of the accommodation. But it is the standard that I want to get at, and will get at this year.

- Q54 Peter Grant:** I know I said I had only one further question, but can I follow up on your clarification on the grading? Does the grade of the accommodation change because the hot water hasn’t worked for the last month?

Lieutenant General James Swift: Yes. When that sort of thing happens, it’s possible to waive those charges, and that authority sits with the head of establishment.

- Q55 Peter Grant:** I appreciate the fact that those living in the accommodation get a reduction in their charges, but is the accommodation actually officially de-graded so that the grade for the accommodation covers the



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failure of heating and hot water? Does it then get de-graded down to grade 4, or is it still regarded as grade 3 accommodation with some things not working?

Lieutenant General James Swift: First of all, we would seek to fix it, so that the individuals could continue living in their living accommodation. But if that wasn't possible, the review system, or the grading system, takes into account many factors, and failed utilities like that would absolutely lead to a review of the grading.

Peter Grant: Thank you. That's all from me, Chair.

Chair: Thank you very much, Mr Grant. I now turn to Mark Francois MP, who is guesting with us today from the Defence Select Committee.

- Q56 **Mr Francois:** General James, you've got a happy corporal in the Army, by the sound of it, but if we are going to give evidence to the Public Accounts Committee by anecdote, let me have a crack. Two years ago I was at Brize Norton, looking into exactly these issues, and I spoke to an RAF corporal who said, "Sir, we had an air vice-marshal come down here the other week and give us all a pep talk on how valued we are by society, and I'm standing at the back and thinking, 'If that's true, sir, why are my kids showering in cold water yet again?'"

Let's turn to page 21 of the armed forces continuous attitude survey 2020, which tells us: "Just under four in ten (37%)"—of service personnel—"agree that they are valued by society at large", whereas 40% disagree. Chief of Defence People—are you proud of the fact that barely one third of the people in the armed forces think our society values them, sir?

Lieutenant General James Swift: Thanks, Mr Francois. I absolutely don't make decisions based on anecdotes; I used that just to illustrate the situation. I would rather draw on the sort of data that you have just drawn on—the armed forces continuous attitude survey—and other such data sources, as we have done today. But as to your specific question on being valued by society, I go back to my previous answer about people wanting to do a job—work—that they enjoy but they also feel valued for. It's tremendously important to the motivation of our people that they feel valued for what they are doing—valued by their colleagues and valued by their superiors, but also valued by society, and—

- Q57 **Mr Francois:** Forgive me, General, we are always tight for time on these things. I do apologise. But how can you say we value people if they come back off a tough exercise, go back into their accommodation and can't have a hot shower? How are we valuing them like that? That is happening all the time.

Lieutenant General James Swift: It is happening in a few instances and, where it is, as we commented earlier—*[Inaudible.]*

Chair: Lieutenant General Swift, we have just lost your sound. I think we are going to have to—



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Mr Francois: Shall I crack on until the general comes back?

Chair: You crack on and we'll come back to Lieutenant General Swift.

Q58 **Mr Francois:** The general has said that he is not being complacent, so, to use a military phrase, let's press to test that. And perhaps Mr Brewer can fill in before he comes back. This is about the single living accommodation management information system, or SLA MIS, Mr Brewer. The MOD are normally quite good with acronyms, so with a bit of imagination, you could have turned that into SALAMIS. But Salamis was a victory, whereas this has been an unmitigated defeat. What was SLA MIS originally intended to do? What did you create this IT system to provide? What was the point of it?

David Brewer: Mr Francois, apologies. I lost audio for a moment, but I think I got the gist of your question.

Q59 **Mr Francois:** Okay, what was SLA MIS created to achieve?

David Brewer: The purpose of the work is two things. One is to enable people to book accommodation efficiently, and the other is to enable us to understand how accommodation is being used, which informs our investment decisions. The impact of that is to make sure that the best accommodation is used most frequently and the worst accommodation the least frequently, and that we can invest our money in the areas where it has the most impact. That is the intent of the programme.

Q60 **Mr Francois:** Okay. I understand. When you were designing it, presumably you went to people like Premier Inn, who book accommodation for thousands of people all over the UK every night, or Hilton or others. When you did that, what advice did they give you?

David Brewer: We have looked at a number of different professional packages. The issue with those is that many of them are either bespoke systems, as are used in the Australian example, or they are systems that offer a much broader range of functionality. We were trying to develop something—we are trying to develop something—that is the simplest solution to the challenges that we face, so something that does not necessarily need to do all of the breadth of activities that some of those organisations would use.

Q61 **Mr Francois:** You said the simplest solution, so why is it not in service after eight years of development?

David Brewer: We absolutely acknowledged that the SLA MIS project that was commenced in 2013 failed to deliver, and it was cancelled. There is a number of issues around that. Sir Stephen talked earlier about complex IT systems. The SLA MIS system would have been a complex IT system. It is not of the same sort of order or scale as some of the other things that we talked about, but we had a slightly over-complicated approach to trying to deliver it. As I say, we acknowledged that that was a failed programme, and that programme was stopped. We restarted that programme from scratch essentially in April 2019, having done no work on

it in the period between '17 and '19. So the current SLA MIS is effectively a new programme of work—

- Q62 **Mr Francois:** Again, we are tight for time, but we are not going to let you get away with that. You don't get away with it by just renaming it. Let's call it SLA MIS 2, for the sake of brevity. In the Report, it was not clear whether the system will actually be brought into service or not. It still had the status of a pilot, so are you going to bring SLA MIS 2 into service or not? If you are going to bring it in, when will it go live?

Chair: Mr Brewer, your sound is now off. Can we start again? Mr Brewer, can you unmute, please?

David Brewer: Sorry, I keep getting interruptions that turn my sound off. We are bringing SLA MIS into service by 2022. We had run a pilot programme, which is now live. We expect the system development to be completed by the back end of this calendar year, and we will start the roll-out through March and onwards through the course of 2022. I am confident that the programme that we have started now has been much better conceived. It is much better led and has got the support of and buy-in from the whole of the armed forces community, so we have got everybody on board with it.

- Q63 **Mr Francois:** Mr Brewer, in September 1962, President John F Kennedy gave a speech in Houston, Texas, where he set the United States the ambition of putting a man on the moon within a decade. In June 1969, about seven years later, Neil Armstrong stood on the moon. That was half a century ago. If we could put a man on the moon in seven years over 50 years ago, why can't the Ministry of Defence, in the early part of the 21st century, create a simple IT system in eight years?

David Brewer: I think I have, to the best of my ability, answered that point, which is that we failed to deliver that project in its initial stages. Our delivery capability has, I think, transformed in the intervening period. We have got a different leadership team, we have got a different management arrangement—

- Q64 **Mr Francois:** With respect, you never said why you failed to deliver it. Why couldn't you make a simple computer work? Why?

David Brewer: One of the issues is that we tried to make the solution too complicated in the first instance, and the other is that we probably didn't have the right calibre of people working on the programme.

- Q65 **Mr Francois:** I can ring a hotel chain—well, when hotels were open, I could—and book a room in one minute, so why has it taken you eight years to come up with a computer system to book accommodation? It's ludicrous, isn't it?

David Brewer: I have acknowledged that that is a poor performance and I can't really say much more, other than—

- Q66 **Mr Francois:** The reason this is really important is that it affects retention. Our infantry battalions are chronically undermanned, as the



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general well knows. The main group of people who leave early are young private soldiers. They are the main customers in SLA. The fact that you can't do this properly—you can't manage it properly—is directly undermining our operational capability to the point where we may now get rid of a number of our infantry battalions, because they are so poorly manned. This has real operational consequences for the defence of the realm; it's not a parlour game. I put it to you again: how can it be that after eight years you can't make a simple computer system work?

The permanent under-secretary has almost got his head in his hands on his screen, and quite rightly. The general says, "We are not complacent", but, with respect, this sounds pretty complacent to me.

David Brewer: I am sorry, Mr Francois. There is nothing, from where I sit now, that I can do about the history—

Mr Francois: Well, there is one thing you could do, but let's not go into that.

David Brewer: We have restarted the programme. We have set the programme up to deliver. Between April 2019 and March 2022, we will move through getting a really high-quality solution on board, and we will deliver that. We fully recognise the priority and we are completely committed to making that system work.

If I could just also add, on the point of consequences we have talked a little bit about the delegated model here. What that means is that the individual heads of establishment regional command single services are responsible for managing the allocation of SLA—

Q67 **Mr Francois:** I apologise, because we are tight for time. This has nothing to do with the delegated model. This was a patent failure.

This is my last question and then I will hand back, because I am a guest today. Which of these three descriptions most aptly suits SLA MIS: a, basket case; b, tragedy; or c, farce? Which is your favourite? It is one of those three.

David Brewer: That sounded like three descriptions of essentially the same thing.

Mr Francois: So all three?

David Brewer: I would describe it as a failed programme, which has now been put back on track.

Mr Francois: Thank you very much.

Chair: Thank you very much, Mr Francois. I now turn to Sir Geoffrey Clifton-Brown MP.

Q68 **Sir Geoffrey Clifton-Brown:** My first question is for you, Sir Stephen. I have to say that throughout this hearing I do think there has been an element of complacency on what I think is a very serious problem. In fact, it is not just me thinking it is a serious problem. In its Report—paragraph 15, page 9—the NAO says, "Without a central view on what is



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needed, it will be hard to ensure coherence across the plans". Paragraph 18 on page 10 says, "no clear strategy, limited investment in buildings and a 'fix on fail' approach to maintenance", and worst of all, "the Department cannot show it is achieving value for money." That is a fair indictment, isn't it?

Sir Stephen Lovegrove: Sir Geoffrey, I acknowledged at the beginning of the hearing that we all are not at all happy with the quality of our single living accommodation and that the NAO Report has highlighted very effectively many of the shortcomings that it demonstrates. However, I really would like to assure the Committee, because this has come up a couple of times, that we are in no way complacent about this particular area. A number of the recommendations that the NAO has made we are already putting into place, because we recognise the importance of the subject—

- Q69 **Sir Geoffrey Clifton-Brown:** May I just stop you there? We touched on this briefly with the general. Without setting a standard—a widely recognise civilian standard would be the decent homes standard, which is applied to the families accommodation, but not to single living accommodation—how can you say that you are positively adhering to the armed forces covenant?

Sir Stephen Lovegrove: We are in the process of setting standards. We have to assess all the accommodation to be able to do that. We will be moving fast on that. I am not an expert, but I would doubt that the type of accommodation that occasionally has to be used as SLA, which is multi-occupancy barracks, is likely to be particularly susceptible to adhering to the kinds of standards that you would expect in family accommodation. There is probably a more complex and probably bespoke set of standards for this type of accommodation.

- Q70 **Sir Geoffrey Clifton-Brown:** Time is very limited. Without a baseline, which you have not got—you do not have a baseline—how can you set a budget for what you need to repair the buildings, let alone have a budget for refurbishment? If you do not know what the baseline is, how do you know where you are trying to get to?

Sir Stephen Lovegrove: We are in the process of setting those standards at the moment. This is a project for this year and next year. This is what we are doing.

- Q71 **Sir Geoffrey Clifton-Brown:** I do not want to be unkind, Sir Stephen, at all, but this has been happening for four and a half years, on your watch in charge of the MOD, and it still has not happened. How long will it take from now on in to set those standards?

Sir Stephen Lovegrove: We are aiming to set the standards by the end of the year, this year.

- Q72 **Sir Geoffrey Clifton-Brown:** Great. General, if I may come to you, please, I want to challenge one of your answers about every single one of the units meeting health and safety standards and to ask whether that is really true. The Report states at paragraph 11, on page 8, that 3%—this



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is not the 36% in grade 4, but below grade 4—is “so poor” that no charges can be levied. Are you absolutely certain that all that 3% meets minimum health and safety standards?

Lieutenant General James Swift: The grade system, as I spoke about briefly earlier, involves a number of factors, which is why some people have their charges completely abated. As far as health and safety is concerned, we take that very seriously. If the buildings do not meet the standards, unfortunately the individuals have to move out to alternative accommodation.

Q73 **Sir Geoffrey Clifton-Brown:** Is there not a case for saying that the 3%, which covers 2,388 personnel, should be withdrawn from service immediately because it is so poor?

Lieutenant General James Swift: It depends on the reason why the accommodation has been downgraded to that level.

Q74 **Sir Geoffrey Clifton-Brown:** Will you write to the Committee and confirm your answer that every single dwelling meets minimum health and safety standards? I am not sure that I am absolutely satisfied about that, and it is a really important point.

May I take you further on in paragraph 11, which states that 50,000 spaces were “constructed prior to 2000” and do “not meet...building standards”? Those are important things like fire safety standards. Are you absolutely satisfied that you have sufficient standards in place for there not to be some dreadful accident in which people are burned alive because there are not proper fire safety standards?

Lieutenant General James Swift: If I may, Sir Geoffrey, I will hand that to Mr Brewer. Given the building regulations angle, he is better placed to answer your question.

David Brewer: We absolutely have got buildings that are safe to occupy from a fire safety perspective. As General Swift said, if any building failed its fire safety regulations, people would be taken out of the building and rehomed elsewhere while it was brought up to scratch.

We run a formal fire risk assessment on every single living accommodation building across the entire estate every two years. In some areas, we have increased that frequency to every one year, based on the nature of the building. Those risk assessments are undertaken by my team, but are also independently supported by two other organisations, in effect operating on an independent advisory and regulatory basis.

I am absolutely confident that our buildings meet fire safety regulations. The sorts of issues with building regulations where we say the buildings would now fail are about things like the capacity of the power systems—not the safety, but the capacity of the power systems. Many of those would be things like energy efficiency, where the buildings were not up to modern standards. Where standards are applied retrospectively, we bring our buildings up to scratch, but, as you will be aware, the majority of

standards are introduced at a point in time and buildings built from that point onwards are built to the new standard.

- Q75 **Sir Geoffrey Clifton-Brown:** While you are online, could you just answer the fact—data is everything—on page 16, in footnote 1 to paragraph 1.7, where it says that you only have 78% returns from 190 sites? That was a year ago. Has that survey now been completely updated?

David Brewer: The returns there were from a spot check on the occupancy of the buildings. As Mr Francois pointed out earlier, the SLA MIS system has not been online. We do not have the realtime data on who is in which room, and so we only took a spot survey. We are intending to repeat that, but it is not something that we do on a regular basis. We have full coverage of something we call facilities condition monitoring. We have undertaken an engineering survey of every single one of those buildings, which we do on a twice-a-year basis. That is present for all buildings. In terms of the physical infrastructure, we have a baseline of the physical condition of those buildings. That is one of the dimensions that then feeds into the grading system.

- Q76 **Sir Geoffrey Clifton-Brown:** That is very helpful. Lieutenant General, can I ask you about a number of organisations involved in this whole matter? If the Chair will indulge me a little, I would like to look at paragraph 2.4. In 2019, you set up two organisations, one of which was the Single Living Accommodation Expert Advisory Group—SLAEG. But paragraph 2.6 says, “The SLAEG cannot make decisions on SLA”. If you then go over the page, there are no less than 10 bodies listed with responsibility for all this. I know the military loves having complicated wiring diagrams, but isn’t this part of the problem? There are so many bodies involved that nobody is making proper decisions. They are all passing it up or down the command chain. Wouldn’t it be much better to start again and simplify the whole responsibility? It isn’t a terribly difficult matter to manage 70,000 single living accommodation units, but to have 10 organisations involved is surely excessive and far too complicated.

Lieutenant General James Swift: Sir Geoffrey, the chart at figure 4 on page 22 represents not just the management of service living accommodation. The right-hand pillar is the whole of the infrastructure piece and the left-hand is the whole of the people piece. Behind you point is the question, where does this come together? Indeed, there is a recommendation in the Report that we should consider appointing a senior sponsor. We will indeed consider that and look at the roles and responsibilities that senior sponsors should have, and include that in the Defence accommodation strategy later this year.

Sir Geoffrey Clifton-Brown: I don’t know whether you want me to talk about money and investment at this stage, Chair.

Chair: Continue, Sir Geoffrey.

- Q77 **Sir Geoffrey Clifton-Brown:** Can I talk about money? As a result of the “fix on fail” fiasco, you have been left—I don’t blame you for this, Lieutenant General, because you are only new in your post—with a legacy



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of £1.5 billion in repairs. There is an estimate that £1.5 billion is also needed to upgrade all the SLA. Where is all this money coming from, and how much is allocated at the moment? Are those two figures merged into one?

Lieutenant General James Swift: The Report refers to £1.5 billion of spending that is allocated over the next 10 years. That is correct at the moment. In addition to that is any funding from the Defence estate optimisation programme, and indeed, things such as the Army basing plan that has delivered 4,400 single living accommodation spaces over the last few years. Sir Stephen has already touched on the issue of the balance of investment decisions in the integrated review, which we will know about in the next few weeks.

Q78 **Sir Geoffrey Clifton-Brown:** Yes, but, with those figures, are we talking about one figure of £1.5 billion or two figures of £1.5 billion?

Lieutenant General James Swift: I referred to the £1.5 billion that is currently planned and in people's programmes to deliver.

Q79 **Sir Geoffrey Clifton-Brown:** Is that adequate? Boiling that down, it is £1.5 billion over 10 years. That is £150 million a year on 70,000 units, or £21,428 per unit. Is that anything like adequate?

Lieutenant General James Swift: It will allow us to address the poorest accommodation and upgrade it as required.

Q80 **Sir Geoffrey Clifton-Brown:** Let me just drill into that answer. It will allow you to upgrade the poorest units. Which poorest units are we talking about? The 3%, or the 36% in grade 4, or indeed, some of the others that also need maintenance? Where is this £1.5 billion going to be spread so thinly?

Lieutenant General James Swift: It allows, for example, the Royal Air Force to either refurbish or replace all its grade 3 and grade 4 accommodation in the next 12 years.

Q81 **Sir Geoffrey Clifton-Brown:** That is the RAF, but what about all the other commands?

Lieutenant General James Swift: They are taking a similar approach, over a different timeline. The Army is seeking for all the accommodation to be good by 2027. My point is that those plans are in place.

Q82 **Sir Geoffrey Clifton-Brown:** Well, they are not, are they? Figure 13, under "Air", states: "68% of spending in the last four years of the plan, with no spending committed"—so I don't know what you are doing about maintenance—"until 2022-23". Nothing is going to be spent until '22-'23. There must be some problems with single living accommodation in the air sector, so is it really acceptable to have nothing spent on them until '22-'23?

Lieutenant General James Swift: That may just be the phraseology, Sir Geoffrey, because, as we referred to earlier, the Air Force has already been spending money, as part of Project HYDRO, to put in those stubs and

sockets. To address the worst pockets of SLA, they have approached that in three phases. The first phase overachieved, with 1,901 bed spaces by March last year; they then have a further phase to address bed spaces by 2023, and the final phases clicks in after that. There may just be a phraseology issue in figure 13. There are ongoing plans, building on the last years and going forward.

- Q83 **Chair:** I will just ask Jeremy Lonsdale of the National Audit Office to comment. An NAO Report is being questioned, even in that slightly opaque way. It would be helpful if you could explain that figure, Mr Lonsdale, as director at the NAO on this issue.

Jeremy Lonsdale: Yes, Chair. I am sorry I do not have the supporting documents to hand, but my reading of figure 13, and the point that we were trying to make, is that quite a lot of the spending is squeezed towards the back end of the 10-year process. That is what that sentence is saying, particularly with the 68% in the last four years of the plan. That is my recollection of how that table was put together.

Chair: Thank you very much, Mr Lonsdale. That is how Sir Geoffrey, the Committee and I interpreted it, as well. Back to you, Sir Geoffrey.

- Q84 **Sir Geoffrey Clifton-Brown:** That is a really helpful summary from Jeremy Lonsdale of the NAO. Isn't part of the problem here, Lieutenant General, that actually people in single living accommodation are going to say to themselves, "Well, I'm not going to have very much spent on my accommodation for several years to come"? If you have a 10-year plan, surely you should be front-loading it, not back-loading it?

Lieutenant General James Swift: The challenge with all these things is twofold in the infrastructure space. The first thing is balance of investment. I won't rehearse the arguments that we have already discussed on that. The second thing on infrastructure is that going from identifying a need to putting an infrastructure solution in place takes a number of years. I am not suggesting that that is a reason why everything should be in the last few years of the decade, but it is a reason why we can't address these things instantly.

- Q85 **Sir Geoffrey Clifton-Brown:** This is the final question from me. You won't know how much money you have to spend on fixing this SLA problem until the strategic review has been announced. How soon after that, when you know how much money you have to spend, will you have a plan for the whole SLA portfolio—what needs to be sold, what needs to be demolished, what needs to be repaired? How long will it take you to get that sort of plan, so that if I were living in single living accommodation now and it was pretty poor, I could have some hope that, in my career in one of the forces, I would be likely to get improved accommodation? This is really what it is all about. You are in charge of people in the services. When can they get some hope that they will have their accommodation improved?

Lieutenant General James Swift: We are in the process of producing the Defence accommodation strategy, which will pull together the policy,



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infrastructure and delivery elements. Indeed, we will make sure we pull together the various dependencies from the infrastructure plans for single living accommodation, including the Defence state optimisation plan and the current investments. We will have that strategy written by the end of the year.

- Q86 **Sir Geoffrey Clifton-Brown:** You will have a strategy written by the end of the year? The end of this year?

Lieutenant General James Swift: Yes, 2021.

- Q87 **Sir Geoffrey Clifton-Brown:** And it will be published?

Lieutenant General James Swift: I can't see a reason not to.

Chair: Between us and our sister Committee, the Defence Select Committee, we will be keeping a very close eye on that, and I am sure others will as well.

- Q88 **James Wild:** Lieutenant General Swift, Mr Francois covered a bit about the SLA MIS system, but some of the data that we have shows under-occupancy. How can you justify having so much single living accommodation unoccupied while you are spending £32 million a year on accommodation from the private sector?

Lieutenant General James Swift: If I may, Mr Wild, I will defer to Mr Brewer, because that is his area of expertise.

Chair: Mr Brewer is upside down. Oh, that's it—Mr Brewer, you are with us the right way up. Over to you. Did you hear that?

David Brewer: Apologies; no, I didn't hear the question.

- Q89 **James Wild:** I was pointing out that the data in the Report—a snapshot, admittedly—shows that a quarter of SLA is unoccupied. How can you justify having so much unoccupied while at the same time spending £32 million on private sector accommodation?

David Brewer: There is a substantial amount of SLA that is unoccupied. We have more SLA than we need across the estate. We have some locations where we don't need the amount that we have. We are left in the difficult situation of whether we spend our limited money demolishing the infrastructure that we don't need or we spend our money improving the infrastructure that is in use. That is one of our challenges.

The money that we spend on substitute accommodation is almost entirely spent in locations where we have a deficit of single living accommodation. I think I mentioned earlier that approximately 60% of that is across London and Bristol, which are two areas where it would cost a huge amount of money for us to invest in the necessary level of capacity to be able to provide all the SLA that we need, so we rent off the open market.

- Q90 **James Wild:** I had a parliamentary answer this week giving the figures for the 40 highest monthly costs for both substitute family accommodation and single-service accommodation, which ranged from



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£2,000 to a fairly chunky £5,000 a month. I had a look at the figures for a property in Moray, where you are paying £2,900 a month. I looked on Rightmove this morning, and the highest available rental property is £1,500 a month. How are you benchmarking and checking that you are getting value for money from Mears?

David Brewer: I do not know the detail, obviously, of the cases that you are talking about. On the contract with Mears, standards are set for different entitlements and different accommodation in different locations. The highest cost is in central London—that is obviously not the example you are drawing on, but that is where we tend to find a lot of the accommodation that is expensive. Mears is given a budget based on grade that we benchmark across a range of different providers, and then there is an incentivisation arrangement in place, where it benefits if it delivers savings below that grade. Actually, we regularly check exactly the same sources of data that you just referred to. We will check Rightmove and we will source—as will Mears, on occasion—premises from Rightmove.

Q91 **James Wild:** What is the status of that contract? I think it began in April 2016. Is it due to come to an end soon?

David Brewer: I am afraid I do not know the duration of that contract.

Q92 **James Wild:** You mentioned that you have surplus SLA. What do you think an appropriate under-occupancy level would be? What are you aiming at that delivers the flexibility that the armed forces need as they move people around, but also delivers value for money for the taxpayer?

David Brewer: That is a really complex question to answer. The best answer is location-specific. The way to build the right void levels up is to look at demand and variability across a number of different locations, to set the right number of individual sites and then to aggregate back up. It is not like we would set a single 10%, 15%, or whatever you would choose, and fix that across the whole estate. A lot of that void property, or the under-utilised space, is in facilities that are intended to be either reduced occupancy in the future or wound down. A lot of the DE Ops sites have got a lot of that spare capacity. The core long-term hold sites for the MOD have both the better-quality accommodation and the better-utilised accommodation. In a long-term core site we might expect to see up to 20% voids in property there, which would be reflective of a mixture of some variability in demand and some poorer quality older stock, which would be less frequently used.

Q93 **James Wild:** Assuming that you get the data and the IT system working, which is meant to bring down the cost of the substitute accommodation, what are your targets, in terms of bringing that £32 million down?

David Brewer: In advance of this hearing, we spent some time considering whether we should fix a target for reducing that bill. We concluded that to do that would probably be counter-productive. We wanted to wait until we had the system in place, get the data and then make an evidence-based target to reduce. After that programme is



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deployed in '22, I think we will move rapidly from that point to then developing a target for reduction.

- Q94 **James Wild:** It would be helpful also if you could come back with clarity on the existing contract, because the figures that you are paying for monthly rentals are well above what my constituents would consider a reasonable level to pay. I would be keen, when the contract is re-let, that those maximum figures that you have are looked at again.

I have a final question. You mentioned that London is a particular problem, and obviously part of the "better defence estate" proposals are to adjust some of the footprint across the London area, in terms of basing. What is your strategy for reducing the SLA issues and the substitute accommodation issues in London?

David Brewer: The most expensive London accommodation is the very central accommodation, which is driven by personnel who need to be able to get to central London very quickly in the time of an emergency. I don't anticipate the demand for that reducing significantly.

Chair: Back to Mr Mark Francois MP.

- Q95 **Mr Francois:** Thank you, Chair. To conclude, unfortunately a number of people have used the word complacency this morning. I'm afraid that to me that seems to be a summary of the Department's attitude today, which is disappointing. This really matters because so many young soldiers, particularly, and other junior ranks—they are the main retention problem—leave the armed forces because of the poor quality of their accommodation. It is a decision in the round, but that is often important in the decision for a number of them. That means that we reduce the operational capability of those units.

If we are indeed going to slash the Army by 10,000, which the Defence Committee will have a lot of say about, because strategically it would be bonkers, that is partly because of the failure to retain people because the accommodation that they live in is so poor and we don't honour them properly. We call them heroes, and they are, yet we don't actually treat them as such. I am only a guest this morning, but can I make a plea to the MOD witnesses to go away and think very hard indeed about this, and try to raise your game? You are undermining the defence of the realm.

My final question is to you, Mr Brewer. When we sell off valuable estate—for historical reasons, the Department owns some very valuable real estate—what happens to that money? Is it reinvested in accommodation in the MOD or does it go back to the Treasury? Let me give you one example. There were rumours that Hyde Park barracks was going to be sold. I have no idea if that is true or not, but if it were sold would the MOD get that money? If you did get that money, would you be able to reinvest it in single living accommodation? What would happen to it?

David Brewer: As you will be aware, when the Annington deal was done and that stock was sold, the MOD got a small proportion of the receipts from that sale. The majority went into Treasury centrally. For the sites



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that are in our current disposal programme—I think we are dealing with around £60 million of disposals this year—that money is reinvested into the DE Ops programme.

Q96 **Mr Francois:** So are you selling Hyde Park barracks or not?

David Brewer: That is not information I have, I'm afraid.

Q97 **Mr Francois:** But you're the head of the DIO.

David Brewer: Yes, but I don't make decisions about what basing we hold and what basing we don't hold. I deliver the services and deliver the work.

Q98 **Mr Francois:** Lieutenant General, are we selling Hyde Park barracks or not?

Lieutenant General James Swift: I don't have that information to hand.

Q99 **Mr Francois:** Sir Stephen, you are the permanent under-secretary. Are we selling Hyde Park barracks or not?

Sir Stephen Lovegrove: There are no current plans to sell Hyde Park barracks, but all our estate is held under periodic review.

Mr Francois: Thank you. That is extremely clear.

Chair: Thank you very much, permanent secretary. Over to Nick Smith MP on this knotty issue of how we are going to fund things in future.

Q100 **Nick Smith:** This question is along similar lines to the last question from Mr Francois. Sir Stephen, in an answer to an earlier question, you implied that any moneys made from reducing the estate would be recycled into accommodation. The Report says, on page 13, that the MOD either "owns, controls or has access to approximately 1.8% of the UK's land mass." I bet your planners don't want to give up the huge estate or access to it, for understandable security reasons, but given that you are likely to be selling some of the estate after the integrated review, how quickly do you think you would be able to move things along and invest in accommodation? There seems to be critical sizing [*Inaudible.*]

Sir Stephen Lovegrove: I did not get all of that because the audio was a little unstable, but I think it was how quickly and effectively can we reduce the size of the estate. Access to 1.8% of the British landmass is too much. We do not need all of that land or all of the built estate that we have in order to operate effectively. I would rather that that infrastructure and that land, where it was appropriate, was disposed of, to people who could make better use of it and build houses and all the rest of it so we can reduce our running costs and invest more in the things that Defence needs.

Putting very clear timetables on this kind of thing, however, is very difficult. We know that some of the targets set on us to reduce the number of housing units we own in order to facilitate housing units to address the housing crisis in the rest of the country were too ambitious, and certainly



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the timetables were too ambitious because the difficulty of getting around local planning without doing fire sales and wasting money on behalf of the taxpayer is tricky. So it is a slow process. We will certainly have more information with the DE Ops and the defence infrastructure strategy that Lieutenant General Swift was talking about, and I think we should owe you some broad outlines later on in the year, but it will be quite slow because it is not an easy business to have quick wins in.

Chair: Mr Richard Holden.

Q101 **Mr Holden:** I want to come back to the overall picture, which is really worrying for a lot of service personnel. As the NAO Report says, there is no baseline for minimum standards for single living accommodation. Sir Stephen, I know you are moving on, but when will this concept be developed? Our service personnel are going to be in there for years to come. When will we get this minimum baseline for them?

Sir Stephen Lovegrove: This calendar year.

Q102 **Mr Holden:** That is fantastic. That will require financing, but do we have the certainty of resources going forward? Is the money for improving SLA ring-fenced?

Sir Stephen Lovegrove: No.

Q103 **Mr Holden:** Therefore, with the eight-year programme, as highlighted by Mr Francois earlier on, you have got unsure resources and you are going to have the single living accommodation baseline. What guarantee do our service personnel actually have that this project will be delivered for them?

Sir Stephen Lovegrove: It is a very high priority in Defence, and we take this very, very seriously. There are other priorities in Defence, which we talk about in this Committee a great deal, but I do want to reassure both the Committee and any service personnel who are listening or may read the transcript later that this is a very high priority. We know that we have not provided the right quality of accommodation for our people in many instances—although in some instances it is certainly good enough and quite good—and we are going to get after this. I repeat: it is absolutely not something we are complacent about.

Mr Holden: Can I just say, Sir Stephen, that in line with everybody else from the Committee who has spoken, and our guest, that is not the impression we have received today? I am sure that will be reflected in our final report.

Chair: Thank you very much, Mr Holden. You could not have summed it up better. There is a lot we are going to be looking at here, and while we are impressed about the number of times you have mentioned the National Audit Office's excellent Report on this, it is slightly worrying that this may have been a prompt to further action. But we will reserve further comment for our report.

I thank all our witnesses very much indeed. The uncorrected transcript of



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this hearing will be up on the website in the next couple of days.