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PERMANENT SECRETARY

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11 March 2021

Meg Hillier MP
Chair of the Public Accounts Committee
Sent electronically

Dear Chair,

**IMPROVING SINGLE LIVING ACCOMMODATION FOR SERVICE PERSONNEL PAC
HEARING 25 FEBRUARY 2021**

During the Public Accounts Committee (PAC) Hearing on 25 February 2021, I undertook to provide more information relating to questions raised during the session. I have addressed each question in turn and would be grateful if you could share the Department's responses with members of the PAC.

- 1. In response to a question from Nick Smith, Lieutenant General James Swift agreed to write to the Committee on the number of service personnel who didn't have access to hot water in January due to problems with heating systems. As per Q18.**

The table below details the number of Service Personnel (SP) who were affected by issues with hot water in Single Living Accommodation (SLA) in January 2021.

ARMY	RAF	NAVY	TOTAL
1387	452	48	1887

In most cases SP were provided with alternative accommodation or temporary heating / hot water.

Contractually a temporary solution must be put in place within 10 hours (either a temporary fix, temporary boilers or agreed mitigation of using alternate showers).

Mitigation will have been put in place for all of these, but with some inconvenience to the SP, such as the requirement to use facilities in other blocks or gyms.

- 2. In response to a question from Nick Smith, Lieutenant General James Swift and David Brewer agreed to write to the Committee with more detail on the amount of money spent on hotel accommodation in the Devonport area for service personnel. As per Q33.**

In the last 12 months in the Devonport areas, no money has been spent on hotels due to non-compliant SLA for assigned personnel to Units in that area.

3. In response to a question from Richard Holden, David Brewer agreed to write to the Committee with more information concerning the energy efficiency ratings of future new-build accommodation. As per Q45-47.

Building Performance Standards, published in January 2021 by the Defence Infrastructure Organisation (DIO), set standards and guidance in relation to meeting the energy consumption targets and carbon emissions for design and build purposes. All new build and major refurbishment of SLA, Service Family Accommodation and general office buildings must meet these standards. The performance standard for operational energy consumption is currently set at 35 KWh/M2/year for SLA. The energy levels set by Defence are one of the lowest currently being followed by Government.

This low energy target drives the designers to construct new or to refurbish SLA to the highest energy efficient levels which will include measures such as enhanced insulation, thermal insulation, double or triple glazing, solar thermal panels, low energy lighting, efficient heating and hot water systems. This equates to approximately an A/B Energy Efficiency Rating on the Energy Performance Certificate (EPC) and on the EPC Environmental Impact Rating.

4. In response to a question from James Wild, David Brewer agreed to write to the Committee with more information regarding the contract with Mears Group PLC and the status of the existing contract. As per Q 92-94.

The current Substitute Accommodation Contract (SAC) was awarded to Mears in December 2015. A contract extension of up to 12 months has recently been approved which will expire on 31 March 2022. It will be replaced by a contract due to be awarded through the Rented Living Accommodation Project (RLAP) later this year, subject to final approvals. The new contract will last for five years, with two one-year options to extend, and will provide Substitute Single and Family Accommodation.

The proposed RLAP contract is broadly comparable to the SAC as it must continue to meet MOD accommodation policy. However, improvements have been made to the requirement using lessons learnt from the existing contract. The Full Business Case is currently undergoing scrutiny prior to final approval. Approval is anticipated in the summer ahead of contract award, a period of mobilisation and a planned In-Service Date of February 2022. How are you benchmarking and checking that you are getting value for money from Mears?

To benchmark potential property costs, Mears provide three rental costs for similar sized properties to the one required from three independent industry companies (Rightmove, Zoopla and Savills). This allows DIO to compare those costs against the Indicative Rental Ceilings (IRC). The IRC were set at the beginning of the contract in 2015 and are updated annually using the Office for National Statistics National Index of Private Housing Rental prices. They are based on the post codes of properties currently on the Substitute Accommodation scheme. An example is set out below:

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MOD will only pay the IRC. If there is a difference to that figure, Mears will be responsible for meeting any additional costs if they cannot negotiate to that figure or below. If they can negotiate a lesser figure than the IRC then this is subject to gainshare arrangement which is set at 70/30 in MoD's favour.

The property in Moray that Mr Wild referred to is a Bed & Breakfast property. This property, which is rented completely by MOD, provides 6 beds for Service personnel at RAF Grantown-on-Spey, where the RAF provides individual resilience training through challenging outdoor activities in a remote setting. This explains why it is more expensive than would normally be expected. This was considered the best, and most cost-effective approach, to meeting this requirement.

5. In a response to Richard Holden, David Brewer agreed to write to the Committee about the breakdown of general levels of accommodation for junior ranks, NCO, junior officers and senior officers (As per Q40 -41)

Below is a table of SLA occupancy as at 22 Feb 21 by 4-Tier Grading and Rank groups:

Rank ¹	Grade 1	Grade 2	Grade 3	Grade 4	Below G4	Totals
SO	692 (34.9%)	588 (29.6%)	337 (17.0%)	350 (17.6%)	17 (0.9%)	1984
JO	1246 (20.1%)	1670 (26.9%)	1263 (20.3%)	1956 (31.5%)	78 (1.3%)	6213
SR	1671 (17.6%)	3101 (32.7%)	1383 (14.6%)	3044 (32.1%)	291 (3.1%)	9490
JR	11656 (20.2%)	15343 (26.6%)	7745 (13.4%)	21044 (36.5%)	1884 (3.3%)	57672
Totals	15265	20702	10728	26394	2270	75359

- Due to rounding these figures do not total 100%

The 4-Tier Grade assigned to each bedspace is determined through a combined assessment of:

- Scale, eg size of room, presence/absence of ensuite facilities, number of electrical sockets.
- Condition.
- Location and environment, including proximity to local amenities and noise-related factors such as proximity to an airfield.

Deficiency points are awarded where a bedspace fails to meet the defined standard in any of these respects. The overall number of deficiency points for scale, condition and

¹ Senior Officers (SOs) are commissioned officers of the rank of Lieutenant Commander/Major/Squadron Leader and above; Junior Officers (JOs) are commissioned officers below those ranks; Senior Ranks/Senior Rates (SRs) are Warrant Officers and Senior Non-commissioned Officers (sergeant and above or equivalent); and Junior Ranks (JRs) are personnel below the rank of sergeant or equivalent.

location/environment determines the grade for charge. That is what the figures above reflect, rather than simply the condition. The SLA Management Information System will provide the ability to isolate individual scores for condition, but that information is currently not available to be extracted from the existing data except through manual interrogation of tens of thousands of records.

Although the proportion of SO accommodation at Grade 1 or 2 is higher than for other officers/ranks, it should be noted that:

- Not all those occupying SO accommodation are actually senior officers. Messes will often allocate the best rooms to more junior officers who permanently live in the Mess rather than senior officers who commute to a family home at weekends;
- SLA designated as SO accommodation was built to a specific scale, whereas all other SLA is defined by the Mess to which it is attached rather than its scale. Therefore, SO SLA will by definition meet the requirements for scale as it would be classed as JO accommodation if it did not. Conversely, all other types of SLA will represent a mix of very new accommodation built to the latest scales, and much older accommodation either built to older scales or in some cases converted from other purposes.

6. In a response to Sir Geoffrey Clifton-Brown, Lieutenant General James Swift agreed to write to the Committee to confirm that every single dwelling meets minimum health and safety standards (As per Q73-74).

A maintenance regime is in place to deliver minimum standards of health and safety in all occupied SLA. Any known occupied SLA not meeting these standards will be subject to site level mitigation.

All SLA rooms meet minimum health and safety standards at the time of allocation to service personnel. Continued compliance is then assured by routine inspection of safety critical equipment, and routine monitoring by individual Heads of Establishment

I trust the responses above answer the questions raised during the PAC Hearing.

Yours sincerely,



STEPHEN LOVEGROVE