Meg Hillier MP  
Chair of the Public Accounts Committee

Sent electronically

Dear Chair,

MILITARY HOMES UPDATE

Further to my letter of 15 May 2019, I write to inform you of progress made in relation to the Ministry of Defence (MOD) negotiations with Annington Homes.

The Site Rent Review inspection programme began in April 2019 and is now complete, with in excess of 1,100 properties visited. Properties were grouped into ‘baskets’ based on shared characteristics such as location, number of units and size of local rental market and a selection from each grouping was inspected, both internally and externally, by joint MOD and Annington teams. The MOD is now working on an assessment of the rental value of the representative sites, with the parties expecting to exchange initial valuations during October 2019. A five week window for discussion and negotiation will then commence.

If agreement cannot be reached on the value of each basket within the agreed five week negotiation period, the sites will go to independent arbitration for a decision. The arbitration panel has now been confirmed as comprising Lord Neuberger, the former President of the Supreme Court, and Mr Graham Chase and Mr Martin Butterworth, highly experienced surveyors and property arbitrators. The parties will be bound by the arbitration and there is no right of appeal.

The MOD aims to have concluded this process within the following 12-24 months; whilst estimating the duration of arbitral proceedings is very difficult and subject to a number of factors, the parties are working towards an award for the first four of the 27 sites in Q2 2020.

Yours sincerely,

STEPHEN LOVEGROVE