



MINISTRY OF DEFENCE
FLOOR 5, ZONE D, MAIN BUILDING, WHITEHALL
LONDON SW1A 2HB

Telephone: [REDACTED]
Fax: [REDACTED]
E-mail: [REDACTED]

PERMANENT SECRETARY

D/PUS/11/7/1(229)

25 July 2019

Meg Hillier MP
Chair of the PAC
Sent electronically

Dear Chair,

PAC REPORT ON CAPITA'S CONTRACTS WITH THE MINISTRY OF DEFENCE

I write following the publication of the Public Accounts Committee (PAC) report 'Capita's Contracts with the Ministry of Defence' on 01 March 2019 in which the Committee, at Recommendation 7, requested an update on progress with the improvement of military housing by 31 July 2019.

I am pleased to confirm that good progress has been made on both the Future Accommodation Model (FAM) pilot arrangements, and the Annington Properties Ltd Site Rent Review. This progress was reported to the PAC during the compilation of their 'Military Homes' report, issued on 21 June 2019.

Following HM Treasury approval, the first FAM pilot will begin at Her Majesty's Naval Base Clyde on 30 September 2019, followed by Aldershot on 31 January 2020 and RAF Wittering on 31 May 2020. The pilots cover each of the Services, with their varying accommodation requirements, and will run for three years.

Agreement was reached on 07 March 2019 between the Ministry of Defence and Annington Properties Ltd to accelerate the Site Rent Review and, if necessary, carry out an arbitration process. The agreement provides financial benefits to the Department through a £24 million saving on dilapidation costs over a seven-year period. The Department aims to have concluded this process within the next 12-24 months.

Whilst those important frameworks were put in place for future arrangements, work has continued apace in improving the quality of military accommodation. As the PAC will know, all Service Family Accommodation (SFA) properties allocated to service families meet or exceed the Government's Decent Homes Standard, which means that each property when allocated meets the statutory and mandatory standards for housing; is in

a reasonable state of repair; and has reasonably modern facilities and services. 97% of Service Family Accommodation meets the Government's Decent Homes Standard.

Overall customer satisfaction levels increased by 4% last year based on a DIO survey. Regarding customers' views, the areas of dealing with repairs and maintenance and listening to occupants' views are areas of particular attention for the Department.

In the last four years, the Department has invested more than £530 million in improving and modernising SFA including fitting external wall insulation and replacing windows, doors, roofs and boilers to improve thermal efficiency; installing new kitchens and bathrooms to maintain modern standards; and general refurbishment to ensure an improved quality of accommodation for our Armed Forces and their families.

We are not complacent and realise that further investment is required to maintain the SFA estate. In this financial year, the Department is investing a further £113 million in this financial year to carry out further improvement and modernisation works covering more than 3,500 properties that are most in need. In addition, the Department is delivering more than 1,000 newly built modern properties to accommodate service families returning from Germany, as well as providing new homes in areas where there is high demand and a long term Defence requirement.

The Department fully recognises that the provision of good quality accommodation is essential to supporting operational capability and maintaining morale on the front line. Providing such accommodation is one of the Department's top priorities, and I can provide assurance to the Committee that we are committed to improving the accommodation offer for service personnel and their families.

Yours sincerely,



STEPHEN LOVEGROVE