



National Audit Office

**MINISTRY OF DEFENCE**

# Service Families Accommodation

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL | HC 13 Session 2008-2009 | 18 March 2009

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National Audit Office

## **MINISTRY OF DEFENCE**

# Service Families Accommodation

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**4 March 2009**

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**1** The Ministry of Defence (the Department) requires Armed Forces' personnel to be mobile. They have to be available to be posted to locations within the United Kingdom and overseas such as Germany and Cyprus at short notice. The Armed Forces also find it easier to deploy units on overseas operations such as Iraq and Afghanistan from bases. To facilitate this mobility, the Department provides accommodation for all Armed Forces personnel and their immediate families. This Report deals with the provision of Service Families Accommodation to some 42,000 Armed Forces personnel and their families in the United Kingdom.

**2** The requirement for personnel to be mobile forms part of a broader Defence Living Accommodation Strategy, which aims to support both mobility and stability for the family in the way accommodation is provided. As a result, there are some 20,000 family moves each year in the United Kingdom. The Armed Forces, but particularly the Army, see a number of advantages to serving personnel being accompanied by their family and close to their place of work. It promotes morale and unit cohesion and can also help the Department to support families when the family member in the Armed Forces is deployed on overseas operations. The rate of deployment has increased markedly since 2001. The Department sees accommodation as an important factor in retention, and Service families recognise the provision of accommodation as a benefit. Some families choose to buy and live in their own accommodation, others buy in preparation for when they leave the Armed Forces.

**3** The Department accommodates families in different properties according to rank for Officers, and by family size for Other Ranks (**Box 1 and Figure 1 on fold-out, page 9**). Service personnel pay a monthly charge for the property, set by the Armed Forces Pay Review Body, which is significantly below the standardised market rate to reflect the demands to move frequently; that families have no choice as to where they live; and that they have no right to buy their accommodation. Armed Forces personnel are required to take care of the property and leave it in a fit state when they move. The Department is responsible for all except minor maintenance.

## BOX 1

### The Entitlement System

Service personnel that are married, in a civil partnership or who have custody of children are entitled to Service Families Accommodation. The type, or size, of property that they are entitled to is determined by rank for Officers, and by family size for Other Ranks. The Department has defined the number of bedrooms, the overall size and other detailed requirements for each type of property, which together are called its scale.

Personnel should be allocated a property of the type that they are entitled to in the new duty station or Unit up to four weeks before or four weeks after their posting date. If no such properties are available, the Department can offer a property above their entitlement, although the family will only pay the charge for property they are entitled to. For Royal Navy and Army personnel, a property one type below their entitlement can be allocated, for which they pay the lower charge. Families can request a property that is above their entitlement if they are prepared to pay the higher charge for the property or one type below their entitlement if they would prefer to pay less. The Department will meet these requests where there is stock available to do so.

The charges that Service personnel pay for their accommodation vary with the type of property to which they are entitled. Charges also vary according to the grade of the specific property that they are allocated, according to a four tier grading system, which takes into account the condition of the property, its scale, and the presence of local amenities.

**4** The Department manages a large and diverse estate of some 50,000 units of Service Families Accommodation in the United Kingdom at an annual cost of some £425 million a year. Most of the Department's housing stock in England and Wales has been owned by, and leased back from, Annington Homes since 1996, although the Department retains full responsibility for management of these properties, including maintenance and upgrade. Accommodation ranges from two bedroom flats to large houses; from the historic to modern; in condition, from the very good to poor; and is situated on Armed Forces bases or within the community.

## Key Findings

### Provision of Accommodation

**5** **The Department has sufficient accommodation overall to meet current demand, but many properties are in the wrong locations and in general there are not sufficient properties to meet current family sizes.** If there is no suitable defence accommodation locally, then, families are provided with private rented accommodation. The Department rents some 1,300 properties from the private sector at a cost of £16 million a year.

### Managing the housing stock

**6** **The condition of Service Families Accommodation is variable: 57 per cent (28,300) are in the best state (condition 1), 33 per cent (16,600) in condition 2, and the remainder are in the worst two conditions (four per cent) or their condition is not recorded (six per cent).** Condition 2 is a broad band; many houses within it are a good standard overall, but others have serviceable but outdated kitchens and bathrooms. These figures are likely to change as a result of a recent comprehensive condition survey. When asked about the condition of their property, 52 per cent of families who responded to our survey rated it as good but 31 per cent said it was poor. The Department's aspiration is to raise all its houses to condition 1 and it has a programme to upgrade some 600 properties in 2008-09 to the top standard, with a further 800 a year thereafter. It prioritises work in order to balance a focus on the worst properties with delivering an efficient programme, and targets properties in areas with a long term future. The investment in upgrades has varied over the years. At current rates of progress, and against the previous stock condition data, it would be some 20 years before all properties are condition 1, assuming that funding beyond 2011-12

remains at recent levels and that the number of properties required is unchanged. The Department also has a proactive maintenance programme called the Strategic Facilities Programme to improve properties and to reduce running costs. This programme may result in properties being raised to a higher standard, but that is not the primary objective. When determining its upgrade and maintenance programmes, the Department does not do as much as it could to consult with Armed Forces personnel or their families as to their preferred priorities for the programmes, or about the planning and timing of the work.

**7** **The Department has a complex system for determining the grade of the property.** The Armed Forces Pay Review Body set the charges for properties based on the grade of the property. There is no direct correlation, however, between charges for properties and their condition. Some 45 per cent of families live in the best condition properties, but do not pay the highest charge because of other factors, some of which are recognised as outmoded. The Department is currently updating and streamlining this system.

**8** **As at September 2008, the Department had 9,170 (18 per cent) of its UK properties empty.** The costs of retaining such "void properties" can be high, with an average annual cost per property of £4,200 excluding the cost of any maintenance work that is required to prevent or remedy dilapidation of the property. Annual costs are therefore currently at least £38 million for void stock. There is, however, a need, however, to maintain a management margin of voids to meet the Services' needs for mobility of personnel and to manage upgrade programmes. The Department considers ten per cent to be an appropriate overall level of voids, and has plans to reduce the proportion of "void properties" from 18 per cent to 10 per cent; and since April 2003 it has disposed of some 5,500 properties. There are a number of improvements that can be made to the process of preparing properties that should assist in meeting this aspiration. Defence Estates has recognised that void management requires improvement and has appointed a project team to undertake an extensive review across the housing estate, as well as setting targets for reductions. Between September and December 2008 it achieved a reduction of some 350 void properties and, as the first phase of its current programme, also made an additional 800 properties available for occupation.

## Delivering housing services

**9** In April 2007, the Department centralised its delivery of housing services into seven regional Housing Information Centres, which play a major role in the allocation of houses to Armed Forces personnel and their families and in house moves. **All Centres experienced initial problems. Performance has improved markedly in some regions but in those with larger and more varied stock portfolios and with a higher turnover of occupants, performance has been more mixed.** Problems in these regions have been exacerbated by understaffing, poor office accommodation, and the impact on staff of having to deal with disgruntled customers.

**10 Service personnel have very little choice when applying for accommodation.** Service personnel set out their needs in terms of family size (for Other Ranks), any required adaptations or other special requirements and can express three preferences for areas or streets. In response to our survey, many families said that they had family circumstances which would be eased if they could have an extra room, for example, to accommodate older children. Over 60 per cent of families expressed an interest in having a larger property and paying more for it. Even when stock allows, staff do not always allocate as flexibly as they might. Some families preferred a more local service and feel that allocation staff do not understand their individual circumstances and have little knowledge of the areas or properties which families are being given.

**11 Families are expected to leave their property in a good condition and well cleaned, and can expect to move into a property in a similar state. On the whole, occupants were satisfied with the move-out process but were less satisfied with their move-in. Significant proportions of survey respondents were very dissatisfied with the state of the carpets (43 per cent); the garden (40 per cent); the state of repair (38 per cent); and the cleanliness of the property (35 per cent).** Families can reject a property if it does not meet the required standard, but may not always feel able to do so. Addressing problems which contribute to properties not being properly prepared could improve families' experience of move-in.

**12** In recognition of these issues, a study into the operation of Housing Information Centres was commissioned by Defence Estates in July 2008 and carried out by a joint team of representatives from the Families Federations, the Services and Defence Estates. This study produced the Housing Information Centre Learning from Experience Report and Improvement Action Plan in October. Many of the problems identified in our report have been recognised by the Department's Learning from Experience Report, and are being acted on.

**13 We estimate that Service Families Accommodation is worth in the region of at least £145 million for those who take up their entitlement, in terms of the reduced rental they pay compared with national averages.**

To achieve its operational requirements, the Department spends an estimated net annual sum of £285 million, which also serves the military requirement for Service personnel to be mobile, and accommodated close to bases.

## Contractor management

**14** When the new single housing prime contract for England and Wales was introduced in 2006, there was a higher than expected level of demand for repairs with which the helpdesk and other systems could not cope, resulting in increased expenditure to the Department of £18 million in the first two years. A further £17 million was injected in year two to cover additional requirements. **Many of these problems have been resolved and there has been an upward trend in the contractor's performance against Key Performance Indicators. Many families are, however, still dissatisfied with the service, in particular, with whether the helpdesk understood the problem they were reporting.** Survey respondents who rated their latest repair issues as urgent or routine reported that only 42 per cent of problems were rectified on the first visit and, in those cases where the respondent felt that the helpdesk had not understood their problem, it fell to 13 per cent. Families were, however, generally satisfied with the manner in which the work was carried out.

**15 There are a number of issues with the contract which cause delays and frustrations.** Items such as carpets and block garages were excluded from the principal maintenance contract and require separate funding and approval from Defence Estates, which can be a lengthy bureaucratic process, and can result in additional costs. Poorly defined responsibility for particular repairs can lead to local disputes and the failure of one party to take responsibility. As a result, the time taken to complete the work and the lack of communication to the occupant causes frustration and dissatisfaction for Service families.

## Customer involvement and responsibilities

**16 Although the Department has mechanisms for collecting occupant's overall views on Service Families Accommodation it could do more to consult with occupants as to how best to prioritise available funding for upgrade works.**



**17** Occupants have a responsibility to look after their accommodation and most do. **A minority of occupants, however, do not treat their properties well, and a small number are responsible for significant amounts of damage to properties.** The Department currently charges occupants for mistreatment of properties, but does not usually apply any wider sanctions.

### Conclusion on Value for Money

**18** The Department is meeting its operational objective to house all Service personnel who wish to take up their entitlement. Given this objective, the Department's provision of housing reflects better value for money than renting from the open market, even if sufficient private stock were available to make it a viable alternative. The Department is currently paying for significantly more properties than it needs to meet its requirements. It will always require a margin of empty properties to facilitate the high turnover of occupants and allow upgrade works to take place. The number of empty properties rose however in each of the last three full financial years, from 15 per cent in March 2005 to 21 per cent in March 2008, representing a decline in value for money, though the proportion subsequently fell to 18 per cent in September 2008.

**19** Around a quarter of Service families are dissatisfied with their accommodation. Value for money would be greater if through better maintenance and management of the stock, including fewer empty properties, more resources were available for investment in improving properties.

## Recommendations

**20** Our key recommendations are given below. More detailed recommendations can be found at Appendix 1.

### Strategic review

- i** **The Department has been significantly constrained by the legacy of old stock, some now in the wrong locations and of the wrong size, and the challenge of matching families to properties is made more difficult because of some of the entitlement rules.** The Department should review its entitlement rules and allocation procedures to determine whether they still meet family needs, and enable efficient use of its housing stock.

- ii** **The Department is currently reviewing its complex and, in places, outmoded system for determining the charges paid by families for Service Families Accommodation.** The Department should implement a system which is less bureaucratic and subjective, and avoids duplication. The system should provide a clearer reflection of the condition of the property and the local environment and be updated to take account of modern living requirements.

### Management of void properties

- iii** **The Department had some 9,200 empty properties as at September 2008 (18 per cent of its total stock), which cost £38 million a year (excluding the cost of maintenance and dilapidation).** There is scope for the Department to bear down more heavily on the level of vacancies, by reducing the turnaround time between occupants; faster strategic decision-making about disposal or alternative use in the light of its future estate requirements; and more efficient preparation of properties for occupation. Where properties can be released for disposal, reducing voids will reduce costs (by over £2 million for every percentage point reduction), and free resources for use elsewhere.

### Contractor Management

- iv** **There were significant problems in the first year of a new prime contract for maintaining housing in England and Wales in 2006. Many of these problems have been resolved, but there are still difficulties with contract coverage and management.** The Department should improve its maintenance by clarifying the scope of the contract; extending the contract to include items regularly purchased from the contractor separately such as replacement carpets; and by managing the contract more effectively, especially in monitoring and analysing the performance of the contractor.

### Preparation of properties for new occupants

- v** **Many families are dissatisfied with their property when they first move in, in particular, the cleanliness and the state of repair.** The Department should complete repairs and clean all properties prior to the move-in of families.

## Improving the processes of allocations and move-in and move-out





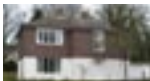




- vi** The Department has experienced considerable difficulties with the performance of Housing Information Centres, some of which are still not delivering a satisfactory service to occupants.

The Department should improve the performance of these Centres by rebalancing their workloads and improving the support available to staff, such as better management information and the backing of local military units. The Department should also make more rigorous the collection of charges levied on move-out, and implement other sanctions for those that abuse Service Families Accommodation.

## Involving families

- vii** Occupants are still dissatisfied with important elements of the maintenance service, and performance of other housing services, particularly the process of allocating properties to families, is mixed. Building on existing forums, the Department should adopt a greater customer focus, learning from good practice in the social housing sector. There should in particular be better communication to occupants and a greater degree of participation, where appropriate, in determining priorities for investment and service improvement, including through better use of Occupant Consultative Meetings.

## 1 The Entitlement System

Property Type and Size	Entitled Service Personnel	Number of Properties (as a percentage of the total UK housing stock) – as at August 2008	Annual Charge for Basic Rent of Property (£)				Annual Charges (£)		
			Grade 1 <sup>1</sup>	Grade 2 <sup>1</sup>	Grade 3 <sup>1</sup>	Grade 4 <sup>1</sup>	Water Charge	Charge in Lieu of Council Tax	
<b>Officers – entitlement is by Rank</b>									
	Type I Two double and two/three single bedrooms 251 square metres	● Admiral, Vice Admiral ● General, Lieutenant General ● Air Chief Marshal; Air Marshal	64 <1%	7,420	5,206	2,373	625	339	1,993
	Type II Two double and two/three single bedrooms 210 square metres	● Rear Admiral ● Major-General ● Air Vice Marshal	315 1%	6,654	4,664	2,135	565	336	1,913
	Type III Two double and two single bedrooms 156 square metres	● Commodore, Captain Royal Navy, Commander ● Brigadier, Colonel, Lieutenant Colonel ● Air Commodore, Group Captain, Wing Commander	2,075 4%	5,833	4,081	1,866	508	332	1,810
	Type IV Two double and two single bedrooms 137 square metres	● Lieutenant Commander ● Major ● Squadron Leader	3,924 8%	4,311	3,065	1,459	361	329	1,583
	Type V Special Two double and one single bedroom 137 square metres	● Lieutenant Commander ● Major ● Squadron Leader	889 2%	3,311	2,445	1,175	313	325	1,383
	Type V Two double and one single bedroom 117 square metres	● Lieutenant ● Captain ● Flight Lieutenant And Officers below these ranks	3,803 8%	3,311	2,445	1,175	313	325	1,383
<b>Other Ranks – entitlement is by family size<sup>2</sup></b>									
	Type D Three double and one single bedroom 120 square metres	● Applicants with four or more children, or with three children aged ten and above ● Royal Air Force Warrant Officers	3,774 8%	3,165	2,205	1,026	241	321	1,259
	Type C Two double and one single bedroom 95 square metres	● Applicants with two or three children ● Royal Navy Warrant Officers ● Army 1S Warrant Officers	24,319 49%	2,632	1,883	927	248	318	1,197
	Type B and Type A Two double bedrooms 86 square metres	● Applicants with one or no children	10,560 21%	2,208	1,642	832	252	314	1,088
<b>Total</b>			<b>49,723</b>						
<b>Take up of Service Families Accommodation by Service</b>		● Royal Navy	● Army	● Royal Air Force	Other occupants of Service Families Accommodation <sup>3</sup>	Occupants in Substitute Service Families Accommodation <sup>4</sup>	<b>Total</b>		
Number of Occupants as at August 2008		4,460	24,154	10,789	1,306	1,294	42,003		
Percentage of trained strength in each Service living in Service Families Accommodation <sup>5</sup>		13%	25%	27%	Not applicable	Not applicable			

Source: National Audit Office analysis of Departmental data

## NOTES

1 The Department categorises its properties as one of four charges to reflect the variation in the quality of accommodation and locations that personnel are required to move to. Further information on the grading system is provided in Appendix 3.

2 There are minor differences in the entitlement of Non-Commissioned Officers between the Services: Warrant Officers in the Royal Air Force are entitled to a four bedroom house regardless of family size, while those in the Royal Navy and Army are only entitled to a three bedroom property.

3 Other occupants of Service Families Accommodation includes Gurkhas, members of Foreign and Commonwealth forces in the UK on exchange/liaison/training reasons, Military Provost Guards and police and Ministry of Defence civil servants.

4 Occupants of substitute Service Families Accommodation may belong to any one of the three Services.

5 Based on Defence Analytical Services and Advice TSP 04 UK Armed Forces Quarterly Manning Report 01 October 2008. Full time trained strength: Royal Navy 34,710, Army 98,560, Royal Air Force 40,000.



## The Provision of Accommodation to Service Families

**1.1** The Ministry of Defence (the Department) provides subsidised accommodation to all Service personnel as part of the overall package provided for serving in the Armed Forces. For Service personnel who are married, in a civil partnership or who have custody of children it does so in housing, called Service Families Accommodation (Figure 1). The accommodation varies in design, from two-bedroom flats to semi-detached or detached properties, and in age from historic listed buildings, to estates built since the 1960s.

**1.2** Some 42,000 families are accommodated in Service Families Accommodation in the United Kingdom, in the Department's stock of some 50,000 houses or in properties rented from the private market. Some families choose not to live in Service Families Accommodation, preferring to make their own housing arrangements. The Department leases the majority of its housing stock (nearly 41,000 properties) in England and Wales from Annington Homes under a sale and leaseback arrangement made in 1996, although it retains responsibility for maintaining the properties. The remainder of the stock is owned by the Department or has been provided under Private Finance Initiatives.

**1.3** This study examines the Ministry of Defence's provision of Service Families Accommodation, and supporting services such as maintenance, to Service families in the United Kingdom (see Appendix 2).

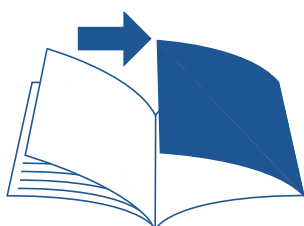


Figure 1 overleaf

**1.4** This part of the report looks at how the Department meets operational needs and the needs of Service families when providing accommodation.

### Addressing Operational Needs

**1.5** The Department provides subsidised accommodation to facilitate operational requirements, most notably the need for Service personnel to be mobile (Figure 2 overleaf).

**1.6** The Department subsidises the accommodation as Service personnel have little choice as to where they are posted and the type of property they are given. We estimate that this subsidy is worth at least £145 million annually to the families that take up their entitlement to Service Families Accommodation, in terms of reduced rental charges paid compared to national averages. This figure represents the difference between the average annual charge that Service families pay and the average annual gross rent paid in the civilian population.<sup>1</sup> The gross cost of delivering UK Service Families Accommodation is estimated to be some £425 million in 2008-09 including staff costs, with a net cost after receiving occupants' charges of £285 million (Figure 3 on Page 11).

**1.7** Charges are set at one of four Grades for Charge to reflect both the quality and size of accommodation provided and the surrounding facilities available to occupants (Appendix 3). The Armed Forces Pay Review Body intends, in the long term, to bring the charges levied on occupants more in line with open market rates than they currently are but it will always apply a discount to reflect the lack of choice.

1 The Office of National Statistics: Family Spending Report 2007.

## 2 The Operational Needs for Service Families Accommodation

Personnel that are married, in a civil partnership or who have custodial responsibility for children are entitled to Service Families Accommodation. The Department has committed to allocate personnel with a suitable property on the date and in the location that they require. If there are no suitable properties available it will provide substitute Service Families Accommodation from the private rental market.

**Mobility** – Service personnel are required to be mobile to meet operational demands, and for training plans and career development. Service families move an average of four times during the average Service career of 16 to 20 years and moves can often be as frequent as every two years, with more frequent moves for some personnel, although mobility varies between the three Services. The Royal Navy has a small number of large operational bases in the UK which means that personnel are more likely to be able to develop their career in one location while the Army still requires its personnel to be highly mobile due to the number and geographical spread of its bases; a greater proportion of Army personnel occupy Service Families Accommodation.

**Proximity to Duty Station** – The Department prefers Service personnel in Service Families Accommodation to be located within ten miles of their place of work, which promotes morale and the development of unit cohesion, both of which assist operational effectiveness. This limit can be extended to 20 miles in areas of high demand, if the Chain of Command agrees, for beyond, with the agreement of Head Office.

**Accompanied Service** – The Services vary in the extent of their preference for Service personnel to serve ‘accompanied’ with their families. For the Army, accompanied service aids cohesion and morale, and helps it to provide support to families when the serving family member is deployed on operations overseas. The rate of deployment has increased markedly since 2001. In contrast the continuous separation inherent in sea service has led the Royal Navy to develop an approach which places more emphasis on families making choices regarding living in Service Families Accommodation or their own homes and the location that best suits their needs.

**Retention** – The Department recognises that accommodation is an important factor in the retention of Service personnel.

*Source: National Audit Office analysis*

## Addressing Family Needs

**1.8** The needs of families are primarily met through the type and size of property that they are entitled to occupy. Entitlement is based on rank for Officers and family size for Other Ranks, a difference which partly reflects the need for Officers to take on hosting responsibilities (Figure 1 and Appendix 4).

**1.9** Nineteen per cent of respondents to our survey of occupants of Service Families Accommodation had family circumstances which they said were not currently accommodated by their entitlement, such as children for whom they do not have full custody, children over 18 years old not in full time education, or an elderly relative for whom they provided care. Families can request a property that is above their entitlement, but requests will only be met where the Department has surplus housing stock.

**1.10** It is important that the Department’s future planning takes account of what families need for their accommodation. When the Department is reviewing to what size of property occupants are entitled, it seeks through the single Services (Royal Navy, Army, Royal Air Force) to take account of families needs. It currently does not have a way of capturing families’ priorities sufficiently well. In our survey, Service families were asked to rank the importance of different elements of their accommodation (Figure 4).

### 3 The cost of delivering Service Families Accommodation in three years to 2008-09

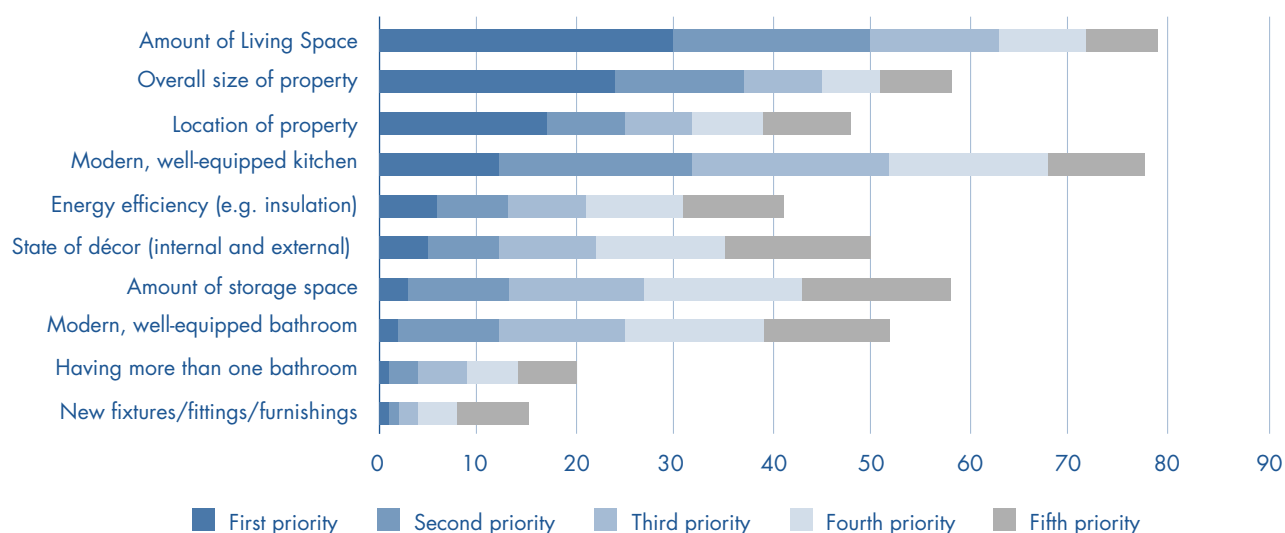
	2006-07 (£m)	2007-08 (£m)	Estimated Cost in 2008-09 (£m)
<b>Service and Rental Charges</b> to Annington Homes	146	152	157
<b>Service and Rental Charges</b> to PFI contractors	21	27	27
<b>Charges paid to Local Authorities</b> instead of Council Tax	51	53	58
<b>Maintenance Costs</b> for reactive, pre-planned maintenance and the Strategic Facilities Programme	136	147	101
<b>Upgrade Programme Costs</b> to upgrade properties to Standard 1 for Condition	19	30	40
<b>Substitute Accommodation</b> provided through open market rental and bulk leasing	18	18	23
<b>Staff Costs</b>	19	16	17
<b>Gross Cost</b>	<b>410</b>	<b>444</b>	<b>423</b>
<b>Income</b> received from occupants for the property and charges in lieu of Council Tax	(125)	(129)	(138) <sup>1</sup>
<b>Net Cost</b>	<b>284</b>	<b>315</b>	<b>285</b>

Source: National Audit Office analysis of Departmental data

#### NOTE

<sup>1</sup> Estimated income from occupants is based on 50 per cent of properties provided furnished and 50 per cent provided unfurnished. From April 2008, following the end of Operation Banner, occupants of properties in Northern Ireland now pay a charge to the Department for their accommodation; previously it was fully subsidised.

### 4 Most important aspect of property



Source: National Audit Office survey of occupied Service Families Accommodation

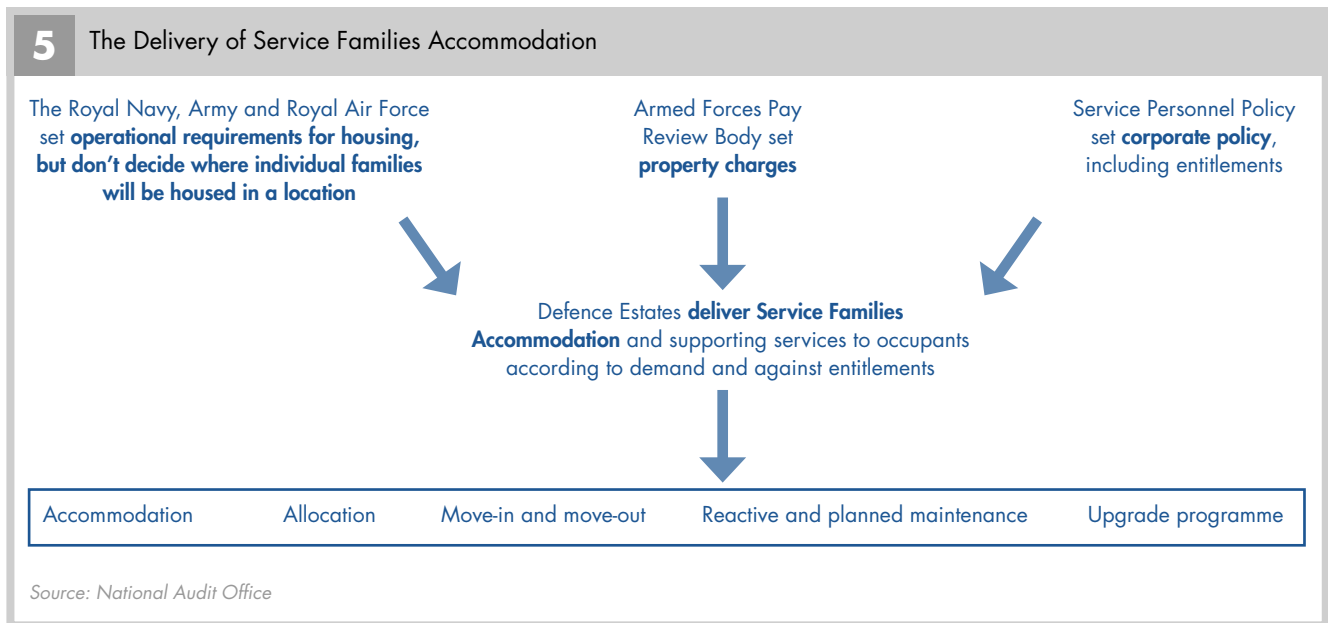
## Challenges in Planning and Delivering Service Families Accommodation

**1.11** The provision of Service Families Accommodation is managed centrally by Defence Estates, the Department’s estate management body, on behalf of the Department, the Services and occupants (Figure 5).

**1.12** The Ministry of Defence faces a number of challenges in planning and delivering its stock of UK Service Families Accommodation.

- **Historic Location and Size of Stock:** The current stock has been acquired over many years and so is located in historic areas of demand. These do not always meet current areas of demand. The Department has had to rent properties from the private market where stock is not available: some 1,300 properties in July 2008 at an annual cost of £16 million, or over £12,000 per house each year, compared with £8,500 for the Department’s houses. Figure 6 shows where there are empty properties and where substitute Service Families Accommodation has had to be used. In many places, properties are the wrong type for current demand and, generally, there are not enough larger properties to meet changed family requirements, for example a greater number of dependent children. The Department has reassigned a few Officers’ properties to accommodate larger Other Ranks’ families.

- **Unpredictable Demand:** The Department has to process 20,000 moves each year, but individual demand can be unpredictable, as entitled personnel can choose whether they want to serve accompanied and occupy Service Families Accommodation or unaccompanied and occupy Single Living Accommodation. Defence Estates is informed by the three Services about unit moves but not individual postings, so it is reliant on timely information from Service families to be able to allocate its stock effectively.
- **Future Requirements:** Future requirements for Service Families Accommodation remain uncertain, as the Department is significantly reorganising its estate through, for example, headquarters co-location. This complicates the task of identifying current housing that could be disposed of, and where new housing needs to be made available. The provision of housing is considered in projects for the relocation of units or organisations, but it may not be considered sufficiently early or may not be included in the project funding bid. The Department plans to address the lack of certainty over future housing requirements in a number of other ways (Box 2).



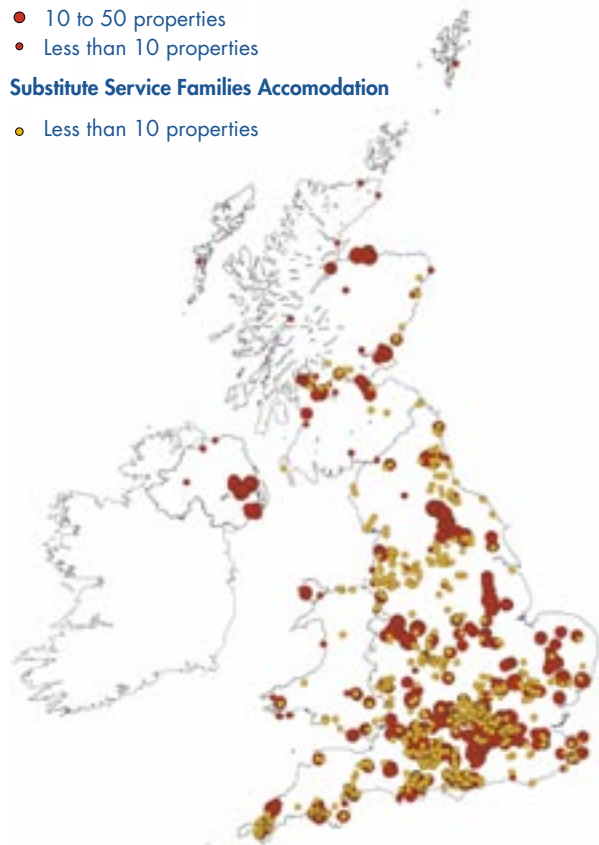
## 6 Empty properties and Substitute Service Families Accommodation as at September 2008

### Empty Service Families Accommodation

- More than 50 properties
- 10 to 50 properties
- Less than 10 properties

### Substitute Service Families Accommodation

- Less than 10 properties



Source: National Audit Office analysis of Departmental data

## BOX 2

### Departmental Plans and Strategies for Service Families Accommodation

The Department has set a **Defence Living Accommodation Strategy** "to provide and facilitate the provision of high quality, desirable and cost-effective accommodation which supports operational effectiveness and enables flexibility for the Services". This strategy sets out the Department's overall policy on the provision of accommodation.

A cross-Government strategy<sup>1</sup>, for support to Service personnel, published in July 2008, commits Defence Estates to produce, early in 2009, a strategy on how the Department's land and housing assets will be managed over the next ten years. In contrast to the Defence Living Accommodation Strategy, this document is focussed on the delivery of accommodation.

**Area Housing Plans** will be developed by Defence Estates, in collaboration with the Services. They will include details of the current housing stock, void levels, and plans for the disposal of surplus stock or building new properties.

A **Housing Project Board**, led by Defence Estates and with representatives from the major business change and rationalisation project teams, met for the first time in November 2008 to improve internal communication on projects that will impact on demand for Service Families Accommodation in particular locations. The Board is designed to ensure that the housing providers are aware of the latest plans, and that accommodation needs are addressed at the early stages of such projects.

The Department is developing more **robust planning assumptions** for future projects by monitoring the expected demand that had been forecast during project planning against the actual levels of take up that occur, to build up a more accurate picture of the take up of Service Families Accommodation.

Source: National Audit Office analysis of Departmental data

#### NOTE

1 The Nation's Commitment: Cross Government Support to our Armed Forces, their Families and Veterans. (Cm 7424, July 2008).



**1.13** Some 1,300 properties are planned to be built in the UK over the next five years. This number would be higher but for the uncertainty over the future basing plans of the Services and the unknown impact of a more stable Service community, including the creation of Super Garrisons, on the level of demand for Service Families Accommodation. The Department has sought to meet increased demand in particular locations in the short term by bulk leasing properties through Annington Homes or Housing Associations. To date, nearly 600 properties have been acquired in this way. The properties are newly built, and meet current planning regulations and modern living standards, but some are not large enough to achieve the Department's entitlement scales. Occupants will therefore pay a lower charge for them.

## Home Ownership

**1.14** The Department's Defence Living Accommodation Strategy recognises the different emphasis the three Services place on accompanied service, and also the different needs and aspirations of Service personnel through their career. The Department is committed both to the availability of good quality publicly-funded accommodation, and to providing access to a range of alternatives, including home ownership, thus supporting individual choice. Facilitating home ownership is an important element of the Department's approach to families' accommodation. The Department recognises that it may still need to provide Service Families Accommodation or Single Living Accommodation during the working week.

**1.15** The Ministry of Defence recognises that it is more difficult for Service personnel to be home owners than the civilian population, as they are required to move frequently. The Department estimates that home ownership ranges from 66 per cent of personnel in the Royal Navy to 38 per cent in the Army, compared to 70 per cent in the civilian population.

**1.16** Ninety-five per cent of respondents to our survey would like to own their own home during or after leaving the Services. The Government provides access to affordable housing schemes, such as Key Worker Living and part ownership. Although take up of the schemes has been low, between 40 and 60 per cent of survey respondents were aware of the available schemes. The Department also provides a ten-year interest-free loan of up to £8,500, called the Long Service Advance of Pay, to assist personnel with the purchase of a property for occupation. Around 12,000 Service personnel currently have a Long Service Advance of Pay loan.

**1.17** Respondents to our survey stated that the Department could encourage home ownership by providing more financial assistance (70 per cent), more stability (57 per cent) and better information about the schemes that are available (51 per cent). The Department has to take into account the cost of any schemes and assistance that it provides compared with the likely savings that will be made on the cost of delivering accommodation. The Department has estimated that demand for Service Families Accommodation could decrease by between four and 11 per cent over a ten-year period with these home ownership packages. It cannot easily predict how any such reduction in demand would impact on stock in individual areas.



## Managing the Housing Stock

**2.1** This part examines how the Ministry of Defence assesses and maintains the physical condition of its housing stock, programmes future investment and identifies surplus properties for disposal.

### Assessing the Standard of the Housing Stock

**2.2** The Department has systems to assess the 'Standard for Condition' of its housing stock to measure variation in its physical condition and to plan its maintenance and upgrade work. These feed into the 'Grade for Charge' that is levied on Service families which measures both the condition and size of the property and the availability of local facilities (Appendix 3). Both systems use some of the same measures.

**2.3** **Box 3** sets out the features a property must have to be condition 1. Properties are downgraded to a lower standard if there are exceptions to any one of the categories. As at August 2008, around 57 per cent of current properties were in the best condition (condition 1) and a further 33 per cent were condition 2 (**Figure 7 overleaf**). Our observation of a sample of properties showed that the band for condition 2 is broad; many houses are in a good condition overall but others, for example, have serviceable but outdated kitchens or bathrooms.

**2.4** Our analysis (Appendix 3) shows that properties at conditions 1 and 2 meet or exceed the Government's Decent Homes Standard used in social housing. The comparison of condition 3 and condition 4 properties to the Decent Homes Standard is not straightforward. Some condition 3 and condition 4 properties may meet the Decent Homes Standard. In others, individual elements such as kitchens and bathrooms will be less

modern than set out under individual criteria in the Decent Homes Standard, but the property would not fail the standard overall because only one or two elements are below the criteria. Finally, looking across both the occupied and unoccupied stock, it is likely that some properties would fail the standard overall, but the Department does not currently have data to say how many because it records performance against its own criteria. The Department's policy is that it will not allocate properties to occupants if they are subject to major health and safety risks or poor condition of a key building component, comparable to criteria in the Decent Homes Standard; and it builds this policy into its move-in standard.

**2.5** Only 104 properties are condition 4 (the lowest), of which 71 are still occupied. The Department is no longer allocating the worst standard properties to families, and has offered to move those families currently in them to better houses.

### BOX 3

#### Features of a condition 1 property

To be condition 1 a property must have:

- a reasonably modern kitchen (less than 20 years old) and bathroom with a thermostatic shower;
- fitted wardrobes in the main bedrooms;
- relatively modern electrical wiring with an adequate number of sockets in each room;
- double glazing, thermostatic radiator valves and adequate loft insulation;
- security features on doors and windows that occupants can escape from in the event of a fire; and
- be free from damp problems, with the roof and exterior of the property in good condition.

**2.6** Over 90 per cent of properties are condition 1 or 2, but most properties are Grade 2 or 3 for Charge (**Figure 8**). Some 3,000 families live in the best condition properties but pay the lowest charge because they are in isolated locations. Occupants in properties of very different conditions may pay the same. The system can also result in two identical properties attracting different charges. The Grade for Charge system includes some factors which are no longer particularly relevant for modern living. For example, penalty points are awarded for the lack of a public telephone box. The Department is currently reviewing the system to improve it, for example, to introduce environmental measures such as external lighting and security features.

**2.7** Defence Estates has recently undertaken a condition survey of the majority of the housing stock in England and Wales, although there are some 6,000 properties that have not been surveyed. The survey was commissioned principally to plan future investment although the data is also being used to update the Standard for Condition assessment. The last comprehensive stock survey had been carried out in 1997, so the overall stock condition could now be different. Although the data is not yet firm, emerging results of the survey confirm the proportion of the stock which is at condition 1 and 2, but within this proportion there are fewer at condition 1 and more at condition 2. In Scotland, the most recent stock condition survey took place in 2005, and an assessment of the stock in Northern Ireland is also planned.

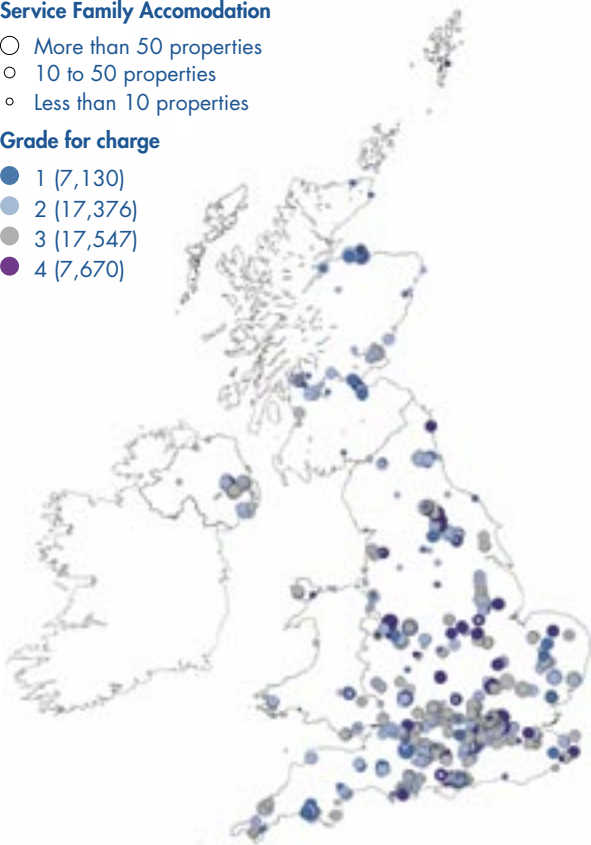
**7** The distribution of UK Service Families Accommodation by Grade for Charge and Standard for Condition

**Service Family Accomodation**

- More than 50 properties
- 10 to 50 properties
- Less than 10 properties

**Grade for charge**

- 1 (7,130)
- 2 (17,376)
- 3 (17,547)
- 4 (7,670)

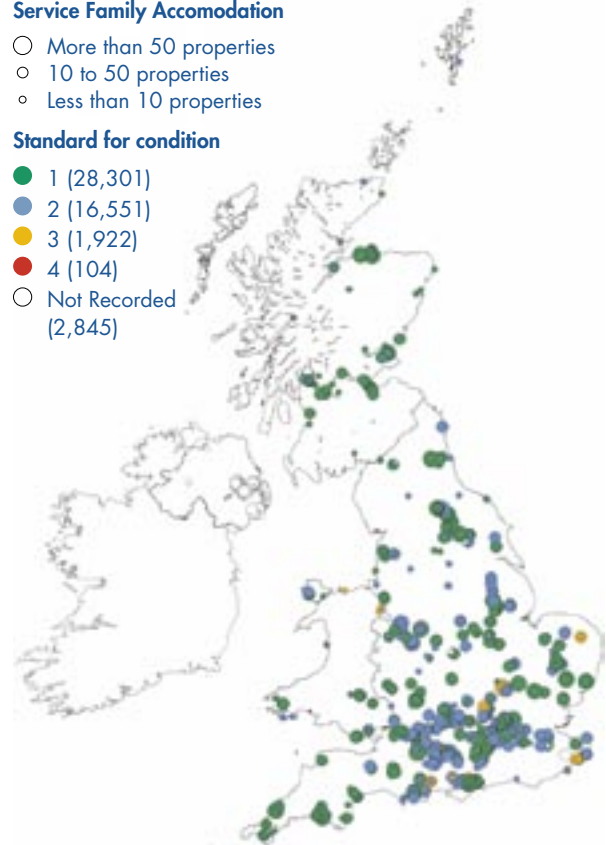


**Service Family Accomodation**

- More than 50 properties
- 10 to 50 properties
- Less than 10 properties

**Standard for condition**

- 1 (28,301)
- 2 (16,551)
- 3 (1,922)
- 4 (104)
- Not Recorded (2,845)



Source: National Audit Office analysis of Departmental data

**NOTE**

Data correct as at August 2008.

**2.8** Fifty two per cent of respondents to our survey described the general condition of their property as good but 31 per cent described it as poor. Overall 62 per cent of respondents said they were satisfied with their current property. Understandably, there were higher rates of satisfaction in better standard properties and those with a higher Grade for Charge (**Figure 9 overleaf**).

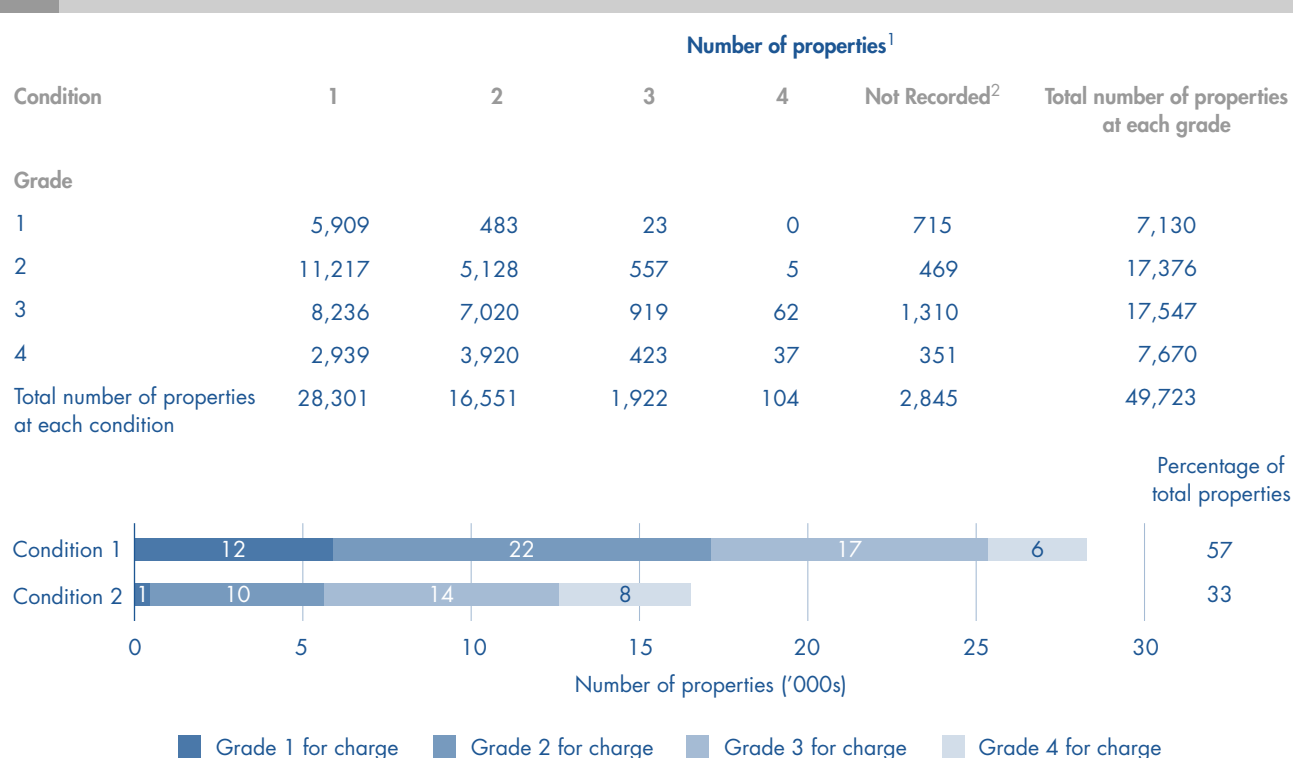
## The Upgrade and Strategic Facilities Programmes

**2.9** The Department intends to upgrade all properties to Standard 1 for Condition. In 2006-07 and 2007-08 it upgraded 1,071 and 637 properties, respectively. It plans to upgrade some 600 properties in 2008-09, and a

further 800 properties a year thereafter. The Department prioritises its upgrade programme at the properties in the worst condition and in locations where Service Families Accommodation will be required under future operational plans, whilst still delivering an efficient programme by upgrading blocks of properties on an estate.

**2.10** The number of properties at conditions 1 and 2 has increased overall (**Figure 10 overleaf**) since our March 2007 report on the Defence Estate.<sup>2</sup> The investment in upgrades has varied over the years. At current rates of progress, against condition measured in the 1997 survey, it will take some 20 years before all properties are condition 1, subject to levels of funding beyond 2012 and the size of the estate required by the Department in future.

### 8 Analysis of Grade for Charge by Standard for Condition of UK Service Families Accommodation



Source: National Audit Office analysis of Departmental data

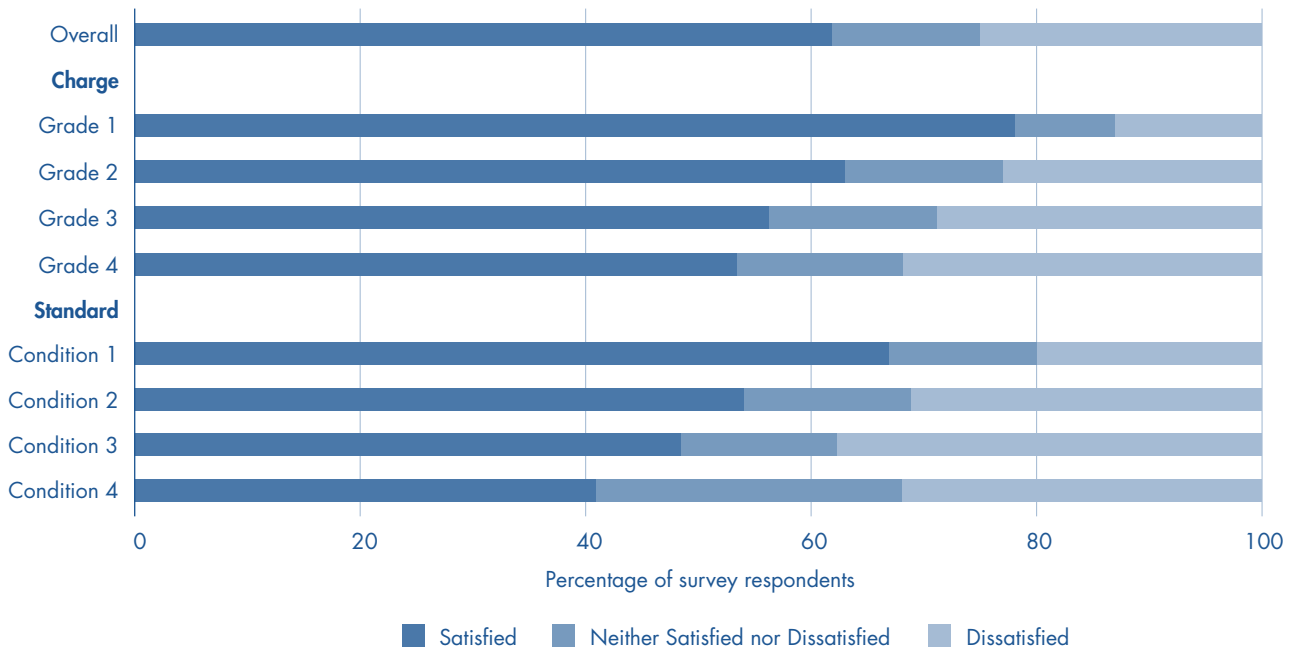
#### NOTES

1 Data correct as at August 2008.

2 Not recorded is largely the housing stock in Northern Ireland, which was managed separately to the rest of the UK stock until April 2008. The stock is generally in good condition. The Department plans to assess their condition. Occupants started paying charges for accommodation in Northern Ireland from April 2008.

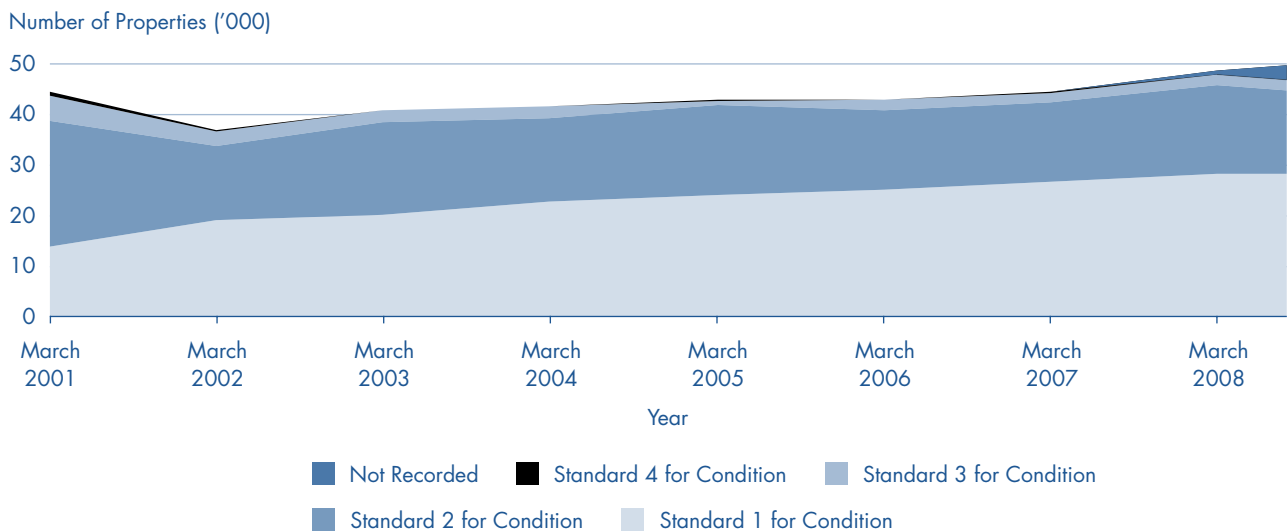
2 Comptroller and Auditor General's report Managing the Defence Estate: Quality and Sustainability (HC-154, 23 March 2007).

### 9 Occupant Satisfaction with their Property



Source: National Audit Office survey of occupied Service Families Accommodation

### 10 Condition of Service Families Accommodation



Source: National Audit Office analysis of Departmental data

**NOTE**

Properties that have not been assessed for Standard for Condition (not recorded) are newly acquired properties, or those in Northern Ireland which were managed separately to the rest of the UK stock until April 2008. The stock in Northern Ireland is generally in a good standard of condition.

**2.11** The Department also has a Strategic Facilities Programme to upgrade individual elements of a property, such as the kitchen, bathroom or boiler. The programme, which covered some 5,000 properties in 2007-08 (**Figure 11**), is produced by analysing the maintenance costs incurred and the expected life of fixtures. This Programme may increase the Standard for Condition of a property, but its principal purpose is to maintain a property at its existing condition and to reduce ongoing maintenance costs. Although this programme can make a considerable difference to the occupant, it is unlikely to reduce significantly the timescale required to upgrade all properties to condition 1. In 2007-08, one per cent of the planned Strategic Facilities Programme upgraded 58 properties to condition 1.

**2.12** Some upgrade work is essential to maintain the integrity of a building, and the Department understandably focuses a proportion of its investment on such work and on addressing health and safety issues. Other work is aimed at improving the quality of accommodation for occupants. Occupants' priorities do not always match the work that is prioritised by the Department, particularly where they occupy their property for a short period. The Department does not do enough to seek the views of occupants as to their preferred priorities for investment. When asked in our survey, respondents stated that kitchens were the most important priority for upgrading properties (45 per cent selected kitchens as the most important priority and 95 per cent within the top five most important priorities), followed by energy efficiency and bathrooms (**Figure 12 overleaf**).

## 11 The Upgrade and Strategic Facilities Programmes

	2006-07 costs	2007-08 costs	2008-09 estimated costs	Projects delivered in 2007-08
	Number of properties delivered	Number of properties delivered	Estimated number of properties to be delivered	
Strategic Facilities Programme	£4 million 588 properties	£15 million 5,095 properties (of these, 58 were upgraded to condition 1)	£23 million 2,700 properties	Projects in 40 locations covering work such as kitchen and bathroom replacement, re-roofing, external redecoration, replacement of boilers and heating systems, the replacement of doors and windows and the re-opening of playgrounds.
Upgrade	£19 million 1,071 properties	£30 million 637 properties	£40 million 600 properties	Projects in 21 locations covering work such as kitchen and bathroom replacement, re-roofing, re-wiring, internal and external redecoration, replacement of heating systems, and the replacement of curtains and carpets.
Total	£23 million 1,659 properties	£45 million 5,732 properties	£63 million 3,300 properties	

Source: National Audit Office analysis of Departmental data

**2.13** The Department sets out to communicate the Upgrade and Strategic Facilities programme through letters to occupants. Evidence from our survey, focus groups and visits nevertheless indicates that these programmes have been poorly communicated to local staff and occupants, which can result in occupants expecting work to take place in their area based on out-of-date information or hearsay. To address these problems, the Department has piloted the use of a communications strategy on an upgrade project in High Wycombe, under which occupants were consulted and their views taken into account.

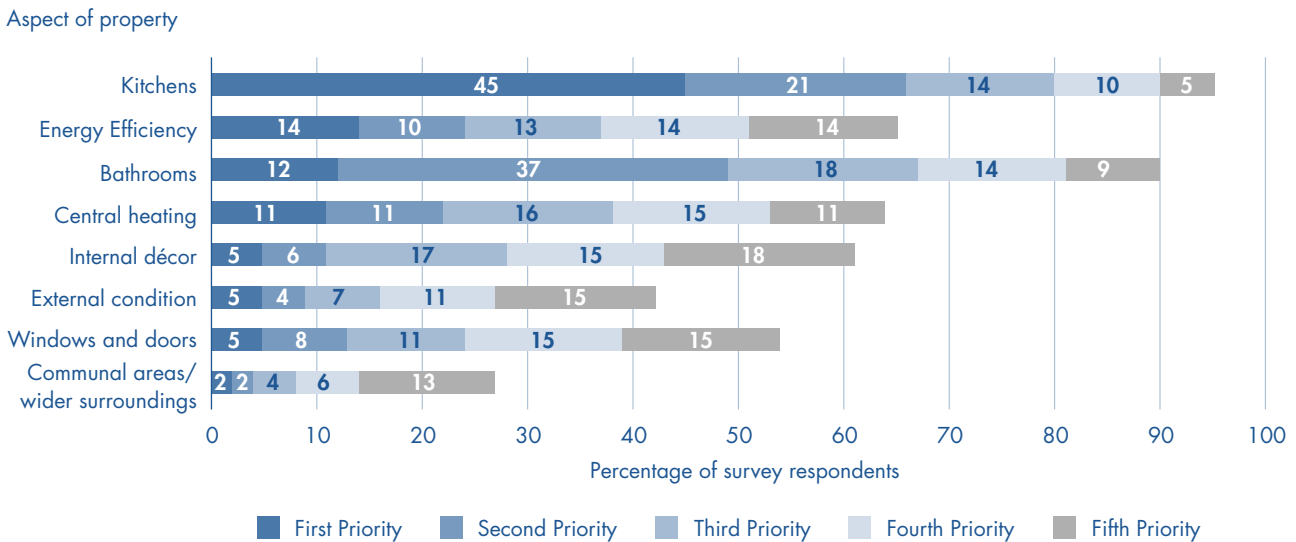
## Maintenance

**2.14** There are different maintenance arrangements in the regions of the United Kingdom (Figure 13). Occupants ring a helpdesk run by Modern Housing Solutions in England and Wales or Turner Estates in Scotland to report any fault and schedule an appointment for the relevant contractor to repair it. In Northern Ireland, the helpdesk is run by Defence Estates.

**2.15** The maintenance service aims to maintain occupied properties in their current physical state and prevent deterioration. Ninety four per cent of survey respondents had used the maintenance service while in their current property and over half had used the service over three times in the past year. This rate of use is, in part, because of the comprehensive maintenance service offered to occupants, which leaves them with only limited maintenance responsibilities. Occupants' responsibilities include changing fuses and light bulbs, maintaining the garden, clearance of blockages to sinks and baths, and routine testing of smoke alarms. In addition, occupants should not decorate without seeking permission from Defence Estates, to ensure that properties are maintained in a standard state for the next occupant.

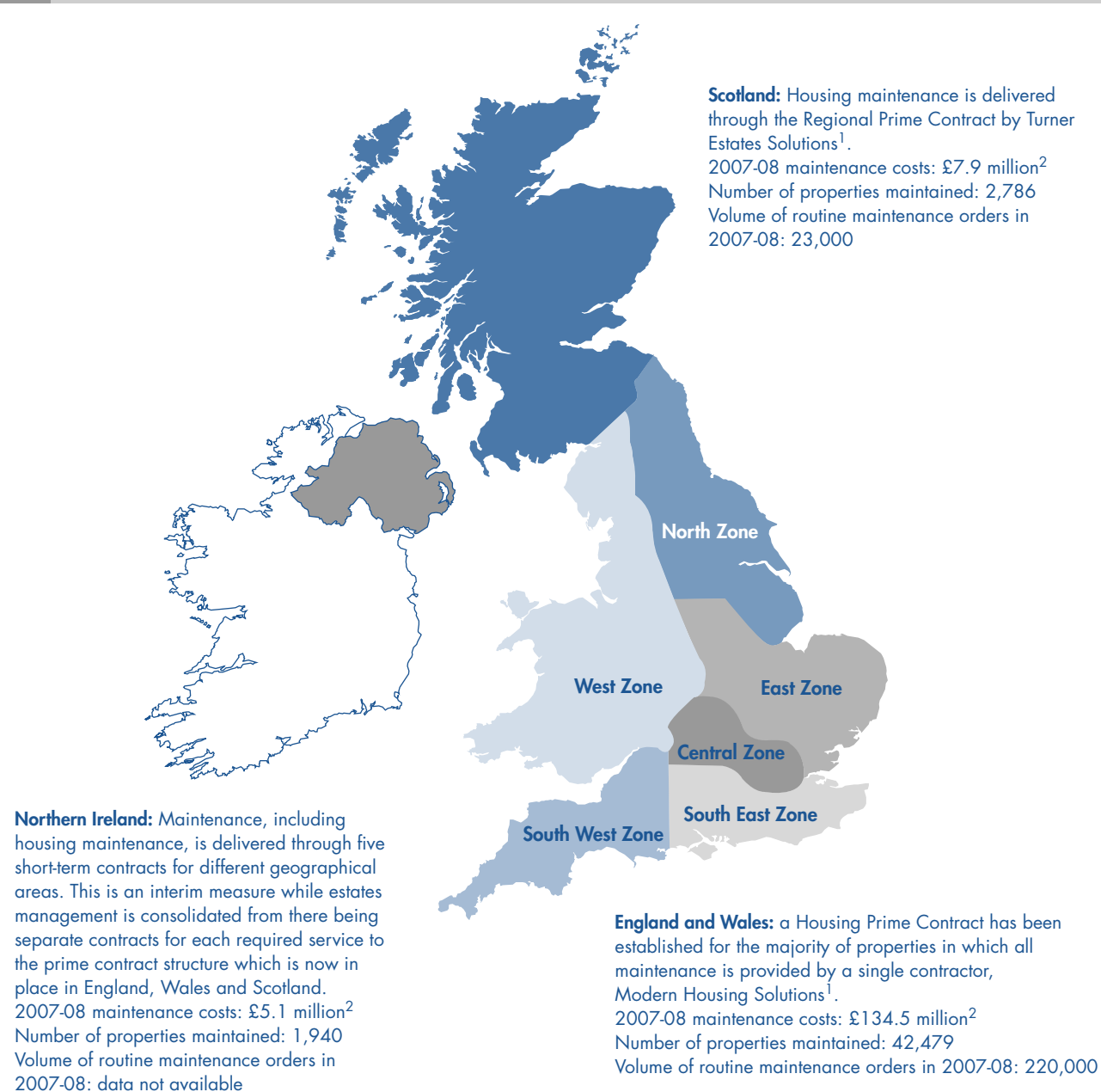
**2.16** Overall, around three quarters of survey respondents felt that their property was generally well maintained (19 per cent) or fairly well maintained (57 per cent), and 24 per cent that it was poorly maintained. Those from Scotland and Northern Ireland had the most favourable opinion of their property, and those in the central areas, which includes London, were most critical (Figure 14 on page 22). Those occupying properties which were rated condition 1 or had the highest grade for charge were more likely to say that their property was generally well maintained.

### 12 Occupants' priorities for investment in Service Families Accommodation



Source: National Audit Office survey of occupied Service Families Accommodation

## 13 The principal housing maintenance arrangements in the United Kingdom



Source: National Audit Office analysis of Departmental information

### NOTES

- Both the housing and regional prime contracts have an embedded supply chain of general and specialist sub-contractors, which delivers the maintenance service to occupants under the branding of the main contractor.
- Costs include the Strategic Facilities Programme delivered by the maintenance contractor. In England, Wales and Scotland the prime contractor is given first call on upgrade projects.
- A small number of properties in the UK are maintained through other arrangements, such as properties that the Department has acquired through Private Finance Initiatives (some 1,800 properties), and properties that it is bulk leasing to meet short term demand in certain areas.



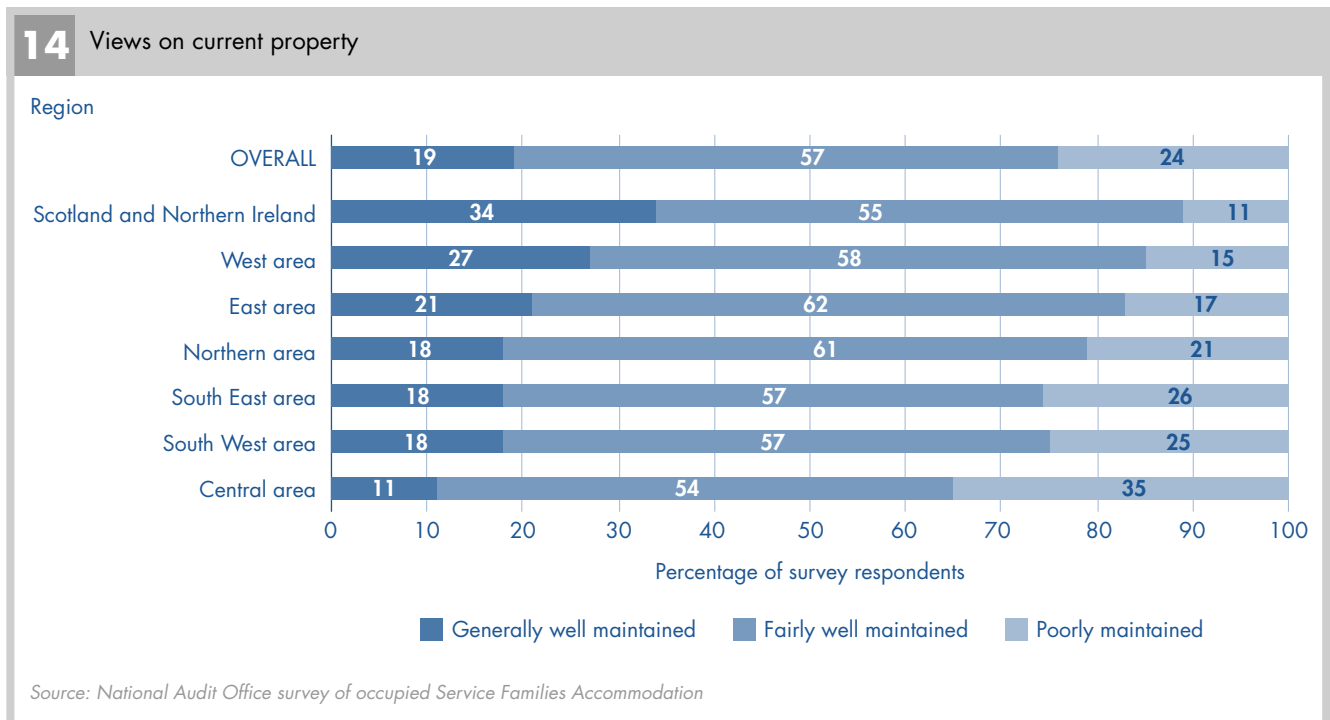
**2.17** Modern Housing Solutions, the maintenance contractor in England and Wales, has recovered from initial extensive problems such as higher than anticipated requests for repairs with which the helpdesk and other systems could not cope. The Department paid an additional £18 million to Modern Housing Solutions in the first two years of the contract to reflect this higher demand, and a further £17 million was injected in year two to cover additional requirements. There has been an upward trend in their performance against Key Performance Indicators, including the numbers of repairs completed within the target response time, which has improved significantly for urgent and routine repairs, and the number of repairs fixed on the first visit (Appendix 5). The contractor has also worked to improve relationships with occupants, for example, through offering shopping vouchers for missed appointments.

**2.18** Occupants' views on Modern Housing Solutions remain mixed. Although many have received a good service and feel things are improving, a significant minority are still unhappy with the contractor's performance. Respondents living in the Northern zones were generally more satisfied than those in the South. Those in the Central area, which includes London, were consistently the least satisfied with the service. Survey respondents were most satisfied with the manner in which the work was carried out, but were less satisfied with the organisation, communication and arrangement of the work (Figure 15).

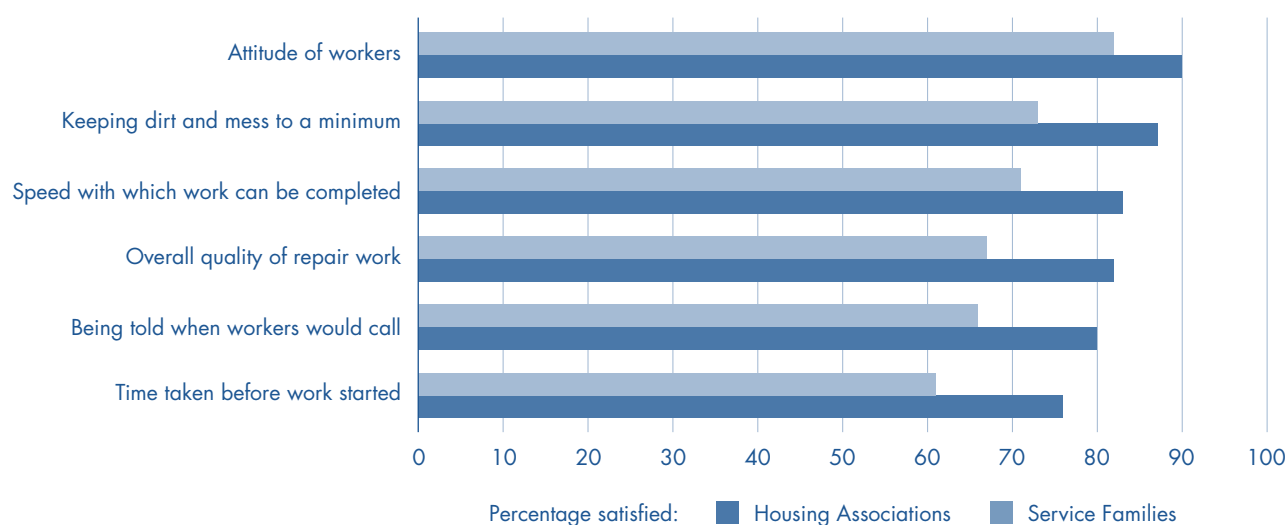
**2.19** For all areas, satisfaction with the service was lower than the average comparative data taken from satisfaction questionnaires of over 90 Housing Associations. The maintenance service provided by the Department is not directly comparable in all areas as it is a more comprehensive service, and there is a much lower level of turnover in social housing. Nevertheless, the benchmarks provide service satisfaction levels to which the Department should aspire.

**2.20** It is unrealistic to expect that all maintenance issues will be solved first time, particularly with more complex problems and those requiring specialised parts. Sixty per cent of survey respondents said that their most recent maintenance issue was not resolved on the first visit for the reasons set out in Figure 16. Only 26 per cent of these respondents said that the maintenance contractor contacted them to resolve the issue.

**2.21** The role of the helpdesk is crucial to a speedy resolution of maintenance problems as they make the initial diagnosis, record the details of the fault and determine which tradesperson is required. Overall, 56 per cent of respondents were satisfied with the helpdesk, with satisfaction depending on the degree to which the helpdesk understood their problem. The helpdesk has a diagnostic decision tool which is not used in sufficient depth.



## 15 Satisfaction with areas of the repairs service

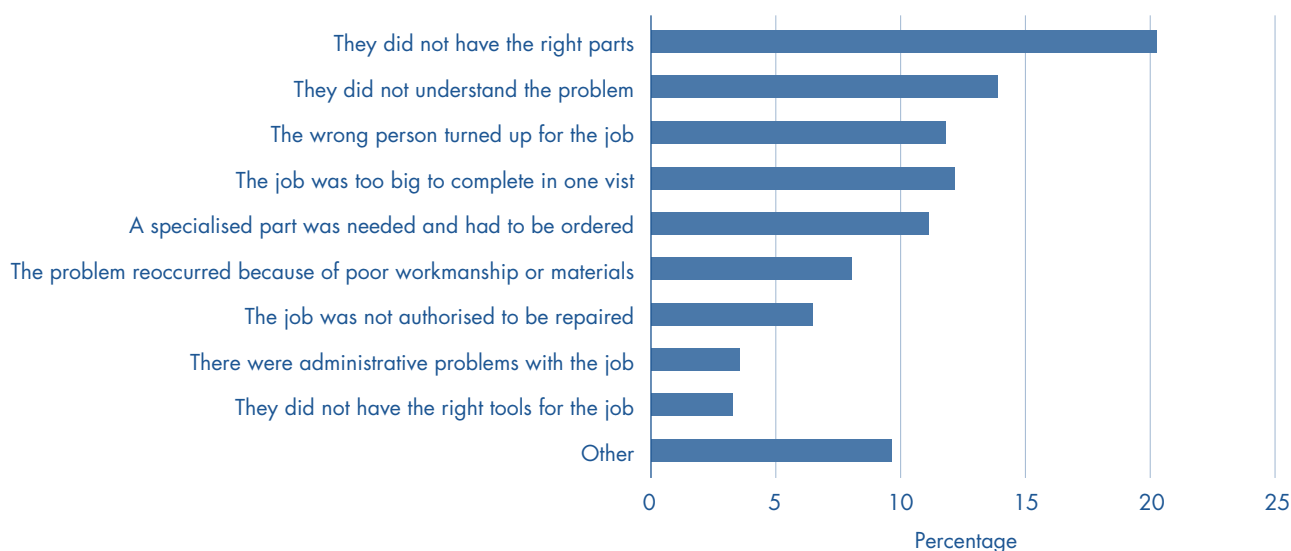


Source: National Audit Office survey of occupied Service Families Accommodation

### NOTES

- Survey respondents were asked to rate their satisfaction levels with different elements of the repairs service for their last completed repair.
- Benchmark data is from average comparator data taken from satisfaction questionnaires of over 90 Housing Associations. Levels of satisfaction for occupants of Service Families Accommodation were lower than the benchmark in all areas, and were also lower than the lower quartile of the benchmark data.

## 16 Why maintenance problems were not solved on the first visit



Source: National Audit Office survey of occupied Service Families Accommodation

### NOTES

- Base: all respondents whose problem was not solved on first visit (6,637).
- "Other" includes respondents whose problem was not solved on the first visit for a combination of reasons, and those where the issue is still ongoing.

**2.22** There are a number of issues which need to be addressed with the maintenance arrangements:

- Modern Housing Solutions report on their own performance against Key Performance Indicators to Defence Estates, including whether problems are resolved first time. It is possible to open a new job rather than reopening an existing one, particularly if a different tradesman is sent to do follow up work. The contractor does not recover a charge on reworking of existing jobs. Defence Estates are currently working with the contractor to clarify the criteria for assessing whether Key Performance Indicators are met.
- It is difficult for occupants to complain to Modern Housing Solutions about poor service as the complaints process is not transparent. Unless callers specifically state that they are registering a complaint the call is not logged as such. The process for occupants to complain to Defence Estates is articulated in occupants' handbooks, but requires occupants to contact different parts of the organisation depending on the nature of the complaint.
- When the Housing Prime Contract in England and Wales was set up, some items, such as block garages and carpets, were excluded to make short-term savings. These exclusions are often the source of dissatisfaction for occupants, as it can take a long time to get these problems resolved. The replacement of carpets has to be separately approved within Defence Estates which can take some months and is subject to funding being available. Thirty-nine per cent of survey respondents reported carpet-related problems to the contractor on move-in. In August 2008, at least 700 unoccupied properties were waiting for carpets, costing the Department, on average, £400 per month per property, or over £1,400 per month if a family had to use substitute accommodation. The average time that these properties had been waiting for carpets was five months. In Scotland, these problems do not occur as carpets and curtains are included in the contract. In October 2008, Defence Estates introduced a programme to accelerate the delivery of carpets to those awaiting allocation, and the contractor reports that 700 properties have since been fitted with carpets.
- Any areas not covered by the contract in England and Wales or above the delegated budget limits held by local Housing Staff are funded through the Incidental New Works process which can be lengthy and bureaucratic. Progress is not properly communicated to the occupants, which causes dissatisfaction and properties can be left empty, costing the Department £400 per month or over £1,400 if a family has to use substitute accommodation. The Department is currently reviewing the process, is trialling a new electronic approvals process, and has increased the delegation limits for local staff from September 2008 (Figure 27 on page 36).
- There are continuing local disputes where the division of responsibility between the contractor and the Department is not clear, such as cleaning communal areas and repairs to certain parts of the drainage systems. The occupant can be bounced between the two organisations in seeking to get the issues resolved, leading to frustration. The Department has produced a guide for occupants that will clarify responsibilities for particular areas of maintenance. The introduction of guidance, however, will not fully resolve the difficulties for occupants until the differences over responsibility between the Department and contractor are settled.
- Defence Estates does have a robust system to audit the quality of a five per cent sample of completed jobs, but does not have a system to check whether routine contracted work such as grounds maintenance is being carried out as frequently as contractually required. In some areas, there are concerns among occupants that this work is not being done frequently enough, or to the required standards. Twenty-nine per cent of survey respondents were dissatisfied with the condition of the surrounding estate.

**2.23** The maintenance contractors are also responsible for conducting regular inspections, some of which are required to meet the Department's statutory responsibilities as a landlord. Occupants are given a scheduled appointment by letter from the contractor, rather than asking occupants to book convenient appointments.

## Managing Void Properties

**2.24** The Department had 9,170 empty properties (18 per cent of its housing stock) at the beginning of September 2008 (**Figure 17**). The percentage of empty properties has varied between 15 per cent and over 20 per cent since 2002. Defence Estates has an ambition to reduce the total proportion of these “voids” to ten per cent.

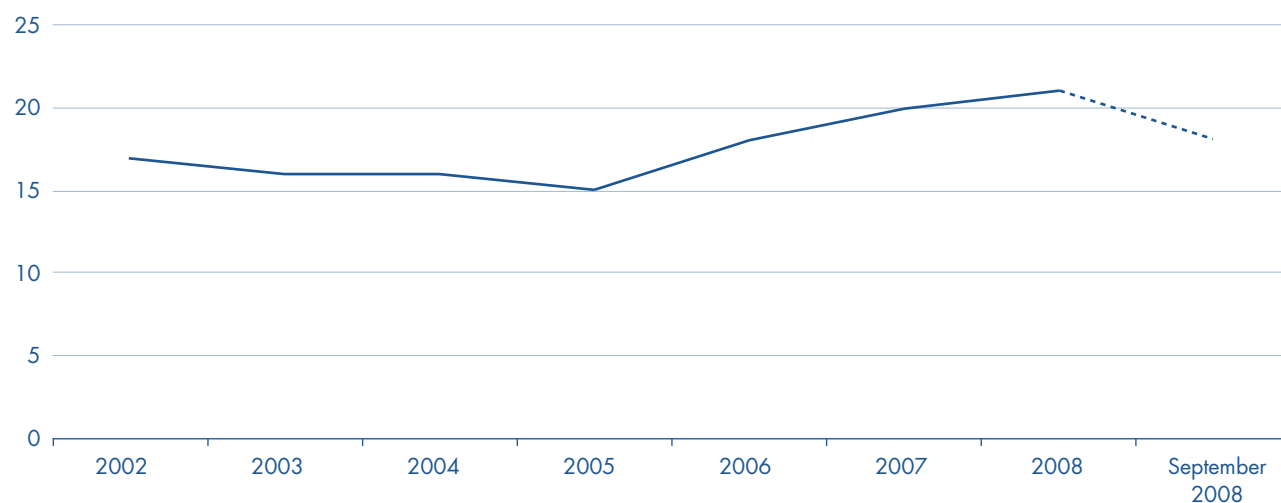
**2.25** The Department incurs a cost on void properties as it is required to pay half the Council Tax charge to Local Authorities, and on many properties it has to pay rent to Annington Homes. These costs average £4,200 per property annually, excluding the cost of ongoing maintenance or the cost of dilapidation. There are a number of risks associated with retaining significant

numbers of void properties which the Department must manage (**Box 4 overleaf**). Defence Estates has recognised that void management requires improvement, and in October 2008 appointed a project team to undertake an extensive review across the housing estate. The Department has set a target to have 1,600 void properties ready for occupation by the end of June 2009 through more effective stock control and efficient preparation. This work is being carried out under a two-phase programme: the first phase was completed in December 2008, reducing unavailable properties by some 800. It also reduced the total number of void properties by some 350 between September and December 2008. The Department has also identified separate funding to carry out repairs on some empty properties that require more extensive works, for example because of fire damage or subsidence.

**17** Categories of void properties as at September 2008 and the Change in Voids since 2002

Category	Number	Total Empty Properties (%)	Total Housing Stock (%)
Short term voids that are available for immediate occupation including some properties requiring minor works	6,790	74	14
Not available for immediate re-occupation due to major works, the replacement of fittings or an upgrade project	540	6	1
Temporarily surplus – awaiting agreed deployment of personnel to a specific location	910	10	2
Properties in the wrong location or of the wrong type that are identified or agreed for disposal including demolition	930	10	2
Total	9,170	100	18

### Percentage Voids at 31 March each year



Source: National Audit Office analysis of Departmental data

## Disposals

**2.26** The Ministry of Defence may retain empty properties where the future of a location remains undecided (**Box 5**) as it is more economic in the short term than re-providing housing. Properties rapidly fall into disrepair when they are unoccupied, with cost implications.

**2.27** Over 300 properties have been empty for over five years, but have not been identified for future use or disposal by the Department. There are a range of factors that complicate the disposal of such properties particularly those in England and Wales that are to be returned to Annington Homes (**Box 6**).

**2.28** Under the terms of the 1996 sale to Annington Homes of housing stock in England and Wales, the Department was required to release at least 13,213 properties to Annington Homes for sale on the open housing market by 2021. This target was met in 2007. The Department has released 16,751 properties to Annington Homes since 1996, well ahead of its target. Defence Estates identifies properties suitable for disposal and agrees its plans with the three Services. The overall process can be lengthy. Of the 926 properties that Defence Estates has identified for disposal or demolition, 580 have been void for over one year (**Figure 18**).

### BOX 4

#### The Management of Empty Properties

**Maintenance and Security:** Those properties identified as likely to be void for a long time are kept so as to minimise the costs of maintaining them. The heating and water systems are drained and the property is secured (although it will only be boarded up if there are incidents of vandalism).

**Inspections:** The maintenance providers are required to inspect empty properties externally each week and internally every four weeks. Defence Estates does not have a system to confirm the checks occur, and in some areas of England and Wales it did not believe that they were; it has been following this omission up with the providers. There is a risk that un-inspected properties will deteriorate while they are void and significant costs will be needed to bring the property back to a suitable standard when they are required.

**Impact on Other Families:** The presence of long term void properties can have a detrimental impact on the overall attractiveness of neighbouring estates, particularly when they have been vandalised or boarded up. Service families often do not understand why properties are empty, and may be particularly disgruntled if they have not had any additional requests met when they were allocated a property in the area.

*Source: National Audit Office analysis*

### BOX 5

#### The Future of Royal Air Force Lyneham

The Tactical Air Transport Force, the Royal Air Force's fleet of Hercules aircraft, is currently based at Lyneham. The fleet is due to move to Royal Air Force Brize Norton in 2011 as part of Project Catara which will create a single hub for the transport fleet. The funding for Project Catara includes money to upgrade and provide additional housing in Brize Norton to meet the accommodation requirements of the move and the site is currently one of the highest priorities for the upgrade programme.

The Department has not yet decided how it will use the site at Lyneham and its 500 units of Service Families Accommodation after 2011. There are a number of options that are being considered. None of these options, however, have been funded by the Department. Until funding is available, Defence Estates is unable to plan how the site will be used in the future, or identify if any of the properties will be surplus to requirements.

We visited Royal Air Force Lyneham as part of our study and spoke to the partners of some personnel that were living in Service Families Accommodation. They told us that they believed the properties were in a particularly bad state of repair because the future of the base was uncertain. There had not been any work to improve their condition in the last ten years other than routine maintenance and the installation of new showers in some 300 properties.

*Source: National Audit Office analysis*

### BOX 6

#### Factors complicating the disposal of properties

- Some of the housing stock cannot be easily disposed of as it is 'behind the wire' which requires the Department to move the security fence of the base.
- Under the terms of the contract, the Department has to return properties to Annington Homes in good tenable repair and decorative order. If properties are not at the required standard the Department has to pay damages to Annington Homes by way of compensation (an expected dilapidation charge of £6 million in 2008-09). The dilapidation charges are separately negotiated for each block of properties that are disposed. They average £5,600 per property when they have only been left empty for up to a year and can rise to £24,000 for properties that have been empty for five years.
- Within the contract with Annington Homes, the Department set certain conditions under which properties could be returned, which was done to avoid diluting Service Families Accommodation on estates. A minimum number of houses, based on the size of the estate and grouped together, have to be handed back at the same time. The Department is unable to dispose of its worst standard properties as they are scattered within its estates.
- Uncertainty over future locations and demand for Service Families Accommodation until operational decisions have been finalised.

*Source: National Audit Office analysis*

**18** Planned Disposal and Demolition of Properties (as at September 2008)

	<b>Identified as no longer required but disposal not agreed</b>	<b>Identified for, and in the process of, disposal</b>	<b>Identified for, and in the process of, demolition</b>	<b>Total identified as surplus to requirements</b>
Number of properties identified	736	147	43	926
Number of properties void for over one year	426 Includes a number of properties in Lisburn, Northern Ireland, which have been void for nearly nine years	126 Includes 70 properties in Digby that have been void for between seven and 13 years	28 Includes eight properties that have been void for over 13 years <sup>1</sup>	580

Source: National Audit Office analysis of Departmental data

**NOTE**

1 The Department does not achieve a cost saving on properties that it demolishes which are owned by Annington Homes, as it is required to pay 'ghost rent' while it retains the site. When the Department returns the site to Annington Homes, it has to pay compensation equivalent to the current value of the demolished property.



## Delivering Housing Services

**3.1** This part of the report examines the arrangements for allocating properties to Service families and the process for moving families into and out of Service Families Accommodation.

### The Allocation Service

**3.2** Service families often move every two years, and there are around 20,000 moves in and out of Service Families Accommodation properties each year. **Figure 19** summarises the main delivery responsibilities in the allocation and move processes.

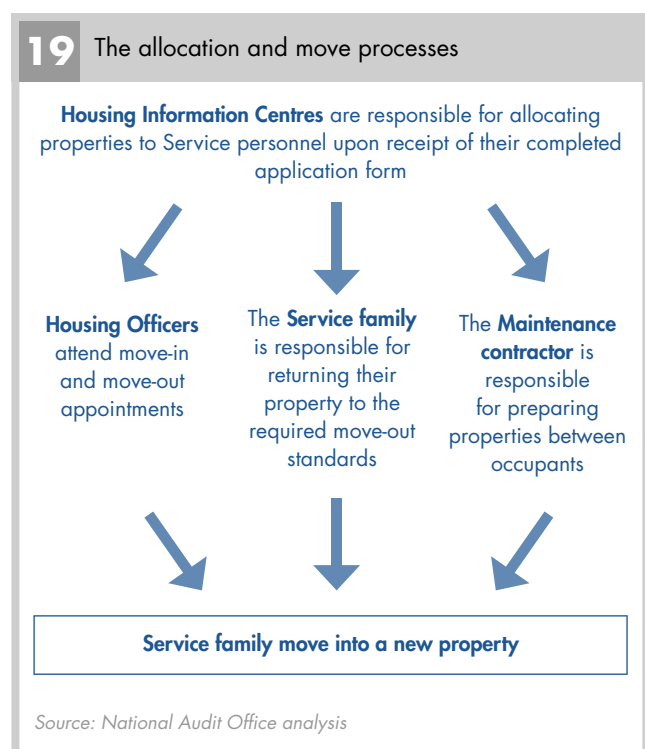
**3.3** Housing Information Centres play a crucial role in the move process. Staff process applications, notify the contractor and book Housing Officers to attend moves. Problems occurring in other areas of the move process

will have an impact on how successfully the Centre can deliver. For example, if the contractor does not complete the required work in time for the occupant's move-in, the Centre may have to find them another property at short notice. The Centre plays a key role in providing a good service to occupants, as it is the first point of contact when occupants require a new property, and frequently receives complaints whether the Centre is responsible or not.

**3.4** The Housing Information Centres were introduced to improve the level of service and the efficiency with which housing services are provided. The changes to the way allocations are managed have not been universally welcomed by Service personnel and their families. Previously, allocations were done by locally-based housing staff, and often with the involvement of the Chain of Command. The majority of Service personnel and their families in our focus groups felt that the move to a more centralised approach has had a negative impact on the level of service provided.

**3.5** **Figure 20** shows satisfaction levels among respondents to our survey with different aspects of the allocations service. Respondents were most satisfied with the timeliness of the response to their request to be allocated a property, and had the highest levels of dissatisfaction with the quality of information provided.

**3.6** The Housing Information Centres experienced problems when they were introduced, including with the telephone and computer systems and too few staff to deal with a greater than expected volume of calls. Some Centres are now providing a good service to occupants, but others are still not delivering a satisfactory service. In particular there are concerns about High Wycombe, Aldershot and Warminster (**Figure 21 on page 30** and Appendix 7). These Centres have more properties and more varied stock, a higher turnover of occupants, have been under-staffed and are located in unsuitable office accommodation which hampers efficient delivery. In recognition of these issues, a study into the operation



of Housing Information Centres was commissioned by Defence Estates in July 2008 and carried out by a joint team of representatives from the Families Federations, the Services and Defence Estates. This study produced the Housing Information Centre Learning From Experience report and an Improvement Action Plan in October.

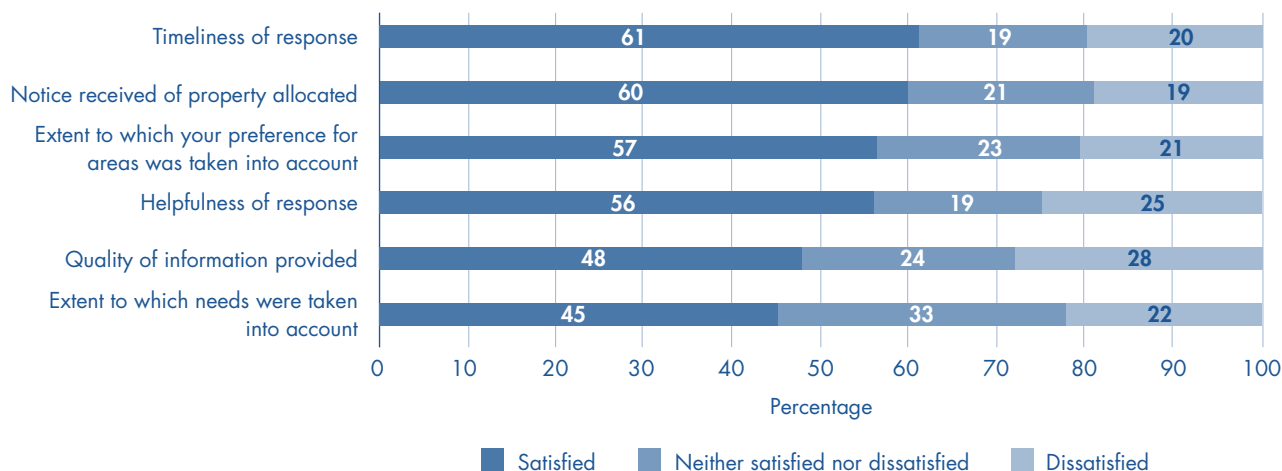
**3.7** Forty-five per cent of respondents to our survey were satisfied with the extent to which their needs were taken into account in the allocations process. Staff allocate according to entitlement, but many survey respondents felt that allocation is often done in a way which leads to an impersonal service. Staff do, in many cases, try to meet occupant preferences but it can be difficult when stock availability is limited. Other staff have limited time to take into account occupants' needs and little knowledge of individual properties, which leads to allocations which families feel are inappropriate or unsuitable. In addition, the seniority or length of service are no longer considered to the same extent when allocating properties for Other Ranks personnel. These personnel can find themselves allocated a small property once their children leave home, similar to that in which they started out their Service

career, and possibly living amongst personnel under their command. The available stock will determine what is possible, but Service personnel told us that this perceived "lack of reward" for longer service and seniority impacts upon their morale and potentially on retention.

**3.8** A fifth of all moves involve an entire Unit relocating. For these moves, Unit Officers identify those families requiring accommodation and work with the Housing Information Centre to allocate the most appropriate properties (see example in **Box 7 on page 31**). The Department has recently introduced Military Liaison Officers in the three poorest performing Housing Information Centres to assist with all allocations, to manage expectations and to deal with complaints, and provide a better service to families.

**3.9** Service personnel have limited choice when applying for Service Families Accommodation. They can express three preferences for areas or streets on their application form, but there is no guarantee that these will be met. Families cannot indicate whether they would prefer to pay higher charges to live in newer or better condition property.

## 20 Satisfaction with Allocations process



Source: National Audit Office survey of occupied Service Families Accommodation. Base 12,065 Serving personnel or their partners

### NOTES

- 1 Those surveyed were asked about their most recent move.
- 2 Housing Information Centres have only been in operation since April 2007, so these figures will include some respondents whose most recent move was dealt with under the previous arrangements.



**3.10** Respondents to our survey wanted a greater choice of individual property within the allocation system (Figure 22). Just over half said they would like more choice of the same type of properties. Over 60 per cent wanted the option to occupy bigger properties for which they would be prepared to pay more (Figure 23 on page 32). This figure was higher for Other Ranks than for Officers who are allocated their property by rank not

family size. The Department's eligibility rules (Appendix 3) address the desire of some families to occupy a property which is larger than their strict entitlement, if they pay the additional rent. Where requests cannot be met because of stock availability, this outcome is often not clearly explained to the occupant, which can lead to dissatisfaction with the allocations process.

## 21 Housing Information Centres

There are concerns about the three Housing Information Centres in the box below.

Housing Information Centre and geographical area	Number of properties	Number of move-ins per year	Number of move-outs per year	Staffing	Number of properties per staff member	Office location and set up
Rosyth – Scotland and Northern Ireland	5,152	1,452 (Scotland only)	1,453 (Scotland only)	Fully staffed 11 staff	468	Open plan
York – North	5,764	2,443	2,444	Fully staffed 13 staff	443	Open plan
Thetford – East	6,729	2,775	2,699	Fully staffed 15 staff	449	Converted mess building, with staff located in three separate offices
Telford – West	4,077	1,956	1,900	Fully staffed 11 staff	371	Open plan
High Wycombe – Central	7,592	2,450	2,650	Fully staffed 18 staff	422	Converted flats meaning team members isolated from each other
Aldershot – South East	10,539	4,051	3,801	Only recently up to full staffing 22 staff	479	Converted Ministry of Defence building, team housed over several floors
Warminster – South West	10,698	4,358	4,130	Understaffed 19 of 22 posts filled	563	Converted flats, team housed over several floors

Source: National Audit Office analysis of Departmental data

### NOTES

- 1 Number of moves is based on April 2007 to March 2008 except Aldershot, where figures are from July 2007 to June 2008.
- 2 Rosyth Housing Information Centre took over responsibility for properties in Northern Ireland in April 2008. Since then there has been a monthly average of 111 move-ins and 53 move-outs, these figures are skewed by the Unit moves which took place in Summer 2008.
- 3 Staffing numbers shown do not include the Housing Information Centre manager, there is one manager for each Housing Information Centre.
- 4 Data correct as at August 2008

## BOX 7

### Unit Moves at Catterick during Summer 2008

As part of the largest Unit move ever undertaken in the area, a total of 630 families moved out of Catterick and 900 families moved in over the Summer period in 2008. In addition, some 125 individual moves took place over the same period. Defence Estates identified at an early stage that there was not enough permanent stock to meet demand. The requirement for personnel to be located within 10 miles of their work place was relaxed with the agreement of the Chain of Command to a 30-minute travel time, and Defence Estates leased 170 additional properties from the private sector for five years.

Planning for the series of unit moves began two years earlier, and involved close liaison between the Garrison Command and the Housing Information Centre. Because of the volume of moves taking place in such a short space of time:

- The Housing Information Centre took on an extra member of staff.
- Defence Estates had to schedule back to back moves, whereby the contractor would not have the required 15 days in which to prepare the property.
- Pre-move-out visits took place early, in February 2008, in order to identify all the repairs that would be needed. Some works took place while outgoing family were still in occupation.
- Defence Estates and Modern Housing Solutions built up a stock of void properties to use as back-ups for the unit move.

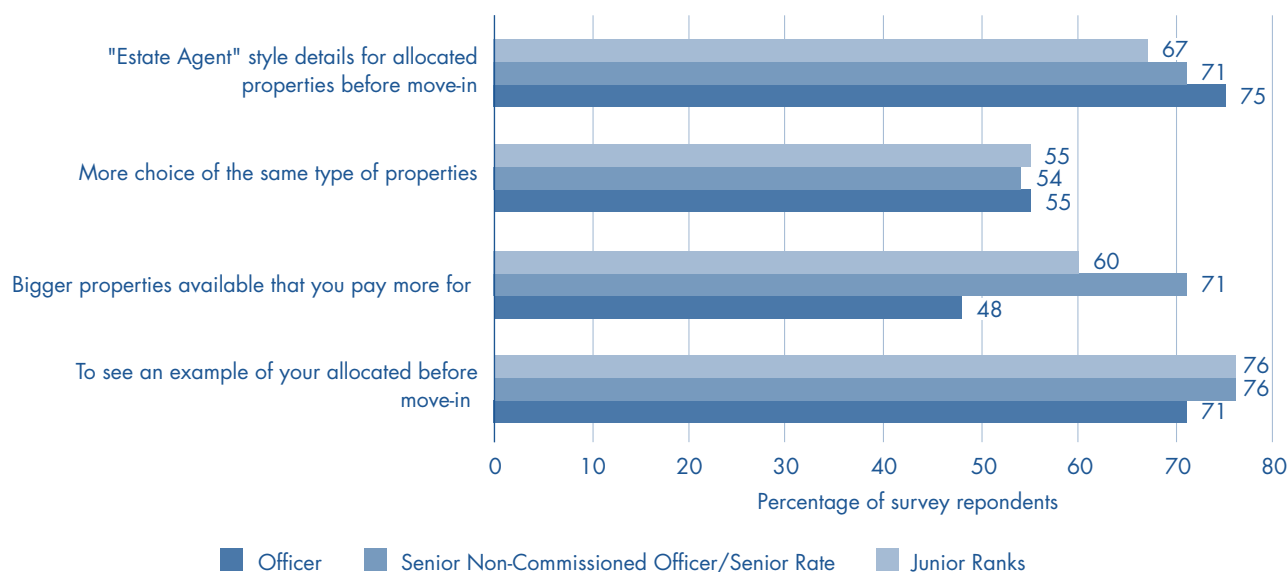
- Properties were accepted by Unit Welfare Officers on behalf of families in advance. Defence Estates set up a show house to show the Unit Welfare Officers what the move-in standard should look like.

### Problems encountered during the unit move

- The details of the families moving were initially received late by the Housing Information Centre and, together with dates and overall numbers, frequently changed throughout the planning process. The Units kept the Centre informed of all changes, but the Centre's additional resource had to be retained for longer than was planned.
- In the first three weeks of the unit moves, around 50 per cent of properties failed the move-out standard, and there was not enough time to prepare these properties for the new families coming in. There was also a significant problem with fly-tipping on the estate. Defence Estates asked the Chain of Command to get involved with both of these issues and their intervention had a positive impact.
- A number of the works and carpet replacements identified during the pre move-out visits required approval under the Incidental New Works process, which was not received in time. Some allocations therefore had to be changed at the last minute.
- Where allocations changed at the last minute, the Housing Information Centre tried to allocate families new properties within the same area, but some families were told at a late stage they would be in a different catchment area to the schools where they had already applied for places.

Source: National Audit Office analysis

## 22 Improvements to allocations



Source: National Audit Office survey of occupied Service Families Accommodation

**23** Reasons why Service families would like a larger property

Reason	Explanation
Visiting Family	Families would like a spare room to accommodate visiting family and friends, which is particularly important where partners are deployed overseas as families value the extra support.
Children to have their own rooms	Children of the same sex under the age of 10 are required to share a room, which can be an issue where families have children with significant age differences, for example nine year olds sharing with babies. Some families are prepared to pay more so that their children do not have to share.
Older children living at home	Children above the age of 18 or who are no longer in full time education are not taken into account when allocating properties. Some families need the extra room to accommodate older children living at home.
Accommodate children from previous relationships	Children from previous relationships who do not live with the Service person, and may only visit at weekends, are not taken into account. Service families would like extra room so that they can accommodate these children when they visit.
Elderly relatives	Some families would like extra room to accommodate an elderly relative, for whom they have carer responsibilities.

Source: National Audit Office survey of Service families

**3.11** Occupants currently only receive information about the address, type and grade for charge of their future property. Usually occupants only see their property for the first time on move-in. Some families told us the lack of information about the size, layout and appearance of the property makes moving more difficult. Three quarters of respondents to our survey wanted to see an example of their allocated property before move-in, but a visit is often not possible, especially when personnel are serving overseas. The Department has been exploring the possibility of introducing paper-based or electronic “estate agent” type details for properties, with floor plans and photographs. Similar information was previously provided in Northern Ireland.

**3.12** Staff in the Housing Information Centres do not have sufficient access to information which would enable them to perform their role more efficiently (**Box 8**). This issue was similarly highlighted in the Learning From Experience Report.

### The Move-in/Move-out process

**3.13** The Department has processes to take properties back from occupants, to prepare them, and to hand them over to the new family. There is a clearly defined move-out standard which properties must meet when they are handed back, and this standard must also be met on move-in (Appendix 6). Although the number of properties meeting the move-out standard has increased recently, it is consistently lower than those passing the standard on move-in. (**Figure 24 on page 34**).

**3.14** The majority of families treat their properties well and hand them back in good condition, but a minority do not, with some leaving properties in a very poor state. Occupants can be charged for cleaning or repairs which are not attributable to fair wear and tear. Sixty-eight per cent of respondents to our survey were satisfied with the service on move-out and 17 per cent were dissatisfied. The occupant should receive advance warning of any potential charges at a pre-move-out visit, which should minimise the likelihood of misunderstandings or disputes at the move-out. Satisfaction with the move-out process is highest amongst those families receiving a pre-move-out visit where issues were clearly explained, irrespective of whether charges were raised.

## BOX 8

## Lack of access to information from other areas of the Ministry of Defence

## Problem

Staff currently have no information on the stock other than the type, grade and address. In some areas, staff have not had the chance to visit the stock they are responsible for allocating.

## Scope for Improvement

Access to pictures, floor plans, and “key facts” about the properties and surrounding areas such as the age, layout, size of garden and suitability for younger children would enable staff to better answer occupants’ queries and to make more “intelligent” allocations.

Housing Information Centre staff do not have appropriate access to the Joint Personnel Administration system, the Human Resources computer system for the military.

Access to the Joint Personnel Administration system would give visibility of posting dates and changed personal circumstances. Access would enable staff to perform basic checks on occupants application forms to check eligibility.

Visibility of posting dates would also enable staff to identify families who are remaining in their properties on a new posting and thus failing to free up the property for new families coming into the area.

Defence Estates are reliant on the occupant informing them they are moving out on leaving the Services, and do not receive any notification from the Joint Personnel Administration system.

It is possible that an occupant can remain in a property when no longer entitled, or that a property can be abandoned for a while before anyone notices and reports it. Defence Estates are looking at ways to address this issue, in particular through the assignment of Housing Officers and Technical Officers to properties and assessing how internal systems can highlight possible incidents. Abandoned properties can require a significant amount of time and money to return them to a habitable state. Around 280 properties were abandoned in 2007-08, and required an average of £2,100 to return them to the move-in standard for new occupants.

Staff do not automatically receive any information from other Housing Information Centres when occupants are moving between areas.

Notification from the “incoming” Housing Information Centre would tell staff that a property will shortly become vacant, which would reduce the current risk, however minimal, that personnel could keep properties in two areas.

Staff have no information on how Service personnel have treated accommodation in the past. Where an occupant has mistreated a Service Families Accommodation property this fact is not recorded anywhere on Defence Estates’ systems.

Access to a “tenant history” would allow staff to see how occupants have treated their past accommodation and to take it into account when allocating property. The Department could also use a tenant history to sanction those occupants that repeatedly mistreat their properties. Currently the only sanction in place is charges levied on move-out which are not always collected.

Source: National Audit Office analysis

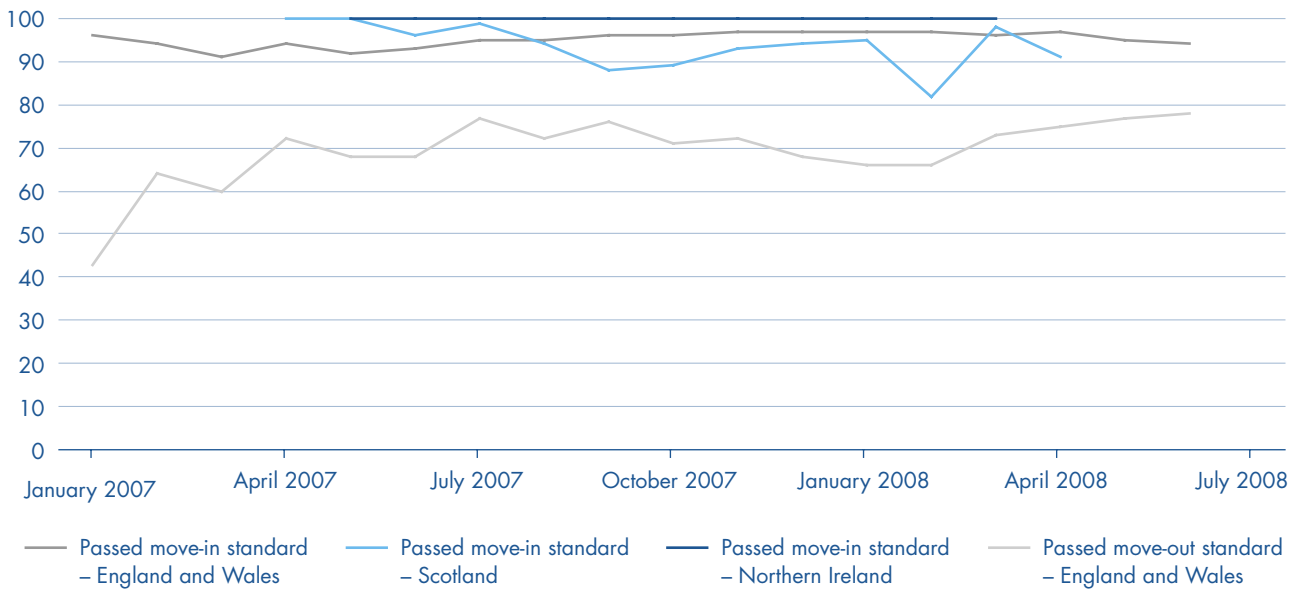
**3.15** Charges are handled by a separate area of the Department, and are disputed by occupants in 16 per cent of cases (25 per cent by value). Income from charges does not come back to the local area to spend on property improvements. Where a property has been badly damaged, aside from charges, there are no other sanctions on occupants.

**3.16** On move-in, only 58 per cent of survey respondents were satisfied with the service provided and 25 per cent were dissatisfied, and there were noticeable variations between regions (**Figure 25 overleaf**). Occupants who spend a lot of time preparing their properties to move-out standard, and expect to move into a property of a similar standard of cleanliness and state of repair, are understandably dissatisfied if the standard is clearly worse. Service families also expressed dissatisfaction with the state of their property. In particular, 43 per cent were unhappy with the state of the carpets (**Figure 26 on page 35**).

**3.17** On move-in, Housing Officers are required to assess whether the property has met the move-in standard; and it should be recorded as a failed move-in against the Key Performance Indicator if work to bring the property up to standard has not been completed. Families are often expected to move into properties that fail the standard unless it is for a significant health and safety issue. Families can refuse a property that does not meet the move-in standard, but refusal is usually impractical if removal is already well advanced. Housing staff told us that in many cases properties were being recorded, incorrectly, as passing the move-in standard because a family had accepted the property. The levels of dissatisfaction with cleanliness and repairs among our survey respondents in England and Wales indicate that Modern Housing Solutions are not consistently meeting the required standards for preparing properties for move-in. The Department is taking action to address this issue, in particular through the agreement to receive properties back from the contractor two days before move-in.

## 24 Performance against move-in and move-out standards

Move Standards



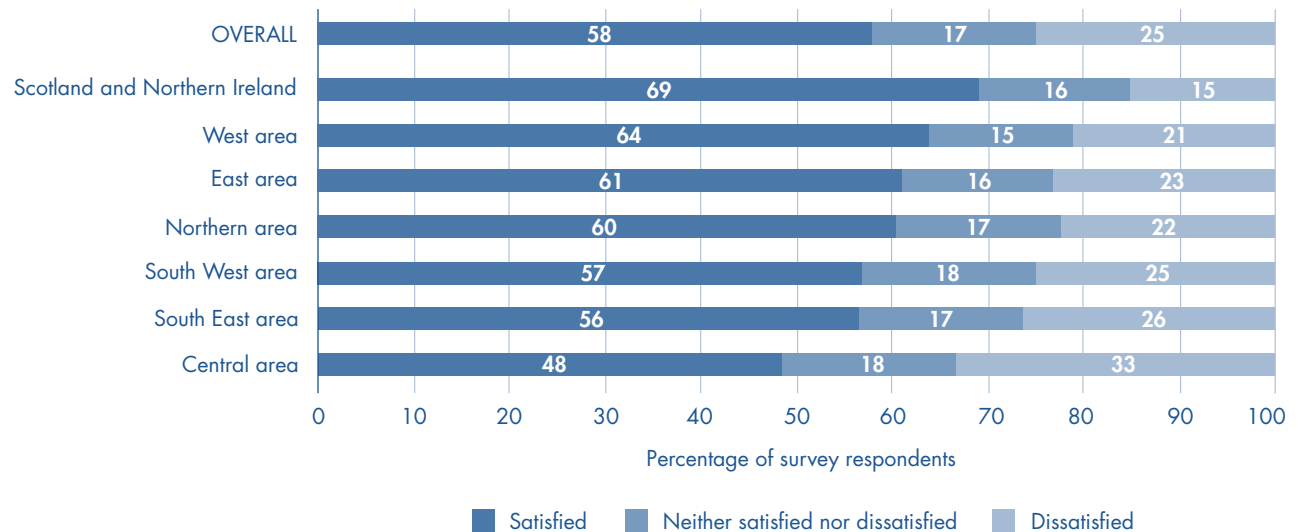
Source: National Audit Office analysis of Departmental data

NOTES

- 1 There is no move-out standard for Northern Ireland as different arrangements apply. Personnel are required to do a surface clean only and all properties are deep cleaned by the contractor before the next occupant moves in.
- 2 Move-out standard for Scotland is not recorded.

## 25 Satisfaction with the move-in process

Housing Information Centre Region



Source: National Audit Office survey of occupied Service Families Accommodation

**3.18** There are a number of reasons that contribute to properties not being properly prepared, which may lead to occupants not being able to move in, and therefore needing a new property at short notice. **Figure 27 overleaf** illustrates problems with the preparation of properties and good practice to address these problems.

## Customer Focus

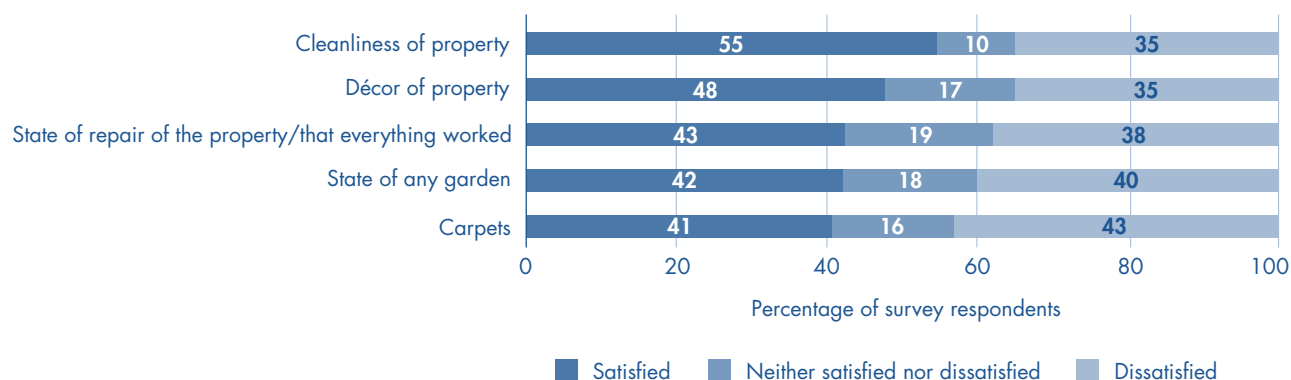
**3.19** The Department has a number of ways to facilitate consultation with the occupants of Service Families Accommodation (**Figure 28 on page 37**). Consultation with families could, however, be strengthened. Occupant Consultative Meetings are often poorly attended, and can

fall into abeyance, suggesting that occupants may not see them as a worthwhile opportunity to influence the management of their accommodation. The Department needs to re-invigorate these meetings, and draw on good practice from the social housing sector in encouraging greater emphasis on “tenant participation” in the running of estates. An approach to consultation or engagement which demonstrates that occupants’ views are given real weight, but avoids raising unrealistic expectations that those views can always be accommodated, will be most effective.

**3.20** There are number of examples in this report of areas where the Department could increase its customer focus (**Figure 29 on page 38**).

### 26 Satisfaction with property on move-in

Aspect of property on move-in



Source: National Audit Office survey of occupied Service Families Accommodation

## 27 The preparation of properties: problems and good practice

### Problem with preparation of property

#### Timing

On move-out, the contractor records the work needed on the property. In England and Wales, this work does not usually start until the property has been allocated to a family, after which Modern Housing Solutions have 15 days to prepare the property. There may be insufficient time to complete this work if significant repairs or cleaning are required.

#### Funding

In England and Wales, the problem is compounded if properties require work which is outside the routine maintenance contract or where the cost of the work exceeds the Housing Officers' delegated budget limit. The delegated budget limit in England and Wales was £500, but increased to £2,500 in September 2008.

#### "Takeback process"

In England and Wales, Defence Estates only sees the property as the occupant moves in, which allows no time to identify and rectify any problems in advance of the family arriving.

#### Cleaning

Moving into a house that is dirty and where carpets have not been cleaned is a major source of dissatisfaction for occupants. In England and Wales the property may sit empty for a while between occupants, and repairs or redecoration may be carried out, both of which will have an impact on the overall cleanliness of the property.

Source: National Audit Office analysis

### Good practice to address the problem

In contrast, in Scotland and Northern Ireland, work can start when the occupant moves out.

Following the Learning from Experience Report, a change of procedure to allow work to commence early in England and Wales is being discussed with the contractor.

In Scotland there are higher delegation limits allowing work to begin more quickly where significant repairs are required.

In Scotland, Housing Officers have up to £4,000 for void preparation, of which £3,000 can be spent on carpets and redecorations, and the Commercial Manager has up to £10,000 for bigger jobs.

In Scotland and Northern Ireland, there is a "takeback" process, whereby Defence Estates receives the property back from the contractor four days before move-in.

Following the Learning from Experience Report, a review of 'take back' procedures was undertaken and an agreement to return properties two days prior to move-in was due to be trialled from December 2008 in England and Wales. At this point, agreement as to whether the property meets the standard will be reached by Defence Estates and the Contractor. If the property does not meet the standard, they agree a definitive list of extra works required to meet the standard.

In Northern Ireland, occupants are required to do a surface clean only on a move-out, and a "deep clean", including the carpets, is carried out by the contractors just before the occupants move in.

## 28 Mechanisms for consultation

Consultation mechanism	Level	Description
Families Forum	National, at Ministerial level	Consultation with the Families Federations for the three Services on housing and other issues.
Defence Housing Joint Customer Board	National	Families Federations attend this Board, at which Defence Estates accounts for its performance to the Services and the other parts of the Department.
Housing Forum	National	Families Federations attend this Forum, at which housing issues can be discussed by stakeholders in detail.
Liaison with welfare support providers for the Services and the HIVE Information Service	National, with the relevant providers	
Liaison with the Chain of Command	Regional/local, with the Services	
Occupant Consultative meetings	Local	Occupant Consultative Meetings, which should be held in each locality, to enable families living in Service Families Accommodation to give their views directly to Defence Estates. The terms of reference of these meetings, set out in the Occupant's Handbook, include seeking the views of occupants on key housing issues, and assisting the Department in developing priorities for the modernisation and upgrading of housing.
Annual Continuous Attitude Survey of Service personnel	Individual Service personnel	The Department measures the satisfaction of personnel with their accommodation in general terms in its annual Continuous Attitude survey of Service personnel.

Source: National Audit Office analysis



## 29 Area where the Department could increase its customer focus

Area	Description	Report reference
Future planning	Future planning needs to take into account what families need for their accommodation, as well as the changing wider social trends.	Part 1 – paragraph 1.10
Priorities for investment	Currently the Department does not do enough to consult widely with occupants as to where best to prioritise available funding for upgrade works, on the possible designs for improvements to their properties such as kitchens and bathrooms.	Part 2 – paragraph 2.12
Communication of upgrade and other works	The Department could improve communication with occupants on future plans for Service Families Accommodation upgrades and improvements and on what is being done locally in their area.	Part 2 – paragraph 2.13
Lack of choice within the allocations system	Personnel currently have a limited amount of choice, and can express a preference for location only. Respondents to our survey would like the flexibility to apply for bigger properties to meet family needs, for which they say they are willing to pay more.	Part 3 – paragraph 3.9 to 3.10
Lack of information about properties	Personnel currently receive only very limited information about their allocated properties with just the type, location and grade for charge. Survey respondents would like to see an example of their allocated properties before they move, and would like to receive estate agent details on the size, layout and appearance of the property.	Part 3 – paragraph 3.11
Maintenance appointments	Personnel are notified of routine appointments, and appointments for pre-planned inspections such as gas safety checks, by letter and can change these by exception. Appointments are morning or afternoon only, which is not convenient for those who work. Survey respondents would like to see shorter appointment slots for maintenance.  If occupants are away and have not had a chance to respond to the appointment letter, the contractor may be unable to gain access to the property. If occupants are not at home for safety inspection appointments, Modern Housing Solutions issue the property with a “yellow-card” and, if it happens a second time, a “red-card” and carry out emergency maintenance only, which is a major source of dissatisfaction for occupants, and could sometimes be avoided with a more convenient appointment system.	Part 2 – paragraph 2.23
Lack of communication over the progress of repair work	Particularly where repair work falls outside the boundaries of the maintenance contract, communication on progress is poor and could be improved.  Around half of survey respondents had to chase the maintenance provider themselves to get work completed.	Part 2 – paragraph 2.22

Source: National Audit Office analysis

# APPENDIX ONE

This Appendix sets out our detailed recommendations.

## Strategic review

**1 The Department has been significantly constrained by the legacy of old stock, some now in the wrong locations and of the wrong size, and the challenge of matching families to properties is made more difficult because of its entitlement rules.** The Department should:

- complete its assessment of where it is likely to require housing in the future, in particular, to support the rationalisation of army bases into super garrisons;
- further review how close Service personnel need to be to individual bases and the extent to which small extensions to travelling time would make it easier to allocate housing stock;
- increase the use of the flexibility under existing policies with which they allocate housing to Officers and Other Ranks; and
- review the system of entitlement to determine if it still meets family needs and circumstances, and to consider ways of rewarding seniority and length of service for Other Ranks.

**2 The Department is currently renewing its complex and, in places, outmoded system for determining the charges paid by families for Service Families Accommodation.** The Department should implement a revised system which meets the following principles:

- transparency with reduced bureaucracy, subjectivity and duplication;
- a clearer reflection of the condition of the property and the local environment; and
- updated to reflect modern living requirements, as identified through consultation with families.

## Detailed recommendations

### Management of void properties

**3 The Department had some 9,200 empty properties as at September 2008 (18 per cent of its total stock), which cost £38 million a year (excluding the cost of maintenance and dilapidation).** The Department should:

- prepare properties for move-in more efficiently to reduce the turnaround time for properties between occupants, for example, by starting maintenance work as soon as properties are vacated and by taking back properties from the maintenance contractor some days before families are due to move in;
- make quicker decisions on the disposal of property so that they do not remain empty for several years; and
- explore alternative uses of void properties where they are not currently required but will be in the foreseeable future such as leasing appropriate blocks of housing for social housing.

### Contractor Management

**4 There were significant problems in the first year of a new prime contract for maintaining housing in England and Wales in 2006. Many of these problems have been resolved, but there are still difficulties with contract coverage and management.** The Department should seek to improve the performance of the contract by:

- benchmarking the maintenance system with other housing providers to make sure that it is receiving value for money;

- managing the contract more effectively to make sure that Key Performance Indicators are being measured appropriately and targets are appropriately met (for example, by verifying that new jobs are not opened for the same repair), and that subcontractor performance is well monitored by the prime contractor;
- instructing the maintenance contractor to improve the chance of getting a repair right first time by improving the ability of the helpdesk to understand the nature of the reported fault correctly, for example, by improving the usability of the diagnostic decision tool;
- reaching agreement with the contractor to provide shorter and more convenient appointment times and to report progress with their repair to save families from having to chase the progress of ongoing repairs with the helpdesk;
- analysing reactive maintenance to identify trends or generic problems which might be better addressed in a consolidated programme;
- resolving the areas under dispute in the housing prime contract as soon as possible;
- revising the contract to include items that were originally omitted such as carpets, curtains, sheds and block garages; and
- monitoring the effect of the recent increases in local delegations for Incidental New Works in England and Wales and increasing them further if necessary, and improving the process for approving work not included in the contract.

## Preparation of properties for new occupants

**5 Many families are dissatisfied with their property when they first move in, in particular, the cleanliness and the state of repair.** The Department should improve this situation by:

- introducing a standard take-back process for empty properties three days before families move in;
- deep cleaning all properties immediately prior to move-in with families only being required to carry out a surface clean on move-out; and
- getting the contractor to identify any work which is required to achieve the move-in standard, and is likely to take longer than 15 days; and ensuring that this work starts early, so that families are not disrupted on move-in.

## Improving the processes of allocations and move-in and move-out

**6 The Department has experienced considerable difficulties with the performance of Housing Information Centres, some of which are not delivering a satisfactory service to occupants.** The Department should:

- rebalance the workloads of the Housing Information Centres relieving the worst performing ones of the heaviest workloads;
- improve the management information available to staff at Centres such as personnel information on postings and end of tour dates and between Centres when personnel move;
- encourage Centres to seek the support of local military units in sorting out difficulties;
- make more rigorous collection of charges levied on move-out and consider implementation of other sanctions for those that abuse Service Families Accommodation; and
- make sure that work for which charges are collected is carried out without reducing funding available for other maintenance work.

## Involving families

**7 The Department does not involve personnel and their families sufficiently in the determination of priorities for, and the management of, Service Families Accommodation.** The Department should examine ways of building on existing forums, and learning from the social housing sector, to involve families more in:

- establishing likely future needs of families;
- the management of estates, in particular, problem solving of local issues, such as graffiti, fly-tipping, external lighting; and
- developing priorities for the local Upgrade and Strategic Facilities Programmes and their planning.

**8** The Department should communicate better with personnel and their families in the following aspects:

- the respective responsibilities of Defence Estates and Modern Housing Solutions, especially about the respective complaints procedures;
- providing estate agent style details of allocated properties;
- entitlement and eligibility rules and the reasoning behind the individual allocation of their property;
- the priorities of and progress on local aspects of the Upgrade and Strategic Facilities Programmes including to those families on the respective estate not directly affected;
- on options for home ownership; and
- on the Department's long term commitment to accommodating Service families.

**9** The Department should:

- allow families to state preferences for specific aspects of their property, such as garden size or proximity to specific facilities;
- while the Department has an estate in variable condition it should allow families to express a preference for a property that carries a lower or higher charge;
- use current flexibility, where stock allows, to provide families with bigger and more expensive properties if they request them; and
- improve training for allocations staff and make better information available to them on properties and the surrounding environment to make such intelligent allocations possible.

# APPENDIX TWO

## Study scope and methodology

**1** This Appendix sets out the aims and scope of our examination of Service Families Accommodation, and the methodologies we used in the course of the study.

### The aim and scope of the study

**2** The aim of our study was to assess how well United Kingdom Service Families Accommodation meets current operational and Service families' needs, and how the Ministry of Defence is planning to meet expected future needs. Our assessment centred on three main areas:

- whether accommodation policies and delivery processes meet current needs, and how responsive the Ministry of Defence is to changes in these needs;
- whether the Ministry of Defence is managing its housing stock effectively to meet current operational and Service family needs; and
- whether the Ministry of Defence is providing a cost-effective and responsive service for the occupants of Service Families Accommodation.

**3** Our study covered Service Families Accommodation in the United Kingdom only. The Quality of Housing Service to Service Families Overseas was the subject of a National Audit Office study published in March 2005. We did not examine the provision of Single Living Accommodation for unmarried or unaccompanied personnel. We examined the contract with Annington Homes in terms of the impact on the Department's ability to dispose of surplus properties, but did not re-examine the value of the original Annington Homes deal, which was covered in our report *The Sale of Married Quarters Estate* (HC 239 Parliamentary session 1997-1998).

### Methodology

**4** We conducted semi-structured interviews, site visits, a review of Departmental data and quantitative analysis of both financial and non-financial data between April 2008 and October 2008. We also carried out a comprehensive survey of the occupants of Service Families Accommodation in the United Kingdom. Fieldwork for the study took place during July 2008.

### Survey

**5** We devised a survey for all occupants of Service Families Accommodation in the United Kingdom. The questionnaire was designed to be completed either by the Service person or by their partner, or jointly. We asked families about their views on the overall condition of their properties and their experience of the maintenance and repairs service, their experience of the allocations and move processes, their priorities for upgrade programmes, and their views on home ownership.

**6** We surveyed the occupants of all Service Families Accommodation properties which were occupied or expected to be occupied by families in June 2008. We excluded those properties which were known to be long-term voids. We commissioned ORC International to dispatch the surveys and to collate and analyse the responses. Postal surveys were sent out to 40,709 properties. We received 12,427 responses, a response rate of 30.5 per cent. A breakdown of response by Service is at **Figure 30**. A report on the results of our survey can be found on our website at [www.nao.org.uk](http://www.nao.org.uk).

**30** Survey response rate by Service and by Rank

	Surveys sent	Total surveys sent (%)	Surveys received	Response rate (%)
Royal Navy and Royal Marines	4,460	11	1,228 and 277	34
Army	24,154	59	7,227	30
Royal Air Force	10,789	27	3,615	34
Other occupants of service families Accommodation	1,306	3	55	4
Did not state			25	
Total	40,709		12,427	30.5
Officers	8,815		3,763	43
Other ranks	31,894		8,533	27
Did not state			131	
Total	40,709		12,427	30.5

Source: National Audit Office survey of occupied Service Families Accommodation

## Semi structured interviews and site visits

**7** We conducted around 30 semi-structured interviews with key individuals and groups responsible for delivering Service Families Accommodation and related services, as well as stakeholder groups such as the Service Families Federations, and we spoke to external experts in delivering housing services (**Figure 31 overleaf**). We also ran focus groups with Service personnel and families at Royal Air Force Lyneham, Royal Air Force Odiham, Blandford Camp and Portsmouth Royal Navy base.

## Field visits

**8** We undertook ten visits to view Service Families Accommodation properties. We selected a range of areas, to cover all three Services and different standards and grades of housing. We saw a sample of properties of different conditions, and overall we visited some 80 properties across the different locations (**Figure 32 overleaf**). We spoke to around 50 individuals during our visits to accommodation, including local Housing Managers and Housing Officers, Modern Housing Solutions technical staff and welfare staff from the Services. Our visits include Scotland and Northern Ireland, as different delivery arrangements are in place in these areas.

**9** We visited three Housing Information Centres to see how processes operated on the ground (**Figure 32**). We also attended move-outs and move-ins at Catterick and in the Salisbury Plain area. We visited the Modern Housing Solutions Helpdesk in Speke, Liverpool, the South East zone office in Aldershot and the Central zone office in Uxbridge.

## Review of departmental papers

**10** We reviewed a large number of Departmental documents. These documents included policy and planning papers related to the estate and the provision of accommodation and on entitlements and regulations, performance reports, minutes of key meetings and Committees, Manning Papers of Evidence produced by the Department for the Armed Forces Pay Review Body, results of Continuous Attitude surveys, the Department's own housing surveys (Defence Estates), and other information produced by Defence Estates, the centre of the Department and customer organisations.

## Quantitative analysis

**11** We collected financial data from the Department on the cost of delivering Service Families Accommodation. This data included contract costs, costs of delivering the maintenance service, costs of planned upgrade work, rent paid to Annington Homes and staff costs, as well as the income from charges paid by Service personnel.

## 31 List of Semi Structured Interviews

### Ministry of Defence

- Directorate of Service Personnel Policy
- Housing Colonels for Royal Navy, Army and Royal Air Force

### Royal Navy

- Base Commander Devonport
- Naval Families Federation

### Army

- Army Welfare Service
- Army Families Federation
- Army Infrastructure Organisation, Salisbury

### Royal Air Force

- Station Commander, Royal Air Force Odiham
- Royal Air Force Families Federation

### Defence Estates

- Director, Defence Estates Operations Housing
- Deputy Directors, Housing Delivery and Estate Management (Housing)
- Housing Prime Contract Commercial and Finance

- Service Housing Policy/Service Liaison
- Assistant Directors – North, South
- Area Housing Managers – Scotland and Northern Ireland, North, South West
- Housing Information Centre Managers – Rosyth, York, Warminster

### Others

- Joint Services Housing Advice Office
- HIVE information centre network

### External experts consulted

- Housemark
- Housing Corporation
- Chartered Institute of Housing
- Derby Homes

### Modern Housing Solutions

- Managing Director
- Communications manager
- Helpdesk manager
- South East zone manager

Source: National Audit Office

## 32 Field visits to accommodation and Housing Information Centres

### Visits to accommodation

- Aldershot
- Portsmouth
- Royal Air Force Northolt
- Plymouth
- Salisbury plain area, including Bulford, Tidworth, Larkhill and Upavon
- Edinburgh
- Northern Ireland – Holywood and Lisburn
- Lincolnshire (Royal Air Force Cranwell, Royal Air Force Coningsby, Royal Air Force Digby)

### Attendance at moves

- Catterick Garrison
- Larkhill and Upavon

### Housing Information Centres

- Rosyth Housing Information Centre
- Warminster Housing Information Centre
- York Housing Information Centre

Source: National Audit Office

12 We also collected non-financial information on maintenance contractor and Housing Information Centre performance and on completed and planned upgrade work. We collected data on the current housing stock, including location, type and standard for condition, the numbers of void properties, the numbers of bulk leases and substitute Service Families Accommodation properties. We have mapped this information using Geographical Information Systems software to show where different types of properties are located.

## Comparators

13 As part of our fieldwork, we spoke to external experts involved in the delivery of housing services. We looked at comparator information where relevant, including an analysis of how the Department's standards for assessing the condition compared to the Government's Decent Homes Standard.

## Quality assurance

**14** An internal expert panel reviewed the scope of our fieldwork and the quality of our audit findings. This panel consisted of National Audit Office staff with experience of delivery and audit of housing services. The members were independent of the study team and met in January and September.

## Previous National Audit Office publications

- This report takes into account previous National Audit Office value for money reports, which examined the Defence Estate and other housing and personnel issues. These reports were:
  - *The Sale of Married Quarters Estate* (HC 239, Parliamentary Session 1997-1998);
  - *Ministry of Defence: Quality of Housing Services to Families Overseas* (HC 342, Parliamentary Session 2004-2005);
  - *Managing the Defence Estate* (HC 25, Parliamentary Session 2005-2006);
  - *Recruitment and Retention in the Armed Forces* (HC 1633-I & 1633-II, Parliamentary Session 2005-2006);
  - *Ministry of Defence: Leaving the Services* (HC 618, Parliamentary Session 2006-2007); and
  - *Ministry of Defence – Managing the Defence Estate: Quality and Sustainability* (HC 154, Parliamentary Session 2006-2007).



# APPENDIX THREE

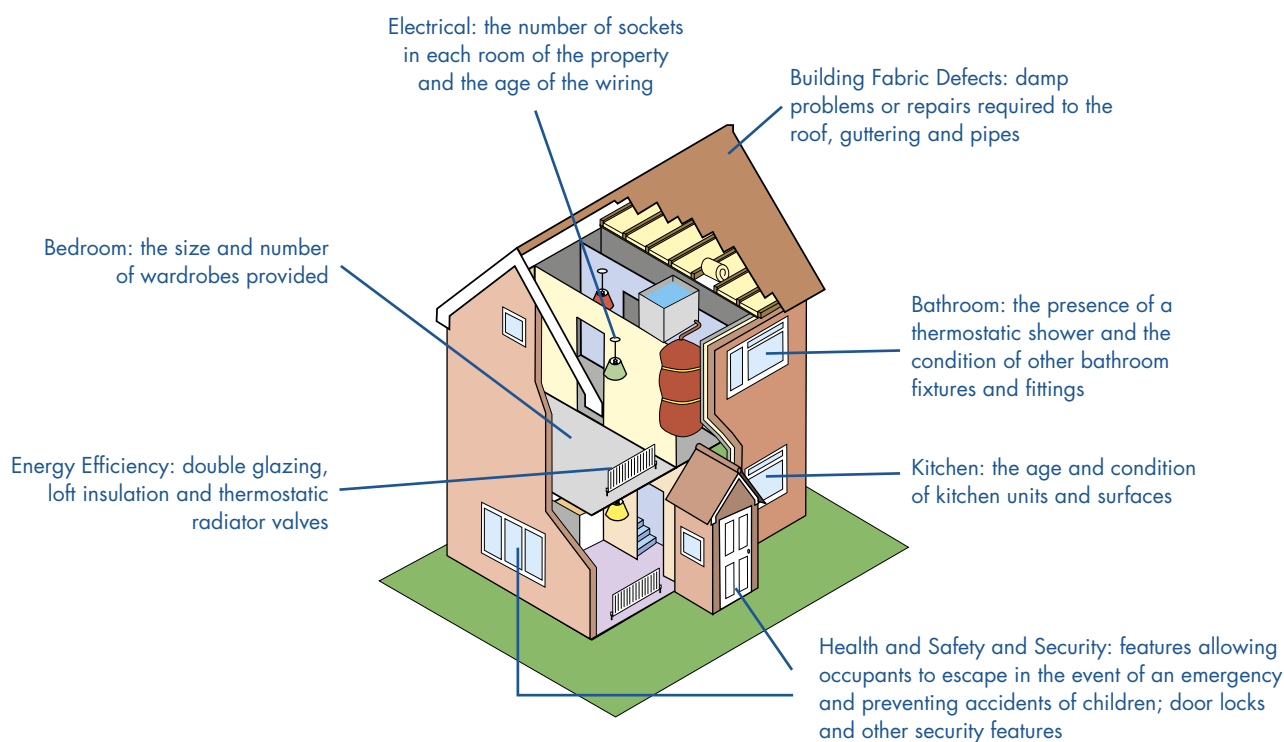
## Stock Assessment Systems

### Standard for Condition

**1** This is the Department's mechanism for assessing the physical condition of its housing stock. It is used to measure the variation in the condition of the stock and to prioritise investment. Properties are rated as one of four conditions, with Standard 1 for Condition being the best condition and Standard 4 for Condition, the worst. The assessment is made against eight elements of the property as shown in **Figure 33**, with penalty points awarded for defined defects or where a fixture is missing. A property's Standard for Condition rating is the lowest that any one element scores.

**2** Some of the stock owned by the Department far exceeds Standard 1 for Condition. These properties contain fixtures and fittings that meet families' aspirations for modern living, such as en-suite bathrooms, which do not form part of the criteria that are assessed.

### 33 The Elements Assessed in a Property's Standard for Condition



Source: National Audit Office analysis of departmental data

3 The Standard for Condition criteria used by the Department are not easily comparable to other condition benchmarks, such as the Government's Decent Homes Standard. The Decent Homes Standard is used to define the minimum standard that social housing landlords should provide by 2010 and uses four main criteria to assess a property. Under the Decent Homes Standard, a property is defined as decent if it:

- is free of health and safety risks that are classed as 'Category 1 hazards', this depends on both the severity of the risk and its potential impact on vulnerable occupants;
- it is in a reasonable state of repair – no key building components (such as the roof and external walls) are old and need replacing or major repair;
- most other components of the building are in a reasonable state and do not need significant repair or replacement, a property with two or more such components failing would fail the standard;
- it has reasonably modern facilities such as the kitchen and bathroom, a property must have three or more defects on the grounds of modernity to fail the standard; and
- it provides a reasonable degree of thermal comfort.

Properties have to be surveyed by an expert to determine if they meet the Decent Homes criteria.

4 Our analysis shows that condition 1 or 2 Service Families Accommodation clearly meets or exceeds the Decent Homes Standard (Figure 34 on pages 48 to 51). The Department has systems in place that, if rigorously applied, minimise the risk that occupants are put into properties that would fail the Decent Homes Standard for some of the four criteria:

- The Department's policy is that it will not allocate a property if it is subject to major health and safety risks or poor condition of a key building component, comparable to criteria in the Decent Homes Standard. This policy is articulated in the standard that a property must meet before occupants move in to it.
- Under the Decent Homes Standard a property must fail three or more of the criteria that are used to measure modernity, such as the age, space and layout of the kitchen and the age and location of the bathroom. This means that they cannot be easily compared to the Standard for Condition criteria where these elements are assessed separately and the overall condition may be determined by the age and condition of just one element. For example, a property that is condition 3 due to the age and layout of its kitchen may have a higher condition rating for its bathroom so it would not necessarily fail the Decent Homes Standard on the grounds of modernity.
- Energy efficiency and thermal comfort cannot be directly compared as condition 3 and 4 properties may, for example, have loft insulation that is below the Decent Homes Standard definition, but still meet the Department's overall standard for energy efficiency ratings, which is higher than required in the Decent Homes Standard.

5 The Department collects data in order to determine the Standard for Condition for a particular property, but it does not measure the property against Decent Homes Standard criteria where these differ from its own criteria. This data can not, therefore, give a definitive answer as to which of its condition 3 and condition 4 properties meet the standard and which do not.

### 34 A Comparison of the Decent Homes Standard with the Department’s Standard for Condition

Element	Decent Homes Standard	Ministry of Defence Standard for Condition			
		Condition 1	Condition 2	Condition 3	Condition 4
<p>The analysis below provides examples of significant defects for each element of a property that lead to it being categorised within a particular Standard for Condition. Within an element the condition is not judged as a simple pass or fail, but on the number of penalty points awarded. The overall condition of the property is the lowest that any one element scores, with condition 4 being the lowest.</p>					
<p><b>Kitchen</b></p> <p>(Properties must fail on three or more of the conditions specified under “reasonably modern facilities and services” to be classed as “non decent.”)</p>	<ul style="list-style-type: none"> <li>■ Less than 20 years old</li> <li>■ Kitchen with adequate space and layout – of sufficient size to contain all components (sink, cooker space, worktops, cupboards) for a dwelling of its size</li> </ul>	<ul style="list-style-type: none"> <li>■ Less than 16 years old</li> <li>■ or, if older (to a maximum of 21 years) must have good condition storage, surfaces and water resistant flooring</li> </ul>	<ul style="list-style-type: none"> <li>■ Greater than 16 years old with poor condition storage, surfaces and water resistant tiles</li> <li>■ or, if older (to a maximum of 26 years) must have good condition storage, surfaces and water resistant flooring</li> </ul>	<ul style="list-style-type: none"> <li>■ Greater than 22 years old with poor condition storage, surfaces and water resistant tiles</li> </ul>	<ul style="list-style-type: none"> <li>■ A property cannot be categorised as Standard for Condition 4 for this element</li> </ul>
<p><b>Bathroom</b></p> <p>(Properties must fail on three or more of the conditions specified under “reasonably modern facilities and services” to be classed as “non decent.”)</p>	<ul style="list-style-type: none"> <li>■ Reasonably modern bathroom (30 years or less)</li> <li>■ Appropriately located bathroom and WC – inappropriate standards would be if the bathroom is in/accessed through a bedroom, WC not located on the same floor as a handbasin, WC without a handbasin if off food preparation area (kitchen)</li> </ul>	<ul style="list-style-type: none"> <li>■ Most fixtures and fittings in good condition – some defects to fixtures are possible including to main bath, WC and wash basin</li> </ul>	<ul style="list-style-type: none"> <li>■ Defects in various fittings and poor condition main bath, WC and wash basin</li> <li>■ or only WC accessible only through a habitable room</li> <li>■ or no thermostatic shower</li> </ul>	<ul style="list-style-type: none"> <li>■ Access to only WC is through a habitable room and no thermostatic shower</li> <li>■ or, one of the above plus numerous defects to fittings including to main bath, WC and wash basin</li> </ul>	<ul style="list-style-type: none"> <li>■ External WC only</li> <li>■ or, access to only WC through a habitable room, no thermostatic shower and numerous defects to fittings</li> </ul>

### 34 A Comparison of the Decent Homes Standard with the Department's Standard for Condition *continued*

Element	Decent Homes Standard	Ministry of Defence Standard for Condition			
		Condition 1	Condition 2	Condition 3	Condition 4
<p>The analysis below provides examples of significant defects for each element of a property that lead to it being categorised within a particular Standard for Condition. Within an element the condition is not judged as a simple pass or fail, but on the number of penalty points awarded. The overall condition of the property is the lowest that any one element scores, with condition 4 being the lowest.</p>					
Electrical	<ul style="list-style-type: none"> <li>■ Not requiring replacement or major repair</li> <li>■ Electric wiring that is old (exceeds its lifecycle), but in reasonable condition would not fail the standard, or wiring that is new but in a poor condition would not fail the standard</li> <li>■ Electrical hazards, which may be caused by having inadequate electrical sockets, could be classed as a category 1 hazard</li> </ul>	<ul style="list-style-type: none"> <li>■ Miniature circuit breaker consumer unit (flip switch 'fuse box') and electric wiring less than 33 years old and up to 15 sockets, lights and telephone points defective or not to scale</li> <li>■ or electric wiring up to 39 years old with fewer defects/under-scaling on sockets and telephone points</li> </ul>	<ul style="list-style-type: none"> <li>■ Consumer unit is not a miniature circuit breaker (flip switch 'fuse box'), electric wiring less than 33 years old and up to 14 sockets, lights and telephone points defective or not to scale</li> <li>■ or electric wiring is up to 37 years old, consumer unit is not a miniature circuit breaker (flip switch 'fuse box'), and there are a minimal number of sockets, lights and telephone points which are defective or not to scale</li> </ul>	<ul style="list-style-type: none"> <li>■ Electric wiring is over 39 years old and consumer unit is not a miniature circuit breaker (flip switch 'fuse box')</li> <li>■ or one of the above and numerous sockets, lights and telephone points defective or not to scale</li> </ul>	<ul style="list-style-type: none"> <li>■ Electric wiring is over 39 years old and consumer unit is not a miniature circuit breaker (flip switch 'fuse box'), and numerous sockets, lights and telephone points defective or not to scale</li> </ul>
Building fabric defects	<ul style="list-style-type: none"> <li>■ Roof and external fabric in reasonable condition</li> <li>■ No one key component requiring replacement or major repair</li> <li>■ Components that are old but in reasonable condition or new but in a poor condition would not fail the standard</li> </ul>	<ul style="list-style-type: none"> <li>■ Minor rising and penetrating damp plus medium repairs required to up to two components of the roof, primary walls and main windows, or major repairs of guttering and rainwater pipes, or major condensation defects, or poor ventilation in the loft, kitchen and bathroom</li> </ul>	<ul style="list-style-type: none"> <li>■ Major rising or penetrating damp plus a few minor defects such as condensation, poor ventilation and minor repairs required to roof, main windows or guttering</li> <li>■ or major repairs required to up to five components of the roof, primary walls and main windows</li> </ul>	<ul style="list-style-type: none"> <li>■ Major rising and penetrating damp</li> <li>■ or one of the above and up to five major repairs required to components of the roof, primary walls and main windows</li> </ul>	<ul style="list-style-type: none"> <li>■ Major rising and penetrating damp and at least four major repairs required to components of the roof, primary walls and main windows or numerous minor defects such as condensation, poor ventilation and minor repairs required to the roof, primary walls, main windows or guttering</li> </ul>

**34** A Comparison of the Decent Homes Standard with the Department’s Standard for Condition *continued*

Element	Decent Homes Standard	Ministry of Defence Standard for Condition			
		Condition 1	Condition 2	Condition 3	Condition 4
		<p>The analysis below provides examples of significant defects for each element of a property that lead to it being categorised within a particular Standard for Condition. Within an element the condition is not judged as a simple pass or fail, but on the number of penalty points awarded. The overall condition of the property is the lowest that any one element scores, with condition 4 being the lowest.</p>			
Building fabric defects <i>continued</i>	<ul style="list-style-type: none"> <li>■ Damp and mould growth could be classed as a Category 1 hazard, and may be caused by rising or penetrating damp or persistent condensation</li> </ul>	<ul style="list-style-type: none"> <li>■ or medium rising or penetrating damp and other defects as listed above</li> <li>■ or major repairs required to up to two components of the roof, primary walls and main windows</li> <li>■ or a few minor defects such as condensation, poor ventilation and minor repairs required to the roof, primary walls, main windows or guttering</li> </ul>			<ul style="list-style-type: none"> <li>■ or major rising and penetrating damp and numerous major repairs required to components of the roof, primary walls and main windows and major condensation defects, or poor ventilation in the loft, kitchen and bathroom</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>■ Efficient heating systems such as programmable central heating, electric storage heaters, warm air or underfloor systems</li> <li>■ 50mm loft insulation if oil/gas programmable heating installed, or minimum 200mm for other heating systems</li> <li>■ SAP<sup>1</sup> rating greater than 35</li> <li>■ Excess cold could be classed as a category 1 hazard</li> </ul>	<ul style="list-style-type: none"> <li>■ SAP<sup>1</sup> rating of less than 60 but greater than 50</li> <li>■ or loft insulation of less than 150mm but greater than 50mm</li> <li>■ or numerous minor defects such as poor insulation on the tank in the loft, main door single glazed and missing thermostatic radiator valves</li> </ul>	<ul style="list-style-type: none"> <li>■ No double glazing</li> <li>■ or loft insulation of less than 50mm</li> <li>■ or one of the above or SAP<sup>1</sup> rating of less than 60 and a few minor defects</li> </ul>	<ul style="list-style-type: none"> <li>■ One of no double glazing, loft insulation of less than 50mm or SAP<sup>1</sup> rating of less than 60 and defects to insulation on the tank in the loft, main door single glazed and missing thermostatic radiator valves</li> <li>■ or two faults of no double glazing, loft insulation of less than 50mm or SAP<sup>1</sup> rating of less than 60 and minor defects to insulation on the tank in the loft, main door single glazed and missing thermostatic radiator valves</li> </ul>	<ul style="list-style-type: none"> <li>■ No double glazing and SAP<sup>1</sup> rating 50 (No further points deduction below this level) and of less than 50mm loft insulation</li> </ul>

### 34 A Comparison of the Decent Homes Standard with the Department's Standard for Condition *continued*

Element	Decent Homes Standard	Ministry of Defence Standard for Condition			
		Condition 1	Condition 2	Condition 3	Condition 4
<p>The analysis below provides examples of significant defects for each element of a property that lead to it being categorised within a particular Standard for Condition. Within an element the condition is not judged as a simple pass or fail, but on the number of penalty points awarded. The overall condition of the property is the lowest that any one element scores, with condition 4 being the lowest.</p>					
Bedroom	<ul style="list-style-type: none"> <li>No conditions defined under the Decent Homes Standard</li> </ul>	<ul style="list-style-type: none"> <li>No fitted double wardrobe in bedrooms one and two</li> </ul>	<ul style="list-style-type: none"> <li>No fitted wardrobe in three or more bedrooms</li> </ul>	<ul style="list-style-type: none"> <li>A property cannot be categorised as Standard for Condition 3 for this element</li> </ul>	<ul style="list-style-type: none"> <li>A property cannot be categorised as Standard for Condition 4 for this element</li> </ul>
Health and Safety	<ul style="list-style-type: none"> <li>Problems with health and safety count towards hazard rating</li> <li>Properties must be free from category 1 hazards such as inadequate protection from accidents, or fire hazard</li> </ul>	<ul style="list-style-type: none"> <li>Problems with window fire escape compliance and one of locked bathroom cabinet or lower window safety glazing defects</li> </ul>	<ul style="list-style-type: none"> <li>Smoke detector missing from one level of the property</li> <li>or problems with window fire escape compliance, locked bathroom cabinet, lower window safety glazing defects, and no upper window restrictors or child stair gate if these have been requested</li> </ul>	<ul style="list-style-type: none"> <li>No smoke detectors or detectors missing from two levels of the property</li> <li>or smoke detector missing from one level of the property, problems with window fire escape compliance, and one of locked bathroom cabinet or lower window safety glazing defects</li> </ul>	<ul style="list-style-type: none"> <li>No smoke detectors or detectors missing from two levels of the property</li> <li>and problems with window fire escape compliance, locked bathroom cabinet, lower window safety glazing defects and no upper window restrictors or child stair gate if these have been requested</li> </ul>
Security	<ul style="list-style-type: none"> <li>Problems with security count towards hazard rating</li> <li>Properties must be free of category 1 hazards such as the risk of entry by intruders due to poor security measures on doors</li> </ul>	<ul style="list-style-type: none"> <li>Up to two defects to front door deadlatch, rear door lock or patio door lock</li> <li>or one defect above and up to three defects to front door bolt, chain, spyhole, bell and light</li> </ul>	<ul style="list-style-type: none"> <li>Defects to front door deadlatch, rear door lock or patio door lock and up to two defects to front door bolt, chain, spyhole, bell and light</li> <li>or defects to two of front door deadlatch, rear door lock or patio door lock and front door bolt, chain, spyhole, bell and light all defective</li> </ul>	<ul style="list-style-type: none"> <li>Defects to front door deadlatch, rear door lock or patio door lock and three or more defects to front door bolt, chain, spyhole, bell and light</li> </ul>	<ul style="list-style-type: none"> <li>A property cannot be categorised as Standard for Condition 4 for this element</li> </ul>

Source: National Audit Office analysis of Departmental data

#### NOTE

1 Standard Assessment Procedure ratings, the Government's recommended system for energy rating of dwellings.

## Grade for Charge

**6** The charges that are levied on occupants of Service Families Accommodation are standardised across the United Kingdom for each type of property. The reason for this is that personnel often do not have a choice in their posting and so it would be unfair to penalise them when they are posted to an area where market rents are high. The grading system allows the Department to vary the charges that it levies on occupants to provide parity when personnel move between locations and different quality accommodation. There are four possible grades with grade one being the highest charge.

**7** The factors that are assessed for the Grade for Charge are the size of accommodation, its condition, the provision of key local amenities, and environmental factors. Penalty points are awarded if a property or its location is deficient against defined aspects of these factors. For example, up to five penalty points can be awarded if a property is one and a half miles from essential amenities which would result in a property being Grade 2 for Charge (see Figure 35) regardless of its condition. Positive points can be awarded where a property has en-suite facilities, a utility room or an additional W.C.

### 35 Grades for Charge

Net Deficiency Points	Grade for Charge	Number of Properties in UK Housing Stock
0-4	1	7,130
5-9	2	17,376
10-14	3	17,547
15-25	4	7,670

Source: National Audit Office analysis of Departmental data

## APPENDIX FOUR

# Entitlement, Eligibility and the Licence to Occupy

### Entitlement System

**1** Service personnel that are married, in a civil partnership or who have custody of children are entitled to Service Families Accommodation. The type, or size, of property that they are entitled to is determined by rank for Officers and by family size for Other Ranks. There are six property sizes defined for Officers and three for Other Ranks, including Non-Commissioned Officers (Figure 1). There are minor differences in the entitlement of Non-Commissioned Officers between the Services: Warrant Officers in the Royal Air Force are entitled to a four bedroom house regardless of family size, while those in the Royal Navy and Army are only entitled to a three bedroom property.

**2** The charges that Service personnel pay for their accommodation vary with the type of property that they are entitled to. Charges also vary according to the grade of the specific property that they are allocated, according to a four tier grading system. Service personnel recognise that the charges are reasonable when compared to the average cost of accommodation in the civilian population of 20 per cent of gross household income.

**3** The Department has defined the number of bedrooms, the overall size and other detailed requirements for each type of property, such as fitted wardrobes or a cooker, which together are called its scale. There can be significant variation, however, between properties of the same type due to the different ages and layouts of the housing stock.

**4** Personnel should be allocated a property of the type that they are entitled to in the location and on the date that they require it. If no such properties are available, the Department can allocate a property above their entitlement, although the family will only pay the charge for property they are entitled to. The Department can also allocate a property one type below entitlement, for which the family will pay the lower charge, apart from Royal Air Force Service families.

### Allocations Outside Entitlement

**5** Families can request a property that is above their entitlement if they are prepared to pay the higher charge for the property, or one type below their entitlement if they would prefer to pay less. The Department is committed to accommodating these requests where there is stock available to do so.

**6** Allocations for Other Ranks are made by family size. This policy means that a family can lose their entitlement to a larger property (or to Service Families Accommodation in the case of single parents) when their children reach the age of 18 if they are not in full time education, as they will no longer be classed as dependent even if they continue to live with their parents. It is the Department's policy for the family to remain in their allocated property, rather than require them to downsize to a smaller house, and for a smaller property to be allocated at their next duty station.

**7** Department rules require children of Other Ranks families to share a bedroom up to the age of ten. Families with three children under the age of ten can, however, ask to be allocated a four bedroom property.

### Eligibility

**8** The Department distinguishes between personnel that are entitled to Service Families Accommodation (who the Department must accommodate in a suitable property) and those that are only eligible for Service Families Accommodation (who can be accommodated if there is surplus stock in the location they require and if the local Chain of Command agrees). The rules on eligibility are in place to help the Department manage its stock more efficiently by reducing the number of void properties that it holds; surplus Service Families Accommodation will be used to accommodate eligible individuals. Eligible individuals are housed on a temporary basis and can be removed by the Department with 28 days notice.



**9** The eligibility rules allow Service and civilian personnel to be housed in surplus Service Families Accommodation using the following prioritisation:

- a** personnel entitled to Service Families Accommodation that want to take up their entitlement at somewhere other than their duty station;
- b** personnel that provide financial support to a spouse or former spouse, civil partner or former civil partner, or child(ren) by voluntary agreement or an order made by a court;
- c** all other Armed Forces personnel, including those that choose to serve unaccompanied, for accommodation at their duty station;
- d** recently retired or redundant personnel, bereaved spouses or Service personnel who have lost their entitlement to Service Families Accommodation. Bereaved spouses retain entitlement to Service Families Accommodation for up to two years, which can be extended in consultation with welfare staff and the Unit until a permanent housing solution has been identified. Once the bereaved occupant has vacated the Service Families Accommodation there is no entitlement to re-occupy Service Families Accommodation, although the bereaved spouse/civil partner may apply to occupy surplus Service Families Accommodation at market rent;
- e** estranged families of Service personnel after they have been given notice to leave Service Families Accommodation;
- f** Foreign and Commonwealth personnel who are not on an official exchange or liaison programme;
- g** other civilian personnel employed by the Services;
- h** civilian key workers (such as teachers and health workers); and
- i** other civilians (non-crown employees).

**10** Civilians, including those employed by the Services and those that have been widowed or separated from a Service person, are required to pay the local market rate for Service Families Accommodation. Service personnel pay the subsidised Service Families Accommodation charges.

## Licence to Occupy

**11** Service personnel are required to sign a licence to occupy their property before they move in to it. This licence confers different rights and responsibilities on the occupant than a tenancy agreement. Most notably, occupants do not gain an interest in the property that they inhabit and do not have exclusive use of it, which allows the landlord unrestricted access to the property and the ability to move occupants between properties if they need to. The Department, and its contractors, require access to any Service Families property for legitimate reasons where the occupant has been given at least 24 hours notice.

**12 Rights:** Service families are allowed to keep pets, make alterations (such as attach a satellite dish or security lighting) or carry out a business activity from their property if they have obtained permission to do so from Defence Estates.

**13 Responsibilities:** Occupants are responsible for maintaining their property and any enclosed garden in a good state of repair. They may be charged for damage that arises from accident or negligence, either when they report the damage to the maintenance contractor or on move-out. They are advised to take out insurance for this liability.

## APPENDIX FIVE

## Housing Performance Information

**1** Defence Estates monitors the performance of its maintenance contractors using key performance targets as defined in their contract. These are linked to financial penalties for poor performance. The reported performance against key targets has improved in England and Wales.

### Move-out and Move-in Standards

**2** As shown in figure 24 of paragraph 3.13 the reported move-out standard is consistently lower than the reported move-in standard. There are regional variations in the performance (**Figure 36 overleaf**). The move-in standard achieved is consistently higher in Modern Housing Solutions' North zone with the South East and London zones performing relatively poorly. This discrepancy may, in part, be explained by the fact that the move-out standard is higher in the better performing zones. The performances of different zones correlate with the satisfaction of respondents to our survey.

### Maintenance

**3** The maintenance providers have target response times for repairs, which are categorised according to the nature of the repair as an Emergency, Urgent or Response repair. Only 33 per cent of survey respondents

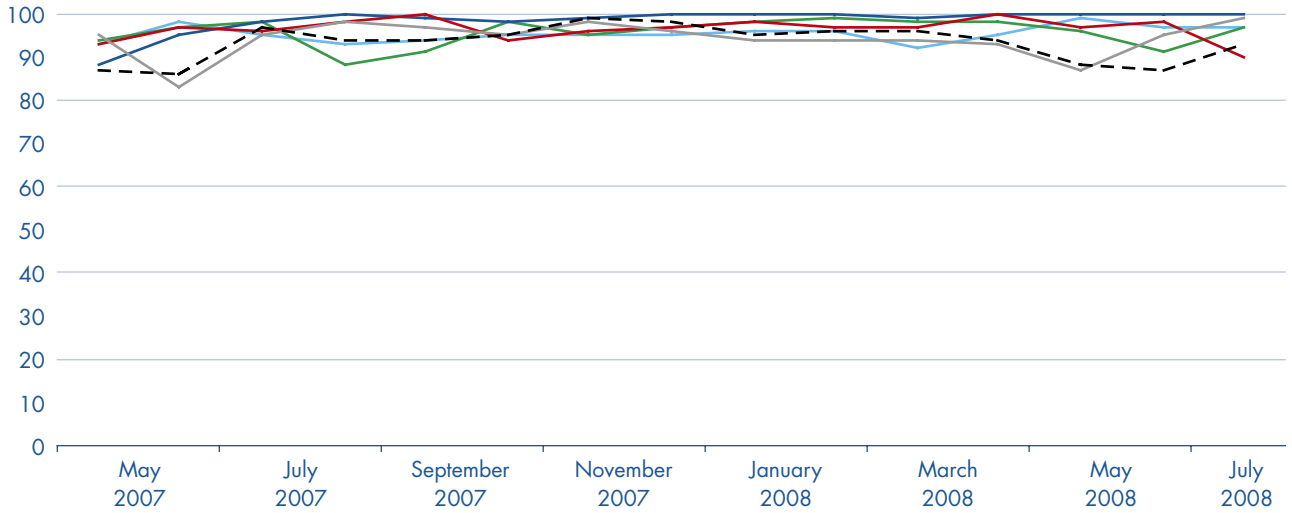
believed that their repair was a routine repair but some 60 per cent of all repairs carried out by the contractor in 2007-08 were so classified. Reported performance in England and Wales has improved significantly over the period measured. In Scotland and Northern Ireland, where the maintenance contracts have been in place for longer, performance has remained more stable (**Figure 37 on page 57**). All contractors achieve better rates of performance for emergency repairs. The level of occupant satisfaction with maintenance as measured by the contractor is shown in **Figure 38 on page 58**.

**4** A key factor in providing an efficient repairs process is to repair items on the first visit. First time fixes require the maintenance contractor to send a tradesman with the right skills and parts to do the job; which in turn, is reliant on the fault being diagnosed and recorded correctly by the helpdesk. Modern Housing Solutions measures its performance on 'right first time repairs'. Its reported performance (**Figure 39 on page 58**) is significantly higher than the 40 per cent of survey respondents who stated that their issue had been repaired on the first visit.

**36** Regional performance on move-in and move-out standards

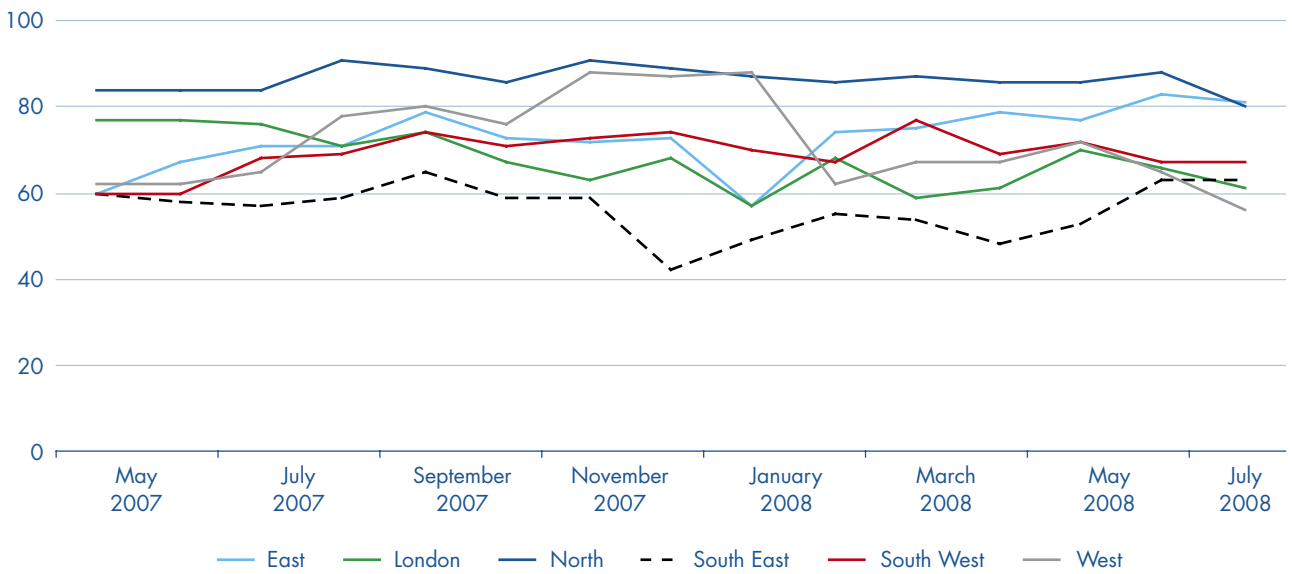
**Move-in standard by region**

Percentage pass



**Move-out standard by region**

Percentage pass

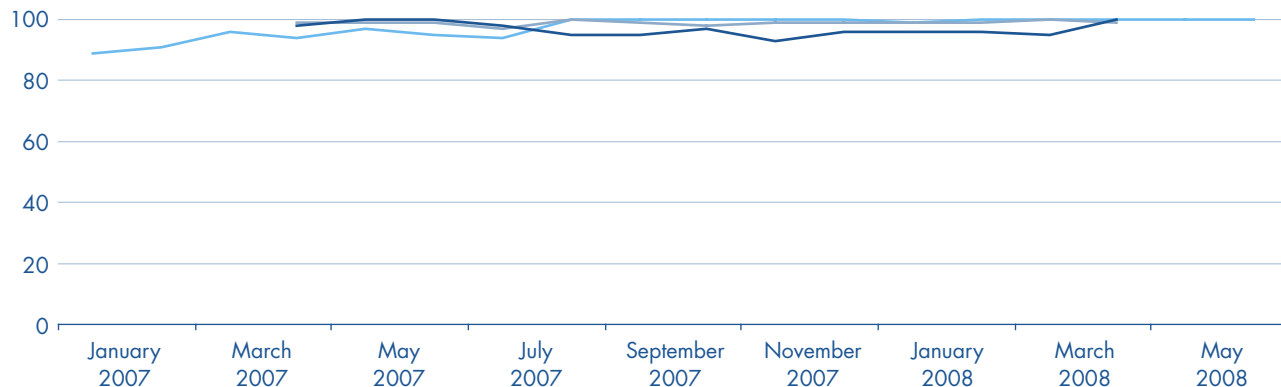


Source: National Audit Office analysis of Departmental data

**37** The Performance Against Target on Maintenance, by Region

**Emergency repairs vs.KPI**

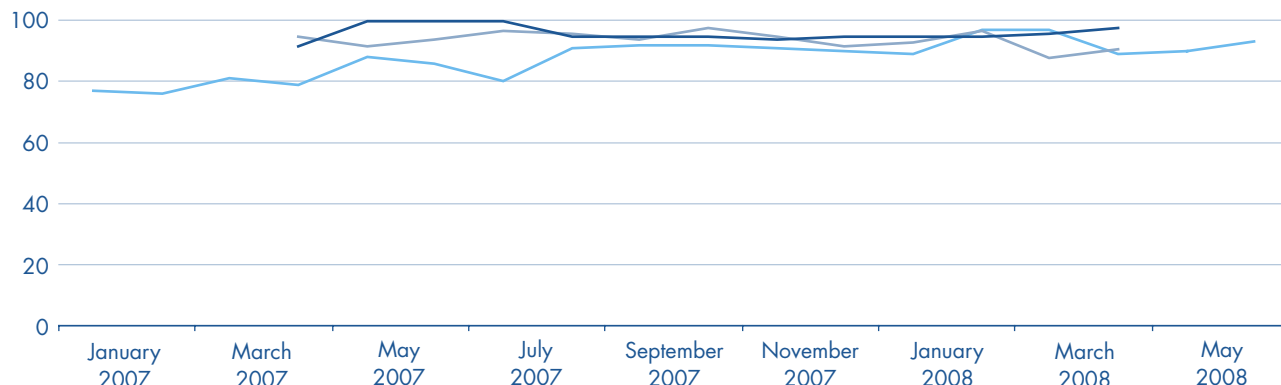
Percentage pass KPI



Target response times are: Attend in three hours, make good in 24 hours. In Northern Ireland there is also a category of 'Very Urgent' repairs where contractors are required to attend in six hours and make good in 36 hours.

**Urgent repairs vs.KPI**

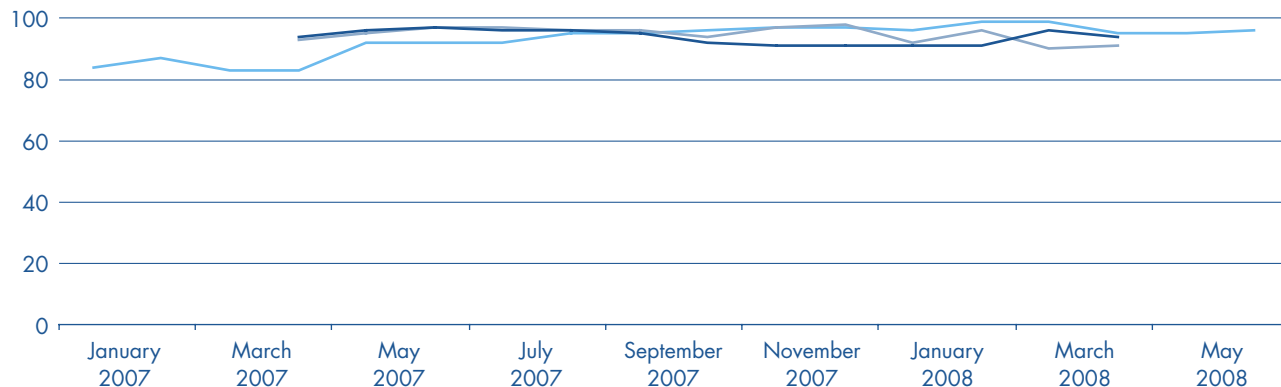
Percentage pass KPI



Target response times are: Attend and make good in seven working days, except in Northern Ireland where the target is five working days.

**Response repairs vs.KPI**

Percentage pass KPI

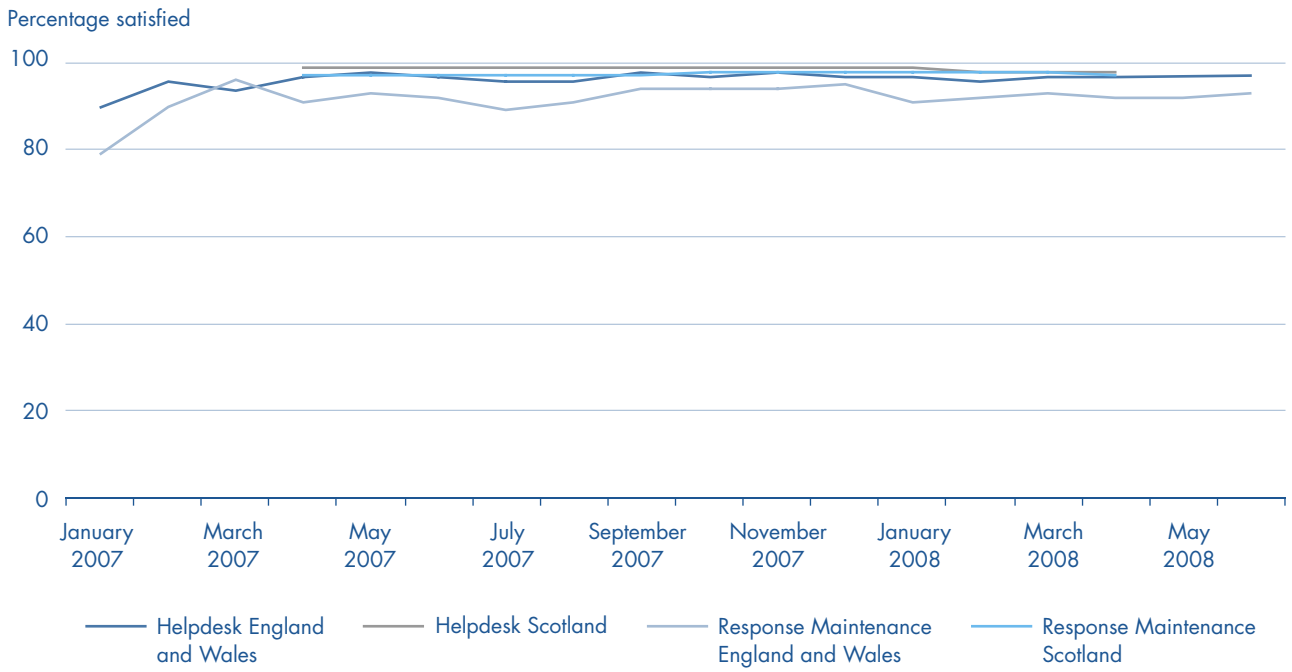


Target response times are: Attend and make good in 20 working days, except in Northern Ireland where the target is 15 working days.

— England and Wales — Scotland — Northern Ireland

Source: National Audit Office analysis of Departmental data

### 38 Occupant Satisfaction with Maintenance

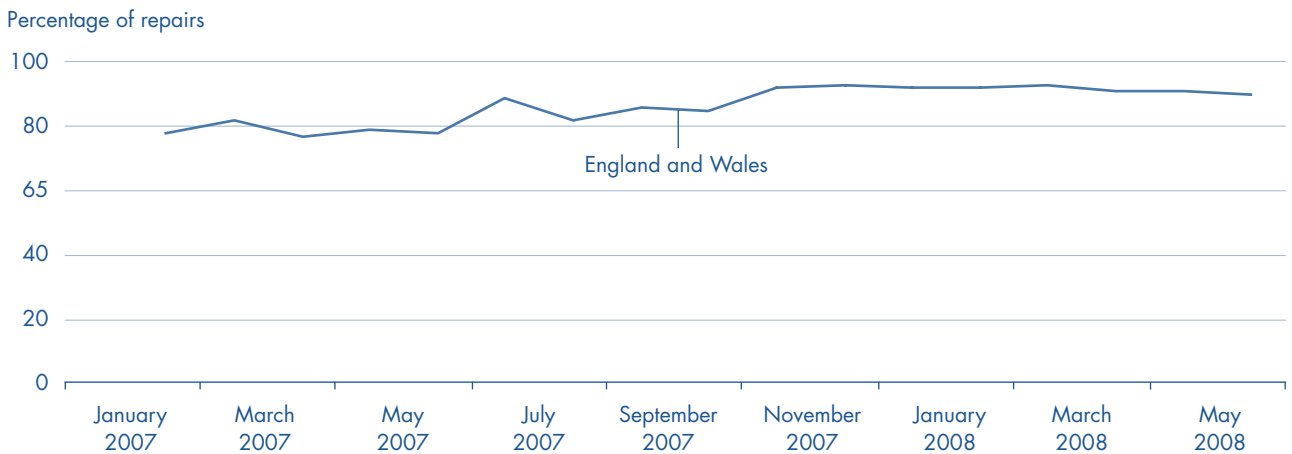


Source: National Audit Office analysis of Departmental data

NOTES

- 1 As measured by postal survey provided to the occupant for every repair, and using outbound telephone surveys managed by the Contractor.
- 2 Northern Ireland does not measure occupant satisfaction as it was previously managed under different arrangements to the rest of the United Kingdom.

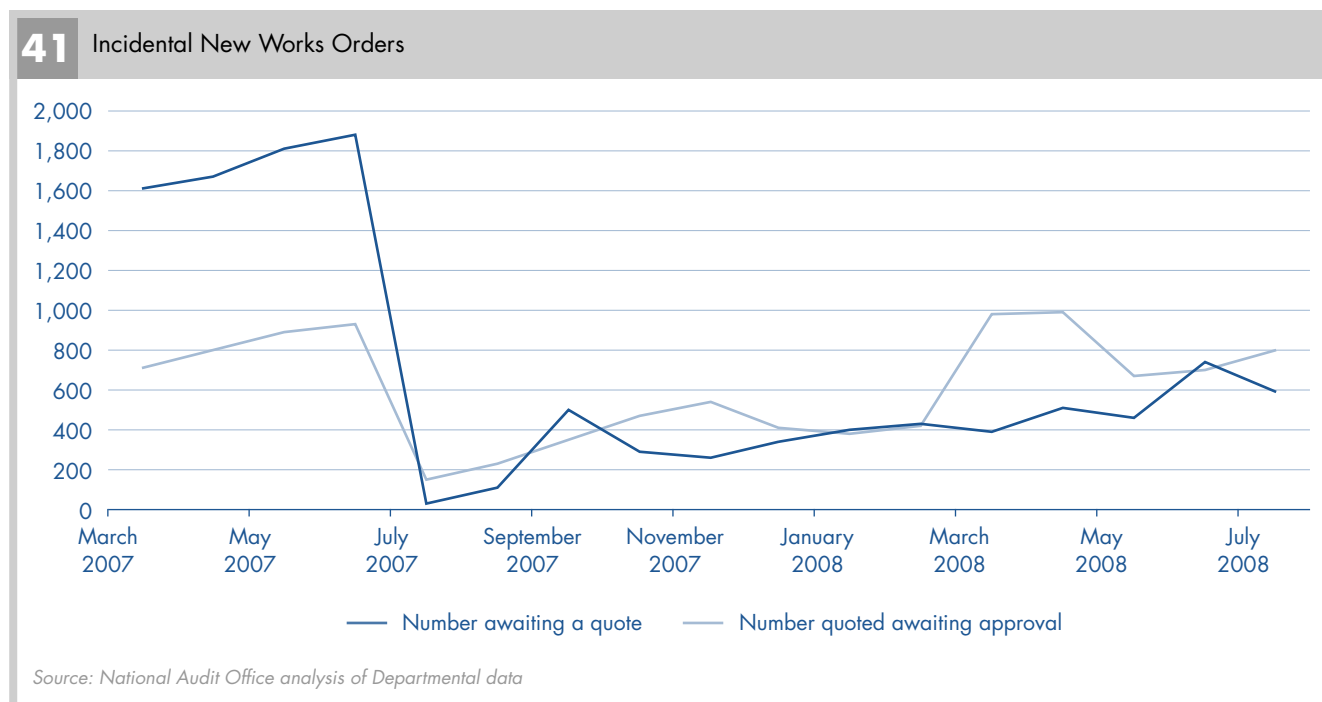
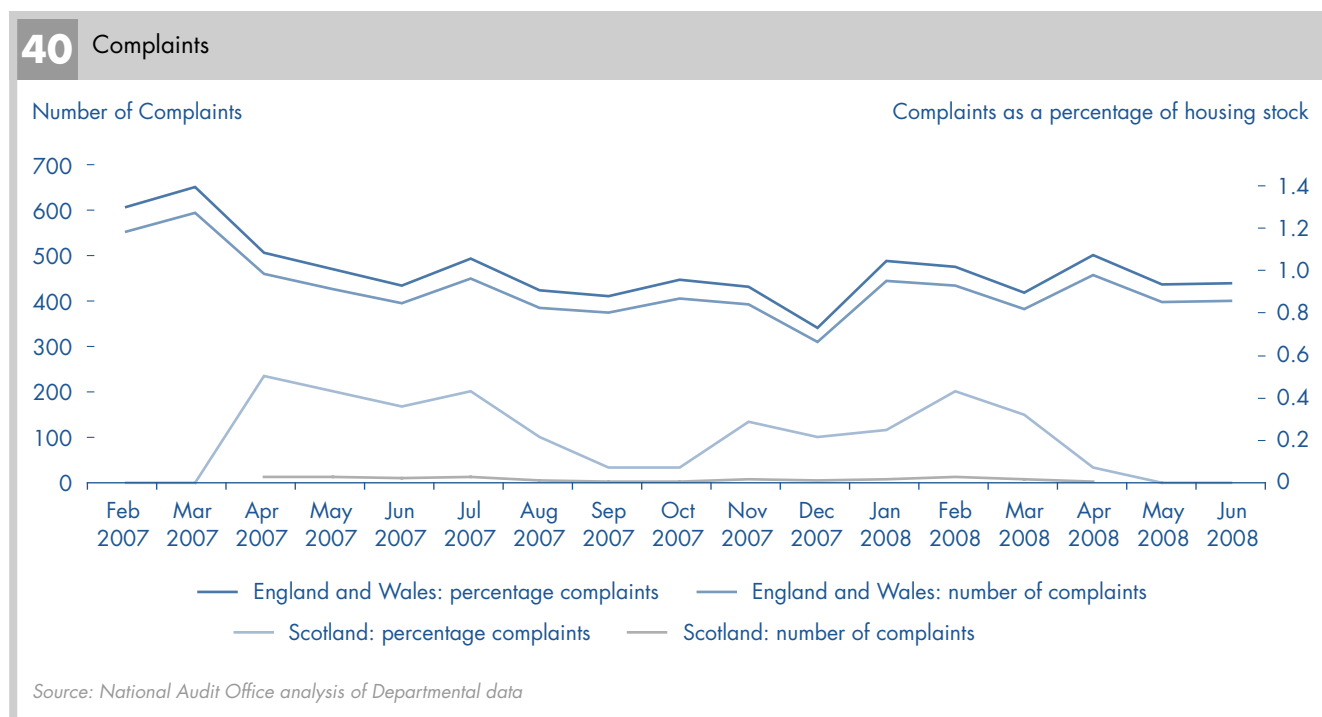
### 39 Right First Time Repairs



Source: National Audit Office analysis of Departmental data

5 The Department receives more complaints from occupants in England and Wales than in Scotland, both in total numbers and as a percentage of the housing stock in each region as shown in **Figure 40**. The same complaints mechanism is only now being extended to Northern Ireland, but few complaints have been received. Defence Estates has started to record against which party occupants are lodging a complaint. In June 2008, 379 complaints received were registered against the contractor with Defence Estates.

6 The Incidental New Works process to approve maintenance that is outside the Housing Prime Contract is a source of significant delay. Efforts have been made to reduce the time taken by Modern Housing Solutions to provide a quote for the work and by Defence Estates to approve the work once it has been quoted, as shown in **Figure 41**. A significant backlog of works remains, which the Department has addressed by increasing the delegation limit for local Housing Staff from £500 per property to £2,500. Similar delays do not occur in Scotland or Northern Ireland as the local delegation was always significantly higher than in England and Wales.



# APPENDIX SIX

## The Move-in and Move-out Standard

Figure 42 shows the criteria that have to be met for a property to pass the move-in standard. The move-out standard is essentially the same as the move-in standard.

### 42 The Move-in and Move-out Standard

#### Bathrooms & Kitchens

**Repair.** Bathroom taps, shower heads and other fittings will be present and working, seals intact and any minor repairs such as leaks and drips carried out prior to move-in.

**Cleanliness.** Baths, showers (including any screens and curtains fitted), WCs, sinks, basins and taps will be clean and free of lime scale and mould capable of removal by normal cleaning processes. Tiles and mirrors will have no grease marks or mildew. The cooker and any extractor or filter will be clean and free from grease inside and out.

#### House Contents

**Repair.** Cupboards, worktops, shelves, storage units and wardrobes will have no functional defects such as defective locks or hinges.

**Cleanliness.** Cupboards, worktops, shelves, storage units and wardrobes will be clean, free of grease and marks capable of removal by normal cleaning processes.

#### Safety items

**Repair.** Smoke alarms will be fitted and carbon monoxide (gas/oil appliance exhaust fume) detectors will be fitted if required. All detectors will be present and working.

#### House File

The House file will contain: a copy of the gas or oil safety inspection certificates if required; copies of manufacturer's instructions, if available, for the cooker, shower, boiler and heating appliances e.g. gas fires.

The latest guidance from Defence Estates and Modern Housing Solutions, such as the Occupant's Handbook, should also be present.

#### Electrical fittings

**Repair.** Switches, sockets and light fittings will be working, and have no minor defects such as cracked faceplates, loose covers or missing screws. Light fittings will have lamps but may not have shades. The living room will have a working TV Aerial point. If there is a TV aerial point in the main bedroom, this aerial will also be working, however Modern Housing Solutions cannot install additional TV aerial points. The ground floor will have a working telephone point and any other extension sockets will be working. Modern Housing Solutions cannot install additional telephone extensions.

**Cleanliness.** Switches, sockets and light fittings will be clean with no grease marks or dust capable of removal by normal cleaning processes.

#### Plumbing

**Repair.** There will be a working boiler to provide hot water and heating. The system will have no minor defects such as water, gas or oil leaks.

**Cleanliness.** The boiler, radiators, heating and water pipes, and controls such as thermostats will have no grease marks or dust.

#### Walls and Ceiling

**Repair.** Redecoration of walls and ceilings will not generally be carried out, and a level of fair wear and tear is to be expected when taking into account when the property (or part of the property) was last decorated. Decorative surfaces will, however, generally be of a uniform appearance without excessive fading or any sign of a previous colour showing through. Significant defects will be repaired prior to move-in.

**Cleanliness.** Wallpaper will be free from marks, stains, ingrained dirt or mould capable of removal by normal cleaning processes. Paintwork will also be free of marks, stains, ingrained dirt and mould capable of removal by normal cleaning processes.

Source: National Audit Office analysis

## Floor

**Repair.** Carpets or flooring will be present in all rooms, hallway, stairs, landings, etc. Any minor repairs such as individual tile replacement or fixing loose carpets which pose a trip hazard will be carried out prior to move-in.

**Cleanliness.** Hard flooring will be clean and generally free of marks capable of removal by normal cleaning processes. Carpets will be vacuumed, and generally free from stains, capable of removal by normal cleaning processes to remove excessive stains, marks or odours. There will be no pest infestations such as fleas, mites, carpet beetles, or rodents.

## Doors and Windows

**Repair.** Ironmongery e.g. locks and hinges, on internal and external doors will be working. Working locks will be fitted to external doors and windows, including garage, with keys provided for access/egress points. All minor repairs such as repairing defective locks will be carried out prior to move-in.

**Cleanliness.** Doors, doorframes and architrave will be clean, with no grease marks or dust capable of removal by normal cleaning processes. Window glass, window frames and casements will be clean inside and out with no mildew.

**Safety.** Glass in doors and windows will be toughened or laminated in accordance with Health and Safety requirements.

## Exterior

**Repair.** Gardens and paths will be safe and tidy with grass cut, flowerbeds free from weeds and hedges trimmed within the constraints of the Wildlife and Countryside Act 1981, which places restrictions during the bird nesting season (February to September). A working rotary drier or clothes line will be provided.

**Cleanliness.** Garages, sheds and stores will be empty, safe and secure with their floors swept.

**Safety.** Properties will not have any significant subsidence, movement or instability; major internal disruption such as a collapsed ceiling caused by flooding; a significant damp or roof leak problem; or any other major health and safety issue.



# APPENDIX SEVEN

## Housing Information Centre performance

	Rosyth – Scotland (and Northern Ireland from April 2008)	York – North	Theftord – East	Telford – West	High Wycombe – Central	Aldershot – South East	Warminster – South West
<b>Satisfaction with allocations process (% satisfied) – from NAO survey of Service Families Accommodation occupants</b>							
Timeliness of response	70	64	65	73	53	63	56
Helpfulness of response	67	59	59	64	48	57	51
Quality of information provided	60	51	51	57	37	48	44
Notice received of property allocated	71	64	64	70	51	61	56
Extent to which needs were taken into account	54	47	46	51	37	47	43
Extent to which preference for areas was taken into account	65	56	55	60	50	58	56
<b>About the area</b>							
Geographical spread	Scotland – wide geographical area, including some isolated locations. Northern Ireland – Housing concentrated in four main areas	Wide geographical area from Cumbria down to Lincolnshire	East Anglia and East Midlands	Smallest number of properties but widest geographical distribution, including Wales, and as far South as Gloucester	More concentrated geographically but includes Greater London	Covers a wide area from Kent in the South East across to Reading and down to Southampton	Covers a wide area, including Plymouth and Cornwall, and the whole of the Salisbury Plain training area
Customer base	Mainly Army and Royal Air Force, with a smaller amount of Royal Navy at Faslane	Predominately an even split of Army and Royal Air Force	Predominately an even split of Army and Royal Air Force, around ten per cent are Royal Navy or civilian	Mostly Army, with three Royal Air Force bases	Predominately Army in London and Royal Air Force outside London	Around 70 per cent Army, 25 per cent Royal Navy in the Portsmouth area and around five per cent Royal Air Force	Around two-thirds Army, 20 per cent Royal Navy (Plymouth area), ten per cent Royal Air Force and five per cent other/civilian
Impact of area factors	More geographically dispersed stock requires Housing Staff to spend more time travelling.  Areas with a larger proportion of Army families are likely to have a higher turnover of families, as they tend to move every two to three years and some families on short-notice postings may move even more frequently. Royal Air Force families stay for a slightly longer period of time, and Royal Navy families can stay for several years in one area.						

	<b>Rosyth – Scotland (and Northern Ireland from April 2008)</b>	<b>York – North</b>	<b>Thetford – East</b>	<b>Telford – West</b>	<b>High Wycombe – Central</b>	<b>Aldershot – South East</b>	<b>Warminster – South West</b>
<b>Stock and workload</b>							
Overall number of properties	1,859 – Northern Ireland  3,293 – Scotland (Total: 5,152)	5,764	6,729	4,077	7,592	10,539	10,698
Percentage of Officers properties	19	21	17	23	28	23	23
Percentage of Other Ranks properties	81	79	83	77	72	77	77
Number of move-ins per year (April 2007 to March 2008 unless otherwise stated)	Scotland – 1,452 Northern Ireland – monthly average of 111 since April 2008.	2,433	2,775	1,956	2,450	4,051 (July 07 to June 08)	4,358
Number of move-outs per year (April 2007 to March 2008 unless otherwise stated)	Scotland – 1,453 Northern Ireland – monthly average of 636 since April 2008.	2,444	2,699	1,900	2,650	3,801 (July 07 to June 08)	4,130
Number of allocations per year (April 2007 to March 2008 unless otherwise stated)	Scotland – 1,092 Combined average with Northern Ireland 266 per month (since April 2008).	2,122	1,880	1,823	2,724	3,925	3,203
Average yearly calls per Housing Information Officer (staffing levels as at July 2008)	2,678	3,174	3,004	2,632	3,207	4,034	3,727
Average yearly allocation volume per Housing Information Officer	270	227	169	202	222	281	241
Number of calls per allocation	9.9	14	17.8	13	14.5	14.4	15.5
Impact of stock and workload	Housing Information Centres do not have an equal workload. Those in the South are responsible for a much larger volume of stock, and therefore managing a much higher number of allocations and move-ins.						
<b>Staffing</b>							
Staffing levels	Fully staffed.	Fully staffed (with Agency).	Fully staffed (with Agency).	Fully staffed (with Agency).	Fully staffed (with Agency).	Only recently up to full complement, Previously 15 out of 17 posts filled.	Understaffed – 19 of 22 posts filled.
Staff turnover and recruitment	No problems recruiting staff. Extra staff have been taken on for Northern Ireland.	Not too many problems with recruitment. Extra staff member taken on to cover Unit moves.	No permanent staff left in the last year. High turnover among Agency staff.	No problems with recruitment of staff and a relatively low staff turnover.	Difficult to recruit so there are large numbers of Agency staff, who turnover every four to five months.	Recruitment and retention of staff are difficult, and there is a high turnover of both permanent and Agency staff.	Difficult to recruit in the area due to competition from local call centres. High turnover of staff, including Agency.

	Rosyth – Scotland (and Northern Ireland from April 2008)	York – North	Thefford – East	Telford – West	High Wycombe – Central	Aldershot – South East	Warminster – South West
Impact of staffing issues	<p>Where Housing Information Centres are short-staffed existing personnel have higher workloads and this impacts on morale.</p> <p>Pressure of work means staff have no time for meetings or training.</p> <p>Under-staffing also has an impact on the service that can be provided to occupants.</p>						
<b>Location and set-up</b>							
Office Accommodation and ways of working	<p>Open Plan Office.</p> <p>Two to three person teams responsible for geographical areas and multi task.</p> <p>Co-located with maintenance contractor.</p>	<p>Open Plan Office.</p> <p>Small teams responsible for geographical areas and multi task.</p> <p>Located in same building as maintenance contractor.</p>	<p>Converted mess building, staff housed over three offices on the ground floor.</p> <p>Staff organised into small teams and multi task.</p> <p>Co-located with maintenance contractor.</p>	<p>Open Plan Office.</p> <p>Staff organised into smaller teams and multi task.</p>	<p>Converted flat within Service Families Accommodation estate.</p> <p>Staff based in geographical teams but are isolated from each other.</p>	<p>Converted two-storey Ministry of Defence building. Staff spread over four offices and two staircases.</p> <p>Staff work in geographical teams and multi task. Rota system in place for call answering.</p> <p>Maintenance contractor are on the same site, but in a different building.</p>	<p>Converted block of 12 flats within Service Families Accommodation estate.</p> <p>Staff are split into call handling, allocations and licences located in different parts of the building.</p> <p>Maintenance contractor are on the same estate, but located a few streets away.</p>
Impact of location/ set-up	<p>Those Housing Information Centres with open plan accommodation generally perform better.</p> <p>Two to three person teams responsible for local areas allows teams to share the workload/cover if one person off plus more detailed knowledge of local area.</p> <p>Where staff are not located together it is more difficult to communicate.</p> <p>Splitting staff by call handlers and allocations means callers cannot speak directly to those doing the allocations, only to call handlers who may not be able to answer their query.</p>						
<p>Source: National Audit Office analysis</p>							

# GLOSSARY

Armed Forces Pay Review Body	The Armed Forces' Pay Review Body provides independent advice to the Prime Minister and the Secretary of State for Defence on the remuneration and charges for members of the Naval, Military and Air Forces of the Crown.
Bulk leasing	The process whereby Defence Estates take out a fixed lease on a number of newly-built properties in order to meet short term increased demand in certain locations. Properties are sourced from Annington Homes or from Housing Associations.
Command Paper	Cm 7424, "The Nation's Commitment: Cross-Government Support to our Armed Forces, their Families and Veterans" was published in July 2008, and sets out a cross-government strategy for improved support to Service personnel, their families and Veterans.
Continuous Attitude Survey	Survey carried out annually by the Department, which targets a broad cross section of personnel in each of the three Services, and provides information on a wide range of satisfaction and dissatisfaction factors.
Decent Homes Standard	<p>A minimum standard, set by the Government, which 95 per cent of social housing should meet by 2010.</p> <p>To meet the Decent Homes Standard, a property must:</p> <ul style="list-style-type: none"><li><b>a</b> meet the current statutory minimum standard for housing (free of significant hazards);</li><li><b>b</b> be in a reasonable state of repair;</li><li><b>c</b> have reasonably modern facilities and services; and</li><li><b>d</b> provide a reasonable degree of thermal comfort.</li></ul>
Defence Estates	Part of the Ministry of Defence responsible for managing the defence estate, including most living accommodation.
Defence Living Accommodation Strategy	The Department's high-level strategy for the provision of Living Accommodation, which aims to "provide and facilitate the provision of high quality, desirable and cost-effective accommodation which supports operational effectiveness and enables flexibility for the Services, and emphasises the importance of choice for the Service person".

Eligibility	The arrangement by which Service Personnel who are not entitled to Service Families Accommodation by virtue of their personal circumstances, and others, may be allocated Service Families Accommodation where surplus stock is available to do so.
Entitlement	<p>The size and scale of house the Department has to provide for entitled Service personnel according to its Tri-Service Accommodation Regulations, either through its own housing stock or, where there is no suitable property available, through private rented accommodation. Officers are entitled to property according to their ranks, and Other Ranks by family size.</p> <p>Personnel entitled to Service Family Accommodation are individuals who are married or in a recognised civil partnership, or have dependent children for whom they have parental responsibility.</p>
Families Federations	Independent organisations, which provide support to Service families and which represent their views and concerns to the three Services and in the Ministry of Defence, including at ministerial level.
Grade for Charge	<p>The amount that the Service person pays to live in their Service Families Accommodation property. This is determined by a four-tier grading system, which assesses the standard of the property against a number of criteria, including property size, number of fixtures and fittings and other facilities, and environment and location.</p> <p>The amount paid for each Grade for each type of property is set by the Armed Forces Pay Review Body.</p>
HIVE Information Service	A tri-Service information network, available to all members of the Service community. HIVE Information Centres are located in most areas where Service personnel are based. The service is funded by the Ministry of Defence.
Housing Information Centre	Housing Information Centres, which are part of Defence Estates, were introduced in April 2007 to provide a single point of contact for all housing services other than repairs and maintenance. Housing Information Centres are responsible for allocating properties to Service personnel on receipt of their completed application form. There are seven Housing Information Centres, each responsible for a defined geographical area within the UK.
Housing Officer	Housing Officers work for Defence Estates and are responsible for a particular area or estate. They attend pre-move-out visits and moves in and out of properties and inspect Service Families Accommodation to check that it has met the required standard. They are responsible for the delivery and management of Service housing in their particular area.
Incidental New Works	Repair work that falls outside the scope of the maintenance contract, or which will cost more than the local delegated budget limit, and which requires separate approval from Defence Estates before work can take place.

Key Worker Living	<p>A government-funded scheme that helps key workers in England to buy a home, upgrade to a larger property to meet household needs or rent a home at an affordable price. A key worker is defined as someone employed by the public sector in a frontline role delivering an essential public service in the areas of health, education and community safety where there are serious recruitment and retention problems. Service personnel have key worker status.</p> <p>Service personnel that have purchased a property using the scheme may occupy the Department's Service Families Accommodation or Single Living Accommodation during the working week when they receive a new posting to a different location. These personnel require permission from individual Housing Associations, who administer the scheme, to let out the property.</p>
Joint Customer Board	<p>A Committee of the Ministry of Defence which meets every four months to discuss Housing issues. Membership of the Committee includes representatives from Service Personnel Policy, Defence Estates, the three Services, and Families Federation chairs.</p>
Joint Personnel Administration System	<p>A tri-Service IT-based administration system to harmonise and simplify personnel and pay administration across the Services.</p>
Long Service Advance of Pay	<p>A tri-Service scheme which entitles serving personnel with a minimum of four years' service remaining to an advance of £8,500 towards the cost of a property, repayable, interest free, over ten years. Personnel are only eligible for the loan if they are purchasing their only property, and they are planning to occupy it.</p> <p>Service personnel that have purchased a property using the scheme may occupy the Department's Service Families Accommodation or Single Living Accommodation during the working week when they receive a new posting to a different location.</p>
Management Margin	<p>The percentage of properties which are empty in the short term awaiting occupation. Defence Estates need to retain a management margin to enable them to have property available when Service personnel apply for accommodation.</p>
Modern Housing Solutions	<p>A purpose built joint venture company, made up from Carillion plc, Enterprise plc, awarded the Housing Prime Contract in November 2005.</p>
Move-out standard/move-in standard	<p>A list of criteria that properties must meet when they are vacated by occupants, and when they are taken over by new occupants.</p>
Operation Banner	<p>The name given to British Military operations in Northern Ireland from 1969 to 2007.</p>

Prime Contract	<p>A prime contractor has overall responsibility for the management and delivery of a project and/or service including responsibility for selecting and co-ordinating sub-contractors (the supply chain). The requirement is expressed where possible in output terms, avoiding prescriptive and detailed constraints. Key principles include whole service procurement, economies of scale and collaborative working.</p> <p><b>Regional Prime Contract:</b> Primarily estate services (for example, grounds and building maintenance, decoration) and some new building work, delivered across a defined geographical region.</p> <p><b>Housing Prime Contract:</b> Covers the maintenance of the majority of Service Families Accommodation in England and Wales (PFI Housing is covered under separate arrangements).</p>
Private Finance Initiative (PFI)	A PFI project involves a long-term contract (typically 15-30 years) with a private sector provider to provide a clearly defined service. The Ministry of Defence has acquired some new housing under these arrangements.
Service Family Accommodation	Houses for Armed Forces personnel to live in with their families. Known in the past, and often referred to by Service personnel, as married quarters.
Service Personnel Policy	Directorate within the Ministry of Defence responsible for setting tri-Service policy on all personnel issues, including Living Accommodation.
Single Living Accommodation	Accommodation provided for Armed Forces personnel who are single or who have elected not to be accompanied by their families. Typically these are single bedrooms with communal facilities, although some accommodation in training establishments is multi-occupancy and many single rooms are now en-suite.
Standard for Condition	The system used by the Ministry of Defence to assess the condition of its housing stock. Properties are assessed against a number of criteria and are rated as one of four Standards, with one being the best and four being the worst.
Strategic Facilities Programme	The Department's maintenance programme to improve properties and reduce their running costs. The programme improves individual elements of the property such as the kitchen, boiler or bathroom.
Substitute Service Family Accommodation	Properties that are rented from the open/private rental market when no suitable Service Families Accommodation property is available within the required distance.
Unit Move	Process where a whole unit moves from one area to another.
Upgrade programme	The Department's programme to improve the condition of all of its properties to Standard One for Condition.