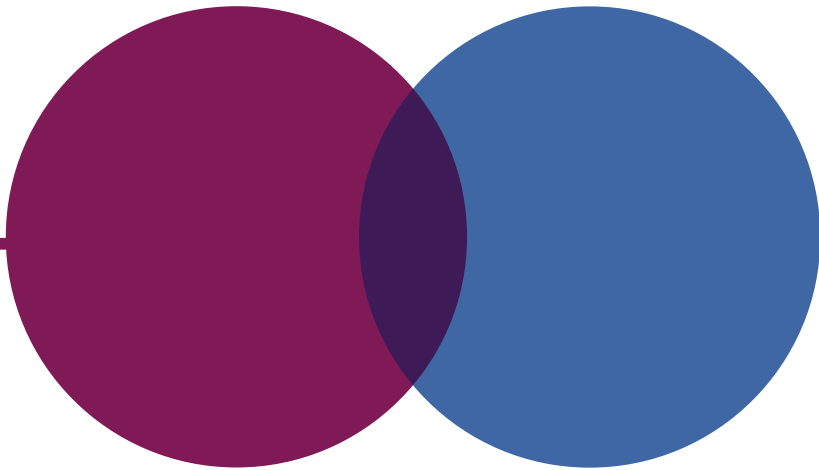




National Audit Office



Improving Single Living Accommodation

Ministry of Defence

REPORT

**by the Comptroller
and Auditor General**

**SESSION 2019–2021
3 FEBRUARY 2021
HC 1129**

Key facts

79,963

number of service personnel occupying Single Living Accommodation (SLA), as at 31 October 2020

£1.5bn

amount the Ministry of Defence's (the Department's) Commands plan to spend on upgrades and new-build SLA between 2020 and 2030

36%

percentage of service personnel who live in SLA that is assessed as Grade 4 or below Grade 4 (the lowest categories of accommodation for which charges are levied), as at 31 October 2020

103,751

the total number of SLA bed spaces the Department estimated that it owned, as at February 2020, across the 78% of UK SLA sites that had reported data

26%

percentage of the Department's estimated 103,751 SLA bed spaces which were unoccupied at that time

**An estimated
£200 million**

the Department's estimated spend on SLA in 2019-20, excluding some costs embedded in wider infrastructure contracts, for example, soft facilities management and utilities

£32.4 million

the amount the Department spent on Substitute Service Single Accommodation in 2019-20 in the absence of available SLA

8 years

the time the Department has spent to date developing an SLA management information system to provide data on bed spaces

49%

percentage of service personnel in the 2020 Armed Forces Continuous Attitude Survey living in SLA who stated that they were satisfied with the overall standard of their accommodation

34%

percentage of service personnel in the 2020 Armed Forces Continuous Attitude Survey living in SLA who stated that 'accommodation' was a factor which increased their intention to stay in the Armed Forces. 29% stated that 'accommodation' was a factor which increased their intention to leave the Armed Forces

Summary

1 The Ministry of Defence (the Department) has committed to providing regular service personnel with high-quality subsidised accommodation as a condition of service. This is in recognition of the inherently mobile lifestyle many personnel experience and the remote nature of many military bases. Single Living Accommodation (SLA) is normally provided in the form of accommodation blocks inside military bases and is available to single and unaccompanied personnel undertaking initial training, or serving on a regular engagement with the Armed Forces, as well as some full-time reservists.

2 As at 31 October 2020, 79,963 service personnel, around 52% of the total Armed Forces, occupied SLA. For some it is their only accommodation; for others, it is used alongside periods living in their own home, for example at weekends. In the past, the Department estimated that it owned around 145,000 SLA bed spaces.¹ Recent work to gather accurate, up-to-date data on bed spaces and their location is not yet complete, as not all sites have returned data. As of February 2020, the Department estimated it owned 103,751 SLA bed spaces in the UK, across 78% of SLA sites. It also estimated it owned 8,021 SLA bed spaces overseas.

3 SLA is part of the wider defence estate, which includes sites for training personnel, storing and maintaining equipment, operational activities and administration. In 2019-20, the Department spent £4.6 billion on all infrastructure across its estate, 12% of total defence spending. Since April 2018, the infrastructure budget, including funding to maintain and upgrade SLA, has been delegated to the Commands and defence organisations to incentivise estate users to modernise and make best use of the accommodation.² The Department currently faces significant pressures across its budgets, including for infrastructure. Resolution of these challenges will depend on the outcome of the Integrated Review of Security, Defence, Development and Foreign Policy, which is expected in the early part of 2021.

¹ Figure comes from the Department's World-Wide Audit (WWA) conducted in 2012 and remains the most comprehensive source of SLA data.

² Commands consist of Navy, Army, Air and UK Strategic Command. Defence organisations include: Defence Equipment & Support and Defence Infrastructure Organisation.

4 This report examines whether the Department is providing SLA that, as far as possible, meets its needs and those of service personnel, in a way that delivers value for money. Part One describes SLA, including the types and location, and the grading system used to set charges for SLA. We then assess whether the Department:

- has established a cost-effective approach to managing its SLA (Part Two);
- has SLA of an appropriate standard (Part Three); and
- is putting in place appropriate arrangements to transform SLA in the future (Part Four).

5 We set out our audit approach and evidence in Appendices One and Two. Appendix Three summarises views gathered in discussion groups which we held with serving personnel who live in SLA. Our report focuses on SLA in the UK and not overseas. We do not evaluate Service Family Accommodation or the wider estate, nor do we examine the issue of environmental sustainability, which we have covered elsewhere.³ In a number of places we have identified significant gaps and inconsistencies in the data used to manage SLA, in particular around costs and number of bed spaces. As a result, not all reported data are comparable.

6 Our work was undertaken during the COVID-19 pandemic. Although this did not prevent us carrying out our fieldwork, it may have affected the experience of living in SLA for many service personnel. However, we do not consider it significantly altered longstanding views on the pros and cons of this type of accommodation.

Key findings

Managing SLA

7 Good-quality accommodation is a key element of the Department's support for service personnel but maintaining SLA has only recently been given greater priority. Although new SLA has been built in recent years and some blocks have been refurbished, accommodation has had to compete with other infrastructure demands for funding at a time when the overall estate budget reduced by 13% between 2010-11 and 2017-18. As a result, since 2010 SLA has been subject to a 'fix on fail' approach to maintenance to save costs in the short term. This approach has contributed to a £1.5 billion deferred maintenance backlog across all forms of accommodation. Since infrastructure budgets were delegated to Commands in 2018, they have increased by around 18%, and Commands have developed plans to upgrade SLA through replacement and renovation. They plan to spend £1.5 billion over the next 10 years, although it may be some time until SLA improves significantly given the decades of under-investment and the time it takes to enhance accommodation (paragraphs 1.3, 2.7, 2.9, 3.2 and 4.2 to 4.6, and Figure 13).

³ Comptroller and Auditor General, *Environmental Sustainability Overview*, Session 2019–2021, HC 318, National Audit Office, May 2020.

8 The Department has not developed a clear SLA strategy or given a single person overall responsibility, but it has started to strengthen departmental oversight.

There are multiple stakeholders involved in managing SLA across both the people and infrastructure areas of the Department, including the Commands, Head Office and the Defence Infrastructure Organisation (DIO). The Department has not set out clearly what it wishes to achieve for SLA by bringing together the aims of the various stakeholders. A lack of clear oversight has been recognised as a problem by the Department. In response, in 2019, it set up the Single Living Accommodation Expert Group (SLAEG) as the central focal point for all work relating to SLA. This group brings together key stakeholders from across the Department to identify who is best placed to tackle SLA issues, but it lacks decision-making powers. The Department also created the Accommodation Coherence Group (ACG) to bring together the relevant infrastructure and people functions. The formation of these groups is an improvement, but current governance arrangements for SLA are complicated by the number of groups and a lack of clear reporting lines, leading to some pockets of SLA-related work being developed without central coordination (paragraphs 2.2 to 2.6 and 4.12, and Figure 4).

9 The Department does not currently have all the data on SLA it needs to inform effective decision-making.

The Department lacks readily available information on the total cost of SLA so cannot fully assess what it is getting for the money it spends, where efficiencies could be made, or where it should best invest for the future. It does have some information on new builds and refurbishments, but as other SLA costs are embedded within wider infrastructure contracts, they are not all easily identifiable. The Department's best estimate for SLA spend in 2019-20 is around £200 million. It also does not have a clear picture of the number and condition of its SLA. To address this, the Department is developing a separate central SLA Management Information System (SLAMIS) to report on the quantity and quality of SLA and create a booking tool to improve allocations. However, progress has been slow, and the Department has not looked to learn lessons from authorities in other countries managing a similar challenge. To date, work has taken eight years and is due to be completed in 2022. Currently, only the pilot phase is funded, there remain risks to delivery on time, and the quality of input data remains poor. The Department estimates a fully effective SLAMIS would deliver £218.2 million savings over the life of the programme (paragraphs 2.8, 2.11, 2.12, and 2.14 to 2.16, and Figures 7 and 8).

10 The Department does not make the best use of its SLA. Based on available data, 26% of SLA bed spaces were unoccupied as at February 2020, a total of 27,125 bed spaces, and around one-fifth of sites had more than 40% of bed spaces unoccupied. The Department informed us that due to high turnover of personnel needing to move to different locations or types of accommodation it can be hard to predict the amount of SLA needed. Nevertheless, this oversupply places a cost burden on the Department. In contrast, at one site we visited we were informed that single occupancy rooms had been transformed into bunk-bed-style living. As the Department does not have a single system for efficiently allocating personnel to SLA, it is unable to make the most of nearby under-occupied SLA, although if it did want to do this, it would need to take account of well-being issues associated with personnel living away from their base. At the same time, Substitute Service Single Accommodation (SSSA) – used where there is insufficient SLA to meet demand and sourced from the commercial rental market – cost the Department £32.4 million in 2019-20. The Department believes that there would have to be a significant additional investment in SLA in those areas (such as London) where SSSA is mainly used in order to meet demand (paragraphs 1.6, 2.11, 2.13 and 2.15, and Figure 6).

The standard of SLA

11 There is considerable variation in the type and quality of SLA, with more than one-third of personnel in SLA living in the lowest-grade accommodation. SLA can be anything from a set of rooms with en-suite facilities to a bed space in a multiple occupancy room. SLA is graded according to a number of attributes relating to condition, facilities and location, with the grading affecting how much personnel are charged. As at 31 October 2020, of those who lived in SLA, around half lived in accommodation considered 'good' (Grade 1 and 2), but 36% lived in poorer grade accommodation (Grade 4 or below), of which 3% (2,388 personnel) incurred no rental charge because their SLA was so poor. As SLA grading reflects a number of factors, the same grade of accommodation can vary in quality between, and within, site locations. Much of the SLA estate is old, with approximately two-fifths of buildings more than 40 years old. Building standards change over time and the Department told us that all SLA was built in compliance with the standards applicable at the time of construction. However, more than 50,000 bed spaces constructed prior to 2000 would not meet the current building standards if built today (paragraphs 1.5, 1.10, 3.2 to 3.6 and 3.11, and Figures 1, 9 and 10).

12 Satisfaction with the overall standard of SLA has declined. In the 2020 Armed Forces Continuous Attitude Survey (AFCAS), 49% of service personnel living in SLA were satisfied with the overall standard of their accommodation, compared with 58% in 2015. The provision of accommodation is one of a number of factors taken into consideration by service personnel about whether to remain in the services. In 2020, 34% of service personnel living in SLA stated that the accommodation provided increased their intention to stay and 29% their intention to leave. Loss of experienced personnel affects the Department's ability to deliver defence capabilities as planned (paragraphs 3.7 and 3.13 to 3.16, and Figures 11 and 12).

13 Some service personnel report that SLA does not always meet their basic needs. Those who live in SLA vary by age, rank, gender and other circumstances. Much accommodation was designed decades ago, since when expectations among personnel and the Commands have changed. We held discussions with 14 groups of service personnel across the Commands. While some were happy with their accommodation, which they considered was convenient and good value, others pointed to common problems with basics such as heating and hot water, limited storage space, poor or expensive wi-fi, and a lack of cooking facilities. There has been a recorded decrease in satisfaction with the maintenance and repairs service over the past six years, and this was also reflected in our discussions. There is also variation in the satisfaction with the amount personnel pay for SLA. Although many recognise it is subsidised, the amount paid can relate to marital status and age (as well as SLA grading), which may be considered discriminatory (paragraphs 3.2, 3.5, and 3.8 to 3.12, and Appendix Three).

Future of SLA

14 The Department has not yet determined what is a reasonable standard for SLA. For Service Family Accommodation, the Department has identified the 'Decent Homes Standard', based on requirements, including the state of repair and facilities and services, which it feels is appropriate for service personnel. Without such a baseline for SLA, Commands have nothing against which to measure and evaluate the appropriate provision of SLA, nor to be a basis for requesting additional funds in the future. The absence of a department-set reasonable standard as a target, and the availability of cheaper poor-quality SLA, could create a financial incentive for some service personnel to choose to live in a poor standard of accommodation at a low cost (paragraphs 3.5, 3.6 and 3.11).

15 Current plans to improve SLA are not joined up and do not fully consider what will be needed across defence in the coming decades. Since the delegation of infrastructure budgets in 2018, the Commands have had to build up their own understanding of their SLA estate due to a lack of central information, with some commissioning work to gather data. Each has developed its own plans tailored to its specific needs, identified priority areas and set individual targets to reduce poor-quality SLA. These reflect the Commands' different circumstances but also risk duplication of effort and inconsistencies in approach, possibly affecting service personnel working across Commands. Without a central view on what is needed, it will be hard to ensure coherence across the plans, underlining the value of the SLAEG and ACG. The Department has started to use some modelling to inform future plans but further work is needed. In addition, the COVID-19 pandemic has affected those living in SLA and changed ways of working, which will need to be taken into account in the future (paragraphs 4.2 to 4.4, 4.7, 4.8 and 4.11, and Figure 13).

16 The Department's future plans for SLA require a better understanding of the priorities and needs of service personnel who will live in it. Its work on the 'lived experience' of service personnel (to understand demand and improve satisfaction) has been slow. There is no agreed understanding of what those living in SLA – a very diverse population with different needs and priorities – can or should expect, making it difficult to measure, evaluate and compare across defence. The Department does not make the most of the information in the annual AFCAS survey. It is currently unable to correlate the impact of living in SLA on its ability to retain service personnel but believes it may be a contributing factor (paragraphs 3.14 to 3.16, 4.9 and 4.10).

17 Plans to improve SLA are dependent on other initiatives within the Department, but these have not been coordinated at a central level. Developments in SLA interface with other defence estate priorities such as the Defence Estate Optimisation (DEO) Portfolio (to create an estate of a more appropriate size and better quality) and the Future Accommodation Model (FAM) (to provide personnel with a range of housing options). Interdependencies have been identified but the initiatives run to different timetables and are not always joined up. The FAM pilots are expected to identify personnel housing preferences and provide an indication of future demands for service accommodation, including SLA, but these will not be complete until 2022 (paragraphs 4.12 and 4.13, and Figure 14).

Conclusion on value for money

18 Currently, the Ministry of Defence (the Department) is not meeting its commitment to provide high-quality subsidised accommodation to all service personnel. Satisfaction with SLA has declined in recent years and can impact on retention, risking the Department's ability to deliver defence capabilities. SLA has not been a priority for the Department. There has been no clear strategy, limited investment in buildings and a 'fix on fail' approach to maintenance. While this approach might help with cost saving in the short term, it has led to an overall decline in the condition of SLA and shortened the life of these buildings, thereby increasing future costs. Without greater clarity on how much it is spending on SLA and how it is used or maintained, the Department cannot show it is achieving value for money.

19 Although work is under way to improve some SLA, with Commands developing investment plans worth £1.5 billion, these are not yet based on a clear understanding of future demand for SLA, the expectations of service personnel, or knowledge of what a reasonable standard of SLA would look like. Recent efforts have been made to improve governance arrangements for SLA and coordinate all SLA work. Without these operating effectively, and SLA decisions being taken in line with other related programmes, the Department risks not achieving value for money in the future.

Recommendations

- 20** The Department needs to improve its provision of SLA to meet the needs of service personnel and deliver required capability. We recommend:
- a** **The Department should raise the profile given to SLA by appointing a senior sponsor within Defence to oversee, champion and coordinate the efforts of the Commands and defence organisations.** A further review of the governance processes for SLA should be undertaken to ensure the new oversight bodies have the powers needed to manage SLA effectively.
 - b** **The Department should give priority to developing a more comprehensive overview of its SLA provision.** This should include a more complete picture of what it costs to manage and sustain the estate, bed space availability and wider asset management data. Any systems introduced must be integrated or compatible with existing platforms and reduce any duplication of data collected. The Department must also ensure that controls are in place so that data on SLA are of a robust quality.
 - c** **The Department (and specifically, DIO) should work with the Commands to introduce, as soon as possible, a booking system that is easy to use and reduces costs.** It must ensure lessons have been learned from its previous experiences and from overseas defence bodies which have developed similar systems.
 - d** **The Department should carry out and make use of work on the 'lived experience' to better understand what personnel want from SLA and inform future accommodation plans.** The Department should look at how it can regularly collect data on experiences of SLA. The Department should also make better use of available data such as AFCAS, to understand how SLA provision links to retention, where necessary amending survey questions to capture the data required.
 - e** **The Department should agree and set out what a reasonable standard for SLA would look like, drawing on building condition standards but also the 'lived experience' work.** Progress in both improving SLA to a reasonable standard and then maintaining it, should be reported on regularly. This includes making use of current and future performance metrics and holding contractors to account for delivering against these.

- f** **The Department should review the grading system used for charging and ensure that charging policies do not discriminate between people in different circumstances.** The implementation of a minimum standard should be accompanied by a simplified and less burdensome grading system.
- g** **The Department should ensure all SLA plans are coordinated with other projects which impact on the SLA estate.** As the DEO Portfolio and FAM will take time to deliver, decisions need to be taken about what 'quick wins' can be made to provide adequate SLA to the greatest number of service personnel, including so that those on sites marked for disposal are not forgotten.