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PERMANENT SECRETARY

D/PUS/11/7/1 (44)

31 May 2023

**Dame Meg Hillier MP**  
**Chair of the PAC**  
*Sent electronically*

Dear Chair,

**SERVICE FAMILY ACCOMMODATION VOID TARGET**

I am writing to inform you that the Department is no longer working towards the achievement of a national Service Family Accommodation (SFA) void target of 10% by Autumn 2023, as previously reported to the PAC in October 2022.

The agreed 10% void target was set in the context of a relatively steady and predictable demand by Service Personnel, and an understanding that the new accommodation offer delivered by the Future Accommodation Model (FAM) programme would utilise Private Rental Sector (PRS) housing to absorb the anticipated increase in demand following its introduction in October 2023, and the associated widening of entitlement. The FAM programme also sought to enable the disposal of up to c.15K additional SFA, set against the value for money offered by PRS supply, allowing risk to be taken in terms of the early disposal of SFA stock. This situation has now effectively been reversed as a consequence of uncertainty in the PRS market, including a significant reduction in supply and increased rental costs, both of which are the focus of much media attention. The new accommodation offer will now therefore utilise SFA in the first instance to meet increased demand, with PRS providing a fall-back option only where necessary.

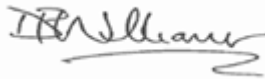
A key aspect of the new accommodation offer is extending 'entitled' status to cohorts of Service Personnel, including those in Long-Term Relationships, who are currently only 'eligible'. Under current Policy, these are only offered SFA if surplus stock is available. It is anticipated that demand will grow further once eligible Service Personnel become fully entitled. The retention of SFA currently void to meet an increasing demand under the new accommodation offer from October 2023 mitigates several significant risks. These include: the likely requirement to provide Service Personnel with rental payments at greater cost to the Department than retaining the SFA and the risk we are unable to provide any form of family accommodation in some areas where the PRS market is particularly tight, necessitating the purchase of additional stock which would be significantly more expensive than retaining stock for future needs.

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While true demand under the new accommodation offer has yet to be proven, there remains a strong and demonstrable appetite for SFA by eligible personnel. This was borne out on the FAM pilot sites where only a small proportion opted for PRS over SFA when given the choice, as well as by current application rates. Uptake has, however, been constrained by DIO suppliers' ability to satisfy this demand, both in terms of processing applications and returning the c.3,000 SFA requiring improvement works to Service use. We are addressing both aspects through the rectification plans being enacted to improve supplier performance. DIO will closely monitor growth in demand during implementation of the new accommodation offer from October 2023 to October 2026 and continue to review SFA supply once the impact of Service Personnel behaviours is better understood. For now, the only way to hit the 10% target by Autumn 2023 would be to dispose of several thousand homes we anticipate being required to meet future demand at risk of creating adverse, longer-term consequences as detailed above.

The 10% void rate remains a valid target, however, taking the factors above into account, a revised achievement date of 1 November 2026 will be adopted to allow SFA use to be increased incrementally following the introduction of the new accommodation offer from 31 October 2023.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'D Williams', with a stylized flourish at the end.

**DAVID WILLIAMS**