

Snapshot Of NEM (November 2014 Edition)

The Combined Accommodation Assessment System (CAAS) Explained



The New Employment Model is the widest ranging review of the Terms and Conditions of Service for personnel, both Regular and Reserve, in over 40 years.

It covers 4 broad areas (comprising 21 components):

- Accommodation.
- Value & Reward (Pay & Allowances).
- Terms of Service and Career Management.
- Training and Education.

NEM aims to deliver:

Attractiveness

- Improved recruitment and retention.

Agility

- Greater responsiveness to change in the manpower requirement.
- Improved internal agility, enabling the Services to respond more quickly to changing requirements.

Affordability

- Improved Value for Money. The NEM is not a cost cutting exercise, it is about delivering better value for money within the same level of resources.

For more information:

- DINs / IBNs.
- Community Support website.
- Roadshows - Autumn 2014 & Summer 2015 (TBC).
- NEM Champions at unit level.
- NEM Mailbox:
Air-COSPers-Pol NEM Mibx (MULTIUSER)
- NEM Website coming soon.

As at November 2014

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CAAS will:

- **Be much simpler.** The old 4 Tier Grading system was very complicated and open to interpretation – at the moment, the charges for many of our properties are incorrect or inconsistent. The new system will be based on objective national standards.
- **Use independent assessments.** Properties will be assessed by professionally trained housing specialists, and independently audited, to ensure that each charge is correct. No charges will change before this is completed.
- **Set charges to reflect things which are important to occupants.** Service personnel have clearly told us what they want from SFA. The condition of the property will be most important in setting the charge, but it will also include factors like the speed of the broadband connection and energy efficiency.
- **Still have overall charges recommended by the independent Armed Forces Pay Review Body (AFPRB).** MOD would still significantly subsidise the accommodation charges personnel pay, the rates would still be recommended by the AFPRB, and adjusted further for condition, scale and location factors.
- **More fairly reflect the quality of the property.** Significant investment has been made in recent years to improve SFA quality - £90M last year alone - but often charges have not increased accordingly.

Will Service Accommodation continue to be good value for money?

Overall, Service accommodation will continue to represent very good value for money compared to the civilian market. The majority of Service personnel will continue to spend about 10 - 15% of their salary on accommodation – this compares to, on average, 30% of income for social renters and 40% for private renters. A significant subsidy will continue to be applied to all Service Family Accommodation, reflecting the disadvantages of living in it (e.g. lack of choice of property, lack of security of tenure and inability to make improvements).

Civilians spend 30 - 40% of their monthly income on rent



Most Service personnel will continue to spend 10 - 15% of their monthly income on Service Accommodation



What will CAAS deliver?

3 x programmes of improvements:

- **From April 2016**, all homes must meet the "Decent Homes Standard". This will set specific new standards in several key areas. The home must:
 - Meet all legal requirements
 - Be in a reasonable state of repair (precisely defined for things like the roof and walls)
 - Meet strict criteria for mould and damp
 - Have reasonably modern facilities and services - eg kitchens less than 20 years old
 - Meet minimum standards of energy efficiency
- **An energy efficiency investment programme** – to reduce the energy bills for around 8000 occupants by an average of more than £500 a year + an improved Fuel Subsidy Scheme, should result in energy bills for every SP in SFA being significantly lower than the national average for that type of home **by April 2019**.
- About half of our family homes are currently at the highest standard for condition. The **additional funds will underpin a programme of improvements** (alongside further house purchases) that will increase this proportion, for instance by enabling more replacement kitchens, bathrooms, double glazing and insulation to be installed.

The roadmap to fairer charges

- Details released on the Combined Accommodation Assessment System
- Survey of properties
- Estimates of rent bandings sent to householders
- Final confirmation of rent bandings issued
- New charging rates come into effect



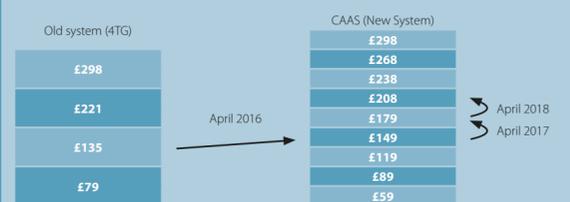
NEM Myth Busters

- Updating the assessments will mean some charges will rise, particularly for those properties with lower charges but which are in better condition. The MOD will reinvest all the additional charges paid into improving Service accommodation. This will focus investment on issues that matter to SP, such as new kitchens and bathrooms, improved energy efficiency, treating mould and damp and improving broadband services.
- Charges will **not** be linked to civilian rents – it is planned that the highest charge for each type of property will be the same as it would be for the current system. The introduction of CAAS will make sure that charges for Service accommodation are fair, transparent and represent good value for money, with a substantial subsidy compared to the civilian sector.

What will happen to Charges?

- In April 2016, it is planned to introduce a new set of objective standards to assess SFA, based on existing Government standards, so that charge levels can be determined simply and transparently. The precise rates will be subject to recommendations by the AFPRB as usual, but it is proposed that:
 - The highest charge payable will = the highest charge under the old system (Grade 1 for Charge).
 - From April 2016, far fewer properties would pay that highest charge than under the current system.
- Around a quarter of occupants would see charges decrease in April 2016 by, on average, about £50 a month – these decreases would be implemented in full at that time.
- Around three quarters of occupants would see charges rise gradually from April 2016. This is most likely to apply to those in properties currently paying low charges but which are of a better standard.
- Where a property was undergraded under the old system, charges will rise to a higher rate, gradually, fairly and transparently. All rises will be limited to a set amount each year. On current plans:
 - The cap will vary according to rank and house size;
 - It is expected to be around £40 a month for JOs and £20-30 a month for ORs, although it may be less in some circumstances;
 - For the majority of properties, the total change to the monthly charge, **staggered over several years**, would be between £50 and £75 from its current level.

To illustrate what might happen, the table below shows **hypothetical** monthly charges for a three-bed home (Type C) under the old 4TG system and the new CAAS. If a home was undergraded, the charge will rise gradually over a number of years until it reaches the correct level. **Note that these are today's prices, not the exact figures that will apply in 2016.**



NEM Myth Busters

- Just a money making exercise? The extra income that the Department will receive will all be re-invested into Service accommodation. Charges will rise on average, but this is because the old 4TG system wasn't being applied properly. The changes will ensure that a fair charge is paid for good quality properties – if you are in a property that is smaller, of lower condition or more remote, the charge will still be discounted.

How will the new assessment system work?

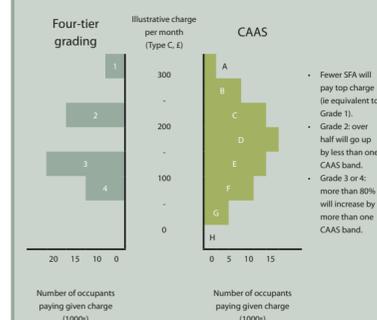
- On top of the subsidy given for all properties, the accommodation charges will be further discounted where the accommodation does not meet certain criteria, based on three key factors; **the condition of the house, the scale of the house and its location in relation to key amenities.**
- Condition will be assessed using the tried-and-tested "Decent Homes Standard". There will be further discounts where homes don't provide the features occupants told us were most important to them – including for poor energy efficiency and where the broadband connection is slower than the UK average. The new system will also ensure that occupants will see fair rental increases where improvements are made. Further detail on exactly how this will work will be published next year.
- It is also planned to introduce broadly the same system for substitute SFA and for SFA overseas in April 2016. If charges increase, they will be capped in a similar way to UK SFA. Further information will be provided early next year.
- **SLA**. It is planned to introduce CAAS for SLA in 2017 and will provide more information on this closer to the time.

NEM Myth Busters

- The condition of the property will be most important – homes that have not been improved will be significantly cheaper - but other factors will also have a significant impact e.g. it is planned to give a 10% discount if your broadband connection is slower than the national average.
- The new system will use the Decent Homes Standard which generally sets a higher bar than the current 4TG system. From April 2016, you will not be allocated a home that fails to meet this standard in the UK. This means, for example, that there will be more modern kitchens and bathrooms and minimum standards on mould and damp.

What happens next?

- Throughout 2015, properties will be assessed for their new charge. Some SP will receive letters requesting access to survey their property. They will be assessed by professionally trained housing specialists to ensure accurate, property specific assessments are used to set charges.
- Around July 2015, an estimated charge will be sent to all occupants to help families plan their finances.
- In Summer / Autumn 2015, a series of events and publications will enable Service personnel to see in more detail how the new system will work.
- In early 2016, prior to CAAS being launched in April 2016, a property-specific assessment will be sent to all occupants. The new charging rates will not be implemented until April 2016.



NEM Myth Busters

- What happens if the charge for my property is due to rise significantly? Any increases will be signposted well in advance. If the charge needs to rise, it is planned to have a protection system that will set a maximum cap for the increase in any single year. This cap will change according to the property type. Any large increases will be staggered over a number of years.
- If I have been undercharged in the past, are you expecting to recover the costs from me? No, errors will not be corrected under the old system, even where occupants have been undercharged.

Hot Topics for the RAF

- Partner Employment Project (PEP) - funding has been secured for FY 15/16 and 16/17 to deliver a UK wide RAF PEP Trial. More information to follow.
- We hope 2nd phase of "offers" (beyond 12 yrs service) are being made Dec 14 onwards, which will take up to 18 months to complete. Those with the least time remaining in their current engagement or commission will receive offers first.

NEM Delivery Roadmap

Year	Key Milestones
2014	Forces Help to Buy Pilot Alignment Offers
2015	New Commissions / Engagements PEP Pilot
2016	Pay Model Manpower Control Career Management Principles CAAS SFA
2017	Officers' Career Development Personal Development Pathway Forces Help to Buy Main ELC/SLC Alignment CAAS SLA
2019	Distributed Training
2020	NEM Programme to reach full maturity

NEM Myth Busters

- There will be no 'Big Bang' approach to any parts of the implementation and you will be fully advised at each stage to ensure that you have the correct information on which to base your future career decisions.
- NEM will be a continuum that will reach full maturity as we reach Future Force 2020. It provides an opportunity for us to modernise our 'offer' and ensure that we have the structures in place to continue to recruit and retain the right people.