Snapshot of NEM (May 2015 Edition)

The Combined Accommodation Assessment System (CAAS) SFA - UK Explained

There are differences with overseas CAAS, these will be covered by a separate communications product from JFC.

The New Employment Model

Accommodation charges will be determined by Three Factors: Condition, Scale and Location. Where a standard is not, or cannot, be met the charge is reduced to reflect the deficiency from the target standard. Against each of these factors, SFA will fall into one of three incremental levels.

Level	Condition	Scale	Location
1	Decent Homes Plus (DH+)	Upper	Urban
2	Decent Homes (DH)	Middle	Intermediate
3	Decent Homes Minus (DH-) (Will not be allocated after Apr 16)	Lower	Remote

This leads to 9 different charging bands. The start of the banding (top charge – Band A) is set at Decent Homes Plus (DH+) for Condition, Upper Scale and Urban Location. The top charge band for each type of SFA, Band A, is recommended by the AFPRB annually.

The combined result of the assessment of each factor calculates the overall Rental Band for individual SFA in accordance with the Table below; Condition has double weighting for rental discount compared with Scale and Location (iaw NEM evidence collection).

The Combined Accommodation Assessment System is replacing the current 4 Tier Grading System on 1 Apr 16. Lets take a look at the detail:

Condition

What makes a decent home ?

- **Effective Drainage**
- **Adequate lighting, heating & ventilation**
- **Safe electrics**
- **Effective noise & thermal insulation**
- **Buiding in safe & reasonable state of repair**
- **Efficient boilers / plumbing**
- **Kitchen of adequate size and layout**
- **Efficient heating**
- **Energy efficient**
- **Appropriately located bathroom**

A Decent Home is determined by the national standard and requires SFA properties to meet all of the following four criteria:

- It meets the statutory minimum standard for housing;
- It is in a reasonable state of repair (assessed from the age and condition of a range of building components including walls, roofs, windows, doors, chimneys, electrics and heating systems);
- It has reasonably modern facilities and services (assessed according to the age, size and layout/location of the kitchen, bathroom and WC and any common areas for blocks of flats, and to noise insulation);
- It has a reasonable degree of thermal comfort. This is assessed using the Government's Standard Assessment Procedure for measuring energy efficiency.

Scale

The scale element of CAAS is based on two factors: size and features (functional amenity and physical characteristics), benchmarked against DCLG national space standards. Each property will be assessed as Upper, Middle or Lower scale based on the following criteria:

Size

Properties will be assessed based on **either one** of the following size criteria:

1. A measure of the overall size – the Gross Internal Area (GIA) (measured in accordance with Royal Institute of Chartered Surveyors Code of Practice); or

2. A measure of the habitable space – the Effective Floor Area (EFA) (measured in accordance with Royal Institute of Chartered Surveyors Code of Practice); a cumulative floor area of the kitchen, sitting, dining, bedrooms, dressing room and study.

The measure of habitable space (EFA) does not apply if the overall size (GIA) has already been applied.

Features

CAAS will provide a discount if a property lacks certain functional amenities.

The measures of size and features are used to identify properties that are affected by one or more of the scale factors to produce an overall CAAS classification (Upper, Middle or Lower).

A rental discount will be applied to properties by adjusting the property to a reduced Scale category, with the starting level set at Upper (no discount), and the lowest rent level capped at the Lower category.

Location

Assessment Criteria

Location assessment is based on accessibility to services and determined by a pan-UK classification system, using individual property postcodes. Each property will be assessed as Urban, Intermediate or Remote based on the following criteria:

Accessibility

The overall measure of average accessibility by assessing travel time to eight key amenities:

- Food store
- GP
- Employment Centre
- Primary school
- Secondary school
- Further education institution
- Hospital
- Town centre

This is measured by public transport/walking, using Department for Transport accessibility indicators, at the following thresholds:

1. Urban (less than 20 minutes travel);
2. Intermediate (between 20 and 40 minutes); or
3. Remote (more than 40 minutes).

Broadband Accessibility

The government target for all properties to have a basic 2 Mbits/s was considered, but it was agreed a fairer measure was the national average to base any discount on. The national average broadband speed (currently 17.8 Mbits/s), using Ofcom data; properties not meeting this standard will be downgraded by one CAAS Band (may be in consideration with other weighting factors).

Deprivation

Where a property is located in one of the ten areas identified by government as the most deprived in Britain, the property will be downgraded by one category.

The measures of average accessibility, the broadband availability, and the indices of multiple deprivation are used to identify properties that are affected by one or more of the location factors to produce an overall CAAS classification. A rental discount will be applied to properties by adjusting the property to a lower rent category, with the starting level set at the Urban category (no discount), and the lowest rent level capped at the Remote category.

Calculating the CAAS Band

The table below shows how the relationship between the outcomes for each of the three factors (Condition, Scale and Location) combine to produce an overall CAAS Band.

As an example, where Condition is deemed to be Decent Homes standard, Scale is Upper and Location is classified as Remote, the resulting CAAS Band is E.

Condition	Scale	Location: Urban	Intermediate	Remote
DH+	Upper	A	B	C
	Middle	B	C	D
	Lower	C	D	E
DH	Upper	C	D	E
	Middle	D	E	F
	Lower	E	F	G
DH-	Upper	E	F	G
	Middle	F	G	H
	Lower	G	H	I

How charges will change on transition to the new system

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 under the 4TG system, 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.

4TG		CAAS	
£298 (Grade 1)		A £298	Apr 2018
		B £268	
£221 (Grade 2)	Apr 2016	C £238	
		D £208	
£135 (Grade 3)		E £179	
		F £149	
		G £119	Apr 2017
£79 (Grade 4)		H £89	
		I £59	

Assessment Process

SFA will be assessed by a combination of surveys and extrapolation of survey results. More than 8,000 surveys have been carried out to date primarily in empty SFA to minimise disruption to occupants.

During the period May – Nov 15 further surveys will be carried out, including occupied SFA (you will be advised in writing if your SFA has been selected for survey). It is expected that a significant proportion of SFA will need to be surveyed.

A survey looks at the condition and scale criteria (location has already been calculated).

The survey programme will focus on example houses that are the same by age, design, condition and energy rating; similar SFA will be gathered into groups of 2 or more, and within a group a minimum of 2 surveys will be carried out.

More than 4,000 groups have been identified to date and this figure is expected to increase as the survey programme progresses.

Within a group, if the results of the survey sample are the same, they will be extrapolated to the remainder of the group. Where we have extrapolated SFA, we will do a number of sample surveys to confirm bandings.

If differences are found, at least 2 new groups will be created, and the process will start again. DIO know that there are large groups that will need fewer surveys as all the SFA are the same and have been recently upgraded. There will also be estates with many groups because they have a wider range of SFA by age and design, and these will require more surveys.

The assessments are subject to an assurance process by Carillion Amey and separately by DIO. The results of the condition and scale assessment will be combined with the location criteria, and the CAAS Band calculated.

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

Myth Busters

How will my charge be set?

The Armed Forces Pay Review Body (AFPRB) will continue to independently recommend the top rate – band A – with an overall spread of charges that is broadly equivalent to the current system. Because CAAS uses new criteria, almost everyone's charge will change. Charges are expected to increase for about three-quarters of occupants and decrease for the other quarter. All rises will be capped to a set amount each year.

The cap will vary according to rank and house size, but will be around £40 a month for junior officers and £20-30 for other ranks. For the majority of properties, the total change to the monthly charge, staggered over several years, will be between £50 to £75 a month from its current level. This removes the unequal discount between property types under the current 4TG system, to provide a simple and uniform discount that is equal and fair to all.

So this is just a money making exercise?

No, CAAS seeks to both modernise the charging system as a replacement of 4TG, and rebalance the current inaccuracies in 4TG to meet the charge income levels that 4TG should have produced if it was maintained properly. The Deaprtment has committed to re-investing the extra income generated from correcting 4TG into Service accommodation.

Charges are expected to 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.

If you're reinvesting the money, how will the standard of accommodation improve?

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. This means, for example, that there will be modern kitchens and bathrooms and minimum standards on mould and damp.

The additional funds will also allow us to significantly increase investment in energy efficiency. We will run a programme that will benefit approximately 8000 service families – by 2019 they will see a direct reduction in their energy bills of up to £500 a year. We will also redesign the Fuel Subsidy Scheme so that most families in SFA should expect to pay less than the national average energy bill using Energy Performance Certification methodology.

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, we will have a protection system that will set a maximum cap for the increase in any single year. Any large increases will be staggered over a number of years (1 x CAAS Band per year).

If I have been undercharged in the past, are you expecting to recover the costs from me?

No, we won't be correcting errors under the old 4TG system, even where occupants have been undercharged.

If I end up paying less under the new system, can I expect a refund?

No. Charges based on the 4TG system were assessed on different criteria and may not reflect any improvements made to your property. But where your charge needs to be reduced, this will be implemented in full in April 2016.

When can I expect to see more & where?

Further info go to: **www.gov.uk/new-employment-model**

May 15: Test communications of CAAS at RAF Wyton – Tri Service Unit.

May - Nov 15: Continued assessment and surveys of SFA.

Jul 15: Receive estimate CAAS Band & explanation of methodology and transition to CAAS. No appeal at this stage.

Between Sep 15 - Feb 16: Receive final CAAS band and transition plan for your SFA. Appeal available at this stage.

Apr 16: New charge for SFA under CAAS staged incrementally each year until the final CAAS band has been reached. Decreases will take effect immediately from Apr 16.

Houses vacated after Apr 16, that do not meet the DH standard will not be allocated until this standard has been reached.

As at May 2015

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