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**REVIEW BODY
ON
ARMED FORCES PAY
LONDON WEIGHTING
AND SEPARATION ALLOWANCE**

**Second Supplement to Third Report
1974**

**Chairman:
H. W. ATCHERLEY**

*Presented to Parliament by the Prime Minister
by Command of Her Majesty
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REVIEW BODY ON ARMED FORCES PAY

The Review Body on Armed Forces Pay was appointed in September 1971 to advise the Prime Minister on the pay and allowances of members of Naval, Military and Air Forces of the Crown and of any women's service administered by the Defence Council.

The members of the Review Body are:

H. W. Atcherley (*Chairman*)¹

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¹ Also a member of the Top Salaries Review Body.

² Also a member of the Review Body on Doctors' and Dentists' Remuneration.

LONDON WEIGHTING AND SEPARATION ALLOWANCE

1. Since we submitted our Third Report¹ and the Supplement² to it earlier this year, we have considered proposals on two further aspects of the pay and allowances of the armed forces. These are the case for a differential payment for those who work in London (London Weighting); and the simplification of the rules governing the operation of Separation Allowance. The London Weighting proposals took account of the Pay Board's Advisory Report 4³, and the Separation Allowance proposals were made in response to our invitation⁴ to the Ministry of Defence in our Third Report to consider urgently the simplification of the rules.

2. Our recommendations on London Weighting affect pay in the year from April 1974, and we therefore submit them as a second Supplement to our main 1974 Report. We have taken the opportunity to include our proposals on Separation Allowance; because of the need for simplification, we have thought it right not to delay them until they could be incorporated in our 1975 Report.

London Weighting

3. Our general aim is to ensure that pay in the armed forces fairly reflects what is paid for comparable jobs in other walks of life. The publication of the Pay Board's Report on London Weighting in July of this year led us to consider the position of those in the armed forces who are stationed in London. London Weighting is not, of course, a new concept, and we are aware that many employers in the public and private sectors already pay an allowance of this kind to employees who work in London. The Royal Commission on the Civil Service 1953-1955 (the Priestley Commission)⁵ recommended the introduction of national rates of pay with an addition for London as preferable to the existing scheme of provincial differentiation and a system of London Weighting was introduced in 1956. The National Board for Prices and Incomes⁶ endorsed the system and recommended revised rates in 1967.

4. The NBPI considered the detailed make up of London Weighting and proposed that it should be based on the additional costs associated with working in London: the costs of housing and travel to work were taken as the main determinants, on the grounds that other costs were not significantly different. The position of the majority of servicemen who

¹ Review Body on Armed Forces Pay, Third Report 1974, Cmnd. 5631, May 1974.

² Review Body on Armed Forces Pay, Pay of Service Medical and Dental Officers, Supplement to Third Report 1974, Cmnd. 5729, September 1974.

³ London Weighting, Cmnd. 5660, July 1974.

⁴ Cmnd. 5631, paragraph 69.

⁵ The Royal Commission on the Civil Service 1953-1955; Chairman: Sir Raymond Priestley, Report—Cmnd. 9613, November 1955.

⁶ Report No. 44, Cmnd. 3436, November 1967.

work in London is not on all fours with the position in civil life: accommodation charges are standardised throughout the country, through a combination of standard married quarter or hirings charges and excess rent allowances, and there are standard arrangements for reimbursement of some of the costs of travel to work. This means that most of these servicemen do not incur the additional costs related to the NBPI's two determinants, and London Weighting derived from them would not therefore be appropriate. The armed forces arrangements were introduced in 1970 and were accompanied by the phased withdrawal of a London allowance previously payable to married accompanied personnel serving in an area within a radius of 10 miles from Charing Cross for whom married quarters or hirings were not available. The allowance was designed to cover the extra costs of private housing and of fares in the London area. It now survives on a "reserved rights" only basis and, in due course, will disappear.

5. The Pay Board concept of London Weighting has regard to the additional cost of housing and of travel to work associated with working in London, and to this extent, the existing approach in the armed forces remains valid. However, the Pay Board also took account of "other costs"—i.e. consumer expenditure other than housing and travel to work—and "wear and tear and housing standards"—combining the wear and tear associated with the stress and inconvenience of travelling to work, and lower standards of accommodation in London—in the calculation of London Weighting. This has created a new situation which we discuss in paragraph 8. Furthermore, the Government has welcomed the Pay Board's report as "a most useful contribution to the resolution of this particular problem" and has expressed the belief that "the principles proposed should be applied in negotiations on London Weighting both in the public sector and by private sector negotiators who are in the same position".¹ We have reconsidered the position of the armed forces in the light of these developments.

6. Our deliberations have been influenced primarily by the views expressed in the Pay Board report that London Weighting should be the same for everyone in the public sector; that there should be separate rates for those working in Inner London and in Outer London²; that in the public sector the level should be £400 per annum for those working in Inner London and £200 for those working in Outer London; that the coverage of weighting systems should extend to all those within the scope of the national pay structure where employees work both in London and elsewhere³; and that full account should be taken of all allowances

¹ House of Commons Official Report, Parliamentary Debates (Hansard) Volume 876, No. 65, 1 July 1974, Col. 29.

² Pay Board Advisory Report 4. London Weighting, Cmnd. 5660, July 1974 paragraph 105.

³ *ibid* paragraph 117.

towards the cost of living and working in London in determining the London Weighting for groups which receive them¹. The amounts of £400 and £200 were calculated as follows²:

	Place of work	
	Inner London	Outer London
Housing	£ 141	£ 80
Travel to work	73	15
Other costs	81	81
Wear and tear and housing standards	105	24
	400	200

7. The recent changes in London Weighting arrangements, particularly in the public sector, have been based on these principles and on the Government's endorsement of them. In our view there is no reason why members of the armed forces who work in London should in principle be treated differently from others in the same position. We therefore recommend the introduction of an appropriate form of London Weighting for the armed forces. We now consider the levels.

8. As we have said (paragraphs 4 and 5), London Weighting assessed by reference to the additional costs of housing and travel to work is not appropriate to the armed forces in general. We have therefore excluded these two components of cost from our consideration of the levels of a general payment which we recommend for all servicemen and women who work in London, and have turned our attention to the two new cost components in the Pay Board's calculations—"other costs" and "wear and tear and housing standards". We are aware that the patterns of expenditure of some servicemen and women will not match precisely those that formed the basis of the Pay Board's calculations. Because of the system of standard charges for food provided by the Services, which operates throughout the country, some servicemen do not incur additional costs on this account. Again, some servicemen live and work at the same location and do not therefore suffer comparable "wear and tear". But they are not alone in this: similar arguments can be advanced in relation to the position of some in civil life. We conclude that the broad averaging approach adopted by the Pay Board is equally applicable to the armed forces and that these two cost components should form the basis of London Weighting payable to all servicemen and women who work in London.

¹ Pay Board Advisory Report 4, London Weighting, Cmnd. 5660, July 1974 paragraph 118.

² *ibid* paragraph 115.

9. This approach does not, however, apply to those servicemen and women who are owner-occupiers, who travel daily from their homes to work in London, and who incur the additional costs of housing in the same way as people in a similar position outside the Services. We consider that servicemen and women in this position should receive the appropriate basic rate of London Weighting which we propose and, in addition, the amounts recommended by the Pay Board to compensate for the additional costs of housing. We therefore recommend the introduction of London Weighting at the following rates:—

	Basic rate		Owner-occupier rate	
	Annual	Daily	Annual	Daily
	£	£	£	£
Inner London	186	0.51	327	0.90
Outer London	105	0.29	185	0.51

10. One special consideration needs to be borne in mind in defining the boundaries of Inner and Outer London for the payment of London Weighting to the armed forces: Ministry of Defence establishments commonly employ both Service and civil service staff, and the latter receive London Weighting in accordance with existing definitions of areas. If a Ministry of Defence establishment were to qualify for different treatment in the calculation of the entitlement of Service personnel and the civil service staff, unnecessary difficulty would arise. We therefore recommend that the boundaries of the Inner London and Outer London areas which apply in the civil service¹ should be adopted for the Services.

11. We also recommend that London Weighting should be introduced with effect from 1 April 1974, and that it should be accompanied by the abolition of the existing obsolescent London allowance (paragraph 4) and of the London addition for University cadets and for medical and dental cadets at present paid to those who attend a university institution within a radius of four miles from Charing Cross.

Separation Allowance

12. Separation Allowance is paid to married servicemen who are separated from their families for Service reasons, and is designed to provide a measure of compensation for those disadvantages of separation

¹ i. Inner London will be the area within a radius of 5 miles from Charing Cross (statue of King Charles I).

ii. Outer London will be the area outside inner London:

a. within a radius of 18 miles from Charing Cross (statue of King Charles I) plus:

b. The former Borough of St. Albans, Herts;

c. The former Urban District of Slough, Bucks;

d. The Military Vehicles and Engineering Establishment at Chertsey, Surrey;

e. any town the boundary of which is intersected by the 18 mile radius from Charing Cross.

which the National Board for Prices and Incomes¹ defined as “personal and emotional”. Provision is made in other ways for meeting some of the out-of-pocket costs that separation entails; we are not concerned with these arrangements here.

13. The allowance in its present form was introduced on 1 December 1970 following recommendations made by the National Board for Prices and Incomes¹, and reflected three principles: that all servicemen could normally expect a certain amount of separation which would be taken into account in assessing the X factor element in pay, and the payment of separation allowance would not begin until this “normal” amount had been exceeded; that separation within the UK (or within one country) should qualify for the allowance but should carry less weight than separation overseas (in different countries); and that more weight should be attached to continuous separation than to separation for a series of relatively short periods.

14. The implementation of these principles involved the introduction of the concept of an initial qualifying period of separation which corresponded to the normal amount of separation that could be expected in a period of 12 months, and for which no payment was made. Differential weightings were achieved by introducing different qualifying periods for different categories of separation; after having qualified, servicemen received a standard rate of 40p a day for subsequent periods of separation that were long enough to attract payment.

15. Largely because the new system imposed a heavier administrative load than previously, a standard rate of separation allowance was introduced in 1970². Now that the system has been in operation for nearly four years, during which the rate of the allowance has remained unchanged, the Ministry of Defence have been able to assess both the general operation of the system and the administrative burden in the context of a constant rate. They have told us that the present rules are complicated to operate and that much of the complexity results from the existence of four different qualifying periods and the need, as a result, to maintain detailed records of each individual’s periods of separation in excess of certain minima, since they may, in aggregate, provide the required qualification. An added complication is that, since servicemen are called on to serve in different locations according to Service needs, a combination of different qualifying rules can be involved. The Ministry of Defence have told us that this aspect involves an enormous amount of paper work that produces

¹ NBPI Report No. 158, Standing Reference on the Pay of the Armed Forces, Fifth Report, Separation Allowance, Cmnd 4529, November 1970.

² An alternative way of achieving the desired differentials would have been to introduce a standard qualifying period with differential rates of allowance. This was considered by the Ministry of Defence at the time but rejected in favour of the system proposed.

minimal benefits. At the same time, as we said in our Third Report¹, we have been told by many servicemen in our visits to Service units both about the complexity of the rules and about the unfair way in which they sometimes operate. We are concerned here to simplify the rules in order to remove unfairness in operation, although we remain satisfied that the principles underlying the allowance (paragraph 13) are fair and should continue to provide the basis for it.

16. The Ministry of Defence have made proposals to us which are designed to achieve the simplification that we regard as necessary within the broad principles of the allowance, and to ease the administrative burden. The main changes suggested to us are the abolition of the aggregation arrangements and the replacement of the four different qualifying periods by a single standard period of continuous separation. Under this proposal, the requirement to give greater weight to separation overseas than to separation at home would be met by introducing different rates of allowance. In this connection, the Ministry of Defence have told us that the concept of "home" and "overseas" separation is not entirely straightforward and that, in terms of separation, there is not a great difference between, for example, those separated within the UK, and those separated by the Channel or the North Sea. They suggest that the real difference is between separation in North West Europe² and separation by oceans or continents, and they have proposed a lower rate of allowance where separation is within North West Europe, and a higher rate where separation is in different countries and where at least one country is outside North West Europe, or where the husband is serving at sea.

17. It seems to us that these proposals, with certain consequential changes, would achieve a considerable measure of the desired simplification. We recognise that a small number of servicemen who, since 1970, have been able to qualify for the allowance by the aggregation of a number of relatively short periods of separation, would lose that benefit; but the Ministry of Defence have assured us that this aspect has been fully considered by the Services and that adoption of their proposals would provide improvements which offset this disadvantage.

18. We recommend that the following changes should be introduced as soon as the necessary administrative arrangements can be made:—

(a) The qualifying period should be changed from the present periods of 30 or 42 days (continuous) and 60 or 90 days (aggregated) separation to 30 days continuous separation and should continue to have effect for a period of 12 months from the day immediately following the last day of the qualifying period (the qualifying date).

¹ Review Body on Armed Forces Pay, Third Report 1974, Cmnd. 5631, May 1974, paragraph 69.

² Defined as: United Kingdom of Great Britain and Northern Ireland, Germany, France, Belgium, Holland, Luxembourg and Scandinavia.

(b) Separation allowance should be paid from the 31st day of the initial (qualifying) period of separation to the end of that period, and for the whole of any subsequent period of separation lasting 10 days or more that begins within 12 months of the qualifying date (the 31st day).
 (c) Separation allowance should continue to be paid during periods of leave of up to and including 7 days that are immediately preceded and followed by separation at the same duty station.

19. We accept the view of the Ministry of Defence that the present rate of separation allowance of 40p a day should be replaced by two rates (paragraph 16). We recommend that a rate of 50p a day should apply to separation within North West Europe or within the same country at other overseas locations. A higher rate of 65p a day should apply to separation in different countries, one of which is outside North West Europe, or when the husband is serving at sea other than in ships operating on a restricted day-running basis from UK ports.

20. We believe that our recommendations will remove most of the unfairness generated by the present rules and, if any special problems arise, we invite the Ministry of Defence to report them to us. We express the hope that appropriate arrangements will be made to ensure the smooth transition from the present arrangements to the new system, and to avoid hardship to individuals.

The cost of our recommendations

21. The net cost of our recommendations in a full year is estimated to be:—

London Weighing	..	..	..	..	..	£3 million
Separation Allowance (after offsetting the net saving arising from the abolition of the aggregation rules).	..	..	..	..	..	£1.5 million

The total additional cost is therefore of the order of £4.5 million.

H. W. ATCHERLEY (*Chairman*)

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