

PARLIAMENTS
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REVIEW BODY
ON
ARMED FORCES PAY
LONDON WEIGHTING

Second Supplement to Fourth Report
1975

Chairman:
H. W. ATCHERLEY

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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

Admiral Sir Desmond Dreyer GCB CBE DSC JP

Ewen M'Ewen CBE

Miss A R Murray JP

C A Roberts CBE

J R Sargent

Sir Leslie Williams CBE

The Secretariat is provided by the Office of Manpower Economics.

¹ Also a member of the Top Salaries Review Body.

LONDON WEIGHTING

1. London weighting was introduced with effect from 1 April 1974 for the armed forces within our terms of reference following the Government's acceptance of the recommendations in the Second Supplement to our Third Report 1974¹. It was subsequently extended to Major-Generals and equivalent. An obsolescent London allowance for certain married accompanied personnel for whom quarters were not available (which then survived on a reserved rights basis only) and a London addition paid to university cadets and medical and dental cadets who attended university institutions within a radius of four miles of Charing Cross, were abolished on the introduction of the new system.

2. Our recommendations were based on an Advisory Report by the Pay Board², which identified the following elements of additional costs associated with working and living in London: housing; travel to work; consumer expenditure other than housing and travel to work; and wear and tear and lower housing standards. The Pay Board also recommended that full account should be taken of all special forms of assistance towards the cost of living and working in London. We concluded that the inclusion of elements that recognised the additional costs of housing and travel to work was not appropriate for the armed forces generally, because of the Services' arrangements for providing accommodation at standard charges or for paying part of the cost, and for reimbursing some of the costs of travel to work: we therefore recommended basic rates for Inner London and Outer London made up of the amounts which the Pay Board had calculated as appropriate recognition for the "other costs" and "wear and tear and lower housing standards" elements in their general formula. But we recognised that servicemen and women who were also owner-occupiers and who travelled daily from their homes to work in London would incur additional housing costs in the same way as owner-occupiers outside the Services, and for them we recommended an addition to the basic rates of the amounts which the Pay Board had included to compensate for the additional costs of housing. The recommended rates were:

Table 1

	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

3. The Pay Board recommended that London weighting for the public sector should be brought up to date annually with effect from 1 July each year

¹ Review Body on Armed Forces Pay, London weighting and separation allowance, Cmnd. 5853, January 1975.

² Pay Board Advisory Report 4: London weighting, Cmnd. 5660, July 1974.

on the basis of the indices relevant to the preceding April and proposed an appropriate method¹. On this basis, and in the modified form adopted in 1974, the up to date rates of London weighting for the armed forces with effect from 1 July 1975 are:

Table 2

	Basic rate		Owner-occupier rate	
	Annual	Daily	Annual	Daily
	£	£	£	£
Inner London	226	0.62	387	1.06
Outer London	128	0.35	219	0.60

4. The Pay Board's recommendations were designed to cover the public sector as a whole and our 1974 recommendations ensured their application in an appropriately modified form to the armed forces within our terms of reference. The amounts were intended to be reviewed annually with effect from 1 July each year, and we have therefore now considered the levels of London weighting appropriate to the armed forces on this basis. We are satisfied that we are free to do this as we are concerned with the situation before the introduction of the current pay restraint measures described in the White Paper "The Attack on Inflation"². The increases do not, therefore, have to be offset against the £6 a week limit for increases in pay which has been in operation since 1 August 1975, but have to be judged against the guidelines for pay settlements that existed before then under the social contract³, to which we had regard in formulating the recommendations in our Fourth Report⁴. We are satisfied that the revised rates of London weighting set out in Table 2 above are consistent with those guidelines and we recommend that they should be introduced with effect from 1 July 1975. We estimate the additional cost of the revised levels of London weighting to be £0.411 million in 1975-76 and £0.546 million in a full year.

HAROLD ATCHERLEY (*Chairman*)
 D P DREYER
 EWEN M'EWEN
 A R MURRAY
 C A ROBERTS
 J R SARGENT
 LESLIE WILLIAMS

OFFICE OF MANPOWER ECONOMICS
 8 March 1976

¹ Cmnd. 5660, Appendix VI.

² Cmnd. 6151, July 1975.

³ *ibid*, Annex, paragraph 3.

⁴ Review Body on Armed Forces Pay, Fourth Report 1975, Cmnd. 6063, May 1975.