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REVIEW BODY
ON
ARMED FORCES PAY
NINTH REPORT
1980

Chairman:
SIR HAROLD ATCHERLEY

*Presented to Parliament by the Prime Minister
by Command of Her Majesty
May 1980*

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Cmd. 7899

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:

Sir Harold Atcherley (*Chairman*)¹

Dr Ewen M'Ewen CBE

Dame Rosemary Murray DBE JP

Sir John Read

J. R. Sargent

Baroness Sharples

Air Chief Marshal Sir Ruthven Wade KCB DFC

Sir Leslie Williams CBE

The Secretariat is provided by the Office of Manpower Economics.

Admiral Sir Desmond Dreyer GCB CBE DSC JP and Mr C. A. Roberts CBE retired from the Review Body in November 1979.

Baroness Sharples and Air Chief Marshal Sir Ruthven Wade KCB DFC were appointed to the Review Body by the Prime Minister in December 1979.

¹Also a member of the Review Body on Top Salaries.

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CHAPTER 1

INTRODUCTION AND GENERAL CONSIDERATIONS

1. The background against which we put forward recommendations this year on the levels of pay and charges appropriate to the armed forces differs significantly from the background to most of the reviews carried out since we were appointed in September 1971. The recommendations in our Eighth Report—put forward before the general election of May 1979—continued the process, begun in 1978, of bringing military salaries fully up to date in the context of the Government of the day's decision to restore them to fully comparable levels in two approximately equal stages on 1 April 1979 and 1 April 1980. We took the view that the commitment to restore fully comparable rates of pay on this basis was a step in the right direction but that, if the serious manning problems facing the armed forces were to be overcome, there was a need both to bring armed forces pay up to date at the earliest possible opportunity, and to keep it so¹. Our belief was and remains that, unless there is a continuing assurance that armed forces pay will be kept broadly in line with pay in civil life at equivalent levels, the Services' ability to recruit and, in particular, to retain will once again be put in jeopardy.

2. We therefore welcomed both the decision of the present Government on taking office to introduce the fully up to date levels of salary recommended in our Eighth Report² with effect from 1 April 1979 and, in particular, the commitment that has recently been reiterated in the Statement on the Defence Estimates 1980³ to maintain the pay of servicemen at the levels of their civilian counterparts. The effect has been quite marked. It was apparent on our visits to Service units throughout the United Kingdom in the last year that there had already been a significant improvement in morale—a view confirmed in discussion with senior management from the Ministry of Defence. The Statement on the Defence Estimates 1980 indicates that there has been an improvement in the overall manning situation in recent months⁴. We have also received detailed information from the Ministry of Defence on the recruitment, retention and overall manning situation. The latest trends do seem more encouraging. Recruitment, particularly of servicemen, is now much improved: indeed, 1979 turned out to be one of the best years for recruiting since the end of National Service in 1960. Some problems remain. For example, recruits to commissioned service are still not coming forward in anything like the numbers required and there are difficulties in certain areas—difficulties which, in certain of the more skilled and highly technical trades and branches, are indicative of a more general national problem. Against that, the numbers applying to leave the armed forces prematurely have fallen significantly from the unusually high levels to which we drew attention last year: we understand that the rate of application has now returned to what is considered to be a normal level on the basis of past experience and many applications have been withdrawn in recent months.

¹Review Body on Armed Forces Pay, Eighth Report, 1979 (paragraph 9).

²The fully up to date rates of pay recommended in our Eighth Report are at Appendix 1.

³Statement on the Defence Estimates 1980—Cmd. 7826-I (paragraphs 607–608).

⁴*ibid* (paragraphs 604–605, 609–612).

3. Against this general background, the armed forces still face serious manning difficulties in many areas. The problems are more pronounced in some trades and branches where the loss of skilled and experienced men throughout the period when pay has not been fully up to date has been most severe. Recruitment over the next few years will have to be maintained at the current high levels if requirements are to be met and if the cumulative effect of high outflow rates is to be overcome, particularly in the context of the expected decline in the number of young men and women entering the labour market over the next few years.

4. But increased recruitment will not, of itself, be sufficient. The problem is not only one of overall numbers: the Services will need to retain as many skilled and experienced personnel as possible. Indeed, the quickest and most cost effective way of improving the overall manning situation is by achieving a higher rate of retention. We discuss in Chapter 2 the scope for specific improvement in retention incentives. But, if these manning difficulties are to be overcome, the major task is to ensure that pay in the Services is up to date and we put forward our recommendations on armed forces pay with this aim. We are of course aware of the potential impact of the system of cash limits introduced by the Government as a means of controlling public expenditure. For our part, we put forward our recommendations against the background of the commitment by successive Governments that they will be accepted unless there are clear and compelling reasons in terms of the national interest for not doing so; and of the commitment of the present Government to which we have already drawn attention.

5. In framing our recommendations, comparisons with outside levels of remuneration provide an important source of evidence. In these comparisons, we take account of total remuneration. This involves us in an evaluation of the relative values of pension arrangements and of 'fringe benefits'. So far as pensions are concerned, the issue from our point of view is to quantify the balance of overall benefit between the arrangements which apply to members of the armed forces and those that apply generally to their comparators at broadly equivalent levels elsewhere. This includes the question of the value to be placed on the 'inflation proofing' of public service pensions under the terms of the Pensions (Increase) Act 1971, that apply under separate regulations to members of the armed forces: it is one aspect only of the total remuneration comparison, but it is a significant one which has to be given proper weight.

6. The survey of remuneration which plays a part in our judgments on officers' pay gives rates of employee superannuation contributions 'outside' but does not provide sufficient information for a detailed comparison and evaluation of pension benefits. In the past, therefore, we have assumed that calculations carried out by the Government Actuary to quantify the balance of benefit between pension arrangements in the non-industrial civil service and those that apply to outside comparator jobs would apply equally in the case of a comparison between Service officers and the generality of 'outside' practice at the same levels. Similar assumptions have been made at Warrant Officer level also. Until recently, a parallel adjustment has not been necessary at lower ranks because most at these levels did not complete the necessary 22 years' service required to entitle them to any pension benefit.

7. We have regarded the use of the calculations carried out in the civil service context as being in the nature of a substitute for a full comparison and evaluation of pensions benefits in the particular context of the armed forces. We believe that such a comparison and evaluation is necessary and should be initiated now. Apart from the fact that armed forces pension arrangements are different in some important respects from those found elsewhere in the public sector—particularly the provision for retirement at a relatively early age with immediate pension entitlement—modifications to the armed forces arrangements to conform with State pension scheme practice has meant that servicemen now acquire entitlement to a pension after 5 years' service, although it is not payable until retirement at age 60 or on completion of 22 years' service. We have, therefore, asked the Government Actuary to undertake a specific evaluation of Services' pensions arrangements and to compare it with an evaluation of general pensions practice: meanwhile, we have continued on this occasion our practice of recent years, and the adjustments that we have made in respect of the value of pension benefits in determining salary levels for all ranks in the armed forces are based on the adjustments used in the context of civil service pay negotiations.

8. However, an important consideration remains. We are aware that, although an actuarial approach has been adopted quite widely as a basis for judgment, reservations have been expressed about its adequacy as a reflection in current pay of the future value of the inflation proofing provisions. We note that the Government is to institute a further examination of the evaluation of inflation proofing for purposes of pay comparisons: we await the outcome and see the need to return to this matter in the future.

9. Fringe benefits, too, have to be compared. Our information on 'outside' practice suggests that, although practice varies widely between organisations, the benefit derived from private use of a company car is the most significant fringe benefit particularly at levels equivalent to officers in the armed forces. Other benefits, such as mortgages at low rates of interest, are substantial for individuals but, taken across the board, do not have the same impact as the provided car. We have taken fringe benefits in general into account in reaching our judgments, but we have on this occasion begun a fresh look at the car benefit.

10. There are two important issues. The first is the level of provision of company cars in outside employment which should be assumed for the purposes of determining the adjustment to salary levels. The second is the method of assessing the benefit from the private use of a company car. We shall examine these issues in greater detail in our next review: meanwhile, we have adjusted salaries to take account of the degree of car provision in the field that we use for earnings comparisons, and on the basis of the method of assessing the benefit that is used for remuneration comparisons in civil service pay negotiations. Like the adjustment for pension purposes, this approach will be subject to a full examination of what adjustments are appropriate in the particular context of the armed forces.

11. It is against this general background that we now put forward our

recommendations on the pay of the armed forces. As usual, our objectives are to recommend rates of pay and charges based on reliable methods of comparison that are seen as 'fair' by Serviceman and taxpayer alike; to provide effective incentives to recruitment and retention, and reasonable rewards for promotion to higher rank; to relate total remuneration to the special features of a Service career; and, where possible, to simplify the pay structure.

CHAPTER 2

MILITARY SALARIES

12. Our approach to judgments on the pay levels appropriate for members of the armed forces requires reliable methods of comparison with jobs, and the remuneration of those jobs, in other walks of life. Job evaluation is an important aid in this process of comparison, as we have indicated in earlier reports¹. At present three systems of job evaluation are in use: for Corporals²; for Senior NCOs and Warrant Officers; and for officers from Captain to Brigadier. In each system, jobs are analysed in terms of factors that are related to the demands of the job and weighted according to their importance within the overall job function. The allocation of points to each factor provides a total 'score' for each job which allows comparisons to be made with similar jobs (that is jobs which attract broadly the same score when judged against the same criteria) in a wide range of outside employment.

13. This provides first hand evidence of earnings in jobs that are of equivalent weight to jobs in the Services and is the primary source of pay evidence. We also take into account other more general pay indicators (including the New Earnings Survey and the Index of Average Earnings) and these sources become of greater importance at the levels in the armed forces (officers below the rank of Captain and servicemen below the rank of Corporal) where job evaluation is not applied directly.

14. Other important considerations apply too, and the evidence on outside earnings has to be translated into a coherent pay system against the background of the present complex rank and trade structure of the Services. We also have to take account of the special features of Service life: these include the broad balance of the advantages and disadvantages of a Service career compared with one in civil life, which is reflected in the X factor; and the need to provide incentives for commitment to a career in the armed forces, and in particular to encourage prolongation of service, which are reflected in the committal pay arrangements and in the system of long service increments. As part of this review we have considered proposals for relative improvements in the value of the X factor and of committal incentives.

The X factor

15. The X factor is an element in the military salary which is designed to recognise as a matter of judgment the largely unquantifiable factors that have to be taken into account in a comparison between the advantages and disadvantages of Service and civil life. Those factors are liability to danger, 'turbulence' and the adverse balance of Service conditions of employment (including the acceptance of military discipline) compared with those prevailing generally. When it was introduced in 1970³, the X factor was set at 5 per

¹Review Body on Armed Forces Pay, Seventh Report, 1978, Cmnd. 7177 (paragraphs 13–16).

²Throughout this report, references to Army ranks relate also to equivalent ranks in the other Services where the context allows.

³National Board for Prices and Incomes, Report No. 142, Standing Reference on the Pay of the Armed Forces, Third Report, Cmnd. 4291, February 1970 (paragraphs 45–52).

cent for men and 1 per cent for women. These levels were judged to provide sufficient compensation for the relative disadvantage of Service life at the time. In 1974, we recommended¹ that they should be increased to the present 10 per cent for men and 5 per cent for women.

16. Following the introduction of fully up to date rates of pay with effect from 1 April 1979, we have again examined the X factor against the background of a Ministry of Defence proposal that its relative value should be increased. They take the view that the balance of disadvantage of Service life has increased since our last full examination, taking into account such factors as the nature of military discipline, the relative improvement in leave arrangements outside, long hours of work in the armed forces and the degree of turbulence and separation associated with Service life. We have examined carefully the arguments that have been put forward in support of this proposal. We are satisfied that the X factor continues to provide a generally satisfactory means of recognising the special elements of Service life for the majority of Servicemen and we do not consider that it would be appropriate to recommend an increase in its relative value. Taken together, the advantages of Service life—in particular the facilities for learning a trade and the present security of employment—are substantial and need to be taken into account. We consider, however, that the present pattern of separation justifies greater flexibility in the conditions attaching to the payment of separation allowance, which provides specific compensation for separation over and above the norm within the armed forces: we discuss this in Chapter 3.

17. It has also been put to us that the present arrangement whereby the X factor is 'tapered' from the mid-point of the Lieutenant Colonel scale and at the ranks of Colonel and Brigadier is wrong both in principle and in equity. The argument has been advanced that, while officers at these levels might work no longer hours than their civilian comparators, they are nevertheless subject to a greater degree of turbulence, individual restriction and danger. We do not consider that these officers are at a special disadvantage compared with many of their counterparts in other areas in the public and private sectors and we regard it as appropriate to continue the tapering arrangements.

18. As part of our consideration of the evidence on the X factor we have examined the results of a recent survey of hours of work in the armed forces, undertaken at our request by the Ministry of Defence. This shows that most of the servicemen covered by the survey worked hours which were within the range of those worked in comparable areas of civil employment that are taken into account in earnings comparisons for the purposes of determining the military salary.

19. However, one of the results gives cause for concern. In the short period covered by the survey, a minority of servicemen were shown to be working exceptionally long hours, well beyond the normal range of experience. The survey did not establish whether such hours were being worked on a regular

¹Review Body on Armed Forces Pay, Third Report, 1974, Cmnd. 5631, May 1974 (paragraphs 39–44).

and systematic basis, but we intend to look at this particular issue in greater detail.

Committal incentives

20. Each of the Services needs to retain a substantial number of servicemen for a long period of service, both to fill senior NCO posts and to make the fullest use of the investment in their training and experience. The methods used by each Service to achieve this are essentially similar: each offers committal pay and length of service increments as financial incentives for commitment to longer periods of engagement.

21. We have received proposals that the value of committal pay and of length of service increments should now be increased. The basis of the case advanced is that an improvement in retention incentives will play an important part in building up the trained strength of the armed forces. We do not doubt this but we are not convinced that the proposed changes to the committal incentives will provide a satisfactory means of achieving this end. Briefly, the proposals involve a change in the value of the present Scale A and C rates (paid respectively to those committed to less than 6 years' service and those committed to 9 years or more) relative to Scale B (the rate for commitment to 6 years or more but less than 9 years). In addition, those on engagements of 9 years or more in the Royal Navy and the Army would be paid Scale B rates for the first 9 years of service, with the difference between Scale B and Scale C rates withheld to be paid out in lump sums at certain key points subject to continued full commitment to the terms of the engagement. The key points would differ in each Service. The proposals for the Navy envisage two substantial lump sum payments as a reward for service rendered: for the Army, the suggestion is for a succession of smaller lump sums to be paid throughout the early part of a career as the most effective means of encouraging soldiers to serve for longer periods than they do at present. By contrast, the proposals for the RAF do not envisage lump sum payments, but application of the full relative increase to Scale C rates.

22. Before we could recommend the implementation of proposals intended to improve retention incentives, we should need to be satisfied that the proposed system was durable and could, with confidence, be expected to deal with particular identifiable manpower difficulties throughout the 1980s. We do not have enough information to enable us to form a judgment whether the present proposals meet this criterion. However, as we have indicated (Chapter 1), the latest manning information demonstrates that, in general, there has been an improvement in recruitment and retention since pay was brought up to date last year and we consider it essential that the underlying manning trends should be clearer before judgments are made about the nature of the retention incentives that would be most appropriate over the next few years. Furthermore, we are not convinced that the proposed approach to the provision of committal incentives is appropriate. Our reservations centre on the question whether the concept of commitment to the Services nowadays means what it did. There has been a good deal of liberalisation of exit arrangements in recent years: in most cases (there are particular trades and specialisations where the position is different) the maximum commitment in practice after

the first 3 years of service is now 18 months, which is both the formal period of notice required under the notice engagement arrangements and the maximum waiting time that is now imposed between application for premature voluntary release (PVR) and exit. Also, the cost to servicemen of discharge by purchase—the current maximum is £375—is very low compared with the cumulative pay advantage accruing from committal pay, although we understand that some increase in PVR charges is now under consideration.

23. It is difficult therefore to accept that an enhanced rate of payment should be offered for just the promise of long service, particularly when the result is that different rates of pay apply to men of the same experience doing the same job. It is true that to some extent the proposals for lump sum payments in the Navy would represent a reward for service rendered rather than service offered, but we find it difficult to reconcile such arrangements with the practice that has recently been adopted in the Navy under which all ratings, irrespective of the terms of their initial engagement and subject only to a minimum of 3 years' service, have a statutory right to free discharge after 18 months' notice. We have reservations whether the pattern of lump sum payments proposed for the Army, with a succession of payments during the first three years of service to act as an inducement to undertake longer service (rather than as a reward for service rendered), is appropriate. It would also be necessary for the lump sums involved to be repaid in the event of premature release. Moreover, we consider it to be a major shortcoming of the proposals that they provide no direct incentive to enter or remain on a 6 year engagement whereas the need to encourage engagements of this length has been represented previously to us as an important management objective, particularly in the Army.

24. We conclude that, for the present, the existing arrangements regarding committal pay, including the rates of payment, should be retained. We intend, however, to undertake a thorough review of the general approach to the provision of retention incentives in the armed forces both for officers and for servicemen and servicewomen.

25. We have also received proposals that the value of length of service increments should be increased by 50 per cent. We intend that our forthcoming review of committal incentives should comprehend the structure and level of long service increments. Meanwhile we are in no doubt that their value should be increased now as, by definition, the individuals to whom such payments are made have demonstrated their commitment to a Service career. We recommend that the rates of length of service increments in Appendix 2, which represent broadly an increase of 50 per cent, should be introduced with effect from 1 April 1980.

Military salaries

26. In making recommendations on the levels of the military salary that we consider appropriate for 1 April 1980, we have followed our normal practice and have obtained a wide range of evidence on 'outside' earnings that relate to key points in the armed forces pay structure. In the case of officers from Captain to Brigadier, and of Warrant Officers and Corporals, the evidence is

based on job evaluation studies which we have discussed in general terms (paragraph 12). The information on salary levels which emerges from this evidence provides no more than a guide—albeit an important one—to judgment. It cannot be translated automatically into the complex military salary structure. We discuss in the following paragraphs some of the detailed considerations that arise.

Officers

27. As we explained in our last report¹, the primary evidence that we take into account when considering appropriate levels for officers' salaries comes from two main sources. For the ranks of Captain to Brigadier it comprises earnings data relating to jobs of similar weight in civil life as measured by job evaluation. The earnings data are adjusted to take account of differences in pensions arrangements and of the incidence and value of benefits in cash or in kind. This is part of the total remuneration approach to which we have already referred (paragraphs 5–10). The most important adjustments are those relating to pension benefits and to the private use of a company car. For junior officers—Second Lieutenants and Lieutenants—we take into account evidence on the starting salaries and early salary progressions of graduate and non-graduate management recruits in employment elsewhere.

28. These separate considerations have to be blended into a single pay structure that is appropriate to the requirements of the Services. Thus, for example, in recommending pay levels for Second Lieutenants we have to take account of the need both to attract the requisite calibre of officer recruit and to provide salaries that stand in a sensible relationship with pay at the ranks above so that the career salary progression is not such as to reduce the continued attraction of the Service career.

29. We have also to be satisfied that the primary evidence produced by the job evaluation process is valid. On this occasion, for example, the points scores (which reflect the size or 'weight' of the job) that relate to Service jobs at certain ranks have increased. Movements of this type are not unusual in any system of job evaluation and, if large enough, they can have a pronounced effect on the range of outside earnings indicated as appropriate for the level of job. We therefore take particular care to satisfy ourselves that movements in points scores of Service jobs are justified. With this in mind, we have not taken account of the movements in the scores of jobs at Colonel and Brigadier level: we believe it necessary to examine further the extent to which it is possible to remove the distortion that may occur at these levels from the position of naval Captains who, as a result of appointment policy, can fill jobs at either of these two equivalent ranks.

30. We have brought the 'outside' earnings figures up to date to 1 April from their January base and have adjusted them to take account of the various factors that we have outlined (paragraph 27). On this basis, the range of increases indicated is between 18½ per cent and 21½ per cent. But we repeat that the salary levels indicated by these considerations are only a guide to

¹Review Body on Armed Forces Pay, Eighth Report, 1979 (paragraph 21).

judgment. We have to take into account structural considerations, such as the relationship between ranks (including those above the rank of Brigadier, who do not fall within our terms of reference) and the evidence—particularly for the more junior officers—from sources other than the job evaluation process. In this context, we face a particular problem in determining the appropriate salary for the Second Lieutenant. This is a key level for the Navy and RAF where the equivalent rank is the one in which graduates are appointed. The position in the Army is rather different: graduates enter at the rank of Lieutenant and receive on entry the Lieutenant ‘after 1 year’ rate of pay. Because the Services adopt different approaches to starting salaries for graduates some difficulty arises in establishing appropriate salary levels; this difficulty is the greater because each Service also adopts a different practice regarding the early career development of graduates. There appears to us to be scope for some degree of rationalisation between the Services and we have asked that this should be examined further. Proposals have already been put to us for a change in the current Army arrangements. They involve the introduction of a lump sum cash award to recognise academic achievement and a change in seniority rules that would have the effect of lowering the starting rate for most graduates by one increment, to the Lieutenant ‘on appointment’ rate. We defer judgment on the proposals as a whole. Nevertheless, it has been put to us that the current arrangements in the Army over-compensate for academic achievement and have the effect of putting men in command appointments with insufficient command experience. This is a serious drawback and we consider that, with effect from 1 April 1980, the change in seniority rules that has been proposed should be introduced for graduate entrants to the Army.

31. In the light of all the factors we have outlined, we are satisfied that the structure in Table 1 (page 11) provides an appropriate and fully up to date structure for 1 April 1980. The military salaries in it are higher than the equivalent fully up to date rates appropriate at 1 April 1979 (Appendix 1) by some 17 per cent to 20 per cent.

Warrant Officers and senior non-commissioned ranks

32. We indicated in our last report¹ that, during this review, we would be examining alternative methods of obtaining evidence on outside earnings at WO and SNCO levels. This was because we had doubts about the suitability of using the existing job evaluation factor plan for these ranks (first developed in 1970–71 for assessing Service jobs only) in an evaluation of civilian jobs at these levels. We have made some progress. For this review, we commissioned two surveys. The first was based on the approach used last year but with an enlarged sample: the second extended the method that we used to a limited extent in 1978, in which certain outside organisations were asked to ‘price’ Service jobs at these levels in relation to their own internal structure and job evaluation system. In so far as the evidence is directly comparable with that obtained last year, it indicates that, in general, outside earnings were higher by some 15 per cent to 18 per cent.

33. We have not yet formed a final judgment on the best way of obtaining

¹Review Body on Armed Forces Pay, Eighth Report, 1979 (paragraph 24).

Table 1

Recommended scales of military salary inclusive of the X factor for officers up to Brigadier
(annual rates ^(a))

Rank	Military salary
Brigadier	£ 18,250
Colonel	16,962
	6 16,556
	4 16,151
	2 15,746
	on appointment 15,341
Lieutenant Colonel	14,436
	6 14,093
	4 13,750
	2 13,406
	on appointment 13,063
Major	11,994
	7 11,746
	6 11,498
	5 11,249
	4 11,001
	3 10,753
	2 10,505
	1 10,256
	on appointment 10,008
Captain	9,136
	5 8,924
	4 8,713
	3 8,501
	2 8,289
	1 8,077
	on appointment 7,866
Lieutenant	6,986
	3 6,818
	2 6,650
	1 6,482
	on appointment 6,314
Second Lieutenant	5,201

^(a)Annual salaries are derived from daily rates in whole pence and rounded to the nearest £.

information on 'outside' earnings at these levels, but we note that there is a significant degree of consistency between the results of the two approaches. We are satisfied that the structure and levels of military salary for Warrant Officers and senior non-commissioned officers that we recommend (Table 2) for 1 April 1980 reflect realistically the evidence of outside earnings when both the elements that constitute the total remuneration package at this level and the framework of the overall Services pay structure into which pay has to be fitted have been taken into account. Indeed, structural considerations are most important. We have to ensure that the military salaries at these levels stand in sensible relationship to those of the more junior officers; we also have to take into account the pay relationships between the various ranks at this level and the relationships between pay bands at each rank. We have sought in this review to improve the differential between Corporal and Sergeant. The promotion step between the two ranks is a significant one in career terms and our modification to the structure reflects this.

34. The 1 April 1980 military salaries that we recommend for Warrant Officers and senior non-commissioned officers are between about 16 per cent and 17½ per cent higher than the equivalent 1 April 1979 fully up to date salaries we recommended in our last report.

Corporals and below

35. The job evaluation based evidence at Corporal level indicates that in November 1979 earnings levels in the points ranges applicable to Corporals were between 15 per cent and 16½ per cent higher than the equivalent levels in November 1978. After updating the figures to April 1980 and after making appropriate adjustments for the X factor, for the relative value of pensions arrangements and 'fringe benefits' and for structural considerations, the levels of military salary (Scale B) that we recommend for Corporals are some 15 per cent higher than the current levels. For Privates we have again developed a pay structure which broadly reflects the New Earnings Survey indicators on earnings in the appropriate age groups: the new Scale B rates are also some 15 per cent higher than the current rates. The recommended 1 April 1980 military salaries for Corporals and below are in Table 3.

Table 2
Recommended scales of military salary inclusive of the X factor for Warrant Officers and senior NCOs
(annual^(a) and weekly rates)

Scale B (men committed to 6 years or more but less than 9 years' service) ^(b)	Band							
	4		5		6		7	
	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly
	£	£	£	£	£	£	£	£
Warrant Officer 1 ...	7,450	142.87	7,931	152.11	8,490	162.82	9,125	175.00
Warrant Officer 2 ...	7,059	135.38	7,541	144.62	8,099	155.33	8,734	167.51
Staff Sergeant ...	6,694	128.38	7,176	137.62	7,734	148.33	8,369	160.51
Sergeant ...	6,344	121.66	6,826	130.90	7,384	141.61	—	—

Table 3
Recommended scales of military salary inclusive of the X factor for adult servicemen of the rank of Corporal and below
(annual^(a) and weekly rates)

Scale B (men committed to 6 years or more but less than 9 years' service) ^(b)	Band					
	1		2		3	
	Annual	Weekly	Annual	Weekly	Annual	Weekly
	£	£	£	£	£	£
Corporal I ...	5,873	112.63	6,318	121.17	6,836	131.11
Corporal II ...	5,515	105.77	5,960	114.31	—	—
Lance Corporal I ...	5,179	99.33	5,625	107.87	6,143	117.81
Lance Corporal II ...	4,862	93.24	5,307	101.78	—	—
Lance Corporal III ...	4,566	87.57	5,011	96.11	—	—
Private I ...	4,566	87.57	5,011	96.11	5,530	106.05
Private II ...	4,289	82.25	4,734	90.79	—	—
Private III ...	4,026	77.21	4,471	85.75	—	—
Private IV ...	3,781	72.52	—	—	—	—

^(a)Rounded to the nearest £.

^(b)Scale A (men committed to less than 6 years' service)—deduct £2.10 a week from the above rates.

Scale C (men committed to, or who have completed, more than 9 years' service)—add £3.15 a week to the above rates.

Special scales and rates of pay

36. Special scales or rates of pay apply to certain categories of Service officers. They include Service medical and dental officers and, in accordance with our normal practice, we shall make recommendations on their pay when the 1 April 1980 recommendations of the Review Body on Doctors' and Dentists' Remuneration for doctors and dentists in the National Health Service are known. Meanwhile, in the course of this review we have considered the structure and levels of pay of certain other groups that fall under this heading. We discuss them in the following paragraphs.

Chaplains

37. Since 1970, following recommendations by the NBPI¹, the pay of chaplains in the armed forces has been established by reference to the pay scales of combatant officers on a basis that equates the Chaplain on entry with the Captain on appointment; the Chaplain after 10 years with the Major on appointment; and the Chaplain after 24 years with the Lieutenant Colonel after 4 years in the rank. Above these levels the Principal Chaplain is equated with the Colonel on appointment; the Deputy Chaplain-General with the Colonel after 4 years in the rank; and the Chaplain-General with the Brigadier. The overall approach was designed to equate chaplains' pay to the military salary of the generality of officers one rank below and, broadly, this relationship still applies.

38. Within this overall framework there are two separate pay structures. Chaplains in the Royal Navy and in the RAF have a common scale and advancement up the pay scale to the 26 year point is on the basis of length of service—although relative ranks are awarded to establish appropriate rates for allowances and charges. Posts at Principal Chaplain level and above are filled by selection. Different arrangements apply in the Army where chaplains below Principal Chaplain are divided into classes. Recruitment is into Class 4 and promotion to Class 3 generally follows after completion of 6 years' service; further promotion, however, is by selection on the basis of merit and seniority to fill vacancies in the authorised complement and carries with it accelerated advancement up the separate incremental scale to the 26 year point. Apart from the possibility of accelerated progression for Army Chaplains, the main difference between the two scales is that, from the 14 year point on the scale, Navy and RAF Chaplains gain a one increment advantage over their Army counterparts (although both scales have the same maximum). We understand that this arrangement was introduced to ensure that the Navy or RAF Chaplain did not suffer an unacceptable disadvantage in career earnings compared with the Army Chaplain because of the opportunity for accelerated progression.

39. For the current review, it has been suggested to us that, while the broad relationship with the pay of the generality of officers should be retained for the purposes of determining pay levels, there should be some re-structuring to provide a unified pay scale for chaplains in all three Services; and that the relative position of chaplains' pay vis-à-vis that of other officers should also be

¹National Board for Prices and Incomes, Report No. 142, Standing Reference on the Pay of the Armed Forces, Third Report, Cmnd. 4291, February 1970 (paragraphs 70–73).

improved in relation to the alignments recommended by the NBPI. The essence of the proposal is that the Navy and RAF pay scale should provide the basis for a new common scale. We consider that some re-structuring is desirable but, in our view, a system based on these proposals would not be suitable. The objections are twofold. We do not consider it appropriate that an arrangement which was intended as a discretionary method of recognising merit and additional responsibility should have been extended to provide a general improvement to career earnings: and it would be wrong to perpetuate such a general improvement as a base for a new overall structure. Moreover, we would find it difficult to endorse the new proposals in the light of other and wider considerations. Direct comparisons between the remuneration of Service chaplains and of the clergy generally cannot readily be made. For example, most incumbents in the Church of England receive a significant proportion of their emoluments as benefits in kind (such as a provided house). Nevertheless, we are satisfied that Service chaplains, who at current rates are paid on a salary scale of £6,701–£15,251, are well treated by comparison with the clergy generally. It would not be appropriate to base our recommendations entirely on the evidence of outside earnings but comparisons must play their part in our considerations in the same way as they do both for servicemen in general and for certain other 'professional' groups within the Services. In the light of these considerations, we do not consider it appropriate to recommend a relative improvement in the pay of Service chaplains. We take the view that there should be a new common pay scale for all chaplains based on certain of the key reference points with the combatant salary structure which were

Table 4
Recommended scales of military salary inclusive of X factor for chaplains
(annual rates^(a))

Rank/length of service	Military salary
Chaplain-General	£ 18,250
Deputy Chaplain-General ^(b)	16,151
Principal Chaplain	15,341
Chaplain (Class 1) ^(b) after 2 years in the rank or on appointment with 24 or more years	14,242
... .. on appointment with less than 24 years	13,750
Chaplain after 26 years	14,242
... .. 24	13,750
... .. 22	13,257
... .. 20	12,764
... .. 18	12,271
... .. 16	11,779
... .. 14	11,289
... .. 12	10,800
... .. 10	10,311
... .. 8	9,822
... .. 6	9,333
... .. 4	8,844
... .. 2	8,355
... .. on entry	7,866

^(a)Annual salaries are derived from daily rates in whole pence and rounded to the nearest £.

^(b)Army only.

identified by the NBPI in 1970 and which remain appropriate now. To meet this requirement, we recommend that the 'on appointment' rate of pay for the Service Chaplain should equate to the 'on appointment' rate for the combatant Captain and that the rate for a Service Chaplain after 24 years should equate to the rate for the combatant Lieutenant Colonel after 4 years in the rank. Between these two points, however, we see no need to establish direct points of reference with the combatant salary structure. We recommend that the new military salary structure for chaplains set out in Table 4 should be introduced with effect from 1 April 1980; for Chaplains, it is designed to achieve a smooth incremental progression, spanning ranks, between the two key reference points.

Veterinary officers

40. In our Third Report in 1974¹ we recommended a new pay structure for veterinary officers in the Royal Army Veterinary Corps (RAVC) up to and including Lieutenant Colonel which was designed to accord greater recognition to the professional aspects of the work. The structure provided a continuous incremental scale which spanned the existing range of military salaries from Lieutenant to Lieutenant Colonel and incorporated at certain points a 'lead', which currently stands at some £215 a year, over the military salaries of combatant officers. We indicated in our last report² that we had given preliminary consideration to new evidence on the work of veterinary officers in the RAVC relative to work of veterinary officers in the State Veterinary Service (SVS) and that we intended to examine certain features of it further. Our main concern has been to establish the relationships, both to the military salary structure in general and to appropriate 'outside' earnings, that are necessary to meet the present and future needs of the RAVC and, in particular, to solve the manning difficulties within this small professional corps (at present 22 officers).

41. Against this background, it has been suggested to us that the military salary structure for the RAVC should be restored to its 1970 relativity with the combatant military salary structure; that veterinary officers should be commissioned in the rank of Captain instead of Lieutenant; and that a grant should be introduced to induce officers to change from a short service to a permanent commission. In considering whether these proposals would be likely to reverse the current manning trends, we have had regard to the career earnings and prospects of veterinary officers at comparable levels in the SVS. A detailed comparison of the earnings patterns of the two groups demonstrates that members of the RAVC now have a lower level of both starting salary and potential career earnings. As a result, we consider that two changes are necessary. First, we agree that officers in the RAVC should be appointed in the rank of Captain. This will improve the relative attractiveness of the RAVC starting salary; it will also provide proper recognition of the fact that veterinary officers are older than the generality of other entrants into the armed forces and, for the most part, will have had some post-qualification veterinary experience. Second, we consider that the salary scale for veterinary officers should

¹Review Body on Armed Forces Pay, Third Report, Cmnd. 5631, May 1974 (paragraphs 60-61).

²Review Body on Armed Forces Pay, Eighth Report, 1979 (paragraph 29).

provide career earnings which broadly equate to those of veterinary officers in the SVS. To this end the revised scale that we recommend in Table 5 is designed to provide a broad parity of career earnings with veterinary officers in the State Veterinary Service.

Table 5
Recommended scales of military salary inclusive of X factor for veterinary officers of the Royal Army Veterinary Corps
(annual rates^(a))

Rank/length of service	Military salary
	£
Brigadier	18,250
Colonel after 8 years	16,962
	6
	4
	2
	on appointment
	15,341
Lieutenant Colonel, Major, Captain after 27 years	15,067
	25
	23
	21
	19
	17
	15
	13
	11
	9
	7
	5
	3
	1
	on entry
	8,497

^(a)Annual salaries are derived from daily rates in whole pence and rounded to the nearest £.

Legal officers

42. Lawyers employed in the Army and RAF legal services are paid on scales which incorporate a lead over the pay of combatant officers of equivalent ranks (the Navy has no separate legal service). The lead currently amounts to some £202 a year at the rank of Captain and some £274 a year at ranks from Major up to and including Brigadier. These levels were established in 1970 and the fact that we have not recommended an increase in them since we were appointed in 1971 reflects our concern about the justification for a lead. We said in our Seventh Report¹ that we were examining the basis of the existing lead but that further evidence was necessary before we could either confirm the arrangements or justify changes in them. We have now completed our examination.

43. Currently, there is no serious manning problem in the Army or RAF legal services. Both are nearly up to strength and there is no difficulty in recruiting newly qualified lawyers. But concern has been expressed to us about

¹Review Body on Armed Forces Pay, Seventh Report, 1978, Cmnd. 7177, April 1978 (paragraph 42).

the relatively high level of wastage of more experienced officers and it has been put to us that there is a need to increase the lead in order to reduce to an acceptable level the outflow of middle ranking officers. It has also been suggested that a lead is justified in recognition of the necessary professional training and of the fact that the level of remuneration for lawyers doing comparable work outside the Services is generally higher.

44. In our view, however, these arguments are not convincing against the background of a buoyant recruiting situation; moreover, a comparison with the pay of the legal grades in the civil service suggests that, in terms of pay for work undertaken, there is a broad equivalence at all levels with Service legal officers. The only real distinction in pay terms between the two groups arises from the fact that a substantive promotion within the civil service legal grades (from Legal Assistant to Senior Legal Assistant) is likely to take place after 6 years' service whereas the legal officer in the Army and RAF must wait 13 years for promotion to an equivalent level. It seems to us that this may well account for the outflow among middle ranking officers to which our attention has been drawn. The solution to the problem does not lie in a general pay lead and we recommend that legal officers in the Army and the RAF should now receive combatant rates of military salary. We recommend further that the Ministry of Defence consider urgently the scope for arrangements to enable suitably qualified and experienced Service legal officers to be promoted to Lieutenant Colonel at an earlier stage in their career than at present.

University cadets

45. In the Second Supplement to our Eighth Report¹, we recommended pay scales for university cadets that were related broadly to appropriate points in the military salary structure. We consider that these relationships remain valid and recommend the following military salaries² for university cadets effective from 1 April 1980: we shall deal with medical and dental cadets as part of our review of the pay of medical and dental officers (paragraph 36).

on appointment	£3,650
after 1 year	£4,099
after 2 years	£4,552

Pay of part-time members of the Ulster Defence Regiment

46. We have received the following proposals for changes in the existing pay structure for part-time members of the Ulster Defence Regiment (UDR):

- (a) all duty undertaken by part-time members of the UDR, whether operational or for training purposes, should be paid at regular Army rates of pay (that is, the military salary, including the X factor, and Northern Ireland pay);
- (b) part days spent in training should be aggregated on the same basis as they are for operational pay; and
- (c) the training bounty should be increased and re-structured to provide

¹Review Body on Armed Forces Pay, Second Supplement to Eighth Report, 1979, Cmnd. 7770, November 1979 (paragraph 13).

²Rounded to the nearest £.

payments of £150 after completion of 1 year's service; £250 after 2 years' service; and £350 after 3 years' service.

47. The proposed changes are intended to simplify the present complex pay arrangements in the light both of recent improvements in the training bounty provision for members of the Territorial Army (whose system of pay and allowances provides the basis for the UDR system) and of the need to provide a positive inducement to encourage volunteers to come forward for training and operational duty, and to prolong their subsequent service. We have considered the proposals and the background against which they have been formed. We are satisfied that a significant improvement in the pay of part-time members of the UDR is both necessary and justified, and we recommend that the proposals be implemented with effect from 1 April 1980.

CHAPTER 3

ADDITIONAL PAY AND ALLOWANCES

48. Over recent years we have undertaken a systematic review of all forms of additional pay with the primary aim of establishing whether they continue to be justified in the context of a job evaluated military salary structure. We have indicated previously¹ our broad conclusion that this is so for flying pay, parachute pay, submarine pay, diving pay and hydrographic pay. These are the main forms of additional pay: they are designed to attract and retain men of the right calibre into particular fields of employment in the armed forces requiring exceptional skills that are in short supply, or involving exceptional conditions or risks which cannot be recognised in the process of job evaluation. There are other forms of additional pay that are of lesser importance in the sense either that they are not paid continuously or that the amounts involved are small in relation to the military salary (or, in most cases, both). We have not yet completed our examination of all aspects of the structure and levels of all the various forms of additional pay. Of the five main forms, we have so far undertaken detailed examinations of diving pay and hydrographic pay. Recommendations on these were included in our Fourth Report² and have been implemented. We have continued the process in this review with an examination of flying pay which we discuss in paragraphs 50–67. We also included recommendations on some of the minor items of additional pay in our Fourth Report³. We discuss other minor items in paragraphs 68–82: our object has been to identify those that have outlived their usefulness and to simplify where possible the structure of those for which we see continued justification. We have also sought to ensure that rates of payment stand in a reasonable relationship to one another.

49. In addition to the recommendations in the following paragraphs, we recommend that the value in relation to the military salary of the other main forms of additional pay should continue to be preserved. As we have said before, in view of their importance in relation both to levels of total remuneration and to the management needs of the Services, we take the view that the main forms of additional pay must be recognised as part and parcel of both annual and career earnings for those eligible for them, and that increases justified in the military salary should be applied *pari passu* to them. We recommend that the same approach should be adopted in relation to the additional pay of the Special Air Service Regiment, and the Special Boat Squadron of the Royal Marines, and that these items of additional pay should also be increased in line with increases in the military salary. Similar considerations apply in respect of Northern Ireland pay and we consider that its value should be kept up to date; we recommend, therefore, that with effect from 1 April 1980 it should be £1.30 a day (£474 a year).

Flying pay

50. The primary purpose of flying pay is to enhance basic pay in order to

¹Review Body on Armed Forces Pay, Seventh Report, 1978, Cmnd. 7177, April 1978 (paragraph 43).

²Review Body on Armed Forces Pay, Fourth Report, 1975, Cmnd. 6063, May 1975 (paragraphs 63–69).

³*ibid* (paragraphs 70–71).

provide an inducement to sufficient numbers of suitably qualified officers and servicemen to undertake and continue in a flying career in the Services. With the exception of certain officers and servicemen seconded to the Army Air Corps, who receive flying pay only while serving in the Corps, it is paid continuously to those who are qualified in and accepted as fit for flying duties, whether or not they are actually engaged in such duties. At present it is paid to just over 9,000 members of the armed forces (the majority being officers in the RAF). The rates of payment vary widely according to rank, pay band, and aircrew category; and between the Services.

51. It has been proposed to us that the present complex structure of flying pay should be simplified by the introduction of a new two-tier structure for all eligible officers (up to and including Wing Commanders) and NCOs. The new structure would reflect levels of experience only, and those in an early stage of productive service would receive flying pay at a lower rate. It has also been suggested that the dividing line between the two rates should be at a point where flying pay has been paid for $2\frac{1}{2}$ years; that Group Captains and Air Commodores should continue to receive flying pay at a reduced rate, on a continuous basis; that NCO pilots (unlike other NCO aircrew categories) should receive the same rate of flying pay as commissioned pilots (because the nature of their duties and responsibilities is the same); that otherwise, even within a new two-tier structure, NCOs should be paid at a lower rate of flying pay to reflect current differentials; and that the relative value of flying pay should be increased.

52. Our approach to these proposals has been influenced by two main considerations. First, that the main purpose of flying pay is to provide an inducement to recruitment and retention—particularly the latter, in view of the levels of remuneration available for many aircrew skills outside the armed forces and the high training costs of Services aircrew. Second, the need to simplify the current complex structure of flying pay.

53. On both counts the proposal for two rates of payment, related to experience, has merit. A significant differential between the higher and lower rates should provide a worthwhile inducement to help retain experienced aircrew in whose training much time and money has been invested. We understand, for example, that the training cost for a fast jet pilot now averages some £1.4 million and is more than £300,000 for a navigator. There is a clear need, highlighted by the current (and continuing) retention difficulties, to provide a means of retaining experienced aircrew, who in the main have highly marketable skills, to meet the requirements of the Services. Against this background, we consider that a relative improvement in the value of flying pay is justified, in addition to the proposed restructuring. In order to give priority to changes designed to improve retention in this area, we take the view that the relative improvement should apply only to the proposed higher rate of flying pay to be paid to the more experienced.

54. We do not see it as appropriate to introduce the higher rate at a point when flying pay has been in payment for $2\frac{1}{2}$ years, as has been proposed. In our view this would be too early, particularly in the light of the relative

improvement that we recommend in the value of the higher rate. Rather, we consider that payment of the higher rate should start after 4 years' qualifying service, by which time an individual will have proved his worth in productive service and will be both experienced and fully effective. It is from this point onwards that the loss of experience would be most damaging to the Services and it is a more appropriate point at which to offer an inducement to retention.

55. An associated issue concerns the stage at which the level of flying pay should begin to be reduced or at which the payment should cease. We have received proposals that the existing arrangements for tapering should continue so that, for those senior officers—Group Captains and Air Commodores or their equivalents in the other two Services—who are eligible for flying pay, the current relationship with the rates paid to more junior officers is retained. We accept that officers at these levels have aircrew skills and expertise that it is essential to retain within the Services given the important executive and command posts which they occupy and, consequently, that a limited inducement to retention continues to be appropriate. We also consider that, as flying pay is an important part of total earnings for those who receive it, there is little practical alternative to a gradual tapering out of the payment at more senior ranks, as at present.

56. Thus far, we have outlined the basis of a broad revised framework for flying pay. One or two other important issues affect the specific rates of payment that we recommend in Table 6. It has been put to us that, within a two-tier structure related to experience, the rates of flying pay for NCOs (other than pilots) should be lower than those for officers. This distinction has been argued on the basis that, with the exception of pilots, the skills and responsibilities of commissioned aircrew are greater than those of non-commissioned aircrew; that in some categories of aircrew, NCOs constitute a large part of the pool from which officers are drawn, and some differential in flying pay is an important ingredient in maintaining an effective incentive to seek a commission; and that parity of flying pay for officers and all NCOs could exacerbate existing problems that arise from the fact that the earnings of some NCOs can exceed those of junior officers.

57. On balance, we do not consider that these arguments justify in principle a differentiation between the flying pay of officers and NCOs. They are not of direct relevance in the context of the defined purpose of flying pay, which is to provide an inducement to recruitment and to retention in the aircrew categories. We have been unable to discern, from the detailed manning information that has been provided, that any lesser degree of inducement is required either to recruit or to retain NCOs in the aircrew categories. As for the need to maintain an incentive for those offered a commission from the ranks, we consider that the increase in military salary that goes with such promotion, together with the enhanced career prospects involved, provide in themselves sufficient inducement for aircrew as for other servicemen. Finally, we do not accept the argument that flying pay for NCOs should be lower than for officers because the military salary for some NCOs equates to or is higher than that of some junior officers. This is a pattern that reflects the evidence on outside earnings, which we take into account when framing our recommen-

dations for the structure of military salaries. We could not accept that flying pay should be used to modify this approach.

58. In short, we are not convinced at this stage that there is a case for continuing to differentiate between officers and NCOs in relation to flying pay. Nevertheless, we recognise that the relativity between the two is both important and sensitive, and is one to which armed forces management attaches particular significance. Consequently, we have not reached final conclusions but we intend to pursue the matter and to return to it in our next review. In the meantime, the rates of flying pay that we recommend (Table 6) broadly maintain the existing relationship between NCOs (including pilots) and officers.

59. There is another point that we want to examine in the next review. We understand that the Army Air Corps requires of those accepted onto a pilot training course a minimum three year term of service on completion of training. Including training, this amounts to a formal commitment of about four years' service, much less than is required of pilots in the other two Services and it is open to question whether this is sufficient, given the current cost of pilot training.

60. On the basis of the simplified structure and internal differentials that we have discussed above, we recommend that the rates of flying pay in Table 6 be introduced with effect from 1 April 1980.

Table 6
Recommended rates of flying pay

	£ a year
Officer aircrew:	
Air Commodore	1,062
Group Captain	1,591
Wing Commander and below:	
Higher rate (after 4 years' qualifying service)	2,124
Lower rate	1,380
Non-commissioned aircrew:	
Higher rate (after 4 years' qualifying service)	1,380
Lower rate	898

61. The new structure presents one difficulty. In the Navy and in the Royal Marines NCO aircrew currently receive significantly higher rates of flying pay than in the RAF or the Army. This is intended to balance the effect of the 'all of one company' principle adopted in the Navy under which petty officers and ratings are not in general paid according to the pay band appropriate to their trade or specialisation based on job evaluation, but are paid according to their Branch. One result is that, in certain circumstances, the military salaries of some servicemen in the Royal Navy are lower than those of their counterparts in the other two Services who are doing the same job or jobs of the same 'size'. This applies in many of the aircrew categories. To deal with this problem

for NCO aircrew, the NBPI recommended¹ that in the Navy flying pay should be at a higher rate so that parity of total earnings with the other two Services could be achieved. We are not satisfied that it continues to be appropriate for flying pay, as a recruitment and retention incentive, to be used in this way and we intend to examine the issue further in our next review. In the meantime, it is necessary to accommodate the Royal Navy arrangements within our revised and simplified framework of flying pay. We recommend that, for the present, the rates of flying pay for NCOs in the Royal Navy and the Royal Marines should be at a level which broadly maintains parity of total earnings with NCO aircrew in the Royal Air Force and Army Air Corps respectively, pending our further consideration of the matter.

Flying pay: minor items

62. Certain minor items of additional pay associated with flying duties also need to be considered. They are Army aircrew pay; flying instructional pay; aero-medical and escort duties pay; crew pay; and air despatch pay. We discuss them below.

63. *Army aircrew pay.* Army aircrewmembers are qualified aircrew members, but at present Army aircrew pay is lower than the flying pay received by other NCO aircrew. It has been suggested to us that this arrangement is unsatisfactory, as the aircrewman is an integral part of the two-man helicopter crew. For example, he is trained to be able to navigate and to fly the helicopter in an emergency. Against this background, we consider that it would be appropriate for the Army aircrewman to receive the rates of flying pay appropriate to NCOs generally and we recommend accordingly.

64. *Flying instructional pay (flying training pay).* A reduced rate of flying pay is paid while aircrew are undergoing basic flying training. There are two rates of payment: pilots in the Navy receive a higher rate (£1.60 a day compared with the standard £1.03 a day) for part of the training period to reflect a different pattern of training. The basic training period in the Navy is five weeks longer than in the RAF and the higher rate of payment is intended to ensure that the trainee in each Service receives broadly the same total reward by the time advanced flying training starts.

65. We do not consider that a higher rate in the Royal Navy is appropriate. The potential difference in earnings over the period is not significant in relation to the levels of military salary involved and there are other aircrew categories which have to undergo similar (or longer) basic training periods and which receive no parallel benefit. We recommend that, with effect from 1 April 1980, there should be a standard rate of flying instructional pay for all aircrew categories of £1.20 a day. We recommend further that, in future, the value of this item of additional pay should be kept in line with movements in the military salary.

66. *Aero-medical and escort duties pay; crew pay; and air despatch pay.* Aero-medical and escort duties pay is paid on a continuous basis to those

¹National Board for Prices and Incomes, Report No. 142, Standing Reference on the Pay of the Armed Forces, Third Report, Cmnd. 4291, February 1970 (paragraph 93).

officers in the Princess Mary's Royal Air Force Nursing Service who fill particular posts earmarked for air evacuation and escort duties. The officers appointed to these posts require special training in for example, aviation medicine, aircraft emergency drills and the use of aero-medical equipment. In addition to normal duties, they are on call at full readiness for aero-medical work for an average of three days a week. Crew pay is payable to servicemen and servicewomen on a tour of duty in posts in which they are required to fly as part of the crew of an aircraft. They can be considered while in post to be on a similar footing to the established aircrew with whom they serve. Air despatch pay is paid to those who have undergone a special training course in the particular techniques of air despatch, which includes both normal loading and unloading of aircraft and despatch from aircraft in flight where the individual is an integral member of the crew. It has been suggested to us that air despatch pay should be re-structured on a two-tier basis reflecting experience, thus bringing it into line with flying pay. We endorse this proposal and recommend that the daily rates of payment, with effect from 1 April 1980, should be £1.95 and £1.20 and that, like flying pay, the higher rate of air despatch pay should be paid only after 4 years' qualifying service. In order to establish a simpler pattern of rates for these minor items, we recommend that crew pay should henceforth be the same as the lower rate of air despatch pay and that aero-medical and escort duties pay should be the same as the higher rate. We further recommend that in future the value of the rates of these three items should be maintained in relation to the military salary.

Flying pay: specialist aircrew

67. One other issue arises in relation to flying pay. This concerns the arrangements under which it is paid to Flight Lieutenants who are specialist aircrew in the RAF. These officers are normally designated as specialist aircrew after 16 years' service (at about age 38) and the current system is designed to provide total earnings at this point that equate to the total earnings of the command stream Squadron Leader on appointment, and that increase over the subsequent thirteen years to a level that is just below the earnings of a ground branch Wing Commander. Flying pay provides the required supplement to the military salary to achieve this progression. We recommend that the current arrangements should continue for the present; but we want to examine them in greater detail and we shall return to the subject in a future review.

Gurkha service pay and Gurkha language pay

68. Gurkha service pay was introduced in 1947 and is paid both to British officers who serve in the permanent cadre of the Brigade of Gurkhas and to officers and servicemen on secondment to the Brigade or on other forms of short service with it. At present there are ten rates (according to rank) in three groups; the highest group applies to the permanent officer cadre; the second to seconded or other short service officers; and the third to seconded soldiers. The present rates of payment vary from 17p to £1.43 a day and have been unchanged since 1966. In addition, officers and servicemen in all three groups are eligible to receive Gurkha language pay when serving with Gurkha units, or in an appointment which requires the use of Gurkhali; the rates of

payment have been unchanged since 1956 at 20p a day for both oral and written proficiency and 13p a day for oral proficiency only.

69. It has been proposed that both forms of payment should be retained and that their value in relation to the military salary should be restored; that the rate of Gurkha service pay for soldiers should be brought more closely into line with the rate payable to seconded and other short service officers; and that, in common with these officers, soldiers should qualify for the highest rate of payment on second and subsequent tours with the Brigade. The first argument put to us in support of the proposal to retain and increase Gurkha service pay is the need to encourage service in the exceptional circumstances of the Brigade—in other words, to aid recruitment and retention. But the evidence we have seen does not suggest that the Gurkha Brigade faces special problems on either count; there are no manning difficulties at present and a case for an increase in Gurkha service pay on these grounds cannot be sustained.

70. However, it has also been pointed out to us that Gurkha service pay is intended to compensate members of the permanent cadre for the career disadvantages of service in the Brigade; these stem from reduced promotion prospects and the limited scope for development of professional skills. We recognise them as real disadvantages that put officers in the permanent cadre at a career disadvantage compared with other regular officers. The retention of Gurkha service pay and some increase in the rates can therefore be justified on these grounds. We do not consider, however, that the same disadvantages apply to seconded or other short service officers and soldiers and we recommend that in their case Gurkha service pay should now be discontinued. We see Gurkha language pay as of continued value in the context of the conditions of service of British officers and soldiers in the Brigade of Gurkhas. We recommend that for seconded (or other short service) officers and servicemen payment should be retained and that the value should be increased to 33p a day for both oral and written proficiency and 22p a day for oral proficiency only. As use of Gurkhali is an integral part of service in the permanent cadre, we consider that Gurkha language pay should be subsumed within Gurkha service pay and should be paid on a continuous basis to members of the permanent cadre. The rates that we recommend for Gurkha service pay (incorporating Gurkha language pay) for members of the permanent cadre with effect from 1 April 1980 are in Table 7:

Table 7
Recommended rates of Gurkha service pay

Rank	Gurkha service pay
	£ a year
Lieutenant Colonel and above	730
Major	639
Captain	548
Lieutenant	456

Command money

71. Command money is paid to certain officers in the Royal Navy who hold

a seagoing command. The rates vary from 20p to 80p a day according to rank and appointment and have been unchanged since 1962. It has been suggested to us that command money provides recognition of the unique responsibilities attached to the command of a ship at sea; that it should be retained; that its value should be increased; and that the structure of payment should be simplified and related to rank alone and not to type of ship commanded.

72. We do not wholly accept the premise that command of a ship at sea involves unique responsibilities. The results of job evaluation studies indicate that, for the more senior officers, sea command appointments are not more demanding than other jobs at the same rank in the Navy or at equivalent ranks in the other two Services. Nevertheless, job evaluation does suggest that the argument holds good for more junior officers and that sea command appointments for them are more demanding than the generality of jobs at the same ranks. We regard this as sufficient justification for the retention of command money but find it difficult to accept in the light of job evaluation evidence that the rates of payment should increase with rank. We recommend with effect from 1 April 1980 a flat rate payment of £1 a day for all those in a sea command appointment. We suggest that, for the sake of clarity, the allowance should be known as 'sea command money'.

Hard-lying money

73. Hard-lying money is paid to officers and ratings in those ships in the Royal Navy where living conditions fall well below a minimum standard, assessed by comparison with a Leander class frigate, which is taken to represent an acceptable standard of seagoing accommodation. But further conditions have also to be satisfied before hard-lying money is payable. These require that the ship's company lives and sleeps on board and stipulate minimum qualifying periods at sea. Given the qualifying conditions, we consider that the payment continues to be justified. We recommend that hard-lying money should continue to be paid in the circumstances in which it is now paid and that, with effect from 1 April 1980, the rate should be increased to 50p a day.

Payment for work in unpleasant conditions

74. This item of additional pay applies to naval ratings only. The payment of 13p a day is intended to offer some compensation for work on board ship that is part of normal duties but which is carried out in cramped and confined spaces with poor ventilation and in excessive heat conditions. We consider that continuation of the payment can be justified, and we recommend that the rate should be increased with effect from 1 April 1980 to 25p a day and that payment should continue to be restricted to ratings.

Payment for work of an objectionable nature and graves registration unit pay

75. Payment for work of an objectionable nature relates to the emptying of cesspits and similar activities; it has also been paid on occasion in recent years to servicemen who have been required to assist the civil authorities in clearing refuse, as a result of industrial disputes. The working conditions which attract this form of pay are outside the range of ordinary Service duties and are, by

definition, more obnoxious than those encountered normally. In our view, there is continued justification for this item of additional pay which we also consider would be an appropriate form of payment for those involved in the exhumation or identification of corpses, in place of the separate graves registration unit pay that currently applies. The latter payment should now be discontinued. The current rate of payment for work of an objectionable nature is 50p a day and we consider that this remains appropriate.

Pay of the Academy Sergeant Major at Sandhurst

76. The Academy Sergeant Major at Sandhurst receives additional pay of £237 a year (65p a day) to recognise the special circumstances of the post, including the fact that the holder has to forgo a quartermaster commission in order to serve for the required 10 years at Sandhurst. The rate has been unchanged since 1974 and we recommend that it should now be increased to £635 a year. This equals the differential between Bands 6 and 7 at the rank of Warrant Officer 1 in our current recommendations; we see this as the appropriate way to recognise the special standing of this post. We also recommend that the pay of Warrant Officers 1 in the Special Air Service Regiment should continue to be linked to the pay of the Academy Sergeant Major.

Experimental pay

77. Experimental pay is paid to those who take part in experiments or trials that involve discomfort, inconvenience, hazard or extreme physical exertion. It provides a degree of inducement to take part in such trials. The current rate of 35p a test has been unchanged since 1970 and we recommend that, with effect from 1 April 1980, it should be increased to 70p a test.

Pay for Junior Sergeant Majors, Petty Officers and SNCOs

78. Very small payments are made to junior servicemen and apprentices who are appointed to (nominal) non-commissioned rank at army apprentice colleges or junior leader training units. The payment is intended to provide an incentive for juniors and apprentices to prepare themselves for positions of leadership and responsibility in later service, and to recognise the responsibilities undertaken. We do not consider that minor financial incentives are required to induce junior servicemen to accept the opportunity of exercising responsibility for a very limited period at this important early stage of their career, given the status which attaches to this promotion. We recommend that this item of additional pay should be discontinued.

Accompanist pay

79. Accompanist pay is payable in the three Services to suitably qualified Servicemen when they act as accompanist on a harmonium or other instrument at divine service, or at choir practice for divine service. We recommend that the payment be discontinued.

Veterinary specialist pay

80. Veterinary specialist pay is paid to 6 officers in the RAVC at a rate of 27p a day which has remained unchanged since 1966. We recommend that the

payment be discontinued; we have recommended (Table 5) a substantial improvement in the level of the special pay scale for veterinary officers.

Crewman commander pay

81. Crewman commander pay was introduced in 1970 following a recommendation by the NBPI¹. It was paid to Corporals who, as crewmen in armoured fighting vehicles, were evaluated in Band 2 but who sometimes took command of a tank or armoured car, an additional responsibility which would have justified either payment at Band 3 rates or promotion to Sergeant for the period of command. Such a course was not recommended because of a possible imbalance of ranks and manpower planning difficulties. Instead, an additional payment equal to the difference between Band 2 and Band 3 rates of pay was recommended.

82. Following a recent restructuring of the Royal Armoured Corps, crewmen jobs are now evaluated in Band 3 and the payment of crewman commander pay to Corporals in the Corps has, therefore, ceased. However, we understand that it remains in payment to certain Band 2 Corporals and Lance Corporals in other areas of employment who are appointed as commanders of a tank or armoured car. We recommend that crewman commander pay should be discontinued and that all servicemen who carry out these duties should be paid the appropriate Band 3 rate of pay while doing so.

Allowances

83. Allowances that are in the nature of pay also fall within our field of review. On this occasion, we make recommendations on separation allowance.

Separation allowance

84. Separation allowance is paid to married Servicemen and Servicewomen who are separated for at least 10 days from their wives or husbands and families, due to the needs of the Services. Payment is subject, however, to a prior minimum qualifying period of 30 days' continuous separation in any period of 12 months and to a distance of separation of at least 200 miles by road, except in certain limited circumstances. The value of separation allowance is currently 85p a day for separation within the United Kingdom and North West Europe and £1.00 a day for separation outside North West Europe or at sea. It has been suggested to us that the present 30-day qualifying period leads to inequities as the pattern of Service operations has changed over the last 4-5 years and that, as a result, there has been an increase in separation by intermittent periods of deployment which do not exceed 30 days' continuously but which, in aggregate, give rise to separation for a substantial period of each year.

85. We take the view that, in current circumstances, a greater degree of flexibility in the qualifying conditions is desirable. Short periods of separation beyond that normally found in civil life are inherent in a Service career and the X factor recognises this to some extent; but we consider it reasonable that

¹National Board for Prices and Incomes, Report No. 142, Standing Reference on the Pay of the Armed Forces, Third Report, Cmnd. 4291, February 1970 (Appendix 3, paragraph 3).

periods of 10 days or more of continuous separation should be allowed to be aggregated in order to make up the 30-day qualifying period. We recommend accordingly. We also recommend that the rates of separation allowance should be increased with effect from 1 April 1980 to £1.05 a day in the United Kingdom and North West Europe and £1.40 a day outside North West Europe and at sea.

86. It has also been put to us that the current distance qualification for payment of separation allowance should be reduced from 200 to 170 miles. We are aware that the current arrangements can create difficulties and anomalies. But there will always be problems, whatever the limit. For our part, we do not propose any change in the existing arrangements although we would hope that management would exercise discretion where particular hardships occur. More generally, however, we are not entirely persuaded that the present basis of the distinction between higher and lower rates of separation allowance provides the most equitable approach. The distinction is drawn in terms of a geographical area broadly on the basis of distance (except that all qualifying separation because of service at sea attracts the higher rate of allowance). It seems to us arguable that the most significant factor could well be the duration of the period of separation. We intend to return to the subject in a future review.

CHAPTER 4

CHARGES

87. In the course of each review, we make recommendations on the levels of charges for food and accommodation. In the last year we have made substantial progress in our examination of the principles underlying some aspects of these charges, in particular accommodation charges, about which we expressed some doubt in earlier reports¹ and which have been 'frozen' since 1977.

Food charge

88. The introduction in 1970 of the concept of the military salary carried with it the twin principles that members of the armed forces would be paid an appropriate wage in relation to the levels of pay outside and would be charged a realistic price for food and accommodation. Prior to that, the single serviceman received free food and accommodation; the married serviceman living in married quarters received a ration allowance in lieu of free food and, although he had to pay a charge for married quarters, received a marriage allowance. Since the food charge was introduced in 1970 it has been based on the previous ration allowance. It includes the cost of raw materials and some contribution to overheads but does not meet the full cost of preparing, cooking and serving meals. Increases in the charge reflect movements in the cost of food items identified in the retail price index. The gross sum calculated on this basis is abated by 10 per cent to take account of average weekend absences and the net sum is paid on a continuous daily basis by single servicemen and servicewomen who are on the ration strength of their units, whether or not they take the meals. It is not levied, however, when they live out, are on leave for 48 hours or more, or are serving at sea or in the field for two nights or more. Of necessity, the statistics from which the increases in the charge are calculated relate to movements in food costs over a period before the effective date of the charge and not to current movements.

89. The gross sum produced by this calculation indicates the appropriate charge with effect from 1 April 1980 to be a little over £1.48 a day. After the abatement, it becomes £1.33 a day (£9.31 a week) and this is the level that we recommend from 1 April 1980. It represents an increase of 10.8 per cent over the current charge of £1.20 a day.

90. The recommended level of food charge continues to provide good value for money and, as we have said before², we do not believe it to be unreasonable in comparison with the cost of food to other employers who provide meals for their employees. Nevertheless, we consider that a fresh look at the basis of the food charge is now due: it has, after all, been built on a system which became obsolete with the adoption of the military salary more than ten years

¹Review Body on Armed Forces Pay: First Report 1972, Cmnd. 4954, April 1972 (paragraph 79); Second Report 1973, Cmnd. 5336, June 1973 (paragraph 15); Fourth Report 1975, Cmnd. 6063, May 1975 (paragraph 86); Seventh Report 1978, Cmnd. 7177, April 1978 (paragraphs 16 and 47-50); Eighth Report, 1979 (paragraphs 15-17).

²Review Body on Armed Forces Pay, Seventh Report 1978, Cmnd. 7177, April 1978 (paragraph 45).

ago. We invite the Ministry of Defence to give further thought to other suitable methods of calculating the charge with a view to submitting evidence to us in the course of the next review.

Accommodation charges

91. The current basis for the calculation of accommodation charges was introduced as part of the military salary approach (paragraph 88). The underlying principle remains that accommodation charges should be broadly in line with the amounts that people in civil life would pay in similar circumstances. This is achieved by relating the charges for married quarters to a combination of the average rents charged for local authority houses of similar standards; the average rates payable for each type of quarter; a hire charge for the furniture and household equipment provided by the Services; and a charge for the cost of maintenance and decoration in so far as it exceeds local authority practice. Because it is a point that is often misunderstood, we again draw attention to the fact that accommodation charges comprehend all these elements, which must be taken into account in any attempt to draw comparisons between Service and local authority tenants or to calculate the cost of buying a house on a mortgage as an alternative to occupying Service quarters.

92. In recent reports, we have expressed certain doubts about some aspects of the formula for assessing accommodation charges. Our major reservation lies with the assessment of the rent element of the charge. It is based on local authority rents weighted according to the age, location and type (there are nine categories) of Service quarter. Our concern centres on the fact that the benefits provided in return for the rental element of the charge do not now match those provided by local authorities for their tenants on whose average rents the rental element is based. We discussed the main differences between local authority and Service tenancies in our Seventh Report¹. The major difference is that local authority tenants effectively have long term security of tenure whereas Service tenants, by the very nature of their tenancy and their career, do not: indeed, in the context of a Service career, it is rare even to have the benefit of continuous occupation. We indicated in our last report² that an analysis of local authority housing expenditure suggested that long term security of tenure is reflected in local authority rents as a contribution to capital costs and that it was debatable whether the tenants of Service married quarters, who lacked such security, should be required to make a similar contribution.

93. We believe it right, against this background, for the rent element of the Service accommodation charge to be abated so that it reflects henceforth only that element of local authority rents that relates to the direct costs of occupancy—that is, the running costs in terms of supervision and management and of expenditure on maintenance and repairs. In framing our recommendations we have assessed the levels of abatement by reference to the analyses of local authority housing expenditure published annually by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Director of the Department

¹Review Body on Armed Forces Pay, Seventh Report 1978, Cmnd. 7177, April 1978 (paragraph 47).

²Review Body on Armed Forces Pay, Eighth Report, 1979 (paragraphs 15–17).

of the Environment's Housing Services Advisory Unit has been consulted on our behalf about this approach and we are satisfied that this new basis of assessment of the rent element is consistent with the principles we have outlined above and provides a durable basis for the future.

94. Rent elements assessed on this basis are incorporated in the accommodation charges that we recommend in Tables 8 and 9; as the charges for single accommodation bear a fixed relationship to those for married quarters, the benefits of the new method of assessment will be extended to single servicemen and to servicewomen also. The charges recommended on this basis are lower than those that would have been appropriate at 1 April 1980 under the existing method of assessing the rent element. Indeed, they are substantially lower and in practice the increases over existing charges, which have not changed since 1977, are modest; in so far as the relatively low order of increase derives from a change in the method of assessment, it has a once and for all effect. It is important that the background should be understood, at a time when local authority rents, and housing costs generally, continue to rise. In the light of our studies and consultations, we are satisfied that the charges recommended for 1 April 1980 are appropriate and reflect the disadvantages of Service tenancy. As in the case of food charges, the data from which the rental element of the recommended accommodation charges is derived cannot reflect current levels of local authority rents.

95. We have also examined the basis for determining the rates element of accommodation charges. Currently, it represents the average payment in lieu of general and water rates for each type of quarter made to local authorities by the Ministry of Defence. The assessment of the level of payment for each Service quarter is undertaken by the Treasury Valuer and the average figure incorporated in the accommodation charge is based on a sample of the rateable values of each type of quarter. At our request, the Treasury Valuer has undertaken a wider analysis of average rateable values throughout the country. We believe that this provides a more representative and equitable basis for assessing the rates element, and the results are incorporated in our recommendations. Moreover, the Treasury Valuer has suggested that, from this broader base, it would be sufficient henceforth to bring the rate element up to date at each review by reference to general movements in rate poundages, with a detailed re-assessment of rateable values every five years. We consider that this will provide an acceptable and cost effective method for the future, and we intend to adopt it.

96. The rates and rental elements are the principal constituents of accommodation charges. In order to complete our review of the subject, however, we have also looked in detail at the elements attributable to additional maintenance and to furniture hire. The additional maintenance charge is intended to cover maintenance work undertaken by the Property Services Agency (PSA) over and above the standard normally provided by local authorities for their tenants. This approach was introduced as part of the military salary concept in 1970 and we consider that the time has come to review it. We have asked the Ministry of Defence to undertake a full scale examination of the subject including, in particular, the assumption that the

PSA maintains items of domestic equipment which, in local authority tenancies, would be the direct responsibility of the tenant; and, if that assumption remains valid, to confirm that the present attribution of PSA maintenance costs is still appropriate. The review will take some time as it will require a detailed comparative analysis of PSA and local authority costs and practices. We hope that it will be completed in time to be taken into account in next year's review. Against this background, we make no change in the basis of assessment of the additional maintenance charge.

97. The furniture hire charge is based on the annual sum that would be required to repay the cost of furnishing and equipping each type of quarter (on the assumption that the contents are, on average, 10 years old) on an annuity basis over a 20-year period. In our view, this method of calculation continues to be appropriate and we have framed our recommendations accordingly. But there is a related issue, which we have touched on before: whether the serviceman should be given a choice of furnished, partially furnished or unfurnished quarters. At present, there is virtually no choice and we know from our visits to Service units that this causes dissatisfaction among Service tenants, who see it as an unnecessarily paternalistic attitude on the part of Service management; moreover many of them have furnished, or would like to furnish, their quarters with personal belongings that accord with their own tastes. The question of individual choice is one that, in our view, should be given serious consideration by the Services: to this end, we have shown separately the four elements of the recommended charge in Table 10.

98. One further matter remains to be dealt with in relation to accommodation charges. We drew attention last year to the need to consider whether a uniform charge for standard quarters, irrespective of age or other considerations, continues to be appropriate given that Service quarters vary widely in quality, in age, in location and in general desirability. The current system includes some flexibility for classifying quarters as sub-standard. Quarters thus classified attract a lower rate than the standard charge for the same type of quarter. But the criteria for classifying married quarters as standard or sub-standard differ between the Services and, in the main, are concerned with whether individual quarters fall below an acceptable minimum size. The Army also identifies a lower standard of married quarters and classifies them as 'below standard': such quarters attract a further reduction in charges. The Ministry of Defence have put to us proposals for the re-classification of married and single accommodation that are aimed at bringing the designation of sub-standard accommodation in each Service onto a consistent basis and at allowing environment and amenity considerations to be taken into account to a greater extent and with more flexibility than hitherto. While we consider this approach to be generally satisfactory in principle, we do not regard it as part of our task to adjudicate on the range of features that the Ministry of Defence consider should be taken into account in determining the relative quality of Service accommodation. This is a matter of management that will need to be resolved by the Ministry of Defence in conjunction with the Civil Service Department. Our concern is with the level of charges that flow from a new system of classification. For the present, however, we recommend that charges for sub-standard accommodation should continue to be assessed on the current basis.

99. We recommend that the charges in Tables 8 and 9 should be introduced for married and single accommodation respectively with effect from 1 April 1980.

Table 8
Married Quarters

Type of quarter	Annual charge			
	Standard quarters		Sub-standard quarters	
	Existing	Recommended	Existing	Recommended
	£	£	£	£
Other ranks				
A	328.50	332.15	219.00	222.65
B	430.70	448.95	288.35	299.30
C	500.05	518.30	332.15	346.75
D/WO	573.05	594.95	383.25	397.85
Officers				
V	686.20	722.70	456.25	481.80
IV	817.60	828.55	543.85	551.15
III	923.45	938.05	616.85	627.80
II	1,043.90	1,073.10	—	—
I	1,164.35	1,197.20	—	—

Table 9
Single Quarters

Rank	Annual charge					
	Standard quarters		Officers occupying single rooms		Sub-standard quarters	
	Existing	Recommended	Existing	Recommended	Existing	Recommended
	£	£	£	£	£	£
Young serviceman receiving less than the minimum adult (ie Private IV) rate	109.50	116.80	Not applicable		73.00	76.65
Corporal and below	146.00	153.30	Not applicable		98.55	102.20
Warrant Officer and Senior NCO ...	277.40	292.00	Not applicable		186.15	193.45
Captain and below	390.55	412.45	Not applicable		259.15	273.75
Major	478.15	489.10	401.50	423.40	317.55	324.85
Lieutenant Colonel and above	532.90	547.50	427.05	448.95	354.05	365.00

Table 10
Married Quarters
Breakdown of total annual charge (standard quarters)

Type of quarter	Basic (unfurnished) rent	Rates	Furniture hire	Additional maintenance	Recommended charge ^(a)
	£	£	£	£	£
Other ranks					
A	163.33	84.75	46.76	38.73	332.15
B	201.56	145.75	61.20	40.73	448.95
C	226.15	180.75	70.44	42.74	518.30
D/WO	261.33	210.75	79.21	44.89	594.95
Officers					
V	282.06	268.75	99.56	73.85	722.70
IV	335.50	298.75	112.71	80.16	828.55
III	381.72	345.75	125.88	86.47	938.05

^(a)The recommended charge is not the exact sum of the elements because it has been adjusted in order to provide a daily rate in whole pence.

100. We further recommend that the garage charge should be increased from 1 April 1980 to £62.05 a year.

CHAPTER 5

COSTS AND CONCLUSIONS

101. We estimate that the costs¹ of our recommendations in the year beginning 1 April 1980 are as follows:

<i>Military salary (all Services)</i>		£ million
Officers		53.4
Officers promoted from the ranks		7.8
University cadets		0.4
Servicemen and servicewomen		209.7
Young entrants and apprentices		6.2
Part-time members of the		
Ulster Defence Regiment		1.5
Other reserve forces		5.6
		284.5
<i>Additional pay (all Services)</i>		
<i>including Northern Ireland Pay</i>		13.4
		297.9
Total cost of increases in pay		297.9
	£ million	
<i>Charges (all Services)</i>		
Increased yields: Food	4.4	
Accommodation	3.4	7.8
		290.1
<i>Net cost of recommendations</i>		290.1

102. The total cost of our recommendations represents an increase of 16.8 per cent over current cost. The range of increases arising from the recommended military salaries, apart from those in the special scales for veterinary officers in the RAVC and for chaplains where we have recommended a restructuring, is from about 14½ per cent to just below 20 per cent. This range reflects both the evidence on outside earnings that we take into account, which indicates that there has been some widening of differentials over the period since our last review, and the judgments that we must make about the pay structures and pay relationships that are appropriate within and between different ranks in the armed forces.

103. We put forward these recommendations against the background of the Government's commitment to maintain the pay of the armed forces at fully up to date levels. We attach great importance to this commitment. It has afforded the opportunity for the first time in recent years of a wider perspective on some of the more fundamental issues that affect armed forces pay, in a way that has not been possible under pay restraint measures whose detailed

¹Based on the manpower strength of the armed forces in 1980-81 as forecast by the Ministry of Defence for budgetary purposes. To the extent that strengths differ in practice the costs of implementing the recommendations will also differ.

provisions did not readily fit the Services' pay system and which, inevitably, caused some structural distortions. In this review, we have been able to complete the greater part of our examination of the method for assessing Service accommodation charges; we have examined the X factor further; we have undertaken a review of flying pay and have continued our examination of minor items of additional pay; and we have recommended some relatively small changes in the pay structure which affect differentials between groups. In addition, we have earmarked certain issues for further detailed examination. Some of them are of particular importance, including an investigation of the most appropriate approach for the future to the provision of retention incentives, and a more detailed examination of various elements that make up the total remuneration package, particularly in relation to the adjustment necessary to military salaries in respect of armed forces pensions benefits compared with those that apply at equivalent levels elsewhere.

104. More important, however, the Government's action last year in introducing pay that was fully up to date at that time, together with its commitment to keep pay up to date, has gone a long way to restore confidence both in the armed forces as a career and in the concept of the military salary. As we have said (paragraph 2), we have seen evidence of this in our recent visits to Service establishments: we underline the importance and potential of this confidence as a base from which recruitment to and, above all, retention in the armed forces can be improved.

HAROLD ATCHERLEY (*Chairman*)

EWEN M'EWEN

A R MURRAY

JOHN READ

J R SARGENT

SHARPLES

RUTHVEN WADE

LESLIE WILLIAMS

OFFICE OF MANPOWER ECONOMICS

22 April 1980

APPENDIX 1
FULLY UP TO DATE MILITARY SALARIES INCLUSIVE OF THE X FACTOR
INTRODUCED WITH EFFECT FROM 1 APRIL 1979

Table 1.1
Officers: annual rates^(a)

Rank	Military salary
	£
Brigadier	15,251
Colonel	14,175
	6
	13,838
	4
	13,502
	2
	13,165
	on appointment
	12,828
Lieutenant Colonel	12,078
	6
	11,789
	4
	11,500
	2
	11,211
	on appointment
	10,921
Major	10,054
	after 8 years
	7
	9,853
	6
	9,651
	5
	9,450
	4
	9,249
	3
	9,048
	2
	8,846
	1
	8,645
	on appointment
	8,444
Captain	7,799
	after 6 years
	5
	7,616
	4
	7,433
	3
	7,250
	2
	7,067
	1
	6,884
	on appointment
	6,701
Lieutenant	5,962
	after 4 years
	3
	5,819
	2
	5,677
	1
	5,534
	on appointment
	5,391
Second Lieutenant	4,352

^(a)Rounded to the nearest £.

APPENDIX 1—Continued

Table 1.2

Warrant Officers and senior NCOs: annual^(a) and weekly rates

Scale B (men committed to 6 years or more but less than 9 years' service) ^(b)	Band							
	4		5		6		7	
	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly
Warrant Officer 1 ...	£ 6,357	£ 121.59	£ 6,771	£ 129.50	£ 7,247	£ 138.60	£ 7,788	£ 148.96
Warrant Officer 2 ...	6,050	115.71	6,464	123.62	6,939	132.72	7,481	143.08
Staff Sergeant ...	5,757	110.11	6,171	118.02	6,647	127.12	7,188	137.48
Sergeant ...	5,475	104.72	5,889	112.63	6,365	121.73	—	—

^(a)Rounded to the nearest £.

^(b)Scale A (men committed to less than 6 years' service)—deduct £2.10 a week from the above rates.

Scale C (men committed to, or who have completed, more than 9 years' service)—add £3.15 per week to the above rates.

Table 1.3

Corporals and below^(a): annual^(b) and weekly rates

Scale B (men committed to 6 years or more but less than 9 years' service) ^(c)	Band					
	1		2		3	
	Annual	Weekly	Annual	Weekly	Annual	Weekly
Corporal I ...	£ 5,109	£ 97.72	£ 5,497	£ 105.14	£ 5,937	£ 113.54
Corporal II ...	4,798	91.77	5,186	99.19	—	—
Lance Corporal I ...	4,505	86.17	4,893	93.59	5,333	101.99
Lance Corporal II ...	4,231	80.92	4,619	88.34	—	—
Lance Corporal III ...	3,971	75.95	4,359	83.37	—	—
Private I ...	3,971	75.95	4,359	83.37	4,798	91.77
Private II ...	3,730	71.33	4,118	78.75	—	—
Private III ...	3,503	66.99	3,891	74.41	—	—
Private IV ...	3,287	62.86	—	—	—	—

^(a)Adult servicemen.

^(b)Rounded to the nearest £.

^(c)Scale A (men committed to less than 6 years' service)—deduct £2.10 a week from the above rates.

Scale C (men committed to, or who have completed, more than 9 years' service)—add £3.15 a week to the above rates.

APPENDIX 2
LENGTH OF SERVICE INCREMENTS

Rating/Rank	Weekly rates after completing the following years' service					
	9	12	15	16	18	22
	£	£	£	£	£	£
Royal Navy/Royal Marines						
FCPO/Warrant Officer I (RM)	3·15	5·25	—	7·00	—	9·10
Warrant Officer II (RM)	3·15	5·25	—	7·00	—	8·40
Chief Petty Officer, Colour Sergeant (RM) ...	3·15	5·25	—	6·30	—	6·30
Petty Officer, Sergeant (RM)	2·80	3·50	—	5·60	—	5·60
Ordinary, Able, Leading, Marine 2nd Class, Marine 1st Class, Corporal (RM)	2·10	3·15	—	3·15	—	3·15
Army						
Warrant Officer 1	2·80	3·50	4·55	—	6·30	9·10
Warrant Officer 2	2·80	3·50	4·55	—	6·30	7·35
Staff Sergeant	2·80	3·50	4·55	—	6·30	6·30
Sergeant	2·80	3·50	4·55	—	5·60	5·60
Corporal	2·10	3·15	3·50	—	3·50	3·50
Private, Lance Corporal	2·10	3·15	3·15	—	3·15	3·15
Royal Air Force						
Warrant Officer	2·80	3·50	4·55	—	6·30	9·10
Chief Technician, Flight Sergeant	2·80	3·50	4·55	—	6·30	6·30
Sergeant	2·80	3·50	4·55	—	5·60	5·60
Corporal	2·10	3·15	3·50	—	3·50	3·50
Leading Aircraftman, Senior Aircraftman, Junior Technician	2·10	3·15	3·15	—	3·15	3·15