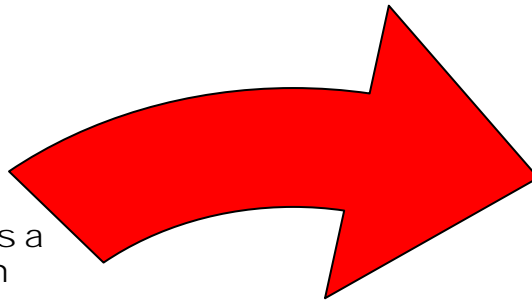
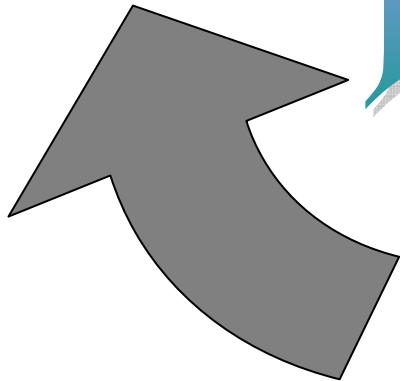


A well paid navy is a happy navy even though the aftermath of the Falklands War has stretched its resources.



The Report with fewer actual pay figures to study, meaning that a read of the full article is necessary to make sense of it. Page 11 paragraph 30 gives the new basic Military Salaries, but there is more.....

1984



but lots of debts ..story of your



life?

.....!



In the **BLACK** is nice, but fleeting
And all too quickly changes when meeting
The cost of our life style, married or single
With few coins left in our pockets to jingle.

Then the colour changes to **GREY** well known to mean 'uncertain' bets
That even the few coins we have are assets or debts
So we tighten our belts and look to our savings
Bemoaning our lot and our pay whilst retaining our cravings.

When the piggy-bank is empty but the needs are still there
We still go ashore with or without a care
And although now at **RED** when we should stop
We borrow a rubber, half a bar, to buy our pop.

Then it is pay day, what a relief
All debts are settled and there is a belief
That this month things will be different and debt free
How right you are matey because the ship is due for a month at sea.

{G. Dykes May 2005 – a budding Poet Laureate?}

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REVIEW BODY
ON
ARMED FORCES PAY
THIRTEENTH REPORT
1984

Chairman:
SIR DAVID ORR

*Presented to Parliament by the Prime Minister
by Command of Her Majesty
June 1984*

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REVIEW BODY ON ARMED FORCES PAY

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

The members of the Review Body are :

Sir David Orr MC (*Chairman*)¹

Michael Bett

Sir Richard Cave MC

David Hudson

Jenny Hughes²

Leif Mills

J R Sargent

Air Chief Marshal Sir Ruthven Wade KCB, DFC

The Secretariat is provided by the Office of Manpower Economics.

Mr Bett and Sir Richard Cave were appointed to the Review Body by the Prime Minister in November 1983.

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

² Also a member of the Review Body for Nursing Staff, Midwives, Health Visitors and Professions Allied to Medicine.

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CHAPTER 1

INTRODUCTION AND GENERAL CONSIDERATIONS

1. Last year, we emphasised the importance we attach to keeping pay for members of the armed forces broadly in line with that of civilians doing jobs of equal weight. Our aim is to ensure that the Services can attract and retain the people they need by providing a fair reward for the work they do. We believe that implementation of our recommendations based on this approach has been a major reason why recruitment and retention in the armed forces has been largely satisfactory in recent years, although we recognise the part that the general economic climate has also played.

2. Nonetheless, we do not take a complacent view of the current manning situation: a further improvement in the economy could see the position change. There is already an indication that applications to leave the Services before the end of an engagement are increasing again, and recruiting difficulties remain in certain skills.

3. In our last report, we set out in some detail the method we follow in reaching our conclusions on rates of pay for members of the armed forces. There are so many misconceptions about 'comparability' that it is most important that our approach is understood. We therefore make no apologies for going into the matter in some detail again this year and, in Chapter 2, we provide a summary of the technical aspects of our system. In this part of the report, we should like to re-emphasise the major features of our approach.

4. Each year, we collect information on earnings in a wide range of civilian jobs shown by job evaluation to be of equivalent size to jobs in key areas of the armed forces structure. Below officer level, for example, our enquiries take in some 1,000 jobs in around 400 organisations in the private and public sectors. The information we collect covers not only basic pay but overtime and bonus payments, total hours worked, and details of fringe benefits, such as company cars. This comprehends the major contributory factors to 'drift' between basic pay and earnings in some areas of employment. It is important that we include these items as the Services' pay structure precludes 'drift' of this sort. All of these elements, which have an effect on total civilian remuneration, are taken into account as we develop the basic comparison that gives us a starting point for the exercise of our judgment.

5. We then have to take account of three further factors. First, we must reflect the relative benefits derived from differing pension arrangements, including the fact that armed forces pensions are non-contributory whereas those of their civilian comparators on the whole are not. Secondly, we recognise that the different features of Service life (some advantageous, some disadvantageous), when balanced against normal civilian experience, operate to the overall detriment of servicemen and servicewomen to an extent which we believe warrants an upward adjustment to 'comparator' earnings to ensure a fair comparison. This is the X factor, currently standing at 10 per cent for servicemen and 7.5 per cent for servicewomen. Thirdly, the armed forces pay structure is complex and has to meet requirements which may be different from those in the usual civilian pay structure.

Rates of pay established through the process outlined above will not necessarily produce a coherent pay structure for the armed forces as a whole, bearing in mind the number of ranks and pay bands. In translating the pay information into the military context, we have to take account of the need to provide differentials which are sufficient to reward the extra command responsibilities which come with promotion. We also have to consider whether there are any particular recruitment or retention needs which can be met by modifying the pay structure.

6. It will be clear that, as we said last year, 'comparability' is not a simple and direct process. We must apply our judgment in many respects in reaching conclusions on the levels of military salary to recommend. But that judgment is rooted in detailed factual information on levels of remuneration for jobs of similar size in civilian life. It would be insufficient for our purpose simply to take the previous year's military salary levels and apply a percentage increase in line with some national indicator of movements in earnings or pay settlements. National indices are affected by factors such as part-time working and industrial disputes, and do not relate to all aspects of remuneration. In particular, they do not provide information on levels of remuneration for jobs of a given size which is the object of the detailed comparisons we make for armed forces pay purposes. Consequently, it is an over-simplification to compare the percentage paybill increases which flow from our recommendations (and which we quote to illustrate the cost of those recommendations) with those derived from national indices.

7. The approach we adopt provides a reliable foundation from which we can judge appropriate levels of military salary. These levels represent our judgment of what is necessary to facilitate adequate recruitment and retention, and are based on the ability to offer Service personnel a fair rate of remuneration by comparison with what would be available to them in civilian life.

8. This year, we have considered a number of issues fundamental to the military salary concept. This concept provides 'comparable' rates of pay for members of the armed forces but it recognises, through the X factor, that Service life is essentially different from civilian life. Each year we must judge whether there have been any changes in the circumstances of the Services, or indeed in civilian life, which might indicate the need for either an increase or a decrease in the proportional value of the X factor. On this occasion, we have given particularly careful consideration to the impact of the Falklands commitment on Service life as a whole. Some of us visited the Falkland Islands in the process of this review and, as with all our visits, this has proved invaluable in helping us to reach conclusions. We have also concluded this year a full examination of reserve forces pay and flying pay. Further work has also been carried out on a new grading system for Service accommodation. Our recommendations on these and other matters are contained in the remaining Chapters of this report.

CHAPTER 2

MILITARY SALARIES

9. Last year, we set out in some detail the approach we adopt in reaching our conclusions on the levels of military salary which should be recommended. The description we gave was widely welcomed and we consider there would be benefit in repeating it. This we do in paragraphs 10-20. We record our continuing gratitude to all the organisations which assist us by providing information essential to our considerations.

Earnings comparisons

10. The comparison of earnings in the Services with those in civilian employment, in a way which will provide a firm basis for our judgment, has three main aspects: the comparison of jobs; the collection of pay data; and checking the reliability of the information collected.

11. The first requirement is a reliable method of ensuring that we look at jobs in a way which makes sensible comparison feasible. We cannot simply use jobs that appear superficially to be the same or to have generally the same content in Service and civilian life. Often, jobs apparently covering the same functions are in fact very different in content or in levels of responsibility. Moreover, many Service jobs do not have a direct equivalent in civilian life. So we break jobs down into their essential constituent parts or 'factors', covering elements common to all jobs such as responsibility, training and experience, and management content. Jobs are given a score within a range of points for each factor and the total points scored by a particular job represents its 'size'. This is the process of job evaluation. As the factors are common to both Service and civilian jobs, fair comparisons can be made even between jobs which are dissimilar in function. To cover the jobs within such a broad spectrum of employment as is found in the armed forces, three different 'factor plans' are used in three key areas: for officers in the ranks of Captain to Colonel* ; for Warrant Officers and Senior NCOs; and for Corporals.

12. The task of analysing and scoring Service jobs under these systems is carried out by specially trained personnel drawn from all three Services. They also analyse and score civilian jobs in the many organisations which co-operate with us in these exercises and allow direct access to their own workforces. The work of this inter-Service team is monitored by management consultants employed on our behalf who ensure that the process is carried out objectively and to a consistent and satisfactory standard. On the basis of the results, jobs at Corporal, SNCO and WO levels are placed in pay bands which encompass a range of jobs of broadly similar 'size'. For officers, there are no such bands and each rank covers jobs of varying size though within a limited range. The earnings of civilians in jobs whose scores fall into corresponding ranges can then be used for pay comparison purposes.

13. The process of collecting pay data follows. Each year, we collect information about total earnings (including overtime) and non-pay benefits

* Throughout this report, references are normally to Army ranks but relate also to equivalent ranks in the other Services where the context allows.

for the large number of civilian jobs which are analysed under the job evaluation procedure we have outlined. This involves jobs in a wide selection of both large and small organisations throughout the country and across all areas of employment. The purpose of this exercise is to obtain a fair picture of the range of earnings in civilian life at the appropriate levels. This year, at Corporal level the sample covered nearly 700 jobs in 250 organisations; at Warrant Officer level almost 300 jobs in some 150 organisations; and at officer level, where the system of job evaluation we have adopted is also used extensively throughout industry and commerce, evidence was available from a sample of over 400 organisations.

14. We have referred to our use of management consultants to check the reliability of the evidence provided by the system described above. Currently, we also subject it to a separate test known as the 'Service benchmark' approach, which is completely independent of the main job evaluation process. Full details of a selection of Service jobs are given to a number of civilian organisations not involved in any of the other comparison exercises. Each organisation evaluates the Service jobs in terms of whatever system it uses for its own purposes and then indicates what rates of pay it would attach to those jobs. This can be compared with the information obtained through our other approaches. This year, this method has provided some 560 further indicators of pay levels.

15. Of necessity, all this data on remuneration levels in civilian life relates to a point some time before we put forward our recommendations. We therefore update it to 1 April (the effective date of our recommendations) on the basis of our estimates of the likely effect of pay movements in the intervening period.

16. Although national earnings statistics have only a limited use for our particular purposes, they—together with other sources of information—are of value in certain areas, particularly at junior levels in the armed forces structure where job evaluation is not directly applied. For officer recruits at Second Lieutenant level, we examine evidence on the starting salaries of graduates in other areas of employment; and for servicemen at Private level, we have regard to the earnings levels indicated by the New Earnings Survey for male manual workers of a similar age.

17. The pay information we collect invariably shows a very wide range of earnings for jobs of a given size. In considering its implications for military salary levels, we generally focus our attention around the median of the range, although the very width of the range has to be a factor in our thinking. The 'outside' pay information is concentrated on key rank and band levels and we have to use our judgment in setting levels of military salary (including the X factor) across the whole structure of jobs in the armed forces. This is not straightforward: there are many, sometimes conflicting, requirements to be taken into account. We aim to ensure adequate differentials between ranks and between bands, but the rank and band structure in the armed forces is complex and the individual's progression through it, below officer level, can vary quite widely. At certain points in the structure it is vital to ensure that differentials are sufficient both to encourage and reward promotion; frequently, the complexity of the structure militates against this. We also have to bear in mind the link between the top of the WO/SNCO structure and the officers' structure;

and the relationships with the pay of those officers (above the rank of Brigadier) who fall within the ambit of the Review Body on Top Salaries. Finally, we have to keep an eye on general and particular recruitment or retention needs in the Services and consider the extent to which they can be met within the military salary structure.

Pensions and fringe benefits

18. It is important to ensure that the total remuneration packages received by servicemen and civilians are taken into account in reaching our conclusions. We therefore examine the benefits which accrue from pension schemes and from any fringe benefits received by servicemen and their civilian comparators.

19. So far as fringe benefits are concerned, we have concluded in recent years that, on the whole and with the exception of the benefit provided by the private use of a company car, non-pay benefits available to members of the armed forces roughly balance those available to their civilian comparators. The only adjustment we have made to comparator pay in respect of fringe benefits has, therefore, been to reflect our assessment of the value of private use of a company car at various remuneration levels. In doing so, we assess the private motoring costs saved by having a company car.

20. The approach we adopt to valuing the armed forces pension scheme has been explained in some detail in previous reports, and particularly in our Tenth Report. For the last three years we have deducted 11 per cent from comparator earnings at both serviceman and officer levels before using them to assess appropriate levels of pay for the armed forces. This represents our judgment of the additional benefit, in excess of that provided by the comparator schemes, received by members of the armed forces from their non-contributory pension scheme. It is based on a full comparative evaluation of the armed forces and comparator schemes carried out in 1981 on our behalf by the Government Actuary. In due course, we shall commission a further comparative study to determine whether our conclusions, and the adjustment factors we use, continue to be valid.

Hours of work

21. We have emphasised that the comparisons we make are with total earnings in civilian life. Our surveys at the WO/SNCO and Corporal levels, where overtime can be a significant element in civilian earnings, collect information on overtime payments which is incorporated in the evidence we consider. At Private level, the information we draw from appropriate sections of the New Earnings Survey includes details of overtime payments.

22. We see this as appropriate. Members of the armed forces do not receive overtime payments but they do, on average, work longer than a 'standard' 40 hour working week. Indeed, it has often been suggested to us, particularly in the course of our visits to Service units, that insufficient weight is given to the hours actually worked in the Services: many servicemen and women hold the view that they work longer, and harder, than most other people. This is a matter to which we have given consideration on a number of occasions. The Ministry of Defence has carried out on our behalf extensive surveys on hours of work in the armed forces in 1979,

1981 and, most recently, in October 1983. The surveys have on the whole shown a constant picture. They have indicated that hours worked by members of the armed forces are, on average, broadly similar to the total hours worked (including overtime) by the civilians with whom they are compared for pay purposes.

23. Differences do emerge, however, if comparisons are made of the range of hours worked. Hours worked by the civilian comparators tend to be relatively uniform and to fall within a narrow range. In Service life, the range is much wider, from well below, to significantly in excess of, what might be considered a normal working week. Our concern is not only with average Service hours but whether some personnel are experiencing extremes of hours of work (both short and long) on a continuous basis. The information we have from the latest survey suggests this is not the case. Services' management tell us that most of the cases of exceptionally long hours are attributable to special circumstances which arose in the week of the survey or to types of work (exercises or weekend guard duties) which most servicemen have to do from time to time but not continuously. The liability to additional hours arising from factors of this sort is to some extent covered by the X factor which, among other things, compensates servicemen and women for the unsocial hours they may have to work. As for the short hours, again Services' management have indicated that these can be explained mainly by personnel taking leave in the week in question.

24. The 1983 hours of work survey has confirmed the overall pattern of work experienced by members of the armed forces which was shown in the 1979 and 1981 surveys. As before, we have concluded that no further adjustments to armed forces pay are necessary to take account of hours worked.

The X factor

25. The X factor is a component of the military salary which is intended to recognise, in the main, those differences between Service and civilian life which are not readily quantifiable in pay terms. The concept was introduced in 1969 by the National Board for Prices and Incomes and was designed to take account of:

- (a) Committal to the Services, incorporating the disadvantages of:
 - (i) military discipline
 - (ii) liability for duty at all times without extra pay
 - (iii) inability to resign at will, change jobs or negotiate for pay

As against the advantages of:

- (iv) adventure, travel and the chance to learn a trade
- (v) substantially longer paid leave than most civilians
- (vi) greater job security than most civilians.

(b) Danger

(c) Turbulence.

26. When first introduced, the X factor represented an upward adjustment of 5 per cent for men and 1 per cent for women. In 1974, we increased the level significantly—to 10 per cent for men and 5 per cent for women—

to recognise both the amount of work carried out in unsocial hours and a general increase in turbulence since 1969. Since then, we have kept the X factor under regular review but have recommended only one change: in 1982 we concluded that the X factor for women should be increased to 7.5 per cent to take account of reduced differences between the terms of service of men and women. Of course, being expressed as a percentage amount, the cash value of the X factor has increased in line with increases in the level of basic salaries.

27. Last year, we undertook a further detailed examination of the levels of the X factor, in the light of suggestions by Services' management that the balance of the elements described above had moved further to the disadvantage of members of the armed forces since the current levels of the X factor were set. We concluded that there was insufficient evidence to justify an increase, but noted that some elements in the equation—particularly turbulence resulting from the Falklands commitment—might become more obvious during this review. We therefore called for further evidence from the Ministry of Defence so that we might consider the matter again this year.

28. In considering the levels of the X factor we evaluate changes in both Service and civilian life, as the X factor represents a balance between the two. We are also concerned primarily with the trends in the various elements over a period of time. The evidence from the MOD which we have considered this year has, therefore, examined changes in the various elements of the X factor since 1974. There have clearly been changes in the nature of Service life in recent years as a result, for example, of the decision to extend the length of sea drafts in the Royal Navy or to commit troops to peace-keeping duties in the Lebanon. Some of these changes will have long-term implications for the Services but others are of short duration and, as we explained in our last report, should not be reflected in the X factor. It is also important to bear in mind that the X factor is included in the calculation of the pay of all Service personnel. For this reason we have to be convinced that changes have had a broadly equal impact across the Services as a whole.

29. We have examined these matters with care. It is clear to us that some changes have taken place. For example, leave entitlements for servicemen and women are no longer as advantageous as they once were, when compared with the average civilian entitlement. We are also concerned that the nature of Service life is, in the present economic climate, making it especially difficult for Service wives to find employment. However, in our judgment, the evidence suggests, even taking into account the additional overall turbulence created by the Falklands commitment, that the X factor should be retained at its present level: we comment separately (paragraphs 55–56) on the particular matter of service in the Falkland Islands.

Military salaries

30. Our judgment on appropriate levels of military salary reflects the various considerations we have described above. Our recommendations are contained in Tables 1–3 below. On this occasion, we see no need to increase the levels of long-service increments: details of the current rates are in Appendix 4.

Table 1

Recommended annual* scales of military salary inclusive of the X factor for male officers up to Brigadier

Rank										Military salary
										£
Brigadier	...	...	...	...	...	...	...	...	...	27,101
Colonel	...	...	...	...	...	...	after 8 years	6	24,882	24,291
								4	23,699	23,108
								2	23,108	22,517
							on appointment		22,517	
Lieutenant Colonel	...	...	...	...	...	...	after 8 years	6	21,473	20,962
								4	20,451	19,940
								2	19,940	19,429
							on appointment		19,429	
Major	...	...	...	...	...	...	after 8 years	7	17,115	16,761
								6	16,407	16,053
								5	16,053	15,699
								4	15,699	15,345
								3	15,345	14,991
								2	14,991	14,637
								1	14,637	14,282
							on appointment		14,282	
Captain	...	...	...	...	...	...	after 6 years	5	13,169	12,863
								4	12,863	12,556
								3	12,556	12,249
								2	12,249	11,943
								1	11,943	11,636
							on appointment		11,636	11,330
Lieutenant	...	...	...	...	...	...	after 4 years	3	9,954	9,716
								2	9,716	9,479
								1	9,479	9,242
							on appointment		9,242	9,005
Second Lieutenant	...	...	...	...	...	...	...	...	6,986	
Officer Cadet	...	...	...	...	...	...	...	...	4,906	

* Annual salaries are derived from daily rates in whole pence and rounded to the nearest £

Table 2

Recommended annual* rates of military salary inclusive of the X factor for male Warrant Officers and senior NCOs

Scale B (men committed to 6 years' or more but less than 9 years' service)†	Band			
	4	5	6	7
	£	£	£	£
Warrant Officer 1	10,282	11,103	11,994	12,965
Warrant Officer 2	9,610	10,432	11,322	12,293
Staff Sergeant	8,997	9,819	10,709	11,680
Sergeant	8,472	9,293	10,184	—

Table 3

Recommended annual* rates of military salary inclusive of the X factor for adult servicemen of the rank of Corporal and below

Scale B (men committed to 6 years' or more but less than 9 years' service)†	Band		
	1	2	3
	£	£	£
Corporal I	7,738	8,486	9,300
Corporal II	7,231	7,979	—
Lance Corporal I	6,760	7,508	8,322
Lance Corporal II	6,329	7,077	—
Lance Corporal III	5,928	6,676	—
Private I	5,928	6,676	7,490
Private II	5,555	6,304	—
Private III	5,168	5,917	—
Private IV	4,807	—	—

* Annual salaries are derived from daily rates in whole pence and rounded to the nearest £.

† Scale A (men committed to less than 6 years' service)—deduct £109.50 a year from the above rates.

Scale C (men committed to, or who have completed, more than 9 years' service)—add £164.25 a year to the above rates.

Special scales and rates of pay

31. There are special pay arrangements for certain groups of officers and servicemen that fall within our terms of reference. These include medical and dental officers (and medical and dental cadets) for whom, as usual, we will make separate recommendations in a supplement to this report when the Government's decisions on the 1984 report of the Review Body on Doctors' and Dentists' Remuneration are known.

32. For the majority of the remaining groups, we have established appropriate relationships with the main military salary structure and, for them, we recommend that the existing relationships should continue this

year. Separate tables showing our recommendations for 1 April 1984 on rates for veterinary officers in the Royal Army Veterinary Corps, university cadets and naval apprentices and medical technicians are in Appendix 5.

Reserve forces

33. This year, we have received evidence from both the Ministry of Defence and the Council of Territorial, Auxiliary and Volunteer Reserve Associations (TAVRA) on the pay and bounties for members of the reserve forces. This evidence covered the major examination of the pay structure for the reserves which we called for in 1982 (Eleventh Report, paragraph 53). Our major concern was to ensure that the pay structure, as distinct from the bounty system, provided sufficient incentive to long service.

34. The Ministry of Defence have concluded that no change is necessary in the basic pay structure as it applies to the reserves but, noting an increase in the number of reservists leaving in the first and second years of service, they have proposed a significant increase in the levels of bounty payable in those years. The TAVRA Council have argued for the introduction into the reserves' pay structure of the full regular system of long service increments. They have also endorsed the MOD proposals for an increase in bounty in the first two years and added proposals for: an increase in the third year bounty; the introduction of a further two bounty increases in the fourth and fifth years of service; and an arrangement whereby the bounty might be split, with a proportion payable for attendance at annual camp.

35. We have given these various proposals careful consideration and have discussed them with both the MOD and the TAVRA Council. In reaching our conclusions we have paid particular regard to the manning position in the reserve forces. Our information in this respect shows a relatively steady increase in the strength of the reserves in recent years. However, there are indications that outflow is beginning to outstrip recruitment which, if confirmed, would be a matter for concern. As this change has become apparent only in the first six months of 1983-84 and as we have no later information, it is difficult to be sure of the reasons for it or even to be certain of the extent to which it indicates a continuing downward trend. We shall continue to monitor the situation and will be calling for more information on the manning position early in our next review.

36. At a time when the reserve forces are being expanded, it is important that the conditions under which people join, and serve in, these organisations encourage maximum recruitment and retention. Clearly, pay is an element in creating the right conditions, but it is only one element, and there are a number of others—arrangements with civilian employers, consideration of family interests and pressures, and conditions of service within the reserve forces, for example—which are equally important. We understand the MOD is examining these issues and that a report will be presented to Ministers this summer. The MOD are also looking into the reasons why people leave the reserve forces, with a particular emphasis on the reasons for the high levels of wastage in the Territorial Army in the first two years. In these circumstances, and given that bounties were

increased significantly as recently as 1982, we have concluded it would be premature to recommend any changes (other than those which flow directly from our recommendations on military salary) in the pay structure, or bounties, for members of the reserve forces. We will consider these issues again, early in our next review, when the additional information on manning, conditions of service and reasons for leaving the reserves will assist us in judging the part pay might play in encouraging people to join and remain in the reserve forces.

CHAPTER 3

ADDITIONAL PAY AND ALLOWANCES

37. The military salary is designed to reward members of the armed forces fairly for the job they do. As we have explained in Chapter 2, job evaluation ensures that comparisons are made with jobs in civilian life which are of equal size to those in the Services. This process takes account of the skills and responsibilities involved in the various Service jobs and, in principle, no additional payments should be needed. However, there are specific recruitment and retention problems for which various items of additional pay have been introduced: these are the 'major' forms of additional pay. It is also necessary to reward personnel for occasional duties or tasks in addition to, or greater than, the normal work of the job: these are the 'minor' forms of additional pay. In this Chapter, we record our recommendations on these items.

The 'major' forms of additional pay

38. The 'major' forms of additional pay (for example, flying pay, submarine pay, diving pay and parachute pay) are designed to assist in ensuring adequate manning levels in certain jobs. For this reason, they are paid on a continuous basis to individuals who retain a liability for service in those jobs. We consider this general approach to be reasonable but in recent years we have become concerned that, in some cases, the continuity rules allow payment when individuals have little prospect of returning to the duties which attract the payment. We have also been concerned about the extent to which individuals receive more than one form of additional pay concurrently; and about the rules governing withdrawal of additional pay. The MOD have undertaken an examination of these matters and presented their conclusions for our consideration during this review.

39. There are ten 'major' forms of additional pay with differing rules governing their payment. These rules have developed over time and reflect particular requirements. We had thought that a common approach to the rules for payment, especially as regards continuity, might be possible, but we have decided that this would not be practicable. The manning problems in the various areas are very different and the approach we adopt must be sensitive to those problems. We propose instead to examine this matter in detail in considering each of the 'major' forms of additional pay individually, which we do over a five-year cycle. We shall also examine, on the same basis, the justification for those cases where more than one 'major' form of additional pay is in payment at the same time.

40. We have, however, been able to reach conclusions on the question of withdrawal of additional pay. Again the rules vary, depending on the type of additional pay and the reasons for withdrawal. We believe it is right in principle to withdraw additional pay when individuals no longer have a liability to perform the duties which attract the payment; indeed, as our consideration of the continuity rules indicates, we consider this to be a natural and proper aspect of additional pay. At the same time, we are concerned to ensure that individuals do not suffer disproportionately from the abrupt loss of a payment, which can make up a significant part of their

income, particularly when such loss arises for medical reasons. Services' management have suggested to us that no change in the rules governing withdrawal of additional pay is necessary. They have argued that the rules are well understood and that it is quite proper for additional pay to cease immediately on permanent posting away from the duties which attract the payment. In such cases, individuals will normally be given notice well in advance of their posting and will have time to adjust to the reduction in income. For those who lose entitlement for medical reasons, a period of grace is built into the rules to allow time to adjust. For those in receipt of payments which are paid over many years and are of considerable financial value, this period can be up to 12 months; in other cases, the period is normally 91 days. Services' management believe these distinctions to be fair and reasonable. We accept this and have concluded that no changes are necessary.

41. As we have mentioned above, the 'major' forms of additional pay are considered individually over a five-year cycle. In this review, we have concluded an examination of flying pay. We have also considered further the question of payment for personnel involved in the Submarine Escape Tank Training (SETT) unit in the light of our examination of the various general issues relating to additional pay outlined above. Our recommendations on these items are given below.

Flying pay

42. Flying pay was last examined in 1980 when significant changes were made to the structure of the payment (Ninth Report, paragraphs 50-67). Our examination this year has been less fundamental and has concentrated on four issues: the continuity arrangements for flying pay; the rate of flying pay for NCO pilots in the Army Air Corps (AAC); the differential rates payable to RN aircrew; and whether the levels of flying pay remain appropriate.

43. *Continuity of flying pay.* Flying pay is paid continuously to aircrew below the rank of Air Vice Marshal or equivalent (except for Army personnel temporarily seconded to the AAC) provided they remain medically fit and available for full flying duties. We have examined these continuity arrangements particularly carefully this year.

44. In reaching a decision on the general levels of flying pay to recommend we take a view on the potential career earnings of personnel in the armed forces. Aircrew have skills which are very much in demand and a mistake of judgment which led to poor retention of trained personnel could reduce operational effectiveness and prove very expensive at a time when it costs over £2 million to train a fast jet pilot. Nonetheless, we have been concerned at the proportion of individuals receiving flying pay at Wing Commander level and above who are in posts which do not involve flying duties; and at the number of personnel at all officer levels who retain flying pay despite having been away from flying duties for a significant number of years. To some extent, the lower proportion of 'flying' jobs in the higher ranks is reflected in the reduced rates of flying pay which occur at Group Captain and Air Commodore levels. However, we have considered with MOD whether this reduction should not begin at Wing Commander level in future. We have also discussed with MOD the

possibility of personnel who have been away from flying for a significant period of time receiving a reduced rate of flying pay in recognition of a lower likelihood of their ever returning to full flying duties.

45. In considering these matters, the MOD have made clear the importance they attach to total career earnings as a factor in attracting personnel into flying duties in the first instance and retaining them for a full career. They have argued that the Wing Commander rank is where command responsibilities 'in the air' are at their greatest; and that the rank also tends to constitute a crucial retention point as, for many, it coincides with the optional retirement point at age 38 or after 16 years' service. Similar considerations were seen as applying to the proposal to reduce flying pay after a number of years away from flying, particularly when the demand for aircrew outside the Services is growing. The MOD have also pointed out that trained personnel not in flying posts are usually deployed in ground appointments which are directly related to flying and for which their skills and experience are necessary.

46. We see some force in these arguments and would not wish to press further the possibility of introducing reduced levels of flying pay at Wing Commander level. We find less persuasive the arguments for maintaining the full rates of flying pay for those personnel who have been away from flying for a significant period of time but, on balance, we have concluded that we should make no change in the rules.

47. *NCO pilots in the AAC.* The MOD have asked us to consider again the case for paying NCO pilots in the AAC the same rate of flying pay as officer pilots. This issue was considered in the 1980, 1981 and 1983 reviews, when we concluded there was no case for paying NCO pilots the officer rate. We have been told that it is not practicable to commission these personnel, even those in the permanent cadre of the AAC, given the wider management responsibilities associated with officer rank and, for those on secondment, the necessity to return to parent units after service with the Corps. Nonetheless, the MOD have argued that the current arrangements do not fairly recognise the skill and responsibility of NCO pilots which, in the air, are the same as those of officers. This argument ignores the essential justification for additional pay: that manning difficulties exist which higher levels of remuneration will help to solve. We have remarked before that there is no evidence of manning difficulty at the NCO level in the AAC. Such information as we have received this year confirms this view. We cannot, therefore, agree to the Ministry of Defence proposal to give parity of flying pay between officer and NCO pilots in the AAC and we see no justification for changing the current arrangements.

48. *Flying pay for RN aircrew.* Last year, we completed our examination of the Royal Navy's 'all of one company' approach to the pay of ratings (Twelfth Report, paragraphs 27-29). While we concluded we could not ignore management's firm view that this was the approach to military salary they wished to retain in the circumstances of the Royal Navy, we questioned whether some forms of additional pay would be necessary if full pay banding were in operation. The differential rates of flying pay for RN aircrew are, perhaps, the most obvious example of this problem.

We had hoped to look into this matter in some detail this year, but we have been informed recently that the MOD's consideration of the matter is linked closely with a study into the structure of the aircrewman branch. In these circumstances, we have concluded that it will be necessary to defer our consideration of the issues involved until the next review.

49. *The level of flying pay.* As a matter of practice, we believe it important to ensure that the 'major' forms of additional pay maintain their value in relation to the military salary between full reviews. However, when we examine the various forms in depth, we consider whether any adjustment to their relative level is necessary in the light of specific recruitment and retention trends. The relative value of flying pay was increased in 1980 and, in the intervening period, it appears to have been adequate to attract and retain personnel. In the light of this, we have considered whether a relative decrease in relation to military salary might not be justified this year but have concluded that this would be unwise. We therefore recommend that the levels of flying pay be increased with effect from 1 April 1984 broadly to maintain their value with reference to the overall increase in military salaries at that date.

SETT pay

50. Since 1982, we have recommended a single rate of additional pay for members of the Submarine Escape Tank Training unit. This rate subsumes any Group 1 diving pay or parachute pay for which an individual might qualify but is awarded in addition to any submarine pay already payable. We recommended this structure, together with the continuous payment of SETT pay, to replace a system in which a number of separate payments were made in respect of time spent in the tank. This was in accordance with our view that arrangements for additional pay generally should be as simple as is consistent with achieving their aim. The MOD had suggested that diving pay and parachute pay as appropriate should be awarded in addition to SETT pay and submarine pay, but we could not agree to such multiplicity of payments in advance of our examination of the rules governing the overall payment of additional pay.

51. This year, the MOD have proposed to us that, within the structure of SETT pay described above, there should be three different rates. Their suggestion stems from the view that the exercise of different skills should be recognised by different levels of payment. However, as we have explained in paragraph 37 above, additional pay is not intended to recognise skills as such, but to assist in relieving manning difficulties. The Ministry of Defence have stated in their evidence to us that there has been no shortage of candidates for SETT duties, although we understand there are insufficient members of the unit with the basic diving qualification—partly because, for some members, the qualification has not been maintained. Two points must be made about this. First the level of SETT pay was specifically designed to subsume Group 1 diving pay. In these circumstances, it does not seem to us unreasonable that those members of SETT with the basic diving qualification should be expected to maintain that qualification. Secondly, we understand that the Royal Navy does not take any account of a Group 1 diving qualification when drafting personnel. This seems to us particularly difficult to understand in relation to volunteers

for SETT duties. Additionally, it concerns us that Group 1 diving pay can be paid continuously (as long as the individual remains 'in date') with no certainty that the skills in question will ever again be called on, let alone directed to the easing of particular manning problems. This is an issue we shall be considering in detail when we next review diving pay.

52. Taking into account all these issues, we consider it inappropriate to introduce complications into the structure of SETT pay which cannot be justified on manning grounds. Consequently, we recommend no change in the current structure. We do, however, believe that the relative value of SETT pay should be maintained and recommend it be increased from 1 April 1984 in line with the general movement in military salary.

Other 'major' forms of additional pay

53. As we have indicated (paragraph 49), we consider it important, that the 'major' forms of additional pay should maintain their value relative to the military salary if they are to retain their effectiveness as manning incentives between full reviews. Consequently, we recommend that the remaining 'major' forms of additional pay should be increased from 1 April 1984 in line with the general movement in military salary from that date.

The 'minor' forms of additional pay

54. The 'minor' forms of additional pay are awarded to individuals from time to time to reflect additional demands which can be placed upon them and which are beyond the normal call of duty. These items are of a lower value than the 'major' forms of additional pay and it is not our normal practice to update them automatically between full reviews, which take place every three years. However, we consider each year whether the existing levels remain adequate. We undertook a full review of these items last year (Twelfth Report, paragraphs 59-72) and have concluded that, in most cases, an increase is unnecessary this year. We consider, however, that certain payments should be increased; and we recommend in those cases that the following rates should apply from 1 April 1984: hard lying money (65p a day); payment for work of an objectionable nature (70p a day); and experimental pay (90p a test).

Additional pay—other issues

55. The MOD have suggested to us that there should be a special additional payment to recognise the circumstances of those personnel who are called upon to undertake repeated tours of duty at short intervals in the Falkland Islands. They proposed that any payment which is introduced should be temporary in nature and restricted to the Falklands. We have considered this matter very carefully and have had a number of discussions with Services' management on the subject. They, like us, are unhappy with the concept of payment for service in a particular theatre of operations since the X factor is intended to encompass the wide range of different circumstances that individuals may experience in the course of a career in the Services. However, the MOD are of the view that conditions in the Falklands are such at present, for those who experience them repeatedly, as to warrant special treatment.

56. While we remain doubtful about the concept, we have taken full cognisance of the views expressed to us by Services' management. We are in no doubt as to the particularly arduous nature of service in the Falklands at present, and saw this for ourselves during our visit there in the course of this review. We reluctantly agree that, for as long as present conditions last, a payment should be made. It should be temporary in nature and restricted solely to those individuals who undergo repeated and frequent tours of duty in the Falklands. Only on this basis do we see such a payment as acceptable against the background of the current level of X factor, which is paid at a uniform rate and is designed to recognise the overall disadvantages of Service life. In the light of these considerations, we recommend with effect from 1 April 1984 a payment of £2·15 a day (the same level as Northern Ireland pay) to be payable to individuals for the duration of a repeat tour within the Falkland Islands exclusion zone area undertaken within 18 months of a previous tour in the same area. For these purposes, a tour will be a continuous period of service in the area of not less than 80 days. We take the view that this payment is likely to be necessary only for a limited period of time and we shall keep it under constant review.

57. Our consideration of Falkland Islands pay raises the question of Northern Ireland pay. As we have said, we do not in principle subscribe to the concept of special payments of this sort and consider that any exceptions to the arguments underlying an overall X factor payment must be subject to the most rigorous justification. The circumstances of service in Northern Ireland have changed since 1974 to the extent that we consider it doubtful whether the original justification for the payment can now be maintained. Consequently, we shall be considering the continuing justification for Northern Ireland pay which, for the present, we recommend be kept at £2·15 a day.

Allowances

58. For the most part, allowances paid to members of the armed forces do not fall within our remit. The only one which does at present is separation allowance which is paid to married servicemen and women when serving away from home for over 30 days in any one year. We have commented in past reports on the frequent complaints we receive, during our visits to Service units, over the regulations governing separation allowance. These regulations do not fall to us for recommendation, although changes have been made in the past in the light of comments we have made about their inflexibility.

59. Last year, we were informed by MOD that a thorough examination was being undertaken of these regulations. We welcomed this and hoped that it would lead to further flexibility in the rules, so as to meet the most immediate problems which arise from their current application. In the event, and in the light of the fact that the assisted house purchase (AHP) scheme has not been introduced (paragraph 72), the MOD have decided to carry out a full review of all conditions of service with a view to constructing 'packages' of measures which might be introduced in each Service. MOD inform us that, although it is too early to be certain, it is possible that these 'packages' will include changes in the rules governing separation allowance.

We hope this proves to be the case and that the measures to be considered will also include a review of the different approaches adopted to paying allowances to married and single personnel. This is another issue which is raised regularly during our visits.

60. For this year, we recommend that the rates of separation allowance should be increased from 1 April 1984 to the following levels :

Outside North West Europe (and at sea)	£1·95 a day
Within North West Europe	£1·50 a day.

CHAPTER 4

CHARGES

61. Our recommendations on pay provide for levels of military salary which are, in our view, fair in relation to earnings levels in civilian employment. Our approach requires that charges levied for food and accommodation provided to members of the armed forces should bear a similar relationship to costs incurred in civilian life.

Accommodation charges

62. In assessing appropriate charges for Service married quarters, we take as a starting point information on rents charged by local authorities; the average rates payable for each type of quarter; the cost of maintenance provided for the Services in excess of that provided by local authorities; and a charge for the furniture and household equipment which is provided. From this, we build up an overall charge for each type of married quarter comprising four elements which, in civilian life, would be paid for separately. The 'standard' charge thus produced enables us to assess appropriate lower (or sub-standard) charges for accommodation which is well below the quality and state of repair it would be reasonable to expect*. We also use these charges as a base for setting appropriate rates for single accommodation.

63. We said last year that we believed it important for Service tenants to be provided with accommodation that is well up to good public sector housing standards. We have been pleased to note that an independent assessment, carried out on behalf of the Property Services Agency (PSA), shows that current building standards for Service married quarters compare well with those for local authority and private sector housing. However, it remains our view that a proportion of the Services' existing housing stock falls below (in some cases well below) the standards currently set for it. For this reason, we have been pressing MOD since 1980 (Ninth Report, paragraph 98) to introduce a system for classifying Service accommodation which would allow a greater variation in charges, to take account of environment and amenity considerations as well as the actual condition of the accommodation.

64. Last year, we reported that the Ministry of Defence had proposed such a system but that it needed further development before we could endorse its introduction. We invited the MOD to examine the proposed system in the light of the comments we had made and to carry out a full trial in time for us to consider the matter again in this review. This they have done but problems remain over some details of the system, which has yet to be agreed with the Treasury. In these circumstances, MOD have informed us that it will not be possible to introduce the new classification system from 1 April 1984, although they have indicated that it might be possible to introduce it later this year. They have proposed that we should set charges under the new system to cover this eventuality. This proposal causes us some difficulty. In our view, it would be inappropriate for us to set charges against a new grading system, the details of which have yet to be agreed,

* The Army also have a third category, 'below standard' which attracts even lower levels of charge.

and which cannot at this stage be given a definite date for introduction. While we are far from happy at the prospect of another year's delay, we see little option but to defer the matter until our next report. We will, however, be pressing MOD to ensure there is no further delay beyond April 1985 and will be calling for firm proposals, agreed with the Treasury, for our consideration as early as possible in the next review.

65. Meanwhile, we will examine thoroughly the most appropriate means of assessing the charges which should apply. We point out in paragraph 67 below some problems which arise from the current method of calculation and we shall be deciding how to deal with these also in the examination we propose to undertake.

66. For this year, then, we have concluded reluctantly that we must continue to use the traditional method of assessing appropriate 'standard' and 'sub-standard' married quarter charges and our recommendations reflect this.

67. In assessing the rental element of the charge, we take account of the distribution of the various types of Service accommodation across the country. This has the advantage of ensuring that rents in metropolitan areas (where most local authority accommodation is) do not have a disproportionate effect on the average, as most Service accommodation is in non-metropolitan areas. However, one consequence of this is that changes in the distribution of Service quarters can affect quite markedly the rental element of the charge. A similar problem arises over the calculation of the additional maintenance element of the charge. This element represents the value of maintenance carried out on Service accommodation which local authorities would not normally provide for their tenants. It is based on a proportion of the actual cost of maintenance in the previous year and, consequently, is affected by the funds that MOD can make available in any one year for work of this sort. The financial constraints that affect such funds naturally give rise to significant fluctuations in this element of the charge. Because additional maintenance represents only about 10 per cent of the total charge, variations of this sort do not have a significant effect on the overall figure. Nonetheless, it is unsatisfactory to have such fluctuations in even a relatively minor element of the charge. We propose to include problems of this sort in our further examination of accommodation charges.

68. We take the view that, in calculating the various elements of the 'standard' charge, account needs to be taken of any differences between Service and civilian approaches to the provision of accommodation. Since 1980, we have abated the rental element of the charge to reflect the different conditions of tenancy enjoyed by local authority and Service tenants. Servicemen do not have long-term security of tenure and they have little or no choice over the quarter which is allocated to them. Furthermore, while we welcome the scheme introduced in December 1983 to allow servicemen to buy surplus married quarters at a discount, it is not as generous as the local authority schemes. We take account of these factors by reflecting in Service charges only that part of local authority rent which can be regarded as relating to the direct costs of occupancy. The Chartered Institute of Public Finance and Accountancy produces statistics annually from which this information can be assessed. Last year, we increased slightly the

resultant abatement to the full levels of local authority rents, and we have concluded from the available evidence that a similar adjustment remains justified this year. As a final point, it should be noted that the information on which we base our calculations of appropriate charges relates to levels of civilian rents and rates which applied in the year before the operative date of our recommendations.

Single accommodation charges

69. Since 1969, charges for single quarters have been derived from married quarter charges through a formula based on the relative costs of providing each type of accommodation. In 1982, we asked MOD to review this approach because many single servicemen considered they were not getting value for money, and such a process departed from our normal basis of making comparisons as far as possible with actual experience in civilian life. The Ministry of Defence has now completed this examination which has highlighted the difficulty of making direct comparisons with the charges paid for accommodation by single civilians. There is no acceptable direct parallel for single accommodation as there is with married accommodation. Those comparisons which have been possible—with nurses, doctors and students—suggest that, for those in the most up-to-date accommodation, the single serviceman fares relatively well. However, there are problems with each of these comparisons and none can provide a sufficiently close analogue. In these circumstances, the MOD has reviewed the basis of calculating the single charge in relation to the married charge. They have suggested to us that some changes might be made at certain rank levels, depending on whether or not communal areas are included in the calculation. However, we remain unhappy about a general method of calculation which uses the married charge as its basis and we should like to consider the matter further in the light of the examination we shall be carrying out into the best means of assessing married quarter charges. On balance, we believe the best approach we shall be able to adopt in future is to apply our judgment in the light of information both on married quarter charges and on charges paid by single people in civilian life.

70. We recommend that the charges in Tables 4 and 5 below, for married and single accommodation respectively, should be introduced from 1 April 1984. Table 6 provides a breakdown of the total recommended charges for 'standard' married quarters into their constituent elements.

Table 4
Married quarters

Type of quarter	Annual* charge	
	Standard quarters	Sub-standard quarters
	£	£
Officers		
I	2,223	—
II	1,993	—
III	1,745	931
IV	1,537	821
V	1,347	726
Other ranks		
D/WO	1,055	569
C... ..	938	500
B... ..	825	442
A	577	332

Table 5
Single quarters

Rank	Annual* charge	
	Standard quarters	Sub-standard quarters
	£	£
Major and above	902	485
Captain and below	756	412
Warrant Officer and Senior NCO	533	285
Corporal and below	281	150
Young serviceman receiving less than the minimum adult (i.e. Private IV) rate ...	208	113

* Annual charges are derived from daily rates in whole pence and rounded to the nearest £.

Table 6

Married quarters

Breakdown of total annual charge (standard quarters)

Type of quarter	Basic (unfurnished) rent	Rates	Furniture hire	Additional maintenance	Recommended charge*
	£	£	£	£	£
Officers					
III	753	667	159	166	1,745
IV	663	577	145	153	1,537
V	558	523	126	141	1,347
Other ranks					
D/WO... ..	495	396	90	76	1,055
C	448	341	76	72	938
B	403	289	65	68	825
A	292	168	53	65	577

* The recommended charge is not the exact sum of the elements both because it has been adjusted to provide a daily rate in whole pence and because all elements have been rounded to the nearest £.

71. We further recommend that the separate charge for a garage should be increased to £135.05 a year from 1 April 1984.

Assisted house purchase

72. In recent years, we have frequently expressed our support for the idea of providing financial assistance to members of the armed forces to buy their own houses and to help them move when the demands of their jobs require it. The introduction of an assisted house purchase (AHP) scheme and an associated mobility package has been planned for some time but has foundered in the past because of lack of funds. We have been disappointed by this but have been assured up to now that introduction of the scheme was a matter of time. However, we now understand that it is most unlikely that the scheme will be introduced in the foreseeable future. We must register our great disappointment at this turn of events. We accept that this is not a matter which falls directly within our remit but we do consider a scheme of this sort to be a natural development at a time when house ownership has become increasingly common in civilian life. We are aware of a growing expectation among servicemen and women that the scheme would be introduced and consider that this decision will affect particularly those personnel in the Army and RAF who can see the benefits that their colleagues in the Royal Navy have derived from their existing similar, albeit more limited, scheme.

Food charges

73. In 1981, we introduced a new approach to the assessment of appropriate levels of food charge for single members of the armed forces. This was based on an indication of food costs faced by single civilians as shown by the Family Expenditure Survey (FES) and replaced a method of calculation based on the old concept of the ration allowance. The information provided by the FES is not in itself sufficient for our purposes and the

charge we finally set includes an element to reflect the cost of preparing meals based on the fuel costs which civilians pay. We also take account of the fact that servicemen and women will be absent from their unit for a number of weekends in the year.

74. We believe the approach described above remains valid and we have applied it in reaching our conclusions on the appropriate level of food charge for this year. We recommend a food charge of £14.42 a week to apply from 1 April 1984.

75. Since 1982, we have also recommended a food charge payable by the voluntarily unaccompanied married man. Our recommendations on this matter have been interim in nature thus far because we saw this issue as being linked with the introduction of the AHP scheme—and particularly with the associated mobility package. The fact that the AHP scheme is unlikely to be introduced in the foreseeable future has led us to consider further our position on the charge for the married unaccompanied man. We have concluded that it is right for the unaccompanied serviceman to pay something towards the cost of his food. Not only would a return to the situation where personnel in this category received free food (as well as free accommodation) be resented by single personnel, but there are clearly savings to the family budget if one member of the family is living away from home for a substantial portion of the week. We therefore consider that the food charge for married unaccompanied men should continue; that it should no longer have an interim status; and that it should be based on a calculation of the home savings arising from having one member of the family living away from home.

76. The Treasury have suggested to us that the method we have adopted in calculating the home saving should be changed. They have proposed that it would be more appropriate to take half the weekly cost of food for a two adult household, as shown by the FES, as our starting point, rather than the difference between the weekly cost of food for one and two adult households. We cannot accept this, as it is clear to us that Service families in this situation could not save as much as half the weekly cost of food for a two adult household by having only one member of the family away from home. Our conclusion is that the method of calculation we have used up to now should continue and should reflect, as does the single man's charge, our judgment of weekend absences from the unit. On this basis, we recommend a food charge of £6.50 a week for the married unaccompanied man to apply from 1 April 1984.

CHAPTER 5

COSTS AND CONCLUSIONS

77. We estimate that the costs* of our recommendations in the year beginning 1 April 1984 are as follows:

<i>Military salary (all Services)</i>	<i>£ million</i>	
Officers		39·2
Officers promoted from the ranks		5·0
Servicemen and servicewomen		150·8
Young entrants and apprentices		2·9
Reserve forces		6·2
		<hr/>
		204·1
<i>Additional pay and allowances in the nature of pay (all Services)</i>		4·3
		<hr/>
Total cost of increases in pay		208·4
<i>Charges (all Services)</i>	<i>£ million</i>	
Increased yields:		
food	3·0	
accommodation	7·3	10·3
	<hr/>	<hr/>
<i>Net cost of recommendations</i>		198·1

78. The implementation of our recommendations on pay will add 7·6 per cent to the estimated pay bill for 1984–85 at current rates. These estimates are based on the manpower strengths of the armed forces in 1984–5 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.

79. In making these recommendations, we continue in our aim of providing levels of remuneration for the armed forces which are fair both to Service personnel and to the taxpayer, while taking account of the need to maintain satisfactory levels of recruitment and, especially, retention. We have explained the important part that judgment has to play in our decisions,

* Excluding cost of recommendation on Falkland Islands pay.

but this is based on detailed information on the remuneration received, and costs faced, in civilian life. The levels of military salary and of charges that we have recommended in this report are, in our judgment, appropriate for implementation now.

DAVID ORR (*Chairman*)

MICHAEL BETT

RICHARD CAVE

DAVID HUDSON

JENNY HUGHES

LEIF MILLS

J R SARGENT

RUTHVEN WADE

OFFICE OF MANPOWER ECONOMICS

17 April 1984

APPENDIX 1

PREVIOUS REPORTS OF THE REVIEW BODY ON ARMED FORCES PAY

First Report	...	...	...	...	...	Cmd. 4954, April 1972
Second Report	...	...	...	...	...	Cmd. 5336, June 1973
Supplement to Second Report	...	...	...	...	...	Cmd. 5450, October 1973
Third Report	...	...	...	...	...	Cmd. 5631, May 1974
Supplement to Third Report	...	...	...	...	...	Cmd. 5729, September 1974
Second Supplement to Third Report	...	...	...	...	...	Cmd. 5853, January 1975
Fourth Report	...	...	...	...	...	Cmd. 6063, May 1975
Supplement to Fourth Report	...	...	...	...	...	Cmd. 6146, July 1975
Second Supplement to Fourth Report	...	...	...	...	...	Cmd. 6420, March 1976
Fifth Report	...	...	...	...	...	Cmd. 6470, May 1976
Supplement to Fifth Report	...	...	...	...	...	Cmd. 6515, July 1976
Sixth Report	...	...	...	...	...	Cmd. 6801, April 1977
Seventh Report	...	...	...	...	...	Cmd. 7177, April 1978
Supplement to Seventh Report...	...	...	...	...	...	Cmd. 7288, December 1978
Eighth Report, 1979						
Supplement to Eighth Report	...	...	...	...	...	Cmd. 7603, June 1979
Second Supplement to Eighth Report...	...	...	...	...	...	Cmd. 7770, November 1979
Ninth Report	...	...	...	...	...	Cmd. 7899, May 1980
Supplement to Ninth Report	...	...	...	...	...	Cmd. 7956, July 1980
Tenth Report	...	...	...	...	...	Cmd. 8241, May 1981
Supplement to Tenth Report	...	...	...	...	...	Cmd. 8322, July 1981
Eleventh Report	...	...	...	...	...	Cmd. 8549, May 1982
Supplement to Eleventh Report	...	...	...	...	...	Cmd. 8573, June 1982
Twelfth Report	...	...	...	...	...	Cmd. 8880, May 1983
Supplement to Twelfth Report...	...	...	...	...	...	Cmd. 8950, July 1983

APPENDIX 2

MILITARY SALARIES INTRODUCED WITH EFFECT FROM 1 APRIL 1983

Table 2.1
Officers: annual* rates

Rank	Military salary
	£
Brigadier	25,001
Colonel after 8 years	22,970
6	22,425
4	21,879
2	21,334
on appointment	20,789
Lieutenant Colonel after 8 years	19,738
6	19,270
4	18,801
2	18,333
on appointment	17,864
Major after 8 years	15,830
7	15,504
6	15,178
5	14,852
4	14,527
3	14,201
2	13,875
1	13,549
on appointment	13,224
Captain after 6 years	12,144
5	11,862
4	11,580
3	11,298
2	11,017
1	10,735
on appointment	10,453
Lieutenant after 4 years	9,216
3	8,996
2	8,777
1	8,557
on appointment	8,337
Second Lieutenant	6,500
Officer Cadet	4,564

* Rounded to the nearest £.

Table 2.2
Warrant Officers and Senior NCOs: annual† rates

Scale B (men committed to 6 years' or more but less than 9 years' service)‡	Band			
	4	5	6	7
	£	£	£	£
Warrant Officer 1	9,582	10,303	11,126	12,093
Warrant Officer 2	8,956	9,677	10,501	11,467
Staff Sergeant	8,385	9,106	9,930	10,896
Sergeant	7,895	8,616	9,439	—

† Rounded to the nearest £.

‡ Scale A (men committed to less than 6 years' service)—deduct £0·30 a day from the above rates.

Scale C (men committed to, or who have completed, more than 9 years' service)—add £0·45 a day to the above rates.

Table 2.3
Corporals and below*: annual† rates

Scale B (men committed to 6 years' or more but less than 9 years' service)‡	Band		
	1	2	3
	£	£	£
Corporal I	7,210	7,873	8,634
Corporal II	6,753	7,415	—
Lance Corporal I	6,328	6,991	7,752
Lance Corporal II	5,926	6,588	—
Lance Corporal III	5,552	6,215	—
Private I	5,552	6,215	6,976
Private II	5,201	5,863	—
Private III	4,850	5,512	—
Private IV	4,513	—	—

* Adult servicemen.

† Rounded to the nearest £.

‡ Scale A (men committed to less than 6 years' service)—deduct £0·30 a day from the above rates.

Scale C (men committed to, or who have completed, more than 9 years' service)—add £0·45 a day to the above rates.

APPENDIX 3

ACCOMMODATION CHARGES INTRODUCED WITH EFFECT FROM 1 APRIL 1983

Table 3.1

Married quarters

Type of quarter	Annual* charge	
	Standard quarters	Sub-standard quarters
	£	£
Officers		
I	2,083	—
II	1,867	—
III	1,632	875
IV	1,442	769
V... ..	1,263	681
Other ranks		
D/WO	1,017	549
C	889	472
B... ..	787	421
A	549	315

Table 3.2

Single quarters

Rank	Annual* charge	
	Standard quarters	Sub-standard quarters
	£	£
Major and above	845	458
Captain and below	710	388
Warrant Officer and Senior NCO	505	271
Corporal and below	267	143
Young serviceman receiving less than the minimum adult (i.e. Private IV) rate ...	198	106

* Rounded to the nearest £.

APPENDIX 4

1 APRIL 1984 RECOMMENDED RATES OF LENGTH OF SERVICE INCREMENTS

Rating/Rank	Daily rates after completing the following years' service					
	9	12	15	16	18	22
	£	£	£	£	£	£
Royal Navy/Royal Marines						
FCPO/Warrant Officer I (RM)	0.55	0.90	---	1.20	---	1.55
Warrant Officer II (RM) ...	0.55	0.90	---	1.20	---	1.50
Chief Petty Officer, Colour Sergeant (RM) ...	0.55	0.90	---	1.10	---	1.10
Petty Officer, Sergeant (RM) ...	0.45	0.65	---	1.00	---	1.00
Ordinary, Able, Leading, Marine 2nd Class, Marine 1st Class, Corporal (RM) ...	0.35	0.55	---	0.55	---	0.55
Army						
Warrant Officer 1 ...	0.45	0.65	0.85	---	1.10	1.55
Warrant Officer 2 ...	0.45	0.65	0.85	---	1.10	1.30
Staff Sergeant ...	0.45	0.65	0.85	---	1.10	1.10
Sergeant ...	0.45	0.65	0.85	---	1.00	1.00
Corporal ...	0.35	0.55	0.65	---	0.65	0.65
Private, Lance Corporal ...	0.35	0.55	0.55	---	0.55	0.55
Royal Air Force						
Warrant Officer ...	0.45	0.65	0.85	---	1.10	1.55
Chief Technician, Flight Sergeant ...	0.45	0.65	0.85	---	1.10	1.10
Sergeant ...	0.45	0.65	0.85	---	1.00	1.00
Corporal ...	0.35	0.55	0.65	---	0.65	0.65
Leading Aircraftman, Senior Aircraftman, Junior Technician ...	0.35	0.55	0.55	---	0.55	0.55

APPENDIX 5

1 APRIL 1984 RECOMMENDED LEVELS OF MILITARY SALARY FOR CERTAIN SPECIAL GROUPS

Table 5.1

**Recommended annual* rates of military salary for veterinary officers of the
Royal Army Veterinary Corps**

Rank/length of service	Military salary
	£
Brigadier	27,101
Colonel after 8 years	24,882
6	24,291
4	23,699
2	23,108
on appointment	22,517
Lieutenant Colonel, Major, Captain after 27 years	21,473
25	20,842
23	20,210
21	19,579
19	18,947
17	18,224
15	17,502
13	16,779
11	16,056
9	15,268
7	14,480
5	13,691
3	12,903
1	12,114
on entry	11,330

Table 5.2

Recommended annual* rates of military salary for university cadets

	£
on appointment	4,825
after 1 year	5,406
after 2 years	5,990

Table 5.3

**Recommended annual* rates of military salary for naval apprentices
and probationary medical technicians**

	£
first year	3,460
second year	4,380
third year	5,293
fourth year	7,121

* Annual salaries are derived from daily rates in whole pence and rounded to the nearest £.