



Armed Forces'  
Pay Review Body

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Fifty-Second Report 2023

*Chair:* Julian Miller CB



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Presented to Parliament by the Prime Minister and the  
Secretary of State for Defence by Command of His Majesty

July 2023



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# Armed Forces' Pay Review Body

## Terms of Reference

*The Armed Forces' Pay Review Body provides independent advice to the Prime Minister and the Secretary of State for Defence on the remuneration and charges for members of the Naval, Military and Air Forces of the Crown.*

*In reaching its recommendations, the Review Body is to have regard to the following considerations:*

- *the need to recruit, retain and motivate suitably able and qualified people taking account of the particular circumstances of Service life;*
- *government policies for improving public services, including the requirement on the Ministry of Defence to meet the output targets for the delivery of departmental services;*
- *the funds available to the Ministry of Defence as set out in the government's departmental expenditure limits; and,*
- *the government's inflation target.*

*The Review Body shall have regard for the need for the pay of the armed forces to be broadly comparable with pay levels in civilian life.*

*The Review Body shall, in reaching its recommendations, take account of the evidence submitted to it by the government and others. The Review Body may also consider other specific issues as the occasion arises.*

*Reports and recommendations should be submitted jointly to the Secretary of State for Defence and the Prime Minister.*

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The secretariat is provided by the Office of Manpower Economics.

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<sup>1</sup> Julian Miller was appointed by the Prime Minister as Chair of the AFPRB from June 2022.

<sup>2</sup> Steven Dickson was appointed by the Minister for Defence People and Veterans as a member of the AFPRB from August 2022.

<sup>3</sup> Dr Gillian Fairfield was appointed by the Minister for Defence People and Veterans as a member of the AFPRB from February 2023.



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# ARMED FORCES' PAY REVIEW BODY 2023 REPORT – SUMMARY

## Background

This pay review has presented exceptional challenges, with an increase in inflation unprecedented in recent times. Economic forecasts indicate the largest two-year fall in living standards since the 1950s. And armed forces' pay, particularly for lower ranks personnel, has fallen in comparison to other earnings.

## Pay

We usually make a single percentage pay recommendation. **This year, however, we recommend an award of 5% plus £1,000. It is essential that both elements are fully consolidated. Together, they will provide percentage increases ranging from 9.7% for the most junior to 5.8% for the most senior on our remit group's main pay scales.** This recognises the greater impact food and energy price inflation has on the lower paid. It also tracks the increase in the National Living Wage (NLW).

The factors driving this recommendation are:

- The importance of maintaining the recruitment and retention of a highly skilled, modern, war-fighting force in the context of the Integrated Review and the aspirations of the Integrated Review Refresh.
- Evidence that the morale of the armed forces has become more fragile, and the need to better reflect their value to the nation.
- The need for the award to be broadly consistent with offers made to other workforces, especially given the inability of the armed forces to participate in collective bargaining or industrial action.
- Our assessment that a pay award for the armed forces at the level we recommend will have a minimal impact on inflation and achievement of the government's inflation target.

In its evidence, the Ministry of Defence (MOD) suggested that there should be a non-consolidated uplift for the lowest paid from April 2023 in order to reflect the increase in the NLW, with further change deferred until next year. In contrast, our approach provides an enduring response to the latest increase in the NLW while minimising compression of the pay structure. We observe that relying on a non-consolidated element of the award would have adverse pension consequences for the lowest paid and fail adequately to reflect the value of the armed forces. Moreover, it would merely defer the problem of tracking the NLW, creating the need for a significantly bigger award next year.

In Chapter 3, we discuss specific reviews of remuneration and endorse revised pay arrangements for Officers Commissioned from the Ranks and the introduction of new competence payments for personnel in the cyber cadre. We endorse revised arrangements for the payment of certain Recruitment

and Retention Payments (RRPs). Where we have been invited to apply an uplift in line with our main pay award, including to most RRP, compensatory allowances and the Volunteer Reserves Training Bounty, we recommend that that these should increase by 5.8%, matching the level of the combined award we have recommended for the most senior personnel on the main pay scale.

## **X-Factor**

This year we have also undertaken a review of X-Factor, a pensionable addition to Service pay to recognise the exigencies of Service life (as opposed to normal civilian employment). Overall, we conclude that there should not be any changes to the rates of X-Factor, with the exception of the rates payable to the Royal Gibraltar Regiment (RG). MOD's evidence made it clear that there has been a shift in the RG terms and conditions of service and in their operational readiness. We also draw attention to some wider concerns about X-Factor.

## **Defence Medical Services**

We endorse new pay arrangements for Allied Health Professionals to bring pay for this cadre in line with that for defence nurses, noting that in the National Health Service pay arrangements for these groups is similarly aligned. For this year's pay uplift, we accept MOD's argument for an 'all of one company' approach and recommend treating Medical and Dental Officers (MODOs) in line with our main remit group. We recommend that Clinical Excellence Awards and Trainer Pay should increase by 5.8% and welcome MOD's plan for a thorough review of the MODOs' pay spines for next year's pay round.

## **Accommodation and Food**

We believe that the quality and good repair of housing is a key driver of overall satisfaction with Service life and are concerned at the extent to which, for many in our remit group, this is not being delivered. We comment on the difficult start made by the new Future Defence Infrastructure Services (FDIS) contract. Though we note MOD's confidence that a corner has been turned, we will continue to closely monitor progress and the pace at which this confidence is translated into real-world improvements for our remit group.

In setting accommodation charges, we have traditionally used the annual November Consumer Prices Index actual rentals for housing component and do so again this year, noting that the figure was 4.5%. We recommend this increase for all accommodation and related charges. We note that MOD intends to apply a rebate of this charge to those in Service Family Accommodation who have been affected by issues relating to FDIS in recognition of the poor performance of the contract.

On food, we have not been asked to comment on an increase in the Daily Food Charge (DFC), as the Secretary of State for Defence has directed that DFC should be frozen in the light of inflationary pressures. We continue to be concerned about the generally poor quality of food, but have been encouraged

by the significant improvements we have seen in the 'Army Eats' trial. We hope that 'Army Eats' will mark the beginning of a rapid and significant transformation in Service catering arrangements.

## **Conclusion**

Taken together, our remit letter and terms of reference set out the framework for our review. As ever, our task in developing recommendations has been to assess a range of competing pressures. We judge that our recommendations strike the right balance, ensuring pay continues to attract and retain the right calibre of personnel, recognising the exceptional work of the armed forces, whilst also taking into account economic circumstances and wider pay settlements.

A summary of our recommendations is on page xii.

## SUMMARY OF RECOMMENDATIONS

Our central pay recommendation from 1 April 2023 is an uplift with two components.

- A consolidated pay uplift of 5% for all Service personnel.
- A further consolidated increase of £1,000 for all full-time UK Regular personnel with a pro-rata increase for other cohorts in our remit group.

It is important that these two elements are considered together as a single recommendation and the amounts have been selected on this basis.

### Officers Commissioned from the Ranks

We agree to the implementation of MOD's proposals for pay for Officers Commissioned from the Ranks for implementation from 1 April 2024.

### Cyber

We agree to the introduction of competence-based cyber payments from 1 April 2023 at the following levels: Level 2 £6,000, Level 3 £15,000 and Level 4 £25,000.

## **Recruitment and Retention Payments**

We recommend that the following rates of RRP should increase by 5.8% from 1 April 2023: RRP (Flying), RRP (Flying Crew), RRP (Diving), RRP (Submarine) (including Submarine Supplement and Engineer Officers Supplement), RRP (Nuclear Propulsion), RRP (Special Forces), RRP (Special Forces Communications), RRP (Special Reconnaissance), RRP (Special Intelligence), RRP (Special Communications), RRP (Parachute) (including RRP (High Altitude Parachute)), RRP (Parachute Jump Instructor), RRP (Explosive Ordnance Disposal), RRP (Weapons Engineer Submariner), RRP (Naval Service Engineer) and RRP (Nursing).

We are content to endorse the MOD's proposals for RRP (Mountain Leader) from 1 April 2023.

We are content to endorse the MOD's proposals to increase the lower three rates of RRP (Hydrographic) from 1 April 2023. We also support the intention to bring forward the next review of RRP (Hydrographic).

## **Volunteer Reserves Training Bounty**

We recommend that rates of the Volunteer Reserves Training Bounty should increase by 5.8% from 1 April 2023.

## **Compensatory Allowances**

We recommend that all rates of compensatory allowances should increase by 5.8% with effect from 1 April 2023.

## **X-Factor**

We recommend that the rate of X-Factor remains unchanged at 14.5%.

We recommend that the rates of X-Factor for:

- Service personnel of OF-5 and OF-6 rank, Regular personnel on Flexible Service, FTRS of all commitments, PTVR and MPGS remain unchanged.
- The Royal Gibraltar Regiment Regulars should increase from 6.5% to 11.5%.
- The Royal Gibraltar Regiment Reserves should increase from 3.25% to 5%.

## **Defence Medical Services**

**We agree, in principle, to the introduction of a bespoke pay spine for Allied Health Professionals in the initial UCM group (degree and diploma qualified), for implementation in January 2024, in conjunction with changes to terms and conditions.**

**We recommend that rates of base pay should increase by a consolidated uplift of 5% for all ranks within the MODO cadre, with a consolidated increase of £1,000 for all full-time UK Regular personnel and a pro-rata increase for other cohorts from 1 April 2023.**

**We recommend that the value of Clinical Excellence Awards should increase by 5.8% from 1 April 2023.**

**We recommend that rates of Trainer Pay should increase by 5.8% from 1 April 2023.**

## **Accommodation**

**We recommend that, consistent with our usual procedure, SFA CAAS Band A charges should increase by 4.5% (in line with the CPI Actual Rents for Housing Component at November 2022) from 1 April 2023. This recommendation will affect the rents of lower bands differently, as they are set in descending increments of 10% of the Band A rate.**

**We recommend that furniture charges (for all SFA types) should increase by 4.5% (in line with the CPI Actual Rents for Housing Component at November 2022) from 1 April 2023.**

**We recommend, that SLA rental charges for Grade 1 should increase by 4.5% from 1 April 2023, and increases of 3% to Grade 2, 1.5% to Grade 3 and no increase to Grade 4 accommodation.**

**We recommend that, from 1 April 2023, charges for standard garages and carports should increase by 4.5%, with no increase for substandard garages and substandard carports.**

# Chapter 1

## INTRODUCTION

### Introduction

- 1.1 This Report sets out our recommendations on military pay and charges for 2023-24. Our recommended rates are set out in Appendix 1 (Salaries) and Appendix 2 (Recruitment and Retention Payments (RRPs) and Compensatory Allowances).
- 1.2 We are very disappointed by delays in the provision of evidence to us by government for this round. The delays have meant that, again, we have not been able to submit our recommendations to government in time for a pay award to be delivered from 1 April. Throughout the round we have emphasised the need for evidence to be submitted to us on time. During our visits Service personnel told us that delays to the timetable, and late receipt of a pay award, caused considerable frustration. We also assess that, in the current economic climate, any delay in the implementation of the pay award, despite backdating, is detrimental to our remit group and has the potential to cause real cost of living challenges for some.

### Last year's Report

- 1.3 In our 2022 Report, the central recommendation was for base pay to be increased by 3.75% with effect from 1 April 2022. We note that the government accepted our recommendations in full. While the report was published in July, the recommendations were aimed at implementation from 1 April 2022 and took into account the relevant data at that time. We are aware that this time lag contributed to the perception from some members of our remit group that last year's recommendations – and resulting pay award – were lower than those made elsewhere.

### Context for this year's Report

- 1.4 Our terms of reference require us to have regard to the need for Defence to be able to recruit, retain and motivate suitably able and qualified personnel; the need for the pay of the armed forces to be broadly comparable with pay levels in civilian life; the requirement for the Ministry of Defence (MOD) to deliver its outputs within the funds allocated by government; and the government's inflation target.
- 1.5 In his remit letter, dated 16 November 2022 (Appendix 3), the Secretary of State for Defence reminded us that pay awards must strike a careful balance – recognising the vital importance of public sector workers, whilst delivering value for the taxpayer, considering private sector pay levels, not increasing the country's debt further, and being careful not to drive prices even higher in the future. He also said that in the current economic context, it was particularly important that we had regard to the government's inflation target when forming recommendations.



- 1.6 As ever, our task in developing recommendations has been to balance a range of competing pressures. We have given careful consideration to all of the relevant factors and to our terms of reference and remit letter. It is in the nature of our work that there is no straightforward calculation that we can apply to deliver a balanced outcome. We are independent of government and all other stakeholders. Our role is to exercise judgement in developing advice based on the evidence presented to us. It is then for government to decide whether and how to act on this.
- 1.7 This year has presented exceptional challenges. The rapid increase in inflation in 2022 was unprecedented in recent times. The MOD took action to ameliorate some of the impacts of inflation on some Service personnel, for example, through freezing charges for food and capping the accommodation charge at 1% (our observations on the standards of food and accommodation are set out in Chapter 6).
- 1.8 During our visits in the summer and autumn of 2022, Service personnel and their families told us that they nonetheless felt very considerable pressure as the cost of living escalated. We consider below the impact this has had on recruitment and retention. While the evidence on these aspects is complicated by the effects of the pandemic, pay has become a much more prominent issue in our focus group discussions. We have no doubt that there has been a direct impact on morale which is likely to have longer-term consequences if not addressed.
- 1.9 We also note that MOD is undergoing a period of transformational change against the backdrop of global turbulence. The Integrated Review 2021<sup>4</sup> identified four trends that would shape the international environment to 2030: shifts in the distribution of global power; inter-state, ‘systemic’ competition over the nature of the international order; rapid technological change; and worsening trans-national challenges. The Integrated Review Refresh (IR23)<sup>5</sup> published in March 2023 assessed that these remained the trends that would dominate the decade ahead. The government identified £5 billion in additional funds for Defence in response to IR23. We are concerned that none of this additional money was made available for investment in people and the message that this sends to our remit group.
- 1.10 The government’s inflation target remains at 2% while Consumer Prices Index inflation peaked at 11.1% in October 2022 and at March 2023 the rate was 10.1%. In March 2023, the Office for Budget Responsibility published its Economic and Fiscal Outlook report, which forecast that inflation would fall to 2.9% in Q4 of 2023 and fall below its 2% target

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<sup>4</sup> MOD (2021) *Global Britain in a Competitive Age: the Integrated Review of Security, Defence, Development and Foreign Policy* (online) Available at: <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy> [Accessed 24 May 2023].

<sup>5</sup> MOD (2023) *Integrated Review Refresh 2023: Responding to a more contested and volatile world* (online) Available at: <https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world> [Accessed 24 May 2023].

in 2024. Separately, HM Treasury (HMT) highlighted its concern that significantly higher pay settlements in the public sector could feed through into higher pay settlements in the private sector and, ultimately, higher inflation. We were reminded that the risk of a wage-price spiral should not be underestimated. There is, however, only limited evidence that such a link exists and no indication that it applies to the current economic circumstances when public sector pay settlements have lagged behind those in the private sector for an extended period.

- 1.11 We judge that a pay award for the armed forces broadly in line with pay settlements in the wider economy would have little direct impact on inflation. We acknowledge that a settlement for the armed forces that was significantly higher than pay rises in the wider economy might encourage others who have not yet settled to seek similar increases. We have had to balance our pay recommendation against these and other concerns, including for pay for the most junior personnel in the armed forces to keep pace with the increase in the National Living Wage.
- 1.12 We understand that, to the extent that our recommendations exceed the funds allocated by Defence, there may be difficult issues of prioritisation for government. In our view, however, a failure to provide an equitable pay rise for the armed forces would undermine the essential requirement to sustain the morale and commitment of Service personnel. We are concerned that there would be consequential impacts to recruitment and retention, as well as longer term costs for MOD, if we fail to respond in light of the evidence presented to us.

## **Our evidence base**

- 1.13 We received written evidence from MOD, HM Treasury, the British Medical Association (BMA) and the British Dental Association (BDA). We also reviewed the latest available evidence and data on the UK economy and labour market and undertook our own research to understand the broad comparability of Service pay with civilian pay levels.
- 1.14 This evidence was supplemented by oral evidence from the Minister for Defence People and Veterans, the Chief of the Defence Staff, the Chief of Defence People, the MOD Finance Director and other MOD officials, the single Service Principal Personnel Officers and other Service personnel, Defence Medical Services (DMS), the Defence Infrastructure Organisation, the Service Families' Federations, the BMA, the BDA and HMT officials.
- 1.15 We undertook visits to a range of Service establishments as discussed further in Chapter 2. Our visit programme provided a vital opportunity for us to gather evidence for the round by hearing first-hand from Service personnel and their families about Service life and the concerns and pressures related to it.

## **Our 2023 Report**

- 1.16 Chapter 2 of this Report considers MOD's evidence on the strategic context for the round, evidence on the economic situation and pay comparability. It also covers workforce issues including recruitment and retention, diversity and inclusion, motivation and morale. We also discuss the evidence we gathered from our visits.
- 1.17 In Chapter 3 we review the evidence and make a recommendation on the overall pay award. We are invited each year to undertake periodic reviews of various payments. This year we considered: RRP (Hydrographic), RRP (Mountain Leader), RRP (Flying Crew), RRP (Special Intelligence) and RRP (Special Communications). We also received submissions on pay for Submariners and Special Forces, an update on the Defence Aircrew Remuneration Review and evidence regarding Officers Commissioned from the Ranks, the introduction of new competence payments for personnel in the cyber cadre and the Volunteer Reserves Training Bounty.
- 1.18 In Chapter 4 we discuss our review of X-Factor, setting out the evidence we used to reach our recommendations.
- 1.19 Chapter 5 contains our consideration of evidence relating to DMS and our comments on proposals for the pay of Medical and Dental Officers and Allied Health Professionals.
- 1.20 In Chapter 6 we review the evidence and make recommendations on accommodation charges and discuss issues relevant to the condition of Service accommodation and accommodation policies. We also note the process for setting food charges and discuss wider issues around the quality and provision of Service food.
- 1.21 Finally, in Chapter 7 we look ahead to the issues which are likely to influence next year's pay round, including the Haythornthwaite Review of Armed Forces' Incentivisation.

## Chapter 2

# CONTEXT AND EVIDENCE

### Introduction

- 2.1 In this chapter, we present a summary of the evidence used to inform our views and recommendations. This includes evidence relating to the economic context<sup>6</sup>, pay comparability, workforce, recruitment and retention, diversity and inclusion, motivation and morale, and visits. We finish with our comments on the evidence.
- 2.2 We acknowledge that the pandemic has distorted some of the data available to us which in many cases reflect a reversion of trends to pre-pandemic levels. Therefore, we note that year on year trends must be treated with caution, and we have looked across a longer time period where applicable.
- 2.3 The Ministry of Defence (MOD) informed us that the armed forces had continued to deliver military operational commitments across the world, in demanding environmental circumstances, whilst maintaining defence of the UK and Sovereign Territories.
- 2.4 The single Services provided us with their operational context for this pay round.
- The Royal Navy (RN) said it had continued to deliver core tasks spread across the world, whilst supporting the reaction to the strategic shift caused by the Russian invasion of Ukraine. Notwithstanding the European focus, UK interests continued to be served globally in the South Atlantic, Caribbean, Africa, Middle East and Asia-Pacific. On average during 2021-2022, approximately 22% of the total RN workforce was on or about to commence operations at sea.
  - The Army explained that it had been internationally engaged and agile, delivering disproportionate support by responding rapidly to global threats and other tasks. The impact had been an increase in deployments, often within short time scales. These contributed towards reassuring Allies, deterring adversaries, capacity building and supporting the UK prosperity agenda. In October 2022, more than 12,000 personnel were deployed across 104 countries.
  - The Royal Air Force (RAF) advised us that the scale and tempo of operations continued to be significant and, despite the impact of the pandemic in the early part of 2022, it had continued to deliver all of its operational outputs. The RAF's operational contribution remained highly valued by the North Atlantic Treaty Organisation (NATO), coalition partners and sister Services. At the time of receiving evidence,

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<sup>6</sup> Data are as published at the end of April 2023.

the RAF said that since 1 November 2021 it had deployed over 8,850 people on operations and large-scale exercises and many more on small exercises and training deployments.

## **MOD evidence on strategic management**

- 2.5 In its strategic management evidence, MOD outlined how the *2021 Integrated Review* and *Defence Command Paper* described the evolving threats to the UK. MOD said that, guided by the new Integrated Operating Concept, Defence would require a new set of capabilities to respond to the challenges of the future, in addition to maintaining many of its core capabilities.
- 2.6 MOD explained that people were the key element of capability and must be equipped with a new set of specialist skills to deliver competitive advantage in the information age. As Defence embraced modern technology, the workforce would become smaller but more highly skilled. To deliver the right person, with the right skills, at the right time and the right cost, MOD stated that it needed to become more agile in the way that talent was accessed, adopting a genuinely whole force approach.
- 2.7 MOD confirmed that the *Defence People Strategy* aimed to:
- deliver an adaptable and sustainable workforce to meet the changing demands on Defence, while harnessing modern technologies to drive greater efficiency and effectiveness;
  - maximise the use of talent across the military and civilian workforce, to ensure that people were developed and employed where they were needed most;
  - provide attractive offers that accessed and retained talented people and gave individuals more opportunity to shape a lived experience that resonated with a wide and increasingly diverse workforce; and
  - build a stronger, more effective People Function to make better, evidence-based decisions relating to the civilian and military workforce.
- 2.8 The single Services also provided us with in-person briefings about their strategic priorities.

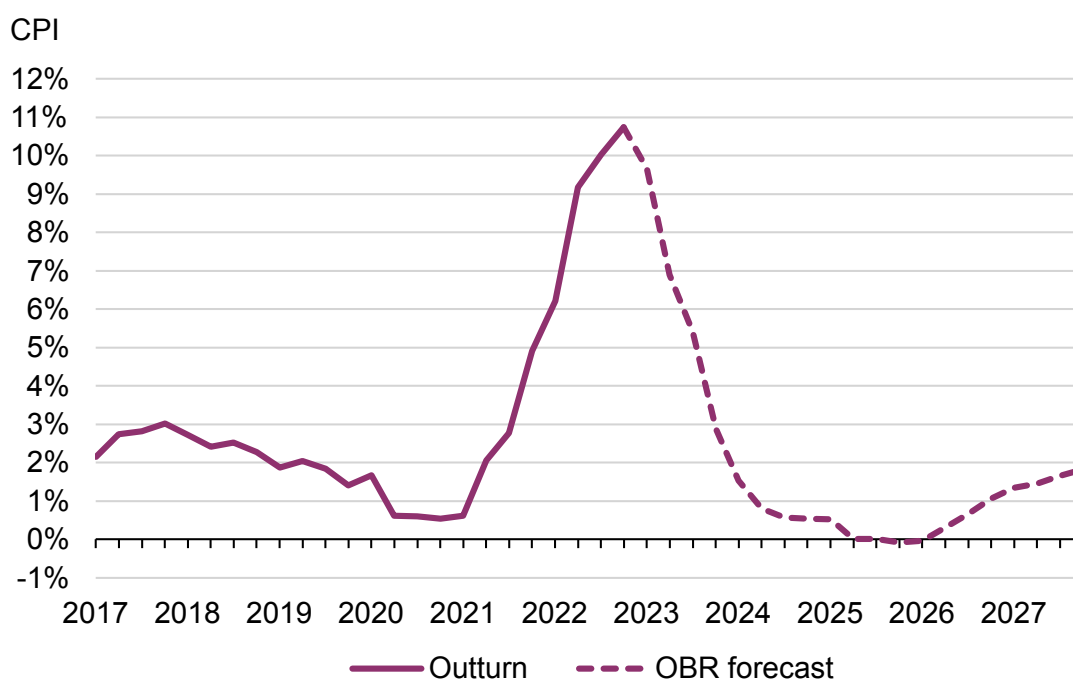
## **Economic context**

- 2.9 We recognise that there remains significant uncertainty around economic forecasts for the remainder of 2023 and the medium term. Since April 2022, the economy has been affected by high inflation, record levels of vacancies, and low unemployment. The war in Ukraine continued to disrupt the global supply of commodities, contributing to increased costs of consumer goods.

2.10 Gross Domestic Product (GDP) was estimated to have grown by 4.1% in 2022, following a 7.6% increase in 2021. The Office for National Statistics (ONS) estimated that GDP in the fourth quarter of 2022 was 0.6% below its pre-pandemic level at the end of 2019<sup>7</sup>. In March, the Office for Budget Responsibility (OBR) forecast GDP to fall by 0.2% in 2023 before increasing by 1.8% in 2024 and 2.5% in 2025<sup>8</sup>. In February, the Bank of England (BoE) forecast GDP to fall by 0.5% in 2023 and by 0.25% in 2024 before growing by 0.25% in 2025<sup>9</sup>.

2.11 Inflation, as measured by the Consumer Prices Index (CPI), was 10.1% in March 2023. Inflation peaked at 11.1% in October 2022, which the ONS indicated was the highest rate for over 40 years. The price of food and non-alcoholic beverages increased particularly sharply, by 19.1% in the year to March 2023. Energy prices also soared, with domestic gas prices rising 129.4% and electricity prices rising 66.7% in the year to March 2023.

**Figure 2.1: CPI inflation rate and OBR CPI inflation rate forecast, First Quarter 2017 – Fourth Quarter 2027<sup>10</sup>.**



<sup>7</sup> ONS (2023) *GDP first quarterly estimate, UK: October to December 2022* (online) Available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/octobertodecember2022> [Accessed 24 May 2023].

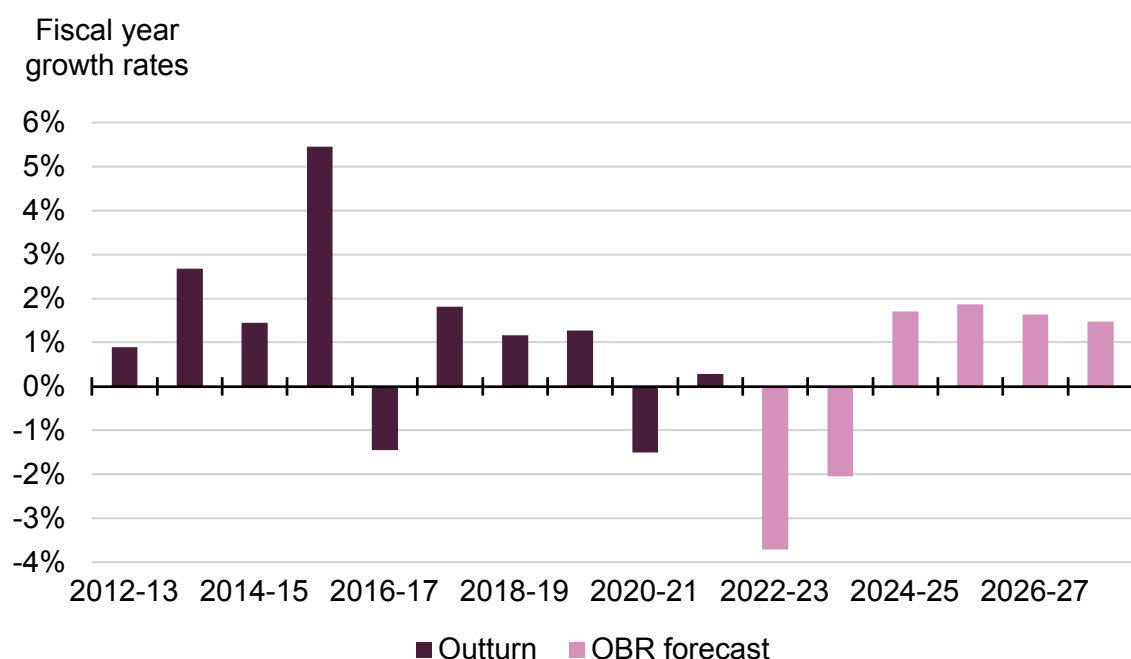
<sup>8</sup> OBR (2023) *Economic and fiscal outlook – March 2023* (online) Available at: <https://obr.uk/efo/economic-and-fiscal-outlook-march-2023/> [Accessed 24 May 2023].

<sup>9</sup> Bank of England (2023) *Monetary Policy Report: February 2023* (online) Available at: <https://www.bankofengland.co.uk/monetary-policy-report/2023/february-2023> [Accessed 24 May 2023].

<sup>10</sup> See footnote 8.

- 2.12 Rising energy prices prompted the introduction of the Energy Price Guarantee Scheme from October 2022 to limit the impact of rising costs on households. In reaction to the increased prices, the BoE raised interest rates (from 0.75% in April 2022 to 4.25% in March 2023) with the aim of reducing the inflation rate towards the government's 2% target.
- 2.13 The BoE expects CPI to fall to 3.9% by the end of 2023 and down to the 2% target rate in the medium term. Similarly, the OBR forecast a rapid fall of CPI to 2.9% in Q4 2023 (see Figure 2.1), as the price increases from 2022 fall out of the 12-month rate, supply bottlenecks ease and gas and electricity prices fall. We recognise that current forecasts predict that the rate of inflation will fall in 2023. However, prices will continue to increase, albeit at a slower rate and will remain highly elevated for key items like food and energy.
- 2.14 The challenging nature of the economic situation is reflected by OBR forecasts that show real household disposable income (RHDI) per person is due to fall by 6% between 2021-22 and 2023-24, which would represent the largest two-year fall in living standards since ONS records began in the 1950s. RHDI is forecast to remain below pre-pandemic levels by the end of the OBR's forecast period in 2027-28.

**Figure 2.2: Real household disposable income per person outturn and OBR forecast, 2012-13 to 2027-28<sup>11</sup>.**



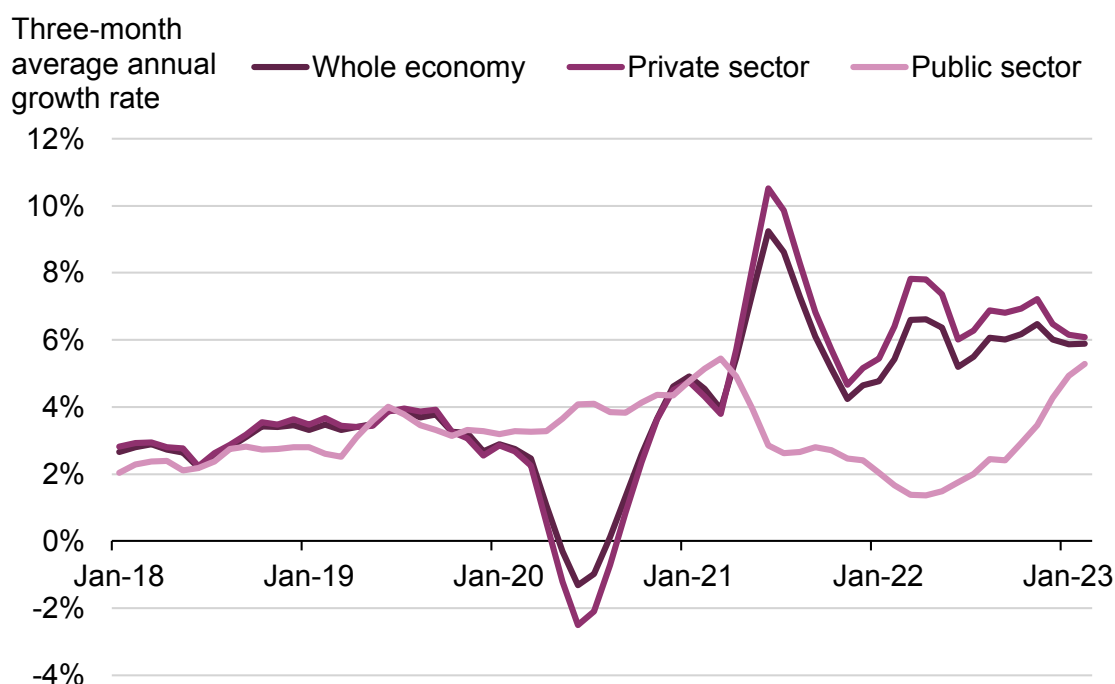
- 2.15 The labour market tightened during 2022 with record low levels of unemployment and high job vacancies. The unemployment rate was 3.8% in the three months to February 2023. There were 1,105,000 job

<sup>11</sup> See footnote 8.

vacancies across the UK in the three months to March 2023, a small decline on the record levels seen in mid-2022. The OBR expects unemployment to rise as GDP growth slows.

2.16 According to the ONS Average Weekly Earnings series, Total Pay growth was 5.9% across the whole economy from December 2022 to February 2023<sup>12</sup>. Total Pay growth in the private sector was stronger at 6.1% compared with 5.3% in the public sector. The data is retrospective and does not include any of the public sector pay negotiations that were ongoing in Spring 2023. Public sector pay awards in 2023 made through the pay review body process will not appear in this series until later this calendar year. In addition to basic pay, this data includes allowances and bonuses, and reflects the composition and hours of the workforce, and indicates upward wage pressure across the economy.

**Figure 2.3: Average Weekly Earnings growth in the private sector, public sector, and whole economy. Total Pay, three-month average annual change, January 2018 to February 2023<sup>13</sup>.**



<sup>12</sup> Average Weekly Earnings series is the ratio of estimated Total Pay (basic pay, allowances, etc.) for the whole economy, divided by the total number of employees for any given month. The Average Weekly Earnings series is typically used as a barometer of the general wage impulses within the whole economy. The AFPRB consistently uses the Total Pay series. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/methodologies/averageweeklyearningsqmi> [Accessed 24 May 2023].

<sup>13</sup> ONS (2023) *Average weekly earnings in Great Britain: April 2023* (online) Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/april2023#analysis-of-average-weekly-earnings-awe> [Accessed 24 May 2023].



2.17 We have closely monitored pay settlements implemented across the public and private sectors over the year. According to XpertHR, which collates data on pay settlements<sup>14</sup> across the economy, median pay settlements awarded reached 6.0% in the three months ending March 2023. During the first three months of 2023, 74% of pay settlements were at 5% or above and 53% of pay settlements were at 6% or above<sup>15</sup>. Median pay settlements have increased over the last year but remained below inflation. We note that some private sector organisations have also implemented additional in-year pay awards in reaction to cost of living pressures.

## Pay comparability

2.18 Our terms of reference require us to ‘have regard for the need for the pay of the armed forces to be broadly comparable with pay levels in civilian life’. While it is difficult to find direct civilian equivalents for a number of military roles, we see pay relativities as important in ensuring that armed forces’ pay is sufficient to recruit, retain and motivate the quality and quantity of personnel required. It is therefore a key component of the overall evidence base we use to inform our recommendations.

2.19 In addition to monitoring broad comparators such as the Average Weekly Earnings index and pay settlements cited above, we have undertaken our own analysis of the relative position of armed forces’ pay using data from the ONS’ Annual Survey of Hours and Earnings (ASHE).

### *Comparisons with data from ASHE<sup>16</sup>*

2.20 As in previous years, we have analysed the position of each pay scale in the percentile distribution of earnings of those in full-time employment across the wider economy.

2.21 The latest ASHE data available to us covered the period 2021-22. It therefore related to 2021-22 armed forces’ pay scales and does not account for the 2022-23 pay award decision. The most recent two years of ASHE data are affected by employees who were furloughed under the Coronavirus Job Retention Scheme (CJRS)<sup>17</sup> which ended in September 2021. As a result, consistent with last year’s Report, the ASHE estimates were subject to more uncertainty than usual.

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<sup>14</sup> Pay Settlement information draws upon the headline uplift to the pay structure of an organisation and does not include progression, or allowances. It is not an immediately comparable dataset to the AWE mentioned above.

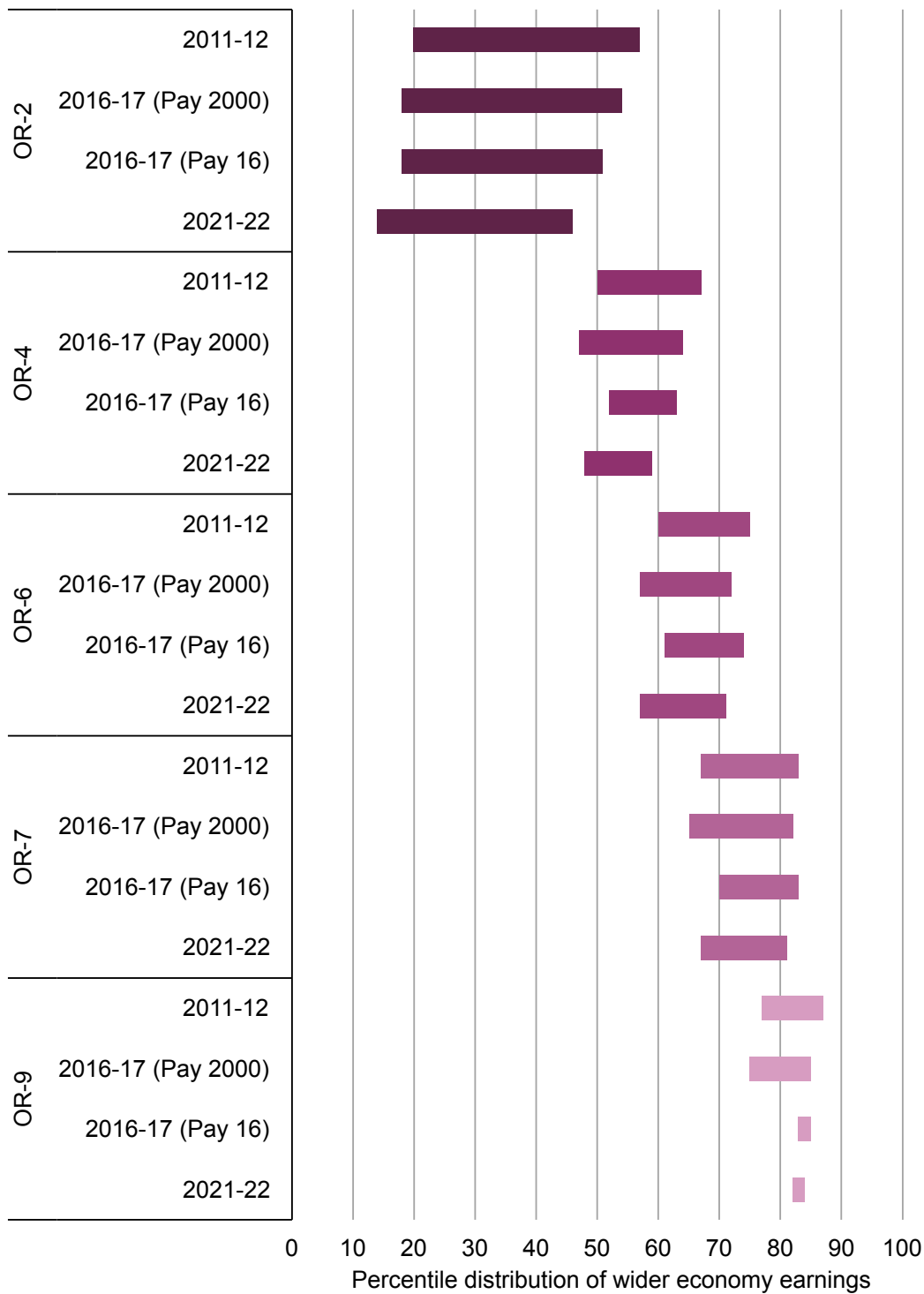
<sup>15</sup> OME analysis of unpublished XpertHR data.

<sup>16</sup> From 2021, the ONS moved their occupation coding to Standard Occupation Classification 2020 (SOC 2020) from 2010 (SOC 2010). This means estimates for earnings from April 2021 on a SOC 2020 basis represent a break in the ASHE time series. Earnings estimates produced on a SOC 2020 basis show minimal differences to those produced on a SOC 2010 basis.

<sup>17</sup> For furloughed employees, earnings were based on actual payments made to the employee from company payrolls and the hours on which this pay was calculated, which in the case of furloughed employees were their usual hours.

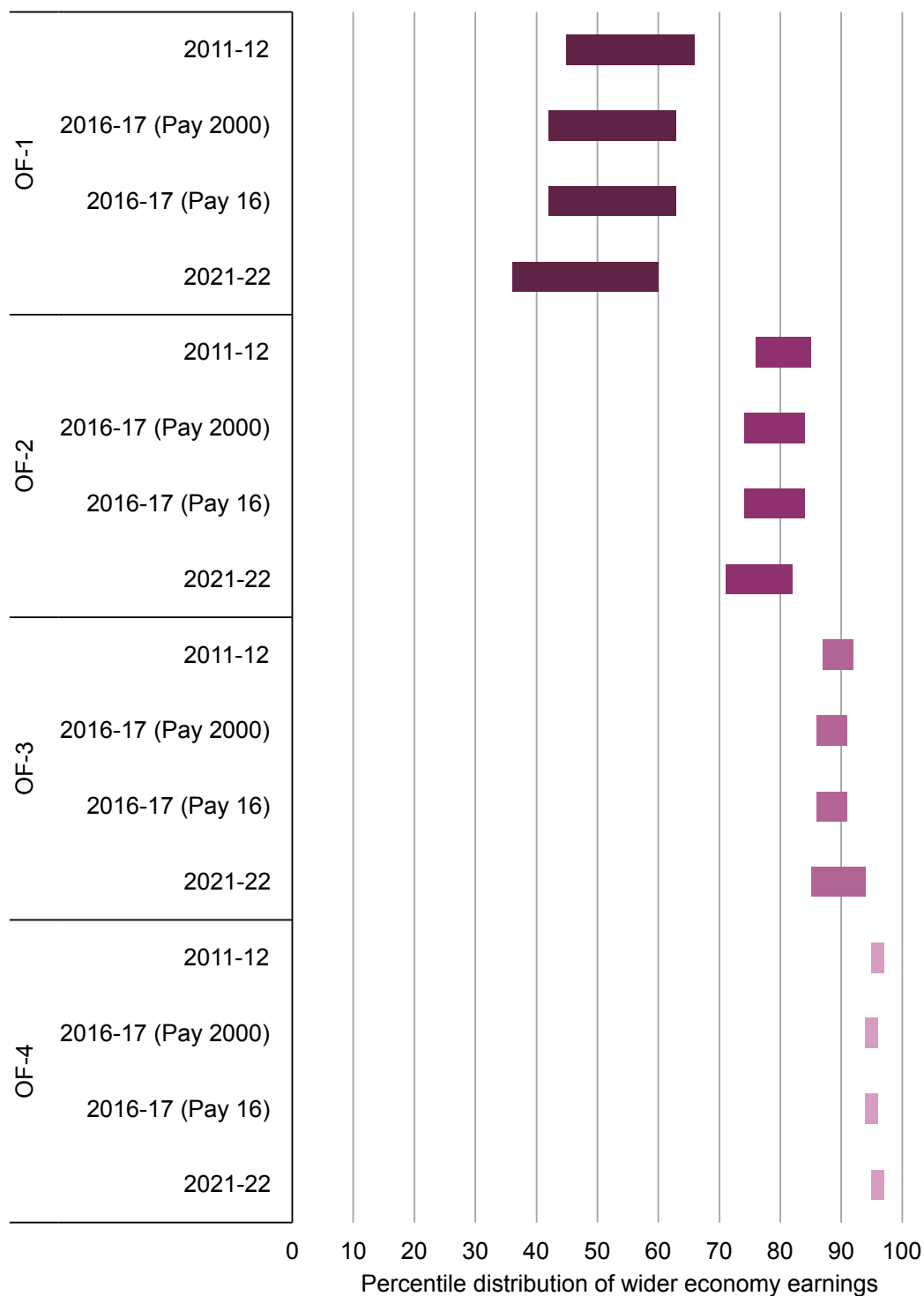
- 2.22 This analysis takes account of the impact of the public sector pay 'pause' in 2021-22. Due to the pay pause, we were not invited to make a main pay recommendation for the remit group in 2021-22. For the UK armed forces this meant that there was no pay increase except for those who were earning below £24,000 who received a pay rise of £250.
- 2.23 Figure 2.4 and Figure 2.5 demonstrate the relative position of Officer and Other Ranks' pay against gross annual whole economy earnings in 5-year intervals, with the exception of 2016-17 which includes the Pay 2000 and Pay 16 schemes to reflect the pay structure transition that occurred. Broadly, from 2011-12 to 2021-22, the net position of the majority of armed forces Other Ranks and junior Officers weakened, while the position of the senior Officers in our remit group remained unchanged. The latest year of ASHE reflected the growth in whole economy earnings from 2020-21 to 2021-22 (acknowledging that CJRS affected six months of the 2021-22 data). A longer historical view of pay comparability is at Appendix 5.
- 2.24 Armed forces' pay has fallen in real terms over the last decade and the pay comparison analysis shows that pay for our remit group has mostly fallen relative to others in the wider economy. The lowest paid personnel experienced the highest deterioration in their position in the distribution of whole economy earnings.

**Figure 2.4: Position of the armed forces' pay framework including X-Factor (Other Ranks) in the distribution of earnings across the UK economy for 2011-12, 2016-17 (Pay 2000), 2016-17 (Pay 16) and 2021-22<sup>18</sup>.**



<sup>18</sup> OME analysis of ONS unpublished ASHE microdata and armed forces' pay data. The ASHE results are survey estimates and 2021-22 ASHE data is provisional.

**Figure 2.5: Position of the armed forces' pay framework including X-Factor (Officer Ranks OF-1 – OF-4) in the distribution of earnings across the UK economy for 2011-12, 2016-17 (Pay 2000), 2016-17 (Pay 16) and 2021-22<sup>19,20,21</sup>.**



<sup>19</sup> See footnote 18.

<sup>20</sup> The OF-3 pay range includes the increment range OF-3-9 to OF-3-13, introduced for RAF Engineer Officers only from 2020-21.

<sup>21</sup> The position of the most senior Officers of our remit group (OF-5 and OF-6) are not presented as their position in the distribution of wider economy earnings was broadly unchanged over the time period.

### *Starting pay in selected occupations*

2.25 Looking specifically at the starting pay for new graduate and non-graduate entrants to the armed forces, our analysis draws on two broad sources of data:

- studies of graduate starting pay by graduate recruitment/specialist organisations; and
- comparisons of armed forces' starting salaries for the first year of employment with salaries in other public sector occupations which may or may not require a university degree.

2.26 The selected occupations have large differences in the amount of pre-training required prior to successful applications. For example, the amount of pre-training required to become a junior doctor differs considerably from the amount of pre-training required to becoming a police officer.

2.27 The Institute of Student Employers (ISE)<sup>22</sup> and High Fliers<sup>23</sup> annual surveys both reported median graduate starting salaries higher than those in the armed forces. The ISE reported a median graduate salary of £30,921 in 2022, an increase of 1.4% from 2021. High Fliers reported a median graduate salary of £33,500 in 2023, an annual increase of £1,500 on the median graduate salary of £32,000 in 2022.

2.28 The ISE and High Fliers data were weighted towards large graduate scheme recruiters, which tend to recruit significant proportions in London and the South East. We note that both surveys pick up graduates going into 'traditional' graduate jobs and left out a significant proportion who might go into lower paid roles. The ISE reports a figure for the median salary on offer for school and college leavers, which was £19,725 in 2022, a 1.2% increase on 2021.

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<sup>22</sup> Institute of Student Employers (2022) *Student recruitment survey 2022* (online) Available to ISE members: <https://ise.org.uk/page/ISEPublications> [Accessed 24 May 2023].

<sup>23</sup> High Fliers (2023) *The Graduate Market in 2023* (online) Available at: <https://www.highfliers.co.uk/> [Accessed 24 May 2023].

**Table 2.1: Starting pay in selected public sector occupations and graduate recruitment surveys, 2022.**

	Starting pay
ISE Graduates Median <sup>24</sup>	£30,921
Doctor <sup>25</sup>	£29,384
Armed Forces' Officer <sup>26</sup>	£28,861
Fast Stream Civil Servant <sup>27</sup>	£28,000
Teacher <sup>28</sup>	£28,000
National Health Service (NHS) Nurse <sup>29</sup>	£27,055
Police Officer <sup>30</sup>	£23,556
Armed Forces' Other Rank <sup>31</sup>	£21,425
ISE School and College Leavers Median <sup>24</sup>	£19,725

2.29 Table 2.1 shows the starting salary for individuals entering the armed forces (OF-1 Officer Ranks/OR-2 Other Ranks) in 2022 compared with other public sector occupations. OR-2 starting pay is behind the other starting salaries, while OF-1 is the second best starting pay behind junior doctors. The position of OF-1 starting pay has changed this year, as it has surpassed Fast Stream Civil Servants. This reflects the impact of the 3.75% pay award for the armed forces in April 2022. Compared to the other occupations, Service personnel are expected to progress more quickly through the pay scale, with an initial increment of 20% after one year followed by the prospect of further promotion, and associated progression, after three years.

### *Our comments*

2.30 We monitored economic data across a range of sources to fully consider the economic backdrop to this pay round. The main theme that has emerged this year has been the extraordinarily weak nature of the

<sup>24</sup> See footnote 22.

<sup>25</sup> Hospital doctors in England on Foundation Year 1. These figures relate to basic pay in England as at April 2022.

<sup>26</sup> Assumes starting at OF-1 (on Pay 16 step 1).

<sup>27</sup> Fast Stream Civil Servants pay starts at £28,000 – £28,840 depending on profession.

<sup>28</sup> Applies to teachers in England, but outside London. Recent pay reforms give schools flexibility to offer starting salaries above the minimum quoted and to progress teachers differentially based on performance. Figures provided are indicative. Rates as at 1 September 2022.

<sup>29</sup> Agenda for Change England rates as at 1 April 2022 assuming starting point Band 5 entry step point.

<sup>30</sup> Note that there is currently no specific graduate entry scheme to the police service. The pay figures are new entry pay for constables, England and Wales following the Winsor review. Entry pay can be flexed up to £26,682 by forces if there that are local recruitment needs or the Officer possesses a policing qualification (as defined by the chief Officer) or relevant experience (such as serving as a Special Constable). Excludes overtime payments. Rates as at 1 September 2022.

<sup>31</sup> Assumes starting at OR-2.

economy. This has put unprecedented pressure on household income and has led key forecasts to be revised more frequently than in previous years. There is significant uncertainty about the medium-term outlook.

- 2.31 We have continued to monitor remuneration for lower paid individuals in the UK workforce, for example those who work in distribution, food or retail. We recognise the growing implementation of the Living Wage rather than the statutory National Living Wage (NLW), where around 12,500 employers in the UK have voluntarily adopted a minimum of £10.90 an hour across the UK and £11.95 an hour in London<sup>32</sup>. We also note the government's pay offer for the NHS employees on Agenda for Change terms and conditions in England for 2023-24 included consolidated increases of 10.4% to the lowest pay rates (Band 1 and entry point Band 2) which would ensure the pay rates are higher than both the NLW and Living Wage.

## Workforce

- 2.32 Our terms of reference require us to consider the need for the armed forces to recruit, retain and motivate suitably able and qualified people. We therefore consider workforce data. This section presents analysis of the most recent statistics available at time of writing on the overall size of the armed forces and their characteristics<sup>33</sup>. MOD does not publish all of their statistical releases with the same situation date. This leads to some variation in time periods covered.
- 2.33 As at 1 January 2023, there were 190,167 UK Forces Personnel. This comprised 143,558 Regulars, 4,061 Gurkhas, 34,284 Volunteer Reserves, and 8,264 Other personnel<sup>34</sup>. As displayed in Figure 2.6, there has been a steady decrease in the total strength of the armed forces over the last ten years. Between January 2022 and January 2023, the overall strength of the UK Forces decreased by 3.5% (6,970 personnel). This was mainly driven by a decrease in Regular personnel.

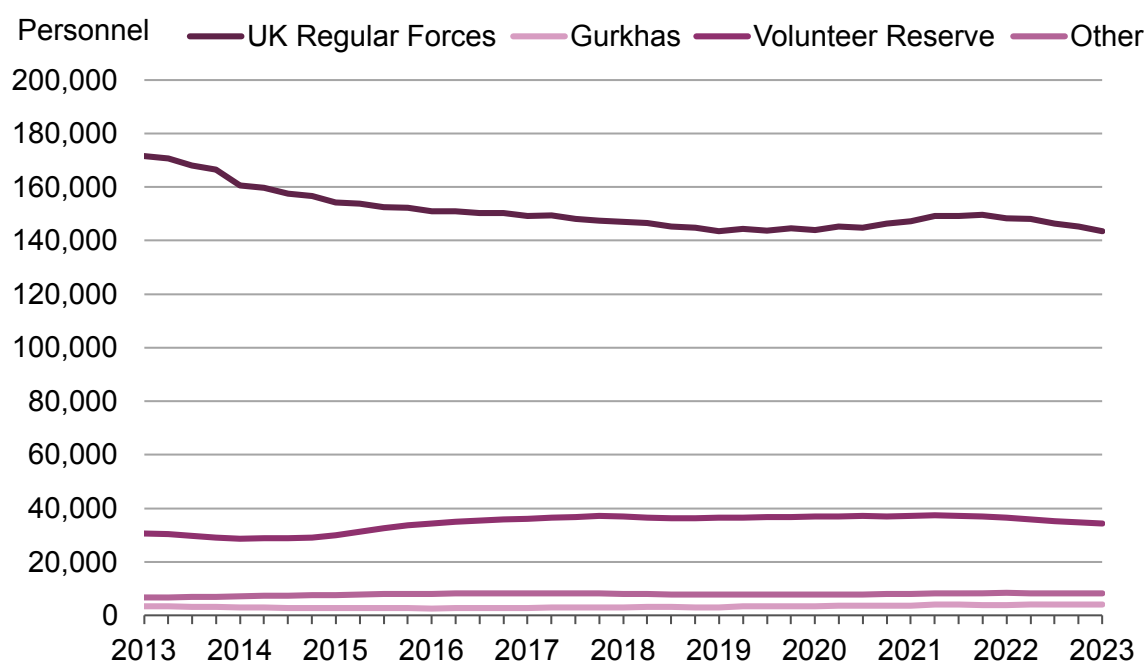
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<sup>32</sup> The Living Wage is calculated annually by the Resolution Foundation based on the cost of living, rather than as a percentage of median earnings, which is the case for the National Living Wage. Living Wage: *What Is The Real Living Wage?* (online) Available at: <https://www.livingwage.org.uk/what-real-living-wage> [Accessed 24 May 2023].

<sup>33</sup> MOD publishes statistics on armed forces strength, intake and outflow on an unrounded basis. MOD (2023) *Service Personnel Statistics: January 2023* (online) Available at: <https://www.gov.uk/government/statistics/quarterly-service-personnel-statistics-2023> [Accessed 24 May 2023].

<sup>34</sup> 'Other' includes Serving Regular Reserve, Sponsored Reserve, Military Provost Guard Service and Locally Engaged Personnel.

**Figure 2.6: Strength of UK Forces, Tri-Service, 1 January 2013 to 1 January 2023.**



2.34 At 1 January 2023, the overall Full-Time Trained (RN and Royal Marines (RM) and RAF) and Trade Trained (Army) strength was 134,530 personnel. This represented a 1.9% decrease on the previous year, which was largely driven by a 2.2% decrease in Army strength.

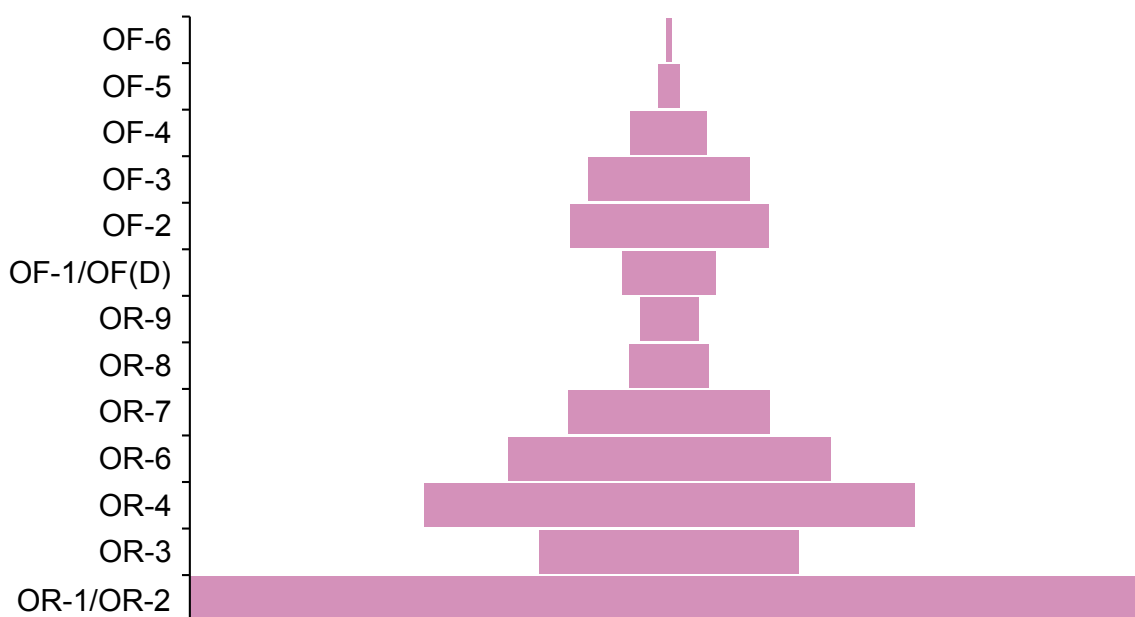
2.35 At 1 January 2023, the Full-Time Trained (RN/RM and RAF) and Trade Trained (Army) strength for the Future Reserves 2020<sup>35</sup> (FR20) Forces was 30,568 personnel, a decrease of 1,352 personnel since 1 January 2022.

2.36 Figure 2.7 presents the NATO rank distribution of the Regulars component of our remit group at the latest available data point (1 April 2022). The population is heavily weighted towards the more junior ranks, with 48,287 personnel at OR-1/OR-2 ranks in April 2022. The second largest component of our remit group was the OR-4 population at 24,733 personnel.

<sup>35</sup> FR20 includes Volunteer Reserves who are mobilised, High Readiness Reserves and Volunteer Reserves serving on Full Time Reserve Service and Additional Duties Commitments. Sponsored Reserves who provide a more cost-effective solution than Volunteer Reserves are also included in the Army Reserve FR20. Non-Regular Permanent Staff, Expeditionary Forces Institute and University Officer Cadets and Regular Reserves are excluded.



**Figure 2.7: Strength of UK Regular Forces, AFPRB remit group rank distribution, Tri-Service, 1 April 2022.**



	NATO rank	Regular personnel	% Representation
Officers	OF-6	329	0.2%
	OF-5	1,109	0.8%
	OF-4	3,869	2.6%
	OF-3	8,157	5.5%
	OF-2	10,073	6.8%
	OF-1/OF(D)	4,758	3.2%
Other Ranks	OR-9	2,959	2.0%
	OR-8	4,000	2.7%
	OR-7	10,185	6.9%
	OR-6	16,276	11.0%
	OR-4	24,733	16.7%
	OR-3	13,108	8.9%
	OR-1/OR-2	48,287	32.7%

*MOD evidence on the workforce*

2.37 This year, MOD updated us on its whole force assessment of pinch points, which fall into two categories:

- **Delivery Pinch Point (DPP).** DPPs are declared when current people issues impact on the delivery of a Defence output; and
- **Sustainability Pinch Point (SPP).** SPPs are declared when people shortfalls present a risk to the delivery of a Defence output in the future.

2.38 On 30 September 2022 there were 82 pinch points at different levels of criticality which MOD monitors and reviews every six months:

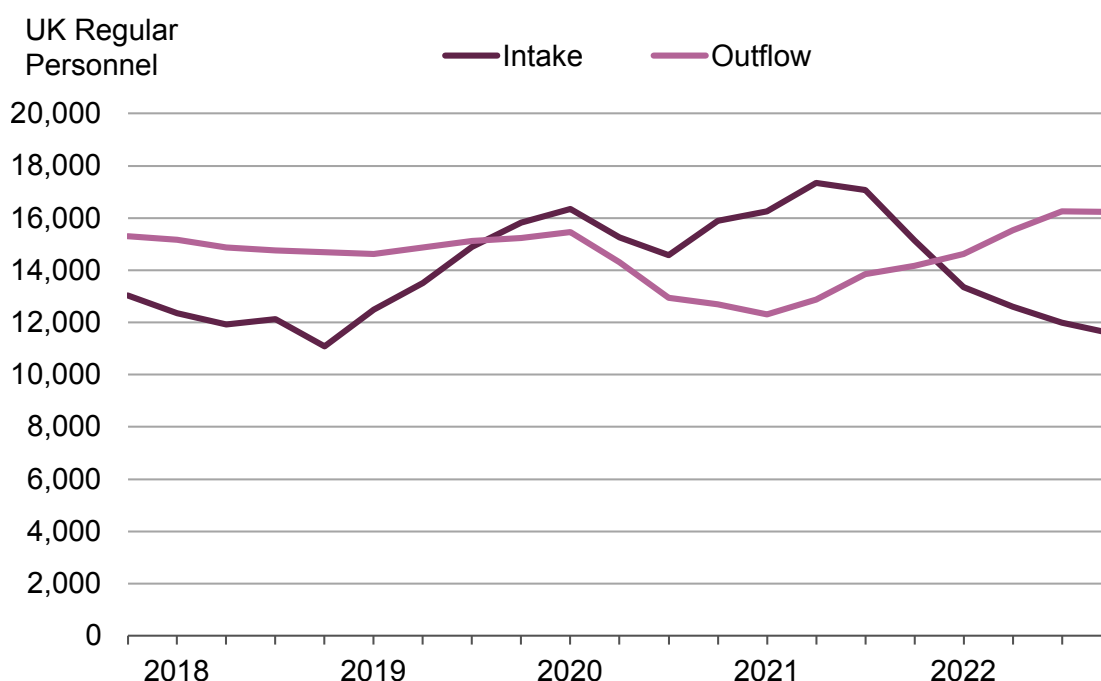
- there were 34 DPPs: the RN had 15 DPPs, the Army had 13 DPPs, UK Strategic Command had 6 DPPs and the RAF had not declared any DPPs. There were 6 fewer DPPs on 30 September 2022 than there were a year earlier on 30 September 2021; and
- there were 48 SPPs: Army had 29 SPPs, RN had 14 SPPs, RAF had 5 SPPs and UK Strategic Command had not declared any SPPs. There were 7 fewer SPPs on 30 September 2022 compared to 30 September 2021.

## Recruitment and retention

2.39 Outflow exceeded intake across the three Services in the 12 months ending 31 December 2022 and the Regulars saw a net reduction of 4,655 personnel over the period. Intake into the Regulars was 11,572 in 2022, 23.6% below the previous year. Outflow from the Regulars was 16,227 in 2022, a 14.6% increase on 2021.

2.40 In the year ending 31 December 2022, intake varied considerably, but for each Service intake had decreased on the previous year. RN/RM intake decreased by 19.7%, Army intake decreased by 27.2% and RAF intake decreased by 16.3%. Concurrently, RN/RM outflow increased by 16.4%, Army outflow increased by 8% and RAF outflow increased by 39%.

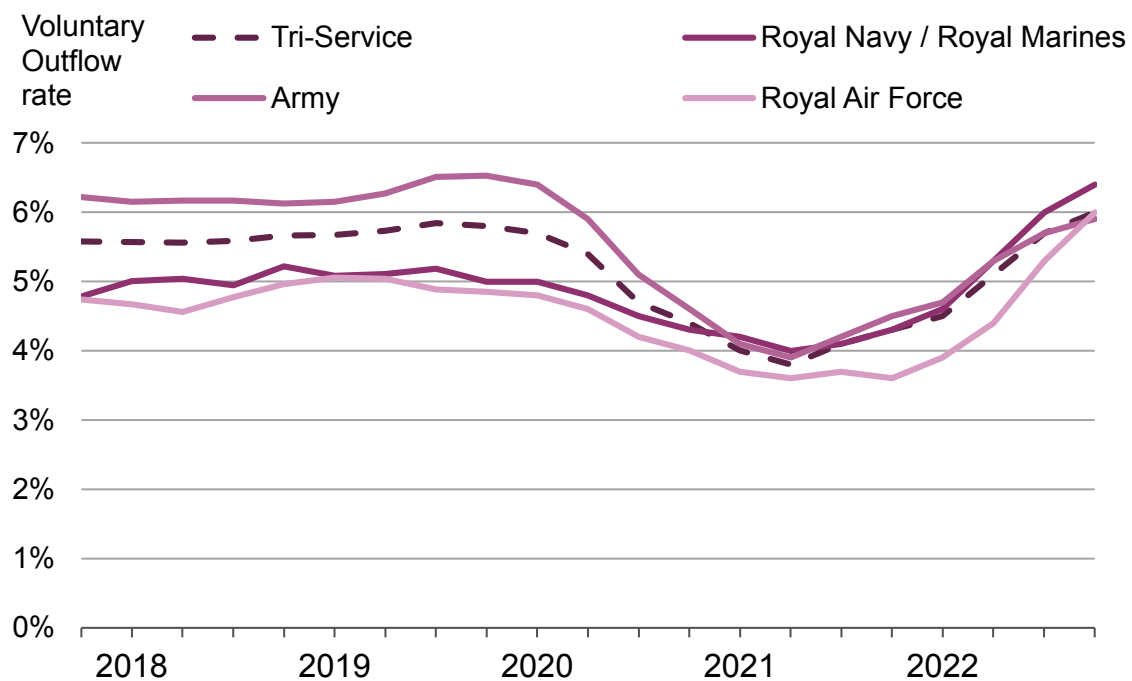
**Figure 2.8: UK Regular Forces intake and outflow, Tri-Service, 12 months ending 31 December 2017 to 12 months ending 31 December 2022<sup>36</sup>.**



<sup>36</sup> Excluding intake and outflow from Long Term Absentees (Service personnel who have been absent without leave (AWOL) for more than 21 days).

- 2.41 In the 12 months ending 31 December 2022, the Tri-Service Voluntary Outflow (VO) rate was 6.0%, an increase of 1.7 percentage points on a year earlier, and higher than historic rates of VO. VO remains the most common exit reason for Full-Time Trained and Trade-Trained Regulars, accounting for 61% of total outflow<sup>37</sup>.
- 2.42 The Tri-Service VO rate for Officers was 4.8% in the 12 months ending 31 December 2022, an increase of 1.2 percentage points on the previous year. The VO rate for Other Ranks was 6.3%, an increase of 1.9 percentage points on the previous year.
- 2.43 As shown in Figure 2.9, the VO rates for each Service have increased and converged over the last year. The VO rate was 6.4% for the RN, 5.9% for the Army and 6% for the RAF.

**Figure 2.9: Voluntary Outflow rate, Tri-Service and single Service, 12 months ending 31 December 2017 to 12 months ending 31 December 2022.**



- 2.44 Intake and outflow figures for FR20 Reserves show that outflow exceeded intake in the 12 months ending 31 December 2022. 3,589 personnel joined the FR20 Reserves during this period (a decrease of 33.5% on 12 months ending 31 December 2021) and 5,899 personnel left the FR20 Reserves (an increase of 0.3% on 12 months ending 31 December 2021).

<sup>37</sup> Voluntary Outflow (VO) encompasses all personnel who voluntarily exit before the end of their agreed engagement or contracted period (Time Expiry). It can therefore be used as a measure of the armed forces' ability to retain personnel. VO is calculated against the Trained (RN/RM and RAF) and Trade Trained (Army) figures.

### *MOD evidence on recruitment and retention*

- 2.45 In their written evidence, MOD informed us that recruitment was severely disrupted during the 2020 national lockdown. However, the single Services adopted novel ways of working, increasing the use of virtual tools to allow recruiting to continue. Recruitment levels during 2021-22 reflected the economic conditions. There were low numbers of job vacancies in the employment market and the armed forces remained one of the few employers actively recruiting throughout that period.
- 2.46 MOD told us that VO rates fell during the pandemic. MOD said that some personnel wanted to 'see out' the pandemic in the armed forces and others who had submitted their notice to leave were allowed to extend. The result was more personnel voluntarily leaving after the pandemic years, so that VO was at its highest since records began in 1990. MOD said that when salaries outside the public sector increased and there were strong employment opportunities, VO rates would be expected to increase. MOD told us that it anticipated overall Regular trained strength would continue to fall as the armed forces restructure.

### **Diversity and inclusion in the armed forces**

- 2.47 MOD told us that it was committed to the inclusion and recognition of the entire workforce regardless of race, culture, ethnicity, gender identity or expression, sexual orientation, marital status, religious affiliation, and socio-economic status. MOD provided evidence to us on gender identity and ethnicity.
- 2.48 The following statistics on armed forces diversity strengths and intake are the most recent data available at the time of writing. The analysis presents a comparison to data from one year ago by number of personnel and by percentage point change for representation<sup>38</sup>.

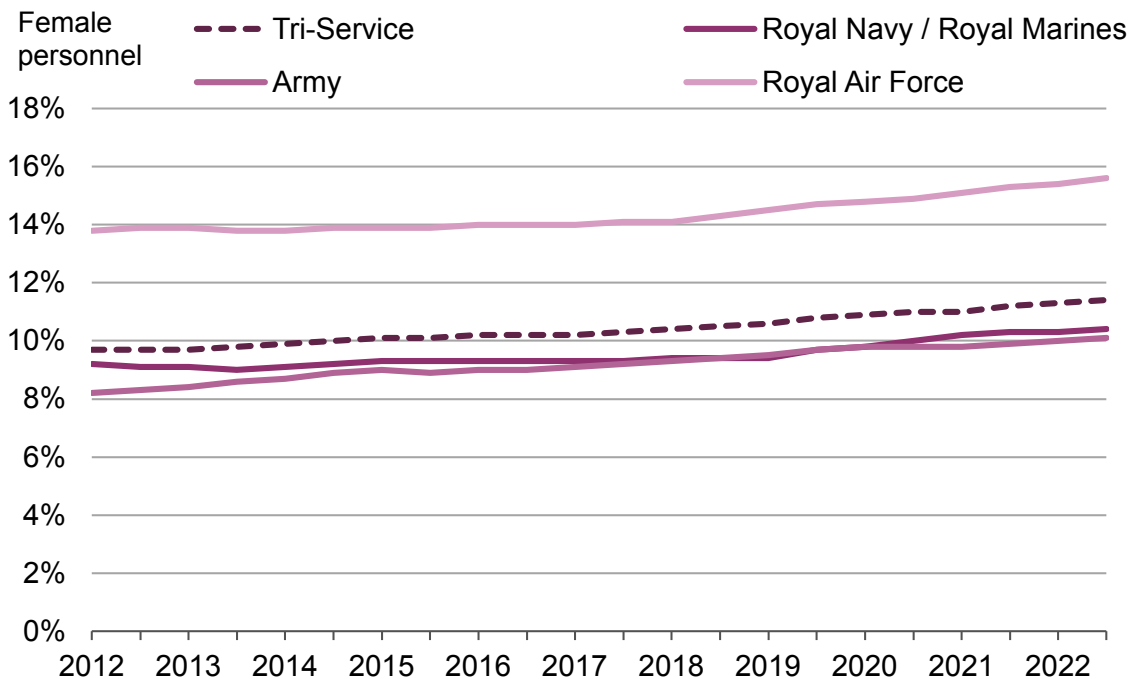
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<sup>38</sup> MOD publishes statistics on the strength, intake and outflow of armed forces female personnel, Ethnic Minority (excluding white minorities) personnel and personnel by nationality on a rounded basis. MOD (2022) *UK Armed Forces' Biannual Diversity Statistics: 1 October 2022* (online) Available at: <https://www.gov.uk/government/statistics/uk-armed-forces-biannual-diversity-statistics-october-2022> [Accessed 24 May 2023].

**Table 2.2 : Female strength and representation as at 1 October 2022.**

Female personnel	Strength (number of personnel)	% Representation	Change from 1 October 2021	
			Strength (increase or decrease)	Representation (percentage point change)
Regulars	16,590	11.4%	-120	+0.2
Royal Navy	3,460	10.4%	-40	+0.1
Army	8,030	10.1%	-80	+0.2
Royal Air Force	5,100	15.6%	10	+0.3
Officers	4,020	14.2%	50	+0.3
Other Rank	12,570	10.8%	-160	+0.3
FR20 Reserves	5,470	15.7%	-230	+0.3

**Figure 2.10: Representation of female personnel in the UK Regular Forces, Tri-Service and single Service, 1 April 2012 to 1 October 2022.**



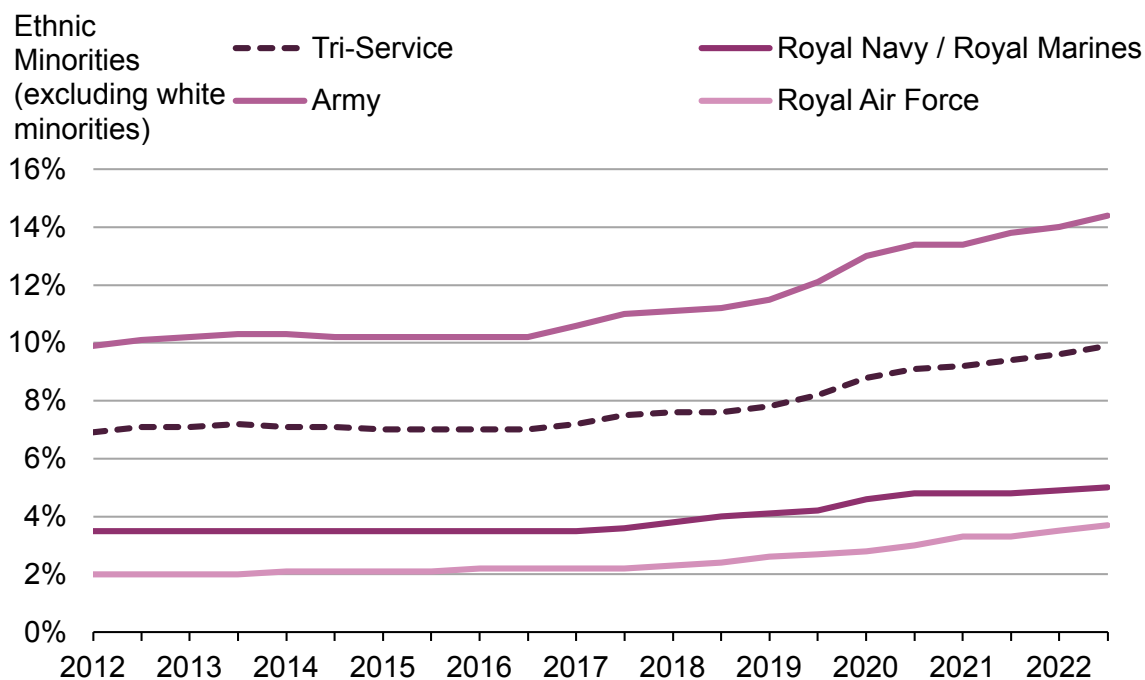
**Table 2.3: Ethnic Minorities (excluding white minorities) strength and representation as at 1 October 2022.**

Ethnic Minorities (excluding white minorities) personnel	Strength (number of personnel)	% Representation	Change from 1 October 2021	
			Strength (increase or decrease)	Representation (percentage point change)
Regulars	14,240	9.9%	230	+0.5
Royal Navy	1,660	5.0%	20	+0.2
Army	11,390	14.4%	110	+0.6
Royal Air Force	1,190	3.7%	100	+0.4
Officers	830	3.0%	50	+0.2
Other Rank	13,400	11.5%	170	+0.5
UK Nationality	8,790	61.7%	230	+0.6
Non-UK Nationality	5,450	38.3%	10	-0.6
FR20 Reserves	2,090	6.1%	-30	+0.3

**Table 2.4: Trained UK Regular strength and representation by nationality as at 1 October 2022.**

	Strength (number of personnel)	% Representation
Trained UK Regulars	134,810	
Of which Non-UK Nationality	6,120	4.5%
Non-UK Nationality of which Irish & Commonwealth	5,500	89.9%

**Figure 2.11: Representation of Ethnic Minorities (excluding white minorities) personnel in the UK Regular Forces, Tri-Service and single Service, 1 April 2012 to 1 October 2022.**



**Table 2.5: Female intake in the 12 months ending 30 September 2022.**

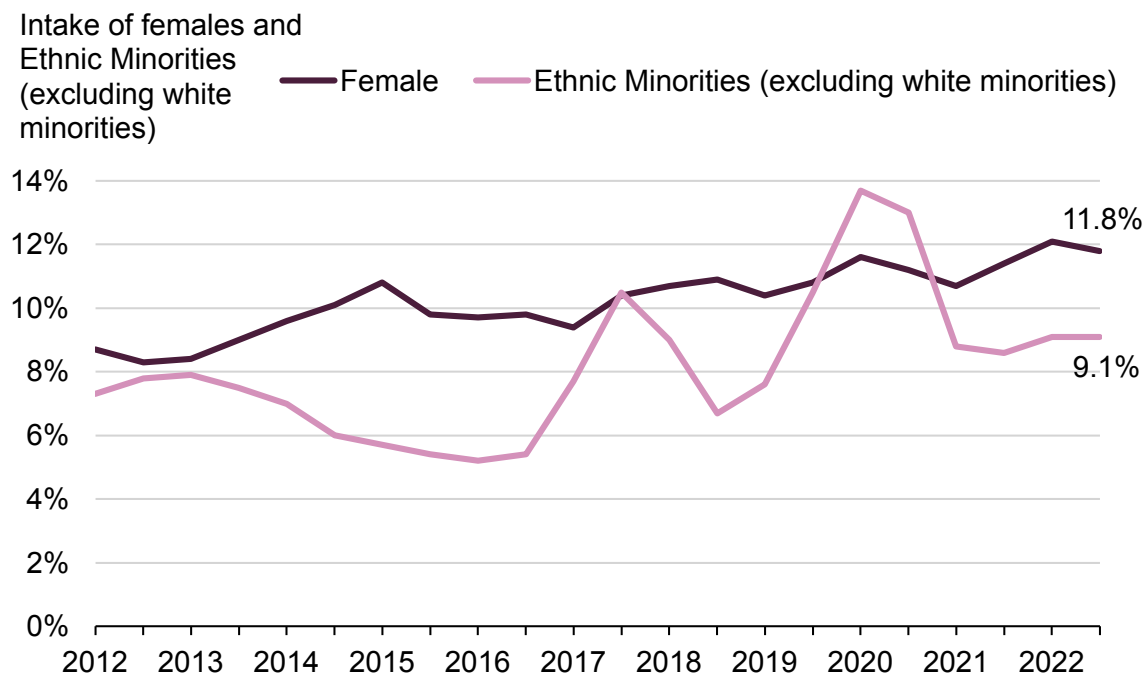
Female personnel	Intake (number of personnel)	% Representation	Change from 12 months ending 30 September 2021	
			Intake (increase or decrease)	Representation (percentage point change)
Regulars	1,420	11.8%	-520	+0.4
Royal Navy	310	9.7%	-110	-1.1
Army	730	10.8%	-300	+1.1
Royal Air Force	380	18.4%	-110	-0.9
Officers	240	20.3%	0	+2.8
Other Rank	1,170	10.9%	-530	+0.1
FR20 Reserves	600	16.3%	-350	-0.4

**Table 2.6: Ethnic Minorities (excluding white minorities) intake in the 12 months ending 30 September 2022.**

Ethnic Minorities (excluding white minorities)	Intake (number of personnel)	% Representation	Change from 12 months ending 30 September 2021	
			Intake (increase or decrease)	Representation (percentage point change)
Regulars	1,070	9.1%	-340	+0.5
Royal Navy	160	5.2%	-20	+0.7
Army	760	11.6%	-290	+1.2
Royal Air Force	150	7.4%	-30	0
Officers	70	6.3%	10	+1.9
Other Rank	1,000	9.5%	-350	+0.6
UK Nationality	730	68.6%	-130	+7.1
Non-UK Nationality	340	31.4%	-200	-7.1
FR20 Reserves	280	8.1%	-70	+1.7



**Figure 2.12: Representation of female personnel intake and Ethnic Minorities (excluding white minorities) personnel intake into the UK Regular Forces, Tri-Service, 12 months ending 31st March 2012 to 12 months ending 30th September 2022.**



*MOD evidence on diversity and inclusion*

2.49 MOD told us that outputs should be delivered by the right mix of capable and motivated people that represent the breadth of the society MOD exists to defend, now and in the future. MOD said that it valued diversity of talent, experience, personal characteristics, perspectives, and background, which it said was not only morally right, but fundamental to the operational effectiveness of Defence.

2.50 MOD said that it strived to be an employer of choice, through recognising, encouraging and celebrating diversity; an organisation that not only encourages everyone to be themselves in the workplace but makes a clear link between embracing individual diversity and the successful delivery of Defence outputs.

2.51 MOD provided evidence from those who had given notice to VO about their individual reasons for leaving. This highlighted a different balance of factors for male and female personnel, and for Ethnic Minority and white personnel, as shown below:

- 48.5% of women selected ‘dissatisfaction with overall career/promotion’ as a reason to leave compared to 35% of men;
- 62.8% of women selected ‘to live in own home/settle in one area’ as a reason to leave, compared to 45.6% of men;
- 8.6% of women selected ‘pay and allowances’ as a reason for leaving the armed forces compared to 22.1% of men;

- 6.3% of Ethnic Minority personnel selected ‘bullying’ as a reason for leaving, compared to 2.2% of white personnel; and
- 36.9% of Ethnic Minority personnel cited ‘dissatisfaction with overall career/promotion’ as a reason for leaving the armed forces compared to 35.5% of white personnel.

## Motivation and morale

2.52 We took evidence from a wide range of sources into consideration when assessing levels of motivation and morale in the armed forces. These included results from the Armed Forces Continuous Attitude Survey (AFCAS) 2022, Reserves Continuous Attitude Survey (RESCAS) 2022, evidence from MOD and the Service Families’ Federations (SFF) and the views we heard on our visits.

### *Armed Forces Continuous Attitude Survey*

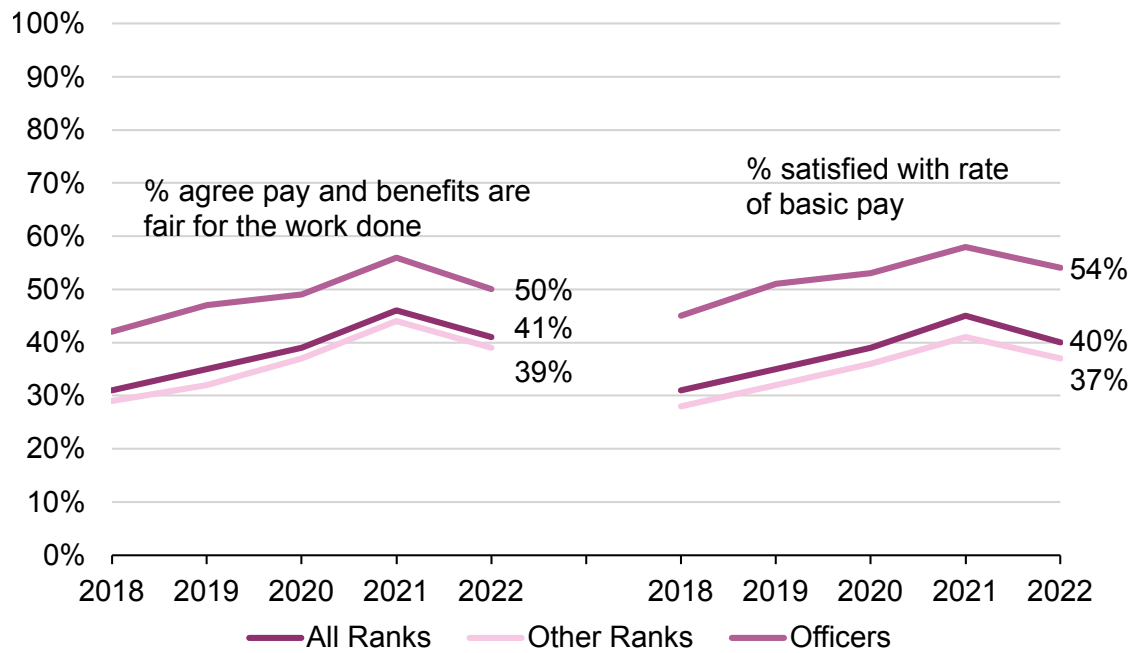
2.53 The 2022 AFCAS<sup>39</sup> provided us with a sense of Service personnel’s views on a range of issues that are important to us and the remit group. AFCAS is a National Statistics<sup>40</sup> publication produced by MOD and is the largest regular survey of the armed forces. AFCAS 2022 data collection was between September 2021 and February 2022 and the results represent attitudes captured at that time. The response rate was 33% (9,393 personnel) of the 28,319 personnel who were sent the survey, a decrease on the 37% response rate for AFCAS 2021. Due to the timing of AFCAS data collection, the results did not reflect the attitudes of personnel on the outcome of the 2022-23 pay award, the ongoing cost of living crisis or the increased occurrence of industrial action.

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<sup>39</sup> MOD (2022) *Armed Forces Continuous Attitude Survey 2022* (online) Available at: <https://www.gov.uk/government/statistics/armed-forces-continuous-attitude-survey-2022> [Accessed 24 May 2023].

<sup>40</sup> Official statistics that are assessed as fully compliant with the Code of Practice for Statistics (that is, they meet the highest standards of trustworthiness, quality and value) are designated as National Statistics. Office for Statistics Regulation (2023) *National Statistics* (online) Available at: <https://osr.statisticsauthority.gov.uk/national-statistics/> [Accessed 24 May 2023].

**Figure 2.13: AFCAS – Attitudes towards pay, Tri-Service, 2018 to 2022.**



Notes:

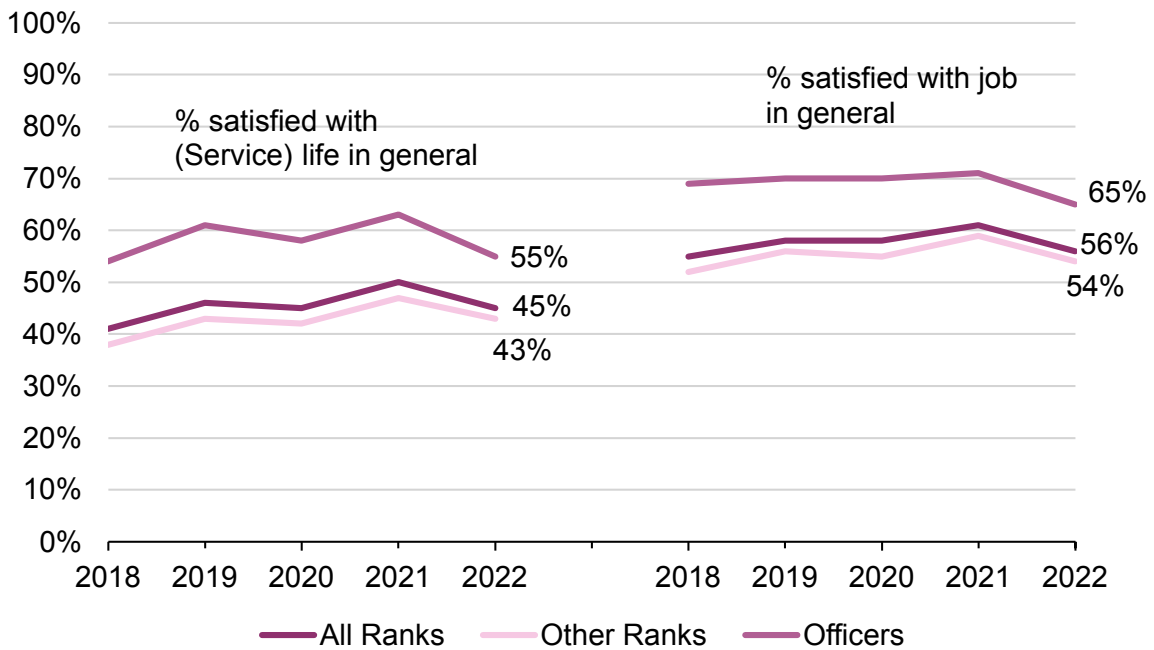
How strongly do you agree or disagree with the following? The pay and benefits I receive are fair for the work I do.

41% of personnel agreed, a 5 percentage points decrease on 2021.

How satisfied are you with the following? My rate of basic pay (basic pay includes X-Factor, but excludes Recruitment and Retention Pay [RRP] and any allowances).

40% of personnel reported they were satisfied, a 5 percentage points decrease on 2021.

**Figure 2.14: AFCAS – Attitudes towards Service life and job in general, Tri-Service, 2018 to 2022.**



**Notes:**

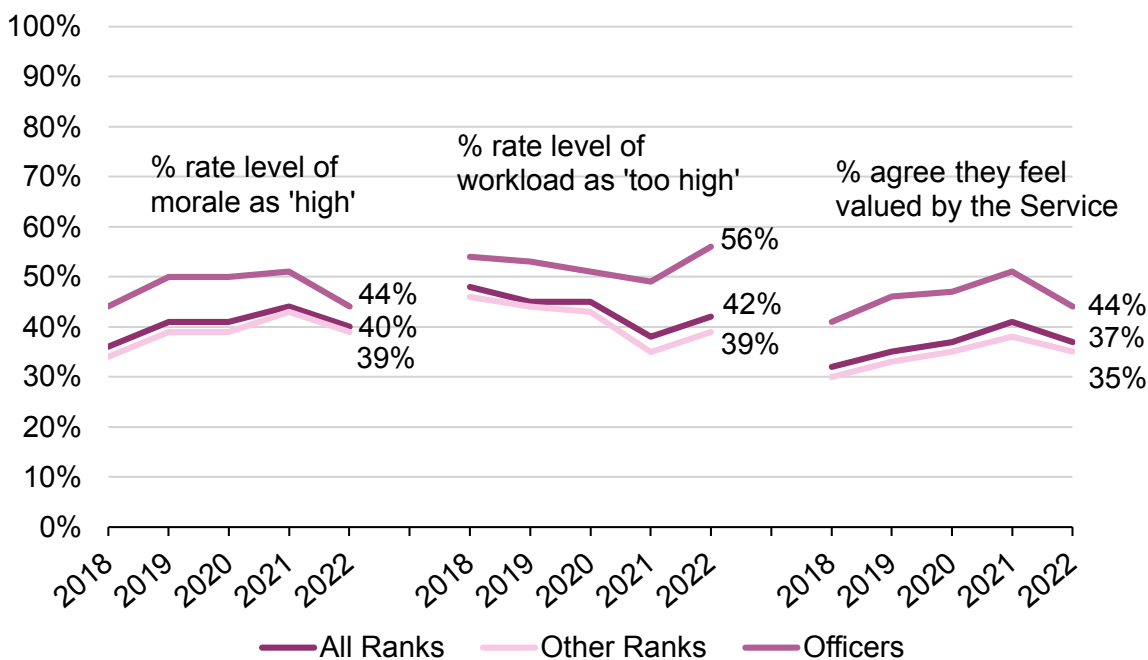
How satisfied are you with [Service] life in general?

45% of personnel reported they were satisfied with Service life in general, a 5 percentage points decrease on 2021.

How satisfied are you with the following aspects of your current job? My job in general.

56% of personnel reported they were satisfied with their job in general, a 5 percentage points decrease on 2021.

**Figure 2.15: AFCAS – Attitudes concerning self-morale, workload and feeling valued, Tri-Service, 2018 to 2022.**



**Notes:**

How would you rate the level of morale of...Myself?

40% of personnel rated their own morale as high, a 4 percentage points decrease on 2021.

How would you rate your workload over the last 12 months?

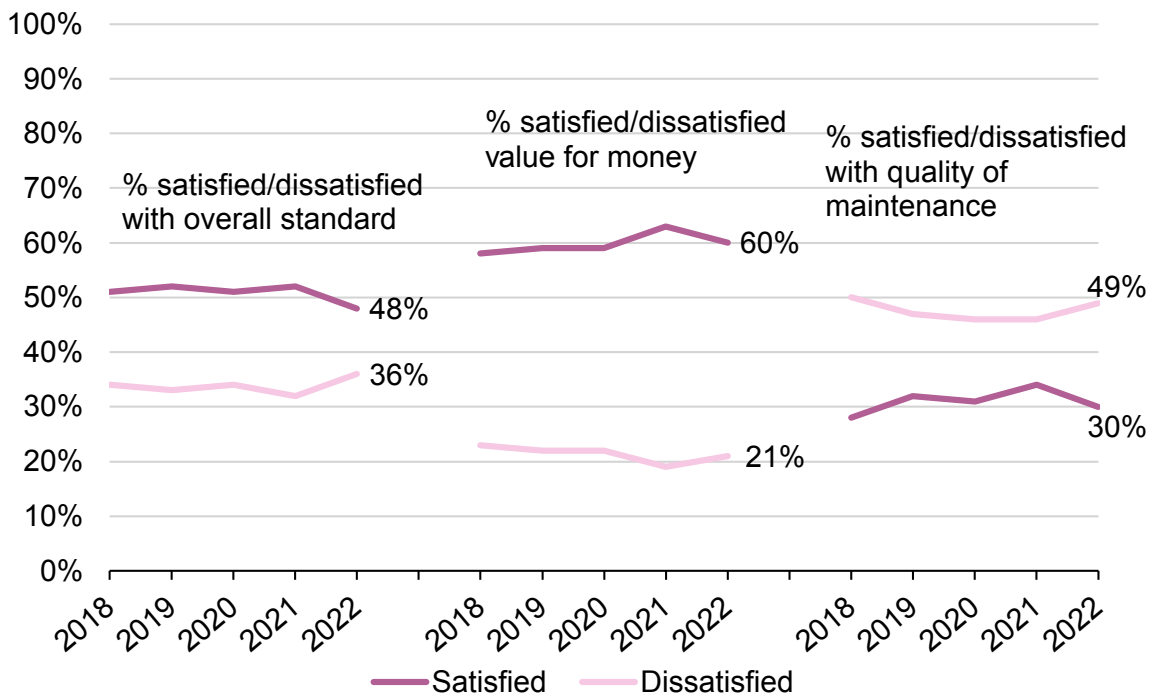
42% of personnel rated their workload as 'too high' over the last 12 months, a 4 percentage points increase on 2021.

How strongly do you agree or disagree with the following? I am valued by the [Service].

37% of personnel agreed they feel valued by the Service, a 4 percentage point decrease on 2021.

2.54 12% of personnel reported that they had been subject to bullying, discrimination or harassment in the last 12 months, unchanged since this question was first asked in 2015. 14% of RN personnel and 7% of RM personnel reported this, which is a three percentage points and two percentage points increase on 2021 respectively, returning to levels previously reported.

**Figure 2.16: AFCAS – Attitudes towards Service Accommodation, Tri-Service, All Ranks, 2018 to 2022.**



**Notes:**

With regard to your current Service Accommodation, how satisfied are you with the following? The overall standard.

48% of personnel reported they were satisfied with the overall standard of their current Service accommodation, a 4 percentage point decrease on 2021.

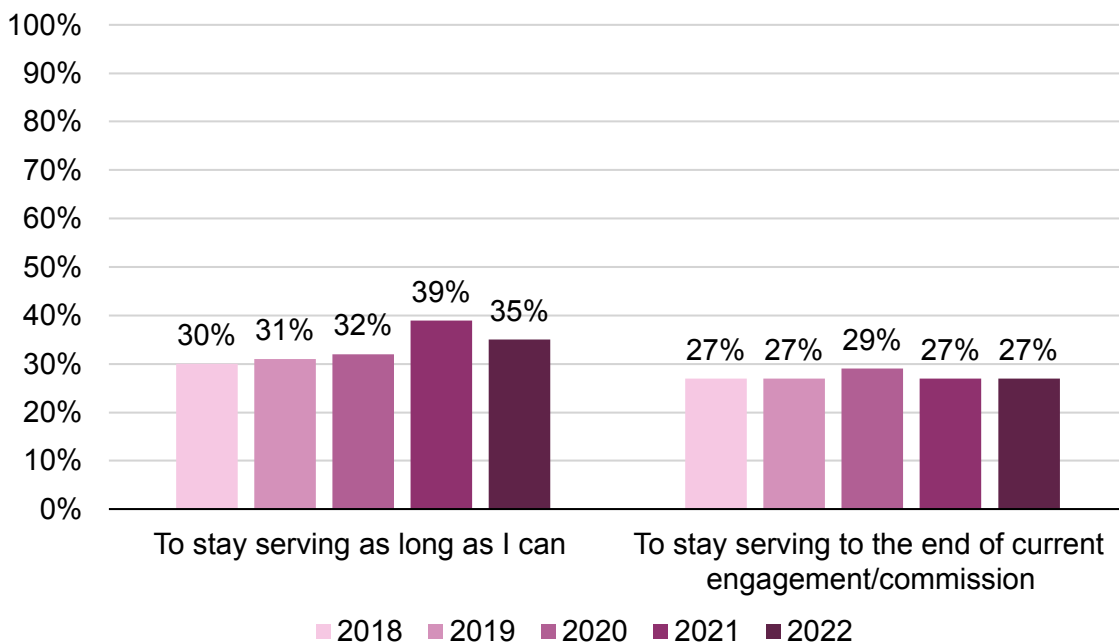
With regard to your current Service Accommodation, how satisfied are you with the following? The value for money.

60% of personnel reported they were satisfied with the value for money of Service accommodation, broadly comparable with all years from 2018 onwards.

With regard to your current Service Accommodation, how satisfied are you with the following? The quality of maintenance/repair work to my current accommodation.

30% of personnel reported they were satisfied with the quality of maintenance/repair work carried out on Service accommodation, a 4 percentage points decrease on 2021.

**Figure 2.17: AFCAS – Future plans, Tri-Service, All Ranks, 2018 to 2022.**



Notes:

What are your plans for the future?

35% of personnel reported that they plan to stay serving as long as they can. This is a 4 percentage points decrease on 2021.

27% of personnel reported that they plan to stay serving to the end of the current engagement/commission, comparable to 2021.

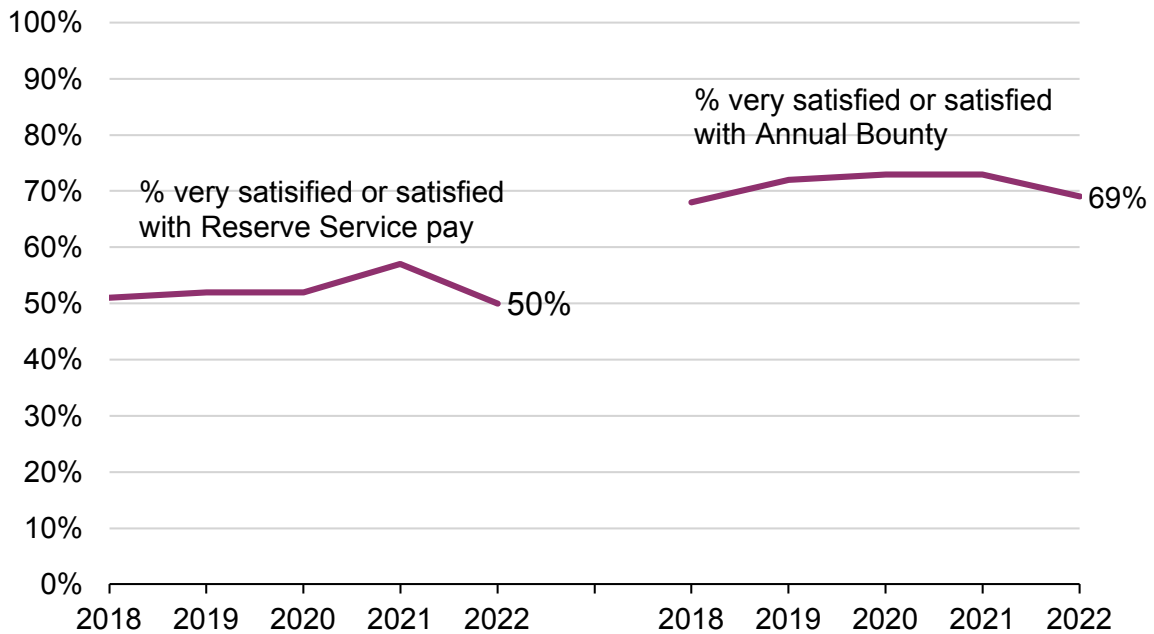
### *Reserve Forces Continuous Attitude Survey*

2.55 RESCAS<sup>41</sup> is an Official Statistics<sup>42</sup> publication produced by MOD which aims to assess and monitor the attitudes of Reserve Forces personnel across the RN Reserve, RM Reserve, Army Reserve and Reserve Air Force. RESCAS 2022 had a response rate of 21%, a decrease on the 26% response rate for RESCAS 2021. The fieldwork was conducted between January 2022 and March 2022 for the Maritime, Army and RAF Reserves. Therefore, all attitudes captured reflect these dates.

<sup>41</sup> MOD (2022) *Tri-Service Reserves Continuous Attitude Survey 2022* (online) Available at: <https://www.gov.uk/government/statistics/tri-service-reserves-continuous-attitude-survey-2022> [Accessed 24 May 2023].

<sup>42</sup> Official statistics are statistics that are produced by crown bodies, those acting on behalf of crown bodies, or those specified in statutory orders, as defined in the Statistics and Registration Service Act 2007. Office for Statistics Regulation (2023) *National Statistics* (online) Available at: <https://osr.statisticsauthority.gov.uk/national-statistics/> [Accessed 24 May 2023].

**Figure 2.18: RESCAS – Attitudes towards pay, Tri-Service, All Ranks, 2018 to 2022.**



**Notes:**

How satisfied are you with: Your Reserve Service pay?

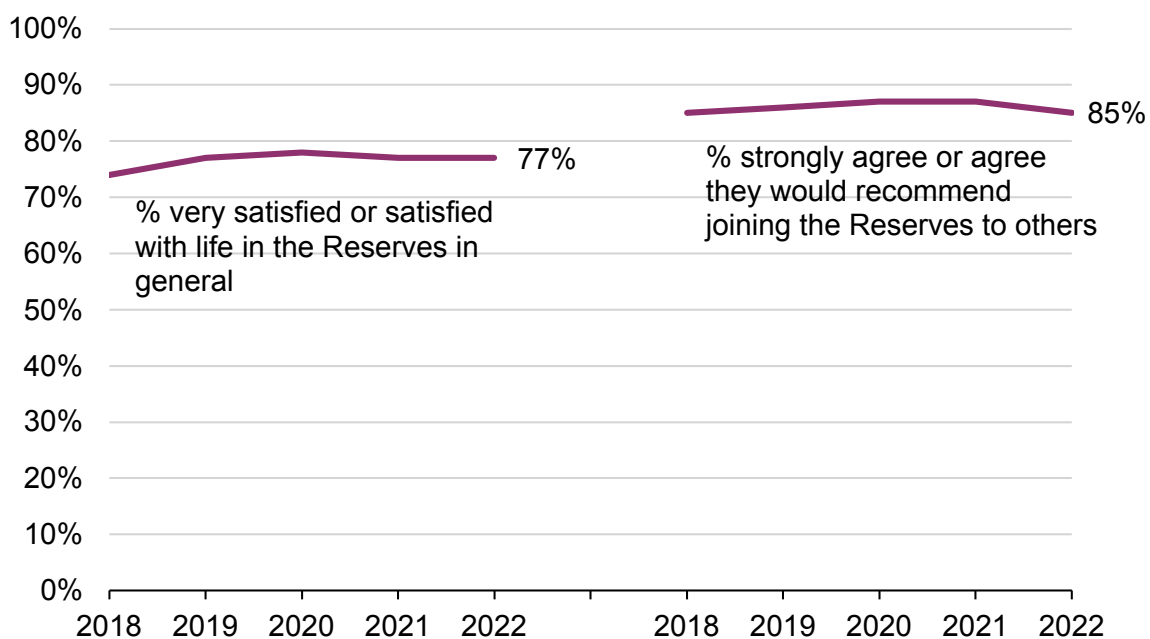
50% of Reserve personnel reported they were very satisfied or satisfied with their Reserves Pay, a decrease of 7 percentage points on 2021.

How satisfied are you with: Your Annual Bounty?

69% of Reserve personnel reported they were very satisfied or satisfied with their Annual Bounty, a decrease of four percentage points on 2021.



**Figure 2.19: RESCAS – Attitudes towards Service life, Tri-Service, All Ranks, 2018 to 2022.**



Notes:

How satisfied are you with life in the [Service] Reserve in general?

77% of Reserve personnel reported they were very satisfied or satisfied with Service life in general in 2022, comparable with previous years.

How strongly do you agree or disagree with the following? I would recommend joining the [Service] Reserve to others.

85% of Reserve personnel reported they would strongly agree or agree to recommend joining the reserves to others, comparable with previous years.

2.56 10% of Reserve personnel reported they had been subject to one of the following in the last 12 months in a Service environment: bullying, harassment, or discrimination.

*Service Families' Federations*

2.57 This year, we met and listened to representatives of the SFFs in-person.

A number of themes were raised that had been discussed in previous years. Predominantly these concerned the challenges of childcare provision (nationally) and separation, as well as lack of support in relation to moving between Service Accommodation.

2.58 SFF representatives agreed that two attitudes emerged from Service personnel relating to the uncertain economic climate. Some personnel who travelled more frequently were concerned about the cost of doing so, whether commuting (including travelling home at weekends) or in connection with living overseas. Alternatively, other personnel welcomed the stability of earning a steady salary but felt that the non-pay aspects of the 'offer' had eroded. We were told, once again, about the changing nature of Service families, which was reflective of society more generally,

particularly the expectation that both partners should be able to follow a career. On the issue of separation, the SFF representatives spoke about a decline in the number of tours, but an increase in the number of activities supporting the national response to the pandemic which had made separation more unpredictable. For those serving in the RN, we were told that the unpredictability of ship and submarine schedules resulted in many personnel being away for longer.

### *Pensions*

- 2.59 This year, MOD reiterated that the Armed Forces' Pension Scheme (AFPS) remained a retention tool and was one of the best pension schemes available in the public sector. MOD said that it had launched a suite of videos, via YouTube, to highlight the comparative benefits of the AFPS.
- 2.60 In last year's Report we noted that a comprehensive communication strategy was in place to ensure that personnel were engaged, informed and educated to enable them to make an informed choice when they took their benefits following the McCloud remedy. MOD said that a Public Consultation on the technical and legislative changes required to implement the policy decisions on the McCloud Judgment remedy would be launched in February 2023. An enhanced calculator would be provided by 1 August 2023 and a remediable service statement containing details of both the legacy and AFPS 15 equivalent benefits.
- 2.61 At the time of submitting evidence, MOD told us that pension taxation remained of concern to Service personnel. MOD said that in response, the department has provided pension taxation seminars to personnel who had received a Pension Savings Statement and videos had been developed to explain the fundamental principles of the Annual Allowance and Lifetime Allowance.
- 2.62 We note that MOD's evidence was received prior to the changes to Annual Allowance and Lifetime Allowance announced in the Spring Budget 2023.

### **Visits**

- 2.63 Visits are a vital aspect of our evidence gathering, enabling us to understand better the context for our work, the pressures on Service personnel and their families, and to hear any issues directly from those affected by the pay award. The government published our 2022 Report on 19 July 2022, and we undertook visits between June and September 2022. Therefore, Service personnel that we spoke to prior to the publication were not aware of our recommendations. Service personnel we spoke to after publication were mostly aware of them.
- 2.64 In 2022 we undertook 15 visits and engaged with over 1,100 Service personnel of all ranks and across all three Services in various locations across the UK and the world. We would like to thank all of those who took

part in these meetings, as well as MOD, the single Services and UK Strategic Command for organising and facilitating the sessions. A summary of our visits programme can be found in Appendix 4.

- 2.65 We record some of the feedback from these visits in subsequent chapters of this Report in relevant sections but note below the main themes that emerged during this round.

### *Pay*

- 2.66 This year, pay became the focal point of conversation for many focus groups. This was a notably different focus from previous years.
- 2.67 During those visits that took place after the 2022 pay award announcement, personnel expressed concerns that the pay award was lower than inflation and described it as a pay cut in real terms. Others commented that in their view the pay award was lower than many other public and private sector workers.
- 2.68 Disparity between the level of pay and the level of responsibility was raised at nearly every visit. There was a general feeling that people were being asked to do more with less, and that their pay did not recognise the additional workload.
- 2.69 During later visits, particularly those taking place after public sector strikes (or the threat of them) became more prominent in media coverage, some Service personnel said that their inability to undertake industrial action put them at a disadvantage compared to many public sector workers. Personnel also felt they were being (or would be) required to cover for those workers that did go on strike. This would add further to their already increased workload. There were mixed views from these Service personnel as to whether the wider offer available to the armed forces was enough to off-set the level of base pay.

### *X-Factor*

- 2.70 As part of our quinquennial review, we asked personnel for views on X-Factor. We found levels of awareness about X-Factor and interest in it to be very varied. There was not a uniform understanding amongst personnel as to why X-Factor existed. Some personnel felt it was principally there to compensate for the deployment aspect of Service life. We heard several comments about the disparity of burden placed upon those personnel who were deployable and those who were not. In our discussions we heard across several visits that X-Factor was no longer being used for its intended purpose. Personnel felt that instead of compensating for the exigencies of Service life, X-Factor was now being used to compensate for armed forces pay falling behind wider pay. Others expressed the view that additional compensation should be given for their inability to claim overtime and go on strike with many agreeing that X-Factor was insufficient for all the additional tasks that were not part of their normal role.

## *Workforce*

- 2.71 Throughout our visits this round, there were many comments regarding morale in the workforce. We heard that Service personnel felt their workloads were continually increasing to cope with workforce gapping, leading to higher individual stress levels. We heard that the increase in workload led to personnel actively rejecting promotion opportunities on the basis that the resulting pay increase was not enough in relation to the increased responsibility.
- 2.72 We heard about issues concerning the quality of Service life across a number of visits, with personnel describing Service life as 'eroding'. Specifically, personnel said that they did not have the opportunity to take part in the activities, such as adventurous training, that had attracted them to join the Services. We heard about several issues affecting morale linked to the cost-of-living crisis. Higher costs meant that personnel stationed away from their families could not afford to travel home as often as they wanted to, putting additional strains on family relationships. Many personnel commented that MOD was too slow to react to the deteriorating economic situation and that the 'Get You Home' allowance was not increased quickly enough when fuel costs spiked in June 2022. Some personnel told us that the time lag between increases in real-world costs and corresponding policy changes exacerbated a sense that MOD didn't value them.

## *Accommodation and food*

- 2.73 During our visits, feedback on the standard of accommodation was mixed and mostly focused on the quality and standard of the infrastructure. Personnel rarely commented on the 1% cap applied to accommodation charges in 2022-23.
- 2.74 There were many adverse comments about the maintenance of Service Family Accommodation and more specifically since the change to the Future Defence Infrastructure Services contracts. This year's visit programme included visits to two Future Accommodation Model (FAM) pilot sites: Faslane and Aldershot. Personnel were generally encouraged by what FAM intended to offer but were apprehensive, given the lack of communication from MOD about the wider roll-out of FAM across the UK. We also heard concerns about the potential for FAM to inflate the cost of accommodation in remote sites where there is a limited private rental market. This was raised as a particular issue during our visit to Faslane.
- 2.75 Issues with the quality of Single Living Accommodation (SLA) remained prevalent and were commented on by most focus groups in similar ways to previous years. SLA standards varied considerably and some personnel were content to live in poorer accommodation if it meant they paid less. We discuss issues around Service accommodation further in Chapter 5.

2.76 Comments on the unattractiveness and poor nutritional quality of food were heard across most visits, as well as the difficulty in accessing food outside standard meal times. We discuss issues around food in Chapter 6.

### *Pensions*

2.77 While not within our remit, comments about pensions were made by personnel during most of our visits. Overall, it was recognised that the pension scheme was a good motivator for retention, although some personnel referred to the 'pension trap' and said it was the only reason they remained in the Service. Levels of understanding varied across and within ranks, and we noted frequent misunderstanding of pension arrangements and the implications of the McCloud remedy.

## **Our comments on workforce data**

2.78 Having reviewed the evidence provided and data available, we make the following observations.

### *Workforce*

2.79 We note that there has been a reduction in the number of DPPs and SPPs this year but are concerned about the number of pinch point areas and the cadres that are impacted. Therefore, we assess that there could be insufficient personnel with the right skills to deliver the outputs envisaged by the Integrated Review. **We would welcome more data from MOD relating to these pinch point areas and what interventions MOD is planning to employ to address the issues.**

### *Recruitment and retention*

2.80 We acknowledge that there has been a net outflow of personnel from the armed forces as intake has declined and outflow has accelerated over the last year. We recognised last year that, as the country recovers from the pandemic, there may be some changes to recruitment and retention of personnel. Following the Integrated Review and Spending Review, MOD ceased to produce future workforce requirement targets. **We encourage MOD to provide us with quantitative information relating to the size and shape of the workforce that it aspires to achieve so that we can better understand whether the flows of personnel are in line with these aspirations.**

2.81 We are concerned that the VO rate has now increased above historic levels and above the pre-pandemic rate, as demonstrated in the most recent available statistics. We find it difficult to assess whether this behaviour is related to the pandemic, when personnel may have been less likely to leave because of job security, or a return to a pre-pandemic norm. MOD officials told us that they were concerned about VO, particularly for some specialist trades. We will continue to monitor VO rates very closely over the next year. **We invite MOD to provide us with bespoke VO rates for cadres that face retention issues.**

## *Diversity and inclusion*

- 2.82 Last year, we commented on the wider discussion over the most suitable term to use when discussing ethnicity, with specific reference to how MOD at the time were combining personnel that declared their ethnicity other than white into the group Black, Asian and Minority Ethnic (BAME) within its statistical releases<sup>43</sup>. We note that MOD no longer uses this term and have replaced 'BAME' with 'Ethnic Minorities (excluding white minorities)'.
- 2.83 We recognise that the representation of females and Ethnic Minorities (excluding white minorities) in the armed forces has marginally increased in the last year. However, last year we encouraged MOD to develop challenging, coherent, and measurable diversity targets relating to the workforce that are publicly shared. **We have seen only limited progress on this and invite MOD to keep us informed.**
- 2.84 We have closely monitored the intake of UK nationality Ethnic Minorities (excluding white minorities) over the last year, and we note that the proportion of intake has increased this year. However, we also note that the number of Ethnic Minorities (excluding white minorities) of UK nationality joining the Regulars has decreased, along with intake more generally over the past year. **We would welcome further information from MOD relating to the protected characteristics of the strength, intake and outflow of the armed forces to enable us to monitor progress towards diversity.**

## *Motivation and morale*

- 2.85 We have observed a wealth of information relating to motivation and morale this year and gathered our information from numerous sources to ensure that we have a full account of the morale of our remit group. It has been challenging to assess Service personnel's morale through survey data when the closest comparator years have been heavily affected by the pandemic.
- 2.86 However, we observe that morale appears noticeably more fragile than in previous years. Our recommendations are designed to compensate from some of the causes of the decline of morale. We assess that personnel consistently sense that they are 'running hot' and being asked to 'do more, with less' against a backdrop of the armed forces undergoing transformational change. **We would like MOD to provide further information relating to the opinions and feelings of Service personnel towards their commitment through such measures as exit surveys.**
- 2.87 We have seen a range of information from MOD's AFCAS report this year. However, the survey was compiled between September 2021 and February 2022, and is therefore not representative of the more recent views of Service personnel that align with the pay round. **We invite MOD to**

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<sup>43</sup> AFPRB 51st Report (2022) paragraph 2.41.

**undertake the research and subsequent publication of future AFCAS reports to align more closely with our process in order that we can access the most up to date information available on our remit group.**

2.88 While pensions do not fall within our remit, we have continued to hear about pension taxation issues which can hinder morale and retention. The government announced during Spring Budget 2023, and implemented in April 2023, an increase in the Annual Allowance threshold from £40,000 – £60,000 and the abolition of the Lifetime Allowance. We expect that this increased allowance will be well received by Service personnel concerned about pension taxation.

## Chapter 3

### PAY AND ALLOWANCES

#### Introduction

3.1 This chapter sets out our recommendations on the overall pay award for the armed forces. It also covers recommendations on Recruitment and Retention Payments (RRPs); compensatory allowances; some proposed new pay arrangements and our reviews of existing measures for specific groups. The chapter includes commentary on the other pay-related evidence and information presented to us as part of this round. Finally, we note the cost of our pay recommendation.

#### Our approach to this year's recommendation

- 3.2 Our terms of reference require us to have regard to the need for Defence to be able to recruit, retain and motivate suitably able and qualified personnel; the need for the pay of the armed forces to be broadly comparable with pay levels in civilian life; the requirement for the Ministry of Defence (MOD) to deliver its outputs within the funds allocated by government; and the government's inflation target. In his remit letter, dated 16 November 2022 (Appendix 3), the Secretary of State for Defence reminded us that pay awards must strike a careful balance – recognising the vital importance of public sector workers, whilst delivering value for the taxpayer, considering private sector pay levels, not increasing the country's debt further, and being careful not to drive prices even higher in the future. He also said that in the current economic context, it was particularly important that we had regard to the government's inflation target when forming recommendations.
- 3.3 Our review this year has been against a backdrop of exceptional economic turbulence, with inflation reaching a level not seen for decades. As discussed in Chapter 2, there has been a weakening in the position of armed forces' pay ranges across the majority of ranks when compared to whole economy earnings over the last decade. Moreover, the pay of the most junior ranks has fallen the furthest. This, along with the fact that food and energy price inflation hits those on lower incomes disproportionately, has led us, unusually, to consider a differentiated approach to the pay award.
- 3.4 We note that the Public Sector Equality Duty (PSED) requires government to assess policies against nine protected characteristics. We welcome the fact that MOD has provided equality impact assessments within its evidence and demonstrated that review against the PSED had taken place with regard to the proposals presented to us. We considered these assessments as we developed our recommendations.



- 3.5 We have carefully considered all the relevant factors set out in the Terms of Reference and our remit letter. We discuss each of them below.

## Discussion

### *The need to recruit, retain and motivate*

- 3.6 During our visits we assessed that morale had materially deteriorated since the previous round. This point was reinforced by evidence we received from MOD including Armed Forces Continuous Attitude Survey data. Critically, MOD confirmed in oral evidence that there had been a negative shift in morale.
- 3.7 Last year's pay award was perceived by many in the remit group to be lower than that for other public sector groups. In addition, comment was made by some that armed forces personnel have been called upon to provide cover for strike action in other sectors, whilst others expressed concern that they might be called upon to provide such support.
- 3.8 We heard suggestions that Service personnel felt less valued. There was a sense of gradual erosion in the wider offer of employment in the armed forces, while activity levels were high. The crisis in Ukraine had generated increased workloads for some. It also added to a wider sense of the value of professional and skilled armed forces at a time when pay and other incentives were felt to offer diminishing rewards. Many comments suggested that personnel felt they were being asked to do more with less. We are also aware that Service personnel are engaged in widespread transformation programmes and are concerned about the prospect of further major organisational and cultural change in the wake of the Haythornthwaite Review. We concluded that the remit group's morale and motivation had materially deteriorated.
- 3.9 As explained in Chapter 2, we understand that recruitment has not been strong and is below MOD's targets. MOD told us that this was principally due to process failures rather than a shortage in potential recruits. However, there was concerning evidence on retention. The fall in Voluntary Outflow (VO) during the pandemic has been followed by a sharp increase. MOD said it expected VO to peak later in the year and then reduce as the effects of the pandemic worked through. Nonetheless, we were told that there was a growing concern that VO could reach a damaging level. We asked MOD about the extent to which a degree of VO was healthy in light of the planned restructuring related to the Integrated Review and have not yet received an answer. We invite MOD to provide us with assurance on this point.

### *Government policies for improving public services*

- 3.10 Our remit letter from the Secretary of State for Defence set out how Defence wants to continue to grow 21st Century skills, to strengthen its capabilities and to prioritise its activities, in order to ensure the UK remains

ready to deter adversaries and win in the new era of strategic competition. MOD's evidence to us also explained that the department had provisioned for a 3.5% pay award and that every percentage point above this provision would cost £115m a year, which would require significant off-setting savings. However, we consider that any pay award recommendation that was pitched too low would have significant consequences for morale and retention, jeopardising Defence outputs. Therefore, in making our main pay award recommendation we have sought to find a balance between these competing factors.

### *The funds available to MOD*

3.11 We have considered the evidence provided by MOD on affordability and the wider offer. MOD said that it had originally provisioned for a 2% pay award for financial year 2023-24, but in recognising the wider economic context, had made available the funds to increase this to 3.5%. We understand that this provision was in line with that initially communicated by the government in relation to other workforces covered by the pay review body process. MOD emphasised the importance of the wider offer including non-pay related benefits such as non-contributory pensions, subsidised accommodation, and food. HM Treasury (HMT) evidence said that any pay rises awarded above affordability would require further reprioritisation and savings by departments.

3.12 We see the wider offer as part of the baseline for Service personnel and not something to be traded off against the annual pay settlement. We note several areas where the government has moved beyond its own advice that public sector pay awards should be limited at 3.5%, for example in the offer made in March 2023 to the National Health Service employees on Agenda for Change terms and conditions in England, which included a 5% consolidated pay rise as part of a wider pay package. We remain sensitive to continuing negotiations across the public sector, backed by strike action, to achieve pay increases in excess of that provisioned by government.

### *The government's inflation target*

3.13 HMT wrote in its evidence that it was particularly important that pay awards should not exacerbate current inflationary pressures. We judge that a pay award for the armed forces below the current rate of inflation, and not significantly out of line with pay awards in the private sector, will have little direct impact on inflation. We have had to balance our pay recommendation against other concerns, including MOD's request to us that we ensure that pay for the most junior personnel in the armed forces keeps pace with increases in the National Living Wage (NLW).

### *The need for pay to be broadly comparable with pay levels in civilian life*

3.14 In common with other sectors of the economy, the real value of Service pay has declined markedly since the 2008 financial crisis. We have closely considered how the private and public sectors have reacted to the

deteriorating economic climate in the last year. We have continually monitored pay settlements in the wider economy and offers made to public sector organisations. Figures provided by XpertHR show that the median pay settlement between January 2023 and March 2023 was 6%<sup>44</sup>. The Total Pay growth in the whole economy was 5.9% in March 2023, with Total Pay for the private sector slightly higher at 6.1%. We are aware that the NLW increased by 9.7% in April 2023.

- 3.15 The pay comparability evidence discussed in Chapter 2 presents the pay for the armed forces up to the 2021-22 pay scales. This reflects the public sector ‘pay pause’ in the context of the latest Annual Survey of Hours and Earnings data being affected by the pandemic. This analysis does not reflect the 2022-23 pay award of 3.75% awarded to the armed forces and Office for National Statistics has stressed that any findings should be treated with caution. However, our analysis shows that in the latest available year, the relative position of the Other Ranks and junior Officers deteriorated in relation to the previous year, and that this continues a trend seen over the last decade.
- 3.16 We have assessed these factors in the context of inflation at 10.1% in March 2023. We acknowledge that some Service personnel are protected to varying degrees from some cost-of-living issues. Defence enables Service personnel to make use of different elements of the wider offer such as subsidised accommodation and food. However, Service personnel have also suffered from rising costs.

### *Early Years’ Pay and the National Living Wage*

- 3.17 In last year’s Report we discussed Early Years’ Pay and noted that MOD had told us that the relationship between Early Years’ Pay and the NLW was a key consideration in ensuring that the armed forces’ pay offer remained attractive and competitive. MOD also told us that while it was legally exempt from minimum wage legislation, it intended to abide by the spirit of the legislation to ensure that the offer enabled the most junior personnel to earn enough to fulfil a normal standard of living. MOD told us that Initial Pay was set at £16,844 and paid for the first 26 weeks’ service, or until completion of basic trade training, whichever was earlier. Thereafter, Service personnel were paid from the Other Ranks (OR) main pay spine on increment OR-2-1. MOD advised that from 1 April 2022 this rate of pay increased to £21,425 inclusive of X-Factor. MOD told us that, while this pay level remained within the spirit of NLW regulations, from 1 April 2023 the NLW was set to increase by 9.7% from £9.50 an hour to £10.42 an hour with further increases expected from April 2024.
- 3.18 MOD said that the OR-2-1 rate would need to increase by 9.1% to £23,374 from 1 April 2023 in order to remain within the spirit of the NLW. MOD made it clear that a blanket pay award to all Service personnel at around

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<sup>44</sup> We also considered the findings of other surveys, the estimates of which provided median pay settlement figures for the first quarter of 2023 of 5%-6.5%.

9% would be unaffordable. While MOD intends to bring forward an in-depth review of pay for this group to Pay Round 24, we understand that its priority for this year has been to protect the current pay structure in the short-term. In oral evidence MOD confirmed that it was concerned that increases to the lowest levels of OR pay spines would compress pay at higher levels and have implications for the coherence of the OR pay structure. However, MOD was clear that the lowest paid Service personnel should not miss out on higher remuneration justified by the increase to the NLW. MOD invited us to consider a non-consolidated top-up to the pay for those OR-2 personnel whose pay would otherwise fall below NLW levels<sup>45</sup>.

3.19 While MOD's comments about the integrity of the pay structure are well-intentioned, the NLW is not going to decrease. Indeed, the expectation is of a further increase in 2024. Therefore, it seems unrealistic not to consolidate the amounts needed this year into pay to provide a baseline for next year's award. Additionally, we do not see how such an approach would prevent implementation of subsequent changes to the pay structure. A non-consolidated award would also have consequences for pension accrual by the lowest paid.

## **Recommendation**

3.20 We are independent of government, and in the absence of collective pay bargaining for the armed forces, see this independence as vital to ensure that our pay recommendations are fair, and seen to be fair, by Service personnel.

3.21 We recognise that there is a tension between the factors we are asked to take into account in reaching our recommendation. It is important that our proposal recognises the value of Service personnel. It should acknowledge their contribution to the life of the nation through the acceptance of personal risk and the application of lethal force that is unique in society. We also recognise the immense value of the armed forces as demonstrated through their role in the government's response to the pandemic and other challenges faced by the nation. We also consider that it would be completely unacceptable for Service personnel who have reached the main pay spine to be paid less than the NLW.

3.22 In summary, having regard to our remit and the evidence presented to us, the key factors that have influenced our pay recommendation this year are listed below.

- The criticality of improving Service morale and of reflecting the value of the armed forces and their continued contribution to the nation.
- Ensuring that pay remains broadly comparable with the private sector.

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<sup>45</sup> MOD assessed that personnel on OR-2-1, OR-2-2 and OR-2-3 would likely fall below the NLW.

- The need for pay to be broadly consistent with offers made to other public sector workforces, especially given the inability of the armed forces to participate in collective bargaining or industrial action.
- Maintaining the effectiveness of the armed forces as a highly skilled, modern, war-fighting force in the context of the Integrated Review and the aspirations of the Integrated Review Refresh.
- Our assessment that a pay award for the armed forces at the level we recommend will have a minimal impact on inflation and achievement of the government's inflation target.
- Supporting Defence outputs by ensuring the offer remains attractive enough to recruit and retain the quality and quantity of Service personnel that MOD requires.
- Assisting MOD to maintain the standard of living enjoyed by Service personnel in the context of slow economic growth, a tight labour market and high rates of inflation.
- Encouraging retention of skilled Service personnel across the remit group.
- Ensuring that the lowest paid members of the armed forces keep in line with the NLW.

3.23 Historically, we make a single percentage pay recommendation to be applicable across all cohorts in our remit group. However, given the unique economic circumstances and the greater effect that inflation typically has on the lower paid, we considered a differentiated approach.

3.24 Our conclusion is that the best way of reconciling these considerations is to provide an uplift in pay with two components. First, a consolidated pay uplift of 5% for all Service personnel. And, second, a consolidated increase of £1,000 for all full-time UK Regular personnel, with a pro-rata increase for other cohorts in our remit group. We stress the importance that these two elements are considered together as a single recommendation. The amounts have been selected on this basis. We have offset a possible higher percentage pay increase with the inclusion of the consolidated monetary uplift.

3.25 For those in our remit group on the main pay scales, this hybrid approach will deliver a total increase of 9.7% for the lowest paid in recognition of increases in the NLW. The total percentage increase declines as earnings increase, amounting to 5.8% for those OF-6s at the top of the main pay scale. We judge that a pay rise at this level for the most senior personnel in our remit group is right given that it is broadly comparable with wider pay settlements.

3.26 This recommendation has only minimal consequences for relativities between ranks. We judge that this award is fair in the context of the wider economic and other considerations we have taken into account.

**Recommendation 1: We recommend that rates of base pay should increase by a consolidated uplift of 5% for all Service personnel, with a consolidated increase of £1,000 for all full-time UK Regular personnel and a pro-rata increase for other cohorts in our remit group from 1 April 2023.**

**It is important that these two elements are considered together as a single recommendation and the amounts have been selected on this basis.**

## **Officers Commissioned from the Ranks**

- 3.27 MOD presented us with comprehensive evidence on the pay of Officers Commissioned from the Ranks (OCFR) with proposals to make amendments to the dedicated pay spine for this group. MOD explained that specific pay arrangements have been designed for personnel at OF-1 – OF-2 rank who commission from the ranks so that they do not take a cut in pay on commissioning. MOD told us that new proposals were needed because, when Pay 16 was introduced, including new pay structures for ORs, no associated changes were made to the OCFR pay spine.
- 3.28 MOD said that under the current arrangements, entry onto the OCFR spine was dictated by reckonable service as an OR, but with a minimum 5% pay increase on commissioning and on promotion to OF3. MOD noted that the latter 5% pay increase under the current arrangements contrasted with the norm for other promotions of 2%. It could mean that personnel joined the OF-3 (main Officer) spine above the starting increment level so would end up on a Stand Still Rate of Pay (SSRP) until their seniority caught up. MOD told us that this was out of kilter with the main OR and officer pay structures introduced under Pay 16. We understand that these issues are the main drivers for change behind the new proposals.
- 3.29 MOD told us that the number of ORs wishing to commission was consistently high and said that it assessed that, for many, the non-financial benefits of commissioning were valued more than MOD had previously assumed. MOD told us that that this meant that there was scope to adjust OCFR pay so that the principles for pay on commissioning, and then promotion, align with those introduced more generally across the remit group under Pay 16.
- 3.30 MOD explained to us that it considered a number of proposals for OCFR pay and concluded that a restructuring of the OCFR pay spine was the best way forward. MOD said that the following changes needed to be made to the pay spine and the principles applying to it.
- The introduction of a two-year ‘pay dwell’ on commissioning. This would bring OCFRs into line with the bulk of the workforce paid under Pay 16 arrangements. OCFRs would continue to receive a minimum

5% rise, transitioning up to the nearest OCFR increment level and remaining there for two years before commencing normal incremental progression.

- A reduction of the minimum pay rise on exit from the OCFR pay spine onto the OF-3 pay spine, from 5% to 2%. MOD explained that this measure would also reduce the length of time those promoting would be held on an SSRP.
- Removal of the uppermost increment level and creating five new increment levels below current increment level 1. MOD said that this measure would reduce the length of time some of those promoted spend on a higher increment level waiting for their rank seniority to catch up, whilst the creation of the new increment levels would reduce the number of those commissioning from the lower OR ranks benefiting from an excessive pay jump.

3.31 MOD accepted that the new arrangement would be less beneficial, but this was not viewed as a significant disincentive to commissioning. We recognise that the aspiration to bring the pay arrangements in line with the principles of Pay 16 will deliver cost savings. However, MOD and the single Services emphasised the unfairness in the current arrangements because of the significant pay differentials that individuals could receive on commissioning. We note that the new arrangements bring the pay for OCFRs closer to that for direct entrant Officers and, while offering a lower starting salary, would enable pay progression. Therefore, on balance, we are content to endorse the MOD proposals for OCFRs. We also note that the new arrangements will require careful transition and for this reason support the MOD's proposition that the proposals should be announced in 2023 for implementation from 1 April 2024.

**Recommendation 2: We agree to the implementation of MOD's proposals for pay for Officers Commissioned from the Ranks for implementation from 1 April 2024.**

## **X-Factor**

3.32 We usually discuss X-Factor alongside our pay recommendations. This year we have conducted a review of X-Factor and this is discussed separately in Chapter 4.

## **Remuneration reviews**

3.33 Targeted measures are used in the military pay system to support recruitment and retention, particularly where there are workforce pressures. Each year we are invited to review specific pay arrangements relating to certain cohorts, RRP's and compensatory allowances. These reviews follow an established programme, but we rely on MOD to submit

measures to us out of sequence where necessary, to ensure that we can make effective recommendations in a timely manner if there is a specific workforce issue to address.

- 3.34 MOD provided us with updates on three reviews of remuneration that it was undertaking.

#### *Defence Aircrew Remuneration Review (DARR)*

- 3.35 In last year's Report we commented on the progress of the DARR, made recommendations on two retention payments (RPs) and agreed in principle to the introduction of a new pay spine for aircrew up to OF-2, with the potential to expand the eligible cohort if required. We also agreed in principle to the introduction of an Aircrew Supplement for eligible aircrew up to OF-5.
- 3.36 This year, MOD provided us with an update on the recommendations agreed by us last year.
- 3.37 MOD told us that work was continuing to enable implementation of the Aircrew Professional Pay Spine (APPS) for OF-2 and below (with an expansion to OF-3 as driven by single Service requirements) and the proposed Aircrew Supplement for OF-3 and above, with consideration that this might now be paid up to OF-6. MOD told us that it had encountered delivery problems regarding the implementation of the APPS and that it was looking at ways to address these. MOD also said that in the next stage of DARR it was looking at remuneration strategies for Army Air Corps (AAC) Rear Crew, Royal Navy (RN) Aircrewmen and Royal Air Force (RAF) Weapons Systems Operators, AAC Senior Non-Commissioned Officer (SNCO) Pilots, and Officer pilots, RN observers and RAF Weapons Systems Officers. MOD expected to be able to provide us with further details on these strategies for the next pay round with implementation planned for April 2025.
- 3.38 MOD confirmed that the RPs agreed by us last year would be implemented in April 2023.
- 3.39 In written evidence, MOD also highlighted a new issue regarding OF-2 and OF-3 Typhoon and Lightning Combat Air Qualified Weapons Instructors. MOD said that it was facing a significant challenge in attracting personnel to complete the demanding courses and that 52.5% of trained personnel have left the Service. MOD told us that it was considering an additional measure to be implemented into DARR for specialist cadres such as these.
- 3.40 We recognise the importance of introducing effective measures and that time is needed to develop these. Nevertheless, we are disappointed that progress has not been made in implementation of the new pay spine and aircrew supplement and that there are no proposals for us to consider or endorse this year. MOD told us last year that the DARR proposals had been developed because aircrew retention was key to the delivery of air capability. MOD said that increasing the length of service of aircrew was a



priority, as this would deliver savings against training costs. This led us to believe that there was a sense of urgency behind the work. We have a more general concern about the ability of MOD to respond to and implement changes in a timely manner. **We invite MOD to do what it can to develop the proposals and look forward to receiving the details in evidence for next year's pay round.**

### *Submarine Remuneration Review*

- 3.41 We are aware that the RN has been undertaking a review of Submarine remuneration and commented on this in last year's Report. Last year we said that we expected to see the outcome of the Review in time for Pay Round 25. However, MOD has now advised that it intends to bring this forward to next year's pay round.
- 3.42 In providing an update on progress, MOD set out four intentions of the current remunerative offer (delivered through a variety of RRP's and a 'Golden Hello'): to recognise being a submariner; to incentivise individuals to join the service; to recognise the conditions experienced by working in a submarine; and to recognise the skills, qualifications and knowledge required to be a submariner. MOD confirmed that the work undertaken to date had resulted in some lines of development which were looking at ways to reward specific submarine skills and qualifications, while also recognising the operating environment. MOD made it clear to us that it was looking to reset and restructure submarine pay in a collective and methodical manner. We look forward to receiving the detailed proposals for next year's pay round.

### *Special Forces' Reward*

- 3.43 MOD informed us that it was planning to undertake a detailed review of Special Forces' remuneration and that it would present proposals to us for next year's pay round. MOD confirmed that the scope of the review would include both the Special Forces' pay spine and relevant RRP's. MOD outlined some of the emerging issues that it expected the review to address. These include:
- the pull of the private sector and ways of responding to lucrative offers made to personnel;
  - the length of periods spent at high readiness; and
  - the level of reward for those in supporting and enabling roles.
- 3.44 We look forward to receiving detailed evidence from MOD next year. In preparing this we invite MOD to provide data, for example on readiness levels, which compares Special Forces' personnel to the rest of the remit group. Also, we encourage MOD to ensure that it develops an approach which is coherent across all specialist and related groups.

## Unified Career Management (Cyber)

- 3.45 We were aware that MOD had been considering a financial incentive for the cyber cadre given the workforce challenges in that area. MOD confirmed to us that it had introduced a Financial Retention Incentive in June 2022 with the intention that competency-based payment should be introduced as a more enduring solution. We were pleased to receive evidence regarding the MOD's proposals for this round.
- 3.46 MOD told us that it had concluded that the best solution would be a payment based on competence levels. MOD proposed that the payment would not attract a return of service and that an annual lump-sum cyber skill payment would be awarded based on the Service person's recorded level of competence against the Defence Cyber Competence Framework. These payments would only be paid to Other Ranks personnel in the Unified Career Management (UCM) cyber cadre. The proposed payments and qualifying levels are set out in the table below.

**Table 3.1: MOD proposed annual cyber skill payment levels.**

Competence Level	Annual cyber skill payment
Level 2 <sup>46</sup>	£6,000
Level 3	£15,000
Level 4	£25,000

- 3.47 We recognise the growing importance of cyber to Defence. We note that in the Integrated Review Refresh, the government said that the UK would seek to shape rules and norms of behaviour in cyberspace and that it remained committed to acting as a responsible and democratic cyber power, including in the use of offensive cyber capabilities. We acknowledge the need for Defence to have a highly skilled and motivated workforce to deliver these capabilities. We particularly note the MOD work that has gone into looking at comparator salaries, although we observe that pensions and other factors in the wider offer for Service personnel can make such analysis complicated. We acknowledge that as lump sum payments, the amounts chosen by MOD may seem large. We would have welcomed more explanation as to how the precise sums shown were arrived at and an assessment of the extent to which they were considered adequate. We agree that the payments should be based on competence, given that it is the skills of personnel which makes them so attractive to competitor organisations.
- 3.48 We are content to endorse the MOD proposals and invite MOD to keep us informed about the success of the measures in addressing workforce issues in the cyber cadre.

<sup>46</sup> Level 2 competence is the minimum requirement for entry into the UCM cyber cadre.

**Recommendation 3: We agree to the introduction of competence-based cyber payments from 1 April 2023 at the following levels: Level 2 £6,000, Level 3 £15,000 and Level 4 £25,000.**

## Recruitment and Retention Payments

3.49 RRPs are paid at MOD's discretion, subject to our endorsement, to address specific recruitment or retention requirements, where individuals meet the qualifying criteria. RRPs are paid in addition to the annual salary as explained below.

- Continuous Career Basis (CCB) – CCB is paid where the specialism is fundamental to the core role of the individual and will remain so for the duration of their career, providing they remain qualified for the relevant RRP. CCB attracts Reserve Banding (RB)<sup>47</sup>. We note that MOD has accepted our recommendation from last year to extend RB to three years at 100% of the RRP rate and that this was implemented with effect from 1 April 2023.
- Non-Continuous Basis (NCB) – NCB is paid where the specialism is a secondary skill for the individual but is a core task within the unit in which the qualifying post has been established. Individuals move in and out of the unit or post in question and, providing they are qualified, while in a qualifying post they receive RRP.
- Completion of Task Basis (CTB) – CTB is paid where the specialism is a secondary skill for the individual, and is an occasional task undertaken in support of the unit within whose role the use of the specialism is required. Individuals will be paid RRP only for those days for which they are undertaking RRP duties.

3.50 MOD told us that in 2021-22, there were 18 categories of RRP<sup>48</sup>, which cost around £129m and that approximately 23,800 Service personnel were paid some form of RRP. Of these, some 1,910 were paid from the 100% RB.

3.51 We were invited to review five RRPs this year, RRP (Hydrographic), RRP (Mountain Leader), RRP (Flying Crew), RRP (Special Intelligence) and RRP (Special Communications). We have examined these proposals as discussed in Appendix 6.

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<sup>47</sup> Personnel paid an RRP on a CCB need to be trained, in date and in an RRP tagged post. To support career development, if personnel move to a non-RRP tagged post they can continue to receive the RRP on an RB basis for a maximum three years, followed by removal if they do not return to an RRP tagged-post.

<sup>48</sup> RRP (Submarine) includes two supplements – RRP (Submarine Supplement) and RRP (Submarine) Engineer Officers' Supplement.

- 3.52 Consistent with the approach taken in previous rounds, MOD provided us with evidence to enable a light touch annual review of all other forms of RRP. MOD invited us to agree that these RRPs should be increased up to the level of the pay award. MOD also told us it had provisioned for an increase of 3.5%.
- 3.53 MOD said that most Service personnel recognised an RRP as a positive addition to their overall pay and that this served to maintain or improve the health of the cadre in question. However, MOD indicated that there were some areas where the RRP was not having the desired effect and that it was therefore exploring alternative remuneration methods. MOD also indicated that it was looking at options for remuneration for skills as this might be a more effective solution to combatting workforce issues and could serve to highlight the importance of those wider skills to MOD.
- 3.54 We recognise the need for the Services to incentivise groups where there are specific recruitment and retention issues and the part that RRPs play in the maintenance of an effective workforce. Given the nature of our main pay recommendation this year, we have concluded that the uplift for those RRPs not discussed separately should increase by 5.8%, matching the level of award recommended for the most senior ranked personnel in our remit group on the main pay scale.
- 3.55 The conclusions of our considerations on RRPs can be found below.

**Recommendation 4: We recommend that the following rates of RRP should increase by 5.8% from 1 April 2023: RRP (Flying), RRP (Flying Crew), RRP (Diving), RRP (Submarine) (including Submarine Supplement and Engineer Officers Supplement), RRP (Nuclear Propulsion), RRP (Special Forces), RRP (Special Forces Communications), RRP (Special Reconnaissance), RRP (Special Intelligence), RRP (Special Communications), RRP (Parachute) (including RRP (High Altitude Parachute), RRP (Parachute Jump Instructor), RRP (Explosive Ordnance Disposal), RRP (Weapons Engineer Submariner), RRP (Naval Service Engineer) and RRP (Nursing).**

**We are content to endorse the MOD's proposals for RRP (Mountain Leader) from 1 April 2023.**

**We are content to endorse the MOD's proposals to increase the lower three rates of RRP (Hydrographic) from 1 April 2023. We also support the intention to bring forward the next review of RRP (Hydrographic).**

## Volunteer Reserves Training Bounty

3.56 MOD explained that the primary purpose of the Training Bounty (TB) was to encourage Part Time Volunteer Reserve (PTVR) personnel to complete their annual training obligation and to attain prescribed levels of efficiency. MOD said that the TB was tax exempt and had been an important part of the PTVR offer since the early 20th Century. MOD told us that it aimed to use the TB as effectively as possible to support Reserves' capability, which in turn contributes towards the delivery of Defence outputs.

3.57 MOD also provided us with an update on Reserve Forces Review 2030<sup>49</sup> which made recommendations in four key areas.

- Re-defining the Reserves' relationship with society, recognising the need to cooperate and share expertise with, for instance, industry and academia.
- Expanding the role of the Reserves as part of an integrated joint force, helping deliver 'active' tasks – such as homeland resilience and defence diplomacy – whilst preserving and enhancing their assured capability to meet 'contingent' tasks such as war fighting.
- Ways to unlock the full potential of the Reserve component of the UK's armed forces, such as simplifying commitment types.
- Transforming how the Reserves are supported to deliver their mission, recognising the unique needs of the force and with a strong emphasis on digital enablement.

3.58 MOD informed us that work was ongoing to understand the implications of these recommendations and that we would be consulted regarding the future of TBs and to ensure that the overall financial offer to Reservists was fit for purpose. We look forward to receiving this review of Reserve incentives as part of a future pay round process. In the meantime, MOD invited us to agree that the TB should increase in line with our main pay award. We recommend an increase of 5.8% from 1 April 2023, matching the level of award recommended for the most senior ranked personnel on the main pay scale.

**Recommendation 5: We recommend that rates of the Volunteer Reserves Training Bounty should increase by 5.8% from 1 April 2023.**

## Rates of compensatory allowances

3.59 Several compensatory allowances fall within our remit. This year we were not invited to review any particular allowances given that MOD expected the Haythornthwaite Review to set the direction for future activity on the structure of allowances. However, MOD indicated that it was looking for us to make recommendations on the rates of the compensatory allowances.

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<sup>49</sup> MOD (2021) *Reserve Forces Review 2030* (online) Available at: <https://www.gov.uk/government/publications/reserve-forces-review-2030> [Accessed 25 May 2023].

Therefore, for all rates of compensatory allowance: Longer Separation Allowance, Unpleasant Work Allowance, Unpleasant Living Allowance, Northern Ireland Residents' Supplement, Recruitment and Retention Allowance (London), Experimental Test Allowance, Experimental Diving Allowance and Mine Countermeasures Environmental Allowance, we recommend an increase of 5.8% from 1 April 2023, matching the level of award recommended for the most senior ranked personnel on the main pay scale. All recommended rates of compensatory allowances are at Appendix 2.

**Recommendation 6: We recommend that all rates of compensatory allowances should increase by 5.8% with effect from 1 April 2023.**

## Cost of recommendations

3.60 Our recommendations on pay, targeted measures and charges are based on an assessment of the full range of evidence we received and take due account of the wider considerations set out in our terms of reference. The cost of our pay recommendations is set out in Table 3.2 below.

**Table 3.2: Cost of recommendations<sup>a</sup>**

	<b>£ million</b>
<b>Military salary (all Regular Services)</b>	
Officers	98
Medical and Dental Officers	11
Other Ranks	340
<b>Total</b>	<b>449</b>
<b>RRP, allowances &amp; other targeted payments (all Regular Services)</b>	<b>15</b>
<b>Total pay (all Regular Services)</b>	<b>463</b>
Reserve Forces (including bounties)	29
Employers' national insurance contribution – all	68
Estimated effect of SCAPE <sup>b</sup>	312
<b>Total paybill cost including Reserves</b>	<b>872</b>
<i>Less: total increased yield from charges</i>	<i>-5</i>
<b>Net cost of recommendations</b>	<b>867</b>

<sup>a</sup> Recommendations from 1 April 2023. Components may not sum to the total because of rounding.

<sup>b</sup> Superannuation Contributions Adjusted for Past Experience.



## Chapter 4

### X-FACTOR REVIEW

#### Introduction

- 4.1 This chapter sets out the evidence for, and our recommendations on, X-Factor following our latest five-yearly review. X-Factor is a pensionable addition to pay. It accounts for a range of relative disadvantages and advantages between Service and civilian life which cannot be evaluated when assessing pay comparability. X-Factor is not intended to compensate for the particular circumstances that Service personnel may face at any one time but, instead, is aimed at reflecting the balance of disadvantages and advantages averaged out across a whole career.
- 4.2 Our last review, for the 2018 Report, concluded that there was evidence of a slight net deterioration in Service life, but this was confined to a small number of areas. Taken with an assessment that there was insufficient evidence of a clear change in the conditions of military life relative to civilian life, our predecessors did not believe there was evidence to support an increase in the level of X-Factor from 14.5%. For this review, we have analysed trends in data since then and we have assessed evidence relating to those groups who receive differential rates of X-Factor.
- 4.3 The X-Factor components are reviewed periodically to ensure that they remain relevant to comparing key aspects of Service and civilian life. During last year's pay round, the Ministry of Defence (MOD) confirmed that it was content with our proposals, set out in our 2021 Report, to reduce the number of X-Factor components to 12 by removing the 'Travel to work' component. The definition of the X-Factor components can be found in Appendix 8.
- 4.4 In conducting our review we have considered a range of evidence including:
  - MOD's assessment of changes for the military since 2017;
  - independent research on civilian trends commissioned from Incomes Data Research (IDR);
  - views expressed to us by all ranks of Service personnel and their families on our visits;
  - information from the Armed Forces Continuous Attitude Survey (AFCAS);
  - views heard during oral evidence including the Service Families' Federations and the Chief of Defence People; and
  - our secretariat's analysis of military and civilian information.



- 4.5 We have sought as far as possible to base our assessment on data across the whole review period. We recognise that the pandemic will have had an impact on each aspect of our evidence base from 2020 onwards. However, we note that no past review period has been exempt from societal change or impacts on the economy. The review focuses on the broader change over the period from 2017 to 2022.

### **X-Factor rationale**

- 4.6 The X-Factor was introduced as an additional emolument to Service personnel in 1970 to recognise the exigencies of Service life (as opposed to normal civilian employment). The underlying logic of X-Factor is that Service pay should be broadly aligned with pay in the civilian sector for jobs of similar weight and responsibility. X-Factor is then applied as an adjustment to reflect the balance of positive and negative factors arising from life in the Services.
- 4.7 The rate of X-Factor is informed by comparing the experience of Service and civilian life against the 12 X-Factor components and applying a judgement to the level of X-Factor and recommended changes, as and when justified by the evidence.
- 4.8 When it was first introduced, X-Factor was set at 5% and applied to Other Rank personnel and Officers up to level 5 of the OF-4 pay scale, with a taper applied for personnel up to OF-6 on the basis that they were shielded from the most severe downsides of Service life. The decision to apply a factor of 5% appears to have been a matter of judgement. For Regular personnel, X-Factor was doubled to 10% in 1974, though held at 5% for Reserves to recognise the lower overall impact on them of the exigencies of Service life.
- 4.9 A series of subsequent reviews have seen X-Factor gradually increase to the current level of 14.5% (for Regular personnel). The last increase, of 0.5%, took place in 2013. The rationale for these increases is set out in the corresponding Armed Forces' Pay Review Body reports. In each case they reflected a judgement by our predecessors that there had been a deterioration in the balance of disadvantage and advantage in Service life compared to civilian life. While the details of the assessed elements have changed over the years, the key components such as Turbulence, Danger and Separation have remained in place. Our predecessors have repeatedly observed that their overall assessments were largely judgmental, informed by trend data from civilian and military life, as well as subjective views heard on visits and through surveys.

## Assessment of X-Factor

- 4.10 For the 2023 review MOD provided us with data relating to the 12 X-Factor components. This drew heavily on data from the AFCAS, the Families Continuous Attitudes Survey and other statistics on, for example, hours worked and separation. The evidence was supplemented by our experience in focus groups and on visits to Service establishments. We also received broadly comparable data on the civilian side prepared by IDR<sup>50</sup>.
- 4.11 We were grateful for these inputs. However, given the work underway on the Haythornthwaite Review of Armed Forces' Incentivisation (HRAFI), we also thought it would be useful to offer views on the overall rationale for the X-Factor and the way it is assessed.
- 4.12 In presenting evidence to us, MOD highlighted the apparently inexorable upward movement in the rate of X-Factor. MOD considered, for example, that some previous increases had taken account of the substantial rise in operational deaths in the early years of this century, but that there had been no corresponding reduction in the rate of X-Factor as the level of kinetic operations declined. We also recognise the long-term efforts by Defence to encourage stability, for example through supporting home ownership, and to mitigate the effect on Service personnel of Turbulence through the Armed Forces Covenant.
- 4.13 We note that, in common with Service pay generally, the real-terms value of the X-Factor has reduced over the last decade as remuneration has fallen behind inflation. We also note that, although X-Factor was designed to compensate for the exigencies of Service life as a percentage of salary, factors unrelated to these exigencies can affect the value of X-Factor.
- 4.14 While we are grateful to both the MOD and IDR for their analysis of the individual components, our assessment is based on our analysis of the overall impact on the exigencies of military life as illustrated by changes in the individual components.
- 4.15 The assessments made by MOD and IDR on the movements against each of the 12 X-Factor components for the military and civilian populations over the review period are summarised below and set out in more detail at Appendix 7.

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<sup>50</sup> IDR (2023) *Review of the X-Factor 2023 Changes to Civilian Life*, published alongside this Report and available on the OME website.

**Table 4.1: X-Factor Review – Assessment by component.**

X-Factor component	Military MOD assessment	Civilian IDR assessment
Turbulence	Unchanged	Unchanged
Spousal/partner employment	Improvement	Slight Improvement
Danger to physical and mental health	Unchanged	Slight Deterioration
Separation	Improvement	Improvement
Job security	Unchanged	Improvement
Hours of work	Deterioration	Improvement
Stress, personal relationships and impact of the job	Improvement	Deterioration
Leave	Unchanged	Unchanged
Training, education, adventure training and personal development	Unchanged	Slight Deterioration
Promotion and early responsibility	Unchanged	Slight Improvement
Autonomy, management control and flexibility	Improvement	Slight Deterioration
Individual, trade union and collective rights	Unchanged	Unchanged

4.16 We have several concerns about the reliability and usefulness of the data presented to us that underpin these assessments. One example is the measure of danger for civilians, which depends heavily on rates of workplace accidents. We doubt that this offers a strong comparison to the dangers facing Service personnel. Similarly, the measure of separation for civilians is largely derived from statistics on commuting patterns. Again, the comparison to the Service experience looks weak. We recognise that substantial work has been undertaken to source information for both the civilian sector and military against the 12 X-Factor components and this has been challenging. To supplement the findings, we have also taken account of views expressed to us on visits to Service establishments and across more than 100 focus groups we have conducted this year.

## Conclusions

4.17 In considering our response to the assessments, we have taken account of our wider remit, as well as our reservations about the methodology. On balance, the evidence indicates that there appears to have been a modest improvement for Service personnel compared to civilians over the review period. However, given our concerns about the robustness of data, we consider that any reduction in X-Factor at a time of exceptional pressure on cost of living would have a significantly deleterious impact

on morale, and potentially on recruitment and retention. **Our overall conclusion is that there are insufficient grounds to recommend any change to the central rate of X-Factor this year.**

**Recommendation 7: We recommend that the rate of X-Factor remains unchanged at 14.5%.**

## Looking ahead

- 4.18 An important aspect of X-Factor is that it aims to reflect the ups and downs of Service life throughout a whole career. It is not intended to be adapted to individual circumstances in any given year. We understand that MOD, including the senior military leadership, attaches importance to this in terms of supporting an 'all of one company' approach to Service life, and because of the simplicity of the arrangement.
- 4.19 As discussed in Chapter 2, during the visits undertaken this year, we found that many personnel had little awareness of the existence and rationale for X-Factor, particularly junior personnel. Where people did know about X-Factor, we heard views that the present arrangements did not provide sufficient compensation for those who were deployed, in comparison to others who had Service careers closer to the experience of civilians. We sensed, therefore, that many thought that the way that X-Factor operated was unfair. Separately, many individuals focused on their total remuneration and saw X-Factor simply as part of the overall pay for the job.
- 4.20 We note the varying views on X-Factor but conclude that it has been seen by senior military leadership as a means of addressing, through pay, the exigencies of Service life. We also note that since the introduction of X-Factor in 1970, there have been changes made to Service remuneration that impinge on the components that define X-Factor. For example, Operational Allowance was introduced in 2006 to compensate personnel deployed on specified operations where there is a significant increase in the nature of the danger faced.
- 4.21 In light of this, we conclude that MOD should assess, through HRAFI, whether the current mechanism remains right for the way that Defence wishes to compensate Service personnel in future.

## The X-Factor taper

- 4.22 From the introduction of X-Factor in 1970 until 2008, a taper existed for Officers (OF) above the mid-point of the OF-4 (Lieutenant Colonel and equivalents) pay scale. OF-4s above this point and OF-5s (Colonel and equivalents) received two-thirds of the cash value received at Level 5 of the OF-4 pay scale. OF-6s (Brigadier and equivalents) received one-third of the same cash value, with no payment to Officers above the rank of OF-6. For the 2008 review MOD highlighted the frequency and longer duration

of operational deployments for more senior Officers. This resulted in a change to their tapering arrangements with full X-Factor being paid to all OF-4s, 75% (of the cash value at the top of the OF-4 pay scale) at OF-5 and 50% (of that same cash value) at OF-6. The 2008 review also extended X-Factor to OF-7 and OF-8 ranks (covered by the Senior Salaries Review Body (SSRB)), set at 25% of the same cash value. The 2018 review made no changes to these tapering arrangements.

- 4.23 MOD's evidence this year suggested that in many, but not all, areas the exigencies of Service life affected senior Officers and their families in similar ways to more junior personnel. We have also seen evidence that senior Officers' job security has diminished somewhat through the extension of compulsory retirement policy to OF-5s<sup>51</sup>, though the numbers affected have been small. Nonetheless, survey evidence indicates that over the review period senior Officers felt more positive about a range of factors relevant to the consideration of X-Factor than their junior colleagues. **We have co-ordinated with the SSRB, whose remit includes the most senior members of the military, and on the balance of the evidence presented to us, we conclude that there are insufficient grounds to recommend a change to the X-Factor taper for OF-5s and OF-6s in this review.**

### Evidence on other groups

- 4.24 UK Regulars on Flexible Service, Reserves, Military Provost Guard Service (MPGS), the Royal Gibraltar Regiment (RG) and its Reserves all receive a lower rate of X-Factor. We assess the evidence below for these groups.

#### *Flexible Service*

- 4.25 UK Regulars that temporarily work part time and/or restrict their separation from their home base receive 11.5% X-Factor. Flexible Service was introduced with effect from 1 April 2019 and allows Regular personnel to request legally protected, temporary changes to when they work, or how long they are away from their usual workplace, subject to operational requirements.
- 4.26 MOD offered that there was no evidence to suggest a change in the rate of X-Factor for this cohort. We recognise that Flexible Service was only implemented partway through the review period. **We therefore conclude that there should be no change to the existing rate of X-Factor for this group. We would welcome more information relating to Flexible Service and ask MOD to keep us informed on the take-up of this over the coming years.**

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<sup>51</sup> The RN introduced the policy for those who substantively promoted to OF-5 from 1 April 2020 and the Army introduced the policy for OF-5s from December 2021. The policy applies from OF-6 in the RAF.

## *Reserves*

- 4.27 Reserve Forces currently receive 0%, 5% or 14.5% X-Factor depending on the level and type of commitment. Mobilised Reserves and Full-Commitment Full Time Reserve Service (FTRS) personnel receive full X-Factor. Part-Time Volunteer Reserve (PTVR) personnel receive 5% X-Factor for training and duty days.
- 4.28 MOD's evidence, though limited, suggested that there had not been a substantive change in the way that Reserves were used over the review period and that Reserves had not experienced a change in their terms and conditions of service (TACOS). **We therefore conclude that there should be no change to the existing rate of X-Factor for Reserves.**

## *Military Provost Guard Service*

- 4.29 MPGS personnel provide an armed guarding service at defence establishments and receive 5% X-Factor to reflect the less restrictive and local nature of their employment compared with Regular Forces.
- 4.30 MOD's evidence suggested that there had not been a fundamental shift in MPGS TACOS over the review period. **We therefore conclude that there should be no change to the existing rate of X-Factor for MPGS personnel.**

## *Royal Gibraltar Regiment*

- 4.31 Regular personnel from the Royal Gibraltar Regiment (RG) receive 6.5% X-Factor (RG Reserves 3.25%) due to the different balance of X-Factor elements that they experience and the unique and local nature of their employment. During the 2018 X-Factor Review, we acknowledged that the RG had taken on additional roles over the period, but MOD emphasised that there remained a significant difference between RG and UK armed forces' TACOS more widely to justify the differentiation in X-Factor.
- 4.32 For this review, MOD told us that, since 2018, there had been a fundamental shift in the RG TACOS and operational readiness, which had resulted in closer, but not full alignment with the rest of the UK armed forces. **We therefore conclude that there should be a change in the rate of X-Factor from 6.5% for the RG Regiment to 11.5%. We also conclude that the rate of X-Factor for RG Reserves should be capped at the level for UK Reserves and so increase from 3.25% to 5%.**
- 4.33 Additionally, outside the scope of the X-Factor review, we recognise that the RG personnel experience unique issues relating to Service life and the cost of living in Gibraltar. Therefore, we stress that **MOD needs to address these local issues facing the RG.**

**Recommendation 8: We recommend that the rates of X-Factor for:**

- **Service personnel of OF-5 and OF-6 rank, Regular personnel on Flexible Service, FTRS of all commitments, PTVR and MPGS remain unchanged.**
- **The Royal Gibraltar Regiment Regulars should increase from 6.5% to 11.5%.**
- **The Royal Gibraltar Regiment Reserves should increase from 3.25% to 5%.**

## Chapter 5

# DEFENCE MEDICAL SERVICES

### Introduction

5.1 This chapter sets out the evidence we received for Medical Officers and Dental Officers (MODOs) and Allied Health Professionals (AHPs), and a discussion of broader issues relating to Defence Medical Services (DMS).

### Our evidence base

5.2 We considered evidence from a range of sources including:

- the government's response to the recommendations of the Review Body on Doctors' and Dentists' Remuneration (DDRB) and National Health Service Pay Review Body (NHSPRB) on pay for National Health Service (NHS) staff in their 2022 Reports<sup>52</sup>;
- MOD's written evidence on MODOs and AHPs;
- written evidence from the British Medical Association (BMA) and the British Dental Association (BDA); and
- oral evidence from DMS and from the BMA and BDA Armed Forces' Committees.

### Visit to Defence Medical Services

5.3 We visited Aldershot and Frimley Park Hospital in order to meet DMS personnel. These visits were supplemented by extensive online discussion group sessions, allowing us to hear from a wider range of personnel. The key views relating to life in DMS included<sup>53</sup>:

- observations that workloads in all cadres and at all ranks had become heavier in recent years;
- the observation that DMS MODOs were unable to undertake private work and to supplement their pay, both through private work and additional on-call payments, in the way that their NHS colleagues were able to<sup>54</sup>;

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<sup>52</sup> The NHSPRB recommended a £1,400 consolidated uplift to the full-time equivalent salary for all Agenda for Change (AfC) staff, enhanced for pay points at the top of Band 6 and all pay points in Band 7 so it was equal to a 4% uplift. The DDRB has recommended a 4.5% increase to national salary pay scales, pay ranges or the pay elements of contracts for all groups included in their remit. See: <https://questions-statements.parliament.uk/written-statements/detail/2022-07-19/hcws236> [Accessed 25 May 2023].

<sup>53</sup> Other points were raised, relevant across the whole remit group, on matters such as the increase in the cost of living and standards of accommodation but only issues specific to DMS are discussed here.

<sup>54</sup> We consulted MOD about this point. MOD advised that MODOs can undertake private work, subject to chain of command permission and clinical work considerations.



- the extent to which the civilianisation of posts within DMS was placing a greater pressure on a reduced number of Service personnel to undertake military tasks and deployments;
- general observation that Service personnel have to undertake additional military tasks at the end of a shift when compared to civilian personnel;
- concerns about the amounts paid in pension taxation and an inability to do anything about it. For those affected, this made an option to leave the armed forces attractive, not least as this would enable personnel to have more flexibility and control over work and pay;
- some, including nurses and healthcare assistants, felt that job security, quality of training and professional challenges were better in the Services than in the NHS;
- concerns remained around Unified Career Management (UCM) particularly because of a lack of detail about how it would affect individuals.

## **Developments within Defence Medical Services**

- 5.4 The Ministry of Defence (MOD) told us that its evidence was submitted against the backdrop of significant fluctuation in the national and international healthcare professions. MOD shared with us DMS survey results which showed that rates of mental health disorder were higher than in any previous studies of UK armed forces' personnel. MOD told us that work was underway to understand the issues and take measures to enable personnel to experience a more positive work environment with less unnecessary stress. While the effects of the pandemic had diminished, MOD said that many staff were still recovering from the challenges of that period. MOD reported issues with morale as a consequence of workforce shortfalls, not just among Service personnel but also among the Defence civilian clinical workforce. Therefore, MOD told us that improving workforce numbers across DMS was the highest priority for that organisation.
- 5.5 MOD explained that opportunities for career progression and development were a key element in retaining personnel. A pan-defence skills framework was being developed to support the desire for agile, life-long learning and individuals could take ownership over their personal and professional development.
- 5.6 MOD provided us with an update on the UCM Medical (UCM Med) programme and explained that the programme would deliver optimised capability through development of a tri-Service approach to the management of the clinical workforce, with harmonised career and training pathways. MOD told us that UCM Med would enable career management decisions to be informed by organisational need and priorities, influenced by individual preferences and aspirations. MOD

explained that the aim of UCM Med was to give personnel more opportunities for promotion, more choice of location, more sustainability and more varied deployment opportunities. In oral evidence DMS told us that UCM Med was working and was seen as a positive change.

- 5.7 In written evidence MOD said that DMS had relaunched its People Plan, to put people in the forefront of its strategic delivery. MOD said that the plan underpinned the DMS Transformation Programme which aimed to rationalise the estate and to deliver new models of care using new technology.

## Allied Health Professionals

### *Background*

- 5.8 We received the delayed paper of evidence on AHPs, having hoped to receive it last year. MOD told us the AHP cadre was a large and diverse group but that the evidence focussed on Other Rank (OR) AHPs who would be moving over to UCM.
- 5.9 MOD told us that some AHP cadres (including physiotherapists, environmental health officers and pharmacists (Army)) were Officer-only. These groups were not in scope of the evidence and MOD had assessed that their pay was already comparable to NHS Agenda for Change (AfC) grades.
- 5.10 As indicated above, MOD explained to us that UCM was being introduced across DMS (and elsewhere within UK Strategic Command) to enable better cross-Service working and to provide for central, unified management of personnel in order to enable outputs to be met more effectively. MOD told us that two broad groups of AHP OR personnel would move to UCM Med as part of the initial stage of the move of AHPs to UCM.
- Degree qualified AHPs – Dental hygienists, biomedical scientists, environmental health practitioners, operating department practitioners and radiographers.
  - Diploma qualified AHPs – dental nurses and pharmacy technicians.
- 5.11 MOD told us that further work would be undertaken regarding the inclusion of Medics<sup>55</sup> in UCM Med. Furthermore, as Healthcare Assistants were an Army-only cadre there was no requirement for cross-Service alignment of this group. MOD did, however, tell us that they would be considered in evidence alongside nurses for next year's pay round.

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<sup>55</sup> 'Medics' comprise: Combat Medical Technicians (Army), Medical Assistants (RN) and Medics (RAF). Medics cover a range of Other Rank roles which have similar initial medical training pathways, and all deliver a range of core skills and capabilities, such as Pre-Hospital Emergency Care, maintenance of medical supplies, medical administration, teaching first aid and disease prevention, and basic environmental health.

5.12 MOD explained that UCM Med terms of service would be introduced for the AHP cadres from January 2024. Transitional arrangements would enable personnel to stay on their current terms of service if these were more advantageous to them.

### *Remuneration implications*

5.13 MOD told us that the move to UCM Med, and harmonisation of promotion across the Services, would mean changes to promotion criteria, including an end to non-selective/timed promotion. MOD noted that for some (specifically Royal Navy personnel) these changes could lead to a reduction in full-career earnings. The 2022 Continuous Attitude Survey highlighted pay as the most important factor to encourage AHPs to complete or extend their current engagement. The Survey also indicated that 67% of AHPs were likely or very likely to leave the Service within the next 12 months.

5.14 MOD said that it had considered a range of options to deliver a revised remuneration package for AHPs to complement the transition to UCM Med terms of service. The preferred approach was the creation of a bespoke pay spine with the same financial increment levels as the nurses' pay spine. MOD explained that the nurses' pay spine had been developed to align defence nurses' pay and responsibilities with AfC grades within the NHS and that this approach recognised that AHPs were comparable to the same AfC grades.

5.15 MOD said that this new pay spine would be introduced for those cadres aligned under the initial phase of UCM Med and that the difference in pay between professions requiring a diploma or degree would be recognised, given that longer time would be spent at OR-2 and OR-3 under UCM for diploma-related AHPs, in comparison to degree-related professions. MOD told us that evidence supported the link between the AfC grades and military AHPs and that civilian AHPs in DMS were paid on the NHS England AfC pay scale.

5.16 MOD told us that it intended to add increments to the new pay spine to encourage retention, minimise stagnation of pay and to address outflow at OR-6 and OR-7. MOD told us that those unable to access promotion would receive annual increments for an additional six years. Therefore, MOD said that it proposed a 24-increment scale. While there would be overlap at some increment levels between ranks, the structure would enable a pay increase on promotion.

5.17 MOD told us that it assessed that most personnel would see a positive impact, in terms of promotion and development opportunities, parity between Services and in some cases, additional financial reward. MOD said that it anticipated that UCM alignment would also help with retention and ensure operational effectiveness through having the right qualified and experienced personnel available for key roles.

5.18 MOD assessed that the proposals would have a positive impact on personnel who would benefit from opportunities for more stability and/or choice of location. While it considered that there would be no negative impacts, MOD acknowledged that some more junior personnel might perceive the change to promotion structures as negative. MOD said that it would mitigate this through communication of the improved pay structure and the broader opportunities that would be in place. However, MOD told us that personnel would not be required to change onto the new terms of service if they considered these to be detrimental to their career path.

#### *Our comment*

5.19 In oral evidence we challenged DMS on their assertion that this proposal would be successful. DMS confirmed that it had listened to the views of AHPs and engaged with relevant professional bodies. DMS emphasised the relevance of drawing on the pay arrangements for nurses. We support the principle of aligning the pay of AHPs with nurses in DMS, reflecting the way that such personnel are paid in the NHS. We are content to endorse this measure.

**Recommendation 9: We agree, in principle, to the introduction of a bespoke pay spine for AHPs in the initial UCM group (degree and diploma qualified), for implementation in January 2024, in conjunction with changes to terms and conditions.**

### **Medical Officers and Dental Officers**

5.20 In this section we consider the evidence received from MOD, the BMA and the BDA, in respect of MODOs.

5.21 MOD presented survey data from 2021 which showed that a higher percentage of doctors (both military and civilian) were thinking of leaving their profession than in 2019. For MODOs, the DMS Continuous Attitude Survey (2022) showed that 41% stated that they were likely or very likely to leave the Service within the next three years. We were told that MODOs were influenced by the fact that pay increases in the NHS had been higher over the last three years. MOD told us that this was having a negative impact on morale. MOD also stated that some private sector companies were providing packages that were attractive to highly experienced personnel. Therefore, MOD told us that Defence needed to be able to attract and retain, highly valuable clinical staff by ensuring that DMS remained an attractive employer through addressing factors of dissatisfaction, such as pay, options for career development, flexible working, and pension taxation.

5.22 The BMA set out a number of overarching points in its evidence:

- that this was submitted to us in extraordinary times, citing the economic situation, the war in Ukraine and the backdrop of industrial unrest. It stated that extraordinary action was required in response to this;
- that pay parity with NHS doctors was important but that matching the award to the NHS would not be enough, arguing that given the number of DMS doctors, it would not cost a 'large sum' to give a meaningful pay uplift; and
- that the value of doctors was not recognised and that the workforce was struggling because of shortages.

5.23 As part of the context, the BDA highlighted to us the situation in NHS dentistry and that the recruitment and retention crisis had deepened since last year.

### *Workforce issues*

5.24 MOD told us that clinical workforce levels were fragile and that the situation was compounded by increasing demand for medical capability in a number of areas. MOD explained to us that even where cadres matched the requirement, these figures might not reflect the additional tasking. As a result, personnel were having to cover multiple roles or consecutive deployments, a situation made worse by the small numbers in specialist cadres.

5.25 MOD explained to us that there were measures in place to address workforce shortages, including Golden Hellos to attract qualified consultants. MOD also said that DMS was developing a strategic workforce plan to enable greater resilience in the clinical workforce and would review whether there was a need for additional short-term retention incentives, with a return of service, to manage outflow in key and pinch-point cadres.

5.26 The MOD paper indicated that outflow in the DMS Officer cadre increased from 5.6% in 2020-21 to 6.3% in 2021-22. Over the same two years, MOD advised that Voluntary Outflow among Medical Officers (MO) was 3.4% (up from 2.9%) and for Dental Officers (DO) was 6.2% (up from 3.4%). MOD said that anecdotal evidence suggested that some personnel had remained in service to provide support during the pandemic but had now left. This led to an unusually high level of outflow in the first half of 2022-23. DMS noted a particular issue around OF-4 (Lieutenant Colonel and equivalent) personnel who leave military service to start a second career with more stability, less turbulence and similar or more pay. MOD also told us that at the time of presenting evidence to us the key issue affecting retention was pension taxation.

5.27 MOD told us that MODOs at OF-5 had moved to UCM Med in December 2022 and that other cohorts in scope would move over in July 2023.

- 5.28 In their discussion on workforce issues, the BMA told us that the continued suppression of pay had left doctors feeling undervalued and dejected. Building on this point, the BMA told us that workforce shortages and the demands placed on personnel caused a work/life imbalance. The BMA highlighted a number of areas where there were shortages of both Regular and Reservist consultants. The BMA also told us that, given the world-wide shortage of doctors, MOs did not have to look very hard to find alternative employment at rates that better reflected their value.
- 5.29 The BDA said that Defence would continue to compete for dental graduates who could move between dental employment sectors during their career. The BDA told us that it was only the inclusion of the X-Factor that made the reward package attractive to prospective DOs. The BDA argued that the pay offer must remain attractive if Defence is to attract and retain the highly motivated individuals that it required.

### *Pay comparability*

- 5.30 In last year's Report we confirmed that our secretariat, supported by MOD, had commissioned research from Incomes Data Research (IDR) to identify appropriate NHS benchmarks for different MODO roles, with a particular focus on General Medical Practitioners (GMP) and General Dental Practitioners (GDP). We noted that the BMA and BDA had participated in the early stages of the comparability research. We also explained that we anticipated that the outcome of the research would form an important part of our considerations for MODO pay in the current round. The IDR pay comparability report was published on 18 October 2022 alongside analysis by our secretariat regarding take home pay comparisons for MODOs<sup>56</sup>.
- 5.31 MOD discussed the IDR report in its written evidence to us. In doing so, MOD highlighted that the research was unable to identify suitable comparators for all roles. Where it did, MOD suggested that there were instances where the additional clinical or managerial roles that military personnel undertake were not considered. MOD concluded that that the IDR comparators provided a helpful starting point for the comparison between NHS and military doctors and dentists. The report highlighted both differences and similarities between the two groups.
- 5.32 In terms of pay, the IDR report concluded that gross pay (excluding X-Factor) for consultants was significantly below the civilian comparators (circa 30%) and up to 24% below when including X-Factor. Accredited doctors and trainees were also paid less than their civilian comparators for the most part, although when X-Factor was included, this changed to 0-3% higher for GMPs. The exception to this was the comparison with OF-3 salaried GMPs, where pay was significantly above the civilian

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<sup>56</sup> IDR (2022) *IDR Pay comparability study for MODOs* (online) and OME (2022) *Take-home pay comparisons for medical and dental officers* (online) Available at: <https://www.gov.uk/government/publications/pay-comparability-for-medical-and-dental-officers-in-the-armed-forces> [Accessed 25 May 2023].

counterpart. The analysis of take-home pay showed that the value of the MODO remuneration package increased significantly relative to its NHS comparator in each case, due to the absence of pension contributions in the armed forces.

5.33 MOD said that while military dentists appeared to be paid at a higher level than their civilian comparators, the pay comparator was not considered to be sufficiently accurate. MOD noted that IDR had recognised that there were fundamental issues regarding the lack of comprehensive dental earnings/salary data in the civilian sector.

5.34 The BMA also discussed the IDR report and explained to us that it had a number of concerns. In summary, it assessed that the pay comparability situation was worse than captured by the research. Its main concern related to the use of an 'average NHS' comparator because:

- MOs worked above average hours on a combination of their clinical roles and the additional responsibilities required of them (military tasks, training or administration);
- MOs were required to obtain and maintain additional skill sets that included everything required of civilian comparators, combined with a wider scope of practice required for deployed roles; and
- MOs take on responsibilities of a kind that do not routinely arise in NHS practice.

5.35 The BMA also highlighted issues relevant to junior doctors resulting both from discrepancies in the pay scale and career delay. The BMA said that this was associated with the Service requirement for MOs to undertake a period as a general duties MO, and meant that Service doctors were worse off when compared to their medical school contemporaries. The BMA also asked for changes to be made to the non-accredited pay scale to ensure that those not promoted to OF-4 were not disadvantaged. We invite MOD to investigate these issues and to consider these as part of their proposed review of MODO pay.

5.36 The BDA commented on the pay comparability work and urged us to be cautious in our approach to the findings. Specifically, that we should be cognisant of annual remuneration available across the dental profession among those providing some NHS dentistry. In discussing its concerns on the IDR methodology, the BDA accepted that identifying a comparator was challenging, especially at OF-5 level given the wider responsibilities inherent in more senior appointments. In summary, however, the BDA presented to us calculations that seemed to show that adjusted salaries (excluding X-Factor) lay behind those of age matched civilian peers.

### *Way forward on pay comparability*

5.37 MOD said that it was essential that DMS continued to be an attractive place to work for military clinical personnel. In considering how the benchmarking work should be taken forward, MOD said that it had considered a number of options and that it would progress the following strands of work:

- investigation into the use of Financial Retention Incentives (FRIs), for pinch-point groups;
- measures to improve the non-remunerative offer to MODOs;
- the possible introduction of responsibility allowances for specific roles which carry a far higher level of responsibility than other roles at the same rank;
- a wide-ranging review of the MODO bespoke pay spine to consider whether it remained fit for purpose; and
- increases to Trainer Pay and Clinical Excellence Awards (CEA) (see below).

5.38 We note that the BMA also called for a new analysis of civilian and armed forces' pay comparators to be used as a basis for discussion in next year's pay round. In oral evidence the BMA told us that they thought that the work on pay comparators to inform a previous Medical Manning and Retention Review had been a good approach<sup>57</sup>.

5.39 Despite our expectation that the IDR work would provide a basis for this year's pay recommendations, it will now be the foundation for further work. We were encouraged to learn that progress had already been made on the work to review the MODO pay spine. We invite MOD to ensure that the BMA and BDA are engaged in this work. We also encourage MOD to maintain regular communication with MODOs who might have expected to see a conclusion to the pay comparability analysis this year. We look forward to receiving evidence from all parties, informed by the outcome of this review, for next year's pay round.

### *This year's pay award*

5.40 MOD stated that pay for MODOs should be aligned with our main pay recommendation. MOD told us that it considered it appropriate that MODOs remained aligned with military colleagues rather than those in the DDRB remit group, given the focus on military force generation and occupational health, as well as additional military training and responsibilities. In oral evidence DMS asserted that personnel joined the Services because they wanted to serve and that it was right to think of them as part of our main remit group for pay purposes.

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<sup>57</sup> For more information on the Medical Manning and Retention Review see *Hansard* (online) Available at: <https://api.parliament.uk/historic-hansard/written-statements/2002/nov/19/medical-manning-and-retention> [Accessed 25 May 2023].



- 5.41 In discussing this year's pay recommendation, the BMA emphasised its concern about pay erosion and argued for an above inflation pay increase. The BMA told us that pay parity should be a necessary consideration for us and that while it understood the MOD's 'all of one company argument', there was the issue of clear competitors when considering the retention of medical personnel. The BMA highlighted our terms of reference, in particular for our recommendation to recruit, retain and motivate suitably able and qualified people. Furthermore, the BMA noted the requirement in this year's remit letter for us to have consideration for the government's inflation target, but suggested to us that our recommendation should be based on need, rather than cost.
- 5.42 In explaining its concern about pay erosion, the BMA told us that 92% of armed forces' doctors were concerned about this and that it was having an impact on recruitment, retention and morale. The BMA explained that even if pay erosion was common across all (DMS and NHS) doctors, this equivalence should not be relevant to our considerations as these factors were prompting NHS doctors to consider industrial action.
- 5.43 The BDA told us that it was calling for an above inflation increase as measured by the Retail Prices Index plus 5% for all dentists to reverse the effect of differences in pay recommendations between ourselves and the DDRB and also to reflect average incomes in the civilian dental sector.
- 5.44 We have considered the representations made regarding the pay of MODOs. We note that MOD has again argued for MODOs to be treated as 'all of one company' with other Service personnel in the annual pay award. We observe that MODOs are on different terms and conditions of service to comparator NHS personnel and receive benefits, including the additional payment of X-Factor, non-contributory pension arrangements and access to subsidised accommodation, not available to those in the NHS.
- 5.45 We considered carefully the arguments presented by the BMA and BDA. We were struck by points made on our visits about how Service MODOs can be disadvantaged in pay terms in comparison with their civilian contemporaries and how reductions in the Service personnel workforce were placing greater pressures on those that remained. We note the BMA and BDA perceptions about the relative levels of pay between Service and NHS personnel and hope that these will be rigorously addressed in the review of the MODO pay spines.
- 5.46 In conclusion, we emphasise the very valuable role played by Service medical personnel. This is recognised in the bespoke pay arrangements that ensure that Service doctors and dentists are paid substantially more than other armed forces personnel of similar rank. We agree that it is timely for MOD to review these pay spines, in consultation with the professional bodies. But in terms of the annual pay award, we accept MOD's argument in favour of an 'all of one company' approach. For 2023-24 we recommend treating MODOs in line with our main remit group: Chapter 3 sets out the detailed consideration of our recommendation.

**Recommendation 10: We recommend that rates of base pay should increase by a consolidated uplift of 5% for all ranks within the MODO cadre, with a consolidated increase of £1,000 for all full-time UK Regular personnel and a pro-rata increase for other cohorts from 1 April 2023.**

### *Other payments*

5.47 We were asked to consider an increase in the rates of CEAs and Trainer Pay.

- MOD explained that CEAs were used as a retention incentive for consultants and academic General Practitioners who are delivering an impact over and above the job plan to enhance military outputs. The DMS scheme used to mirror the Department for Health and Social Care national CEA scheme, but MOD noted that this scheme had undergone significant change in the last year. MOD, therefore, told us that the DMS scheme would be reviewed and updated to reflect the NHS changes. Consistent with comments in our previous reports, MOD told us that it had been working towards making a reduced number of awards but, in line with the NHS proposals, now intended to look at making a higher number of lower value awards. In the meantime, MOD invited us to agree that the CEAs should increase up to the level of the main pay award. The BMA told us that there had not been an increase in CEAs since 2018 and asked that we consider the erosion in the value of CEAs in this year's recommendation.
- MOD confirmed that Trainer Pay is paid to practitioners who support the educational and clinical development of MODOs in training. The MOD invited us to recommend that Trainer Pay should increase up to the level of the main pay award. The BMA noted that there had not been an uplift in the rates of Trainer Pay since 2019. It requested that we make above inflationary increases to counter the years of pay freeze.

5.48 Taking into account the evidence received, we recommend increases to both CEAs and Trainer pay of 5.8%. As explained in Chapter 3, this figure is the rate that we are recommending for Recruitment and Retention Payments and compensatory allowances and matches the level of award recommended for the most senior ranked personnel on the main pay scale.

**Recommendation 11: We recommend that the value of Clinical Excellence Awards should increase by 5.8% from 1 April 2023.**

**Recommendation 12: We recommend that rates of Trainer Pay should increase by 5.8% from 1 April 2023.**

### *Other issues raised in evidence*

- 5.49 The BMA asked us to revert to the previous practice of submitting a supplementary report on MODOs pay so that we would be able to take account of the recommendations of the DDRB in making our recommendations<sup>58</sup>. We note that when our predecessors said that MODOs would be included in our main report, they said that it was important that MODOs were seen as part of the overall remit group and that this proposal was supported by both the BMA and BDA during oral evidence<sup>59</sup>. As a result, they said that the Armed Forces' Pay Review Body would, under normal circumstances, submit recommendations for MODOs alongside the rest of the armed forces. However, they said that the situation would be kept under review. At the present time, we assess that there is no reason to change these arrangements.
- 5.50 The BMA asked us to challenge MOD about the fact that MODOs are unable to claim back their professional subscriptions. MOD had previously told us that the bespoke pay spine for MODOs included an allowance for such subscriptions, as was the case for all such bespoke pay spines in Defence. We asked MOD to investigate this point further and were told that the pay spine did account for the external equivalence, pay and costs specific to each group. MOD also said that such amounts were not reimbursed in the NHS. However, MOD said that the fees were deductible against income for tax purposes and that any deviation from this policy for a specific cohort could have unintended benefit-in-kind tax implications. However, MOD did confirm that subscriptions would be in scope of the review into the MODO pay spine.
- 5.51 The BMA also told us that the rates of pay in the current MODO pay scale included a tapered rate of X-Factor which reflected the expectation of timed promotion to OF-5. The BMA suggested to us that, as there was now a move away from timed promotion, it would be appropriate to look at the application of the taper. **We invite MOD to investigate this and to report back to us on this in evidence for next year's round.**
- 5.52 We note that, as in previous years, the BMA commented on the methodology for calculating Reservists' pay<sup>60</sup>. We have raised this with MOD in the past but observe that this is an issue that goes beyond the pay of medical Reservists. We note in Chapter 3 that MOD is looking at the pay of Reserves and suggest to MOD that the payment methodology should be reviewed and confirmed as part of this work.

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<sup>58</sup> The last supplementary report was published in 2017. See AFPRB Supplement to the 46th Report (2017).

<sup>59</sup> See footnote 58.

<sup>60</sup> The BMA asked that the divisor for calculating the medical reservists' daily rate of pay change to 220 from 365.

5.53 As in previous years, parties highlighted to us the issues relating to pension taxation and the extent to which this was affecting morale and retention. However, we note that, since submitting evidence to us, the government has abolished the pension taxation Lifetime Allowance and has increased the Annual Allowance from £40,000 to £60,000. We are aware that for many it was the Annual Allowance that was the cause of dissatisfaction. We ask that MOD, BMA and BDA monitor the effect of the change on the remit group and provide us with an update in evidence next year.



## Chapter 6

# ACCOMMODATION AND FOOD CHARGES

### Introduction

- 6.1 Under our terms of reference we are required to recommend charges for armed forces personnel. These include accommodation charges, garage and carport rents and the Daily Food Charge (DFC).
- 6.2 The Ministry of Defence (MOD) told us that subsidised accommodation is offered to Service personnel in recognition of their inherently mobile careers and frequently remote bases and that it was an important part of the overall offer. MOD was required to assure HM Treasury (HMT) that the subsidy was proportionate and justified.
- 6.3 MOD assessed that Service accommodation offered excellent value for money for personnel of all ranks as a result of the subsidy. The monetary value of the Service Family Accommodation (SFA) subsidy was between 43% and 73% depending on type of accommodation occupied. The Single Living Accommodation (SLA) subsidy for a 'Grade 1 for Charge' en-suite room compared with the median private rental for a room stood at between 45% and 80%.
- 6.4 MOD explained to us that it expected to make changes to accommodation policy both because of the Future Accommodation Model (FAM) (discussed further below) and potentially arising from the Haythornthwaite Review of Armed Forces Incentivisation. We invite MOD to keep us informed of developments.
- 6.5 In previous reports we have said that the standard of some Service accommodation, particularly for single personnel, was unacceptable. This remains the case. We continue to be very concerned that substantial numbers of Service personnel have no choice but to live in profoundly unsatisfactory conditions. We know that MOD recognises this, but we have also been told that remediation could cost some £2-2.4 billion, and that funding at this level has not so far been identified.

### Service Family Accommodation

- 6.6 MOD controls around 52,000 SFA properties worldwide, of which 47,883 are in the UK. Most of the UK homes (37,068, all in England and Wales) are leased from Annington Homes Ltd with the remainder MOD owned, Private Finance Initiative funded, or sourced from the open market.

- 6.7 In written evidence, MOD told us that the 1% cap on accommodation charges last year had affected investment in the estate. MOD said that funding for works services across the SFA estate in financial year 2022-23 totalled £175m, with work focussed on three key areas:
- improving the condition of SFA, with a focus on modernity, damp and mould, and thermal efficiency;
  - improving sustainability, with a focus on alternative heat sources and energy efficiency; and
  - improving the environment, with a focus on estate upgrades to play parks and road infrastructure.

#### *Accommodation standards and energy efficiency*

- 6.8 MOD assessed the condition of SFA using the Department for Levelling Up Housing and Communities' Decent Homes Standard (DHS) and allocated SFA at or above this standard. However, it recognised that the DHS standards were published over a decade ago. MOD advised that it was using an enhanced measure, DH+, and as of April 2022 some 88% of SFA met this standard.
- 6.9 In written evidence, MOD told us that as of 1 April 2022, 46,250 SFA in the UK (96.5% of their stock) met or exceeded the requirement introduced in 2018 for homes to have a minimum Energy Performance Certificate (EPC) rating of 'E'. The median across the SFA estate equated to EPC 'C'. In comparison, the median rating across all housing types in England and Wales was a 'D'. MOD told us that in financial year 2022-23 the investment programme included the provision of new boilers to 600 properties, 1,200 properties with new roofs, 1,740 with new doors and windows, and 900 with full external wall insulation. MOD assessed that this work would increase thermal efficiency, reduce utility bills, decrease the occurrence of damp and mould, and help to reduce the MOD's carbon footprint.
- 6.10 We asked MOD to confirm that the £400 Energy Bill Support Scheme announced by the UK government in May 2022 was applicable to the majority of those in SFA with direct contracts with energy suppliers. MOD confirmed that this was the case. However, MOD said that the minority of personnel living in SFA who used energy supplied by MOD would not be disadvantaged because the price set by MOD was below the price cap.

#### *Service feedback on Service Family Accommodation*

- 6.11 During our visits we were again able to see first-hand the variations in the condition and quality of SFA and found some of the accommodation to be of an unacceptable standard. Issues raised during our visits programme in relation to SFA were similar to issues heard in previous years, and included:
- poor maintenance;
  - poor insulation meaning Service personnel were faced with higher electricity bills;

- quality problems including holes in the roof, damp and dilapidated buildings, black mould, issues with hot water and limescale; and
- the allocation of accommodation based on personal status.

### *Future Defence Infrastructure Services*

- 6.12 MOD told us that the Future Defence Infrastructure Services (FDIS) contracts had come into effect on 1 April 2022. Performance against the contracts had been significantly below the required level for repairs and maintenance. This had led to increased dissatisfaction among Service personnel and their families. MOD said while the contracts were designed to deliver significant benefits for families, development and testing of information technology system interfaces meant that full operating capability would be achieved by January 2023. In their written evidence, MOD recognised that the delivery of the contracts was below the acceptable level. Their key focus was driving improvement on ‘fix first time’, maintenance response time and performance on accommodation move-ins. MOD said that the position was improving and that the change sought under FDIS would take time to deliver, as would a change in culture aligned with a ‘Family First’ approach. We were also told that suppliers would be held to account for the provision of an acceptable level of service across all areas of delivery under FDIS.
- 6.13 We heard multiple comments about the new FDIS contracts during our visit programme. We were told that there were issues around contract transition, including records of jobs disappearing. We also heard about contractors turning up to do jobs unannounced, poor communication and the lack of information once a job was allocated. There were also complaints about the time taken to complete jobs. In addition, when we met the Service Families’ Federation (SFFs) in November 2022, we were told that FDIS was the main issue being reported to them. The transition to FDIS had promised a lot and people were feeling let-down. We were also told that where properties were not well-maintained, people felt undervalued and ignored.
- 6.14 These issues were reflected by the 2022 Armed Forces Continuous Attitude Survey (AFCAS). This showed an increase in dissatisfaction with the response to requests for maintenance/repair relating to SFA from 47% to 53% and dissatisfaction with the quality of maintenance/repair work on SFA from 50% to 56% when compared to the AFCAS 2021 results. The 2022 Tri-Service Families Continuous Attitude Survey, published in July 2022, showed decreases in satisfaction with responses to requests for maintenance/repair from 38% in 2021 to 29% in 2022, and the quality of maintenance/repair work from 31% in 2021 to 26% in 2022.
- 6.15 During oral evidence, the Defence Infrastructure Organisation (DIO) acknowledged that there had been shortfalls in performance against the FDIS contracts. They assured us that the situation was improving, with significant progress made since Christmas 2022. Not only had the number



of maintenance tasks reduced, but the call-time for those ringing the Pinnacle service centre had fallen to an average wait time of 11 seconds. DIO also told us that, along with the single Services, it was looking at ways to gather feedback on the service being provided and that fewer surveys and more visits would be conducted.

### *Our comment on Service Family Accommodation and Future Defence Infrastructure Services*

- 6.16 We believe that the quality and good repair of housing is a key driver of overall satisfaction with Service life. Given this, the sub-optimal performance of the new FDIS contracts has been a particular area of concern for us. Feedback from our 2022 visits was consistent: FDIS had to-date failed to deliver on the early promise of improved maintenance response times, a view echoed in oral evidence from the SFFs.
- 6.17 We share the frustration and disappointment felt by Service personnel and their families and continue to believe that this is an element of the offer which needs greater focus and investment. It remains a key barometer by which personnel measure the commitment of their employer to their wellbeing and that of their families. Given this, we were encouraged by the oral evidence provided by DIO. Although DIO acknowledged there was further to travel, we accept that the evidence suggests there is perhaps reason to be optimistic that progress was being made towards achieving the Key Performance Indicators for FDIS.
- 6.18 We sense that DIO leadership is adopting a more engaged and proactive approach with site and provider visits helping to improve understanding and insights into the challenges of FDIS. We note that significant efforts were being made to change the culture of accommodation provision for the better and a move to a greater focus on the care of Service personnel and their families. This marked a distinct and positive departure from the historic 'fix-on-fail' approach. We believe that, if followed through with process and cultural changes across the whole DIO and provider supply-chain, then this preventative approach could materially improve the experience of Service personnel.
- 6.19 However, we are mindful that delivering the promise of FDIS only addresses the maintenance challenges experienced by our remit group. There remains a wider question as to whether planned levels of investment in SFA and SLA, either by DIO or individual Top Level Budgets is adequate to address the deeply embedded issues of the standard of accommodation in some locations. We are pleased that MOD is prioritising work to improve thermal efficiency and the objective of achieving DH+ is a positive move. However, our discussions on visits have indicated that there is a gap between Service personnel's legitimate expectations and the standards of accommodation being provided. This challenge may be exacerbated by wider environmental and societal changes in standards and expectations.

6.20 While our 2022 visits programme highlighted some good recent developments, it is clear that some SFA is simply not fit for purpose. It is these poor examples of housing that quite often colour individual and family perceptions of the attractiveness of the offer and their sense of whether their Service cares for them. For this reason, through 2023-24 we will continue to monitor closely FDIS performance and the roll-out of wider investment plans. We will continue to call out both the good and bad and the impact we believe it has on the motivation and morale of our remit group.

### *Service Family Accommodation rental charges*

6.21 Since April 2016 SFA has been graded by the Combined Accommodation Assessment System (CAAS). Charges are based on assessment of three factors: condition (measured against the government's DHS), scale (size according to entitlement), and location. MOD also told us that the long-term strategy for SFA accommodation charges has been to ensure that CAAS Band A charges were comparable with the costs faced in the private rental market, less a discount which reflected the disadvantages of living in Service accommodation. MOD also referenced the AFCAS saying that 64% of personnel were satisfied with the value for money offered by occupying SFA.

6.22 We note that SFA is subsidised compared to equivalent properties charged at private rents. We believe that Service accommodation charges should be fair, recognising the disadvantages faced by Service personnel compared with their civilian equivalents including, for example, that Service personnel can be required to move regularly and, at times, at short notice with little choice. We support the continuation of a significant subsidy for Service accommodation. MOD also made clear to us, and we agree, that the subsidy should not be used to compensate for any failures in the provision of maintenance which should be addressed through separate processes.

6.23 To inform our recommendations, we have traditionally used the annual November Consumer Prices Index (CPI) actual rentals for housing component. For this pay round, at November 2022 this figure was 4.5%<sup>61</sup>. We note that last year the MOD informed us that the Secretary of State for Defence had directed that accommodation charges should be capped at 1%. MOD said that this was a one-off measure to ameliorate the sharp rise in the cost of living, with the expectation that from 2023 accommodation charges would be determined in line with the methodology previously endorsed by the Armed Forces' Pay Review Body. MOD asked that we revert to recommending an uplift in SFA charges based on the November CPI actual rentals for housing component. MOD additionally advised us

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<sup>61</sup> ONS (2023) *CPI Annual Rate* (online) Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7gq/mm23> [Accessed 25 May 2023].

that it intends to apply a rebate equivalent to the uplift in charges for Service personnel in SFA under FDIS for financial year 2023-24 only in recognition of the sub-optimal performance of FDIS on maintenance.

- 6.24 In oral evidence with the DIO we questioned the feasibility of the proposition to offer personnel in SFA affected by FDIS a rebate. DIO responded that it was confident that the funding would be available, drawing on provision from contract financial penalties.
- 6.25 We have carefully considered the evidence presented to us. Noting the planned rebate, we recommend an increase to the CAAS Band A rental charge of 4.5% in line with the CPI actual rentals for housing component of CPI. This recommendation will affect the rents of lower bands differently, as they are set in descending increments of 10% of the Band A rate. This recommendation will apply to the rental charge for both furnished and unfurnished properties.

**Recommendation 13: We recommend that, consistent with our usual procedure, SFA CAAS Band A charges should increase by 4.5% (in line with the CPI Actual Rents for Housing Component at November 2022) from 1 April 2023. This recommendation will affect the rents of lower bands differently, as they are set in descending increments of 10% of the Band A rate.**

### *Furniture charges*

- 6.26 The rental charge for furniture is separate from the accommodation charge (meaning all SFA is 'let' as unfurnished). There is one level of furnished or part-furnished charge for each type of SFA. MOD said that furniture will remain available to Service personnel in SFA. As with accommodation charges, we have traditionally used the annual November CPI actual rents for housing component figure to uprate furniture charges and are content to continue with this methodology.

**Recommendation 14: We recommend that furniture charges (for all SFA types) should increase by 4.5% (in line with the CPI Actual Rents for Housing Component at November 2022) from 1 April 2023.**

### **Single Living Accommodation**

- 6.27 MOD told us that on 1 April 2022 there were 80,727 occupied SLA bedspaces of which nearly 18% were at Grade 1 (the highest standard) with 34% at Grade 4 and 3% below Grade 4. MOD also told us that the Single Living Accommodation Management Information System (SLAMIS) was being rolled out across all UK sites and that, as at 16 September 2022, 42 sites had been completed, with a further 56 in progress.

6.28 MOD told us last year that a Defence Minimum Standard (DMS) for SLA was being developed. This year MOD provided an update and told us that the DMS had four aims which included the promotion of accommodation equity across all ranks through establishing and defining a minimum standard.

6.29 MOD reported that the DMS was agreed in June 2022 and assessment of the SLA estate would be completed by April 2023. At the time of writing, we were waiting for MOD to confirm if this had been achieved. MOD told us that the DMS focused on the core needs of Service personnel across eight themes: safety and compliance, lighting, security, water supply and drainage, windows and ventilation, thermal comfort, ablutions and sleeping provision. MOD also noted that SLA must provide a living environment for Service personnel who call their room their home, as well as those that use it as a bed for the night.

6.30 In this year's written evidence MOD reminded us that the funding for SLA is held by the single Services who are also responsible for setting the priorities for expenditure. MOD provided us an update on each of the single Service programmes for SLA.

- For the Royal Navy the most pressing priority was to assess all of the SLA estate (some 21,250 bedspaces) against the DMS by December 2022 to inform investment priorities.
- The Army was replacing with new builds or conducting major refurbishment of 16,500 SLA bedspaces to bring all of the Army's SLA up to a good standard.
- The Royal Air Force was investing in new build SLA at eight units to deliver around 2,100 bedspaces. In addition, it was replacing or refurbishing some 13,000 Grade 3 and 4 bedspaces by 2033 at a cost of £943m.
- UK Strategic Command had eight major projects delivering SLA. Three of these projects were valued at £63m and were providing bedspaces to accommodate Service personnel supporting new capability, whilst five were upgrading around 700 of the poorest condition SLA to Grade 1 at a cost of £114m.

### *Service feedback on Single Living Accommodation*

6.31 In their written evidence, MOD informed us that a survey of SLA Lived Experience had commenced in Spring 2022 and the results were published in September 2022<sup>62</sup>. MOD told us that this data would inform priorities for SLA-related work.

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<sup>62</sup> MOD (2022) *Single Living Accommodation Lived Experience Survey 2022* (online) Available at: <https://www.gov.uk/government/statistics/single-living-accommodation-lived-experience-survey-2022> [Accessed 25 May 2023].

6.32 The key points from the survey are as follows:

- 60% of personnel selected quality as the most important factor regarding SLA in comparison to choice (7%), cost (6%), and value for money (27%);
- 70% of personnel were satisfied with the welfare provision on site compared to 66% satisfaction with convenience of SLA, 65% satisfaction with lighting and 57% satisfaction with parking facilities;
- 63% of personnel were dissatisfied with current snack preparation facilities, 61% were dissatisfied with the response to requests for maintenance/repair and 54% were dissatisfied with WIFI provision;
- 46% of personnel were satisfied with the amount they paid per month for their SLA compared to 30% who were dissatisfied;
- Service personnel prioritised having enhanced cooking facilities (61%) and an ensuite in SLA (67%) to feel that they were getting value for money;
- 65% of personnel would prefer a full shared kitchen with no/limited access to dining facilities in associated messes, whereas 30% of Service personnel would prefer a snack preparation area with access to dining facilities in associated messes. Only 5% of Service personnel would prefer dining facilities as provided now in associated messes and no snack preparation facilities;
- Service personnel were fairly evenly split between those who used and did not use the dining facilities available at their base to purchase and eat meals; and
- 49% of personnel said their experience of SLA had no impact on their intentions to stay or leave the armed forces. 9% of personnel said SLA increased their intention to stay in the armed forces and 34% of personnel said SLA increased their intentions to leave the armed forces.

6.33 The condition of SLA was raised during our visits and the issues raised were similar to those discussed with us in previous years, including blinds not being provided, broken furniture and appliances, vermin, lack of hot and cold water, poor heating and ventilation, and lack of cooking facilities. We were also told that some of the newer accommodation was already viewed by Service personnel as outdated and was being downgraded.

#### *Our comment on Single Living Accommodation*

6.34 We regard it as profoundly unsatisfactory that so many shortcomings remain with SLA. This reflects many years of under investment. While we recognise that MOD is now attaching a higher priority to these very serious failings, we urge the department to give a sustained high priority to addressing them and to do so at pace.

### *Single Living Accommodation rental charges*

- 6.35 In their evidence this year, MOD acknowledged our longstanding concerns with SLA. MOD recommended a continued tiered approach to SLA charge increases while work to assess the estate against the newly defined DMS was undertaken and SLAMIS data matured. MOD also added that the cost of SLA to the Service person continued to be considerably cheaper than all other forms of accommodation, and for those in SLA of the highest condition presented excellent value for money and an important part of the accommodation offer.
- 6.36 MOD told us that, while SLA does not have a direct civilian comparator, it had used the Private Rental Market Summary Statistics in England from the Office for National Statistics for financial year 2021-22, as well as a survey by Unipol and the National Union of Students undertaken in 2021 to assess SLA against private rents. MOD told us that it had calculated that Grade 1 SLA rent was subsidised by between 45% to 80%.
- 6.37 In written evidence, MOD also told us that it had considered alternative charging strategies for SLA, including the possibility of aligning increases in charges to the social rental cap. However, on balance, MOD said that it concluded that the actual rentals for housing component of CPI remained the best benchmark.
- 6.38 We recommend that, from 1 April 2023, there should be a tiered/ graduated uplift to SLA charges (in line with the usual tiering framework) with an increase of 4.5% for Grade 1 with the smallest increase applied to the lowest standard of accommodation, reflecting the unacceptable nature of many of the properties.

**Recommendation 15: We recommend, that SLA rental charges for Grade 1 should increase by 4.5% from 1 April 2023, and increases of 3% to Grade 2, 1.5% to Grade 3 and no increase to Grade 4 accommodation.**

### **Other charges**

- 6.39 We are also responsible for recommending garage rent. To maintain consistency with other accommodation charges, we recommend that, from 1 April 2023, charges for standard garages and carports should increase by 4.5%, with no increase for substandard garages and substandard carports.

**Recommendation 16: We recommend that, from 1 April 2023, charges for standard garages and carports should increase by 4.5%, with no increase for substandard garages and substandard carports.**

6.40 Historically, we have noted that increases to the non-rental element of the accommodation charge (water rates and utility charges where applicable) are excluded from, and additional to, our recommendation for the rental element of the accommodation charge. This year, MOD updated us on their approach to water rates and explained that since 2000, water rates have been calculated by aligning the Water Services Regulation Authority forecast weighted national household average water bill to SFA Type C properties, with a taper applied according to the size of the SFA. The SLA charge is one third of the SFA Type C figure. MOD also advised that the water rates calculation was based on the previous financial year and that the increase for 2023-24 would be around 1.7%. We are content that water rates should continue to be uplifted in line with changes to the national averages. MOD also told us that in 2022-23 the average daily charge for water in SFA was £1.25 (£456.25 a year) and for SLA was £0.42 a day (£153.30 a year).

## Other accommodation issues

### *Future Accommodation Model*

6.41 MOD updated us on the Future Accommodation Model (FAM) and told us that it hoped that the policy would be rolled-out from 31 October 2023 and that it would include:

- wider entitlement to recognise Service personnel in established long-term relationships and those with child visitation of greater than 80 nights a year;
- a needs-based allocation for all Service personnel in family subsidised accommodation and, where there was insufficient SFA to meet demand, provision of a rental payment to enable personnel to source a home from the private rental sector; and
- entitlements for single Service personnel without dependents to access a range of accommodation types.

6.42 This year's visits programme included visits to two FAM pilot sites: Faslane and Aldershot. Generally, Service personnel told us that they were impressed with what was claimed for FAM, but were sceptical about its delivery.

6.43 We will watch the roll-out of FAM with interest and, in particular, how the policies around private home ownership or rental play out in the current economic climate and against the backdrop of an increase in mortgage rates. We note that the policy appears to address current inequalities in accommodation provision based on marital status. We see the potential advantages to some Service personnel in a needs-based approach. **We are also aware that it may be disruptive and demoralising for others, particularly for those in traditional families, who may lose established entitlements. We urge MOD to manage these changes with great sensitivity.**

### *Forces Help to Buy*

6.44 In last year's Report, we asked MOD to provide us an update on Forces Help to Buy (FHTB). MOD told us in this year's written evidence that a case had been submitted to HMT to enshrine FHTB into policy. MOD told us that since the launch of the scheme, there had been a statistically significant increase in Service personnel home ownership of around 16% (44% of personnel reported being homeowners in AFCAS 2014 compared to 51% in AFCAS 2022). FHTB was raised during the visits programme and was generally seen as positive.

### *Overseas living*

6.45 During our visits programme this year we met Service personnel and their families in the United States and Kenya. We welcomed the opportunity to learn more about their experiences of living overseas and some of the specific issues they faced. We recognise that our visit to the United States coincided with exchange rate issues which added significantly to the price of goods. Furthermore, in the United States we heard that there was no dedicated SFA and that properties were rented locally. This can be a particular challenge where there is high demand and limited properties available within specified prices and preferred locations. In Kenya we heard concerns about the provision of local services and about the cost of moving overseas. Across both locations we heard about the difficulty spouses have finding employment and the effect of this on household finances. In addition, there were comments about the pace at which MOD adjusted allowances (including travel allowances) to reflect local conditions. **We encourage MOD to find more responsive mechanisms so that Service personnel and their families overseas do not experience difficulties when allowances fail to compensate for changes in market prices or rapid exchange rate variations.**

## **Food**

### *Daily Food Charge*

6.46 In previous years we have noted that the setting of the DFC has been delegated to MOD, based on an agreed methodology. This year MOD informed us that the Secretary of State for Defence had, for a second year, directed that there should be no increase to the DFC while inflation remained high. We were also told that MOD would cover the shortfall in funding resulting from the freeze so that there was no resultant financial pressure on the contractors responsible for the provision of food. Therefore, we make no comment on food charges. **However, we invite MOD to keep us informed of developments in this area and to let us know when it plans to revert to an arrangement for reviewing and setting food charges.**



## *Food provision*

- 6.47 On our visits this year we again heard comments about the poor provision of food. This related to quality, quantity, and lack of choice, and to serious inadequacies in the mess buildings and other infrastructure. We have highlighted in previous reports our serious and enduring concerns about the poor quality of much of the catering offered to Service personnel. We were able to sample food ourselves on our visits and at some locations experienced first-hand the failings that led to complaints.
- 6.48 Last year MOD told us about the *Delivering Defence Dining Quality Report*. We were encouraged that this identified many of the issues noted by us about the provision of food, such as poor quality, lack of nutrition, inflexibility, contractor related issues and the key, but often missing, value placed on the social aspect of food. We were also encouraged that it highlighted that MOD needed to make wholesale changes in the way that Service personnel are fed in the future. We noted that the Report recognised that the arrangements for the provision of food were not fit for purpose and challenged Defence to acknowledge these failings and commit to speedy and radical change. Over the course of the year, we have maintained pressure on MOD not only to share its plans with us for improving catering provision but to take steps to implement these at pace.
- 6.49 We were pleased to be invited to see a trial of the 'Army Eats' initiative at Keogh Barracks in Aldershot. The members that visited felt that this was an excellent example of the art of the possible. They were struck that the look and feel of 'The Eatery' was more akin to a vibrant, busy high street café than a Service canteen, with modern fittings, food on view and a range of seating areas. We were told that the trial had taken a holistic approach to the provision of food, involving all stakeholders, including those responsible not just for food but for the wider infrastructure. Good relations with the contractors had been developed and were seen as key to success.
- 6.50 The team leading the trial told us that they had been able to drive out costly inefficiencies in the provision of food. Since so few people took the core meal this was not now being provided at Keogh Barracks. We also noted that an app was being used to enable people to pre-order food, providing the ability for food to be prepared to order. We were told that the footfall in the trial site had increased significantly. Customer surveys showed that the high quality of the environment was seen as equally important as the high quality of food. Indeed, those of us that visited were impressed by the significant range and high quality of the food on offer. We felt that this trial showed what is possible with a little imagination and flexibility in the application of regulations surrounding the provision of food and contractor relationships.

6.51 Further to this visit we invite MOD to keep us informed as to how it will take forward the conclusions of the 'Army Eats' trial and the broader recommendations of the *Delivering Defence Dining Quality Report*.

We are encouraged by the developments reported to us this year but note that much food provision remains below standard. We will maintain a dialogue with MOD and continue to monitor progress. We hope that the benefits that we saw in Aldershot will be rolled out more widely across the Service estate and that improvements, including in infrastructure and ways of working with the contractors, will be delivered ahead of the soft facilities contract re-let in 2026. Our visit to 'Army Eats' strengthens our instinct that survey data on the desire for self-catering facilities in SLA may not tell the whole story; where provision is of a high standard, more people will choose to eat in messes. Critically, we will use our experiences of meeting Service personnel, and sampling food, on our visits in the coming round to judge the progress made and will report any shortcomings back to MOD.



## Chapter 7

### LOOKING AHEAD

7.1 In this chapter, we identify key or emerging issues that have featured in this year's discussions and that we think will form an important backdrop to our future considerations. As was the case last year, we have brigaded our discussion under five themes:

- strategic issues, the economic environment and affordability, and the Haythornthwaite Review of Armed Forces' Incentivisation (HRAFI);
- pay, especially the need to address Service pay relating to increases in the National Living Wage (NLW) and the review of pay for Medical and Dental Officers (MODOs);
- our remit group, morale and motivation, recruitment and retention;
- accommodation and catering; and
- the conduct of next year's round and our conclusions.

#### Strategic issues

##### *The economic environment and affordability*

7.2 As discussed elsewhere in this year's Report, the year has seen rapidly increased rates of inflation. We expect that the heightened cost of living will continue to be a key factor in next year's round. While outside our remit, we invite the Ministry of Defence (MOD) to look at its processes for setting allowances to ensure that these respond to changes in prices and circumstances in a timely manner.

7.3 Even if inflation falls sharply, as forecast, there will be a continuing tension between funding adequate pay and the investment needed to provide skilled, agile, war-winning armed forces. We recognise there will be a lasting need for us to consider affordability and the fiscal challenges government faces in making our proposals.

7.4 Last year we noted that it was difficult for us to make an assessment of affordability against a relatively narrow evidence base. We invited MOD to consider how, when presenting proposals to us, it could give us a more comprehensive understanding of the broader cost-benefit to Defence of the measures under consideration. We reiterate this point to remind MOD of the importance of this in its preparation of evidence for next year's round.

### *The Haythornthwaite Review of Armed Forces' Incentivisation*

- 7.5 In last year's Report, we noted that MOD had commissioned a comprehensive independent review of how military personnel are paid and rewarded and that this would be chaired by Rick Haythornthwaite and known as the Haythornthwaite Review of Armed Forces' Incentivisation (HRAFI).
- 7.6 Over the past year we have received updates from the HRAFI team and are grateful for their engagement. At the time of preparing this Report, the HRAFI report had not been published, although we anticipate that this will happen imminently. We recognise the huge challenge that the review has faced because of the complexity of the current remuneration arrangements, reflecting the complex culture of the armed forces. We assess that the current pay arrangements are unsustainable in the long term given the range of specialisations in the armed forces, and the MOD's ambition to reflect reward for skill in a rank-based structure. We look forward to the publication of the HRAFI report and will look carefully at its implications for our report next year.

## **Pay**

### *National Living Wage*

- 7.7 We will continue to monitor earnings in the wider economy, an essential part of evidence given the requirement within our terms of reference to have regard to the need for the pay of the armed forces to be broadly comparable with pay levels in civilian life. This year our main pay recommendation has acknowledged the need for an award that delivers a higher percentage increase in pay to the most junior personnel to address the increases in the NLW from 1 April 2023. We hope that our proposal will provide a foundation to accommodate any subsequent increases in the NLW. However, we impress on MOD the need to look at pay for our remit group and ensure that any proposals presented to us next year provide an enduring, flexible and holistic solution to inevitable further increases in statutory rates of pay.

### *Pay for Medical Officers and Dental Officers*

- 7.8 As discussed in Chapter 5, we look forward to receiving evidence for next year's round on the pay of MODOs. We understand that it will focus on the structure of MODOs' pay as much as the rates. We are aware of the significant weight of expectation behind this work and encourage MOD to give this priority, while also engaging with the relevant professional organisations.

### *Our programme of work for next year's round*

- 7.9 In addition to our routine papers of evidence and the points discussed above, we understand that MOD plans to invite us to review pay for nurses. We also understand that there will be quinquennial reviews of

Recruitment and Retention Payments (RRPs) including RRP (Diving) and RRP (Explosive Ordnance Disposal). We look forward to receiving updates on the remuneration reviews discussed in this Report, including the introduction of the new pay spine for Allied Health Professionals, detailed proposals for the implementation of the Defence Aircrew Remuneration Review, the Submarine Remuneration Review and on the reward of Special Forces' personnel.

- 7.10 We also invite MOD to submit evidence to enable us to monitor the success of detailed measures that we have agreed should be introduced to counter specific workforce and skills issues. We would welcome data to demonstrate the link between a remunerative action and a change in behaviour. We are also grateful to MOD for the inclusion of Equality Impact Assessments in this year's evidence and ask that these continue to be included in all evidence submissions.

### **Our remit group**

- 7.11 We follow an evidence-based process, so the quality and timeliness of data is of critical importance to us. We acknowledge that the pandemic has distorted much of the data available to us in the current year on a range of workforce issues. We will be interested to see whether next year's data confirms a reversion to pre-pandemic trends. In our discussion of the Armed Forces Continuous Attitude Survey (AFCAS) we highlight our concern that some of the data we receive is not as current as we would like. We hope that MOD will find a way to realign the AFCAS process and reporting date so that as our round concludes we are able to assess up to date information on our remit group. In addition, we have asked MOD to investigate ways that we can supplement our visit programme with opportunities to engage with members of our remit group at a later stage of the round.

### *Morale and motivation*

- 7.12 The state of motivation and morale will continue to be an important part of our evidence base. In oral evidence this year we were struck by comments from senior Officers that there had been a noticeable, adverse, shift in morale. During our visits we heard that people were constantly being asked to do more with less. There was a particular concern that Service personnel would be required to provide cover for industrial action. We will actively look for feedback on morale and motivation during next year's visits.

### *Recruitment and retention*

- 7.13 We note that Voluntary Outflow (VO) rates fell sharply during the pandemic but are now rising and MOD told us this was becoming a concern. We will closely examine next year's data to monitor the VO rate.

We recognise the potentially significant consequences of the economic climate on recruitment and retention, including any impact this may have on key skills areas.

## Accommodation and food

### *Accommodation*

- 7.14 We discuss accommodation and food in detail in Chapter 6. In particular we highlight the disappointment that has surrounded the introduction of the Future Defence Infrastructure Services (FDIS) contracts but note that things appear to have turned a corner. We note that the Secretary of State for Defence has acknowledged the failures and had determined that personnel in Service Family Accommodation under the FDIS regime will receive a rebate in the increase to accommodation charges. However, we cannot emphasise how strongly we feel that the provision of good standard accommodation is important. Where Defence is unable to achieve this it sends a negative message about the value that it places on, and the respect that it has for, Service personnel and their families. We also note that however successful the maintenance arrangements are, there is a fundamental issue about the state of accommodation and that significant investment is needed to address this. During our visits for next year's round we will continue to ask Service personnel for their views on the standards and suitability of their accommodation given that this is such an important component of the offer.
- 7.15 We are aware that MOD is hoping to deliver the Future Accommodation Model later in the year within the context of the Defence Accommodation Strategy<sup>63</sup>. We hope that this will add clarity on accommodation policy and the provision of accommodation for Service personnel and their families, and address some of the inequalities, based on personal status, in the current arrangements. However, we also re-iterate the need for sensitive handling of any amendments to accommodation regulations for those who may experience a deterioration in long-standing entitlements. We have previously commented that we see a challenge for MOD to plan and deliver policies which facilitate, and indeed encourage, personal choice and responsibility while at the same time, enabling investment in, and maintenance of, a large and dispersed accommodation estate. Furthermore, this is against the backdrop of the stated Defence requirement for more agile and deployable armed forces. We will continue to monitor progress in this area and look forward to updates in next year's round.

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<sup>63</sup> MOD (2022) *UK Armed Forces Defence Accommodation Strategy* (online) Available at: <https://www.gov.uk/government/publications/defence-accommodation-strategy> [Accessed 25 May 2023].

## *Food*

- 7.16 In our discussion on food, we note the way in which the *Delivering Defence Dining Quality Report* has provided a framework for improvements in the provision of food. We also comment how we have seen significant progress in a holistic approach to catering through the 'Army Eats' initiative. We look forward to seeing how MOD builds on this, noting that success requires contractual and financial flexibility, engagement with all stakeholders, imagination, and a blend of provision for the individual whilst preserving Service ethos. We will continue to monitor progress through our visits and the opportunity presented to eat in Service messes and to see and sample the quality, quantity and range of food on offer. We ask MOD to keep us fully informed on the way that it is delivering transformation in this area, including on timescales for change.
- 7.17 We note that we have not been invited to comment on the Daily Food Charge and that the Secretary of State for Defence has, in the light of inflationary pressures, agreed that the charge should be frozen. We invite MOD to engage with us when it plans to revert to an arrangement for reviewing and setting food charges.

## **Conduct of next year's round**

- 7.18 We were pleased that, after the pandemic, we were able to undertake a full programme of physical visits and to receive oral evidence in person. As ever, we record our thanks to all those who have facilitated this year's round. We invite all parties to continue work with us to deliver a successful round next year.
- 7.19 We are disappointed that delays in the receipt of evidence from government has meant that, again, we have not been able to deliver our recommendations to the government in time for them to be implemented on 1 April. We are mindful of the financial consequences of such delays on our remit group. We have received reassurance from the Minister for Defence People, Veterans and Service Families that efforts will be made next year to enable us to return to our traditional timetable. We hope that all relevant parties in government will endeavour to ensure that evidence is submitted to us in time for this happen.



## Conclusions

- 7.20 Throughout this Report we have highlighted areas of particular importance. We would welcome evidence for our next report that addresses these issues.
- 7.21 Finally, we pay tribute to the unique role that the armed forces undertake on behalf of the nation. We also acknowledge the support provided by spouses, partners, and families.

Julian Miller CB  
David Billingham  
Steven Dickson  
William Entwisle OBE MVO  
Dr Gillian Fairfield  
Paul Moloney  
Dougie Peedle

May 2023

## Appendix 1

### Salaries (including X-Factor) for 1 April 2022 and recommendations for 1 April 2023

All salaries are annual JPA salaries rounded to the nearest £.

Rate of X-Factor is shown in brackets in the table title.

**Table 1.1: Other Ranks Trade Supplement 1<sup>64</sup> (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-9-6	54,818	58,559
OR-9-5	54,263	57,976
OR-9-4	53,657	57,340
OR-9-3	53,050	56,703
OR-9-2	52,746	56,383
OR-9-1	52,746	56,383
OR-8-6	49,067	52,520
OR-8-5	48,244	51,656
OR-8-4	47,439	50,812
OR-8-3	46,517	49,843
OR-8-2	45,542	48,819
OR-8-1	45,542	48,819
OR-7-6	44,564	47,792
OR-7-5	43,874	47,068
OR-7-4	43,214	46,375
OR-7-3	42,531	45,658
OR-7-2	41,872	44,966
OR-7-1	41,872	44,966
OR-6-6	41,039	44,091
OR-6-5	40,057	43,060
OR-6-4	39,084	42,039
OR-6-3	38,125	41,031
OR-6-2	37,198	40,058
OR-6-1	37,198	40,058
OR-4-6	35,419	38,190
OR-4-5	34,922	37,668
OR-4-4	34,452	37,174
OR-4-3	33,948	36,646
OR-4-2	33,065	35,718
OR-4-1	33,065	35,718

<sup>64</sup> Other Ranks are sorted into respective Trade Supplement Groupings. These Supplements differentiate pay primarily based upon Job Evaluation (JE) evidence.

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-2-10 / OR-3-3	31,043	33,596
OR-2-9 / OR-3-2	29,665	32,148
OR-2-8 / OR-3-1	28,351	30,769
OR-2-7	27,117	29,473
OR-2-6	25,917	28,213
OR-2-5	24,978	27,227
OR-2-4	23,749	25,937
OR-2-3	22,286	24,400
OR-2-2	22,286	24,400
OR-2-1	21,425	23,496
Initial Pay	16,844	18,687

**Table 1.2: Other Ranks Trade Supplement 2 (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-9-6	54,818	58,559
OR-9-5	54,263	57,976
OR-9-4	53,657	57,340
OR-9-3	53,050	56,703
OR-9-2	52,746	56,383
OR-9-1	52,746	56,383
OR-8-6	50,622	54,153
OR-8-5	49,972	53,471
OR-8-4	49,302	52,767
OR-8-3	48,628	52,059
OR-8-2	47,652	51,035
OR-8-1	47,652	51,035
OR-7-6	46,427	49,748
OR-7-5	45,738	49,025
OR-7-4	45,078	48,332
OR-7-3	44,394	47,614
OR-7-2	43,634	46,815
OR-7-1	43,634	46,815
OR-6-6	42,767	45,905
OR-6-5	41,708	44,793
OR-6-4	40,536	43,563
OR-6-3	39,470	42,443
OR-6-2	38,451	41,374
OR-6-1	38,451	41,374
OR-4-6	36,609	39,439
OR-4-5	36,112	38,918
OR-4-4	35,625	38,407
OR-4-3	34,931	37,677
OR-4-2	34,027	36,728
OR-4-1	34,027	36,728
OR-2-10 / OR-3-3	31,901	34,497
OR-2-9 / OR-3-2	30,443	32,965
OR-2-8 / OR-3-1	29,010	31,460
OR-2-7	27,656	30,039
OR-2-6	26,290	28,605
OR-2-5	24,995	27,245
OR-2-4	24,026	26,228
OR-2-3	22,286	24,400
OR-2-2	22,286	24,400
OR-2-1	21,425	23,496
Initial Pay	16,844	18,687

**Table 1.3: Other Ranks Trade Supplement 3 (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-9-6	54,818	58,559
OR-9-5	54,263	57,976
OR-9-4	53,657	57,340
OR-9-3	53,050	56,703
OR-9-2	52,746	56,383
OR-9-1	52,746	56,383
OR-8-6	51,710	55,296
OR-8-5	51,403	54,973
OR-8-4	51,077	54,631
OR-8-3	50,713	54,249
OR-8-2	49,998	53,498
OR-8-1	49,998	53,498
OR-7-6	48,624	52,055
OR-7-5	47,666	51,050
OR-7-4	46,835	50,176
OR-7-3	46,025	49,326
OR-7-2	45,216	48,477
OR-7-1	45,216	48,477
OR-6-6	44,266	47,480
OR-6-5	43,161	46,319
OR-6-4	42,110	45,215
OR-6-3	41,100	44,155
OR-6-2	40,076	43,080
OR-6-1	40,076	43,080
OR-4-6	38,154	41,062
OR-4-5	37,474	40,348
OR-4-4	36,702	39,537
OR-4-3	35,894	38,689
OR-4-2	34,963	37,711
OR-4-1	34,963	37,711
OR-2-10 / OR-3-3	32,574	35,203
OR-2-9 / OR-3-2	31,037	33,589
OR-2-8 / OR-3-1	29,576	32,055
OR-2-7	28,222	30,633
OR-2-6	26,757	29,095
OR-2-5	25,368	27,636
OR-2-4	24,314	26,530
OR-2-3	22,286	24,400
OR-2-2	22,286	24,400
OR-2-1	21,425	23,496
Initial Pay	16,844	18,687

**Table 1.4: Other Ranks Trade Supplement 4 (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-9-6	56,296	60,111
OR-9-5	55,796	59,586
OR-9-4	55,264	59,028
OR-9-3	54,740	58,477
OR-9-2	54,275	57,989
OR-9-1	54,275	57,989
OR-8-6	53,198	56,858
OR-8-5	52,891	56,536
OR-8-4	52,564	56,193
OR-8-3	52,175	55,784
OR-8-2	51,628	55,210
OR-8-1	51,628	55,210
OR-7-6	50,223	53,734
OR-7-5	49,446	52,919
OR-7-4	48,614	52,045
OR-7-3	47,806	51,196
OR-7-2	47,041	50,393
OR-7-1	47,041	50,393
OR-6-6	46,029	49,330
OR-6-5	44,848	48,091
OR-6-4	43,712	46,897
OR-6-3	42,588	45,718
OR-6-2	41,393	44,462
OR-6-1	41,393	44,462
OR-4-6	39,295	42,260
OR-4-5	38,525	41,451
OR-4-4	37,623	40,504
OR-4-3	36,761	39,599
OR-4-2	35,830	38,622
OR-4-1	35,830	38,622
OR-2-10 / OR-3-3	33,210	35,870
OR-2-9 / OR-3-2	31,587	34,166
OR-2-8 / OR-3-1	30,091	32,596
OR-2-7	28,582	31,012
OR-2-6	27,104	29,459
OR-2-5	25,715	28,000
OR-2-4	24,314	26,530
OR-2-3	22,286	24,400
OR-2-2	22,286	24,400
OR-2-1	21,425	23,496
Initial Pay	16,844	18,687

**Table 1.5: Officers<sup>65</sup> (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OF-6-6	118,061	124,964
OF-6-5	116,913	123,759
OF-6-4	115,765	122,554
OF-6-3	114,618	121,349
OF-6-2	113,470	120,143
OF-6-1	113,470	120,143
OF-5-8	104,671	110,905
OF-5-7	103,096	109,251
OF-5-6	101,520	107,596
OF-5-5	99,945	105,942
OF-5-4	98,369	104,288
OF-5-3	96,793	102,633
OF-5-2	95,218	100,979
OF-5-1	95,218	100,979
OF-4-8	91,006	96,556
OF-4-7	88,938	94,385
OF-4-6	86,868	92,212
OF-4-5	84,800	90,040
OF-4-4	82,732	87,868
OF-4-3	80,669	85,703
OF-4-2	78,594	83,524
OF-4-1	78,594	83,524
OF-3-13	74,047	78,749
OF-3-12	72,595	77,225
OF-3-11	71,171	75,730
OF-3-10	69,776	74,265
OF-3-9	68,408	72,828
OF-3-8	67,066	71,420
OF-3-7	65,222	69,483
OF-3-6	63,378	67,547
OF-3-5	61,533	65,610
OF-3-4	59,688	63,673
OF-3-3	57,844	61,736
OF-3-2	55,999	59,799
OF-3-1	55,999	59,799
OF-2-8	52,868	56,512
OF-2-7	51,467	55,040
OF-2-6	50,065	53,568
OF-2-5	48,662	52,096
OF-2-4	47,261	50,624
OF-2-3	45,859	49,152
OF-2-2	44,457	47,680
OF-2-1	44,457	47,680

<sup>65</sup> OF-3-9 to OF-3-13 are only for RAF Engineer Officers, by selection.

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OF-1-5	38,344	41,262
OF-1-4	37,126	39,982
OF-1-3	35,908	38,704
OF-1-2	34,690	37,425
OF-1-1	28,861	31,305
OF-0-3	21,833	23,924
OF-0-2	19,788	21,778
OF-0-1	16,719	18,555



**Table 1.6: Other Ranks – Clearance Divers (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-9-6	73,560	78,238
OR-9-5	72,882	77,526
OR-9-4	72,202	76,812
OR-9-3	71,523	76,100
OR-9-2	70,844	75,386
OR-9-1	70,844	75,386
OR-8-6	69,455	73,928
OR-8-5	68,849	73,292
OR-8-4	68,243	72,655
OR-8-3	67,637	72,019
OR-8-2	67,031	71,383
OR-8-1	67,031	71,383
OR-7-6	65,716	70,002
OR-7-5	65,124	69,380
OR-7-4	64,530	68,757
OR-7-3	63,937	68,134
OR-7-2	63,344	67,511
OR-7-1	63,344	67,511
OR-6-6	62,042	66,144
OR-6-5	60,365	64,383
OR-6-4	58,689	62,623
OR-6-3	57,013	60,863
OR-6-2	55,336	59,103
OR-6-1	55,336	59,103

**Table 1.7: Military Provost Guard Service (MPGS) (5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-9-6	47,438	50,810
OR-9-5	46,647	49,980
OR-9-4	45,855	49,148
OR-9-3	45,063	48,316
OR-9-2	44,270	47,484
OR-9-1	44,270	47,484
OR-8-6	43,401	46,572
OR-8-5	42,679	45,813
OR-8-4	41,968	45,066
OR-8-3	41,151	44,209
OR-8-2	40,288	43,302
OR-8-1	40,288	43,302
OR-7-6	39,433	42,404
OR-7-5	38,823	41,764
OR-7-4	38,240	41,152
OR-7-3	37,635	40,516
OR-7-2	37,050	39,903
OR-7-1	37,050	39,903
OR-6-6	36,314	39,130
OR-6-5	35,444	38,216
OR-6-4	34,585	37,314
OR-6-3	33,736	36,422
OR-6-2	32,907	35,552
OR-6-1	32,907	35,552
OR-4-6	31,338	33,904
OR-4-5	30,891	33,436
OR-4-4	30,476	33,000
OR-4-3	30,037	32,539
OR-4-2	29,251	31,714
OR-4-1	29,251	31,714
OR-3-3	27,828	30,219
OR-2-9 / OR-3-2	26,546	28,874
OR-2-8 / OR-3-1	25,163	27,421
OR-2-7	24,213	26,424
OR-2-6	23,127	25,283
OR-2-5	22,132	24,239
OR-2-4	21,040	23,092
OR-2-3	19,807	21,797
OR-2-2	19,807	21,797
OR-2-1	19,092	21,046
Initial Pay	15,468	17,241

**Table 1.8: Nursing – Other Ranks (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-9-6	57,011	60,861
OR-9-5	56,410	60,231
OR-9-4	55,809	59,600
OR-9-3	55,208	58,969
OR-9-2	54,607	58,337
OR-9-1	54,607	58,337
OR-8-6	53,536	57,213
OR-8-5	52,764	56,402
OR-8-4	51,991	55,591
OR-8-3	51,219	54,780
OR-8-2	50,447	53,969
OR-8-1	50,447	53,969
OR-7-6	49,458	52,931
OR-7-5	48,677	52,111
OR-7-4	47,898	51,293
OR-7-3	47,118	50,474
OR-7-2	46,338	49,655
OR-7-1	46,338	49,655
OR-6-6	45,385	48,654
OR-6-5	44,518	47,744
OR-6-4	43,651	46,834
OR-6-3	42,784	45,924
OR-6-2	41,917	45,013
OR-6-1	41,917	45,013
OR-4-6	39,883	42,877
OR-4-5	38,820	41,761
OR-4-4	37,756	40,644
OR-4-3	36,691	39,526
OR-4-2	35,628	38,409
OR-4-1	35,628	38,409
OR-2-10 / OR-3-3	33,932	36,628
OR-2-9 / OR-3-2	32,239	34,851
OR-2-8 / OR-3-1	30,547	33,075
OR-2-7	28,856	31,299
OR-2-6	27,163	29,522
OR-2-5	25,471	27,745
OR-2-4	24,039	26,241
OR-2-3	22,347	24,465
OR-2-2	22,347	24,465
OR-2-1	21,425	23,496
Initial Pay	16,844	18,687

**Table 1.9: Nursing – Officers (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OF-5-8	106,917	113,263
OF-5-7	105,296	111,561
OF-5-6	103,675	109,859
OF-5-5	102,054	108,157
OF-5-4	100,433	106,455
OF-5-3	98,812	104,753
OF-5-2	97,191	103,051
OF-5-1	97,191	103,051
OF-4-8	93,542	99,219
OF-4-7	91,412	96,983
OF-4-6	89,281	94,746
OF-4-5	87,151	92,509
OF-4-4	85,021	90,272
OF-4-3	82,897	88,042
OF-4-2	80,760	85,799
OF-4-1	80,760	85,799
OF-3-8	71,307	75,873
OF-3-7	69,198	73,658
OF-3-6	67,088	71,442
OF-3-5	64,978	69,228
OF-3-4	62,868	67,012
OF-3-3	60,759	64,797
OF-3-2	58,650	62,582
OF-3-1	58,650	62,582
OF-2-8	55,673	59,457
OF-2-7	54,020	57,721
OF-2-6	52,366	55,984
OF-2-5	50,712	54,248
OF-2-4	49,058	52,511
OF-2-3	47,405	50,775
OF-2-2	45,750	49,038
OF-2-1	45,750	49,038
OF-1-5	39,701	42,686
OF-1-4	38,441	41,363
OF-1-3	37,180	40,039
OF-1-2	35,919	38,715
OF-1-1	29,882	32,376

**Table 1.10: Special Forces – Other Ranks (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OR-9-6	68,665	73,098
OR-9-5	67,992	72,391
OR-9-4	67,318	71,684
OR-9-3	66,644	70,976
OR-9-2	65,970	70,269
OR-9-1	65,297	69,562
OR-8-6	64,016	68,217
OR-8-5	63,280	67,444
OR-8-4	62,543	66,671
OR-8-3	61,807	65,897
OR-8-2	61,070	65,124
OR-8-1	60,334	64,351
OR-7-6	59,151	63,108
OR-7-5	58,414	62,335
OR-7-4	57,678	61,562
OR-7-3	56,942	60,789
OR-7-2	56,205	60,015
OR-7-1	55,469	59,242
OR-6-6	54,381	58,100
OR-6-5	53,820	57,511
OR-6-4	53,259	56,922
OR-6-3	52,697	56,332
OR-6-2	52,136	55,743
OR-6-1	51,575	55,153
OR-4-6	49,118	52,575
OR-4-5	48,382	51,802
OR-4-4	47,645	51,028
OR-4-3	46,909	50,255
OR-4-2	46,173	49,482
OR-4-1	45,436	48,708
OR-3-3	44,374	47,593
OR-2-9 / OR-3-2	43,711	46,897
OR-2-8 / OR-3-1	43,049	46,201
OR-2-7	42,386	45,505
OR-2-6	41,722	44,808
OR-2-5	41,059	44,112
OR-2-4	40,396	43,416
OR-2-3	39,733	42,720
OR-2-2	39,070	42,023
OR-2-1	38,407	41,327

**Table 1.11: Professional Aviator – Officers and Other Ranks (14.5% X-Factor).**

Level	1 April 2022 (£)	1 April 2023 (£)
Level 35	91,015	96,566
Level 34	89,767	95,256
Level 33 <sup>66</sup>	88,514	93,940
Level 32	87,266	92,629
Level 31	86,022	91,323
Level 30 <sup>67,68</sup>	84,764	90,003
Level 29	83,525	88,702
Level 28	82,272	87,386
Level 27 <sup>69</sup>	81,014	86,065
Level 26	79,776	84,765
Level 25	78,518	83,444
Level 24 <sup>70</sup>	77,274	82,138
Level 23	76,117	80,923
Level 22 <sup>71</sup>	74,667	79,401
Level 21	73,279	77,943
Level 20 <sup>72</sup>	71,882	76,476
Level 19	70,499	75,024
Level 18	69,111	73,567
Level 17	67,724	72,110
Level 16 <sup>73</sup>	66,337	70,654
Level 15	64,949	69,197
Level 14	63,561	67,740
Level 13	62,164	66,273
Level 12 <sup>74</sup>	60,781	64,821
Level 11	59,394	63,363
Level 10	58,597	62,527
Level 9	57,684	61,569
Level 8	56,763	60,601
Level 7	55,850	59,642
Level 6	54,933	58,680
Level 5	54,011	57,712
Level 4	53,094	56,749

<sup>66</sup> RAF OF-3 Non-pilots cannot progress beyond Increment Level 33.

<sup>67</sup> OF-2 Aircrew cannot progress beyond Increment Level 30.

<sup>68</sup> AAC WO1 pilots cannot progress beyond Increment Level 30.

<sup>69</sup> AAC WO2 pilots cannot progress beyond Increment Level 27.

<sup>70</sup> AAC Staff Sergeant pilots cannot progress beyond Increment Level 24.

<sup>71</sup> AAC Sergeant pilots cannot progress beyond Increment Level 22.

<sup>72</sup> RAF Non-Commissioned Master Aircrew cannot progress beyond Increment Level 20.

<sup>73</sup> RAF Non-Commissioned Aircrew Flight Sergeants cannot progress beyond Increment Level 16.

<sup>74</sup> RAF Non-Commissioned Aircrew Sergeants cannot progress beyond Increment Level 12.

Level	1 April 2022 (£)	1 April 2023 (£)
Level 3	52,177	55,786
Level 2	51,255	54,818
Level 1	50,333	53,850

**Table 1.12: Chaplain Officers (14.5% X-Factor).**

Rank/length of service	Level	1 April 2022 (£)	1 April 2023 (£)
Chaplain-General	Level 5	113,823	120,514
	Level 4	112,651	119,283
	Level 3	111,494	118,068
	Level 2	110,332	116,849
	Level 1	109,170	115,628
Deputy Chaplain-General <sup>75</sup>	Level 5	100,594	106,624
	Level 4	99,394	105,364
	Level 3	98,194	104,104
	Level 2	96,998	102,848
	Level 1	95,803	101,593
Chaplain (Class 1)	Level 6	94,607	100,338
	Level 5	93,411	99,082
	Level 4	92,211	97,822
	Level 3 <sup>76</sup>	91,015	96,566
	Level 2 <sup>77</sup>	89,335	94,802
	Level 1	87,655	93,038
Chaplains Class 2/3/4 (or equivalent)	Level 20	81,149	86,206
	Level 19	79,583	84,563
	Level 18	77,984	82,884
	Level 17	76,381	81,200
	Level 16	74,787	79,527
	Level 15	73,188	77,848
	Level 14 <sup>78, 79, 80</sup>	71,594	76,174
	Level 13	69,995	74,495
	Level 12	68,401	72,821
	Level 11	66,802	71,142
	Level 10	65,208	69,468
	Level 9	63,614	67,795
	Level 8	62,010	66,111
	Level 7	60,421	64,442
	Level 6	58,822	62,764
	Level 5 <sup>81</sup>	57,228	61,090
	Level 4	55,624	59,406

<sup>75</sup> DCG are Army only.

<sup>76</sup> Entry level for Deputy Chaplain of the Fleet on appointment.

<sup>77</sup> Entry level for Deputy Chaplains-in Chief.

<sup>78</sup> RAF and Army OF-3 Chaplains cannot progress beyond Increment Level 14.

<sup>79</sup> RN Chaplains in the Career Commission Stage cannot progress beyond Increment Level 14.

<sup>80</sup> Unless selected to be SO1 Maritime Reserves by the Chaplain of the Fleet, RNR Chaplains cannot progress beyond Increment Level 14.

<sup>81</sup> RN Chaplains in the Initial Commission Stage and Army OF-2 Chaplains cannot progress beyond Increment Level 5.



Rank/length of service	Level	1 April 2022 (£)	1 April 2023 (£)
	Level 3 <sup>82,83</sup>	54,035	57,737
	Level 2	52,427	56,048
	Level 1	50,837	54,379

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<sup>82</sup> Army Probationary Chaplains and RAF OF-2 Chaplains cannot progress beyond Increment Level 3.

<sup>83</sup> RN and RNR Chaplains without a Fleet Board pass cannot progress beyond Increment Level 3.

**Table 1.13: Veterinary Officers (14.5% X-Factor).**

Rank-based increment level	1 April 2022 (£)	1 April 2023 (£)
OF-4-5	86,882	92,226
OF-4-4	85,566	90,845
OF-4-3	84,255	89,468
OF-4-2	82,935	88,082
OF-4-1	81,629	86,711
OF-2/3-22	79,243	84,205
OF-2/3-21	77,605	82,486
OF-2/3-20	75,963	80,762
OF-2/3-19	74,326	79,042
OF-2/3-18	72,693	77,328
OF-2/3-17	71,051	75,604
OF-2/3-16	69,419	73,890
OF-2/3-15	67,772	72,161
OF-2/3-14	66,149	70,457
OF-2/3-13	64,728	68,964
OF-2/3-12	63,326	67,492
OF-2/3-11	61,751	65,839
OF-2/3-10	60,171	64,180
OF-2/3-9	58,597	62,527
OF-2/3-8	57,031	60,883
OF-2/3-7	55,456	59,229
OF-2/3-6	53,882	57,576
OF-2/3-5	52,311	55,927
OF-2/3-4	50,737	54,274
OF-2/3-3	49,166	52,625
OF-2/3-2	47,592	50,972
OF-2/3-1	44,457	47,680

**Table 1.14: Officers Commissioned From the Ranks<sup>84</sup> (14.5% X-Factor).**

Level	1 April 2022 (£)	1 April 2023 (£)
Level 15	59,422	63,393
Level 14	59,033	62,985
Level 13	58,625	62,556
Level 12	57,833	61,725
Level 11 <sup>85</sup>	57,046	60,898
Level 10	56,249	60,061
Level 9	55,456	59,229
Level 8	54,664	58,398
Level 7 <sup>86</sup>	53,675	57,359
Level 6	53,065	56,719
Level 5	52,445	56,068
Level 4 <sup>87</sup>	51,222	54,783
Level 3	50,612	54,142
Level 2	49,988	53,487
Level 1 <sup>88</sup>	48,768	52,206

<sup>84</sup> Also applies to Naval Personal and Family Service Officers, Naval Career Service Officers, RAF Directors of Music commissioned prior to 2000 and RAF Medical Technician Officers commissioned prior to 1998 except Squadron Leaders who have been assimilated into the main Officer pay scales.

<sup>85</sup> Naval Career Service Officers cannot progress beyond this point.

<sup>86</sup> Officers Commissioned from the Ranks with more than 15 years' service in the Rank enter on Increment Level 7.

<sup>87</sup> Officers Commissioned from the Ranks with between 12 and 15 years' service in the Ranks enter on Increment Level 4.

<sup>88</sup> Officers Commissioned from the Ranks with less than 12 years' service in the Ranks enter on Increment Level 1.

**Table 1.15: Special Forces Officers Commissioned From the Ranks (14.5% X-Factor).**

Rank	Level	1 April 2022 (£)	1 April 2023 (£)
OF-3	Level 9	78,489	83,413
	Level 8	77,701	82,587
	Level 7	76,914	81,760
	Level 6	76,131	80,938
	Level 5	75,349	80,116
	Level 4	74,777	79,516
	Level 3	73,774	78,463
	Level 2	72,991	77,640
	Level 1	72,208	76,819
OF-1 – OF-2	Level 15	72,939	77,586
	Level 14	72,516	77,142
	Level 13	72,098	76,703
	Level 12	71,042	75,594
	Level 11	69,981	74,480
	Level 10	68,920	73,366
	Level 9	67,868	72,262
	Level 8	66,802	71,142
	Level 7	65,741	70,028
	Level 6	64,910	69,156
	Level 5	64,118	68,324
	Level 4	63,316	67,482
	Level 3	62,510	66,636
	Level 2	61,708	65,794
	Level 1	60,906	64,952

**Table 1.16: Recommended annual salaries for accredited consultants (14.5% X-Factor).**

Rank	Level	1 April 2022 (£)	1 April 2023 (£)
OF-3 – OF-5	Level 32	153,595	162,275
	Level 31	153,297	161,962
	Level 30	153,004	161,654
	Level 29	152,702	161,337
	Level 28	152,408	161,029
	Level 27	151,817	160,408
	Level 26	151,226	159,788
	Level 25	150,635	159,167
	Level 24	149,201	157,661
	Level 23	147,771	156,159
	Level 22	144,820	153,061
	Level 21	143,177	151,336
	Level 20	141,540	149,617
	Level 19	139,897	147,892
	Level 18	138,264	146,178
	Level 17	136,193	144,003
	Level 16	134,132	141,839
	Level 15	132,308	139,923
	Level 14	130,479	138,004
	Level 13	128,660	136,093
	Level 12	126,836	134,178
	Level 11	122,827	129,969
	Level 10	118,827	125,768
	Level 9	114,827	121,569
	Level 8	111,275	117,839
	Level 7	107,714	114,100
	Level 6	104,148	110,356
	Level 5	100,807	106,848
	Level 4	99,509	105,484
	Level 3	98,183	104,092
	Level 2	93,790	99,480
	Level 1	89,442	94,915

**Table 1.17: Recommended annual salaries for accredited GMPs and GDPs (14.5% X-Factor).**

Rank	Level	1 April 2022 (£)	1 April 2023 (£)
OF-3 – OF-5	Level 32	143,306	151,472
	Level 31	142,857	151,000
	Level 30	142,514	150,640
	Level 29	141,956	150,054
	Level 28	141,507	149,583
	Level 27	141,054	149,107
	Level 26	140,706	148,741
	Level 25	140,152	148,160
	Level 24	139,694	147,679
	Level 23	139,246	147,208
	Level 22	138,788	146,727
	Level 21	138,339	146,256
	Level 20	137,881	145,776
	Level 19	135,774	143,562
	Level 18	135,244	143,007
	Level 17	134,615	142,346
	Level 16	133,959	141,657
	Level 15	133,310	140,976
	Level 14	132,655	140,288
	Level 13	132,005	139,605
	Level 12	131,425	138,997
	Level 11	128,438	135,860
	Level 10	127,863	135,256
	Level 9	127,199	134,559
	Level 8	126,541	133,868
	Level 7	125,877	133,172
	Level 6	122,798	129,938
	Level 5	121,119	128,175
	Level 4	119,430	126,402
	Level 3	117,751	124,639
	Level 2	116,062	122,866
	Level 1	112,867	119,510
OF-2	Level 5	85,415	90,686
	Level 4	83,682	88,867
	Level 3	81,954	87,052
	Level 2	80,217	85,228
	Level 1	78,485	83,409

**Table 1.18: Recommended annual salaries for non-accredited GMPs and GDPs (14.5% X-Factor).**

Rank	Level	1 April 2022 (£)	1 April 2023 (£)
OF-3 – OF-5	Level 19	103,215	109,376
	Level 18	102,172	108,280
	Level 17	101,128	107,185
	Level 16	100,080	106,084
	Level 15	99,147	105,105
	Level 14	98,229	104,140
	Level 13	97,300	103,165
	Level 12	96,372	102,191
	Level 11	95,449	101,222
	Level 10 <sup>89</sup>	94,525	100,252
	Level 9	93,412	99,083
	Level 8	91,538	97,115
	Level 7	89,659	95,142
	Level 6	88,325	93,741
	Level 5	87,004	92,355
	Level 4	85,679	90,963
	Level 3	84,354	89,572
	Level 2	79,917	84,913
	Level 1	75,507	80,283
OF-2	Level 5	69,911	74,407
	Level 4	68,125	72,531
	Level 3	66,329	70,645
	Level 2	64,547	68,774
	Level 1	62,774	66,913
OF-1	Level 1	47,519	50,895

<sup>89</sup> Progression beyond Increment Level 10 only on promotion to OF-4.

**Table 1.19: Recommended annual salaries for Medical and Dental Cadets (0% X-Factor).**

Length of service	1 April 2022 (£)	1 April 2023 (£)
After 2 years	22,338	24,456
After 1 year	20,182	22,191
On appointment	18,035	19,937

**Table 1.20: Recommended annual salaries for Higher Medical Management (14.5% X-Factor).**

Rank	Level	1 April 2022 (£)	1 April 2023 (£)
OF-6	Level 7	159,274	168,238
	Level 6	157,943	166,840
	Level 5	156,617	165,448
	Level 4	155,277	164,041
	Level 3	153,941	162,638
	Level 2	152,619	161,250
	Level 1	151,279	159,843
OF-5	Level 15	149,227	157,689
	Level 14	148,391	156,811
	Level 13	147,544	155,922
	Level 12	146,701	155,036
	Level 11	145,862	154,155
	Level 10	145,018	153,269
	Level 9	144,165	152,373
	Level 8	143,326	151,492
	Level 7	142,482	150,607
	Level 6	141,219	149,280
	Level 5	139,961	147,959
	Level 4	138,688	146,623
	Level 3	137,430	145,301
	Level 2	136,171	143,979
	Level 1	134,899	142,644



**Table 1.21: Allowances for GMPs and GDPs.**

DMS Trainer Pay	1 April 2023 (£)
GMP and GDP Trainer Pay	9,255
GMP Associate Trainer	4,628
DMS Distinction Awards	
A+	67,157
A	44,772
B	17,909
DMS National Clinical Excellence Awards	
Bronze	20,944
Silver	32,951
Gold	45,497
Platinum	64,315

## Appendix 2

### Recommended rates of Recruitment and Retention Payments and Compensatory Allowances from 1 April 2023

RECRUITMENT AND RETENTION PAYMENT	
	<i>Rate £ per day</i>
<b>RRP (Flying)<sup>90</sup></b>	
<b>Officer aircrew (trained)</b>	
Trained Army NCO Pilots and Officer Aircrew in the rank of Squadron Leader <sup>91</sup> and below <sup>92</sup>	
Tier 1	12.99
Tier 2	
Rate 1	43.03
Rate 2	46.28
Rate 3	53.60
Rate 4	56.85
Rate 5	58.47
Rate 6	60.07
Rate 7	62.36
Wing Commander <sup>129</sup>	
On appointment	48.34
After 6 years	45.30
After 8 years	42.28
Group Captain <sup>129</sup>	
On appointment	37.01
After 2 years	34.72
After 4 years	32.46
After 6 years	28.67
After 8 years	24.89
Air Commodore <sup>129</sup>	15.10

<sup>90</sup> RRP (Flying) is not payable to personnel on the Professional Aviator Spine.

<sup>91</sup> Including equivalent ranks in the other Services.

<sup>92</sup> Except RAF Specialist Aircrew Flight Lieutenant and Ground Branch aircrew.

	<i>Rate £ per day</i>
<b>RAF specialist aircrew</b>	
<i>(a) Flight Lieutenants (not Branch Officers)</i>	
On designation as specialist aircrew	57.36
After 1 year as specialist aircrew	58.17
After 2 years as specialist aircrew	59.66
After 3 years as specialist aircrew	60.38
After 4 years as specialist aircrew	61.17
After 5 years as specialist aircrew	62.67
After 6 years as specialist aircrew	63.43
After 7 years as specialist aircrew	64.20
After 8 years as specialist aircrew	65.68
After 9 years as specialist aircrew	66.44
After 10 years as specialist aircrew	67.19
After 11 years as specialist aircrew	68.71
After 12 years as specialist aircrew	69.47
After 13 years as specialist aircrew	71.00
After 14 years as specialist aircrew	71.73
After 15 years as specialist aircrew	72.47
After 16 years as specialist aircrew	74.76
 <i>(b) Branch Officers</i>	
On designation as specialist aircrew	46.84
After 5 years as specialist aircrew	52.11
 <b>Ground Branch Officer aircrew (trained) and aircrew under transitional arrangements in the rank of Squadron Leader and below</b>	
RM and Army pilots qualified as aircraft commanders	
Initial rate	17.34
Middle rate <sup>93</sup>	29.45
Top rate <sup>94</sup>	46.84
Enhanced rate <sup>95</sup>	55.12
Enhanced rate <sup>96</sup>	52.11

<sup>93</sup> After 4 years on the preceding rate.

<sup>94</sup> See footnote 93.

<sup>95</sup> Payable only to pilots who have received the top rate of RRP (Flying) for 4 years.

<sup>96</sup> Payable only to Weapon Systems Officers and observers in the ranks of Squadron Leader and below who have received the top rate of RRP (Flying) for 4 years.

	<i>Rate £ per day</i>
<b>Non-Commissioned Aircrew (trained)</b>	
<b>RN/RM, Army and RAF Aviator</b>	
Initial rate	9.06
Middle rate <sup>97</sup>	18.90
Top rate <sup>98</sup>	24.89
<b>RRP (Diving)<sup>99</sup></b>	
2 RN: Clearance Divers (AB2) Army: AD2 – up to but not including OF-4	4.88
3 RN: Clearance Divers (AB1) On promotion to AB1 Army: AD1 – up to but not including OF-4	9.84
3a RN: Other Ranks in Category 3 above	13.33
4 RN: Clearance Divers (LH) and above	23.09
4a RN: NCOs in Category 4 above	8.74
5 RN: SNCOs and MCDOs/CDOs (up to and including rank of Cdr)	
on appointment	32.92
after 3 years	35.73
after 5 years	37.82
5a RN: SNCOs and MCDOs/CDOs in Category 5 above	12.82
5b RN: SNCOs and MCDOs/CDOs in Category 5 above	5.70

<sup>97</sup> After 9 years' total service, subject to a minimum of 3 years' aircrew service.

<sup>98</sup> After 18 years' reckonable service, subject to a minimum of 9 years' service in receipt of RRP (Flying).

<sup>99</sup> Category 1 is no longer payable.

	<i>Rate</i> <i>£ per day</i>
<b>RRP (Submarine)</b>	
Level 1 – payable on qualification	15.10
Level 2 – payable after 5 years on Level 1	19.62
Level 3 – payable after 5 years on Level 2	23.40
Level 4 – payable after 5 years on Level 3	26.44
Level 5 – payable to Officers on successful completion of Submarine Command Course, Engineer Officers in Operational Charge Qualified positions and Warrant Officers 1 assigned to a submarine	33.21
<b>RRP (Submarine Supplement)</b>	
Harbour rate	6.05
Sea rate	18.13
<b>RRP (Submarine) Engineer Officers' Supplement</b>	
Level 1: pre-charge assignments in submarines	12.09
Level 2: charge assignments in submarines	24.19

	<i>Rate £ per day</i>
<b>RRP (Nuclear Propulsion)</b>	
ORs Category C	3.62
ORs Category B	7.26
ORs Category B2	14.52
ORs Category A2	48.36
Category A1 Watchkeeper – MESM Officer – Pre Charge	14.37
Category A1 Watchkeeper – MESM Officer – Charge and post Charge	23.95
<b>RRP (Hydrographic)</b>	
Level 6 – OF: H Ch and Command Qualified Two (CQ2)	16.32
Level 5 – OF: On attaining Charge Qualification (H Ch)	13.77
Level 4 – OF: Surveyor 1st Class (H1) OR: On promotion to OR-7	11.03
Level 3 – OR: On promotion to OR-6 and completion of HM100 course	7.63
Level 2 – OF: Surveyor 2nd Class (H2) OR: On promotion to OR-4 and completion of HM202 course	6.60
Level 1 – OR: On completion of Initial Hydrographic Training	4.05
<b>RRP (Special Forces) Officers</b>	
Level 1	47.68
Level 2	55.77
Level 3	60.90
Level 4	66.38
<b>RRP (Special Forces) Other Ranks</b>	
Level 1	23.49
Level 2	33.01
Level 3	38.16
Level 4	45.50
Level 5	49.90
Level 6	55.77
Level 7	60.90
Level 8	66.38
Level 9	71.02
Level 10	74.57

	<i>Rate</i> <i>£ per day</i>
<b>RRP (Special Forces-Swimmer Delivery Vehicle)</b>	14.37
<b>RRP (Special Reconnaissance) Officers</b>	
Level 1	47.68
Level 2	55.77
Level 3	60.90
Level 4	66.38
<b>RRP (Special Reconnaissance) Other Ranks</b>	
Level 1	23.49
Level 2	33.01
Level 3	38.16
Level 4	45.50
Level 5	49.90
Level 6	55.77
Level 7	60.90
Level 8	66.38
Level 9	71.02
Level 10	74.57
<b>RRP (Special Forces Communications)</b>	
Level 1	21.90
Level 2	25.68
<b>RRP (Special Communications)</b>	
Level 1	14.37
<b>RRP (Special Intelligence)</b>	
Level 1	25.68
Level 2	38.53
<b>RRP (Mountain Leader)</b>	
Initial	19.85
Enhanced	23.75

	<i>Rate £ per day</i>
<b>RRP (Parachute Jump Instructor)</b>	
Less than 8 years' experience	9.52
8 or more years' experience	14.81
Joint Air Delivery Test & Evaluation Unit Supplement	3.89
<b>RRP (Parachute)</b>	
	6.44
<b>RRP (High Altitude Parachute)<sup>100</sup></b>	
	12.14
<b>RRP (Flying Crew)</b>	
Lower rate	5.88
Higher rate <sup>101</sup>	9.53
<b>RRP (Explosive Ordnance Disposal Operators)<sup>102</sup></b>	
Level 2 (Defence EOD Operators)	20.41
Level 2A (Advanced EOD Operators)	27.18
Level 3 (Advanced Manual Techniques Operators)	34.72
<b>RRP (Weapons Engineer Submariner)</b>	
Strategic Weapon System (SWS) and Tactical Weapon System (TWS) <sup>103</sup>	
OR-7-9	23.71
OR-6	14.23
OR-4	3.55

<sup>100</sup> Rate applies to members of the Pathfinder Platoon.

<sup>101</sup> See footnote 93.

<sup>102</sup> Payable on a Non-continuous Basis (NCB) to RLC Officer and SNCO EOD Operators filling an EOD appointment and qualified to low-threat environment level. Payable on a NCB to RLC, RE and RAF Officer and SNCO EOD Operators filling an EOD appointment and qualified to high-threat environment level. RE TA Officers and SNCOs will receive RRP for each day they are in receipt of basic pay. RAF Officers and SNCOs occupying a Secondary War Role EOD Post will be paid on a Completion of Task Basis. Payable on a NCB to qualified Officers and SNCOs when filling an Advanced Manual Techniques annotated appointment.

<sup>103</sup> Payable on achievement of Role Performance Statement.



	<i>Rate £ per day</i>
<b>RRP (Nursing)</b>	
Specialist nurses who acquire the specified academic qualification of specialist practice (Defence Nursing Operational Competency Framework (DNOCF) Level 3)	12.84
<b>RRP (Naval Service Engineer)</b>	
Level 1 (RN and RM OR-4-OR-6)	3.24
Level 2 (RN and RM OR-6-OR-7)	5.40
Level 3 (RN and RM OR-7-OR-9)	7.01

<b>COMPENSATORY ALLOWANCE</b>	<i>Rate £ per day</i>
<b>LONGER SEPARATION ALLOWANCE</b>	
Level 1 (up to 280 days qualifying separation)	8.35
Level 2 (281-460 days qualifying separation)	13.05
Level 3 (461-640)	17.75
Level 4 (641-820)	19.49
Level 5 (821-1000)	20.97
Level 6 (1001-1180)	22.47
Level 7 (1181-1360)	23.95
Level 8 (1361-1540)	26.21
Level 9 (1541-1720)	27.72
Level 10 (1721-1900)	29.21
Level 11 (1901-2080)	30.70
Level 12 (2081-2260)	32.22
Level 13 (2261-2440)	33.69
Level 14 (2441-2800)	35.19
Level 15 (2801-3160)	36.67
Level 16 (3160+)	38.14
<b>UNPLEASANT WORK ALLOWANCE</b>	
Level 1	3.15
Level 2	7.65
Level 3	22.62
<b>UNPLEASANT LIVING ALLOWANCE</b>	4.13
<b>NORTHERN IRELAND RESIDENT'S SUPPLEMENT</b>	9.08
<b>RECRUITMENT AND RETENTION ALLOWANCE (LONDON)</b>	4.79
<b>EXPERIMENTAL TEST ALLOWANCE (per test)</b>	3.35
<b>EXPERIMENTAL DIVING ALLOWANCE</b>	
Lump sum per dive	
Grade 5	373.91
Grade 4	186.98
Grade 3	140.25
Grade 2	93.46
Grade 1	18.68

	<i>Rate £ per day</i>
Additional hourly rates	
Grade 5	74.78
Grade 4	18.68
Grade 3	14.00
Grade 2	9.37
Grade 1	–
<hr/>	
<b>MINE COUNTERMEASURES VESSELS ENVIRONMENTAL ALLOWANCE</b>	
Level 1	4.13
Level 2	5.77
Level 3 <sup>104</sup>	10.58

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<sup>104</sup>This is a new rate from 1 April 2022: Mine Countermeasures Vessels Environmental Allowance for Junior Rates deployed on Operation KIPION.

## Appendix 3

### **Transcript of remit letter from the Secretary of State for Defence to the Chair of the AFPRB, dated 16 November 2022**

Dear Julian

I would first of all like to express my thanks to the Armed Forces' Pay Review Body (AFPRB) for your report and all the hard work that went into the 2022 pay round. In particular, my thanks go to Peter Maddison for all his efforts and contributions as the previous chair of the AFPRB. I also would like to take this opportunity to wish you all the best as you take on this important role. The Government continues to value the independent advice and contribution made by the AFPRB on behalf of our Service Personnel, a point reinforced by our full acceptance of the 2022 recommendations.

I am now writing formally to ask that you commence the 2023 pay round.

For the 2023 pay round the Ministry of Defence (MOD) will submit evidence to you for the Armed Forces in the usual way, including recommendations on pay, some allowances and on service provided accommodation and food charges.

Defence continues to reshape and grow 21st Century skills in line with the direction in the 2021 Integrated Review and 'Defence in a Competitive Age' Command Paper. We continue to strengthen our capabilities and prioritise our activities to ensure the UK remains ready to deter adversaries and win the new era of strategic competition.

As you are aware, the MOD looks forward to the recommendations of the Haythornthwaite Review of Armed Forces Incentivisation to support us on this journey. The AFPRB's 2023 recommendations are nonetheless as vital as ever in helping to ensure that Defence continues to recruit and retain the highly skilled and motivated Service Personnel, we need to deliver Defence's outputs. My evidence to you will provide details on our recruitment and retention pressures, and I ask that you continue to consider focussing recommendations on the need to meet Defence's future vision.

Pay awards must strike a careful balance – recognising the vital importance of public sector workers, whilst delivering value for the taxpayer, considering private sector pay levels, not increasing the country's debt further, and being careful not to drive prices even higher in the future.

In the current economic context, it is particularly important that you also have regard to the Government's inflation target when forming recommendations.

Over the coming months, MOD staff will continue to support your visits and work closely with the Office of Manpower Economics to provide papers of evidence and oral evidence sessions for your consideration. I would be grateful if you could submit your report for the 2022-23 pay round by May 2023.

I am copying this letter to the Chancellor, Chief Secretary of the Treasury and Cabinet Secretary.

Yours sincerely,

The Rt Hon BEN WALLACE MP  
SECRETARY OF STATE FOR DEFENCE

## Appendix 4

### AFPRB visits

*Our evidence-base for this Report included visits, which enabled us to meet with members of our remit group and, in certain locations, their families, to understand working conditions and perceptions of pay, accommodation, food and related issues. The visits held virtually are marked with an asterisk.*

<b>ESTABLISHMENT/LOCATION</b>	<b>SERVICE</b>
Recruitment Visit – various locations*	Royal Navy Army RAF
Portsmouth	RN
OP CABRIT – Estonia	Army
Special Military Unit	UK Strategic Command
Faslane	RN
RAF Brize Norton	RAF
RAF Cosford	RAF
Salisbury Plain	Army
United States of America – various locations	RAF
Kenya	Army
RNAS Yeovilton	RN
RAF Coningsby	RAF
RAF Leeming	RAF
Defence Medical Services, Aldershot	UK Strategic Command
Navy Command Headquarters, HMS Excellent	RN
HQ Air Command, RAF High Wycombe	RAF
Army Headquarters, Marlborough Lines, Andover	Army
UK Strategic Command <sup>105</sup>	UK Strategic Command
Aldershot, Keogh Barracks ('Army Eats')	Army

<sup>105</sup> Representatives of UK Strategic Command visited us at our central London office.



## Appendix 5

### Historical view of pay comparability, 2007-08 to 2021-22

This appendix contains a more in-depth view of the pay comparability charts found in Chapter 2 (Figure 2.4 and Figure 2.5).

Notes:

OME analysis of unpublished ONS Annual Survey of Hours and Earnings (ASHE) data. The ASHE results are survey estimates, and 2021-22 ASHE data is provisional.

From 2021, the ONS moved their occupation coding to Standard Occupation Classification 2020 (SOC 2020) from 2010 (SOC 2010). This means estimates for earnings from April 2021 on a SOC 2020 basis represent a break in the ASHE time series. Earnings estimates produced on a SOC 2020 basis show minimal differences to those produced on a SOC 2010 basis.

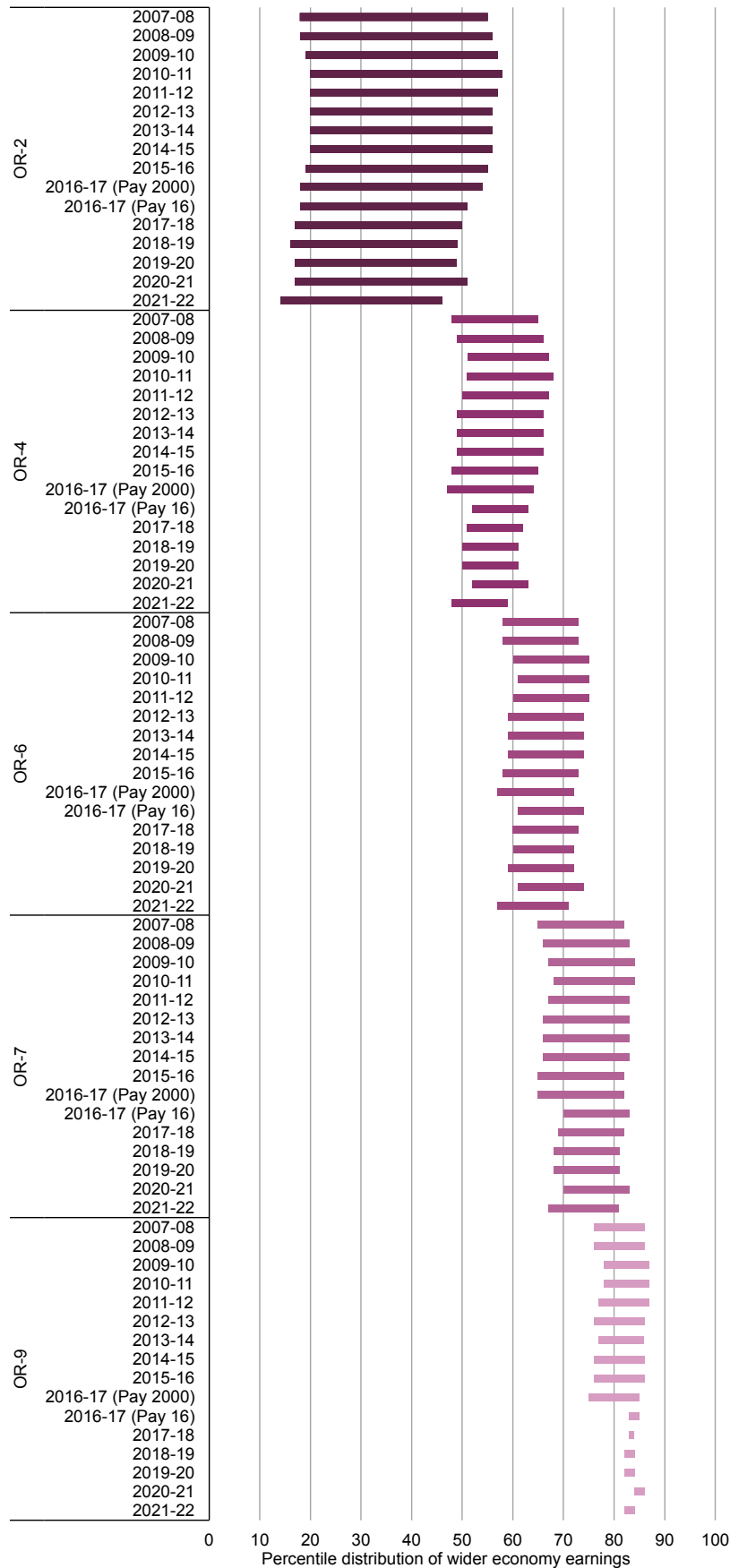
Similarly, from 2011, the ONS moved their occupation coding to SOC 2010 from SOC 2000. This means estimates from April 2011 on a SOC 2010 basis represent a break in the ASHE time series from previous years.

The OF-3 pay range includes the increment range OF-3-9 to OF-3-13, introduced for RAF Engineer Officers only from 2020-21.

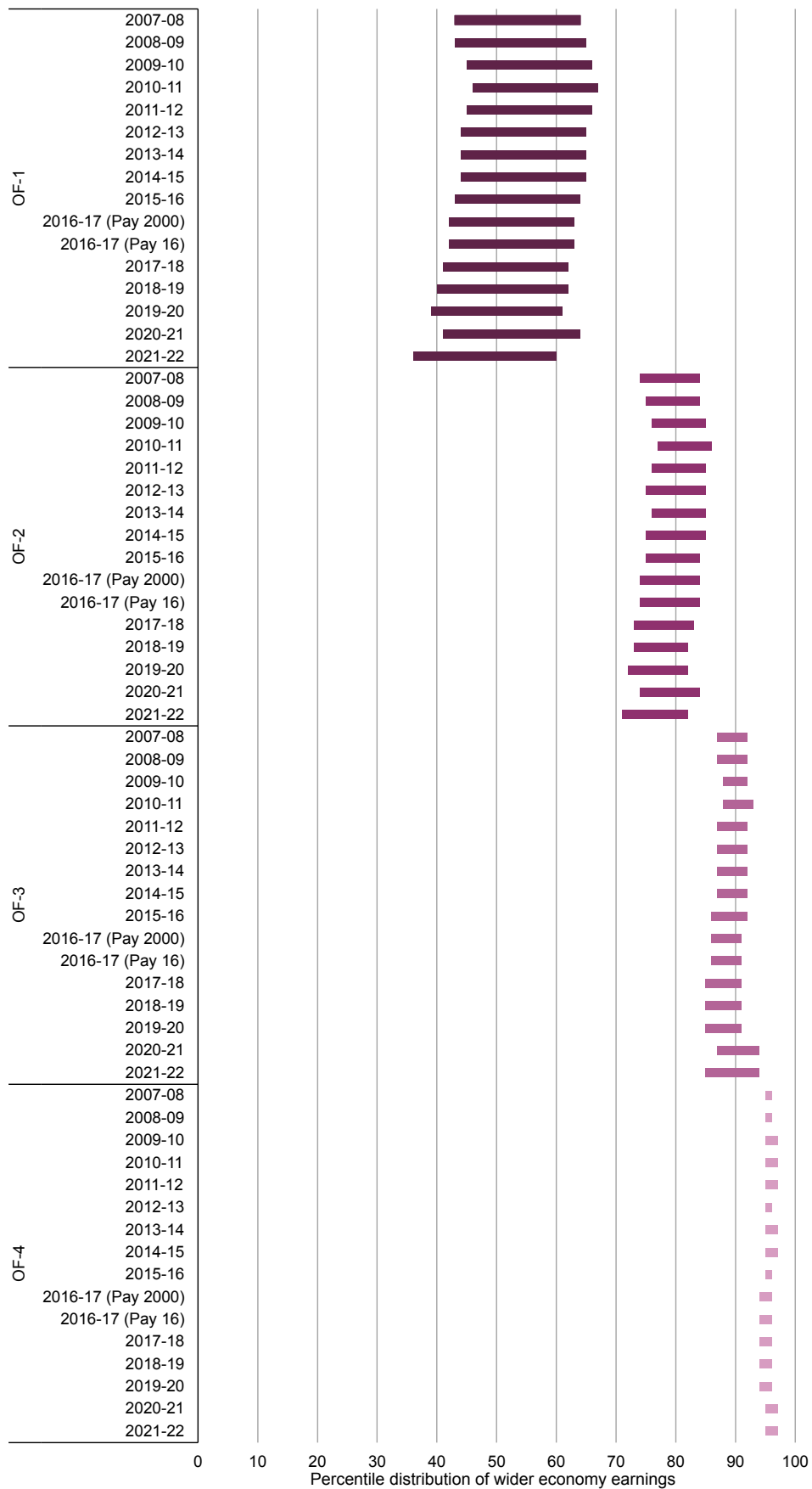
The position of the most senior Officers of our remit group (OF-5 and OF-6) are not presented as their position in the distribution of wider economy earnings was broadly unchanged over the time period.



# Position of the armed forces' pay framework including X-Factor (Other Ranks) in the distribution of earnings across the UK economy from 2007-08 to 2021-22.



**Position of the armed forces' pay framework including X-Factor (Officer Ranks OF-1 – OF-4) in the distribution of earnings across the UK economy from 2007-08 to 2021-22.**





## Appendix 6

### This year's reviews of Recruitment and Retention Payments

- 1 This Appendix sets out MOD's proposals for certain changes to RRP. We endorse these proposals. Where MOD suggested changes to RRP in line with our main pay award, we propose an increase of 5.8%, matching the level of award recommended for the most senior ranked personnel on the main pay scale.

#### RRP (Hydrographic)

- 2 Hydrographers are recruited and employed within the Hydrographic and Metrological specialisation of the Royal Navy's (RN) Warfare Branch. MOD explained to us the range of vessels on which personnel might serve as part of the RN's Hydrographic Survey Squadron. MOD told us that there would be some changes for the cadre given the planned implementation of the Future Military Data Gathering Capability. This would provide a hybrid military-commercial model to deliver the maritime geospatial data needs of Defence. We were told that these changes had caused significant uncertainty about the future operating model for Hydrographic collection within the RN. MOD acknowledged that, at the time of submitting its evidence to us, some of the details as to how the model would operate were not known. MOD said that this uncertainty had affected morale, recruitment and retention among this group of high-quality people. Specifically, MOD said that there had been an increase in Voluntary Outflow (VO), particularly among the OR-2 and OR-4 cadre. MOD also noted that the global commercial offshore surveying industry, traditionally supporting oil and gas exploration, was expanding to include the growing offshore renewable energy sector.
- 3 We note that there are six levels of RRP (Hydrographic) (RRP(H)) and that this is paid on a Continuous Career Basis up to and including OF-4 and on a Non-Continuous Basis for OF-5. In recognition of the range of factors outlined above, in particular to mitigate the risk that any degradation of the offer could cause a spike in VO among the OR-2 – OR-4 cadre, MOD proposed adjustment to the lower three rates of RRP(H) as explained below:
  - Level 1 – Payable to ORs on completion of Initial Hydrographic Training. Current rate £2.55 a day, MOD propose increasing this to £4.05 (increase of 59%);
  - Level 2 – Payable on promotion to OR-4 and completion of a specific course and payable to Officers OF-1 – OF-5 Hydrographer (Senior Practitioner). Current rate £5.10 a day, MOD propose increasing this to £6.60 (increase of 29%); and

- Level 3 – Payable on promotion to OR-6 and completion of a specific course. Current rate £6.63, MOD propose increasing this to £7.63 (increase of 15%).
- 4 MOD advised that there was no evidence or data to justify an increase to the three upper rates of RRP(H).
  - 5 MOD explained that the next three years would be crucial to understanding how hydrographers will operate. Therefore, MOD proposed that the next review of RRP(H) should be brought forward to PR26 to allow a full review to take place when the future hydrographic operating model would be better understood.
  - 6 In reviewing the MOD's proposals, we sought assurance from MOD that the proposed increases to the lower levels of RRP(H) would be sufficient to address the issues outlined to us. **We are content to endorse the MOD's proposals to increase the lower three rates of RRP(H) from 1 April 2023. We also support the intention to bring forward the next review of RRP(H).** In the meantime, we invite MOD to keep the issues outlined to us under review and to consider whether there are any non-remunerative measures that could be considered to address outflow.

### **RRP (Mountain Leader)**

- 7 MOD told us that Mountain Leaders form a unique group within the Royal Marines (RM), who provide knowledge and skills to enable the RM to operate in a wide range of conditions, from the hostile environments of the Arctic to the plains of the Balkans. MOD indicated that there was a workforce deficit of 22.5% for the cadre and that this was affecting morale and leading to increased levels of separation. MOD also explained that it was struggling to recruit the required numbers of suitable personnel and that the evidence on recruitment indicated that the remunerative offer needed to be updated so that it was competitive against other, similarly professionally attractive, specialist cohorts.
- 8 MOD told us that there are two levels of RRP (Mountain Leader) (RRP(ML)): an Initial rate (£15.88 a day) and an Enhanced rate (£21.59). In recognition of the points above, MOD proposed an increase to these rates to £19.85 (Initial rate, an increase of 25%) and to £23.75 (Enhanced rate, an increase of 10%). MOD also told us that it planned to undertake a further assessment of RRP(ML) once the Special Forces Remuneration Review had completed, given that there was anecdotal evidence that some personnel were transferring from RRP(ML) roles to the Special Forces because of the increased remuneration on offer.
- 9 We considered the MOD's proposals and noted, in particular, the points made about how the remunerative offer needed to be attractive against the pay of other specialist cohorts. We therefore suggest to MOD that in its review of Special Forces' remuneration, it should take a holistic look across

related groups to ensure that the remuneration offers are coherent and serve the needs of Defence. In the meantime, **we are content to endorse the MOD’s proposals for RRP(ML) from 1 April 2023.**

## RRP (Flying Crew)

- 10 This year we were also invited to consider RRP (Flying Crew) (RRP(FC)). MOD explained that personnel from a broad and diverse range of specialisations and roles across all three Services were eligible for RRP(FC) and that it was payable to a number of cohorts. MOD also explained that the criteria for payment of RRP(FC) varied between groups and that it was paid on both a Non-Continuous Basis (NCB) and a Completion of Task Basis (CTB). The payment of RRP(FC) is summarised in the table below.

**Table 1: Payment of RRP (Flying Crew).**

Service	Role	NCB		CTB
		Lower rate	Higher rate	
RN	Flying Maintainers	✓		
	Flight Winchmen	✓		
Army	Royal Logistic Corps Air Despatcher	✓	✓	
RAF	Aircraft Ground Engineers	✓	✓	
	Air Mobility Movers	✓	✓	
	Cabin Crew	✓		
	Intelligence Analyst Linguists	✓		
Joint Helicopter Command	Joint Helicopter Support Squadron personnel			✓

- 11 Personnel in receipt of RRP(FC) form smaller and highly specialist cadres within much larger specialisations or Trade Groups (TG). MOD explained that the main purpose of RRP(FC) was to attract individuals from the main TG into specialist or unusual roles, critical to operational delivery and then to retain the knowledge, skills and expertise once recruited. MOD also said that such personnel were volunteers and critical to the delivery of strategic Defence programmes, operational output, global readiness and mandatory air safety assurance.
- 12 In discussing the levels of the RRP, MOD said that it assessed that an incentive was necessary for the Services to attract and recruit the best quality candidates from their wider TGs for the niche RRP(FC) roles. MOD added that across all areas and roles, there was evidence that RRP(FC) was an invaluable tool for the retention of suitably qualified and experienced personnel (SQEP) within their respective specialisations. MOD argued that retention of SQEP was more cost effective than recruiting and training new personnel. MOD told us that it had considered a number of remuneration

options and concluded that the retention of RRP(FC) in its current form, with the level increased in line with the main pay award, was its preferred approach. We also note that MOD did not propose any changes to the payment criteria for this RRP.

- 13 We reviewed the MOD's proposal and noted that there appeared to be some specific workforce challenges in some of the cohorts, although the MOD was proposing a blanket increase to the rates. However, noting the structure of RRP(FC) we understand why this is the case. **Therefore, in line with other adjustments to the rates of RRP, we propose that the rates of RRP(FC) increase by 5.8% from 1 April 2023.**

### **RRP (Special Intelligence) and RRP (Special Communications)**

- 14 MOD provided us with evidence on RRP's paid to these two specialist groups.
- MOD explained that RRP (Special Intelligence) (RRP(SI)) was introduced in 2013 to address staffing issues in Defence Intelligence. MOD told us that the training process for personnel eligible for this RRP was intense and required a high level of personal commitment. MOD argued that the RRP played a crucial role in incentivising personnel during training. In addition, MOD said that the training cost represented a significant investment for Defence making retention an imperative. Once qualified, MOD explained that personnel are held at readiness and persistently engaged. MOD said that in 2022, the average 'nights out of bed' for those generating and deploying on operations was 214, with 29% of the workforce ending the year with more than 15 leave days remaining. MOD reported that morale was high within this cohort but that individuals were approached regularly by civilian companies.
  - MOD also asked us to review RRP (Special Communications) (RRP(SC)). This is paid to a specialist cadre for which personnel must complete a demanding selection and training process. MOD said that it assessed that the RRP remained vital for recruitment and encouraging personnel to consider investing time in attempting selection. In addition, MOD told us that in the 12 months up to the date of submitting evidence to us, of those who had submitted their notice to terminate, 50% had cited financial opportunities outside the Service as a driving factor in their decision.
- 15 In both instances, MOD informed us that it had considered options for the RRP's and concluded that given the workforce challenges faced by both groups, the RRP's should be retained and increased in line with the main pay award. **Therefore, in line with other adjustments to the rates of RRP, we propose that the rates of RRP(SI) and RRP(SC) increase by 5.8% from 1 April 2023.**

## Appendix 7

### Summary of X-Factor evidence by component

*Turbulence.* This is defined as ‘the dislocation to personal, family and social life caused by regular changes to both the type and geographical location of work the effect of which is exacerbated when the employee receives short notice about these changes’. **MOD’s evidence suggested that this component was unchanged for the military** and provided a wealth of evidence that recognised Turbulence as a multi-faceted component. MOD evidence showed that there had been improvement in Service personnel’s perception of being able to maintain a family and social life, but a deterioration in family access to healthcare, with the remainder of evidence appearing more balanced. MOD stressed that under the auspices of the Armed Forces Covenant, there is a duty of regard on specific public bodies to ensure that Service families receive their full entitlement to statutory services and support in the UK, and face no disadvantage due to their armed forces status. **IDR assessed that this component was unchanged for the civilian sector** over the review period, noting that the component was complex but the data analysed showed general improvement in housing, deterioration in access to healthcare and largely balance across the rest of the evidence.

*Spousal/partner employment.* This component accounts for the fact that ‘the turbulent nature of life in the armed forces may have a varied and detrimental impact on spouse/partner employment’. **MOD assessed this component had improved for the military**, citing improvements in the number of spouses in full-time employment and being able to access employment, and serving personnel’s satisfaction with the impact Service life had on their spouse’s career. Furthermore, Wraparound Childcare (WAC) was introduced in 2022 to assist Service families with before and after school childcare to offset the costs of childcare. **IDR assessed this component had slightly improved for the civilian sector.** IDR used women as a proxy for spouse/partner and noted there had been improvement in the employment of women since 2017 and an increase in the proportion of women in managerial, professional and associate professional groups.

*Danger to physical and mental health.* This is defined as ‘a threat of real or perceived violence; in an environment or area which is deemed physically unsafe or uncomfortable for either natural, manufactured and/or political reasons; danger of death; those impacts cover short and long-term injury to physical health; short and long-term impact on mental health’. **MOD’s evidence on the military assessed that this component was unchanged** on the basis that actual danger encountered as measured by deaths or injury in service have remained broadly the same, and much lower than in previous review periods where the armed forces were engaged at a much higher operational tempo. **IDR’s assessment concluded that this component had slightly deteriorated for the civilian sector**, noting a significant increase in the number of referrals to mental health services due to post-traumatic stress disorder and a



decrease in the total number of fatal workplace injuries over the review period, although there was a slight rise in the number of fatal workplace injuries in the manufacturing sector.

*Separation.* This is defined as 'being separated from normal personal or family life for a period of time because of working commitments'. **MOD assessed this component had improved for the military** and used survey evidence from Service personnel as well as their spouses/partners to indicate personnel had spent less time away in recent years and achieved an improved work-life balance. **IDR assessed this component had improved for the civilian sector**, citing the fall in domestic and international business travel over the review period.

*Job security.* This is defined as 'the knowledge, based on past history, that the individual will be able to work within the same organisation, albeit within different divisions, for a significant number of years and enjoy similar or increased levels of remuneration'. **MOD's evidence concluded that this component remained unchanged.** MOD said that their evidence was scarce but drew upon survey findings concerning personnel's feelings about job security and MOD noted that during this period, there had been no redundancy schemes. **IDR's assessment concluded that the component had improved for the civilian sector**, recognising the low levels of unemployment since the pandemic and how perceptions of job security have improved in the civilian sector.

*Hours of work.* 'Hours of work would normally be defined within the employment contract and need to accord with related legislation, albeit that UK companies may request employees to sign an agreement which exempts the individual from restrictions imposed by the hours of work legislation. Armed forces personnel have a legal obligation under the Armed Forces Act to be available for duty 24 hours a day and 365 days a year. Overtime and shift premia are not paid to armed forces personnel'. **MOD evidence on the military argued that this component had deteriorated** over the review period, looking at hours worked by Service personnel. **IDR's assessment concluded that the component had improved for the civilian sector**, evidenced by a decline in the proportion of workers engaging in evening and night work, a decline in the proportion of employees working overtime and long hours over the period.

*Stress, personal relationships and impact of the job.* This component accounts for 'when individuals have excessive pressures or other demands placed on them at work. In the armed forces, it may be a consequence of individuals having difficulty coping with certain aspects of the job'. **MOD assessed this component had improved for the military**, referring to an improvement in alternative work arrangements available to Service personnel and survey findings that suggested an improved perception of workload amongst Service personnel and its impact on family life. **IDR assessed this component had deteriorated for the civilian sector** with increases in self-reported work-related illnesses relating to stress, increased alcoholic-specific deaths, increased level of recorded suicides and increased domestic abuse related crimes over the review period.

*Leave.* This is defined as ‘the entitlement to a fixed number of working days off from one’s job as stated in the employment contract’. **MOD assessed that this component was unchanged for the military** and recognised that there was minimal evidence for this component, but cited a range of findings from AFCAS on Service personnel’s ability to take leave, satisfaction with leave allowance and reported disruption to taking leave. **IDR determined that this component was unchanged for the civilian sector**, noting difficulties to retrieve available evidence on this component.

*Training, education, adventure training and personal development.* This is defined as ‘the facilitation of learning new skills, or improving existing skills, which enhance the abilities of individuals to do their job or further their career’. **MOD’s evidence suggested that this component was unchanged for the military** and presented survey findings on personnel’s satisfaction with opportunities to undertake adventure training, satisfaction with the timing of training and satisfaction with opportunities for personal/professional development which had all remained stable over the review period. **IDR concluded that the civilian sector had experienced a slight deterioration** in this component on the basis that there have been small declines in all evidence relating to the completion of training, such as the proportion of the civilian workforce being trained and number of training days delivered per year.

*Promotion and early responsibility.* This is defined as ‘endorsement of an individual’s ability in the form of an elevation in both status and responsibility’. **MOD concluded that this component was unchanged for the military**, primarily drawing upon survey results which indicated very little change in satisfaction with opportunities and the process for promotion and the challenge of the job. **IDR assessed this component had slightly improved for the civilian sector**, using the CIPD Good Work Index to understand workers’ perceptions of prospects of career advancement and opportunities for skills development.

*Autonomy, management control and flexibility.* This is defined as ‘the degree of management control exercised over the individual’. **MOD argued that this component had improved for the military** on the basis that all metrics concerning how Service personnel perceived their extent of choice in doing work and their authority to make decisions had improved over the review period. **IDR’s assessment concluded that the component slightly deteriorated for the civilian sector**, finding that most metrics detailing how civilians perceived their autonomy over different aspects of their employment, including job tasks, work pace, work manner and task order had fallen over the review period.

*Individual, trade union and collective rights.* This component aims to reflect a number of individual and collective legal rights from which armed forces personnel are exempt. **MOD’s evidence on the military assessed that this component was unchanged**, citing that metrics concerning the Service complaints process and Service discipline process were unchanged over the

period of the review. **IDR assessed this component was unchanged for the civilian sector**, noting that the past five years had been a period of remarkable stability in relation to legislation on trade union and employment rights.

## Appendix 8

### X-Factor component definitions

The X-factor component definitions<sup>106</sup> following the last X-Factor components review are described below:

Component	Definition
Autonomy, management control and flexibility	<p>Autonomy, management control and flexibility is defined as the degree of management control exercised over the individual. It assesses the scope allowed to the jobholder to exercise initiative and take independent actions and considers the degree of latitude and discretion allowed in making decisions. This factor also takes into account the amount of control that individuals have over their immediate working environment.</p> <p>Due to the unique nature of their work, armed forces personnel operate within a tightly controlled structure (i.e. the Command Structure). In general, civilians have significantly more freedom and flexibility in making decisions which impacts upon their immediate working environment.</p>
Danger to physical and mental health	<p>Danger to physical and mental health covers the impact on individual personnel of operating:</p> <ol style="list-style-type: none"><li>with a threat of real or perceived violence;</li><li>in an environment or area which is deemed physically unsafe or uncomfortable for either natural, manufactured and/or political reasons;</li><li>when there is a danger of death.</li></ol> <p>Those impacts cover:</p> <ol style="list-style-type: none"><li>short and long-term injury to physical health;</li><li>short and long-term impact on mental health.</li></ol> <p>For armed forces personnel these impacts may arise from a number of circumstances including:</p> <ol style="list-style-type: none"><li>the conduct of military operations;</li><li>training;</li><li>terrorism;</li><li>the understanding of mental and physical health issues.</li></ol>

<sup>106</sup> In conjunction with the MOD, we have made some minor adjustments to the previously published X-Factor component definitions by replacing some terminology with gender neutral language.

Component	Definition
Hours of work	<p>Hours of work would normally be defined within the employment contract and need to accord with related legislation, albeit that UK companies may request employees to sign an agreement which exempts the individual from restrictions imposed by the hours of work legislation.</p> <p>Unsocial hours are those worked outside regular 'office hours' between Monday and Friday. Such hours may be the requirement of the job, especially where it is necessary to operate 24 hours a day.</p> <p>Employees in many industries and roles receive overtime and shift premia for hours worked in addition to, or outside, normal working hours. However, in some roles, flexibility over hours is expected and accounted for in basic pay.</p> <p>Armed forces personnel have a legal obligation under the Armed Forces Act to be available for duty 24 hours a day and 365 days a year. Overtime and shift premia are not paid to armed forces personnel.</p>
Individual, trade union and collective rights	<p>Individual, trade union and collective rights are enjoyed by UK citizens and by those with a right to remain and work in the UK. These rights include:</p> <ul style="list-style-type: none"> <li>a) Human Rights legislation;</li> <li>b) Equal Opportunities legislation;</li> <li>c) Age Discrimination legislation;</li> <li>d) Minimum Wage legislation;</li> <li>e) Working Time legislation;</li> <li>f) Trade Union membership.</li> </ul> <p>Armed forces are not fully subject to these pieces of legislation.</p> <p>Residents of the UK may belong to a trade union and may actively participate in union activity, including the right to strike. Armed forces personnel are permitted to join a trade union that enhances their trade skills and knowledge. However, they are not permitted to participate in collective bargaining. Armed forces personnel are, therefore, unable to benefit from worker representation through a collective body such as a trade union or staff association.</p>

Component	Definition
Individual, trade union and collective rights <i>continued...</i>	<p>In addition to Civil and Criminal Law, armed forces personnel are subject at all times to military discipline, as set out in the Armed Forces Act 2006. There are also other restrictions that are imposed on armed forces personnel by their employment conditions.</p> <p>The notice periods for armed forces personnel are fixed by reference to laid down procedures. The inability to leave the Services at will means that Service personnel are prevented from securing a job and then handing in their notice – the norm in civilian life for those in employment. Other Ranks are eligible, once they have completed an initial (and variable) return of service, to give notice to leave but, other than in exceptional (e.g. compassionate) circumstances, can be required to serve out a standard 12-month period of notice. Earlier release is sometimes permitted depending on the workforce requirements of the individual’s branch/trade.</p> <p>Service personnel can also be prevented from leaving for operational reasons and may also be required to give a ‘Return of Service’ on completion of their particular career courses (for example 36 months for a full-time degree course). On leaving, Service personnel remain liable for call out or re-call for periods which vary depending on their engagement/commission.</p> <p>Service personnel families may also be subject to restrictions, especially when they are living in Service accommodation.</p>
Job security	<p>Job security is defined as the knowledge, based on past history, that the individual will be able to work within the same organisation, albeit within different divisions, for a significant number of years and enjoy similar or increased levels of remuneration.</p> <p>Within the armed forces, job security has long been recognised as a key benefit compared with the more fluid employment market in civilian life. The more stable career pattern may persuade some personnel to accept the disadvantages that come from Service life.</p> <p>Job security may be affected by the level of personal fitness.</p>

Component	Definition
Leave	<p data-bbox="507 203 1342 320">Annual leave is defined as the entitlement to a fixed number of working days off from one's job as stated in the employment contract.</p> <p data-bbox="507 338 1342 533">It would generally be expected that the employer would not be able to dictate the manner that this time would be utilised and that such leisure time can be booked with prior agreement from the employer and/or colleagues in accordance with personal or family requirements.</p> <p data-bbox="507 539 1342 768">Employees working shifts would normally expect that at main holidays, e.g. Christmas, New Year and summer holiday time, that they would be able to take time off, subject to the needs of the business and that where necessary the business would hire additional staff to cover such times.</p> <p data-bbox="507 790 1342 985">In the event that the holiday time is lost, the employee would expect to be compensated in some way. For some employees, leave would be included in the flexible benefits system and can therefore be traded (i.e. increased or decreased) for other benefits or money.</p> <p data-bbox="507 1008 1342 1124">All ranks across the Services have an allocation of 30 'working days' leave per year. However, leave can be lost for military reasons.</p> <p data-bbox="507 1146 1342 1496">In practice it may be difficult for Service personnel to take leave when they wish (because of programmed commitments and the wider unpredictability of Service commitments) or to be able to take their full complement of leave. It remains MOD policy that commanders enable their personnel to take the full 30 working days leave allowance unless operational imperatives dictate otherwise. Those required to work at weekends or during 'stand-downs' do not necessarily achieve time off in lieu.</p>
Promotion and early responsibility	<p data-bbox="507 1525 1342 1720">Career development is a clear goal of armed forces personnel. Promotion is the endorsement of an individual's ability in the form of an elevation in both status and responsibility. This could be demonstrated in a variety of forms, including:</p> <ul style="list-style-type: none"> <li data-bbox="507 1738 1050 1774">a) responsibility for teams/personnel;</li> <li data-bbox="507 1792 895 1827">b) responsibility for assets;</li> <li data-bbox="507 1845 1126 1881">c) responsibility for strategy and planning.</li> </ul> <p data-bbox="507 1899 1342 2018">Service careers provide earlier opportunities for promotion, and thus increased responsibility, than are experienced by those of similar ages in civilian occupations.</p>

Component	Definition
Separation	<p>Separation is defined as being separated from normal personal or family life for a period of time because of working commitments. This component covers physical separation and also recognises that, depending on their precise role/location, armed forces personnel may also be restricted in their wider [electronic] communications with family and friends.</p> <p>The length of time for which separation takes place will vary according to the nature of the job. Normally the length of separation would be standardised, e.g. a North Sea worker would normally work for a set period of weeks and then return home for a set period of time. This is less the case in the armed forces where many personnel enjoy a lower level of predictability in relation to their working lives.</p> <p>There are two broad categories of Separation:</p> <ul style="list-style-type: none"> <li>(i) voluntary separation (i.e. where a Service person chooses to serve unaccompanied in order to give family stability);</li> <li>(ii) involuntary separation (for example operations and pre-deployment training).</li> </ul> <p>Some separation is an inevitable part of Service life and the X-Factor takes into account short periods of separation. Longer periods of separation are compensated by the Longer Separation Allowance. These allowances are not dependent upon marital status.</p>



Component	Definition
Spousal/partner employment	<p>The turbulent nature of life in the armed forces may have a varied and detrimental impact on spouse/partner employment.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>a) employability – limited employment opportunities for spouses or partners which covers finding employment, finding employment within a specific field or industry and/or employment suitably matched to the spouse’s or partner’s skills, work experience and qualifications;</li> <li>b) training and career development – difficulties for spouse/partner to continue their career, professional training and achieve promotion (i.e. an employer may be less likely to consider them for promotion as their personal situation is likely to be taken into account by their employer);</li> <li>c) earnings – spouse/partner is likely to have to accept a lower level of salary due to (a) and (b) above. This is also likely to affect the benefits package, and in particular the pension.</li> </ul> <p>These effects are likely to be exacerbated when:</p> <ul style="list-style-type: none"> <li>(i) Service personnel and their spouses/partners require childcare provision in order to be able to work.</li> <li>(ii) Service personnel are posted overseas.</li> </ul>

Component	Definition
Stress, personal relationships and impact of the job	<p data-bbox="507 210 1361 365">Stress at work arises when individuals have excessive pressures or other demands placed on them at work. In the armed forces, it may be a consequence of individuals having difficulty coping with certain aspects of the job.</p> <p data-bbox="507 383 1361 577">Employers would expect to minimise stress by planning, providing new or additional resources, and/or re-organising work. However, depending on the organisation, this may not always be possible in the armed forces due to lack of resources or personnel.</p> <p data-bbox="507 595 1361 831">Depending on the level of deployment, armed forces personnel may experience significantly greater levels of stress than would normally be acceptable in civilian occupations. The armed forces may also experience additional stress because of overstretch for operational reasons.</p> <p data-bbox="507 848 1361 1084">Stress may have short- and long-term impacts on Service personnel both during and after employment in the armed forces. The impact of this can be varied and detrimental. As a result, individuals may experience difficulties adjusting to civilian life, including difficulties in finding and maintaining civilian employment.</p> <p data-bbox="507 1102 1361 1256">Stress, including post-Service stress, may also contribute to difficulties maintaining relationships with spouse, partner, children, friends and family, having a detrimental impact on family and personal life.</p> <p data-bbox="507 1274 1361 1404">A minority may also experience social and mental problems, such as issues misusing alcohol or drugs, vagrancy, criminal activity and/or suicide.</p>

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<b>Component</b>	<b>Definition</b>
Turbulence	<p>Turbulence is defined as the dislocation to personal, family and social life caused by regular changes to both the type and geographical location of work the effect of which is exacerbated when the employee receives short notice about these changes.</p> <p>Turbulence has an impact on the following:</p> <ul style="list-style-type: none"><li>a) home ownership is more difficult as personnel need to move frequently;</li><li>b) maintaining friendships and family contacts outside work;</li><li>c) developing external interests;</li><li>d) accessing state education;</li><li>e) continuity and stability of education for the children of Service personnel;</li><li>f) accessing NHS medical and dental care;</li><li>g) impact upon credit rating generally.</li></ul> <p>Armed forces' personnel can be held at High Readiness and must be able to move at short notice, and sometimes frequently, between units and theatres. However, this may vary considerably between different personnel and vary over a career. Such significant and repeated pressure may have a major impact on the quality of life they experience.</p>

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Component	Definition
Training, education, adventure training and personal development	<p>Training is the facilitation of learning new skills, or improving existing skills, which enhance the abilities of individuals to do their job or further their career. This in turn will facilitate career progression and increased responsibility where appropriate.</p> <p>Training may include:</p> <ul style="list-style-type: none"> <li>a) technical skills;</li> <li>b) trade skills;</li> <li>c) academic skills;</li> <li>d) management skills;</li> <li>e) people skills;</li> <li>f) transferable skills.</li> </ul> <p>For the armed forces this includes the opportunity to undertake a range of non job-specific training and development opportunities, which are often paid for or subsidised by their employer. This may include skills training at the end of their career prior to retirement outside the armed forces.</p> <p>Adventure training is also an attraction for Service personnel. Adventure training is undertaken by Officers and Other Ranks as part of their initial training and subsequently, to encourage personal fitness and develop individual skills.</p> <p>The armed forces also provide the opportunity to participate in sport on an individual and team basis at no cost to personnel. In particular, individuals may spend significant amounts of time on training for competitions as this is regarded as part of the job.</p>



## GLOSSARY OF TERMS

<b>AAC</b>	Army Air Corps
<b>AfC</b>	Agenda for Change
<b>AFCAS</b>	Armed Forces Continuous Attitude Survey
<b>AFPRB</b>	Armed Forces' Pay Review Body
<b>AFPS</b>	Armed Forces' Pension Scheme
<b>AHP</b>	Allied Health Professional
<b>APPS</b>	Aircrew Professional Pay Spine
<b>ASHE</b>	Annual Survey of Hours and Earnings
<b>BAME</b>	Black, Asian and Minority Ethnic
<b>BDA</b>	British Dental Association
<b>BMA</b>	British Medical Association
<b>BoE</b>	Bank of England
<b>CAAS</b>	Combined Accommodation Assessment System
<b>CCB</b>	Continuous Career Basis
<b>CEA</b>	Clinical Excellence Award
<b>CJRS</b>	Coronavirus Job Retention Scheme
<b>CPI</b>	Consumer Prices Index
<b>CTB</b>	Completion of Task Basis
<b>DARR</b>	Defence Aircrew Remuneration Review
<b>DDRB</b>	Review Body on Doctors' and Dentists' Remuneration
<b>DFC</b>	Daily Food Charge
<b>DHS</b>	Decent Homes Standard
<b>DIO</b>	Defence Infrastructure Organisation
<b>DMS</b>	Defence Medical Services or Defence Minimum Standard
<b>DPP</b>	Delivery Pinch Point
<b>EPC</b>	Energy Performance Certificate
<b>FAM</b>	Future Accommodation Model
<b>FDIS</b>	Future Defence Infrastructure Services
<b>FHTB</b>	Forces Help to Buy
<b>FR20</b>	Future Reserves 2020
<b>FTRS</b>	Full-Time Reserve Service
<b>GDP</b>	Gross Domestic Product or General Dental Practitioner
<b>GMP</b>	General Medical Practitioner
<b>HMT</b>	His Majesty's Treasury
<b>HRAFI</b>	The Haythornthwaite Review of Armed Forces' Incentivisation
<b>IDR</b>	Incomes Data Research

<b>ISE</b>	Institute of Student Employers
<b>IR23</b>	Integrated Review Refresh 2023
<b>MO</b>	Medical Officer
<b>MOD</b>	Ministry of Defence
<b>MODO</b>	Medical and Dental Officer
<b>MPGS</b>	Military Provost Guard Service
<b>NATO</b>	North Atlantic Treaty Organisation
<b>NCB</b>	Non-Continuous Basis
<b>NHS</b>	National Health Service
<b>NHSPRB</b>	National Health Service Pay Review Body
<b>NLW</b>	National Living Wage
<b>OBR</b>	Office for Budget Responsibility
<b>OCFR</b>	Officer Commissioned from the Ranks
<b>OF</b>	Officer
<b>ONS</b>	Office for National Statistics
<b>OR</b>	Other Rank
<b>PSED</b>	Public Sector Equality Duty
<b>PTVR</b>	Part-Time Volunteer Reserve
<b>RAF</b>	Royal Air Force
<b>RB</b>	Reserve Banding
<b>RESCAS</b>	Armed Forces Reserves Continuous Attitude Survey
<b>RG</b>	Royal Gibraltar Regiment
<b>RHDI</b>	Real Household Disposable Income
<b>RM</b>	Royal Marines
<b>RN</b>	Royal Navy
<b>RNAS</b>	Royal Naval Air Station
<b>RP</b>	Retention Payment
<b>RRP</b>	Recruitment and Retention Payment
<b>SCAPE</b>	Superannuation Contribution Adjusted for Past Experience
<b>SFA</b>	Service Family Accommodation
<b>SFF</b>	Service Families' Federations
<b>SLA</b>	Single Living Accommodation
<b>SLAMIS</b>	SLA Management Information System
<b>SNCO</b>	Senior Non-Commissioned Officer
<b>SPP</b>	Sustainability Pinch Point
<b>SQEP</b>	Suitably Qualified and Experienced Personnel
<b>SSRB</b>	Senior Salaries Review Body
<b>SSRP</b>	Standstill Rate of Pay

<b>TACOS</b>	Terms and Conditions of Service
<b>TB</b>	Training Bounty
<b>TG</b>	Trade Group
<b>UCM</b>	Unified Career Management
<b>UCM Med</b>	Unified Career Management Medical
<b>UK</b>	United Kingdom
<b>VO</b>	Voluntary Outflow



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