



Ministry  
of Defence

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4.4.2.1

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*Dear Peter,*

Firstly, I would like to express my thanks to you and your colleagues for the hard work that the Armed Forces' Pay Review Body (AFPRB) undertook for the 2019-20 pay round. I am delighted that my predecessor accepted your recommendations in full, providing our Armed Forces with the pay rise that they deserve in recognition of the brilliant job they do on a daily basis. I strongly believe that this outcome reinforces the importance of the independent role and expert advice that the AFPRB provides on behalf of our Service personnel.

Secondly, I am writing to ask that you formally commence the 2020-21 pay round. In the 2020-21 pay round the Government is seeking to continue taking a flexible approach to public sector pay awards. The use of pay to target areas of skills shortages remains as important as ever, as does ensuring that the pay award continues to support wider recruitment and retention within the Armed Forces. My evidence submission to you will include a detailed account of recruitment and retention pressures in the Armed Forces and I ask that you consider how best to target pay to help address these pressures within your report and recommendations.

The pay award must be balanced against priority investment areas across the Defence portfolio, including wider aspects of our offer to people, for example accommodation, training and activity. While the SR19 settlement is welcome, there remain significant financial pressures which will need to be addressed. Likewise, SR19 established priority areas for investment, which further constrain the in-year trade-offs available to enable additional pay costs to be absorbed. My officials will provide further context, including in the October briefing. I request that you describe in your final report what steps you have taken to ensure affordability of the pay round has been given due consideration within the wider offer to our people when reaching your recommendations.

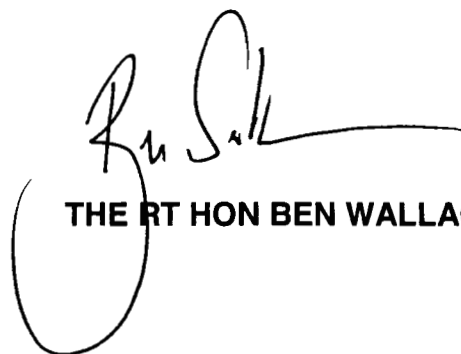
**Peter Maddison QPM**  
**Chair of AFPRB**  
**c/o Office of Manpower Economics**  
**Fleetbank House**  
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You will be aware that the Ministry of Defence (MOD) is embracing transformation to Mobilise, Modernise and Transform our Defence People capability. We will continue to offer the unique experience of careers in Defence, combined with modern terms and conditions and working practices that attract and retain a diverse and skilled workforce. This will include ensuring that the expectations of future generations are reflected in our approach to reward, with the aim of maximising our people's talents throughout their careers, and exploiting the opportunities offered by new technology. An initial step towards Defence People Transformation will be elements of Pay 16 Evolve, being delivered through next year's pay round. In addition, the five-yearly review of our Pay 16 pay model will be conducted in the 2021-22 pay round.

I would be grateful if you could submit your report for the 2020-21 pay round during April 2020. I recognise that again this will result in another delay to the announcement of Armed Forces pay which we will again backdate. However, I am pleased to inform you that the Government plans to bring the pay round process for the Armed Forces back on track in time for the pay award in April 2021, and MOD staff will work with the Office of Manpower Economics to readjust our timetable to achieve this aim through this transition year.

I very much look forward to meeting you in the New Year and discussing our strategies at the oral evidence session. In the meantime, MOD staff will continue to support your visits to the single Service Headquarters and work closely with the Office of Manpower Economics to provide papers of evidence in the coming months.

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



**THE RT HON BEN WALLACE MP**