



Armed Forces' Pay Review Body

THIRTY-THIRD REPORT 2004

Chairman: The Rt. Hon. Baroness Dean
of Thornton-le-Fylde

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

February 2004

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Armed Forces' Pay Review Body

The Armed Forces' Pay Review Body is an independent voluntary body. It was established in September 1971 and 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. At the request of the Prime Minister, and following consultation with the Review Body, revised terms of reference were introduced in 1998. These are:

The Armed Forces' Pay Review Body is to provide 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.

The members of the Review Body are:

The Rt. Hon. Baroness Dean of Thornton-le-Fylde (Chairman)¹

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The secretariat is provided by the Office of Manpower Economics.

¹ Baroness Dean is also a member of the Review Body on Senior Salaries.

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Armed Forces' Pay Review Body – Thirty-Third Report

Summary of Recommendations

Our recommendations are effective from 1 April 2004.

Recommendation 1 (Page 24)

Leave. We recommend that the Services develop clear performance indicators for the management of leave so that, where personnel are not able to take their leave allowance, appropriate corrective action can be taken.

Recommendation 2 (Page 26)

Military pay. We recommend that, unless otherwise specified, the military pay ranges under Pay 2000 for all Other Ranks and Officers be updated by 2.8 per cent from 1 April 2004. We further recommend:

- That pay range 1 (lower) (Privates/Lance Corporals) be updated by 3.2 per cent; and
- That the first pay point on pay range 1 (higher) be increased to £13,461.

The annual salary scales arising from our recommendations are at Appendix 1.

Recommendation 3 (Page 28)

Specialist Pay. We recommend the introduction of standard rates of Specialist Pay from 1 April 2004. We recommend that the 2003 standard rates be increased in line with our overall pay recommendation from 1 April 2004. The recommended rates are set out at Appendix 2.

Recommendation 4 (Page 29)

Hydrographic Pay. We recommend the following rates of Hydrographic Pay from 1 April 2004:

- | | |
|---|----------------|
| • On attaining Charge qualification (H Ch) | £11.31 per day |
| • Surveyor 1st Class (H1) | £9.25 per day |
| • On promotion to Chief Petty Officer Survey | £7.71 per day |
| • Surveyor 2nd Class (H2), on promotion to Petty Officer or attainment of NVQ3 whichever is earlier | £4.11 per day |
| • On promotion to Leading Hand | £3.08 per day |
| • On completion of Initial Hydrographic Training | £1.54 per day |

Recommendation 5 (Page 29)

Non-Specialist Pay. We recommend that all rates of Non-Specialist Pay be increased by 2.8 per cent from 1 April 2004. The recommended rates are set out at Appendix 2.

Recommendation 6 (Page 29)

Compensatory Allowances. We recommend that all rates of Compensatory Allowances, other than LSSA and LSSB, be increased by 2.8 per cent from 1 April 2004. The recommended rates are set out at Appendix 2.

Recommendation 7 (Page 30)

Longer Separated Service Allowance and Longer Service at Sea Bonus. We recommend an increase of 3.2 per cent in daily rates of LSSA and LSSB from 1 April 2004. The recommended rates of payment are set out at Appendix 2. We also recommend that the Accumulated Turbulence and Accumulated Turbulence Plus bonuses be increased from £1,250 to £1,300 from 1 April 2004.

Recommendation 8 (Page 34)

Service Family Accommodation charges. We recommend graduated increases to Service Family Accommodation rental charges from 1 April 2004. The resulting charges are shown in Tables 5.1 and 5.2.

Recommendation 9 (Page 34)

Single Living Accommodation charges. We recommend graduated increases to Single Living Accommodation charges from 1 April 2004. The resulting charges are shown in Table 5.3.

Recommendation 10 (Page 35)

Water and sewerage charges. We recommend water and sewerage charges for all SFA of between £234 and £263 a year and a water charge for SLA of £80 a year.

Recommendation 11 (Page 35)

Furniture hire. We recommend furniture hire rates to be applied to SFA as shown in Table 5.1.

Recommendation 12 (Page 37)

Garage rent. We recommend that the charge for garage rent be increased to £226.30 a year.

Recommendation 13 (Page 37)

Food charges. We recommend the following food charges from 1 April 2004:

Single charge	£24.22 per week
Married unaccompanied charge	£17.71 per week.

Chapter 1

Introduction

Introduction

- 1.1 This report contains our recommendations on pay and charges from 1 April 2004. They are derived from our terms of reference which require us to judge the level of pay required to ensure broad comparability with civilian life and to enable effective recruitment, retention and motivation of Service personnel. They are informed also by the Government's economic and management evidence, and the broader economic context, and our understanding of the pressures placed on the Armed Forces over the past year both by international and domestic events.
- 1.2 In this introductory chapter, we comment on the outcome of our 2003 Report, describe our work programme and activity during the year and summarise the key themes which have influenced this year's recommendations.

Our 2003 recommendations

- 1.3 The recommendations in our 2003 Report were accepted and implemented in full by the Government. For 2003-04 we recommended:
- A 3.2 per cent increase in base pay for Officers and Other Ranks, and a 3.7 per cent increase for Privates/Lance Corporals in pay range 1 (lower);
 - Adjustments to certain pay rates in pay range 2 (lower and higher), pay range 3 (lower) and pay range 4 (lower), plus a single rate for new entrants;
 - Increases in the daily rates of Longer Separated Service Allowance (LSSA) and targeted increases to daily rates of Longer Service at Sea Bonus (LSSB), a reduction in the qualifying period for LSSA and increases to the Accumulated Turbulence Bonuses for both allowances;
 - The introduction of carefully targeted remuneration arrangements for Commissioned Aircrew (and NCO Army Pilots), RAF Non-Commissioned Aircrew, Submariners (including significant increases to Submarine Pay) and Royal Signallers;
 - An increase of 3.2 per cent to rates of Specialist Pay, Non-Specialist Pay and Compensatory Allowances;
 - Increases to Reserves' Bounties; and
 - Graduated increases in charges for Single Living Accommodation (SLA) and Service Family Accommodation (SFA), and no increase in food charges.

Sources of evidence

- 1.4 Our recommendations are based on written and oral evidence from the Ministry of Defence (MOD) and the Services, independent research commissioned from or through our Secretariat and contextual evidence that we gather directly from personnel during the course of our visits.

- 1.5 Our working year starts in the spring with briefing from each Service, led by the Principal Personnel Officer (PPO), which sets out their personnel and pay priorities for the coming year. During spring and summer, we undertake a programme of visits to all three Services in the UK and overseas. The aim of our visits is to hear first hand the views of around 3,000 personnel and family members and to see their living and working conditions. Our programme in 2003 included locations and establishments covering training, support, peacekeeping and combat roles (a full list of the locations visited is at Appendix 4). The opportunity to visit Iraq was particularly welcome and helped us to assess progress made by the Services in providing welfare and infrastructure support to personnel in operational areas. As always, the personnel we met were knowledgeable and had given considerable thought to the issues they raised. We were particularly impressed by the extent to which Officers and Senior NCOs in our discussion groups understood the concerns of more junior personnel and acted as their advocates often in preference to expressing their own concerns. We are grateful to everyone involved in arranging or taking part in our briefings and visits which provide invaluable contextual evidence for our report.
- 1.6 In the autumn, we receive written and oral evidence from the Government, MOD and the Services covering both the background to our overall deliberations and particular aspects of remuneration requiring periodic or special review. In 2003, for instance, we considered the outcome of a Review of Pay 2000 and information on the Army's operational pinch points, and specific evidence on Mountain Leaders, Hydrographers, Royal Navy Artificers and Service Nurses. We test the evidence in oral sessions with the Secretary of State and the Chief of Defence Staff – whose attendance continues to show the importance they attach to our work on Armed Forces' pay – and with the PPOs. During 2003, at our invitation, we were briefed on the Joint Personnel Administration (JPA) system and had the opportunity to discuss issues of concern to Reserve Forces with the Director of Reserve Forces and Cadets.
- 1.7 It is essential to the maintenance of our independence that we have access to independent advice and research. For 2003, we had advice from external consultants on pay comparability and our Secretariat collected data to inform our consideration of Service charges. We report on these in later chapters.
- 1.8 As part of our work we pay particular attention to the concerns of Service families recognising their influence on retention. Where possible, our visits include discussions with family members and each year we invite the Chairs of the Service Families' Federations to an informal meeting. The issues consistently raised by families centre around quality of life, adversely affected recently by high operational tempo on which we comment later in this chapter. The Service families we meet also remind us of the impact of turbulence on family life, particularly the disruption to spouse employment (including loss of earnings and the effects on careers and pensions) and access to education, medical and dental facilities. For our part, we continue to press on the Secretary of State and the PPOs in oral evidence, the importance of improving stability and support for families.

Key issues

1.9 In 2002-03, we had a heavy work programme which included the periodic review of several items of Additional Pay and consideration of the outcome of specific manning reviews in critical shortage areas. These led to a wide-range of pay and other recommendations. For this report, we have had a narrower range of issues to consider. We have had regard to the prevailing economic conditions, including the Government's economic and management evidence, and the need to arrive at recommendations that are fair to the remit group and form part of a balanced remuneration package. Our work has been carried out against a background of high operational tempo and the impact of this on personnel, particularly in terms of separation, their ability to take leave and their working hours. Finally, we have been conscious of MOD's continuing work on pay development, including the first Review of Pay 2000 and preparations for the introduction of the Joint Personnel Administration system.

Economic considerations

1.10 In line with our terms of reference, we are required to have regard to the affordability of our recommendations in the light of the funds available to MOD to meet its output targets. We take account of economic and management evidence provided by the Government together with our own assessment of economic conditions. The Government in its evidence continued to place emphasis on improvements in public sector services and the role of pay in supporting this objective. The modernisation of pay systems, coupled with initiatives targeted at the areas of greatest need and a balanced package of pay and non-pay rewards were also important considerations. The Government attached importance to the recruitment, retention and motivation of sufficient personnel to deliver improved public services and recognised that our pay comparability approach, taken together with other elements of the remuneration package, was a sound and fair basis for the remuneration of Service personnel.

1.11 The Government's evidence, in addition to setting the scene for public sector pay, presented the particular context for the Armed Forces. It recognised their efforts in difficult operational circumstances in the Iraq conflict and in covering the fire fighters' strike and that this had raised pay expectations among personnel. The evidence pointed to the importance of a balanced package of financial and non-financial elements. In conclusion, the Government advocated pay recommendations informed by its target rate of inflation as measured by RPIX at 2.5 per cent.

Operational environment

1.12 Fluctuating levels of operational commitments make Service life unpredictable. This is evidenced by an analysis of the proportion of the Armed Forces committed to operations in recent years. Commitments have fluctuated from a peak of 44 per cent of the Army being committed to operations in 1999, falling to 22 per cent by April 2001. For the Armed Forces as a whole, however, by November 2001, 31 per cent were committed to operations falling back to 23 per cent by December 2002, rising again to around 40 per cent during the height of the Iraq conflict and returning to more manageable levels of 14 per cent by November 2003. These latest figures equate to around 27,000 personnel on operations with a further 6,300 deployed to overseas bases. In addition, the pressure of operational commitments is shown in the Army by reducing intervals between tours, increasing demands placed on those at sea in the Royal Navy and short turn round times between deployments for specific RAF trades.

1.13 Clearly operations and responding to civil contingencies are integral to Service life. During late 2002 and into 2003, the Armed Forces covered for the fire fighters' strike and deployed to the conflict in Iraq. We saw in Iraq examples of how support for and management of those deployed has improved. Nevertheless, the pressure on personnel has manifested itself in frequent and prolonged separation, difficulty taking leave, long working hours and reduced quality of life.

- 1.14 Without exception, each group of personnel we met raised concerns over their inability to take leave and the risk that untaken leave would be lost. Their view was that it had become increasingly difficult to fit leave into their work schedules given the operational tempo, with the resultant deterioration in their quality of life. As individual personnel are best placed to know their own leave position, we find it difficult to contradict their assessment of the situation. Personnel were pessimistic about the prospects for improvement, given the UK's military commitments, and suggested that action was needed including consideration of payment for lost leave. We explain the limitations of the survey data in Chapter 3. The true position on lost leave may not become clear until the 2004-05 leave year when the effects of recent deployments will feed through to the survey. We note from the Government's evidence that recuperation periods following operations are a priority and that the Services have confidence in being able to manage the situation. However, given the importance of leave to personnel and the impact of lost leave on retention and motivation, we believe the Services should develop clear performance indicators for the effective management of leave and we recommend accordingly in Chapter 3.
- 1.15 In our experience, confirmed by the Services in oral evidence, many of the pressures on the Armed Forces have applied equally to those on high profile operations, on-going operations or in support roles at home. It is clear to us from our visits that the additional pressures had been handled with the dedication and professionalism associated with the Armed Forces. The cumulative effect, however, poses a risk to retention in the Services. We comment on the effect on separation and its relevance to LSSA/LSSB in Chapter 4 and the current manning position and the detailed evidence on leave and working hours in Chapter 3.

Reserves

- 1.16 High operational tempo coupled with undermanning in the Regular Armed Forces, particularly in specialist areas, meant an increasing role for Reserve Forces during 2002-03. On our visits we met unprecedented numbers of Reservists from all three Services, but particularly from the Army, both in the UK and in operational areas. We were impressed by their commitment and contribution – a view shared by the Regular personnel we met. Their morale was high and we were told that, following mobilisation, many volunteered for further tours.
- 1.17 In our discussions several issues were raised specific to the Reserve Forces. Some of these lie outside our terms of reference but we undertook to feed them back at the highest level. The issues raised flowed principally from the speed and numbers involved in mobilisation and the pay delivery problems caused by the system taking time to catch up. We are very grateful that the Director of Reserve Forces and Cadets (DRFC) was able to attend a meeting of the Review Body so that we could relay these concerns to him.
- 1.18 We were pleased to hear from DRFC that much has been learned from the Iraq conflict about how the mobilisation process can be improved and how more can be done in units in preparation for mobilisation to ease administration. This included, importantly, the need to better train General Service and Reserve support staff so that they are fully equipped to support Reservists on deployment. We were told that the Reservists' Standard and Hardship Awards, which came in for much criticism, were under review including the ceilings on compensation. DRFC was confident that addressing these emotive issues, combined with efforts to improve partnerships with Reservists' employers, should significantly improve conditions for, and aid the retention of, Reservists in the future.

Pay development

- 1.19 MOD is engaged in a programme of pay modernisation. The introduction of Pay 2000 was a major part of this programme. Subsequently, we have endorsed other pay arrangements, including those arising from manning reviews in shortage areas. It is clear, however, that the timely introduction of the Joint Personnel Administration system, which covers all personnel processes, is critical to the delivery of the full pay modernisation programme. MOD places great store in the ability of JPA to administer pay efficiently, to provide up-to-date management information and to give the flexibility to alter elements of the pay structure as the business case arises. We set out progress with JPA in Chapter 2 and how it should benefit personnel and Service management as well as enabling us to make fully informed decisions on proposals for changes to pay. Given these benefits we stress the importance of meeting the schedule of implementation for each Service. Ahead of implementation, we reserve the option to recommend, on the basis of the evidence, any necessary changes to pay arrangements for specific areas and for the remit group as a whole.
- 1.20 For this report, we received evidence on a number of pay developments. These included the outcome of MOD's first Review of Pay 2000 which covered many of the issues raised during our discussions with personnel. The conclusions from this review and the flexibility of JPA to respond to these are discussed further in Chapter 2. We also received evidence on a new approach to Commitment Bonuses (also in Chapter 2), on Specialist Pay (Chapter 4) and on the rationalisation of Additional Pay and allowances.

Accommodation

- 1.21 In the context of retention, the standard of Service accommodation remains a high priority for us and says much about how personnel are valued by their Service. We have welcomed in recent reports the additional investment in Single Living Accommodation, through Project SLAM and other projects. We note that in 2004 personnel should begin to see these projects deliver significant numbers of improved bedspaces though it will take until 2013 to complete the improvements given the size of the task. In the meantime, too many personnel continue to occupy poor quality SLA and this is reflected in our recommendation on charges.
- 1.22 The picture is more mixed on progress with improving Service Family Accommodation. The evidence for our 2003 Report informed us that the target to bring all core stock SFA in Great Britain to "standard 1 for condition" by 2005 would not be achieved. We were disappointed that the evidence for this report contained no new target date for completion. Commanding Officers tell us on visits of the pressures placed on maintenance budgets by competing priorities and during oral evidence, the PPOs and the Secretary of State expressed concern, given the economic climate, about accommodation funding over the longer term. For our part, we pay particular attention to the pace of improvements, the levels of investment and the current civilian housing market in recommending appropriate charges. In our judgement, the absence of a target for SFA improvements, the long timescales involved and the constraints on accommodation budgets combine to send a negative message to existing and new personnel about how they are valued. The risk to morale and retention is considerable. We comment further on accommodation in Chapter 5.

Pensions

- 1.23 During our visits, increasing concern was expressed at uncertainty over new pension arrangements. The wide media coverage of pension difficulties across the economy as a whole had fuelled unease among Service personnel particularly about their own pensions in the light of the lengthy review of the Armed Forces' Pension Scheme. We were therefore pleased to note, in September 2003, that MOD announced a new final salary pension scheme to be introduced from April 2005 for new entrants with the option to transfer from April 2007 for existing personnel. Effective communication of the new arrangements over the period to 2007 will ease personnel's concerns.

Conclusion

- 1.24 Overall, our report is presented against the background of a stable manning position – albeit with a deficit against trained strength – and, in the context of a tight labour market, a healthy recruitment picture. There are vulnerable areas of skills shortages which are being addressed through targeted initiatives on which we must continue to monitor progress. Retention of trained personnel remains the key to operational capability and cost efficiency and, in the opinion of the PPOs, is the area of greatest risk. The evidence suggests that major threats to retention continue to be the impact of frequent and repeated separation and persistent concerns over leave and managing working hours.

Future developments

- 1.25 As we finalised our report, two events occurred that may influence our work from 2004 onwards. First, we were informed by the Chancellor of the Exchequer on 10 December 2003 that the Government intends to move to the Consumer Prices Index¹ as its main measure of inflation. This change would take immediate effect. We anticipate that the Government's economic and management evidence for our 2005 Report will reflect this change.
- 1.26 Second, on 11 December 2003 the Government published a Defence White Paper, "Delivering Security in a Changing World"², which analysed the future security environment and made proposals for adapting planning and force structures to meet the potential threats. Again we anticipate that evidence for our 2005 Report will cover some of the issues relating to personnel which were trailed in the White Paper and which will be explained in greater detail in the Service Personnel Plan expected in April 2004. For the present, we welcome the emphasis given to investing in recruiting and retaining the right people and providing them with the necessary training, development and support. We welcome too, the White Paper's explicit recognition of our independent role in recommending pay and maintaining broad comparability with civilians.

¹ Announced in the Chancellor's Pre-Budget Report, 10 December 2003.

² Defence White Paper: Delivering Security in a Changing World, Cm 6041-I.

Chapter 2

Pay development

Introduction

- 2.1 In the mid-1990s following the Bett Report¹, MOD embarked on a programme of pay modernisation for the Armed Forces. The resulting pay system was introduced in April 2001. Over the same period common principles were developed for a rationalised structure of Additional Pay. More recently, the focus has switched to the development of the Joint Personnel Administration (JPA) system to replace the various personnel systems currently operated by the three Services, none of which is capable of providing comprehensive management information or being responsive to changing circumstances. MOD has also developed a series of pay initiatives targeted at specific shortage groups but consistent with the development of the pay system.
- 2.2 For this report, we have considered the outcome of the first Review of Pay 2000, Commitment Bonuses, Specialist Pay (see Chapter 4) and continuing work on specialist groups. Much of this pay development anticipates the introduction of JPA, from 2005 onwards, and we therefore start this chapter with a summary of progress on the new personnel system.

Joint Personnel Administration

- 2.3 MOD has placed great store in the development of the Joint Personnel Administration system, a comprehensive IT system to support the range of personnel functions. It will replace over 250 existing, separate administrative personnel systems across the Armed Forces. Both Regulars and Reserves will have a modern system covering unit administration, pay, allowances, charges, benefits and pensions, and matters relating to discipline, complaints and honours. It will also provide the evidence base for manpower planning and career management. We were also told in evidence that roll-out will be by single-Service from late 2005 with completion expected to take up to 18 months and that the implementation process will be subject to regular external audit.
- 2.4 JPA is being designed to establish modern, tri-Service personnel processes to support harmonised and simplified personnel strategies and policies. It will use a commercial off-the-shelf IT package, including web-based communications to ensure access and availability. Levels of access were under consideration, but with limitations it would allow access for individuals, units and central functions in each Service. MOD recognised this would lead to organisational change for Service administration staff and extensive training.
- 2.5 We visited the JPA project team at Worthy Down in June 2003 and received an update from MOD in October 2003. MOD was confident in the progress against milestones and in its ability to secure tri-Service agreement on the specification. Progress had been made on a number of fronts with the focus on: building flexibility into the structure of Pay 2000; delivering an agreed, common approach to Specialist Pay; and the rationalisation of allowances. During oral evidence in October 2003, the Principal Personnel Officers (PPOs) confirmed their confidence that transition to JPA was adequately resourced, funded and managed. The benefits of the new system were recognised at all levels within MOD, namely improving efficiency and providing better management information on which to base pay and personnel developments.

¹ Independent Review of the Armed Forces' Manpower Career and Remuneration Structures (Chaired by Sir Michael Bett), Report to the Secretary of State for Defence, HMSO 1995.

- 2.6 We welcome the assurance that the system will enable the Services and MOD to identify emerging manning difficulties, to define responses and, subject as appropriate to our consideration, to implement them quickly. It is important too that separation and leave will be more easily tracked at the level of the individual so that harmony guidelines can be operated more effectively. The lead-in to JPA must be supported by effective communications within each Service and we look forward to the development of a communications strategy during 2004. We anticipate a further update in time for our 2005 Report, but in the meantime we stress the importance, to both Service management and personnel, of delivering JPA on schedule.

Review of Pay 2000

- 2.7 Following the implementation of MOD's Pay 2000 (in 2001), we called for the system to be fundamentally reviewed after three years, particularly in the context of our remit on recruitment and retention. The review, presented in evidence for this report, was also driven by MOD's requirement to meet the Government's policy on modernising public services and the supporting pay arrangements. The review provides a platform for moving the pay system onto JPA from 2005 onwards.
- 2.8 The basis for the review was an analysis of the strengths, weaknesses, threats and opportunities of Pay 2000. This identified a series of issues, many of which we have discussed with Service personnel on our visits, for further examination under the review. They fall into three categories: transitional; structural; and those arising from policy decisions. MOD was aware of the majority of these issues when Pay 2000 was implemented but took management decisions at that stage to set them aside in the interests of bringing the structure on stream.
- 2.9 **Transitional issues.** During our visits following implementation of Pay 2000, we heard much adverse comment on how personnel had moved across to the new system, particularly where their pay on transition or their prospects after transition did not match their perceptions and expectations of what would be delivered. Most criticisms concerned reward for seniority and the effect of promotion either side of transition on 1 April 2001. Many personnel also perceived that they were undervalued on transition as particular individuals or trades gained an advantage. In subsequent visits, as personnel progressed through the increments or were promoted, these concerns diminished considerably. We believe that Service personnel's lack of understanding of the job evaluation process also contributed significantly to doubts about Pay 2000 and clouded their views as to the actual pay effects. We note MOD's conclusion that the majority of personnel now have access to higher rates of pay and potential career earnings than under the old pay system.
- 2.10 **Structural issues.** The review examined outstanding structural issues identified by MOD during the design of Pay 2000 and not since resolved. Many of these result from the difficulty of designing a system to accommodate all three Services with their differing career patterns and wide-range of trades and specialisations. The difficulties associated with two pay ranges covering Other Ranks are indicated by the high proportion of trades falling in the discretionary zones². The rolling programme of job evaluation provides an opportunity to check periodically where trades should be placed within the pay ranges and we welcome the flexibility under JPA to adjust the structure should the evidence so merit.

² Where "whole trade scores" are within 5 per cent either side of the pay range boundary.

- 2.11 The current structure also contains a number of anomalies relating to the scope for pay progression on promotion compared to not taking promotion. We have endorsed a series of recommendations over the last two years to alleviate some of these problems. MOD concluded from the review that, for the small numbers still affected, further corrective action would incur excessive cost and, if addressed for some groups and not others, would potentially be divisive. The effect of moving from higher to lower pay ranges on promotion is also frequently criticised on our visits. The review concluded that personnel's self worth, rather than their pay progression, is damaged. The review did recognise, however, that some personnel might have too limited pay progression on promotion. The PPOs' view, expressed in oral evidence, was that moving from a higher to a lower pay range on promotion based on job evaluation was a legitimate element of the pay system.
- 2.12 MOD's review pointed to the role of trade sponsors in examining trade structures in the light of job evaluation scores to reduce the effect of moving between higher and lower pay ranges on promotion. This confirms for us the important role of trade sponsors both in representing their trade in the job evaluation process and in resolving any anomalies that process reveals. Equally important is their responsibility to explain the process of job evaluation to those whom they represent, to be visible and accessible to personnel, and to keep their trade group informed of changes and developments as they occur.
- 2.13 Another structural issue identified on our visits and included in the review was the difference in the job weight of Warrant Officers in the lower and higher pay ranges. MOD's assessment of the job evaluation results confirmed that there was no greater variation between job weights compared to other ranks. For Officers, the review highlighted the overlapping job scores between ranks but this has been accepted by MOD as a feature of Officers' careers and no structural change is proposed. This is an issue that we will wish to monitor as more Officer job evaluation becomes available.
- 2.14 **Policy issues.** The most vehemently aired issue on our visits has been the perception that the 2 per cent minimum pay increase on promotion is insufficient compared to the step up in responsibility levels. We have shared this concern and note that other public sector pay systems tend to offer slightly higher reward. The review provided, for the first time, extensive data on the actual average increases paid on promotion. In the majority of cases these exceeded the 2 per cent minimum, the degree depending on the different career paths across the three Services. We are reassured by this information which indicates the military are much closer to civilian practice in rewarding promotion than is perceived by Service personnel.
- 2.15 We note MOD's view that Pay 2000 satisfies the Government's policy on rewarding performance. Incremental progression is suspended for poor performers and, while the number of unsatisfactory performers in the military appears very low from a civilian perspective, the nature of Service training and careers tends to weed out poor performers at various points. For our part, we believe that civilian models of performance pay do not lend themselves directly to the military environment.
- 2.16 Finally, the review examined the populations in each pay range, the percentage differences in increments and the use of Accelerated Incremental Progression. The Pay 2000 structure is able to accommodate almost all personnel with less than half a per cent of the population requiring Specially Determined Rates of Pay. The distribution of personnel across the pay ranges and their ability to progress is partly a reflection of each Service's career paths. However, the scope to smooth out the incremental system or to extend ranges will be incorporated into the JPA specification. The application of Accelerated Incremental Progression will be harmonised to two 12-month awards across the Services as part of the introduction of JPA.

Our conclusions

2.17 The review highlighted that the Services had “no appetite for radical change” to Pay 2000 and this was confirmed by the PPOs in oral evidence. In our view, MOD has conducted a thorough and comprehensive examination of all relevant aspects of Pay 2000. We are pleased that the review covered issues specifically identified on our visits. The fact that Pay 2000 concerns are no longer raised to the same extent as they were in the first year of operation indicates to us that experienced personnel now accept the structure and recognise the benefits both to themselves and to new entrants to the Armed Forces. As transitional anomalies waste out of the system these benefits will become clearer. We strongly urge MOD and the Services to use the information arising from the review to disseminate the merits of the system through the command structure to all Service personnel. We look forward to further reviews of the pay structure following the implementation of JPA and when the issues associated with transition described above are no longer a major influence.

Commitment bonuses

- 2.18 On the introduction of Pay 2000 with its incremental pay structure, MOD questioned the continuing need for Commitment Bonuses. These aim to improve retention of Other Ranks through payments in part for service given and in part for a further year’s service – £3,000 after 4½ years’ service (5 years in the RAF) and £2,500 after 7½ years’ service (8 years in the RAF). During 2002-03, just over 7,700 personnel received the first bonus and 3,200 the second.
- 2.19 MOD’s analysis of arrangements for Commitment Bonuses indicated that they had different effects across the Services. In the Royal Navy, the first bonus helped to reduce Premature Voluntary Release but it was also paid to some technical specialisations with no exit point at that career stage. The Army considered the bonuses effective but noted that average length of service was at “an all time low” of 4 years and 8 months and that the difficulty of retaining soldiers between 4 and 8 years’ service suggested that the impact of the bonuses was diminishing. The RAF was generally content with current arrangements but sought more flexibility to target specific groups.
- 2.20 MOD concluded that the bonuses did have a demonstrable effect on the behaviour of Service personnel, but they could be better targeted to deliver greater value for money through longer return of service and a better return on the training investment. MOD proposed that the current arrangements and levels of bonus should continue pending the implementation of JPA when a new tri-Service framework would allow the Services to target bonuses for individual trades or ranks in response to specific manning evidence. The framework would encompass either single or combined payments for commensurate returns of service, no limit on the timing of payment (although they would be tailored to the length of engagements) and payment only to those achieving satisfactory performance.
- 2.21 We support MOD’s intention to target bonuses better at key manning points under JPA and look forward to the detailed evidence from the Services on targeting. We note that in preparation for this, from 1 April 2004, the Services will be informing new entrants that revised arrangements will be introduced. Clearly, it will be important to retention that existing personnel are not disadvantaged by any transitional arrangements. We discuss Commitment Bonuses in the context of RN Artificers at paragraph 2.50 of this chapter. We ask MOD to keep us informed of developments so that we can assess, within our remit, the effect of any new arrangements on retention.

Army operational pinch points

2.22 The Army provided information on additional, internally funded, initiatives it had put in place from September 2003 to improve recruitment to operational "pinch points". The Army had identified 29 pinch points, which it defined as trades or areas of expertise where there is insufficient trained strength (Officers or Other Ranks) to perform operational tasks without breaking harmony guidelines. They ranged from vehicle mechanics to linguists to Defence Medical Services specialists. The initiatives comprised:

- An extension of the **Re-Joining Bounty (RJB)**, introduced in January 2003, to any pinch point trade suffering high outflows that was not originally covered. The RJB of £6,000 is designed to attract soldiers who have a regular reserve liability back to the Army for three years;
- A new **transfer bonus** scheme to encourage suitable soldiers to transfer to a pinch point trade and undertake the required additional training. A bonus of £1,500 would be payable on completion of the training for two years' return of service;
- An extension to the current **bursary scheme** for potential soldier recruits attending suitable Further Education courses. The Bursary will be of £1,500 per year while at Further Education colleges on specified courses and £1,000 if they move into Higher Education. The Army hopes to extend the scheme, if successful, to all technical trades as part of a drive to raise the educational qualification level of all recruits; and
- "**Golden Hellos**" ranging from £500 to £8,000, according to the level of academic attainment, will be paid to entrants to trades that require a high academic entry standard.

2.23 We welcome these targeted initiatives to improve inflow and the detailed action plan for addressing non-financial recruitment and retention issues for each of the pinch point trades. We note, however, that the Army has not indicated the benchmarks against which the success or failure of the financial measures will be judged. We note also the RAF's and Royal Navy's concern that these financial initiatives could skew the recruitment market and adversely affect their own ability to attract and retain the relevant skills. We look forward to an assessment of the effectiveness of the Army initiatives in the course of 2004. It would also be helpful to learn whether the RAF and Royal Navy intend to take measures to address their own pinch points and whether there is merit in a tri-Service approach.

Manning reviews

2.24 For our 2002 Report, we received evidence on a number of manning reviews. The reviews arose from persistent and growing shortages of certain specialists within the Armed Forces and called for targeted responses. We endorsed the remuneration arrangements arising from these reviews and called for further progress reports on the full package of measures planned, including identified non-remuneration measures. We report on each of these in turn below.

Aircrew

2.25 The 2001 Aircrew Retention Review introduced, from April 2002, a series of Financial Retention Incentives (FRIs) targeted at specific categories of Aircrew both at the Immediate Pension Point and five years beforehand. To complete the package of measures, we recommended in our 2003 Report the introduction of a Professional Aviator Pay spine for selected Aircrew beyond the Immediate Pension Point.

- 2.26 For this report, MOD's progress update highlighted the high take-up rates for both the FRIs and the Professional Aviator spine among the eligible Aircrew population. These contributed to manning stability by providing high levels of return of service and reducing PVR rates in the RAF and Royal Navy to the lowest levels for five years. An important aspect of the Aircrew Retention Review was improving numbers through the training pipeline. During 2002-03, the RAF achieved the best outturn of Fast Jet Pilots since the late 1980s, although disappointingly, training targets were not met for some RAF specialities, Royal Navy Sea Harrier Pilots or Army Pilots. The Services had put measures in place to develop Aircrew career management, although, as we found on our visits, there will be long lead-in times before the full benefits are realised. Other non-remuneration aspects applied across the Services and were therefore subsumed into Personnel Strategies.
- 2.27 We welcome the effect of the remuneration measures on Aircrew manning. We have called for a full review of all Aircrew measures, including Flying Pay, for our 2005 Report. In view of the re-emergence of competition from the commercial market and the impact of the new Service pay arrangements, we ask MOD to provide an assessment of progress against various targets to achieve manning balance and subsequently "sustainable experience profiles" and the continuing requirement for the short-term FRIs. The assessment should also report progress on "into productive service" targets, career management and other non-remuneration measures.

RAF Non-Commissioned Aircrew

- 2.28 Following the 2002 Airmen Aircrew Sustainability Study, we recommended the introduction of an FRI, from April 2003, for RAF NCO Aircrew with 17 years' service. We also noted the intention to provide access to the Professional Aviator pay spine for selected RAF NCO Aircrew at the Immediate Pension Point.
- 2.29 The FRI attracted a take-up rate of 88 per cent of the eligible population, providing an early indication of its success in improving retention. MOD told us that it would be better placed to fully evaluate the impact of the FRI once the Professional Aviator pay spine had bedded down. We comment below on MOD's proposals to assimilate RAF NCO Aircrew onto the Professional Aviator pay spine and look forward to a full assessment of the impact of all measures as part of annual progress updates. We note that progress on non-remuneration measures included the development of new strategies for recruitment and career management although progress on meeting training targets has been mixed according to Aircrew specialisation.
- 2.30 **Professional Aviator pay spine.** MOD's evidence outlined arrangements to assimilate selected RAF NCO Aircrew onto the Professional Aviator pay spine from 1 April 2004. The FRI had attracted a high take-up but the shortfalls of NCO Aircrew persisted particularly for certain specialists as a result of continuing recruitment and retention problems and an ageing population. If recruitment and retention targets were met, manning balance would be achieved by 2009. Assimilation onto the pay spine would help retain 176 NCO Aircrew out of an eligible population of 271. Selection would enable the RAF to manage the mix of specialisations to meet manning requirements.

2.31 For those selected, access to the Professional Aviator pay spine would be at an incremental level equivalent to current remuneration, incorporating basic pay and Flying Pay. Progression through the pay spine would be by annual increments, subject to satisfactory performance with bars depending on rank. Pension supplements would be added to existing representative rates for the rank. We are pleased to endorse the arrangements for assimilation of RAF NCO Aircrew onto the pay spine. Over time and combined with other measures, it should help the RAF to move towards a sustainable experience profile for the cadre. We again emphasise the importance of delivering the full range of measures, particularly those strategies addressing recruiting and career management and we look forward to annual progress updates.

Submariners

2.32 In our 2003 Report, we endorsed the recommendations of the Submarine Manning and Retention Review 2002 and recommended a range of remuneration measures from 1 April 2003 as follows:

- FRIs for Junior Warfare Officers (both on completion of training and the Advanced Warfare Course), for Category B Nuclear Watchkeepers and Weapon Engineering Artificers on promotion to Chief Petty Officer;
- Significant increases in all levels of Submarine Pay and Category A Nuclear Propulsion Pay; and
- A "Golden Hello" for entrants achieving the operational performance standard.

2.33 In its evidence for this report, MOD considered that it was too early to assess the success of the wide-ranging package of measures to address Submarine manning. It is encouraging, however, that, given the importance of the internal market within the Royal Navy, there are signs of increasing numbers of re-entries and transfers-in to the Submarine Service. The targeted increases in Submarine Pay were well received and, at the time of the evidence, "Golden Hellos" had been paid to 160 entrants (in line with achieving the target of 365 in the first year).

2.34 The targeted FRIs, however, had a differing initial impact. Take-up of Junior Warfare Officers' FRIs was slightly less than expected but PVR rates reduced significantly. Manning levels for Nuclear Watchkeepers remained fragile and, to allow enough time for those in the pipeline to achieve the qualification, the operational period of the FRI was extended from three to five years. In contrast, the FRI for Chief Petty Officer Weapon Engineering Artificers had positively influenced retention at this level and aided the pull through of Petty Officers.

2.35 The 2002 review was accompanied by a comprehensive action plan to address non-remuneration issues. We note that evidence for this report indicates progress on the full range of measures, those specific to the submarine community and those part of wider Royal Navy initiatives such as TOPMAST.

2.36 We believe that the requirement for 100 per cent submarine manning, stringent safety requirements and the vagaries of the internal market will all influence the success of the package in the longer term. The Royal Navy expected the measures to take some time to deliver manning balance, although the elimination of gaps in seagoing submarines was anticipated by the end of 2004. Future annual progress reports should provide a clearer picture as the measures take effect.

Royal Signals

- 2.37 In our 2003 Report, we recommended extended and re-targeted Royal Signals' FRIs from 1 April 2003 providing a range of payments depending on trade, qualification and rank. The evidence also proposed that the short-term FRIs be replaced by Specialist Pay under JPA.
- 2.38 The Army set clear targets against which to judge the success of the recast FRIs. In evidence, MOD reported that PVR rates fell to the Army-wide average for the first time in a decade helping Royal Signals to achieve a small overall manning surplus. MOD acknowledged that other factors were also at work including a downturn in the civilian telecommunications and IT markets and a reduction in the Royal Signals' manning requirement. The overall manning position also masked shortages in key Royal Signals' trades and, while training capacity had improved or at least stabilised, recruiting had again fallen short of target. This is of particular concern given that recruitment is not expected to achieve 100 per cent of the target until 2010.
- 2.39 As the FRIs are designed primarily to counter the pull of the telecommunications market, we were critical, in our 2003 Report, of the lack of a comprehensive market assessment to accompany the case for FRIs. We are pleased to note the commissioning of a market study to report in June 2005 which is designed to provide definitive information on the targeting of FRIs and the longer term case for Specialist Pay. We also welcome the Royal Signals' action on non-remuneration issues, such as improvements to recruitment, entry and selection, enhancing careers (aimed at increasing numbers of personnel aged 25 and over) and addressing operational commitments. MOD's progress on the full range of measures identified in the 2002 review demonstrates to us that long term initiatives are underway and we look forward to a further progress report for our 2005 Report, which we expect to again include a commentary on analogous trades in the RAF and Royal Navy.

Service Nurses

- 2.40 In our 2003 Report, we covered a periodic review of pay for Service Nurses. In its evidence, MOD recognised the issues facing Service Nurses relating to manning, pay comparability with the NHS and career structures but wished to carry out further work which could not be completed until 2004. Our 2003 visits and MOD's evidence on Service Nurses for this report, confirmed the three major areas of concern which we consider in turn below: the manning position; pay comparisons with the NHS; and career structures and status.
- 2.41 MOD's evidence showed that Service Nursing trained strength at 1 April 2003 was healthy in the RAF but deficits persisted in the Army (a 42 per cent shortfall) and Royal Navy (7 per cent shortfall), with all three Services having critical shortages in specialist areas essential to operational capability. Recruitment was buoyant although Direct Entrants were proving difficult to attract. Numbers in the training pipeline were high but insufficient to bring trained strength into balance with requirement, particularly in acute care areas. The retention position was clouded by the lack of outflow information for the Army, although MOD's assessment was that PVR rates were stable.
- 2.42 Service Nurses expressed concern on our visits that military pay was beginning to fall behind the NHS and that the position would be exacerbated by new developments coming on stream under "Agenda for Change". MOD's evidence acknowledged the strength of concern in the Defence Nursing Services but its pay comparisons with the NHS continued to show Service Nurses ahead on basic pay. However, MOD added that Service Nurses could fall behind when NHS pay additions were included and that this disadvantage could become more marked as Service Nurses progressed to the top of military pay ranges. MOD also indicated that pay comparisons were particularly unfavourable for Junior Officers.

- 2.43 In addition to pay concerns expressed on our visits, Service Nurses felt the military had been slow to respond to the significant developments in career structures in the NHS and the initiative to enhance the status of nursing. MOD's evidence noted that Service Nurses' clinical careers currently peak at Major and equivalent and, with limited management opportunities, Other Ranks' careers plateau at Senior NCO level as they can only remain in clinical practice. Moreover, Service Nurses will be able to see the initial effects of "Agenda for Change" for NHS pay and careers first hand in MDHUs. The skills and experience of these personnel are increasingly attractive to the NHS. In response to concerns over Service Nurses' careers and status, MOD told us that a Defence Nursing Strategy was under development, alongside the Defence Health Programme, and in addition to single-Service personnel policies. Of particular concern to Service Nurses was their perceived exploitation in NHS Trusts, although they recognised the better clinical experience on offer in MDHUs compared to former military hospitals. Contracts between MOD and NHS Trusts were to be renegotiated to ensure Service Nurses were employed on duties appropriate to their military role. A trial was underway at the Royal Centre for Defence Medicine which rotated Nurses through acute care areas required for operational roles and MOD was considering the development of Nurse Consultants and Specialist Practitioners in the NHS and their potential application in the military.
- 2.44 MOD concluded that a pay increase for Service Nurses in line with our overall award was appropriate and that, depending on NHS "Agenda for Change" developments, further pay proposals for Service Nurses might be submitted ahead of our next periodic review scheduled for our 2008 Report. In the interim, MOD anticipated that "Golden Hellos" and bursaries offered under the Army's operational pinch points would aid Direct Entrant recruitment. "Golden Hellos" would be extended across the Defence Nursing Services in areas of serious shortage from 1 April 2004, initially until April 2005 and subject to review. MOD also noted the potential for a clinical pay spine for critical groups of Senior Nurses but this would only be considered under JPA.
- 2.45 Following the delay in presenting full evidence from the five-year review of Service Nurses, we are dismayed at the apparent lack of urgency in addressing the concerns identified. We believe this lack of urgency, combined with developments for nursing in the NHS and the forthcoming implementation of "Agenda for Change" poses a serious threat to retention in the Defence Nursing Services. We note the Department's view that for the present Service Nurses' pay remains, overall, ahead of pay for NHS comparators. It is possible, however, that the balance of advantage could shift once "Agenda for Change" is implemented. The evidence recognised the potential risk to retention and the possible need to bring forward earlier evidence. We consider the risk sufficient to ask MOD to report on Defence Nursing careers and pay for our 2006 Report, taking account of "Agenda for Change" and its impact on the pay and conditions of nurses in the NHS. In the meantime, it will be vital to retention that Service Nurses are regularly kept informed of developments.
- 2.46 During our visits, we also became aware that Professions Allied to Medicine in the Services were also watching NHS developments carefully. As part of the review for our 2006 Report and in the light of "Agenda for Change" in the NHS, we would also welcome MOD's assessment of any pay and career implications for these specialists.

Royal Navy Artificer Corps

- 2.47 Since the introduction of Pay 2000, we have been aware from our visits and from information provided by the Royal Navy of the very real concern among Artificers over the perceived failure of the pay system to recognise or reward their extended training and high qualification requirements, and the capping of pay progression at certain career points. These pay and value issues must be seen in the context of undermanning in the Artificer Corps and their fundamental role in delivering operational capability.

- 2.48 We received evidence summarising the manning and retention position for the Corps and an initial appraisal of trade structure requirements and remuneration options. This will form the basis of a RN Artificer Corps Structural Review to be carried out as part of the Naval Board Personnel Change Programme with initial submissions in spring 2004. As a starting point, a new Air Engineering Artificer trade structure will be introduced for entrants from September 2004, following a study of the specialisation. Full transition to the new structures is scheduled by 2012. The development of this specialisation is to be used as a baseline for new Artificer career structures.
- 2.49 The bulk of the operational capability of the Artificer Corps is delivered at Chief Petty Officer and Charge Chief level depending on specialisation. This is in contrast to many other trades where personnel typically move to more supervisory and management roles as they progress up the rank structure. We note that RN Artificer manning is not expected to reach critical levels for six years and are encouraged that potential manning problems and solutions are being identified at an early stage. The Corps manning structure cannot be sustained even with forecast surpluses in ranks below those reaching critical levels. Deficits will be exacerbated by an ageing population (26 per cent were on 2nd Open Engagement beyond the 22-year point) and the "black hole" resulting from reduced recruiting in the 1990s which will endure until 2015. Shortages were most marked at the 8-year point. Artificers' PVR rates peaked at the 8 to 9-year point and again at the 12-year point. While the quality of Artificer training acted as a recruitment tool, it also offered skills much in demand in civilian employment. The potential for civilian employment, combined with a perception among RN Artificers that their skills and qualifications were undervalued by the Service, significantly affected retention. MOD concluded that action to stem outflow of existing Artificers was justified by the manning evidence to avoid a potential "collapse" of the Corps towards the end of the decade.
- 2.50 Notwithstanding the planned Structural Review, the RN has already taken action to address retention introducing: Foundation Degree status for training; common training to increase versatility; the substantive Warrant Officer II rank to replace Charge Chief from 1 April 2004; and Weapons Engineering Artificers' teamworking leading to multi-skilling therefore providing greater cover. The Structural Review will further consider remuneration options to improve retention. In the meantime, the RN considers it necessary to retain the Chief Petty Officer Artificer bar at increment level 7 for the present, as access beyond this point is limited to Warrant Officer II across the Services. The qualification bar on increment level 4 for Petty Officer is no longer required and will be removed from 1 April 2004. Finally, the RN wishes to give further consideration to retargeting Artificers' Commitment Bonuses as they currently have little relevance to the career structure or to exit points.
- 2.51 We are encouraged by the work undertaken so far to identify the causes of manning difficulties in the Corps and the measures to tackle them. We look forward to learning the outcome of the RN's Structural Review. We consider that, given the aim to improve retention, it will be important to also keep RN personnel informed of progress, particularly those likely to be affected.

Chapter 3

Military pay

Introduction

3.1 In this chapter we set out in detail the evidence that underpins our base pay recommendations for 1 April 2004. The evidence comprises: the Government's economic and management evidence which covers, also, departmental targets and budgets; independent consultants' advice on pay comparability; and data from MOD and the Services on manning, recruitment, retention and working conditions. Our recommendations are also informed by the contextual evidence we gather in the course of our visits.

Government's economic and management evidence

3.2 The evidence explained the Government's overall policy objectives for public sector pay, which are relevant to all pay review bodies, and the particular budgetary considerations applying to the Ministry of Defence. The central thrust of the evidence was the Government's continuing commitment to improving the standard of public services. To this end, the 2002 Spending Review had made available adequate resources to allow departments to achieve the targets set out in their Public Service Agreements. Delivering those agreements required the recruitment and retention of sufficient trained and motivated people and pay had a clear role in this. Public sector pay systems must be designed to encourage and reward high quality service delivery and to increase flexibility and responsiveness so that the public sector contributes to the flexibility of the economy as a whole.

3.3 We were reminded in the evidence that pay is one element of the overall remuneration and support "package" available to Service personnel and that other elements such as good accommodation, proper welfare and support for personnel and their families were also critical to retention and morale. The Ministry of Defence had to ensure also that the Services had the equipment and training to enable them to do their job. "Excessive" pay bills would divert resources away from these other vital areas and could impair the Services' ability to deliver operational capability, which, in turn, could undermine motivation. In the Government's view, emphasised again by the Secretary of State in oral evidence, an acceptable outcome from the pay round would be an award informed by low and stable inflation as measured by the Government's target rate for RPIX of 2.5 per cent.

3.4 We welcome the Government's express acknowledgement in the evidence that broad pay comparability provides equity, fairness and equal opportunity for Armed Forces' personnel who have no union to make their case and that broad comparability, informed by the requirements of retention (which is also central to our terms of reference), is considered "a sound and fair basis for the remuneration of Service personnel". Our approach to comparability is set out later in this chapter.

3.5 We refer elsewhere in this report to the impact on personnel of operations in Iraq following, as they did, hard on the heels of providing cover for the extended fire fighters' dispute. The economic and management evidence acknowledged that a number of factors had contributed to Service personnel's expectations of a "higher pay award" this year: provision of cover during the fire fighters' dispute, largely by junior personnel; the pay award to the Fire Service¹ of 16 per cent over two and a half years; and the conflict in Iraq, with the associated press campaign for higher/tax free pay on operations.

¹ As part of a long term settlement linked to modernisation.

- 3.6 In oral evidence the Secretary of State delivered a clear message on affordability. He explained that, while the environment for public sector pay settlements had been generally benign in recent years, leading to growth in public sector earnings ahead of the private sector, this was no longer the case. MOD would have to balance funding for operational commitments, personnel and equipment. In this context, any award in excess of the Government's target rate for RPIX of 2.5 per cent would divert resources from other elements of the retention package. The Secretary of State recognised that pay was an important indicator of the value attached to personnel but, he argued, accommodation improvements, military training and exercises, equipment, managing separation and specific measures to improve retention in critical shortage areas were also important. Overall, he concluded, a balanced package for personnel was important in the current funding and operational climate.

Pay comparability

- 3.7 As we said above, we welcome the Government's recognition of broad comparability as a fair basis for considering military pay. We believe that the principle of broad comparability, linked with considerations of affordability as in our terms of reference, enables us to recommend salary levels that are fair both to Service personnel and to the taxpayer who ultimately funds them.
- 3.8 Each year remuneration consultants compile, specifically for our use, data on the earnings of civilians by job size. The resulting database, this year drawn from information held by Croner-Reward and the Reward Partnership, holds information on over 200,000 jobholders, across a wide range of jobs in companies or Government Departments. It is weighted to reflect the profile of employment in Great Britain by industrial sector and location.
- 3.9 Comparisons with civilian jobs cannot be made on a job for job basis. There are over 400 military trades and while some of these cover work similar to civilian comparators (e.g. engineers) others, such as the infantry, do not. Comparisons are made, therefore, on the basis of job scores derived through job evaluation.
- 3.10 Each year MOD provides job scores from the job evaluations it has carried out. These are added to the job evaluation data collected annually since the introduction of the new job evaluation system or, where a trade has been re-evaluated, are substituted for old data. The information shows the job scores of military posts in the various ranks across the three Services. As both Service and civilian jobs in the database are scored under a similar job evaluation scheme, it is possible to make broad comparisons between the remuneration of Service and civilian jobs of a similar size. We are pleased that this year, despite operational pressures, MOD was able to keep its rolling programme of Other Ranks evaluation broadly on track and to provide job scores from the evaluation of 75 Officer posts to add to the comparison.
- 3.11 We must stress that the process of broad pay comparability is not mechanistic but requires a significant element of judgement. The starting point is a comparison of the levels of military salary and civilian earnings at the previous April (for this report 1 April 2003). We consider the total civilian package comprising, for this purpose, base salary plus bonuses, overtime payments and the value of a company car where appropriate. To ensure that civilian earnings are comparable to military earnings, we also take account of the relative value of the military pension and of the X-Factor. We also take into consideration information on the working hours of both Service personnel and the civilian population (using the Labour Force Survey). The findings from this year's exercise and the conclusions we have drawn are set out in our pay recommendations later in this chapter.

3.12 The current approach to pay comparability compares military and civilian pay in broad terms. By their nature, therefore, the results do not capture where particular trades are attracting civilian market premiums. We are able to investigate single trades with direct comparators in the civilian sector where market premiums might be relevant, for example, for any detailed consideration of Additional Pay and Financial Retention Incentives.

Manning

3.13 We receive two reports on the manning position each year, the first covers the position in the year to April (for this report to 1 April 2003) and the second updates the picture to 1 September.

3.14 On 1 April 2003, the **full time trained strength** of the Armed Forces was 188,618 (including Full Time Reserve Service and Gurkhas) against a requirement of 195,132. The deficit against requirement had reduced from 9,034 in April 2002 to 6,514 in April 2003, representing an overall deficit of 3.3 per cent. The improvement was the result of a reduction of 1,014 in the trained requirement coupled with increases to full time trained strength. The September 2003 update showed that overall full time trained strength had increased to 189,174 and the deficit against requirement had reduced to 5,845 (again partly attributable to a further slight reduction in the requirement). By Service, however, only the Army has benefited from the reduction in the deficit against requirement, falling from 4,855 to 3,791. The deficit increased for both the Royal Navy, from 910 to 1,092 and the RAF, from 749 to 962.

3.15 Manning targets are set for all three Services in MOD's Public Service Agreement (PSA). Under the 2002 Comprehensive Spending Review PSA, the RAF and the Royal Navy should achieve manning balance by 31 December 2004 and the Army by 31 December 2005. The manning evidence indicated that the RAF effectively had met its PSA target at 1 April 2003 being within 1.5 per cent tolerance of the target. The Royal Navy had made significant inroads into its deficit in the year to 1 April 2003 reducing it to 2.4 per cent. However, by August 2003, the deficit had risen marginally to 2.9 per cent, clearly illustrating the challenging nature of the target. The Army's PSA target had been adjusted downwards, due to a reduced requirement, cutting the deficit to 3.2 per cent. It anticipated meeting the target by 1 April 2006, but acknowledged the risk posed by future voluntary outflow.

Chart 3.1: Trained strength surplus/shortfall, Officers

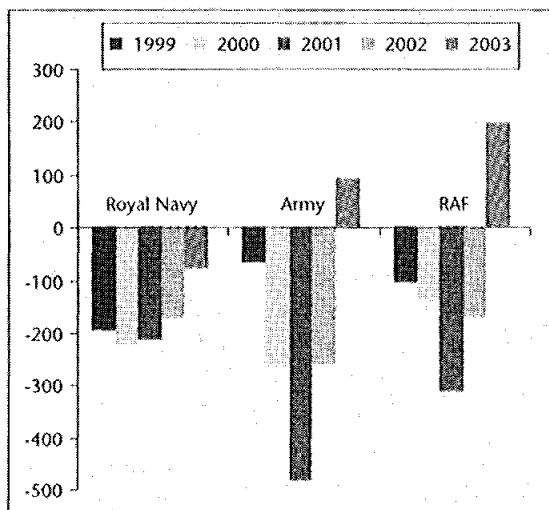
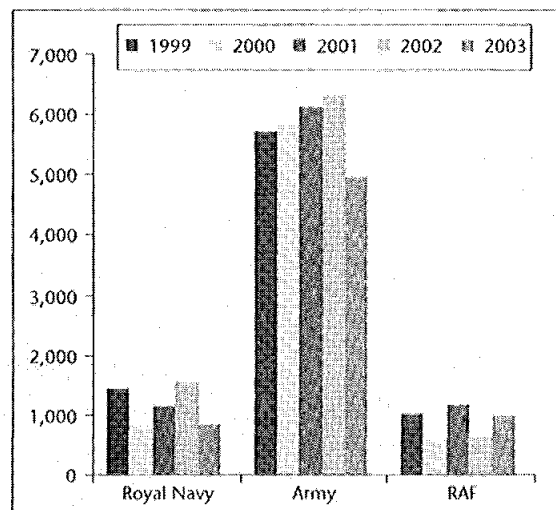


Chart 3.2: Trained strength shortfall, Other Ranks



- 3.16 At 1 April 2002, all three Services had a shortage of full time trained **Officers**. The position improved over the year to 1 April 2003: the Royal Navy deficit decreased from 175 to 80; the Army moved from a deficit of 260 to a surplus of 92; and the RAF from a deficit of 171 to a surplus of 198. It is important to note, however, that the Army and RAF **Regular** Officer strength remained in deficit but was offset by the increased use of Full Time Reserve Service (FTRS) Officers. The importance of Reservists is confirmed by the position for **Other Ranks**. In the year to 1 April 2003, the overall deficit in Other Ranks full time trained strength fell from 8,428 to 6,724. The Royal Navy saw its deficit reduce from 1,515 to 830 and the Army from 6,295 to 4,947. The improvement in the Army's position was due to a real increase in full time trained strength comprised mainly of **Regular** personnel. By contrast, the Royal Navy increase in full time trained strength against a reduced requirement was attributable to the employment of FTRS personnel. The Royal Navy **Regular** trained strength continued to decline. The RAF deficit increased from 618 to 947 because a planned reduction in trained strength was not fully compensated for by a reduction in requirement.
- 3.17 For the second year we were provided with figures for **Gains to Trained Strength** reflecting new recruits who have successfully completed training, re-entrants and personnel transferring between Services. In the year to 1 April 2003, all three Services experienced larger gains to both Officer and Other Ranks trained strength than in the year to 1 April 2002. Both the Army and the Royal Navy attribute this improvement to better recruitment and reduced training wastage. The September 2003 update again showed an improvement for Officers compared with same period in the preceding year but a more mixed picture for Other Ranks where, overall, there was a slight fall in gains to trained strength over the corresponding period in 2002.

Recruitment

- 3.18 Taken together, the Services achieved a significant improvement in the numbers recruited during 2002-03. The Royal Navy met 98.8 per cent of its target and the Army exceeded its target for Other Ranks for the first time in three years. By contrast, the RAF recruited only 89.4 per cent of its target. Both Officer and Other Rank intake rose for all three Services. While the Army and the RAF believed that applicant numbers in the year to 1 April 2003 were broadly in line with the previous year, the Royal Navy detected signs of a downturn in interest and applications.
- 3.19 MOD acknowledges that recruitment is increasingly challenging, particularly in an environment where an estimated 80 per cent of their target age group do not contemplate a military career and where increasing numbers of young people enter further or higher education. A tight labour market adds to the challenge. A number of single and tri-Service initiatives have been put in place to improve recruitment in general and specific shortage areas.

Retention

- 3.20 Outflow of trained regular personnel reduced from 17,918 in 2001-02 to 16,841 in 2002-03. The reduction, which was enjoyed by all three Services, was largely due to a decrease in the number of personnel leaving through PVR – Premature Voluntary Release (for Other Ranks) or Premature Voluntary Retirement (for Officers). Charts 3.3 and 3.4 below show the PVR application and exit rates for the past five years. We have reported previously that Officer PVR exit rates were on a rising trend through the 1990s, reaching 3.6 per cent in 2001-02. In the year to 1 April 2003, the rate fell to 2.8 per cent. PVR exit rates for Other Ranks are historically higher than for Officers but fell from 5.7 to 5.0 per cent in the year to 1 April 2003.

Chart 3.3: PVR rates, Officers

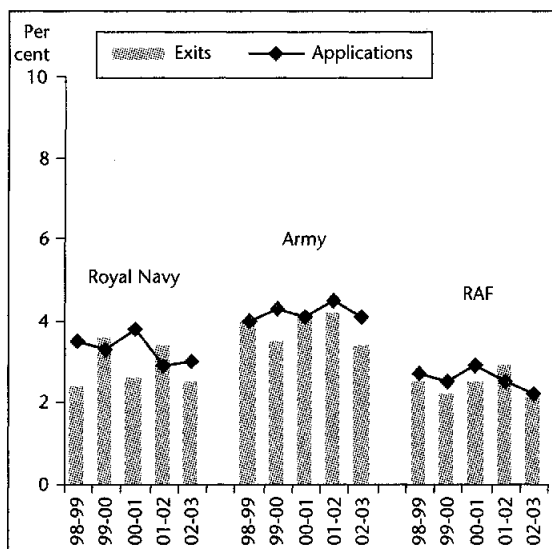
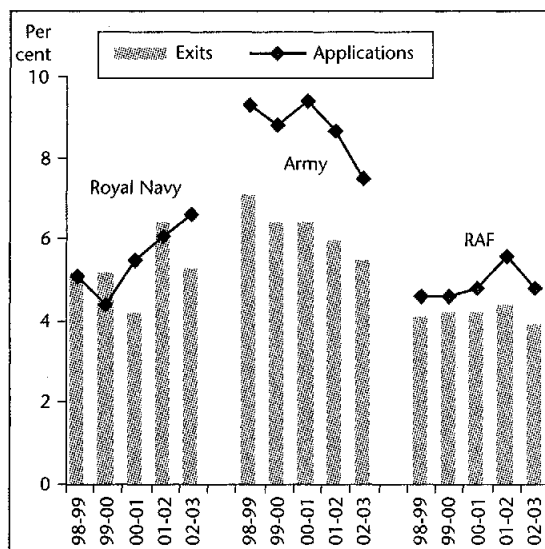


Chart 3.4: PVR rates, Other Ranks



3.21 While the figures on PVR exits are encouraging, there are reservations. First, operations in Iraq temporarily delayed the retirement or discharge of personnel who were directly involved. It is yet to be seen whether the conflict has an impact on outflow that will impact beyond this group. The PPOs told us in oral evidence that the conflict as yet, had not impacted on retention but they would continue to monitor the position. Second, Soldiers recruited to the Army since November 1999 entered on a four, rather than a three, year initial engagement. This pushes back their first exit point and will exert a downward pressure on outflow between February 2003 and February 2004.

3.22 Each Service runs a Continuous Attitude Survey to test attitudes to various features of Service life and intentions to stay in or leave the Service. The results of the surveys inform personnel policies. Overall, the Surveys run throughout 2002-03 indicated that Service personnel were, on balance, satisfied with life in the Armed Forces and particularly appreciated the level of job satisfaction, job security and responsibility the Services provide. There are, however, important areas of dissatisfaction, principally the impact of high commitment levels on separation and their ability to plan their own and their families lives. It is notable that while pay overall is generally considered satisfactory, the survey results continue to indicate a level of dissatisfaction with pay levels in relation to skills, responsibility and hours worked.

3.23 While the overall picture on manning appears to be improving, the manning evidence confirmed that there were worrying deficits in each of the Services in particular areas. The most pressing shortage areas have been the subject of in depth reviews. We reported on special financial and non-financial measures for Aircrew, Submariners, Royal Signals and Defence Medical Services in our 2003 Report. We provided an update on their progress in Chapter 2, together with the outcome of reviews undertaken in 2003 of Royal Navy Artificers, Service Nurses and Hydrographers (covered in Chapter 4).

Working hours

- 3.24 In 2003, we reported that survey data provided by MOD for 2001-02 showed a sharp increase in working hours and duty hours² for all ranks in all three Services. This was entirely consistent with what we had heard from personnel on visits and with the increase in operational and support activities following the events of 11 September 2001. We were surprised, therefore, to learn for this report that, largely because of a programming error, the 2001-02 figures were inaccurate. Corrected survey results indicated that there had been a *reduction* in average hours worked and hours on duty between 2000-01 and 2001-02.
- 3.25 We were told also that a new methodology for calculating working hours was introduced for the 2002-03 survey and had been used in the correction of the 2001-02 results. This has introduced a discontinuity in the data making it difficult to establish trends. We are concerned that the latest survey results for 2002-03 are based on a very low response rate compared with the previous year. While we are assured that every effort is made to achieve a representative response, anecdotal evidence suggests that those working the longest hours, particularly in operational areas, are least able to complete the work diary on which the survey is based. We are aware, for example, that at the height of the Iraq conflict, 57 per cent of the Army were committed to operations. It is perhaps not surprising therefore that the Army response rate to the survey was 29 per cent. We are concerned that an important piece of evidence that contributes to our assessment of broad comparability should be subject to such caveats.
- 3.26 In the interests of clarity, Table 3.1 presents the information on hours worked over the period 2000-01 to 2002-03.

Table 3.1: Average working, duty and unsocial hours per week for Service personnel 2000-01 to 2002-03

	2000-01	2001-02 (revised)	2002-03
Average working hours	48.1	47.3	47.1
Average duty hours	75.1	73.3	73.0
Average number of unsocial hours	8.5	11.0	9.6

- 3.27 Bearing in mind the caveats set out above, the data indicate that average hours worked, hours on duty and unsocial hours together with the proportion of personnel working excessive hours have stabilised, albeit at a high level. As in previous years the groups most affected by long duty hours were Royal Navy personnel at sea, Army personnel in Northern Ireland and Army and RAF personnel located outside Great Britain or Germany.
- 3.28 The Armed Forces have certain exemptions from the *Working Time Regulations*, which have been in force since 1998. However, MOD has aimed, with our encouragement, to ensure working practices in the Services are brought into line with the requirements of the regulations wherever possible. The apparent stabilisation of average working hours since 2000-01 reflects the Services' efforts to keep to the spirit of the regulations and periods of pre and post-deployment leave and mid-tour rest and recuperation periods have contributed to this. Nonetheless, average working hours in the Services are significantly in excess of those in civilian life. The 2003 Labour Force Survey indicates that the average actual working week for full-time workers was 37.4 hours; split 39.1 hours for men and 34.2 for women. Moreover, a volatile international situation poses a constant risk to the Services' ability to manage working hours, particularly for personnel in shortage areas.

² Duty hours comprise all time spent at work, on breaks or on-call.

- 3.29 Each year we review the position of junior ranks in the Armed Forces against the *National Minimum Wage* using the results of the hours of work survey. This is an important part of our terms of reference to deliver broad pay comparability.
- 3.30 The hours of work survey showed that, on average, junior ranks worked 45.8 hours per week in 2002-03. National Minimum Wage rates for these hours would produce weekly pay of £206.10 for those aged 21 and over and £174.04 for those under 21. The minimum weekly pay for Privates and equivalents in the Armed Forces is £250.18, significantly above the National Minimum Wage rate, irrespective of age. Junior ranks' rates could fall below the National Minimum Wage rate, however, were they consistently to work 55 hours or more per week (if aged 21 or over) or 65 hours or more per week if under 21, over the period specified in the legislation. The PPOs told us in oral evidence that they were aware of the implications of long working hours for junior personnel and the added onus it placed on them to manage working time and leave.

Leave

- 3.31 Leave data provided by MOD for our 2003 Report was, for the first time, collected electronically. Technical difficulties led to the loss of Royal Navy data. This year saw a return to a paper based data collection. It is not possible, therefore, to compare the results for 2002-03 with those for 2001-02. For the purposes of this report statistics on leave for 2002-03 are compared with equivalent data from the 2000-01 survey. There is a further complication in examining the latest data. The alignment of the RN leave year with that for the Army required the addition of three days to the annual leave allowance of Royal Navy and Royal Marine personnel for 2002-03. However, the leave survey revealed that not all leave records recorded this increase. We were warned that action to ensure that all personnel have the increase recorded may impact on the results of next year's survey.
- 3.32 The survey indicated that, during 2002-03, personnel on average took 26.5 days annual leave, a decrease of 0.8 days from 2000-01. (This compares with a median basic holiday entitlement of 25 days for adult full-time employees in civilian life in the UK³.) The proportion of personnel losing leave rose noticeably over the same period from 23 to 32 per cent. Personnel, on average, lost 2.8 days leave in 2002-03, one day more than in 2000-01. The proportion of personnel who reported having to change their previously agreed leave for Service reasons remained constant at 53 per cent. It is possible that this understates the position. On our visits we are often told by personnel that they would not request leave when they know that work pressures would lead to it being refused.
- 3.33 Service personnel are able to carry forward from one leave year to the next untaken leave up to a maximum of 15 days. Lost leave, therefore, represents untaken leave in excess of 15 days. Looking at the results for the individual Services, the survey found that Naval Service personnel took 90 per cent of their annual leave in 2002-03 and lost one day's leave, Army personnel took 81 per cent and lost 3.9 days and RAF personnel took 69 per cent and lost 2 days. In their evidence to us, the PPOs made the point that the introduction of post-operational leave in its various guises, while right and welcome, has made the management of leave more difficult. The survey indicated that eligible Naval Service personnel took 44 per cent of their Sea Goer's Leave, Army personnel took 88 per cent of their Post-Operational Tour Leave and RAF personnel took 76 per cent of their Post Out-of-area Detachment Leave.

³ Labour Force Survey, Autumn 2002.

- 3.34 As we said in Chapter 1, leave was a recurrent theme in our discussions with personnel in 2003. They told us that it was increasingly difficult to take their full leave allowance because of work pressures, that previously agreed leave was liable to cancellation and, in some cases, that even post-deployment leave was no longer guaranteed. While up to 15 days untaken leave could be carried over to the following year, personnel pointed out that this often added to the scale of the problem and that the leave carried over ultimately would be lost. As the individual Serviceman or woman is best placed to know their own leave position, we find it difficult to contradict their assessment of the situation. On the other hand, we are aware that the proportion of the Armed Forces committed to operations fell over the second half of 2003 and that this could ease pressure on the Services.
- 3.35 We asked MOD to update the leave position to November 2003. In response we were provided with information on the leave status for a sample of units from all three Services that had been heavily committed to providing cover for the fire fighters' dispute and/or to operations in Iraq. This indicated that there had been some catching up with untaken leave in the latter half of the year and that there was scope for further improvement before the end of the leave year (31 March 2004). Overall however, progress was patchy with some units appearing to manage – or have the opportunity to manage – leave better than others. Moreover, we were unable to assess the position for personnel who had not been deployed but who told us, on our visits, that pressure of work in support of those in the field had impacted also on their ability to take leave.
- 3.36 In his oral evidence, the Secretary of State explained the emphasis that he and the Service Chiefs placed on recovery and recuperation for personnel and we welcome this. We are deeply concerned, however, by the limitations of the data on leave. We understand that there is work in hand in MOD to improve the leave survey. For our part, we would welcome more information for our 2005 Report on leave carried over so that we can fully appreciate the position on lost leave. For the longer term, we understand that JPA will provide the necessary management information to enable the Services to track leave at unit and individual level. This will be a significant step forward.
- 3.37 Leave is vitally important to the well-being of personnel and their families and to retention and motivation. In our view ensuring that personnel are able to take their leave must be given priority throughout the chain of command. We recommend, therefore, that the Services develop clear performance indicators for the effective management of leave so that, where personnel are not able to take their leave allowance, appropriate corrective action can be taken. We ask that evidence for our 2005 Report covers progress with the indicators and an assessment of their effectiveness.

Recommendation 1: We recommend that the Services develop clear performance indicators for the management of leave so that, where personnel are not able to take their leave allowance, appropriate corrective action can be taken.

Review of new entrants' pay

- 3.38 We received evidence for this report on a five-year review of new entrants' rates of pay. The majority of Officer entrants to the Services fall into one of two categories: direct entrant (non-graduate) or direct entrant (graduate). Other entry routes are available: the Army has a Gap Year Commission and the RAF a Qualified Entrant route, and Undergraduates can join as University Cadet Entrants. Over the three years to 1 April 2003 our recommendations led to the staged removal of age-related pay for new Other Rank entrants to the Armed Forces resulting in a common new entrant rate, irrespective of age, of £11,122. This is effectively a training rate paid for up to 26 weeks. Following completion of training, entrants move on to the pay range appropriate to their trade. Royal Navy Apprentice Artificers and Probationary Medical and Communications Technicians have separate arrangements, which reflect their longer, more technical training and start at a slightly higher rate.
- 3.39 We outlined the recruitment picture earlier in this chapter. The Services clearly face a challenging environment. Nonetheless, intake from civilian life rose by 11.2 per cent in the year to 1 April 2003 and gains to trained strength by 15.1 per cent. It is important to remember, however, that there are trades and specialisms where it is difficult to attract recruits, such as the pinch points identified by the Army, and where special efforts are required. In the light of what they judge to be a stable recruitment picture, the Services told us that they are content with the new entrant rates of pay for both Officers and Other Ranks, subject to uprating for 2004-05.
- 3.40 The evidence told us that consideration was being given to harmonising entry points, commissioning arrangements and associated pay rates for Officers across all the Services. This would entail a smoother pay progression than at present from entry, through training and into first posting. Any change would be implemented under JPA. We generally favour steps to rationalise the pay structure and look forward to hearing the outcome of these deliberations.

Our military pay recommendations for 2004-05

- 3.41 We have set out above the evidence that influences our pay recommendations for 2004. The economic context, as described in the Government's economic and management evidence is stable. We note that RPI and RPIX declined through the autumn of 2003 from 2.6 and 2.7 per cent respectively in October to both stand at 2.5 per cent in November, in line with the Government's target rate for RPIX. Over the three months to October 2003, however, whole economy settlements were around 3.0 per cent, whole economy average earnings increased by 3.6 per cent and public sector earnings increased by 5.4 per cent⁴. Our terms of reference also require us to have regard to affordability considerations. The financial constraints applying to the Ministry of Defence were set out in the Government's economic and management evidence and reinforced by the Secretary of State in oral evidence when he stressed the importance of a balanced overall package for Service Personnel.
- 3.42 We must also have regard to the need to recruit and retain. Although the overall manning position improved in the year to 1 April 2003, there remained an overall deficit of trained strength against requirement of 3.3 per cent (representing 6,514 personnel). There was only a small improvement by September 2003 when the deficit stood at 3.0 per cent. The overall figures disguise significantly higher shortages in key skill areas.

⁴ Office of National Statistics, Average Earnings Index. The Armed Forces are excluded from the index.

- 3.43 The Review Body must also be sensitive to the need to motivate personnel and protect against potential threats to retention. First, the pressures on the Services including provision of cover for the fire fighters' dispute, operations in Iraq and sustaining other on-going commitments have impacted on working time and on leave. In 2002-03 Service personnel worked, on average, 47.1 hours per week, almost ten hours more than their civilian comparators and their duty hours averaged 73 hours a week. While it would appear from the evidence available to us that personnel take broadly the same amount of leave as their civilian counterparts, it remains the case that, because of the demands placed on the Services, 53 per cent of personnel had leave plans changed for Service reasons and 32 per cent lost annual leave in the year to 1 April 2003. Second, the evidence indicated that the temporary delay to PVRs during operations in Iraq, involvement in the conflict and the extension of the Army's initial engagement to four years could lead to a higher PVR rate from 2003-04. Finally, the publication of the Defence White Paper, and the significant restructuring of capability it presages, could create damaging uncertainty about the future for personnel.
- 3.44 Our overall assessment of the evidence, taken together with our pay comparability findings, is that, in the interests of retention and motivation, the pay award for 2004 should provide a lead over the Government's target rate for inflation of 2.5 per cent. We recommend accordingly.
- 3.45 We have a particular concern with the pay of young people in the early years of their military career as Other Ranks – through to their mid-twenties – given the investment in their training and the need to improve return of service. We have discussed the new entrant rate of pay above and noted that the Services consider it appropriate in the current recruitment climate (subject to uprating for 2004). We are mindful of the views expressed, particularly by Officers and NCOs, during our visits and in oral evidence by the PPOs that the most junior personnel – that is, Privates and Lance Corporals in pay range 1 (lower) – are underpaid in relation to what is asked of them. The view was expressed that civilians of similar age and career stage would not be subject to the same pressures or intensity of work. In the light of the views expressed to us we have looked at information from the New Earnings Survey on the earnings of young people and at our own pay comparability analysis. In our judgement, the evidence indicates that an additional adjustment is required to pay levels for the most junior ranks. We recommend accordingly. No further changes to adjoining pay ranges, beyond uprating, are required or proposed other than an increase to the first pay point on pay range 1 (higher) to maintain the integrity of the system.

Recommendation 2: We recommend that, unless otherwise specified, the military pay ranges under Pay 2000 for all Other Ranks and Officers be uprated by 2.8 per cent from 1 April 2004. We further recommend:

- That pay range 1 (lower) (Privates/Lance Corporals) be uprated by 3.2 per cent; and
- That the first pay point on pay range 1 (higher) be increased to £13,461.

The annual salary scales arising from our recommendations are at Appendix 1.

Chapter 4

Specialist Pay, Non-Specialist Pay and Compensatory Allowances

Introduction

4.1 The 1998 Review of Additional Pay established three categories of payment: Specialist Pay; Non-Specialist Pay; and Compensatory Allowances. For this report, only two Additional Pay items were scheduled for periodic review – Mountain Leaders' and Hydrographic Pay – and our recommendations for these are set out below. In addition, however, as part of MOD's modernisation of the pay system in preparation for JPA, we received evidence on how Specialist Pay would operate under JPA and the transitional arrangements to take effect from 1 April 2004.

Specialist Pay

- 4.2 Since the 1998 Review of Additional Pay, MOD has kept us informed of progress on developing the new arrangements for Specialist Pay. Interim manning reviews and the development of JPA have led to slightly modified common principles to be more compatible with the current and future environment. The common principles which apply to all items of Specialist Pay are: payment based on recruitment and retention requirements; specified entitled posts; responsive to the internal or external market; and common Reserve Bands including reduced rates for those who apply to PVR or are medically downgraded. In addition, depending on the nature of the specialist employment, payments would be made on a continuous career basis, a non-continuous basis or on completion of a task.
- 4.3 MOD told us that, in preparation for JPA, it had rationalised and reclassified forms of Additional Pay and allowances. As part of this process, MOD had concluded that two items of Specialist Pay, Technical and Special Qualification Pay and Gurkha Language Pay, would be discontinued from 31 March 2005 and that Experimental Diving Pay, formerly Non-Specialist Pay, would be reclassified as Specialist Pay. Hence, the Non-Specialist Pay category of Additional Pay would become redundant.
- 4.4 MOD's evidence proposed the introduction of standard daily rates of Specialist Pay from 1 April 2004 comprising 100 rates at 50p increments (from 50p to £50 at 2003 prices). Transition would be to the nearest increment. This would produce different increases for different groups but, following the principle in other major pay changes, no one would take a pay cut as a result. Nuclear Propulsion Pay for single qualified Category B Watchkeepers would require exceptional treatment to avoid a significant reduction on transition. Overall, a small saving would be produced on transition. In steady state there would be savings in the region of 5 per cent or £4.2 million largely from specifying entitled posts and the rationalised approach to Reserve Bands, PVR and medical downgrading. We were reassured that transition will not affect our schedule of periodic reviews of items of Specialist Pay.
- 4.5 We welcome the introduction of common arrangements under JPA and MOD's efforts to rationalise the plethora of extra payments and allowances which cloud the remuneration system. We note that some items of Specialist Pay have already moved, or will move, to common principles as a result of our periodic reviews. We anticipate receiving further evidence in preparation for the full transition under JPA. In the meantime, the early introduction of standard rates of Specialist Pay will do much to clarify the system in the minds of personnel themselves and will make it easier to manage future modifications or targeting of specific groups. We therefore recommend the introduction of standard rates

of Specialist Pay from 1 April 2004. We further recommend that the standard rates be increased in line with our overall pay recommendation. MOD explained in the evidence paper that when it transfers personnel to the new rates on 1 April 2004 differential increases will be produced.

Recommendation 3: We recommend the introduction of standard rates of Specialist Pay from 1 April 2004. We recommend that the 2003 standard rates be increased in line with our overall pay recommendation from 1 April 2004. The recommended rates are set out at Appendix 2.

Mountain Leaders' Pay

- 4.6 We received evidence for our periodic review of Mountain Leaders' Pay which is paid to those Royal Marines providing a reconnaissance capability. It aims to attract and retain personnel who: experience an arduous and high-risk environment; have a 7-month qualification programme; accept a higher degree of responsibility than normal in the rank; and experience a pull from other specialist areas. From the evidence we note that current manning levels for Mountain Leaders are healthy but there are high wastage rates on recruitment aptitude tests and a shortage of applicants of the required quality. A continued pull from other specialist areas of the Armed Forces could influence manning levels from April 2004.
- 4.7 We note the current manning position for Mountain Leaders and for our next periodic review we would welcome an assessment of the impact of internal competition given the small recruiting pool. In the meantime, we recommend an increase in Mountain Leaders' Pay in line with our overall recommendation (see recommendation 3). We note that Mountain Leaders' Pay will move to common principles for Specialist Pay from 1 October 2004 including the introduction of a 75 per cent Reserve Band rate.

Hydrographic Pay

- 4.8 Our periodic review of Hydrographic Pay was held over from our 2003 Report to allow a review of the Officer specialisation structure. In recent years, the Warfare Branch's Hydrography and Meteorology section has been restructured with a move to the harmonisation of the Hydrography, Meteorology and Oceanography specialisations. Hydrographic Pay is paid to those qualified and eligible for surveying duties.
- 4.9 The evidence showed that, as a result of reduced recruiting in the mid-1990s, manning levels had deteriorated since 1997 leading to significant shortfalls in Lieutenants/Sub Lieutenants (a deficit of 44 per cent) and Petty Officers/Chief Petty Officers (a deficit of 23 per cent). PVR rates for these groups were also higher than average for the Royal Navy. Recruitment at Able Seaman level remained healthy leading to a manning surplus of 3 per cent although there were concerns that promotion to Leading Rate was not being sought. Courses to join the specialisation were filled to capacity and numbers of applications high. Despite this, MOD estimated it would take 12 years to redress the main manning deficit at Lieutenant. Measures were in place to improve manning through increased recruiting, more coherent training, limited sub-specialisation and broadening appointments.
- 4.10 MOD emphasised the important role that the Hydrographic Surveying Service played in Naval operational effectiveness. In addition, the high quality training and experience gained at sea made Officers and Ratings attractive to a buoyant civilian employment market where the pay levels and conditions of service were seen as favourable compared to the RN. In view of these concerns, MOD concluded that the manning measures alone would not rectify the position and that a substantial uplift in Hydrographic Pay, targeted at the top five rates, was required.

4.11 In our previous periodic reviews, we have targeted increases in Hydrographic Pay. The evidence for this review was accompanied by a helpful analysis of the civilian market and a more comprehensive approach to measures to improve manning. The manning evidence supports the targeting of increases. Our recommendation ensures that, on transition to standard rates of Specialist Pay from 1 April 2004, the broad relativities between the levels will be maintained. We wish to review the effects of this package of measures at our next periodic review of Hydrographic Pay, including an assessment of any impact of manning deficits on operational effectiveness. We note that Hydrographic Pay will move to common principles of Specialist Pay from 1 October 2004 including the new Reserve Band rate.

Recommendation 4: We recommend the following rates of Hydrographic Pay from 1 April 2004:	
• On attaining Charge qualification (H Ch)	£11.31 per day
• Surveyor 1st Class (H1)	£9.25 per day
• On promotion to Chief Petty Officer Survey	£7.71 per day
• Surveyor 2nd Class (H2), on promotion to Petty Officer or attainment of NVQ3 whichever is earlier	£4.11 per day
• On promotion to Leading Hand	£3.08 per day
• On completion of Initial Hydrographic Training	£1.54 per day

Non-Specialist Pay

4.12 No items of Non-Specialist Pay were reviewed for this report. We therefore recommend all rates be increased in line with the increase in military salaries.

Recommendation 5: We recommend that all rates of Non-Specialist Pay be increased by 2.8 per cent from 1 April 2004. The recommended rates are set out at Appendix 2.

Compensatory Allowances

4.13 We comment and recommend below on Longer Separated Service Allowance and Longer Service at Sea Bonus. No other Compensatory Allowances were reviewed for this report. We recommend all other rates be increased in line with the increase in military salaries.

Recommendation 6: We recommend that all rates of Compensatory Allowances, other than LSSA and LSSB, be increased by 2.8 per cent from 1 April 2004. The recommended rates are set out at Appendix 2.

Longer Separated Service Allowance and Longer Service at Sea Bonus

4.14 During our 2003 visits, including to Iraq and other operational areas, we were again struck by the severe impact of frequent and prolonged separation on both individual personnel and their families.

- 4.15 We have made a series of increases and structural changes in recent years to both Longer Separated Service Allowance (LSSA) and Longer Service at Sea Bonus (LSSB) to ensure that those suffering excessive separation are adequately compensated. In the light of operational commitments and the persistent impact of separation, we brought forward our review of LSSA and LSSB to our 2003 Report. We recommended a 5 per cent increase to LSSA daily rates, a reduction in the LSSA qualifying period from 18 to 12 months, a targeted increase to the LSSB higher daily rate and a 25 per cent increase in Accumulated Turbulence Bonuses for both allowances. As part of that review, MOD also informed us that it saw benefit in developing a single allowance under JPA which would better target those experiencing more frequent separation.
- 4.16 Our own experiences on visits and evidence from MOD indicates that there has been real improvement in arrangements for supporting personnel during operational deployments, particularly in the delivery of the Operational Welfare Package and the speed with which infrastructure support, including accommodation, has been put in place. The Operational Welfare Package has also been enhanced to fund home unit welfare support to families. Nonetheless, separation remains an issue of great concern to personnel and to their Senior Officers.
- 4.17 It was clear on our visits that the effect of frequent separation was being felt not only by those on high profile operational deployments but also by those on on-going operations and by those in support roles at home. We continue to believe, supported by evidence from the Continuous Attitude Surveys, that the degree of separation and its impact on family and personal lives is a primary influence on personnel leaving the Services. We also note the Services' recognition, under various manning reviews, of the importance of reducing the level of separation. Based on the evidence, we believe that a further increase to daily rates and bonuses is merited and we recommend accordingly.

Recommendation 7: We recommend an increase of 3.2 per cent in daily rates of LSSA and LSSB from 1 April 2004. The recommended rates of payment are set out at Appendix 2. We also recommend that the Accumulated Turbulence and Accumulated Turbulence Plus bonuses be increased from £1,250 to £1,300 from 1 April 2004.

Chapter 5

Accommodation and other charges

Introduction

- 5.1 We are required by our terms of reference to provide independent advice on charges for Service accommodation, together with water and sewerage, furniture hire, garage rent; and charges for food. In so doing, we seek to maintain broad comparability with the costs incurred by civilians.

Accommodation

- 5.2 It is important to emphasise that the accommodation charges we recommend are deliberately set below market rates for comparable accommodation to reflect the inherent disadvantages attached to living in Service accommodation. In successive reports our approach has been to recommend higher increases to the best quality Service Family Accommodation (SFA) and Single Living Accommodation (SLA) and proportionately lower increases to poorer standard accommodation. For seven successive years we have recommended that charges for the lowest standard accommodation be frozen. We have reviewed this approach each year in the light of evidence on costs for civilian housing and of progress made in improving Service accommodation.
- 5.3 Our visits to Service establishments both in the UK and overseas are invaluable in that they enable us to see, first hand, the standards of accommodation available to single personnel and to families. Some personnel have access to high quality accommodation while others live in accommodation which is plainly unacceptable. Service personnel of all ranks stress the impact of poor accommodation on their quality of life. They are increasingly aware of the investment in accommodation improvements and that new and improved accommodation is coming on-stream but the refurbishment and new build programmes have yet to reach a level where serving men and women feel that they will reap the benefit before they leave the Service.

Accommodation standards and funding

- 5.4 MOD explained to us, in detail, its plans for SFA and SLA and the associated timescales and funding streams. From our visits we note that, although Service personnel seemed to be better informed than previously about the plans, confusion still surrounded the various upgrade and new build programmes, their respective timescales and the degree to which funding is ring-fenced. We are pleased to note that MOD and the Services have made efforts to communicate their plans and progress to Service personnel through articles in Service publications and a dedicated accommodation newsletter. MOD also told us that a significant number of personnel had visited the prototypes of the new accommodation and proffered their views for consideration. We urge MOD to continue to communicate their plans and progress against targets clearly and regularly to personnel to gain maximum benefit to recruitment and retention from the SLA and SFA upgrade programmes.

Service Family Accommodation

- 5.5 In evidence for our 2003 Report, MOD told us that the Defence Housing Executive (DHE) was unable to meet its commitment to bring the core stock of **SFA in Great Britain** up to "standard 1 for condition"¹ by November 2005. No new target date has since been set for the completion of the programme though we have been assured that DHE will continue to progress with "demanding" targets each year until the programme is completed. This has implications for our approach to SFA charging which is explained in paragraphs 5.13 to 5.16 below. During 2002-03, DHE brought 1,440 SFA up to the highest standard (240 more than their Key Target for the year). We note that more than half of the estimated long-term housing requirement is now at standard 1 for condition, with an additional 40 per cent at standard 2, that is, needing one or two elements to be refurbished to bring it up to standard 1.
- 5.6 **SFA outside Great Britain** is managed and funded by individual Top Level Budget holders. A survey conducted in 2001 indicated that over 99 per cent of SFA in Germany was below standard 1 for condition. The evidence reported that Project PUMA aims to bring 70 per cent of the federal stock to standard 1 for condition by 2012: 429 by 2003-04 and approximately 4,500 by 2007-08. We are disappointed that this represents a reduced target. In evidence for our 2003 Report, it was envisaged that PUMA would refurbish all federal stock by 2012. Alongside PUMA a planned Hired Accommodation Revitalisation Programme (HARP) will aim to provide leased accommodation to a standard equivalent to PUMA.
- 5.7 Currently only 11 per cent of SFA in Gibraltar and Cyprus is at standard 1 for condition. We were told that the refurbishment and new build programme in Gibraltar is progressing but increased construction costs have resulted in the extension of the completion date to at least 2010. Finally, in Cyprus construction is due to start in 2005 under a PFI to bring all SFA to standard 1 for condition over five to eight years.

Single Living Accommodation

- 5.8 We were told in evidence that, at April 2003, 84 per cent of occupied SLA worldwide was below Grade 1 with 43 per cent at either the lowest grade or liable only to Utilities charges. By April 2004, around 6,800 bedspaces are due to be upgraded at a cost of £137 million with projects planned to upgrade a further 12,000 bedspaces at a cost of £547 million. The total expenditure on SLA, covering upgrade and new build, will increase from £293 million per annum in 2003-04 to £416 million per annum in 2004-05 before falling back to £337.5 million in 2006-07.
- 5.9 In March 2001, the Secretary of State announced an additional £1 billion of investment in SLA over the following ten years through Project SLAM (SLA Modernisation) in England and Wales. The selection of the contractor for the first phase of Project SLAM was announced in September 2002 and the contract awarded in December 2002. Work under Project SLAM started in April 2003 and is expected to deliver around 800 bedspaces by April 2004. By that time, 50 per cent of the first phase of the programme will be at various stages of planning and construction. Parallel programmes have started in Germany and Northern Ireland with work due to start in Gibraltar by the end of 2003. Planning is underway for projects in Scotland and Cyprus. Taken together, all SLA projects (including Project SLAM) will provide around 60,000 new or upgraded bedspaces by 2013. We note that those properties included in the Project SLAM programme will be maintained by the contractor at standard 1 for condition for the first seven years after completion.

¹ The "standard 1 for condition" relates exclusively to the condition of the property and should not be confused with MOD's grading system which is used to set charges and takes account of other factors such as proximity to certain amenities.

- 5.10 In their oral evidence session, the PPOs provided us with further details of the benchmarking against other public service providers that had been undertaken for the delivery of Project SLAM. In order to maximise the benefits, we urge MOD to continue to benchmark their procedures and to implement emerging best practice. We look forward to receiving regular progress reports.

Approach to recommendations

- 5.11 Accommodation was a theme of our discussions with the Secretary of State in oral evidence. He acknowledged that both the SFA and SLA upgrade programmes were important for retention and emphasised that under a new Defence Housing Strategy good quality SFA would be provided in the right locations to support mobility and also choice for those individuals who require greater stability. We look forward to receiving regular updates on the new strategy.
- 5.12 We are aware from the evidence received that budgets are constantly under pressure. On our visits, Commanding Officers highlighted to us the vulnerability of accommodation maintenance budgets when overall budgets were under pressure. The PPOs confirmed that maintenance budgets were one of the few areas of funding flexibility and liable to being raided to meet shortfalls in other areas. The Secretary of State, in oral evidence, assured us of his commitment and that of the Service Chiefs to delivering good accommodation, but again reminded us of the pressure on budgets. We urge MOD to do everything possible to safeguard accommodation maintenance budgets. In our judgement, reducing maintenance spending on accommodation to meet other priorities in the short term is a false economy given the negative effect on retention and the probability of maintenance costs increasing as the property further deteriorates.
- 5.13 We reiterate that we seek to achieve broad comparability in charges subject to an abatement, or discount, to take account of the disadvantages of living in Service accommodation. These include the lack of choice, the lack of security of tenure on leaving the Armed Forces or the right to buy and restrictions on decorating or making other changes.
- 5.14 Our annual examination of the civilian housing market shows that accommodation charges for the highest grade SFA and SLA continue to be significantly below those in the civilian sector even after an appropriate abatement. The difference is most evident for SFA rental charges.
- 5.15 We have stated in our last three reports that we wish to avoid a situation in which the delivery of improvements to accommodation is accompanied by a sharp and large increase in charges. In response to DHE's original target to bring all accommodation up to standard 1 for condition by November 2005 we adopted a strategy, in our 2002 Report, which would achieve parity between SFA charges and civilian housing costs, less the abatement, by 2006. We stressed that the strategy would be subject to review each year. In the light of MOD's evidence on progress with the SFA upgrade for our 2003 Report, we reviewed and extended the timescale of our strategy.

- 5.16 The pace of progress in achieving acceptable standards of SFA is an important consideration in our recommendations which seek to relate charges to standards. In this respect, we note that DHE slightly exceeded its target for SFA upgrade in 2002-03 and that our own independent research shows that charges for SFA are still significantly below abated market rates. Moreover, more than 90 per cent of those who live in SFA in Great Britain, live in properties which are either standard 1 or 2 for condition. As a result, we conclude that we should continue with our current strategy subject to review each year in the light of progress with improvements and changes to the civilian housing market.
- 5.17 SLA charges require a different approach. The information on civilian comparator costs indicates that the difference between those costs and military charges is smaller than that for SFA. There has been a steady, but as yet small, flow of improved accommodation over the past twelve months. The main programme will come on stream in 2004-05. We intend to develop a strategy to bring charges closer to the market when there is a significant improvement in provision of good quality accommodation.

Service Family Accommodation charges

- 5.18 In recent years we have recommended a graduated approach to SFA rental charges below Grade 1. This has resulted in proportionately lower increases in rental charges for Grades 2 and 3 and a zero increase for Grade 4. Our recommendations continue to be tiered for Grades 2 to 4 in line with our strategy for achieving broad comparability with civilian housing costs, less an appropriate abatement.

Recommendation 8: We recommend graduated increases to Service Family Accommodation rental charges from 1 April 2004. The resulting charges are shown in Tables 5.1 and 5.2.

Single Living Accommodation charges

- 5.19 We welcome the continued investment by MOD and the Services in SLA and the steady, but not yet significant, amount of upgraded accommodation coming on line during the past twelve months. MOD's evidence suggests that there will be substantial volumes of improved accommodation coming on stream from 2004. We conclude that there should be graduated increases to SLA charges for 2004-05 with no increase to the rental charge for Grade 4.

Recommendation 9: We recommend graduated increases to Single Living Accommodation charges from 1 April 2004. The resulting charges are shown in Table 5.3.

- 5.20 MOD provided us with further information on their work to develop an SLA charging structure linked directly to type of accommodation rather than to rank. The development work was being undertaken in preparation for JPA to inform any future charging regime. We have noted this work and anticipate receiving further evidence from MOD once it is completed.

Water and sewerage charges

5.21 On MOD's advice, we continue to use the forecast weighted national household average water bill for SFA Type C as the comparator for military accommodation water charges. The charge is tapered according to the size of the property. Charges for SLA are based on one-third of the SFA Type C figure. The latest evidence indicates an increase in water and sewerage charges. We recommend accordingly.

Recommendation 10: We recommend water and sewerage charges for all SFA of between £234 and £263 a year and a water charge for SLA of £80 a year.

Furniture hire

5.22 The percentage of SFA with rented furniture continued to decline. In 1997, 15 per cent of SFA was fully furnished reducing to 10 per cent in 2003 – part-furnished SFA also fell from 27 to 16 per cent in the same period. Nonetheless, MOD considered that the provision of furniture for hire is an important condition of service and remained essential for the foreseeable future. We recommend accordingly.

Recommendation 11: We recommend furniture hire rates to be applied to SFA as shown in Table 5.1.

Table 5.1: Breakdown of recommended annual charges for Grade 1 SFA^a

Type of SFA	Basic rent	Furniture	Water	Recommended total rental ^b
	£ per year	£ per year	£ per year	£ per year
Officers				
I	5,884	858	263	7,004
II	5,282	763	259	6,304
III	4,628	653	256	5,537
IV	3,336	588	252	4,176
V	2,639	518	248	3,405
Other Ranks				
D	2,420	380	245	3,044
C	2,037	332	241	2,610
B	1,821	277	237	2,336
A	1,299	230	234	1,763

^a The charge for unfurnished SFA includes the basic rent and the water charge plus a charge for carpets, curtains and a cooker.

^b The recommended charge may not be the exact sum of the components because these have been rounded to the nearest £.

Table 5.2: SFA: recommended charges for furnished accommodation^a

Type of SFA	Annual charge ^b			
	Grade 1	Grade 2	Grade 3	Grade 4
	£ per year	£ per year	£ per year	£ per year
Officers				
I	7,004	5,595	3,336	1,832
II	6,304	5,033	3,019	1,661
III	5,537	4,417	2,657	1,482
IV	4,176	3,424	2,194	1,259
V	3,405	2,880	1,869	1,135
Other Ranks				
D	3,044	2,471	1,570	905
C	2,610	2,164	1,427	858
B	2,336	1,964	1,303	796
A	1,763	1,486	1,000	657

^a Charges comprise a rental element (including additional maintenance), furniture hire and a water and sewerage charge.

^b Annual charges are rounded to the nearest £.

Table 5.3: SLA: recommended charges^a

Type of SLA	Annual charge ^b			
	Grade 1	Grade 2	Grade 3	Grade 4
	£ per year	£ per year	£ per year	£ per year
Major and above	1,832	1,555	1,044	610
Captain and below	1,489	1,263	850	500
Warrant Officer and SNCO	1,121	949	635	372
Corporal and below	635	540	358	212
New Entrant ^c	504	420	285	172

^a Charges comprise a rental element (including additional maintenance), furniture hire and a water and sewerage charge.

^b Annual charges are rounded to the nearest £.

^c Those receiving less than the minimum trained rate.

Garage rent

5.23 Where personnel have access to a garage provided by the Services they are charged garage rent. To inform our recommendation on this charge we compare the Service garage rent with an average civilian rent for a garage based on a sample of charges levied by local authorities and housing associations. We carried out a survey of these charges during 2003 which suggested that the current Service charge was significantly below their civilian comparators. To bring charges in line with civilian comparators an increase in the order of 22 per cent to the Service garage charge would be required. Given the size of the increase, we conclude that it should be phased in over three years. The charge we recommend for 2004-05 includes the first phased increase.

Recommendation 12: We recommend that the charge for garage rent be increased to £226.30 a year.

Food charges

5.24 Personnel are charged for meals that are provided by the Services, except whilst on operations. We base our recommendations for food charges on the increase in the food component of the Retail Price Index. We consider that this is the most appropriate indicator for our recommendations, though we recognise that the small sample size for this data can lead to fluctuations from year to year. We continue to await the implementation of Pay As You Dine (PAYD), on which we comment below, before seeking any new methodology. The food component of RPI increased by 2.4 per cent in the year to October 2003 and we therefore recommend a commensurate increase in food charges.

Recommendation 13: We recommend the following food charges from 1 April 2004:

Single charge	£24.22 per week
Married unaccompanied charge	£17.71 per week.

Pay As You Dine

5.25 During our visits over recent years, we have detected growing support for PAYD among Service personnel in all rank groups. Junior ranks believe that choice of what they could eat and when and quality would be improved. There are more mixed views amongst Senior NCOs and Officers. Some fear that personnel might forego meals, budget badly or adopt an unhealthy diet with a resulting impact on fitness levels. Many personnel have also raised concerns about the impact of PAYD on the training, employment and retention of Service chefs who would continue to be required for operational environments.

5.26 We have been kept informed of progress on PAYD and have included trial sites in our visits programme. After almost a year in operation, trials at three sites were being evaluated. PAYD had been well received by junior ranks at these sites. It is interesting to note that in contrast to contractors' expectations it has been difficult to tempt personnel away from the "core menu". This has posed commercial difficulties for contractors, compounded by the application of Value Added Tax. As food charges are mandatory and not linked to actual consumption VAT is not applicable. However, PAYD is a transaction-based system and VAT is, therefore, payable. Nonetheless we were told that both MOD and contractors remain upbeat about the success of PAYD generally. We understand that there will be a further eight trial sites over 2004-05 which will continue to test the PAYD concept with the roll-out of PAYD in Great Britain scheduled for Autumn 2005. In our 2004 programme, we intend to visit some of the next "tranche" of PAYD trials so that we can continue to assess reaction ourselves alongside MOD's progress reports.

Chapter 6

Costs

6.1 We estimate that the costs of our recommendations for 2004-05 are as below:

Table 6.1: Cost of recommendations^a

	£ million
Military salary (all Regular Services)	
Officers	35
Other Ranks	105
New Entrants	3
	<hr/> 144
Additional Pay, allowances and other emoluments in the nature of pay (all Regular Services)	6
	<hr/>
Total pay (all Regular Services)	150
Reserve Forces	4
Employers' national insurance contribution (ERNIC) – all Services	16
Estimated effect of accruing superannuation liability contributions	32
	<hr/>
Total paybill cost including Reserves	202
Less: total increased yield from charges	(6)
	<hr/>
Net cost of recommendations taking account of increased yield from charges	196

^a Components may not sum to the total due to rounding.

- 6.2 Our estimates are based on the average manpower strength of the Armed Forces in 2004-05, as forecast by MOD. To the extent that actual strengths differ from forecasts, the costs of implementing our recommendations will also differ. We estimate, therefore, that the implementation of our recommendations on all aspects of pay would add 2.9 per cent to the pay bill (including the employers' national insurance and superannuation liabilities).
- 6.3 When the yield from the recommended increased accommodation charges is taken into account the net cost is 2.9 per cent. The increased yield from charges overall, including recommendations on rent, furniture hire, water and sewerage, and garage rent is estimated to be 3.0 per cent.

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13 January 2004

Glossary of terms

AFPRB	Armed Forces' Pay Review Body
AFPS	Armed Forces' Pension Scheme
AT	Accumulated Turbulence Bonus
DHE	Defence Housing Executive
DMS	Defence Medical Services
DRFC	Director of Reserve Forces and Cadets
ERNIC	Employers' national insurance contributions
FRI	Financial Retention Incentive
FTRS	Full-Time Reserve Service
IPP	Immediate Pension Point
JE	Job evaluation
JPA	Joint Personnel Administration
LSAP	Long Service Advance of Pay
LSSA	Longer Separated Service Allowance
LSSB	Longer Service at Sea Bonus
MDHU	Ministry of Defence Hospital Unit
MOD	Ministry of Defence
NCO	Non-Commissioned Officer
NMW	National Minimum Wage
PAYD	Pay As You Dine
PFI	Private Finance Initiative
PPO	Principal Personnel Officer
PSA	Public Sector Agreement
PUMA	Programme to Upgrade and Modernise Accommodation (Germany)
PVR	Premature Voluntary Retirement/Release (Officers/Other Ranks)
RAF	Royal Air Force
RM	Royal Marines
RN	Royal Navy
RPI	Retail Prices Index
RS	Royal Signals
SDR	Strategic Defence Review
SFA	Service Family Accommodation
SLA	Single Living Accommodation
SLAM	Single Living Accommodation Modernisation
SNCO	Senior Non-Commissioned Officer
TA	Territorial Army
TLB	Top Level Budget
TOPMAST	Tomorrow's Personnel Management System
WO	Warrant Officer

Appendix 1

1 April 2004 recommended military salaries including X-factor

All annual salaries are derived from daily rates in whole pence and rounded to the nearest £, calculated on a 365-day year.

Table 1.1: Recommended annual scales for Officers up to and including Brigadier^a

Rank		Military salary
		£
Brigadier	Level 5	81,563
	Level 4	80,723
	Level 3	79,891
	Level 2	79,059
	Level 1	78,227
Colonel	Level 9	72,084
	Level 8	71,222
	Level 7	70,361
	Level 6	69,507
	Level 5	68,649
	Level 4	67,791
	Level 3	66,934
	Level 2	66,076
Lieutenant Colonel	Level 1	65,218
	Level 9	62,254
	Level 8	61,506
	Level 7	60,765
	Level 6	60,024
	Level 5	59,283
	Level 4	58,542
	Level 3	57,805
Major	Level 2	57,064
	Level 1	56,316
	Level 9	48,056
	Level 8	47,063
	Level 7	46,074
	Level 6	45,081
	Level 5	44,088
	Level 4	43,099
Level 3	42,103	
Level 2	41,117	
Level 1	40,124	

Rank		Military salary
		£
Captain	Level 9	37,883
	Level 8	37,453
	Level 7	37,018
	Level 6	36,161
	Level 5	35,296
	Level 4	34,438
	Level 3	33,573
	Level 2	32,708
	Level 1	31,854
Lieutenant	Level 10	27,474
	Level 9	26,820
	Level 8	26,167
	Level 7	25,514
	Level 6	24,860
	Level 5	20,681
	Level 4	18,323
	Level 3	15,604
	Level 2	14,297
	Level 1	13,082
University Cadet Entrants	Level 4	15,038
	Level 3	13,775
	Level 2	12,268
	Level 1	10,687

^a Army ranks are shown in these tables; the pay rates apply equally to equivalent ranks in the other Services.

Table 1.2: Recommended annual salaries for other ranks^a

Rank		Military salary	
		Lower band ^b	Higher band ^b
		£	£
Range 5: Warrant Officer I	Level 7	37,066	39,278
	Level 6	36,051	38,686
	Level 5	35,066	38,011
	Level 4	34,394	37,343
	Level 3	33,726	36,672
	Level 2	33,058	36,051
	Level 1	32,427	35,354
Range 4: Staff Sergeant & Warrant Officer II	Level 9	33,292	36,336
	Level 8	32,554	35,828
	Level 7	32,142	35,325
	Level 6	31,656	34,821
	Level 5	30,288	34,069
	Level 4	29,879	33,310
	Level 3	29,196	32,554
	Level 2	28,280	31,799
	Level 1	27,915	31,047
Range 3: Sergeant	Level 7	28,656	31,025
	Level 6	28,441	30,456
	Level 5	27,492	29,883
	Level 4	26,795	29,313
	Level 3	26,525	28,948
	Level 2	25,875	28,233
	Level 1	25,218	27,521
Range 2: Corporal	Level 7	25,072	27,879
	Level 6	24,886	27,284
	Level 5	24,692	26,729
	Level 4	24,502	26,098
	Level 3	24,313	25,503
	Level 2	23,181	24,313
	Level 1	22,185	23,181
Range 1: Private & Lance Corporal	Level 9	20,298	24,313
	Level 8	19,590	23,181
	Level 7	18,732	22,185
	Level 6	17,962	21,210
	Level 5	17,239	20,228
	Level 4	16,363	18,294
	Level 3	15,042	17,013
	Level 2	14,253	15,410
	Level 1	13,461	13,461

^a Army ranks are shown in these tables; the pay rates apply equally to equivalent ranks in the other Services.

^b The pay structure for Other Ranks is divided into pay bands. Trades at each rank are allocated to bands according to their score in the job evaluation system.

Table 1.3: Recommended annual salary for new entrants

	Military salary
	£
All entrants	11,432

Table 1.4: Recommended annual scales for naval apprentices and probationary medical and communications technicians

	Military salary
	£
Fourth year	20,228
Third year	14,063
Second year	13,279
First year	11,804

Table 1.5: Recommended annual scales for Chaplains

Rank/length of service	Military salary	
	£	
Chaplain-General	After 4 years' service	81,563
	After 3 years' service	80,723
	After 2 years' service	79,891
	After 1 year's service	79,059
	On appointment	78,227
Deputy Chaplain-General ^a	After 4 years' service	72,084
	After 3 years' service	71,222
	After 2 years' service	70,361
	After 1 year's service	69,507
	On appointment	68,649
Principal Chaplain	After 3 years' service	67,791
	After 2 years' service	66,934
	After 1 year's service	66,076
	On appointment	65,218
Chaplain (Class 1) ^a	More than 24 years' service	61,579
	Less than 24 years' service	59,287
Chaplains Class 2/3/4 (or equivalent)	After 26 years' service	61,579
	After 25 years' service	60,429
	After 24 years' service	59,287
	After 23 years' service	58,148
	After 22 years' service	57,024
	After 21 years' service	55,882
	After 20 years' service	54,732
	After 19 years' service	53,589
After 18 years' service	52,443	

Rank/length of service	Military salary
	£
Chaplains Class 2/3/4 (or equivalent)	
After 17 years' service	51,301
After 16 years' service	50,155
After 15 years' service	49,012
After 14 years' service	47,870
After 13 years' service	46,724
After 12 years' service	45,581
After 11 years' service	44,435
After 10 years' service	43,293
After 9 years' service	42,150
After 8 years' service	41,008
After 7 years' service	39,858
After 6 years' service	38,719
After 5 years' service	37,566
After 4 years' service	36,431
After 3 years' service	35,285
After 2 years' service	34,142
After 1 year's service	32,996
On appointment	31,854

^a Army only.

Table 1.6: Recommended annual scales for Officers Commissioned from the Ranks^a

Increment level	Military salary
	£
Level 15	42,581
Level 14	42,300
Level 13	42,008
Level 12	41,438
Level 11 ^b	40,876
Level 10	40,307
Level 9	39,738
Level 8	39,168
Level 7 ^c	38,460
Level 6	38,022
Level 5	37,580
Level 4 ^d	36,701
Level 3	36,266
Level 2	35,821
Level 1 ^e	34,945

^a 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.

^b Naval Career Service Officers cannot progress beyond this pay point.

^c Officers Commissioned from the Ranks with more than 15 years' service in the Ranks enter on Level 7.

^d Officers Commissioned from the Ranks with between 12 and 15 years' service in the Ranks enter on Level 4.

^e Officers Commissioned from the Ranks with less than 12 years' service in the Ranks enter on Level 1.

Table 1.7: Recommended annual scales for Veterinary Officers of the Royal Army Veterinary Corps

Rank/length of service	Military salary	
	£	
Lieutenant Colonel	After 4 years' service	62,254
	After 3 years' service	61,313
	After 2 years' service	60,375
	After 1 year's service	59,429
	On appointment	58,491
Major, Captain	After 21 years' service	56,779
	After 20 years' service	55,608
	After 19 years' service	54,432
	After 18 years' service	53,257
	After 17 years' service	52,089
	After 16 years' service	50,914
	After 15 years' service	49,742
	After 14 years' service	48,563
	After 13 years' service	47,399
	After 12 years' service	46,381
	After 11 years' service	45,377
	After 10 years' service	44,245
	After 9 years' service	43,117
	After 8 years' service	41,990
	After 7 years' service	40,865
	After 6 years' service	39,738
	After 5 years' service	38,610
	After 4 years' service	37,486
	After 3 years' service	36,354
	After 2 years' service	35,230
After 1 year's service	34,102	
On appointment	31,854	

Table 1.8: Recommended annual scale for Professional Aviator Pay Spine

Increment level	Military salary
	£
Level 35	65,218
Level 34	64,320
Level 33	63,426
Level 32	62,532
Level 31	61,638
Level 30 ^a	60,740
Level 29	59,849
Level 28 ^b	58,951
Level 27	58,053
Level 26	57,163
Level 25	56,265
Level 24	55,371
Level 23	54,542
Level 22 ^c	53,502
Level 21	52,505
Level 20 ^d	51,509
Level 19	50,516
Level 18	49,523
Level 17	48,527
Level 16 ^e	47,534
Level 15	46,538
Level 14	45,545
Level 13	44,545
Level 12 ^f	43,552
Level 11	42,559
Level 10	41,990
Level 9	41,333
Level 8	40,676
Level 7	40,019
Level 6	39,362
Level 5	38,701
Level 4	38,044
Level 3	37,387
Level 2	36,726
Level 1	36,069

^a Navigators cannot progress beyond Increment Level 30.

^b Rear Crew cannot progress beyond Increment Level 28.

^c NCO Pilots cannot progress beyond Increment Level 22.

^d RAF Non-Commissioned Master Aircrew cannot progress beyond Increment Level 20.

^e RAF Non-Commissioned Aircrew Flight Sergeants cannot progress beyond Increment Level 16.

^f RAF Non-Commissioned Aircrew Sergeants cannot progress beyond Increment Level 12.

Appendix 2

1 April 2004 recommended rates of Specialist Pay, Non-Specialist Pay and Compensatory Allowances

<u>SPECIALIST PAY</u>	Rate £ per day	Reserve Band rate ^f £ per day
FLYING PAY^a		
Officer aircrew (trained)		
All Officer aircrew in the rank of Squadron Leader ^b and below except RAF specialist aircrew Flight Lieutenant		
Initial rate	11.82	–
Middle rate ^c	20.05	–
Top rate ^c	31.87	23.90
Enhanced rate ^d	37.52	28.14
Enhanced rate ^e	35.47	26.60
Wing Commander ^b		
On appointment	32.90	–
After 6 years	30.84	23.13
After 8 years	28.78	21.59
Group Captain ^b		
On appointment	25.19	18.89
After 2 years	23.64	17.73
After 4 years	22.10	16.58
After 6 years	19.53	14.65
After 8 years	16.96	12.72
Air Commodore ^b	10.28	7.71
RAF specialist aircrew		
(a) <i>Flight Lieutenants (not Branch Officers)</i>		
On designation as specialist aircrew	39.06	–
After 1 year as specialist aircrew	39.58	–
After 2 years as specialist aircrew	40.61	–
After 3 years as specialist aircrew	41.12	–
After 4 years as specialist aircrew	41.63	–
After 5 years as specialist aircrew	42.66	–
After 6 years as specialist aircrew	43.18	–
After 7 years as specialist aircrew	43.69	–
After 8 years as specialist aircrew	44.72	–
After 9 years as specialist aircrew	45.23	–
After 10 years as specialist aircrew	45.75	–
After 11 years as specialist aircrew	46.77	–
After 12 years as specialist aircrew	47.29	–
After 13 years as specialist aircrew	48.32	–
After 14 years as specialist aircrew	48.83	–
After 15 years as specialist aircrew	49.34	–
After 16 years as specialist aircrew	50.89	–

^a Flying Pay is not payable to personnel on the Professional Aviator Pay Spine.

^b Including equivalent ranks in the other Services. However, pilots in the Army and RM who are not qualified as aircraft commanders do not receive the Officer rate of Flying Pay but receive the Army pilot rate of Flying Pay.

^c After 4 years on the preceding rate.

^d Payable only to pilots in the ranks of Squadron Leader and below who have received the top rate of Flying Pay for 4 years.

^e Payable only to navigators and observers in the ranks of Squadron Leader and below who have received the top rate of Flying Pay for 4 years.

^f Rates apply to personnel with more than 3 consecutive years in non flying-related appointments.

	Rate £ per day	Reserve Band rate ⁱ £ per day
(b) Branch Officers		
On designation as specialist aircrew	31.87	–
After 5 years as specialist aircrew	35.47	–
Non-commissioned aircrew (trained)		
RM and Army pilots qualified as aircraft commanders		
Initial rate	11.82	–
Middle rate ^g	20.05	–
Top rate ^g	31.87	23.90
Enhanced rate ^h	37.52	28.14
RM and Army pilots ⁱ		
Initial rate	6.17	–
Middle rate ^k	13.36	–
Top rate ^l	15.93	11.95
RN/RM, Army and RAF aircrewmen		
Initial rate	6.17	–
Middle rate ^k	12.85	–
Top rate ^l	16.96	12.72
Aero-medical and escort duties pay (RAF)	6.68	–
Royal Logistic Corps air despatch pay ^m		
Lower rate	4.11	–
Higher rate ^g	6.68	–
Flying extra pay (RN), crew pay (RAF), Royal Logistic Corps helicopter crew pay ^g	4.11	–

DIVING PAY

Category

1 RN Diver (Able rate) prior to Category 3 qualification		
Ship's Diver – all ranks and ratings	3.60	–
2 RN Search and Rescue Diver – all ratings		
Army Compressed Air Diver – all ranks	7.20	–
3 RN Diver (Able rate) when qualified to Category 3 standards		
Army Unit Diving Supervisor and Army Advanced Diver – all ranks	9.77	–
4 RN Diver (Leading rate) when qualified to Category 4 standards		
Army Supervisor and Instructor – all ranks		
RN Mine Countermeasures and Diving Officer ⁿ	16.96	–
5 RN Diver (Petty Officer and above) when qualified to Category 5 standards on appointment	24.16	–
after 3 years	26.21	–
after 5 years	27.76	–

^g After 4 years on the preceding rate.

^h Payable only to pilots who have received the top rate of Flying Pay for 4 years.

ⁱ Rates apply to personnel with more than 3 consecutive years in non flying-related appointments.

^j RM and Army pilots not qualified as aircraft commanders.

^k After 9 years' total service, subject to a minimum of 3 years' aircrew service.

^l After 22 years' reckonable service.

^m Also payable while under training.

ⁿ To be paid Category 5 Diving Pay when in post requiring immediate control of diving operations.

	Rate <i>£ per day</i>	Reserve Band rate <i>£ per day</i>
(Unfit to dive)		
on appointment	7.71	–
after 3 years	9.25	–
after 5 years	10.79	–
Deep and experimental diving		
Lump sum per dive		
Grade 5	254.54	–
Grade 4	127.27	–
Grade 3	95.46	–
Grade 2	63.62	–
Grade 1	12.73	–
Additional hourly rates		
Grade 5	50.91	–
Grade 4	12.73	–
Grade 3	9.54	–
Grade 2	6.36	–
Grade 1	–	–
SUBMARINE PAY		
Level 1 – payable on qualification	10.28	7.71°
Level 2 – payable after 5 years on Level 1	13.36	10.02°
Level 3 – payable after 5 years on Level 2	15.93	11.95°
Level 4 – payable after 5 years on Level 3	17.99	13.49°
Level 5 – payable to Officers qualifying Advanced Warfare Course or in Charge Qualified positions	22.62	16.97°
Nuclear Propulsion Pay		
Category B watchkeeper – Single qualified	4.11	3.08
Category B watchkeeper – Double qualified	7.71	5.78
Category A watchkeeper (Nuclear Chief of Watch)	17.48	13.11
Appropriately qualified Junior Officers	17.48	13.11
SUBMARINE ESCAPE TANK TRAINING PAY	10.28	–
Additional Daily Supplement for Cat 1 and 2 Divers	2.06	–
Additional Daily Supplement for Subsunk Parachute Assistance Group personnel	1.03	–

° Rates apply to qualified submariners after 3 years ashore and, with effect from 1 April 1996, to those starting Part II training until completion of Part III.

	Rate £ per day	Reserve Band rate £ per day
HYDROGRAPHIC PAY		
On attaining Charge qualification (H Ch)	11.31	8.48 ^P
Surveyor 1st Class (H1)	9.25	6.94 ^P
On promotion to Chief Petty Officer or attainment of NVQ4 whichever is sooner	7.71	5.78 ^P
Surveyor 2nd Class (H2), On promotion to Petty Officer or attainment of NVQ3 whichever is sooner	4.11	3.08 ^P
On promotion to Leading Hand	3.08	2.31 ^P
On completion of Initial Hydrographic Training	1.54	1.16 ^P
RM MOUNTAIN LEADERS' PAY	8.74	6.56 ^Q
PARACHUTE JUMP INSTRUCTORS' PAY		
Less than 8 years' experience	6.68	5.01 ^r
8 or more years' experience	9.77	5.01 ^r
PARACHUTE PAY	4.63	-
<u>NON-SPECIALIST PAY</u>		
GURKHA LANGUAGE PAY		
Regular Officers of the Permanent Cadre of the Brigade of Gurkhas and seconded Service personnel		
Oral proficiency rate	0.68	
Oral and written proficiency	1.19	
EXPERIMENTAL PAY (per test)	2.27	
<u>COMPENSATORY ALLOWANCES</u>		
PAYMENT FOR WORK OF AN OBJECTIONABLE NATURE (PWON)		
Basic rate	5.22	
Higher rate	15.40	
PAYMENT FOR WORK IN UNPLEASANT CONDITIONS (PWUC)	2.12	
NORTHERN IRELAND RESIDENT SUPPLEMENT	5.44	
LONDON RECRUITMENT AND RETENTION ALLOWANCE	3.37	
LONGER SEPARATED SERVICE ALLOWANCE		
Basic rate	5.56	
Middle rate	8.70	
Higher rate	11.86	
LONGER SERVICE AT SEA BONUS		
18 months' total service and less than 5 years' total sea service	4.18	
5 and less than 10 years' total sea service	7.99	
10 years' sea service and over	10.65	

^P Rates apply after 3 years out of designated billet.

^Q Reserve Band applicable from 1 October 2004.

^r Rate applies to personnel who have been absent from PJI or PJI-related duties for more than 3 years.

Appendix 3

Military annual salaries inclusive of X-factor introduced with effect from 1 April 2003

All annual salaries are derived from daily rates in whole pence and rounded to the nearest £, calculated on a 365-day year; 2003-04 salaries increased slightly due to a leap-day falling in this period.

Table 3.1: Annual salaries for Officers up to and including Brigadier^a

Rank		Military salary £
Brigadier	Level 5	79,340
	Level 4	78,526
	Level 3	77,716
	Level 2	76,906
	Level 1	76,095
Colonel	Level 9	70,120
	Level 8	69,284
	Level 7	68,445
	Level 6	67,613
	Level 5	66,780
	Level 4	65,945
	Level 3	65,112
	Level 2	64,277
	Level 1	63,441
Lieutenant Colonel	Level 9	60,557
	Level 8	59,831
	Level 7	59,112
	Level 6	58,389
	Level 5	57,670
	Level 4	56,947
	Level 3	56,232
	Level 2	55,509
	Level 1	54,783
Major	Level 9	46,746
	Level 8	45,782
	Level 7	44,818
	Level 6	43,855
	Level 5	42,888
	Level 4	41,924
	Level 3	40,957
	Level 2	39,997
	Level 1	39,033

Rank		Military salary
		£
Captain	Level 9	36,850
	Level 8	36,434
	Level 7	36,011
	Level 6	35,175
	Level 5	34,336
	Level 4	33,500
	Level 3	32,657
	Level 2	31,817
	Level 1	30,985
Lieutenant	Level 10	26,725
	Level 9	26,090
	Level 8	25,455
	Level 7	24,820
	Level 6	24,181
	Level 5	20,119
	Level 4	17,823
	Level 3	15,180
	Level 2	13,907
		Level 1
University Cadet Entrants	Level 4	14,629
	Level 3	13,399
	Level 2	11,932
	Level 1	10,395

^a Army ranks are shown in these tables; the pay rates apply equally to equivalent ranks in the other Services.

Table 3.2: Annual salaries for Other Ranks^a

Rank		Military salary	
		Lower band ^b	Higher band ^b
		£	£
Range 5: Warrant Officer I	Level 7	36,055	38,208
	Level 6	35,069	37,632
	Level 5	34,109	36,975
	Level 4	33,456	36,325
	Level 3	32,806	35,671
	Level 2	32,157	35,069
	Level 1	31,543	34,390
Range 4: Staff Sergeant & Warrant Officer II	Level 9	32,386	35,347
	Level 8	31,667	34,854
	Level 7	31,266	34,361
	Level 6	30,795	33,872
	Level 5	29,463	33,142
	Level 4	29,065	32,401
	Level 3	28,401	31,667
	Level 2	27,510	30,934
Range 3: Sergeant	Level 7	27,875	30,178
	Level 6	27,667	29,627
	Level 5	26,744	29,069
	Level 4	26,065	28,514
	Level 3	25,802	28,160
	Level 2	25,170	27,463
	Level 1	24,532	26,773
Range 2: Corporal	Level 7	24,389	27,120
	Level 6	24,207	26,539
	Level 5	24,021	26,003
	Level 4	23,835	25,386
	Level 3	23,652	24,809
	Level 2	22,550	23,652
	Level 1	21,579	22,550
Range 1: Private & Lance Corporal	Level 9	19,670	23,652
	Level 8	18,984	22,550
	Level 7	18,151	21,579
	Level 6	17,403	20,633
	Level 5	16,706	19,677
	Level 4	15,856	17,794
	Level 3	14,574	16,549
	Level 2	13,812	14,991
	Level 1	13,045	13,045

^a Army ranks are shown in these tables; the pay rates apply equally to equivalent ranks in the other Services.

^b The pay structure for Other Ranks is divided into pay bands. Trades at each rank are allocated to bands according to their score in the job evaluation system.

Appendix 4

AFPRB 2003 visits

In preparation for AFPRB's 2004 Report, members made the following visits:

ESTABLISHMENT/ LOCATION	SERVICE	MEMBERS
RAF Brize Norton	RAF	Baroness Dean Neil Sherlock
HMS Collingwood, HMS Walney & HMS Lindisfarne	Royal Navy	John Davies Mike Ward
London Regiment – TA	Army	Mike Ward Dr Wright
Catterick Garrison	Army	Lord Patel Neil Sherlock
Northern Ireland	Tri-Service	Baroness Dean Mike Ward
RAF Boscombe Down	RAF	Lord Patel Sir Peter Woodhead
RM Poole	Royal Navy	Professor Greenaway Sir Peter Woodhead
RN Hospital Haslar	Royal Navy	Baroness Dean Dr Wright
HQ Allied Forces South Europe, Italy	RAF	Professor Greenaway
Op Telic, Iraq/Kuwait	Army/RAF	Baroness Dean
Gibraltar	Tri-Service	Lord Patel Sir Peter Woodhead
Germany	Army	John Davies Mike Ward
Hydrographers, Flag Officer Sea Training & RNAS Culdrose	Royal Navy	Baroness Dean Mike Ward
RAF Shawbury	RAF	John Davies Dr Wright
British Army Training Unit Suffield, Canada	Army	John Davies Mike Ward Dr Wright
TA 49 North East Brigade	Army	John Davies Sir Peter Woodhead
Faslane	Royal Navy	Neil Sherlock Mike Ward
RAF Wittering & MDHU Peterborough	RAF	John Davies Lord Patel
Bosnia	Army	Baroness Dean Professor Greenaway Neil Sherlock
RAF Leuchars	RAF	Professor Greenaway Mike Ward
Royal Centre for Defence Medicine, Birmingham	Tri-Service	Professor Greenaway Lord Patel

Appendix 5

Previous Reports of the Armed Forces' Pay Review Body

First Report	Cm. 4954, April 1972
Second Report	Cm. 5336, June 1973
Supplement to Second Report	Cm. 5450, October 1973
Third Report	Cm. 5631, May 1974
Supplement to Third Report	Cm. 5729, September 1974
Second Supplement to Third Report	Cm. 5853, January 1975
Fourth Report	Cm. 6063, May 1975
Supplement to Fourth Report	Cm. 6146, July 1975
Second Supplement to Fourth Report	Cm. 6420, March 1976
Fifth Report	Cm. 6470, May 1976
Supplement to Fifth Report	Cm. 6515, July 1976
Sixth Report	Cm. 6801, April 1977
Seventh Report	Cm. 7177, April 1978
Supplement to Seventh Report	Cm. 7288, December 1978
Eighth Report	1979
Supplement to Eighth Report	Cm. 7603, June 1979
Second Supplement to Eighth Report	Cm. 7770, November 1979
Ninth Report	Cm. 7899, May 1980
Supplement to Ninth Report	Cm. 7956, July 1980
Tenth Report	Cm. 8241, May 1981
Supplement to Tenth Report	Cm. 8322, July 1981
Eleventh Report	Cm. 8549, May 1982
Supplement to Eleventh Report	Cm. 8573, June 1982
Twelfth Report	Cm. 8880, May 1983
Supplement to Twelfth Report	Cm. 8950, July 1983
Thirteenth Report	Cm. 9255, June 1984
Supplement to Thirteenth Report	Cm. 9301, July 1984
Fourteenth Report	Cm. 9526, June 1985
Supplement to Fourteenth Report	Cm. 9568, July 1985
Fifteenth Report	Cm. 9784, May 1986
Supplement to Fifteenth Report	Cm. 9866, July 1986
Sixteenth Report	Cm. 126, April 1987
Supplement to Sixteenth Report	Cm. 176, July 1987
Seventeenth Report	Cm. 357, April 1988
Supplement to Seventeenth Report	Cm. 396, June 1988
Eighteenth Report	Cm. 579, February 1989
Supplement to Eighteenth Report	Cm. 667, April 1989
Nineteenth Report	Cm. 936, February 1990
Supplement to Nineteenth Report	Cm. 1065, May 1990
Twentieth Report	Cm. 1414, January 1991
Supplement to Twentieth Report	Cm. 1529, May 1991

Twenty-First Report	Cm. 1815, February 1992
Supplement to Twenty-First Report	Cm. 1941, May 1992
Twenty-Second Report	Cm. 2150, February 1993
Twenty-Third Report	Cm. 2461, February 1994
Supplement to Twenty-Third Report	Cm. 2586, July 1994
Twenty-Fourth Report	Cm. 2761, February 1995
Twenty-Fifth Report	Cm. 3091 – I, 1996
Annex to the Twenty-Fifth Report	Cm. 3091 – II, 1996
Supplement to Twenty-Fifth Report	Cm. 3258, May 1996
Twenty-Sixth Report	Cm. 3537, 1997
Supplement to the Twenty-Sixth Report	Cm. 3655, 1997
Twenty-Seventh Report	Cm. 3834, 1998
Supplement to the Twenty-Seventh Report	Cm. 3942, 1998
Twenty-Eighth Report	Cm. 4242, 1999
Supplement to the Twenty-Eighth Report	Cm. 4313, 1999
Twenty-Ninth Report	Cm. 4565, 2000
Supplement to the Twenty-Ninth Report	Cm. 4566, 2000
Thirtieth Report	Cm. 4993, 2001
Supplement to the Thirtieth Report	Cm. 4994, 2001
Thirty-First Report	Cm. 5361, 2002
Supplement to the Thirty-First Report	Cm. 5362, 2002
Thirty-Second Report	Cm. 5717, 2003
Supplement to the Thirty-Second Report	Cm. 6090, 2003



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