



Review Body on Armed Forces Pay

TWENTY-THIRD REPORT 1994

Chairman: Gordon Hourston



Review Body on Armed Forces Pay

TWENTY-THIRD REPORT 1994

Chairman: Gordon Hourston

Presented to Parliament by the Prime Minister
by Command of Her Majesty
February 1994

Review Body on Armed Forces Pay

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

The members of the Review Body are:

Gordon Hourston¹ (*Chairman*)
Peter Ball OBE
Michael Bolton
John Cox
John Crosby
Baroness Dean of Thornton-le-Fylde
General Sir Richard Trant KCB
Dorothy Venables

The Secretariat is provided by the Office of Manpower Economics.

¹Gordon Hourston is also a member of the Review Body on Senior Salaries.

Summary of main recommendations

Our detailed recommendations are set out in Chapters 2-5 of our report. We summarise the main recommendations below.

- **Increase in military salary**, for Service personnel on the main scales, of between 3.0 and 4.4 per cent, giving an average increase in the military salary of 3.6 per cent (paragraphs 42-43, Tables 1 to 3 and paragraph 124).
- **Length of service increments** to be increased in line with the average increase in military salary (paragraph 53 and Table 4).
- **The Reserve Forces bounty** to be increased and paid for the training year completed 31 March 1995 (paragraphs 56-60).
- **The University Air Squadrons' bounty** to be increased and to be paid for the training year completed on 31 March 1995 (paragraph 61).
- **The Royal Irish Regiment Home Service Part-Time (RIR) (HSPT) element bounty** to be increased and paid for the training year completed 31 March 1995 (paragraph 62).
- With effect from 1 April 1995 **reserve bands of flying pay** to be introduced for aircrew personnel after serving in non flying related posts for a period of six consecutive years (paragraphs 77-80).
- **Northern Ireland pay** to be uprated in line with the average increase in military salary (paragraphs 81-85).
- **London pay** to be increased by reference to the RPI (paragraph 86).
- All other items of **additional pay** to be uprated in line with the average increase in military salary (paragraph 87 and Appendix 5).
- **Separation allowance** to be uprated in line with the average increase in military salary (paragraphs 88-89).
- **Accommodation, including water and sewerage charges, and some food charges** to be increased by varying amounts to take account of costs in civilian life (Chapter 4).

Contents

	<i>Paragraph</i>	<i>Page</i>	
<i>Chapter 1</i>	Background to our recommendations this year	1	1
<i>Chapter 2</i>	The military salary	17	4
	Pay comparisons	18	4
	Hours of work	23	5
	Lost leave	24	5
	Service pensions	28	5
	The wider economic considerations	31	6
	The Defence budget	34	6
	Manning	35	6
	The X factor	37	7
	Performance related pay in the armed forces	40	7
	Our recommendations on the military salary	42	7
	Special pay scales	44	9
	The pay of Service chaplains	45	9
	The pay of Warrant Officers (WOs) and senior non commissioned officers (SNCOs)	48	10
	Paybanding of SNCOs	54	11
	Daily rates of pay	55	11
	The Reserves	56	12
	University units	61	12
	The Royal Irish Regiment Home Service Part-Time (RIR) (HSPT) element	62	12
	The Royal Irish Regiment Home Service Full-Time (RIR) (HSFT) element	63	12
	Recruitment and retention incentives	64	13
	Financial retention incentives (FRIs) for other ranks	64	13
	Recognition of Service qualifications	68	13
	The complexity of the current pay system	70	14

<i>Chapter 3</i>	Additional pay and allowances	72	15
	Additional pay for one star officers	74	15
	Flying pay	77	16
	Continuity rules	77	16
	Transitional arrangements	79	16
	Northern Ireland (NI) pay	81	16
	London pay	86	17
	Other forms of additional pay	87	17
	Separation allowance (SEPAL)	88	17
	Other allowances	90	18
	Northern Ireland allowance package	93	18
<i>Chapter 4</i>	Charges	95	19
	Accommodation charges	98	19
	Rental charges	98	19
	Furniture hire	101	20
	The Services' Housing Trust	106	21
	Charge in lieu of council tax (CILOCT)	107	21
	Water and sewerage charges	109	21
	Water and sewerage charges in Scotland	112	22
	Food charges	114	22
	Pay as you dine (PAYD)	116	22
<i>Chapter 5</i>	Conclusions and costs	119	23
<i>Appendix 1</i>	Previous Reports of the Review Body on Armed Forces Pay		25
<i>Appendix 2</i>	Pay comparisons		26
<i>Appendix 3</i>	Military salaries inclusive of the X factor introduced with effect from 1 April 1993		27
<i>Appendix 4</i>	1 April 1994 recommended levels of military salary for certain special groups		29
<i>Appendix 5</i>	1 April 1994 recommended rates of additional pay		32

Chapter 1

Background to our recommendations this year

1. Our recommendations have always aimed to be fair both to Service personnel and to the taxpayer. We base our recommendations on the principle that pay and charges for Service personnel should be broadly comparable with those of people outside the Services. This is a long-established principle which is supported by the Government.
2. In our last report for the financial year 1993-94, we made no recommendations on salaries and charges to be paid from 1 April 1993. We had planned to approach our review in the usual way, basing our recommendations on broad comparability, but in the Autumn Statement in November 1992 the Government announced a limit on public sector pay increases for the following 12 months. At the same time the Prime Minister wrote to inform us that the Review Body would not be required to make recommendations on the basic pay award for the armed forces. The letter said that Service personnel would receive a pay increase of 1.5 per cent from 1 April 1993, and that food and accommodation charges would also rise by 1.5 per cent from that date; and that without such pay restraint there would be less room for expenditure on programmes, including the provision of services and capital projects, designed to help promote recovery, employment and long-term prosperity, within a total for public expenditure that the country could afford.
3. The Review Body accepted that these decisions were for the Government as the ultimate arbiter of the pay of the armed forces. However, we attached great importance to the Prime Minister's assurance in his letter that we would resume our full role for the period 1993-94 when our work would be conducted on the same basis as in the past. Accordingly, we maintained our systems for gathering information about the levels of earnings in civilian jobs of similar weight to Service jobs, so that for this report we could return to basing our recommendations on broad comparability.
4. The Prime Minister had also asked that we should continue to examine some specific issues on which the Ministry of Defence (MOD) had submitted evidence earlier in the year, and we dealt with these in our 1993 report. They included some structural questions.
5. In September 1993 the Chancellor published the Government's economic evidence to the pay review bodies which stated that it was vital that a realistic approach to pay continued in the public as well as the private sector. He said that although there would be no formal limit on settlements and that different arrangements could apply to different groups, it was necessary for the public service to recognise that growth in paybills was not possible and that Government departments would be expected to keep their running costs, including pay budgets for their own employees, to their 1993-94 level in cash terms. Exceptions to this were to be permitted where there were significant changes in activity. The Government evidence did however confirm the earlier request by the Prime Minister that we conduct our work during the current review on the same basis as we have in the past and invited us to take particular account of general economic considerations and affordability.

6. In this report, as in previous years, we have used our judgment in interpreting the evidence we receive on comparability, which provides the cornerstone for our conclusions. We believe that adequate pay levels must be maintained so that the Services may recruit and retain the personnel they need. We are aware of the problems which arise when trained personnel decide to leave the Services prematurely: as recruitment takes place only at the basic entry level, posts are unfilled unless replacements can be found and trained internally. Our judgment on pay is made in the light of evidence about levels of earnings in civilian jobs of similar weight, and on charges for food and accommodation in the light of evidence about the costs civilians might expect to incur. Our decisions on these two elements are closely linked. We are however mindful of the fact that unlike the vast majority of public sector employees, armed forces personnel have no right of association; they cannot strike; and they cannot leave at short notice. Moreover, when they decide to leave or are made redundant, not only do they have to start a fresh career, but in many cases they must also find somewhere new to live. This also is fundamentally different from the circumstances and experiences of most civilians.

7. Apart from the Government's general economic evidence, we have been told of the pressures on the defence budget, particularly in the light of continuing and projected reductions in defence expenditure. We have been kept in touch with manning issues, including the significant redundancy programme in progress to achieve the new structures for the future. We have also heard much about the cost cutting exercises and efficiency savings measures which are being introduced to reduce further the running costs budget.

8. In addition to this, we have taken note of the views of the many Servicemen and women we met on our visits. At most units or stations we have visited, personnel have expressed their fears for the future, both of being unable to continue their careers in the armed forces at a time of restructuring and reduction in numbers, and of remaining in an organisation whose role and structure is being so fundamentally questioned. Many have stressed to us the importance with which they view our role as independent advisers on pay, at a time when their own confidence in what the future holds as to their military career is declining.

9. The armed services are currently facing the most fundamental restructuring since the abolition of National Service. We are aware that this restructuring is producing much turbulence and in combination with other initiatives such as market testing, is causing uncertainty at all levels. Our recommendations in this report are set against this background and are contained in Chapter 2. While returning this year to broad comparability for the majority of Service personnel, we have not done so for some more senior ranks within our remit. There are several reasons for this. Foremost is the difficulty, at a time of continuing severe budgetary restraint, of re-establishing appropriate levels of both pay and charges from the levels determined by the Government last year. Additionally we have seen the effect of the Government's decision to reduce and stage the 1992 recommendations for two star officers and above of the then Top Salaries Review Body (TSRB) - now the Senior Salaries Review Body (SSRB).

10. We are mindful of the long-standing structural imbalance between the pay of one and two star officers, with a differential which is compressed, although the pay of one star officers is itself becoming depressed below the level indicated by broad comparability. Like the SSRB, we believe this is an important issue which must be resolved. The compression of the pay of one star officers also affects the pay of the ranks immediately below them.

11. Pay however cannot be seen in isolation and most Service men and women regard pay as an element of an overall package which includes the allowances paid as part of conditions of service or as reimbursement expenditure necessarily incurred. Allowances become more important during times of increased turbulence and uncertainty. Although responsibility for setting the level of most reimbursement allowances rests with the MOD, we remain aware from our discussions with Service personnel that, whilst there have been several reviews in

recent years, there are still some areas in which improvements and simplifications may be needed, and which would not appear to involve major expenditure. We discuss this further in Chapter 3.

12. In the same way that our recommendations on pay are based on that of civilian comparators, our recommendations on charges are based on what civilians pay for their food and accommodation, taking account where appropriate of the special circumstances of Service life. This year, to the extent that we have not fully reflected the evidence on broad comparability levels in our pay recommendations, we have been similarly constrained in fully reflecting the evidence on charges. In Chapter 4 we examine how this issue might be resolved over time.

13. The evidence from which we derive all our recommendations comes as usual from a number of sources. Apart from evidence from the Government, we also receive evidence and data from our own secretariat, from published sources, and from independent consultants we engage to carry out specific tasks on our behalf. In 1993 we also spent between us about 70 days on a total of 17 visits to locations in the UK and overseas when we met Service personnel at work and in their homes to discuss their pay and conditions. We place great importance on the views expressed to us during visits, and we met many groups of personnel drawn from all ranks representing a wide range of trades and specialisations in each of the three Services. Our visits included Bosnia, Saudi Arabia, Belize, Germany and Northern Ireland as well as some 11 locations in Great Britain. On each visit we were able to explain to personnel, and in some cases their spouses, what our task is and how we do it, as well as hearing their views about pay and other matters which are associated with the problems of Service life.

14. This year we have received evidence from the MOD on various pay issues, including the pay of SNCOs and financial retention incentives for other ranks, as well as some issues affecting additional pay. As part of our cyclical review of evidence we looked particularly at Northern Ireland pay as well as returning to the continuity rules for flying pay. We have also examined further the concept of additional pay for one star officers. These issues are discussed in Chapter 3. We have considered further the subject of performance pay for the armed forces and have engaged consultants to help us consider the subject in more detail with the MOD during the coming year. The current position on this issue is described in Chapter 2.

15. We were also told by Service managers how tasks and commitments were changing and in some cases increasing for many of those personnel who remain in the armed forces. Examples of efficiency gains in the three Services were given to us which clearly demonstrated continuing improved productivity in addition to the savings resulting from Options for Change. These measures included rationalisation of tasks and of the defence estate as well as the closure of establishments and the sale of land.

16. Against this background of exceptional change and uncertainty, skilful management is required to ensure that reasonable expectations are not damaged and morale is not lowered. As the recession lifts and the period of rundown of Service personnel numbers draws to a close, it will become increasingly important for senior Service management to take steps to guard against the loss of essential Service personnel to jobs in the civilian world. This goes well beyond the field of pay, but we believe that fair levels of pay and charges are essential for recruiting and retaining sufficient of the best men and women for the armed forces. This is reflected in our recommendations in the following chapters.

Chapter 2

The military salary

17. In the following paragraphs we discuss the evidence on which our recommendations are based.

Pay comparisons 18. In its evidence to us the Government reaffirmed its endorsement of the principle of broad comparability with remuneration in civilian life and invited us to take particular account of general economic considerations and affordability.

19. Each year we recommend levels of pay for Service personnel in the light of our judgment of the information we compile about comparable levels of pay outside the Services. This process is not a simple one but we believe it is a valid approach which has stood the test of time and that it is accepted and understood by the majority of Service personnel to be fair. Our judgment is that it is also fair to the taxpayer.

20. For officers and other ranks at Corporal level and above we collect information about the levels of earnings in civilian jobs of similar weight to Service jobs. To make this possible representative samples of both Service and civilian jobs are evaluated against the same factors. The comparison we make is with total earnings in civilian jobs, including overtime pay and productivity bonuses. At the more junior ranks below Corporal or equivalent, most Service jobs are of a very different nature from civilian jobs and job evaluation is not applied. Instead for these ranks we collect pay data from the Employment Department's New Earnings Survey for workers of similar ages. We make two important adjustments to all the data in order to achieve a fair comparison - a deduction to take account of the value to the individual of the Armed Forces Pension Scheme; and we add on the X factor to compensate for the balance of disadvantage of Service over civilian life. The process of job evaluation and pay comparison is described more fully at Appendix 2.

21. We are asked to submit our report in January which means that we cannot have precise information about levels or movements in civilian pay up to the following April, the date for which we are making recommendations. We look at a wide range of the latest data and forecasts, but the levels of military salaries we recommend may not in the event turn out to be exactly comparable with the earnings of civilian comparators on 1 April. Any discrepancy should be small and could be in either direction, but would be taken into account in our following report.

22. For this report we have reviewed comparability over the past two years to see how far the recommendations in our 1992 report followed by the 1.5 per cent pay increase matched outside pay levels. For the majority of personnel broad comparability was maintained over the period. However, the difficulties which we have encountered in previous years in reflecting broad comparability for one star officers, are beginning to affect Colonels, and to some extent Lieutenant Colonels. There are several reasons for this, including relatively higher average pay increases for senior managers which have continued during the recession, the imposition of a flat rate increase of 1.5 per cent from April 1993 and the relationship with two

star pay, which as mentioned in Chapter 1 is the responsibility of the SSRB. This year we have not reflected broad comparability in our recommendations for one star salaries and for some other senior ranks.

23. **Hours of work.** Service personnel are often required to work, or to be on duty, for long hours and sometimes in difficult conditions. Additionally, unlike most civilians, many Service personnel are required to be on call when they are not actually working. In previous years we have compared the hours worked with those worked by civilian comparators, and taken account of any excesses (particularly unsocial hours) in our consideration of the X factor. The evidence we have seen from MOD this year shows again that the hours worked by Service personnel have on average remained broadly similar to those of their comparators but there is no doubt that some Service personnel work considerably longer. In some of the areas where Service personnel work much longer hours than civilians, such as in Northern Ireland, additional pay is received and in others we regard the X factor as being a satisfactory means of recompense. We shall look more closely at hours worked in our assessment of the X factor next year.

24. **Lost leave.** In several of our recent reports we have expressed our concern about increasing instances of leave denied due to Service commitments. If this were becoming a significant problem for many Service personnel it could impact on our view of comparability and the X factor. In our 1993 report we said that MOD's Survey of Working Patterns for 1993 would seek to differentiate between leave denied for Service reasons and that lost because of personal preference, so that we could begin to judge the scale of the problem.

25. Unfortunately the new form of survey did not result in the degree of analysis which MOD had hoped to achieve; for example the completion of the questionnaires demonstrated some confusion between annual leave and leave granted for other purposes. Additionally it was not always possible to reconcile individual perceptions of lost leave with unit leave records. The overall situation therefore remains unclear and we are disappointed that this evidence is still unavailable to us in a sufficiently reliable form to enable us to decide whether we should take any action on pay.

26. In all working environments leave should be taken for the purpose for which it is intended; leave is important for morale, and rest and recuperation are essential to continuing operational effectiveness. We recognise however that this is essentially a management issue and MOD has told us that senior Service managers and Commanding Officers share our concern. We are aware that MOD does not favour a financial compensation scheme and that the Services would prefer to ensure that their personnel took their leave rather than compensate them if they did not.

27. Our views remain unchanged; we believe from our discussions with a large number of armed forces personnel that there is a problem and we wish to see it addressed in a fair and pragmatic way. We too would prefer to see all leave taken rather than recommend a financial solution. We have asked MOD to make sure that the 1994 evidence gives us the information we require and in the meantime we have asked MOD both to continue to look at all ways of ensuring that Service personnel take their leave, and at ways of recompensing them when they are prevented from doing so by Service commitments.

28. **Service pensions.** The Armed Forces Pension Scheme (AFPS) provides for early and fast accruing superannuation benefits which are index linked from age 55. Service personnel do not contribute directly from their pay to the AFPS, but we adjust recommended salaries to take account of the relative benefits of the armed forces scheme over those available to civilian comparators, in particular that a great majority of Service personnel normally retire earlier than most civilians. The current adjustment figure is 9 per cent for all ranks.

29. We have mentioned in our last two reports that personnel have spoken to us during our visits about what many see to be inequalities between the pension scheme for officers and that for other ranks. There were three main areas of contention - the age from which service is reckonable, length of service for immediate pension and the amount of pension available for commutation.

30. MOD has told us that a review into Service pensions will take place during 1994 and that we will be kept in touch with progress. We ask that this review looks at the concerns referred to above, as we have some sympathy with the concept of a single pension scheme for officers and other ranks.

The wider economic considerations

31. Each year we receive evidence from the Government on the general economic background against which our recommendations are made. We examine evidence about earnings, prices and pay settlements for the whole year from both the Government and independent sources. This information helps inform our judgment about any increases needed to maintain broad comparability.

32. In evidence for this review the Government invited us to take particular account of general economic considerations and affordability, whilst reaffirming its endorsement of the principle of broad pay comparability for the armed forces. The Government also submitted economic evidence common to all the public sector pay review bodies, which was published on 14 September 1993. The evidence set out the Government's macroeconomic policy objectives for the period ahead. It argued that in order to sustain and strengthen the economic recovery the highest importance should be attached to reducing the public sector borrowing requirement and that to achieve such a reduction, it was essential that firm control of public expenditure should be continued. This meant that restraint on pay and paybills in the public sector would be a continuing imperative for 1994.

33. The evidence added that there would be no formal limit on individual public sector pay settlements for 1994, but that Departments would be expected to keep running costs, including pay budgets for their own employees, to the 1993-94 levels in cash terms, except where there were significant changes in activity above that which could reasonably be accommodated by marked improvements in productivity.

34. **The Defence budget.** The Government told us in its evidence that excluding the cost of the Gulf conflict and redundancy programmes, defence expenditure was expected to fall by around 12 per cent in real terms between 1990-91 and 1995-96 as the new smaller force structure was introduced. The Government was concerned about the rising trend in personnel costs as a proportion of the defence budget especially against the background of severe constraint in defence expenditure and the additional measures to control public spending in the coming year. The point was reiterated that pay increases for 1994-95 would have to be funded from a reduction in costs across the whole range of defence activity. We were told that although challenging targets for efficiency savings had been set, in determining the affordability of pay increases, the Government had to take into account the need to achieve a satisfactory balance of expenditure with other elements of the defence programme which were equally important to the Government's commitment to the maintenance of capable, professional and highly motivated armed forces.

Manning

35. We have received evidence from the MOD on the manning position up to the end of September 1993. We noted that in general trained manning levels against requirement were at an all-time high (in fact in surplus) and that similarly the outflow figures have continued to fall, especially those for Premature Voluntary Release (PVR) which show the lowest rates for both officers and other ranks since we began collecting data. This situation could however change quickly as the rundown of Service personnel ends and if the employment market improves.

36. We noted also the progress of the redundancy programmes in the three Services and that each of the Services is now examining the manning structures required to meet its commitments once the run-down has been completed by the mid-1990s. However this will not effect the continuing need by the Services to recruit and retain high quality and experienced personnel and we continue to believe that a fair package of pay and allowances is essential to ensure that this is achieved.

The X factor 37. The X factor is an addition to basic pay which we recommend in order to reflect the difference between conditions of service experienced by members of the armed forces and conditions in civilian life which cannot be taken directly into account when assessing pay comparability. The balance of disadvantage is averaged out across the three Services, and the various arms and units within each Service. Thus the levels we recommend do not reflect the precise current circumstances of individual Service men and women.

38. For our 1995 report we wish to conduct a further comprehensive review of the X factor; our last such review was in our 1991 report. There are several issues we wish MOD to address in this review, including the continued relevance of all the current elements of the X factor. Perhaps most important however we wish to consider the continued need for a single rate of X factor across all locations and all ranks within our remit. The fundamental assumption underlying Options for Change, was that the post-Cold War world would be less stable and predictable. The measures taken were therefore specifically designed to be sufficiently flexible to respond to further and unpredicted changes in the strategic environment. Options for Change anticipated a world in which the dangers of the old East-West confrontation would have lifted but in which the UK would face a broader spectrum of risk and uncertainty.

39. The pattern of Service life for UK armed forces personnel is already changing and will continue to change in the future - fewer personnel are likely to be stationed for long accompanied tours in Germany and elsewhere in Europe, and at other overseas locations (Cyprus, Hong Kong and Belize) but they might increasingly be required to spend short periods away from the UK on specific tasks. UN or other peace deployments might well become the mainstay of overseas service, whilst personnel based in the UK might well be subjected to less turbulence and uncertainty. We emphasise that we have reached no conclusions but evidence about the likely pattern of service will be central to our review.

Performance related pay in the armed forces 40. We received evidence from the Government acknowledging that relating pay to performance raises complex issues within the armed forces, but asking that the issue should be further addressed, and welcoming our offer to continue discussions with senior MOD management. We have discussed the concept of performance pay with many armed forces personnel this year on an informal basis during our visits and found that views about the possible advantages and disadvantages varied according to rank and sometimes with Service. With the agreement of MOD, we have decided to appoint management consultants who will examine with us the whole area of performance pay. This will assist us in considering whether in principle it could be applied in the armed forces, and if appropriate the form of any recommendations we might make. We have no pre-conceived views.

41. We shall be looking at the subject together with the SSRB who have also been asked to consider the concept of performance pay for two star officers and above. We plan to comment in our 1995 report.

Our recommendations on the military salary 42. As we explain earlier, we aim in our recommendations to maintain broad comparability with civilian earnings and to ensure that pay is sufficient to achieve adequate recruitment and retention. In recommending some variation in percentage increases between ranks, we have recognised that some civilian comparators have moved ahead of their Service equivalents, particularly for some more senior officers in our remit group and for SNCOs.

43. We therefore recommend increases in military salary of between 3.0 and 4.4 per cent with effect from 1 April 1994. The recommended rates of military salary (ie basic pay plus X factor) for officers are shown at Table 1. Table 2 shows recommended rates for Warrant Officers and SNCOs, and Table 3 rates for Corporals and below. The rates shown in the tables apply to men and women.

Table 1 Recommended annual^a scales of military salary inclusive of the X factor for officers up to and including Brigadier^b

Rank/length of service	Military salary £
Brigadier	55,958
Colonel after 8 years	50,417
6	49,217
4	48,016
2	46,815
on appointment	45,614
Lieutenant Colonel after 8 years	43,293
6	42,263
4	41,234
2	40,205
on appointment	39,175
Major after 8 years	33,317
7	32,631
6	31,945
5	31,259
4	30,572
3	29,886
2	29,200
1	28,514
on appointment	27,828
Captain after 6 years	25,473
5	24,882
4	24,291
3	23,699
2	23,108
1	22,517
on appointment	21,926
Lieutenant after 4 years	18,980
3	18,527
2	18,075
1	17,622
on appointment	17,170
Second Lieutenant	12,990
Officer Cadet	9,118

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

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

Table 2 Recommended annual^a rates of military salary inclusive of the X factor for Warrant Officers and Senior NCOs^b

Scale B ^c	Band ^d			
	4	5	6	7
	£	£	£	£
Warrant Officer I	19,630	21,236	23,437	25,605
Warrant Officer II	18,414	20,024	22,196	24,364
Staff Sergeant	17,228	18,834	20,601	22,725
Sergeant	16,297	17,907	19,666	—

Table 3 Recommended annual^a rates of military salary inclusive of the X factor for adult personnel of the rank of Corporal and below^b

Scale B ^c	Band ^d		
	1	2	3
	£	£	£
Corporal I	14,786	16,261	18,027
Corporal II	13,782	15,257	17,024
Lance Corporal I	12,841	14,319	16,082
Lance Corporal II	11,943	13,421	15,184
Lance Corporal III	11,187	12,662	14,290
Private I	11,187	12,662	14,290
Private II	10,297	11,771	13,403
Private III	9,220	10,687	12,315
Private IV	8,242	—	—

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

^bRates shown are for Army personnel. These rates apply also to personnel of equivalent rank and pay band in the other Services. Where ranks are not precisely equivalent, or because of the application of the "all of one company" principle in the RN, pay rates for the personnel concerned are derived from the Army rates by established formulae.

^cScale B rates of pay apply to personnel committed to, or who have completed, 6 years or more but less than 9 years' service.

Since 1 January 1991 most new entrants have joined on open engagements and are paid, for the first 9 years' service, on the Scale A rates of pay applicable to personnel committed to less than 6 years' service. For Scale A deduct £109.50 a year from the above rates.

Scale C rates of pay apply to personnel committed to, or who have completed, 9 years' service. For Scale C add £164.25 a year to the above rates.

^dThe other ranks' pay structure is divided into pay bands. Jobs at each rank are allocated to bands according to their score in the job evaluation system.

Special pay scales

44. Last year pay increases of 1.5 per cent were applied to the special groups (including medical and dental officers) along with all Service personnel in accordance with Government pay policy. This year we shall as usual consider the pay of Service medical and dental officers in the light of the Government's response to the recommendations of the Review Body on Doctors' and Dentists' Remuneration in a supplementary report which we will make in the Spring. Our recommendations for certain other groups are shown at Appendix 4.

45. **The pay of Service chaplains.** Chaplains do not exercise formal military command responsibilities and thus are not required to hold a particular rank for this purpose; RN chaplains do not hold formal military rank. In our 1993 report we conducted our periodic review of the pay of Service chaplains. MOD had proposed no change to the current structure but had wished to keep it under review in the light of the changes which were taking place in the armed forces. We asked MOD to evaluate several chaplain posts at each rank level in the three Services using normal job evaluation procedures and to make a comparison with a range of job scores of combatant officers of equivalent rank. We also wished to see how the nature of chaplain posts changed with progression through the ranks.

46. During the 1993 review MOD conducted a limited evaluation exercise which broadly validated the current chaplaincy scale between Captain and Lieutenant Colonel level equivalents. However the exercise showed the difficulties of trying to

measure the application of professional responsibility with respect to pastoral duties. It appears that the degree of pastoral responsibility normally increases with experience and increasing emphasis may also be placed on staff duties including managerial responsibility for other chaplains.

47. Although we are aware of the difficulties in evaluating chaplain posts, we believe that a full evaluation should take place, taking account of their special nature. However we accept MOD's wish to await the completion of the current restructuring of the armed forces under Options for Change and therefore agree that the current pay structure should remain until this is completed when we will return to this subject. Our recommendations for chaplains in this report are at Appendix 4.

The pay of Warrant Officers (WOs) and senior non commissioned officers (SNCOs)

48. In several of our recent reports we have looked at the pay of WO's and SNCO's in all three Services as we have heard with increasing frequency from these personnel that they would prefer a pay system more akin to that of officers, with increments rewarding expertise and experience in rank. We were conscious that many felt that pay differentials on promotion have been reduced and that their contribution to the Services was no longer fully recognised. Additionally promotion prospects within the Services have been diminishing as reductions in overall numbers have continued. All of this affects morale, particularly among longer serving personnel.

49. All three Services indicated their interest in an incremental system and the RN suggested a possible system for illustrative purposes. We were unwilling to recommend a system which applied only to one Service without considering the possible implications for the other two Services including one which was applicable to the Royal Marines. We suggested that the three Services should look at a system which could be applied to Warrant Officers only in the first instance, but by implication could be extended downwards throughout the ranks with time. We mentioned also that both the Army and the RAF were conducting attitude surveys amongst WO's and SNCO's to seek their reaction to possible approaches.

50. MOD has now completed its full review and the results of the attitude surveys have been received and analysed. There are various practical constraints which MOD states would need to be overcome in any single new scheme. First, there are the management needs of the Services, as each needs to retain personnel for different lengths of time. The RN requires the majority of personnel to remain to the 22 year point and some for a further 10 years; the Army has only a very limited requirement for personnel to remain beyond 22 years; and the RAF requires many of its SNCO's to serve between 29 and 36 years. This makes it difficult to devise a single scheme which fully satisfies the needs of each Service. Second, there is a severe funding problem for any new pay scheme which requires additional funds at a time when the defence budget is being greatly reduced. A third constraint would apply as a result of the financial restrictions if an incremental scheme was introduced. Such a scheme would also reduce differentials on promotion particularly in the Army and RAF. Very small increments and reduced differentials would not enhance motivation.

51. More specifically, with regard to our request to look at a common system for all Warrant Officers, MOD accepts that such a well structured scheme would be welcomed in principle by most Warrant Officers but does not support its introduction because the increased costs resulting from new money could not be justified on manning grounds. MOD therefore believes that the current pay arrangements for WO's and SNCO's should remain in place for the time being, although it might wish to return to the structure of SNCO's pay in the context of further consideration of the applicability of some form of performance pay for the armed forces.

52. We accept this conclusion at a time of severe financial constraint and when there are very low wastage rates from the Services. We also view this in the context of our recent recommendations for the withdrawal of a number of financial retention incentives - both retention bonuses for junior officers and committal bonuses for Notice Engagement soldiers. However, as we mention earlier in this chapter, we are looking into the concept of performance pay for all armed forces

personnel during our next review. A performance pay system might well have particular relevance for the best, longer serving SNCOs and WOs, for whom there is no scope for promotion, but whose value to the Services increases with experience. Indeed it was at this level that we have found most interest in the performance pay issue.

53. We shall return to the pay structure for SNCOs when broad questions of principle on performance pay have been resolved. In the meantime we recommend that Long Service Increments (LSIs) should be increased in line with the military salary. Our recommendations are detailed below in Table 4.

Table 4 Recommended rates of length of service increments

Rating/Rank	Daily rates after completing the following years' service					
	9	12	15	16	18	22
	£	£	£	£	£	£
Royal Navy/Royal Marines						
Warrant Officer, Warrant Officer I (RM)	1.10	1.70	—	2.40	—	2.95
Warrant Officer II (RM)	1.10	1.70	—	2.40	—	2.90
Chief Petty Officer, Colour Sergeant (RM)	1.10	1.70	—	2.25	—	2.25
Petty Officer, Sergeant (RM)	0.95	1.35	—	1.95	—	1.95
Ordinary, Able and Leading rating, Marine 2nd Class, Marine 1st Class, Corporal (RM)	0.76	1.10	—	1.10	—	1.10
Army						
Warrant Officer I	0.95	1.35	1.65	—	2.25	2.95
Warrant Officer II	0.95	1.35	1.65	—	2.25	2.55
Staff Sergeant	0.95	1.35	1.65	—	2.25	2.25
Sergeant	0.95	1.35	1.65	—	1.95	1.95
Corporal	0.76	1.10	1.35	—	1.35	1.35
Private, Lance Corporal	0.76	1.10	1.10	—	1.10	1.10
Royal Air Force						
Warrant Officer	0.95	1.35	1.65	—	2.25	2.95
Chief Technician, Flight Sergeant	0.95	1.35	1.65	—	2.25	2.25
Sergeant	0.95	1.35	1.65	—	1.95	1.95
Corporal	0.76	1.10	1.35	—	1.35	1.35
Leading Aircraftman, Senior Aircraftman, Junior Technician	0.76	1.10	1.10	—	1.10	1.10

54. **Paybanding of SNCOs.** MOD has told us that Warrant Officers in bands 4 and 5 are becoming increasingly concerned that current pay levels do not recognise adequately the increased management responsibilities inherent in the WO rank. They are concerned that greater reward is given for skills than for managerial responsibilities associated with rank. Although we intend considering this issue further with MOD (as it applies to other ranks too) we are aware that MOD is studying how WO posts are assessed for their managerial responsibility content, to see whether this could be better reflected in paybanding. Currently our recommendations on pay levels reflect the broad comparability we seek to achieve with civilians and we therefore await MOD's comments.

Daily rates of pay

55. We mentioned in our last report that we considered that daily rates of pay were an anachronism in comparison with payment practices adopted in civilian life. A common complaint to us on our visits was that personnel received differing amounts of salary dependent on the number of days in a month and that this led to difficulties for example in household budgeting. MOD told us that a small working group had been set up to look further at the concept of converting from daily rates of pay to annual salaries and it has agreed that such a change will be implemented in due course. Meanwhile, the RN has taken measures to balance out pay for the first three months of the year commencing on 1 January 1994. We welcome these moves.

The Reserves 56. MOD has been conducting a fundamental review of the role, strength and shape of the Reserve Forces over recent years and is not yet in a position to put final proposals on remuneration to us. Associated work has been progressing on the legislation governing the call out of the Reserves which in turn has suggested a more flexible use of reservists. A Reserve Forces Act is required and the enabling Bill is expected to be put before parliament in the 1994-95 session. This year MOD has made interim proposals for increasing the bounty as it is now three years since it was last increased. MOD expects to formulate proposals for changes to the bounty system in parallel to the development of the new legislation in time for our next report, noting however that the proposals could not be confirmed until the legislation had been passed, in 1995/1996. MOD proposed a modest increase to the main bounty rates for the Volunteer Reserves in line with our recommended military salary increase; for the university units separate proposals were made.

57. We have also received evidence from the Council of Territorial Auxiliary and Volunteer Reserve Associations (TAVRA). This puts forward a number of proposals for the remuneration of the Reserves, including annual increases to the bounty as well as graduated bounties, but recognises that they could not yet be implemented.

58. We have some sympathy with the position of the Volunteer Reserve Forces; they have waited a long time to hear the outcome of the major review and there are measures which have been discussed on pay and bounty which we wish to consider further with MOD and with TAVRA. We know that TAVRA is concerned that volunteers particularly to the TA may leave in large numbers following recent Government announcements on manpower cuts. However we are not in a position to make any significant recommendations on remuneration until we know what structure the Government plans.

59. We have traditionally preferred to increase the size of the tax-free bounty every three years, rather than annually, as the amounts involved are relatively minor. Our last recommended increase was in our 1991 report. We shall however review the policy of triennial increases when we are able to look at the revised structures and requirements. For this report we recommend that bounties are set at the following levels:

First year	£275
Second year	£575
Third year	£850

60. We further recommend that these new rates should apply to the training year completed on 31 March 1995.

61. **University units.** MOD told us of the work of the Reserves in the university units where recruiting is strong and retention good within the context of the usual three year degree course. MOD proposed an increase to the bounty for the University Air Squadrons (UAS) to bring it more closely into line with those of the other two Services. All three currently have very different structures. We recommend that the bounty for the UAS should be increased to £120 taking effect in the training year completed on 31 March 1995. We wish to review the bounty structures for all three university units and in particular the justification for the differences in structures as part of our fundamental review of the pay of the Reserves.

**The Royal Irish Regiment
Home Service Part-Time
(RIR) (HSPT) element**

62. By virtue of the Army Act 1992, members of the RIR(HSPT) element are now part of the regular army. Provided they complete 75 days of duty, including a minimum of twelve days' prescribed training, they receive a bounty. We recommend that the bounty is also increased by the same percentage increases and from the same effective date as that for the Reserve Forces.

**The Royal Irish Regiment
Home Service Full-Time
(RIR) (HSFT) element**

63. We have also looked this year in more detail at the remuneration of members of the RIR(HSFT) element, and apart from our considerations described above for the Part-Time element, have made comparisons on remuneration with those for the regular army. We are broadly content with current arrangements on pay, but there

are some issues on allowances which we are discussing separately with MOD. We will however wish to keep the remuneration of the RIR(HS) element under periodic review, and we have asked MOD to conduct the first triennial review in time for our 1996 report.

Recruitment and retention incentives

64. **Financial retention incentives (FRIs) for other ranks.** In our last report we confirmed that we had agreed the termination of the RN and Army officer bonus schemes and that we had similarly recommended the withdrawal of the committal bonus for Notice Engagement soldiers (ie those who were on notice engagements on 1 January 1991). The effective dates for the withdrawal of these financial retention incentives were some twelve months ahead so that people could plan for their removal. We said also that we would be undertaking a full evaluation of the financial retention incentives available to non commissioned ranks in our 1994 report.

65. MOD has explained to us that it has been difficult to carry out a review of FRIs in the last year. Usually a key indicator of effectiveness of any such scheme would be the number of Premature Voluntary Releases (PVRs) but the recession and the redundancy programmes resulting from Options for Change has caused the rates to be artificially depressed. Additionally changes in manpower requirements and the turbulence associated with the drawdown have complicated any comparison of manpower statistics. There is another difficulty in evaluating a policy which is not yet in full operation: the bonuses for those who have entered the Army and the RAF under the new terms of service since 1991 (with no entitlement to committal pay) will not become payable before 1995.

66. However as the economy recovers from recession and the option of leaving the Services on redundancy terms no longer applies, MOD believes that retention will again become an important issue and that there is a continuing place for financial retention incentives. MOD has told us that meanwhile it is not convinced that the existing scheme represents best value for money in that it lacks flexibility to target particular trades and the most vulnerable wastage areas. It is also unable to respond quickly to changes in requirements. MOD is therefore conducting a review to examine these issues.

67. We share MOD's concerns about future retention in the armed forces and agree that financial retention incentives will play an important role. We have traditionally preferred to reward service rendered rather than service promised and we have long agreed that targeting affected areas is better than a broad-brush approach, the effect of which is difficult to evaluate. However we are also aware of possible negative retention effects on those not specifically targeted. We take a broader view that whilst Service pay levels generally should be sufficient to recruit and retain personnel, conditions of service as well as job satisfaction are also major factors. We look forward to the results of MOD's review on which we expect to be able to comment in our 1995 report.

68. **Recognition of Service qualifications.** In our last report we expressed our concern about the importance of recognising Service trades, professions and levels of ability wherever possible by the use of National Vocational Qualifications (NVQs) and other forms of recognition by appropriate lead bodies and professional institutions. We believe this is particularly important in view of current redundancies and reduced career prospects arising from Options for Change.

69. MOD has told us of the improvements which have been made in the area of commensurate civilian qualifications and we welcome these efforts. We believe however that there is scope for still more to be done. Again we urge the Employment Department and the MOD to liaise closely to take the issue forward and give the civilian recognition of Service qualifications and experience priority consideration. We see this as a highly important recruitment and retention issue as well as being the practice of good employers, in ensuring that costly investment in training is seen as a national resource. It may also be an area to which we will wish to return in our consideration of the X factor next year.

The complexity of the current pay system

70. We have for many years believed that the pay structure of the armed forces is over complex. Furthermore we have found a general lack of comprehension about the pay structure and our role in it among many Service personnel at all levels whom we have met. A number of factors contribute to this complexity - the rank systems of the three Services, the differing pay structures between officers and other ranks, the concept of military salary plus additional pay giving varying salary scales according to circumstances, and the complexity and rigidity of the Service job evaluation system. We believe that the pay structure is becoming increasingly difficult to justify in its present form, not least because of the manpower effort involved in maintaining its existence.

71. Any changes would need the most careful consideration to ensure that as well as simplifying the system they created a framework which offered the prospects of greater managerial effectiveness. We are currently considering with MOD how we might take this general issue forward.

Chapter 3

Additional pay and allowances

72. In principle additional pay is an augmentation to the military salary paid for certain posts where there is evidence of particular difficulty in recruitment or retention; it is not based directly on comparability. It may be paid when the armed forces are in competition with other employers for scarce and marketable skills or because personnel are asked to take on particularly demanding duties, for example involving work in difficult conditions or exceptionally long hours. The purpose of additional pay is to alleviate the manning problems which would otherwise result.

73. Each year we review in detail a number of these payments. We have looked this year at Northern Ireland pay and have returned to reserve bands of flying pay. We have also looked at the concept of additional pay for one star officers.

Additional pay for one star officers

74. In our last report we asked MOD to consider the continued applicability of additional pay to one star officers as civilian comparators at this level do not normally receive special payments for skills obtained or retained during their career. They are instead paid for their total responsibilities and receive the rate for the job. Further we questioned its applicability and importance in recruitment and retention terms as well as its usefulness in targeting specific personnel. We acknowledged in our report that the removal of additional pay for one star officers would require a fundamental review of the overall pay scales to retain reasonable differentials.

75. In its evidence to us the MOD did not favour changing the existing practice of paying additional pay to one star officers in appropriate circumstances. MOD argued that the payment of adequate rates of additional pay to more senior personnel was justified in its own right and in some cases, such as flying pay, was also a key factor in retaining personnel in a lower rank, especially those who aspired to promotion. MOD also believed that although additional pay as such was not used in most civilian organisations, the factors which justified its payment within the armed forces were taken into account on an aggregated basis within personal pay rates for civilian personnel. MOD considered that because the comparability system looked only broadly across a range of jobs, additional pay was required to top up pay levels where recruitment or retention problems would arise without it. MOD also told us that any overall reduction in pay for scarce specialists at one star level would pose a serious manning risk.

76. As we comment earlier we believe that the Service pay structure is becoming over complex and we wish to consider whether changes, perhaps of a fundamental nature, are now required to reflect good current practice. We indicate in Chapters One and Two that the pay of one star officers is becoming depressed below the level indicated by broad comparability and that we are seeking to restore it over time. One possibility would be to absorb additional pay for one star officers within basic pay. For the moment we believe this to be inappropriate, as even with transitional arrangements, about one quarter of one star officers would experience a reduction

in their take-home pay. Our view is however that progress towards the restoration of broad comparability for one star officers should be accompanied by the withdrawal of additional pay and we shall approach the issue accordingly.

Flying pay 77. **Continuity rules.** In our 1993 report we accepted that we should not make recommendations on levels of additional pay because of the Government's decisions on public sector pay, but we described our views on the importance of reduced rates of additional pay for those armed forces personnel who were no longer carrying out the duties for which the additional pay was originally granted. We said in that report that we believed that flying pay should be subjected to the same continuity rules as other forms of additional pay. We saw two principles: that additional pay continued to have a finite linkage with the reasons for which it was originally paid and that Service management would be encouraged to make the most rigorous and cost effective posting decisions. For flying pay we favoured a system which introduced reserve bands at a fixed percentage of current flying pay rates for all aircrew personnel after six consecutive years in non flying-related appointments.

78. MOD has returned to us for this review with proposals for how the reserve banding rates might be applied and suggesting transitional arrangements for their introduction. At MOD's request, for officers and other ranks we have in the main based our recommended reserve band rates on existing tapering arrangements, rather than on set percentage reductions. This is less complex and fits with the downbanding arrangements which already apply to personnel who choose to PVR. We have devised new rates for senior Group Captains and for Air Commodores. Our concern is that any reserve banding scheme should be fair, easy to understand and simple to administer and we recommend accordingly as at Appendix 5.

79. **Transitional arrangements.** As the reversion to a reserve band would mean a drop of expected income for some serving personnel, we have decided to give 12 months notice of our intentions, so that they can plan accordingly. We recommend that those personnel in non flying-related appointments on 1 April 1995 who:

- a. have already been in appointment for in excess of six consecutive years; or
- b. during their current appointment exceed six consecutive years away from flying-related duties

should not fall into the reserve band until the cessation of their current appointment, or 1 April 1997, whichever comes first. Thereafter reserve band arrangements will apply until the individual returns to a flying or flying-related appointment.

80. We will not consider the reserve band arrangements again until we next review flying pay as part of our quinquennial review.

Northern Ireland (NI) pay 81. This year we have conducted a detailed review of Northern Ireland pay. Many personnel serving in Northern Ireland are required to work exceptionally long hours in difficult circumstances and in particular more unsocial hours than the generality of Service personnel. In 1974 we concluded that the extent of unsocial hours worked in the Province lay outside the ordinary range of circumstances covered by the military salary including the X factor and we recommended the introduction of Northern Ireland pay. In subsequent reviews we have found that the hours worked continued to justify this form of additional pay. We have recently been concerned to hear on visits that hours worked had increased substantially in some areas, that Northern Ireland tour frequencies had increased significantly as had the length of roulement tours from 4½ months to six. We asked MOD to look this year at the basis of NI pay; to see whether there were grounds for changing its purpose and the amount paid; and whether a two-tier system might usefully be introduced to take account of some of the varied conditions of service which currently exist.

82. In its evidence to us MOD strongly supported the continued payment of NI pay in its current form and proposed that it be uprated in line with the military salary increase. MOD also told us that there was no evidence to show that there had been a significant change in the pattern of hours worked in the Province since the last review of NI pay, nor that there had been substantial increases in hours worked. MOD looked at four main options as a basis for modifying NI pay: length of service in the Province, hours worked per week, the type of duties performed and location. All of these options appear to have more disadvantages to Service personnel than advantages, as all personnel are required to work long and difficult hours and are subject to the same off-duty restrictions. If a two-tier system of NI pay were introduced we were told that a number of fairly arbitrary and possibly subjective decisions would need to be made which would be divisive as well as being difficult to administer. This view was also generally supported by the Service personnel we met on our visit to the Province this year.

83. We confirm that armed forces personnel continue to work exceptionally long and unsocial hours in the Province, but we remain concerned about the discrepancy between the anecdotal evidence and MOD's survey data of hours worked. MOD believes that this discrepancy could be caused by the confusion between time on call and time at work. Accordingly we have asked MOD to look carefully at the survey material to ensure as far as possible the elimination of ambiguity, and so improve confidence in the results.

84. We were concerned to hear this year that NI pay was withdrawn automatically after 21 days away from duty in the Province, whatever the cause. This point was raised with us on two counts: firstly in relation to training courses held inside the Province and secondly the more extreme example of personnel being treated in hospitals in the Province. We believe that this is a particularly harsh interpretation of the rules and have asked MOD to change the current rules, using the application of the criterion of *absence from the Province for more than 21 days* instead.

85. Our recommendations on NI pay this year should be viewed together with our comments on the NI allowance package, which we discuss below. We see the NI pay and allowance package as an entity and our recommendations are framed with this in mind. We agree that the current single rate of NI pay is the fairest method of payment as any differential system would be divisive and difficult to administer. The current single rate recognises that arduous duties and poor conditions of service in large measure affect all Service personnel regardless of their employment or geographical location. We recommend therefore that NI pay should continue and be uprated in line with the military salary increase.

London pay 86. We make recommendations on levels of London pay each year. These recommendations are based on movements in the Retail Prices Index and are therefore quite separate from those set for most other public servants. Our recommendations this year are as follows:

	Inner London £ per year	Outer London £ per year
Basic	960	540
Owner occupier	1,482	748

Other forms of additional pay 87. We review each year the levels of all forms of additional pay not discussed in detail in the main body of our report. The rates we recommend from 1 April 1994 are shown in Appendix 5.

Separation allowance (SEPAL) 88. Separation allowance is paid to married personnel separated from their families to compensate them for the stresses of separation and is subject to complex rules. The convention has been that MOD sets the qualifying rules and we recommend rates appropriate to those rules. We have heard a number of complaints about the application of the SEPAL rules and wish to review the basis for payment of SEPAL next year together with our review of the X factor. We have asked MOD to submit evidence accordingly.

89. From 1 April 1994 we recommend the following rates of separation allowance:

	£ per day
Outside NW Europe or separated for more than 6 months in any 12 month period	3.65
Within NW Europe	2.85

Other allowances 90. Over recent years we have increasingly heard complaints from Service personnel about the apparent inequities of the allowance package. One of the main areas mentioned was the rules governing attendance on Service courses. We are particularly concerned that like most civilians Service personnel should not be out of pocket when attending courses required by the Services particularly regarding the payment of food and accommodation charges and allowances for travel arrangements.

91. MOD has given us further evidence on this subject this year, commenting that the rules governing the payment of allowances whilst attending Service courses are the same as those for all other forms of additional duty, and that whatever its precise nature (training or operational) detached duty takes place because there is a military requirement. To introduce separate conditions for the two would be divisive, particularly if staff on training courses were to receive higher remuneration than those on operational duties.

92. In our view this evidence focuses on the problem that Service personnel on detached duty (whether training or operational) are liable to additional costs in a different way from their civilian comparators. Furthermore, we heard of perceived anomalies arising in relation to other allowances. For example on the issue of travel warrants it was suggested that some personnel were over-compensated, but others complained that they did not receive sufficient to meet their commitments. We have also noted a growing discontent about what were seen as discrepancies between married and single allowances and some seemingly arbitrary decisions relating to the age at which certain allowances are payable.

93. **Northern Ireland allowance package.** We were generally content that the temporary financial arrangements reflecting conditions of service in the Province were fair for most regular personnel. We have already indicated our concern separately to MOD on the areas where we believe changes are needed, particularly on the cost of private motor insurance in Northern Ireland, and in relation to some of the allowances for the Home Service Part-Time element of the Royal Irish Regiment, who are subjected to much the same difficulties and changes as the Home Service Full-Time element, but whose allowance package does not seem fully to reflect this. We heard the concerns of these personnel when we visited Northern Ireland this year.

94. More generally we believe that the time has now come for MOD to conduct a fresh review of the Service allowance system, with the aim of simplifying its structure and ensuring that as far as possible it is targeted on the areas of greatest need.

Chapter 4

Charges

95. Each year we make recommendations about the charges paid by Service personnel for accommodation and for food. Accommodation charges consist of rental and furniture charges. Added to the accommodation charges for both married and single personnel are charges we recommend for water and sewerage. In the same way as in Chapter 2 where we recommend salaries broadly comparable with earnings in civilian life, we see it as appropriate that charges for accommodation and food should also compare fairly with the costs civilians might expect to incur, after making due allowance for the special circumstances of service in the armed forces.

96. Last year in line with the increase in military salary the Government raised all charges for accommodation and food by 1.5 per cent. This has led to problems for us in the interpretation and applicability of the comparability evidence. Substantial differences between civilian comparator rents and Service rents have arisen, reflecting large increases in local authority rents in 1991-92 and in 1992-93. On the other hand, there were no significant increases in comparator food costs.

97. Our recommendations in this chapter begin to restore the balance on increasing Service rents and reflect the current position on food costs. As our recommendations on pay do not in all cases fully reflect broad comparisons outside the Services, so our recommendations on accommodation charges are also constrained. However, we would expect to recommend proportionately greater increases in charges for accommodation as the restoration of broad comparability on pay for all ranks is achieved and as we introduce other comparator evidence in addition to that of local authority housing. This will in some cases, particularly for the more senior ranks, result in larger percentage increases than those for the military salary, and it may be appropriate to extend these over a period of years.

Accommodation charges

98. **Rental charges.** We have traditionally based our recommendations on rents on the evidence we receive about local authority housing rentals. We apply an abatement to allow amongst other things for the comparative lack of security of tenure for Service personnel (they must generally vacate Service accommodation on leaving the armed forces), the absence of the right to buy available to local authority tenants, and the lack of choice in the allocation of quarters. We include an element within the charges to cover the provision of certain maintenance beyond that undertaken by local authorities, and we recommend a separate element for the hire of furniture.

99. Charges are determined by Type and Grade of accommodation. The Type of accommodation (ie the size) allocated to personnel varies according to rank, marital status and family size. The Grade of each property depends on qualitative criteria such as its condition and location. Once again during the year we have seen a wide range of accommodation standards. We continue to believe that ideally all accommodation should be Grade 1 or Grade 2; and we look forward to hearing the results of MOD's review of the four-tier accommodation grading system.

100. This year we have decided that it would not be appropriate to change our established practice by reflecting closer comparability with the civilian rental market by including evidence on rents charged by housing associations or any information on private rented accommodation. We have continued therefore to base our recommendations for accommodation charges on rents charged for local authority housing only. Local authority rental charges have however increased significantly more than equivalent Service rents over the past two years.

101. **Furniture hire.** Rental charges for Service accommodation contain an element for furniture hire which is related to an assumed average life for furniture. In its evidence this year MOD has continued to suggest that we should base our recommendations on a shorter average life for furniture. MOD further suggested that charges for furniture should not vary according to Grade as is current practice, since there is no differentiation in the furniture provided. We are yet to be convinced that there is evidence to demonstrate a shorter furniture lifespan but we see some merit in equalising charges for the same Types of accommodation. We will return to this in a future report.

102. We will be conducting a full examination of the way in which we recommend rental charges in time for our next report. We plan then to outline revised arrangements for the appropriate comparators, the abatement and furniture hire charges.

103. The charges we recommend for single accommodation are derived from those for furnished married quarters, based on a formula agreed with MOD.

104. The charges we recommend to apply from 1 April 1994 for married and single quarters average some 5 per cent and are shown in Tables 5 to 7 below:

Table 5 Married quarters^a

Type of quarter	Annual ^b charge			
	Grade 1	Grade 2	Grade 3	Grade 4
	£	£	£	£
Officers				
I	3,095	2,796	1,905	1,142
II	2,778	2,508	1,708	1,026
III	2,416	2,186	1,489	894
IV	2,102	1,898	1,336	792
V	1,821	1,650	1,139	694
Other ranks				
D	1,442	1,307	916	544
C	1,318	1,190	832	496
B	1,201	1,088	752	449
A	887	799	558	336

Table 6 Single quarters^a

Rank	Annual ^b charge			
	Grade 1	Grade 2	Grade 3	Grade 4
	£	£	£	£
Major and above	1,241	1,121	799	485
Captain and below	1,029	934	653	405
Warrant Officer and Senior NCO	752	679	478	292
Corporal and below	409	369	263	161
Young Serviceman/woman ^c	307	277	197	120

^aCharges comprise a rental element (including additional maintenance) and furniture hire, but exclude the element for water and sewerage.

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

^cThose receiving less than the minimum adult (ie Private IV) rate.

Table 7 Breakdown of total annual accommodation charge for Grade 1 married quarters

Type of quarter	Basic rent (unfurnished) and maintenance	Furniture hire (full)	Recommended total accommodation charge ^d
	£	£	£
Officers			
I	2,498	596	3,095
II	2,244	533	2,778
III	1,965	451	2,416
IV	1,688	413	2,102
V	1,459	363	1,821
Other ranks			
D	1,168	274	1,442
C	1,079	237	1,318
B	1,002	199	1,201
A	723	164	887

^d The recommended charge may not be the exact sum of the components because it has been adjusted for daily rates and all components rounded to the nearest £.

105. We further recommend that the separate charge for a garage should be £234 per annum.

106. **The Services' Housing Trust.** We have noted MOD's plans to form a Housing Trust to take over the ownership and management of the Services married quarter estate in mainland UK. We hope that the Trust will take urgent steps to improve the quality of Service accommodation and we note the intention to bring all properties up to Grade 1/2 condition within 5 years. We welcome the assurance that we will remain responsible for setting all accommodation charges.

107. **Charge in lieu of council tax (CILOCT).** Service personnel living in barracks, messes and married quarters are exempt from the normal regime of council tax; instead MOD pays contributions in lieu of the council tax to local authorities, broadly equivalent to the amount of tax which would otherwise have been due. The costs incurred for occupied properties are recovered from individuals by standard charges according to Type of property and are payable with accommodation charges. This system allows a uniform payment wherever personnel are posted, including posting overseas. CILOCT replaced the Overseas Facilities Charge.

108. We welcome the introduction of charges which are related to property size as this reflects as far as practicable the comparable position in civilian life. MOD's special arrangements greatly facilitate the payment of the council tax and are fair to Service personnel who are much more mobile than the majority of civilians and have little choice in where they are posted.

109. **Water and sewerage charges.** In its evidence for the 1992 report MOD proposed that the married quarter water charge should be set at the national forecast average for unmeasured supply, and the charge for single accommodation at one third of this. We broadly concurred with this proposal and recommended charges in our 1992 report which began to move Service water charges closer to those paid by civilians. In 1993 however the Government increased all charges including those for water by 1.5 per cent, whereas civilian charges rose considerably more. Thus Service water charges are currently significantly lower than the forecast average figure.

110. We continue to endorse the principle that Service water charges should reflect those of civilian comparators. However as with other charges which have become significantly out of line with their comparators over the last two years, we believe it is undesirable to achieve this in a single year, when there is continuing restraint on public sector pay, but in this report we make recommendations which bring the Service charges nearer to broad comparability. We have also decided to recommend a higher percentage increase for other ranks than for officers, as we continue to believe that these charges should be equalised to reflect the position in the civilian world.

111. We therefore recommend the following increases in water charges for all married quarter occupants: for officers to £168 per annum and for other ranks to £142 per annum. We recommend that the water charge for occupants in single accommodation should be increased to £55 per annum.

112. **Water and sewerage charges in Scotland.** Occupants of Service accommodation in Scotland receive their water via their units' main water supply or direct from the public supply. Personnel in the former category pay a charge to MOD (currently £70). Until April 1993, personnel receiving water direct from the public supply in Scotland paid the community water charge direct to their local authority, but the MOD council tax charge which they now pay instead includes no element for water. They are therefore currently receiving water and sewerage services free of charge. MOD has proposed that both these groups of Service personnel should be brought within a common single charging system.

113. We agree that personnel in Service accommodation in Scotland should be charged for their water and sewerage on the same basis as those personnel living elsewhere. We recommend that these charges should be implemented in full on 1 April 1994 for all Service personnel in Scotland.

Food charges

114. Each year we recommend food charges for single personnel and a different rate for married unaccompanied (MUA) personnel who would otherwise expect to eat at home. In our 1990 report we outlined our revised approach to determining food charges. This involved the establishment of a baseline for the charges from periodic reviews of the level of civilian food expenditure obtained through the Family Expenditure Survey (FES). In the intervening years, we have been guided primarily by movements in food costs as indicated by the food component of the Retail Prices Index.

115. The evidence this year shows that charges for single Service personnel are at about the right level, and we therefore recommend no further increase. However as we have stated in previous reports, the MUA food charge has become significantly lower than that suggested by the evidence. We have therefore recommended a further increase to the MUA charge to bring it closer to the appropriate level. We recommend the following charges to apply from 1 April 1994:

Single charge	£20.93 per week
Married unaccompanied charge	£15.40 per week

Pay as you dine (PAYD)

116. In recent reports we have expressed our concern about Service personnel paying a standard charge for meals regardless of how many they actually take. As PAYD systems seemed to operate successfully in some overseas armed forces, as well as being widespread in civilian life, we asked MOD to evaluate such a system for the armed forces. Again on visits this year, we were told that many personnel preferred to pay for meals as and when they wanted them, rather than take those provided at the set times. Most personnel said that they would be prepared to pay more for each meal if it was provided on this basis.

117. We remain unhappy with several aspects of MOD's policy on food charging. Our particular concern remains the concept that free feeders (ie those on RN ships or in field conditions) are subsidised by those who pay for their meals, but do not take them. It seems that there is therefore no real incentive to encourage personnel to eat in Service messes, and no incentive for messes to provide value for money.

118. In the past MOD has told us that it was not possible to trial any changes to the current system because the costs of doing so would be prohibitive. We now understand that MOD is to review its internal mechanisms for accounting for and allocating expenditure on food and a new system might be based on the number of meals served. Thus, for its own purposes, MOD intends to trial attendance recording systems in 1994 at some locations. We believe that a simple and inexpensive meal recording system would be a positive development and we will watch the result of the trials with interest.

Chapter 5

Conclusions and costs

119. We welcome the Government's decision to ask us to make recommendations this year on the pay and charges for armed forces personnel, based on broad comparability. In making our recommendations we have sought to be fair to Service personnel as well as to the taxpayer. However, the 1.5 per cent increase in pay and charges imposed by the Government for the current financial year has given rise to a number of anomalies, in both pay and charges, and we have begun to address them in this report.

120. Our review of salary levels showed that some military salaries at 1 April 1993 had fallen below broad comparability with civilian earnings, especially for the more senior officers in our remit group and for SNCOs. We have taken account of this in recommending higher percentage increases where justified by the evidence.

121. In making our recommendations we are aware of the significant changes which have taken place arising out of Options for Change and the consequent increased turbulence and uncertainty experienced by many Service personnel. For our next review we have asked MOD to provide evidence on the X factor, and on related questions including leave lost due to Service commitments. We shall also then be looking further with MOD at the concept of performance pay for armed forces personnel.

122. We have reviewed food and accommodation charges this year and recommend appropriate increases. For rental charges and charges for water and sewerage we recommend a higher percentage increase than that for the military salary in order to begin to address the disparities which have occurred between civilian comparators and Service equivalents. We see this as a first step in restoring our traditional position in setting charges which are broadly comparable with those of civilians. The second step is extending the base for civilian comparator evidence. The full restoration of the position is however dependent on corresponding movement on broad comparability on pay for all ranks.

123. We estimate that the cost of our recommendations in the year beginning 1 April 1994 are as follows:

Table 8

	<i>£ million^a</i>
Military salary (all regular Services)	
Officers	32.6
Officers promoted from the ranks	3.2
Other ranks	108.0
Juniors and apprentices	0.3
	144.0
Additional pay, retention incentives and allowances in the nature of pay (all regular Services)	7.8
	151.8
Total paybill cost^b	165.4
Reserve forces^b	6.4
Total including Reserves^b	171.8
Less: charges (all Services)	
Increased yields:	
food	0.6
accommodation	7.7
Total	(8.3)
Net cost of recommendations taking account of increased yields from charges	163.5
Estimated effect of accruing superannuation liability contributions ^c	34.2

^aTotals may not equal the sum of the components as figures have been individually rounded.

^bIncludes employers' national insurance contributions (ERNIC).

^cDue to changes in public expenditure survey conventions in 1993, MOD costs now include provision for accruing superannuation liability contributions (ASLCS). These figures are included to reflect technical changes in the treatment of armed forces pensions. These changes were designed to provide Government Departments with better visibility of the true costs of employing manpower. No resulting change in pensions' benefits or payment occurred and Departments were fully compensated for the effect of the change of policy.

124. We estimate that the implementation of our recommendations will add 3.6 per cent to the regular and Reserve forces paybill for 1994-95. Our estimates are based on the average manpower strength of the armed forces in 1994-95 as forecast by MOD for budgetary purposes. To the extent that actual strengths differ from forecasts, the cost of implementing our recommendations will also differ. Service personnel will receive military salary increases of between 3.0 and 4.4 per cent and average 3.6 per cent.

GORDON HOURSTON (*Chairman*)
 PETER BALL
 MICHAEL BOLTON
 JOHN CROSBY
 JOHN COX
 BRENDA DEAN
 RICHARD TRANT
 DOROTHY VENABLES

OFFICE OF MANPOWER ECONOMICS

27 January 1994

Appendix 1

Previous Reports of the Review Body on Armed Forces Pay

First Report	... ..	Cmnd. 4954, April 1972
Second Report	... ..	Cmnd. 5336, June 1973
Supplement to Second Report	... ..	Cmnd. 5450, October 1973
Third Report	... ..	Cmnd. 5631, May 1974
Supplement to Third Report	... ..	Cmnd. 5729, September 1974
Second Supplement to Third Report	...	Cmnd. 5853, January 1975
Fourth Report	... ..	Cmnd. 6063, May 1975
Supplement to Fourth Report	... ..	Cmnd. 6146, July 1975
Second Supplement to Fourth Report	...	Cmnd. 6420, March 1976
Fifth Report	... ..	Cmnd. 6470, May 1976
Supplement to Fifth Report	... ..	Cmnd. 6515, July 1976
Sixth Report	... ..	Cmnd. 6801, April 1977
Seventh Report	... ..	Cmnd. 7177, April 1978
Supplement to Seventh Report	... ..	Cmnd. 7288, December 1978
Eighth Report	... ..	1979
Supplement to Eighth Report	... ..	Cmnd. 7603, June 1979
Second Supplement to Eighth Report	...	Cmnd. 7770, November 1979
Ninth Report	... ..	Cmnd. 7899, May 1980
Supplement to Ninth Report	... ..	Cmnd. 7956, July 1980
Tenth Report	... ..	Cmnd. 8241, May 1981
Supplement to Tenth Report	... ..	Cmnd. 8322, July 1981
Eleventh Report	... ..	Cmnd. 8549, May 1982
Supplement to Eleventh Report	... ..	Cmnd. 8573, June 1982
Twelfth Report	... ..	Cmnd. 8880, May 1983
Supplement to Twelfth Report	... ..	Cmnd. 8950, July 1983
Thirteenth Report	... ..	Cmnd. 9255, June 1984
Supplement to Thirteenth Report	... ..	Cmnd. 9301, July 1984
Fourteenth Report	... ..	Cmnd. 9526, June 1985
Supplement to Fourteenth Report	... ..	Cmnd. 9568, July 1985
Fifteenth Report	... ..	Cmnd. 9784, May 1986
Supplement to Fifteenth Report	... ..	Cmnd. 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

Appendix 2

Pay comparisons

1. **Broad comparability.** We aim to recommend pay levels broadly comparable to those outside the Services for jobs at similar levels. Comparisons with civilian jobs are not made on a job for job basis but by comparing the range of jobs at each rank, or rank and band, with a range of broadly similar posts outside. Job for job comparisons would not be appropriate as for many Service posts there are no precise civilian equivalents. Independent management consultants advise us on current civilian pay levels; MOD helps us to make valid comparisons between Service and civilian jobs. This process involves judgment, and is not simple or mechanistic.
2. **The Service pay structure.** The Service pay structure affects the way in which jobs are considered to be comparable. At officer level, all officers in a specific rank are paid on the same scale regardless of the nature of the job - thus Majors in combat units are on the same scale as Majors in support units. Similarly, for non commissioned ranks, all trades in the same pay band at each rank earn the same salary.
3. **Job evaluation.** Job evaluation is used as the basis for the broad comparisons outlined above. This allows jobs to be analysed taking account of several factors including training and experience required, levels of responsibility and numbers of staff managed. The relative importance of each of these factors in each job is then measured. The total score from all the factors gives a measure of the “size” of that job. As both civilian and Service jobs are scored under the same job evaluation scheme it is possible to compare the remuneration of Service jobs with that of civilian jobs of a similar size.
4. **Evidence.** The collection of pay comparability evidence relies heavily on this form of comparison of job sizes using job evaluation. This evidence is collected differently for officers and other ranks:
 - (a) *Officers.* For civilian jobs at levels comparable to officers a commercial database of jobs, all scored using a standard evaluation scheme, is used. A representative sample of Service jobs is scored under the same scheme and the remuneration levels of jobs of similar scores extracted from the database.
 - (b) *Other ranks.* As no reliable database exists for jobs at the level of other ranks, management consultants conduct a survey to identify and evaluate civilian jobs at WO, SNCO and Corporal levels and to collect remuneration data for these jobs. The survey provides a small database which is then used in the same way as that for officers to compare Service and civilian jobs.
 - (c) *New entrants.* At the entry levels, Second Lieutenant and Private, relevant information is more directly available from national earnings statistics and job evaluation is not used when making comparisons.
5. **Decision making.** The starting point is a comparison of the levels of military salary in payment the previous April with civilian earnings at that date. For the civilian comparators, total earnings (ie basic pay including overtime, bonuses and productivity payments) are used. Service personnel are not eligible for overtime payments and they are compensated for overtime through adjustments to the military salary on the basis that currently their hours worked are on average the same as those worked by civilians. Adjustments to the level of the military salary are made as necessary to reflect the relative value of civilian and Service pensions and fringe benefits.
6. Our recommendations about salary levels are made several months in advance of the effective date, and we use forecasts of expected future movements in national statistics of earnings and settlements and of inflation to inform our judgment.

Appendix 3

Military salaries inclusive of the X factor introduced with effect from 1 April 1993

Table 3.1 Officers^a: annual^b rates

Rank/length of service	Military salary
	£
Brigadier	53,600
Colonel after 8 years	48,293
6	47,143
4	45,994
2	44,848
on appointment	43,698
Lieutenant Colonel after 8 years	41,475
6	40,486
4	39,497
2	38,508
on appointment	37,518
Major after 8 years	32,051
7	31,386
6	30,722
5	30,061
4	29,397
3	28,733
2	28,072
1	27,408
on appointment	26,744
Captain after 6 years	24,667
5	24,094
4	23,517
3	22,944
2	22,371
1	21,794
on appointment	21,221
Lieutenant after 4 years	18,425
3	17,987
2	17,549
1	17,111
on appointment	16,677
Second Lieutenant	12,611
Officer Cadet	8,851

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

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

Table 3.2 Warrant Officers and Senior NCOs^a: annual^b rates

Scale B ^c	Band ^d			
	4	5	6	7
	£	£	£	£
Warrant Officer I	18,801	20,341	22,448	24,524
Warrant Officer II	17,637	19,181	21,261	23,338
Staff Sergeant	16,502	18,042	19,732	21,769
Sergeant	15,611	17,151	18,838	—

Table 3.3 Corporals and below^a: annual^b rates

Scale B ^c	Band ^d		
	1	2	3
	£	£	£
Corporal I	14,326	15,757	17,469
Corporal II	13,355	14,782	16,494
Lance Corporal I	12,443	13,874	15,582
Lance Corporal II	11,574	13,005	14,713
Lance Corporal III	10,840	12,268	13,848
Private I	10,840	12,268	13,848
Private II	9,997	11,428	13,012
Private III	8,950	10,377	11,957
Private IV	8,001	—	—

^aRates shown are for Army personnel. These rates apply also to personnel of equivalent rank and pay band in the other Services. Where ranks are not precisely equivalent, or because of the application of the "all of one company" principle in the RN, pay rates for the personnel concerned are derived from the Army rates by established formulae.

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

^cScale B rates of pay apply to personnel committed to, or who have completed, 6 years or more but less than 9 years' service.

Since 1 January 1991 most new entrants have joined on open engagements and are paid, for the first 9 years' service, on the Scale A rates of pay applicable to personnel committed to less than 6 years' service.

Scale C rates of pay apply to personnel committed to, or who have completed, 9 years' service.

^dThe other ranks' pay structure is divided into pay bands. Jobs at each rank are allocated to bands according to their score in the job evaluation system.

Appendix 4

1 April 1994 recommended levels of military salary for certain special groups

Table 4.1 Recommended annual^a rates of military salary for veterinary officers of the Royal Army Veterinary Corps

Rank/length of service	Military salary
	£
Brigadier	55,958
Colonel	50,417
after 8 years	49,217
6	48,016
4	46,815
2	45,614
on appointment	45,614
Lieutenant Colonel, Major, Captain ...	43,293
after 27 years	41,990
25	40,690
23	39,387
21	37,737
19	36,117
17	34,496
15	32,876
13	31,233
11	29,682
9	28,131
7	26,579
5	25,028
3	23,477
1	21,926
On appointment	21,926

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

Table 4.2 Recommended annual^a rates of military salary for Chaplains

Rank/length of service	Military salary
	£
Chaplain-General	55,958
Deputy Chaplain-General ^b	48,016
Principal Chaplain	45,614
Chaplain (Class 1) ^b	
After 2 years in the rank or on appointment with 24 or more years' service	42,844
On appointment with less than 24 years' service	41,234
Chaplain	
Class 2	
Class 3	
Class 4	
After 26 years' service	42,844
After 24 years' service	41,234
After 22 years' service	39,624
After 20 years' service	38,015
After 18 years' service	36,409
After 16 years' service	34,799
After 14 years' service	33,189
After 12 years' service	31,580
After 10 years' service	29,970
After 8 years' service	28,360
After 6 years' service	26,754
After 4 years' service	25,145
After 2 years' service	23,535
On appointment	21,926

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

^bArmy only.

Table 4.3 Recommended annual^a rates of military salary for officers promoted from the ranks (other than those who enter the General List)

Years of commissioned service	Years of service in the ranks		
	Less than 12 years	12 years but less than 15 years	15 years or more
	£	£	£
After 16 years	29,528		
14	29,127		
12	28,729	29,528	
10	28,328	29,127	
8	27,926	28,729	29,528
6	27,525	28,328	29,127
5	27,127	27,926	28,729
4	26,725	27,525	28,328
3	26,105	27,127	27,926
2	25,484	26,725	27,525
1	24,864	26,105	27,127
On appointment	24,243	25,484	26,725

Table 4.4 Recommended annual^a rates of military salary for university cadets

	£
fourth year	10,501
third year	9,618
second year	8,567
first year	7,464

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

Table 4.5 Recommended annual^a rates of military salary for naval apprentices and probationary medical technicians

	£
fourth year	13,673
third year	9,417
second year	7,709
first year	5,993

Table 4.6 Recommended annual^a rates of military salary for junior entrants (all categories, including young soldiers)

Age	£
17½ and over (or on entering productive service before this age)	8,132
17 but under 17½	6,147
16 but under 17	5,066

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

Appendix 5

1 April 1994 recommended rates of additional pay

FLYING PAY	Major items	£ per day
Officer aircrew (trained)		
All officer aircrew in the rank of Wing Commander ^a (with less than 6 years' service in the rank) and below except RAF specialist aircrew		
Flight Lieutenant	...	Initial rate 8.86
		Middle rate ^b 14.88
		Top rate ^b 22.48
Wing Commander^a		
After 6 years' service	...	21.27
After 8 years' service	...	20.02
Group Captain^a		
On appointment	...	18.76
After 2 years' service	...	17.50
After 4 years' service	...	16.26
After 6 years' service	...	14.40
After 8 years' service	...	12.51
Air Commodore ^a	...	7.50
RAF specialist aircrew		
(a) Flight Lieutenants (not Branch Officers)		
On designation as specialist aircrew	...	28.93
After 1 year's service as specialist aircrew	...	29.37
After 2 years' service as specialist aircrew	...	29.81
After 3 years' service as specialist aircrew	...	30.25
After 4 years' service as specialist aircrew	...	30.69
After 5 years' service as specialist aircrew	...	31.13
After 6 years' service as specialist aircrew	...	31.57
After 7 years' service as specialist aircrew	...	32.01
After 8 years' service as specialist aircrew	...	32.45
After 9 years' service as specialist aircrew	...	32.89
After 10 years' service as specialist aircrew	...	33.33
After 11 years' service as specialist aircrew	...	33.77
After 12 years' service as specialist aircrew	...	34.21
After 13 years' service as specialist aircrew	...	34.65
After 14 years' service as specialist aircrew	...	35.09
After 15 years' service as specialist aircrew	...	35.53
After 16 years' service as specialist aircrew	...	36.47
(b) Branch Officers		
On designation as specialist aircrew	...	22.83
After 5 years' service as specialist aircrew	...	25.36
Non commissioned aircrew (trained)		
Army P1 pilots ^{c,d}	...	Initial rate 8.86
		Middle rate ^b 14.88
		Top rate ^b 22.48
RM (except pilots) and Army, RAF ^d	...	Initial rate 4.39
		Middle rate ^e 9.68
		Top rate ^f 11.38
Aero-medical and escort duties pay (RAF)	...	4.96
Flight Nursing Assistant's pay	...	3.50
Royal Corps of Transport air despatch pay ^g	...	Lower rate 3.07
		Higher rate ^b 4.96
Flying extra pay (RN), crew pay (RAF), Royal Corps of Transport helicopter crew pay ^g	...	3.07

^aIncluding equivalent ranks in the other Services. However pilots in the Army and RM who are qualified only to P2 standards do not receive officer flying pay but receive the Army NCO rate of P2 flying pay.

^bAfter 4 years on the preceding rate.

^cRates include Aircraft Commander's pay.

^dRates for RN aircrew, including RM pilots, are adjusted to give them the same total earnings as Army or RAF personnel of equivalent rank carrying out similar duties.

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

^fAfter 22 years' reckonable service.

^gAlso payable while under training.

							£ per day
Reserve bands for flying pay^h							
Officer aircrew (trained)ⁱ							
All officer aircrew in the rank of Wing Commander and below on the top rate of flying pay							17.50
Group Captain							
On appointment							17.50
After 2 years' service							16.26
After 4 years' service							14.40
After 6 years' service							12.51
After 8 years' service							10.63
Air Commodore							6.38
Non commissioned aircrew (trained)^j							
RM (except pilots) and Army, RAF ^k							9.68
 LONGER SERVICE AT SEA BONUS							
2 and less than 5 years' total sea service							2.80
5 and less than 10 years' total sea service							4.70
10 years' sea service and over							5.80
 DIVING PAY							
<i>Category</i>							
1	RN Diver (Ordinary and Junior rate) prior to Category 3 qualification Ship's Diver—all ranks and ratings Army Compressed Air Diver—all ranks					2.55	
2	RN Search and Rescue Diver—all ratings Army Unit Diving Supervisor					5.15	
3	RN Diver (Junior, Ordinary and Able Diver) when qualified to Category 3 standards Army Advanced Diver—all ranks					7.35	
4	RN Diver (Leading Diver etc) when qualified to Category 4 standards Army Supervisor and Instructor—all ranks RN Mine Countermeasures and Diving Officer ^l					12.50	
5	RN Diver (Petty Officer and above) when qualified to Category 5 standards						
	on appointment	...	...	...	...	18.05
	after 3 years	...	...	...	...	19.35
	after 5 years	...	...	...	...	20.55
	(unfit to dive)						
	on appointment	...	...	...	...	5.70
	after 3 years	...	...	...	...	6.90
	after 5 years	...	...	...	...	8.15
 Deep and experimental diving							
<i>£ per dive</i>							
Lump sum per dive	Grade 4	...	...	...	...	436.00
	Grade 3	...	...	...	...	218.00
	Grade 2	...	...	...	...	112.00
	Grade 1	...	...	...	...	—
Additional hourly rates	Grades 2-4	...	...	...	...	8.80
	Grade 1	...	...	...	...	4.40

^hFrom 1 April 1995, rates apply to personnel with 6 consecutive years in non flying-related appointments on cessation of their current appointment. For those personnel remaining in their current appointment the rates apply from 1 April 1997.

ⁱExcluding RAF specialist aircrew.

^jExcluding Army P1 or P2 pilots.

^kRates for RN aircrew, including RM pilots, are adjusted to give them the same total earnings as Army or RAF personnel of equivalent rank carrying out similar duties.

^lTo be paid Category 5 diving pay when in post requiring immediate control of diving operations.

		<i>£ per day</i>
SUBMARINE PAY		
1	Midshipman, Able Rate and below	8.20
2	Leading Rate and Petty Officer	9.00
3	Acting Sub-Lieutenant/Sub-Lieutenant (except SD List), Chief Petty Officer, Warrant Officer	10.70
4	Sub-Lieutenant (SD), Lieutenant (all lists until break points for 5th tier below)	11.50
5	Seaman Lieutenants on qualifying Advanced Warfare Course, Marine Engineer Lieutenant on recommendation for Deputy Marine Engineer Officer, Weapons Engineer Lieutenant on recommendation for Charge appointment, Lieutenant Commander and qualifying Captains	13.20
Addition for Nuclear Propulsion Senior Rates:		
	Category B watchkeeper	5.45
	Category A watchkeeper (Nuclear Chief of Watch) ...	8.00
Reserve bands of submarine pay after three years ashore^m		
	Personnel in tiers 1 to 3	7.85
	Officers (tiers 4 and 5)	10.45
HYDROGRAPHIC PAY		
	Captain/Commander/Lieutenant Commander/Lieutenant in charge of survey	6.70
	Surveyor 1st Class, Warrant Officer/Chief Petty Officer Survey Recorder	4.65
	Surveyor 2nd Class, Petty Officer Survey Recorder	2.40
	Leading Seaman Survey Recorder	1.80
	Junior/Ordinary/Able Seaman Survey Recorder	1.10
Reserve bands of hydrographic pay after three years out of designated billetⁿ		
	Captain/Commander/Lieutenant Commander/Lieutenant in charge of survey	5.00
	Surveyor 1st Class, Warrant Officer/Chief Petty Officer Survey Recorder	3.45
	Surveyor 2nd Class, Petty Officer Survey Recorder	1.80
	Leading Seaman Survey Recorder	1.35
	Junior/Ordinary/Able Seaman Survey Recorder	0.85
		<i>£ per day</i>
	SUBMARINE ESCAPE TANK TRAINING PAY^o	7.70
	RM SPECIAL SERVICE PAY (MOUNTAIN LEADERS)	6.55
	ACADEMY SERGEANT MAJOR, SANDHURST	5.94
	SOUTH GEORGIA ADDITIONAL PAY	4.00
	NORTHERN IRELAND ADDITIONAL PAY	4.00
	PARACHUTE JUMPING INSTRUCTOR'S PAY	4.45
	PARACHUTE PAY	3.35

Minor items

		<i>£ per day</i>
GURKHA SERVICE PAY		
Regular officers of Gurkha Rifle Regiments		
	Lieutenant Colonel and above	5.10
	Major	4.45
	Captain	3.80
	Lieutenant and Second Lieutenant	3.20

^mSpecial transitional arrangements apply to personnel who were ashore 3 or more years on 1 April 1991. The mark-time rate which applies is £8.18 for tiers 1 to 3.

ⁿSpecial transitional arrangements apply to personnel already 3 or more years out of designated billet on 1 April 1992. The mark-time rates which apply are £6.00, £4.15, £2.15, £1.60 and £1.00 respectively.

^oDivers receive an additional £1.34 a day. Trained parachutists in the Subunk Parachute Assistance Group receive an additional 69p a day.

	<i>£ per day</i>
GURKHA LANGUAGE PAY	
Seconded Service personnel	
Oral proficiency rate	0.51
Oral and written proficiency rate	0.90
EXPERIMENTAL PAY	1.70 a test
EDUCATION OFFICER ASSISTANT'S PAY	1.25
PAYMENT FOR WORK OF AN OBJECTIONABLE NATURE (PWON)	
Basic rate	2.20
Higher rate	11.15
PAYMENT FOR WORK IN UNPLEASANT CONDITIONS (PWUC)	0.60
PAYMENT FOR ACTING AS A COURT SHORTHAND WRITER	0.51 a folio

ISBN 0-10-124612-9



9 780101 246125



HMSO publications are available from:

HMSO Publications Centre

(Mail, fax and telephone orders only)
PO Box 276, London, SW8 5DT
Telephone orders 071-873 9090
General enquiries 071-873 0011
(queuing system in operation for both numbers)
Fax orders 071-873 8200

HMSO Bookshops

49 High Holborn, London, WC1V 6HB
(counter service only)
071-873 0011 Fax 071-873 8200
258 Broad Street, Birmingham, B1 2HE
021-643 3740 Fax 021-643 6510
33 Wine Street, Bristol, BS1 2BQ
0272 264306 Fax 0272 294515
9-21 Princess Street, Manchester, M60 8AS
061-834 7201 Fax 061-833 0634
16 Arthur Street, Belfast, BT1 4GD
0232 238451 Fax 0232 235401
71 Lothian Road, Edinburgh, EH3 9AZ
031-228 4181 Fax 031-229 2734

HMSO's Accredited Agents

(see Yellow Pages)

and through good booksellers

ISBN 0 10 124612 9