



Armed Forces' Pay Review Body

Thirty-Ninth Report – 2010

Chairman: Professor David Greenaway

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

March 2010

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Armed Forces' Pay Review Body

TERMS OF REFERENCE

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

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

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

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

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

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

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The secretariat is provided by the Office of Manpower Economics.

¹ Professor Greenaway is also a member of the Review Body on Senior Salaries.

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GLOSSARY OF TERMS

AAC	Army Air Corps
ACDS (RC)	Assistant Chief of Defence Staff (Reserves and Cadets)
AD	Air Despatch
AEI	Average Earnings Index
AED	Aeromedical and Escort Duty
AFPRB	Armed Forces' Pay Review Body
AFCAS	Armed Forces Continuous Attitude Survey
AGR	Association of Graduate Recruiters
AH	Apache Helicopter
ASHE	Annual Survey of Hours and Earnings
CCA	Campaign Continuity Allowance
C-IED	Counter-Improvised Explosive Device
CPI	Consumer Prices Index
CSR	Comprehensive Spending Review
DASA	Defence Analytical Services Agency
DE	Defence Estates
DFC	Daily Food Charge
DPA	Defence Planning Assumptions
DRFC	Director of Reserve Forces and Cadets
EOD	Explosive Ordnance Disposal
ETA	Experimental Test Allowance
EU	European Union
FC	Flying Crew
FOB	Forward Operating Base
FRI	Financial Retention Incentive
GTS	Gains to Trained Strength
HT IEDD	High Threat Improvised Explosive Device Disposal
IDS	Incomes Data Services
IPP	Immediate Pension Point
IRP	Initial Retirement Point
ITT	Into Training Target
JHSU HC	Joint Helicopter Support Unit Helicopter Crew
JPA	Joint Personnel Administration
JO	Junior Officer

LSA	Longer Separation Allowance
LSAP	Long Service Advance of Pay
MOD	Ministry of Defence
NCA	Non-Commissioned Aircrew
NCO	Non-Commissioned Officer
NHS	National Health Service
NI	Northern Ireland
NIRS	Northern Ireland Resident's Supplement
NMW	National Minimum Wage
PAS	Professional Aviator Spine
PAYD	Pay As You Dine
PB	Patrol Base
PES	Professional Employment Stream
PJI	Parachute Jump Instructors
PPOs	Principal Personnel Officers
QHIs	Qualified Helicopter Instructors
RAF	Royal Air Force
RAuxAF	Royal Auxiliary Air Force
RAVC	Royal Army Veterinary Corps
REME	Royal Electrical and Mechanical Engineers
RM	Royal Marines
RMR	Royal Marine Reserve
RN	Royal Navy
RNR	Royal Naval Reserve
RPI	Retail Prices Index
RPIX	Retail Prices Index (excluding mortgage interest payments)
SDR	Strategic Defence Review
SETT	Submarine Escape Training Tank
SFA	Service Family Accommodation
SLA	Single Living Accommodation
SLAM	Single Living Accommodation Modernisation
SLQU	Seagoing LSA Qualifying Units
SNCO	Senior Non-Commissioned Officer
SO	Senior Officer
SP	Specialist Pay
SRR	Strategic Remuneration Review
SPVA	Service Personnel and Veterans Agency

TA	Territorial Army
TACOS	Terms and Conditions of Service
ULA	Unpleasant Living Allowance
UK	United Kingdom
UWA	Unpleasant Work Allowance
VO	Voluntary Outflow
WO	Warrant Officer
WSO	Weapons System Operator

ARMED FORCES' PAY REVIEW BODY 2010 REPORT – SUMMARY

Key recommendations:

- A 2 per cent increase in military salaries;
- Targeted pay measures, including several aimed at those undertaking the most active service:
 - Reduction in the Longer Separation Allowance minimum entitlement threshold from ten to seven days;
 - Extension of Longer Separation Allowance to cover personnel operating under field conditions;
 - Extension of Unpleasant Living Allowance to cover Service personnel in Forward Operating Bases and Patrol Bases in Afghanistan; and
 - A set of additional Financial Retention Incentives for: High Threat Improvised Explosive Device Disposal Operators; Royal Electrical and Mechanical Engineers Class 1 Avionic Technicians; and Apache Helicopter SNCO Aircrew;
- A 2 per cent increase in Specialist Pay, Compensatory Allowances and Reserves' Bounties;
- A 1.2 per cent increase to Grade 1 Service Families Accommodation and Single Living Accommodation rental charges and lower graduated increases below Grade 1;
- A Daily Food Charge of £4.13 (an increase of 1.5 per cent).

Introduction (*Chapter 1*)

Our 2010 Report sets out recommendations on pay, targeted measures and charges together with underpinning evidence to support our recommendations and fulfil our terms of reference. This assessment takes place at a turbulent time in the global and domestic economy and when the Armed Forces face a sustained commitment to operations in Afghanistan. Our recommendations take account of detailed evidence from the Government, MOD and Service Families' Federations, the views of Service personnel and an assessment of manning, recruitment, retention and morale. We draw on the evidence to recommend a balanced package across base pay, targeted measures and charges. To inform our recommendations we undertook 30 visits, including two to operational theatres, in which we met 3,900 personnel; considered 75 papers of evidence, independent research and information provided by our secretariat; and held 12 meetings including oral evidence and briefing sessions.

Military pay (*Chapter 2*)

We recommend a 2 per cent increase to military salaries from 1 April 2010. Government evidence focused on the markedly different economic context in 2009 compared with the previous year. The impact of the global financial crisis on economic activity was more severe than expected, and public finances had been profoundly affected. The Government's key message was one of pay restraint, emphasising that this was supported by labour market

indicators. We were asked to recommend an award consistent with the Government's Public Sector Pay Policy, recognising Departmental affordability and the fragility of public finances. However, it would have to meet the need to recruit, retain and sustain motivation and morale by maintaining a competitive remuneration package, and recognise the special circumstances of the Armed Forces.

Defence faced critical tests in 2009. The prolonged operational commitment in Afghanistan, the MOD's highest priority, grew in intensity, and the Armed Forces continued to operate beyond the Defence Planning Assumptions. This placed heavy demands on Service personnel in general, and accentuated pressure on the 40 per cent of personnel in pinch point trades.

Recruitment and retention improved in 2009; the numbers joining the Armed Forces for initial training were the highest since the 12 months to 31 March 2004, and the number leaving the lowest since the 12 months to 30 September 2004. However, we were conscious of evidence from Service personnel and their families which suggested that the high operational tempo, changes in the nature of deployment and pre-deployment training plus routine training courses, led to increased separation which could impact negatively on morale and retention. Our recommendations take into account the need to recruit, retain and motivate suitably skilled people, weighed against economic conditions and affordability constraints while ensuring broad comparability with civilians. Throughout the process this year we have considered the need to recommend a balanced and effective remuneration package: this led us to conclude a 2 per cent increase in military pay was appropriate.

Targeted pay measures (*Chapter 3*)

We must support those who are bearing the greatest burdens of active service and the associated separation and difficult living conditions. Targeted measures play an important role in supporting recruitment and retention, particularly where there are manning pressures. Specialist Pay (SP) is paid to certain groups in response to specific recruitment or retention factors. Where we have not made separate proposals, we recommend SP is uplifted in line with our overall recommendation on basic salary. Financial Retention Incentives (FRIs) are intended to retain personnel essential to delivering key capability. For introduction on 1 April 2010, we recommend new FRIs for High Threat Improvised Explosive Device Disposal (HT IEDD) Operators, Royal Electrical and Mechanical Engineers (REME) Avionic Technicians, Army Air Corps (AAC) Apache Helicopter (AH) Pilots and the extension and modification of the Aircrew FRI.

On our visits there was a universal call for greater recognition of those facing the harshest conditions while on active, front-line duty in Afghanistan. We recommend the extension of Unpleasant Living Allowance (ULA) to cover Service personnel in Forward Operating Bases (FOBs) and Patrol Bases (PBs) in Afghanistan. Separation remains a key source of disruption and discontent for Service personnel and their families: thus we recommend the extension of Longer Separation Allowance (LSA) to include personnel operating under field conditions from day one; and the reduction of the LSA minimum entitlement threshold from ten to seven days.

Accommodation and other charges (*Chapter 4*)

Accommodation is a key issue for personnel and their families, and the provision of good quality living accommodation for both married and single Service personnel continues to be an MOD priority. Our approach has been to set charges which are consistent with civilian comparators, less a discount which, in our view, appropriately recognises the negative aspects for Service personnel and their families of living in Service accommodation. Therefore, we consider that rental charges for Grade 1 accommodation should increase in accordance with the rental component of the Retail Prices Index (RPI), as at November 2009, of 1.2 per cent

with lower graduated increases below Grade 1 and none on Grade 4. This year MOD again proposed that charges for Grade 4 accommodation should be increased to reflect the concept of a fair rent, arguing that maintaining very low rents encouraged Service personnel to remain in the worst accommodation. We saw no evidence of this and consider that it remains inappropriate to increase the charges on what is acknowledged as highly substandard accommodation.

MOD proposed a change to our previous methodology in setting the Daily Food Charge (DFC) to include an element to account for future food inflation. However, we remain of the view that it is more appropriate to base the DFC on the average of the most recent 12 months' Food Supply Contract data. This would generate our recommended DFC of £4.13, an increase of 1.5 per cent.

Conclusion (*Chapter 5*)

Our recommendations on the elements of pay and benefits within our remit would, if accepted, add 2.3 per cent to the paybill. We have made our recommendations this year against a particularly uncertain backdrop and with no clear consensus on the timing and outlook for economic recovery. There is no sign that the severe financial pressure on MOD will abate in the coming 12 months. In due course the Strategic Defence Review (SDR) will establish new military priorities; in the meantime we shall consider how best to balance the inevitable spending constraints with the recruitment, retention and motivational needs of the Armed Forces as the impact of the recession on the labour market continues.

Chapter 1

INTRODUCTION

Introduction

1.1 Our 2010 Report sets out recommendations on pay, targeted measures and charges with underpinning evidence to fulfil our terms of reference. This year's assessment takes place at a turbulent time in the global and domestic economy and when the Armed Forces face a particularly challenging commitment to operations in Afghanistan. Our recommendations take account of wide-ranging and detailed evidence from the Government, MOD and Service Families' Federations, the views of Service personnel and our own research. Our visits programme enabled us to speak directly with a significant proportion of the remit group, including in Iraq and Afghanistan, to provide us with a comprehensive picture of the pressures facing Service personnel and their families.

Context for this Report

- 1.2 This Report is delivered in an uncertain economic context, in which severe constraints on public expenditure are unlikely to ease in the medium term. In 2009 the UK continued to be in recession with output falling for six consecutive quarters to the third quarter of 2009.
- 1.3 Our Report also pays keen regard to the unprecedented operational context. The Armed Forces continue to operate beyond the Defence Planning Assumptions (DPA)¹ made under the last SDR. As at 30 November 2009, the UK had approximately 16,200 personnel deployed in Afghanistan and elsewhere around the world committed to operations. With tours typically lasting four to six months, approximately double this number will go on operations in a year. In addition to the operational commitment to Afghanistan, there are ongoing commitments to provide defence support in Northern Ireland and elsewhere, alongside long-term commitments in the Permanent Joint Operating Bases².
- 1.4 The current operational tempo has far-reaching implications, not only for those who are deployed but also for their families and for the many staff who are involved in preparing personnel for operations. Separation was a key theme to emerge from our discussions on visits and in evidence. Although the number of personnel deployed at any given time has decreased compared with last year because of the drawdown in Iraq, the tour length means that around 22,000 deploy to Afghanistan each year. While the focus tends to be on the time away from families while deployed, demanding pre-deployment training (in addition to routine training and exercises) can add significantly to separation. Some of our recommendations this year are aimed at recognising this specific burden of separation.
- 1.5 The need for pay restraint for 2010-11 was a crucial feature of the Government's evidence submitted to us in September. In November 2008 Consumer Prices Index (CPI) inflation stood at 4.1 per cent. It then fell sharply, before rising slightly, and in November 2009 it was 1.9 per cent with RPI at 0.3 per cent. Review Bodies were asked to consider the implications that decisions on pay in 2010-11 would have for workforces and the Government's finances in the medium term. MOD evidence emphasised the critical challenges and operational commitments coupled with the need to respect affordability. We examine the Government's and MOD's evidence in Chapter 2.

¹ Under Defence Planning Assumptions, the Armed Forces are manned to sustain one medium scale and two small scale operations but have operated above this level for more than six years.

² The Permanent Joint Operating Bases are: Falkland Islands, Cyprus, Gibraltar and Diego Garcia.

- 1.6 The Pre-Budget Report on 9 December 2009 reinforced the need for restraint, with an announcement that the Government would seek to ensure that all public sector pay settlements (other than existing multi-year settlements) in 2011-12 and 2012-13 were capped at 1 per cent. However, there was an indication that the special circumstances of the Armed Forces would be taken into account. The Pre-Budget Report also forecast that unemployment would rise further. In the three months to October 2009 unemployment rose by 21,000 to 2.49 million³.

Our 2009-10 work programme and evidence base

- 1.7 Our work programme began in March 2009 with a briefing by the Principal Personnel Officers (PPOs) of the three Services on their personnel and pay priorities for the coming year and issues relevant to our review. Between March and the end of July we undertook visits to the three Services in the UK and abroad to meet Service personnel and their partners to hear their views on the remuneration package, and to see the working and accommodation environment. The views expressed on visits are essential to our understanding of recruitment, retention and motivation and provide valuable evidence to underpin our recommendations.
- 1.8 We made 30 visits, including two to operational theatres (in Afghanistan and Iraq), and met 3,900 personnel in over 145 formal and informal discussion groups. We were given access to all standards of accommodation. All Services provided consistent and excellent support to our visits, and we thank them for this. Details of our visits programme can be found in Appendix 5.
- 1.9 Our operational visits were particularly valuable in ensuring we gained a good understanding of the pressures on, and living conditions of, Service personnel while on operations. In Afghanistan two of our members saw for themselves the austere living conditions in a Forward Operating Base (FOB) and this evidence, together with what we heard from personnel elsewhere, has influenced the way we shaped our recommendations to target those facing the most difficult conditions.
- 1.10 Between September 2009 and January 2010 we met 12 times to consider detailed oral and written evidence, which we were able to test against our understanding of the issues from the visits. We received 31 papers of written evidence, including manning data, the *Continuous Attitude Survey* data on working hours and leave, and evidence submissions from Government and the MOD, the individual Services and the Service Families' Federations. Collectively this covered periodic reviews of elements of the package, evidence on accommodation and food charges, the economic context, labour market indicators and affordability. We reviewed 75 papers in total. The oral evidence sessions provided an opportunity to probe and discuss issues with: the Secretary of State for Defence; Chief of the Defence Staff; MOD's Permanent Under Secretary; the PPOs; Deputy Chief of Defence Staff (Personnel); the Assistant Chief of Defence Staff (Reserve and Cadets); the Director of Reserve Forces and Cadets (DRFC); and the Chief Executive of Defence Estates (DE). For the first time we received oral evidence from the Service Families' Federations in formal session (rather than informally as in previous years), which was particularly valuable in setting a wider context for the remit group.
- 1.11 Our evidence included commissioned research and the provision of independent analysis of the wider economy and the labour market. For this report we considered research on: (i) economic indicators, the labour market, employment legislation and pay developments; (ii) pay comparability – comprising information on the packages available to other uniformed public services, data on young people in the early stages of their careers, and comparisons based on job weight and job evaluation; and (iii) civilian

³ All unemployment data use the International Labour Organisation definition.

housing costs to underpin our recommendations on accommodation charges. In addition, we commissioned some work on salaries and benefits of armed forces in countries working closely with our own troops. Service personnel continue to raise these issues on our visits and we shall be able to respond with greater certainty on our visits in 2010.

Our 2010 Report

- 1.12 Our Report summarises the evidence which led us to our recommendations on the overall pay award; our periodic reviews of specific aspects of the remuneration package and other targeted measures; and the charges that are within our remit.
- 1.13 The evidence for our overall pay recommendation is considered in Chapter 2. The background to our deliberations is a harsh economic climate with Government evidence emphasising a need for pay restraint. We have to balance this with both the Defence context of continued operational pressures and other commitments, and the requirement on us to consider the impact of pay on recruitment, retention and motivation. We therefore assess wider labour market trends, recruitment, retention, motivation, workload pressures and pay comparisons.
- 1.14 Chapter 3 gives our recommendations on targeted measures for 2010, a number of which specifically enhance support for those in Afghanistan. Targeted measures play an increasingly important role in supporting recruitment and retention, particularly where there are specific manning pressures. We consider a number of new FRIs, aimed at: HT IEDD Operators; REME Avionic Technicians; and Army Air Corps Apache Helicopter Pilots, plus the extension of the Aircrew FRI. For this Report, we review Flying Pay, Parachute Pay and Reserves' Bounties; undertake periodic reviews of other specific forms of Specialist Pay and make recommendations on a number of compensatory allowances including Unpleasant Living Allowance (ULA) and LSA.
- 1.15 We make recommendations on accommodation charges in Chapter 4. Our general approach is to set charges which are consistent with civilian comparators, less a discount which, in our view, appropriately recognises the negative aspects for Service personnel and their families of living in Service accommodation. Accommodation is a key factor in retention and morale for personnel, and the provision of good quality living accommodation for both married and single Service personnel continues to be an MOD priority. We recognise the efforts that MOD has made and is continuing to make on improving accommodation; the Defence Living Accommodation Strategy restated the importance of accommodation in attracting and retaining sufficient, capable and motivated personnel. MOD aims to provide rental accommodation for those who want it and to support a range of options for those who want to own their homes. We also make recommendations on other related charges and the DFC in Chapter 4.
- 1.16 Chapter 5 gives the cost of our recommendations and looks forward to our 2010-11 work programme.

Chapter 2

MILITARY PAY

Key points:

- We recommend a 2 per cent increase in military pay scales, having taken account of:
 - The prolonged operational commitment in Afghanistan which places heavy demands on Service personnel in general, and accentuates pressure on the 40 per cent of personnel in pinch point trades;
 - The improvement in recruitment and retention during 2009, which saw the number of people leaving at its lowest since the 12 months to 30 September 2004;
 - Evidence from the Government on the need for public sector pay restraint and the severe financial pressures faced by MOD;
 - Evidence from Service personnel and their families highlighting the way in which increased separation resulting from the high operational tempo affects morale and retention.

Introduction

2.1 This chapter presents the evidence underpinning our overall pay recommendation. Key components of this are the Government's evidence on the general economic context and its emphasis on pay restraint, and MOD's strategic defence context, with affordability an important theme. We also assess labour market trends, recruitment, retention, morale, workload pressures and pay comparisons. The evidence we gathered on visits, and that submitted by the Service Families' Federations, were essential components of our evidence base.

Government's evidence on the general economic context

2.2 Government evidence focused on the deteriorating economic context in 2009 compared with the previous year. The impact of the global financial crisis on economic activity was more severe than expected. Public finances have been profoundly affected by an unexpectedly large public sector borrowing requirement and 2010-11 is expected to be a difficult period for the global economy. The Government considered that given this context, Pay Review Body decisions for 2010-11 would have medium term implications for workforces and public finances. The Government message was one of a need for pay restraint.

2.3 The Government presented evidence to Pay Review Bodies in October 2009 proposing settlements in the range of up to 1 per cent for all public sector workforces (excluding senior staff and workforces subject to fixed 3 year pay deals). It proposed that senior staff would not receive a pay rise. However, for the Armed Forces, no pay settlement figure was proposed. We were asked to recommend a settlement consistent with the Government's public sector pay policy, recognising Departmental affordability and the fragility of public finances. It would have to meet the need to recruit, retain and sustain motivation and morale by maintaining a competitive remuneration package, while recognising the special circumstances of the Armed Forces.

- 2.4 The Government emphasised that labour market indicators supported restraint. Unemployment had risen to 2.49 million in the three months to October 2009, equivalent to a rate of 7.9 per cent, and independent forecasters expected unemployment to continue to rise for some time to come. Incomes Data Services (IDS) data indicated that around a quarter to a third of pay settlements in the three months to October were pay freezes.
- 2.5 Government evidence set out the implications of wider economic developments for public sector pay decisions. Recruitment and retention would improve, with public sector pay packages being seen as relatively attractive. Pay restraint would be a key factor in protecting public service quality.
- 2.6 In deciding on pay recommendations for 2010-11, the Government asked AFPRB to:
- consider the implications of decisions on pay in 2010-11 for workforces and the Government's finances in the medium term;
 - recognise that there are competing priorities for spending on pay which may contribute more to public servants' ability to do their jobs and outcomes for the taxpayer;
 - note the healthy recruitment and retention position and recommend a targeted approach within workforces where possible to deliver best value for money.
- 2.7 The Secretary of State for Defence set out his view on the demands on the Armed Forces and how this could be reflected in this year's award in oral evidence. He hoped that, while we would take full account of affordability and the Government's pay policy, we would recommend what we believed to be a fair, reasonable and appropriate pay award, reflecting the demands placed on Service personnel and the high esteem in which the Armed Forces are held by the public.

Strategic management evidence

Defence context

- 2.8 Defence faced critical challenges in 2009, and the Armed Forces continued to operate above the DPA. The prolonged operational commitment in Afghanistan, the MOD's highest priority, grew in intensity, placing heavy demands on Service personnel in general, and accentuating pressure on the 40 per cent of personnel in pinch point trades¹. New military requirements had emerged, such as the UK maritime contribution to counter-piracy operations, at the same time as increasing demands from Afghanistan.
- 2.9 The impact on Service personnel (and their families) of the high operational tempo cannot be overstated. For example, the entire deployable force of the Field Army is committed to programmed operations, dominated by Afghanistan, at least once in every 30 month period (and more frequently for many). The Defence Strategic Guidance suggests that future operations will continue to be manpower intensive.

¹ An Operational Pinch Point is a branch specialisation or area of expertise where the shortfall in trained strength is such that it has a potentially detrimental impact on operational effectiveness. A Manning Pinch Point is where the shortfall in trained strength has affected the branch structure and will require a number of recruitment/retention measures to rectify.

- 2.10 Recruitment and retention improved in 2009, with the number of people leaving at its lowest since the 12 months to 30 September 2004. Together with a gradual decrease in requirement, this meant the Armed Forces was moving towards full strength². However, breaches in single Service Harmony Guidelines³ remained constant and were significant in number and severity in some pinch point trades.
- 2.11 MOD announced its intention to undertake a fundamental review of defence needs and capability, starting with a Green Paper⁴ followed by a Strategic Defence Review (SDR) in summer 2010. This could lead to future changes in the size and shape of the Armed Forces and have knock-on effects on the career expectations of personnel.

Service pay and affordability

- 2.12 The overall Service paybill currently accounts for 29 per cent of the Defence budget, at around £7.8 billion. The 2009 award of 2.8 per cent for all Service personnel with additional targeted measures equating to an extra 0.6 per cent was, in common with the preceding two years, among the highest in the public sector. MOD signalled that the cost of last year's award (3.4 per cent of the paybill in total) was above the planning assumptions it had made. It emphasised that the Defence programme was under significant pressure in the current planning round. MOD's financial planning assumption for 2010-11 included an assumed 2.25 per cent overall increase to cover base pay and targeted measures.
- 2.13 MOD evidence also alerted us to a potential increase to the paybill if reduced voluntary outflow and increased recruitment mean it reaches full strength. MOD advised this could amount to an increase of £100-150 million per year to the paybill, but in oral evidence MOD felt that this would be unlikely to have an impact for 2010-11. We observe that in all years where the Services were undermanned there was a saving to the Defence budget.
- 2.14 From the employee perspective, the 2009 *Armed Forces Continuous Attitude Survey* made it clear that pay was an important issue for personnel. We note that in the last 12 months MOD took measures to try to resolve non-remuneration issues which impacted on retention such as accommodation and welfare. In April MOD introduced the *Service Personnel Plan 2009*⁵, the Defence Board's strategy for delivering the 'people' component of operational capability – sufficient, capable and motivated Service personnel.

Manning

- 2.15 Overall manning and recruitment across the Services at 1 April 2009 showed improvement. In the 12 months to 31 March 2009, 22,770 new recruits joined the Armed Forces, a 6.8 per cent increase (1,440) compared with the previous year. However, it was clear from oral evidence that MOD is very much aware of the potential risks to manning in key areas as the economy begins to recover.

² Full strength is the point at which total strength equals total liability. Full manning is the point at which manning equals liability in all aspects of rank, trades and structure.

³ Service Harmony Guidelines comprise: Royal Navy and Royal Marines – 60 per cent deployed and 40 per cent at base in a 3-year cycle with no more than 660 days away from home over a rolling 3-year period; Army – 6 months on operations in every 30-month period with separated service no more than 415 days away over a rolling 30-month period; RAF – 4 months on operations in a 20-month period with separated service no more than 280 days over a rolling 24-month period.

⁴ *Adaptability and Partnership: Issues for the Strategic Defence Review*, 3 February 2010, Command 7794

⁵ *Service Personnel Plan 2009 The Armed Forces Personnel Strategy*, issued by Deputy Chief of Defence Staff (Personnel) on behalf of the Defence Board, 16 April 2009.

2.16 Retention remains a high priority for MOD particularly for personnel in pinch point trades. The main effort, in the move towards full strength, was to address shortages in pinch point trades which face high operational demand. Highly skilled and experienced personnel are still leaving for many reasons and it is imperative to retain more of them.

Trends in the UK labour market

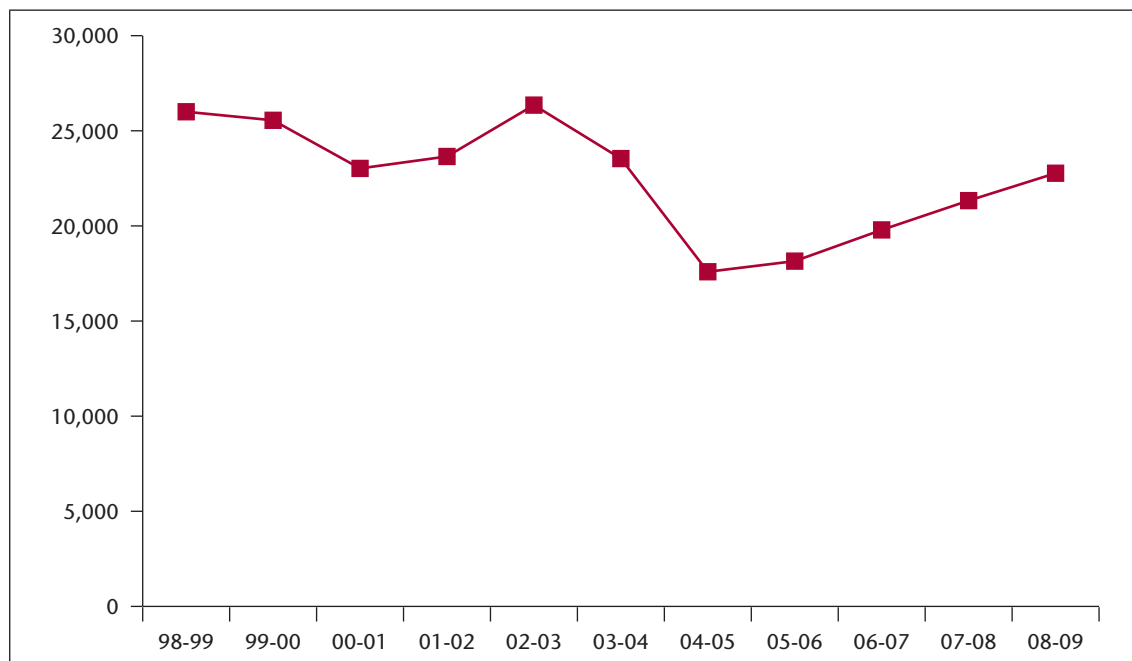
2.17 Total employment peaked in the second quarter of 2008 at 29.5 million and by the third quarter of 2009 had fallen back to 28.9 million, a fall of just over 600,000. The rate of employment for people of working age was 72.5 per cent, down 0.1 percentage point from the previous quarter and down 1.9 percentage points from a year earlier.

2.18 In the three months to October 2009, unemployment rose by 21,000 to 2.49 million, a rate of 7.9 per cent. Over the same period, unemployment levels for 18-24 year olds increased by 26,000 to 757,000 (18.4 per cent of economically active people of that age). In the three months to November 2009, the number of job vacancies was 432,000, a rise of 1,000 from the previous quarter but 124,000 lower than a year earlier.

Recruitment

2.19 In 2008-09, 22,770 personnel were recruited into the Armed Forces, 6.8 per cent more than in 2007-08, which in turn was 8 per cent more than 2006-07. Chart 2.1 shows that recruitment has increased in each of the last four years. However, while Other Ranks intake increased by 8.5 per cent in 2008-09, Officer recruitment was down 13.8 per cent. Other Ranks recruitment increased for each Service – RN 6 per cent, Army 1 per cent and RAF 51 per cent (continuing to recover from reduced recruiting during the manning drawdown). Officer recruitment fell for both the RN (28 per cent) and the Army (16 per cent) but rose for the RAF (5 per cent).

Chart 2.1: Intake to UK Regular Forces 1998-99 to 2008-09



2.20 In the six months to 30 September 2009, 12,330 people were recruited across the Services, compared with 10,870 during the six months to 30 September 2008. In the 12 months to 30 September 2009, 24,230 personnel were recruited into the Services, 6.4 per cent higher than the 12 months to 31 March 2009.

2.21 Although the proportion of new recruits aged between 16 and 20 has declined from 68 per cent in 2005-06 to 61 per cent in 2008-09, the Armed Forces still rely heavily on the supply of young people to meet recruitment targets. In recent years the proportion of young people staying in full-time education has increased. In 2008 the proportion of 16 year olds in full-time education reached a record high of 81.5 per cent and there were rises in the proportion of 17 and 18 year olds – 67.6 per cent of 17 year olds and 43.8 per cent of 18 year olds remained in full-time education. While this is not necessarily a concern at present, given the healthy recruitment picture, it could present difficulties as the recession eases.

Key points from single Service evidence:

- *Naval Service* – overall expects to achieve 98 per cent of its 2009-10 target – 100 per cent for the Royal Marines (RM) and 97 per cent for the RN. The recruiting campaign has focused on RM and Submarine arms, with particular emphasis on Submarine Engineering Officers, Warfare Officers and Logistics Ratings;
- *Army* – for the first time since 2004 the Army expects soldier inflow to match the requirement. It recognised that the economic recession has reduced alternative opportunities for potential soldiers with a beneficial effect on recruitment. The Army's aspiration is to take on the highest quality recruits as they had a lower wastage rate in training, were less likely to fall by the wayside once trained and were better able to deal with the difficulty and complexity of contemporary operations. The Army recognises the test of attracting suitable entrants once the economy and the labour market strengthen;
- *RAF* – an augmented Careers Information Team contributed to an increase in applications to join the RAF during 2008-09, 20 per cent for Officers and 50 per cent for Other Ranks. This helped the RAF achieve 99 per cent of its Into Training Target (ITT) of 4,559 for 2008-09. A reduction of funding in this area for 2009-10 may impact on the RAF's ability to meet a reduced ITT of 4,068.

2.22 People from ethnic minority backgrounds are a growing proportion of this key recruitment pool, which reinforces MOD's need to sustain its efforts in attracting ethnic minority recruits. Overall, the proportion of personnel from ethnic minority backgrounds in the Armed Forces increased to 6.5 per cent at April 2009, from 6.1 per cent a year earlier, but recruiting targets for UK ethnic minorities in 2008-09 were not met. The Naval Service achieved 2.1 per cent against a target of 3.5 per cent, the Army 3.1 per cent against a target of 4.3 per cent and the RAF 2.1 per cent against a target of 3.6 per cent. The overall MOD target is 8 per cent by 2013⁶. We would welcome evidence from MOD next year on its strategy to achieve this.

⁶ 7.9 per cent of the UK population is from a minority ethnic group (Source: ONS, 2001 Census)

Armed Forces' manning

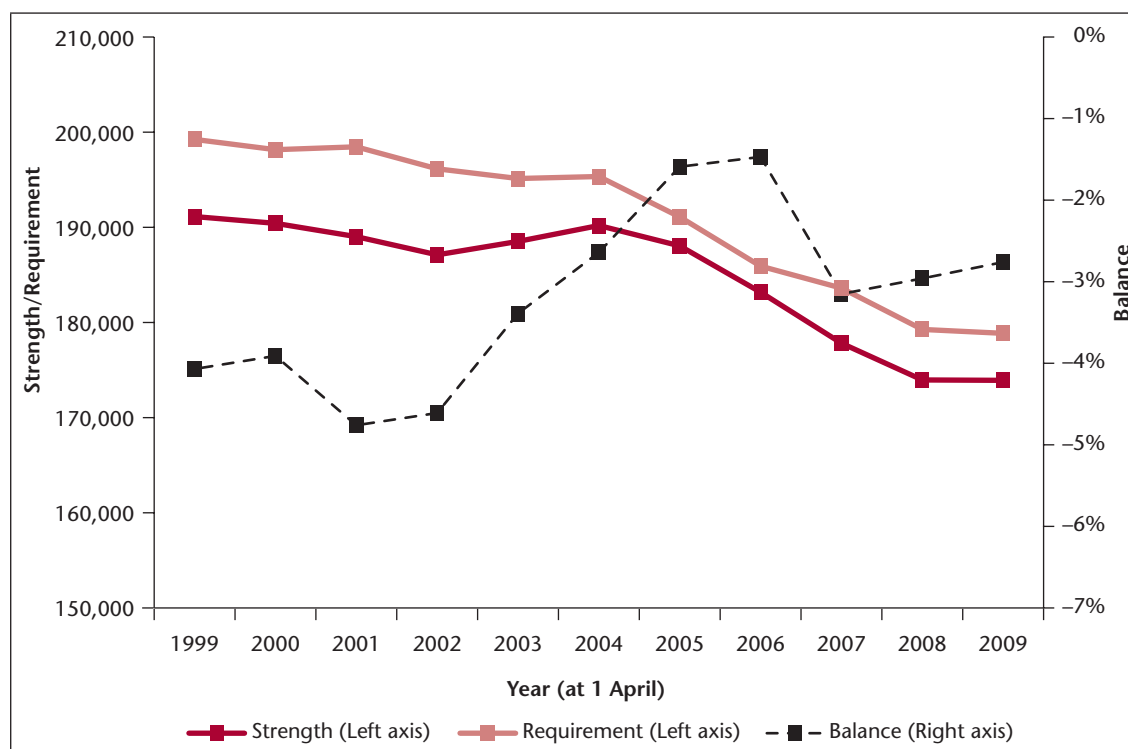
2.23 Between 1999 and 2009 (Chart 2.2) the UK Armed Forces experienced a decline in both their full-time requirement (10 per cent) and their trained strength (9 per cent) but the manning deficit has continued. The Armed Forces remain stretched, and operational commitments continue to exceed planning assumptions. However, the latest figures show a reduction in the size of the manning deficit, and each of the Services is expected to meet its manning balance⁷ target by the early part of 2010-11.

2.24 MOD commented that, although recruiting continues to rise and fewer personnel are leaving the Armed Forces voluntarily, there continued to be shortages in some key trades. Even when overall manning balance is achieved there will still be significant shortages in key areas.

2.25 The manning evidence shows that:

- At 1 April 2009 the Armed Forces' full-time trained strength (including Full Time Reserve Service (FTRS) and Gurkhas) was 173,920 against a requirement of 178,860 – a deficit of 2.8 per cent, reduced from 3.0 per cent a year earlier;
- By 1 October 2009 the deficit had narrowed further to 2.0 per cent, with a full-time trained strength of 174,890 against a requirement of 178,490; and
- In the year to April 2009, the full-time trained requirement fell by 0.2 per cent while the full-time trained strength was almost unchanged.

Chart 2.2: Full-time trained strength and requirement 1999-2009



⁷ Departmental Strategic Objective target for manning balance is defined as between -2 per cent and +1 per cent of the requirement.

Key points from single Service evidence:

- Naval Service* full-time trained strength at 1 April 2009 was 35,020, a shortfall of 2.1 per cent. At October 2009, the deficit had narrowed to 1.9 per cent, which is consistent with the RN expectation that it would achieve manning balance before April 2010. However, these figures masked gaps within some units, especially Submariners, the Fleet Air Arm, RM Other Ranks and Principal Warfare Officers;
- Army* full-time trained strength at 1 April 2009 was 99,250, a deficit of 2.5 per cent. By October 2009, this shortfall had reduced to 1.5 per cent, consistent with Army expectations that it would be within manning balance by February 2010. There is an expectation that the Army will be at full strength in 2011. The Army continued to have a surplus of Officers overall. However, gaps remain at Senior Captain and Junior Major level. The manning deficit for Other Ranks decreased to 3.8 per cent from 4.8 per cent in 2008; and
- RAF* full-time trained strength at 1 April 2009 was 39,660, a shortfall of 4.0 per cent. At October 2009, this deficit had narrowed to 3.4 per cent. Manning balance is expected to be achieved during 2010-11 and despite a planned rise in requirement of 500 over the next two years, strength is expected to rise in line, maintaining manning balance once it is achieved.

Chart 2.3: Full-time trained strength (surplus/deficit) – Other Ranks

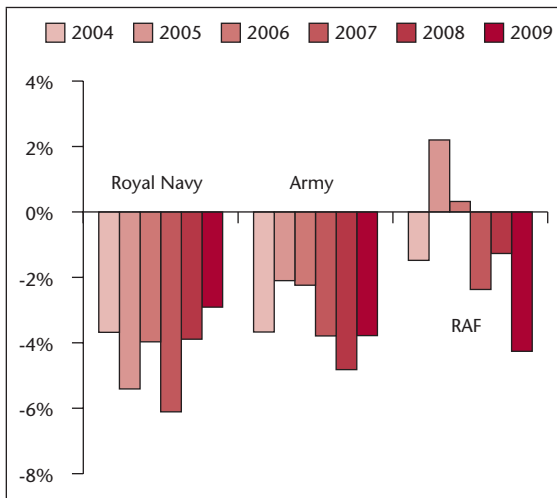
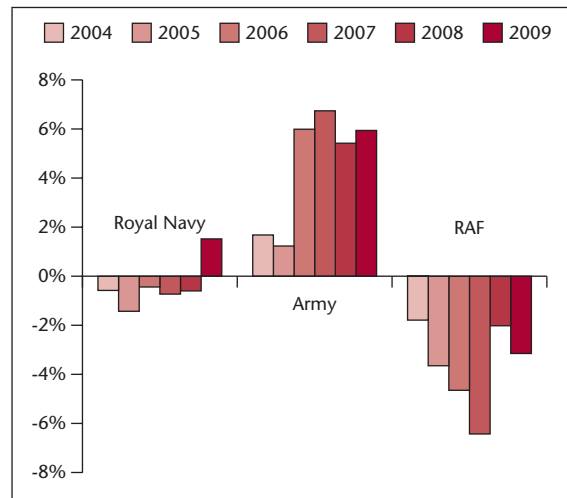


Chart 2.4: Full-time trained strength (surplus/deficit) – Officers



2.26 Gains to Trained Strength (GTS) represent the number of new recruits having completed training as well as direct entrants (including trained re-entrants, transfers from other Services and countries, professionally qualified Officers and FTRS). Between 2007-08 and 2008-09 there was a 13.3 per cent overall increase in the GTS. Other Ranks had an increase of 12.6 per cent during this period while GTS for Officers increased by 14.9 per cent. In the year to 30 September 2009, GTS continued to increase and was 0.4 per cent higher than for the year to 31 March 2009.

Chart 2.5: Gains to Trained Strength – Other Ranks

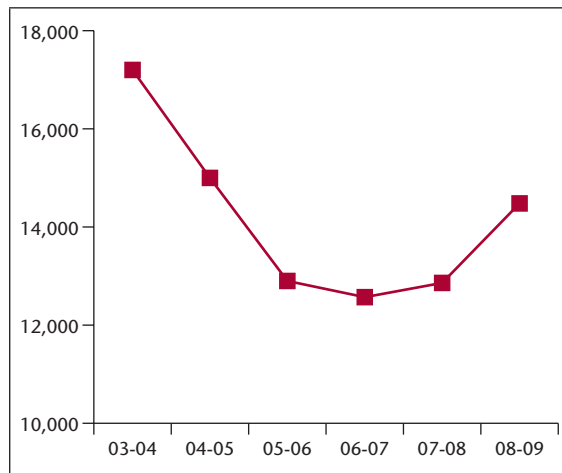
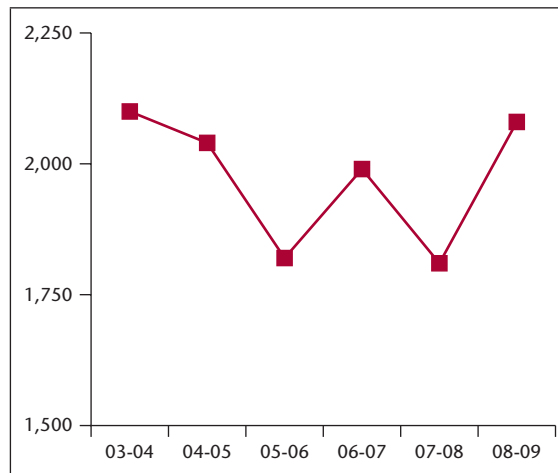


Chart 2.6: Gains to Trained Strength – Officers



Key points from single Service evidence:

- The Naval Service achieved 91 per cent of its target, although this masked shortages in some areas, especially Submariners and Engineer Officers;
- The Army sees GTS as a key indicator of performance in inflow, but failed to meet its Other Ranks' GTS target for the fourth consecutive year, achieving only 95 per cent. The Army has changed its strategy for managing applicants, prioritising the most suitable applicants into training first rather than a 'first come – first served' approach; and
- The RAF recorded GTS of 2,760, 89 per cent of its target. However this represents a sharp increase in GTS from 1,610 in 2007-08.

2.27 The operational tempo continued to make the management of pinch points a manning priority for the Services. At April 2009 around 44,000 personnel were in Operational Pinch Point trades across the Services – almost one quarter of the total requirement of the UK Armed Forces. There were a further 22,000 personnel in Manning Pinch Point trades. In total this means some 40 per cent of the trained strength of the Armed Forces are in either Operational or Manning Pinch Points. There have been improvements in some areas, where FRIs were introduced in 2008. Examples are REME Vehicle Mechanics and Other Ranks in the Royal Artillery – both trades have been downgraded from an Operational Pinch Point to a Manning Pinch Point. However, some other trades have been added to the Operational Pinch Point list. MOD have proposed a number of FRIs to address manning issues for specific groups, including AAC Apache Helicopter Pilots, REME Avionic Technicians, HT IEDD Operators, and have proposed a continuation of the Aircrew FRI. These are considered in Chapter 3.

Retention

2.28 The number of trained personnel leaving UK Regular Forces during 2008-09 was 16,070, a reduction of 10.8 per cent from 2007-08. Compared with 2007-08 Officer Outflow rates reduced for each of the Services, while those for Other Ranks reduced for both the Army and RAF but increased for the RN.

Table 2.1: UK Trained Regular Forces outflow

	Overall	Officers	Other Ranks
2008-09	16,070	2,120	13,950
2007-08	18,010	2,340	15,670
Change %	-10.8	-9.4	-11.0
Outflow rates %			
RN			
2008-09		6.4	10.2
2007-08		7.0	9.5
Army			
2008-09		8.1	10.2
2007-08		8.4	11.6
RAF			
2008-09		7.0	9.3
2007-08		8.3	11.3

2.29 Prior to 1 April 2009 Army outflow data included those moving from the Regular Army to Long Term Absence⁸. Data from 1 April 2009 onwards no longer include personnel in this category: thus Army and All Service data from 1 April 2009 are not directly comparable with earlier data. However data for the RN and the RAF show that outflow for both Officers and Other Ranks continued to fall between April and September 2009.

2.30 Detailed tri-Service breakdowns of outflow by Voluntary Outflow (VO), Time Expiry, Redundancy and Other Wastage have been unavailable due to limitations on Army data under the Joint Personnel Administration (JPA) system. However, with effect from 31 March 2009 Army data are again available for VO for Other Ranks, although not for other categories of outflow. VO rates for 2008-09 were generally lower than in 2007-08 and rates have tended to fall further during the first half of 2009-10 (see Table 2.2).

⁸ Long Term Absentees are Service personnel who have been absent without leave for more than 21 days.

Table 2.2: Voluntary Outflow rates (%)

	12 months to Sept 2009	2008-09	2007-08
Officers			
All Services	–	–	–
RN	4.0	4.0	4.3
Army	–	–	–
RAF	2.3	2.9	3.0
Other Ranks			
All Services	4.6	5.5	–
RN	5.2	6.0	6.3
Army	4.6	5.4	–
RAF	4.2	5.5	5.1

Motivation and morale

2.31 One major source of information on Service morale and factors impacting on retention is the *Armed Forces Continuous Attitude Survey (AFCAS)*. Some of the findings from the 2008 survey are set out below:

- There were significant increases in the percentage of Service personnel who said they:
 - were satisfied with Service life in general;
 - would be reluctant to leave the Service and would miss the benefits of being in the Services if they did leave.
- There was a significant decrease in the percentage of personnel who rated their morale as low.
- A majority of:
 - Officers said they were satisfied with their basic rate of pay while the position for Other Ranks was more mixed;
 - personnel rated their morale as high;
 - personnel were satisfied with their overall leave entitlement and the amount of leave they were able to take, although a majority was dissatisfied with the opportunity to take leave when they wanted to;
 - personnel were dissatisfied with the impact of Service life on their spouse or partner’s career and their children’s education;
 - personnel were satisfied with the standard of their Service accommodation and that it offers value for money. However, a majority were dissatisfied with efforts made to improve/maintain their accommodation; and
 - personnel felt that the frequency and length of operational tours were about right.

- 2.32 As would be expected from any such survey, there is a mixture of positive and negative evidence on the key features of Service life. The main retention-positive factors identified for both Officers and Other Ranks were the pension, healthcare provision, career and personal development opportunities. Excitement, job satisfaction and Continuity of Education Allowance were factors for Officers while FRLs were more important for Other Ranks. Retention-negative aspects were the impact of Service life on family and personal life, the effect of operational commitments and stretch, frequency of operational tours/ deployments and Service accommodation. For Officers, spouse/partner's career and opportunities outside the Service were important, while pay and how they were managed were more important for Other Ranks. Compared with the results for 2007 opportunities outside the Service and pay were less retention negative.
- 2.33 We considered the evidence available to us from the AFCAS alongside that gained from our visits and from the Service Families' Federations which highlighted some aspects of real concern. Common themes from visits and the Service Families' Federations include: the impact of the operational cycle, including separation, plus the disruptive effects on families of having to change pre-agreed leave plans; the perceived insufficiency of the current LSA arrangements; misunderstandings of the purpose of SP; unfavourable comparisons with other uniformed services; the negative effects of poor quality accommodation and inflexible housing policies on morale; the perceived divisiveness of the current pay structure; and confusion over entitlement to allowances and how to claim.
- 2.34 The morale of the Senior Non-Commissioned Officer (SNCO) cadre across all three Services continues to be a concern raised on visits. A significant number comment that the operational tempo has increased both their responsibilities and time away, but that their continuing commitment is assumed because they are close to completing a pensionable engagement. While this perception underlines the value of the Service pension schemes, it can lead to a degree of frustration and annoyance at this key level, which can have negative 'ripple' effects on colleagues and junior personnel working with SNCOs who are serving time until they can leave the Armed Forces. The PPOs are aware of the concern and each Service is addressing the issue in its own way.
- 2.35 One issue raised on several visits was the application of pension abatement rules. They set out that personnel who have taken retirement and then re-sign to the Armed Forces cannot receive annual pay plus annual pension which is greater than the pay level they received immediately prior to retirement. Personnel said that this would dissuade them from returning to either Regular or Reserve Service. This may be exacerbating the situation in certain key pinch point trades and, we were pleased to note that in his oral evidence session, the Secretary of State for Defence recognised that this could be a concern.

Workload

- 2.36 Our assessment of the workload pressures on Service personnel draws on the latest levels of operational and other commitments and their impact on Service Harmony Guidelines, plus evidence on working hours (including the position against the National Minimum Wage) and leave arrangements. These issues also bear on morale and retention.

Operational and other commitments

- 2.37 As at 30 November 2009 the UK had approximately 16,200 personnel deployed overseas committed to operations. However, as the time spent on an operational tour is usually four to six months in any given year, many more than that number will serve on an operational tour. This also has an effect on those who support operations, who may have to work longer hours and undergo increased separation. Of the 4,100 personnel who were deployed in Iraq in 2009, only around 100 now remain in theatre. The number on operations in Afghanistan was around 9,000 in November 2009, with those actually deployed (including surge forces and some Force Elements awaiting replacement by other NATO countries) reaching 10,300. There are ongoing commitments to Defence support in Northern Ireland and elsewhere.
- 2.38 There was a reduction in numbers on operations at any point in time between 2007-08 and 2008-09 for each Service. The proportion of RN personnel deployed on operations and undertaking other military tasks peaked at 22 per cent returning to an average of 11 per cent; the RAF from 14 to 8.5⁹ per cent and the Army from 20 to 16 per cent¹⁰.
- 2.39 The high level of operational tempo adversely affected the Services' capacity to meet Service Harmony Guidelines. The Army estimates that 5 per cent of its trained strength breached harmony guidelines, particularly in niche trades where there are manning shortfalls. The RAF reported breaches of between 3.2 and 7.7 per cent, dependent upon rank. The RN continued a proactive policy to minimise the breaking of harmony guidelines, resulting in the level of breaches remaining relatively steady at 1.2 per cent. As preparing for operations is such a time-consuming process, a six month deployment can often become ten to twelve months of separation for Service personnel and their families and friends.

Working hours

- 2.40 In 2008-09 average working hours for all Service personnel were 46.1 hours per week, slightly down from 46.5 hours in 2007-08. There was also a fall reported in the number of duty hours¹¹ worked, although the unsocial hours¹² worked and the proportion of personnel working in excess of 70 hours or more a week was unchanged at 9 per cent. In comparison, the *Labour Force Survey*¹³ indicates an average working week for full-time civilian workers of 36.8 hours (38.6 for men and 33.5 for women). There had been concerns from MOD and the Services that the reduced response rate to the *Working Patterns Survey*, especially from those on operations, had affected the results, and the response rate for the 2008-09 survey had fallen further to 34 per cent from 37 per cent in 2007-08. The message we picked up on our visits was that workloads remained heavy, both in the UK and overseas.

National Minimum Wage

- 2.41 Although the Armed Forces are exempt from the National Minimum Wage (NMW) legislation, MOD is committed to acting within its spirit. Junior Ranks across all Services worked on average 44.4 hours per week during 2008-09, equating to an hourly base pay rate of £7.21. This compared with the October 2008 NMW¹⁴ rates of £5.73 per hour for those aged at least 22 and £4.77 per hour for those aged 18-21.

⁹ This reduction represents the withdrawal of the majority of RAF personnel from Iraq.

¹⁰ Based on figures taken from MOD Commitments Overview Maps – dated December 2009.

¹¹ All time spent at work, on breaks or on call.

¹² Any hours worked: between 00.00 and 06.00 Monday-Friday; between 18.00 and 24.00 Monday-Friday; and on Saturday or Sunday.

¹³ *Statistical Bulletin, Labour market statistics, November 2009* – Office for National Statistics, 2009.

¹⁴ The October 2008 NMW rates are used to be consistent with the timing of the *Working Patterns Survey*. The hourly NMW rates from 1 October 2009 were £5.80 for those aged 22 and over and £4.83 for those aged 18-21.

- 2.42 Using October 2008 NMW rates, Junior Ranks working at least 56 hours per week (aged 22 and over) and 67 hours (aged 18-21) potentially could have earned below the NMW¹⁵. Following increases to NMW rates from October 2009, the weekly hours required to fall below the NMW reduced to 55 and 66 hours per week for the respective age groups.

Leave arrangements

- 2.43 Personnel are responsible for recording details of their annual leave on JPA. However, details were not being recorded sufficiently accurately to produce estimates of the amount of leave personnel were taking, carrying forward or losing. During 2009 MOD ran a *Survey of Leave* which found that over 40 per cent of personnel had to change already approved leave for Service reasons, which could cause disruption to family life and impact adversely on morale.

Pay comparability

- 2.44 Our terms of reference require us to 'have regard for the need for the pay of the Armed Forces to be *broadly comparable* with pay levels in civilian life'. This is an important part of our remit and a significant strand of evidence to ensure that the Armed Forces are appropriately positioned against the civilian market and able to recruit and retain the personnel they require. Given the nature of the remit group, it is not always possible to make direct comparisons between military and civilian jobs. We use our judgement when analysing the evidence, rather than simply adopting a mechanistic process.
- 2.45 Broad comparability is assessed across three areas: (i) comparisons with the pay available to uniformed civilian services; (ii) comparisons for those at entry points to, and in the early stages of, their careers; and (iii) comparisons of pay levels and movements between the military and civilians based on job evaluation and job weight. This year we were able to include the latest available (2009) *Annual Survey of Hours and Earnings* (ASHE) as part of our pay comparability analysis. We set our conclusions on broad comparability against other evidence, including movements in earnings and pay settlements across the economy, and that relating to recruitment, retention and morale.

Uniformed civilian services

- 2.46 An important part of our comparability analysis relates to the packages available to uniformed civilian services. Personnel often tell us that they see these services as direct or 'natural' comparators and also as potential alternative or subsequent careers.
- 2.47 Our analysis covered the Fire, Police, Prison, MOD Police and Ambulance Services. Although there are perceived similarities, these services offer a range of different career structures with different entry points and different terms and conditions making direct comparisons difficult. For instance, over 60 per cent of new recruits to the Armed Forces in 2008-09 were aged 16-20 and over 70 per cent of those in the OR1 and OR2 ranks were aged below 25. Furthermore over half of UK Regular Forces were aged under 30. This compares with, for example, the Police and Prison Services where fewer than 6 per cent of Police Constables and Prison Officers, the traditional entry grade/rank in those services, were aged below 25 and fewer than 15 per cent of all uniformed Prison Service staff were aged under 30. Each of the groups included in the analysis has a final salary defined benefit pension scheme, significantly only the Armed Forces' schemes are non-contributory. Despite the small fall observed in the latest *Survey of Working Patterns*, Armed Forces' personnel on average still work longer hours than these other groups.

¹⁵ Excluding any LSA or Operational Allowance payments.

2.48 On our visits, personnel correctly point out that they have a lower starting salary than Police Officers, Prison Officers and Firefighters. The relatively early age of entry for those joining the Armed Forces suggests that other uniformed occupations may provide second careers for those who have already spent some time in the Armed Forces rather than being in direct competition for those looking to join the Armed Forces. The broad conclusion of recent years still remains that the packages on offer for other uniformed services are generous compared with the Armed Forces, particularly on starting salaries. However, the ostensible differences are smaller once the employees' pension contributions are taken into account.

Early career stages

2.49 Another important strand of our comparability evidence examines age-based pay comparisons between young people in the Armed Forces and their full time civilian counterparts using data from ASHE. Military age profiles (by rank) were used to establish appropriate civilian comparator age ranges. Military salaries (adjusted for X-Factor) were then compared with the civilian earnings distributions (adjusted for pension value). April 2009 data showed:

- Military new entrant starting pay levels were slightly ahead of median gross earnings for civilians aged 16-18 years;
- At Pay Range 1 (Privates to Lance Corporals and equivalents) Level 1 military salaries were around the lower quartile of civilian salaries (aged 16-29), with the Lower Band maxima above the median and the top of the Higher Band at the upper quartile of civilian salaries;
- Military personnel at the bottom of Lower Band Pay Ranges 2 (Corporals and equivalent) and 3 (Sergeants and equivalent) were paid just below median civilian earnings when compared with 25-34 year olds and 30-39 year olds respectively. Those on the top of the pay ranges were positioned above median civilian earnings;
- Higher Band staff within Ranges 2 and 3 received above median civilian earnings at all points on the pay ranges.

2.50 Time series analysis of the ASHE data from 2001-2009 allows movement in the position of military salaries to be tracked relative to full-time civilian earnings. The data showed:

- After a slight fall relative to civilian pay in 2008, military salaries improved in 2009 back to around their 2007 positions;
- Overall there has been relatively little movement in the positioning of military pay relative to civilian pay over time.

Job evaluation and job weight

2.51 We commissioned PwC to assess data on civilian pay levels and movements in 2009. They concluded that, broadly speaking, Other Ranks base salaries from April 2009 onwards sit slightly above the market median for civilian jobs of comparable job weight. If variable bonuses and incentives are included, the gap between Other Ranks and civilian counterparts narrows. We were, however, mindful of the limitations on reading across from civilian to Service roles in such comparisons.

2.52 For Officers, PwC's comparisons showed base pay was at or below the market median for civilian jobs of comparable weight and in some cases considerably below the median. If variable bonuses and incentives are included the differences became larger, as some civilian comparators often have bonus earning opportunities which are not available to military personnel.

- 2.53 From 1 April 2009 Armed Forces' pay was increased by 2.8 per cent. Data for the 12 months to September 2009 showed median base pay movements for Other Ranks' comparators between 2.3 per cent and 3.3 per cent. For Officer comparators, median base pay increased by between 1.5 per cent and 2.5 per cent. Within Officer comparators there was a distinction between those in roles who saw no increase in pay (a half of private sector roles) and those who saw an increase of over 4 per cent (a fifth of private sector roles).
- 2.54 PwC's proprietary database is comprised of managerial and professional jobs, and this database was supplemented by bought in data from other sources. While the use of job evaluation evidence in pay comparisons is common, it is necessary to exercise our judgement in interpreting this evidence. The PwC study compares by rank military jobs with similar job evaluation scores in the civilian sector. Some of these comparators are not particularly appropriate due to the unique career structure within the Armed Forces where other factors such as experience come into play. We will keep our approach to pay comparability under review.

Graduates

- 2.55 Median starting salaries for graduates in 2009 were forecast to be £25,000 according to the Association of Graduate Recruiters (AGR)¹⁶ and £24,500 according to IDS¹⁷. After making adjustments for X-Factor and pension differences, Armed Forces graduates¹⁸ are 10-12 per cent behind forecast civilian graduate starting salaries. There were signs that the graduate recruitment market slowed significantly in the past year with median vacancies falling from 35 to 20 per employer according to AGR. Looking forward, almost half of employers expect to make no changes to 2009 starting salaries, one quarter predict increases in line with the cost of living, while one in five was undecided on future pay movements due to the prevailing uncertainties.
- 2.56 While 2009 starting salaries for graduate Officers within the Armed Forces are slightly below forecast graduate salaries, they are above median salaries for all civilians aged 20-29 using ASHE data and appear broadly comparable with starting salaries in other public sector professions. We also note the significant early progression in military salaries offered for graduate Officers compared to other public sector counterparts.

Junior Officer pay

- 2.57 Junior Officer selection is based on merit and for graduate Officers the evidence points to the need to maintain parity with civilian counterparts. MOD is reviewing all aspects of pay flowing from this process of competitive selection, and we look forward to receiving their recommendations in the autumn, as part of the comprehensive review of new entrant pay.

Future Pay Structure Study

- 2.58 For some considerable time we have been concerned about aspects of the current Armed Forces pay structure – Pay 2000. The higher and lower paybands within it are seen as divisive by many in the remit group, and we have continually been told of the negative effects of Pay 2000 on our visits. MOD is aware that the system should be reviewed and improved and in August 2009 launched the initial feasibility stage of the Future Pay Structure Study (FPSS). We welcome this and have asked to be kept informed of progress.

¹⁶ AGR Graduate Recruitment Summer Survey 2009

¹⁷ IDS Executive Compensation Review – March 2009.

¹⁸ Starting on Level 5 of the OF1 payscale.

2.59 The feasibility study team is to report in early 2010, setting out options for a structure, initial costings for those options, a project plan and resource estimate to develop and implement a revised structure. We understand that development work will include a fundamental look at the job evaluation process which underpins the pay structure: we welcome this as it is important to keep the system up to date and fit for purpose.

Joint Personnel Administration

2.60 In our 2009 Report we commented on a number of issues arising from the limitations of JPA and looked forward to their resolution. In 2009 the National Audit Office¹⁹ identified areas for improvement. We were concerned to receive evidence on visits of JPA deficiencies adversely affecting the personal and working lives of military personnel and their families. Reservists and younger personnel also shared the burden of JPA shortcomings – a lack of access for the former and the difficulty of understanding entitlements for the latter.

2.61 We note the RAF is now leading a review of JPA training, and the Service Personnel and Veterans Agency (SPVA) is developing a 10 year Cultural Change Programme encompassing communication, education and training, ease of use and improved access²⁰. It is hoped both will address these issues. We remain concerned about the timeliness and disproportionate costs of JPA implementation of bespoke pay increases. Within the current context of severe resource constraints we urge MOD to consider what approaches might be adopted to secure improvement. Further information on JPA issues can be found in Appendix 6.

Communications

2.62 In an organisation as large, complex and geographically disparate as the Armed Forces, communication is a continuing concern. While noting improvements, on visits we found that some recent recruits in particular were apparently not aware of elements of their remuneration package, including the 2009 pay award, their entitlement to Commitment Bonuses, changes to LSA and MOD's support for education. To address these issues, MOD introduced the on-line 'Benefits Calculator', and we were pleased to note that a growing number of personnel had accessed this resource and found it helpful.

Our military pay recommendations for 2010-11

2.63 In accordance with our remit, our recommendations take into account the need to recruit, retain and motivate suitably skilled people, weighed against economic conditions and affordability constraints while ensuring broad comparability with civilians. We take account of the particular circumstances of Service life and it is important that our recommendations do not have any unintended effects on morale. Throughout the process this year, we have considered the need to recommend a balanced and effective remuneration package.

¹⁹ *Report of the Comptroller and Auditor General on the 2008-09 Resource Accounts of the Ministry of Defence, National Audit Office, July 2009.*

²⁰ *Service Personnel and Veterans Agency JPA Issues Back Pocket Brief, 1 October 2009.*

- 2.64 Armed Forces manning is looking relatively healthy. The recession has led to increased recruitment with a rise in interest in Armed Forces careers. Retention overall has improved with a lower outflow against a reducing manpower requirement. However, this masks shortfalls in specific areas. We used a number of sources of evidence in looking at pay comparability during the year, including comparison with other uniformed services whose pay remains competitive in the labour market, some with the benefit of three-year deals. However, critical pinch points remain and plans need to be made to ameliorate any post-recession effect. On our visits, we heard from a number of personnel who said they were intending to leave as soon as the recession eased, which could lead to a compounded outflow problem alongside 'normal' Voluntary Outflow.
- 2.65 In their evidence to us, while mindful of the difficult economic circumstances, the Secretary of State for Defence and the Chief of Defence Staff expressed the desire to reward Service personnel for the special contribution they make and to reflect the high esteem in which the Armed Forces are held.
- 2.66 One of the main themes arising on visits was a general call both from those on operations and in the UK, that those on active, front-line duty in the harshest conditions deserve greater recognition. We have considered this and have tried to strike a balance between targeted measures aimed at those facing the harshest conditions (over and above that compensated for by X-Factor) and the headline award, recognising that the latter is important to reward the very many who work under sustained pressure elsewhere to support front-line operations.
- 2.67 After full consideration of all the evidence gathered, we recommend a 2 per cent increase in military pay scales. We believe that any lower recommendation could adversely affect recruitment, retention and importantly, morale and a recommendation above this would, in our view, be irresponsible. The recommendation recognises the vital contribution of Service personnel and we regard it as appropriate and affordable within the current constrained financial environment. We make recommendations on targeted measures in Chapter 3.

Recommendation 1: We recommend that the military pay scales for Other Ranks and Officers be uprated by 2 per cent from 1 April 2010. The annual salary scales arising from our recommendation are in Appendix 1.

Chapter 3

TARGETED PAY MEASURES

Key points:

- A number of our targeted measures are intended to enhance support for those on operations in Afghanistan. These include several new FRIs targeted to retain personnel essential to delivering key operational capability.
- We recommend:
 - that all rates of Specialist Pay be uprated in line with the overall award;
 - new FRIs for: HT IEDD Operators; REME Class 1 Avionic Technicians; and Apache Helicopter SNCO Aircrew;
 - the extension of ULA to cover Service personnel in FOBs and PBs in Afghanistan;
 - the extension of LSA to include personnel operating under field conditions; and the reduction of the LSA minimum entitlement threshold from ten to seven days and;
 - an increase of 2 per cent, in line with the overall pay award, to Reserves' Bounty and Call Out Gratuity.

Introduction

3.1 Targeted measures play an important role in supporting recruitment and retention, particularly where there are manning pressures. Each year we look at specific aspects of Specialist Pay and Compensatory Allowances as detailed in our schedule¹. For this Report, we reviewed Flying Pay, Parachute Pay and Reserves' Bounties; undertook periodic reviews of other forms of Specialist Pay and Compensatory Allowances including ULA and LSA². We also make recommendations on new and continuing FRIs. We were mindful in making recommendations this year of the need to support those on active service in Afghanistan and for those on separated service.

Specialist Pay

3.2 Specialist Pay (SP) is normally a non-pensionable payment, over and above the basic military salary. It is paid to certain groups in response to specific recruitment or retention factors and not as a reward for particular skills. As we set out in Chapter 2, there are substantial pressures on manning of key trades (pinch points) and some 40 per cent of personnel are in receipt of SP. It is therefore appropriate that the continued entitlement to, and level of SP payments should be regularly assessed in the light of the prevailing manning situation and overall context. We have a rolling programme of reviewing SP, and each category is reviewed at least once every five years. This year we have reviewed SP categories for Flying, Parachute Jump Instructors, Parachutists and for Submarine

¹ The schedule can be found in Appendix 7, although review timings can be changed if necessary.

² While we do not make recommendations on Operational Allowance, as it is outside our remit, we take it into account when considering our recommendations.

Escape Training Tank personnel. Where we have not made separate recommendations, we are content that it is appropriate to uplift Specialist Pay in line with our overall recommendation on basic salary.

Recommendation 2: We recommend that all rates of Specialist Pay, unless otherwise stated, be increased by 2 per cent with effect from 1 April 2010. The recommended rates are in Appendix 2.

Specialist Pay – Flying

- 3.3 MOD provided evidence for the periodic review of SP – Flying (SP(F)) as part of an overall package of measures aimed at retaining key aircrew. Specific proposals on changes to the Professional Aviator Spine (PAS – RAF and Navy) and its Army equivalent (Professional Employment Stream – PES) were submitted which aim to retain the most experienced aircrew. SP(F) and PAS/PES are designed to counter the pull from civilian airlines for experienced aircrew in whom the Services have invested significant training costs. While the economic downturn of 2008-09 has helped to reduce the outflow, demand from civil aviation is expected to return to historic levels as the economy recovers, and even now, certain civilian sectors (helicopter aircrew) remain buoyant. MOD consider the continuation of SP(F) and amendments to the PAS structure as key elements of its retention strategy.
- 3.4 Aircrew retention has been an issue for many years and features in many of our previous reports. MOD evidence for 2009-10 suggested a shortage of nearly 10 per cent of Officer and non-commissioned aircrew across the Services, with particular concern over the OF2/OF3 cadre. This shortage is less marked than previous years, but remains a major concern. MOD recommend extending the Aircrew FRI, introducing an FRI for Apache Helicopter Aircrew and some other minor changes to SP(F).
- 3.5 It is important to provide a career structure which encourages retention of aircrew beyond their Initial Retirement Point (IRP). The PAS is a bespoke mechanism of pensionable pay offered to selected aircrew after their initial period of engagement, typically at or beyond IRP. It provides a single sequence of 35 levels of pay on one range that provides scope for annual incremental progression. The scheme's initial success has not been maintained, so the proposed changes aim to rectify this. Simply recruiting more aircrew is not feasible as it would further dilute the balance of experienced to novice aircrew and, in any case, the training pipeline is at capacity.
- 3.6 The recession and its particular effect on the civilian aviation industry provided MOD with a boost to recruitment and a potential opportunity to retain those approaching career decision points for the future, prior to any upturn. MOD intends to undertake a fundamental review of aircrew in 2013 to arrive at an integrated, long-term approach.

Recommendation 3: We recommend that with effect from 1 April 2010:

Specialist Pay – Flying should be retained and increased by 2 per cent and;

The following changes be made to the PAS (and PES (Army)):

- **Pay-bars for specific ranks be introduced or altered to incentivise advancement;**
- **Pay-bars for certain specialisations be removed to recognise equivalency and introduce pay parity;**
- **Further places are offered on the PAS to improve retention effects; and**
- **RAF Branch Officer Personnel may be transferred onto the PAS.**

Entry onto the PAS should continue to attract a minimum five-year return of service.

The recommended levels and rates are in Appendix 1.

Specialist Pay – Parachuting including Submarine Parachute Assistance Group

- 3.7 SP for Parachuting (SP(P)) is an incentive to recruit and retain volunteers for military parachuting and is reviewed every five years. Parachuting capability is provided across the Services with the Airborne Task Force, maintained by 16 Air Assault Brigade, providing the main capability.
- 3.8 Financial recognition for specialist parachuting skills is seen as complex and inconsistent across the three Services, causing resentment in a small cadre of specialists. MOD suggested that removal or reduction of SP(P) would have a negative impact on recruitment and retention, but we are unclear as to the extent to which SP(P) alone is a recruitment and retention driver for all parachutists or whether cultural or other factors are more compelling incentives.
- 3.9 We have asked MOD to undertake a substantive review of SP(P) for our consideration in autumn 2011. This timing will allow consideration of the 2010 SDR conclusions.
- 3.10 An abated rate of SP(P) is paid to eligible members of the Submarine Parachute Assistance Group to compensate for their ineligibility to claim SP(P) concurrently with SP (Submarine Escape Training Tank) (SETT). We endorse the continuation of this arrangement. Our considerations on SP(SETT) can be found later in this chapter.

Recommendation 4: We recommend that SP (Parachuting), and an abated rate of SP (Parachuting) to SP (Submarine Escape Training Tank) be increased by 2 per cent with effect from 1 April 2010. The recommended rates are in Appendix 2.

Reserves

- 3.11 This year we reviewed the Reserves' Bounty and Call-Out Gratuity³. MOD's *Strategic Review of Reserves*, which reported on 28 April 2009, was an important element in our consideration. It confirmed that the Reserves are an integral part of defence and for the first time set out the proposition that: "Defence will offer the challenge and reward which attracts people to volunteer, and undertakes to train and support them throughout their Service, including when mobilised and recuperating". The seven strategic recommendations of the Review were accepted in full by the Government. The recommendations are intended to lay a lasting foundation for the way in which the UK uses and looks after its Reserve Forces.
- 3.12 The Reserves continue to make an essential and substantial contribution to operations with more than 18,000 Reservists deployed on operations since 2003. Reservists are currently deployed in Afghanistan, Iraq, Cyprus, across the Balkans and in support of global counter-terrorism. However, serious manning shortfalls remain. At 30 November 2009 the trained strength of the Royal Navy Reserve against requirement was 83.4 per cent, whilst for the Royal Marine Reserve it was 99.8 per cent. The trained strength of the Royal Auxiliary Air Force was 46.6 per cent of trained requirement. Territorial Army trained strength was 63.8 per cent of the trained requirement.
- 3.13 We have mentioned elsewhere in the Report the issues arising from the limitations of the JPA system (see Chapter 2 and Appendix 6). These problems are felt particularly keenly by Reservists. On our visits, we were given a number of examples where the lack of access to JPA and support had led to financial hardship.
- 3.14 On our visits we found that Reservists consider that their terms and conditions of service are less generous than Regulars and regard this as inconsistent with a "one Service" ethos. As in previous years, Reservists are concerned about the low hourly rate for training nights, which can be less than the National Minimum Wage. There is a high rate of churn among recruits before the higher rates of bounty come into effect. Low pay for training nights contributes to this. The *Report on the Strategic Review of Reserves* proposed changes to Reserve terms and conditions of service to ensure that they will play a "more effective part in manning the whole forces, and to ensure that they are not disadvantaged".

³ Our remit requires us to make recommendations on Reserves' Bounty and Call-Out Gratuity. Reserves' pay falls outside of our remit.

Recommendation 5: We recommend Reserves' Bounty be increased by 2.0 per cent from 1 April 2010 giving the following rates:

- **Volunteer Reserve Forces Training Bounty – Year 1 £424, Year 2 £934, Year 3 £1,443 and Year 5 £1,674;**
- **Ex-Regular Officers and Other Ranks Training Bounty – £376;**
- **University Units Bounty – Year 1 £146, Year 2 £169 , and Year 3 £205;**
- **High Readiness Reserve Bounty – £424;**
- **Sponsored Reserve Bounty – based on the Training Bounty with rates varying between 50 per cent and 100 per cent depending on training commitment; and**
- **Call-Out Gratuity – £509.**

Other groups

Minor Forms of Flying Crew Specialist Pay

- 3.15 This covers Specialist Pay for Flying Crew (FC), Aeromedical and Escort Duty (AED), Air Despatch (AD) and Joint Helicopter Support Unit Helicopter Crew (JHSU HC). MOD proposed a simplification measure, an uplift in line with the overall award and the introduction of a higher rate of FC pay to encourage the retention of certain groups.
- 3.16 The successful operation of airpower is dependent on the retention of sufficient, experienced, motivated and capable ancillary FC. These personnel are drawn from Ground Branches and Trades to perform a mission-critical role on military aircraft. These trades will also have their own, non-aircrew roles and pressures.
- 3.17 Each of the ancillary Flying Crew groups has a rigorous specialist training requirement and a level of responsibility significantly above the norm for the Ground Trades. MOD expressed concern over a shortage of high quality applicants for many of these roles (a recent trawl for AED personnel produced no volunteers). Retaining key skills in the face of significant prolonged operational tempo is therefore central to MOD's argument for retaining these minor forms of flying crew SP. MOD considered that the removal of SP would have a significant and lasting effect on the ability of the Services to meet these critical outputs as existing retention and recruitment difficulties are multiplied.
- 3.18 We agree that it is sensible to continue with these forms of SP. Overall, those in receipt of these awards are key and significant operational enablers. The proposed two-tiered rate of SP for some particular cadres would enhance the ability to recruit personnel into the role initially and provide a cost effective, targeted and motivational tool for retention. These minor forms of FC pay will be included in MOD's fundamental review of aircrew due in 2013.

Recommendation 6: We recommend that with effect from 1 April 2010:

- Specialist Pay (Flying Crew) and Specialist Pay (Aeromedical and Escort Duty) should continue as minor forms of Specialist Pay.
- Specialist Pay (Air Despatch) and Specialist Pay (Joint Helicopter Support Unit Helicopter Crew) be incorporated into Specialist Pay (Flying Crew) (with no changes of eligibility criteria).
- A higher rate of Specialist Pay (Flying Crew) be introduced to encourage retention in specific groups (Air Despatch, RAF Air Mobility Wing and RAF Air Ground Engineers) for recruiting and retention after four years at the lower rate.
- Specialist Pay (Flying Crew) and Specialist Pay (Aeromedical and Escort Duty) be increased by 2 per cent.

The recommended rates are in Appendix 2.

Parachute Jump Instructors

- 3.19 MOD supported the continuation of Specialist Pay for Parachute Jump Instructors (SP(PJI)), together with the introduction of a supplement for a key cadre of PJIs. PJI responsibilities carry inherent risk, reflected in higher life insurance premiums. SP(PJI) is paid to support the Service requirement to retain PJI as a discrete specialisation within Physical Education Branch and Trade. It is paid at a lower or higher rate determined by whether or not eight years' experience has been attained.
- 3.20 Manning for PJI flagged posts totalled 117 against establishment of 128. MOD suggested this was due to: the reliance on volunteers; the risk element of the job; competing opportunities in Adventurous Training Instructor and Rehabilitation Instructor posts and the narrowing of career opportunities that greater PJI specialism brings.
- 3.21 MOD proposed a Specialist Pay Supplement to SP(PJI) to be paid to the group of 8 PJIs at the Airborne Trials Section of the Joint Air Delivery Test and Evaluation Unit, instead of the Experimental Test Allowance payments they received for each experimental parachuting test. This is highly specialised work; personnel must have operational experience of exceptionally skilled PJI roles including 'Tandem Master Instructor' (involving approximately ten years' of training and experience). The specialist supplement will underpin efforts to recruit and retain personnel in these posts.

Recommendation 7: We recommend that Parachute Jump Instructors Specialist Pay be increased by 2 per cent with effect from 1 April 2010; and we recommend the introduction of a Specialist Pay Supplement to the Parachute Jump Instructors at Airborne Trials Section of the Joint Air Delivery Test and Evaluation Unit in place of Experimental Test Allowance. The recommended rates are in Appendix 2.

Submarine Escape Training Tank Specialist Pay

- 3.22 MOD provided evidence for the periodic review of Submarine Escape Training Tank Specialist Pay (SP(SETT)). It noted that the longer term requirement for SP(SETT) would be determined once a decision on the future of submariner training as a whole had been reached.

- 3.23 SETT's primary objective is to train Submariners in escape and rescue techniques. The pressurised ascent training element of this was stopped permanently in February 2009 and only SETT staff carry out this activity now, to maintain 'seed-corn' capability.
- 3.24 SETT personnel are all volunteers. Since the suspension of pressurised ascent training, there have been no new volunteers. As SETT is the only remnant of the Submarine Service in Gosport, coupled with the proposed move of the entire Submarine Service to Faslane by 2017, the prospect of attracting volunteers in the future is slim. MOD considers that a failure to recruit or retain sufficient volunteers to retain the seed-corn ability for future trials and demonstrations of capability would leave the SETT operationally ineffective and pose a serious threat to submarine operational capability. We agree and recommend that SP(SETT) should increase in line with the overall award.

Recommendation 8: We recommend that Submarine Escape Training Tank Specialist Pay be increased by 2 per cent with effect from 1 April 2010. The recommended rates are in Appendix 2.

- 3.25 Last year, we asked MOD to reconsider its view on the reduction of SP by 50 per cent on submission of notice to terminate. As SP exists to aid recruitment and retention, MOD remains of the opinion that the submission of notice to terminate is a failure of SP and feels the reduction is appropriate, despite the negative impact on morale. We feel this policy may have the unintended consequence of hindering retention for some important groups. In some trades, the Armed Forces increasingly rely on encouraging extended service beyond the point at which an immediate pension becomes payable (for example, Submariners and Divers). These are experienced personnel whose SP has served its purpose and we suggest that MOD reconsiders this policy for personnel who are discouraged from extended service beyond the IRP by the 50 per cent reduction rule.

Financial Retention Incentives

- 3.26 This year MOD proposed several new FRIs. These are intended to retain personnel essential to delivering key operational capability. MOD also targets smaller groups through the PPOs' delegated authority which enables each Service, within defined limits, to implement rapid remuneration responses to emerging manning problems.
- 3.27 FRIs are intended to be short-term measures and proposals should include well-defined time limits and exit strategies. However, we have concerns that some FRIs are over-extended (for example, the Aircrew FRI below) and point to potential structural problems in the pay system. MOD recognises these issues and the Future Pay Structure Study, or other future remuneration reviews, may enable the length and number of FRIs to be reduced. For the remit group, targeted financial measures can sometimes be divisive, and MOD monitors both their effectiveness and any unintended consequences. We received evidence on new FRIs for HT IEDD Operators, REME Avionic Technicians, AAC Apache Helicopter Pilots and the extension and modification of the Aircrew FRI, which we recommend are introduced on 1 April 2010.

High Threat Improvised Explosive Device Disposal Operators

- 3.28 MOD proposed a new FRI for HT IEDD Operators. The proposed £50,000 FRI aims to retain existing HT IEDD Operators while measures to increase the number of qualified personnel take effect in light of the uplift in numbers demanded by operations in Afghanistan. It also anticipates an expected increase in demand from the civilian sector.

- 3.29 This FRI seeks to retain a critical operational group at a time of increasing demand. We considered it to be appropriately targeted. The FRI has a defined lifespan and is appropriately staged. Our visit to Afghanistan confirmed the nature of the demands placed on this group and how vital they are to operations.

Recommendation 9: We recommend the introduction of a High Threat Improvised Explosive Device Disposal Operators' Financial Retention Incentive of £50,000 from 1 April 2010. It should be paid to all eligible HT IEDD Operators, regardless of Arm or Service and should attract a four-year return of service. The FRI should run until 2014 or until manning levels reach 98 per cent of the total requirement.

Royal Electrical and Mechanical Engineer Class 1 Avionic Technicians

- 3.30 MOD proposed a new FRI of £12,500 to be paid to all REME Class 1 Avionic Technicians (Tech Avs) between the 7-9 years reckonable service points. This was regarded as necessary to ensure the operational capability of Apache Helicopters and to support their campaign footing. It would attract a three-year return of service and would run for four years, subject to annual review. MOD proposed automatic withdrawal of this FRI when manning for this cadre reached 98 per cent.
- 3.31 We heard directly from a number of Tech Avs of all ranks on our visits. Due to their high level of specialist training, this cadre has valuable portable skills and can find employment in the civilian market relatively easily, even in a recession. We consider that the proposed FRI is appropriately targeted in addressing a very specific pinch-point for a limited duration, accompanied by some non-remunerative steps to address the problem in the long-term.

Recommendation 10: We recommend the introduction of a Financial Retention Incentive for Royal Electrical and Mechanical Engineer (REME) Class 1 Avionic Technicians of £12,500 from 1 April 2010. This should be subject to a three-year return of service and should run to 2014 or until manning levels reach 98 per cent for this specific class and trade.

Apache Helicopter SNCO Aircrew and Qualified Helicopter Instructors

- 3.32 MOD proposed a new £50,000 FRI to retain the service of sufficient Apache Helicopter (AH) pilots and Qualified Helicopter Instructors to ensure the AAC can meet operational commitments. The proposed FRI would attract a three-year return of service and run for three years.
- 3.33 MOD provided evidence of the increased demand for AH due to its effectiveness in Afghanistan and increased operational tempo. The FRI is intended to pull as many relevant trained aircrew past their IRP and so retain experienced SNCO aircrew who would otherwise be lost to the Service.
- 3.34 As is the case for the related flying specialist pay evidence, external market forces are a key consideration. The forthcoming Public Finance Initiative Search and Rescue (Helicopter) programme is already having a pull effect, and the rotary wing market is seen as being more buoyant than the fixed wing market. MOD emphasised the £50,000 level of the proposed allowance needed to be judged against the estimated cost of training an AH pilot of £3.5m and the long timeline for training new pilots, which constrains the needed early increase in capability. We consider that this FRI is appropriately targeted.

Recommendation 11: We recommend the introduction of a Financial Retention Incentive for Apache Helicopter SNCO Aircrew and Qualified Helicopter Instructors of £50,000 from 1 April 2010. This should be subject to a three-year return of service and should run to 2013.

Aircrew

- 3.35 We received a request to endorse the extension and modification of the Aircrew FRI. The continuation would apply to RAF and RN Career Stream Senior Officer (SO) Pilots with modifications applying to RAF and RN OF2 Pilots and RN OF2 Observers. The proposed FRI would run until the end of March 2013 and then be replaced with a bespoke retention payment structure for selected aircrew cadres from April 2013. MOD concluded that the revised FRI would not need to include RAF and RN SO Weapon System Operators (WSOs) or Observers where manning is not at risk.
- 3.36 MOD considered that the existing FRI had been reasonably successful in countering the combination of financial and lifestyle pull from civil aviation and the benefits available at the IRP for SO aircrew, particularly for Observers and WSOs. However, MOD believed that if the FRI were discontinued, the already significant deficit in SO Pilot manpower would be exacerbated. The RN and RAF are failing to retain sufficient Junior Officer (JO) pilots at their mid-career point and the RN does not retain enough JO Observers at the IRP. Both of these have potentially serious knock-on effects on operational capability, increased operational fatigue and too few personnel to move on to broader roles later in their careers.
- 3.37 MOD considered the FRI to be a cost-efficient way of committing those approaching the IRP to a five-year return of service. They highlight that the entire three year FRI bill for the retention of 92 JO pilots (at 70 per cent take-up) would equal the training costs of one fast jet pilot at £7.5m. While the recession has reduced the pull factor of outside employment, many OF2 pilots, rather than committing to a full career at the IRP, have requested a deferred exit date between six months and three years to enable them to leave at short notice if and when private sector recruitment restarts.
- 3.38 If the FRI were to be removed, MOD considers that it would generate a severe risk of increased outflow over the three years. It estimates that the FRI would secure 1,360 additional man-years and the 5 per cent increase in investment proposed would result in an additional 28 per cent of output being secured. MOD believed that the combination of this FRI and adjustments to the PAS (see the section on SP – Flying) would generate improved retention of SO Career Stream personnel and that of JO pilots and RN JO Observers.
- 3.39 After closely monitoring the situation to ensure the FRI is targeted appropriately, MOD recommended turning off the FRI for SO WSOs and Observers given that staffing levels are deemed acceptable for this cadre.
- 3.40 FRIs are intended to be short-term retention tools, but the extension would take this particular FRI up to a total of nine years' duration. While this extension is in place, MOD intend to review the targeting and effectiveness of the FRI.

Recommendation 12: We recommend that with effect from 1 April 2010:

- **The Aircrew FRI should be extended to run until 31 March 2013, targeting RN and RAF Career Stream SO pilots, with a payment of £100,000 at IRP, requiring a five-year return of service.**
- **The revised FRI should no longer include RAF and RN SO Weapon System Operators and Observers.**
- **Eligibility should be extended to RN and RAF OF2 pilots at IRP, offering £80,000 for a five-year return of service.**
- **Eligibility should be extended to RN OF2 Observers at IRP, offering £40,000 for a five-year return of service.**

Campaign Continuity Allowance

- 3.41 In June 2009 MOD provided evidence for the introduction of Campaign Continuity Allowance (CCA) which provided compensation to Service personnel in designated key posts who were undertaking extended tours, primarily in Afghanistan. Extensions beyond normal tour length may be required for operational continuity or because suitable replacements are not available, and these exceptions are closely monitored by the Services. Approximately 100 posts were identified and authorised by the Assistant Chief of Defence Staff (Operations). To qualify, personnel must fill a CCA post with a tour length of 9 months or more. They must have served for an accumulated 228 days, with CCA being paid for each day thereafter. It continues to be paid until the recipient has permanently left the operational theatre or that post, whichever is the sooner.
- 3.42 CCA applies to all Service Personnel including Regulars and Reservists who fill a designated Campaign Continuity qualifying post. The daily rate of CCA is £60 gross (taxable, non-pensionable). A 9-month CCA tour would pay £2,760 (46 days at £60) and a 12-month CCA tour would pay £8,220 (137 days at £60). Total annual cost would be approximately £700,000. CCA is paid in addition to other compensatory allowances e.g. LSA and Operational Allowance. With AFPRB endorsement, CCA was introduced on 1 July 2009.

Other FRIs

- 3.43 The PPOs have delegated authority to introduce certain remunerative retention measures in response to pressing manning problems during the course of the year. We appreciate MOD keeping us informed of these measures as the needs are identified. The following measures have been introduced within this authority since our 2009 Report:

Submarine manning and terms and conditions of service improvements

- 3.44 In our 2008 Report we asked “that MOD vigorously pursues all avenues of support to submariner manning and provides us with regular progress updates”. This work is managed by the Navy Board’s Sustainable Submarine Manning Project and we were informed of two pay-related steps that the Navy has taken on submarine manning.
- 3.45 Using PPO-delegated powers, the Second Sea Lord introduced a £20,000 FRI with effect from 1 January 2010 for Nuclear Engineers. This aimed to provide a retention incentive and a necessary stop gap until a strategic review of Marine Engineer Submariner terms and conditions of service. The evidence arising from this review will be submitted to us in due course. The total cost of the new FRI is £2.1m, based on retaining the full cadre of 105 personnel on a three-year return of service.

- 3.46 A waiver to SLA accommodation charges when personnel in operational submarines are required to live ashore when their boat is in port took effect from 1 December 2009. The effectiveness of this waiver on retention will be reviewed as part of the next major review of specialist pay for Submariners, due in 2012-13.

Compensatory Allowances

Unpleasant Living Allowance (Forward Operating Bases)

- 3.47 On our visits, both in the UK and to operational theatres, there was a universal call for greater recognition of those facing the worst conditions while on active, front-line duty in Afghanistan. MOD recognised this and submitted a proposal to extend ULA to personnel living and operating from qualifying FOBs and PBs in Afghanistan. Living conditions in FOBs and PBs are very poor and accommodation is rudimentary. Standards are invariably far below the minimum levels for accommodation and do not provide fixed showers, established toilets or acceptable washing facilities. Despite best efforts, conditions often inhibit delivery of the full range of support provided by the Deployed Welfare Package. The FOB infrastructure development plan will start to deliver improvements, but standards will still not be comparable with those in the Main Operating Bases.
- 3.48 MOD proposed that ULA would be paid from day one to all personnel accommodated and operating in all qualifying FOBs and PBs. ULA would stop from day one of any absence from the FOB or PB of over 72 hours (not while on patrol, but it would stop for rest and recuperation periods). The extension of ULA would cover all personnel in FOBs and PBs and would remain in place for the duration of operations in Afghanistan. However, if a FOB were brought up to an appropriate standard, the improved living accommodation would be assessed with a view to stopping ULA entitlement.
- 3.49 All deployed personnel are subject to arduous operational rigours which are recognised to some degree by Operational Allowance. The key distinction is that ULA aims to identify and recognise those whose day-to-day living environment is significantly sub-standard.
- 3.50 In light of the evidence received from MOD and gathered from discussion groups both at home and on operations, we consider the proposed extension of ULA to be a necessary response to the need to make special provision for conditions experienced by those in FOBs and PBs.

Recommendation 13: We recommend the extension of Unpleasant Living Allowance to cover Service personnel living and operating from Forward Operating Bases and Patrol Bases in Afghanistan from 1 April 2010. The allowance should be paid at the same rate as for qualifying maritime units, uprated in line with the overall pay award and should be reviewed in accordance with our review cycle. The recommended rates are in Appendix 2.

Longer Separation Allowance

- 3.51 Separation remains a key source of disruption and discontent for Service personnel and their families. High operational tempo, changes in the nature of deployment and pre-deployment training and absence on routine training courses inevitably affect morale and, potentially, retention especially as a six-month deployment can become ten to twelve months of separation. The impact is felt most keenly by those in pinch-point trades, whose separated service burden is exacerbated by manning shortfalls and gapping. We have gathered evidence on this from our visits, formal submissions and in discussions with the Service Families' Federations.
- 3.52 Last year, we undertook our first periodic review of LSA and recommended a reduction in the qualifying period between each level to 240 days after level one (from 300). We asked MOD to keep the structural aspects of LSA under review in light of actual separation patterns. We have revisited LSA this year, taking account of up-to-date evidence, and our priority has been how best to support the operational front-line.
- 3.53 LSA aims to support and improve retention by compensating those personnel experiencing separation, over and above that which is compensated by X-Factor. It is paid to those who are separated for duty reasons, and at increasing amounts to provide proportionally greater recompense to those who experience the greatest through-career separation. Currently, separation of nine days or less is considered to be compensated for by X-Factor. With the sustained operational tempo, incidence of separated service remains high, and this has diluted the effectiveness of LSA. Personnel undertaking the most separated service are exercising their option to leave earlier, either as Voluntary Outflow or at their option points, stating that they are inadequately compensated for the disruption caused to their personal and family lives.
- 3.54 MOD considered that LSA interval and payment values were no longer providing adequate compensation to those experiencing the highest levels of separated service. They proposed several options as to how best to compensate relatively short, but repeated periods of separation which have the greatest negative effect on family stability and retention. MOD proposed extending the provisions of the Navy's Seagoing LSA Qualifying Units (SLQU) to wider service personnel undergoing training in field conditions. The requirement to complete more than nine days separation is waived for those assigned to an SLQU, but only for periods while they are at sea. The extension will mean that personnel accumulating significant separation, for example for pre-deployment and other training, but in blocks of less than nine days in field conditions, will benefit. The annual cost of this measure is estimated at £6.5 million.
- 3.55 In arriving at this proposal, MOD considered several options, including reducing the number of days separation required to qualify for LSA. We consider that the weight of evidence on separation as a retention-negative concern is such that more should be done this year. On our visits, while there was a general consensus that LSA should be awarded to those on field exercises from day one (and the SLQU extension addressed this directly), it was the ten-day qualifying rule which gave rise to the most general dissatisfaction. There were many examples of personnel undergoing a great deal of separation but in periods of less than ten days. This was particularly the case for training instructors, but was more widely reflected, and we believe there is a case for addressing this, given the importance of retention, and the essential support to the front-line which such groups provide. Therefore, we recommend that the LSA minimum entitlement threshold is reduced from ten days to seven days. We consider that the relatively modest cost of this measure (£3.5 million) is worthwhile for the benefits it would bring. We will revisit LSA next year to consider if the parameters and targeting remain appropriate. We will consider how this bears on our consideration of the X-Factor, when we come to review it as planned in 2013.

Recommendation 14: We recommend the following changes to Longer Separation Allowance from 1 April 2010:

- The extension of the provisions of Seagoing LSA Qualifying Units to include wider Service personnel operating under field conditions; and
- The reduction of the LSA minimum entitlement threshold from ten to seven days continuous separation.

The recommended levels and rates are in Appendix 2.

Experimental Test Allowance

3.56 ETA is paid to Service personnel who volunteer for participation in officially approved experimental tests. These tests provide important support for current and future frontline capabilities and include: physiological trials; parachute testing and associated equipment and techniques; and medical investigations. ETA is paid at a flat rate per test in recognition of the mental or physical discomfort over and above that included within the X-Factor. We consider this to be a valuable tool which needs to be continued.

Recommendation 15: We recommend that Experimental Test Allowance be increased by 2 per cent with effect from 1 April 2010. The recommended rate is in Appendix 2.

Rates of Compensatory Allowances

3.57 For all rates of Compensatory Allowances⁴, we recommend increases in line with our overall pay recommendation.

Recommendation 16: We recommend that all rates of Compensatory Allowances be increased by 2 per cent with effect from 1 April 2010. The recommended rates are in Appendix 2.

⁴ There are a number of Compensatory Allowances to make up for any extra hardship that Service personnel may face during their duty.

Chapter 4

ACCOMMODATION AND OTHER CHARGES

Key points:

- We recommend rental charges for Grade 1 accommodation increase in line with the rental component of the RPI as at November 2009, of 1.2 per cent, with proportionately lower increases in rental charges for Grades 2 and 3 and no increase in Grade 4.
- We base the Daily Food Charge recommendation on the average of the most recent 12 months Food Supply Contract data which generates an increase of 1.5 per cent to £4.13.
- We recommend increases to Garage Rent and Furniture Hire in line with the rental component of RPI as at November 2009, of 1.2 per cent.
- We recommend Water and sewerage charges for all SFA of between £350 and £380 a year and a water charge for SLA of £120 a year.

Introduction

- 4.1 Our terms of reference require us to recommend charges for Service accommodation together with Furniture Hire, Water, Garage Rent and food charges.

Accommodation

MOD strategies

- 4.2 Accommodation is a key issue and provision of good quality living accommodation for both married and single personnel is an MOD priority. *The Defence Living Accommodation Strategy*¹ restated the importance of accommodation in attracting and retaining sufficient, capable and motivated personnel.
- 4.3 *The Defence Accommodation Management Strategy*² acknowledged that the “standard of MOD’s accommodation has lagged behind the expectations of our people in terms of condition, available space and amenities” and that despite the last seven years of investment there is “much more to be done”. MOD plans to continue investment in accommodation programmes over the next ten years.
- 4.4 *The Defence Accommodation Management Strategy* builds on the principles of the *Service Personnel Command Paper*³ which seeks to end any disadvantage to Service personnel and their families in respect of their accommodation, and to counter the difficulties that follow from the inherent requirement to move around the country or the world.

Grade for Charge Review

- 4.5 The first is one of four ‘Standards for Condition’ (1 being the highest). This reflects the physical condition of properties and aspects relating to general standard of space,

¹ *The Defence Living Accommodation Strategy* was endorsed by the Service Personnel Board in May 2008.

² *Defence Accommodation Management Strategy* was published on 21 August 2009

³ *The Nation’s Commitment: Cross-Government Support to our Armed Forces, their Families and Veterans*, July 2008, Command 7424

fixtures and fittings. The second is 'Grade for Charge', which grades accommodation according to its 'liveability' and includes factors such as the proximity of local facilities and environmental factors. MOD accepts that these two systems are confusing and has devised a new, single methodology for grading which it hopes to implement soon.

Home ownership

- 4.6 Home ownership remains an aspiration for many Service personnel. The designation of the Armed Forces as an eligible group to access all of the Government's affordable housing schemes across all regions in England as well as the devolved administrations in Scotland and Wales contributes towards meeting that aspiration. In oral evidence we were told of a new pilot shared equity scheme tailored to Service personnel and supported by a good advice network. This £20 million Armed Forces Home Ownership Scheme (Pilot) was launched on 26 January 2010 and will run until spring 2013.
- 4.7 The Long Service Advance of Pay (LSAP) scheme provides a loan of £8,500 to qualifying personnel to assist in the purchase of a home. It was clear from visits that personnel felt the value of this loan was insufficient, having remained the same for two decades. This view was echoed by the Service Families' Federations. In oral evidence, MOD confirmed it was aware of this and would have liked to increase the amount available. MOD told us that costs elsewhere mean that any uplift in LSAP is currently unaffordable.

Other accommodation

- 4.8 Following a change to housing legislation in December 2008, serving military personnel now have improved access to housing in England and Wales via recognition of a local connection through employment and/or residency. This is consistent with the objectives of the *Service Personnel Command Paper*. The Secretary of State for Defence confirmed in oral evidence that there had been improvements in communicating the benefits that Service membership brings and hoped this would continue.

Service Family Accommodation and Single Living Accommodation

MOD aspiration and intent

- 4.9 *The Defence Accommodation Management Strategy* and MOD evidence set out aspirations to improve Service Family Accommodation (SFA) and Single Living Accommodation (SLA). For SFA, the aspiration is that Service families in the UK will not live in Standard 3 or 4 accommodation by March 2013 and that all SFA in the UK is to be Standard 1 for condition by 2020 (a few overseas will continue to be Standard 2). For SLA the intent is to have about 50 per cent of bed-spaces for trained personnel at Grade 1 by the end of March 2013 and by 2020 the intent is that 70 per cent will be at Grade 1 and 30 per cent at Grade 2.
- 4.10 The Chief Executive of DE told us in oral evidence that more money was spent on accommodation improvements in 2009-10 than ever before, with £50 million expenditure brought forward from future years. However, given the severe financial pressure on the Department, it is unclear if the rate of improvement can be maintained, especially if MOD seeks to recover the capital advance this year.

Service Family Accommodation

- 4.11 MOD initiated an Asset Condition Survey in England and Wales in 2009 to assess the condition of its properties and to establish its investment priorities. The survey is due to report in March 2010 but initial results indicated that over 90 per cent of houses are in the top two standards with 34 per cent at Standard 1 for Condition and 58 per cent at Standard 2 for Condition. We expressed some concern that this is a reversal of the proportions found in Standard 1 and 2 accommodation a year previously. MOD

explained that it had previously been working on 1996-97 condition information which was gathered in a piecemeal fashion and updated each year in a variety of different ways. The present Asset Condition Survey has been undertaken by professionally qualified surveyors collecting over 300 items of data for each property; this has allowed Standard for Condition to be evaluated with greater refinement than before. MOD is content the present figures represent a far more accurate reflection of the housing stock.

- 4.12 In 2008-09 a total of 726 SFA units were upgraded to Standard 1 for Condition against a target of 600. The target for 2009-10 is to deliver 800 upgrades, with a target of 800 per year thereafter. In addition, 1,591 SFA properties during 2008-09 benefited from smaller scale improvements such as new boilers, bathrooms and kitchens⁴.
- 4.13 A recurring message on visits was frustration at the lack of entitlement to and provision of SFA for unmarried families and for divorced parents accommodating visiting children. MOD was seen as out of touch with modern life. These concerns were echoed by the Service Families' Federations. The Naval Families' Federation undertook a study on what constitutes a family and the RAF Service Families' Federation had seen an increase in the number of personnel – many of whom have been in relationships for several years and had children – frustrated by the lack of recognition for their unmarried partners. Similarly the Army Families' Federation received complaints from families who did not conform to the Army's idea of a normal family unit. We welcome MOD's confirmation, in oral evidence, that it has initiated a study on the constitution of a Service family.

Single Living Accommodation

- 4.14 MOD is investing in a programme to replace or modernise SLA to bring it up to the MOD ambition of a single en-suite room for all trained personnel. In 2008-09, 7,910 Grade 1 for Condition bedspaces were delivered by Single Living Accommodation Modernisation and parallel projects.
- 4.15 Between 2003-04 and 2008-09 around 35,000 units were delivered with a further 21,000 planned by 2012-13. As at July 2009, 20 per cent (19,300) of occupied SLA (excluding temporary accommodation in operational theatres and on board naval vessels) was Grade 1 for Charge and 40 per cent (43,100) was Grade 4. We remain very concerned at the large number of personnel required to live in the lowest standard of accommodation.

Maintenance services for SFA

- 4.16 In its evidence, MOD stated that the maintenance service provider contracted to DE was meeting or exceeding all of the agreed key performance indicators. However, our evidence from visits suggests a rather different picture. Service families provided examples of a patchy service which was disconnected from local concerns, with a frustrating complaints procedure.
- 4.17 The Chief Executive of DE acknowledged these difficulties. In order to address the issues, DE had established a customer service team with a built in governance regime and introduced other measures to drive up performance. It had also introduced a 'patch management regime' – a local team approach consisting of a DE Housing Officer and the contractor's Technical Officer allocated to each estate across England and Wales. DE reported that this strategy was working well and would be monitored for effectiveness. We welcome this approach and encourage DE to learn further from best practice in the social housing sector. *The Stewardship Report on the Defence Estate 2008-09* sets out overall progress by DE.

⁴ *The Stewardship Report on the Defence Estate 2008-09.*

Approach to recommendations

- 4.18 Our approach has been to set charges which are consistent with civilian comparators, less a discount which, in our view, appropriately recognises the negative aspects for Service personnel and their families of living in Service accommodation.
- 4.19 Evidence from visits and the Service Families' Federations suggested that increases to charges were not warranted if there was no visible evidence that the maintenance programme to SFA and garages was delivering a timely and satisfactory service.
- 4.20 We consider that, continuing the policy of the preceding two years, rental charges for Grade 1 accommodation should increase in accordance with the rental component of the RPI, as at November 2009, of 1.2 per cent.
- 4.21 In the past we have recommended a tiered approach to SLA and SFA rental charges below Grade 1. The effect is proportionately lower increases in rental charges for Grades 2 and 3 and no increase in Grade 4. We consider that our existing approach continues to be appropriate to reflect the disparities in the quality of available accommodation.
- 4.22 We have not increased the rent on Grade 4 accommodation for over ten years. This year, MOD again proposed that charges for Grade 4 SLA and SFA should be increased to reflect the concept of a fair rent, arguing that this encourages personnel to remain in Grade 4 rather than seek better accommodation. We have seen no evidence of this and propose no change to rent for Grade 4 accommodation. For next year's report, we would like MOD to provide the evidence to underpin its assertion that people would rather live in the worst quality accommodation to make a financial saving. We anticipate that we will continue to consider it inappropriate to increase charges on what is acknowledged as very substandard accommodation.

Service Family Accommodation rental charges

- 4.23 We recommend that SFA Grade 1 rental charges increase by 1.2 per cent, with smaller tiered increases to Grades 2 and 3 and no increase for Grade 4.

Recommendation 17: We recommend a 1.2 per cent increase to Grade 1 Service Family Accommodation rental charges, 0.8 per cent to Grade 2, 0.4 per cent to Grade 3 and zero to Grade 4 from 1 April 2010. The resulting charges are shown in Tables 4.1 and 4.2.

Other components of SFA charges⁵

- 4.24 Increases to elements of the charge other than rent (for example utility charges) vary based on evidence provided by MOD and economic indicators. The total SFA charge increases will therefore differ from our rental element recommendations. Total SFA charge increases will therefore increase by between 0.9 and 1.9 per cent.

Single Living Accommodation rental charges

- 4.25 We recommend that SLA Grade 1 rental charges increase by 1.2 per cent, with smaller graduated increases for Grade 2 and 3 SLA rental charges with no increase to the rental charge for Grade 4.

⁵ Includes charges for water and furniture.

Recommendation 18: We recommend a 1.2 per cent increase to Grade 1 Single Living Accommodation rental charges, 0.8 per cent to Grade 2, 0.4 per cent to Grade 3 and zero to Grade 4 from 1 April 2010. The resulting charges are shown in Table 4.3.

Other components of SLA charges⁶

4.26 Increases to elements of the charge other than rent, including utility charges, vary based on evidence provided by MOD and economic indicators. Hence the total SLA charge increases will differ from our recommended rental element. Total SLA charges will therefore increase between 0.5 and 3.3 per cent.

Other charges

4.27 We are also responsible for recommending water and sewerage charges, furniture charges and garage rent. Our recommendations are based on the following evidence:

- Water and sewerage charges – the forecast weighted national household average water bill for SFA Type C properties tapered according to the size of the SFA. The SLA charge is one-third of the SFA Type C figure;
- Furniture Hire – the increase in the rental component of the RPI in the year to November 2009; and
- Garage Rent including carports – our recommendation for 2010-11 is that the Service charge for standard garages and carports be increased by the rental component of the RPI in the year to November 2009. On our visits we heard concerns from personnel about substandard garages and carports. We note from MOD that procedures are in place to address such issues. Therefore, in alignment with our own policy of not uprating rent for the lowest quality accommodation, we recommend that rents for 2010-11 should not be increased for substandard garages and substandard carports.

Recommendation 19: We recommend the following charges:

- **Water and sewerage – charges for all SFA of between £350 and £380 a year and a water charge for SLA of £120 a year;**
- **Furniture Hire – rates to be applied to SFA as shown in Table 4.1; and**
- **Garage Rent – the annual charge for standard garages and standard carports be increased by 1.2 per cent. Zero increase to substandard garages and substandard carports.**

⁶ Includes charges for water, furniture and heating and lighting.

Table 4.1: Breakdown of recommended annual charges for Grade 1 SFA^a

Type of SFA	Basic rent	Furniture	Water	Recommended total charge ^b
	£ per year	£ per year	£ per year	£ per year
Officers				
I	7,785	1,015	380	9,180
II	6,982	902	376	8,260
III	6,121	774	372	7,267
IV	4,526	694	369	5,588
V	3,475	617	365	4,457
Other Ranks				
D	3,322	445	361	4,128
C	2,763	394	358	3,515
B	2,318	329	354	3,000
A	1,653	277	350	2,281

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

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

Table 4.2: SFA: recommended charges for furnished accommodation^a (with change from 2009-10 in brackets)

Type of SFA	Annual charge ^b							
	Grade 1		Grade 2		Grade 3		Grade 4	
	£ per year		£ per year		£ per year		£ per year	
Officers								
I	9,180	(117)	6,771	(69)	3,792	(33)	1,989	(18)
II	8,260	(109)	6,096	(66)	3,435	(33)	1,814	(18)
III	7,267	(99)	5,355	(55)	3,033	(29)	1,632	(18)
IV	5,588	(77)	4,227	(47)	2,537	(26)	1,405	(18)
V	4,457	(62)	3,508	(44)	2,172	(26)	1,278	(18)
Other Ranks								
D	4,128	(58)	3,084	(36)	1,847	(22)	1,040	(18)
C	3,515	(51)	2,694	(33)	1,690	(22)	986	(15)
B	3,000	(47)	2,380	(33)	1,526	(22)	923	(15)
A	2,281	(37)	1,821	(29)	1,197	(22)	785	(15)

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

^b Annual charges are rounded to the nearest £.

Table 4.3: SLA: recommended charges^a (with change from 2009-10 in brackets)

Type of SLA	Annual charge ^b			
	Grade 1	Grade 2	Grade 3	Grade 4
	£ per year	£ per year	£ per year	£ per year
Major and above	2,208 (26)	1,799 (15)	1,183 (7)	701 (4)
Captain and below	1,799 (26)	1,464 (18)	960 (11)	573 (7)
Warrant Officer and SNCO	1,354 (18)	1,106 (11)	723 (7)	431 (4)
Corporal and below	774 (11)	642 (7)	423 (4)	266 (4)
New Entrant ^c	624 (11)	507 (11)	339 (7)	226 (7)

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

^b Annual charges are rounded to the nearest £.

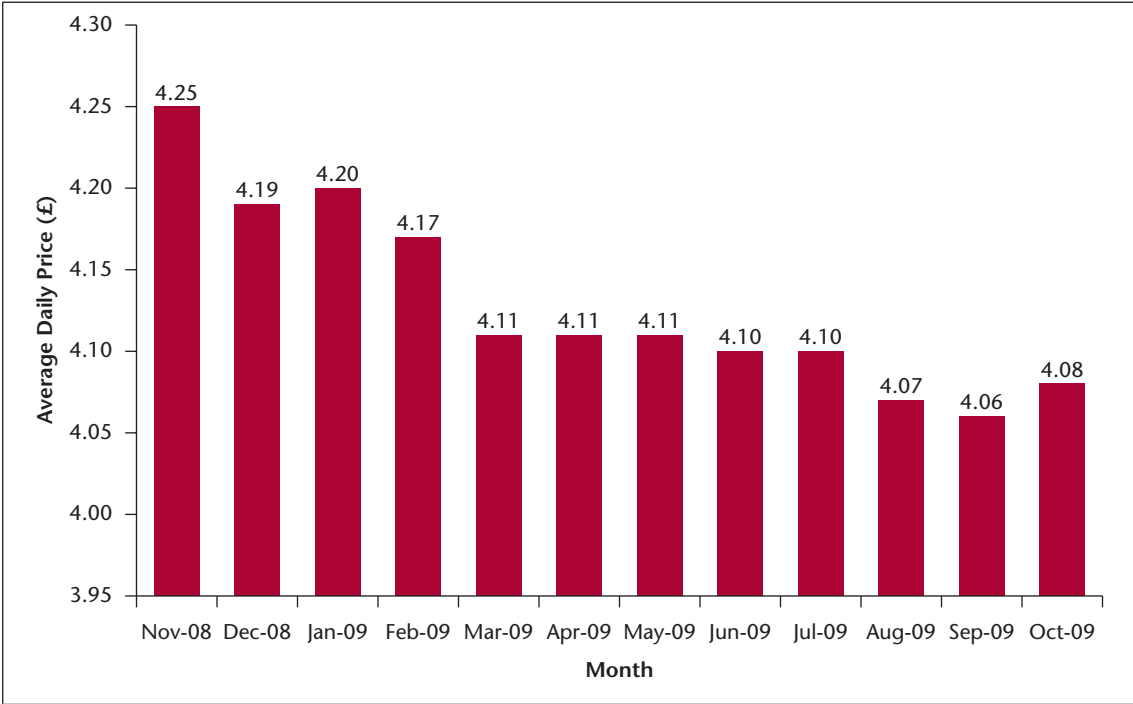
^c Those receiving less than the minimum trained rate.

Daily Food Charge

4.28 Our 2007 Report endorsed the move to a single DFC and a pricing methodology based on ingredient costs under MOD's Food Supply Contract. In our 2008 Report, we recommended setting the DFC from 1 April 2008 based on the Catering Grouping of RPI and uprating it from 1 April in future years, in relation to the average cost of the Food Supply Contract data over the most recent 12 months. This resulted in a DFC of £4.07.

4.29 Pay As You Dine (PAYD) continues to roll out so the numbers directly affected by the DFC will decline, and once PAYD is fully implemented the DFC will only be paid by Phase 1 (and some Phase 2) trainees. However, the DFC does affect the core menu charge in PAYD establishments. MOD proposed in evidence that the DFC should be set at £4.30 from April 2010, an increase of 5.7 per cent. Its methodology was twofold: firstly an element based on the average of the Food Supply Contract Data in the year to October 2009, the latest month for which data was available, as agreed; and secondly an element to account for future food inflation based on forecasts provided by MOD's food service. MOD concluded that any DFC below its proposed figure could adversely affect the quality and quantity of the food provided. We note that had we accepted MOD's proposal last year to set a charge of £4.21 there would only have been one month in the twelve months to October 2009 where the actual Food Supply Contract cost exceeded this amount, illustrated in Chart 4.1. We consider that setting charges based on forecasts is not an appropriate methodology. Any increases in food supply costs should contribute to the calculation for the following year's DFC. We remain of the view that it is more appropriate to base the DFC on the average of the most recent 12 months Food Supply Contract data. This would generate a DFC of £4.13, an increase of 1.5 per cent. We would expect MOD to work closely with its contractors to avoid deterioration in food portions or quality.

Chart 4.1: MOD Daily Food Supply Contract Prices, November 2008 to October 2009



Recommendation 20: We recommend the Daily Food Charge be increased to £4.13 from 1 April 2010.

Chapter 5

CONCLUSIONS, COSTINGS AND A LOOK FORWARD

Conclusions and cost of recommendations

5.1 Our recommendations on base pay, targeted measures and charges aim to provide a balanced package which reflects our extensive evidence base and meets our terms of reference. We recognise the value of the work undertaken by the Armed Forces and the high esteem in which Service personnel are regarded by the public. We believe that our recommendations take proper account of the Government's public sector pay policy and MOD's funding constraints and should support Armed Forces' recruitment, retention and motivation.

Table 5.1: Cost of recommendations^a

	£ million
Military salary (all Regular Services)	
Officers	30
Other Ranks	85
	115
Specialist Pay, allowances and other emoluments in the nature of pay (all Regular Services)	32
Total pay (all Regular Services)	147
Reserve Forces	6
Employers' national insurance contribution – all Services	9
Estimated effect of SCAPE ^b	34
<i>Total paybill cost including Reserves</i>	196
Less: total increased yield from charges	(3)
Net cost of recommendations	193

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

^b Superannuation Contributions Adjusted for Past Experience.

5.2 The estimated cost of our recommendations is based on the average manpower strength of the Armed Forces in 2010-11, as forecast by MOD. Actual strengths may vary from forecasts and, therefore, the actual costs of implementing our recommendations may change. Our recommendations on those aspects of pay within our remit would add 2.3 per cent to the paybill (including the employers' national insurance and superannuation costs). When the yield from the recommended increased accommodation and other charges is taken into account the net paybill cost remains 2.3 per cent.

Looking forward

MOD's pay and workforce strategy

- 5.3 We have made our recommendations this year against a particularly uncertain backdrop and with no clear consensus on the timing and outlook for economic recovery. The pace of improvement will influence post-recession recruitment and particularly retention, and hence MOD's personnel priorities. Meeting the severe financial pressures on MOD and the intensity of current operations will be the main features of its strategy during the coming year.
- 5.4 The severe impact of the turbulence in the global economy on the labour market and public finances has weighed heavily on our 2010 recommendations. The Chief Secretary to the Treasury indicated that 2011-12 will be very tight for public sector spending. The forthcoming Strategic Defence Review is likely to lead to some radical changes which will be reflected in new manning structures and budget allocations.
- 5.5 The latest data suggest each of the Services is expected to have met its Manning Balance target by the early part of 2010-11. Undoubtedly some personnel who had considered leaving are staying with the military until there is a more favourable economic outlook, when they will give notice to leave. However, with the economic future uncertain and recruitment and retention currently buoyant, the Armed Forces could potentially find themselves in the unusual situation of over-manning, albeit with ongoing pinch points. This could then lead to further pressure on MOD's budget.
- 5.6 The Armed Forces rely heavily on young people for new recruits and must compete within a limited market as an increasing proportion choose to remain in education or training. While recruitment could be squeezed when finances are tight, care needs to be taken to avoid a return to a "boom and bust" approach to recruitment.
- 5.7 MOD oral evidence indicated that the rate of progress on investment in accommodation cannot be maintained in the event of future Departmental constraints on spending. However, we welcome MOD's continuing commitment to improving accommodation and responding to families' concerns by, for example, undertaking a study on the definition of the Service family.

Starting pay

- 5.8 We were due to undertake a review of, and make recommendations on, new entrant rates of pay in this report. However, we have postponed this by one year in order to allow MOD to undertake an agreed full and complete evaluation of all new entrants' pay. MOD will report back to us by September 2010.

Our year ahead

Pension validation

- 5.9 In 2004 it was agreed that we would 'externally validate' the 2005 Armed Forces Pension Scheme provision periodically to provide an independent view on pension provision throughout the economy, the special needs of the Armed Forces and the contribution of the new pension scheme to recruitment and retention. This was announced in Parliament through a ministerial statement on 30 April 2004 and noted in our 2005 Report. During 2009, we completed the scoping work for this pension validation. In the coming year, we will carry out the validation itself and our findings will be included in our 2011 Report.

Planned research

5.10 We will continue to investigate the most appropriate methods of assessing pay comparability, including making more use of the ASHE data. This is an essential part of our remit which we feel can be further refined to assist our judgements on pay.

Scheduled reviews

5.11 In addition to the regular remit, the elements of the package scheduled for review in 2010 are:

- Allied Health Professionals and Combat Medical Technicians
- New Entrant Pay – for Other Ranks and Officers – postponed from 2009-10
- Northern Ireland Resident's Supplement

5.12 The review of garage charges planned for this year is being held over until the next round when we will complete the collection of civilian data in order to make a comparison with military charges for next year.

David Greenaway
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Mary Carter
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Peter Knight
Derek Leslie
Judy McKnight
John Steele
Ian Stewart

February 2010

Appendix 1

1 April 2010 recommended military salaries including X-Factor

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

Table 1.1: Recommended annual scales for Officers up to and including Commodore, Brigadier and Air Commodore

Rank		Military salary £
OF-6		
Commodore (Royal Navy)	Level 5	100,964
Brigadier (Royal Marines)	Level 4	99,973
Brigadier (Army)	Level 3	98,995
Air Commodore (Royal Air Force)	Level 2	98,013
	Level 1	97,030
OF-5		
Captain (RN)	Level 9	89,408
Colonel (RM)	Level 8	88,394
Colonel (Army)	Level 7	87,379
Group Captain (RAF)	Level 6	86,368
	Level 5	85,357
	Level 4	84,347
	Level 3	83,336
	Level 2	82,321
	Level 1	81,310
OF-4		
Commander (RN)	Level 9	77,617
Lieutenant Colonel (RM)	Level 8	76,613
Lieutenant Colonel (Army)	Level 7	75,609
Wing Commander (RAF)	Level 6	74,614
	Level 5	70,562
	Level 4	69,681
	Level 3	68,801
	Level 2	67,920
	Level 1	67,032
OF-3		
Lieutenant Commander (RN)	Level 9	57,199
Major (RM)	Level 8	56,016
Major (Army)	Level 7	54,841
Squadron Leader (RAF)	Level 6	53,661
	Level 5	52,474
	Level 4	51,298
	Level 3	50,111
	Level 2	48,940
	Level 1	47,760

Table 1.1: Recommended annual scales for Officers up to and including Commodore, Brigadier and Air Commodore (continued)

Rank		Military salary £
OF-2		
Lieutenant (RN)	Level 9	45,090
Captain (RM)	Level 8	44,579
Captain (Army)	Level 7	44,059
Flight Lieutenant (RAF)	Level 6	43,039
	Level 5	42,011
	Level 4	40,991
	Level 3	39,959
	Level 2	38,932
	Level 1	37,916
OF-1		
Sub-Lieutenant (RN)	Level 10	32,703
Lieutenant, 2nd Lieutenant (RM)	Level 9	31,921
Lieutenant, 2nd Lieutenant (Army)	Level 8	31,147
Flying Officer, Pilot Officer (RAF)	Level 7	30,369
	Level 6	29,587
	Level 5	24,615
	Level 4	21,810
	Level 3	18,571
	Level 2	17,019
	Level 1	15,573
University Cadet Entrants	Level 4	17,899
	Level 3	16,397
	Level 2	14,603
	Level 1	12,719

Table 1.2: Recommended annual scales for Other Ranks

Rank		Military salary	
		Lower band ^a	Higher band ^a
		£	£
Range 5 (OR-9):	Level 7	44,120	46,753
Warrant Officer I (Royal Navy)	Level 6	42,908	46,049
Warrant Officer I (Royal Marines)	Level 5	41,737	45,242
Warrant Officer I (Army)	Level 4	40,938	44,448
Warrant Officer (Royal Air Force)	Level 3	40,144	43,645
	Level 2	39,349	42,908
	Level 1	38,600	42,080
Range 4 (OR-7 – OR-8):	Level 9	39,628	43,252
Warrant Officer II, Chief Petty Officer (RN)	Level 8	38,751	42,642
Warrant Officer II, Colour Sergeant (RM)	Level 7	38,256	42,044
Warrant Officer II, Staff Sergeant (Army)	Level 6	37,678	41,446
Flight Sergeant, Chief Technician (RAF)	Level 5	36,049	40,549
	Level 4	35,565	39,648
	Level 3	34,750	38,751
	Level 2	33,657	37,846
	Level 1	33,223	36,954
Range 3 (OR-6):	Level 7	34,112	36,929
Petty Officer (RN)	Level 6	33,854	36,249
Sergeant (RM)	Level 5	32,723	35,570
Sergeant (Army)	Level 4	31,892	34,890
Sergeant (RAF)	Level 3	31,573	34,456
	Level 2	30,799	33,604
	Level 1	30,013	32,756
Range 2 (OR-4):	Level 7	29,840	33,182
Leading Rate (RN)	Level 6	29,624	32,474
Corporal (RM)	Level 5	29,390	31,814
Corporal (Army)	Level 4	29,161	31,065
Corporal (RAF)	Level 3	28,940	30,357
	Level 2	27,592	28,940
	Level 1	26,405	27,592
Range 1 (OR-2 – OR-3):	Level 9	24,230	28,940
Able Rating (RN)	Level 8	23,383	27,592
Marine (RM)	Level 7	22,359	26,405
Lance Corporal, Private (Army)	Level 6	21,442	25,246
Junior Technician, Leading Aircraftman,	Level 5	20,582	24,075
Senior Aircraftman, Aircraftman (RAF)	Level 4	19,529	21,773
	Level 3	17,957	20,250
	Level 2	17,486	18,342
	Level 1	17,015	17,015

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

Table 1.3: Recommended annual salary for new entrants

	Military salary
	£
All entrants	13,645

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

	Military salary
	£
Fourth year	24,075
Third year	16,741
Second year	15,803
First year	14,050

Table 1.5: Recommended annual scales for Chaplains^a

		Military salary
		£
Chaplain-General	Level 5	97,077
	Level 4	96,078
	Level 3	95,091
	Level 2	94,100
	Level 1	93,109
Deputy Chaplain-General ^b	Level 5	85,795
	Level 4	84,771
	Level 3	83,748
	Level 2	82,728
	Level 1	81,708
Principal Chaplain	Level 4	80,689
	Level 3	79,669
	Level 2	78,645
	Level 1	77,625
Chaplain (Class 1) ^c	Level 2 ^d	73,293
	Level 1 ^e	70,566

Table 1.5: Recommended annual scales for Chaplains^a (continued)

Rank/length of service	Military salary	
	£	
Chaplains Class 2/3/4 (or equivalent)	Level 27	73,293
	Level 26	71,929
	Level 25	70,566
	Level 24	69,210
	Level 23	67,875
	Level 22	66,512
	Level 21	65,144
	Level 20	63,784
	Level 19	62,421
	Level 18	61,061
	Level 17	59,697
	Level 16	58,338
	Level 15	56,974
	Level 14	55,615
	Level 13	54,255
	Level 12	52,887
	Level 11	51,532
	Level 10	50,168
	Level 9	48,809
	Level 8	47,441
	Level 7	46,086
	Level 6	44,714
	Level 5	43,358
	Level 4	41,999
	Level 3	40,639
	Level 2	39,271
	Level 1	37,916

^a Army ranks are shown in this table: the pay rates apply equally to equivalent ranks in the other Services.

^b Army only.

^c Army and RAF only.

^d Rate applicable for those with more than 24 years' service.

^e Rate applicable for those with less than 24 years' service.

Table 1.6: Recommended annual scales for Veterinary Officers of the Royal Army Veterinary Corps

Rank/length of service		Military salary £
Lieutenant Colonel	Level 5	74,100
	Level 4	72,978
	Level 3	71,860
	Level 2	70,734
	Level 1	69,620
Major, Captain	Level 22	67,585
	Level 21	66,188
	Level 20	64,788
	Level 19	63,391
	Level 18	61,999
	Level 17	60,598
	Level 16	59,206
	Level 15	57,801
	Level 14	56,417
	Level 13	55,205
	Level 12	54,009
	Level 11	52,666
	Level 10	51,319
	Level 9	49,976
	Level 8	48,641
	Level 7	47,298
	Level 6	45,955
	Level 5	44,615
	Level 4	43,272
	Level 3	41,933
Level 2	40,590	
Level 1	37,916	

Table 1.7: Recommended annual scales for Officers Commissioned from the Ranks^a

Increment Level	Military salary £
Level 15	50,680
Level 14	50,349
Level 13	50,000
Level 12	49,325
Level 11 ^b	48,653
Level 10	47,973
Level 9	47,298
Level 8	46,622
Level 7 ^c	45,778
Level 6	45,258
Level 5	44,730
Level 4 ^d	43,686
Level 3	43,166
Level 2	42,633
Level 1 ^e	41,593

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

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

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

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

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

Table 1.8: Recommended Professional Aviator Pay Spine

Increment Level	Military salary £
Level 35	77,625
Level 34	76,561
Level 33 ^a	75,492
Level 32	74,427
Level 31	73,367
Level 30 ^{b,c}	72,294
Level 29	71,237
Level 28	70,168
Level 27 ^d	69,095
Level 26	68,039
Level 25	66,966
Level 24 ^e	65,906
Level 23	64,919
Level 22 ^f	63,682
Level 21	62,498
Level 20 ^g	61,307
Level 19	60,127
Level 18	58,944
Level 17	57,760
Level 16 ^h	56,577
Level 15	55,394
Level 14	54,210
Level 13	53,018
Level 12 ⁱ	51,839
Level 11	50,656
Level 10	49,976
Level 9	49,198
Level 8	48,412
Level 7	47,633
Level 6	46,851
Level 5	46,065
Level 4	45,283
Level 3	44,501
Level 2	43,715
Level 1	42,928

^a RAF OF3 Non-pilots cannot progress beyond Increment Level 33.

^b OF2 Aircrew cannot progress beyond Increment Level 30.

^c AAC WO1 pilots cannot progress beyond Increment Level 30.

^d AAC WO2 pilots cannot progress beyond Increment Level 27.

^e AAC Staff Sergeant pilots cannot progress beyond Increment Level 24.

^f AAC Sergeant pilots cannot progress beyond Increment Level 22.

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

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

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

Table 1.9: Recommended pay spine for Nurses, Officers^a

Rank		Military salary £
OF-5 Colonel	Level 9	91,325
	Level 8	90,287
	Level 7	89,249
	Level 6	88,210
	Level 5	87,167
	Level 4	86,124
	Level 3	85,082
	Level 2	84,038
	Level 1	82,994
OF-4 Lieutenant Colonel	Level 9	79,780
	Level 8	78,745
	Level 7	77,711
	Level 6	76,687
	Level 5	72,589
	Level 4	71,663
	Level 3	70,738
	Level 2	69,813
	Level 1	68,879
OF-3 Major	Level 9	60,817
	Level 8	58,616
	Level 7	57,389
	Level 6	56,162
	Level 5	54,928
	Level 4	53,706
	Level 3	52,488
	Level 2	51,258
	Level 1	50,021
OF-2 Captain	Level 9	47,483
	Level 8	46,434
	Level 7	45,386
	Level 6	44,338
	Level 5	43,283
	Level 4	42,234
	Level 3	41,174
	Level 2	40,090
	Level 1	39,020

Table 1.9: Recommended pay spine for Nurses, Officers^a (continued)

Rank		Military salary £
OF-1		
Lieutenant, 2nd Lieutenant	Level 10	33,860
	Level 9	33,025
	Level 8	32,203
	Level 7	31,378
	Level 6	30,549
	Level 5	25,486
	Level 4	22,620
	Level 3	19,305
	Level 2	17,700
	Level 1	16,196

^a Army ranks are shown in this table: the pay rates apply equally to equivalent ranks in the other Services.

Table 1.10: Recommended pay spine for Nurses, Other Ranks^a

Rank		Military salary £
Range 5 (OR-9): Warrant Officer I	Level 7	48,623
	Level 6	47,891
	Level 5	47,052
	Level 4	46,225
	Level 3	45,391
	Level 2	44,624
	Level 1	43,764
Range 4 (OR-7 – OR-8): Warrant Officer II	Level 9	45,415
	Level 8	44,774
	Level 7	44,146
	Level 6	43,518
	Level 5	42,576
	Level 4	41,631
	Level 3	40,689
	Level 2	39,739
Range 3 (OR-6): Sergeant	Level 7	39,477
	Level 6	38,750
	Level 5	38,024
	Level 4	37,297
	Level 3	36,833
	Level 2	35,923
	Level 1	35,016
Range 2 (OR-4): Corporal	Level 7	34,509
	Level 6	33,773
	Level 5	33,087
	Level 4	32,307
	Level 3	31,571
	Level 2	30,097
	Level 1	28,697
Range 1 (OR-2 – OR-3): Lance Corporal, Private	Level 9	28,940
	Level 8	27,592
	Level 7	26,405
	Level 6	25,246
	Level 5	24,075
	Level 4	21,773
	Level 3	20,250
	Level 2	18,342
	Level 1	17,015

^a Army ranks are shown in this table: the pay rates apply equally to equivalent ranks in the other Services.

Table 1.11: Recommended pay spine for Royal Navy Clearance Divers^a

Rank		Military salary
		£
Range 5 (OR-9): Warrant Officer I	Level 7	60,497
	Level 6	59,792
	Level 5	58,986
	Level 4	58,191
	Level 3	57,388
	Level 2	56,651
	Level 1	55,824
Range 4 (OR-7 – OR-8): Chief Petty Officer	Level 9	56,995
	Level 8	56,385
	Level 7	55,787
	Level 6	55,189
	Level 5	54,293
	Level 4	53,392
	Level 3	52,495
	Level 2	51,590
Range 3 (OR-6): Petty Officer	Level 1	50,697
	Level 7	50,673
	Level 6	49,993
	Level 5	48,651
	Level 4	47,971
	Level 3	46,653
	Level 2	45,801
Level 1	44,954	

^a To be eligible for selection for the Clearance Divers' Pay Spine personnel must have completed the Petty Officer (Diver) Professional Qualifying Course (including DEODS elements), have 15 years paid service, be in receipt of SP(Diving) and not be permanently medically downgraded as unfit to dive.

Appendix 2

1 April 2010 recommended rates of Specialist Pay and Compensatory Allowances

With the introduction of JPA a Reserve Band system for Specialist Pay (SP) has become operational. For the first 6 years away from an SP or SP Related post, a Reserve Band will be paid: for the first 3 years at 100% of the full rate; 75% of the full rate during the fourth year; 50% of the full rate during the fifth year; and 25% of the full rate during the sixth year. Payment will then cease. Personnel who submit an application to PVR will be placed on the 50% rate or remain on the 25% rate if already in payment.

	Rate			
	£ per day	75%	50%	25%
SPECIALIST PAY				
SP(Flying)^a				
Officer aircrew (trained)				
All Officer aircrew in the rank of Squadron Leader ^b and below except RAF specialist aircrew Flight Lieutenant				
Initial rate	13.93	10.45	6.97	3.48
Middle rate ^c	23.63	17.72	11.82	5.91
Top rate ^c	37.58	28.19	18.79	9.40
Enhanced rate ^d	44.24	33.18	22.12	11.06
Enhanced rate ^e	41.82	31.37	20.91	10.46
Wing Commander^b				
On appointment	38.80	29.10	19.40	9.70
After 6 years	36.36	27.27	18.18	9.09
After 8 years	33.94	25.46	16.97	8.49
Group Captain^b				
On appointment	29.70	22.28	14.85	7.43
After 2 years	27.87	20.90	13.94	6.97
After 4 years	26.05	19.54	13.03	6.51
After 6 years	23.02	17.27	11.51	5.76
After 8 years	19.98	14.99	9.99	5.00
Air Commodore^b	12.12	9.09	6.06	3.03

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

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

^c After 4 years on the preceding rate.

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

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

	Rate			
	Reserve Band rate			
	75%	50%	25%	
	£ per day	£ per day	£ per day	£ per day
RAF specialist aircrew				
(a) Flight Lieutenants (not Branch Officers)				
On designation as specialist aircrew	46.05	34.54	23.03	11.51
After 1 year as specialist aircrew	46.68	35.01	23.34	11.67
After 2 years as specialist aircrew	47.88	35.91	23.94	11.97
After 3 years as specialist aircrew	48.47	36.35	24.24	12.12
After 4 years as specialist aircrew	49.09	36.82	24.55	12.27
After 5 years as specialist aircrew	50.30	37.73	25.15	12.58
After 6 years as specialist aircrew	50.91	38.18	25.46	12.73
After 7 years as specialist aircrew	51.51	38.63	25.76	12.88
After 8 years as specialist aircrew	52.72	39.54	26.36	13.18
After 9 years as specialist aircrew	53.33	40.00	26.67	13.33
After 10 years as specialist aircrew	53.93	40.45	26.97	13.48
After 11 years as specialist aircrew	55.14	41.36	27.57	13.79
After 12 years as specialist aircrew	55.76	41.82	27.88	13.94
After 13 years as specialist aircrew	56.97	42.73	28.49	14.24
After 14 years as specialist aircrew	57.57	43.18	28.79	14.39
After 15 years as specialist aircrew	58.17	43.63	29.09	14.54
After 16 years as specialist aircrew	60.00	45.00	30.00	15.00
(b) Branch Officers				
On designation as specialist aircrew	37.58	28.19	18.79	9.40
After 5 years as specialist aircrew	41.82	31.37	20.91	10.46

	Rate		Reserve Band rate		
	£ per day	£ per day	75%	50%	25%
			£ per day	£ per day	£ per day
Non-commissioned aircrew (trained)					
RM and Army pilots qualified as aircraft commanders					
Initial rate	13.93	10.45	6.97		3.48
Middle rate ^f	23.63	17.72	11.82		5.91
Top rate ^f	37.58	28.19	18.79		9.40
Enhanced rate ^g	44.24	33.18	22.12		11.06
RM and Army pilots ^h					
Initial rate	7.28	5.46	3.64		1.82
Middle rate ⁱ	15.75	11.81	7.88		3.94
Top rate ⁱ	18.78	14.09	9.39		4.70
RN/RM, Army and RAF aircrewmembers					
Initial rate	7.28	5.46	3.64		1.82
Middle rate ⁱ	15.16	11.37	7.58		3.79
Top rate ⁱ	19.98	14.99	9.99		5.00
Aero-medical and escort duties pay (RAF)					
	7.87		3.94		
Flying Crew pay ^k					
Lower rate	4.85		2.43		
Higher rate ^f	7.87		3.94		

^f After 4 years on the preceding rate.

^g Payable only to pilots who have received the top rate of SP(Flying) for 4 years.

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

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

^j After 18 years' reckonable service subject to a minimum of 9 years' service in receipt of SP(Flying).

^k Also incorporates those previously covered by SP(Air Despatch) and SP(Joint Helicopter Support Unit Helicopter Crew).

	Rate	Reserve Band rate		
		75%	50%	25%
		£ per day	£ per day	£ per day
SP(Diving) <i>Category</i>				
1 RN Diver (Able rate) prior to Category 3 qualification Ship's Diver – all ranks and ratings	4.24	3.18	2.12	1.06
2 RN Search and Rescue Diver – all ratings Ship Divers' Supervisors Army Compressed Air Diver – all ranks	8.50	6.38	4.25	2.13
3 RN Diver (Able rate) when qualified to Category 3 standards Army Diver Class 1 – all ranks	11.52	8.64	5.76	2.88
3a Supplement for Explosive Ordnance Disposal (EOD) Operators. In receipt of SP(Diving) Level 3 and completed EOD course 0804	3.36	2.52	1.68	0.84
4 RN Diver (Leading rate) when qualified to Category 4 standards Army Diving Supervisor and Instructor – all ranks RN Mine Countermeasures and Diving Officer ¹	19.98	14.99	9.99	5.00
4a Supplement for Explosive Ordnance Disposal (EOD) Operators. In receipt of SP(Diving) Level 4 and completed EOD course 0804	3.36	2.52	1.68	0.84

¹ To be paid Category 5 Diving Pay when in post requiring immediate control of diving operations.

	Rate		Reserve Band rate		
	£ per day	£ per day	75% £ per day	50% £ per day	25% £ per day
5 RN Diver (Petty Officer and above) when qualified to Category 5 standards					
on appointment	28.49		21.37	14.25	7.12
after 3 years	30.92		23.19	15.46	7.73
after 5 years	32.72		24.54	16.36	8.18
5a Supplement for Explosive Ordnance Disposal (EOD) Operators. In receipt of SP(Diving) Level 5 and completed EOD course 0801		4.93	3.70	2.47	1.23
(Unfit to dive)					
on appointment	9.09			4.55	
after 3 years	10.90			5.45	
after 5 years	12.72			6.36	

	Rate £ per day	Reserve Band rate		
		75% £ per day	50% £ per day	25% £ per day
SP(Submarine)				
Level 1 – payable on qualification	12.12	9.09	6.06	3.03
Level 2 – payable after 5 years on Level 1	15.75	11.81	7.88	3.94
Level 3 – payable after 5 years on Level 2	18.78	14.09	9.39	4.70
Level 4 – payable after 5 years on Level 3	21.22	15.92	10.61	5.31
Level 5 – payable to Officers qualifying Advanced Warfare Course or in Charge	26.66	20.00	13.33	6.67
Qualified positions				
Submarine Supplement	5.24			
SP(Nuclear Propulsion)				
Category B watchkeeper – Single qualified	4.85	3.64	2.43	1.21
Category B watchkeeper – Double qualified	9.09	6.82	4.55	2.27
Category A watchkeeper (Nuclear Chief of Watch)	20.60	15.45	10.30	5.15
Appropriately qualified Junior Officers	20.60	15.45	10.30	5.15
SP(Submarine Escape Tank Training)				
Additional Daily Supplement for Cat 1 Divers	12.12		6.06	
Additional Daily Supplement for Cat 2 Divers	2.42		1.21	
Additional Daily Supplement for Subsunk Parachute Assistance Group personnel	4.24		2.12	
	3.03		1.52	
SP(Hydrographic)				
On attaining Charge qualification (H Ch)	13.34	10.01	6.67	3.34
Surveyor 1st Class (H1)	12.12	9.09	6.06	3.03
On promotion to Chief Petty Officer or attainment of NVQ4 whichever is sooner	10.01	7.51	5.01	2.50
Surveyor 2nd Class (H2), On promotion to Petty Officer or attainment of NVQ3 whichever is sooner	5.46	4.10	2.73	1.37
On promotion to Leading Hand	3.64	2.73	1.82	0.91
On completion of Initial Hydrographic Training	1.82	1.37	0.91	0.46

	Rate		Reserve Band rate		
	£ per day	10.31	75%	50%	25%
			£ per day	£ per day	£ per day
SP(Mountain Leader)			7.73	5.16	2.58
SP(Parachute Jump Instructor)					
Less than 8 years' experience	7.87		5.90	3.94	1.97
8 or more years' experience	11.52		8.64	5.76	2.88
Joint Air Delivery Test & Evaluation Unit Supplement	3.64			1.82	
SP(Parachute)					
	5.46		4.10	2.73	1.37
SP(High Altitude Parachute)^m					
	10.31			5.16	
SP(Explosive Ordnance Disposal Operators)ⁿ					
Level 1	7.28			3.64	
Level 2	15.16			7.58	
Level 3	19.98			9.99	
SP(Nursing)					
Generalist nurses on achievement of Defence Nursing Operational Competency Framework (DNOCF) Level 2 and working in a DNOCF Level 2 post	4.85			2.43	
Specialist nurses who acquire the specified academic qualification of specialist practice DNOCF Level 3	10.31		7.73	5.16	2.58

^mRate applies to members of the Pathfinder Platoon.

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

COMPENSATORY ALLOWANCES	Rate
	£ per day
LONGER SEPARATION ALLOWANCE	
Level 1 (up to 340 days qualifying separation)	6.69
Level 2 (341-580 days qualifying separation)	10.46
Level 3 (581-820)	14.24
Level 4 (821-1060)	15.63
Level 5 (1061-1300)	16.83
Level 6 (1301-1540)	18.03
Level 7 (1541-1780)	19.22
Level 8 (1781-2020)	21.03
Level 9 (2021-2260)	22.24
Level 10 (2261-2500)	23.45
Level 11 (2501-2740)	24.64
Level 12 (2741-2980)	25.85
Level 13 (2981-3220)	27.04
Level 14 (3221+)	28.24
UNPLEASANT WORK ALLOWANCE	
Level 1	2.50
Level 2	6.15
Level 3	18.16
UNPLEASANT LIVING ALLOWANCE	3.34
NORTHERN IRELAND RESIDENT'S SUPPLEMENT	6.41
LONDON RECRUITMENT AND RETENTION ALLOWANCE	3.84
EXPERIMENTAL TEST ALLOWANCE (per test)	2.69
EXPERIMENTAL DIVING ALLOWANCE	
Lump sum per dive	
Grade 5	300.10
Grade 4	150.06
Grade 3	112.55
Grade 2	75.01
Grade 1	15.00
Additional hourly rates	
Grade 5	60.02
Grade 4	15.00
Grade 3	11.24
Grade 2	7.50
Grade 1	-

Appendix 3

Military annual salaries inclusive of X-Factor from 1 April 2009

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

Table 3.1: Annual scales for Officers up to and including Commodore, Brigadier and Air Commodore

Rank		Military salary £
OF-6		
Commodore (Royal Navy)	Level 5	98,984
Brigadier (Royal Marines)	Level 4	98,013
Brigadier (Army)	Level 3	97,054
Air Commodore (Royal Air Force)	Level 2	96,091
	Level 1	95,128
OF-5		
Captain (RN)	Level 9	87,655
Colonel (RM)	Level 8	86,660
Colonel (Army)	Level 7	85,666
Group Captain (RAF)	Level 6	84,675
	Level 5	83,684
	Level 4	82,693
	Level 3	81,702
	Level 2	80,707
	Level 1	79,716
OF-4		
Commander (RN)	Level 9	76,095
Lieutenant Colonel (RM)	Level 8	75,111
Lieutenant Colonel (Army)	Level 7	74,126
Wing Commander (RAF)	Level 6	73,151
	Level 5	69,178
	Level 4	68,315
	Level 3	67,452
	Level 2	66,589
	Level 1	65,717
OF-3		
Lieutenant Commander (RN)	Level 9	56,078
Major (RM)	Level 8	54,918
Major (Army)	Level 7	53,765
Squadron Leader (RAF)	Level 6	52,609
	Level 5	51,445
	Level 4	50,293
	Level 3	49,128
	Level 2	47,980
	Level 1	46,824

Table 3.1: Annual scales for Officers up to and including Commodore, Brigadier and Air Commodore (*continued*)

Rank		Military salary £
OF-2		
Lieutenant (RN)	Level 9	44,206
Captain (RM)	Level 8	43,704
Captain (Army)	Level 7	43,195
Flight Lieutenant (RAF)	Level 6	42,195
	Level 5	41,187
	Level 4	40,188
	Level 3	39,176
	Level 2	38,168
	Level 1	37,172
OF-1		
Sub-Lieutenant (RN)	Level 10	32,062
Lieutenant, 2nd Lieutenant (RM)	Level 9	31,295
Lieutenant, 2nd Lieutenant (Army)	Level 8	30,536
Flying Officer, Pilot Officer (RAF)	Level 7	29,773
	Level 6	29,006
	Level 5	24,133
	Level 4	21,382
	Level 3	18,207
	Level 2	16,685
	Level 1	15,268
University Cadet Entrants	Level 4	17,548
	Level 3	16,075
	Level 2	14,317
	Level 1	12,470

Table 3.2: Annual scales for Other Ranks

		Military salary	
		Lower band ^a	Higher band ^a
		£	£
Range 5 (OR-9):	Level 7	43,255	45,836
Warrant Officer I (Royal Navy)	Level 6	42,066	45,146
Warrant Officer I (Royal Marines)	Level 5	40,918	44,355
Warrant Officer I (Army)	Level 4	40,135	43,576
Warrant Officer (Royal Air Force)	Level 3	39,356	42,789
	Level 2	38,578	42,066
	Level 1	37,843	41,255
Range 4 (OR-7–OR-8):	Level 9	38,851	42,404
Warrant Officer II, Chief Petty Officer (RN)	Level 8	37,991	41,806
Warrant Officer II, Colour Sergeant (RM)	Level 7	37,506	41,219
Warrant Officer II, Staff Sergeant (Army)	Level 6	36,940	40,633
Flight Sergeant, Chief Technician (RAF)	Level 5	35,342	39,754
	Level 4	34,868	38,871
	Level 3	34,069	37,991
	Level 2	32,997	37,104
	Level 1	32,572	36,229
Range 3 (OR-6):	Level 7	33,443	36,205
Petty Officer (RN)	Level 6	33,190	35,538
Sergeant (RM)	Level 5	32,082	34,872
Sergeant (Army)	Level 4	31,267	34,206
Sergeant (RAF)	Level 3	30,954	33,780
	Level 2	30,195	32,945
	Level 1	29,424	32,114
Range 2 (OR-4):	Level 7	29,255	32,532
Leading Rate (RN)	Level 6	29,043	31,837
Corporal (RM)	Level 5	28,814	31,191
Corporal (Army)	Level 4	28,589	30,456
Corporal (RAF)	Level 3	28,372	29,761
	Level 2	27,051	28,372
	Level 1	25,887	27,051

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

Table 3.2: Annual scales for Other Ranks (*continued*)

Rank		Military salary	
		Lower band ^a	Higher band ^a
		£	£
Range 1 (OR-2 – OR-3):	Level 9	23,755	28,372
Able Rating (RN)	Level 8	22,924	27,051
Marine (RM)	Level 7	21,920	25,887
Lance Corporal, Private (Army)	Level 6	21,021	24,751
Junior Technician, Leading Aircraftman,	Level 5	20,178	23,603
Senior Aircraftman, Aircraftman (RAF)	Level 4	19,146	21,346
	Level 3	17,605	19,853
	Level 2	17,143	17,982
	Level 1	16,681	16,681

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

Appendix 4

AFPRB 2009 recommendations

We submitted our 2009 recommendations on 29 January 2009. These were accepted in full by the Government on 31 March 2009 as follows:

A 2.8 per cent increase in military salaries;

Targeted pay measures including:

- A 5 per cent minimum pay increase on promotion to OR6;
- New Commitment Bonuses and associated transitional arrangements;
- A reduction in the qualifying periods for Longer Separation Allowance;
- New pay spines and Specialist Pay for Service Nurses;
- A new RN Clearance Divers' pay spine and two new supplementary rates of Diving Pay for EOD qualified Divers; and
- Targeted increases to Hydrographic Pay;

A 2.8 per cent increase in Specialist Pay, Compensatory Allowances and Reserves' Bounties; and

A 3.7 per cent increase to Grade 1 SFA/SLA rental charges and lower graduated increases below Grade 1, a further phased increase to garage rent and a Daily Food Charge of £4.07.

Appendix 5

AFPRB 2009 visits

Our evidence-base for this Report included visits to the units below to better understand working conditions and perceptions of pay and related issues.

ESTABLISHMENT/LOCATION	SERVICE	MEMBERS
HMS ILLUSTRIOUS	Royal Navy	Derek Leslie, Ian Stewart
RAF Halton	RAF	David Greenaway, Alison Gallico
Royal Marine Reserves Bermondsey	Royal Navy	David Greenaway, Alison Gallico
Parachute Training School Brize Norton	RAF	Ian Stewart, Mary Carter
4626 Aeromed Evacuation Squadron (Reserves)	RAF	Ian Stewart, Mary Carter
RAF Lyneham	RAF	Ian Stewart, Mary Carter
OP TELIC – Iraq	Tri Service (Army lead)	Peter Knight, Alison Gallico
Flag Officer Sea Training (Hydrographic, Meteorological and Oceanographic) & Hydrographic Survey Squadron, HMS ROEBUCK, Plymouth	Royal Navy	Robert Burgin, Graham Forbes
Royal Naval Reserve Unit, HMS VIVID	Royal Navy	Robert Burgin, Graham Forbes
Royal Military Academy Sandhurst (RMAS)	Army	Alison Gallico, Robert Burgin
RAF Odiham	RAF	Alison Gallico, Robert Burgin
Submarine Escape Tank Training (SETT)	Royal Navy	Derek Leslie
RAF Waddington	RAF	Graham Forbes, Peter Knight
Commando Training Centre Royal Marines (CTCRM)	Tri Service (Royal Navy lead)	Ian Stewart, Mary Carter
Defence Procurement Agency Abbey Wood	Tri Service (Royal Navy lead)	Ian Stewart, Mary Carter
Reserves Training & Mobilisation Centre (RTMC)	Tri Service (Army lead)	David Greenaway, Derek Leslie
73 Squadron Royal Engineers Nottingham	Tri Service (Army lead)	Derek Leslie, John Steele
Submarines (HM Naval Base Devonport)	Royal Navy	Graham Forbes, Ian Stewart
HQ Falkland Islands South Atlantic	Tri Service (RAF lead)	Ian Stewart, Mary Carter
MDHU (MOD Hospital Unit) Portsmouth	Defence Medical Services Department	John Steele, Robert Burgin

ESTABLISHMENT/LOCATION	SERVICE	MEMBERS
Armed Forces College Harrogate	Army	Mary Carter, Derek Leslie
Initial Training Centre Catterick	Army	Mary Carter, Derek Leslie
Royal Navy Air Station (RNAS) Culdrose	Royal Navy	Mary Carter, Peter Knight
HMS RALEIGH	Royal Navy	Mary Carter, Peter Knight
OP HERRICK – Afghanistan	Tri Service (Army lead)	Derek Leslie, Graham Forbes
16 Air Assault Brigade, Colchester	Army	David Greenaway, Graham Forbes
Royal Logistics Corps, Pioneer Regiment, Bicester	Army	Mary Carter, John Steele
Tri Service recruitment personnel London	Tri Service	Alison Gallico, Ian Stewart
RAF Marham	RAF	Peter Knight, Derek Leslie
Army Officer Selection Board Westbury	Army	Alison Gallico

Appendix 6

Joint Personnel Administration

- 6.1 During our visits we were told of problems arising from the current limitations of the relatively new JPA. We have drawn attention to these in Chapter 2, and we set out some of the issues here in more detail.
- 6.2 On visits we found examples of Reservists not being paid for training evenings or weekends, thereby jeopardising their annual bounty payment. Explanations included a lack of clerical support and access to terminals, limited JPA training, nominal support at unit level and restricted out-of-hours JPA Centre assistance. Our visit to Afghanistan revealed that a number were not claiming entitlements as JPA was “too much hassle”. These JPA problems impacted on morale. We welcomed the Director of Reserves Forces and Cadets admission that if JPA was the barrier to Reservists being paid it was “indefensible” and that external intranet portals (such as RM.com) could potentially facilitate greater access. The unique working hours of Reserves coupled with the Armed Forces’ reliance on them in operational theatre suggests re-introduction of clerical support for Reserves would be beneficial. MOD is asked to give this serious consideration.
- 6.3 Young recruits struggled with the limited human interface and training that the JPA self service culture brings. Many did not understand pay statements and others declared themselves reluctant to claim legitimate expenses in case an incorrect code was followed by accusations of fraud by audit personnel. A common theme with young people and Reservists was that they were not sure where to go for authoritative advice on JPA. The RAF is leading a review of JPA training and the Service Personnel and Veterans Agency (SPVA) is developing a ‘10 year Cultural Change Programme’ encompassing communication, education and training, ease of use and improved access¹. It is hoped both will address these issues.
- 6.4 The challenges faced by sailors centred on access to JPA and suggest additional support is needed to facilitate and manage JPA compatibility with the unique circumstances of life at sea. Problems included restricted broadband width requiring manual collection of mandatory data, slow connectivity and frequent IT crashes when at sea. In PPOs’ oral evidence the Royal Navy conceded that JPA still did not operate well on ships at sea and that it was currently looking at obtaining limited internet access and off-line capability.
- 6.5 On visits we gathered evidence that spouses of personnel serving in operational theatre were severely impacted by JPA as they had no means of establishing the amount of monthly take home pay, sometimes this differed by one hundred per cent. In oral evidence the Service Families’ Federations reported JPA problems included sudden requests for six months’ back rent.
- 6.6 Evidence suggests more work is needed for JPA to provide accurate management information data, for example, the findings of the DASA Survey (to March 2009) were not sourced from JPA as it was not considered reliable data. This was identified as an area for improvement in PPOs’ oral evidence. Several groups told us that they did not, or could not, record leave for a variety of reasons, and we have discovered that in some cases this failure to record leave covers entire units, which clearly prejudices JPA’s ability to produce authoritative data.

¹ Service Personnel and Veterans Agency JPA Issues Back Pocket Brief as at 1 October 2009.

- 6.7 We remain concerned about the timeliness and disproportionate costs of JPA implementation of bespoke pay increases. Within the current context of severe resource constraints we urge MOD to consider what approaches might be adopted to secure improvement.
- 6.8 We note MOD appears to have made some progress on JPA including greater provision of internet access to JPA with funding secured until the end of 2012 to support 6,000 personnel. Progress on customer satisfaction was suggested in oral evidence when the Chief Executive of SPVA confirmed a seventy per cent customer satisfaction rating in a 2009 survey². The findings showed that improvements had been made in accuracy of payments and deductions to personnel. We look forward to seeing more improvements in the coming year.

² SPVA Customer Satisfaction Survey 4, Self Service Results June 2009.

Appendix 7

AFPRB's five-year work programme schedule

Bold items for review for the AFPRB Report to be published in 2011.

SUBJECT	2010-11	2011-12	2012-13	2013-14	2014-15
Allied Health Professions	5				
Chaplains			5		
Commitment Bonuses		3			3
Diving Pay (pay spines and Specialist Pay)				5	
Experimental Diving Tests				5	
Experimental Test Allowance					5
Explosive Ordnance Disposal Operators' Pay			5		
Flying Pay					5
Food charges (inc. PAYD)		5			
Hydrographic Pay				5	
Longer Separation Allowance				5	
Military Provost Guard Service		3			3
Minor forms of Aircrew Pay					5
New Entrants	5				
NI Resident's Supplement	2		2		2
Non-pay benefits		5			
Nuclear Propulsion Pay			5		
Officers Commissioned from the Ranks			5		
Parachute Jump Instructors' Pay					5
Parachute Pay (inc. High Altitude Parachute Pay and SPAG)					5
Pension valuation		5			
Reserves' Bounties			3		
Recruitment and Retention Allowance (London)		5			
Service Nurses (pay spines and Specialist Pay)				5	
Sub Escape Tank Training Pay					5
Submarine Pay			5		
Unpleasant Living Allowance				5	
Unpleasant Work Allowance			5		
Veterinary Officers				5	
X-Factor			5		

Key: 2 – reviewed every two years, 3 – every three years, 5 – every five years



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