



Armed Forces'
Pay Review Body

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Forty-Seventh Report 2018

Executive Summary

Chair: John Steele

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.

The members of the Review Body are:

John Steele (Chair)¹
Brendan Connor
Tim Flesher CB
Professor Ken Mayhew
Lesley Mercer
Vilma Patterson MBE
Janet Whitworth
Rear Admiral (Ret'd) Jon Westbrook CBE

The secretariat is provided by the Office of Manpower Economics.

¹ John Steele is also a member of the Review Body on Senior Salaries.

ARMED FORCES' PAY REVIEW BODY

2018 REPORT – SUMMARY

Summary of recommendations from 1 April 2018 (unless otherwise stated):

- Rates of base pay for the main remit group to be increased by 2.9 per cent.
- All rates of X-Factor should remain unchanged.
- The following targeted measures as part of the Defence Engineering Remuneration Review (DERR) pay proposals:
 - Category 1: core pay, supplements and bespoke pay spine
 - Royal Air Force (RAF)-led tri-Service work on the case for a bespoke pay spine for professional engineers, to report to us in Pay Round 19 (PR19); and
 - Consideration of using the Pay16 pay model to better target engineers in core pay, again to report to us in PR19.
 - Category 2: qualifications and professional registration
 - an Engineer Professional Recognition Award (EPRA) for Army Officers (OFs) and Other Ranks (ORs) for implementation in the current pay round (PR18);
 - an EPRA for Royal Navy Officers, that includes retrospective recognition of qualifications, for implementation in PR19; and
 - an EPRA targeted at all RAF OFs and ORs tied to professional attainment from Eng Tech through to IEng and CEng, and that again includes retrospective recognition, for implementation in PR18.
 - Category 3: targeted remuneration measures
 - Possible RAF-led Financial Retention Incentives (FRIs) targeted at specific cohorts (including both OFs and ORs) for implementation in PR18. These FRIs have not yet been submitted for our consideration but we are content to consider them out of round;
 - A Royal Navy-led targeted Recruitment and Retention Payment (RRP) (Naval Service Engineer) for Royal Navy ORs, for implementation in PR19, synchronised with the rundown of existing FRIs for Marine and Weapon Engineer, General Service and for Submariners; and
 - Two Army-led FRIs, one targeted at Royal Electrical and Mechanical Engineers (REME) Aircraft and Avionics Technicians and the other targeted at REME Artificer Aircraft and Avionics Technicians, both for implementation in PR18.
- Other targeted measures (full details in Chapter 3):
 - RRP (Mountain Leaders) and RRP (Parachute Jumping Instructors) to remain at current rates.
 - RRP (Flying Crew) (FC):
 - RRP(FC) to remain at current rates.
 - Royal Navy Flying Maintainers to continue to be eligible for RRP(FC) on a Non-Continuous Basis (NCB).
 - An enduring requirement to pay RRP(FC) to Royal Navy Flight Winchmen on a NCB under existing arrangements.

- RRP(FC) should be re-profiled for Royal Logistic Corps (RLC) Air Despatchers under existing NCB arrangements, focusing the payment on the retention of more experienced personnel.
 - Army Air Corps Aviation Crew transfer to RRP (Flying) Non-Commissioned Aircrew with effect from 1 April 2018.
 - No ongoing requirement to pay RRP(FC) to REME Aircraft Technicians.
 - An ongoing requirement to pay RRP(FC) to RAF Aircraft Ground Engineers; however, the recruitment and retention issues affecting the cohort should be considered as part of the DERR and single Service work to improve retention within engineering cadres.
 - An ongoing requirement to pay RRP(FC) on a NCB for Suitably Qualified and Experienced Personnel working as RAF Air Mobility Movers within No 1 Mobility Wing; however, it is not necessary to pay new entrants at the base level.
 - RRP(FC) should be maintained for RAF Cabin Crew under existing arrangements.
 - RRP(FC) should be maintained for RAF Intelligence Analyst Linguists (TG11) assigned to essential operational flying duties on the Rivet Joint aircraft on a NCB.
 - Joint Helicopter Support Squadron personnel employed in Helicopter Handling posts continue to receive RRP(FC) on a Completion of Task Basis (CTB).
- RRP (Hydrographic) to be retained and re-profiled, with changes to be implemented on 1 April 2019, and OF changes to be applied to newly qualified OFs only, with legacy protection for all currently qualified OFs.
 - RRP (Parachute) and RRP (High Altitude Parachute) to remain at current rates, with the impact on manning and Voluntary Outflow of holding the rates to be reviewed during PR20 to decide the appropriate way forward.
 - RRP (Special Forces) to remain at current rates.
 - Other RRP rates to be increased by 2.9 per cent.
 - The system of RRP should stay in place for now following the introduction of Pay16; and quinquennial review RRP papers should be considered in the normal way.
 - Full reviews of RRP (Diving), RRP (Explosive Ordnance Disposal) and RRP (Special Forces Communications) to be conducted next year.
- The continued payment of the Mine Counter Measure Vessels (MCMV) Environmental Allowance (MEA) for personnel assigned to a qualifying MCMV, uplifted in line with our main pay award; and that given the particularly poor living conditions on board for the most junior members of the crews, an additional (higher) value tier should be introduced for Junior Ratings at £5.00 per day.
 - The continuation of: the bespoke pay spine for the main Officers Commissioned From the Ranks (OCFR) cohorts; the equivalent bespoke pay spines for analogous groups in the Special Forces and the Royal Gibraltar Regiment; and the established practice of applying our annual pay awards equally to the OCFR pay spines to ensure that there continues to be an effective bridge between ORs' and OFs' pay spines.

- **Recruitment and Retention Allowance (London) to be increased by 2.9 per cent.**
- **The retention of the Unpleasant Working Allowance, with the three Daily Rates to be increased by 2.9 per cent.**
- **Rates of compensatory allowances not reviewed separately, and Reserves' Bounties, to be increased by 2.9 per cent.**
- **The following recommendations for Defence Medical Services (DMS):**
 - **A 2.9 per cent increase in base pay for all ranks within the Medical and Dental Officer cadre.**
 - **A 2.9 per cent increase in General Medical Practitioner (GMP) and General Dental Practitioner (GDP) Trainer Pay and Associate Trainer Pay.**
 - **A 2.9 per cent increase in the value of military Clinical Excellence Awards and legacy Distinction Awards.**
 - **DMS, the British Medical Association (BMA) and the British Dental Association (BDA) should identify the specific staff groups within the NHS with which they propose Medical and Dental Officers should be compared.**
 - **DMS, the BMA and the BDA should come forward with proposals for a new methodology to adjust for the difference between the NHS and Medical Officer and Dental Officer (MODO) pension schemes.**
- **For Service Family Accommodation (SFA), Combined Accommodation Assessment System (CAAS) Band A charges to be increased by 0.6 per cent. This recommendation will affect the charges for all lower bands, as they are in descending steps of ten per cent of the Band A rate.**
- **Legacy Four Tier Grading SFA charges in Germany to be increased by 0.6 per cent.**
- **For Single Living Accommodation (SLA), charges for grade 1 to be increased by 0.6 per cent, with increases of 0.4 per cent to grade 2, 0.2 per cent for grade 3 and no increase to grade 4, against the expectation that MOD will remove from use the worst pockets of SLA by 2020 at the latest.**
- **The Daily Food Charge should be increased by 18 pence to £4.97.**

This Report sets out our recommendations on military pay, allowances and charges from April 2018. As usual, we considered a wide range of evidence from: the Ministry of Defence (MOD), including the Secretary of State and the individual Services; HM Treasury; the Service Families' Federations (SFFs); the Defence Infrastructure Organisation (DIO); the BMA; the BDA; and our own analyses of pay comparability. We also heard directly from Service personnel and their families on 19 visits in the UK and overseas.

Context

The overall Armed Forces' staffing picture shows a deficit of full-time military trained strength of 5.7 per cent. Despite the efforts of the Services to improve their recruitment pipelines, they forecast a shortfall against their overall targets. Voluntary outflow rates remain at historically high levels with some rates continuing to increase: there are particular areas of concern in specific cadres including engineering and other technical groups.

The economy grew by an estimated 1.7 per cent in 2017, with forecasts suggesting a similar rate of Gross Domestic Product (GDP) growth in 2018 and 2019. As anticipated, inflation increased with the Consumer Prices Index (CPI) annual rate moving from 1.8 per cent in January 2017 to 3.0 per cent in January 2018. Inflation is forecast to fall gradually in 2018, as the food and fuel price rises of a year earlier fall out of the 12-month index and the effect of sterling's depreciation on import prices wanes.

The labour market remains strong, with the level of employment increasing by 320,000 in the year to December 2017 and the employment rate at 75.2 per cent, having reached record highs in the year. Employment growth was mainly among full-time employment and part-time self-employment. Average earnings growth was 2.3 per cent in 2017 (2.4 per cent in the private sector and 1.5 per cent in the public sector excluding financial services). Pay settlement medians were at 2.0 per cent in 2017. Earnings growth is expected to show an increase in 2018.

In late 2017, the Government announced an end to the one per cent public sector pay policy. The letter we received from the Chief Secretary to the Treasury said that with a more flexible public sector pay policy, it was of even greater importance that recommendations on annual pay awards are based on independent advice and underpinned by robust evidence that takes into account the context of wider economic circumstances, private sector comparators, and overall remuneration of public sector workers (including pay progression and pension entitlements). The letter from the Secretary of State for Defence reaffirmed this more flexible approach to public sector pay, particularly in areas of skill shortages and including in return for improvements to productivity. In its strategic management evidence, MOD did not propose a specific increase to base pay, but in oral evidence it told us it was seeking a uniform award for all ranks. It also proposed that most targeted measures and compensatory allowances should be raised by up to the level of the main award. It also confirmed that targeted measures such as RRP's and FRI's remain necessary to counter external labour market pressures affecting particular groups.

MOD continues to maintain a high level of operational commitment across all three Services. Tempo and workload were important issues raised by Service personnel during our visit programme. Gapped posts often resulted in extra pressure on those remaining since the required output was not reduced, and, in some cases, had increased.

Recommendations

In line with our terms of reference, we make recommendations based on all the evidence we receive, including that presented formally, what we hear from Service personnel on visits, and data on pay comparability. We take account of the Government's evidence on the economy, affordability, its more flexible public sector pay policy, and consider the cost of living and external pay settlements more generally, taking into account that Service personnel retain incremental pay scales and a non-contributory pension scheme. We also consider recruitment, retention and motivation in the Armed Forces overall.

We are concerned about the picture that has emerged from our visits and evidence this year. While there has been no sudden deterioration in any particular indicator, trends that have worried us over several previous years, and on which we have commented in our previous Reports, have continued. In our view, the cumulative impact is now serious. Recruitment, across all Services, is challenging, and targets are regularly being missed. Outflow figures, including voluntary outflow, remain at historically high levels. Overall, the deficit in military full-time trained strength has increased. All three Services remain below their staffing targets set in the Strategic Defence and Security Review 2015 (SDSR 15), and none are confident of meeting these targets by 2021. This is a worrying position, given that MOD still has an ambitious workforce reform programme in prospect, and it will need active engagement from Service personnel if it is to achieve the desired benefits.

The evidence on Service morale is, if anything, of even more concern, and helps to explain some of the recruitment and retention difficulties. According to the Armed Forces Continuous Attitude Survey (AFCAS), satisfaction with Service life in general has steadily decreased since 2009. Satisfaction with pay and benefits is at a historic low, emphasising the messages we heard on visits. Service personnel perceive that the value of the overall “offer” has significantly decreased in recent years, citing changes to pensions, increases to accommodation and food charges, as well as restrictions on pay increases. They also commented on the impact of workload and units being held at high readiness for long periods, which are exacerbated by general shortages of personnel. In the round, they draw the conclusion that the Armed Forces are becoming less valued.

We have considered our overall pay recommendations against this background. We believe that this year’s award needs to signal a change, firstly to begin addressing the issues we highlight above, and secondly so that serving personnel speak more positively to new and potential recruits about a career in the military. We note that forecasts for the wider economy suggest there are reasonable prospects for growth, with unemployment at very low levels, so the Armed Forces will face even greater competition to recruit and retain the right people. We have also taken account of both the current level of average earnings growth and pay settlements. Looking at broader pay comparability data, most ranks have seen relative falls in the value of their pay, compared to wider earnings growth in the whole economy since 2006-07 (screening out the impact of the recession); and with rather steeper falls in comparison to the private sector. We note also that the most recent CPI inflation figure is at 3 per cent, with the Retail Prices Inflation (RPI) figure at 4 per cent; while no longer an official measure, RPI remains a figure that service personnel recognise, and regularly mention to us.

We considered whether a pay award that was consciously above inflation was necessary to achieve the results we are seeking. However, against that, we need to take into account the evidence on affordability, and the continuing pressures on public finances. On balance, we **recommend an across-the-board increase of 2.9 per cent in base pay for 2018-19**. While it is below CPI inflation, it represents a significant change from the 1 per cent that we have recommended for the last five years. We believe that Service personnel will recognise that affordability constraints remain.

We are proposing that this increase should be across-the-board, as was supported by MOD during oral evidence, since we wish to send a general message this year. However, the future needs of the Armed Forces require some different and very specialist skills, some of which are in great demand externally. MOD needs to consider carefully if, in future, it should be proposing pay awards that differentiate in response to labour market pressures and strategic Service needs.

This year, MOD submitted proposals to address issues with the recruitment and retention of engineers. We are strongly supportive of the work it and the single Services have carried out in this area and **concur with its Defence Engineering Remuneration Review pay proposals**, details of which are included in Chapter 3. We recognise this is only a step in the direction of a comprehensive solution and we expect further proposals on engineering pay for our next round.

Separate from base pay, we also consider targeted measures that continue to play an important role in supporting recruitment and retention in areas where there are current and ongoing staffing pressures. Our process for reviewing RRP allows cadres to be examined when needed rather than on a fixed timetable, and we expect MOD to continue to be proactive in this area. MOD’s evidence to us proposed an increase for most categories of RRP by “up to” the level of the pay award. We **recommend an increase of 2.9 per cent in RRP for most cadres** with the rates of **RRP (Flying Crew), RRP (Mountain Leader), RRP (Parachute), RRP (Parachute Jumping Instructor) and RRP (Special Forces) held at existing levels**. Our review of **RRP (Flying Crew) sets out our detailed recommendations for each cadre in receipt of this payment**, including our recommendation for the reprofiling of RRP(FC) for Royal Logistic Corps Air Despatchers, and the transfer of Army Air Corps Aviation Aircrew from RRP(FC) to RRP

(Flying). Our review of RRP (Hydrographic) led to our recommendation for the reprofiling of this RRP. We also reviewed RRP (Parachute): we will monitor the impact of the freeze of this RRP before considering the appropriate way forward for this group. Finally, we also considered whether Pay16 had any consequences for our consideration of RRPs but are recommending that the current review programme should continue in the usual way, although we have welcomed the fact that MOD intends using a new framework to ensure transparency to help inform the evidence it provides to us for future RRP reviews.

We carried out a review of the Mine Counter Measure Vessels Environmental Allowance (MEA). Given the poor living conditions on board for the most junior members of the crews, we are recommending the introduction of an additional higher rate tier of £5 per day for such personnel; the existing rate (currently £3.49) should be increased by 2.9 per cent. If necessary, MOD should ensure our recommendations are backdated.

We recommend the continuation of the bespoke pay spines for Officers Commissioned From the Ranks, Special Forces and the Royal Gibraltar Regiment; these pay spines should be increased by 2.9 per cent.

We were also asked to consider the freeze and staged withdrawal of Recruitment and Retention Allowance (London) (RRA(L)). However, we are not prepared to consider its removal until MOD brings forward acceptable proposals for the introduction of an alternative allowance for those undertaking State Ceremonial and Public Duties in London. For this year we recommend that RRA(L) should be uplifted by 2.9 per cent.

Following its review, we recommend the retention of the Unpleasant Working Allowance and the maintenance of the three previously defined Daily Rates, increased by 2.9 per cent.

We recommend an increase of 2.9 per cent in the rates of all other compensatory allowances not reviewed separately.

As usual, our Report contains details of financial measures we considered outside the main pay round. These included: an extension to the current Reservist Enlistment Payment until March 2020; and extension of the Reservist Training Completion Bonus; a refined Reserve Commitment Bonus Scheme; and a Financial Incentive for Royal Signals Communications Systems Engineers and Communication Systems Operators.

We continue to monitor the impact of the new pay system, Pay16, that is based around job evaluation and is an important part of MOD's ongoing workforce reform programme. We believe it is critical that senior management take ownership of Pay16 decisions and provide an effective communication mechanism that engages and utilises the full chain of command to brief Service personnel proactively and comprehensively. Pay16 pay protection will continue until March 2024, and in our next round we give further consideration to the specific issue of those Service personnel in receipt of Specially Determined Rates of Pay (when certain individuals transitioned from Pay 2000 at a pay value higher than the highest increment in Pay16 for their rank and supplement).

We are considering pay recommendations for MODOs this year as part of our main report. Our analysis of pay comparability strongly suggests that MODOs are earning significantly more than their NHS counterparts, but we are restricted in our deliberations by the absence of any agreement from the parties on what constitutes appropriate NHS comparators for our consideration. We also recognise that contractual arrangements for some NHS staffing groups are currently in flux. We therefore recommend DMS, the BMA and the BDA should identify as soon as possible the specific staff groups within the NHS with which they propose Medical and Dental Officers should be compared. We also recommend DMS, BMA and BDA should come forward with proposals for a new methodology to adjust for the difference between the NHS and MODO pension schemes. In the absence of better evidence, we recommend a 2.9 per cent increase across the board for MODOs this year.

We also recommend that GMP and GDP Trainer Pay and Associate Trainer Pay, and MOD Clinical Excellence Awards (and legacy Distinction Awards) should all be increased by 2.9 per cent.

Accommodation is a key component of the overall military package and remains one of the most important issues for Service personnel and their families. We always try to see first-hand the full range of accommodation when on visits, and hear directly from Service personnel and families. We received written and oral evidence from the SFFs, MOD, the individual Services and DIO.

The poor quality of the maintenance service for accommodation continued to be a common theme during our visits. Given its importance, we remain concerned about the lack of progress by MOD in maintaining and improving the quality of service accommodation commensurate with the scale of the issues which have emerged from our reports over the last few years. We will be monitoring the maintenance contract and the Performance Indicators closely over coming months. There are clearly major lessons for MOD in the shortcomings of the contract and, as we move towards the end of the contract period, we will be looking for those lessons to be learned.

We believe that maintaining the level of subsidy between rents for military personnel and those in the civilian sector is important, and we therefore recommend an inflation-based increase to SFA charges this year. The annual increase (at November 2017) in the actual rents component of the CPI was 0.6 per cent. We therefore **recommend an increase to Band A charges of 0.6 per cent with effect from 1 April 2018**. This recommendation will affect the rents of lower SFA bands, as they are in descending steps of ten per cent of the Band A rate.

Our report again sets out our concerns with the ongoing use of some very poor pockets of SLA which we consider unacceptable and a potential breach of duty of care. MOD has again been unable to provide us with meaningful management data on quality and usage of SLA. For this year, we consider it appropriate to retain our existing, tiered approach. As with SFA, we are linking our recommendation to the actual rents component of CPI. We therefore **recommend an increase of 0.6 per cent to grade 1 SLA rental charges, 0.4 per cent to grade 2, 0.2 per cent to grade 3 and zero increase to grade 4 from 1 April 2018, against the expectation that MOD will remove from use the worst pockets of SLA by 2020 at the latest**. Chapter 5 also includes our recommendation on the charges for garages and carports.

On the **Daily Food Charge (DFC)**, we have used the same methodology as in previous years and base any adjustments on the cost of food according to MOD's supply contract data. Consequently, we **recommend that the DFC should increase by 18 pence to £4.97 with effect from 1 April 2018**. In future, we accept a proposal that food cost data will be reviewed by MOD on a quarterly basis, and the DFC adjusted in-year if the cost has increased or decreased by at least two per cent. We expect this new arrangement to ensure the quality of the ingredients can be maintained by caterers and lead to an increase in both the quality and take-up of the core meal. AFPRB will continue to be responsible for setting the level of the DFC in our annual reports. We will review the impact of the new arrangements in the coming year.

This year we also carried out the quinquennial review of X-Factor. Our detailed analysis suggested a slight relative worsening for the military (compared to civilians) in three components (spouse/partner employment; separation; and stress, personal relationships and impact of the job), a slight improvement in two components (danger; and individual, trade union and collective rights), with the remaining eight components relatively unchanged. Whilst, overall, we concluded there was some evidence of a slight net deterioration in military life, this was confined to a small number of areas and we did not believe it to be sufficiently significant to support an increase in the level of X-Factor. We therefore **recommend that all rates of X-Factor remain unchanged**.

Senior officers in our remit group receive a reduced rate of X-Factor through tapering arrangements. While we do not believe that we have seen evidence this year to justify any immediate amendment to the current situation, we think that this issue merits future consideration and will seek to explore it further with relevant parties, co-ordinating with the Review Body on Senior Salaries as appropriate.

Looking ahead

We have begun to explore market-facing data for engineering groups in greater detail and plan to develop this work further to include other specialisms to inform any future recommendations. We have also continued to consider comparisons between earnings for Armed Forces' personnel with their full-time civilian counterparts using the Annual Survey of Hours and Earnings (ASHE). In broad terms, this survey shows that compared to civilian counterparts, Armed Forces' pay tends to be competitive, and increasingly so with higher rank.

Skill shortages in certain groups continue to be a concern. We have welcomed MOD's progress in addressing issues with the engineering cohort through its Defence Engineering Remuneration Review, but it will be important not to lose focus on this. For our next round, MOD will be submitting proposals for our consideration that may include bespoke pay spines or new pay mechanisms. We look forward to receiving this evidence.

Other cadres are also subject to external market forces. Bespoke arrangements for those with cyber skills for instance are under development, and we encourage MOD to give this increasingly important group urgent attention.

MOD continues with its significant and wide ranging transformation and workforce reform programme, delivered through the various strands of the People Programme. The scale and speed of the proposed changes continue to concern us, and the perception of Service personnel is that any changes are being driven by the need to make savings, leading to a worsening offer. This has the potential to further impact on the morale of our remit group, particularly in the context of recruitment and retention. The uncertainty surrounding the Future Accommodation Model (FAM) was one of the key concerns raised during our visit programme. We note that FAM is due to be piloted later this year: it will be critical for MOD to learn any lessons from the pilot, and be clear and timely in its communications with Service personnel and their families.

As indicated earlier, for our next report, we will want to consider pay comparability for MODOs. We do not accept that any ongoing delay in agreement to changes to the NHS consultant contract should prevent us from considering other aspects of pay comparability, such as the appropriate comparators for general medical practitioners or general dental practitioners, or the methodology for taking account of the apparent relative advantage of pensions for MODOs. We expect the parties to submit evidence for our consideration next year.

We make no apology for emphasising the need for, and importance of, clear communication. Service personnel have and are continuing to deal with significant ongoing change. Naturally they are apprehensive, particularly about the outcomes from the current People Programme. Communication must be open, transparent, owned throughout the chain of command, and regularly reinforced. We want MOD to continue with its communication efforts to increase awareness and understanding of the relative advantages of the pension scheme, which in turn should help retention. It is essential that those passing on messages do not undermine them, but are adequately briefed, so that they can convey them properly, and deal appropriately with any concerns that Service personnel raise. In our view, this is a critical issue, given the potential to affect motivation, morale and retention both positively and negatively. MOD must listen and respond appropriately to feedback on any proposed changes from Service personnel and their families.

It continues to be a challenging time for our Armed Forces against an external background of a tightening and competitive labour market with particular focus on key skills. There is also higher inflation and projected increases in national average earnings. In the UK, the military face heightened national security requirements as well as ongoing international operations. The significant transformation and workforce reform programme of recent years also continues and, following the introduction of the new pension scheme and pay structure, further changes are in progress through the Armed Forces People Programme. These cover important areas such as the new Future Accommodation Model and the Flexible Engagements System, all in addition to restructuring, rebasing and sustained high tempo and workload. Given the fast pace and extent of change, there is perhaps unsurprisingly an atmosphere of uncertainty and doubt which also impacts recruitment, retention and morale. This requires ongoing excellent communications and a high level of leadership throughout the chain of command.

We hope that our recommendations in this year's Report help to create an environment where the dedication, professionalism and resilience of our Armed Forces is recognised and safeguarded in the overall interests of the UK's national defence and security.