



Ministry
of Defence

Army Secretariat
Army Headquarters
IDL 24 Blenheim Building
Marlborough Lines
Andover
Hampshire, SP11 8HJ
United Kingdom

Ref: FOI2019/13609/13/04

E-mail: ArmySec-Group@mod.gov.uk

Website: www.army.mod.uk

██████████
E-mail address:
████████████████████

21 January 2020

Dear ██████████,

Thank you for your email of 18 December in which you requested the following information:

*“With regards to FOIARMY2015/09834
I would like the Meta Data for the following documents attached.*

- 1. Specifically whether these were marked as Draft or Final.*
- 2. The authors role and branch of service.*

I would also like to know why the classification of tile 2 has been redacted given it is a releasable document?

I would also like sight of the final business case for the Financial Retention Incentive given to AAC personnel in 2015.”

I am treating your correspondence as a request for information under the Freedom of Information Act (FOIA) 2000. I am writing to advise you that following a search of our recorded information, I have established that some information you requested is held by the Ministry of Defence and is below.

In response to parts 1 to 3 of your request, information is not held. Please note that any relevant files in scope of your request were held on an old IT system. Data from the period requested did not migrate into the new system as it was deemed as no longer required.

In response to last part of your request, please find attached the final business case for the Financial Retention Incentive. Some of the information has been withheld under s26 Defence, as such it was necessary for us to decide whether, in the circumstances of this case, the public interest in maintaining the exemption outweighs the public interest in disclosure. These considerations are now complete and I can advise that the balance of public interest was found in favour of withholding some of the information in scope of your request. This is because our operation capability may be jeopardised if it were placed in the public domain. This information has therefore been redacted from the attached document.

Under Section 16 (Advice and Assistance) you should note that some information contained within this business case was accurate at the time of publication, however, as time has progressed this may no longer be the case and some information may no longer be accurate.

If you have any queries regarding the content of this letter, please contact this office in the first instance. Following this, if you wish to complain about the handling of your request, or the content of this response, you can request an independent internal review by contacting the Information Rights Compliance team, Ground Floor, MOD Main Building, Whitehall, SW1A 2HB ([e-mail CIO-FOI-IR@mod.uk](mailto:CIO-FOI-IR@mod.uk)). Please note that any request for an internal review should be made within 40 working days of the date of this response.

If you remain dissatisfied following an internal review, you may raise your complaint directly to the Information Commissioner under the provisions of Section 50 of the Freedom of Information Act. Please note that the Information Commissioner will not normally investigate your case until the MOD internal review process has been completed. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF. Further details of the role and powers of the Information Commissioner can be found on the Commissioner's website at <https://ico.org.uk/>.

Yours sincerely,

Manning Portfolio 2
Army Secretariat

ARMED FORCES' PAY REVIEW BODY 2015/16 PAY REVIEW

(A Paper by the Ministry of Defence)

FINANCIAL RETENTION INCENTIVE FOR ARMY AIR CORPS PILOTS**ISSUE**

1. Army Air Corps (AAC) pilot manning is in critical deficit against current and (the smaller) future Army liability. This is placing air safety, operational capability, and force preparation and generation at risk. The deficit is primarily among more experienced and qualified pilots, both officer and Other Rank (OR)¹, after their Initial Training Return of Service (iTRoS) has expired². Action is required now to stabilise AAC pilot manning as pilot numbers are built back to the required levels.

RECOMMENDATIONS

2. The AFPRB is invited **to note** that:

- a. Army aviation force structures remain 70-75% committed to operational readiness.
- b. Current Army aviation structures are 26^o/0³ undermanned for aircrew against current liability.
- c. The Army did not take up the Aircrew FRI3, but reserved the option to implement a subsequent FRI should the aircrew manning situation require it.
- d. The current level of under-manning is impacting upon Army aviation and
- e. Recent non-remunerative efforts to improve pilot manning have not achieved sufficient effect.
- f. The Executive Committee of the Army Board (ECAB) has endorsed a broad package of measures to build and sustain pilot manning in the long term.
- g. A Financial Retention Incentive (FRI) is a value for money measure to immediately stabilise AAC pilot manning.

And to **agree** that:

- h. A modified FRI3 is made available to key AAC pilot cohorts for a period of one year from 01 Apr 15 — 31 Mar 16, at a cost of up to £22.35M (for 100% take-up), in order to stabilise pilot manning.
- i. Additional remunerative measures to address AAC manning concerns are considered as part of the tri-Service Recruitment and Retention Payment (Flying) (RRP(F)) review that will submit early analysis as an information note to the AFPRB in the 2016 Pay Round. A further paper with developed recommendations is planned to be submitted in 2017.

Uniquely among the three Services, the Army employ OR pilots ranging from Acting Sgt to W01.

TRoS: 72 months for initial trained pilot from end of Conversion to Type/Operational Conversion Unit (CTT/OCU); 48 months for subsequent-, Fixed Wing (FW) to Rotary Wing (RW) and Apache conversion; 36 months for subsequent Lynx, Gazelle, Bell 212, Wildcat and Qualified Helicopter Instructor (QHI) training.

³ Director Manning (Army)'s (DM(A)) forecasts show an enduring deficit of c45 officers and of 118 OR pilots in 2018, equating to 26%.

TIMING

3. **Priority.** Urgent. AFPRB endorsement is sought to enable eligibility for the FRI to be backdated to 1 Apr 15 in order to stabilise Army pilot manning.

GENERAL BACKGROUND

4. **AAC roles and outputs.** The AAC delivers Army aviation combat⁵ and combat support⁵ capability to the RN, Army, RAF, SF and OGDs. The primary aircraft capabilities are the Apache Attack Helicopter (AH), Lynx and the Wildcat WC reconnaissance helicopters. There are also specialized capabilities and Army training. Underpinning these capabilities is the Generating Force and Aviation staff - the units and organisations that generate and sustain Army aviation capability.

5. **Commitments.** The AAC currently has 20 flying sub-units of which 15 (75%) are constantly at extremely high readiness (EHR - 24 hours or less notice to move), very high readiness (VHR - 5 days notice to move) or on operational training. The remainder deliver Aviation force generation outputs or support the training of others. The following Defence outputs are supported:

- a. Standing Commitments such as support to mainland UK and worldwide operations¹¹
- b. VHR deployment in support of Army contingency
- c. Army training and force preparation including British Army Training Units in Canada (BATUS), Brunei and Kenya (BATUK).
- d. Force generation, including pilot training, Conversion To Type (CTT) and AH and WC operational conversion.
- e. Support to specialist aviation roles outside of Army Aviation⁶.

6. **Army pilot employment.** Air Safety, operational capability and force generation lack resilience due to aircrew under-manning. Ongoing transitions to A2020 structures, unit re-basing and transitioning from Lynx to WC exacerbate this risk further. This has been mitigated by reducing the employment of pilots in non-flying posts and ensuring that aircrew are only employed in posts that make best use of their aviation Knowledge, Skills and Experience (KSE). This rationalisation process has imposed an additional manning burden across the other Arms and Services.

AIRCREW MANNING SITUATION

AAC Pilot Manning

7. **Context.** Since 2012, net pilot manning has decreased due to a reduction in trained pilot inflow and an increase in outflow. The combination of these factors has resulted in an average net loss of c10 pilots a year. Total Voluntary Outflow (VO), End of Engagement Date (EED) and Medical Outflow is shown against inflow in Table 1. Pilot VO is attributable to a number of 'Pull' factors recognised by the Joint Helicopter Command (JHC)⁷ and the AFPRB⁸. As they gain KSE and qualifications, pilots become increasingly commercially valuable with transferable skills:

⁵ FIND (Fixed Wing, Gazelle, Lynx, AH and WC) and ATTACK (primarily the AH Attack Helicopter).

⁶ For example: Command and Control support, limited movement of personnel and materiel, direction of artillery, naval and air fires.

⁷ Including, Military Aviation Authority, Defence Air Safety Organisation and Joint flying training establishments.

⁸ Joint Helicopter Command Fatigue and Well Being Study dated Jun 14 (conducted by Director of Personnel Capability, Army Headquarters). It noted that low morale, poor manning levels and high workload are causing personnel to reevaluate their commitment to the Service.

⁹ D/DPS(A)/3/3/PS10(A) AFPRB Army Sponsored Visits 2014 report dated 8 Aug 14.

Instructors are particularly in demand. The commercial aviation industry and overseas military aviation offer attractive opportunities for improved work/life balance and can be particularly lucrative. Annex A gives examples of the employment opportunities available and indicative remuneration rates. Transfers to the other Services also have a negative effect.⁹ Specific 'Push' factors such as the potential repayment of overpaid RRP(F)¹⁹ and the impact of the additional work on those remaining caused by gapping of posts further impacts VO rates.

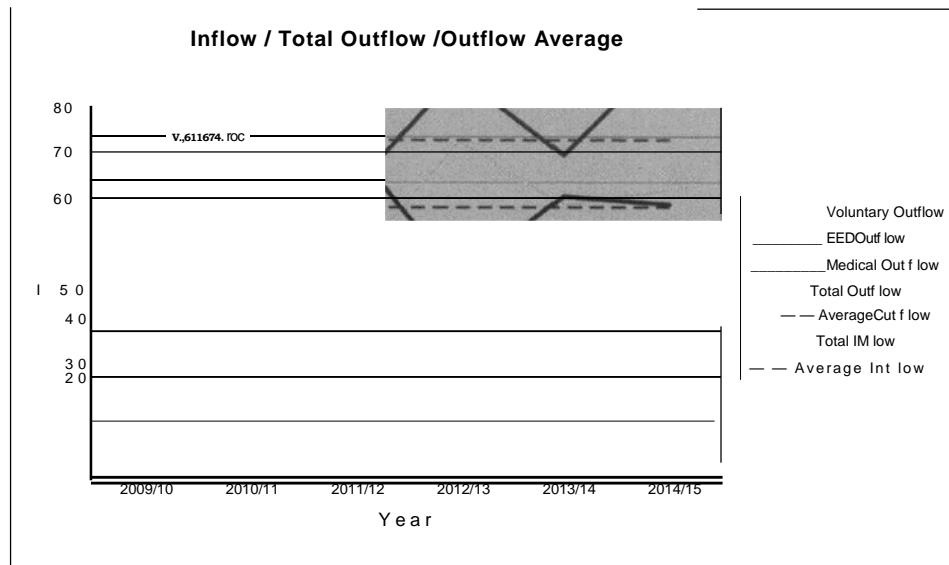


Table 1: AAC Outflow rates since 2009/10. Source: Army Personnel Centre"

8. Current and future manning. As at Jun 15, AAC pilot manning is 175 (26%) undermanned against A2020 liability - see Table 2.

Rank	A2020 Aircrew Liability	Current Aircrew Strength	% Manned	% Undermanned
OF4	50	39	83%	17%
OF3	145	122	84%	16%
OF2	194	129	66%	34%
OF Total	386	290	75%	25%
OR	267	191	72%	28%
OF & OR Total	656	481	74%	26%

Table 2: Aircrew Manning - Source APC / HQ AAC Jun 15

Analysis from QMAP Q4¹² shows an enduring deficit of c40 DE officers (up to OF4) and a deficit of 130 Army NCO pilots up to 2018. This predicted total deficit of c170 personnel will continue to equate to c26% under-manning unless trained inflow increases and/or outflow decreases.

9. Recruitment. The AAC can successfully recruit the 44 pilots per year it requires. Despite this, pass rates on flying training, the fixed capacity of the Joint helicopter training system and one-off events such as aircraft mechanical issues¹³ all contribute to a reduced inflow of trained pilots. Non-remunerative measures are in place to address these issues, but they will not stabilise aircrew manning in the short term.

⁹ Between 2003-11, 26 AAC pilots transferred to RAF and 11 to the RN.

¹⁰ Around 145 aircrew are affected, averaging £9000, but with a maximum repayment of £21,164.25. In FY 12-13, nine LE A2 QHIs left the Army citing the RRP(F) overpayment issue as the primary factor for their PVR/NTT decision.

Data for 2015/16 shows there are already nine officers PVR'ing in 15/16.

¹² Dated 24 Feb 15.

¹³ A technical issue with the Grob aircraft's propeller grounded all Elementary Flying Training and Grading selection courses for approximately 12 months.



10. Retention. Pilot outflow due to reaching End of Engagement Dates (EED) or through Voluntary Outflow (VO) is c32 per year which is unsustainable. Immediate action is required in the short term in order to stabilise this outflow while medium and longer term measures for recruitment and retention have time to take effect.

Current AAC Manning Situation

11. Pilot risk cohorts. Analysis identifies five key AAC pilot cohorts that currently pose a significant manning risk and require immediate measures to improve retention. These are, in manning priority order:

a. **Qualified Helicopter Instructor (QH1)¹⁴/Qualified Flying Instructor (QFI).** OHI/QFIs train new pilots, maintain flying standards throughout the organisation and fulfil operational roles. They are crucial for maintaining force generation, safety assurance and operational effectiveness. The 18% deficit (see Table 3) in the instructional cadre already places force generation at significant risk, limiting the ability to stabilise, build or sustain the current pilot under-manning.

Rank	A2020 Instructor Liability	Current Instructor Strength	% Manned	% Undermanned
QHI	102	86	84%	16%
OFI	12	7	58%	42%
Total Instructor	114	93	82%	18%

Table 3: QHI/QFI Manning — Source APC / HQ AAC Jun 15

b. **ORs.** OR pilots are 28% under-manned. This cohort should form 60% of the front line AAC pilot liability and the more senior ranks provide much of the depth of organisational KSE. This shortfall places operational outputs at significant safety and capacity risk by placing additional pressure upon the remaining pilots and, in some cases, forcing officers to fill OR front line flying roles.

c. **LE officers.** LE officers are the long term corporate knowledge and expertise of the AAC due to the longevity and skill set of their flying and military experience. Of this cohort, 90% are also instructors (37 of 41).

d. **DE OF2-3 officers.** OF2-3 are employed both in cockpit and in critical aviation staff roles (as well as fulfilling wider Army career requirements such as staff training). Gapping in the OR cohort means that operational output cannot be maintained without misemploying OF2s and OF3s in OR poststh. This creates a manning risk in aviation staff and force generation roles and places pressure on the wider Army to backfill previously held AAC E2 posts.

e. **DE OF4 officers.** OF4 VO has increased 6 fold over the last three years' and now averages 5 times the DM(A) predicted steady state outflow. Promoting OF3s to counter this outflow is not a viable solution primarily because they lack the necessary experience but also due to the second order effect on the OF3 deficit.

¹⁴ OHI/OFIs are categorised into B2, BI, A2, AI. A2 and above are **essential for supervisory** and assurance roles. The commercial market recruits all instructor grades.

¹⁵ Currently, 34 officer pilots (12% of current OF2-3 pilot strength) are being misemployed in OR, or lower rank pilot posts.

¹⁶ 6 in FY13/14, 5 in FY14/15, 5 already for FY15/16.





The impact of AAC aircrew under-manning on Defence

12. **General.** The AAC is failin to meet mandated outputs, including ¹⁷. The risks to Force Preparation and Generation are also acute. Key impacts are shown in Annex B and summarised below:

a. **QH1s.**

- (1) **AACen Flying Training.** Army Pilot Course (APC) Operational Training Phase (OTP) QHIs are at 42% manning. This has reduced OTP student loading from the 41 required to sustain aircrew manning to c32 per annum.
- (2) **Aviation Reconnaissance Force (ARF).** 9 Regt AAC¹⁸ is reliant on Aviation Standards Branch QHIs to deliver Lynx Mark 9A conversion courses and train crews for BATUK jeopardising future and current operations. If the current deficits remain, and the QHI situation gets no better, then the ARF would only be able to support either, training in Kenya and Canada¹⁹ or, the Wildcat capability, but not both.
- (3) **Attack Helicopter Force (AHF).** The AHF has insufficient AH QHIs (c60% at AACen, c75% at Wattisham) to force generate the steady state requirement for AH aircrew and mitigate current outflow.

c.

f. **AHF.** Currently manned at 26.5 of 39 crews required in Army 2020. This is forecast to reduce to 23 crews by Oct 15 through



natural wastage and VO. The next CTR course will increase the level back to 27 crews.

e. **ARF.** Currently at the minimum Lynx 9A manning to achieve mandated Lynx outputs and populate the WC transition plan with students. Any further pilot outflow will require a reduction of JHC outputs in BATUK and have a direct effect on training in Kenya.

13. Whole Force Approach (WFA) to Aviation Instruction. In order to mitigate some of the military manning pressures, a longer term JHC study into a WFA for all airborne instructors aims to employ a spectrum of civilian, Regular military and Reservist QHIs / Airborne Instructors and Qualified Helicopter Crewman Instructors. Two options have been considered:

- a. **BATUK.** A contract to replace 25 Flt AAC with civilian aircraft, aircrew and engineering was discounted due to cost The Flt will still close in Sep 15 and will be replaced by an RAF Puma 2 detachment in Nov 16. An AAC Lynx Mk9A detachment will fill the 14 month gap between Sep 15 and Nov 16.

¹⁷ JHC1/2/2 dated 7 May 15.

¹⁸ OH) manning at 50% establishment.

¹⁹ At the British Army Training Unit Suffield (BATUS).

b. **BRUNEI.** A contract to replace 7 Flt AAC with civilian aircraft, aircrew and engineering was discounted due to the complexity of the flying environment' and the need to support 24/7 special user tasking.

c. **BATUS.** 29 Flt AAC on Gazelle currently delivers a complex range safety and CASEVAC role in BATUS. Part contractorisation is being scoped, but will not deliver until Mar 18 at the earliest.

Other Services manning situation

14. **RAF.** The RAF has similar strength and retention issues with experienced aircrew and flying instructors across all its squadrons and fleets. Pilot manning in the RAF is currently:

	Fast-Jet	Multi-Engine	Rotary
JO	78%	84%	80%
Sqn Ldr	82%	78%	95%
Wg Cdr	100%	100%	100%

Table 4: Current RAF Aircrew Manning

However, these figures should be put into the context of a smaller front-line force in 2020, and following the RAF Officer Aircrew Sustainability Review (OASR) the junior officer RAF aircrew cadre is currently forecast to be in manning balance by 2020. The RAF has therefore been able to focus on the current 5-yearly RRP(F) Review, with the expectation of a sustainable long-term retention package.

15. **RN.** Fleet Air Arm (FAA) aircrew manning is currently at the following levels:

	FJ Pilot	RW Pilot	Observer
Lt (OF2)			
Lt Cdr (OF3)			
Cdr OF4			

Table 5: Current FAA Aircrew Manning

16. The Fast Jet (FJ) cadre is in its ascendancy and forecast to reach manning balance by 2020, with overall Pilot manning balance achieved by 2023. The overbearing of OF4 Observers is used to fill the Pilot liability, as the small OF4 posts are not Pilot or Observer specific; the overall manning figure for OF4 Aircrew is currently 100%. The full range of manning levers has been utilised to stem the tide of outflow at all levels, which seems to be working at present, as evidenced by a falling VO rate (the rolling yearly figure has fallen from 100% to 95% at the end of March). The bigger issue faced by the FAA is converting pilots as the whole of the FAA transitions to new aircraft types, while recovering from the gap in ab-initio training during this transition. Nevertheless, the whole plot remains susceptible to increased external pull, though it is anticipated that the RRP(F) Review will target the historic outflow points and add more incentive for the senior aviators to remain in the Service.

17. **FRI3.** The last wide-ranging pilot FRI (known as "FRI3") paid between £40K and £100K to RN and RAF pilots who were approaching, or passed, their immediate retirement point, for a five year RoS²¹. While assessed as successful, this FRI attained a 55% take up rate against a target of

²¹ In particular, use of night vision aids in jungle environment.

² D/SP5.20.1.10 Extension of the aircrew Financial Retention Incentive 2 (Continuation) (To be Known as FRI 3), dated 21 Sep 09.



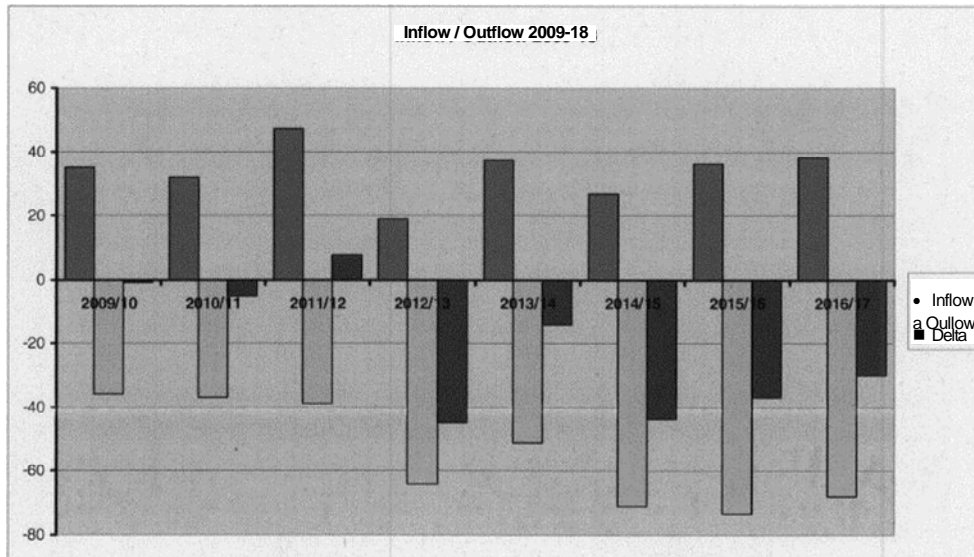
70%²². This FRI was not taken up by the AAC as insufficient evidence of aircrew under-manning existed to justify inclusion, although a subsequent, smaller, **FRI** targeted specifically at AH pilots was introduced to address the shortage of AH pilots available to deploy to Afghanistan. Assuming 100% take up; Table 6 shows the original predicted cost of FRI3.

FY	Service	SO Pilots (at £100K)		JO RN Obs Cat £40K)		JO Pilots (at £80K)		Totals
		No	RoS	No	RoS	No	RoS	
10/11	RAF	49		-		26		75
	RN/RM		i iii	i		i	lr.	
11/12	RAF	58	5 rs			29		87
	RN/RM	11				i	iii	
12/13	RAF	40				42	5 rs	82
	RN/RM		lii	i				
TOTAL 10/13								
Total Cost								

Table 6: FRI3 structure for RN/RM and RAF Aircrew (100% take-up).

DESIRED OUTCOME

18. **Pilot Inflow/Outflow.** If the AAC aircrew manning situation is not stabilised in the short term numbers will continue to fall — see Table 7. Given the high cost of training, both financial and temporal, doing nothing to stabilise aircrew manning is not a viable option and has been



discounted.

Table 7: Total Net inflow/outflow, actual and predicted

19. **AAC Manning Strategy.** Since 2013, significant effort has been invested into addressing the AAC's aircrew manning deficit. On 22 Oct 14, ECAB was invited to note a strategy to Stabilise-Build-Sustain Army aircrew manning, encompassing 29 specific manning recommendations (see Annex C). The aim of the strategy is to regain an aircrew manning balance position by latest 2023. The **Stabilise** phase of the strategy relies on remunerative and non-remunerative measures aimed

²² Air/S01SqnlDrAir_FR13_PPE, RAF Financial Retention Incentive 3 — Post Project Evaluation dated 28 May 13.





at stabilising particular aspects of aircrew manning. The Build and Sustain phases centre on increasing inflow to trained strength and developing an aircrew Future Manning Strategy (FMS) to deliver longer term manning resilience. Table 8 shows illustrative growth predictions assuming full implementation of the Stabilise-Build-Sustain Strategy.

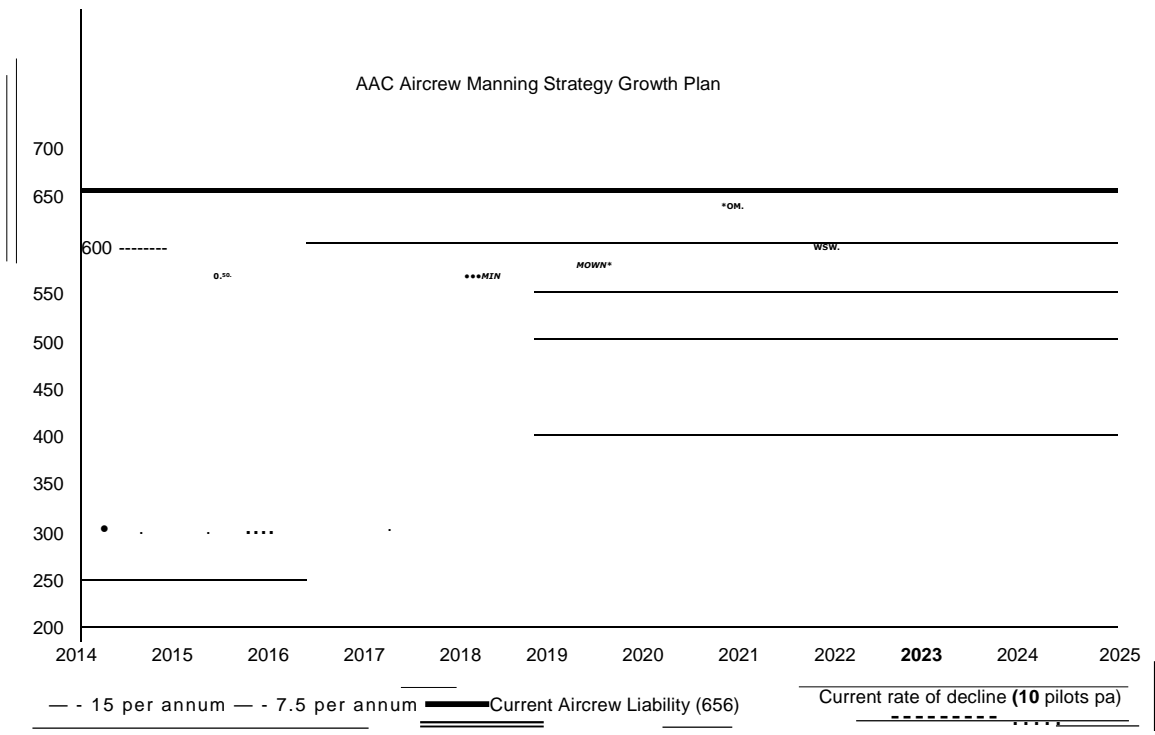


Table 8: AAC Aircrew Manning Forecast

CURRENT STABILISATION MEASURES

Non-Remunerative Measures

20. A series of non-remunerative measures have been implemented by the Army to stabilise AAC aircrew manning; these are summarised at Annex D. Although some of these manning levers are retention positive, in themselves they are proving insufficient to arrest the decline in aircrew numbers.

Remunerative Measures

21. **RRP(F) Review.** The current 5 Yearly RRP(F) Review is addressing tri-Service recruitment and retention remuneration for all aircrew. Remunerative measures being investigated include alterations to RRP(F) structures in order to better reflect KSE. An aspiration to review the qualifying point for the Pilot Employment Scheme (Army) (PES(A)) to encourage longer service within aircrew roles was initially included, but has since been withdrawn. The results of the RRP(F) Review will not come into force before Apr 16 and will focus support on the medium to long term Build and Sustain elements. Whilst some form of retention bonus is possible, it will principally address longer term structural issues and will not alleviate the current decline in AAC pilot numbers.

22. **New Employment Model (NEM).** NEM will not impact officer's pay. OR pilots may see an increase in pay due to an extremely high job evaluation score. However, this is not yet endorsed and would not come into effect until Apr 16.

[REDACTED]

23. **FRI.** An FRI is considered to be the most effective short-term measure to stabilise AAC aircrew manning and to begin to mitigate the identified impacts on Defence. Targeted at specific career decision points and KSE, an FRI would counter the pull of the opportunities presented by overseas and commercial aviation (for officers and ORs) and wider civilian employment (often for more senior officers) while Build and Sustain measures take effect. An FRI would produce best value for money for Defence as even a sizeable FRI would be quickly offset by the saved costs of re-generating new and experienced pilots'. It would also retain aviation Suitably Qualified and Experienced Personnel (SQEP) with global operational experience'.

FRI OPTIONS

24. **FRI Aims.** The following factors will apply to all FRI options:

- a. Must have an immediate and positive effect on retention.
- b. Must only target identified cohorts.
- c. Must provide value for Defence and afford an acceptable and realistic balance between sums offered and return of service expected.
- d. Must be coherent with the Build and Sustain elements of the AAC Aircrew Manning Strategy.
- e. The principles to be applied are: evidenced, affordability, limit impact on other Services, minimum divisiveness and simplicity.

The following factors should be taken into account:

- f. The effects on the morale of non-qualifying AAC aircrew and those of the other 2 Services.
- g. The FRI must offer a meaningful payment, capable of off-setting the draw of commercial sector remuneration, pension benefits, work-life balance and family opportunities. It should also assist to recruiting re-joiners.

25. **FRI target cohorts.** An analysis of AAC aircrew current and future manning figures identifies 4 key target cohorts:

- a. **QHI/QFI.** All OR7-0F3 A2/A1 QH1s/QFIs, irrespective of their Year of Service (YoS).
- b. **AAC OR Pilots.** AAC OR pilots between YoS 22 and 25 (inclusive) who have already accepted Versatile Engagement (Long) (VEng Long).
- c. **AAC DE officer pilots.** OF2 to OF4 AAC DE officer pilots at or approaching end of commission.
- d. **AAC LE officer pilots.** AAC LE officer pilots at or beyond YoS 22, who have completed 5 years of commissioned service.

²³ An AH pilot costs £3.62M to train, and an AH OHI costs £8.07M to train.

' Including Iraq, Afghanistan, Libya, Kosovo, Brunei, Northern Ireland and the Philippines.

Option 1 - Bespoke AAC FRI

26. A bespoke FRI, purely for AAC pilots, targeting all of the identified cohorts. This FRI would run for a 3 year period, offering taxable sums from £50k to £100k for respective RoS of 3 and 5 years. This would include a total of 328 pilots at a maximum cost of £26.75M (100% take up). QH1s/QFIs qualifying in both rank/YoS and qualification level (A1 or A2) would be eligible for a further £50k, giving a maximum potential payment of £150k gross. The full breakdown of this option is at Annex E and underpinned by the following factors:

- a. **Previous aircrew FRIs.** FRI3 paid between £40K and £100K to RN and RAF pilots for a five year RoS²⁵ and achieved a 55% take-up. The last AAC aircrew FRI targeted OR AH pilots and instructors, paying £50K for a 3 year RoS²⁶ and achieved a 42% take-up. These figures indicate that previous FRIs have struggled to be competitive against commercial offers and any future FRIs will likely require an enhanced package.
- b. **Interviews.** Retention interviews and engagement over the last 12 months with those leaving by the AAC chain of command have provided insight into the drivers behind their decision to leave²⁷. Anecdotal evidence suggests that £100K net of tax is required to achieve the desired retention effect. This equates to c£170K gross. Whilst the remunerative expectations of AAC pilots may be considered over-ambitious these expectations have to be acknowledged in any FRI proposal.

27. **Costs.** A cost breakdown by year, assuming 100% take up by those eligible, is shown in Table 9.

Cohort	Yr1 - FY 15/16 (£M)	Yr2 - FY 16/17 (£M)	Yr3 - FY 17/18 (£M)	Total (£10)
OR	2.8	0.6	0.7	4.1
DE	9.75	3.15	2.65	15.55
LE	3.8	0.3	0.1	4.2
QH1	2.2	0.35	0.35	2.9
Total	18.55	4.4	3.8	26.75

Table 9: Option 1 FRI cost

28. **Risks.** The principle risk of introducing such a high value and broad ranging FRI is that it will be divisive and potentially retention negative, both with AAC pilots who do not qualify and amongst aircrew from the other 2 Services.

Option 2 — Modified FRI3

29. An FRI which, in keeping with the FRI3 principle, targets officers and OR pilots that are at, or approaching the end of their current engagement or an early career exit point (eg: IPP/EDP). The FRI would run for a one year period, offering taxable sums from £50k to £100K for respective RoS of 4 and 5 years. This would include a total of 237 pilots at a maximum cost £22.35M (100% take up). All QHIs/QFIs (A1 or A2) are included, subject to a total maximum payment of £100k gross. The full breakdown of this option is at Annex E and is underpinned by the following factors:

²⁵ D/SP5.20.1.10 Extension of the Aircrew Retention Incentive 2 (Continuation) (To be Known as FRI 3), dated 21 Sep 09.

¹⁶The scheme ran from April 2010 — March 2013.

²⁷ Interviews by AAC OF5s and COs. The lowest figure quoted by individuals leaving when asked what remunerative measure would be needed to have a retention effect was £150,000 (tax free or after tax).

a. Army pilot structure. Army officer pilots are commissioned on Short Service Commissions (SSC)²⁸ on leaving RMAS and, unlike their RN and RAF counterparts, must voluntarily change commission in order to reach their IPP/EDP. This means that they have an earlier career exit point not present in the RN and RAF structures. Similarly, RN and RAF do not have OR pilots, who tend to retire at the end of their Colour Service (22 YoS). The modified FRI3 will therefore have a greater number of qualifying cohorts when compared to the original FRI3.

b. MOD Policy. As FRI3 has already been open to eligible RN and RAF pilots, the implementation of a modified FRI3 would therefore be consistent with previous balance of investment and policy decisions. Presentational challenges would also be reduced.

30. **Costs.** A cost breakdown by year, assuming 100% take up by those eligible, is shown in Table 10.

Cohort	Yr1 - FY 15/16 (Oil)	Total (EM)
OR	2.8	2.8
DE	13.85	13.85
LE	0.6	0.6
QH1/QF1	5.1	5.1
Total	22.35	22.35

Table 10: Option 2 FRI cost

SELECTED FRI OPTION

31. One of the above options is needed to stabilise AAC pilot manning in the short term and allow the Build and Sustain elements of the AAC Aircrew Manning Strategy to take effect. Failure to do so will compromise the AAC's ability to meet its Defence commitments and prevent an irreversible downward spiral in manning numbers as the pressure on those who remain increases.

32. Option 2 is recommended for the following reasons:

- a. A modified FRI3 will have an immediate and positive effect on AAC pilot retention.
- b. The impact on the other two Services is minimised by offering AAC pilots an equivalent retention package to that offered to RN and RAF pilots in FRI3.
- c. All target cohorts are included.
- d. The FRI is fundable in-year at a cost of £22.35M and has a lower total cost than a bespoke AAC FRI. It also provides an acceptable balance between sums offered and the return to Defence of retaining experienced and valuable pilots.
- e. Sums offered and RoS are consistent with FRI3 and provide individuals with sufficient incentive to remain in the Service when balanced against potential earnings in civilian employment.
- f. The one year FRI timeframe will bridge the gap between now and the effects of the RRP(F) Review which are not expected to deliver before Q4 16.

²⁸ Currently 8 yrs, but increasing to 12 yrs from 01 Jan 16.

MANAGEMENT CONTROLS

33. HQ AAC will be responsible for all management controls (see Annex F) and have executive authority over FRI payments. These will only be authorised once the application paperwork is verified, any extensions of engagement / commission² required is agreed by DM(A) and the individual has agreed the respective RoS in writing.
34. In accordance with JSP 754³⁰, a biannual AFPRB level financial incentive assurance process will be conducted by HQ AAC, APC and DM(A) and reported by PS10(A). Additionally, DM(A) has arranged for a specialist contractor to develop a means to tracking the manning impact of the FRI take-up.
35. The FRI will be withdrawn on 31 Mar 16 or if 95% AAC pilot manning is achieved before that date. Although unlikely, should an alternative FRI be recommended by the RRP(F) Review, cessation of this FRI will be considered as part of the transition plan to the replacement FRI.
36. A Post Project Evaluation will be submitted by HQ AAC within 3 months of the cessation of the FRI.

INTERNAL COMMUNICATIONS

Communications

- 37. Internal.** HQ AAC, in liaison with PS10(A) and DM(A), will lead on communicating this FRI and developing and publishing the DIN/AI. Communication will remain linked to the development and delivery of the wider ECAB-endorsed AAC manning measures, with the changes to officer career paths requiring particularly careful and early messaging.
- 38. External.** AAC aircrew operate on joint bases in peacetime and on operations which results in a constant dialogue and comparison of TACOS between Service personnel. As the previous iteration of FRI3 was not available to Army personnel it is likely that the belated inclusion of AAC pilots will be generally acceptable to other Service aircrew but expectation management of other Service aircrew will be a critical part of the communication plan. To limit the effect on the other Services, pilots transferring into the Army will not be eligible for the FRI.

DELIVERABILITY

39. DBS would seek to implement this FRI on JPA as quickly as possible and confirm that the necessary elements could be introduced as an out of release activity. The elements to allow payment of the FRI through JPA would be in place approximately six weeks after the submission of the appropriate Request for Change (RFC) which would immediately follow AFPRB endorsement of the FRI.

AFFORDABILITY

40. ECAB has considered the proposed FRI and, if approved by the AFPRB, has agreed to fund it in-year from the current TLB budget. The cost of implementation (i.e. JPA changes) will be taken at risk against the money allocated to 100% take-up.

² Award of VEng Long. extension/conversion to commission, AFB 6848 (Certificate of Amendment to Soldier Terms of Service) compilation, etc. Any officer on a SSC will have to convert to an IRC to be eligible for the FRI. An officer beyond / including YoS 15 must apply for a Reg C (or will be automatically boarded). Continuance beyond age 60 will not be granted to achieve a RoS for the FRI.

³ Annex B to Chap 7. Section 4.

CONCLUSION

41. The AAC is heavily committed to standing and contingent tasks with 75% of operational flying sub-units held at extremely high or very high readiness. AAC pilots are 26% undermanned against current liability. The historical cumulative effect of a limited inflow from training and outflow from the Army over the last six years has been an annual net loss of c10 pilots, however, over the last three years, this annual net loss has risen to c30 pilots. This places current Defence outputs at risk.

42. The recommended modified FRI3 is a short term measure focused on the retention of key Army pilot cohorts which will immediately stabilise AAC pilot manning. It is complementary to the wider AAC Aircrew Manning Strategy which will deliver longer term manning resilience to Army aviation and is consistent with previous tri-Service retention initiatives.

43. It is the assessment of the ECAB that the Army's aviation outputs require immediate stabilising action and that an FRI is required now.

Annexes:

- A. Financial Remuneration and Commercial Market Opportunities.
- B. Impacts of Aircrew Under-manning.
- C. Summary of Recommended Measures from ECAB Paper — 22 Oct 14.
- D. Non-remunerative Measures taken by the AAC between 2013 - present.
- E. FRI Options.
- F. Management Controls.

FINANCIAL REMUNERATION AND COMMERCIAL MARKET OPPORTUNITIES

1. Financial Remuneration. Initial commercial salaries, when combined with Armed Forces Pension Scheme benefits, broadly equate to military remuneration when the total value of pay, pension costs, housing, allowances and other benefits are incorporated³¹. The following factors then act to make commercial employment more attractive:

- a. The general lifestyle or work / life balance of commercial pilots is assessed by those leaving as more attractive.
- b. Access to the tax-free terminal grant is required to gain the commercial licence, as identified by the FRI3 Paper of Evidence: "These sums present a significant opportunity for an individual to make a significant financial commitment that continued service would not allow."³²
- c. The possibility of an increase in salary as the pilot gains direct commercial aviation experience that they cannot achieve whilst staying in service.

2. Table 1 outlines the type of financial factors, both military, pension and civil that aircrew will consider.

Example rank and pay scale at retirement	Indicative total military remuneration ³³	Terminal grant (tax free) ³⁴	Immediate Pension / EDP ³⁵ A	Potential initial commercial salary ³⁶	total income A + B
SSgt Aviator on PES(A)	£83,669.31	£56,061	£11,337	c£80k	c£91K
WO1 Aviator on PES(A)	£95,752.20	£100,905	£21,863	c£90K	c£111K
Capt (LE/DE) Aviator on PES(A)	£104,803.00	£94,554	£19,436	c£90K	c£109K
Maj (LE/DE) Aviator on PES(A)	£116,638.13	£106,935	£24,951	c£90K	c£114K
Capt (DE) with RRP(F) initial rate	£67,701.64	Nil	Nil	c£80K	c£80K
Maj (DE) with RRP(F) top rate	£96,980.09	£85,272	£12,437	c£90k	c£102K

³¹ Noting that all OR below 22 YoS and most DE officers (before or after IPP) are not on PES(A).

³² D/SP5.20.1.10 dated 12 Oct 06, page 16, para 30c.

³³ Capitation Rates — incorporating pay, pension costs, housing, allowances and other benefits — to capture the direct and indirect financial benefits felt by SP.

³⁴ Terminal grant is three times final pension, less commutation.

³⁵ Service allowances from the AFPS calculator, AFPS 75 for CS+RRP(F), AFPS 05 for PES(A), maximum commutation. Under AFPS 05 Early Departure Payment (EDP) will be a percentage of the final pension until age 65, depending on length of service and age.

³⁶ Civil wages based upon open source research and discussion with those leaving destined to fly commercially. Bristow and Bond also include: family dental and medical cover, earning protection of up to £100K for a loss of licence (other than negligence) and additional pay for days worked out of contract. Working hours tend to be 2 weeks on, 2 weeks off. The figures quoted do not include capitation rates for fringe benefits e.g. licence protection.

Table 1: Service Pilot remuneration versus potential civilian packages. Sources: Manpower Capitation rates - ArmyHQ/Res/MAS(A)/Projects/1-022 dated 17 Jul 14; MOD Army Benefits Calculator 2014 v16.0.0.

The commercial aviation sector can be fickle, but even if these potential incomes are considered generous, it remains relatively straightforward for a military pilot to obtain employment in the aviation industry, earning an income that compares favourably to his / her military salary and with a potentially better quality of life.

3. **Potential Employers.** Not every pilot that leaves the AAC will immediately gain employment as a commercial pilot and there has been a noticeable recent downturn in the number of opportunities for pilots in the UK oil and gas industry³⁷. Despite this, Service aircrew have highly desirable KSE and a number of aviation companies continue to focus their recruitment. A selection of the employment opportunities are shown below:

a. **Bristow Group.** In Sep 14 Bristow Group announced:

*"In order to provide better support for ex-military pilots interested in a career with us, we are rolling out a sponsorship scheme aimed at providing financial assistance to cover the training and licensing costs associated with moving from the military to civilian markets."*³⁸

There are indications this is an offer to contribute to the costs of obtaining Instrument Rating and Type Rating. Traditionally the cost of obtaining this (in the order of £25,000-£35,000) has been a barrier to people leaving, unless they had access to their gratuity. It is assessed by one of the aircrew attending that a recent two day jobs fair attracted 26 Army pilots and c10 QHIs. It is estimated that 17 front line AH pilots attended, which represents 21% of current AH front line manning. An A2 QHI DE officer is due to leave the Royal Marines to work for Bristow. Despite having not flown for two years he will start as an Aircraft Captain on £83K rising on 9 increments to £109K.

b. **NPAS (UK Police) and Air Ambulance.** A WO2 has recently left to work for Glasgow Police and Air Ambulance. He informed that he was being paid £8,000 a year more than his current military package but that his key motivation is that his family lives in Glasgow and he has much more time off. He also receives his military pension.

c. **Bond Offshore.** A SNCO pilot has recently left to work with Bond Offshore and his starting salary was £68K with promotion to Aircraft Captain within a year at £85k. Added to his military pension this equates to £97K per annum. His pay will increase incrementally and within 9 years with Bond he states he will be on £125K per annum where he would receive an extra 5% as a line trainer or additional 10% as a QHI (in addition to his military pension). He is employed to work approximately 6 months of the year on a roster that is published a year in advance (thus providing stability). In addition, he and his family receive dental and medical cover and a £100K loss of earning cover if he were to lose his licence. For every day he works out of contract if he is an Aircraft Captain he receives £500 per day for flying or additional duties.

d. **Inzpire.** Recently two aircrew left to work for Inzpire as Apache AH civilian instructors. Their starting salary was £73K in addition to their military pension (totalling c£93K).

e. **Foreign military.**

(1) **Canadian Air Force.** The Canadian Air Force are currently recruiting OF3 / 4 to fill structural gaps in their manning as they cannot grow their own aircrew at this

³⁷ Bond Aviation are in the process of replacing their current fleets with more advanced aircraft. Bond Aviation Press Release dated 26 Jan 15.

³⁸ Bristow's Flyer, Sept 14.

rank. The financial package is not known but is comparable to UK salary but includes Canadian citizenship and continues to attract those seeking a perceived improvement to their work / life balance and quality of life.

(2) Australian Army. Officers and SNCO aircrew have transferred to the Australian Army. In addition to the rates of pay being highly competitive, the relocation package is attractive and is the perceived quality of life for their family including Australian citizenship.

(3) The Middle East. At least 3 x A2 OHIs have left to work in the Middle East on AH, in Search and Rescue or as a flight instructor during the last year. While actual salary is hear-say the financial package ranges from about £125k — £200K (tax free) excluding fringe benefits such as free accommodation.

f. British Airways. British Airways have recently announced on their website:

"We are pleased to announce the return of our Direct Entry Pilot Scheme... for experienced, high calibre Qualified Service Pilots of the Royal Air Force, Royal Navy, Royal Marines and Army Air Corps...."

The Managed Pathway Scheme is for up to 50 military pilots per year. Pre-requisites are that Aircrew must have 1500hrs and hold an ATPL(A). Remuneration is not clear but open source research^{4°} indicates that:

"British Airways is one of the best airlines to fly for in terms of average salaries and calculations suggest that a long-haul pilot with lots of experience could well reach the £130,000 mark".

³⁹ <http://www.britishairways.com/careers/pilots.shtml>

^{4°} <http://bloa.aviationjobsearch.com/blog/2012/09/commercial-pilot-jobs-salary-guide/>

IMPACTS OF AIRCREW UNDER-MANNING

1. The actual impacts and risks of pilot under-manning are outlined below:

a. **Aviation Reconnaissance Force (ARF).**

1

2

(3) The Lynx force will receive no more trained output after the final Lynx Mk7 conversion course Feb-Jul 15 (due to the impending Lynx Out of Service Date . Outflow from this small cadre may, therefore, put operational support and collective training in Kenya⁴¹ at risk due to its vital casualty evacuation task; the need for the Lynx force to provide the Wildcat trainees should also be recognised⁴². Failure to arrest these losses will, in the short term, require Army HQ to decide whether to continue training in Ken a without militar casualty evacuation support and therefore the level of support that can be sustained. In the short to medium term it will slow or cease the conversion of pilots to Wildcat and therefore delay or prevent the introduction of the capability.

(4) QM shortages in Wildcat (which has *already had to cut conversion course capacity by 25%*) is recognised as an overall risk to the programme. A contract to employ civilian QHIs at considerable expense is being sought as short term mitigation. But in the long term, and while still in transition to Wildcat, if the current deficits remain, and the QHI situation gets no better, then the ARF would only be able to support either, training in Kenya and Canada⁴³ or, the Wildcat capability, but not both. A continued deterioration of Wildcat ()HI manning will lead to the cessation of safe and effective Wildcat conversion and delay or suspension of the introduction of the capability with an impact on RN and Army aviation capability.

b. **Attack Helicopter Force (AHF).** Apache is at 27% front line crew under-manning. They are being asked to deliver above current resources covering extremely high and very high readiness tasks and force preparing for concurrent readiness next year. Extensive risk management measures have been implemented that are impacting the work/life balance in the Force, running the risk of worsening moral. The forecast sees a worsening in strength, to 40% pilot under-manning (23.5 crews in Apr 16) at current VO rates. 27% under-manning (current) equates to just over the output of one AH Sqn. 40% under-manning would in effect

⁴¹ At the British Army Training Unit Kenya (BATUK).

⁴² Fewer Lynx pilots to feed into the Wildcat pipeline, coupled with fewer ab-initio pilots from training.

⁴³ At the British Army Training Unit Suffield (BATUS).

make two squadrons non-effective (of the four in the Force). This would result in the AH Force / JHC having to consider the following options:

1

2

The first option removes the Force's required readiness preparation cycle and its ability to meet Army harmony guidelines", while the second fails to meet mandated VHR outputs by 50% unless 100% of the Force was maintained indefinitely at VHR(+). Both options significantly undermine the moral component and intensify the immediate VO problem.

c. **Pilot training pipeline.**

(1) Joint training system⁴⁵. Elementary Flying Training (EFT) generally has a military to civilian instructor ratio of about 20:80, while the Defence Helicopter Flying School (DHFS) is currently about 60:40. However, initial work by the RAF into the future Joint services helicopter training pipeline (Military Flying Training System) which is due to come into effect by Apr 18 suggests a 75:25 military to civilian ratio for the DHFS equivalent; this would require an increase of 13 QHIs. Also, because of an increase in training hours, even if the ratio remained at 60:40 there would be a required increase of 6 QHI. EFT would also see an increase of 6 QFI based on a 60:40 split. HQ AAC and JHC are engaged in this and are resisting any increases. However, because of prioritisation across all instructors, EFT and DHFS are currently manned as required, noting that single service pressure on instructors is reducing spare RAF and RN capacity. **Any increase in the instructor liability with or without a continued decline in instructor manning would rapidly lead to an increasing failure to meet pilot generation requirements, noting that the whole pipeline already fails to meet the required annual pilot output.**

(2) The Army Aviation Centre (the training deliverer of the Operational Training Phase (OTP) of the Army Pilots' Course and aircraft conversion courses) has an acute shortage of ()His. This has already resulted in the delayed start of one complete OTP course this year and other course extensions, resulting in a delayed flow of trained pilots to the front line. JHC 2nd Party safety assurance inspections have highlighted the QHI manning as a major recommendation against operational effectiveness. For AH training, QHI numbers are already insufficient to deliver the Statement of Training Requirement (SOTR) of 20 new pilots per year in addition to the required refresher and instructor Competence to Instruct training. There is, therefore, no capacity to surge training in order to more rapidly build AH pilot manning. The introduction of AH Capability Sustainment Plan which sees the upgrade to AH 64E (perhaps from 2019/20) is likely to see a transition period of 3-5 years requiring greater instructional capacity. **The Army Aviation Centre is unable now to deliver the required number of pilots to front line (44 required, 36 delivered in the last 12 months, 32 average). AH instructional capacity and therefore Force Generation is already below the level required. Any further outflow of instructional capacity will lead to: the need to reduce pilot training numbers to maintain safety and quality; the difficulty of finding suitable replacement instructors (quality and front line capacity to**

⁴⁴ Less than 498 days separated service over a 36 month period.

⁴⁵ Elementary Flying Training (EFT) and Defence Helicopter Flying School (DHFS).

release individuals); and to the cost of training new instructors (£8.07M to train an AH 0H1).

d. Replacing KSE and qualifications. Loss of critical KSE and qualifications and the high cost in time and resources to replace them, will gradually diminish the AAC's ability to safely complete its mandated tasks, at potential human, legal and reputation cost. The inability to retain experienced pilots removes the experienced aircraft commanders that are essential to maintain safe operations

e. Air Safety and Front Line experience. The loss of Air Safety⁴⁶ critical supervisory personnel (e.g. unit and mission commanders, instructors, flight authorising officers, aircraft commanders), will result in the loss of front line training and operational experience and will lead to either unsafe or unsupportable training and operations. The reduction in 'corporate' aviation knowledge affects Air Safety assurance, cascade learning and the ability to safely meet required outputs.

f. Staff capacity. The mis-employment of officers in OR posts and loss of officers, particularly at OF3 and OF4, impacts on manning critical and, in some cases, mandated staff appointments. Significant gapping in aviation staff roles is already being managed on a case by case basis in order to optimise where the gaps are held, the balance of gaps across HQs and to meet Army Manning Priorities (AMPs)⁴⁷. The AAC already fails to fill E2 (non-aviation / AAC) staff appointments for almost all OF2 and a significant number of OF3 liabilities.

g. 'Toxic' effect. The immediate and enduring 'toxic' effect on those remaining in service'. The loss of pilots undermines unit morale and adds to a sense of decline and this becomes self sustaining. Significantly, it also adds to the workload of those remaining, further undermining their morale.

⁴⁶ Air Safety is a legal responsibility laid upon the Secretary of State and enforced through the Military Aviation Authority regulation and assurance regime.

⁴⁷ The latest AMPs are contained within APRC/P(14)39 dated 18 Jul 14. Units / posts are filled in priority order and AMP1 units should be filled to 100% where supply allows and include those on UK / overseas operations or at Extremely High or Very High Readiness.

⁴⁸ Not just the fact that another respected pilot has left for 'the greener grass', but the ongoing 'toxicity' of what they subsequently see on social media, where friends and colleagues trumpet the higher pay, lower work rate and lifestyle of commercial employment.

SUMMARY OF RECOMMENDED MEASURES FROM ECAB PAPER - 22 OCT 14

Measures in pink are urgent, those in orange medium term, grey are longer term and those shown in green have already been implemented.

Ser	Focus	Measure
Manning Resilience - DM(A)		
1	Demand	Review of AAC staff liability at E1 and E2 and the prioritisation of posts.
2	Outflow	Review DE aircrew Officer initial commissions to maximise retention.
3	Outflow	Improvements to DE aircrew officer change of commissions (board & offer).
4	Outflow	Investigate flexible employment mechanisms to retain 'niche' aircrew KSE and qualifications.
5	Outflow	Career progression & retention incentive - extend DE Officer aircrew at RD in flying appointments.
6	Outflow	Education & Training - Flexibility in completion of mandated Army officer courses to maintain aircrew currency and availability.
7	Demand	Implement a significant and wide-ranging adjustment to the AAC manning strategy including 'professional' and 'master' aviator career streams.
8	Demand	Reduce the demand made on the flying training system by the AAC current ROCC / CLM model.
9	Demand	Establish the AAC manpower priority management WG to maximise aircrew availability.
10	Inflow	Improve granularity and quality of personnel data.
11	Inflow	Develop and model a new Fast Track Direct Entry NCO aircrew cadre.
12	Inflow	Consider broader lateral entry of aircrew (other nation and civil pilots).
13	Outflow	Ensure AAC Maj's promotion opportunities remain equitable with other Cbt / CS arms.
14	Demand	Ensure AAC capability changes have given appropriate priority to the sustainability of the personnel DLOD and manning resilience.
Recruitment, Selection & Training - DComd JHC		
15	Inflow	Adapt a pilot recruiting strategy to increase the pool of potential aircrew.
16	Inflow	Review and measure the effectiveness of the revised Operational Training Phase and make further adjustments if necessary.
17	Inflow	Introduce an earlier soldier aircrew route targeted on the existing serving Airtpr / Pte / JNCO cohort.
18	Inflow	Explore viability and cost / benefits of significant changes to EFT / DHFS or MFTS.
19	Inflow	Continue to reduce the duration of AH CTT / CTR and streamline the training pipeline to improve productivity.
Retention incentives - Col AAC		
20	Outflow	Implement an aircrew Financial Retention Incentive (FRI) to stabilise the current aircrew strength.
21	Outflow	Increase professional recognition through an aircrew element to OJAR / SJARs.

Ser	Focus	Measure
22	Outflow	Review NCO / WO aircrew promotion and career progression.
23	Outflow	Adjust RRP(F) through engagement with the tri-Service AFPRB review 2015/16.
24	Outflow	Restructure PES(A) eligibility to better retain experienced mid-career aircrew.
25	Outflow	Investigate the MOD funding for obtaining civilian aircrew qualifications as a retention incentive.
Activity — DComd JHC		
26	Demand	Identify the effect of further reductions in aircrew liability in generating, generated or FD and trials areas.
27	Outflow	Reduce activity to re-balance the demands of service and lifestyle in their broadest sense.
28	Outflow	Review activity levels of aircrew and REME technicians to ensure that Air Safety is sustainable.
29	Outflow	Prioritise the medical care and rehabilitation of Generated and Generating Force aircrew, including consideration of access to private health care. in order to improve availability.

NON-REMUNERATIVE MEASURES TAKEN BY THE AAC BETWEEN 2013 - PRESENT

- 1. General.** Non-remunerative measures underpin all three components of the AAC's manning strategy of STABILISE — BUILD — SUSTAIN, and are complementary to the predicted medium term effects of this FRI proposal. Army pilots are on the Official Army Vacancy List (OAVL), which has supported many of the following non-remunerative measures. However, due to the length of the training pipeline some will not be felt at the Front Line for at least two years.
- 2. Operational Training Phase (OTP) review.** The Operational Training Phase has been reviewed to ensure it is as efficient and focused as is required post-Op HERRICK. The aim is to increase the overall pass rate at this phase. The revised course is due to output in 2015, when an assessment of the effect will be possible.
- 3. QHI / QFI training.** QHI and QFI are currently being trained to a maximum capacity of 12 per year and 2 per year respectively but cannot keep pace with current forecast outflow. This limits the regeneration of new pilots and threatens flight safety assurance. The QHI Statement Of Training Requirement has been increased to 16 to optimise training although this brings its own challenges in that it takes more pilots from front line or staff appointments
- 4. Trainin • Return of Service TRoS increase**

Although they do not acquire a civilian Type or Instrument Rating (TR / IR), this is **very quickly and relatively** cheaply achievable. As a result there was an unsustainably high VO **pilots and thus the** TRoS for this platform was increased from 36 to 48 months in late 2013.

- 5. Extraordinary career extensions for LE officers.** LE pilot officers provide the core of • Army Aviation subject matter expertise and instructor qualifications. A total of 15 extensions beyond Normal Retirement Age (NRA) were offered to LE officers in early 2014, and a further 10 are available for FY14/15. To date the extensions have been well received and accepted by 12 pilots. It is planned to offer a similar number annually subject to DM(A) approval. It should be noted that this initiative does not require a RoS⁵⁰; officers with extensions beyond NRA can leave at any time, subject to normal notice.
- 6. Short Service Commission (SSC) extensions for DE officers.** DM(A) has routinely granted SSC extensions up to 11 Years of Service⁵¹. The Army will from Jan 16 implement a 12 year SSC (as opposed to the current eight); the AAC being one of the first cap badges to implement this change. Transfers will be offered to officers on the current shorter SSC and officers commissioned from Jan 16 will automatically be commissioned on the new SSC.
- 7. DE commission conversion quotas.** The AAC DE Intermediate Regular Commission quota was increased from 20 to 25 in 2013 (23 accepted) and 18 to 25 (18 accepted) in 2014 in order to counter the loss of pilots at SSC-expiry. An increase in the Regular Commission quota for this particular cohort would be inappropriately early; time is required to establish the best talent in the cohort that we might wish to offer Regular Commission to later.

⁴⁸ Very rough order of magnitude costs indicate that if you have a civilian licence and have already opened it (say on Squirrel), you can, on successful completion To Type hire an aircraft, do a skills test and an IR check; this will cost approximately £2500. If you have never opened your licence and wish to do , it is slightly more complicated but still not overly expensive. They might therefore have to pay for some flying to open the licence and complete the IR test. The big cost is a full IR, this would be the aircraft, the instructor and the test which is around £30,000, Army N3 pilots would save most of this latter cost requiring only a confirmatory check by a CAA accredited examiner.

⁵⁰ A Return of Service in exchange for a commission / engagement extension is an infringement to Army TACOS.

⁵¹ SSC of 8 years are routinely awarded to AAC officer pilots.

8. Versatile Engagement (Long) quotas⁵². In 2013, the OR VEng (Long) allocation for six applicants was introduced. This initiative assists in the retention of SME but is double-edged as it reduces promotion rates for more junior SNCO / WO pilots. A further quota of 15 is available for FY 14/15.

9. Staff earning posts at Regimental Duty. Many pilots wish to remain in flying roles as opposed to E1 / E2 staff posts. The Regimental QHI (RQHI) post requires a level of staff work commensurate with most Initial Grade 2 (IG2) positions due to Military Aviation Authority (MAA) assurance requirements. Accordingly, RQHIs were declared as staff earning positions in 2013. This addresses the desire of up to seven DE QHI officers (at steady state) to remain in the cockpit and STABILISES the pool of QHI / QFI. The initiative has been well received, but the RQHI post will remain the preserve of LE officers for at least the next three years as DE QHI / QFI promote into available posts. Army Aviation Standards Branch posts have also been made Combat Staff earning.

10. Re-joins and transfers. The AAC has had sporadic success with the transfer of a small number of Service pilots⁵³ and an equally small number of retired AAC pilots have re-joined, some are already OHIs. One former DE Capt has subsequently qualified as a B1 QHI. These are low numbers but every replacement QHI assists in SUSTAINING pilot numbers. In the context of best value for money for Defence — even a sizeable FRI will be quickly offset by the saved costs of training new pilots; it is the most cost effective short term measure to stabilise pilot manning.

⁵² VEng (Long) allows for a 30 year career with the possibility of exceptionally extending service until age 65.

⁵³ The AAC accepted eight Army non-AAC (E3 pilots), and two Reservists into pilot roles; the Corps cannot aggressively recruit from other sS as this would merely move a manning deficit between the Services. The Corps is currently well advanced in the recruitment of a US Army AH Pilot Instructor (equivalence with QHI), but this is only possible because the individual has dual nationality.

FRI OPTIONS

Option 1 - Bespoke AAC FRI

Ser	Cohort	YoS	Numbers	Amount	Total	Required RoS	Remarks
1	OR	22-25	28	100,000	2,800,000	5	Paid immediately
2		21 pull through	6	100,000	600,000	5	Paid once reached Yr 22
3		20 pull through	7	100,000	700,000	5	
4	DE 1 (OF ²⁻³)	8-9	33	100,000	3,300,000	5	Paid immediately
5		7 pull through	15	50,000	750,000	3	Paid once reached Yr 8
6		6 pull through	21	50,000	1,050,000	3	
7	DE 2 (OF ²⁻³)	12-14	32	100,000	3,200,000	5	Paid immediately
8		11 pull through	15	100,000	1,500,000	5	Paid once reached Yr 12
9		10 pull through	16	100,000	1,600,000	5	
10	DE 3 (OF ³)	16-19	19	100,000	1,900,000	5	Paid immediately
11		15 pull through	9	100,000	900,000	5	Paid once reached Yr 16
12	DE 4 (OF ³)	20-23	12	50,000	600,000	3	Paid immediately
13	DE 5 (OF ⁴)	17-23	15	50,000	750,000	3	Paid immediately
14	LE	CYoS 5+	38	100,000	3,800,000	5	Paid immediately
15		CYoS ⁴ through pull	3	100,000	300,000	5	Paid once reached CYoS 5
16		CYoS through pull	1	100,000	100,000	5	
17	QHI / OF ⁴	A2 or A1	44	50,000	2,200,000	3	Paid immediately
18		A2/A1 pull through	7	50,000	350,000	3	Estimated six x B1 and one x B2 per annum
19		A2 through A1 pull	7	50,000	350,000	3	
	Total		328		26,750,000		

All QHI / OF1 RoS will run concurrently with any other RoS obtained through this FRI scheme.

Option 2 — Modified FRI3

Ser	Cohort	YoS	Numbers	Amount	Total	Required	Remarks
1	OR	22-25	28	100,000	2,800,000	5	28 Total. Plus 4 who are YoS 21 now but turn YoS 22 by Apr 16. Minus 4 A2 QHI included at Ser 7
2	DE (OF 2-3)	End of current commission	63	100,000	6,300,000	5	YoS 8-9 = 29 YoS 12-14 = 36 Total 65. Minus 2 A2 QHI included at Ser 7
3	DE (OF 2-3)	Approaching end of current commission	44	100,000	4,400,000	5	.All end current commission in FY 15/16: YoS 7 = 21 YoS 11 = 15 YoS 15 = 12 Total 47. Minus 3 A2 QHI included at Ser 7
4	DE (OF 3)	16-19	18	100,000	1,800,000	5	Total 19. Minus 1 A2 QHI included at Ser 7
5	DE (OF3)	20-23	12	50,000	600,000	4	
6	DE 5 (OF4)	17-23	15	50,000	750,000	4	Depending on AFPS
7	LE	CYoS 5+	6	100,000	600,000	5	Only 6 non QHI/QFI LEs at CYoS 5+
8	OH / OFI	A2 or A1	44	100,000	4,400,000	5	Assuming all past IRP
			7	100,000	700,000	5	Qualify to A2 during the year
	Total		237		22,350,000		

MANAGEMENT CONTROLS

1. **Authorisation.** SO1 Personnel at HQ AAC will have executive authority over individual awards. An FRI is only authorised when the application paperwork is endorsed in writing and an offer made to the individual. The FRI will only be paid once the individual has formally agreed in writing to the required RoS and any extensions of engagement / commission⁵⁵ required, and that such extensions as are required have been authorised by DM(A).

2. **Additional Eligibility Criteria.**

a. The FRI will only be available to those within the stated YoS. All YoS are written as inclusive cohorts.

b. To be eligible for the FRI, pilots must have a current flying medical category on application and be prepared to be based and to operate anywhere the AAC require them to do so.

c. Pilots on a pre-existing FRI cannot receive this new FRI concurrently, but on expiry, may apply for this FRI, subject to all other eligibility criteria.

d. Applicants are only eligible to apply for one FRI within this scheme.

e. In order to protect the other Services' manning, individuals applying to transfer into the AAC from the RN or RAF after the FRI instruction is published will not be eligible.

f. E3 (non-AAC) officer pilots, will only be eligible on successful transfer to an AAC commission.

g. Those who have submitted their Notice to Terminate (NTT) will not be eligible for the FRI unless they have their request to withdraw their notice approved by the appropriate authority and they remain within the other eligibility criteria.

h. Personnel re-joining the AAC may apply for the Pilot FRI provided they meet the stated eligibility criteria.

i. Any officer on a SSC must convert to an IRC to be eligible for the FRI.

3. **Duration.** The FRI will be backdated to the 1 Apr 15 and will run for one year until the 31 Mar 16 or until pilot manning recovers to 95% against A2020 liability whichever is the soonest.

4. **Return of Service.** All personnel that are offered the FRI will be tied to a three or five year RoS depending in which cohort they sit. The following rules apply:

a. The FRI RoS will run consecutively to (added after) any residual iTRoS, but subsequent platform conversion RoS will run concurrently with the FRI.

b. Grant of the FRI will be subject to the individual having sufficient service remaining to serve the full RoS as well as accepting the appropriate and stated engagement or commission (which may offer enough residual service).

Award of VEng Long, extension/conversion to commission. AFB 6848 (Certificate of Amendment to Soldier Terms of Service) compilation, etc. An officer beyond / including YoS 15 must apply for a Reg C (or will be automatically boarded). Continuance beyond age 60 will not be granted to achieve a RoS for the FRI.

- 5. Exit from the FRI.** Exit from the FRI at any point (including during the RoS) will only be possible by the full repayment of the respective amount unless a special case can be made.
- 6. Measurements of effectiveness.** A data management plan will capture target cohorts in order to measure effectiveness. A 100% take up rate of those eligible is desired, with a target take up rate of 80% both overall and in each eligible cohort.
- 7. FRI Evaluation.** In accordance with JSP 754, a biannual AFPRB level financial incentive assurance process will be conducted by HQ AAC, APC and DM(A) and reported to the Centre by PS10(A). Additionally, DM(A) has arranged for a specialist contractor to develop a means to tracking the manning impact of FRI take-up. A Post Project Evaluation will also be submitted by HQ AAC within 3 months of the cessation of the FRI.

