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20 December 2023

Dear Julian,

I would first of all like to express my thanks to the Armed Forces' Pay Review Body (AFPRB) for your 2023 report, in particular the hard work that went into devising the approach for your headline recommendation. The Government continues to value the AFPRB's independent expertise and insight, and the contribution it makes on behalf of our Service Personnel, a point reinforced by our full acceptance of the 2023 recommendations.

I am now writing formally to ask that you commence the 2024 pay round.

For the 2024 pay round the Ministry of Defence (MOD) will submit evidence to you for the Armed Forces in the usual way, including recommendations on pay, some targeted measures and allowances, and service provided accommodation charges.

The Integrated Review Refresh¹ and the Defence Command Paper Refresh (DCPR23),² both published this year, communicate that we were right to make the commitments we did in the 2021 Defence Command Paper. The DCPR23 recognises that whilst our efforts have been on the right track, the significant change in global context requires us to go further and faster. For this reason, the DCPR23 sets out a new and clear purpose for Defence, with clarity on our mission being: to protect the nation and help it prosper. The DCPR23 places our people first, recognising that they are inescapably the foundation on which our strategic advantage is built.

¹ <https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world>.

² <https://www.gov.uk/government/publications/defence-command-paper-2023-defences-response-to-a-more-contested-and-volatile-world>.

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On the 19 June 2023, the MOD published 'Agency and Agility: Incentivising people in a new era – a review of UK Armed Forces incentivisation'³. This report provides a

compelling vision for improving the proposition to those who elect to serve. As part of delivering the Defence People Strategy, we will take forward the report's recommendations to modernise our offer, not only to the Armed Forces, but across the Whole Force. This is important and complex work, which will significantly benefit our people; we look forward to engaging with the AFPRB as this work progresses and we trial new approaches.

Your recommendations for the 2023 pay award have played a vital role in continuing to support retention and recruitment for a smaller but increasingly highly skilled Armed Forces, and the Department has ensured this was affordable within the context of broader Defence priorities. The AFPRB's 2024 recommendations will be equally important to help ensure that Defence can continue to recruit and retain the highly skilled and motivated Service Personnel we need to deliver Defence outputs as we progress along our transformation journey.

My evidence to you will provide details on our recruitment and retention pressures, and I ask that you continue to consider focussing recommendations on the need to meet Defence's future vision.

In 2023-24, the Pay Review Bodies recommended historically high pay awards for their respective workforces in light of the extraordinary macroeconomic context. Accepting these recommendations, whilst not increasing borrowing, required tough decisions. It is vital that the Pay Review Bodies consider the historic nature of the 2023-24 awards and the Government's affordability position that will be set out further in written evidence.

Over the coming months, MOD staff will continue to support your work and liaise closely with the Office of Manpower Economics to provide papers of evidence and oral evidence sessions for your consideration. I would be grateful if you could submit your report for the 2024 pay round by May 2024.

I am copying this letter to the Chancellor, Chief Secretary of the Treasury and Cabinet Secretary.

Yours ever,



RT HON GRANT SHAPPS MP

³ <https://www.gov.uk/government/publications/agency-and-agility-incentivising-people-in-a-new-era-a-review-of-uk-armed-forces-incentivisation>.