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30 September 2024

Dear Julian,

I would firstly like to thank the Armed Forces' Pay Review Body (AFPRB) for its hard work on Armed Forces' pay over the past year. The Government continues to value your independent expert advice and insight, and the contribution the collective membership makes on behalf of Service personnel.

I am particularly pleased that this Government undertook to accept the AFPRB's recommendations for the 2024 pay round in full, despite the affordability challenges we inherited. As you know, this delivered a significant pay uplift for new recruits and a large headline increase of 6% which recognises both the extraordinary commitment and service of Armed Forces personnel, and also the priority that the Ministry of Defence places on its people. Feedback from our personnel has been very positive. I am very proud to be able to say that this year all those choosing a full-time career in the Armed Forces are paid at least the national living wage. I want to ensure that this is captured next year.

As we start another cycle, I write to you now to formally commence the 2025/26 pay round.

The 2024 award was an important step towards improving recruitment and retention to ensure the Armed Forces are staffed by the high calibre of people we need to keep our country safe. The AFPRB's work in the coming year remains critical. As the world becomes more contested and uncertain, the Armed Forces are vital to protecting the nation, supporting our allies, and meeting operational commitments.

Julian Miller
Armed Forces' Pay Review Body
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To that end, this Government is committed to renewing the nation's contract with our serving personnel. The Prime Minister launched a Strategic Defence Review (SDR) on 16 July 2024 to ensure that the UK is secure at home and strong abroad – now, and for the years to come. The SDR places people both in and out of uniform at the heart of Defence's plans; it will determine the roles, capabilities and reforms required to meet the challenges, threats, and opportunities of the twenty-first century – deliverable and affordable within the resources available to Defence within a trajectory to 2.5%. The SDR will report in the first half of 2025; it is important work, which we look forward to updating you on at the appropriate time.

You will also be aware that in the King's Speech, the Government announced an Armed Forces Commissioner Bill to establish an independent champion to improve Service life for personnel and their families.

During this pay round, you will receive evidence from my department, HM Treasury and key stakeholders. My department's evidence will, as usual, cover the recruitment and retention context for the Armed Forces as well as our workforce strategy, and the expected position following the implementation of the 2024/25 pay award. It will also set out the funds available to the Ministry of Defence for 2025/26, which will be finalised through the Spending Review and announced at the Autumn Budget on 30 October. This comes against the backdrop of the challenging financial position this government has inherited, including a £22 billion pressure against the spending plans set out for departments at Spring Budget 2024.

My department's evidence will include recommendations on pay (including affordability) targeted measures, and service provided accommodation charges. We will also provide updates on other elements of the Armed Forces' comprehensive benefits package that, together with pay, plays a vital role in supporting recruitment and retention and making people feel rewarded and valued. Over the coming months, Ministry of Defence staff will continue to support your visits and work closely with your Secretariat to provide written evidence for your consideration and facilitate remuneration discussions in oral evidence sessions.

My department will continue to strive to ensure that the Armed Forces are equipped to efficiently deliver the vital, high-quality service that the nation requires of them, through the Government's mission-led approach, whilst ensuring value for money for taxpayers.

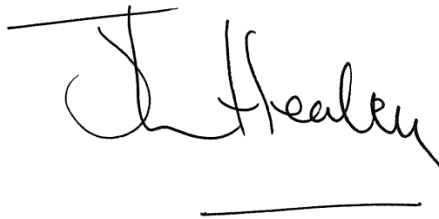
The Government knows that public service workers delivering our vital public services deserve timely pay awards, so, as the Chancellor said in her July Statement, the Government's intention is to announce pay awards as close to the start of the pay year of 1 April as possible for 2025/26. It is unfortunate that, given the knock-on effects from the previous government's delays to the 2024/25 round, it is unlikely that workforces will receive pay increases by April, but by bringing the pay round forwards this year, we can more fully reset the timeline in 2026/27.

To this end, where possible I would be grateful if the AFPRB can deliver recommendations to the Government on the 2025/26 pay award for the Armed Forces at the earliest point that allows you to give due consideration to the relevant evidence. To support with this, the Government will submit its written evidence as soon as possible after the Spending Review is finalised and 2025/26 budgets are set on 30 October, including budgets relating to pay. I recognise that changing the timeline from recent years will present challenges for the AFPRB, but I am sure you also share the Government's belief in the importance of returning to more timely annual pay processes, so I hope you will understand the necessity of doing so.

Thank you once again for your valuable contribution and commitment to Armed Forces' pay.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Healey', with a horizontal line underneath it.

THE RT HON JOHN HEALEY MP
Secretary of State for Defence