



Armed Forces'
Pay Review Body

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FIFTY-FOURTH REPORT 2025

Chair: Julian Miller CB

CP 1330



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

May 2025



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Armed Forces' Pay Review Body

Terms of Reference

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

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

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

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

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

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

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ARMED FORCES' PAY REVIEW BODY 2025 REPORT SUMMARY

Background

Our task in developing recommendations is to assess and balance the range of competing factors set out in our Terms of Reference and remit letter. The last months of this pay round have been conducted in a period of international turbulence unprecedented in recent years. The Minister for Veterans and People and the Chief of the Defence Staff briefed us on this in February, but the situation has continued to change. In making our recommendations we have considered the exceptional geopolitical circumstances. We have also taken full account of the need to maintain the effectiveness of the Armed Forces as a highly skilled, modern and lethal warfighting force. In this regard, we are deeply concerned about the continuing decline in the trained strength of the Armed Forces.

We are aware that a Strategic Defence Review is underway. The timing of the Review has precluded our consideration of its implications for people in this pay round.

Main pay recommendation

Our main pay recommendation this year is for an increase of 4.5%.

The factors driving this recommendation are set out below.

- The importance of supporting the Armed Forces' ability to recruit and retain the quantity and quality of personnel required for the defence of the nation, in the face of a continuing workforce crisis. This has seen the full-time trained and trade trained strength decrease by around 3,600 personnel in 2024 and Voluntary Outflow remain above historic levels.
- The adverse impact of Service life on personnel and their families, falling satisfaction with the wider offer, our concern that personnel do not feel sufficiently valued, and the need to guard against further erosion in levels of morale.
- The importance of pay as a tangible and immediate demonstration of reward and value for Service personnel.
- The funds available to Defence, government statements on affordability and the wider economic context.
- The requirement to ensure that pay remains broadly comparable with the private sector, consistent with the pay of other public sector workforces and is seen to be fair.
- A pay award in line with the median level of pay awards in the wider economy of 3% would not be sufficient to address the continuing workforce crisis.
- Our assessment that a pay award at the level we recommend will have a positive effect on recruitment and retention, a minimal impact on inflation and achievement of the government's 2% inflation target.

The National Living Wage (NLW) increased by 6.7% in April 2025. The Ministry of Defence (MOD) explained that, taking account of average working hours, the Initial Pay and OR2-01 pay points would require a pay increase of around 2.8% to remain within the spirit of the NLW. This increase is subsumed within our main pay recommendation.

More detail on our main pay recommendation is set out in Chapter 3.

Recommendations for specific groups

In Chapter 4, we discuss our reviews of pay arrangements for specific groups.

We recommend that Medical and Dental Officers (MODOs) should be treated on the same basis as our wider remit group and recommend a pay increase of 4.5% with the same percentage increase applied to Defence Clinical Impact Awards, Trainer Pay and Associate Trainer Pay. To encourage recruitment into specific shortage areas, we agree to MOD's proposal that the value of the Golden Hello should increase to £100,000 from 1 April 2025 for payment to consultants and registrars recruited into specialisms with a declared delivery workforce capability gap. We also endorse some pay structure changes for Regular and Reserve MODOs at OF5 and OF6.

We have undertaken routine reviews of the pay arrangements for Veterinary Officers, Chaplains and the Military Provost Guard Service. We discuss Recruitment and Retention Payments (RRPs) and have undertaken a more detailed review of RRP (Parachute). We have also considered the Cyber Skills Payment, the Engineering Professional Recognition Award, the Engineering Supplement Payment, the Volunteer Reserves Training Bounty and compensatory allowances, including a new Afloat Environmental Allowance. Where an uplift applies, we recommend that rates should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

We agree to the introduction of two retention payments for Royal Navy catering services' personnel. We also discuss some Engineering Stabilisation Incentives and an Army Soldier Retention Payment which we endorsed outside our usual timetable.

Accommodation and food

The provision of quality accommodation is an important element of the offer to Service personnel. On our visits we saw some good accommodation, but in many locations, we saw examples of Service Family Accommodation (SFA) and Single Living Accommodation (SLA) that were disgraceful. We note that the overall standard of maintenance has deteriorated since last year. We assess that if personnel are required to live in sub-standard and/or poorly maintained accommodation this fundamentally dilutes the value of the overall offer and is bad for morale.

Improvements to accommodation should be part of the overall retention strategy for the Armed Forces and we encourage MOD to prioritise investment to bring all accommodation up to an acceptable standard at pace.

In setting accommodation charges, we use the annual November Consumer Prices Index actual rents for housing component which was 7.6%. Service personnel should not be immune from changes affecting the wider population where accommodation is good. Over many years we have recommended no increase for the lowest banded SLA and, this year, propose a similar approach for SFA. We recommend that SFA rental charges for Bands A-F and SLA charges for Grade 1 accommodation, should increase by 7.6%. We recommend that all accommodation related increases should not be subject to any backdating. The methodology for applying the increases is explained in Chapter 5.

We welcome the introduction of the Defence Catering Strategy. We invite MOD to keep us informed of developments in the provision of food, including whether there will be a role for us in reviewing food charges.

Conclusion

We consider it imperative that our main pay recommendation addresses the continuing workforce crisis. Pay must be attractive enough both to recruit and retain the calibre of personnel needed to maintain the nation's Armed Forces. We judge that our recommendations strike the right balance, considering the gravity of the international scene, economic circumstances, the fiscal situation and wider pay settlements.

A full list of our recommendations is on pages 4 to 6.

Recommendations

Main pay award

Recommendation 1: We recommend that rates of base pay increase by 4.5% for all members of our remit group from 1 April 2025.

Medical and Dental Officers

Recommendation 2: We recommend that rates of base pay should increase by 4.5% for all ranks within the MODO cadre from 1 April 2025 in line with our main pay award recommendation.

Recommendation 3: We agree to the removal of the OF5 Higher Medical Management pay spine and endorse renaming the OF6 Higher Medical Management pay spine as suitable for all substantive OF6 MODOs.

Recommendation 4: We agree that Reserve MODOs at OF5 and OF6 should be paid in line with their Regular MODO counterparts.

Recommendation 5: We agree that the value of the Golden Hello should increase to £100,000 from 1 April 2025 for payment to consultants and registrars (specialist training year three upwards) in specialisms with a declared delivery workforce capability gap.

Recommendation 6: We recommend that the value of Defence Clinical Impact Awards should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Recommendation 7: We recommend that rates of Trainer Pay and Associate Trainer Pay should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Bespoke pay spines

Recommendation 8: We recommend that all rates of pay on the Veterinary Officers' pay spine should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Recommendation 9: We recommend that all rates of pay on the Chaplains' pay spine should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Recommendation 10: We recommend that all rates of pay on the Military Provost Guard Service pay spine should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Recruitment and Retention Payments

Recommendation 11: We recommend that all rates of RRP should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Skills and Supplement Payments

Recommendation 12: We recommend that all rates of the Cyber Skills Payment should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Recommendation 13: We recommend that all rates of the Engineer Supplement Payment should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Financial incentives

Recommendation 14: We agree to the introduction of two retention payments for RN catering services' personnel for three years from 1 April 2025:

- **£10,000 at four years' service attracting a three-year Return of Service; and**
- **£15,000 at two years after promoting to OR4 attracting a further three-year Return of Service.**

Volunteer Reserves Training Bounty

Recommendation 15: We recommend that rates of the Volunteer Reserves Training Bounty should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Compensatory allowances

Recommendation 16: We agree to the introduction of the Afloat Environmental Allowance.

Recommendation 17: We recommend that all rates of compensatory allowances should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Accommodation and related charges

Recommendation 18: We recommend that SFA rental charges for CAAS Bands A-F should increase by 7.6%. These increases are not to be subject to any backdating. We recommend no increase in the current rates of charges for CAAS Bands G and below.

Recommendation 19: We recommend no increase in the rates of furniture charges.

Recommendation 20: We recommend that SLA rental charges for Grade 1 should increase by 7.6%, with increases of 5.1% for Grade 2, 2.5% for Grade 3 and no increase to Grade 4 accommodation. These increases are not to be subject to any backdating.

Recommendation 21: We recommend that charges for standard garages and carports should increase by 7.6%. These increases are not to be subject to any backdating. We recommend no increase in the charges for substandard garages and substandard carports.

Chapter 1 – INTRODUCTION

Introduction

- 1.1 This Report sets out our recommendations on military pay and charges for 2025-26. Our recommended rates are set out in Appendix 1 (Salaries), Appendix 2 (Targeted payments and pay supplements) and Appendix 3 (Recruitment and Retention Payments (RRPs) and compensatory allowances).
- 1.2 We are once again disappointed that we have not been able to make recommendations that can be considered for implementation on 1 April. We acknowledge, however, that efforts have been made to bring forward the pay round this year and that the Ministry of Defence (MOD) submitted its evidence to us earlier than has been the case in recent years. We hope that this progress will continue in the next round to enable us to make our pay recommendations in time for the pay award to be implemented on 1 April. During our visits we heard from Service personnel how late receipt of the pay award caused considerable frustration.
- 1.3 The current round has been conducted during a period of challenging economic conditions and an international geopolitical situation that is unprecedented in recent times. Recruitment and retention of Service personnel remain critical issues for Defence. Despite early signs of improvement thanks to sustained efforts to attract new recruits, the Armed Forces have continued to lose skilled people to the extent that we have been told there is a continuing workforce crisis.

2024 recommendations

- 1.4 Last year, our central pay recommendation was for an increase of 6% for members in our remit group from 1 April 2024. This was broadly in line with the upper quartile of awards elsewhere. On 29 July 2024 the government accepted our recommendations in full. We understand that the pay award was well received by our remit group.

Our Terms of Reference and remit letter

- 1.5 We are independent of government and other Pay Review Bodies. Our Terms of Reference require us to have regard to the need for Defence to be able to recruit, retain, and motivate suitably able and qualified personnel; the need for pay in the Armed Forces to be broadly comparable with pay levels in civilian life; the requirement for the MOD to deliver its outputs within the funds allocated by government; and the government's inflation target.
- 1.6 In his remit letter to us this year, dated 30 September 2024 (Appendix 5), the Secretary of State for Defence told us that despite the affordability challenges, last year's pay award delivered a significant pay increase which recognised both the extraordinary commitment and service of Armed Forces' personnel and the priority that the MOD places on its people. He said that the government was committed to renewing the nation's contract with serving personnel. The Prime Minister had launched a Strategic Defence Review (SDR) which would place people at the heart of Defence's plans. He was also clear on the challenging financial position faced by the government. We are pleased that the remit letter also addressed the government's ambition to deliver a timely pay award.

Our evidence base

- 1.7 We received the majority of our written evidence from MOD and also received submissions from His Majesty's Treasury (HMT), the British Medical Association (BMA), and the British Dental Association (BDA). We reviewed the latest available evidence and data on the United Kingdom (UK) economy, labour market and undertook our own research to understand the broad comparability of Service pay with civilian pay levels.
- 1.8 This evidence was supplemented by oral evidence from the Minister for Veterans and People, the Chief of the Defence Staff, the Chief of Defence People, the MOD Director General of Finance and other MOD officials, the single Service Principal Personnel Officers and other Service personnel, Defence Medical Services, the Defence Infrastructure Organisation, the Service Families' Federations (SFF), the BMA and the BDA.

Our visit programme

- 1.9 We undertook in-person visits to a range of Service establishments, as discussed further in Chapter 2 and listed at Appendix 6. We were able to see Service accommodation and sample the food provided in messes and other Service facilities. The visit programme provided a vital opportunity for us to gather evidence for the round by hearing first-hand from Service personnel and their spouses and partners about Service life and the concerns and pressures associated with their commitment to the UK Armed Forces. We also undertook a virtual visit with Chaplains which worked well given the dispersed locations of that group. We found all of these discussions very informative and beneficial and have asked MOD to arrange similar sessions for the coming pay round. We note that visits are of most value when the pay award for the previous year has been announced.

Our 2025 Report

- 1.10 This Report summarises the evidence which informed and underpinned our recommendations on the overall pay award; our periodic reviews of specific aspects of the remuneration package and other targeted measures; and the charges that are within our remit.
- 1.11 Chapter 2 considers evidence on the strategic context for the round, as well as specific evidence on the economy and pay comparability. It covers workforce issues including the shape and size of the remit group, recruitment and retention, diversity and inclusion, and morale and motivation. We also discuss the evidence we gathered from our visits and virtual focus groups with Service personnel and in discussions with representatives from the SFFs.
- 1.12 In Chapter 3 we review the evidence and make a recommendation on the overall pay award.
- 1.13 Chapter 4 contains our consideration for remuneration of specific groups and includes our recommendations on pay for Medical and Dental Officers. This year, as part of a regular cycle of looking at different groups, we reviewed pay arrangements for the Military Provost Guard Service, Veterinary Officers and Chaplains. We also discuss Recruitment and Retention Payments, Skills Payments and other targeted financial incentives, the Volunteer Reserves Training Bounty and compensatory allowances.

- 1.14 In Chapter 5 we review the evidence and set out our recommendations on accommodation charges and discuss issues relevant to the condition of Service accommodation and accommodation policies. We also discuss the provision of food for our remit group.
- 1.15 Finally, in Chapter 6 we look ahead to the issues which are likely to influence our next round.

Our remit group

- 1.16 In writing this Report and making our recommendations we are mindful of, and pay tribute to, the commitment of the Armed Forces. We acknowledge the vital and unique role that Service personnel undertake on behalf of the nation, particularly at this time of significant geopolitical changes. We also recognise and commend the support provided by spouses, partners and families.

Chapter 2 – CONTEXT AND EVIDENCE

Introduction

- 2.1 In this chapter, we present a summary of the evidence used to inform our pay recommendations. Evidence relating to our recommendations on accommodation is in Chapter 5.

Operational context

- 2.2 The Ministry of Defence (MOD) informed us that the Armed Forces continued to deliver operational commitments across the world, in demanding circumstances, whilst maintaining the defence of the United Kingdom (UK) and Sovereign Territories. The single Services and UK Strategic Command (UKSC) provided us with an operational overview and context for our pay round and the key points are summarised below.
- 2.3 The Royal Navy (RN) told us that it had maintained a high operational tempo in the face of increasing demand and challenges. It continued to deliver against Defence priorities with a focus on counter-Russia activity and responding to developing events in the Middle East, as well as providing support and reassurance to Ukraine, North Atlantic Treaty Organisation (NATO) and Joint Expeditionary Force (JEF) partners. UK Defence continued to be supported and promoted in the South Atlantic, Arctic, Caribbean, Africa and the Indo-Asia-Pacific. In the year to March 2024, 39% of all RN personnel were in front-line positions, 48% of whom were deployed. In the same period, of the total Naval Service, 30% of personnel were at high readiness or above.
- 2.4 The Army explained that its operational context was defined by the need to deter adversaries and support NATO and Allies across the world. Activity had also focussed on support to Ukraine, including training activity in the UK. This had taken place while the Army continued to meet its commitments to the defence and resilience of the UK and overseas territories. We were told that on a routine basis the Army held around 2,600 personnel at readiness for a range of UK resilience tasks which include counter-terrorism and adverse weather response¹. The scale of operations and exercises in 2024-25 resulted in over 26,000 Army personnel being deployed overseas (5% higher than in 2023-24). The Army made clear that it operated at a consistently high-tempo and that this was not just putting a strain on personnel, but had resulted in soldiers spending above normal periods of time away from their families and base locations.
- 2.5 The Royal Air Force (RAF) informed us that operations remained 'significant' with the primary focus being support to Ukraine. Aligned to this, there was a permanent seam of deterrence and reassurance activity across the Euro-Atlantic region through to the Mediterranean and Middle East, including the delivery of humanitarian aid to Gaza and the protection of navigation in the Red Sea. The RAF said that its operational contribution remained highly valued by NATO, coalition partners and other Commands. At the time of giving evidence, the RAF told us that, since July 2023 it had deployed 6,250 people on operations and large-scale exercises, and

¹ Subject to Defence ministerial approval, the UK Armed Forces can provide military aid to the civil authorities which includes, but is not limited to, providing resilience against adverse weather events such as severe flooding.

many more on smaller exercises and training deployments with people, platforms and equipment committed on 21 operations in 27 countries across five continents.

- 2.6 UKSC told us that it continued to lead cyber activity and to support campaigning through the delivery of integrated operations. UKSC has command responsibilities for the Permanent Joint Headquarters, the UK's overseas bases, the delivery of the National Cyber Force, Defence Digital, Defence Intelligence, Defence Medical Services and Defence Support. UKSC said that it delivered Defence's edge by driving coherence, resilience and integration to enable a Defence enterprise approach with industry, government and international partners.

Strategic management

- 2.7 MOD highlighted the growing and diversifying threats that the UK faces. Against this backdrop, the Strategic Defence Review (SDR) was launched to ensure that the UK would be secure at home and strong abroad. MOD said that the Review would determine the structures, roles, capabilities, and reforms needed to meet future challenges and opportunities. MOD also said that a 'NATO-first' policy was at the heart of Britain's Defence plans and that it would ensure that there was the right balance of Regulars, Reserves, and civil servants to deliver Defence outputs.
- 2.8 MOD reaffirmed that workforce concerns would feature in several of the SDR propositions. Future work would be focussed around five missions:
- Mission 1 – Skills. Building Defence as a national engine for skills.
 - Mission 2 – Workforce Agility. Driving flexibility and productivity to maximise employability and deployability.
 - Mission 3 – Reward. Incentivising people for the 21st century.
 - Mission 4 – Digital. Ensuring all Defence people have a digitally enabled consumer grade experience.
 - Mission 5 – One Defence. Delivering an inclusive and empowering culture, driven by the highest standards.

Our comments on the strategic context

- 2.9 The geopolitical situation is highly turbulent. It has changed significantly since the start of the pay round when the single Services presented evidence to us about their operational commitments. In February 2025, the Prime Minister committed to increase Defence spending to 2.5% of Gross Domestic Product (GDP) from April 2027. Global instability was described as a generational challenge that required a generational response². We note that further international developments could have direct and significant implications for our remit group.

² GOV.UK (2025) *Prime Minister sets out biggest sustained increase in defence spending since the Cold War, protecting British people in new era for national security* (online) Available at: <https://www.gov.uk/government/news/prime-minister-sets-out-biggest-sustained-increase-in-defence-spending-since-the-cold-war-protecting-british-people-in-new-era-for-national-security> [Accessed 9 April 2025].

Economic context

- 2.10 When making our recommendations we considered economic evidence from a range of sources. Consistent with previous years, we have monitored economic outturn data and we have considered a number of independent economic forecasts to understand better the situation in the UK and the medium-term outlook.
- 2.11 GDP was estimated to have grown by 1.1% in 2024³. This reflected strong growth in the first half of 2024 followed by no growth in quarter 3 and growth of 0.1% in quarter 4. Although GDP growth had been weaker than expected by the Bank of England (BoE) and the Office for Budget Responsibility (OBR), the BoE forecast GDP growth to pick up in 2025 to 0.75% and 1.5% in 2026, whereas the OBR forecast GDP growth of 1% in 2025 and 1.9% in 2026^{4,5}.
- 2.12 Government net debt levels (excluding public sector banks) were estimated to be 95.5% of GDP in February 2025, similar to levels last seen in the 1960s⁶. The OBR forecast government net debt to reach 95.9% of GDP for 2024-25 and remain at a similar level through to the end of the decade.
- 2.13 In 2023-24, the government raised £976bn from taxes and social contributions, which was equivalent to 35.5% of GDP. The tax-to-GDP ratio from 2021-22 to 2023-24 was last higher in the 1940s. In March 2025, the OBR forecast that taxes and social contributions would be equivalent to 35.3% of GDP for 2024-25 then increase to 36.8% in 2025-26 and stay above 37% through to the end of the decade.
- 2.14 The annual rate of inflation, as measured by the Consumer Prices Index (CPI) was 2.8% in February 2025⁷. The annual rate of CPI including owner occupiers' housing costs (CPIH) was 3.7% in February 2025. The owner occupiers' housing costs component of CPIH rose by 7.5% in the 12 months to February 2025⁸.
- 2.15 In February, the BoE forecast the path of inflation to be bumpy and CPI inflation to rise temporarily in the near term to 3.7% in quarter 3 of 2025. The impact of increasing household energy and fuel prices is expected to be the largest driver, having already risen in January 2025 and then expected to rise further in April. The BoE expected CPI inflation to begin easing from quarter 4 2025 and to return to the government's 2% inflation target in the medium term. Similarly, in March the OBR forecast CPI inflation to increase from an average of 2.5% in 2024 to 3.2% in 2025, peaking at 3.8% in July 2025 before falling rapidly to the government's inflation target from mid-2026.

³ ONS (2025) *GDP quarterly national accounts, UK: October to December 2024* (online) Available at: <https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/latest> [Accessed 9 April 2025].

⁴ BoE (2025) *Monetary Policy Report: February 2025* (online) Available at: <https://www.bankofengland.co.uk/monetary-policy-report/2025/february-2025> [Accessed 9 April 2025].

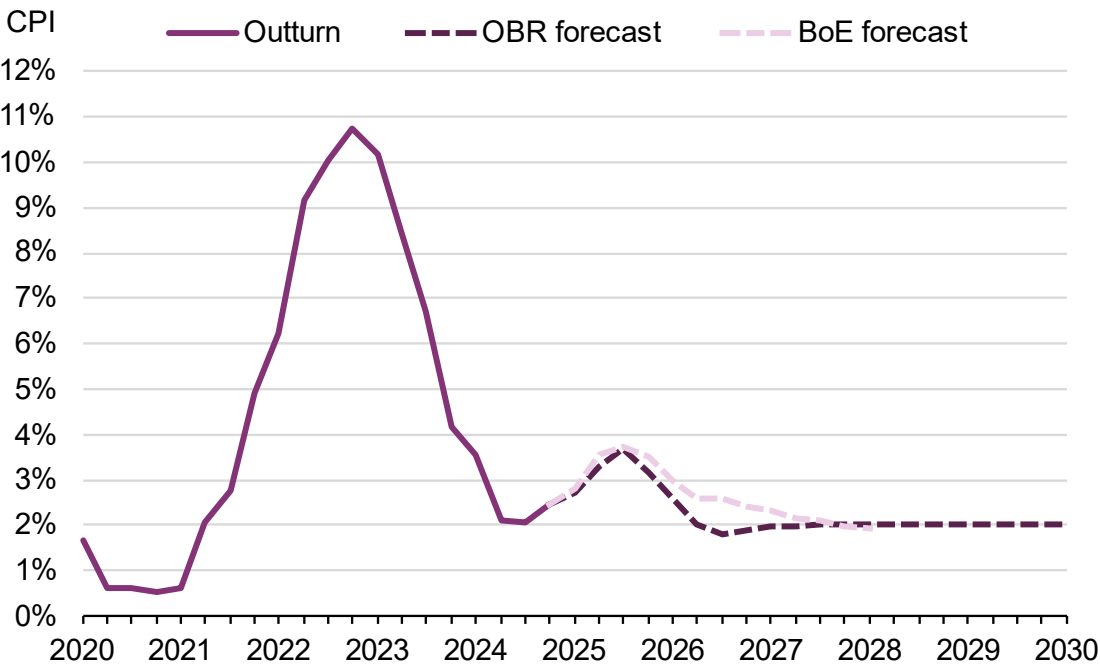
⁵ OBR (2025) *Economic and fiscal outlook – March 2025* (online) Available at: <https://obr.uk/efo/economic-and-fiscal-outlook-march-2025/> [Accessed 9 April 2025].

⁶ ONS (2025) *Public sector finances, UK: February 2025* (online) Available at: <https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/bulletins/publicsectorfinances/february2025#toc> [Accessed 9 April 2025].

⁷ ONS (2025) *Consumer price inflation, UK: February 2025* (online) Available at: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/february2025> [Accessed 9 April 2025].

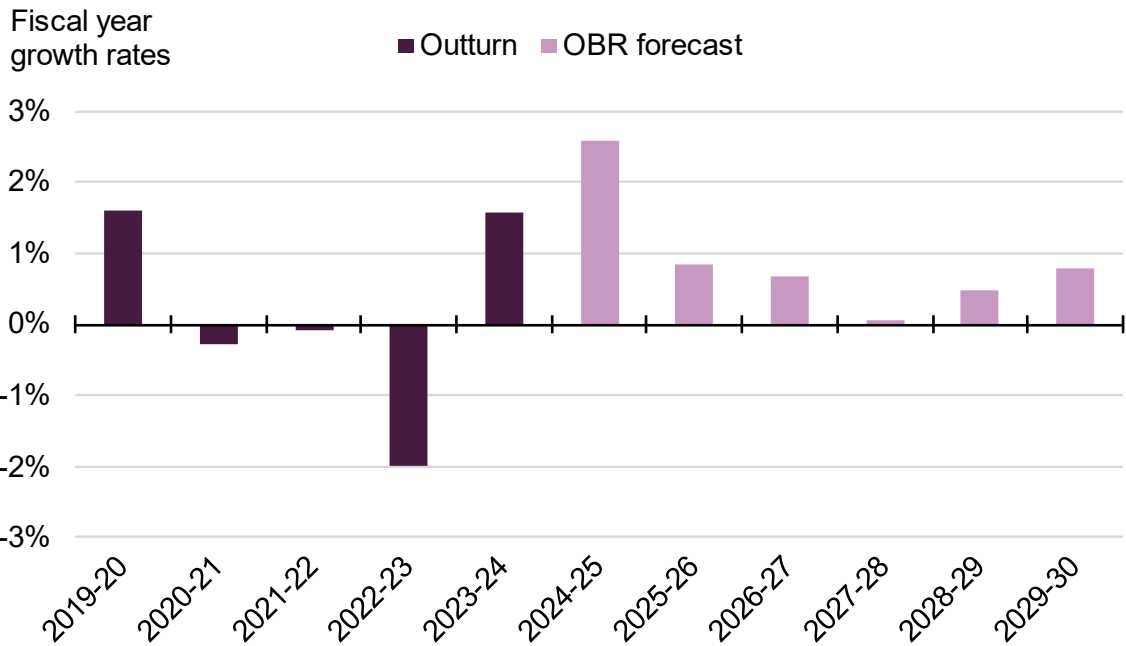
⁸ Owner occupiers' housing costs are the costs of housing services associated with owning, maintaining and living in one's own home.

Figure 2.1: CPI inflation rate, OBR CPI inflation rate forecast and BoE CPI inflation rate forecast, first quarter 2020 to first quarter 2030.



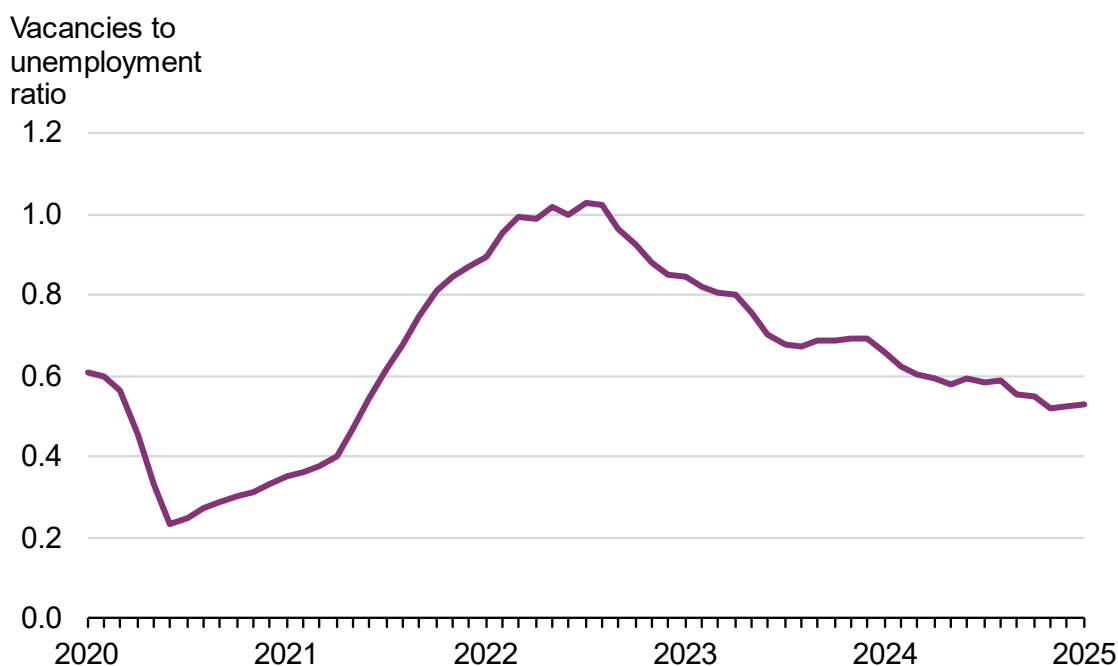
2.16 Real Household Disposable Income (RHDI), a measure of living standards, grew by 1.6% in 2023-24 after falling 2% in 2022-23, the largest fall in living standards since Office for National Statistics (ONS) records began in the 1950s. The OBR forecast RHDI growth to vary significantly per year between 2.6% in 2024-25 (attributed to strong real wage growth), to 0.1% in 2027-28.

Figure 2.2: Real Household Disposable Income per person outturn and OBR forecast, 2019-20 to 2029-30.



- 2.17 The labour market loosened in 2024, marked by a 10.7% decline in the number of job vacancies over the year to the three months ending February 2025 (816,000 vacancies)⁹. The ONS estimated that the number of vacancies in the three months ending February 2025 was an increase of 1,000 on the number of vacancies in the three months ending November 2024. Prior to this finding, the number of vacancies had been falling since the peak in 2022.
- 2.18 The unemployment rate was 4.4% in the three months ending January 2025, an increase of 0.3 percentage points on a year prior¹⁰. The BoE forecast that the unemployment rate would increase to 4.5% in 2025 and gradually rise to 4.8% in 2028. The OBR forecast that the unemployment rate would peak at 4.5% in 2025 and fall to 4.1% in 2028.
- 2.19 The vacancies to unemployment ratio, a measure of labour market tightness, has returned to pre-pandemic levels and the BoE commented that the labour market was broadly in balance¹¹.

Figure 2.3: Vacancies to unemployment ratio, rolling three-month periods, three months ending January 2020 to three months ending January 2025¹².



⁹ ONS (2025) *Vacancies and jobs in the UK: March 2025* (online) Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/jobsandvacanciesintheuk/march2025> [Accessed 9 April 2025].

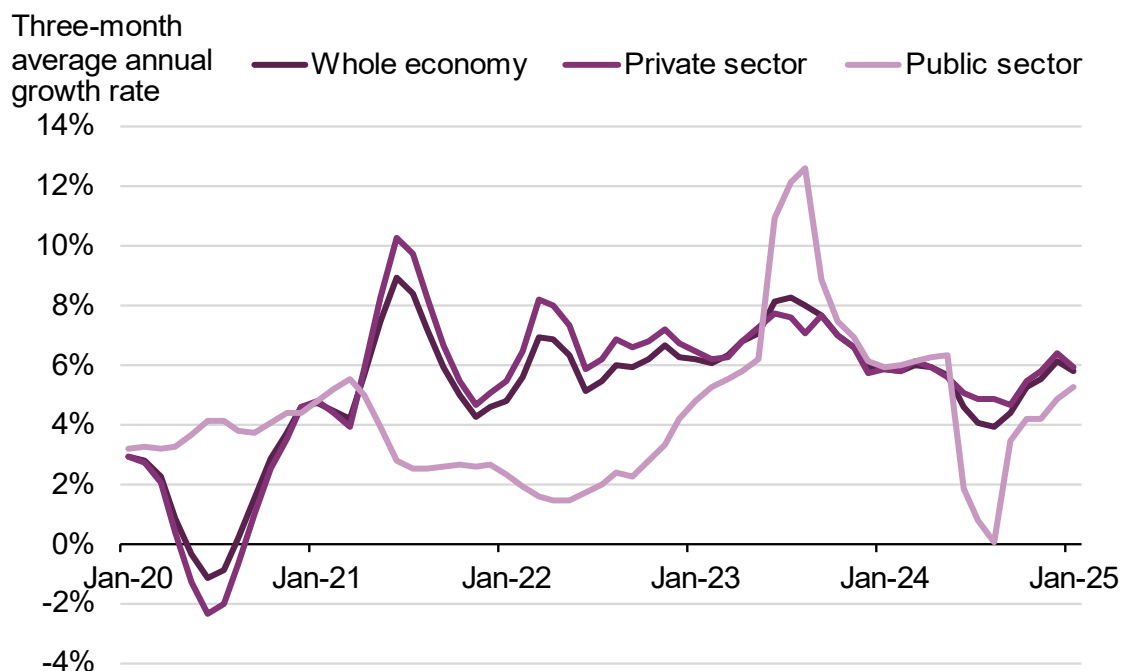
¹⁰ ONS (2025) *Employment in the UK: March 2025* (online) Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/latest> [Accessed 9 April 2025].

¹¹ Labour market tightness refers to the relative strength of labour demand to labour supply. A labour market is considered tight if vacancies are relatively plentiful and available workers are relatively scarce.

¹² Office for the Pay Review Bodies analysis of ONS data.

2.20 Whole economy Total Pay growth was 5.8% in the three months to January 2025^{13,14}. Total private sector average earnings growth was 5.9% and total public sector average earnings growth was 5.3%. Growth in average earnings exceeded expectations in late 2024 but the BoE and the OBR maintained that pay growth was expected to slow by the end of 2025.

Figure 2.4: Average Weekly Earnings growth in the private sector, public sector, and whole economy: Total Pay, three-month average annual change, January 2020 to January 2025.



2.21 Brightmine analysis of pay settlements to the three months ending 28 February 2025 showed that median pay settlements were 3% and the upper quartile was 4%^{15,16}.

Our comments on the economic context

2.22 We submit our Report recognising the fragility of the UK economy and the uncertain geopolitical circumstances. In particular, we note that the BoE highlighted the elevated trade policy uncertainty as a downside risk to the economic outlook. We assess that taken together these factors present a significant risk to the outlook for economic growth, inflation and global supply chains. We acknowledge that there has been continued loosening in the labour market since 2022, with the market now described by the BoE as being broadly in balance. This may lead to more favourable

¹³ AWE is the ratio of estimated Total Pay (basic pay, allowances, etc.) for the whole economy, divided by the total number of employees for any given month. The series is typically used as a barometer of the general wage impulses within the whole economy. We consistently use the Total Pay series. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/methodologies/averageweeklyearningsqmi> [Accessed 9 April 2025].

¹⁴ ONS (2025) *Average weekly earnings in Great Britain: March 2025* (online) Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/march2025> [Accessed 9 April 2025].

¹⁵ Brightmine (2025) *Pay awards* (online) Available to Brightmine subscribers: <https://hrcentre.uk.brightmine.com/economic-data/pay-awards/16100/> [Accessed 9 April 2025].

¹⁶ Pay settlement information draws upon the headline uplift to the pay structure of an organisation and does not include progression, or allowances. It is not a directly comparable dataset to AWE.

external conditions for recruitment and retention in the Armed Forces although it is still unclear how it will feed through in the current circumstances.

Pay comparability

- 2.23 Our Terms of Reference require us to have regard for the need for the pay of the Armed Forces to be broadly comparable with pay in civilian life. We see pay relativities as important in ensuring that Armed Forces' pay is sufficient to recruit, retain and motivate the quality and quantity of personnel required. It is therefore a key component of the overall evidence base we use to inform our recommendations.
- 2.24 Consistent with years prior, we have analysed the position of our remit group's main pay scales in the distribution of earnings of those in full-time employment in the wider economy using the Armed Forces' pay scales and ONS's Annual Survey of Hours and Earnings (ASHE) data¹⁷. A historical view of pay comparability is at Appendix 7.
- 2.25 Since 2023, the ONS has made a number of revisions and methodological changes to ASHE which follows on from several years of data being affected by COVID-19. The ONS cautions users against comparing the most recent years with those prior and warns that the latest release is provisional, which is consistent with previous years. We consider our latest analysis in the context of comparison to both the year prior and over a longer period of time. We acknowledge the issues with data quality and will continue to monitor the ONS's methodological changes.

Comparisons with data from ASHE

- 2.26 The latest ASHE data available at the time of reporting covered the financial year 2023-24, therefore the analysis relates to the 2023-24 Armed Forces' pay scales. The analysis accounts for the Armed Forces pay award of 5.8%-9.7% for those on the main pay scales.
- 2.27 The relative position of pay for Other Ranks had either been maintained or marginally improved in 2023-24 on 2022-23. The relative position of pay for Officers was broadly maintained in 2023-24 on 2022-23 with some minor improvements for OF1s.
- 2.28 The relative position of pay for the most junior Other Ranks (OR2) and Officers (OF1) experienced the most decline of Other Ranks and Officers over the last decade in comparison to wider earnings. The 2023-24 pay award resulted in marginal improvement for these ranks.
- 2.29 The analysis does not consider the most recent Armed Forces' pay award of 6% (2024-25) due to the release timing of ONS's ASHE estimates. We expect the 2024-25 ASHE estimates to be released in late 2025.

¹⁷ ONS's ASHE is a comprehensive source of information on the structure and distribution of earnings in the UK. ASHE provides information about the levels, distribution and make-up of earnings and paid hours worked for employees in all industries and occupations.

Figure 2.5: Position of the OR2 pay framework including X-Factor in the distribution of earnings across the UK economy for 2013-14 to 2023-24¹⁸.

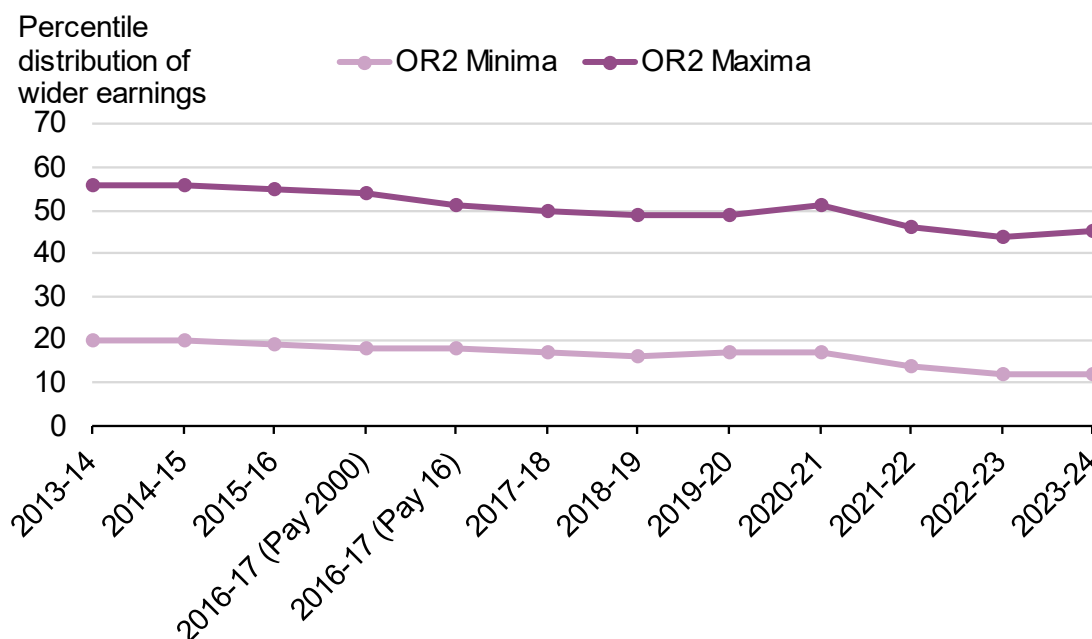
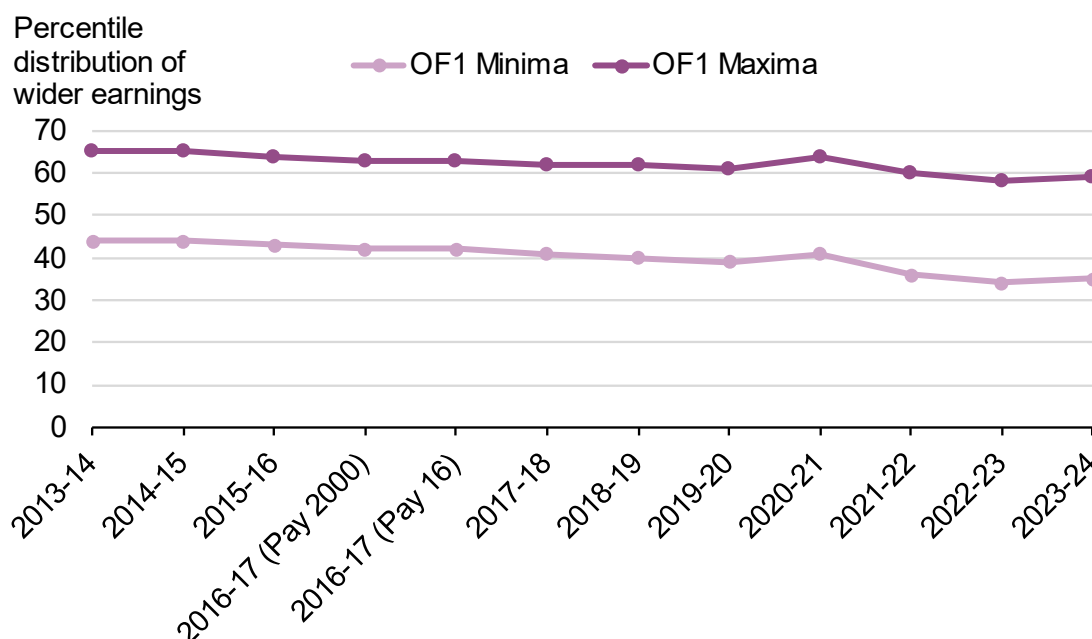


Figure 2.6: Position of the OF1 pay framework including X-Factor in the distribution of earnings across the UK economy for 2013-14 to 2023-24.



Starting pay in selected occupations

2.30 As in previous years, we analysed the starting pay for graduates and non-graduate entrants to the Armed Forces by looking at studies of graduate starting pay by recruitment/specialist organisations and by comparing the starting salaries of the Armed Forces with salaries in other public sector organisations which may or may not require a university degree.

¹⁸ Service personnel receive X-Factor, a pensionable addition to pay to reflect the exigencies of Service life (as opposed to normal civilian employment).

2.31 At the time of reporting, the latest Institute of Student Employers (ISE) Student Recruitment survey available was based on data collected in July 2024. The latest High Fliers Graduate Market survey was based on data collected in January 2024. The ISE and High Fliers data were weighted towards large graduate scheme recruiters, which tend to recruit significant numbers in London and the South East. We note that both surveys pick up graduates going into ‘traditional’ graduate jobs and left out a significant proportion who might go into lower paid roles.

- The ISE reported a median graduate starting salary of £32,000 in 2024, an increase from £31,000 reported in 2023¹⁹. The ISE reported a median school and college leaver starting salary of £23,000 in 2024, an increase from £22,000 reported in 2023.
- High Fliers reported a median graduate starting salary of £34,000 in 2024, an increase on the £33,500 reported in 2023²⁰.

Table 2.1: Starting pay in selected public sector occupations and graduate recruitment survey, 2024.

	Starting pay
Doctor ²¹	£36,616
Armed Forces’ Officer ²²	£33,183
ISE – Graduate median	£32,000
Teacher ²³	£31,650
Fast Stream civil servant ²⁴	£31,186
NHS nurse ²⁵	£29,970
Police Officer ²⁶	£29,907

¹⁹ ISE (2024) *Student Recruitment Survey 2024* (online) Available to ISE members: https://ise.org.uk/knowledge/research/283/student_recruitment_survey_2024 [Accessed 9 April 2025].

²⁰ High Fliers (2024) *The Graduate Market in 2024* (online) Available at: <https://www.highfliers.co.uk/> [Accessed 9 April 2025].

²¹ Hospital doctors in England on Foundation Year 1 (Basic pay) at 1 April 2024.

²² Assumes starting at OF1-01 and therefore completed initial Officer training as an Officer Cadet.

²³ Applies to teachers in England, but outside London. Schools have the flexibility to offer starting salaries above the minimum quoted and to progress teachers differentially based on performance. Figures provided are indicative. Rates at 1 September 2024.

²⁴ Civil Service Fast Stream (2025) *The Civil Service Fast Stream* (online) Available at: <https://www.civil-service-careers.gov.uk/fast-stream/> [Accessed 9 April 2025].

²⁵ Agenda for Change England rates assuming starting point Band 5 entry step point at 1 April 2024.

²⁶ The pay relates to new entry, pay point 1 for constables, England and Wales. Rates at 1 September 2024.

Our comments on pay comparability

- 2.32 The implementation of the pay award recommendations that we have made in recent years has arrested the historic decline in the pay position of the Armed Forces relative to the wider economy as evidenced by our pay comparability analysis. We are mindful that our 2024-25 pay award of 6%, which was in line with the upper quartile of pay settlements in the wider economy, is not contained in our analysis, but we infer that pay rates will have at least broadly maintained their position on 2023-24.
- 2.33 We recognise that when individuals in our remit group compare their pay, they are likely to look beyond economy-wide pay relativities and will focus instead on pay for specific jobs. Personnel with expertise in trade groups such as cyber and engineering, and those that work alongside civilian contractors, have told us that higher pay would be available to them outside of the Armed Forces for similar roles. We recognise that these views reflect the perspectives of individuals, but this issue is raised consistently by Service personnel on our visits. Our remit group has a broad range of skills and comparators which would make pay and reward comparability by specific trade very complex. This is one reason why we encourage MOD to conclude its planned review of Pay 16 at pace and to update us on the progress being made to implement skills-based pay.

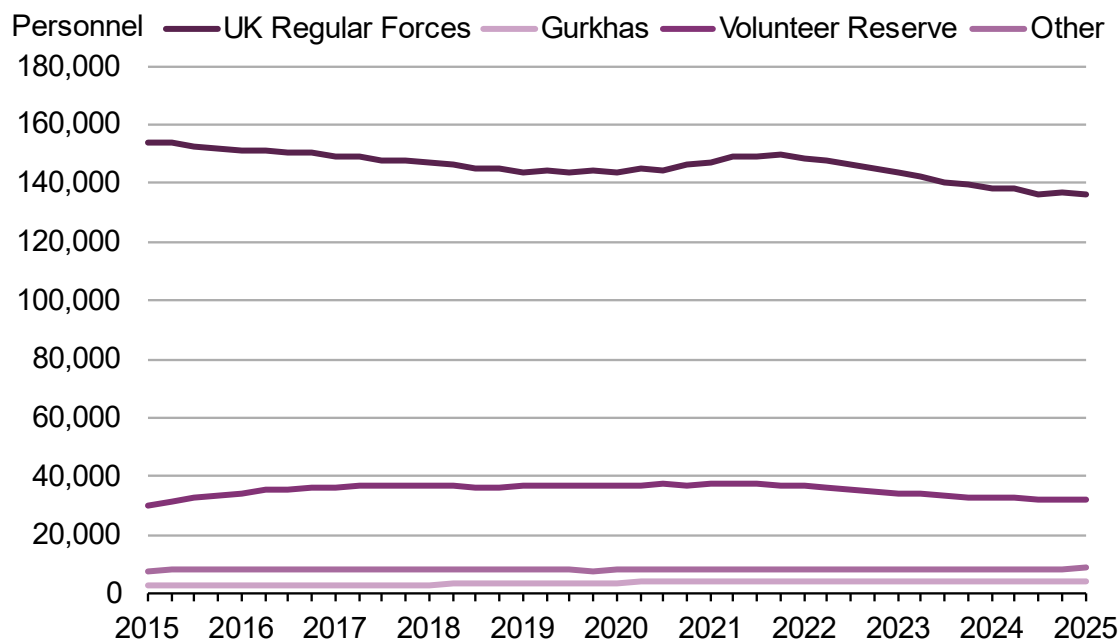
Workforce

- 2.34 Our Terms of Reference require us to consider the need for the Armed Forces to recruit, retain and motivate suitably able and qualified people. We therefore consider workforce data throughout the pay round and this section focuses on the strength of the Armed Forces.
- 2.35 This section presents the most recent statistics available on the size of the Armed Forces at time of writing. MOD does not publish all of its statistical releases with the same date, and this may lead to variation in time periods covered.
- 2.36 At 1 January 2025, the UK Forces comprised 180,779 personnel²⁷. The strength of the UK Forces can be broken down into the following large groups: 136,117 UK Regulars, 31,967 Volunteer Reserves, 4,127 Gurkhas and 8,568 Other personnel²⁸.
- 2.37 Between January 2024 and January 2025, the strength of the UK Forces decreased by 1.3% (2,353 personnel). This decrease was mostly driven by a 1.4% fall in the number of Regulars.

²⁷ MOD (2025) *Quarterly service personnel statistics: 1 January 2025* (online) Available at: <https://www.gov.uk/government/statistics/quarterly-service-personnel-statistics-2025/quarterly-service-personnel-statistics-1-january-2025> [Accessed 9 April 2025].

²⁸ 'Other' includes Serving Regular Reserves, Sponsored Reserves, Military Provost Guard Service, Locally Engaged Personnel and elements of the Full-Time Reserve Service (FTRS).

Figure 2.7: Strength of UK Forces, Tri-Service, 1 January 2015 to 1 January 2025.

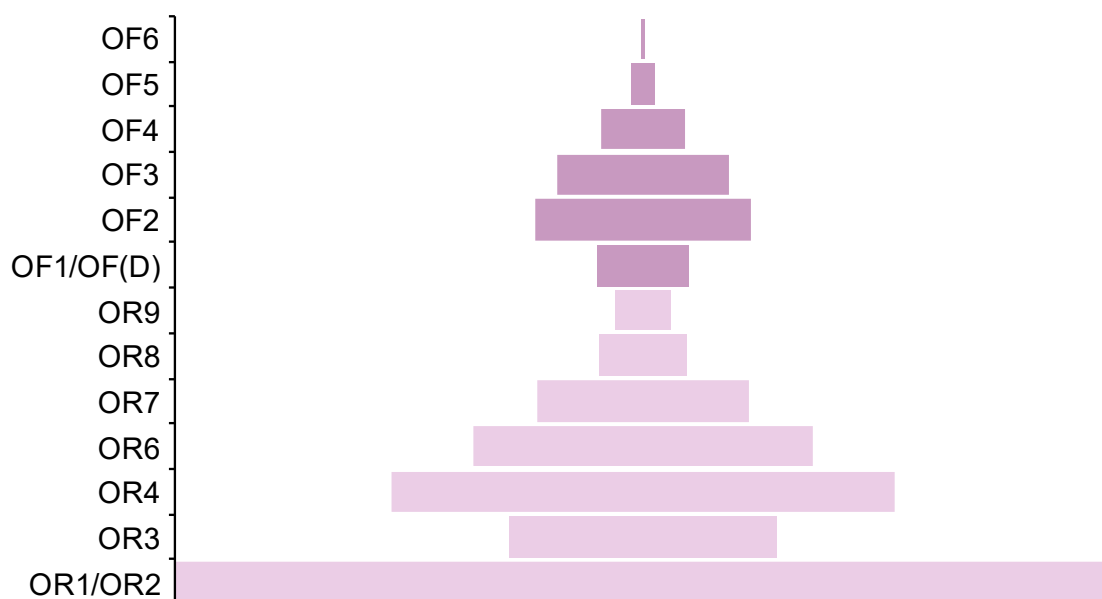


- 2.38 At January 2025 the full-time trained (RN/Royal Marines (RM) and RAF) and trade trained (Army) strength was 127,036 personnel, a 2.8% decrease (3,622 personnel) on January 2024. The trained strength of each Service decreased on the previous year, RN/RM by 2.9%, Army by 2.8% and RAF by 2.6%.
- 2.39 The trained strength of the Future Reserves 2020 (FR20) Forces was 29,265 personnel, a decrease of 361 personnel or 1.2% since January 2024²⁹.
- 2.40 Figure 2.8 presents the NATO rank distribution of Regulars in our remit group using the latest available data point (1 April 2024)³⁰. The population was heavily weighted towards Other Ranks who made up 80.1% of the Regulars. 40% of the Regulars were rank OR3 and below.

²⁹ FR20 includes Volunteer Reserves who are mobilised, High Readiness Reserves and those Volunteer Reserves serving on FTRS and Additional Duties Commitment (ADC). Sponsored Reserves who provide a more cost-effective solution than Volunteer Reserves are also included in the Army Reserve FR20.

³⁰ The NATO rank breakdown of elements of the UK Armed Forces is published annually by MOD.

Figure 2.8: Strength of UK Regular Forces, AFPRB remit group rank distribution, Tri-Service, 1 April 2024.



	NATO Rank	Regular personnel	% representation
Officers	OF6	330	0.2%
	OF5	1,117	0.8%
	OF4	3,865	2.8%
	OF3	7,957	5.8%
	OF2	9,906	7.2%
	OF1/OF(Designate)	4,260	3.1%
Other Ranks	OR9	2,665	1.9%
	OR8	4,139	3.0%
	OR7	9,756	7.1%
	OR6	15,641	11.3%
	OR4	23,153	16.8%
	OR3	12,329	8.9%
	OR1/OR2	42,864	31.1%
Total		137,982	100%

MOD evidence on the workforce

2.41 MOD stated that the Armed Forces faced a continuing workforce crisis. At the time of presenting evidence MOD was unable to quantify the impact of the 2024-25 pay award. MOD also said that other action to improve recruitment and retention had yet to be realised. In oral evidence, we were told that MOD had clear targets to reduce the outflow of trained personnel from the Army.

- 2.42 MOD provided us with an update on its Whole Force reporting using the established Pinch Points process, reporting that there were 175 Armed Forces Pinch Points in April 2024, falling into two categories:
- Delivery Pinch Points (DPP) – capability impacting on current delivery; and
 - Sustainability Pinch Points (SPP) – future risk to capability.
- 2.43 MOD presented us with evidence showing the number of Pinch Points deemed significant and above, and therefore most critical. MOD stated that the Armed Forces had 27 DPPs and 30 SPPs at this level of concern.
- 2.44 MOD informed us that it would use a new Whole Force reporting format going forward. This would capture better data on future risks and on workforce capability gaps.

Our comments on the workforce

- 2.45 In our 2024 Report, we said that our concerns regarding the size and shape of the Armed Forces had sharpened³¹. We are deeply concerned that despite two years of pay awards aimed at improving recruitment and retention, the workforce strength has worsened. The full-time trained (RN/RM and RAF) and trade trained strength (Army) of the UK Armed Forces fell by 3,622 personnel in 2024, a similar reduction to the year before (3,872 personnel).
- 2.46 We were approached by MOD early in the pay round to agree to the introduction of an £8,000 retention payment for eligible Army Privates and Lance Corporals who have served four years. This was implemented from January 2025. MOD also asked us to agree to the introduction of a £30,000 payment to Tri-Service aircraft engineers for a Return of Service (RoS) of three years. This was implemented from April 2025³². We agreed to these payments, which are targeted at improving retention of trained personnel, and will monitor the workforce situation closely over the coming months. However, these retention payments should not be a substitute for the introduction of sustainable pay structures. We remain concerned at the continuing introduction of new retention payments without a clear plan for delivering a strategic and more permanent long-term solution.
- 2.47 We welcome MOD's new approach to reporting on workforce capability gaps, particularly because our expectation is that the data captured will enable us to understand better the risks around capability. However, we propose that MOD should provide us with evidence on capability gaps for next pay round using a format that allows us to compare the data with the past reporting approach, before solely using the new method.
- 2.48 We await the outcome of the SDR and we expect the review to communicate clearly the desired shape and size of the UK Armed Forces and how MOD plans to achieve these ambitions.

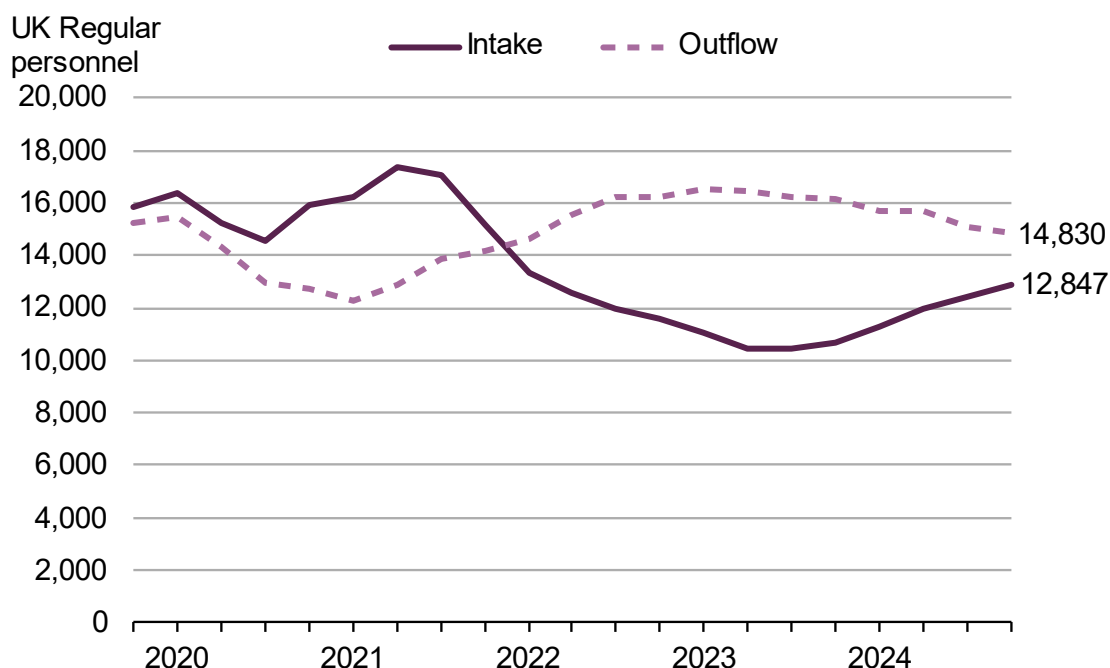
³¹ See AFPRB 53rd Report 2024, paragraph 2.110.

³² MOD (2025) *New retention payments announced for thousands of Armed Forces personnel* (online) Available at: <https://www.gov.uk/government/news/new-retention-payments-announced-for-thousands-of-armed-forces-personnel> [Accessed 9 April 2025].

Recruitment and retention

- 2.49 Total outflow from the Regulars exceeded total intake for the last three calendar years³³. The UK Regular Forces experienced a net reduction of 1,983 personnel in 2024.
- 2.50 Total intake into the Regulars was 12,847 personnel in 2024, a 20.3% increase on the previous year. This was the first calendar year since 2020 that the intake of Regulars exceeded that of the previous year. Total intake increased for each of the Services: RN/RM intake increased 38.8%, Army intake increased 16.2% and RAF intake increased 10.8% compared to the previous year.
- 2.51 Total outflow from the Regulars was 14,830 personnel in 2024, an 8.1% decrease on the previous year. Total outflow decreased for each of the Services: RN/RM outflow decreased 6.3%, Army outflow decreased 4.8% and RAF outflow decreased 20.2% compared to the previous year.

Figure 2.9: UK Regular Forces total intake and total outflow, Tri-Service, 12 months ending 31 December 2019 to 12 months ending 31 December 2024.



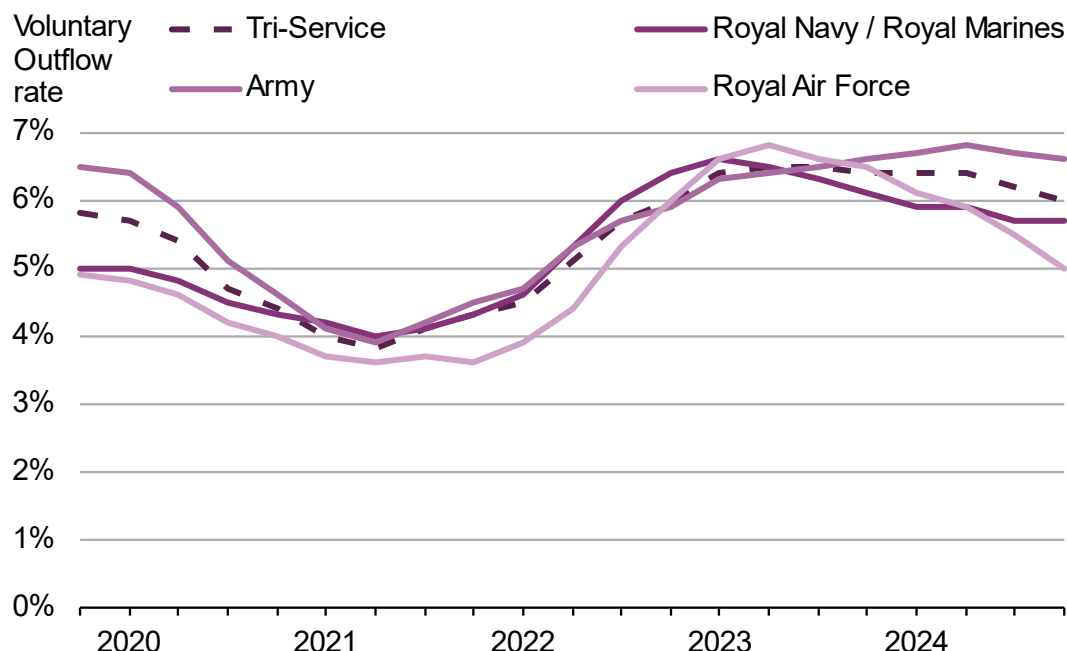
- 2.52 The Tri-Service Voluntary Outflow (VO) rate was 6% in 2024, a decrease of 0.4 percentage points on 2023 and a return to a level last seen in 2022³⁴. VO accounted for 61.7% of total outflow and has been the most common exit reason for full-time trained and trade trained Regulars for several years.
- 2.53 The VO rate for Officers was 5% and the VO rate for Other Ranks was 6.3%, a 0.4 percentage points decrease on 2023 for both cadres.

³³ Total intake refers to the untrained and direct trained/trade trained intake into the Services. Total outflow refers to those who have left the trained and untrained strength of the Services. This excludes intake and outflow from Long Term Absentees (Service personnel who have been absent without leave for more than 21 days).

³⁴ VO encompasses all personnel who voluntarily exit before the end of their agreed engagement or contracted period (Time Expiry). It can therefore be used as a measure of the Armed Forces' ability to retain personnel. VO is calculated against the trained (RN/RM and RAF) and trade trained (Army) figures.

2.54 The VO rate for RN/RM was 5.7%, Army was 6.6% and RAF was 5%. The RN/RM VO rate decreased 0.4 percentage points and RAF VO rate decreased by 1.5 percentage points on 2023. The Army VO rate remained at the same high level reported for calendar year 2023.

Figure 2.10: Voluntary Outflow rate, Tri-Service and single Service, 12 months ending 31 December 2019 to 12 months ending 31 December 2024.



MOD evidence on recruitment and retention

2.55 In evidence, MOD stressed that recruitment and retention of personnel were critical issues for Defence and despite early signs of improvement, thanks to ongoing efforts to attract new recruits, the Armed Forces continued to lose skilled people. With outflow higher than intake, MOD reported that the Armed Forces continued to experience a workforce crisis.

2.56 MOD explained that the Armed Forces operated in a challenging recruitment market, particularly for key skills where there were shortages in the national economy, and this reflected a global trend that also affected other nations' Armed Forces. Whilst intake levels had improved, MOD remarked that intake performance remained below recruitment targets across the single Services.

2.57 MOD recognised that the number of applications to join the Regulars had increased but noted that applications do not always translate into intake. However, MOD informed us that it had improved the flow of candidates through the recruiting pipelines and into the Armed Forces by, for example, changing fitness guidelines and revising the 'risk-based' entry to Medical Employment Standards. MOD explained that these improvements would also ease the transition to the Armed Forces' Recruitment Service, where single Service policies and procedures would align ahead of the start of the new arrangements in early 2027.

2.58 On retention, MOD told us that it expected the VO rate to reduce gradually as the post-COVID related increases in the VO rate had subsided.

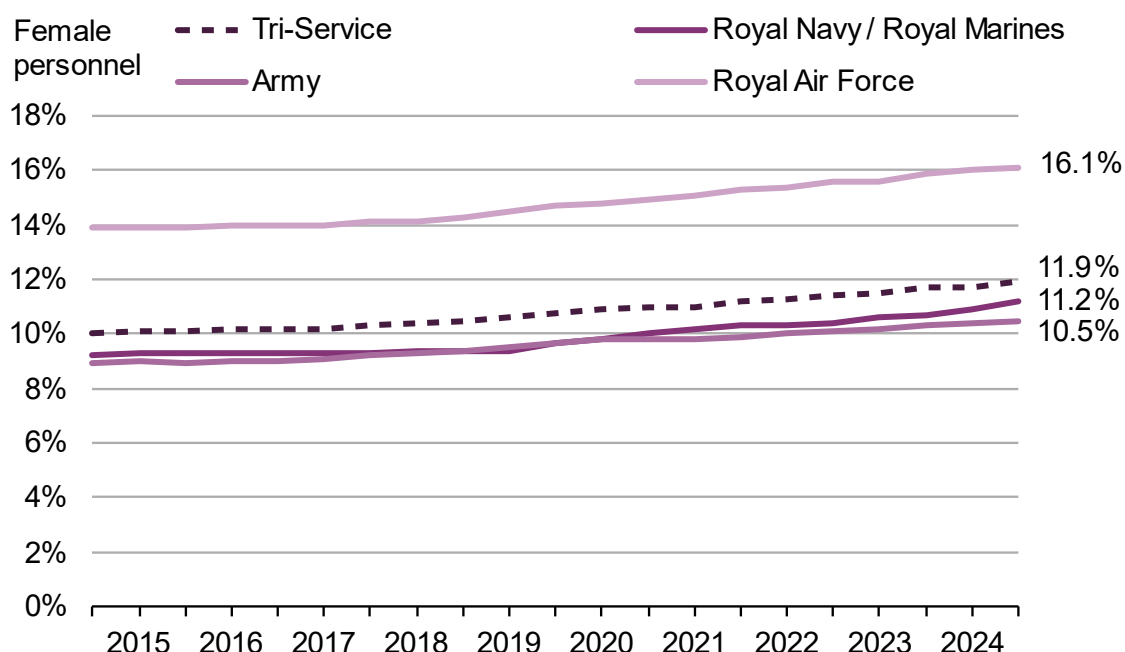
Our comments on recruitment and retention

- 2.59 We observe that recruitment into the Armed Forces improved in 2024. However, this improvement is comparative, and we assess that recruitment remains a matter of serious concern. We judge that the substantial increase in pay on joining the Armed Forces that we recommended last year has helped to ease recruitment problems. We urge MOD to continue to use all available levers to improve intake.
- 2.60 While VO is at its lowest point in two years, we note that it remains above historic levels. We are mindful that retention of skilled and motivated personnel across the rank structure remains a critical issue, where outflow exceeds intake and the Armed Forces are continuing to lose trained personnel. We are very concerned that the Army VO rate of 6.6% is stubbornly high. For Army Other Ranks, we expect to see the VO rate fall as a result of the financial measures brought in from January 2025. We will continue to monitor VO rates closely.
- 2.61 We are deeply concerned that recruitment and retention continue to be critical issues for Defence and each of the Services have lost more trained personnel than they have gained.

Diversity in the Armed Forces

- 2.62 MOD provided evidence to us on the diversity of our remit group based on data up to 31 March 2024. Consistent with previous years, we present the most recent data available to us at the time of writing, up to 1 October 2024. We have included data on gender, ethnicity and nationality^{35,36}.

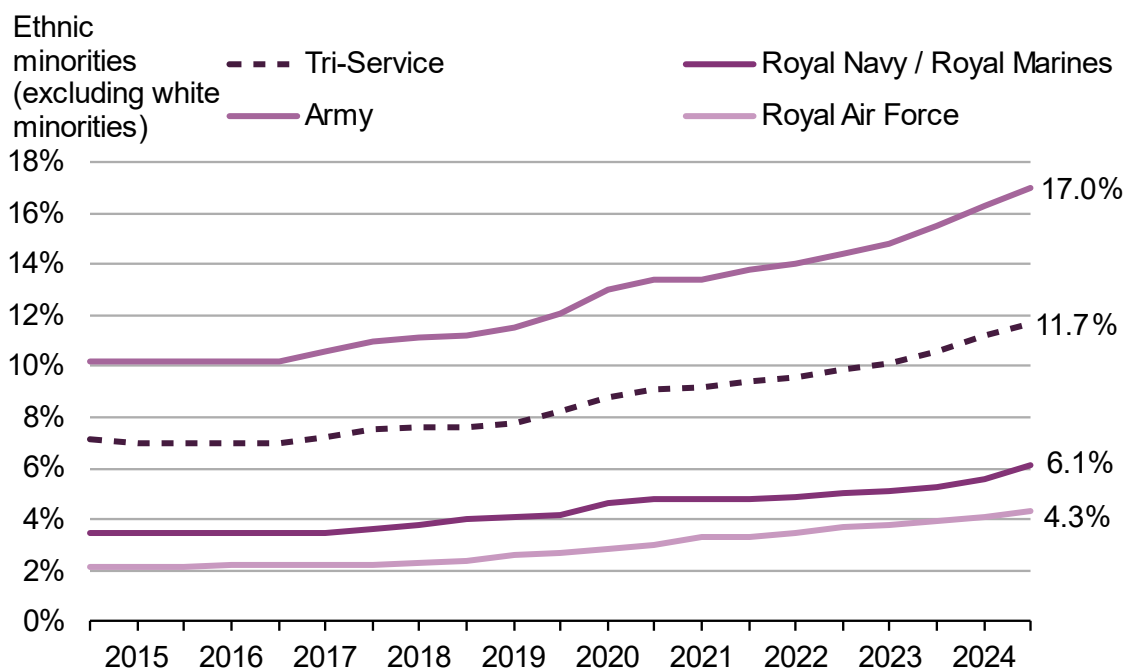
Figure 2.11: Representation of female personnel in the UK Regular Forces, Tri-Service and single Service, 1 October 2014 to 1 October 2024.



³⁵ MOD publishes statistics relating to the diversity of the Armed Forces on a biannual basis. These include statistics on the strength, intake and outflow of female personnel, ethnic minority (excluding white minorities) personnel and personnel by nationality on a rounded basis.

³⁶ MOD (2025) *UK armed forces biannual diversity statistics: October 2024* (online) Available at: <https://www.gov.uk/government/statistics/uk-armed-forces-biannual-diversity-statistics-october-2024> [Accessed 9 April 2025].

Figure 2.12: Representation of ethnic minorities (excluding white minorities) personnel in the UK Regular Forces, Tri-Service and single Service, 1 October 2014 to 1 October 2024.



- 2.63 Of the 15,870 ethnic minority (excluding white minorities) Regular personnel at 1 October 2024, 6,700 (42.2%) were of non-UK nationality. This was an increase of 3.1 percentage points, or 950 personnel, on a year prior.
- 2.64 In the 12 months to 30 September 2024, 11% of Regulars' intake was female, a decrease of 0.6 percentage points compared to the year before. Intake of female personnel was higher for Officers at 16.8% compared to Other Ranks at 10.3%. Of the three Services, the RAF recruited the highest proportion of females at 15.8%.
- 2.65 In the 12 months to 30 September 2024, 18.6% of Regulars' intake was ethnic minorities (excluding white minorities) personnel, an increase of 5.3 percentage points compared to a year prior. Intake of ethnic minority (excluding white minorities) personnel was higher for Other Ranks at 19.9% compared to Officers at 6.2%. Of the three Services, the Army recruited the highest proportion of ethnic minorities (excluding white minorities) at 22.8%.
- 2.66 Of the 2,280 ethnic minority (excluding white minorities) personnel who joined the Regulars in the 12 months ending 30 September 2024, 1,460 (64.6%) were of non-UK nationality. The non-UK nationality component of ethnic minority (excluding white minorities) intake increased by 10.7 percentage points or 730 personnel on the year before.

Armed Forces' gender pay gap

- 2.67 The gender pay gap shows the difference in the average pay between all men and women in a workforce, regardless of any differences in the work they do. It does not take into account broader equal pay considerations and can be influenced by, for

example, the composition of the workforce. As reported by the ONS, the UK national median gender pay gap in 2024 was 13.1%³⁷.

2.68 For the Armed Forces, the gender pay analysis for 2024 concluded the following³⁸:

- the median gender pay gap in 2024 was 0.46% (in favour of men), a decrease of 0.89 percentage points on 2023;
- the mean gender pay gap in 2024 was 0.03% (in favour of women), a decrease of 1.11 percentage points on 2023. In 2023, the mean gender pay gap was in favour of men;
- the median bonus gap was 0% in 2024, unchanged from 2023; and
- the mean bonus gap was 19.87% (in favour of men), an increase of 3.53 percentage points on 2023.

2.69 MOD said that the mean gender bonus gap reflected how higher payments were made to professions where women were heavily under-represented, for example medical officers, pilots, engineers and submariners.

MOD evidence on diversity in the Armed Forces

2.70 MOD reaffirmed that it is dedicated to recruiting and retaining the best talent, drawn from the broadest diversity of thought, skills, and background, to reflect broader society. MOD said that it is committed to making the step changes required to create a more inclusive environment, enabling everyone, irrespective of background, to deliver Defence outputs and enhance operational effectiveness.

2.71 Reflecting on its diversity data to 31 March 2024, MOD emphasised that its challenge remains to reach the aspirational goal of 30% female intake by 2030.

2.72 MOD explained that the increase in the proportion of ethnic minorities (excluding white minorities) personnel of a non-UK nationality joining the Regulars can be largely explained by the COVID-19 pandemic affecting the ability of individuals to travel to the UK and join the Armed Forces.

Our comments on diversity in the Armed Forces

2.73 We are disappointed to see the lack of progress in attracting more females to join the Armed Forces. We note that the number of females joining the Regulars increased in 2024 on the previous year, but the representation of intake that was female decreased from 11.6% in 2023 to 11% in 2024. We understand MOD's level of ambition to achieve 30% of Armed Forces intake to be female by 2030 and to reach 30% female representation at all levels across the Defence Sector by 2030. From the evidence available to us on our remit group, we do not see how this aspiration will be achievable without substantial change on many fronts.

³⁷ ONS (2024) *Gender pay gap in the UK: 2024* (online) Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2024> [Accessed 9 April 2025].

³⁸ MOD (2025) *UK Armed Forces Gender Pay Gap Reporting Year 2024* (online) Available at: <https://www.gov.uk/government/publications/mod-gender-pay-gap-reports-2024> [Accessed 9 April 2025].

- 2.74 We recognise the increasing representation of ethnic minorities (excluding white minorities) as intake into the Armed Forces, but we remain concerned that this masks the position regarding recruitment from the UK population.
- 2.75 We encourage MOD to continue to recruit from diverse backgrounds so that the Armed Forces reflect the society they serve. Similarly, we encourage MOD to ensure that the environments in which Service personnel live and work are supportive and positive for the retention of a diverse workforce.

Motivation and morale

- 2.76 We reviewed a range of evidence on the motivation and morale of Service personnel from sources such as the Armed Forces Continuous Attitude Survey (AFCAS), Continuous Working Patterns (CWP) Survey and Reserve Forces Continuous Attitude Survey (ResCAS). We were also provided with evidence from MOD and heard the views of our remit group first-hand on our visits and in discussion group sessions.

Armed Forces Continuous Attitude Survey

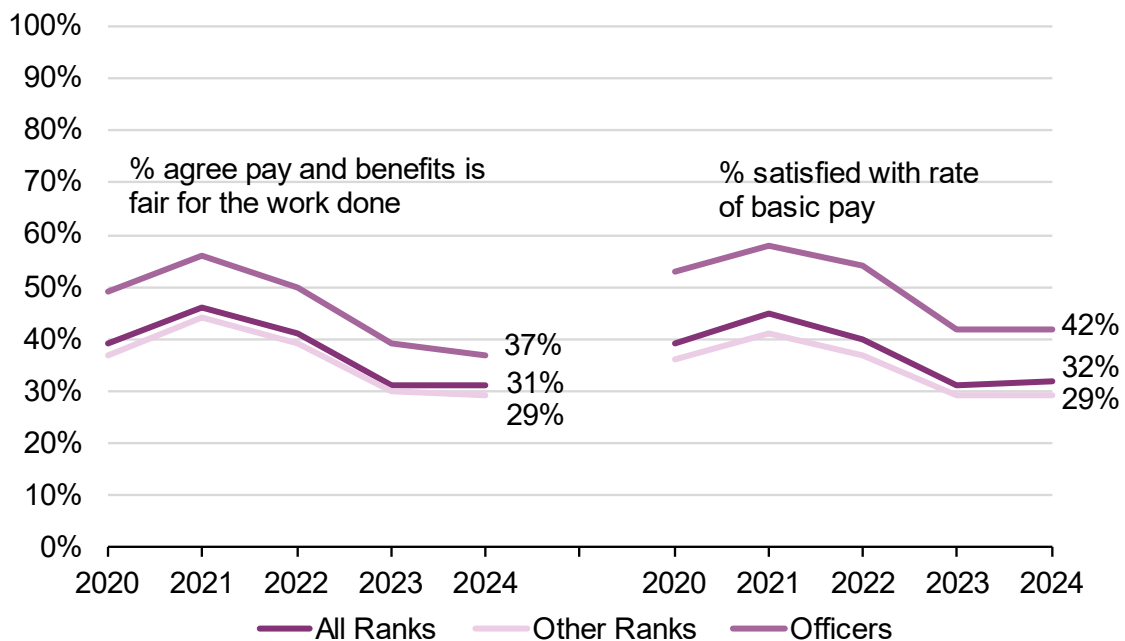
- 2.77 We have used AFCAS consistently which has enabled us to consider Service personnel's views on a range of issues and monitor results. AFCAS is an Accredited Official Statistics publication produced by MOD and is the largest regular survey of the Armed Forces³⁹.
- 2.78 MOD again gave us access to the latest, relevant AFCAS data within the bounds of Official Statistics protocols. We have considered this when making our recommendations but do not discuss the findings in this Report as MOD is scheduled to publish the data later this year.
- 2.79 This section contains results from AFCAS 2024⁴⁰. In most instances we present the last five years of results for a given question, however we analyse results over a longer time period to inform our decision making. Our commentary refers to any statistically significant change from the previous year unless otherwise stated where a result is comparable to the previous year.
- 2.80 Responses to AFCAS 2024 were captured between September 2023 and February 2024. Therefore, the survey presents the views of personnel prior to the announcement and implementation of the 2024-25 pay award of 6%. AFCAS was distributed to a sample of 31,449 trained UK Regulars and had a response rate of 30%. The response rate to AFCAS has dropped each year since 2019 when it was 42%.

³⁹ Accredited Official Statistics are official statistics that have been independently reviewed by the Office for Statistics Regulation and confirmed to comply with the standards of trustworthiness, quality and value in the Code of Practice for Statistics. Office for Statistics Regulation (2024) *Accredited Official Statistics* (online) Available at: <https://osr.statisticsauthority.gov.uk/accredited-official-statistics/> [Accessed 9 April 2025].

⁴⁰ MOD (2024) *Armed Forces Continuous Attitude Survey: 2024* (online) Available at: <https://www.gov.uk/government/statistics/armed-forces-continuous-attitude-survey-2024> [Accessed 9 April 2025].

Pay

Figure 2.13: AFCAS – Attitudes towards pay, Tri-Service, 2020 to 2024.



Notes:

How strongly do you agree or disagree with the following? The pay and benefits I receive are fair for the work I do.

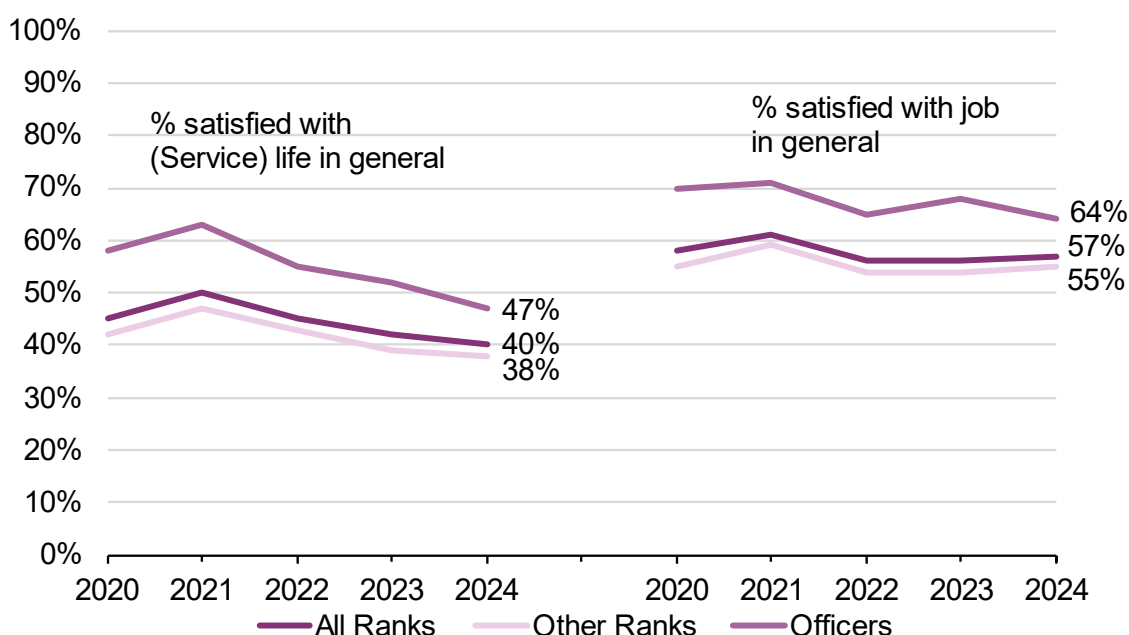
31% of personnel agreed, comparable to the 2023 result but remains in line with the lowest reported levels.

How satisfied are you with the following? My rate of basic pay (basic pay includes X-Factor, but excludes Recruitment and Retention Pay (RRP) and any allowances).

32% of personnel reported they were satisfied, comparable with the 2023 result but remains in line with the lowest reported levels.

Morale

Figure 2.14: AFCAS – Attitudes towards Service life and job in general, Tri-Service, 2020 to 2024.



Notes:

How satisfied are you with [Service] life in general?

40% of personnel reported they were satisfied with Service life in general, comparable to the 2023 result but remains in line with the lowest reported levels.

How satisfied are you with the following aspects of your current job? My job in general.

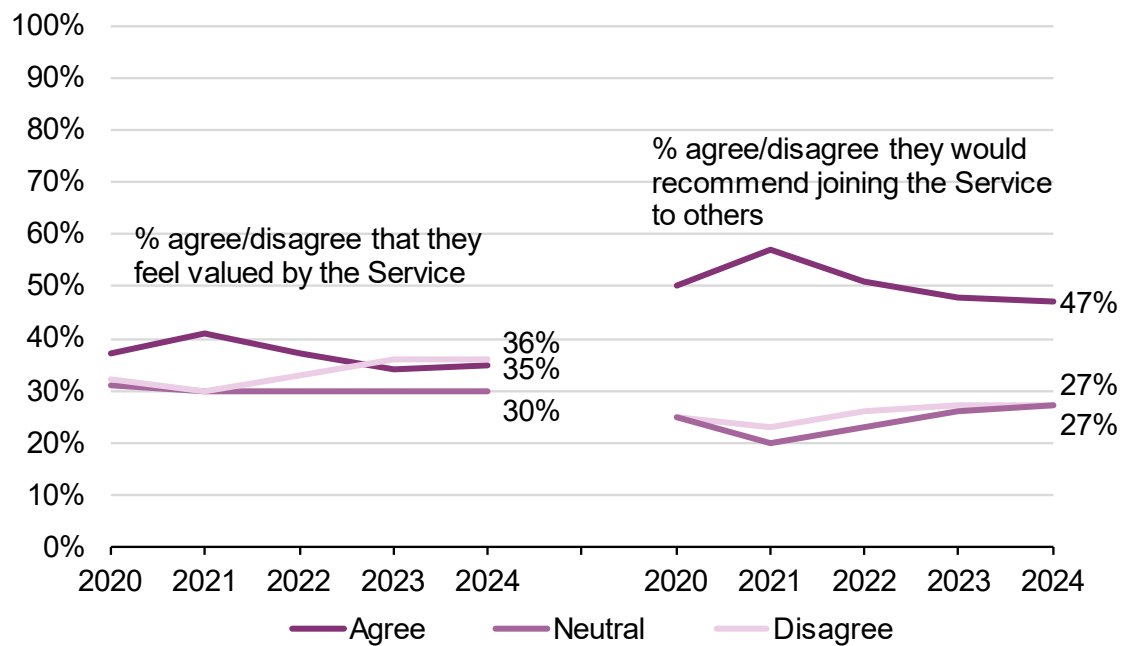
57% of personnel reported they were satisfied with their job in general, comparable to the 2023 result.

Table 2.2: AFCAS – Top factors influencing Service personnel's intentions to stay or leave the Service, 2024⁴¹.

Factors influencing intentions to leave		Factors influencing intentions to stay
1	Impact of Service life on family/personal life	Job security
2	Opportunities outside the Service	Dental provision
3	Amount of pay (4 th in 2023)	Healthcare provision
4	Spouse/partner's career (3 rd in 2023)	Pension
5	Service morale (8 th in 2023)	Financial incentives available to me

⁴¹ This table has been informed by the AFCAS questions on 'How do the following factors impact on your intention to stay or leave the [Service]?' where respondents could choose one of the following responses to each of the 29 factors: Increases my intentions to stay, Has no effect on my intentions to stay or leave, Increases my intentions to leave.

Figure 2.15: AFCAS – Attitudes towards feeling valued and whether personnel would recommend joining the Service to others, Tri-Service, All Ranks, 2020 to 2024.



Notes:

How strongly do you agree or disagree with the following? I am valued by the [Service].

35% of personnel agreed they feel valued by the Service and 36% of personnel disagreed they feel valued by the Service, both are comparable to the 2023 results.

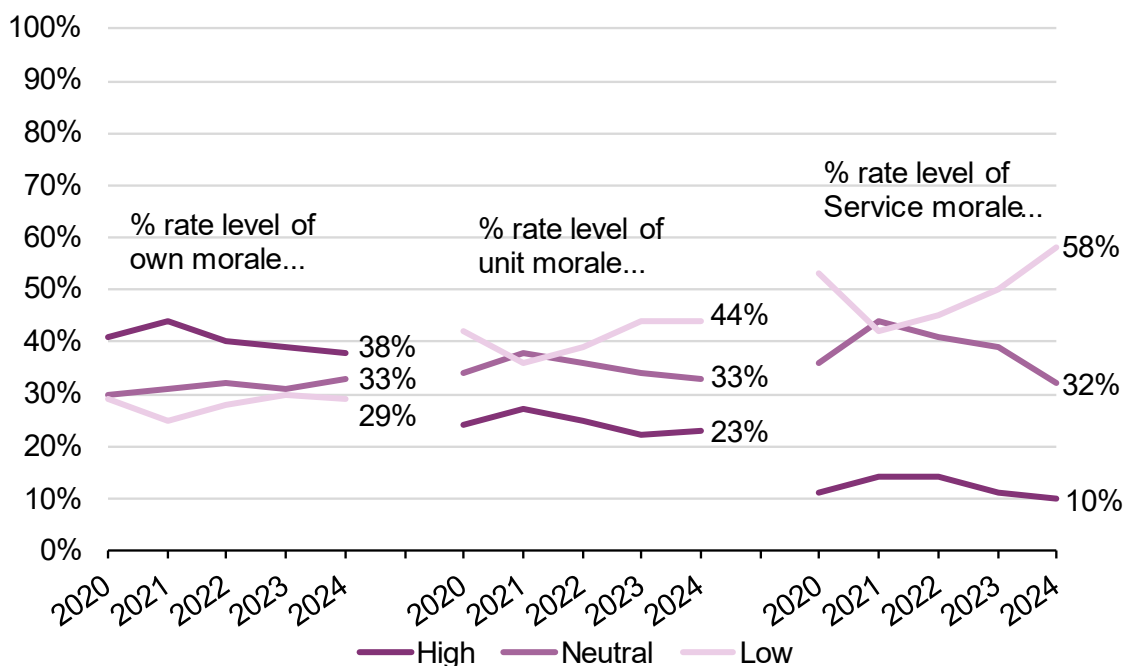
How strongly do you agree or disagree with the following? I would recommend joining the [Service] to others.

47% agreed they would recommend joining the Service to others and 27% disagreed, both are comparable to the 2023 results.

Table 2.3: AFCAS – Attitudes towards workload, Tri-Service, 2024.

How would you rate your workload over the last 12 months?	Result	Comparison to recent results
Too high	47%	Comparable with 2020 and 2023 but higher than reported in 2021 (38%) and 2022 (42%)
About right	49%	Comparable with 2020 and 2023 but lower than reported in 2021 (54%) and 2022 (51%)
Too low	5%	Comparable with 2020 and 2023 but lower than reported in 2021 (8%) and 2022 (6%)

Figure 2.16: AFCAS – Attitudes concerning morale, Tri-Service, 2020 to 2024.



Notes:

How would you rate the level of morale of...Myself?

38% of personnel rated their own morale as high and 29% of personnel rated their own morale as low, both are comparable to the 2023 results.

How would you rate the level of morale of...My Unit?

23% of personnel rated unit morale as high and 44% of personnel rated unit morale as low, both are comparable to the 2023 results.

How would you rate the level of morale of... My Service?

10% of personnel rated the morale of the Service as a whole as high, comparable to the 2023 result. 58% of personnel rated the morale of the Service as a whole as low, an 8 percentage points increase on 2023.

Continuous Working Patterns Survey

2.81 The CWP Survey is a seven-day diary completed by trained, UK Regular personnel to record the number of hours spent at work, on call, on breaks and off duty⁴². The Survey was run between October 2023 and March 2024 and attracted a response rate of 13%, similar to the CWP 2022-23 Survey. In this section of the Report we provide a broad view of working hours by Service and rank group^{43,44}.

2.82 The average weekly working hours recorded in 2023-24 were 43.1 hours, a decrease of 1.2 hours on 2022-23. The RN reported the highest average weekly working hours with 44.7 hours, an all-time low and 4.5 hours fewer than reported in

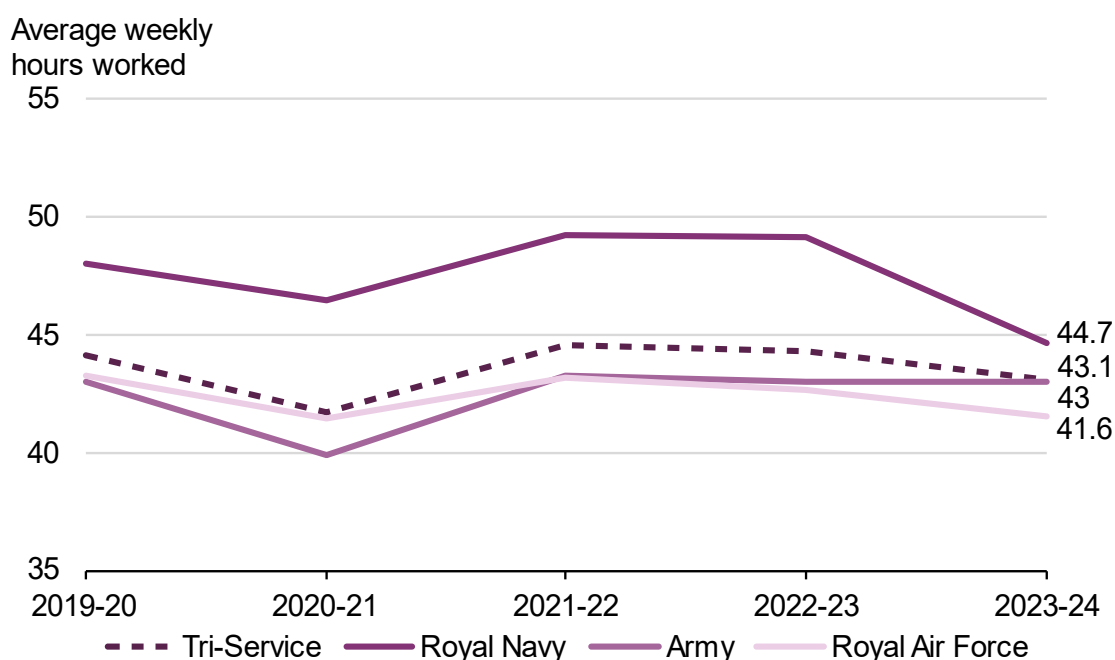
⁴² MOD (2024) *Armed Forces Continuous Working Patterns survey 2023/24* (online) Available at: <https://www.gov.uk/government/statistics/armed-forces-continuous-working-patterns-survey-202324> [Accessed 9 April 2025].

⁴³ Working hours include: normal work, working from home, duty personnel (when working), exercise/operations working time, compulsory fitness training, instruction/training course, duty travel, ceremonial/hosting duties, Service representation duties and secondary duties.

⁴⁴ MOD identifies senior Officers as OF3 to OF6, junior Officers as OF1 and OF2, senior Other Ranks as OR6 to OR9 and junior Other Ranks as OR1 to OR4.

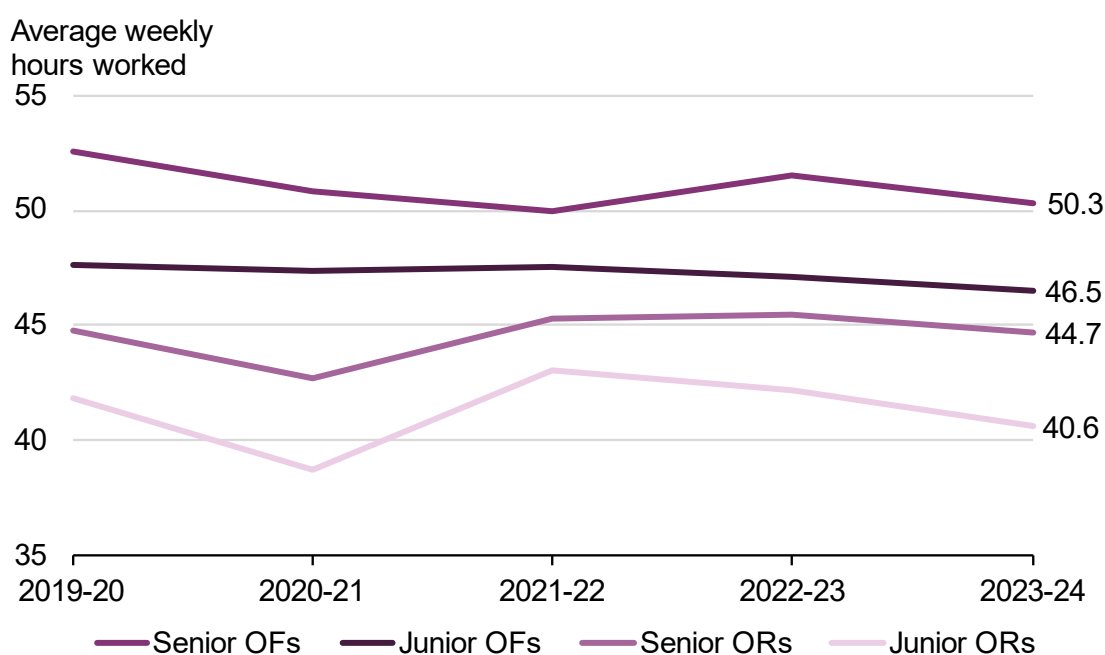
2022-23. The RAF reported the lowest average weekly working hours with 41.6 hours, a 1.1 hours decrease on 2022-23.

Figure 2.17: CWP – Working hours of Service personnel, Tri-Service and single Service, 2019-20 to 2023-24.



2.83 On average, senior personnel recorded the highest time working. Senior Officers recorded 50.3 hours per week working in 2023-24, a decrease of 1.2 hours on 2022-23. Junior Other Ranks recorded the least amount of time working at 40.6 hours in 2023-24, a decrease of 1.6 hours on 2022-23.

Figure 2.18: CWP – Working hours of Service personnel by rank group, Tri-Service and single Service, 2019-20 to 2023-24.



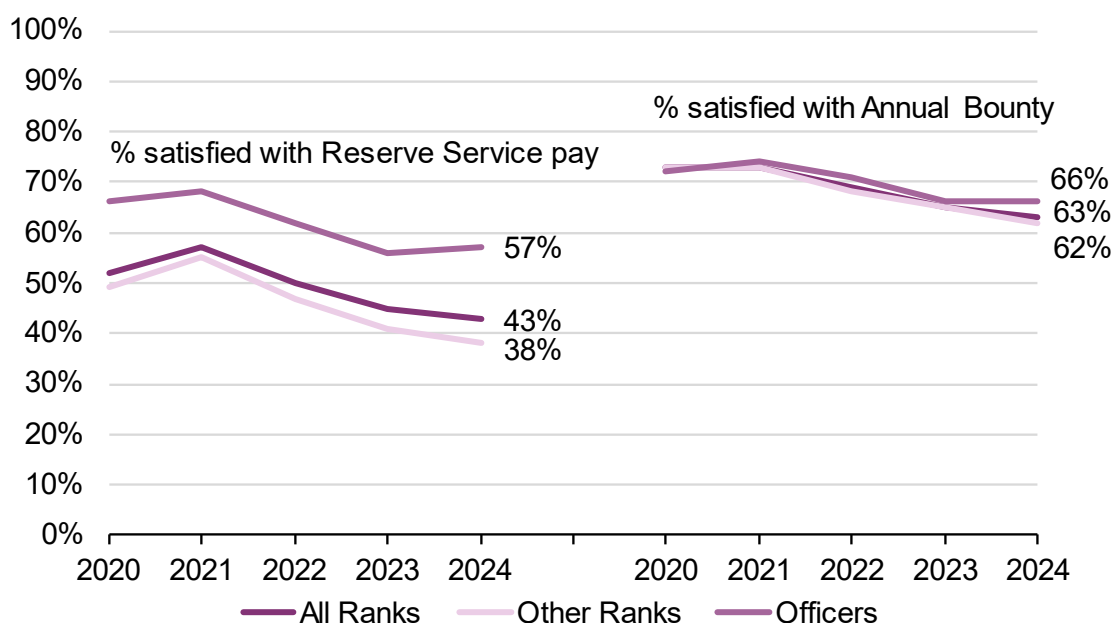
Reserves Continuous Attitude Survey

2.84 ResCAS is an Official Statistics publication produced by MOD which aims to assess and monitor the attitudes of Reserve Forces personnel across the Royal Navy Reserve (RNR), Royal Marines Reserve, Army Reserve and Reserve Air Force^{45,46,47}.

2.85 ResCAS 2024 had a response rate of 23%, an increase of 4 percentage points on ResCAS 2023. The fieldwork was conducted between January 2024 and March 2024 for the Maritime, Army and RAF Reserves⁴⁸.

Pay

Figure 2.19: ResCAS – Attitudes towards pay, Tri-Service, All Ranks, 2020 to 2024.



Notes:

How satisfied are you with: Your Reserve Service pay?

43% of Reserve personnel reported they were satisfied with Reserve Pay, this result is comparable to 2023 and continues to sit at its lowest level reported.

How satisfied are you with: Your Annual Bounty?

63% of Reserve personnel reported they were satisfied with the Annual Bounty, this result is comparable to 2023 and continues to sit at the lowest level reported.

⁴⁵ MOD (2024) *Tri-Service Reserves Continuous Attitude Survey: 2024* (online) Available at: <https://www.gov.uk/government/statistics/tri-service-reserves-continuous-attitude-survey-2024> [Accessed 9 April 2025].

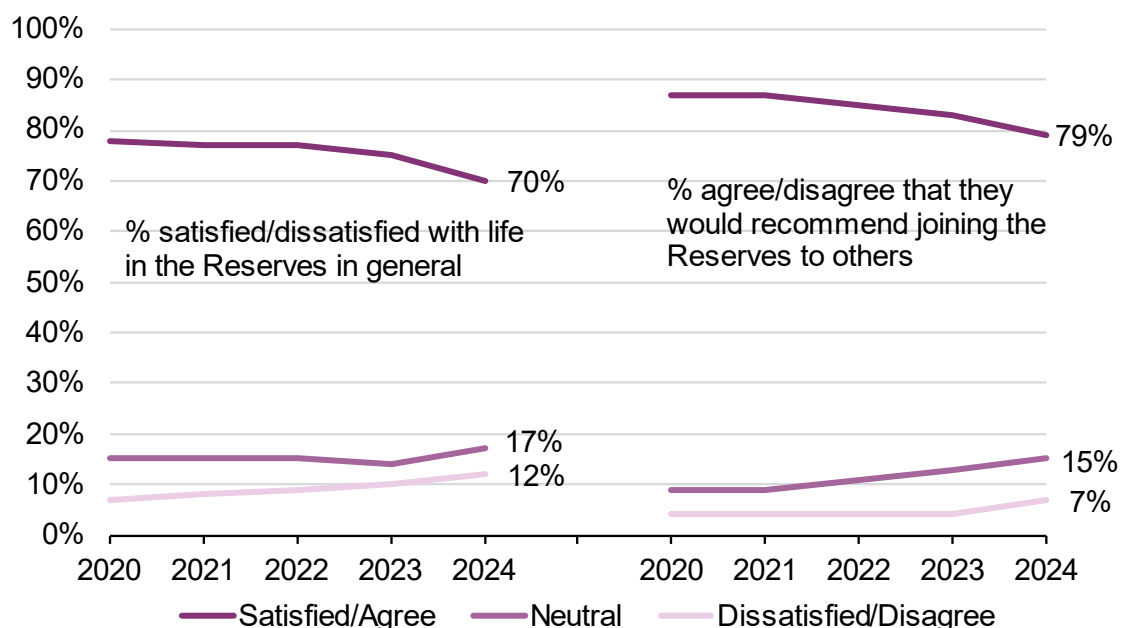
⁴⁶ Official Statistics are statistics that are produced by crown bodies, those acting on behalf of crown bodies, or those specified in statutory orders, as defined in the Statistics and Registration Service Act 2007. See footnote 39.

⁴⁷ ResCAS reports responses to attitudinal questions on a three-point level such as the following: Strongly agree or agree, Neither agree nor disagree, Strongly disagree or disagree. For conciseness, this Report uses the following terminology: Agree, Neutral, Disagree or Satisfied, Neutral, Dissatisfied.

⁴⁸ Maritime Reserves covers the combined Royal Navy Reserve and Royal Marine Reserve.

Morale

Figure 2.20: ResCAS – Attitudes towards Service life, Tri-Service, All Ranks, 2020 to 2024.



Notes:

How satisfied are you with life in the [Service] Reserve in general?

70% of Reserve personnel reported they were satisfied with Service life in general, a 5 percentage point decline on the 2023 result and the lowest satisfaction recorded.

How strongly do you agree or disagree with the following? I would recommend joining the [Service] Reserve to others.

79% of Reserve personnel reported they would agree to recommend joining the Reserves to others, a 4 percentage point decline on the 2023 result and the lowest level recorded.

Service Families' Federations

2.86 We were pleased to meet with representatives from the SFFs and to hear their perspectives on issues relevant to our Terms of Reference.

Pay

2.87 The SFFs reported generally positive feedback on our 2024 pay award. However, they said that some personnel felt that their pay and allowances were insufficient given their level of responsibility with people being asked to do much more with less.

The wider offer

2.88 The SFFs had heard that personnel were joining the Armed Forces based on the overall package and offer, not just pay. However, once in the Services, personnel were more focused on their salaries as they felt that the non-pay elements of the offer were gradually deteriorating and not up to standard. The SFFs stated that some parts of the wider offer were difficult to access, for example childcare. They were clear that if something was not available then the offer was devalued. The SFFs stressed the importance of getting the basics right: living somewhere safe and warm, having a satisfying job, and the ability to live a similar life to civilians whilst doing

something different. The SFFs said that the nature of family life had evolved and that the wider offer needed to reflect this.

Service families

- 2.89 We were told that the requirement for a second income was pressing and enduring. The SFFs stated that the challenge of enabling consistency of family income alongside mobile service was becoming increasingly apparent. Maintaining a second income overseas was very challenging. There was an increasing lack of willingness from personnel to serve overseas, or if they did, to serve separated which generated a range of other issues and costs.
- 2.90 The SFFs commented that they still saw examples of poor communication of MOD policy changes which had a direct impact on families, for example, announcements in relation to accommodation and the way that the introduction of Value Added Tax (VAT) on school fees would be handled for those in receipt of Continuity of Education Allowance (CEA). Some communication was seen as insensitive and showing a lack of understanding of the impact of the issues on family members.
- 2.91 The SFFs told us that childcare needed to be affordable, accessible and available and there were difficulties in certain locations. We were told of hardship funds in response to the addition of VAT on school fees, as well as Service and education charities supporting families in difficulty.

Visits

- 2.92 Visits are a vital aspect of our pay round and evidence gathering. They enable us to meet members of our remit group to hear directly about issues in relation to our Terms of Reference. Through visits we can understand better the Service environment, what personnel do and the circumstances in which they operate. We also hear about some of the challenges that personnel face and see some of the advantages of Service life. We also met Service families and heard from them about their experiences including issues around Service accommodation and, where relevant, about Service life overseas.
- 2.93 Between July and November 2024 we undertook 16 visits, each of which varied in duration from half a day to a week. We met some 1,370 Service personnel of all ranks and across all Services in various locations.
- 2.94 While the visit programme provided valuable context for the round, we were particularly keen to engage with personnel closer to the point at which we would be making our recommendations. To supplement the earlier visits, we held virtual discussion groups in January 2025. We met some 140 Officers and Warrant Officers from all three Services and drawn from locations across the UK.
- 2.95 We would like to thank all of those who took part in the visits and discussion groups, as well as MOD, the single Services and UKSC for organising and facilitating these sessions. The list of the 2024 visit locations is at Appendix 6.
- 2.96 We discuss some of the feedback received from these visits and discussion group sessions at various points in this Report, but the main themes that emerged are recorded below. The government published our 2024 Report on 29 July. Therefore, personnel that we met ahead of this were not aware of our recommendations and were unfortunately unable to comment on the 2024 pay award.

Pay

- 2.97 The 2024 pay award was generally well received. Many personnel felt that the 6% increase was higher than expected and a positive step, though some felt it was overdue and did not fully compensate for past years of low or no pay awards. Some personnel felt that the pay award did not align with the higher cost of living which presented additional financial challenges, especially for families. There was some concern with how the pay award would be funded, with personnel feeling that the broader offer might be weakened alongside reduced spending on equipment and kit. Once again there was dissatisfaction in receiving the pay award late.
- 2.98 The uplift in new entrant pay was seen as very positive for recruitment. There was a view from some that pay was competitive early in people's careers, but it then fell behind comparators elsewhere. We were told that this difference in pay became more obvious when people had families and felt that Armed Forces' life stood in the way of spouses getting jobs.
- 2.99 Personnel often compared their pay with that of other public sector workers, particularly those who they perceived had received higher pay awards due to strikes. Personnel felt that their pay had slipped behind that of comparator groups and that some catching up was required. For those deployed and working long hours, many felt that pay was not good enough, especially when compared to civilian jobs.
- 2.100 There were calls for better recognition of skills and responsibilities through pay. Many personnel felt that pay should reflect the specific demands and risks of their roles. There were suggestions for more targeted allowances and retention incentives.
- 2.101 During the discussion group sessions held in January 2025, many reflected that they were pleased with the 2024 pay award. There was consensus that, in this pay round, an award that at least kept pace with inflation was important. Personnel were clear that there should be a focus on middle rank retention among both Other Ranks and Officers and that to improve retention all elements of the Armed Forces' offer had to be fulfilled.

Workforce issues

- 2.102 We heard from personnel about the length of some deployments and that the high frequency of being 'trawled' to fill gapped posts elsewhere was taking its toll. There was a clear link between gapping, a high VO rate and morale. Personnel also felt that the Civil Service recruitment freeze was putting further pressure on the Service workforce and was having a negative impact on morale.
- 2.103 Many personnel that we met made comparisons between Armed Forces' pay and that for equivalent civilian jobs. We noted that many Service personnel were working alongside contractors who were undertaking similar or even identical roles for apparently higher rates of pay and often with a more manageable work-life balance. We heard of personnel joining the Armed Forces and gaining qualifications which were highly sought after in the civilian sector where higher rates of pay were on offer.

Morale and motivation

- 2.104 Across a number of visits personnel told us that they did not feel valued for what they were doing. Many personnel felt that the overall package, including accommodation, allowances and other benefits, had eroded over time, with promises made and often not delivered. We also heard that some civilian employers were offering lifestyle packages which meant that the Armed Forces' wider offer was no longer considered unique. Some felt that improvements in these areas were necessary to complement the pay award. We were left with a clear sense that Service personnel felt that the wider offer was becoming less attractive. Examples quoted to us included the standard of food and accommodation, poorer work-life balance, the overall pressure of work and an inability to take leave.
- 2.105 The pay award was seen as a retention incentive by some, but there were concerns that it was not enough to address wider issues affecting morale and motivation. There was concern from personnel about broader infrastructure and an awareness of a lack of investment across the Defence enterprise.
- 2.106 During multiple visits personnel spoke of little aspiration to be promoted at certain levels. Some felt that the extra work and responsibility was inadequately rewarded by the increase in pay. There were reports of Service personnel across all ranks covering multiple roles.
- 2.107 We also heard of increasing pressures within Service families, challenges with childcare and the difficulties of maintaining relationships. There was concern about the importance of spousal employment and some personnel felt that MOD should do more to facilitate this. Childcare issues centred around both the availability of places and the ability to access them. Personnel welcomed the Wraparound Childcare (WAC) policy, but some said that they had struggled to find a provider. Those in receipt of CEA were concerned about the impact of the removal of the VAT exemption for private school fees from January 2025.
- 2.108 There were complaints from personnel about the complexity and bureaucracy around personal administration such as the process for claiming allowances. There was also some frustration that only the Service person, and not their spouse or partner, can access the administration system.
- 2.109 Personnel commented on the 'Get You Home' allowances, in particular the focus on payments to those who owned their own home with a lack of payments for those who wanted to visit family elsewhere.

Issues relevant to overseas service

- 2.110 We noted some points specific to overseas service on our visit to Cyprus. We learnt of difficulties with spousal employment. This was not just about getting a job, but the limitations around the choice of job and impact on spousal career progression. It was felt that more could be done to encourage UK employers to allow spouses to work remotely from Cyprus. There were also challenges with WAC not being available in Cyprus and it was not clear why this was not part of the standard offer to those overseas.

Our comments on motivation and morale

- 2.111 We place immense value on the opportunity to speak to our remit group during our visits at home and abroad. We also appreciate the work done by MOD to produce

and publish their annual surveys. These contain a range of valuable information on the attitudes of Service personnel and their families and serve to complement the accounts we hear first-hand. We note however, that the response rates to many surveys have been dropping in recent years and we encourage MOD to take steps to improve the response rates.

2.112 We have been struck by the findings of the CWP survey which suggest that the average working hours per week, as reported by trained UK Regulars, has fallen. We heard from Service personnel on our visits that their workload had increased, they experienced pressures to take on additional responsibilities and to cover gapped posts. Although the comments we heard on visits were anecdotal, we note that there is a misalignment between what we heard on visits and the published survey results.

2.113 We urge MOD to look at how processes can be streamlined to mitigate the frustration felt by Service personnel when making claims for allowances.

Pensions

2.114 Pensions are not within our remit but have continued to be raised as an issue in most of our visits. In view of the complexity of Career Average Revalued Earnings schemes, we encourage MOD to improve its communications around the Armed Forces' Pension Scheme to ensure that Service personnel understand the full value of their pension as part of the wider offer.

Chapter 3 – MAIN PAY RECOMMENDATION

Introduction

- 3.1 This chapter sets out our main pay recommendation for the Armed Forces. It includes our consideration of the key evidence set out in Chapter 2 and other factors that we have used to inform our recommendation.

Terms of Reference

- 3.2 Our Terms of Reference require us to have regard to the need for Defence to be able to recruit, retain and motivate suitably able and qualified personnel; the need for the pay of the Armed Forces to be broadly comparable with pay levels in civilian life; the requirement for the Ministry of Defence (MOD) to deliver its outputs within the funds allocated by government; and the government's inflation target.

Our remit letter

- 3.3 In the remit letter dated 30 September 2024 (Appendix 5), the Secretary of State for Defence told us that he was pleased that the government accepted our recommendations for the 2024 pay round in full, despite the affordability challenges. This 6% award recognised the extraordinary commitment and service of Armed Forces' personnel and the priority that MOD places on its people. The Secretary of State also said that the award was an important step towards improving recruitment and retention to ensure the Armed Forces were staffed by the high calibre of personnel needed to keep the country safe.
- 3.4 The Secretary of State reaffirmed that our work would remain critical as the world became more contested and uncertain. He said that the Armed Forces are vital to protecting the nation, supporting our Allies, and meeting operational commitments. The Secretary of State explained that the government was committed to renewing the nation's contract with serving personnel. He said the Strategic Defence Review (SDR) would place people both in and out of uniform at the heart of Defence's plans; determining the roles, capabilities and reforms required to meet the challenges, threats, and opportunities of the 21st century.

Our approach

- 3.5 We have carefully considered all the relevant factors set out in our Terms of Reference and remit letter. We discuss each of them below.

Government policies for improving public services and the funds available to MOD

- 3.6 In written evidence, MOD told us that it considered a pay award of 2.5% to be the maximum affordable for 2025, at a cost of £330m. MOD said that every extra 1% above this value would add an additional £130m of unaffordable pressure to the Defence budget, requiring compensating savings elsewhere. Its ability to overhaul aspects of the overall offer to Service personnel over the coming years, including through targeted initiatives, would be limited if the pay award consumed any funding flexibility, as it had done across the last few years.
- 3.7 His Majesty's Treasury (HMT) stated in its evidence to the Pay Review Bodies that individual departmental settlements for 2025-26 and beyond would need to fund pay awards. There would be no additional funding for pay. HMT continued that departments would be able to fund pay awards above inflation over the medium term

if they become more productive, whether through driving better value from existing programmes or cutting areas of wasteful or inefficient spending.

- 3.8 In our remit letter, the Secretary of State said that the SDR would be deliverable and affordable within the resources available to Defence and a trajectory to Defence spending of 2.5% of Gross Domestic Product (GDP). We were told that the SDR would report in the first half of 2025. We note that at the time of writing, the SDR has not been published but we urge MOD to update us on its progress in the coming months.
- 3.9 During oral evidence, we were told that our main pay recommendation needed to support recruitment and retention and be seen as fair to personnel. MOD said that Armed Forces' personnel would value an award that was at least in line with pay awards in other public services and that it needed to reflect inflation. Noting that we were looking at data in March 2025, we consider that an award below the annual rate of inflation (described in paragraph 2.14) would be detrimental to both recruitment and retention. We acknowledge that inflation is above the level that MOD deemed its maximum position for affordability.
- 3.10 Having challenged the affordability position during oral evidence, we sensed that the context within which Defence was operating had changed fundamentally. Since receiving our remit letter, there have been a number of international developments, including in response to the conflict in Ukraine. These have prompted the Prime Minister to commit to increasing Defence spending to 2.5% of GDP by April 2027, with an ambition to increase it to 3% of GDP in the next parliament⁴⁹. We also note the announcement made in the Spring Statement of an increase of £2.2bn to Defence spending, and that the UK's Defence budget will rise to 2.36% of GDP, in 2025-26⁵⁰. MOD did not change its evidence to us regarding the affordability position for 2025-26.

The need for pay to be broadly comparable with pay levels in civilian life

- 3.11 Our latest pay comparability evidence includes analysis of pay year 2023-24 and the implementation of our recommendation to award 5% plus a consolidated £1,000. This shows that the decline in the position of Armed Forces' pay in relation to the wider economy has largely been arrested and, in some instances, there have been improvements. Whilst this analysis does not account for the 2024-25 Armed Forces' pay award of 6% that we recommended and was accepted, we infer that the relative position of Armed Forces' pay will not have declined further. Indeed, the relative position may show marginal improvements considering that the pay award was in line with upper quartile of pay settlements in the wider economy during the first quarter of 2024.
- 3.12 We assess that, despite the broad stabilisation of Armed Forces' pay in relation to the wider economy, a number of acute challenges remain regarding the remuneration of those with specific skills relative to private sector comparators and industry peers.
- 3.13 We note that the National Living Wage (NLW) increased by 6.7% on 1 April 2025 to £12.21 for those aged 21 years and over and there have been increases to the NLW

⁴⁹ See footnote 2.

⁵⁰ HMT (2025) *Spring Statement 2025 speech* (online) Available at: <https://www.gov.uk/government/speeches/spring-statement-2025-speech> [Accessed 9 April 2025].

for younger employees. In its evidence to us, MOD explained that the Initial Pay and OR2-01 pay point would require a pay increase of around 2.8% to ensure that it continued to meet its aspiration to remain within the spirit of the NLW in 2025, once average working hours for junior Other Ranks were taken into account. The requirement to address the increase to the NLW is subsumed within our main pay recommendation.

- 3.14 Service personnel have told us that they place a high value on several aspects of the offer, as well as pay. This year, again, we have heard concerns about a continued erosion of the overall package. We strongly believe that non-pay related benefits are part of the overall offer for Service personnel and in large part recognise the particular circumstances of Service life. Ensuring the attractiveness of the wider offer should be a priority independent of pay.

The need to recruit, retain and motivate

- 3.15 In evidence to the Pay Review Bodies, HMT stated that recruitment and retention across most public sector workforces had improved but acknowledged that there were important variations in this general position.
- 3.16 During 2023, Armed Forces' recruitment was at its lowest level in the last decade. Our pay awards over the last two years have targeted recruitment and we acknowledge that intake has shown some improvement since 2023. From 1 April 2022 to 1 April 2024 our pay recommendations have resulted in a 17.6% increase to the OR2-01 rate of pay, and a 49.6% increase to the Initial Pay rate. This included the alignment of Initial Pay with the pay of OR2-01. These increases were recommended, in part, to attract a wider range of potential recruits, including those with pre-existing financial commitments and broader experience. To rebuild and achieve workforce strengths, this upward trend in recruitment needs to continue, alongside steps to stem outflow. We consider that the remunerative offer for recruits must continue to be attractive and competitive.
- 3.17 At the time of making our recommendations, the full-time trained (Royal Navy (RN)/Royal Marines (RM) and Royal Air Force (RAF)) and trade trained strength (Army) of the Armed Forces was falling, having decreased by around 3,600 personnel in 2024 and Voluntary Outflow (VO) remained above historic levels. We note with deep concern that the Armed Forces continue to haemorrhage personnel. MOD told us that it was facing an ongoing workforce crisis, and we recognise that the workforce shortfalls disproportionately affect key skilled trades. Due to the severity of the issue, since our last Report, we have endorsed some new retention payments to address particular issues in the Army and among engineers across all of the Services. However, we note that workforce difficulties are not limited to these areas. We considered whether our recommendation should be targeted on retention for certain groups. However, we assess that our award must be retention positive for all cadres, given the necessity of maintaining and building an effective, multi-skilled and coherent fighting force, capable of meeting whatever challenges it faces.
- 3.18 A recurring theme that we heard on our visits for this round was that Service personnel did not feel valued for their work and their commitment. We heard that this feeling was exacerbated because Service personnel were required to cover for numerous gapped posts (both civilian and military). This meant that more pressure was being put on these individuals, aggravating work-life balance and influencing their motivation to remain in the Armed Forces.

- 3.19 We heard a range of issues relating to the wider offer, not least how this had been diluted over a long period of time. Service personnel also told us that they were not confident that they would see any positive change in the short term for themselves or their family, with many commenting on the gap between MOD's aspiration for change and the reality of delivery. Service personnel frequently told us that they did not feel valued and that their goodwill was being taken for granted. This is a recurring theme that we have commented on over many years. The reasons why people leave the Armed Forces are multi-faceted. Nevertheless, we received positive feedback on the value of last year's pay award and Service personnel indicated that they see pay as a tangible and immediate demonstration of reward and value.

Main pay recommendation

- 3.20 This pay round has been conducted in a period of international turbulence unprecedented in recent years. At the time of making our recommendations we observe that Defence has arrived at a critical juncture in a more dangerous and changing world. We recognise that MOD will have to take difficult decisions on spending priorities as a result.
- 3.21 We have considered the full range of evidence and recognise a tension between the factors that we are asked to consider in reaching our recommendation. We have also taken account of the exceptional geopolitical circumstances. We conclude that pay must be sufficient to address the continuing workforce crisis and support MOD's aim to retain skilled and experienced personnel, given the absolute requirement to maintain a highly skilled, modern and lethal warfighting force. We judge that the challenge is such that our remit group should receive a pay award that is above the level of inflation and competitive with pay awards across the economy.
- 3.22 Therefore, having assessed and balanced the range of factors in our Terms of Reference, remit letter, the written and oral evidence presented to us, the feedback we heard on visits and in our engagement with other relevant stakeholders, the key factors that have influenced our main pay recommendation this year are listed below.
- The importance of supporting the Armed Forces' ability to recruit and retain the quantity and quality of personnel required for the defence of the nation, in the face of a continuing workforce crisis that has seen the full-time trained (RN/RM and RAF) and trade trained strength (Army) decrease by around 3,600 personnel in 2024 and VO remain above historic levels.
 - The adverse impact of Service life on personnel and their families, falling satisfaction with the wider offer, our concern that personnel do not feel sufficiently valued, and the need to guard against further erosion in levels of morale.
 - The importance of pay as a tangible and immediate demonstration of reward and value for Service personnel.
 - The funds available to Defence, government statements on affordability and the wider economic context.

- The requirement to ensure that pay remains broadly comparable with the private sector, consistent with the pay of other public sector workforces and is seen to be fair.
- A pay award in line with the median level of pay awards in the wider economy of 3% would not be sufficient to address the continuing workforce crisis.
- Our assessment that a pay award at the level we recommend will have a positive effect on recruitment and retention, a minimal impact on inflation and achievement of the government's 2% inflation target.

3.23 Having taken full account of all the evidence, we therefore recommend an increase of 4.5%, from the 2024-25 rates, for all personnel in our remit group.

Recommendation 1: We recommend that rates of base pay increase by 4.5% for all members of our remit group from 1 April 2025.

Chapter 4 – RECOMMENDATIONS FOR SPECIFIC GROUPS AND COMPENSATORY ALLOWANCES

Introduction

- 4.1 This chapter sets out our recommendations on measures which are separate to our main pay award. It covers recommendations on our cyclical reviews of pay arrangements for Medical and Dental Officers (MODOs), Veterinary Officers, Chaplains and the Military Provost Guard Service (MPGS). We discuss Recruitment and Retention Payments (RRPs), Skills Payments and other targeted financial incentives, including Engineering Stabilisation Incentives and an Army Soldier Retention payment which were considered outside of our usual timetable. We consider the Volunteer Reserves Training Bounty and compensatory allowances, including a new Afloat Environmental Allowance. Finally, we note that some measures agreed by us in previous pay rounds are included in the appendices to this Report for the first time.
- 4.2 We acknowledge that the Ministry of Defence (MOD) is looking to rationalise pay arrangements for Service personnel and develop pay structures that provide more targeted awards based on skills and experience. Separately, we support the principle of ‘all of one company’, in other words, treating all groups consistently when making our main pay recommendation. We recognise that there is a tension here and we are acutely aware of the challenge of balancing competing demands in making our recommendations.
- 4.3 We are mindful of the factors that informed our main pay recommendation (as set out in Chapter 3), in particular, the acute recruitment and retention challenges being experienced across the Armed Forces. Our recommendations seek to support a framework within which improved recruitment levels can be sustained along with improved retention.
- 4.4 We note that the Public Sector Equality Duty (PSED) requires the government to assess policies against nine protected characteristics. We welcome the fact that MOD has provided equality impact assessments within its evidence and demonstrated that review against the PSED had taken place against the proposals presented to us.

Defence Medical Services

Context

- 4.5 In its written evidence to us, MOD provided the context around MODO pay, setting out broader issues affecting Defence Medical Services (DMS) including the unstable global security situation and National Health Service (NHS) pay deals.
- 4.6 We were told that DMS clinical workforce levels were fragile across consultant, nursing specialities and Allied Health Professionals (AHPs). MOD decisions to civilianise posts and the subsequent recruitment controls, including the downsizing of the Civil Service, were having an impact with gapped positions not being routinely filled. MOD told us that workforce issues were exacerbated in smaller cadres where the loss of a single clinician could affect its ability to meet operational demand.

- 4.7 MOD explained that there were several non-remunerative measures in place to support the DMS workforce.
- The opportunities for career progression and development were seen as key for retaining personnel. MOD said that work was progressing to develop the healthcare and medical Pan-Defence Skills Framework which represented a Whole Force approach to identifying, defining, and managing the skills of Defence people and their associated roles.
 - A DMS People Plan which put the development, success, and wellbeing of people at the forefront of strategic delivery. The plan underpinned DMS transformation to deliver a sustainable, skilled and engaged workforce.
- 4.8 We visited Joint Hospital Group (South) in July 2024, ahead of the 2024 pay award announcement. We were pleased to meet a range of DMS personnel and to hear their views on a number of issues, in particular on pay. Personnel told us that they thought pay relative to the NHS had worsened, and they were watching NHS pay settlements with interest. Some also stated that pay should reflect skills and responsibilities, rather than rank. Many personnel also shared the view that there should be a clear difference between DMS and NHS pay because of the inclusion of X-Factor in Service pay. There was a general sense that the level of pay mattered to people because it demonstrated recognition and value for what they did. While some personnel were happy with the mobile lifestyle within the Armed Forces, there were frustrations when postings were required at short notice. We also picked up on a general lack of enthusiasm for the changes being made to Service life as part of the introduction of Unified Career Management (Medical) (UCM (Med))⁵¹.
- 4.9 During oral evidence in January, we heard helpful updates from DMS on the workforce situation and the introduction of UCM (Med). DMS said that it had achieved an exemption from civilian workforce controls which had relieved some of the staffing pressures. DMS was clear that it would take time for the situation to recover but that the workforce was in a better place than when written evidence had been submitted to us in late 2024. DMS acknowledged that there had been unexpected resource challenges in implementing UCM (Med) and action had been taken to improve communication around the transition. DMS said that a corner had been turned and that there were positive signs, including achievement of some cross-Service deployments. DMS also indicated the extent to which UCM (Med) was a retention-positive element of the wider offer as it broadened career opportunities for senior clinicians and delivered stability which was key for many at the 20-year point.
- 4.10 We look forward to receiving evidence as part of next year's round on pay for nurses where we hope to see how MOD has built on its strategy for the Defence Nursing Profession that was outlined to us in 2024. We also hope to see an update on the transition of AHPs to UCM (Med).

⁵¹ UCM (Med) is a Tri-Service approach to management of the DMS clinical workforce.

Medical and Dental Officers

4.11 Specialist pay spines have been in place for MODOs for many years. This has reflected their close engagement with the NHS and the pay of doctors and dentists outside of Defence. As has previously been the case, we have considered evidence from a range of sources including:

- the government's response to the recommendations of the Review Body on Doctors' and Dentists' Remuneration (DDRB) on pay for personnel in the NHS 2024 Report⁵²;
- MOD's written evidence on the pay of MODOs;
- written evidence from the British Medical Association (BMA) and British Dental Association (BDA); and
- oral evidence from DMS, the BMA and BDA Armed Forces' Committees.

MOD evidence

4.12 MOD said that while the MODO workforce was stable, there were some shortfalls in specific consultant specialities. MOD also said that military or locum staff were having to fill civilian General Medical Practitioner (GMP) and General Dental Practitioner (GDP) posts.

4.13 MOD explained that the competition in healthcare recruitment reinforced the importance of retaining the existing DMS workforce. MOD also said that there was an increasing trend of private sector healthcare providers offering highly attractive packages, with some seeking to employ ex-Service personnel in return for increased remuneration, a better work/life balance and interesting and unusual assignments. MOD stated that these offers were attractive to some highly experienced personnel and presented an emerging threat to workforce retention.

4.14 MOD explained to us that the single Service bursary schemes available for prospective recruits into the MODO cadres were competitive and attractive. On retention, MOD told us that the overall outflow rate for DMS officers was 7.8% in 2023-24, a 1.2 percentage point increase on 2022-23 and the Voluntary Outflow (VO) rate was 4.7% in 2023-24, an increase of 0.7 percentage points on 2022-23. The outflow rate for Medical Officers (MOs) was 6.3% and VO rate was 3.6% in 2023-24, whereas the outflow rate for Dental Officers (DOs) was 5.7% but a meaningful VO rate could not be calculated because the number of DOs was too low.

4.15 MOD was clear that, given the high cost of training new MODOs, it was crucial to retain qualified and experienced personnel. Looking at factors that would encourage personnel to complete or extend their current engagement, the DMS Targeted Attitude Survey 2024 (TAS) indicated that for MOs the top factor was increased pay (with better work-life balance second and changes to pension taxation policy third), whereas for DOs the top issue was better work-life balance (with changes to pension taxation policy second, a post/location of your choice third and increased pay fourth). 'Increased pay' remained one of the most important factors that MOs and DOs

⁵² UK Parliament (2024) *NHS Update* (online) Available at: <https://questions-statements.parliament.uk/written-statements/detail/2024-07-29/hcws40> [Accessed 9 April 2025].

reported as encouraging them to complete or extend their current arrangement. But the percentage of personnel choosing that option had reduced in 2024.

- 4.16 MOD also shared information from the DMS TAS 2024 which indicated that 33% of MOs and 36% of DOs agreed that the MODO pay spine was competitive with the pay of those in comparable roles outside of Defence (48% of MOs and 28% of DOs disagreed). 44% of MOs and 22% of DOs agreed that the MODO pay spine was positive for recruitment and retention of MODOs (22% of MOs and 39% of DOs disagreed). 27% of MOs and 39% of DOs agreed that the MODO pay spine was no longer fit for purpose (54% of MOs and 33% of DOs disagreed).
- 4.17 MOD emphasised the importance of the offer to MODOs being attractive to maintain the operational capability of the UK Armed Forces. It needed to remain competitive, relative to that available in the NHS, to ensure the retention of personnel with the appropriate knowledge, skills, experience and behaviours.
- 4.18 In oral evidence, DMS confirmed that the measures agreed by us last year to extend the accredited MODO pay scales and to remove the policy bar on the non-accredited pay scale for OF3 MODOs had been well received.

Evidence from the British Medical Association and the British Dental Association

- 4.19 In its written evidence, the BMA said that it welcomed last year's pay recommendation. While noting that our recommendation was in line with that made for NHS personnel by the DDRB, the BMA commented that no changes had been made to DMS MODO pay to reflect some of the changes in the NHS, particularly with regard to consultant and trainee pay. In setting out its evidence, the BMA said that military pay for resident doctors and consultants (excluding X-Factor) should match the NHS comparator (net of pension contributions) with the addition of a further 5%. The BMA also said that £10,000 should be added to pay points OF3-OF5 point 5 to OF3-OF5 point 10 on all of the MODO pay scales to account for the additional time personnel spend as a General Duties Medical Officer (GDMO) in comparison to their equivalent civilian counterparts.
- 4.20 The BMA invited us to recommend:
- a 7% increase to the GMP accredited pay scales before applying a compensatory increase to pay points OF3-OF5 point 5 to OF3-OF5 point 10 to account for GDMO time;
 - an above-inflation pay award, in line with the DDRB recommendations for consultants, resident doctors and general practitioners; and
 - covering MODO pay in a supplementary report to account for the recommendations of the DDRB.
- 4.21 The BDA similarly told us that they welcomed last year's recommendation but that it did not address the effects of previous pay erosion. Consequently, DMS DOs were some 4% worse off than their civilian counterparts over the last five years and DO consultants some 16% worse off when compared to hospital-based dental consultants over the last four years. The BDA also told us that it was content to endorse the continuance of a shared MODO pay spine but, if evidence emerged which showed a delta between the pay of doctors and dentists, this would prompt a

proposal from them to split the spine. The BDA invited us to recommend a pay uplift for DOs of no less than 9.2%.

Developments in NHS pay

4.22 We note the following pay developments for NHS consultants and NHS resident doctors⁵³:

- NHS consultants received a 6% pay award in 2023-24. However, due to a restructuring of the 2023-24 pay spine, the difference between the original pay spine and the restructured pay spine gave individuals a pay increase of 6%-19.6%. The level of increase differed by pay point, with the larger awards coming from the bringing forward of future pay increments. Consultants then received a 6% pay award in 2024-25.
- NHS resident doctors received a 6% plus £1,250 consolidated (average 8.8% increase) award in 2023-24 in line with the DDRB recommendation. They then received a further 4.05% resulting in an average pay increase of 13.2% for 2023-24 compared to 2022-23. The 2024-25 DDRB recommendation of 6% plus £1,000 for resident doctors resulted in an increase of between 7.6%-9.5% on basic pay. Therefore, over the two years (2022-23 to 2024-25) the basic pay of resident doctors increased by an average of 22.3%.

4.23 MOD also told us that NHS England Dentistry had rolled out Golden Hello payments allowing for dentists to receive a one-off payment of £20,000 for working in under-served populations. NHS dentists would also receive an enhanced patient payment of up to £50 when seeing new NHS patients.

Pay comparability

4.24 In last year's Report we commented that we had expected to see pay proposals which built on previous years' pay comparability work. We accepted that this would have been challenging given the adjustments being made to NHS pay structures and rates in that period.

4.25 This year we received pay comparability analysis from MOD, BMA and BDA. We considered the material presented to us and the assumptions made by each party in undertaking their analysis. We recognise that this is a complex area with NHS and DMS personnel on different Terms and Conditions of Service (TACOS). We also note that there are challenges in drawing firm conclusions given the range of specialists and varying patterns of work, for example with differing lengths of time on-call. During oral evidence we questioned DMS, BMA and BDA on their approach to pay comparability and some of the assumptions used and conclusions reached. We asked DMS about the acknowledged pay gap for resident doctors at the 10-year point, at completion of consultant training. DMS told us that there was not a concern about retention at this particular career point and therefore an adjustment to pay was not required. DMS stressed that the overall package should support retention and that UCM (Med) was a factor in this, especially in relation to senior clinicians.

4.26 We noted that there had been engagement between DMS, BMA and BDA in progressing pay comparability work. We welcomed DMS's commitment in oral evidence to maintain this joint approach. We note that some issues have been

⁵³ These figures relate to NHS England.

identified, for example the BDA told us that work was in hand with MOD to examine competing employment market rates and the BMA said that it was hoping to receive better data from DMS on working hours for military resident doctors. We look forward to receiving updates on this work in due course.

- 4.27 The pay comparability work presented to us suggested that DMS and NHS pay was broadly comparable, taking into account the recent changes to NHS pay. While the BMA argued that DMS MOs should have a pay lead over the NHS, we were not persuaded. The BDA said that determining an appropriate comparator was challenging and that any discussion should be informed by an external comparison with dentists in the general dental services. The BDA stated that, based on 2022-23 data, DMS DOs would require an 11.7% pay uplift to match these comparators.

This year's pay award

- 4.28 Having analysed the evidence presented to us, including pay comparability data, we conclude that no adjustments are required to MODO pay spines in this pay round. We noted that pay remained a significant issue for MODOs, although other factors had increased in importance when personnel were considering whether to complete or extend their current engagements. We also assess that many of the issues relevant to MODOs, for example, covering for gapped posts are experienced by Service personnel in our wider remit group. MOD set out clear arguments in its evidence to us that pay across the MODO pay spines should increase in line with the pay recommendation for the main Armed Forces' remit group. Noting that MODO pay remains comparable with that in the NHS and taking all other evidence received into account, we have concluded that MODOs should be treated on the same basis as our wider remit group in relation to this year's pay award.

Recommendation 2: We recommend that rates of base pay should increase by 4.5% for all ranks within the MODO cadre from 1 April 2025 in line with our main pay award recommendation.

- 4.29 MOD told us that it intends to submit evidence to us regarding MODO remuneration on a biennial basis and to commission MODO pay comparability work on a quinquennial basis. In most cases we review bespoke pay arrangements on a quinquennial basis and this change would bring our reviews of MODO pay closer to our standard practice.

Other issues raised in evidence

- 4.30 MOD told us that the Higher Medical Management (HMM) pay spine was introduced some 20 years ago to deliver pay for MODOs at OF5 and OF6 in preparation for starred rank. However, MOD said that changes were implemented in 2010 which ceased the selection of OF5 personnel into the HMM cadre. MOD explained that this meant that, by default, the pay spine had become an OF6 pay spine. MOD sought our agreement that the HMM OF5 pay spine should be removed and that the OF6 pay spine should be formally renamed to reflect the changes set out above. MOD indicated that these changes to OF6 pay would increase the likelihood of retaining senior personnel. We are content to support this proposal. We also endorse the removal of HMM as pay spine nomenclature.

Recommendation 3: We agree to the removal of the OF5 Higher Medical Management pay spine and endorse renaming the OF6 Higher Medical Management pay spine as suitable for all substantive OF6 MODOs.

- 4.31 In line with the ‘all of one company’ approach MOD also asked us to agree that Reserve MODOs at OF5 who are promoted to OF6 into Medical Workforce Requirement posts should be paid in alignment with their Regular counterparts. We agree that such consistency in pay between Regular and Reserve personnel is important in this case and endorse this proposal.

Recommendation 4: We agree that Reserve MODOs at OF5 and OF6 should be paid in line with their Regular MODO counterparts.

- 4.32 In last year’s Report MOD told us that some MODOs were selected to undertake appointments in a leadership or advisory capacity which were secondary to their primary clinical role⁵⁴. In recognition of this, MOD said that it was considering whether an incentive payment, a ‘Responsibility Allowance’, should be paid to senior MODOs assigned to specific roles. This year MOD told us that it recognised that there were circumstances where Service personnel could have a number of appointments and secondary responsibilities at every rank, with some roles more challenging than others. MOD, therefore, concluded that additional financial remuneration would not be appropriate.

Other financial measures

- 4.33 Last year we reported that MOD had invited us to support a review of its Golden Hello scheme⁵⁵. We were told that this offered a financial incentive of £50,000 (gross, single payment) to direct entrant trainee MODOs and qualified consultants into specified shortage specialisations, with a five-year Return of Service (RoS). We noted that the Golden Hello had been used infrequently and questioned whether the level was set correctly.
- 4.34 This year MOD reported back on the review and sought our agreement to increase the value of the Golden Hello to £100,000 and to limit payment to consultants and registrars (specialist training year three upwards) in specialisms with a declared delivery workforce capability gap. MOD noted that the value of the Golden Hello had not increased since its introduction in 2002 and that the new figure would restore its purchasing power. In setting out the evidence behind the changes, MOD said that the new rate would increase its attractiveness and improve the potential to recruit consultants into workforce capability gapped trades. MOD also stated that the cost of training a consultant from medical school cost in the region of £2m in pay, National Insurance, and pension contributions. Therefore, MOD was clear that this would be a ‘spend to save’ measure that, importantly, would enable Defence to secure immediate specialist capability.

⁵⁴ See AFPRB 53rd Report 2024, paragraph 4.14.

⁵⁵ See AFPRB 53rd Report 2024, paragraph 4.22.

- 4.35 We recognise the need to encourage recruitment into specified shortage areas and that MOD's proposals for the Golden Hello will enable DMS to buy in expertise and at a lower cost than training in-house. Therefore, we support this proposal. In doing so, we invite MOD to provide evidence of the success of the measure and expect to be asked to review the value and effectiveness of the award at regular intervals.

Recommendation 5: We agree that the value of the Golden Hello should increase to £100,000 from 1 April 2025 for payment to consultants and registrars (specialist training year three upwards) in specialisms with a declared delivery workforce capability gap.

- 4.36 MOD explained that Defence Clinical Impact Awards (DCIA) recognise consultants and academic general practitioners who deliver impact over and above their job plan to enhance clinical military outputs. MOD said that the scheme was not only retention positive but mirrored the National Clinical Impact Awards in the NHS. We were invited to recommend an increase in the level of the DCIA awards (and legacy Clinical Excellence Awards) up to the level of the 2025 pay award. We support this proposal.

Recommendation 6: We recommend that the value of Defence Clinical Impact Awards should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

- 4.37 MOD also provided us with an update on Trainer Pay. This is paid to GMP and GDP trainers who support the educational and clinical development of MODOs in training. Associate Trainers support the development of GDMOs. We were invited to recommend that Trainer Pay and Associate Trainer Pay should increase up to the level of the main pay award. We are content to support this approach.

Recommendation 7: We recommend that rates of Trainer Pay and Associate Trainer Pay should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Reviews of bespoke pay spines

Veterinary Officers

- 4.38 Last year MOD provided us with an information note on Veterinary Officers in preparation for our full review of the pay spine for the cadre in this year's pay round. Last year we noted that the pay spine needed to support the recruitment and retention of qualified veterinarians who were employed primarily for their clinical skill and that it should also support the retention of Officers, particularly to OF4 where their command and staff experience provided value to the organisation⁵⁶.

⁵⁶ AFPRB 53rd Report 2024, paragraph 4.30.

4.39 In this year's evidence MOD set out that:

- there were 39 Veterinary Officers caring for and supervising the use of around 1,400 military working animals;
- the bespoke pay spine was designed to ensure that recruitment and retention are achieved given that the career structure and promotion prospects for Veterinary Officers are different to mainstream Officers;
- inflow was positive and overall VO, at 5.5%, was lower than the mainstream Officer comparator group;
- average outflow occurred at Length of Service (LoS) 10 years and three months. Data indicated that personnel were leaving at that point to pursue a clinical career externally, rather than continue in the dual-nature role (Veterinary Officers and Command and Staff Officers) required in the Army;
- Veterinary Officers had transitioned to UCM TACOS to align with their peers in the Army Medical Service which would facilitate opportunities to fill Command and Staff posts.

4.40 MOD explained that the Veterinary Officers' pay spine remained fit for purpose and invited us to agree that rates of pay should increase up to the level of the main pay award. We were concerned that issues that were flagged in the evidence were not discussed in detail, in particular whether action was considered necessary to address retention at the 10-year point and in respect of pay comparability. MOD subsequently explained to us that this year's evidence was limited because any changes to pay for this cadre would need to be informed by the government's continuing work to attract and manage talent and a separate review by the Competition and Markets Authority (CMA) into veterinary services for household pets⁵⁷. MOD said that the CMA's final recommendations could affect civilian veterinary pay and, therefore, should inform any review of Veterinary Officers' pay.

4.41 We acknowledge MOD's explanation as to why detailed evidence was not provided for this round. But we are concerned that if there are problems with Veterinary Officers' remuneration, these are being pushed into the future with no clear indication as to when a full review, including pay comparability analysis, will take place. We look forward to receiving a comprehensive update on Veterinary Officers' pay in due course and invite MOD to keep us informed on progress towards this, which may need to be in advance of the next quinquennial review. In the meantime, we recommend that all rates of pay on the Veterinary Officers' pay spine should increase in line with our main pay award.

Recommendation 8: We recommend that all rates of pay on the Veterinary Officers' pay spine should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

⁵⁷ CMA (2023) *Veterinary services for household pets* (online) Available at: <https://www.gov.uk/cma-cases/veterinary-services-market-for-pets-review> [Accessed 9 April 2025].

Chaplains

4.42 MOD provided us with evidence to support our routine review of the Chaplains' bespoke pay spine which was last reviewed in 2019⁵⁸. MOD asked us to note that:

- the future inclusion of Non-Religious Pastoral Officers on the Chaplains' pay spine has the potential to improve the range of pastoral support across Defence;
- the changes to the pay spine introduced following our previous review, with a shift towards remuneration based on performance rather than LoS, had been well received;
- while recruitment was challenging (which was also the case among civilian clergy), retention was relatively strong, with the Chaplaincy at 93% strength against workforce requirement across Defence as a whole;
- there were some financial challenges for new military Chaplains transitioning from civilian life;
- the cohort was getting older; and
- there was an increasing reliance on extensions of service beyond typical retirement ages to maintain workforce stability with the Chaplaincy.

4.43 In discussing Chaplains' remuneration, MOD explained that comparisons with civilian clergy were complex. MOD said that in general terms Service Chaplains had higher income, but the civilian offer tended to be stronger on non-remunerative elements (for example the provision of accommodation). MOD told us that the Chaplains' pay spine remained fit for purpose and invited us to agree that rates of pay should increase up to the level of the main pay award. MOD noted that the changing demographic of recruits might require new approaches to recruitment and retention in the future and that it would keep this under review.

4.44 We were pleased to be able to meet a range of Chaplains by means of a virtual visit. We were encouraged to hear that most Chaplains said that they would encourage others to join the Services. The discussions on the visit also suggested that pay was not the main concern for Chaplains. We heard concerns on a range of issues that are common across our remit group, including on the standard of accommodation. Separately on accommodation, many were worried that new policies would see houses allocated on family size and Chaplains made a strong case for their housing to continue to be determined by their appointment and the requirement for a private space for provision of pastoral care. Many also raised the fact that moving costs on joining the Services were not covered. These could be significant, especially as Chaplains tended to be an older cohort (so were more likely to be more established and to have a family). While some set-up costs (including the purchase of a uniform) could be claimed back, there was a requirement for an initial outlay which presented a financial strain. We invite MOD to look at the financial support available to Chaplains when they transition from civilian to Service life, including the costs of moving to their first posting.

⁵⁸ AFPRB 48th Report 2019, paragraphs 3.73–3.77.

4.45 Having reviewed the evidence and taking account of the points heard on our visit, we are content that the Chaplains' pay spine remains fit for purpose. We recommend that all rates of pay on this pay spine should increase in line with our main pay award.

Recommendation 9: We recommend that all rates of pay on the Chaplains' pay spine should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Military Provost Guard Service

4.46 Last year MOD provided us with an information note on the MPGS in which it outlined the scope of the remuneration review for this cadre to be included in this year's pay round⁵⁹. MOD had indicated that this review would examine how MPGS personnel were incentivised, including through career progression.

4.47 In this year's evidence MOD discussed the issues that it had reviewed.

- MOD explained that MPGS personnel are paid X-Factor at a rate of 5%, that there was an increase in the requirement for mobility in the MPGS and that we would be invited to look at the current level of X-Factor as part of the next X-Factor review⁶⁰.
- The reward for specialisms, including patrol dog handlers, had been flagged as a possible issue in the information note. MOD stated that the responsibility for all Defence Police, Guarding and Security outputs (and workforce) was being transferred to the Army Top Level Budget. This transfer had to be completed before work on MPGS TACOS could be commissioned.
- MOD said that it had also looked at remuneration and incentivisation in respect of the Branch Sergeant Major role but was not making any proposals because it was waiting for the outcome of a Defence-wide examination of Command Sergeant Major positions and pay.

4.48 MOD told us that it did not propose any changes to the MPGS pay spine and invited us to agree that the rates of pay should increase up to the level of the main pay award.

4.49 We considered the MOD evidence carefully. We noted that workforce data indicated that the strength of the MPGS was relatively healthy when compared to the workforce requirement and further information provided on intake and outflow supported this position. However, we were disappointed that issues that had been raised with us in last year's information note, and during a visit to meet members of the MPGS in 2023, were not discussed. Specifically, we had hoped to see discussion in respect of remuneration for the Branch Sergeant Major, as this had struck us as something requiring urgent review. While we note the reasons given for the lack of evidence, we are concerned that if changes are required, these are not being delivered at pace. We ask that MOD updates us on the progress of the two reviews that will inform future work on MPGS pay and provide evidence to us on

⁵⁹ AFPRB 53rd Report 2024, paragraphs 4.54-4.57.

⁶⁰ The next quinquennial review of X-Factor is planned for 2028.

patrol dog handlers and the Branch Sergeant Major at the earliest point. In the meantime, we recommend that all rates of pay on the MPGS pay spine should increase in line with the main pay award.

Recommendation 10: We recommend that all rates of pay on the Military Provost Guard Service pay spine should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Recruitment and Retention Payments

- 4.50 RRs are paid at MOD's discretion, with our endorsement, to address specific recruitment or retention requirements. MOD told us that in 2023-24 there were 18 categories of RR, which cost around £134m. MOD noted that changes being made to replace RRs, including through implementation of the Defence Aircrew Remuneration Review (DARR) and Submarine Remuneration Review (SMRR) would reduce the cost of RRs by about £74m, although the savings would be redistributed as a cost elsewhere.
- 4.51 Consistent with the approach taken in previous rounds, MOD submitted evidence to enable us to undertake a routine review of most forms of RR. MOD told us that RRs were generally well received by those in receipt of them, that they achieved a reasonable measure of recruitment and retention success and, in this context, were considered to achieve value for money for Defence. As part of our review, MOD invited us to agree that all rates of RRs should increase up to the level of our main pay award.
- 4.52 We noted that MOD was clear that RRs represent value for money, but we would have welcomed sight of data which provided evidence on the effectiveness of the payments.

Recruitment and Retention Payment (Parachute)

- 4.53 This year MOD invited us to undertake a more comprehensive review of RR (Parachute) (RR (Para))⁶¹. MOD told us that it was an important part of the offer to encourage both recruitment and retention of personnel into a demanding and dangerous capability. MOD provided us with workforce data and advised that it was looking at remunerative and non-remunerative measures to stabilise the cohort. MOD explained that there were several factors that drove behaviours, but feeling valued by Defence for maintaining a challenging capability, often at high states of readiness, was key. MOD said that continued payment, and an increase in the value of the RR would send a clear message about the value of individuals to Defence. MOD invited us to agree to increase RR (Para) up to the level of the main pay award.
- 4.54 We visited 16 Air Assault Brigade Combat Team in Colchester and heard first-hand the importance of RR (Para) to entitled personnel. Personnel that we met also highlighted issues, including in relation to morale, which were exacerbated by the high levels of readiness and limited training opportunities. We also heard about a Transfer Bounty of £7,500 that had been introduced within the terms of the Principal Personnel Officer delegations to encourage infantry private soldiers to transfer into

⁶¹ We were also asked to agree changes to RR (Naval Service Engineer) (RR (NSE)) outside of our usual timetable as detailed at paragraph 4.68.

the Parachute Regiment for a three-year RoS⁶². Some Parachute Regiment personnel we met told us that they thought this payment was unfair because of the length and intensity of training for direct entrants to the Regiment.

- 4.55 We considered the evidence presented to us along with information regarding RRP (Para) provided to us in previous rounds. We also asked MOD to provide clarity on the workforce position. Having reviewed this, and the points made to us on our visit, we recommend that all rates of RRP (Para) should increase in line with the main pay award.

Recommendation 11: We recommend that all rates of RRP should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

RRP (Flying Mission Support)

- 4.56 MOD explained to us that the measures we had approved last year under the auspices of the DARR meant that RRP (Flying) would no longer be required except for a small number of personnel⁶³. MOD indicated that it proposed to rename the RRP to RRP (Flying Mission Support) to make it clear that RRP (Flying) no longer existed. We are content to support this proposal.

Skills and Supplement Payments

- 4.57 Further to statements made in Defence Command Paper 2023, MOD confirmed its intention to introduce a more skills-based approach to pay⁶⁴. MOD said that it had been exploring how best to implement this among various cohorts and whether moving away from RRP was the right thing to do. MOD said that the changes already considered by us in respect of the DARR and SMRR were steps in this direction⁶⁵.

Cyber Skills Payment

- 4.58 As part of pay round 2023 we were invited to agree to the introduction of annual Cyber Skills Payments with rates determined by an individual's level of competence recorded against the Defence Cyber Competence Framework⁶⁶. MOD advised that the payments were being made to around 1,150 personnel and that these had been successful in retaining cyber skills in Defence with both inflow increasing and outflow decreasing. Although limited data was available, the VO rate among the cyber cadre had fallen from 25% pre-introduction of the Cyber Skills Payment to 7% at the time of giving evidence. MOD invited us to recommend that the payments be increased up to the level of our main pay award. We note that this approach is at the vanguard of the shift towards pay for skills. We recognise the importance of maintaining the

⁶² Hansard (2024) *Armed Forces Recruitment* (online) Available at: <https://hansard.parliament.uk/commons/2024-01-08/debates/49C1E869-E1A8-4E6B-93C9-1462D7103B5B/ArmedForcesRecruitment> [Accessed 9 April 2025].

⁶³ See AFPRB 51st Report 2022, paragraph 3.40 (footnote 63) and AFPRB 53rd Report 2024, paragraphs 4.39-4.47.

⁶⁴ MOD (2023) *Defence's response to a more contested and volatile world* (online) Available at: <https://www.gov.uk/government/publications/defence-command-paper-2023-defences-response-to-a-more-contested-and-volatile-world> [Accessed 9 April 2025].

⁶⁵ AFPRB 53rd Report 2024, paragraphs 4.35-4.47.

⁶⁶ AFPRB 52nd Report 2023, paragraphs 3.45-3.48.

relative value and attractiveness of the cyber skills offer and recommend that these payments should increase in line with our main pay award recommendation.

Recommendation 12: We recommend that all rates of the Cyber Skills Payment should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Engineering Professional Recognition Award

- 4.59 MOD explained that an Engineering Professional Recognition Award (EPRA) is a graduated, taxable, one-off reward, ranging from £2,000 to £5,000 for individuals who achieve Registration Levels of Engineer Technician, Incorporated Engineer, and Chartered Engineer. EPRA, introduced as part of the Defence Engineering Remuneration Review, is paid to Other Ranks in the Royal Air Force (RAF) and Army⁶⁷. MOD explained that EPRA was important in driving achievement of professional qualifications and in recognising the value that Defence placed on the attainment of skills.
- 4.60 MOD indicated that as a one-off payment there was merit in retaining the existing amounts. We were invited to agree that EPRA should be maintained at the current rates and payment categories. We are content to support this approach.

Engineering Supplement Payment

- 4.61 MOD told us that the Engineering Supplement Payment (ESP) delivers additional daily rates of pay to specified Other Ranks in the Army and RAF. We note that the daily rates of pay are set by rank and range from £0.82 to £4.38. MOD indicated to us that, as with the EPRA above, these payments should be maintained at their current level.
- 4.62 We do not support the MOD's proposed approach. The rates of ESP are not signal amounts paid as a lump sum to reward a specific activity (as is the case with EPRA) but daily rates paid on a continuous basis. More significantly, given the broader issues around engineer workforce numbers, we consider it important that the value of these payments should be maintained to reinforce other measures that we have been asked to agree to support recruitment and retention among engineers⁶⁸. Therefore, we recommend that all rates of ESP should increase in line with our main pay award. We also invite MOD to consider whether these payments could be rationalised into other engineering-related payments.

Recommendation 13: We recommend that all rates of the Engineer Supplement Payment should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

⁶⁷ For an explanation about the introduction of EPRA see AFPRB 47th Report 2018, paragraph 3.31. EPRA is not payable to RN personnel as RRP (NSE) is used to reward relevant RN personnel.

⁶⁸ See paragraphs 4.68-4.69 for discussion of the Engineering Stabilisation Incentives.

Submarine Skills Payments

4.63 MOD confirmed that Nuclear Skills Pay, approved by us as part of the SMRR in last year's pay round, would be implemented in mid to late 2025⁶⁹.

Financial incentives

4.64 MOD explained that financial incentives are targeted, temporary measures to address current or projected workforce shortfalls, particularly in essential specialisations. We have been asked to consider an incentive for Royal Navy (RN) catering services' personnel. We have approved, outside our usual timetable, measures to address retention issues. These measures are discussed below.

Royal Navy catering services

4.65 MOD told us that the RN had a critical shortfall of personnel in its catering service which needed to be addressed to enable the stabilisation of workforce numbers, not least as the requirement for catering services' personnel at OR2 and OR4 was forecast to increase by 7.5% over the next decade. We were asked to agree to the introduction of two retention payments for RN catering services' personnel with these available for three years from 1 April 2025 as follows:

- £10,000 at four years' service, attracting a three-year RoS; and
- £15,000 at two years after promotion to OR4 attracting a further three-year RoS.

4.66 MOD explained that the initial payment would be targeted at the first opportunity that trained personnel have to leave the Service. The second payment was pitched to deliver an additional incentive at the OR4 promotion point plus two years where it was assessed that the benefits of service could be challenged by the operational tempo. MOD also stated that the retention payments would be used alongside other workforce levers (such as promotion) to address workforce stabilisation.

4.67 We recognise the importance of this cadre to enable the delivery of operational capability and are content to endorse MOD's proposals. However, we are concerned that MOD has not been able to find an enduring solution to stabilise the catering services' workforce and, therefore, remove the need for further temporary measures⁷⁰. In the meantime, we ask MOD to provide us with data in forthcoming rounds to demonstrate the effectiveness of this payment.

Recommendation 14: We agree to the introduction of two retention payments for RN catering services' personnel for three years from 1 April 2025:

- **£10,000 at four years' service attracting a three-year Return of Service; and**
- **£15,000 at two years after promoting to OR4 attracting a further three-year Return of Service.**

⁶⁹ AFPRB 53rd Report 2024, paragraph 4.37.

⁷⁰ AFPRB 49th Report 2020, paragraph 3.89.

Financial incentives considered outside our usual timetable

Engineering Stabilisation Incentives

- 4.68 In October 2024 we were asked by MOD to consider a suite of financial stabilisation measures, described by MOD as a strategically coherent approach, to overcome the challenges faced by each of the Services in retaining engineers. In summary, these measures comprised:
- an RN Air Engineer Technician Financial Retention Incentive (FRI) of £30,000 over two years for a three-year RoS;
 - the re-profiling of RRP (Naval Service Engineer) (RRP(NSE)) for Marine Engineers and Weapon Engineers and the introduction of an additional payment level;
 - the introduction of an Army Aviation Technician FRI of £30,000 over two years for a three-year RoS; and
 - an RAF Engineering Profession FRI of £30,000 over two years for a three-year RoS.
- 4.69 In reviewing these measures, we noted a common theme: a shortage of engineering Service personnel against the backdrop of a national shortage of personnel working in the Science, Technology, Engineering and Mathematics sector. Urgent action was needed to prevent the situation deteriorating further. We heard on our visits about the problems that workforce issues were causing among the engineering cadres and about frustration at the delay in implementing measures arising from the review of Armed Forces' incentivisation as set out in *Agency and Agility: Incentivising people in a new era*^{71,72}.

Army Soldier Retention Payment

- 4.70 At the same time as considering the engineering payments, we were asked to agree to a Soldier Retention Payment of £8,000 for eligible Regular Army OR2s and OR3s. We wanted to understand how MOD had determined the value of the incentive, how the cohort for inclusion was selected and why a three-year RoS had been chosen. MOD explained that the criteria had been based on historical data relating to previous payments, and the payment point aligned with peak VO. It was hoped that three years of further service would get personnel to the career stage where elements of the wider offer were likely to be attractive for retention. We noted the declining Army workforce strength data which underpinned the proposal and agreed that it was right for the Army to focus on the retention of skilled personnel.

General comments

- 4.71 In confirming our approval of the three measures set out above, we asked our secretariat to remind MOD of our view that FRIs should be interventions of last resort, only suitable for addressing short-term retention problems. We stated our hope that the FRIs would buy time for sustainable solutions to be developed and

⁷¹ MOD (2023) *Agency and Agility: Incentivising people in a new era – a review of UK Armed Forces incentivisation* (online) Available at: <https://www.gov.uk/government/publications/agency-and-agility-incentivising-people-in-a-new-era-a-review-of-uk-armed-forces-incentivisation> [Accessed 9 April 2025].

⁷² In previous Reports we have also referred to this as the Haythornthwaite Review of Armed Forces Incentivisation (HRAFI).

implemented. We flagged to MOD the importance of effective communication around these measures, both to those in scope for receipt and to those who might feel disenfranchised. We stressed the need for the measures to be kept under review so that they could be applied flexibly, if not having the desired effect on retention.

- 4.72 We agreed to the introduction of the payments, but with a sense of frustration that there had not been quicker progress in developing and delivering more sustainable measures to stabilise the workforce and rationalise pay arrangements. We remain concerned that introducing adjustments to pay on an ad-hoc basis risks making pay structures less coherent. The measures were announced by the Secretary of State for Defence as part of a wider statement regarding Defence capabilities on 20 November 2024⁷³.

Volunteer Reserves Training Bounty

- 4.73 MOD told us that the primary purpose of the Volunteer Reserves Training Bounty is to encourage Reserve personnel to complete their annual training obligation. It is paid to those Reserves who have undertaken the in-year training necessary to attain their annual Certificate of Efficiency. MOD said that the Bounty was retention positive and increased in value progressively over five years. From 1 April 2024 the rate of Bounty was £558 in year one, £1,234 in year two, £1,906 in years three and four, and £2,209 from year five onwards. MOD asked that we recommend an appropriate uplift. We recommend that the rates of the Bounty increase in line with our main pay award.

Recommendation 15: We recommend that rates of the Volunteer Reserves Training Bounty should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Compensatory allowances

- 4.74 Several compensatory allowances fall within our remit. This year we were invited to consider the introduction of a new allowance for those living in unpleasant conditions onboard vessels. MOD also confirmed that it wanted us to make a recommendation on an uplift for the other allowances that fall within our remit.

Afloat Environmental Allowance

- 4.75 MOD explained that payments for living and working in sub-optimal circumstances at sea were made by means of RRP(Submarine) (Supplement), Mine Countermeasures Vessels Environmental Allowance and Unpleasant Living Allowance (Seagoing). MOD told us that the current arrangements were not sufficient. Due to their independent development over time, there was little coherence between the measures. They were also based on specific criteria such as the type of vessel or when ships were alongside, rather than the actual conditions. MOD told us that the three existing payments did not cater for temporary periods of below standard conditions or different experiences onboard the same vessel. MOD stated that the poor living conditions and sustained high deployment tempo across the whole Fleet were exacerbating significant workforce retention challenges.

⁷³ MOD (2024) *Update on Defence capabilities* (online) Available at: <https://www.gov.uk/government/speeches/update-on-defence-capabilities> [Accessed 9 April 2025].

- 4.76 To address these points, MOD proposed a new tiered Afloat Environmental Allowance which would be available to personnel accommodated onboard a qualifying vessel for a period of 24 hours or more. MOD explained that it intended that this new allowance would have four separate rates with higher levels of payment where standards worsened. MOD indicated that availability of facilities, sleeping in multi-occupancy cabins and extremes of temperature were included among the factors that would count towards the different levels of payment and the allowance would be payable when vessels were alongside or at sea. MOD also confirmed that this new allowance would replace the three existing allowances.
- 4.77 We thought that the argument for change was well-made. We particularly noted the evidence which showed that a worsening of living conditions, particularly when operating at a high tempo, increased dissatisfaction with Service life. While we support introduction of this new allowance, we hope that living conditions onboard vessels will improve over time and the requirement for payment of this allowance will decrease. We support the intention that this allowance will be responsive to different and changing conditions. However, we hope that it will not become divisive if not everyone on a vessel is eligible in the same way. We invite MOD to provide evidence on the effectiveness of this measure, including whether it has any measurable effect on retention.

Recommendation 16: We agree to the introduction of the Afloat Environmental Allowance.

Other compensatory allowances

- 4.78 The other compensatory allowances that fall within our remit are: Longer Separation Allowance; Unpleasant Work Allowance; Unpleasant Living Allowance; Mine Countermeasures Vessels Environmental Allowance; Northern Ireland Residents' Supplement; Recruitment and Retention Allowance (London); Experimental Test Allowance and Experimental Diving Allowance. For all these allowances we recommend an increase of 4.5% from 1 April 2025, in line with our main pay award.
- 4.79 All recommended rates of compensatory allowances are at Appendix 3.

Recommendation 17: We recommend that all rates of compensatory allowances should increase by 4.5% from 1 April 2025 in line with our main pay award recommendation.

Measures agreed by us in previous pay rounds

- 4.80 Some pay arrangements agreed by us in previous pay rounds are included in the appendices to this Report, including the pay spines introduced as part of the DARR and some new targeted payments.
- 4.81 We remind MOD of the importance we attach to receiving updates in forthcoming rounds as to the effectiveness of measures agreed in this and previous rounds.

Cost of recommendations

- 4.82 The cost of the recommendations detailed in this Chapter are at Appendix 4.

Chapter 5 – ACCOMMODATION AND FOOD CHARGES

Introduction

- 5.1 Under our Terms of Reference, we are required to recommend certain charges for Armed Forces' personnel. These include accommodation charges, garage and carport rents, furniture charges and the Daily Food Charge (DFC). Our recommendations follow a discussion of accommodation issues based on the evidence we received this year. The chapter concludes with a discussion of food provision.

Accommodation context

- 5.2 The Ministry of Defence (MOD) told us that its ability to generate an operationally effective force depends on a higher degree of geographical mobility than customary in civilian life. To support this mobility, MOD said that it offers access to subsidised accommodation at the place of assignment as an entitlement to Regular and Full Time Reserve Service (FTRS) (Full Commitment) personnel. MOD also explained that there are three core accommodation options: Service Family Accommodation (SFA), Single Living Accommodation (SLA) and home ownership support.
- 5.3 MOD acknowledged that, whilst it was committed to providing quality, modern homes, levels of funding, including longer-term investment, remained inadequate. In this context, MOD recognised that poor quality homes, or issues affecting timely repairs, can have a negative impact on the morale of personnel and their families. This in turn can affect operational effectiveness.

Service Family Accommodation

Accommodation policies

- 5.4 In last year's Report we discussed MOD's intention to deliver a Modernised Accommodation Offer (MAO) and explained that while some elements had been delivered, policies relating to the expansion of entitlement to SFA had been paused. MOD provided an update on this work and told us that it was collecting data on what Service personnel and their families wanted from the accommodation offer. MOD stated that this work was continuing. It remained committed to widening entitlement to family accommodation to personnel in long-term relationships or with non-resident children.
- 5.5 In January 2025 MOD brought over 36,000 homes back into the department's ownership from Annington Homes. MOD said that this did not change the overall picture on the quality and quantity of housing but noted that it now had more control over the housing stock which would enable redevelopment and improvements. We were told that the deal would also save taxpayers £600,000 a day⁷⁴.

Accommodation standards and maintenance

- 5.6 MOD told us that the SFA estate comprised some 47,700 houses in the United Kingdom (UK) and some 4,200 houses overseas. The Defence Infrastructure Organisation (DIO) told us that it assessed the condition of SFA using the government's Decent Homes Standard (DHS). It applied modestly higher standards

⁷⁴ MOD (2025) *Major housing deal completed, bringing benefits to forces families* (online) Available at: <https://www.gov.uk/government/news/major-housing-deal-completed-bringing-benefits-to-forces-families> [Accessed 9 April 2025].

for modernity and thermal insulation to achieve a Decent Homes Standard Plus (DHS+) rating. DIO told us that no properties below DHS were allocated to Service personnel and that on 1 April 2024 over 95% of the stock met or surpassed DHS. However, the number of properties meeting DHS+ had steadily declined since 2020 reflecting the high number of repairs and interventions required to maintain an ageing stock⁷⁵.

- 5.7 MOD said that the DHS+ baseline was insufficient to address forthcoming legislative changes, including to Energy Performance Certificate (EPC) ratings where landlords will be expected to meet an EPC rating of C or higher by 2030. MOD was clear that, in most cases where this standard was not already achieved, rebuilding or major refurbishment would represent value for money.
- 5.8 MOD explained that the Future Defence Infrastructure Services (FDIS) contracts delivered housing services to personnel and their families. MOD was clear that it had directed the contractors to make sustained improvements in performance, given the shortcomings when the contracts started in 2022. In oral evidence, DIO confirmed that its in-year funding from MOD had reduced by £200m and, at the time of giving evidence to us, the picture on future funding was unknown. DIO accepted the budget was insufficient to meet maintenance demands. This had led to challenging prioritisation decisions across the SFA estate.
- 5.9 MOD was clear that the restrictions in the delivery of maintenance would have a direct impact on Service families. DIO stated that the FDIS contractors were meeting standards but their ability to do work was dependent on funding. DIO had set a £2,000 limit on repairs per property. MOD confirmed that homes had been withdrawn from use where repairs could not be funded. This had led to a reduction in the standard of accommodation on move-in. MOD said that this had stalled improvement in the delivery of basic maintenance services. DIO said that the current housing stock would continue to deteriorate as there was insufficient money to do all that was required. The focus was on repairs for safety and/or legal reasons.
- 5.10 MOD told us that tackling damp and mould in SFA remained a key priority for DIO and that in 2023-24 the issue was addressed in over 4,000 homes at a cost of £25m. We were also told that in May 2024 the number of reported cases dropped below 100 a week for the first time in two years. We were encouraged to learn that DIO was proactive in using technology to identify damp and mould issues early. However, we also note that further enduring investment is needed to tackle the underlying causes.
- 5.11 UK Strategic Command (UKSC) is responsible for SFA overseas and told us that 45 new houses had been delivered in Cyprus with 138 homes under construction and an expectation that a contract would be awarded for the delivery of a further 702 houses. We were told that these houses would represent a significant increase in the number of properties with safeguards against earthquakes built into their design.
- 5.12 MOD provided us with an update on the volume of complaints in respect of SFA. At 1 April 2024 the number of Stage 1 complaints was at the lowest level since the FDIS contracts had come into service⁷⁶. MOD said that this reflected the additional

⁷⁵ In 2020 87.4% of SFA was at DHS+ falling to 85.2% in 2024.

⁷⁶ Stage 1 is the initial level of complaint. If not resolved at Stage 1, the complaint can be elevated to Stage 2 and then, if required, to Stage 3 where the MOD accommodation policy team will review whether the complaint has been handled in line with policy.

resource that the contractors had put in place to manage complaints. We noted that the overwhelming reason for the majority of these complaints (63%) related to the time taken to remedy an issue with accommodation.

- 5.13 To supplement the Armed Forces Continuous Attitude Survey (AFCAS) 2024 data on personnel's views on accommodation, MOD provided us with some data from the 2024 Tri-Service Families Continuous Attitude Survey. This showed that less than half of Service families (47%) were satisfied with the overall standard of their SFA/ Substitute Service Family Accommodation (SSFA), with this figure being higher for Officer families (53%) than Other Rank families (44%). About two-thirds of families (66%) were satisfied with the value for money of their SFA/SSFA, an increase from 59% reported in 2023. Satisfaction with responses to, and quality of maintenance/repair work of SFA/SSFA was 26%.

Our comment on Service Family Accommodation

- 5.14 We are concerned that standards of maintenance have gone backwards, in particular with the return to 'fix-on-fail'. This is frustrating as last year we had thought that a corner had been turned and that Service personnel and their families would start to see real improvements. We assess that, where personnel are required to live in sub-standard and/or poorly maintained accommodation, this fundamentally dilutes the value of the overall offer and is bad for morale.
- 5.15 We also note that on 11 December 2024 the House of Commons' Defence Committee (HCDC) published a report on Service accommodation⁷⁷. This report stated that MOD acknowledged that current levels of funding were insufficient to bring all Service accommodation up to decent, modern standards. The HCDC commented that MOD and His Majesty's Treasury (HMT) must make substantial and ongoing funding commitments to improve the Defence estate before it deteriorates beyond repair and before greater numbers of personnel decide to leave the military because of poor accommodation.
- 5.16 We share the HCDC's views and consider that improvements to accommodation should be an essential part of the overall retention strategy for the Armed Forces. We encourage MOD to prioritise investment to bring all SFA up to an acceptable standard at pace, not least given the importance of being able to provide accommodation that meets legislative requirements.
- 5.17 We note that not all entitled Service personnel take advantage of the SFA offer. However, we view the extension of entitlement to SFA as important for those who want to live in it.

⁷⁷ UK Parliament (2024) *Service Accommodation* (online) Available at: <https://publications.parliament.uk/pa/cm5901/cmselect/cmdfence/406/report.html> [Accessed 9 April 2025].

Single Living Accommodation

- 5.18 MOD told us that around 81,000 Service personnel (55.7%) occupied permanent SLA across all three Services.
- 5.19 Responsibility for funding for SLA was passed to the Front-Line Commands (FLCs) in 2018. MOD told us that there had been progress in improving the condition of SLA. We were also told that an SLA improvement programme would deliver £5.3bn worth of enhancements to SLA over the next 10 years as part of the Defence Estates Optimisation Programme.
- The Royal Navy (RN) was working on improving the lived experience of personnel and would be investing £1.2bn over ten years to deliver 9,000 bedspaces. The RN stated that some 3,500 of these would be reprovisioned in the next five years and that this work included the replacement of 1,080 multi-occupancy bed spaces at HMS Raleigh, reducing the shared sleeping areas to a maximum of 12 persons.
 - The Army set out its ten-year plan to replace 16,500 permanent SLA bedspaces with new net-zero buildings delivered through modern modular methods of construction. We were told that just over half of these bedspaces were being funded by the Army with the remainder funded by Defence. While construction was underway, we were told that in-year savings measures placed completion of the Army-funded element of the programme at risk of delay.
 - The Royal Air Force (RAF) told us that it was replacing some 7,000 bedspaces and refurbishing 6,000 more. It intended to remove all Grade 3 and Grade 4 SLA for permanent staff and trainees to provide modern, ensuite and sustainable accommodation. At the time of providing evidence, the RAF said that work was underway at Marham, Honington, Waddington, Cosford and Brize Norton.
 - UKSC told us that it was investing some £575m in SLA over the next ten years. UKSC said that it sought to address the worst accommodation across the estate but that it was not funded to reduce the reliance on Substitute Single Living Accommodation (SSLA) or to invest in Grade 2 accommodation to prevent its deterioration to Grade 3 standard over the next 10-15 years. UKSC also confirmed that it was not funded to make SLA in Cyprus earthquake compliant or to improve SLA in the Falkland Islands.
- 5.20 MOD explained that a minimum standard for SLA was implemented on 1 April 2024. MOD provided us with data on the numbers of bedspaces that achieved the minimum standard on 1 April 2024 and these figures were: RN – 82.6%, Army – 82.2%, RAF – 65.4% and UKSC – 77.7%.
- 5.21 MOD said that bedspaces falling below the minimum standard should not be allocated to Service personnel. The FLCs had to remedy failures within specified timelines or make the room unavailable. In circumstances where it was not possible to relocate Service personnel to accommodation that had achieved the minimum standard, the rental element of the accommodation charge would be waived. MOD said that by not allocating substandard accommodation, it was reducing accommodation capacity but recognised that this was a necessary measure to protect the wellbeing of Service personnel.

5.22 To supplement the data in AFCAS about personnel's views on their accommodation, MOD provided us with data from the SLA Lived Experience Survey⁷⁸. This indicated that 40% of personnel were satisfied with the quality of SLA, with 44% dissatisfied. The data also showed that 51% of personnel were satisfied with the value for money of their SLA. We noted that the majority were dissatisfied with: snack preparation facilities – 59%, response to requests for maintenance and repair – 56% and WiFi provision – 51%.

Our comment on Single Living Accommodation

5.23 While welcoming the evidence received on the investment into SLA, we remain concerned at the extent to which large numbers of bedspaces are below the minimum standard. Of the single Services, we note that the RAF has the highest rate of failure against the minimum standard. However, we are encouraged to see that there has been investment at a number of bases where we have seen the very poor standard of accommodation⁷⁹. We assess that security of funding is critical for planning and for success to be achieved at pace.

Home ownership support

5.24 MOD told us that 2024 marked the ten-year anniversary of the successful Forces Help to Buy (FHTB) scheme which has helped around 30,000 Service families to purchase a home. MOD stated that for many Service families the opportunity to buy and remain in a home in a location of their choice facilitated partner employment, continuity of schooling and improved access to a support network. MOD explained that this was why incentivising and enabling home-ownership remained a key strand of the Defence Accommodation Strategy. MOD said it was developing a home-ownership offer for personnel that sought to bring together an enhanced FHTB scheme with a package of supporting allowances that would help families become home-owners.

Feedback on Service accommodation

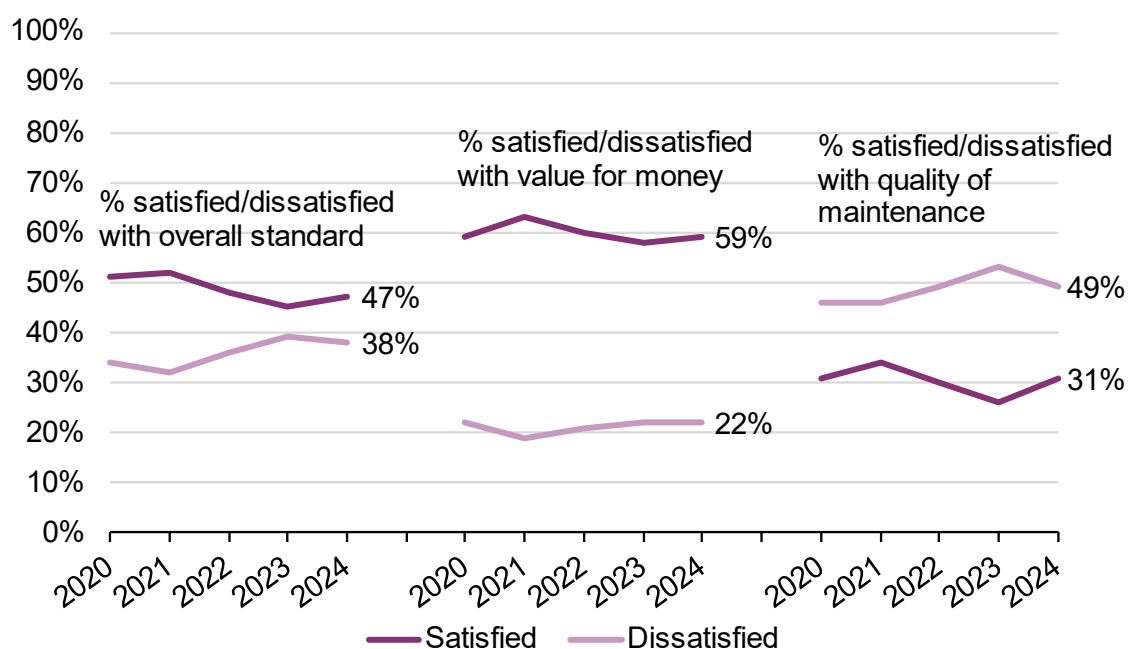
Armed Forces Continuous Attitude Survey

5.25 In Chapter 2 we discuss AFCAS data. Selected information on attitudes towards Service accommodation is shown in Figure 5.1.

⁷⁸ MOD (2024) *Single Living Accommodation Lived Experience Survey: May 2024* (online) Available at: <https://www.gov.uk/government/statistics/single-living-accommodation-lived-experience-survey-2024/single-living-accommodation-lived-experience-survey-may-2024> [Accessed 9 April 2025].

⁷⁹ We visited RAF Cosford and RAF Brize Norton in support of the 2023 AFPRB Report and RAF Marham and RAF Honington for the 2024 AFPRB Report.

Figure 5.1: AFCAS – Attitudes towards Service accommodation, Tri-Service, All Ranks, 2020 to 2024.



Notes:

With regard to your current Service accommodation, how satisfied are you with the following? The overall standard.

47% of personnel reported they were satisfied with the overall standard of their current Service accommodation and 38% of personnel reported they were dissatisfied, both results are comparable to the 2023 result.

With regard to your current Service accommodation, how satisfied are you with the following? The value for money.

59% of personnel reported they were satisfied with the value for money of Service accommodation and 22% of personnel reported they were dissatisfied, both results are comparable to the 2023 result.

With regard to your current Service accommodation, how satisfied are you with the following? The quality of maintenance/repair work to my current accommodation.

31% of personnel reported they were satisfied with the quality of maintenance/repair work carried out on Service accommodation, a 5 percentage points increase on 2023 and comparable to 2019-2022. 49% of personnel reported they were dissatisfied with the quality of maintenance/repair work carried out on Service accommodation, a 4 percentage points decrease on 2023.

5.26 We note that AFCAS 2024 results point to a slight improvement in satisfaction with the quality of maintenance/repair work on Service accommodation from the all-time lowest results reported in 2023. However, since AFCAS 2024 there has been a return to 'fix-on-fail' procedures for SFA housing after improvements were made in 2023.

Service Families' Federations

- 5.27 In Chapter 2 we discuss the evidence we received from the Service Families' Federations (SFFs). They also shared points raised with them regarding the provision of accommodation.
- 5.28 The SFFs commented that Service personnel and their families were dealing with the consequences of the reduction in funding allocated to accommodation. The SFFs had referenced their cautious optimism in the performance of FDIS in their last submission. However, the overall experience of Service families in relation to SFA had deteriorated, particularly in relation to the level of repairs and the standard of accommodation on moving-in.
- 5.29 On SLA, the SFFs highlighted concerns about the lack of consistency in the standard of accommodation between different locations. In a number of areas, including overseas, there was a general lack of facilities which led some single personnel to feel that they were being treated as 'second class citizens'. There was a view that many single personnel were spending too much time in unsatisfactory accommodation.
- 5.30 The SFFs said that they were concerned about the delay in implementation of the MAO, specifically the expansion of the SFA entitlement to those in long-term relationships and with caring responsibilities. However, the SFFs said that they recognised that implementation could be challenging for MOD given the lack of SFA. At the time of giving evidence to us, the SFFs were clear that many personnel had expected to benefit from the MAO changes and that the delay in implementing these had led to cynicism as to what was actually going to happen.

Our visits

- 5.31 As discussed in Chapter 2, we undertook a number of visits in support of the current round. Where possible, at each location, we saw examples of the best and worst SFA and SLA. We attach great importance to being able to see the standard of accommodation for ourselves. We also value the opportunities to meet Service personnel, their spouses and partners to hear their views on their accommodation and the provision of maintenance.
- 5.32 In many locations we saw examples of SFA and SLA that were disgraceful, including properties and rooms with damp and mould. We sensed that accommodation was deteriorating as funding had been pulled. Some personnel and their families felt that there was never going to be any improvement. The reversion to a 'fix-on-fail' approach was mentioned regularly on visits. There were significant concerns about the quality and maintenance of accommodation (including non-functioning hot water and heating) with this affecting overall wellbeing and morale with people feeling let down by all aspects of accommodation provision. However, not everything we saw was negative. We were impressed by the use of pod accommodation at HMS Collingwood as a short-term fix pending construction of permanent facilities. We also saw excellent SFA and trainee accommodation during our visit to the Army Foundation College in Harrogate.
- 5.33 Apart from the standard of accommodation, we heard of issues to do with capacity, particularly in SLA where extra beds were being put into rooms to increase the number of spaces. We were also told about the frustration that Service personnel felt at not being able to make improvements themselves to their living conditions

because of the way that contracts had been set up. We also heard of challenges faced by some family members with accessibility requirements in getting the necessary modifications incorporated into their SFA.

- 5.34 During our visit to Cyprus we saw some particularly poor accommodation with black mould and insect infestations. We heard about a number of specific environmental issues, including the non-availability of air conditioning and heating as standard, and about building design in relation to earthquake compliance. However, we also saw some impressive and spacious new-build SFA at RAF Akrotiri.
- 5.35 We continued to hear positive feedback on the FHTB scheme from those who had been able to access it.
- 5.36 On many visits, we observed a general deterioration in the condition of the wider estate. We were concerned about the negative impact that this has on Service personnel.

The accommodation subsidy

- 5.37 MOD told us that it supported the approach of subsidising the cost of accommodation in recognition of Service disadvantage measured against the following factors:
- lack of accommodation choice;
 - lack of a right to buy;
 - decoration; and
 - lack of security of tenure.
- 5.38 MOD provided a comparison of the monetary value of the SFA subsidy by calculating the difference between SFA Band A charges and the cost of renting an equivalent sized property from the UK private market. This data showed that the level of subsidy for SFA charged at the highest rates (Band A) varied from 60% to 72% of the market rate depending on the type of accommodation. Band A houses are of a good standard and generally in urban areas. We noted that the level of this subsidy increased to over 90% for the lowest graded SFA which would be the poorest standard and more likely to be in a remote location. Despite this, we consider that it is not acceptable to have poor accommodation and that an increased subsidy should not be seen as a justification for this.
- 5.39 MOD explained that understanding the value of the SLA subsidy was challenging due to the lack of direct comparators in the civilian market. Comparisons with the median rent of a room in a house of multiple occupancy showed a subsidy ranging from 49% for senior Officers to 82% for junior Other Ranks and 86% for trainees. When compared to the average cost of an ensuite room in university-provided accommodation, the range of the subsidy increased to 63% for senior Officers, 86% for junior Other Ranks and 89% for trainees. As MOD indicated though, university accommodation tends to be in sought after areas, surrounded by desirable infrastructure and amenities whereas SLA is often at a place of work in a remote location.

5.40 MOD concluded by stating that because of the subsidy, the percentage of salary spent by Service personnel on accommodation continued to be lower than civilian averages across all ranks and accommodation types. MOD evidenced this from an Office for National Statistics (ONS) Survey which stated that households on median household incomes would spend between 23-26% of their income on a median priced rented home in the UK, whereas a range of figures comparing salary to SFA and SLA rental costs showed no circumstances in which a Service person was paying more than 15% of their salary on accommodation charges⁸⁰.

Our comment

5.41 We support MOD's rationale for the accommodation subsidy and agree that Service accommodation charges should reflect the disadvantages faced by Service personnel compared to their civilian equivalents.

Accommodation charges

5.42 SFA grade tiering is based on the Combined Accommodation Assessment System (CAAS) band methodology which considers three factors when determining the accommodation charge: the condition, scale (size and features), and location of each property. There are nine different charging bands for the UK, with Band A attracting the top charge, representing a property that is DHS+ for condition, upper scale and in an urban location⁸¹. MOD explained that an additional 20% reduction to the equivalent UK charge is applied to overseas accommodation as part of the Overseas Incentivisation Package⁸².

5.43 Our most common approach to recommending an uplift to the SFA accommodation rates in recent years has been based on applying the annual rate of the Consumer Prices Index (CPI) actual rents for housing to Band A charges. The lowest bands are calculated in descending increments of 10% of the Band A rate to account for their poorer assessment against the CAAS factors. For example, CAAS Band B charges are set at 90% of the Band A rate and a property assessed as CAAS Band I, which will have scored the lowest level in each of the three factors, will be charged at 20% of the Band A rate.

5.44 SLA charges are based on the 4-Tier Grading System (4TG) which uses scale, condition and location, for example access to amenities, to determine the grade of SLA with Grade 1 being the top level and Grade 4 being the lowest.

5.45 Our most common approach to recommending an uplift to SLA rates in recent years has been to apply the annual rate of the CPI actual rents for housing to Grade 1, which is considered the best SLA housing, and to apply graduated uplifts of two-thirds of the Grade 1 increase for Grade 2 accommodation, one-third of the Grade 1 increase for Grade 3 accommodation and no uplift in charges for Grade 4 SLA.

5.46 To inform our recommendations we traditionally use the annual November CPI actual rents for housing component. MOD invited us to use this methodology this

⁸⁰ ONS (2023) *Private rental affordability, England and Wales: 2023* (Online) Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalaffordabilityengland/2023> [Accessed 9 April 2025].

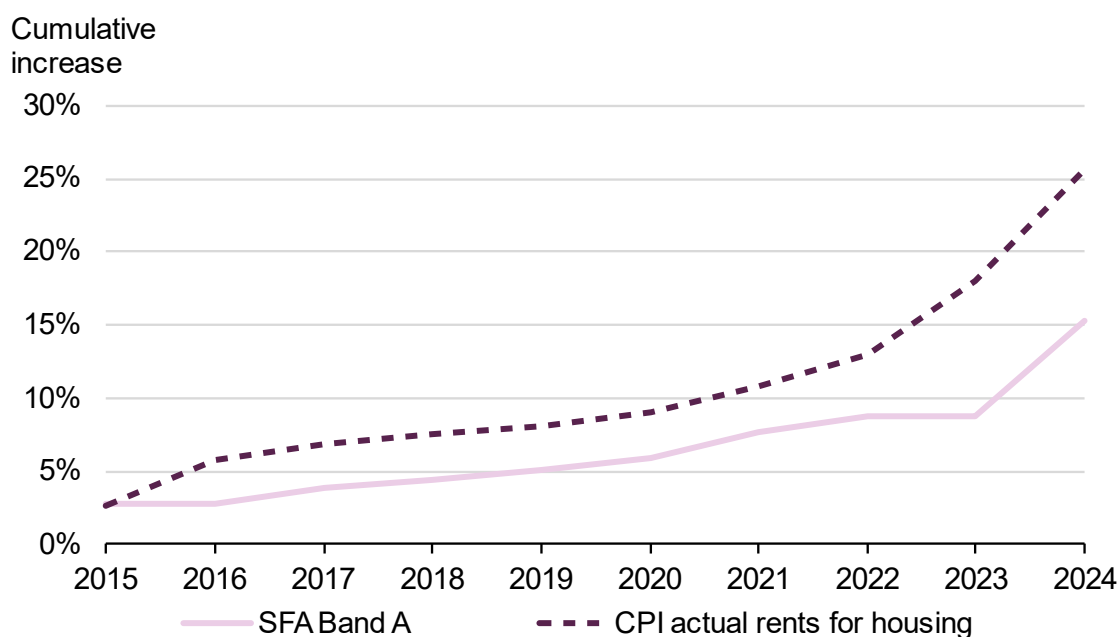
⁸¹ CAAS Bands A-I apply to UK properties.

⁸² CAAS Bands J-K facilitate this reduction for overseas properties in respect of the lowest banded properties.

year. We are content to follow our usual approach and note that the annual November 2024 CPI actual rents for housing component was 7.6%.

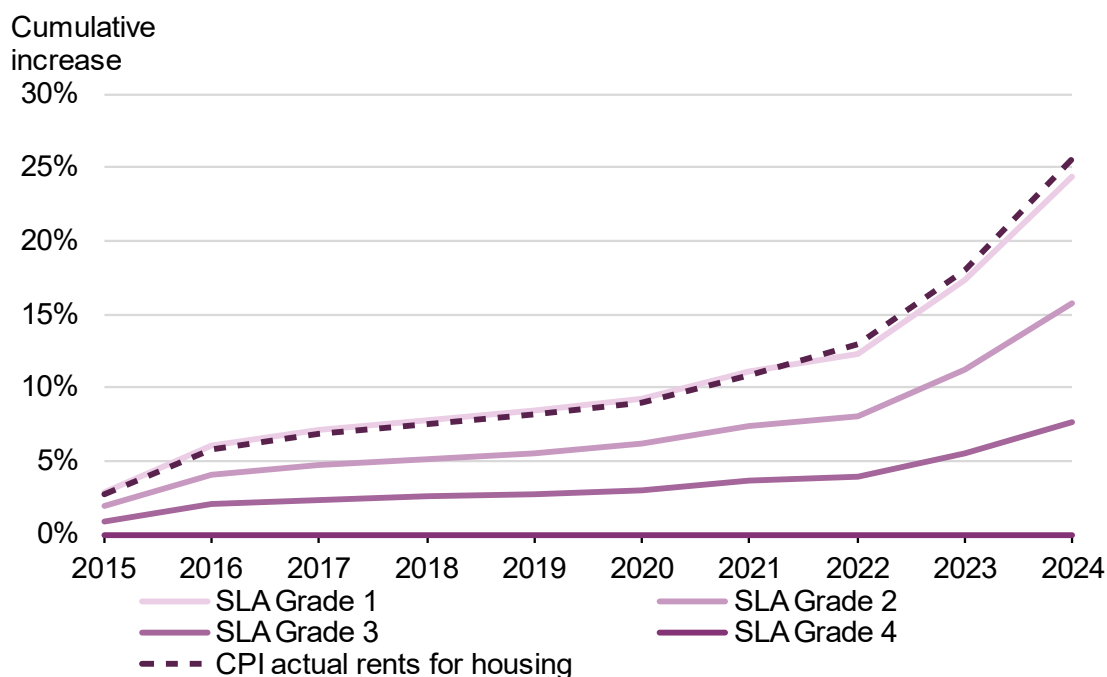
- 5.47 We present the cumulative increases in annual CPI actual rents for housing in November each year against the annual uplifts to accommodation rental charges from 2015 to 2024 in Figure 5.2 (SFA) and Figure 5.3 (SLA). Whilst accommodation charges have increased in line with CPI actual rents for housing in most years since 2015, this has not happened in every year⁸³. We observe that in addition to the application of a subsidy, for the majority of personnel their rental charges have not increased in line with market rates over the period analysed.

Figure 5.2: Estimated increase in annual rate of CPI actual rents for housing, November 2014 to November 2023, compared to annual uplifts to Band A SFA rental charges, 2015 to 2024.



⁸³ For example, in 2024 we recommended an increase to accommodation charges of 6% against an annual November CPI actual rents for housing figure of 6.4% to align with our recommended percentage increase in pay. Our recommendation was accepted by government.

Figure 5.3: Estimated increase in annual rate of CPI actual rents for housing, November 2014 to November 2023, compared to annual uplifts to SLA rental charges, 2015 to 2024.



Service Family Accommodation rental charges

- 5.48 Last year we recommended an increase of 6% to charges, even though the November 2023 annual CPI actual rents for housing component was 6.4%. We noted at the time that this recommendation aligned with our recommended percentage increase in pay and followed a period when personnel had benefited from charges being suppressed in response to substandard maintenance issues. We stated at the time that we expected to revert to our normal methodology this year.
- 5.49 We have carefully considered the evidence presented to us. We recognise that the CPI actual rents for housing component reflects the reality of price increases in the civilian sector. We consider that Service personnel should not be immune from changes affecting the wider population where accommodation is of a good standard.
- 5.50 We note that in applying our tiering methodology for SLA charges we have for many years applied no increase to the rental charge for the lowest graded accommodation. This year we considered a similar approach for SFA. We are aware that the receipts for SFA feed into the budgetary cycle for DIO. We have taken this into account when making our recommendation on SFA charges as we perceive that reducing funding for SFA maintenance through any significant reduction in charges could be counterproductive and detrimental to Service personnel. Given the points raised with us in evidence about reduction in levels of maintenance, we assess that the charges for those in the lowest banded SFA should not increase. We also believe that this sends a clear message to MOD about our concern at the dreadful condition of some of the SFA we saw during our visits.
- 5.51 On our visits, we also heard concerns from personnel about what was seen as the unfair, retrospective application of accommodation charges especially where accommodation charges were implemented ahead of implementation of increases in pay. Therefore, we conclude that all of our recommendations to increase charges

should not be backdated but should apply from the date that personnel receive their pay increase.

- 5.52 Taking the above points together, we recommend that SFA rental charges for CAAS Bands A-F should increase by 7.6%⁸⁴. We recommend no increase in the current rates of charges for CAAS Bands G and below. These increases are not to be subject to any backdating to apply from the date that the pay award is delivered to Service personnel.

Recommendation 18: We recommend that SFA rental charges for CAAS Bands A-F should increase by 7.6%. These increases are not to be subject to any backdating. We recommend no increase in the current rates of charges for CAAS Bands G and below.

Furniture provision and charges

- 5.53 MOD told us that personnel entitled to SFA can request a fully or partially furnished property. Last year MOD explained that it was reviewing the provision of furniture as part of a wider review of accommodation policies. This year, MOD said that this work was continuing.
- 5.54 Last year MOD asked us to change the basis on which we set furniture charges and to reference the separate furniture and furnishing element of CPI. We were happy to adopt this new comparator and have been asked to use the same again this year.
- 5.55 We have considered the evidence presented to us. We note that the annual CPI figure for the furniture and furnishing element in November 2024 was -0.7%. We are not averse to reducing furniture charges to reflect price movements elsewhere. However, given the small percentage reduction and the relatively low level of daily charges for furniture, we assess that the application of a 0.7% reduction is impractical. Therefore, we recommend no change in the level of furniture charge this year. However, we will consider whether to apply a corresponding discount to any future increase in charges.

Recommendation 19: We recommend no increase in the rates of furniture charges.

Single Living Accommodation rental charges

- 5.56 Following our usual methodology, explained above, we recommend that SLA rental charges for Grade 1 accommodation should increase by 7.6%, with reducing percentage increases for lower grades, giving increases of 5.1% for Grade 2, 2.5% for Grade 3 and no increase for Grade 4 SLA. In line with our recommendation on SFA charges, we recommend that SLA charges are also not backdated.

⁸⁴ Band A at 7.6% with lower bands decreasing in value by 10%.

Recommendation 20: We recommend that SLA rental charges for Grade 1 should increase by 7.6%, with increases of 5.1% for Grade 2, 2.5% for Grade 3 and no increase to Grade 4 accommodation. These increases are not to be subject to any backdating.

Other charges

- 5.57 We are also responsible for recommending garage rent. We are content to do this for this round but invite MOD to review the requirement for this recommendation.
- 5.58 To maintain consistency with other accommodation charges, we recommend that charges for standard garages and carports should increase by 7.6%, with no increase for substandard garages and substandard carports. As above, we also recommend that these increases are not subject to any backdating.

Recommendation 21: We recommend that charges for standard garages and carports should increase by 7.6%. These increases are not to be subject to any backdating. We recommend no increase in the charges for substandard garages and substandard carports.

Food and catering

Defence Catering Strategy

- 5.59 In last year's Report we discussed the introduction of the Defence Catering Strategy and how MOD expected this to transform the dining experience for Service personnel. A key feature of the new arrangements would be the replacement of the core and retail meal offers with one that charged for meals based on the food cost of each menu item plus Value Added Tax (VAT), with the remaining costs of service provision subsidised by MOD⁸⁵. In evidence this year, MOD confirmed that the strategy had started to roll-out in the UK from May 2024. MOD told us that the feedback it had received at the time of submitting evidence to us was broadly positive.
- 5.60 As ever, we sampled food and listened to personnel's views on this during our visits. We heard mixed reviews, with some being very positive about the changes but with many raising significant concerns regarding the quality, variety, and cost of food. Some personnel expressed frustration about the inconsistency of food provision and the lack of facilities to cook their own meals. We recognise that our visits took place in the early stages of roll-out and we cannot be certain that all locations we visited were operating under the new arrangements. However, we welcome the fact that MOD has implemented changes in food provision. We are also pleased that the strategy recognises the holistic nature of food provision and that it is not just the quality, quantity and choice of food which are important, but also the surroundings in which people eat. We hope to be able to report positive progress in next year's Report.

⁸⁵ See AFPRB 53rd Report 2024, paragraphs 5.44-5.48.

Daily Food Charge

- 5.61 Separately, MOD told us that the DFC remained frozen at £5.61 a day and that we were not being invited to note an increase. MOD said that it was looking at options for the DFC.
- 5.62 We are unclear on MOD's plans for the future of the DFC. We invite MOD to keep us informed of developments in this area and whether there will be a future role for us in reviewing food charges.

Chapter 6 – EMERGING ISSUES

Introduction

- 6.1 In this chapter we consider issues that will form a backdrop to our future considerations. A number of these have been the subject of comments in previous Reports and we would like to have been able to report more progress on these.

Strategic issues

- 6.2 Our Terms of Reference require us to have regard to the funds available to the Ministry of Defence (MOD). As discussed in Chapter 3, the government has announced £2.2bn of additional funding to Defence in 2025-26 and committed to increase Defence spending to 2.5% of Gross Domestic Product (GDP) by April 2027, with an ambition to increase it to 3% of GDP in the next parliament. We assess that this represents a significant moment for the defence of the United Kingdom (UK) and for all who serve in the Armed Forces. We will watch progress with interest. We invite MOD to explain what it will mean for affordability, pay and the funding available to invest in Service personnel, recognising the vital contributions that our remit group make to Defence.
- 6.3 We look forward to the publication of the outcome of the Strategic Defence Review (SDR). Against the backdrop of a rapidly changing landscape for Defence we will want to understand fully the consequences in both general terms and specifically for Service personnel.

Reward and transformation

- 6.4 In last year's Report we discussed the publication of *Agency and Agility: Incentivising people in a new era*. We noted the aspiration to develop a modern, attractive, and flexible package which would aid recruitment and retention. We also noted the potential for changes in terms and conditions to support more flexible careers, while maintaining skills in Defence. We understood that new pay arrangements would simplify and rationalise the current structures and link pay with specific skills and experience⁸⁶. However, we observe that recent decisions to implement Financial Retention Incentives (FRIs) have, on the contrary, added complexity. We would welcome proposals on how and when Armed Forces' remuneration will be simplified to form a robust, coherent and comprehensible reward package in line with the *Agency and Agility* report.
- 6.5 In late 2024 we were asked to agree a suite of measures to stabilise the engineering cohort. We were content to endorse these. But we were disappointed at the length of time it took for these measures to be presented to us, and ultimately to be implemented. We ask MOD to make efforts to expedite the process of presenting us with options to remedy known workforce issues. Once we have been made aware of a problem in our remit group, we want to be able to rectify it quickly.
- 6.6 In this context, we have been told that MOD is considering the level of responsibility that it delegates to the single Service Principal Personnel Officers. We assess that such delegation would provide the Services with greater agility to take some rapid and focussed actions to address workforce issues. We support this change in principle on the basis that there would be mechanisms in place to identify and address any cumulative unintended consequences arising from single Service

⁸⁶ AFPRB 53rd Report 2024, paragraphs 6.4-6.6.

action. However, such action should not further complicate the remuneration landscape.

- 6.7 A theme that has become more prevalent during our visits to Service establishments in recent years is that Service personnel and their families feel that Defence and the Services often over-promise and under-deliver when it comes to change. We ask MOD to communicate carefully to Service personnel and their families to ensure that announced improvements are delivered in a timely manner.
- 6.8 We are encouraged that the latest workforce data shows an improvement in recruitment and a reduction in the pace of outflow, but the workforce strength continues to fall. We recognise that it is not yet possible to quantify fully the effect of the measures we recommended in our 2024 Report on pay for recruits. We are confident that they have been positive. We would welcome data from MOD to enable us to understand the success of these changes.
- 6.9 In this year's round we have focussed more on retention, not least in endorsing some financial incentives to stabilise certain cohorts. We emphasise that such financial tools should only be applied in the short-term while longer and more sustainable workforce solutions are developed. Over the course of the next round, we invite MOD to provide evidence both on the success of the measures that have been introduced and longer-term strategies to improve retention.
- 6.10 We recognise that diversity in the Armed Forces is a highly complex area. We believe that Defence will need to recruit individuals from a broad range of backgrounds to maximise the skills and talents available to the Armed Forces. We are concerned with the lack of progress on representation of females and ethnic minorities. Given the importance of this issue, we invite MOD to brief us in the next pay round on what it is doing to attract and retain personnel who reflect the society that the Armed Forces serve.
- 6.11 On our visits we heard comments from Service personnel about the importance they attach by being recognised and feeling valued by the nation. Many also felt that their goodwill was taken for granted by their Service, not least by the seemingly continual requests for personnel to fill gapped posts. We note that our remit letter stated the government's commitment to renew the contract between the nation and Service personnel. We hope that action will be taken to demonstrate and, where necessary, reinforce this sense of value.
- 6.12 More generally on morale, we note the importance of family-related issues. We acknowledge that it has become the norm in society for families to be supported by two incomes. The ability of spouses and partners to obtain, and retain, suitable employment was again a key issue raised on visits, especially given the mobile nature of Service life. We encourage MOD to look at good practice examples from employers who are signatories to the Armed Forces' Covenant and see how this might be expanded to facilitate employment opportunities both in the UK and among British companies overseas. We also note that the government intends to create an Armed Forces' Commissioner. We will watch the development of this role with interest, in particular to understand how the Commissioner might provide a route to address wider family and welfare issues.

Accommodation and food

- 6.13 We are also concerned not to be able to record significant progress in both improvement of the overall estate and in the maintenance of Service Family Accommodation (SFA). We are very frustrated that there has been a return to 'fix-on-fail' in relation to maintenance. On our visits we have again heard from families the consequences on morale, and feeling of worth, where accommodation is poor. We hope to be able to report real progress in this area in next year's Report. In the meantime, we will continue to monitor the situation, including by seeing accommodation and meeting Service personnel and their families during our visits.
- 6.14 Last year we discussed the launch of the Defence Catering Strategy. We heard a range of comments about this from personnel on our visits. Some were positive. Others said that the provision too often remained poor; we agree. We recognise that many of our visits took place in the early days of the new arrangements. We hope that by the time we undertake our next round of visits the inconsistencies will have been ironed out. We will use these visits to sample food and to assure ourselves that the catering arrangements are delivering the quality and quantity of food that Service personnel require, and at what they see as a fair price.

Next year's round

- 6.15 In addition to our routine papers of evidence, we understand that in next year's round we will be invited to review evidence on nurses, UK Special Forces, the Reserve Bounty, Longer Separation Allowance, Unpleasant Living Allowance (Operational), Unpleasant Working Allowance and Experimental Test Allowance. We also expect to receive an update on plans for a review of Royal Marines' remuneration.
- 6.16 In previous Reports we have commented on our aspiration for the pay round to be brought forward to enable us to present recommendations to government for them to be implemented in time for personnel to receive their award on 1 April, without backdating. This year we have been pleased that evidence was presented to us earlier in the round, which has enabled us to submit our Report in April, a month ahead of last year. We hope that next year's round will build on this progress and enable our recommendations to be implemented in April.

Conclusion

- 6.17 We record our thanks to all who have facilitated this year's round. We invite all parties to continue to work with us to deliver a successful round next year.

Julian Miller CB
David Billingham
Emma Boggis
Steven Dickson
William Entwisle OBE MVO
Dr Gillian Fairfield
Paul Moloney
Dougie Peedle

April 2025

Appendix 1 – SALARIES (INCLUDING X-FACTOR) FOR 1 APRIL 2024 AND RECOMMENDATIONS FOR 1 APRIL 2025

All salaries are annual and rounded to the nearest £.

All salaries include X-Factor (where applicable), which was last reviewed in the 2023 AFPRB Report. The full rate of X-Factor is 14.5% for full-time UK Regular personnel in our remit group. Other rates of X-Factor are applicable on the basis of commitment or seniority.

For Other Ranks on the main pay spines (Table 1.1, 1.2, 1.3 and 1.4), personnel are allocated a pay supplement according to their trade, which is assessed through MOD's job evaluation process.

Eligibility criteria are published internally by MOD.

Table 1.1: Other Ranks Trade Supplement 1.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OR9-06	62,073	64,866
OR9-05	61,455	64,220
OR9-04	60,780	63,515
OR9-03	60,105	62,810
OR9-02	59,766	62,456
OR9-01	59,766	62,456
OR7-12 / OR8-06	55,671	58,176
OR7-11 / OR8-05	54,756	57,220
OR7-10 / OR8-04	53,860	56,284
OR7-09 / OR8-03	52,834	55,211
OR7-08 / OR8-02	51,748	54,077
OR7-07 / OR8-01	51,748	54,077
OR7-06	50,660	52,940
OR7-05	49,892	52,137
OR7-04	49,158	51,370
OR7-03	48,398	50,576
OR7-02	47,676	49,821
OR7-01	47,676	49,821
OR6-06	46,737	48,840
OR6-05	45,644	47,698
OR6-04	44,561	46,566
OR6-03	43,493	45,450
OR6-02	42,510	44,423
OR6-01	42,510	44,423
OR4-06	40,481	42,303
OR4-05	39,928	41,725
OR4-04	39,405	41,178
OR4-03	38,845	40,593
OR4-02	37,861	39,565
OR4-01	37,861	39,565
OR2-10 / OR3-03	35,611	37,214
OR2-09 / OR3-02	34,077	35,610
OR2-08 / OR3-01	32,615	34,083
OR2-07	31,242	32,648
OR2-06	29,906	31,252
OR2-05	28,861	30,160
OR2-04	27,493	28,730
OR2-03	25,864	27,028
OR2-02	25,864	27,028
OR2-01	25,200	26,334
Initial Pay	25,200	26,334

Table 1.2: Other Ranks Trade Supplement 2.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OR9-06	62,073	64,866
OR9-05	61,455	64,220
OR9-04	60,780	63,515
OR9-03	60,105	62,810
OR9-02	59,766	62,456
OR9-01	59,766	62,456
OR7-12 / OR8-06	57,403	59,986
OR7-11 / OR8-05	56,679	59,229
OR7-10 / OR8-04	55,933	58,450
OR7-09 / OR8-03	55,183	57,666
OR7-08 / OR8-02	54,097	56,532
OR7-07 / OR8-01	54,097	56,532
OR7-06	52,733	55,106
OR7-05	51,966	54,305
OR7-04	51,232	53,538
OR7-03	50,471	52,742
OR7-02	49,638	51,871
OR7-01	49,638	51,871
OR6-06	48,660	50,849
OR6-05	47,481	49,617
OR6-04	46,177	48,255
OR6-03	44,990	47,015
OR6-02	43,900	45,876
OR6-01	43,900	45,876
OR4-06	41,806	43,687
OR4-05	41,253	43,110
OR4-04	40,711	42,543
OR4-03	39,938	41,735
OR4-02	38,932	40,684
OR4-01	38,932	40,684
OR2-10 / OR3-03	36,566	38,212
OR2-09 / OR3-02	34,943	36,516
OR2-08 / OR3-01	33,348	34,848
OR2-07	31,841	33,274
OR2-06	30,321	31,685
OR2-05	28,880	30,179
OR2-04	27,801	29,052
OR2-03	25,864	27,028
OR2-02	25,864	27,028
OR2-01	25,200	26,334
Initial Pay	25,200	26,334

Table 1.3: Other Ranks Trade Supplement 3.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OR9-06	62,073	64,866
OR9-05	61,455	64,220
OR9-04	60,780	63,515
OR9-03	60,105	62,810
OR9-02	59,791	62,482
OR9-01	59,791	62,482
OR7-12 / OR8-06	58,613	61,251
OR7-11 / OR8-05	58,272	60,894
OR7-10 / OR8-04	57,909	60,515
OR7-09 / OR8-03	57,504	60,091
OR7-08 / OR8-02	56,708	59,260
OR7-07 / OR8-01	56,708	59,260
OR7-06	55,178	57,661
OR7-05	54,113	56,548
OR7-04	53,187	55,580
OR7-03	52,285	54,638
OR7-02	51,385	53,697
OR7-01	51,385	53,697
OR6-06	50,328	52,593
OR6-05	49,098	51,308
OR6-04	47,928	50,085
OR6-03	46,804	48,911
OR6-02	45,706	47,763
OR6-01	45,706	47,763
OR4-06	43,526	45,484
OR4-05	42,769	44,694
OR4-04	41,909	43,795
OR4-03	41,011	42,856
OR4-02	39,974	41,772
OR4-01	39,974	41,772
OR2-10 / OR3-03	37,315	38,994
OR2-09 / OR3-02	35,605	37,207
OR2-08 / OR3-01	33,978	35,507
OR2-07	32,471	33,933
OR2-06	30,841	32,229
OR2-05	29,294	30,613
OR2-04	28,122	29,388
OR2-03	25,864	27,028
OR2-02	25,864	27,028
OR2-01	25,200	26,334
Initial Pay	25,200	26,334

Table 1.4: Other Ranks Trade Supplement 4.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OR9-06	63,718	66,585
OR9-05	63,161	66,003
OR9-04	62,570	65,385
OR9-03	61,985	64,775
OR9-02	61,481	64,247
OR9-01	61,481	64,247
OR7-12 / OR8-06	60,269	62,981
OR7-11 / OR8-05	59,928	62,625
OR7-10 / OR8-04	59,564	62,244
OR7-09 / OR8-03	59,131	61,792
OR7-08 / OR8-02	58,523	61,156
OR7-07 / OR8-01	58,523	61,156
OR7-06	56,958	59,521
OR7-05	56,094	58,618
OR7-04	55,168	57,650
OR7-03	54,268	56,710
OR7-02	53,416	55,820
OR7-01	53,416	55,820
OR6-06	52,290	54,643
OR6-05	50,976	53,270
OR6-04	49,711	51,948
OR6-03	48,461	50,641
OR6-02	47,130	49,251
OR6-01	47,130	49,251
OR4-06	44,796	46,812
OR4-05	43,938	45,915
OR4-04	42,934	44,866
OR4-03	41,975	43,864
OR4-02	40,939	42,782
OR4-01	40,939	42,782
OR2-10 / OR3-03	38,023	39,734
OR2-09 / OR3-02	36,216	37,846
OR2-08 / OR3-01	34,552	36,107
OR2-07	32,872	34,352
OR2-06	31,227	32,632
OR2-05	29,680	31,016
OR2-04	28,122	29,388
OR2-03	25,864	27,028
OR2-02	25,864	27,028
OR2-01	25,200	26,334
Initial Pay	25,200	26,334

Table 1.5: Officers⁸⁷.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OF6-06	132,462	138,423
OF6-05	131,185	137,088
OF6-04	129,907	135,753
OF6-03	128,629	134,418
OF6-02	127,352	133,083
OF6-01	127,352	133,083
OF5-08	117,559	122,849
OF5-07	115,806	121,017
OF5-06	114,052	119,184
OF5-05	112,299	117,352
OF5-04	110,545	115,519
OF5-03	108,791	113,687
OF5-02	107,038	111,854
OF5-01	107,038	111,854
OF4-08	102,350	106,955
OF4-07	100,048	104,550
OF4-06	97,745	102,143
OF4-05	95,443	99,738
OF4-04	93,141	97,332
OF4-03	90,845	94,933
OF4-02	88,536	92,520
OF4-01	88,536	92,520
OF3-13	83,474	87,230
OF3-12	81,858	85,542
OF3-11	80,274	83,886
OF3-10	78,721	82,263
OF3-09	77,198	80,672
OF3-08	75,705	79,112
OF3-07	73,652	76,967
OF3-06	71,599	74,821
OF3-05	69,546	72,676
OF3-04	67,493	70,531
OF3-03	65,440	68,385
OF3-02	63,387	66,240
OF3-01	63,387	66,240
OF2-08	59,903	62,598
OF2-07	58,342	60,968
OF2-06	56,782	59,337
OF2-05	55,221	57,706
OF2-04	53,661	56,076
OF2-03	52,101	54,445
OF2-02	50,540	52,815
OF2-01	50,540	52,815
OF1-05	43,737	45,705
OF1-04	42,381	44,288
OF1-03	41,026	42,872
OF1-02	39,671	41,456

⁸⁷ OF3-09 to OF3-13 are only for RAF Engineer Officers, by selection.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OF1-01	33,183	34,676

Table 1.6: Clearance Divers – Other Ranks.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OR9-06	82,933	86,665
OR9-05	82,177	85,875
OR9-04	81,421	85,085
OR9-03	80,666	84,296
OR9-02	79,939	83,536
OR9-01	79,939	83,536
OR7-12 / OR8-06	78,364	81,890
OR7-11 / OR8-05	77,689	81,185
OR7-10 / OR8-04	77,015	80,480
OR7-09 / OR8-03	76,340	79,775
OR7-08 / OR8-02	75,694	79,100
OR7-07 / OR8-01	75,694	79,100
OR7-06	74,202	77,541
OR7-05	73,543	76,852
OR7-04	72,882	76,162
OR7-03	72,222	75,472
OR7-02	71,562	74,782
OR7-01	71,562	74,782
OR6-06	70,112	73,267
OR6-05	68,246	71,317
OR6-04	66,381	69,368
OR6-03	64,515	67,418
OR6-02	62,650	65,469
OR6-01	62,650	65,469

Table 1.7: Military Provost Guard Service.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OR9-06	53,859	56,283
OR9-05	52,979	55,363
OR9-04	52,097	54,441
OR9-03	51,215	53,520
OR9-02	50,358	52,624
OR9-01	50,358	52,624
OR8-06	49,366	51,587
OR8-05	48,562	50,748
OR8-04	47,770	49,920
OR8-03	46,861	48,970
OR8-02	45,900	47,966
OR8-01	45,900	47,966
OR7-06	44,949	46,971
OR7-05	44,270	46,263
OR7-04	43,621	45,584
OR7-03	42,948	44,880
OR7-02	42,311	44,215
OR7-01	42,311	44,215
OR6-06	41,478	43,344
OR6-05	40,509	42,332
OR6-04	39,553	41,333
OR6-03	38,608	40,345
OR6-02	37,739	39,438
OR6-01	37,739	39,438
OR4-06	35,939	37,556
OR4-05	35,442	37,037
OR4-04	34,980	36,554
OR4-03	34,491	36,043
OR4-02	33,616	35,129
OR4-01	33,616	35,129
OR3-03	32,032	33,474
OR2-09 / OR3-02	30,606	31,984
OR2-08 / OR3-01	29,066	30,374
OR2-07	28,009	29,269
OR2-06	26,800	28,006
OR2-05	25,693	26,849
OR2-04	24,477	25,579
OR2-03	23,105	24,145
OR2-02	23,105	24,145
OR2-01	22,572	23,588
Initial Pay	22,572	23,588

Table 1.8: Nursing – Other Ranks.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OR9-06	64,513	67,416
OR9-05	63,844	66,717
OR9-04	63,176	66,018
OR9-03	62,507	65,320
OR9-02	61,865	64,649
OR9-01	61,865	64,649
OR7-12 / OR8-06	60,646	63,375
OR7-11 / OR8-05	59,787	62,477
OR7-10 / OR8-04	58,927	61,578
OR7-09 / OR8-03	58,067	60,680
OR7-08 / OR8-02	57,234	59,810
OR7-07 / OR8-01	57,234	59,810
OR7-06	56,106	58,631
OR7-05	55,238	57,724
OR7-04	54,370	56,817
OR7-03	53,502	55,910
OR7-02	52,634	55,002
OR7-01	52,634	55,002
OR6-06	51,573	53,894
OR6-05	50,608	52,886
OR6-04	49,644	51,878
OR6-03	48,679	50,869
OR6-02	47,727	49,875
OR6-01	47,727	49,875
OR4-06	45,450	47,495
OR4-05	44,266	46,258
OR4-04	43,082	45,021
OR4-03	41,898	43,783
OR4-02	40,714	42,546
OR4-01	40,714	42,546
OR2-10 / OR3-03	38,826	40,573
OR2-09 / OR3-02	36,943	38,605
OR2-08 / OR3-01	35,059	36,637
OR2-07	33,177	34,669
OR2-06	31,293	32,701
OR2-05	29,410	30,733
OR2-04	27,816	29,067
OR2-03	25,932	27,099
OR2-02	25,932	27,099
OR2-01	25,200	26,334
Initial Pay	25,200	26,334

Table 1.9: Nursing – Officers.

Rank-based increment level	1 April 2024 (£)	1 April 2025 (£)
OF5-08	120,059	125,461
OF5-07	118,254	123,576
OF5-06	116,451	121,691
OF5-05	114,646	119,805
OF5-04	112,842	117,920
OF5-03	111,038	116,035
OF5-02	109,234	114,150
OF5-01	109,234	114,150
OF4-08	105,172	109,905
OF4-07	102,802	107,428
OF4-06	100,430	104,950
OF4-05	98,059	102,472
OF4-04	95,688	99,994
OF4-03	93,324	97,524
OF4-02	90,946	95,039
OF4-01	90,946	95,039
OF3-08	80,425	84,044
OF3-07	78,077	81,591
OF3-06	75,729	79,137
OF3-05	73,381	76,683
OF3-04	71,033	74,229
OF3-03	68,685	71,776
OF3-02	66,337	69,322
OF3-01	66,337	69,322
OF2-08	63,025	65,861
OF2-07	61,184	63,938
OF2-06	59,343	62,014
OF2-05	57,503	60,090
OF2-04	55,662	58,167
OF2-03	53,821	56,243
OF2-02	51,980	54,319
OF2-01	51,980	54,319
OF1-05	45,247	47,283
OF1-04	43,845	45,818
OF1-03	42,441	44,351
OF1-02	41,037	42,884
OF1-01	34,319	35,863

Table 1.10: Allied Health Professionals – Other Ranks.

Rank based increment level	1 April 2024 (£)	1 April 2025 (£)
OR8-12 / OR9-06	64,513	67,416
OR8-11 / OR9-05	63,844	66,717
OR8-10 / OR9-04	63,176	66,018
OR8-09 / OR9-03	62,507	65,320
OR8-08 / OR9-02	61,865	64,649
OR8-07 / OR9-01	61,865	64,649
OR7-12 / OR8-06	60,646	63,375
OR7-11 / OR8-05	59,787	62,477
OR7-10 / OR8-04	58,927	61,578
OR7-09 / OR8-03	58,067	60,680
OR7-08 / OR8-02	57,234	59,810
OR7-07 / OR8-01	57,234	59,810
OR6-12 / OR7-06	56,106	58,631
OR6-11 / OR7-05	55,238	57,724
OR6-10 / OR7-04	54,370	56,817
OR6-09 / OR7-03	53,502	55,910
OR6-08 / OR7-02	52,634	55,002
OR6-07 / OR7-01	52,634	55,002
OR6-06	51,573	53,894
OR6-05	50,608	52,886
OR6-04	49,644	51,878
OR6-03	48,679	50,869
OR6-02	47,727	49,875
OR6-01	47,727	49,875
OR4-06	45,450	47,495
OR4-05	44,266	46,258
OR4-04	43,082	45,021
OR4-03	41,898	43,783
OR4-02	40,714	42,546
OR4-01	40,714	42,546
OR2-10 / OR3-03	38,826	40,573
OR2-09 / OR3-02	36,943	38,605
OR2-08 / OR3-01	35,059	36,637
OR2-07	33,177	34,669
OR2-06	31,293	32,701
OR2-05	29,410	30,733
OR2-04	27,816	29,067
OR2-03	25,932	27,099
OR2-02	25,932	27,099
OR2-01	25,200	26,334
Initial Pay	25,200	26,334

Table 1.11: Special Forces – Other Ranks.

Rank	Level	1 April 2024 (£)	1 April 2025 (£)
Range 5 (OR9) Warrant Officer 1	Level 6	77,484	80,971
	Level 5	76,735	80,188
	Level 4	75,985	79,404
	Level 3	75,235	78,621
	Level 2	74,485	77,837
	Level 1	73,764	77,083
Range 4 (OR7 – OR8) Warrant Officer 2, Staff Sergeant	Level 12	72,310	75,564
	Level 11	71,490	74,708
	Level 10	70,671	73,851
	Level 9	69,851	72,994
	Level 8	69,031	72,138
	Level 7	68,240	71,310
	Level 6	66,895	69,905
	Level 5	66,075	69,049
	Level 4	65,256	68,192
	Level 3	64,436	67,336
	Level 2	63,616	66,479
	Level 1	62,824	65,651
Range 3 (OR6) Sergeant	Level 6	61,586	64,357
	Level 5	60,961	63,705
	Level 4	60,337	63,052
	Level 3	59,712	62,399
	Level 2	59,088	61,746
	Level 1	58,521	61,154
Range 2 (OR4) Corporal	Level 6	55,729	58,237
	Level 5	54,910	57,381
	Level 4	54,089	56,523
	Level 3	53,270	55,667
	Level 2	52,451	54,811
	Level 1	51,630	53,954
Range 1 (OR2 – OR3) Lance Corporal, Private	Level 10	50,449	52,719
	Level 9	49,711	51,948
	Level 8	48,973	51,177
	Level 7	48,235	50,406
	Level 6	47,497	49,634
	Level 5	46,759	48,863
	Level 4	46,021	48,092
	Level 3	45,283	47,321
	Level 2	44,545	46,549
	Level 1	43,807	45,778

Table 1.12: Special Forces – Officers Commissioned from the Ranks.

Rank	Level	1 April 2024 (£)	1 April 2025 (£)
OF3	Level 9	88,418	92,397
	Level 8	87,542	91,481
	Level 7	86,665	90,565
	Level 6	85,794	89,655
	Level 5	84,923	88,745
	Level 4	84,287	88,080
	Level 3	83,170	86,913
	Level 2	82,299	86,002
	Level 1	81,428	85,092
OF1 – OF2	Level 15	82,241	85,942
	Level 14	81,770	85,450
	Level 13	81,306	84,964
	Level 12	80,130	83,736
	Level 11	78,949	82,502
	Level 10	77,768	81,267
	Level 9	76,597	80,044
	Level 8	75,411	78,804
	Level 7	74,230	77,570
	Level 6	73,305	76,604
	Level 5	72,423	75,682
	Level 4	71,531	74,750
	Level 3	70,634	73,813
	Level 2	69,742	72,880
	Level 1	68,849	71,947

Table 1.13: Professional Aviators – Officers and Other Ranks.

Level	1 April 2024 (£)	1 April 2025 (£)
Level 35	102,360	106,966
Level 34	100,971	105,515
Level 33	99,576	104,057
Level 32	98,187	102,606
Level 31	96,803	101,159
Level 30	95,403	99,696
Level 29	94,024	98,255
Level 28	92,629	96,798
Level 27	91,229	95,334
Level 26	89,850	93,894
Level 25	88,450	92,431
Level 24	87,066	90,984
Level 23	85,778	89,638
Level 22	84,165	87,952
Level 21	82,620	86,338
Level 20	81,065	84,713
Level 19	79,525	83,104
Level 18	77,981	81,490
Level 17	76,437	79,877
Level 16	74,893	78,263
Level 15	73,348	76,649
Level 14	71,804	75,035
Level 13	70,249	73,410
Level 12	68,710	71,802
Level 11	67,165	70,188
Level 10	66,278	69,261
Level 9	65,263	68,200
Level 8	64,237	67,128
Level 7	63,221	66,066
Level 6	62,201	65,000
Level 5	61,174	63,927
Level 4	60,154	62,861
Level 3	59,133	61,794
Level 2	58,107	60,722
Level 1	57,081	59,649

Table 1.14: Regular Aircrew Pay Spine 1 (APS1) – Officer and Non-Commissioned Officer Pilots.

Level	1 April 2025 (£)
Level 30	94,013
Level 29	92,102
Level 28	90,231
Level 27	88,397
Level 26	86,602
Level 25	84,844
Level 24	83,121
Level 23	81,435
Level 22	79,782
Level 21	78,164
Level 20	76,579
Level 19	75,027
Level 18	73,507
Level 17	71,398
Level 16	69,351
Level 15	67,363
Level 14	65,433
Level 13	63,560
Level 12	61,741
Level 11	59,975
Level 10	57,711
Level 9	55,534
Level 8	53,440
Level 7	51,427
Level 6	49,492
Level 5	47,631
Level 4	45,887
Level 3	43,560
Level 2	41,456
Level 1	34,676

Table 1.15: Regular Aircrew Pay Spine 2 (APS2) – Non-Pilot Other Ranks.

Level	1 April 2025 (£)
Level 28	80,779
Level 27	79,411
Level 26	77,854
Level 25	76,327
Level 24	74,831
Level 23	73,363
Level 22	71,925
Level 21	70,515
Level 20	69,132
Level 19	67,776
Level 18	66,285
Level 17	64,826
Level 16	63,400
Level 15	62,005
Level 14	60,640
Level 13	59,306
Level 12	58,001
Level 11	56,586
Level 10	55,206
Level 9	53,860
Level 8	52,546
Level 7	51,264
Level 6	50,014
Level 5	48,794
Level 4	47,515
Level 3	43,793
Level 2	37,512
Level 1	26,334

Table 1.16: Chaplain Officers.

Rank/Length of Service	Level	1 April 2024 (£)	1 April 2025 (£)
Chaplain-General	Level 5	127,745	133,493
Chaplain of the Fleet	Level 4	126,440	132,130
Chaplain in Chief	Level 3	125,153	130,784
	Level 2	123,860	129,433
	Level 1	122,566	128,081
Deputy Chaplain-General	Level 5	113,021	118,107
	Level 4	111,686	116,711
	Level 3	110,350	115,316
	Level 2	109,019	113,925
	Level 1	107,689	112,535
Principal Chaplain	Level 6	106,358	111,144
	Level 5	105,027	109,753
	Level 4	103,691	108,357
	Level 3	102,360	106,966
	Level 2	100,490	105,012
	Level 1	98,620	103,058
Chaplain	Level 20	91,378	95,490
	Level 19	89,637	93,670
	Level 18	87,857	91,810
	Level 17	86,072	89,945
	Level 16	84,298	88,092
	Level 15	82,518	86,232
	Level 14	80,744	84,378
	Level 13	78,965	82,518
	Level 12	77,190	80,664
	Level 11	75,411	78,804
	Level 10	73,637	76,950
	Level 9	71,862	75,096
	Level 8	70,078	73,231
	Level 7	68,309	71,383
	Level 6	66,529	69,523
	Level 5	64,755	67,669
	Level 4	62,970	65,804
	Level 3	61,202	63,956
	Level 2	59,411	62,084
	Level 1	57,642	60,236

Table 1.17: Veterinary Officers.

Rank	Level	1 April 2024 (£)	1 April 2025 (£)
OF4	Level 5	97,760	102,159
	Level 4	96,295	100,629
	Level 3	94,836	99,104
	Level 2	93,367	97,568
	Level 1	91,913	96,049
OF2 – OF3	Level 22	89,257	93,274
	Level 21	87,435	91,370
	Level 20	85,607	89,460
	Level 19	83,784	87,555
	Level 18	81,968	85,656
	Level 17	80,140	83,747
	Level 16	78,323	81,848
	Level 15	76,491	79,933
	Level 14	74,684	78,045
	Level 13	73,102	76,392
	Level 12	71,542	74,761
	Level 11	69,789	72,930
	Level 10	68,031	71,092
	Level 9	66,278	69,261
	Level 8	64,536	67,440
	Level 7	62,783	65,608
	Level 6	61,031	63,777
	Level 5	59,283	61,950
	Level 4	57,530	60,119
	Level 3	55,782	58,293
	Level 2	54,030	56,461
	Level 1	50,540	52,815

Table 1.18: Officers Commissioned from the Ranks.

Rank	Level	1 April 2024 (£)	1 April 2025 (£)
OF1 – OF2	Level 19	66,764	69,769
	Level 18	66,310	69,294
	Level 17	65,429	68,373
	Level 16	64,552	67,457
	Level 15	63,665	66,530
	Level 14	62,783	65,608
	Level 13	61,901	64,687
	Level 12	60,801	63,537
	Level 11	60,122	62,827
	Level 10	59,432	62,106
	Level 9	58,070	60,683
	Level 8	57,391	59,974
	Level 7	56,697	59,248
	Level 6	55,339	57,829
	Level 5	53,981	56,410
	Level 4	52,623	54,991
	Level 3	51,265	53,572
	Level 2	49,908	52,153
	Level 1	48,550	50,735

Table 1.19: OF6 Medical Officers and Dental Officers.

Rank	Level	1 April 2024 (£)	1 April 2025 (£)
OF6	Level 7	178,332	186,357
	Level 6	176,851	184,809
	Level 5	175,375	183,266
	Level 4	173,883	181,708
	Level 3	172,397	180,154
	Level 2	170,925	178,617
	Level 1	169,434	177,059

Table 1.20: Accredited consultants.

Rank	Level	1 April 2024 (£)	1 April 2025 (£)
OF3 – OF5	Level 35	173,980	181,809
	Level 34	173,321	181,121
	Level 33	172,665	180,435
	Level 32	172,011	179,752
	Level 31	171,680	179,406
	Level 30	171,354	179,065
	Level 29	171,017	178,713
	Level 28	170,690	178,371
	Level 27	170,033	177,684
	Level 26	169,375	176,997
	Level 25	168,717	176,309
	Level 24	167,121	174,641
	Level 23	165,529	172,978
	Level 22	162,245	169,546
	Level 21	160,416	167,635
	Level 20	158,594	165,731
	Level 19	156,765	163,820
	Level 18	154,948	161,921
	Level 17	152,643	159,512
	Level 16	150,349	157,115
	Level 15	148,319	154,993
	Level 14	146,284	152,867
	Level 13	144,259	150,750
	Level 12	142,229	148,629
	Level 11	137,767	143,966
	Level 10	133,314	139,314
	Level 9	128,863	134,662
	Level 8	124,909	130,530
	Level 7	120,946	126,388
	Level 6	116,977	122,241
	Level 5	113,258	118,355
	Level 4	111,813	116,845
	Level 3	110,338	115,303
	Level 2	105,449	110,194
	Level 1	100,610	105,137

Table 1.21: Accredited GMPs and GDPs.

Rank	Level	1 April 2024 (£)	1 April 2025 (£)
OF3 – OF5	Level 35	162,397	169,705
	Level 34	161,782	169,062
	Level 33	161,170	168,422
	Level 32	160,560	167,785
	Level 31	160,060	167,263
	Level 30	159,678	166,864
	Level 29	159,057	166,214
	Level 28	158,558	165,693
	Level 27	158,053	165,165
	Level 26	157,666	164,761
	Level 25	157,049	164,117
	Level 24	156,540	163,584
	Level 23	156,041	163,062
	Level 22	155,531	162,530
	Level 21	155,031	162,008
	Level 20	154,522	161,476
	Level 19	152,176	159,024
	Level 18	151,587	158,409
	Level 17	150,887	157,677
	Level 16	150,157	156,914
	Level 15	149,434	156,159
	Level 14	148,705	155,397
	Level 13	147,982	154,641
	Level 12	147,336	153,966
	Level 11	144,012	150,492
	Level 10	143,371	149,823
	Level 9	142,633	149,051
	Level 8	141,900	148,286
	Level 7	141,162	147,514
	Level 6	137,734	143,932
	Level 5	135,865	141,979
	Level 4	133,986	140,015
	Level 3	132,117	138,062
	Level 2	130,238	136,098
	Level 1	126,681	132,381
OF2	Level 5	96,127	100,453
	Level 4	94,199	98,437
	Level 3	92,276	96,428
	Level 2	90,342	94,408
	Level 1	88,414	92,393

Table 1.22: Non-accredited GMPs and GDPs.

Rank	Level	1 April 2024 (£)	1 April 2025 (£)
OF3 – OF5	Level 19	115,939	121,156
	Level 18	114,777	119,942
	Level 17	113,616	118,728
	Level 16	112,449	117,509
	Level 15	111,411	116,424
	Level 14	110,388	115,356
	Level 13	109,355	114,276
	Level 12	108,322	113,197
	Level 11	107,295	112,123
	Level 10	106,267	111,049
	Level 9	105,028	109,755
	Level 8	102,942	107,574
	Level 7	100,851	105,389
	Level 6	99,365	103,837
	Level 5	97,896	102,301
	Level 4	96,421	100,760
	Level 3	94,946	99,219
	Level 2	90,008	94,058
	Level 1	85,100	88,929
OF2	Level 5	78,871	82,421
	Level 4	76,883	80,343
	Level 3	74,884	78,254
	Level 2	72,900	76,181
	Level 1	70,928	74,119
OF1	Level 1	53,948	56,376

Table 1.23: Medical and Dental Cadets.

Length of Service	1 April 2024 (£)	1 April 2025 (£)
After 2 years	25,923	27,089
After 1 year	23,523	24,581
On appointment	21,133	22,084

Table 1.24: Allowances for GMPs and GDPs.

DMS Trainer Pay	1 April 2025 (£)
GMP and GDP Trainer Pay	10,253
GMP Associate Trainer Pay	5,128
DMS Clinical Impact Awards	
Defence Level 1	24,361
Defence Level 2	38,325
Defence Level 3	52,917

Appendix 2 – RECOMMENDED RATES FOR TARGETED PAYMENTS AND PAY SUPPLEMENTS

Eligibility criteria are published internally by MOD.

Table 2.1: Professional Supplement (Aircrew).

	Level	1 April 2025 (£) <i>Annual rate</i>
Main Pay	OF6	6,203
	OF5	15,065
	OF4	19,606
APS1	OF3	30,462
	OF2	18,720
	OR9	17,169
	OR7 – OR8	15,508
APS2	OR9	8,862
	OR7 – OR8	7,200
	OR4 – OR6	5,539

Table 2.2: Engineer Professional Recognition Award.

Service	Level	1 April 2024 (£) <i>Lump sum</i>	1 April 2025 (£) <i>Lump sum</i>
RN/RM	Level 2	3,000	3,000
	Level 1	2,000	2,000
Army	Level 3	3,000	3,000
	Level 2	2,000	2,000
	Level 1	-	1,000
RAF	Level 3	5,000	5,000
	Level 2	3,000	3,000
	Level 1	2,000	2,000

Table 2.3: Engineering Supplement Pay.

	Rank	1 April 2024 (£) <i>Annual rate</i>	1 April 2025 (£) <i>Annual rate</i>
RAF and Army	OR9	1,000	1,045
	OR8 (Army only)	1,500	1,568
	OR7	1,600	1,672
	OR6	1,400	1,463
	OR4	900	941
	OR3 (Army only)	600	627
	OR2 (RAF only)	300	314

Table 2.4: Unified Career Management – Cyber Skills Payment⁸⁸.

Level	1 April 2024 (£) <i>Annual Rate</i>	1 April 2025 (£) <i>Annual Rate</i>
Level 4	25,000	26,125
Level 3	15,000	15,675
Level 2	6,000	6,270

Table 2.5: Unified Career Management – Human Intelligence Skills Payment⁸⁹.

Level	1 April 2024 (£) <i>Annual Rate</i>	1 April 2025 (£) <i>Annual Rate</i>
Level 6	20,500	21,423
Level 5	19,000	19,855
Level 4	17,500	18,288
Level 3	16,000	16,720
Level 2	14,500	15,153
Level 1	-	-

⁸⁸ Level 2 competence is the minimum requirement for entry into the UCM cyber cadre.

⁸⁹ Level 1 and Level 2 competence attract RRP (Special Intelligence).

Appendix 3 – RECOMMENDED RATES OF RECRUITMENT AND RETENTION PAYMENTS AND COMPENSATORY ALLOWANCES FROM 1 APRIL 2025

Eligibility criteria are published internally by MOD.

RECRUITMENT AND RETENTION PAYMENTS	Rate £ per day
RRP (Flying Mission Support)	
<i>Ground Branch Officer</i>	
Initial rate	19.21
Middle rate	32.62
Top rate	51.88
<i>Ground Trades Other Ranks</i>	
Initial rate	10.03
Middle rate	20.93
Top rate	27.57
<i>Army Medical Officers</i>	
<i>Lieutenant Colonel</i>	
On appointment	53.55
After 6 years	50.18
After 8 years	46.84
<i>Colonel</i>	
On appointment	41.00
After 2 years	38.46
After 4 years	35.96
After 6 years	31.76
After 8 years	27.57
<i>Brigadier</i>	16.73
RRP (Flying Crew)	
Lower rate	6.51
Higher rate	10.55
RRP (Nursing)	14.22

	Rate £ per day
RRP (Diving)⁹⁰	
Category 2	10.90
Category 3	14.76
Category 3a	9.69
Category 4	25.58
Category 4a	9.69
Category 5	
Level 1	36.47
Level 2	39.58
Level 3	41.89
Category 5a	14.20
Category 5b	6.31
RRP (Submarine)	
Level 1	16.73
Level 2	21.74
Level 3	25.92
Level 4	29.29
Level 5	36.78
RRP (Submarine Supplement)	
Harbour rate	6.70
Sea rate	20.08
RRP (Submarine) Engineer Officers' Supplement	
Level 1	13.40
Level 2	26.79
RRP (Nuclear Propulsion)	
Category C	4.01
Category B2	8.05
Category B1	16.08
Category A2	53.57
Category A1	
Level 1	15.92
Level 2	26.53

⁹⁰ Category 1 is no longer payable.

	<i>Rate £ per day</i>
RRP (Hydrographic)	
Level 1	4.48
Level 2	7.32
Level 3	8.45
Level 4	12.22
Level 5	15.26
Level 6	18.08
RRP (Special Forces) Officers	
Level 1	52.81
Level 2	61.78
Level 3	67.45
Level 4	73.53
RRP (Special Forces) Other Ranks	
Level 1	26.02
Level 2	36.56
Level 3	42.27
Level 4	50.40
Level 5	55.27
Level 6	61.78
Level 7	67.45
Level 8	73.53
Level 9	78.67
Level 10	82.60
RRP (Special Reconnaissance) Officers	
Level 1	52.81
Level 2	61.78
Level 3	67.45
Level 4	73.53
RRP (Special Reconnaissance) Other Ranks	
Level 1	26.02
Level 2	36.56
Level 3	42.27
Level 4	50.40
Level 5	55.27
Level 6	61.78
Level 7	67.45
Level 8	73.53
Level 9	78.67
Level 10	82.60

	Rate £ per day
RRP (Special Forces-Swimmer Delivery Vehicle)	15.92
RRP (Special Forces Communications)	
Level 1	24.25
Level 2	28.44
RRP (Special Communications)	15.92
RRP (Special Intelligence)	
Level 1	28.44
Level 2	42.68
RRP (Mountain Leader)	
Initial	21.99
Enhanced	26.31
RRP (Parachute Jump Instructor)	
Level 1	10.54
Level 2	16.41
Supplement	4.31
RRP (Parachute)	7.14
RRP (High Altitude Parachute)	13.45
RRP (Explosive Ordnance Disposal)	
Level 1	22.60
Level 2	30.11
Level 3	38.46
RRP (Weapon Engineer Submarine)	
Level 1	3.93
Level 2	15.76
Level 3	26.26
RRP (Naval Service Engineer)⁹¹	
Level 1	3.58
Level 2	5.98
Level 3	7.76
Level 4	10.45

⁹¹ RRP (NSE) structure changed with effect from 1 January 2025 to include Level 4.

COMPENSATORY ALLOWANCES	Rate £ per day
Longer Separation Allowance	
Level 1 (up to 280 days qualifying separation)	9.25
Level 2 (281-460 days qualifying separation)	14.45
Level 3 (461-640)	19.67
Level 4 (641-820)	21.59
Level 5 (821-1000)	23.23
Level 6 (1001-1180)	24.89
Level 7 (1181-1360)	26.53
Level 8 (1361-1540)	29.03
Level 9 (1541-1720)	30.70
Level 10 (1721-1900)	32.35
Level 11 (1901-2080)	34.00
Level 12 (2081-2260)	35.69
Level 13 (2261-2440)	37.32
Level 14 (2441-2800)	38.98
Level 15 (2801-3160)	40.62
Level 16 (3161+)	42.25
Unpleasant Work Allowance	
Level 1	3.49
Level 2	8.47
Level 3	25.06
Unpleasant Living Allowance	4.58
Mine Countermeasures Vessels Environmental Allowance	
Level 1	4.58
Level 2	6.40
Level 3	11.71
Afloat Environmental Allowance	
Level 1	2.75
Level 2	4.58
Level 3	6.40
Level 4	11.71
Northern Ireland Resident's Supplement	10.05
Recruitment and Retention Allowance (London)	5.31
Experimental Test Allowance (per test)	3.71

		<i>Rate</i> <i>£ per day</i>
Experimental Diving Allowance		
(Lump sum per dive)		
Grade 5		414.18
Grade 4		207.12
Grade 3		155.36
Grade 2		103.53
Grade 1		20.69
Additional hourly rates		
Grade 5		82.84
Grade 4		20.69
Grade 3		15.51
Grade 2		10.38
Grade 1		—

Appendix 4 – COST OF AFPRB 2025 RECOMMENDATIONS

This appendix sets out the estimated costs of implementing our pay recommendations for our remit group.

Cost of recommendations⁹².

	£m
Regulars' salary	295
Reserve Forces' salary (including bounties)	15
RRPs, allowances and other targeted payments	24
Employers' National Insurance contributions	50
Estimated effect of SCAPE ⁹³	228
Total paybill cost	612
<i>Less total increased yield from charges</i>	<i>-14</i>
Net cost of recommendations	598

⁹² Components may not sum to the total because of rounding.

⁹³ Superannuation Contributions Adjusted for Past Experience. From 1 April 2024, MOD's Armed Forces SCAPE employer contribution rate increased to 73.5% of pensionable pay.

Appendix 5 – TRANSCRIPT OF REMIT LETTER FROM THE SECRETARY OF STATE FOR DEFENCE TO THE CHAIR OF THE AFPRB, DATED 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.

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,

RT HON JOHN HEALEY MP

Appendix 6 – AFPRB VISITS

Our evidence base for this Report included visits. These were undertaken to a variety of establishments and provided the opportunity to engage with frontline units of all three Services. During these visits we met with members of our remit group and, in certain locations, their families, to understand working conditions and perceptions of pay, accommodation, food and related issues. We also gathered evidence from meetings with single Service recruiters, Principal Personnel Officers and we held virtual focus groups with Service personnel.

Visit location	Service
Joint Hospital Group (South), Defence Medical Services, Portsmouth	UK Strategic Command
UK Special Forces	UK Strategic Command
Land Warfare Centre, Warminster	Army
16 Air Assault Brigade, Colchester	Army
UK Armed Forces' personnel in Cyprus	RAF and Army
Permanent Joint Headquarters (PJHQ), Northwood, Greater London	UK Strategic Command
Commando Training Centre Royal Marines, Lympstone, Devon	RN
Commando Logistics Regiment, Royal Marines Barracks Chivenor, North Devon	RN
6 Regiment Royal Logistic Corps, Dishforth, North Yorkshire	Army
Army Foundation College, Harrogate, North Yorkshire	Army
Infantry Training Centre, Catterick, North Yorkshire	Army
RAF Halton, Aylesbury, Buckinghamshire	RAF
RAF Odiham, Hook, Hampshire	RAF
HMS Collingwood, Fareham, Hampshire	RN
HMNB Portsmouth, Hampshire	RN
Chaplains' virtual visit	Tri-Service

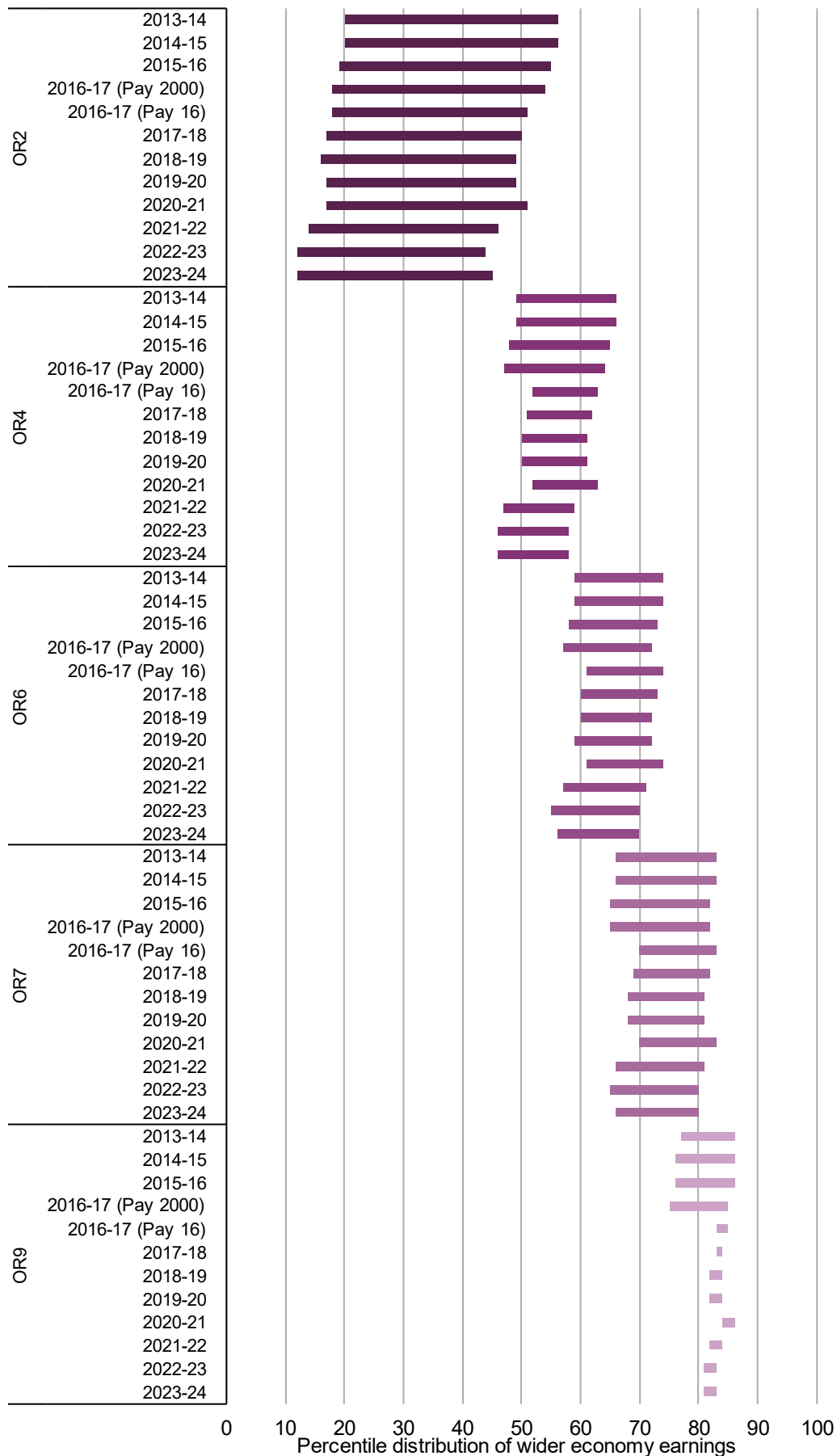
Appendix 7 – HISTORICAL VIEW OF PAY COMPARABILITY 2013-14 TO 2023-24

This appendix contains a historical view of pay comparability. To view the results of pay comparability analysis from 2007-08 to 2012-13 please see the AFPRB 2023 Report Appendix 5.

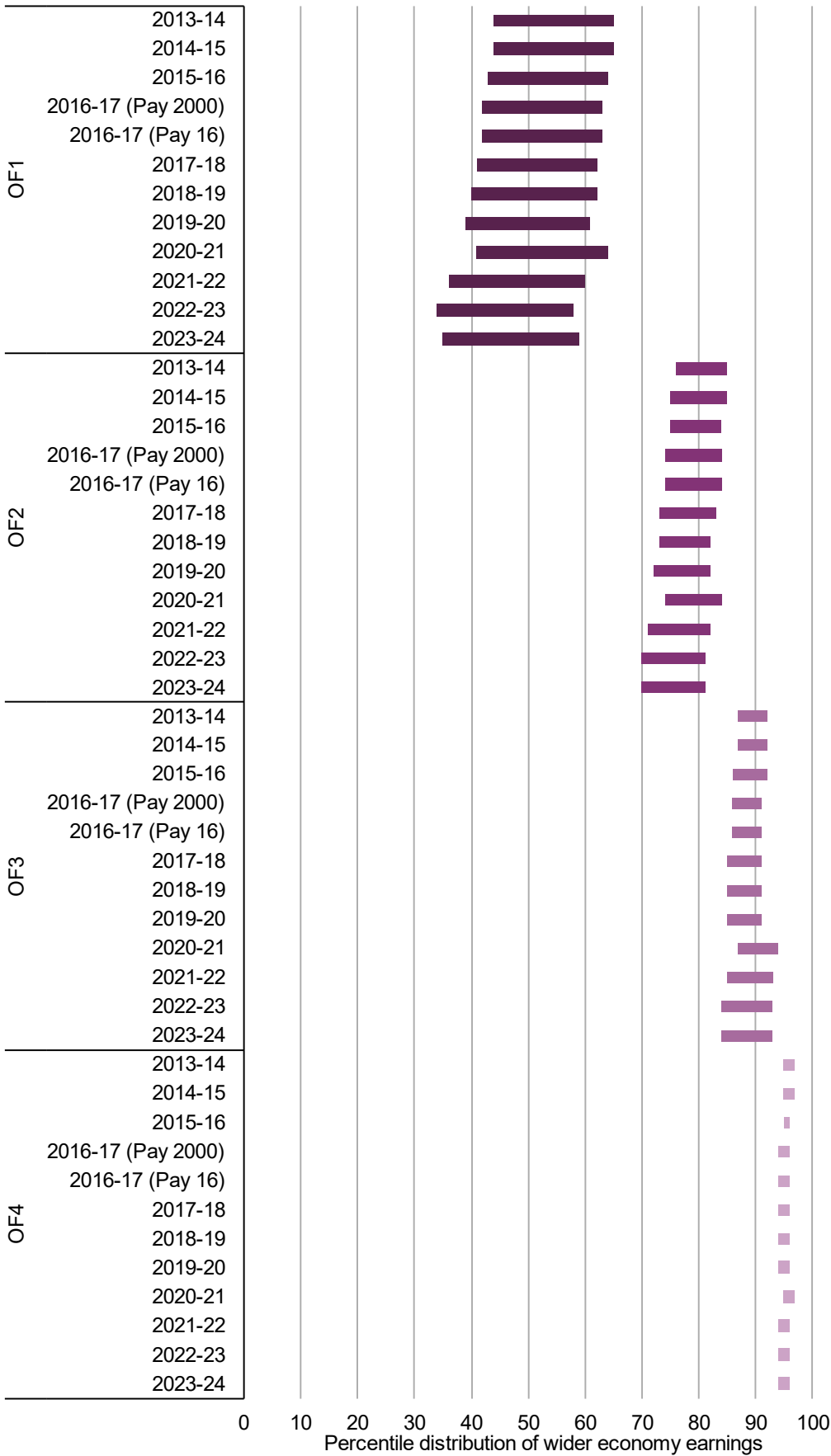
Notes

1. Office for Pay Review Bodies analysis of unpublished Office for National Statistics' (ONS) Annual Survey of Hours and Earnings (ASHE) data.
2. The ASHE results are survey estimates, and 2023-24 data is provisional.
3. Since 2023, the ONS has made a number of revisions and methodological changes to ASHE which follows on from several years of data being impacted by COVID-19. The ONS cautions users against comparing the most recent years with those prior.
4. From 2021, the ONS moved their occupation coding to Standard Occupation Classification 2020 (SOC 2020) from 2010 (SOC 2010). This means estimates for earnings from April 2021 on a SOC 2020 basis represent a break in the ASHE time series. Earnings estimates produced on a SOC 2020 basis show minimal differences to those produced on a SOC 2010 basis.
5. The OF3 pay range includes the increment range OF3-09 to OF3-13, introduced for RAF Engineer Officers only from 2020-21.
6. The position of the most senior Officers of our remit group (OF5 and OF6) are not presented as their position in the distribution of wider economy earnings was broadly unchanged over the time period.

Position of the Armed Forces' pay framework including X-Factor (Other Ranks) in the distribution of earnings across the UK economy from 2013-14 to 2023-24.



Position of the Armed Forces’ pay framework including X-Factor (Officers) in the distribution of earnings across the UK economy from 2013-14 to 2023-24.



GLOSSARY OF TERMS

ADC	Additional Duties Commitment
AFCAS	Armed Forces Continuous Attitude Survey
AFPRB	Armed Forces' Pay Review Body
AHP	Allied Health Professionals
ASHE	Annual Survey of Hours and Earnings
BDA	British Dental Association
BMA	British Medical Association
BoE	Bank of England
CAAS	Combined Accommodation Assessment System
CEA	Continuity of Education Allowance
CMA	Competition and Markets Authority
CPI	Consumer Prices Index
CPIH	Consumer Prices Index including owner occupiers' housing costs
CWP	Continuous Working Patterns
DARR	Defence Aircrew Remuneration Review
DCIA	Defence Clinical Impact Awards
DDRB	Review Body on Doctors' and Dentists' Remuneration
DFC	Daily Food Charge
DHS	Decent Homes Standard
DHS+	Decent Homes Standard Plus
DIO	Defence Infrastructure Organisation
DMS	Defence Medical Services
DO	Dental Officer
DPP	Delivery Pinch Point
EPC	Energy Performance Certificate
EPRA	Engineering Professional Recognition Award
ESP	Engineering Supplement Payment
FDIS	Future Defence Infrastructure Services
FHTB	Forces Help to Buy
FLC	Front-Line Commands
FR20	Future Reserves 2020
FRI	Financial Retention Incentives
FTRS	Full-Time Reserve Service
GDMO	General Duties Medical Officer
GDP	Gross Domestic Product or General Dental Practitioner
GMP	General Medical Practitioner
HCDC	House of Commons' Defence Committee
HMM	Higher Medical Management
HMNB	His Majesty's Naval Base
HMS	His Majesty's Ship
HMT	His Majesty's Treasury

HRAFI	The Haythornthwaite Review of Armed Forces' Incentivisation
ISE	Institute of Student Employers
JEF	Joint Expeditionary Force
LoS	Length of Service
MAO	Modernised Accommodation Offer
MO	Medical Officer
MOD	Ministry of Defence
MODO	Medical and Dental Officer
MPGS	Military Provost Guard Service
NATO	North Atlantic Treaty Organisation
NHS	National Health Service
NLW	National Living Wage
NSE	Naval Service Engineer
OBR	Office for Budget Responsibility
OF	Officer
ONS	Office for National Statistics
OPRB	Office for the Pay Review Bodies
OR	Other Ranks
PJHQ	Permanent Joint Headquarters
PSED	Public Sector Equality Duty
RAF	Royal Air Force
ResCAS	Reserve Forces Continuous Attitude Survey
RHDI	Real Household Disposable Income
RoS	Return of Service
RM	Royal Marines
RN	Royal Navy
RNR	Royal Navy Reserve
RRP	Recruitment and Retention Payment
SCAPE	Superannuation Contribution Adjusted for Past Experience
SDR	Strategic Defence Review
SFA	Service Family Accommodation
SFF	Service Families' Federation
SLA	Single Living Accommodation
SMRR	Submarine Remuneration Review
SOC	Standard Occupation Classification
SPP	Sustainability Pinch Points
SSFA	Substitute Service Family Accommodation
SSLA	Substitute Single Living Accommodation
TACOS	Terms and Conditions of Service
TAS	Targeted Attitude Survey
UCM	Unified Career Management
UCM (Med)	Unified Career Management Medical
UK	United Kingdom

UKSC	UK Strategic Command
VAT	Value Added Tax
VO	Voluntary Outflow
WAC	Wraparound Childcare

