

MSU/4/4/2/1

22 July 2025

Dear Julian,

I would once again like to take this opportunity to thank you and members of the Armed Forces' Pay Review Body (AFPRB) for your hard work and dedication to Armed Forces' pay over the past year. I would particularly like to thank you for helping us to bring the 2025/26 pay round forward. Our collective efforts meant that we could announce the award much earlier than last year, providing certainty for personnel and allowing us to get money into people's pockets sooner.

I am pleased that this government was able to accept your recommendations for the 2025/26 pay round in full. The headline increase of 4.5% delivered a pay award above inflation for the second year in a row and ensured that our most junior sailors, soldiers and aviators who choose a full-time career in the Armed Forces continue to receive the National Living Wage. The award recognises the extraordinary professionalism of our Armed Forces and their work to keep Britain secure at home and strong abroad – foundational to this government's Plan for Change.

I write to you now to formally commence the 2026/27 pay round.

Since I wrote to you last year, the Prime Minister has announced the trajectory to spending 2.6% of GDP on NATO qualifying defence spending by April 2027, with the ambition to reach 3% in the next Parliament subject to economic and fiscal conditions. As announced at the NATO Hague Summit, we are also making a historic commitment to spend 5% of GDP on national security. The NATO Defence Investment Plan is currently split into 1.5% of security and resilience spending, and 3.5% of core defence spending, with the overall ambition, trajectory and split to be reviewed in 2029. This is a generational increase in defence and security spending, underlining the UK's commitment to national security and honouring our commitment to be a leader in NATO. The Spending Review 2025 has set departmental budgets until 2028-29 for Resource Departmental Expenditure Limit (RDEL) and 2029-30 for Capital Departmental Expenditure Limit (CDEL), and the Strategic Defence Review (SDR) that we launched within three weeks of taking office has been published and sets out a path to transform Defence in the next decade and beyond. The first root-and-branch review of UK Defence in 25 years, it lays out a clear vision for the warfighting force the UK needs – integrated, innovative and fit for the future. We look forward to updating you on this critical work and the implications for people at the appropriate time.

The AFPRB's work in the coming year remains vital. As the SDR sets out, the world has changed. The threats we face now are more serious and less predictable than

Julian Miller
Chair, Armed Forces' Pay Review Body

any time since the Cold War, including war in Europe, growing Russian aggression, new nuclear risks and daily cyber-attacks at home. At a time of rising tensions, people remain at the heart of Defence and their professionalism and dedication are the foundation for everything the SDR sets out to achieve. Along with a comprehensive benefits package, pay plays a key role in recognising the contribution they make and in attracting and retaining the people we need to keep our country safe.

This year, I am inviting the AFPRB to make pay recommendations for the whole of the Armed Forces including the senior military (two-star rank and above). Historically, as you know, the AFPRB has made pay recommendations for military personnel up to and including one-star, with the Senior Salaries Review Body (SSRB) responsible for the senior military. Recent changes to Terms and Conditions of Service make it no longer necessary to differentiate between the two groups, so the government is transferring responsibility for the senior military to the AFPRB; thereby making one body responsible for all of the military.

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. It will also set out the funds available to the Ministry of Defence for 2026 to 2027 following the Spending Review last month. As set out in the SDR, the Ministry of Defence will publish a Defence Investment Plan in the Autumn, which will take the SDR's strategic direction and its costed recommendations, including on capabilities, and turn that into a line-by-line delivery plan. The impact of the 2025/26 pay award will be factored into the Defence Investment Plan. As the Spending Review confirmed, all pay must be funded from Departmental budgets and there will be no additional funding for pay settlements.

My department's evidence will also include recommendations on pay (including affordability), targeted measures, Service provided accommodation charges and allowances. We will also provide updates on other elements of the Armed Forces' benefits package. Over the coming months, Ministry of Defence staff will continue to work closely with your Secretariat to provide written evidence for your consideration and facilitate remuneration discussions in oral evidence sessions.

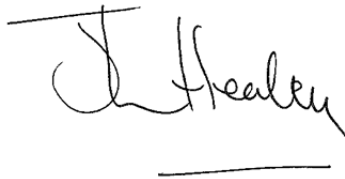
The government knows that public sector workers delivering vital public services deserve timely pay awards. We announced the 2025-26 pay awards two months earlier than last year and remain committed to bringing 2026-27 pay announcements forward further. That is why we are launching this pay round two months earlier than the previous pay round [and five months before the previous government commenced the 2024-25 round].

I would be grateful if you could support an earlier pay announcement by submitting your report at the earliest point that allows you to give due consideration to the relevant evidence. I recognise that changing the timeline from recent years will present challenges for you, but I am sure you also share the government's belief in the importance of returning to more timely annual pay processes. To enable you to submit your report earlier, my department will aim to cooperate with all your deadlines and bring the evidence process forward.

Thank you 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.

Best wishes,

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

RT HON JOHN HEALEY MP
Secretary of State for Defence