

PART 3

118

CONFIDENTIAL FILING

Armed Forces Pay
Service Doctors and Dentists Pay
Local Overseas Allowance

1250
242

DEFENCE

PT1: MAY 1979

April
PT3: JULY 1986

IN ATTACHED FOLDER

REVIEW BUAY ROBERT ON ARMED FORCES PAY

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
17.7.86							
25.7.86							
5.8.86							
25.7.86							
23.8.86							
18.11.86							
30.1.87							
3.2.87							
23.2.87							
25.2.87							
5.3.87							
6.3.87							
9.4.87							
23.6.87							
8.8.87							
17.6.87							
10.7.87							
16.7.87							
X							
PART ENDS							

PREM 19/2052

PART 3 ends:-

PM TO SIR. P MATTHEWS 16.7.57

PART _____ begins:-

SIR P. MATTHEWS TO PM 16.11.57

Published Papers

The following published paper enclosed on this file has been removed and destroyed. Copies may be found elsewhere in The National Archives.

Review Body on Armed Forces Pay: Service Medical and Dental Officers – Supplement to fifteenth report 1986
Published as Cmnd. (No. not known) by HMSO, July 1986

Signed Wayland Date 15 June 2015

PREM Records Team



JA

cc HMT
DHSS
CO
MOD

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

16 July 1987

Dear Sir Peter,

Thank you for your letter of 17 June with which you forwarded the recommendations of the Armed Forces Pay Review Body on the pay of Services Medical and Dental Officers.

The Government has decided to accept the recommendations in full and this decision will be announced by means of a Written Answer in the House of Commons today. The Supplement to the 16th Report will be published at the same time as Cmnd 176.

I am most grateful once again to you and to the members of the Review Body for all the work you have done.

Yours sincerely

Margaret Thatcher

Sir Peter Matthews, A.O.

ec



10 DOWNING STREET

TP ce SA

Could you arrange for
release of the press
notice in conjunction
with Sue Holt please?

JKW

LS/7.

CONFIDENTIAL until Parliamentary announcement at
approximately 1600 hrs on 16th July 1987

cc/BA



MO 4/4

MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2111/3 (Direct Dialling)

01-218 9000 (Switchboard)

15th July 1987

Dear David,

*cc/BA
SH
and you.*

AFPRB - SERVICE MEDICAL AND DENTAL
OFFICERS

Thank you for your letter of 10th July ^{at AFOP.} to David Ball informing him of the timing of the announcement of the Government's acceptance of the AFPRB report on the Pay of Medical and Dental Officers in the Armed Forces.

/ I attach, as requested, a draft press
/ release together with a question and answer
brief to be used in the event of enquiries
from the Press. Your Press Office may however
prefer to direct any points of detail to the
MOD.

[Handwritten signature]
(I C F ANDREWS)
Private Secretary

David Norgrove Esq
No 10 Downing Street

CONFIDENTIAL until Parliamentary announcement at
approximately 1600 hrs on 16th July 1987

DRAFT PRESS RELEASE

1987 PAY AWARD FOR SERVICE MEDICAL AND DENTAL OFFICERS

The Government has approved in full the recommendations in a supplementary Report by the Armed Forces Pay Review Body on the pay of Medical and Dental Officers in the Armed Forces. It recommends increases of between 5.5% and 7.6% according to rank with effect from 1st April 1987. An announcement to this effect was made in the House this afternoon.

The awards are derived as usual from those to civilian doctors and dentists which the Prime Minister announced in the House on 23rd April 1987

DEFENSIVE PRESS BRIEF ON THE 1987 PAY AWARD FOR SERVICE MEDICAL AND DENTAL OFFICERS

Q1. WHY A SEPARATE AWARD FOR SERVICE MEDICAL AND DENTAL OFFICERS?

A. The pay of Service doctors and dentists is based on that of General Medical Practitioners in the NHS. Thus making their recommendations on the pay of Service doctors and dentists, the AFPRB takes account of the Doctors' and Dentists' Review Body recommendations and the government's decisions, on GMPs. The Government announced its decision on the DDRB's latest report on 23 April 1987 and the AFPRB's Supplementary Report on Service doctors and dentists has followed in the usual way.

Q2. WHO BENEFITS FROM THE AWARD?

A. All Service Medical and Dental Officers up to and including the rank of Brigadier or equivalent, including medical and dental cadets and pre-registration medical practitioners. The pay of medical and dental officers above the rank of Brigadier is determined on the recommendations of the Top Salaries Review Body.

Q3. WHAT IS THE EFFECTIVE DATE OF THE AWARD?

A. The award is effective from 1 April 1987 as recommended by the AFPRB. This date is in line with the awards to both civilian doctors and dentists and the rest of the Armed Forces.

Q4. WILL EVERYONE GET THE SAME PERCENTAGE INCREASE?

A. No. Individuals will get increases of between 5.5% and 7.6% depending on rank. The average increase on the pay bill for 1987/99 is 6.6%

Q5. ARE DOCTORS AND DENTISTS BEING TREATED LESS WELL THAN COMBATANTS?

A. No. The average increase of 6.6% is slightly above that for combatants (5.95%) but the Review Body has arrived at its recommended salaries by a similar process - looking at earnings for comparable work and basing them on actual earnings of GMPs in the NHS. The implementation date, too, reflects that for their civilian counterparts and is also the same as that for the general Armed Forces award.

Q6. HOW MUCH WILL THE NEW AWARD COST?

A. £2.7M in 1987/88.

Q7. HAVE PENSION PROVISIONS FOR SERVICE MEDICAL AND DENTAL OFFICERS CHANGED?

A. No. The award makes provision for the same deduction from comparator earnings as in the previous year, maintaining the position that those Service medical and dental officers who derive the greatest benefit from early pensionability will 'pay' more in the form of a higher pension deduction. The pension adjustment is 12% for medical and dental ranks up to and including Major and 9% for Lieutenant Colonels and above.

Q8. HAS SPECIALISTS' AND CONSULTANTS' PAY INCREASED?

A. No increase in the levels of Specialist's pay has been recommended. However, the AFPRB has recommended that at each level Consultants' pay should be increased by £250 pa.

Q9. HAS GP TRAINER PAY INCREASED?

A. Yes. The Review Body has recommended an increase from £1120 to £1200 a year.

Q10. HAS THE PERMANENT COMMISSION GRANT INCREASED?

A. No, this remains at £4000. However, the Review Body has stated it intends to undertake a further detailed study on the effectiveness of the PC grant as an incentive for retention, and in the light of current MOD considerations concerning Short Service Commissions as a result of recent pensions legislation. The Review Body has recommended, however, that medical and dental officers recruited before 1 April 1988 should remain eligible for the PC grant and the position of those entering after that date will be reviewed.

Q11. WHAT IMPROVEMENTS HAVE BEEN RECOMMENDED FOR MEDICAL AND DENTAL CADETS AND PRE-REGISTRATION MEDICAL PRACTITIONERS?

A. The AFPRB has recommended increases for cadets of about 5.6%, and 7.6% for PRMPs.

Q12. WERE ANY NEW PROPOSALS FOR CHANGE SOUGHT THIS YEAR?

A. The MOD invited the Review Body to consider a restructuring of medical and dental pay to encourage longer retention of experienced officers. The Review Body, whilst seeing attractions in the proposals, is to examine further detailed evidence in 1988 in order that they may be fully considered.

Q13. IS MANNING IN THE ARMED FORCES MEDICAL SERVICES SATISFACTORY?

A. The manning position has not materially changed, the AFPRB recognises that the main shortages arise in non-hospital doctors at Lt Col and equivalent rank and for hospital doctors amongst consultants. The Review Body noted a trend to reduced recruitment and stated that this factor will be kept in mind when considering MOD's detailed proposals for structural changes in the remuneration package next year.

CONFIDENTIAL



file
MJ26AB

10 DOWNING STREET
LONDON SW1A 2AA

10 July 1987

From the Private Secretary

Dear David,

AFPRB - SERVICE MEDICAL AND DENTAL OFFICERS

Thank you for your letter of 7 July. We are proposing to publish the report at 1600 on Thursday 16 July, and will be making arrangements for the Lord President to present it to the House of Lords. Sir Peter Matthews will be informed in advance of the Government's decision. Copies will be sent to departments on the morning of 16 July.

I would be grateful if you could supply by Wednesday 15 July a draft Press Release for use by our Press Office.

I am copying this letter to Tony Kuczys (HM Treasury), Geoffrey Podger (Department of Health and Social Security) and to Brian Unwin (Cabinet Office).

Yours sincerely
David Norgrove

David Norgrove

D.C.J. Ball, Esq.,
Ministry of Defence.

CONFIDENTIAL

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AFPRB

file



10 DOWNING STREET
LONDON SW1A 2AA

10th July 1987

Further to our telephone conversations concerning the arrangements for the printing and distribution of the Armed Forces Pay Review Body - Service Medical and Dental Officers, I am now able to give you departmental requirements.

The details are as follows:

10 Downing Street	Private Office	20
	Press Office	150
Customer Account No. 1725507711		
Chancellor of the Exchequer's Private Office		10
HM Treasury		
Customer Account No. 1/730/116780		
Ministry of Defence	Private Office	520
Main Building		
Customer Account No. 178/501/0001		

The report should be packaged and labelled as above and sent direct to the department, when you have received a phone call from No. 10 on the day of publication giving the go-ahead; at the same time you will be authorised to distribute the reports under embargo to the Vote Office, House of Commons; the Printed Paper Office, House of Lords; and 60 copies to the Office of Manpower Economics.

We are looking to publish the report at 1600 hours on Thursday 16th July 1987. Please let me know if you require any clarification or further information.

Miss Sue Holt
Parliamentary Clerk

Mike Patman Esq
P3A
HMSO
51 Nine Elms Lane
London SW8

R28/7 GDBG



MO 4/4L

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~3307122~~ 218 2111/3

Sue Hold
 ✓ Could you check please 7th July 1987
 that Dr. Moore is content?
 Could you also please advise on
 the timing of publication - is the
 report printing finished?

See Sir,

AFPRB - SERVICE MEDICAL AND DENTAL OFFICERS

DS
8/7.

In your letter of 17th June to John Howe you asked for a draft reply from the Prime Minister to Sir Peter Matthews' letter about the AFPRB's Supplementary Report on the pay of Medical and Dental Officers in the Armed Forces. A draft is attached together with a draft Parliamentary Question and written Answer. — both requested.

The Report proposes increases in medical military salaries of between 5.5% and 7.6% according to rank - in line with the Government's decision on the implementation of the Doctors' and Dentists' Review Body recommendations - to take effect from 1st April 1987. These would increase the estimated pay bill for the personnel concerned in 1987/88 by 6.6%. My Secretary of State believes that the Government should accept the AFPRB's recommendations in full. My understanding is that the Secretary of State for Health and Social Security concurs; and you will have seen Cathy Ryding's letter of 29th June recording the Chancellor's agreement.

The draft Parliamentary Answer assumes that you will arrange for publication of the Report to coincide with the announcement. I should be grateful if you would give us advance warning of the date so that we are ready for any Press enquiries. We shall require 520 copies of the Supplementary Report on the day for our own consumption and it would be most helpful if these could reach us as early as possible.

I am sending copies of this letter to Cathy Ryding (HM Treasury), Geoffrey Podger (Department of Health and Social Security) and to Brian Unwin (Cabinet Office).

Yours sincerely
DCJ Ball

(D C J BALL)
Private Secretary

David Norgrove Esq
No 10 Downing Street

61

DRAFT LETTER FROM THE PRIME MINISTER TO SIR PETER MATTHEWS, AO

Thank you for your letter of 17th June with which you forwarded the recommendations of the Armed Forces Pay Review Body on the pay of Services Medical and Dental Officers.

The Government has decided to accept the recommendations in full and this decision will be announced by means of a Written Answer in the House of Commons today. The Supplement to the 16th Report will published at the same time as Cmnd [].

I am most grateful once again to you and to the members of the Review Body for all the work you have done.

Ordinary
CP.

DRAFT PARLIAMENTARY QUESTION AND ANSWER

QUESTION: To ask the Prime Minister if she will make a statement about the pay of Medical and Dental Officers in the Armed Forces.

ANSWER: The Armed Forces Pay Review Body have submitted to me a supplementary Report on the pay of Medical and Dental Officers in the Armed Forces. It recommends increases of between 5.5% and 7.6% according to rank with effect from 1st April 1987.

These awards are derived as usual from those to civilian doctors and dentists that I announced in the House on 23rd April 1987 (or Vol 114 No 95 col 655) and the Government has decided to accept them in full.

The Report has been published as Cmnd [176] and copies are available in the Vote Office.

DEFENCE: Armed Forces Pay: Pt 3



110



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

The Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON SW1

17 June 1987

Dear Prime Minister,

REVIEW BODY ON ARMED FORCES PAY - SUPPLEMENTARY
REPORT 1987

I enclose our supplementary report on the pay of medical and dental officers in the armed forces. As you know, we cannot complete our work on this until the Government's decisions on increases in pay for doctors and dentists in the National Health Service are made known. As usual, our recommendations this year take account of those decisions.

Yours sincerely

Peter Matthews

PETER MATTHEWS
Chairman
Review Body on
Armed Forces Pay

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SLH



file

bc BG.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 June 1987

Dear John,

ARMED FORCES PAY REVIEW BODY

I enclose a copy of the Review Body's Supplementary Report on the pay of medical and dental officers in the Armed Forces, which the Prime Minister received under cover of a letter from Sir Peter Matthews on 17 June.

I would be grateful if you would let me have a draft reply for the Prime Minister's signature, together with a draft Written Answer after the necessary consultations and decisions have been taken.

I am copying this letter and its enclosure to Alex Allan (H M Treasury), Geoffrey Podger (Department of Health and Social Security) and Brian Unwin (Cabinet Office).

*Yrs,
David.*

DAVID NORGROVE

John Howe, Esq.,
Ministry of Defence

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File
CCCO

reply on
Appts file

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

8 May 1987

Dear Mr. Sanderson.

I am writing to ask whether you would be willing to accept an appointment as a member of the Armed Forces Pay Review Body.

As you may know, the AFPRB was created in 1971 to advise the Government on the remuneration of the Armed Services, the terms of reference of the Review Body, which is independent of the Government, are:-

"To advise the Prime Minister on the pay and allowances of members of Naval, Military and Air Forces of the Crown and of any women's service administered by the Defence Council."

The appointment would be unpaid, although members are able to claim travelling and similar expenses. It would take effect as soon as convenient to you and would run until the completion of the 1990 review.

The demands on a member's time naturally vary, with the main work taking place between November and April; but every effort is made to fit in with other commitments.

I am sure that you would contribute very greatly to the successful operation of the AFPRB and I hope very much that you will be prepared to take up this appointment.

Yours sincerely
Margaret Thatcher

Roy Sanderson, Esq., O.B.E.



10 DOWNING STREET

NOTE FOR THE RECORD

**MEMBERSHIP OF THE ARMED
FORCES PAY REVIEW BODY**

Miss Bowdery telephoned this evening to say that the Treasury had agreed Mr. Sanderson's appointment to the AFPRB. The letter could now be despatched to Mr. Sanderson.

N.L.W.

NLW

8 May 1987



10 DOWNING STREET

THE PRIME MINISTER

23 April 1987

file ECH
cc MOD
HMT
CO
BG

Dear Sir Peter,

Thank you for your letter of 1 April and for the AFPRB's 1987 Report.

As you know, I announced today the Government's full acceptance of the recommendations, which will be implemented from 1 April 1987.

I am grateful to you and to your colleagues for the time and effort which you have put into this important work. I should be glad if you would pass on my thanks to the other members of the Review Body.

Yours sincerely
Margaret Thatcher

Sir Peter Matthews, A.O.

010



MO 4/4

MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2111/3 (Direct Dialling)

01-218 9000 (Switchboard)

22nd April 1987

Dear David,

REVIEW BODY ON ARMED FORCES PAY

/ I attach a draft letter which the Prime Minister may wish to use to thank Sir Peter Matthews and the members of the Armed Forces Pay Review Body for their work on this year's report. Past practice has been for this to reach Sir Peter before the announcement is made. The draft has, therefore, been prepared in anticipation of a favourable decision by Cabinet. If that is not forthcoming we shall, of course, provide alternative wording as soon as we know the outcome.

A copy of this letter goes to Alex Allan (HM Treasury) and to Trevor Woolley (Cabinet Office).

[Handwritten signature]
[Handwritten signature]
(I C F ANDREWS)
Private Secretary

D Norgrove Esq
No 10 Downing Street

Sl
Please type .

~~PERSONAL~~

DRAFT LETTER FROM THE PRIME MINISTER TO SIR PETER MATTHEWS, AO
(CHAIRMAN AFPRB)

REVIEW BODY ON ARMED FORCES PAY

Thank you for your letter of 1st April and for the AFPRB's 1987 Report.

As you know, I announced today
~~I am pleased to be able to tell you that this afternoon I shall be announcing the Government's full acceptance of the recommendations, which will be implemented from 1st April 1987.~~

I am, ~~as always,~~ most grateful to you and to your colleagues for the time and effort which you have put into this important work. I should be glad if you would pass on my ~~personal~~ thanks to the other members of the Review Body.

010.
copied to other
subject files

Prime Minister

I shall arrange a
meeting for 22 April.

Difficult at

DLW
9/4.

Ref. A087/1058

MR NORGROVE

Review Body Recommendations

The recommendations of the Review Bodies, all to take effect from 1 April 1987, are or will be as follows:

Top Salaries

Increase of 4.8 per cent on existing paybill.

Armed Forces

Increase of 5.96 per cent on existing paybill: increases varying from 4.0 to 7.0 per cent for individual ranks.

Doctors and Dentists

Increase of 7.7 per cent on existing paybill:

General medical practitioners	7.0 per cent
General dental practitioners	7.0 per cent
Hospital and community doctors	8.25 per cent

Nurses and Midwives

Increase of 9.5 per cent on existing paybill:

based explicitly and strictly on arguments of recruitment and retention; ranging from 5 per cent for first and second year learners to 11.0 to 12.7 per cent for staff nurses.

Professions Allied to Medicine

Increase of 9.1 per cent on existing paybill:

ranging from 6 per cent to 12.6 per cent for individual groups.

2. I shall be discussing these recommendations with the Permanent Secretaries concerned in the next twenty four hours, with a view to the preparation of a note which could be circulated to Ministers

directly concerned for a meeting on Wednesday 22 April and thereafter consideration by Cabinet and announcement on Thursday 23 April.

3. I understand that you will be responsible for arranging printing. We have two of the reports; the DDRB Report should reach us tomorrow or Monday; the Nurses and Midwives and PAM Reports on Wednesday or Thursday of next week.

A handwritten signature in black ink, consisting of the letters 'R', 'E', and 'A' in a stylized, cursive-like font.

ROBERT ARMSTRONG

9 April 1987



10 DOWNING STREET
LONDON SW1A 2AA

See DFJ
original on ECON-POL -
TSRB reports.
Pt 4.

From the Private Secretary

SIR ROBERT ARMSTRONG

HANDLING OF REVIEW BODY REPORTS

I now enclose a copy of the AFPRB report for 1987, together with a covering letter from Sir Peter Matthews. I am told that we should receive the report by the TSRB tomorrow and the remaining reports next week, though the report by the nurses review body may be delayed beyond that.

I suggest that we should follow this year the same procedure as in 1986, namely that until all the reports are in none of them should be circulated beyond No.10 and the Cabinet Office. The Prime Minister might then hold a meeting (after the Easter recess) to discuss all the reports with the following Ministers:-

Lord President
Lord Chancellor
Chancellor of the Exchequer
Secretary of State for Defence
Secretary of State for Social Services
Minister of State, Privy Council Office
Chancellor of the Duchy of Lancaster
Secretary of State for Employment
Paymaster General
Chief Whip

I would think there is a case for adding the Lord Privy Seal, but not, this year, the Secretary of State for Education.

It would be most helpful if the Cabinet Office could again prepare a note setting out the various recommendations as a basis for discussion.

DW

David Norgrove
1 April 1987



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CCBA

OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

1 April 1987

Dear Prime Minister

REVIEW BODY ON ARMED FORCES PAY

I enclose the Review Body's Sixteenth Report, which contains our recommendations on the levels of military salaries, and on food and accommodation charges that we consider appropriate at 1 April 1987 for members of the armed forces.

Apart from the recommendations discussed in the report, we have written separately to MOD about two detailed proposals which it would not be right to discuss in the published report. These concern diving pay for certain Royal Marines personnel - which is confidential - and the waiver of food charges for a particular category of seagoing personnel. The costs of the changes we have recommended in these areas are taken into account in the figures provided at para. 83 of the report.

As usual, we shall put forward our recommendations on the pay of medical and dental officers at a later date, when decisions on the remuneration of general medical practitioners in the National Health Service are known.

Yours Sincerely
Peter Matthews

SIR PETER MATTHEWS
CHAIRMAN
REVIEW BODY ON ARMED FORCES PAY

SUBJECT
MASTER

CONFIDENTIAL

file VC3AQQ



cc B9

10 DOWNING STREET

LONDON SW1A 2AA

6 March 1987

From the Private Secretary

Dear Trevor,

ARMED FORCES PAY REVIEW BODY

The Prime Minister today met Sir Peter Matthews, Chairman of the Armed Forces Pay Review Body, at his request. Sir Robert Armstrong was also present.

Sir Peter said that from his conversations with members of the armed services over the last two or three years he had learned of the respect in which the armed services held the system to determine their pay. The AFPRB had in fact a different role from other Review Bodies because of the absence of trades unions in the armed services. The attitude of the Ministry of Defence had changed markedly over the past two or three years: they were now looking at the budget as a whole, and not just at pay. (Sir Peter did not explain what he meant by this.) Sir Peter then described the impressions he and his colleagues had gained over the past year, which would inform their recommendations this year.

First, there seemed to be a general acceptance that pay levels in the services were reasonable and discontent about the deferment of the 1986 award was fading. However, allowances were seen as mean. The disturbance allowance had come in for particular criticism, and the Ministry of Defence had accepted that there was anxiety. The MOD had now set up with the Treasury an inquiry into allowances. Sir Peter noted that servicemen often failed to recognise that allowances in some ways formed part of pay.

Secondly, there seemed to be an increased degree of turbulence, with more frequent postings and moves, particularly in the Navy. In the past the expectation had been that perhaps 40% of a career might be spent at sea and 60% at home. This proportion had now been reversed and time spent at sea was continuing to rise.

Thirdly, Sir Peter remarked on the quality of living quarters. New quarters were excellent, but older quarters left a good deal to be desired. The accommodation for many unmarried soldiers and sailors was dreadful and a cause of anxiety. He remarked on German "attics" and the accommodation at naval shore bases, for example Rosyth.

CONFIDENTIAL

OTB

Sir Peter said that military morale seemed to him "perfectly good". In terms of the rewards offered, the situation was "containable but brittle". Whilst there were some people leaving the services early, this did not seem likely yet to become a substantial problem. The MOD and Treasury review of allowances ought to be completed by next year. The AFPRB would take note if the result of the review was unsatisfactory. The AFPRB itself had begun a review of all the additional pay elements, including the x-factor, extra pay for submariners and so on. Its usual practice was to review only a quarter of these additions each year. However, there was now a need to review all of them to see whether they could be simplified. Sir Peter concluded that the Body had as yet no numbers in mind for its report this year, but they were determined to produce their report by 1 April.

The Prime Minister responded that higher expenditure on pay meant less expenditure on, for example, exercises and training. This was a particular problem now that the years of rising expenditure in real terms had come to an end. Defence imposed a particular burden on foreign exchange which needed to be taken into account. The Government had stood by the armed services in terms of pay, and in other things, and it was disappointing that there was always pressure for more.

I am copying this letter to Tony Kuczys (HM Treasury) and Ian Andrews (Ministry of Defence).

Yrs,
David.

DAVID NORGRIVE

Trevor Woolley, Esq.,
Cabinet Office.

PRIME MINISTER

ARMED FORCES PAY REVIEW BODY

You are to meet Sir Peter Matthews, Chairman of the Armed Forces Pay Review Body, at his request tomorrow. You last met Sir Peter in April 1985.

Sir Robert Armstrong's minute below sets out the points Sir Peter wishes to discuss and below that a table sets out the Government's record in implementing the Review Body's recommendations. These have been met in full in every year since 1979 save that in three years out of the eight they have been staged.

The cost of a 1 per cent increase in pay for the people covered by the AFPRB is £33 million.

You will hardly need reminding that Armed Forces pay is now rising faster than the Defence Budget. The result is lower expenditure on equipment than would otherwise be possible. The plans for 1987-88 provide for an increase of 1.1 per cent in total cash expenditure over the estimated outturn for 1986-87.

DN

DAVID NORRGROVE

5 March 1987

SLHAHX

Ref. A087/570

MR BEARPARK

Armed Forces Pay Review Body

I understand that, when Sir Peter Matthews comes to see the Prime Minister on Friday 6 March, he will be concerned with three points:

1. He and other members of the AFPRB visit many Service units during the year as part of their work. Sir Peter would like to report their general impressions of morale in the Services.
 2. He would like in particular to report upon the effect on Service morale of the Government's decision to delay implementation of the AFPRB recommendations last year. He will presumably imply, though I doubt whether he will say, that to delay implementation again this year would increase the damage, but that a decision to implement in full from the due date (1 April) would help to mend the damage caused last year.
 3. Sir Peter would like to give the Prime Minister some idea of the AFPRB's proposals for a wider review of Service pay (not just a "checking up" review) next year. We do not know what the Review Body have in mind on this.
2. He does not intend to foreshadow the AFPRB's recommendations this year, because he does not yet know what they are likely to be. Nonetheless, the meeting will give the Prime Minister an opportunity to raise the subject, and to impress upon Sir Peter the desirability of keeping the recommendations within the rate of inflation over the last year - especially given the likelihood of tax cuts in the Budget.

RA

27 February 1987

ROBERT ARMSTRONG

ARMED FORCES PAY REVIEW BODY

	Recommendation (%)	Award (%)	<i>Increase in defence expenditure</i>	
1979	32.5	32.5(a)		
1980	16.8	16.8		
1981	10.3	10.3		
1982	6.1	6.1	1982-83	14.6
1983	7.2	7.2	1983-84	7.7
1984	7.6	7.6(b)	1984-85	11.2
1985	7.1	7.1	1985-86	4.5
1986	7.46	7.46(c)	1986-87	3.5
			1987-88	1.1

- (a) In 1979 24.2% of the increase was implemented by the Labour government before the May 1979 election. The incoming government implemented the remaining 8.3%.
- (b) The award was staged to reduce in-year costs; the full award was paid by the end of the year. The average award over 12 months was 4.9%.
- (c) The award was deferred and paid in full as from 1 July. The average award over 12 months was 5.6%.



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2839 (Direct Dialling)

01-218 9000 (Switchboard)

PERMANENT UNDER-SECRETARY OF STATE

JSPB/L87/192

5 March 1987

Den David

ARMED FORCES PAY REVIEW BODY

I understand from Sir Robert Armstrong's office that you asked for additional information on AFPRB recommendations and ... awards since 1979. This is attached.

2. The cost to the pay bill of a 1% increase in the AFPRB award is now £33M.

3. Please let me know if you require anything further. I am copying this to Trevor Woolley.

Yes

J S PITT-BROOKE
PS/Sir Clive Whitmore

D R Norgrove Esq
No 10 Downing Street
London SW1

PRIME MINISTER

ARMED FORCES PAY REVIEW BODY

You are to meet Sir Peter Matthews, Chairman of the Armed Forces Pay Review Body, at his request tomorrow. You last met Sir Peter in April 1985.

Sir Robert Armstrong's minute below sets out the points Sir Peter wishes to discuss and below that a table sets out the Government's record in implementing the Review Body's recommendations. These have been met in full in every year since 1979 save that in three years out of the eight they have been staged.

The cost of a 1 per cent increase in pay for the people covered by the AFPRB is £33 million.

You will hardly need reminding that Armed Forces pay is now rising faster than the Defence Budget. The result is lower expenditure on equipment than would otherwise be possible. The plans for 1987-88 provide for an increase of 1.1 per cent in total cash expenditure over the estimated outturn for 1986-87.

DAVID NORGROVE

5 March 1987

SLHAHX

From B Brader

Personnel & Logistics (Service Personnel & Pay)

MINISTRY OF DEFENCE

Main Building Whitehall London SW1A 2HB

Telephone 01-218 7705 (Direct Dialling)

01-218 9000 (Switchboard)

J R Williams Esq
Office of Manpower Economics
22 Kingsway
LONDON WC2B 6JY

Your reference

Our reference

D/PL(SPP)/11/122

Date

2 March 1987

Dear Richard,

1987 PAY REVIEW - GOVERNMENT ECONOMIC AND MANAGEMENT EVIDENCE

I enclose the Government's evidence on the above topic for the 1987 Armed Forces Pay Review.

A copy goes to Trevor Franklin, HM Treasury.

Yours sincerely,

Brian Brader

Copy to:

PPOC Members

PSC Members.

PS/DUS(RP)

PS/DUS(F)

PASC Members

Evidence Folder

D/PL(SPP)/11/126

float.

MANAGEMENT IN CONFIDENCE

MANAGEMENT IN CONFIDENCE

1987 ARMED FORCES PAY REVIEW

GOVERNMENT ECONOMIC AND MANAGEMENT EVIDENCE

A paper of evidence by the Government for the Armed
Forces Pay Review Body

March 1987

D/PL(SPP)/11/122

MANAGEMENT IN CONFIDENCE

Feb45.let

1987 PAY REVIEW - GOVERNMENT ECONOMIC AND MANAGEMENT EVIDENCE

(A paper for the Armed Forces Pay Review Body)

INTRODUCTION

The Armed Forces Pay Review Body is appointed to advise the Prime Minister on appropriate levels of pay for the Armed Forces. Since its formation in 1971, the approach consistently adopted by the AFPRB has been to recommend rates of pay based on the principle that the remuneration of members of the Armed Forces should be broadly comparable with that for jobs of a similar size in civilian life. The starting point for the assessment is the information which is collected on earnings, hours worked and fringe benefits in a wide range of civilian jobs shown by job evaluation to be of equivalent size to jobs in the Armed Forces. In its Reports, the Review Body has stressed that it does not use this "comparability" information in a mechanistic way to reach conclusions about the appropriate levels of military salaries; the Review Body's judgement is an essential ingredient. This has produced rates of pay which are internally consistent within the overall structure of the Armed Forces.

2. The independence of the Review Body and the role of earnings comparisons in arriving at these results has done much to maintain the confidence of the Armed Forces in the Review Body's recommendations. The provision of rates of pay comparable with the earnings of other groups and which are seen as fair and reasonable by Service personnel themselves is a most important factor in ensuring that satisfactory Manning levels can be maintained and a cost-effective return on training secured. The Government believes that market forces are also relevant, and account must be taken of affordability.

THE COMPARABILITY PROCESS

3. The following evidence is offered in relation to specific elements in the process used by the AFPRB for comparison with remuneration in civilian life:

a. Overtime. Civilian overtime payments are included in the comparator earnings figures used by the Review Body. The total hours worked by Service personnel have in the past been found to be broadly similar to those worked by civilians. The Review Body has therefore concluded that no adjustments to Armed Forces basic pay are necessary to take accounts of hours worked; additional pay is provided in the exceptional circumstances of Northern Ireland. The Review Body is invited to take into account the current position on hours worked by the Armed Forces as shown by the 1986 Hours of Work Survey the results of which are being provided to the Review Body separately.

b. Productivity and Bonus Payments. The Armed Forces have taken on commitments without corresponding manpower increases; changing work patterns eg more time at sea (RN), more frequent roulement tours (Army), more shift-working (RAF), all increase the pressure on individuals. Extra demands are also being placed on civilian comparators. The system of job evaluation and earnings comparison on which the Review Body bases its recommendations means that any increase in earnings from outside comparators which reflect increases in productivity are reflected in the pay of the Armed Forces. There is, therefore, no case for a different form of provision for Armed Forces' productivity efforts and the AFPRB is invited to continue to use its judgement to decide how civilian productivity and bonus payments should be reflected in Armed Forces basic rates of pay.

c. Pensions. Proposals are currently being progressed for the introduction of pension benefits for widowers and eligible children of deceased Service women, comparable to those available in respect of the widows and children of

male members of the Armed Forces Pension Scheme. Subject to approval these "equal survivor benefits" will be introduced with effect from 1 April 1987 in respect of Servicewomen giving service on or after that date. In considering the impact of this improvement on the pay comparison process the AFPRB will wish to note that the existing deduction from comparator pay, applied equally to Servicemen and women, means that the latter are already in effect contributing for survivor benefits at the same level as for men. The Review Body may wish to consider whether it remains appropriate for the value of pensions to be based only on the position of male comparators.

d. Other Conditions of Service. The Ministry of Defence has carried out surveys of the reasons for leaving the Armed Forces and the results will help MOD to decide whether further management action is needed to reduce the loss of expensively trained and experienced personnel. When, as at present, pay is broadly competitive it is not generally an issue with Service personnel, those who leave the Services do so for reasons the majority of which are unrelated directly to pay. It is not easy to assess the linkage between amounts paid and numbers who are retained. Moreover, general increases in pay would be unlikely to be a cost-effective way of laying out the available resources. There may be cases, however, in particular shortage areas, where an additional financial incentive would be a cost-effective way of securing retention. This is the purpose of major forms of additional pay which are considered separately by the Review Body as the need arises.

Besides pay, other conditions of service are also important and investment here can be self-financing if it improves retention and hence reduces training costs. The relative value of fringe benefits is taken into account by the Review Body in recommending rates of pay for the Armed Forces. The Government's general objective is to provide the most appropriate conditions of

service, taking account of the particular circumstances of Service life, for the Armed Forces, within the limits of justifiable public expenditure. The structure of Armed Forces' allowances is currently under review with the intention of bringing allowances up to date where necessary. Last year, the Review Body concluded that, in addition to the company car, there was a small balance of advantage in favour of civilian comparators in respect of fringe benefits; the current position will need to reflect developments in the review of allowances on which MOD a separate paper of evidence is being submitted.

4. The Government believes that relative job security is a substantial advantage to the Armed Forces and should weigh significantly in the pay determination process. The Review Body take account of this in recommending a rate for the X-Factor on which MOD is providing a separate paper of evidence.

AFFORDABILITY

5. The Government's expenditure plans mean that the Defence budget will have cash increases for 1987/88 and subsequent years. However, on current forecasts of the general rate of inflation the provision for 1987/88 is expected to show a reduction in real terms of some 2.5% over 1986/87, followed by a similar reduction in 1988/89. In addition the cash increases provided to cover inflation have since 1982 been below the level of pay increases awarded to the Armed Forces; nor has the Defence Budget received full compensation for pay awards since 1982.

6. In this situation it is increasingly difficult to match the Defence programme to the resources available; the difficulties are increased while Defence pay costs continue to rise at a rate significantly higher than the general rate of inflation. Under this Administration the average pay of Servicemen has, in real terms, increased by 6.5% measured against the Retail Price Index, and in each of the last 4 years the AFPRB's recommended awards have resulted in substantial additional costs which have had to be absorbed within the overall Defence budget. This amounted to

£98M in 1986/87, while the cumulative additional cost since 1982 to be absorbed in the 1987/88 budget is estimated at £476M. Costs of this order were more easily containable with continued real growth in the defence budget but now can only be found at the expense of other elements of the Defence programme.

7. While the proportion of the Defence budget devoted to Service pay and allowances reduced over a number of years to 1984/85 it has begun to rise again as pay awards and other cost increases have taken effect. This is shown in the following table:

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87 (Forecast)
Total Defence Budget £bn	11.2	12.6	14.4	16.0	17.0	17.9	18.6
Armed Forces Pay and Allowances £bn	2.5	2.7	2.9	3.1	3.2	3.5	3.8
Percentage	22.0	21.6	20.2	19.2	18.8	19.6	20.4

8. Given the Government's decision on the size of the Defence Budget, this upward trend can be accommodated only by reining back elsewhere in the programme - in investment in new equipment and works, and in the activity levels of the Services. But in these areas, too, there are pressures on the budget. For example, new equipment needs to be able to counter the increasing sophistication of the potential adversary's armoury which means that each new generation costs significantly more in constant price terms. There are similar demands for increased expenditure on works adequately to meet operational and domestic needs. The MOD has to strike a difficult balance within a tightly constrained budget between manpower, equipment and support. In this context, the Government believes that there are strong defence reasons for containing pay increases to the minimum level that will be seen as fair and will maintain satisfactory manning levels.

9. The Government believes there are also strong arguments for pay restraint in the context of the wider economy. They regard it as of importance to the successful management of the economy that pay settlements in the coming year should be brought down to a level closer to the general inflation rate. A reduction in the average rise in unit labour costs is considered to be essential if inflation is to be kept under control and unemployment reduced. The extent to which this is achieved is also likely to affect the rate at which tax and interest rates can be reduced. The Government has, therefore, underlined, its determination, as the country's largest employer to encourage moderation in the level of pay settlements.

10. In considering the affordability of the AFPRB's recommendations on Service pay, the Government will need to place full weight on these wider economic considerations and take account of the possible repercussions for the pay of other groups. It will also need to weigh carefully its defence priorities and the need to maintain essential defence capabilities within the resources that can be made available. The Government continues to believe that in the case of Armed Forces pay, as for pay generally, there is a need for restraint.

THE MANNING SITUATION

11. On the manning front, the position remains broadly consistent with that reported last year. Overall manning levels are close to target although there are shortfalls for officers, and for certain other rank specialisations. Previous signs of a stabilisation or downward trend in premature voluntary retirement for both officers and other ranks have been confirmed by the latest statistics, but there is concern that levels are too high. They continue to rise for RN officers and Army Captains and young Majors in particular, and the RAF is concerned at the level of applications from aircrew and engineers. Overall recruitment is sound and the quality of those applying is good. There is expected to be a shortfall against officer targets in some specific areas and competition for recruits from areas of

traditional national skill shortages (engineers, ADP etc) continues unabated. The Government's assessment remains that, apart from the exceptions mentioned above, sufficient other rank recruits of acceptable quality should continue to be attracted into the Armed Forces at new entry rates of pay broadly similar to present levels.

CONCLUSION

12. The Government concludes that Armed Forces pay should continue to be based on the process of broad comparability with remuneration in civilian life; however, judgements about appropriate pay levels should also reflect affordability, wider economic considerations and the Services' manning situation.

RECOMMENDATIONS

13. The Review Body is invited to take the factors discussed in this paper into account when reaching conclusions on appropriate rates of pay for the Armed Forces.



file DTS

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

MR WOOLLEY

ARMED FORCES PAY REVIEW BODY

BR //

The Prime Minister has agreed to see Sir Peter Matthews at 1115 on Friday 6 March. I assume Sir Robert Armstrong would like to be present too. Could you please arrange for us to have a short brief ready for the meeting.

P A BEARPARK

25 February 1987

cc

1. MR. NORGROVE

DWS
24/2

2. PRIME MINISTER

11.15 - 11.45.
Friday 6th March

Sir Peter Matthews of the Armed Forces Pay Review Body has asked for 20 minutes to discuss with you:

- the effect of the postponement of last year's awards;
- his plans for next year (ie. early 1988 award).

If possible he wants to see you during the first two weeks of March, which as you know, is a very busy time with all your preparations for Moscow.

Would you like to see him?

Yes not

POB

Tessie

Can I have 15 mins
1 1/2 hrs
in early March

P A BEARPARK

23 February 1987

SLH/84

AG

CF file

SH



10 DOWNING STREET

ce MOD
HMT
CDL
D/Gmp
CO

THE PRIME MINISTER

3 February 1987

Dear Sir Peter,

Thank you for your letter of 18 November about the Review Body's recommendations on London Weighting for the Armed Forces from 1 April 1986.

I am grateful to you and the other members of the Review Body for the work that has been done and I am writing to let you know that the Government has decided to implement your recommended rates. However, to be consistent with our implementation of all Review Body recommendations in 1986, effect will be given to these from 1 July.

Yours sincerely
Margaret Thatcher

Sir Peter Matthews

SH



10 DOWNING STREET

Prime Minister

The cost of increasing
London weighting for the
armed services is small.
Mr Younger has only very
reluctantly accepted that
it should be paid from
July, in line with all
other Review Body awards.

DLS

30/1



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~3307872~~ 218 2111/3

MO 4/4L

30th January 1987

See Paris,

ARMED FORCES LONDON WEIGHTING

Thank you for your letter to John Howe of 18th November. I am sorry that it has taken longer than expected to reach agreement on the attached draft reply for the Prime Minister to send to Sir Peter Matthews. The Defence Secretary has accepted, reluctantly, that the AFPRB's recommendation should be implemented with effect from 1st July 1986, and not 1st April as proposed by Sir Peter Matthews. His own preference would have been for making the award in full, and it is his firm view that this should in no way be seen as a precedent for future decisions.

The extra costs of the new rates are small, and can easily be contained within existing Defence provision. Traditionally no Parliamentary or Press announcement is made for this award. But if the deferment of the operative date should provoke any comment, we shall explain that a uniform implementation date is being applied by the Government for all Review Body recommendations this year.

I am sending copies of this letter to Max Felstead (HM Treasury), Andrew Lansley (Office of the Chancellor of the Duchy of Lancaster), John Turner (Department of Employment) and to Trevor Woolley (Cabinet Office).

Yours sincerely
David Ball

(D C J BALL)
Private Secretary

David Norgrove Esq
10 Downing Street

~~DRAFT~~

Please type.

Shah
~~104app~~

shahw

LETTER FROM THE PRIME MINISTER TO SIR PETER MATTHEWS

REVIEW BODY ON ARMED FORCES PAY: LONDON WEIGHTING

Thank you for your letter of 18th November 1986 about the Review Body's recommendations on London Weighting for the Armed Forces from 1st April 1986.

I am grateful to you and the other members of the Review Body for the work that has been done and I am writing to let you know that the Government has decided to implement your recommended rates. However, to be consistent with our implementation of all Review Body recommendations in 1986, effect will be given to these from 1st July.

Please type & attach my note.



DEFENCE : Armed Forces Pay : Pt 3.

9

3011

PERTH ONTARIO CANADA

ARMED FORCES PAY : Pt 3.

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DEFENCE : Armed Forces Pay : Pt 3.



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CF

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

Pa.

R224/11

November 1986

Dear Prime Minister:

REVIEW BODY ON ARMED FORCES PAY: LONDON WEIGHTING

1. The Review Body has now decided on its recommendations on the levels of London Weighting that should apply to members of the Armed Forces from 1 April 1986. As you know, it is our practice to forward our recommendations by letter rather than as a supplement to our annual report: only a small number of men and women is affected.

2. We have this year, as in previous years, recommended levels of London Weighting which, in the light of the information available, provide a fair reimbursement of the additional costs of living and working in London in the circumstances experienced by the Armed Forces. We remain of the view that this is the appropriate approach given that Servicemen and Servicewomen are compulsorily posted to London, whereas civilians are generally able to exercise a greater degree of choice over whether or not they live and work in London.

3. This year, we recommend the following rates:

	Inner London £ pa	Outer London £ pa
Basic Rate	675	380
Owner occupier rate	1018	515

We estimate that the total cost of implementing this recommendation which would increase the basic rates by 2.7 per cent and would not increase the owner occupier rates will be an increase of about £174,500 per annum.

Yours Sincerely
Peter Matthews

SIR PETER MATTHEWS
CHAIRMAN
REVIEW BODY ON ARMED FORCES

CONFIDENTIAL



File TA

b.c. B.G.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 November 1986

Dear John,

**REVIEW BODY ON ARMED FORCES PAY:
LONDON WEIGHTING**

I attach a copy of a letter the Prime Minister has received from Sir Peter Matthews, Chairman of the Review Body on Armed Forces Pay, about London weighting for members of the armed forces from 1 April 1986. I should be grateful if you would let me have a draft reply for the Prime Minister's signature, agreed with the Treasury and other Departments concerned, as soon as possible.

I am copying this letter to Tony Kuczys (HM Treasury), Andrew Lansley (Chancellor of the Duchy of Lancaster's Office), John Turner (Department of Employment) and to Trevor Woolley (Cabinet Office).

Yours

David

(David Norgrove)

John Howe, Esq.,
Ministry of Defence.

CONFIDENTIAL

- attachment sent

19.11.86.

lv



10 DOWNING STREET

See Part 2
attached.

CF

Could I see last
year's papers on this
piece?

DR

18/11

GR Please type new
version of letter at flap in
part 2, mutatis mutandis.

DR



10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

20 August 1986

Dear Sir Robert,

I am writing to thank you for all you have done as Chairman of the Doctors and Dentists Review Body since 1979.

Your contribution to the Review Body's work has been most valuable. You brought a wealth of experience and wisdom to its deliberations. I well know the demands that are made on review body members - and particularly the Chairman - and I am grateful to you for giving so much of your time, during your double term of office.

Yours sincerely
Margaret Thatcher

Sir Robert Clark, D.S.C.

085



10 DOWNING STREET

PRIME MINISTER

Sir Robert Clark is retiring as Chairman of the Doctors and Dentists Review Body. Sir Graham Wilkins is succeeding him.

You may like to write to Sir Robert thanking him for his services. A draft is attached. No hurry for it to go, so you can delay signature if you wish.

N.L.W

(N.L. WICKS)

8 August 1986



10 DOWNING STREET

25th July 1986

Dear John

PAY OF SERVICE MEDICAL AND DENTAL OFFICERS

As discussed, I enclose copies of the Prime Minister's letter to Sir Peter Matthews* and a copy of her Written Answer making the announcement, which will be issued later today. As agreed, someone from your office will telephone Sir Peter this morning to let him know the position.

Yours sincerely,
Nicky Roche

Miss Nicky Roche
Parliamentary Clerk

* which is being sent to him, by hand, today.

John Howe, Esq
Ministry of Defence



file

10 DOWNING STREET

THE PRIME MINISTER

25th July 1986

Dear Sir Peter,

Thank you for your letter of 17 July forwarding the recommendations of the Armed Forces Pay Review Body on the pay of Service Medical and Dental Officers.

I am writing to let you know that the Government has decided to accept the recommendations in full. This decision will be announced by means of a Written Answer in the House of Commons today. The Supplement to the 15th Report will be published at the same time as Cmnd 9866.

Please pass on my thanks once again to members of the Review Body for all the work they have done. I am most grateful.

Yours sincerely
Margaret Thatcher

Sir Peter Matthews, AO



10 DOWNING STREET

25th July 1986

Dear Richard,

As discussed on the telephone I enclose a letter from the Prime Minister to Sir Peter Matthews, which I should be grateful if you could forward as soon as possible. I also enclose a copy of that letter for your own reference purposes. As promised, I am also sending a copy of the Prime Minister's Written Answer which will be given later today.

Yours sincerely,
Nicky Roche

Miss Nicky Roche
Parliamentary Clerk

Richard Williams Esq

Friday 25th July 1986

(Answered by the Prime Minister on Friday 25th July 1986)

UNSTARRED
No.

Sir Antony Buck: To ask the Prime Minister, if she will make a statement about the pay of Medical and Dental Officers in the Armed Forces.

THE PRIME MINISTER:

The Armed Forces Pay Review Body have submitted to me a Supplementary Report on the pay of Medical and Dental Officers in the Armed Forces. It recommends increases of between 3.4 per cent and 7.1 per cent according to rank with effect from 1 July 1986. This reflects the awards to civilian doctors and dentists that I announced in the House on 22 May 1986 (Official Report vol 98, Cols 239-240).

The Government has decided to accept in full the recommendations in the Supplementary Report on the pay of Medical and Dental Officers. The Report has been published as Cmnd 9866 and copies are available in the Vote Office.

CUB6



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

John Howe Esq
PPS/Secretary of State for Defence
Ministry of Defence
Whitehall
LONDON SW1

24 July 1986

Dear John,

NBM

**ARMED FORCES PAY REVIEW BODY:
PAY OF MEDICAL AND DENTAL OFFICERS**

FILE WITH DRN

The Chancellor has seen David Norgrove's letter to you of 17 July.

The Treasury has no objection to the implementation of the AFPRB recommendations on condition that costs are contained within existing Defence Budget provisions.

I am copying this letter to David Norgrove (No.10), Tony Laurence (DHSS) and Brian Unwin (Cabinet Office).

*Yours sincerely
Rachel Lomax*

RACHEL LOMAX

DEFENCE

ARMED FORCES PAY

P73





MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1
 Telephone 01-~~938 7028~~ 218 2111/3

MO 4/4V

24th July 1986

*Dear David,*AFPRB - SERVICE MEDICAL AND DENTAL OFFICERS

In your letter of 17th July 1986 to John Howe, you asked for a draft reply from the Prime Minister to Sir Peter Matthew's letter of the same date about the AFPRB's supplementary report on the pay of Medical and Dental officers in the Armed Forces. This is now attached together with a draft written answer for your consideration.

The report proposes increases in medical military salaries of between 3.4% and 7.1% according to rank. In line with the Government's decision on the implementation of the Doctors and Dentists Review Body recommendations, it is proposed by the AFPRB that the Service pay award should take effect from 1st July 1986. This would increase the estimated pay bill for the personnel concerned for 1986/87 by 3.9%. In a full year, the increase would be around 5.2%. My Secretary of State proposes that the Government should accept the AFPRB's recommendations. I understand that the Chancellor and the Secretary of State for Health and Social Security concur.

I understand also that you will again be making arrangements for the publication of the report. The draft Parliamentary Answer assumes that you will arrange for publication to coincide with that announcement. Perhaps you would give us advance warning of the date so that we are ready for any press enquiries. We shall need 520 copies of the Supplementary Report on the day for our own consumption and I should be grateful if you will arrange for these to reach us as early as possible.

I am sending copies of this letter to Rachel Lomax (HM Treasury), Tony Laurance (Department of Health and Social Security) and Brian Unwin (Cabinet Office).

Yours sincerely,
Jeremy Wright

(J S WRIGHT)

David Norgrove Esq
 No 10 Downing Street

DRAFT LETTER

From: Prime Minister to Sir Peter Matthews, AO

Thank you for your letter of 17 July forwarding the recommendations of the Armed Forces Pay Review Body on the pay of Service Medical and Dental Officers.

I am writing to let you know that the Government has decided to accept the recommendations in full. This decision will be announced by means of a Written Answer in the House of Commons on []. The Supplement to the 15th Report will be published at the same time as [Cmnd].

Please pass on my thanks once again to members of the Review Body for all the work they have done. I am most grateful.

DRAFT PARLIAMENTARY QUESTION AND ANSWER

Question: To ask the Prime Minister if she will make a statement about the pay of Medical and Dental Officers in the armed Forces.

Answer: The Armed Forces Pay Review Body have submitted to me a Supplementary Report on the pay of Medical and Dental Officers in the Armed Forces. It recommends increases of between 3.4% and 7.1% according to rank with effect from 1 July 1986. This reflects the awards to civilian doctors and dentists that I announced in the House on 22 May 1986 (OR Vol 98 No.120 Cols 239-240).

The Government has decided to accept in full the recommendations in the Supplementary Report on the pay of Medical and Dental Officers. The Report has been published as [Cmnd] and copies are available in the Vote Office.

DEFENCE Armed Forces Pay P13



CONFIDENTIAL



10 DOWNING STREET

*file LB
cel of Conf. No*

From the Private Secretary

17 July 1986

ARMED FORCES PAY REVIEW BODY

I enclose a copy of the Review Body's Supplementary Report on the pay of medical and dental officers in the Armed Forces, which the Prime Minister received under cover of a letter from Sir Peter Matthews on 17 July.

BT I would be grateful if you would let me have a draft reply for the Prime Minister's signature, together with a draft Written Answer after the necessary consultations and decisions have been taken.

I am copying this letter and its enclosure to Rachel Lomax (H.M. Treasury), Tony Laurance (Department of Health and Social Security) and Brian Unwin (Cabinet Office).

David Norgrove

John Howe, Esq.,
Ministry of Defence.

CONFIDENTIAL



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

The Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON
SW1

17 July 1986

Dear Prime Minister,

REVIEW BODY ON ARMED FORCES PAY

I enclose our supplementary report on the pay of medical and dental officers in the armed forces. As you will know, we could not complete our work on this until the Government's decisions on increases in pay for doctors and dentists in the National Health Service had been made known. Our recommendations take account of those decisions.

PETER MATTHEWS
Chairman
Review Body on
Armed Forces Pay



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

The Rt Hon Margaret Thatcher MP
10 Downing Street
LONDON SW1

11 April 1986

Dear Prime Minister,

REVIEW BODY ON ARMED FORCES PAY

I enclose the Review Body's Fifteenth Report, which contains our recommendations on the levels of military salaries, and on food and accommodation charges, that we consider appropriate at 1 April 1986 for members of the Armed Forces. As usual, we will put forward our recommendations on the pay of medical and dental officers at a later date, when decisions on the remuneration of general medical practitioners in the National Health Service are known.

Yours sincerely

Peter Matthews

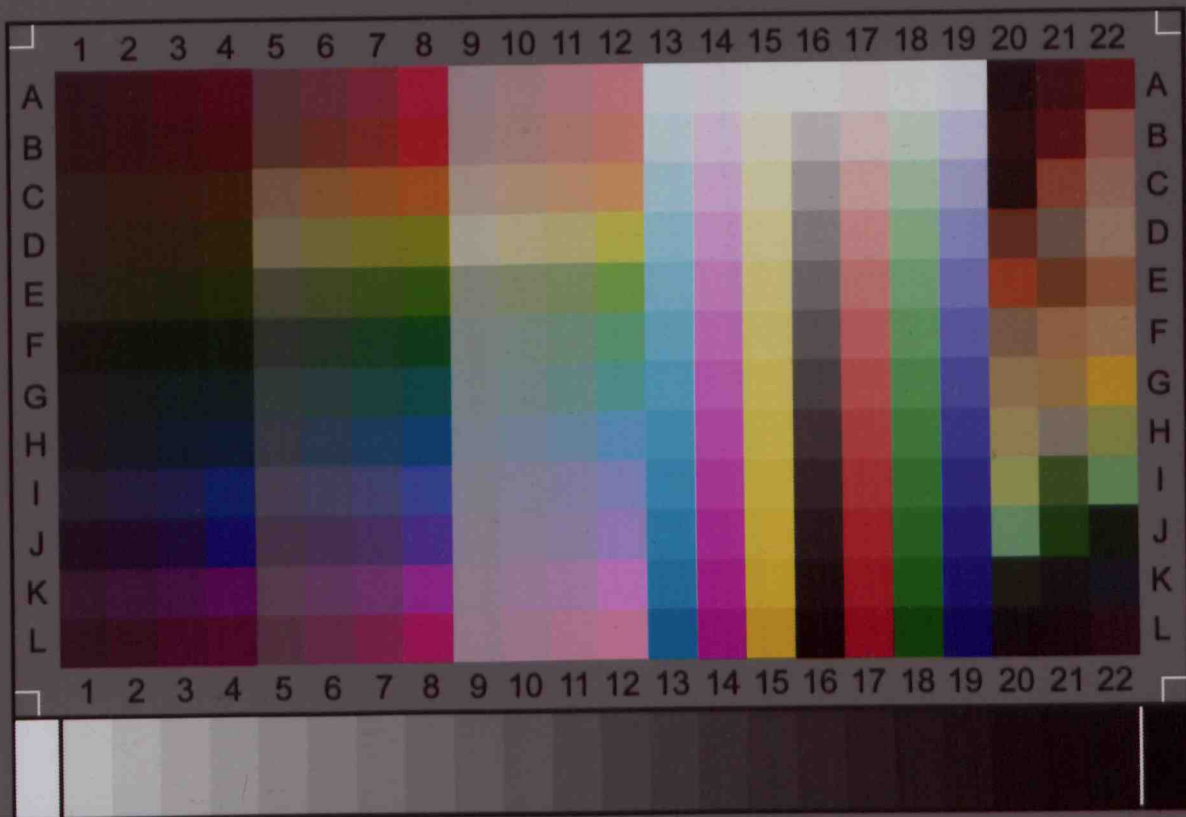
SIR PETER MATTHEWS
CHAIRMAN
REVIEW BODY ON ARMED FORCES PAY

PART 2 ends:-

PM to SIR P. MATTHEWS 12/12

PART 3 begins:-

SIR P. MATTHEWS to PM 11.4.86
~~12/12~~



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