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FILE



10 DOWNING STREET

cc: Ld Priv. office.  
Employment

From the Principal Private Secretary

10 May 1979

Dear Roger,

Armed Forces Pay

The Prime Minister discussed further, after Cabinet this morning, with your Secretary of State, the Chancellor of the Exchequer and the Secretary of State for Social Services, the nature of the Government's commitment on Armed Forces pay.

The two points at issue were the position of Doctors and Dentists in the Armed Services and the proposed inclusion in the announcement of improvements in conditions of service at an annual cost of £30 million.

On the first point, the Prime Minister and her colleagues noted that the pay award for Doctors and Dentists in the Armed Services has to be considered further by the AFPRB; they concluded that whatever the Review Body recommend in their further Report about the pay of Doctors and Dentists in the Armed Services, would be implemented in full; they noted, however, that this would be wholly without prejudice to the Government's decision on the DDRB Report on Doctors and Dentists remuneration generally. On this basis the form of words in the draft announcement was accepted and it was noted that the cost of the award included an estimated £3 million for the implementation of the further Report on pay for Doctors and Dentists in the Armed Services.

As to the second point concerning conditions of service, the Prime Minister and the Chancellor of the Exchequer could not agree that the proposed improvements in conditions of service at a cost of £30 million could be implemented and announced forthwith; this proposal would need to be considered further in the usual way, since it did not fall within the Government's commitment during the Election.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Social Services and to Sir John Hunt.

Yours sincerely,  
Ken Stone.

R. L. L. Facer, Esq.,  
Ministry of Defence.

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