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Dear Prime Minister,

12 June 1979

REVIEW BODY ON ARMED FORCES PAY

Following the Government's decision on the recommendations in the Ninth Report of the Review Body on Doctors' and Dentists' Remuneration, we are now able to make our own recommendations on the pay of medical and dental officers in the Armed Forces. We do so in a Supplement to our Eighth Report 1979 which I now submit to you on behalf of the Review Body on Armed Forces Pay. We take the opportunity, in the same Supplement, to put forward our recommendations concerning improvements in the pay of the Special Air Service Regiment as foreshadowed in the penultimate paragraph of my letter of 5 April 1979 to Mr Callaghan.

Service medical and dental officers

In making our recommendations, we have taken note of the Government's decision to put into effect with effect from 1 April 1979 the full rates which we may recommend for Service medical and dental officers, which was made known to me in Mr Lankester's letter of 10 May 1979. As a result, our recommendations relate to the fully up-to-date military salaries appropriate at 1 April 1979.

We have drawn attention to the problem of 'reverse differentials' - albeit temporary - at the top of the salary structure, which results from the decision to maintain the staging arrangements relating to the 1 April 1978 salaries of the Major General and above. The fully up-to-date salaries in the two areas provide a satisfactory overall structure, but the second stage 1 April 1979 salary for the Major General and equivalent (£16,714) is lower than the fully up-to-date salary of medical and dental Brigadiers (and senior Colonels). This situation will continue until the pay of the Major General is brought up to date.

Special Air Service Regiment (SAS) and Special Boat Squadron, Royal Marines (SBS)

In the second part of the Supplement we have confined our recommendations on the pay of officers and men of the SAS and SBS to a statement of the recommended rates of additional pay with a minimum of background information. In doing so we have had regard to representations from the Ministry of Defence about the sensitivity of all arrangements relating to this specialised field and we have formulated our recommendations in a way that is designed for publication in the normal way, taking account of those views. If, however, the Government decides that it is not in the national interest to publish 'Part II' naturally we would be ready to adapt the Supplement for publication.

Given the confidentiality of much of the background to the SAS/SBS recommendations, I would like to set them in their proper context in this letter. Manning problems in the SAS were first brought to our attention in 1975 when we considered Ministry of Defence proposals for the introduction of a form of additional pay as an incentive to recruitment and retention. Our own inquiries led us to the

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112 JUN 1979



REPRODUCED FROM THE
COLLECTION OF THE
NATIONAL ARCHIVES
REF ID: A63871



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conclusion that the first step towards resolving the problem lay in the proper 'grading' of jobs in the SAS in terms of ranks and pay 'bands' on the same basis of job evaluation as was in use generally throughout the armed forces. In practice, on that basis, most of the existing ranks were 'upgraded': the minimum rank of the trained SAS soldier became Corporal and, with the exception of the Warrant Officer Class 1 and Class 2, other non-commissioned ranks from Corporal to Staff Sergeant moved up by one rank. We now conclude that the upgrading process should be extended to Warrant Officers and we recommend that those who were Warrant Officer Class 2 before the 1977 restructuring should now be promoted to Warrant Officer Class 1. For pay purposes existing Warrant Officer(s) Class 1 should be treated in the same way as the Warrant Officer Class 1 who holds the position of Academy Sergeant Major at the Royal Military Academy, Sandhurst. These changes should be effective from 1 April 1979.

However, during the recent review, we received evidence from the Ministry of Defence of increasing manning shortages in the SAS over the last four years and of a current (December 1978) shortfall from establishment of some 30 per cent. At the same time a marked shortfall had arisen since 1976 in the Special Boat Squadron because of the need to increase numbers. At December 1978, the shortfall was 26 per cent. The SBS is a smaller organisation than the SAS and a shortfall of this order presents an equally serious problem, particularly as we understand that the calls made on their specialised skills are unlikely to be reduced and may well increase.

We cannot judge operational demands and we have assumed that they will continue at least at the present levels. We have therefore considered - and have explored with the Ministry of Defence - the extent to which improved cash incentives might help. We are aware that there can be no certainty that a cash incentive will provide the solution to the recruitment problems and it is clear from the statistics on selection that the exceptional qualities required of the men who succeed in qualifying for service in these two units are scarce. A cash incentive must therefore be adequate to attract potential specialists of the right calibre but, more important, it must be adequate also to persuade trained men to stay in the SAS/SBS in an environment in which increased violence in society generally adds to the marketability of their skills.

Our recommendations are designed to do this and, at the same time, to simplify the pay structure in the SAS by subsuming the present form of parachute pay. The result will be a straightforward structure of military salary plus SAS Service pay. The position in the SBS is slightly different, but our intention is that the rates of additional pay should maintain the earnings of members of the SBS in the same relationship to SAS earnings as existed immediately prior to 1 April 1979 - that is, with SAS earnings and ranks after the 1977 restructuring.

Yours sincerely,
Harold Atcherley

HAROLD ATCHERLEY, CHAIRMAN
 REVIEW BODY ON ARMED FORCES PAY