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MINISTRY OF DEFENCE
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23rd November 1979

Dear Tim,

You sent us on 7th November the Second Supplement to the Eighth Report of the Armed Forces Pay Review Body and asked for advice on its substance and handling.

The Supplement recommends new rates of pay (effective from 1st April this year) for Service university cadets and for medical and dental cadets. The present rates of pay for these officers have not been increased since 1978 since, as the Supplement makes clear, the Review Body was not able to include them in their main Report earlier this year. The Ministry of Defence had to clarify the implications of the recent income tax ruling as it affected those cadets before the Review Body could recommend pay rates for them. The present recommendations, therefore, complete the 1979 Pay Review. In essence they bring the rates of pay for university cadets into line with that of other junior officers and preserve a differential between the pay of medical and dental cadets and that of university cadets.

The Supplement also recommends new rates of London Pay effective from 1st April this year. These rates are derived from an agreed formula using the same basic statistics as London Weighting for Civil Servants. The Armed Forces formula differs from that for Civil Servants in that it covers those who live in public accommodation separately from those who are owner-occupiers; and both these categories take account of the Service home-to-duty travel allowance. Since the relevant statistics are always taken from the June Department of Employment Gazette the increases in London Pay are inevitably announced later than other elements of pay.

/ My Secretary of State ...

Tim Lankester Esq
No 10 Downing Street

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My Secretary of State is content to accept the recommendations of the Supplement in toto. They will cost an extra £0.97M in respect of the university cadet pay and medical and dental cadet pay, and an extra £1.29M in respect of London Pay. My Secretary of State is not seeking any addition to the current MOD cash limits to cover these awards.

In the normal way, if the Prime Minister accepts the recommendations of the Review Body, the Supplement will be published as a Command paper and the announcement will be made by written answer ideally on the same day as publication. I attach a draft Question and Answer. We have already taken steps to arrange the printing with HMSO and I am told the Supplement could be ready for publication at the earliest on Wednesday 28th November. There is also the courtesy letter which the Prime Minister normally sends to the Chairman very shortly before publication thanking him and his colleagues and telling him about the announcement. I attach a draft to cover this.

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I am copying this letter to Martin Hall and Jim Buckley to whom you sent copies of your letter. They will no doubt comment to you if they wish but since officials in my Department, the CSD and the Treasury have been in consultation I believe that there is general agreement on the substance of the Review Body's recommendations and on the terms of the announcement.

Yours ever,
David Omand
(D B OMAND)

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DRAFT LETTER FROM PRIME MINISTER TO SIR HAROLD ATCHERLEY

You sent me on 7th November the Second Supplement to your Eighth Report. This Supplement recommended new rates of London Pay for Service personnel and new rates of pay for University Cadets and Medical and Dental Cadets. It also recommended that the element in the pay of University Cadets attributable to education grants should be equivalent to the maximum LEA mandatory grants for students outside London.

I am pleased to tell you that the Government has now considered these recommendations and has approved that they should be implemented with effect from 1st April 1979. This decision will be announced on .

These measures complete the 1979 Pay Review for the Armed Forces. I would like to thank you and the other members of your Review Body for all the very valuable work you have done. The present Supplement and your previous Reports in 1979 have dealt with the sometimes very complicated issues of Armed Forces pay with great clarity and judgement.

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