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CONFIDENTIAL

The Right Hon Margaret Thatcher MP 10 Downing Street London SW1

22 April 1980

Dean Prime Minister,

REVIEW BODY ON ARMED FORCES PAY

I enclose the Ninth Report of the Review Body on Armed Forces Pay.

Our review this year has been carried out against the background of the Government's action last year in introducing fully up to date 1 April 1979 rates of pay for all members of the armed forces and of its commitment to keep pay up to date. The report welcomes the improvement in morale within the Services that has resulted, and the recommendations bring pay up to date at 1 April 1980.

We have also recommended an important change in the way in which Service accommodation charges are assessed. This takes full account of the differences in the nature of Service tenancies compared with local authority tenancies. We are satisfied that its adoption will put the rental element of the Services charges on to an appropriate basis vis-a-vis the local authority tenant.

As usual, our recommendations for Services medical and dental officers will follow as soon as possible in a supplement to the new report. Amongst other considerations, we need to know the details of the 1980 recommendations of the Review Body on Doctors' and Dentists' Remuneration before we can reach conclusions on this aspect of the review.

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HAROLD ATCHERLEY, CHAIRMAN REVIEW BODY ON ARMED FORCES PAY