



OFFICE OF MANPOWER ECONOMICS

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Prime Minister.

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This seems straightforward
and no doubt the advice of
departments, which I have asked
for, will be to accept the
Review Body's recommend-
ation.

11 September 1980

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW 1

Dear Prime Minister,

MS

bth
11/x.

LONDON WEIGHTING FOR MEMBERS OF HM FORCES

The Ministry of Defence has recently submitted evidence to us proposing an increase in London weighting for members of the armed forces in line with the established Department of Employment indices and with effect from 1 April 1980. The publication dates for the relevant indices are such that this matter could not be dealt with earlier in the year as part of our Ninth Report and Supplement and we see it as appropriate to make our recommendations on this relatively minor issue, that affects relatively few servicemen and women, by letter rather than in a further supplementary report.

The form of London weighting that applies in the armed forces was introduced in 1974, following recommendations made in the Second Supplement to our Third Report¹. It is based on the approach to London weighting proposed in an advisory report by the Pay Board in 1974², modified to take account of certain conditions that are peculiar to the armed forces. As a result, elements that recognise the additional costs of housing and travel to work are excluded: in general, they are not appropriate to the armed forces because the Services provide accommodation in London at charges that are standardised throughout the country and also reimburse some of the costs of travel to work. The basic rates of London weighting for members of the armed forces recognise, therefore, the remaining elements of the Pay Board formula that cover "other costs" and "wear and tear and lower housing standards". Higher rates are payable to servicemen and women who are owner-occupiers and who travel daily from their homes to work in London, thus incurring additional housing costs in the same way as owner-occupiers outside the Services.

On the basis of the method recommended by the Pay Board, adapted to the circumstances of the armed forces, we endorse the proposals put forward by the Ministry of Defence and recommend that the following rates of London weighting should be introduced with effect from 1 April 1980:

¹Review Body on Armed Forces Pay, Second Supplement to Third Report 1974, Cmnd 5853, January 1975.

²Pay Board Advisory Report 4, London Weighting, Cmnd 5660, July 1974.

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	Inner London £	Outer London £
Basic rate	453	252
Owner-occupier rate	712	365

We estimate that the additional costs involved in these recommendations are £1.04m.

*Yours sincerely,
Harold Atcherley*

HAROLD ATCHERLEY, CHAIRMAN
REVIEW BODY ON ARMED FORCES PAY