

**CONFIDENTIAL**

Prime Minister

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MR. SCHOLAR

Yes

a similar

but very restricted circulation

as we have given the TSRB?

May I give this Report

AFPRB REPORT

MCS 8/4

I have had a quick look at this Report. At first sight much of it is helpful: the 6.1% overall increase on the estimated paybill is less than many of us had expected; the references in paragraph 118 to recruitment and retention, to the general economic background and to security of employment are helpful in the wider pay context; and the range of recommended military salaries - 4.5% - 8.9% for Officers, 5.6% - 7.0% for NCO's, and 4.0% - 5.8% for other ranks - reflects many of the principles that lay behind our disaggregate offer to the Civil Service. It seems very probable that the AFPRB has been influenced both by that offer, and, more particularly, by their being aware of the work going on at official level in the interpretation of the commitment to Armed Forces pay.

Nonetheless, it would be dangerous to assume too readily that the Report as a whole is all good news. Certainly, if the Civil Service arbitrator recommends substantially more than 6.1% overall, the AFPRB Report strengthens the case for overriding the arbitration award. Equally, if the Civil Service arbitration award is in the 6 - 7% range, and the Government decided to accept it, the AFPRB Report makes it more likely that such an outcome is acceptable to the Civil Service. And on its face value the 6.1% figure will have a helpful effect on the pay round as a whole because it is less than the going rate and less than the figure on which many groups who have still to settle are setting their sights. But there are two drawbacks: first, it is of course substantially more than the 4% on which we are resting our case for the Civil Service and the bulk of the NHS, and more still than we have offered to the teachers; and second, the Civil Service Unions will undoubtedly lose no time in pointing out that the 6.1% is on top of full implementation of the 10.3% AFPRB recommendation last year. They will say that the AFPRB Report therefore justifies about 9% for the Civil Service, since the Civil Servants got 3% less than the Armed Services last year.

/ So I am sure

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So I am sure that it would be wrong to jump the gun and either publish or accept the recommendations of this Report, until we have to take all the other public service pay decisions after Easter. Apart from anything else, if we were to publish this one, we should certainly have to publish the TSRB and DDRB - we know the former is unhelpful and the latter is very likely to be as well. But the Treasury will want to consider carefully the balance of advantage in view of the forthcoming arbitration, and I hope the Prime Minister will agree to early circulation of this Report, at least as far as the Treasury.

J.

J.M.M. Vereker  
8 April 1982

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File DS  
Defence

10 DOWNING STREET

*From the Private Secretary*

13 April 1982

Armed Forces Pay Review Body

I enclose two copies of the Review Body's latest Report. I should be grateful if you, and those to whom I am copying this letter, would ensure that no further copies of the Report are made at this stage, and that for the time being the Report is shown to no-one except the copy addressees of this letter and their Ministers.

When we receive Press enquiries as to whether this Report has been received by the Prime Minister, we intend to confirm its receipt, and to say that, as in the past, its contents will not be disclosed until the Government has reached a decision on these matters.

I am copying this letter to John Kerr (HM Treasury), Barnaby Shaw (Department of Employment) and David Wright (Cabinet Office). Copies are also going to Peter le Cheminant (HM Treasury) and Peter Gregson (Cabinet Office).

MICHAEL SCHOLAR

David Omand, Esq.,  
Ministry of Defence.

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8 April 1982

*Dear Prime Minister,*

REVIEW BODY ON ARMED FORCES PAY

I enclose the Review Body's Eleventh Report, which contains our recommendations on the levels of military salaries, and of food and accommodation charges, that we consider appropriate at 1 April 1982 for members of the armed forces. As usual, we will make recommendations on the pay of medical and dental officers at a later stage, when decisions on the remuneration of general medical practitioners in the National Health Service are known.

*Yours sincerely,*

*Harold Atcherley*

HAROLD ATCHERLEY, CHAIRMAN  
REVIEW BODY ON ARMED FORCES PAY