



SP with Treasury response  
BT 8/6

PRIME MINISTER

ARMED FORCES PAY REVIEW BODY - THIRTEENTH REPORT 1984

Your announcement of the decision to stage the Armed Forces pay award included the statement that the Government would be considering separately certain recommendations on points of detail. It is necessary to do this because the agreed staging formula took account only of that part of the AFPRB's report which recommends increases in the basic Military Salary and major allowances in the nature of pay (such as flying pay, parachute pay and submarine pay).

2. Apart from these purely 'pay' items there are a number of other allowances, and there is also the question of charges for food and accommodation which we discussed on 7th June. I propose that we should handle these in the following ways:

a. Minor forms of additional pay and allowances

The AFPRB has recommended no change for five of the ten items in this category, and the question of staging does not arise. Of the remainder, the most significant is Separation Allowance where the recommended modest increase would cost about £600,000 a year. The increases recommended for the other items are estimated to cost in total less than £125,000. The extra administrative burden of staging the increases in these forms of pay and allowances, and their relative insignificance in relation to the totality of Service pay (some £3 billion) lead me to the conclusion that it would be inappropriate and unnecessary to stage them.





b. Charges for Food and Accommodation

These charges represent income to the Defence Budget, the proposed increases amounting to some £10.3M per annum. We agreed in Cabinet on 7th June that as increases in pay are to be staged it would be fair to treat charges consistently with pay. Phasing of charges in the same proportions as pay would reduce the yield to £6.7M.

c. Northern Ireland Pay and Falkland Islands Pay

No increase is recommended in Northern Ireland Pay (£2.15p a day) and staging is not an issue. But the Review Body has recommended a new allowance of £2.15 a day for repeated tours to the Falklands. They propose its introduction from 1st April 1984 to replace the emergency rate of Local Overseas Allowance of £1 a day introduced during the Falklands campaign. The AFPRB's recommendation could in a sense be treated as a pay increase and so a candidate for staging. However, I would prefer to consider it as a self-contained measure, designed specifically as a more cost-effective alternative to the flat rate LOA. I therefore intend to introduce the new allowance in full from 1st April 1984, as the Review Body recommends, phasing out the LOA by 50% reductions on 1st August and 1st October.

3. To sum up therefore, I propose to stage the charges for food and accommodation in the same proportions as pay which will reduce extra income in 1984/85 from £10.3M to £6.7M. I also propose that:

a. the recommended increases in minor forms of pay and allowances should be paid without staging; and

b. the new Falkland Islands allowance should be introduced from 1st April 1984 without staging, and the present LOA withdrawn.





When we have settled these points I will let you have, in the usual way, the draft of a formal letter to the Chairman of the AFPRB responding to the Report.

4. I am copying this minute to the Chief Secretary and to the Secretary of State for Health and Social Security.

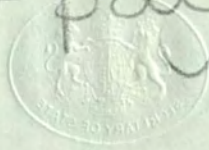
A handwritten signature in blue ink, appearing to be "M. J. G." or similar, written in a cursive style.

Ministry of Defence

8th June 1984



Reference: A F pay Pt 2





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10 DOWNING STREET

*From the Private Secretary*

25 June 1984

Armed Forces Pay Review Body  
Thirteenth Report 1984

The Prime Minister has seen your Secretary of State's minute of 8 June and the Chancellor's reply of 15 June and has noted that the outstanding details on the AFPRB Report have now been settled between departments.

I am copying this letter to David Peretz (HM Treasury), John Gieve (Chief Secretary's Office), Steve Godber (DHSS) and Richard Hatfield (Cabinet Office).

(ANDREW TURNBULL)

Nick Evans, Esq.,  
Ministry of Defence.

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Prime Minute ②

AT 19/6

To note that all be AFPRB  
Consequential have been

Treasury Chambers, Parliament Street, SW1P 3AG settled.

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AT 22/6

PRIME MINISTER

ARMED FORCES PAY REVIEW BODY - THIRTEENTH REPORT 1984

I have seen Michael Heseltine's minute to you of 8 June. Provided the cost is met from within existing defence expenditure provisions, I would raise no objections either to the exclusion from the pay staging formula of the minor forms of additional pay and allowances to which Michael referred, or to the staging of food and accommodation charges as he proposes.

2. I am copying this minute to Peter Rees, Michael Heseltine and Norman Fowler.

N.L.  
15 June 1984





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10 DOWNING STREET

*From the Private Secretary*

24 April 1984

*Dear David*

I enclose a copy of the latest Report of the Review Body on Armed Forces Pay. Mrs Thatcher has asked that copies of this Report should remain with the Chancellor or the Permanent Secretary.

I am sending a copy of the Report on the same basis to Richard Mottram (Ministry of Defence).

*Tim*

*T. F.*

Timothy Flesher

David Peretz, Esq.,  
H.M. Treasury.

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