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10 DOWNING STREET

THE PRIME MINISTER

9 October 1984

Dear Sir David,

Thank you for your letter of 25 September which sets out your Review Body's recommendations on London Weighting for the Armed Forces.

I am writing to tell you that the Government will be implementing the recommended increases from 1 April. I am grateful to you and your Review Body for your work on this matter.

Yours sincerely

Margaret Thatcher

---

Sir David Orr, M.C.

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GR pl type full signature

ECASO



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~3367022~~ 218 2111/3

MO 4/4

5th October 1984

Dear Andrew,

I acknowledged on 1st October your letter of 25th September to Richard Mottram which enclosed the Armed Forces Pay Review Body's recommendations on London Weighting for the Armed Forces.

We agree with Sir David Orr's observation that members of the Armed Forces have no choice in their posting to London. This makes the position of the Armed Forces different in practice from the majority of other London-based employees. Given the importance of preserving the Government's good record of accepting AFPRB recommendations, we are firmly of the view that the award should be implemented in full. The extra cost of £415,000 can be met from within the MOD's cash limits.

We note that backdating the award to 1st April, when the increase in Civil Service London Weighting only took effect from 1st October, might lead to hostile comment from the Civil Service unions. The different position of the Armed Forces (as recognised by the AFPRB), the fact that certain other minor forms of pay and allowances for the Armed Forces were deliberately not staged earlier this year (on de minimis grounds), and that staging of London Weighting for the Armed Services would produce relatively tiny financial savings are, in our view, compelling reasons for adhering to the Review Body's recommendations. Nor do we think that this would significantly weaken the Civil Service precedent being applied to other public sector groups such as teachers. Other Departments have been consulted and do not wish to oppose.

A draft reply to Sir David Orr, agreed with Treasury and interested Departments, is attached. It assumes that the Prime Minister accepts the recommendations in full.

I am copying this letter to the recipients of yours.

Yours sincerely  
B P Neale

(B P NEALE)



DRAFT LETTER FROM THE PRIME MINISTER TO SIR DAVID ORR

Thank you for your letter of 25 September which sets out your Review Body's recommendations on London Weighting for the Armed Forces.

I am writing to tell you that the Government will be implementing the recommended increases from 1st April. I am grateful to you and your Review Body for your work on this matter.



Difference: Forces Pay: Pt







MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1  
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MO 4/4

1st October 1984

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Dear Andrew,

You wrote to Richard Mottram on 25th September asking for a draft reply "as soon as possible" which the Prime Minister might send to Sir David Orr, the Chairman of the Armed Forces Pay Review Body, who wrote to her about London Weighting for members of the Armed Forces.

I understand that officials from the Ministry of Defence are consulting with their colleagues in HM Treasury and other Departments concerned about the Review Body's proposal and those other related issues in the public sector pay field - including the backdating of the increase in London Weighting for the Armed Forces to 1st April 1984 - and that Ministers will be consulted at the earliest opportunity.

6411 I hope, therefore, to let you have co-ordinated advice and a draft reply for the Prime Minister's use by Friday 5th October.

A copy of this letter goes to the recipients of yours.

Yours sincerely,  
Barry Neale

(B P NEALE)  
Private Secretary

Andrew Turnbull Esq



Armed Forces pay: DEFENCE Pt 2.

MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1



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10 DOWNING STREET

*From the Private Secretary*

25 September 1984

REVIEW BODY ON ARMED FORCES PAY: LONDON WEIGHTING

I attach a copy of a letter the Prime Minister has received from Sir David Orr, Chairman of the Review Body on Armed Forces Pay, about London Weighting for members of the Armed Forces from 1 April 1984.

I should be grateful if you would let me have a draft reply for the Prime Minister's signature, agreed with the Treasury and other Departments concerned, as soon as possible.

I am copying this letter to Margaret O'Mara (HM Treasury), Paul Thomas (Chancellor of the Duchy of Lancaster's Office), David Normington (Department of Employment) and Richard Hatfield (Cabinet Office).

Andrew Turnbull

Richard Mottram, Esq.,  
Ministry of Defence.

CSX





Ack'd on 25/9

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OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY  
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Telephone 01-405 5944

The Rt Hon Margaret Thatcher MP  
10 Downing Street  
LONDON SW1

25 September 1984

*Dear Prime Minister*

REVIEW BODY ON ARMED FORCES PAY: LONDON WEIGHTING

1. The Review Body has recently considered the question of the level of London weighting which would be appropriate for members of the armed forces with effect from 1 April 1984. In accordance with previous practice, it seems appropriate to convey our recommendations by letter rather than in the form of a supplement to our 1984 report: only a small proportion of men and women in the Services is affected.
2. Prior to our recommendation last year, London weighting for the armed forces had been calculated on the basis proposed by the Pay Board<sup>1</sup> but modified to take account of the specific circumstances of the armed forces. The elements in the Pay Board formula covering the additional costs of housing and travel to work in London were excluded from the basic armed forces rates because Service accommodation is provided at a cost standardised throughout the country and there is some reimbursement of the additional costs of travelling to work. Higher rates, which allowed for the housing element, were payable to those who were owner-occupiers and travelled daily from their homes to work in London.
3. Last year, following the discontinuance in October 1982 of the publication of the Department of Employment indices which updated the Pay Board formula, we considered a number of approaches to setting levels of London weighting for the armed forces. We concluded that, in the case of the armed forces, London weighting was more in the nature of a reimbursement of additional costs than a payment aimed at recruitment and retention in a particular locality. Members of the armed forces are compulsorily posted (on a temporary basis) to London whereas most people in receipt of London weighting have some choice as to whether or not they live and work in London. Given this, we recommended last year levels of London weighting for the armed forces which, in our judgment on the basis of available information, represented a fair reimbursement for the extra costs of living and working in London, bearing in mind the particular circumstances in which servicemen and women served in the capital.
4. We have considered further the approach adopted last year and have concluded that it remains the right one. On this basis, we recommend the following rates of London weighting (before adjustment for daily rates of payment) as appropriate for members of the armed forces with effect from 1 April 1984 (the current rates are in brackets):

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





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	Inner London	Outer London
	£	£
Basic Rate	620 (590)	352 (335)
Owner-Occupier Rate	940 (875)	482 (450)

5. We estimate the additional annual cost arising from this recommendation to be about £415,000.

*Yours sincerely*  
*David Orr*

SIR DAVID ORR  
CHAIRMAN  
REVIEW BODY ON ARMED FORCES PAY