



## DEBATE PACK

CDP-0211 | 31 October 2017

# Armed Forces Pay

## Main Chamber Wednesday 1 November 2017 Opposition Day Debate

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### Contents

<b>1.</b>	<b>Summary</b>	<b>2</b>
<b>2.</b>	<b>Press Articles</b>	<b>3</b>
<b>3.</b>	<b>PQs</b>	<b>4</b>
<b>4.</b>	<b>Other Parliamentary material</b>	<b>12</b>
4.1	Debates	12
4.2	Statements	15
4.3	Early Day Motions	16
<b>5.</b>	<b>Deposited papers</b>	<b>17</b>
<b>6.</b>	<b>Further reading</b>	<b>19</b>

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

# 1. Summary

The overall remuneration package for Armed Forces personnel consists of the following elements: basic pay, an additional payment called the "X factor", additional/specialist pay, taxable and non-taxable allowances and charges. The overall pay that an individual receives will depend on their own personal circumstances and eligibility for specialist pay and allowances. Pay comparisons, even across the same rank, are therefore difficult.

The levels of pay and charges are set by the Government based on recommendations by the Armed Forces' Pay Review Body (AFPRB), which is independent of the MOD. The basic principle is that the packages of Service pay and charges must be fair in relation to those applying to civilian occupations; while at the same time addressing issues of recruitment and retention. Basic pay is therefore maintained at levels broadly comparable with those received by civilians in similar occupations. However, in making its recommendations the AFPRB is obliged to consider the funds available to the Ministry of Defence, and the Government's overall inflation target.

In January 2016 the MOD introduced a new system of basic pay, as part of its 'New Employment Model' review. This replaced the previous system which the Government said was overly complex and inefficient. The new system has been described as "simpler and fairer"; while pay protection was introduced to ensure that no Service personnel would take a pay cut on transition to the new pay model. The new pay model did not, however, affect allowances or additional/specialist payments. The new system came into effect on 1 April 2016.

The Government-imposed pay freeze meant the base pay of only those earning less than £21,000 was increased in financial years 2011/12 and 2012/13. The AFPRB recommended an increase of 1% in base pay across all ranks in 2013/14, 2014/15, 2015/16 and 2016/17. It also recommended that from 2013/14 the "X factor" should be increased by 0.5 percentage point from 14% to 14.5%.

In its latest report, which was published in March 2017, the AFPRB recommended a 1% increase to all military salaries, which was subsequently adopted by the Government and came into effect on 1 April 2017.

## 2. Press Articles

The following is a selection of recent press and media articles relevant to this debate.

Please note: the Library is not responsible for either the views or accuracy of external content.

### [TUC warns against 'cherry-picking' some workers for pay rises](#)

BBC News

11 September 2017

### [Britain's armed forces being 'hollowed out' as recruitment stalls, Government-commissioned study finds](#)

The Independent

Adam Lusher

4 September 2017

\*see further reading section of this Debate Pack

### [Public sector pay cap is matter for future budgets, says Grayling](#)

The Guardian

Rowena Mason and Anushka Asthana

5 July 2017

### [Doctors, nurses and soldiers unlikely to receive rise before April 2018, Downing Street signals](#)

The Independent

Joe Watts

3 July 2017

### [Lib Dems pledge to boost armed forces personnel](#)

BBC News

14 May 2017

### [NHS and armed forces pay to rise by 1%](#)

Public Finance

Anthony Barej

29 March 2017

### [Ministry of Defence chiefs warned that sticking to troop pay cap could lead to exodus](#)

The Sun

Steve Hawkes

29 March 2017

### [Soldiers attack 'unfair' one per cent pay rise and warn they are facing 'perfect storm' of rising rents and tax hikes](#)

Daily Telegraph

Steven Swinford

28 March 2017

### 3. PQs

#### [Armed Forces: Pay](#)

19 Jul 2017 | 4132

**Asked by: Rachael Maskell**

To ask the Secretary of State for Defence, with reference to the 2017 UK Regular Armed Forces Continuous Attitudes Survey Results 2017, published on 25 May 2017, what discussions he has had with the Pay Review Body for Armed Forces on (a) the changes in levels of satisfaction and (b) how pay could help address those changes.

**Answering member: Tobias Ellwood | Department: Ministry of Defence**

Defence Ministers have had no discussions with the Armed Forces' Pay Review Body (AFPRB) since the 2017 results of the UK Regular Armed Forces Continuous Attitude Survey (AFCAS) were published on 25 May 2017. As part of informing the AFPRB's annual process, the Ministry of Defence provides papers of evidence and takes part in oral evidence sessions, all of which refer to AFCAS where relevant.

#### [Armed Forces Pay](#)

10 July 2017 | Volume 627 cc9-11

**Asked by: Mike Amesbury**

What recent discussions he has had with the Armed Forces Pay Review Body on levels of pay for the armed forces.

**Answering member: Sir Michael Fallon | Department: Ministry of Defence**

Ministers are in regular contact with the Armed Forces Pay Review Body as part of the annual pay round process. I gave oral evidence to the review body last November prior to its 2017 report, and I expect to meet it again prior to its 2018 report.

**Asked by: Mike Amesbury**

Given that every Minister, including the Defence Secretary, voted against lifting the pay cap, does that not prove that their praise is more hollow words than good deeds?

**Answering member: Sir Michael Fallon | Department: Ministry of Defence**

We all want to see people in public service, including in the armed forces, properly remunerated for what they do, but any pay settlement must obviously take account of taxpayers' interests and be fair to our need to get our deficit under control. We are advised by an independent pay review body that, unlike some other pay review bodies, is specifically required to look at comparability with the civilian sector and to take account of any evidence regarding recruitment and retention.

**Asked by: Mr Philip Hollobone**

At times when general employment levels rise and unemployment levels fall, and with the continued strength of our economy, it gets more and more difficult to recruit and retain armed forces personnel. Will those be key factors in the consideration of this issue?

**Answering member: Sir Michael Fallon | Department: Ministry of Defence**

My hon. Friend is right. We are competing for the best of every generation against other sectors of the economy, which of course are growing. The Armed Forces Pay Review Body, in recommending a 1% pay rise in its last report, said:

“We believe that...an increase of one per cent in base pay...will broadly maintain pay comparability with the civilian sector.”

**Asked by: Stephen Doughty**

Further to that last question, figures released to me last week by the Secretary of State’s Department in a written answer show that recruitment to our infantry fell by 18% in the last year alone. Does he not accept that not giving a fair pay rise is having a direct impact on recruitment?

**Answering member: Sir Michael Fallon | Department: Ministry of Defence**

That is not the view of the Armed Forces Pay Review Body. As I have just indicated to the House, the pay review body believes that its settlement, recommended last year, does maintain pay comparability with the civilian sector. Some 8,000 people joined the armed forces in the last 12 months, but when the pay review body comes to make its recommendation for next year, it will of course look specifically at the evidence on recruitment and retention—and it does that in a way that some other review bodies are not able to do.

**Asked by: Nia Griffith**

After losing her majority at the general election, the Prime Minister has now signalled that she is prepared to work across the House with other parties on areas of agreement. In that spirit, I make a constructive offer. The Government have just introduced the Armed Forces (Flexible Working) Bill in the other place. If the Government agree to amend the Bill to include a real-terms pay rise for our armed forces personnel, they can count on Labour’s support, so will they agree to work with us to give our armed forces the pay award they deserve?

**Answering member: Sir Michael Fallon | Department: Ministry of Defence**

We all want to see our armed forces properly remunerated for the service they give us, but it is also incumbent on the hon. Lady to make it very clear how any increase she favours would be properly paid for. That is something she has not done and her party has not done—it certainly did not do it at the last election. The pay review body system is beyond party politics in this House. It is an independent pay review body that looks at comparability with the civilian sector, looks at the issue of

retention and recruitment and makes its recommendation, which last year we accepted in full.

**Asked by: Nia Griffith**

On the contrary, our manifesto was fully funded, and the Government know that. They know how to raise taxes if they need them. The fact is that the Armed Forces Pay Review Body is severely constrained by the overall 1% cap on public sector pay that the Government have imposed. If the Government will not legislate for a pay rise, will the Secretary of State at least allow the pay review body to carry out a mid-year review and report on what our armed forces should be receiving if the cap were not in place?

**Answering member: Sir Michael Fallon | Department: Ministry of Defence**

I am staggered that the hon. Lady thinks her manifesto was fully costed or, indeed, fully funded. There were billions in that manifesto that were due to be borrowed and paid for by future generations. We have implemented the pay review body's recommendation in full for this financial year and, for next year, evidence is already being acquired by the pay review body. I will give my evidence to the pay review body later in the year, and we will see what it recommends.

**[Armed Forces: Pay](#)  
29 Jun 2017 | 342**

**Asked by: Grahame Morris**

To ask the Secretary of State for Defence, if he will make representations to the Treasury to (a) lift the public pay sector cap and (b) allow the Armed Forces Pay Review Body to make recommendations on pay rises without that pay gap restriction.

**Answering member: Tobias Ellwood | Department: Ministry of Defence**

Defence Ministers have regular discussions with the Chancellor of the Exchequer covering a wide range of topics including pay. The independent Armed Forces' Pay Review Body (AFPRB) provides advice annually to the Prime Minister and the Secretary of State for Defence on pay levels for members of the Armed Forces. In reaching their recommendations the AFPRB consider a number of factors. These are laid out in their terms of reference, published at the beginning of each of their annual reports.

**[Armed Forces: Pay](#)**  
**25 Apr 2017 | 71485**

**Asked by: Nia Griffith**

To ask the Secretary of State for Defence, with reference to page 51, paragraph 4.49 of the 46th Report of the Armed Forces' Pay Review Body, published on 28 March 2017, on what basis his Department calculated that the future accommodation model would result in savings of £500 million over 10 years.

**Answering member: Mark Lancaster | Department: Ministry of Defence**

The 2015 Spending Review committed the Ministry of Defence (MOD) to savings of around £500 million from accommodation over the next 10 years through reduced running costs, capital receipts and savings. Inefficiencies in the current model mean that it costs the MOD around two pounds for every pound of effective accommodation subsidy Service personnel receive; by making the model more efficient we aim to realise these savings and also create a fairer model that provides Service personnel with more choice.

**[Armed Forces' Pay Review Body: Public Appointments](#)**  
**24 Apr 2017 | 70869**

**Asked by: Jon Trickett**

To ask the Secretary of State for Defence, who makes appointments to the Board of the Armed Forces' Pay Review Body; which other organisations or individuals provide advice on those appointments; and at what stage of the process such advice is provided.

**Answering member: Mark Lancaster | Department: Ministry of Defence**

Membership of the Armed Forces' Pay Review Body (AFPRB) is by Ministerial appointment. Applicants for public appointments go through a strict recruitment process which adheres to Cabinet Office policy and requirements set by the Office of the Commissioner for Public Appointments. Ministers are required to approve the recruitment programme, job advert and the composition of the Advisory Assessment Panel before the campaign begins. For AFPRB appointments the advisory panel consists of senior officials from the Ministry of Defence, Her Majesty's Treasury, the Office of Manpower Economics as well as an independent member and, when appropriate, the Chair of the AFPRB. The role of the panel is to provide objective advice on appointable candidates who meet the published criteria for the job from which Ministers can select.

During the last recruitment, which was advertised in August 2016, 37 applications were received.

Currently the AFPRB consists of eight members, of which three are women. None are from a declared black or ethnic minority background or declared disabled. Information on whether members are from a lower socio-economic background is not requested and is therefore not held.

[Armed Forces: Pay](#)

**18 Apr 2017 | 69607**

**Asked by: Nia Griffith**

To ask the Secretary of State for Defence, with reference to page 28, paragraph 3.34 of the 46th Report of the Armed Forces' Pay Review Body, published on 28 March 2017, what the implications are for his policies on recruitment and retention payments; and if he will make a statement.

**Answering member: Mike Penning | Department: Ministry of Defence**

The Ministry of Defence takes seriously the recommendations of the Armed Forces Pay Review Body. Recruitment and Retention Payments (RRP) are paid at Departmental discretion to recruit and retain individuals in specific cadres. It is, therefore, right that RRP is removed when the Department is no longer able to retain the services of an individual to whom RRP is paid.

[Armed Forces: Pay](#)

**04 Apr 2017 | 69623**

**Asked by: Nia Griffith**

To ask the Secretary of State for Defence, with reference to paragraph 2.73 of the Armed Forces' Pay Review Body 46th Report, what steps his Department is taking to promote cohesion between Regulars and Reserves as part of the Whole Force approach.

**Answering member: Mark Lancaster | Department: Ministry of Defence**

The Services are committed to achieving culture change to break down barriers between Regulars and Reserves and improve cohesion. This is being addressed through a number of programmes.

We continue to invest in more integrated training and in equipment for the Reserves. Reserves have access to the same equipment and technology as Regulars across all the Services. Army Reserve Units are now commonly paired with Regular Units and train alongside them using the same modern equipment and, when required, may also deploy with them. The Army also employs individual reservists alongside Regular personnel, for example in intelligence roles. The Maritime and RAF Reserves are most often used to provide individuals and small teams for specific roles. Their training is designed to integrate them with the Regulars.

We have streamlined the process for transferring from the Regulars to the Reserves to enable people with key skills to share their knowledge and expertise. We are also actively working to identify any policy or process issues that may hinder the use of reservists and to remove these barriers wherever possible.

We have developed a set of indicators of culture change and we have put in place a process through which the Services will assess their



progress against these indicators and provide evidence of that progress to senior leadership in the Department. This will allow the Ministry of Defence to identify and share examples of good practice as well as issues to be addressed.

These initiatives have begun to have a positive effect. In the 2016 Armed Forces Continuous Attitude Survey, almost two thirds of Regulars who had served alongside Reservists rated them as professional, with a similar number rating the Reserves' contribution as valuable. This is a firm foundation on which we can build and we are working to do so.

### **Reserve Forces: Pay**

**03 Apr 2017 | 69592**

#### **Asked by: Nia Griffith**

To ask the Secretary of State for Defence, with reference to paragraph 2.68 of the Armed Forces' Pay Review Body 46th Report, what discussions he has had with the Chancellor of the Exchequer on tax codes for Reserves; and what steps his Department is taking to review that matter.

#### **Answering member: Harriett Baldwin | Department: Ministry of Defence**

Ministry of Defence (MOD) and HM Treasury officials have been working together since 2015 to improve processes for Reservist personnel, particularly for those mobilising from and demobilising back into civilian employment. As a result, new internal procedures have been introduced and guidance and instructions issued.

The MOD will continue to review the impact of this revised guidance on Reservist personnel to ensure the new guidelines are operating effectively and see if any further improvements are required. Current guidance on the rights and responsibilities of Reservists and employers, including payroll reporting, can be found at the following address:

<https://www.gov.uk/employee-reservist>

### **Armed Forces: Pay**

**01 Dec 2016 | 55260**

#### **Asked by: Jim Shannon**

To ask the Secretary of State for Defence, what steps his Department is taking to ensure that levels of salary for armed forces personnel reflect changes in salaries for non-service personnel.

#### **Answering member: Mark Lancaster | Department: Ministry of Defence**

The independent Armed Forces' Pay Review Body (AFPRB) provides advice annually to the Prime Minister and the Secretary of State for Defence on pay levels for members of the Armed Forces. In reaching their recommendations, the AFPRB consider a number of factors including the need for the pay of the Armed Forces to be broadly comparable with pay levels in civilian life.

**Armed Forces: Pay**

**20 Jul 2016 | HL1240**

**Asked by: Lord Touhig**

To ask Her Majesty's Government, in the light of the 2015 Strategic Defence and Security Review, what impact the fixed one per cent pay increase has had on (1) retention, and (2) recruitment, in the (a) Army, (b) Navy, and (c) Royal Air Force.

**Answering member: Earl Howe | Department: Ministry of Defence**

The Government greatly values the important work of the Armed Forces. The independent Armed Forces' Pay Review Body (AFPRB) annually reviews Armed Forces' pay to ensure that it remains comparable and adequate to recruit, retain and motivate personnel. Having considered all the evidence presented to them during the last pay round, the AFPRB recommended that a one per cent increase in base pay across the board was appropriate; a recommendation which the Government accepted in full. In addition to the one per cent pay rise, Service personnel have benefited from the introduction of a new pay structure in April 2016. As well as retaining incremental pay scales, 'Pay 16' seeks to rebalance pay to better reward our most highly skilled personnel while addressing many of the concerns Service personnel had raised regarding the previous pay structure.

Pay restraint was one of the many difficult decisions the Government had to make to put the UK's public finances back on track. However, the overall remuneration package remains competitive with a non-contributory pension scheme, subsidised accommodation and access to free medical and dental care.

Research suggests that individuals joining the Armed Forces rate factors such as training, qualifications and promotion more highly than pay. For example, the 2014-15 Recruit Trainee Survey reports that the top four most important factors influencing recruits' decisions to join the Armed Forces were: challenge and adventure (93 per cent); keeping fit (93 per cent); gaining skills and qualifications and the appeal of the lifestyle. Similar findings are found in research regarding Service personnel's intentions to stay in the Armed Forces. The Armed Forces Continuous Attitude Survey 2016 reports that the top five factors increasing Service personnel's intention to stay in the Armed Forces are: job security; dental and healthcare provision; pension; and mental health provision.

The Services closely monitor recruitment and outflow. They have introduced a wide range of initiatives to increase recruitment numbers, which include targeted marketing, specific recruitment events, and improvements in the recruitment process. Instances of high outflow are mitigated through a variety of management actions which include extensions of Service, financial retention initiatives and inter-Service transfers. However, it should be recognised that some churn in strength, particularly in the lower ranks, is welcome and helps to refresh the Armed Forces.

**Armed Forces: Pay****15 Jun 2016 | 39957****Asked by: Kirsten Oswald**

To ask the Secretary of State for Defence, what assessment he has made of the potential effect on morale among members of the armed forces of the transition from Pay 2000 to the new Pay 16 pay structure.

**Answering member: Mark Lancaster | Department: Ministry of Defence**

The new Pay 16 structure was specifically established in response to Service personnel criticisms of the old pay model. The Ministry of Defence (MOD) has developed the new pay model as a simpler, more transparent system which provides Service personnel with greater pay predictability. It addresses some of the concerns about the previous pay model reported by personnel through both the Service Complaints system and the Armed Forces Continuous Attitude Survey (AFCAS) and in feedback from the Armed Forces Pay Review Body (AFPRB). I fully expect these changes to be positive for morale overall.

Many personnel will experience an increase in pay as a result of the new pay model, and no one will take a cut in core pay on implementation. We have taken steps to ensure that personnel are aware of the range and nature of the pay reforms that began on 1 April 2016 and comprehensive internal communications activity has been undertaken to explain the changes. This included Departmental guidance to help personnel understand their new pay statement and any changes. Personnel, including those under pay protection, continue to remain eligible for any Government-approved pay award. Pay protection has been put in place to ensure that no one will take a pay cut on implementation of Pay 16 and this arrangement will exist for at least the first three years to ensure that no one is disadvantaged.

The new pay model is not designed as a cost saving exercise, but is a rebalancing of pay to make more efficient and effective use of the Armed Forces pay bill; the AFPRB will continue to recommend pay rates for all personnel. As we go forward the Service Complaints Process and AFCAS will be primary sources which inform our assessment of the benefits realised through the pay reforms.

## 4. Other Parliamentary material

### 4.1 Debates

#### [Armed Forces Pay](#)

12 September 2017 | 628 399-412WH

#### [Public Sector Pay Cap \[Extract\]](#)

13 July 2017 | House of Lords | 783 cc1337-50

[...]

#### **Baroness Dean of Thornton-le-Fylde**

My Lords, I thank my noble friend Lord Haskel for this starter debate, as I hope it is, on a very topical and important issue. There has been much publicity in the press, and during that publicity there have been a number of statements saying that public sector workers, covered by the various review bodies, have an independent review body, and that it is up to that body to say what the increase should be. That is not the case. I was formerly chair of the Armed Forces' Pay Review Body. The Government give clear guidelines, and the review body's report this year says that the funds available to the MoD, set out by the Government, must be taken into account.

Our Armed Forces have been limited to a 1% increase this year; we are told that that is going to be followed for the next two years, as it has been for several years now. Of course, that has had an impact. Our Armed Forces, until recently — and day after day we read about the deaths — have been carrying out their normal, day-to-day work, mainly in the Middle East and some in Afghanistan. It is wrong that we should treat them in this way, because it is not the right thing to do and because it has a detrimental impact on us as a community. It has led to voluntary departures being historically high from the Armed Forces at a time when they are operating at 4.4% below the manning levels that were set and when their targets and operational requirements have increased. Indeed, we had a Statement today about Daesh in Syria and Iraq. Our people are out there now in the RAF risking their lives, day in and day out, yet their morale is not as it should be.

We have heard from my noble friends — and I, too, regret that we do not have any contributions in this debate, which affects our country, from the other side of the House — about how the Government will not be reviewing the cap. Yet the reality is that we have a split Cabinet; some in the Cabinet feel that it should be reviewed, and they are right. In the 2016 Armed Forces Continuous Attitude Survey, just 12% thought that morale was high. If that was a private employer, a few heads would be being counted to go. That means 12% are working day in and day out, sometimes risking their lives, while knowing that the accommodation that their families are in back home is below par in too many instances. Indeed, families are complaining about what they are living in. Temporary operations and gapping and overstretch against increased targets all cause low morale. Officers in the Armed Forces have expressed concerns about the apparent inability of the MoD to say

no to extra tasks, even when its people appeared to be at breaking point. Those junior officers were concerned because it would affect their career prospects if they spoke out.

We have the Armed Forces covenant and Armed Forces' Pay Review Body, which is supposed to be independent, but its hands are tied. This is no fair way in which to treat public sector workers in our Armed Forces. That is a case that will be made continually. I know that my noble friend Lord Touhig made it in the opening debate yesterday. It is wrong; the discussion should be transferred to the Armed Forces' Pay Review Body, which I think will do a fair deal.

[...]

**Minister of State, Department for International Development  
(Lord Bates)**

[...]

A number of noble Lords questioned our commitment to the public services, saying that we were very happy to pay tribute to the workers when crises arose but questioning whether we were backing that up with resource. It will not surprise noble Lords to hear me say that we pay tribute to our public services, particularly given the horrific events that we have seen in recent months. Their performance has been utterly outstanding, as has that of the Armed Forces. How do we respond to that? We respond to the Armed Forces through signing up to the 2% pledge in NATO for defence expenditure, thereby investing in the Armed Forces.

[...]

**[Armed Forces \(Flexible Working\) Bill \[HL\]](#)  
11 July 2017 | House of Lords | 783 cc1174-210**

**[Queens Speech \[Extract\]](#)  
22 June 2017 | House of Lords | 783 cc84-143**

**Baroness Dean of Thornton-le-Fylde**

[...]

I agreed with the noble Lord, Lord Balfe, when he talked about personnel. I was delighted to hear what he had to say because I do not think that we spend sufficient time on personnel issues in the defence area. We talk more about the hardware, and that is important, but our service personnel are key. We have the Armed Forces' Pay Review Body, which a long time ago I was honoured to chair. Its recent reports, the last one in particular, talked about low morale. The Armed Forces have been limited to a 1% maximum pay increase over the past years, and yet the review body is supposed to be independent.

[...]

It is difficult, too, for defence personnel because, unlike nurses in the health service, teachers, doctors and those in other professional services, they cannot demonstrate down Whitehall. They cannot say, "We want this 1% to go". They do not have representation as other sectors do, other than the reports of the Armed Forces' Pay Review Body. It is incumbent on the Government to look at this and to accept that one possible reason for the outcome of the general election was that the public think austerity has gone too far where people are concerned. We need to review it.

[...]

In the short time I have, I should like to ask the Minister to comment on a number of matters. Will he agree that the Government will look at the 1% and give back independence to the role of the Armed Forces' Pay Review Body so it can carry out an independent review annually and make recommendations to the Government?

[...]

**Lord Touhig**

[...]

Finally, if we are to show how much we value the men and women of our Armed Forces, we have to look at their pay. Those who sign up to serve may be called on to put their lives on the line. They deserve much more than a 1% increase in pay.

[...]

As this debate has shown, we are not alone on this side of the House in urging the Government to invest more in Britain's defence so that our Armed Forces can continue to keep our country safe.

[...]

**[Armed Forces Covenant](#)**

**09 January 2017 | House of Lords | 777 cc1819-33**

## 4.2 Statements

### [Supplement to the Armed Forces' Pay Review Body Report 2017](#)

HCWS55

18 July 2017

#### **Secretary of State for Defence (Michael Fallon):**

The Supplement to the 2017 Report of the Armed Forces' Pay Review Body (AFPRB) making recommendations on the pay of Service Medical and Dental Officers has been published today. I wish to express my thanks to the Chairman and members of the Review Body for their Report.

The AFPRB's recommendations are accepted in full with implementation effective from 1 April 2017. Copies of the AFPRB Supplementary Report are available in the Vote Office.

### [Armed Forces' Pay Review Body 2017 Report](#)

HCWS560

28 March 2017

#### **Secretary of State for Defence (Michael Fallon):**

The 2017 Report of the Armed Forces' Pay Review Body (AFPRB) has now been published. I wish to express my thanks to the Chair and members of the Review Body for their Report.

The AFPRB recommendations are to be accepted in full and will become effective from 1 April 2017. Copies of the AFPRB Report are available in the Vote Office.

### [Armed Forces Pay Reform](#)

HCWS453

07 January 2016

#### **Secretary of State for Defence (Michael Fallon):**

I am today announcing the introduction of a new pay model for armed forces personnel which will provide a modern, simple and credible remuneration offer for our armed forces that attracts and retains motivated people to deliver our operational commitments.

The current pay system, introduced in 2001, was the first integrated "tri-service" pay system. While a major advance at the time, it is now seen as overly complex with significant shortcomings and inefficiencies, which have led to dissatisfaction among service personnel.

We therefore plan to reform core pay from 1 April 2016 for all armed forces regulars and reservists up to the rank of commodore, brigadier

and air commodore, except specialists such as professional aviators and special forces on bespoke pay scales. The new pay model will be both simplified and fairer.

In introducing a new pay system it is important that we recognise and value the contribution of service personnel who work so hard to keep us safe both at home and abroad. This is not a cost-saving exercise, and there will be pay protection to ensure that no service personnel take a pay cut on transition to the new model. Pay reform is integral to work to modernise the overall offer to service personnel and will sit alongside initiatives such as forces Help to Buy, the tenancy deposit loan scheme, the introduction of flexible working options, and of employment support to service spouses.

Rank will continue to be the main determinant of pay and incremental progression will remain a key feature of the new system, though it will be rationalised for both officers and other ranks — up to warrant officer level.

For other ranks where we require a breadth of trades there will also be four pay supplements which will better differentiate pay across the trades, removing the illogical characteristics of the current system. It will substantially reduce the number of pay journeys from potentially 128 different journeys to just four, with an associated reduction in administrative overheads. Crucially for service personnel this will provide a pay system that will be easier to understand and allow individuals to more accurately predict their future pay.

## 4.3 Early Day Motions

### [ARMED FORCES PAY REVIEW FORTY-FIFTH REPORT](#)

**EDM 1312 (Session 2015-16)**

**23 March 2016**

**Kirsten Oswald**

That this House acknowledges the Armed Forces Pay Review Body Forty-Fifth Report, published on 8 March 2016; notes that it stated that many personnel appear to have lost trust in their employer and that levels of morale appear to have declined further over the past year; calls on the Government to reconsider the one per cent freeze on Armed Forces pay, a measure that will result in a real-terms pay cut for serving personnel; and expresses concern that Scotland has a historic low in Armed Forces personnel numbers.



## 5. Deposited papers

### [Deposited Paper DEP2017-0444](#) [Extract]

**Ministry of Defence**

**12 July 2017**

**Letter dated 12/07/2017 from Earl Howe to Baroness Dean of Thornton-le-Fylde regarding issues raised further to the Queen's Speech debate: Armed Forces Pay Review Body (AFPRB) and defence spending and capability**

[...]

In answer to your first point please let me start by assuring you that the Government fully recognises the invaluable work undertaken by members of our Armed Forces, often in dangerous and difficult circumstances. All around the world we ask a great deal of our people and they meet those challenges with courage and professionalism.

As the Chancellor of the Exchequer stated in the House on the 29 June, "Our pay policy has always been designed to strike the right balance between being fair to our public servants and being fair to those who pay for them. That approach has not changed and we continually assess that balance." Defence Ministers have regular discussions with the Chancellor covering a wide range of topics including pay. A new pay structure (pay 16) was introduced in April 2016. Pay 16 has rebalanced pay to reward our personnel more effectively in line with their skills while addressing many of the concerns Service personnel had raised with the AFPRB regarding the previous pay structure.

During their deliberations the independent AFPRB consider a number of factors including: the need to recruit, retain and motivate suitably able and qualified people, Government policies for improving public services and the need for the pay of the Armed forces to be broadly comparable with pay levels in civilian life. Overall we believe that the remuneration package for Service personnel, which includes free medical care, a good pension, subsidised accommodation and a range of allowances on top of basic salary, remains very competitive.

### [Deposited Paper DEP2017-0445](#) [Extract]

**Ministry of Defence**

**12 July 2017**

**Letter dated 12/07/2017 from Earl Howe to Lord Touhig regarding issues raised during the Queen's Speech debate**

[...]

On your point about the 1% increase in Service personnel's salaries, the Government fully recognises the invaluable work undertaken by members of our Armed Forces, often in dangerous and difficult circumstances. All around the world we ask a great deal of our people and they meet those challenges with courage and professionalism.

As the Chancellor of the Exchequer stated in the House on the 29 June, "Our pay policy has always been designed to strike the right balance between being fair to our public servants and being fair to those who pay for them. That approach has not changed and we continually assess that balance." Defence Ministers have regular discussions with the Chancellor covering a wide range of topics including pay. A new pay structure (pay 16) was introduced in April 2016. Pay 16 has rebalanced pay to reward our personnel more effectively in line with their skills while addressing many of the concerns Service personnel had raised with the AFPRB regarding the previous pay structure.

During their deliberations the independent AFPRB consider a number of factors including: the need to recruit, retain and motivate suitably able and qualified people, Government policies for improving public services and the need for the pay of the Armed forces to be broadly comparable with pay levels in civilian life. Overall we believe that the remuneration package for Service personnel, which includes free medical care, a good pension, subsidised accommodation and a range of allowances on top of basic salary, remains very competitive.

## 6. Further reading

### [Public sector pay](#)

Commons Briefing Paper CBP-8037  
21 July 2017

### [Armed Forces Pay Review Body Service Medical and Dental Officers](#)

Supplement to the Forty-Sixth Report 2017  
Cm 9449  
18 July 2017

### [Future shape of the armed forces](#)

Commons Debate Pack CDP-2017-0142  
17 July 2017

### ['Filling the Ranks: a report for the Prime Minister on the state of recruiting into the United Kingdom armed forces'](#)

Mark Francois  
July 2017

### [Armed Forces' Pay Review Body Forty-Sixth Report 2017](#)

Cm 9437  
28 March 2017

### [Pay16: the Armed Forces Pay Model](#)

Ministry of Defence  
30 March 2016

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