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OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CC D. Emp
30/11/81

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

23 November 1981

Dear Prime Minister,

LONDON WEIGHTING FOR MEMBERS OF HM FORCES

1. The Ministry of Defence has recently submitted to the Review Body evidence proposing an increase in London weighting for members of the armed forces with effect from 1 April 1981. It seems appropriate to make our recommendations on this matter, which affects only a small proportion of men and women in the Services (about 5 per cent at any one time), by letter rather than by way of a supplementary report.

2. The present arrangements for London weighting in the armed forces were introduced with effect from 1 April 1974, following recommendations made in the Second Supplement to our Third Report¹. They are based on the approach proposed in an Advisory Report by the Pay Board in that year², modified to take account of the specific circumstances of the armed forces. Accordingly, the elements in the Pay Board formula covering the additional costs of housing and travel to work in London are excluded. In general, these are not relevant to the armed forces because the Services provide accommodation in London at charges which are standardised throughout the country; and also reimburse some of the additional costs of travel to work. The basic rates of London weighting for members of the armed forces are derived, therefore, only from the remaining elements of the Pay Board formula, though higher rates are payable to those who are owner-occupiers and travel daily from their homes to work in London, thus incurring additional housing costs in the same way as owner-occupiers outside the Services.

3. On this basis, the following rates of London weighting are appropriate:

	Inner London £	Outer London £
Basic rate	518	296
Owner-occupier rate	788	409

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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4. In their evidence to us, the Ministry of Defence drew attention to the fact that certain other public service employees have been offered increases in London weighting below the levels that might arise from a strict application of the Pay Board formula. It was suggested that we might wish to take account of this development in reaching our conclusions. We have given careful consideration to the point. It is our view, however, that those members of the armed forces who are obliged to live and work in London should not be put at a financial disadvantage relative to their Service colleagues elsewhere. Consequently, we recommend that the rates of London weighting set out above should be implemented with effect from 1 April 1981. We estimate that the additional annual costs arising from this recommendation are £830,000.

Yours sincerely,

Harold Atcherley

HAROLD ATCHERLEY, CHAIRMAN
REVIEW BODY ON ARMED FORCES PAY

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