

CONFIDENTIAL

cc Mr. Hoskyns

(1)

MR. SCHOLAR

Prime Minister

Agree that I write as at X?

MCS 12/2

London Weighting for the Armed Forces

You will see that, as predicted, the Chancellor's office have now written to Mr. Nott's office indicating that the Chancellor is not convinced by the MOD case for full implementation of the AFPRB recommendations on London Weighting. I think the time has therefore come for the Prime Minister to intervene in what has now been a rather long running dispute. You will recall that Mr. Nott's Private Secretary indicated in his letter of 29 January that Mr. Nott would be quite happy for the issue to go to the Prime Minister for a ruling.

As I said in my first note on this issue, on Christmas Eve, my sympathies lie with the Chancellor. At a time when we are reviewing our commitment to armed forces comparability, it would be wrong to continue to extend preferential treatment to the armed forces on London Weighting. If the Prime Minister agrees, therefore, I think you should write to Mr. Nott's office saying that she shares the Chancellor's view that the increase should be limited to 7%.

J.V.

John Vereker

I am reluctant to overrule the AFPRB

On a small point such as this where we have an unblemished record so far. Can Mr Nott do a number deal to the Police - i.e. offer some ideas of what the proposal is that the 17.5% comes nearer to the 10.7% net

9 February 1982

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