



HM Treasury

1 Horse Guards Road
London
SW1A 2HQ

Henry Downey
Democratic Services Officer
Belfast City Council
Legal and Civic Services Department
Room 123B, City Hall
Belfast
BT1 5GS

Your ref: HD/JT
27 April 2021

Dear Mr Downey,

Thank you for your letter dated 22 April, regarding public sector pay. The Chancellor of the Exchequer has asked me to write to you directly.

The Government recognises that public sector workers play a vital role in the running of public services, including in their remarkable commitment to keeping the public safe in the continuing fight against Covid-19. The Government hugely values and appreciates the dedication of all key workers and the Government is working hard to ensure that they feel supported and safe to continue the fight against Covid-19.

Throughout this crisis, the Government has sought to protect people's jobs and livelihoods, and support businesses and public services across the UK. The Government has spent over £352 billion to do so since the start of the pandemic. Since March 2020, the Government has helped to pay the wages of people in 11.4 million jobs across the country through the Coronavirus Jobs Retention Scheme, protecting jobs that might otherwise have been lost and supported the livelihoods of 2.7 million self-employed workers. However, given the unprecedented impact of Covid-19, unemployment and redundancies are rising in the private sector. Employment in the public sector has not been affected to the same degree.

Before Covid-19, those working in the public sector were, on average, already getting better remuneration packages than their counterparts in the private sector. The Office for National Statistics estimated that public sector workers were paid 7% more than workers in the private sector, after controlling for characteristics and including pensions contributions.

In order to protect jobs and ensure fairness, the Government confirmed at the Spending Review (2020) that there will be a pause to headline pay rises for the majority of public sector workforces in 2021-22. For all workforces where such arrangements exist, performance pay, overtime, pay progression and pay rises from promotion will continue.

Nonetheless given the unique impact of Covid-19 on health services, and despite this challenging economic context, the Government will continue to provide for pay rises for over 1 million NHS workers. In setting the level for these rises the Government will need to take into account the challenging fiscal and economic context. The NHS Pay Review Body and Doctor and Dentist's Review Body will make their recommendations as usual later this year.

It is right to temporarily pause pay awards for the rest of the public sector earning £24,000 and above on a full-time equivalent basis, while the Government assess the impact Coronavirus has on the wider economy and labour market. If the Government carried on with blanket, across the board pay rises, the existing gap between public sector reward and the private sector would widen further. This approach will allow us to protect investment in public services as the Coronavirus continues to have an impact. The Government will protect the lowest paid, with 2.1 million public sector workers earning less than £24,000 (Full Time Equivalent) receiving a minimum £250 increase.

I hope this is helpful. If you have any questions about this reply, please email public.enquiries@hmtreasury.gov.uk quoting reference MC2021/13040.

Yours sincerely,

M Subratty
Correspondence and Enquiry Unit
HM Treasury