



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Sir George Howarth MP  
House of Commons  
London  
SW1A 0AA

9 June 2022

Dear Sir George,

Thank you for your email of 16 March to the Chancellor of the Exchequer enclosing correspondence from your constituents, including  
about public sector pay. I am replying as the minister responsible for public spending, and would like to sincerely apologise for the delayed response.

The Government recognises that public sector workers play a vital role in the running of our economy, and in delivering our world class public services.

In the face of huge uncertainty and the unprecedented impact COVID-19 had on the economy the Government took the difficult decision to temporarily pause pay rises for the majority of public sector workers at Spending Review 2020. This helped protect jobs at a time of crisis and ensure fairness between the private and public sectors. The private sector saw suppressed earnings growth and increased redundancies: employment fell by 2.9 per cent between Q1 2020 and Q1 2021, while over the same period employment in the public sector rose by 3 per cent. 11.6 million jobs, from 1.3 million different employers, were furloughed. Public sector average weekly earnings rose by 4.5 per cent in 2020/21 whilst private sector wage increases were a third lower than they were pre-crisis, at only 1.8 per cent.

The public sector benefitted from significant real terms increases prior to the pay pause. In 2020/21, public sector pay awards were 2-3 per cent while inflation was less than 1 per cent. This came after two further years of inflation busting pay rises for the majority of public sector workers.

On average, those working in the public sector have a better remuneration package than those in the private sector, including substantially more generous pensions. COVID-19 has also demonstrated the significant value of job security in the public sector. The temporary freeze meant the gap between the public and private sector did not widen further.

Nonetheless in recognition of the uniquely challenging circumstance COVID-19 had on our health services, and despite the challenging economic context, the Government provided a 3 per cent pay award for over 1 million NHS staff. The Government also protected the lowest paid, with 2.1 million public sector workers earning less than £24,000 (Full Time Equivalent) receiving a minimum £250 increase.

Many will also benefit from progression pay, performance pay, overtime and promotion so that, despite the temporary pause on headline pay uplifts, the majority of the public sector will see earnings rises.

Pay for most frontline workforces - including nurses, police officers, prison officers and teachers - is set through an independent Pay Review Body (PRB) process. The independent review bodies provide evidence-based advice to the Government on levels of pay for their remit groups. In making recommendations, review bodies need to consider both the need to recruit, retain and motivate suitably able and qualified people and the financial circumstances of the government.

The solid recovery in the economy and labour market has meant that the Government has been able to confirm at the Spending Review that public sector workers will see fair and affordable pay rises across the whole Spending Review period (2022/23-2024/25). The Government is running a full pay round and the awards will be announced this year once it responds to the PRB recommendations.

Please pass on my thanks to your constituents for taking the trouble to make me aware of these concerns.

Yours ever,

A handwritten signature in black ink that reads "Simon Clarke". The signature is written in a cursive style and is positioned above a horizontal line.

RT HON SIMON CLARKE MP