

MC2020/24110



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

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

23 December 2020

Dear Sir George

Thank you for your email of 9 June to the Chancellor of the Exchequer on behalf of your constituents regarding NHS pay. I am replying as the Minister responsible for this policy area.

First, let me apologise for the delay in responding. The Treasury has received over 26,000 items of correspondence from MPs since the outbreak of COVID-19, and such a large and sustained increase in the amount of correspondence at the same time as delivering targeted action to protect millions of jobs and livelihoods is a significant challenge.

The Government recognises the remarkable commitment of the NHS to keeping the public safe in the continuing fight against COVID-19. We hugely value and appreciate NHS workers' dedication and we are 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 £280 billion to do so this year. Since March, the Government has helped to pay the wages of people in 9.6 million jobs across the country through the Coronavirus Jobs Retention Scheme, protecting jobs that might otherwise have been lost and supported the livelihoods of 2.6 million self-employed workers. However, given the unprecedented impact of COVID-19, unemployment and redundancies are rising in the private sector. The public sector has been shielded from these effects. In the six months to

September, private sector wages fell by nearly 1 per cent compared to the previous year, while over the same period public sector pay rose by 3.9 per cent.

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 (ONS) estimated that public sector workers were paid 7 per cent more than workers in the private sector, after controlling for characteristics and including pensions contributions.

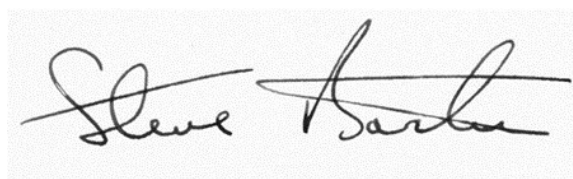
For 2021/22, we will target resources where they will have the most benefit. Given the unique impact of COVID-19 on our health services, and despite this challenging economic context, the Government will continue to provide for pay rises for over 1 million NHS workers. In setting the level for these 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 next year. We will also protect the lowest paid, with 2.1 million public sector workers earning less than £24,000 (full time equivalent) receiving a minimum £250 increase.

It is right to temporarily pause pay awards for everyone else as we assess the impact COVID-19 has on the wider economy and labour market. If we 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 public sector jobs and investment in public services as COVID-19 continues to have an impact.

We have only confirmed pay policy for 2021/22. The Government will reassess this picture next year when the impact of COVID-19 on the wider labour market will be clearer.

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

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Steve Barclay', is centered on a light grey rectangular background.

RT HON STEVE BARCLAY MP