HM Treasury

Autumn Budget 2017
Public sector pay

- **Earlier this year, the government ended the 1% public sector pay policy.**
- **For 2018-19, Secretaries of State will be able to consider appropriate pay awards depending on workforce needs and resources.**

1. Following a two-year pay freeze, the government set average public sector base pay awards at 1% to help return the public finances to health. Despite this, pay in some workforces increased by more than 1% due to progression pay. For example, teachers staying in the workforce from one year to the next saw their pay rise by an average of 4.6% in 2016-17, including increases from promotions and allowances. Roughly £1 in every £4 of public spending is on pay – nearly £180 billion in 2016-17.

2. In September 2017, the government announced the end of the 1% pay policy. The Budget commits to fund pay awards as part of a pay deal for NHS Agenda for Change staff (which includes nurses, midwives and paramedics). Any pay deal will be on the condition that the pay award enables improved productivity in the NHS, and is justified on recruitment and retention grounds. Any pay award will be informed by the recommendation of the independent NHS Pay Review Body.

Public sector pay from 2018-19 onwards

3. In England, the majority of workforces are covered by independent Pay Review Bodies, which consider evidence on issues such as recruitment and retention. For those workforces, the process is as follows:

    - Secretaries of State will shortly issue remit letters to the relevant Pay Review Bodies to begin the pay round process for 2018-19 departments and organisations outside of government (such as unions) will submit workforce specific evidence

    - In Spring and Summer 2018 Secretaries of State will consider the recommendations of Pay Review Bodies to inform pay awards, which will need to be fair to both workers and taxpayers

4. For most workforces, pay is the responsibility of devolved governments in Scotland, Wales and Northern Ireland. Local authority pay is determined by Local Government.