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Sir Jonathan Stephens  
Permanent Secretary, NIO

BY EMAIL ONLY

15 September 2017

Dear Jonathan

## **PUBLIC SECTOR PAY – IMPLICATIONS FOR THE CIVIL SERVICE**

I wanted to write to you following this week's announcement on public sector pay so that you are aware of the implications for the Civil Service. As we discussed on Wednesday the Government has announced a move away from a cross-public sector pay policy of 1% average basic pay awards. Instead, pay awards will be informed by a range of factors, including recruitment and retention and the scope for productivity gains.

The Chief Secretary's Written Ministerial Statement said:

*The Government will continue to ensure that the overall package for public sector workers is fair to them and ensures that we can deliver world class public services while also being affordable within the public finances and fair to taxpayers as a whole.*

*The last Spending Review budgeted for one per cent average basic pay awards, in addition to progression pay for specific work forces, and there will still be a need for pay discipline over the coming years, to ensure the affordability of the public services and the sustainability of public sector employment.*

*However, the Government recognises that in some parts of the public sector, particularly in areas of skill shortage, more flexibility may be required to deliver world class public services including in return for*

*improvements to public sector productivity.*

*The detail of 2018/19 pay remits for specific Pay Review Bodies will be discussed and agreed as part of the Budget process and be set out in due course.*

As the grades beneath the Senior Civil Service are not covered by a Pay Review Body, pay policy for the Civil Service will be set through the remit process in the usual way with remit guidance for 2018-19 expected to be issued early next year. Further discussions will take place with the Treasury in advance of issuing that remit guidance, and I will update you nearer the time. However, I'm very conscious that you'll be asked what this means for the Civil Service so I am attaching some lines to take to use in communications with staff.

We will want to discuss the implications of this change with national trade unions including through the Civil Service Forum, chaired by Rupert McNeil, over the coming months and we will ensure that departments' views are fully represented in these discussions. If there is interest I would also be happy to convene an informal group of Permanent Secretaries (or DGs) to ensure that we are coordinated in the face of increasing union pressure over the coming weeks and months. Please let my office know if you would find that useful.

I am copying this letter to Wednesday morning colleagues, Rupert McNeil (Government Chief People Officer) and Peter Jinks (CSHR).

A handwritten signature in black ink, appearing to be 'JH', with a stylized flourish at the end.

**Jeremy Heywood**

## **Public sector pay – Q&A for civil servants**

### **Q: What has been announced?**

#### **Prisons**

- The Government is accepting the recommendations of the Prison Service Pay Review Body to give staff in prisons pay increases of 1.7%, recognising the need to help recruit and retain staff with the right experience and expertise to keep our prisons safe and secure.

#### **Police**

- The Government has agreed to award police officers an additional 1% non-consolidated pay increase for 2017/18, on top of a 1% increase in their basic pay.

#### **Public sector pay:**

- For 2018-19, the Government has decided that there will no longer be an across-the-board policy of 1% basic pay awards. The detail of 2018-19 pay remits for each Pay Review Body will be agreed as part of the Budget process.

### **Q: Are you ending the public sector pay cap of 1%?**

**A:** For 2018-19 there will no longer be an across-the-board policy of 1% basic pay awards but departments will consider any evidence on recruitment and retention and productivity to determine any changes. However, there will still be a need for pay discipline over the coming years.

### **Q: What does this mean for civil service pay for 2017-18?**

**A:** The pay remit guidance issued by HM Treasury earlier this year remains in force, meaning that the average 1% pay award will apply for 2017-18.

### **Q: What increase will the civil service get next year?**

**A:** For the civil service the detail of 2018-19 pay remits will be set through the remit process in the usual way with remit guidance for 2018-19 expected to be issued early next year. Further discussions will take place with the Treasury in advance of issuing that remit guidance. It would be premature to pre-empt this process.

The Government will continue to ensure that the overall package for public sector workers is fair to them and ensures that we can deliver world class public services while also being affordable within the public finances and fair to taxpayers as a whole.

**Q: What happens next?**

**A:** For the Civil Service the detail of 2018-19 pay remits will be set through the remit process in the usual way with remit guidance for 2018-19 expected to be issued early next year. Further information will be available in due course.