12 June 2024

Challenging the rhetoric on civil service pay

Ahead of the general election, PCS challenges the tired rhetoric that has been used by politicians to justify low pay in the civil service.

Before the general election was announced, PCS members had been writing to their local MPs asking them to support our pay campaign.

The standard response from the majority of MPs in the governing Conservative party, was that the union's demands on pay were unaffordable as they sought to take credit for last year's pay increases and defend the current delegated pay system.

Here we look at some of the rhetoric used in the responses to our members and why the MPs' arguments do not stack up.

"**Double-digit pay rises are unaffordable and would sustain higher levels of inflation"**

Economists disagree with the argument that higher pay rises in the public sector cause higher inflation because public services are free at the point of use. This means that consumers do not pay for them directly and so they do not affect the inflation statistics.

We believe that there are benefits for the government from paying public sector workers more, as it would lead to lower staff turnover, which would cost the public less than it does now. The government has come under criticism for allowing low pay in the civil service to hinder recruitment and retention.

Even a substantial pay rise this year will not see public sector workers catching up on the pay gap with the private sector that has been widening since 2010.

Research in 2023 by the Institute for Public Policy Research (IPPR) concluded that pay rises for public servants would not be inflationary. It stated: "Research shows that there is very little inflationary impact from a significant pay rise, but that the need to stop the fall in living standards for public sector workers is urgent.

“Without an inflation-matching pay rise the public sector will continue to face a triple crisis of falling living standards, a recruitment emergency and declining quality of public services.”

“The updated Civil Service Pay Remit Guidance for 2023/24 saw the highest percentage pay increase for the civil service in 20 years.”

This is hardly something for the government to be proud of after overseeing real-terms cuts to civil service pay during 14 of those 20 years.

MPs fail to mention that last year’s pay increase only happened after a sustained period of industrial action by PCS members in the civil service.

The problem of low pay has been particularly acute since the onset of the austerity agenda, with PCS commissioned research showing that pay has fallen an average of 1.5% per year since 2011.

Real terms wage gains across the whole labour market were higher than those experienced in the civil service and after the financial crash in 2008, the wage drop was more severe for government workers than the rest of the labour market.

We are demanding pay restoration for PCS members because of the staggering loss of pay for civil servants, the upper estimate of which is an average year-on-year fall across grades of 1.5% since 2011. In cash terms, the average cumulative loss of pay since 2010 for an AO is £32,088. For an EO, the figure is £67,339.

The civil service pay decline has impacted women and the disabled especially hard. Despite the progress made in narrowing the gender pay gap, it is still significant at 9.1%. The outlook is bleak for the disabled, with the disability pay gap in 2023 standing at 8.4% and widening over time.

“The delegated pay system allows departments to implement pay and reward arrangements tailored to their business needs.”

The delegated pay system is a farce as employers have no freedom to negotiate. It has also contributed to vast inequality in pay across the civil service.

The National Audit Office (NAO), in a report comparing how government recruits, pays and performance manages its staff, found wide variances on pay between departments.

The report found that some departments pay significantly more than others for staff at the same grade. Within individual grades, departments’ pay bands are set at different rates. For example, for the higher executive officer (HEO) grade, at the Department for Environment, Food and Rural Affairs (Defra) the pay band is £30,317 to £32,803, while HMRC’s pay band is £34,404 to £36,985. This means the highest HEO salary in Defra’s pay structure is £1,601 less than the lowest HEO salary HMRC offers.

NAO analysis of salary data also indicates there are departmental variations in pay for staff at the same grade. For instance, as at March 2022 senior executive officer (SEO) median salaries varied by up to £6,100 across departments.

Whichever party forms the next government, PCS will continue to challenge such discredited rhetoric, making our case for why meeting our pay demands will be beneficial to the civil service and the economy as a whole.