



Alex Chisholm  
Cabinet Office  
70 Whitehall  
London  
SW1A 2AS

Via email

24 August 2022

Dear Alex,

### **Pay Remit Guidance and the cost-of-living crisis**

We write seeking urgent action from the Cabinet Office on revision of the Pay Remit Guidance to reflect the cost-of-living crisis facing our members in the civil service.

In the context of high and rising inflation the 2-3% range set in the Guidance is clearly not fit for purpose. During discussions towards the end of last year and the earlier part of this year, we repeatedly warned officials about the need for the pressures of inflation to be reflected in the Guidance and pay settlements. Officials ultimately refused to pay any recognition to the impact of inflation in the Guidance, stating that it was a matter for “delegated discussions”.

The latest predictions suggest inflation could reach 18%, far beyond what was envisaged when the Guidance was set for this year. In that context, it is clear that cost-of-living pressures cannot in any way be meaningfully addressed for our members within an envelope of 2-3%. A refusal to recognise the impact of this across all grades in the service is both unacceptable and damaging.

We are dealing with several departments/ALBs who want to pay more but are constrained by the Guidance, which also makes a mockery of the notion of pay delegation. This is compounded by the fact that we know some areas had intended to submit pay flexibility cases, only for those to be withdrawn at the last minute – we believe for political reasons.

These unprecedented circumstances – where a cost-of-living crisis was preceded by a global pandemic – require an unprecedented response. Urgent action is needed now to address the impact of inflation on our members. Many private sector employers in the wider economy are taking steps to mitigate the impact on their staff, with pay increases at three times the rate of those in the public sector.

For more than a decade, civil service pay has lagged not only behind inflation but also increases in the private sector and wider public sector. In that context, the current level of

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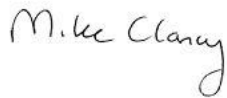
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inflation represents not a “blip” but the rapid acceleration of a trend to erode living standards in real terms.

We are seeking an urgent meeting with you to discuss revisions to and relaxation of the current Guidance, and how it is to be applied for this year, to enable productive discussions to take place at an employer level.

We will be sharing this letter with our members.

Yours sincerely,



Mike Clancy  
General Secretary  
Prospect union



Dave Penman  
General Secretary  
FDA



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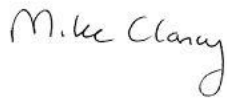
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