



Angela Eagle MP

Labour Member of Parliament for Wallasey

Representing the communities of Egremont, Leasowe, Lingham, Liscard, Moreton,
New Brighton, Poulton, Saughall Massie, Seacombe and Wallasey

Our Ref: AE34338

Sir Robert Chote
UK Statistics Authority
1 Drummond Gate
London
SW1V 2QQ

15 December 2022

Dear Sir Robert,

Misleading figures on public sector pay increases

I am writing to raise concerns over two figures used by Government Ministers regarding the total cost, and cost per household, of public sector pay increases which I believe to be inaccurate and misleading.

A number of Government Ministers, including the Prime Minister, have claimed that public sector pay increases would cost households an "extra £1000 per year", calculating a total cost of £28 Billion.

The Prime Minister stated on 9 December 2022 that households would have to "pay an extra £1,000 a year to meet the pay demands of the union bosses"¹.

I believe this figure is inaccurate and am alarmed by the Government's use of deliberately inflated figures regarding the cost of such pay increases.

The Government appears to have reached their £28 Billion figure by increasing the £233bn 2021-2022 public sector pay bill by around 5% to reflect pay deals for 2022-23 (reaching a figure of £245bn). They have then taken 11% of this total, reflecting most recent CPI inflation figures (October 2022), coming to a total of £27 Billion onto which an additional £1 Billion has been added from "assumptions on pay drift and workforce growth" to reach £28 Billion.

The '£1000 per Household' claim has been reached by dividing the above £28 Billion by the 28 million households in the UK.

¹ BBC Politics on Twitter: "What I'm not going to do is ask ordinary families up and down the country to pay an extra £1,000 a year to meet the pay demands of the union bosses" PM Rishi Sunak says he's looking at "tough new laws" to minimise strike disruption <https://t.co/CwPbVwP6dC> <https://t.co/nfi90S9Rmf> / Twitter

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It has been widely commented that these calculations fail to acknowledge a number of issues:

- As the IFS have highlighted, “spending plans were set last autumn on the assumption of 2-3% pay awards” which are “already built in”². The Government’s figure does not incorporate this – surely, their calculations ought only to address increases that are additional to sums they have previously budgeted for.
- Any pay increase would be in part returned to the Treasury in the form of higher tax payments, reducing the cost of an increase significantly.
- The £1000 per household claim assumes that pay increases would be funded solely through taxes paid by ‘ordinary’ households – disregarding the use of other avenues or taxation such as from businesses. It also assumes that taxes such as income tax are levied equally across households, and therefore increases would have a uniform effect which we know not to be the case.

In my capacity as member of the Treasury Select Committee, I raised concerns regarding these figures with HM Treasury officials on 12 December 2022³ during their evidence session. Whilst Cat Little, Second Permanent Secretary at HM Treasury highlighted the above breakdown of these sums, James Bowler CB, Permanent Secretary, HM Treasury advised he was not aware of the figures’ origins, but instead referred to the “established procedure”⁴ of the UK Statistics Authority in regulating claims by Government Ministers and politicians more generally.

I am concerned that Government Ministers are using misleading statistics publicly regarding the cost of pay rises, and believe it is critical that figures used are accurate.

I would welcome your view on the Government’s use of both the £28 Billion figure, and the £1000 per household per year figure. I would be grateful for your verification of these figures, and your advice on the Government, and its Ministers’, continued use of them.

I look forward to your response.

With kind regards,

Dame Angela Eagle MP

² <https://twitter.com/BenZaranko/status/1601254006105726977?s=20&t=-VWT IN8WF85e qJcYMoKA>

³ <https://committees.parliament.uk/event/16023/formal-meeting-oral-evidence-session/>

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