

# Funding the Future

## The NHS pay deal looks like a perpetual 6.4% pay cut to...

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I have done my workings on the NHS pay deal and I am completely baffled that any union would accept what is on offer.

First, my workings:

Illustrative cost of the NHS pay offer							
	2021	2022	2023	2024	2025	2026	
Base pay	£ 30,000						
Inflation rate	5%	10%	3%	1%	1%	1%	
Pay rise 2021	3%						
Pay 2021	£ 30,900						
Pay rise 2022		4%					
Salary 2022		£ 31,827					
One off payment 2022 6%		£ 1,910					
Total pay 2022		£ 33,737					
Pay rise 2023			5%				
Pay 2023			£ 33,418				
Pay rise 2024 - 2026				1%	1%	1%	
Pay 2024 - 2026				£ 33,753	£ 34,090	£ 34,431	
Pay required to match inflation	£ 31,500	£ 34,650	£ 35,690	£ 36,046	£ 36,407	£ 36,771	
Shortfall in pay	£ 600	£ 913	£ 2,271	£ 2,294	£ 2,317	£ 2,340	
Percentage pay shortfall	2%	2.7%	6.4%	6.4%	6.4%	6.4%	

My inflation assumptions are realistic and based on facts.

Then I am assuming we have someone on £30,000 at the start of 2021 who got the 3% pay deal in that year. This is what the NHS offered. Base pay rises to £30,900, which is £600 less than inflation required.

Then I allow for a 4% pay offer in 2022 plus a 6% bonus - which is what is now on the table and which most unions are recommending to their members. This increases pay to £33,737 that year but base pay to only £31,827.

Then I allow for a 5% pay settlement in 2023, which I gather is what has been offered.

After that I add a 1% pay rise for each of the following years - because that is what the budget says the government will permit.

Now, look at what that means. In every year, and even in 2022 when the bonus is

effectively being paid the impact is to pay less than is actually required to cover cumulative inflation.

It could, though, be argued that the shortfall to the end of 2022 is not too bad: most workers are around 3% down now, at least. It is from 2023 onwards that things go very wrong.

The 2023 offer of a 5% pay rise sounds good, but it is being made on pay that ignores the 2022 bonus. As a result, the offer is now 6.4% below that is needed to match inflation. And thereafter nothing changes: the 6.4% loss is built in because the bonus is never indexed.

I am staggered that this deal is being proposed by unions. It sells their members horribly short. It builds in austerity. And it leaves the NHS with a continuing pay, retention and recruitment crisis that will crush its ability to meet the needs of the people of this country.

My recommendation to NHS staff is very clear. If the deal is anything like this then reject what is on offer.

And I also suggest that they ask anyone recommending it to show their workings, as I have done, and over the time period I have used and not just last year and this year because they produce a deeply misleading result. It's the least they need to do.