

## Will Labour pay public sector staff their recommended p...

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Sometime in the next week or so the NHS and education pay review bodies are expected to recommend pay increases for millions of public sector staff.

It is widely expected that these review bodies will recommend pay rises of above the current inflation rate. If they did not, public sector staff would suffer a real decline in earnings as a result of their pay not increasing sufficiently to match the increase in the cost of living caused by the recent inflation.

It is also widely expected that the new government will say that these increases, likely to cost £10 billion a year, and increasing growth by that amount as a consequence, are unaffordable.

The consequence of the government doing that can easily be predicated. I think there will be widespread industrial action. The public will support the strikers. They will know that if they lose, so will they in pay negotiations with their employers, and a permanent upward redistribution of rewards in society from workers to employing bodies will have arisen as a result.

Will Labour be stupid enough to precipitate such a crisis so early in this government's life? I fear so. But if they do they can say goodbye to three things:

- \* Their honeymoon period
- \* Ever increasing the quality of public services
- \* Growth, because that is wholly dependent on people having enough to spend.

Is there anything about the political economy that they understand?