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*** reply by email ***

Your ref: IO'N/ai
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Dear Mrs O'Neill

I refer to your follow up email of 4 July 2017, in response to my 27 June reply to your original correspondence concerning the 2017 pay uplift.

The partnership process outlined in the fourth paragraph of my response informed you of our intention to tackle the effects of pay restraint. On 29 June, Derek Mackay, Cabinet Secretary for Finance and the Constitution, announced in the Scottish Parliament a different approach to Public Sector Pay Policy for next year. This can be summarised from an extract from Mr Mackay's letter to the Chancellor of the Exchequer explaining this position:

"We recognise the valuable contribution public sector employees make, working hard to ensure the effective delivery of public services at a time when budgets are being squeezed. Furthermore, we are acutely aware of the impact that rising inflation and social security cuts are having on working households. This is why we will bring to an end the 1 per cent pay cap by taking into account rising living costs in setting pay in 2018-19 and in future years."

I hope that this is helpful.

Yours sincerely

Dave Watson

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