

Pay bulletin

The latest news on salaries, settlements and more

September 2025

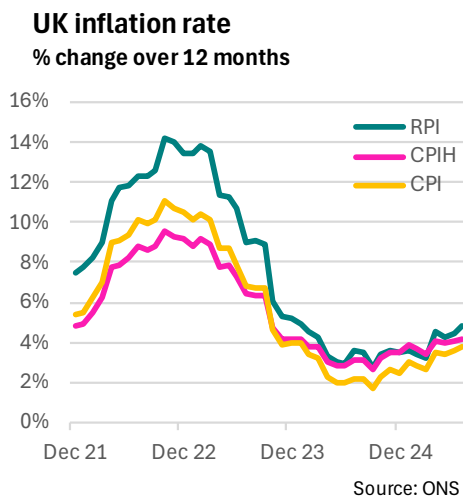
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Welcome to September's pay bulletin. Read on for the latest data on inflation, pay and labour market trends.

This month:

- A further increase in CPI inflation rising to 3.8%
- Median pay settlements remain at 3%
- In the three months to June average weekly earnings are rising by 5%

1. Inflation continues to rise



There has been a further increase in inflation rising to 3.8%. The [latest figures](#) from the Office for National Statistics (ONS) show that:

- **CPI was 3.8%** in the 12 months to July, up from 3.6% last month
- **CPIH was 4.2%** in the 12 months to July, up from 4.1% last month
- **RPI was 4.8%**, in the 12 months to July, up from 4.4% last month

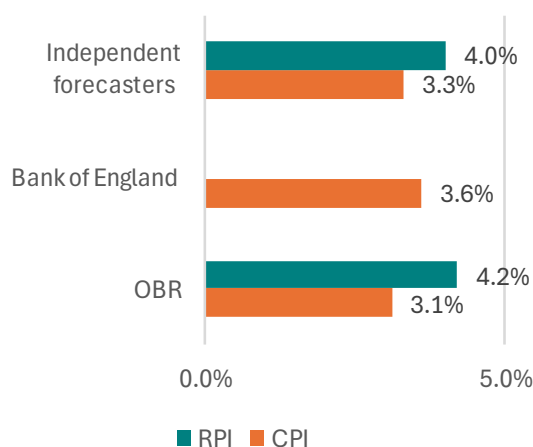
Transport, particularly air fares, made the largest upward contribution to the monthly change in both CPIH and CPI annual rates; in the CPIH index this was offset by a smaller increase year on year in housing and household services, particularly owner occupiers' housing costs.

Core CPI rose by 3.8% in the 12 months to July 2025, up from 3.7% in the 12 months to June; the CPI goods annual rate rose from 2.4% to 2.7%, while the CPI services annual rate rose from at 4.7% to 5%

2. Headline rates unchanged

CPI inflation forecasts

Projected annual % change in Q4

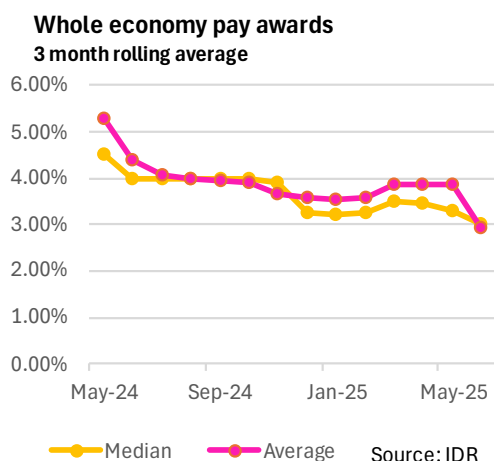


Source: HM Treasury, OBR, BoE

[HM Treasury's average of most recent inflation forecasts](#) expects CPI to be 3.3% and RPI at 4% by Q4 2025

At its last meeting the [Bank of England Monetary Policy Committee](#) decided to decrease the Bank Base Rate to 4%. The committee noted that inflation has increased temporarily this year, partly because of rising energy bills, food prices, and increases in some regulated prices such as water bills. It also noted that inflation is likely to rise further to 4% in September before falling back to 3.4% in Q4. Broadly speaking these figures are in line with the OBR forecasts.

3. Average pay settlements decline



Source: IDR

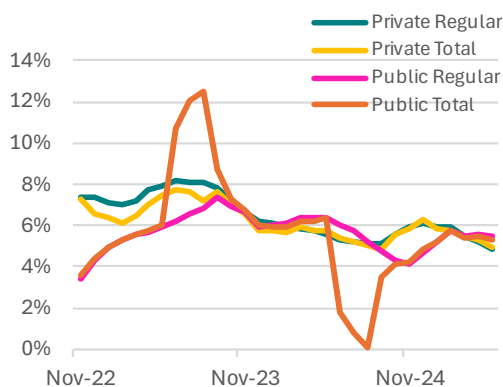
The latest analysis from [Income Data Research](#) shows that the median pay award across the economy was 3% for the 3 months to July 2025, this is a fall from the median settlement which has held throughout 2025, albeit from a small sample size. This is in line with the latest data from [Brightmine](#), which also finds that the UK median basic pay award is 3%. [LRD pay data](#) reports that pay rises for the lowest-paid in the three months to July 2025 is 3.5%, down from 4%. The average pay settlement negotiated by Prospect over the last 3 months is 3.75%

Recent Prospect pay deals include:

- OVO Energy, 3.2%, effective 1st July 2025
- Department for Work & Pensions (DWP), 3.75%, effective 1st July 2025
- Valuation Office Agency (VOA), 3.75%, effective 1st August 2025

4. Earnings continue to grow

Average Weekly Earnings
Regular pay, Public and Private



Source: ONS

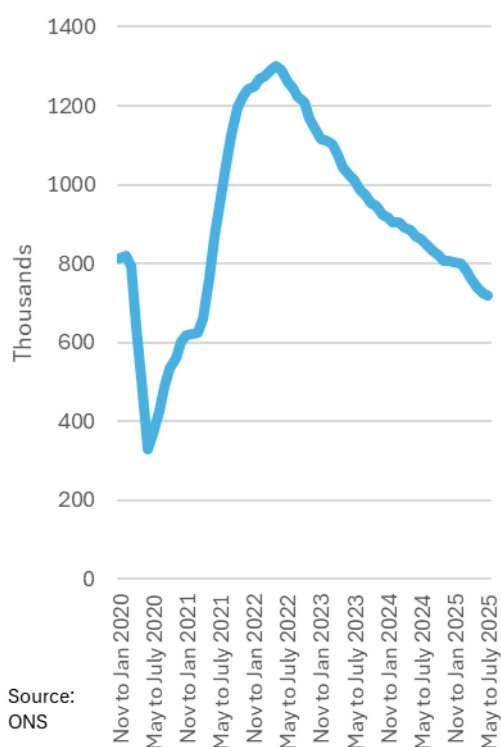
Employee average regular earnings

(excluding bonuses) increased by 5% in the three months to June 2025 and total earnings (including bonuses) were 4.6%. Pay adjusted for inflation shows that 'real' regular pay growth was 0.9% and 'real' total pay growth was 0.5%, representing a decline in 'real' earnings growth due to an increase in inflation.

Pay in the public sector continues to outpace private sector earnings growth, regular pay in the public sector is rising by 5.7% and total pay at 5.3%, compared to 4.8% for regular pay and 4.7% for total pay in the private sector.

5. Labour market continues to slow

Job vacancies since 2020



Source:
ONS

The [ONS](#) has recently reported that the estimated number of vacancies in the UK fell by 44,000 (5.8%) to 718,000 in May to July 2025, representing 37th consecutive period where vacancy numbers have dropped compared with the previous three months. Moreover data from [hiring lab](#) shows that job postings are now 22.2% lower than their pre-pandemic baseline. A key driver for the latest slowdown has been April's increases in National Insurance combined with increases in the National Minimum Wage. The effect of a slowing labour market is likely to further stagnate wage rises, meaning a harder bargaining environment and a negative effect on personal finances due to the current rate of inflation.