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Paydata Business Insight
National Statistics


# October 2023: PAYstats Pay and Labour Market Statistics

Quarterly Edition

# October 2023: PAYstats Pay and Labour Market Statistics

## AIMS

**Our quarterly round-up brings together trends and opinions on what is happening and what the future holds for:**

- Inflation
- Employment
- Earnings
- Pay Settlements
  - Historic
  - Predictive
- PAYstats – pay and labour market statistics

## KEY FINDINGS

- The Consumer Prices Index (CPI) rose by 6.7% in the 12 months to September 2023, the same rate as in August.
- Experimental estimates for June to August 2023 show a 0.3 percentage point decrease in the UK employment rate to 75.7% compared with the previous quarter (March to May 2023).
- In July to September 2023, the estimated number of vacancies in the UK fell by 43,000 on the quarter to 988,000.
- Annual growth in regular pay (excluding bonuses) in Great Britain was 7.8% in June to August 2023. Annual growth in employees' average total pay (including bonuses) was 8.1%.
- Paydata's pay database shows a median 2023 pay review of 5.0 per cent, with an interquartile range of between 4.0 and 6.0 per cent.
- Initial expectations for 2024 pay reviews indicate a median of 4.5 per cent and an interquartile range of between 4.0 and 5.0 per cent. Less than one per cent currently predicts a pay freeze in 2024

If you would like to find our more about any of the information contained in this PAYstats bulletin please contact us via:

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# Inflation

**Inflation is projected to fall further in the coming months, to 4.9% by 2023 Q4, largely reflecting falling energy bills."**

**BANK OF ENGLAND MONETARY POLICY REPORT**
August 2023

### BANK OF ENGLAND MONETARY POLICY REPORT (AUGUST 2023)

Twelve-month CPI inflation remains well above target, at 7.9% in June, down from the 11.1% peak in October 2022. This decline is more than accounted for by a falling contribution from fuel prices, which have declined, and electricity and gas bills, which have stabilised at a high level. The contribution from those categories to headline inflation fell from 3.9 percentage points in October to 0.4 percentage points in June. In contrast, the contribution from other goods and services rose by 0.3 percentage points.

Inflation is projected to fall further in the coming months, to 4.9% by 2023 Q4, largely reflecting falling energy bills. From October 2022, households' gas and electricity prices were set by the Government's Energy Price Guarantee, which meant that the typical household was paying an annualised bill equivalent to £2,500 per year. Wholesale gas prices have fallen materially since then. These falls have been large enough that Ofgem's price cap is now below the Energy Price Guarantee and so, since July 2023, the typical household has been paying an equivalent bill of around £2,000. Based on the latest energy futures prices, the Ofgem price cap is expected to fall a little further from October to around £1,900 per year. However, the rate of inflation, which is calculated as an annual comparison, falls more materially because prices in 2022 Q4 were at the Energy Price Guarantee ceiling of £2,500. This means electricity and gas prices will start to drag on overall CPI inflation, by around 1.1 percentage points in 2023 Q4. Gas prices remain volatile and so there is uncertainty around this projection.

### BANK OF ENGLAND MPC MINUTES (SEPTEMBER 2023)

Twelve-month CPI inflation fell from 7.9% in June to 6.7% in August, 0.4 percentage points below expectations at the time of the Committee's previous meeting, and triggering the exchange of open letters between the Governor and the Chancellor of the Exchequer that is being published alongside this monetary policy announcement. Core goods CPI inflation has fallen from 6.4% in June to 5.2% in August, much weaker than expected in the August Report. Services CPI inflation rose from 7.2% in June to 7.4% in July but declined to 6.8% in August, 0.3 percentage points lower than expected in the August Report. Some of those movements are linked to services such as airfares and accommodation that tend to be volatile over the summer holiday period. Excluding these travel-related components, services inflation has been more stable at continued high rates, albeit slightly weaker than expected.

CPI inflation is expected to fall significantly further in the near term, reflecting lower annual energy inflation, despite the renewed upward pressure from oil prices, and further declines in food and core goods price inflation. Services price inflation, however, is projected to remain elevated in the near term, with some potential month-to-month volatility.

The MPC's remit is clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework recognises that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. Monetary policy will ensure that CPI inflation returns to the 2% target sustainably in the medium term.

## OFFICE FOR NATIONAL STATISTICS (SEPTEMBER 2023)

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 6.3% in the 12 months to September 2023, the same rate as in August. On a monthly basis, CPIH rose by 0.5% in September 2023, compared with a rise of 0.4% in September 2022. The Consumer Prices Index (CPI) rose by 6.7% in the 12 months to September 2023, the same rate as in August. On a monthly basis, CPI rose by 0.5% in September 2023, the same rate as in September 2022. The largest downward contributions to the monthly change in both CPIH and CPI annual rates came from food and non-alcoholic beverages, where prices fell on the month for the first time since September 2021, and furniture and household goods, where prices rose by less than a year ago. Rising prices for motor fuel made the largest upward contribution to the change in the annual rates.

Core CPIH (excluding energy, food, alcohol and tobacco) rose by 5.9% in the 12 months to September 2023, the same rate as in August; the CPIH goods annual rate fell slightly from 6.3% to 6.2%, while the CPIH services annual rate rose from 6.1% to 6.3%. Core CPI (excluding energy, food, alcohol and tobacco) rose by 6.1% in the 12 months to September 2023, down from 6.2% in August; the CPI goods annual rate fell slightly from 6.3% to 6.2%, while the CPI services annual rate rose from 6.8% to 6.9%.

> “**The largest downward contributions to the monthly change in both CPIH and CPI annual rates came from food and non-alcoholic beverages, where prices fell on the month for the first time since September 2021.”**
>
> **OFFICE FOR NATIONAL STATISTICS**
> September 2023

# Employment

### CIPD LABOUR MARKET OUTLOOK (SUMMER 2023)

The net employment balance – which measures the difference between employers expecting to increase staff levels in the next three months and those expecting to decrease staff levels – remains stable at +28. Net employment intentions remain steady in the private sector at +32. However, they have fallen in the public sector in the most recent quarter, from +16 to +11, and have risen in the voluntary sector (from +22 to +34).

Redundancy intentions remain low in historic terms but have continued their gradual rise since 2021. Nineteen per cent of employers are planning to make redundancies in the three months to September 2023. In the public sector, this has risen from 12% last quarter to 20% this quarter.

### BANK OF ENGLAND MONETARY POLICY REPORT (AUGUST 2023)

In the three months to May, the employment rate for those aged 16–64 was 76%, the highest rate since early 2020. The number of people employed grew by 0.3% in the three months to May, in line with the projection at the time of the May 2023 Report. These data can be volatile over short periods, and there is the possibility of some additional variation in the most recent data because response rates to the Labour Force Survey have dropped over time (ONS (2023)). Timelier and less volatile measures of employment growth suggest that employment is growing at around the same rate. For example, the purchasing managers' index (PMI) employment index points to employment growth of around 0.3%.

There are some indications that the labour market is loosening, but it remains tight. Labour market tightness is important because it is one of the key factors that affects wage growth and domestic inflationary pressures.

One important indicator of tightness, the ONS vacancies to unemployment ratio, has been falling since early to mid-2022, although it remains above its 2019 Q4 level. A high number of job vacancies compared to the number of unemployed people suggests the labour market is tight. Timelier measures of job postings from Indeed and Adzuna show similar dynamics although the number of vacancies in these series has returned to closer to their pre-pandemic levels. However, these series measure the number of job adverts rather than the total number of vacant jobs, and so may be affected if businesses choose to place a single advert for multiple job openings. These series also cover less of the job market than the ONS series so are less reliable in assessing the overall level of tightness.

A composite measure of labour market tightness confirms that the labour market is loosening but remains tighter than prior to the pandemic. This combined measure has moved in a similar way to the vacancies to unemployment ratio, although it suggests that the peak in labour market tightness was not quite as high in 2022.

One factor that could be adding to labour market tightness is a decline in the efficiency with which workers are matched to job vacancies. There is some evidence that there has been a decline in the flow of new hires compared to what would typically have been expected given the number of vacancies.

**+28**

this quarter's net employment balance

**19%**

report planning to make redundancies in the three months to September 2023.

## BANK OF ENGLAND MPC MINUTES (SEPTEMBER 2023)

There had been further signs of a loosening in the labour market, although it remained tight by historical standards. Contacts of the Bank's Agents had reported an easing in recruitment difficulties, but also persistent skills shortages in some sectors. The vacancies-to-unemployment ratio had continued to decline, reflecting both a steady fall in the number of vacancies and rising unemployment. The Labour Force Survey (LFS) unemployment rate had risen to 4.3% in the three months to July, higher than expected in the August Monetary Policy Report forecast. The latest quarterly data had shown an increase in flows from inactivity into unemployment, indicative of some of the increase in unemployment having been associated with individuals that were previously inactive beginning to look for work, as well as a gradual increase in flows from employment into unemployment.

Indicators of employment had generally softened against a backdrop of subdued activity. LFS employment had fallen by 0.6% in the three months to July, but that had been preceded by a 0.8% increase in the previous non-overlapping three months. This series often fluctuated from one period to another and sample sizes and response rates to the LFS had been declining. The Bank's Agents had reported that companies were expecting to keep staff numbers broadly stable, with few active plans to make redundancies. The KPMG/REC Report on Jobs was, however, pointing to a fall in companies hiring new staff. The S&P Global/CIPS composite employment PMI had also fallen in August, albeit only to around its historical average.

## OFFICE FOR NATIONAL STATISTICS (OCTOBER 2023)

The estimate of payrolled employees in the UK for September 2023 is largely unchanged on the month, down 11,000 on the revised August 2023 figure, to 30.1 million. The September 2023 estimate should be treated as a provisional estimate and is likely to be revised when more data are received next month. UK payrolled employee growth for August 2023 compared with July 2023 has been revised from a decrease of 1,000 reported in the last bulletin to a decrease of 8,000.

Because of the increased uncertainty around the Labour Force Survey (LFS) estimates, today we are publishing an alternative series of estimates of UK employment, unemployment, and economic inactivity as experimental statistics. The experimental figures were derived using growth rates from Pay as You Earn Real-Time Information and the Claimant Count for the periods from May to July 2023 onwards. This is to provide a more holistic view of the state of the labour market while the LFS estimates are uncertain. Unadjusted June to August LFS data are not published.

- Experimental estimates for June to August 2023 show a 0.3 percentage point decrease in the UK employment rate to 75.7% compared with the previous quarter (March to May 2023).
- Experimental estimates for June to August 2023 show a 0.2 percentage point increase in the UK unemployment rate to 4.2% compared with the previous quarter (March to May 2023).
- Experimental estimates for June to August 2023 show a 0.1 percentage point increase in the UK economic inactivity rate to 20.9% compared with the previous quarter (March to May 2023).

In July to September 2023, the estimated number of vacancies in the UK fell by 43,000 on the quarter to 988,000. Vacancies fell on the quarter for the 15th consecutive period, with vacancies falling in 14 of the 18 industry sectors.

> **"The latest quarterly data had shown an increase in flows from inactivity into unemployment, indicative of some of the increase in unemployment having been associated with individuals that were previously inactive beginning to look for work, as well as a gradual increase in flows from employment into unemployment."**
>
> **BANK OF ENGLAND MPC MINUTES**
> September 2023

### MANPOWER EMPLOYMENT OUTLOOK SURVEY (Q4 2023)

UK employers indicate hiring confidence remains positive for every sector in the fourth quarter 2023, with a slight decrease of two percentage-points since last quarter to +27%, according to the latest ManpowerGroup Employment Outlook Survey (MEOS). MEOS is based on responses from 2,030 UK employers and asks if they intend to hire additional workers, maintain current headcount, or reduce the size of their workforce in the coming quarter (October to December 2023).

"Organisations are presently engaged in a game of 'talent Tetris', where they're having to make careful but quick decisions about who to hire, which skills gaps to prioritise and what hiring costs to hold back on until the wider economic situation improves", says Chris Gray, Director, ManpowerGroup UK. "Employers need to move faster – turning the positive hiring intentions into actions and tangible decisions around recruiting and upskilling – is going to be the best way to address skills and productivity gaps and avoid potential stagnation."

"Businesses have had to navigate high inflation, industrial action, and broader changes in employee demands over the course of this year and looking ahead to the last quarter these factors are all adding more pressure to make the right hiring choices. Employers are behaving and thinking differently in order to 'win the game.' Nearly half (47%) of all UK employers believe work-life balance is the most important driver of increased workforce productivity. At the same time, around a quarter (24%) are more willing to recruit those who don't meet all technical skills requirements."

> **Organisations are presently engaged in a game of 'talent Tetris', where they're having to make careful but quick decisions about who to hire, which skills gaps to prioritise and what hiring costs to hold back on until the wider economic situation improves."**
>
> **CHRIS GRAY**
> Director, ManpowerGroup UK

### KPMG / REC REPORT ON JOBS (OCTOBER 2023 PRESS RELEASE)

Uncertainty over the economic outlook and rising costs continued to weigh on hiring decisions in September, according to the latest KPMG and REC, UK Report on Jobs survey.

Recruitment consultancies across the UK signalled a softer, but still solid decline in permanent staff appointments during September. According to panellists, companies remained hesitant to commit to new permanent hires due to ongoing economic uncertainty and efforts to control costs. A preference for short-term staff meanwhile supported a fresh rise in temp billings at the end of the third quarter.

The overall availability of candidates improved again in September. Although the pace of expansion softened further from July's recent high, both permanent and temporary labour supply increased at historically strong rates. Anecdotal evidence generally linked the latest upturn to redundancies and a slowdown in market conditions.

Total vacancies slipped into contraction territory in September, marking the first fall in overall demand for staff since February 2021. The rate of contraction was only marginal, however. Underlying data revealed a fresh reduction in permanent vacancies, albeit one that was slight, while growth of demand for temp staff moderated to a four-month low.

Neil Carberry, REC Chief Executive, said: "Employers tell us they are feeling better about themselves as the year moves on, and today's data does suggest the possibility of a turnaround in hiring over the next few months. Permanent placements have been falling for a year now from abnormal post-pandemic highs. While permanent hiring activity continues to slow, fewer firms reported a slowdown last month, leading to a much shallower rate of decline than most months recently. Likewise, temporary hiring remains robust with billings growing marginally in September – as they have most months this year."

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## Earnings

> Some forward-looking indicators suggest that nominal wage growth will fall in the latter half of 2023."
>
> **BANK OF ENGLAND MONETARY POLICY REPORT**
> August 2023

### BANK OF ENGLAND MONETARY POLICY REPORT (AUGUST 2023)

At 7.7% in May, annual private sector regular average weekly earnings growth was at its highest rate since the series began in 2001, after accounting for volatility during the pandemic. This was around 1 percentage point higher than expected in the May Report, while the annualised three-month on three-month growth rate was over 9% in May.

Some forward-looking indicators suggest that nominal wage growth will fall in the latter half of 2023. For example, the KPMG/REC/S&P Global UK Report on Jobs indicator of wage growth suggests annual wage growth is currently around its peak. The REC measure is an indication of the monthly change in wages for new hires and tends to lead changes in the official measure of annual wage growth […]. A similar measure, the Indeed Wage Tracker, which measures the average annual change in the wages stated in job adverts, suggests wage growth has not fallen back for new hires. But this measure has been closest to contemporaneous private sector wage growth rather than being a reliable leading indicator.

The outlook for wage growth is particularly uncertain. The REC series has been among the best-performing indicators in predicting future wage growth over the past two decades but there are uncertainties about how accurate the current steer from the measure is. For example, changes in how frequently people move jobs might affect the relationship with the official data, although Bank staff analysis suggests that the impact of this on the current outlook is small.

Overall, the latest projection for private sector regular earnings growth is for it to fall to 6.9% in 2023 Q3 and then 6.2% in Q4. This broadly matches intelligence from the Bank's Agents, whose contacts generally expect wage growth to fall from current levels but remain higher than usual at the end of the year at around 5% to 6%. Nonetheless, the recent pattern of upwards surprises in wages suggests that risks may lie to the upside in the near term. Given the role that the rise in headline inflation appears to have played in the increase in wage growth, the projected easing in wage growth is consistent with the projected fall in inflation, which has typically affected short-term inflation expectations.

### BANK OF ENGLAND MPC MINUTES (SEPTEMBER 2023)

Annual private sector regular Average Weekly Earnings (AWE) growth had been 8.1% in the three months to July, 0.8 percentage points above the August Report projection, with the news largely due to upward revisions to previous months' data. Three-month-on-three-month growth for the same AWE measure had increased in recent months, with that strength seen across a number of different sectors.

The latest path of the AWE was, however, difficult to reconcile with other pay indicators, including measures using HMRC payrolls, the LFS and the Decision Maker Panel (DMP), which had tended to be more stable at rates that were elevated but not quite as high as the AWE series. The Bank's Agents were continuing to report average annual pay settlements were in the region of 6 to 6½%, with contacts expecting settlements to begin to drift down and for there to be fewer additional payments provided to compensate for a higher cost of living. Only the measures within the KPMG/REC Report were signalling a clear decrease in pay growth but, puzzlingly, their relationship with the AWE data had been less strong over the recent past.

### KPMG / REC REPORT ON JOBS (OCTOBER 2023 PRESS RELEASE)

September survey data pointed to a further easing of overall pay growth across the UK. Though sharp, the rate of starting salary inflation edged down to a two-and-a-half-year low, while temp wages increased at the slowest rate in 31 months. While competition for skilled workers and the higher cost of living continued to place upward pressure on pay, there were some reports of greater strain on clients' budgets.

Claire Warnes, Partner, Skills and Productivity at KPMG UK, said: "For several months, strong pay growth has been a consequence of a tight labour market. But strains on employers' budgets are now affecting the rate of starting salary inflation which is at a two-and-a-half-year low, while temporary wages increased at the slowest rate in 31 months."

### ONS AVERAGE WEEKLY EARNINGS (OCTOBER 2023)

Annual growth in regular pay (excluding bonuses) in Great Britain was 7.8% in June to August 2023, similar to recent periods and one of the highest regular annual growth rates since comparable records began in 2001.

Annual growth in employees' average total pay (including bonuses) was 8.1%. This total annual growth rate is affected by the NHS and Civil Service one-off payments made in June, July, and August 2023. In real terms (adjusted for inflation using Consumer Prices Index including owner occupier's housing costs (CPIH)), annual growth for total pay rose on the year by 1.3%, and regular pay rose on the year by 1.1%.

> **For several months, strong pay growth has been a consequence of a tight labour market. But strains on employers' budgets are now affecting the rate of starting salary inflation which is at a two-and-a-half-year low, while temporary wages increased at the slowest rate in 31 months."**
>
> **CLAIRE WARNES**
> Partner, Skills and Productivity, KPMG UK

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# Pay Settlements - Historic

### XPERTHR – REPORTED IN PERSONNEL TODAY (AUGUST 2023)

The median basic pay award has fallen below 6% for the first time this year, dropping to 5.7% in the three months to the end of July 2023.

XpertHR's analysis of 54 pay settlements effective May-July 2023, covering more than 500,000 employees, showed that the value of pay awards dropped as the rate of inflation slowed. The consumer prices index (CPI) was 6.8% in July 2023, down from 7.9% in June.

XpertHR said it expected the gap between pay growth and inflation to narrow throughout the remainder of the year.

Sheila Attwood, XpertHR senior content manager, data and HR insights, said: "While the ONS announced last week that pay growth has hit a record high, our figures indicate that pay awards are likely to have hit their peak, as our research records a fall in the median pay award for the first time this year. However, both sets of data show that pay is still lagging behind inflation, leaving many employees struggling to manage the cost of living.

"A narrower gap between pay awards and inflation is certainly on the horizon, and while our figures of a decrease in wage rises might ease minds at Bank of England, fearful of the effects of a wage-price spiral, for employers there is room to provide more support. Aside from pay, employers need to consider other avenues to not only support employees but retain them too – so looking at benefits offered, training and development implemented, and flexibility granted."

- The most common pay award between 1 May and 31 July 2023 was 5%, which represented around one in six pay settlements effective during this period.
- Three-quarters of pay settlements were higher than the award received by the same group of employees in 2022.
- The lower quartile dropped to 4%, while the upper quartile was 8%. Only one in 10 deals were above 10%, with the highest standing at 13.5%.
- The median basic pay award in the public sector in the year to the end of July rose to 5%, up from 3.2% in 2022. In the private sector, the median basic award was 6%.

### LABOUR RESEARCH DEPARTMENT (OCTOBER 2023)

The median pay rise achieved in September was 7.0% according to LRD Payline. This is down from 7.5% last month (8% in July); above CPI inflation at 6.7% but below RPI at 8.9%. The 3-monthly median pay rise of 7.0% was slightly higher for workers on lowest basic rate than the 6.5% achieved by all grades.

### PAYDATA PAY DATABASE (OCTOBER 2023)

Paydata's pay database shows a median 2023 pay review of 5.0 per cent, with an interquartile range of between 4.0 and 6.0 per cent.

Pay Settlements

**7.0%**
Labour Research Department

**5.7%**
XpertHR

**5.0%**
Paydata

# Pay Settlements - Predictive

### BANK OF ENGLAND MPC MINUTES (SEPTEMBER 2023)

The latest path of the AWE was, however, difficult to reconcile with other pay indicators, including measures using HMRC payrolls, the LFS and the Decision Maker Panel (DMP), which had tended to be more stable at rates that were elevated but not quite as high as the AWE series. The Bank's Agents were continuing to report that average annual pay settlements were in the region of 6 to 6½%, with contacts expecting settlements to begin to drift down and for there to be fewer additional payments provided to compensate for a higher cost of living. Only the measures within the KPMG/REC Report were signalling a clear decrease in pay growth but, puzzlingly, their relationship with the AWE data had been less strong over the recent past.

### CIPD LABOUR MARKET OUTLOOK (SUMMER 2023)

There has been a shift in the last quarter among employers planning a pay review in the next 12 months. The level of employers who say it is hard to tell and will depend on their organisational performance has increased from 31% last quarter to 41% this quarter. This reflects uncertainty among employers' confidence in economic prospects and the effects of previous larger wage increases.

The median expected basic pay increase remains at 5% for the third consecutive quarter. The figure for the public sector has risen from 3.3% last quarter, to 4% this quarter – the highest in the LMO time series (since 2012).

### INCOMES DATA RESEARCH – PRESS RELEASE (OCTOBER 2023)

Employers are planning for lower pay awards next year, as upward pay pressures ease because of an expected fall in inflation in the UK economy.

This contrasts with previous employer plans for pay. This year, for example, saw higher pay awards overall than 2022. The main factors behind this year's outcomes were, of course, high inflation but also a tight labour market and the consequent impact on recruitment and retention.

Results from our latest [Pay Planning for 2024] survey show that employers plan to reduce pay awards if inflation falls as forecast in 2024.

- Only 8% are planning on paying higher awards in 2024, with the majority (53%) planning lower awards.
- These plans for relatively lower pay rises are a result of somewhat reduced upward pressures on pay, mainly due to falling inflation.

Next year we are likely to see a shift to lower pay awards than in 2023, as long as inflation continues to come down. But if the labour market remains relatively tight, then pay awards will nevertheless be higher than before the pandemic when the average award was only 2% or 2.5%.

Pay rises next year could be one or two percentage points lower on average and therefore centred on 3% or 4%, rather than 5% or 6% as we saw this year.

**"There has been a shift in the last quarter among employers planning a pay review in the next 12 months. The level of employers who say it is hard to tell and will depend on their organisational performance has increased from 31% last quarter to 41% this quarter."**

**CIPD LABOUR MARKET OUTLOOK**
Summer 2023

### PAYDATA PULSE SURVEY: PAY AWARDS EXPECTATIONS AND LABOUR MARKET TRENDS (JULY 2023)

Early 2024 pay predictions (taken from more than 200 organisations) indicated a median of 5.0%, with an interquartile range of between 3.8% and 5.0%. 32% predicted a similar pay award to this year (be it 3, 4 or 5%), whilst 54% predicted a smaller pay award.

### XPERTHR – PODCAST (NOVEMBER 2023)

Data collected in August and September 2023, from across 283 employee groups, indicate a median basic pay award of 5% for the year ahead.

### PAYDATA UK REWARD MANAGEMENT SURVEY (AUTUMN 2023)

Every year we capture participants' expectations for future pay review budgets. Preliminary analysis (from more than 190 organisations) suggests the median pay budget for 2023 is 5.0 per cent, with an interquartile range of between 4.0 and 6.0 per cent.

Initial expectations for 2024 pay reviews indicate a median of 4.5 per cent and an interquartile range of between 4.0 and 5.0 per cent. Less than one per cent currently predicts a pay freeze in 2024.

**To take part in our UK Reward Management Survey and receive a copy of the free participant report, please register here.**

> **“Initial expectations for 2024 pay reviews indicate a median of 4.5 per cent and an interquartile range of between 4.0 and 5.0 per cent.”**
>
> **PAYDATA UK REWARD MANAGEMENT SURVEY**
> Autumn 2023

## PAYstats at a glance

Our round-up of key statistics, covering inflation, employment and average earnings.

| Consumer Price Index | CPIH | Retail Price Index ^ |
|---|---|---|
| **6.7%** September 2023 | **6.3%** September 2023 | **8.9%** September 2023 |

### Employment

**75.7%**
employed, down 0.3% on last quarter.

**102,000**
redundancies, up 60.2% on last year.

**989,000**
vacancies, down 21.3% on last year.

**4.2%**
unemployed, up 0.2% on last quarter.

**7.6%**
change in whole economy average earnings, excluding bonuses, for the 12 months to August 2023, down 0.3 percentage points on last month.

**6.9%**
change in whole economy average earnings, including bonuses for the 12 months to August 2023, down 1.3 percentage points on last month.

Notes: ^ RPI has lost its designation as a National Statistic but is still used for some indexing purposes. * Because of the increased uncertainty around the Labour Force Survey (LFS) estimates, the ONS are publishing an alternative series of estimates of UK employment and unemployment as experimental statistics. The experimental figures were derived using growth rates from Pay as You Earn Real-Time Information and the Claimant Count for the periods from May to July 2023 onwards. This is to provide a more holistic view of the state of the labour market while the LFS estimates are uncertain.

Data source: Adapted from data from the Office for National Statistics licensed under the Open Government Licence v.1.0. Please note the specific definitions for the measures above vary.

# PAYstats in detail

## EMPLOYMENT (seasonally adjusted, change calculated for last 12 months)

| | Employment* | | Jobs~ | | Vacancies~ | | Redundancies\ | | Unemployment* | |
|---|---|---|---|---|---|---|---|---|---|---|
| Reference Period | Jun-Aug 2023 | | June 2023 | | Jun-Aug 2023 | | May-Jul 2023 | | Jun-Aug 2023 | |
| | % | Change | 000's | Change | 000's | Change | 000's | Change | % | Change |
| All UK | 75.7 | -0.3% | 32,882 | 0.4% | 989 | -21.3% | 102 | 60.2% | 4.2 | 0.2% |
| Manufacturing | | | 2,601 | -1.2% | 69 | -23.1% | | | | |
| Electricity & gas supply | | | 135 | -1.4% | 6 | 6.8% | | | | |
| Water, sewerage & waste | | | 258 | 9.9% | 7 | -18.6% | | | | |
| Construction | | | 2,276 | 0.3% | 37 | -18.5% | | | | |
| Wholesale, retail & motor repair | | | 4,768 | -0.9% | 133 | -17.4% | | | | |
| Info & communications | | | 1,704 | 3.9% | 45 | -31.8% | | | | |
| Financial & insurance | | | 1,232 | 7.3% | 36 | -30.8% | | | | |
| Real estate | | | 678 | 4.6% | 13 | -22.2% | | | | |
| Prof. scientific & technical | | | 3,391 | 2.4% | 92 | -29.2% | | | | |
| Administrative & support | | | 3,123 | -0.2% | 57 | -26.5% | | | | |
| Public admin, defence, social security | | | 1,679 | 3.0% | 38 | -8.3% | | | | |
| Education | | | 3,049 | -1.3% | 68 | -10.0% | | | | |
| Health & social work | | | 4,773 | 3.0% | 181 | -15.9% | | | | |
| Other services | | | 904 | -2.1% | 24 | 18.3% | | | | |

## AVERAGE EARNINGS (seasonally adjusted)

| | Excluding bonuses | | Including bonuses | |
|---|---|---|---|---|
| August 2023 | Change from 12 months ago | % point change since last month | Change from 12 months ago | % point change since last month |
| Whole economy | 7.6% | -0.3% | 6.9% | -1.3% |
| Private | 7.8% | -0.2% | 6.8% | -0.9% |
| Public | 6.8% | -0.3% | 7.4% | -2.9% |
| Services | 7.7% | -0.3% | 7.1% | -1.3% |
| Finance & business services | 9.3% | -0.7% | 8.6% | -1.0% |
| Public sector exc. Financial services | 6.8% | -0.3% | 7.5% | -2.9% |
| Manufacturing | 8.0% | 0.0% | 7.7% | 0.1% |
| Construction | 6.2% | 0.9% | 5.1% | -1.2% |
| Wholesale, retail, hotels & restaurants | 6.4% | 0.3% | 5.7% | -0.1% |

Notes: *change on the quarter; ~seasonally adjusted and change on year; \ not seasonally adjusted and change on year.

# Current Rates

## NATIONAL MINIMUM WAGE (NMW)

For more information: www.gov.uk

| | |
|---|---|
| Workers 21-22 years old:<br>Workers 18-20 years old:<br>Workers 16-17 years old: | £10.18<br>£7.49<br>£5.28 |
| Accommodation offset – maximum per day that can be offset against the NMW where employer provides accommodation. | £9.10 |
| Apprentice minimum wage rate for:<br>- apprentices under 19 years old<br>- apprentices aged 19 and over, but in the first year of their apprenticeship | £5.28 |

## NATIONAL LIVING WAGE

For more information: www.gov.uk

| | |
|---|---|
| The compulsory National Living Wage (NLW) was introduced in April 2016. The NLW effectively increases the National Minimum Wage for workers aged 23 and over. | £10.42 |

## LIVING WAGE

For more information: www.livingwage.org.uk

The Living Wage is set independently and calculated according to the basic cost of living in the UK.

| | |
|---|---|
| - UK hourly rate: | £10.90 |
| - London hourly rate: | £11.95 |

## STATUTORY MATERNITY PAY

For more information: www.gov.uk

Statutory Maternity Pay is paid for up to 39 weeks:
- the first 6 weeks: 90 per cent of average weekly earnings (AWE) before tax
- the remaining 33 weeks: £172.48 or 90 per cent of AWE (if lower)

Statutory Paternity Pay:
- 1 or 2 weeks consecutive leave: £172.48 or 90 per cent of AWE (if lower)

Statutory Adoption Pay is paid for up to 39 weeks:
- the first 6 weeks: 90 per cent of AWE before tax
- the remaining 33 weeks: £156.66 £172.48 or 90 per cent of AWE (if lower)

## STATUTORY SICK PAY

For more information: www.livingwage.org.uk

| | |
|---|---|
| Standard weekly rate | £109.40 |
| Maximum period | 28 weeks in any 3 years |

## STATUTORY REDUNDANCY PAY

For more information: www.gov.uk

Statutory redundancy pay rates are based on age and length of employment:
- 1.5 weeks' pay for each year of employment after their 41st birthday
- 1 week's pay for each year of employment after their 22nd birthday
- 0.5 week's pay for each year of employment up to their 22nd birthday

Length of service is capped at 20 years.

Calculation of age and service is counted back from the date of dismissal.

For redundancies made on or after 6 April 2023, the weekly pay is capped at £643 and the maximum statutory redundancy pay is £19,290. If redundancy was made before 6 April 2023, these amounts will be lower.

## WORKING TIME

For more information: www.gov.uk

Basic entitlement for workers aged 18 and over:
- 5.6 weeks holiday a year
- Work no more than 6 days out of every 7, or 12 days out of every 14
- A 20 minute break if more than 6 hours worked continuously
- Work a maximum 48-hour average week

Workers aged 16 and 17 are entitled to:
- Take at least 30 minutes break if more than 4.5 hours worked continuously
- Work no more than 8 hours a day and 40 hours a week
- Have 12 hours rest between working days and 2 days off every week
- 5.6 weeks holiday a year

Paydata
making lives better at work

# How can we help?

## Committed to making lives better at work, Paydata has over 25 years' experience in helping HR professionals manage their pay and reward practices.

We provide the expertise, insights and tools to help you align your reward management practices with your overall business strategy. We will work closely with you to unlock the full potential of your employees. By understanding your business challenges and your culture, we can identify exactly what it takes to attract and retain your key people and achieve:

- Happier, more motivated staff
- Fair, equitable organisational policies
- Improved returns for your payroll spend

**Pay Benchmarking**

**Reward Strategy and Design**

**Job Evaluation**

**Pay Review**

**Pay Structure**

**Equal Pay Audits**

**Research and Insights**

To discover more and to discuss your requirements, please contact us today on **+44 (0)1733 391 377** or via **info@paydata.co.uk**

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