



April 2024: PAYstats Pay and Labour Market Statistics

Quarterly Edition

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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 3.2% in the 12 months to March 2024, down from 3.4% in February.
- In December 2023 to February 2024, the UK employment level (for those aged 16 years and over) is down on both the year and the quarter.
- The UK unemployment rate (for those aged 16 years and over) was estimated at 4.2% in December 2023 to February 2024.
- In January to March 2024, the estimated number of vacancies in the UK fell by 13,000 on the quarter to 916,000.
- Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 6.0% in December 2023 to February 2024, and annual growth in total earnings (including bonuses) was 5.6%.
- Paydata's pay database shows a median pay settlement of 5.0% for the 12 months to March 2024, with an interquartile range of between 4.0% and 5.7%.
- Preliminary analysis from the Spring UK Reward Management Survey suggests the median pay budget for 2024 is now 4.2%, with an interquartile range of between 4.0% and 5.0%.

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

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Inflation

BANK OF ENGLAND MONETARY POLICY REPORT (FEBRUARY 2024)

Twelve-month CPI inflation remains above the MPC's 2% target but declined to 4.2% in 2023 Q4. This was below expectations in the November Report, with broad-based downside news in the contributions from fuel, core goods and services prices. CPI inflation is now projected to fall temporarily to the 2% target in 2024 Q2 before increasing again in Q3 and Q4. This profile of inflation over the second half of the year is accounted for by developments in the direct energy price contribution to 12-month inflation, which becomes less negative. CPI inflation excluding energy is projected to remain above the target throughout this period, at around 3%. [...]

The Committee continues to expect second-round effects in domestic prices and wages to take longer to unwind than they did to emerge. In the MPC's modal, or most likely, projection conditioned on the lower market-implied path of interest rates, CPI inflation is around 2.75% at the end of this year. It then remains above target over nearly all of the remainder of the forecast period. This reflects the persistence of domestic inflationary pressures, despite an increasing degree of slack in the economy. CPI inflation is projected to be 2.3% in two years' time and 1.9% in three years. The Committee judges that the risks around its modal CPI inflation projection from domestic price and wage pressures are now more evenly balanced. There are, however, some upside risks to the modal projection from geopolitical factors over the first half of the forecast period.

BANK OF ENGLAND MPC MINUTES (MARCH 2024)

12 month CPI inflation fell to 3.4% in February from 4.0% in January and December, a little below the expectation in the February Monetary Policy Report. Services consumer price inflation has declined but remains elevated, at 6.1% in February. Most indicators of short-term inflation expectations have continued to ease.

CPI inflation is projected to fall to slightly below the 2% target in 2024 Q2, marginally weaker than previously expected owing to the freeze in fuel duty announced in the Budget. In the February Report projection, CPI inflation was expected to increase slightly again in Q3 and Q4, accounted for by the direct energy price contribution to 12-month inflation. Services price inflation is expected to fall back gradually.

OFFICE FOR NATIONAL STATISTICS (MARCH 2024)

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.8% in the 12 months to March 2024, unchanged from February. On a monthly basis, CPIH rose by 0.6% in March 2024, compared with a rise of 0.7% in March 2023. The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to March 2024, down from 3.4% in February. On a monthly basis, CPI rose by 0.6% in March 2024, compared with a rise of 0.8% in March 2023.

The largest downward contribution to the monthly change in both CPIH and CPI annual rates came from food [...], upward contribution came from motor fuels [...]. Core CPIH (exc. energy, food, alcohol and tobacco) rose by 4.7% in the 12 months to March 2024, down slightly from 4.8% in February; the CPIH goods annual rate slowed from 1.1% to 0.9%, while the CPIH services annual rate was unchanged at 6.0%. Core CPI (exc. energy, food, alcohol and tobacco) rose by 4.2% in the 12 months to March 2024, down from 4.5% in February; the CPI goods annual rate slowed from 1.1% to 0.8%, while the CPI services annual rate eased slightly from 6.1% to 6.0%.



In the MPC's modal, or most likely, projection conditioned on the lower market-implied path of interest rates, CPI inflation is around 2.75% at the end of this year."

BANK OF ENGLAND MONETARY POLICY REPORT

February 2024

Employment

CIPD LABOUR MARKET OUTLOOK (WINTER 2023/24)

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 positive but has fallen from +26 last quarter to +22 this quarter.

Nine per cent of private sector employers plan to decrease staff levels in the next three months. The rate is twice as high in the public sector, where 18% of employers plan to decrease staff levels in the next three months. Overall, 18% of employers are planning to make redundancies in the three months to March 2024. 38% of employers surveyed have hard-to-fill vacancies. Hard-to-fill vacancies are significantly higher in the public sector (51%) than the private sector (34%).

BANK OF ENGLAND MONETARY POLICY REPORT (MARCH 2024)

Although there is evidence that there has been further loosening in the labour market, it remains tight in a historical context. Despite the steady downwards trajectory of the vacancies to unemployment ratio, it currently stands just above its 2019 Q4 level. During the period prior to the onset of the pandemic, the labour market was considered to be tight with little spare capacity.

BANK OF ENGLAND MPC MINUTES (MARCH 2024)

The ONS had released updated LFS estimates in February but had advised caution in interpreting the results owing to low sample sizes. These estimates also did not reflect the most recent migration and population data. The LFS unemployment rate was estimated to have fallen over the past six months, to 3.9% in the three months to January. Other indicators, such as the claimant count and Agents' intelligence on recruitment difficulties, pointed to a flat or slightly rising profile of unemployment. The vacancies-to-unemployment ratio had remained slightly above its 2019 Q4 levels.

The collective steer from a range of measures pointed to modestly positive quarterly employment growth, in line with the February Monetary Policy Report projections. The Committee noted that employment growth had been relatively resilient in an environment of subdued activity, suggesting that companies were potentially retaining their existing employees to meet future increases in demand. This was also consistent with Agents' intelligence. The Committee would monitor whether or not this retention would restrain any tightening in the labour market as GDP growth picked up.

OFFICE FOR NATIONAL STATISTICS (APRIL 2024)

Payrolled employees in the UK fell by 18,000 (0.1%) between January and February 2024, but rose by 352,000 (1.2%) between February 2023 and February 2024. The early estimate of payrolled employees for March 2024 decreased by 67,000 (0.2%) on the month but increased by 204,000 (0.7%) on the year to 30.3 million. The March 2024 estimate should be treated as a provisional estimate and is likely to be revised when more data are received next month.

Increased volatility of Labour Force Survey estimates, resulting from smaller achieved sample sizes, means that estimates of quarterly change should be treated with additional caution, and we recommend using them as part of our suite of labour market indicators, alongside Workforce Jobs, Claimant Count data, and Pay As You Earn (PAYE) Real Time Information (RTI) estimates.

+22



this quarter's net employment balance

38%



report having hard-to-fill vacancies.

In December 2023 to February 2024, the UK employment level (for those aged 16 years and over) is down on both the year and the quarter. The UK employment rate (for those aged 16 to 64 years) was estimated at 74.5% in December 2023 to February 2024, below estimates of a year ago and decreased in the latest quarter. The UK unemployment rate (for those aged 16 years and over) was estimated at 4.2% in December 2023 to February 2024. The unemployment rate is above estimates of a year ago (December 2022 to February 2023) and up in the latest quarter.

The UK economic inactivity rate for those aged 16 to 64 years was 22.2%, above estimates of a year ago (December 2022 to February 2023), and up in the latest quarter. The UK Claimant Count for March 2024 increased by 10,900 on the month and by 57,400 on the year to 1.583 million. In January to March 2024, the estimated number of vacancies in the UK fell by 13,000 on the quarter to 916,000. Vacancies fell on the quarter for the 21st consecutive period but are still above pre-coronavirus (COVID-19) pandemic levels.

MANPOWER EMPLOYMENT OUTLOOK SURVEY (Q2 2024)

As the UK navigates its way out of the shallow recession recorded in the second half of 2023, the Survey's seasonally adjusted Q2 Net Employment Outlook remains robust and positive at +23%. This represents a slight quarter-on-quarter decrease of -4 percentage-points, but a year-on-year uptick of +1 percentage-point. It also places the UK +1 percentage-point above the global Q2 Survey average of +22% and +8 points above the EMEA regional Survey average.

"Tactically, the UK job market for Q2 is looking increasingly like a chess game. UK small businesses are playing offense, showing the biggest appetite for business expansion, and creating new roles," observes Michael Stull, ManpowerGroup UK's Managing Director. "While they look to hire talent displaced by the redundancies that hit multiple sectors last year, bigger organisations are taking a more defensive stance by backfilling vacancies and being more cautious about headcount."

UK employers in small organisations with 10-49 workers are indeed the most optimistic going into Q2, with a Net Employment Outlook of +29%. This is up +12 points quarter-on-quarter and +11 points on the year and places the UK second overall for small business hiring confidence amongst the 42 international markets included in the ManpowerGroup Survey.

KPMG / REC REPORT ON JOBS (APRIL 2024 PRESS RELEASE)

The latest KPMG and REC, UK Report on Jobs survey, continued to signal falling levels of recruitment activity in March. Amid reports of hiring freezes and cost cutting at clients, recruitment consultants signalled another marked decline in permanent placements as well as the steepest contraction in temp billings since July 2020.

Latest data signalled a fifth consecutive monthly decline in the demand for staff, with the rate of contraction only slightly slower than February's 37-month record. With demand falling, and evidence of a greater number of redundancies, overall candidate supply increased at the steepest pace for four months.

Neil Carberry, REC Chief Executive, said: "Today's data shows the economy in a holding pattern waiting for inflation and interest rates to ease, so that firms can get to investing. The decline in permanent placements has been steady for some months now, with temporary recruitment still robust, if falling back from the record highs of 2022/3. Employers appear to be leaning on temporary work while they are uncertain about the path of the economy."



Tactically, the UK job market for Q2 is looking increasingly like a chess game. UK small businesses are playing offense, showing the biggest appetite for business expansion, and creating new roles."

MICHAEL STULL

Director, ManpowerGroup UK

Earnings

BANK OF ENGLAND MONETARY POLICY REPORT (MARCH 2024)

Annual private sector regular AWE growth has declined from just above 8% over the summer to 6.5% in the three months to November, 1 percentage point below the November Report projection. The recent slowing has brought the official measure closer to the steer from other indicators of annual pay growth, which has been in the range of 6%–7%.

BANK OF ENGLAND MPC MINUTES (MARCH 2024)

Against the backdrop of easing labour market tightness and receding inflation expectations, most indicators of pay growth had declined, although they had remained elevated. Annual private sector regular Average Weekly Earnings (AWE) growth had been 6.1% in the three months to January, 1.1 percentage points lower than in the three months to October and broadly in line with the February Report projection. AWE had moved increasingly into line with other measures such as median private sector pay growth derived from HMRC payrolls data.

The Committee discussed the degree of persistence in wage growth. Some shorter-term measures of wage growth had eased, such as an underlying measure based on a range of pay indicators which had been running at a three-month on three-month annualised pace of around 5%, and suggested a moderation in inflationary persistence. On the other hand, adjusting AWE data on a CPI-weighted basis indicated that pay growth could be moderating at a slower pace than the headline data were suggesting. Some forward-looking indicators also pointed to slower moderation.

KPMG / REC REPORT ON JOBS (APRIL 2024 PRESS RELEASE)

Starting pay levels for both permanent and temporary workers continued to increase during March. Higher pay generally reflected efforts to attract better candidates. However, amid an upturn in candidate supply, rates of pay growth continued to slide. Overall, permanent staff salaries rose at the weakest rate in over three years, whilst for temp wages the increase was the slowest in four months. In both instances, growth rates were also below their respective survey trends.

ONS AVERAGE WEEKLY EARNINGS (APRIL 2024)

Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 6.0% in December 2023 to February 2024, and annual growth in total earnings (including bonuses) was 5.6%. Annual growth in real terms (adjusted for inflation using the Consumer Prices Index including owner occupiers' housing costs (CPIH)) for regular pay was 1.9% in December 2023 to February 2024, and for total pay was 1.6%.



...amid an upturn in candidate supply, rates of pay growth continued to slide. Overall, permanent staff salaries rose at the weakest rate in over three years, whilst for temp wages the increase was the slowest in four months. "

KPMG / REC REPORT ON JOBS

April 2024

Pay Settlements - Historic

LABOUR RESEARCH DEPARTMENT (MARCH 2024)

Pay rises have stayed relatively steady for the last few months, albeit down from their last summer peak of 8%. Pay rises are staying above RPI, the measure preferred by unions which is now at 4.5% (slightly down on last month) whilst CPI, the government-preferred measure is down to 3.4%.

XPERTHR – PRESS RELEASE (MARCH 2024)

In the three months to the end of February 2024, the median basic pay award stands at 4.8%, down for the second consecutive rolling quarter.

Based on 94 pay settlements that came into effect in the three months to the end of February 2024, covering close to 200,000 employees – XpertHR found that:

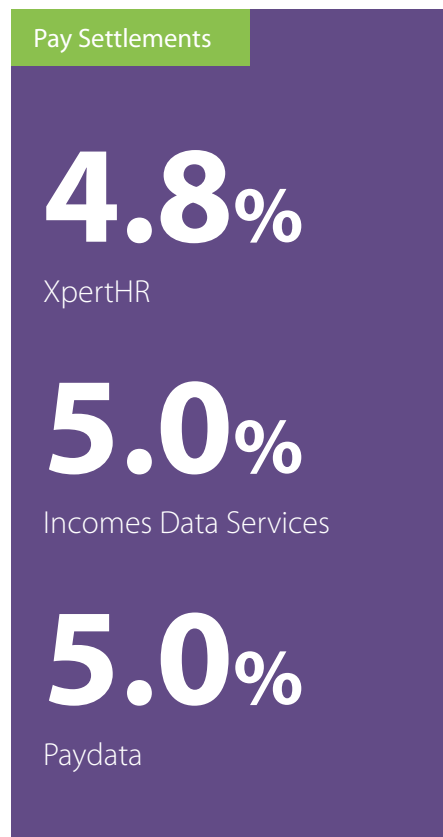
- The most common pay rise given is 4%. A fifth (20%) of pay awards are worth exactly 4%.
- A quarter of deals are worth 6% or more. Following a revision to January data, the upper quartile has dropped to 6% for two consecutive rolling quarters.
- More than half of pay deals were worth less. Based on a matched sample of 76 employee groups, 58% of pay deals were lower than those given to employees a year ago. Just a quarter of deals (28%) were worth more than the previous year.

INCOMES DATA RESEARCH – PRESS RELEASE (MARCH 2024)

The median pay increase across the economy has held steady at 5.0% in the three months to January 2024. However, analysis of 63 new deals implemented across the economy between 1 November 2023 and 31 January 2024 revealed that nearly a quarter of all increases were worth 6% or more and some of the highest increases are in excess of 9%. These most commonly occurred in general manufacturing where the upper quartile of awards is 5.8%. Pay awards clustered around the 5% mark are common across industries such as engineering, energy and water, food and drink manufacturers as well as retail.

PAYDATA PAY DATABASE (APRIL 2024)

Paydata's pay database shows a median pay settlement of 5.0% for the 12 months to March 2024, with an interquartile range of between 4.0% and 5.7%.



Pay Settlements - Predictive

BANK OF ENGLAND MONETARY POLICY REPORT (MARCH 2024)

In the MPC's latest projection, private sector regular pay growth is expected to slow further in 2024, informed by the latest steer from surveys of pay. Pay growth is projected to decline to around 5.75% in 2024 Q1 and 4.75% in Q2, ending this year at a similar rate. This profile reflects a judgement to push up slightly on pay growth in the near term, in light of the stronger forward-looking indications from the Agents pay survey and from the DMP. Contacts of the Bank's Agents expect annual pay settlements to average 5.4% in 2024, and for there to be fewer additional payments provided to compensate for a higher cost of living. Respondents to the DMP Survey expect wage growth to slow to around 5% over the next 12 months.

BANK OF ENGLAND MPC MINUTES (MARCH 2024)

Expectations for future wage growth from the Decision Maker Panel (DMP) Survey had remained flat at 5.2%. The latest intelligence on average pay settlements collected by the Agents had remained close to the levels observed in the Agents' annual survey presented in the February Report. Agents' contacts had generally expected lower pass-through of higher labour costs to prices compared to 2023.

CIPD LABOUR MARKET OUTLOOK (WINTER 2023/24)

The median expected basic pay increase has fallen from 5% last quarter to 4% this quarter. Expected pay awards in the public sector fell further than in the private sector to 3%.

XPERTHR – PRESS RELEASE (MARCH 2024)

The latest pay forecast data from XpertHR predicts the median basic pay award in 2024 will be 4%, down two percentage points on the median in 2023, which was the highest recorded level for 32 years. The most commonly predicted pay award value is 5%. This figure represents around one-fifth (23%) of all forecasts, closely followed by 4% and 3%.

Close to half (47%) of forecast pay awards are expected to be lower than the 2023 award employees received. Around one-third (34%) are expected to be the same, whilst just 19% are expected to be worth more than the previous settlement.

The median forecast for large organisations is slightly higher at 4.5%, while predictions for smaller organisations (less than 1,000 employees) are 4%.

PAYDATA PULSE SURVEY: PAY AWARDS EXPECTATIONS AND LABOUR MARKET TRENDS (JANUARY 2024)

Pay plans and expectations, reported by 278 respondents, show an expected median of 4.5%, with an interquartile range of between 4.0% and 5.0% and a mode of 5.0%.

PAYDATA UK REWARD MANAGEMENT SURVEY (SPRING 2024)

Every year we capture participants' expectations for future pay review budgets. The survey is still open at the time of writing, but preliminary analysis suggests the median pay budget for 2024 is now 4.2%, with an interquartile range of between 4.0% and 5.0%. No organisations are currently reporting expecting a pay freeze.

To take part in our Spring UK Reward Management Survey and receive a copy of the free participant report, please access to the survey [here](#).



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BANK OF ENGLAND MONETARY POLICY REPORT

March 2024

PAYstats at a glance

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



Employment

33m

employed, down 0.6%
on last year.



110,000

redundancies, up 24.9%
on last year.



916,000

vacancies, down 18.2%
on last year.



1.44m

unemployed, up 7.0% on
last year.



6.0%

change in whole economy average
earnings, excluding bonuses, for the 12
months to February 2024, no change
on last month.



5.5%

change in whole economy average
earnings, including bonuses, for the 12
months to February 2024, no change
on last month.



Notes: [^] RPI has lost its designation as a National Statistic but is still used for some indexing purposes. * February 2024's release saw the reintroduction of Labour Force Survey data, which now include the latest population information.

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)

Reference Period	Jobs *		Vacancies		Redundancies \		Unemployment *	
	Dec-Feb 2024		Jan-Mar 2024		Dec-Feb 2024		Dec-Feb 2024	
	000's	Change	000's	Change	000's	Change	000's	Change
All UK ~	32,980	-0.6%	916	-18.2%	110	24.9%	1,440	7.0%

Manufacturing	2,602	-1.1%	65	-18.2%
Electricity & gas supply	121	2.2%	5	-7.1%
Water, sewerage & waste	262	6.1%	6	-5.9%
Construction	2,207	-0.5%	37	-10.4%
Wholesale, retail & motor repair	4,744	0.0%	117	-17.6%
Info & communications	1,668	2.0%	44	-16.7%
Financial & insurance	1,182	4.9%	36	-17.7%
Real estate	693	1.5%	16	36.8%
Prof. scientific & technical	3,377	0.6%	90	-20.0%
Administrative & support	3,091	-1.0%	66	-9.8%
Public admin, defence, social security	1,695	3.0%	37	-6.3%
Education	3,074	2.6%	60	-17.4%
Health & social work	4,898	4.5%	159	-20.4%
Other services	951	-2.2%	19	-13.4%

AVERAGE EARNINGS (seasonally adjusted)

February 2024	Excluding bonuses		Including bonuses	
	Change from 12 months ago	% point change since last month	Change from 12 months ago	% point change since last month
Whole economy	6.0%	0.0%	5.5%	0.0%
Private	5.9%	0.0%	5.5%	-0.1%
Public	6.1%	0.0%	6.1%	0.3%
Services	5.9%	-0.2%	5.6%	-0.2%
Finance & business services	7.1%	0.8%	6.1%	1.1%
Public sector exc. Financial services	6.1%	0.1%	6.1%	0.0%
Manufacturing	7.0%	0.2%	6.6%	1.3%
Construction	3.7%	1.9%	3.4%	0.2%
Wholesale, retail, hotels & restaurants	5.2%	-1.9%	5.0%	-0.9%

Notes: * Sector breakdown as at December 2023, \ not seasonally adjusted

Current Rates

NATIONAL MINIMUM WAGE (NMW)

For more information: www.gov.uk



Workers 21-22 years old:	£11.44
Workers 18-20 years old:	£8.60
Workers 16-17 years old:	£6.40
Accommodation offset – maximum per day that can be offset against the NMW where employer provides accommodation.	£9.99
Apprentice minimum wage rate for:	£6.40
- apprentices under 19 years old	
- apprentices aged 19 and over, but in the first year of their apprenticeship	

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.

£11.44

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:	£12.00
- London hourly rate:	£13.15

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: £184.03 or 90 per cent of AWE (if lower)

Statutory Paternity Pay:

- 1 or 2 weeks consecutive leave: £184.03 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: £184.03 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 2024, the weekly pay is capped at £700 and the maximum statutory redundancy pay is £21,000. If redundancy was made before 6 April 2024, 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



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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