

# Pay bulletin

The latest news on salaries, settlements and more

August 2025

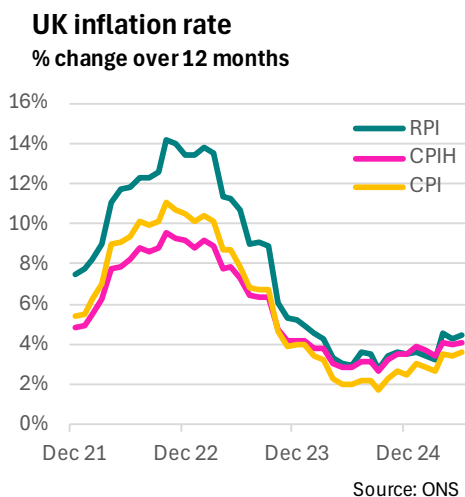
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Welcome to August's pay bulletin. Read on for the latest data on inflation, pay and labour market trends.

## This month:

- CPI inflation jumps to 3.6%
- Median pay settlements fall to 3%
- Average weekly earnings have increased by 5%

## 1. Inflation gradually eases



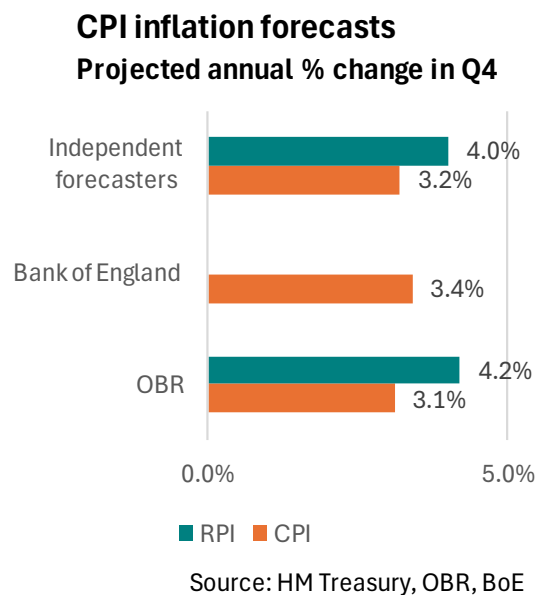
Inflation showed a jump to 3.6%. The [latest figures](#) from the Office for National Statistics (ONS) show:

- **CPI was 3.6%** in the 12 months to June, up from 3.4% last month
- **CPIH was 4.1%**, up from 4% last month
- **RPI was 4.4%**, up from 4.3% last month

Transport, particularly motor fuels, made the largest upward contribution to the monthly change in both CPIH and CPI annual rates; housing and household services, particularly owner occupiers' housing costs, made a large, partially offsetting, downward contribution in CPIH.

Core CPI rose by 3.7% in the 12 months to June 2025, up from 3.5% in the 12 months to May; the CPI goods annual rate rose from 1.7% to 2.0%, while the CPI goods annual rate rose from 2.0% to 2.4%, while the CPI services annual rate was unchanged at 4.7%.

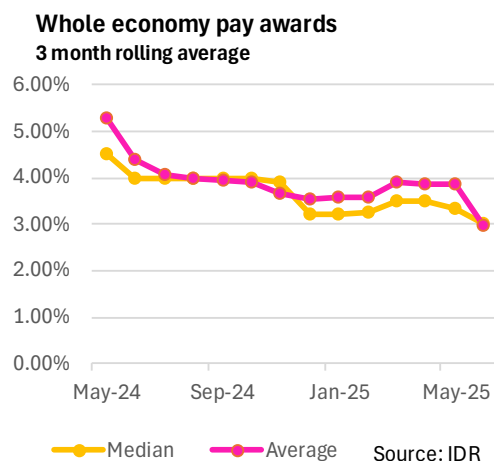
## 2. Headline rates unchanged



[HM Treasury's average of most recent average forecasts](#) for inflation expects CPI to be 3.2% and RPI at 4% by Q4 2025

At its last meeting the [Bank of England Monetary Policy Committee](#) decided to keep the Bank Base Rate at 4.25%. The committee still projected inflation to rise this year, peaking at 3.7% due in part to higher energy prices and falling back 3.4% in Q4. The MPC felt that with global risks still elevated and inflation remaining above the 2% target it was too soon for further rate cuts. Broadly speaking these figures are in line with the OBR forecasts.

## 3. Average pay settlements begin to decline



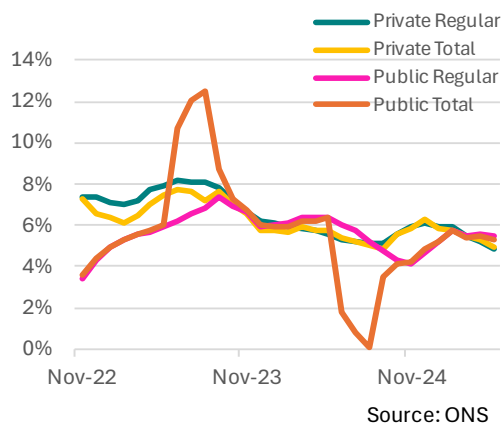
The latest analysis from [Income Data Research](#) shows that the median pay award across the economy was 3% for the 3 months to June 2025, a decline on the levels that have held consistent throughout 2025, albeit from a small sample size. New data from [Brightmine](#), reveals that the UK median basic pay award remains at 3%. [LRD pay data](#) averaged 4.0% for the lowest-paid in the three months to June 2025, unchanged from the past two months. The private sector saw deals average 4.1%, while the public sector averaged 3.4%.

### Recent Prospect pay deals include:

- Botanics Trading Company, 5%, effective 1<sup>st</sup> April 2025
- Oxford Airport, 3%, effective 1<sup>st</sup> April 2025
- SONI, 4.1%, effective 1<sup>st</sup> April 2025

## 4. Earnings continue to grow

**Average Weekly Earnings**  
Regular pay, Public and Private



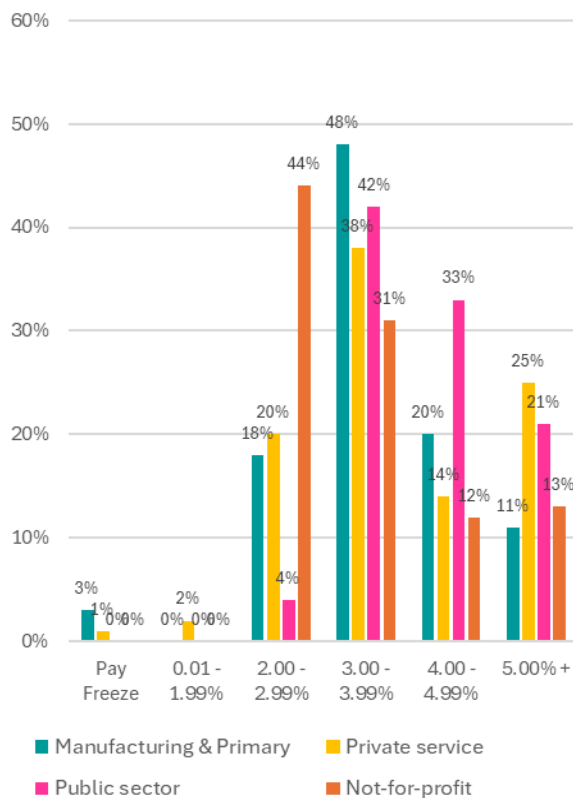
### Employee average regular earnings

(excluding bonuses) increased by 5% in the three months to May 2025 and total earnings (including bonuses) were 5%. Pay adjusted for inflation shows that 'real' regular pay growth was 1.1% and 'real' total pay growth was 1%, 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 is rising at 5.5% and total pay is 5.3% compared to 4.9% for both regular and total pay in the private sector.

## 5. Distribution of pay awards by sector

**Distribution of pay awards in 2025, by sector**



The chart to the left shows the distribution of pay awards per sector based on information reported to IDR.

The data clearly shows that over 75% of employers in 3 sectors (manufacturing & primary, public sector and private services) have given pay settlements in excess of 3%.

The not-for-profit sector is lagging behind, with 44% of employers giving pay awards that have fallen short of 3%.

Private services employers were the most likely to give a pay award in excess of 5%, with those in manufacturing & primary the least likely to do so.

Across the economy pay deals below 2% are now, thankfully, very few and far between.

