

Pay bulletin

The latest news on salaries, settlements and more

October 2026

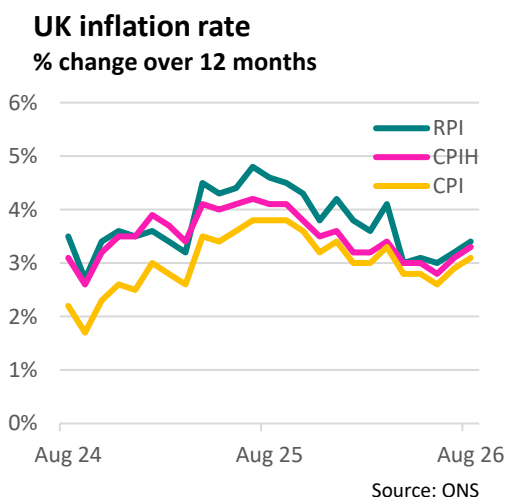
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Welcome to October's pay bulletin. Read on for the latest data on inflation, pay and labour market trends.

This month:

- CPI rises to 3.1%
- Median pay settlements fall to 3.3%
- In the period from April to June average weekly earnings are rising by 3.5%
- A look at road fuel prices

1. Headline inflation rates start to rise



The [latest figures](#) from the Office for National Statistics (ONS) show that:

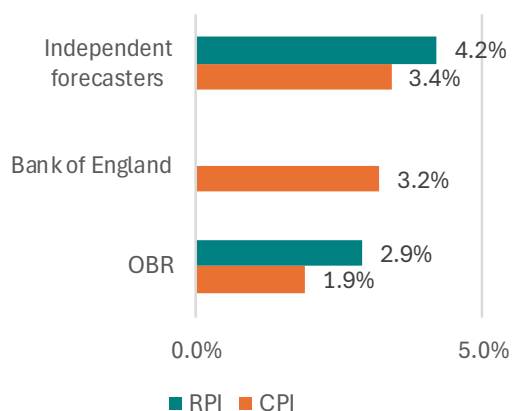
- **CPI was 3.1%** in the 12 months to August, up from 2.9% last month
- **CPIH was 3.3%** in the 12 months to August, up from 3.1% last month
- **RPI was 3.4%**, in the 12 months to August, up from 3.2% last month

Transport, particularly motor fuels, made the largest upward contribution to the monthly change in both CPIH and CPI annual rates.

Core CPI (CPI excluding energy, food, alcohol, and tobacco) rose by 2.6% in the 12 months to August 2026, unchanged from the 12 months to July; the CPI goods annual rate rose from 2.2% to 2.7%, while the CPI services annual rate was unchanged, at 3.4%.

2. Inflation forecasts

Inflation Forecast: Projected annual % change in Q4 2026

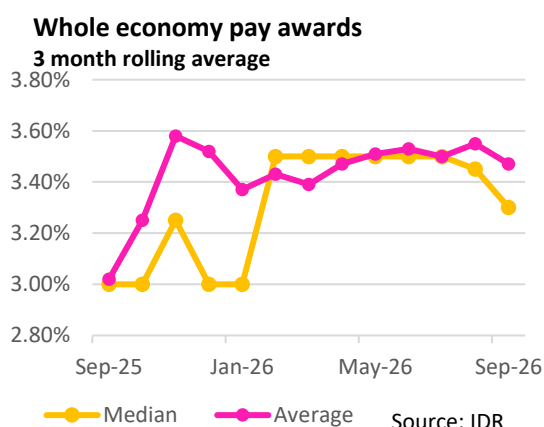


Source: HM Treasury, OBR, BoE

[HM Treasury's average of most recent inflation forecasts](#) expects CPI to be 3.4% and RPI at 4.2% by Q4 2026.

On 17 September 2026, the Bank of England's MPC voted to keep the Bank Rate unchanged at 3.75% by a majority vote. Looking to the future BoE Governor Andrew Bailey was warned that whilst “so far, higher global energy costs have had a limited effect on price and wage setting in the UK. But the longer this volatility persists, the bigger the impact it will have on inflation, and the more likely it is we will need to raise Bank Rate to ensure that inflation falls back to our 2% target.”

3. Average pay settlements remain flat

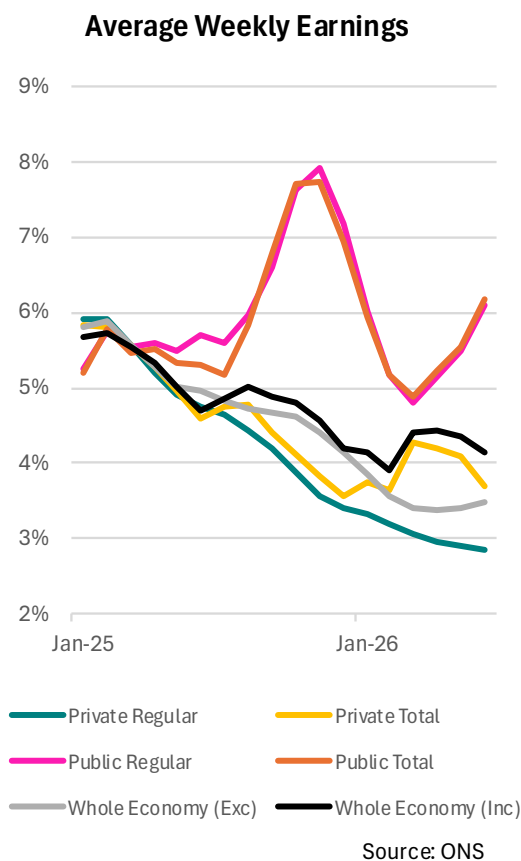


Median pay awards were at 3.3% in the three months to August, according to [Income Data Research](#), remaining at the same level from last month. [Brightmine](#) has found that pay awards have dipped to 3% for the three months to August and are expected to keep pay awards subdued into 2027.

Recent pay deals negotiated by Prospect & Bectu:

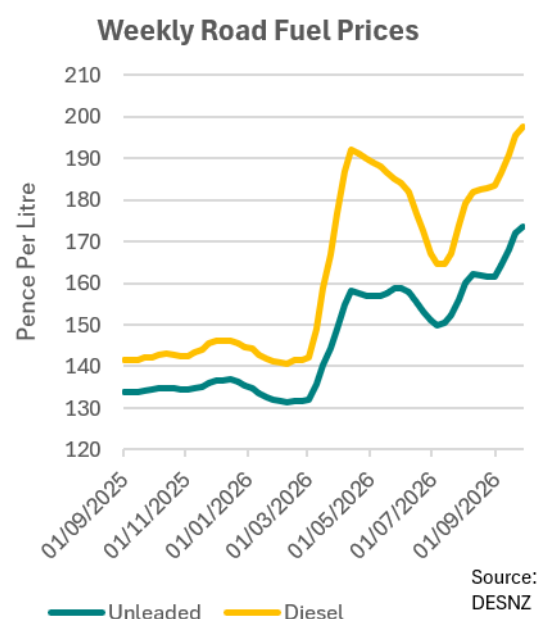
Settlement Date	Bargaining Unit	Headline Figure	Duration
1st July, 2026	Ofcom	3%	1 year
1st August, 2026	Imperial War Museums	3.94%	1 Year
1st August, 2006	Ministry of Housing Communities & Local Government	3.50%	1 Year

4. Public sector pay continues to grow faster



Between May and July 2026, [average earnings](#) continued to grow, with regular pay (excluding bonuses) increasing by 3.5% and total pay (including bonuses) rising by 3.9% compared with the previous year. After accounting for inflation, real earnings growth remained positive, ranging from 0.6% to 0.9% using CPIH inflation measures and from 0.8% to 1.1% using CPI measures. Growth was notably stronger in the public sector, where regular earnings increased by 6.3%, compared with 2.9% in the private sector, although public sector figures continue to be influenced by variations in the timing of pay awards. Outside the public sector, the wholesaling, retailing, hotels and restaurants sector recorded the strongest regular pay growth, with earnings increasing by 3.1% over the year.

5. In Focus: Road fuel prices



Over the past year, [UK road fuel prices](#) have risen significantly after remaining relatively stable through much of late 2025 and early 2026. Average petrol prices increased from around 134p per litre in September 2025 to approximately 168p per litre by September 2026, while diesel rose from around 142p to 190p per litre over the same period. Much of this increase occurred during summer 2026, driven by higher global oil prices and concerns over international supply disruptions, with diesel prices reaching record highs. As a result, the cost of filling a typical family car has increased substantially, adding further pressure to household budgets and business costs.