Pay bulletin

The latest news on salaries, settlements and more

September 2026

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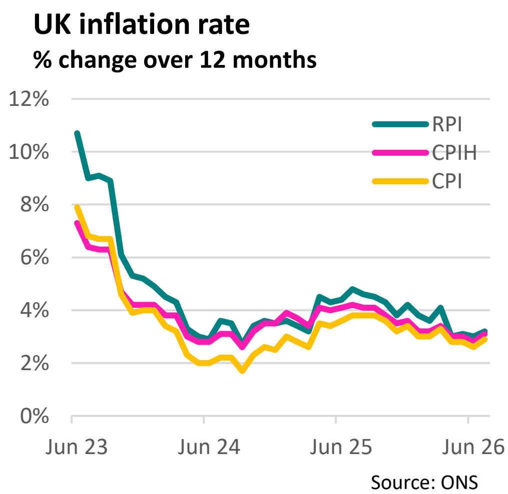
Welcome to September's pay bulletin. Read on for the latest data on inflation, pay and labour market trends.

This month:

- CPI rises to 2.9%
- Median pay settlements remain at to 3.5%
- In the period from April to June average weekly earnings are rising by 3.5%
- A look at the Ofgem energy price cap

1. Headline inflation rates start to rise



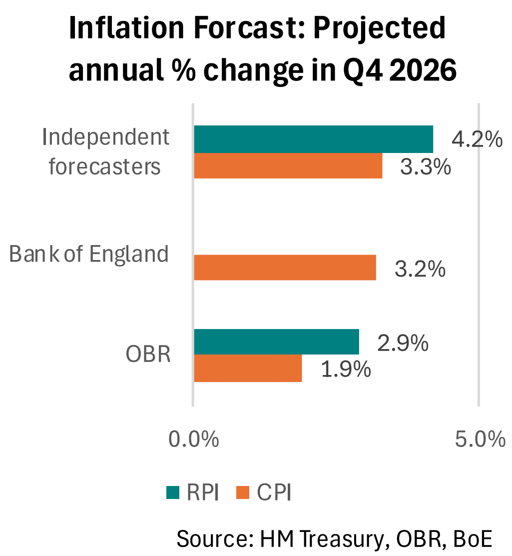
The latest figures from the Office for National Statistics (ONS) show that:

- **CPI was 2.9%** in the 12 months to July, up from 2.6% last month
- **CPIH was 3.1%** in the 12 months to July, up from 2.8% last month
- **RPI was 3.2%**, in the 12 months to July, up from 3% last month

Housing and household services, and furniture made the largest upward contributions to the monthly change in both CPIH and CPI annual rates; transport made the largest, partially offsetting, downward contribution.

Core CPI (CPI excluding energy, food, alcohol and tobacco) rose by 2.6% in the 12 months to July 2026, unchanged from the 12 months to June; the CPI goods annual rate rose from 1.7% to 2.2%, while the CPI services annual rate eased from 3.6% to 3.4%.

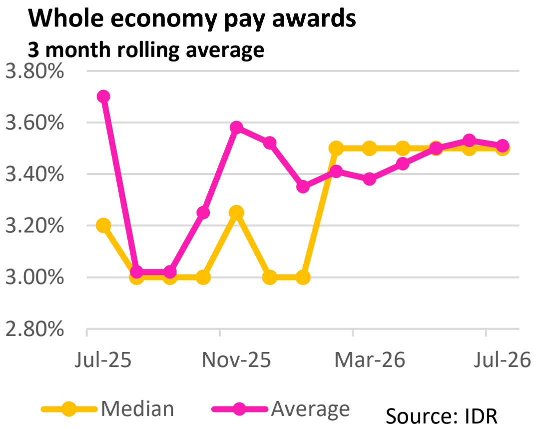
2. Inflation forecasts



HM Treasury's average of most recent inflation forecasts expects CPI to be 3.3% and RPI at 4.2% by Q4 2026.

On 30 July 2026, the Bank of England's MPC voted to keep the Bank Rate unchanged at 3.75%. CPI inflation stood at 2.6% in June, above the 2% Bank of England target. The MPC expects inflation to rise in the second half of year peaking at 3.2% in Q4 2026. While inflation risks are judged to be skewed on the upside, the economic outlook remains volatile because of the continued conflict in the Middle East.

3. Average pay settlements remain flat

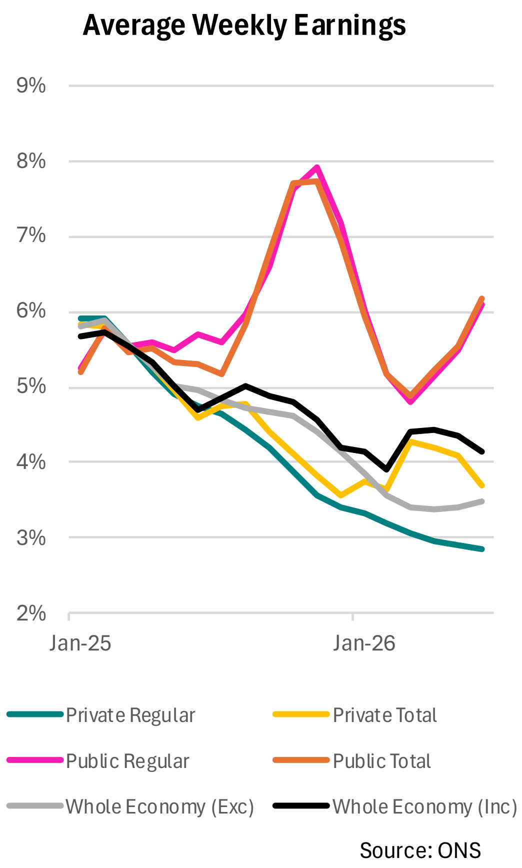


Median pay awards were at 3.5% in the three months to July, according to Income Data Research, remaining at the same level from last month. Brightmine has found that pay awards have held steady at 3.2% for the three months to July, despite mounting employer cost pressures.
The LRD Payline service recorded an average pay deal of 3.8% for the lowest-paid, and 3.6% for standard increases.

Recent pay deals negotiated by Prospect & Bectu:

Settlement Date	Bargaining Unit	Headline Figure	Duration
1st July, 2026	National Energy System Operator (NESO)	4.75%	1 Year
1st July, 2026	Ofcom	3%	1 year
1st August, 2006	Imperial War Museums	3.94%	1 Year

4. Public sector pay continues to grow faster



Average earnings continued to rise, with regular pay (excluding bonuses) increasing by 3.5% annually and total pay (including bonuses) growing by 4.1%. After adjusting for inflation, real-term earnings growth remained positive, ranging from 0.5% to 0.7% for regular pay and 1.1% to 1.3% for total pay, depending on the inflation measure used (CPIH or CPI). Public sector workers experienced significantly stronger regular earnings growth at 6.1%, compared with 2.8% in the private sector, although this remains influenced by the timing of pay awards. Outside the public sector, the wholesaling, retailing, hotels and restaurants industry recorded the strongest regular pay growth, with earnings increasing by 3.5% over the year.

5. In Focus: The Ofgem energy price cap

In August 2026, Ofgem announced that the energy price cap will increase by 4% from 1 October to 31 December 2026. For a typical household paying by direct debit, this raises the annualised bill from approximately £1,663 to £1,723, primarily due to higher wholesale gas prices and continued volatility in global energy markets. While the increase is significant for households heading into winter, prices remain well below the peak levels experienced during the 2022 to 2023 energy crisis.