

UK employers set to boost wages by 5%

UK employers plan to increase pay by 5% this year and are increasingly making counteroffers to retain existing staff, according to the representative body for human resource (HR) workers.

Basic pay will increase by a median of 5% over the next 12 months, a report from the Chartered Institute of Personnel and Development (CIPD) said.

In response to staff being offered higher wages by rival organisations, 40% of UK employers have made a counteroffer in the past year, the CIPD labour market outlook said.

Of those giving counteroffers, 38% of employers matched the salary of the new job offer while 40% offered even higher sums.

But nearly a third of employers believed counteroffers were ineffective at holding on to staff.

Public sector pay is expected to rise by 4%, the highest recorded by the CIPD's survey. However the survey of 2,000 employers took place before a pay rise of about 6% was [offered to millions of UK public sector](#) workers.

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Bank of England's Governor Andrew Bailey has told Sky News that the UK cannot continue to have the current level of wage increases

The same 5% pay rise forecast was made by the same survey in the past two quarters and echoes Bank of England expectations.

Such anticipated rises adds to inflationary concerns. The governor of the [Bank of England](#) had [previously said](#): "We cannot continue to have the current level of wage increases.

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"We can't have companies seeking to rebuild profit margins which means prices continue to go up at their current rates... the current levels, I'll be honest, are unsustainable".

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Official figures showed [wages rose 7.3%](#) from May to June and data up to July will be released by the Office of National Statistics on Tuesday.

The rate of wage rises still fell below the rate of inflation meaning an effective pay cut for most UK workers.