

Wage growth at fastest rate in 20 years, but failing to keep up with inflation

Wages grew at their fastest rate in 20 years in the past year, official data from the Office for National Statistics said.

Wages rose 6.4% from the same period a year earlier, in the highest increase since records began in 2001.

But despite increased wages, workers are earning less. Real wages fell 3.8% as pay failed to keep up with the increasing cost of goods.

Most recent official figures show [inflation stands at 10.7%](#), meaning people are effectively earning less.

Pay rises differed across the economy and private sector wages continue to surpass public sector wage increases.

Private employers increased their pay by an average of 7.2% while public sector workers only had a pay bump of 3.3%.

The rate of UK unemployment rose to 3.7% in the three months to November up from 3.5% in the previous three-month period. Such a rate had been expected by economists polled by Reuters.

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There were also 75,000 fewer jobs on offer in the months from October to December compared to the previous three months.

Unemployment is still markedly low – only marginally above the [lowest level since 1974](#).

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The pandemic has negatively impacted another metric measured by the ONS.

The [economic activity](#) – the number of people neither working nor seeking work for a range of reasons – stood at 21.5% for the three months up to November.

The number – a slight decrease of 0.1% from the previous quarter – has increased since COVID-19 due to a rise in the

number of people who are long-term sick but initially was driven by an increase in students deferring the transition to work.

The ONS noted that while the rate decreased on the quarter it has increased on the previous year, and is still above pre-pandemic rates.

Commenting on the figures, Chancellor Jeremy Hunt, said: "Even in the face of global economic challenges, the UK labour market remains resilient with a record number of employees on payrolls.

"The single best way to help people's wages go further is to stick to our plan to halve inflation this year. We must not do anything that risks permanently embedding high prices into our economy, which will only prolong the pain for everyone."

Labour responded to the announcement, saying, "Today's figures show the Tories are totally bereft of ideas when it comes to tackling the cost of living crisis, growing the economy and supporting people into work."

"Real wages are plummeting, almost two and a half million people are out of work because of sickness and far too many people – especially the over 50s – aren't getting the support they need to either stay in work or to go back to work," said Labour's shadow work and pensions secretary, Jonathan Ashworth.

"Labour has the ideas to get Britain working again. Our reform plan will localise employment support, open up job centres, target help to the over 50s, provide specialist support for those with ill health and make sure that work pays."