

Workers suffer record pay slump in face of rocketing inflation

Workers have suffered a record real-term pay slump in the face of soaring prices, official data reveals.

Regular wages, excluding bonuses, plunged an average of 4.1% on the year in the three months to June when inflation is taken into account, according to the Office for National Statistics (ONS).

It is the highest fall since records began more than two decades ago and the ninth consecutive month-on-month drop in real-term pay, the figures show.

It comes after the rate of consumer price index (CPI) inflation hit a 40-year record of 9.4% in June and is expected to reach as high as 11% later this year.

Bills have surged due to soaring energy and fuel bills amid the impact of the Ukraine war, but many have seen wages struggle to keep up.

The squeeze on real-term pay will ramp up pressure on the government to take further action to tackle the cost of living crisis.

When inflation was not factored in, regular pay, excluding bonuses, rose by 4.7% in the three months to June.

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With bonuses, total pay increased by 5.1%.

There was a significant difference between the public and private sectors.

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Public sector workers, many of whom have been voting to strike over below-inflation pay offers, saw their total wages go up just 1.8%, compared to 5.9% in the private sector.

The wholesaling, retailing, hotels and restaurants sector saw the largest growth rate at 7.7%, followed by the finance and business services sector and construction sector, both at 6.3%.

The data also showed the number of UK workers on payrolls rose by 73,000 between June and July to 29.7 million.

Meanwhile, the unemployment rate increased to 3.8% for the quarter compared with 3.7% for the previous period.

The number of job vacancies in May to July was 1.274 million, a fall of 19,800 from the previous quarter and the first quarterly fall seen since June to August 2020.

ONS director of economic statistics Darren Morgan said: "The number of people in work grew in the second quarter of 2022, whilst the headline rates of unemployment and of people neither working nor looking for a job were little changed.

"Meanwhile, the total number of hours worked each week appears to have stabilised very slightly below pre-pandemic levels.

"Redundancies are still at very low levels.

"However, although the number of job vacancies remains historically very high, it fell for the first time since the summer of 2020."

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Chancellor Nadhim Zahawi said: “Today’s stats demonstrate that the jobs market is in a strong position, with unemployment lower than at almost any point in the past 40 years – good news in what I know are difficult times for people.

“This highlights the resilience of the UK economy and the fantastic businesses who are creating new jobs across the country.”

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He added: “Although there are no easy solutions to the cost of living pressures people are facing, we are providing help where we can.

“We are delivering a £37bn package of help for households through cash grants and tax cuts so people can keep more of what they earn.

“And whilst we cannot completely shield everyone from these global economic shocks, we are targeting this support on millions of the most vulnerable people in our society: those on the lowest incomes, pensioners and disabled people.”