**Press Release – The Money Charity – For Immediate Release**

(BEGINS)

**Pay Growth Much Lower Than Heralded**

**The Money Statistics September 2021**

**While many headlines have heralded 2021 yielding significant pay growth for the UK, the reality is much more muted, according to the September 2021 Money Statistics, produced by The Money Charity.**

As the year has progressed and the UK has emerged from its lockdown restrictions, the search for positivity and hope for the UK’s finances has been understandable. One of the most recent examples is in the news of significant growth for average UK pay, with announcements of a headline rate of **8.3%**[[1]](#footnote-1).

However, analysis by The Money Statistics shows that the true rate of pay growth in the year to July 2021 is much closer to **4%**[[2]](#footnote-2). The difference in pay measures arises from the fact that pay dipped heavily during the early months of the pandemic, the period of lockdown and furlough, as shown in the chart on Page 4.1 of the September Money Statistics.

When inflation, running at over **3%**[[3]](#footnote-3)(partly driven by a big increase in hotel and restaurant prices as support measures have ended), is also factored in, this then means average real wages have actually only increased by around **1%** over the last year. With many costs rising, including significant concerns around energy prices, the real pay growth rate may well be pushed into negative territory over the coming winter.

More positive financial signs can still be seen elsewhere though. For example, while outstanding credit card debt rose by **£119 million**[[4]](#footnote-4) in July 2021, the total remained **£9.7 billion**[[5]](#footnote-5) less than in July 2020. A slight improvement could also be seen in the labour market, with the unemployment rate falling to **4.6%**[[6]](#footnote-6) in May to July 2021 and significant reported numbers of job vacancies.

**Michelle Highman, Chief Executive of The Money Charity says:**

“From reports of bonus payments to HGV drivers and other workers to the recent headlines heralding pay growth figures of 8.3%, it would be easy to jump ahead to thinking the good times have returned with a pay boom underway. However, further analysis shows that pay growth is much more muted and that there is a risk of average real pay falling this winter as price rises bite.

“It can be easy to be downhearted when news isn’t positive, but one of our key messages in our Financial Wellbeing and Financial Education work is that facing up to our finances with full honesty is the best way to start getting on top of our situations. The UK’s households will truly need to get to grips with managing their money through robust budgeting in the weeks and months coming.”

**Other Striking Numbers from the September Money Statistics:**

* After dropping in July, house prices rose again in August by **2.1%**. *(P10.)*
* Private rental prices have increased by **1.3%** in the year to August 2021. *(P12.)*
* Government debt increased by **£466 million** a day in the year to August 2021. *(P19.)*

**Get the full picture and many more fascinating facts about money in the UK in our monthly** [**Money Statistics**](https://themoneycharity.org.uk/money-statistics/)**.**

Notes to Editors

* For over 25 years, The Money Charity has been the UK’s Financial Capability charity. We proactively provide education, information, advice and guidance to people of all ages, to reach our vision of seeing everyone achieving Financial Wellbeing by managing their money well. We empower people across the UK to develop the skills, knowledge, attitudes and behaviours to make the most of their money throughout their lives. Find out more at <https://themoneycharity.org.uk/>
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  + You do not make substantive adjustments to the presentation of the statistics, such as amending the statistic phrasing, or for example, repurposing the statistics into a format they are not appropriate for, such as an editorial/’opinion piece’ from the charity.
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* If you’ve any questions, comments, or want any information about the source of these statistics, please contact us through [hello@themoneycharity.org.uk](mailto:hello@themoneycharity.org.uk)
* Any media or press enquiries should be directed to our Communications & Marketing Manager, James Yelland, on [james@themoneycharity.org.uk](mailto:james@themoneycharity.org.uk)

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1. (The Money Statistics September 2021 Full Report, P19) [↑](#footnote-ref-1)
2. (The Money Statistics September 2021 Full Report, P4.1) [↑](#footnote-ref-2)
3. (The Money Statistics September 2021 Full Report, P19) [↑](#footnote-ref-3)
4. (The Money Statistics September 2021 Full Report, P5) [↑](#footnote-ref-4)
5. (The Money Statistics September 2021 Full Report, P5) [↑](#footnote-ref-5)
6. (The Money Statistics September 2021 Full Report, P20) [↑](#footnote-ref-6)