

SAGE UK WORKFORCE TRACKER

A Sage report in partnership with Smart Data Foundry and Cebr

Monthly Insight: December 2025

Insights drawn from anonymized payroll data from approximately 200,000 small businesses with millions of employees across the UK .

Sage  **SMART DATA
FOUNDRY**



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Key Highlights

Median Gross Earnings

£2,178

Up 5.5% y/y.

Median Net Earnings

£1,780

Up 4.0% y/y.

Headcount

-0.0%

Unchanged y/y.

“The Sage UK Workforce Tracker shows that in December, headcount among the sample of small businesses was unchanged year-on-year. Over the same period, median earnings grew 5.5%, a pick-up in pace on the previous month.

Looking ahead, the near-term economic outlook remains subdued, with fragile business confidence weighing on hiring and investment. On the upside, inflation is expected to slow further, offering room for more interest rate cuts, helping to reduce borrowing costs. Wages continue to grow at an elevated pace, yet a softening of the labour market will see pay growth decelerate over 2026.

Measures announced in the Autumn Budget may have provided some policy certainty but are unlikely to materially improve weak economic growth. Meanwhile, a forthcoming revaluation of business rates across England and Wales is expected to have uneven effects, with many small businesses facing higher liabilities despite transitional relief, further squeezing margins.”

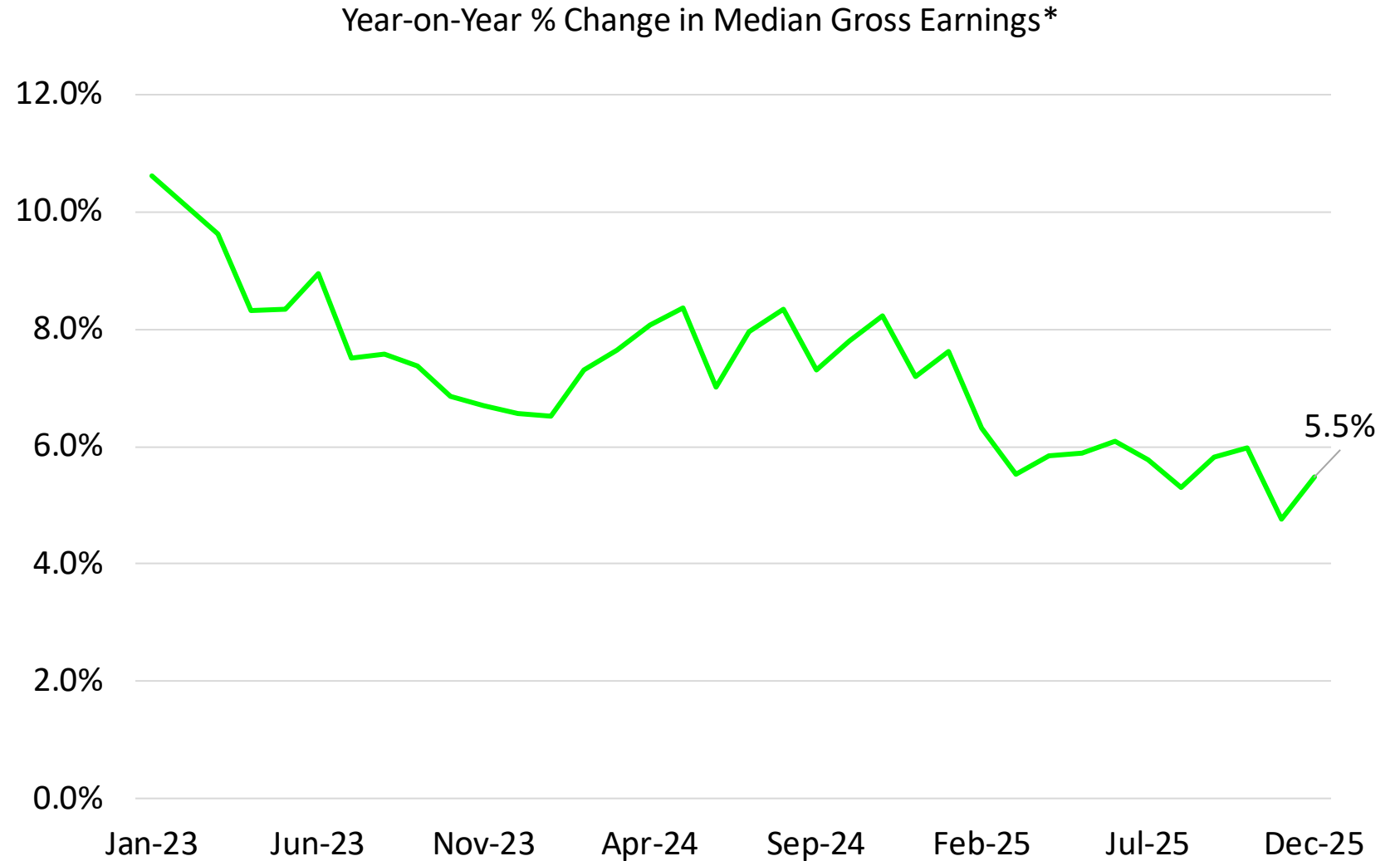
Liam Daly, Senior Economist at Cebr

About this Report

The Workforce Tracker is based on data collected each month from approximately 200,000 small businesses with millions of employees across the UK.

Earnings Growth●

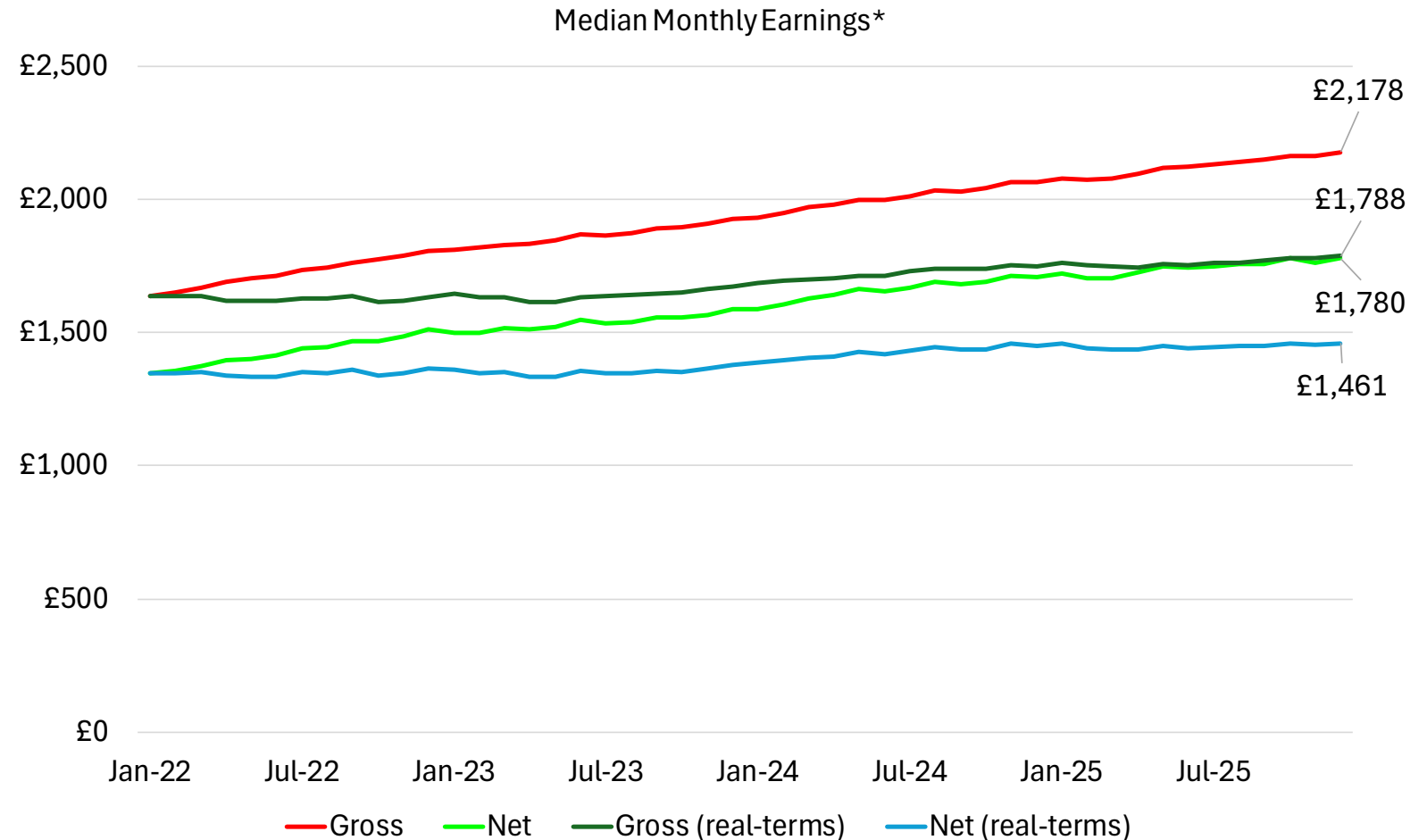
Median gross earnings rose **5.5% year-on-year** in December, up from 4.8% in November, but down from 7.2% in December 2024.



*Data are seasonally adjusted

Median Earnings.

- In December, median **gross monthly earnings** were **£2,178**, up **5.5% year-on-year**.
- After accounting for inflation, **real-terms median monthly earnings** (adjusted for inflation) were **£1,788**, up **2.1% year-on-year**.
- Meanwhile, **median take-home pay (net)** stood at **£1,780**, up **4.0% year-on-year**.



*Data are seasonally adjusted

Earnings and Inflation.

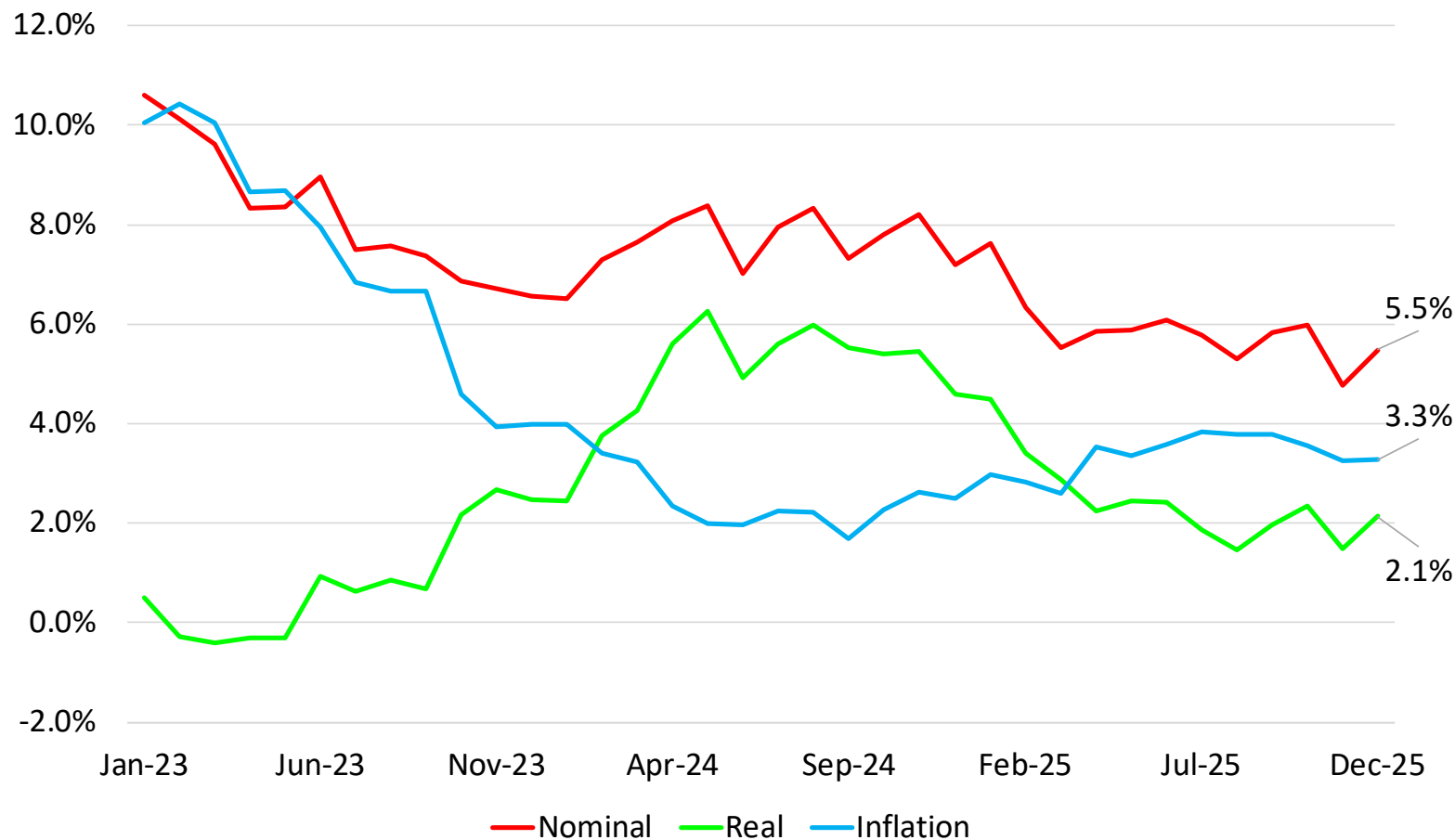
In December, **nominal earnings** grew by **5.5% year-on-year**.

Cebr projects that the **Consumer Price Index (CPI)**, rose by **3.3% in December**.

Real-terms earnings (adjusted for inflation) grew by **2.1% year-on-year**.

Inflation, measured by growth of the CPI, affects the purchasing power of wages.

Monthly Inflation and Year-on-Year % Change in Earnings*



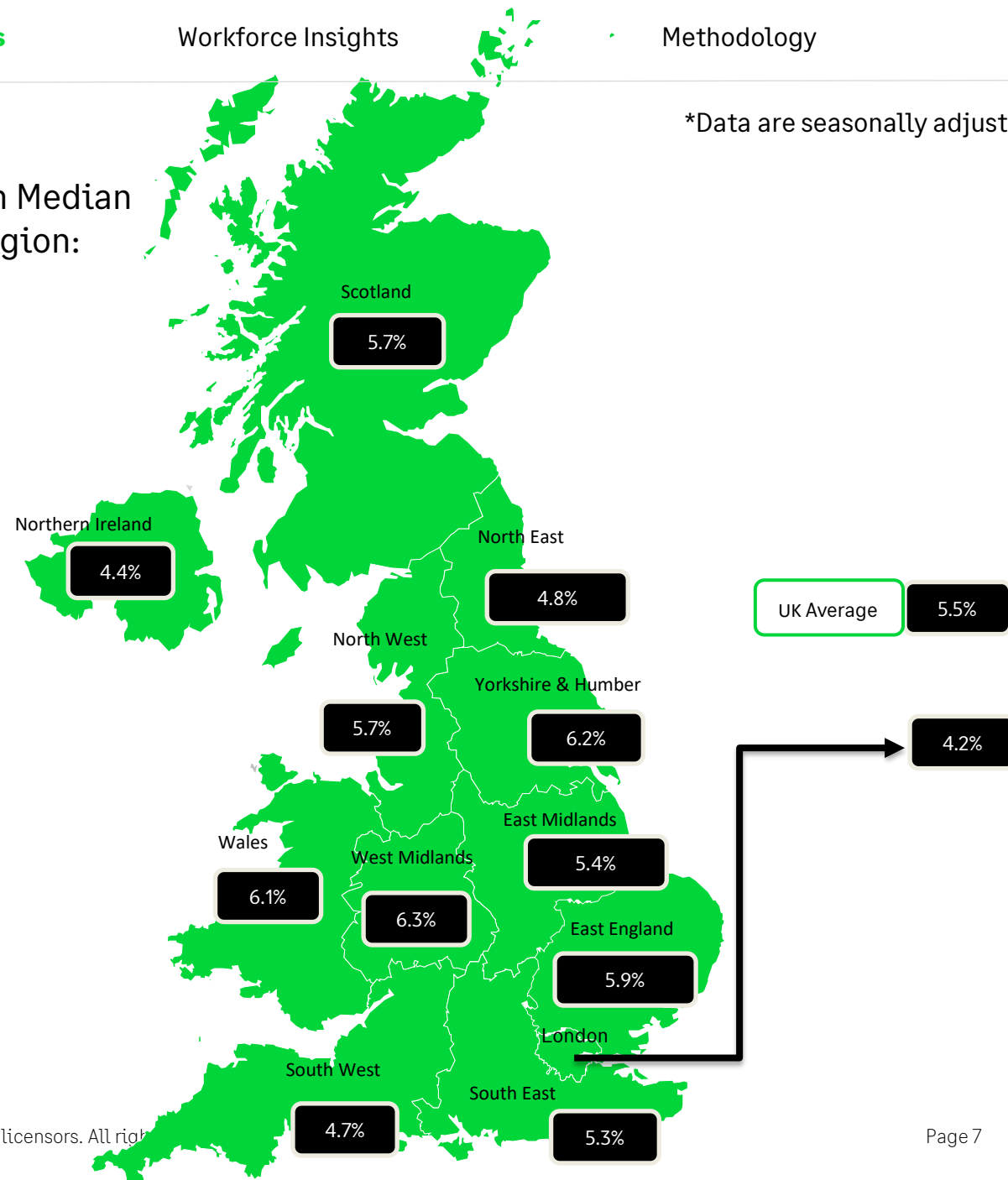
*Data are seasonally adjusted

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Regional Earnings.

Year-on-year % Change in Median Gross Earnings* by Region:
December 2025

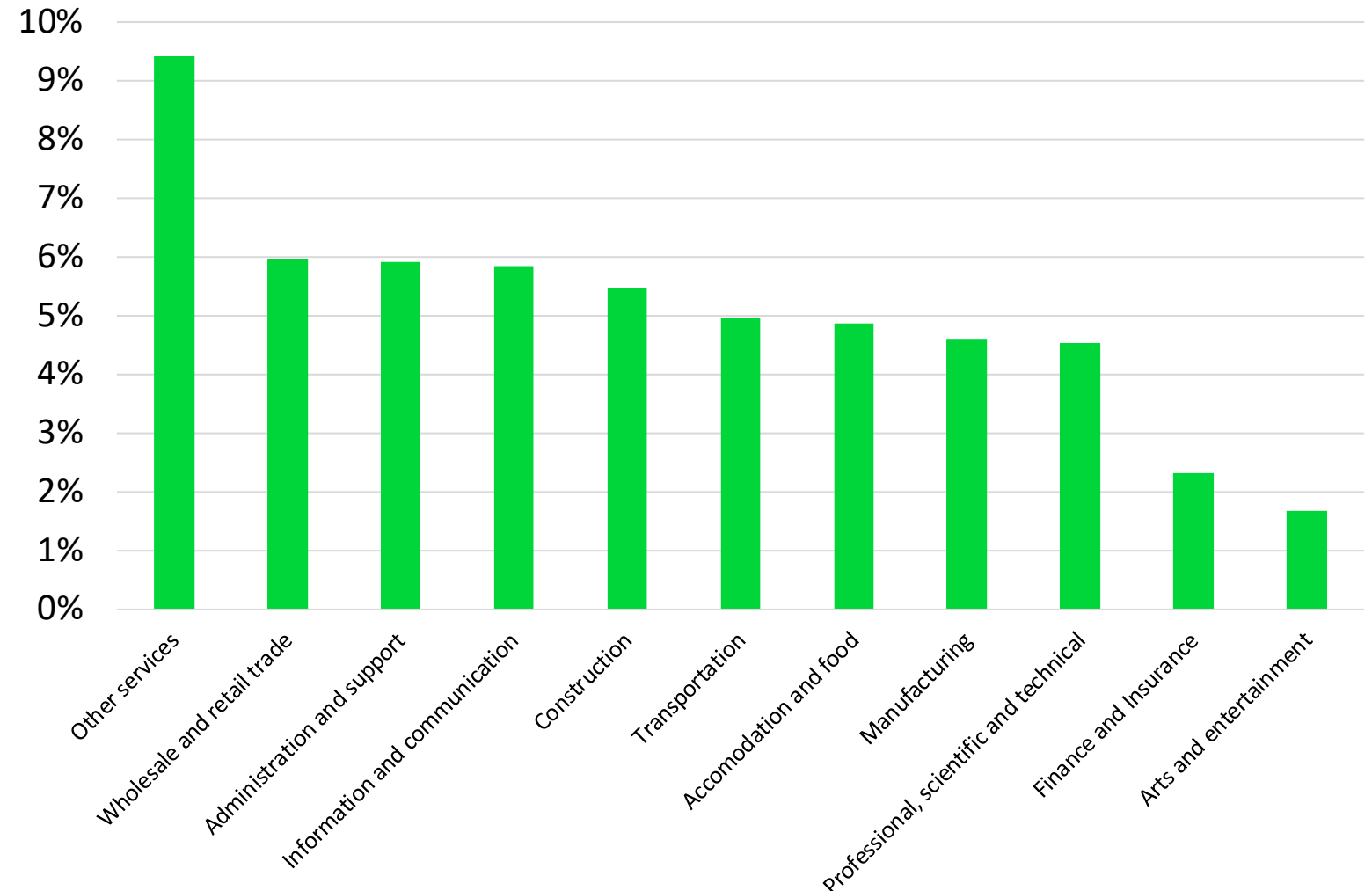
- **London** and **Northern Ireland** exhibited the lowest earnings growth at **4.2%** and **4.4%**, respectively.
- Earnings increased at the fastest annual pace in the **West Midlands** and **Yorkshire and the Humber**, rising by **6.3%** and **6.2%**, respectively.



Earnings by Sector.

- In **December**, earnings growth was highest in **other services**, rising **9.4% year-on-year**. Meanwhile, earnings growth was lowest in the **arts and entertainment industry**, rising by **1.7% year-on-year**.

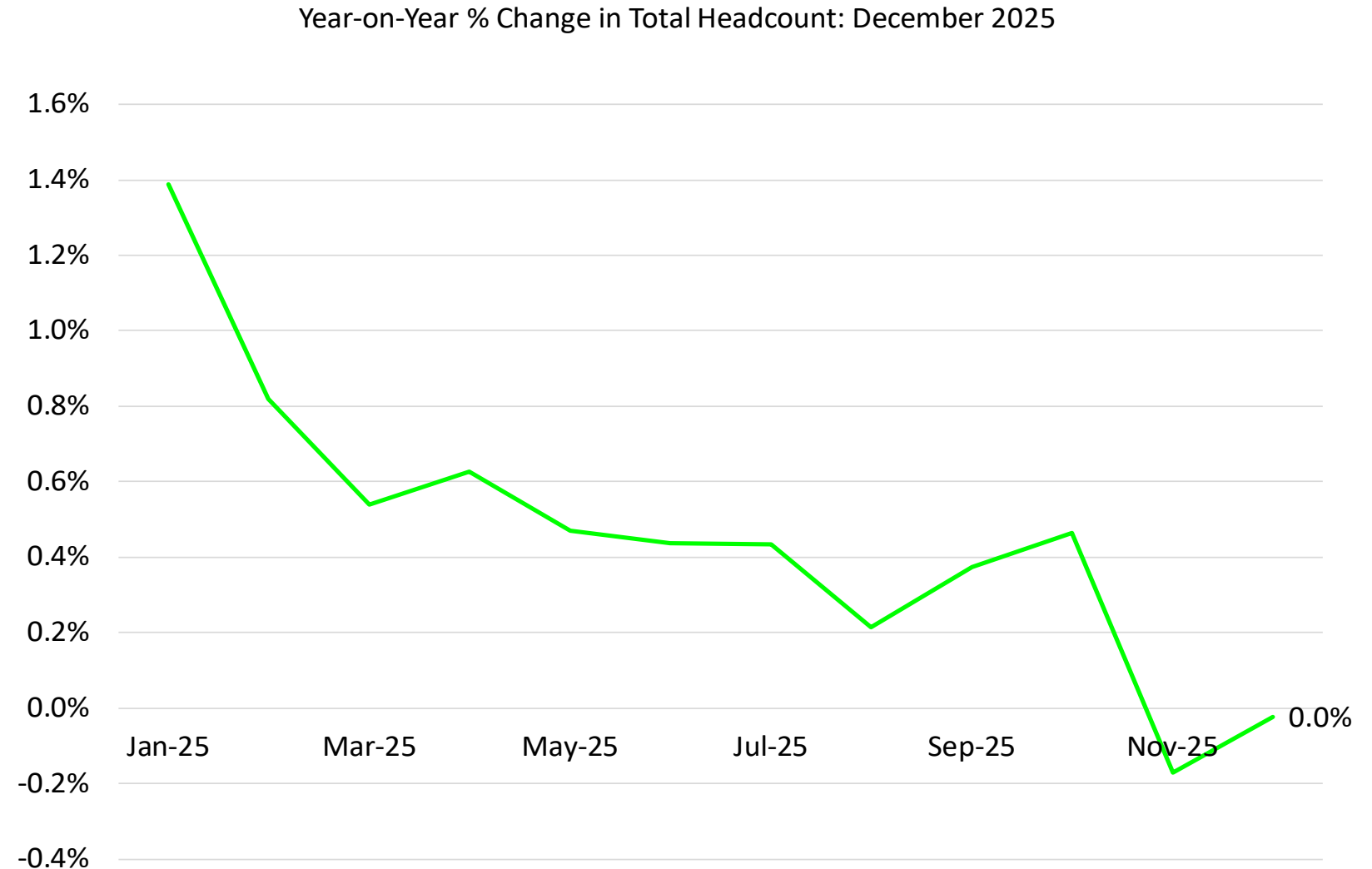
Year-on-Year % Change in Median Gross Earnings* by Sector: December 2025



*Data are seasonally adjusted

Headcount Growth.

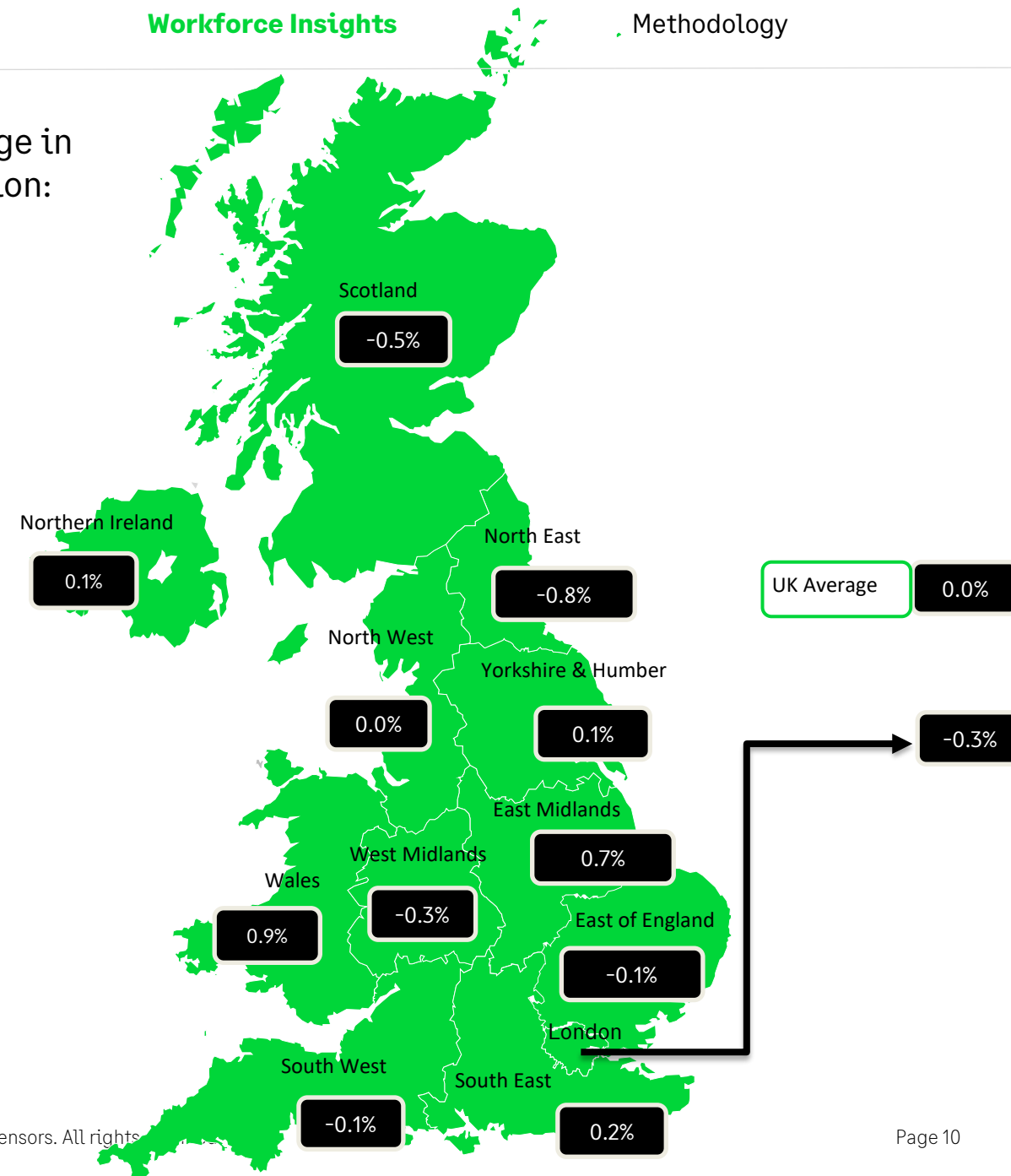
- **Total headcount** was **unchanged year-on-year in December**, following a year-on-year contraction of 0.2% in **November**.



Regional Headcount.

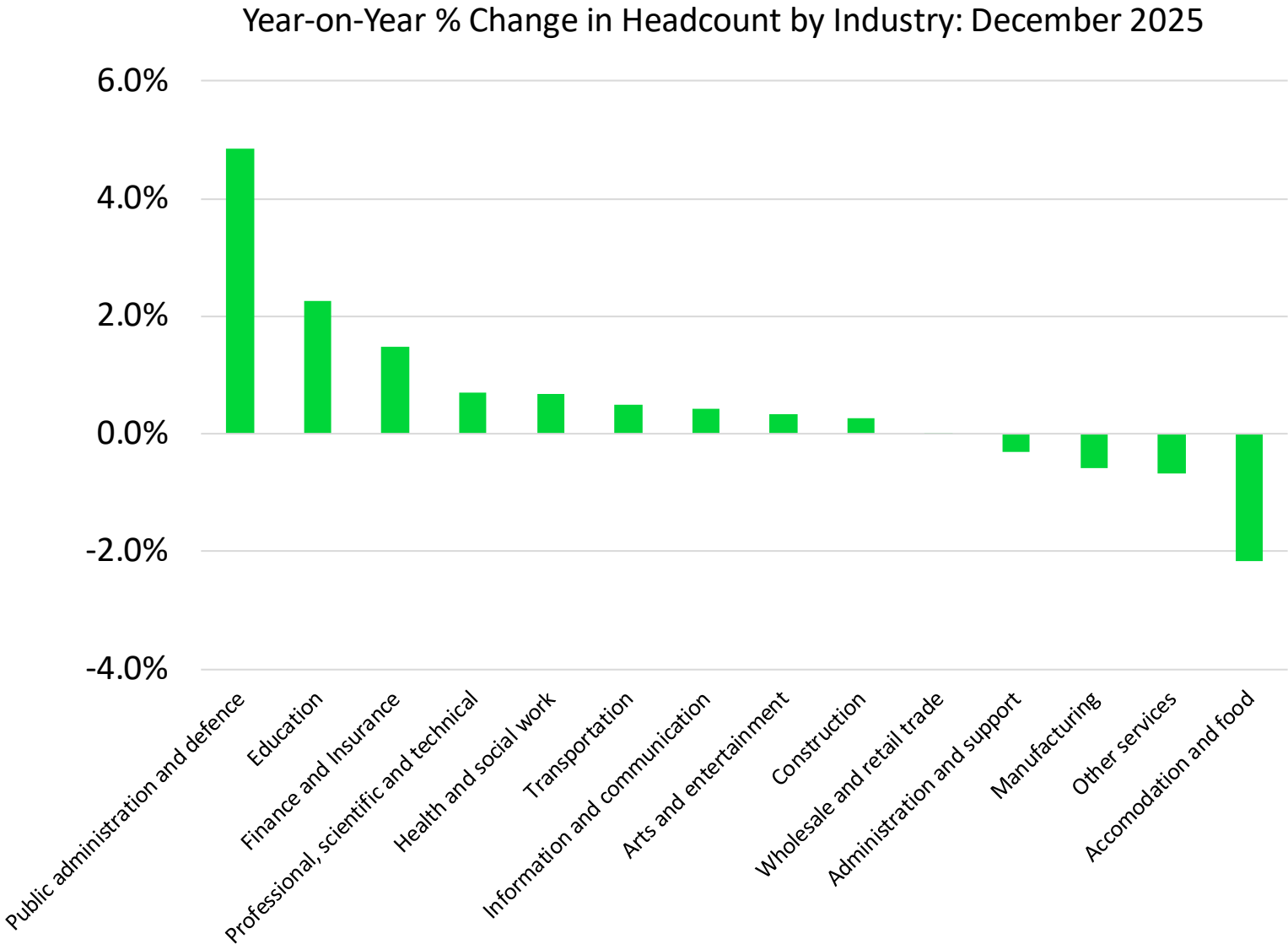
Year-on-year % Change in
Headcounts by Region:
December 2025

- Nationally, **total headcount** among the sample of small businesses was unchanged relative to December 2024.
- Wales** and the **East Midlands** registered the greatest year-on-year increase at **0.9%** and **0.7%**, respectively.
- Meanwhile, the sample of small businesses located in the **North East** and **Scotland** registered the largest declines in headcount, with respective contractions of **0.8%** and **0.5%**, respectively.



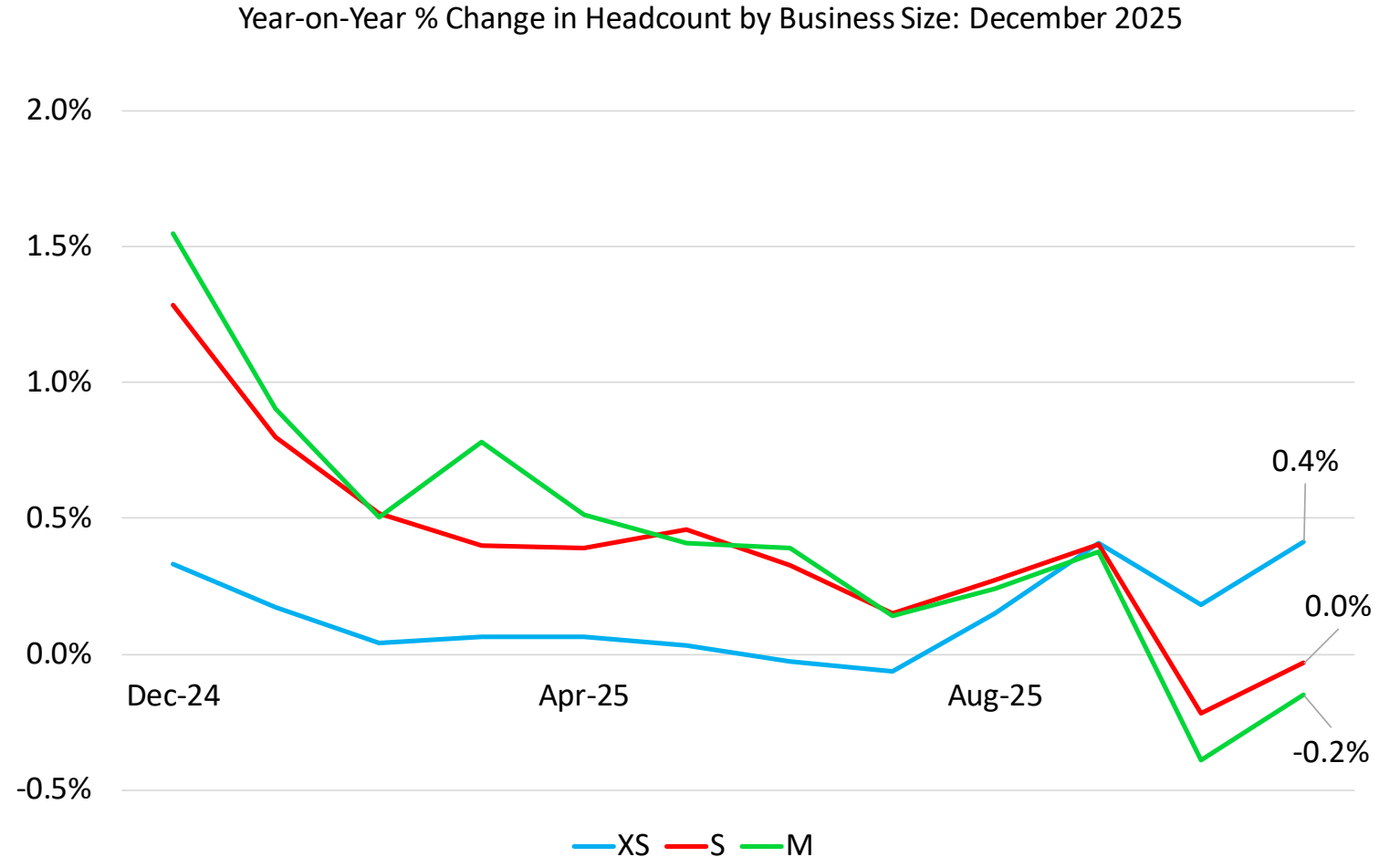
Headcount by sector.

Year-on-year changes in headcount varied widely by industry. **Accommodation and food services** experienced the largest drop of **2.2%**, while in **public administration and defence** headcount grew by **4.9%**.



Headcount by Business Size.

- Year-on-year, **headcount** rose most among **micro (XS) businesses**, which registered an increase of 0.4%.
- Headcount growth was either unchanged or negative among **small (S)** and **medium (M)** enterprises, standing at **0.0%** and **-0.2%**, respectively.



Methodology.

Data Source and collection

The Sage UK Workforce Tracker is powered by payroll data obtained from a moving sample of approximately 200,000 businesses and 3 million employees across the United Kingdom.

Headcount estimates are calculated from a moving sample. Each month, the average headcount of a fixed panel of businesses is calculated over 24 months. A company is eligible for inclusion in the sample provided that payroll data is available for at least 24 months, and some companies are excluded based on statistical confidence thresholds to ensure data reliability and consistency.

Median earnings data is calculated based on all available employee payroll data.

Sampled companies are classified by region, business size, and industry. Regions follow the International Territorial Level 1 (ITL1) classification, covering Northern Ireland, Scotland, Wales and regions in England. Businesses are grouped into one of four size categories according to the number of people they employ. Industries are classified by industry, as defined by the UK Standard Industrial Classification (SIC).

Earnings data are seasonally adjusted using X13-ARIMA.

The Real Earnings Index is calculated as seasonally adjusted median monthly earnings divided by the Consumer Price Index including owner occupiers' housing costs (CPIH). The ratio is converted to an index (January 2022= 100.0).

Projections of gross and net earnings and total headcount are the result of macroeconomic modelling by Cebr. These are projections of data collected by Sage UK, informed by Cebr's judgement of wider macroeconomic trends.

Our small business sample

- In December, our sample comprised 214,337 businesses, which contained the following demographics.

Size

Our sample comprises over 200,000 eligible companies that employ millions of employees, with the following breakdown:

- 71% are micro (XS) businesses (<10 employees)
- 23% are small (S) businesses (10 – 50 employees)
- 5% are medium (M) businesses (51 – 250 employees)
- 0.4% are large (L) businesses (>250 employees)

Region

- Within the sample, 210,279 businesses identified their region.

Region	East Midlands	East of England	London	North East	North West	Northern Ireland	Scotland	South East	South West	Wales	West Midlands	Yorkshire and the Humber
Share	8%	9%	11%	4%	10%	4%	9%	13%	7%	4%	10%	9%

Sector (of the over 179,000 businesses for which we know the sector)

- 16% were in production
- 15% were in construction
- 69% were in services

Glossary.

Median monthly earnings represents the earnings of a typical employee, with half of all workers earning more and half earning less. It is often viewed as a more accurate measure of average wages, as it is less affected by very high or very low incomes.

Gross pay is an individual's total earnings throughout a given period before any deductions (e.g. mandated taxes and pension contributions) are made. Net earnings refer to what remains after these deductions have been applied.

Nominal earnings are the monetary value of wages or salaries paid to employees, unadjusted for inflation.

Real earnings are defined as nominal earnings adjusted for inflation, reflecting changes in the purchasing power of income over time due to changes in prices. Because ONS inflation data for the reference month is not yet available, Cebr's inflation forecast is used in the real-earnings calculation.

Year-on-year changes compare the value of a variable to the same reference period a year earlier.

Business sizes are classified as follows: micro (XS) with 0–10 employees, small (S) with 10–50 employees, and medium (M) with 50–250 employees. Businesses with more than 250 employees are defined as large.



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