E-book

Sage SME Pulse

Monthly Workforce Pulse

July 2026

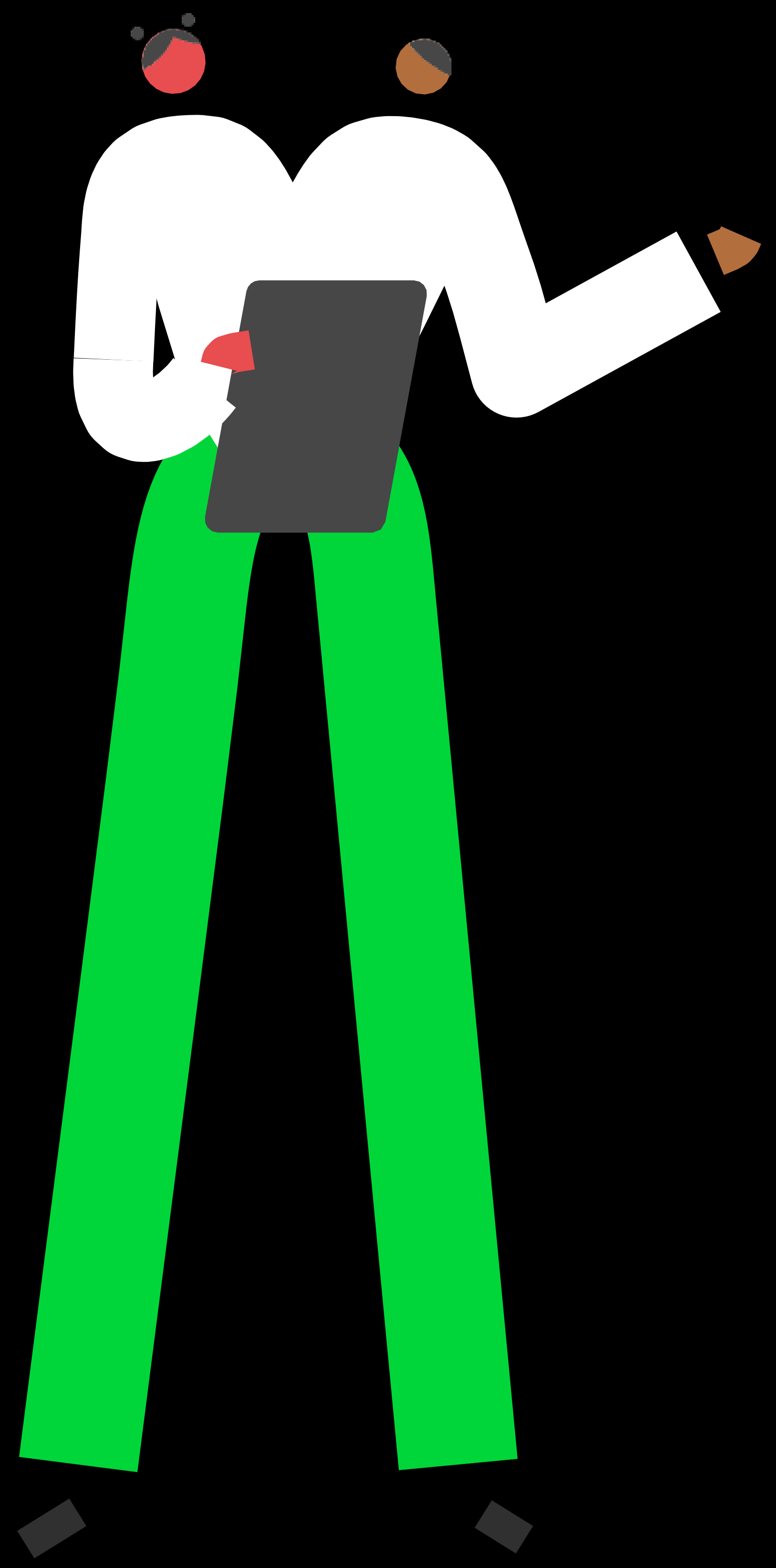
Insights drawn from anonymized payroll data from approximately 200,000 small businesses with millions of employees across the UK.

In partnersip with:

SMART DATA FOUNDRY

Cebr

Contents



01

Monthly Summary

July monthly summary

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

Key highlights

Median gross earnings

£2,238

Up **5.2%** year-on-year

Median net earnings

£1,835

Up **5.0%** year-on-year

Headcount

+0.6%

Year-on-year

"The Sage SME Monthly Workforce Pulse shows headcount among surveyed small businesses up 0.6% year-on-year in July, pointing to growth that is modest but stable. Median gross earnings in the sample rose 5.2% over the same period.

UK economic growth slowed slightly to 0.4% in the second quarter, a resilient performance given persistent headwinds from the conflict in the Middle East.

In the labour market, sluggish hiring is the main factor behind the elevated unemployment rate, with younger workers particularly affected. The pickup in nominal gross earnings among SMEs in July partly reflects base-year effects rather than genuine acceleration, and an anticipated rise in inflation in the second half of the year is expected to squeeze real earnings and household purchasing power.

Cebr forecasts the UK economy will expand by 1.2% in 2026. Ongoing energy price volatility, combined with considerable and growing labour market slack, is expected to weigh on demand. Interest rates are also acting as a drag on growth, with the Bank of England forced to keep policy more restrictive than it would otherwise have been in the absence of the conflict."

Liam Daly
Senior Economist at Cebr

Source: Insights from 200,000 UK SMBs

02

Earnings Insights

Earnings growth

Median gross earnings grew **5.2%** year-on-year in July, up from **4.1%** in June, compared to 5.7% in July 2025.

Year-on-Year % Change in Median Gross Earnings*

Median gross earnings

+5.2%

Year-on-year in July 2026

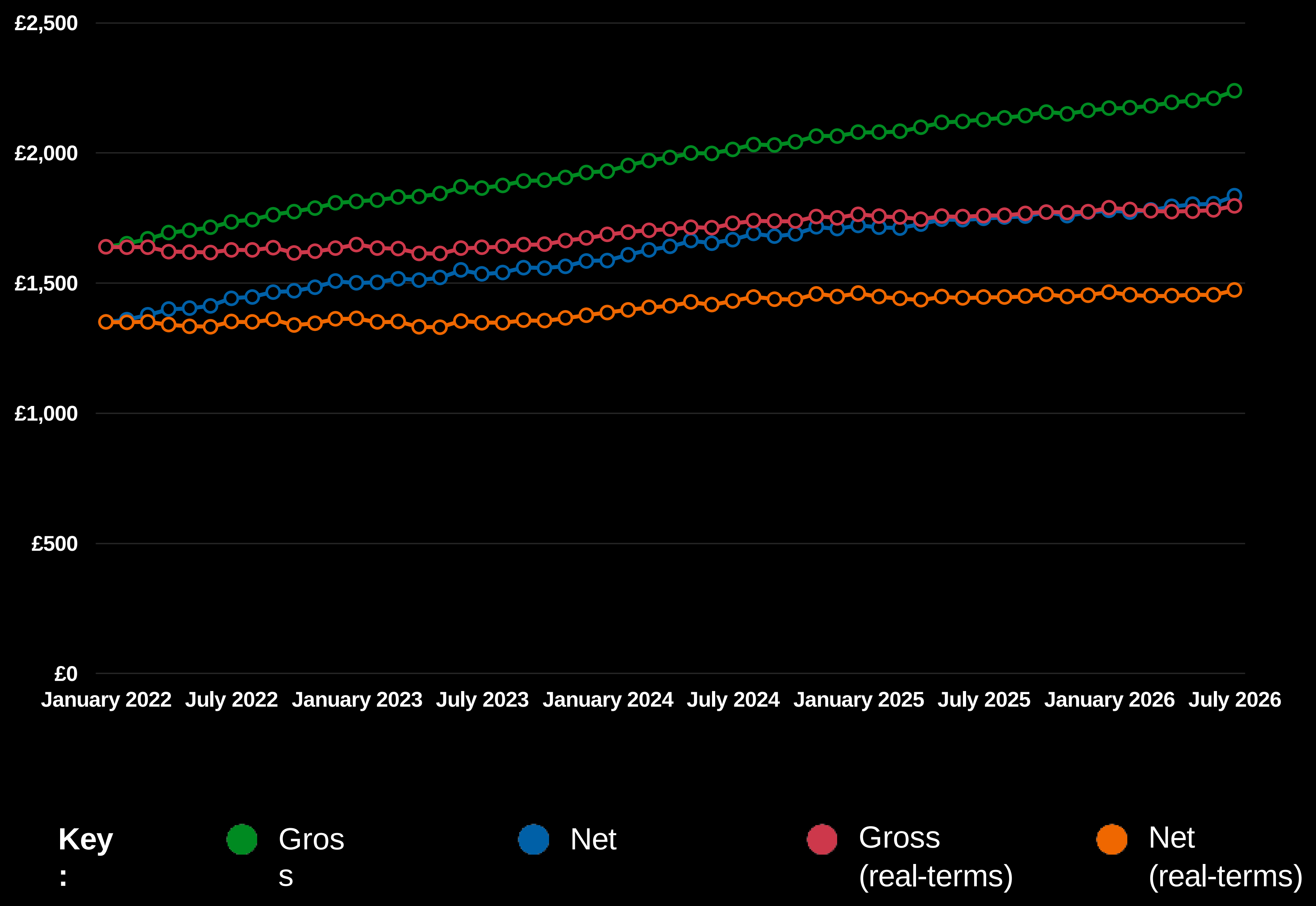
**Data is seasonally adjusted*

Sage

Median earnings

- In July, median gross monthly earnings were **£2,238**, up **5.2%** year-on-year.
- After adjusting for inflation, real-terms median monthly earnings were **£1,797**, **2.1%** higher than a year ago.
- Meanwhile, median take-home pay (net) stood at **£1,835**, up **5.0%** year-on-year.

Median Monthly Earnings*



Median Gross earnings

£2,238

Up **5.2%** year-on-year
in July 2026

**Data is seasonally adjusted*

Earnings and inflation

- In July, nominal earnings grew by **5.2%** year-on-year.
- Cebr projects that Consumer Price Index (CPI), rose by **3.0%** in July.
- Real-terms earnings (adjusted for inflation) grew by **2.1%** year-on-year.
- Inflation, measured by growth in the CPI index, affects the purchasing power of wages.

Nominal earnings

+5.2%

Year-on-year in July 2026

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

*Data is seasonally adjusted

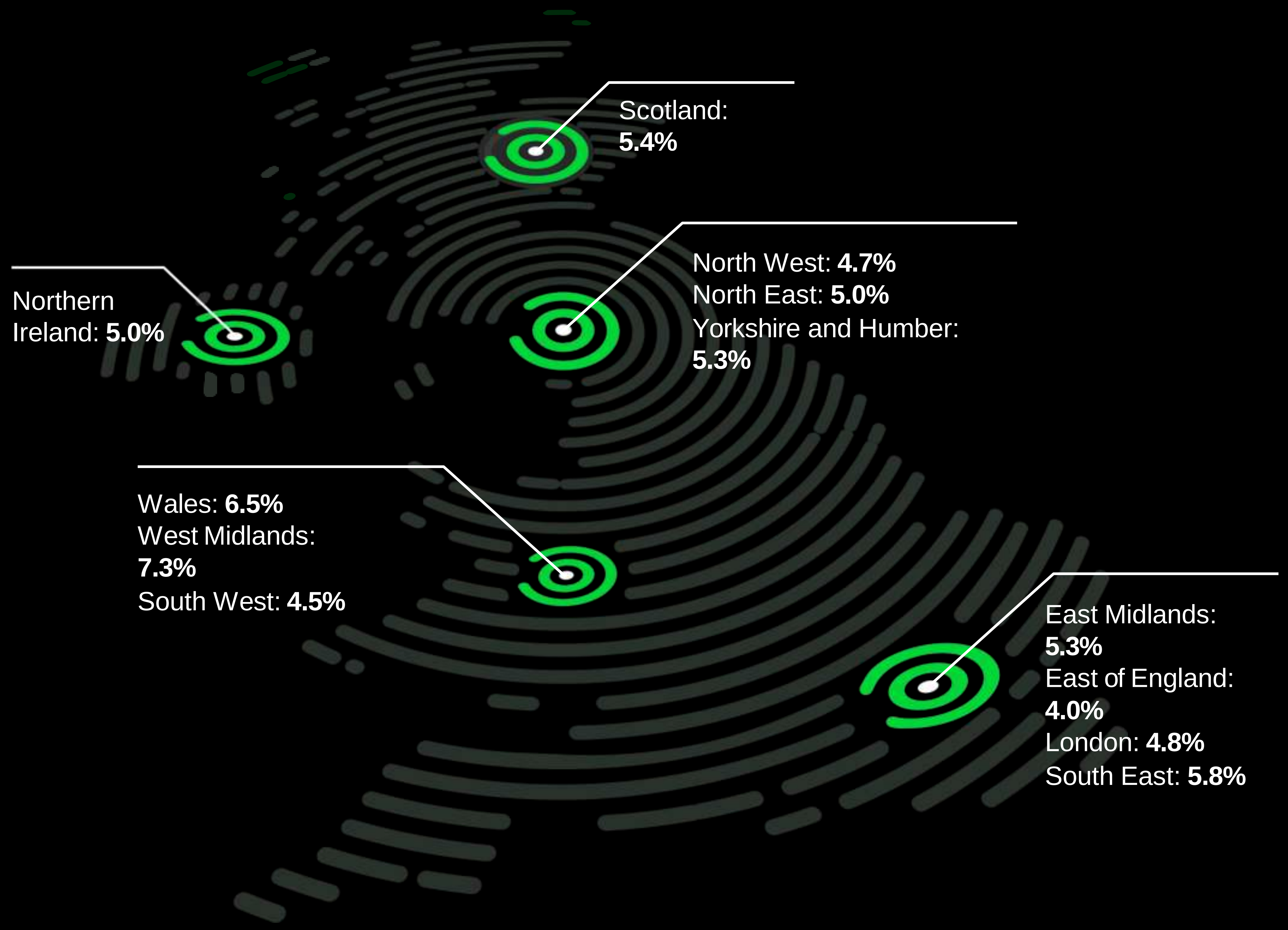
Regional earnings

- East of England **(4.0%)**, South West **(4.5%)** and North West **(4.7%)** posted the lowest earnings growth in June.
- Earnings increased at the fastest annual rate in West Midlands rising by **7.3%**, followed by the Wales **(6.5%)**.

UK average

+5.2 %

Year-on-Year % Change in Median Gross Earnings* by Region:
July 2026



**Data is seasonally adjusted*

Earnings by sector

In July, the construction sector saw the fastest pace of earnings growth, at **5.8%** year-on-year. In contrast, earnings growth was weakest in the finance and insurance sector, growing by just **0.4%**.

Construction

+5.8%

Year-on-year earnings growth

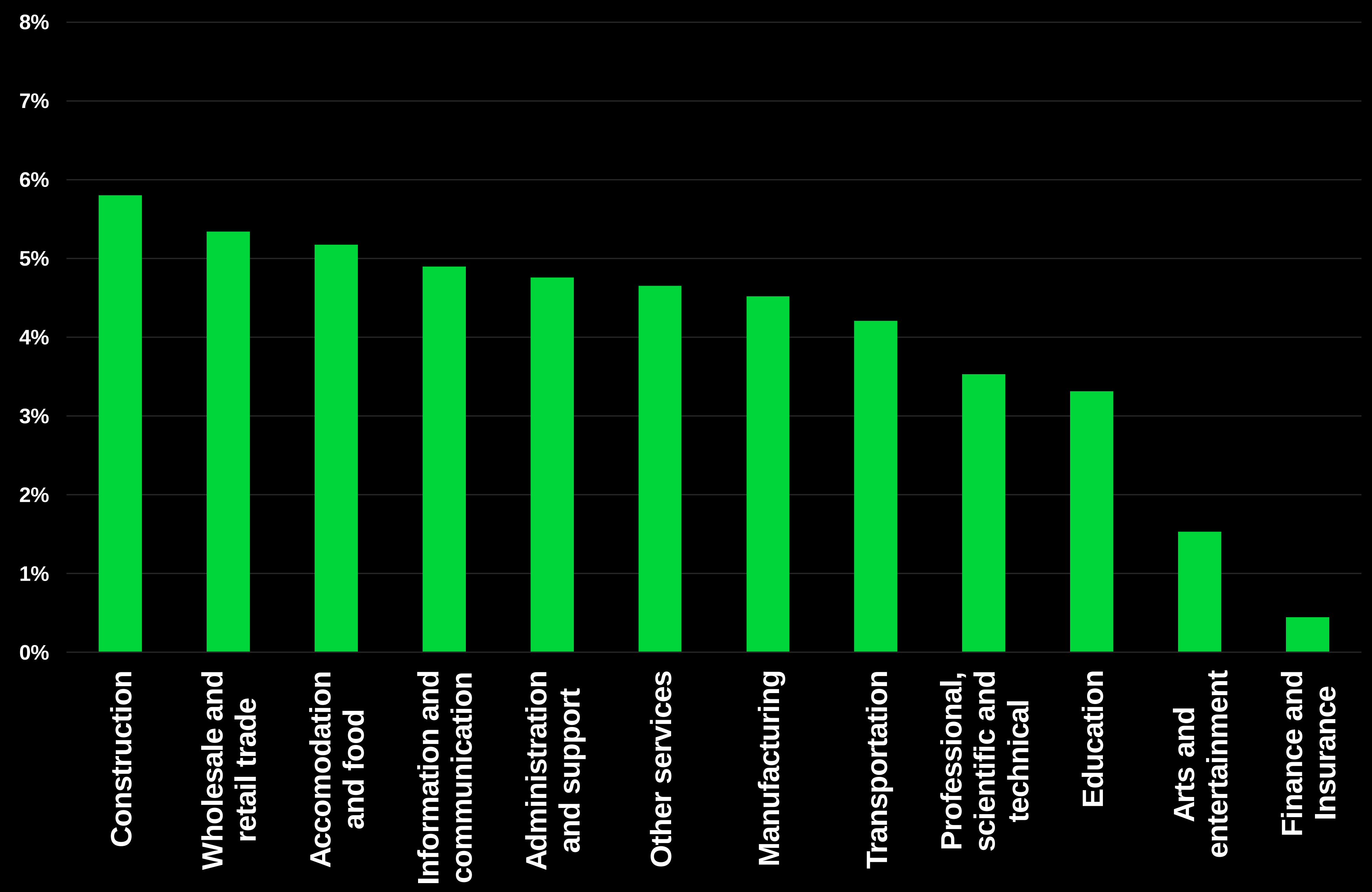
vs

Finance and insurance

0.4%

Year-on-year earnings growth

Year-on-Year % Change in Median Gross Earnings* by Sector:
July 2026



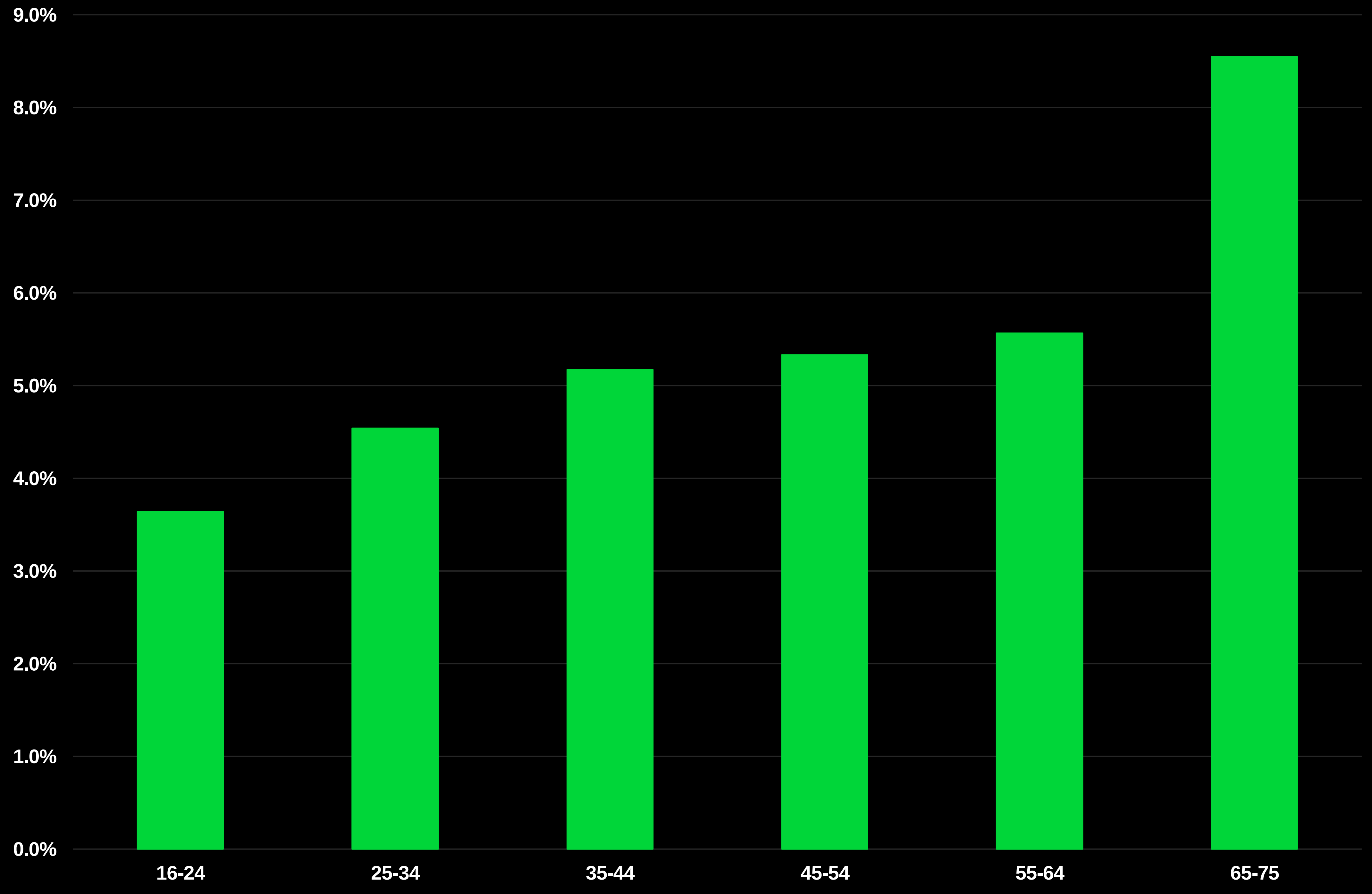
*Data is seasonally adjusted

Earnings by age

In July, earnings growth was highest among workers aged between 65-75 years at **8.6%** year-on-year.

In contrast, earnings growth was weakest among workers aged between 16-24 at **3.6%**.

Year-on-Year % Change in Median Gross Earnings* by Age Cohort:
July 2026



**Data is seasonally adjusted*

03

Workforce Insights

Headcount growth

Total headcount grew by **0.6%** year-on-year in July, on pace with **0.6%** growth in June.

Headcount

+0.6%

Year-on-year
in July 2026

Year-on-Year % Change in Total Headcount:
July 2026

**Data is seasonally adjusted*

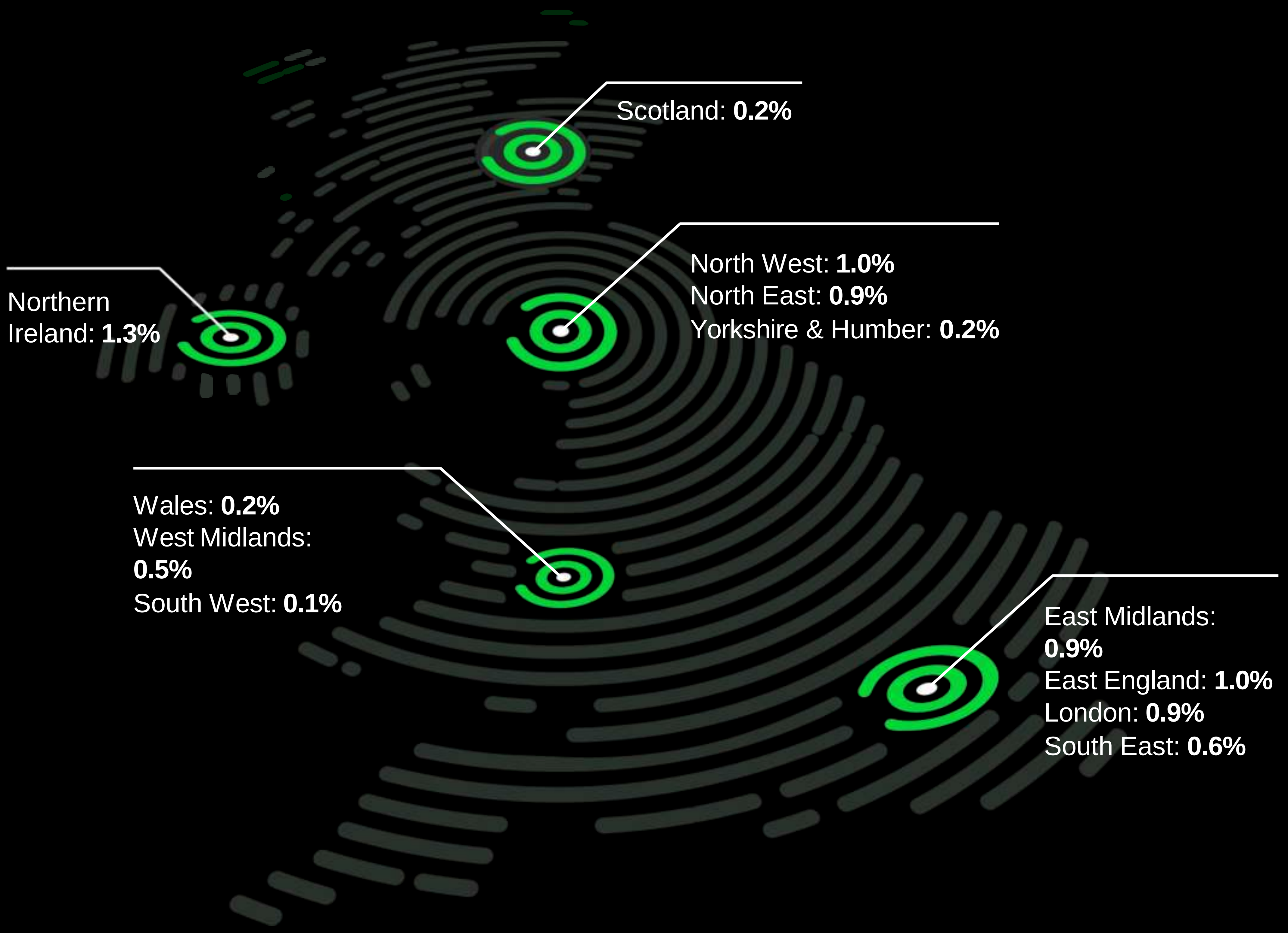
Regional headcount

- Across the UK, total headcount among the sample of small businesses grew by 0.6% year-on-year.
- Year-on-year growth was highest in Northern Ireland (1.3%), followed by East of England (1.0%) and North West (1.0%).
- Meanwhile, headcount growth among small businesses in South West was the weakest, growing by just 0.1% year-on-year. Growth was also relatively weak at 0.2% in Scotland, Wales and Yorkshire & Humber.

UK average

+0.6%

Year-on-Year % Change in Headcounts by Region:
July 2026



Headcount by sector

Disparities in headcount growth between industries persisted in July. Finance and insurance recorded the strongest growth at **1.8%**, while headcount in the accommodation and food services sector fell by **0.6%** year-on-year.

Finance and insurance

+1.8%

Year-on-year change in headcount

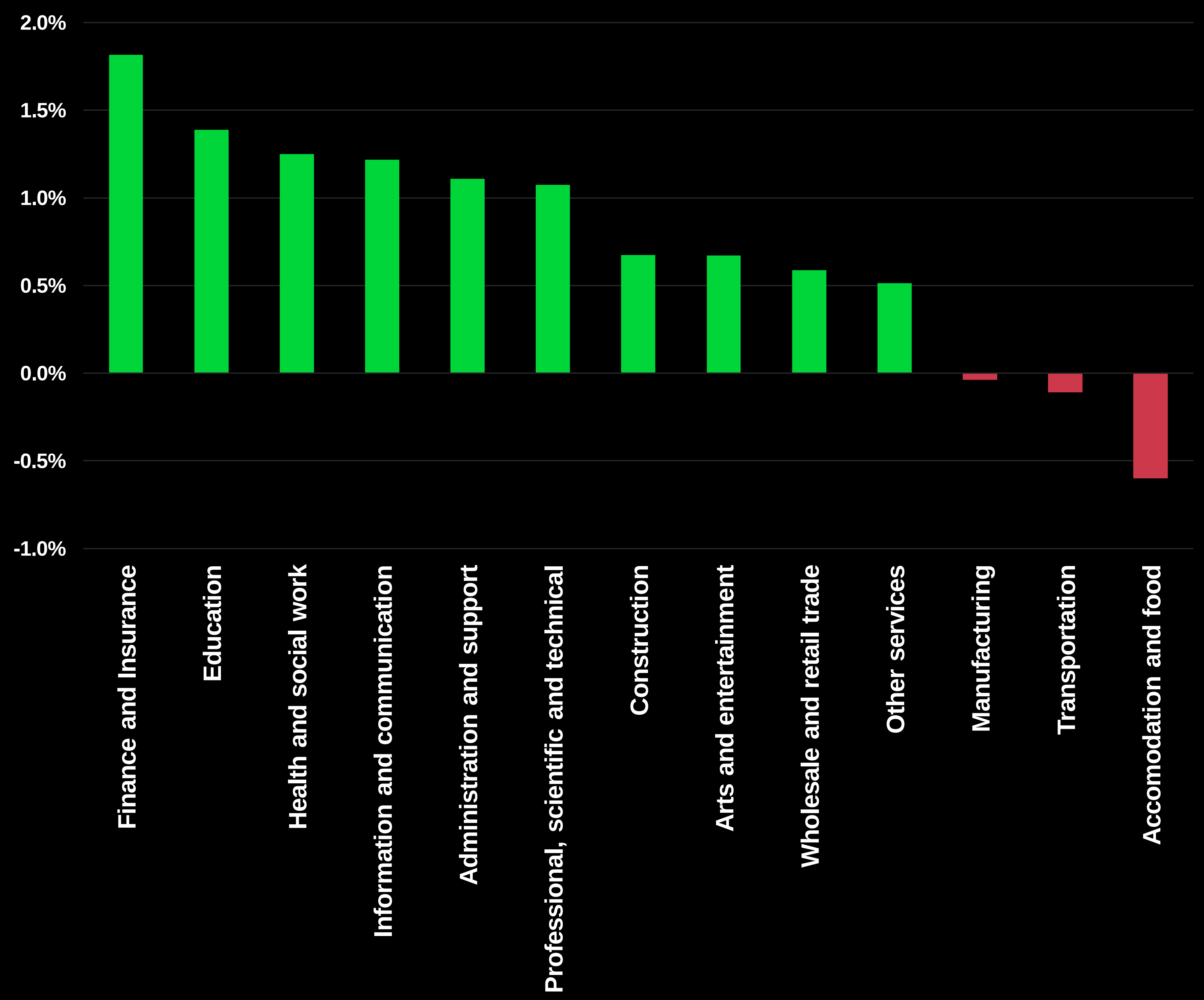
VS

Accommodation and food

-0.6%

Year-on-year change in headcount

Year-on-Year % Change in Headcount by Industry:
July 2026



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Headcount by business size

- Year-on-year, headcount growth was highest among medium (M) and small (S) enterprises, growing by **0.7%**.
- Meanwhile, headcount rose by a slightly weaker pace of **0.5%** among micro (XS) enterprises.

Year-on-year headcount

+0.5%
Among micro (XS) businesses

+0.7%
Among small (S) enterprises

+0.7%
Among medium (M) enterprises

Year-on-Year % Change in Headcount by Business Size:
July 2026

Headcount by age

- Workers aged 55-64 years posted the strongest year-on-year growth of **7.6%**.
- In contrast, headcount growth among workers aged between 25-34 years declined by **1.5%**.

65-75 years

+7.6%

Year-on-year change in headcount

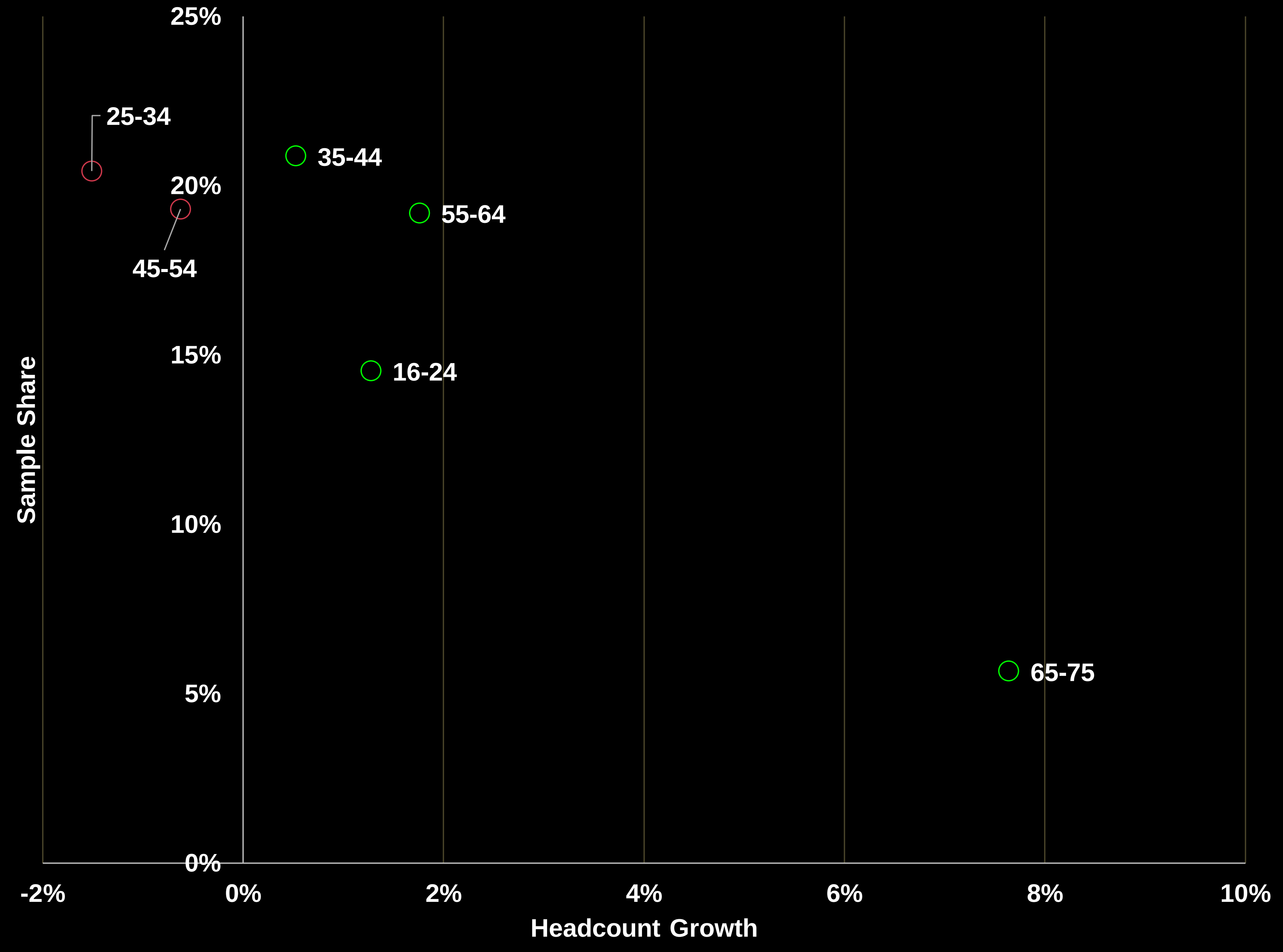
VS

25-34 years

-1.5%

Year-on-year change in headcount

Growth by Age Cohort (horizontal axis) and Share of Total Sample (vertical axis)
June 2026



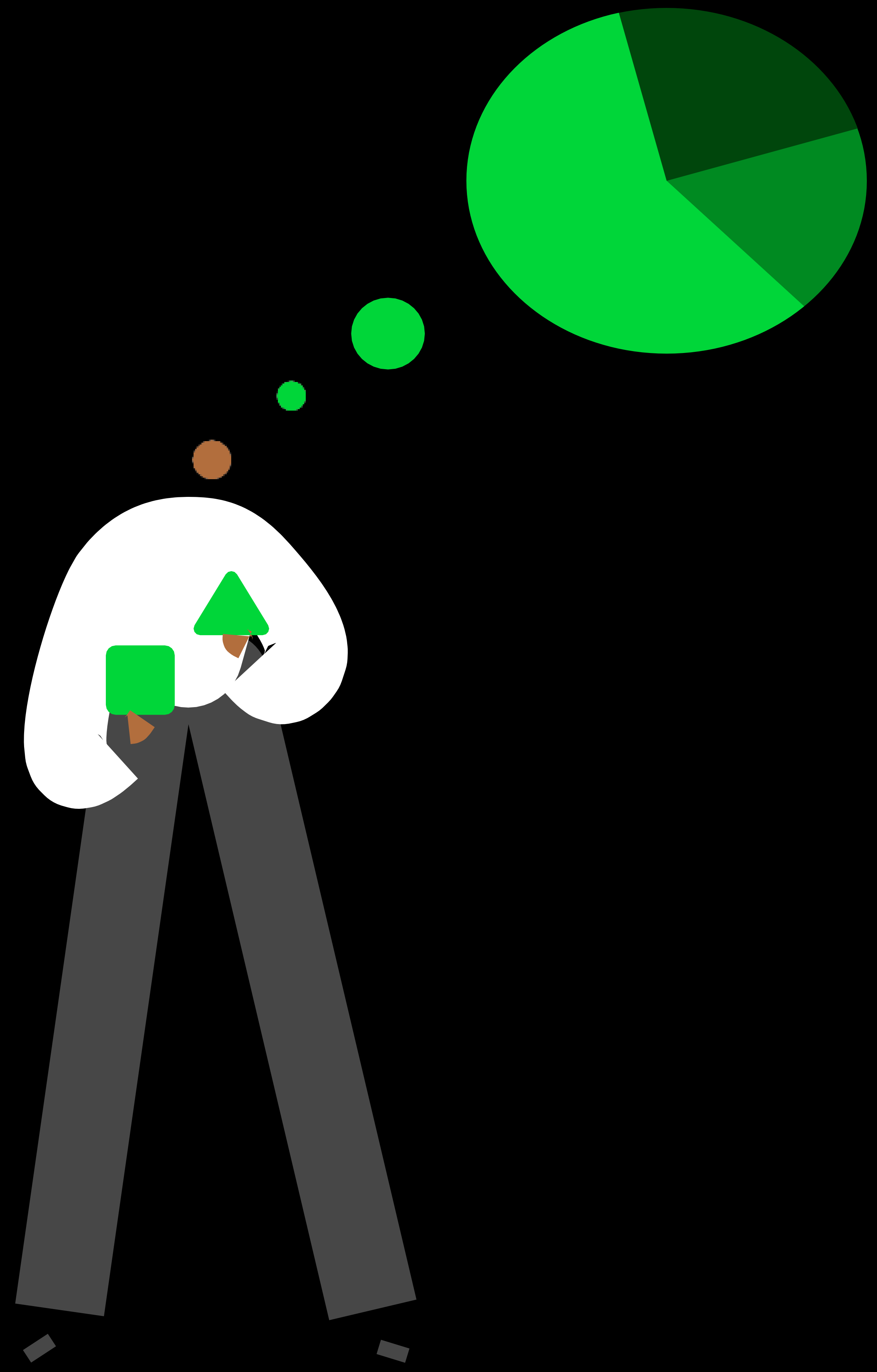
04

Methodology

Methodology

Data source and collection

- **The Sage SME Monthly Workforce Pulse** 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 July, our sample comprised **207,678** businesses, which contained the following demographics.

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

- **72% are micro (XS) businesses** (<10 employees)
- **22% 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, **207,466** businesses identified their region.

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

Sector
(of the over **177,489** businesses for which we know the sector)

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

Glossary

Median monthly earnings: This 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.

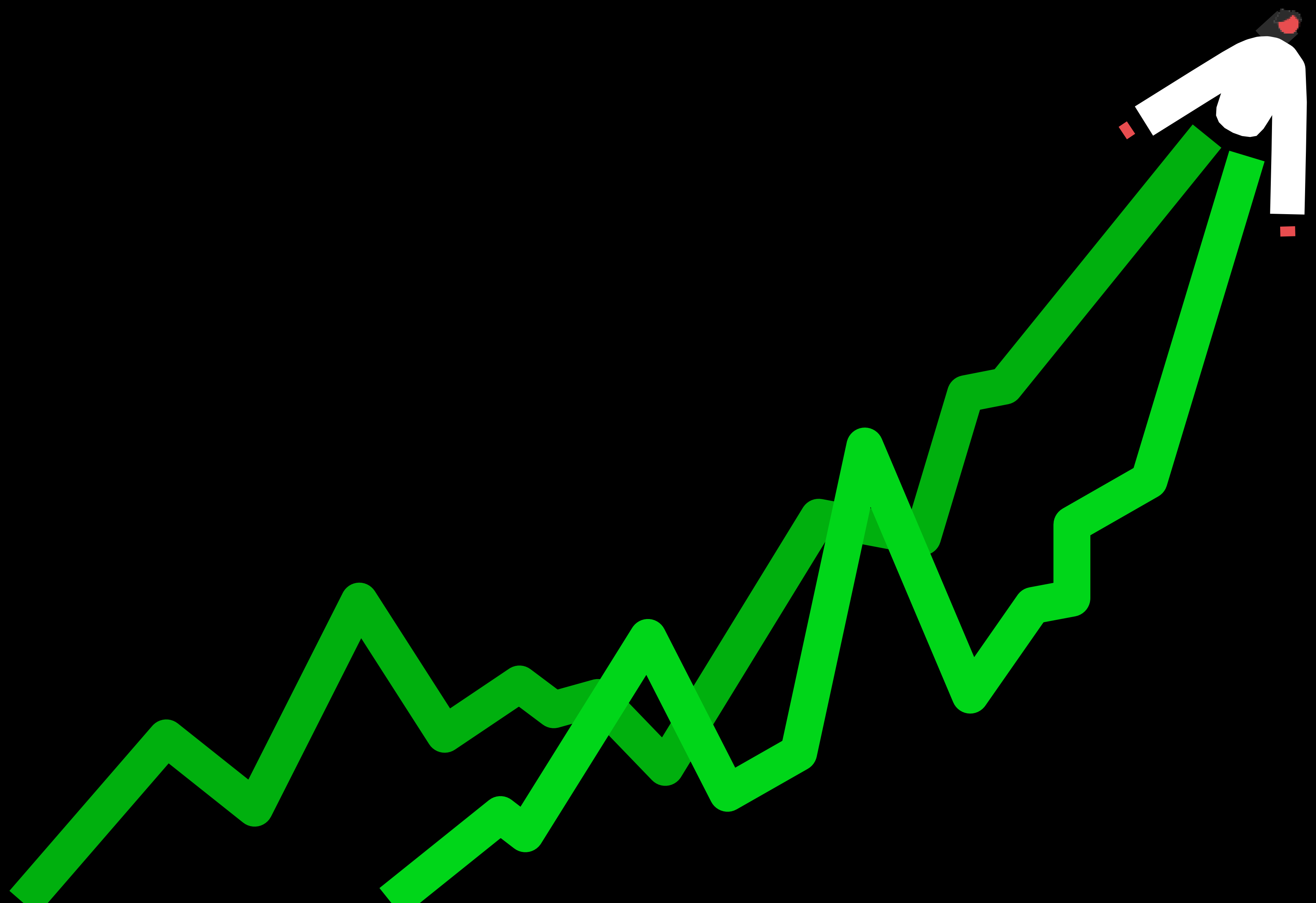
Gross pay: This is an individual's total earnings throughout a given period before any deductions (e.g. mandated taxes and pension contributions) are made. Net earnings refer to what remains after these deductions have been applied.

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

Real earnings: These 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: These compare the value of a variable to the same reference period a year earlier.

Business sizes: These 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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