E-book

Sage SME Pulse

Monthly Workforce Pulse

September 2026

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



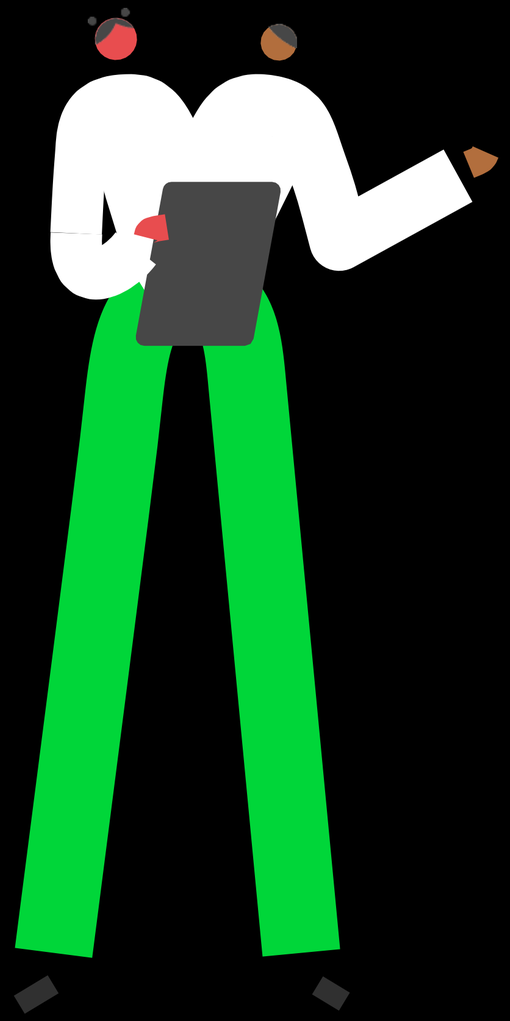
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01

Monthly Summary

September 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

£2,230

Up **3.9%** year-on-year

Median net earnings

£1,814

Up **3.1%** year-on-year

Headcount

+0.4%

Year-on-year

The Sage SME Monthly Workforce Pulse shows headcount growth easing to 0.4% year-on-year in September. Median gross earnings growth among surveyed small businesses at 3.9% year-on-year in September, level with a downwardly revised August and the slowest annual pace since comparisons began in January 2023.

UK GDP grew 0.7% in the three months to August, supported by greater AI-related investment. Higher energy costs from the Middle East conflict continue to feed through to UK prices, with CPI inflation rising to 3.1% in August, driven by motor fuel. The Bank of England held Bank Rate at 3.75% in September despite three of nine MPC members voting for a rise. Amid resurfaced price pressures, the prospect of an incoming interest rate hike before the end of the year have increased.

In the labour market, unemployment was 4.9% in the three months to July and payrolled employees fell 0.5% on the year in August, yet headcount among surveyed SMEs is still edging up. With Cebr projecting CPI inflation of 3.5% in September, real-terms pay growth has slowed to just 0.3%.

Cebr now forecasts UK growth of 1.4% in 2026. But with real pay barely growing and the risk of higher interest rates, small businesses face softer consumer demand this winter alongside high fuel and energy costs.

Liam Daly
Senior Economist at Cebr

Source: Insights from 200,000 UK SMBs

02

Earnings Insights

Earnings growth

Median gross earnings grew **3.9%** year-on-year in September, unchanged from **3.9%** in August, compared to 5.7% in September 2025.

Median gross earnings

+3.9%

Year-on-year in September 2026

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



*Data is seasonally adjusted

Median earnings

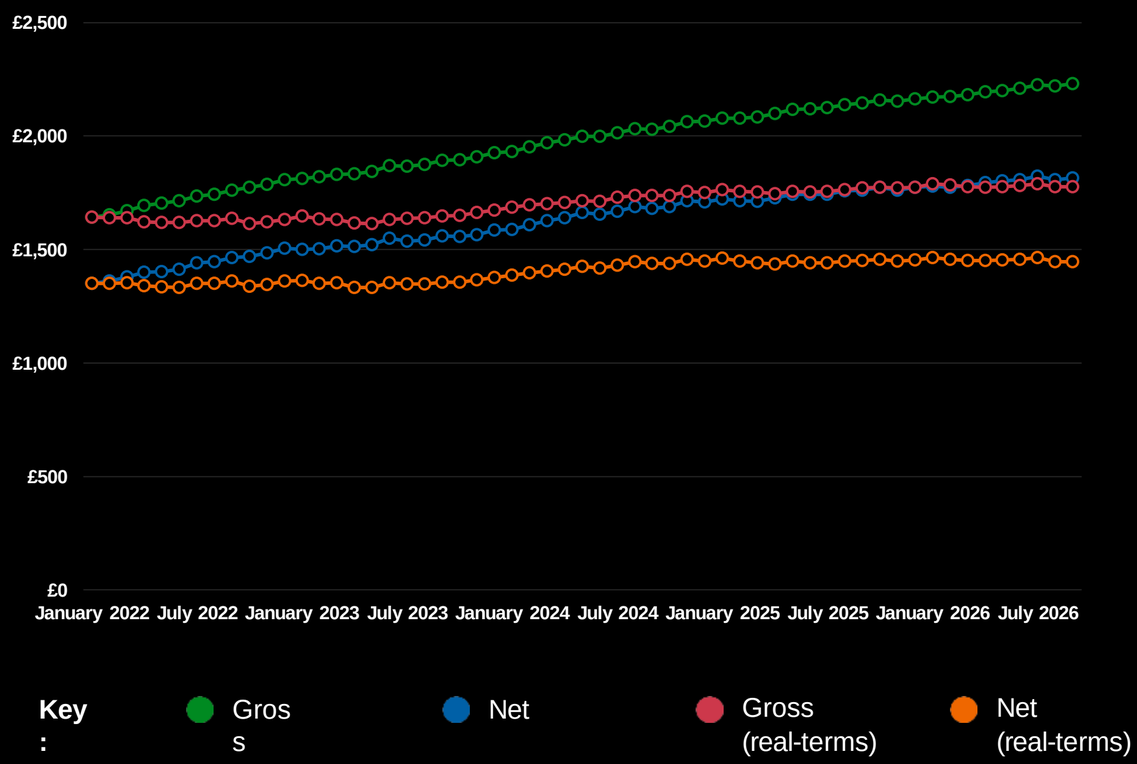
- In September, median gross monthly earnings were **£2,230**, up **3.9%** year-on-year.
- After adjusting for inflation, real-terms median monthly earnings were **£1,776**, **0.3%** higher than a year ago.
- Meanwhile, median take-home pay (net) stood at **£1,814**, up **3.1%** year-on-year.

Median Gross earnings

£2,230

Up **3.9%** year-on-year
in September 2026

Median Monthly Earnings*



*Data is seasonally adjusted

Earnings and inflation

- In September, nominal earnings grew by **3.9%** year-on-year.
- Cebr projects that Consumer Price Index (CPI), rose by **3.5%** in September.
- Real-terms earnings (adjusted for inflation) grew by **0.3%** year-on-year.
- Inflation, measured by growth in the CPI index, affects the purchasing power of wages.

Nominal earnings

+3.9%

Year-on-year
in September 2026

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



Key: Nominal Earnings · Real Earnings · Inflation

**Data is seasonally adjusted*

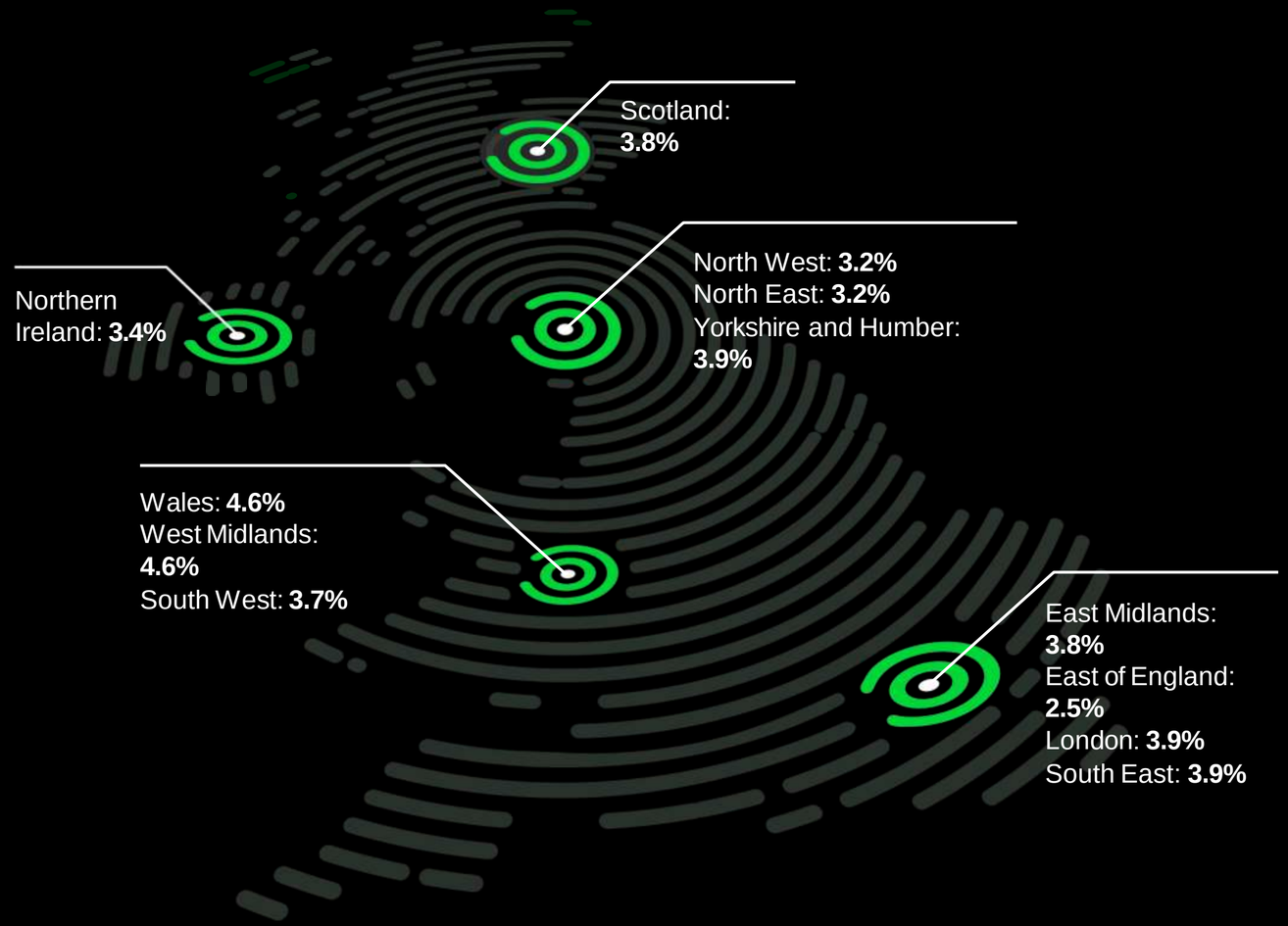
Regional earnings

- East of England **(2.5%)**, North East **(3.2%)** and North West **(3.2%)** posted the lowest earnings growth in September.
- Earnings increased at the fastest annual rate in Wales rising by **4.6%**, followed by West Midlands **(4.6%)**.

UK average

+3.9%

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



**Data is seasonally adjusted*

Earnings by sector

In September, the other services sector saw the fastest pace of earnings growth, at **4.2%** year-on-year. In contrast, earnings growth was weakest in the finance and insurance sector, growing by just **0.1%**.

Other services

+4.2%

Year-on-year earnings growth

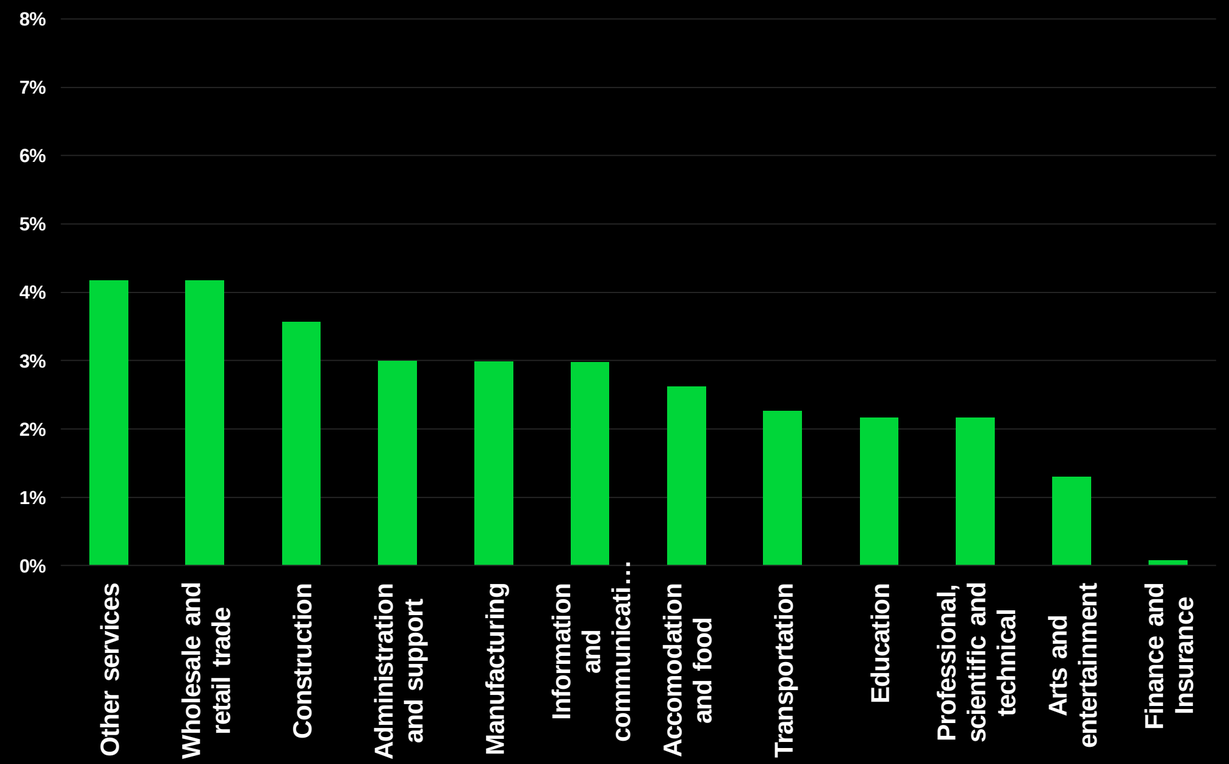
vs

Finance and insurance

+0.1%

Year-on-year earnings growth

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



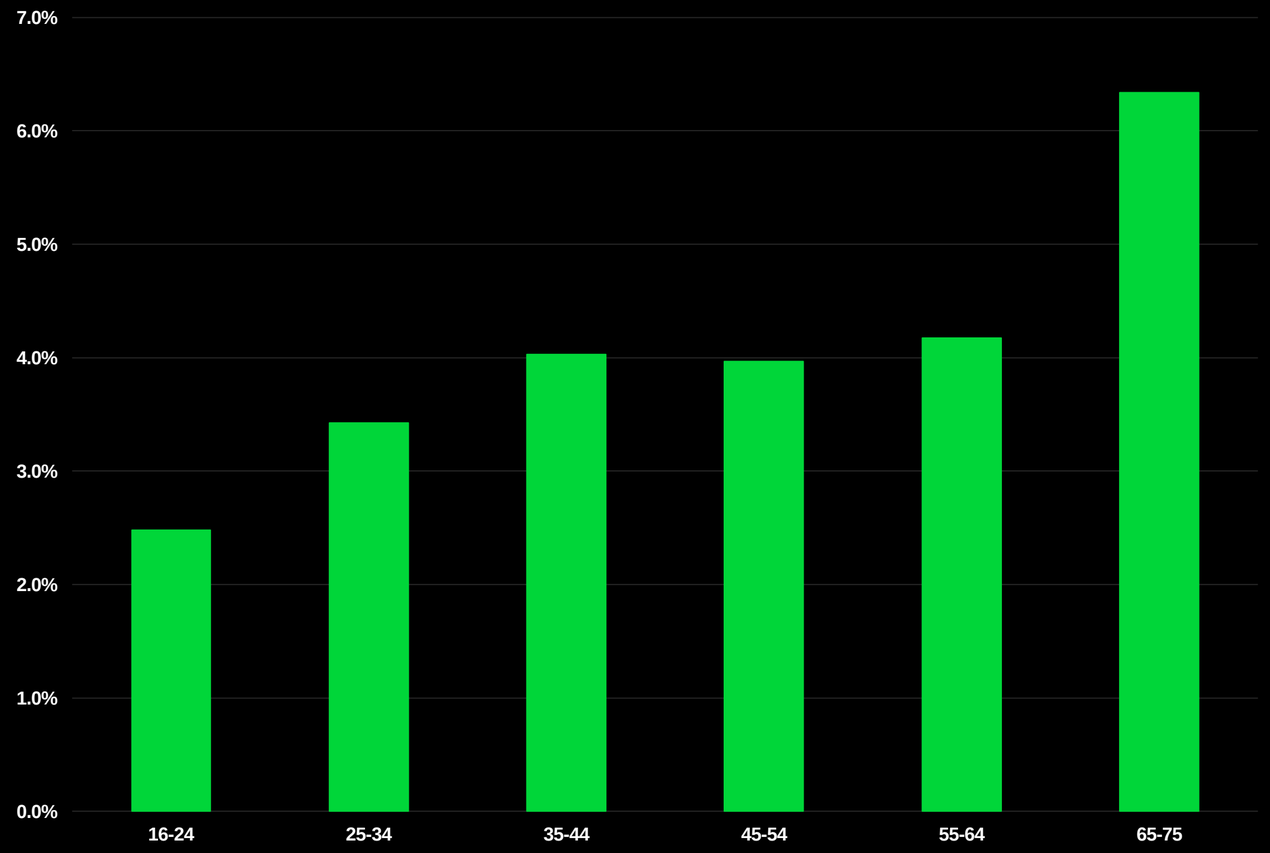
*Data is seasonally adjusted

Earnings by age

In September, earnings growth was highest among workers aged between 65-75 years at **6.3%** year-on-year.

In contrast, earnings growth was weakest among workers aged between 16-24 at **2.5%**.

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



Data is seasonally adjusted

03

Workforce Insights

Headcount growth

Total headcount grew by **0.4%** year-on-year in September, down on the **0.5%** growth recorded in August.

Headcount

+0.4%

Year-on-year
In September 2026

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



**Data is seasonally adjusted*

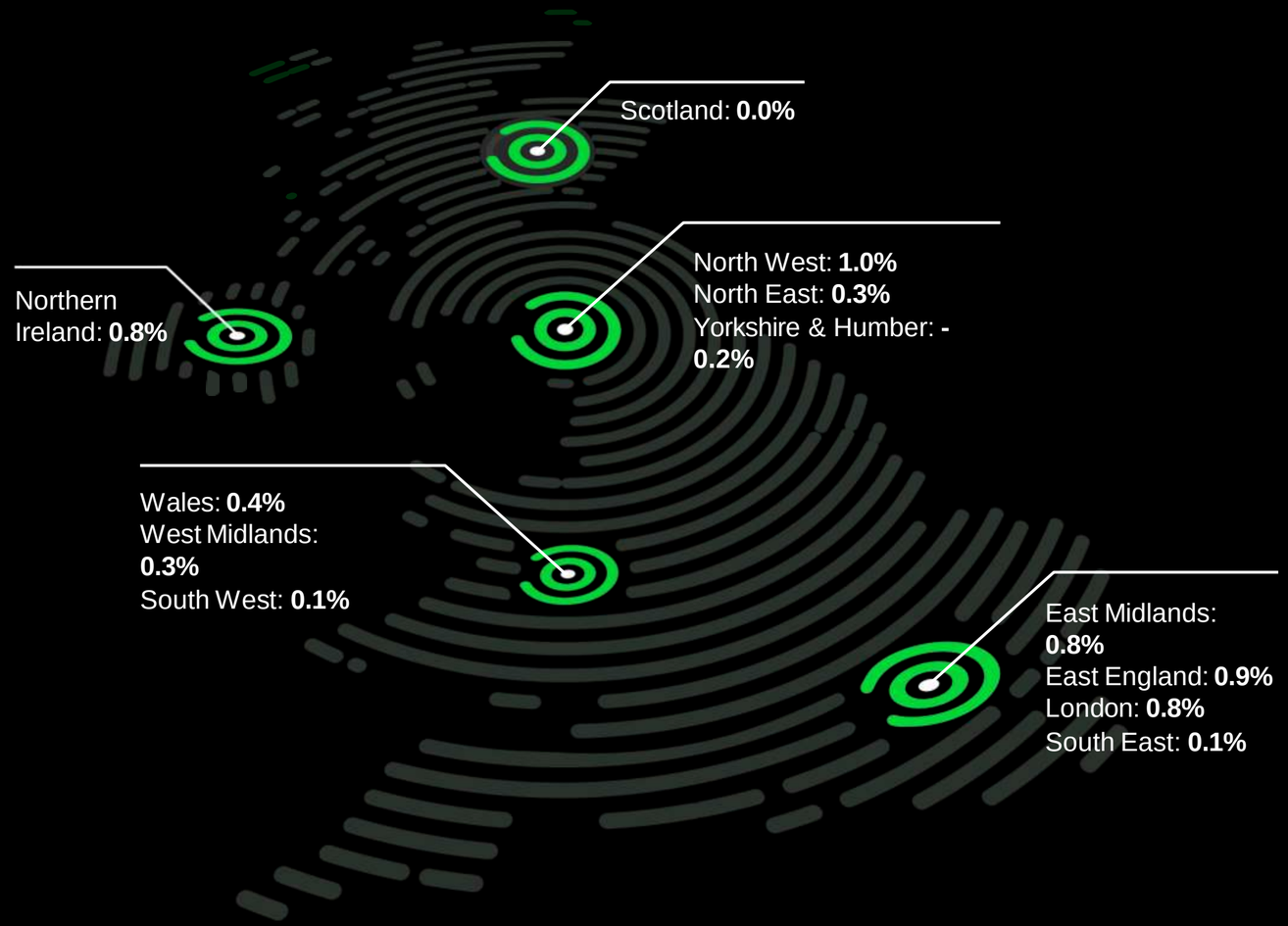
Regional headcount

- Across the UK, total headcount among the sample of small businesses grew by 0.4% year-on-year.
- Year-on-year growth was highest in North West (1.0%), followed by East of England (0.9%).
- Meanwhile, headcount growth among small businesses in Yorkshire & Humber was the weakest, contracting by 0.2% year-on-year. Growth was also relatively weak at 0.0% in Scotland and 0.1% in South West.

UK average

+0.4%

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



Headcount by sector

Disparities in headcount growth between industries widened in September. Finance and insurance recorded the strongest growth at **2.6%**, while headcount in the accommodation and food services sector fell by **1.4%** year-on-year.

Finance and insurance

+2.6%

Year-on-year change in headcount

vs

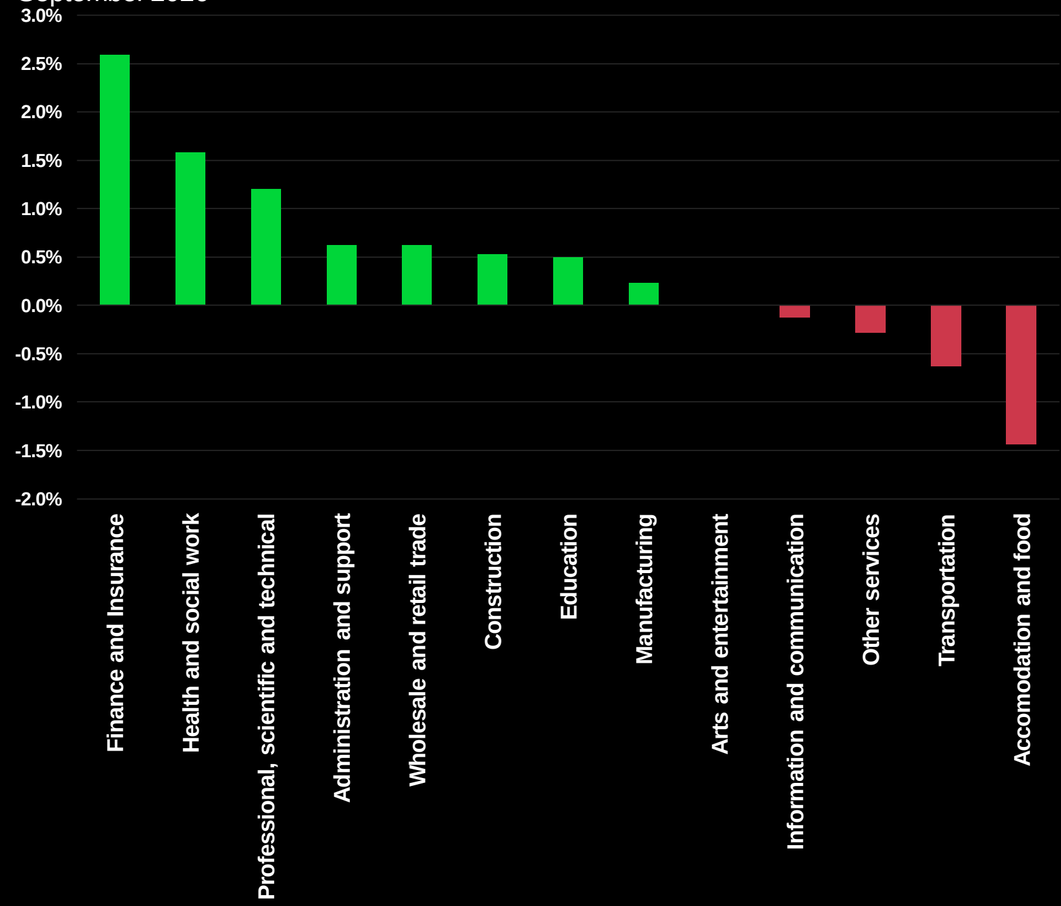
Accommodation and food

-1.4%

Year-on-year change in headcount

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

September 2026



Headcount by business size

- Year-on-year, headcount growth was highest among medium (M) enterprises, growing by **0.5%, followed by small (S) enterprises (0**.4%).
- Meanwhile, headcount rose by a slightly weaker pace of **0.3%** among micro (XS) enterprises.

Year-on-year headcount

+0.3
Among micro (XS) businesses

+0.4%
Among small (S) enterprises

+0.5%
Among medium (M) enterprises

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



Headcount by age

- Workers aged 65-75 years posted the strongest year-on-year growth of **8.1%**.
- In contrast, headcount growth among workers aged between 25-34 years declined by **1.9%**.

65-75 years

+8.1%

Year-on-year change in headcount

vs

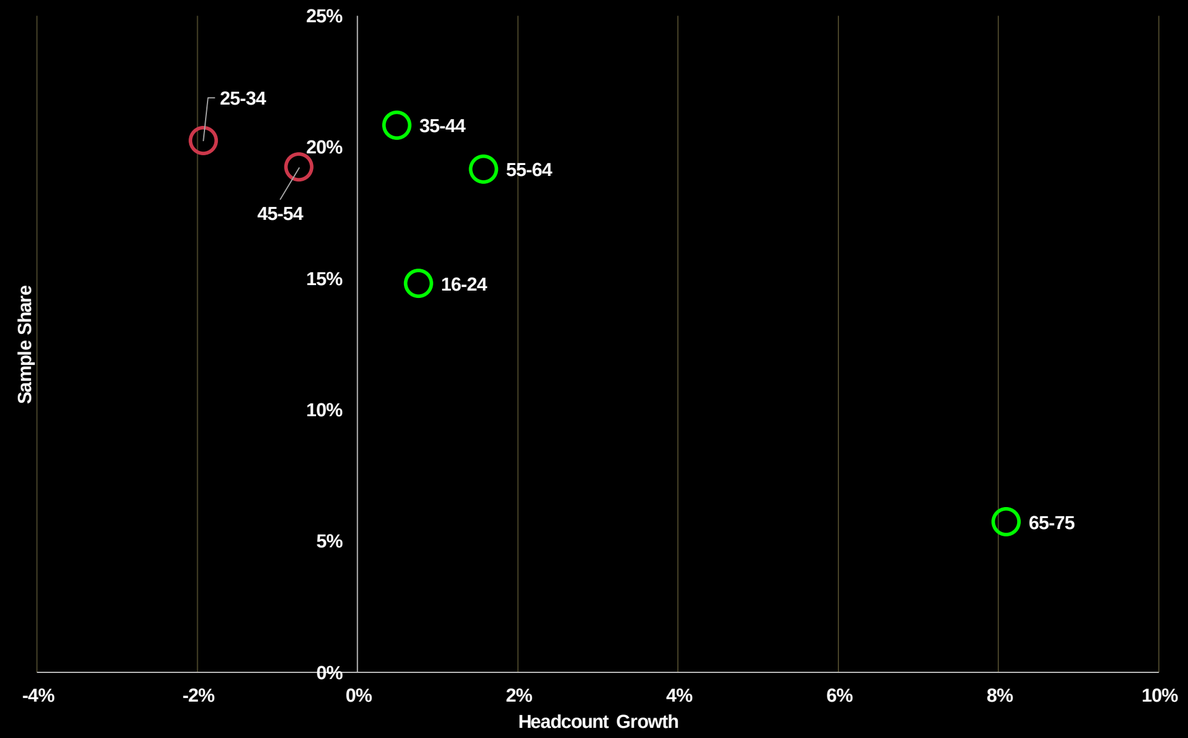
25-34 years

-1.9%

Year-on-year change in headcount

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

September 2026



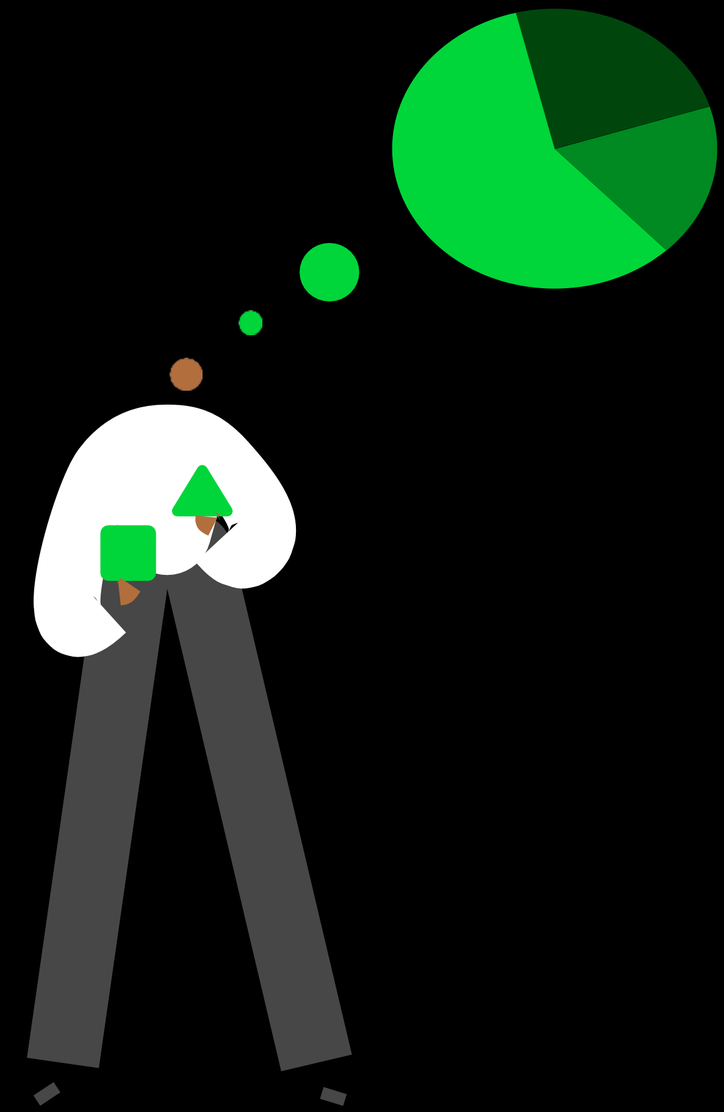
04

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 September, our sample comprised **204,953** 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, **198,655** 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%
Wales	4%
Northern Ireland	4%
North East	4%

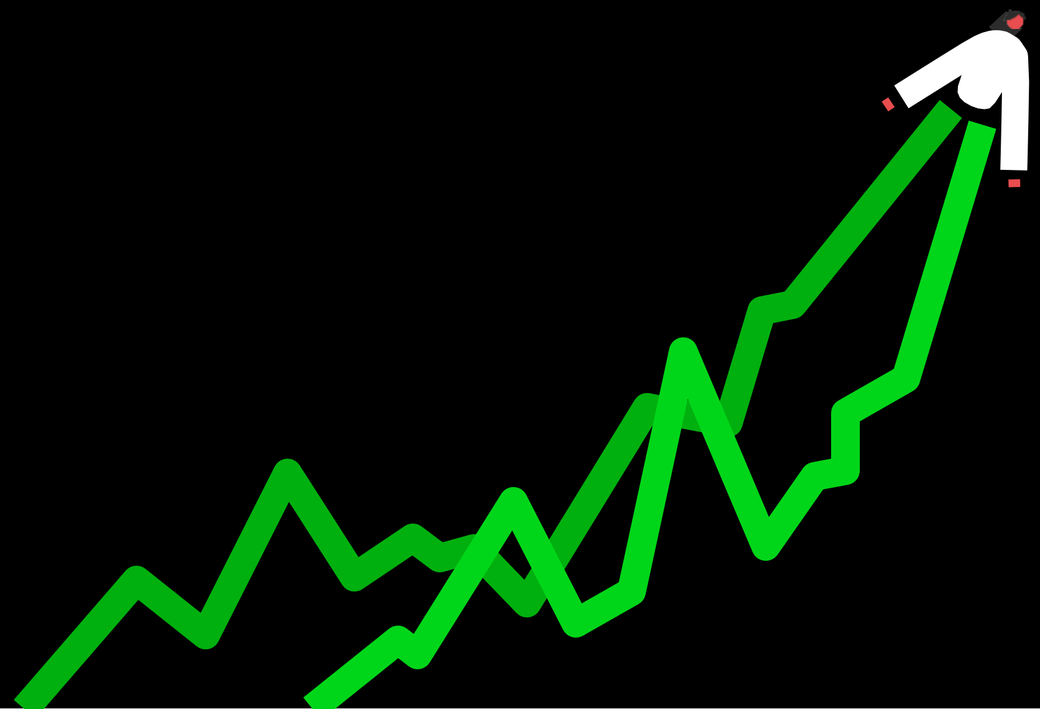


Sector
(of the over **175,826** businesses for which we know the sector)

- **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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