

E-book

Sage SME Pulse

Monthly Workforce Pulse

August 2026

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

Sage



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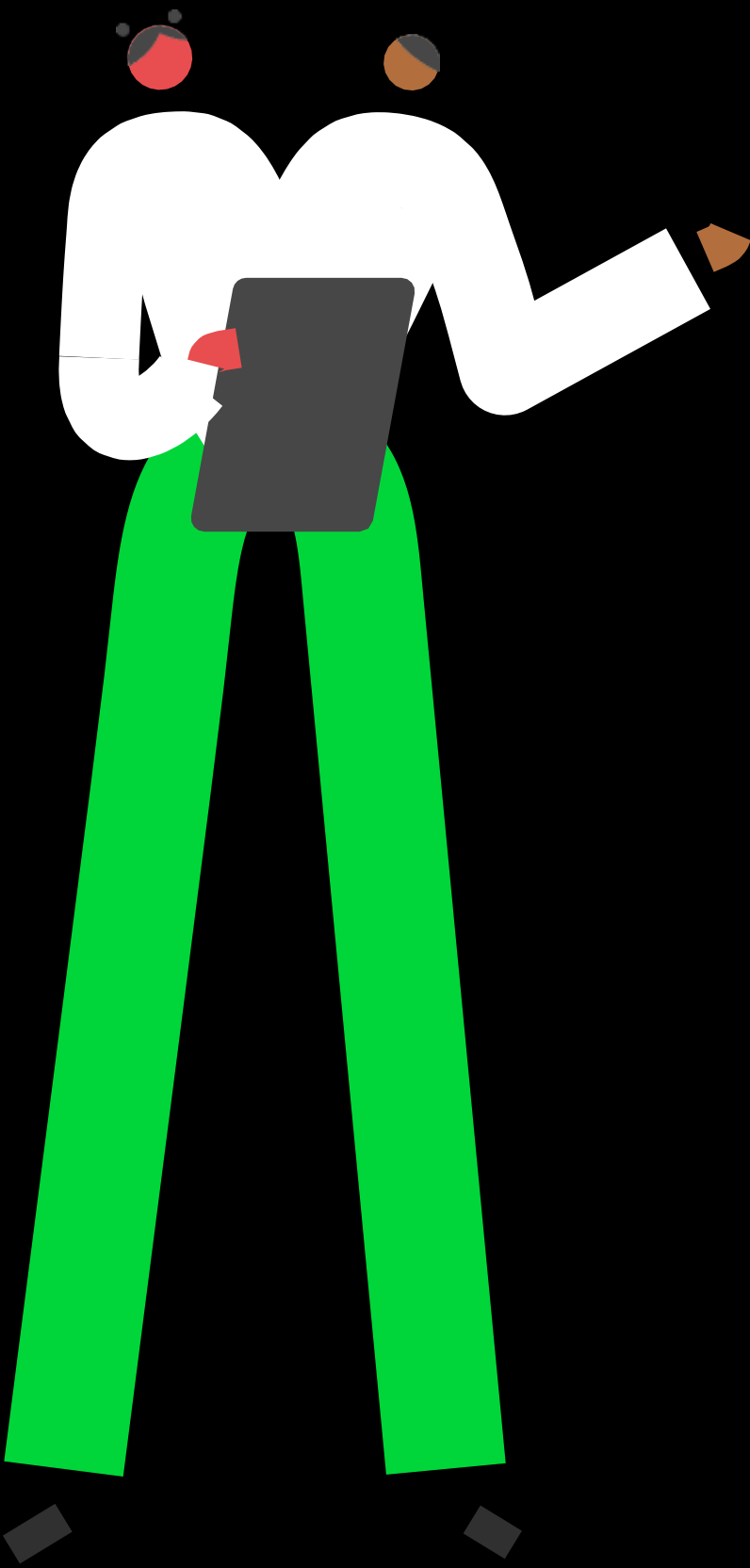
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01 Monthly Summary

August 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

£2,228

Up 4.2% year-on-year

Median net earnings

£1,815

Up 3.4% year-on-year

Headcount

+0.3%

Year-on-year



The Sage SME Monthly Workforce Pulse shows headcount growth among surveyed small businesses slowing to 0.3% year-on-year in August, the slowest pace in nine months. Median gross earnings growth decelerated to 4.2% on an annual basis.

UK economic growth was 0.4% in the three months to July, a resilient performance given persistent headwinds from the conflict in the Middle East.

However, in the labour market, sluggish hiring appetite remains an obstacle, dampening employment gains and weighing on earnings growth, with younger workers particularly affected. Nominal gross earnings among SMEs fell to a three-year low this month, and with inflation picking up, the real value of pay, and household purchasing power more broadly, is being squeezed. For SMEs, that points to a more price-sensitive consumer.

Cebr forecasts the UK economy will expand by 1.2% in 2026. Ongoing energy price volatility, combined with considerable and growing slack in the labour market, is expected to weigh on consumer demand over the near-term. Meanwhile, the Middle East conflict has kept monetary policy tighter than it would otherwise be, raising borrowing costs for SMEs and discouraging their investment.

Liam Daly

Senior Economist at Cebr





02

Earnings Insights

Earnings growth

Median gross earnings grew **4.2%** year-on-year in August, down from **4.9%** in July, compared to **5.2%** in August 2025.

Median gross earnings

+4.2%

Year-on-year in
August 2026

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



*Data is seasonally adjusted

Median earnings

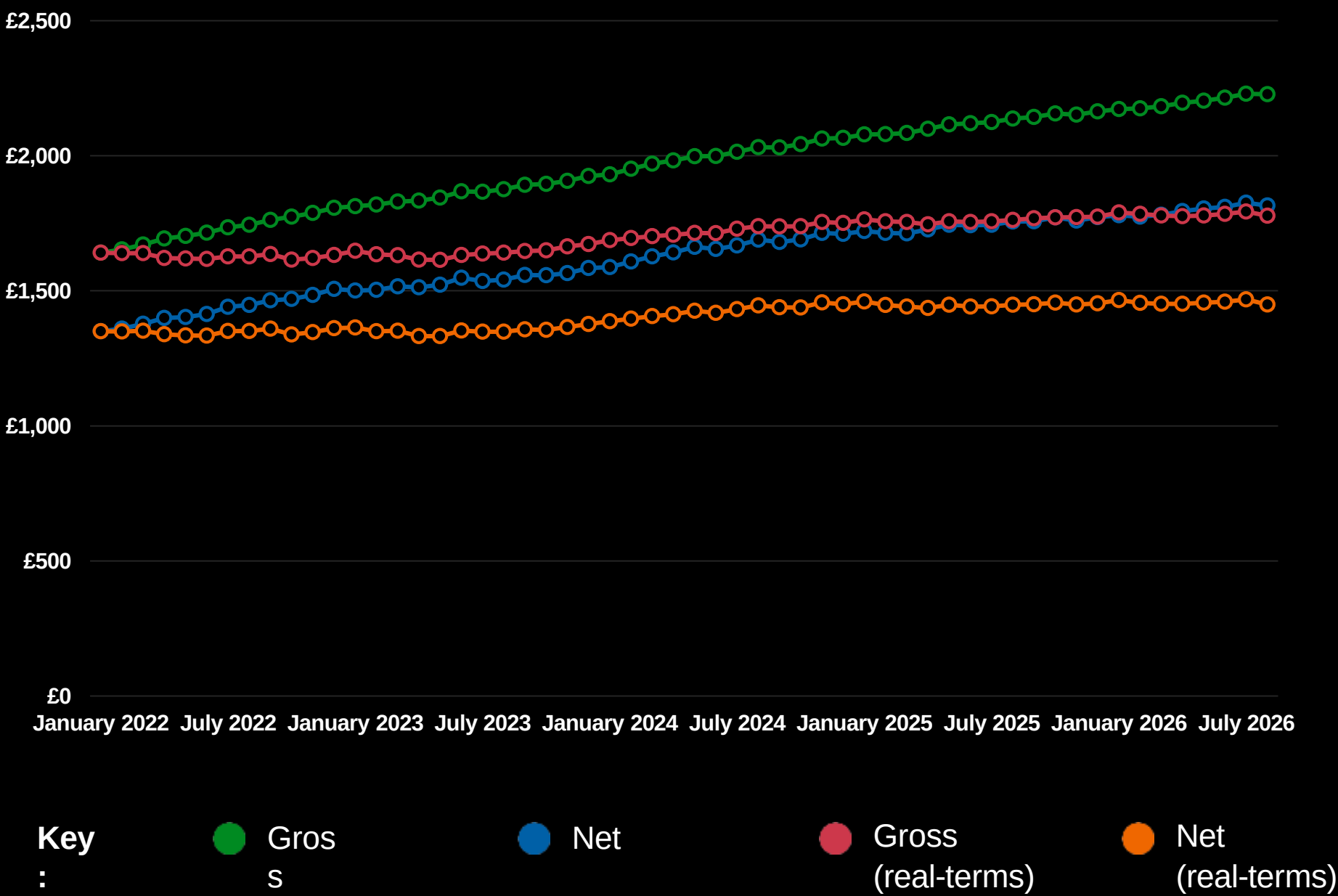
- In August, median gross monthly earnings were **£2,228**, up **4.2%** year-on-year.
- After adjusting for inflation, real-terms median monthly earnings were **£1,778**, **0.9%** higher than a year ago.
- Meanwhile, median take-home pay (net) stood at **£1,815**, up **3.4%** year-on-year.

Median Gross earnings

£2,228

Up 4.3% year-on-year
in August 2026

Median Monthly Earnings*



*Data is seasonally adjusted

Earnings and inflation

- In August, nominal earnings grew by **4.2%** year-on-year.
- Cebr projects that Consumer Price Index (CPI), rose by **3.3%** in August.
- Real-terms earnings (adjusted for inflation) grew by **0.9%** year-on-year.
- Inflation, measured by growth in the CPI index, affects the purchasing power of wages.

Nominal earnings

+4.2%

Year-on-year
in August 2026

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



Key : ● Nominal ● Real ● Inflation

*Data is seasonally adjusted

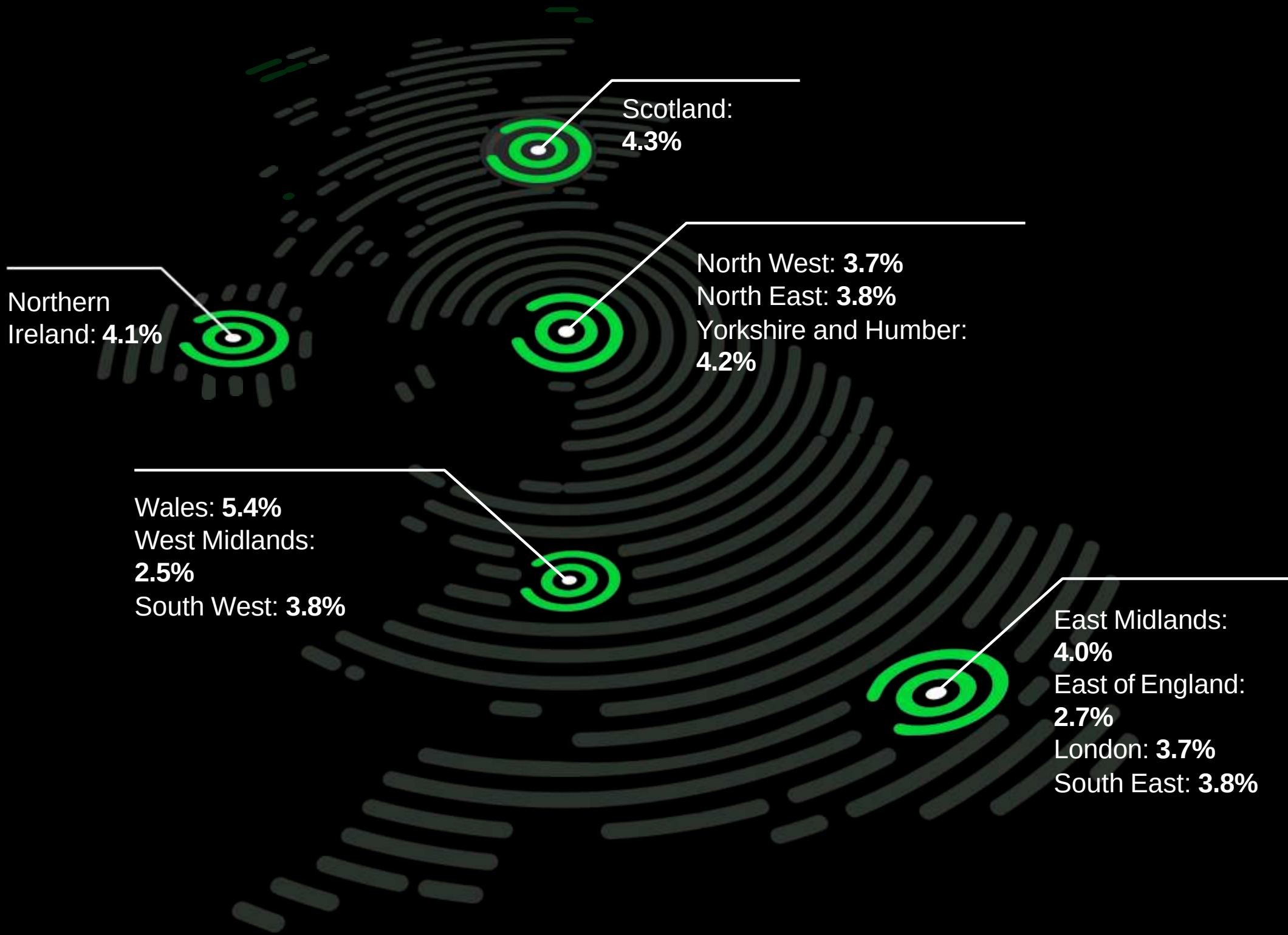
Regional earnings

- West Midlands (2.5%), East of England (2.7%), London (3.7%) and North West (3.7%) posted the lowest earnings growth in August.
- Earnings increased at the fastest annual rate in Wales rising by 5.4%, followed by Scotland (4.3%).

UK average

+4.2%

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



*Data is seasonally adjusted

Earnings by sector

In August, the wholesale and retail trade sector saw the fastest pace of earnings growth, at **4.6%** year-on-year. In contrast, earnings growth was weakest in the transportation sector, contracting by **0.4%**.

Wholesale and
retail trade

+4.6%

Year-on-year
earnings growth

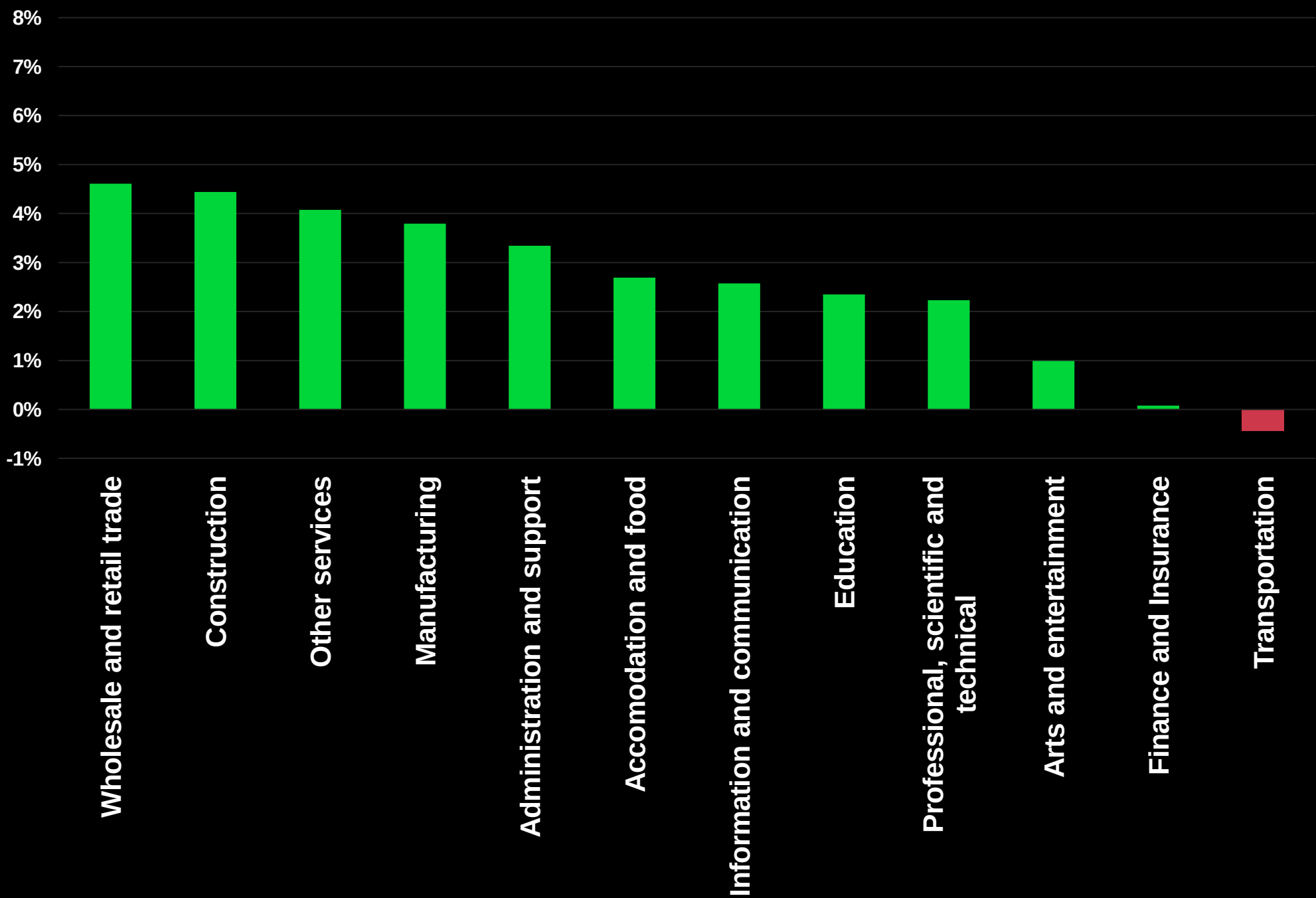
vs

Transportation

0.4%

Year-on-year
earnings growth

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



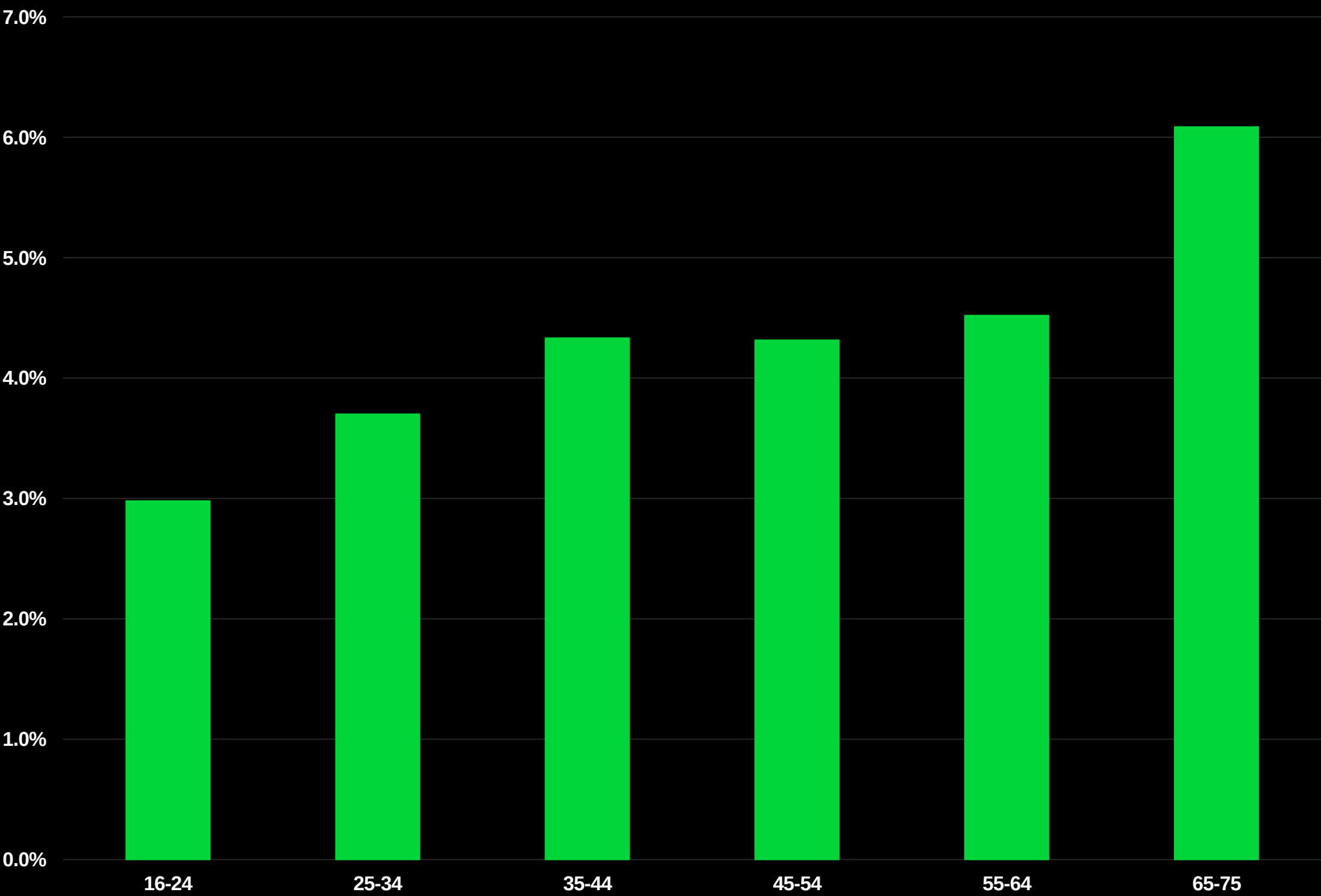
*Data is seasonally adjusted

Earnings by age

In August, earnings growth was highest among workers aged between 65-75 years at **6.1%** year-on-year.

In contrast, earnings growth was weakest among workers aged between 16-24 at **3.0%**.

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



**Data is seasonally adjusted*



03

Workforce Insights

Headcount growth

Total headcount grew by **0.3%** year-on-year in August, down on the **0.7%** growth recorded in July.

Headcount

+0.3%

Year-on-year
In August 2026



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



**Data is seasonally adjusted*

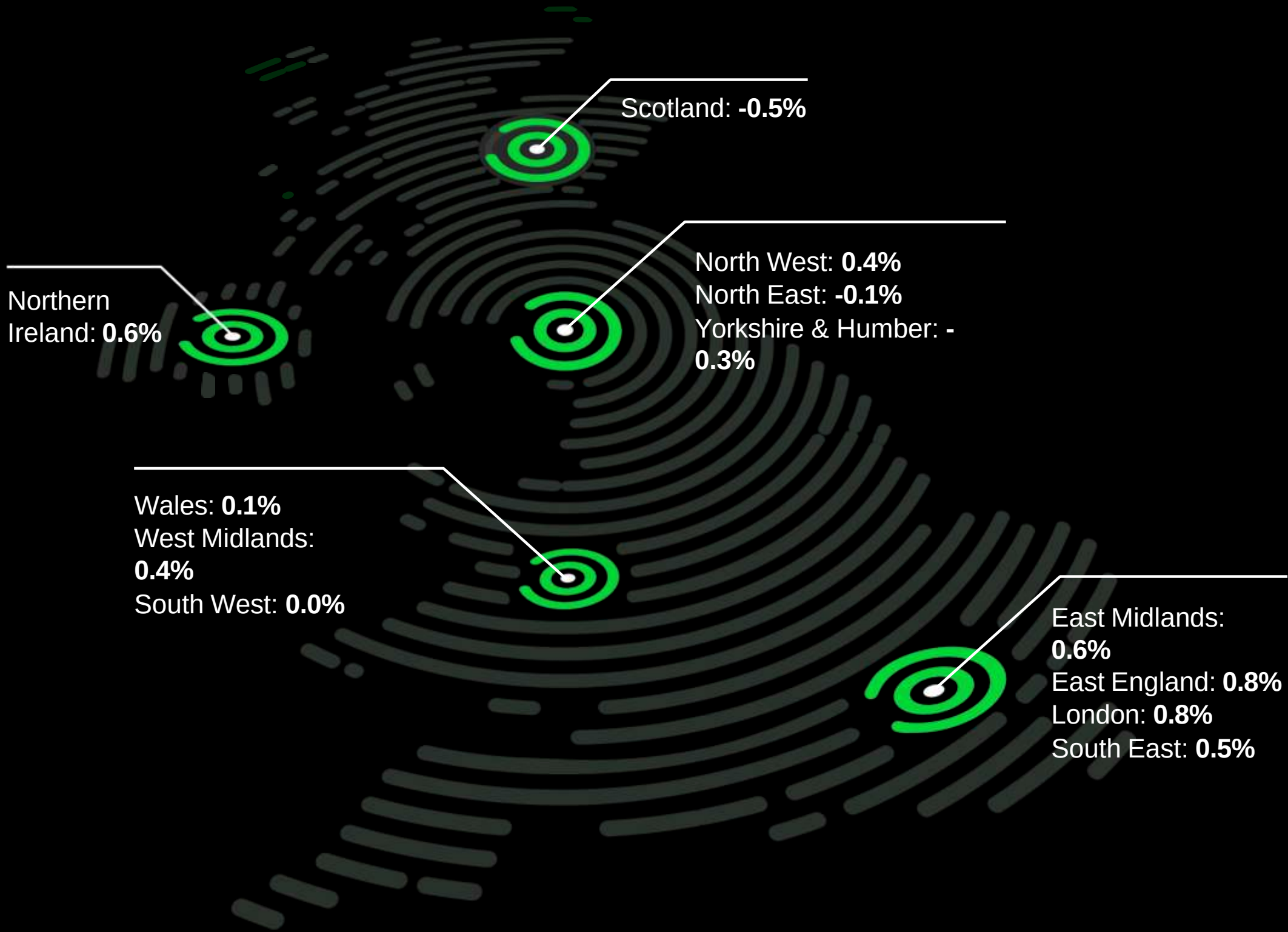
Regional headcount

- Across the UK, total headcount among the sample of small businesses grew by 0.3% year-on-year.
- Year-on-year growth was highest in East of England (0.8%) followed by Northern Ireland (0.6%).
- Meanwhile, headcount growth among small businesses in Scotland was the weakest, contracting by 0.5% year-on-year. Growth was also relatively weak at -0.3% in Yorkshire & Humber and -0.1% in North East.

UK average

+0.6%

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



Headcount by sector

Disparities in headcount growth between industries widened in August. Finance and insurance recorded the strongest growth at **1.5%**, while headcount in the accommodation and food services sector fell by **1.5%** year-on-year.

Finance and insurance

+1.7%

vs

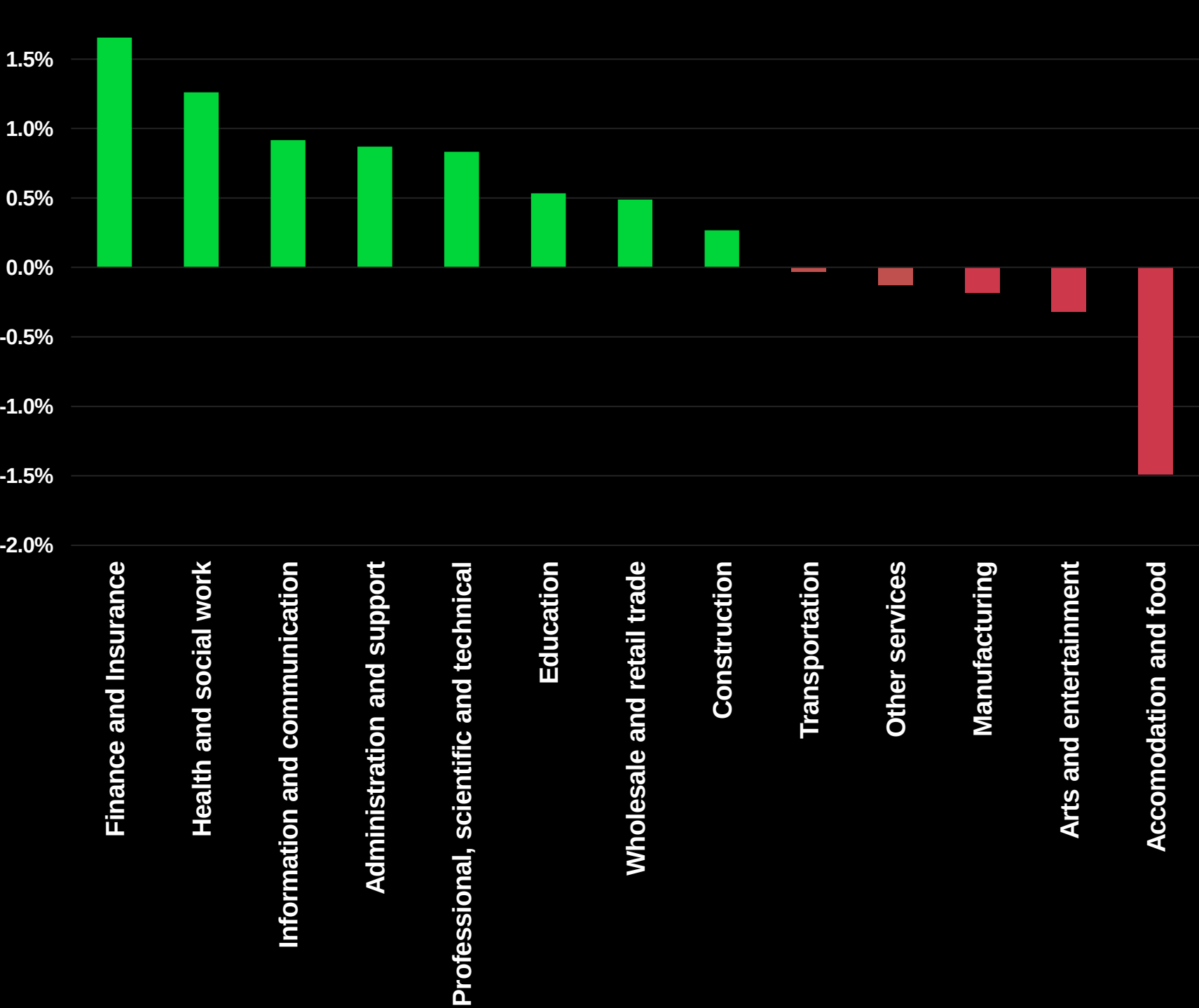
Accommodation and food

-1.5%

Year-on-year change in headcount

Year-on-year change in headcount

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



Headcount by business size

- Year-on-year, headcount growth was slightly stronger among micro (XS) and small (S) enterprises, growing by **0.3%**.
- Meanwhile, headcount rose by a slightly weaker pace of **0.2%** among medium (M) enterprises.

Year-on-year headcount

+0.3%

Among micro (XS) businesses

+0.3%

Among small (S) enterprises

+0.2%

Among medium (M) enterprises

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



Headcount by age

65-75 years

+7.6%

Year-on-year change in headcount

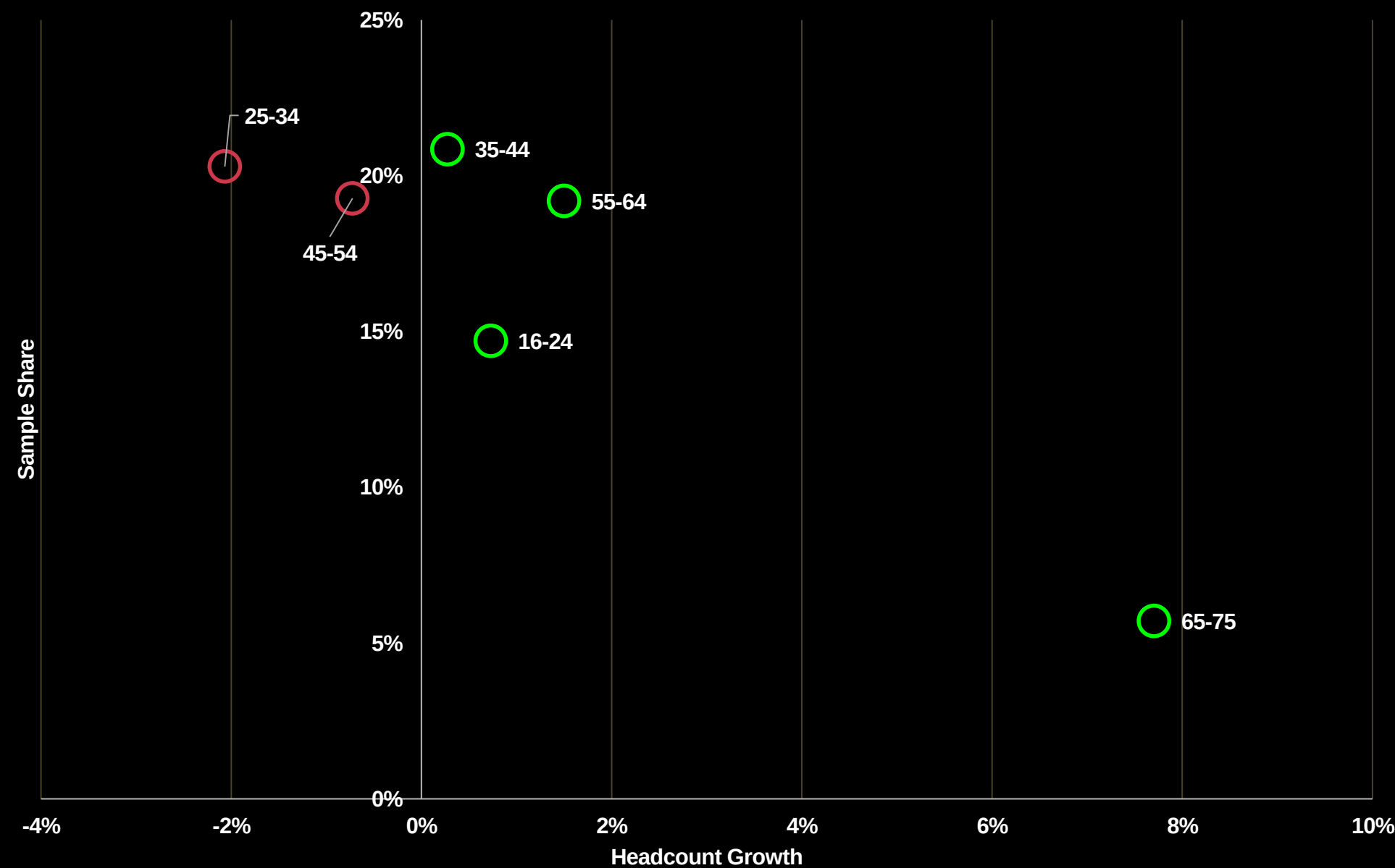
vs

25-34 years

-2.1%

Year-on-year change in headcount

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

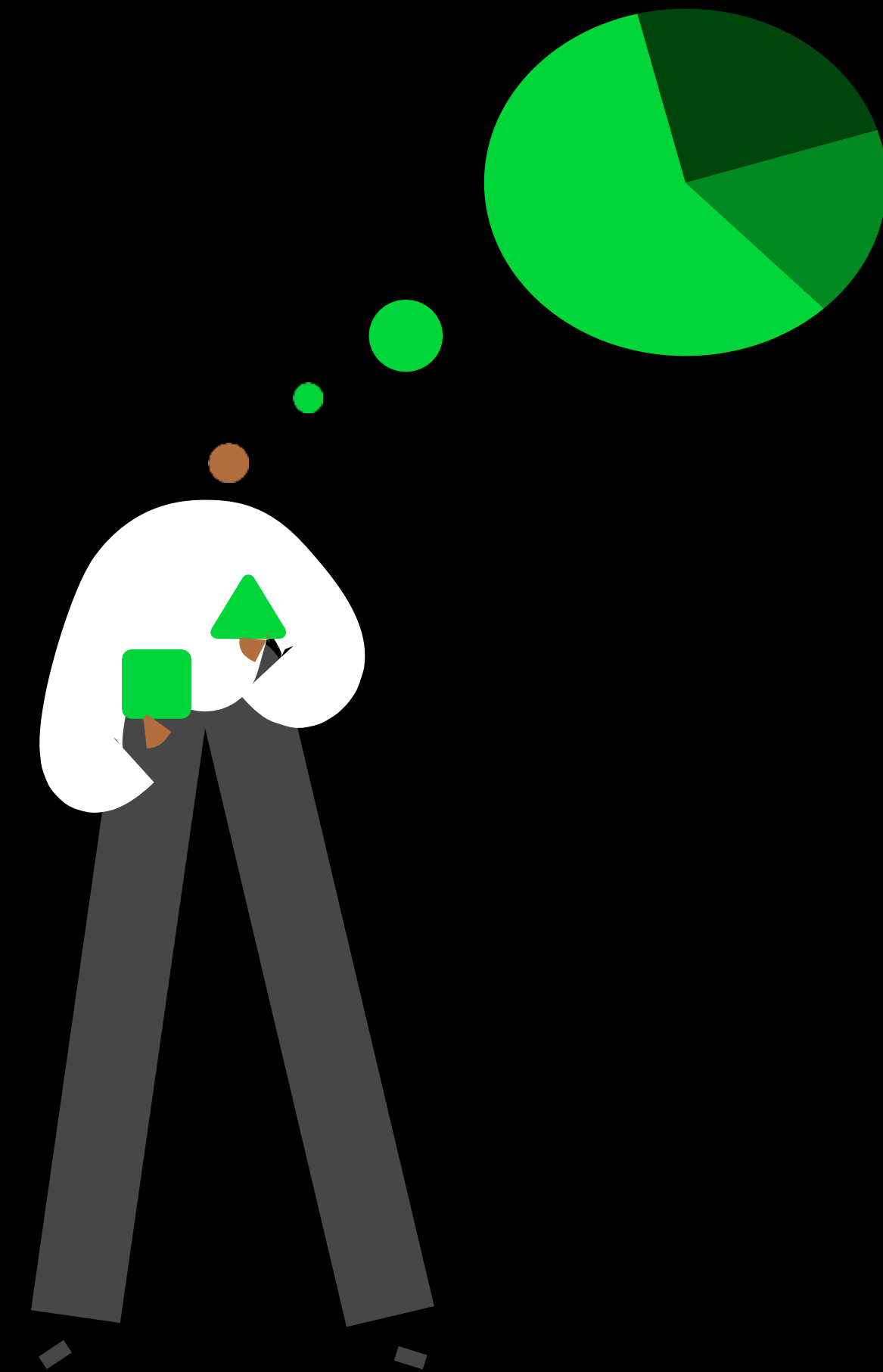


04 Methodology

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 August, our sample comprised **203,647** 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)
- **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, **203,647** 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

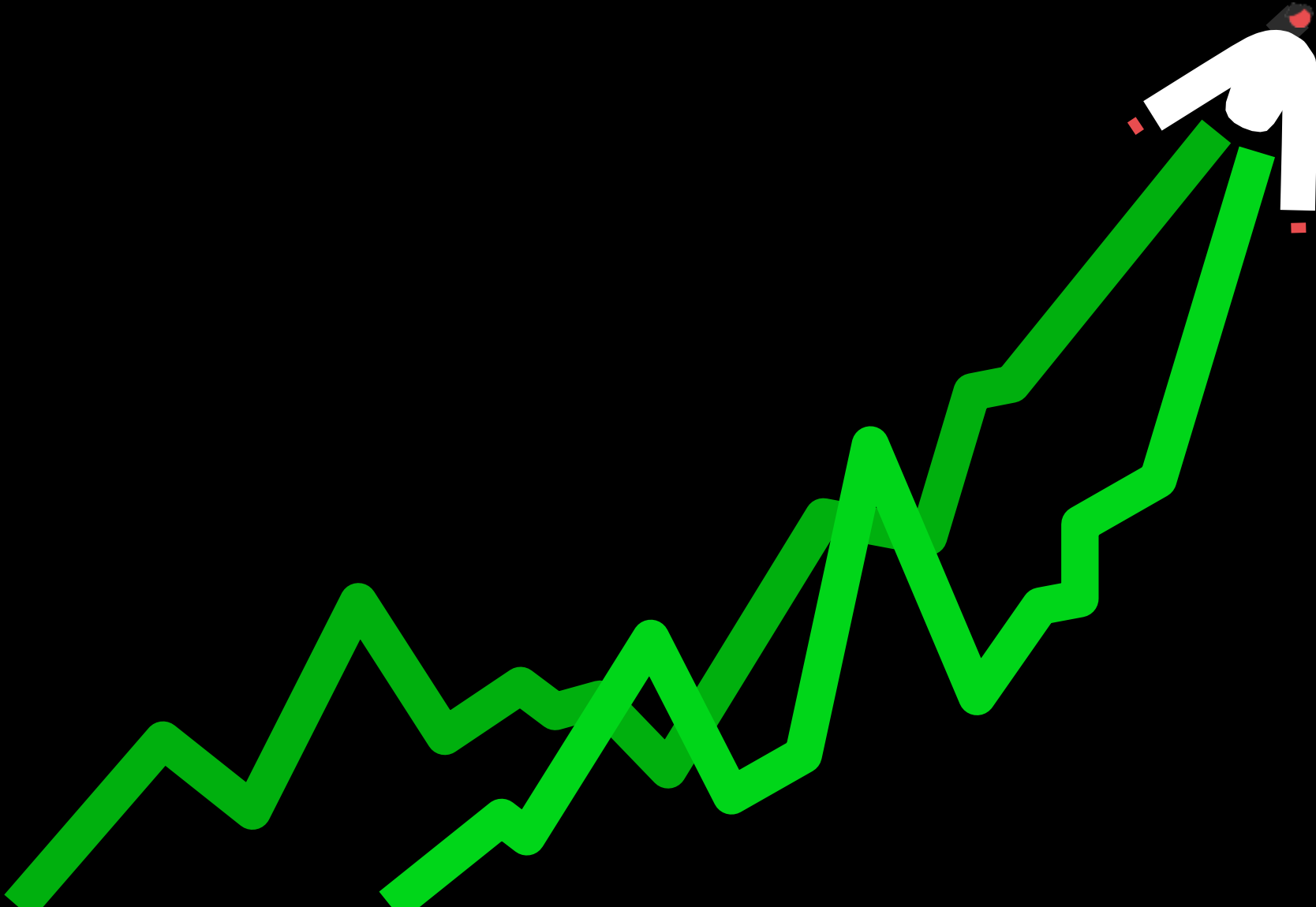
(of the over **174,498** businesses for which we know the sector)

- **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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