

E-book

Sage SME Pulse

Monthly Workforce Pulse

February 2026

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

Sage



In partnership with:

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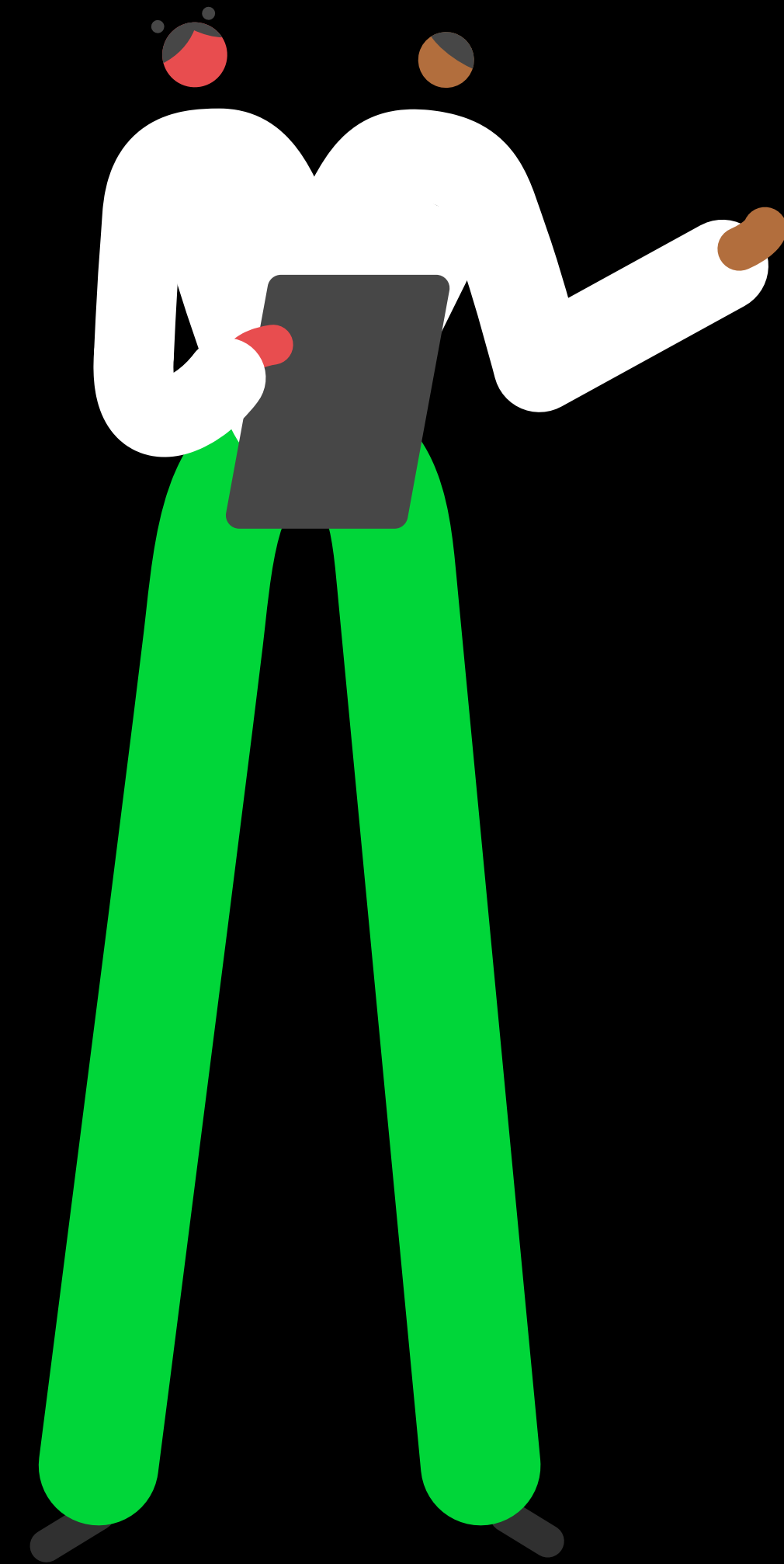
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01

Monthly Summary

February 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

+£2,189

Up **5.3%** year-on-year

Median Net earnings

+£1,778

Up **3.8%** year-on-year

Headcount

+0.2%

Year-on-year

“

The Sage SME Monthly Workforce Pulse shows that in February, headcount among the sample of small businesses rose by **0.2%** year-on-year. Over the same period, median gross earnings rose by **5.3%**, a pace similar to the previous month.

Growth is expected to slow in 2026 amid persistent economic headwinds. Cebr forecasts suggest that GDP will expand by around 1.1% this year, though downside risks have intensified following the escalation of conflict in the Middle East. This could dampen activity through higher inflationary pressures and tighter monetary conditions.

In the labour market, the decline in job vacancies appears to have stabilised, though the elevated unemployment rate reflects the continued challenges faced by jobseekers, particularly graduates and entry-level applicants. The gradual softening of the labour market is beginning to weigh on wage growth. However, the increase in the minimum wage in April means that, for SMEs in lower-paid sectors, labour costs are likely to remain a constraint on hiring.

Liam Daly
Senior Economist at Cebr

”

02

Earnings Insights

Earnings growth

Median gross earnings rose **5.3%** year-on-year in February, up from **5.1%** in January but down from **6.5%** in February 2025.

Median Gross earnings

+5.3%

Year-on-year in February 2026

+5.4%

Year-on-year in December 2025

+7.7%

Year-on-year in January 2025

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



*Data is seasonally adjusted

Median earnings

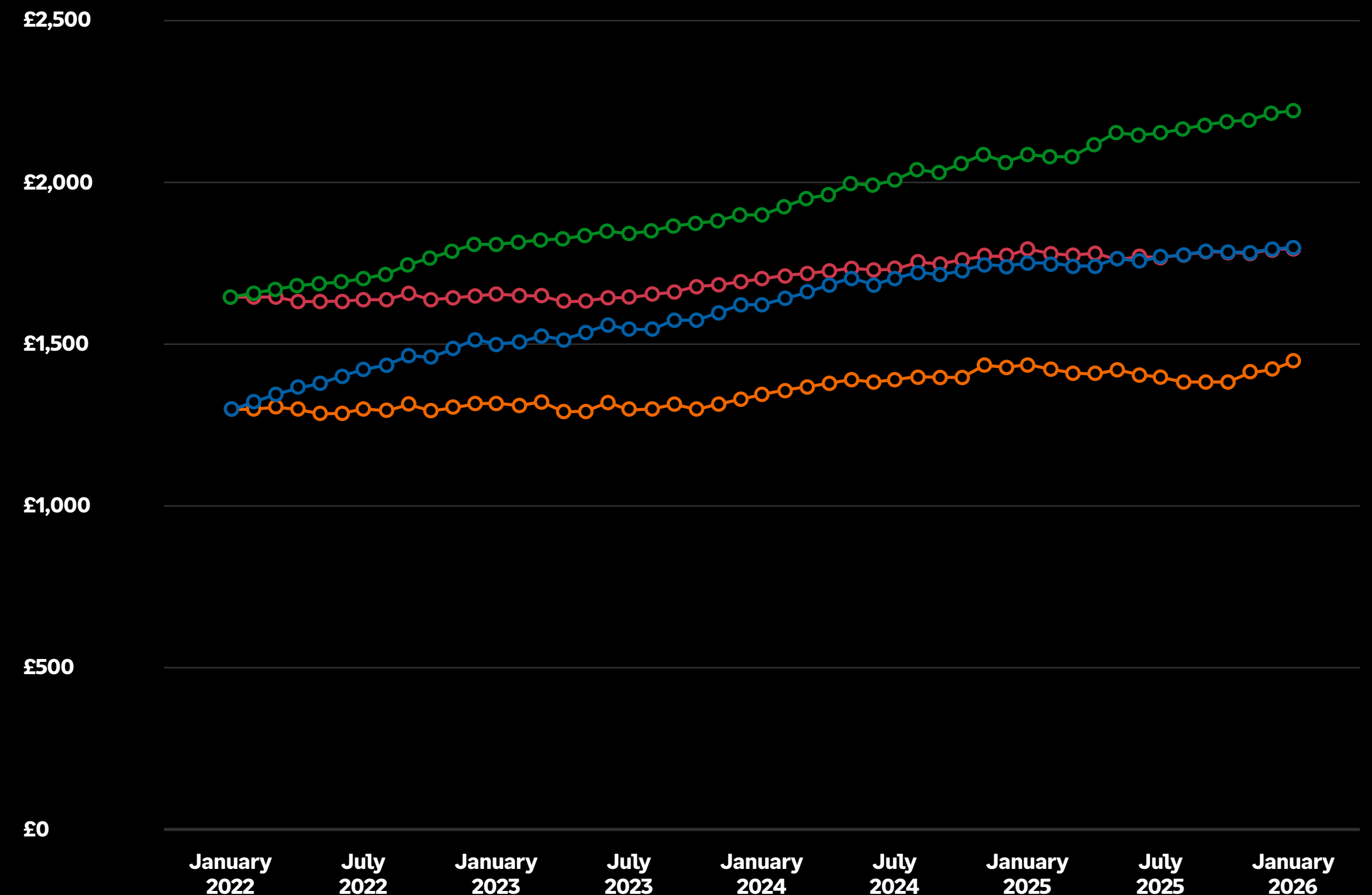
- In February, median gross monthly earnings were **£2,189**, up **5.3%** year-on-year.
- After adjusting for inflation, real-terms median monthly earnings were **£1,795**, up **2.2%** year-on-year.
- Meanwhile, median take-home pay (net) stood at **£1,778**, up **3.8%** year-on-year.

Median Gross earnings

+£2,189

Up **5.3%** year-on-year
in February 2026

Median Monthly Earnings*



Key: ● Gross ● Net ● Gross (real-terms) ● Net (real-terms)

*Data is seasonally adjusted

Earnings and inflation

- In February, nominal earnings grew by **5.3%** year-on-year.
- Cebr projects that Consumer Price Index (CPI), rose by **3.1%** in February.
- Real-terms earnings (adjusted for inflation) grew by **2.2%** year-on-year.
- Inflation, measured by growth in the CPI index, affects the purchasing power of wages.

Nominal earnings

+5.3%

Year-on-year
in February 2026

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



*Data is seasonally adjusted

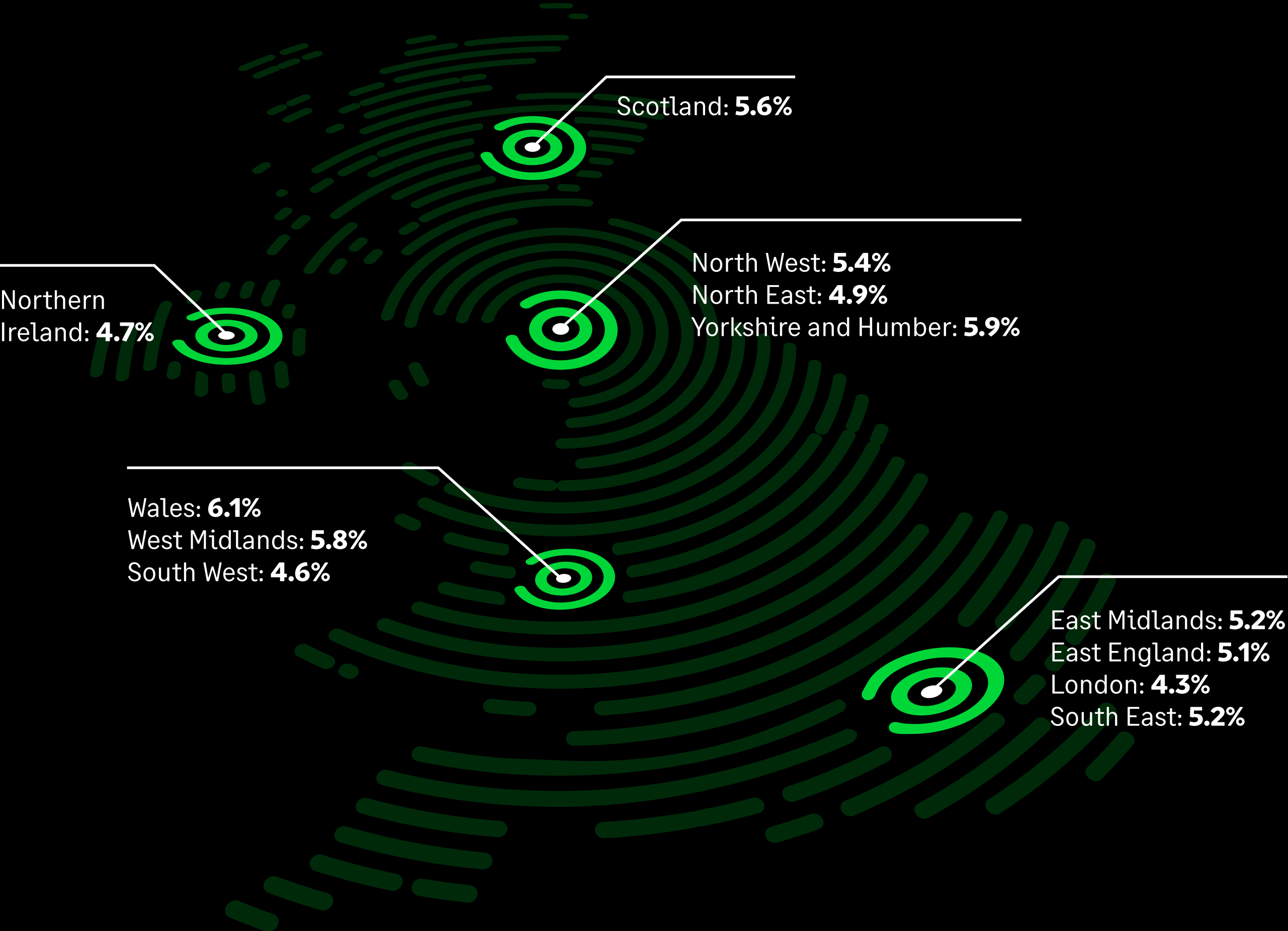
Regional earnings

- London, the South West and Northern Ireland exhibited the lowest earnings growth in February, at **4.3%**, **4.6%** and **4.7%**, respectively.
- Earnings increased at the fastest annual rate in Wales, rising by **6.1%**.

UK average

+5.3%

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



*Data is seasonally adjusted

Earnings by sector

In February, earnings growth was highest in the information and communication sector, rising **7.7%** year-on-year. In contrast, earnings growth was lowest in the arts and entertainment industry, with annual growth of merely **0.8%**.

Information and communication sector

+7.7%

Year-on-year earnings growth

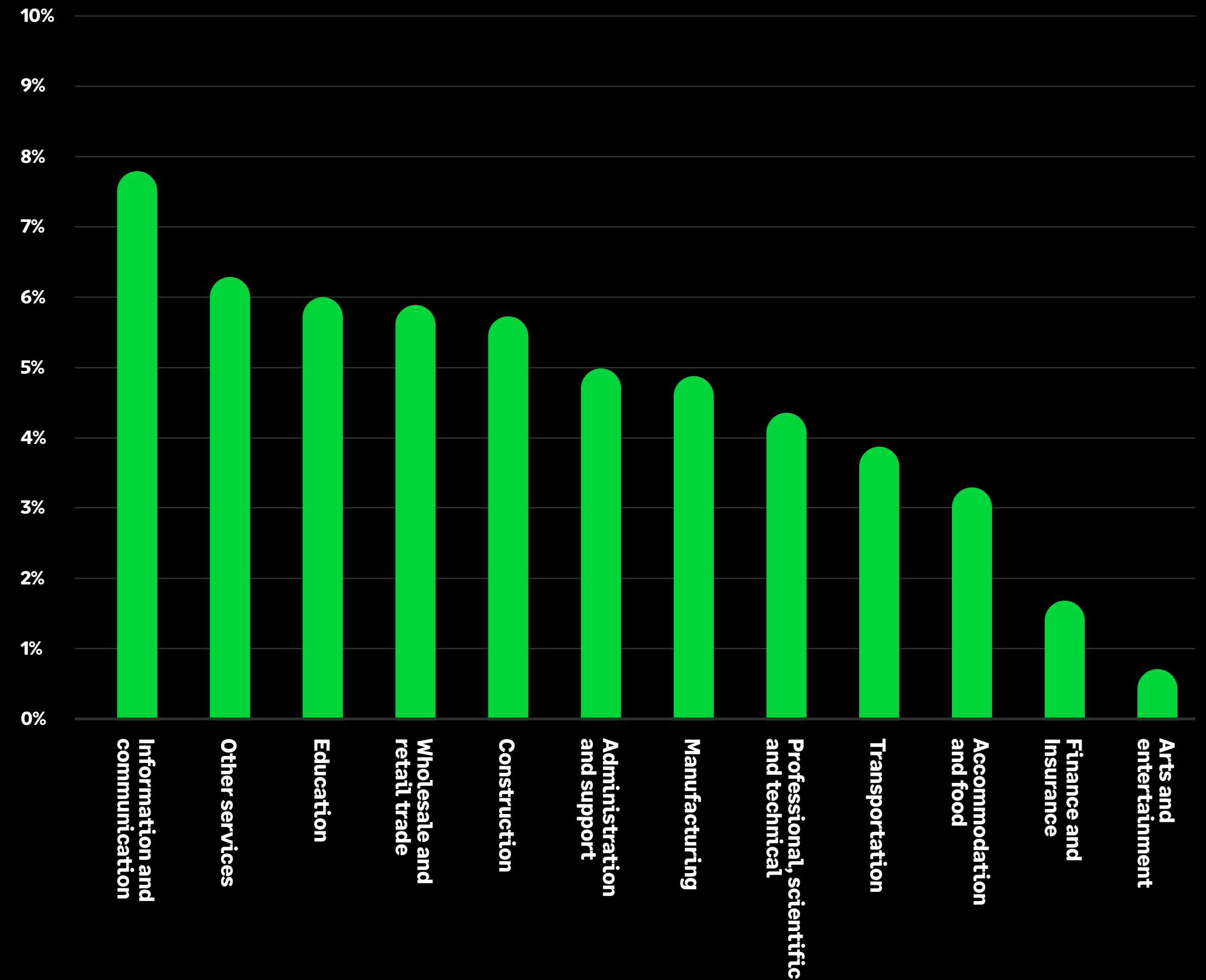
vs

Arts and entertainment industry

+0.8%

Year-on-year earnings growth

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



03

Workforce Insights

Headcount growth

Total headcount grew by **0.2%** year-on-year in February, unchanged from the rate recorded in January.

Headcount

+0.2%

Year-on-year in February 2026

vs

Headcount

+0.2%

Year-on-year in January 2026

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



*Data is seasonally adjusted

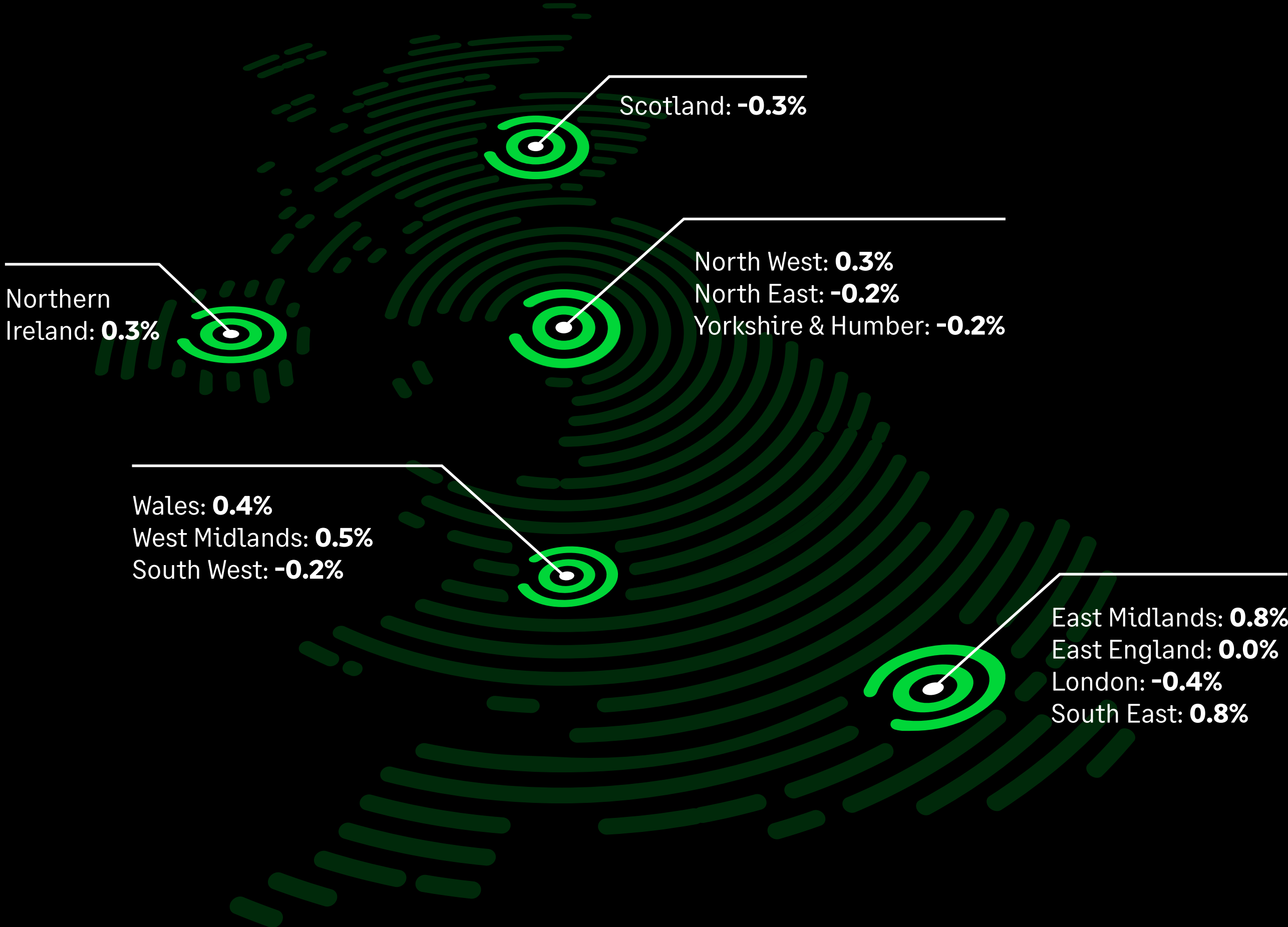
Regional headcount

- Across the UK, total headcount among the sample of small businesses grew by **0.2%** relative to the previous year.
- The South East, East Midlands and West Midlands registered the greatest year-on-year increases, at **0.8%**, **0.8%**, and **0.5%**, respectively.
- Meanwhile, the sample of small businesses located in London, Scotland and the South West registered the greatest declines, with headcount falling by **0.4%**, **0.3%** and **0.2%**, respectively.

UK average

+0.2%

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



Headcount by sector

Year-on-year changes in headcount varied widely by industry. Public administration and defence experienced the greatest growth at **4.2%**, while accommodation and food services saw the largest decline at **1.2%**.

Public administration and defence

+4.2%

vs

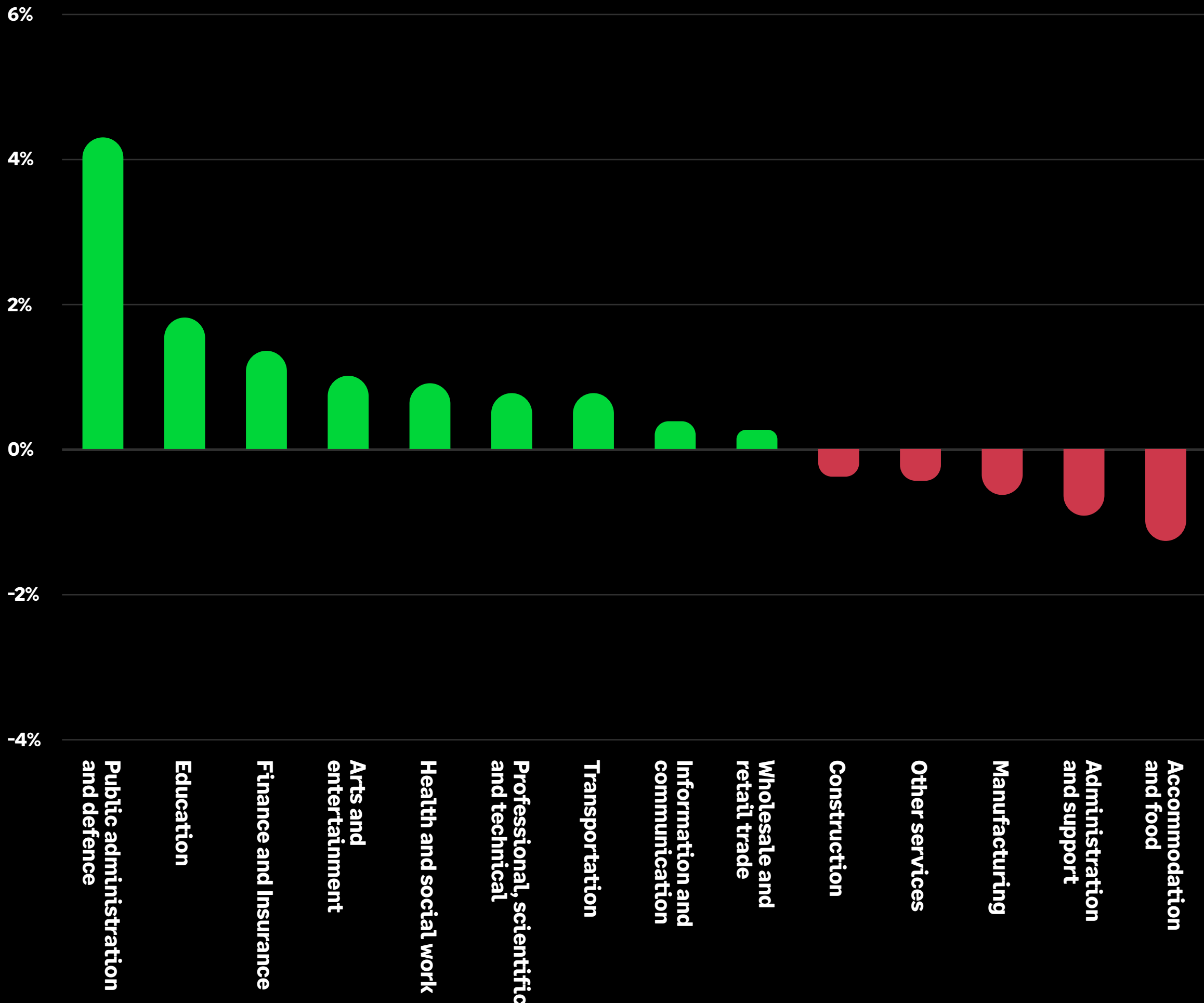
Accommodation and food

-1.2%

Year-on-year changes in headcount

Year-on-year changes in headcount

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



Headcount by business size

- Year-on-year, headcount growth was highest among micro (XS) businesses, which registered an increase of **0.3%**.
- Headcount increased by **0.1%** among small (S) enterprises and remained unchanged for medium (M) enterprises at **0.0%**.

Year-on-year headcount

+0.3%

Among micro (XS) businesses

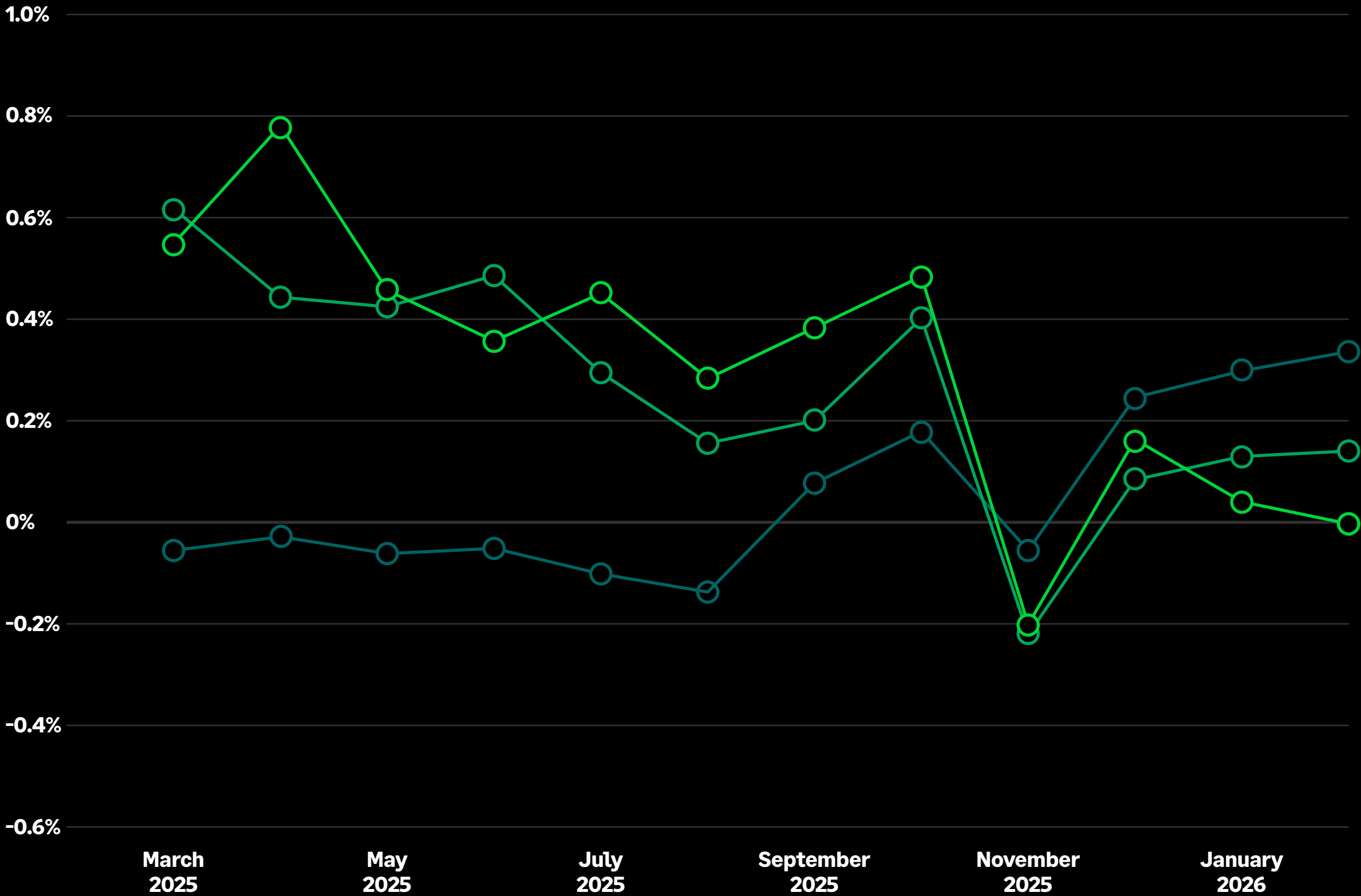
+0.1%

Among small (S) enterprises

0.0%

Among medium (M) enterprises

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



Key: ● M ● S ● XS

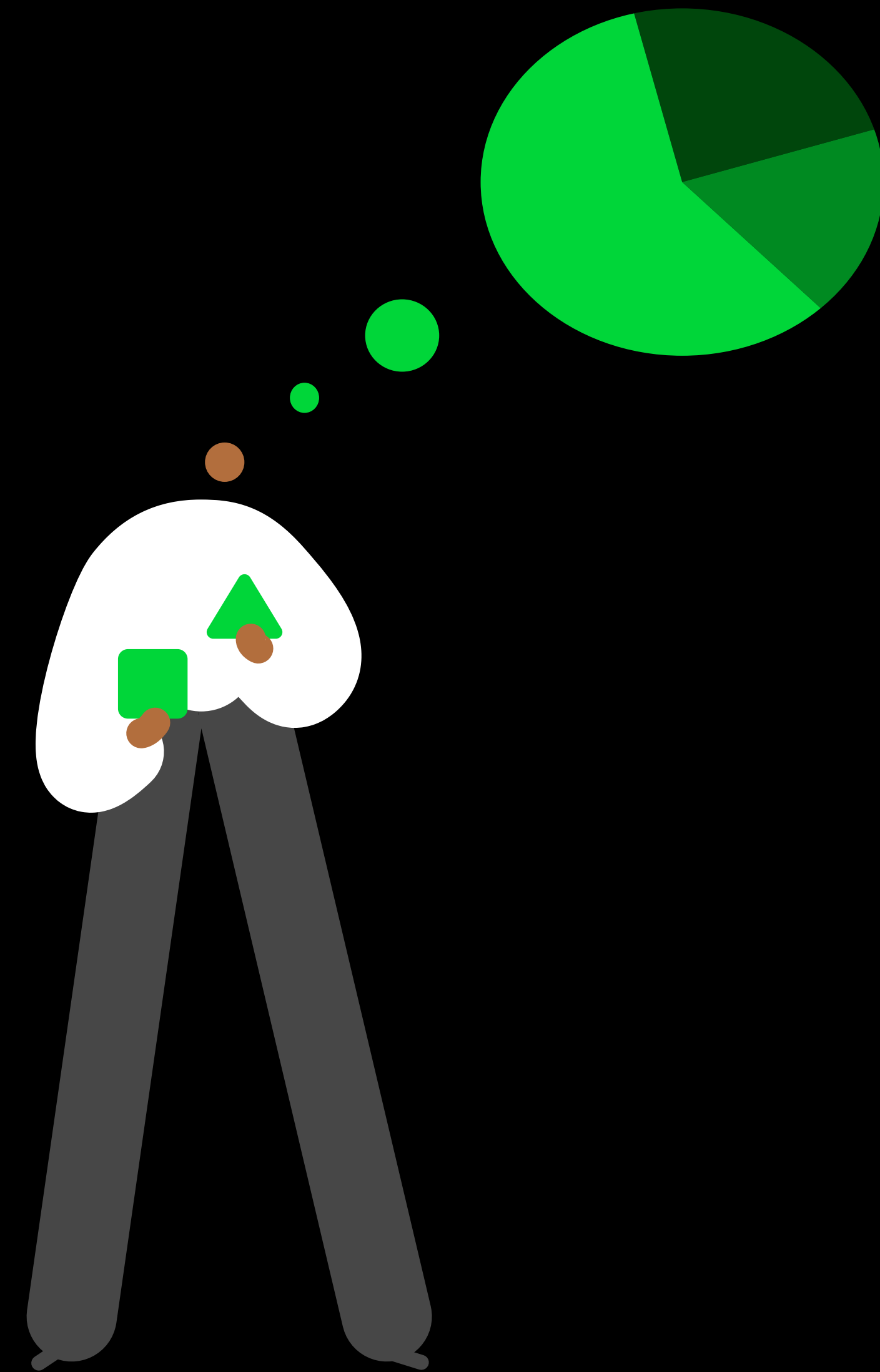


04
Methodology

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.

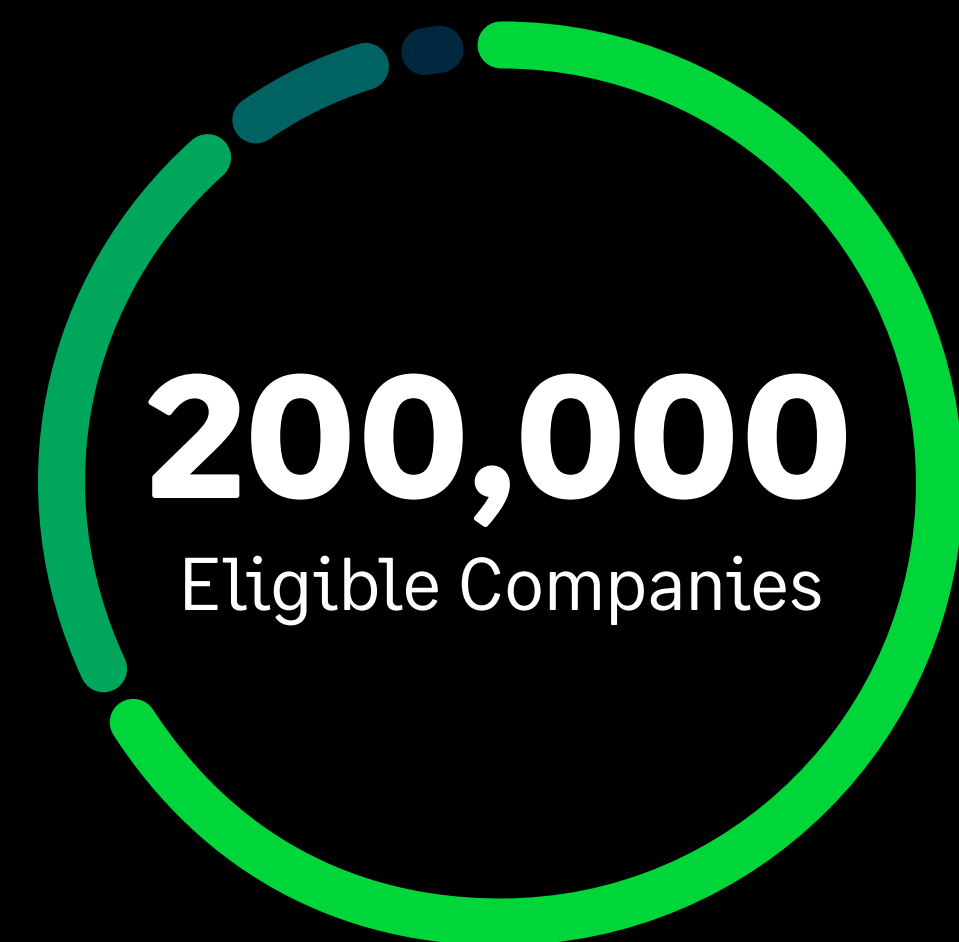


Our small business sample

In February, our sample comprised **213,699** 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, **206,969** 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

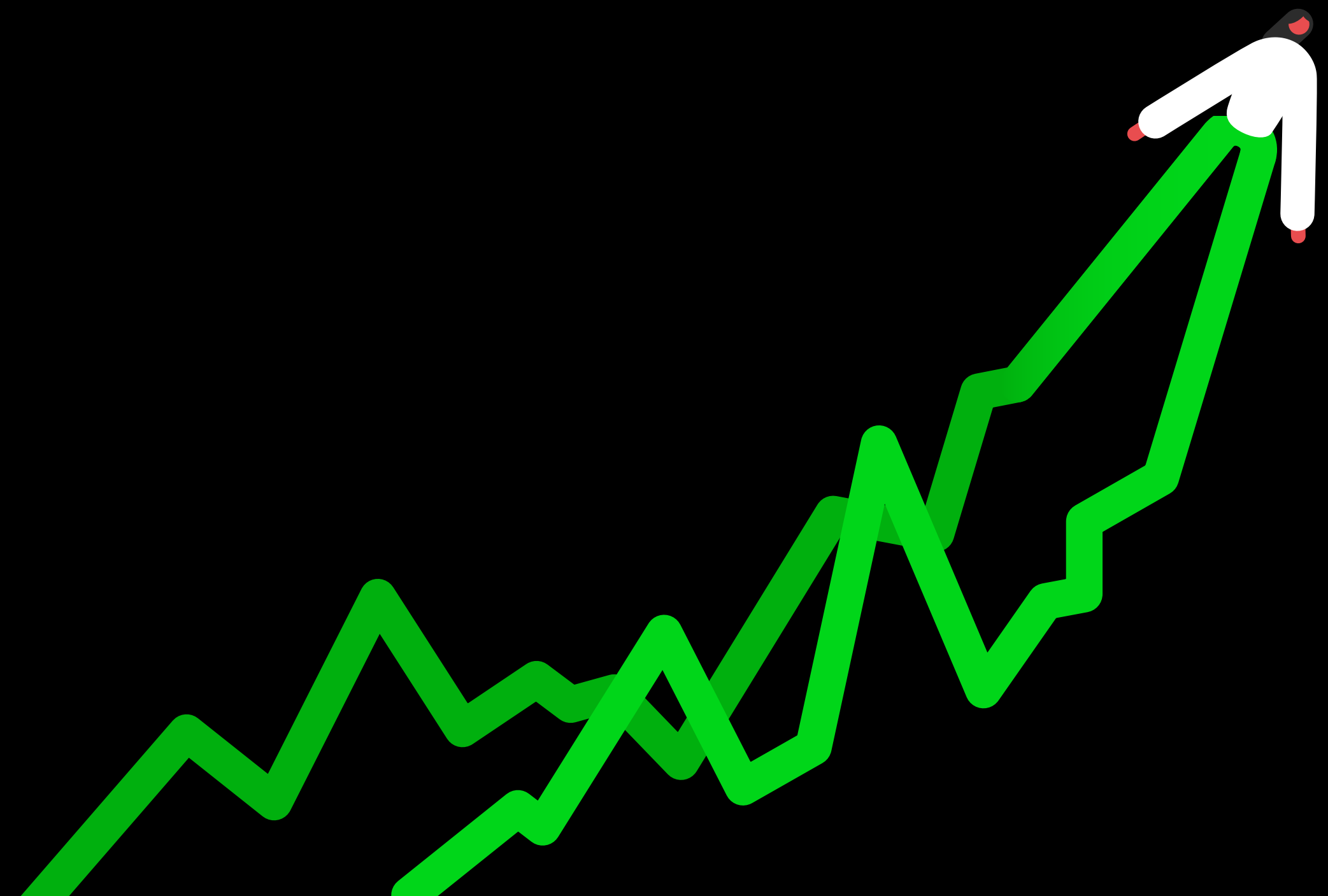
(of the over **182,204** businesses for which we know the sector)

- **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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