E-book

Sage SME Pulse

# Monthly Workforce Pulse

October 2026

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



Sage

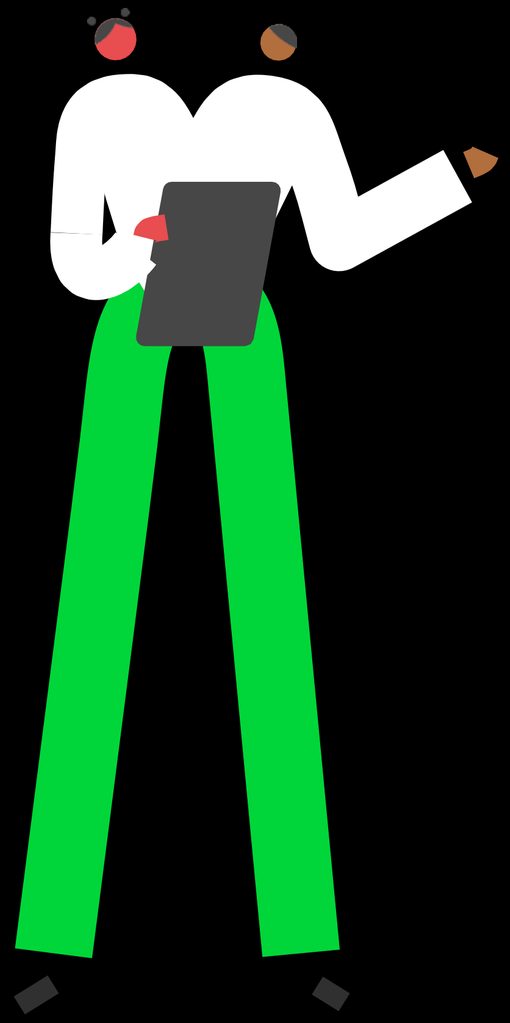
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01

# Monthly Summary

# October 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

**£2,245**

Up **4.0%** year-on-year

### Median net earnings

**£1,835**

Up **3.6%** year-on-year

### Headcount

**+0.4%**

Year-on-year

The Sage SME Monthly Workforce Pulse shows median gross earnings growth among surveyed small businesses edging up to 4.0% year-on-year in October, from 3.9% in September. Headcount growth eased to 0.4%, from 0.5%, its slowest pace since May, although SMEs are still adding staff. Earnings growth is now weakest in the East of England, London and the South East, and strongest in Wales and Scotland.

CPI inflation rose to 3.5% in September, driven by vehicle fuel prices. With core and services inflation also rising, a sign that price pressures are embedding, the Bank of England raised Bank Rate to 4% in November and left the door open to further rises as the Iran war keeps energy prices high. Meanwhile, the autumn Budget offered small businesses modest support, including expanded Small Business Rate Relief, but further rises in the National Living Wage and National Minimum Wage will add to costs in 2027.

CPI inflation reached 3.6% in October, in line with Cebr's projections, and real pay growth among surveyed SMEs stands at just 0.4%. In the wider labour market, unemployment eased slightly in the three months to August, and payrolled employment was broadly flat in September. While these point to stabilisation, vacancies fell again as hiring appetite remains weak.

Sage data show young people bearing the brunt of the hiring slowdown, with weaker headcount and earnings growth. The Milburn review warns that without tax and welfare changes to help young people into work, the number not in education, employment or training, already around one million, could rise further as entry-level opportunities shrink. The government is pursuing its Youth Guarantee and is poised to pursue welfare reform, but success will depend on employers, many of them small businesses, creating entry-level roles.

**Liam Daly**
Senior Economist at Cebr

*Source: Insights from 200,000 UK SMEs*

02

# Earnings Insights

# Earnings growth

Median gross earnings grew **4.0%** year-on-year in October, up from **3.9%** in September, compared to 5.6% in October 2025.

**Median gross earnings**

**+4.0%**

Year-on-year in October 2026

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




**Data is seasonally adjusted*

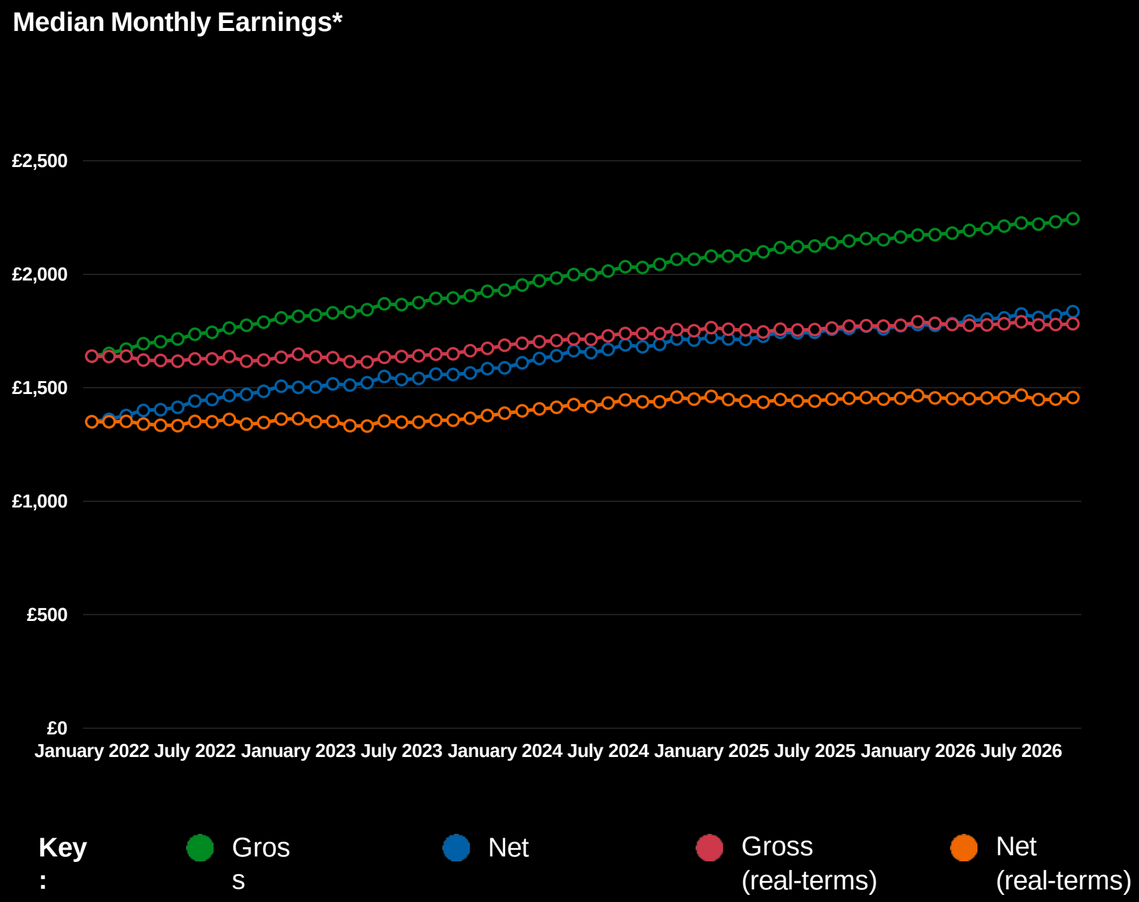
# Median earnings

- In October, median gross monthly earnings were **£2,245**, up **4.0%** year-on-year.
- After adjusting for inflation, real-terms median monthly earnings were **£1,781**, **0.4%** higher than a year ago.
- Meanwhile, median take-home pay (net) stood at **£1,835**, up **3.6%** year-on-year.

**Median Gross earnings**

**£2,245**

Up **4.0%** year-on-year
in October 2026




*Data is seasonally adjusted*

# Earnings and inflation

- In October, nominal earnings grew by 4.0% year-on-year.
- Consumer Price Index (CPI) rose by **3.6%** in October.
- Real-terms earnings (adjusted for inflation) grew by **0.4%** year-on-year.
- Inflation, measured by growth in the CPI index, affects the purchasing power of wages.

**Nominal earnings**

**+4.0%**

Year-on-year
in October 2026

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




**Key:** Nominal Earnings · Real Earnings · Inflation

**Data is seasonally adjusted*

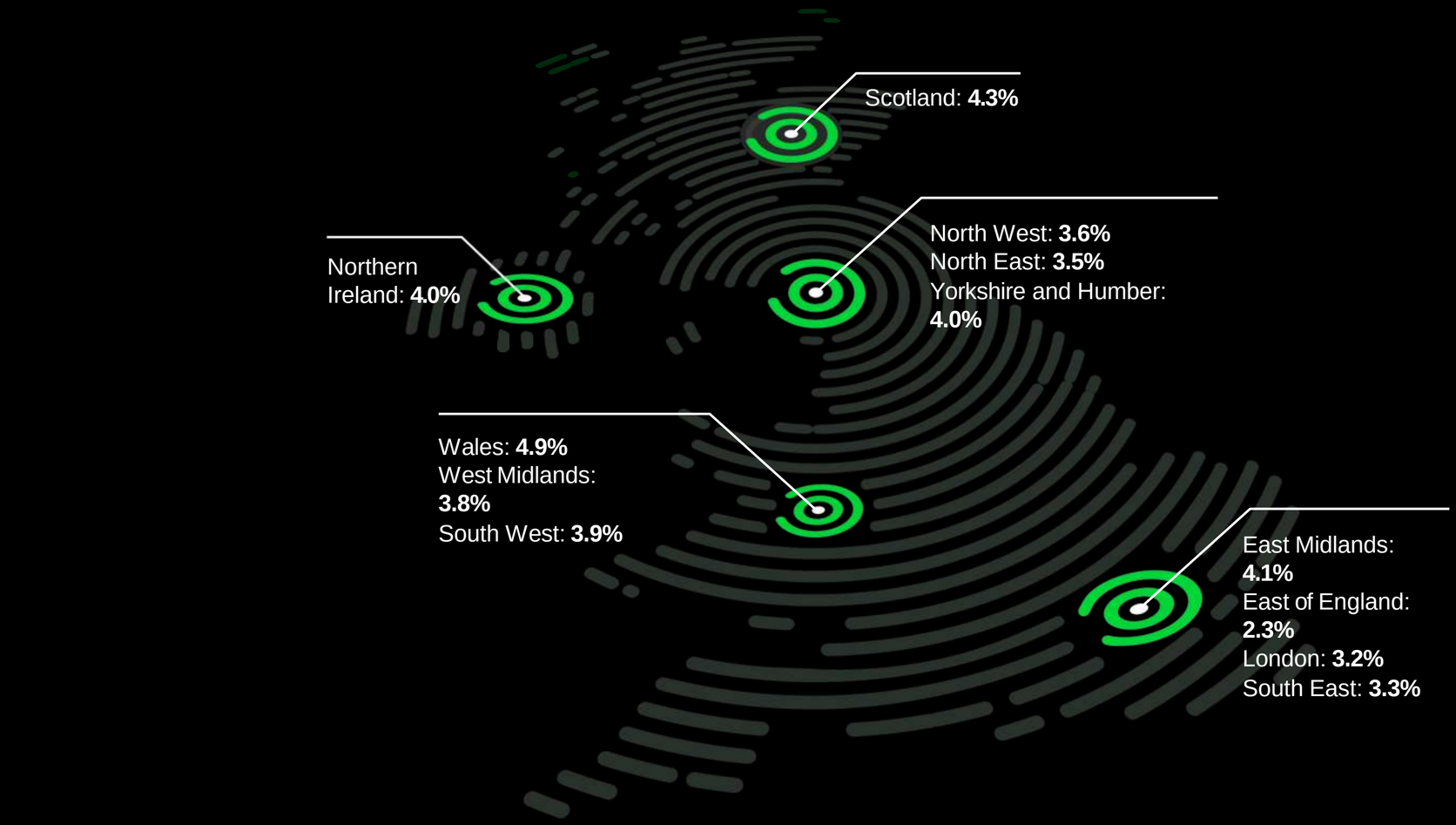
# Regional earnings

- East of England **(2.3%)**, London **(3.2%)** and South East **(3.3%)** posted the lowest earnings growth in October.
- Earnings increased at the fastest annual rate in Wales rising by **4.9%**, followed by Scotland **(4.3%)**.

**UK average**

**+4.0%**

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




*Data is seasonally adjusted

# Earnings by sector

In October, the construction sector saw the fastest pace of earnings growth, at **4.3%** year-on-year. In contrast, earnings growth was weakest in the finance and insurance sector, contracting by **0.2%**.

**Construction**

**+4.3%**

Year-on-year earnings growth

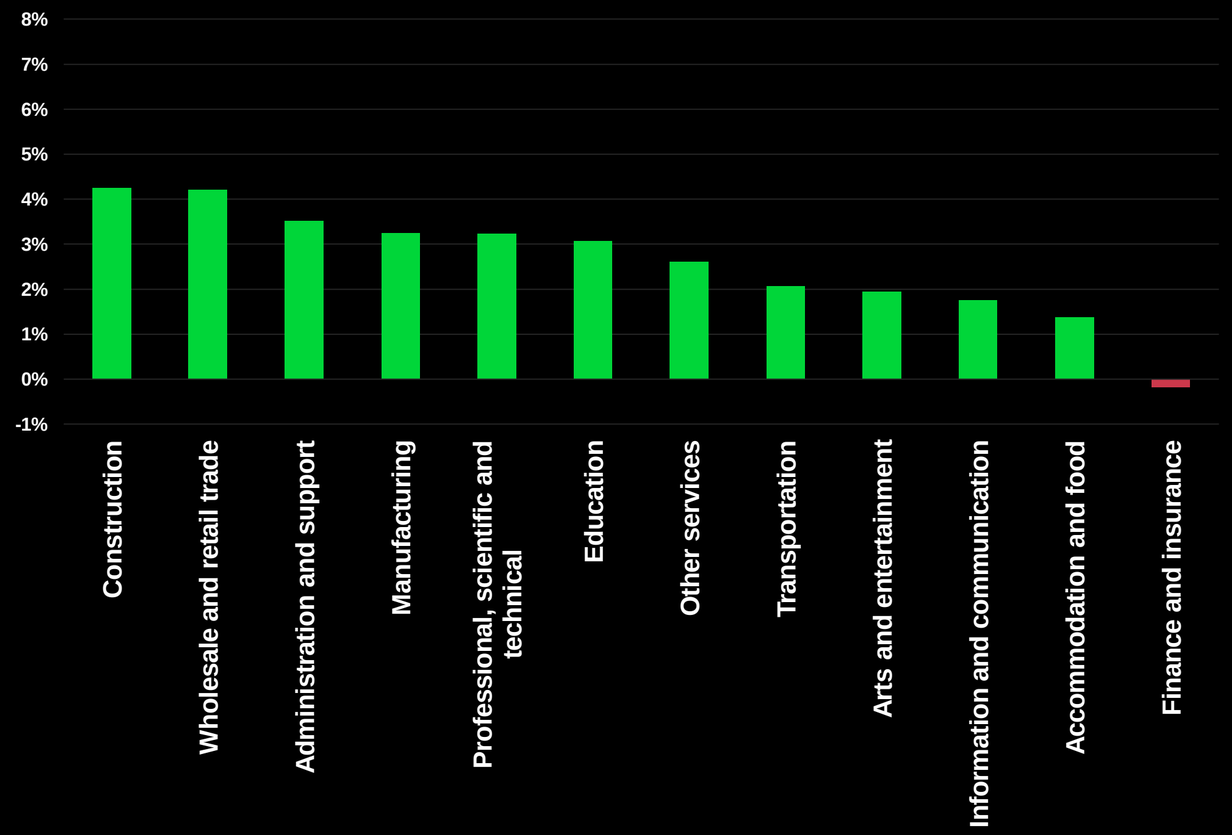
vs

**Finance and insurance**

**-0.2%**

Year-on-year earnings growth

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




*Data is seasonally adjusted*

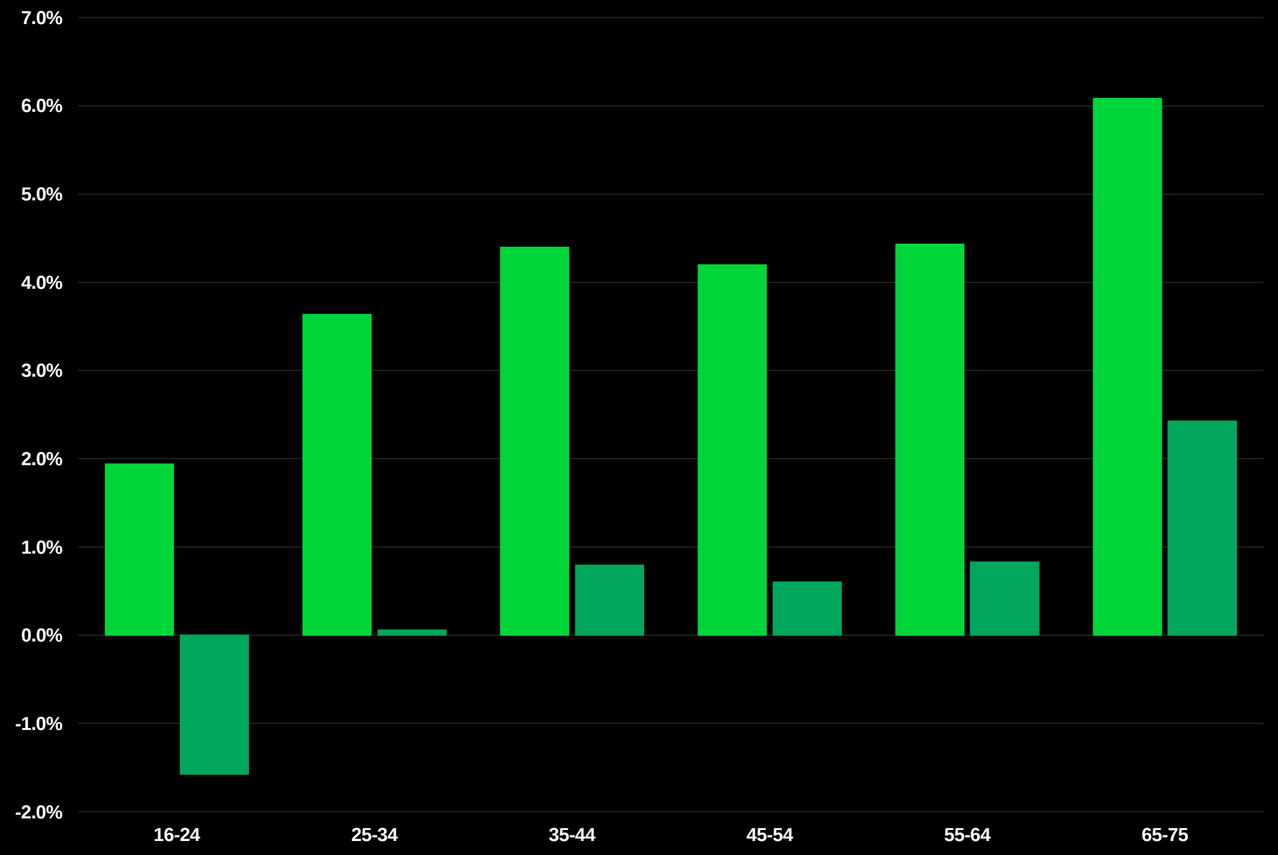
# Earnings by age

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

In contrast, earnings growth was weakest among workers aged between 16-24 at **1.9%**.

After adjusting for inflation, real-terms earnings growth for those aged 16-24 fell by **1.6%** and was essentially flat for those aged 25-34.

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




*Data is seasonally adjusted*

03

# Workforce Insights

# Headcount growth

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

**Headcount**

**+0.4%**

Year-on-year
In October 2026

**Year-on-Year % Change in Total Headcount:**
October 2026




**Data is seasonally adjusted*

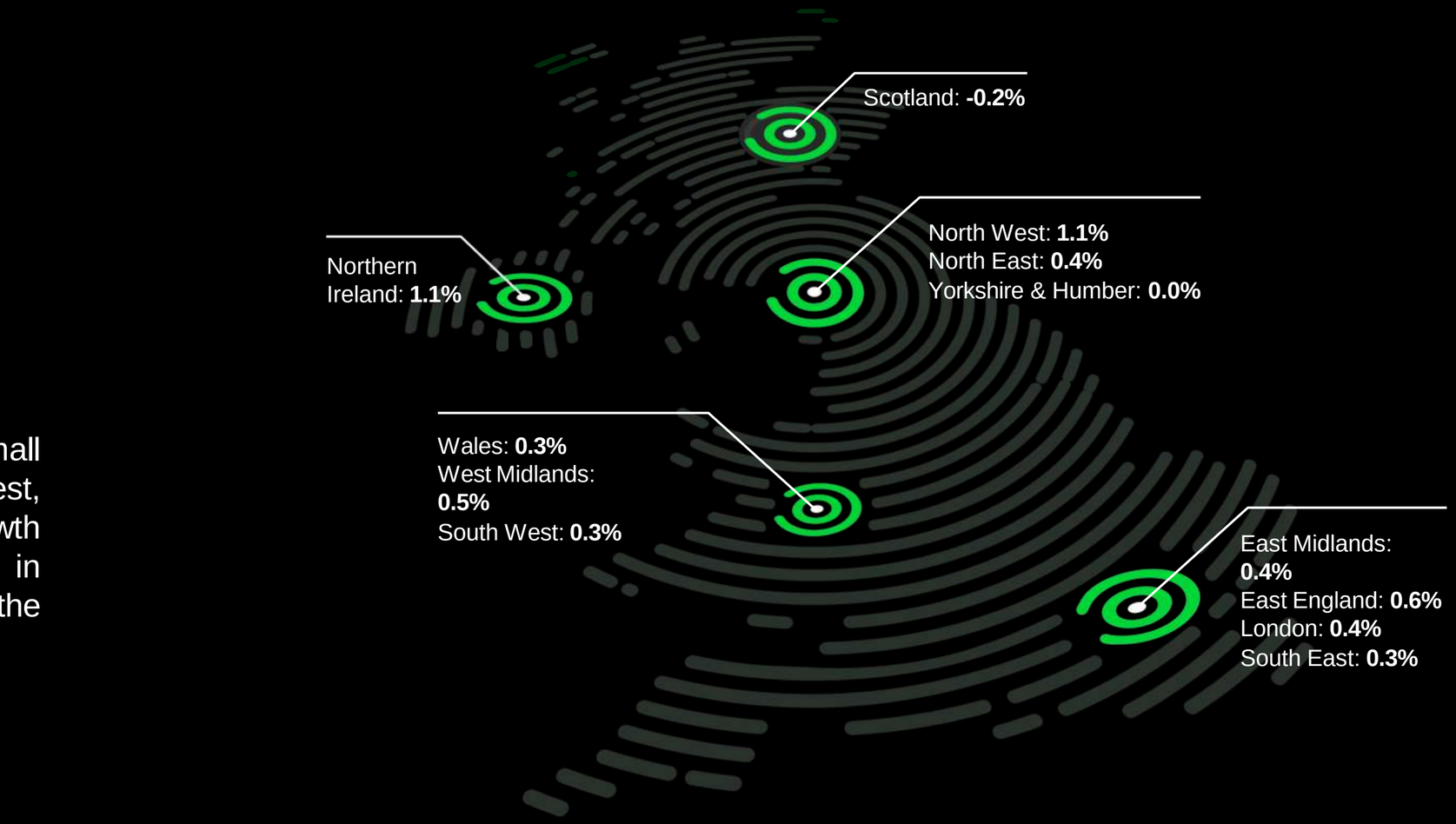
# Regional headcount

- Across the UK, total headcount among the sample of small businesses grew by 0.4% year-on-year.
- Year-on-year growth was joint highest in the North West and Northern Ireland, both at 1.1%.
- Meanwhile, headcount growth among small businesses in Scotland was the weakest, contracting by 0.2% year-on-year. Growth was also relatively weak at 0.0% in Yorkshire & Humber and 0.3% in Wales, the South East and the South West.

**UK average**

**+0.4%**

**Year-on-Year % Change in Headcounts by Region:**
October 2026



# Headcount by sector

Disparities in headcount growth between industries narrowed in October. Health and social work recorded the strongest growth at **1.8%**, while headcount in the accommodation and food services sector fell by **1.1%** year-on-year.

**Health and social work**

**+1.8%**

Year-on-year change in headcount

vs

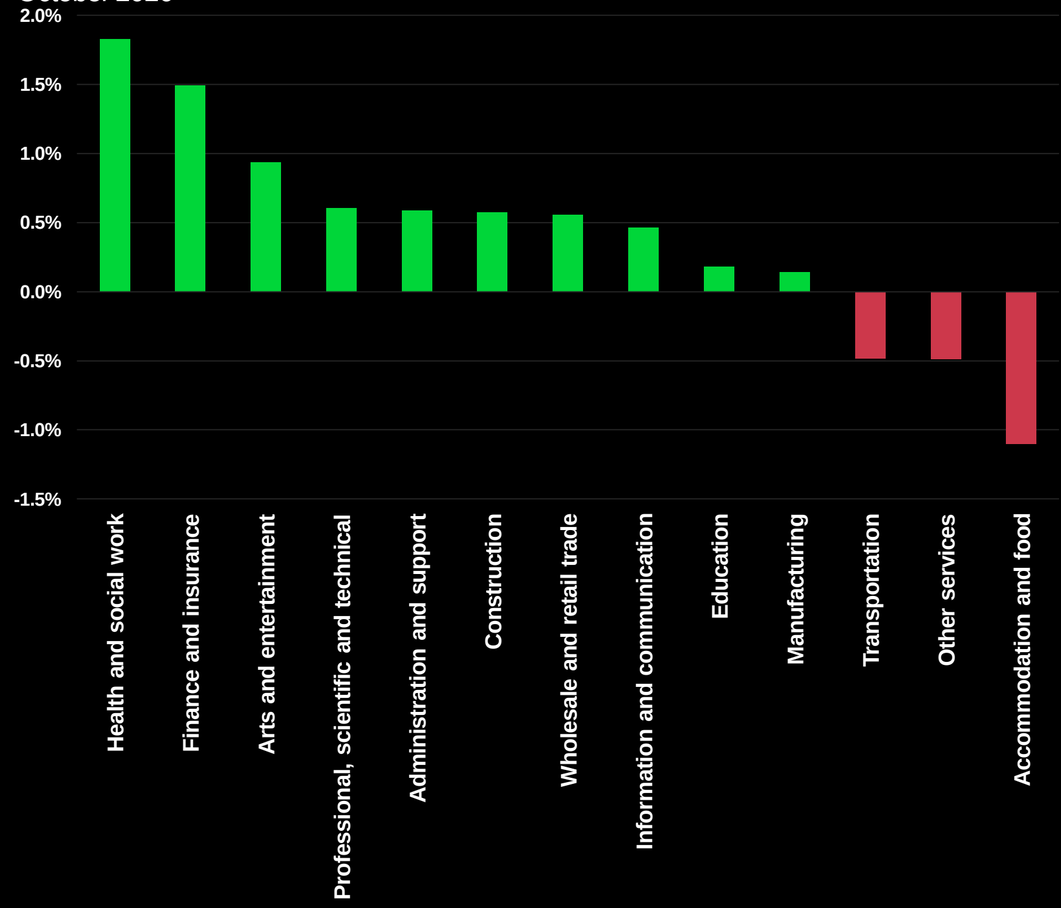
**Accommodation and food**

**-1.1%**

Year-on-year change in headcount

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

October 2026



# Headcount by business size

- Year-on-year, headcount growth was highest among medium (M) enterprises, growing by **0.6%, followed by micro (XS) enterprises (0.3%)**.
- Meanwhile, headcount rose at a slightly weaker pace of **0.2%** among small (S) enterprises.

**Year-on-year headcount**

**+0.3%**
Among micro (XS) businesses

**+0.2%**
Among small (S) enterprises

**+0.6%**
Among medium (M) enterprises

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



# Headcount by age

- Workers aged 65-75 years posted the strongest year-on-year growth of **8.2%**.
- In contrast, headcount among workers aged between 25-34 years fell by **2.0%**.

**65-75 years**

**+8.2%**

Year-on-year change in headcount

vs

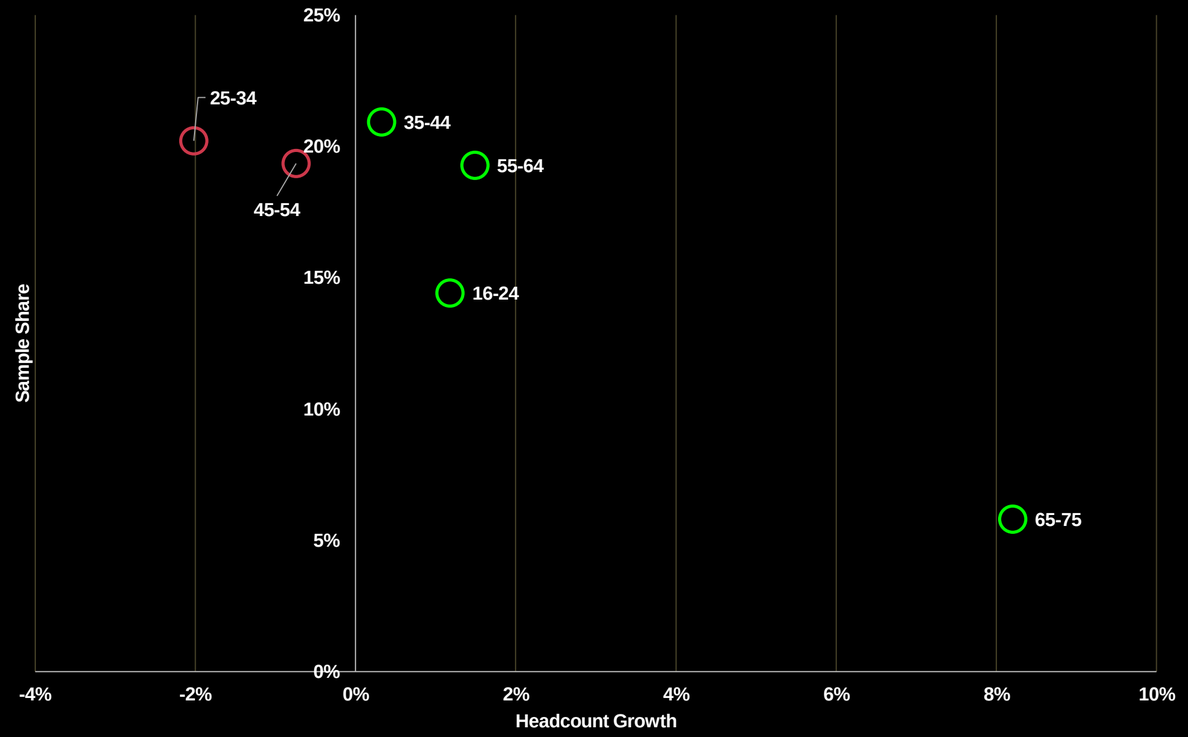
**25-34 years**

**-2.0%**

Year-on-year change in headcount

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

October 2026



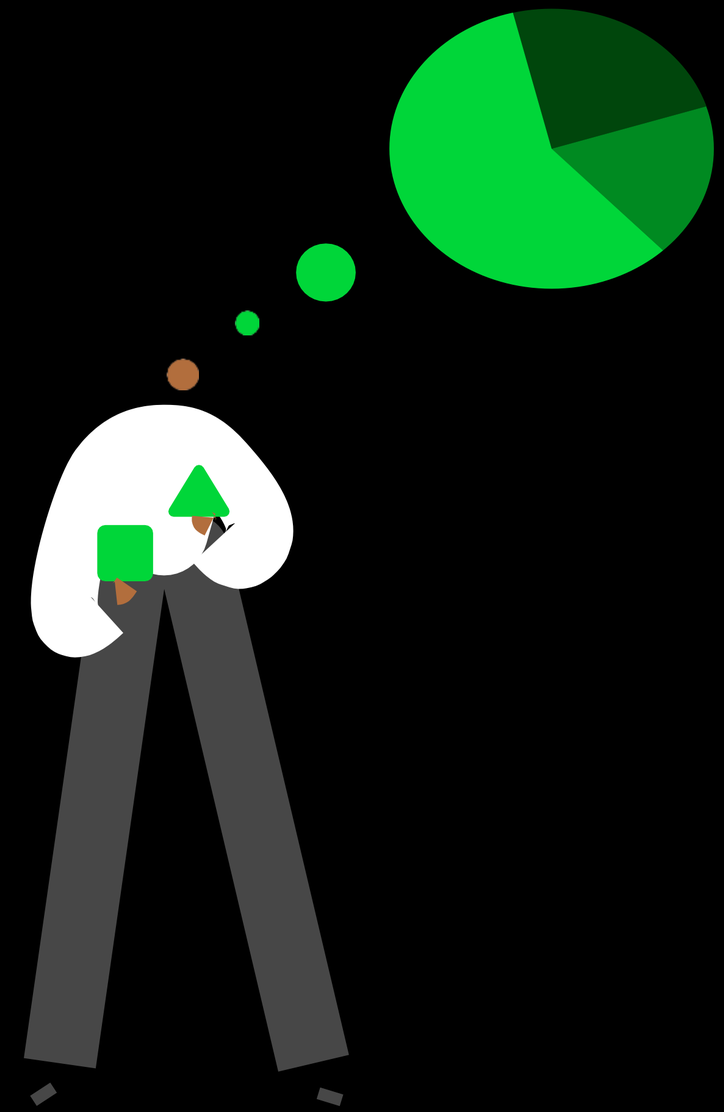
04

# 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 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 (CPI). 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 October, our sample comprised **204,715** 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, **198,432** 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% |

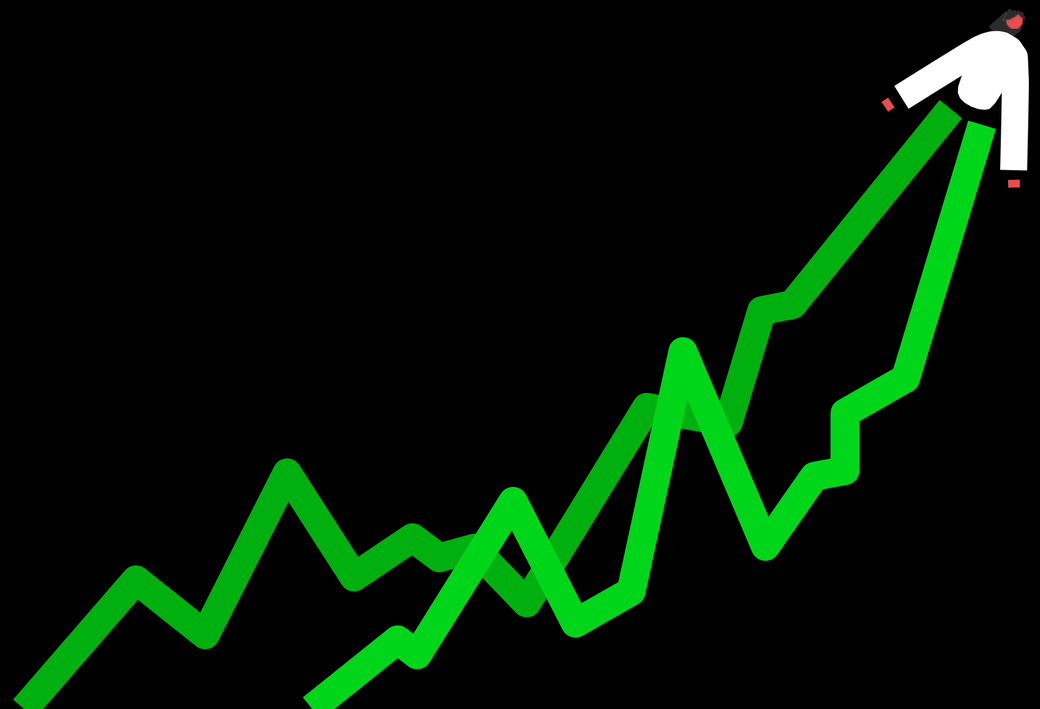



**Sector**
(of the over **175,690** businesses for which we know the sector)

- **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 fewer than 10 employees, small (S) with 10–50 employees, and medium (M) with 51–250 employees. Businesses with more than 250 employees are defined as large. |



# Get in touch

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