

E-book

Sage SME Pulse

# Monthly Workforce Pulse

March 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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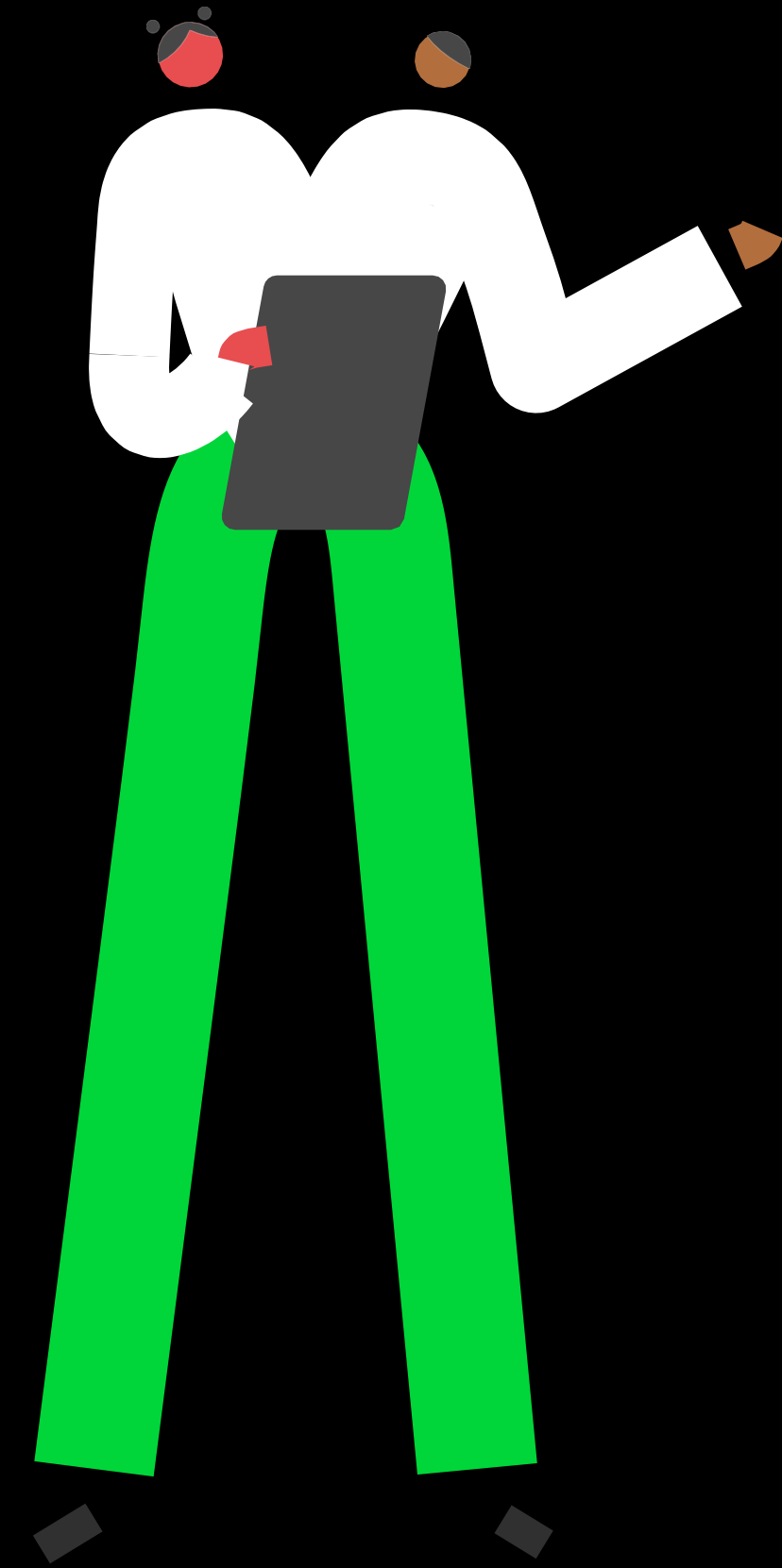
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01  
**Monthly  
Summary**

# March 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

**+£2,186**

Up **4.9%** year-on-year

### Headcount

**+0.3%**

Year-on-year

### Median Net earnings

**+£1,778**

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



The Sage SME Monthly Workforce Pulse shows that, in March, headcount among the sample of small businesses rose by 0.3% year on year. Over the same period, median gross earnings increased by 4.9%.

The UK's growth outlook has been downgraded, reflecting the wider economic effects of conflict in the Middle East. Cebr now forecasts GDP growth of 0.8% this year, down from a previous estimate of 1.1%. A resurgence of inflationary pressures linked to higher global energy prices is expected to increase costs for small businesses while also delaying anticipated cuts to interest rates.

In the labour market, firms are likely to benefit from easing wage growth and a relatively large pool of jobseekers, with the unemployment rate at a five year high. However, ongoing international uncertainty combined with April's minimum wage increases is likely to reinforce caution among employers, further constraining hiring momentum in the near term.

For workers, rising inflation alongside slowing nominal pay growth is expected to place renewed pressure on real wages in the coming months. Notably, workers' ability to negotiate higher pay is more limited compared with the previous inflationary episode, driven by the 2022 energy shock, when the labour market was in a much stronger position.

**Liam Daly**  
Senior Economist at Cebr



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02  
**Earnings  
Insights**

# Earnings growth

Median gross earnings rose **4.9%** year-on-year in March, up from **4.7%** in February but down from **5.8%** in March 2025.

## Median Gross earnings

**+4.9%**

Year-on-year in  
March 2026

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



\*Data is seasonally adjusted

# Median earnings

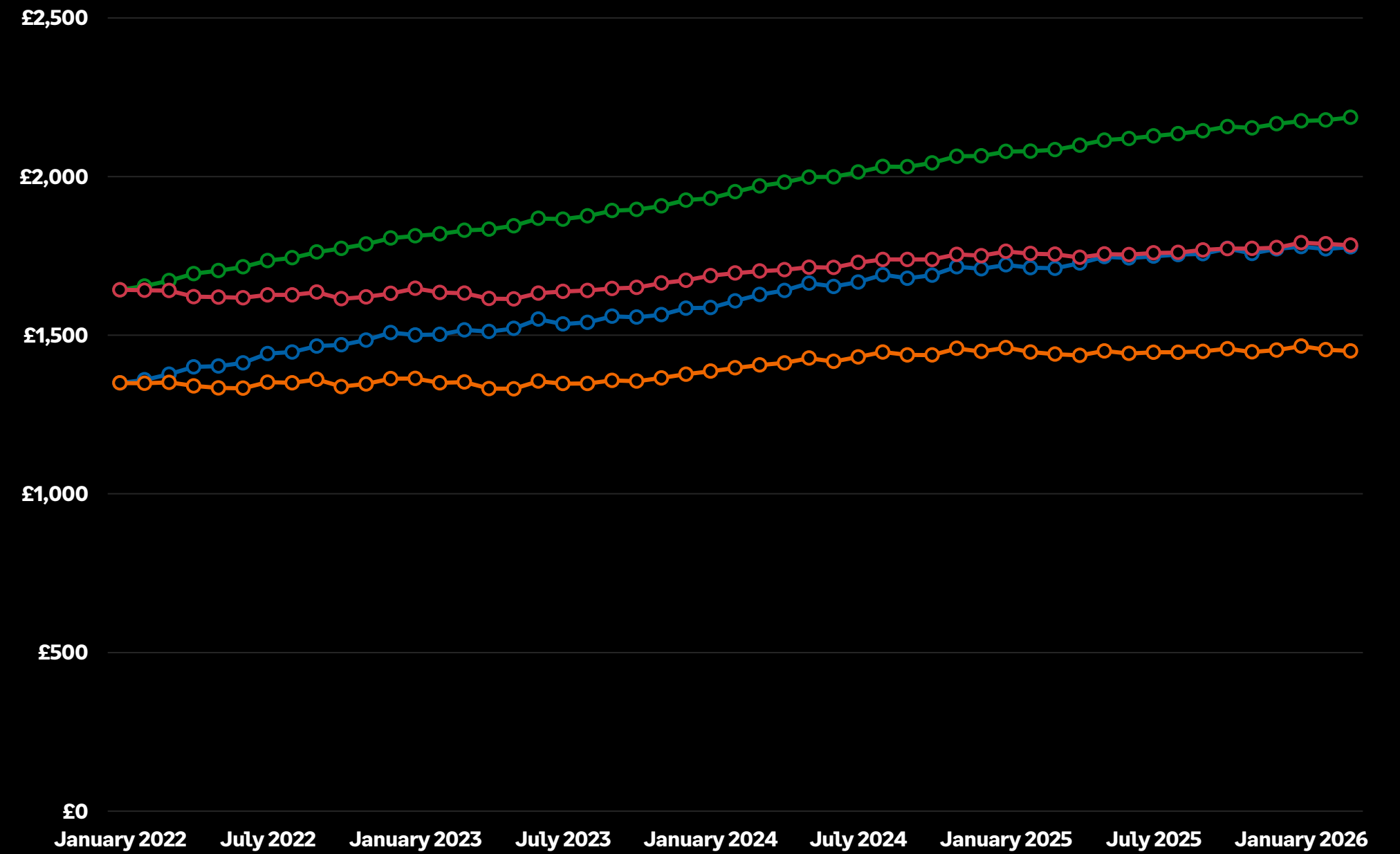
- In March, median gross monthly earnings were **£2,186**, up **4.9%** year-on-year.
- After adjusting for inflation, real-terms median monthly earnings were **£1,790**, up **2.0%** year-on-year.
- Meanwhile, median take-home pay (net) stood at **£1,778**, up **3.9%** year-on-year.

## Median Gross earnings

**+£2,186**

Up **4.9%** year-on-year  
in March 2026

Median Monthly Earnings\*



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

\*Data is seasonally adjusted

# Earnings and inflation

- In March, nominal earnings grew by **4.9%** year-on-year.
- Cebr projects that Consumer Price Index (CPI), rose by **3.2%** in March.
- Real-terms earnings (adjusted for inflation) grew by **1.6%** year-on-year.
- Inflation, measured by growth in the CPI index, affects the purchasing power of wages.

## Nominal earnings

**+4.9%**

Year-on-year  
in March 2026

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



Key: ● Nominal ● Real ● Inflation

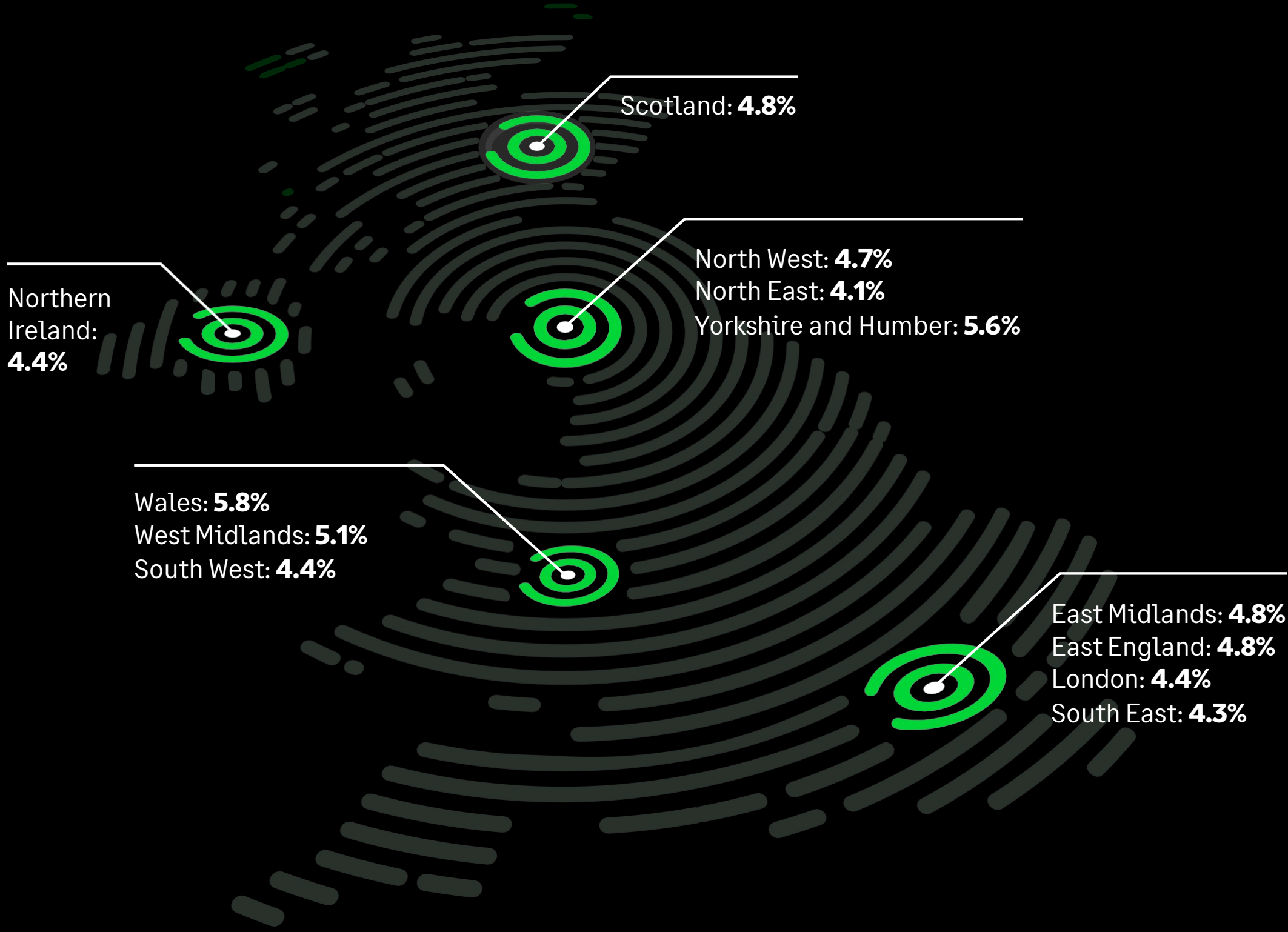
# Regional earnings

- The North East, the South East and London exhibited the lowest earnings growth in March, at **4.1%**, **4.3%** and **4.4%**, respectively.
- Earnings increased at the fastest annual rate in Wales, rising by **5.8%**.

## UK average

**+4.9%**

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



\*Data is seasonally adjusted

# Earnings by sector

In March, earnings growth was highest in the education sector, rising **7.0%** year-on-year. In contrast, earnings growth was lowest in the arts and entertainment industry, with annual growth of just **1.6%**.

## Education sector

**+7.0%**

Year-on-year earnings growth

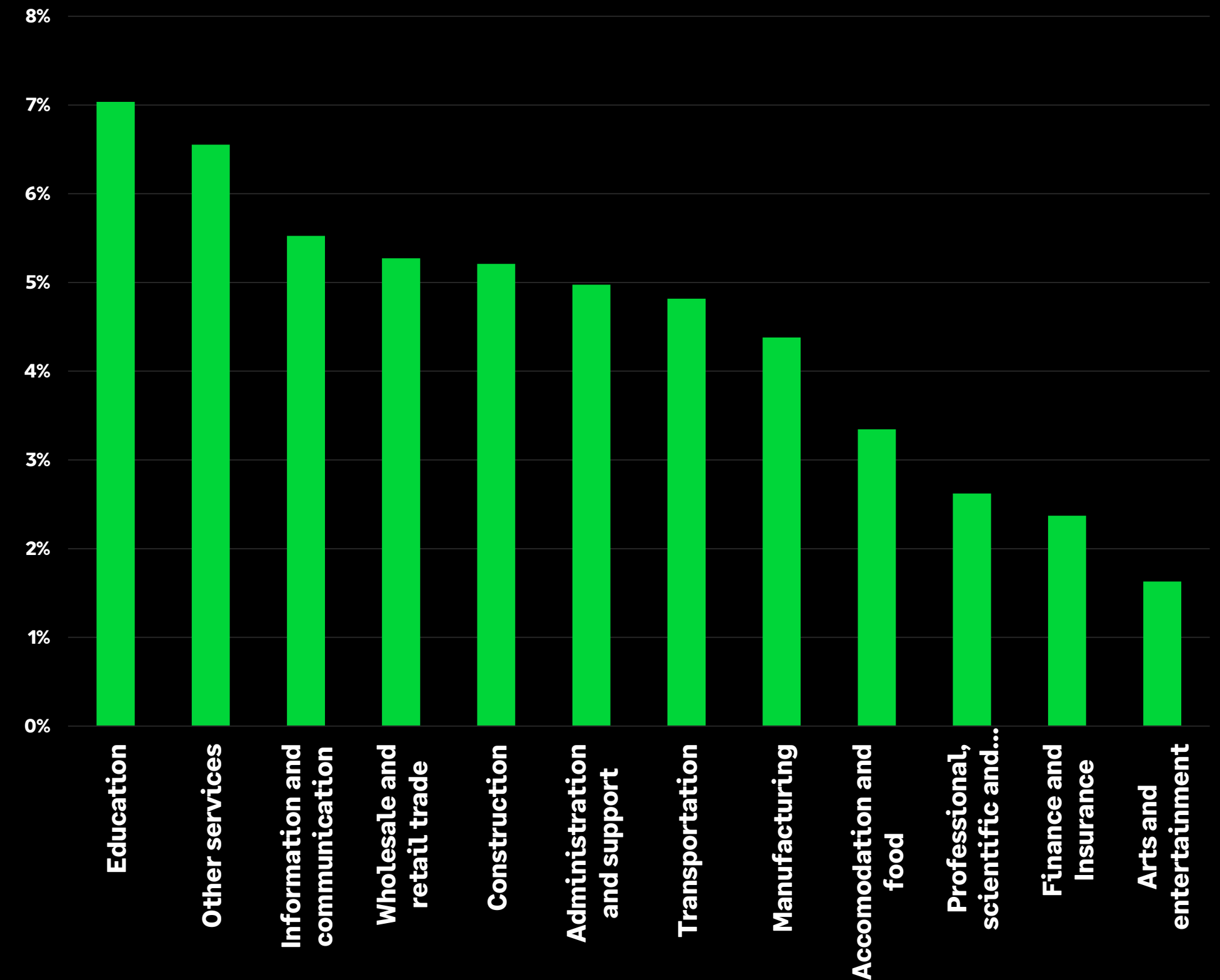
vs

## Arts and entertainment industry

**1.6%**

Year-on-year earnings growth

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



03

# Workforce Insights

# Headcount growth

Total headcount grew by **0.3%** year-on-year in March, down from 0.5% in February.

**Headcount**  
**+0.3%**  
Year-on-year  
in March 2026

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



*\*Data is seasonally adjusted*

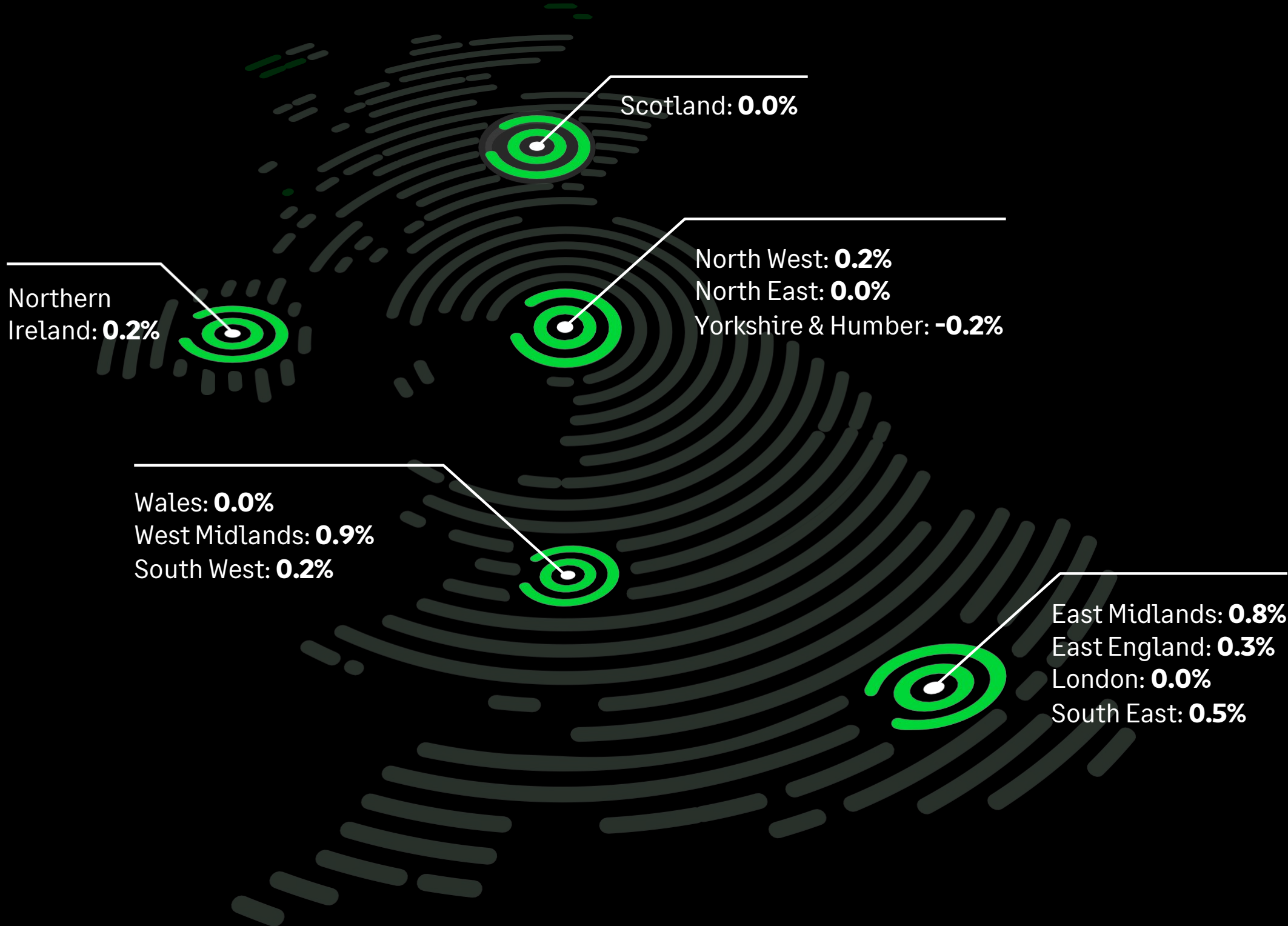
# Regional headcount

- Across the UK, total headcount among the sample of small businesses grew by **0.3%** year-on-year.
- The West Midlands, East Midlands and South East registered the greatest year-on-year increases, at **0.9%**, **0.8%**, and **0.5%**, respectively.
- Meanwhile, the sample of small businesses located in Yorkshire and the Humber, Wales and London registered the greatest declines, with headcount falling by **0.2%** and stagnating at **0.0%** and **0.0%**, respectively.

**UK average**

**+0.3%**

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



# Headcount by sector

Year-on-year changes in headcount varied widely by industry. Public administration and defence exhibited the greatest growth at **4.4%**, while accommodation and food services saw the greatest decline at **1.2%**.

**Public administration and defence**

**+4.4%**

vs

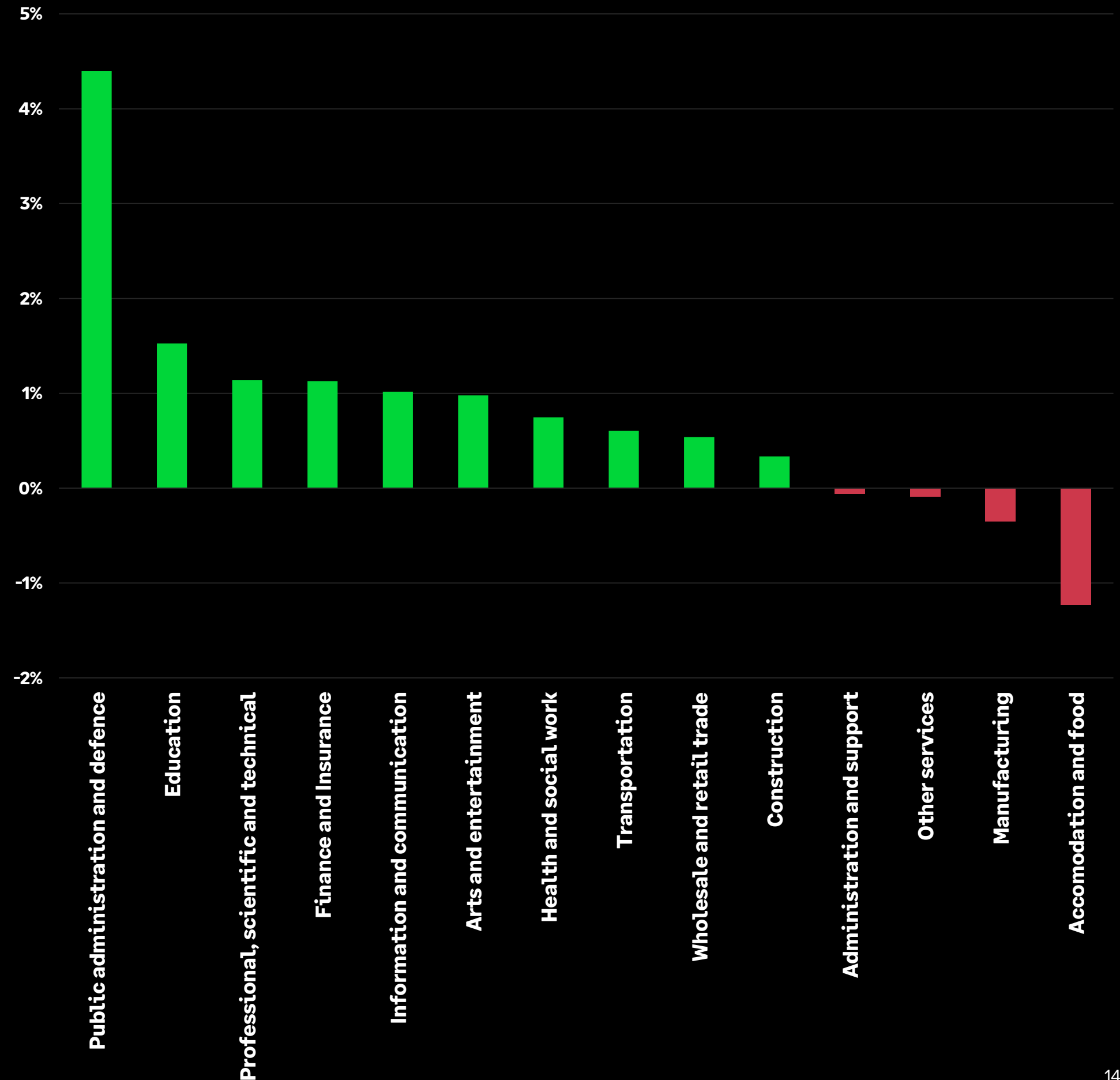
**Accommodation and food**

**-1.2%**

Year-on-year changes in headcount

Year-on-year changes in headcount

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



# Headcount by business size

- Year-on-year, headcount growth was highest among micro (XS) businesses, which grew by **0.5%**.
- Meanwhile, headcount increased by **0.3%** among small (S) enterprises and fell by **0.1%** for medium (M) enterprises.

## Year-on-year headcount

**+0.5%**

Among micro (XS) businesses

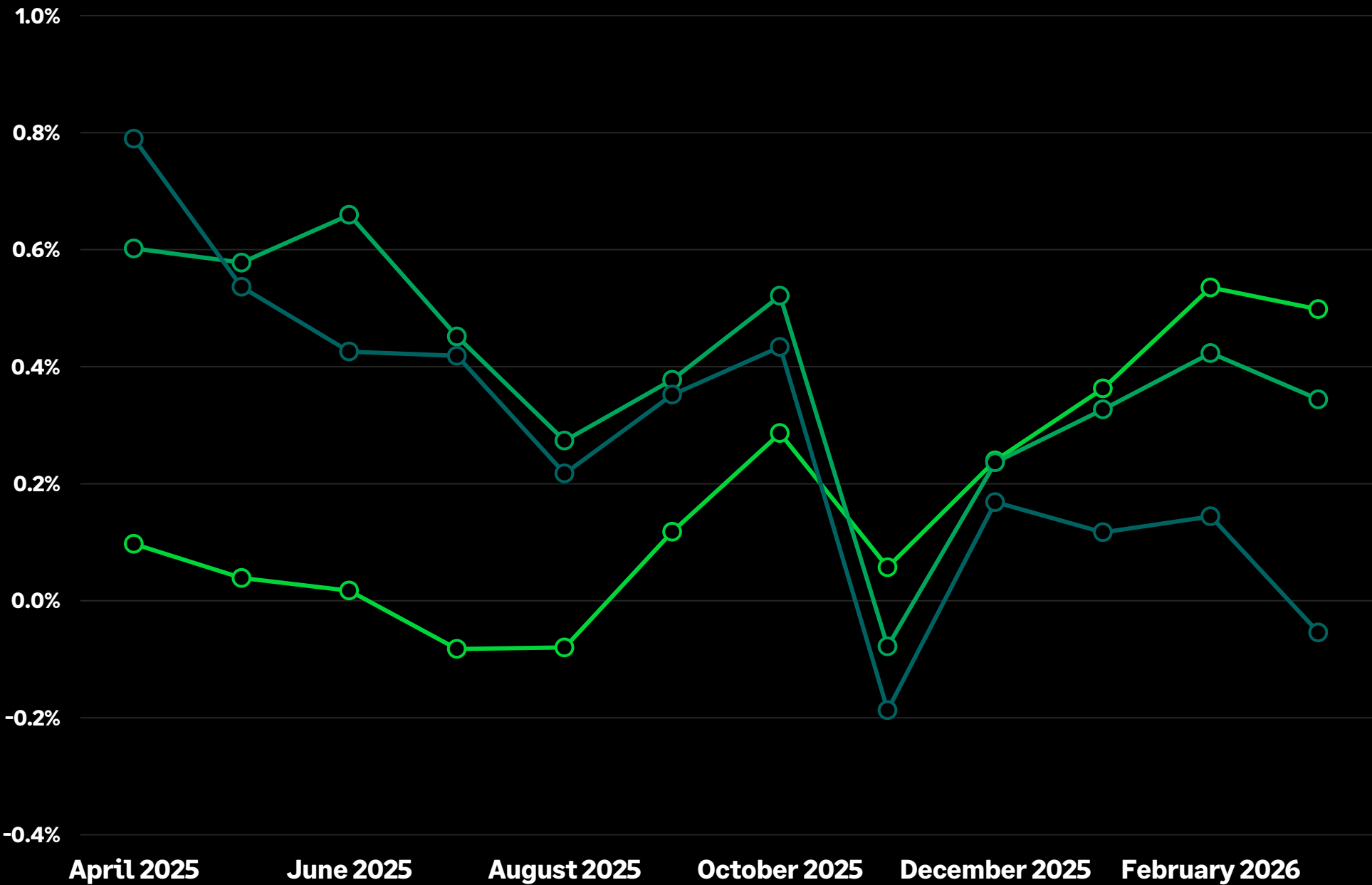
**+0.3%**

Among small (S) enterprises

**-0.1%**

Among medium (M) enterprises

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



Key: ● M ● S ● XS

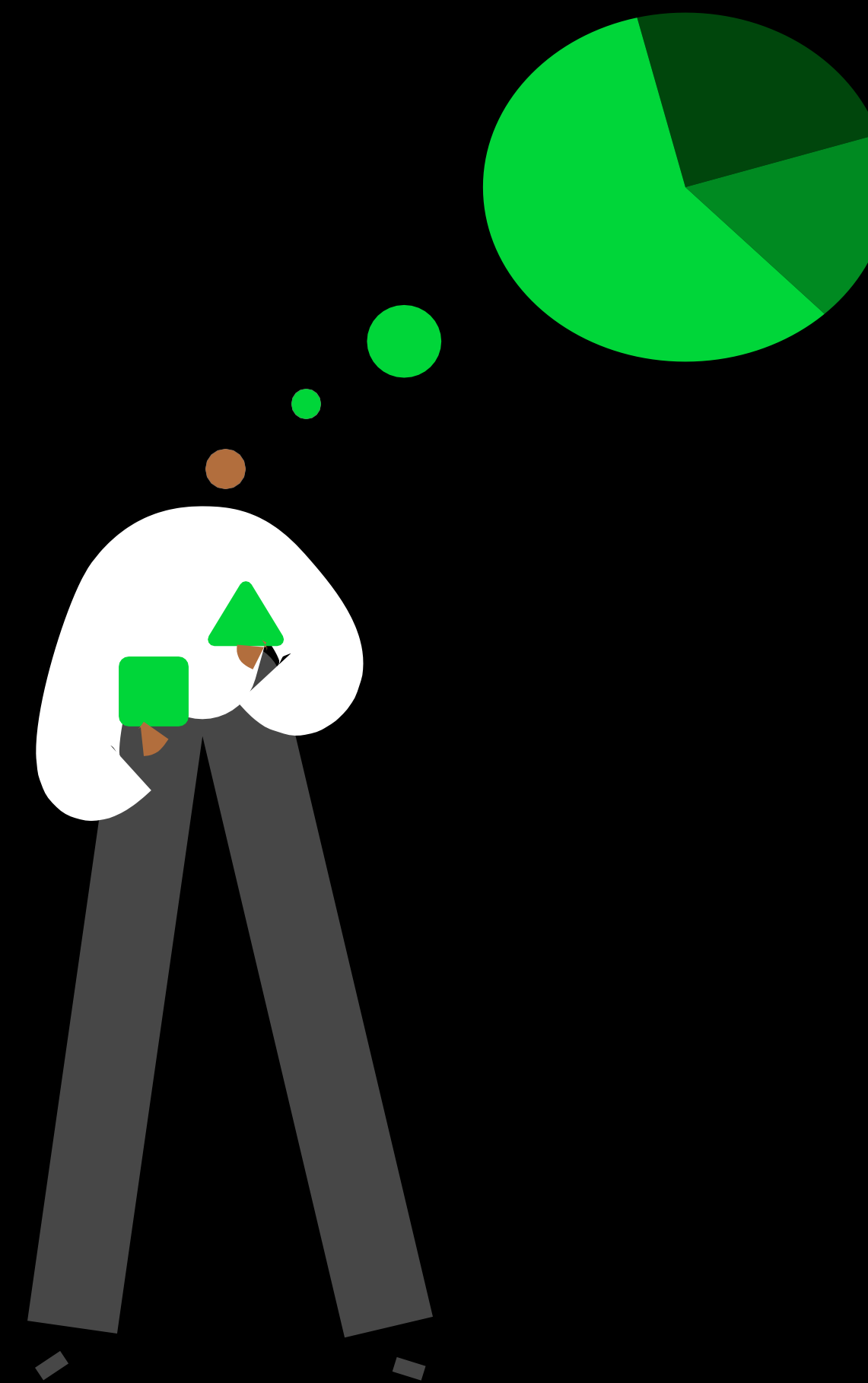
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# 04 Methodology

# 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 March, our sample comprised **218,638** 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, **211,749** 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	8%
East Midlands	8%
South West	7%
North East	4%
Northern Ireland	4%
Wales	4%



## Sector

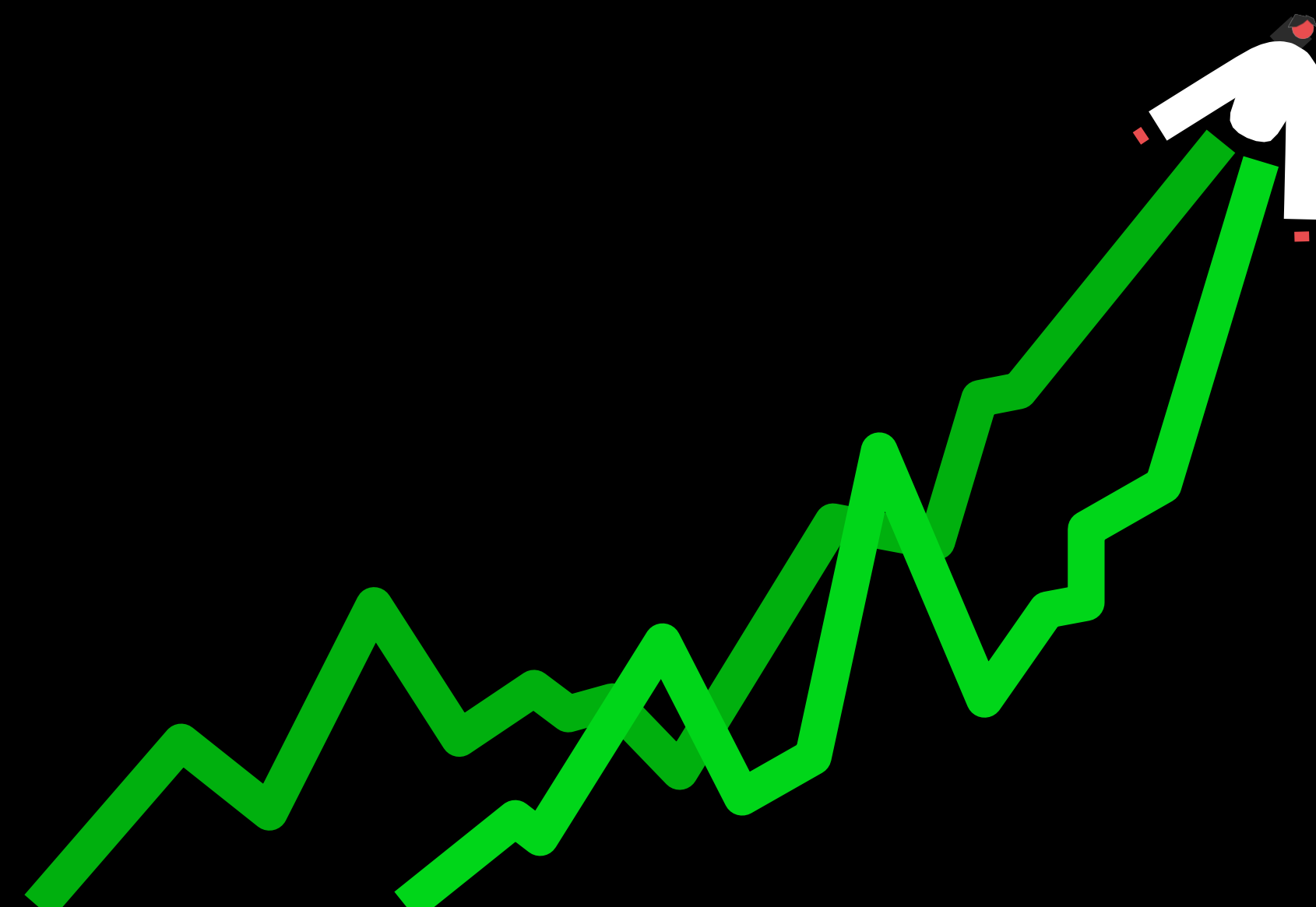
(of the over **186,475** businesses for which we know the sector)

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

# Glossary

<b>Median monthly earnings:</b>	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.
<b>Gross pay:</b>	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.
<b>Nominal earnings:</b>	This is the monetary value of wages or salaries paid to employees, unadjusted for inflation.
<b>Real earnings:</b>	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.

<b>Year-on-year changes:</b>	These compare the value of a variable to the same reference period a year earlier.
<b>Business sizes:</b>	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.



# Get in touch

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