

UK payroll and HR software market to reach £1.58bn by 2026 after over a decade of consistent growth

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The latest analysis from the [Global Payroll Alliance](#) (GPA) has revealed that the UK payroll and HR software sector is set to be worth an estimated £1.51 billion in 2025, with further growth of 4.5% forecast to push this figure to almost £1.58 billion in 2026.

The GPA analysed industry data on the market size of the sector based on revenue and how this has changed since 2014.

The analysis shows that the sector was worth some £1.451bn in 2024 having increased by 1.2% on the previous year. This figure is estimated to increase at a sharper rate by the end of this year climbing by 4.4% to £1.514bn.

This will mark more than a decade of consistent expansion for the industry, which has grown every single year since 2014, with the estimated market size forecast for 2025 sitting 86% above that of 2024.

What's more, the industry is forecast to increase by a further 4.5% in 2026, hitting £1.583bn in the process.

The analysis demonstrates that even during periods of wider economic uncertainty, the sector has maintained an upward trajectory, highlighting the fundamental role these systems play in modern business operations.

Industry growth has been underpinned by several key factors, including the widespread adoption of cloud-

based systems, the integration of payroll and HR functions into broader enterprise platforms, and increased compliance requirements in areas such as tax, pensions, and employee data protection.

The shift toward remote and hybrid working models has further accelerated demand for digital workforce management solutions, ensuring continued investment from both SMEs and large enterprises.

However, the GPA also highlights that while payroll and HR are often grouped together within a single department, they are fundamentally different business functions. HR focuses on recruitment, employee engagement, and workforce development, whereas payroll is tasked with ensuring that employees are paid accurately and on time, meeting one of the most critical obligations of any organisation.

Melanie Pizzey, CEO and Founder of the Global Payroll Alliance, commented:

“Payroll and HR are both vital functions, but too often businesses treat them as one and the same. Payroll, in particular, is arguably the most important function within any organisation – if people are not paid correctly or on time, it can have immediate and serious consequences for staff wellbeing and trust, not to mention compliance risks for the employer.

The consistent growth of the payroll and HR software sector reflects the increasing recognition that these systems are essential to business performance, resilience, and compliance.

As workplaces continue to evolve, with more complex workforces, regulatory requirements, and employee expectations, we expect this market to remain on a steady upward path for years to come.”

Data tables and sources

- Data sourced from [IBIS World \(SIC 58.29 - HR & Payroll Software Publishing in the UK\)](#).
- [Full data tables can be viewed online, here.](#)