

BRITISH CHAMBERS OF COMMERCE

# QUARTERLY ECONOMIC SURVEY Q2 2025

**Business sentiment remains subdued following April's NICs increase.** The BCC's Quarterly Economic Survey (QES) for Q2 2025 - the UK's largest independent survey of business sentiment, made up of 93% SMEs - shows business confidence remains weak, despite some slight improvements in key indicators.

Taxation remains the top concern, cited by 56% of respondents

The proportion of businesses expecting to put up prices eases to 44%

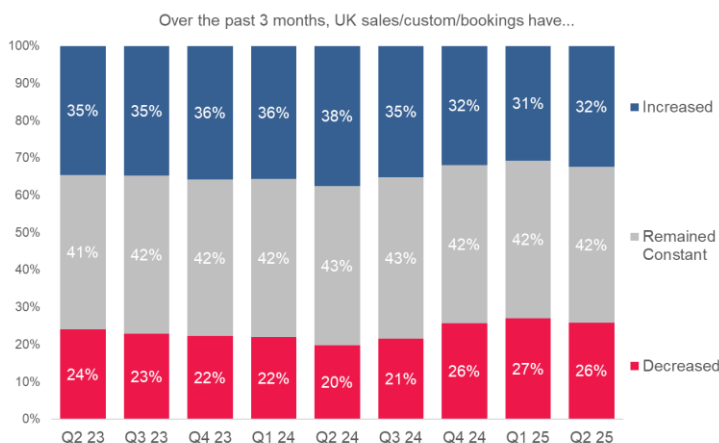
Fewer firms report increased sales, investment and confidence



## Domestic Sales

**The percentage of responding businesses reporting increased domestic sales remains largely unchanged, 32% compared with 31% in Q1.**

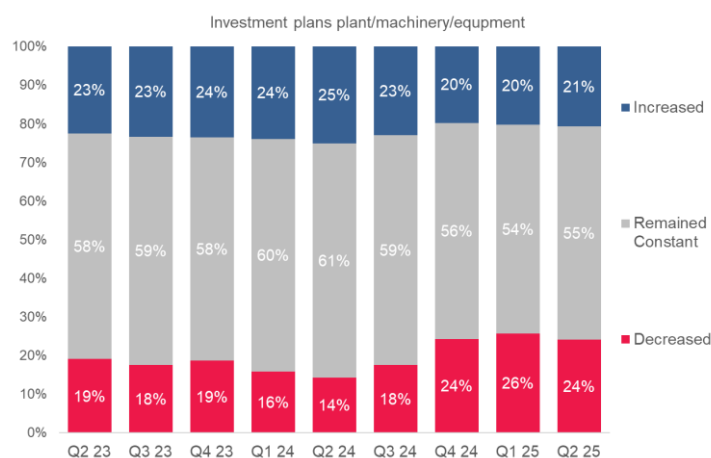
42% reported no change and just over a quarter (26%) said they had seen a decrease in sales. Hospitality firms were the most likely to have seen a fall in sales (36%) followed by those in the retail sector (34%).



## Investment

**Overall, 24% of businesses say they have cut back on investment plans. 55% of firms say their investment strategy has remained the same, while only 21% have increased their plans.**

Wide sectoral disparities remain, with 39% of hospitality firms and 32% of transport firms reporting a scaling back of investment plans.

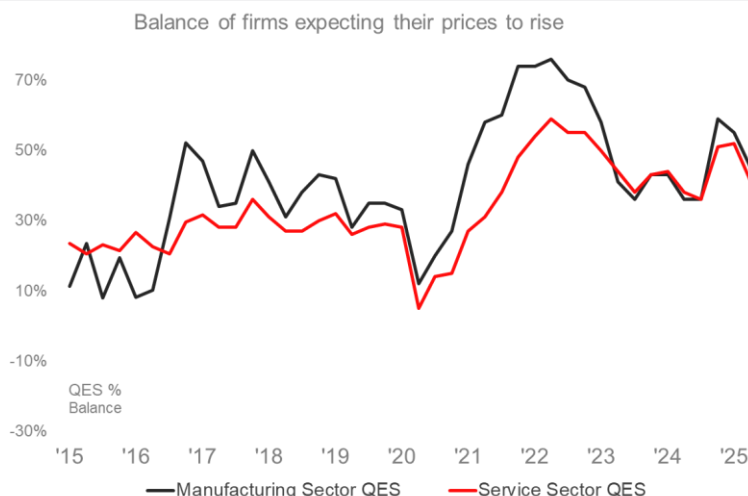




## Prices

**The percentage of firms expecting their prices to rise have eased to 44%, from a near-historic high 55% in Q1.**

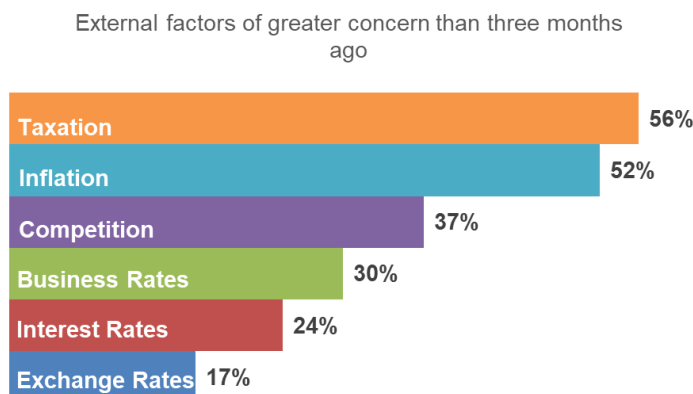
As measured as a percentage balance, the services sector stands at +41% while the manufacturing sector stands at +45%.



## External factors

**Overall concern has fallen slightly, but taxation remains the top concern for businesses. 56% cite it as a worry, down from 59% in Q1.**

Concern about inflation remains high among businesses - 52% compared with 53% in the previous quarter. Worries about interest rates have fallen with 24% citing it in Q2, down from 28% in Q1.



## The view from businesses:

*“Rising employment costs, including increases in National Insurance and minimum wage, are placing significant pressure on margins – particularly for SMEs” **Small manufacturing firm in Liverpool***

*“NI and NMW increases have all created increased costs. We are seeing more redundancy projects being requested to levels not seen since 2008.” **Small professional services firm in Suffolk***

*“The impact of inflation and tax on the business environment is our main concern, as this impacts our clients.” **Micro services firm in Northamptonshire***

*“The current tax burden imposed by the UK government remains a significant challenge for businesses, particularly given the frequency of regulatory changes and the ongoing uncertainty in fiscal policy. This unpredictability makes it increasingly difficult for companies to plan ahead with confidence.” **Small services firm in Northern Ireland***

# QUARTERLY ECONOMIC SURVEY Q2 2025

“Business sentiment in Q2 remains fundamentally subdued, following last autumn’s tax increase announcements and the more recent introduction of global tariffs. April’s rise in National Insurance contributions has cemented tax as the dominant concern for firms. Businesses are entering a new employment landscape marked by structurally higher labour costs and administrative requirements, fuelling increased anxiety about redundancies.

“SMEs are operating in an increasingly unpredictable world and have limited capacity to absorb further disruption. A meaningful improvement in business conditions will depend on a roadmap to ease the tax and admin burden, de-escalation of geopolitical tensions, implementing improvements to the UK-EU trading deal, and further mitigation of US tariffs.”

**David Bharier, Head of Research at the British Chambers of Commerce**

## ABOUT QES Q2 2025

4,595 business  
respondents from  
across the UK

Responding  
businesses employ  
over one million  
people

74% are in the  
service sector, 26%  
in the  
manufacturing  
sector

Around 44% are  
exporters

93% are SMEs

Fieldwork took  
place between 12  
May - 9 June 2025

### Methodology

QES asks businesses if they have seen an increase, decrease, or no change in a range of metrics such as domestic sales, cash flow, and investment.

QES results are often presented as balance figures – the percentage of firms that reported an increase minus the percentage that reported a decrease. If the figure is above 0, it indicates overall expansion of activity and if the figure is below 0, it indicates overall contraction of activity.

For example, if 50% of firms told us their sales increased and 18% said their sales decreased, the balance for the quarter would be +32% (an overall expansion). If 32% told us their sales increased and 33% said their sales decreased, the balance would be -1% (an overall contraction).

### For more information:

Contact David Bharier, Head of Research at the British Chambers of Commerce for any queries or to understand how your organisation may benefit from the BCC Insights Unit

[d.bharier@britishchambers.org.uk](mailto:d.bharier@britishchambers.org.uk)

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