



QUARTERLY ECONOMIC REPORT

April - June 2025





TUDOR PRICE
Chief Executive
Kent Invicta Chamber of Commerce



GET INVOLVED



A Quarter of Resilience Amid Mounting Pressures

As we close the second quarter of 2025, the economic picture for Kent businesses remains one of cautious resilience in the face of persistent and compounding pressures. While there are glimmers of stability, such as modest improvements in employment levels and a slight easing of inflationary concerns, the overall sentiment across sectors is one of strain and uncertainty.

One of the most pressing concerns this quarter has been the impact of the recent increase in National Insurance contributions. Over half of Kent businesses (57%) reported that the rise has directly affected their job creation plans, with 46% halting planned wage increases and 17% forced to make job cuts. These figures are deeply concerning. They highlight how policy decisions at the national level are having immediate and tangible consequences for local employers, many of whom are already grappling with rising labour costs, energy bills, and competitive pressures.

Despite these headwinds, Kent's business community continues to demonstrate remarkable adaptability. Investment in training is slowly recovering, and many firms are exploring technological solutions to maintain productivity with leaner teams. However, the message from our members is clear: without meaningful support and a more stable fiscal environment, the road ahead will remain difficult.

The Chamber remains steadfast in its commitment to advocate for our members, amplify their concerns, and work collaboratively with stakeholders to ensure Kent's economy remains vibrant, competitive, and inclusive.

Tudor Price
Chief Executive, Kent Invicta Chamber of Commerce

**WHERE
BUSINESS
BELONGS**
BE IN GOOD COMPANY

ABOUT THE QUARTERLY ECONOMIC SURVEY (QES)

Kent Invicta is one of six Chambers in the South East that are accredited by the British Chambers of Commerce (BCC). It regularly contributes to 30%-50% of the South East's responses to the Quarterly Economic Survey, the largest UK survey of its kind, which is administered on behalf of the BCC by every accredited Chamber.

The questionnaire, honed over many years to gather a wealth of information, takes only about 3 minutes for a business Proprietor / Managing Director / Chief Executive, to complete.

For further information: To get full data or any further clarification please contact Lucy Druesne - lucy@kentinvictachamber.co.uk



-9%

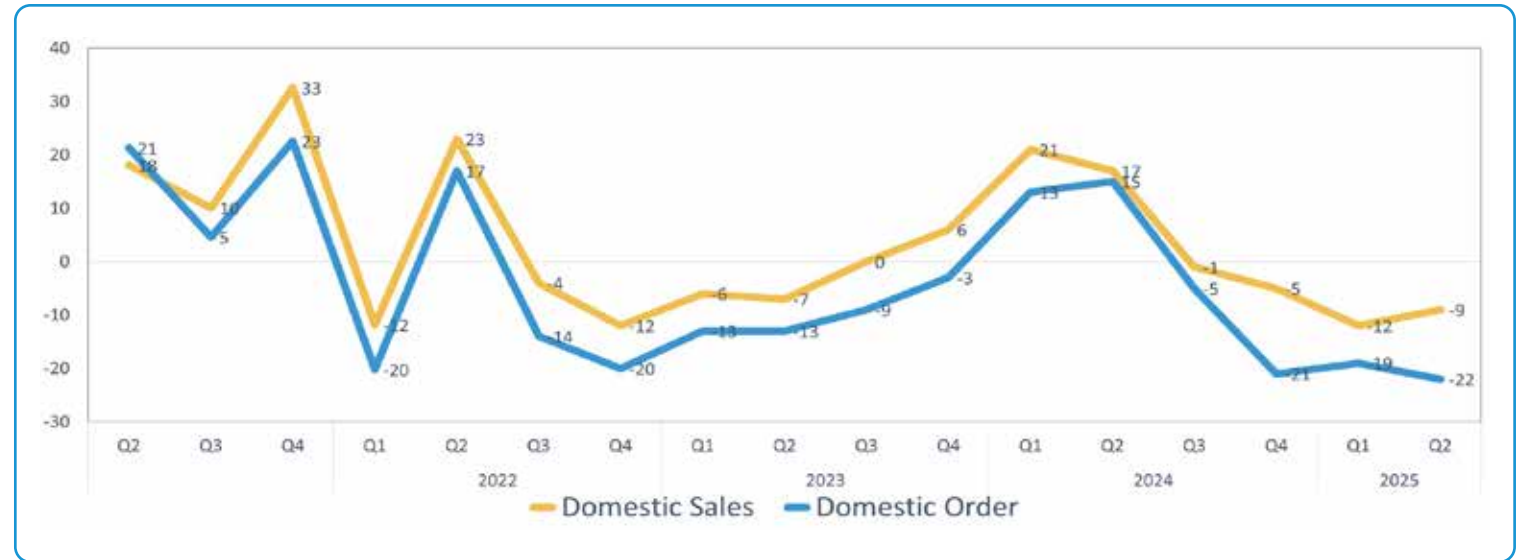
is the net balance of **domestic sales** for Kent Businesses in the last quarter



-22%

is the net balance of **domestic orders** for Kent Businesses in the last quarter

DOMESTIC DEMAND



The decline in Domestic Sales of the past 2 quarters has ceased, with a 3% rise this quarter but domestic orders have declined by 3% after a slight recovery. 22% of businesses reported an increase in UK sales, but 31% reporting a decrease, resulting in a net balance of -9%.

Domestic orders have risen for 15% of businesses but declined for 37%, resulting in a net balance of -21%, which is down from -19% last month.

The Manufacturing sector has shown a marked impact in domestic sales this Quarter with a net -29% drop. This is the first time in 2 quarters that this sector has been more impacted than the Service Sector, which only had a -2% net figure for domestic sales.

This is trend continues for Domestic orders, which returned a -43% net figure for the quarter compared to a -13% for the service sector.

"Sudden weakening of demand and postponing of decisions to allow us to proceed. No particular reason as the market we operate in is in good shape."

Professional Service Business



-28%

is the net balance of **export sales** for Kent Businesses in the last quarter



-44%

is the net balance of **export orders** for Kent Businesses in the last quarter

EXPORT DEMAND



Export demand and orders have continued the large drop off which began in the last quarter.

The net balance for export sales is -28% for this quarter, which has decreased considerably from Q4 2024, which had a positive net balance of 20%.

8% of firms reported an increase in export sales and 36% reported a decrease.

The Manufacturing Sector showed a negative net figure, with a net growth of -44% this quarter. Service sector growth was up slightly from last quarter's figure of -23%, at -19%.

For export orders, the net balance is also down, from -28% last quarter to -44% this quarter. Only 4% of firms reported an increase in export orders, at the same time 48% reported a decrease as well, with 48% recording no change.

LABOUR MARKET



5%

is the net balance of **Employment Expectation** for Kent Businesses in coming quarter



12%

is the net balance of **Employment Levels** for Kent Businesses in the last quarter



The unemployment rate in Kent currently is 3.4%, down from 3.8 last quarter.

The reported employment levels over the last three months increased from 7% last quarter to 12% this quarter and reported employment expectations show a 5% net figure up by -8% from last month.

24% of firms said that the employment levels of the firm increased in the last three months, with 12% reporting a decrease.

19% of firms said that they expected their workforce to increase in size over the coming three months and fewer companies expect their staffing levels to drop, with 14% of respondents reporting this.

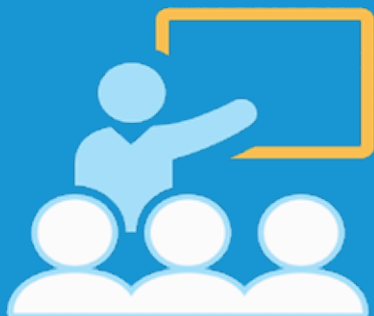
"We're investing more in technology, especially AI solutions, in order to accommodate more work with fewer people."

Professional Service Business



45%

of Kent businesses reported that they had looked to **recruit** in the last quarter



-3%

is the net balance of **Investment in Training** for Kent Businesses in the last quarter.

RECRUITMENT AND TRAINING



The firms who have attempted to recruit staff over the past 3 months remained the same as last quarter with 45% of respondents responding positively.

Service sector showed a lower level of recruitment within the last 3 months, with only 37% of businesses responding positively compared to 67% of Manufacturing businesses.

Business investment in training has increased this quarter, from -16% net last quarter to -4% net this quarter. This compares similarly to the Service sector, which showed net figures of -5%. Manufacturing businesses returned a 0% net figure with 20% of businesses both increasing and decreasing investment and 60% remaining constant over the past 3 month.

"Many salons are moving to a rent a chair model to avoid employment costs and vat. This has created a two tier situation that makes it almost impossible to make a profit when employing staff, due to us being more expensive than 80% of our competitors already, we struggled to increase prices to accommodate the rises in business rates, NIC and minimum wages, which all happened on the same day. We also have cancelled upcoming apprenticeships we had planned."

Hospitality and Leisure Business



51%

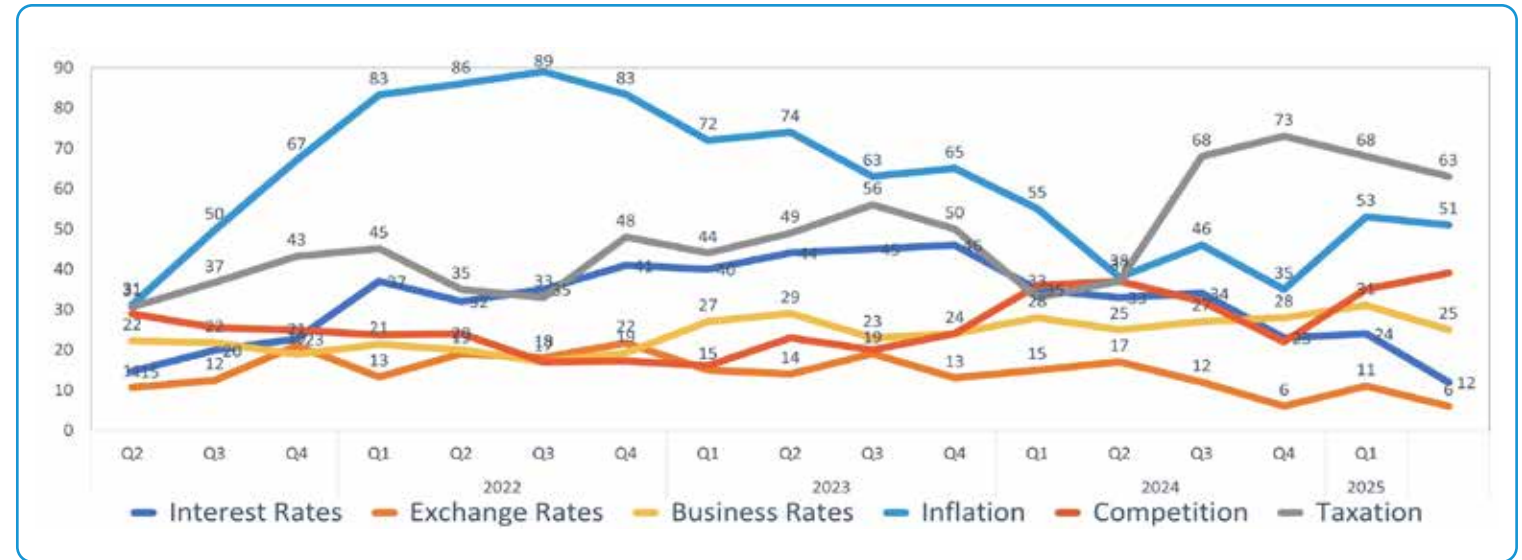
of Kent Businesses reported that **inflation** is more of a concern to business than 3 months ago



63%

of Kent Businesses reported that **corporate tax** is more of a concern to business than 3 months ago

INFLATIONARY PRESSURES



Inflation concerns are down slightly the from last quarter, there has been a 2% decrease in concern from businesses in this area.

63% of firms say Tax is a growing concern for them down from 68% last quarter. 12% of businesses are concerned about Interest rates, an issue which has been on a downward trend since Q4 2023.

The proportion of businesses are worried about competition has increased from last quarters figure of 31% to 39%.

Concerns about business rates were an issue for 25% of respondents. This issue has been consistently around this figure since 2021.

Exchange rates was the issue with the least amount of concern with just 6% of respondents reporting this, though this is down from 11% last month.

"Flooded competitor market and inflation is starting to cripple my profession."

Service Sector Business



51%

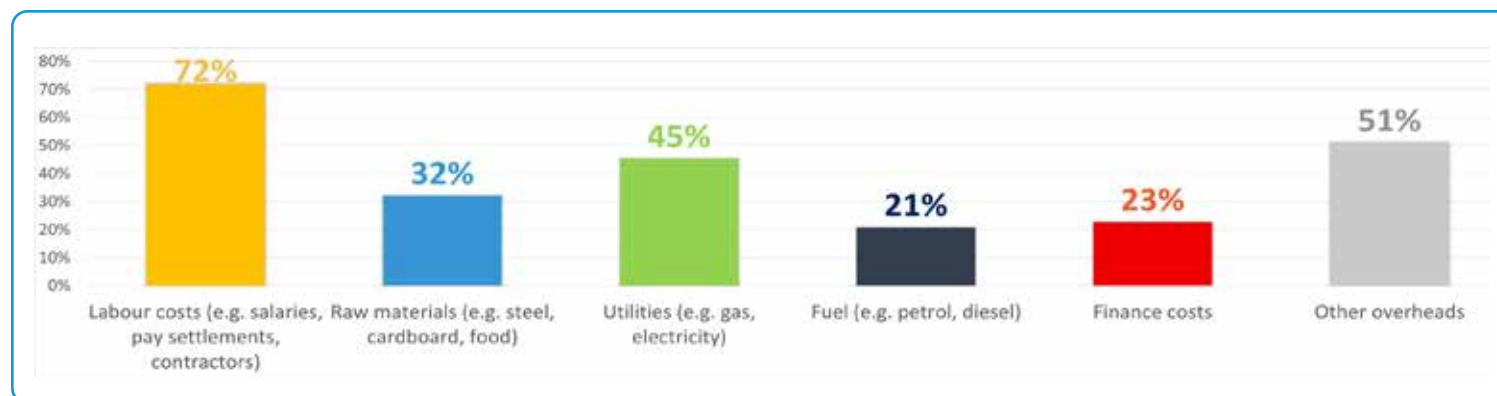
of Kent businesses reported an **increase** in their overheads



72%

of Kent businesses reported an **increase** in their labour costs

BUSINESS COSTS



Consistent with the last four quarters, labour costs, utilities remain and other overheads the main price pressure. This is then followed by raw materials costs, then finance costs and then fuel costs, consistent with the figures of the last 4 quarters.

The number of businesses reporting Labour cost as an increased cost was 72%, which was down from 79% last quarter, continuing a downward trend from 2 quarters ago.

Utility costs were reported by 45% of businesses as an increased cost, down 6% from last quarter.

Other overhead costs remained the same as last quarter, in which 51% businesses were concerned about this area.

Companies reporting Raw materials as a cost concern decreased slightly from 33% last quarter to 32% this quarter.

Finance costs were up 1% from last quarter with 23% reporting this as increasing.

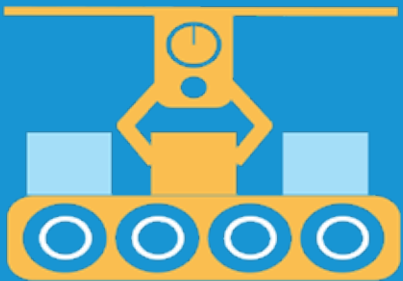
Fuel costs were reported by 7% fewer businesses than last quarter as being an issue with 21% respondents citing this.

"The running costs are becoming ridiculous for small independent businesses. The government wants more people out working but businesses will close under these trading conditions. The national minimum wage increase was very high."

Hospitality Business



-23% is the net balance of **Cashflow** for Kent Businesses in the last quarter



-13% is the net balance of **Investment in Plant and Equipment** for Kent Businesses in the last quarter

CASHFLOW AND INVESTMENT



Cash flow in the past three months has fallen from last quarter, returning to a downward trend in Q3 and Q4 of 2024 after a slight rise in Q1 this year. 30% say their cash flow has improved over the last 3 months, up from just 19% last quarter. 40% say it remained the same and 29% say it has worsened.

The Service sector reported 19% improved cashflow, 42% stating that it remained the same and 40% saying it had worsened.

The Manufacturing sector had 13% of businesses increase cashflow, with 47% stating it remained the same and 40% reporting it had worsened. 18% of respondents increased their outlay on equipment and machinery, with 51% saying it remained the same as last quarter and 31% saying it has decreased.

Investment in the manufacturing sector was far better than in the service sector, with 36% of respondents increasing their outlay on this, compared to just 12% of the service sector. This could however be due to the different needs in terms of equipment and machinery between the two sectors.

"We notice the difficulty which some clients have, to pay our invoices"

Professional Services Business



0%

is the net balance of Kent Businesses who expect their **turnover** to improve



-21%

is the net balance of Kent Businesses who expect their **profitability** to improve

BUSINESS CONFIDENCE



Business confidence has fallen slightly after the brief rise in Q1 2025.

The net balance of businesses' profitability expectation in the next year decreased slightly from -20 to -21.

Profitability expectation of manufacturing businesses (-33% net) was far lower than the service sector (-16% net).

34% of respondents reporting an expectation of turnover increase for their business and 34% expecting a decrease (0% net).

The manufacturing sector reported higher levels of businesses expecting their Turnover to decrease, with 40% expecting their it to drop, though this is a decrease from last quarter (53%) and just 7% expecting an increase, giving a net value of -33%.

"Dismal. Some clients are struggling financially. That is bound to have an effect on the economy generally."

Professional Services Business



57%

of businesses reported the increase in National insurance has **affected job creation plans**.



46%

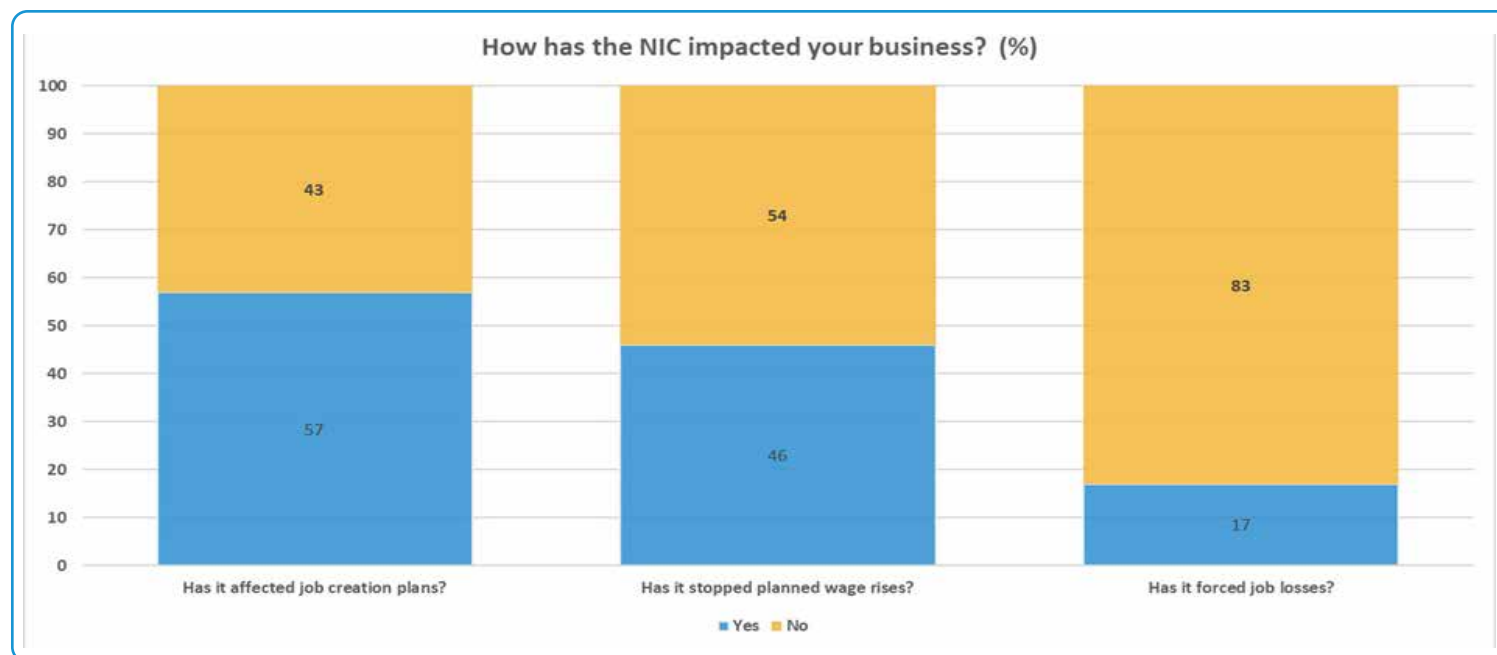
of businesses **stopped planned wage rises** as a result.



17%

of businesses reported **job losses** due to the National Insurance Increase.

NATIONAL INSURANCE



The Increase in National Insurance for businesses has negatively influenced job creation for more than half of respondents this quarter. This seems to have been across sectors and business sizes, with 43% reporting that they hadn't tempered job expectations.

A similar level of businesses had to put a hold on wage rises as a response to the rises, with 54% able to go ahead with planned wage rises from respondents. For the first time this rise in NI has created job losses, with 17% of respondents saying they had to lay staff off due to the increase.

"I was intending to recruit new graduate chemists, but I have stopped as the current R&D budgets in organisations have been slash due to the government policies so I cannot guarantee getting the development work in chemistry we conduct."

Service Sector Business

"As a small business it has increased my staff costs significantly. It makes it almost impossible to be able to give wage rises to staff, which understandably affects staff morale."

Accountancy Business

Q2 QUARTERLY ECONOMIC REPORT

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CONTACT US

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USEFUL LINKS

Register your interest to participate in a future QES survey: www.kentinvictachamber.co.uk/qes
Local Skills Improvement Plan (LSIP): www.kentemployersskillsplan.org
Kent & Medway Growth Hub: www.kentandmedwaygrowthhub.org.uk

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