Quarterly Economic Survey Report

Quarter 2 2025 -

Cambridgeshire, Peterborough & Stamford

Produced by

Cambridgeshire Chambers of Commerce

British Chambers of Commerce Accredited

Quarterly Economic Survey

Introduction

The British Chambers of Commerce Quarterly Economic Survey

The Quarter 2 2025 Quarterly Economic Survey presents a sobering but essential snapshot of business sentiment across Cambridgeshire, Peterborough and Stamford. With 122 responses across a diverse range of sectors - 68 per cent from services and 32 per cent from manufacturing - the data reveals a business landscape under considerable strain, shaped by persistent cost pressures, labour shortages and growing global uncertainty. This quarter's responses highlight the continued dominance of labour costs as the primary price pressure, intensified by the rise in employer national insurance contributions and the increase in the national living wage. Recruitment remains a major challenge, particularly for skilled manual and technical roles, with over half of respondents reporting hiring difficulties. Sales figures paint a mixed picture, with the majority of businesses reporting static or declining sales both domestically and overseas, though a notable 25 per cent saw export growth, suggesting targeted international opportunities still exist. This report delves into both Local and National data collected over **Quarter 2 (9 May - 9 June)**.

These findings land at a critical moment. The Autumn Budget has left a lasting dent in business confidence, and international developments - including the announcement of new trade tariffs by President Trump - threaten to deepen existing economic turbulence. The Office for Budget Responsibility has warned that a full trade war could shave 0.6 per cent off UK GDP growth in 2025 alone.

Despite these headwinds, businesses across our region continue to show resilience and a willingness to adapt. However, the path forward must be supported by meaningful Government action to reduce cost burdens, ease recruitment challenges and unlock investment. Without this, UK growth will remain elusive.

We thank all members who participated in this survey. Your insights are not only central to this report but are instrumental in shaping the Chamber's ongoing lobbying efforts - locally and nationally - on the issues that matter most to our business community.

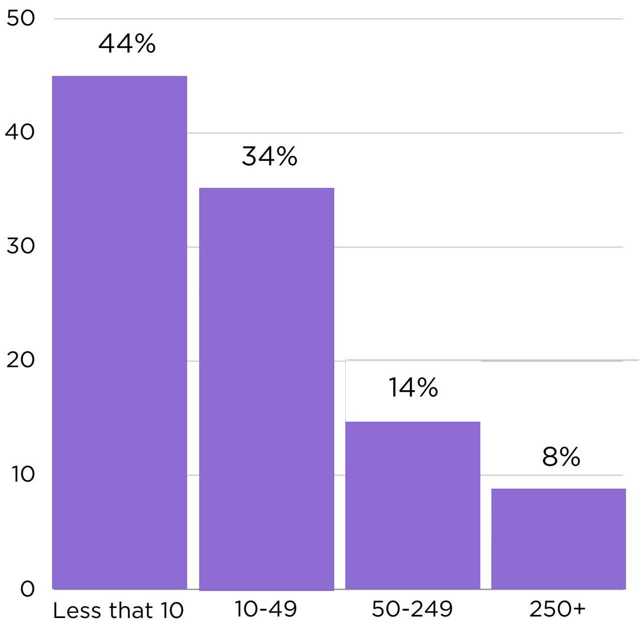
Charlotte Horobin, CEO of Cambridgeshire Chambers of Commerce said:

"Government must take action to alleviate the tax burden on business and nurture an environment that inspires confidence and much needed investment.

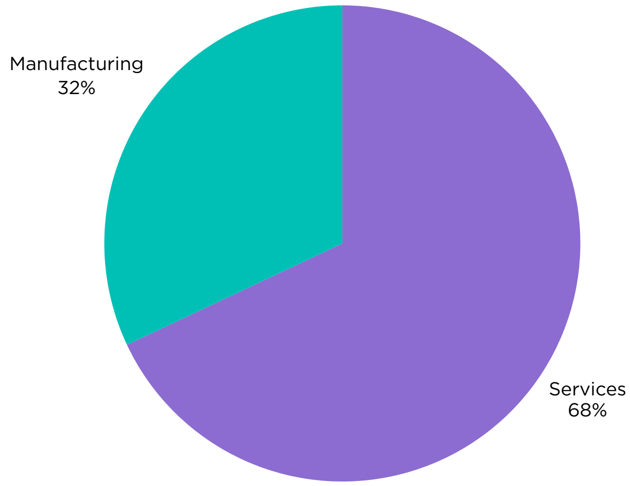
Quarterly Economic Survey

QES Quarter 2 - 2025

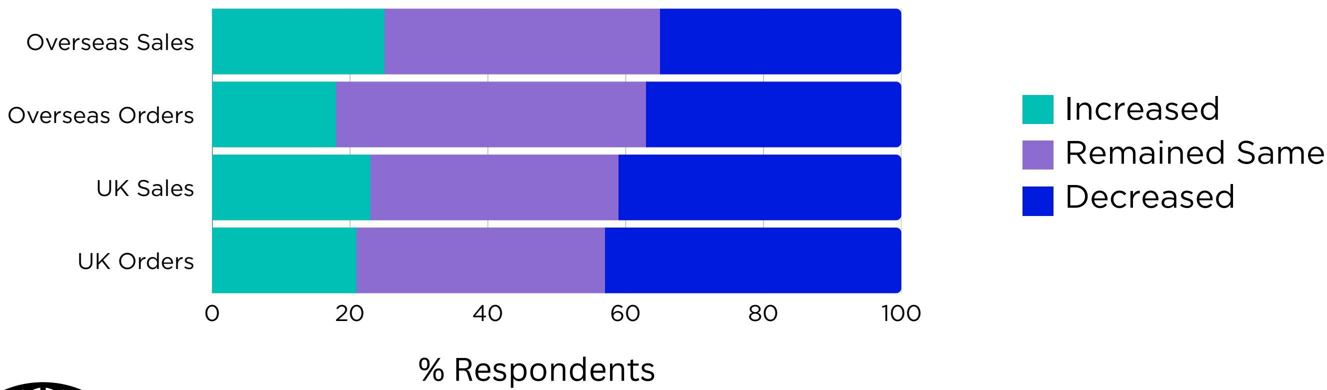
EMPLOYMENT SIZE



BUSINESS SECTOR

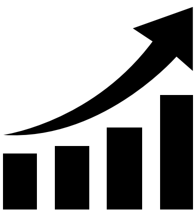


SALES AND ORDERS -PAST 3 MONTHS



35% stated that **Overseas Sales** has decreased
45% stated that **Overseas Orders** remained the same

23% thought that **UK Sales** had increased
21% thought that **UK Orders** had increased



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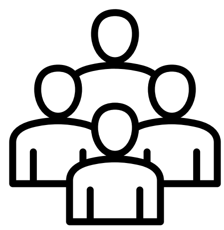
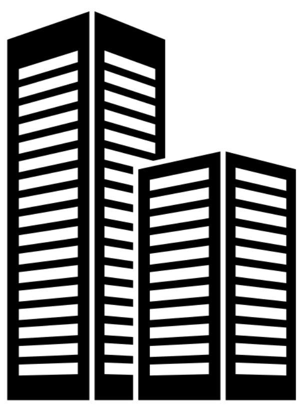
QES Quarter 2 - 2025

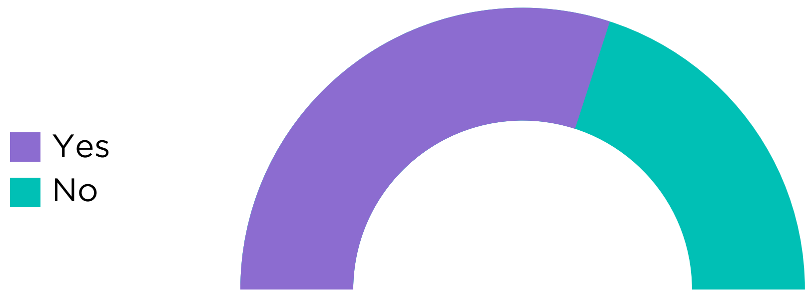
WORKFORCE -PAST 3 MONTHS



21% saw their **workforce** increase
60% believe their **workforce** will remain the same

RECRUITMENT





In the past 3 months...
60% of businesses **have tried** recruiting
40% of businesses **have not tried** recruiting

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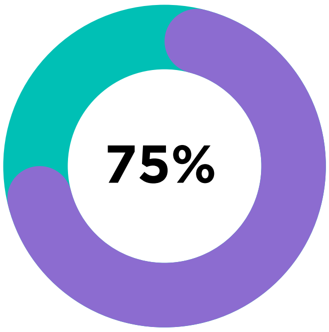
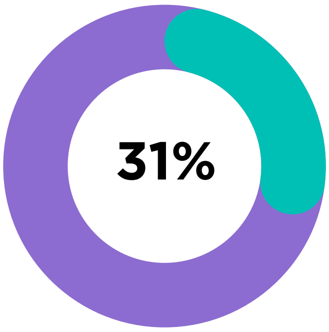
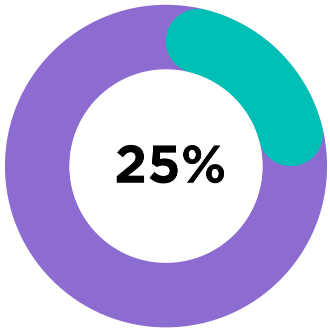
QES Quarter 2 - 2025



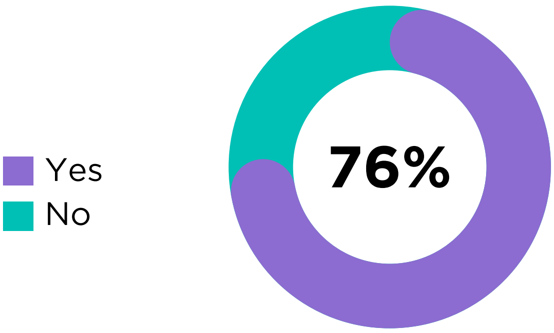
For full-time roles



For part-time roles



For temporary roles



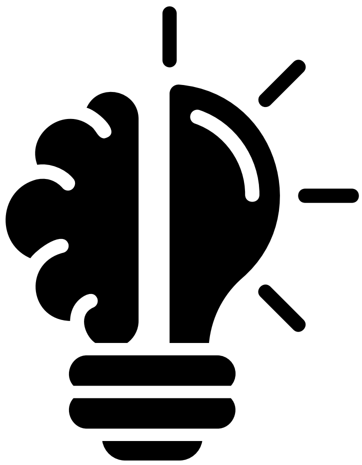
Experienced difficulties recruiting

67% had difficulties with recruiting in **skilled manual/technical**

44% struggled with recruiting in **professional/managerial**

11% struggled with **clerical** staff

24% experienced difficulties with **semi/unskilled** staffing



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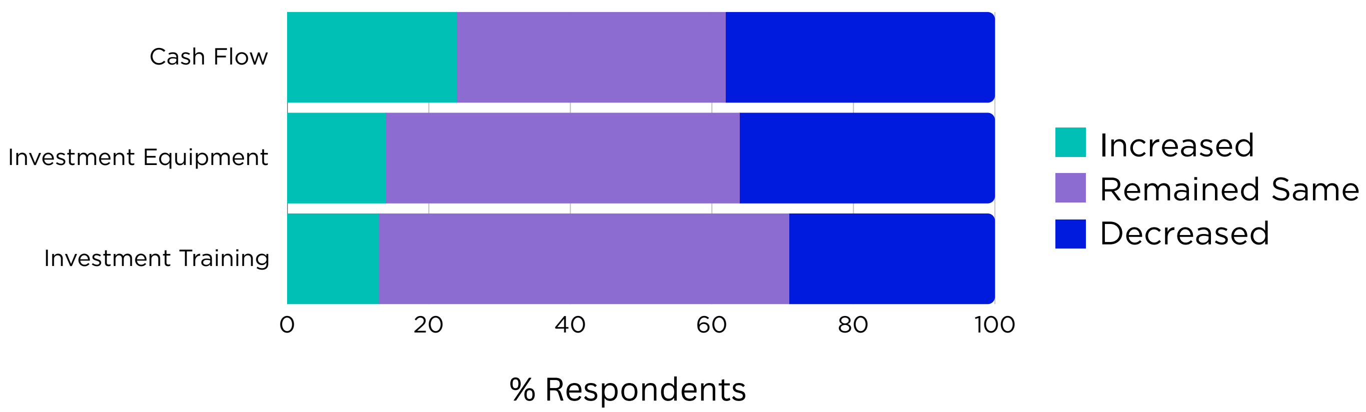
QES Quarter 2 - 2025



38% said **cash flow** has decreased compared to Q1

OVER THE NEXT 12 MONTHS

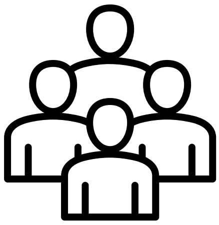
38% believe their **business turnover** will **improve**

39% believe their **business profitability** will **worsen**

CURRENTLY OPERATING AT...

38% of businesses are operating at **Full Capacity**

62% of businesses are operating **below capacity**



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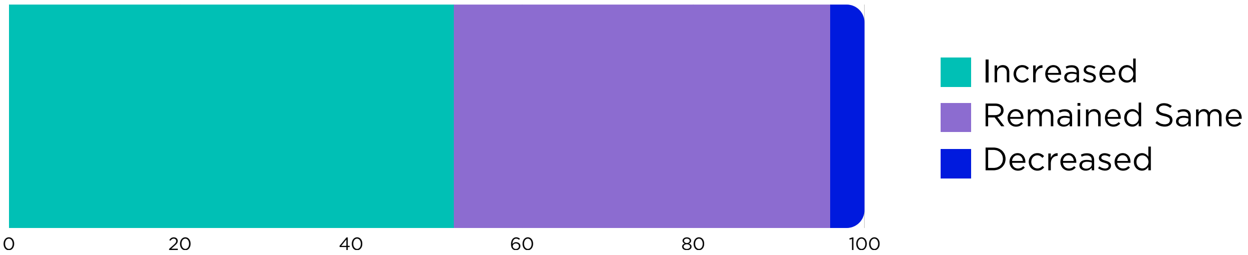
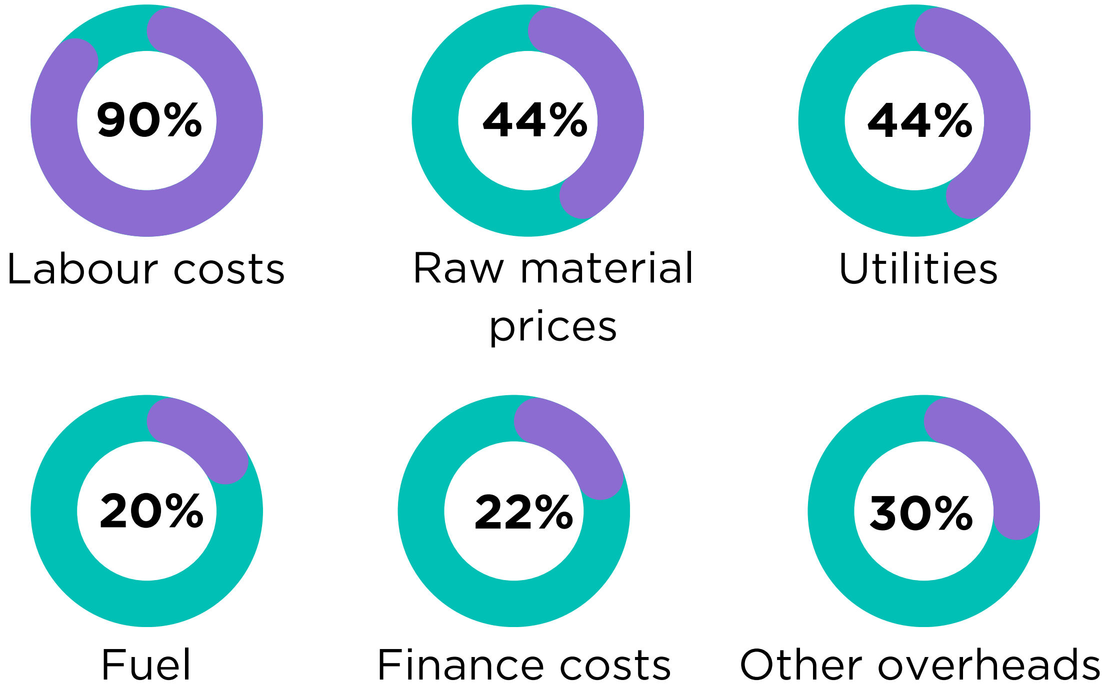
PRICES OF GOODS/SERVICES ARE EXPECTED TO...

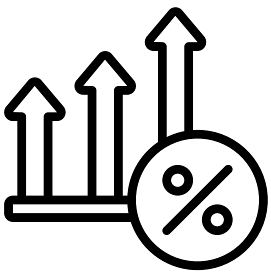
-PAST 3 MONTHS



Price rise pressures



TOP FACTORS AFFECTING BUSINESSES



22% **Interest Rates**
12% **Exchange Rates**
28% **Business Rates**
51% **Inflation**
34% **Competition**
74% **Taxation**

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BRITISH CHAMBERS OF COMMERCE

QUARTERLY ECONOMIC SURVEY Q2 2025

Business sentiment remains subdued following April'sNICsincrease. 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.

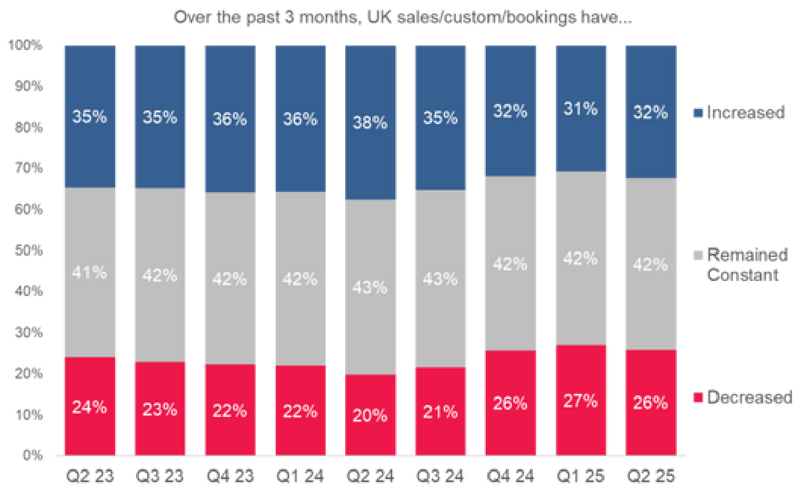
Taxation remains the top concern, cited by 56% of respondents

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

Fewer firms report increased sales, investment and confidence

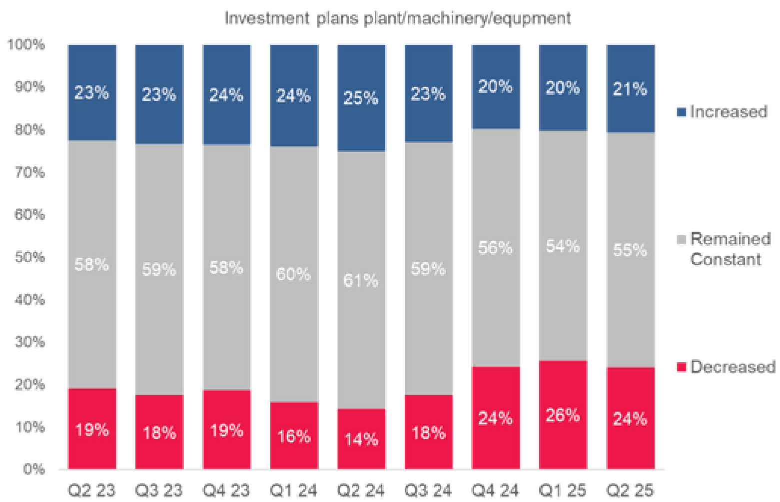
Domestic Sales

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 businessessay 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.



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BRITISH CHAMBERS OF COMMERCE

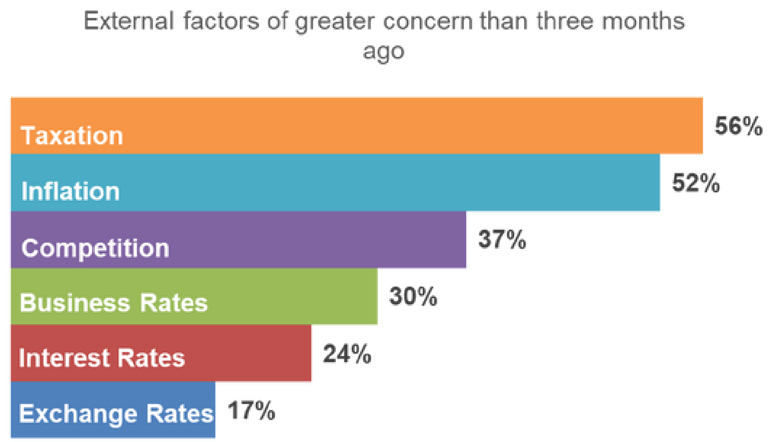
QUARTERLY ECONOMIC SURVEY Q2 2025

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 fallenslightly, but taxation remains the top concernfor businesses. 56% cite it asa worry, down from 59% inQ1.
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*

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BRITISH CHAMBERS OF COMMERCE

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 acrosstheUK

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 placebetween 12 May - 9 June 2025

Methodology

QESasks 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 DavidBharier, 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

If you would like to enquire about local data, you can find your local Chamber of Commerce here
https://www.britishchambers.org.uk/page/join-a-chamber

insightsunit

British Chambers of Commerce

Cambridgeshire Chambers of Commerce

Every quarter, we ask businesses to take part in our Quarterly Economic Survey (QES), where the findings are shared with the British Chambers of Commerce (BCC) to contribute to one of the UK's largest and most reputable barometers of business opinion. QES findings are vital in the BCC's and Cambridgeshire Chamber's lobbying efforts because they are broken down to individual accredited Chamber-level, making sure your voice is properly heard both nationally and locally on the issues that matter. This survey is used to form a picture of the local economic prospects as well as contribute to the regional analysis which is known to be held in high regard by the government, Bank of England and economic commentators

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If you are interested in participating or finding out more about the QES report, please contact Shauna Kelly at **marketing@cambscci.co.uk**

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