Quarterly Economic Survey Report

Q4 2025

Cambridgeshire,
Peterborough & Stamford

Produced by

Cambridgeshire Chamber of Commerce

British Chambers of Commerce Accredited

Introduction

Economic Activity Remains Stagnant Across the Region

The Quarter 4 2025 Quarterly Economic Survey shows a business community that has remained resilient through the year but is entering 2026 under continued stagnation. While volatility has eased, the Q4 data confirms that many of the challenges shaping confidence earlier in 2025 have become embedded.

Sales performance across 2025 remained mixed, with limited momentum building as the year progressed. In Q4, 26% of businesses reported an increase in UK sales, while 30% reported a fall in overseas sales, highlighting continued weakness in international demand. Many firms reported no change in sales or orders, underlining the absence of strong growth drivers at year end.

Cost pressures remain the dominant concern. Throughout 2025, labour costs have been the primary driver of price increases, and Q4 shows little relief, with 80% of businesses citing labour costs as a key factor. Despite stabilising inflation, operating costs remain structurally high, driven by wages, employer National Insurance contributions and recruitment challenges. Following Royal Assent of the Employment Rights Bill on 18 December, employers are increasingly concerned about the impact of the forthcoming changes.

Labour market pressures continue despite softer economic conditions. In Q4, 58% of businesses attempted to recruit, and 78% of those experienced difficulties, particularly for skilled manual, technical and professional roles. Workforce levels have largely stabilised rather than expanded, suggesting caution rather than improved labour availability.

Taxation remains a significant barrier to confidence and investment. In Q4, 79% of respondents cited taxation as a key concern. Fiscal uncertainty is now weighing heavily on decisions around pricing, investment and growth.

Capacity and investment trends remain subdued. Reporting shows that 68% of businesses are operating below full capacity, and while 45% expect turnover to improve over the next 12 months, 33% anticipate a decline in profitability, reflecting the ongoing squeeze on margins. Investment in equipment and training has remained limited, with many firms prioritising short-term resilience.

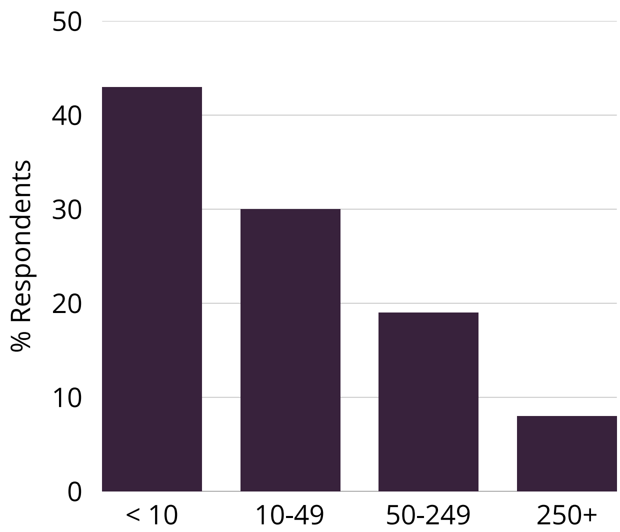
Overall, the Q4 2025 findings point to an economy that has stagnated and is not showing any signs of recovery. Persistent cost pressures, labour constraints and policy uncertainty have shaped business behaviour throughout the year. As firms look ahead to 2026, restoring confidence and unlocking investment will be critical to generating sustainable growth.

“The lastest data highlights a stagnating economy, where persistent cost pressures and fiscal uncertainty are weighing heavily on businesses and preventing meaningful growth.”

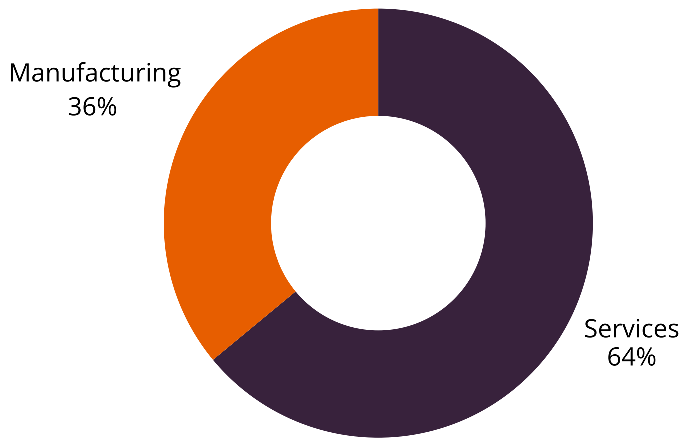
Charlotte Horobin, CEO of Cambridgeshire Chambers of Commerce

The Regional View

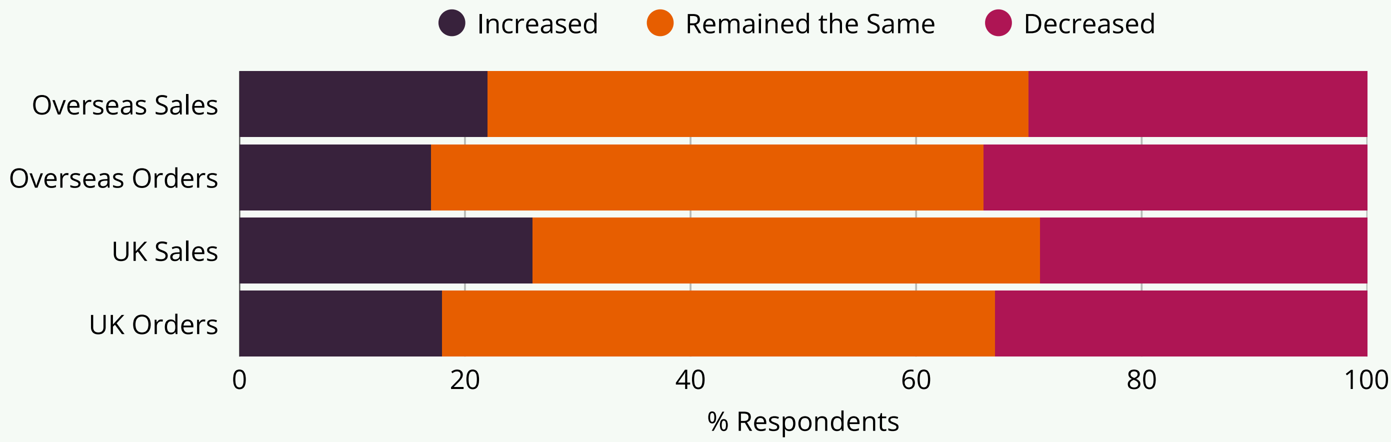
Employment Size



Business Sector



Sales & Orders (Past 3 months)



30% thought that **overseas sales** had decreased

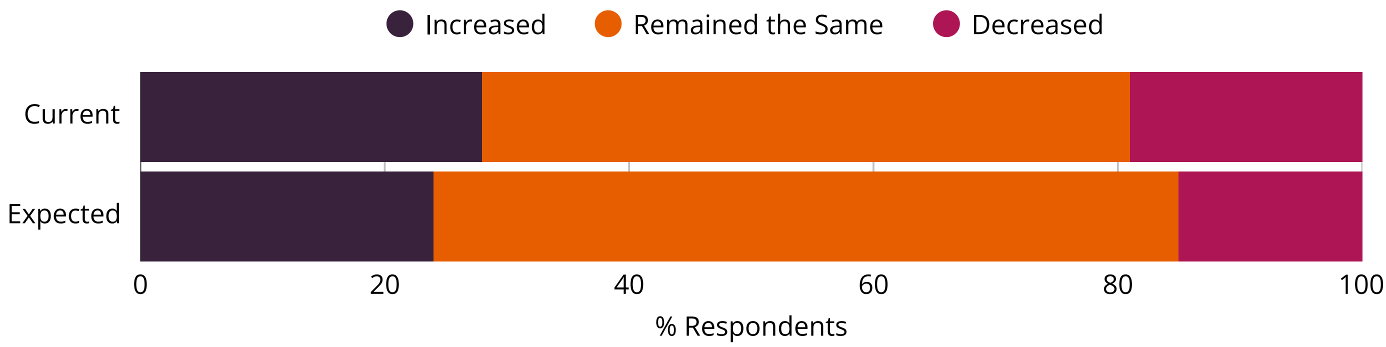
49% thought that **overseas orders** remained the same

26% thought that **UK sales** had increased

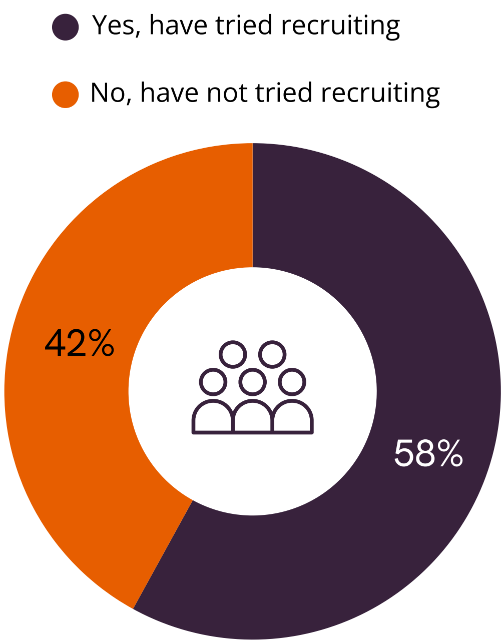
18% thought that **UK orders** had increased

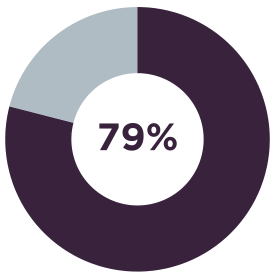
The Regional View

Workforce (Past 3 months)

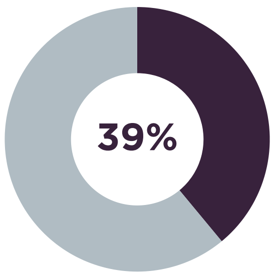


Recruitment

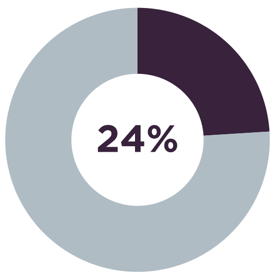




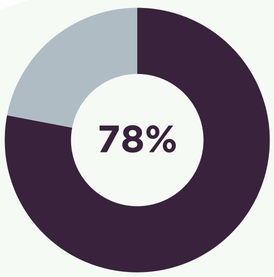
For full-time roles



For part-time roles



For temporary roles



Experienced difficulties recruiting

64% had difficulties recruiting in skilled **manual/ technical**

51% had difficulties recruiting in **professional / managerial**

19% had difficulties recruiting **clerical staff**

26% experienced difficulties with **semi/unskilled staffing**

The Regional View

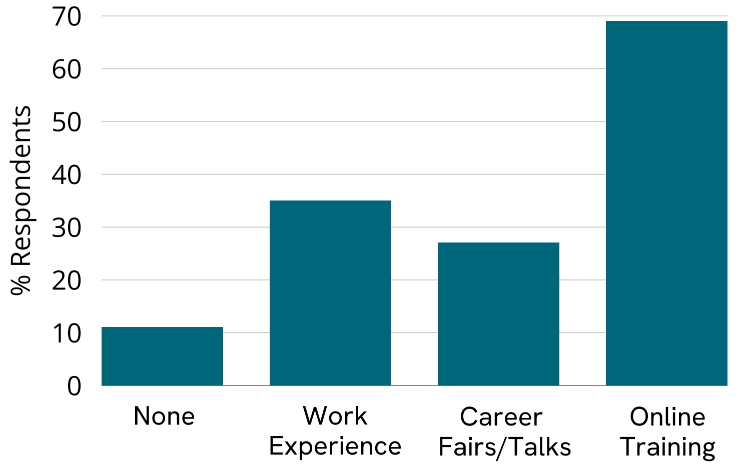
Training and Work Experience

69%

are likely to engage in **online training** than any other type of training/education activities

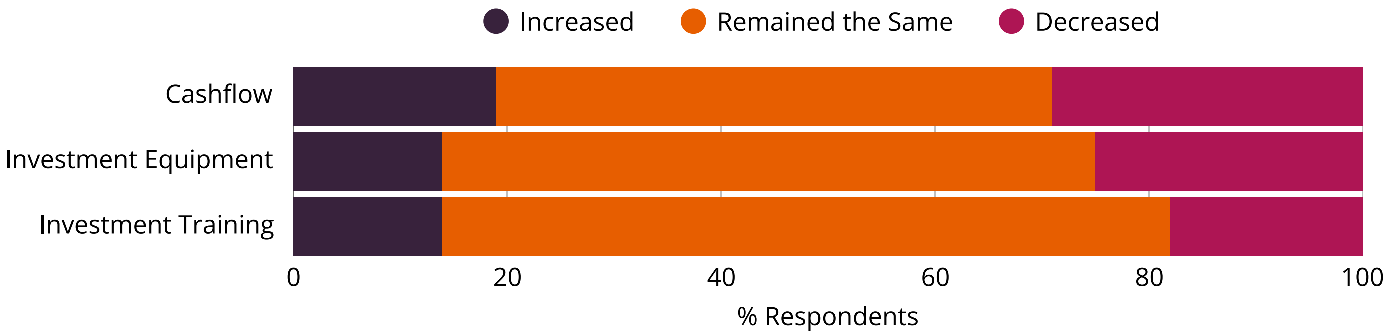
11%

had **not engaged** in any training/education activities



Cash Flow

52% said cashflow has **remained the same** compared to Quarter 3



Over the next 12 months

45%

believe their **business turnover** will improve

33%

believe their **business profitability** will worsen

Currently operating at

32%

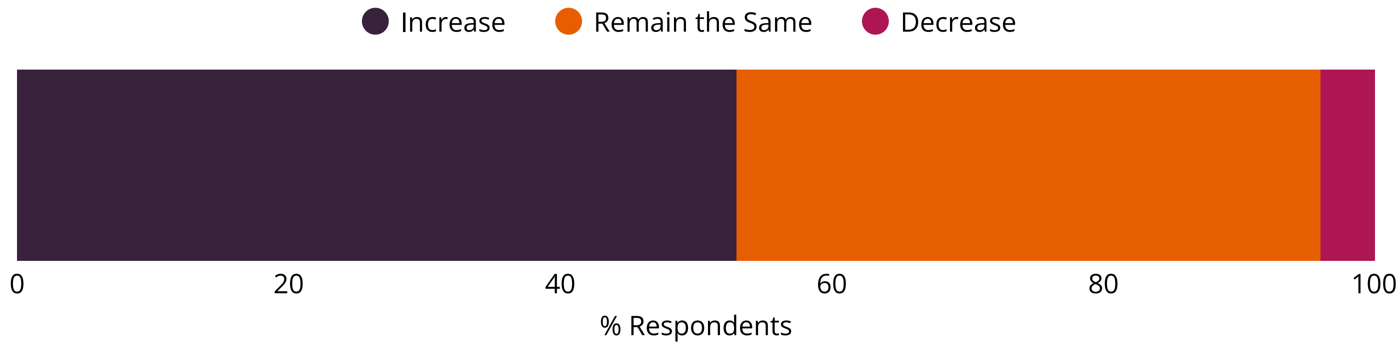
of businesses are operating at **full capacity**

68%

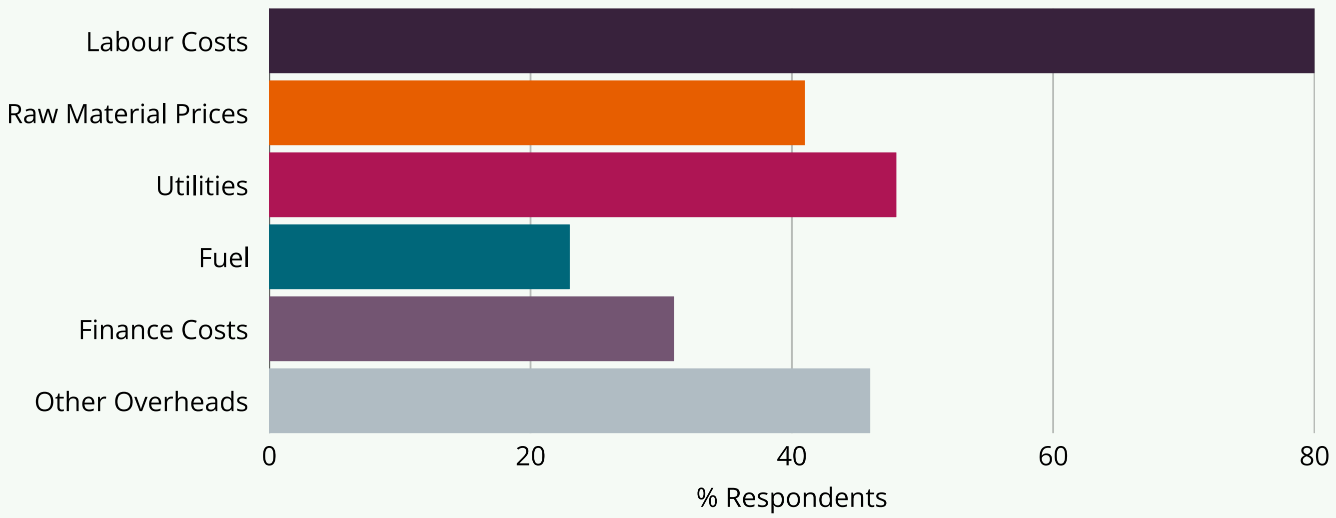
of businesses are operating **below capacity**

The Regional View

Prices of Goods/Services are Expected to... (Past 3 months)



Price Rise Pressures



Top Factors Affecting Businesses

26% Interest Rates

14% Exchange Rates

41% Business Rates

62% Inflation

38% Competition

79% Taxation

The National View

British Chambers of Commerce

Business confidence has continued to weaken. The BCC's Quarterly Economic Survey (QES) for Q4 2025 - the UK's largest independent survey of business sentiment, made up of 4,644 respondents - shows that confidence among firms has continued to weaken, with taxation remaining the biggest concern. Additionally, more businesses now expect to have to raise prices in 2026.

Taxation remains the top concern, cited by 63% of respondents

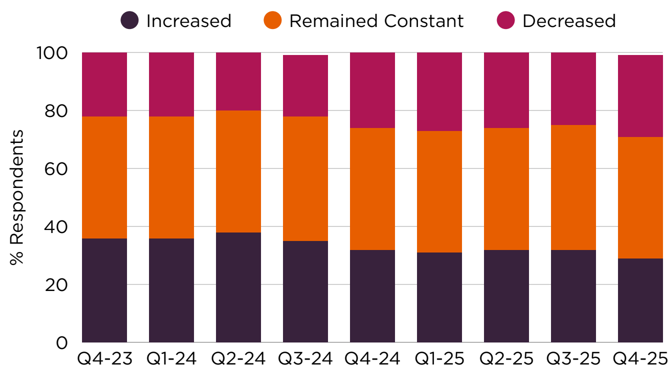
Over half (52%) of firms expect to rise prices over the next three months

Confidence and investment levels remain low

Domestic Sales

The percentage of responding businesses reporting increased domestic sales has fallen to 29%, from 32% in Q3.
42% reported no change and 28% reported a decrease. Sectoral breakdowns show increased sales were at their lowest among hospitality (22%) and manufacturers (23%)

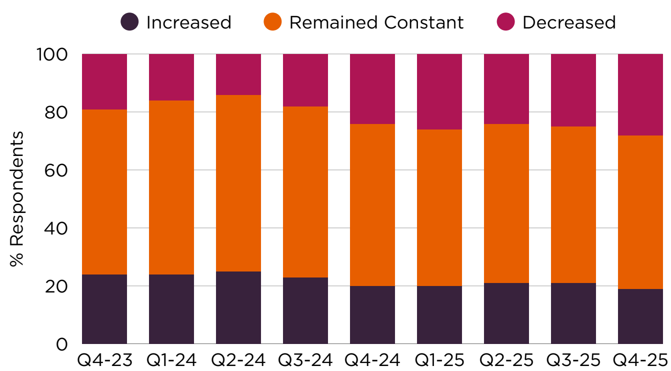
Over the past 3 months, UK sales/custom/bookings have...



Investment

Overall, 27% of businesses say they have seen decreased investment in machinery and equipment. 53% report no change, while only 19% have increased their plans.
The issue is more marked in certain sectors. Over a third of hospitality firms (37%) and retail businesses (36%) report scaling back investment plans

Over the past 3 months, investment plans plant/machinery/equipment have



insightsunit

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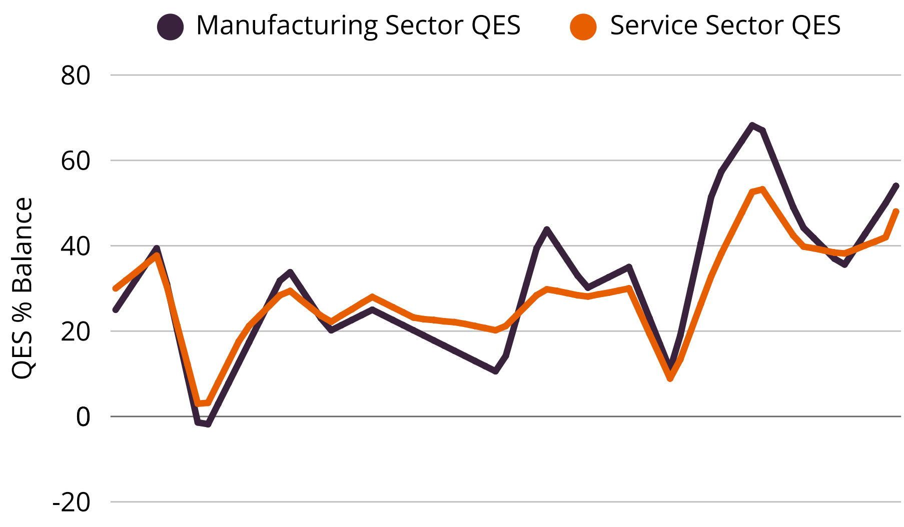
Prices

Over half of firms (52%) are expecting to raise their prices in the next three months, up significantly from the previous quarter (44% in Q3).

As measured as a percentage balance, the services sector stands at +48% while the manufacturing sector stands at +54%.

Balance of firms expecting their prices to rise

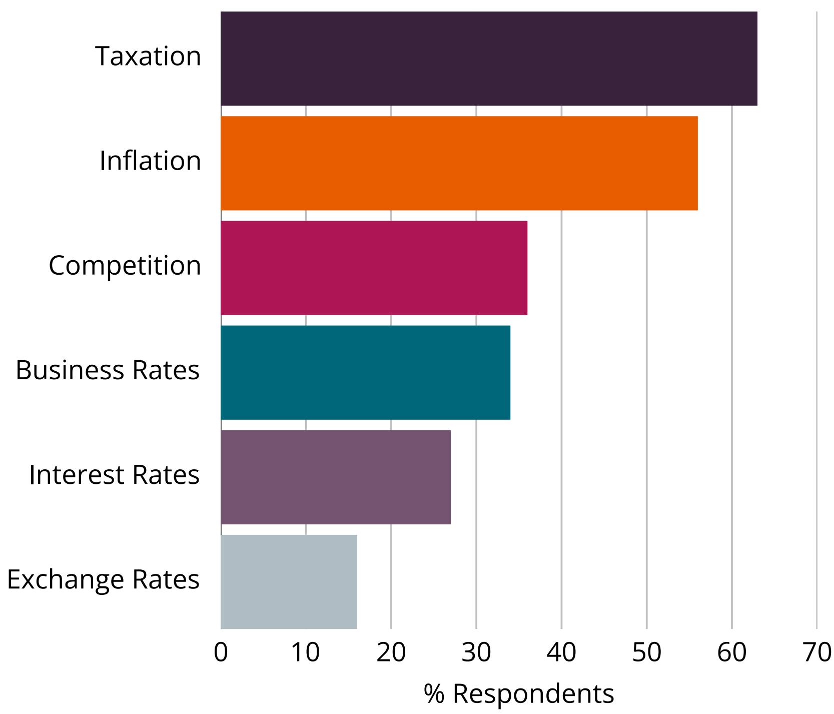


External Factors

Tax remains the biggest concern for business, cited by 63% of firms, up from 59% in Q3. That's the same level of concern in Q4 2024, after the previous Budget.

Concern about inflation remains high, cited by 56% of firms, broadly similar to Q3.

External factors of greater concern than three months ago



The National View

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The View from Businesses

Pre-Budget

“Market sentiment has been badly affected by uncertainty caused directly by the government in the run up to the budget.”

Micro services firm in Hertfordshire

“Rise in employer national insurance contributions had an impact on overhead costs which reduces investment in our current employees.”

Medium construction firm in Greater Manchester

Post-Budget

"Now that we have visibility on the current position, we can at least move forward, but confidence remains subdued.”

Medium professional services firm in Liverpool

“The impact of employer national insurance and doubling of business rates continues to hit hard. Food inflation continues to hit our cost base, as does an increase in electricity prices.”

Micro transport firm in Hampshire

“Our data shows more clouds have gathered over business confidence, and the outlook for SMEs in 2026 is unsettled.

“Firms tell us they are worried about tax, struggling to invest and fearing they’ll have to put their prices up in the months ahead. Firms’ confidence in their turnover growth has stubbornly stuck below 50% for the last 12 months.

“After a long period of uncertainty and speculation heading into the Budget, concerns about major new tax rises eased somewhat in the aftermath. However, a Budget fundamentally light on growth measures did little to boost business confidence, and sentiment overall has worsened since the previous quarter.”

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

The National View

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4,644 business respondents from across the UK

Responding businesses employ over one million people

76% are in the service sector, 24% in the manufacturing sector

Around 44% are exporters

91% are SMEs

Fieldwork took place between 10 November and 8 December 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**

Cambridgeshire Chamber 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 **Connor Butler** at:

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