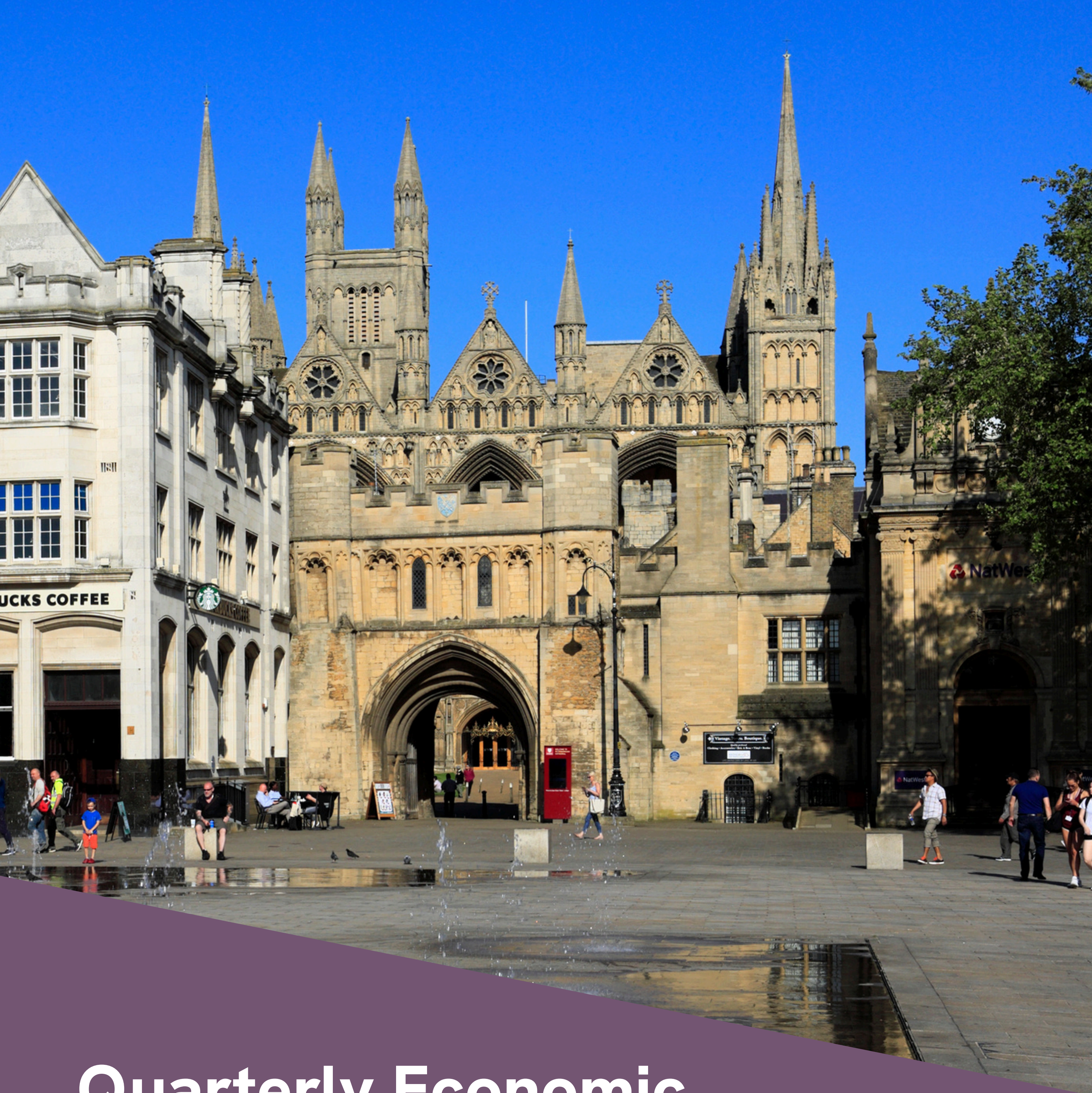

Quarterly Economic Survey Report

Q2 2026

Cambridgeshire,
Peterborough & Stamford

Produced by

Cambridgeshire Chamber of Commerce

British Chambers of Commerce Accredited

Introduction

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Rising Costs, Global Instability and Fragile Confidence Continue to Shape Business Conditions

This quarter's findings show a regional economy still facing significant pressure, with businesses continuing to navigate rising costs, fragile confidence and growing concern over international instability, particularly the recent conflict in the Middle East.

Domestic sales and orders show some improvement compared with Q1, although demand remains uneven. The proportion of businesses reporting decreased overseas sales has fallen from 41% in Q1 to 34% in Q2, suggesting some easing in the sharp decline seen earlier in the year. However, overseas orders remain subdued, with 53% of businesses reporting that they remained the same, up from 40% in Q1. This suggests continued caution in export markets, with global uncertainty likely affecting overseas demand.

Domestic performance has strengthened more clearly. Businesses reporting increased UK sales rose from 25% in Q1 to 33% in Q2, while UK orders increased from 20% to 31%. These figures point to improved activity at home, but this has not yet translated into stronger overall confidence, particularly as profitability expectations have weakened.

Cost pressures remain one of the most significant challenges facing businesses. Labour costs continue to weigh heavily, while utilities and fuel have become more pronounced concerns. Fuel cost pressures have risen notably from 32% in Q1 to 57% in Q2, reflecting concerns around energy markets, transport and delivery costs linked to instability in the Middle East.

Utilities have also increased as a pressure, rising from 62% to 74%, reinforcing the extent to which operating costs continue to restrict growth.

The impact of the Middle East conflict continues to be visible in business behaviour. While 40% of firms reported taking no direct action, others have responded by adjusting prices, reviewing contracts, reviewing energy contracts, sourcing alternative suppliers or increasing inventory. This shows that businesses are actively managing risk and preparing for potential disruption.

Labour market challenges also persist. Recruitment activity increased from 56% in Q1 to 61% in Q2, while the proportion experiencing recruitment difficulties rose from 67% to 73%. Difficulties recruiting for full-time roles increased from 78% to 81%, and challenges in clerical roles rose from 9% to 23%. The findings point to a continuing pattern of increasing labour market challenges.

Cashflow and capacity indicators reinforce the cautious outlook. Businesses reporting stable cashflow fell from 48% in Q1 to 38% in Q2, while those operating below capacity increased from 62% to 67%. Profitability expectations have also deteriorated, with 42% expecting profitability to worsen, up from 24% in Q1.

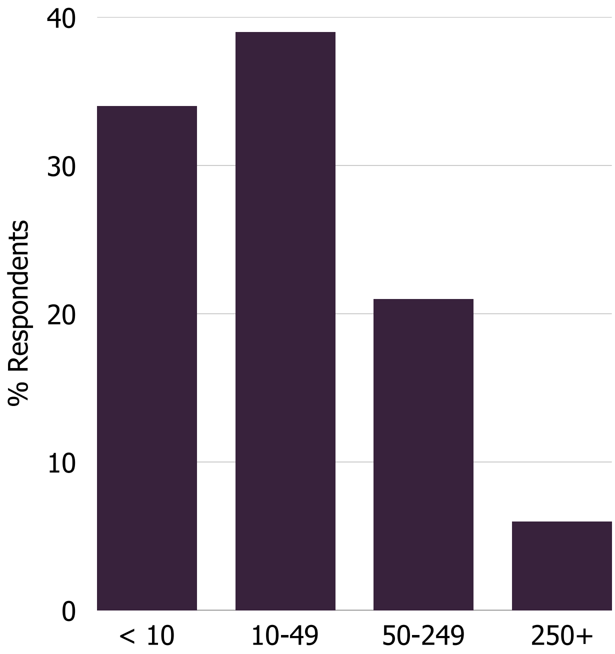
Overall, Q2 shows signs of improved domestic activity, but businesses remain under significant pressure. Rising fuel and utility costs, weaker cashflow, underused capacity and uncertainty around overseas markets all point to a fragile outlook. Firms continue to adapt, but the need for action to support resilience, investment and growth remains clear.

Confidence remains fragile. The pressures on business are very clear, labour costs, taxation and growing overheads, are eroding profitability. Placing any further burden on business will be a road to ruin. We must take steps to boost productivity, stimulate investment and accelerate exports. Our message is simple. Back business and we will deliver.

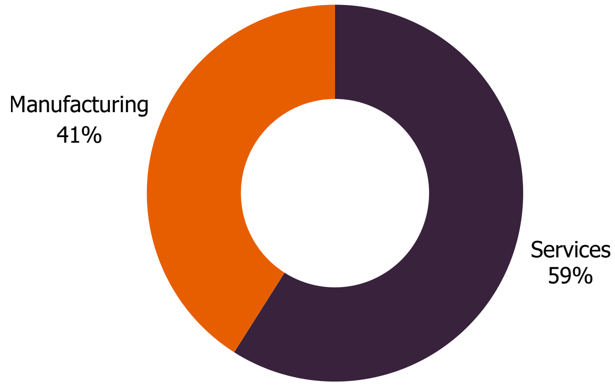
Charlotte Horobin, CEO of Cambridgeshire Chamber of Commerce

The Regional View

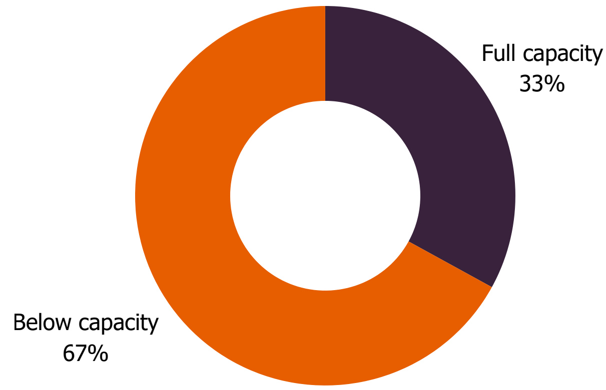
Employment Size



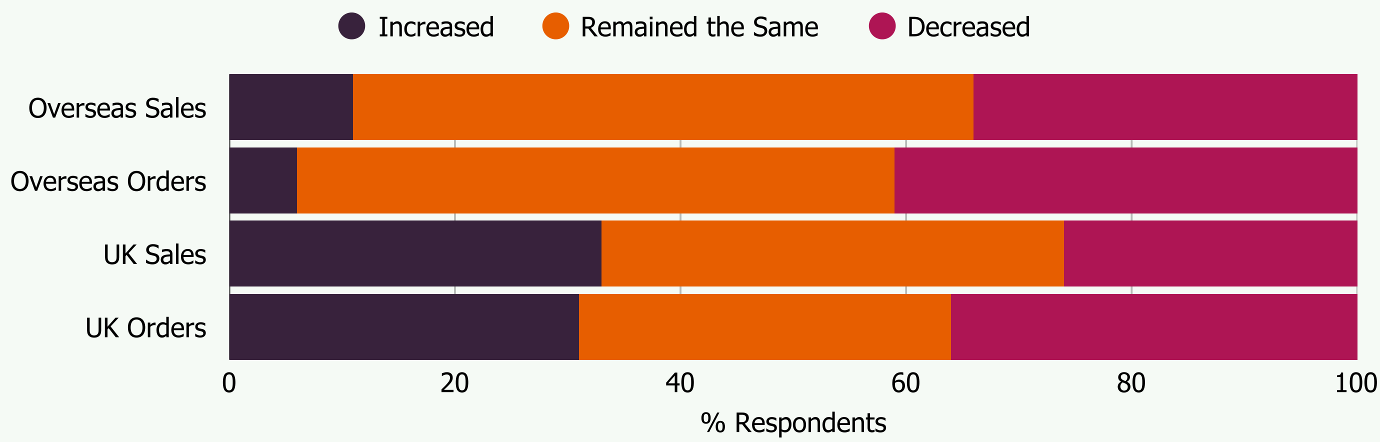
Business Sector



Firms are currently operating at



Sales & Orders (Past 3 months)



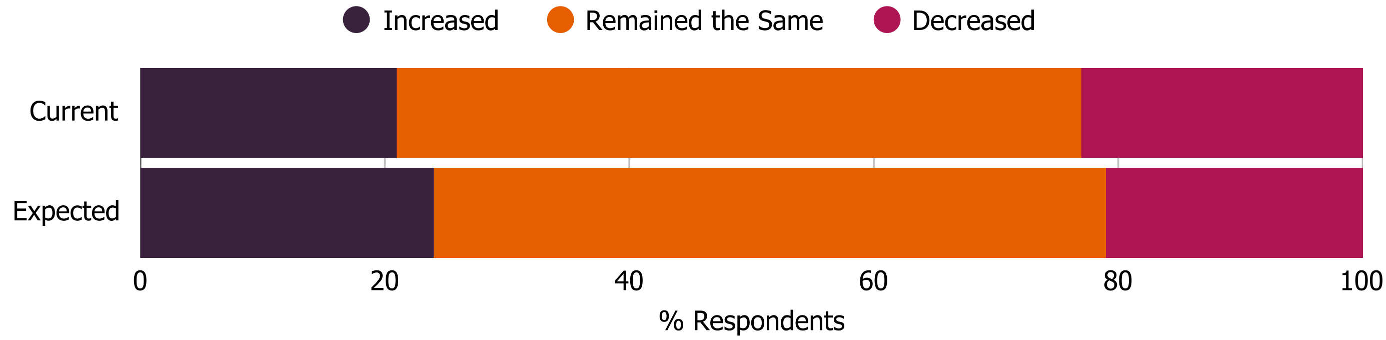
34% thought that **overseas sales** had decreased

33% thought that **UK sales** had increased

53% thought that **overseas orders** remained the same

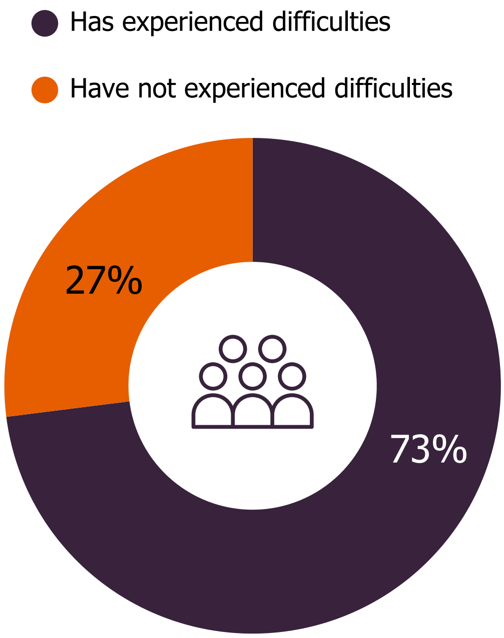
31% thought that **UK orders** had increased

Workforce (Past 3 months)

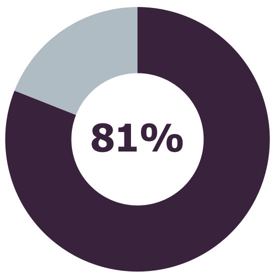


Recruitment (Past 3 months)

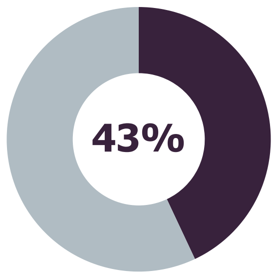
Have you had difficulties recruiting?



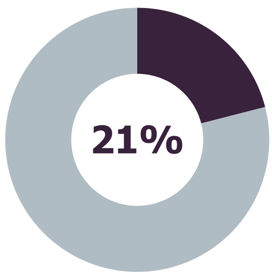
Have you attempted to recruit staff over the past 3 months?



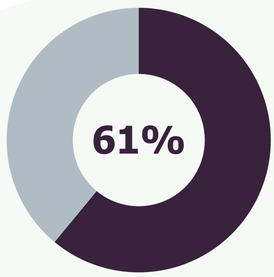
For full-time roles



For part-time roles



For temporary roles



Have tried recruiting

63%
had difficulties recruiting in skilled **manual/ technical**

40%
had difficulties recruiting in **professional / managerial**

23%
had difficulties recruiting **clerical staff**

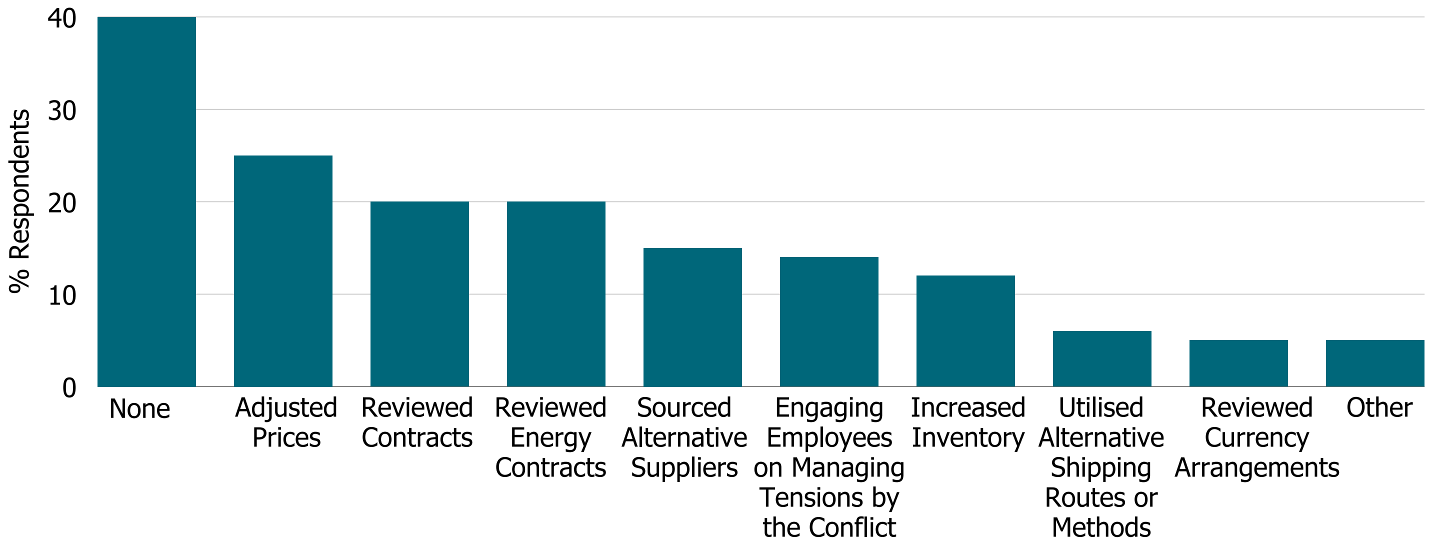
23%
experienced difficulties with **semi/unskilled staffing**

Skills (Past 3 months)

Please indicate the education or training activities your business/employees have engaged in within the last 12 months:

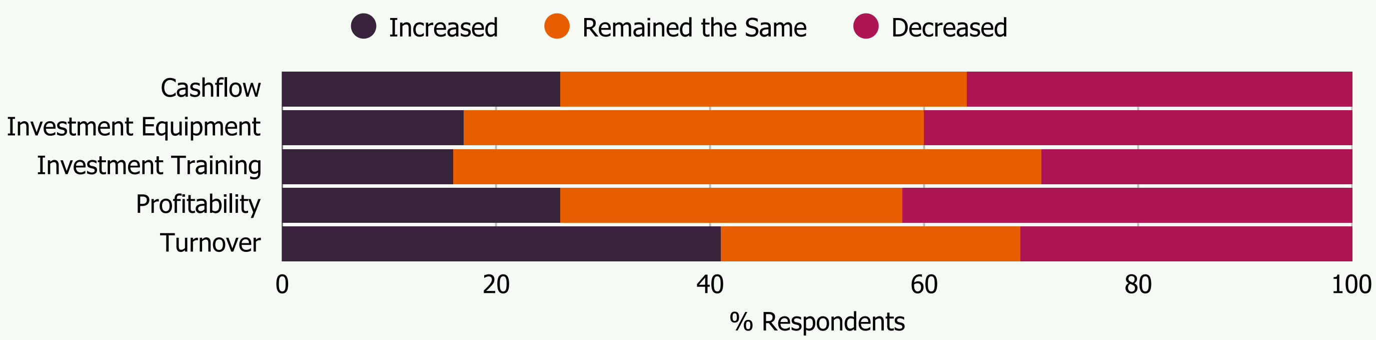
Middle East Conflict (Past 3 months)

What actions have you taken in response?

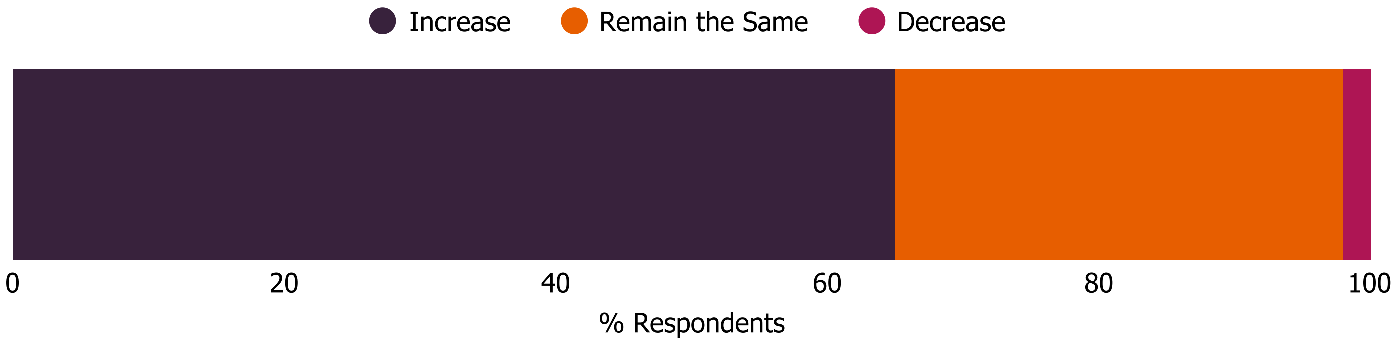


Cash Flow (Past 3 months)

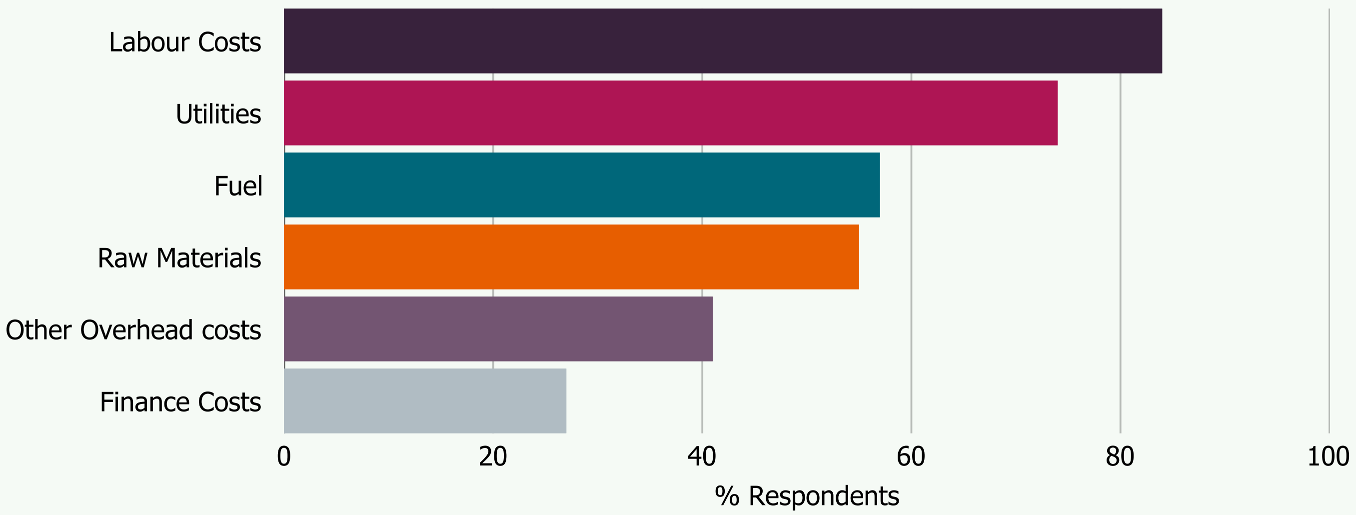
38% said cashflow has **remained the same** compared to Quarter 1



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



Price Rise Pressures (Past 3 months)



Top Factors Affecting Businesses (Past 3 months)

27%
Interest Rates

11%
Exchange Rates

47%
Business Rates

66%
Inflation

25%
Competition

66%
Taxation

The National View

British Chambers of Commerce (BCC)

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The proportion of firms planning to increase investment has fallen to its lowest level since the pandemic. The BCC's Quarterly Economic Survey (QES) for Q2 2026 - the UK's largest independent survey of business sentiment, made up of 4,744 respondents - shows conditions weakened, with fewer firms increasing sales and inflation re-emerging as the leading concern.

Only 17% of responding firms plan to increase investment

Just 44% of businesses expect improved turnover in the next 12 months

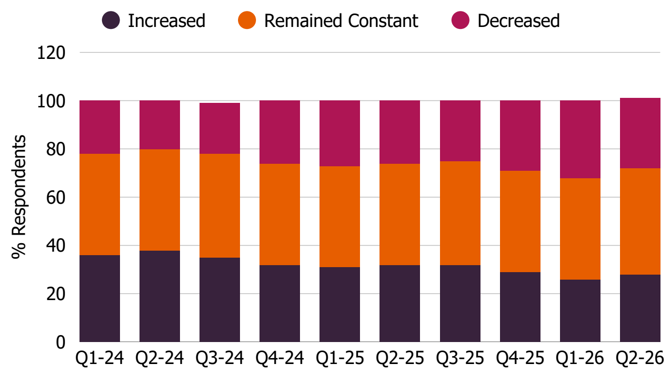
Inflation has become the top concern for businesses

Domestic Sales

The percentage of businesses reporting increased domestic sales in Q2 fell to a 29% (down from 32% in Q1).

44% reported no change, and over a quarter (28%) said they had seen a decrease in sales. Sectoral breakdowns show increased sales were at
their lowest among hospitality firms (20%) and highest in the transport sector (34%).

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

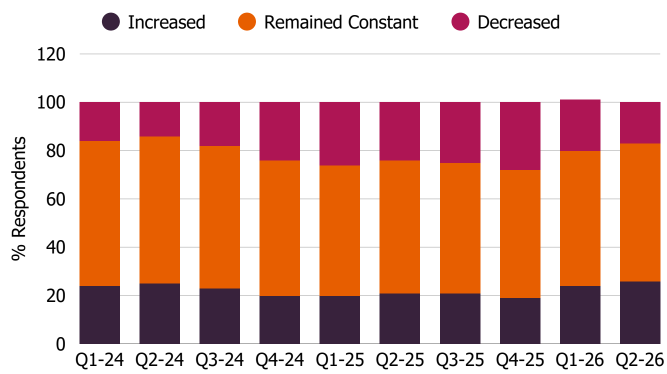


Investment

A quarter (26%) of businesses say they have cut back on investment plans, while 57% say they have remained unchanged, and just 17% of firms increased their plans (down compared to 21% in Q1).

The slump in planned investment levels is more marked in certain sectors. Over a third of hospitality (38%) and retail (35%) firms reported they'd scaled back investment plans.

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



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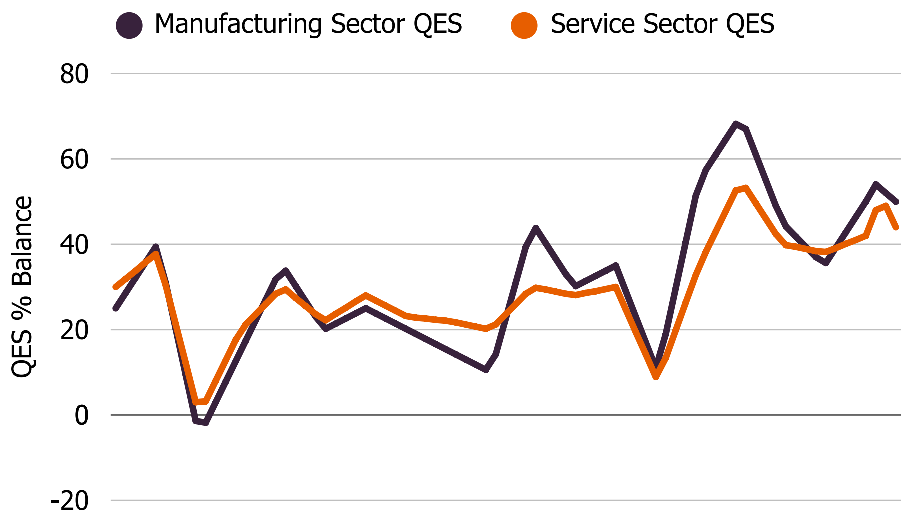
Prices

The proportion of firms expected to raise prices for customers in the next three months remained around half (48%) in Q2.

As measured as a percentage balance, the services sector stands at +39% while the manufacturing sector stands at +57%.

Balance of firms expecting their prices to rise

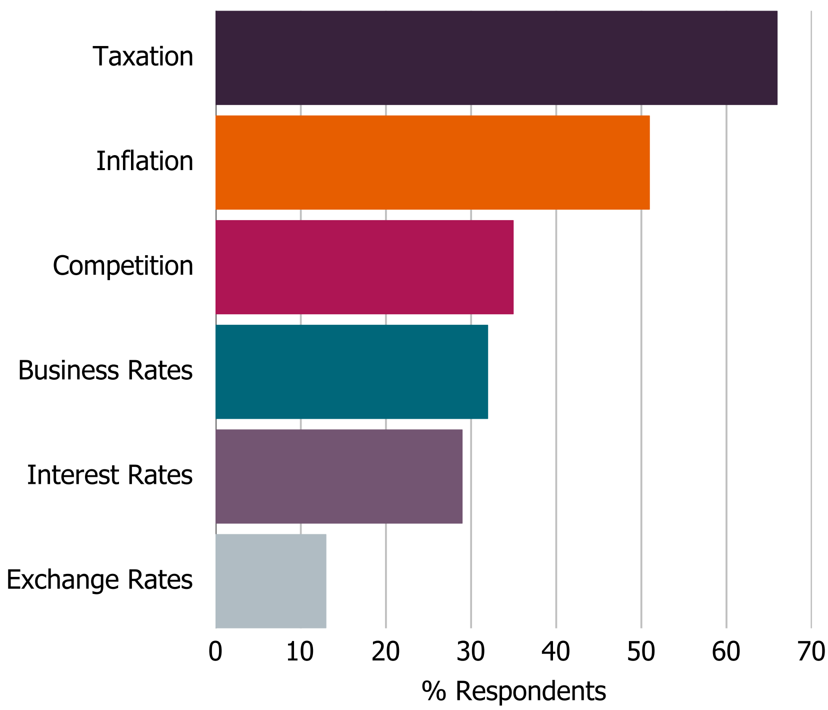


External Factors

With high domestic costs and geopolitical headwinds, inflation leapt to become the top concern for businesses in Q2, cited by 66% of firms (up from 50% in Q1). Half of firms (51%) cited taxation as a worry.

With interest rates expected to stay on hold in the coming months, concern about the cost of borrowing rose to 29% (up from 24% in Q1).

External factors of greater concern than three months ago



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The View from Businesses

"As a business owner, we are being taxed out of existence"

Micro services firm in Yorkshire and The Humber

"General economic instability has made my clients more wary, and therefore less willing to spend on services"

Small Hospitality firm in Cambridgeshire

"Increases in wages, National Insurance, utilities and supplier pricing continue to place pressure on margins, requiring careful stock management and investment planning"

Small construction firm in East Midlands

"It's a challenging and unpredictable climate, with geopolitical factors having a big impact."

Small construction firm in Hull and Humber

"The continued fall in SME investment sentiment is further evidence of a longer-term pattern that no single shock explains.

"Our data shows a risk-aversion cycle taking hold. Firms have not lost ambition, but years of compounding cost pressures and geopolitical shocks have produced defensive behaviour for the average SME.

"Most firms are now experiencing policy as downside risk rather than opportunity - with the rise in employer NICs a prominent example, still being felt almost two years on. Reducing the cost and complexity of the administrative burden would give many firms the space to grow.

"But more broadly, government policy needs to pass a 'growth delivery test'. Each proposal should start from the question of exactly how it will cause firms to increase investment, exports, hiring, or expansion. Until that test is being applied, more announcements will produce fewer decisions–and our survey will continue to show the same pattern quarter after quarter."

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

4,744 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 52% are exporters

92% are SMEs

Fieldwork took place between 11 May – 8 June 2026

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).

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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.

Published: July 2026

If you are interested in participating or finding out more about the QES report, please contact **Connor Butler** at:

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