

BUSINESS CONFIDENCE SURVEY RESULTS

January 2025

ArmstrongWatson[®]

Accountants, Business & Financial Advisers

www.armstrongwatson.co.uk



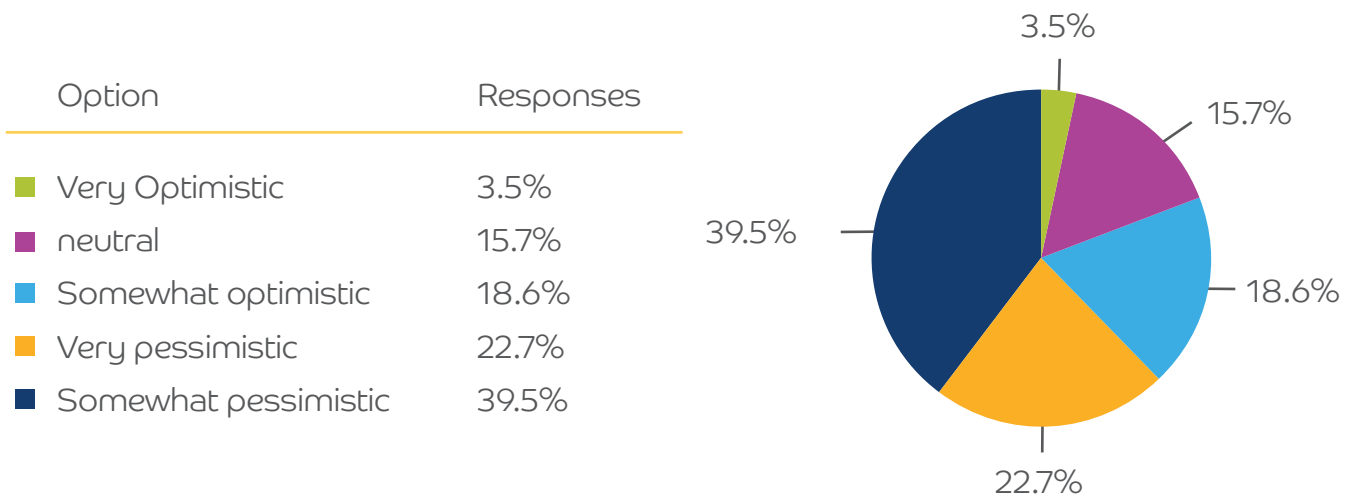
INTRODUCTION

Uncertain times are creating significant challenges for businesses. With the impending implementation of major changes announced in the 2024 Autumn Budget, we believe it is crucial to acknowledge the specific concerns and difficulties facing our clients.

172 of our clients participated in a short, multiple-choice Business Confidence Survey and as follows are the results:

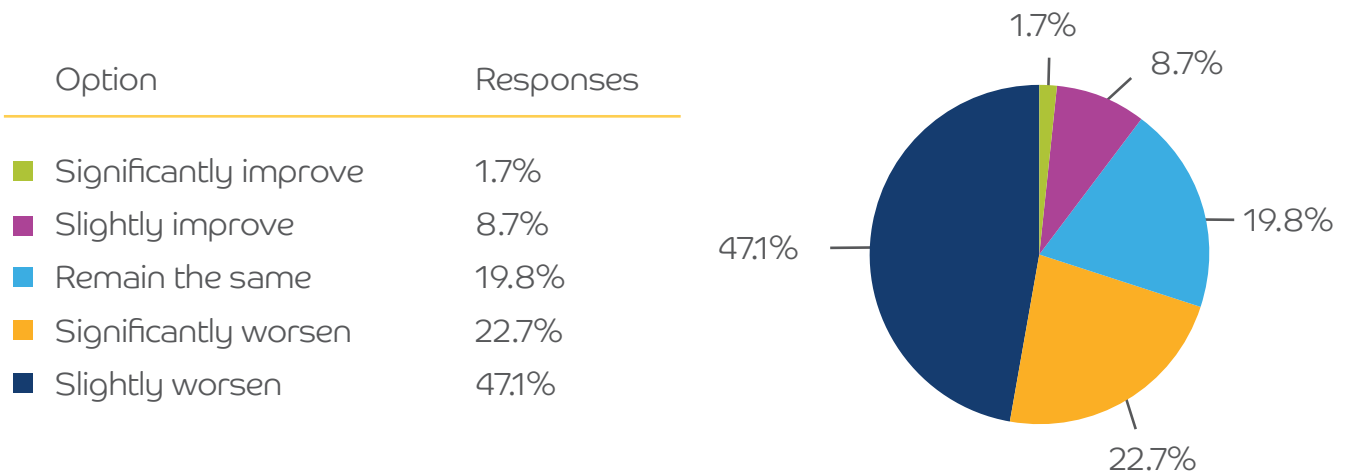
1 | BUSINESS OUTLOOK

How do you feel about the overall economic outlook for your business in 2025?



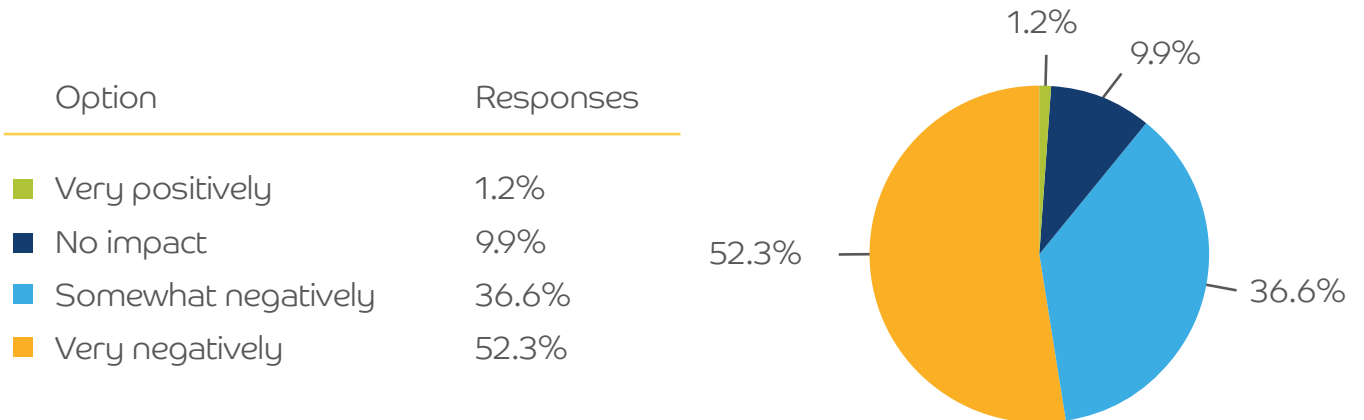
2 | TRADING CONDITIONS

How do you expect trading conditions to change in 2025 compared to 2024?



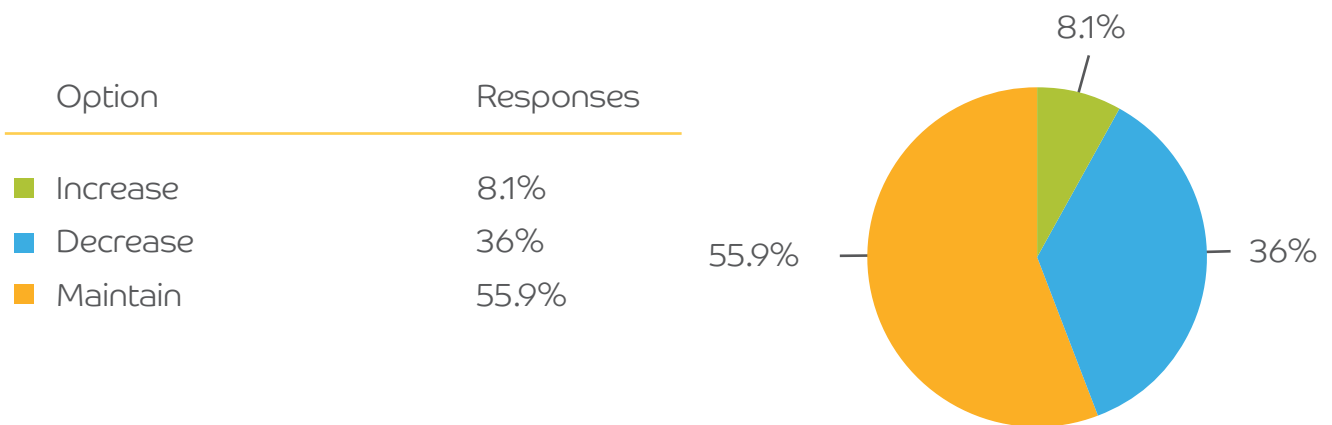
3 | IMPACT OF THE AUTUMN BUDGET 2024

How do you anticipate the Autumn 2024 budget will affect your business?



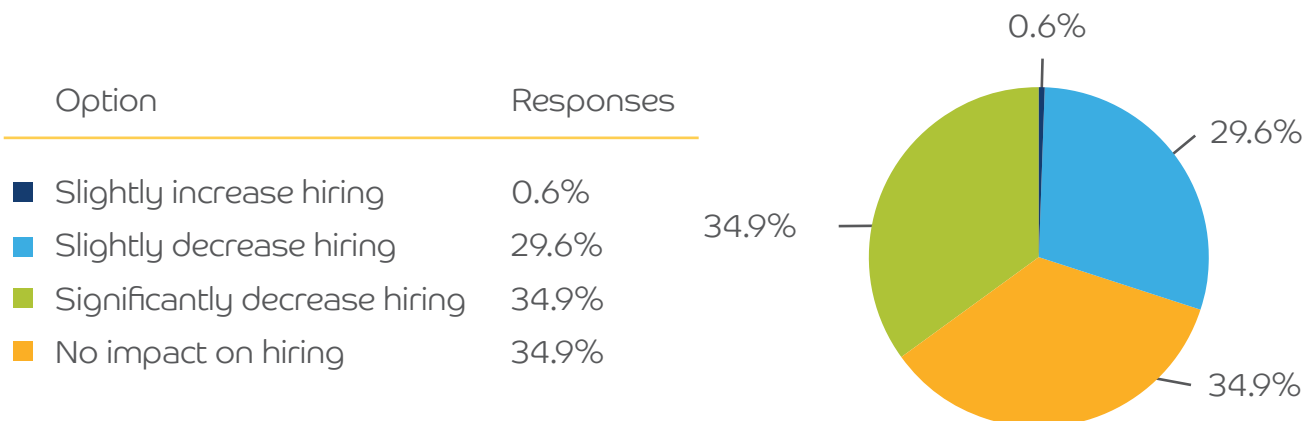
4 | RECRUITMENT AND WORKFORCE

Do you plan to increase, maintain, or decrease your workforce in 2025?



5 | HIGHER EMPLOYERS' NATIONAL INSURANCE

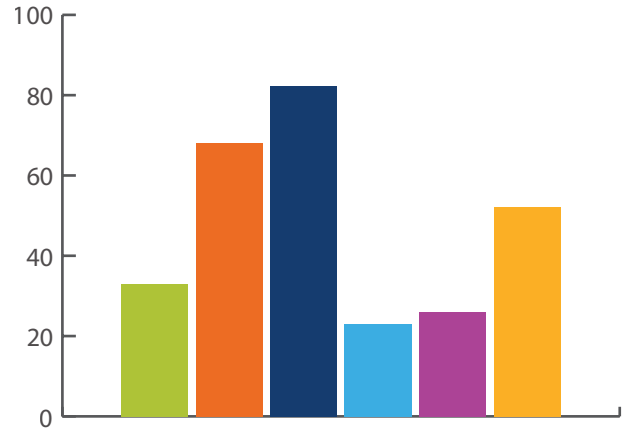
How will the increase in employers' national insurance contributions impact your business's recruitment decisions?



6 | KEY BUSINESS CHALLENGES:

What are the key challenges your business is currently facing? (Select all that apply)

Option	Responses
Competition	11.6%
Regulatory changes	23.9%
Customer demand	28.9%
Access to finance	8.1%
Supply chain issues	9.2%
Other	18.3%

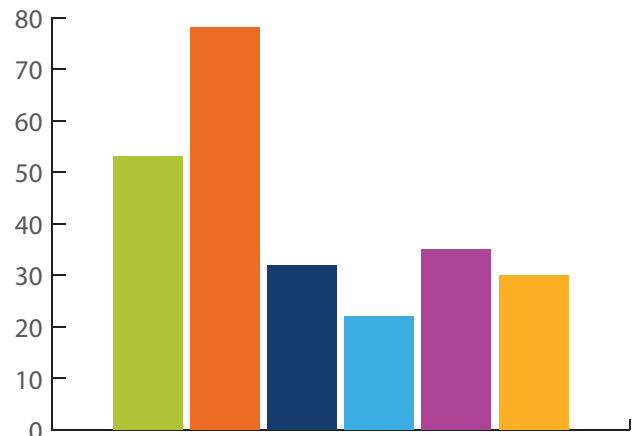


7 | SUPPORT AND RESOURCES NEEDED

What type of support or resources would be most beneficial to your business in 2025?

(Select all that apply)

Option	Responses
Financial advice	21.1%
Tax planning	31.2%
Digital transformation	12.8%
HR and recruitment support	8.8%
Market analysis	14%
Other	12%



8 | ADDITIONAL COMMENTS

Please provide any additional comments or suggestions that you believe would help us better support your business.

My business moves into its third year of trading and we have seen the most successful January in 2025, however there are apprehensions and concerns around the impact of the budget to not just higher costs to us as a small business but to the general public and reluctance to spend.

At the moment we are covering our wages bill etc, but if things don't improve after Easter I will have to look at my outgoings, especially the wages bill.

Single contractor, small 1 person independent businesses are being driven out by current gov policies. This 'knock on' effect will be a lack of flexibility in the market place with clients and projects and ultimately cost more money which drives prices up.

There is an undercurrent of optimism, businesses want to get on and be positive - the multiple changes in the budget are very challenging (employment law changes, NI, minimum wage, rate relief) - but businesses want to thrive despite those headwinds. However, while most seem to be prepared to pass on some of the cost rises, they are also looking to make cost savings too, including headcount and non-essential spend.

Current government budget conditions have caused a significant drop in business confidence and the effects are being felt already in the construction sector. Numerous projects either paused or cancelled.

We will be increasing prices to protect against a reduction in profit from the impact of the budget

I have decided to furlough my company at the end of the financial tax year due to the state of the economic market. I will then make a decision on whether to continue or close down.

My business relies on hospitality, and people coming to the area to stay in Airbnb and Glamping Pods, i have seen a significant fall in work from these establishment's since November right through Christmas and coming into the New Year, this is the first time since I opened 7yrs ago this has happened, we expect a lull, but not 3months going into 4 months.

SUMMARY OF FINDINGS

The results of the January 2025 Business Confidence Survey indicate a generally pessimistic outlook among businesses. A significant portion of respondents, 62.2%, expressed a pessimistic view of the economic outlook for their businesses, with 39.5% being somewhat pessimistic and 22.7% very pessimistic. This sentiment is further reflected in expectations for trading conditions, where 69.8% of businesses anticipate conditions to worsen in 2025. The Autumn Budget 2024 has also been perceived negatively, with 88.9% of respondents expecting it to impact their businesses adversely.

In terms of workforce planning, the majority of businesses (55.9%) intend to maintain their current workforce levels, while 36% plan to decrease their workforce. The increase in employers' national insurance contributions is expected to negatively impact hiring, with 64.5% of businesses indicating they will decrease hiring. Key challenges identified include customer demand, regulatory changes, and competition. Businesses have highlighted the need for support in areas such as tax planning, financial advice, and market analysis to navigate these challenges.

While some of the challenges are outside of a business's control – and it is important that they forecast the impact this will have - there are other areas business owners can influence and control, and which they can focus on and plan carefully around, to mitigate the widespread impact of the impending tax rises they face.