



QES REPORT

Q1 2025



A WORD FROM OUR CEO

The latest economic report presents a different picture from the previous one, which showed resilience across our region.

Taxation has emerged as the top external factor impacting businesses, with 75% of respondents citing it as a major challenge. Following the Autumn Statement in October, tax pressures have reached an all-time high, adding to the strain of employment costs.

However, there are some positive signs. More businesses are investing in workforce training and enhancing operations with new plant and machinery, indicating a level of confidence—albeit lower than in previous reports.

Encouragingly, only 8% of respondents are considering workforce reductions, down from 10% in the previous quarter.

As we head into Q2 of 2025, it's vital to stay focused and positive despite rising costs and a slight sales downturn. Businesses in our region play a key role in the national economy, particularly in manufacturing, technology, and logistics.

As a leading Chamber of Commerce, we remain committed to championing businesses across Northamptonshire and Milton Keynes. We will continue to raise members' concerns at the highest levels to ensure their voices are heard by policymakers, helping to create a stronger, more resilient business community.



LOUISE WALL
CEO



INTRODUCTION

The opening quarter of 2025 from the QES survey data reveals signs that businesses have seen a downturn in trading across Northamptonshire and Milton Keynes. UK sales and orders have decreased by 15% from the previous quarter's survey and export sales and orders have decreased by 18% for the same period reflecting a slow down in the economy and business growth.

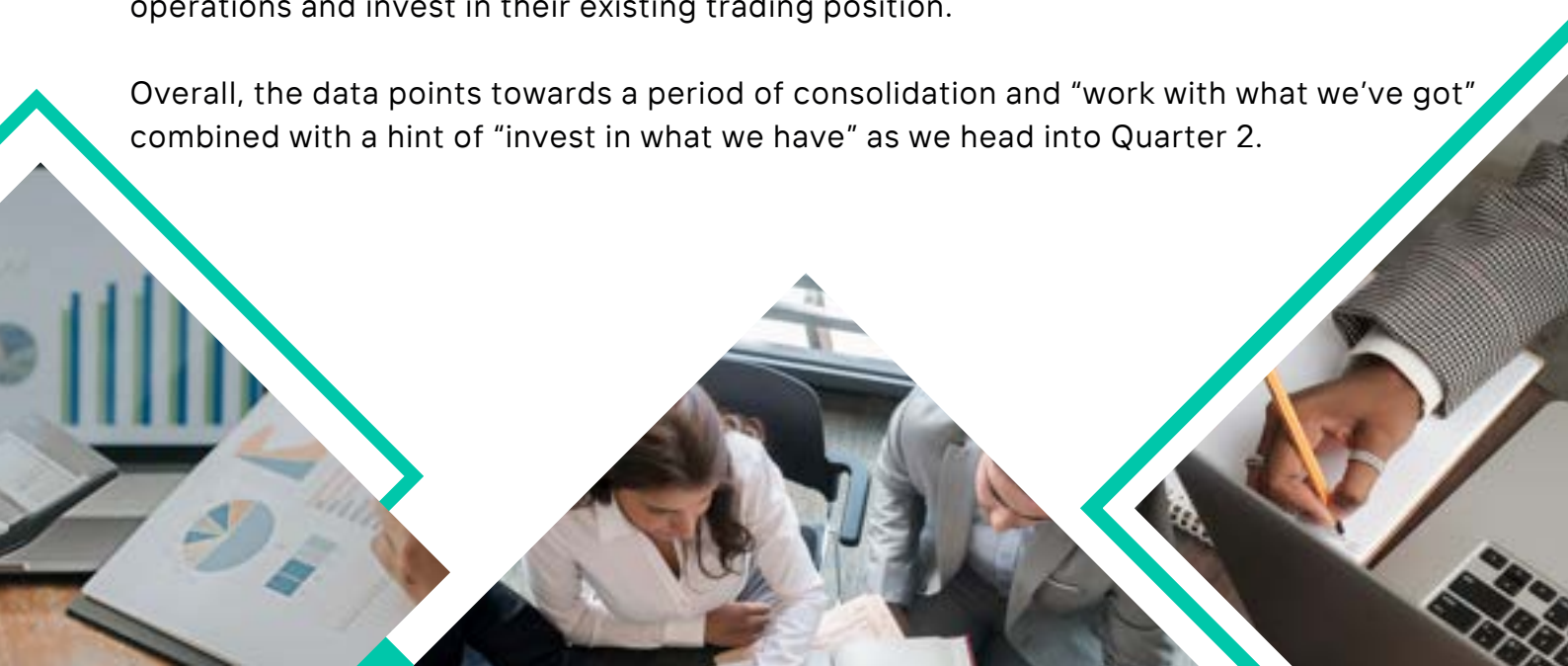
Business confidence has become more hesitant both domestically and internationally which is reflected by the respondents' responses regarding sales and orders coupled with increased concerns around potential further taxation, uncertainties over the rise of inflation and increases in other business costs such as utilities and operating costs.

Just over a quarter of respondents reported that they are operating at full capacity compared to just over a third of respondents for Q4 of 2024. Concerns persist over rising employment costs, utilities and overheads followed by increases in the costs of raw materials with all these increasing from the previous quarter.

Further taxation has been cited as the number one concern from respondents reaching an all time high with 75% of respondents raising this compared to 39% from 12 months ago and just 24% of respondents at the start of 2023.

We have seen an interesting response when it comes to investment plans though and respondents are planning on increasing their investment across plant and machinery and workforce training suggesting businesses are looking to focus on their current operations and invest in their existing trading position.

Overall, the data points towards a period of consolidation and "work with what we've got" combined with a hint of "invest in what we have" as we head into Quarter 2.

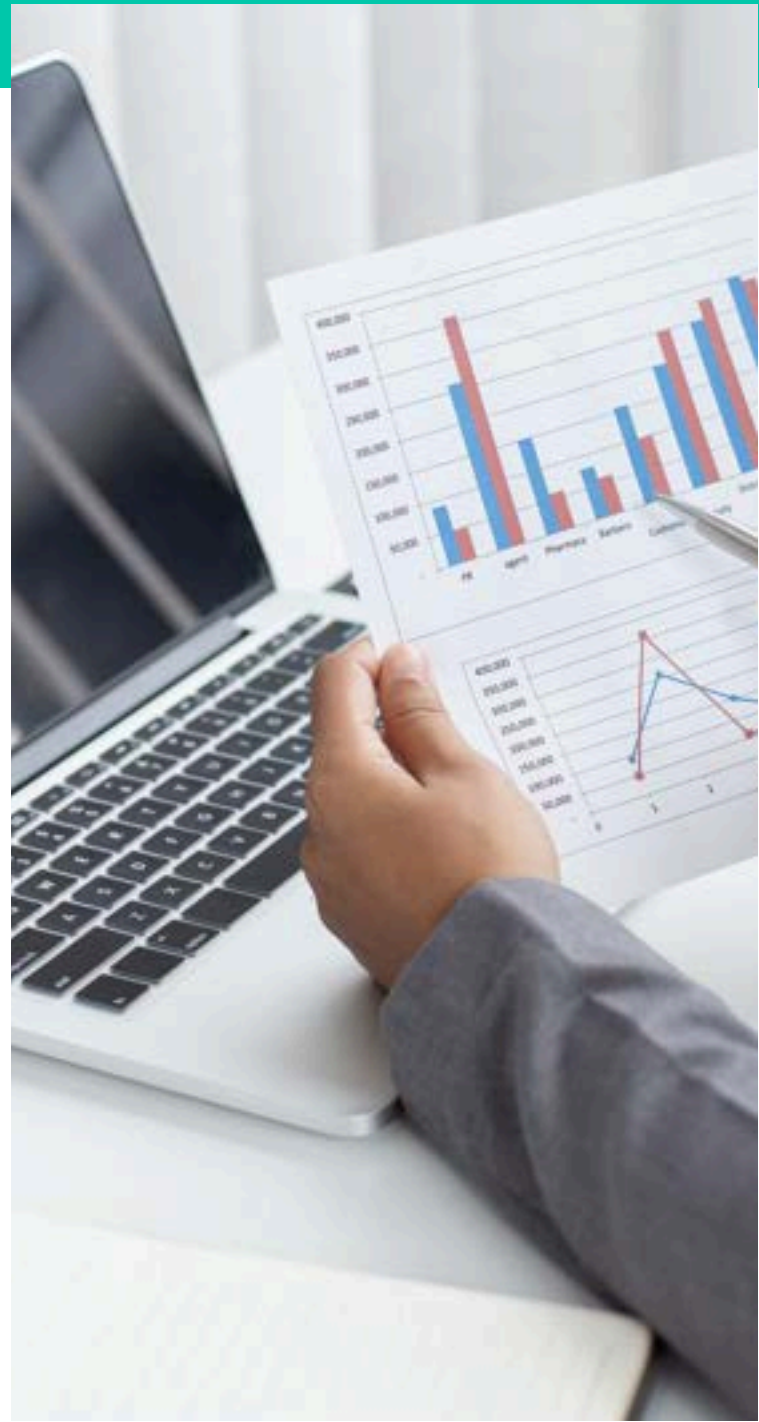


DOMESTIC ORDERS

UK Sales and Bookings have slowed by 17.99% in the opening quarter of 2025 with 41.38% reporting UK sales have remained constant. 29.31% of respondents saw a decrease in UK Sales compared to 18.92% in the previous quarter reflecting hesitancy in buying decisions and supply chains as businesses open the opening quarter of 2025 with hesitancy and proceeding with caution.

41.38%

of respondents have reported UK sales have remained constant over the past three months



OVERSEAS ORDERS

Export sales and orders have decreased in the opening quarter of 2025 with over a third of respondents, 34.38%, stating that they have seen a decline in overseas business activities.

Just 15.15% of exporters have cited they have experienced an increase in export sales and orders compared to 25% in the last quarter reflecting that confidence has also decreased with overseas trade.



BUSINESS CONFIDENCE

56.45% of business responses have indicated that they expect their turnover to improve over the next 12 months – this has seen a 12.15% decrease on the previous quarter suggesting challenges that businesses are facing with increased costs is impacting on turnover and business confidence isn't as strong as previous quarters.

75.01% of firms have indicated that an increase in taxation is their main concern followed by inflation which was reported by 58% of firms, both of these concerns have been increasing throughout 2024 and have reached highs in the opening quarter of 2025 with potential taxation increases being the number one concern for businesses. 35% of respondents have said they are concerned about further increases in interest rates compared to just 18% from the previous quarter.

It's also been reported in this latest survey that 42.62% of firms expect their profitability will improve in the next 12 months, a decrease on the previous quarter by 9.76% reflecting the concerns businesses have with increased costs and financial pressures coupled with a downturn in sales and orders.

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Increased wage burden and taxation is not helpful for growth or future investment.

**Signage Firm -
Northamptonshire**

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56.45%

of respondents believe their turnover will improve over the next 12 months.

72.58%

of firms report they are currently operating below full capacity.



INVESTMENT & CASHFLOW

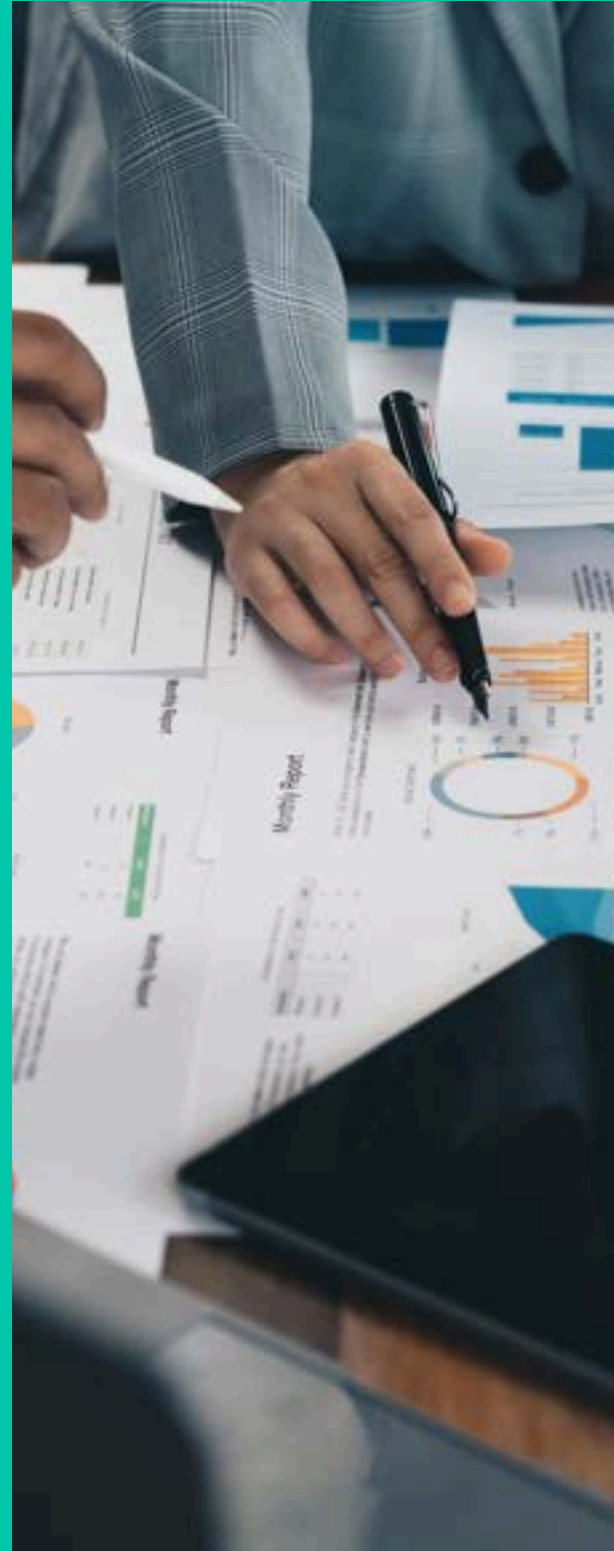
47.54%

of respondents have suggested they will raise their prices in the coming months.

Overall, 27.27% of respondents have reported that they are planning to invest more in plant and machinery, an increase of 6.38% from the last quarter, whilst just under 50% of respondents (49.09%) have stated that they are planning to work with their existing plant and machinery before considering further investment.

A total of 25.93% of respondents have reported an increase in their cashflow in the opening quarter of 2025 with 46.3% of respondents expecting their cashflow to remain constant, increasing by 7.34% from Quarter 4 of 2024 suggesting businesses have become a little hesitant when it comes to purchases or have seen a slight downturn in sales.

Investment in training has also increased in the opening quarter with 17.86% of respondents looking to invest in their existing workforce however 55.36% of respondents have said they aren't looking to invest in training of their current workforce with 26.79% of respondents stating that they are likely to decrease their training plans for the forthcoming quarter.



RECRUITMENT

42.86%

of businesses have attempted to recruit in the past 3 months.



We have seen a decrease in the number of firms attempting to recruit since the last quarter and for those that attempted to recruit, 52.27% have been looking to recruit for full time roles over part time positions.

Of the respondents who successfully recruited in the opening quarter of 2025, 55% have stated that they have had difficulties finding the suitable staff with the majority of the recruitment difficulties being skilled/manual roles or professional/managerial roles within the business.

When it comes to workforce recruitment in the next quarter, 67.74% of firms have said they are expecting their workforce to remain constant, an increase of 9.6% percent, and we have seen a decrease from respondents when it comes to increasing workforces by 7% dropping from 31.4% in Q4 of 2024 to 24.19% in the opening quarter of Q1 2025.

Only 8% of respondents have said they expect their workforce to decrease which considering increasing employment costs, increased taxation and other financial pressures, there is a positive sign that employers in Northamptonshire and Milton Keynes are looking to retain and invest in their current workforces.