

QES REPORT

Q2 2025



A WORD FROM OUR CEO

The latest economic picture for Q2 of 2025 shows continued resilience among businesses across Northamptonshire and Milton Keynes, though key concerns remain.

Our latest Quarterly Economic Survey reveals that inflation has overtaken taxation as the top concern, with 56% of respondents highlighting it as their main issue. Following increases in National Insurance and other taxes in Q1, businesses are adjusting to rising costs—making inflation a growing pressure. Concerns around further taxation have now dropped to second place for the first time in over a year.

Encouragingly, business confidence around turnover and profitability has improved since the last quarter. More firms are now operating at full capacity, suggesting many are adapting to challenges such as higher employment and raw material costs.

We're also seeing a positive shift in workforce investment. More businesses are planning to invest in training, indicating a commitment to developing staff and tackling skills shortages.

As the Chamber representing businesses across Northamptonshire and Milton Keynes, we remain committed to championing our members. We will continue to raise their concerns with policymakers and ensure the insights from our Quarterly Economic Survey are shared with key stakeholders, helping to shape the support and action our region's businesses need.



LOUISE WALL
CEO



INTRODUCTION

The QES data for Q2 of 2025 reveals encouraging signs of increased demand, with more businesses operating at full capacity compared to the start of the year. In Q1, just 27.42% of respondents reported operating at full capacity; this has risen to 34.92% in Q2—an indicator of growing trade and improved business activity.

Business confidence has also strengthened, reflecting a positive shift in market sentiment. Compared to Q1, both domestic and export sales have increased, suggesting improving economic conditions, rising demand across key sectors, and growing optimism about future trading prospects.

Investment intentions have also seen an upward trend. More businesses are choosing to maintain and make better use of their existing plant and machinery, signalling a cautious but strategic approach to capital expenditure. Rather than investing in new equipment, businesses appear to be focusing on enhancing operational efficiency, managing costs, and potentially directing resources toward workforce development, digital transformation, or market expansion.

Overall, the data suggests a phase of consolidation. Businesses are prioritising stability, optimising existing resources, and making deliberate, targeted investments. As we move into Q3, this pragmatic approach reflects a balanced mindset—combining caution with forward-looking investment to support sustainable growth.



DOMESTIC ORDERS

UK Sales and Bookings have increased by 2.89% in the opening quarter of 2025 with 50.85% reporting UK sales have remained constant. 32.20% of respondents saw an increase in UK Sales compared to 29.31% in the previous quarter suggesting that confidence may be returning following a challenging opening quarter to the year.

50.85%

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



OVERSEAS ORDERS

Export sales and orders have shown improvement since the opening quarter of 2025, with 23.81% of respondents reporting an increase in overseas business activity.

Additionally, 57.14% stated that their export sales and orders remained consistent—a rise of over 9% from the previous quarter. This suggests that businesses are successfully navigating recent tariff changes, resulting in greater stability in international trade.

While there has been an encouraging increase in export activity overall, the rise in new export bookings has been more modest. Just under 4% more businesses reported an increase in export sales and bookings, with 19.05% noting growth in this area. Despite the modest rise, the trend indicates a positive direction for overseas trade.



BUSINESS CONFIDENCE

50.77% of businesses expect their turnover to improve over the next 12 months. However, this marks a continued decline over the past four consecutive quarters, indicating that rising costs are impacting business performance and confidence remains weaker than in previous periods.

Concerns about inflation remain high, with 56% of firms identifying it as a key issue—only slightly down from 58% in the previous quarter.

Positively, 43.75% of respondents expect profitability to improve over the next year, a modest increase of 1.13% on the previous quarter. Additionally, 35.94% of firms reported investing in new ways of working to manage costs—an encouraging rise of 8.07%. This suggests that, despite ongoing challenges, some businesses are adapting operations to build resilience and support future growth.

“

The impact of inflation and tax on the business environment is our main concern, as this impacts our clients.

**Professional Services -
Northamptonshire**

”

50.77%

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

65.08%

of firms report they are currently operating below full capacity.



INVESTMENT & CASHFLOW

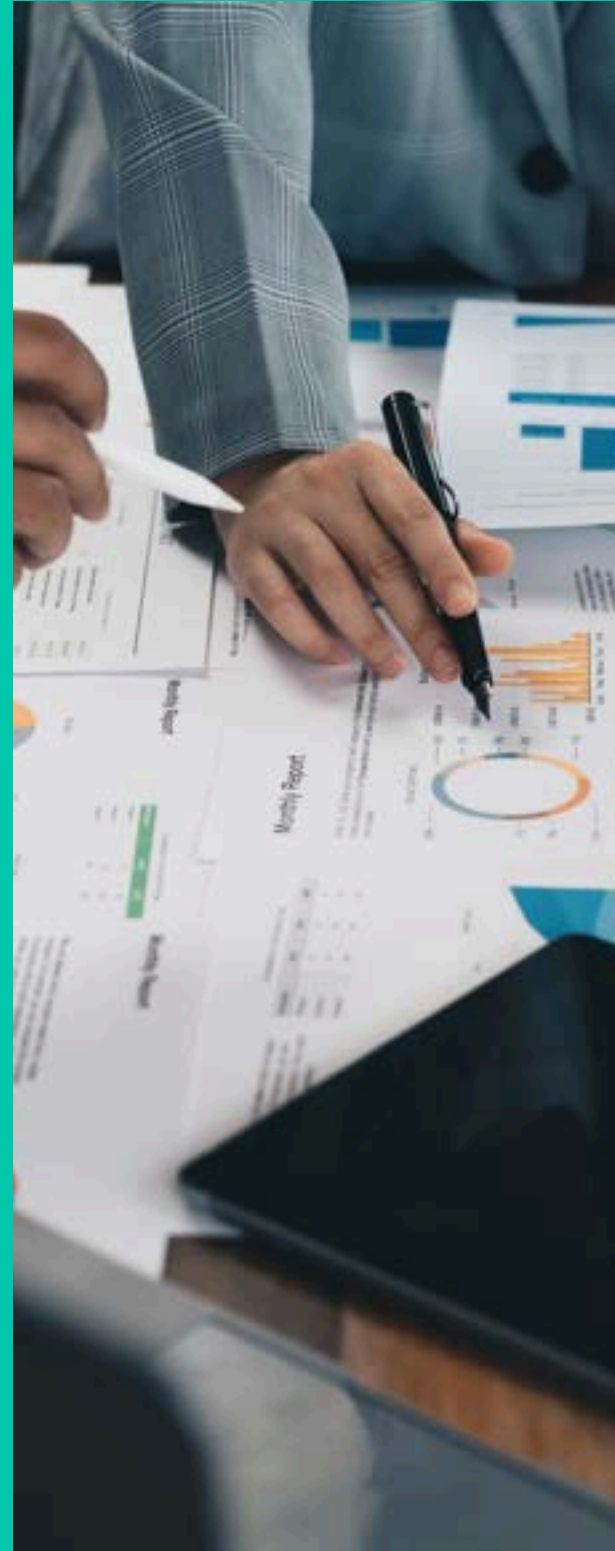
66.67%

of respondents have suggested they will not be increasing prices in the next 3 months

Overall, 22.92% of respondents have reported that they are planning to invest more in plant and machinery, a decrease 4.35% from the last quarter, whilst just under 60.42% of respondents have stated that they are planning to work with their existing plant and machinery before considering further investment, increasing by 10.33% from Q1.

A total of 32.79% of respondents have reported an increase in their cashflow in the second quarter of 2025 with 44.26% of respondents expecting their cashflow to remain constant, decreasing by 2.04% from Q1 of 2025 suggesting businesses have focused on external finance or reducing payment terms to see more cash into their business.

Investment in training has also increased from the opening quarter with 28.30% of respondents looking to invest in their existing workforce however 52.83% of respondents have said they aren't looking to invest in training of their current workforce with 18.87% of respondents stating that they are likely to decrease their training plans for the forthcoming quarter.



RECRUITMENT

62.71%

of businesses have not attempted to recruit in the past 3 months.



Since the last quarter, fewer firms have been attempting to recruit. Among those actively recruiting, 48.15% are seeking full-time roles rather than part-time positions.

Of the respondents who successfully recruited in Q2 2025, 51.61% reported difficulties finding suitable candidates, with most challenges arising in skilled/manual roles and professional/managerial positions.

Looking ahead to the next quarter, 71.18% of firms expect their workforce to remain stable—an increase of 4.14% compared to the previous quarter. Only 7.81% anticipate a decrease in their workforce.

Considering the ongoing pressures of rising employment costs, taxation, and other financial challenges, this stability is a positive sign. It indicates that employers in Northamptonshire and Milton Keynes are focused on retaining and investing in their current workforce despite these challenges.