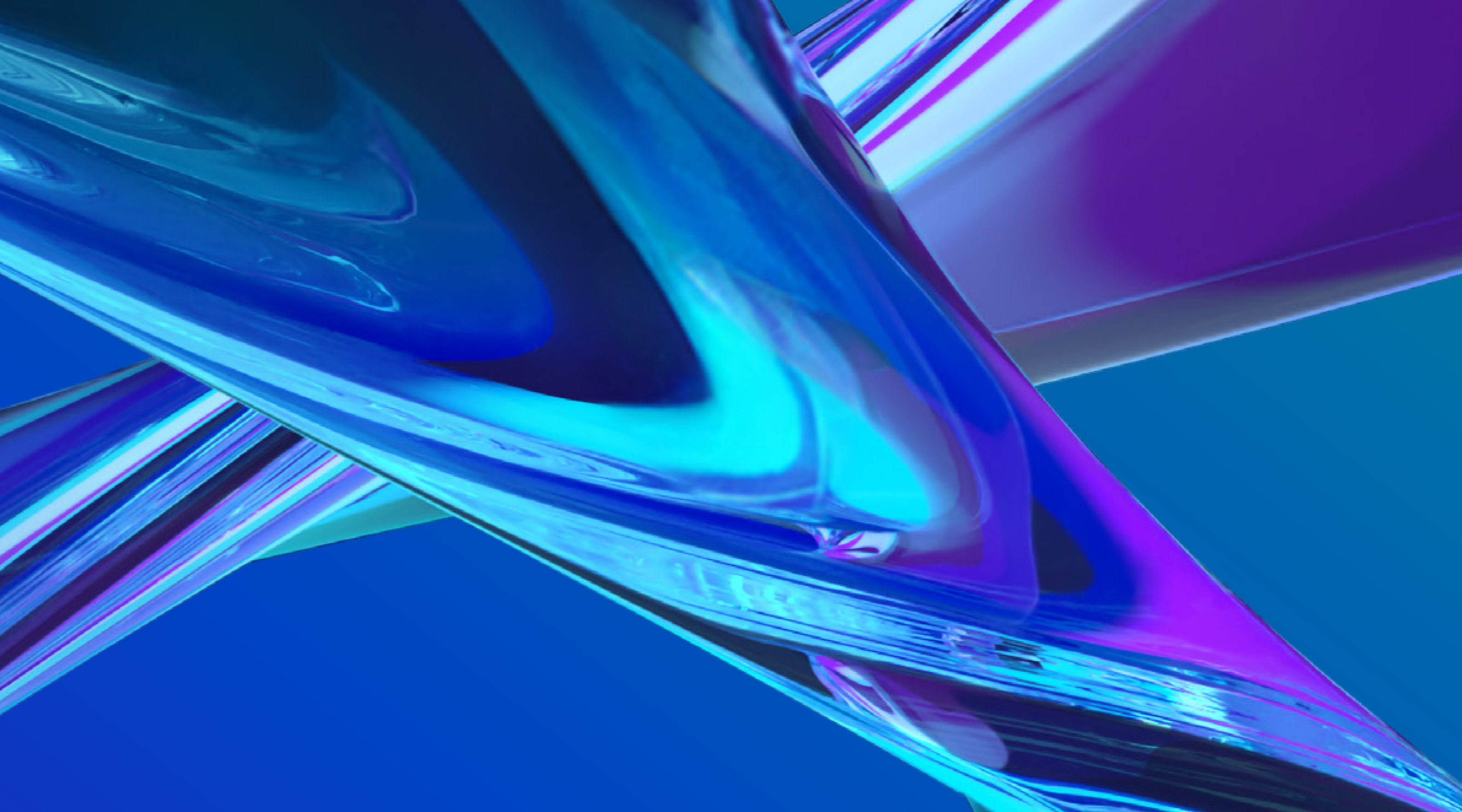


The BOSS

The Business Owners Sentiment Survey

Spring 2025

Exploring the big issues for British business owners

Edition 01 June 2025

S&W

Executive summary

All surveys are snapshots, but sometimes the subject is particularly fast-moving. S&W's Business Owners Sentiment Survey (BOSS), which seeks to capture the live issues for British businesses, comes at a turbulent time.

The government has high ambitions for UK growth and leadership in technology, green energy and financial services, among other sectors. But it's British businesses that must deliver if these are to be achieved. Our survey of 500 business owners shows that they currently face a bewildering array of challenges.*

Tax rises, increased costs, tariffs and geopolitical uncertainties, labour shortages and staffing costs are among the many issues our survey finds are worrying British business owners. The range of problems is so broad that no one dominates. But some consistent messages do come through.

First, many businesses have been hit hard by government measures and are finding it an unreliable partner in the quest to drive growth:

- Almost half (48%) strongly agree or somewhat agree that the Autumn budget worsened the prospects for their business
- A similar number (47%) say the government's policies towards business are deterring them from expanding their business
- Four in ten (42%) strongly agree or somewhat agree that the government's policies towards business are deterring them from starting a business

The change to employers' national insurance (NI) contributions has hit particularly hard, and it's not just businesses that have paid the price. As a result of the NI changes, business owners say they have already or are planning to reduce headcounts (53%), cut hours (59%), and freeze pay (51%). Businesses

* The research was conducted by Censuswide among a sample of 500 business owners aged 18+ in the UK at companies with a turnover of £5m+. The data was collected between 04.04.2025-06.05.2025. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct and ESOMAR principles. Censuswide is also a member of the British Polling Council.

are also increasingly looking to automation to replace staff, with more than half (59%) having done so or planning to do so.

Bye bye, BOSS?

Ultimately, the danger is that the whole country will suffer the consequences.

The UK is home to a large number of wealthy business owners. London is the leading city in Europe by number of millionaires. But many are now leaving, and far more are considering their future: More than a third of BOSS business owners say they are considering moving themselves (37%) or their business (39%) abroad.**

Others, meanwhile, are seeking to exit their business altogether. More than four in ten (41%) UK business owners say they have fast-tracked their exit strategies over the past 12 months. Cuts to business property relief announced in the October 2024 Budget were the most common cause (28%).

The practicalities, complexities and challenges mean that most of these business owners will remain in the UK and that many exit strategies will be pushed back. Indeed, our survey finds even more business owners (44%) say they've delayed their exit at this uncertain time. But it is clear that the government and UK cannot take its business owners for granted, and that those owners are open to big decisions to protect their wealth, families and firms.

Conversely, this flexibility and openness to change should also give us optimism for the UK's future. As we note, British businesses have always faced challenges and have always found a way through. Navigating a path to success given the challenges they currently face will not be easy, however. It will take all business owners' ingenuity – and some good advice – to find the way.

** Figures combine those who agree and strongly agree with the statements.

Business
as unusual

Business as unusual: Business owners chart a course through turbulent times

Introduction

"Business opportunities are like buses," serial entrepreneur Richard Branson has noted. "There's always another one coming." But buses, as the British know, can be delayed, and challenges, as well as opportunities, sometimes seem relentless. Those currently facing British businesses are formidable.

Domestic and international issues have combined to hit businesses from all sides and create significant economic uncertainty. Tax rises and tariffs followed hard from previous years' soaring energy prices, inflation and rising interest rates.

By April 2025, the CBI found business confidence at its lowest in over two years. In the same month, the IMF cut its forecast for growth in 2025 by a third, from 1.6% to 1.1%. It also predicted that UK inflation would be the highest of any advanced economy, partly because of persistently high energy costs.

Business owners face not just a difficult business environment but also challenges to their personal finances. Most owners' fortunes are intertwined with their firms'. Their businesses are a source of income and wealth (or potentially a drain on both). They are often central to plans for retirement and to provide for families after the owner is gone.

Here again, business owners find themselves squeezed, with the 2024 October Budget raising capital gains tax incrementally from that month, and employers' NICs and the national minimum wage from April 2025, as well as announcing reductions in inheritance tax reliefs from April 2026. As firms' costs have risen in the present, owners face higher bills in future should they sell up or pass on their business.

Businesses must help themselves

There has been some good news, but it is limited.

The IMF's downward revision for growth in April, for example, came with a prediction that the UK would see three further cuts to interest rates in 2025 following February's. One, in May 2025, has already materialised. That should help businesses' borrowing costs. However, it comes when lending to SMEs (the majority of British businesses) is at historically low levels.

Likewise, the announcement in May 2025 of the UK's trade deal with the US – the first struck since Trump's introduction of tariffs on "Liberation Day" in April 2025 – was welcome. But many of the deal's details are yet to be worked out. It will, in any case, leave tariffs on most UK exports to the US higher than before April.

Business owners can take real encouragement from one thing, however: They have been here before. It is easier to point to unprecedented challenges facing British businesses than to find a time when they haven't faced them. Whether it has been the tech boom and bust, the financial crisis or Covid, British businesses and their owners continually face new challenges – and bounce back.

This time will be no different, but it does not diminish the obstacles facing business owners. S&W commissioned this research to understand these better and to look for clues as to how they will be overcome. We surveyed 500 UK owners of businesses with a turnover of at least £5 million. The businesses come from across industries and regions, taking in sole traders and significant employers, new businesses and those that are decades old.

The survey sheds light on their problems, pains and plans. It shows British business owners facing a huge array of issues and responding in equally varied ways. Above all, it shows that no single issue defines or dominates the business landscape, and no one solution can meet every owner's needs. Each must chart their own course to success.

Everything, everywhere all at once

Everything, everywhere all at once: Business challenges

The responses emphasise the variety of issues facing business owners, such that no single challenge stands out. The survey found a significant number of owners saying their businesses had been impacted by a range of external events in the last six months.

Rising costs were among the most likely issues to have hit businesses, whether increased energy and fuel prices (33%), rising staff costs or increases in raw materials and goods prices (31% for both).

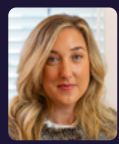
Inflation has fallen significantly from its peak of 11.1% in late 2022, but at 3.5% for the Consumer Prices Index (excluding housing) in April 2025 it remains above the Bank of England's 2.0% target. Moreover, from April 2025, employers faced the rise in employers' national insurance (NI) from 13.8% to 15% and a 6.7% increase in the national minimum wage. Among owners with more than 500 employees, 41% said rising staff costs had impacted them.

It is not just costs that have risen in recent months, however. Perhaps unsurprisingly in a period that covered the start of Donald Trump's second presidency (as well as ongoing international conflicts), almost as many said they had been impacted by global political uncertainty (31%). Over one in five, meanwhile, said that their business had been affected by reduced customer demand (22%), labour shortages (21%), and cyber attacks or data breaches (21%).

Perhaps less expected was the third (33%) who said their business was impacted by increased competition.

In part, however, this is likely explained by the fast-moving technology sector, with businesses in IT and telecoms making up a third of all respondents. Of these, 43% said competition had had an impact, against just 18% of owners of finance firms, for example.

> "Many business owners are facing a snowball of several major challenges coming together."
>
> *-Laura Hayward, Partner, Personal Tax*



What external events, if any, have impacted your business in the past 6 months? (Select all the apply.)

Little relief: The business outlook

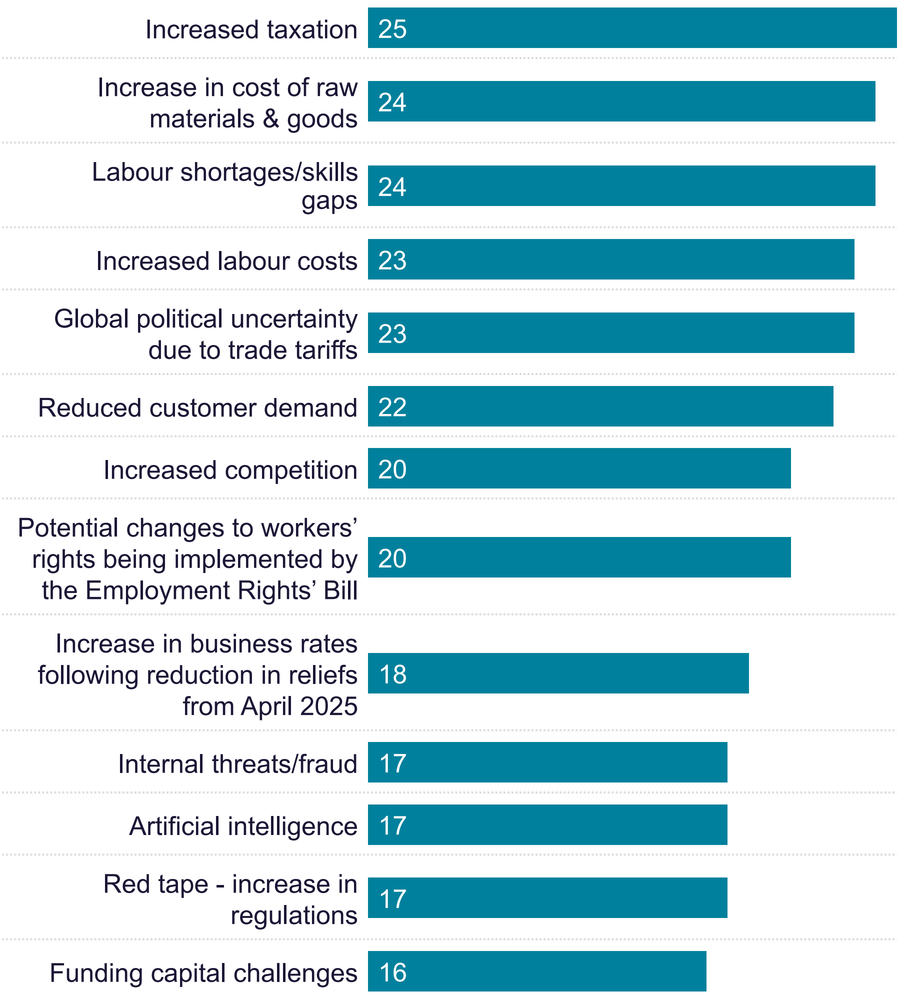
Businesses see an equally wide array of potential challenges ahead. Similar concerns were raised by owners when asked what three factors had the potential to most negatively impact their business. Over a fifth chose the increase costs of raw materials and goods (24%), labour shortages or skills gaps (24%), increased labour costs (23%) and reduced customer demand (22%).

Strikingly, however, it was increased taxation that was most likely to worry business owners. A quarter (25%) said this had the potential to impact their business most negatively. One in five (20%) also said potential changes to workers' rights in the Employment Rights Bill could hurt them.

The latter was the subject of a joint letter to members of the House of Lords in April signed by senior officials at the British Chambers of Commerce, Confederation of British Industry, Institute of Directors (IoD), Federation of Small Businesses and manufacturers' group Make UK.

"[T]he Bill will have deeply damaging implications for the government's priority growth mission as well as their admirable focus on tackling rising economic inactivity," [the letter read.]

What factors, if any, do you think have the potential to most negatively impact your business? (Select up to three.)



"

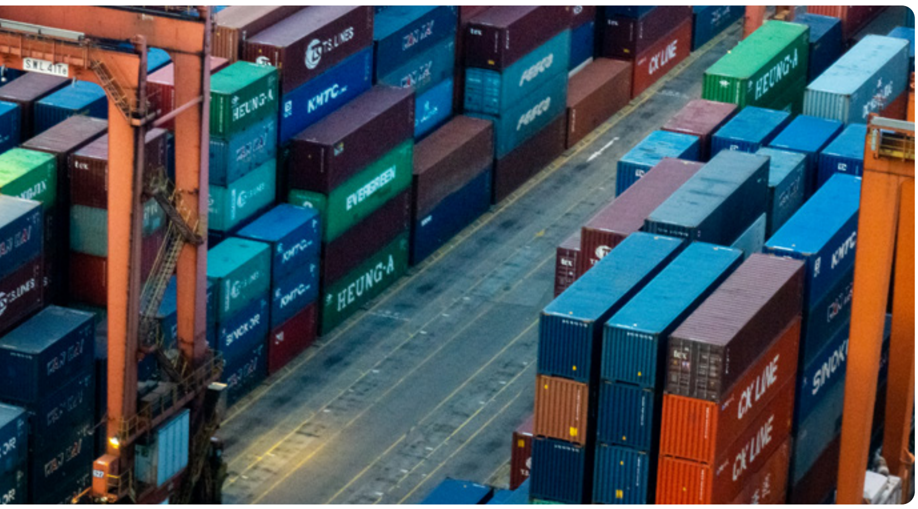
Business owners nervously await the final shape of the Employment Bill. Many are worried about another un-welcome increase of costs and red tape."

- Toby Tallon, Partner, Personal Tax

Asked about the top three current barriers to growth for their business, meanwhile, owners again showed concerns about some aspects of government policy.

Competition (28%), increased raw materials and goods costs (28%), and skills shortages (24%) were all concerns for a substantial proportion. However, so were corporation tax levels (28%), lack of government support for businesses (22%) and increased staff costs as a result of the NI rise in the October 2024 Autumn Budget (21%).

Currently, what are the biggest barriers to growing your business? (Select up to three.)



A growth government?

It is easy to forget businesses' support in the run-up to the 4 July 2024 election that brought the current government to power. Many are now reconsidering.

In May 2024, over 120 business leaders signed a joint letter backing Labour as the party to "partner fiscal discipline with a long-term growth strategy, working in partnership with the private sector". A poll days before the election found over half (52%) of British businesses with a turnover of more than £250,000 agreeing that Labour was ready to form the next government.

The government, meanwhile, has made its "growth mission", aiming to achieve the highest sustained growth in the G7, a central plank of its policy. "Growth can only be achieved in partnership with businesses," its Plan for Change acknowledged.

Less than a year later, however, our survey suggests some business leaders are not convinced the government is living up to its role in such a partnership.

For many, October 2024 was a turning point. A snap poll of IoD members following the Autumn Budget found two-thirds giving it the thumbs down, with the same proportion saying that it didn't support the government's growth mission.

That's reflected in responses from some business owners in our survey. Asked whether the prospects of their business had worsened because of the Chancellor's announcements in the Autumn Budget, almost half (48%) in our sample strongly (16%) or somewhat (32%) agreed. Only 28% disagreed.*

"

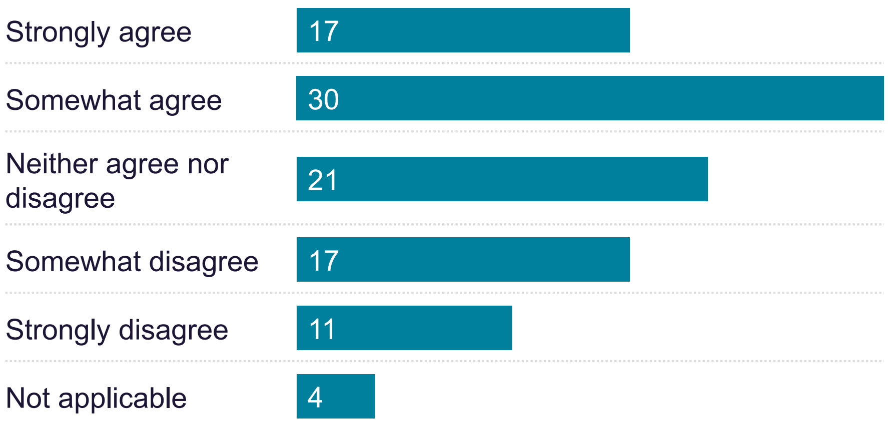
The current government has talked a lot about growth but the lack of policies to promote it has left some businesses feeling deterred."

-Claire Burden, Partner, Consulting

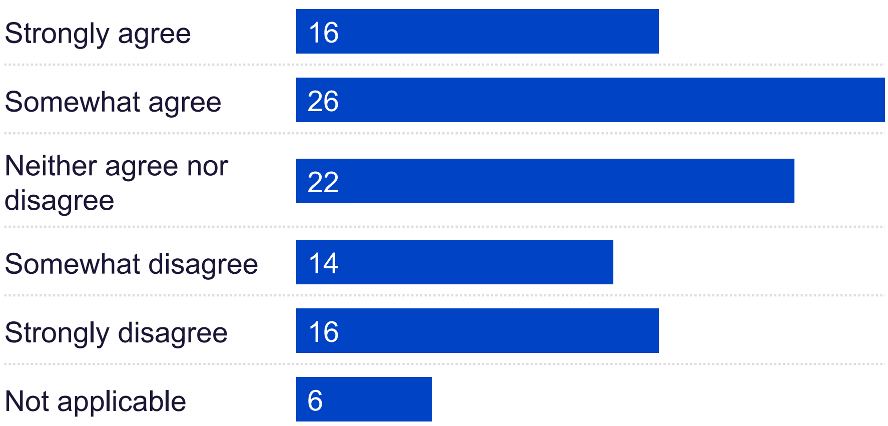
* Figure combines those who strongly and somewhat disagree.

Similarly, a substantial proportion of business owners agree that the government's policies towards businesses are deterring them from expanding their business (47%) or starting a new business (42%). In both cases, business owners were significantly more likely to agree than disagree with the statements.

The government's policies towards business are deterring me from expanding my business.



The government's policies towards business are deterring me from starting a new business.



Going global: Owners look at leaving the UK

For ambitious business owners, of course, Britain isn't the only option. Changes effectively abolishing the non-dom tax regime from April 2025 and the reduction in inheritance tax reliefs are among the factors making the UK less attractive for many high net worth individuals.

In January 2025, global analytics firm New World Wealth estimated that the UK lost 10,000 millionaires to other countries in the previous year – more than anywhere other than China. Even before the Autumn budget in 2024, Swiss bank UBS predicted that the UK would lose more millionaires by 2028 than anywhere else.

When it came to the number of millionaires, its Global Wealth Report found the UK had the most after the US and China – "far more...

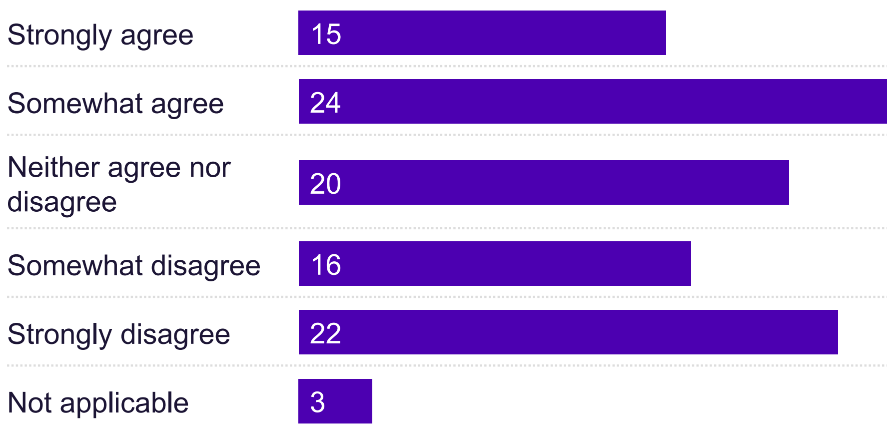
than it deserves to have as an economy”.

The UK, and particularly London, is still a popular home for the wealthy, but our survey finds plenty of owners questioning whether the UK deserves them or their businesses. Almost four in ten say they are considering moving their business abroad (39%) or emigrating themselves (37%). Popular potential destinations can include the US (a magnet for many tech business owners), the UAE, with its attractive tax regime, or even Italy, as Milan seeks to lure away London’s wealthy.

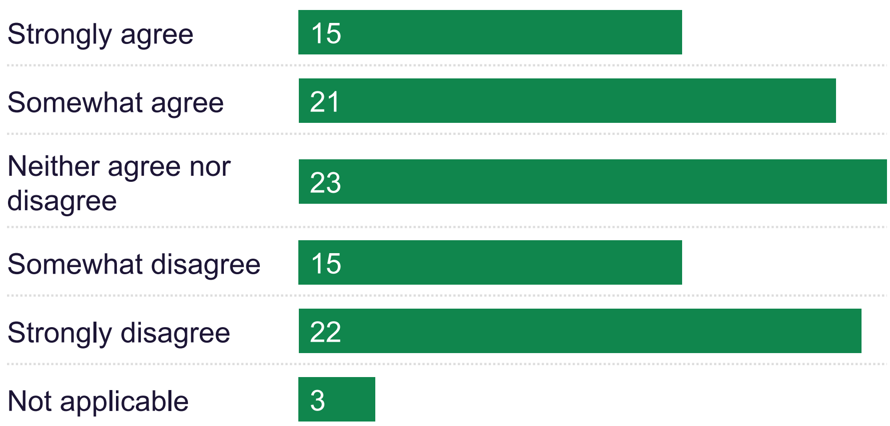
The realities, practicalities and challenges of changing jurisdictions will inevitably mean that most of those considering a move stay put. With the right advice and support they ultimately find they can remain in the UK. The significant numbers already leaving and the willingness of so many others to consider their options, however, must be a warning to any government considering further changes to the tax regime and regulatory environment.

When looking to attract and retain ambitious businesses and entrepreneurs, Britain competes on a global stage.

I am considering moving my business abroad because I don’t consider the UK to be supportive of entrepreneurs.



I am considering moving abroad myself, because I don’t consider the UK to be supportive of entrepreneurs.



“We’re having more and more conversations with businesses looking at moving operations elsewhere. Whether it’s tax driven or access to funds, they’re asking if the UK is giving them what they need.”

-Emma Queen, Partner, Business Tax

Helping themselves

Helping themselves: Business strategies for survival

Regardless of how sympathetic the government may be to businesses' needs, few doubt its choices are limited.

With weak growth hitting tax receipts, the National Institute of Economic and Social Research (NIESR) warned in May that the government was again on course to breach its fiscal rules, despite spending cuts announced in the government's Spring Statement, designed to put state finances back on track.

In its 2025 Autumn Budget, the Chancellor faces a difficult choice between politically challenging spending cuts or more tax rises that could further constrain growth. Either way, in meeting their current and future challenges, businesses can expect little support. Instead, they are having to help themselves.

In light of the challenges around staffing, many businesses are taking steps to cut costs. In some cases, this reflects opportunities for efficiency created by technology: 46% agreed strongly or somewhat that they were planning to further automate processes to reduce staff headcounts, against 29% disagreeing. In others, it's more obviously a result of Budget changes.

According to the survey, 53% of business owners have already (20%) reduced headcounts or are planning to (33%) as a result of the NI increase in the 2024 Autumn Budget. Similar proportions say they have or plan to implement pay freezes (51%) or to reduce staff hours (59%).

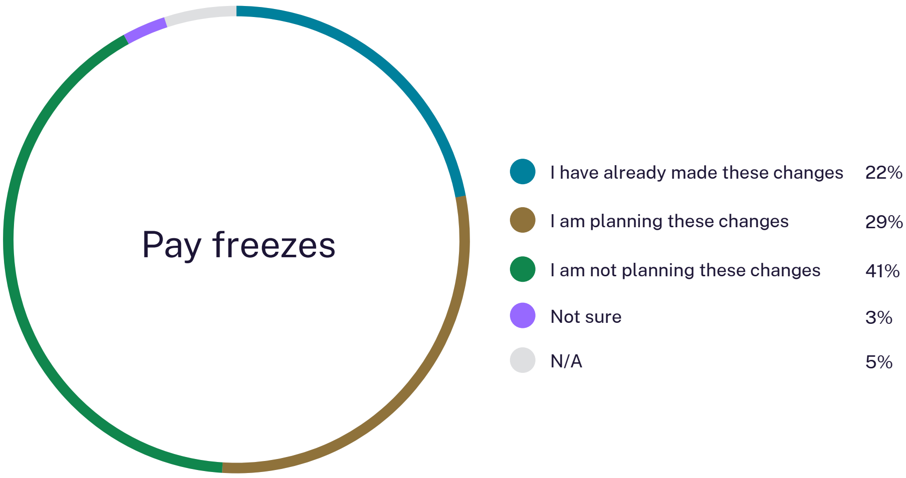
"

Businesses have had big challenges before such as Covid. This time, though, the government has very little fiscal headroom to help them."

-Iain Lownes, Partner, Corporate Finance and Transactions

This should come as no surprise. As was noted before the NIC change was announced, the Office of Budget Responsibility has long warned that “the economic incidence of the tax is passed through entirely to lower real wages in the medium term”.

As a result of increases to employer national insurance contributions announced in the Autumn Budget in October 2024 I have made / am making the following changes to my business....



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For many businesses, the extent of the employers’ NIC change was a huge shock. We anticipated an increase in the employers’ rate, but the additional reduction to the earnings threshold was not expected and has had a dramatic impact.”

-Alex Simpson, Partner, Employer Solutions

Local variations

Local variations

The survey found broad similarities in the issues and responses of businesses nationwide. Nevertheless, in the nine English regions where we had at least 50 responses, the survey found some distinct and sometimes dramatic local variations.

Responses to the rise in employers' national insurance contributions in the October Budget provide a good example of different regional reactions. Nationally, the survey found 20% saying they had already reduced staff headcounts, but in the regions this varied from just 6% in Yorkshire to 41% in the North East. Over in the North West, just 13% had cut staff, and 54% were not even planning to do so.

As a result of increases to employer National Insurance Contributions announced by the Chancellor in the Autumn Budget in October 2024 I have made / am making the following changes to my business...

Reducing staff headcounts

	UK	South West	South East	East of England	East Midlands	West Midlands	Yorkshire & Humber	North East	North West
I have already made these changes	20	24	24	18	24	22	6	41	13
I am planning these changes	33	39	34	26	32	30	31	43	27
I am not planning these changes	40	33	32	38	38	48	54	14	54
N/A	4	0	6	10	4	0	6	2	2
Not sure	3	4	4	8	2	0	4	0	5

The East-West divide in the North was replicated across other findings: 41% in the North East said they had reduced staff hours and 45% pay freezes – again leading the way in the regions. The figures in the North West were 14% (just above 12% in Yorkshire) and 5% (the lowest of any region), respectively.

Only when it came to automation did the North East not lead the way in its response to the NI rise. While businesses in the region were still more likely to have increased their use of automation to replace people (29% against a national average of 21%), they trailed some way behind those in the East of England, where more than a third (34%) said they had already increased their use of automation.

Increasing use of automation to replace people

	UK	South West	South East	Greater London	East of England	East Midlands	West Midlands	Yorkshire & Humber	North East	North West
I have already made these changes	21	18	20	22	34	20	24	12	29	16
I am planning these changes	38	43	42	35	20	38	41	50	47	20
I am not planning these changes	33	33	32	33	34	36	31	31	18	50
N/A	5	6	2	7	4	2	0	8	5	11
Not sure	3	0	4	3	8	4	4	0	2	4

The enthusiasm for automation in the East of England was also evident more broadly. Asked to agree or disagree with the statement that they were planning to further automate processes to reduce staff headcounts, business owners in the region were most likely to strongly agree (26%, against a national average of 18%). Enthusiasm was lowest in the North West, with just 9% strongly agreeing, and Yorkshire and the Humber (8%).

Making an exit

The challenges and the other changes we have seen will determine not only how owners run their businesses, but also for how long.

Our survey suggests that the turbulence and tax changes of the past year have prompted a majority of business owners to reconsider their long-term plans.

Among those working towards an exit strategy, this has meant, in many cases, postponing it (44%). Almost as many, however, have brought their exit forward (41%). Only 15% say their timescales remain unchanged.

Yes, I have brought my exit strategy forward	41%
Yes, I have postponed my exit strategy	44%
No, my timescales remain unchanged	15%

This split may not seem as odd as it first appears. Much will depend on owners' timescales and their optimism or otherwise about the future. For some, the economic uncertainty resulting from both domestic and international issues – and its impact on valuations – is an obvious motivation to delay.

“Some business owners thinking of selling can't see things picking up quickly and their firms are attractive to buyers. They're thinking it's now or never.”

- Mark Brockway, Partner, Corporate Finance and Transactions

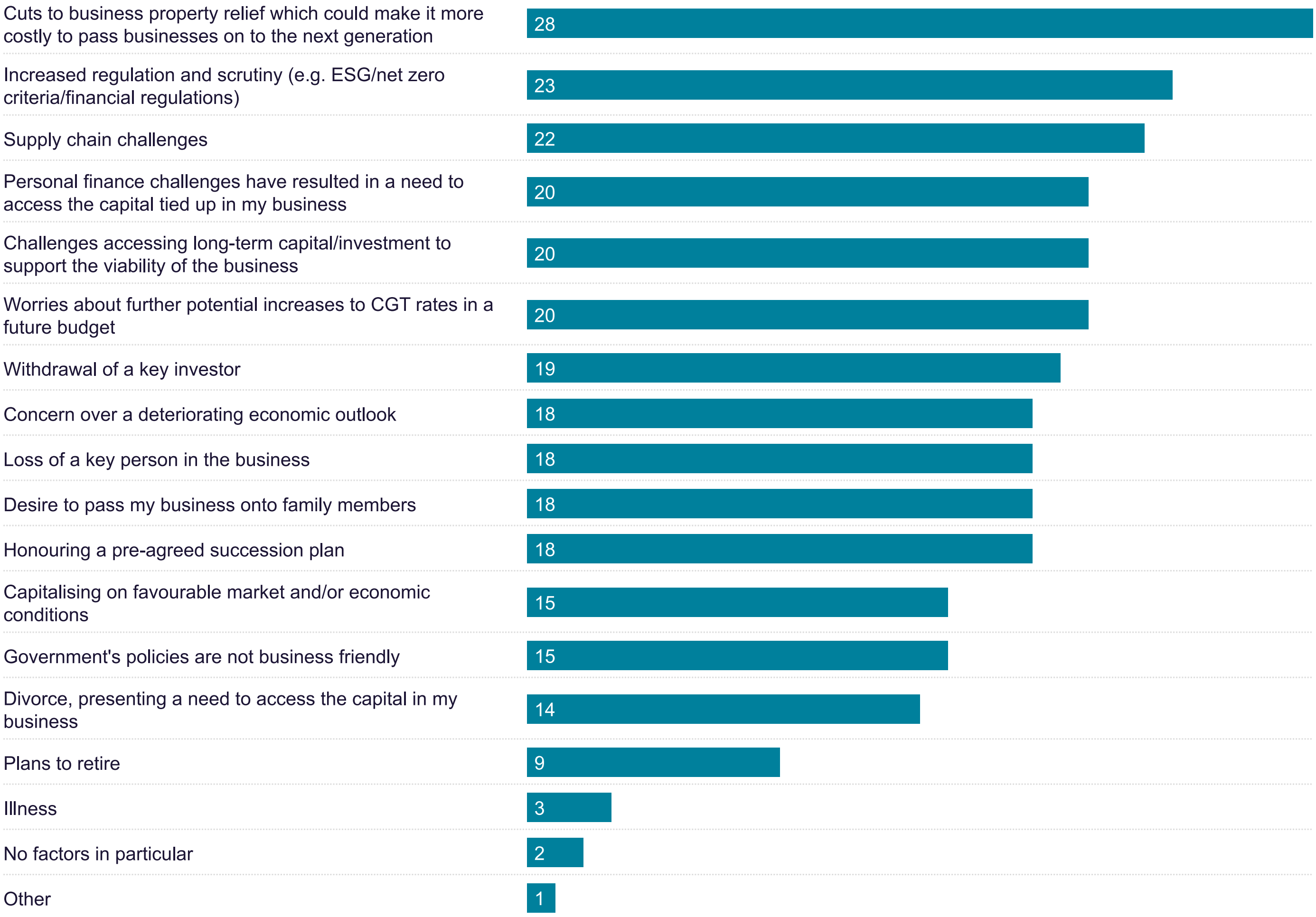
However, for other owners, perhaps having already delayed an exit to give time to recover from the pandemic, a further wait does not appeal. With significant challenges facing the UK and global economy, and no easy answers, some may reasonably conclude that a delay won't necessarily bring an improvement.

In fact, our survey shows a wide range of issues can prompt a change of plan – from a desire to avoid inheritance tax, following the proposed reduction in business property relief (BPR) from April 2026 (28%), to supply chain challenges (22%) or strained personal finances (20%).

The findings again highlight business owners' interwoven professional and personal lives and finances, and the complexity and unpredictability this brings. The need for flexibility – and advice and support – to navigate this challenge has rarely been greater. It will be essential if UK businesses are to be ready for the next opportunity when it comes along.

> BPR plays a huge role in helping family businesses pass from generation to generation. Businesses urgently need to review their plans before next April."
>
> *- Laura Hayward, Partner, Personal Tax*

What are the factors that have driven the decision to bring your exit strategy forward? (Select all that apply)



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