

# Growth outlook through a year of seismic change

An independent  
assessment of small  
business sentiment:  
July 2024- July 2025

Written by Jonathan Prynn,  
Business Editor of The Standard

Drawing on Business Barometer  
data by Novuna Business Finance

# Introduction

---



Welcome to our latest quarterly report on small business growth outlook. Every quarter since 2015, we have taken time to track the outlook of UK small business owners – tracking their growth outlook, their ambitions and also the challenges that are seen to hold them back. Our Business Barometer study helps us understand the mindset of UK small business owners. Through our quarterly reports, we share key insights to support a deeper understanding of how these businesses plan for and achieve growth.

This quarter, we are doing something different. Rather than share our own interpretation of our research data, we have invited the Business Editor of a leading UK news organisation to share an independent view on some of the data points. Jonathan Prynn is Business Editor of the Standard – a long-standing expert on business news - and we are delighted to welcome him as a guest author for this report and to share his take and reaction to some of the data points from our research over the last 18-months.

Beyond looking at the ongoing position on small business growth outlook, Jonathan shares his own observations on additional pieces of research we have commissioned over the last

12-months, which have captured small business sentiment and reaction to key milestone events – such as; the General Election, The Autumn Budget, the US Presidential Election, US tariffs and the Spring Statement. In this report, Jonathan presents a narrative, reflecting on how small businesses have reacted to external events. And for the first time, and with thanks to Jonathan's interpretation, we bring together these various strands of research for the first time and present them in a single, unified narrative.

The simple yet effective approach of asking businesses about their growth outlook over time – and getting business owners' reactions to the external events that impact their enterprises - allows us to build a multi-faceted picture of small business sentiment over time.

Thank you for taking the time to read this report. We hope you enjoy Jonathan's interpretation and commentary.

**Geoff Maleham**  
**Managing Director**  
**Novuna Business Finance**



# Reflecting on a year of change

## An assessment of the Novuna Business Finance data

**by Jonathan Prynn, Business Editor, The Standard**

When Theresa May campaigned for the highest office in the land in 2017, she repeatedly - and at times rather robotically - promised the country "strong and stable leadership."

Of course, we got nothing of the sort. In reality, the dismal loss of the Parliamentary majority she inherited from David Cameron plunged the country into years of divisive turmoil: over the shape of Brexit; followed immediately by the Covid pandemic; the war in Ukraine, with all that it entailed in terms of rampant inflation and costs; and then the icing on the cake - the Liz Truss mini-Budget disaster.

So, by the time Keir Starmer trounced Rishi Sunak in the July 2024 general election, the business community could be forgiven for letting out a collective sigh of relief. At last, a government that is avowedly pro-business and that sets economic growth as its number one priority.

Just as importantly, Labour secured an apparently unassailable 174-seat majority. Surely the era of revolving doors at Number 10 - with five Prime Ministers spinning through in just six years - would be over?

But Labour's arrival little more than a year ago has not brought the stability that the small business community has craved.

Domestically, small businesses have often been left dismayed by higher taxes - particularly National Insurance contributions - and other costs, tougher employment laws, and the abject failure to deliver the promised economic growth.

Internationally, the arrival of Donald Trump into

the White House in January 2025 delivered another jolt to global geopolitical stability, with bewildering on-off "Liberation Day" tariff announcements, and bizarre talk of invading Greenland, Panama, even Canada.

Meanwhile, the conflicts in Ukraine and Gaza rumbled on, while Iran and Israel exchanged missiles in another alarming outbreak of hostilities in the Middle East.

Amid all this, small business leaders and owners had to navigate their way through the minefield, trying their best to make crucial decisions on investment, hiring, pricing, and exporting in alarmingly unpredictable times.

The last 12-months of quarterly Business Barometer polling from Novuna Business Finance has provided a fascinating insight into just how firms' hopes and fears have fluctuated with each passing economic setback or geopolitical crisis.

They have also had to manage the fallout from two major "fiscal events" - as the jargon has it - from Chancellor Rachel Reeves: the Autumn Budget of October last year, and the March Spring Statement.

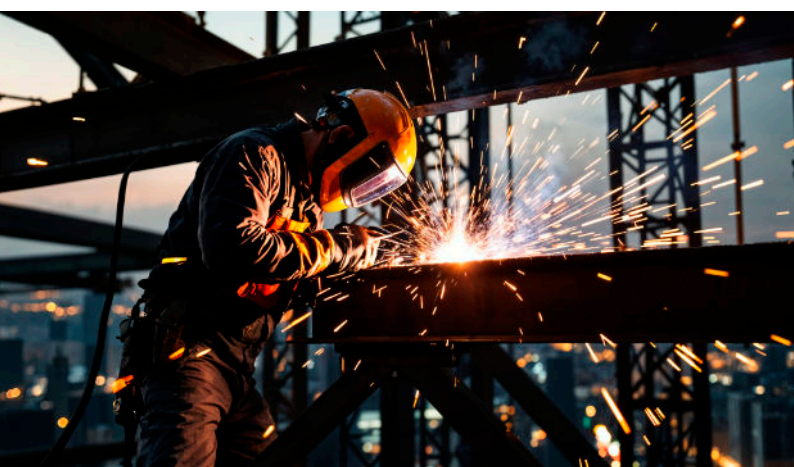
## 1. Small business growth forecasts

The topline results from the Novuna tracking study show a clear fall in confidence among small businesses after the initial "sugar rush" around the time of last year's general election - called prematurely by a soggy Rishi Sunak in the rain outside Number 10.

Respondents who said they were planning expansion over the next three months surged to 35% in the third-quarter 2024 polling, conducted between 8 - 24 July in the heady, but brief, honeymoon period after the Labour landslide on 4 July 2024. That was a sharp rise from 30% in the previous quarter and was made up of 29% who planned "modest organic growth" and 6% eyeing "significant expansion."

That 35% high-water mark survived unscathed to the start of the fourth quarter in September, just before the Autumn Budget that decisively ended the first innocent phase of the relationship between business and Labour.

But by the New Year, the love-in was well and truly over. At the start of 2025, the percentage of small businesses expecting growth had fallen back to 33%, and by the second quarter - after the inauguration of Donald Trump and with an ominous drumbeat of trade wars - it was down to just 29%. That comprised 4% plotting "significant expansion" and 25% looking for "more modest growth."



### **i) Manufacturing growth outlook falls**

Manufacturing - arguably the sector hit hardest by high energy costs and threats of trade protectionism - suffered a particularly rapid fall in confidence.

In the aftermath of the UK general election, 35% of those polled in the sector foresaw growth.

By the second quarter of this year, with President Trump in full sabre-rattling mode - his declaration of a 25% tariff on cars and car parts came in the middle of the polling period - manufacturers' confidence had collapsed.

In the second quarterly survey of 2025, only 19% of manufacturers expected growth in the coming quarter, with just 5% looking for "significant expansion" and 14% citing plans for "modest growth."

Over the same period - from the optimism of the election to the abyss of trade war uncertainty - the proportion of manufacturers expecting to contract or scale down their business more than doubled, from 8% to 19%.

### **ii) Traditional retail in decline**

It was a similar story in retail - another key UK sector that has struggled in recent years, and one that also feels severely let down by Labour.

Just after the general election in July 2024, 37% of retail small business owners were planning for growth. By late March and early April, that figure had dropped sharply to 22% - just as higher employer NICs and a hike in the National Living Wage were about to kick in, adding further to the burden of high rents and business rates.

### **iii) IT and Telecoms bounce back**

It was not all one-way traffic, however. The IT and telecoms sector - perhaps buoyed by Labour talking up tech and pledging to invest heavily in vital IT infrastructure - actually became more eager to grow over the first year of the Starmer administration. Perhaps tellingly, there has been no hint from the White House of tariffs on services.

In July last year, 38% of those questioned by Novuna Business Finance in the IT and telecoms sector were planning for growth. By the start of the second quarter, this had jumped dramatically to 46%.

## **2. A 12-month assessment of how small business owners reacted to a series of political and economic developments**

The Business Barometer data not only gives a top-level overview of how confident small business owners are feeling about growth prospects - as data from the last year also offers detailed insight into what issues have been bugging - or encouraging - them each quarter over the past eventful year.





# HM REVENUE & CUSTOMS

## **i) New Government and their first Budget: Summer to Autumn 2024**

In the immediate aftermath of the general election last July, Novuna asked small businesses: “What would you like to see the new Government do in terms of doing more to support small businesses in Britain?”

The responses make fascinating reading. The most popular “ask” of Government was “a reduction in business rates for small businesses,” mentioned by 34% of respondents. But at the time of writing, there has still been only limited progress on this beyond a pledge to introduce reform centred around a revaluation in April 2026. We shall see what it brings, but it is unlikely to be good news for everyone.

Second came a request for a cap on energy costs “like consumers have enjoyed,” mentioned by 33% of those polled. Next most popular were a cut in corporation tax and regeneration of the high street – both on 28%.

Interestingly, a reversal of Brexit - one of the issues that so undermined Theresa May’s “strong and stable” ambitions - comes only fifth on the wish list, mentioned by 26% of small business owners.

A second question asked last July - “In terms of supporting an economic recovery in the UK, which sectors do you think a new government should prioritise in terms of investment etc?” - also threw up some intriguing responses.

Perhaps surprisingly, the top response was green/renewable energy, cited by 37% of small businesses. Given the level of criticism Ed Miliband and Labour have endured over their pursuit of net zero goals since polling day, it seems unlikely this would be the top priority today.

A third question asked small business leaders what industries - if any - should be re-nationalised by the incoming Labour administration. Energy companies, the railways, and water companies

all tied for first place, with 37%.

I suspect if that question were run again today, the unloved water industry would be out on its own as the number one priority for state ownership.

By the autumn, the first blush of the early warm relationship between business and the Labour Government was already beginning to fade. It was a short honeymoon. Rachel Reeves's repeated gloomy warnings about the scale of the £22bn black hole in the public finances allegedly left by her predecessor, Jeremy Hunt, had a chilling impact on consumer confidence.

In the run-up to the Autumn Budget on 30 October 2024 - the date that decisively killed the early love-in - small business leaders were asked which potential measures "would negatively impact the growth outlook and finances of your business?"

Top of the list was raising the level of income tax - mentioned by 41% - but close behind, on 40%, came raising National Insurance. How prescient!

It was indeed National Insurance that was chosen by the Chancellor to do most of the heavy lifting in the job of bringing the wayward national finances back under control.

But perhaps no one foresaw at the time that the entire £25 billion-a-year burden would be placed on employers, with employees seeing no change to their NIC rates.

That way, Labour was able to adhere to the letter of its manifesto pledge not to increase rates of income tax, VAT, or NICs for voters - while at the same time inflicting huge damage on the business community that the new Government claimed to prioritise.

Interestingly, the most confident small business decision-makers - those planning "significant expansion" - were least worried about a NICs hike, with only 22% mentioning it. At the other end of the scale, however,

among companies facing a "struggle to survive," it was cited by 55% of respondents. This is perhaps an indicator of why the NICs raid has been seen as such a crushing blow for businesses already at the margin of viability.



## ii) The geo-political dimension of Tariffs: The early months of 2025

Let's roll the calendar forward again to January 2025, when Business Barometer polling was undertaken after the outcome of the Presidential election was known, but before Donald Trump entered the White House.

This time, small business leaders were asked: "Although it's too early to know anything with certainty, how do you fear the Trump presidency could impact the outlook for UK businesses in 2025 and beyond?"

Not surprisingly, the top concern was "tariffs on UK exports," with 43% of small business owners identifying it as a concern. Fortunately, the worst-case scenarios - at the time of writing at least - have not come to pass, with the US-UK trade deal signed on 16 June averting most of the feared protectionist barriers.

Interestingly, the second most frequently mentioned concern was "increased market volatility that impacts UK growth forecasts and interest rates" - with 33% highlighting this.

With financial and commodity markets thrown



onto a roller-coaster ride by this most unpredictable of Oval Office occupants, it may well be that perpetual global instability causes the most headaches for UK businesses during the second Trump presidency.

### **iii) The Spring Statement: March 2025**

The most recent round of Business Barometer polling covered in this report was carried out in the run-up to the Spring Statement on 26 March 2025.

This was originally billed as a relatively low-key update to Parliament, but it took on far more significance following the dismally disappointing performance of the economy in the first nine months of the Labour administration.

This time, Novuna's seasonal research centred on what measures business decision-makers would like to see announced in the Spring Statement "to give greater business confidence for the months ahead."

Top came "reducing the tax burden on consumers to encourage consumer spending," with 22% mentioning this. Alas, the plea fell on deaf ears, with most of the Statement focusing on relatively modest trimming of the welfare budget and an increase in defence spending.

Next came "lowering taxes for small businesses compared to large companies," mentioned by 21% of small business owners - another request that was largely ignored by the Chancellor.

A second question asked whether there was "anything you're worried about the Government announcing in this week's Spring Statement?"

This time, all the worst fears were realised. By far the most frequently mentioned worry - cited by one in three respondents - was "a worsening growth outlook for the UK economy."

And so, it came to pass. Rachel Reeves duly announced to MPs that the UK growth forecast for 2025 from the Office for Budget Responsibility had been halved from 2% to 1%.

The answer to the third question posed in the second-quarter polling is also revealing.

Asked what the likely consequences of a negative reaction to the Spring Statement might be, 29% of small businesses said they would put off plans to create jobs or hire new staff.

The latest labour market data shows just how quickly this is happening, with vacancies falling rapidly and the number of payroll jobs dropping by 109,000 in May alone.

The relationship between Labour and business - that had begun with such hope and expectation on 4 July last year - has cooled alarmingly after nine months overshadowed by gruelling tax and cost increases combined with dismal growth.

The polling trends revealed in the last four Business Barometer surveys clearly suggest that Labour will have to work doubly hard during the rest of this Parliament to have any chance of realising its often-stated ambition to be known as the "party of small business." It may already be too late.

**Jonathan Prynn**  
**June 2025**



## Closing remarks by Jo Morris

### Head of Insight, Novuna Business Finance

I would like to share our thanks to Jonathan for sharing his interpretation of our Business Barometer data. We wanted to capture an independent viewpoint for this edition of the report and, as such, we have not edited Jonathan's article. We welcome independent views and our data has always been a positive basis for healthy discussion and sharing different viewpoints and interpretations.

Beyond the tracking research, this report draws together a number of additional, one-off surveys we have commissioned over the last

year – as we have been keen to understand how small business owners have reacted to significant events in the last year. As we found during the unprecedented COVID era, the ability to stay close to small businesses and understand how they interpret events and view the world helps us to ensure the services and support we deliver are tailored, up-to-date and based on helping business owners to tackle the issues that matter most to them.

From Jonathan's assessment a clear picture emerges. Set against the enormous challenges that many business owners have faced, many have shown remarkable resilience and adaptability.

At Novuna Business Finance, we are dedicated to supporting established businesses in their growth journeys. We recognise the unique phases of development that small enterprises experience and provide tailored products and comprehensive toolkits designed to help them achieve their ambitious goals.

---

[www.novuna.co.uk/business-finance](http://www.novuna.co.uk/business-finance)



# About Novuna

---

## About Novuna Business Finance

Novuna Business Finance provides business finance to SMEs and bigger corporations across the UK. This includes asset finance, stocking, block discounting and sustainable project finance provided through brokers, vendor organisations, manufacturers and direct to the business community.

With an asset portfolio of more than £1.9bn, the business is active across multiple sectors from transport and agriculture to construction and manufacturing and was awarded Best Leasing and Asset Finance Provider at the 2025 Business Moneyfacts Awards.

The business' Sustainable Project Finance team is also supporting the development and construction of sustainable energy and transport projects, which are critical to the decarbonisation of the UK's infrastructure.

Novuna Business Finance is a trading style of Mitsubishi HC Capital UK PLC, part of Mitsubishi HC Capital Inc., one of the world's largest and most diversified financial groups, with over 11trn yen (£57bn) of assets.

Discover more at:  
[www.novuna.co.uk/business-finance/](http://www.novuna.co.uk/business-finance/)

## Methodology:

The tracking growth forecast research for this report has been conducted by YouGov - among a nationally representative sample of 1,000 small business owners - at quarterly intervals since 2014.

Additional one-off surveys, assessing small business reaction to the external events mentioned in this report, were conducted by Walr Research among a nationally representative sample of 1,000 small business owners.

The research was conducted online.