

Christmas trading and the Autumn Budget: Small business growth outlook during the final months of 2025

Quarterly insights from
the Business Barometer
study

An insight report from
Novuna Business Finance

Tomorrow. Together

Introduction



Welcome to this latest edition of quarterly reports from Novuna Business Finance that draws on tracking data from our Business Barometer study.

This ongoing piece of work, dating back to 2015, has given us the opportunity to listen to small business owners across the UK and to understand their views on growth – and factors that help or hinder it.

For our final edition of 2025, we look at small business sentiment during the final months of 2025 as many approach the Christmas trading period. We also look at business and consumer views on the Autumn Budget. Whilst these viewpoints were captured in the weeks before the Budget, they nonetheless reference very real sentiments at the moment in time. As we have found over the years, the confidence of small business owners at any point in time is often based on how they feel about the market context in which they operate - and the impact of events or developments, the outcome of which may be uncertain or unknown.

We conclude this report by sharing an early snapshot of small business sentiment for the year ahead. After a challenging 2025, which has seen small business confidence fall in each successive Quarter, our new data presents a picture of hope and resilience for 2026, giving many enterprises a fresh start in terms of

achieving growth – something we fully support through our work with established small businesses at Novuna Business Finance.

We also share some comments from small business owners in this final edition of 2025 and we would like to thank all the enterprises that have supported our research during the course of the year.

Thank you for taking the time to read this report and if you have any feedback or would like to find out more about our decade-long Business Barometer research, we would very much like to hear from you.

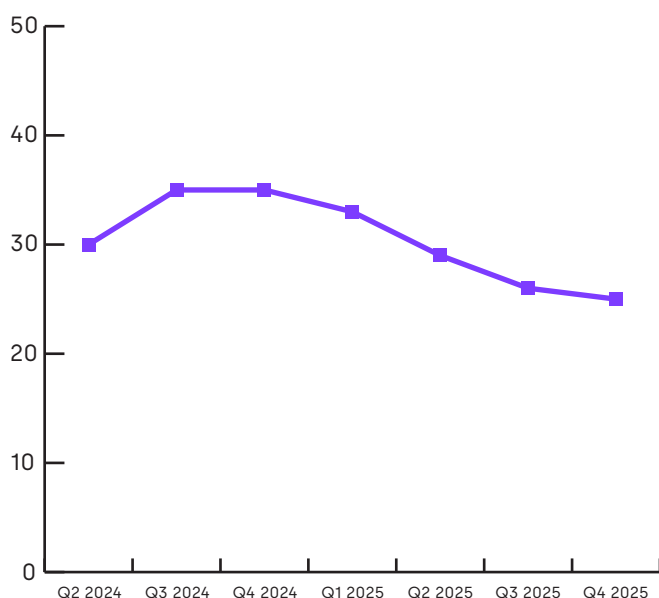
Geoff Maleham
Managing Director
Novuna Business Finance

1. Growth outlook falls for Christmas countdown

After a challenging year for small business growth forecasts, there will be no end-of-year Christmas bounce for business owners from the festive trading period.

The Novuna Business Finance data for the final three months of 2025 reveals that the percentage of small business owners forecasting growth for Q4 2025 (25%) fell for the fourth consecutive Quarter, to a new five-year low.

Percentage of small businesses predicting growth each quarter – results over time



Following last summer's General Election bounce, the percentage of small businesses predicting growth has fallen from 35% to 25% over the last 12-months. 2025 is the first time in five years that the percentage of small businesses predicting growth has fallen below 30% - and the new figures for Q4 2025 represents the lowest point for growth predictions since the outbreak of the Covid Pandemic in spring 2020.

Industry Sector findings

In every industry sector, the percentage of small businesses predicting growth for Q4 2025 is down on the position at the start of the year.

Growth forecasts in construction (17%) are at their lowest point since Q2 2024.

In retail, there are no signs of the Christmas countdown boost to business confidence of recent years. For 2025, the percentage of small business owners predicting growth is flat on the summer months, and significantly down on the start of the year (25% Vs 33% in Q1 2025).

The hospitality and leisure sector sees the percentage of small businesses predicting growth (23%) fall to its lowest level since Q1 2021.

The percentage of business owners predicting growth in the agriculture sector has halved since the start of the year (falling from 40% to 19%) - and now stands at its lowest level since Q4 2022.

Despite the extremely challenging market conditions, growth forecasts in the manufacturing sector remain relatively flat on Q3 (25%) and are down only slightly on the start of 2025 (27%).



Percentage of small businesses predicting growth by industry sector:

Start and end of year comparisons

	Start of the year Q1 2025	End of the year Q4 2025
Finance & Accounting	47%	35%
Medical Services	35%	32%
Education	28%	27%
Transport & Distribution	29%	26%
Media & Marketing	47%	26%
Manufacturing	27%	25%
Retail	33%	25%
Hospitality & Leisure	25%	23%
Property & Real Estate	28%	23%
Agriculture	40%	19%
Construction	26%	17%
Legal services	43%	16%

UK regional findings

Across nine of 11 UK regions surveyed, the percentage of small businesses predicting growth for Q4 2025 fell compared to the position at the start of the year. Falls for Q4 2025 were most pronounced across the south of England, in the South East (down from 34% to 20%) and South West (from 17% to 13%) – both regions hitting their lowest levels since Q2 2020. London, which for years has been the engine room of UK small business growth forecasts has also seen small business confidence fall (36%) to its lowest level since Q1 2021.

Elsewhere, quarterly growth forecasts fell sharply this year across the East and West Midlands - and in Scotland, the percentage of

small business owners predicting growth has more than halved this year (from 36% in Q1 to 15% for Q4) - hitting its lowest level since Q2 2020.

Percentage of small businesses predicting growth by region

	Start of the year Q1 2025	End of the year Q4 2025
London	39%	36%
East	24%	29%
Wales	16%	26%
East Midlands	31%	25%
North West	37%	25%
West Midlands	42%	24%
North East	25%	24%
Yorkshire Humberside	29%	23%
South East	34%	20%
Scotland	36%	15%
South West	17%	13%

"Whilst small business growth forecasts are down this year, the underlying concern is the ongoing slide over consecutive quarters. Last July there were signs of optimism, an 'Election bounce' perhaps, as the percentage of enterprises predicting growth rose to 35% having been locked at the early 30 mark for a number of years. There are various factors at play. Market uncertainty is something small businesses do not like, US tariffs have been a cause of concern through 2025 and, for many small businesses, the long tail of Brexit still impacts business confidence – with fewer small businesses today looking to open up trading opportunities in EU markets. The Autumn Budget was a time of uncertainty for many, with potential tax increases an understandable cause for concern."



Jo Morris
Head of Insight at Novuna
Business Finance

2. Small business growth concerns ahead of the Autumn Budget

The fall in small business growth forecasts over four consecutive quarters correlated with many enterprises finding market uncertainty to be a destabilising factor. Our summer data explored the perceived barriers to growth for small business owners - and market uncertainty emerged as the biggest perceived growth barrier (48%), precisely because it is so hard to plan against.

As small businesses have gone into the final Quarter of 2025 cautious about their growth forecasts, the uncertainty over November's Autumn Budget had been a serious concern for the majority of business owners.

Novuna's Business Barometer research, conducted a month before the Autumn Budget, revealed that 86% of small businesses feared the possibility of Autumn Budget announcements that, in their view, would adversely impact their plans for growth. Following the impact of last year's National Insurance rise, many small businesses (59%) feared the impact of further rises here. The prospect of increases to VAT (50%), income tax (50%) and fuel duty (37%) were also top concerns – with 37% also concerned about the business impact on any further taxes on diesel or petrol vehicles. As rumours circulated on possible Budget raids on pensions, this was also a major worry to more than a third of small business owners (34%).



Potential Autumn Budget announcements that small business owners say would adversely impact their growth plans

Raising national insurance	59%
Raising VAT	50%
Raising income tax	50%
Increasing fuel duty	37%
Further taxes on diesel or petrol vehicles	35%
Tax on pensions	34%
Changing tax thresholds	30%
Raising the minimum pay rates for low earners	28%
Raising Capital Gains Tax	28%
Employers bound to offer flexible working / a 4-day week	27%
Introduction of a new wealth tax	24%
Employees getting parental leave/statutory sick pay from day one of a new job	22%
Lowering the VAT registration threshold for small businesses	21%
Cuts to the ISA/ personal savings allowance	20%
Banning zero hours contracts	13%
Changes to salary sacrifice options	12%

Findings by industry sector

Autumn Budget announcements feared the most varied by industry sector:

- Changes to tax thresholds was the biggest concern for small businesses in the agricultural sector (45%)
- Further rises to National Insurance were most feared in the transport and distribution sector (68%)
- The possibility of rises to Income Tax and Capital Gains Tax were the greatest cause

of concern in the real estate sector (68% and 51% respectively)

The prospect of rises in VAT and also the lowering of VAT thresholds worried small businesses the most in the retail sector, where growth outlook has been fragile (63% and 37% respectively).

Small businesses in the construction sector were the most worried about the possibility of increases to fuel duty (55%) and any further taxes on diesel or petrol vehicles (55%).

Findings around the UK

In **Scotland**, small businesses were most likely to fear rises in VAT (58%) and changes to tax thresholds (42%).

East Anglia was the region where enterprises most feared the prospect of hikes to Income Tax (56%) or Capital Gains Tax (32%).

Further rises to National Insurance troubled enterprises the most in the **South East** (65%).

In the **North East**, the possibility of increases to fuel duty was the top concern (48%).

Small businesses in the **North West** were most concerned about further increases to the National Minimum Wage (38%).



Small business Budget viewpoint: Hannah Egerton



Nestled on North View near the Downs in Bristol, Edgie Eats Cake Shop and Cafe epitomises the positive impact and contribution small businesses can make to the local community and vitality of the British high street. Owner, Hannah Egerton says: “As a small business owner running a bakery and café, I’d have hoped the Autumn Budget would focus on genuine support for small traders who are under significant cost pressures. We’ve faced ongoing challenges from rising ingredient prices, increasing energy costs, and a general slowdown in consumer spending. The budget should’ve included measures such as business rate relief extensions, targeted grants or tax incentives for local producers, and practical help with energy and supply costs.”

“My main concern was around the potential rise in employers’ National Insurance contributions and the increase in the minimum wage. While I fully support fair pay for staff, these changes significantly impact small businesses like mine because staff costs are our largest expense. Without matching support—such as tax breaks, lower NI thresholds, or wage subsidies—it becomes harder to maintain current staffing levels, invest in growth, or keep prices affordable for customers.”

“Additionally, the ongoing increase in ingredient and supply costs is a serious concern. Any further inflationary pressures—especially on essentials like flour, dairy, and energy—could make it difficult to sustain margins without passing costs onto customers, which risks dampening demand.”

Small business Budget viewpoint: Pinky Laing



Pinky Laing is Founder of The Remnant Revolution, a women-led business that transforms surplus and remnant fabrics into sustainable homeware, while creating flexible, fairly paid work for women. Rooted in community and creativity, the enterprise's mission is to empower women through meaningful employment and skills, build connections that combat isolation and to reduce textile waste. By repurposing remnant fabrics, Remnant Revolution creates beautiful homeware, opportunity, and belonging.

Reflecting on the Autumn Budget, Pinky comments: "Small businesses focusing on repurposing textiles and UK manufacturing are ready to lead the way in sustainability, but they need the right support to make it happen.

"Small businesses across the UK have had a tough time in the last year, yet the sector has the innovation and ideas that will power the economic growth we need. We needed an Autumn Budget that prioritised small businesses and we also all need to continue to value and invest in sustainability. A Budget that backs green innovation, encourages impact investment, and eases growth barriers could help the sector reach its full potential and help businesses like mine across the UK."

The Consumer take on the Autumn Budget

Two weeks prior to November's Autumn Budget, we also surveyed a nationally representative sample of 2,000 consumers to get their views on the forthcoming Budget. The Government triggered debate and speculation on November 4 with the Chancellor's breakfast broadcast and our

consumer poll, conducted four days later, aimed to get a view from the public on how they were feeling about the Autumn Budget.

In terms of immediate priorities for UK households, consumers said that lower energy bills (66%), a cheaper weekly food shop (62%) and lower taxes (44%) were the top three possible outcomes from the Autumn Budget that would be most welcomed, in terms of making their day-to-day life a little bit easier.

What was significant from this November survey, however, was the broad-based public recognition on the crucial importance of the small business sector, and the need to support it. These sentiments went beyond people that owned or worked for a small business themselves. The findings were more a reflection that the general public recognises that the health of the small business sector is vital to the country at large in terms of economic growth, job creation, innovation and community sustainability. Public perceptions on the importance of the small business sector are well-grounded, given around 13 million people in the UK work for small businesses, which equates to 48% of total private sector employment.

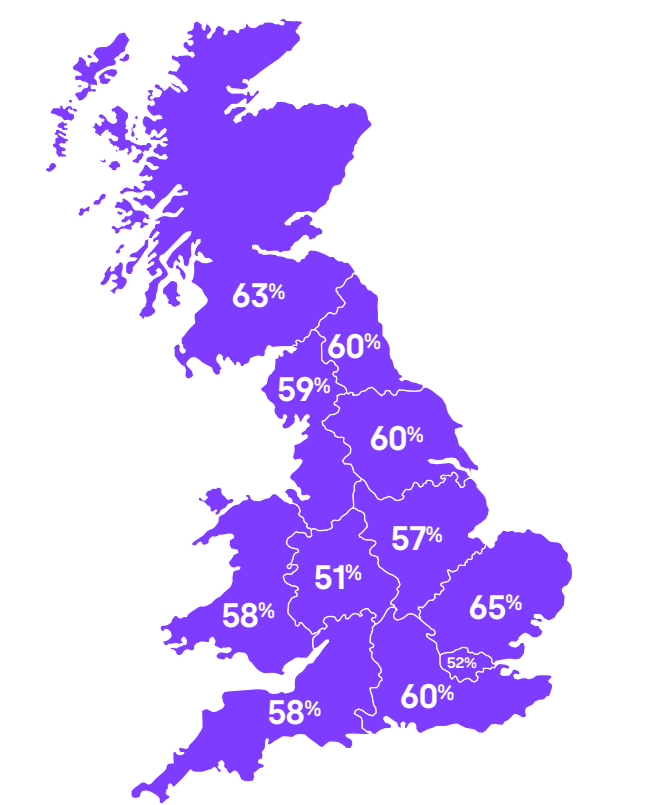


Our November 2025 consumer poll revealed that people believed UK small businesses would be most at risk if various taxes were to go up in the Autumn Budget. Nationally, people felt small businesses (58%) were much more at risk than big or international companies (12%) from Budget announcements. Looking at specific industry sectors, people felt that high street traders, farmers and the hospitality sector were most at risk.

- Small businesses across the UK **58%**
- Pubs and restaurants **48%**
- High street shops **47%**
- Self-employed / Sole traders **43%**
- Farmers **36%**
- Music venues & arts organisations **20%**

Public concern for small businesses extended across all corners of the UK – with people in The East, Scotland, North East and South East most worried about the impact of the Autumn Budget on the small businesses in their region, if the tax burden was to be increased.

Percentage of people that think small businesses will be most at risk if taxes go up in the Autumn Budget: Results by UK region



Reflecting on the over-riding national priority to support an economic recovery in the UK, November’s consumer poll also asked members of the general public which sectors they thought the Government should prioritise in supporting with investment. Here, manufacturing came top, followed by the hospitality, agriculture and retail sectors.

- UK manufacturing **35%**
- Hospitality, pubs and hotels **31%**
- Agriculture **28%**
- Retail **27%**
- Green/renewable energy **26%**
- Health and fitness **25%**
- Construction **17%**

"When the Autumn Budget was finally announced on Wednesday 26 November, there were no additional rises in National Insurance, and no change to VAT and Income Tax. Despite this, many small businesses still face challenges from a multitude of smaller changes, such as the freezes to threshold levels and the rising in National Living Wage – and with the overall tax burden for the country set to go up, many small businesses may be considering how this could play out with consumer confidence and their supply chain in the months ahead. In many respects, the Autumn Budget didn't deliver the direct tax rises that many small businesses feared, but it did create further costs and add a degree complexity and uncertainty for longer-term planning."



Chris Powell
Head of Sales, Novuna
Business Finance

Looking forward: Resilience for 2026

Whilst Q4 finishes the year on a low-point for UK small business growth forecasts, our Q4 2025 research also suggests that small businesses are determined to move forward for the New Year. As they adapted during the pandemic and adjusted to market uncertainty during the Brexit period, once again the Novuna Business Finance data suggests the resilience of small business owners will again be at play as they start 2026.

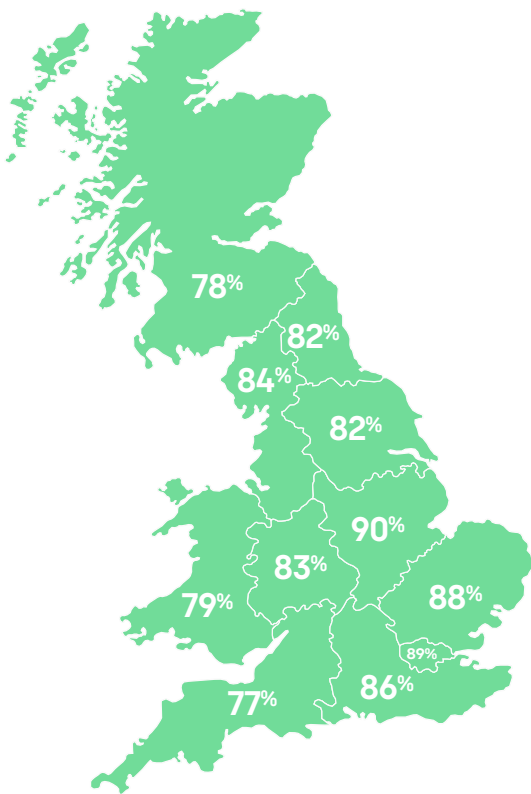
Despite the current market challenges, 84% of small business owners say that are already prioritising new plans to try to make their enterprises stronger for 2026.

In terms of creating organic growth opportunities, 46% of business owners are exploring ways to increase income from new business – and one in four enterprises (24%) said they are looking to diversify their business by launching new products and services.

In addition to this, many enterprises are looking to streamline their business operations and processes to improve their overall financial strength. Nationally, 40% of small business owners are working on how they can reduce fixed costs for 2026, whilst 31% are working on steps to build up their financial reserves for the year ahead. Operationally, 17% of respondents are working on contingency plans to anticipate a further periods of market uncertainty.

The new research shows that, across UK regions and industry sectors, the vast majority of enterprises are already working on plans to strengthen their enterprises for 2026. These initiatives don't guarantee success or an upswing in growth outlook for next year, but they do demonstrate a determination from business owners to adapt and find ways to move forward, however challenging the market context may be in the final months of 2025.

Percentage of small businesses prioritise initiatives to help make their business stronger in the next 12-months: Results by UK region



Percentage of small businesses prioritising initiatives to help make their business stronger in the next 12-months: Results by industry sector

Manufacturing	94%
IT / Telecoms	89%
Media and Marketing	86%
Retail	85%
Property/Real Estate	85%
Agriculture	84%
Hospitality and Leisure	84%
Transport and Distribution	83%
Construction	82%
Finance and Accounting	79%

About Novuna

Methodology

The small business research for this report was conducted by YouGov at quarterly intervals during 2025. For each quarterly cycle of research, a nationally representative sample of more than 1,000 small business decision makers and owners was surveyed.

The additional consumer poll for November 2025 was conducted by the UK Omnibus Group among a nationally representative sample of 2,000 adults.

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.

About Novuna

Novuna is a trading style of Mitsubishi HC Capital UK PLC, one of the UK's leading financial services companies, authorised and regulated by the Financial Conduct Authority (FCA) and the Official Finance Partner for British Athletics and Title Partner of UK Athletics and the Great Britain & Northern Ireland athletics team.

With over 2,300 employees, £8.6bn of net earning assets and over 1.3 million customers we provide innovative finance solutions that helps businesses and individuals find the financial edge that turns ambition into achievement. Our business divisions include Novuna Consumer Finance, Novuna Vehicle Solutions, Novuna Business Finance, Novuna Business Cash Flow and our European division specialising in Vendor Finance.

We are a wholly owned subsidiary of Mitsubishi HC Capital Inc., strengthening our relationship with one of the world's largest and most diversified financial groups, with over 11trn yen (£57bn) of assets.