Greater Peterborough Business Survey 2025

2025 survey results at a glance

Overview

Business Performance

45%

of businesses saw an improvement in performance in the last 12 months (up from 35% last year) but remaining below 50% for the seventh year running

46%

of businesses expect to see a stronger business performance next year (lower than the 60% last year but above 42% 2 years ago)

23%

of businesses saw a decline in performance in the last 12 months (down from 32% last year)

Business Impact

34%

of businesses expect to increase staffing levels (similar to the 35% last year)

28%

of businesses expecting to increase investment in capital projects (down from 47% last year)

75%

of businesses said that operating costs will increase next year (up from 70% last year)

Business Obstacles

26%

of businesses say finding the right people is one of the main obstacles to business growth (down from 31% last year)

Recruitment

53%

of businesses find it challenging to recruit the right staff (down from 65% last year),

Premises

19%

of businesses anticipate moving to larger premises in the next 5 years (up from 16% last year) and 10% (down from 14%) expect moving to smaller premises

About the survey

Thank you to those who responded to this survey looking at business confidence and performance across our business community here in Greater Peterborough.

The survey is now in its 12th year, and in association with Opportunity Peterborough, the survey is designed to address the question of 'How is business in the Peterborough area performing?'. As accountants and business advisers this is a question we are regularly asked as we meet with businesses across the city.

The survey results represent a snapshot in time, with participants responding during January and February 2025. Over the twelve-year period of the survey we have built up a picture of performance and expectations, enabling us to see how confidence is moving as the economy changes, and as events in our nation and across the world impact on us.

In recent years the survey results have been significantly impacted by the Brexit vote, ceasing to be a member of the European Union, Covid-19, conflict in Europe and the impact of strikes and moving into this year's survey it was going to be interesting to see the impact of elections in 2024.

This year's report highlights how 2024 actually turned out, maybe some of the lessons learned, as well as challenges and opportunities as the effects of circumstances around us continue to evolve.

In recent years we have included 'expert opinions' on some of the issues contained within the questions and your responses, giving a professional view of what is happening in their particular field. These provide valuable insight into specific areas and we take this opportunity to thank each of the contributors for their time and input into this report.

We always value your responses to the 'free format' questions as they provide an additional insight into the mind of business leaders and invariably provide food for thought. This report includes those comments in full where appropriate, whether, or not, the views expressed coincide with the views of either Azets or Opportunity Peterborough. Where more than one respondent gives the same answer, we have deliberately listed each individual response so that the reader of this report receives the full picture.

If you have any comments on the survey please do get in touch. Similarly, if you have any thoughts about what next year's survey should include, again let us know.

Mark Jackson
Partner
Azets

Overview of the results

Mark Jackson
Partner
Azets

The story painted by the survey responses over the last twelve years has reflected events locally, nationally and across the globe. Throughout that period overall, more people have indicated positive business performance than a negative performance. The trend has perhaps been downwards for the majority of that time, but, just maybe, there are early signs of that decline turning.

Last year, this report highlighted that business owners found 2023 to be a difficult year with the lowest proportion of businesses reporting improved performance since the survey began, and yet it ended with optimism and ambition that 2024 was going to be much improved. Even allowing for an element of over-optimism that we have always seen through the response predictions, we had looked forward to seeing more than half of respondents reporting an improved business performance in 2024. Although, of course, one of the risks highlighted last year was the distraction and uncertainty that local, national and international elections would bring, although some noting the potential for opportunities arising from these as well.

The optimism proved justifiable in that results did improve in 2024, but unfortunately not at the level predicted. For some, business stalled during the pre-election and pre-budget periods as the 'phone stopped ringing' and the latter was then followed by concern over the impact of tax changes on business.

Predictions for 2025 remain cautious, but positive, as we anticipate what will hopefully be a year when external factors will have less of an influence. Overall, the message is that costs are increasing, but by reducing, or at least not increasing staffing levels and capital investment, profitability remains level. Time will tell whether that is a short-term fix that we will come to regret or simply a necessary response. These results are broadly in line with a national barometer run by Azets, although perhaps Peterborough is showing a slightly higher confidence than some other areas of the country.

Actions made by businesses that have had the biggest impact on performance are increasingly focussed on people and involving the wider team in business development through team building events, training and improved delegation. Other actions relating to customers and product / service offering perhaps reflect a less ambitious approach but making small changes and focussing on providing a consistently good service.

Obstacles to business growth continue to be led by 'people and skills' and 'marketplace' but the spread of obstacles is much lower. 'Finding the right people' has been named as the biggest individual obstacle for several years, but its incidence has fallen steadily since 2022 and therefore, just maybe, some of the good work being undertaken across the city in this area, is having a positive impact.

It is always interesting to see different perspectives on the same issue. It is understandable that the majority response to the increased cost of national insurance is one of feeling the pain, but some responses refer to using that pain as a catalyst to focus on doing something new.

Other areas of the survey reflect:

- A growing interest in technology, particularly artificial intelligence.
- Continued strong support for the charitable and community sector, although perhaps becoming a bit more sporadic and less intentional about how we provide that support.
- An apparent decline in our sustainability journey.

This is just a few of the observations, which perhaps can be summarised by saying that 2024 began unrealistically optimistically but perhaps ended a little too pessimistically. The survey report coming out of the first wave of Covid highlighted that many business leaders took a huge leap in learning new skills, adapting quickly and achieving so much more than they could have imagined, and maybe we need to remind ourselves of that sentiment. Let's use the challenges that no doubt will continue to his us to try something new and think more creatively – it is all up to us.

Read on for more detail: some of the results and comments will no doubt resonate, others you may disagree with. Either way, I hope you find this an interesting read, and perhaps more importantly, I hope it prompts conversation across the business community in Greater Peterborough as we continue to learn from each other and help build Peterborough as a great place to do business. So, do get in touch and let's continue the conversation.

Overview of the results

Tom Hennessy
Head of Economic Growth and Development
Peterborough City Council

Thank you to all businesses that took part in this year's Annual Business Survey. As ever, your time is much appreciated and the intelligence this provides helps us to shape our interventions and policy decisions in order to provide you with the very best support we can.

It is heartening to see that a significantly higher proportion of businesses experienced year-on-year improvements in their performance in 2024 compared to 2023, but this is tempered by lower expectations for the year ahead.

Overall, businesses are expecting overheads to increase, in part due to utilities increases but also regarding changes to tax, and as a result are predicting lower levels of capital investment and an increase in redundancies.

Longer term projections appear more positive however, with an increasing proportion of businesses expressing that they will be looking for larger premises within the next 5 years, matched by a lower proportion of businesses suggesting they will be looking to downsize.

Skills, and particularly the ability to find the right people remains the biggest barrier to growth cited by businesses, with an increasing proportion also highlighting retention and the ability to increase productivity as being anchors on growth.

We also see that whilst the vast majority of businesses are getting involved in charitable and community work, and that paid volunteering opportunities for employees is on the rise, this activity is becoming less frequent. Likewise, there has been a regression in the proportion of businesses seeming to be confident around the action they can take to help improve their sustainability.

So, what can be done locally to help increase business confidence, support businesses to overcome their skills and sustainability challenges, and enable them to deliver the growth and profitability to which they aspire?

Peterborough City Council's Economic Growth Strategy lays the foundation for support programmes to help drive innovation and productivity, providing opportunities to enhance their competitiveness and profitability. Sustainability is one of the five pillars of the Strategy, and projects such as the Shared Prosperity Funded Carbon Literacy training for small businesses are already being delivered with plans to restart the city's Circular Economy Network on the cards. Inclusive growth is another pillar of the Strategy, and together, working with our businesses, voluntary and charity sector, and our fantastic education providers we will work to ensure that we are supporting development of skills and aspiration amongst all sections of our society, and particularly with our young people, to ensure that everyone has the opportunity to benefit from the city's growth, and that businesses have the widest and deepest talent pool available to them.

They say it takes a village… We are a city, and by working together we can overcome these obstacles to growth and provide a bright future for all.

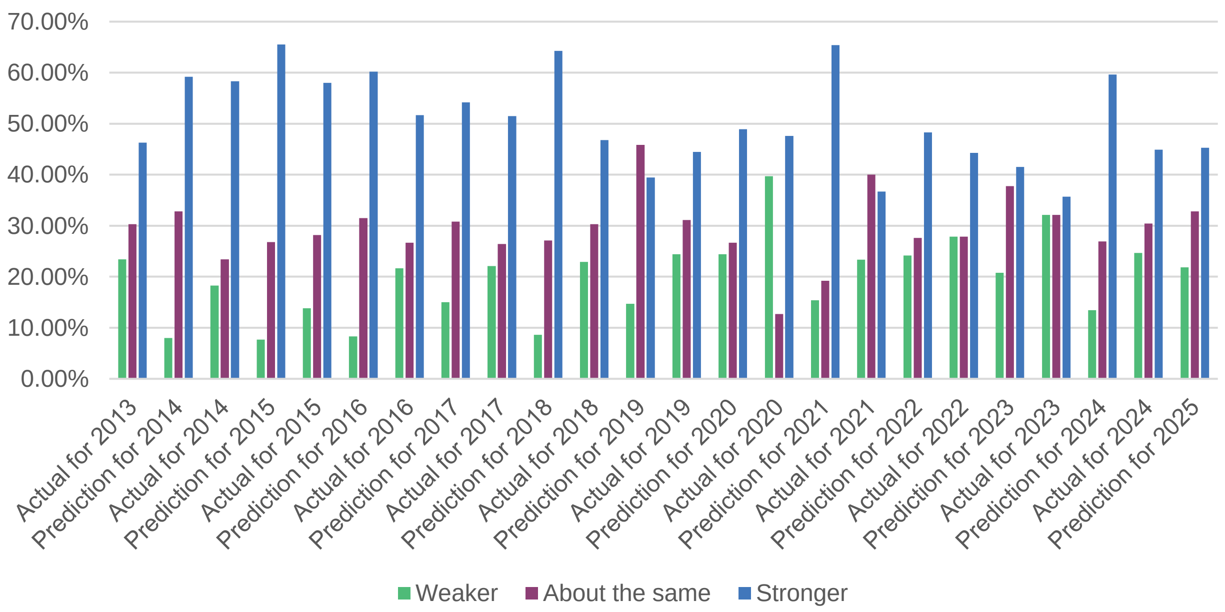
Business performance

Overview

Respondents were asked to review their business performance over the last twelve months as well as predicting the next twelve months. The graph below summarises this, showing the percentage of respondents' views of business performance split between those that performed worse, about the same or stronger than the previous year.

The source data for the 2020 responses includes responses completed before and after Covid-19 first impacted.

Predicted v. Actual Business Performance: % of respondents



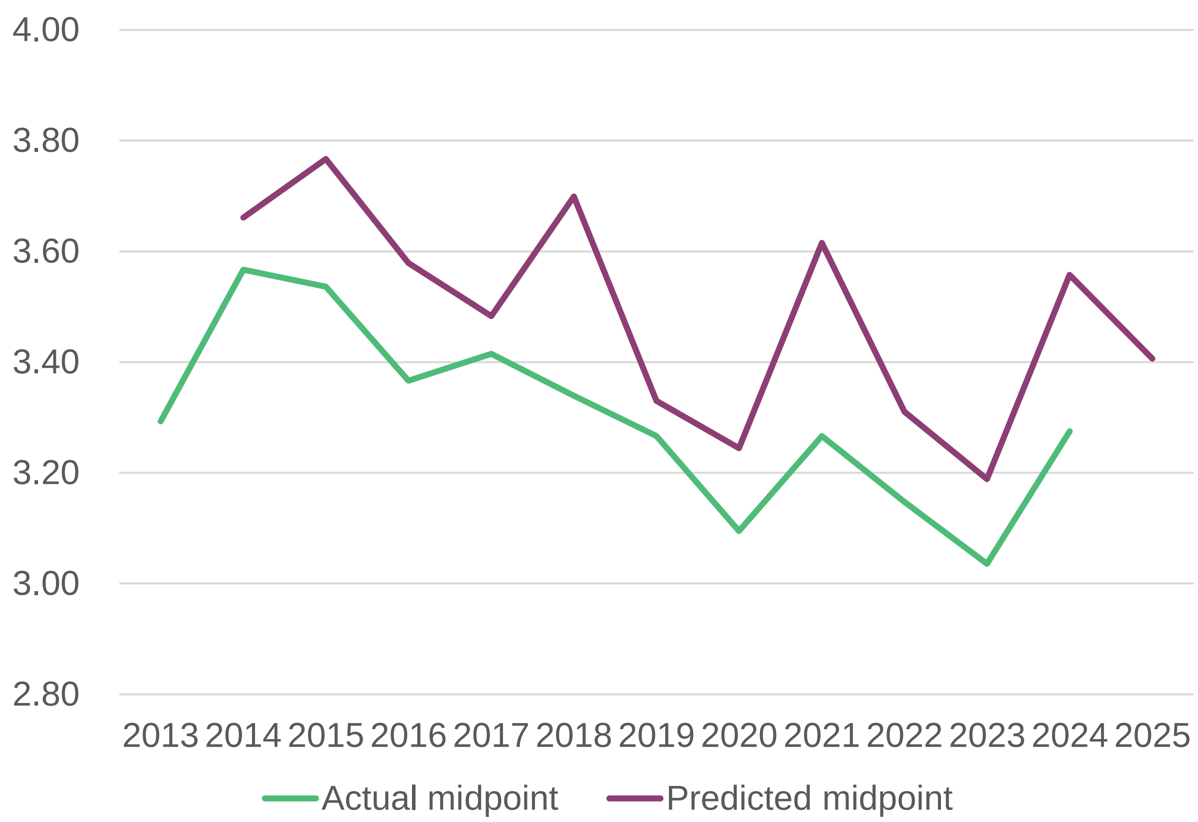
Business performance *(continued)*

Overview *continued*

The graph below represents the same data but in a different format. Performance identified as 'about the same' is identified as a '3' on the Y axis, 2 being 'a bit weaker' and 4 being 'a bit stronger' etc.

The graph lines identify the midpoint of all responses for actual performance and predicted performance.

Predicted v. Actual Business Performance: midpoint

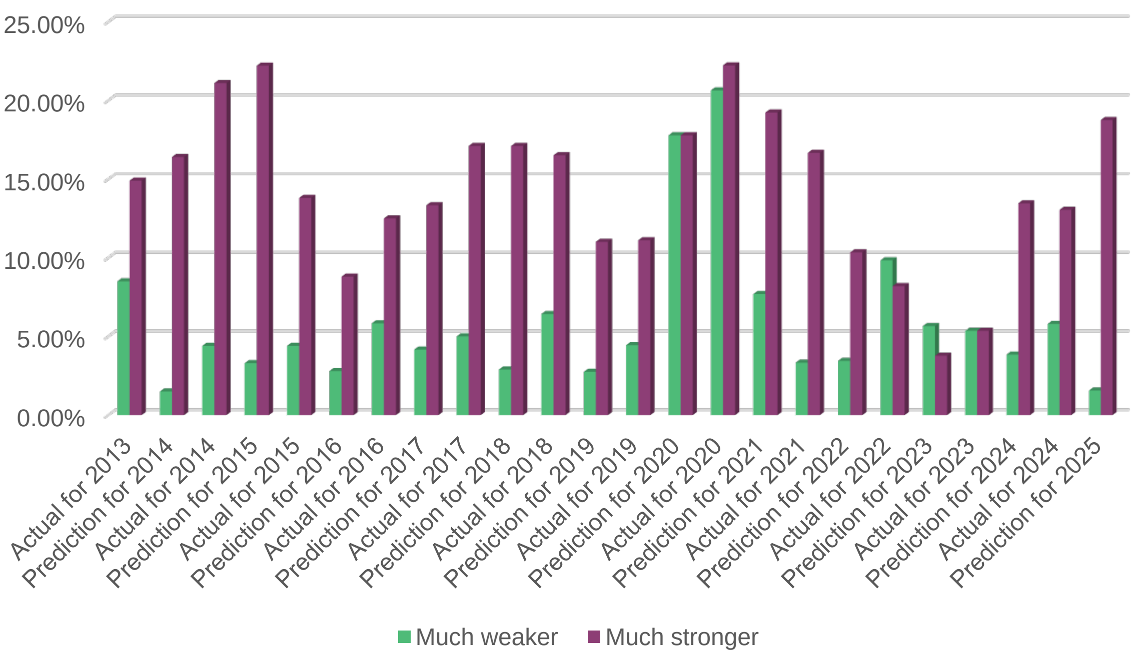


Business performance *(continued)*

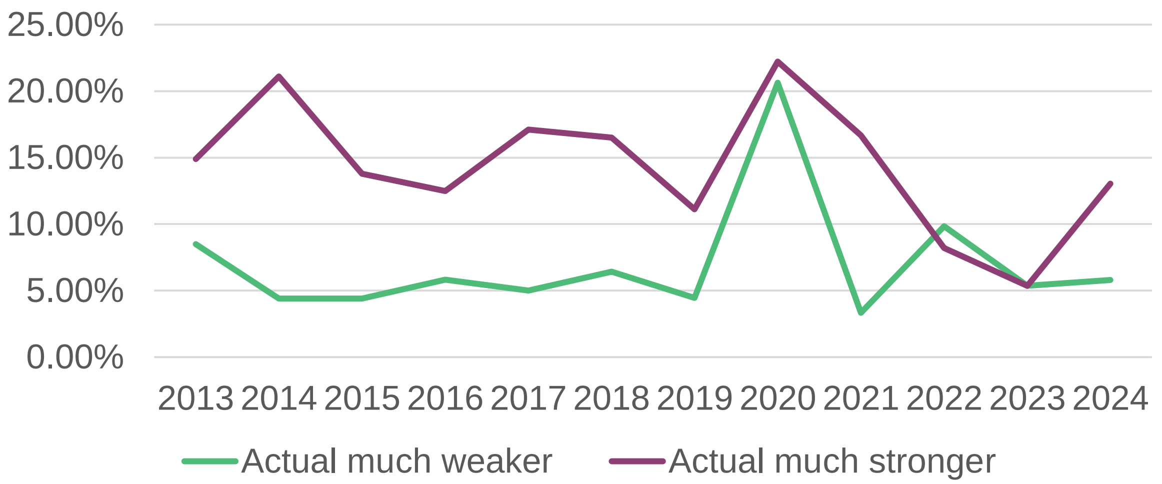
The extremes

The survey splits the 'weaker' and 'stronger' elements into 'much weaker / stronger' or 'a little weaker / stronger'. The graph below looks at respondents at those extremes.

Predicted v. Actual Business Performance: % of respondents



The graph below represents the 'actual' figures from the same data as above but in a different format, identifying how the extremes have moved over time.



Summary of the results

The results demonstrate the following:

1	Until 2017, between 50% and 60% of businesses reported an improved business performance each year. However, this fell below 50% for the first time in 2018 and has remained there since.
2	This year 45% of businesses reported an improvement in their performance in the last twelve months, up significantly from 35% in the previous year, returning to a position similar to two years ago.
3	During the period 2016 to 2019 the proportion of businesses with weaker performance had remained fairly consistent at between 22% and 24%. After the Covid-19 spike it fell back to 23% before rising again in 2023 and 2024 up to 32%. This year it is back down to 25%, fairly consistent with the historical trend.
4	This leaves those reporting a performance that is 'about the same' at 30%, reasonably in line with the historic trend.
5	Four years ago, the incidence of those reporting a 'much weaker' actual performance spiked at 21% and then bounced up and down before setting at 5 – 6% over the last two years.
6	After rising to 21% in 2021, the number of businesses reporting a much stronger performance had fallen each year since then, down to 5% last year. This year the trend has reversed, rising to 13%, although still down on the average.
7	Predictions have historically proven to be more optimistic than actual performance. This year was no different, with a similar 'gap' to the historical trend. However, those at the extremes were reasonably consistent with the predictions.
8	Last year future expectations were high with 59% expecting an improvement in performance, returning to pre Covid levels. This has fallen this year to 45% with a rise in those predicting a weaker performance, up to 22% from 14%.
9	The graph showing the midpoint of actual performance had shown a steady decline since 2014 through the uncertainty of our exit from the EU and Covid-19. This year we see that rise again to pre-Covid levels. The midpoint of predicted performance broadly shows a similar trend but with some optimistic spikes that historically have not always materialised, including this last year. This year the position is down from last year but remains above where it was in 2022 and 2023.
10	Until 2020 those showing a 'much stronger' performance were always significantly more than those with a 'much weaker' performance. In 2022, for the first time since the survey began the 'much weaker' respondents were higher, by 2%, than those expecting a 'much stronger' performance. This year the gap has reappeared, similar to the historic trend.

Business performance *(continued)*

Positive impact

The survey asked respondents to name one thing that they had started doing in the last two years that has had the biggest positive impact on their business. This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics.

People

- Hired good people.
- Increased salary packages to attract better quality staff to grow the business.
- Retaining good staff.
- Change in management.
- Building a single team within the office, rather than separate departments.
- Sharing more with the team around business goals and projects even if that individual is not specifically involved. This way, everyone knows what is happening and buys in.
- Introducing company values.
- Delegating.
- Resourcing deputy roles for key committee members.
- Implementing lessons of DBT 'Help to Grow: Management' course.
- Increased opportunities for collaboration.
- Using a business coach.

Customers and products

- Began a established, programme to diversify and expand the activities and facilities that the trust provides.
- Concentrating more on our core client base.
- Consistent business with clients.
- Providing additional services.
- Providing our members with professional insurance to practice.
- Raised my prices.
- Expanded our service offer to clients recognising a gap in the market.
- Gained new business.
- Increased subscriptions.
- Internet selling.
- Cinema development.
- Tendering for public sector contracts.
- We are now more established and clients are responding to our marketing.
- We have received a contract from the Integrated Care Board, enabling us to expand our service and work in collaboration with other voluntary sector providers.

Business performance *(continued)*

Positive impact *(continued)*

Customers and products (continued)

- Expanding our geographical reach, diversifying into new industries.
- Actions taken by the Combined Authority (CPCA) to use some of their flexibilities granted to Mayoral Authorities in relation to funding training delivery to unemployed residents.
- Moved my customer base outside of Peterborough and outside of the UK.
- Focus on larger contracts rather than multiple smaller grants.

Marketing and networking

- Networking.
- Networking.
- More networking.
- Changed networking groups.
- Networking (BNI).
- We only started trading in September 2024, but i would say the biggest thing we have done so far is build professional networks in the industry.
- Network and evidential success.
- Building relationships overseas.
- Engaged more marketing support.
- Invest in marketing.
- More free marketing.
- Much better marketing and understanding of our audience.

Projects, systems and technology

- Investing in more eco friendly products and reducing our reliance on fossil fuels to increase our sustainable credentials have brought us new business we may not have won otherwise.
- More focussed continuous improvement projects.
- More automated systems to improve the day to day running of the business.
- Upgrade to a new finance system which provides a more effective budgeting tool and financial / management reporting.

Finance

- Better cost control.
- Greater control of costs.
- Convert fixed costs to variable.
- Reduction on any and all business expenditure.
- Review of all costs and rationalising our commercial activities.
- Improved control of projects against erosions.

Comment

Predicting performance with any certainty will always be difficult, but perhaps no more so than in recent years. There have been some turbulent times for many businesses in recent years with the Brexit vote, the uncertainties of deal versus no deal and how the exit would actually work, the impact of Covid-19, conflict in Europe and challenges of supply chains. Last year the sentiment seemed to be that the biggest changes were in the past, had been worked through and now, we could focus on the future. Then of course news of elections and change in Government and change in priorities are clearly impacting on the responses to this survey.

Last year's results show that actual performance in the previous year was the lowest it has been for the duration of the survey and so it is good to see that this has bounced up, although not back to the level it was in the early years of the survey, where it was consistently above 50%. Looking at the midpoint, maybe there are some very early signs that the general downward trend from 2014 may be turning.

We have seen two years of those indicating a 'much weaker' performance being similar to those showing a 'much stronger' performance. Other than the Covid year, every other year had shown a significant gap with the 'much stronger' performers being much higher and the gap has reappeared this year which is good news, although not quite as big as the early years. The expert opinion piece from our corporate recovery team reports a rise in companies in distress and therefore there is still much work to do before we see sustained improvement in business performance.

Predictions for the next 12 months will always give a mixed story as the life cycle of individual businesses will be in different places. Last year the survey indicated a very positive mood with 60% of respondents predicting a improvement in performance in 2024. We have always seen that predictions are more optimistic than reality, but even taking that into account, the anticipated positive news has only arrived in part. Predictions for 2025 have been downgraded from last year, although at similar proportions to the actual performance in 2024.

The Institute of Chartered Accountants in England and Wales (ICAEW) undertake a quarterly Business Confidence Monitor, one of the largest surveys of UK business activity. In early 2024 their surveys were indicating a similar story of increasing confidence, with the East of England being particularly strong. However, the survey relating to the final quarter of 2024 showed a significant dip in expectations with the impact of increase in staff costs due to national insurance increases being cited as a major contributor.

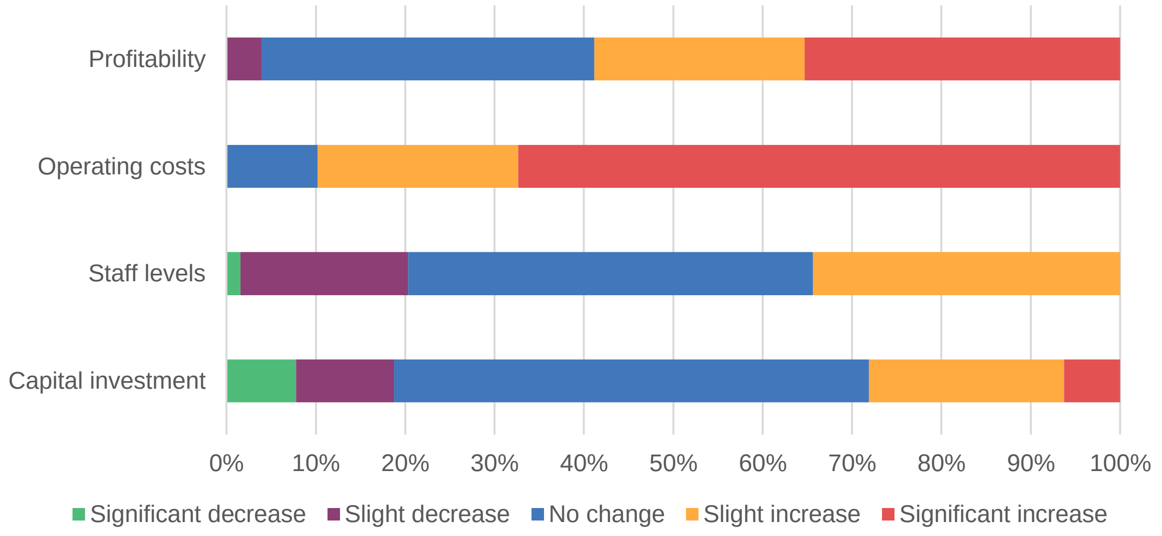
The list of responses to the question around what is having the biggest positive impact is always interesting:

- Overall, a similar list, other than a significant rise in businesses mentioning detailed review of costs.
- There were also more responses this year relating to people. Two years ago, the main comments in this area were focussed around working practices, including flexible working. Last year there was a bigger emphasis on getting the right people in the right positions to enable future growth. This year there is more comment on team involvement, training and improved delegation.
- There is often a long list of comments relating to customers of product / service offering and this year is no different. Last year this report referred to plans appearing to be more ambitious. This year there appears to be more around making small changes and focussing on providing a consistently good service.

Expectations for the next 12 months

As we delve deeper into business performance, the survey reviews four separate areas of future expectations: profitability, operating costs, staff levels and capital investment.

Future Expectations: % of respondents



The graphs below indicate the trends in each of the four categories noted above across the years. They highlight the percentage of respondents indicating an increase or decrease in each category, ignoring the 'no changes'.

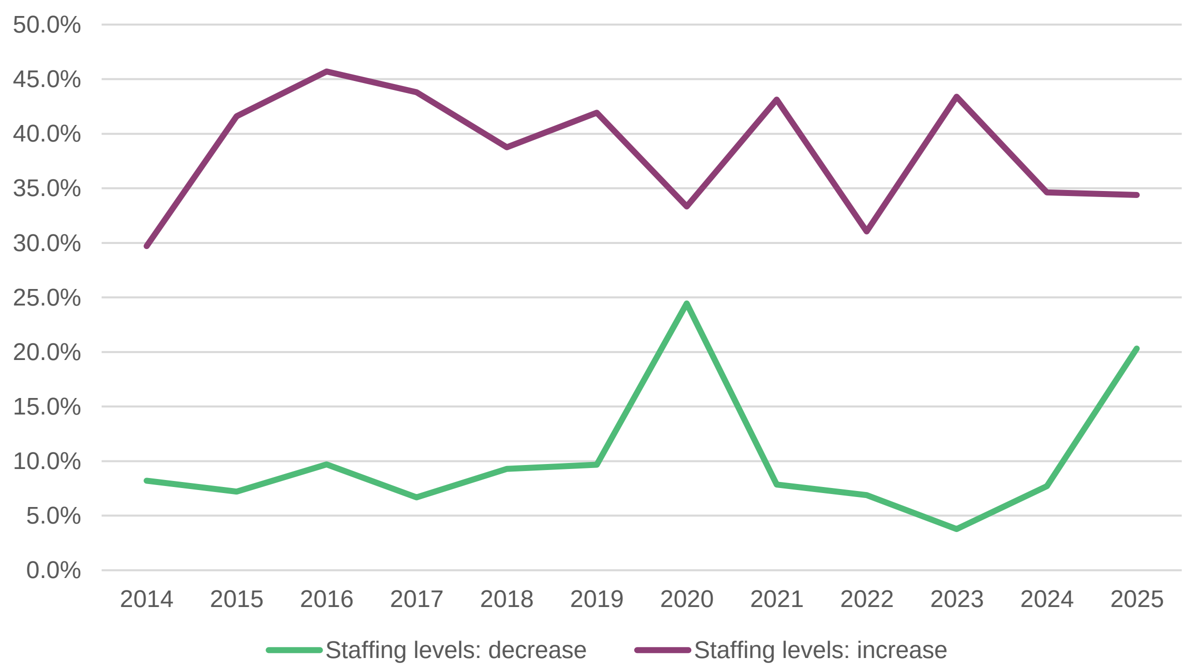
Profitability: % of respondents over time

Expectations for the next 12 months *(continued)*

Operating Costs: % of respondents over time

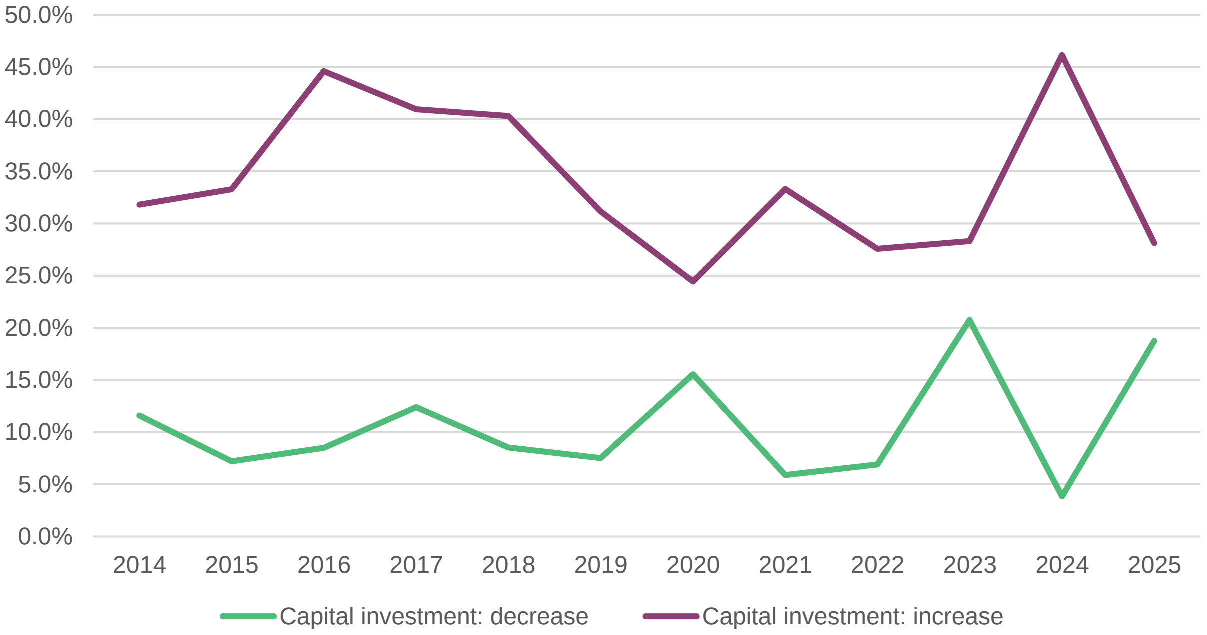
The results above include all operating costs up to 2022 and for 2025, but the 2023 / 2024 figures exclude energy costs.

Staffing Levels: % of respondents over time



Expectations for the next 12 months *(continued)*

Capital Investment: % of respondents over time



Expectations for the next 12 months *(continued)*

Summary of results

Profitability

- 48% of respondents are expecting an improvement in profitability in the next 12 months, down from 57% last year but significantly up from 34% two years ago.
- The proportion of businesses anticipating a decrease in profitability is 33%, the highest level the survey has seen.
- The gap between those predicting a decrease and those predicting an increase in profitability had steadily shrunk over the years, although those predicting an increase always remained higher. The gap fell to less than 10% in 2022 and 2023, rose significantly last year to 40%, but has fallen back to 16% this year, below the historic levels.

Operating costs

- The proportion of businesses expecting an increase in operating costs fell significantly between 2017 and 2020, down to 45% from a high of 79%. Since then it has returned to being above 70%, this year at 75%.
- Those expecting a significant increase in costs is at 23%, close to the highest level it has been.
- The proportion of businesses expecting operating costs to reduce remains at 8%, the same as last year.

Staff levels

- 34% of businesses are expecting to grow staff levels in 2025, similar to the 35% last year. This is below the historical trend.
- The proportion of businesses expecting staff levels to decline is at the highest level since the survey began (ignoring the Covid-19 spike) of 21%.
- 2% are reporting a significant decrease, the same as last year and no businesses are indicating that there will be a significant increase.

Capital investment

- 28% of businesses are expecting to increase investment in capital projects next year, significantly down on the 46% last year, and back to the level in the previous two years.
- 19% of businesses are expecting to decrease capital expenditure in 2025, up significantly from 4% last year.

Expectations for the next 12 months *(continued)*

Comment

Predictions on profitability have generally proved to be over optimistic. The increase in optimism last year did not materialise in full, however we did see an improvement. Those predicting improved profitability have always outnumbered those predicting a drop, but the gap between the two this year has reduced, reflecting significant concern over the pressures of staffing cost rises. With almost one-third of businesses anticipating a reduction in profitability, there is clearly concern amongst business leaders.

Operating costs remain a challenge for many businesses, with the proportion of businesses expecting costs to continue to rise remaining high. Those expecting a decrease remain very low. Perhaps of biggest concern is that nearly one quarter of businesses are expecting a ‘significant’ rise in costs.

Despite the increase in costs the volume of businesses expecting to increase staff numbers remains the same. However, one in five businesses, almost the highest level during the life of the survey, are expecting headcount to reduce, as the increased cost of people has to be reflected in their own budget somewhere.

It is a similar story on capital investment. Last year, predictions were at the most optimistic level they had been, although our report did state that the survey results appeared to be bucking the trend compared to results from the ICAEW Business Confidence report. This year we see almost the least optimistic results, so it looks like it is going to be a tough year for those supplying capital equipment into businesses.

Expert opinion

Business restructuring & insolvency

Robert Young
Partner, Restructuring & Insolvency
Azets

On the one hand, it's hard to believe that we are already nearly a quarter of the way through the year as time has really flown. On the other hand, looking back, an incredible amount has happened in this relatively short period; it has been a super busy and often frantic time politically, both at home and abroad. So much is playing out before our eyes on the world stage, international relations are in the spotlight daily and for many (if not most!), 2025 is likely be a bit of a slog. Yes, another one!

I recall that Mark Jackson quoted a client in the 2023 Business Survey when he said, 'all we need is a year with no drama'. With hindsight, that was very wishful thinking, and I suspect that many business owners will now be thinking 'just a week would be nice'. We undoubtedly live in very challenging times and it is quite incredible how quicky the impacts of global, geopolitical affairs can be felt by domestic businesses both large and small. Gone are the days when a business owner can just look inward whilst expecting to be entirely unaffected by the major issues at play. The UK just doesn't operate in that kind of vacuum anymore. Whilst some sectors will undoubtedly fare better than others, some are at the mercy of governments, regulators and other policymakers and they must operate within a very difficult, ever-changing landscape.

As a restructuring professional, I spend most of my time guiding directors through uncertain times whilst helping them to make sensible, informed decisions often in the face of material uncertainty. I have been impressed with the resilience shown by many businesses across the last few years and, in particular, the ability shown by many to continually 'adapt-to-survive'. This appears to be reflected in the survey with 45% of businesses having seen an improvement in 2024.

Generally speaking, I have found most business owners to be pragmatic about the issues faced over recent years, noting that events such as the pandemic, inflation and supply-chain pressures were largely beyond our control. I have, however, found the sentiment to be very different of late with business operators and owners expressing great frustration at matters (not least the impending NI increases!) which they consider to be self-inflicted and unnecessary off the back of such difficult trading conditions.

I make all of the above points to highlight the importance for businesses to plan and look forward, as far as they are able. The worst thing that a director can do is to bury their head in the sand and simply hope for the best. A director is not expected to have a crystal ball and so every decision will not be a correct one. What is non-negotiable, however, is the need for directors to make informed decisions, based on up-to-date financial information and to engage as early as possible with the key stakeholders. Such proper governance (supported by board minutes where necessary) will mean that the key decisions taken in the face of uncertainty are defensible as this will demonstrate that a decision taken was rational and sensible at the time. If these steps are not taken, directors can fall foul of statute and – in the worst cases – disqualification proceedings or personal liability can apply. The matter of personal liability was in the spotlight in late 2024 through the BHS decision but I stress that this remains thankfully rare. Regardless, directors must be mindful of their responsibilities to their creditors if a company is in the 'zone of insolvency'.

Robert Young
Partner, Restructuring & Insolvency
Azets

Business restructuring & insolvency (continued)

In 2024, there were 23,872 registered company insolvencies comprising 18,840 creditors' voluntary liquidations, 3,230 compulsory liquidations, 1,597 administrations and 202 company voluntary arrangements (CVAs). This figure was down compared to the number recorded in 2023 (25,158) although it should be noted that 2023 saw the highest number of corporate insolvencies since 1993! 2023 saw a staggering 20,577 voluntary insolvent liquidations whilst the Administration and CVA statistics were fairly consistent year-on-year. The volume of insolvent liquidations is undoubtedly a concern as this is usually a shut-down process where a business ceases to trade; this is in contrast to an Administration or CVA which are generally used as recue tools to preserve as a going concern, retain jobs and deliver enhanced results for creditors. A key point to note is that – generally speaking – a business has a greater amount of options at its disposal if advice is taken early. If matters are ignored, cash is usually eroded whilst the creditor pressures grows thus limiting the options available.

Looking forward, it is notable and heartening to see that 46% of businesses expect to see a stronger performance in 2025. In contrast to this optimism, it is disappointing – but not surprising – that only 1 in 3 businesses were expecting to increase staff numbers in 2025. This statistic, coupled with a dramatic reduction in forecast capex spend (28%, down from 47% in 2023), indicates that many businesses are looking to hunker-down and conserve cash whilst they wait to see how the year plays out. Businesses which are planning to acquire or invest should have a conversation with our friendly and experienced Debt Advisory team to ensure that they understand the options for raising cash and get the best deal available in terms of deal structure and price. On the whole, however, the apparent consolidation is not all surprising given that 75% of businesses expect to see an increase in operating costs in 2025. It appears to me that the Business Impact survey results are really aligned and combine to tell a story of caution, if not concern.

It is highly likely that the events of the year so far have done little to change the above and, if anything, it is probable that business owners are minded to be even more cautious given the wide variety of economic headwinds with prudence being the order of the day.

Succession planning

The survey asked the question about whether succession planning is an issue in the business. Here are the proportions of respondents in the different categories.

	2024	2025
Yes, a big concern	6%	5%
Some concern, but working on plans	35%	41%
Good plans in place	24%	19%
Not relevant right now	35%	36%

Summary of results

The results show a similar position to the previous year although a 5 – 6% shift from those having good plans in place to those with some concern but working on plans.

Comment

We have many conversations with our clients about succession planning. This is often more of a challenge in small businesses but impacts on organisations of all shapes and sizes.

This was a new question last year with results being reasonably similar over the two years, although a growing majority do have concerns in this area.

Businesses should continually look to the future and planning succession for all key posts within an organisation is an important part of that.

Obstacles to growth

The survey asked respondents to select up to three choices of what they consider to be the main obstacles to growth for their business. The question listed some very specific obstacles grouped within six general categories.

The percentage of respondents who cited an obstacle within each of the general categories is noted below:

	2021	2022	2023	2024	2025
Finance	38%	48%	31%	27%	33%
Marketplace	38%	89%	44%	40%	42%
Systems and processes	9%	7%	31%	13%	27%
Business environment	31%	26%	17%	33%	30%
People and skills	38%	74%	60%	51%	43%
Leadership	13%	15%	17%	31%	17%

Each category was further subdivided within the survey and the full list of obstacles, together with the percentage of respondents who cited those obstacles is below:

Obstacle	2021	2022	2023	2024	2025
Finance: Cash flow management	8%	20%	17%	13%	15%
Finance: Accessing new finance	16%	14%	6%	5%	15%
Finance: Other	5%	3%	5%	3%	6%
Marketplace: Growing domestic trade	10%	20%	12%	13%	11%
Marketplace: Accessing international markets	0%	6%	0%	2%	1%
Marketplace: Keeping up with market changes	3%	11%	2%	5%	3%
Marketplace: Predicting market changes	6%	11%	11%	13%	11%
Marketplace: Responding to competition	5%	6%	9%	8%	11%
Marketplace: Telling your story	2%	6%	8%	8%	10%
Marketplace: Understanding how to get the most out of marketing	2%	3%	6%	2%	6%
Marketplace: Other	5%	6%	0%	0%	3%

Obstacles to growth *(continued)*

Obstacle	2021	2022	2023	2024	2025
Systems and process: Poor data on customers and potential customers	2%	0%	0%	2%	4%
Systems and process: disparate systems	3%	0%	3%	2%	3%
Systems and process: Identifying future technology	0%	0%	0%	2%	1%
Systems and process: Adopting new technology	3%	0%	5%	3%	7%
Systems and process: Improving productivity	5%	6%	17%	3%	10%
Systems and process: Other	0%	0%	0%	0%	0%
Business environment: Planning or local government bureaucracy	6%	9%	6%	15%	13%
Business environment: Premises - finding or adapting	0%	6%	3%	8%	3%
Business environment: Licensing & regulation	6%	0%	2%	8%	4%
Business environment: Incubation space	2%	0%	2%	0%	1%
Business environment: Accelerator programs	0%	0%	0%	2%	1%
Business environment: Digital infrastructure	5%	0%	2%	5%	0%
Business environment: Power infrastructure	0%	0%	0%	0%	0%
Business environment: Transport infrastructure (road / rail)	0%	0%	2%	3%	4%
Business environment: Availability of sector networks	3%	3%	2%	0%	1%
Business environment: Other	5%	3%	0%	3%	13%
People and skills: Finding the right people	22%	37%	32%	31%	26%
People and skills: Retaining the right people	6%	14%	12%	5%	10%
People and skills: Nurturing the right culture	6%	6%	8%	2%	6%
People and skills: Availability of appropriate training	0%	0%	5%	2%	0%

Obstacles to growth *(continued)*

Obstacle	2021	2022	2023	2024	2025
People and skills: Affordability of appropriate training	3%	0%	0%	2%	1%
People and skills: Access to knowledge transfer partnerships	0%	0%	0%	0%	0%
People and skills: Other	0%	0%	3%	3%	3%
Leadership: Finding time to do everything	8%	9%	9%	10%	7%
Leadership: Learning when to delegate and when to get involved	3%	0%	2%	5%	4%
Leadership: Deciding when to change strategy	5%	0%	2%	8%	1%
Leadership: Other	2%	3%	0%	2%	1%

Comments in the ‘other’ categories noted above include:

Other

- The economic outlook is not encouraging to businesses investing in marketing and therefore using our services.
- Concerns over the economic backdrop the current government are creating.
- Finance: we rely heavily on being subcontracted to and it would be far better if we were commissioned directly by Peterborough Council as it then causes finance delays and cashflow difficulties to us and costs them more for the same service.
- Costs involved to market the charity.
- Late payment.
- People: the delays in being paid and not having guaranteed income due to the subcontracting makes it difficult to plan and recruit additional people and this then leads into Leadership and having people to delegate certain tasks to.
- Availability of funding for a range of courses.
- We are struggling to attract good quality candidates to grow our business.
- Car parking availability in the city centre.
- Bus station.
- Public realm toilets facilities.
- Disabled access routes.

Obstacles to growth *(continued)*

Summary of results

Traditionally 'marketplace' together with 'people and skills' have been identified as the most common obstacles to business growth and this year is no different.

This year, there are several interesting observations:

- 'People and skills' have been the number one obstacle for the last three years, although the incidence of it being mentioned has fallen during that period.
    - Within the detail 'finding the right people' remains by far the biggest individual obstacle, with 26% of respondents citing this as an issue, although this has been steadily declining from 37% three years ago.
    - Retaining the right people is the second highest result at 10%, double the position last year.
- 'Marketplace' remains in second place, with a slight rise in those mentioning it.
    - 4 individual elements all score 10 – 11% relating to 'growing domestic trade', 'predicting market changes', 'responding to competition' and 'telling your story'.
- 'Business environment' and 'finance' have often alternated for third position. This year it is the turn of 'finance', which unusually had fallen to fifth place last year.
    - 'Cash flow management' and 'accessing new finance' are cited as the main reasons within finance.
    - The incidence of 'planning or local government bureaucracy' being cited remains high at 13%, down slightly from the 15% last year.
- The incidence of 'Systems and processes' been mentioned is one that has changed significantly from one year to the next and has risen again significantly this year after a big fall last year.
    - 'Improving productivity' is the highest scoring individual element of that, at 10%, up from 3% last year.
- 'Leadership' has traditionally been one of the least cited obstacles. Last year, the incidence of this being mentioned nearly doubled, but this has fallen back to 17% this year, similar to the historical trend.
    - Within the detail, 'finding time to do everything' has always been the highest individual element of leadership, at 7%.
    - 'Learning when to delegate and when to get involved' is the next highest at 4%.
- Overall, there is a much wider spread of responses across the main six categories of obstacles.

Support required

The survey asked respondents what type of support would make the biggest difference to overcoming the obstacles noted in the previous pages. This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics.

Finance

- Money.
- Easier access to affordable finance.
- Access to affordable investment to growth the business.
- Everything is based on getting additional finance for growth.
- Third party grant funding to meet key core costs being incurred by our charity - the profits from our commercial subsidiary to not cover these in full.

Business environment

- A more pro business government, ideally with some degree of previous industry career experience.
- Change the government.
- Government policy.

Regulation and taxation

- Reducing taxes on businesses to allow us to grow rather than contract.
- Further reform of further education, particularly in applying flexibilities to the apprenticeship levy.
- Support from the Government for new businesses - it feels like there is none.
- Government grants supporting investment in marketing activities.
- Local government grants.
- Improving the planning system
- Planning applications authorized quicker.
- Timely planning and decision making from government departments would enable our charity to complete beneficial projects in a shorter time period minimising costs.
- The positive support of senior team at Peterborough City Council translating into action from middle management.

Support required *(continued)*

People

- Better support when training and then trying to retain young talented staff.
- Government support for all types of training, not just apprenticeships.
- More free quality training.
- More training in sales.
- Professional advice and leadership guidance.
- Support for small start ups like with marketing, Canva, finances.
- Greater employment pool. Hence, going to recruit outside of Peterborough.
- Issue with new impending changes regarding employment laws will make it more challenging to hire the right people.
- Robust time management.
- Better engagement of volunteers.

Customers and marketplace

- Increasing visibility via marketing.
- Support to market and raise profile.
- Expanding our services into existing and new markets.
- Access and introductions to businesses who are the right size, with the right budgets, for the type of projects we do. Getting in front of the right people in larger businesses that have marketing budgets is really difficult.

Other

- Improvement in systems.
- More parking. The market car park has been lost to a block of flats. The Wirrina car park to ARU.
- Peterborough City Council investment in public realm facilities.
- Better rail connection between Peterborough and Cambridge.

No support required

- None.
- Plans are in place.

Support required *(continued)*

Comment

This analysis clearly shows a level of consistency in the main obstacles facing businesses, reflecting the fact that people and customers are key to the success of any organisation.

However, it is interesting to see how the relative importance of each obstacle shifts over time. Rising operating costs perhaps led to a focus on systems and processes two years ago and returns again this year.

Finding the right people for any organisation continues to be a particularly interesting topic and perhaps particularly as the type of skills needed is shifting as technology increasingly impacts on the workplace. However, we have seen a trend down in this number over the last four years, so maybe we, as a city, are improving in this area.

More people have mentioned obstacles in the area of finance this year, particular managing cash flow and accessing new finance.

There are perhaps a variety of reasons for the increase in mention of ‘business environment’ being an obstacle including changes in the local, national and international political landscape Last year there were several references to our city’s approach to tourism and hospitality being in need of improvement and this features again this year.

Last year we saw a significant rise in ‘leadership’ being mentioned as an obstacle. This appears to have been a one-off year, with the percentage falling back to previous levels. However, this report has included a comment before about whether its low incidence of being mentioned may be due to leaders focussing more on external factors rather than themselves. We have seen a period of vast change and the need to continually reflect and adapt remains high.

In terms of support required, there is a similar mix of the types of comments this year, although as finances become tighter, we see a rise in comments in that area. Last year there were several comments around the need for more advice and collaboration which does not seem to feature particularly this year, so maybe after a few years of not talking to each other as much, our networks have found their rhythm again.

Response to the budget

Due to the significance of the tax changes in the recent budget, we added an additional question, asking "Are you looking to take any specific actions in your business as a result of the announcements in the recent budget?" This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics. Where the same or similar response has been given by more than one respondent, we have repeated each instance of the mention below to reflect the apparent importance of that issue.

Impact on people: salaries

- Holding back pay rises.
- If we are not able to improve our profitability, it will make it difficult for us to increase the salary of our staff.
- Looking at options to reduce the impact of national insurance.
- Make employees take a pay cut and increase employer's contributions into pensions.
- Minimise affects of national insurance changes.
- National insurance rise reflected in lower pay rises in the annual review.
- Reduce staff annual salary increases.
- We have reduced our annual pay rises and bonuses to compensate for the additional costs.

Impact on people: headcount

- Freeze on recruitment.
- Less hiring.
- Additional scrutiny on recruitment.
- Closer eye on staffing levels to cover the cost of the increased national insurance.
- Probably review recruitment plans based on additional cost implications of employer's national insurance increase.
- Tighten the recruitment budget to manage the additional national insurance burden.
- We have put a hold on recruitment and will try to replace staff with technology where we can.
- Possible redundancies as part of restructuring.

Response to the budget *(continued)*

Cost reduction

- Cost control will continue to be key.
- No specific plans yet but will need to develop some to reduce costs.
- No, we had already built in the potential tax increases into last years cost base.
- Reduce costs in marketing and investment in development budgets.

Impact of capital projects

- Capital projects on hold.
- Not expand or invest beyond the minimum.

Pass on to customers and funders

- Increase pricing.
- Inevitable price increases to retain margin.
- Putting prices up, where possible, to offset the employer's national insurance increases.
- Reviewing pricing.
- Seek increased funding due to increased national insurance costs.
- Funding changes.
- Conversations are currently taking place with commissioners.
- As long as the government cover the increase in NI contributions. Worried though that this increase will have a significant knock-on effect on our costs.
- No specific actions but will need to find additional funding.

Potential closures

- Considering the closure of one or two services.
- Retailers are reducing the number of hours and headcount.
- Reviewing opening hours.

Response to the budget *(continued)*

Systems and processes

- Renewed focus on productivity.
- More AI.

Seek growth

- Increase of sales targets to cover the cost of the increased national insurance.
- Growth and securing investment.
- No, we believe that we need to invest in services, education, health and infrastructure to promote growth. We have spent too many years underfunding too many key areas that that restrict a society to grow.

Other

- Lobby to try and get charities to be exempt.
- We already run on a lean staffing, and so we have no options to reduce - and will just have to smile and pay up.
- Move abroad.

Monitoring

- Not at present.
- Not yet.
- Not currently but always under review.
- Close monitoring of employer costs.

No

- Approximately one-third of respondents indicated that no specific action was being taken.

Business challenges

Respondents were asked to say what the greatest challenges are for their business in the coming year. This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics. Where the same or similar response has been given by more than one respondent, we have repeated each instance of the mention below to reflect the apparent importance of that issue.

Business uncertainty and confidence

- Stagnent economy means new customers in the market are few and far between which is reducing our opportunities for new clients.
- The budget has hurt my sector to the point that it is now nearly impossible to continue moving forward.
- The market is currently very subdued following the last budget and confidence is generally low. It will be some time before this builds.
- Tax rises and the governments lack of agenda for growth.
- Government changes.
- Labour government.
- Government policy.
- National insurance and taxation.
- Peterborough Council lack of funding for investment in critical infrastructure and improvements to public realm.
- Projects across the UK, sustainable development as a sector for economic growth, because subject to planning performance and investment.
- Sector changes that are uncontrollable.

People

- Find additional staff.
- Getting the right people.
- Recruitment - it is very hard to find competent people.
- Potentially reduced hiring from the business community.
- Potentially reduced L7 Apprenticeship funding.
- Staff turnover.
- Member-wide engagement.
- Bringing the whole team up to the level we would expect.
- Businesses curtailing training costs.
- Staff burnout.

Business challenges *(continued)*

Customers and products

- Acquiring new work.
- Finding the right mix of new orders - needs a balance of both large and small to utilise all our resources efficiently.
- Getting more clients to hire us when costs of such a challenge for them.
- Getting people to spend on compliance.
- Lack of orders.
- Lower city centre footfall.
- Insufficient income will result in reductions in staffing levels.
- The tenants staying in business.
- Failure of clients.
- Tighter margins.
- Maintaining growth with trading conditions still very uncertain.
- Sustaining enough work from my clients - rather than just one off pieces of work.
- Increasing capacity without increasing costs to the public.
- Obtaining planning permissions and capital funds to progress capital projects within a reasonable timeframe.
- Continuing to build the brand with limited budget.
- Contacts for commercial work.
- Competition.
- Competitors prices.
- Increasingly competitive market.

Finance, systems and technology

- Currency suffering (again).
- Eliminating residual covid-related debt.
- Improving my use of artificial intelligence.

Business challenges *(continued)*

Operating costs (supply chain and people)

- Managing costs.
- Material costs.
- Supply chain.
- To control costs.
- All business costs: staffing, power, stock. All have increased.
- Costs: costs of employment (national minimum wage increases and national insurance increases), costs of key services.
- Employer's national insurance increases.
- Holding costs down.
- Increased cost base across staff direct costs and technology.
- Increased costs of employment.
- Increased employer national insurance. This is both a direct and indirect challenge to us. Direct, as it will increase our costs. Indirect, as, along with the national living wage increases it will reduce the ability of clients to spend on capital projects.
- Increased operating costs and general price pressures.
- Increased overheads especially related to staffing.
- Increases in employers' national insurance contributions announced by Government.
- Increasing staff and tax costs.
- Increasing staff costs.
- Rising energy and staff costs.
- The employer's national insurance costs rising will have a significant negative impact on our overheads, putting further pressure on our non-profit making budget.
- As a school, the government provides our income so we are dependent on them. Costs are increasing significantly and if government funding does not keep up we are in trouble.

Business opportunities

Similarly, respondents were asked to say what the greatest opportunities are for their business in the coming year. This was an open-ended question and reproduced below are the responses which we have attempted to group together in related topics.

Customers and products

- Win new customers / contracts.
- We want to open a new service.
- To continue to enhance and develop services.
- Increased sales.
- Internet sales growth.
- Entering into new markets.
- Expanding our products and services to a wider audience.
- Gaining more market share.
- Gaining more members.
- Growth of existing client base.
- Customer engagement.
- Commercial work.
- As we continue to expand our services we are creating new opportunities to connect with a different, younger, audience. With the right level of engagement we can accelerate our growth.
- Building a training section of the business.
- Helping local businesses to adopt AI.
- Increase in national and new industry recruitment fees.
- More and more companies looking to get with the times and move digital.
- New design and build contracts.
- Progressing in capital projects and using unused facilities.
- Providing support to businesses in transport operations.
- Regeneration projects across the UK, sustainable development as a sector for economic growth.
- Peterborough station quarter development.
- Part of joint working with Queensgate to promote footfall and therefore income.

Business opportunities *(continued)*

Marketing and networking

- Building relationships outside of the UK.
- Due to rebranding in 2024, we hope that our membership numbers will increase.
- Opening a further Cambridge office.
- Growing connections to offer my services to people.
- Marketing projects in the private sector, using our public sector project experience.
- Promotion of specialist sector knowledge.
- Retail new brands and using social media for promoting our products.
- Taking our services into new markets.
- The Employment Rights Bill hopefully coming into law, we can support businesses with the changes required.
- With our increased resources we are focussing our sales team on proactive outreach.
- Out-performing other struggling businesses.

Business environment

- Clarity on UK Government capital investment and transport reform programmes.
- Government spending on infrastructure.
- Apprenticeship reform.
- Fear of fines.
- Peterborough Council to lack of public toilet facilities in town centre, and disabled access issues between rail station and bus station.

People

- Recruitment.
- Continued development of the team in delivering strong service.
- More flexible 'Skills & Growth Levy'.
- Maximising effectiveness of using volunteers.
- Expand our pool of work providers.
- Appointment of professional fundraiser to secure grant funding.

Business opportunities *(continued)*

Systems and technology

- Internal efficiencies.
- Implementation of new software which will create far more efficient processes.
- Better systems and use of data to streamline processes and improve decision making.
- Investing in new automation to increase plant efficiency and reducing reliance on manual labour.
- Utilizing digital platforms and AI.

Other

- The one just around the corner that I've yet to discover.
- Create our next three-year strategy and work towards our chosen objectives (currently work in progress).
- Net zero service and finding investor to sell net zero product as as OEM.

None / not sure

- There are none.
- None foreseeable at present.

Business challenges and opportunities *(continued)*

Comment

Responses to the questions around challenges and opportunities have remained very mixed over the years and, as we would expect, they contain some very general comments as well as some that are very specific to an organisation's particular circumstances.

Historically we always saw that the list of challenges was greater than the list of opportunities and maybe that is human nature or maybe because it is difficult to think beyond what is in your inbox. Last year however, the list was more equal, maybe reflecting the growing sense of optimism felt at that time. This year we revert to the old trend with 50% more challenges than opportunities that have been mentioned.

The main increases in challenges relates to rising costs and particularly those related to staff costs.

Interestingly there are a variety of comments about opportunities related to people as well as systems and technology, which were not mentioned at all last year.

Due to the significance of the tax changes announced in the Autumn, we introduced a new question regarding how businesses were responding to the changes. Responses are mixed but include:

- Reducing other benefits paid to employees or indeed reducing headcount to ensure that the overall cost of people remains the same, despite the increase in minimum wage and national insurance.
- Many looking to pass cost increases on to their customers.
- Some looking to reduce investment or cut costs in other areas.
- Others, looking to use the pain as a catalyst to seek growth and be more focussed on productivity and technology.

Challenging times ahead and maybe the biggest challenge for some will be remaining positive about their business and continue to drive energy into looking to the future.

Expert opinion

The leisure sector

Matthew Bradbury
Chief Executive
Nene Park Trust
Chair
Peterborough Cultural Alliance

It has been another challenging yet impactful year for the Leisure industry in Peterborough. In this instance we are using "Leisure" to cover all types of leisure based, cultural, arts and sports offers and provision, whether provide by commercial, not for profit or public organisations.

The economy and political change has continued to affect investment in commercial and not for profit projects and activities and while some new and exciting "leisure" provision has been developed, others have been delayed, disappeared or had to respond to significant challenges.

During 2024/25 and through Peterborough Cultural Alliance (PCA), we have collated more and higher quality data in Peterborough to allow us to understand the 'offer' and participation in culture and the arts. This in turn has helped us to better understand the relationships with the city's economy and of course, our diverse communities.

Peterborough is an Arts Council "Priority Place" which provides the opportunity to receive additional support for Arts and Culture. Early in 2024, PCA was successful in securing a significant grant from Arts Council England to turn Peterborough's Cultural Strategy into a plan that unlocks cultural potential and growth. This plan is developing positively.

In October 2024 a new and ambitious Visitor Economy Strategy was approved by PCC and we look forward to the positive impact it will bring to our diverse city through partnerships and more focus.

Some of the aging leisure infrastructure in the city was forced to close either permanently or temporarily, including the Regional Pool. Some infrastructure was displaced due to Local Authority priorities and some of the cultural infrastructure found itself under threat. On a more positive note, the new Odeon Luxe Cinema at Queensgate opened and the Living Lab at ARU Peterborough was completed.

A PCA survey during the year told us that Peterborough is below the national benchmark with 87% of adults engaging with the arts in 2024. But the final quarter of 2024 painted a mixed picture for the UK leisure sector. Net spending in the leisure sector fell to -10% in Q4 2024. However, in a sign that consumers continue to prioritise services over goods, including ring-fencing their holiday budgets, spending in the leisure sector rose year on year. We are still to understand the effect that negative economic news post-budget will have on the mood of an already cost-conscious consumer after the prolonged period of high inflation from 2021 to 2023.

The PCA data also told us that 88% of the population of Peterborough attended arts/culture events during the year, 92% visited heritage and 66% visited a museum or gallery. Of these people, 88% felt happier, 79% felt part of the local economy, but 28% said it did NOT make them proud to live in Peterborough.

It remains the case that if we are to overcome some of the obstacles for businesses finding and retaining the "right people" – and recommending Peterborough as a "place to do business", we will need to invest further and faster in the leisure infrastructure to make the city more attractive.

In 2025, the Peterborough Cultural Alliance will be seeking your support to work together on three strategic priority areas. These are:

1. Infrastructure and Space.
2. Children and Young People.
3. Community Engagement and Participation.

New technology

A new question was introduced into the survey a few years ago regarding technology and its ever-increasing impact in each of our lives and businesses. We amended the question from a specific list of technologies to a more open question about what technology respondents were looking to introduce or enhance within the next twelve months. We did list a number of new technologies as example that respondents might want to comment on, including robotics, internet of things, smart / green energy, voice recognition, artificial intelligence, 3D printing, machine learning, data analytics and augmented reality.

Comments received are noted below.

Artificial intelligence

- AI
- AI.
- AI.
- AI.
- Continued AI.
- Better understanding of AI potential.
- Possible introduction of some elements of AI.
- AI is becoming very prevelant.
- Possibly utilising AI technology to streamline some repetitive processes.
- Potentially looking at improved AI methods to process orders.
- Use of AI in various processes.
- Use of AI to improve efficiency & speed delivery.
- We are using AI in our proactive outreach to help us create lists of prospects to market to.
- Utilising AI with project management and production.
- More use of AI in the form of ChatGPT and Google Bard, to improve our efficiency and reduce the time spent on tender assessment.
- Already developing digital twin tech, digital development models, data driven solutions, AI and API integration, dynamic development appraisals.
- AI - proving out semi autonomous machines.
- AI digital platforms.
- AI machine learning twin tech for control system.
- AI training, mechanisation of admin processes.

New technology *(continued)*

IT systems

- IT upgrade.
- Implementation of a new enterprise resourcing planning (ERP) system.
- Moving IT onto the cloud.
- Use of automated systems to help with customer and business administration tasks.
- Further use of online payment options for events.
- New dispatch software.
- New invoice recognition software.
- Virtual e-learning system.
- Lean production.

Equipment

- Just laptops.
- 3D printing.
- Intelligent quality scanner to inspect glass surface and identify defects. Relies to a small extent on AI / machine learning.
- Robotics.

Data

- Updated data progamme.
- Looking to improve data analytics and presentation of data.
- Data analytics software.
- We would like to develop our CRM more especially around integrating it with events.
- We have only just purchased a new case management system, so I do not believe we will be looking to introduce anything else new in the next 12 months.
- Use of data for keeping in touch with stakeholders.
- Looking at more automated data analysis / management tools to get more repetitive tasks done with less physical hours.
- Already use new CRM, data systems.
- Adding new module to our CRM system.

New technology *(continued)*

Environmental

- Sustainability.
- Further investment into green energy.
- We are considering switching to solar power and converting gas heating to electrical.
- Environmental and internet of buildings projects on management of energy to lighting.

None

- None.
- None.
- None.
- None.
- None.
- None.
- Nothing at this stage.
- None of this nature.
- None specifically - we deliver training in them.

New technology *(continued)*

Support required

The comments below summarise the support respondents thought would be most useful to access and develop these technologies:

Finance

- Funding.
- Funding.
- Funding.
- Funding.
- Grants.
- We had issues back 2023 with a poor financial performance that has resulted in a credit position that we are struggling to gain access to finance for investment.

Training, support and advice

- A greater understanding of the pros & cons (and costs).
- Understanding where to for the right advice regarding AI.
- Training.
- Training.
- Training for staff to better understand the benefits and operate the tech.
- Simple courses.
- Expertise.
- Talks from tech experts.
- An expert to show how to use it as our capability increases.
- Account managers 1-1 to help with implementation & training.
- Marketing support.
- In house people.
- We are already accessing ARU training BOOST programme.

Other

- Like minded IT tech companies familiar with sustainable development objectives.
- Support from University students to carry out annual audits and communication with retail occupiers.
- Longer trial periods to test.

New technology *(continued)*

Comment

A wide variety of things are always mentioned on this question, some very specific and others potentially relevant to many organisations.

Making small changes to systems and processes using technology has been one of the main themes in the last two years' responses. Those mentioning making use of AI has grown significantly alongside those businesses seeking to improve systems for managing and reporting data.

Several respondents also referred to investing in green technology.

The majority of comments about support required, demonstrate the ongoing need for more awareness of what is available, and advice needed around identifying what is most relevant to each individual business.

Community and charitable support

Businesses have been providing support to their local community and charitable causes for centuries and there is a growing emphasis on what businesses are doing in this area. We introduced a new question last year looking at how business engages with their wider community, and we will seek to build up a trend on how this is evolving in future years.

Respondents were asked whether they support charitable or community organisations in any of the ways noted below and the table shows the percentage of respondents under each area. The figures in brackets represent the responses from last year.

Area of support	No	Occasional	Regular
Charitable donations from the business	22% (23%)	58% (40%)	20% (38%)
Employee fundraising activities	39% (42%)	49% (29%)	12% (29%)
Providing your business services / stock free of charge	37% (48%)	51% (31%)	12% (21%)
Allowing employees paid time off to volunteer as a governor/trustee	61% (62%)	25% (25%)	14% (13%)
Allowing employees paid time off for employee volunteering days	61% (67%)	33% (23%)	6% (10%)

Summary of results

This was a new set of questions last year, so it is perhaps too early to decide whether the movements represent a trend or not.

In the analysis below we have excluded any responses from respondents who were charities on the basis that, generally speaking, support by charities will be inwardly focussed (and rightly so!), but some of the key observations include:

- 92% (2024 - 87%) of respondents undertake at least one of the activities to support the community and charitable sector.
- 35% (2024 - 60%) of respondents do at least one thing on a regular basis.
- 76% (2024 - 78%) of respondents do something under more than one category.

Comment

It is encouraging to see how many businesses are looking beyond their immediate environment and providing support to the wider community. This year more than 90% of respondents undertaking at least some activity. Disappointingly perhaps is the significant decrease in those doing something regularly, although as this is only the second year we have included this question, it will take longer to identify a trend. We know from our work with the charitable and education sectors how vital and how valued support from businesses can be, but where businesses are intentional about where and how they deliver that support, the benefits to both the business and the charity increase significantly.

Expert opinion

Community and charitable support

Iain Crighton
Allia Future Business Centre

Business and Social Enterprise

The relationship between social enterprise and the business community is becoming increasingly collaborative. Social enterprises are adopting business strategies to achieve social goals while traditional businesses embrace social responsibility. This partnership creates shared value, with businesses providing expertise, investment and market access, while social enterprises offer innovation and authentic impact.

Whilst the business community in general has a positive attitude to social enterprise activity, the challenge appears to be more around 'what and how' can we provide support, rather than whether they should support social enterprise type activity.

Evidence is increasingly demonstrating that a positive attitude towards social enterprise activity as an integral part of a business strategy is 'good for business'. There are multiple opportunities to support social enterprise and charity activities.

Business Support for Charities & Social Enterprises

Direct Financial Support: Corporate donations provide critical funding for operational costs and program delivery that many charities struggle to cover. This unrestricted funding allows organizations to address immediate needs while planning long-term sustainability.

Service/Product Provision: In-kind donations of business services, expertise, and products help charities reduce overhead costs. This form of support leverages business strengths, providing resources that would otherwise strain nonprofit budgets.

Staff Volunteering: Beyond monetary value, employee volunteering brings valuable professional skills and fresh perspectives to charitable organizations while building meaningful connections between sectors and enhancing corporate culture and employee engagement.

Business Value: Supporting charitable initiatives yields substantial returns for businesses through enhanced brand reputation, increased customer loyalty, and improved employee satisfaction and retention. These partnerships create marketing opportunities, develop staff skills through volunteering, and build valuable community relationships that can drive business growth while fulfilling corporate social responsibility goals.

Creating Additional Positive Social Impact

These business-charity partnerships create multifaceted social impacts beyond their immediate objectives:

Ecosystem Strengthening: Cross-sector collaboration builds stronger community networks, creating sustainable support systems that can respond more effectively to social challenges.

Innovation Acceleration: When business expertise meets social mission, innovative solutions emerge that can address complex problems more efficiently than either sector could achieve alone.

Skill Development: Vulnerable populations served by charities gain access to business professionals who can provide mentoring, training, and career development opportunities.

Awareness Amplification: Businesses lend their marketing platforms and reach to amplify social causes, educating wider audiences about important issues.

Policy Influence: Combined advocacy from business and nonprofit sectors carries greater weight with policymakers, potentially leading to systemic changes that address root causes.

Resource Multiplication: Initial corporate support often attracts additional funding from other sources, creating a multiplier effect that expands program reach and impact.

Expert opinion

Iain Crighton
Allia Future Business Centre

Community and charitable support *(continued)*

Cultural Shifts: These partnerships normalize social responsibility, encouraging more businesses to contribute and creating broader movements toward conscious capitalism.

Not only are we seeing new ways of partnering in the social enterprise space, but we are witnessing the ‘good for business’ benefits.

- Enhanced brand reputation
- Increased staff retention and loyalty
- Customers are increasingly looking closely at business behaviours.

It’s exciting to consider that we are on the cusp of change in the business environment with the potential to scale up the number of ‘social impact’ businesses in Peterborough and surrounding area.

The environment

Opportunity Peterborough has been promoting the circular economy for a number of years and has been internationally recognised as a world leader in this area. In July 2019, Peterborough City Council voted unanimously to declare a climate emergency and to commit the council and the city to becoming net zero carbon by 2030. That is now only 5 years away.

Many have commented that this is a very ambitious target, others that it is not ambitious enough. Due to the significance and growing profile of this issue we introduced new questions in recent years to measure the understanding and adoption by respondents of circular economy and to self-declare their level of commitment. This year we asked a similar question, but in a different way: “What stage is your business at in addressing its impact on the environment?” and asked respondents to tick the most appropriate box. The table below shows the results, showing a more developed approach the further you work down the table.

Stage of business	2023	2024	2025
Unsure what we can do	11%	11%	9%
We haven't started looking at implementing any environmental practices	23%	14%	22%
Making a commitment to change current practices and design out waste	23%	2%	15%
Identifying opportunities in our workplace(s), processes and waste streams	17%	30%	26%
Planning and/or beginning to implement pilot projects	6%	5%	9%
Addressing environmental issues is now business as usual	11%	32%	15%
We anticipate being carbon neutral in the next 5 years	9%	7%	4%

Summary of results

We have asked the question on environmental impact in slightly different ways in recent years, but the summary of results in previous years can perhaps be summarised as ‘a growing awareness but limited specific action’.

Above the red line in the table above shows those who are unsure what they can do up to those who have started to think about it; below the line is where action is underway.

The proportion of respondents above the line, where no action has currently been taken, has risen from 57% to 72%, a significant increase, although back to where we were in 2023, potentially indicating that 2024 was a quirk in the data from those respondents. Similarly, those below the line decreased from 43% to 28%.

There is more for us all to do and local support is available as you will see on the next page.

Expert opinion

Environment

Stuart Dawks
CEO
PECT

Peterborough Businesses: A Growing Commitment to Sustainability

Peterborough has long been recognised as a city that embraces innovation and resilience. With aspirations to become the UK's Environment Capital, the city has been at the forefront of circular economy initiatives and has set ambitious carbon reduction targets. Local businesses are increasingly recognising that sustainability is not just a moral imperative but a strategic one. However, findings from the 2025 Peterborough Business Survey reveal a nuanced picture of how far we’ve come, and how much further we still have to go.

Environmental consciousness among businesses is evolving, but progress is inconsistent. According to the latest survey, 15% of businesses now consider addressing environmental issues as 'business as usual', a decline from 32% in 2024. Likewise, only 4% anticipate achieving carbon neutrality within the next five years, down from 7% last year.

This drop in proactive environmental engagement may suggest that some businesses are not prioritising or are struggling to implement sustainable changes, despite an increasing awareness of their importance. However, 26% of businesses have begun identifying opportunities to reduce their environmental footprint through workplace adjustments, process changes, and waste reduction strategies.

Barriers to Sustainability

Why the slowdown in sustainability adoption? The survey points to rising operational costs, with 75% of businesses expecting their costs to increase in the coming year, up from 70% last year. With inflationary pressures and economic uncertainty, many businesses are prioritising financial resilience over long-term green investments despite the cost saving benefits that energy efficiency can bring.

Additionally, staffing challenges persist. Although recruitment difficulties have eased slightly (53% of businesses report struggling to find the right people, down from 65%), 26% still cite talent shortages as a major barrier to growth. This impacts the adoption of green technologies, as sustainability-focused roles require specialist skills that are still in short supply.

The increasing emphasis on Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) criteria means businesses must integrate ethical considerations into their operations. Investors, consumers, and employees are demanding greater transparency and action on sustainability, diversity, and ethical business practices. Companies that fail to adapt may find themselves at a disadvantage, both in securing investment and retaining top talent in a rapidly evolving global market.

The Green Transition

Despite these challenges, there are promising signs that businesses in Peterborough are positioning themselves for a greener future. Innovative local businesses like Dragonheart Homes and Gen Phoenix are flying the flag for sustainable enterprise, operating both nationally and internationally to showcase the potential of green business models. These companies are pioneering solutions in modular construction and recycled materials, demonstrating how sustainability can drive economic success.

Peterborough’s Accelerated Net Zero (PANZ) initiative, backed by Innovate UK, is shaping the city’s transition to a decarbonised economy. Key projects include identifying new heat networks, renewable energy integration, and community energy schemes, which will support businesses and residents in reducing reliance on fossil fuels.

The new Green Skills Centre which opens soon at the Peterborough College, is preparing the workforce for the green jobs of the future, ensuring businesses have access to the talent needed to drive the sustainability agenda forward.

Expert opinion

Environment *(continued)*

Stuart Dawks
CEO
PECT

What's Next?

For businesses yet to take meaningful steps, the time to act is now. Conducting energy audits, switching to renewable energy, and improving supply chain sustainability are practical first steps. Collaboration between businesses, policymakers, and educational institutions will be critical in ensuring a smooth and successful transition to a greener economy.

Peterborough's business community has already shown resilience and adaptability. As environmental regulations tighten, supply chains start asking for more evidence of carbon reduction plans and consumer expectations shift, those who embrace sustainability now will lead the way in shaping a thriving, low-carbon future for the city.

For more information on PECT please visit www.pect.org.uk or sign up for our business accreditation scheme, Investors in the Environment at www.iie.uk.com.

People: Recruitment

Finding the right people has been highlighted throughout the history of the survey as, not only a high priority for businesses, but also a major challenge. The percentage of respondents who find it challenging to recruit for certain job levels within their organisations are noted below.

	% of replies 2020	% of replies 2021	% of replies 2022	% of replies 2023	% of replies 2024	% of replies 2025
Entry level	11%	35%	39%	33%	24%	22%
Mid level	31%	40%	54%	40%	49%	38%
Senior level	24%	33%	32%	22%	31%	27%
Those with an issue at one level	42%	28%	25%	47%	37%	32%
Those with an issue at more than one level	11%	35%	39%	22%	28%	23%
Those with an issue at one or more levels	53%	63%	64%	69%	65%	55%
Those with no issues	47%	37%	36%	31%	35%	45%

People: Recruitment *(continued)*

There are many opportunities for business to engage with the education sector and in recent years we have included a question to see the level of engagement we have.

Many businesses also recruit trainees at different levels and again a question is included to draw out recruitment strategy and the level of investment in those leaving education.

	2021	2022	2023	2024	2025
Engaging with schools on work experience or careers education					
Work experience	30%	23%	20%	33%	25%
Engaging with schools on careers education	12%	9%	16%	28%	22%
Subtotal: those working in one or both ways	33%	26%	27%	44%	32%
Recruitment from education					
School leavers	8%	6%	9%	13%	22%
Undergraduates	25%	23%	4%	20%	25%
Those expecting to recruit	45%	57%	40%	48%	52%
Mentioned either engagement or recruitment	55%	63%	51%	63%	62%
Unlikely to recruit in the next 12 months	27%	17%	24%	28%	38%

People: working practices

We asked an open question for respondents to tell us about any working practices that they have changed or implemented in the last 3 years and the impact that has had on recruitment, retention and productivity.

Here are the responses:

Salaries and benefits

- Better terms and conditions still needs to be improved.
- Increased standard annual leave entitlement.
- Additional holiday allowance.
- Additional annual leave purchase scheme.
- Increased employer pension contribution.
- Private health insurance via Vitality which comes with numerous other benefits and perks.

Flexible working

- Allowing flexible working.
- Flexible home working with core days in the office.
- Flexible start / finishing times to accommodate staff requirements - no immediate impact on productivity.
- Some working from home opportunites.
- Work from home flexibility.
- Working from home for 3 days a week was introduced just over 2 years ago. I believe this has contributed to staff retention.
- Small degree of flexibility in working hours which can be accommodated by the needs of the business. Some remote working to accommodate personal circumstances but we do not feel it best serves the business and encourage a full return to the office. Retention has been good amongst employees beyond 1 year service. All flux generally during probation of factory employees.
- We only started trading in September 2024, but we will be encouraging staff to work mainly from the office as we believe this produces greater productivity but also offers greater support for staff.

People: working practices *(continued)*

Training and support

- Training.
- Coaching skills as an external non-executive director and board advisor most relevant.
- Increased resource to allow for follow-up activity. Creating a more pro-active than re-active approach.
- Staff wellbeing policy in place.
- The Introduction of a business coach have played a crucial role in togetherness and teamwork.
- Given more responsibility to second tier of managers.

Systems and processes

- Introduction of IT management systems accessible to all employees.
- Changing the CRM has really helped with productivity.
- Implemented software for the tracking of costs, alongside the raising of purchase orders.
- Our recruitment business is in transition. We have new IT systems and automated our whole process. Our strategy is focussed on increasing our geographical and industry reach, making IT systems absolutely essential to remote working and efficient communication.
- Task management system with engineers and other staff has increased clarity and productivity.

Wider involvement of team

- Being more open with employees.
- All staff meetings.
- More team away days.
- More team get together days.
- Getting every member of the team to be involved in some aspect of growth.
- Getting new trainees involved in different aspects of life in the business to give them a wider perspective.

People: working practices *(continued)*

Other matters

- Actively seeking an apprentice.
- Degree apprenticeships, game changer!
- Recruited our first apprentice.
- Improved the application pack, highlighted employee benefits, take a very flexible approach.
- Stopped using agency direct recruitment via Indeed.
- Regular employee engagement surveys that have allowed a platform to be heard and seems to be received well by staff.
- The launch of company values and mission statement.
- Dress code relaxed.
- We are currently looking for site managers & QS's for our new contracts.
- We have brought sub-contracted services into the business and have recruited staff to manage the processes.

No changes

- None.
- None.
- None.
- No change.
- N/A

People: working practices *(continued)*

Summary of results

The overall split between the percentage of organisations that do find it challenging to recruit staff and those who have no issues had remained consistent until 2020, with just over half of respondents experiencing issues. We then had 4 years where this rose to around two-thirds of respondents. This year, it falls between the two at 55%.

Those of you those finding issues at more than one level of staff has moved up and down over the years with this year down from 28% to 23%. The most difficult area to recruit is mid-level and this has not changed in recent years.

Business engagement with schools has seen a significant increase this year, back to pre-Covid-19 levels.

The proportion of businesses looking to recruit from education has increased significantly again this year. Last year it rose from 13% to 33% and this year it has risen further to 47%, with a growing proportion of school leavers within that mix.

Comment

Finding and retaining the right people will always be a high priority for business. The impact of someone who is really good compared to someone who is average can be vastly different. The survey and our discussions with clients across all sectors highlights this as a constant challenge. For some it is getting harder although data from both this question and the earlier question about obstacles to business growth would suggest that businesses are seeing improvements.

Last year we saw a big rise in business engagement with work experience and schools, increasing back to pre Covid-19 levels. That has fallen back this year and there is a drop in those anticipating recruiting direct from schools and universities, reflecting the overall predictions on staffing levels.

As the competition for good people remains high in many sectors, businesses continue to work on different ideas to drive recruitment and retention. A wide variety of responses were received in terms of which actions have the greatest impact:

- There were more comments about enhancing non-cash benefits, for example holiday entitlement.
- Mixed views again on flexible working – some saying it enhances engagement and productivity, others saying bringing people back to the office is preferred.
- Engagement in the team in different aspects of the business, being more open with them, away days etc. received more mentions this year.

Expert opinion

People: Recruitment

Nel Woolcott
Managing Director
Anne Corder Recruitment Ltd

The 2025 survey results underpin previous survey themes that recruitment proves to be a barrier to growth, and understandably a concern for business leaders in Peterborough with 53% of respondents indicating they are finding it hard to recruit. For 55% they are reporting a challenge in recruiting into roles at more than one level in their businesses.

We have seen a challenging labour market for several years following the epic bounce back after the pandemic which saw a number of frustrated employees with a pent-up demand for new jobs hitting the market at the right time for a surge of roles that businesses finally had the confidence to recruit for.

Following this surge advertised roles remained at an all-time high with labour availability fluctuating – with challenges compounded in the Peterborough area due to a market mismatch of available labour to skills demand impacting the problem further. This trend continues although lessening with an ongoing reduction in the number of advertised roles, down by 1.1% between November 2024 and January 2025, and a reduction of 11% year on year indicating potential respite within the labour market.

With one-third of respondents to the survey indicating they will be increasing headcount in 2025 it is key to understand availability of skills for the roles you want to recruit into which should then feed into your recruitment strategy of when and how you are going to approach filling those roles.

With an increased burden on businesses in the form of increase National Insurance Contributions and the imminent changes to employment law in the Employment Rights Bill, bringing in and retaining talent in your organisations becomes ever more critical.

Five key steps to ensuring you get it right:

1. Be clear on what you need in the role – whether it be a new role, or a replacement, make sure the role profile is relevant, up to date and reflective of what you will require that person to do. Get input from your teams to ensure the content of your role profile and job descriptions are on point.

2. Identify your non negotiables – what must the successful candidate have in previous experience, attributes, attitude and skills, and what can be trained.

3. Refine your recruitment processes and channels – deliver a quick, effective, positive candidate experience that is designed to engage your audience and deliver you the critical insight you need to decide if this is your new team member.

4. Respond quickly, communicate regularly and be consistent – if you have advertised a role at a given salary, make sure you are prepared to pay that salary. Low balling a candidate at offer stage is likely to switch them off, and see you start the process again. Be prepared to give complete feedback to unsuccessful candidates – just because they are not right for this role, there might be something down the line they would be great for.

5. Once your new team member has accepted, stay close, keep in touch and get paperwork, on boarding documentation and training plans over to keep them engaged and looking forward to starting in their new role. Plan out an induction, schedule essential training, assign a buddy, and check in regularly.

If you are part of the 2/3 of respondents who are not looking to increase headcount you may still need to recruit – it helps to be aware of where your recruitment risks are. Increasingly businesses are harnessing the power of Stay interviews – asking an independent or third party (failing that someone from outside the reporting line, ideally from within your HR team) to find out if people are happy and engaged at work, what their aspirations are, what challenges they may face. This will give you insight into who maybe thinking about a change and allow you to plan ahead – ideally to retain that person but if not, what you would need to do to replace them.

Recruitment takes time and is costly, even when you get it right, so make sure you are investing in the right channels that are likely to deliver you the right result.

Expert opinion

Andreja Okamgba
HR Consultant
Azets

People: Hot topics

The challenge of finding, engaging and retaining the right people continues to feature highly on the list of concerns reported in our local business community. This is not surprising, as it reflects the wider national trend. Recruitment has been especially challenging in certain sectors such as construction, hospitality, manufacturing, and retail. The difficulties are to some extent linked to the drastic drop in work visas granted in these industries – the food and hospitality sector for example saw a 73% decline in visas granted, mainly due to the increased salary requirements introduced in 2024. Recent proposals for an EU-UK youth mobility scheme allowing 18–30-year-olds from the EU to work in the UK for a set period could be a promising development that widens the pool of available candidates in the future but attracting and retaining them will continue to be a challenge, as more pressures are put on businesses and their budgets.

The April 2025 increases to National Minimum Wage rates, the uplift to the employer's National Insurance contributions, and the reduced contribution threshold are putting significant pressure on already stretched budgets for SMEs, as evidenced by the increasing concern over operating costs which was highlighted by the survey. For smaller teams with limited financial resources, navigating rising employment costs can be especially tricky. A clear understanding of the financial impact these changes will have, coupled with a proactive financial and people strategy, and a focus on efficiency and employee engagement, will all help SMEs successfully embrace these challenges and remain competitive in the market. Apprenticeships are also expected to increase in popularity, likely due at least in part to them being exempt from employer national insurance contributions. The opportunity for those entering the workforce to earn while they learn is also an attractive alternative to costly university courses resulting in student debt.

We concluded our last year's commentary in eager anticipation of the general election and the changes to employment legislation that the winning party would implement. Labour did not disappoint, and the new Employment Rights Bill (ERB) was published within the first 100 days of power, as was promised.

The ERB has been referred to as the biggest shake-up in employment legislation in a generation and contains 28 new proposals. Most significant changes will start to be implemented from 2026 onwards, but previously pledged commitments will still be introduced in 2025 including the Neonatal Care Leave and Pay Regulations that are effective from April. For many businesses, keeping up with the constant changes in employment law and the HR landscape continues to be a real struggle.

The introduction of a proactive duty to prevent sexual harassment in the workplace was introduced in October last year, but this was soon pushed aside by many with the budget being announced three days later. It is vital that business react to this new proactive duty (even belatedly) and consider the 'reasonable steps' they need to take to prevent such incidents occurring in the workplace. Employers are now liable again for third party harassment, so we recommend reviewing policies, raising awareness, and training employees to ensure compliance in this area and creating or reinforcing a company culture that supports transparency and accountability.

Looking forward, businesses need to keep an eye on the Employment Rights Bill as it develops, and more details emerge to ensure they become (and remain) compliant with all the changes and additional requirements placed on them. There will no doubt be some big challenges ahead, as some of the proposals and draft legislative pieces are quite far-reaching.

Changes to Statutory Sick Pay (SSP) that will mean it is extended to those earning under the lower earnings limit (paid as a percentage of their wages) and payable from the first day of absence (instead of day four) will add yet more financial pressures. Businesses will need to factor this into their budgets, review their existing absence management procedures and look at strengthening them to ensure they are as comprehensive and robust as possible, all the while maintaining that company culture of transparency and accountability mentioned earlier.

Expert opinion

Andreja Okamgba
HR Consultant
Azets

People: Hot topics *(continued)*

The introduction of an “Initial Period of Employment”(IPE), which is effectively a statutory probation period is also on the agenda, and even more impactful is the fact that unfair dismissal rights will become a day-one right for employees. It is likely that a light touch approach to dismissals will be applied during the IPE, but the two-year safety net that we have all relied on for so long now is being removed, so employees will no longer need two complete years’ service before being able to bring a claim against their employer for unfair dismissal. Businesses should start to prepare for this now by looking at their existing recruitment and selection processes, the management of probation periods, and their induction and/or training programmes for new starters, to ensure they support the aims of selecting the right people for the job, having an effective onboarding process and building a strong foundation for a long and happy employment relationship.

There are lots of changes and indeed challenges ahead and businesses would be wise to start preparing for some of these now. While 2026 still seems a long way off, it will no doubt be upon us all far too quickly, so having the necessary preparation in place will be key to meeting these challenges confidently and head on.

Expert opinion

People: Benefits

David Pinner
Employee Benefits Consultant
Azets Wealth Management

With 'finding the right people' remaining the biggest individual obstacle to growth it's probably not surprising to learn that according to recent survey by Howden Employee Benefits, 77% of employers plan to review their employee benefits offering in a bid to effectively recruit and retain talent and also to combat current economic pressures.

By employee benefits, we mean the non-cash compensation employers provide in order to attract, recruit, retain and engage. The provision of these benefits acts as a differentiator and also offer a more efficient solution than competing on salaries alone.

There are several key reasons why employers should regularly review their benefits offering:

Adapt to Changing Needs: Employee demographics and life stages evolve, requiring benefits to stay relevant. For example, younger employees may prioritise more tangible benefits or flexible work arrangements, while others may need healthcare or retirement planning.

Attract and Retain Talent: Competitive benefits packages are essential for recruitment and retention. According to employee survey conducted by Gallup, 63% of employees prioritise benefits over salary, making it crucial to stay aligned with industry standards.

Enhance Engagement and Productivity: Relevant benefits improve employee satisfaction, reduce absenteeism, and boost morale, directly impacting productivity. Research conducted by leading insurer, MetLife showed that engaged employees with robust benefits are 17% more productive.

Cost Optimisation: Regular reviews can identify savings opportunities, such as consolidating overlapping benefits or renegotiating provider contracts.

Compliance with Regulations: Employment laws and tax regulations frequently change. Reviewing benefits mitigates reputational and financial risk by ensuring compliance and avoiding penalties.

Respond to Market Trends: New benefits like mental health support or wellness initiatives may better address employee expectations in a post-pandemic world.

In summary, reviews help employers maximise the value of their offerings for both the business and employees.

Referring to the current economic pressures:

The increase in employer national insurance from 13.8% to 15% has led to increased employer interest in the implementation of Pension Salary Exchange / Sacrifice (PSE). This is where an employee agrees to reduce their salary by the amount of their pension contribution. Since the salary is reduced, both the employee and employer save on national insurance contributions. This creates a potential win-win scenario for both parties as the employer can make savings whilst the employer receives the same pension contribution but benefits from increased take home pay.

Whilst looking at the feasibility of PSE a noticeable trend is the number of employers concurrently reviewing and looking to upgrade their workplace pension offering. During the initial implementation period of workplace pension solutions for automatic enrolment some employers raced to meet the imposed deadlines and have now concluded in some cases that the solution has now aged well.

We have seen a number of employers introduce PSE alongside a re-launched superior workplace pension offering designed to further support recruitment and retention.

Expert opinion

David Pinner
Employee Benefits Consultant
Azets Wealth Management

People: Benefits

A casualty of the employer national insurance increase is The Pensions (Extension of Automatic Enrolment) (No2.) Bill. This piece of legislation passed in September 2023 would have compelled employers to automatically enrol employees from age 18 instead of the current age of 22. In addition, employers using qualifying banded earnings as the definition of pensionable salary would have to bear the increased cost of pensioning up to the lower earnings limit (£6,240).

This Bill is with the DWP for consultation but is not expected to come into force imminently.

The economic pressures have also sparked a renewed interest in cost neutral employee benefits such as Low Emission Vehicle Schemes and Cycle to Work Schemes. Both options are appealing to employees as they offer access to a tangible benefit utilising the efficiency of salary sacrifice.:

Most schemes offer an all-inclusive package that covers:

- The car lease
- Insurance
- Road tax
- Scheduled servicing and maintenance
- Breakdown cover
- Replacement tyres
- Windscreen and glass cover

This appeals to employees as it essentially fixes the cost of a large proportion of motoring costs, and they often find that they can afford a better car through salary sacrifice than through a personal lease due to the tax savings and potential fleet discounts.

In conclusion, the current economic landscape, marked by challenges in talent acquisition and retention, underscores the importance of reviewing employee benefits offerings. With 77% of employers planning to reassess their benefits, it's clear that these packages are crucial for differentiation and efficiency beyond salary competition. Regular reviews help adapt to changing employee needs, attract and retain talent, enhance productivity, optimise costs, ensure compliance, and respond to market trends. The recent increase in employer National Insurance Contributions has sparked interest in Pension Salary Exchange, offering a win-win scenario for both employers and employees. Additionally, employers are upgrading workplace pensions and exploring cost-neutral benefits like Low Emission Vehicle and Cycle to Work Schemes. These strategies not only support recruitment and retention but also provide tangible benefits to employees, highlighting the evolving role of employee benefits in navigating economic pressures.

Premises

The survey includes a question regarding business property requirements. The percentage of respondents who foresee moving in the coming years are noted in the table below. Last year we introduced the option 'moving to smaller premises' versus 'moving to larger premises'. The question in previous years did not distinguish between the two and therefore there may be some distortion in the numbers.

	% of responses 2021	% of responses 2022	% of responses 2023	% of responses 2024	% of responses 2025
Smaller premises in the next 12 months			7	4	2
Smaller premises in the next 2 years			4	6	2
Smaller premises in the next 5 years			2	4	7
Larger premises in the next 12 months	10	4	0	4	3
Larger premises in the next 2 years	4	0	7	8	3
Larger premises in the next 5 years	8	4	4	4	12
We do not envisage moving in the next 5 years	78	93	76	69	71

Summary of results

The survey three years ago reported a significant fall in the proportion of businesses considering moving, but that is now growing again and appears to be back towards pre Covid-19 levels. Last year there were as many businesses looking to move into smaller premises as larger premises, perhaps reflecting the hybrid working model and the need to mitigate costs where possible. This year there is a growing number of respondents indicating a move to larger premises.

Respondents to the survey are those businesses already operating within Peterborough and will not take account of the interest from outside of the city for space here.

Doing business in Peterborough

Last year we introduced a question on how likely you are to recommend Peterborough as a place to do business with the opportunity to add a comment. Here are the responses:

On a scale of 1 to 10, how likely are you to recommend Peterborough as a place to do business:

Scale	% of respondents (2024)	% of respondents (2025)
1	4%	3%
2	4%	2%
3	2%	2%
4	8%	7%
5	10%	22%
6	12%	12%
7	12%	14%
8	34%	15%
9	6%	8%
10	8%	15%
Midpoint	**6.6**	**6.6**

Positives

- Cheap accommodation comparatively.
- Cheap(ish) housing and office spaces.
- Good transport links.
- Good "hubs" outside of city centre.
- Well connected and not too costly.
- Peterborough is a city with a strong plan of development. Our trust wishes to provide facilities and opportunities to all of Peterborough and surrounding area. To do that the trust wishes to expand the availability of parkland and facilities to more of that population.
- Diverse employment pool.

Both positive and negative

- Great city poorly promoted.
- I think, provided you avoid the city centre, Peterborough is a great base of operations. Having worked in the city centre for 18 years previously, it is over-priced, run down, and not a very nice place now.
- The city itself is not a particularly nice place to live. In the country yes but facilities are tough (accessibility to doctors, dentists) so recruiting is difficult. No one wants to live somewhere with poor facilities and services.
- We do but there are better financial opportunities in other areas.

Doing business in Peterborough *(continued)*

Concerns

- Peterborough needs investment and better leadership.
- Public realm issues and lack of investment by Peterborough City Council is hindering growth and new businesses are nervous about future when they have lots of other opportunities to open new stores in other cities

Opportunity and challenge

- Peterborough has huge opportunities but there are substantial barriers to unlocking them.
- Peterborough needs to maximise its connectivity with Cambridge.
- For the sector I operate in, Peterborough needs to move beyond the vision of wanting, to the tangible delivery of doing, at scale.

Neither positive nor negative

- I don't regard it as a positive or negative place to do business - it's average.

Location is less relevant

- Based a long way from Peterborough.
- Our business is not located in Peterborough, but the adjacent county.
- We need to be in the centre of the county as we cover Cambridgeshire and Peterborough.

Comment

The profile of responses on the scale of 1 to 10 has changed significantly, but amazingly the midpoint is 6.6, exactly the same as last year.

As expected, some very mixed comments were made to the question and indeed some saying that location has little or no impact on their business.

There are perhaps less comments this year that are overtly concerns, but a strong message of opportunity versus barriers to turning those opportunities into reality. There are many businesses in the Greater Peterborough region that do thrive, perhaps the difference being their focus on the opportunity, despite the barrier.

So, perhaps the questions should be:

- How are we, in our own businesses focussing on the opportunity, rather than the barrier?
- How do we come together as a collective to mitigate the impact of the barriers?
- How do we all play our part in ensuring that the city we live and work in achieves its potential?

Appendix: Analysis of respondents

The data tables below indicate the percentage of respondents in each category:

In which sector do you currently work?

	Percentage of respondents											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Agriculture and horticulture	4	1	2	1	3	2	0	3	0	3	2	0
Charitable sector	3	6	11	10	9	14	17	13	17	13	17	18
Distribution and logistics	3	2	2	1	1	3	2	0	0	3	2	0
Education and skills							9	0	0	3	0	0
Financial services	4	8	7	6	7	13	2	6	3	0	11	1
Food and drink	3	2	1	2	1	3	2	6	0	3	2	4
Green / environmental	0	1	1	2	1	0	0	3	0	2	0	2
Healthcare and medical								3	0	2	0	0
Hospitality and leisure	3	2	0	2	2	3	4	0	3	0	2	0
Manufacturing and engineering	10	8	8	3	7	4	7	10	9	2	13	13
Media, communications and digital	9	6	6	10	7	8	11	5	6	12	6	8
Property and construction	6	6	8	10	6	8	2	21	29	6	11	8
Professional services	24	26	24	22	22	26	40	24	6	21	19	28
Retail	6	4	3	6	14	3	4	3	0	0	2	4
Other (including education & skills)	25	28	27	25	20	13		3	27	3	13	14
Total	100	100	100	100	100	100	100	100	100	100	100	100

How long has your business been operating in the Greater Peterborough area?

	Percentage of respondents											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
0 – 2 years	12	12	9	14	13	15	9	6	0	2	5	8
2 – 5 years	12	14	15	11	11	10	9	11	6	6	8	14
5 – 15 years	23	19	20	20	24	29	36	22	17	27	23	22
15+ years	53	55	56	55	52	46	46	61	77	65	67	56
	100	100	100	100	100	100	100	100	100	100	100	100
Average	13	14	14	14	13	13	13	15	17	16	15	14
This is estimated by taking mid point for the ranges and, say, 20 years for the 15+years category												

Appendix: Analysis of respondents *(continued)*

How many staff do you currently employ?

	Percentage of respondents											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Self employed with no staff	18	15	13	16	9	16	11	10	6	14	11	11
1 – 5 staff	33	30	29	24	20	22	31	19	15	24	19	14
6 – 20 staff	23	23	22	25	32	21	24	37	17	21	28	27
21 – 50 staff	11	12	14	10	11	13	2	9	17	14	16	22
51 – 100 staff	10	7	10	10	15	10	0	9	11	11	8	10
101 – 250 staff	5	13	6	10	8	12	16	14	14	9	7	8
251+ staff			6	5	5	6	16	2	20	7	11	8
	100	100	100	100	100	100	100	100	100	100	100	100
Average	24	36	45	47	49	54	81	46	101	53	61	57
This is estimated by taking a mid point for the ranges and, say, 300 employees for the 251+ category												

What is your approximate business turnover?

	Percentage of respondents											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<£100k	27	22	19	16	16	23	29	10	11	9	3	7
£100k - £250k	18	14	18	24	9	13	16	9	6	15	14	10
£250k - £500k	9	7	10	25	12	9	2	13	9	11	8	10
£500k - £1m	12	17	9	10	12	12	11	21	11	11	8	8
£1m - £5m	16	16	21	10	22	14	13	14	17	12	13	14
£5m - £10m	6	6	7	10	12	7	2	8	6	18	15	30
£10m +	5	9	12	5	11	13	18	17	37	6	16	7
Prefer not to say	7	9	4	0	6	9	9	8	3	18	21	14
	100	100	100	100	100	100	100	100	100	100	100	100
Average	£2.0m	£2.7m	£3.2m	£2.0m	£3.6m	£3.4m	£3.7m	£4.1m	£6.8m	£3.3m	£5.5m	£4.5m
This is estimated by taking a mid point for the ranges and, say, £15m for the £10m + category												
Average turnover by number of employees	82,554	75,186	72,378	42,527	73,348	61,626	45,895	90,152	67,558	63,193	89,785	78,127

AZETS

Your local senior Azets team with 140 years' experience of working with the local business community

Mark Jackson, Office Managing Partner

Mark works with a wide range of corporate clients, undertaking audit work and assisting clients with their accounting and tax affairs. Mark works with clients throughout their life cycle, helping them to achieve their aims. He has a particular specialism in the not-for-profit sector, including charities and schools.

Mark trained and qualified as a Chartered Accountant with one of the national firms of accountants, then joined Azets in Peterborough. During his spare time, he is a trustee of two local charities.

Julie Bloodworth, Partner

Julie works with a varied client base providing general business and private client tax advice and has a lot of experience with the agricultural sector. Julie specialises in providing tax advice to individuals, trusts and estates, in particular but not limited to inheritance tax and associated tax and estate planning issues.

Julie is a member of the Society of Trust and Estate Practitioners and is an authorised individual licensed by ICAEW to provide probate services. She has been working in practice for 30 years.

Gemma Wright, Associate Director

Gemma manages a sizeable portfolio of clients, ranging from small owner managed businesses to large group companies across a broad range of industry sectors. Several of Gemma's clients are within the not-for-profit sector including charities and academies.

Gemma heads up a large team and is the environmental champion for the offices. She has a keen interest in our local community and in her spare time is a trustee of a local charity.

Craig Tolliday, Partner

Craig manages a portfolio with a wide variety of personal and corporate clients, including high net worth individuals and large corporate group structures. In addition to overseeing the tax compliance, Craig also manages a large amount of the agricultural client base at Peterborough and Cambridge. He also provides bespoke tax planning advice.

Craig has been working in practice since 2008 and qualified as a Chartered Tax Advisor after moving to our Peterborough office in 2014.

Tracey Richardson, Partner

Tracey advises a wide range of clients from owner managed businesses to subsidiaries of listed entities who operate across a broad range of industry sectors. She oversees the audit and accounts compliance for a varied portfolio of clients and groups both within the UK and with international connections. Tracey also has a number of clients who are charities, academies and who are in the specialist professional finance service sector, as well as acting for a number of solicitors.

She spends time in both the Peterborough and Cambridge offices and has worked for the firm for over 25 years, with a keen interest in our local community and local team, Tracey can often be found leading initiatives for us to improve our impact.

Matt Holmes, Partner

Matt manages our Cambridge office as well as having a significant client base in Peterborough, working with a broad range of owner managed businesses and individuals.

After completing his degree in Accounting and Finance in 2010, Matt joined the Peterborough office as a Trainee Accountant where he completed the ACA qualification. Matt then relocated to Cambridge where he spent 2 years working for a medium sized practice as part of their corporate services team before re-joining us and is now a key leader of our accounts and business service teams.

Azets is the largest regional top 10 SME Accountancy and Business Advisory firm delivering accounting, tax, audit, business and advisory services in the UK and internationally.

For more information on the services we provide, please visit azets.co.uk or contact publications@azets.co.uk. To speak to the local Peterborough team please call 01733 568321.

Opportunity Peterborough is an economic development organisation, here to support local businesses and to attract new companies to set up in Peterborough. For more information about the services they provide or how they can help you or your business, visit opportunitypeterborough.co.uk or contact info@opportunitypeterborough.co.uk. Alternatively, call 01733 317417.

Important information

This publication is for general information only and is not intended to be advice to any specific person, You are recommended to seek professional advice before taking or refraining from taking action on the basis of the contents in this publication.

azets.co.uk