The Business Services Association
130 Fleet Street,
London.
EC4A 2BH

BSA Economic Tracker

Annual Report 2025

Background and Overview

The Business Services Association (BSA) is a policy and research organisation. We are here to represent all those who are interested in delivering efficient, flexible, and cost-effective service and infrastructure projects across the private and public sectors. A list of current BSA members is included as an Annex along with an overview of the BSA and its work.

Our members are key providers of service and infrastructure projects to the private and public sectors. Members include large and small businesses, charities, and social enterprises. The work of BSA members improves the lives of tens of millions every day across every region of the country; from building and maintaining our roads, energy supply, and digital ecosystem, to feeding school children and keeping our hospitals clean and safe.

The BSA Economic Tracker was launched in January 2022 to provide a regular economic overview of the areas impacting the business services sector. The Tracker is refreshed and circulated with BSA members on a monthly basis. Each month, the questions are reviewed and, if necessary, updated to reflect both members' feedback and the wider economic landscape.

The Tracker both reflects the importance of BSA members and the business services sector to the UK economy and provides an insight into the key areas affecting the sector. Anonymised monthly reports are passed on to the Department for Business and Trade, HM Treasury, No 10 and other key stakeholders, who have fed back how useful they have found members' responses.

The BSA uses these findings to inform its policy and engagement strategy and provides insightful data to government departments outlining the economic conditions faced by members. This allows the BSA to advocate effectively for its members, contribute to policy-making processes, and support the business services sector.

The 2025 Tracker was updated to be shorter, more concise, and more convenient for members to complete. This report summarises the responses gathered during the year.

Contents

Section One: Executive Summary

This report on the BSA Economic Tracker reflects responses to versions of the survey published between January 2025 and December 2025. The survey was circulated to BSA members to complete, with the question set reviewed and refreshed during the year.

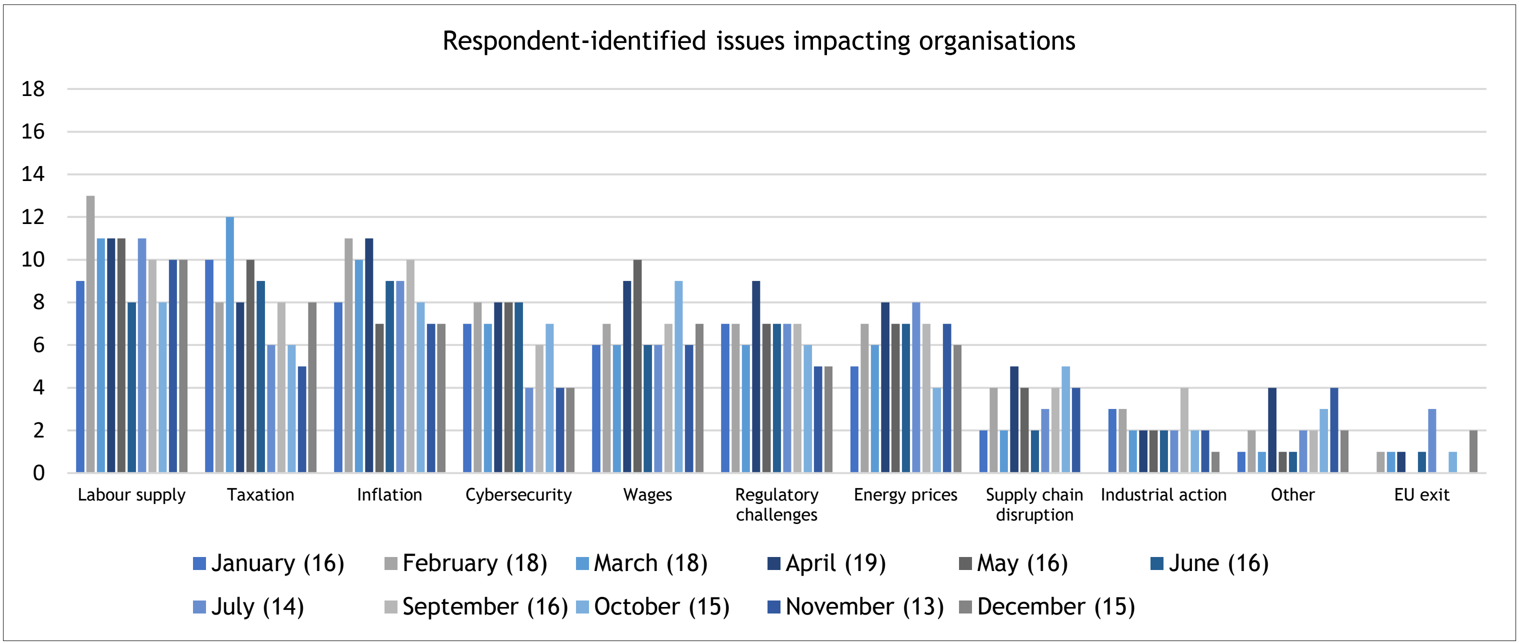
176 responses were received over the course of the year. The respondent base continued to include organisations operating across the core strands of the business services sector, with facilities management and government services particularly well represented.

Challenges relating to labour supply remained the most frequently reported issue among BSA members in 2025. Taxation, inflation, wages, regulatory change, energy prices and cybersecurity were also commonly cited concerns. Member comments highlighted ongoing concerns about rising employment costs, uncertainty over future public sector spending, regulatory developments, longer procurement timelines, and broader economic confidence.

Key points

- Labour supply was the most widely reported issue affecting member organisations in 2025. It was cited in 112 responses, equivalent to 64% of all responses recorded in the raw data.
- Inflation remained a major pressure and was cited in 97 responses (55%).
- Taxation was cited in 90 responses (51%), with members comments repeatedly linking this to National Insurance and wider changes to employment-related costs.
- Wages were cited in 79 responses (45%); regulatory developments in 73 responses (41%); and energy prices in 72 responses (41%).
- Respondents were asked to rate their confidence in the UK economy's performance over the next six months on a scale of 1–10. The average score was 4/10 across 2025.
- Respondents reported continuing cost increases. The average cost-change score was 6/10, where 5 indicates no change and 10 indicates significantly increasing costs.

Respondent-identified issues



(Figure 1: Bar chart showing respondent-identified issues)

0-24% respondents affected	25-49% respondents affected	50-74% respondents affected	75-100% respondents affected

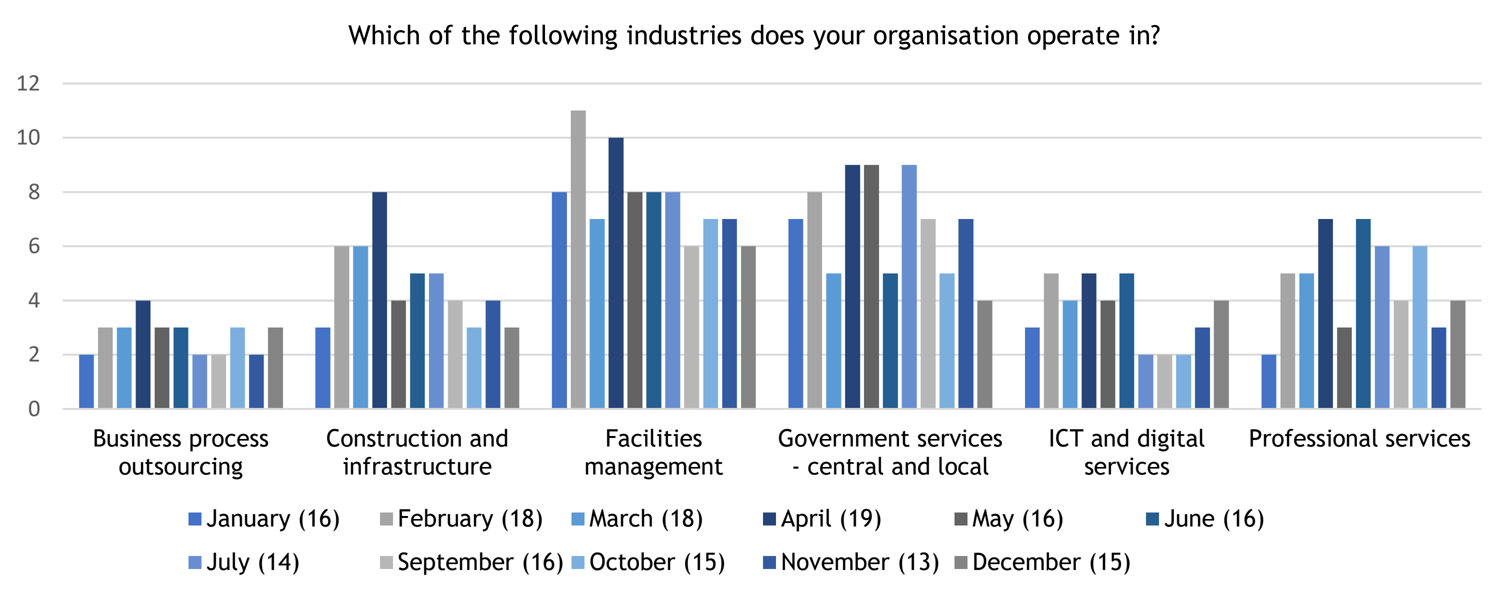
	Jan	Feb	March	April	May	June	July	Sept	Oct	Nov	Dec
Cybersecurity	7/16	8/18	7/18	8/19	8/16	8/16	4/14	6/16	7/15	4/13	4/15
Energy prices	5/16	7/18	6/18	8/19	7/16	7/16	8/14	7/16	4/15	7/13	6/15
EU exit	0/16	1/18	1/18	1/19	0/16	1/16	3/14	0/16	1/15	0/13	2/15
Industrial action	3/16	3/18	2/18	2/19	2/16	2/16	2/14	4/16	2/15	2/13	1/15
Inflation	8/16	11/18	10/18	11/19	7/16	9/16	9/14	10/16	8/15	7/13	7/15
Labour supply	9/16	13/18	11/18	11/19	11/16	8/16	11/14	10/16	8/15	10/13	10/15
Regulatory challenges	7/16	7/18	6/18	9/19	7/16	7/16	7/14	7/16	6/15	5/13	5/15
Supply chain disruption	2/16	4/18	2/18	5/19	4/16	2/16	3/14	4/16	5/15	4/13	0/15
Taxation	10/16	8/18	12/18	8/19	10/16	9/16	6/14	8/16	6/15	5/13	8/15
Wages	6/16	7/18	6/18	9/19	10/16	6/16	6/14	7/16	9/15	6/13	7/15

(Figure 2: Table showing a breakdown of the issues identified by number of respondents)

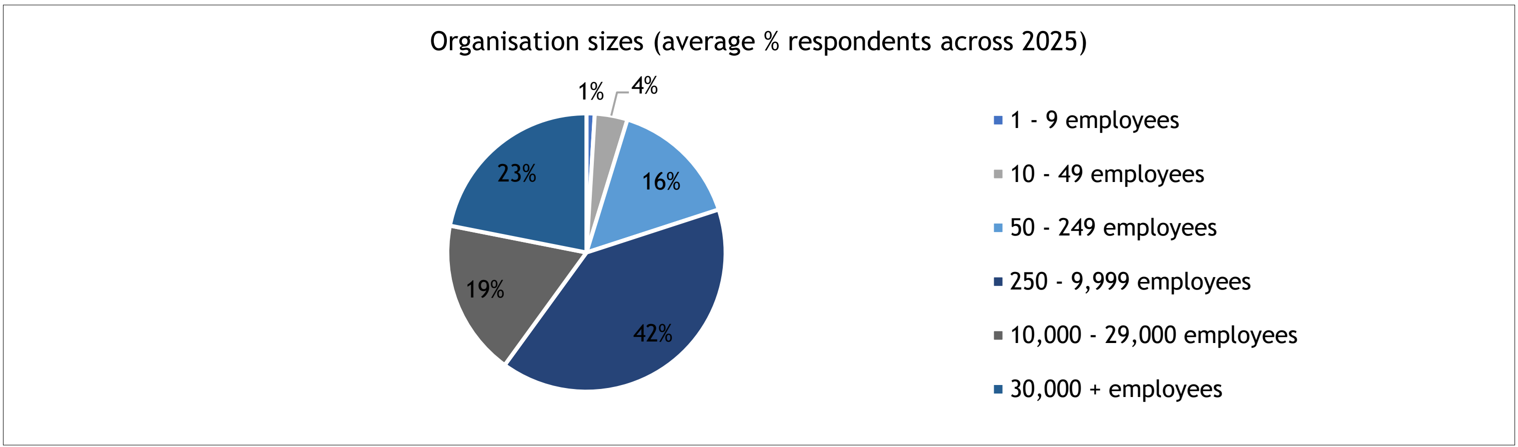
Section Two: Respondent Overview

Key Points

- The six core industries that make up the business services sector — ICT and digital services, business process outsourcing (BPO), facilities management (FM), construction and infrastructure services, professional services, and managed public services — were represented in the 2025 Tracker responses.
- The majority of respondents operated across facilities management, government services, construction and infrastructure, and professional services.
- Responses included a range of organisation sizes from SMEs to large organisations employing over 30,000 people.
- The majority of respondent organisation-size entries across the year were from organisations employing 250 or more people.



(Figure 3: Bar chart showing which industries Tracker respondents operate in)



(Figure 4: Pie chart showing the average sizes of Tracker respondent firms)

Section Three: Labour supply

Key Points

- Labour supply was identified by a significant proportion of respondents, with 64% of all responses citing it as an issue.
- Labour and skills shortages were most commonly reported across technology, skilled chefs, engineers, frontline security staff, technicians and other specialist roles.
- Vacancy levels averaged 6/10 across 2025, with monthly scores ranging from 4/10 to 6/10.
- Respondents reported using cross-skilling, apprenticeships, subcontractors, agency staff, wider advertising, salary benchmarking, benefits and retention strategies, recruitment agencies, training and technology to mitigate shortages.

Breakdown as a total of respondents

0-24% respondents affected	25-49% respondents affected	50-74% respondents affected	75-100% respondents affected

	Jan	Feb	March	April	May	June	July	Sept	Oct	Nov	Dec
Labour supply	9/16	13/18	11/18	11/19	11/16	8/16	11/14	10/16	8/15	10/13	10/15
Wages	6/16	7/18	6/18	9/19	10/16	6/16	6/14	7/16	9/15	6/13	7/15
Industrial action	3/16	3/18	2/18	2/19	2/16	2/16	2/14	4/16	2/15	2/13	1/15

(Figure 5: Table showing a breakdown of the issues identified relating to labour supply)

Vacancies

- Respondents were asked to describe the number of vacancies across their organisations on a scale of 1–10, with 1 indicating below-normal levels and 10 indicating significantly above-normal levels.
- The average score was 6/10 across 2025. The score was 6/10 in January to May, 5/10 in June, 6/10 in July, 5/10 from September to November, and 4/10 in December.
- Member comments suggest continued pressure in skills-intensive roles, with some respondents reporting caution over hiring because of employment-related costs and uncertainty around future public sector spending.

Labour shortages by job type

The following shortages were identified in 2025:

- Technology, digital, AI and data roles
- Skilled chefs and kitchen workers
- Frontline security staff, custodial officers and prison officers
- Engineers, technicians and electricians
- Drivers and operational roles
- Construction, planning and project management roles
- Psychology professionals, clinicians, health assessors and care workers
- FM, cleaners and facilities roles

Section Four: Costs and supply chains

Key points

- Inflation was reported by 55% of respondents across the year as one of the greatest impacts on their organisations.
- Taxation was reported by 51% of respondents, with National Insurance and employment-related costs recurring throughout comments from members.
- Respondents were asked how their organisations were seeing the cost of goods, services or raw materials change on a scale of 1–10. The average score was 6/10 across 2025.
- Respondents were also asked how easy or difficult they were finding it to source goods, services or raw materials. The average score was 5/10 across 2025.
- Food products, labour, energy, raw materials, fleet, IT, software/licensing costs, transport, shipping, insurance and other supply chain costs were repeatedly raised by members.

Respondent-identified issues impacting organisations

0-24% respondents affected	25-49% respondents affected	50-74% respondents affected	75-100% respondents affected

	Jan	Feb	March	April	May	June	July	Sept	Oct	Nov	Dec
Energy prices	5/16	7/18	6/18	8/19	7/16	7/16	8/14	7/16	4/15	7/13	6/15
Inflation	8/16	11/18	10/18	11/19	7/16	9/16	9/14	10/16	8/15	7/13	7/15
Taxation	10/16	8/18	12/18	8/19	10/16	9/16	6/14	8/16	6/15	5/13	8/15
Supply chain disruption	2/16	4/18	2/18	5/19	4/16	2/16	3/14	4/16	5/15	4/13	0/15

(Figure 6: Table showing a breakdown of the issues identified relating to changing cost of goods and services)

Changing costs of goods and services

- Inflation was reported by a majority of respondents (55%) as having the greatest impact on their organisations.
- Respondents were asked how their organisations were seeing the cost of goods, services or raw materials change on a scale of 1–10, where 1 indicates significantly decreasing costs, 5 indicates no change, and 10 indicates significantly increasing costs. The average score was 6/10 across 2025.

Particular goods and services affected

Organisations of all sizes reported cost increases across all or most suppliers.

The following products were identified by members as particularly changing in cost in 2025:

- Food products
- Labour
- Raw materials
- Energy
- IT and licensing costs

Sourcing goods and services

- The average number of respondents reporting supply chain disruption as an issue affecting their organisations was 20%.
- Respondents were also asked how easy or difficult they were finding it to source goods, services or raw materials on a scale of 1–10, where 1 indicates very difficult, 5 indicates neither easy nor difficult, and 10 indicates very easy. The average score was 5/10 across 2025.
- The qualitative data nevertheless highlights particular issues relating to EU customs processes, lead times, imports, food and fresh produce, IT capabilities and skilled labour supply.

Taxation

- Taxation was the third most reported issue affecting members in 2025. Overall, 51% of respondents reported taxation as a key issue.
- Several respondents highlighted uncertainty around future public spending decisions, procurement pipelines, extended framework timelines and implementation of public sector reforms.

Section Five: Misc

Business Confidence

- Respondents were asked to rate their confidence in the UK economy's performance over the next six months on a scale of 1–10. The average score was 4/10 across the year.
- Monthly confidence scores remained between 4/10 and 5/10, indicating subdued confidence across the year.
- Responses linked weaker confidence to uncertainty around future public spending, longer procurement timelines, regulatory developments, taxation and changes to employment-related costs.

Cybersecurity

- Cybersecurity was reported in 71 responses, equivalent to 40% of all responses.
- Members highlighted the increasing cyber risk and ongoing resilience concerns.

Regulatory challenges

- Regulatory developments were cited in 73 responses, equivalent to 41% of all responses.
- Members referred to the Employment Rights Bill and other procurement developments.

Public sector industrial action

- Industrial action was cited in 25 responses, equivalent to 14% of all responses.

Annex 1 - Business Services Association

Who We Are:

The Business Services Association (BSA) is a policy and research organisation. We are here to represent all those who are interested in delivering efficient, flexible, and cost-effective service and infrastructure projects across the private and public sectors. We are based in the United Kingdom and hold meetings and events throughout the country.

Our members are key providers of service and infrastructure projects to the private and public sectors. Members include large and small businesses, charities, and social enterprises. The work of BSA members improves the lives of tens of millions every day across every region of the country; from building and maintaining our roads, energy supply, and digital ecosystem, to feeding school children and keeping our hospitals clean and safe.

What We Do:

We provide a forum for service providers to come together to discuss issues of common interest. We also have a wide-ranging policy programme which can be broken down into three interconnected core themes: inform, advocate, and engage.

How We Do It:

Inform
We ensure that our members are kept up to date with government policy and wider market trends, whilst also keeping government informed on the issues affecting the sector. This includes producing daily, weekly, and monthly political and media monitoring reports for members; conducting our monthly Economic Tracker survey and sharing the insights with relevant stakeholders across central, devolved, and local government; and arranging briefing sessions and meetings with officials on pertinent policy areas.

Advocate
We champion the good work the sector does by collating case studies and producing reports that highlight the sector's contributions to the UK economy. It also involves working collaboratively and constructively with policy makers on key policy areas for the sector such as procurement reform.

Engage
We arrange regular engagement opportunities to promote positive relationships between the sector and key stakeholders. This ranges from holding roundtables with government ministers and prominent members of the opposition, to arranging large summits that bring together over 100 members and stakeholders to discuss a specific theme. Recent examples include summits on Digital Skills and the transition to Net Zero.

Why We Do It:

Our sector lies at the very heart of the UK economy. Service and infrastructure providers are key innovators and growth facilitators, spearheading our transition to a green and digital economy, and operating throughout both the public and private sectors. The sector also invests in providing high quality administrative services, facilities management, infrastructure, and IT so other businesses can do what they do best.

It is therefore crucial that the sector's voice is heard and its good work recognised.

Annex 2 – List of BSA Members

3C3 Ltd
AECOM
AKG
Amey
Aramark
Arcadis LLP
Arcus FM
ArvatoConnect
AtkinsRéalis
Atos
Avencera
Baachu
Balfour Beatty Plc
Barclays Corporate
Bellrock
Bevan Brittan LLP
Birkin Group
Browne Jacobson LLP
BT Group Plc
Capita Plc
Catch 22
CGI
City FM
CMS Cameron McKenna Nabarro Olswang LLP
Compass Group Plc
Cornwallis Anderson
DWF LLP
Ecolog International
Elior UK Ltd
Equans
FedCap
Fujitsu UK
G4S Plc
GoodPeople
GSA Global
HP
IBM
Ingeus
ISS UK
Kier Group Plc
KPMG
Laing O'Rourke
Mace
Maximus UK Ltd
Medallia
Mike P Partnerships
Mitie
MTC
NatWest
NCG
Pinsent Masons LLP
Public Digital
Reed in Partnership
Robertson FM
Royal Voluntary Service
Seetec Group Ltd
Serco Group Plc
Sharpe Pritchard LLP
Skanska UK
SLC
Sodexo Ltd
Sopra Steria Ltd
Space Solutions
The Grichan Whitestone Partnership
The Growth Company
The Palladium Group
The Shaw Trust
Turley
Twin UK
VINCI Facilities
VPS Group
Wand Consulting
Wates Group
Whitehead Ross Employment Services