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

BSA Economic Tracker

Q1 Q2 Report 2026

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 2026 Tracker continues to provide a concise and regular overview of the issues affecting BSA members. This report summarises the responses gathered during Quarter 1 (Q1) and Quarter 2 (Q2) 2026.

Contents

Section One: Executive Summary

Key points

- 93 responses were received across Q1 Q2 2026, with all six core areas of the wider business services sector represented in the respondent base.
- Labour supply was the most widely reported issue across Q1 Q2, cited in 52 responses, equivalent to 56% of all responses recorded in the raw data.
- Inflation remained a major pressure, cited in 50 responses (54%), while energy prices were cited in 42 responses (45%).
- Conflict in the Middle East was introduced to the Tracker in March and was cited in 42 responses between March and June, equivalent to 67% of responses in the months where the question was included.
- Cybersecurity, wages and regulatory challenges were also prominent, cited in 45 (48%), 41 (44%) and 39 (42%) responses respectively.
- 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 Q1 Q2, falling from 5/10 in January and February to 4/10 between March and June.
- Respondents reported continuing cost increases. The average cost-change score was 7/10 in every month across Q1 Q2, where 5 indicates no change and 10 indicates significantly increasing costs.

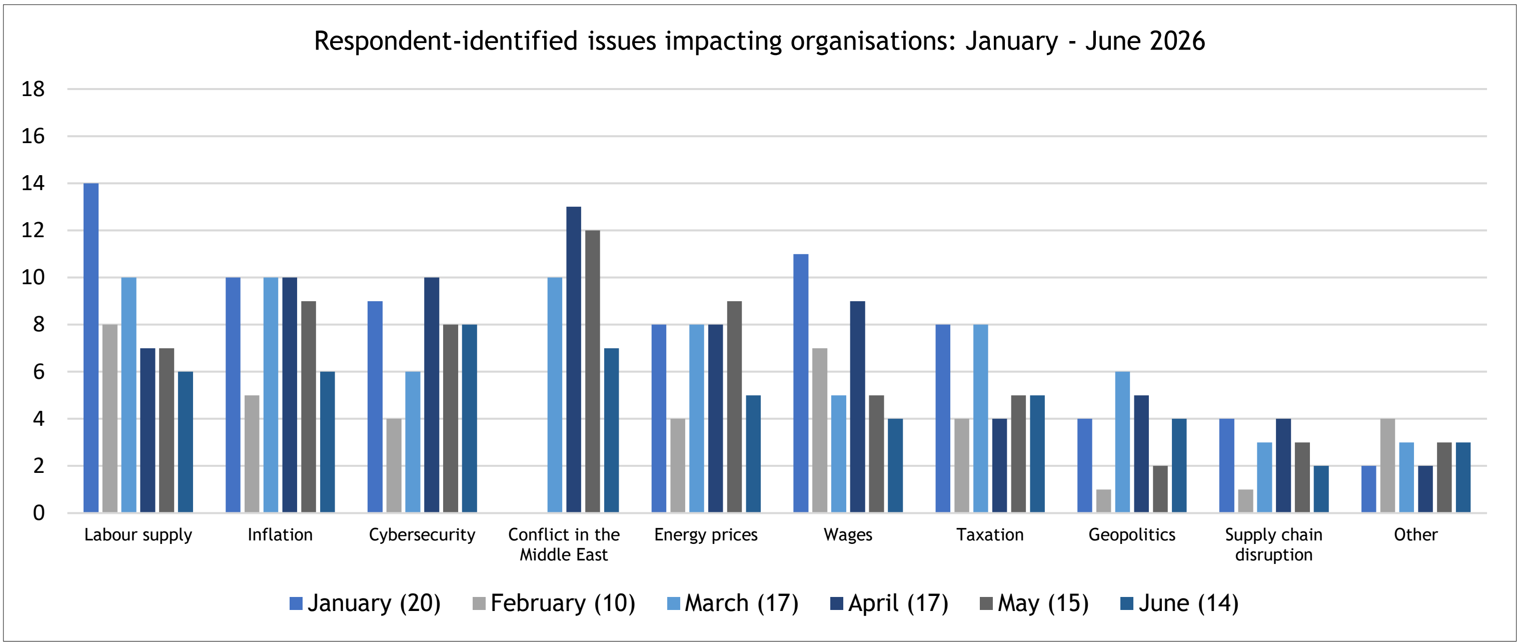
This report of the BSA Economic Tracker reflects responses to versions of the survey published between January 2026 and June 2026 (Q1 Q2). Responses were collated between 5 January 2026 and 30 June 2026. The Tracker was circulated to BSA members to complete as the question set was reviewed and refreshed each month.

93 responses were received across Q1 Q2. The majority of respondents each month were organisations employing 250 or more people in the UK, and organisations employing more than 30,000 people were represented in every month.

Challenges relating to labour supply remained the most widely reported issue across Q1 Q2. The comments submitted by members pointed to continuing shortages in technology, engineering, skilled chef, security, care, health, custody, digital and data roles. Respondents described a range of mitigation measures including apprenticeships, internal training, reskilling, targeted recruitment, specialist recruiters, salary and reward reviews, retention plans, subcontracting and agency support.

Cost pressures remained highly persistent. Inflation was cited by more than half of respondents across Q1 Q2, with particular references to food, labour, fuel, IT equipment, energy, licensing fees, travel, workwear and PPE. Energy prices and the impact of conflict in the Middle East became increasingly prominent in Q2, with members noting potential effects on fuel, energy, shipping, equipment, food and wider procurement.

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

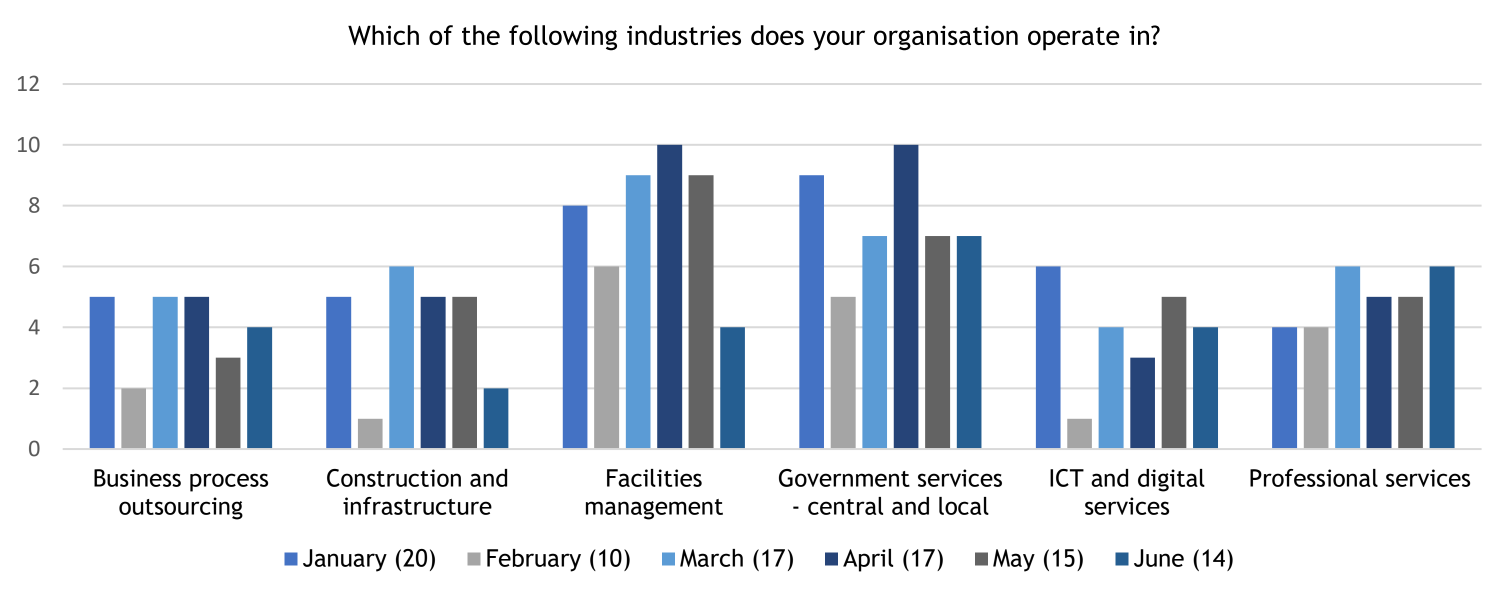
	January	February	March	April	May	June
Inflation	10/20	5/10	10/17	10/17	9/15	6/14
Conflict in the Middle East	N/A	N/A	10/17	13/17	12/15	7/14
Cybersecurity	9/20	4/10	6/17	10/17	8/15	8/14
Energy prices	8/20	4/10	8/17	8/17	9/15	5/14
EU exit	0/20	0/10	0/17	1/17	0/15	0/14
Geopolitics	4/20	1/10	6/17	5/17	2/15	4/14
Industrial action	2/20	3/10	2/17	2/17	2/15	3/14
Labour supply	14/20	8/10	10/17	7/17	7/15	6/14
Regulatory challenges	10/20	3/10	7/17	6/17	6/15	7/14
Supply chain disruption	4/20	1/10	3/17	4/17	3/15	2/14
Taxation	8/20	4/10	8/17	4/17	5/15	5/14
Wages	11/20	7/10	5/17	9/17	5/15	4/14

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

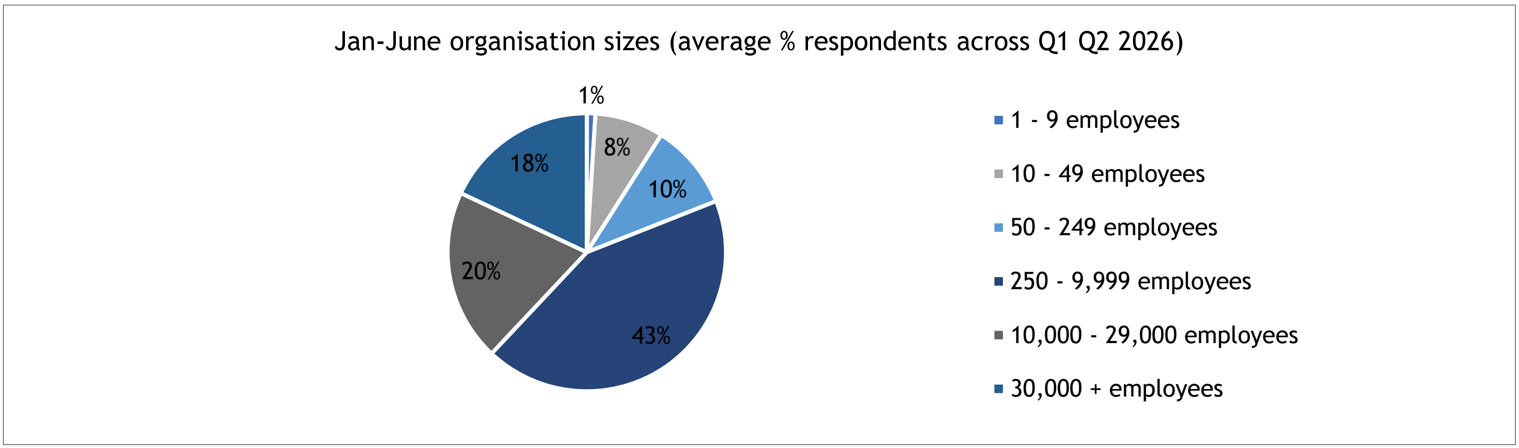
Section Two: Respondent Overview

Key Points

- The six core industries which make up the business services sector – ICT and digital services, business process outsourcing (BPO), facilities management (FM), construction and infrastructure services, professional services, and government services – were represented each month in Q1 Q2.
- The majority of respondent entries were from facilities management, government services, professional services, business process outsourcing, construction and infrastructure, and ICT/digital services.
- Responses to the Tracker included a range of organisation sizes from SMEs to large organisations employing over 30,000 people in the UK.
- The majority of respondents each month employed 250 or more people in the UK.



(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 majority of respondents, with 52 responses (56%) citing it as an issue across Q1 Q2.
- Labour and skills shortages were most commonly reported across technology and ICT, engineers, skilled chefs, data analytics and data scientists, frontline/security roles, psychologists, custodial and healthcare professionals, electricians, technicians, project management and other specialist roles.
- Vacancy levels averaged 5/10 in every month across Q1 Q2, where 1 indicates below normal levels and 10 indicates significantly above normal levels.
- Respondents reported using apprenticeships, internal development programmes, training academies, reskilling, targeted recruitment campaigns, specialist recruiters, wider advertising, visa routes, salary and reward reviews, retention plans, subcontracting, and overtime and agency support 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

	January	February	March	April	May	June
Labour supply	14/20	8/10	10/17	7/17	7/15	6/14
Industrial action	2/20	3/10	2/17	2/17	2/15	3/14
Wages	11/20	7/10	5/17	9/17	5/15	4/14

(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. The average was 5/10 in every month across Q1 Q2.
- Members commented that some labour shortages are concentrated in specialist roles requiring specific experience, security clearance, onsite presence, or professional/technical qualifications.
- Members also noted that changes to employment costs and the wider policy environment, including National Insurance, the National Minimum Wage, employment reforms and public spending decisions, were contributing to more cautious recruitment planning.

Labour shortages by job-type

The following shortages were identified in Q1 Q2:

- Technology, including experienced IT technical professionals, AI, cybersecurity, data analytics and data science
- Engineers, including electricians and technicians
- Skilled chefs
- Frontline security staff
- Drivers

Section Four: Costs and supply chains

Key points

- Inflation was reported by 50 respondents across Q1 Q2 (54%).
- Respondents were asked how their organisations were seeing the cost of goods, services or raw material change on a scale of 1–10. The average was 7/10 in every month across Q1 Q2.
- 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. The average was 5/10 in January and February, and 6/10 between March and June.
- Members most frequently highlighted cost pressures relating to food, labour, fuel, energy, IT equipment, licensing fees, travel, workwear, PPE, protein and wider supplier costs.

Respondent-identified issues impacting organisations

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

	January	February	March	April	May	June
Energy prices	8/20	4/10	8/17	8/17	9/15	5/14
Inflation	10/20	5/10	10/17	10/17	9/15	6/14
Taxation	8/20	4/10	8/17	4/17	5/15	5/14

(Figure 8: Table showing a breakdown of the issues identified relating to changing cost of goods and services)

Changing costs of goods and services

- Inflation remained a sustained issue throughout Q1 Q2 and was cited by between half and three fifths of respondents in every month except May, when it was cited by 9 of 15 respondents.
- The cost-change score remained at 7/10 throughout Q1 Q2, indicating that members continued to report increasing goods, services and raw material costs.
- Energy prices and the impact of conflict in the Middle East became increasingly prominent in Q2, with members noting potential effects on fuel, energy, shipping, equipment and food.

Particular goods and services affected

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

The following products were identified as particularly changing in cost in Q1 Q2:

- Food products
- Labour
- Fuel
- Energy
- Raw materials
- IT equipment
- Fleet

Sourcing goods and services

- The average sourcing score was 5/10 in January and February and 6/10 from March to June. This suggests members generally found sourcing neither easy nor difficult, with a modest improvement during Q2.
- Alongside the numeric sourcing score, members still highlighted risks around fuel, IT equipment, PPE, workwear, protein and wider supply chain pressures linked to geopolitical events and inflationary trends.

Taxation

- Taxation was cited in 34 responses across Q1 Q2 (37%).
- Qualitative comments continued to link taxation concerns to National Insurance increases, National Minimum Wage/National Living Wage pressures and the impact of higher employment costs on workforce planning.

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. Business confidence averaged 5/10 in January and February before falling to 4/10 in March and remaining at 4/10 through June.
- Respondents linked weaker confidence to the wider fiscal and policy environment, including public spending decisions, uncertainty around future policy direction, geopolitical risk and wider business cost pressures.

Conflict in the Middle East

- Conflict in the Middle East was added to the Tracker from March and became one of the most prominent Q2 issues, cited by 10/17 respondents in March, 13/17 in April, 12/15 in May and 7/14 in June.
- Respondents commented on potential or emerging impacts relating to fuel availability and prices, shipping, fertiliser, energy, foodstuffs, equipment delays, client operations, insurance or financial support for critical businesses, and broader inflationary pressure.

Cybersecurity

- Cybersecurity was cited in 45 responses across Q1 Q2 (48%).
- Comments indicated that cybersecurity remains a constant and increasing risk, while some members also cited shortages in cybersecurity, AI and advanced digital skills.

Regulatory challenges

- Regulatory challenges were cited in 39 responses across Q1 Q2. Members commented on changes in employment and procurement policy, including implications for workforce planning, employee relations, implementation requirements and public sector bidding processes.

Public sector industrial action

- An average of 15% of respondents across Q1 Q2 reported industrial action as having the greatest impact on their organisation.

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