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BUSINESS REVIEW

**Spotlight on issues
affecting business**

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- ▶ **BLITZ ON BUSINESS BUREAUCRACY**
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NOVEMBER 2025



BUSINESS REVIEW

Business confidence regains ground

Data from the latest Lloyds Bank Business Barometer revealed an improvement in business optimism at the start of the fourth quarter following September's sharp decline.

The survey's headline sentiment figure for October rose by eight percentage points from the previous month's reading to leave the overall business confidence index at +50%. This improvement, which reversed most of September's 12-point fall, was driven by rising confidence across the manufacturing, construction and retail sectors, while regionally the West Midlands, North West and Wales recorded the strongest recoveries.

A sharp rebound in firms' views of their own trading prospects was a key feature of October's data, with this metric rising by 11 points, and thereby recovering almost all of the previous month's decline. The survey also reported improved sentiment with regards to the broader economic outlook, with the net balance expressing optimism in the economy rising by six percentage points.

The commercial bank's Senior Economist Hann-Ju Ho commented, *"Business confidence has risen following a fall in September, with trading prospects and economic optimism nearing the levels reported in the summer. Over the course of this year, firms have demonstrated their resilience by adapting to challenges, despite higher labour costs, by focusing on hiring and workforce development."*

Blitz on business bureaucracy

Chancellor Rachel Reeves recently confirmed her commitment to save firms nearly £6bn a year by scrapping pointless paperwork and speeding up planning.

Further plans to cut red tape were unveiled at a regional investment summit held in Birmingham on 21 October. Among the Chancellor's announcements was a crackdown on needless form-filling which is expected to see more than 100,000 firms qualify for simpler corporate reporting rules. Ms Reeves also set out plans for digital planning checks and a new online map of underground cables and pipes which should save businesses both time and money when building.

Business groups welcomed the announcements, with the British Chambers of Commerce (BCC) acknowledging the Chancellor's plans to cut the cost of the regulatory burden will be *'positively received'* by firms. The BCC also stressed a need for businesses to be consulted in order to ensure initiatives have *'maximum impact.'*

The Confederation of British Industry (CBI) noted a *'fierce urgency'* to get the economy growing and said that, for businesses to fully contribute to this mission, they need room to invest and not be constantly battling costly regulation that adds little or no value. The CBI added that the government *'deserves credit'* for recognising this challenge and taking action to address it.

Chancellor must make bold decisions

The CBI has urged the Chancellor to make bold decisions to get the economy firing when she delivers her Budget on 26 November.

In its submission to the Chancellor, the CBI says businesses will judge the Budget on its ability to inject immediate momentum into a stuttering economy. A number of steps are identified that the CBI believe could chart a decisive path back to sustained growth, with a focus on fast-tracking critical infrastructure, boosting competitiveness, upskilling the workforce and adopting technology and innovation.

The business group also encourages the Chancellor to take difficult decisions in areas like personal tax, public spending, welfare provision and pension increases in order to create real fiscal headroom and deliver the long-term stability the country needs. However, with business tax at a 25-year high, the CBI makes it clear that firms cannot endure a repeat of last year's cost-raising Budget.

Meanwhile, a survey conducted by Novuna Business Finance suggests the looming Budget is a real source of concern for many small business owners. Indeed, the research found that more than eight out of ten small firms are worried that Budget announcements could negatively impact their growth outlook and finances.

QUIRKY QUOTE:

"If someone needs help, I don't do tea and sympathy, but I'm honest and practical - that's how I was brought up"

— Deborah Meaden

Hiring issues need to be tackled

The BCC has called on the government to tackle 'persistent' hiring problems after research published by the business group highlighted ongoing recruitment challenges facing the business community.

More than 4,600 firms from across the UK took part in the BCC Insight Unit's latest Quarterly Recruitment Outlook with fieldwork conducted between 18 August and 15 September. The survey found that just over half of all businesses had attempted to hire staff in the last three months, with 75% of these experiencing difficulties; this latter figure was up from 73% in the previous quarter.

The BCC said the research vividly highlights the stark reality facing firms when they try to hire staff and the fact that the situation is clearly not improving. The BCC has therefore urged the Chancellor to use the Autumn Budget as an opportunity to tackle hiring issues.

BCC Deputy Director of Public Policy Jane Gratton said, *"The government should use the tax system to help people stay in – or quickly return to – employment when they experience ill health. And for those struggling to get into work, we need a wage subsidy scheme, similar to Kickstart, to unlock employment opportunities for young people with long-term health conditions."*

AI potential to supercharge innovation

Research from Google suggests artificial intelligence (AI) could boost business innovation by enabling small business owners to shift their focus from time-consuming admin tasks to exciting growth plans.

According to a Google survey of UK SME leaders, almost six out of ten small business owners have paused 'game changing' ideas because they have too little time to bring these concepts to life. In addition, almost two thirds believe having more time to innovate would unlock significant revenue growth, with over a third suggesting such innovations could boost revenues by 30%.

Google also cites analysis from Public First which found that AI-powered tools like Google Workspace with Gemini could boost SME productivity by 20%. This, it is argued, would effectively add an extra day to each working week, thereby providing business owners with more time to bring innovative ideas to life.

Debbie Weinstein, Google's Europe, Middle East and Africa President, described the findings as *"a wake-up call, but also an opportunity."* Ms Weinstein added, *"There is enormous potential for AI to free up some time for the nation's business leaders to focus on strategic, innovative tasks that will spur growth for their businesses and the wider economy."*

OTHER NEWS

Small Business Saturday

This year's Small Business Saturday campaign, which celebrates and encourages support for small businesses across the UK, takes place on 6 December. A national roadshow promoting the annual event is already underway with the month-long tour travelling over 3,000 miles and visiting 21 towns and cities, including Edinburgh, Belfast, Durham, Manchester, Grimsby, Derby, Newport, Plymouth, Salisbury, Brighton, Cambridge and London.

Apprenticeships rise; graduate vacancies fall

Data from the Institute of Student Employers' 2025 recruitment survey has revealed a mix of patterns within the student labour market as employers look to rebalance recruitment. In particular, while apprentice hiring increased by 8% in 2025, graduate hiring dropped by exactly the same amount. As graduate roles still outnumber apprenticeships, the combined impact of these trends was a 5% annual decline in the overall number of entry-level jobs.

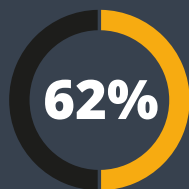
Minimum wage breaches

Last month, the Department for Business and Trade published its latest list of employers who failed to comply with their legal obligation to pay the National Minimum Wage. In total, 491 employers were named and shamed, with these organisations collectively receiving fines of over £10m and around 42,000 workers being repaid a total of £6m. The list featured a number of well-known companies, including Centrica and Holland & Barrett.

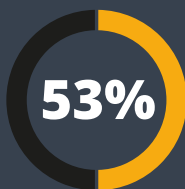
WORKPLACE ENGAGEMENT – A CHALLENGE ACROSS THE BOARD

Kahoot!'s latest Workplace Engagement Report highlights a growing issue - managers are finding it increasingly difficult to engage Gen Z employees (individuals aged 16 to 24).

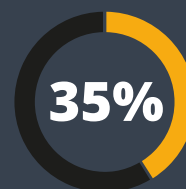
Representing the third-largest demographic in the UK workforce, with approximately 4.3 million Gen Z individuals employed, this group poses a significant motivational challenge. In fact:



OF HR MANAGERS SAY GEN Z EMPLOYEES ARE THE HARDEST GROUP TO MOTIVATE



OF MANAGERS REPORT FEELING BURNED OUT FROM JUGGLING TOO MANY PRIORITIES



HAVE CONSIDERED LEAVING THEIR ROLES IN THE PAST YEAR DUE TO THEIR OWN DISENGAGEMENT



Global trends

These findings mirror global trends. Research such as Gallup's 2025 State of the Global Workplace report shows that manager engagement has fallen to historic lows. What was once seen as an HR issue has evolved into a systemic business challenge, with burnout at the top and disengagement at the bottom.

Caught between generational divides and a lack of clear strategies, it seems many organisations now face a very challenging situation: the very managers responsible for driving engagement and development are themselves disengaged and struggling to stay motivated.

Recognition, communication and training

CEO of Kahoot! Eilert Hanoa commented on the findings, *"Engagement is an issue on all fronts, not just one faced by employees in more junior roles. The data is clear, leaders are burning out and becoming unable to motivate their younger colleagues (especially those in the Gen Z demographic), who in turn are switching off. If companies don't begin to tackle disengagement, they risk losing both their leaders and their future workforce. Recognition, communication and training are the missing links that will decide who wins the engagement race."*

All details are correct at the time of writing (10 November 2025)

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