2025 BUDGET

Looking ahead to 2026, it is perhaps harder than ever before to anticipate developments and see how the land will lie for our client organisations across the sectors we work with. No one, it seems, is expecting greater clarity, yet we can still see a divide in attitudes between people and organisations still acknowledging and adapting to challenges in front of them, and those who feel equipped to embrace change and are doing so with a markedly positive outlook. As one trusted leader said to me recently: "**we must make sure we're not cowed by the headwinds; it's all too easy to lose confidence if you're not careful...**"

We took the opportunity to write to **a community of 400 leaders** and test their reactions to the Budget, with the intention of gauging the mood for the year ahead. Here's what came back.

> **"Ever the optimist... at the moment, though, it is very hard to see where we get our confidence from as a country. The news is relentlessly negative, and it's not surprising that people are hunkering down and not spending."**

An overwhelming **86%** of the participants said that the Budget had been about the same as they expected. **11%** said the Budget had actually been better than expected; only **3%** said it was worse than they had expected.

We asked participants about the degree to which the Budget might affect their personal circumstances. The majority of responses indicated 'some concerns' (**62%**) but only **11%** are very concerned. **27%** are not concerned at all.

On the impact of the Budget on participant organisations, **60%** of respondents said that they had some concerns; **24%** said they were very concerned and **16%** said they had no concerns about the impact of the Budget on their organisation.

In terms of benefits the Budget might have brought with it, **43%** of people who responded indicated that the Budget hadn't delivered benefits; however, **57%** thought that there had been some benefits, and in most instances these were brought about indirectly – for example, these were mainly cited as positive changes to the situation of customer or beneficiary groups.

> **"A budget sets an environment within which an organisation operates. I see it less about the benefits and disadvantages as a shifting of boundaries or tweaks to the rules of the game. Fundamentally nothing has changed."**

YOUR TOP 3 CONCERNS



> **Animal spirits are what will drive growth. The Government can be a cheerleader, advocate, catalyst, convener and guide. It cannot make confidence appear.**

We asked respondents to give a score out of 10 with regard to their confidence that the UK economy will grow in 2026. Responses were largely in a mid-range of 3 to 7 out of 10; almost **25%** of participants gave a cautious 3 out of 10. There were very few scores, however, given at either end of the scale.



Finally, we asked participants to share any views and reflections that they felt were relevant to the UK economy in 2026. There were a lot of brilliant comments given, which were helpful to us as a business and greatly appreciated. By and large, however, these tended to express strong feeling about the direction of travel in UK policy and politics at large, and we have chosen not to share them in this particular piece. However, to reflect the polarised times we live in, perhaps, respondents even within this cross-sector group of leaders we surveyed clearly hold a wide range of positions from: "**putting aside all political commentary, this Budget should put the UK in a relatively stable fiscal position for the next few years... I hope that this will mean that both businesses and individuals are now in a position to worry less about what may hit them in the future**" to "**public confidence drives business confidence and I think the Budget and fall out from it has damaged both.**"

What we take from all of this at Starfish is that levels of confidence seem fairly flat, but with no significant change. The main impact of the Budget for 2026, according to this group, is likely to be lack of confidence in the business sector along with concerns about salaries, most likely stemming from the increased cost of running organisations.

Few, however, cited impact on hiring plans as a major concern; again, anecdotally, this might be because they are planning to hire to key posts regardless, or they have simply put hiring plans on hold already.

Changes to pension contributions won't take hold for a few years yet; some respondents said they are grateful for the time they now have to plan and prepare for change.

As Digital and Tech developments are embraced by more and more organisations across sectors, with huge efficiencies inherent in opportunities for disintermediation, we are expecting radically different business models to emerge, shifting skillsets and changing organisational structures over time.

Our observation is that there has been little change in recruitment from a 'business as usual' perspective in a year which our clients have described as financially tight for them. Boards are still evolving their skillsets to get ahead of emerging risks; finding the right talent for key executive leadership roles remains a priority, although leadership teams may be smaller in size. We're still working with clients on distress purchases brought about by a complex external environment. Some organisations are, by and large, slower to make decisions regarding spend and investment (including recruitment); others are taking advantage of the times we are in to leapfrog familiar 'old' challenges and head straight for the big vision, with major re-orientation and a re-engineering of their organisations.

This is the first time we have surveyed a group of this size. That our survey had an 80% open rate reflects a willingness to engage with these broader issues, and to share views honestly on an anonymous basis. A huge thank you to everyone who took the time to respond to us.