

Private Enterprise Barometer 2026

Transforming for
tomorrow: private
enterprises embracing
innovation and change



Foreword

Welcome to the second KPMG Private Enterprise (KPE) Barometer – a deep dive into the outlook, ambitions and strategic priorities of the UK's thriving community of private enterprises and family businesses, from well-established operations with turnovers in the hundreds of millions through to SMEs and start-ups just beginning to pursue their business dreams.

When we began this research a year ago, the confidence and positivity of the responses we received were something of a surprise given the tough year that had passed and the impact of an Employer National Insurance Contributions (NICs) increase in the 2024 Budget.

But maybe we shouldn't have been surprised at all. It isn't a cliché to talk about mid-market entrepreneurialism and can-do spirit: it's a true reflection of the private enterprise community, and we see it again this year. Despite another challenging trading year in 2025, nearly nine in ten of the 1,500 private enterprise leaders we surveyed are confident about the prospects for their business. Over 80% are expecting revenue growth, and many are showing expansion plans in terms of new products, services and markets (both domestic and overseas), as well as signs of deal-making ambition. Our research was conducted shortly after the November 2025 Budget and the positivity may have partly been fuelled by relief that, this time around, businesses were largely left alone.

Once again businesses are strongly embracing AI and technology as a route to growth – and making it their over-riding investment priority. As the opportunities offered by AI continue to grow, private enterprise leaders are embracing the goal of integrating it into their businesses for a whole range of benefits – process efficiency, productivity enhancement, sharper insights and better decision-making.

As always, the challenge is to see through the hype and home in on genuinely value-adding deployments. Maybe 2026 will be the year that this value-add from AI truly starts to manifest itself.

But what we also see is that the nation's private enterprise and family business leaders are taking a pragmatic and adaptable approach that evolves with the times. Whilst still bullish, confidence has softened somewhat compared to last year. The outlook for the UK economy remains subdued – so it would seem that many executives are increasing their focus on international markets. The willingness and interest in taking private equity financing to fund growth has risen too – with PE funding now a preferred option for nearly half of private enterprise leaders. Meanwhile, leaders are learning that it is data that holds the key to successful AI adoption, making data quality and management their top technology-related focus. A relative soft-peddling, for now, of the focus on sustainability and regulation & compliance is evident too – although vigilance remains key in a risk-laden environment, particularly around cybersecurity.

It's a sign that nothing stands still. As ever, I am heartened and inspired by the can-do spirit of the private enterprise community. I hope you will find the results of our Barometer illuminating and useful.



Euan West

Head of UK Regions,
KPMG in the UK



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Key findings

01 Growth

4 in 5 

expect revenue to increase.

1 in 4 

expect a significant rise.

 **Funding growth**

59%

will use internal funds for growth.

46%

will use private equity.

31%

will use capital markets/IPO.

63% 

plan to enter new markets (e.g., internationalisation or new customer segments).

34% 

are still targeting North America as one of their options for internationalisation, despite tariffs.

02 Innovation

51% 

invest in innovation to stand out from competitors.



48%

to find new market opportunities.



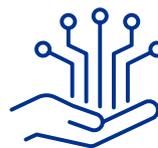
60%

invest in innovation to improve products/services.



53%

for operational efficiency.



38%

cite AI as a top investment area.

Future of AI

57%

see efficiency/productivity gains as the biggest AI opportunity.



52%

see opportunities in embedding AI in products/services.

47%

expect AI to enhance sales and customer experiences.

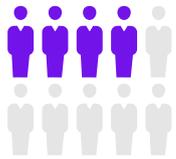
03 Productivity



67%



plan to launch new service lines or products in the next five years.



4/10

prioritise technology investment.



56%

are investing in data quality and management.



54%

in cloud/digital infrastructure.



1 in 2

are confident in recruiting people with the right skills.

63%

invest in tech for process efficiency.



54%

for better decision-making and customer experience.

04 Resilience



87%



Are confident about business growth in the next year.

70%



say cyber risk has increased in the past year.

48%



report a rise in other business risks.

20%

see risk management (including cyber) as one of their top two investment areas.



53%

prioritise reporting efficiency when improving their regulatory compliance.

60%



have reviewed or plan to review use of sustainable materials.

01 Growth on the agenda

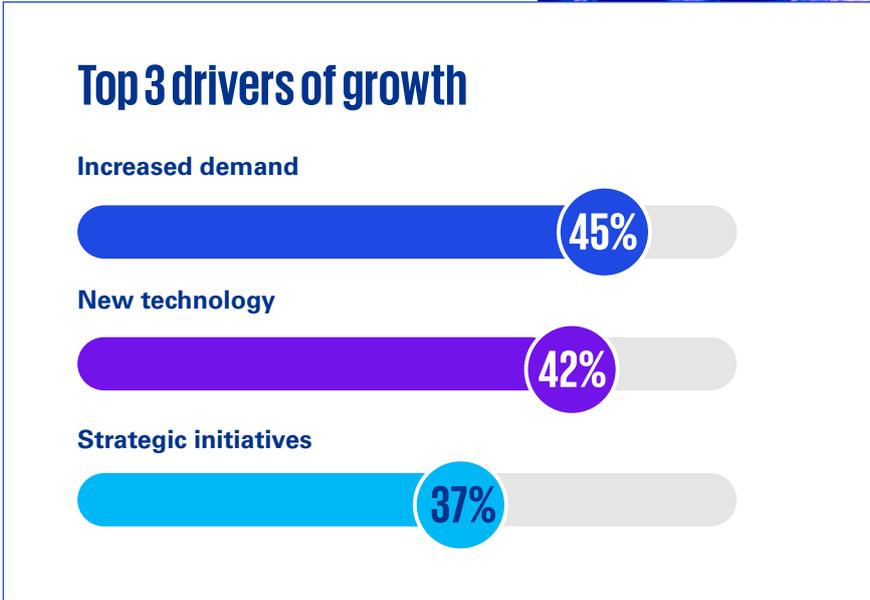


KPMG’s second Private Enterprise Barometer reveals that the leaders of the engine of the UK economy are optimistic about the future, with 87% of the 1,500 executives surveyed confident about their organisation’s growth prospects over the next year.

Four-fifths of private enterprise leaders expect to see revenues rise in the next 12 months and two-thirds expect to book higher profits, with the top drivers of growth being increased demand (45%), plans to introduce new technology (42%) and strategic growth initiatives (37%). Diversification is high on the agenda, with over six in ten businesses planning to enter new markets, including internationally, and a similar proportion expecting to launch new service lines or products.

It is a bullish and ambitious picture – even if confidence has softened slightly from a year ago when 92% were confident about future prospects including 59% describing themselves as ‘very confident’. This number has noticeably dropped to 41% this year. Amongst the drivers of confidence, a positive outlook for the UK economy has declined from 42% to 30% while increased demand for products and services, while still strong, has also fallen from twelve months previously (52% to 45% now).

Perhaps in recognition of near-term challenges in the UK market, appetite for international trade has increased amongst 70% of leaders. Western Europe is the most favoured destination, cited by 46% of respondents, followed by Eastern Europe (40%) and North America (34%). It is interesting to note that the US has held its own from last year as a destination despite the introduction of tariffs – a recognition perhaps that the tariff regime has settled into a manageable position for UK businesses and that the US is simply too large a market to ignore.



At the same time, Asia has moved up executives’ attentions, in the sights of 27% of businesses compared to 21% a year ago. The trade deals the UK has reached with India and the US may be factors here.

The findings underline that while business leaders’ confidence remains strong, there is an undercurrent of caution given the backdrop of a subdued economic outlook for the UK (and most other developed economies). At the same time, while international expansion is on the agenda, the geopolitical environment remains volatile and unpredictable, necessitating a careful approach. The search for growth is one that requires strategic clarity, determination and agility.

4 in 5
private enterprises expect revenue to rise this year

87%
of leaders are confident in their growth prospects for the next 12 months



“The economic outlook contains a mixture of headwinds and tailwinds for UK businesses. We expect UK GDP growth momentum to slow in 2026 as a weakening labour market keeps consumer spending sluggish, with GDP growth of less than 1%, down from 1.4% in 2025. However, the inflation outlook is more benign, and this should enable the Bank of England to continue its rate-cutting cycle. We should see a pick-up in conditions in the second half of 2026 and into 2027 which could support greater business confidence and growth for those private enterprises with clearly defined strategic ambitions.”



Dennis Tatarkov, Senior Economist,
KPMG in the UK

M&A as a route to growth amidst strong balance sheet positions

Similar to a year ago, mergers and acquisitions are on the cards for a significant number of businesses: a third (32%) say they are actively pursuing acquisitions while 38% are open to the possibility. Despite the intentions expressed a year ago, 2025 proved another quiet year for deals – so is 2026 likely to prove any different?

One noticeable finding is that by far the dominant reason for considering an acquisition is to acquire new technology or talent, cited by 33% of leaders, with market share expansion significantly further back (23%). This could be a sign of the recognition that AI and digitisation have decisively shifted the game – businesses need to keep up, and a targeted acquisition could be a fast route to doing so.



“The direction of travel in the deals market is definitely up. Businesses who are sub-scale on technology, or in specialist skills needed to drive growth, are increasingly contemplating acquisitions as a route to catch up - an example of where we are seeing this is in the professional services sector. Many businesses are also looking to divest non-core subsidiaries that would need substantial technology investment to stay current. On the funding side, private equity has access to significant levels of capital that they are keen to deploy for quality assets. As a result, 2026 could be the year that more activity really does come back into the market, with professional and business services, and TMT, remaining the hot spots.”



Helen Roxburgh, Corporate Finance Partner,
KPMG in the UK



As last year, private equity emerges as a prime source of growth financing. Indeed, it is the number one external destination for funding, cited by 46% of private enterprise leaders, up from 41% a year ago. Internally generated funds remain the biggest source (59%), showing that private enterprise balance sheets are strong.

But PE financing sits in clear second place, followed by the capital markets/IPO (31%) and government support and grants (27%). Traditional bank lending – like a year ago – sits further back, with less than a quarter of respondents (23%) naming it as a likely source.

33%



are considering an acquisition to acquire new technology or talent



“Private enterprises’ willingness to look at private equity funding is a feature of their adaptability. A decade or so ago, the thought of letting PE investors into the private or family business control room would have been unthinkable to many; now, it’s becoming much more accepted – almost the norm. Perhaps this is a sign not only that business owners have become more pragmatic, but that private equity has adopted a more collaborative way of working – and this is bearing fruit.”



Euan West, Head of UK Regions,
KPMG in the UK

02 Innovation in the age of digitisation and AI





Private enterprises are embracing a spirit of innovation to do business more smartly, modernising operations and leveraging the enormous possibilities of next generation technologies including AI.

As a result, it is technology and AI that dominate their investment intentions – together, cited by 77% of executives. The leading aim of traditional technology investment (ERP, digital transformation etc) is process improvement and efficiency (63%) followed by improved customer experience and better decision-making (both 54%), while for AI specifically the primary benefits are seen to be efficiency and productivity gains (59%), better quality decision-making (55%) and accelerated innovation (54%).

More broadly, the drivers behind embracing innovation are to improve current products and services (60%), improve operational efficiency (58%), stand out from competitors (51%) and find new market opportunities (48%).

Our research shows how private enterprises are evolving their thinking as technology continues to develop at pace. When asked about specific areas of technology that they will be investing in, big traditional items like ERP and CRM systems come in relatively far down the list (cited by 28% of respondents in both cases) – with the standout focus being data quality and management (56%).



“The emphasis on data is really encouraging, because it is data, supported by digital infrastructure, that is the precursor to optimising the use of AI tooling. It’s a sign that approaches are maturing.”



Euan West, Head of UK Regions, KPMG in the UK

77% 

of executives plan to invest in technology and AI

63% 

say technology is the main priority for investment in 2025



As the race to harness AI continues, it arguably opens up a field of opportunity for private enterprises who generally have lower technology investment budgets and resources than their FTSE counterparts.

Responsible and ethical approaches to AI, based on strong governance and human-centric principles, are essential to guide businesses' AI endeavours. To that end, KPMG's Trusted AI framework provides a clear structure which can be brought to bear when advising and supporting clients in their own AI initiatives.



“Technology used to be ‘big and expensive’, but we are seeing a democratisation of this through AI. Nimble investments in targeted use cases will help private enterprises close the gap. Large businesses have used outsourcing solutions as a form of their extended enterprise – but AI and agents can now also be used to do the “outsourcing” for you. There are new issues to manage in this – it requires a shift in thinking and must be rooted in a robust framework of governance and trust – but AI is one of the most exciting game changers in a generation.”



Simon Albrighton, Head of Advisory,
Private Enterprise, KPMG in the UK



03

Productivity through bringing technology and people together



Business leaders are investing in technology and AI to drive up productivity through faster, automated processes, enhanced reporting and analytics, and better decision-making. However, productivity also depends on people – making effective talent management crucial.

There is an interesting dynamic in this year’s research, as investing in the workforce and skills has, on the face of it, fallen significantly as a priority. This year, it is included in the top two investment priorities by a quarter of respondents, whereas in 2025 it was listed by nearly half.

However, as last year, only half of private enterprise leaders are confident that they can recruit people with the right qualifications and experience for the business – and a quarter admit that they are finding it challenging to recruit people with the right skills. Nearly four in ten (38%) are looking to reskill some of their existing workforce and one in five (19%) are rethinking their Employee Value Proposition to help with recruitment and retention. One in seven (14%) admit that staff retention is a challenge.

While most of these findings represent a slight easing from last year – perhaps reflective of a tough employment climate that makes it more of an employer’s market than an employee’s or jobseeker’s – nevertheless they also reflect the fact that managing and optimising the workforce is a continuing challenge that businesses recognise the critical importance of.

It is also worth highlighting that for some types of private enterprise – namely, family businesses – investment in the workforce is in fact the top investment priority (34%), followed by product and service innovation (31%), with technology only third (25%). This may be a reflection of the ongoing importance of rewarding key staff who aren’t family members and for whom an equity stake is not an option.



1 in 5
are rethinking their Employee Value Proposition



38%
of businesses are reskilling parts of their workforce



50%
feel confident they can recruit people with the right skills



Family business owners recognise the criticality of keeping these individuals motivated and engaged, along with the wider non-family workforce. Compared to this, in many cases digitisation of the business takes a more secondary position

“People remain at the heart of good business, regardless of AI,” Simon Albrighton comments. “One of the prime purposes of technology and AI is to automate routine processes so that people can focus on higher value, more strategic work. This does, however, require a shift in culture and mindset. Supporting staff in this, with appropriate upskilling programmes and resources, is key. The businesses who take a human-centric approach – pairing AI with human expertise and ingenuity – will be the winners of tomorrow.”

At the same time, the looming Employment Rights Act will increase businesses’ employment responsibilities and obligations, making effective people management even more critical.

All the signs are that a strong people-based culture that aligns with and is supported by a clear technology/ AI strategy will be foundational to business growth and success. Further, with the high cost of living and a subdued employment market, keeping a people-centred approach is part of being a responsible employer.

“Social sustainability has come into focus in recent times and this is set to continue. There is an increasing expectation that businesses actively support the health and well-being of their staff, promote social mobility and opportunity, and consider their impacts on the communities where they operate. Indeed, this is an area where many private enterprises can shine, due to their strong people-based cultures and organic connections to local communities.”



Richard Andrews, Head of ESG,
KPMG in the UK

The family business perspective: moving forward despite IHT

We have mainly been reporting the results for the whole of our private enterprise sample – but what is the sentiment of family business owners specifically?

In this year's research, they are consistently less confident than the all-respondent average. Only 73% of the nearly 100 family business respondents are confident about the prospects for their business over the next 12 months, compared to 87% overall. Amongst those not confident, lower demand for their products and services is the reason mainly cited (80%). Family business owners are less confident about revenue growth (69% vs 82%) and increased profitability (48% vs 67%) in the next 12 months.

They are more reliant on own-balance sheet funds (61% vs 59%) and less likely to turn to private equity (33% vs 46%). They are also only about half as likely to say that their appetite for international markets has increased (37% vs 70%).

Fewer family businesses say they are actively looking at M&A (18% vs 32%), but more say that they are open to it even if not actively pursuing (49% vs 38%) – indicating an entrepreneurial streak to jump on an opportunities that present themselves.

As we noted earlier, there is a clear difference between family businesses and private enterprises in terms of investment priorities, with workforce the leading area for family firms. Technology comes lower down the list – and when it does, cloud and digital infrastructure is the number one focus, indicating that they generally track behind corporates in terms of technology enablement.

This may change as young, digitally native 'next gen' family members begin to take the reins.

But this question of succession perhaps brings us to the nub of why family businesses are less confident and positive in their survey responses than their private enterprise peers: inheritance tax. The IHT changes announced in the October 2024 Budget made an even bigger impact on the family business community than the employer's NI increases announced at the same time. The implications cast doubt over the future viability of some.

It is no surprise that family business leaders' views of the 2025 Budget were less sanguine than the general response – only around three in ten believed it to be positive for business profitability, investment in growth opportunities or attracting outside investment, compared to 50-60% of leaders across the whole respondent base. On the tax implications for company shareholders, family respondents are gloomier still – only 19% seeing it as positive, 44% neutral and 29% negative.

30%



believed the Budget to be positive for business profitability



“The government's late rabbit out of the hat, increasing the IHT threshold from £1m to £2.5m, will have provided significant cheer to family businesses,” Shashi Prashad, UK Head of Family Business at KPMG says. “Nevertheless, the changes to inheritance tax are coming into effect over that limit and there will still be major implications for some. IHT remains the elephant in the room casting its shadow. Sound tax planning and advice is essential. However, with the dust settling, many family business owners I speak to seem relieved and re-energised post-Budget: it could have been worse. Now, they can draw on their renowned reserves of determination, enterprise and ingenuity to keep moving forwards and unlock more growth and profitability. The best of them can definitely still flourish.”



Shashi Prashad, UK Head of Family Business, KPMG in the UK

Tax in focus: relief, rather than respite?

After the increase in employer's NI in the Budget of October 2024 which hit many businesses hard, the fact that the November 2025 Budget largely left businesses alone was a welcome relief.

33%



are considering an acquisition to acquire new technology or talent

Corporation tax and capital gains tax were untouched, and most tax reliefs, incentives and allowances were also unchanged. Nearly 60% of executives thought that the Budget was positive for business profitability and investment in growth opportunities, and 55% believed it would be positive for attracting outside investment. However, views were more split over the tax implications for company shareholders, with 38% seeing it as positive, 32% as neutral, and 23% as negative.

Businesses remain in a high tax environment with the overall tax take as a proportion of GDP set to rise to a record 38% by the end of this Parliament. The National Minimum Wage was increased and there was a reduction in the main rate of writing down allowances from 18% to 14%, and an increase for employers in national insurance on pensions salary sacrifice (from 2029). Some popular schemes such as setting up an Employee Ownership Trust (EOT) at 0% capital gains were also changed, with 50% CGT becoming payable.



“For private enterprises, it’s a case of relief, rather than actual respite from a high tax burden. It’s essential to ensure that all available reliefs and allowances (such as for R&D) are being fully utilised for maximum tax efficiency. At the same time, HMRC (like other national tax authorities) is becoming more aggressive around tax compliance and is making more challenges in subjective areas – strong tax compliance planning, processes and reporting are therefore key.”



James Prince, Tax Partner,
KPMG in the UK



“To really press the button on growth and value creation opportunities, businesses need a supportive policy environment and no unwelcome surprises. The Budget is now ticked off while the government’s Industrial Strategy, published last year, has provided some clarity about strategic direction – hopefully this will instil confidence into businesses to go for growth in 2026.”



Richard Kelly, External Affairs,
KPMG in the UK

Meanwhile, the relief on inheritance tax, particularly agricultural property relief (APR) and business property relief (BPR), has been huge. Nevertheless, the inheritance tax charge on assets above the new limit will come into effect from April 2026, still presenting a succession headache for many family and agricultural businesses. Careful consideration and action will be essential to protect value and pass on generational assets.

Another bright spot of the Budget for some private enterprises was that the government took the decision not to bring medium-sized businesses into the scope of transfer pricing rules. The continued exemption avoids imposing additional administrative burdens on SMEs in line with government industrial strategy to back firms to start, scale and stay in the UK.

Nevertheless, with private enterprises looking to internationalise and enter new markets, transfer pricing along with other international tax registration and compliance obligations could become more of a prominent feature.

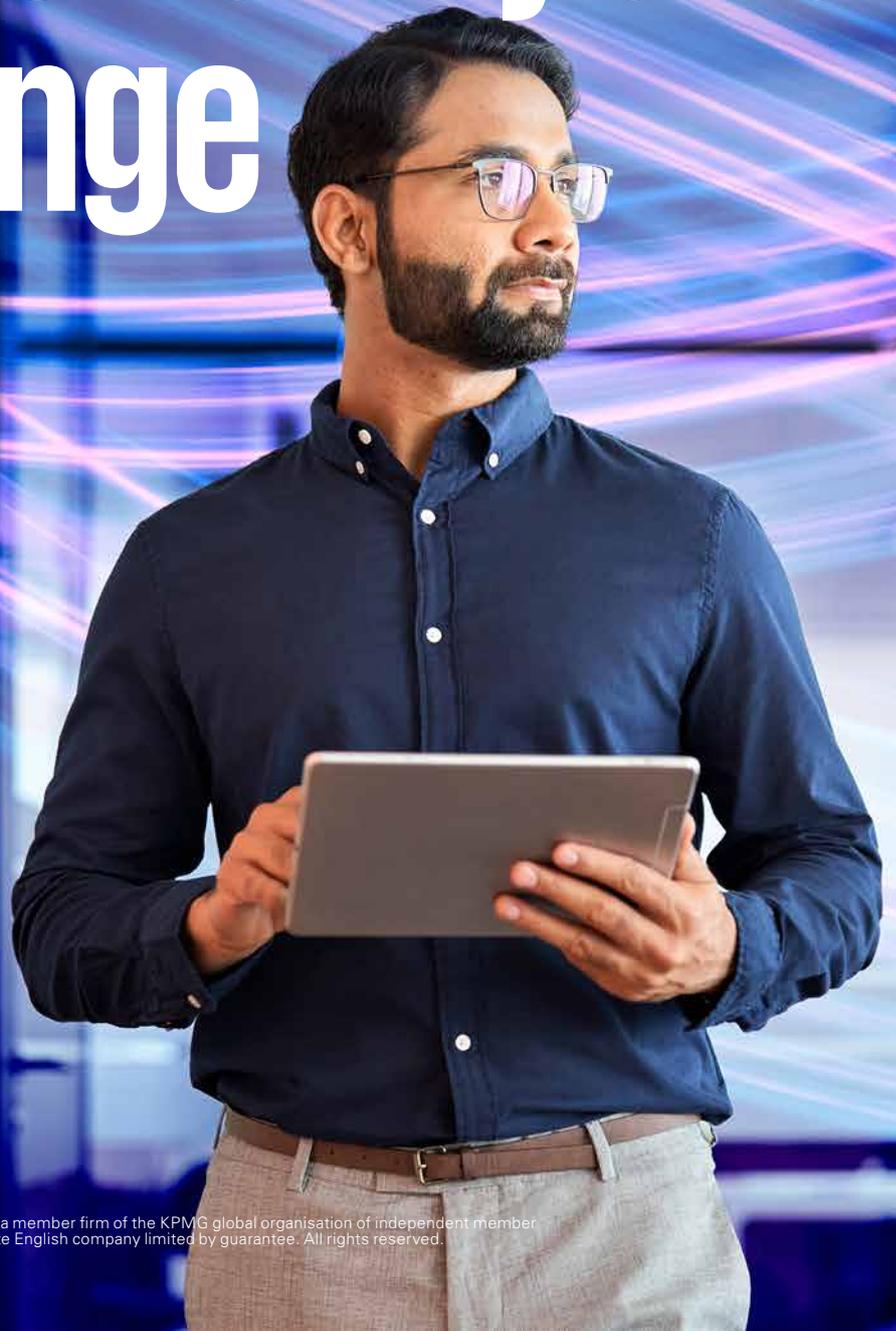
“Obtaining sound tax advice to steer you along the right path is absolutely critical when looking to expand overseas. Interacting with a foreign tax authority, filing the right information at the right time, meeting new compliance requirements – all of these require knowledge and trusted advice,” says James Prince.

Overall, with some hope that green shoots will start showing in the economy in terms of falling inflation and interest rates, a relatively neutral Budget is another encouragement for private enterprises.



04

Resilience in a landscape of uncertainty and change



The business environment continues to be challenging, not only because of a low-growth economic climate but also because of continuing – and increasing – geopolitical instability and ongoing operating uncertainties. In a fast-moving and unpredictable arena, risks are to the fore making resilience and robust risk management a necessity.

This year’s research highlights cybersecurity as a key risk preoccupying the minds of management. Nearly seven in ten executives (69%) say that cyber risks have increased, with nearly a quarter saying the increase has been ‘significant’. High profile cyber incidents during 2025 severely disrupted a number of leading players in their respective markets – hitting not only the target organisation but rippling along their supply chains.

It is not only cybersecurity that looms large in risk management approaches – nearly half of survey respondents (48%) agree that other risks have increased too. These include supply chain dependencies, competitive dynamics, customer perception and brand & reputation in a volatile environment.

They may also include the risks of AI – both the security and data protection risks from staff members putting confidential information into open platform AI tools, and the reputational risks if algorithms are seen to be prone to bias, unfairness or inaccuracy/hallucinations.

Despite all this, and perhaps as another sign of the complexity of the environment in which businesses are operating today, risk & compliance as an investment area dropped in this year’s research, named as a top-two priority by only 12% of leaders, compared to 30% a year ago. Where it is held as a priority, the chief drivers are to improve efficiency in reporting to strengthen the internal control environment.



“Cybersecurity is a key agenda item in every Audit Committee meeting I attend. Boards need to be considering all the what-if scenarios, ensuring they have robust cyber defences all along the value chain and importantly building robust business continuity plans, as well as considering cyber insurance. As auditors, we are considering cyber risks as part of our risk assessment procedures and expect management to be assessing cyber risks into their going concern and impairment assessments”



Aimie Keki, Head of Private Enterprise Audit, KPMG in the UK



69% 

say cyber risks have increased in the past year

48% 

report rising risks across supply chains, competition and reputation

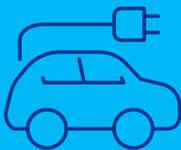


60%



see the use of sustainable materials is the top area of focus

32%



are focusing on vehicle emissions

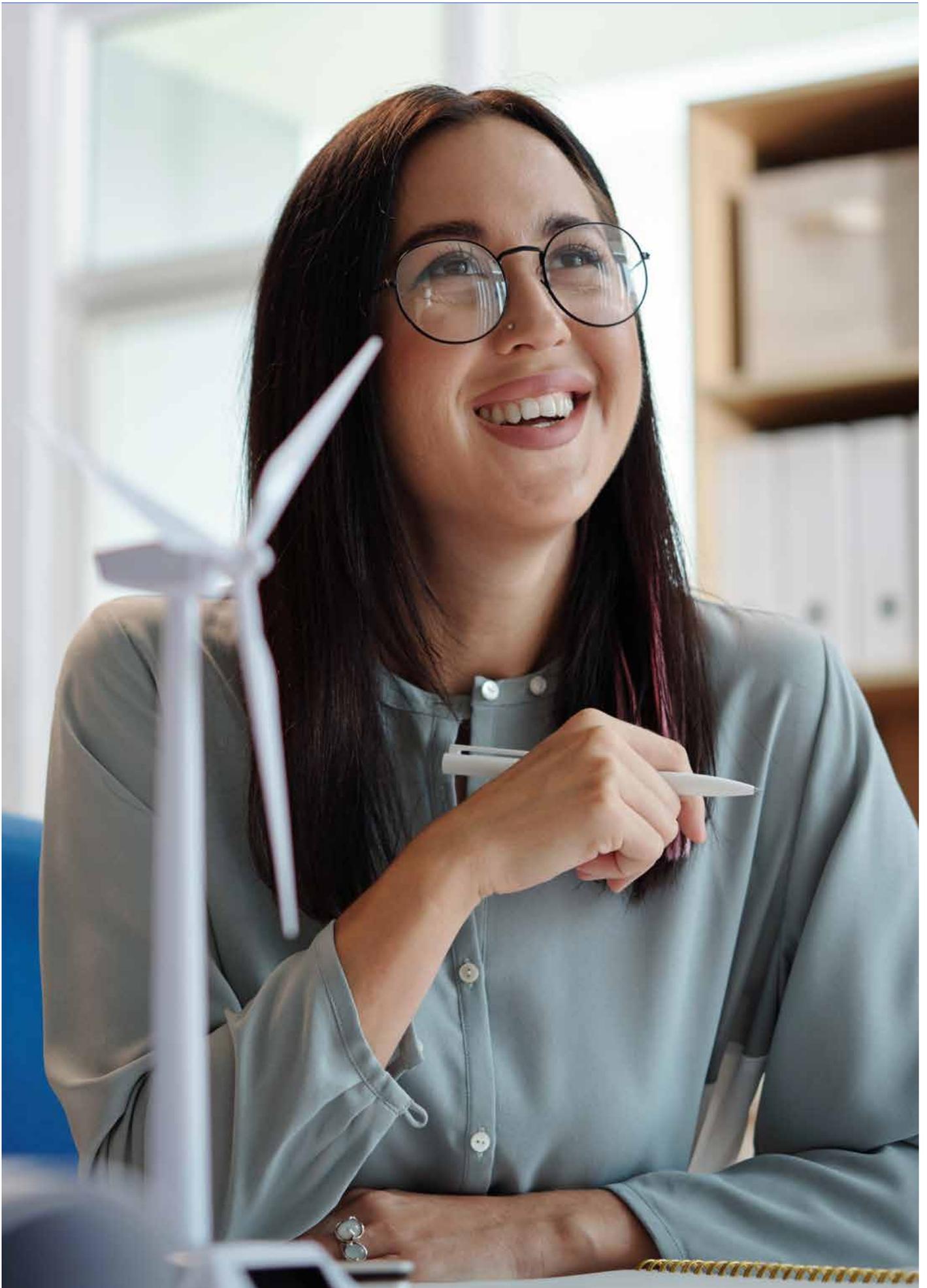
One area where this will be put to the test soon is around accounting for leases. Private businesses reporting under UK GAAP will have to adopt a new FRS102 standard based on the IFRS lease accounting standard for listed businesses that came into effect a number of years ago. “The experience of listed companies was that the accounting changes are significant, particularly for those with large real estate portfolios such as property, construction and retail, with many leases and liabilities coming on balance sheet,” says Aimie Keki. “Managing this successfully and communicating it to the market is essential.”

The watering down of the EU’s Corporate Sustainability Reporting Directive (CSRD) may be a factor in the relative de-escalation of regulation and compliance as a focus, as the ‘Omnibus’ proposals put forward would see the compliance deadline pushed back and applying to fewer businesses – leaving many private enterprises out of scope.

This may also have contributed to the drop in investment priority accorded to sustainability measures – named as a top-two priority by 44% in our 2025 research but by only 21% now. Amongst those holding it as a priority, the use of sustainable materials is the top area of focus (60%), followed by their sources of energy (43%), their supply chain (36%), business travel (34%) and vehicle emissions (32%).

Net zero still a key national and global objective, the sustainability agenda is not going away, even if it is perhaps temporarily taking a lower profile for now.

“Sustainability is still an important and indeed critical part of the business agenda,” says Richard Andrews. “The increasing frequency and severity of climate related events means it is a topic businesses can’t ignore – climate resilience all along the value chain is key. What we are seeing more broadly is a shift from purpose-led or impact-based sustainability commitments to ones that are commercially-led or value-based. Sustainability and ESG can unlock new opportunities and revenue streams as well as enhancing access to financing and bolstering brand and reputation.”



Regional view: variations on a theme

When analysing the survey results by geography, the findings are fairly consistent between regions – although there are some revealing variations in emphasis.

Respondents are generally confident about future prospects whichever part of the country they sit in, although this stretches from a high of 92% in London down to a more modest 76% in the East Midlands.

Looking further below the surface, notable regional variations include:

London and the South East

The strong confidence and growth expectations seen here reflect the capital and surrounding area’s role as the UK’s economic engine, with good access to capital, talent and international markets. London is a leading driver of technology adoption, with 48% prioritising technology investment and 46% prioritising investment in AI – both significantly higher than the national average: the tech charge is being led from the centre. There is also higher confidence than the average in the ability to recruit the talent needed – underlining the strong attraction of London and the South East to a wide range of people looking to build or further a career.

North East

A standout here is the high percentage of leaders who report increased interest in internationalisation – 88% compared to the 70% national average. This strong focus on international expansion could be a major opportunity for regional growth, especially given the region’s manufacturing and export base. Support for trade and export infrastructure will be key.





North West

Businesses in the North West are notable for their bullish expectations around profitability growth – 80% compared to the 67% national average. This could be a reflection of sector strengths such as in advanced manufacturing, life sciences, finance, professional services and media. It's a positive sign for investment and job creation in the region.

West Midlands

Leaders here have a strong innovation focus – 40% compared to the national average of 27%. There is also a slightly higher focus on technology investment (41% vs 39%), while investment in AI matches the national average (38%). These factors could prove vital to the region's manufacturing and automotive sectors, helping them transition to new technologies and markets.

South West

The region is notable for its workforce confidence with 58% of leaders satisfied in their ability to recruit the skills they need, compared to the 49% national average. This may reflect effective local skills initiatives or sectoral strengths (e.g. aerospace & defence, creative industries), creating a strong foundation for future growth.

Wales

The standout statistic in Wales is that 45% of private enterprise leaders are focusing on reskilling staff as a priority – well above the national average of 38%. This recognition of the upskilling imperative could be crucial for adapting to technological and economic change, supporting social mobility and ensuring long-term competitiveness.

East of England

The East of the country is closely aligned to national averages throughout. However, the expectation that revenues will increase is slightly lower (78% compared to 82%) while a perception of increased risks is slightly higher (53% compared to 48%) – suggesting a slightly cautious outlook and some creeping downside concerns.

Yorkshire and Humber

Cost pressures were cited as a top concern by more leaders here than any other region (60% compared to the 51% national average). This may reflect energy, logistics or supply chain challenges in the region. Meanwhile – or perhaps flowing from this – investment in technology and AI is relatively low. Addressing these challenges will be key to sustaining growth and competitiveness.

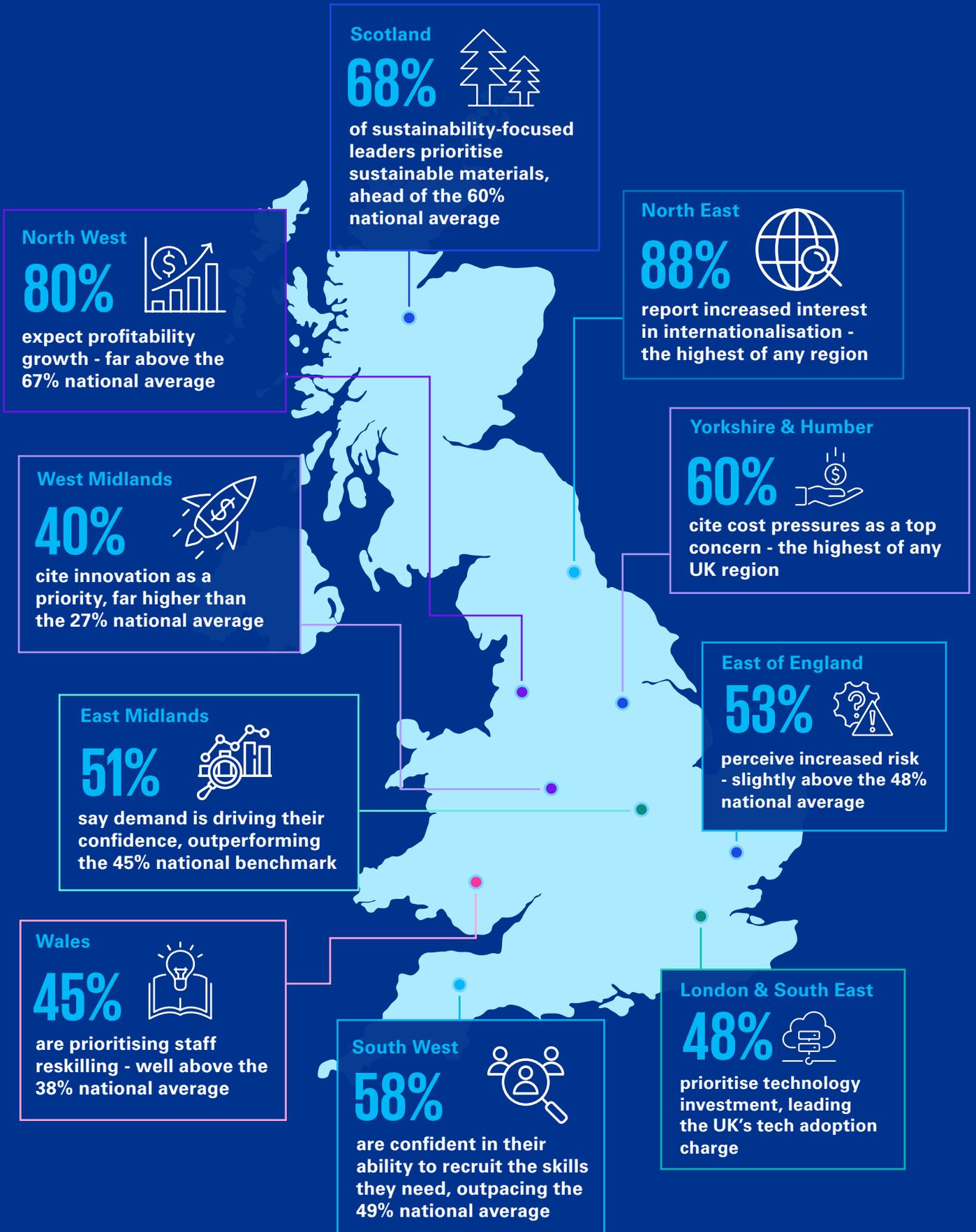
Scotland

There is a strong sustainability focus in Scotland, with 68% of those focusing on it prioritising sustainable materials, compared to the national average of 60%. This aligns with Scotland's prominent position on net zero and renewables and underlines its potential to be a leader in green business and investment.

East Midlands

Confidence in the business outlook is lower in the East Midlands than anywhere else – although at 76% it is still reasonably healthy. Demand is a positive here, with 51% citing it as a confidence driver, ahead of the national average of 45%. However, tech and AI investment prioritisation is relatively low, suggesting a need for a boost to digital transformation and workforce development efforts.

Regional overview



Conclusion: Moving into 2026

As a leader, are you ready for the year ahead?

Geopolitical shifts and tensions have become even more marked in early 2026, underlining the need for businesses to be alert to new risks, staying adaptable, resilient and agile.

But at the same time, there are green shoots in the economic outlook. With inflation and interest rates set to fall, trading conditions could improve and new opportunities open up.

As ever, private enterprises will need to embrace the opportunities and be quick to flex and adjust. Leveraging new technology and AI will be key for many – and ensuring that this is done in a secure, responsible and human-centric way that truly unlocks value.

At KPMG, we are with you on the journey. Our goal is to Make the Difference for our clients, working with them to overcome their biggest challenges and find new opportunities across the key areas of Growth, Innovation, Productivity and Resilience.

Please do not hesitate to reach out if there are any issues raised in this report that you would like to discuss. We would be delighted to hear from you – we are here to support you and help your business grow.

Methodology

Thank you to all our survey respondents. Research for the Private Enterprise Barometer 2026 was carried out on behalf of KPMG in the UK by OnePoll UK, a member of the British Polling Council, by surveying 1,500 private business owners across various sectors across all UK regions between 28 November and 12 December 2025.

Get in touch

Whether you are establishing or scaling a new venture, planning an investment or exit, we are here to support your business growth. Our multidisciplinary KPMG Private Enterprise teams work across the UK to support privately owned businesses to grow.

Get in touch to discuss your ambition.



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