PUBLIC**FIRST**

techUK POLL

FEBRUARY 2025

ABOUT THIS RESEARCH

About Public First

Public First is a policy, research, opinion and strategy consultancy. We bring a wide range of expertise and capabilities under one roof - including in-house opinion polling, focus groups and immersive qualitative research, robust data analysis, and a deep understanding of policy and politics. We work with global companies, governments, start-ups, institutions and foundations around the world to tackle major public policy and strategic challenges.

About This Poll

We polled 250 senior decision makers in UK Tech Sector business leaders between 27th January - 5th February 2025.

Public First is a member of the British Polling Council (BPC) and the Market Research Society, and abides by their rules.

For more information, contact the Public First polling team: polling@publicfirst.co.uk.

Executive Summary

Despite challenging economic conditions and drops in business confidence in other sectors of the economy the UK tech sector remains upbeat.

Senior decision makers in the tech companies we surveyed had a growth mindset, with their own customers showing an increased demand for new technologies and AI solutions over the last year. Our sample was generally optimistic about the future of the UK tech sector and on the whole tended to say that the new Labour Government had performed well.

However this positivity split among larger businesses and SMBs, with smaller businesses (those employing less than 250 people) less optimistic about the future of the UK economy and the UK tech sector. They were also significantly less impressed by the new Government than larger businesses.

Tech companies of all sizes are feeling the pinch of high energy costs and the tax burden, even more so than in last year's poll. While new technologies offer our tech companies customers new opportunities to boost their productivity and innovate, the cost and complexity of implementing new technologies has been reported as a barrier when it comes to onboarding new tech. Further consumers around privacy and security were seen as major barriers that need to be overcome to increase the uptake of AI technology.

Our key findings:

A growth mindset: our survey shows that British tech companies have a growth mindset. Their top priorities for the next five years are to grow their businesses (45%), onboard new technologies (40%), and expand their current capabilities, services, or products (39%). While there was a general optimism about the future of the UK tech sector and the economy, tech SMBs had a less positive outlook. Ambitions to hire new staff had decreased when compared with last year, however tech companies had little desire to reduce headcounts.

UK tech wants to go global: like last year's poll UK tech companies showed a strong desire to expand internationally. 80% reported that they had plans to or were likely to expand internationally in the next five years. The USA was the most popular destination for expansion, and was more popular than last year. 47% of businesses selected it as their top destination for expansion in 2025, a 20% increase on 2024.

Demand for new tech is high, but challenges to adoption remain: we asked our tech companies whether interest in new technology (general) and AI tools had risen among their customers, and the answer was a resounding yes. 77% of our sample said

interest in new tech had risen over the last year among their customers. The motivations for adopting new technology and AI were similar with increased productivity, increasing innovation and improving efficiency the main drivers for both forms of adoption. However our sample reported different barriers to take-up. For AI technology addressing security and privacy concerns as well as improving the level of training and support was seen as key, while for technologies (general) addressing high implementation costs, complexity and energy costs were top.

Tech businesses want help with the costs of doing business: while overall business sentiment remained positive compared with last year's poll, the impact of energy costs and the tax burden on businesses has increased. Energy costs were seen as the biggest drawback of operating in the UK and concern has risen by 11% (from 41% to 52%), concerns over tax had also risen by 12% (from 30% to 42%). The level of interest rates (31%), the amount of regulation tech businesses are subjected to (27%) and the legacy effects of Brexit (25%) followed to make up the top five weaknesses of operating in the UK.

Manchester retains its crown as the most popular tech destination outside of the capital: Manchester (62%) remained the top city outside of London that tech sector businesses identified as the most supportive of the sector's growth. Our top five locations remained the same as last year (Manchester, Birmingham, Liverpool, Cambridge and Oxford). However Edinburgh significantly improved its position, now ranking 6th. When it came to the main motivating factors for tech businesses to invest further in the UK or expand their business to another location, infrastructure (50%), the availability of local talent (30%) and the number of local customers (26%) were the top drivers.

Overall tech businesses think the new Government is performing well, but tech SMBs are not convinced: more tech sector businesses say the new Labour government has performed well (52%) than poorly (23%). However, among SMBs satisfaction is lower. Where 38% think the government is performing well, with 33% saying they are performing poorly. Reducing costs such as business taxes (47%), followed by reducing energy prices (44%) were the most commonly cited demands of tech businesses of the new Government. Larger businesses however (48%) were much more likely than SMBs (33%) to identify simplifying regulations around new technologies as an action the Government should take to support them.

Neil Ross
Director, Public First

DOING BUSINESS IN THE UK

How Easy Businesses Find Different Aspects of Their Operations

Our survey of tech businesses found that they are generally upbeat about their experiences operating in the UK - identifying the ways in which operating in the UK makes it easy or difficult to conduct specific aspects of their business.

Businesses say that **generally operating in the UK** (87%), **operating in the tech sector** (87%), and **accessing digital infrastructure** (85%) are the *easiest* parts of their business they are able to carry out. While tech businesses in general are still more likely to identify **accessing government support** or **trading with countries in the EU** as easy rather than difficult, these are the *least easy* to carry out aspects of operating in the UK.

Thinking about conducting business in the UK, how easy or difficult is it to carry out these aspects of your business?
Public First | Tech Sector Decision Makers | 27 January - 5 February 2025
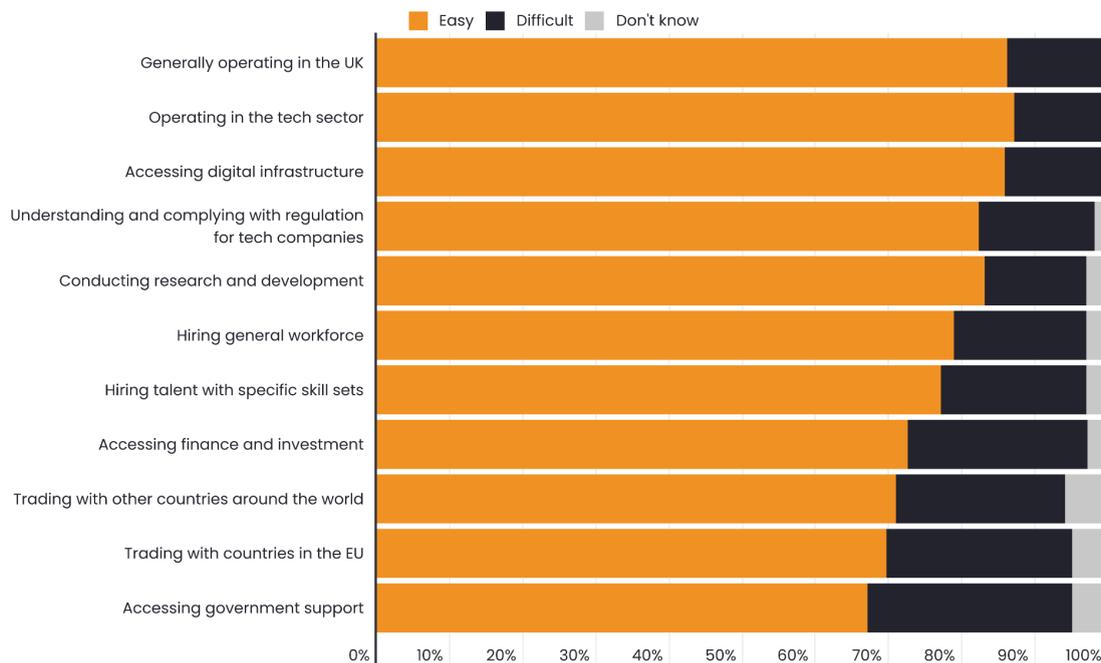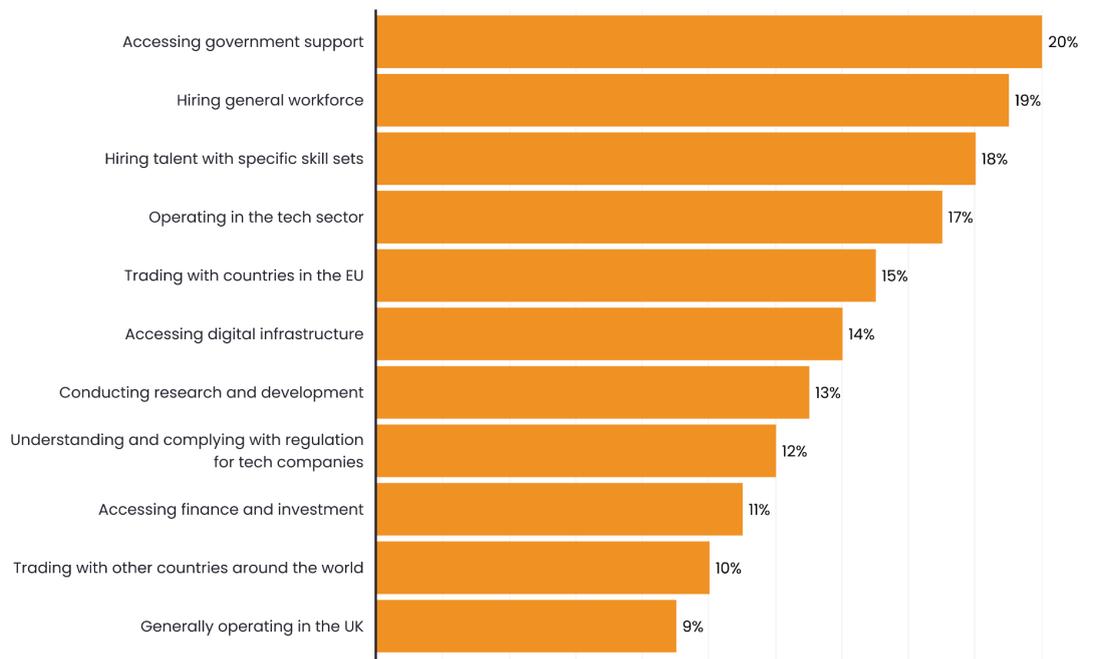

We do find some notable (although anticipated) differences between businesses of different sizes - SMBs are more likely than larger businesses to say they find it difficult to trade with other countries, to access finance and investment, or to generally operate in the UK.

Compared to our findings in 2024, we see some notable changes in how easy or difficult tech businesses think different aspects of their business operations are, in the context of operating in the UK. We found an increase in the number of tech businesses saying it was **easy** for them to carry out **all of the core business functions** we provided - the greatest increases in ease are found in **accessing government support** (+20pp), **hiring general workforce** (+19pp), and **hiring talent with specific skill sets** (+18pp). This is likely a result of improved business sentiment following the change of government in July 2024.

Thinking about conducting business in the UK, how easy or difficult is it to carry out these aspects of your business? [% Change from 2024]
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|	
Accessing government support	20%
Hiring general workforce	19%
Hiring talent with specific skill sets	18%
Operating in the tech sector	17%
Trading with countries in the EU	15%
Accessing digital infrastructure	14%
Conducting research and development	13%
Understanding and complying with regulation for tech companies	12%
Accessing finance and investment	11%
Trading with other countries around the world	10%
Generally operating in the UK	9%

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The UK Compared to other Markets

When we asked tech sector businesses to compare how they felt operating in the UK compared to their operations in other developed economies - Europe and North America - we found that, in general, businesses said they think it is **easier** to operate in the UK (54%), with just one-in-five (17%) saying they think it is more **difficult** to operate in the UK compared to the other markets.
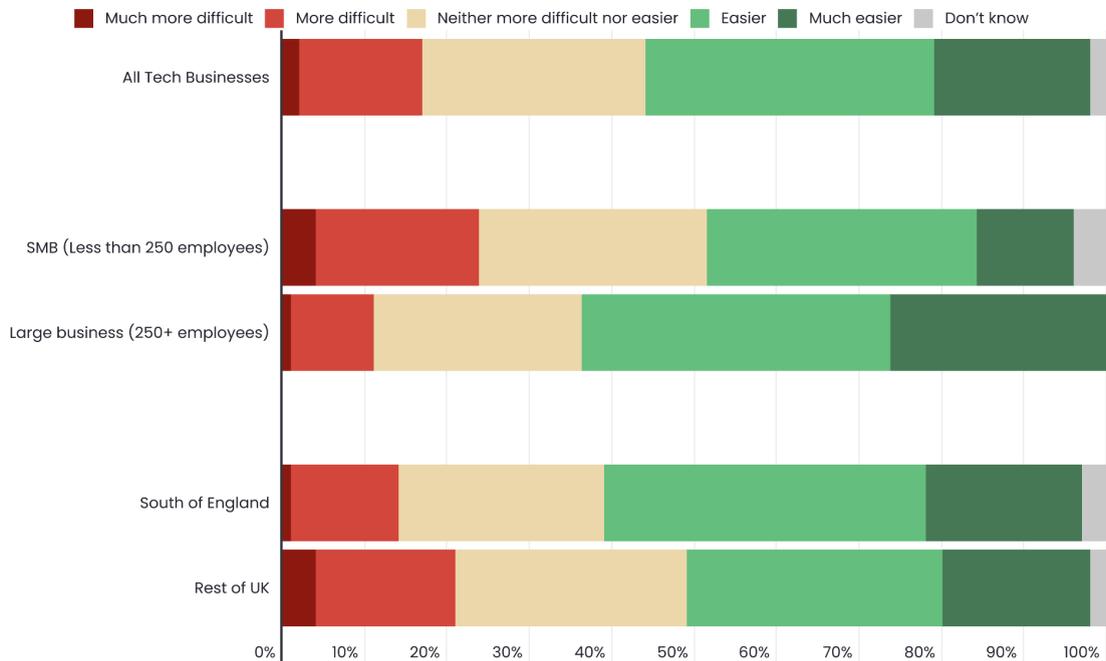
This was 18pp higher in 2025 than in 2024, when only a third of tech sector businesses said it was easier to conduct business in the UK than elsewhere (34%). This shift was most noticeable among SMEs, which increased by 20pp compared to large businesses which increased by 15pp. These shifts are likely to be relatively subtle in reality, and are largely driven by a reduced share of people providing a 'neutral' response.

Benefits and Drawbacks of Operating in the UK

Specifically, businesses identified the **ability to work with other tech companies** (50%), **access to digital infrastructure** (48%), and **access to a reliable customer base** (45%) as the major benefits of operating in the UK. This was followed by access to a skilled workforce, the strength of the UK R&D environment, and access to workforce generally as key benefits.

Generally SMBs and Large businesses identify the same key benefits of operating in the UK (to varying degrees), although larger businesses are *more likely* to identify the R&D environment in the UK as a key benefit (56% vs. 33%), and the **quality of office locations** as a key benefit (44% vs. 30%).
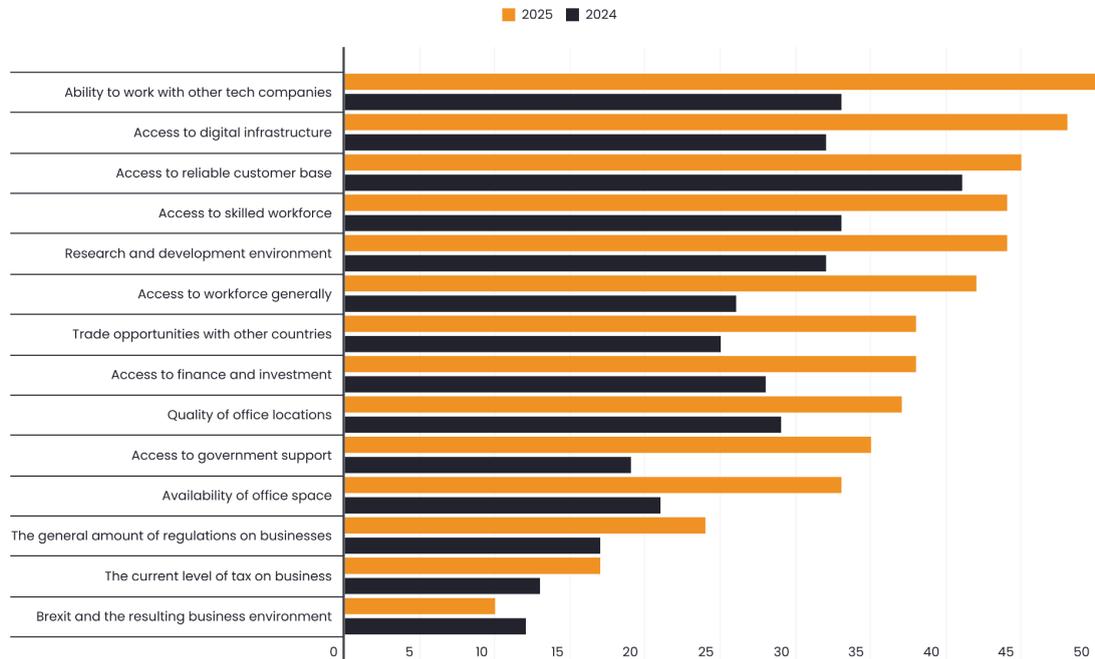
Compared to 2024, we see that *all* options are more likely to be identified as benefits - implying a generalised improvement in overall business confidence is affecting responses in this area.
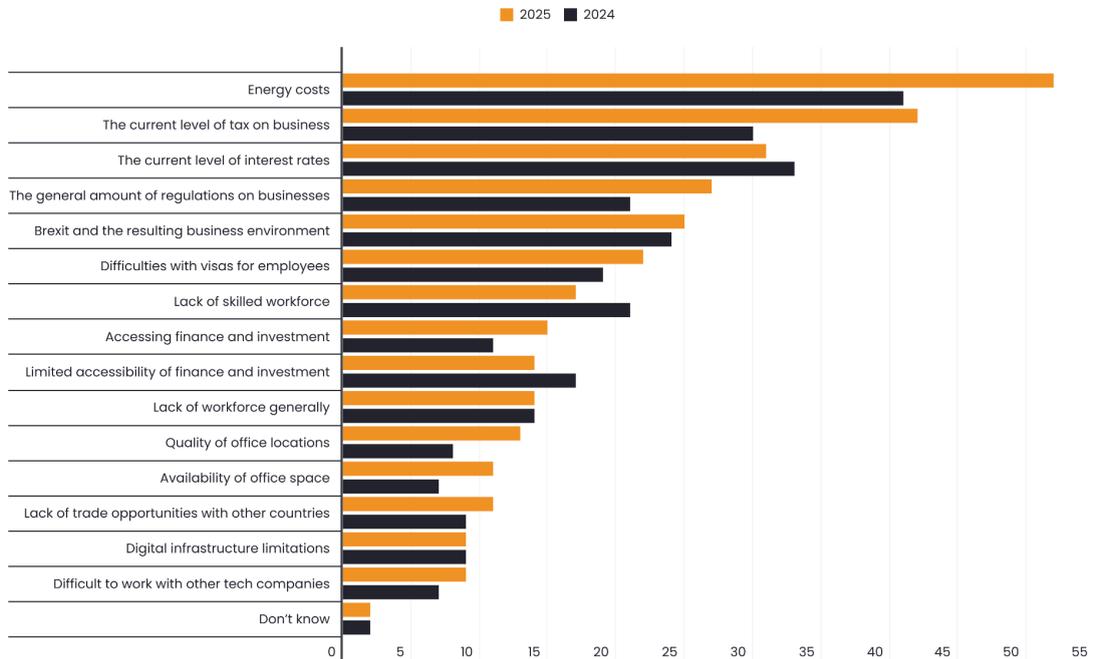
In contrast, tech sector businesses identified **energy costs** (52%) as the single greatest weakness of operating in the UK, followed by the **current level of tax on businesses** (42%). This was followed by concerns such as the current level of interest rates and the general amount of regulations imposed upon businesses.

SMBs and Large Businesses are equally likely to identify energy costs as the single greatest weakness of the UK business landscape - although large businesses are more likely to be concerned by the tax burden (48%) than SMBs (37%). Larger businesses are also, as anticipated, more likely to say the difficulty of obtaining visas for employees is a weakness of the UK economy - tying into our general finding that around a fifth of tech sector businesses identify **difficulties obtaining visas for employees** and/or **lack of a skilled workforce** as key issues they face operating in the UK.

The same weaknesses were identified as the biggest weaknesses of operating in the UK in 2024 - although the proportion of tech sector businesses identifying **energy costs** as the biggest weakness has risen by 11 percentage points (from 41% to 52%), and the share identifying the **current level of tax on businesses** as a weakness of operating in the UK has risen by 12 percentage points (from 30% to 42%) - likely reflecting increased concern among businesses over tax rises such as the rise in Employers National Insurance payments.

What are the greatest weaknesses of operating in the UK?
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Legend: 2025, 2024

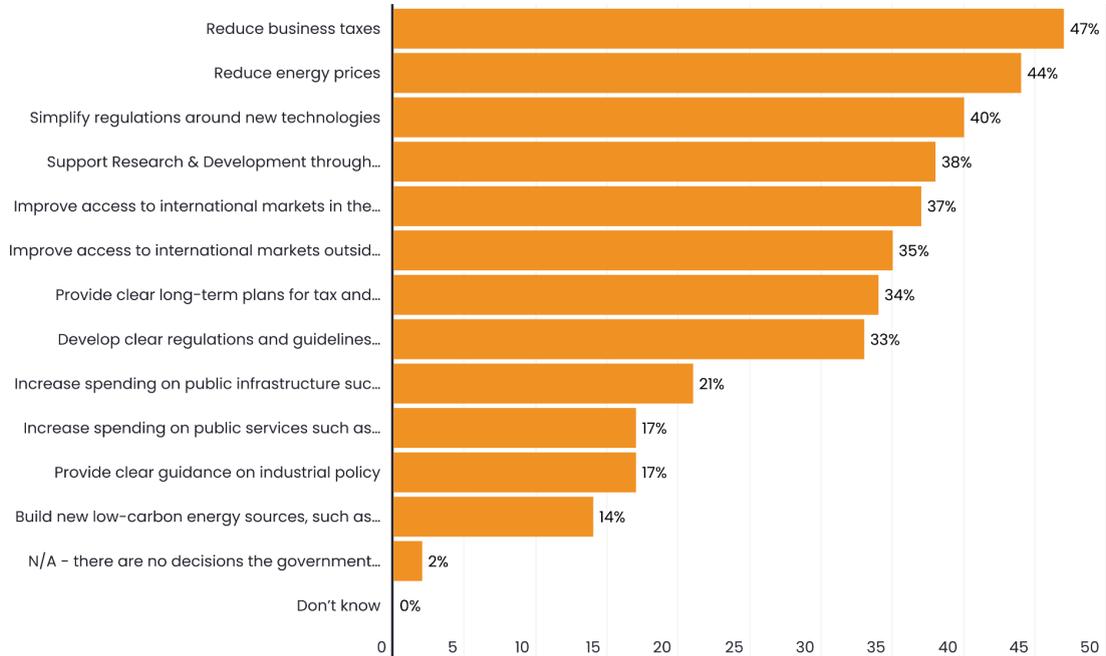| Category	2025	2024
Energy costs	53	42
The current level of tax on business	43	31
The current level of interest rates	32	34
The general amount of regulations on businesses	28	22
Brexit and the resulting business environment	26	25
Difficulties with visas for employees	23	20
Lack of skilled workforce	18	22
Accessing finance and investment	16	12
Limited accessibility of finance and investment	15	18
Lack of workforce generally	15	15
Quality of office locations	14	9
Availability of office space	12	8
Lack of trade opportunities with other countries	12	10
Digital infrastructure limitations	10	10
Difficult to work with other tech companies	10	8
Don't know	3	2

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Action the Government can take

When we asked tech sector businesses what actions the UK government can take to help support business growth over the next five years, the most commonly cited action was to **reduce business taxes** (47%), followed by **reduce energy prices** (44%) - again reflecting the largest concerns businesses identified when thinking of the UK business environment in general.

Larger businesses (48%) are much more likely than SMBs (33%) to identify **simplifying regulations around new technologies** as one of the most important actions the government could take - although for both this is the third most selected option.

Decision	%
Reduce business taxes	47%
Reduce energy prices	44%
Simplify regulations around new technologies	40%
Support Research & Development through…	38%
Improve access to international markets in the…	37%
Improve access to international markets outsid…	35%
Provide clear long-term plans for tax and…	34%
Develop clear regulations and guidelines…	33%
Increase spending on public infrastructure suc…	21%
Increase spending on public services such as…	17%
Provide clear guidance on industrial policy	17%
Build new low-carbon energy sources, such as…	14%
N/A - there are no decisions the government…	2%
Don't know	0%

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When we asked businesses to select **one single option** - reduce business taxes was the single outlier (25%), followed by supporting research & development through funding initiatives or tax breaks (15%).

Thinking of decisions the government could take over the next year, what would be the most impactful things they could do to help support your business?

> *The government could simplify funding access, enhance tax relief and incentives, reduce regulatory burdens, invest in infrastructure and skills, and expand business support services. These measures would foster innovation, growth, and competitiveness, ultimately benefiting businesses and the broader economy.*

Large Tech Company
London

> *Investing in digital infrastructure, simplifying regulations and reducing bureaucracy, developing a skilled and adaptable workforce and encouraging innovation and entrepreneurship*

Small Tech Company
North West

> *Provide easier access to funding for AI development and products that use AI. Encourage and facilitate partnerships or just the setting up of development groups.*

Solo Entrepreneur
Scotland

> *I think the most impactful thing the government could do to support my business is invest in digital infrastructure, to enable faster and more reliable connectivity. Provide tax incentives and funding for research and development, particularly in emerging technologies like AI and data analytics.*

Large Tech Company
Yorkshire

> *Improving Infrastructure, by Investing in reliable power supply, internet connectivity, and transportation systems would enhance productivity and reduce operational costs for businesses.*
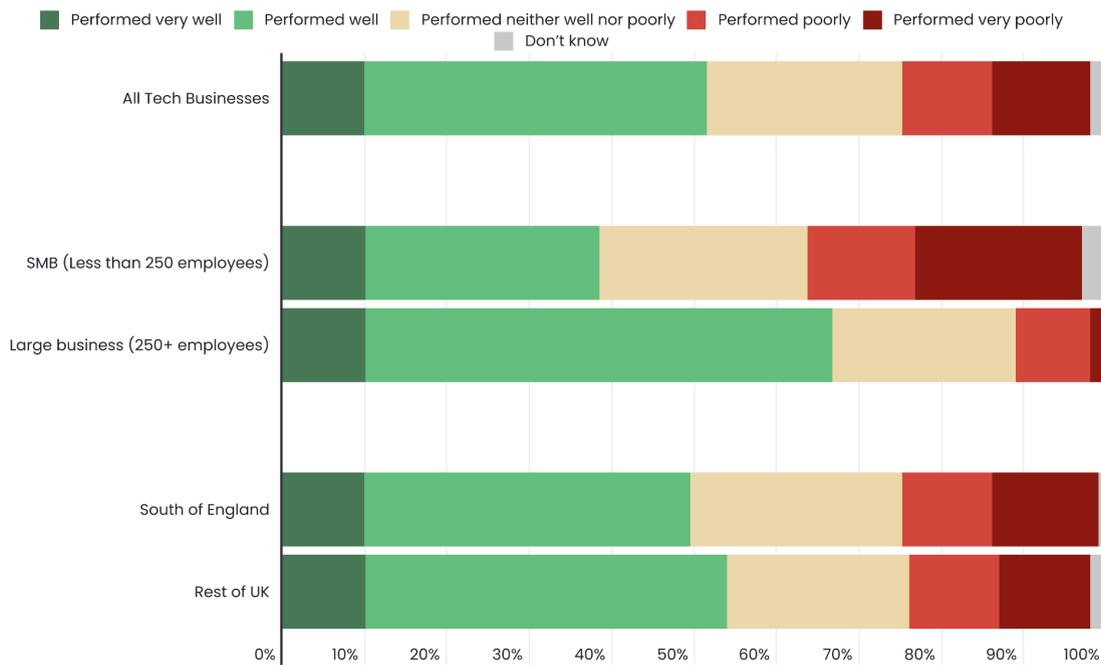
Large Tech Company
East of England

Government Performance

Tech sector businesses are more likely to say the new Labour government has performed well (52%) than poorly (23%) - although among SMBs, 38% think the government is performing well, with 33% saying they are performing poorly, with large businesses providing a reversed result, with 67% saying the government performed well, and 11% saying they performed poorly.

How do you think the new Labour Government has performed so far?
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Legend: Performed very well | Performed well | Performed neither well nor poorly | Performed poorly | Performed very poorly | Don't know

Categories: All Tech Businesses, SMB (Less than 250 employees), Large business (250+ employees), South of England, Rest of UK
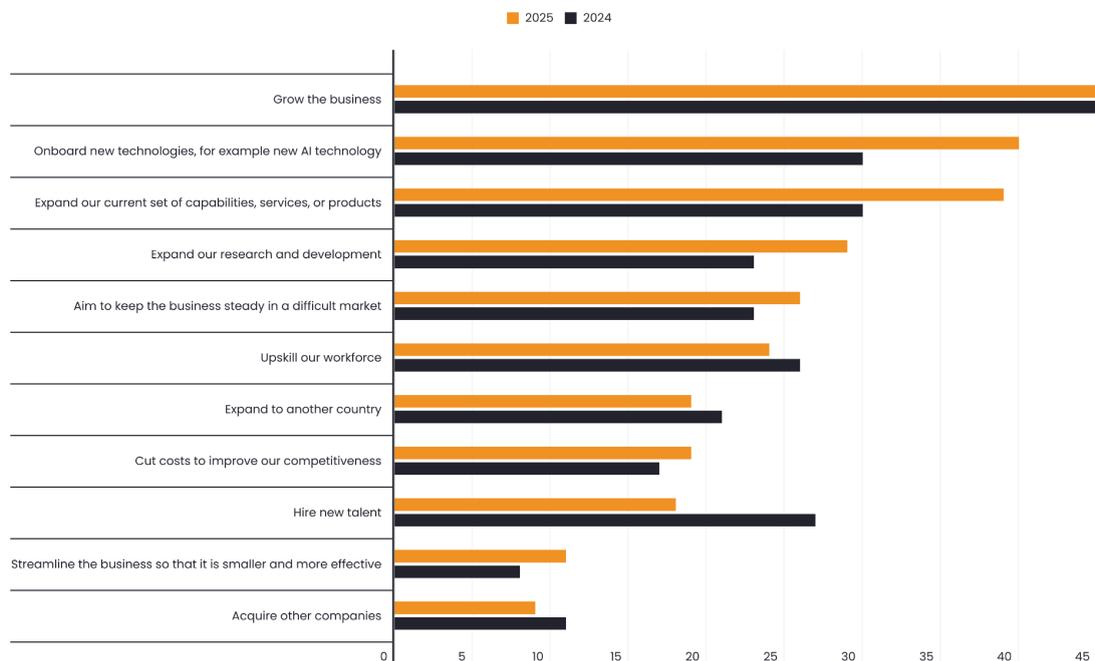
Ambitions for Tech Sector Businesses

Tech Sector businesses identify a desire to **grow their business** (45%), **onboard new technologies** (40%), and **expand their current capabilities, services, or products** (39%) as their greatest ambitions for the next five years.

With the exception of the ambition to **upskill their workforce** (SMBs: 17%; large businesses: 32%), the proportion of large businesses and SMBs that identify each as key ambitions for their business over the next five years are broadly similar.

These top ambitions remained the same from 2024 to 2025, though there have been some notable changes among secondary priorities. While the next most-cited ambition in 2024 was to **hire new talent** (27%), this was one of the least frequently cited ambitions in 2025, with **expanding research and development** (29%) taking the fourth top spot instead. Despite this, tech companies notably had little ambition to downsize their business through streamlining processes (11% in 2025, 8% in 2024) or to grow through acquisitions (9% in 2025, 11% in 2024).

Thinking about the ambitions you have for your business, which of these do you aim to do in the next 5 years? Select up to three.
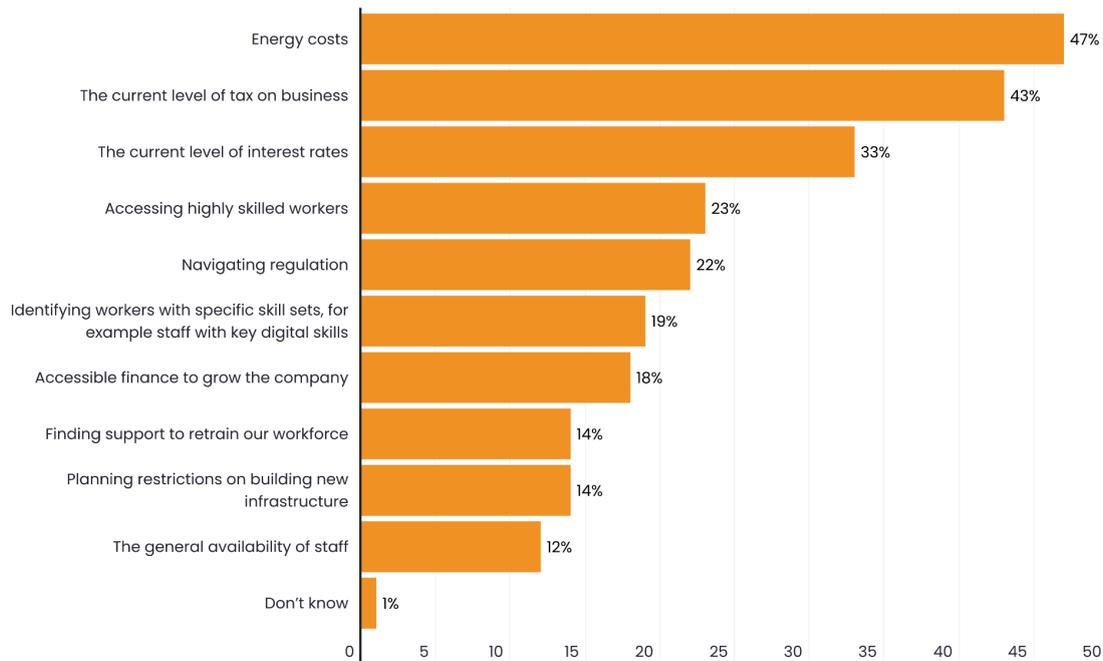Public First | Tech Sector Decision Makers | 27 January – 5 February 2025

The barriers Tech sector businesses identify to achieving their goals are broadly similar to the weaknesses they identify for the UK as a whole - **energy costs** (47%), the **tax burden on businesses** (43%), and the **current level of interest rates** (33%) are the three biggest barriers to businesses achieving their goals.

What are the main barriers you currently face to achieving your ambitions as a business in Britain? Select up to three
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Barrier	Percentage
Energy costs	47%
The current level of tax on business	43%
The current level of interest rates	33%
Accessing highly skilled workers	23%
Navigating regulation	22%
Identifying workers with specific skill sets, for example staff with key digital skills	19%
Accessible finance to grow the company	18%
Finding support to retrain our workforce	14%
Planning restrictions on building new infrastructure	14%
The general availability of staff	12%
Don't know	1%

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The top barriers were also the same between 2024 and 2025 and there was little variation across the next most commonly cited barriers. Energy costs (47%) and the current level of tax on businesses (43%) were both cited more frequently in 2025 than in 2024 (36% and 33% respectively).

Expansion across the UK and World

80% of tech sector businesses said they already have plans to expand into another market or were likely to make plans to do so in the next five year. This was roughly the same as in 2024 (77%). When asked which market they would be most likely to expand to, the United States came top with nearly half of tech sector businesses selecting it. Notably, this was 20pp higher in 2025 than in 2024 (27%).
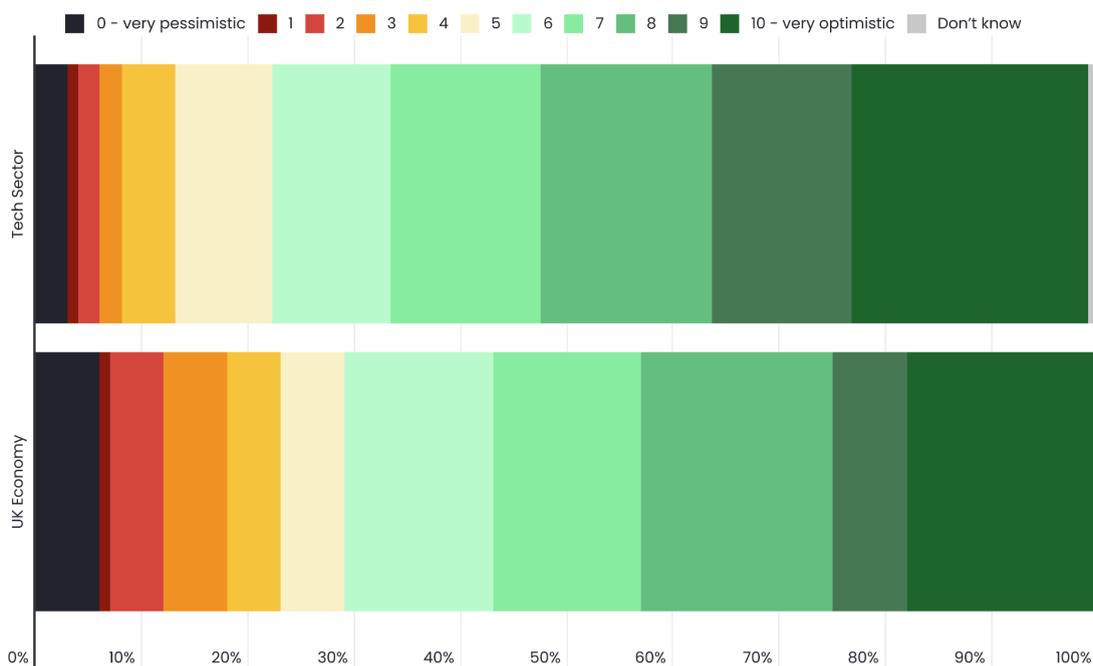
STRENGTH OF THE TECH SECTOR AND UK ECONOMY

Tech Sector businesses are generally **optimistic** about the medium-term future of the UK tech sector and UK economy - although are a little *more* optimistic about the tech sector over a 10 year period.

Over **three-quarters** (77%) of tech sector businesses told us they were optimistic about the UK tech sector, rising to **86%** of large businesses. We saw a slight reduction in optimism when asking about the UK economy as a whole - with 70% of tech sector businesses saying they were optimistic about the future of the UK economy, dropping notably to 59% of SMBs.

Thinking over the next 10 years, how optimistic or pessimistic are you about the [UK tech sector/UK economy]?

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Tech sector businesses are positive about the **relative strength** of the UK tech sector - 66% of tech sector businesses said they thought the UK tech sector would perform **better** than the tech sectors in other countries over the same period, with just 16% saying they thought it would perform worse.

We find a more mixed picture when asking about the economy as a whole - while 55% of tech sector businesses think the UK economy will perform better than its peers, almost a quarter (22%) think it will perform worse - rising to a third (33%) of SMBs.

Growth of the UK Tech Sector outside of London

In 2025, we found Manchester (62%) remained the top city outside of London that tech sector businesses identified as the most supportive of the sector's growth. The share of tech sector businesses identifying each city we tested as the best places outside of London to base themselves remained **statistically steady** between 2024 and 2025, with the exception of Edinburgh, which rose by 10 percentage points between 2024 and 2025.

When it came to the main motivating factors for tech businesses to invest further in the UK or expand their business to another location, infrastructure (50%), the availability of local talent (30%) and the number of local customers (26%) were the top drivers.

Outside of London, which UK cities do you think support and facilitate doing business in the tech sector?
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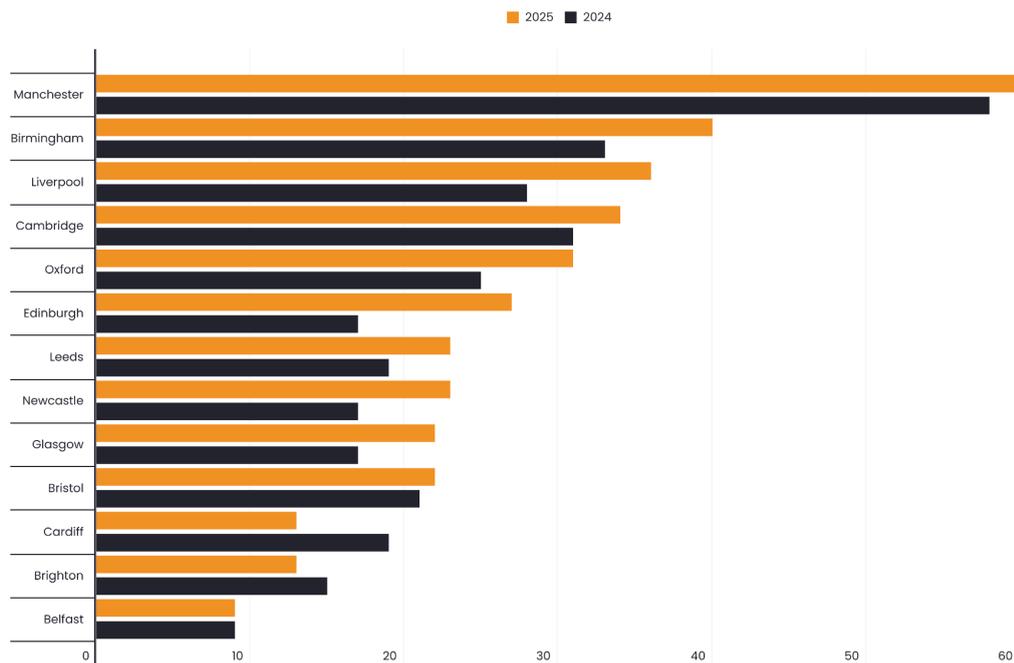
IMPORTANCE AND ROLE OF PARTNERSHIPS

Almost 9-in-10 tech sector businesses (86%) told us that they feel their partnerships are important to their success - this was substantially higher among larger tech sector businesses (98%) than SMBs (76%) which are, of course, less likely to have partnerships in the first place.

The **most important partnerships** that tech sector businesses identified were their partnerships with **other businesses in the sector** (62%), and their partnerships with the **central UK government** (43%). The importance of partnerships with the government was, as anticipated, far higher among large businesses (52%) than SMBs (32%), and we see a similar difference when asking about the role of partnerships with industry regulators.

Thinking about the partnerships your business might need to succeed, which of the following are more important? Select up to three.
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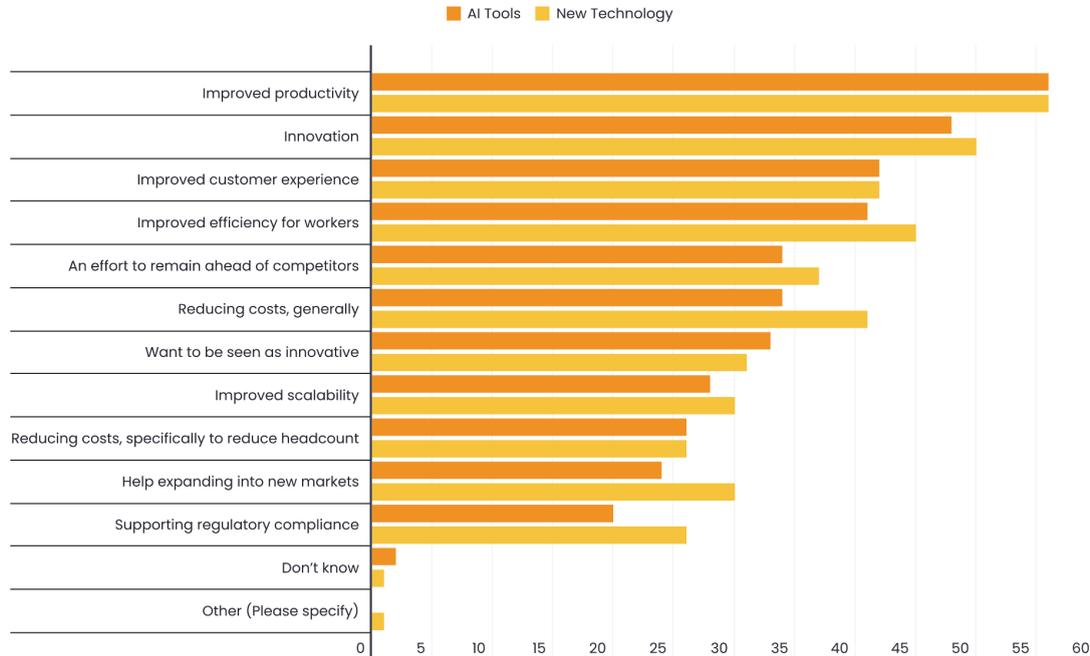

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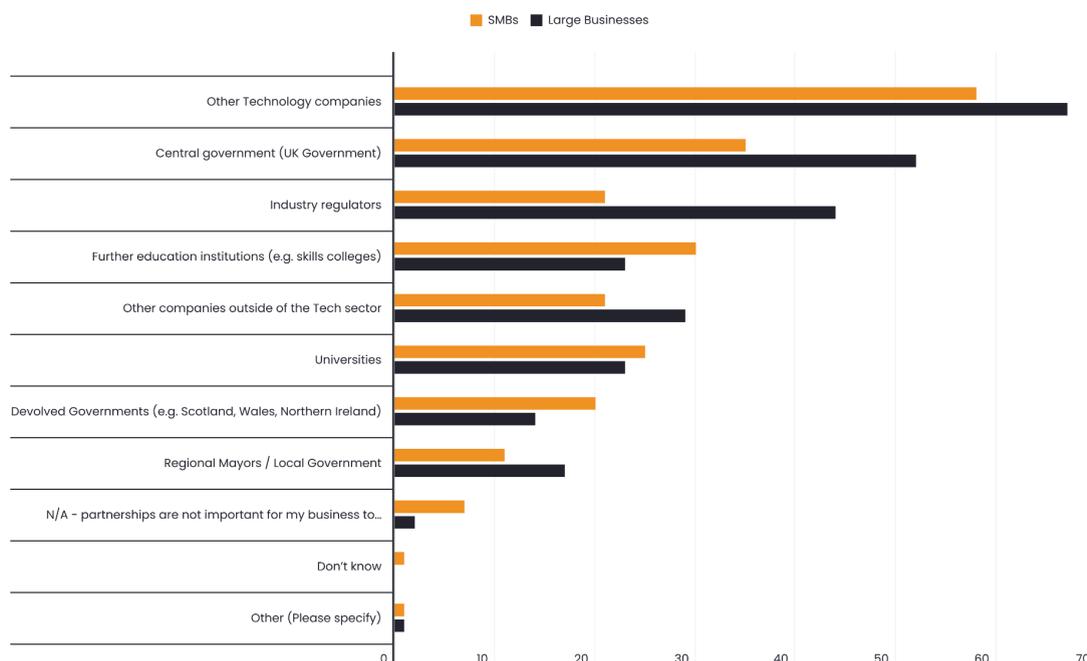
AI AND TECH ADOPTION

Adoption of AI Tools and new Technology among Tech Sector Clients

Over three-quarters (**77%**) of tech sector business leaders told us that their customers have become **more interested** in adopting AI tools in the last year - rising to **83%** of large businesses. Similarly, over three quarters (**77%**) of tech sector business leaders told us that their customers' interest in adopting *new technologies* has increased in the last year - rising to 9-in-10 (**87%**) of large businesses.

When we asked tech sector business leaders what factors are motivating their clients to adopt AI tools, we found that this was driven largely by a desire to see **increased productivity** (56%), to support greater **innovation** (48%), to **improve the overall customer experience** (42%), and to **improve the efficiency of workers** within the business (41%). Similarly, when we ask tech sector businesses about the major factors encouraging the adoption of new technologies, we find that factors such as **improved efficiency**, **opportunities for innovation**, and **improved efficiency for workers** were the major factors driving adoption.

What would you say are the factors driving these customers and businesses to adopt [AI tools/new technology]?
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In contrast, when we asked tech sector business leaders about the major barriers that their clients faced preventing or slowing down their adoption of AI tools, we find the largest barrier is **security and privacy concerns surrounding AI tools** (34%), ahead of the **complexity of AI tools** (28%), **high implementation costs** (27%), and **lack of management expertise** (27%). Large businesses (37%) are notably more likely than their SMB counterparts (30%) to identify concerns around privacy and security as major barriers that their customers face when thinking about adopting AI tools.

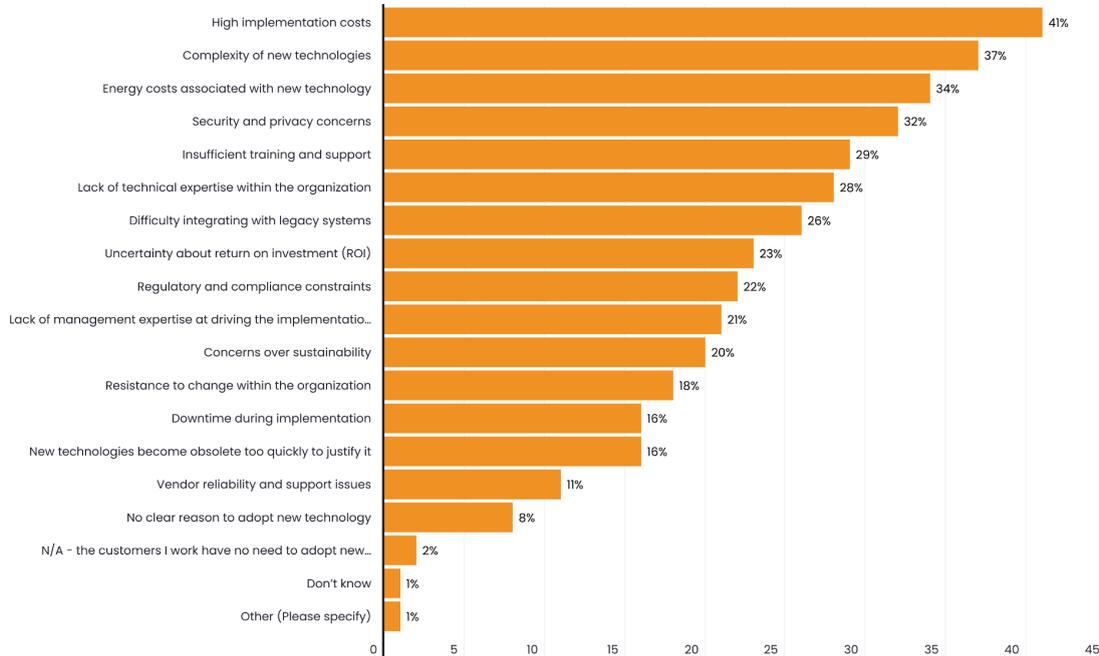| Barrier	%
Security and privacy concerns surrounding AI tools	34%
Complexity of AI tools	28%
High implementation costs of AI tools	27%
Lack of management expertise at driving the implementation…	27%
Insufficient training and support	26%
Energy costs associated with AI technology	25%
Lack of technical expertise within the organization	23%
Difficulty integrating with legacy systems	23%
Regulatory and compliance constraints	19%
Do not understand how AI tools work	17%
AI tools become obsolete too quickly to justify implementing…	16%
Uncertainty about return on investment (ROI)	15%
Downtime during implementation	15%
Vendor reliability and support issues	12%
No clear reason to adopt AI tools	10%
Concerns over sustainability	10%
N/A - the customers I work have not adopted AI tools	3%
Don't know	2%
Other (Please specify)	1%

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Similarly, when we asked tech sector business leaders which issues they think are the **most important** to be addressed in order to ease the process of encouraging their customers or clients to adopt AI technology, we found that addressing the **security and privacy concerns surrounding AI tools** (35%) is the top response, followed by improving the **level of training and support** surrounding AI tools (22%).

We found a different set of concerns presented major barriers to tech sector clients who were considering the adoption of *new technologies* in general. As opposed to concerns over privacy and security, issues such as **high implementation costs** (41%), the **complexity of new technologies** (37%), and **energy costs associated with new technology** (34%) were the major barriers that tech sector customers face.

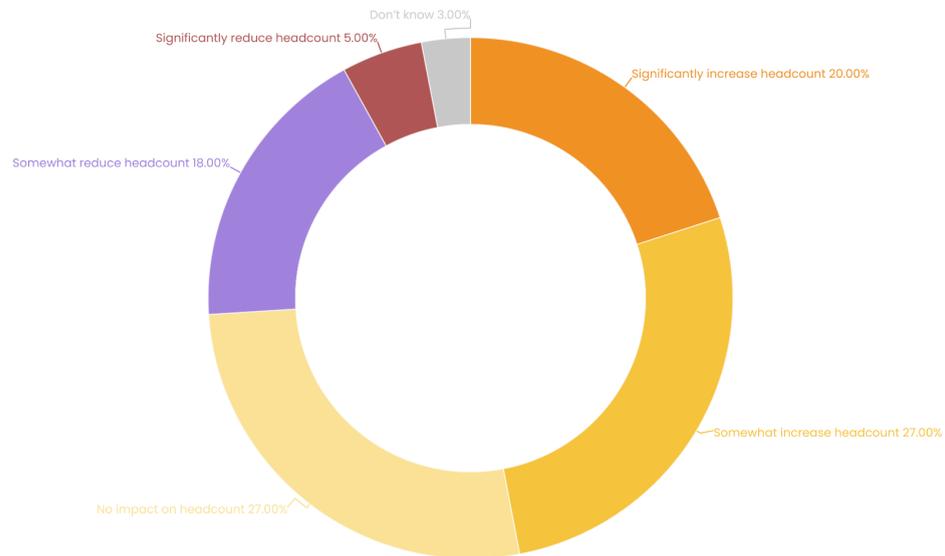| Barrier	%
High implementation costs	41%
Complexity of new technologies	37%
Energy costs associated with new technology	34%
Security and privacy concerns	32%
Insufficient training and support	29%
Lack of technical expertise within the organization	28%
Difficulty integrating with legacy systems	26%
Uncertainty about return on investment (ROI)	23%
Regulatory and compliance constraints	22%
Lack of management expertise at driving the implementatio…	21%
Concerns over sustainability	20%
Resistance to change within the organization	18%
Downtime during implementation	16%
New technologies become obsolete too quickly to justify it	16%
Vendor reliability and support issues	11%
No clear reason to adopt new technology	8%
N/A – the customers I work have no need to adopt new…	2%
Don't know	1%
Other (Please specify)	1%

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Impact of AI Adoption among Tech Sector Businesses

When we asked tech sector business leaders about the impact they think AI tools will have on their *own* businesses, we find that a plurality (**47%**) told us they thought it would **increase their headcount**, with around a quarter (**23%**) saying they think technological advances will lead to them **reducing their headcount**.

SMBs are far more likely than larger businesses to say they think advances in technology will have **no impact** on their headcount (40% vs. 12%), with both groups more likely to expect an increase in headcount over a decrease in headcount.

Think now about your own business. What impact do you think advances in technology, such as improvements in Artificial Intelligence (AI), will have on your workforce?
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Don't know 3.00%

Significantly reduce headcount 5.00%

Somewhat reduce headcount 18.00%

Significantly increase headcount 20.00%

Somewhat increase headcount 27.00%

No impact on headcount 27.00%

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