Family Business Pulse Survey

Quarter 2 2026

FAMILY
BUSINESS
UK

Introduction

Family Business UK (FBUK) is the largest independent body representing the UK's five million private & family-owned businesses. Our members make up the bedrock of British enterprise, spanning every sector of the economy, from manufacturing and retail to agriculture and professional services.

Collectively, they represent more than 90% of all private businesses, employ almost 60% of the private sector workforce, generate £985 billion in GVA, and contribute more than £400 billion in taxes.[1]

This 'Family Business Pulse' report covers the second quarter of the year and was circulated to family businesses during the prime ministerial transition period.

This Pulse provided FBUK with an opportunity to assess family businesses' experiences after three months of significant policy change, including new tax measures, employment regulation reforms, and the removal of full Business Property Relief (BPR) and Agricultural Property Relief (APR), the most significant tax change affecting the sector in a generation.

It remains clear from this latest quarterly Pulse that changes to Inheritance Tax are having a negative impact on family businesses. The data shows that Inheritance Tax is the most immediate tax concern facing family firms, alongside business rates and rising National Insurance costs.

[1] Family Business Research Foundation: 2023 edition of The State of the Nation: The UK Family Business Sector.

The FBUK viewpoint

This second Family Business Pulse survey presents a mixed picture of the current operating environment for UK family businesses.

The overall Pulse score has risen slightly from **60 to 63**, reflecting increased confidence in the UK economy following recent political change. There is also optimism that the new Government's focus on *"growth in every postcode"* and *place-based growth* will recognise and support the vital role family businesses play in communities across the UK.

We call for a new era of action and collaboration with business, alongside a more receptive approach to family firms, including a reconsideration of the changes to Business Property Relief (BPR) and Agricultural Property Relief (APR).

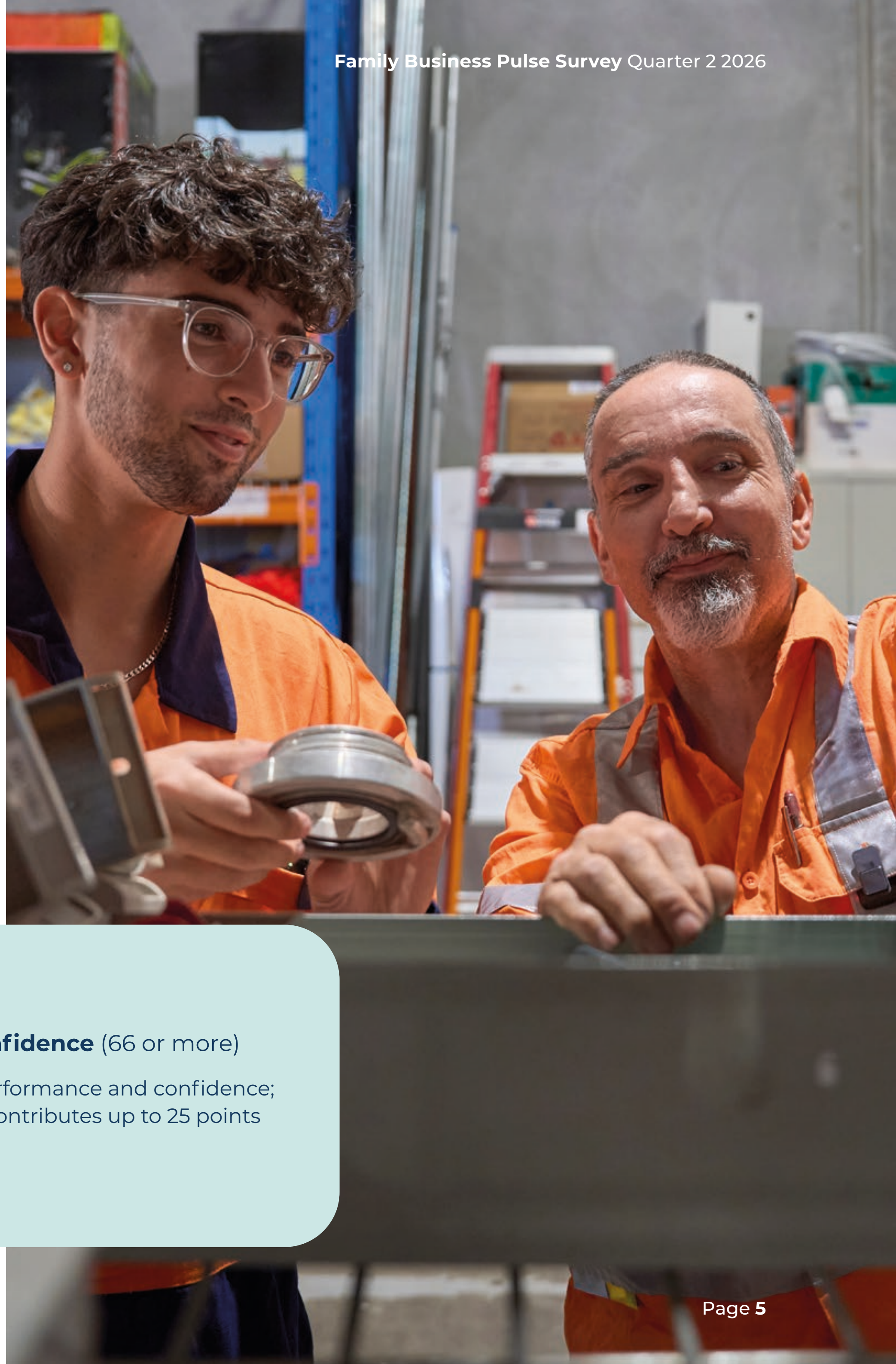
When asked about what would increase their confidence in a new Prime Minister's commitment to supporting family businesses [during his first 100 days], more than half (52%) said they wanted the new Prime Minister to address falling confidence, investment and employment by reversing the changes to BPR and APR, and to rule out increasing other taxes on business ownership, succession and investment.

FBUK is keen to work with Government to create employment opportunities for those furthest from the labour market, and family businesses stand ready to play their part. However, the Government must also listen to the concerns of family firms, many of which are pausing or cancelling recruitment plans because of the changes to BPR.

FBUK calls on Government to reintroduce full Business Property Relief and Agricultural Property Relief to support continuity of family ownership. Restoring 100% Business Property Relief, with no upper thresholds, would raise additional tax revenues for the Treasury by unlocking investment, driving business growth, and creating and sustaining jobs across the economy.

Furthermore, we call on Government to hold open and meaningful discussions on the policy in the short term, examining the behavioural and economic impacts on family businesses. This would provide Government with a clearer understanding of the consequences of the changes and allow for an informed reassessment of the policy.

Family business ‘Pulse’ score



The second quarterly *Family Business Pulse* reads a score of **63 out of 100 – demonstrating medium levels of confidence.**

This Pulse Score is based on four index questions, each aligned to a core pillar of Family Business UK’s work. Each question is weighted equally at 25 points, creating a total index score out of 100.

To support analysis, we group results into three categories (low, medium and high confidence) to enable comparison across performance levels and highlight key behavioural differences.

Scoring system

Low confidence (50 or less) **Medium confidence** (51-65) **High confidence** (66 or more)

The index covers four key areas: i) family ownership and succession; ii) business performance and confidence; iii) investment, growth and innovation; iv) confidence in the economy. Each area contributes up to 25 points to the overall score.

The score of ‘63’ rose by 3 points from a ‘60’ score in the first quarter of 2026.

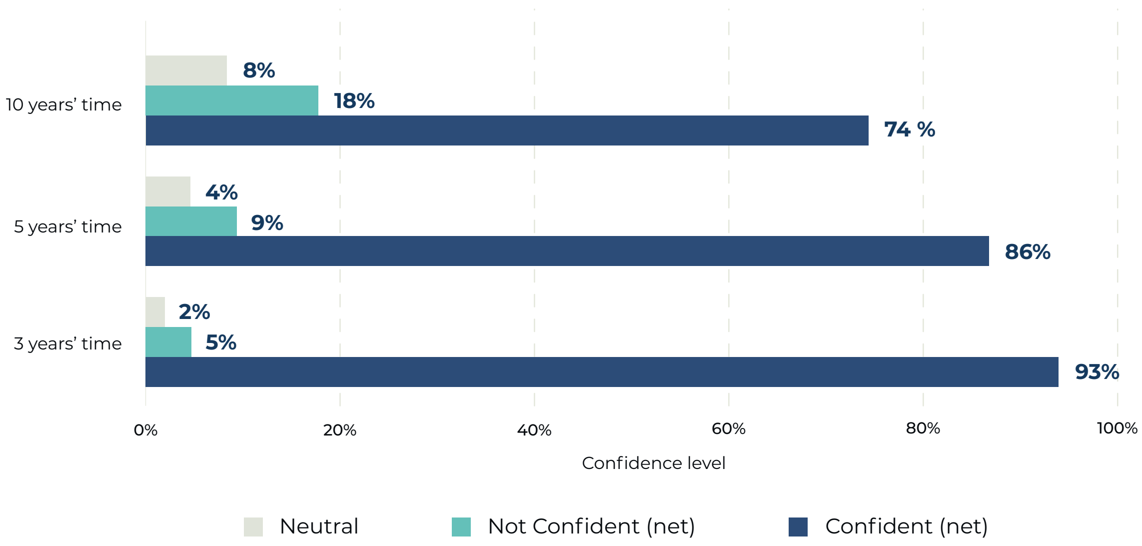
Family Business Confidence

Looking specifically at family ownership, confidence remains high in the short term, with 93% of respondents believing their business will still be family-owned in three years' time, although this has fallen slightly from 95% in Q1. Longer-term confidence remains unchanged from Q1, with 74% expecting their business to remain family-owned in ten years' time.

FBUK has recently undertaken work on mid-market scale-up businesses.[2] These regionally rooted enterprises have the capacity to grow but are being held back by a policy environment that was not designed with their needs in mind.

A deeper analysis of this family business pulse data reveals a clear difference by business size: 69% of firms with 10 to 99 employees are confident they will remain family-owned over the next decade, compared with 87% of businesses employing more than 500 people.

Fig. 1. How confident, if at all, are you that your business will remain family-owned over the next 3, 5 and 10 years?



[2] Analysis sheds new light on mid-market, scale-up family businesses – FBUK https://familybusinessuk.org/analysis-sheds-new-light-on-mid-market-scale-up-family-businesses/

Growth prospects

Family business owners continue to demonstrate strong confidence in their own organisations. Some 87% of family businesses said they were confident about their prospects over the next 12 months, up slightly from 84% in Q1.

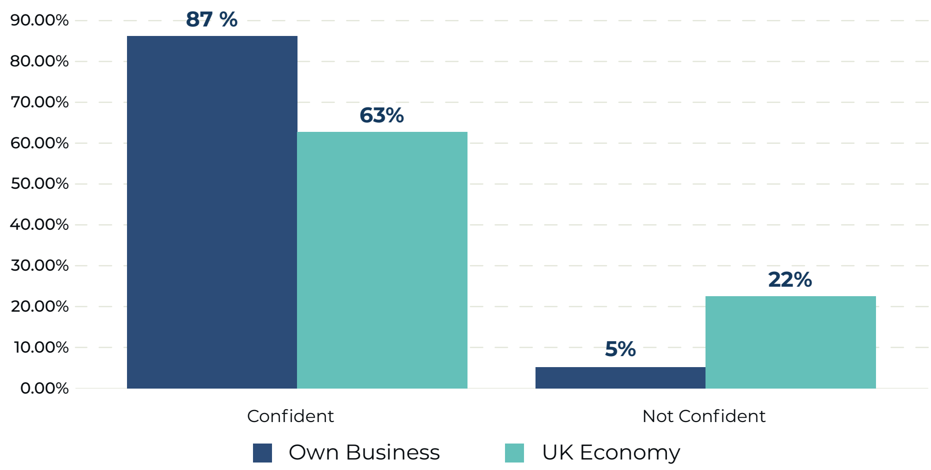
Confidence in wider UK economic growth has risen significantly over the last quarter. Almost two-thirds (63%) of family firms said they were confident about the growth of the UK economy over the next 12 months, compared with 48% in Q1.

The net confidence score for the UK economy in Q2 (the proportion confident minus the proportion not confident) stands at +40%, compared with +17% in Q1.

Family businesses in the North and Yorkshire and the Humber were the most optimistic about UK economic growth, with 70% expressing confidence in the economy over the next 12 months, compared with 60% of businesses based in Greater London and the South East.

Smaller family businesses are less optimistic about the UK's growth prospects. Just 37% of micro-businesses said they were confident about economic growth, compared with 78% of businesses employing more than 250 people.

Fig. 2. How confident are you about the growth prospects of your business and the UK economy over the next 12 months?



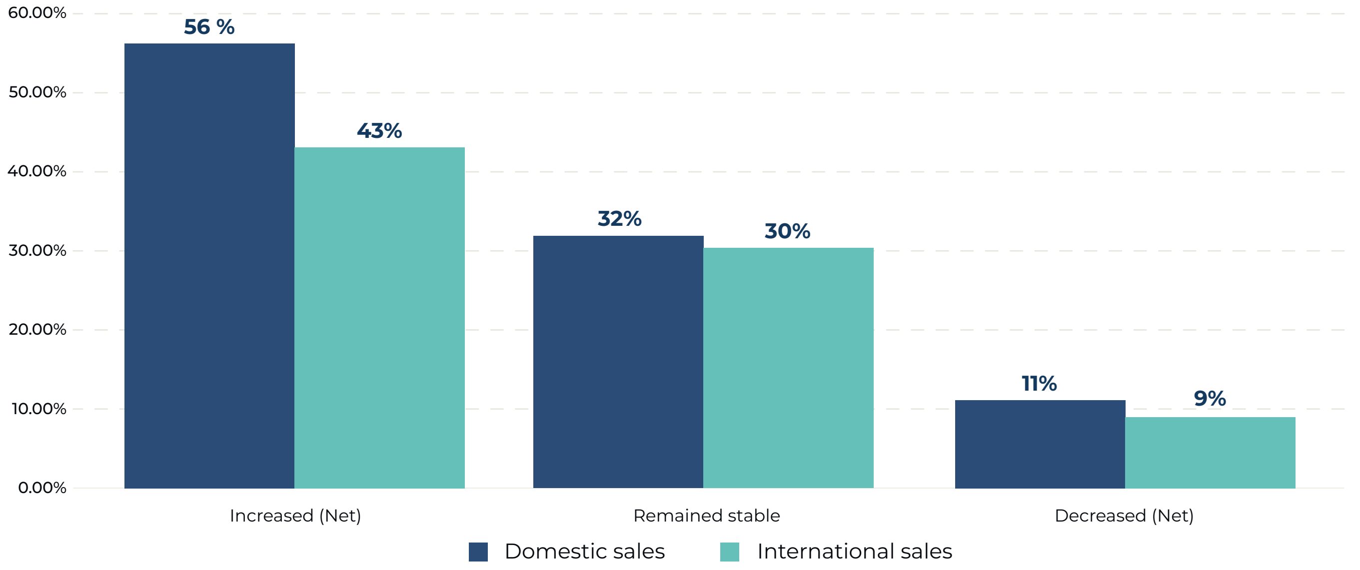
Business sales

Our survey found that 82% of family businesses trade internationally. Among these businesses, 43% reported an increase in the value of their international sales over the last quarter, compared with 31% in Q1 (see Fig. 3 below).

Domestic sales also showed continued growth, with 56% of businesses reporting an increase, up from 50% in Q1. The net domestic sales score stood at +45% this quarter.

Sales performance varied by business size. The net domestic sales score for small businesses (1 to 49 employees) was +36%, compared with +49% for medium-sized businesses and +59% for larger businesses employing more than 250 people.

Fig. 3. How did your sales perform over the last quarter against your predicted forecasts?



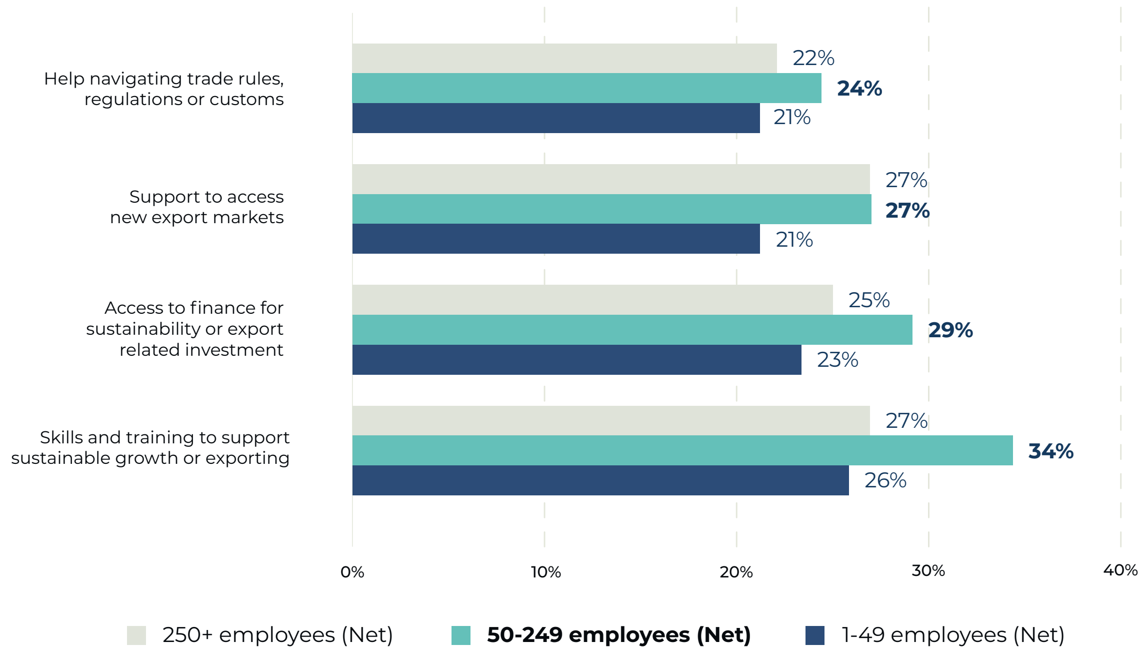
Business support

When asked which types of business support would help their business grow over the next 12 months, family businesses were most likely to identify support for innovation and the development of new products or services (31%), investment in more sustainable technologies (30%), and skills and training to support sustainable growth and exporting (29%).

A mid-market need for export business support

Further analysis in Fig.4. shows that over the next year, medium-sized family businesses (50 to 249 employees) were significantly more likely than both their smaller and larger counterparts to identify a need for skills and training to support exporting. Medium-sized family firms are also more likely to need support in accessing finance for export-related investment, assistance in navigating trade rules, regulations and customs requirements, and support to access new markets.

Fig. 4. Export-related business support over the next 12 months

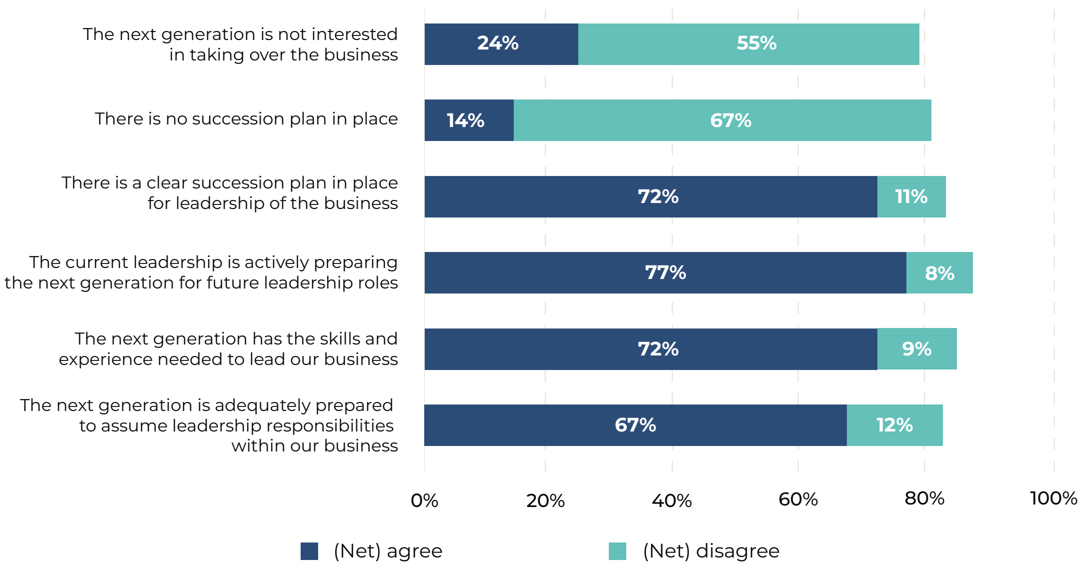


Business succession

As Fig.5 shows, similar to the Q1 2026 results, almost three-quarters (72%) of family businesses have a clear succession plan in place.

The findings indicate that current leaders are actively preparing the next generation for future leadership positions. The net agree/disagree score for this measure increased to +69% in Q2, up from +62% in Q1.

Fig. 5. To what extent do you agree or disagree with the following statements about leadership succession in your family business?



Business planning

Family businesses are prioritising productivity and innovation in their business planning, with 97% implementing at least one of the measures identified in Table 1 below.

More than a third (35%) are automating processes or introducing AI solutions, while a similar proportion (34%) are investing in new technology and digital skills development. In addition, one in three (33%) are is focused on improving operational processes and workflow efficiency.

The most notable increase since Q1 has been in efforts to strengthen leadership and management capability. This rose from 19% in Q1 to 28% in Q2, highlighting a growing focus on developing leadership capacity within family businesses.

Table 1. Over the next 12 months, what areas, if any, are your family business focusing on or planning to focus on? (Select all that apply)

The key areas of focus for family businesses' planning over the next 12 months.	%
Automating processes or adopting AI	35%
Investing in new technology or digital tools	34%
Improving processes or workflow efficiency	33%
Upskilling the workforce	31%
Improving data systems or digital infrastructure	29%
Improving leadership and management capability	28%
Expanding training and development	25%
Strengthening supply chain management	23%
Reviewing organisational structure	23%
Investing in equipment or machinery	22%
Better use of apprenticeships or talent pipelines	21%

Tax factors

The three tax factors currently having the greatest immediate impact on family businesses are business rates (35%), employer National Insurance Contributions (NICs) (29%), and Inheritance Tax changes (27%).

Almost half (49%) of businesses in the retail, catering and leisure sectors identified business rates as the tax measure having the greatest impact on their business.

Looking ahead, the forms of tax support most likely to help family businesses grow over the next 12 months are Inheritance Tax reform (37%), business rates reform (37%), and reductions in employer NICs (36%).

Changes to Business Property Relief (BPR) and Agricultural Property Relief (APR) remain a significant concern, ranking among the three most frequently selected responses for both immediate tax pressures and future tax support priorities.

More than four in ten (41%) small family businesses identified business rates as their most pressing immediate tax issue.

Among large family businesses, 30% said the Growth and Skills Levy (previously the Apprenticeship Levy) was having the greatest negative impact on their business. Only employer NICs (38%) and Inheritance Tax changes (38%) were cited more frequently.

For medium-sized family businesses, Business Rates (33%) and the National Living Wage/National Minimum Wage (28%) were identified as the most pressing cost and tax-related challenges facing their businesses.

Looking ahead, half (50%) of large family businesses said that Inheritance Tax reform would be among the measures most likely to support growth over the next 12 months. An equal proportion (50%) also identified a reduction in employer National Insurance Contributions (NICs) as a key factor in supporting business growth during the coming year.

BPR / APR

Approaching two-thirds (58%) of family firms have been affected by the changes to Business Property Relief (BPR) and Agricultural Property Relief (APR) since April 2026. This represents an increase from the previous quarter, when half (51%) said they expected to be affected. A third (33%) of businesses reported that they had sought legal or professional advice over the past 12 months.

Only 18% of family businesses said they do not plan to take any action over the next 12 months in response to the changes, compared with 32% in Q1.

All family businesses:

- The changes to BPR and APR continue to have a negative impact on jobs and investment.
- Over the past 12 months, almost a quarter (24%) of firms have paused or cancelled investment plans, up from 15% in Q1.
- Over the same period, 23% of businesses have either reduced their workforce or paused recruitment. Looking ahead, one in five firms (20%) expects to continue freezing recruitment or reducing headcount over the next 12 months.
- More than one in ten businesses (11%) expects to downsize over the next year as a result of the changes, up from 7% in Q1.

Medium and large family businesses most affected

Medium and large family businesses remain the most affected by the proposed BPR changes. Nearly two-thirds (65%) of firms employing more than 50 people report that they have been negatively impacted by the reforms.

Employment intentions

The net employment score for expected direct employment over the next 12 months (the proportion expecting to increase employment minus those expecting to decrease it) stands at +48% in Q2, up from +31% in Q1.

Fig.6 shows that family businesses remain broadly optimistic about employment prospects over the next 12 months, with 55% expecting to increase their workforce, compared with 41% in Q1.

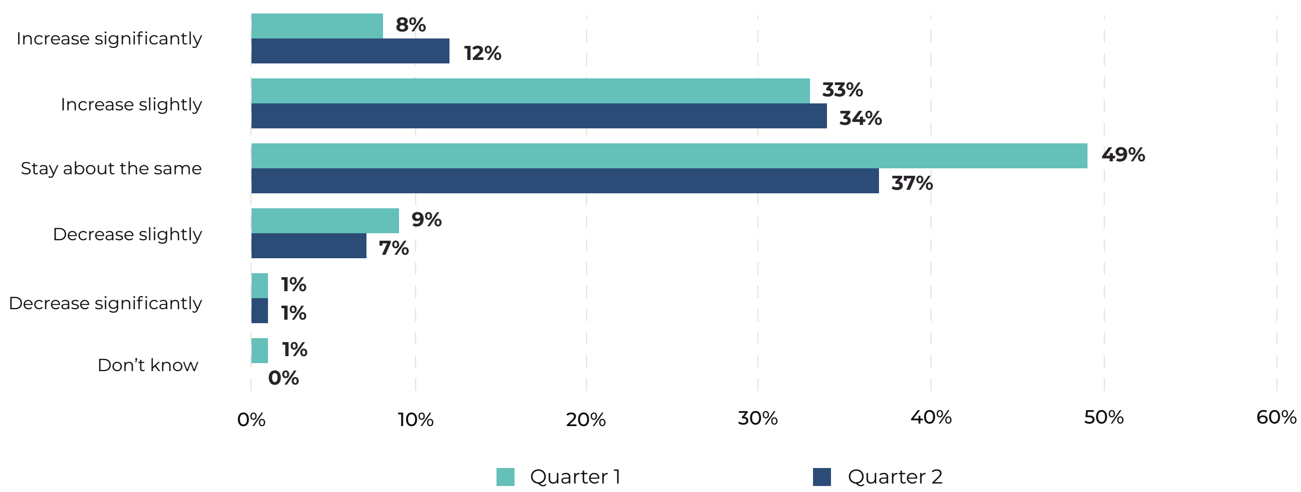
However, the majority of those planning to recruit anticipate only modest growth. Of the businesses expecting to increase employment, 79% expect to make a 'slight' increase to staff numbers, while just 21% anticipate a 'significant' expansion of their workforce.

Businesses continue to face a range of barriers to hiring. The most significant challenges are rising employment costs (38%), high wage expectations (34%), a shortage of candidates with the right skills (28%), and uncertainty about future demand (26%). These pressures should also be considered alongside the continuing impact of the changes to Business Property Relief (BPR) and Agricultural Property Relief (APR), which are influencing recruitment decisions across many family businesses.

The regulatory and administrative burden associated with hiring has increased notably, rising from 19% in Q1 to 28% in Q2. This reflects the growing complexity of recruitment following recent changes to employment rights legislation.

Among large businesses, 46% identified regulatory complexity as the greatest barrier to hiring.

Fig. 6. Over the next 12 months, to what extent do you expect to increase or decrease the number of people you directly employ in your business?



Access to finance

Family businesses rely primarily on internal sources of finance, such as retained earnings and owner capital. This is fundamental to their business model and helps explain why the proposed changes to BPR and APR are so damaging. Capital that would otherwise be invested in creating jobs, developing skills and training, and driving business growth will instead need to be retained to meet additional Inheritance Tax liabilities.

Table 2 show a gradual increase over the last year in use of access to external funding options, including debt finance (such as loans and credit facilities) and equity investment from external investors.

In Q2, 45% of family businesses that sought equity finance said it was easy to access, compared with 32% in Q1. At the same time, only 19% reported not accessing equity finance, down from one-third (33%) of respondents in Q1.

Access to equity finance appears to be particularly strong among larger firms. Nearly half (49%) of medium-sized businesses said they found it easy to access equity finance, rising to almost two-thirds (63%) of large businesses.

Table 2. Over the past 12 months, how easy or hard did you find it for your family business to access finance?

Funding source	Easy (Net)	Hard (Net)	Neutral	Not applicable
Internal funding	55%	11%	29%	5%
Debt financing	46%	14%	26%	14%
Equity financing	45%	12%	24%	19%
Government grants	38%	22%	24%	16%
Other forms of finance	34%	10%	34%	22%

About the research

The research was commissioned by FBUK and conducted by Censuswide. The sample comprised 536 family business owners and senior decision makers surveyed between Friday 10 July and Wednesday 22 July 2026.

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About Censuswide

Censuswide is a global market research consultancy helping brands, agencies and organisations make smarter business, marketing and communications decisions through high-quality consumer and B2B research. We combine robust methodology with strategic thinking to deliver actionable insights that power content marketing, thought leadership, PR, strategic audience insight, brand tracking and message testing. Trusted by organisations around the world, we help clients turn data into stories, strategies and measurable business impact.

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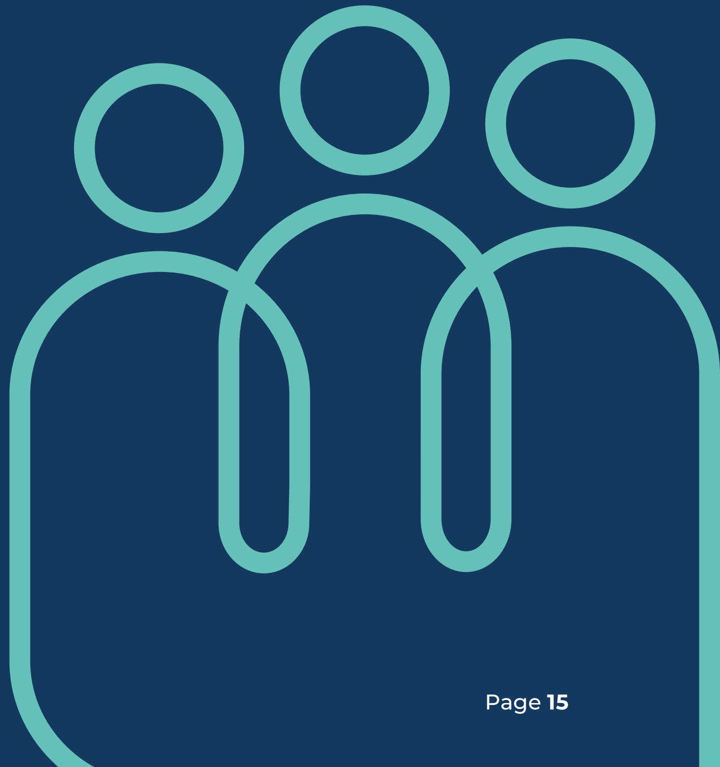

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