News Release
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S&P Global UK Services PMI®

Service sector growth eases to a five-month low

September 2025

Slower increases in output and new orders in September

Employment falls at faster pace

Strong input cost inflation persists

UK service providers achieved a marginal expansion of business activity in September. However, the rate of growth eased sharply since August amid sluggish demand conditions.

Weak sales pipelines and pressure on margins from sharply rising staff costs contributed to another marked decline in service sector employment. Lower staffing numbers have been recorded throughout the past 12 months.

At 50.8 in September, the seasonally adjusted S&P Global UK Services PMI Business Activity Index eased considerably from August's 16-month high (54.2). The headline index has posted above the neutral 50.0 threshold in each month since May, but the latest reading was the weakest over this period and indicated only a modest rise in activity.

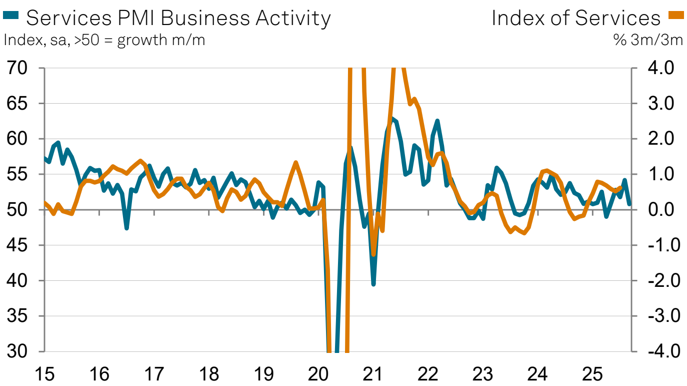
Some firms noted that a tentative upturn in workloads has boosted output, while others cited the impact of investments in new product development and long-term expansion plans. However, there were also many reports that subdued economic conditions and elevated market uncertainty had acted as a brake on business activity growth.

Incoming new work increased only slightly during September and at a much slower rate than in the previous month. Survey respondents widely commented on clients' reluctance to commit to new orders, which was often due to rising political and economic uncertainty. A number of service providers reported that uncertainty ahead of the Autumn Budget had led to delayed spending decisions.

Export sales meanwhile reversed course in September, having expanded at the fastest rate for 10 months in August. Challenging conditions across global markets were frequently cited by those reporting a decline in new work from abroad.

Backlogs of work were depleted in September, with the rate of decline accelerating to its fastest since May. Service providers commented on a lack of pressure on business capacity due to weaker-than-expected demand. As a result, cautious staff hiring strategies persisted across the service economy, with firms often noting a reduced headcount from the non-replacement of voluntary leavers. Many survey respondents also highlighted the impact of elevated payroll costs.

September data indicate another sharp increase in average



Data were collected 11-26 September 2025.

Sources: S&P Global PMI, ONS via S&P Global Market Intelligence. © 2025 S&P Global.

Comment

Tim Moore, Economics Director at S&P Global Market Intelligence, said:

"UK service providers experienced a disappointing end to the third quarter as weak consumer confidence, delays to business spending decisions and falling exports all weighed on demand. Business activity expansion hit a five-month low, while new order gains were much softer than the 11-month high seen in August.

"Consequently, this summer's acceleration in output growth is now looking like a flash in the pan as elevated political and economic uncertainty has reasserted itself as a constraint on service sector performance. Many survey respondents suggested that corporate clients had deferred spending decisions until after the Autumn Budget, while households were also hesitant about major purchases.

"Outside of the UK, service providers were unable to escape challenging market conditions. Total new work from abroad returned to contraction territory in September. Lacklustre demand across Europe was a common theme reported by survey respondents.

"Another round of job cuts followed in the wake of the subdued service sector performance during September, which marked 12 months of falling employment. This was accompanied by softer growth projections for the year ahead and slightly weaker cost pressures. These signals of softening labour market conditions and easing inflationary pressures are likely to provide support to the more dovish shift in the policy debate at the Bank of England."

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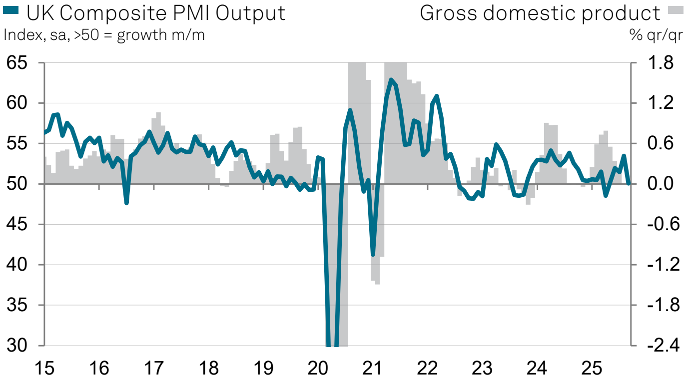

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cost burdens at service sector businesses. This was linked to greater wages, food prices, utility bills and technology costs. Although still well above the long-run survey average, the overall rate of input price inflation slipped to its second-lowest in 2025 to date. Greater competition for new work meanwhile contributed to the slowest rise in prices charged by service providers since June.

Business activity expectations were upbeat overall in September, with 46% of companies forecasting growth during the year ahead and only14% predicting a decline. Optimism levels nonetheless eased since August and were well below pre-pandemic trends. Subdued consumer confidence, risk aversion among businesses, and worries about near-term UK economic growth prospects were all cited as factors weighing on year ahead expectations.

S&P Global UK Composite PMI®

At 50.1, down from 53.5 in August, the seasonally adjusted S&P Global UK PMI Composite Output Index dropped to its lowest level for five months and signalled broadly unchanged volumes of business activity across the private sector economy.

Service sector activity increased marginally in September, but manufacturing production fell to the greatest extent for six months.

Total new work returned to contraction in September, following modest growth in August. This was driven by a sharp decline in manufacturing order books.

Private sector payroll numbers fell for the twelfth month running and at a solid pace. Lower employment was recorded in both the manufacturing and service sectors, reflecting subdued demand and efforts to mitigate rising costs.

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Methodology

The S&P Global UK Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 650 service sector companies. The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in July 1996.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

The headline figure is the Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline manufacturing PMI figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

Flash services data were calculated from 82% of final responses. Since January 2006 the average difference between final and flash Services Business Activity Index values is 0.2 (0.7 in absolute terms).

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

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