

# S&P Global UK Services PMI<sup>®</sup>

## Subdued service sector growth persists in December

### December 2025

Business activity expansion remains marginal

Renewed upturn in new orders

Input cost inflation accelerates to seven-month high

UK service providers indicated a rise in business activity for the eighth successive month. However, the pace of expansion was only marginal and little-changed since November. At 51.4 in December, up fractionally from 51.3 in the previous month, the headline seasonally adjusted S&P Global UK Services PMI Business Activity Index remained much weaker than its long-run trend (54.2). The index was also lower than the earlier 'flash' reading of 52.1 in December.

Survey respondents continued to report challenging business conditions, sales headwinds from subdued UK economic prospects, as well as constrained client spending linked to domestic political uncertainty. That said, some firms commented on tentative signs of a recovery in client confidence after a prolonged phase of anxiety in the lead up to the Budget.

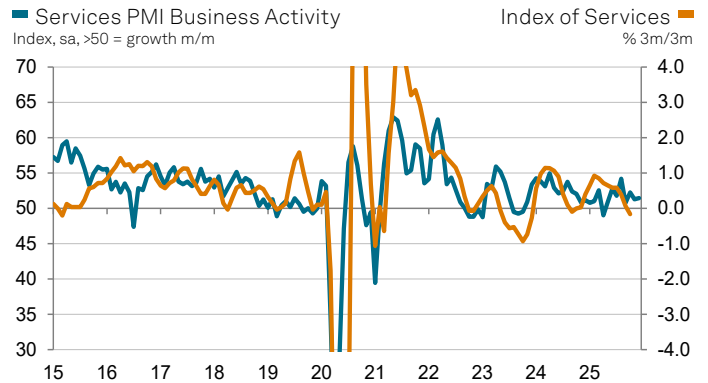
December data pointed to a renewed upturn in total new work, following a marginal decline during the previous survey period. Although only modest, the rate of new business expansion was much faster than the average seen in 2025 as a whole.

Service providers commented on improved sales pipelines in both domestic and export markets, helped by a general upturn in demand conditions. New business from abroad increased moderately in December, which ended a three-month period of decline. Anecdotal evidence often pointed to greater volumes of new work from US clients, but there were again many reports of weak EU demand.

Higher-than-expected volumes of new business contributed to an increase in backlogs of work for the first time since May 2023. Some survey respondents also commented on renewed capacity pressures at their business units, while others cited the impact of supplier delays.

Cautious hiring policies persisted at the end of 2025. Around 21% of the survey panel reported a decline in employment, while only 12% signalled a rise. The respective seasonally adjusted index pointed to an overall decline in staffing numbers for the fifteenth month in a row. There were widespread reports citing elevated pay pressures and squeezed margins as reasons for the non-replacement of voluntary leavers. Although still solid, the overall pace of job cuts moderated since November.

In contrast to the subdued picture for staff hiring, the index



Sources: S&P Global PMI, ONS via S&P Global Market Intelligence. © 2026 S&P Global.

### Comment

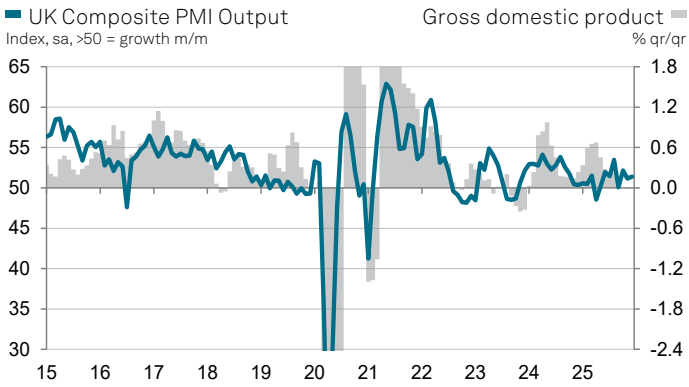
**Tim Moore, Economics Director at S&P Global Market Intelligence, said:**

*"Lacklustre business activity growth continued across the UK service sector at the end of 2025. Moreover, the speed of expansion was softer than signalled by the earlier 'flash' survey in December and lower than seen on average in the second half of the year.*

*"The most positive development was a renewed upturn in new business intakes, following a slight decline during November. Modest growth of incoming new work was attributed to tentative signs of a recovery in client confidence after an extended period of pre-Budget gloom. Order books were also supported by a marginal rebound in export sales.*

*"However, survey respondents still noted sales headwinds linked to weak UK economic prospects, alongside challenging operating conditions due to factors such as sharply rising business costs and soft demand in major overseas markets. Worries about squeezed margins and broader growth prospects contributed to another marked reduction in service sector employment during December.*

*"Meanwhile, inflationary pressures across the service economy strengthened at the end of the year. Input prices rose to the greatest extent for seven months, and output charge inflation rebounded from November's recent low, despite the subdued demand backdrop."*



measuring business activity expectations for the year ahead improved from November and was the second-highest since October 2024. Just over half of the survey panel (52%) predict an upturn in output levels over the course of 2026, while only 14% anticipate a decline. Service sector firms attributed confidence to forthcoming business investment plans, alongside lower borrowing costs and hopes of a sustained turnaround in business and consumer spending. However, there were also many reports of tight budget setting by clients and pressure on margins from rising costs. Average cost burdens rose at a sharp and accelerated pace in December. This was often linked to wage inflation and greater fuel costs. The overall rate of input price inflation was the fastest since May. Output charges also increased markedly and at a much stronger pace than November's near five-year low, despite many reports of squeezed pricing power.

## S&P Global UK Composite PMI<sup>®</sup>

The seasonally adjusted S&P Global UK PMI Composite Output Index registered 51.4 in December, up slightly from 51.2 in November and above the neutral 50.0 threshold for the eighth consecutive month.

Manufacturers and service providers both indicated marginal expansions of business activity at the end of 2025. This was supported by a moderate rebound in total new work across the private sector economy. However, employment numbers continued to fall at a solid pace.

Input price inflation accelerated for the second month running to its highest since May. Another steep increase in average cost burdens in turn led to the fastest rise in output charges for four months in December.

## Contact

Tim Moore  
Economics Director  
S&P Global Market Intelligence  
T: +44 1491 461067  
[tim.moore@spglobal.com](mailto:tim.moore@spglobal.com)

Hannah Brook  
EMEA Communications Manager  
S&P Global Market Intelligence  
T: +44-7483-439-812  
[hannah.brook@spglobal.com](mailto:hannah.brook@spglobal.com)

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## Methodology

The S&P Global UK Services PMI<sup>®</sup> 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 84% 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](mailto:economics@spglobal.com).

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