

UK Business Confidence in Project Delivery Falls Sharply as Skills Shortages and Economic Pressures Bite

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Confidence among UK business leaders in their organisations' ability to deliver projects has fallen dramatically at the start of 2026, according to new research from the Association for Project Management (APM), highlighting growing concerns around recruitment, skills shortages, investment constraints and economic uncertainty.

The findings, published in *APM's latest Business Leader Index Survey 2025/26*, paint a picture of a project environment that has shifted rapidly from optimism to caution in just a few months. After much of 2025 was characterised by strong confidence and enthusiasm around strategic transformation, the opening weeks of 2026 have exposed a more fragile operating landscape.

The quarterly survey, conducted in partnership with Censuswide, tracked the views of 500 CEOs and Managing Directors across the UK and Channel Islands throughout the year. While confidence in project delivery remained above 60% during most of 2025 and peaked at 72% in October, it dropped sharply to just 46% in January 2026.

For project professionals, the findings reinforce a broader reality already emerging across multiple sectors: delivery capability is increasingly being shaped not simply by methodology or technology, but by workforce resilience, leadership capability and organisational adaptability.

Construction confidence collapses

The downturn has not affected every industry equally.

Construction experienced the steepest collapse in confidence, falling to just 20% in January 2026, making it the least confident sector surveyed. Legal and telecoms also suffered major declines, dropping to 39% and 35% respectively. By contrast, transport and logistics and technology remained comparatively resilient, with confidence levels of 65% and 69%.

Looking at year-on-year averages, engineering recorded one of the most significant deteriorations, declining from 69% confidence in 2024/25 to 51% in 2025/26. Construction dropped from 61% to 49%, while legal fell from 69% to 53%. Technology remained the strongest-performing sector overall despite declining from 83% to 75%. Interestingly, telecoms was the only sector to show an increase over the full reporting period, rising from 61% to 70%.

The data suggests that organisations delivering large-scale transformation programmes are increasingly encountering structural pressures rather than temporary setbacks. Businesses are having to rethink how projects are funded, staffed and governed amid tightening budgets and ongoing economic uncertainty.

Sebastian Jones, Partner at Thomson Snell & Passmore, said the downturn reflected what many organisations are already experiencing operationally.

“The operating environment has tightened, and businesses are having to be more deliberate about how they structure and resource major change programmes,” he said.

Skills shortages becoming a strategic risk

One of the clearest signals from the report is the growing concern over workforce capability.

Throughout most of 2025, more than 70% of business leaders believed they had enough project professionals to deliver projects effectively over the next five years, with confidence peaking at 83% in October. By January 2026, however, that figure had fallen sharply to 64%.

At the same time, the number of leaders struggling to recruit professionals with the right skills has increased significantly. Confidence in recruitment hovered around 50% for much of 2025 before falling to just 38% in January 2026.

APM’s analysis points to several contributing factors behind the worsening skills picture: reduced investment in training, an ageing workforce, evolving digital skill requirements and uncertainty around the impact of artificial intelligence on project roles.

The result is a widening capability gap at precisely the moment organisations are under pressure to deliver increasingly complex change programmes.

Importantly, the survey suggests that business leaders are beginning to see project capability as directly

Confident organisations were more likely to cite strong professional development programmes and access to qualified project professionals as reasons for confidence, while less confident organisations identified underinvestment in skills and training as key weaknesses.

For the project profession, this represents an important shift. Delivery capability is no longer viewed simply as operational competence; it is becoming a strategic business differentiator.

Data literacy overtakes traditional project skills

Perhaps the most striking finding in the survey is the changing perception of which skills matter most.

For the first time, data literacy emerged as the single most important skill for project professionals according to business leaders.

The shift reflects the accelerating integration of AI, automation and digital tools into project environments. As organisations generate larger volumes of operational and performance data, the ability to interpret and act on information effectively is becoming critical to decision-making, forecasting and risk management.

The findings show a clear evolution in leadership priorities over the past two years. While time management remained consistently important, adaptability and flexibility overtook risk management as the second most valued skill. By January 2026, data literacy had moved to the top of quarterly rankings altogether.

Rob Windle, Managing Director of Focus HQ, described data literacy as “a core leadership capability for project managers”.

“Business leaders value this because decision quality determines delivery outcomes, risk exposure, and realised business value,” he said.

The findings suggest that project professionals are increasingly expected to combine traditional delivery skills with analytical capability, commercial judgement and technological fluency.

This reflects a broader transformation occurring across the profession. Project managers are no longer simply coordinating delivery activities; they are becoming interpreters of complex operational intelligence within fast-changing environments.

Confidence in government project delivery also weakens

The survey also revealed declining trust in the UK Government’s ability to deliver projects effectively.

Trust levels peaked at 79% in October 2025 before falling sharply to 52% by January 2026. The decline appears linked to concerns around policy consistency, public communication and economic stagnation.

Business leaders identified transparency and communication as the Government’s biggest weakness,

suggesting repeated policy reversals and uncertainty around strategic direction are undermining confidence.

The report also notes that expectations around project success are evolving. Environmental and sustainability considerations increasingly influence perceptions of successful delivery, even where projects meet traditional measures such as time and budget performance.

This creates a more complicated delivery environment for both public and private sector project teams. Success is no longer assessed purely through operational metrics; reputational, social and environmental outcomes are becoming equally important.

Leadership emerges as the stabilising factor

Despite the difficult start to 2026, there are signs confidence may already be recovering.

Preliminary April 2026 survey data indicates that 87% of respondents are now confident in their organisation's ability to deliver projects successfully. Among those leaders, the most commonly cited reason for confidence was the quality of leadership within their organisations.

Leadership is also emerging as one of the most important future skills for project professionals.

Nicky Dixey, Chief People Officer at Ridge and Partners LLP, said confidence in delivery increasingly depends on leadership clarity rather than process alone.

“When leaders create clarity, direction and alignment, teams are better equipped to navigate complexity, set clear goals, manage risk, and deliver work to a high standard,” she said.

That shift may ultimately define the next phase of project management maturity.

The APM findings suggest organisations are moving into an era where technical project controls alone are insufficient. The businesses most likely to succeed will be those able to combine leadership capability, workforce development, adaptability and data-driven decision making into a cohesive delivery strategy.

For project professionals, the message is increasingly clear: the future of project delivery will depend as much on human capability and organisational resilience as it does on process and technology.