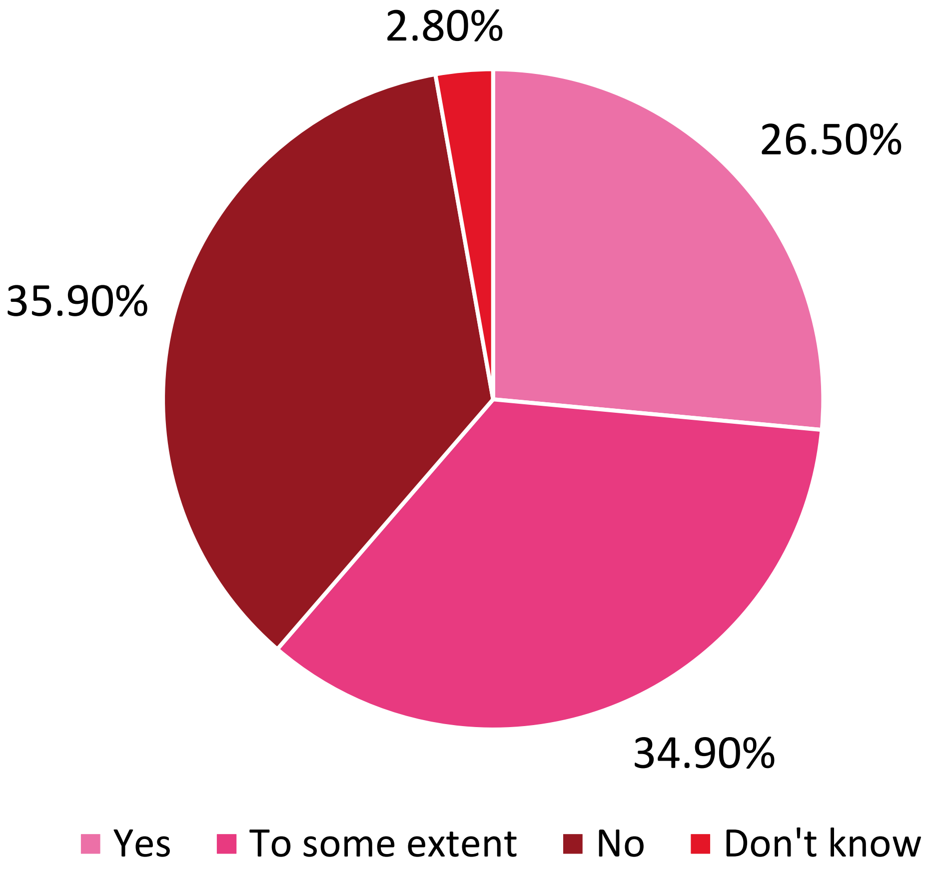
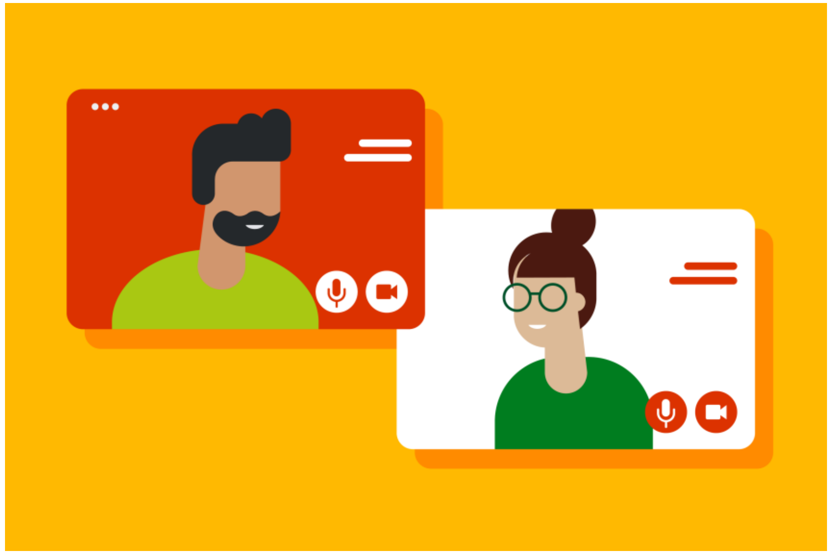
Policy Voice results June 2023

Number of respondents: 834
Survey dates: 13 – 29 June

Has the board of your main organisation undertaken succession planning for the CEO role?



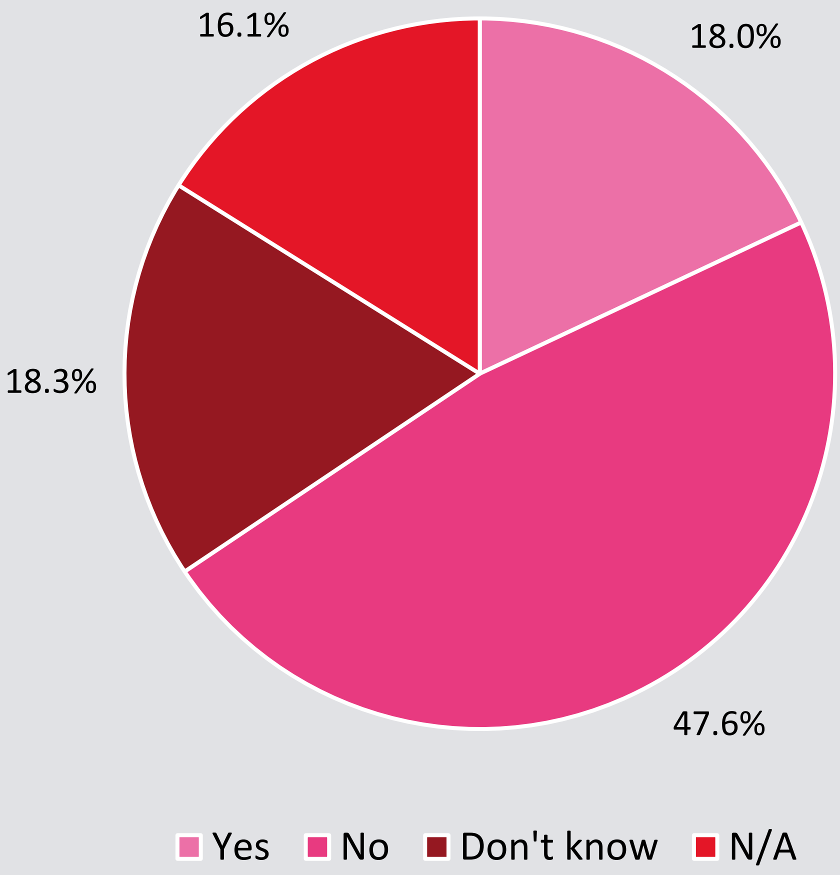


It is important to plan for leadership succession. The right candidate can strengthen the leadership team with fresh ideas that rejuvenate tired and underperforming areas of business.

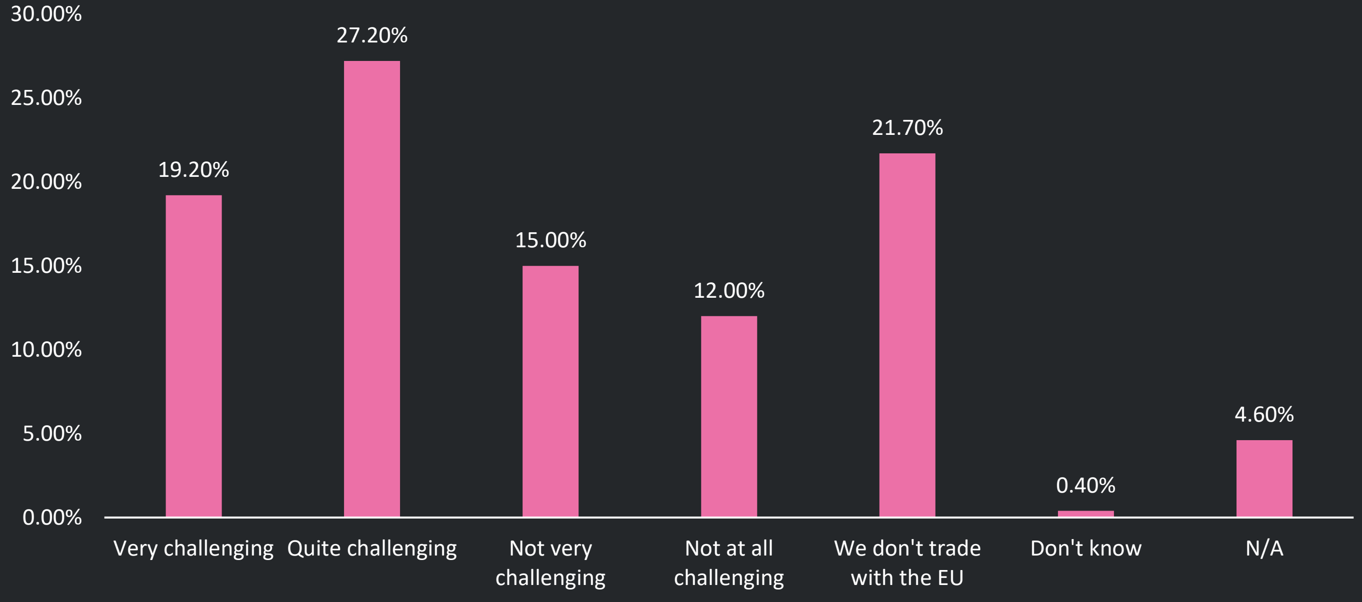
This data contributed to an IoD governance explainer on CEO succession.

The Department for Business and Trade's Market Distorting Practices team made a request to input this question to Policy Voice. The results fed into a government research project on the prevalence and impact of unfair market distorting practices carried out by other states.

Has your organisation been negatively impacted by decisions of other governments that are designed to favour their own companies over UK-based companies?



To what extent is your organisation finding the UK's current trading relationship with the EU challenging, or are you not finding it challenging at all?



We ask members on an annual basis how they are finding the trading relationship with the EU. It provides us with a useful and up-to-date snapshot of how businesses are navigating the trading environment and how this changes year on year. 2023's data revealed there was no change from 2022, showing there are still significant issues the government needs to address. We presented this data to the Department for Business and Trade in a meeting about the UK-EU Trade and Cooperation Agreement (TCA), and it will form the basis of our asks from the government in the 2026 TCA review. Our release of the data was covered in the Financial Times 'Britain After Brexit' newsletter, and in The Times.

You said your organisation is finding the UK's current trading relationship with the EU challenging. Which aspects in particular? Please select all that apply. (391 respondents)	
Changes to immigration/travel/mobility of people arrangements	71.8%
Customs changes	56.9%
Maintaining ease of access to EU research and funding streams, or academic collaboration activities	32.2%
Non-tariff barriers for services trade with the EU (licensing, authorisations etc.)	41.8%
Non-tariff barriers to goods trade with the EU (technical standards, customs disruptions, labelling etc.)	43.1%
Rules of origin	23.4%
VAT accounting changes	26.9%
Grand Total	100.0%

The following data fed into our letter to the Chancellor of the Exchequer, ahead of the Autumn Statement on 22 November 2023, which summarised our proposed list of policy changes that would have the greatest positive impact on the rate of sustainable economic growth in the UK.

The letter sets out five key policy recommendations:

1. Tax credits for companies that train staff to meet national skill shortages

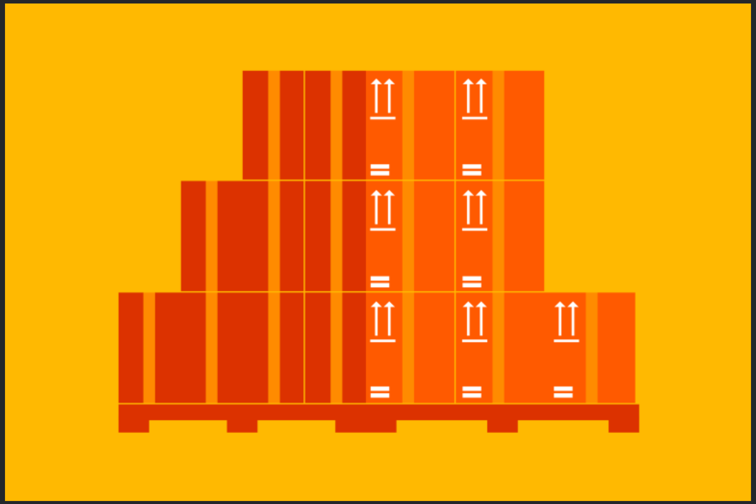
2. Stronger incentives for SME net zero transition – such as a differential corporation tax rate

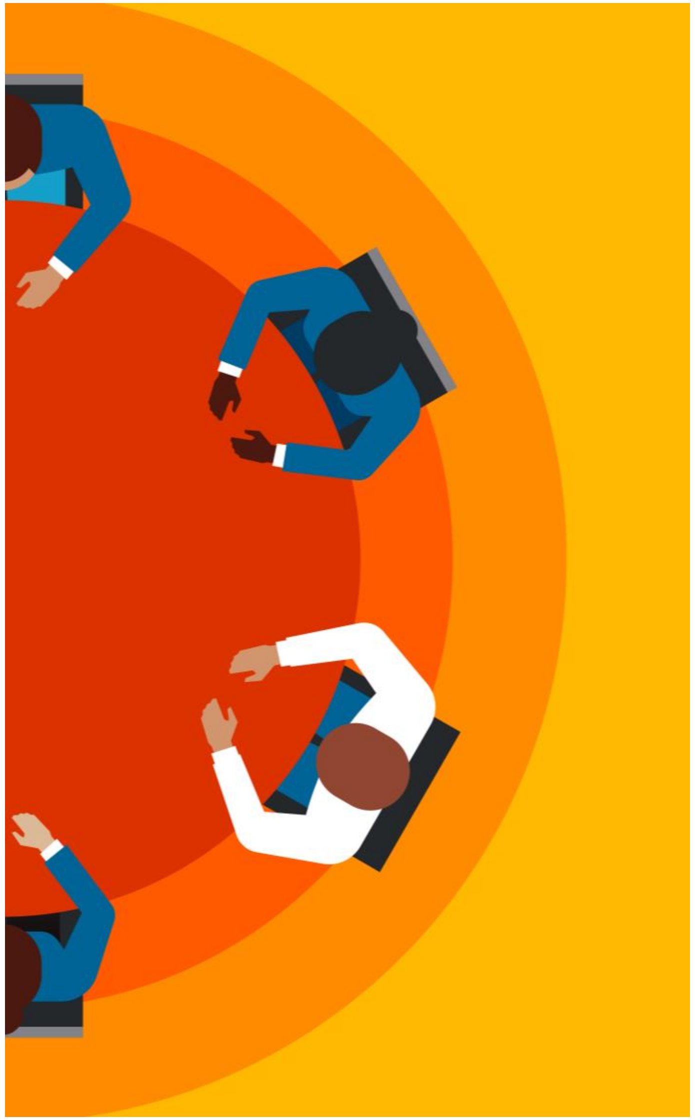
3. Permanent 100% capital expensing

4. An export target based on volumes, not values, and the proportion of companies that export

5. Greater reputational pressure on slow invoice payers

In the March 2023 Budget, the government announced a new 'Temporary Full Expensing' policy which allows all capital expenditure on qualifying plant and machinery to be 100% deductible against revenue for tax purposes for at least the next three years, following on from the government's previous super-deduction policy. Without the introduction of this policy, firms would only have been able to deduct the first £1m of capital expenditure fully against revenue. Which of the following statements best represents how your organisation is responding to this policy change, if at all?	
Our capital budget is too small to be affected by this policy change	41.1%
This policy change is not relevant to our business because we operate without fixed capital	24.1%
We are bringing forward existing investment plans originally scheduled for after March 2026 as a direct result of this policy but are not increasing the overall level of investment	2.0%
We are implementing new plans to increase overall levels of investment as a direct result of this policy	2.9%
We are implementing new plans to increase overall levels of investment as a direct result of this policy AND ALSO bringing forward existing investment plans originally scheduled for after March 2026	1.6%
We will benefit from this policy, but we would have had the same investment plans without it	22.2%
Don't know	6.1%
Grand Total	100.0%

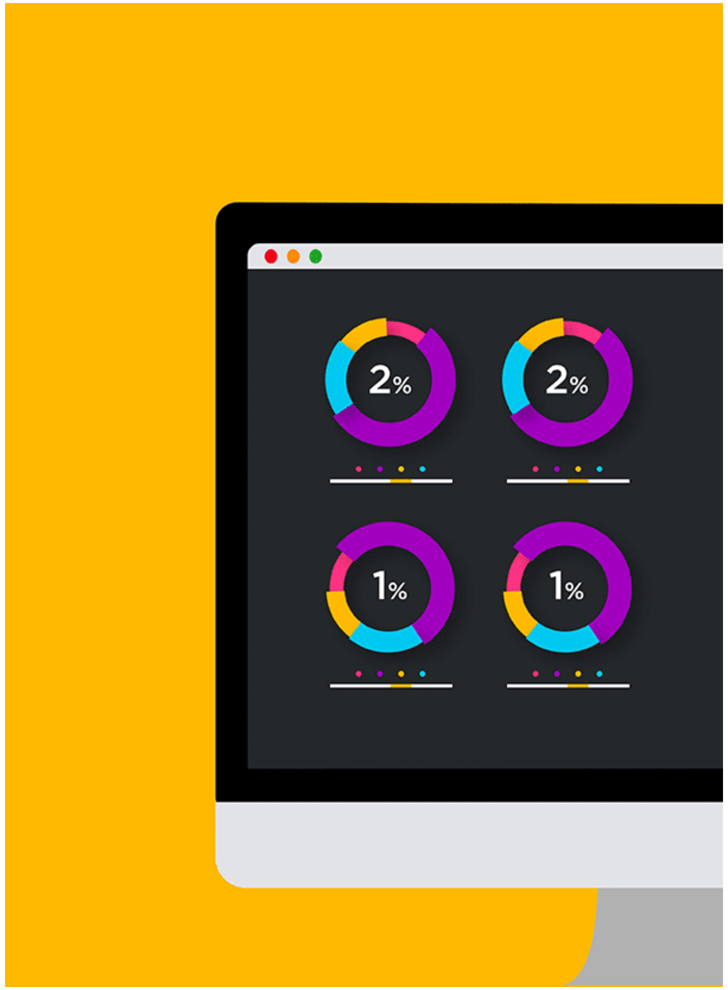




Thinking about the total amount of investment you are planning in the three years between April 2023 and March 2026, roughly how much will this increase by as a direct result of the new 100% capital expensing policy, or will it not increase at all? Include investment that might have been brought forward from future years in your estimate. As a direct result of the new 100% capital investment policy, the level of our investment in these three years will: (54 respondents)	
Increase by 1-5%	13.0%
Increase by 6-10%	25.9%
Increase by 11-15%	11.1%
Increase by 16-25%	13.0%
Increase by over 25%	27.8%
Not increase at all	9.3%
(blank)	0.0%
Grand Total	100.0%

You said that you were implementing new plans to increase overall levels of investment as a direct result of this policy AND have also brought forward existing investment plans originally scheduled for after March 2026. Thinking about the three years from April 2023 to March 2026, how much is new investment and how much is a bringing forward of existing plans? Choose the answer that best represents your view. (13 respondents)

Mainly new investment	30.8%
Roughly 25% new investment, 75% bringing forward existing plans	15.4%
Roughly 50%-50%	46.2%
Roughly 75% new investment, 25% bringing forward existing plans	7.7%
(blank)	0.0%
Grand Total	100.0%

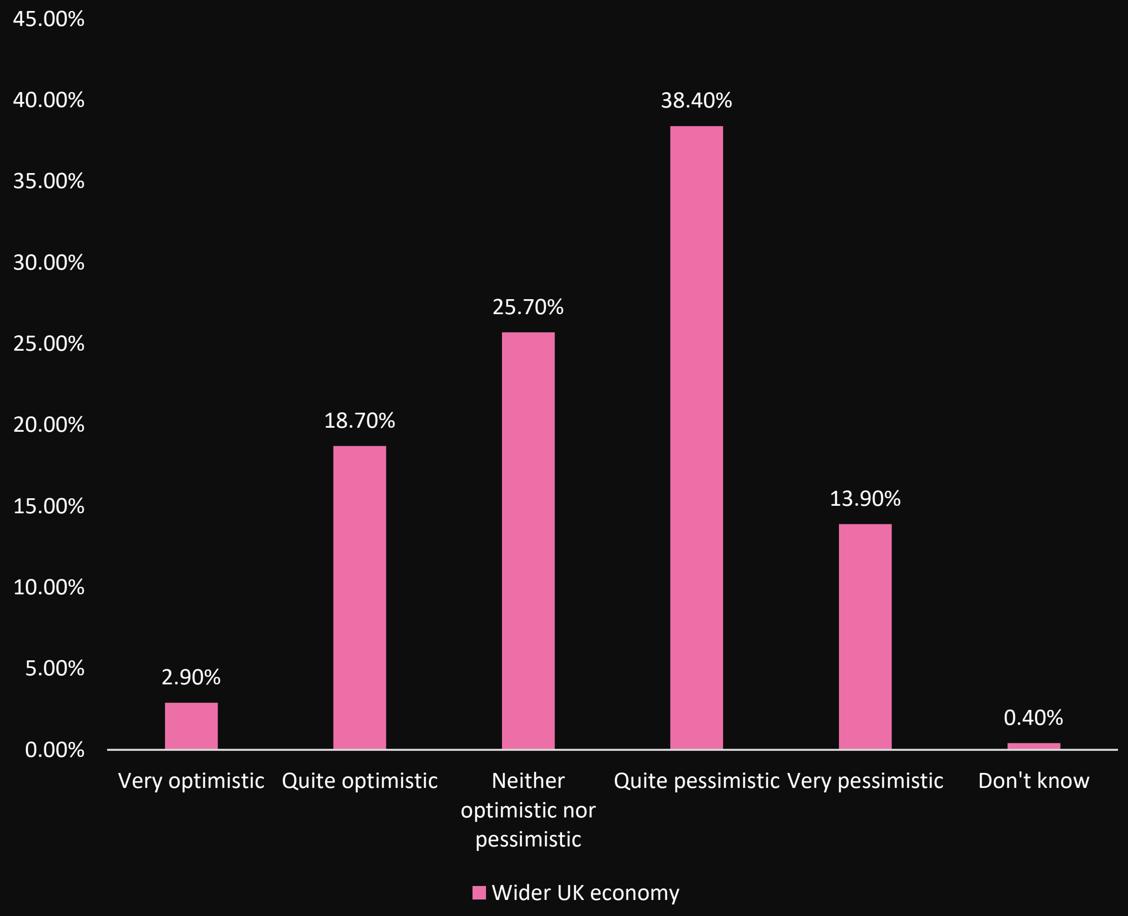


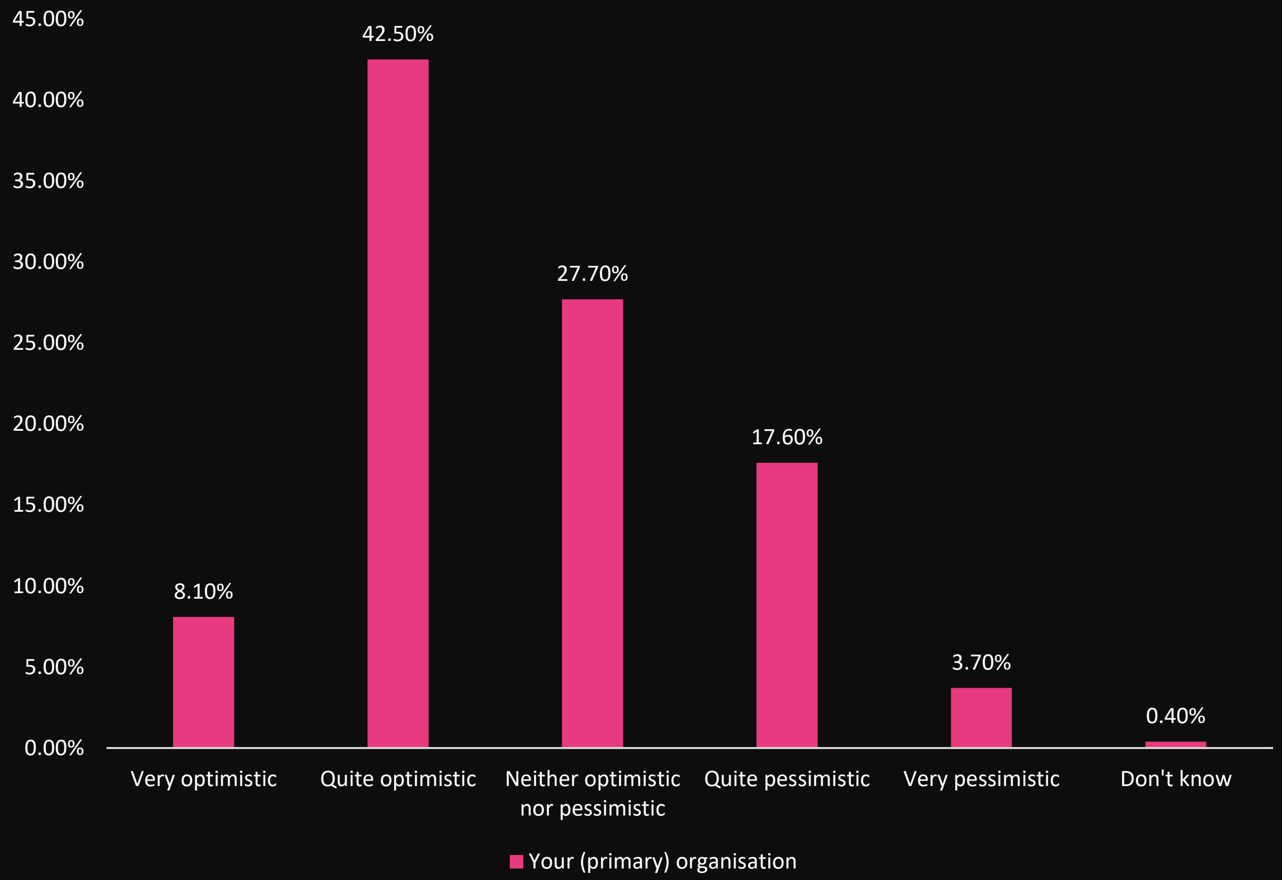
Economic monitoring

The following data contributed to our Director's Economic Confidence Index, which we send directly into the heart of government each month. We measure economic confidence by subtracting those who are pessimistic in the prospects for the wider UK economy from those who are optimistic. So in this case, June's results showed the confidence index falling to -31 from – 6 in May. The primary reasons behind this were greater concerns around inflation and falling customer demand in the UK.

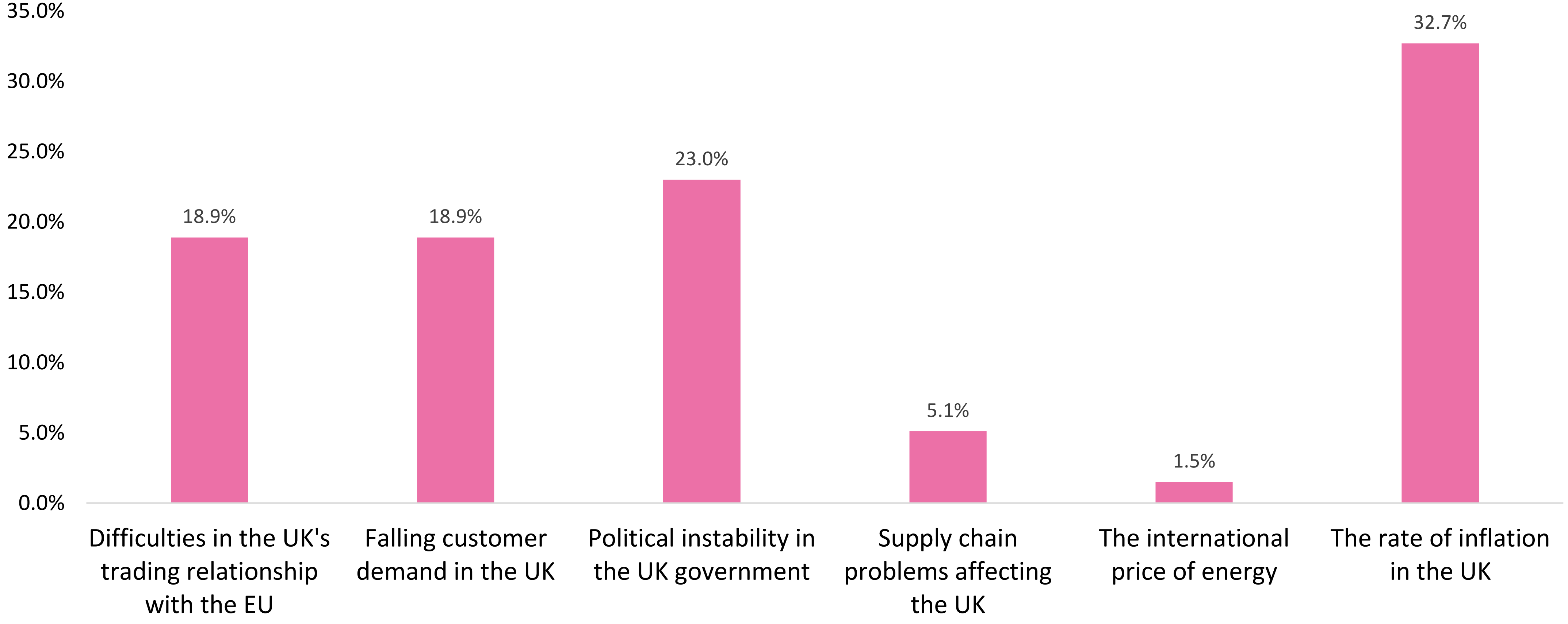
Policy Voice full results June 2023

How optimistic are you about both the wider UK economy and also your organisation over the next 12 months?





You said you were pessimistic about prospects for the UK economy. Which, if any, of the following factors best describes the reason you said you were pessimistic? Please select one response. (392 respondents)



At what point, if at all, do you expect the rate of inflation in the UK to peak before starting to fall back again, or has it already peaked?

Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of:

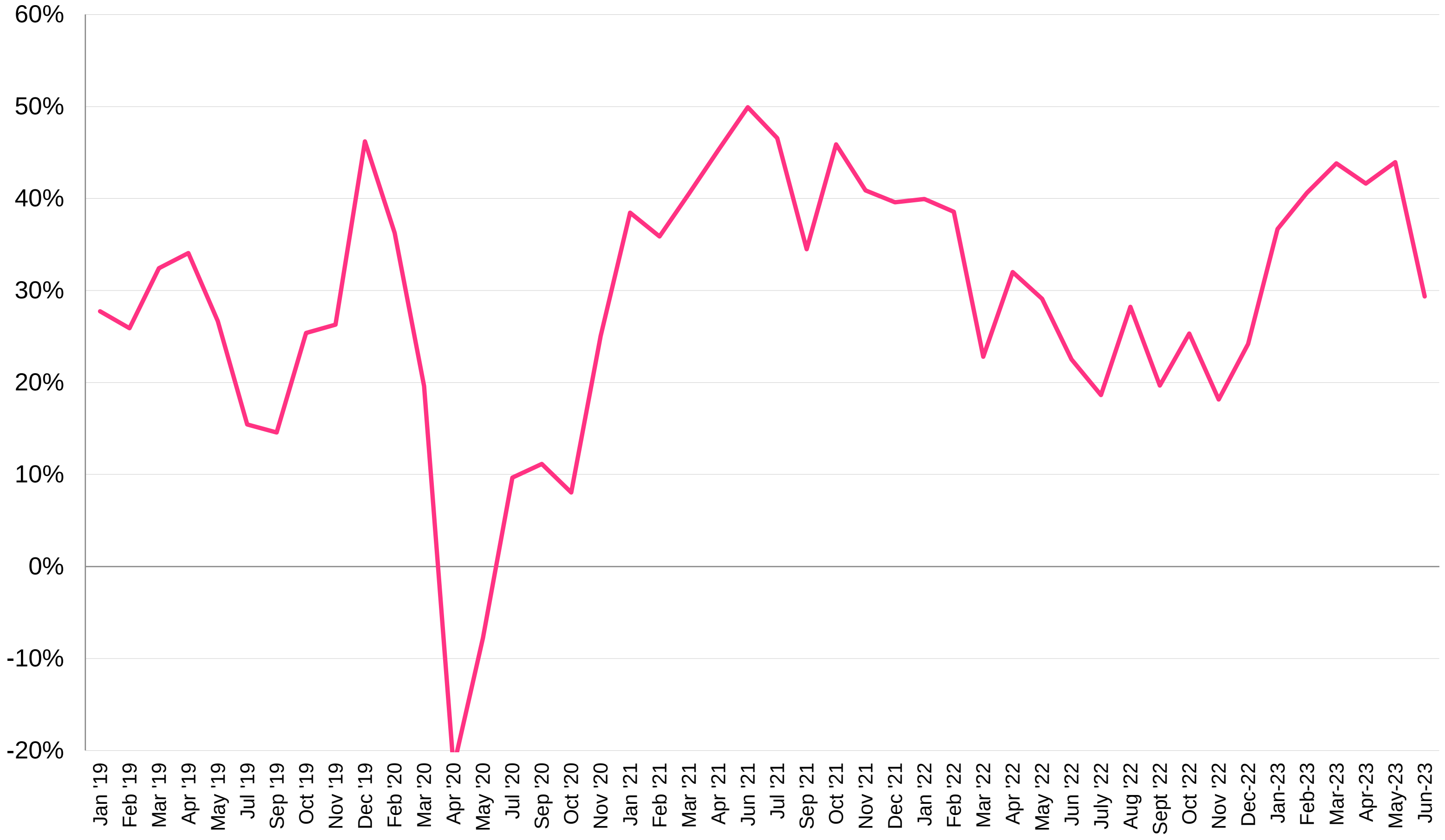
	Business investment	Costs	Exports	Headcount	Revenue	Wages
Much higher	3.7%	18.8%	3.0%	2.2%	6.6%	11.9%
Somewhat higher	29.1%	65.2%	15.8%	33.5%	48.3%	63.4%
No change	42.4%	11.2%	33.3%	47.7%	20.6%	20.7%
Somewhat lower	16.2%	2.6%	6.0%	12.1%	18.8%	1.3%
Much lower	5.9%	1.2%	4.7%	2.9%	4.6%	1.0%
Don't know	0.6%	0.4%	2.3%	0.5%	0.4%	0.5%
N/A	2.2%	0.6%	35.0%	1.2%	0.8%	1.2%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Confidence in own firms has also fallen but remains in positive territory

The index of confidence in business leaders' prospects for their own organisations fell from +44 to +29 between May and June 2023, wiping out the gains recorded since the end of last year.

Micro businesses – those with under 10 employees - were more pessimistic than larger organisations.

However, there are still many more business leaders positive about their organisation's future (51%) than negative (21%).



How optimistic are you about your own organisation over the next 12 months?
(5 point scale from very optimistic to very pessimistic, net positive %. Latest datapoint: June 2023)

Our purpose

Our Royal Charter sets out a clear purpose

We have a clear vision – The Institute of Directors is the professional institute for responsible directors and leaders.

Our mission is to develop, support and represent skilled, knowledgeable and responsible leaders for the benefit of the economy and society at large.

Integrity and **Enterprise** are our core values.

The objects of the institute are:

To promote for the public benefit high levels of skill, knowledge, professional competence and integrity on the part of directors, and equivalent office holders however described, of companies and other organisations.

To promote the study, research and development of the law and practice of Corporate Governance, and to publish, disseminate or otherwise make available the useful results of such study or research.

To represent the interests of members and of the business community to government and in the public arena, and to encourage and foster a climate favourable to entrepreneurial activity and wealth creation.

To advance the interests of members of the Institute, and to provide facilities, services and benefits for them.