



Policy Voice full survey results September 2023

Number of respondents: 711

Survey dates: 12 – 28 September 2023



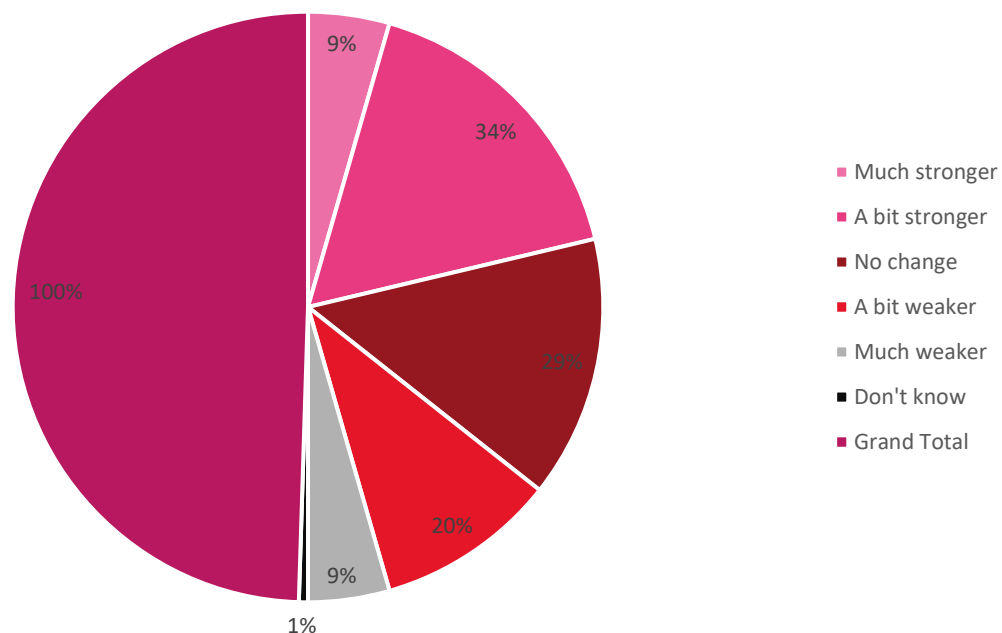
Order Books

This question is about how demand for director's organisation's products or services has changed in the last three months; that is, since the early summer of 2023. This can be considered as their order book, work pipeline, sales volumes or level of activity.

It contributed to our analysis on business confidence, which is distributed each month across our government stakeholders and released to the media.

This question is about how demand for your organisation's products or services has changed in the last three months; that is, since the early summer of 2023. You might think of this as your order book, your work pipeline, sales volumes or level of activity.

Do you think demand for your organisation's products or services has got stronger or weaker in the last three months, or has there been no change?



Many respondents cited an increase in uncertainty in the last few months, with clients reviewing all costs and decisions taking longer to sign off new spending.

“Decision making process is slowing, and potential clients (domestic and international) are also waiting to try and understand impact of economic uncertainty / political and geopolitical uncertainty.” (South East, 'other services', 10-49 employees, £2m-£10m turnover)

Of those that find their order books weakening, difficulty in raising finance in a higher interest rate environment was a recurrent theme.

“We are still quoting for work, but a lot of our quotes end up with a decision not to proceed as our potential customers find they can't raise funds for the work.” (South West, construction, 2-9 employees, turnover £250k-£2m)

“We are seeing a demonstrable slowing of demand, with orders being delayed by customers, citing economic challenges.” (South East, ICT, 250+ employees, £50m+ turnover)

Many of those faring better tended to be in the advisory and financial services sector where higher uncertainty led to more, rather than less demand.

“We have had a constant demand for our services resulting in a waiting list for new client” (financial services, Wales, 2-9 people, turnover £250K-£2m)

“I've been staggered by the increase in demand for qualified accountants over the last three months.” (Scotland, sole trader, under £250K, administrative and support services)

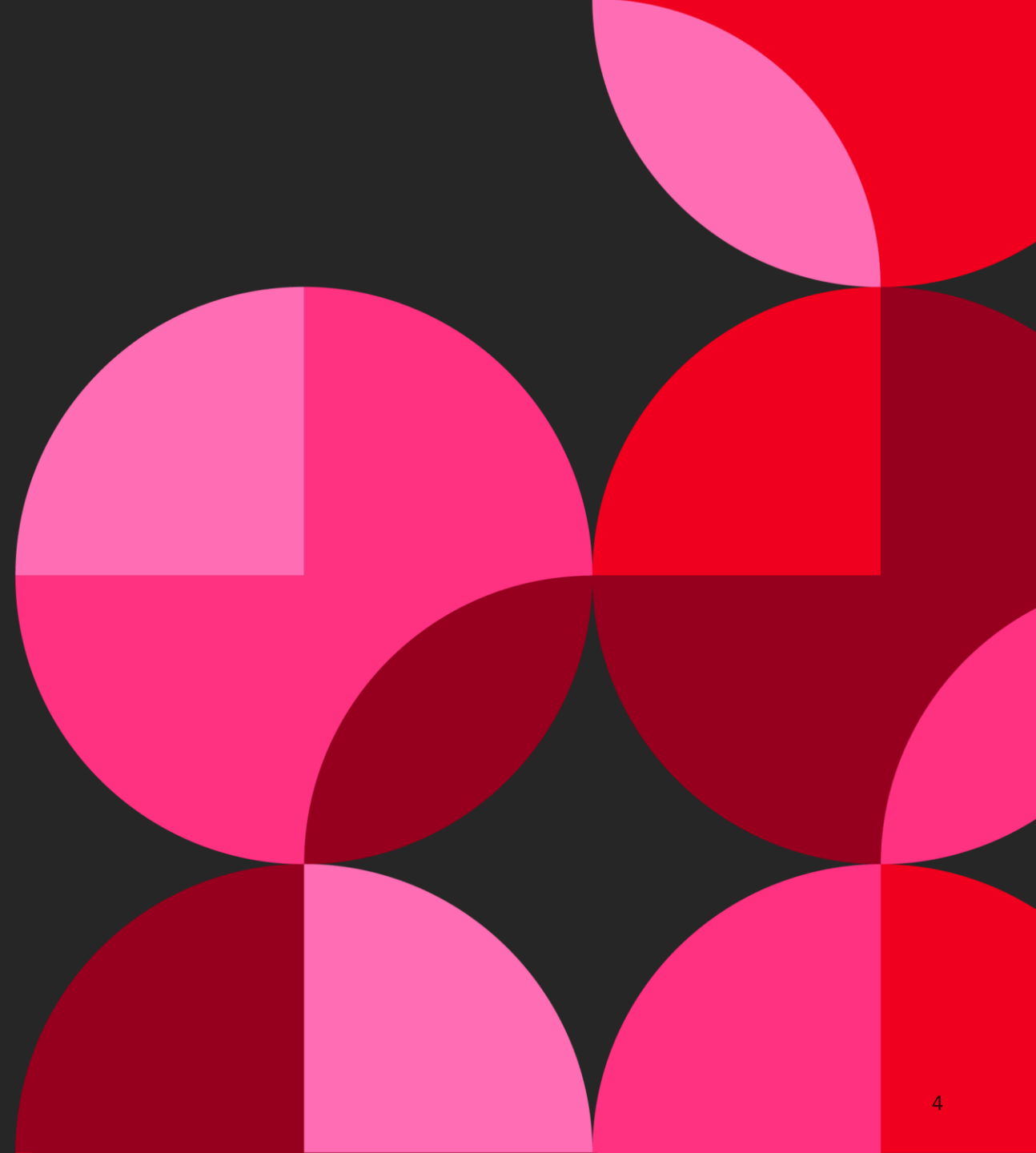
“Looking much more positive for Q4” (London, 'other services', 100-249 people, turnover £50m+)

Others in a positive position cited strong international demand, particularly in the US, as a contributory factor.

“We are seeing traction in USA, a strong pipeline.” (South West, ICT, 10-49 employees, turnover £250K-£2m)

Procurement

This data was used to brief the Treasury on how easy it is for businesses to sell their products or services to the UK public sector





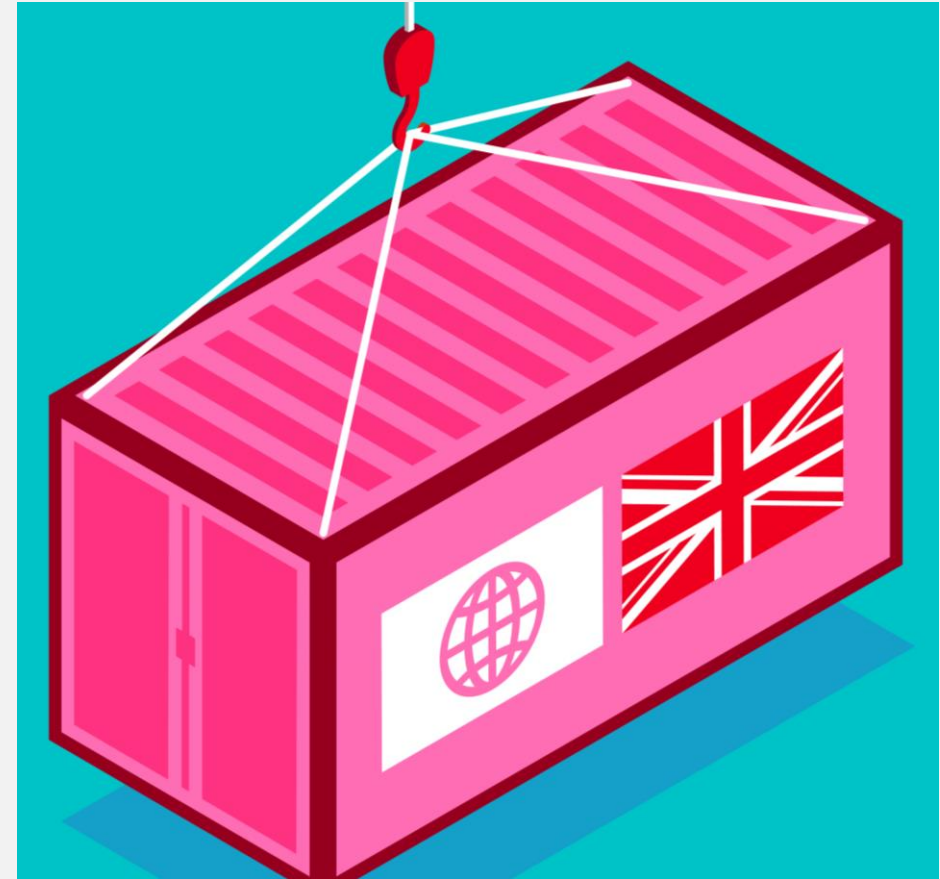
Have you sold products or services to the UK public sector at any point in the last year? By 'public sector' we mean local or national government, a government agency or other UK public body.

Yes	33%
No	65%
Don't know	2%

You said you had sold products or services in the last year. When you were initially trying to get the work, how easy or difficult did you find the official procurement process? Please choose the most appropriate option and then provide a bit more detail in the comments box.

(236 respondents)

Very difficult	27%
Quite difficult	38%
Quite easy	28%
Very easy	3%
Don't know	5%





In the comments section, many respondents told us that the process for pitching for public sector contracts was cumbersome and costly with rigid framework requirements.

“Normal painful process that is stuck in 1980s procurement methodology” (North West, Manufacturing, 250+ people, over £50m turnover)

“Too many frameworks and it’s costly to get on all of them in terms of resources needed to fulfil the process to get on the framework and all have differing requirements/hurdles” (South West England, Arts/entertainment/recreation, 10-49 employees, £250K-£2m turnover)

“Thankfully I run a large organisation that has the resources to pitch for public sector work, but I do think the process is cutting out a number of small businesses who cannot afford the cost of acquisition or tick some of the necessary boxes” (London, Professional/scientific/technical, 250+ employees, over £50m)

Particular difficulties were trouble speaking to the relevant decision maker, undue focus on price rather than value, and onerous contractual terms and conditions that felt inappropriate for smaller firms.

“Briefs are often either overly complicated or lacking in detail and questions are answered badly. An option to talk to someone to get responses would be really helpful” (Scotland, Professional/scientific/technical, 2-9 employees, under £250K)

“It is too complicated for SME to sell into the public sector. Everything is gauged on price and not on ability, capability to deliver a quality product or project., on time and to budget.” (South East, ICT, 2-9 employees, under £250K)

“Tendering requirements continue to be demanding and contractual T&C continue to become more and more onerous and lop-sided” (East of England, Professional/Scientific/Technical, 50-99 employees, £10m-£50m turnover)

Some told us that they could therefore only access public sector contracts through an intermediary; we also heard examples of personal connections proving invaluable to circumvent the process and one instance of unfair competition from an overseas supplier establishing a brass plate company in the UK in order to undercut domestic suppliers.

“Procurement process is weighted in favour of large corporations as SME’s we have to negatively impact our profit margin to become a sub-contractor working for the large corporations” (South West, ICT, 2-9 employees, £250K-£2m)

“Have done previous work so got work from recommendation” (Wales, manufacturing, 2-9 employees, under £250K)

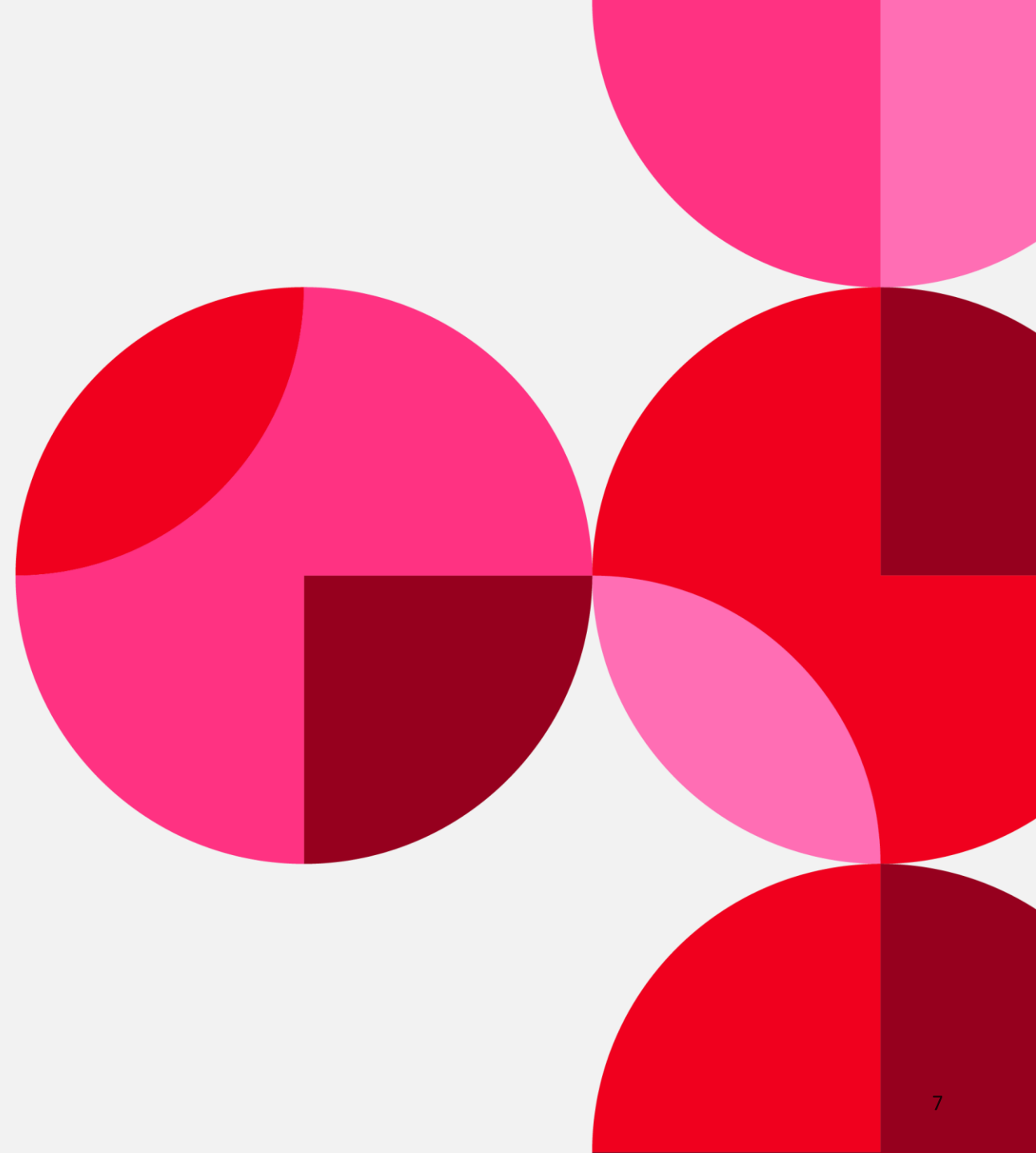
“We lost crucial UK public sector organisation contract, which is fully funded by the DoE, to an Indian-based company with a shell company in the UK!” (Scotland, Professional/scientific/technical, 10-49 employees, £250K-£2m turnover)

Some members also expressed a broader frustration around delays and uncertainty arising from government deciding to change strategy mid-process.

“Procurement on major projects is frequently subject to delay and cut back” (East of England, professional/sci/technical, 50-99 employees, turnover £2-10m)

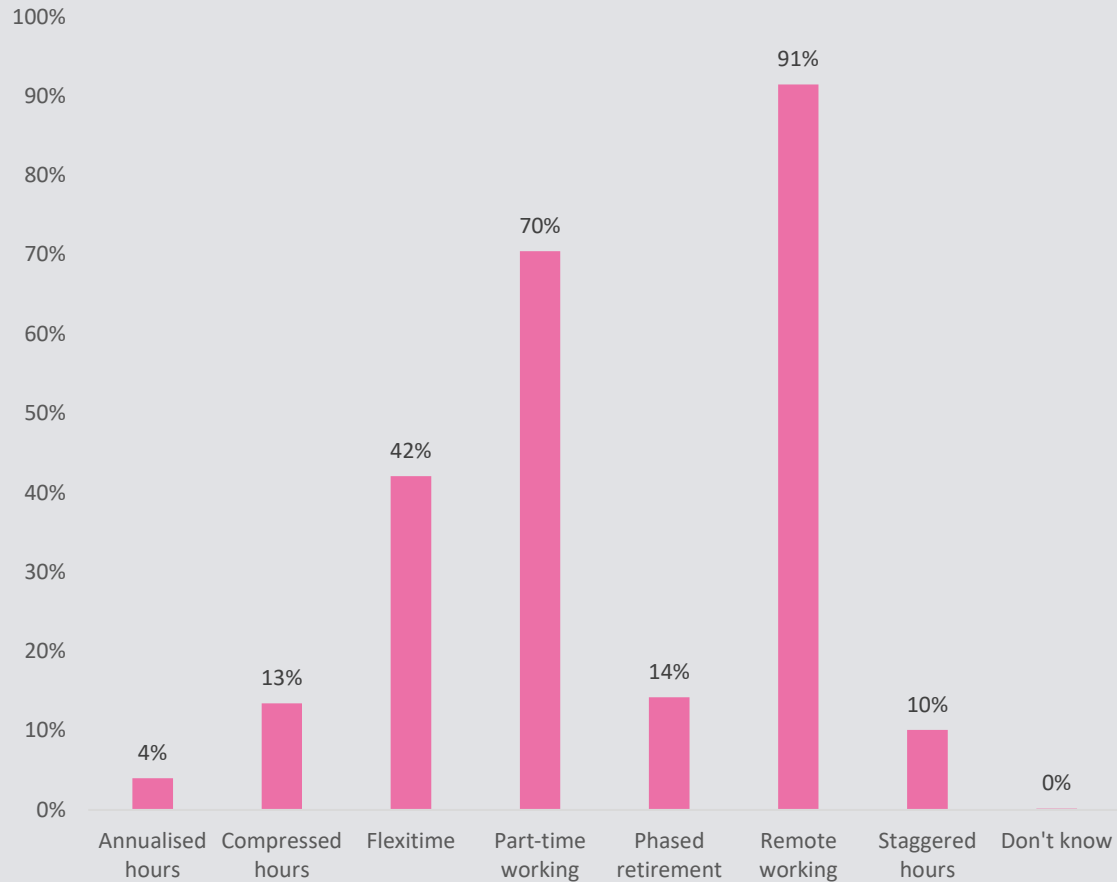
Flexible Working

We have shared this data with the Department for Business and Trade and the Department for Work and Pensions, and [released it to the media](#)

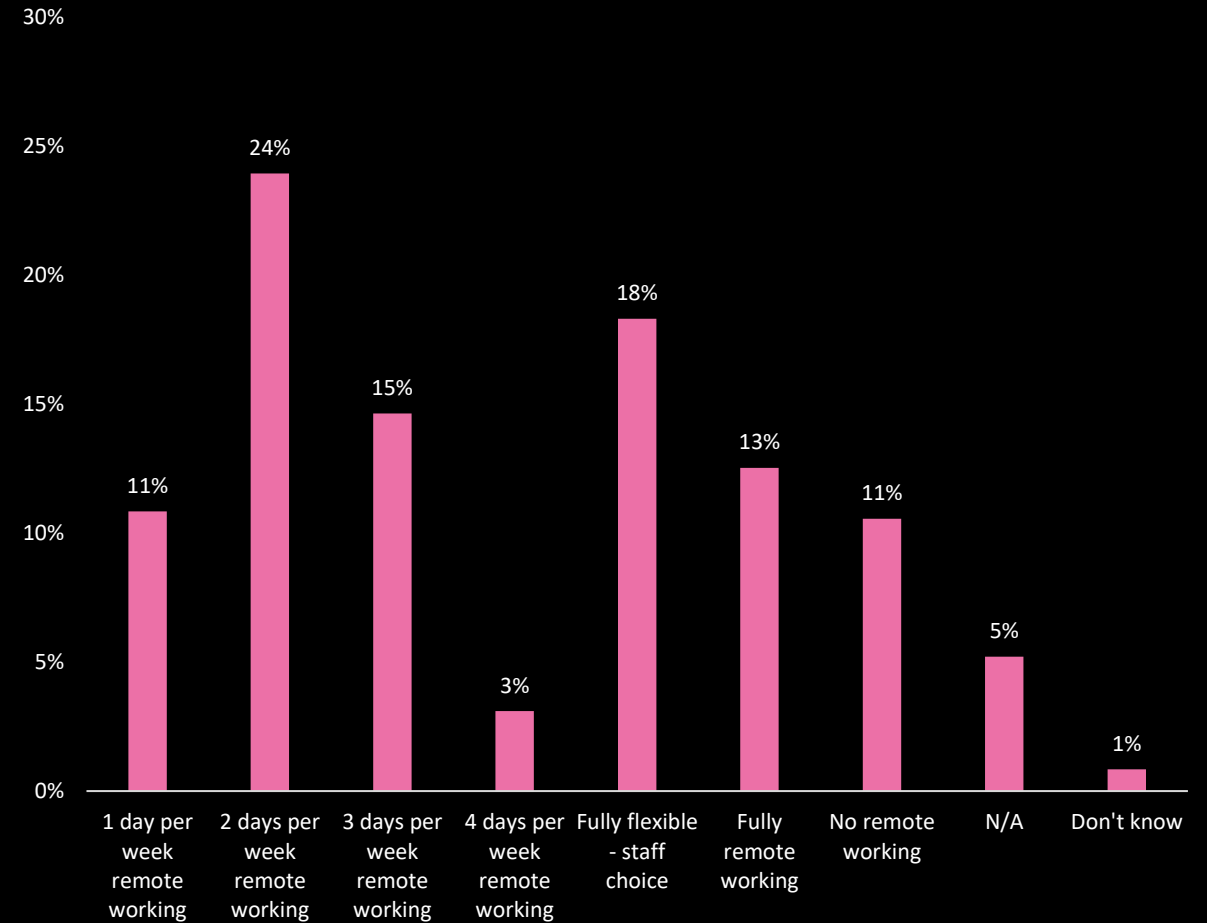




Which, if any, of the following forms of flexible working does your organisation have in place for one or more employees?
Please select all that apply.



Which of the following most closely describes the expected average use of remote working for office-based employees in your organisation in the long-term?





In the comments section, members offered further insight on their organisations' views on, and approaches to, flexible working.

Many business leaders highlighted the advantages that a flexible work offer brings them in terms of staff recruitment and retention.

"The flexible working, flexible hours and time off in Lieu policies have been great for recruitment and retention" -- Professional, scientific and technical activities sector, 10-49 employees

For many businesses, the flexible working offered to employees is dependent on the needs of different job roles.

"It depends on the staff role - some roles can be done predominantly remotely, others require more collaboration and are predominantly office based, but all staff have flexibility" -- Professional, scientific and technical activities, 10-49 employees

"Each of our employees have a specific contract. Some are 100% remote. Some are 100% in the office. We prefer junior staff to be in the office but each is determined individually" -- Financial services sector, 10-49 employees

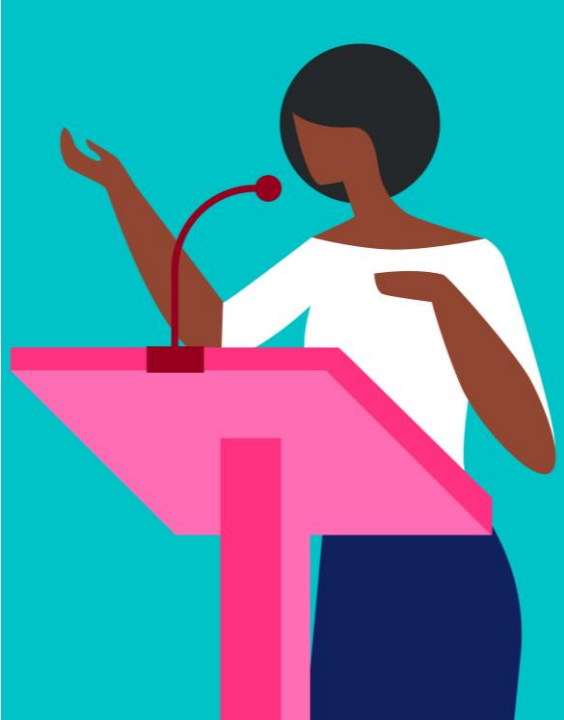
Many business leaders are concerned about the impact of remote working on innovation, team cohesion, and staff mental health.

"You get much more learning and development with people working as a team and junior members of staff learning from more experienced people" -- Wholesale and retail trade (including motor repair), 2-9 employees

A notable minority of business leaders are reducing the amount of flexibility offered during the pandemic.

"We are now encouraging, but not enforcing 1 day a week in the office and are no longer hiring remote employees who are not in a commutable location as we have found fully remote employees are not as engaged" -- Information and communication sector, 10-49 employees

"We are currently at three days remote learning and trying to move to two days but with employee pushback" -- Other services, 10-49 employees

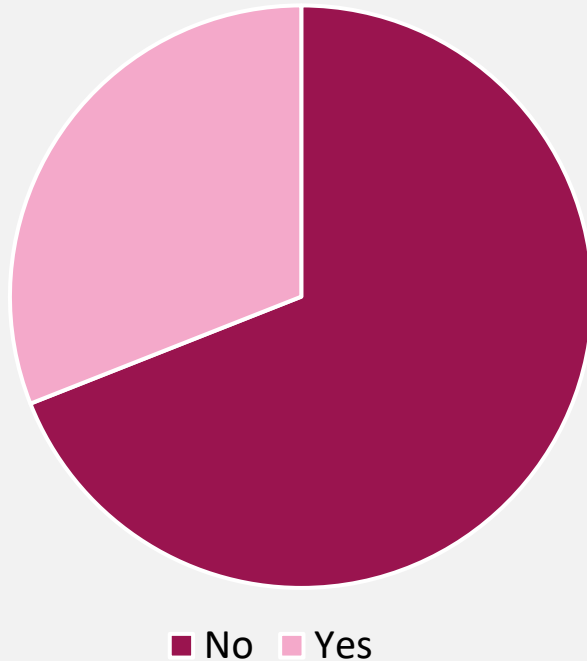


Import Controls

This data was used in an in-person consultation with the Cabinet Office, who requested member feedback on their updated Border Target Operating Model.

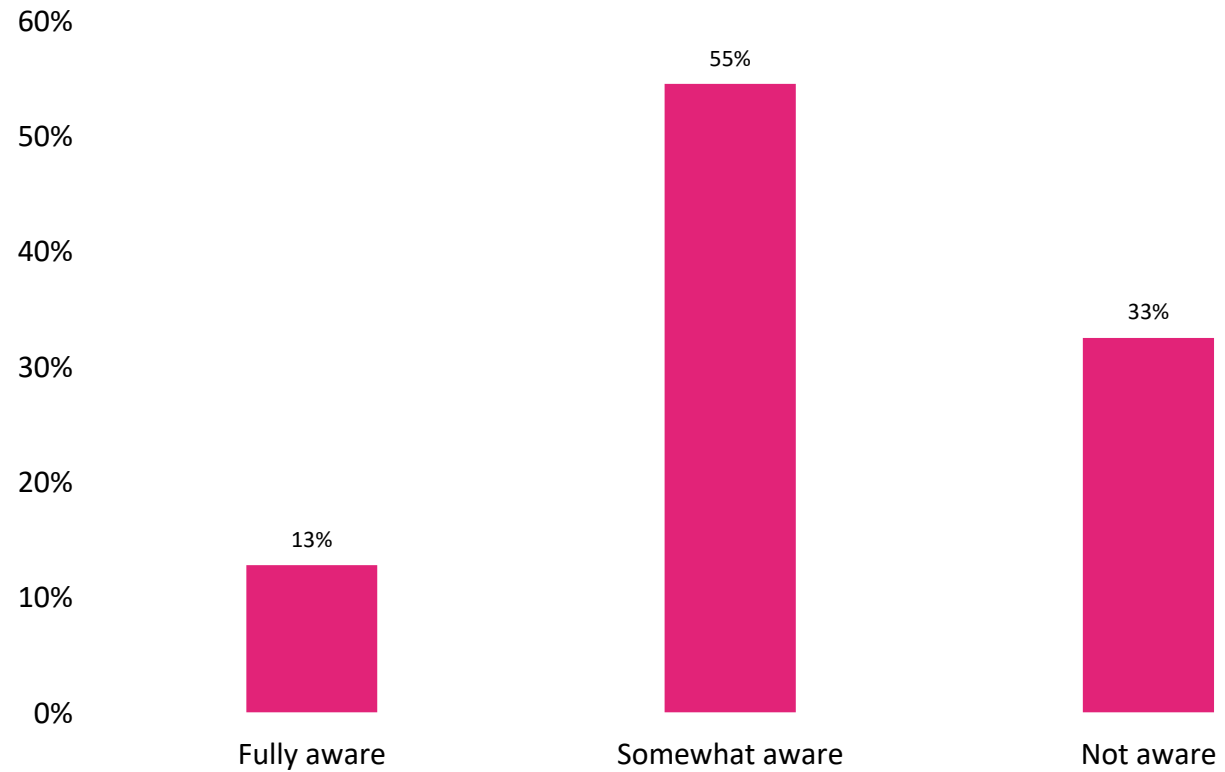
The feedback will inform their strategy as new import controls are implemented in January.

Does your organisation import goods from outside the UK?



The government has released a timeline of changes they will make to the UK border which are designed to streamline import controls on certain goods. These include simplifying safety and security declarations, sanitary and phytosanitary controls and transit procedures.

To what extent are you aware of upcoming changes to import controls?





The Cabinet Office is looking for feedback on the extent to which changes to import controls will impact business. They are looking for insight on how prepared businesses are for the changes, the extent to which businesses understand what the upcoming changes will mean for their organisation, and how far the changes will affect how easy it is for firms to import across the UK border.

The strongest theme that emerged from the further comments was guidance and communication, primarily coming from the government. Members are calling on more consistent, simplified and clear advice from the government as to exactly what is required from them and when.

“Currently poor understanding and differing viewpoints that simply makes it more challenging for UK businesses.” – 250+ employees, wholesale and retail trade (including motor repair)

“I have a Defra representative available to me which is extremely helpful but apart from that I have no proactive communication or help from the government in relation to these changes.” – 2-9 employees, wholesale and retail trade (including motor repair)

“Information needs to be clear and concise without having to employ external resource to digest, appreciate and implement changes.” – 10-49 employees, construction

Moreover, many expressed the changes will be harder for small businesses which ship on a more ad-hoc basis, perhaps smaller consignments rather than in bulk, and which don't necessarily have experts helping with the paperwork.

“Will remove a large section of choice by small business. Big difference to importing 1m bottles of factory product and a pallet of several different craft wines. They consulted the big guys. For small guys the bureaucratic future is far worse than under the EU.” 10-49 employees, electricity and/or gas supply

“We only import a small number of orders but these are critical to the business. As the volume and value is so small, we will not invest any time or money in this process. Please keep it simple.” 250+ employees, other services.

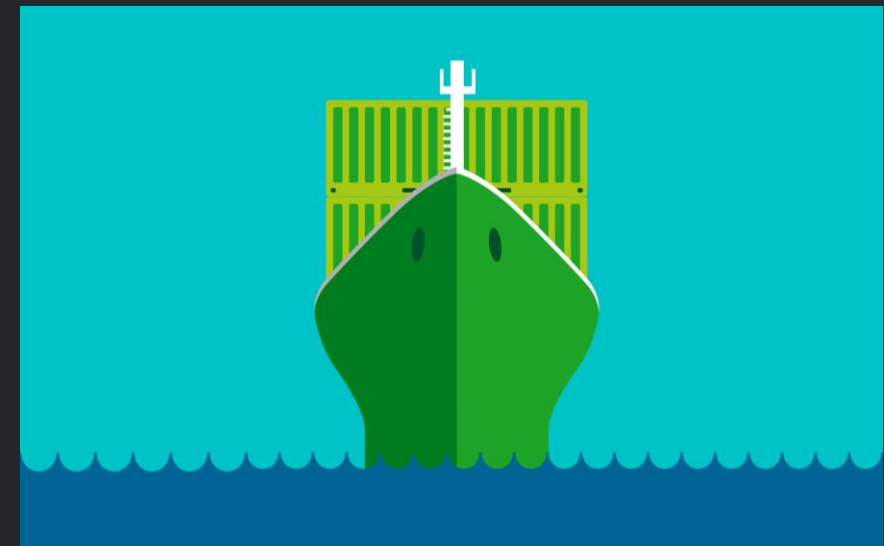
This is particularly the case with businesses which feel they have been squeezed out of the EU due to complication of paperwork.

“Imported goods are time critical to our business. Costs can not increase compared to European competition.” 100-249 employees, manufacturing

“It won't increase the willingness of our prior suppliers to restart selling to the UK.” 10-49 employees, construction

Ultimately, the general consensus, however, is that simplification is a good thing and will help smooth the passage of goods.

“Simplification is helpful and inspections operated on a trusted trader basis help smooth the passage of goods across our borders.” 10-49 employees, professional, scientific and technical activities



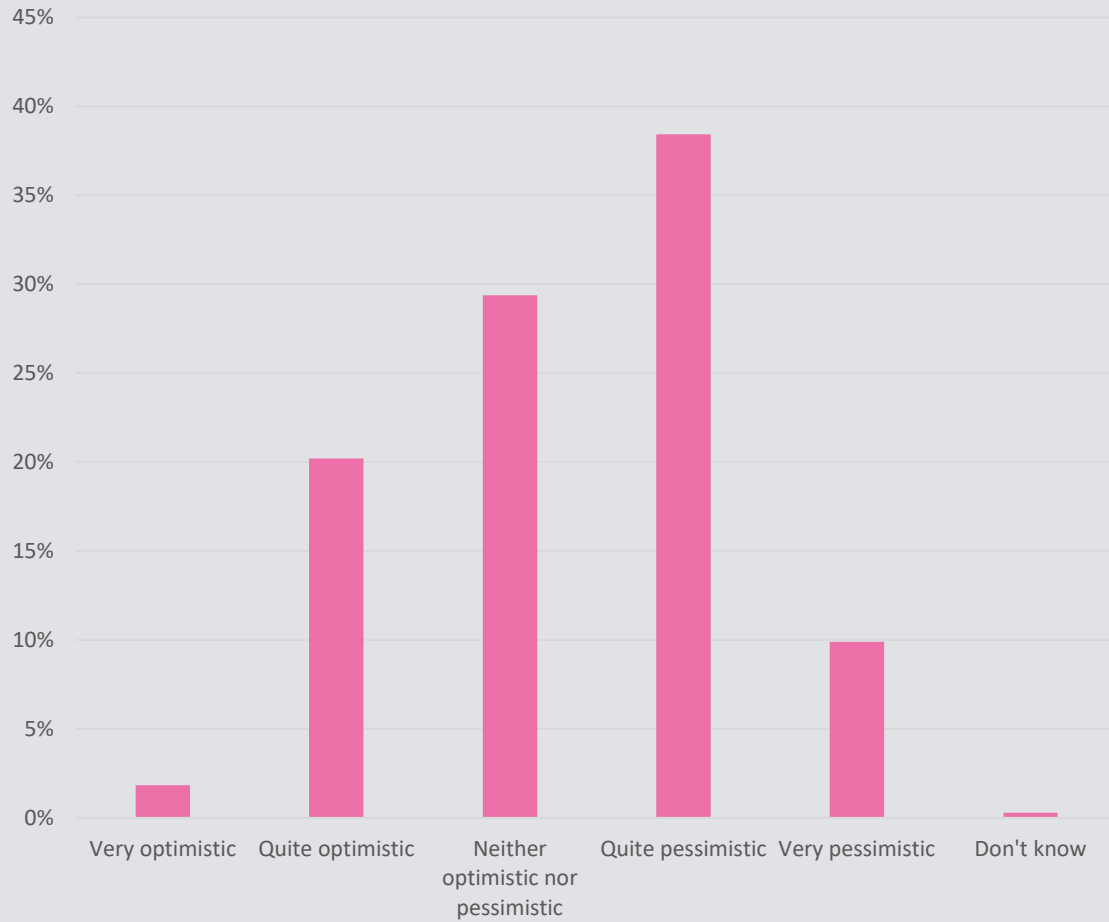
Economic Monitoring: Data

The following data contributed to our [Director's Economic Confidence Index](#), which we send directly into the heart of government each month.

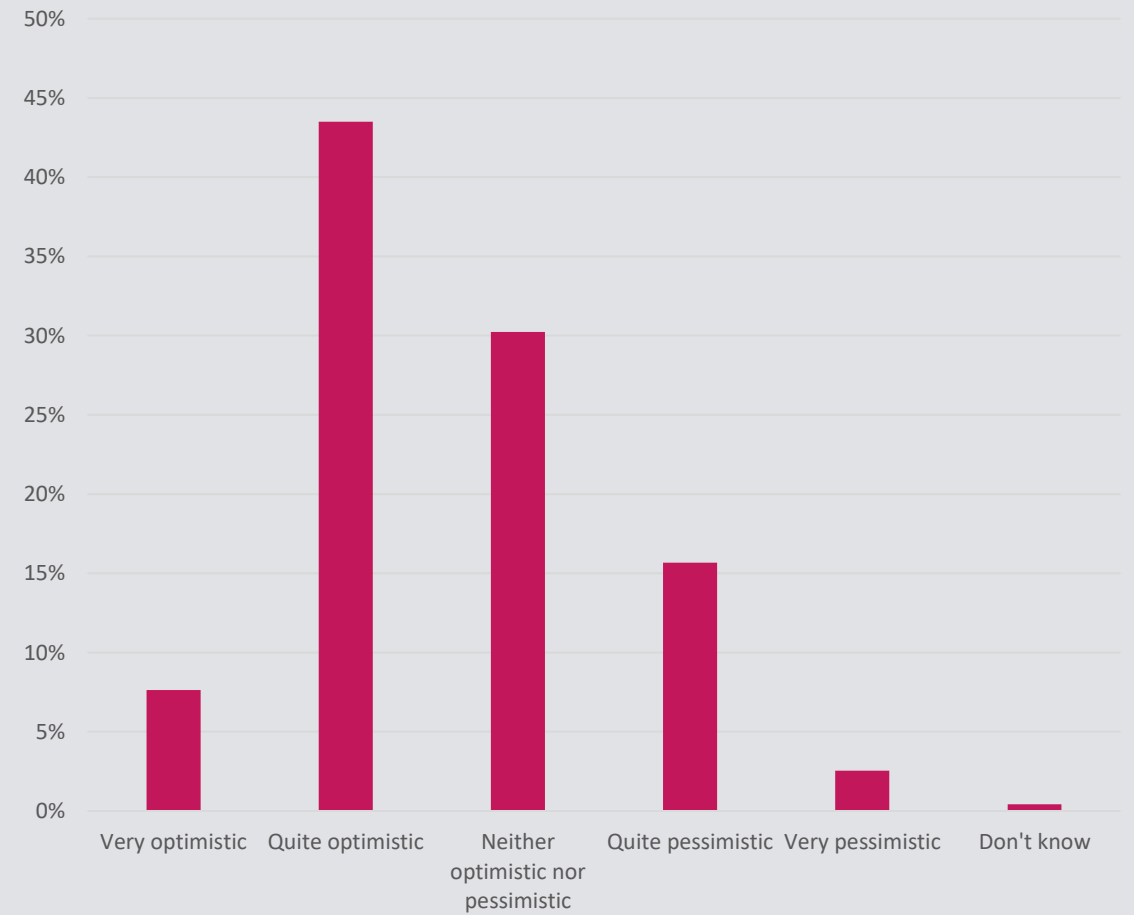


How optimistic are you about both the wider UK economy and also your organisation over the next 12 months?

Wider UK economy



Your (primary) organisation





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?

Autumn 2023	12%
Winter 2023-2024	16%
Spring 2024	11%
Summer 2024	4%
Autumn 2024	2%
Winter 2024-2025	2%
Later than winter 2024-2025	2%
Inflation has already peaked	45%
Don't know	5%
Never	1%

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

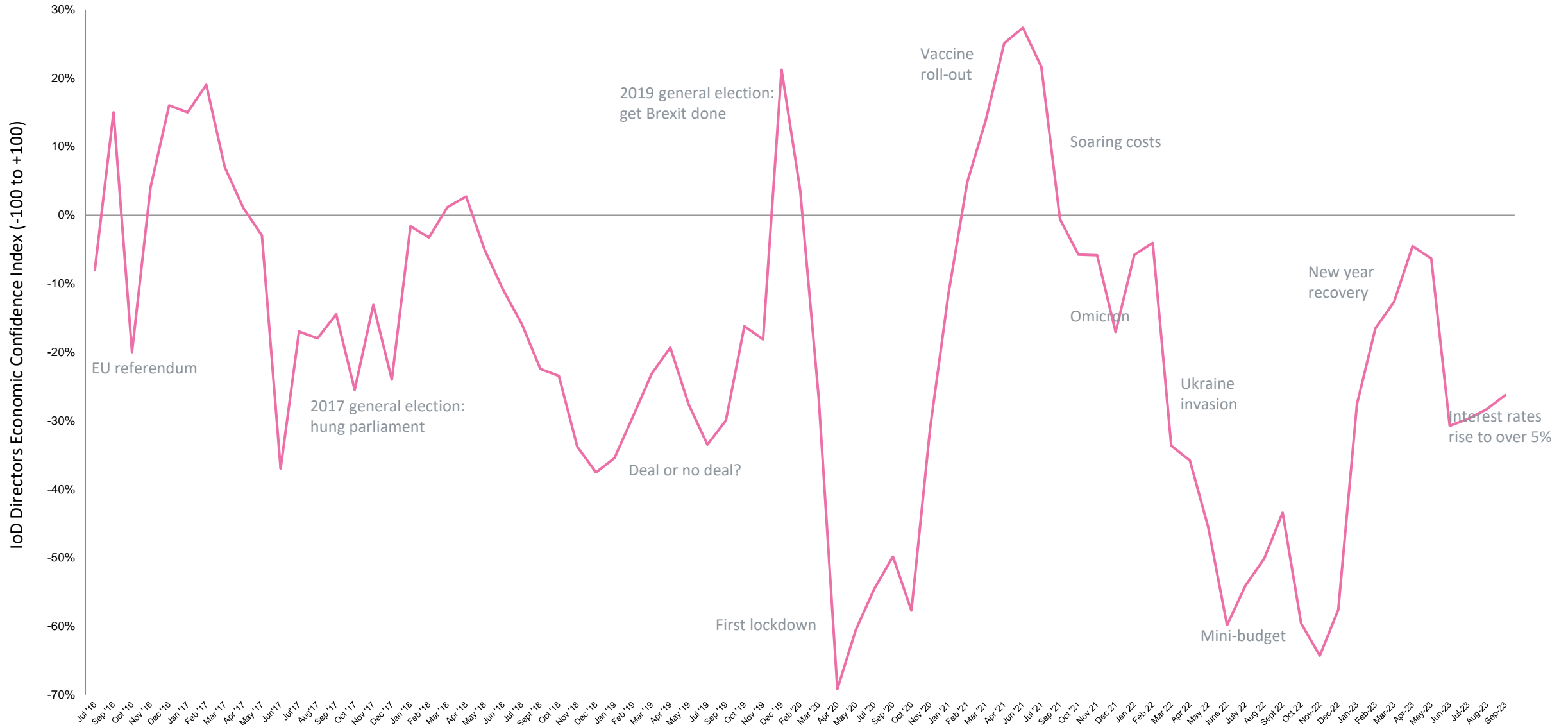
Much higher	6%	14%	2%	3%	7%	10%
Somewhat higher	28%	69%	18%	33%	51%	66%
No change	44%	13%	31%	47%	19%	21%
Somewhat lower	15%	3%	5%	14%	18%	1%
Much lower	6%	1%	2%	1%	3%	0%
Don't know	0%	0%	1%	0%	0%	0%
N/A	1%	1%	41%	1%	1%	1%

Economic Monitoring: Trends



Business confidence remains subdued in September following interest rate rises

How optimistic are you about the wider UK economy over the next 12 months?
(5 point scale from very optimistic to very pessimistic, net positive %. Latest datapoint: September 2023)

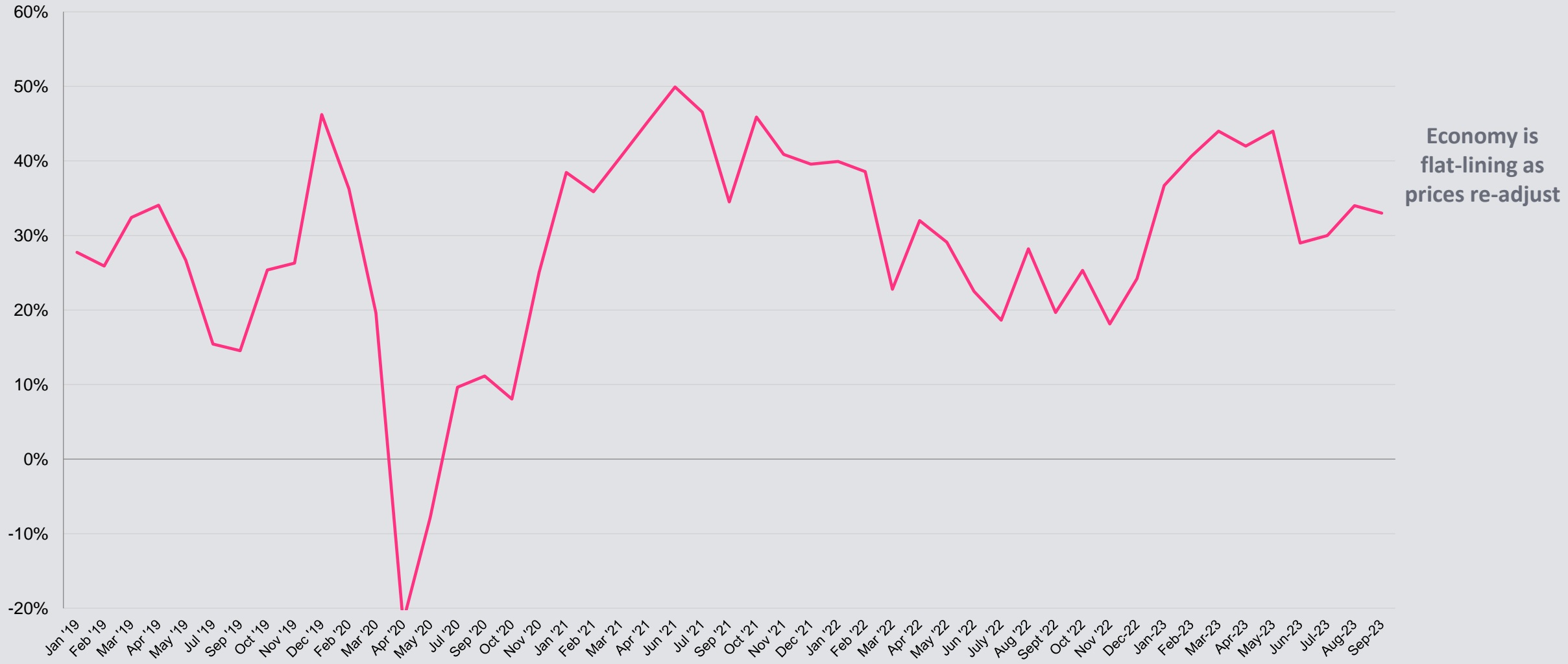




Confidence in own firm's prospects flat in September

How optimistic are you about your own organisation over the next 12 months?

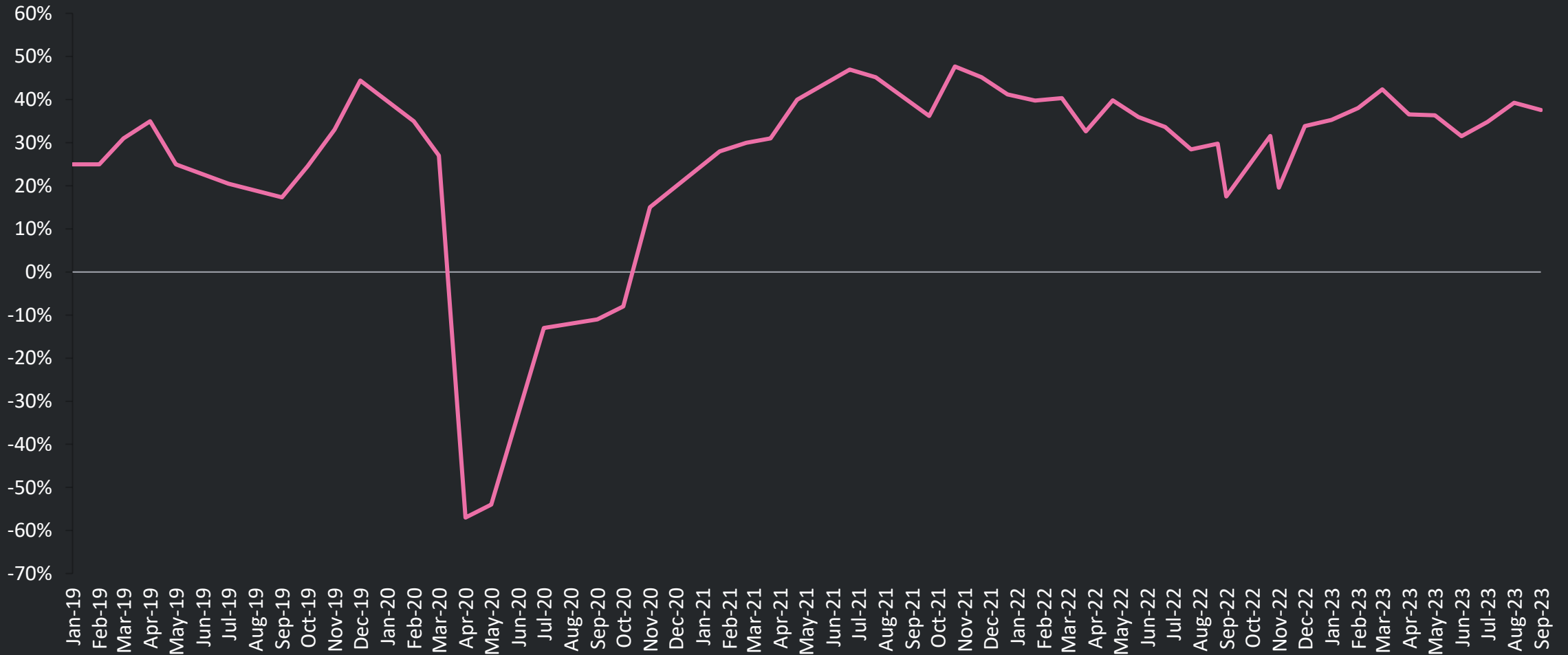
5-point scale from very optimistic to very pessimistic, net optimistic % Source: IoD monthly Policy Voice surveys





Revenue expectations also settling in September

Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: REVENUE.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Headcount expectations have been robust throughout 2023.

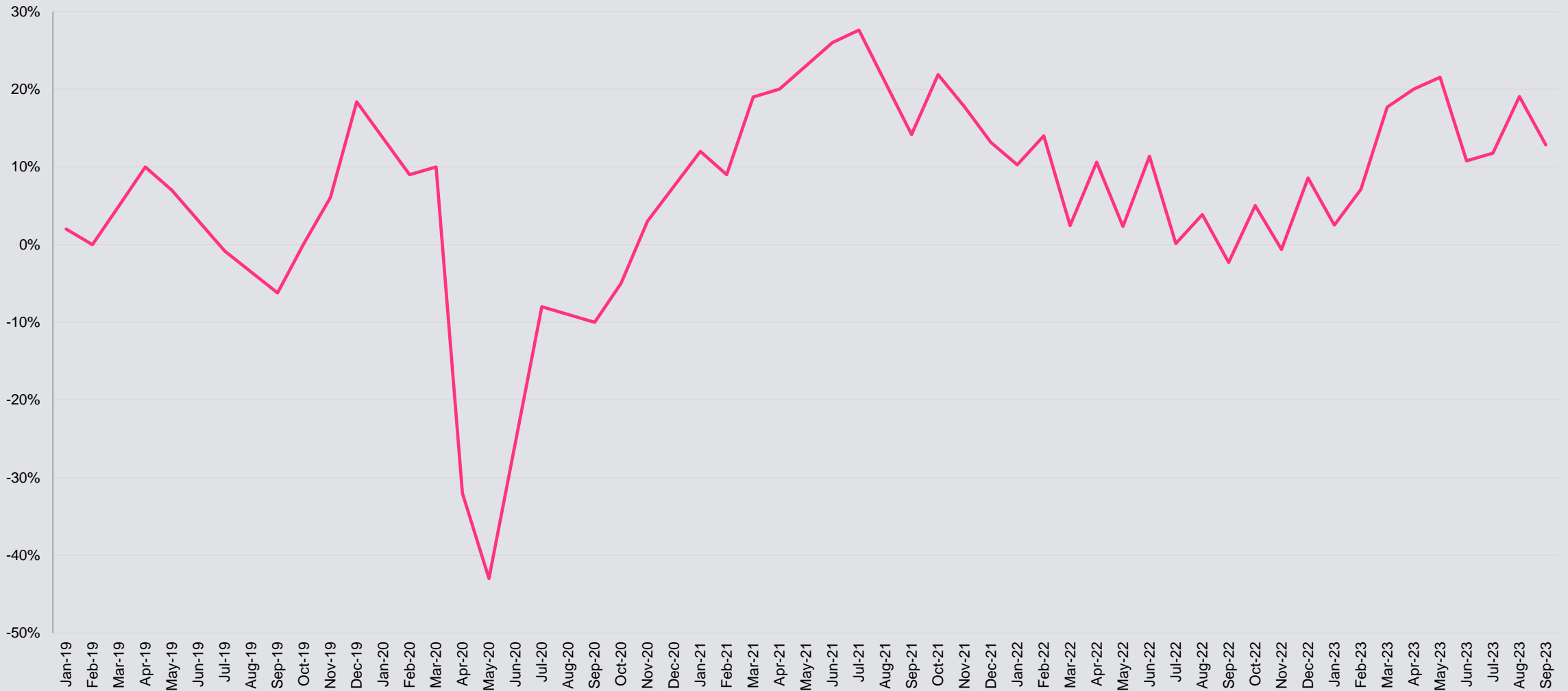
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: HEADCOUNT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Investment intentions fell in September – but there is often month-on-month volatility

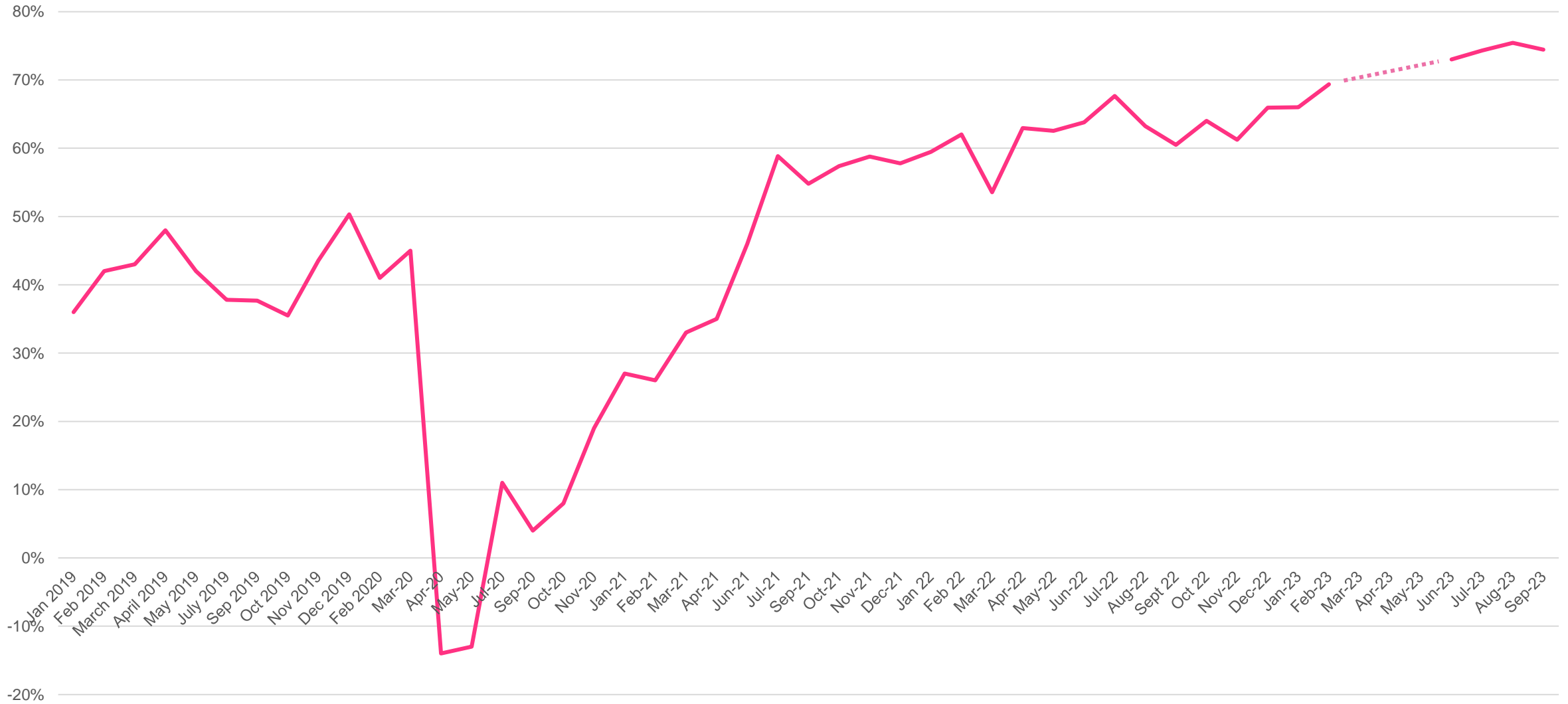
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: INVESTMENT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Wage cost pressures remained very high in September

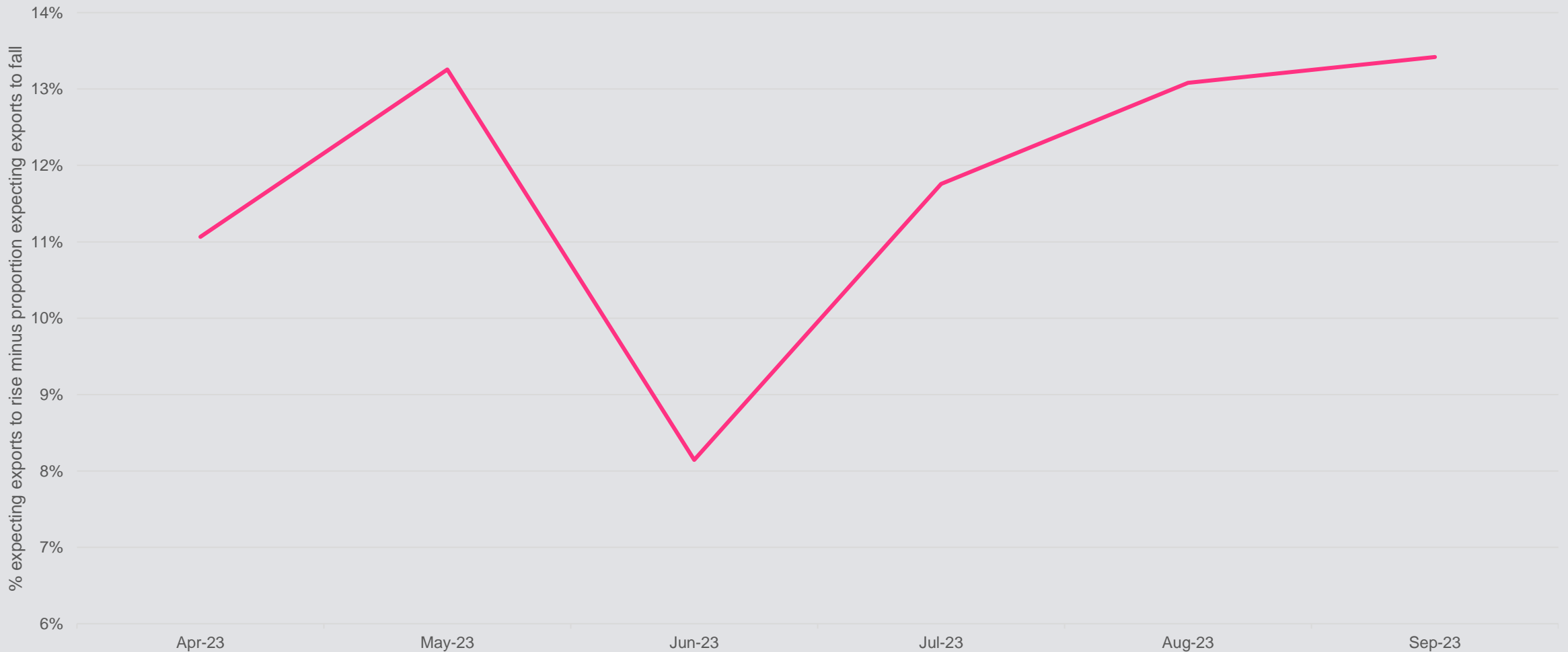
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: WAGES.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Export expectations stabilised in September following June's fall

Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: EXPORTS
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys. Question first asked in April 2023.

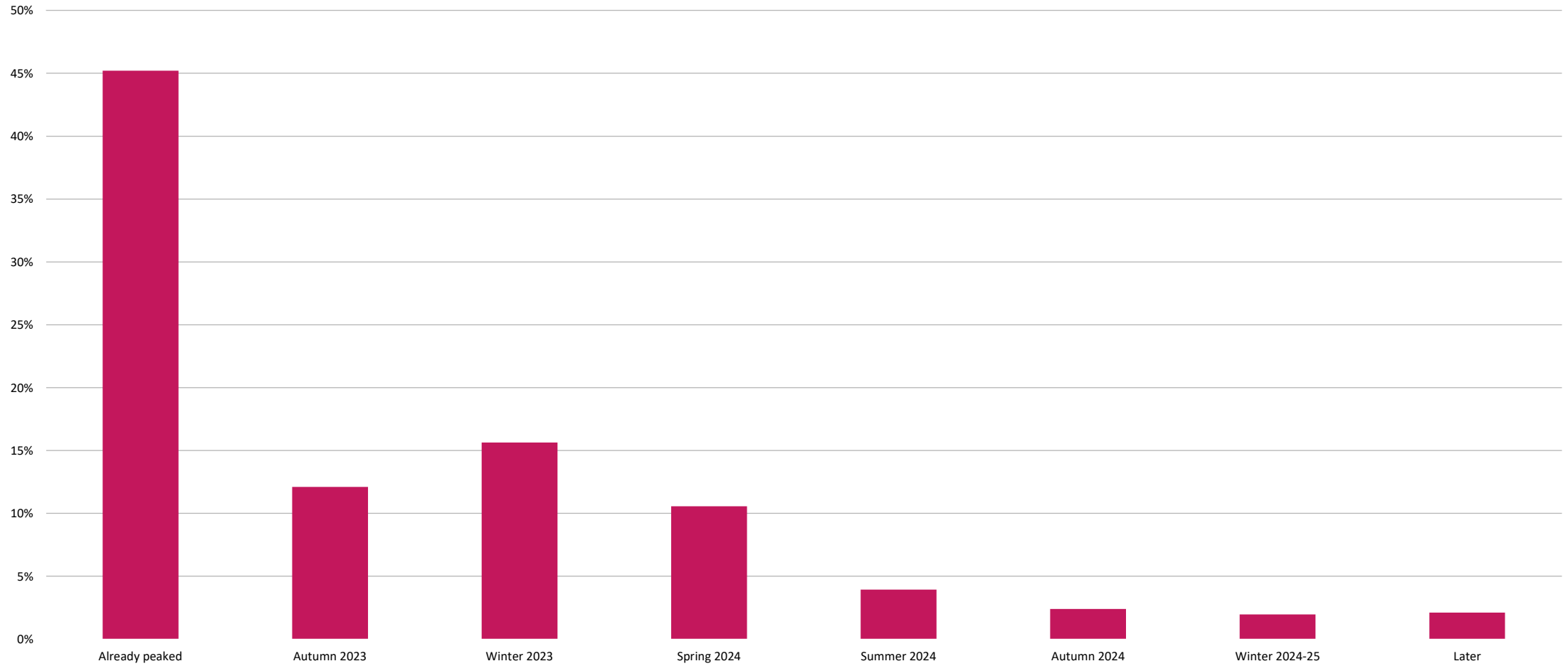




Inflation expectations continued to improve in September

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

Source: IoD Policy Voice survey



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