Policy Voice full survey results October 2023

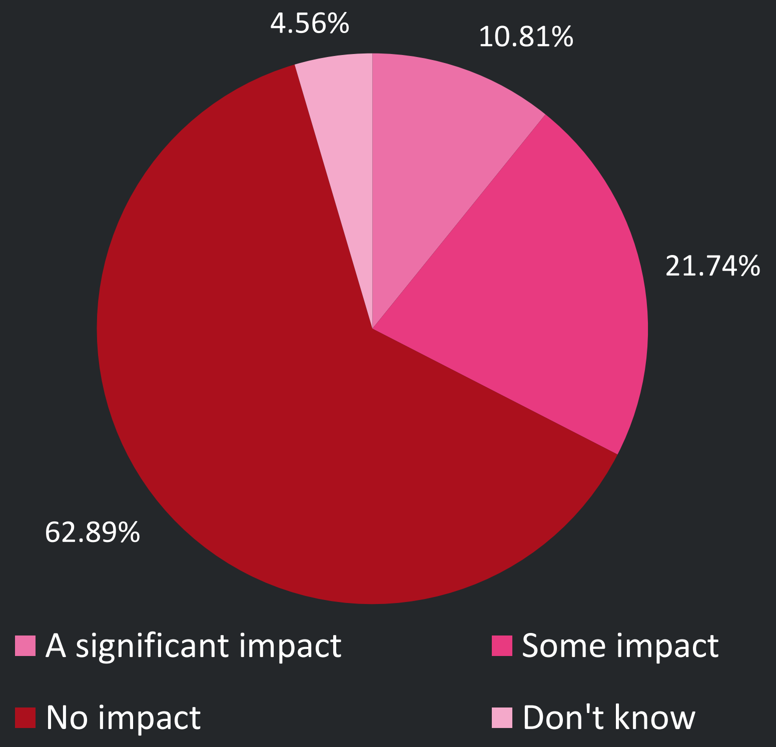
Number of respondents: 768
Survey dates: 12 – 29 October 2023

HS2

Understanding how government decisions impact our members is vital to our work.

We used the results to produce a blog, highlighting the reaction of members to the news of the U-turn.

To what extent will the Government's decision to cancel the extension of HS2 north of Birmingham have an impact on the productivity of your business over the longer term?



In the comments section there were mixed feelings about the cancellation of HS2.

Those for the cancellation expressed the importance of redirecting investment into transport infrastructure in the North of England.

'Good decision, connectivity in the North is more important than a bit quicker to London.' Health and social work, South West, 10-49 employees, £250,000-£2 million turnover

'The whole concept was a complete waste of money, it made no sense to spend vast amounts of money to save a small amount of time, better to improve the infrastructure between the northern cities which has been crying out for investment' Construction, East, 50-99 employees, £10 million - £50 million turnover

Members also noted that due to their location, HS2 would never have affected them, either positively or negatively.

'For us, no benefit to have HS2 and therefore no issue not to have HS2' Professional, scientific and technical activities, London, 50-99 employees, £2 million - £10 million turnover

'It was never going to serve my business region at all.' Information and communication, East Midlands, 10-49 employees, £2 million - £10 million turnover

It was also noted that there is less of a need for nation-wide travel due to the advancements of remote working technology post-Covid.

'My business is entirely on line so no need for travel or goods transport.' Professional, scientific and technical activities, South East, 0-1 employees/sole trader, under £250,000 turnover

'Covid has taught us the reduced need for business travel as communication technology steps forward.' Other service, East, 250+ employees, over £50 million turnover

Those disappointed with the U-turn fell into 4 categories.

Firstly, there were those who were concerned about the reputation of the UK government, and its ability to successfully manage projects of this scale.

'The HS2 cancellation will not affect our West London business but it does undermine confidence in Government planning, project planning & review, costing and financial management, etc.' Accommodation and food services, London, 2-9 employees, £250,000 – £2 million

'Even though the decision has no direct impact on my business, the fact that such a long standing decision has been reversed will have a negative impact of the UK government's credibility in front of investors.' Financial services, London, 2-9 employees, under £250,000 turnover

Others expressed concern over the cancellation of the project as their businesses were directly involved and are now face financial loss.

'I am a supplier to HS2, the decision to stop Phase 2 will cause me significant loss of income.' Construction, West Midlands, 2-9 employees, under £250,000 turnover

'HS2 activated businesses of all types. I have been heavily involved in the design of HS2 Phase 2B and opportunities for my business given my expertise in the field have now been completely scrapped.' Professional, scientific and technical activities, London, 2-9 employees, under £250,000 turnover

Members also noted that the cancellation would make in person meeting even harder, especially when remote working does not meet all their business needs.

'We have clients in the Manchester and Leeds regions and this will reduce our ability and willingness to visit them or when we do a trip, see multiple clients in a reasonable timeframe. This will reduce time in the office and client interaction.' Financia services, London, 250+ employees, over £50 million turnover

'Scraping HS2 means the economic imbalance continues and labour costs will be higher than necessary in the southern part of the country. Remote working will not meet all of our working needs. HS2 is critical for business' Education, London, 2-9 employees, £250,000 - £2 million turnover

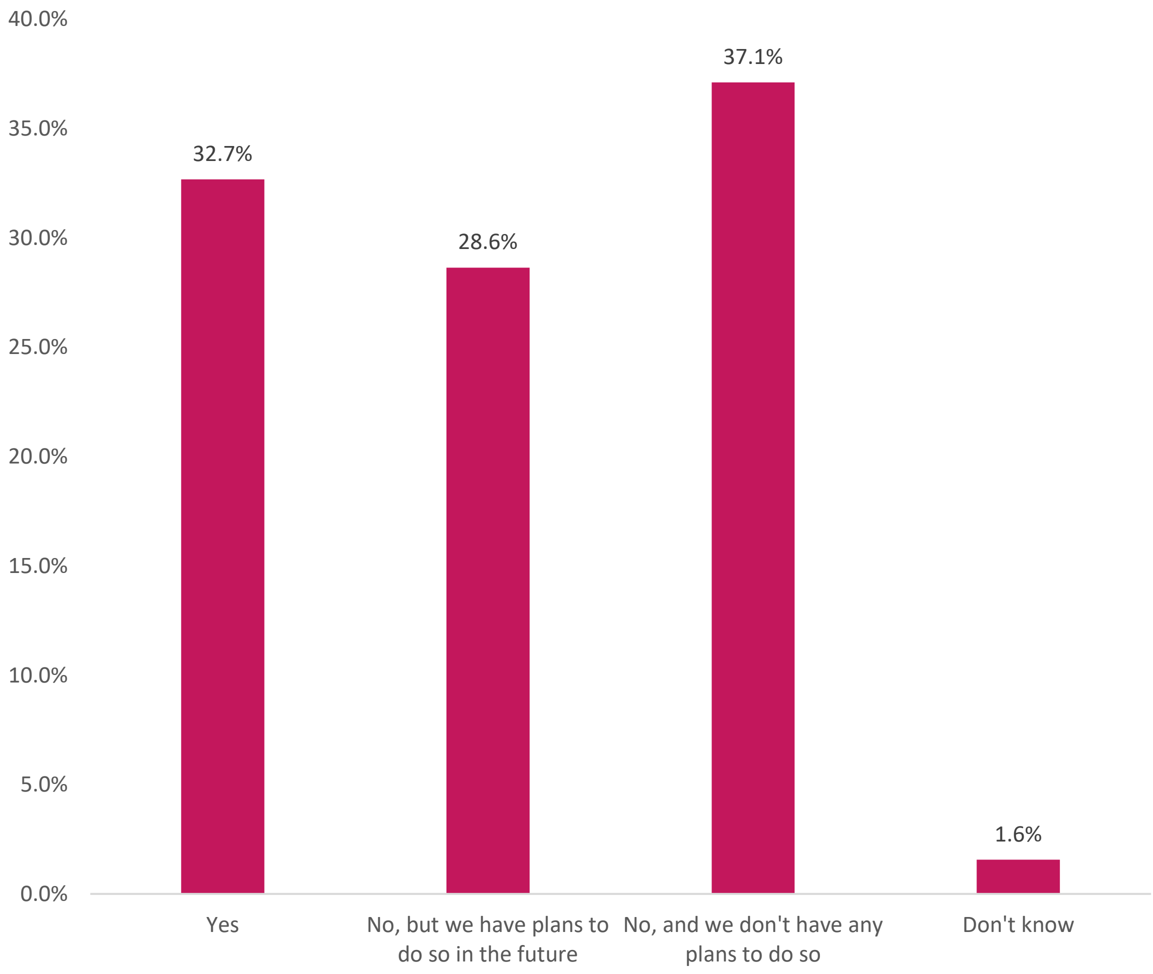
Finally, some were concerned about the negative environmental impact the unfinished project will have.

'The impact of this decision also affects the environment and combined with the equally poor decision regarding net-zero, the north south road artery, the M6 is set to continue to be a non-viable toxic method of travel.' Professional, scientific and technical activities, North West, 2-9 employees, £250,000 - £2 million turnover

Carbon footprint measurements and net zero targets

This data will be shared with the Department for Energy Security and Net Zero following a request for member feedback.

Does your organisation measure its carbon footprint?



Compared with when we asked the same questions last December, the percentage of business leaders who reported that their organisation measures its carbon footprint is ten percentage points higher. There has also been a five-percentage point increase in the proportion whose organisations are committed to achieving net zero by a specific date, and a six-percentage point increase in the proportion who have been asked by a customer or client to demonstrate their carbon footprint.

Has your organisation committed to becoming net zero by a specific date?	
Yes	23.6%
No	73.6%
Don't know	2.9%

Have you ever been asked by a customer or client to demonstrate the carbon footprint of your organisation? Choose as many that apply.	
Don't know	2.6%
No	69.6%
Yes - for a potential future customer or client	17.0%
Yes - for an existing customer or client	21.2%

In the comments section, members offered further insight into the barriers faced by the business community to decarbonising.

Difficulties faced by SMEs in decarbonising

“We are actively working on reduction and other environmental policies (e.g. eliminating single use plastic) but it’s very hard for a small business to measure. We need free and automated help with this.” -- Other services, 2-9 employees

“Once we are a mature and profitable business we may be able to afford the time and resources needed to manage our carbon footprint, until then it is a distraction we simply cannot afford” -- Manufacturing, 10-49 employees

“The measuring tools are so varied and complex for a relatively small business. The effort/reward is hard to see.” -- Other services, 50-99 employees

“For a small SME we don't have the resource internally to deal with this and to outsource this would be additional burden on the business that we could not justify at this time.” -- Construction, 2-9 employees

Concern that national-level policymaking is not moving quickly enough to build the infrastructure needed for businesses to efficiently decarbonise:

“We have been pushed by some clients to commit to a 2030 target, but without any viable alternative to diesel vans and construction plant, this looks to be unachievable and there are concerns about 2050 if there is continued inaction on a national scale.” -- Construction, 10-49 employees

“Any transition strategies to progress to 'net zero' are too short, reactive policies are being taken” -- Other services sector, 2-9 employees

“Our plans are dependent on things such as the availability of good alternative forms of transport. Poor rail performance, strikes, and poor bus services outside of major conurbations makes it difficult to achieve.” -- Professional, scientific and technical activities, 2-9 employees

Uncertainty around the role that micro and/or remote businesses are expected to play in the net zero transition:

“We are a remote business, we have no offices, is this relevant?” -- Other services, 10-49 employees

“This is unlikely to be measured usefully by self-employed people: what measures could we use?” -- Professional, scientific and technical activities, sole trader

Practical challenges to measuring carbon impact and decarbonising:

“A significant challenge lies in both the methodology for measurement and the capacity of suppliers to offer solutions that are presently difficult to attain.” -- Construction, 10-49 employees

“Our landlord looks after the electrical supply, so we have no decision-making authority on our largest exposure” -- Health and social work, 2-9 employees

Scotland

Against the backdrop of the Scottish Government's 'New Deal for Business', it is important the Scottish Government engages as effectively as possible with the business community.

The results from these questions are designed to contribute to research into how well businesses feel the Scottish Government understands their needs.

Number of respondents: 58

Policy Voice full results October 2023

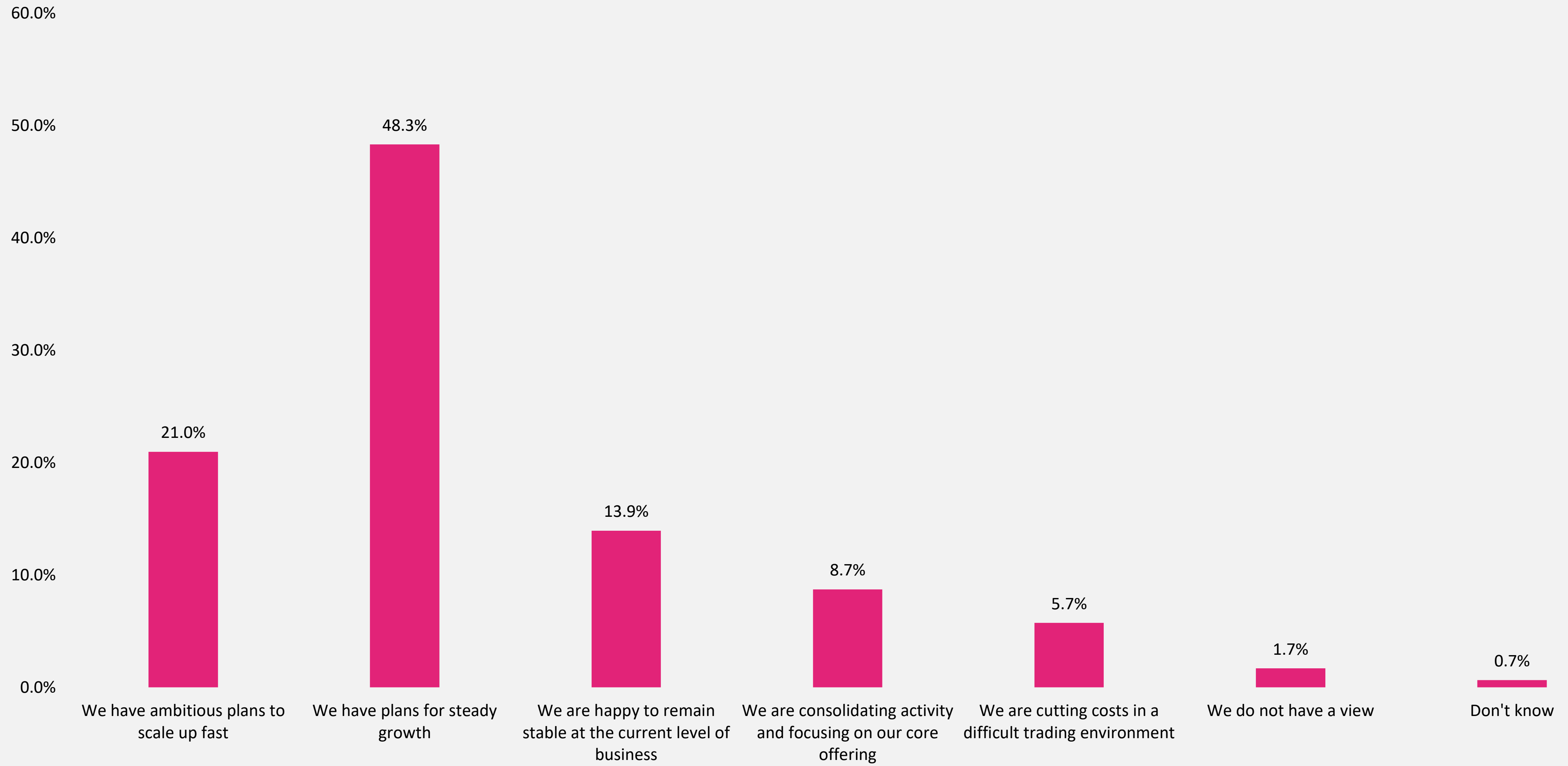
The Scottish Government understands the business environment in Scotland	
Strongly agree	8.6%
Agree	13.8%
Neither agree nor disagree	8.6%
Disagree	22.4%
Strongly disagree	44.8%
Don't know	1.7%

The Scottish Government engages well with my sector if it is considering policies that would affect us	
Strongly agree	3.4%
Agree	19.0%
Neither agree nor disagree	19.0%
Disagree	13.8%
Strongly disagree	44.8%
Don't know	0.0%

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 ambitious for growth would you say your organisation is at the moment? Choose the option that best represents your view.



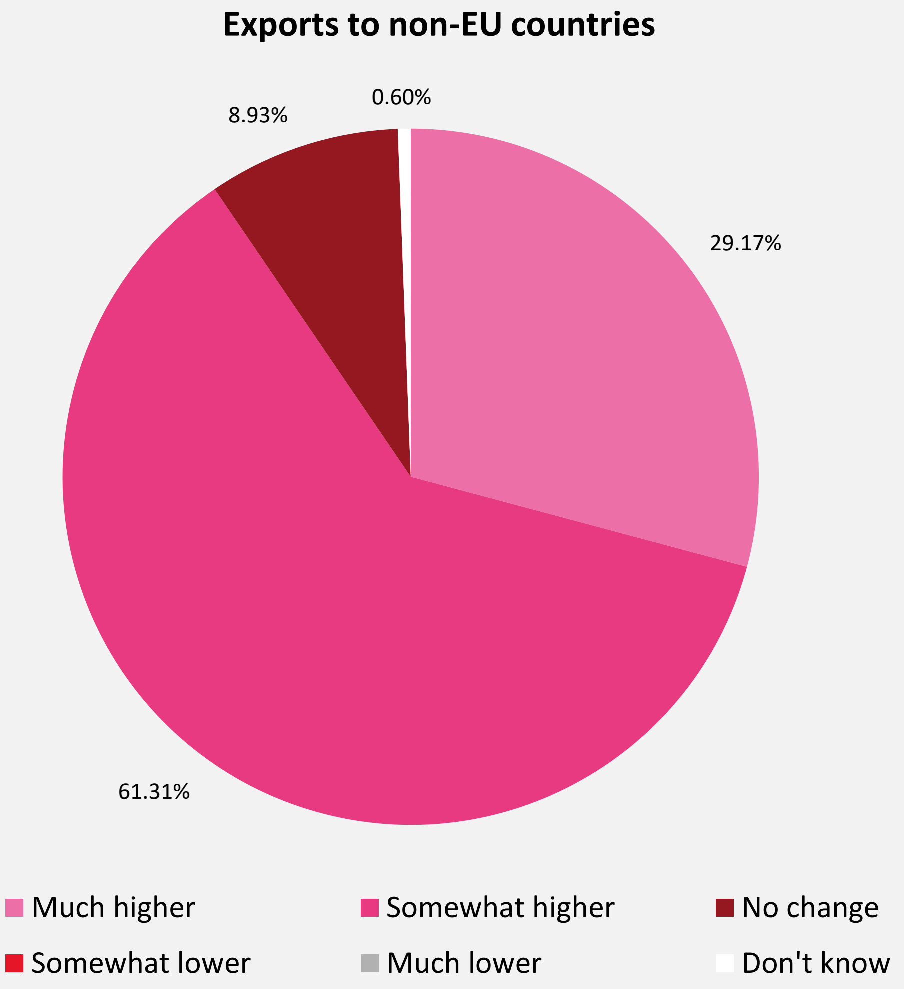
This is one of our annual economic monitoring questions

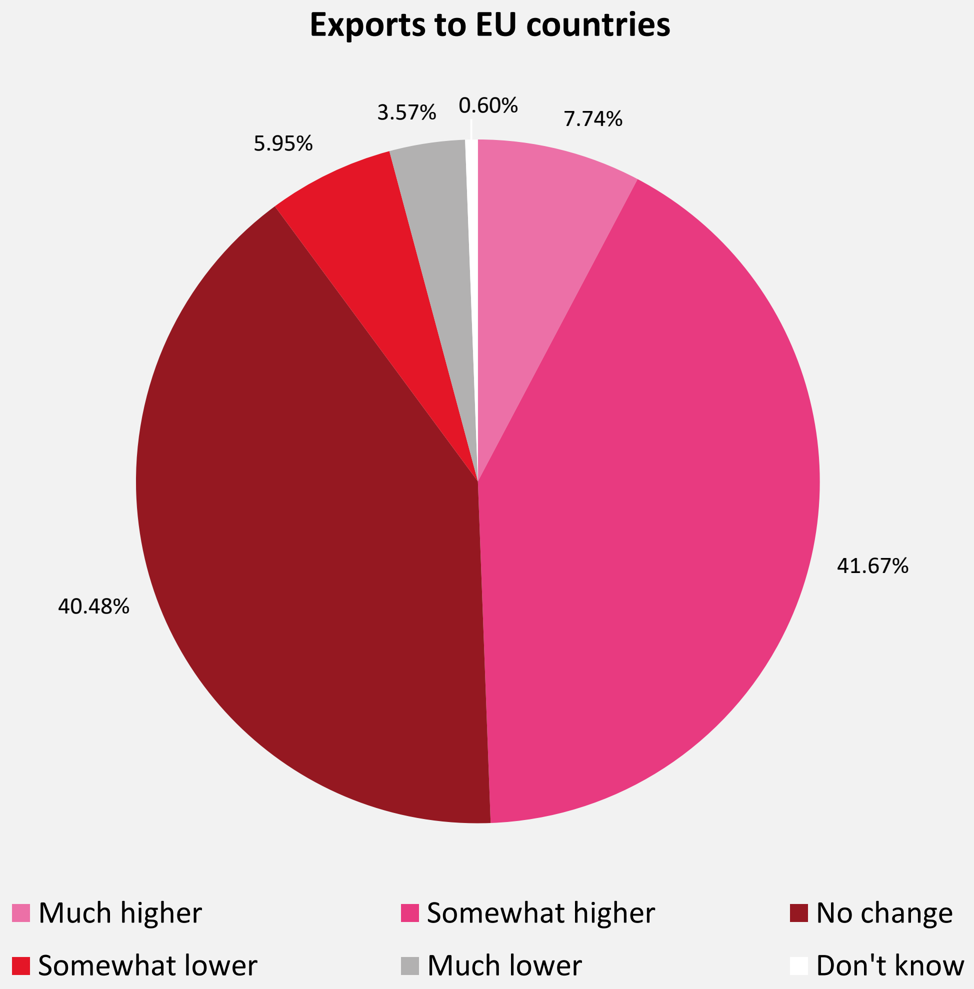
At what point, if at all, do you expect the rate of inflation in the UK to peak before starting to fall back again, or has it already peaked?	
Autumn 2023	7.7%
Winter 2023-2024	13.3%
Spring 2024	11.6%
Summer 2024	4.3%
Autumn 2024	3.3%
Winter 2024-2025	2.3%
Later than winter 2024-2025	3.1%
Inflation has already peaked	47.7%
Never	0.7%
Don't know	6.1%

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

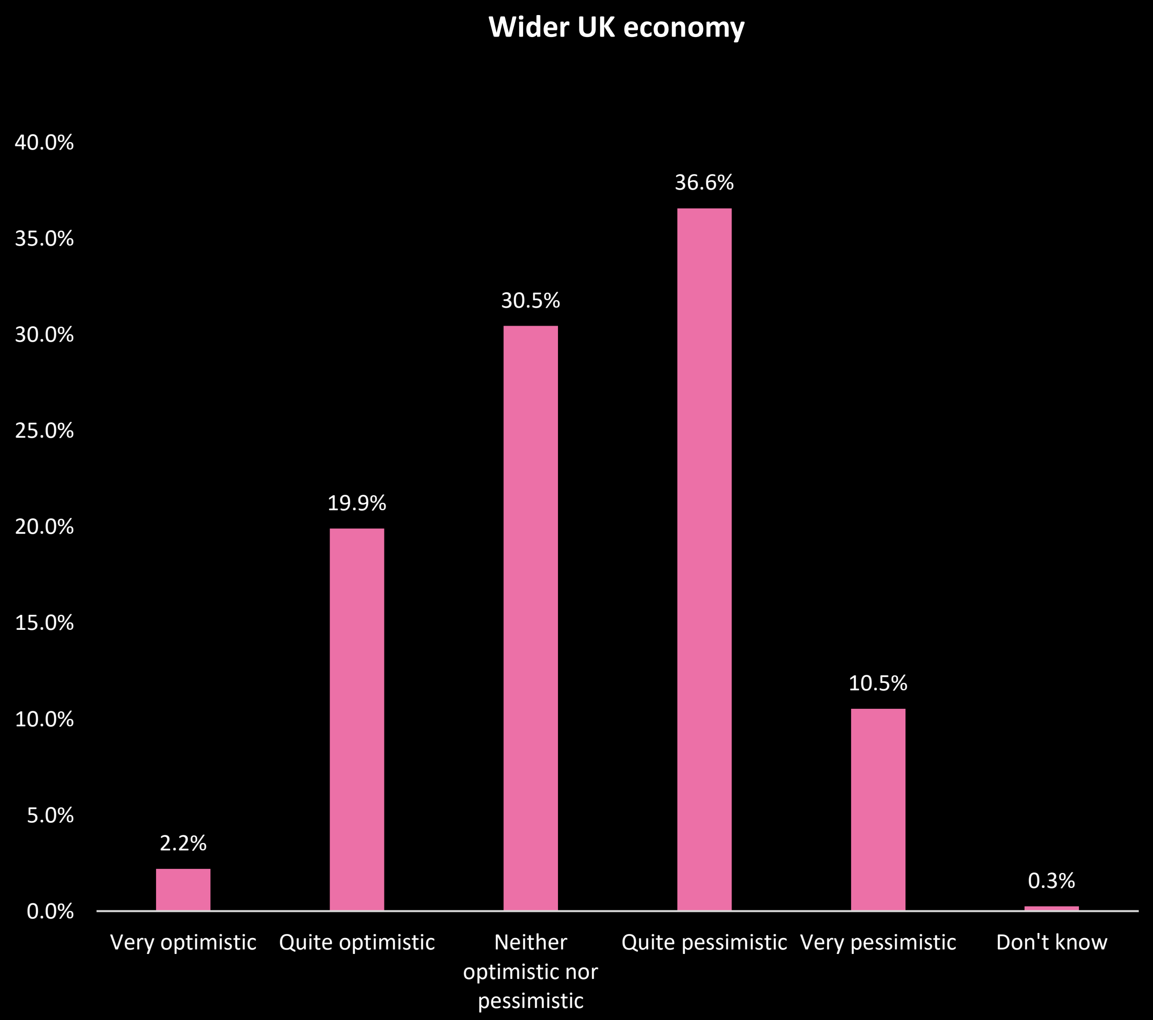
	Business Investment	Cost	Exports	Headcount	Revenue	Wages
Much higher	7.0%	10.3%	3.9%	3.5%	10.5%	7.4%
Somewhat higher	34.0%	67.2%	18.0%	34.6%	50.5%	65.5%
No change	39.2%	15.4%	32.2%	48.0%	22.1%	21.9%
Somewhat lower	13.0%	5.1%	3.4%	9.9%	12.4%	2.0%
Much lower	4.7%	0.5%	2.2%	1.7%	3.0%	0.7%
Don't know	0.4%	0.5%	0.9%	0.7%	0.4%	0.4%
N/A	1.7%	1.0%	39.5%	1.6%	1.0%	2.2%

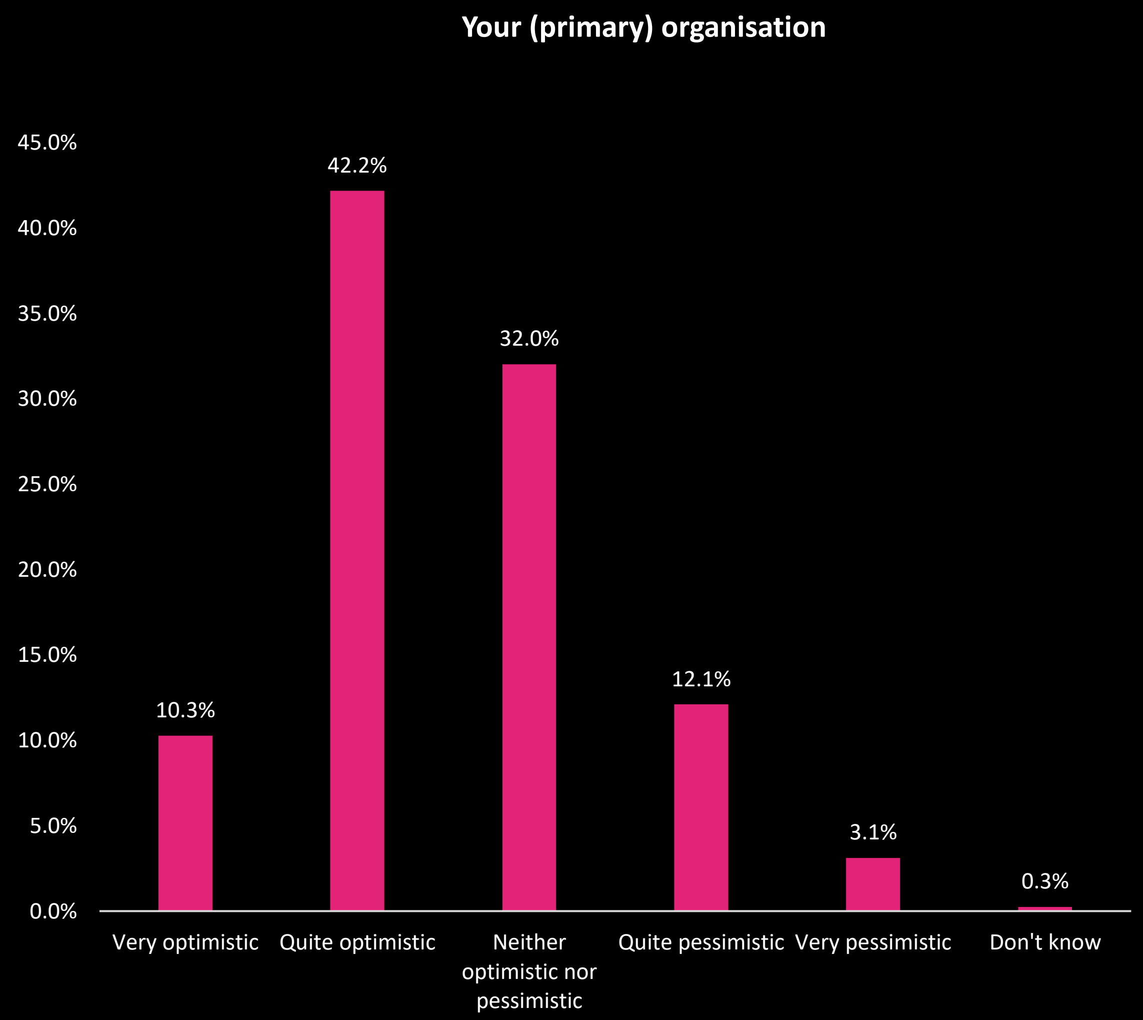
You said you were expecting a change in the outlook for your exports over the next 12 months. What do you believe your outlook will be for both EU and non-EU exports?





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





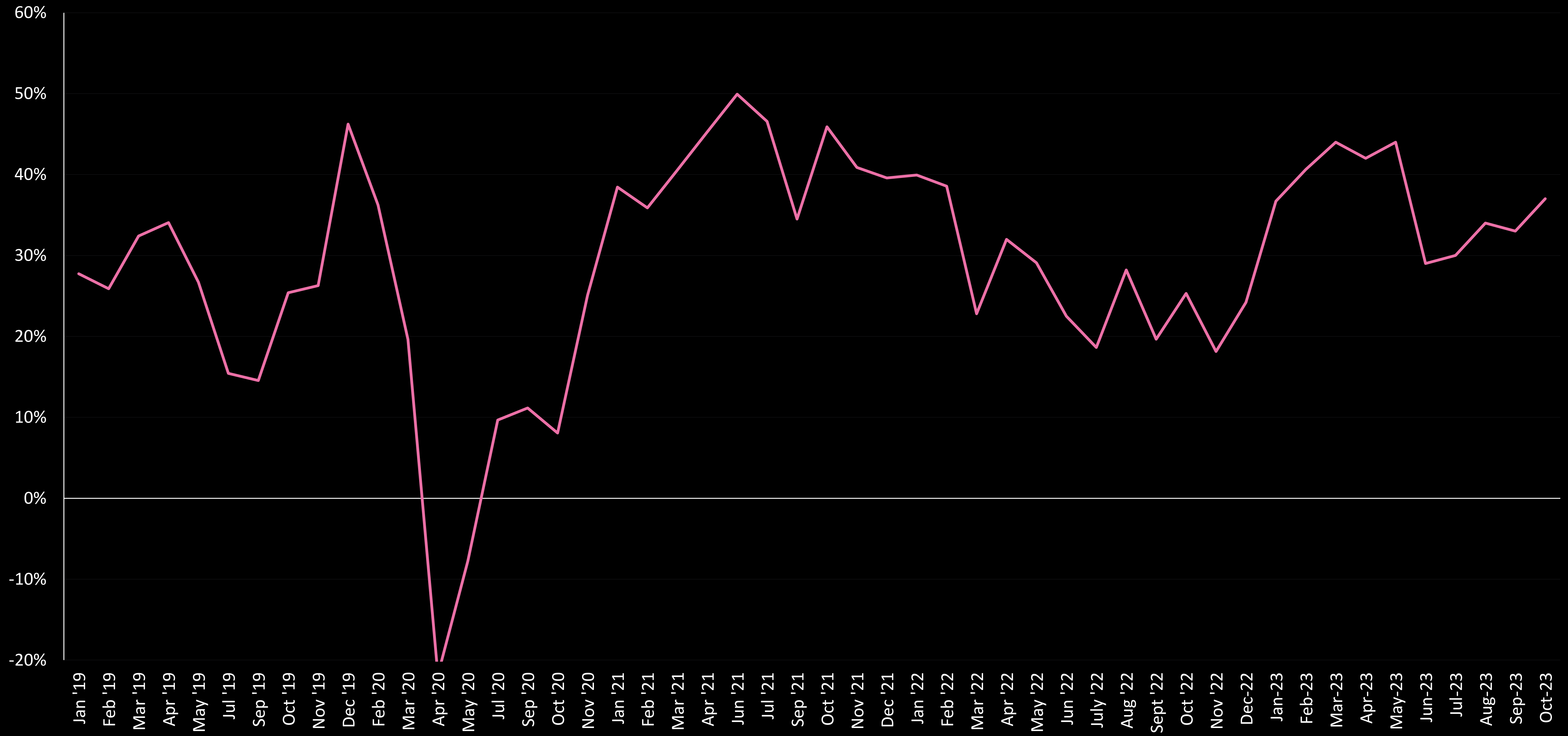
Economic Monitoring: Trends

Directors remain pessimistic but some green shoots in October

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: October 2023)

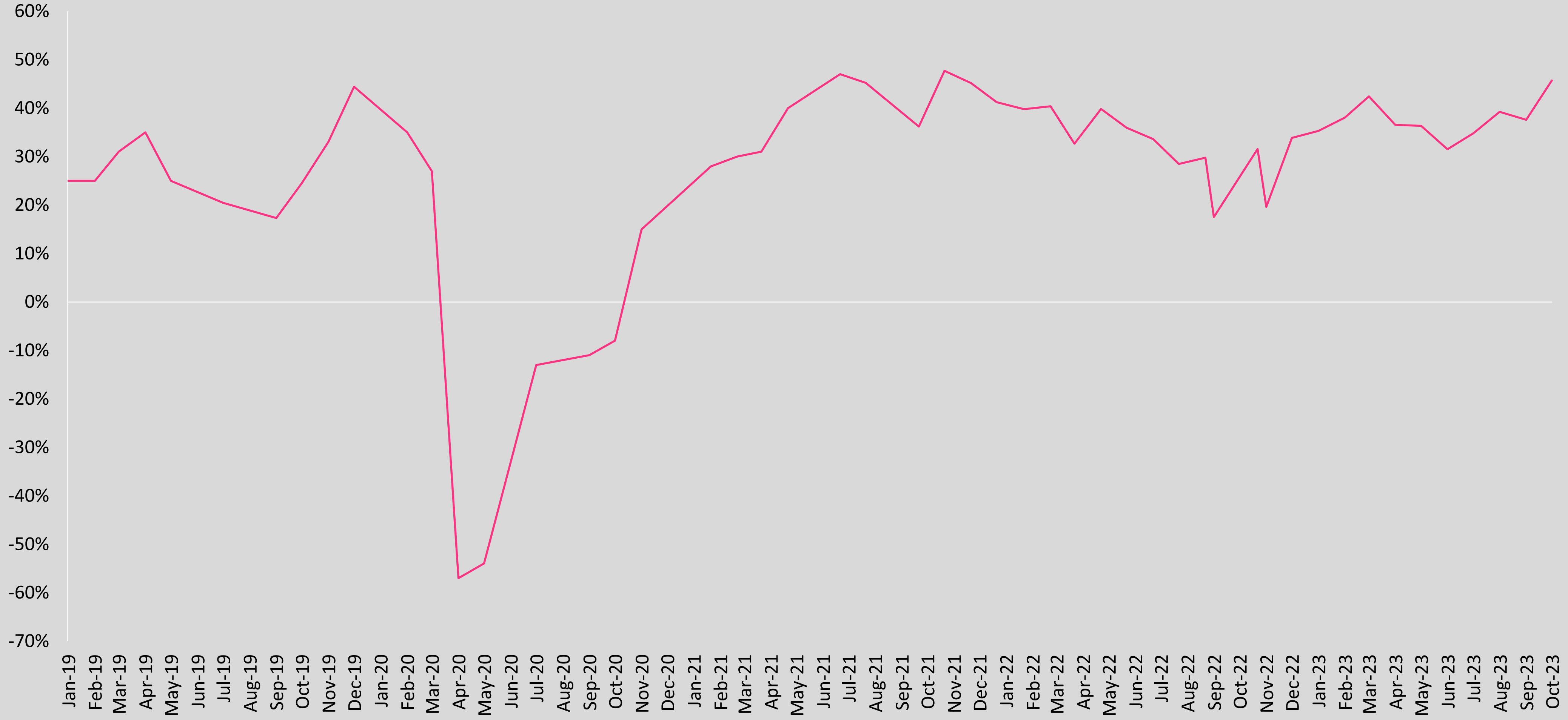
Confidence in own firm’s prospects rises slightly in October

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



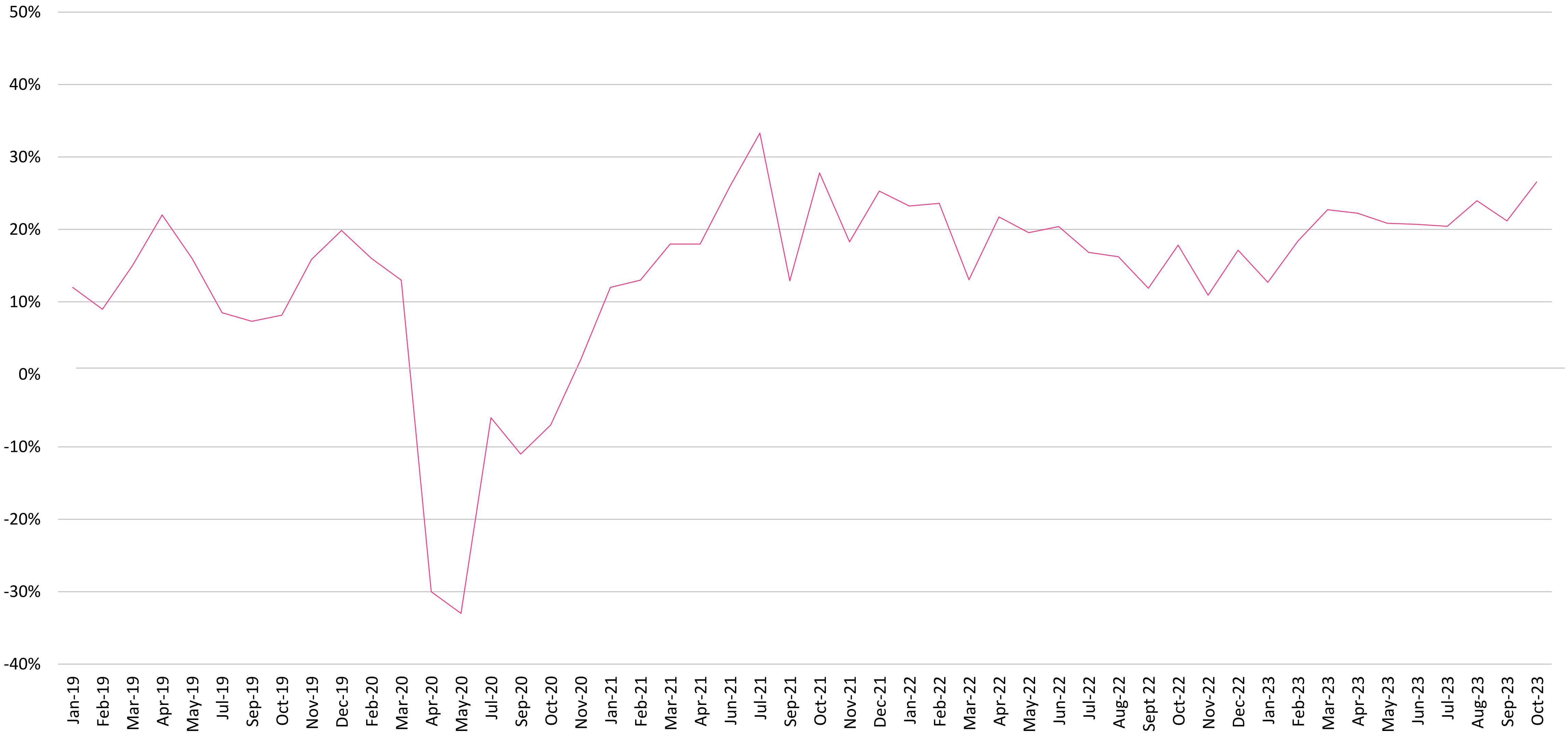
Notable jump in net revenue expectations

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



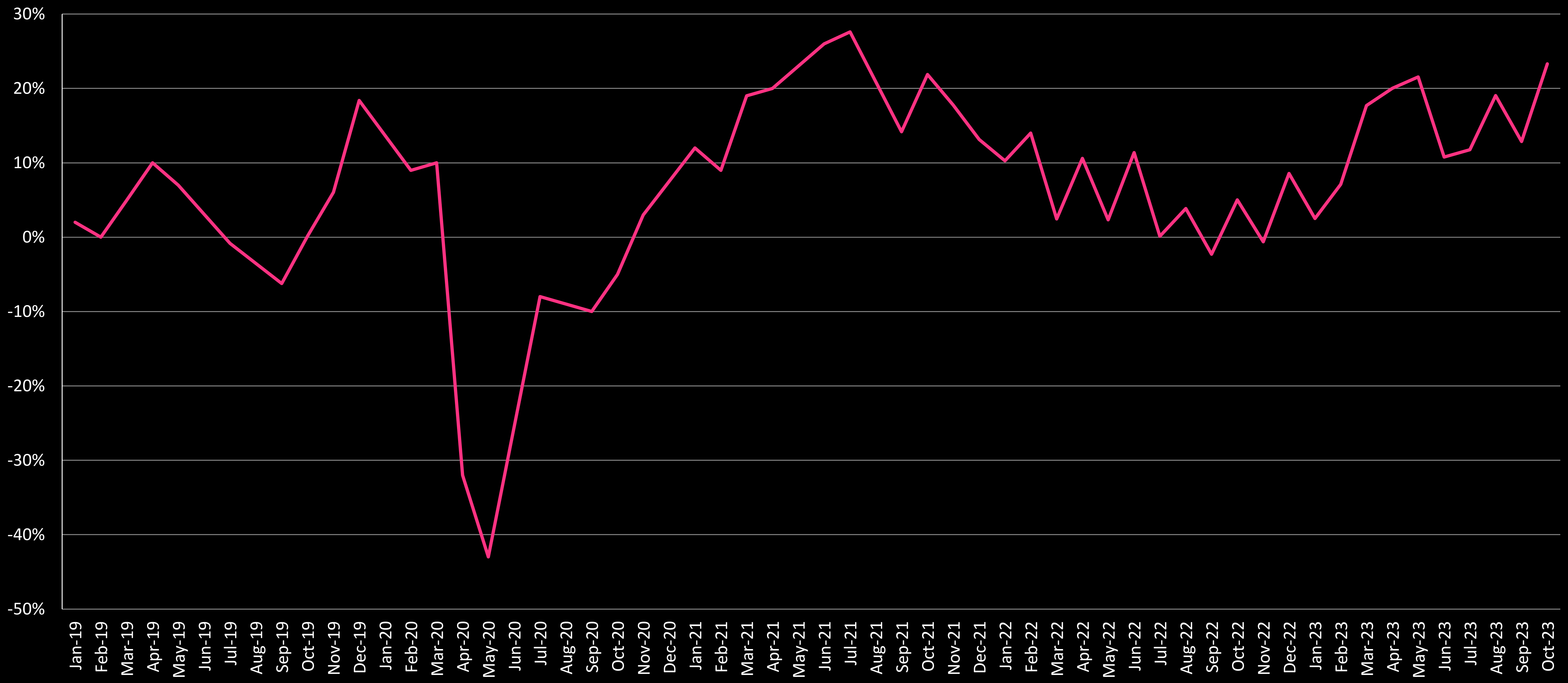
Headcount expectations have been robust throughout 2023

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



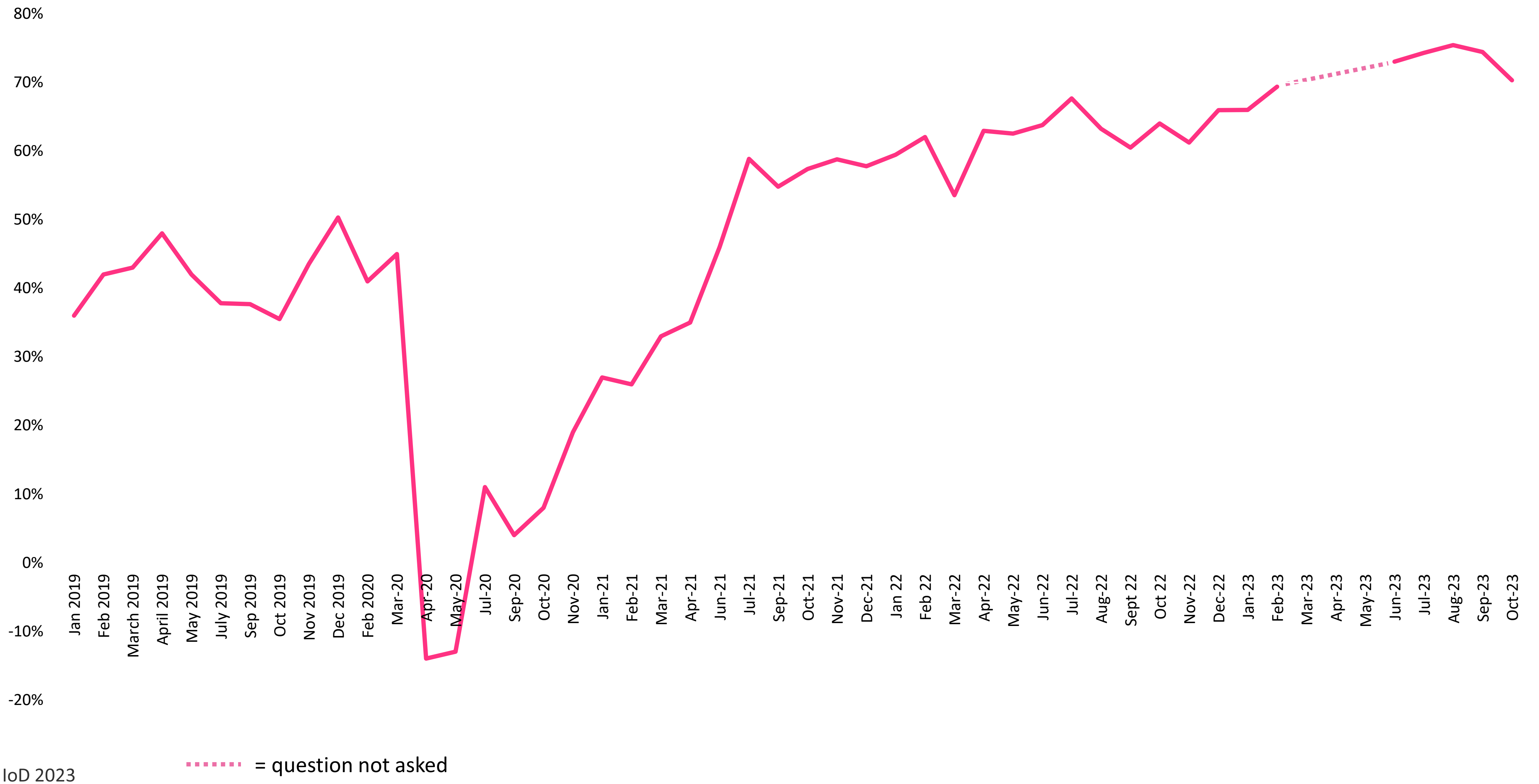
Investment intentions continue to follow month-on-month volatility in October

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



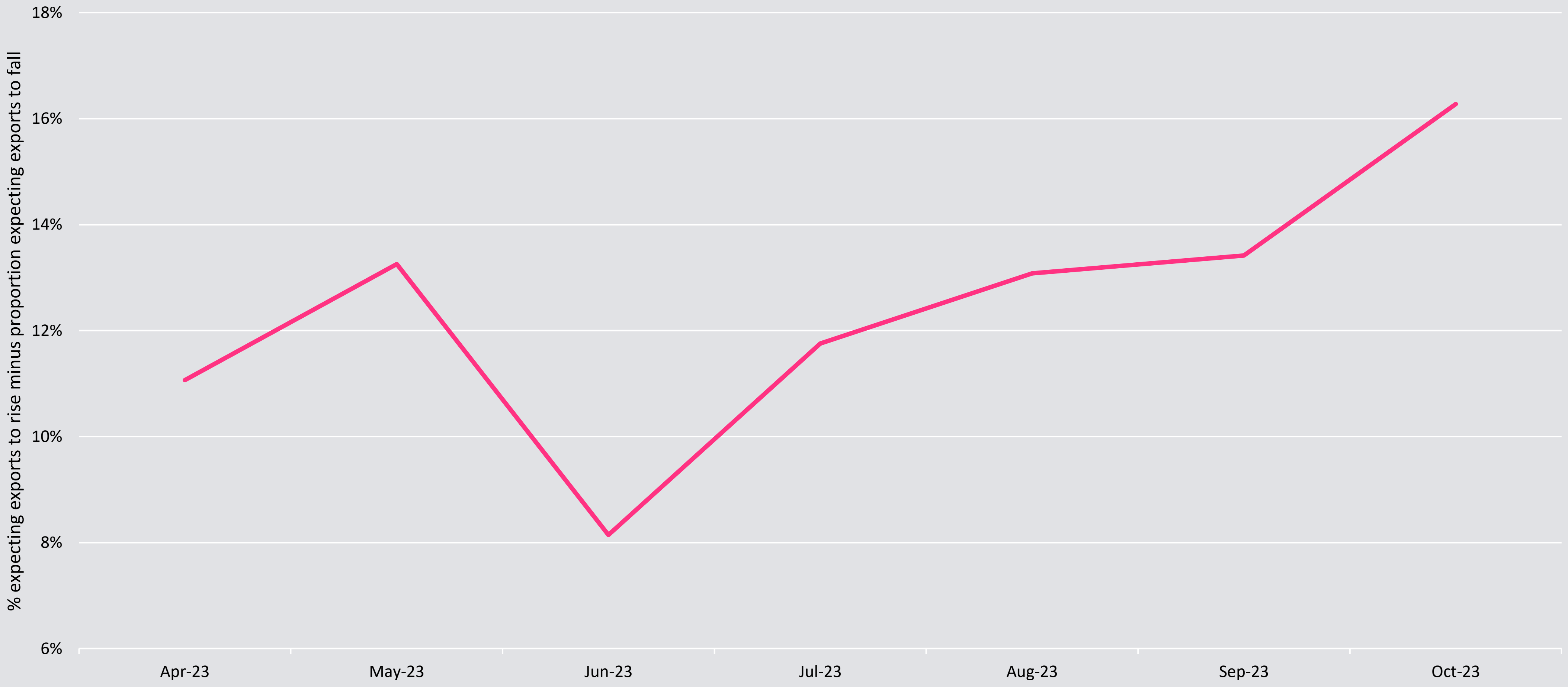
Wage cost pressures take a turn in October

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



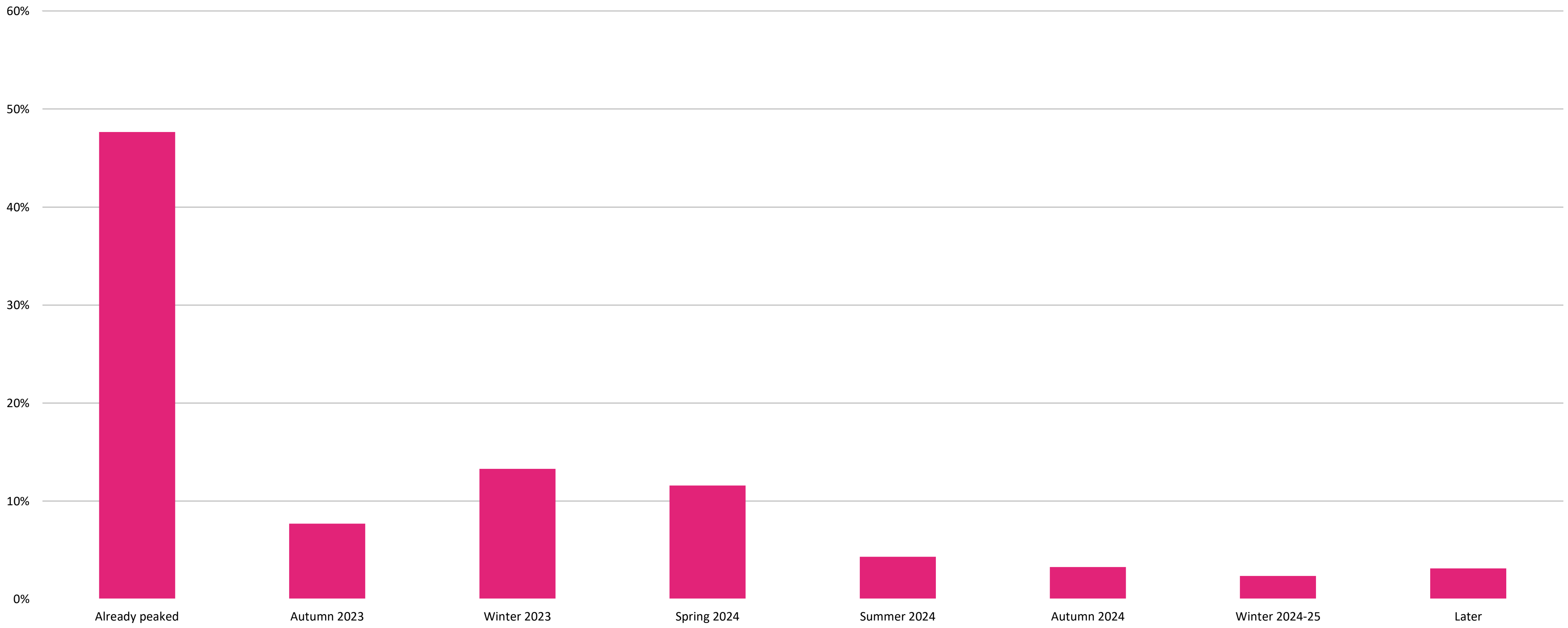
Export expectations continue to rise in October following June's fall

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 October

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



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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.