



# Policy Voice full survey results December 2024

- Investment planning
- Family businesses
- Apprenticeships
- Business confidence

Number of respondents: 497

Survey Dates: 13 – 30 December 2024



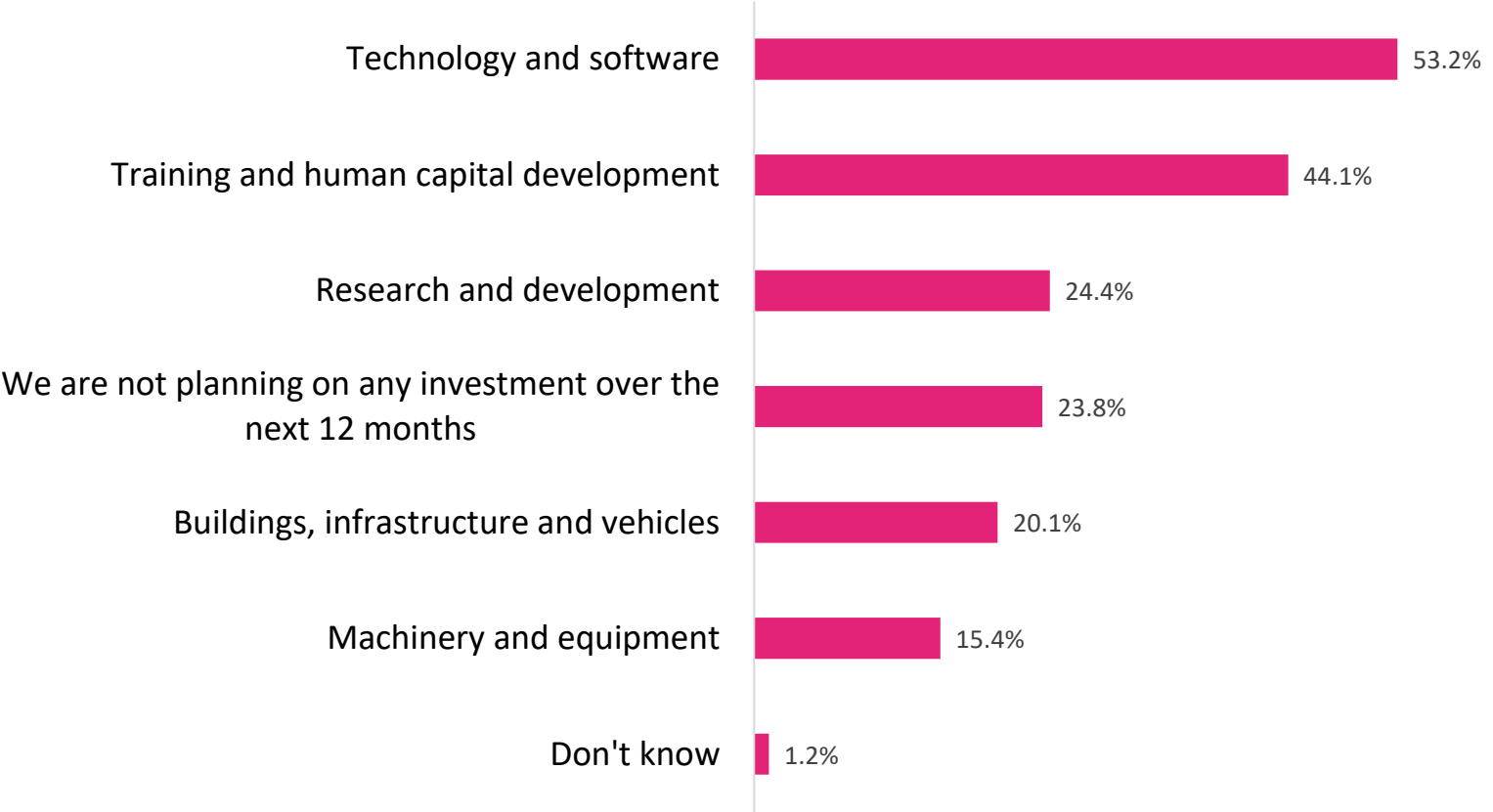
# Investment Planning

The government is keen to improve the environment for investment in the UK and data from these questions will help us to understand where IoD members are investing, and what's holding them back.



In 2025, the majority of business leaders are planning to invest in technology and software

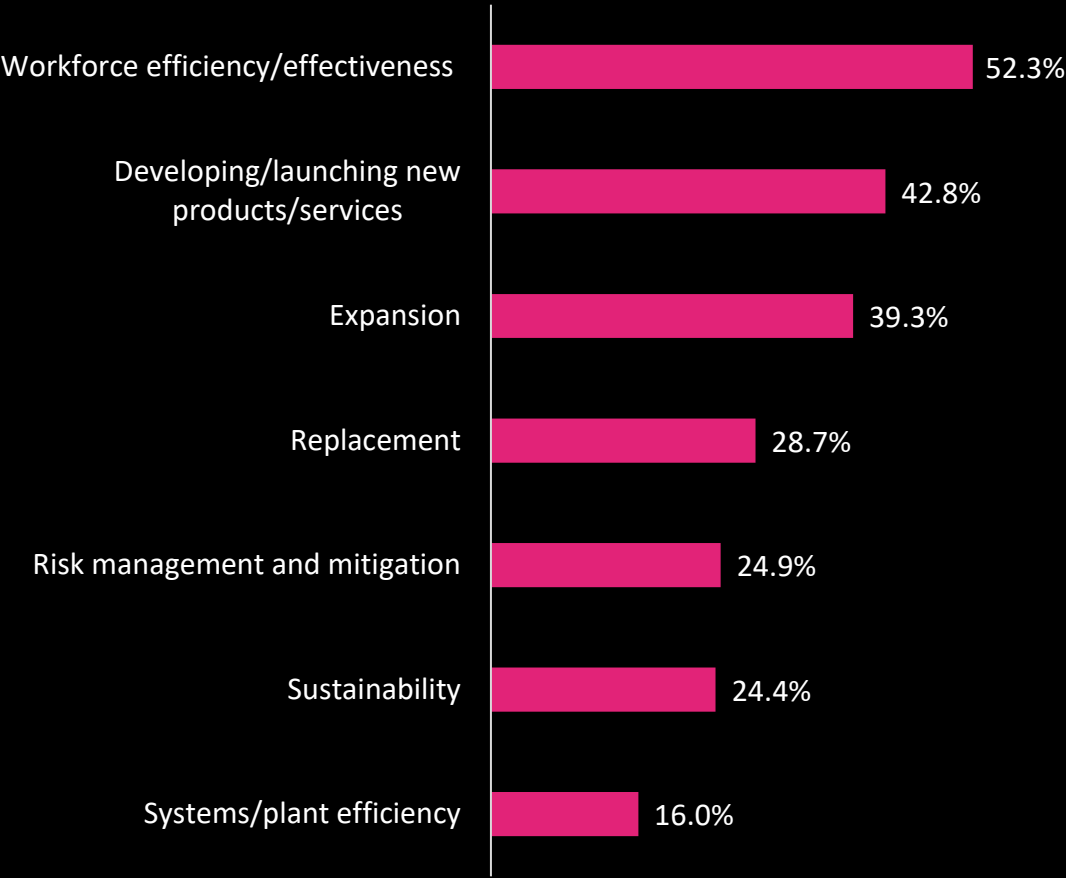
What do you plan to invest in over the next 12 months? Please select all that apply





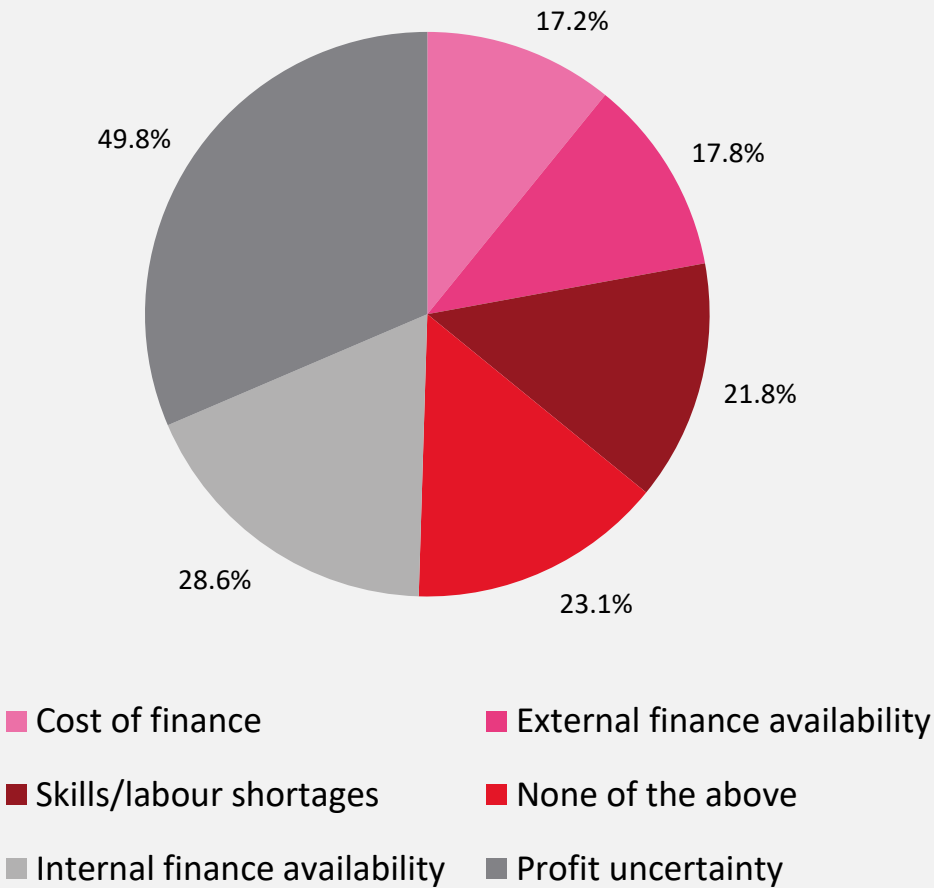
Majority of business leaders are investing to increase workforce efficiency

What is motivating your investment plans? Please select all that apply.



Half of respondents note profit uncertainty is constraining investment

Are any of the following constraining your investment? Please tick all that apply.





**When giving further comments on how they are planning to invest over the next year, and what, if anything, is constraining these intentions, the top theme that emerged was how the Autumn Budget has caused disruption to planning.**

**Of particular concern are the planned increases in Inheritance Tax and employers' National Insurance:**

*"The IHT proposals make investing in the business less desirable as the tax liability for my children who will inherit the business will be so high they will have to sell, even with 10 years to pay the tax off. This is creating uncertainty within the anymore and we are considering selling up now before April 26" (Construction, 10-49 employees, budget, England)*

*"The employers NI and minimum wage changes are significantly limiting the amount we have to invest." (Health and social work, 100-249 employees, East of England)*

*"Since the budget we have been actively reviewing the ownership structure of the company to mitigate the impacts of removing Business Property Relief for inheritance tax planning." (Electricity and/or gas supply, 0-1 employees/sole trader, Scotland)*

**Access to finance also crops up as an issue:**

*"I don't even bother looking at external finance anymore. Finance is either hugely expensive or, when it comes down to it, not available. The financial markets do not work for SMEs, we are kicked by the spend yet we provide the main likely source for new employment." (Professional, scientific and technical activities, 10-49 employees, East Midlands)*

**It is also economic uncertainty that is causing businesses to consider their investment intentions:**

*"We are planning to operate only on a replace if it breaks basis due to economic uncertainty." (Wholesale and retail trade (including motor repair), 100-249 employees, Yorkshire and the Humber)*

*"The mood of the moment is spend as little as possible and hunker down for a hard time. Government induced." (Agriculture, forestry and fishing, 0-1 employees/sole trader, South West England)*

**As a result of these challenges, some businesses are looking at investing outside the UK:**

*"The recent budget is leading to greater investment abroad in people and software development" (Financial services, 250+ employees, London)*

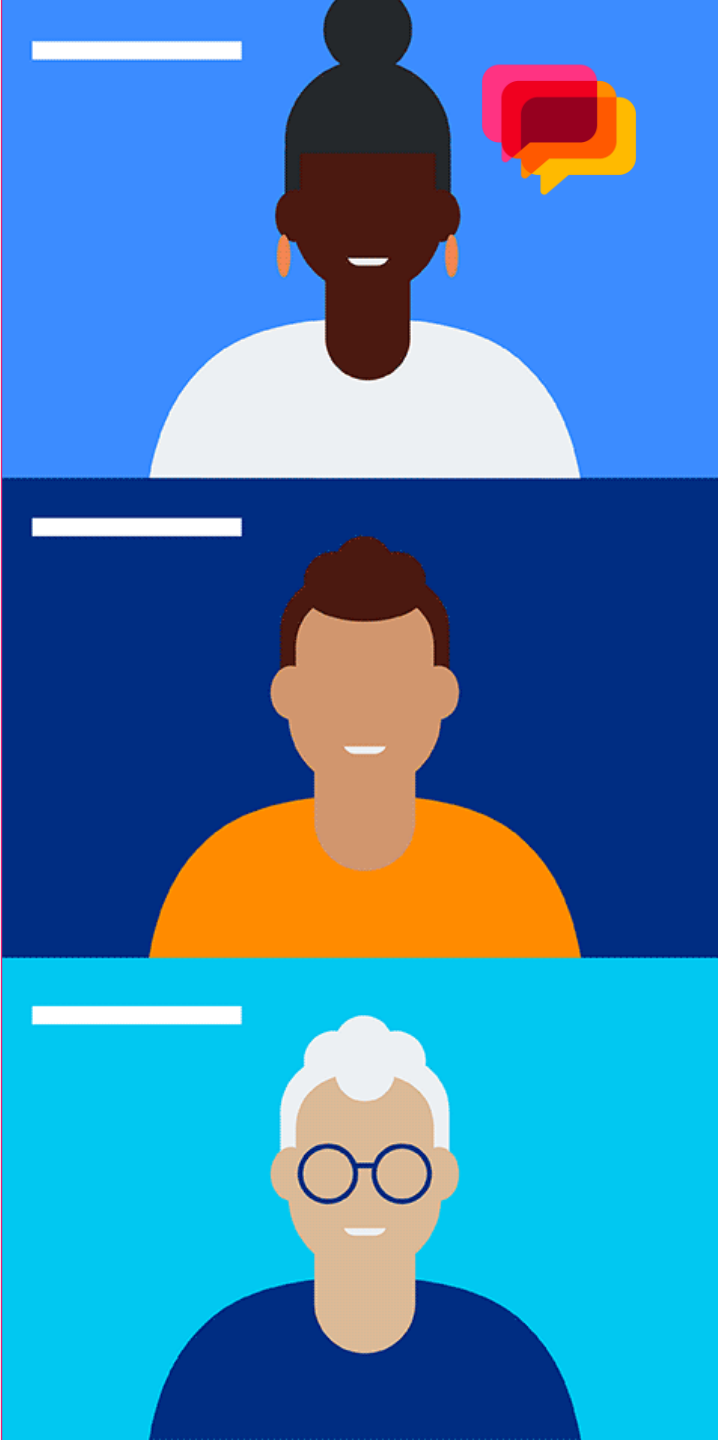
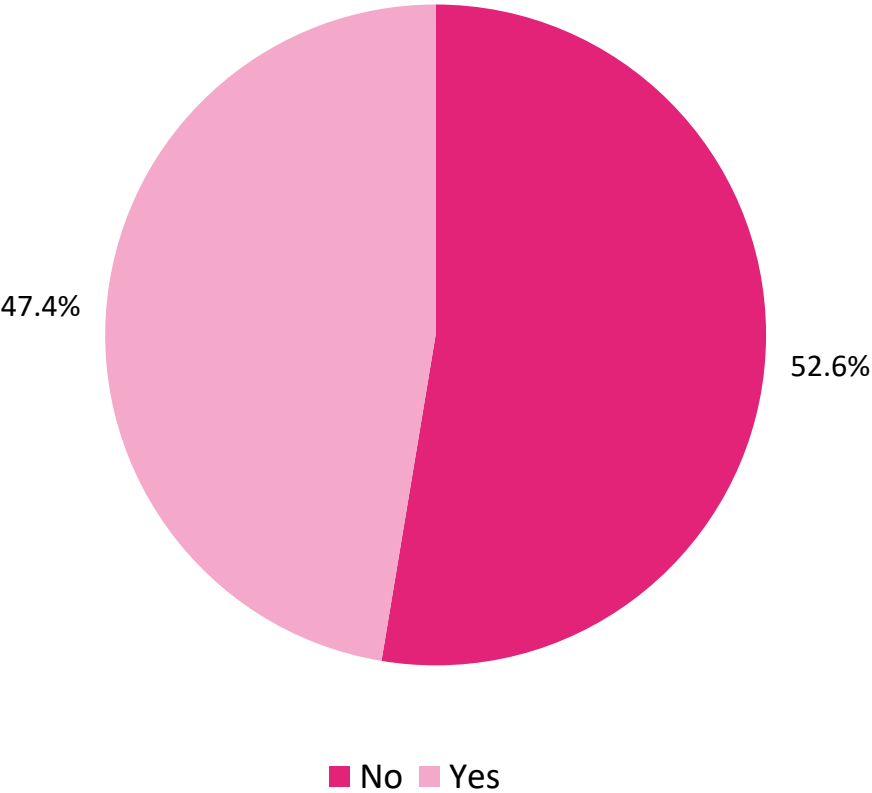
*"The majority of our investment will be outside of the UK" (Manufacturing, 50-99 employees, North West employees)*

# Family Businesses

The Budget included significant changes in tax for family businesses, which seem punitive relative to the revenue raised. Data from these questions will be shared with government to understand how affected businesses are responding.

Almost half of IoD members are involved in the running of a family business

Do you run, or are involved in the running of, a family business?

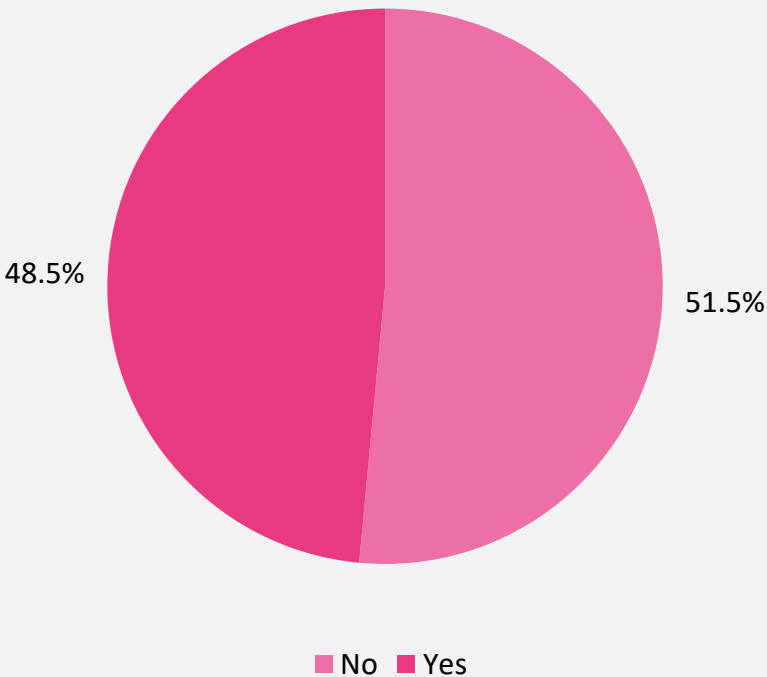






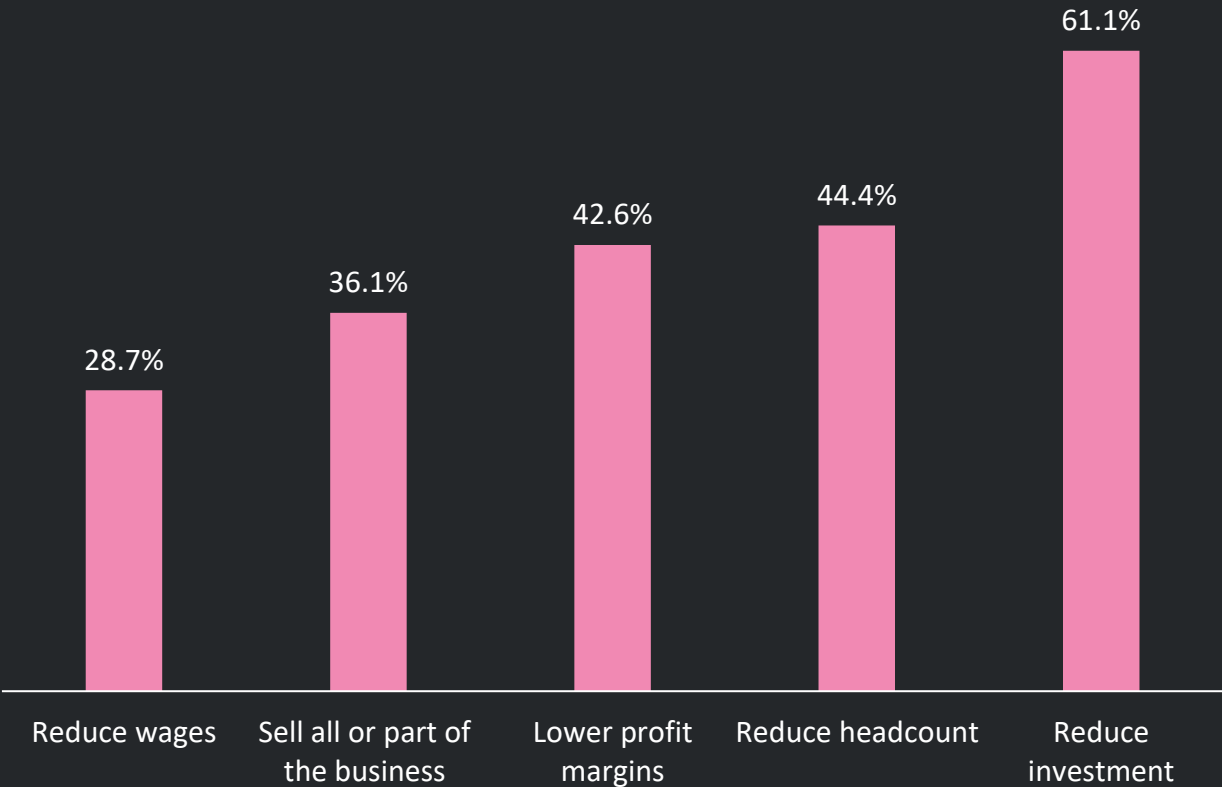
**IoD members are largely split on whether changes announced in the Autumn Budget will impact their family business**

Do you expect the changes to Business Property Relief announced in the recent Budget to have an impact your business plans over the coming years?



**Of those who are expecting an impact from the changes, almost two-thirds are planning to reduce investment**

How do you expect to change your business plans? Please select all that apply.







**Roughly half of the respondents to our survey said they were involved in the running of a family business. Of those, many are planning to reduce investment, reduce their headcount and lower profit margins.**



*"Farmers inheritance tax needs to be reversed - it is also impacting confidence in long term planning for all businesses." (West Midlands, Information and communication, 0-1 employees/sole trader)*

**Many of the comments expressed very personal sentiment that they feel unfairly targeted by tax increases, as many family businesses are small businesses that do not necessarily have the capacity to withstand such a significant change in the economic environment:**

*"I have significant concerns about the recent budget disproportionately hitting SME's / Small and independent Family businesses like ours. It seems grossly unfair and makes me fundamentally question the experience (none) of those making decisions or advising." (Wales, Professional, scientific and technical activities, 0-1 employees/sole trader)*

*"My children are early 20s so while considering taking on the business it is early stages in their thoughts. the tax liability will be more than I draw each year from the business (the rest of the profits I invest.... which seems like a waste now) Selling up, giving the children money and hoping to live for 7 years is the best option it seems. Boom days for private equity and big business. Death to the family business." (North East England, Construction, 10-49 employees)*

*"The budget changes are very damaging to our family shareholders. Say a family shareholder has shares worth £100 million, and he/she dies post April 2026, then the IHT liability will be circa £20 million, but how is the family expected to pay the IHT because it may not even be possible for a minority shareholder to force a sale to pay the tax. Whilst the reduction in the agricultural relief has been given plenty of publicity this is just as serious and manifestly unfair" North West England, Other services, 250+ employees)*

**And, something that has been a consistent theme in terms of how businesses are responding to measures introduced in the Budget, many have said they are planning to mitigate the impact of the changes by looking overseas:**

*"I have worked over 30 years to build up the farm, our other businesses and my pension. Incredible to see such a destructive budget target all three in one afternoon. I understand why so my successful people are trying to leave the country and we might do the same." (Scotland, electricity and/or gas supply, 0-1 employees/sole trader)*

*"I'm planning to move as much of the business offshore as possible." (South East England, Information and communication, 2-9 employees)*

# Apprenticeships

Responses to this question will be used in discussions with various stakeholders surrounding potential policy measures aimed at increasing apprenticeship uptake.

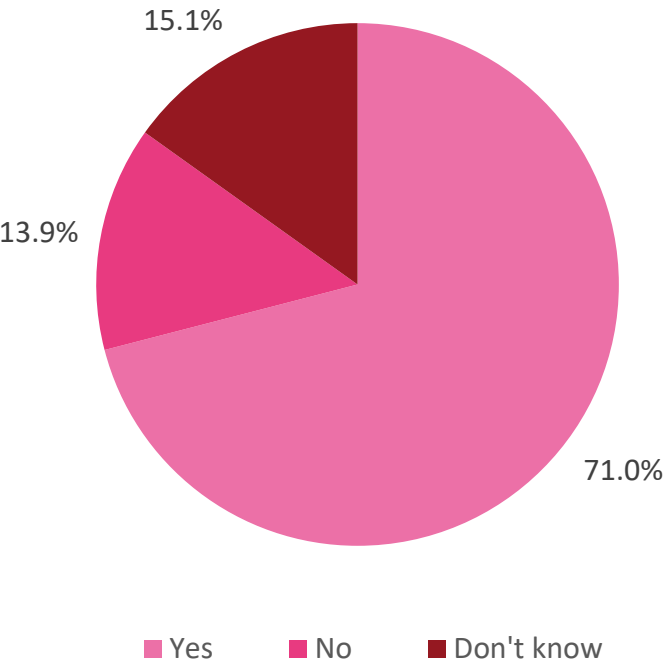
We also produced [this press release](#)





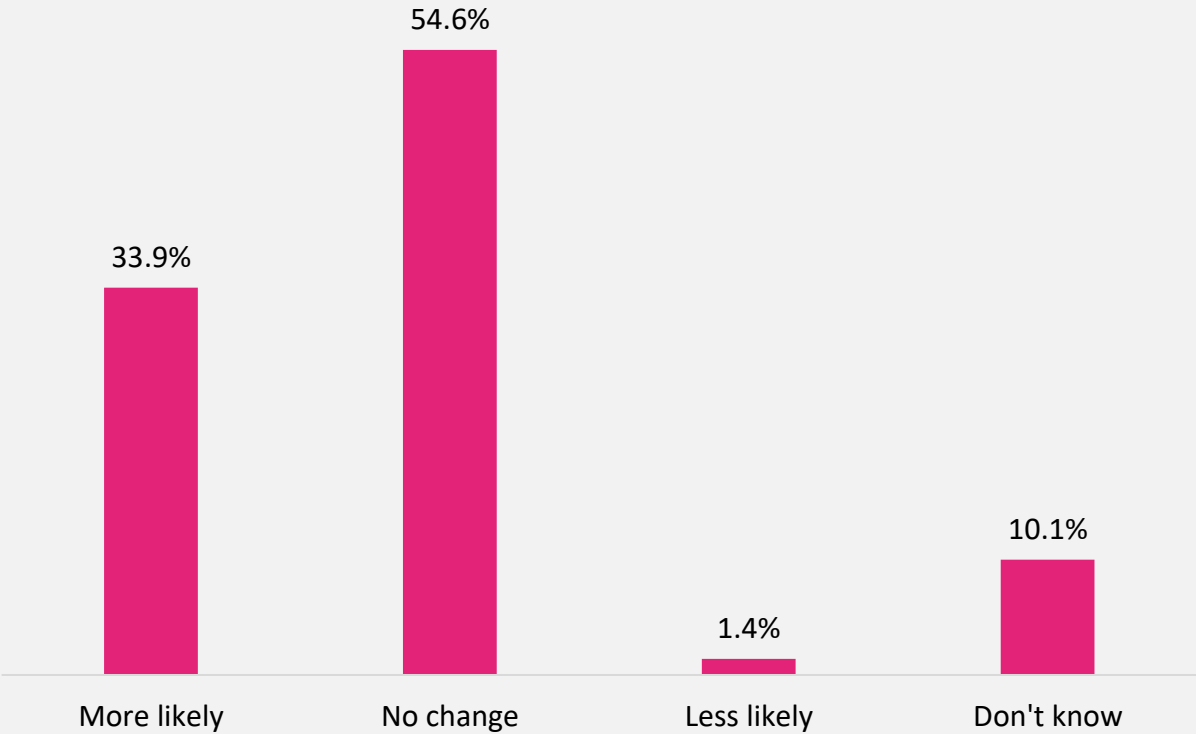
**Almost three-quarters of respondents believe employers should decide if apprentices over 18 need English and Maths qualification**

Do you think employers should be able to decide whether apprentices over the age of 18 should be required to undertake an English and Maths qualification as part of their apprenticeship?



**A third of business leaders think that this measure would make them more likely to hire apprentices**

Would this flexibility make your organisation more or less likely to use apprenticeships?





A clear majority of respondents agreed that employers should have the flexibility to determine whether adult apprentices need to undertake an English and Maths qualification as part of their apprenticeship. Key themes highlighted in the comments included companies being best placed to determine whether English and Maths qualifications are necessary for specific roles, administrative difficulties in evidencing existing qualifications for adult apprentices, and the potential for employer discretion to open up apprenticeship opportunities to a wider range of people:

*"Companies are well able to judge numeracy/literacy without paper qualifications" (Medium-size business, Manufacturing, South East England)*

*"I work with Senior Leader Apprentices, NVQ 7. For completion they need evidence of the equivalent of GCSE in Maths and English, not practical to obtain for some of them. If an employer is happy with their performance, why does the employee need to trawl ancient records to find lost certificates?" (Microbusiness, Professional, scientific and technical activities, London)*

*"Just because people struggle with exams, does not mean they can't learn. In addition, use of vocational learning can often be much better applied by individuals compared to 'classroom' learning which can often be perceived as of little use in life and work." (Medium-size business, Construction, London)*

*"I am dyslexic and would not have passed English, yet I have grown to use this as an advantage to start and run several companies. We need to be careful not to rule out people with special skills" (Medium-size business, Professional, scientific and technical activities, East of England)*

**However, some members raised concerns that such a move could undermine attempts to raise the basic literacy and numeracy skills essential to workplace success:**

*"Math and English should be compulsory on all apprenticeships - no opt outs allowed, these are fundamental skills young people lack in many cases" (Microbusiness, Professional, scientific and technical activities, South West England)*

*"Establishing these qualifications as fixed requirements should contribute to a higher-skilled, more adaptable workforce that is better prepared for future challenges." (Small business, Wholesale and retail trade, South East England)*

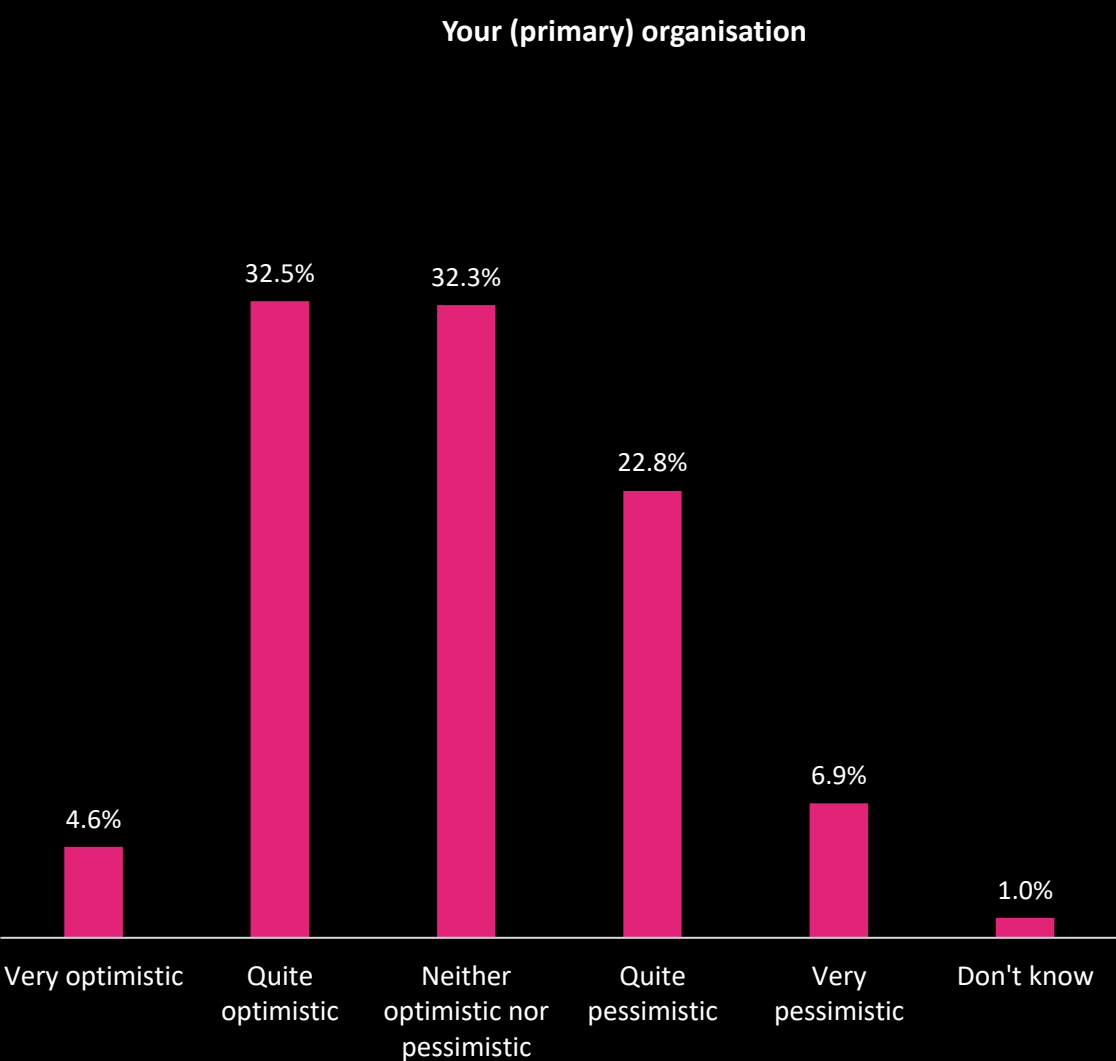
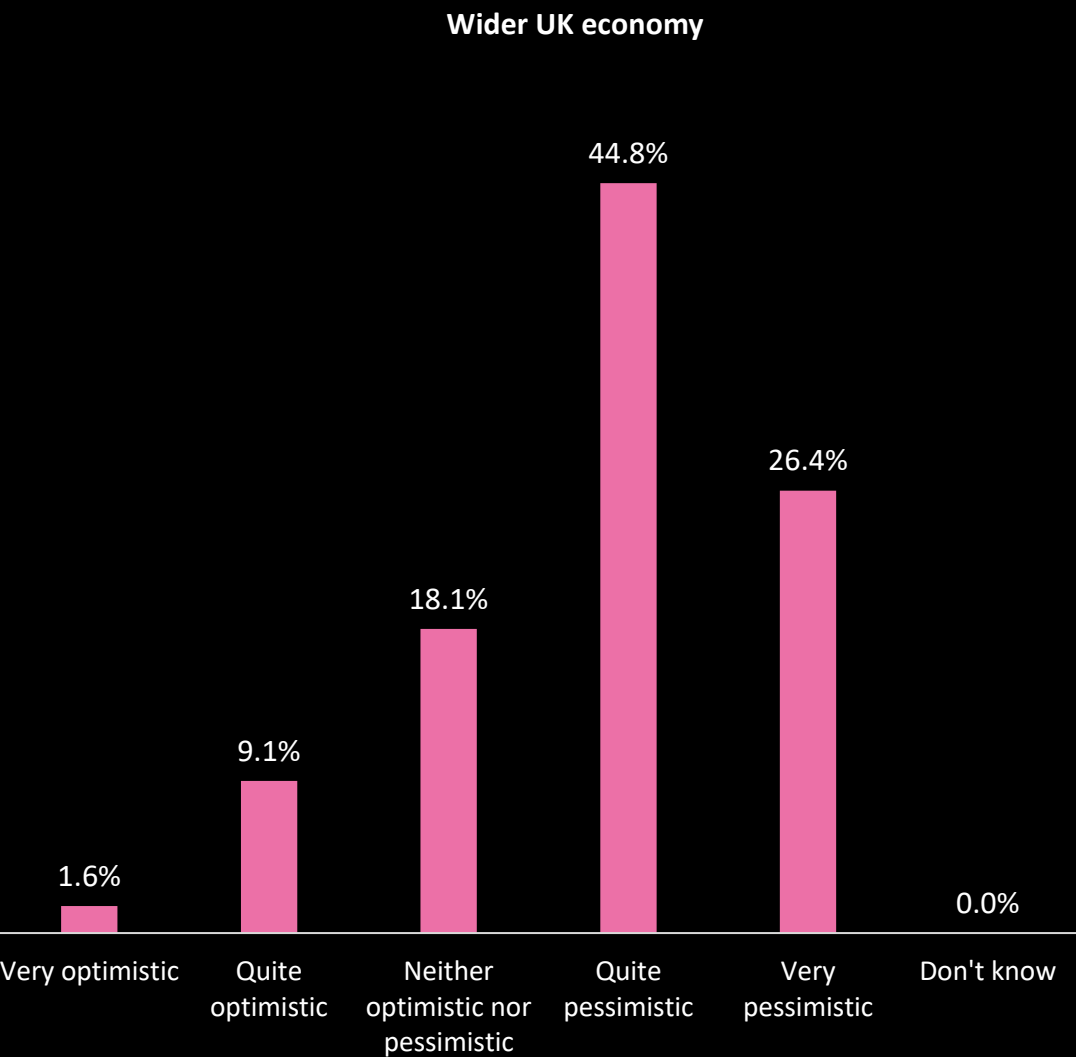
# Economic Monitoring: Data

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

This data is reported heavily in the national media.



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





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	3.4%	19.6%	3.2%	1.2%	4.4%	4.4%
Somewhat higher	27.8%	66.5%	13.5%	24.0%	42.5%	49.0%
No change	33.9%	8.9%	28.4%	46.8%	22.8%	34.9%
Somewhat lower	15.5%	3.2%	6.7%	19.0%	20.6%	7.9%
Much lower	16.1%	0.8%	4.2%	6.9%	7.9%	2.2%
Don't know	2.0%	0.6%	42.1%	1.4%	1.0%	1.0%
N/A	1.2%	0.4%	1.8%	0.8%	0.8%	0.6%





In response to business confidence being so low, we asked members to detail as much as they could about how their business is faring in the current economic climate. The comments had overwhelming themes of concern, with many businesses feeling as if they are merely surviving the current climate rather than thriving in it. Recurring points concern the Autumn Budget and associated tax increases, the general state of political insecurity and the UK's relationship with the EU.

**For example, the employers' National Insurance increases have hit many businesses' ability to hire and retain staff:**

*"The impact of greater Employer NI contributions means that we are having to work harder to sustain our growth and move to other less congested markets. Planned recruitment is now closely matched to available work and support functions are being reviewed." (North West England, Information and Communication, 10-49 employees)*

*"Demand for our services are currently high but we are detecting a slowing in new construction projects which we expect to affect us in the future. The impact of the Employer's NI increases is high and is likely to reduce employee remuneration through lower bonuses." (South West England, Professional, scientific and technical activities, 50-99 employees)*

*"We are forecasting a reduction in operating profit of 20% to 25% due to the employers NI, minimum wage changes, and inflation; coupled with an inability to increase prices to cover the additional costs." (Yorkshire and the Humber, Information and communication, 10-49 employees)*

**At the same time, measures introduced in the budget are contributing to a sense of insecurity among business leaders:**

*"The lack of certainty around government plans for the care sector is causing negative sentiment as is the really adverse effect of reducing employers' NI threshold also the negative effect of the budget causing our potential customers to think twice about investment plans." (London, Accommodation and food services, 10-49 employees)*

*"Our clients are financially struggling and very worried about the extra labour costs from April 2025 and therefore they are scrutinising how they can reduce costs and that includes whether they can manage without our services." South East England, Financial services, 10-49 employees)*

*"After a series of record breaking months this year the past couple of months, starting with the run up to the Budget, have introduced a great deal of insecurity and variability in consumers. This is now reflected in our turnover." (North West England, Information and communication, 100-249 employees)*





**Meanwhile, frictions caused by the UK's trading relationship with the EU have hampered growth prospects internationally:**

*"Business from the EU and US are a significant part of our business. Friction exporting to the EU is significant prompting us to acquire a business within the EU and transfer that element of the work. A similar strategy is being followed for the US due to logistic and taxation issues." (Scotland, Professional, scientific and technical activities, 2-9 employees)*

*"We are find ourselves being very active but seeing lower demand. We don't appear to be losing business but find evaluation and adoption of new products much slower. We also hampered by the effects of BREXIT especially the lack of clarity on UK REACH - a major anti competitive issue that impacts our ability to sell imported products in the UK. Before BREXIT, the EU chemical industry was one open but safely regulated market." (North West England, Construction, 2-9 employees)*

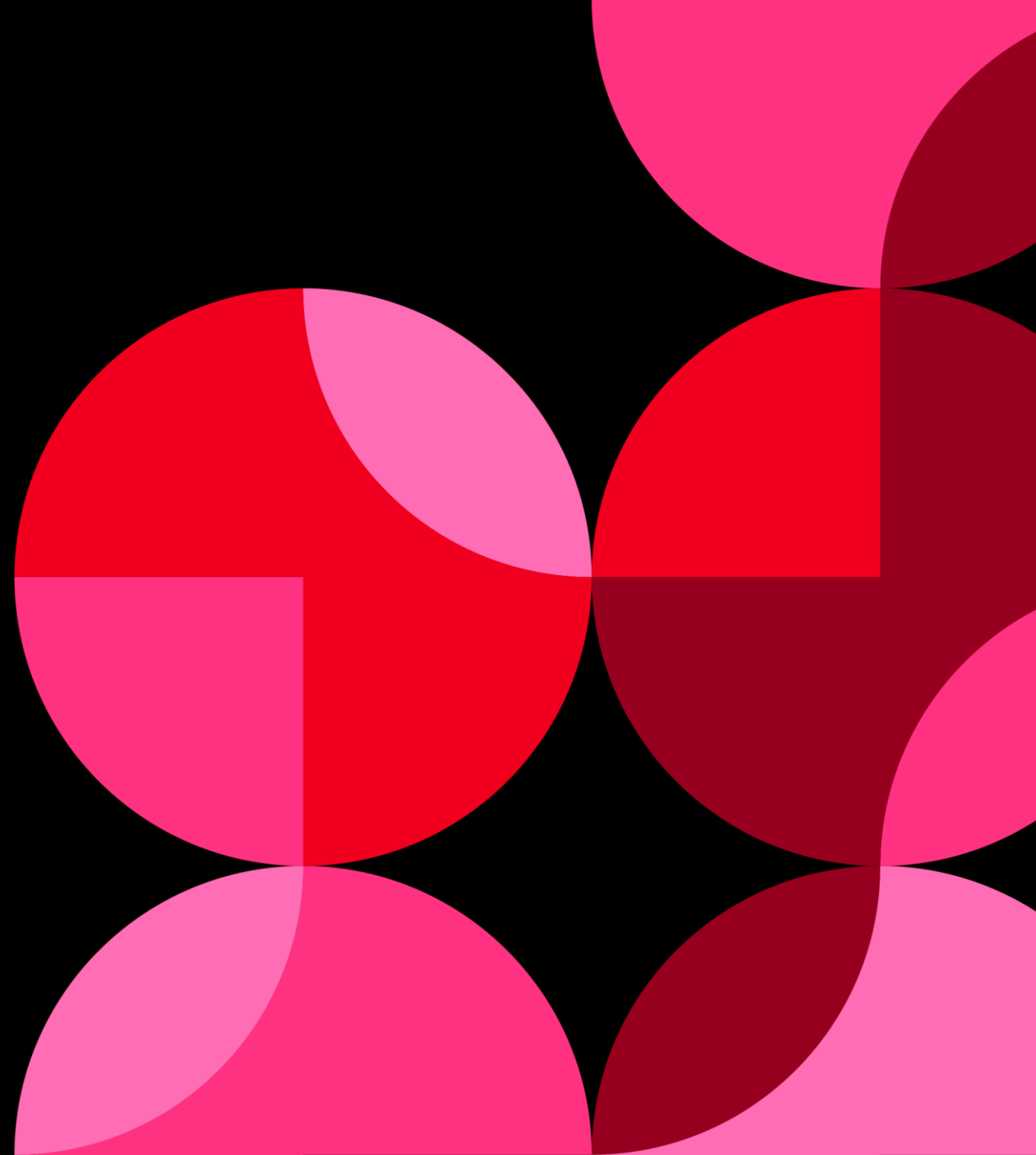
**However, there were a number of members who shared ways they have been adapting to the challenging economic environment and overcoming some of the barriers to growth:**

*"A big part of our business is outside the UK with the biggest part being in the USA. Even though there is the threat of tariffs the environment is much more positive and business friendly than here in the UK where talk of a focus on growth seems to be for anyone who does not run a business. We will focus our growth and recruitment outside the UK much more and this has already started." (Scotland, Construction, 50-99 employees)*

*"This year we have had to increase our prices as we recovered from the effect Covid, Brexit and the wider global shocks have had on our client base. Now better stabilised, we are growing again, though it has meant changing direction, with the concomitant training and learning requirements, We have been actively pursuing Automation and AI as a component of our delivery to enhance the service to our clients. This will continue. Don't pay NI on Automation tools and AI. We will, nevertheless increase headcount as we grow." (West Midlands, Construction, 10-49 employees)*

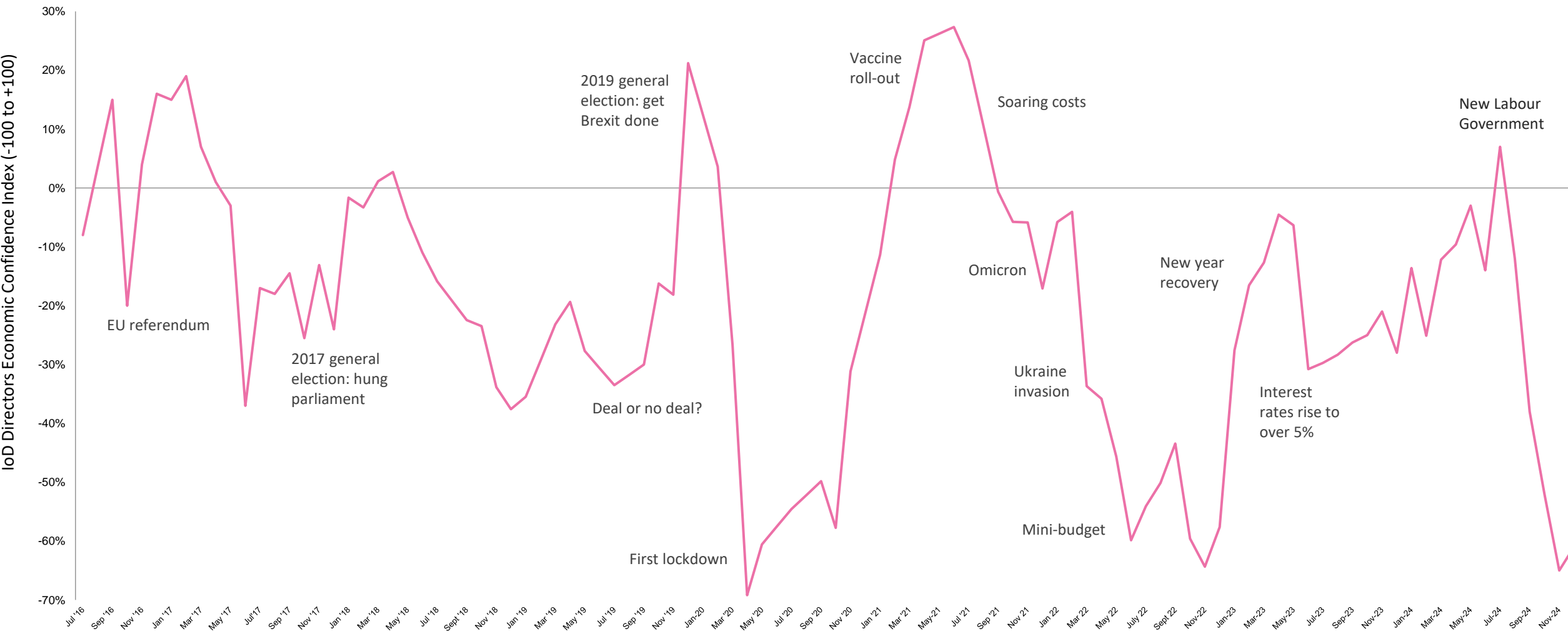
*"UK/US - China geopolitics affects our business. This has been bad for several years with no real signs of improvement. We are currently assessing either changing our service offering within this niche or moving into different business sectors where we have existing skill sets. This will help our company return to growth." (South East England, Other services, 2-9 employees)*

# Economic Monitoring: Trends





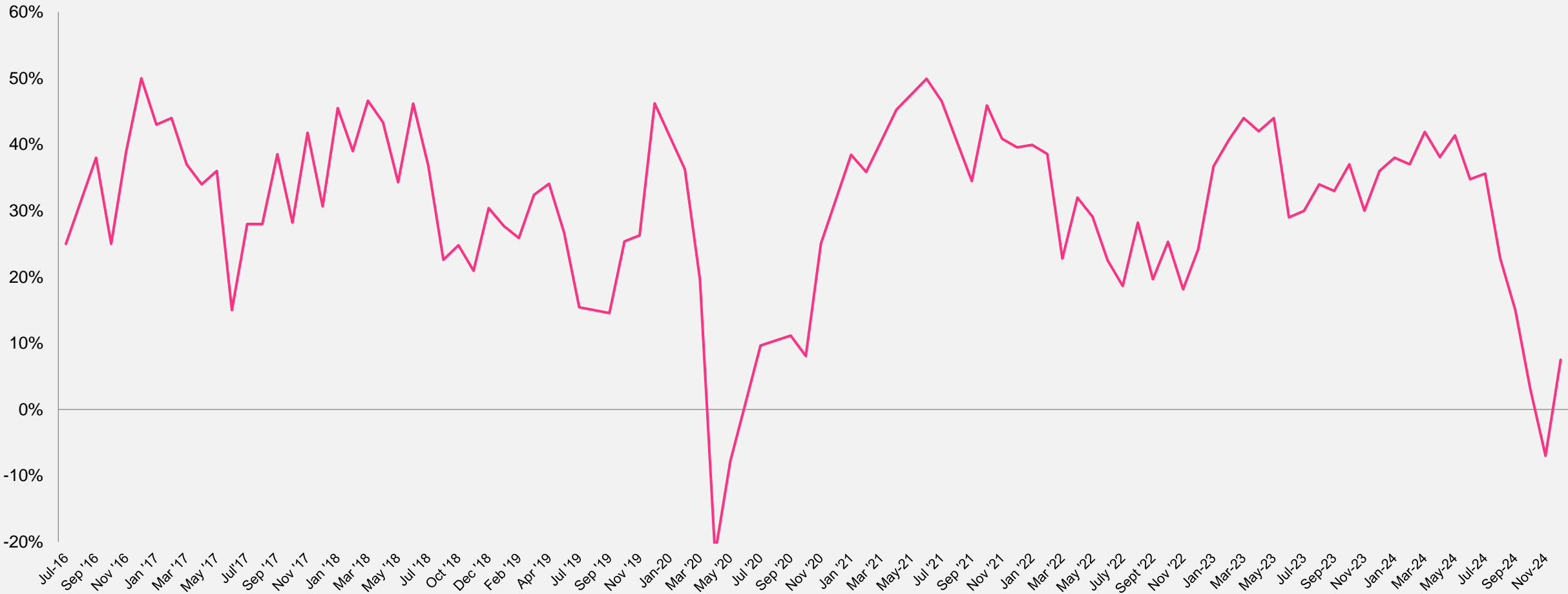
# Business leaders remain cautious on the outlook for the year ahead





# Confidence in own firm’s prospects rises to +8 in December, but still marks the second lowest reading since June 2020

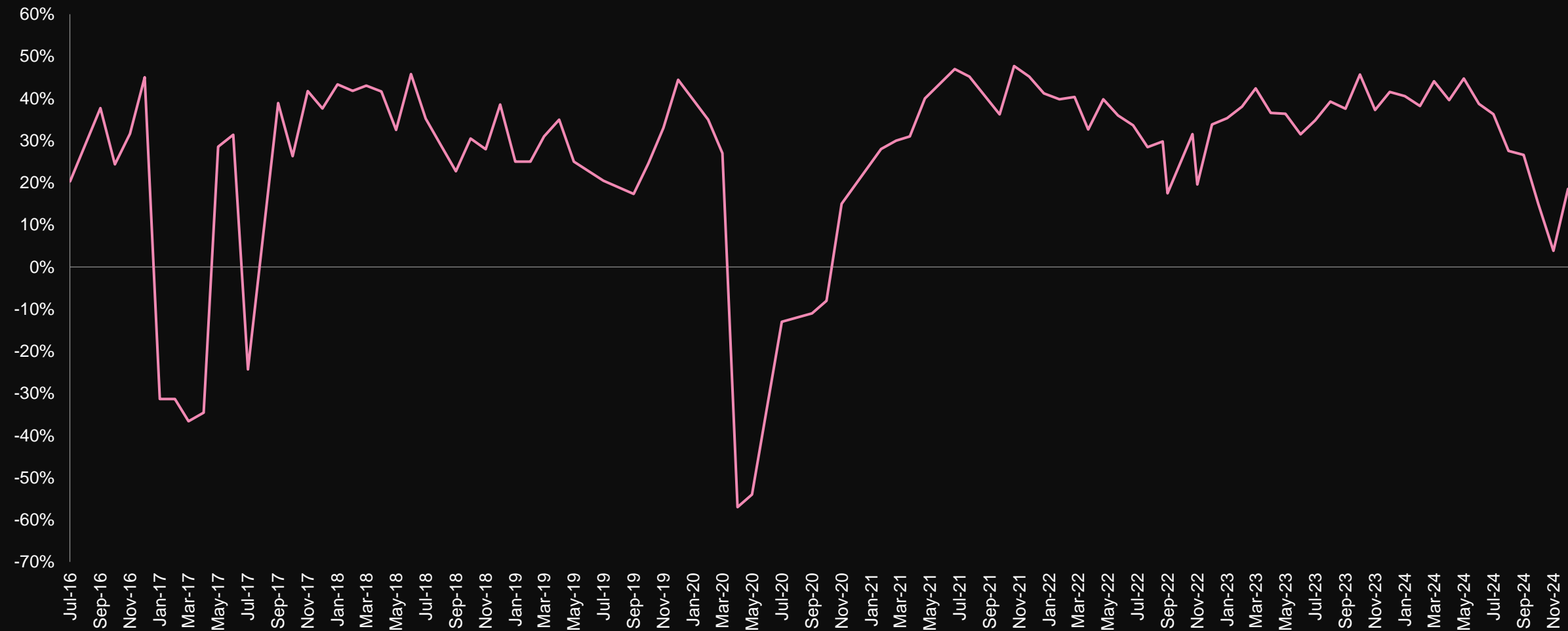
*How optimistic are you about your own organisation over the next 12 months?  
5-point scale from very optimistic to very pessimistic, net optimistic % Source: IoD monthly Policy Voice surveys*





# Net revenue expectations rise 15 points from November to December

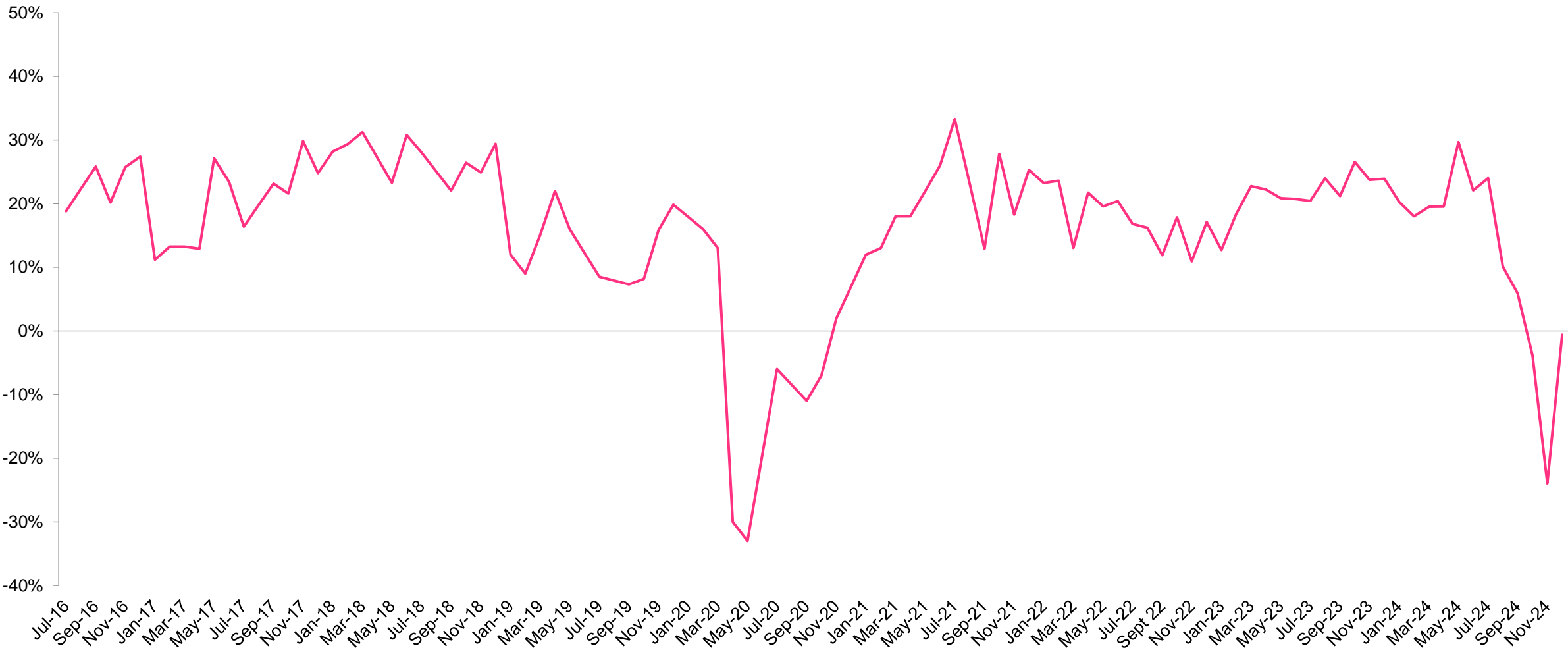
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: REVENUE.  
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





# Headcount expectations increase to -1 in December, up from -24 in November

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

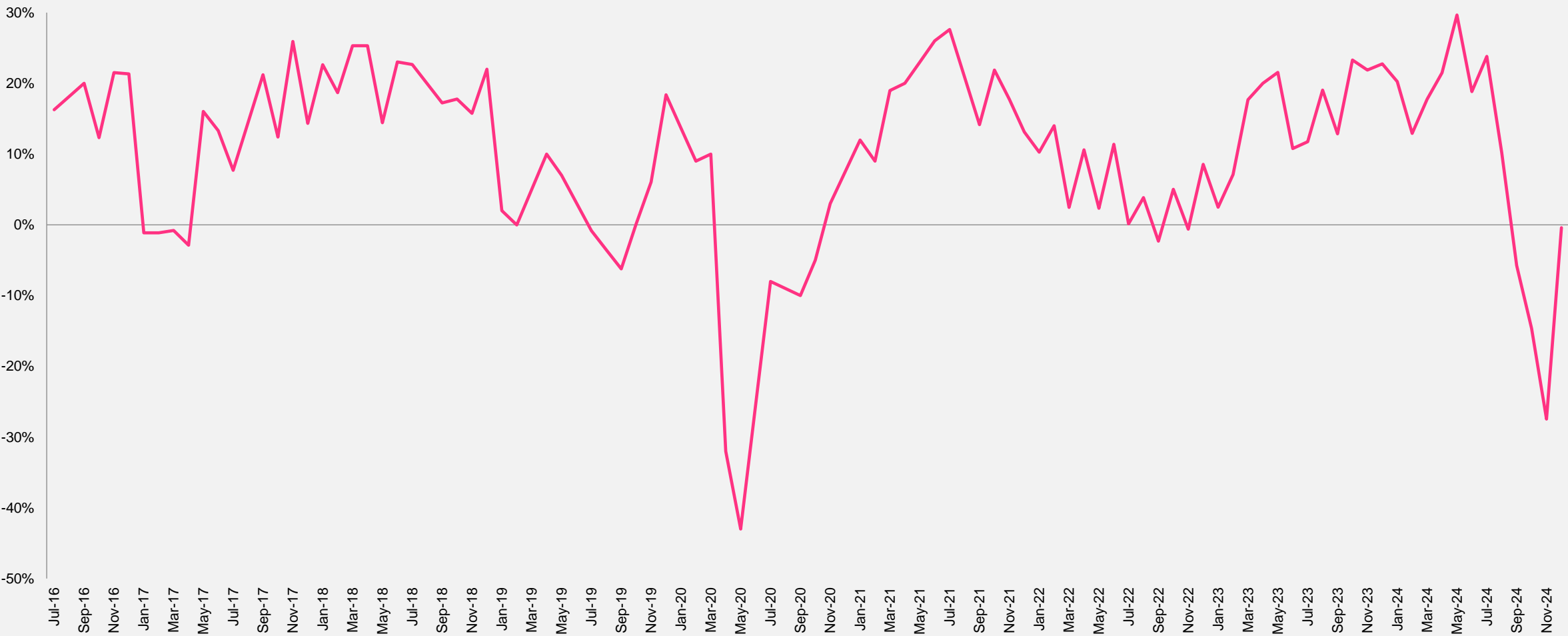






# Investment intentions begin steady recovery, hitting 0 in December

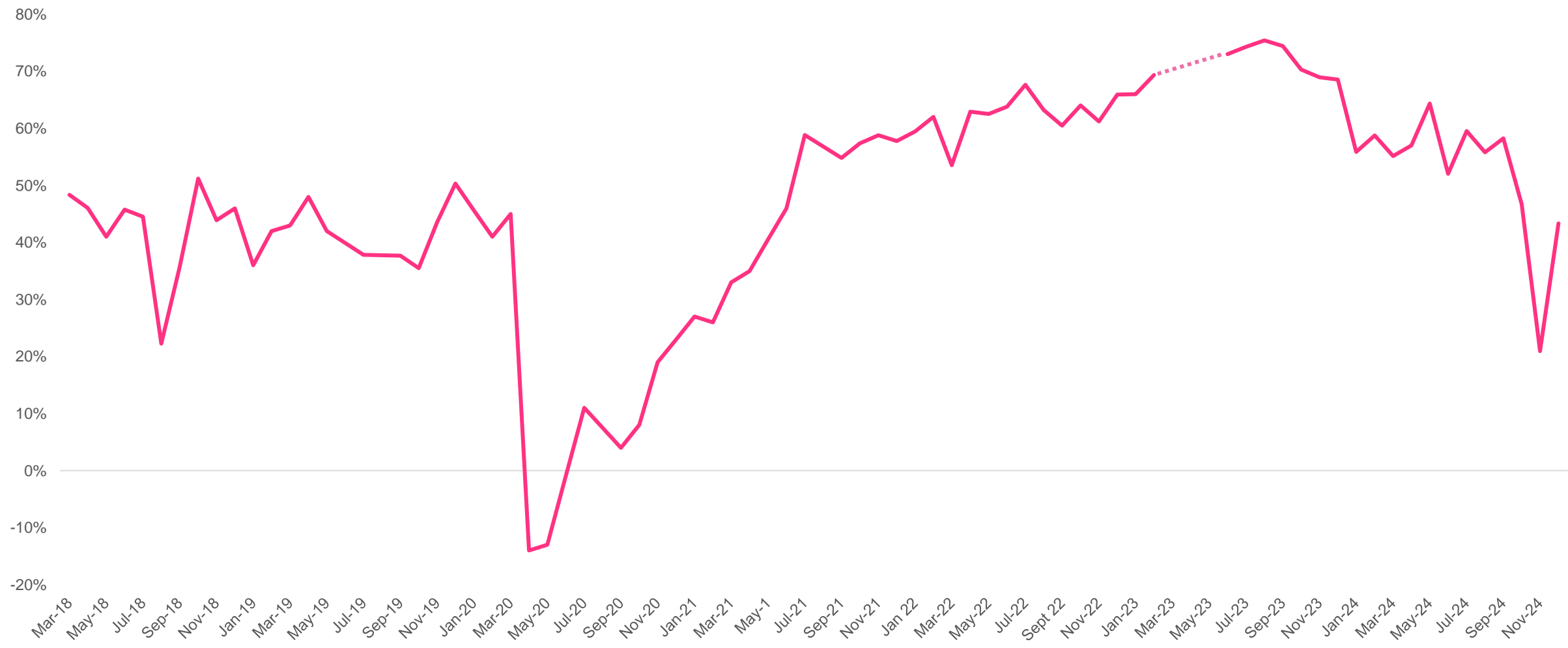
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: INVESTMENT.  
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





# Wage cost pressures also show signs of improvement in December

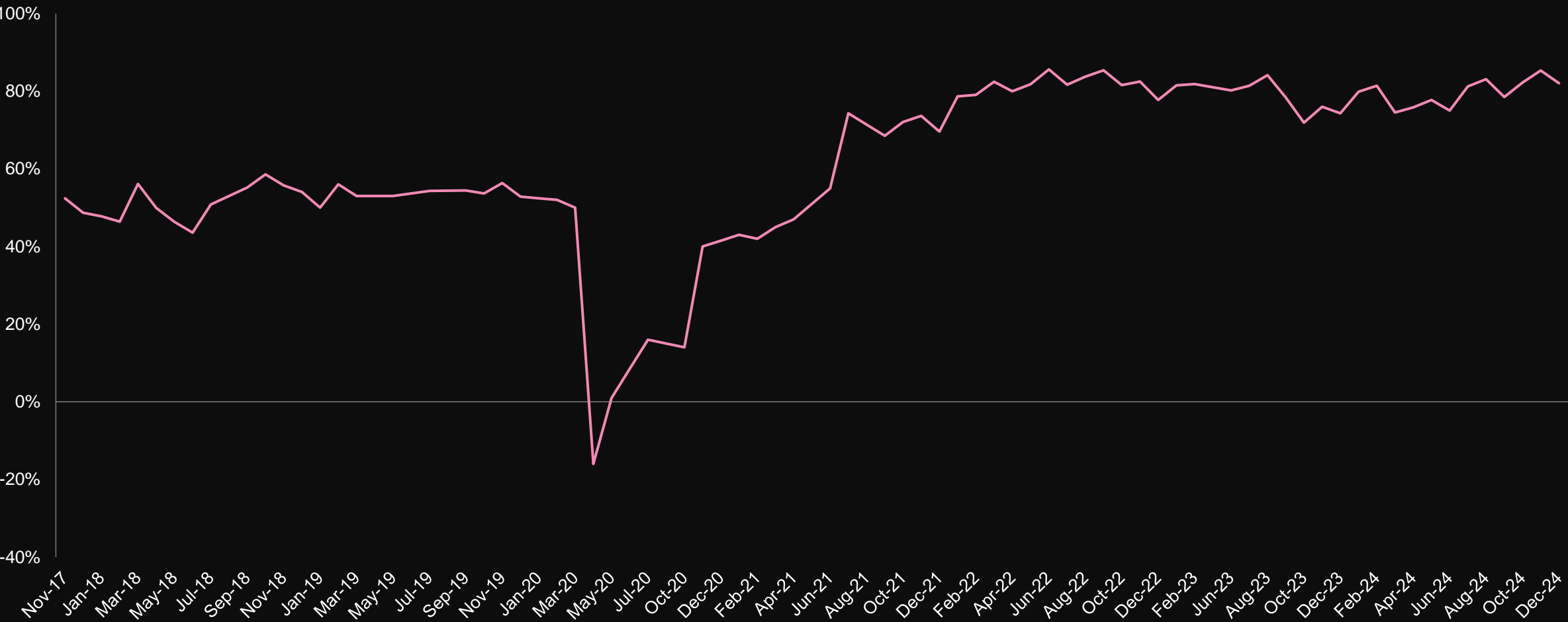
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: WAGES.  
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





# Cost expectations continue to hold relatively level

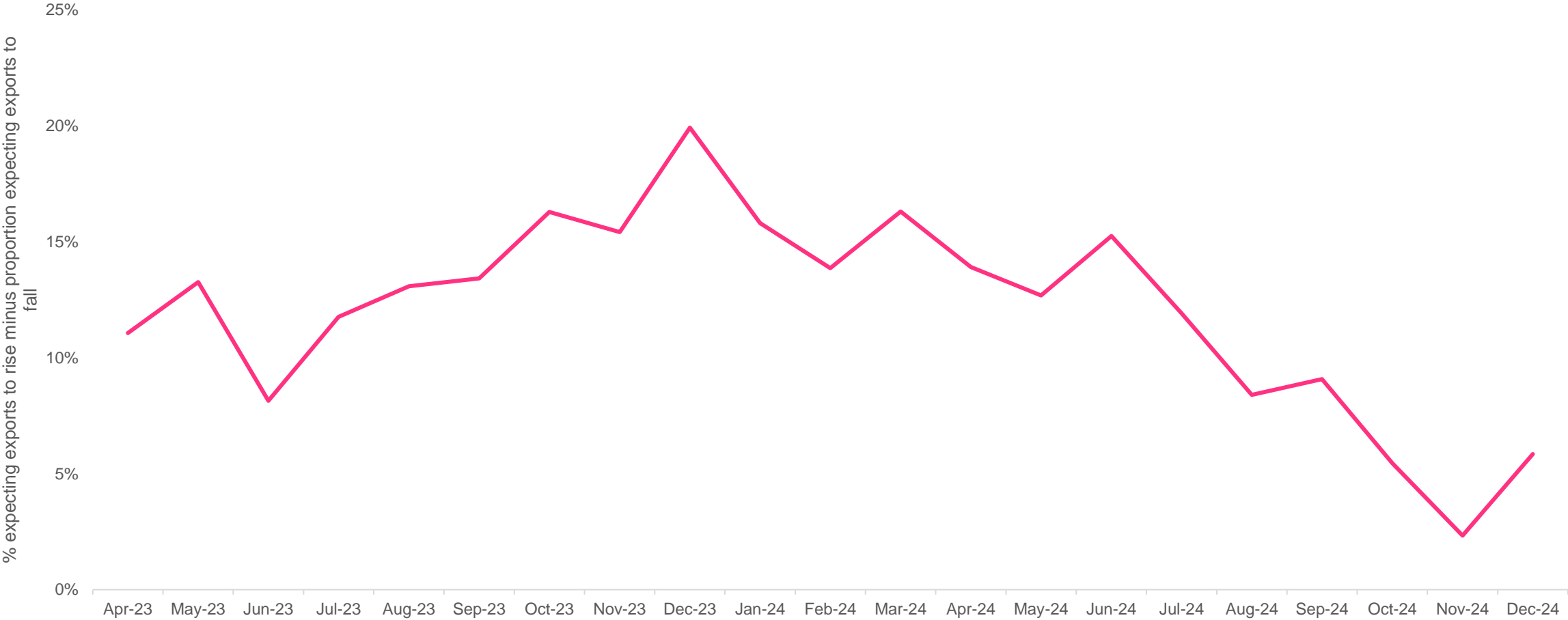
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: COSTS.  
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





# Export expectations are on the mend following lowest reading since the indicator's introduction in November

*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.*



## 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.