



Policy Voice full survey results February 2025

- Employers' National Insurance contributions
- Infrastructure strategy
- Female entrepreneurialism
- Apprenticeships
- The UK internal market
- The Visitor Levy (Scotland) Act

Number of respondents: 687
Survey Dates: 10 – 26 February 2025



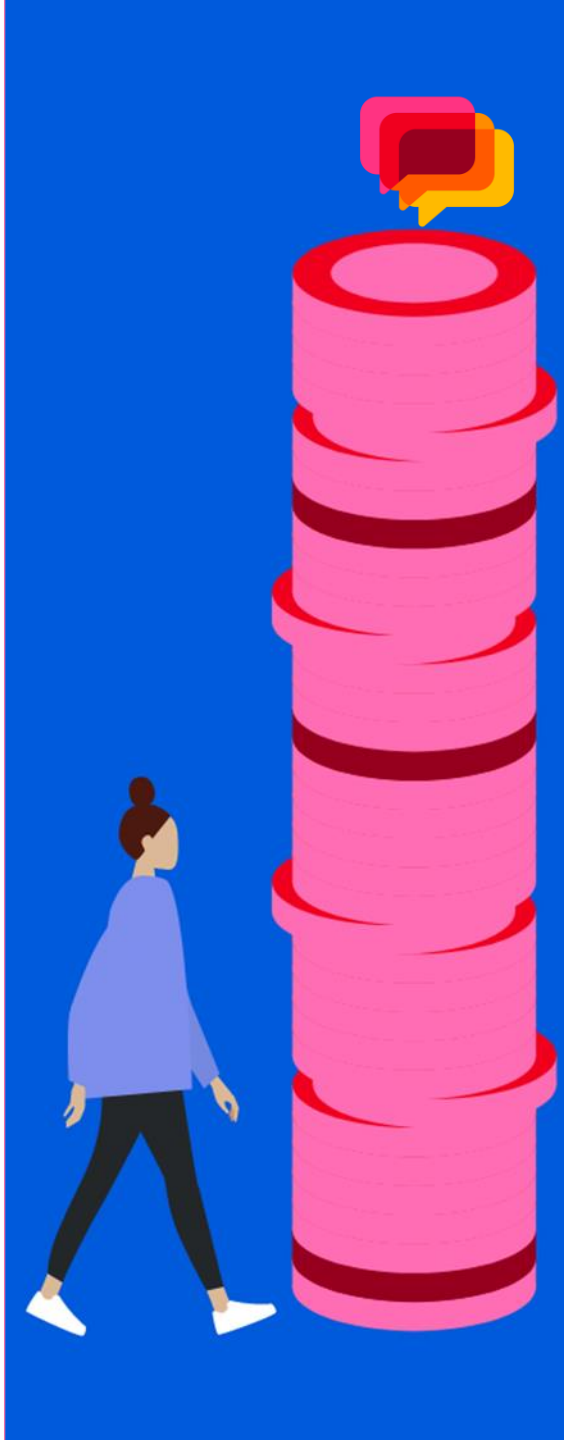
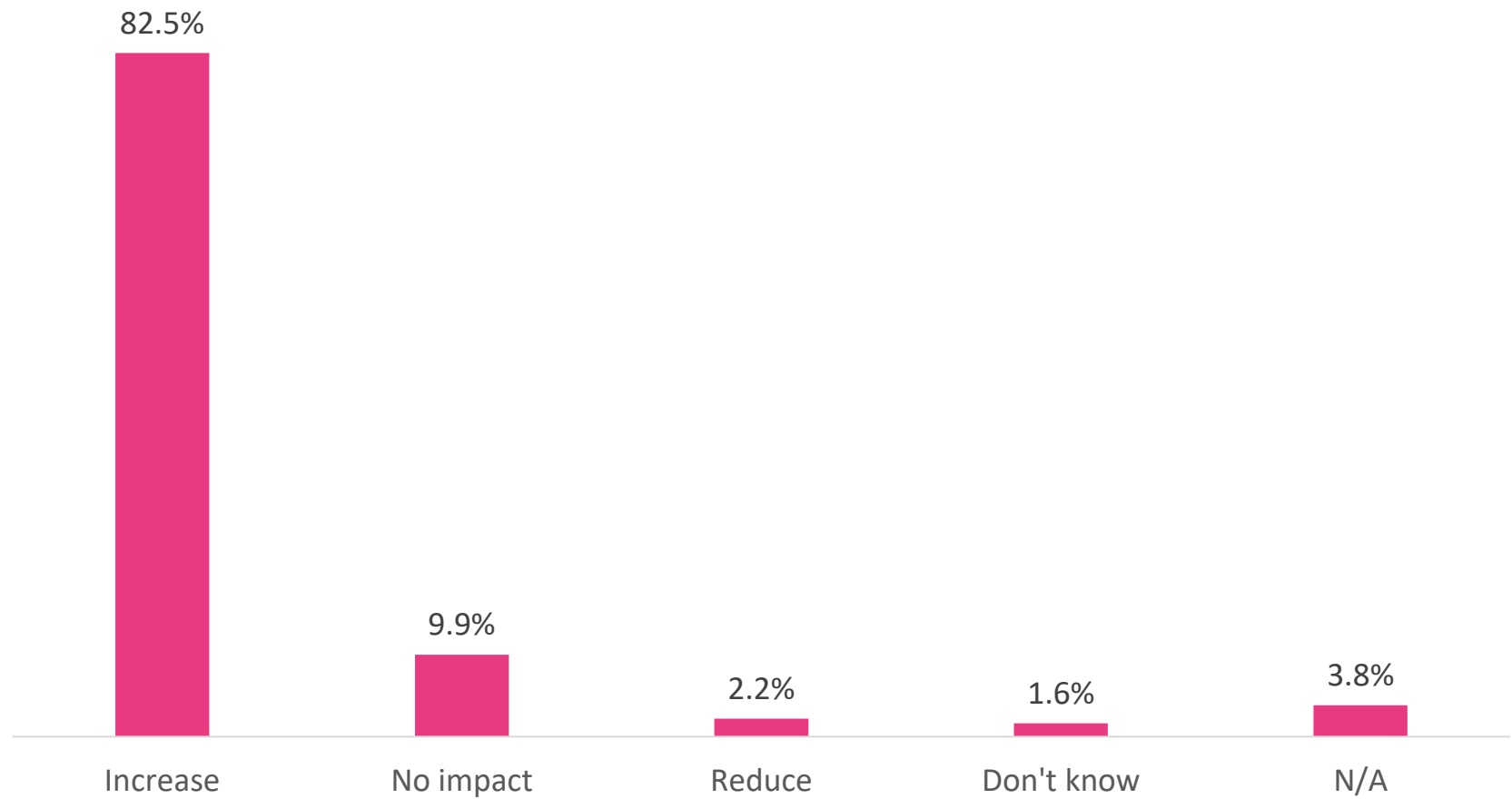
Employers' National Insurance Contributions

As we get closer to the point when changes in employer National Insurance come into effect, we again sought member feedback about how they are planning to respond to these changes.

This will support our efforts to persuade government that these changes, alongside the increase in the minimum wage and employment rights, are damaging growth and employment.

Changes to employer NICs will increase the vast majority of businesses leaders' NI bill

Will the announced changes to employer National Insurance in the Autumn Budget increase or reduce your employer National Insurance bill?

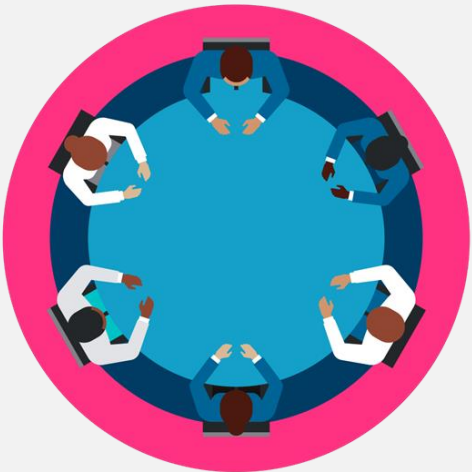
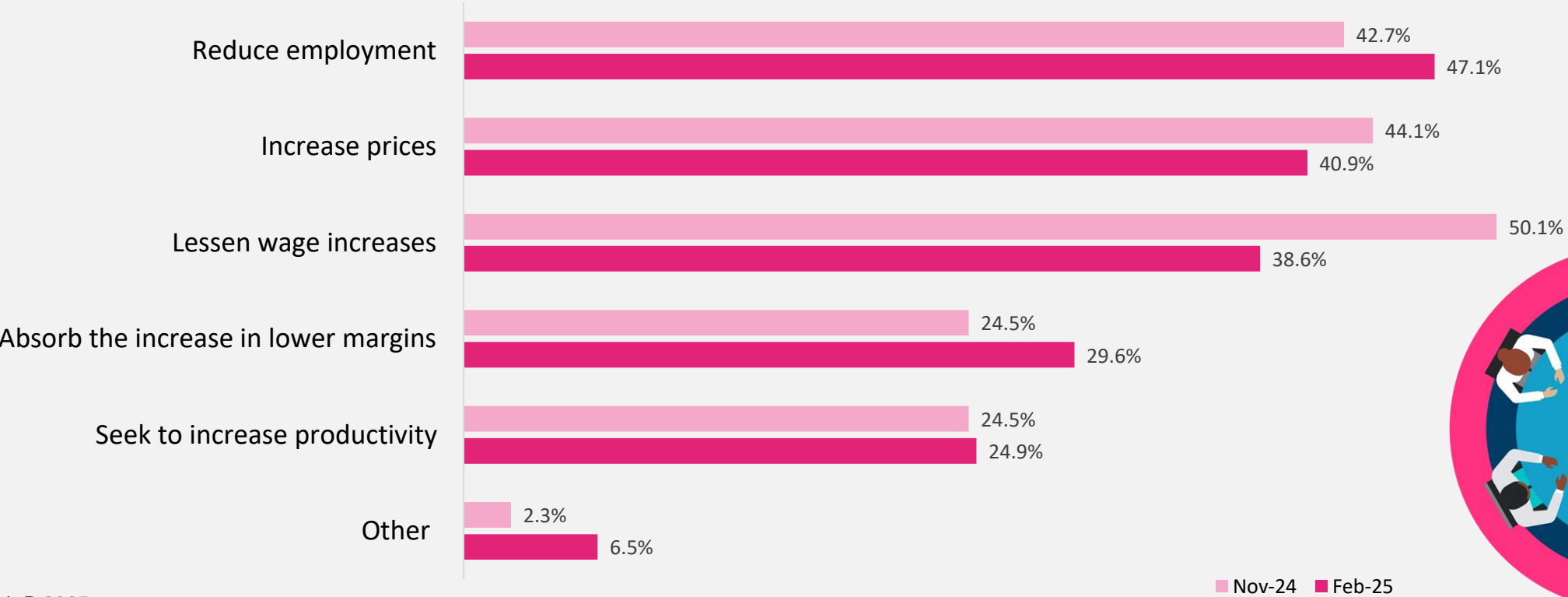




Roughly half of IoD members surveyed now plan to reduce employment as a result of an increased NI bill, replacing lessen wage increases, which was the top response in November 2024.

You said the changes will increase your employer National Insurance bill. How do you plan to respond to the resulting higher costs of employment?

Please select all that apply.





In the further comments, many remarks reflected the data, focusing on businesses reducing employment. However, the remaining comments largely fell into 3 categories.

- 1. The largest group were those commenting on the combined impact of increased NI bills, minimum wage payments and measures in the Employment Rights Bill on businesses.**

“This alongside the minimum wage increase is extremely damaging to our business. We have long term programmes to do the right thing for our employees and the local community, but this Government doesn't understand heaping more burden on business will ultimately hurt the very people it proclaims to protect.” South West England, manufacturing, 250+ employees)

“This change adds a significant cost to our business which needs to be responded to, and I'm also concerned about the new employment bill coming and the risks that brings. The two changes combined (NI and Employment rights) lead us to delay recruitments and reduce staff where we can.” (West Midlands, other services, 50-99 employees)

“We feel that the Chancellors Budget and its fall out reduce the UK's competitiveness, attraction for inbound investment and potentially stifle GDP growth. Increases not just in NI, but larger than inflation minimum wage along with proposed employment legislation will add substantially to the costs of manufacturing.” (West Midlands, manufacturing, 10-49 employees)

“With the National Insurance Increases and the planned changes to Employment rights, we have also chosen to recruit in our International Offices instead of the UK for many roles.” (South East England, information and communication, 100-249 employees)



2. The next group focused on the contradiction with government growth rhetoric, and how this directly impacts 'working people'.

"Given the Governments aim to stimulate growth this seems a strange tax to choose to levy at this time" (East of England, other services, 2-9 employees)

"Incredibly short sighted policy change - need to encourage business to invest and hire - this is the opposite" (South East England, manufacturing, 250+ employees)

"This is an ill thought out policy, raising employment taxes will always either reduce employment or increase cost to the end customer." (East of England, financial services, 0-1 employees/sole trader)

"I feel businesses would have accepted an increase in the NI rate as necessary but it is the reduction in the threshold that has had the most impact. This has been particularly impactful on businesses who employ part time workers. The government said they were not taxing the working people but this measure will result in lower pay rises and job cuts as employers cannot sustain these increases without taking measures to offset it. I would urge the government to review this decision." (Wales, other services, 50-99 employees)

3. The last group focused on the direct impact on small businesses.

"My clients are very worried about the impact of the NI increases, particularly small businesses and charities who were already struggling. They have had to cut planned expenditure on other things which is affecting growth and development plans." (North West England, professional, scientific and technical activities, 0-1 employees/sole trader)

"The increase will have significant impact on small businesses. It will damage their ability to invest, build necessary teams, and ultimately have to be paid for through increased prices there by fuelling inflation" (North West England, civil service/public administration, 250+ employees)

"We are a small company just about keeping our heads above water. Increased NI contributions might be the weight that finally pushes us under. We have already closed one company that is no longer viable and are going through the process to have it wound up." (Operates outside of the UK, administrative and support services, 0-1 employees/sole trader)

Infrastructure Strategy

The government will publish its 10-year infrastructure strategy in June and is seeking views to inform its priorities and approach.

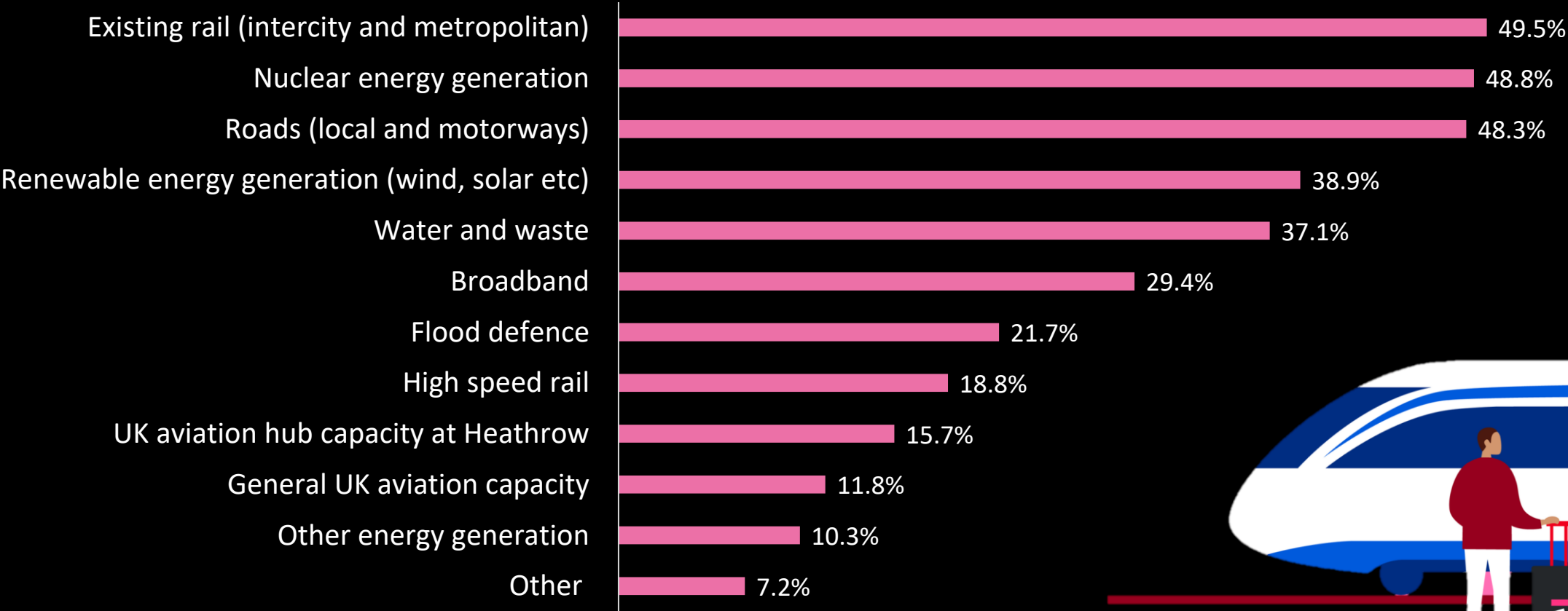




Business leaders want rail, nuclear energy, and roads prioritised for development

Which of the following areas of infrastructure development should the government prioritise?

Please select your top three.





In the further comments, members were keen to expand on the areas of development they had selected in the quantitative options. Beyond this, three key themes emerged from the further comments that focused on the infrastructure landscape in the UK as a whole.

Firstly, respondents want to see an amendment to the infrastructure strategy timeline, as they feel the current proposed timeline is not appropriate for the level of development needed:

*“10 years is an insufficient time horizon for infrastructure strategy.”
(North East England, construction, 10-49 employees)*

“I feel my answer needs a more immediate response than 10 years and reflecting on the question and the timeline - I am disappointed we are not on an ongoing infrastructure plan that is addressing these things which allow us to focus more confidently on the longer term infrastructure needs.” (East of England, wholesale and retail trade (including motor repair), 10-49 employees)

Additionally, many of the comments focused on the need to develop infrastructure beyond London and the South East.

"A significantly bigger return on investment from improving air and rail in the North first, rather than focussing on London." (West Midlands, other services, 50-99 employees)

"Avoid any more "London" aviation capacity - something need to be done to drive more services into regions: despite living in Yorkshire, around 50% of time I have to go to London to catch a flight elsewhere ." (Yorkshire and the Humber, financial services, 2-9 employees)

"Connectivity between cities in The UK is imperative, which is different to a city being connected to London." (South East England, professional scientific and technical activities, 50-99 employees)

"There still seems to be an over emphasis on infrastructure in the south and especially London at the expense of the regions." (East of England, other services, 2-9 employees)

Lastly, members expressed the desire to have been able to select more options, as they think the landscape as a whole needs focus and improvement.

"As a sad commentary on the state of UK infrastructure, it was very difficult to select only my top three. All of them need significant attention!" (East of England, construction, 2-9 employees)

"Hard to pick only three. At least 6 of those are priorities all after an emergency rise in defence." (South East England, professional, scientific and technical activities, 2-9 employees)



Female Entrepreneurialism

The Women and Equalities Select Committee is seeking evidence on what can be done to address the barriers women face pursuing entrepreneurialism.





Mentorship programmes would best support women in overcoming business challenges

How do you think women can be best supported to overcome the challenges they face in securing funding to start and grow their business?

Please select up to three.





Members were most likely to consider mentorship programmes for women and improving access to affordable childcare the most effective means of supporting women to start and grow businesses. Themes which emerged in the comments included:

1. The crucial role of affordable childcare and shifting cultural norms around sharing childcare responsibilities in supporting female entrepreneurship:

"If I had not had a partner who was prepared to do his fair share of the childcare it would not have been possible to manage the hours and the travel. Childcare is key to freeing capacity amongst women entrepreneurs" (10-49 employees, Other services, South East England)

"Government grants are a distraction for startups (not just women startups - any startup) as they disrupt the search for product-market fit. Instead, remove obstacles for women entrepreneurs like lack of childcare and focus minds by talking about the issue" (10-49 employees, Information and communication, London)

2. A belief that improving support for all start-ups and SMEs would support all entrepreneurialism and in doing so, support more women to start and grow businesses:

"Improve funding access to all through investment by the 'national' sovereign fund, and stop directing and encouraging entrepreneurs and SMEs to take on more debt, they need grants and equity funding" (2-9 employees, Other services, London)

"Specific government intervention should not be gender based but based on the barriers that prevent women who want to from starting businesses." (2-9 employees, Professional, Scientific and technical activities, South East England)

"There needs to be more access to funding for start-ups, not female start-ups. We should be trying to remove bias, not add it. The biggest influence is the horrendous economic environment created by an entirely inept government. Support start-up's pre revenue all you like, but if it wont survive, what's the point?" (10-49 employees, Professional, Scientific and technical activities, East of England)





3. Female business leaders struggling to access existing support:

“No government scheme has ever helped me and all angel investors are focused on med tech or women in stem. Nothing for women like me out there on my own.” (100-249 employees, Professional, Scientific and technical activities, South East England)

The need for interventions to be put in place from the education system onwards:

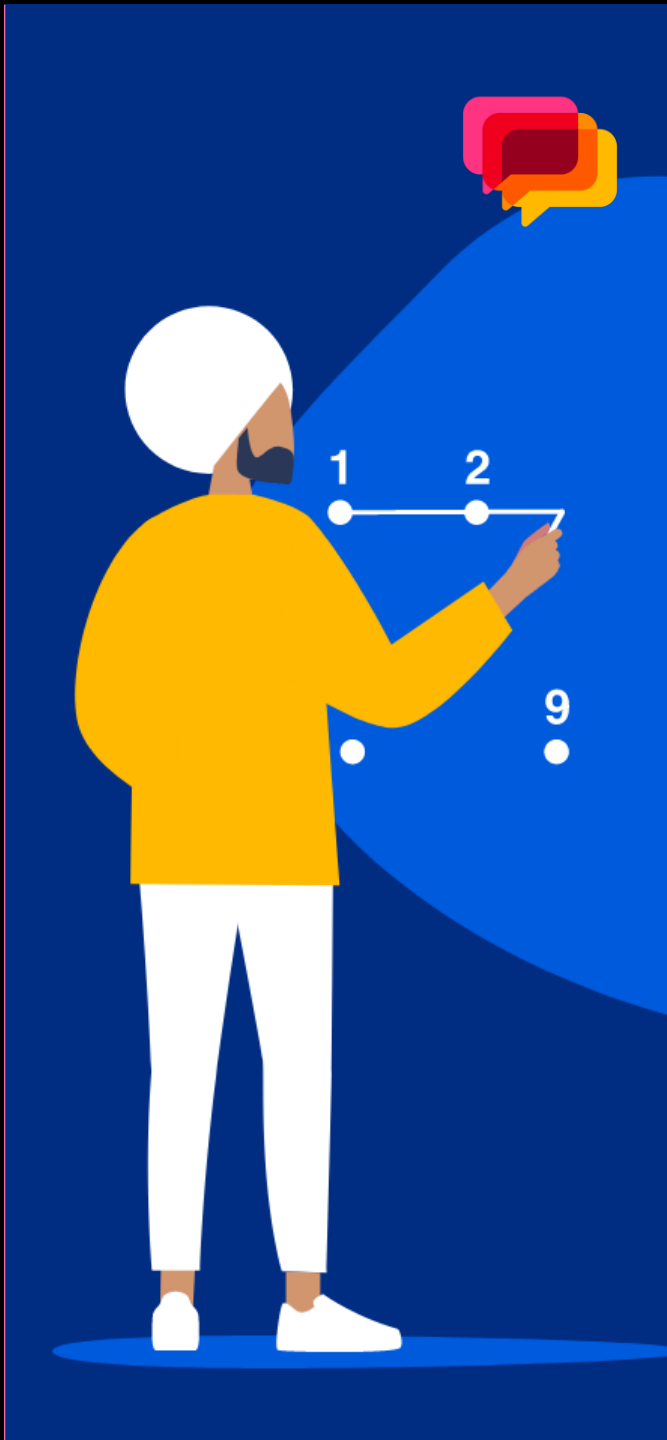
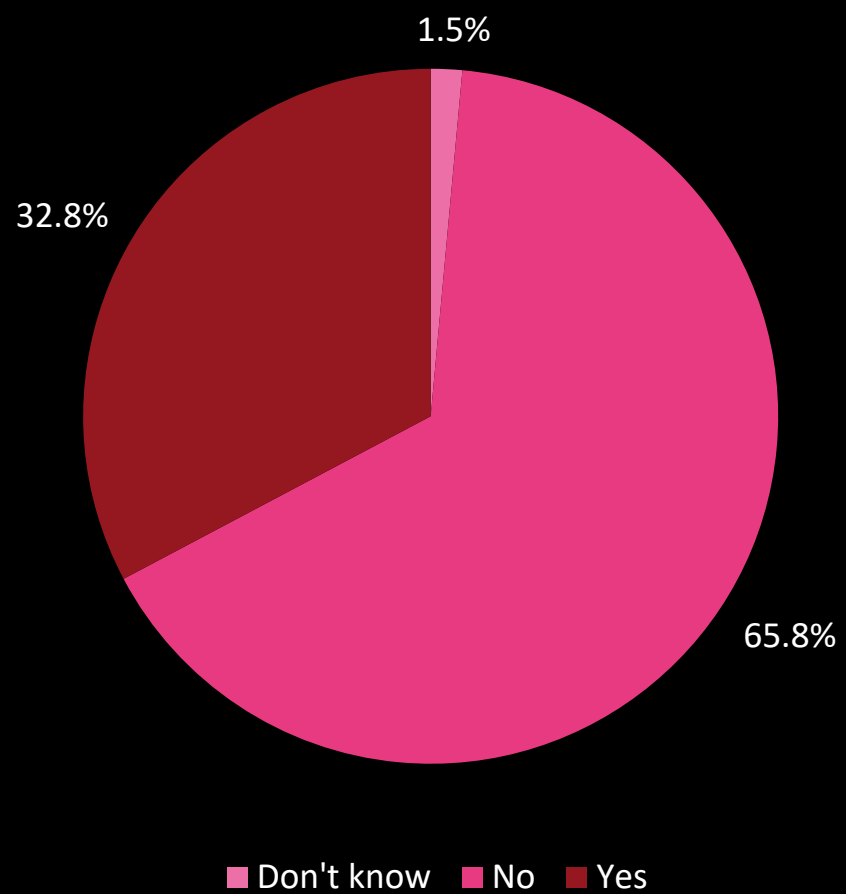
“Training and workshops should be available to both sexes in secondary and higher education. You only have to watch a little of The Apprentice or Dragons Den to see how poorly prepared those seeking an entrepreneurial role are!” (10-49 employees, Information and communication, South West England)

Apprenticeships

Data from this question will foundationally support our recommendations to government as to how to reverse the recent decline in apprenticeship starts.

Roughly a third of IoD members offer apprenticeships within their businesses

Does your organisation offer apprenticeships?

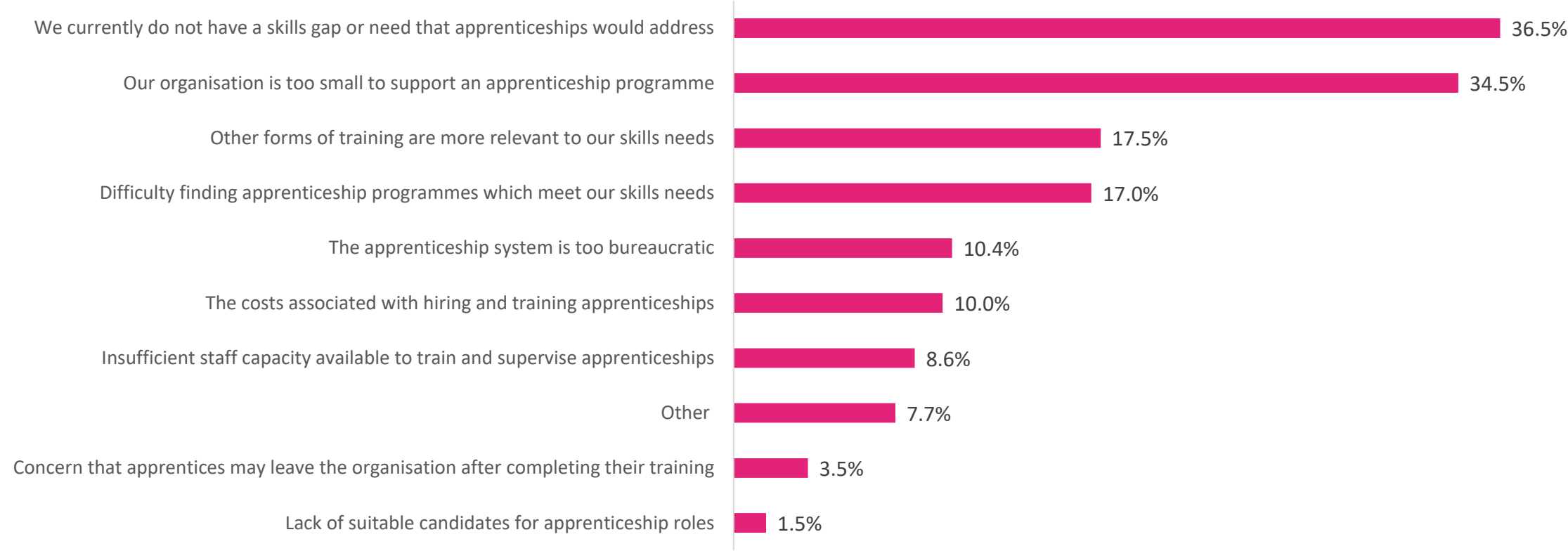




Organisations are not offering apprenticeships as they are either too small or do not have a skills need

Why does your organisation not offer apprenticeships?

Please select all that apply

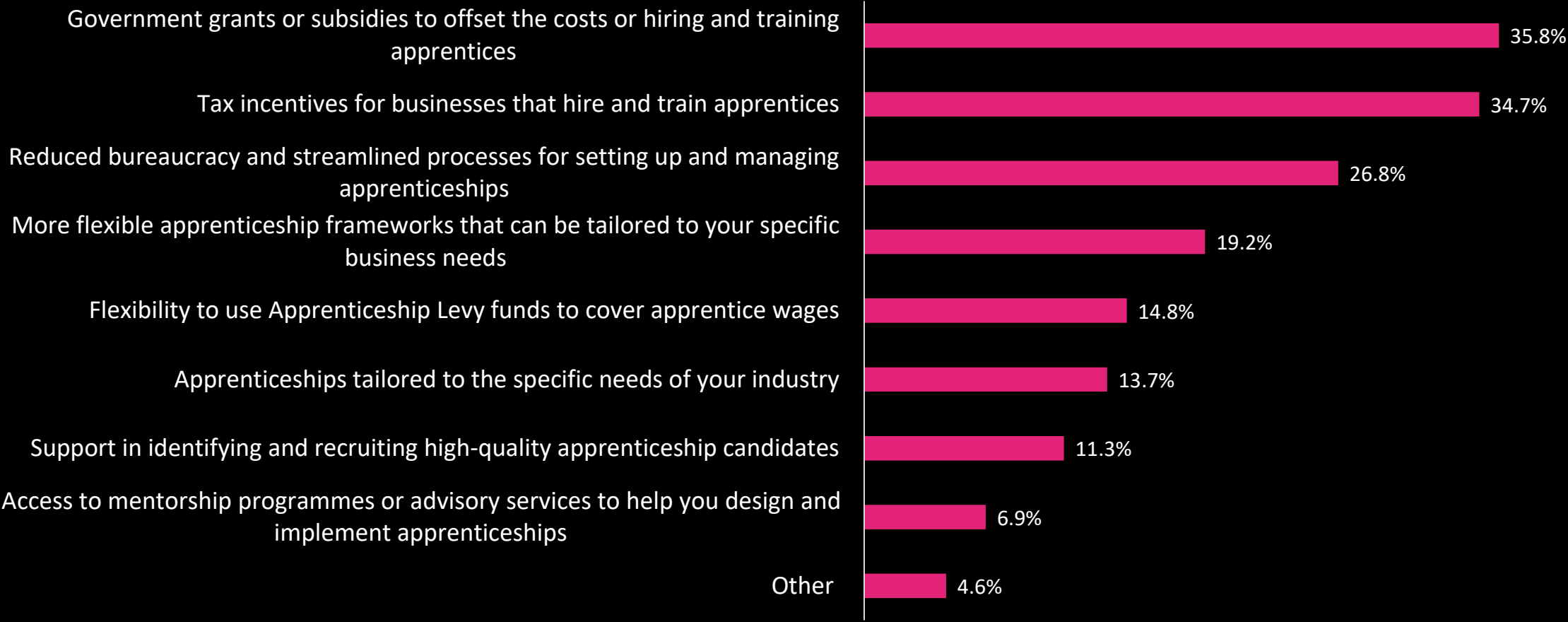




Government grants and tax incentives would encourage businesses to offer apprenticeships

Which of the following policies would be most likely to encourage your organisation to offer apprenticeships?

Please select up to three.





Tax incentives would encourage over two thirds of business leaders to offer more apprenticeships

Which of the following policies would be most likely to encourage your organisation to offer **more apprenticeships?**

Please select up to three.





A third (33%) of members reported that their organisation offers apprenticeships, a slight decrease -- from 34% -- when we asked the same question two years ago. When asked about the barriers to offering apprenticeships and how government could most effectively encourage more employers to offer apprenticeships, several key themes emerged.

1. **The upcoming increases to employer National Insurance Contributions, above-inflation increases to the National Living Wage, and raft of employment law reforms are disincentivising employers from investing in apprenticeships:**

"We have employed apprentices for over 15 years, although with the increase to minimum wage and new employment laws, we are likely to recruit less apprentices and focus more on experienced staff." (100-249 employees, Information and communication, South East England)

"With the new apprenticeship wage to reach £7.55 per hour, why would a business invest this money in someone seeking a foundation apprenticeship when they can employ someone for £12.21 per hour? ... Struggling SME's simply do not have the money to fund their ambitions." (10-50 employees, Construction, Yorkshire and the Humber)

"We love apprentices and pay over the National average... but the 'day' release is now more of a burden given all the cost increases the government have introduced and no financial support." (2-9 employees, Information and communication, North West England)

2. **SMEs in particular struggle to identify a strong business case for investing in apprentices, given the requisite upfront investment of money and HR capacity and the timelines involved in achieving ROI:**

"The time and cost impact outweighs the investment. You need at least 3-5 years to get a return on your investment. It detracts management and HR at a cost to the business." (250+ employees, Transportation and storage, North West England)

3. **Concern that early-stage businesses in particular struggle to commit to the full duration of apprenticeships:**

"[We need a] way to take on apprentices without committing to 3 years up-front. We are a startup and can go bust. Ideally, apprentices should be free to go to another startup if that happens, so the system must facilitate that." (10-49 employees, Information and communication, London)

4. **Employers perceive the apprenticeship system to be inflexible and bureaucratic:**

"We will be looking towards recruiting new staff in 12 to 18 months, however what we've seen of the apprenticeship programmes they appear very bureaucratic and 'wooden'." (2-9 employees, Professional, scientific and technical services, North West England)

"Some of the current IT Technician Apprenticeships are out of date and do not offer the apprentice the ability to increase skills in the latest technologies" (2-9 employees, Information and communication, East of England)

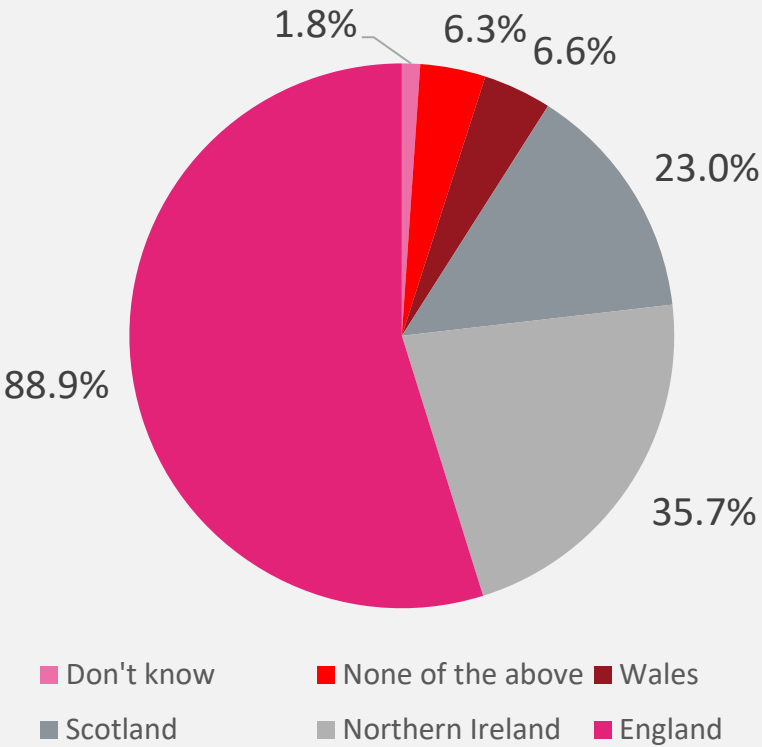
The UK Internal Market

As part of our upcoming response to the UK Internal Market Consultation, we asked members on some of the challenges/opportunities that the Internal Market can provide and some experiences they may have had.

Almost all IoD members trade with at least one of the four UK nations

Does your organisation trade with businesses in any of the four UK nations?

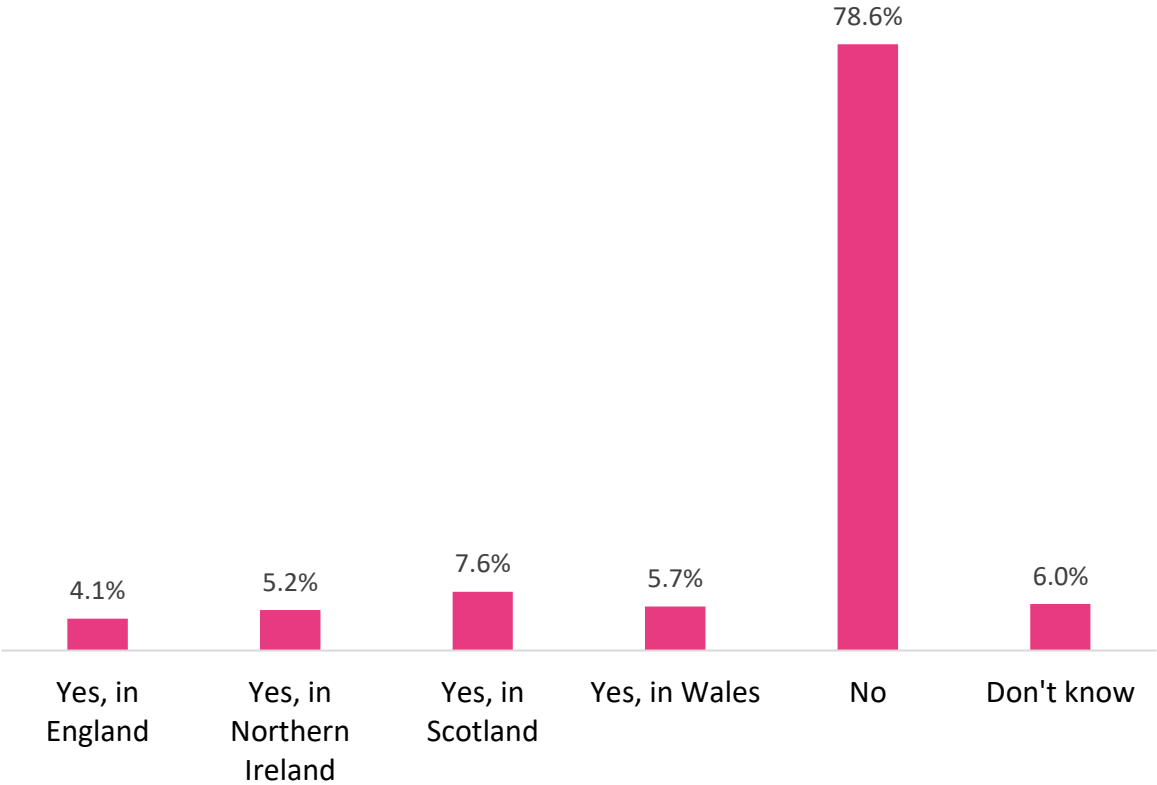
Please select all that apply



Most business leaders haven't faced regulatory barriers to UK trade

Has your organisation ever encountered local/devolved regulation that has acted as a barrier to trading with any of the four nations?

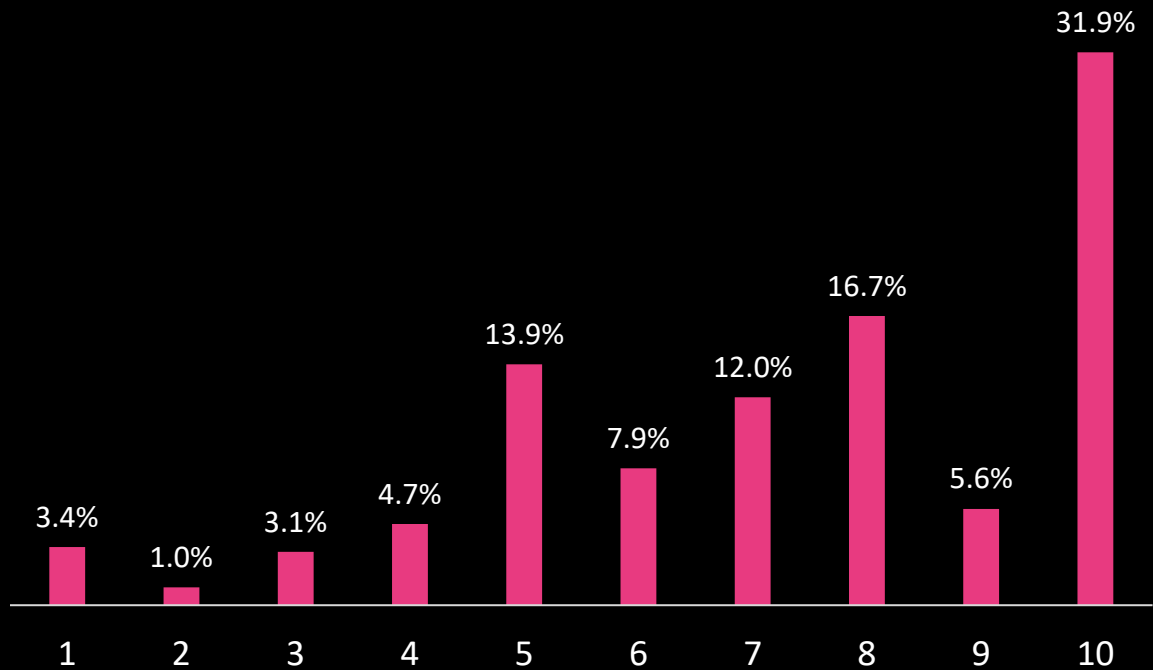
Please select all that apply



Nearly a third of IoD members would like to see complete UK wide regulatory alignment

What do you think is the right balance between local regulatory development at a devolved nation level (i.e. in Scotland, Wales, Northern Ireland and England) vs UK wide regulatory alignment?

1 is complete local regulatory freedom and 10 is complete UK wide alignment.





One of the most common areas of focus in relation to the UK Internal Market was around the divergence and challenges that dealing with different administrations across the UK.

"Welsh first" policy actively discriminating against an English provider (same product, lower cost), to buy from an emerging (unproven) Welsh supplier at 20% higher cost." (East of England, manufacturing, 250+ employees)

"Any additional or changes to regulations by local authorities or devolved governments is expensive, a barrier to trade and expensive." (East of England, financial services, 2-9 employees)

"Devolution is a political construct and helps local decision making on some local issues but business needs uniformity over the largest scale." (East Midlands, manufacturing, 100-249 employees)

"We should not be devolving business regulation, policies should be UK wide." (South East England, professional, scientific and technical activities, 2-9 employees)

"Working overseas, the UK is seen as a single jurisdiction and therefore differentiating between local regulatory systems acts as a disincentive, frequently leading to supply and services being sourced elsewhere." (Operates entirely outside of the UK, manufacturing, 100-249 employees)

A key component around the UK Internal Market discussion focuses on the role of Northern Ireland and its position in relation to the Windsor Framework and some of the challenges that other GB businesses have faced as a result of this and other factors.

"Changes in the Windsor Framework and post-EU legislation as made trade with NI more confusing, less stable, predictable." (London, civil service/public administration, 10-49 employees)

"Many insurers are still difficult about insuring in Northern Ireland" (East Midlands, financial services, 2-9 employees)

Although there has been some concerns around divergence in terms of the UK Internal Market, there were some respondents who felt that greater devolution was actually a benefit to the UK Internal Market and it would lead to better decision making.

"Greater devolution can only help as decisions are then less driven by party politics and more by local needs." (Scotland, professional, scientific and technical activities, 2-9 employees)

"In my/our area of work Westminster is more of a barrier than Holyrood." (Scotland, professional, scientific and technical activities, 2-9 employees)

The Visitor Levy (Scotland) Act

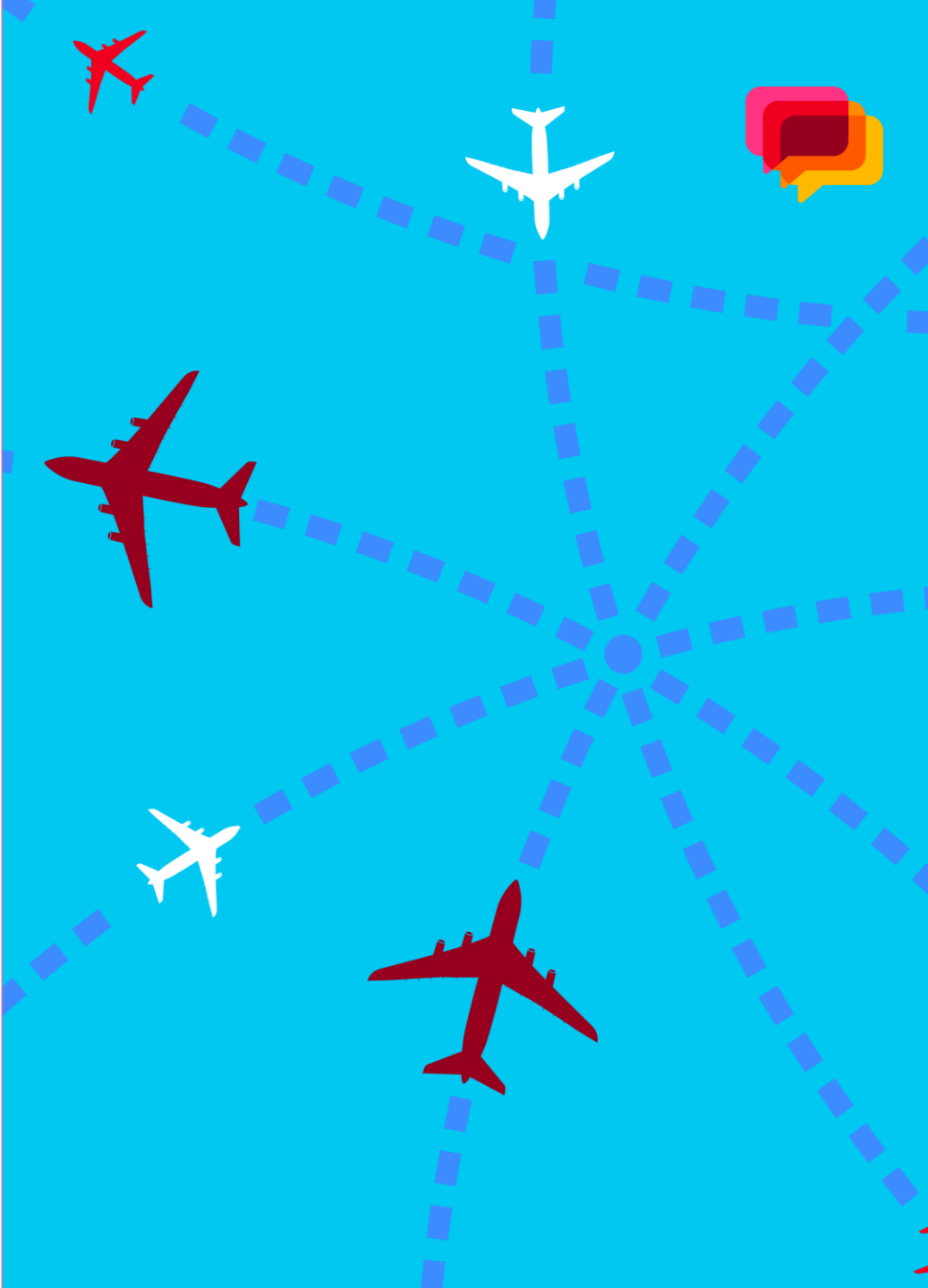
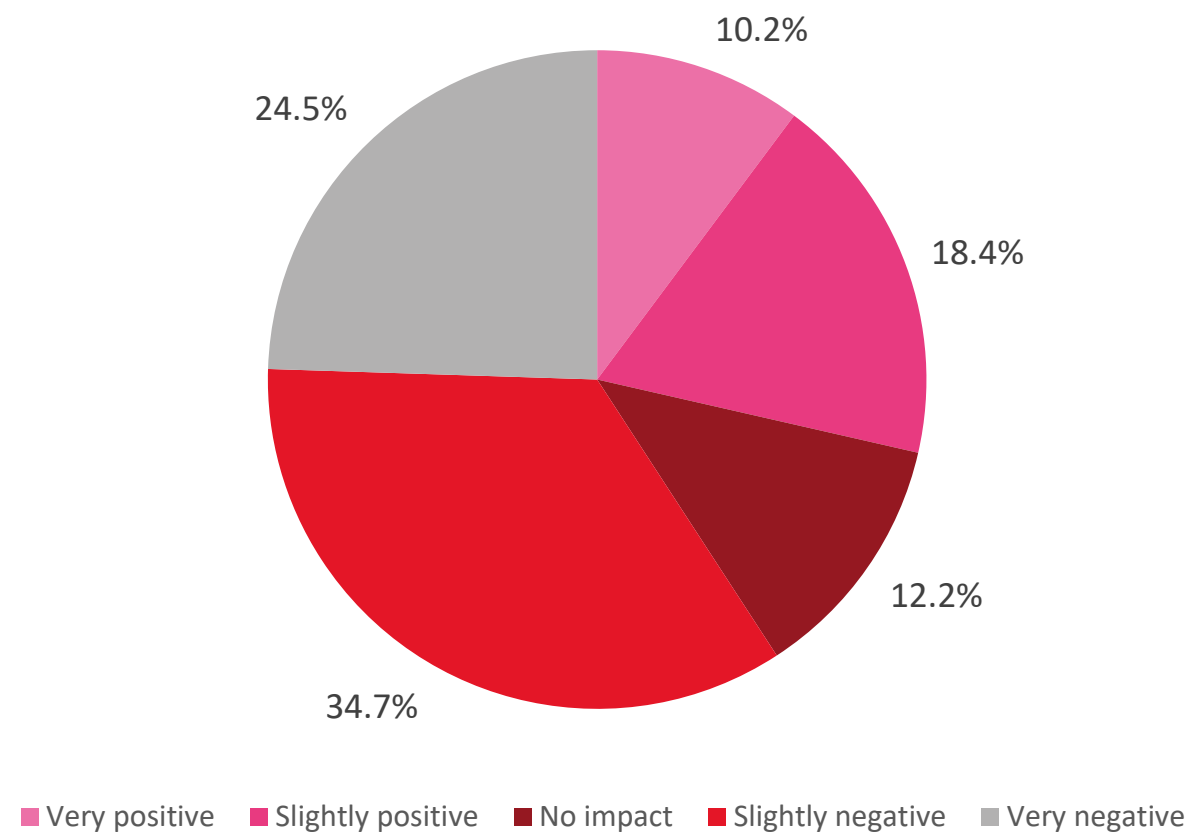
The Visitor Levy (Scotland) Act became law on 20 September 2024. The Act gives councils a new power to apply a Levy on overnight stays, with the net revenue raised to be reinvested in services and facilities largely used for leisure and business purposes.

We wanted to know how this will impact our members based in Scotland.



Over half of IoD members based in Scotland think the Visitor Levy will have a negative impact

What impact do you think the upcoming 'Visitor Levy' will have on businesses and the wider local community?





The Scottish Visitor Levy is currently out for consultation across a number of Council Regions in Scotland. We wanted to get a sense from members around the impact of the levy (positive or negative) and some of the feedback in relation to it.

In the further comments, the main areas of concern focused around the administrative burden for smaller businesses in the hospitality/tourism sector.

“More admin being imposed on small businesses.” (Scotland, professional, scientific and technical activities, 10-49 employees)

“Concerns that the Levy is just the start, and ports will be next.” (Scotland, transportation and storage, 10-49 employees)

Although the Levy had some areas of concern, there was also a feeling that it was overdue and there was genuine merit in adopting a visitor levy across Scotland.

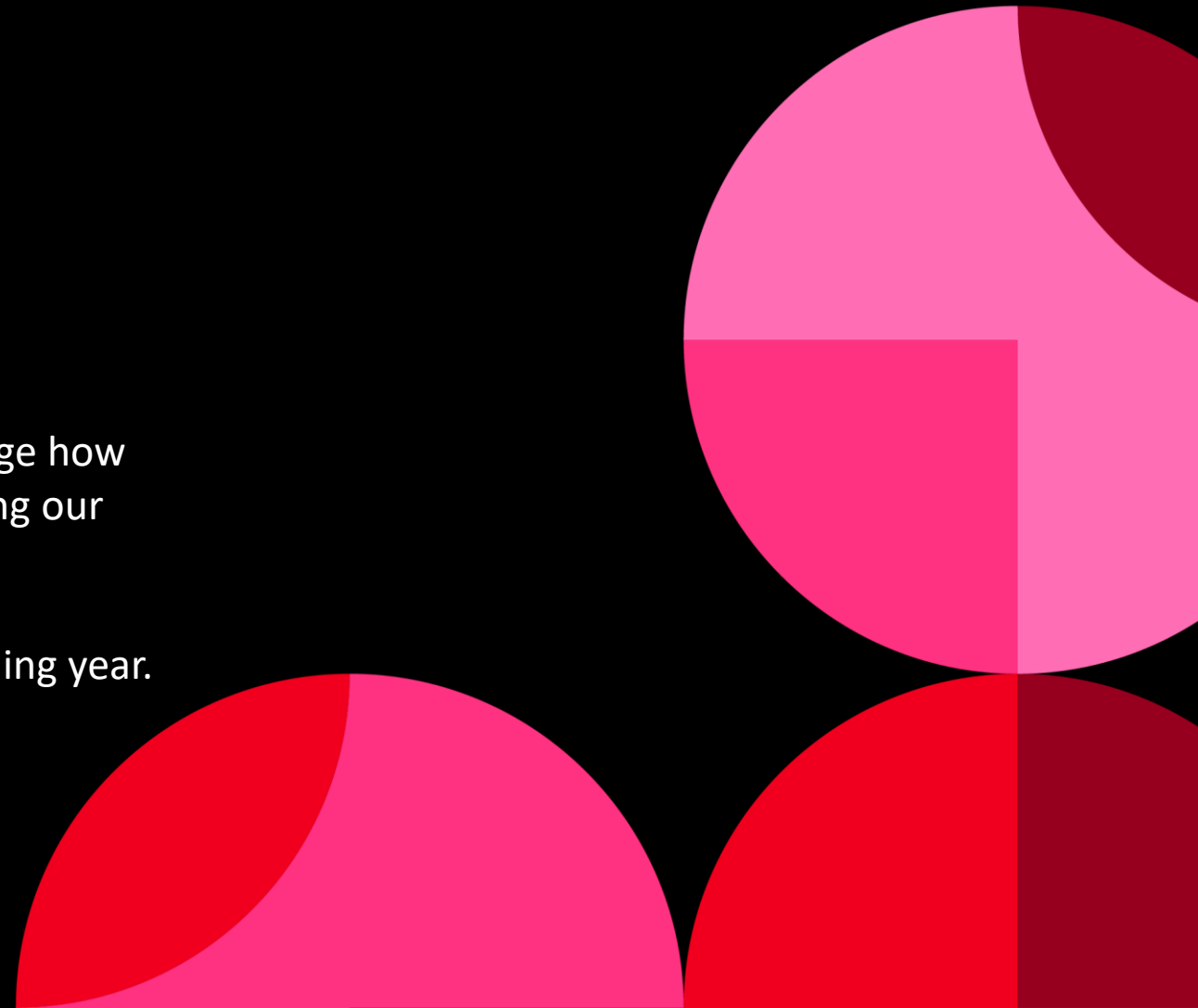
“Visitors come to our cities/towns and do place strain on services, so they should contribute.” (Scotland, education, 10-49 employees)

“This is a long overdue approach to raising funds to meet the costs of tourism on those not in the tourism sector.” (Scotland, professional, scientific and technical activities, 2-9 employees)

Quarterly Negative Impact Tracking

We ask the following questions quarterly, in order to gauge how the wider political and economic environment is impacting our members.

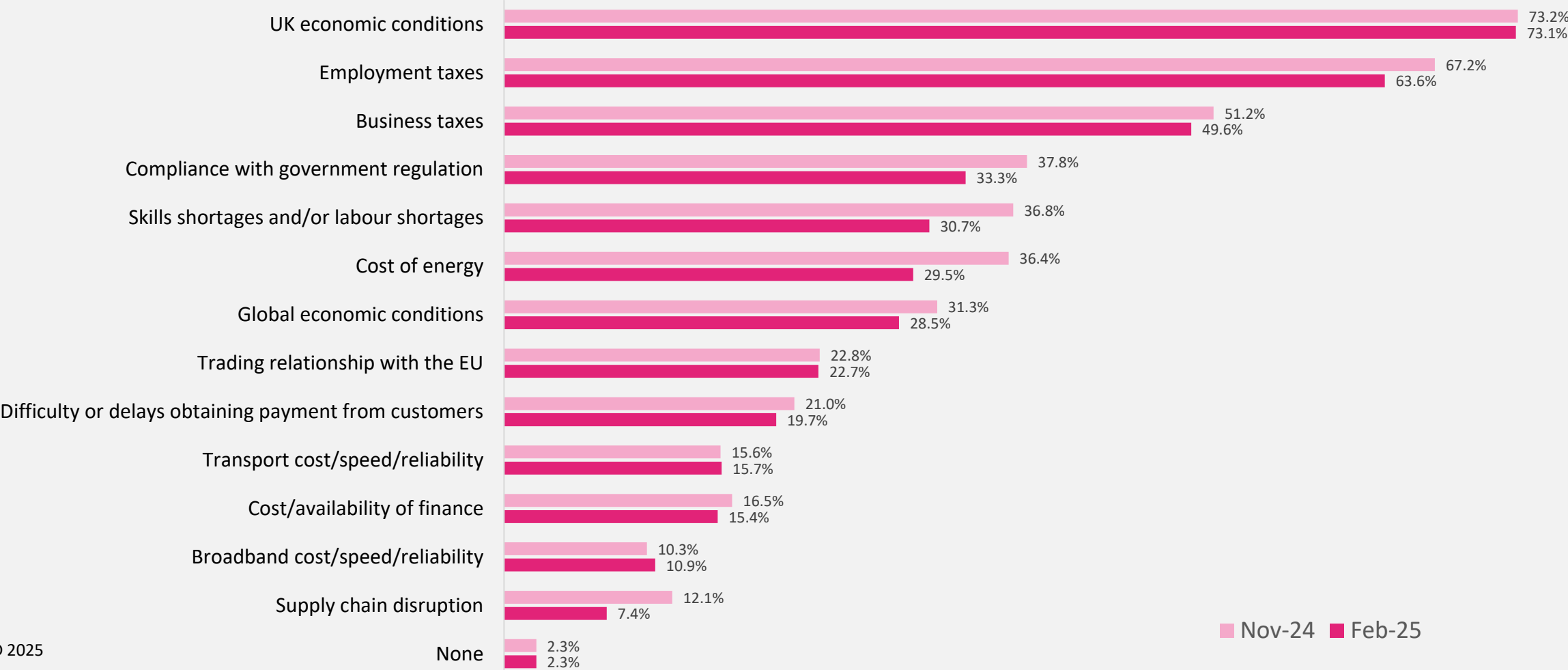
This data is used to set our advocacy focus for the upcoming year.





‘UK economic conditions’ remain the most significant concern for members

Which of the following, if any, are having a negative impact on your organisation?

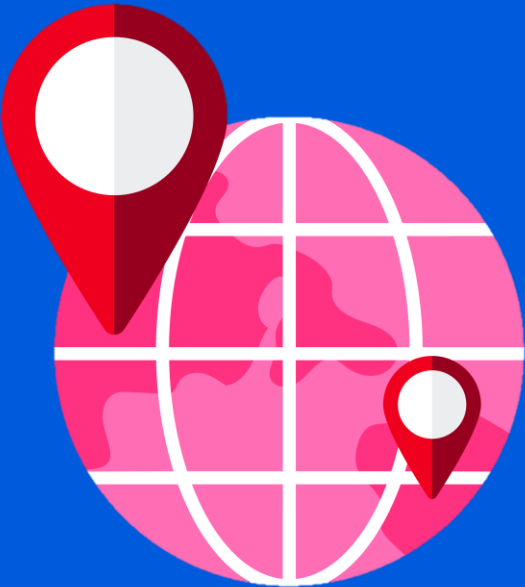
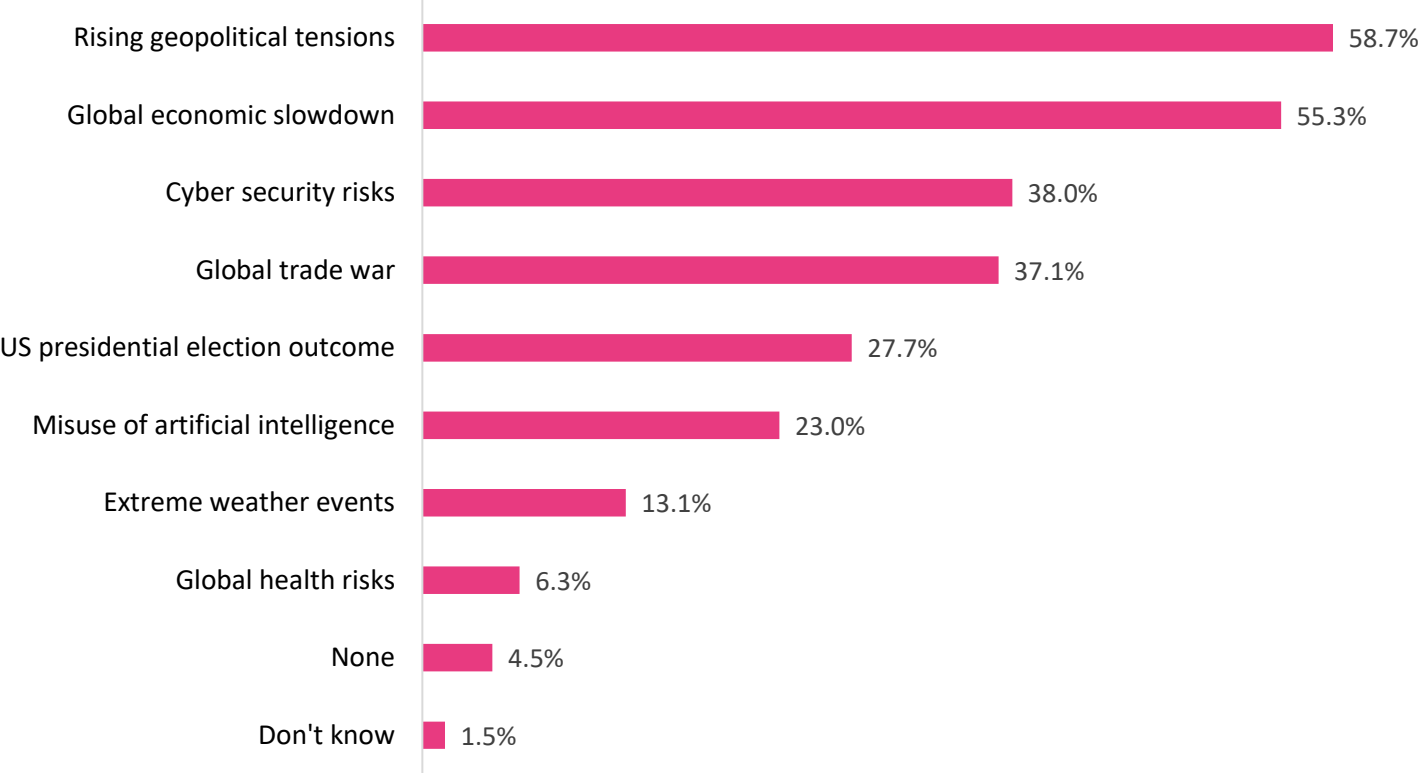




‘Rising geopolitical tensions’ overtake ‘Global economic slowdown’ as the greatest global risk concern for IoD members

Which of the following global risks are the most concerning for your business in 2025?

Please choose up to three.

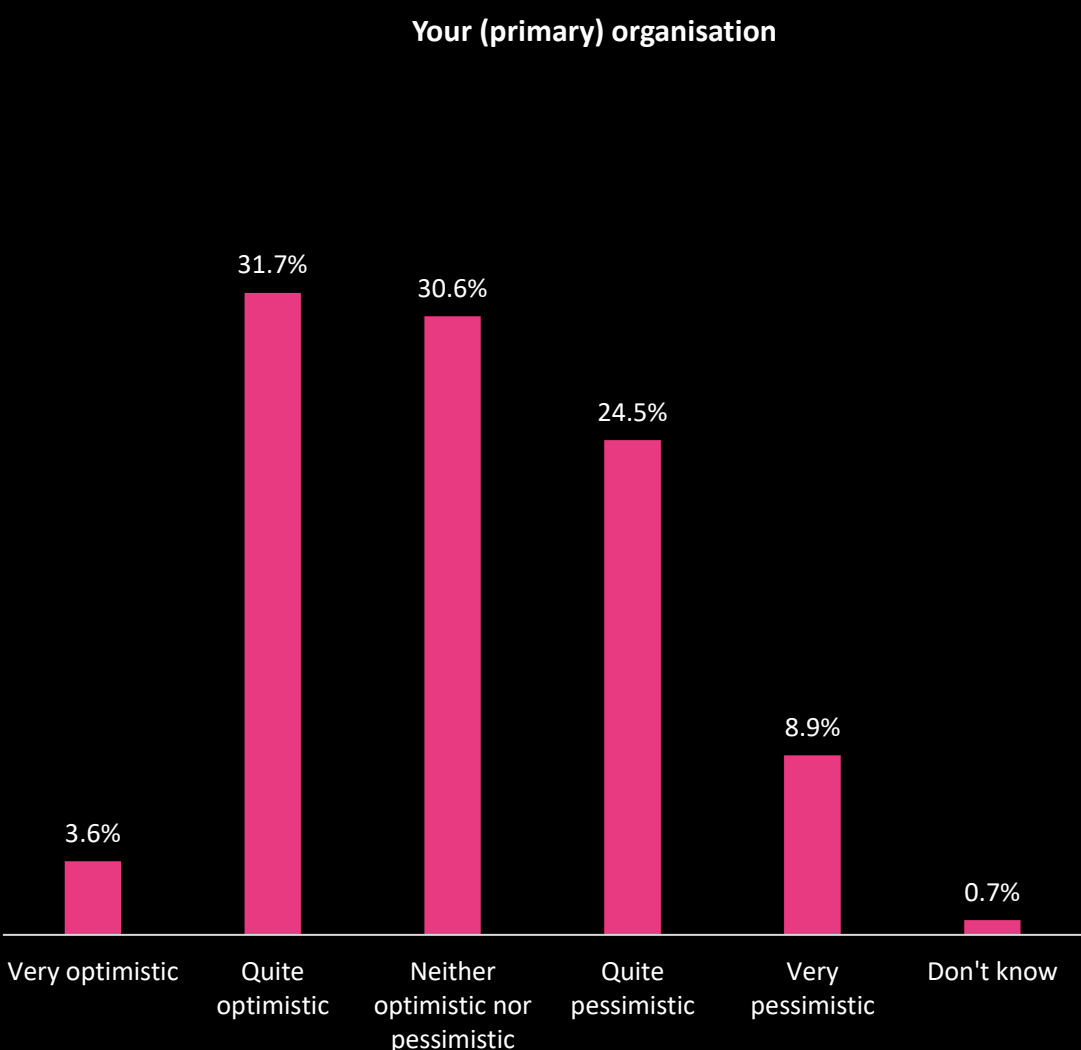
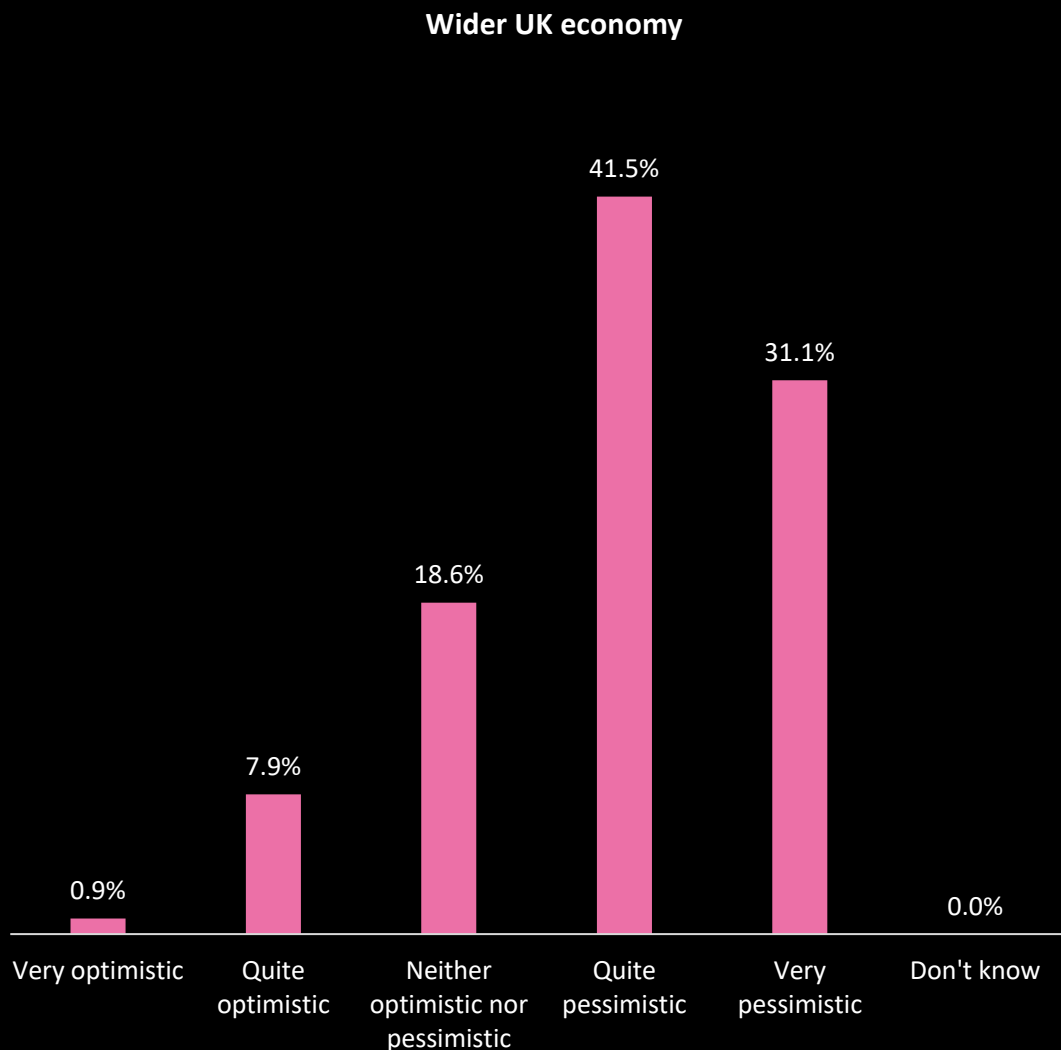


Economic Monitoring: Data

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?





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	Somewhat higher	Don't know	Somewhat lower	Much lower	No change	N/A
Business investment	2.8%	19.2%	35.8%	21.1%	18.6%	1.0%	1.5%
Costs	24.0%	65.6%	6.7%	1.5%	0.9%	0.7%	0.6%
Exports	3.2%	13.8%	29.3%	6.0%	3.9%	1.3%	42.5%
Headcount	1.2%	19.2%	40.8%	27.9%	8.9%	0.9%	1.2%
Revenue	3.2%	40.2%	25.3%	21.4%	7.6%	1.0%	1.3%
Wages	5.4%	45.6%	33.3%	9.8%	3.6%	0.9%	1.5%



The further comments to the questions on economic confidence, negative impact and global risks reflect the negative sentiment that was shown in the data. Businesses on the whole are very pessimistic about the continued fall-out of the Budget, and the resultant measures coming into effect soon, Employment Rights legislation and the election of Trump.

'Business in the last 8 months got a whole lot harder, completely unnecessarily. Government move and changes have been for the worse eroding confidence which is leading to hesitation over investment in people facilities and equipment at the very time when the UK should be driving for competitiveness' (West Midlands, manufacturing, 2-9 employees)

'Economic and market volatility & uncertainty. Both of which act to raise return expectations of investors and make sourcing funding even more tricky.' (Scotland, professional, scientific and technical activities, 2-9 employees)

'I think that the government's tax policies make it unwelcoming for business and unsustainable.' (London, education, 10-49 employees)

"Most concerning are the changes and costs taking effect from April 2025. The employment Rights Bill, material changes to minimum wage and the large increases in Employers NI are the greatest concerns we have within our business." (North West England, administrative and support services, 50-99 employees)

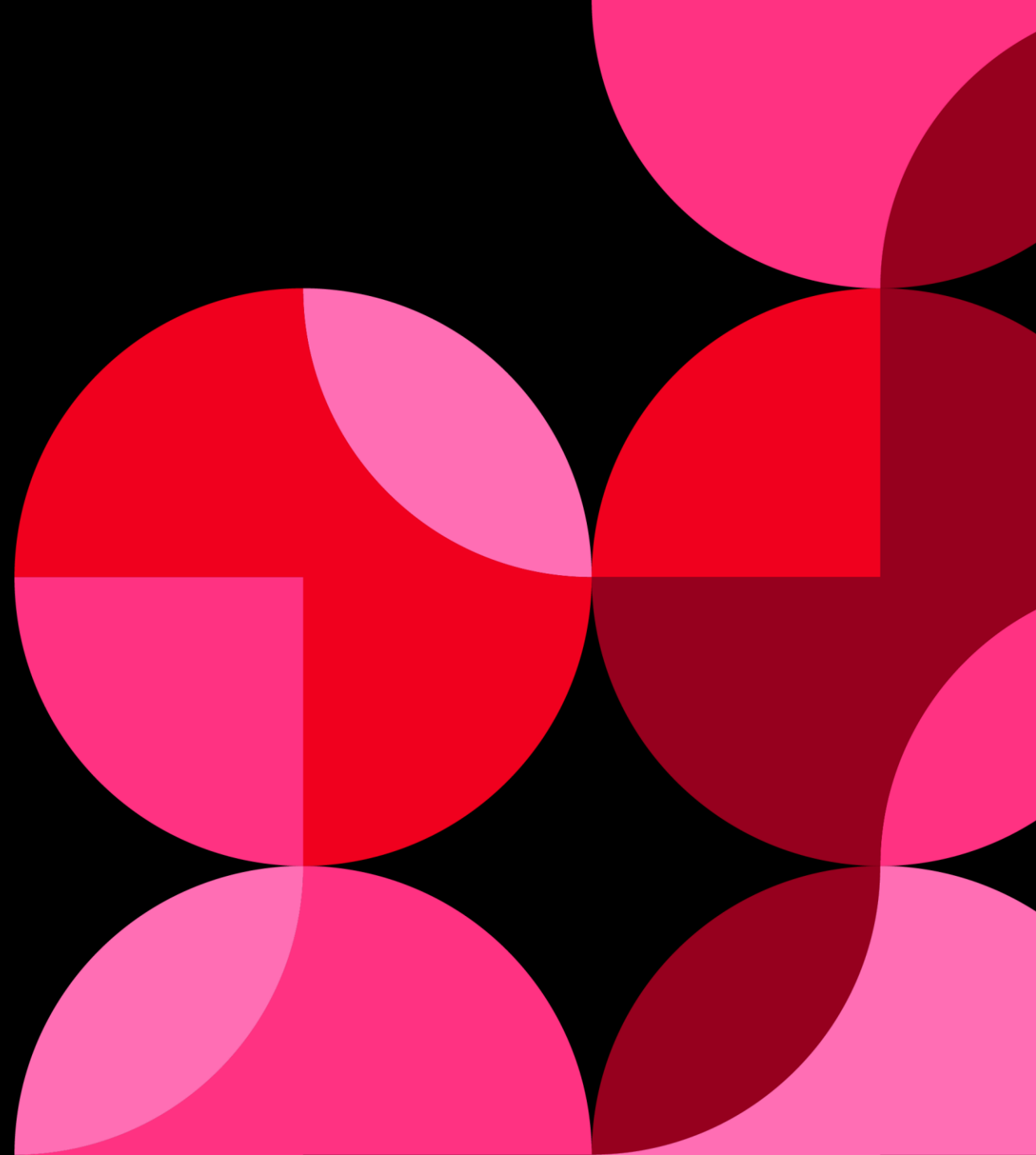
'The government seems to be hindering the ability of business to make money at the same time as trying to prioritise growth, when the two don't match.' (Yorkshire and the Humber, administrative and support services, 2-9 employees)

'My biggest risk which you have not listed is the UK Government Economic Plans - Which have been the most damaging in my life time.' (South East England, information and communication, 100-249 employees)

"It is not the outcome of the US election that is the issue. The issue is the uncertainty of what that brings because Trump is a disrupter. This is a significant shift in the global world order." (West Midlands, other services, 50-99 employees)

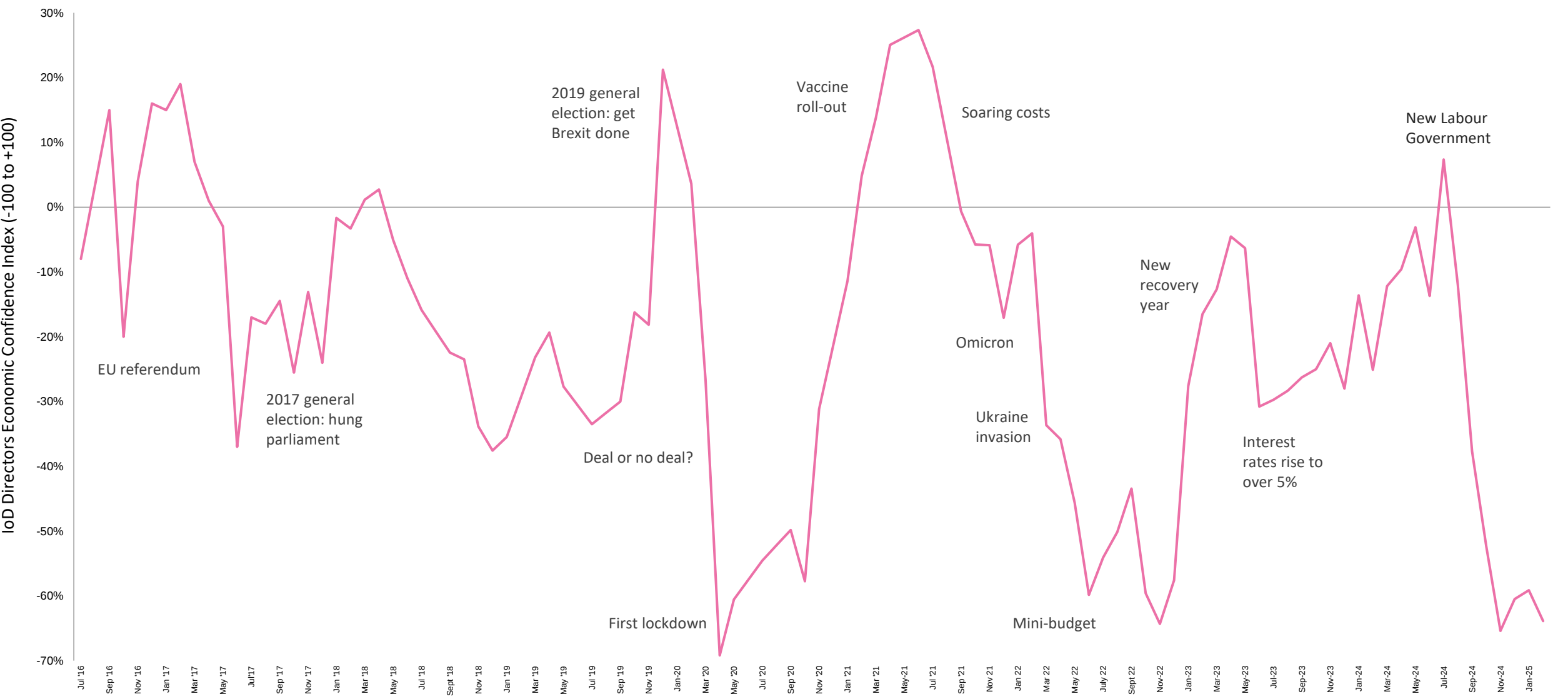
'Rising geopolitical tensions are partly because of the US presidential outcome, as is a global trade war. It's very hard to separate them.' (Scotland, education, 10-49 employees)

Economic Monitoring: Trends





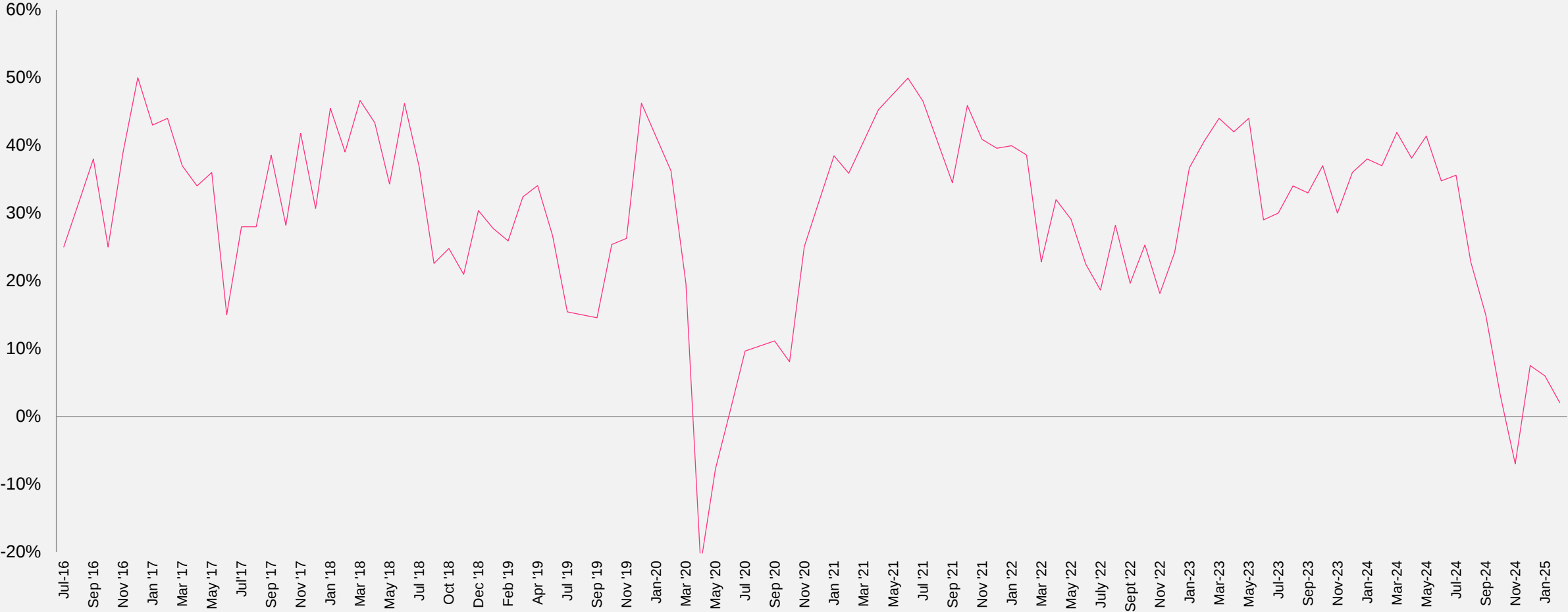
Business confidence remains at historically depressed levels





Business leader confidence in their own organisations continued to decline in February

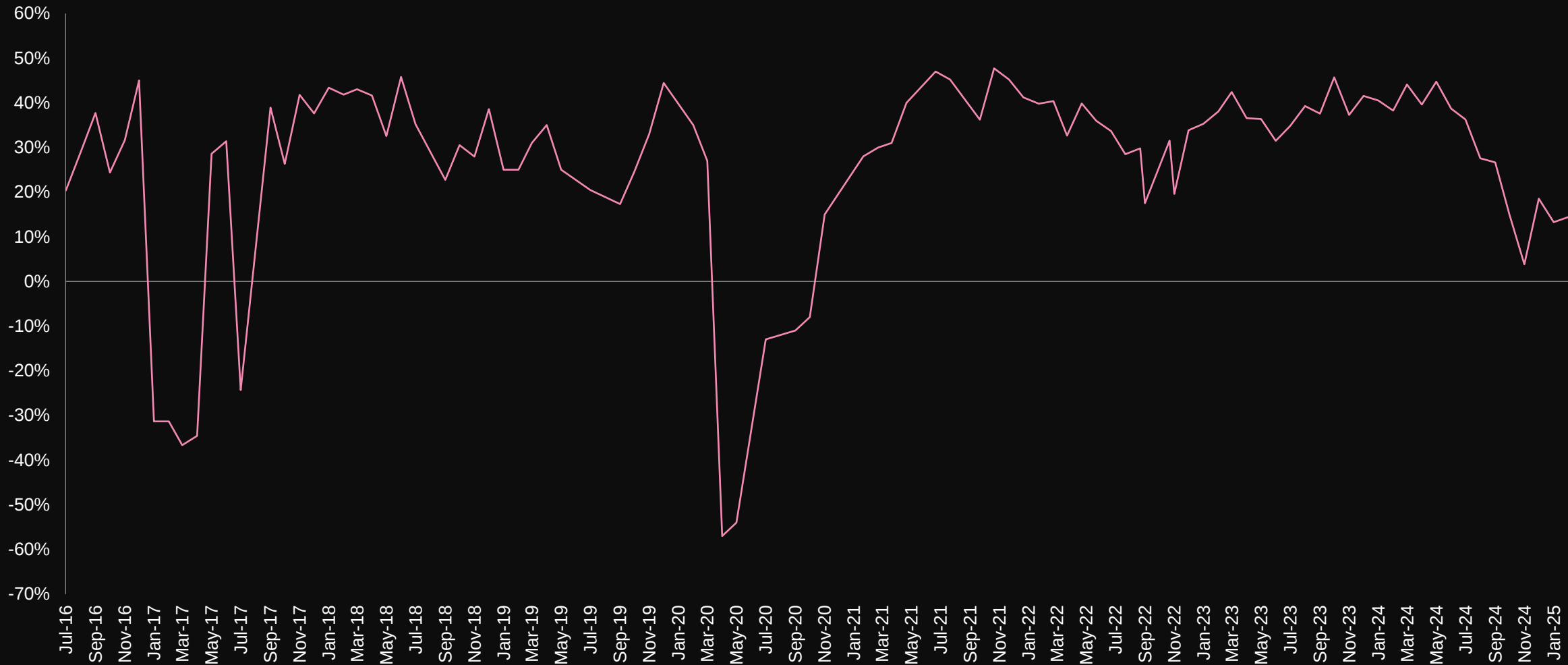
*How optimistic are you about your own organisation over the next 12 months?
5-point scale from very optimistic to very pessimistic, net optimistic % Source: IoD monthly Policy Voice surveys*





Net revenue expectations remain largely unchanged between January and February

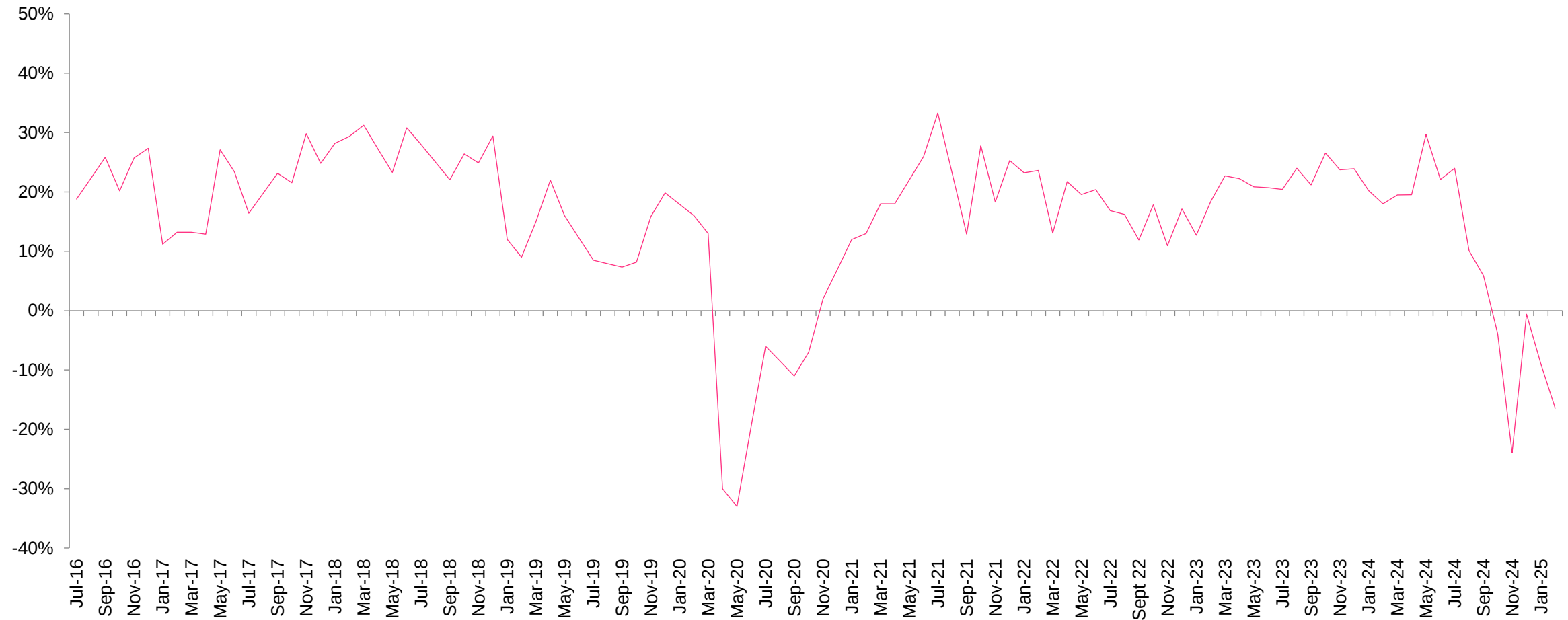
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: REVENUE.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Headcount expectations dropped 7 points in February

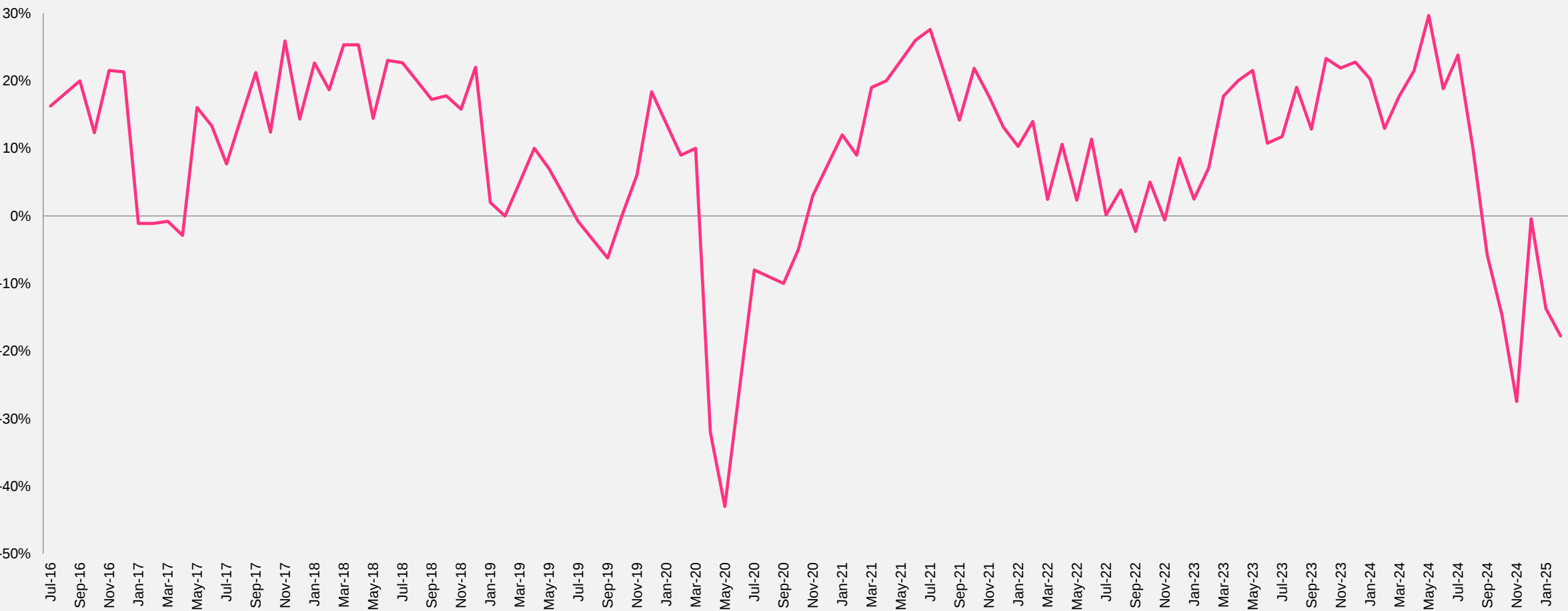
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: **HEADCOUNT**.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Investment intentions continued to decline in February, down from -14 to -18

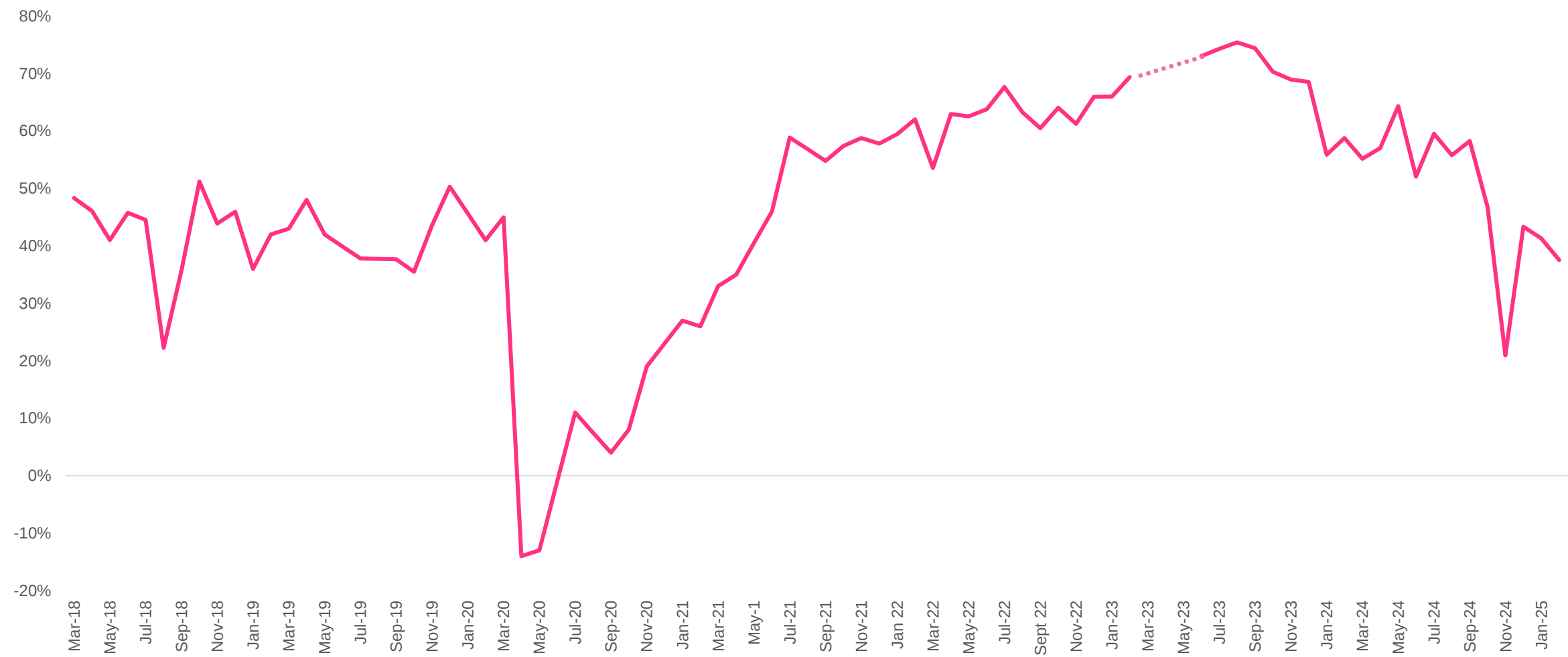
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: INVESTMENT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Wage cost pressures also declined in February

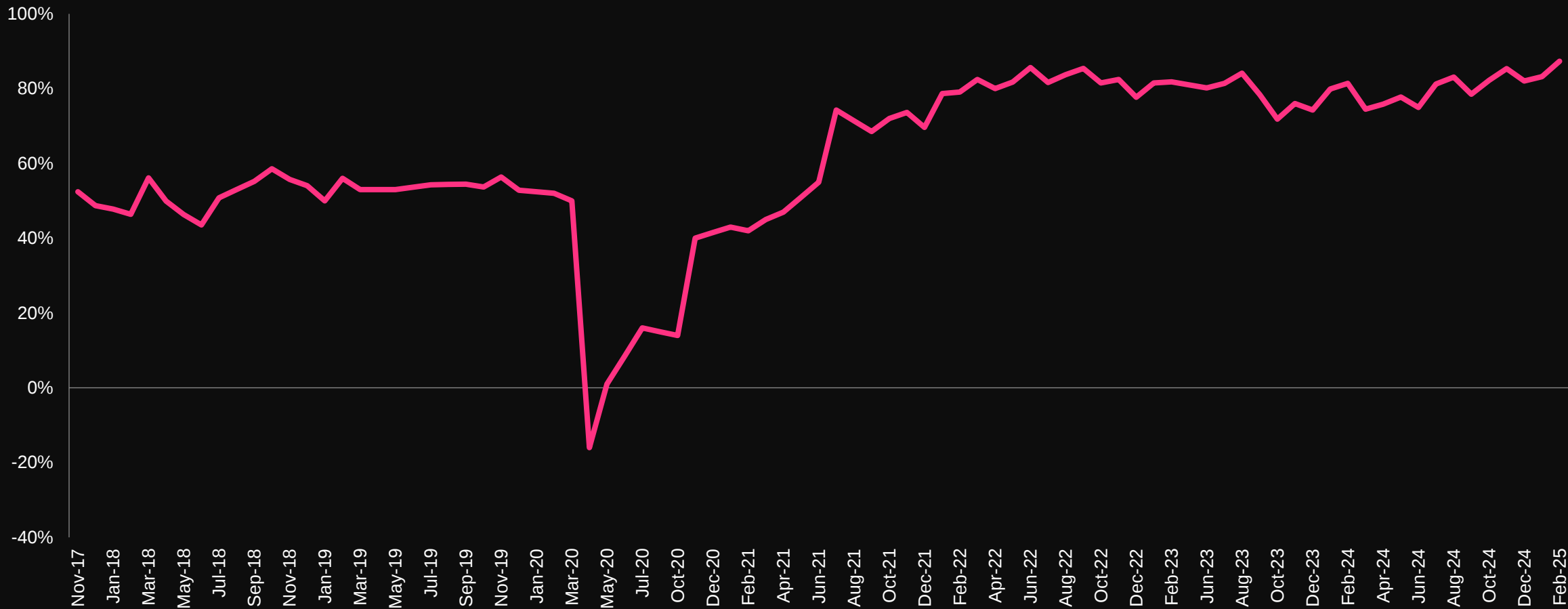
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: WAGES.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Cost concerns rise to record levels among business leaders

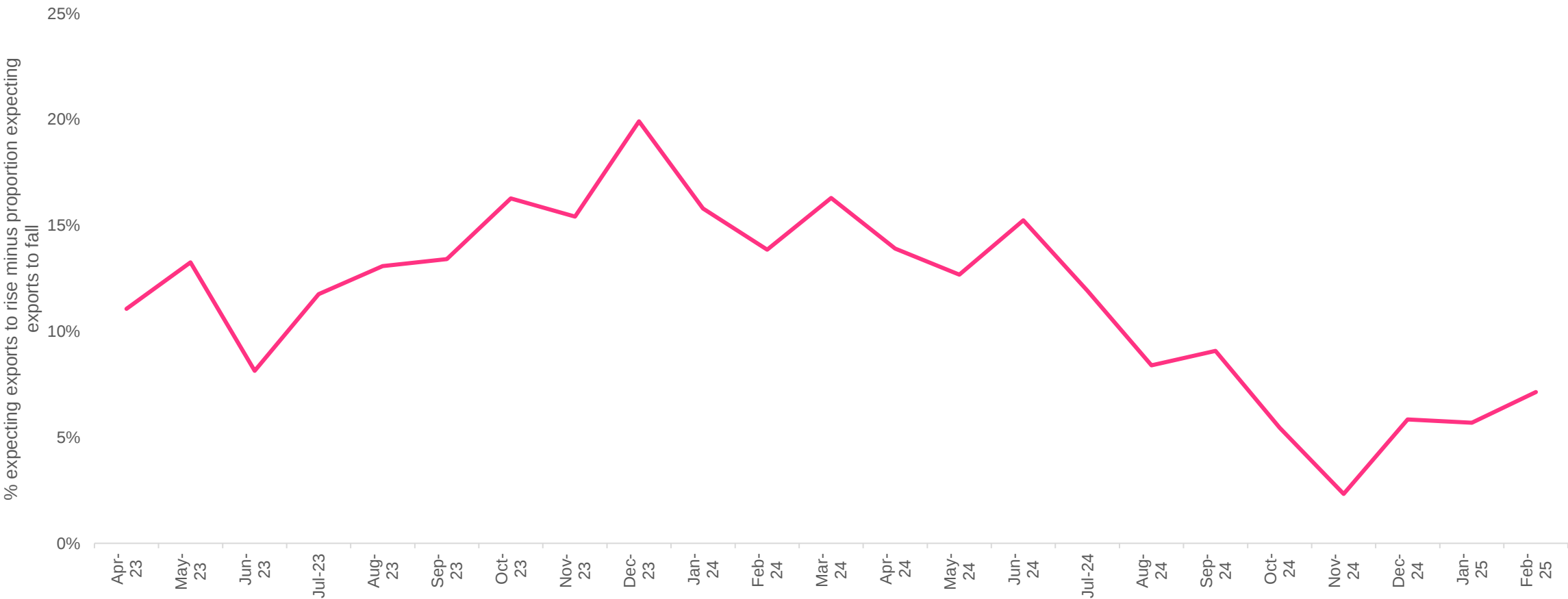
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: COSTS.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Export expectations increase slightly in February, up 1 point from January

*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.