



Policy Voice full survey results May 2025

- The UK's trade deals with India and the US
- Non-executive directorship
- The Immigration White Paper
- The Employment Rights Bill
- Minimum wage

Number of respondents: 483
Survey Dates: 15 – 28 May 2025



The UK's trade deals with India and the US

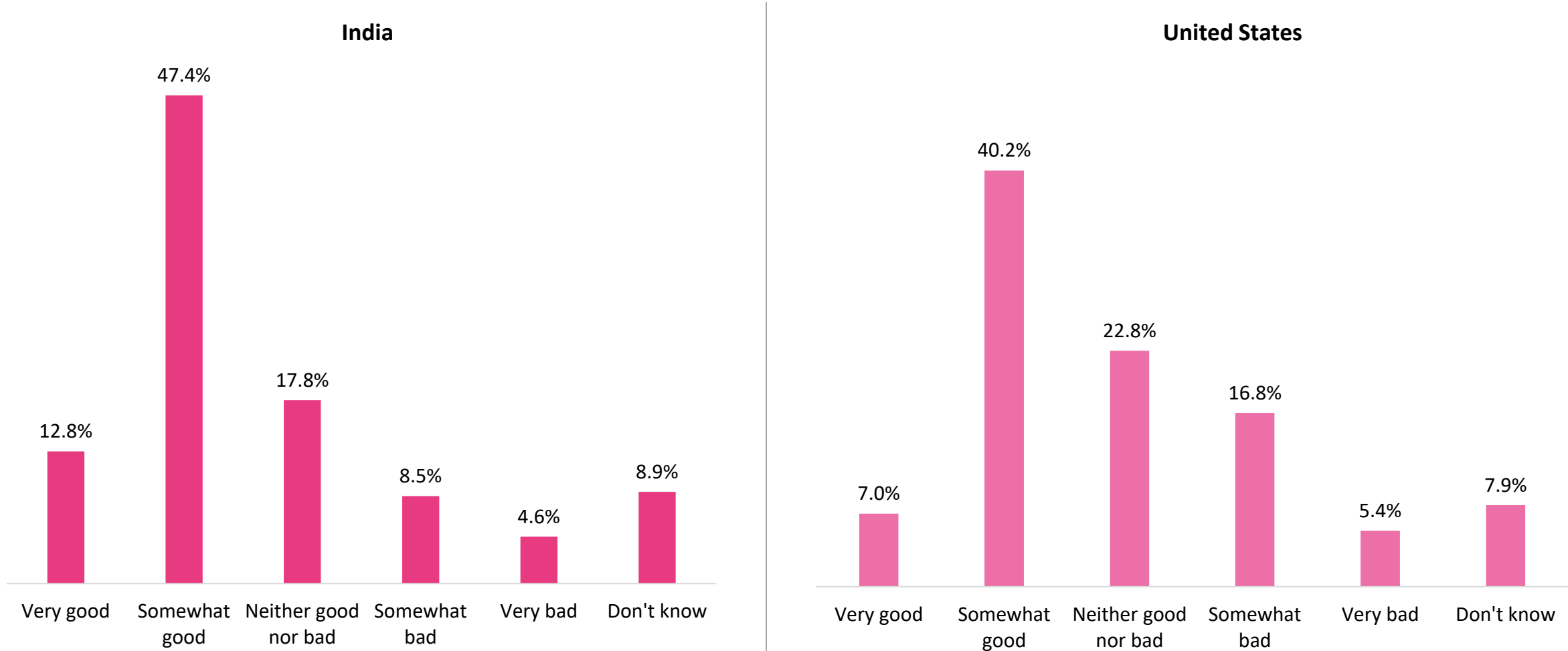
At the start of the month, the UK signed a Free Trade Agreement with India and an Economic Prosperity Agreement with the US.

We wanted to know what IoD members made of these deals.



Most IoD members think that both deals are good for the UK

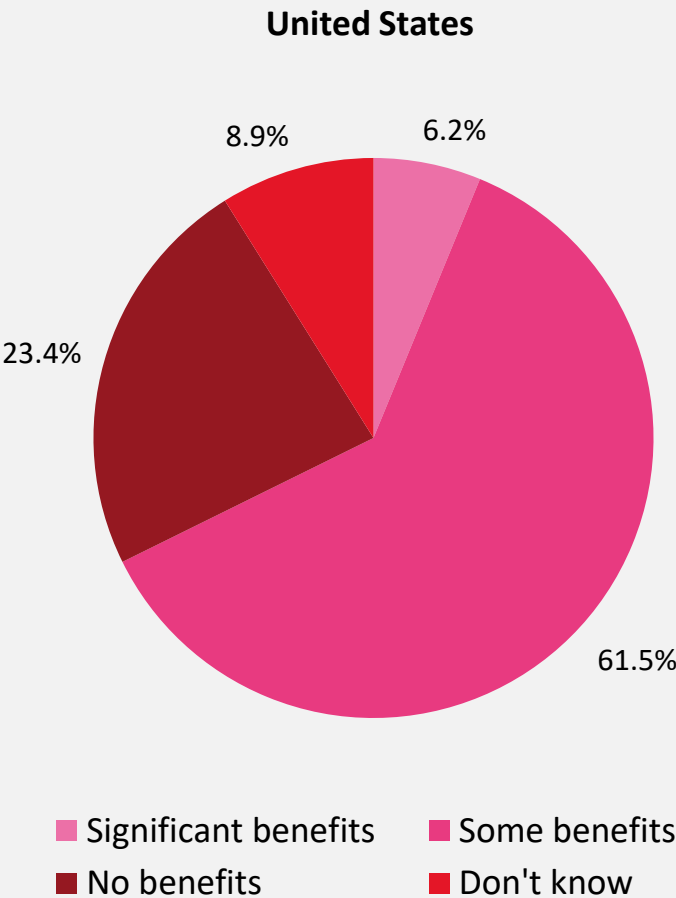
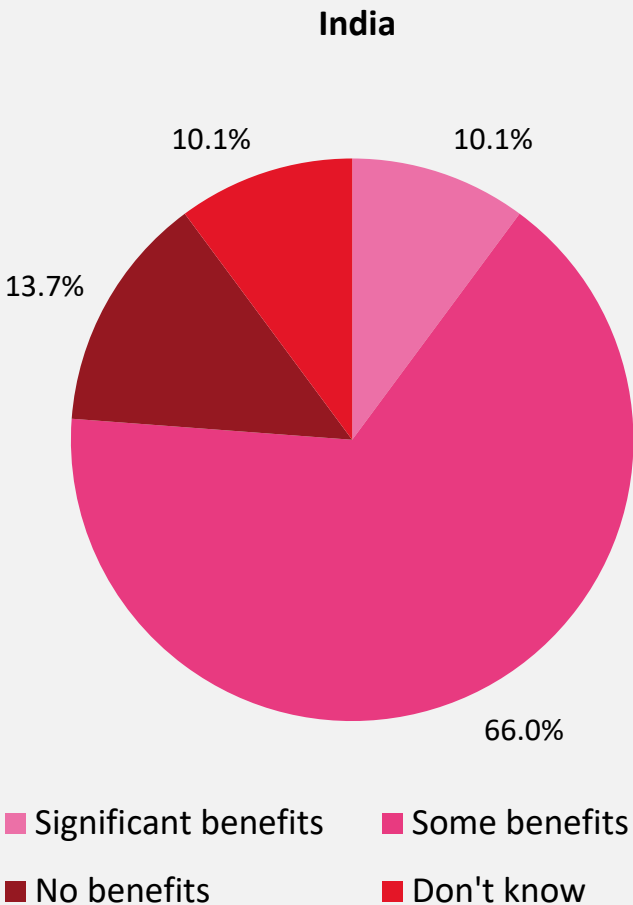
Do you think that in general these are good deals for the UK?





The majority of IoD members believe these deals will benefit the economy

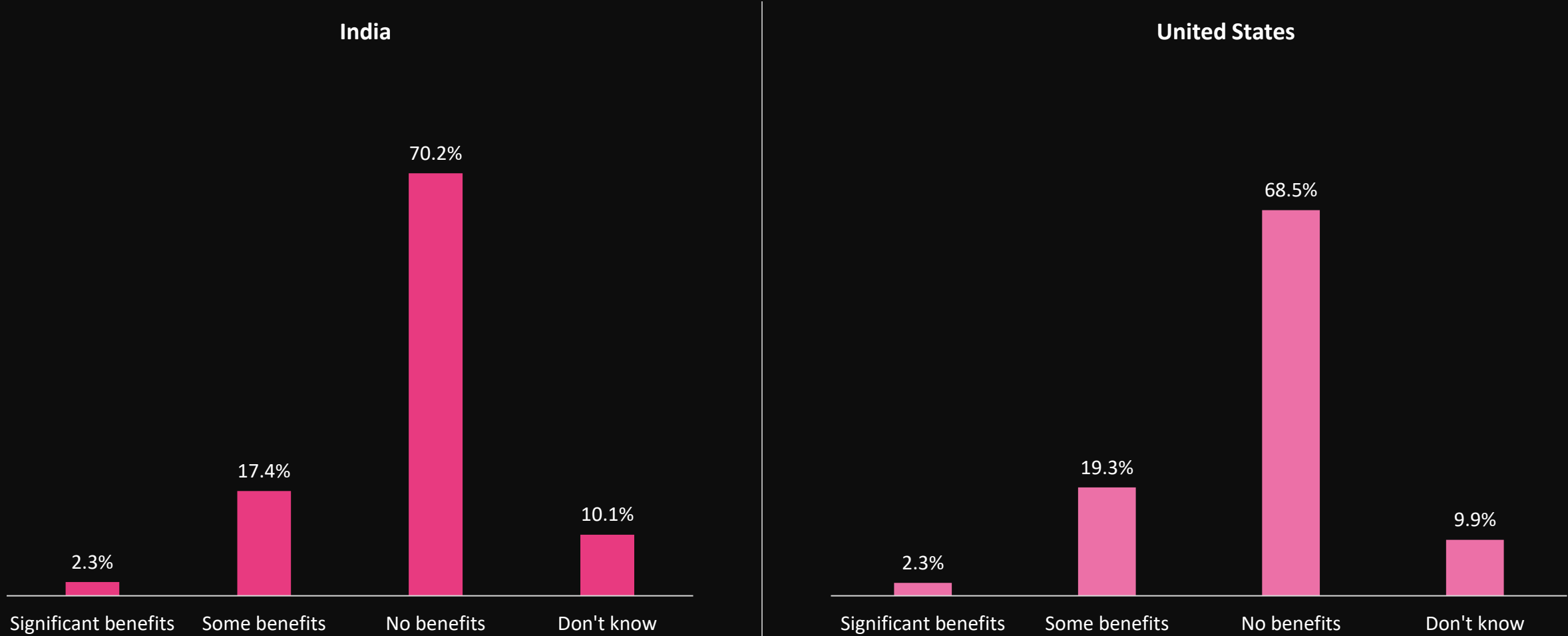
Do you think these deals will provide benefits to the UK economy?





Business leaders do not think these deals will benefit their organisations, despite benefitting the UK economy

Do you think these deals will provide benefits to your organisation?





In the further comments, the majority of members noted that there isn't yet enough detail surrounding the trade deal with the US to know whether their business, or the economy, will be positively or negatively impacted.

However, looking at both deals, there were concerns around some of the content – including the matter of increased access to cheaper labour, cheaper goods entering the market, and farmers being priced out:

“The deal with India will likely change the reliance on China for some cheap goods, but will very likely see an increasing influx of workers from India with the NI tax benefits at a disadvantage for UK employees. US deal will likely flood the UK with cheap Beef and Chicken at inferior quality and nutritional value.” (South East England, manufacturing, 10-49 employees)

“Businesses will replace workers and businesses in UK with workers from India via TCS, Wipro and Mastek.” (London, professional, scientific and technical activities, 2-9 employees)

“As farmers, we expect the US deal especially to increase price pressure, and thus drive down margins which are already paper thin.” (South West England, agriculture, forestry and fishing, 0-1 employees/sole trader)

Many also noted the symbolism of the deals, rather than the content itself – noting that the projected growth associated with the deals was far lower than expected:

“Even combined, the two pacts add well under 1 % to national income. The OBR judges that the entire post-Brexit trade agenda – including this deal – would lift UK GDP by ≈ 0.4 % by 2035. Neither is going to significantly move the needle in the way that is needed. This is just politics at play and window dressing.” (West Midlands, administrative and support services, 10-49 employees)

“Expectations are that the agreement with India will result in a .1% increase in GBP, which we shouldn't turn our nose at, however in the grand scheme of things it's unlikely to deliver the growth the government are banking on. Too early to tell with US agreement at this stage, but does feel like we are being bullied into a position where we are making some questionable compromises.” (South East England, wholesale and retail trade (including motor repair), 10-49 employees)





There are also those who believe that regardless of the details of the deals, the US and India are not the trading partners we should be targeting for deals. Many would like to see closer alignment with the EU:

“An EU deal would be the game changer these are not.” (Scotland, other services, 0-1 employees/sole trader)

“Neither deal remotely compensates for the obstacles to trade between UK and EU.” (London, arts, entertainment and recreation, 0-1 employees/sole trader)

“The only deal that matters to us is with the EU which is by far our largest trading partner.” (East of England, other services, 10-49 employees)

“They are better than the alternative more than good. And I think most businesses would swap them both for still being in the EU.” (South West England, manufacturing, 10-49 employees).

Then, there were those who believe that any step in the direction of making trade deals with the US and India is a step in the right direction, regardless of the details:

“Too early to tell. But my gut instinct is this the best of a bad job.” (South West England, real estate, 2-9 employees)

“These deals in themselves are a good start and a welcome development. To move the dial on UK growth we now need follow up action and investment from UK Government to enable and empower innovators and exporters. We need a robust strategic plan to return the UK to being an export powerhouse!” (Wales, professional, scientific and technical activities, 2-9 employees)

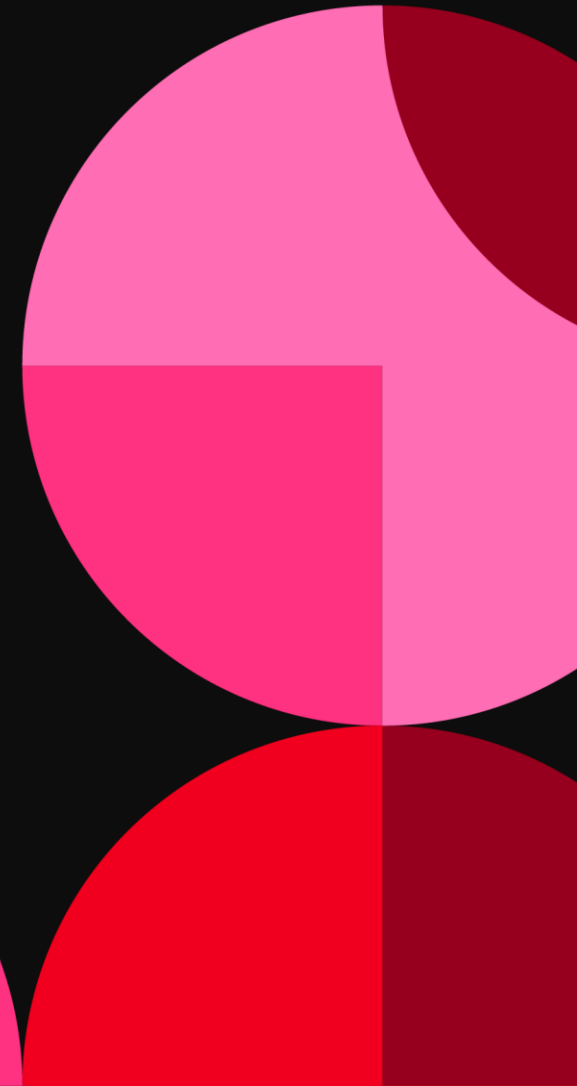
“The India deal will be good for trade and therefore good for the U.K. economy. The US deal still leaves us worse off than before the Trump tariffs so for me it’s not good, but it’s not as bad as it might have been” (Wales, financial services, 2-9 employees)



Non-executive directorship

The IoD is currently undertaking a study on the role of non-executive directors (NEDs). These are board members who do not have a full-time management role.

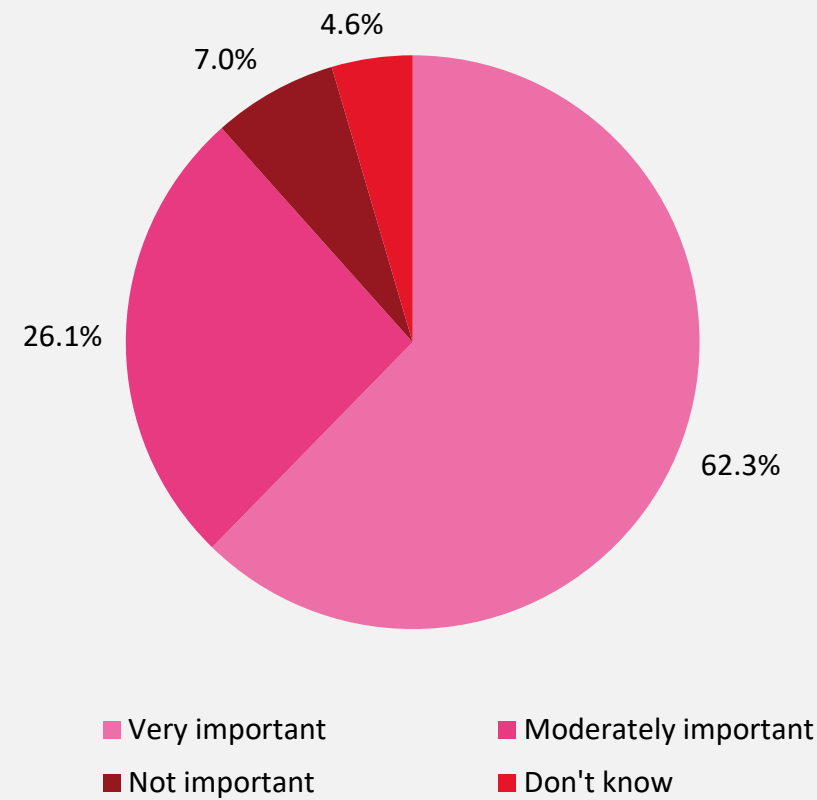
This is IoD members' chance to feed into this review.





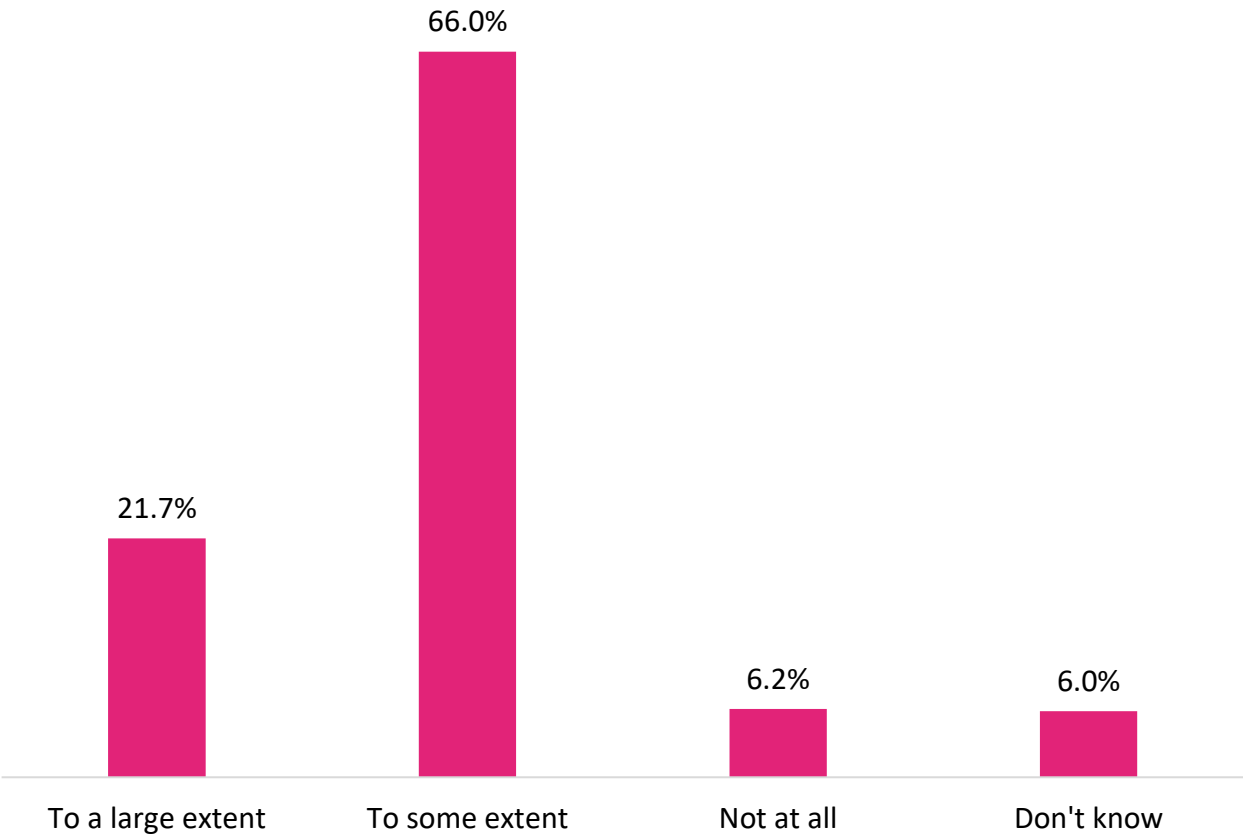
IoD members believe it is important for boards to have NEDs

How important is it for boards to have NEDs?



Two thirds of business leaders think that NEDs are, to some extent, are effective in their role

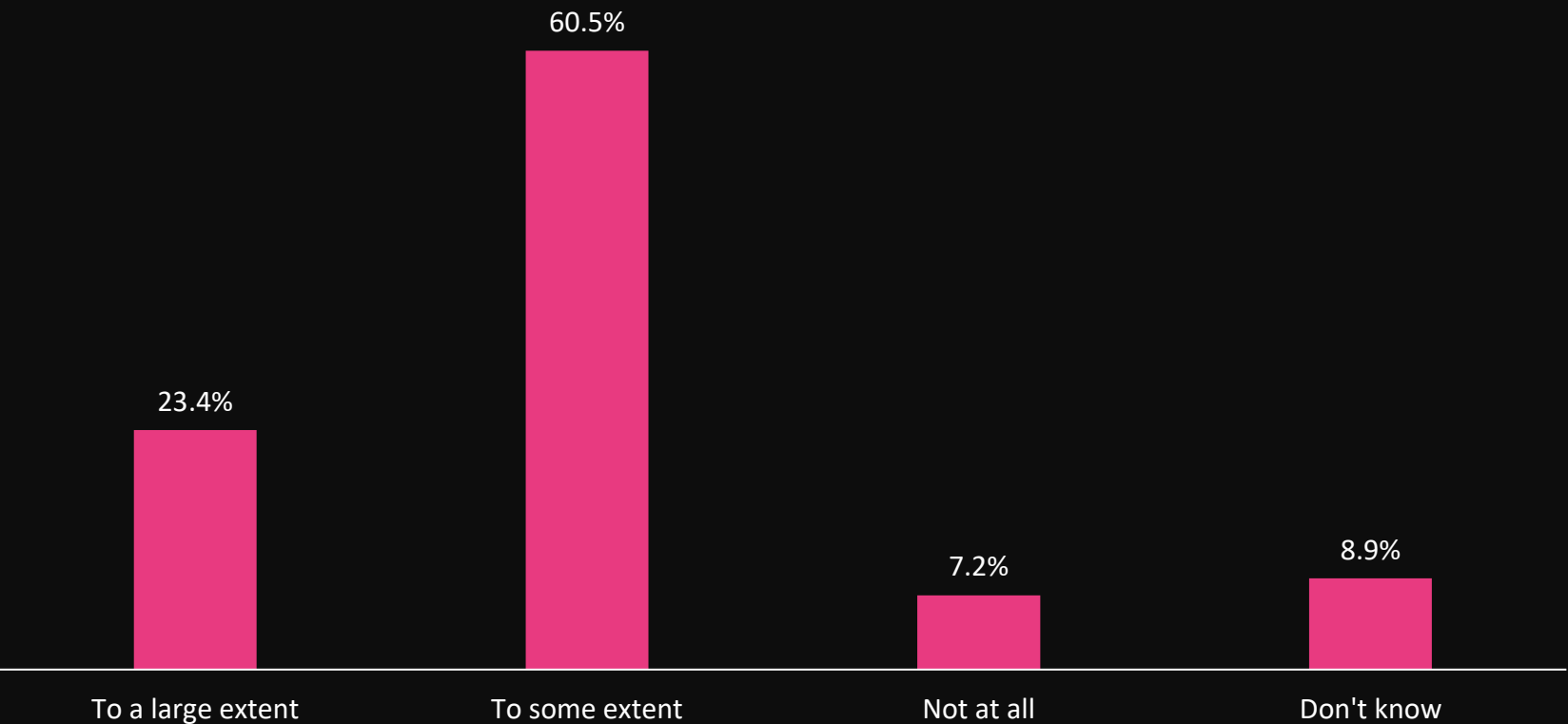
In general, do you feel that most NEDs are effective in providing organisational oversight?





Business leaders believe that most NEDs understand their legal duties and responsibilities

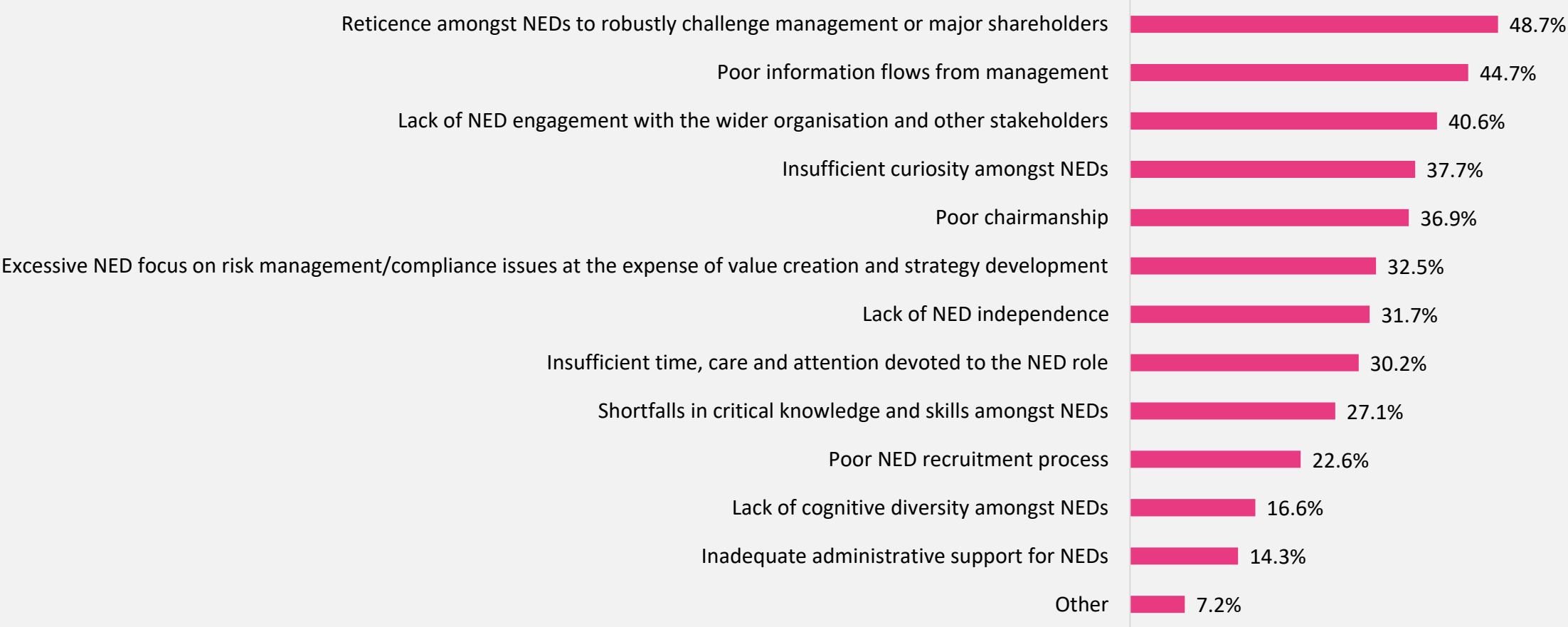
In your experience, do most NEDs have a clear understanding of their legal duties and key responsibilities?





IoD members believe NEDs reticence to challenge management and shareholders is holding them back from being effective

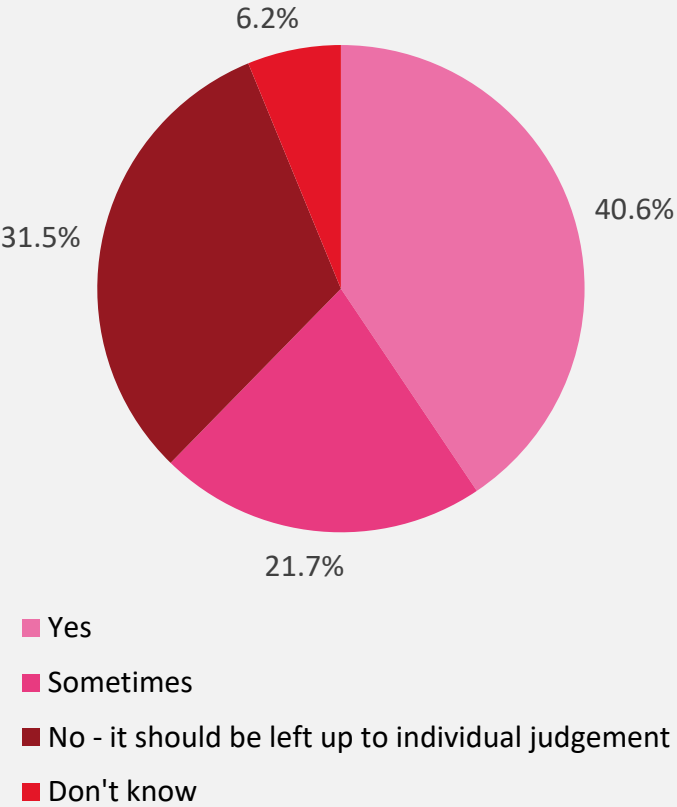
What are the biggest obstacles to effective non-executive directorship? Please choose up to 5





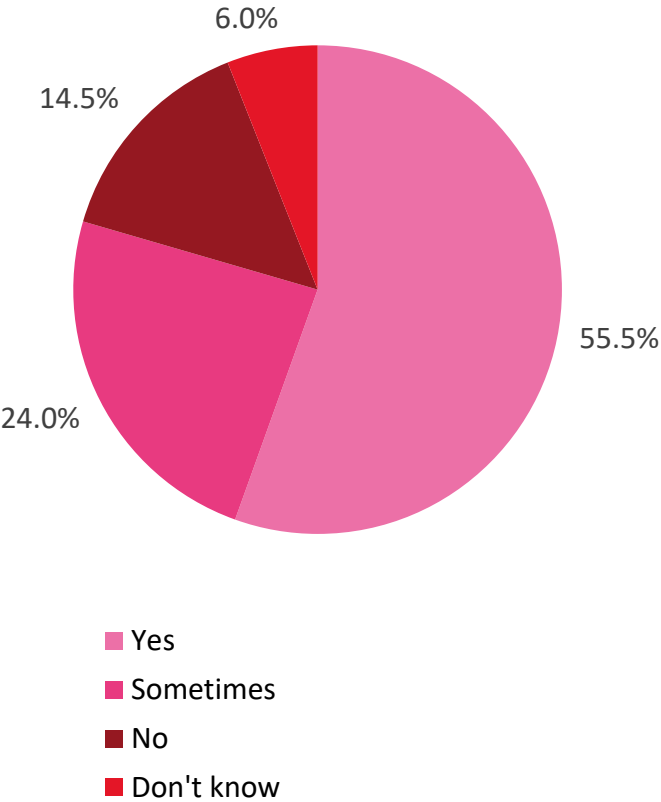
Business leaders think there should be a cap of the number of NED roles someone can hold

Should there be numerical limits on the number of NED roles that an individual can hold?



Business leaders think there should be a limit to how long someone can serve as a NED

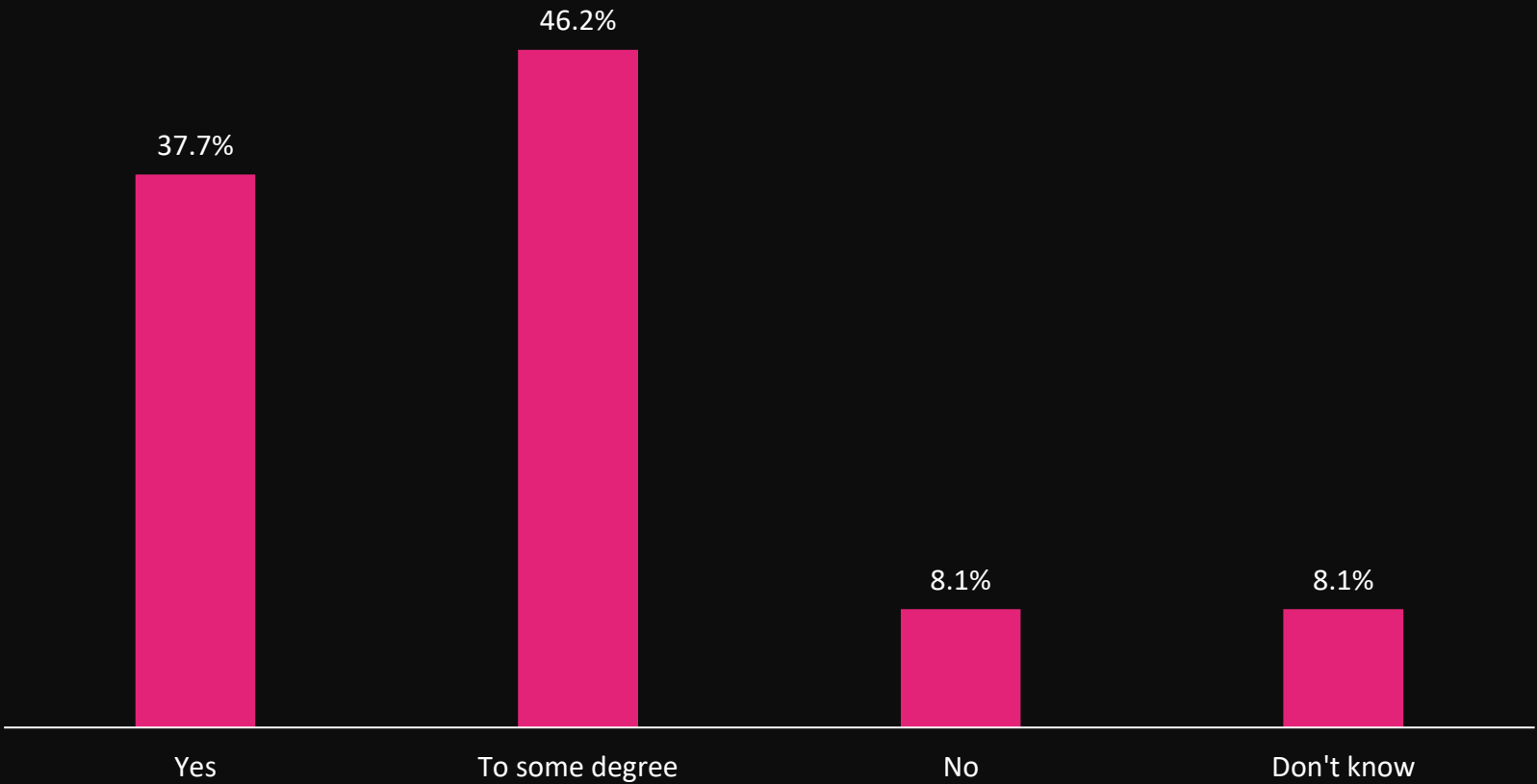
Should there be tenure limits for NEDs?





Most business leaders think that using technology in the boardroom could increase the effectiveness of NEDs

Could the greater use of technology in the boardroom (e.g. digital information systems, board portals, etc) help NEDs to become more effective?





In the further comments, members were keen to share their experience as NEDs, or dealing with NEDs within their business. On the whole, comments fell into four camps:

1. That before assuming a NED position, a person should have obtained training and a relevant qualification for the role:

“NEDs should also be qualified (e.g. CDIR).” (London, other services, 50-99 employees)

“A statutory certificate should be required for NEDs.” (Scotland, other services, 0-1 employees/sole trader)

“Education, training and experience across the piece and specific are important even if you are an expert in a particular field as most NEDs in smaller enterprises have to cover more than one portfolio.” (North West England, education, 250+ employees)

2. The role and requirements of NEDs greatly differ between size of business and sector:

“In my view, the need and effectiveness of NED is related to the size and industry of the company.” (West Midlands, health and social work, 2-9 employees)

“All of the obstacles that you have stated are valid - it depends on the organisation and their ability to manage their NEDS well, and the experience of the NED.” (East Midlands, professional, scientific and technical activities, 0-1 employees/sole trader)

3. That whilst technology adoption within the boardroom might help efficiency, there is no replacement for a competent and tuned-in NED assuming a seat at the table:

“Boards are comprised of people and, as yet, not AI bots. Culture & EQ matter hugely - particularly 'psychological safety'.” (London, manufacturing, 10-49 employees)

“Digital tech tools might help NEDs/boards be more efficient, but they will not make them more effective. Effective NEDs will hunt down the information they need regardless.” (London, construction, 2-9 employees)

“Good, appropriate technology can help - but there is no substitute for organically getting to know the organisation first-hand, talking with the executive and visiting the sites and its people. Technology can sometimes distract from this.” (South West England, professional, scientific and technical activities, 0-1 employees/sole trader)

4. That some NEDs are not truly independent, and that the importance of their role lies in the ability for them to provide objectivity and an unbiased sweep of the organisation/relevant information:

“Non-Executive Directors (NEDs) typically bring a wealth of experience to the table. However, boardrooms often prioritize sector-specific expertise when hiring, overlooking the value of diverse thinking. This approach can limit fresh perspectives and restrict the inclusion of NEDs from other industries, ultimately stifling innovation and broader strategic insight.” (London, construction, 10-49 employees)

“In my experience, a large number of NEDs have similar backgrounds to the executive. There is very little effort to find NEDs who may bring something completely different. The argument is often used that 'our industry is too complicated to bring in outsiders.'” (South East England, financial services, 0-1 employees/sole trader)

“It is good for NED's to have little or no knowledge of the business they are working in as this makes them study and learn about the business and process which should help them with new ideas and focus.” (East Midlands, other services, 2-9 employees)



The overarching theme throughout most comments, however, is that NEDs play a vital part in businesses. There just need to be clearer expectations of the role, alongside effective recruitment:

“Good NED's provide a radar sweep for any business, looking over the landscape without the need to worry about job retention. Companies that effectively employ NED's listen to their input and react accordingly. Trust is an extremely important part of the relationship. NED's who court favour are a waste of time and money. Like all sectors, there are some very good NED's and some pretty awful. In general, they are a vital part of any business that is looking to grow.” (South West England, transportation and storage, 100-249)

“In my experience the value of company boards is diminished simply through the widespread lack of understanding of the difference between Executive and Non-Executive responsibilities. Value is commonly boosted and risks mitigated by establishing clear principles of good governance.” (Wales, professional, scientific and technical activities, 2-9 employees)



The Immigration White Paper

This month, the government published its Immigration White Paper. The paper includes several employment-related policies designed to reduce net migration to the UK, including:

- Lifting the qualification threshold for the Skilled Worker route
- Establishing a new Temporary Shortage List for roles below that threshold
- Closing social care visas to new applications from abroad
- Increasing the Immigration Skills Charge by 32%
- Reducing the post-study graduate visa, which allows international graduates to remain in the UK and work without sponsorship, from two years to 18 months

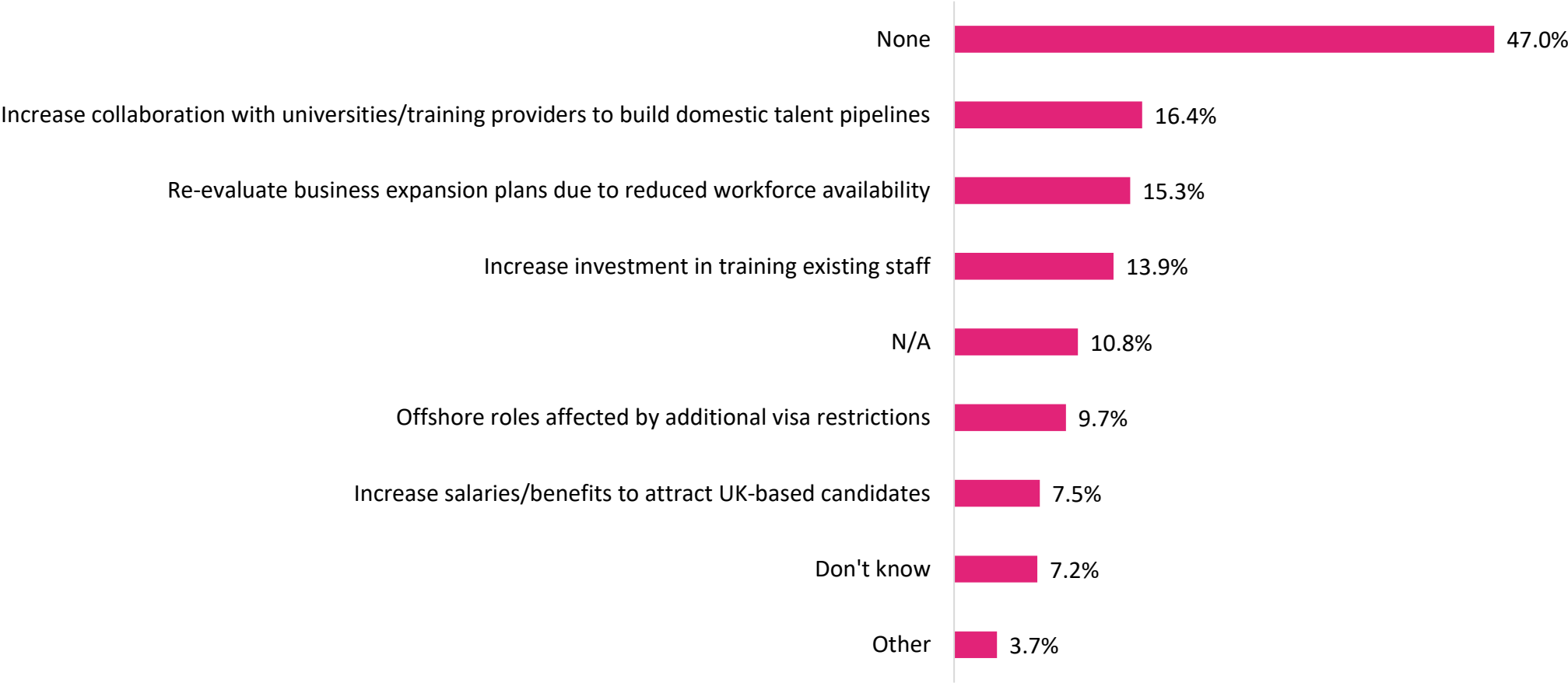
We wanted to know the changes IoD members might be making based off of this.



Almost half of IoD members will not be making organisational changes based on the White Paper

What actions, if any, do you expect your organisation to take in response to the changes outlined in the Immigration White Paper?

Please select all that apply.





While half of members reported not planning to make changes in response to the government's Immigration White Paper, others reported being roughly as likely to increase collaboration with training providers, increase investment in training, and more worryingly, re-evaluate business expansion plans.

Business leaders reported concern that the policy does not account for the difficulty many businesses face in filling skills gaps with domestic talent:

"A short-sighted policy that fails to recognise the challenges businesses face with the lack of UK talent and the best talent being attracted to the Middle East and US." (2-9 employees, Professional, scientific and technical activities, South East England)

"There are already far too many vacancies and huge dependence on overseas qualified practitioners, we cannot lose them." (10-49 employees, Professional, scientific and technical activities, East of England)

"Non graduate roles still require to be filled and we, and in particular our supply chains, struggle to source sufficient numbers from the UK." (250+ employees, Construction, South East England)

"It's a driver to use either technology or off-shoring to cover the gap. We can't wait to train UK people, then find they leave as soon as trading ended." -- 2-9 employees, Real estate, South East England

Several respondents also highlighted particular concerns about the impact of the policies on existing staff in their organisations:

"We are having to spend an unwelcome amount of time reassuring our existing sponsored staff that we will not give up on them as the hurdles become higher. The discouraging of new immigrants is one thing but this is unnecessarily dismissive of existing immigrants who have engaged with the settlement processes in good faith." (10-49 employees, Electricity and/or gas supply, Scotland)

"We have a great employee who we will probably have to let go given the increases in sponsorship." (10-49 employees, Manufacturing, South East England)

The Employment Rights Bill

The Employment Rights Bill, currently in the House of Lords, constitutes the biggest shake up to employment rights in at least 30 years. Reforms include:

- Giving zero-hours workers the right to guaranteed hours
- Expansion of 'day one' employee rights
- Widening of statutory sick pay eligibility
- Increasing trade union rights
- Making 'fire and rehire' legal in only very limited circumstances

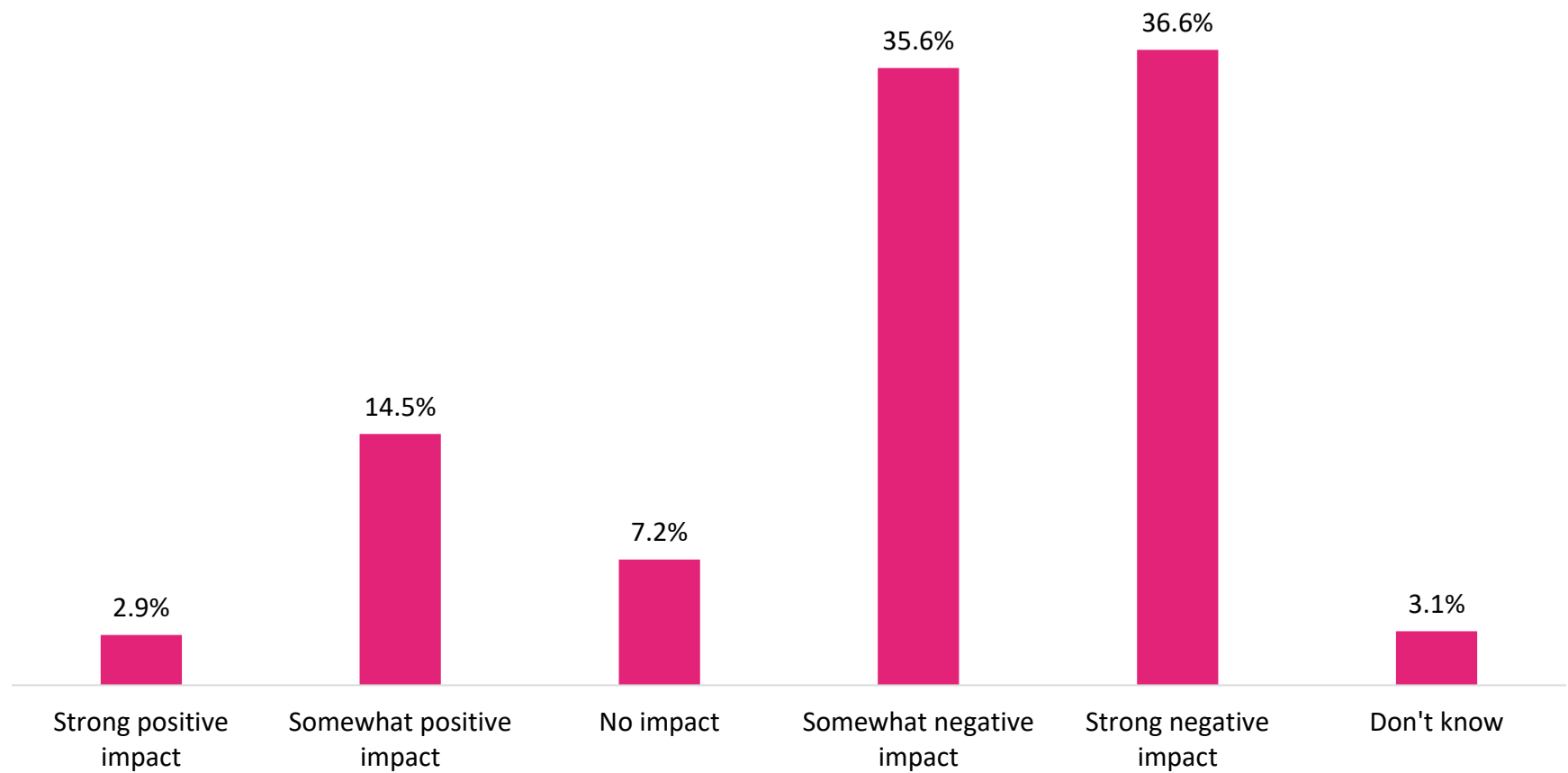
We wanted to know what impact IoD members believe this Bill will have on their businesses and the wider UK economy.





Almost three quarters of IoD members believe the Bill with negatively impact growth

What impact, if any, do you believe the Employment Rights Bill would have on UK economic growth?





As a result of the Bill, IoD members are planning to hire fewer staff, invest in automation and outsource roles/operations to other countries

What impact, if any, would these reforms have on your organisation's approach to the following:

	More likely	No impact	Less likely	Don't know
Hiring new staff	5.8%	42.2%	48.7%	3.3%
Investing in automation	52.8%	39.3%	2.1%	5.8%
Making redundancies	22.8%	65.6%	4.3%	7.2%
Outsourcing roles/operations to other countries	35.8%	51.6%	4.1%	8.5%



Members overwhelmingly consider the Employment Rights Bill as likely to have a negative impact on UK economic growth. Half of respondents reported being less likely to hire new staff as a result of the Bill, and a third stated that they will be more likely to outsource roles to other countries.

A common theme in responses was a belief that the Bill will reduce employment opportunities as well as the attractiveness of the UK as a place to do business:

“Day one rights, further sick pay changes and increased unionisation bring more employment challenges when making a case to invest in the UK.” (250+ employees, Construction, South East England)

“A very damaging piece of legislation led by idealism and let down by realism. This does not support the UK culture compared to our competitor countries.” (50-99 employees, Administrative and support services, North West England)

“If you truly want to boost employment, you need to remove obstacles to employing people, not increase them.” (2-9 employees, Financial services, Yorkshire and the Humber)

Many business leaders expressed a view that the Bill will have a disproportionate impact on SMEs in particular:

“Changes are likely to have a bigger impact on SMEs + those involved in gig economy - many in my network argue it will lead to job losses, reduced hiring + fewer flexible working opportunities.” (10-49 employees, Wholesale and retail trade, South East England)

“Labour laws already a concern for micro businesses, to the extent that I'm investigating selling the company as becoming harder and harder to accommodate all the new employment laws and run a profitable company providing world leading output.” (2-9 employees, Professional, scientific and technical activities, South East England)

Several respondents reported already altering their employment practices in anticipation of the Bill's measures:

“Already moving roles to overseas in anticipation of this. Zero hours contracts work really well particularly in regulated businesses where you need a pool of people who have been vetted ahead of doing temporary or casual work. We have tightened up probation period policies ahead of this. We are investing to automate ahead of previous plans because of this.” (250+ employees, Water supply, sewerage and waste management, East Midlands)

“Day 1 employee rights means we shall not be taking on trainees. We shall explore the legality of fixed term contracts for new hires.” (2-9 employees, Financial services, East Midlands)

Minimum wage

In April 2025, the National Living Wage increased from £11.44 to £12.21 an hour. At the same time, the National Minimum Wage for 18-20-year-olds rose from £8.60 to £10 an hour and the National Minimum Wage for under 18s rose from £6.40 to £7.55 an hour.

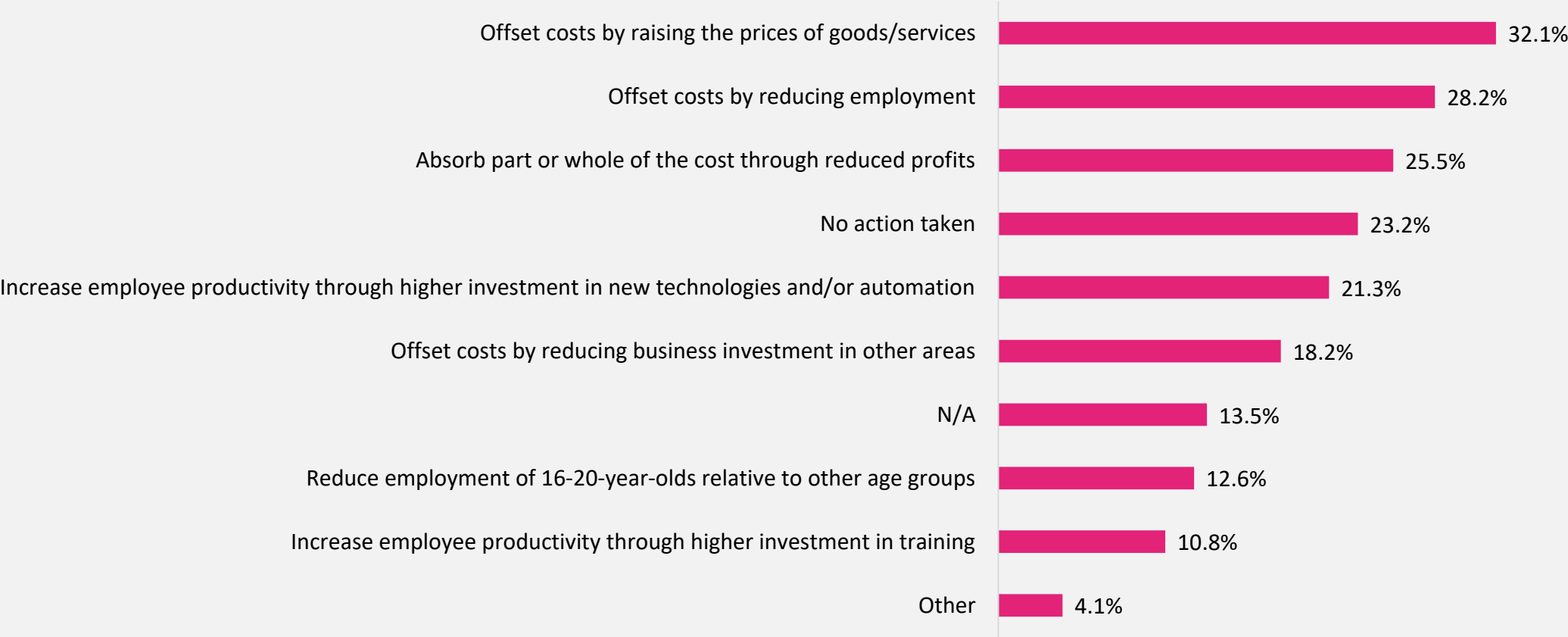
We wanted to know how IoD members were planning on, or have, responded to this increase.

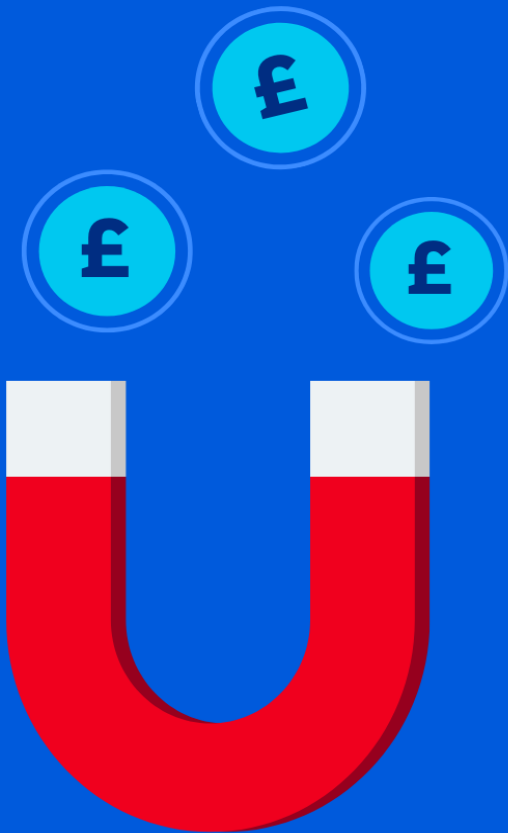


A third of IoD members are planning to offset the cost of the increase by raising product prices

What actions, if any, has your organisation taken, or is planning to take, in response to these increases?

Please select all that apply.





The vast majority of businesses affected by increases in the National Living and Minimum Wages reported changing their business practices in response, something several respondents emphasised was exacerbated by a lack of government support:

“By mandating higher wages through legislation, they have effectively imposed additional costs on businesses without offering any support. This impact has disproportionately hurt SMEs — the backbone of the economy — forcing many to reconsider their hiring strategies.” (10-49 employees, Construction, London)

A common theme in responses was the negative consequences which above-inflation increases to the Living and Minimum wages would have on young and low-skilled staff in particular:

“The problem with the minimum wage as structured is that it kills the ability to hire and train staff as the costs in the first few years is prohibitive” (10-49 employees, Manufacturing, South East England)

“Without structural reform, a supportive industrial strategy, and serious investment in national productivity, we fear these well-meaning wage interventions may trigger long-term damage to competitiveness and employment—especially for the youth and low-skilled workers they aim to protect.” (250+ employees, Construction, London)

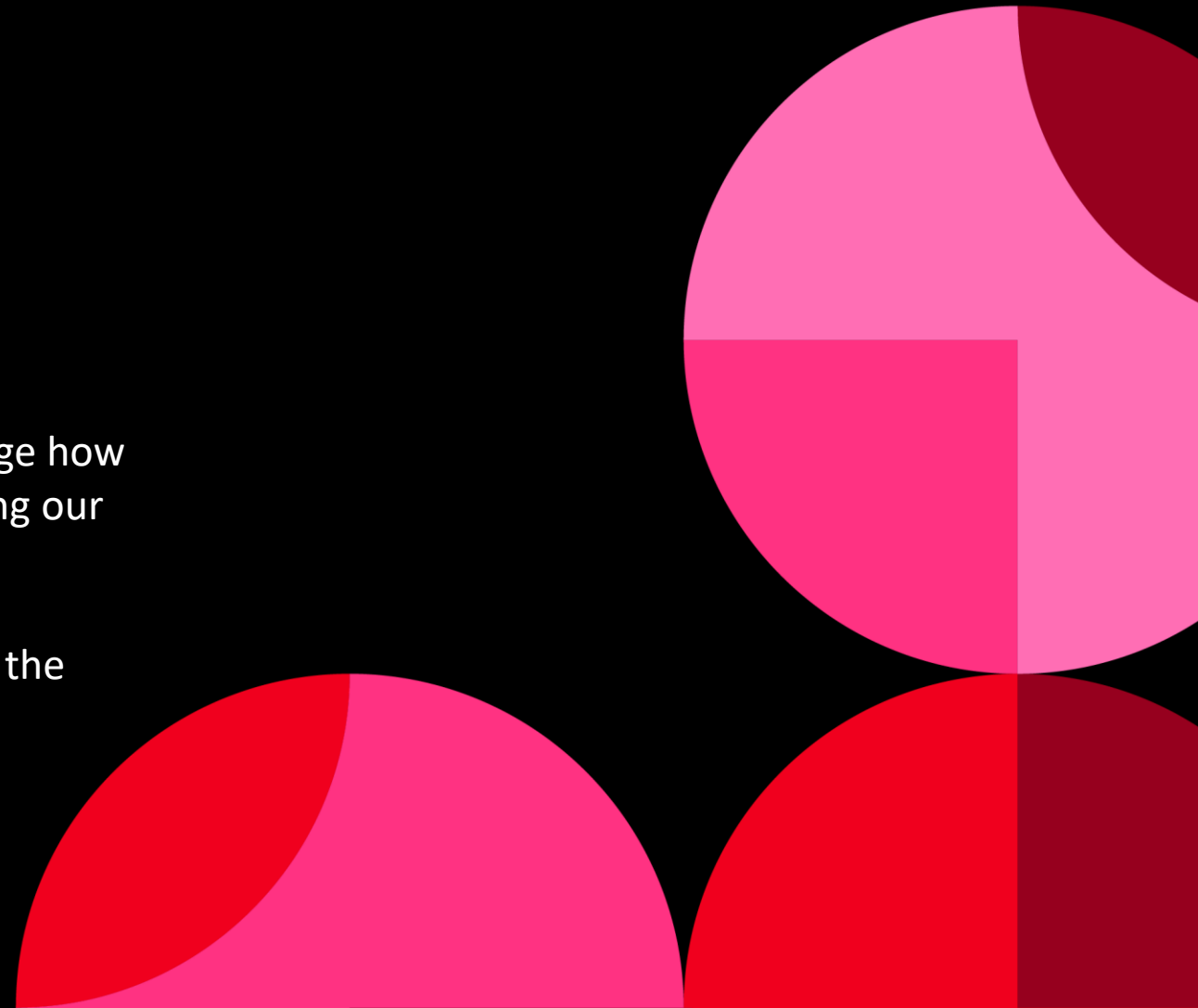
Another concern highlighted was the risk of employers being less able to differentiate wage levels at the lower end of the pay scale according to productivity levels:

“The large annual increase on the minimum wage is devaluing wages of staff that are worth more and paid more. The gap between them and those less skilled or useful is becoming smaller and smaller” (10-49 employees, Manufacturing, South East England)

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.

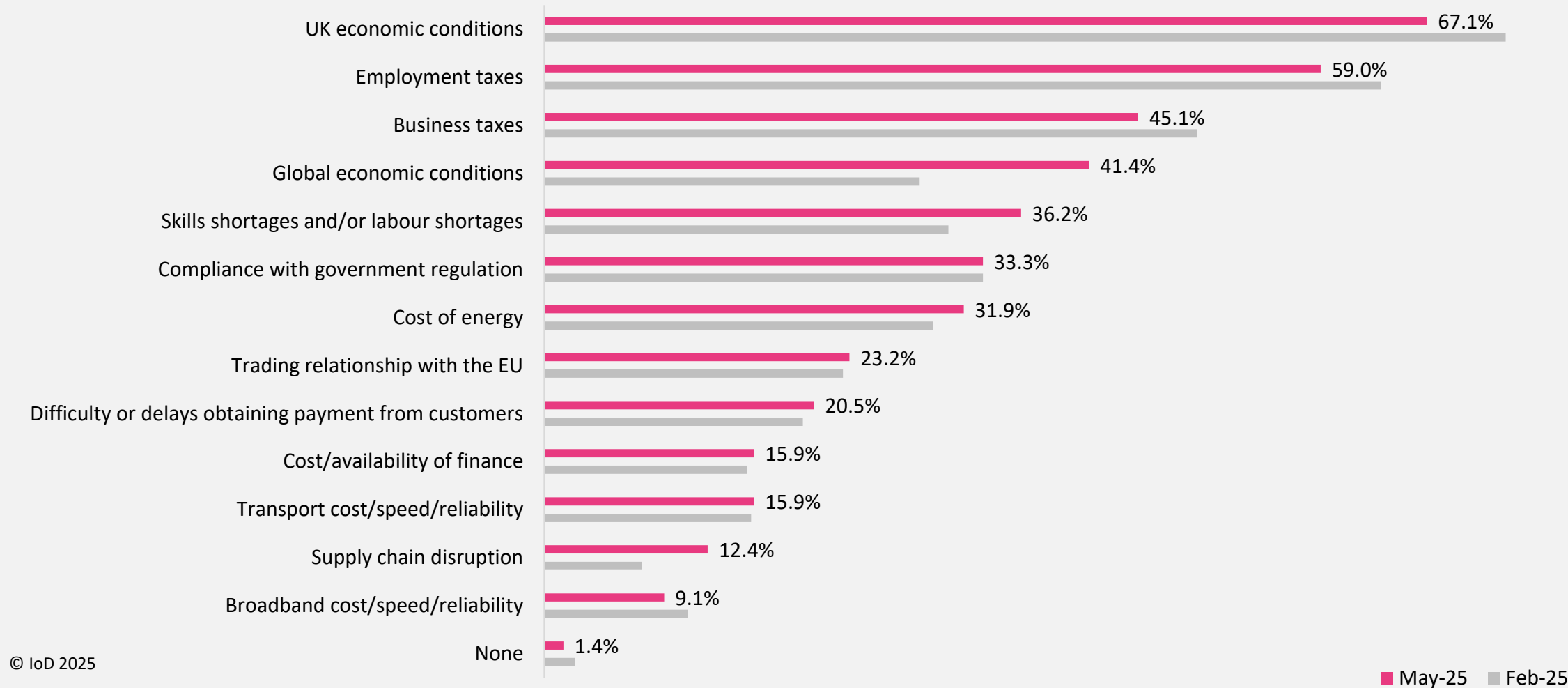
This data is used to set our advocacy focus for the rest of the year.





‘UK economic conditions’ remains top concern for business leaders, as ‘global economic conditions’ climbs 3 places

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

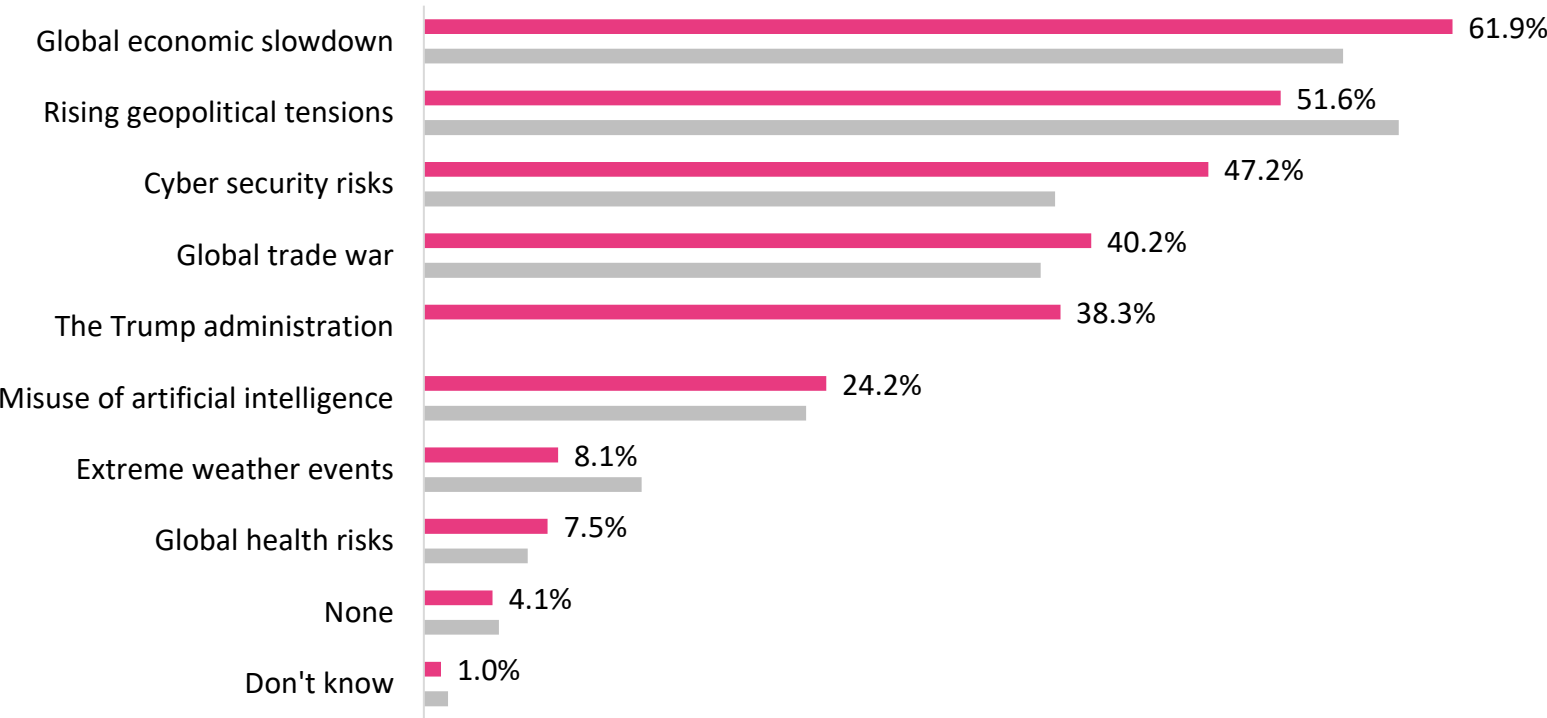




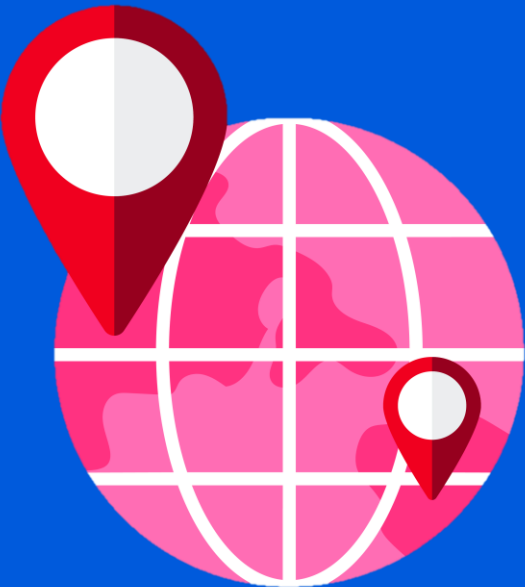
‘Global economic slowdown’ overtakes ‘Rising geopolitical tensions’ as the greatest global risk concern for IoD members

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

Please choose up to three.



■ May-25

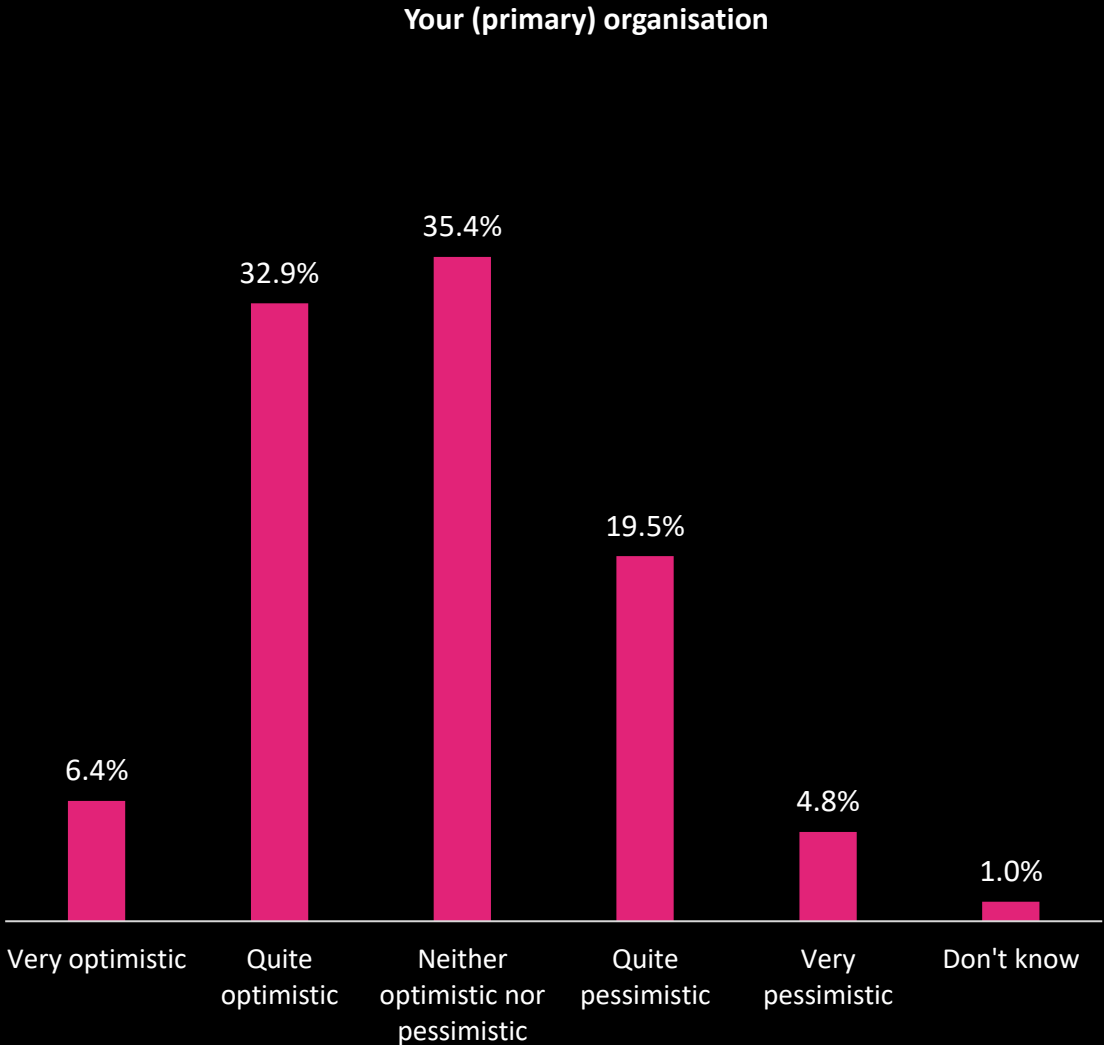
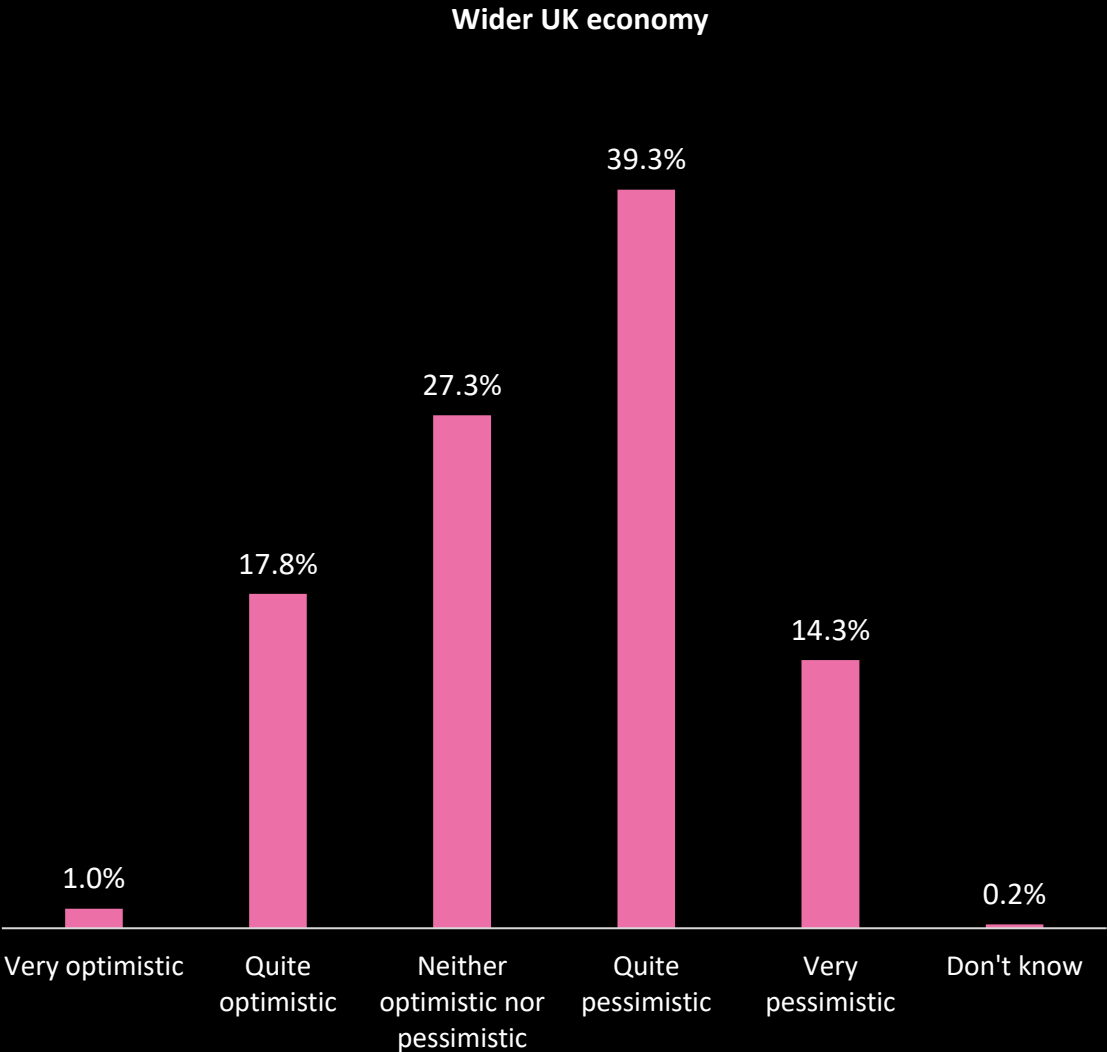


Economic Monitoring: Data

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	No change	Somewhat lower	Much lower	Don't know	N/A
Business investment	3.1%	26.3%	38.1%	19.5%	10.4%	1.7%	1.0%
Costs	19.0%	66.9%	9.7%	1.9%	0.8%	0.8%	0.8%
Exports	3.7%	13.9%	31.3%	6.6%	2.3%	40.8%	1.4%
Headcount	2.7%	24.0%	43.1%	23.6%	4.3%	1.2%	1.0%
Revenue	5.6%	41.2%	22.6%	23.6%	4.8%	0.8%	1.4%
Wages	4.1%	48.9%	37.1%	6.0%	1.7%	1.4%	0.8%



What do you think the biggest growth opportunities are in the UK over the next year?



When asked to provide further comments about what the biggest growth opportunities in the UK are over the next 12 months, members cited:

- Greater AI and technology adoption
- Amendments to the Employment Rights package
- A better trading relationship with the EU and other neighbours
- Increased investment in housing
- Improved critical infrastructure
- Greater defence spending
- Lowered energy costs
- Greater investment in start-ups and SMEs

There were two overarching themes, however, throughout the comments.

Lowering the costs associated with running businesses – and the need for a clear policy strategy regardless of what the aims are:

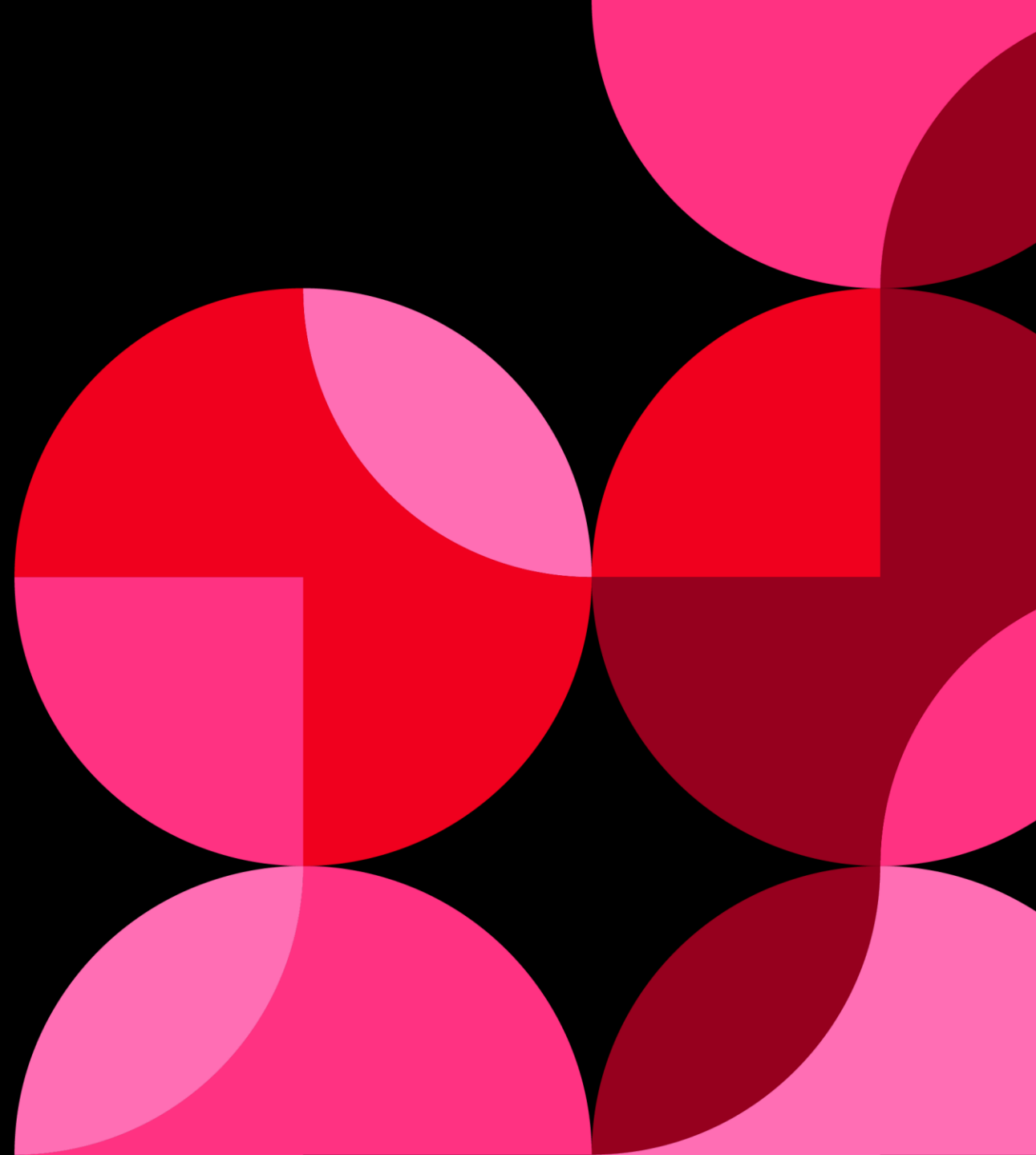
“As a business we need more incentives from the UK government. Currently we have all stick and no carrot. If the government wants business to be successful and generate more income and ergo tax, a higher tax regime doesn’t lend itself to that.” (London, professional, scientific and technical activities, 10-49 employees)

“Swift action following the release of the industrial strategy. Decisions are stalling at present whilst people are watching the impact of Trump, wars and global tensions. UK needs to stand up and make things happen before the employment costs and new laws take hold and crush the economy.” (Wales, manufacturing, 10-49 employees)

“The current state of the UK economic system is placing undue stress and pressure on businesses. The government appears disconnected from the realities of how businesses operate, compounding the problem with escalating costs and regulatory burdens. It’s a collision course that risks undermining the very foundations of the economy.” (London, construction, 10-49 employees)

“Getting a thought out industrial policy/strategy.” (South West England, other services, 250+ employees)

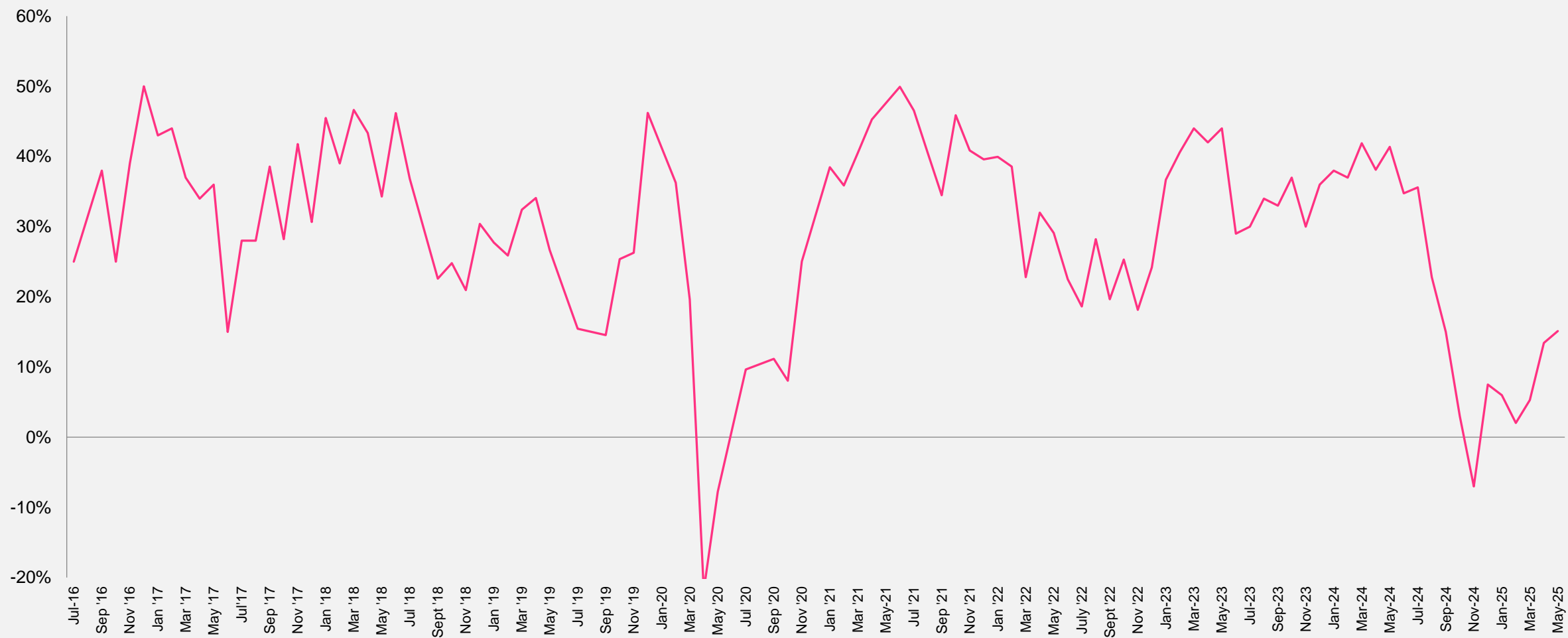
Economic Monitoring: Trends





Business leader confidence in their own organisations rose slightly in May

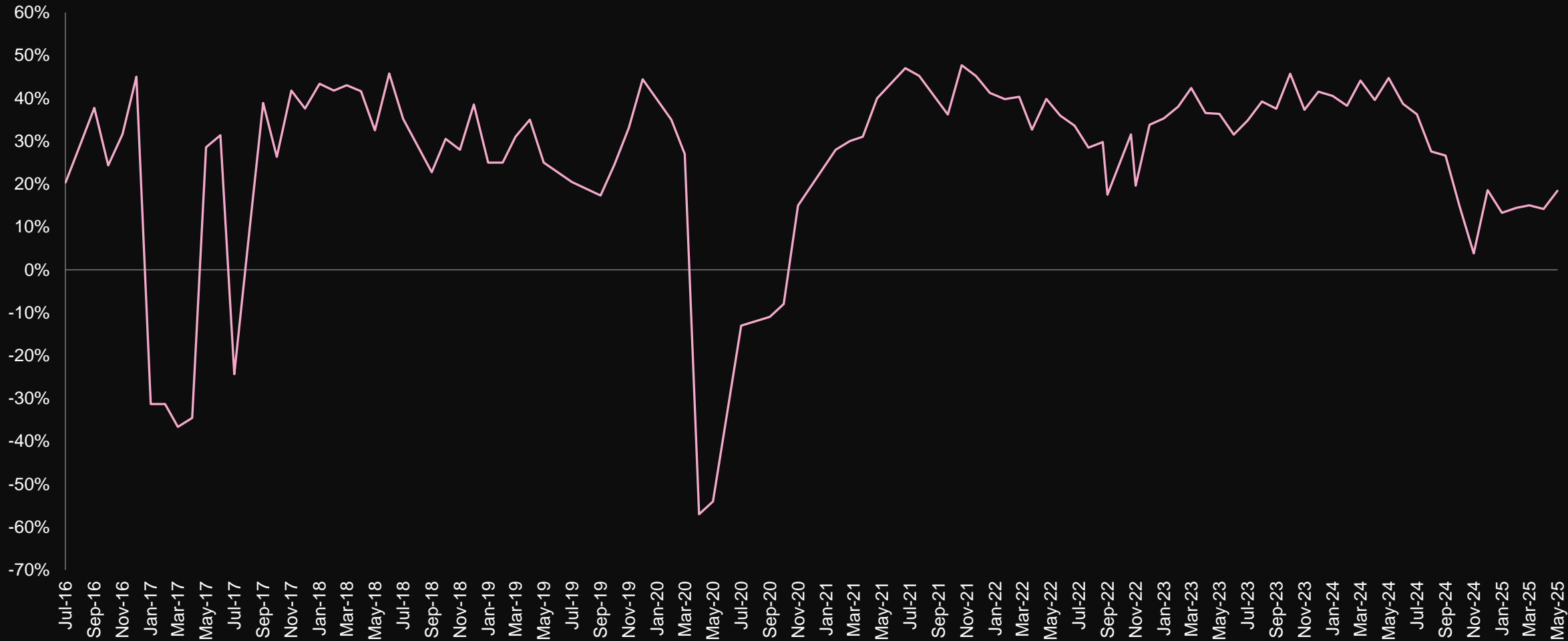
*How optimistic are you about your own organisation over the next 12 months?
5-point scale from very optimistic to very pessimistic, net optimistic % Source: IoD monthly Policy Voice surveys*





Net revenue expectations rose 4 point to +18 in May

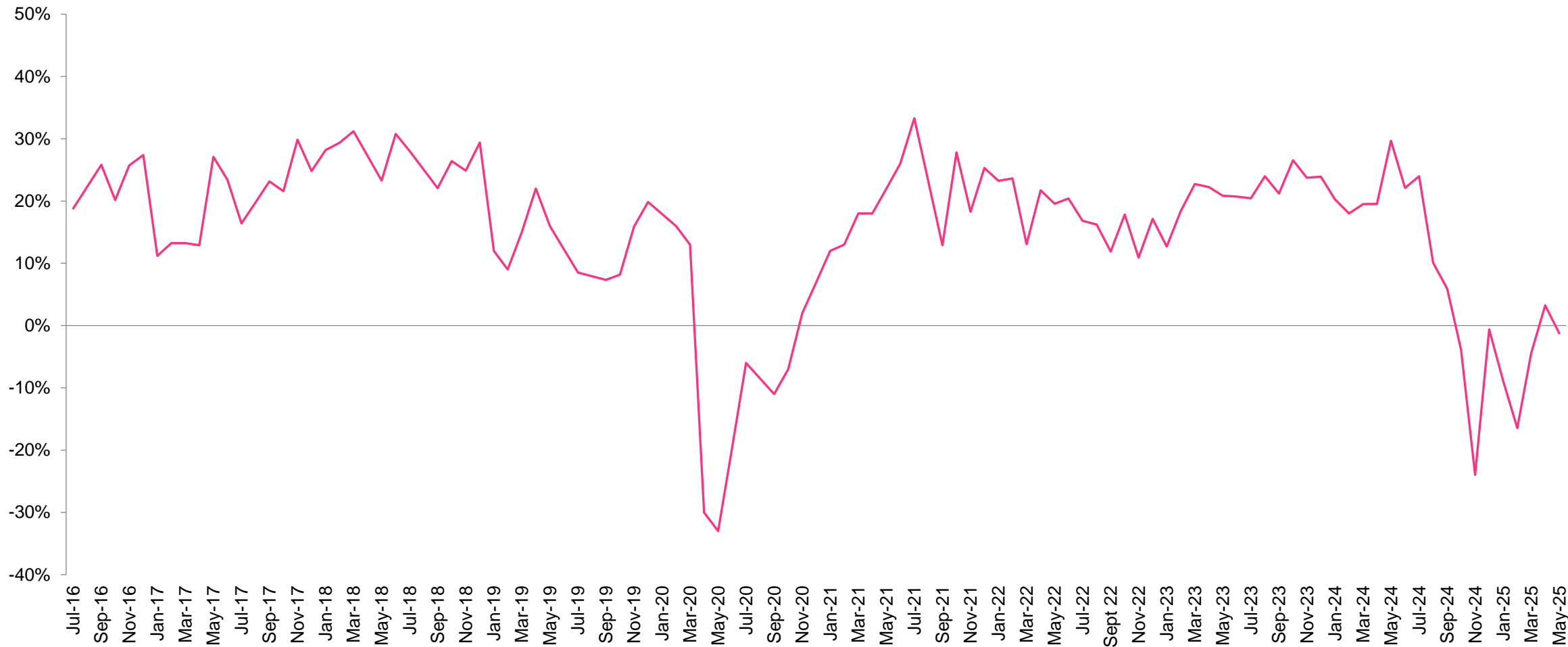
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: REVENUE.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Headcount expectations fell back into the negatives in May

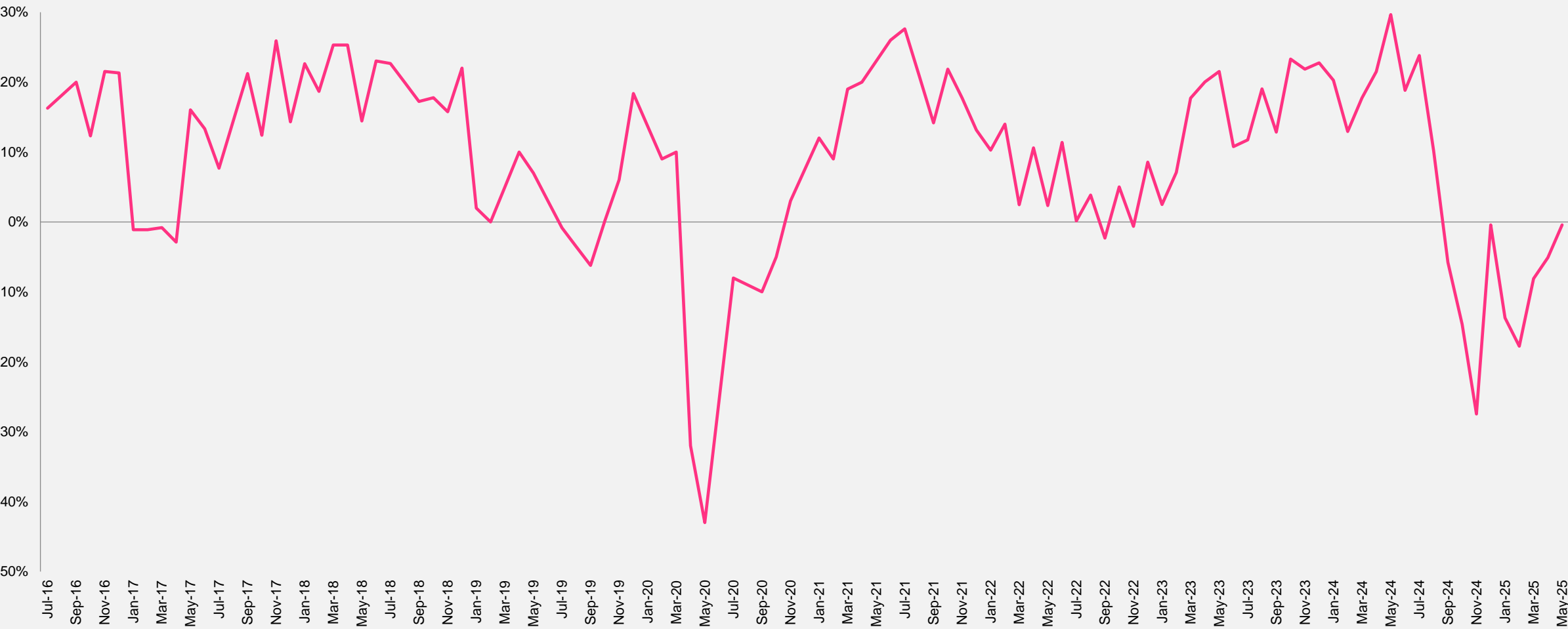
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: HEADCOUNT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Investment intentions rose to 0 from -5 in April

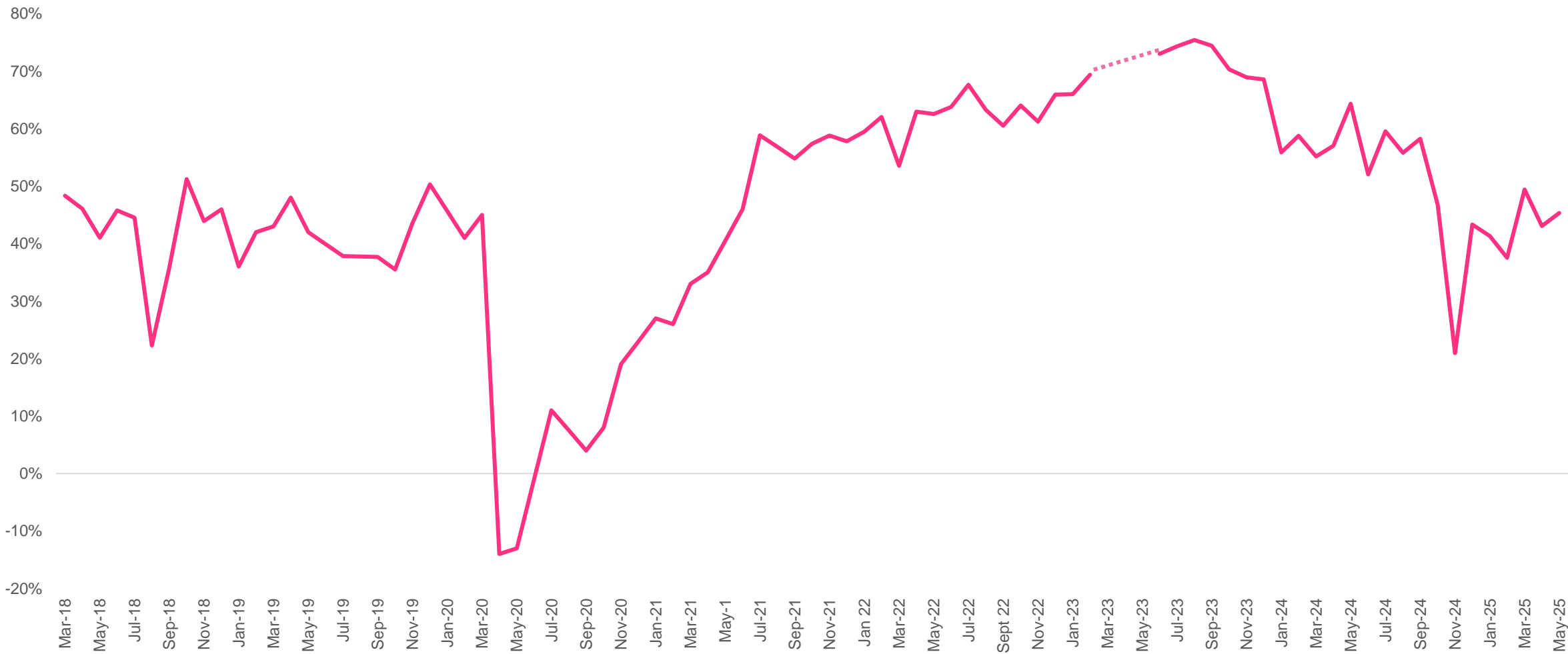
*Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: INVESTMENT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys*





Wage cost pressures rose 2 points to +45 in May

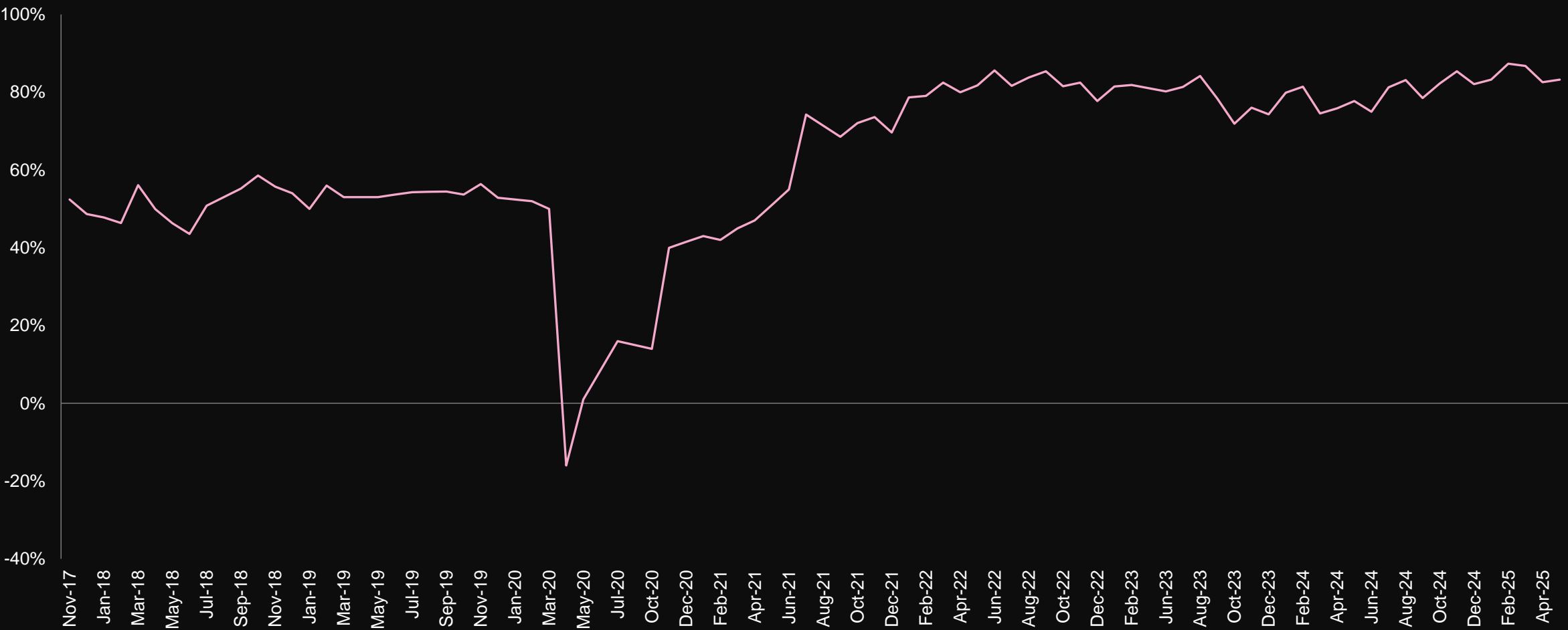
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: WAGES.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Cost expectations remained at +83 for the second month in a row

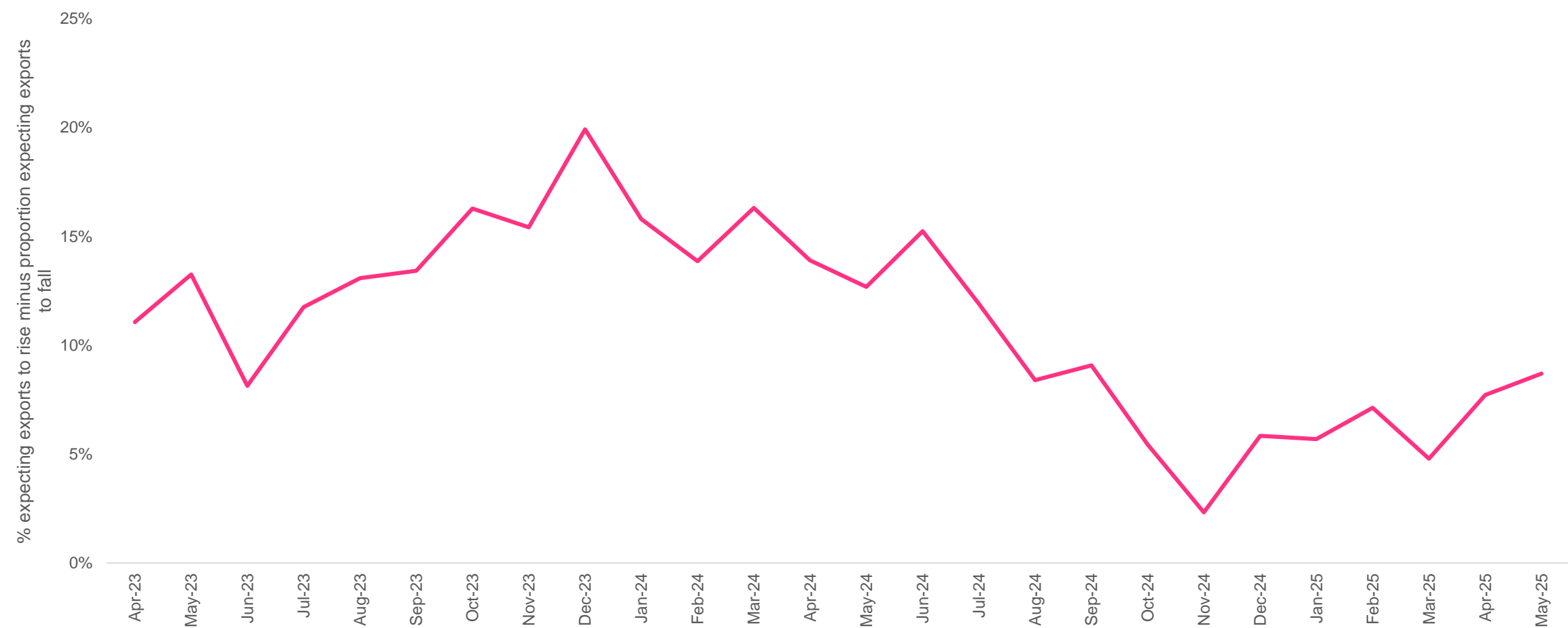
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: COSTS.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Export expectations increased marginally in May

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.