



Policy Voice full survey results July 2025

- The government's first year
- Parental leave
- Business confidence

Number of respondents: 894
Survey Dates: 11 – 30 July 2025



The government's first year

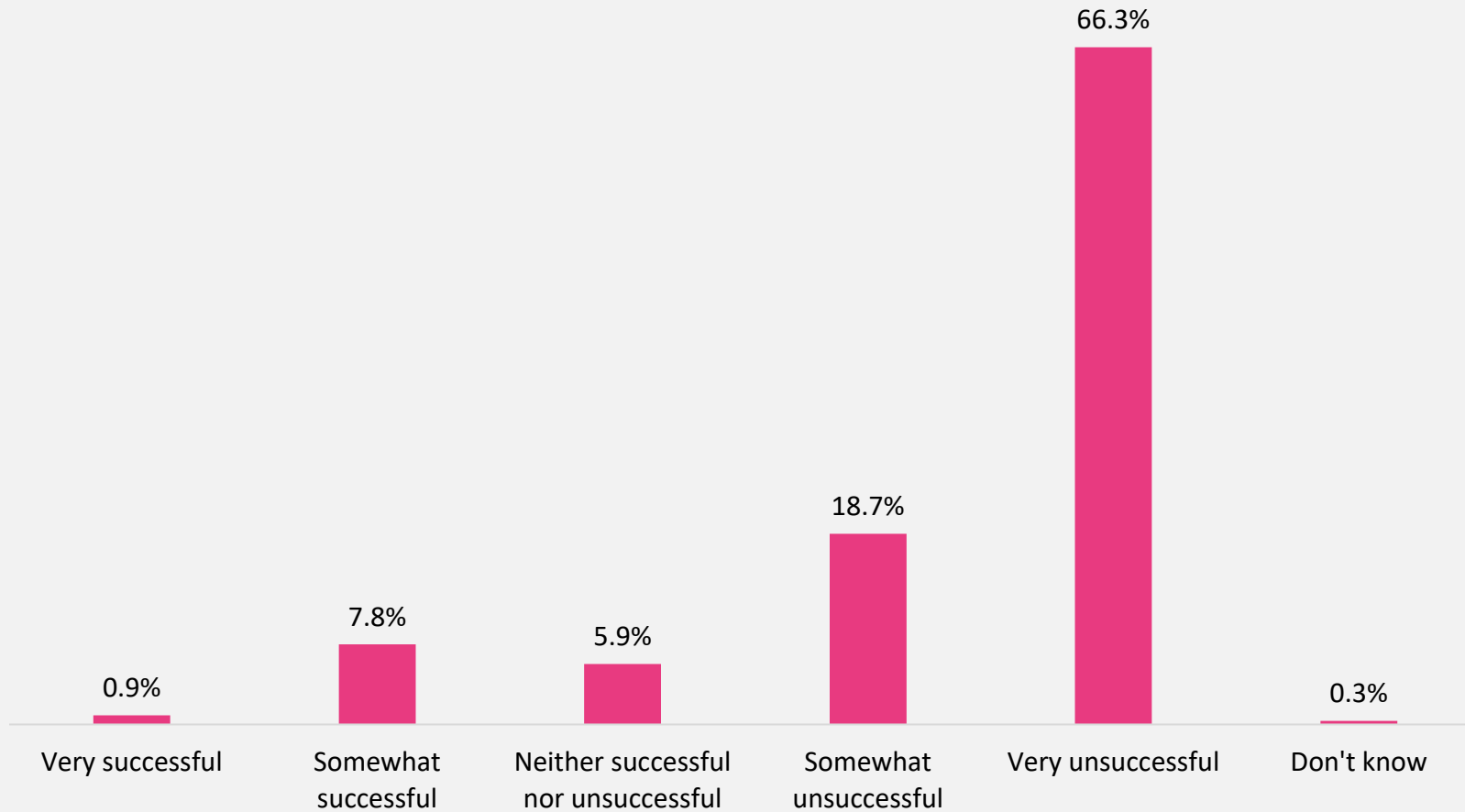
The Labour Government had been in power for a year as of 4 July. Their primary mission has been to "kick-start" UK economic growth.

We wanted to know whether IoD members think they have been successful in this endeavour so far.



85% of business leaders doubt government policy will boost economic growth

To what extent do you think government policy so far will be successful in driving up economic growth?





To what extent are you aware of the following strategies that the government released in June?

	Extremely aware – I understand the strategy in detail and how it applies to my sector	Very aware – I understand the key points	Moderately aware – I have a basic understanding	Slightly aware – I've heard of it but don't know the details	Not at all aware
Industrial Strategy	5.3%	17.8%	33.1%	25.4%	18.5%
Infrastructure Strategy	4.7%	18.8%	33.4%	26.5%	16.6%
Trade Strategy	3.8%	17.1%	37.2%	25.8%	16.0%

To what extent do you think government policy so far will be successful in driving up economic growth?

	Significantly increased	Slightly increased	No change	Slightly decreased	Significantly decreased	Don't know
AI and digital strategy	3.0%	20.5%	37.8%	12.4%	15.5%	10.7%
Employment	1.3%	3.7%	11.1%	19.2%	63.0%	1.7%
Industrial strategy	2.5%	15.0%	27.6%	17.6%	27.4%	10.0%
Infrastructure strategy	2.7%	19.0%	31.2%	12.9%	24.3%	10.0%
Planning	2.8%	19.5%	27.7%	17.1%	27.6%	5.3%
Regulation	3.9%	10.3%	25.7%	18.0%	36.0%	6.0%
Skills	1.1%	10.4%	34.2%	21.0%	28.1%	5.1%
Taxation	4.7%	2.7%	6.6%	13.6%	71.0%	1.3%
Trade strategy	2.1%	18.0%	28.3%	15.8%	26.3%	9.5%



The majority of IoD members have at least some awareness of these strategies, and there are only small differences in awareness levels between the three strategies – awareness is greatest for the trade strategy, and least for the industrial strategy.

The qualitative evidence collected from the survey questions relating to the publication of the Government’s strategies reflect a strong sense of frustration from the business community. While many welcome the commitment to stability and long-term planning, these ambitions are compromised by a lack of overall clarity and ambition, accompanied by a slow pace of delivery. Many firms still do not feel that government is on their side and overall is making it harder for organisations to achieve growth.

A key concern is that government doesn’t understand the real day-to-day challenges of running a business, and hasn’t shown empathy towards business when enacting policy measures detrimental to business.

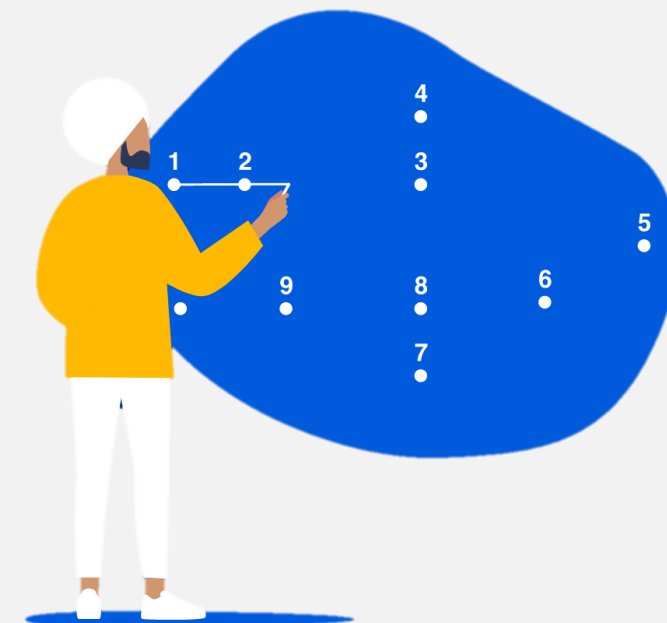
However, whilst on balance the qualitative comments are negative in sentiment, there are those which support the government’s efforts in the midst of a challenging context:

“It’s unpopular to say but I think the government is doing alright under very difficult circumstances and there are no easy answers. So generally happy.” (South West England, 2-9 employees, Real estate)

“Infrastructure and industrial strategy are key to growth given the awful financial and economic situation inherited. The increase in infrastructure spending may offset other more challenging conditions.” (East of England, 50-99 employees, Professional, scientific and technical activities)

“Important strategic decisions are being made that are setting the foundations for growth. wider global context is a limiting factor as are the unrealistic expectations of stakeholders - from business to trade unions and campaigning organisations - as to what could be achieved in a short period of time and in these global conditions.” (Northern Ireland, 2-9 employees, Other services)

“Strong plans too for the NHS. Unfortunately the press really only reports taxation as two dimensional issue, but the UK economy is heavily reliant on Govt spend, so those additional taxes do fuel further economic growth.” (North East England, 250+ employees, Real estate)





The long-term potential positives of the strategy are compromised by the early actions that have been taken to raise the cost and risk of employment:

“My business is in defensive mode, stopping new hires and managing the taxation hit. We have cut investment to weather the impact from recent tax decisions and new employment law.” (South West England, 250+ employees, Construction)

“You cannot encourage economic growth or increase employment and skills if you tax employers like they are doing being employer NICs or the removal of entrepreneurs relief. They also have bold statements on building houses (but there are not enough skilled people to build them) or increasing apprentices and skills -- and kill the incentive to taking on trainees. Add on to that employment regulations which make it even harder to want to employ anyone.” (North East England, 10-49 employees, Construction)

“Accepting that the government have tough decisions to make, they have moved too fast on taxing business and increasing employment costs - this has significantly impacted hiring activity and investment.” (West Midlands, 10-49 employees, Other services)

“The government have created a lot of negative press by forcing through flawed policies - for example welfare cuts, winter fuel, farmer's inheritance tax, national insurance tax. Their choice of policy topics is not the problem, it's their consistently poor execution - making flawed decisions, trying to appear tough, pushing poorly constructed policies and then having to make an inevitable U turn. All this is distracting from these wider growth policies which get lost in the noise” (South West England, 100-249 employees, Other services)

“The Government seem to have mixed goals and I do not see how many, if any, of them work to boost an economy. Increasing taxes and costs on business cannot drive the economy. Hiring anyone is a nightmare and incredibly costly, so it is a last resort. This means you consider very carefully about any expansions. Individuals must be concerned about their jobs. Yes the minimum wage has increased etc etc but with these extra costs companies are struggling, especially in the retail sector. I am not entirely sure our Government has any idea how companies are affected by some of their policies.” (East Midlands, 100-249 employees, Wholesale and retail trade)



Members especially highlight the impact that these policies are having and will continue to have on small businesses. They point out that much more needs to be done to support SMEs amidst this challenging economic environment:

“The government’s taxation policies have been catastrophic for small and medium sized businesses. Rather than helping the employee, they have shafted the employer to such an extent that SMEs are having to make redundancies. A larger client of mine was due to take on 300 new drivers and logistics staff, but was hit with such a large and unexpected tax bill that the expansion had to stop.” (South East England, 2-9 employees, Professional, scientific and technical activities)

“Totally ignorant of the needs of SMEs. More and more regulation. More difficult employment environment. Incoherent energy strategies. Policy does not match aspiration.” (South East England, 2-9 employees, Construction)

“I am disappointed that the Government has failed to recognize the fundamental importance to economic growth of SMEs and entrepreneur-led businesses. Incentives for this segment diminish while taxation and regulation increase, presumably because smaller companies are easy targets who - unlike large multinationals - lack the ability to mitigate or avoid these burdens.” (South East England, 250+ employees, Construction)

“SMEs feel battered by the Employers NI changes and Employment rights bill. There seems to be a complete lack of understanding how business works at the ground level and the impact of the changes on SMEs. Labour got a lot of business votes by campaigning to be the “Government for Business”. I feel lied to after the NI increases...” (North West England, 100-249 employees, Health and social work)



Meanwhile, there is a strong sense that the Industrial, Trade and Infrastructure strategies are insubstantial, and will not lead to meaningful policy change towards growth:

“I have only followed the Industrial Strategy closely and believe that its intentions are good but it lacks sufficient detail to provide confidence that change will happen and that the strategy can be implemented.” (South West England, 250+ employees, Other services)

“Are they real strategies or just announcements. Given the amount of time that they had to plan for government I expected better.” (South East England, 10-49 employees, Information and Communication)

“Feel like we have a large number of strategies, but no substance or funding behind them to embed them.” (London, 50-99 employees, Professional, scientific and technical activities)





Similarly, the issue of how the government is going to facilitate the implementation of their strategies was raised by many firms:

“All three policy areas (Infrastructure, Trade, and Industrial) have the potential to boost the economy + support growth, the challenge will be delivering on their promises effectively + efficiently (particularly from a cost perspective).” (South East England, 10-49 employees, Wholesale and retail trade)

“Almost all strategies do not give enough consideration of how they will be implemented. e.g. you have Net Zero policies but if there aren't the skills to install the technology it will never be taken up.” (East of England, 50-99 employees, Information and communication)

“From my limited knowledge there are some positive intentions in the policies, but hard to see direct line of sight from some policies to measurable outcomes. And I see little in it that would directly and positively help my business. The schemes that aren't applicable/accessible to us.” (South East England, 2-9 employees, Other services)

“There are some big ambitions in the government's strategies, especially around infrastructure, trade, and digital. But the impact on business confidence and growth still feels limited — mainly because things are taking too long to roll out, and there's not enough coordination across departments. In areas like planning, regulation, and skills, it often feels like one step forward, two steps back. For these strategies to really deliver, businesses need more clarity, faster action, and support that joins everything up — investment, talent, and infrastructure all working together.” (South East England, 0-1 employees, Professional, scientific and technical activities)

Members recognise the importance of the UK's digital capabilities, particularly regarding AI and skills, that they feel is somewhat lacking within the government's strategies:

“The Gov needs to embrace and invest in AI. It needs to ensure upskilling is multi generational. The education system is disastrously out of touch with both future needs, industry, commerce and critical sectors.” (North West England, 250+ employees, Wholesale and retail trade)

“The Government are too late to achieve any impact on AI and Digital Strategy, this should have happened years ago, it will be dominated by the large US-based Cloud/AI companies and the Chinese equivalent. What we need in the UK is more investment in SMNRs, Grid upgrades and ability to deliver additional power to where it is needed, not building solar farms and wind farms on greenbelt land.” (South East England, 2-9 employees, Information and communication)

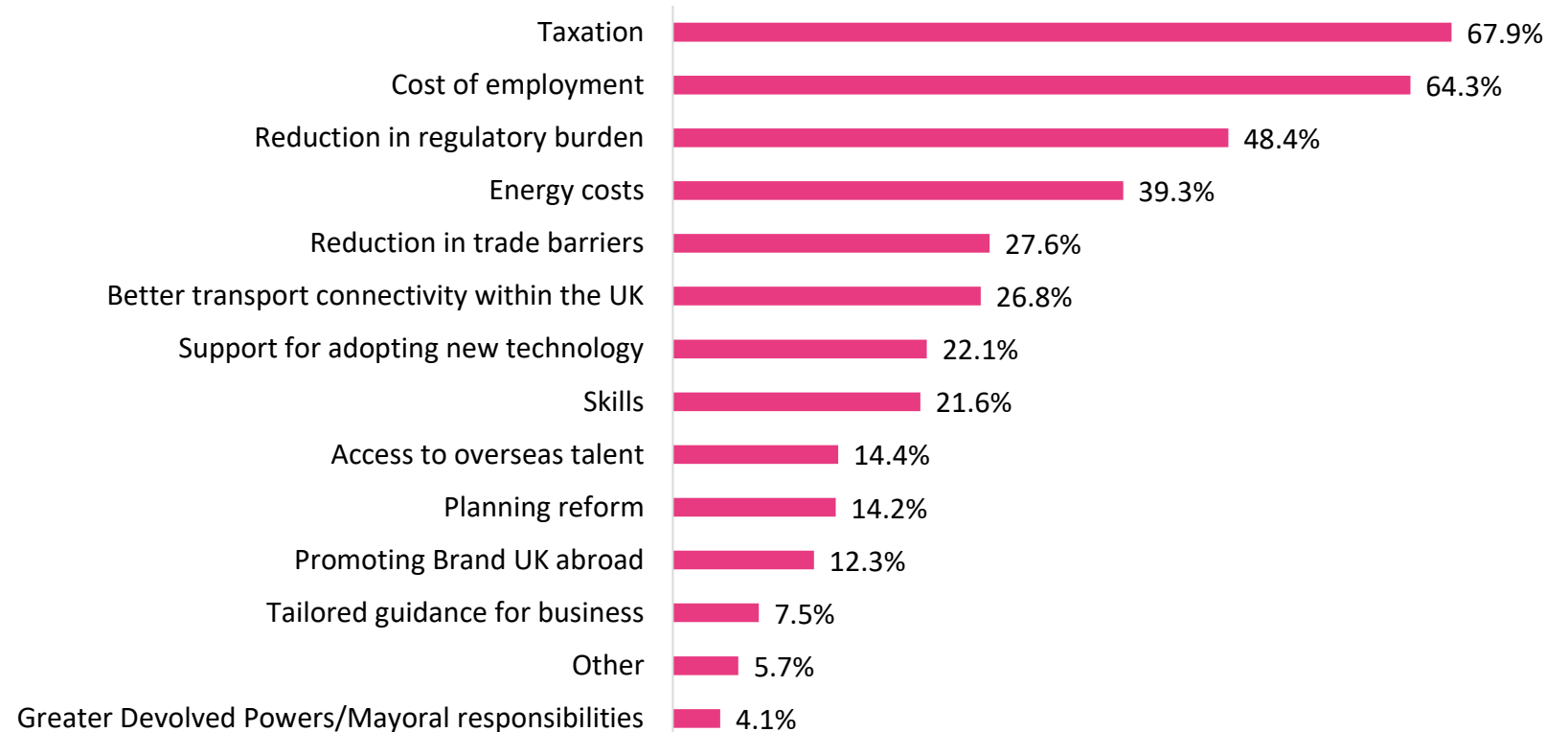
“There is a big skill gap between the new graduates (and those who will graduate in the coming years) and the industry requirements due to the disruption caused by the AI / digital evolution. Unless the industry, academia and policy makers do not come together to address the problem quickly, UK is likely to lag behind on all fronts - AI, employment, AI & Digital.” (South East England, 0-1 employees, Other services)



IoD members want government support on tax, employment costs, and regulation

In which of the following areas would you most like to see government action to support your business?

Please select your top three





As the quantitative data shows, the majority of IoD members are looking for support with taxes, the cost of employment and the regulatory burden placed upon businesses. In the further comments, this was also reflected. However, in addition to this, three key underlying themes emerged:

1. Members would like to see greater engagement with businesses at all levels of policymaking. Reinforced with clear, consistent messaging for the community.

“As per above - engage with business leaders and bodies at all levels. Need to have business ministers who have actively been involved in business at senior levels.” (East of England, other services, 250+ employees)

“Get competent advisors involved at every level and listen to them!” (South East England, health and social work, 10-49 employees)

“Primarily the request would be to stop being the government. As this isn't going to happen, my request would be to employ the services of experienced business and industry strategist and economists to shape an effective and realistic vision and associated strategies.” (North West England, accommodation and food services, 10-49 employees)

“I think the government needs to start working with businesses, rather than treating them as the enemy or as cash-cows. I also think they need to seriously improve how they convey their messaging. Telling business owners they don't class as workers was just crass and ignorant.” (Yorkshire and the Humber, administrative and support services, 2-9 employees)

“Be clear with what they intend to do, then actually do it. Past year has shown they will twist words to get votes then pass the bill to UK employers.” (Scotland, manufacturing, 250+ employees)





2. Business leaders would like to see the government make, and advertise, the UK as a more attractive place to do business

“Economic growth does not come from government spending. It comes from individuals taking a risk, at scale. The current government policies increase the risk to entrepreneurs and industry generally - from energy costs to employment costs, to EU dynamic alignment constraints, to welfare and NHS spending spiralling out of control and hampering fiscal policy. It has been an appalling waste of a first year of government but entirely foreseeable, except by those seeking “change” simply on partisan grounds.”
(South West England, manufacturing, 250+ employees)

“Encourage rather than penalise personal and business success. The tone of many ministers especially the Exchequer, Education and the Home Office is that everything is broken. They cannot continually blame past governments for the current negative climate and must start taking responsibility for their own flawed action e.g prohibitive increases in employer NI and the pending Employer Rights bill.” (South East England, accommodation and food services, 250+ employees)

“Incentivise businesses to be successful if you want to stimulate the economy. Give people a reason to go to work every day and contribute to society and not make it a career choice to be unemployed.”
(Wales, professional, scientific and technical activities, 50-99 employees)

3. And, some members want the government to adopt a ‘light touch approach’ with businesses

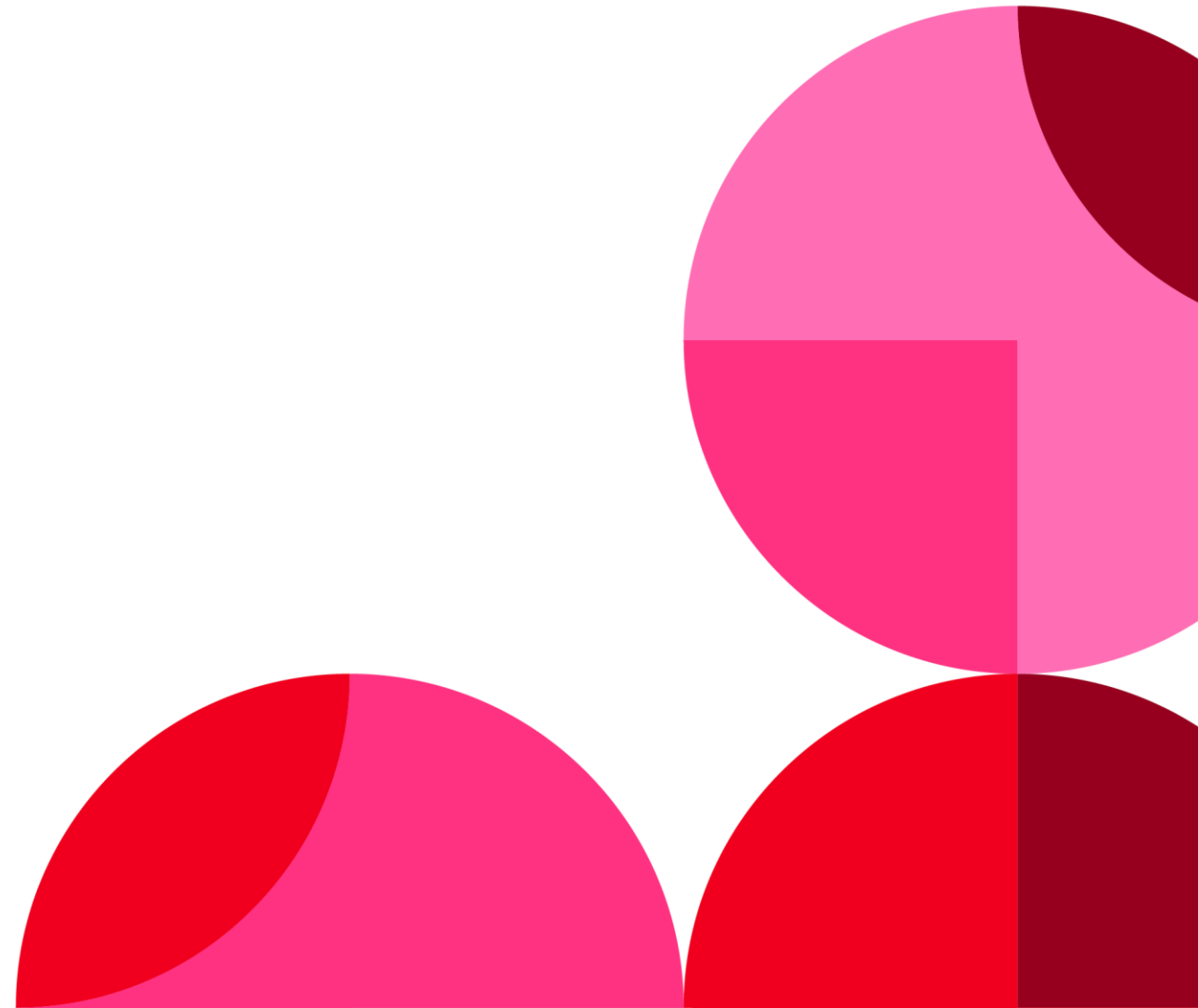
“Governments can do little to help business apart from getting out of the way. This country has consistently attained success and wealth for everyone when the Government adopts a light touch approach.” (London, professional, scientific and technical activities, 10-49 employees)

“I actually don't want them to do anything. They need to accept the limit of their ability to make progress. They need to ensure the public are protected but Govt needs to get out of the day to day management game.” (London, financial services, 10-49 employees)

“I don't believe the present government is capable of doing what is necessary to support UK plc.” (East Midlands, financial services, 2-9 employees)



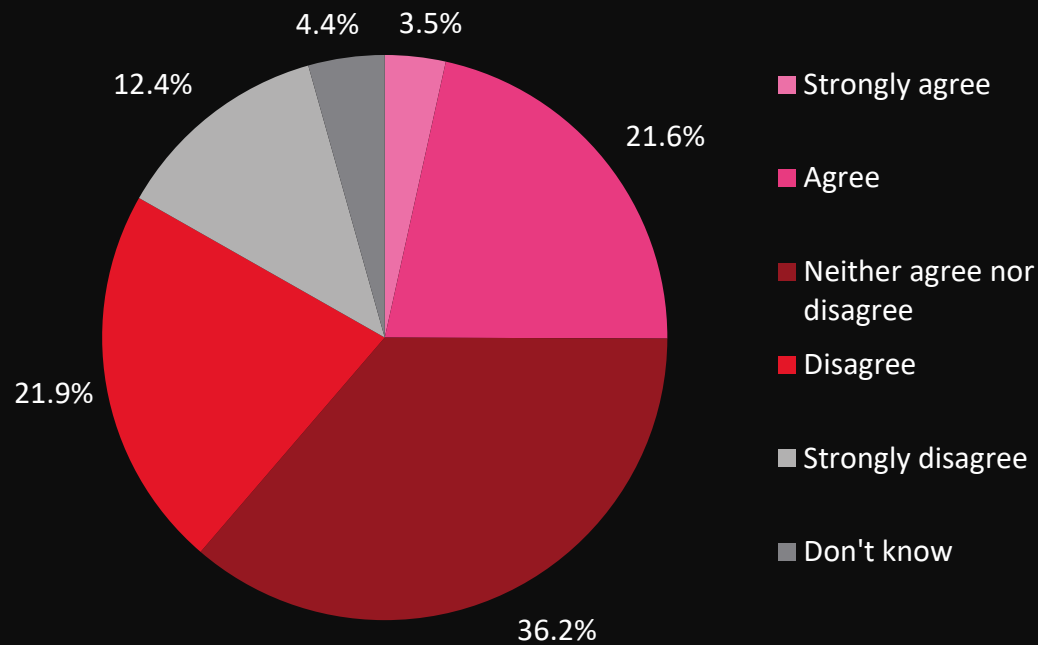
Parental leave





Most IoD members say current parental leave and pay entitlements don't support economic growth

Do you agree or disagree that the current parental leave and pay entitlements are successful in supporting economic growth by enabling more parents to stay in work?



Respondents were split in their views on the efficacy of the current parental leave and pay system in supporting economic growth by enabling parents to stay in work, with a quarter (25%) agreeing and a third (34%) disagreeing.

Many respondents emphasised that employers, especially SMEs, already struggle with the costs associated with parental leave and pay policies, and that any reforms which increased these costs would be difficult to absorb in light of other government reforms which have driven up the costs and risks associated with employment:

“The overall cost burden of these measures is significant for a small business. It certainly doesn’t help growth but instead creates additional cost which reduces investment elsewhere.” (250+ employees, Other services, South East England)

“Much as parental leave is individually desirable, UK plc especially the SME sector are the drivers of the country's prosperity and simply cannot absorb the cost and inconvenience of such additional burdens.” (2-9 employees, Financial services, South East England)

“Businesses have enough to contend with escalating salaries, employment taxes, high inflation, less money in peoples pockets and they want to give more paid leave for employees.” (250+ employees, Other services, Northern Ireland)



As a result, a common belief is that any changes to parental leave and pay policies should be funded by government rather than employers:

“If government wants a policy change it should be prepared to pay for it. Are fewer jobs with parental leave better than more jobs without?” (250+ employees, Health and social care, South West England)

“Additional paternity leave plans will be a another costly and significant disruptor to small businesses” (250+ employees, Transportation and storage, South East England)

For some respondents, the drag on economic growth related to parents struggling to stay in work is related less to parental leave and pay policies than the high cost of childcare:

“The problem facing parents is not the leave and pay entitlements it is access to affordable and high-quality child care.” (10-49 employees, Professional, scientific and technical activities, Scotland)

“The government needs to provide better funded options to support working mothers (and to a lesser extent fathers) returning to work. We are losing talented people who want to return to work because it is not economically viable for them to do so.” (2-9 employees, Financial services, South East England)



However, other respondents emphasised what they consider to be inadequacies in the current system which any reforms should address:

“2 weeks statutory paternity leave is a joke. The statutory payment for maternity leave is also abysmal, companies should top this up.” (50-99 employees, Other services, Scotland)

“As an entrepreneur, I got two weeks off, which cost me a considerable sum in lost income. The idea of parental leave doesn't exist for the self-employed.” (0-1 employees, Arts, entertainment and recreation, North West 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 was covered widely in the media.

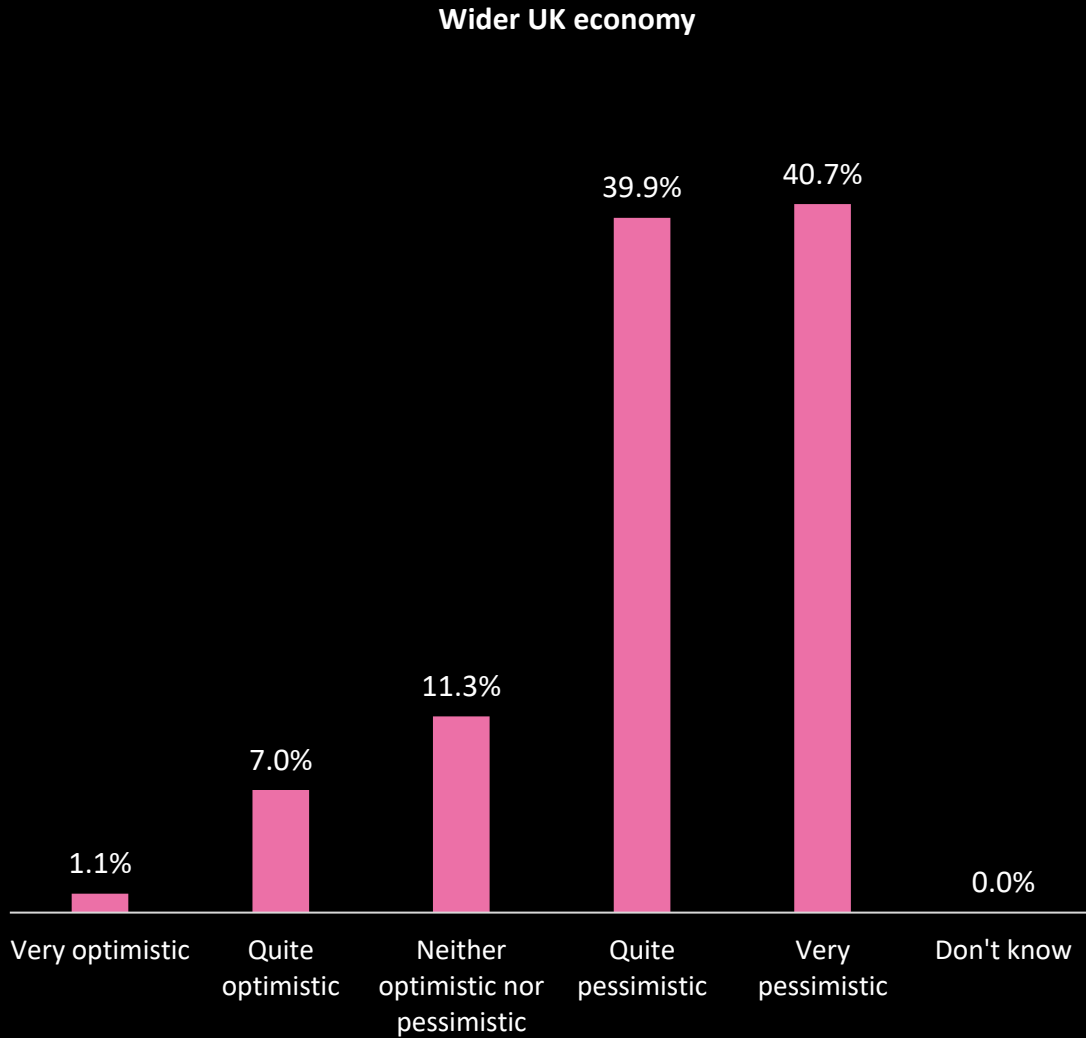
Number of respondents: 639

Survey Dates: 11 – 30 July 2025

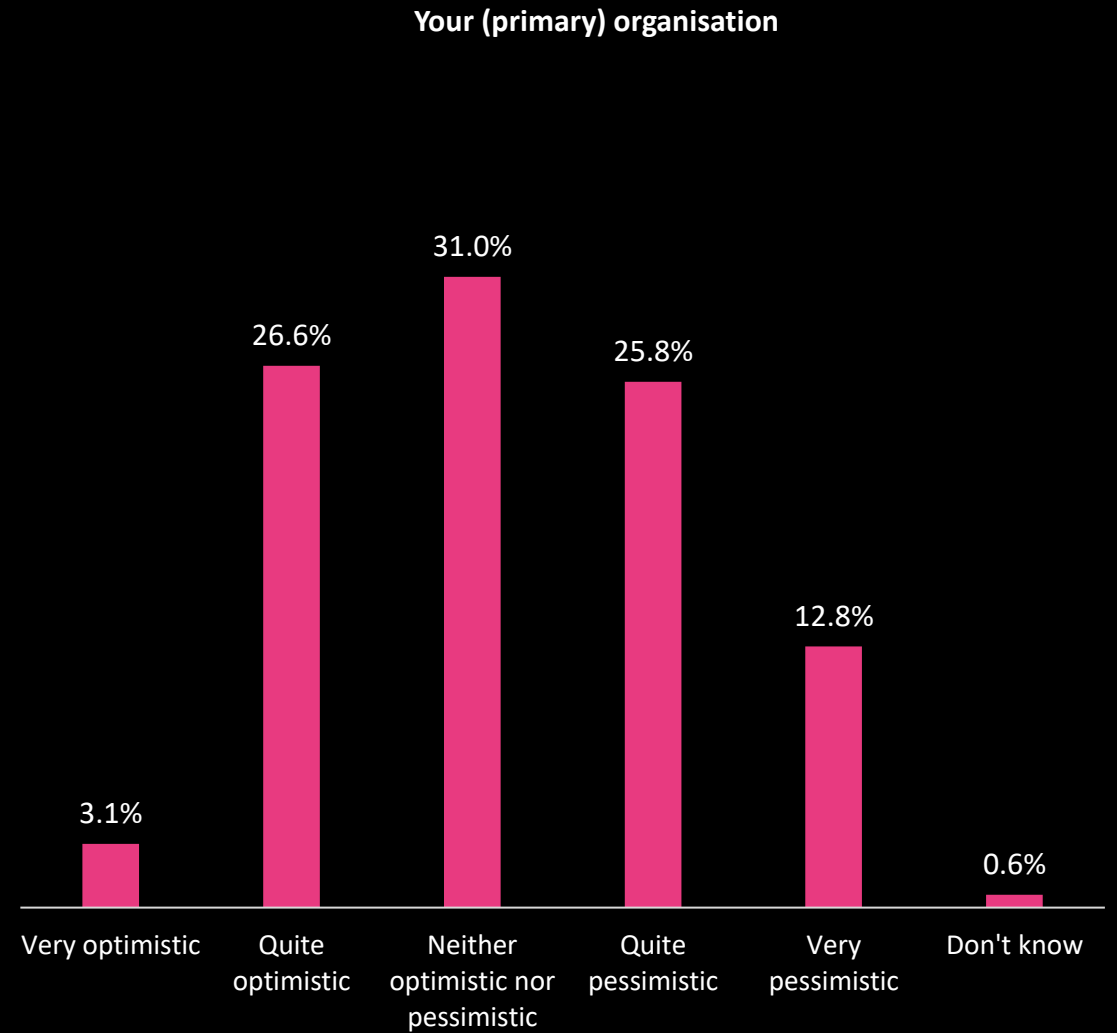


How optimistic are you about both the wider UK economy and also your organisation over the next 12 months?

Wider UK economy



Your (primary) organisation

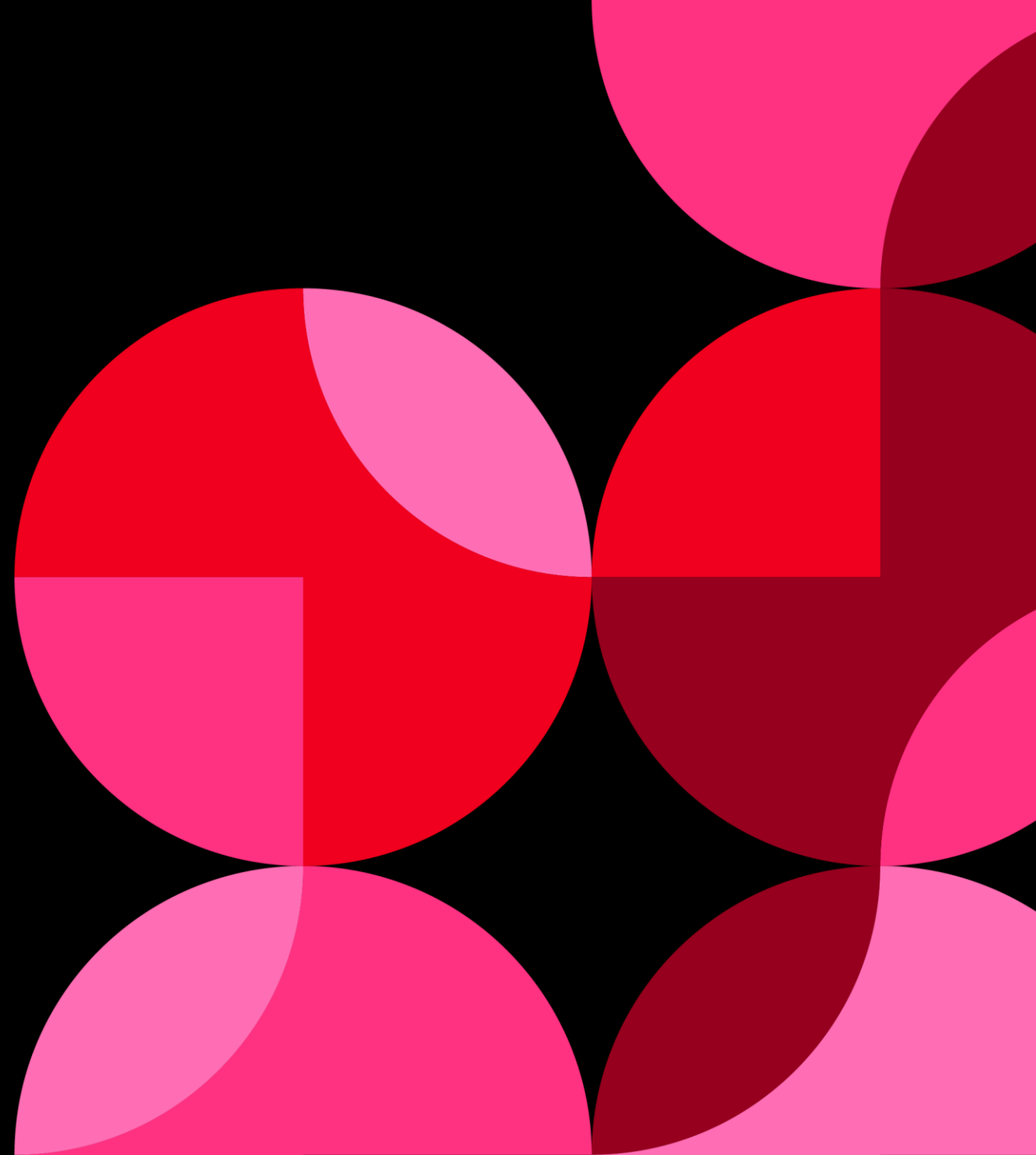




Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of:

	Much higher	Somewhat higher	No change	Somewhat lower	Much lower	Don't know	N/A
Business investment	2.3%	19.2%	28.2%	25.4%	23.2%	0.3%	1.4%
Costs	25.0%	63.2%	6.4%	3.0%	1.1%	0.5%	0.8%
Exports	1.9%	10.3%	27.2%	9.7%	6.1%	0.5%	44.3%
Headcount	1.1%	15.6%	41.5%	26.1%	13.3%	0.6%	1.7%
Revenue	4.2%	29.7%	22.2%	29.0%	13.5%	0.5%	0.9%
Wages	15.8%	55.9%	19.7%	3.9%	2.8%	0.3%	1.6%

Economic Monitoring: Trends





Economic confidence plummets to all time low

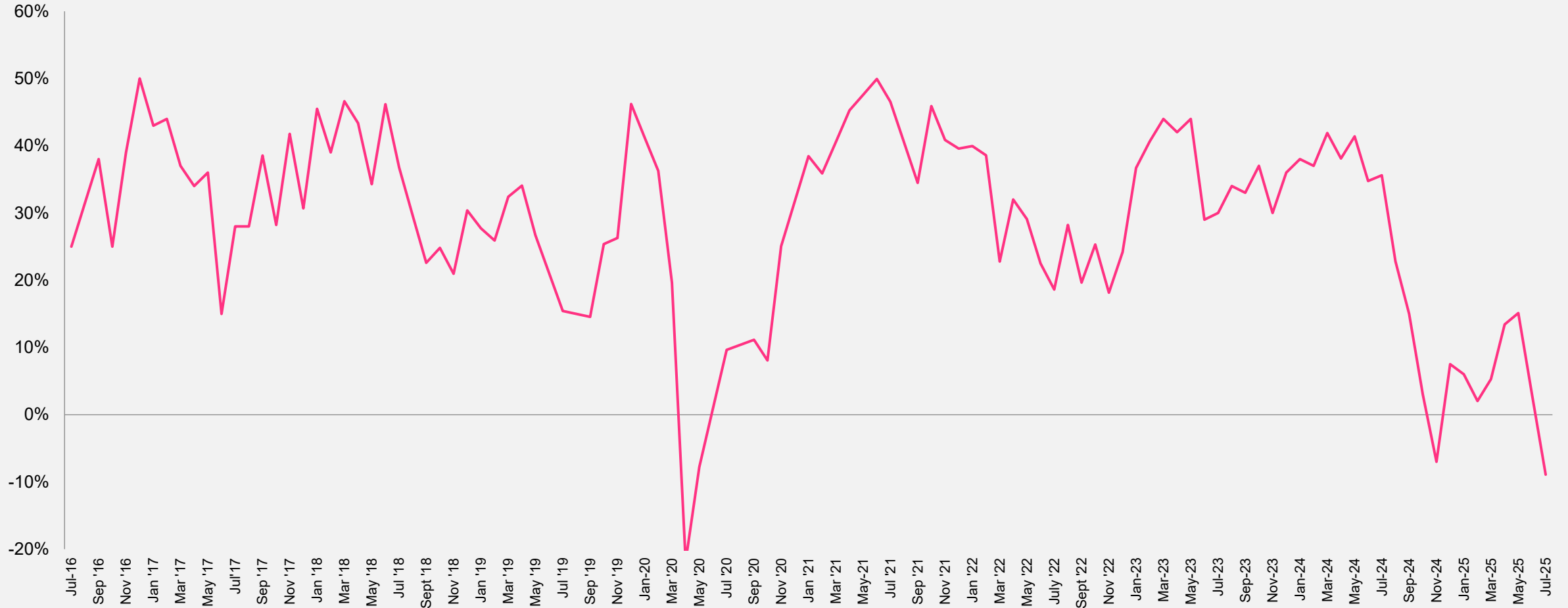




Business leader confidence drops to its second-lowest level since July 2016

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

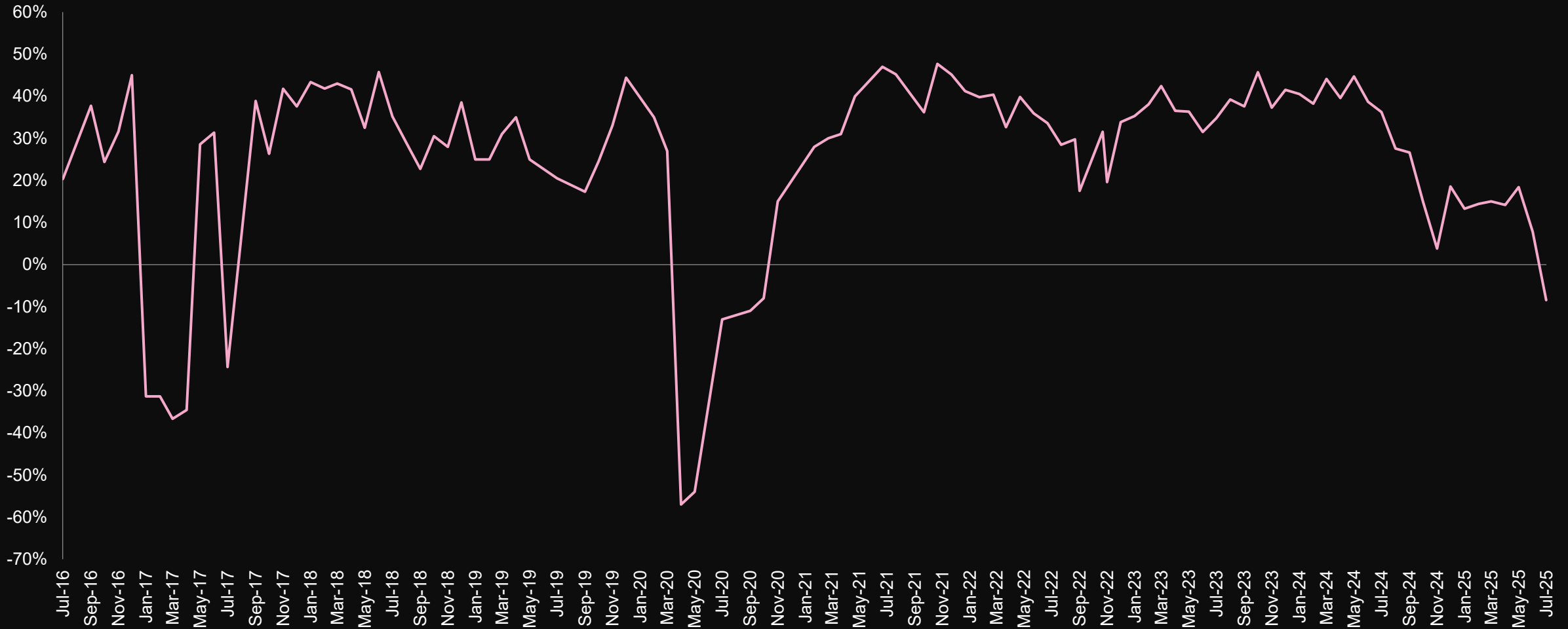
5-point scale from very optimistic to very pessimistic, net optimistic % Source: IoD monthly Policy Voice surveys





Revenue expectations dropped to -8 from +8, the lowest since October 2020

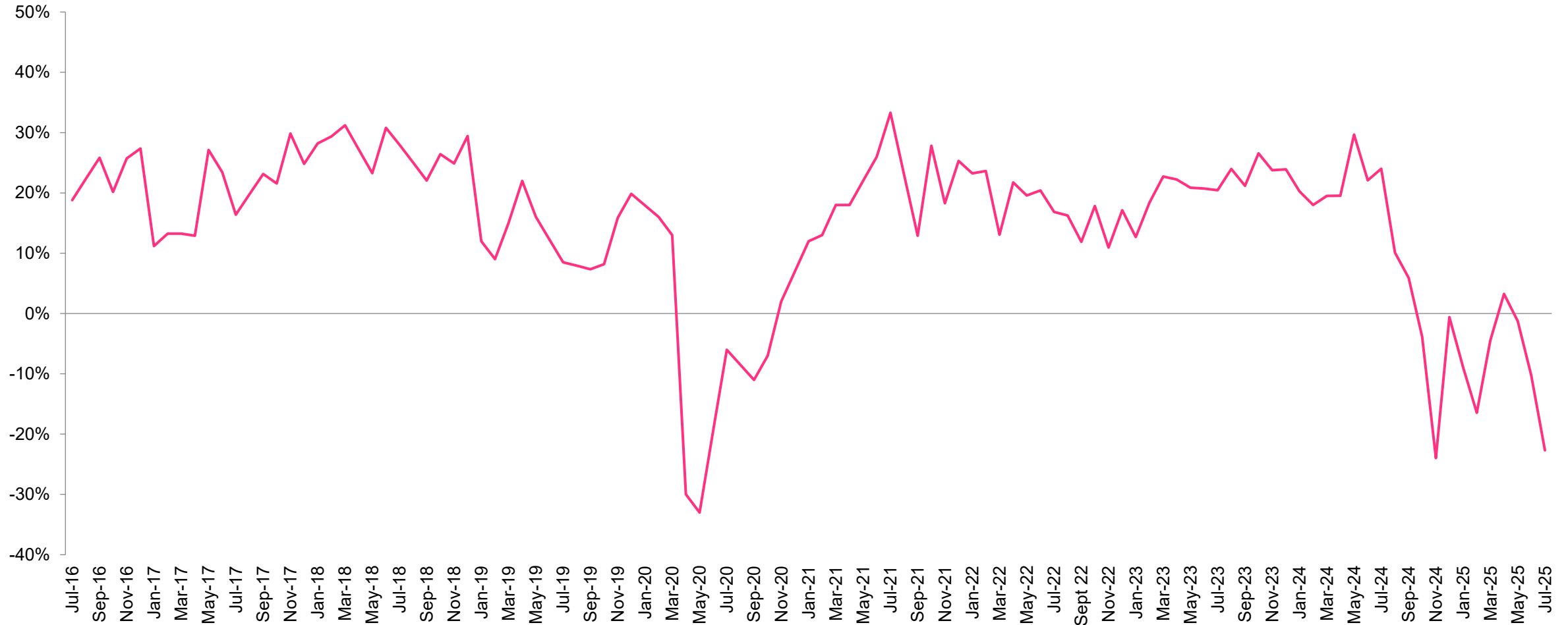
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: REVENUE.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Headcount expectations fell to -23 from -10 in June, the lowest since November 2024

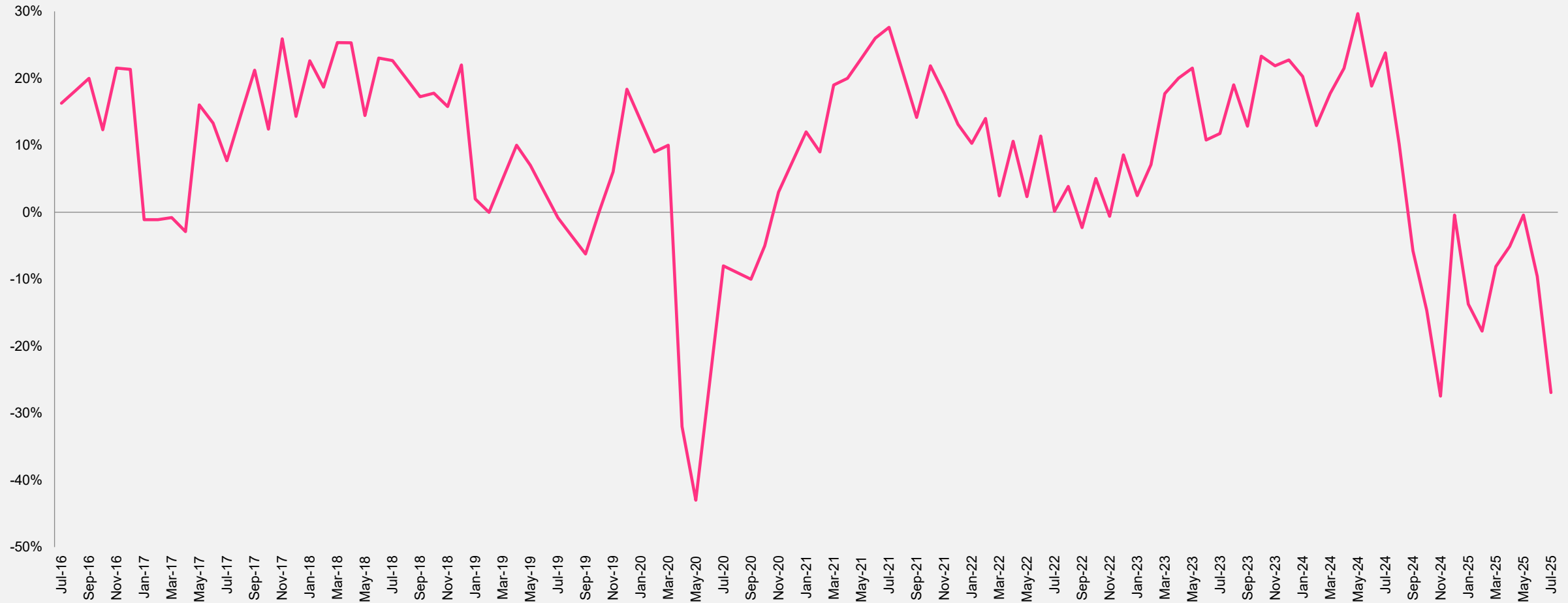
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: **HEADCOUNT**.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Investment intentions dropped to -27 from -10 in June, matching the November 2024 low

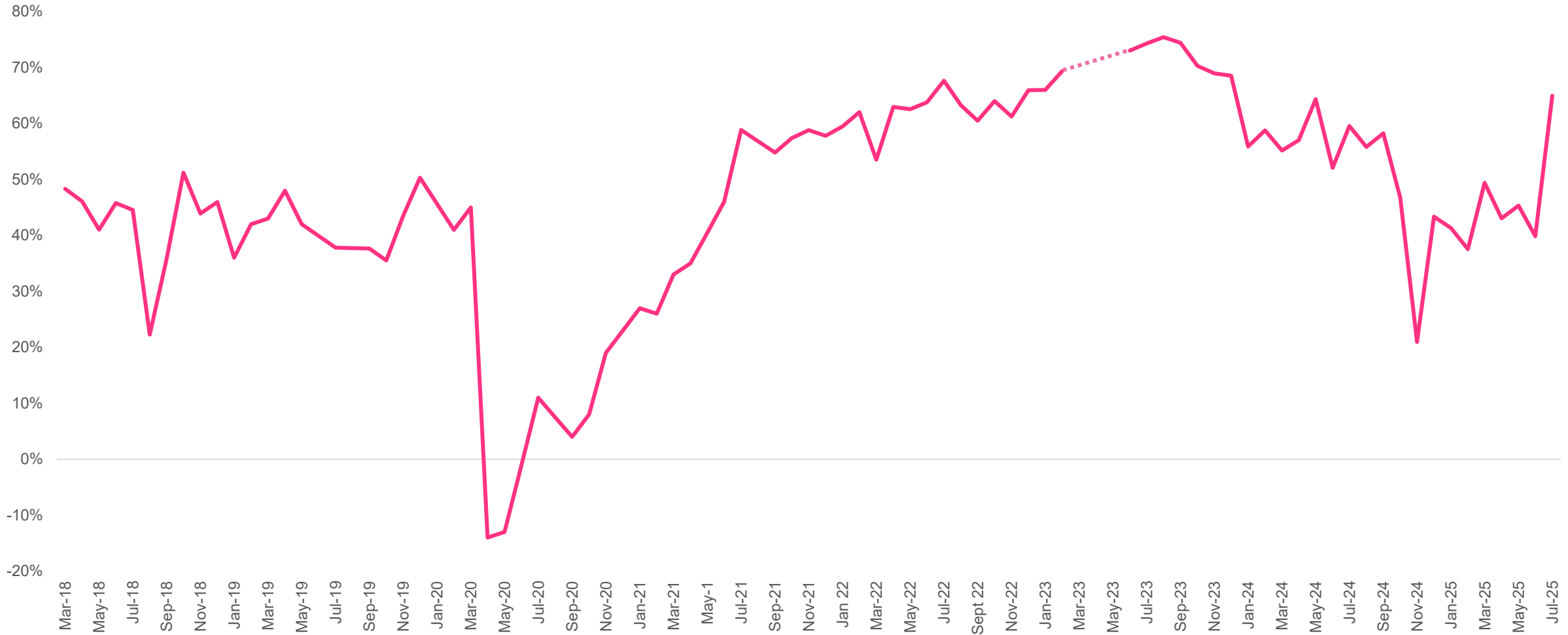
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: INVESTMENT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Wage expectations rose to +65 in July, from +40

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

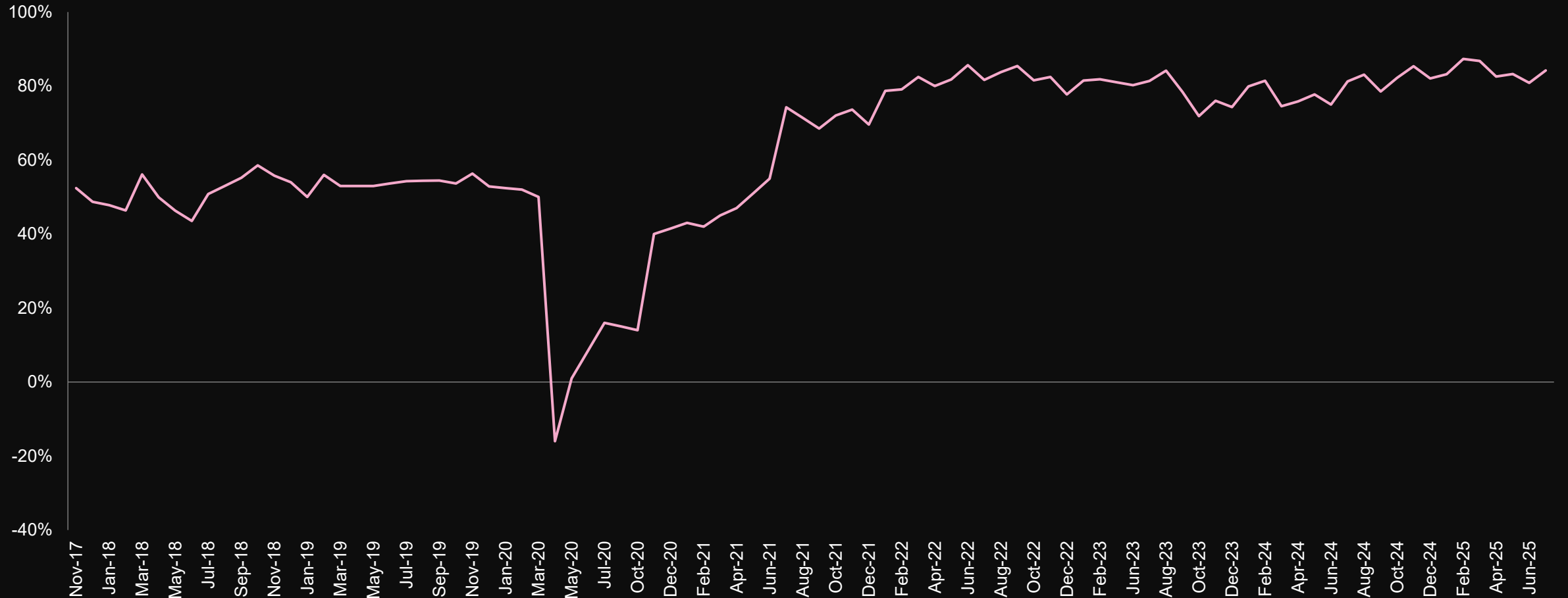


..... = question not asked



Cost expectations rose slightly in July

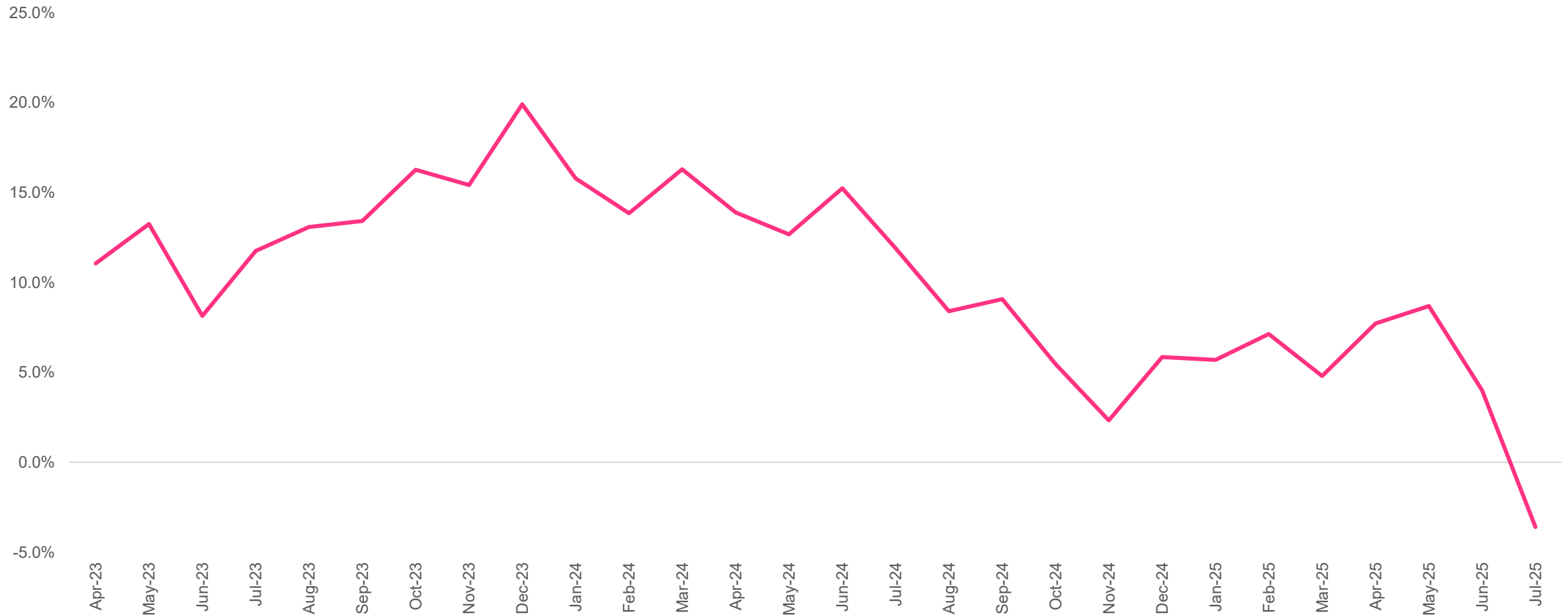
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: COSTS.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Export expectations fell to their lowest and first negative reading since the indicator began

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.