



Policy Voice full survey results August 2025

- Building AI and digital skills
- Regulatory barriers
- Unpaid work
- De minimis threshold

Number of respondents: 604

Survey Dates: 18 – 28 August 2025



Building AI and digital skills

The data from the following questions will be used to help shape our Head of Innovation and Technology Policy's priorities regarding AI and digital skills over the coming period.

This will aid her conversations with government officials and relevant stakeholders, and make sure we are effectively communicating IoD member concerns.



Businesses currently build AI skills through informal learning

Which of the following is your organisation currently doing to help your workforce build AI and digital skills?

This includes, but is not limited to, basic understandings of AI and potential implications for your business.

Please select all that apply.





Business leaders are not sure which digital skills their workforces need

What, if anything, is a barrier to your organisation providing AI and digital skills training?

Please select all that apply.

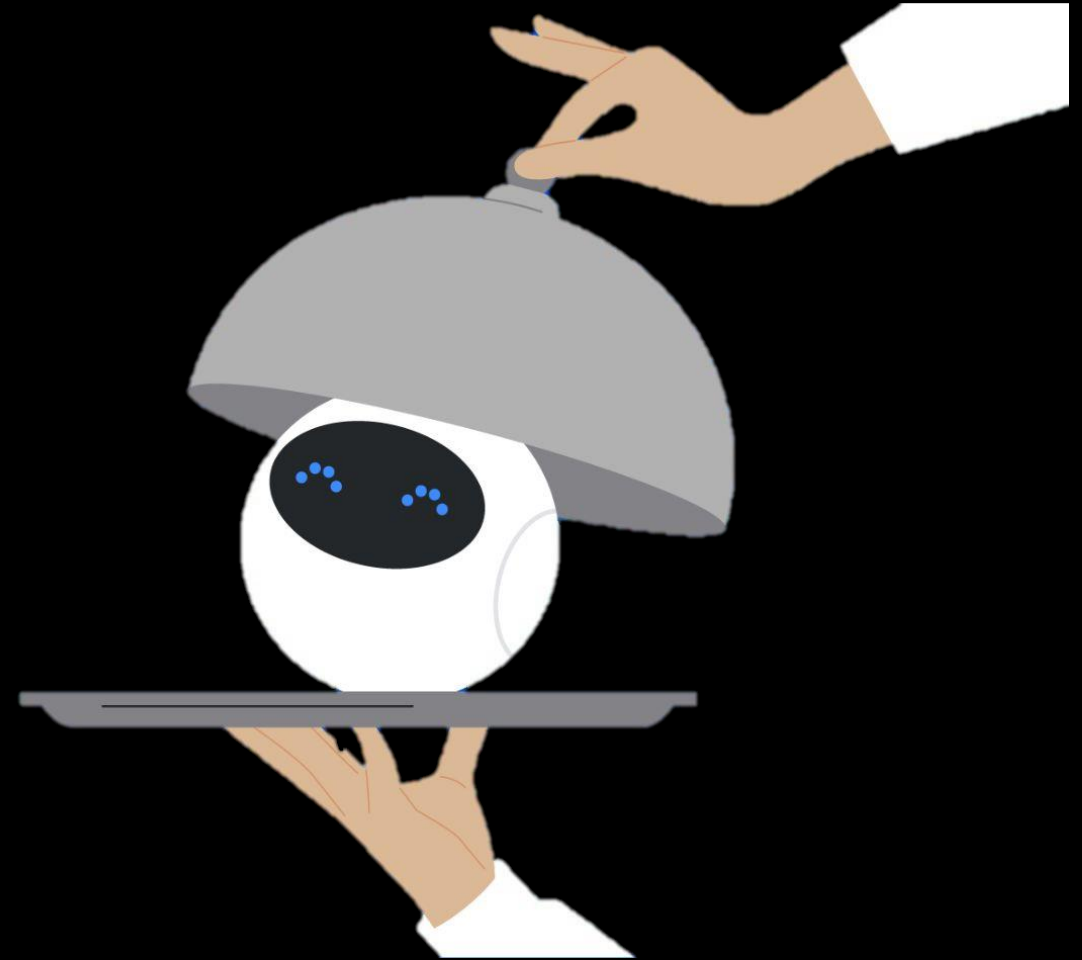




Having identified limited understanding of AI at management and board level, along with employee skills and training gaps, as key barriers to AI adoption in a previous Policy Voice survey, it was important to explore how directors' organisations are helping their workforce build AI and digital skills and what obstacles they encounter.

Responses suggest that building AI and digital skills is not yet a structured priority for most organisations. When asked to provide further comment, respondents often shifted from the specific question of upskilling to reflections on (generative) AI in general; echoing findings from previous survey questions on AI adoption, deep scepticism, concern and uncertainty dominate.

Where skills were discussed, barriers to upskilling include cost, capacity and dissatisfaction with existing training offers. Many respondents emphasised that strategy, governance, and clarity on business value must come before significant investment in training, further suggesting 'readiness' gaps. A minority of businesses, particularly those closer to the frontier, are pursuing in-house, workflow-specific learning and experimentation.





Scepticism and pushback against generative AI hype undermine need for AI and digital upskilling

“AI is a bubble about to burst – too many hallucinations. It’s the latest buzzword and of little value in a professional environment.” (East Midlands, Financial services, 2-9 employees)

“AI is a load of hype - a consulting bubble with no real practical use-cases in business.” (London, Professional, scientific and technical activities, 2-9 employees)

“Generative AI is nowhere near as good as the hype suggests and all most companies are doing is using it to reduce headcount at the cost of customer service.” (East Midlands, Information and communication, 10-49 employees)

“Deterministic AI has been around for a few decades and is well entrenched and supported in our systems. Generative AI is surrounded by a massive amount of uninformed hype that is not helpful and detracts from the real issues.” (We operate entirely outside the UK, Manufacturing, 100-249 employees)

Financial and capacity constraints are barriers, as more pressing business priorities and concerns abound

“Business has slowed so much there are no funds for things like training.” (East of England, Professional, scientific and technical activities, 0-1 employees/sole trader)

“There is no point in training the workforce if you don’t have the funds to invest in the computing equipment needed... Unless Government provides funding most micro and small businesses won’t have the funds... Most of us are still reeling over the Employers NI increases.” (South East England, Professional, scientific and technical activities, 10-49 employees)

“AI is not an immediate priority, survival is. Will AI help us survive the current barrage of government taxes, red tape and employment policies? No.” (North West England, Other services, 2-9 employees)

“Hard to prioritise AI in current uncertain climate.” (Yorkshire and the Humber, Health and social work, 100-249 employees)

“AI is limited to the use of CoPilot and basic generative systems like translation engines. I feel that there is no capacity at present to look in detail.” (South East England, Manufacturing, 10-49 employees)



Upskilling is premature until the utility and business value of generative AI is clearer

“Currently we are at the top of the hype cycle and it's not clear what use cases will be relevant for AI - as this clarifies in time we will devote significant effort to mastering the technology.” (London, Information and communication, 2-9 employees)

“Existing AI platforms are unproven in our field so we are keeping a watching brief on which emerge as leaders.” (Scotland, Professional, scientific and technical activities, 10-49 employees)

Frontier AI has limited relevance for some sectors - beyond its integration into existing software - so training isn't needed

“There are few applications in our business.” (East Midlands, Other services, 250+ employees)

“Not relevant for our business except we use ChatGPT for legal advice and letter drafting.” (South East England, Other services, 10-49 employees)

AI strategy and governance before training

“First step is for strategy and functional heads to produce strategy either in-house or with support, which maps future requirements. Then we can specifically train.” (South East England, Accommodation and food services, 2-9 employees)

“The Company needs to develop an AI strategy for the training and application to become useful across the whole organisation.” (South West England, Other services, 250+ employees)

“Data security means we have to control carefully the uses to which AI is put, which limits opportunities for learning on the job.” (London, Financial services, 100-249 employees)

People barriers, including resistance, culture and hiring

“Lack of interest in training for AI in senior team.” (West Midlands, Manufacturing, 250+ employees)

“Training isn't the issue. Recruiting expertise is the issue.” (North West England, Other services, 0-1 employees/sole trader)

“The only barrier is change management.” (London, Accommodation and food services, 250+ employees)



Dissatisfaction with digital and AI training quality and relevance, including failure to keep pace with technological change

“Organising relevant training to harness AI for our needs is difficult. Most offered is naïve, simplistic and/or actively dangerous.”
(London, Professional, scientific and technical activities, 2-9 employees)

“It’s all changing so fast that training other than on generalities/mindset is out of date as soon as it is delivered.” (South East England, Professional, scientific and technical activities, 0-1 employees/sole trader)

“Formal organised training for groups seems out of date as it starts.” (South West England, Accommodation and food services, 2-9 employees)

In-house and role or workflow-specific training at the frontier, including unstructured learning through practice

“Learning as we implement AI-supported workflows/use cases. Relevant to role/task. Aligning free training with use cases... We are working to be intentional about specific use cases and workflows and train to these.” (South East England, Other services, 2-9 employees)

“The good/interested team members will already be upskilling themselves. Same as basic computing a generation or so ago.”
(South East England, Accommodation and food services, 2-9 employees)

Demand for government support on AI and digital upskilling

“We are a digital company and trying to ensure the Government supports digital training in all workplaces as an essential part of CPD.” (London, Professional, scientific and technical activities, 2-9 employees)

“Regulatory risks and Intellectual Property/Privacy concerns need government advice/training/guidance to support firms.”
(South East England, Accommodation and food service, 250+ employees)

“Too much chatter about this issue without any direction or specifics. Do not know where to turn to, to learn.” (London, Health and social work, 100-249 employees)



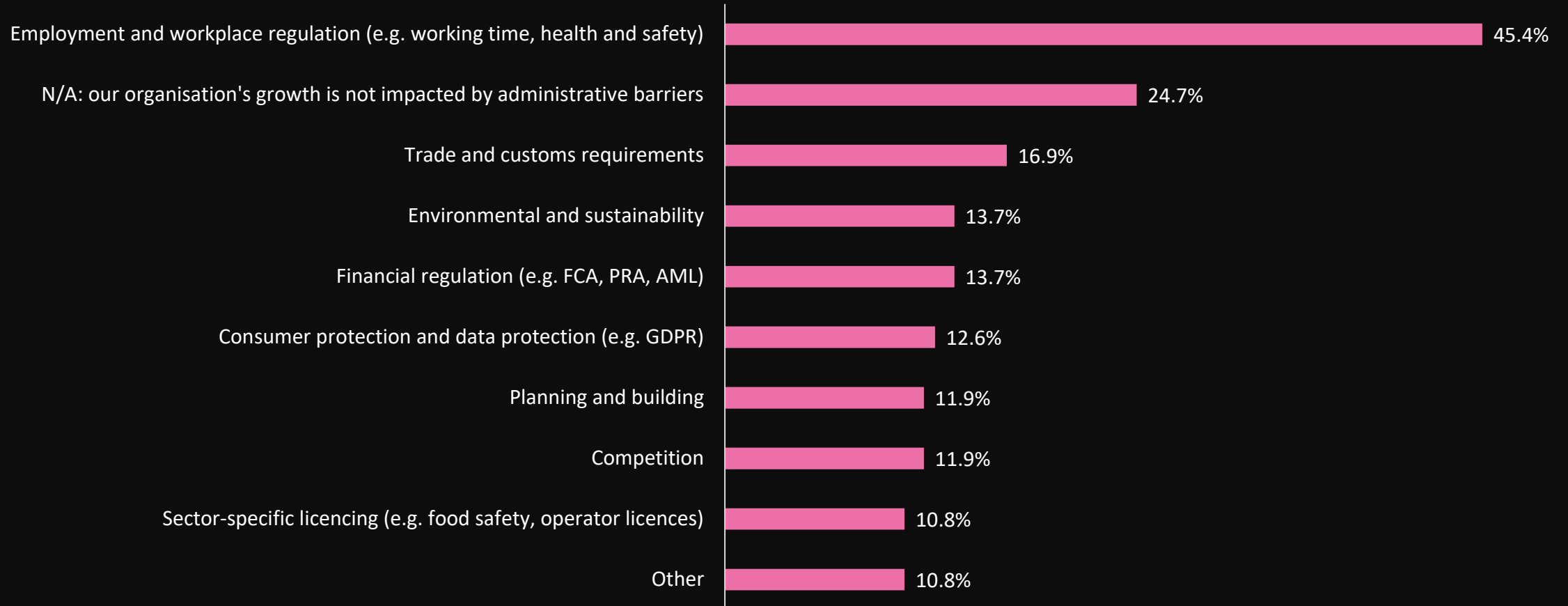
Regulatory blockers to growth





Employment regulation is preventing growth for the majority of businesses

Which areas of regulation are the biggest blockers to growth for your organisation?





When asked – ‘Which regulatory reforms do you think would have the quickest and biggest positive impact on business growth and why?’ – IoD members offered several areas for reform, including health and safety, net zero compliance and ease of trading with the EU.

However, the vast majority of members highlighted 3 key areas:

1. Most members believe that reforming, or putting a stop to, new employment regulation would have the quickest and most positive impact on business growth

“Cost of labour and the current government's plans for employment rights and associated costs of employing people.” (South East England, administrative and support services, 2-9 employees)

“Cutting back on many of the proposals in the Employment Rights Bill, taking time to properly consult with business first.” (North West England, professional, scientific and technical activities, 0-1 employees/sole trader)

“Government needs to back off on its workers reforms and improved rights agenda. Small business will continue to wither if we don't get some respite.” (South East England, professional, scientific and technical activities, 10-49 employees)

“Employment regulations do not promote any sort of expansion. The rules are becoming ridiculous and incredibly expensive as such we just minimise any sort of recruitment as much as possible. This will impact growth.” (East Midlands, wholesale and retail trade (including motor repair, 100-249 employees)

“Employee rights legislation need loosening. Not being able to 'fire' without immense red tape, and the overreach of the Tribunal system, is inhibiting both growth and job opportunities.” (South East England, professional, scientific and technical activities, 10-49 employees)

2. Many members would also like to see planning regulation reformed to boost growth

“Changing the Planning Laws to remove some (not all) of the hurdles to development which have grown in an unplanned way without due regard being given to the cumulative impact.” (South East England, professional, scientific and technical activities, 0-1 employees/sole trader)

“Planning & building - but included in here is the time taken for initial planning building safety and the array of costs associated just to get a project ready to start. This government has just added more and more admin to an already inefficient area.” (East of England, financial services, 0-1 employees/sole trader)

“Planning and building to get the construction industry moving.” (South East England, manufacturing, 10-49 employees)

“Planning reform - it's currently an unsustainable situation costing companies millions in lost growth and additional cost.” (South East England, transportation and storage, 250+ employees)



3. Concerns over tax regulation and burden were also raised, with many believing lower rates of tax would support greater growth

“Reduce tax and/or off set tax for CAPEX, for increasing workforce, for certain up-skilling / re-skilling - the Government's path on increasing Tax, hitting entrepreneur's is totally counterproductive.” (South East England, construction, 250+ employees)

“Reform the tax regime to make it less complicated.” (Wales, professional, scientific and technical activities, 50-99 employees)

“Scrap IR35 and allow the sort of access we had to flexible high skilled resources in the 1980's. Any additional tax take will have been significantly exceeded by the damage to the economy overall.” (South East England, professional, scientific and technical activities, 2-9 employees)

“Tax reforms, as the system is so complex and time consuming to navigate.” (Yorkshire and the Humber, professional, scientific and technical activities, 100-249 employees)

“Tax simplification would remove cost, increase certainty and could drive growth.” (Yorkshire and the Humber, professional, scientific and technical activities, 250+ employees)



Unpaid work

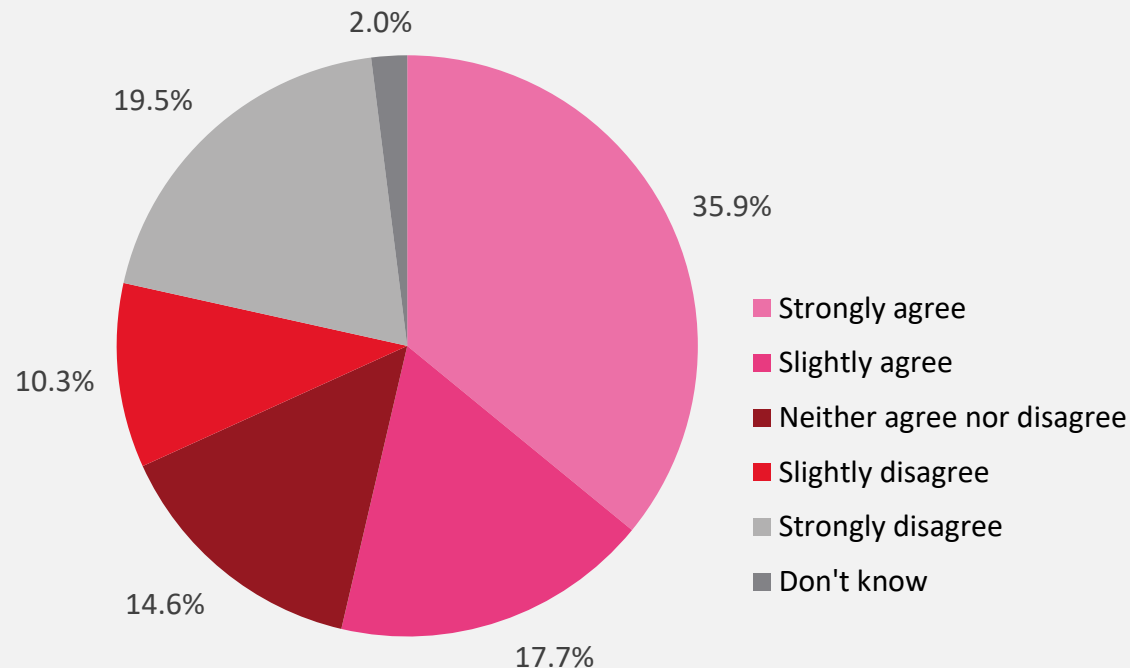
The government is collecting evidence on unpaid internships and other types of roles where workers are not entitled to the National Minimum Wage or the National Living Wage.

Responses to these questions will inform our response.



IoD members are largely in support of ending unpaid, or low paid, internships

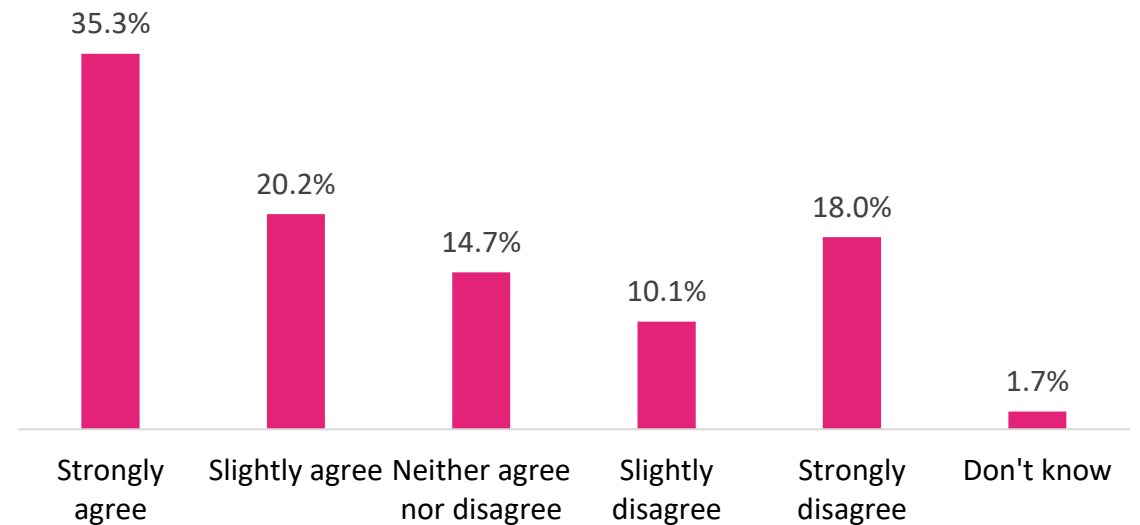
To what extent do you agree or disagree that unpaid internships or internships which are paid below the National Minimum Wage should be banned if they are not related to an educational or training course?



Members also support pay for work trial participants

As part of a recruitment process, an individual may be asked by a prospective employer to carry out tasks, without payment, to help the employer to decide whether the individual has the skills and qualities required for the job.

To what extent do you agree or disagree that individuals participating in work trials should be compensated by at least the National Minimum Wage?

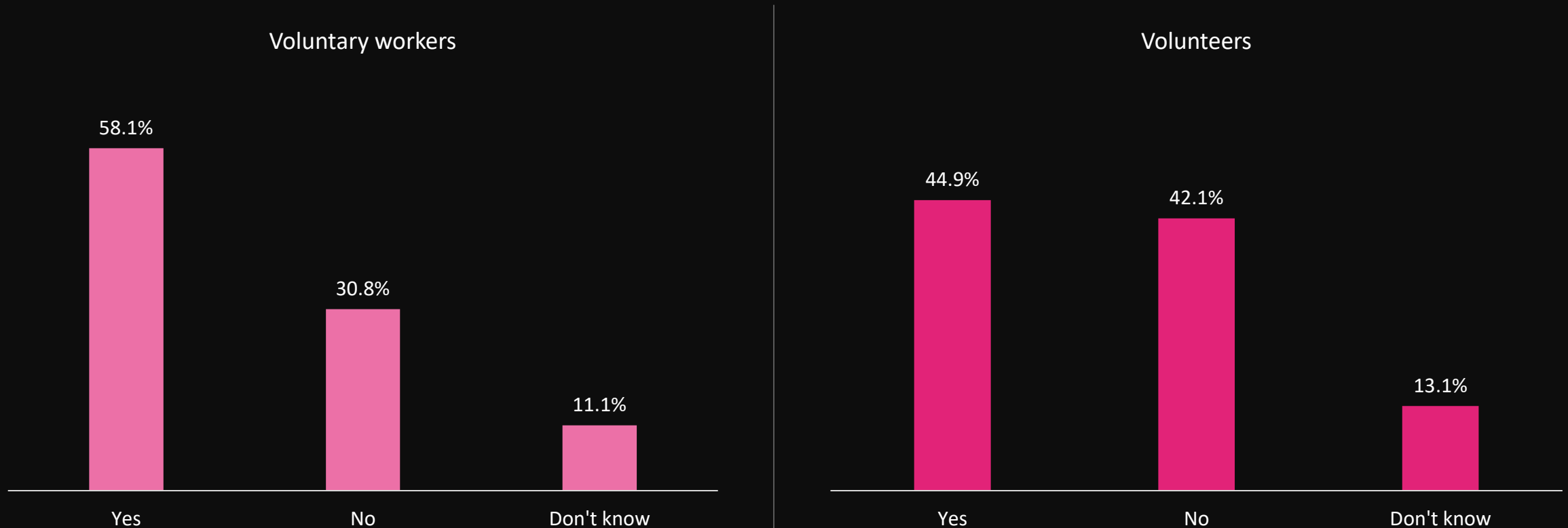




IoD members think that both voluntary workers and volunteers should have their expenses reimbursed

Voluntary workers are workers who have an employment contract which can be written, oral or implied. Volunteers, meanwhile, do not have an employment contract. Neither voluntary workers nor volunteers qualify for the minimum wage.

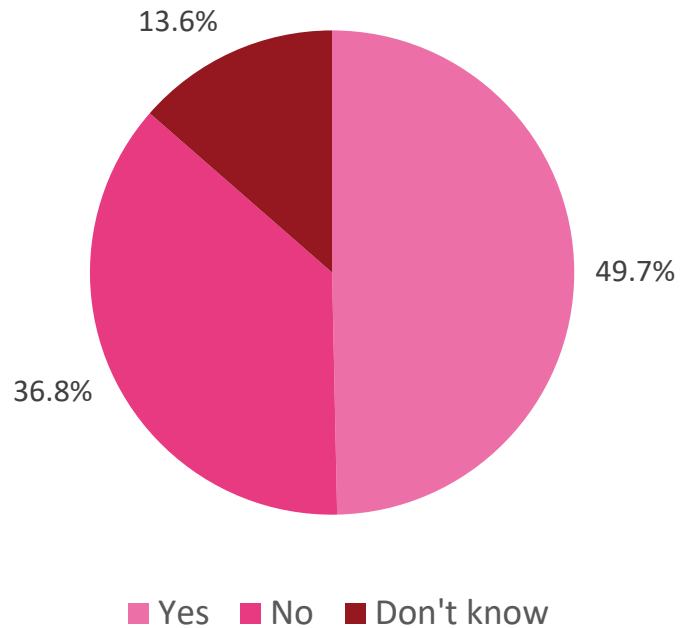
Should reimbursing expenses (including, but not limited to, travel and meals) be mandatory for:



Business leaders have mixed feelings over setting a maximum time for workplace shadowing

Work shadowing is an informal learning process whereby an individual does a placement that does not involve any work being performed.

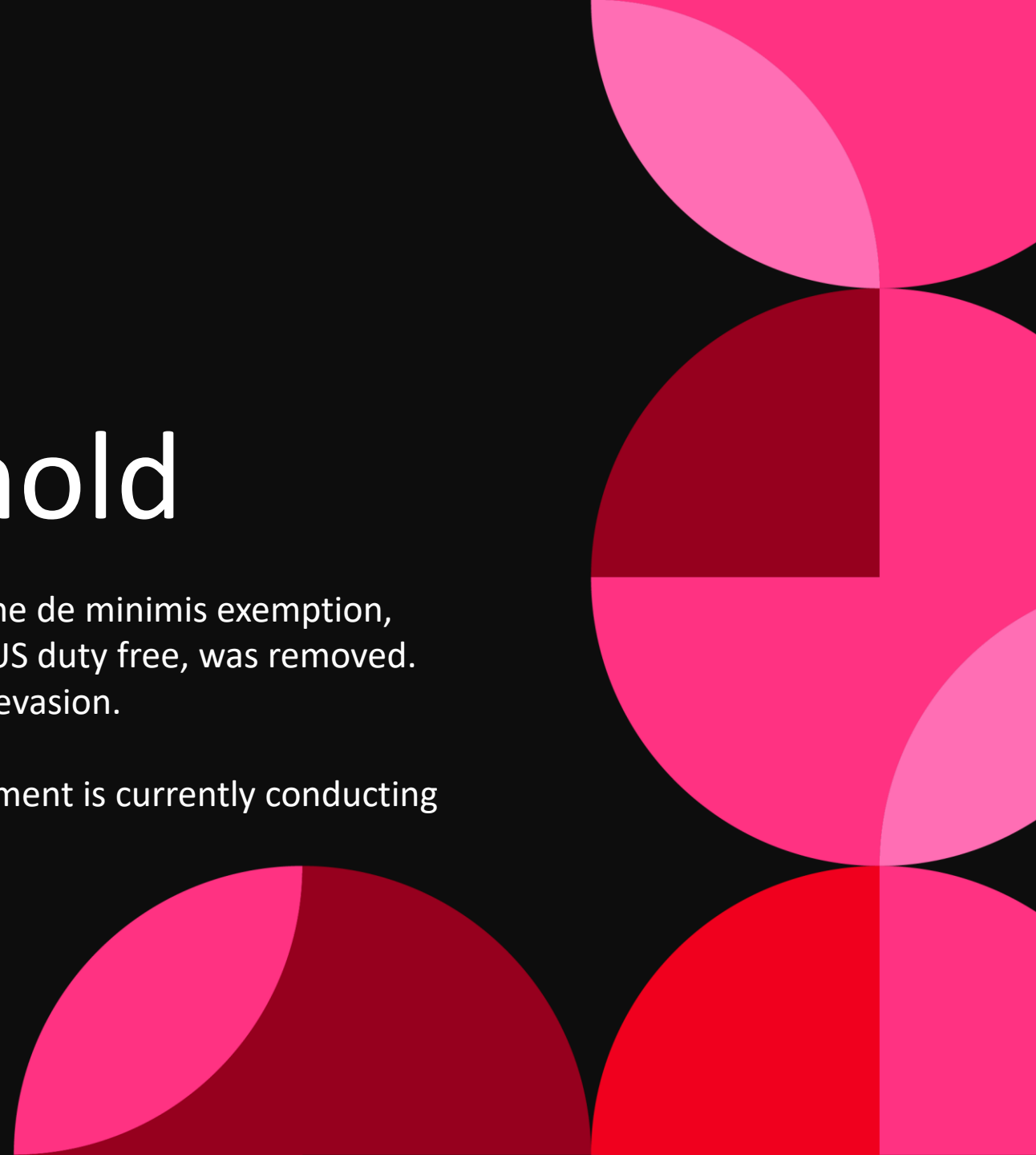
Should there be a maximum duration for any allowed work shadowing?



De minimis threshold

Effective from 29 August, and applicable to all countries, the de minimis exemption, which allows low-value goods of under \$800 to enter the US duty free, was removed. This forms part of Trump's broader effort to address tariff evasion.

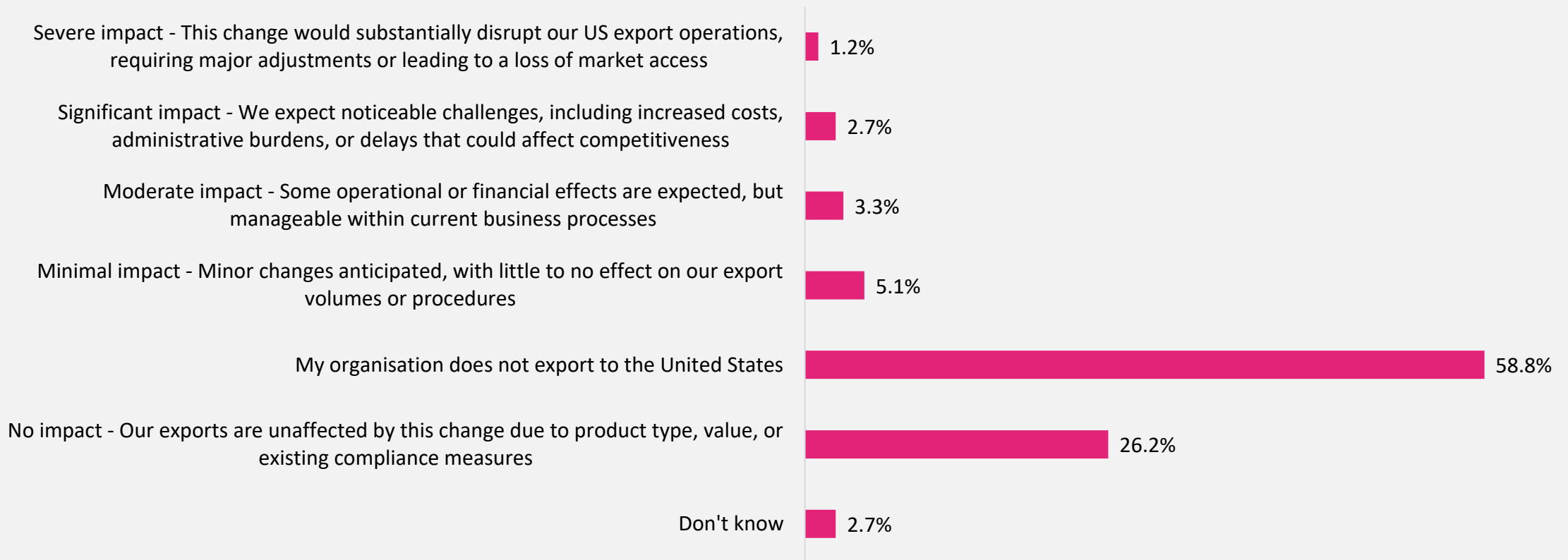
The Department for Business and Trade within the government is currently conducting research into the impact this will have on UK businesses.





30% of firms that export to the US expect impact from de minimis threshold removal

How significant do you anticipate the impact of the proposed removal of the US de minimis threshold (currently \$800) will be on your company's ability to export goods to the United States?





The data shows that roughly 30% of IoD members that export to the US are expecting some impact from the US decision to remove the de minimis threshold. However, for the majority of members, the removal of the de minimis threshold will not impact them, either because they do not export to the US, or because they ship consignments of greater value than \$800, the previous threshold limit.

There is a general recognition that, of those expecting an impact, the decision will impact smaller firms to a greater extent than larger firms, including those that send goods on an individual basis:

“This would seem to be something that would have a significant impact on smaller purchases or sales being able to be achieved with US buyers.” (London, Professional, scientific and technical activities, 0-1 employees)

“Online sales to individuals will be affected.” (North East England, Health and social work, 2-9 employees)

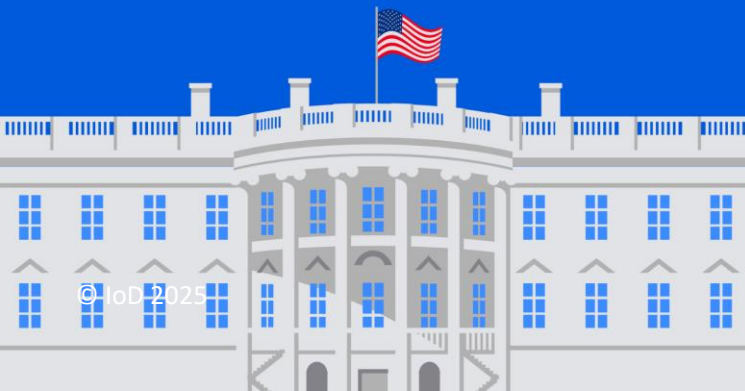
“Serious problem for small exporters.” (North West England, Professional, scientific and technical activities, 2-9 employees)

Meanwhile, members have highlighted how this is a policy that adds to the increased uncertainty of trade with the US. Members have said they are examining the amount of trade they do with the US:

“Exports to US are over the threshold so no impact. However, uncertainty about US tariffs etc. do significantly affect the business.” (South West England, Construction, 100-249 employees)

“We have concerns about the overall US trade direction/ mood and potential future impact on services which we do provide to US based clients.” (South East England, Other services, 2-9 employees)

“I believe that exports and imports to and from the US have always been expensive and Trump is just making it worse. I stopped buying from the US 20 years ago.” (North West England, Education, 250+ employees)





There is a section of the membership that view the removal of the de minimis threshold as a positive move designed to counter huge consumer companies that flood markets with cheap goods, evading customs and tax charges to the competitive disadvantage of UK and US sellers. Some members believe the UK should implement a similar measure:

“The UK could usefully copy the US example - it doesn't seem fair to expose UK businesses to tariff free competition from the likes of Temu.” (Scotland, Financial services, 2-9 employees)

“This is an excellent measure and should be specifically targeted at Chinese companies to stop them evading customs duties and tax which gives them an illegal price advantage over UK/European businesses. We should do the same in the UK (if we do not already do so).” (East Midlands, Education, 1-49 employees)

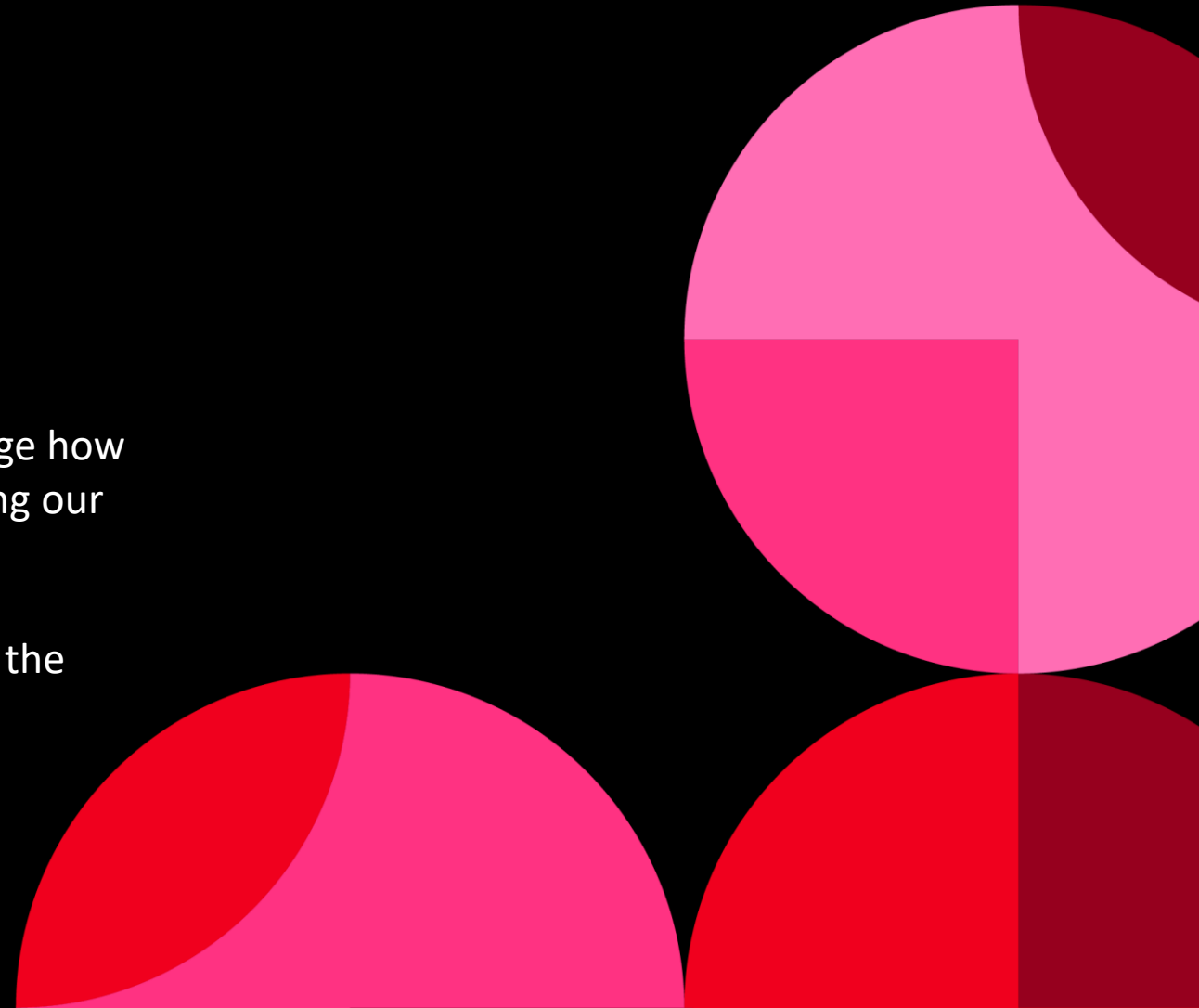
“We need to build a more resilient economy - this policy is not completely unreasonable, we need to more quickly adapt and use tech to cope.” (West Midlands, Information and communication, 0-1 employees)



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.

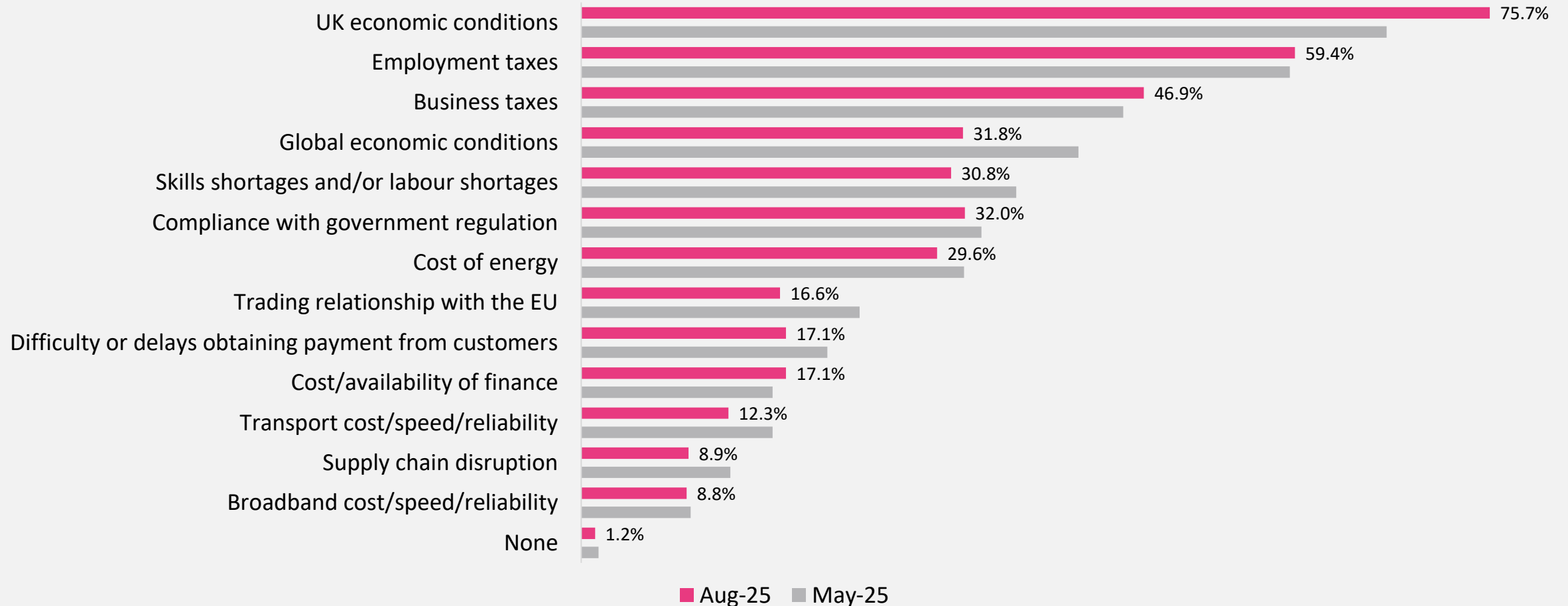
This data is used to set our advocacy focus for the rest of the year.





'UK economic conditions' remains top concern for business leaders

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

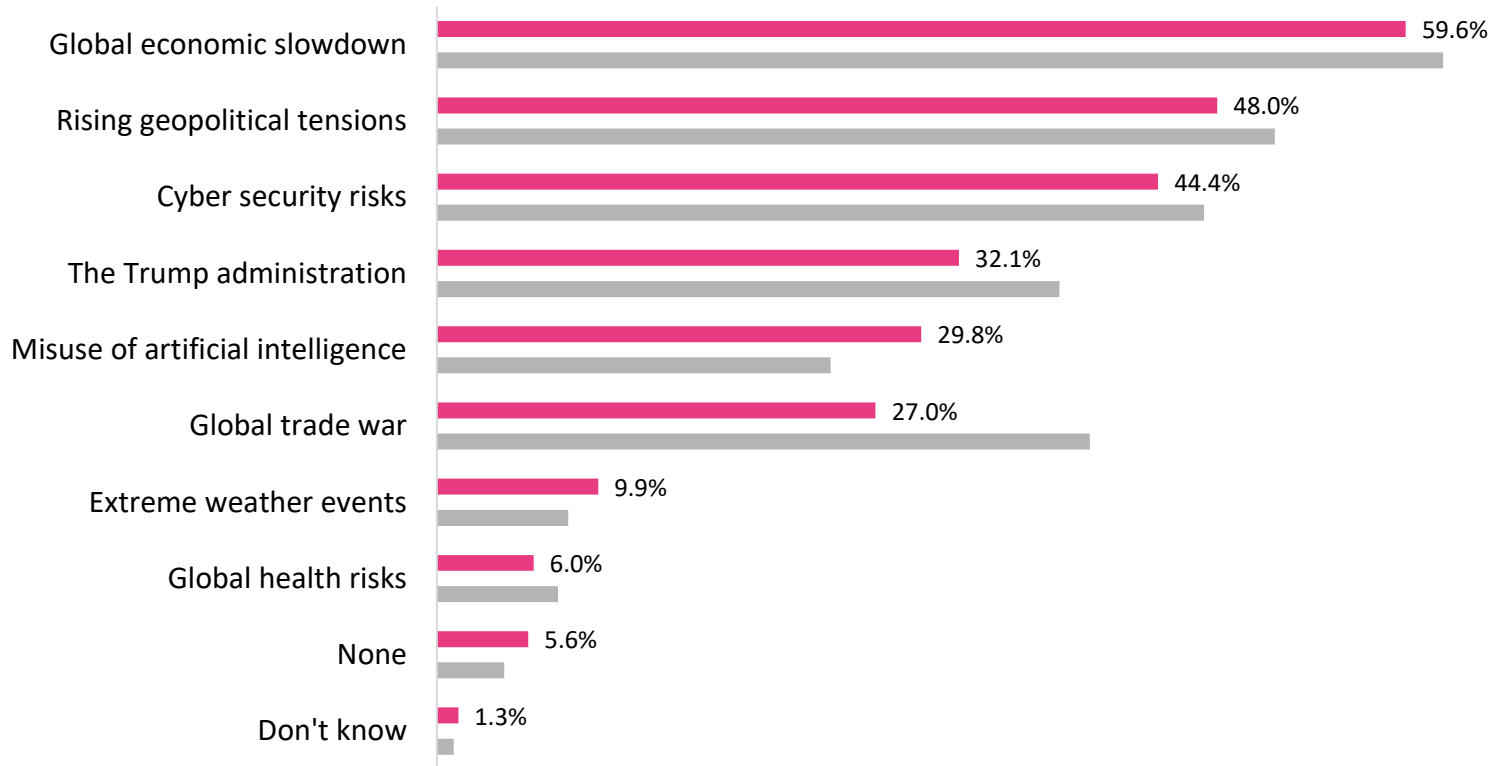




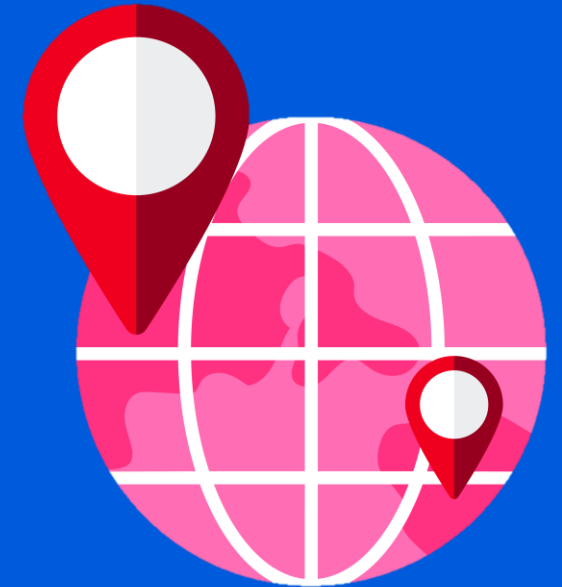
'Global economic slowdown' remains the greatest global risk concern for IoD members

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

Please choose up to three.



■ Aug-25 ■ May-25

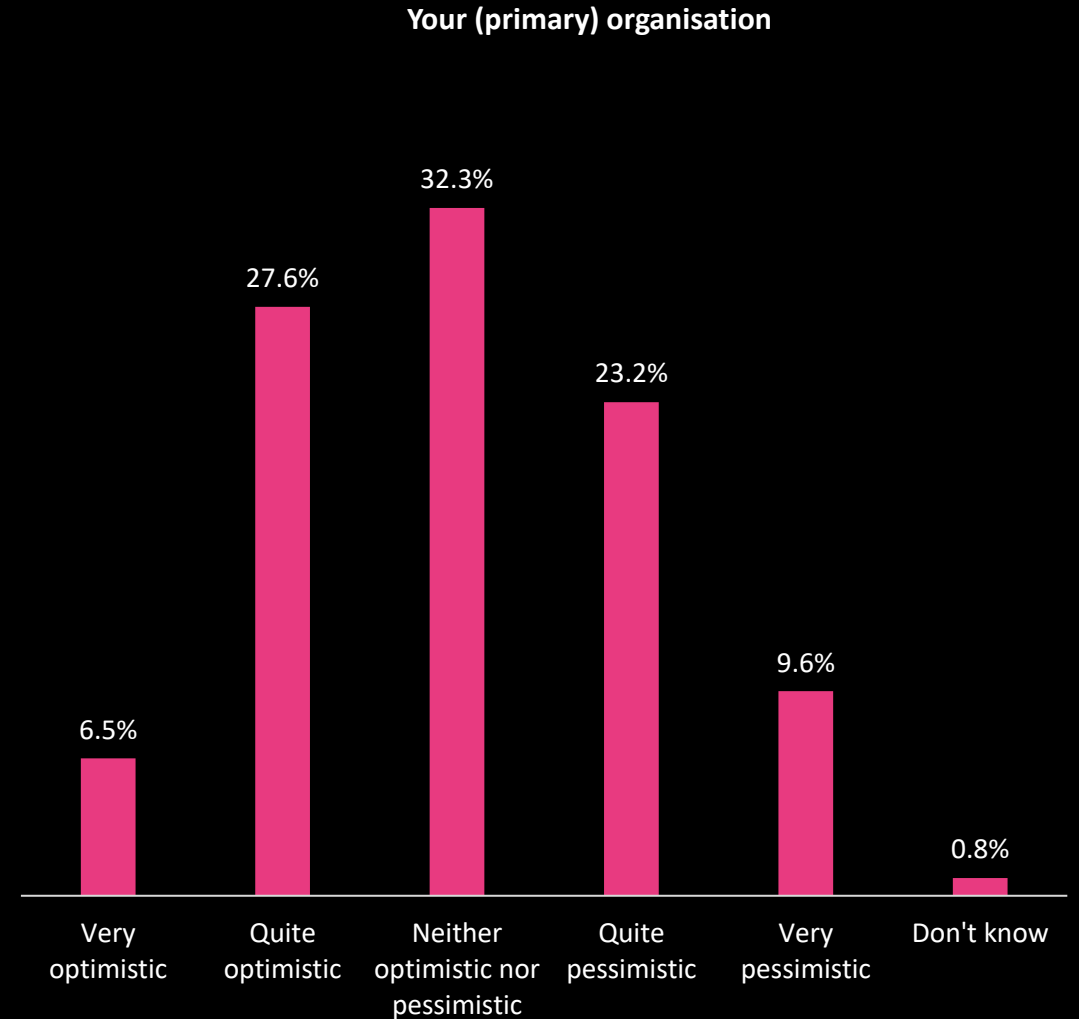
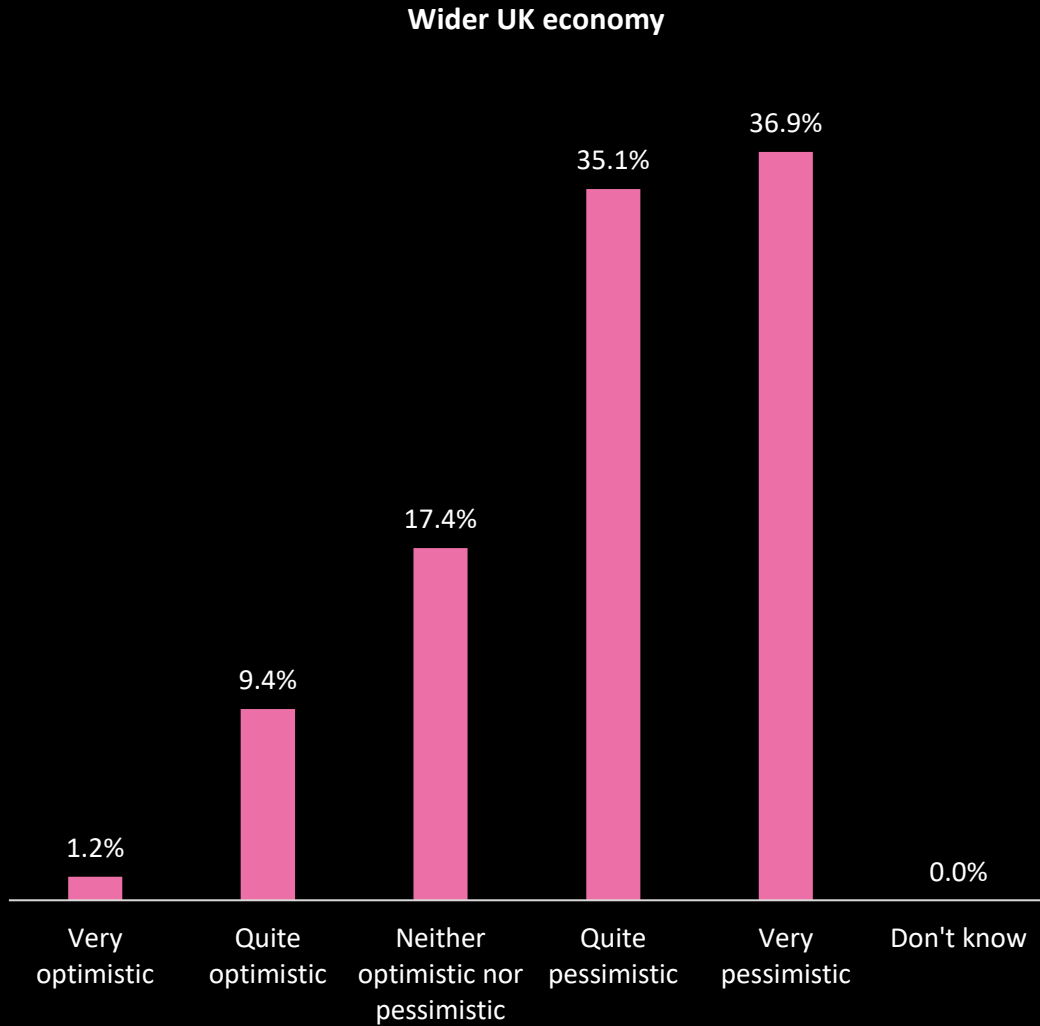


Economic Monitoring: Data

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%	21.9%	40.2%	18.7%	14.4%	0.5%	1.2%
Costs	21.5%	66.1%	8.1%	1.8%	0.8%	0.7%	1.0%
Exports	2.0%	13.7%	30.5%	8.1%	2.3%	0.3%	43.0%
Headcount	2.0%	21.9%	46.9%	20.9%	7.0%	1.0%	0.5%
Revenue	5.5%	38.2%	22.8%	24.0%	7.3%	1.0%	1.2%
Wages	5.8%	46.9%	35.4%	7.9%	2.5%	0.8%	0.7%



The majority of the further comments relating to economic confidence were strongly negative. Many IoD members noted rising costs, high and uncertain taxation, and weak demand as their main concerns. A much smaller group reported stability or growth, often due to sectoral demand.

The most persistent theme in the comments centred around frustration with government policy - particularly employment regulation:

“A significant part of our business is dependent upon the housing market. Current speculation and government leaks about change to stamp duty are creating uncertainty which is bad for the housing market. Increasing tax burden and inflation are also creating nervousness among the buying public which is bound to affect our business negatively. Coupled with the increasing costs and risks of employment imposed by the government we are having to look seriously at shelving our investment and growth plans or least scaling back those plans.” (South West England, professional, scientific and technical activities, 100-249 employees)

“Confidence in the UK business environment is low with taxes, inflation and energy costs key issues for us. National Insurance hikes, rising business rates and minimum wage increases are having a negative effect on the bottom line.” (North West England, manufacturing, 250+ employees)

“Government policy has focused on support the public sector without any improvements to efficiency or productivity, increased taxation is destroying business confidence and therefore my own business is seeing a slowdown in activity.” (East of England, financial services, 0-1 employees/sole trader)

“Government taxes on businesses are crippling, incredibly hard to make profit and we are considering offloading some of our business and we are already reducing staff. The government needs to encourage business to grow, reduce tax on business, and stop and enslaving businesses to tax raising measures.” (East of England, accommodation and food services, 2-9 employees)





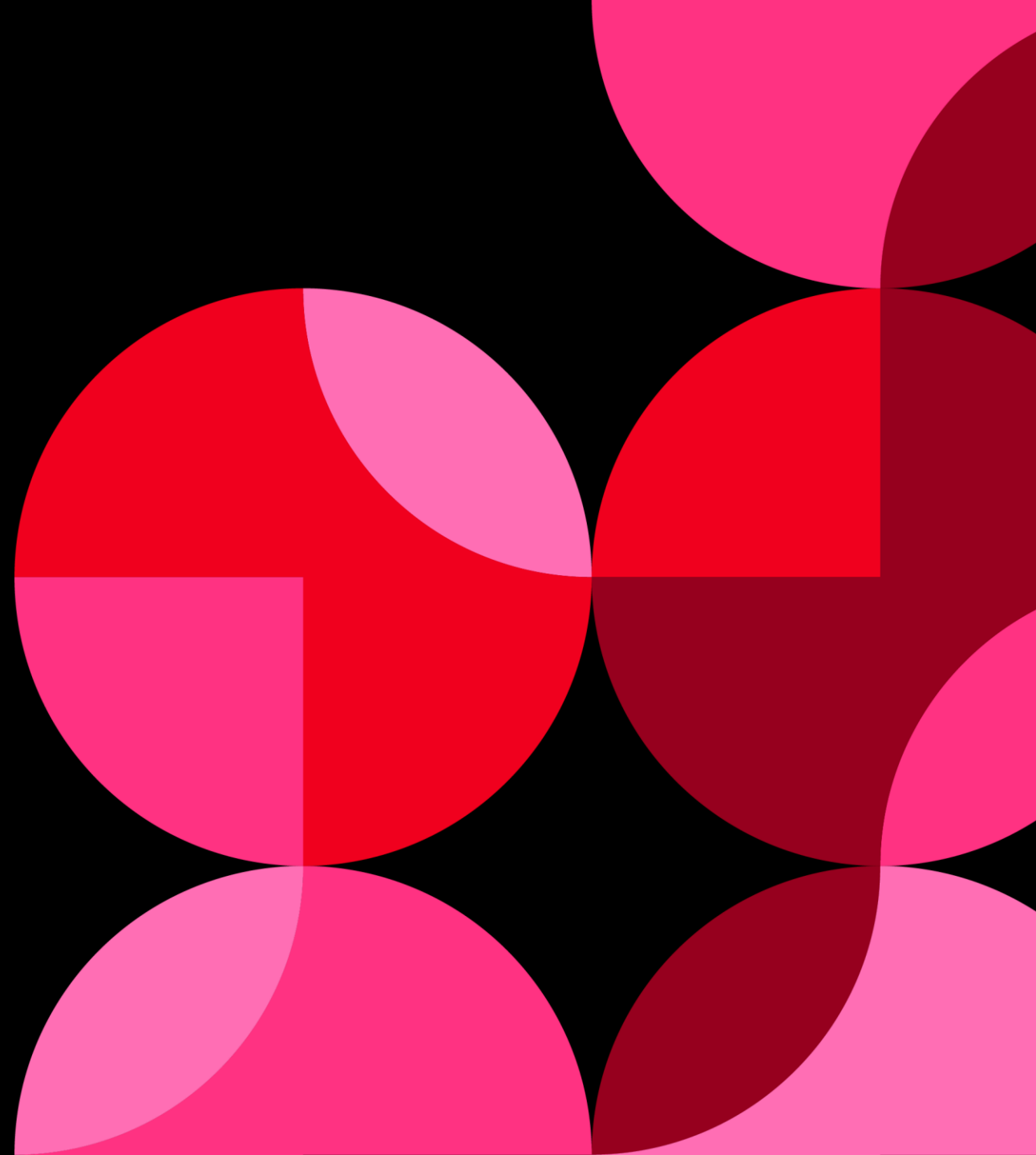
“We are battling against our government who seem to be shrinking the economy not growing it. The public sector is bloated and the government’s answer is more tax and punitive charges. When will they realise without a strong private sector there is little else.” (West Midlands, professional, scientific and technical activities, 2-9 employees)

“We operate in margin sensitive markets, competing globally. UK costs were already pushing us to invest more in our facilities abroad, and all of the economic policies / “tone” from government currently is accelerating that, not giving us reasons to invest in the UK. And we are a UK based, UK owned engineering company.” (Yorkshire and the Humber, manufacturing, 250+ employees)

“It is incredibly tough and made worse by the autumn Budget not taking into account solo businesses. I am significantly impacted by not being eligible for the employees’ allowance relief. There are no options to grow my business as economic conditions are so bad. I’ve partnered with other firms to keep the lights on. The government just seem to be focusing on all the wrong things. Voluntary work can provide someone with experience to help employment prospects which are fairly dreadful at the moment so they should leave this alone and focus on how to grow the economy - not just say it whenever they are asked, but actually stop the tax and spend approach and look at growth levers. I’m at the point where I may well shut my business in the next 6 months. The government does not understand that owning and running a business is significantly riskier than being in paid employment. The fiddling with pensions and potential for having to pay into a pension monthly (another rumour going) round will mean I close my business and return to corporate life.” (East of England, professional, scientific and technical activities, 0-1 employees/sole trader)



Economic Monitoring: Trends





Business confidence picks up slightly, but taxes and economic climate concerns still dominate

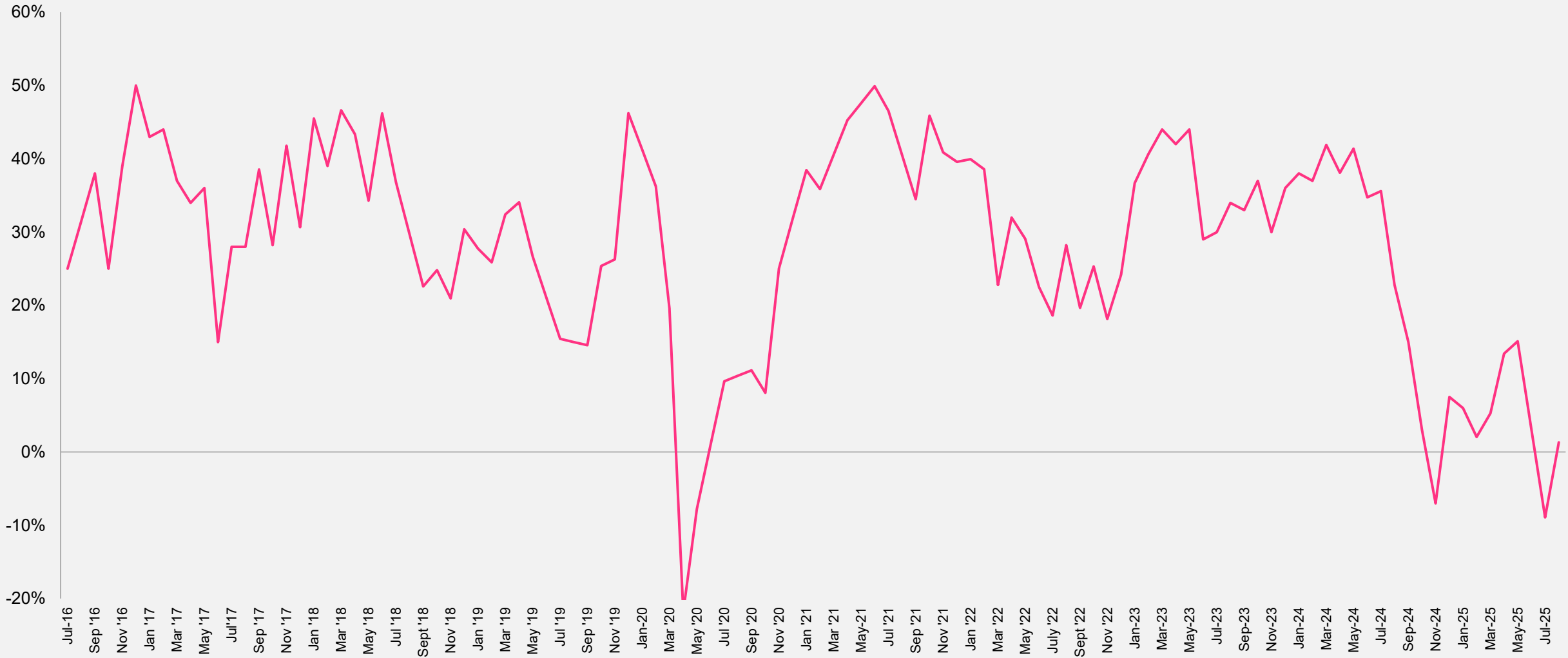




Business leader confidence in their own organisations rose to +1 in August

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

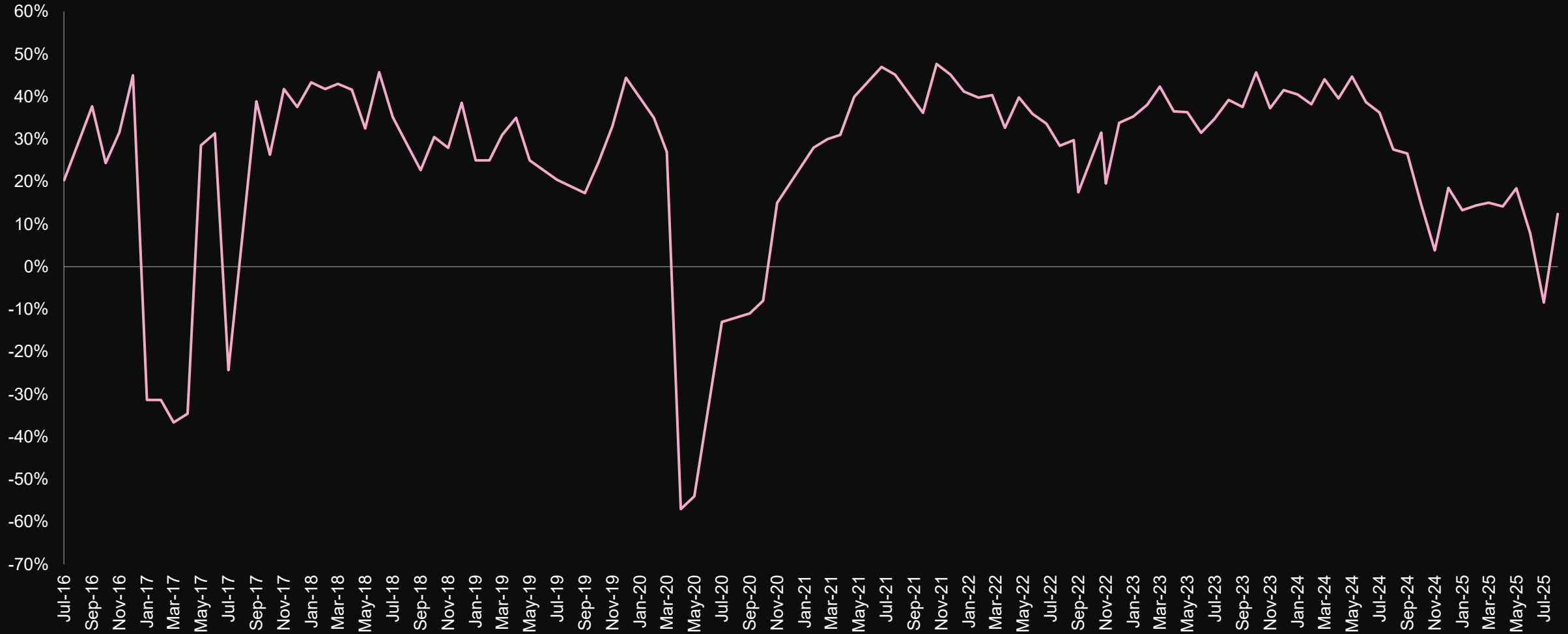
5-point scale from very optimistic to very pessimistic, net optimistic % Source: IoD monthly Policy Voice surveys





Revenue expectations rose to +12 in August, from -8 in July

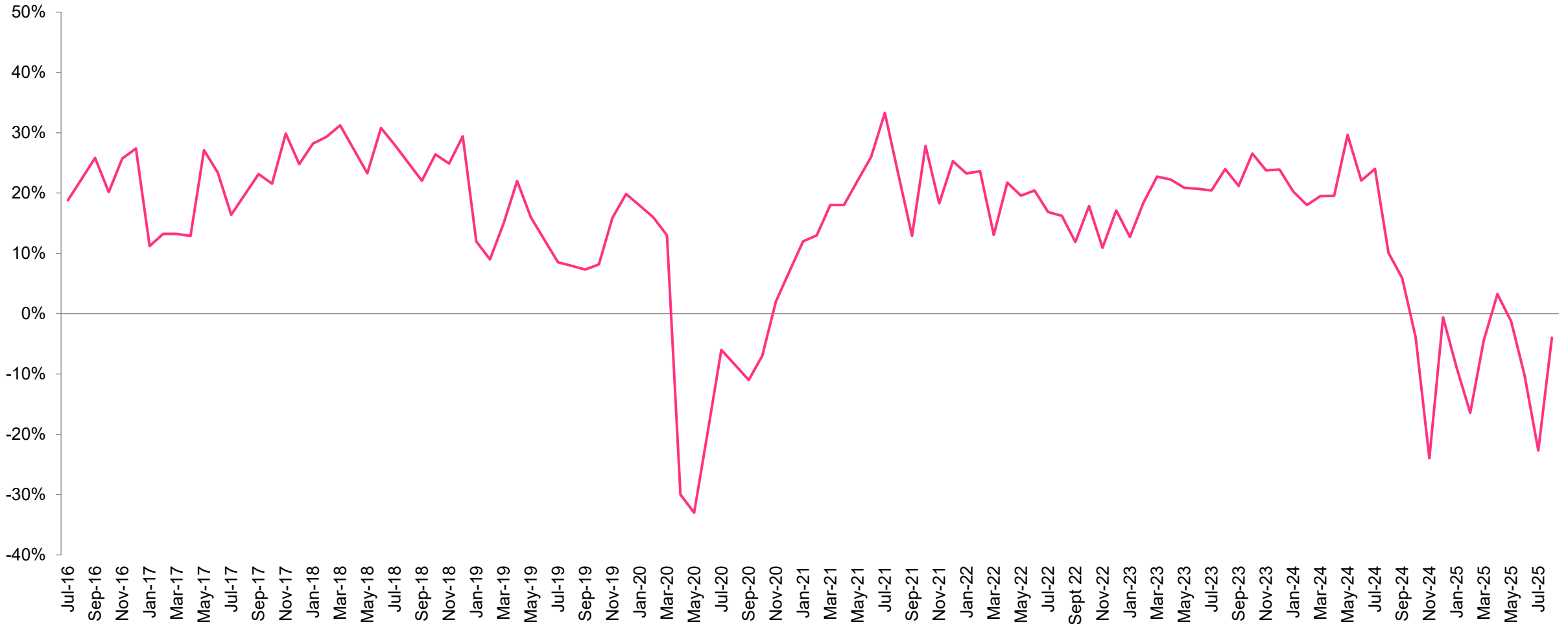
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: REVENUE.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Headcount expectations rose 19 points, to -4 in August

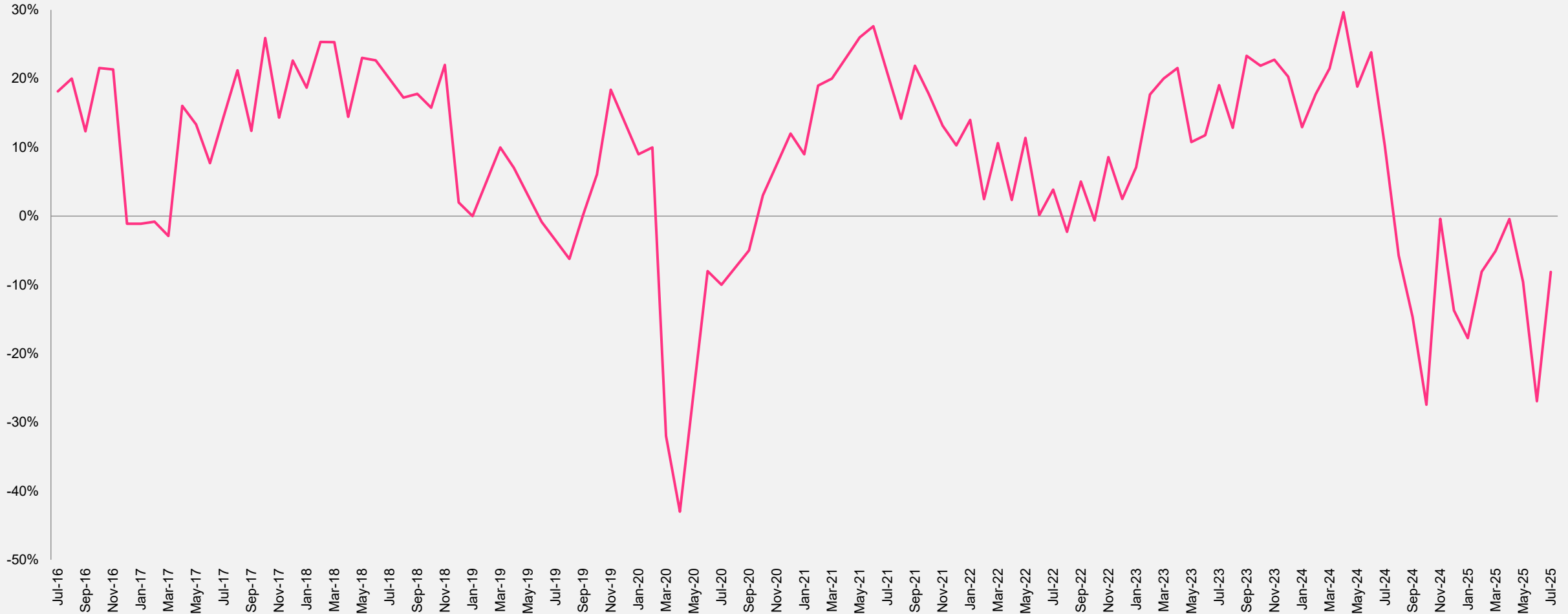
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: HEADCOUNT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Investment intentions also rose in August, following July drop

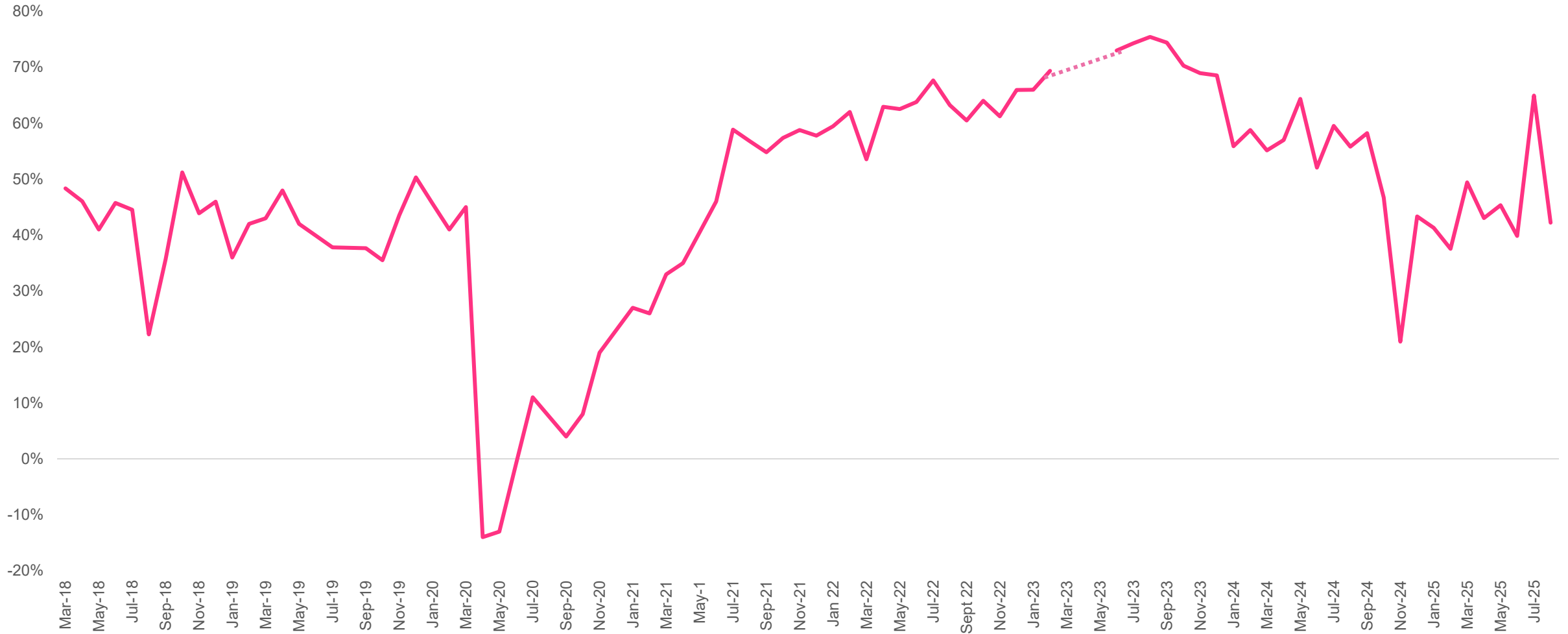
*Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: INVESTMENT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys*





Wage expectations fell to +42 from +65 in July

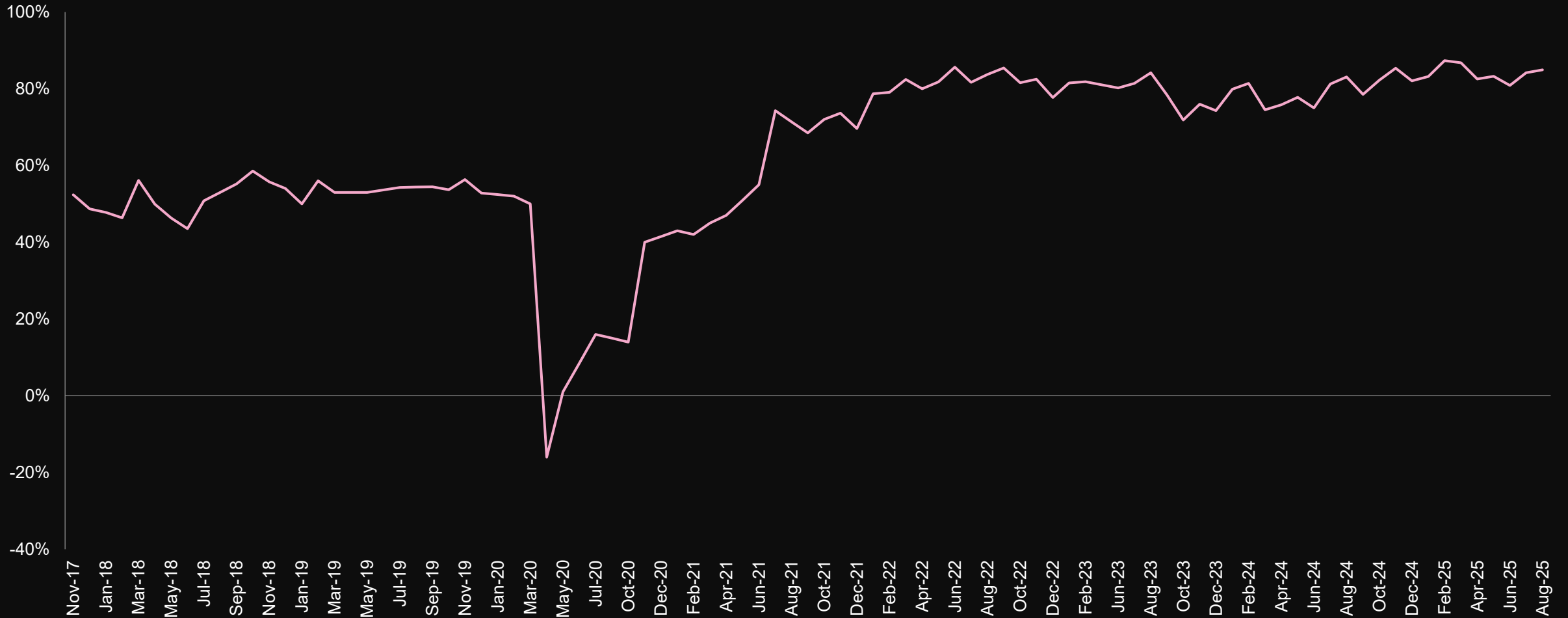
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: WAGES.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Cost expectations remained steady

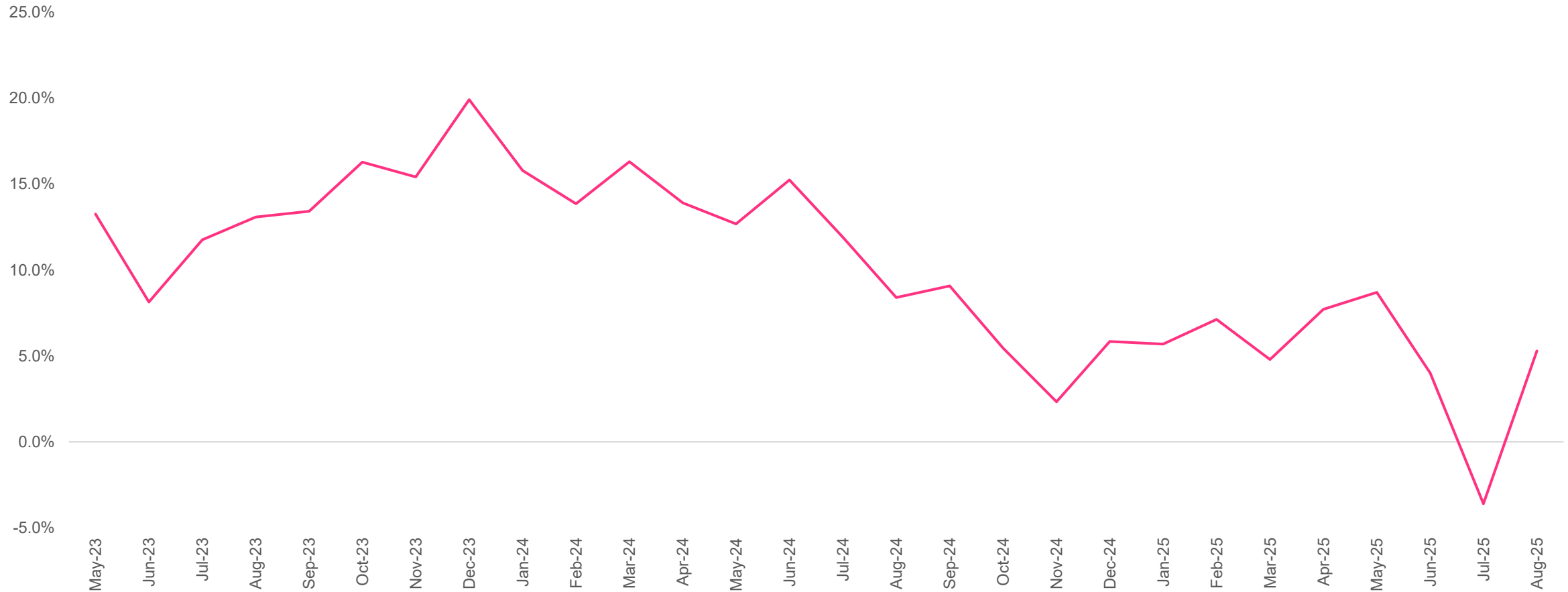
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: COSTS.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Export expectations record positive reading, following first negative 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: 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.