



Policy Voice full survey results June 2025

- The UK-EU Reset
- Right to work
- Zonal energy pricing
- Economic confidence

Number of respondents: 449
Survey Dates: 13 – 30 June 2025



The UK-EU Reset

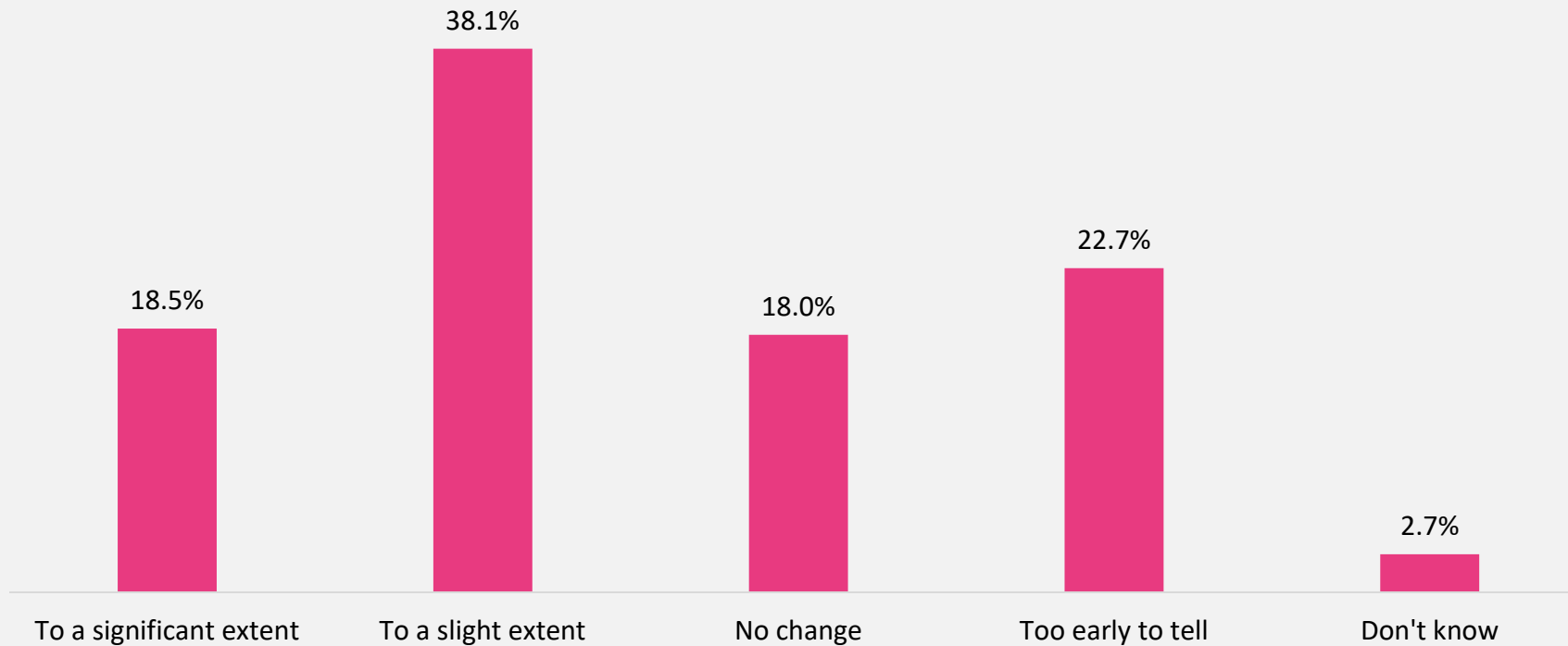
On 19 May, the UK and EU hosted a summit to initiate a reset of relations.

Commitments include a UK-EU Sanitary and Phytosanitary Zone to remove red tape on agrifoods, a Youth Experience Scheme, an agreement to link emissions trading schemes, a defence pact and a fisheries deal.



Over half of IoD members believe that the outcomes of the summit will improve the UK's relationship with the EU

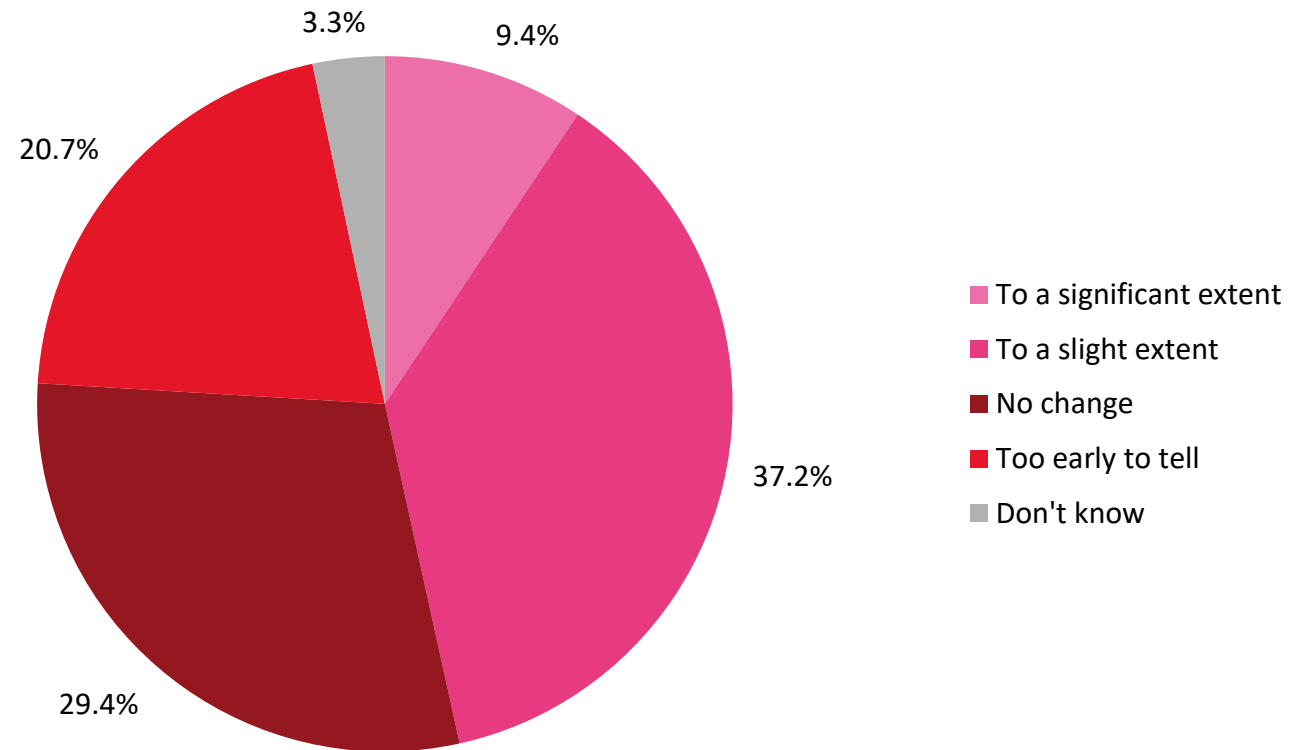
To what extent do you think that the commitments in the 19 May Summit will lead to an improved relationship with the EU?





Nearly one third of members think its too early to say whether the outcomes will support growth

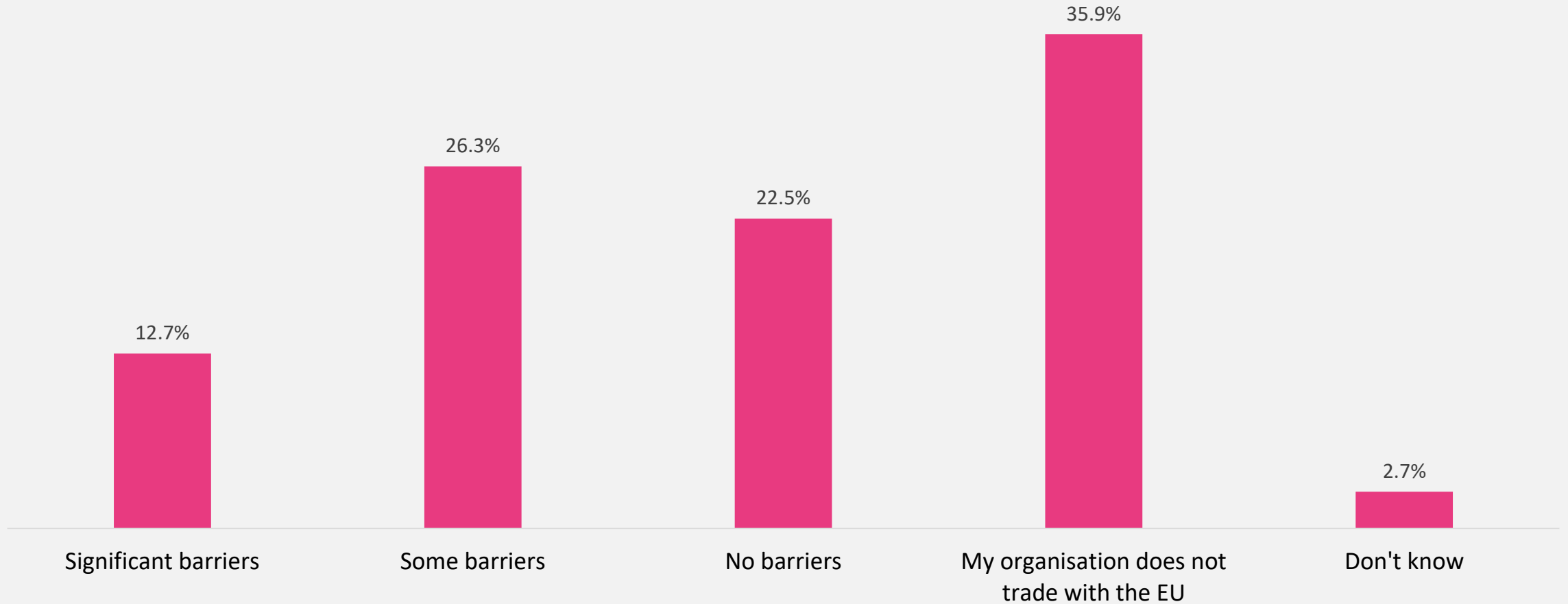
To what extent do you think that the commitments in the 19 May Summit will support growth in the UK economy?





Over a third of IoD members do not trade with the EU

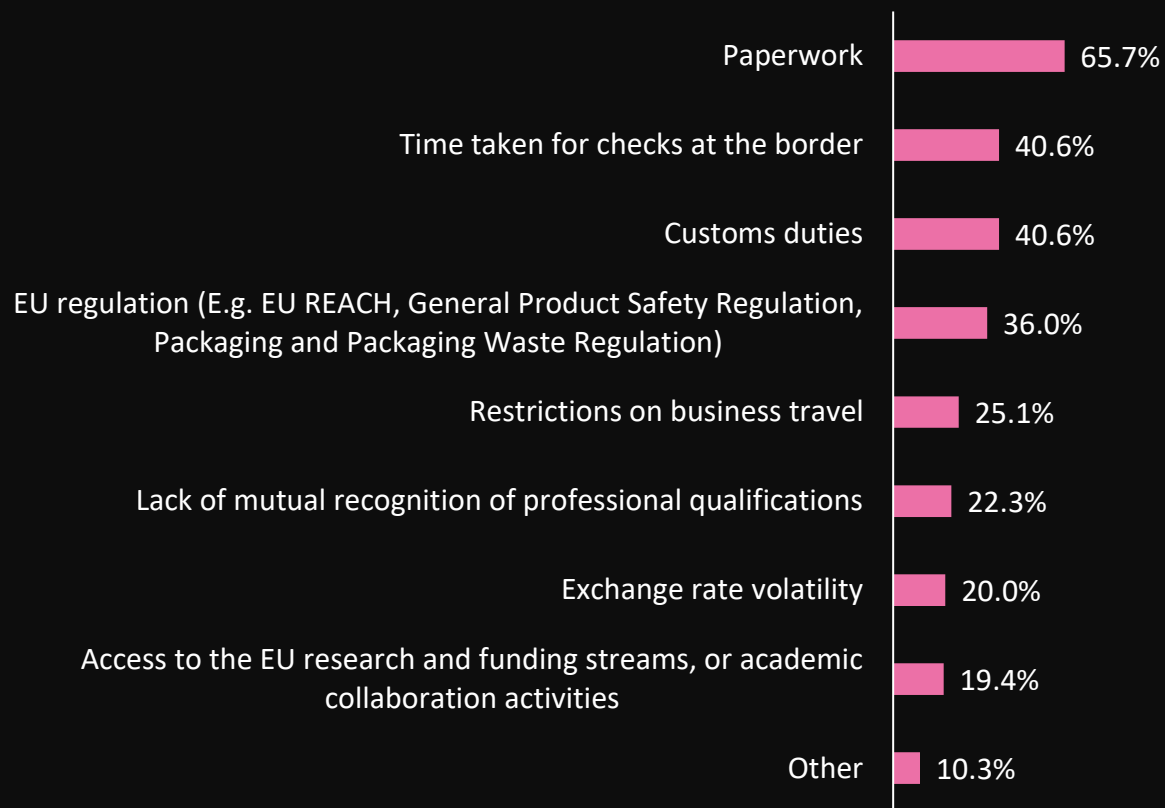
To what extent does your organisation experience barriers to trading with the EU?





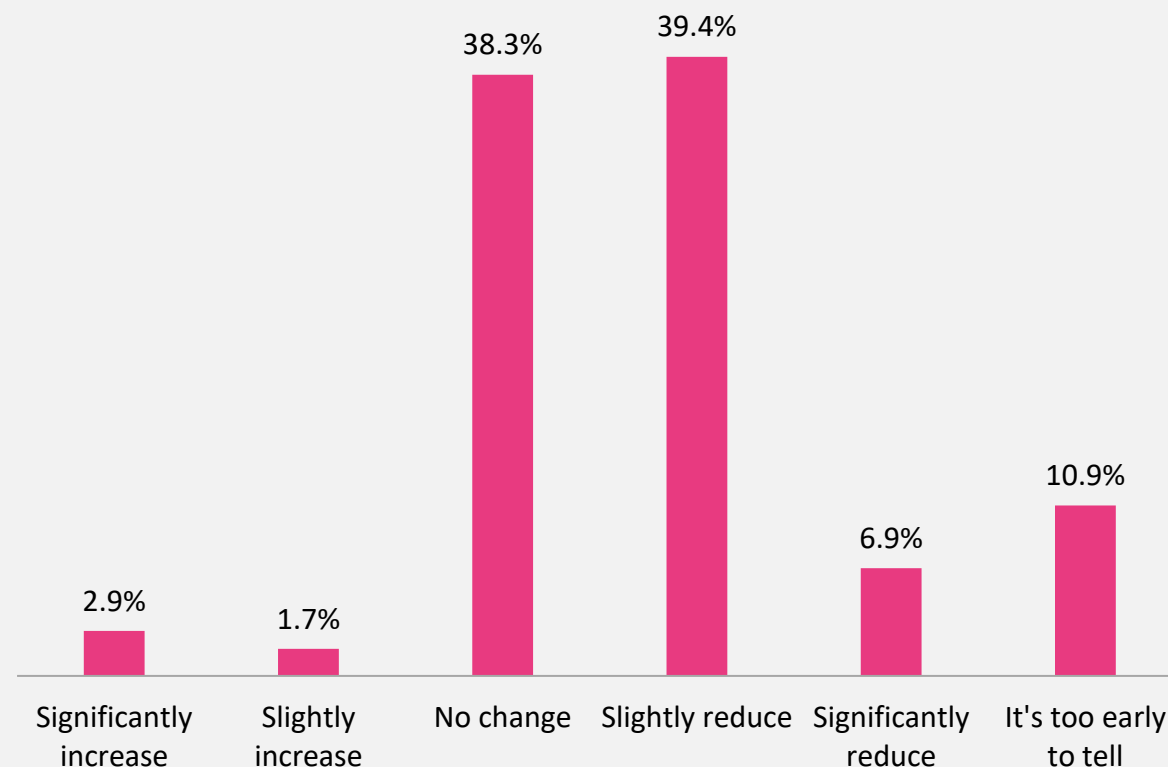
Almost two thirds of business leaders sees paperwork as a barrier to doing trade with the EU

Which of the following barriers does your organisation experience when doing business with the EU?



Nearly half of business leaders think that the outcomes will reduce barriers to trading with the EU

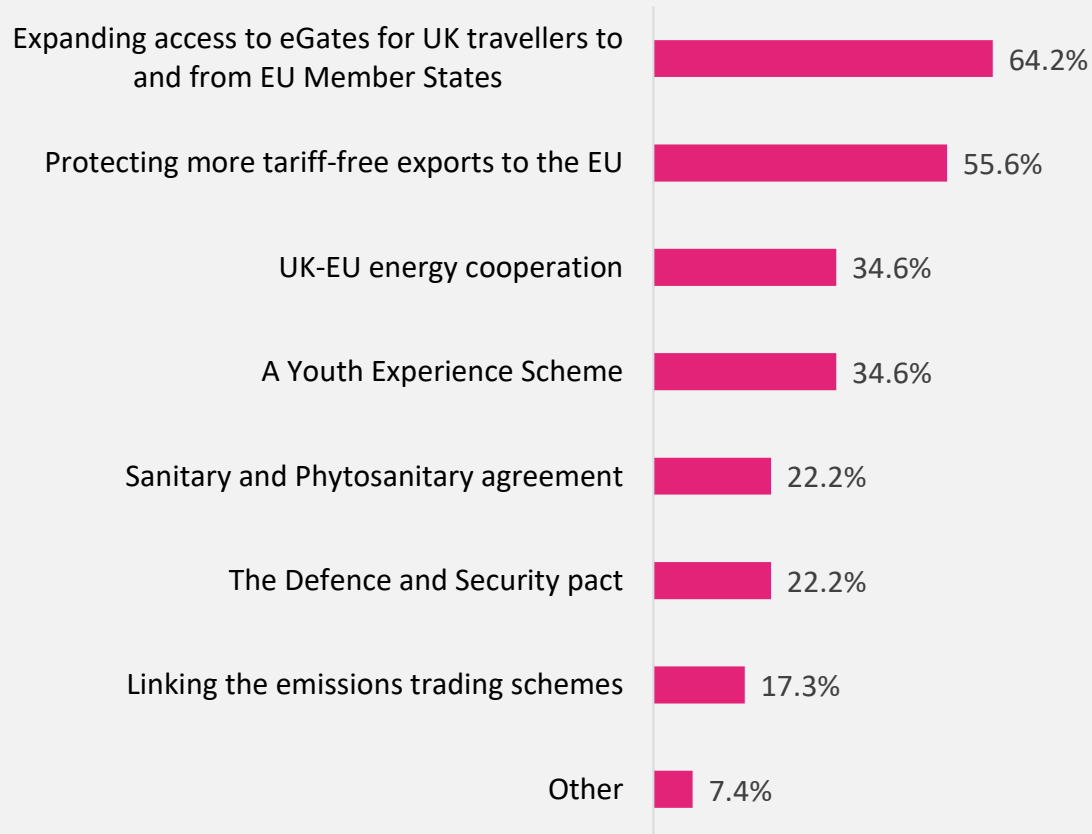
To what extent do you think the commitments in the EU Reset Summit will alter these barriers to trading with the EU?





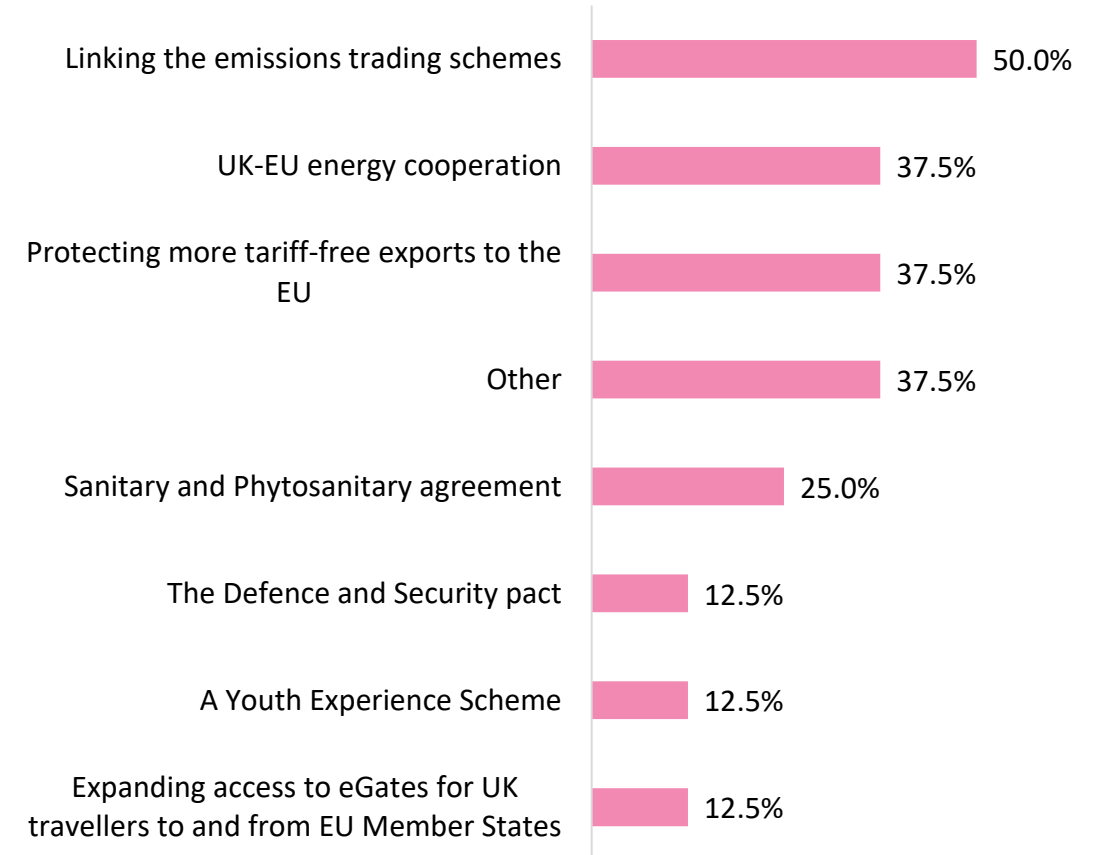
You said the commitments in the EU Reset Summit will reduce barriers to trading with the EU.

Which of the following do you think will reduce barriers for your organisation? Select all that apply.



You said the commitments in the EU Reset Summit will increase barriers to trading with the EU.

Which of the following do you think will increase barriers for your organisation? Select all that apply.





The survey results suggest cautious optimism in members' approach to the EU Reset. However, concerns really come through in the qualitative analysis. The primary issue is that members feel the UK has sacrificed more than it should have done for not enough in return from the EU. This is particularly felt within the commitments agreed for the fishing industry, and on EU-UK regulatory alignment. They feel these agreements will sacrifice UK sovereignty:

"I am concerned for our fishing industry in particular but also worry about the detail - we don't have as many skilled, international negotiations as we need having ceded that responsibility to the EU while members. I fear we may have given up potential freedoms for very little." (Information and Communication, Wales, 250+ employees)

"My overall view is that it was a bad deal for the UK: giving away our flexibility in terms of independent regulatory environment etc and 'surrendering' to EU demands for us to submit to 'dynamic alignment' without ANY material benefits in return. The focus should have been on mutual recognition of regulation and professional qualifications, not on submitting to EU rules that are not generally in our interest and over which we have no say." (Other services, East Midlands, 10-49 employees)

"Having many clients in the fisheries sector, I'm disappointed to see that this sector is being sacrificed as a pawn to improve trading conditions for other sectors. It shows disregard for the fragile coastal and rural Scottish communities dependant on fishing for their survival." (Financial services, Scotland, 10-49 employees)

Many also feel that the deal will actually harm UK growth, due to the EU's bureaucratic machinery:

"The EU is the first Empire in history run by a bureaucracy. Decision making requires the agreement of 27 countries with widely differing economies. This means decisions take a long time and are always reduced to the lowest common denominator. The EU is in decline and will continue to decline unless there is a massive reform in the way that it operates. In my opinion we should avoid getting any closer to them than we are now otherwise we will be claiming aboard a sinking ship!" (Other services, South East England, 10-49 employees)

"I think that the lack of business and wider macro economic understanding from the current government and an eagerness to re-connect with the EU will likely blind them in obtaining new arrangements that will benefit the UK, but give away sovereignty and decision making back to the EU on several areas." (Manufacturing, South East England, 10-49 employees)

"We are bound to get yet more red tape and bureaucracy from the EU. Eventually we will spend our days filling in forms, training, getting certificates and then bankruptcy. No wonder our productivity is low and staff don't wish to return to work." (Accommodation and food services, South East England, 2-9 employees)



Of those that feel more positively towards the UK-EU Reset, the sentiment reflects a positive beginning for negotiations, but that there is more to come. Meanwhile, the political significance was highlighted:

“A promising start has been made but the detail will be crucial.” (Other services, East Midlands, 10-49 employees)

“I think it is an excellent step towards further collaboration with the EU, not a significant change substantively but I hope diplomatically very positive.” (Manufacturing, North West England, 100-249 employees)

“I think the coming together of the UK and EU will in part be driven by need given the US trade issues and how we decouple from areas like China. I think geopolitical security will also be a factor. In those respects, we need each other more than ever.” (Water supply, sewerage and waste management, Scotland, 250+ employees)

“Small gains but important to have improved the tone and relationship.” (Professional, scientific and technical activities, South East England, 2-9 employees)



Right to work credentials

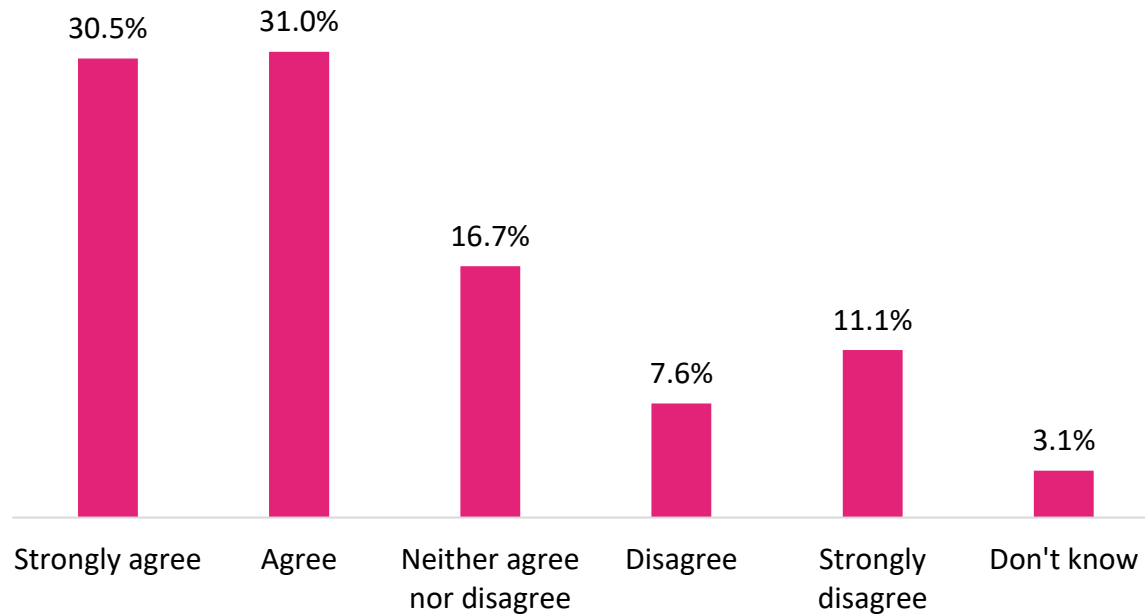




The majority of IoD members would like to see the introduction of a right-to-work card

Currently, employees can use a range of different documents and credentials to prove their right to work in the UK to an employer.

Do you think the UK government should replace these with a single, free, mandatory digital right-to-work card that would be stored on employees' smartphones and verified by employers using a free verifier app?





Almost two thirds (62%) of members supported the concept of a digital right to work credential, with many highlighting the burdensome nature of the current system:

“Anything that makes the process easier and less onerous on the employer where there may be subjectivity” (10-49 employees, Manufacturing, South West England)

“The onus on employers to seek out the relevant information, which can be in formats that are not particularly familiar, to verify someone's right to work is a burden. A single, easy verification method would be an improvement.” (2-9 employees, Information and communication, North West England)

“It is ridiculous that the emphasis is on employers to verify employees right to work without any centralised system to establish this.” (50-99 employees, Manufacturing, Wales)

However, a recurring theme among member who disagreed was a general distrust of the capacity of government to deliver such a project:

“The government has form for overreach, appallingly delayed & expensive IT projects & it should not be trusted” (10-49 employees, Wholesale and retail trade, Wales)

“I can see benefits for such a scheme but it will, knowing government behaviours, very quickly become another additional cost pushed onto employers (stealth tax) and yet another move by government to spy upon the population” (2-9 employees, Other services, South East England)

A common theme in comments from both those who agreed and disagreed with the principle was concern about the potential for fraud in any digitised system:

“It would need to be robustly policed and checked as it will be subject to fraud & counterfeiting” (250+ employees, Financial services, London)

“Would need to be an alternative in the event no smartphone is available. Also need to account for potential for digital fraud.” (10-49 employees, Information and communication, Northern Ireland)

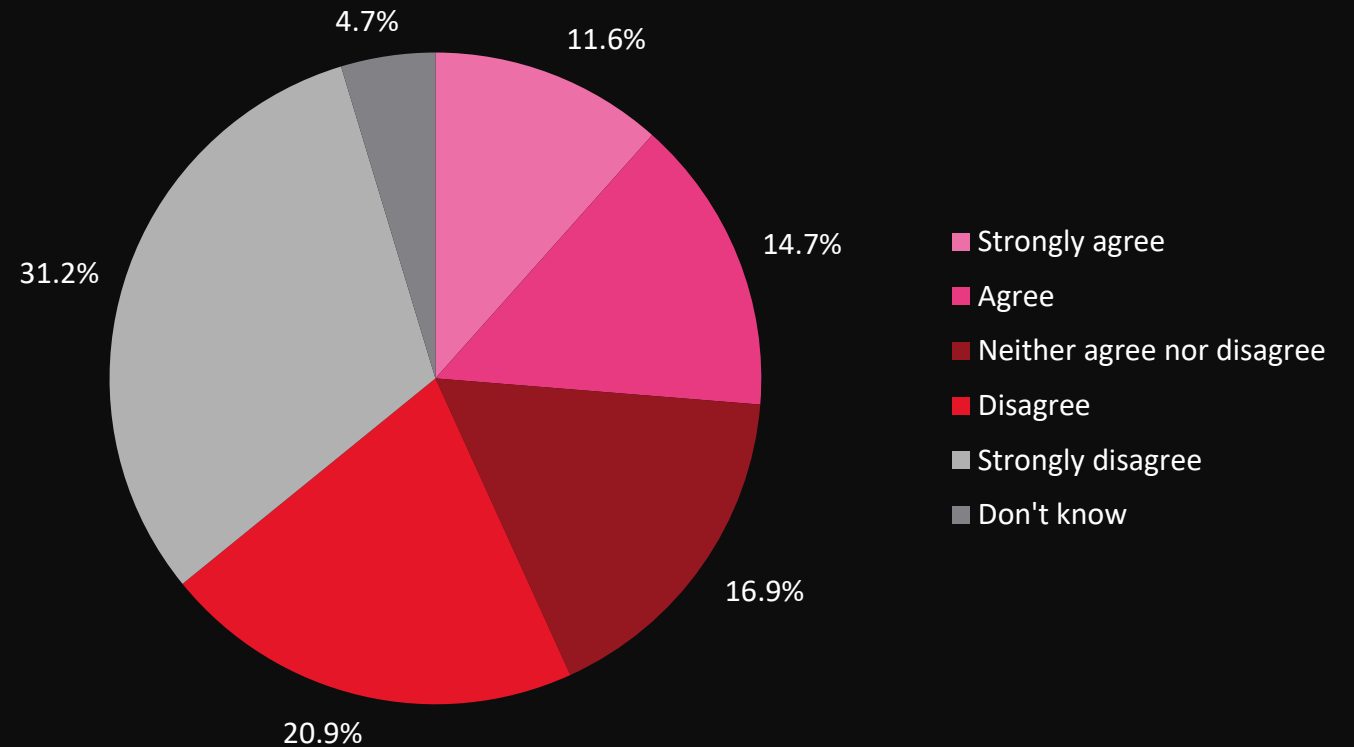
The background features a central vertical axis with four overlapping, teardrop-shaped regions. The top-left and bottom-right regions are a vibrant red, while the top-right and bottom-left regions are a bright pink. The central area where all four shapes meet is a dark, almost black, color.

Zonal energy pricing



Roughly half of business leaders do not think the government should adopt zonal energy pricing

Do you think the UK government should adopt zonal energy pricing, whereby electricity costs vary by region based on supply/demand and grid constraints?





Slightly over half (52%) of respondents disagreed with the principle of zonal energy pricing, with many believing that government should instead tackle the fundamental issues causing high energy prices, including marginal cost pricing:

“The UK should employ cheapest tariff take up not most expensive tariff take up. The market is perverse as it pays the highest price, this is not an incentive to lower cost production.” (2-9 employees, Information and communication, Yorkshire and the Humber)

“This doesn't address the actual problem, just skirts the issue and kicks it down the road for some other elected government to ignore and pass on.” (10-49 employees, Manufacturing, South West England)

“Energy is already far too expensive in the UK and significantly affects competitiveness of British firms. Why not make energy cheaper in the UK by, amongst other measures, cancelling the net zero targets.” (2-9 employees, Professional, scientific and technical activities, South East England)

Others viewed the policy as likely to result in some regions unfairly subsidising others, along with imbalanced investment in energy infrastructure:

“City dwellers will, as always, likely get caned to fund more outlying regions. Yet most income to coffers comes from the cities!” (10-49 employees, Financial services, London)

“Zonal energy pricing will promote infrastructure investment in areas with the best returns, thereby starving the rest of the country and polarising energy costs.” (100-249 employees, Manufacturing, Overseas)

However, some respondents emphasised that such an approach could improve overall investment in energy infrastructure:

“Having pricing which is set by policy rather than technical reality on the ground, is a signal of market failure. We must create the incentives to invest in the infrastructure upgrades which are necessary to make solutions at a technical engineering level. This will result in changes which are now disincentivised, in particular for energy storage and new sources of real inertia which is essential but is under-deployed in today's grid.” (2-9 employees, Manufacturing, Scotland)

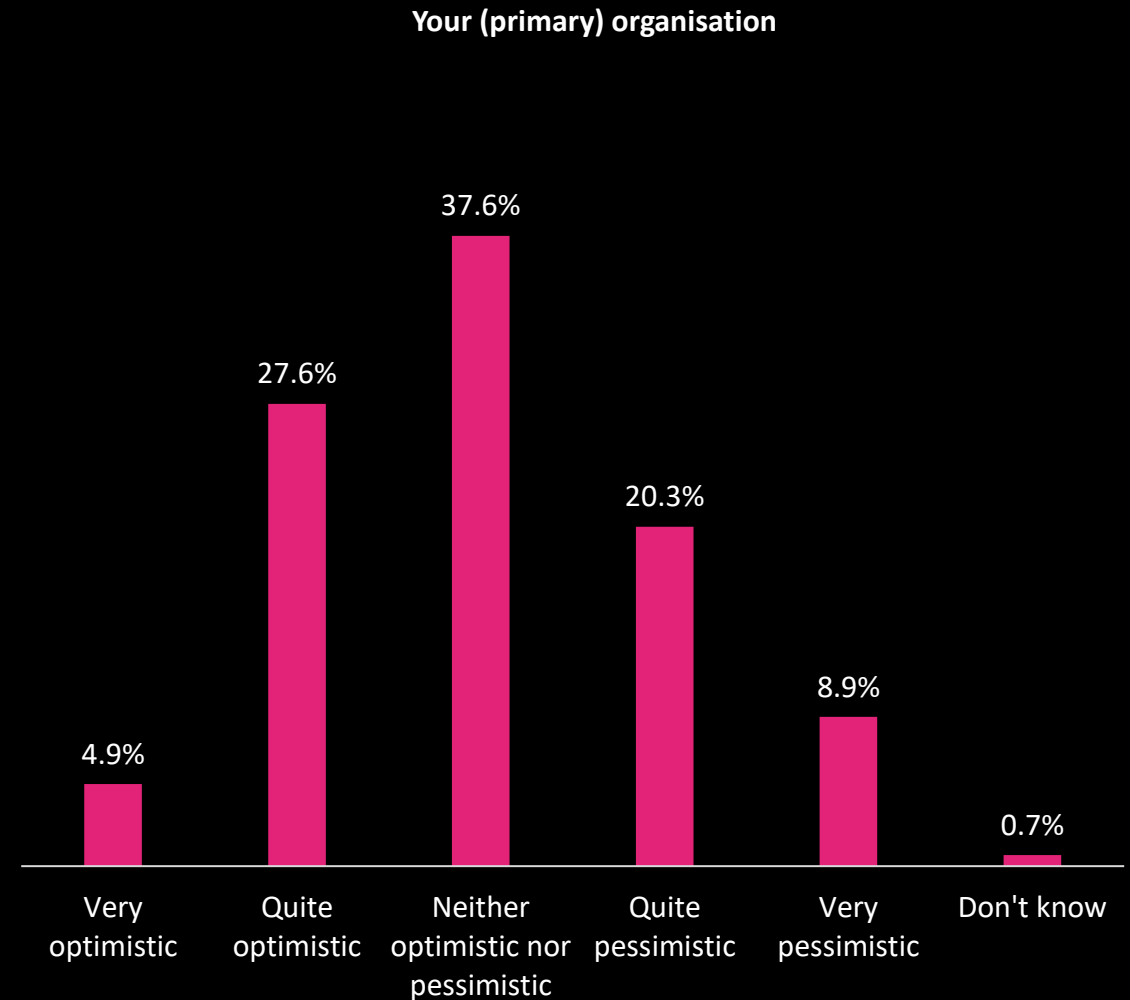
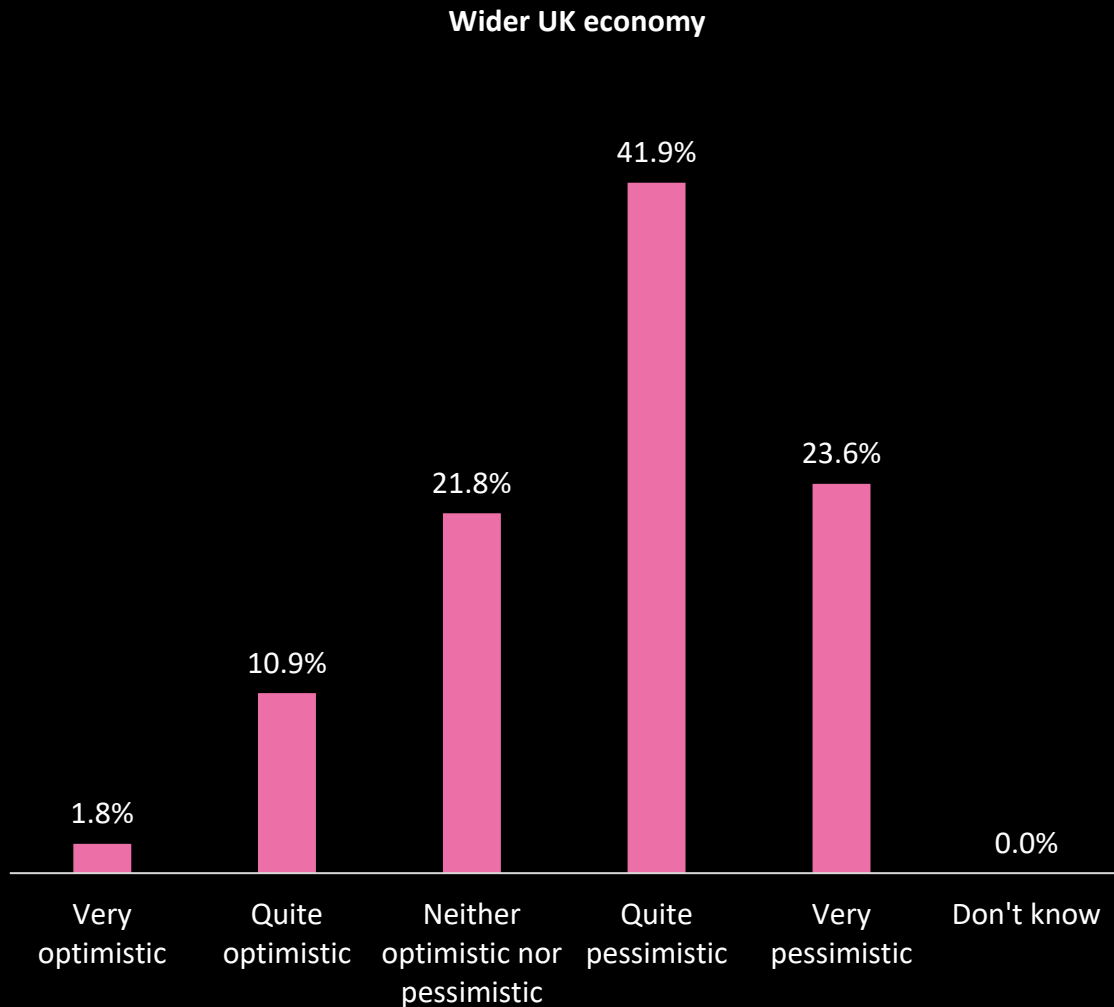
“Pricing in any area should reflect the balance of supply and demand. Our system should promote distributed generation and stimulate load near demand.” (10-49 employees, Electricity and/or gas supply, South West England)

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.



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	4.5%	21.4%	36.1%	22.0%	13.4%	1.3%	1.3%
Costs	18.7%	66.4%	8.7%	3.3%	0.9%	0.7%	1.3%
Exports	2.9%	12.7%	29.0%	7.6%	4.0%	2.2%	41.6%
Headcount	1.8%	17.6%	48.3%	21.6%	8.0%	0.7%	2.0%
Revenue	5.3%	35.9%	23.4%	23.6%	9.8%	1.3%	0.7%
Wages	4.5%	45.7%	36.5%	7.6%	2.7%	1.6%	1.6%



Business leaders are finding economic conditions increasingly challenging, both as Autumn Budget tax measures take effect – particularly changes to national insurance, business and agricultural property relief – and from ever increasing global uncertainty. While the recently launched strategies from the government tick many boxes, the message coming through is that the tax increases unleashed on business have already undermined the industrial strategy’s ambition “to make the UK the best country to invest anywhere in the world.

The reality is that the government has been much more radical in taxing business than it has been in removing blockers to growth – and this is reflected in the further comments:

“The changes to NI and the forthcoming employment law changes will have a significant impact on the business as it is likely to affect how we recruit and will certainly impact on pay review. There is an additional worry about what could come in the October budget, with the possibility of another tax grab. I have never been so disheartened with any government in power as I am with this one. I do not know any business owner who views their policies positively or who feels optimistic about the future. Everyone I speak to, who is running a family business (as I am) is looking at what they can do to ensure they protect everything that they have worked so hard for, how they deal with inheritance tax, and what they do about their pensions. I was speaking with someone in my professional network who runs an asset management company. Following the last budget, his clients collectively moved £10m of assets out of the UK. Tip of the iceberg.” (North East England, other services, 10-49 employees).

“We made 5 staff redundant in April in direct response to the new NICs and employment rights, and also the employment rights coming. We have completely rethought our business, turning it into a lifestyle business not a growth business, as the UK climate is so small business hostile under Labour.” (London, other services, 2-9 employees).



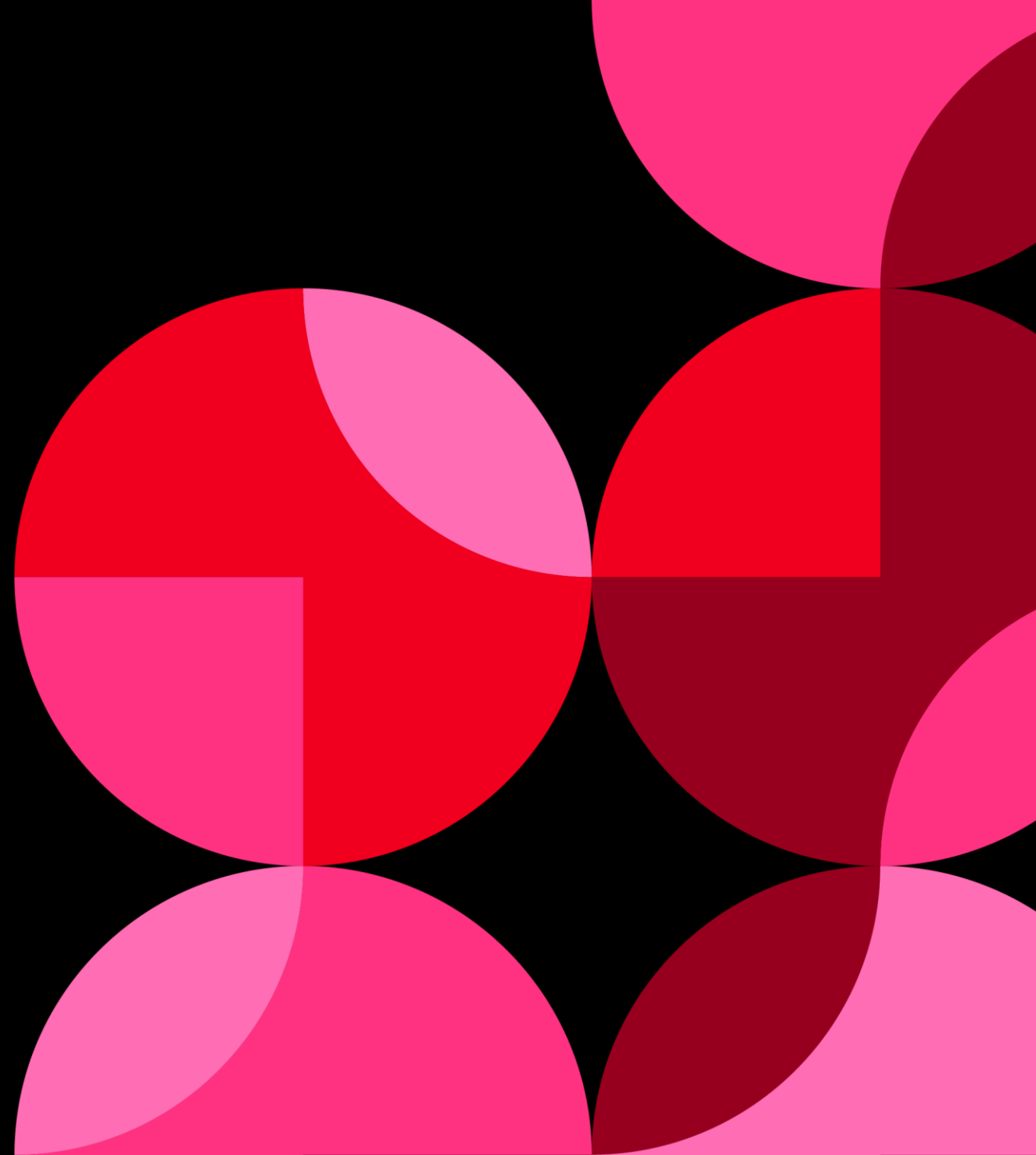
“Operating a business from the UK is becoming increasingly difficult - not due to lack of demand for our services, but due to punitive taxation (on company profits, on employment costs, and on personal wages). If the govt proceeds with its planned employment 'rights' bill, and does not quickly row back on the 'jobs tax', then we will be actively looking to reduce UK headcount and offshore our production.” (East Midlands, other services, 10-49 employees)

“National Insurance costs have forced us to recruit internationally instead of the UK for many positions, we are also looking at how we can reduce UK headcount. With business and personal taxes at a record high, the incentive and motivation for working and growing a business in the UK is being firmly extinguished.” (South East England, information and communication, 100-249 employees)

“Gov’t policies on tax and employment regulation are increasing the cost of doing business. Other countries are offering better terms, and this will incentivise British businesses to either scale back or relocate to more favourable markets.” (South East England, professional, scientific and technical activities, 2-9 employees)



Economic Monitoring: Trends





Business confidence loses half the gains made since November

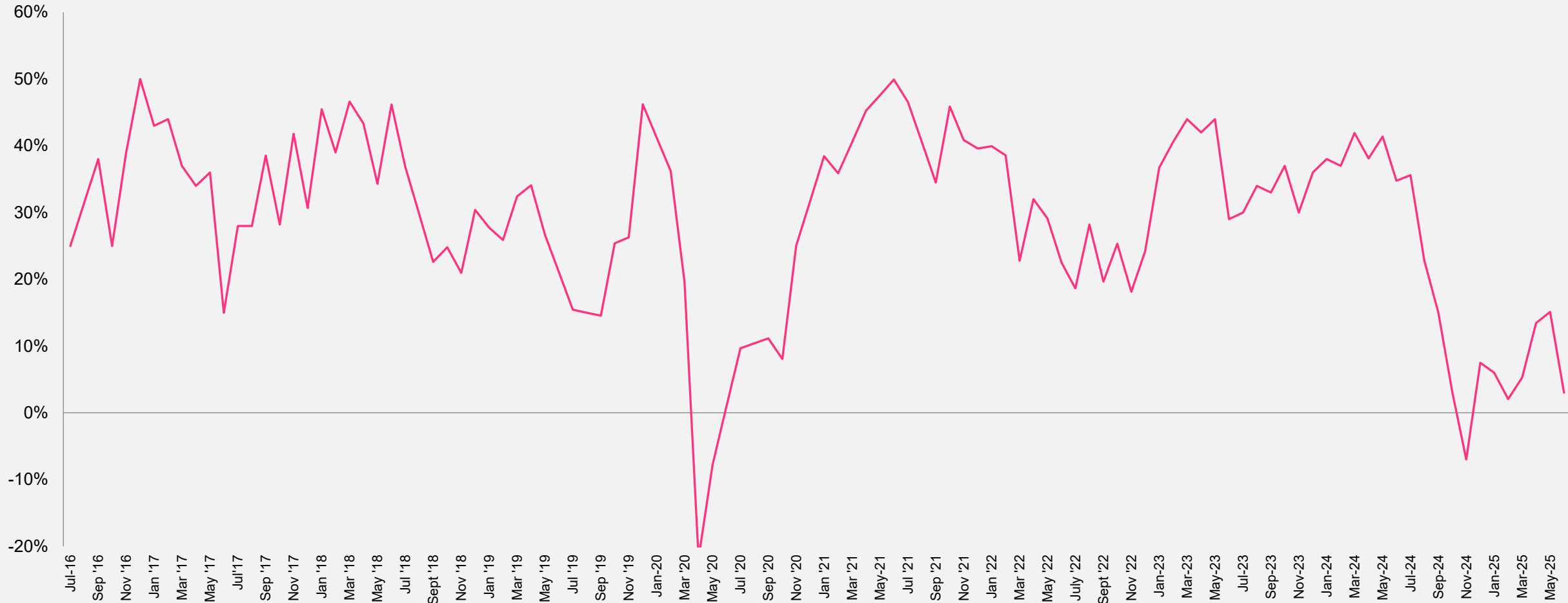




Business leader confidence in their own organisations falls from +15 to +3 in June

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

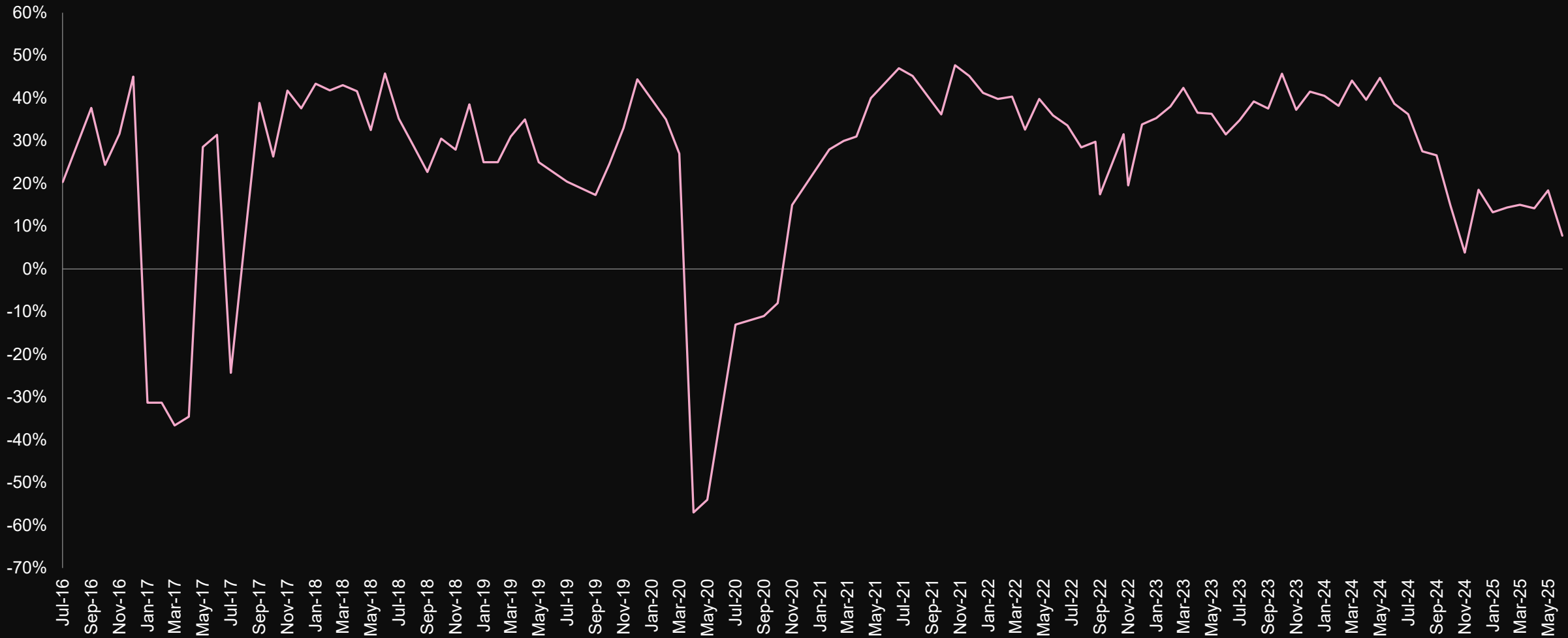




Net revenue expectations fell to +8 in June

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

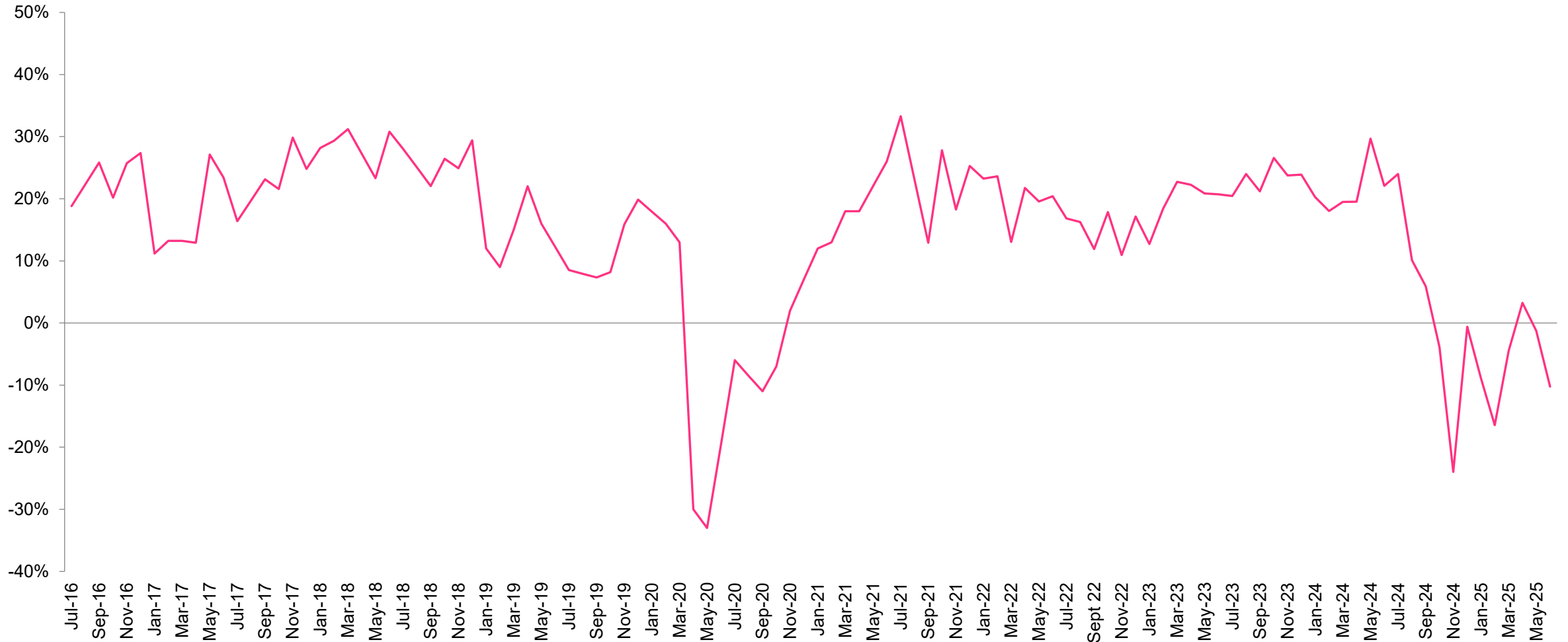




Headcount expectations continued to decline in June

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.

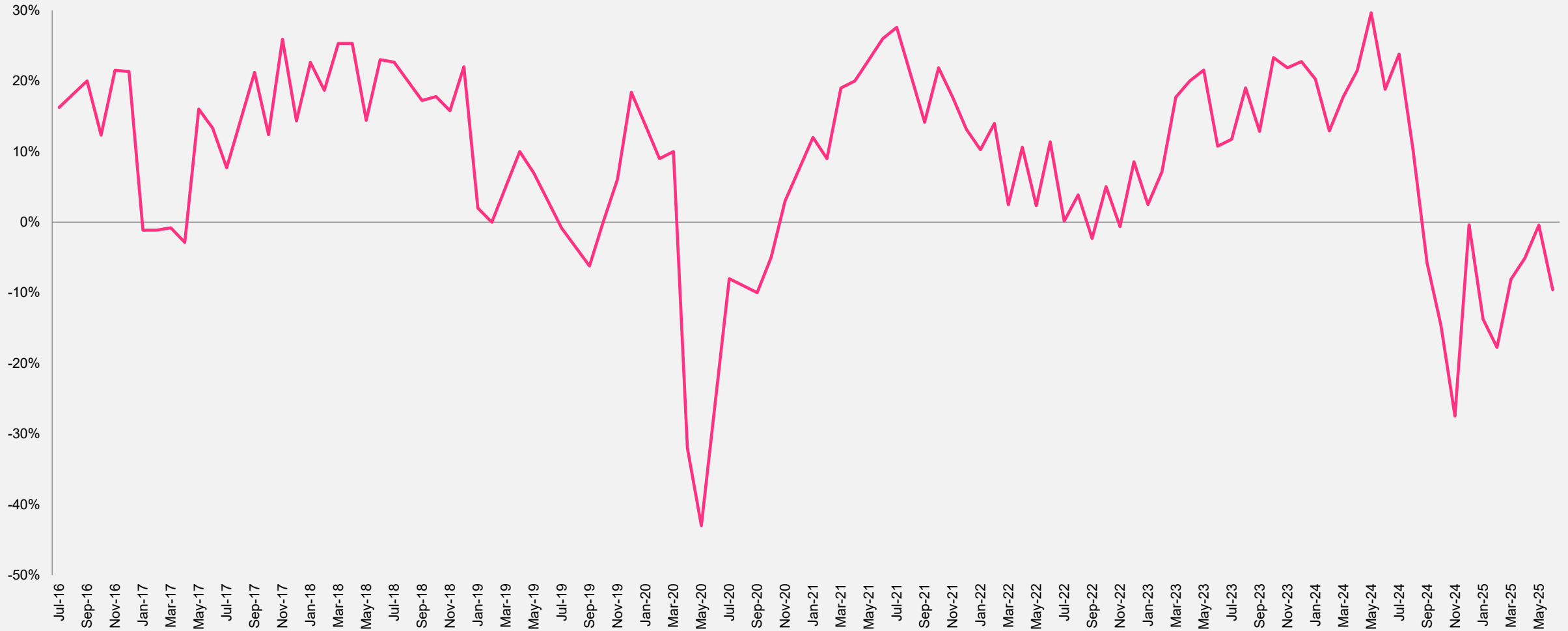
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Investment intentions fell back into the negatives, landing at -10 in June

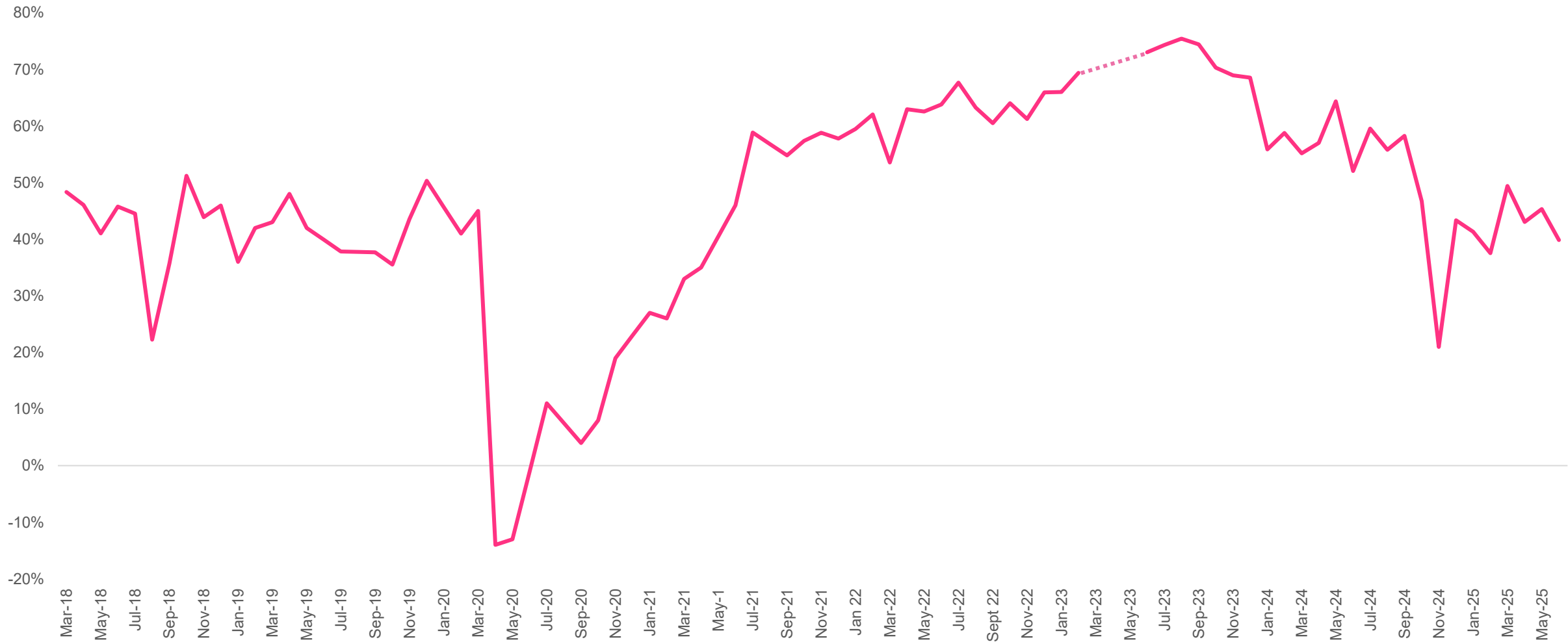
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: INVESTMENT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Wage cost pressures fell slightly in June, to +40 from +45

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

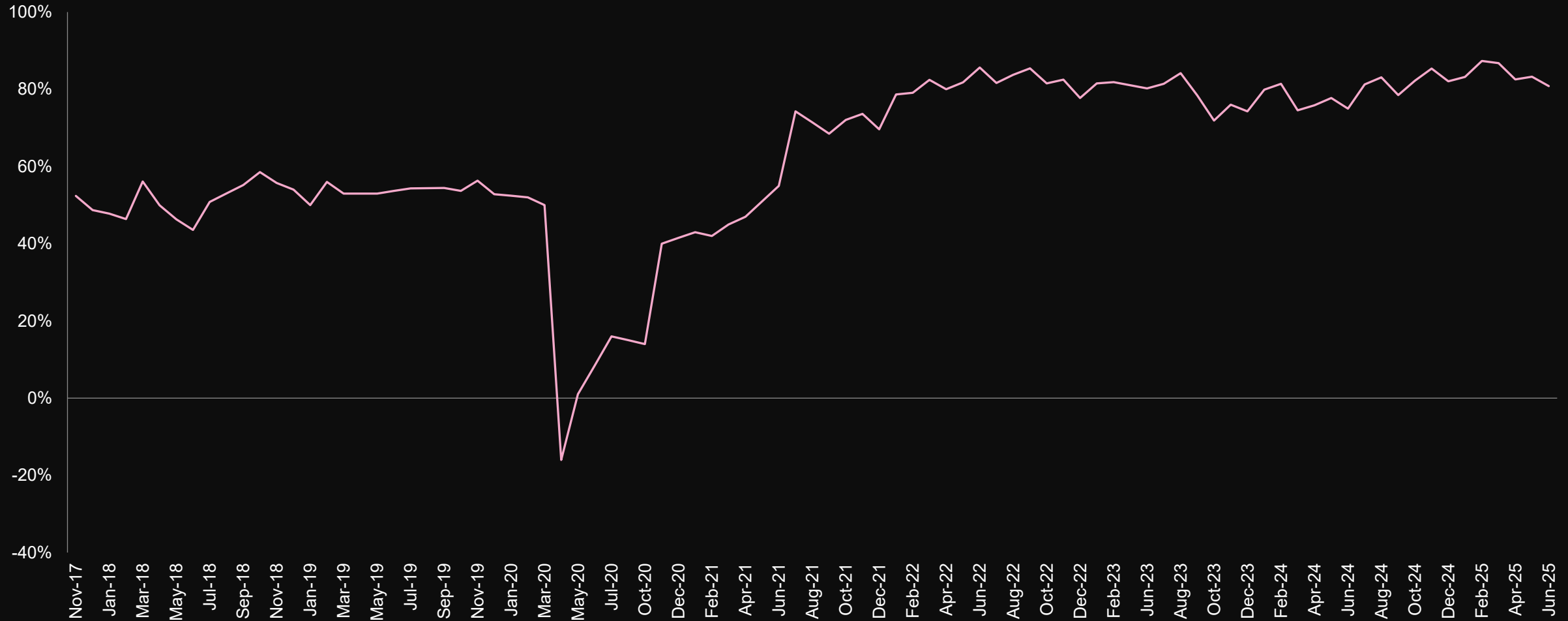


..... = question not asked



Cost expectations reduced slightly in June

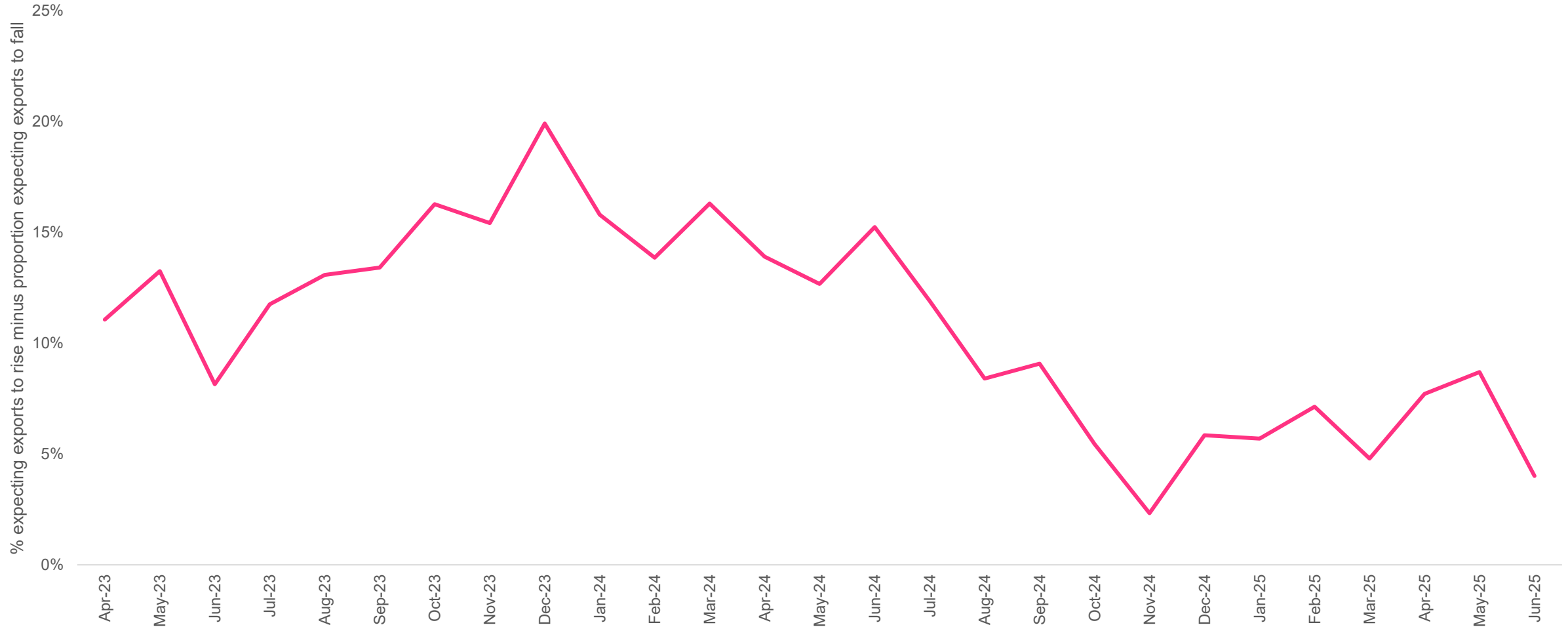
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: COSTS.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Export expectations decrease by more than half in June

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.