Policy Voice full survey results June 2026

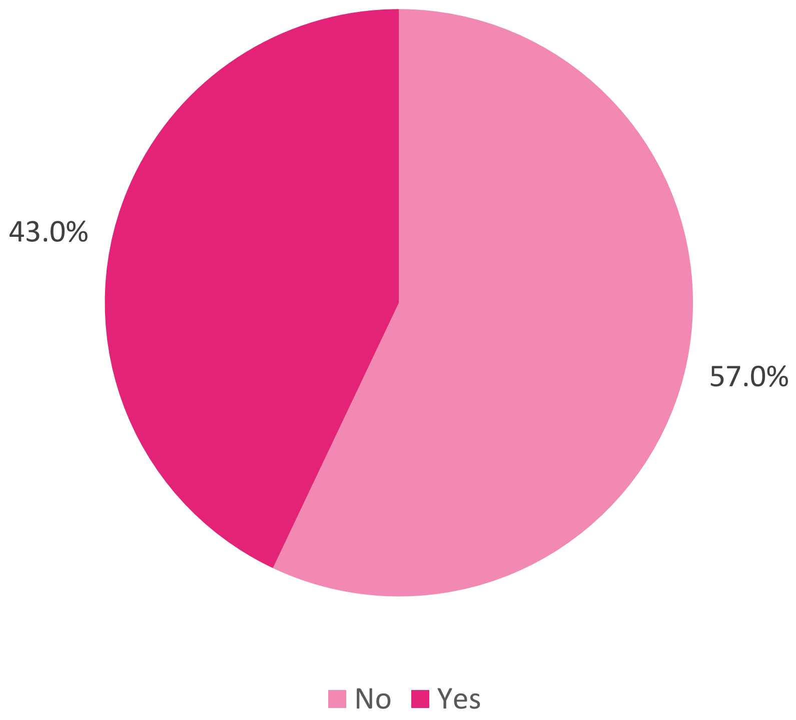
- Supply chain disruption
- UK trade deal with the Gulf Cooperation Council (GCC)
- Disruption and economic uncertainty

Number of respondents: 454
Survey Dates: 12 - 29 June 2026

Supply chain disruption

Middle East conflict raises shortage concerns for some firms

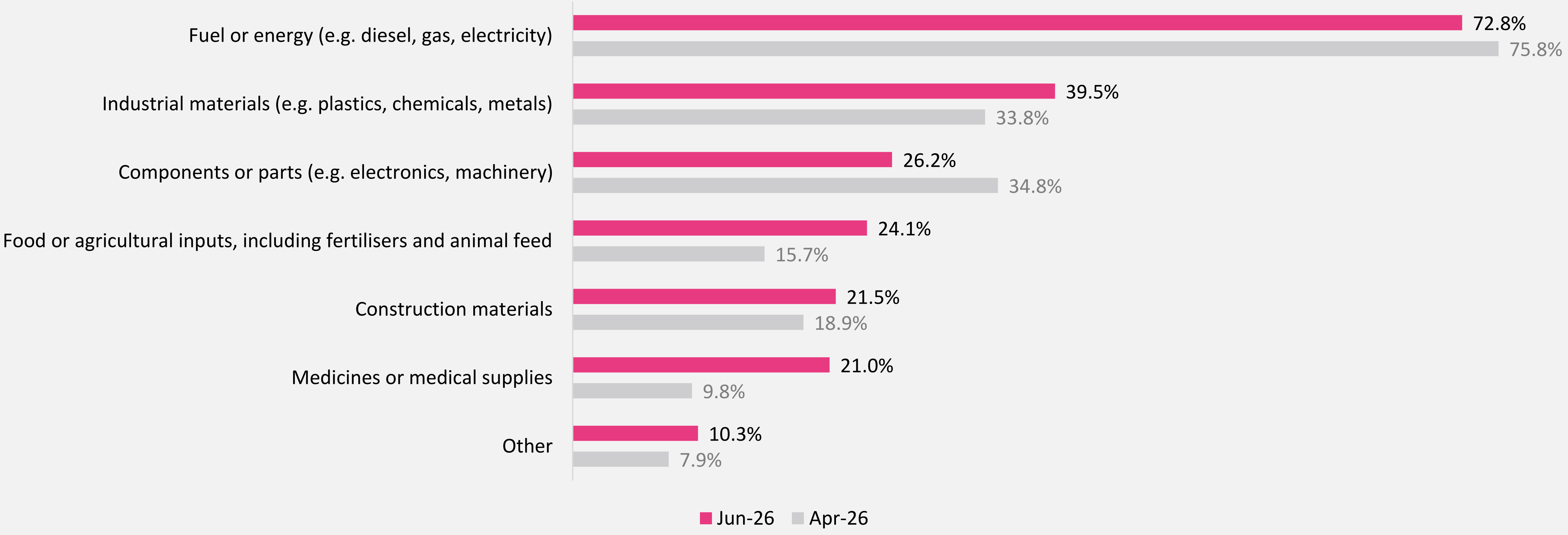
Are you worried about shortages of fuel, materials or components impacting your business in the coming months as a result of the conflict in the Middle East?



IoD members largely concerned about fuel and energy shortages due to conflict in Middle East

In which of the following inputs, if any, are you most concerned you will suffer shortages?

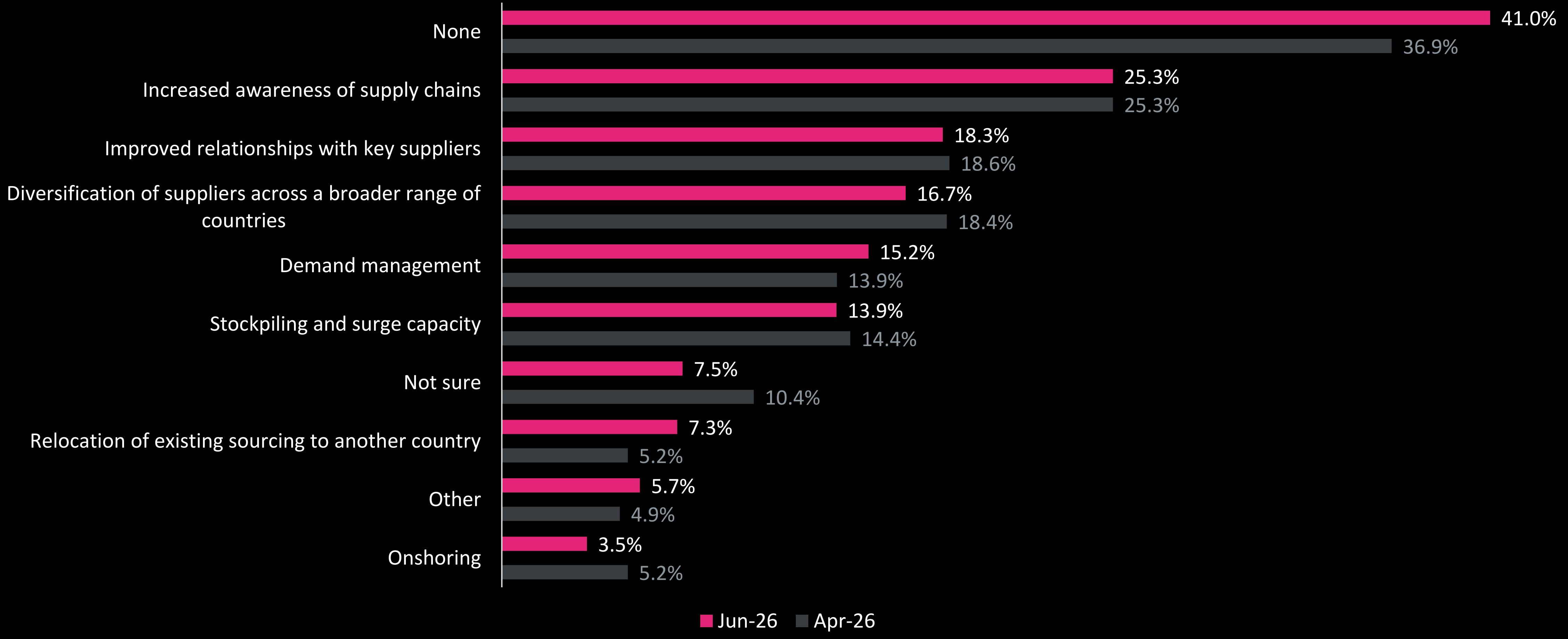
Please select all that apply.



This question was answered by those who expressed worry about shortages of materials

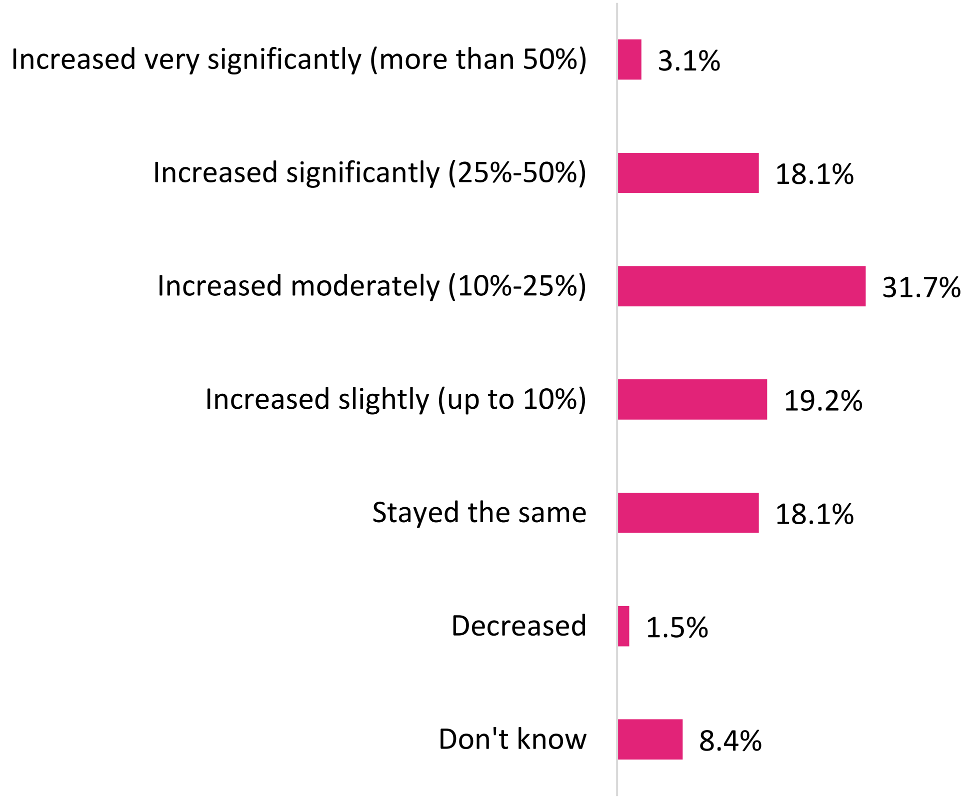
Most members' mitigation focuses on supply chain awareness

Have you taken, or are you planning to take, action to mitigate the impact of shortages on your business?

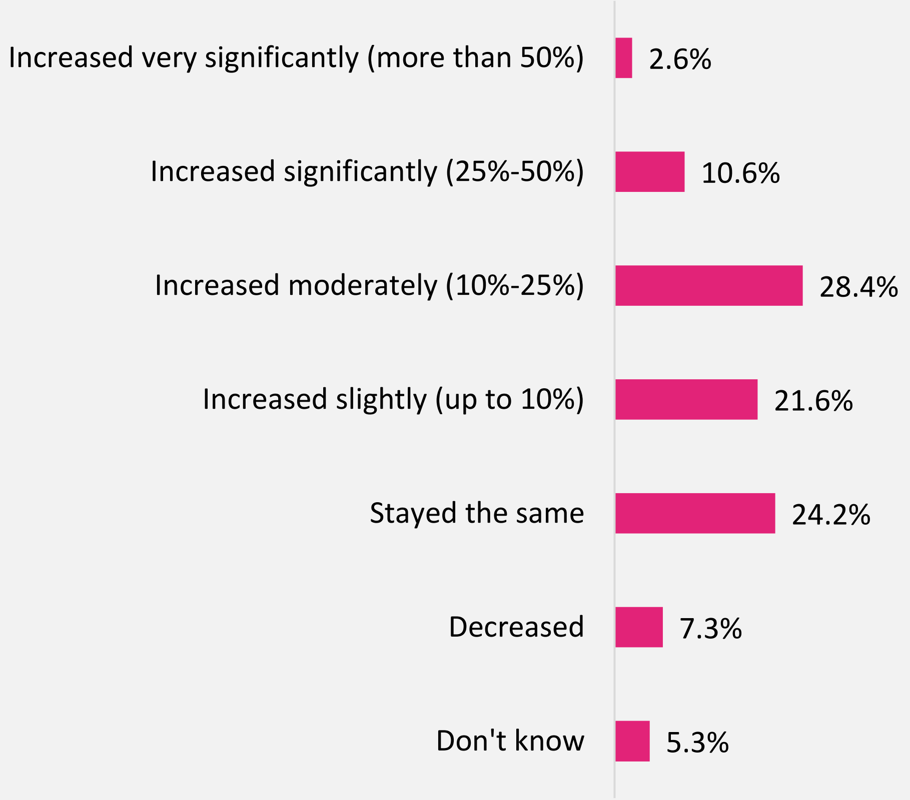


This question was answered by those who expressed worry about shortages of materials

How have your business' energy and fuel costs (including electricity, gas, petrol and diesel) changed over the past 3 months (Apr-Jun) compared with the previous 3 months (Feb-Apr)?



What do you expect to happen to your business' energy and fuel costs (including electricity, gas, petrol and diesel) over the next 3 months (July-Sept) compared with the previous 3 months (Apr-Jun)?



Around four in ten businesses (43%) are concerned about shortages of fuel, materials or components as a result of the conflict in the Middle East. Fuel and energy are by far the biggest concern, selected by nearly three-quarters of those worried about shortages. However, the comments suggest that while some businesses are experiencing disruption to supply chains and key inputs, many are feeling the impact through rising fuel, energy, transport and operating costs rather than direct shortages.

The dominant concern relates to fuel and energy costs. Many respondents highlighted the impact of higher diesel, fuel and utility costs on day-to-day operations, while others were concerned about further increases if disruption persists.

"Diesel supply and price - supply has been normalised, but cost is +35-30%. Bitumen supply and price - having to move to available supplies but cost is up to +50%. Polymer plastic additives and products are scarce and +100% on price." (250+ employees, Construction, South East England)

"Our energy costs remain 300% higher than pre covid prices." (100-249 employees, Manufacturing, South West England)

"Concerned about fuel for vehicle fleet and utility costs. Plus we manufacture chocolate and are concerned how prices may escalate." (250+ employees, Human health and social work activities, Yorkshire and the Humber)

Many businesses, particularly those operating internationally or providing professional services, also highlighted rising transport and travel costs. Respondents reported higher airfares, freight costs and fuel surcharges, while some noted disruption to international travel and customer engagement.

"Capacity on shipping lines and aircraft for freight, upward pricing on diesel and other fuels, increasing costs for our UK domestic fleet of HGV's which in turn increases the cost of everything to the consumer." (250+ employees, Transportation and storage, South East England)

"Cost of being able to actually do business has gone up considerably. Ability to meet and close business activity and maintain relationships overseas has become increasingly difficult and cost prohibitive." (2-9 employees, Telecommunication, computer programming, consulting, computing infrastructure and other information service activities, East of England)

"The rising price of fuel and the impact on aviation is an issue - we have reduced the amount of travel which is currently manageable with clients in the Middle East." (2-9 employees, Professional, scientific and technical activities, South East England)

Manufacturing, construction and related sectors frequently cited concerns about the availability and cost of industrial materials, chemicals and specialist components. Several respondents reported longer lead times, rising prices and increasing supply chain uncertainty.

"All plastic polymer based goods and engineered products that come from or are transported through the regions affected by the conflict. This is also causing severe output delays with consequential losses." (250+ employees, Water supply, sewerage and waste management, North West England)

"Sourcing sheet aluminium is becoming more challenging and electrical and metal components have longer lead times." (10-49 employees, Manufacturing, South East England)

"Supplies of specialist components for bespoke machines. Supply of critical components is becoming an issue." (250+ employees, Arts, sports and recreation, London)

A recurring theme was that businesses were more concerned about rising costs and wider knock-on effects than direct shortages. Many respondents reported inflationary pressures, fuel surcharges and higher operating costs, while service-sector businesses were particularly likely to highlight the impact on travel, client spending and broader economic activity.

"Concerned more that the impact will be general higher inflation rate rather than specific shortages." (10-49 employees, Other services, London)

"Not experiencing shortages directly — my business has no physical supply chain. Main exposure is fuel cost for client travel, which has risen materially since February and remains volatile given the renewed Strait of Hormuz closure." (2-9 employees, Professional, scientific and technical activities, London)

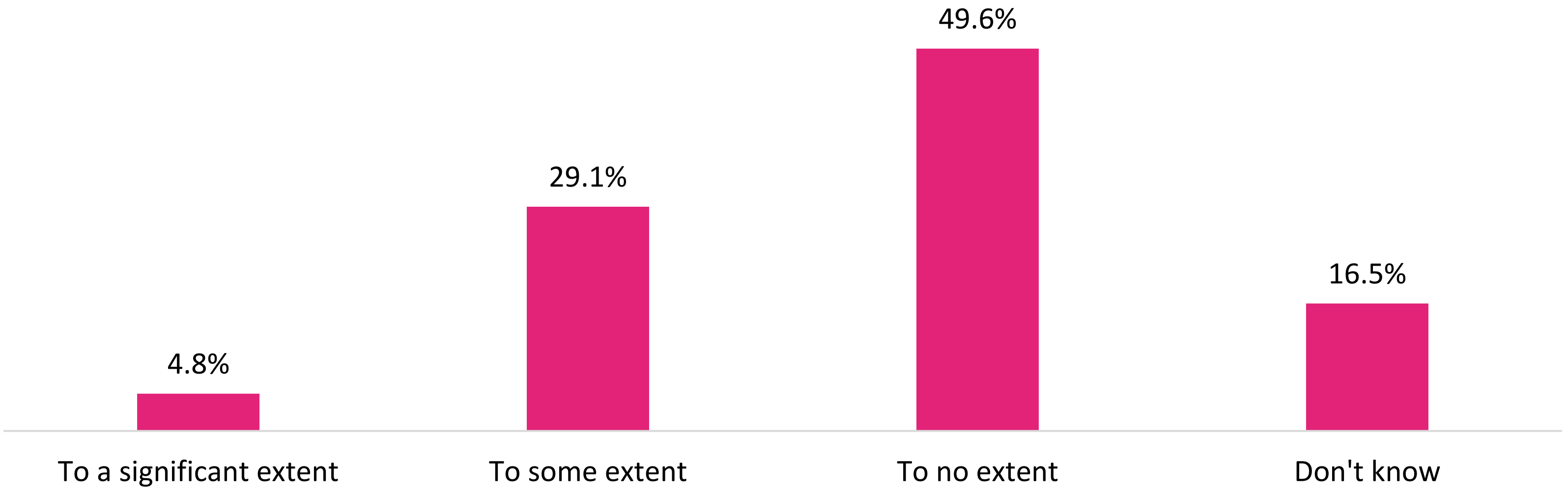
"While we have not experienced significant direct shortages, we are concerned about the indirect effects of geopolitical instability on construction materials, specialist equipment, energy costs and project delivery." (10-49 employees, Professional, scientific and technical activities, South East England)

UK trade deal with the Gulf Cooperation Council (GCC)

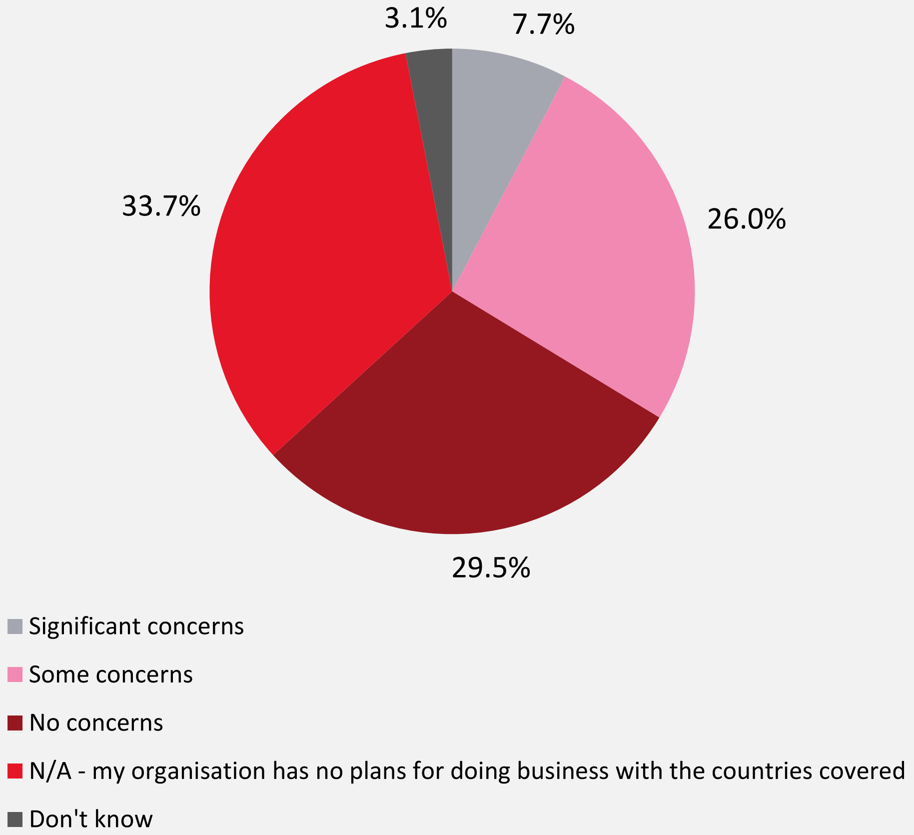
A third of IoD members believe they will benefit from UK trade deal with GCC

The government recently signed a trade deal with the Gulf Cooperation Council (GCC), a trade bloc consisting of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE.

Do you feel like your organisation could benefit from opportunities agreed in the deal, including the removal of tariffs on food exports, medical equipment and advanced manufacturing, simplified customs procedures and liberalised data processing commitments?



Do you have concerns around trading or doing business with any of the countries covered by the GCC as a result of the conflict in the Middle East?



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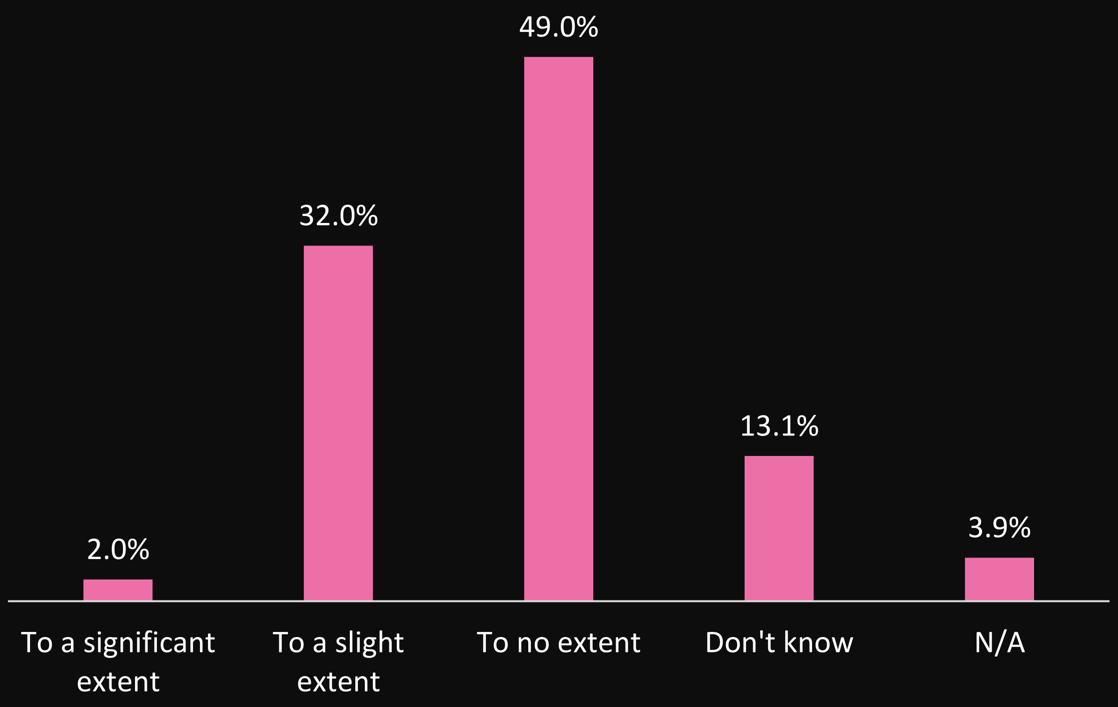


Roughly a third of members feel that their organisation could benefit from the trade agreement that the government signed with the Gulf Cooperation Council (GCC). But the comments reflect caution.

Many members are concerned that the agreement will not do much to mitigate the impact of the conflict in the Middle East:

“Good way forward, but this does not stop the conflict and the effectiveness of the deal will be contingent on the flows through the Strait of Hormuz.” (2-9 employees, Professional, scientific and technical activities, London)

“It's a nonsense. We are extremely unlikely to be popular in the region given we are seen as allies of the US. The region's economy has and will for years be affected by the war and the strait's closure. Fuel costs and so downstream transport costs will erode margins and all of that is before we look at the bind markets effects on our spending availability and the declining value of the pound.” (0-1 employees, Professional, scientific and technical activities, North West England)

“Middle East is not a large market for us but had been identified for growth. Uncertainty and instability impacts that and ability to travel safely in the region so have put that growth plan on hold.” (2-9 employees, Other services, South East England)

Meanwhile, there are those who feel the deal does not present relevant benefits to those operating in services sectors, highlighting the perception that trade agreements predominantly provide opportunities for goods traders:

“The trade agreement doesn't really affect us as a service business. The conflict does mean we would not want to send our staff there in person. But that would not prevent us remote working, subject to appropriate checks on potential clients.” (2-9 employees, Professional, scientific and technical activities, London)

“As a service company we are less impacted by trade deals. We are currently making submissions for clients to GCC states (for new medicinal products) and we would be interested in supporting GCC forming a joint regulatory agency.” (100-249 employees, Professional, scientific and technical activities, East of England)

On a related note, but most importantly, a lot of comments highlighted the fact that there is a lack of guidance and advice for businesses, particularly on the smaller end of the spectrum. If these opportunities open up, firms will only make use of them if they understand how they can interact with them. Members recognised that there is more of a role that government can play here:

"Its not very clear on how this affects any international business - who advertises that this deal can benefit any UK company - we are not being told?" (100-249 employees, Manufacturing, North West England)

"The GCC agreement presents opportunities for UK businesses with specialist professional services, digital solutions and infrastructure expertise. Continued support for services exports, digital trade and the mutual recognition of professional qualifications would further improve opportunities for UK SMEs. At the same time, businesses require confidence that geopolitical developments will not create unnecessary barriers or uncertainty when investing in new international markets." (10-49 employees, Professional, scientific and technical activities, South East England)

"The main issue for us with these top-level agreements is about relevance. We simply do not know if this sort of agreement might help us as there seems very little effort by the government to communicate with small UK businesses, especially in the BtB services sector, about the merits and opportunities of such agreements. As we offer services to both UK companies tyring to sell healthcare technologies in international markets (including these ones), and to international companies trying to access the UK and European markets, this type of agreement could potentially really help us, but are we even the target of such agreements?" (2-9 employees, Human health and social work activities, South East England)

A significant minority of members highlighted that they would not opt to work with businesses in the region due to conflicting views on human rights and ethics:

"Are a responsible, ethical company there are moral challenges to trading with some of these countries." (100-249 employees, Professional, scientific and technical activities, Yorkshire and the Humber)

"It is unlikely we would do any business with any member of the GCC that did not recognise English law and western concepts around equality." (2-9 employees, Telecommunication, computer programming, consulting, computing infrastructure and other information service activities, East of England)

"We need to be more self sufficient and not rely on countries with extremely questionable records on human rights." (2-9 employees, Real estate, South West England)

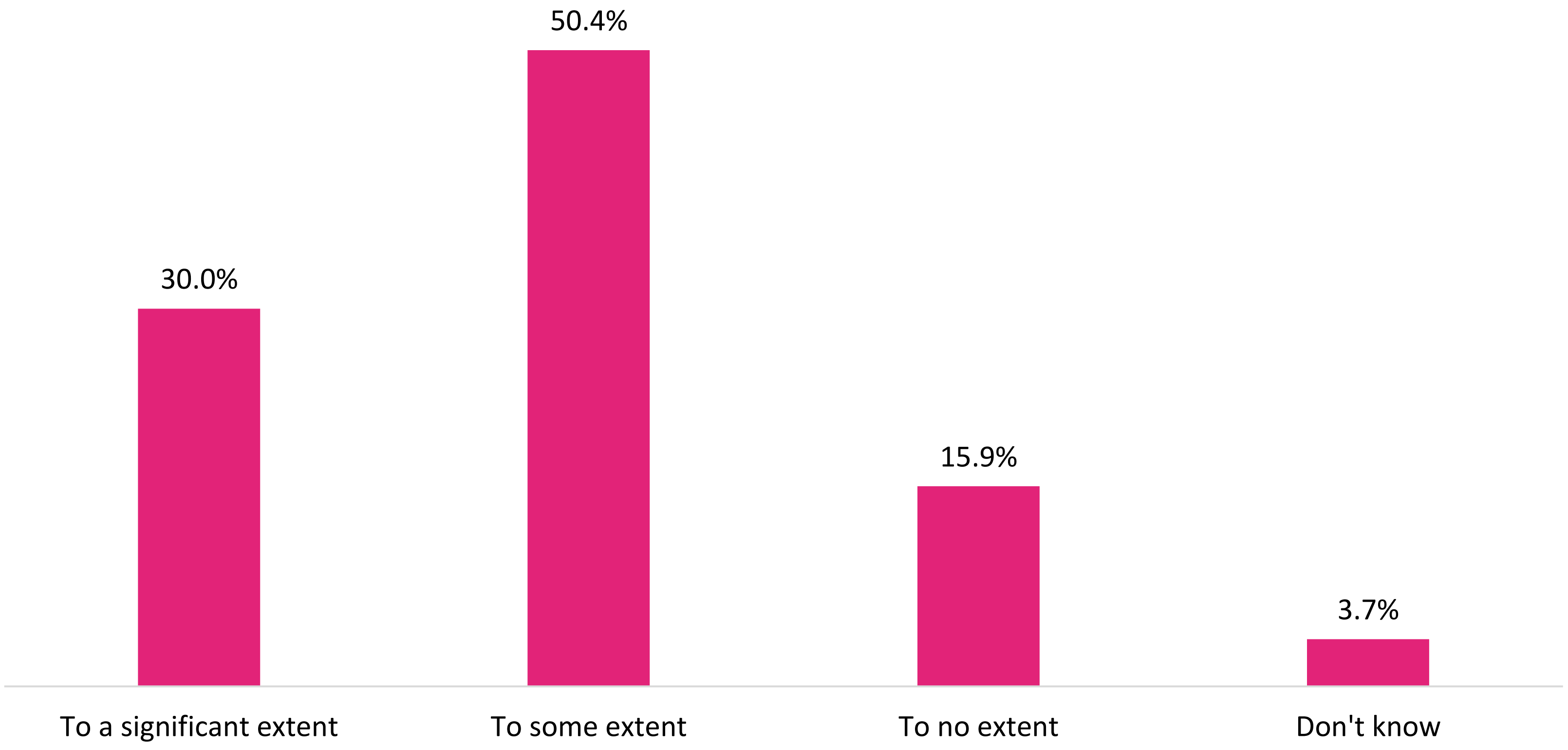
Economic Monitoring: data

The following data contributed to our Director's Economic Confidence Index, which we send directly into the heart of government each month.

This data is widely reported in the national media.

Disruption and uncertainty now part of business as usual for IoD members

To what extent has business disruption and economic uncertainty become part of Business As Usual for your organisation?



Around four in five businesses (80%) say that business disruption and economic uncertainty have become part of business as usual for their organisation, including 30% who say this is true to a significant extent. The comments suggest that many firms have adapted to ongoing volatility by becoming more agile, taking a more cautious approach to investment and recruitment, and strengthening planning and risk management processes.

The most common theme in the further comments was the need for organisations to become more agile and adaptable. Many businesses described disruption as a permanent feature of the operating environment, requiring greater flexibility in planning, decision-making and day-to-day operations.

"There has been constant volatility starting from Brexit/Covid/Ukraine and we have had to be agile in finding different revenue streams and make investment timing decisions." (10-49 employees, Other services, London)

"Change is the new norm since COVID-19 and we have adapted to become a more agile organisation that can make big decisions quickly." (250+ employees, Transportation and storage, South West England)

"We are living in volatile times, and the business is, by its nature, becoming increasingly adaptable and flexible." (100-249 employees, Transportation and storage, North West England)

Another recurring theme was greater caution around investment, recruitment and growth. Businesses frequently reported delaying expansion plans, freezing recruitment and taking a more risk-averse approach to spending.

"Avoiding hiring staff wherever possible, outsourcing roles or using external service providers. We are also more cautious about investing in the business." (100-249 employees, Human health and social work activities, East of England)

"We are holding back on new investment and expansion plans." (100-249 employees, Human health and social work activities, London)

"We've stopped all recruitment, frozen wages, pared back to our core business model rather than being more willing to take risks as before." (10-49 employees, Other services, South East England)

Many respondents also said uncertainty is now routinely built into strategic planning. Businesses described increasing their use of forecasting, scenario planning, contingency planning and risk monitoring.

"Business disruption and economic uncertainty are increasingly built into our normal planning and decision-making processes. We are placing greater emphasis on financial resilience, cashflow visibility, risk management and scenario planning." (50-99 employees, Real estate, North West England)

"More discussion at board and committee level, more scenario planning." (100-249 employees, Human health and social work activities, London)

"We make a plan for what we want to do, but always stress test the plan to ensure that we are ready for any economic shocks." (250+ employees, Real estate, North West England)

There were also reports of a more cautious customer base, with clients delaying projects, reducing spending and taking longer to commit to investment decisions.

"Client decisions are slower, their willingness to invest is lower. We have to be even more proactive and drive opportunities. More effort for same results." (2-9 employees, Other services, South East England)

"Having to accept more uncertainty around level and timing of client projects." (2-9 employees, Professional, scientific and technical activities, East of England)

"We have to work much harder to get orders in today's market." (10-49 employees, Wholesale and retail trade, North East England)

Some members also highlighted rising costs and the need for tighter financial controls. Businesses reported focusing on cashflow, reducing expenditure and scrutinising spending more closely.

"For some time we have had a very close eye on cash position and require heavier justification for new hires." (100-249 employees, Professional, scientific and technical activities, East of England)

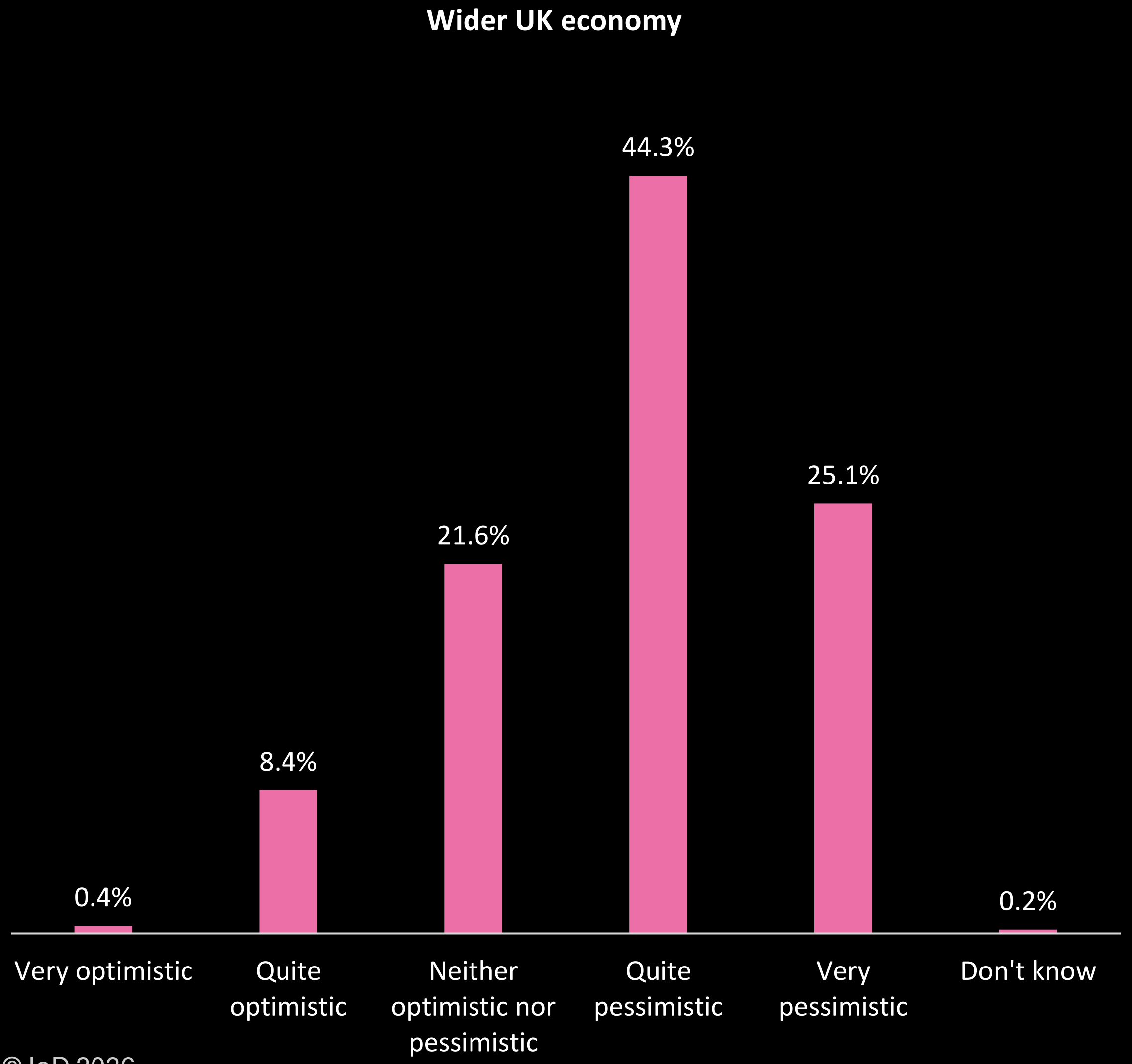
A significant number of respondents described efforts to diversify their client base, services, markets and supply chains to reduce their exposure to future shocks.

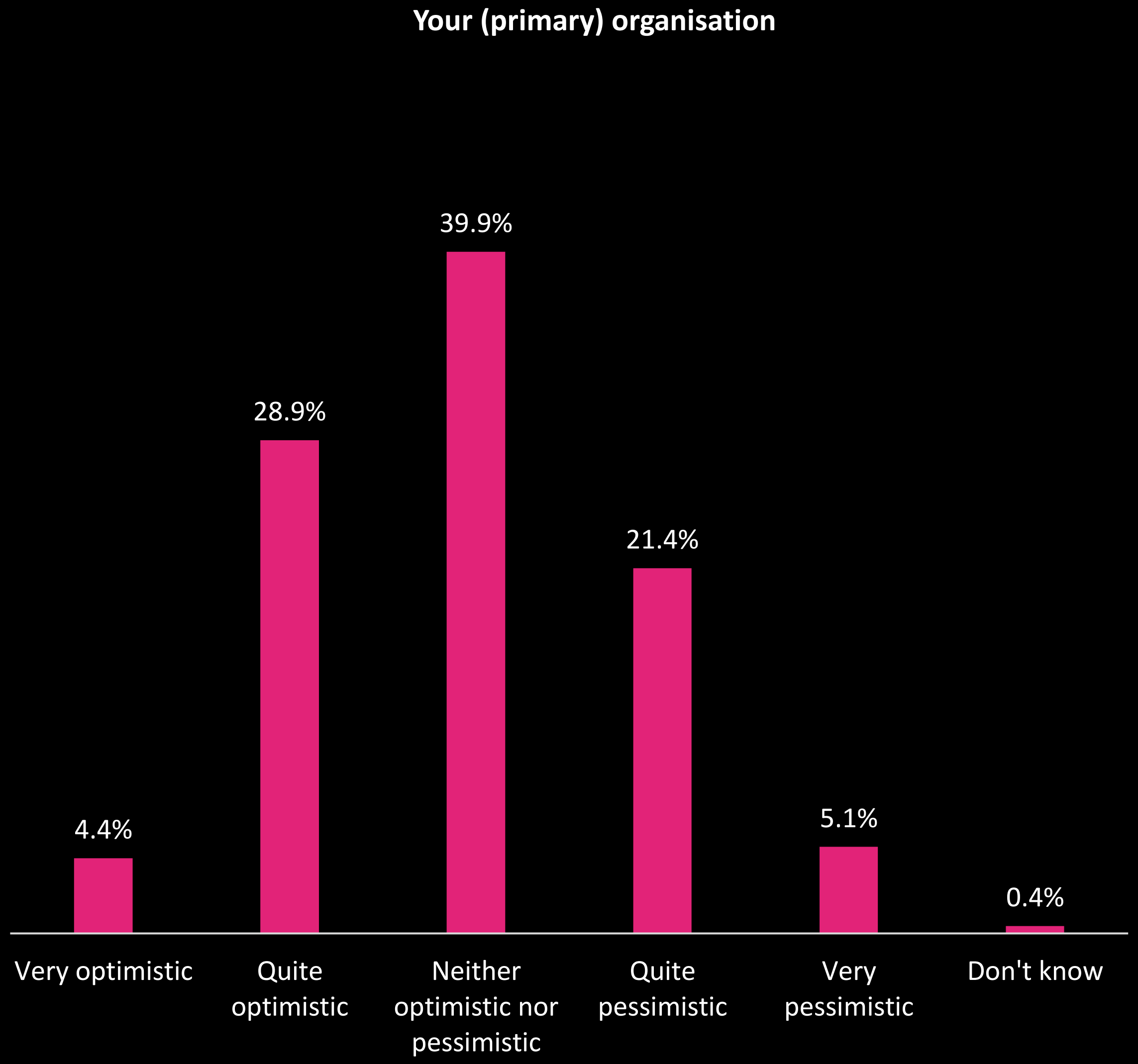
"Broadening portfolio of services to mitigate against potential downturns." (0-1 employees/sole trader, Professional, scientific and technical activities, South East England)

"Freeze on recruiting. Diversifying our service offering to other market sectors." (50-99 employees, Professional, scientific and technical activities, South West England)

"Supply chain diversity, actively onboarding alternative suppliers. Increasing inventory to protect lead times." (100-249 employees, Manufacturing, South East England)

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



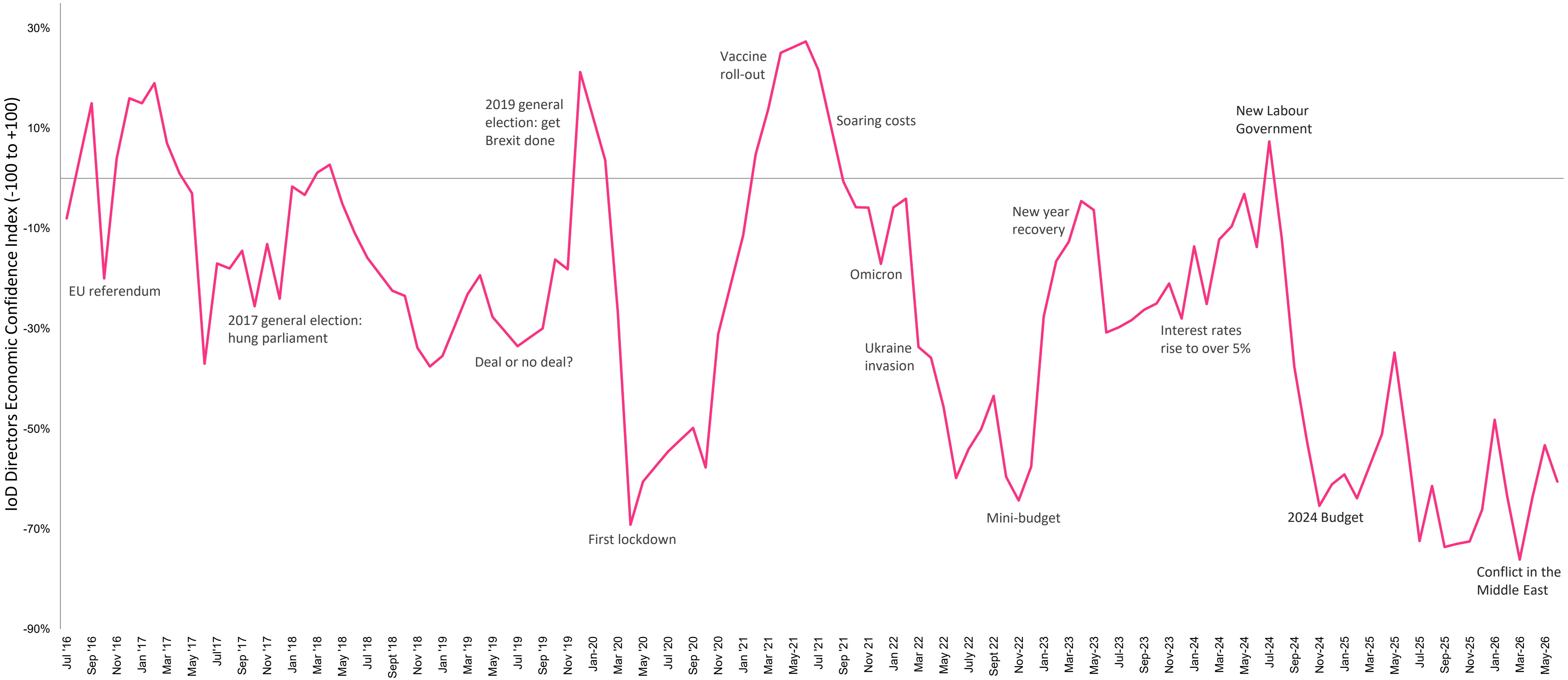


Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of:

	Much higher	Somewhat higher	No change	Somewhat lower	Much lower	N/A	Don’t know
Business investment	2.9%	25.8%	36.1%	18.5%	14.1%	1.5%	1.1%
Costs	15.0%	71.6%	9.3%	2.6%	0.9%	0.4%	0.2%
Exports	1.5%	17.2%	29.1%	8.6%	3.5%	39.2%	0.9%
Headcount	0.7%	21.4%	51.3%	19.8%	5.1%	1.3%	0.4%
Revenue	5.9%	35.9%	25.8%	22.9%	8.1%	0.7%	0.7%
Wages	2.6%	50.2%	35.2%	7.9%	2.2%	1.1%	0.7%

Economic Monitoring: trends

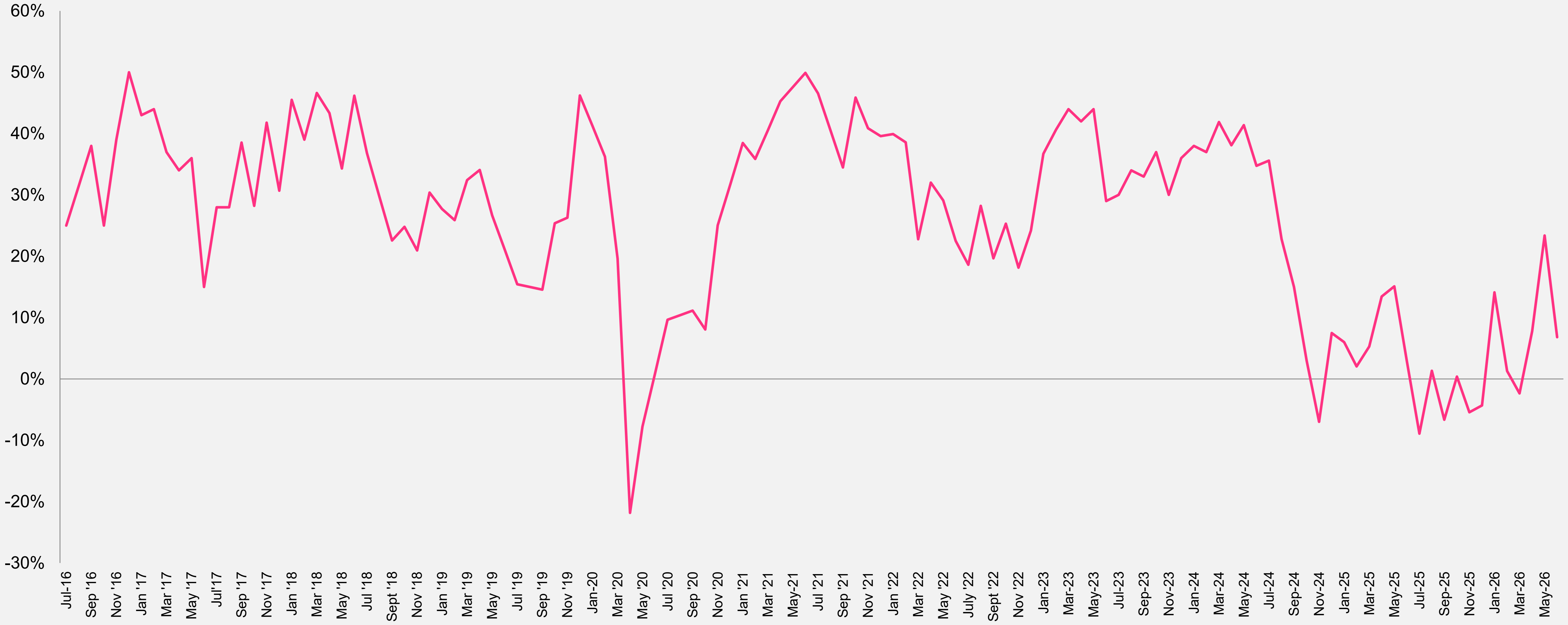
Confidence declines as operating conditions worsen



How optimistic are you about the wider UK economy over the next 12 months?
(5-point scale from very optimistic to very pessimistic, net positive %. Latest reading: June 2026)

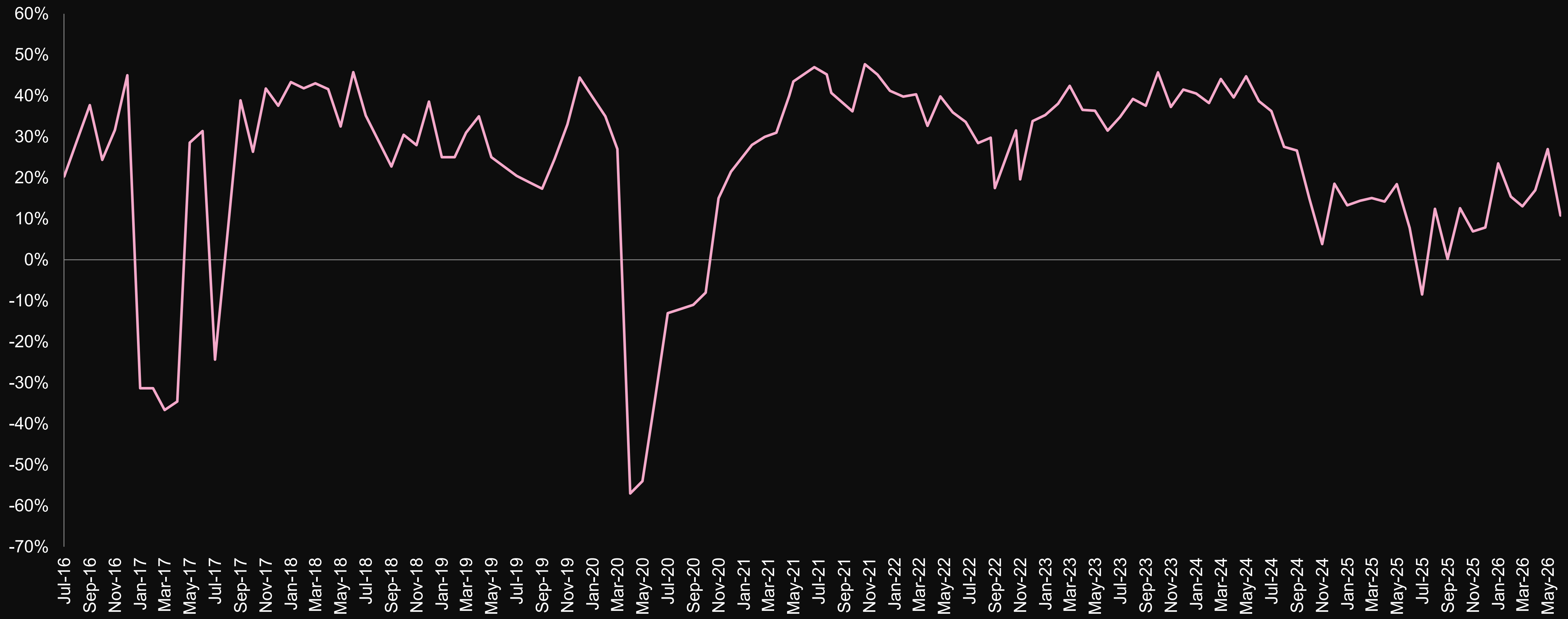
Business leader confidence in their own organisations fell to +7 in June, from +23

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



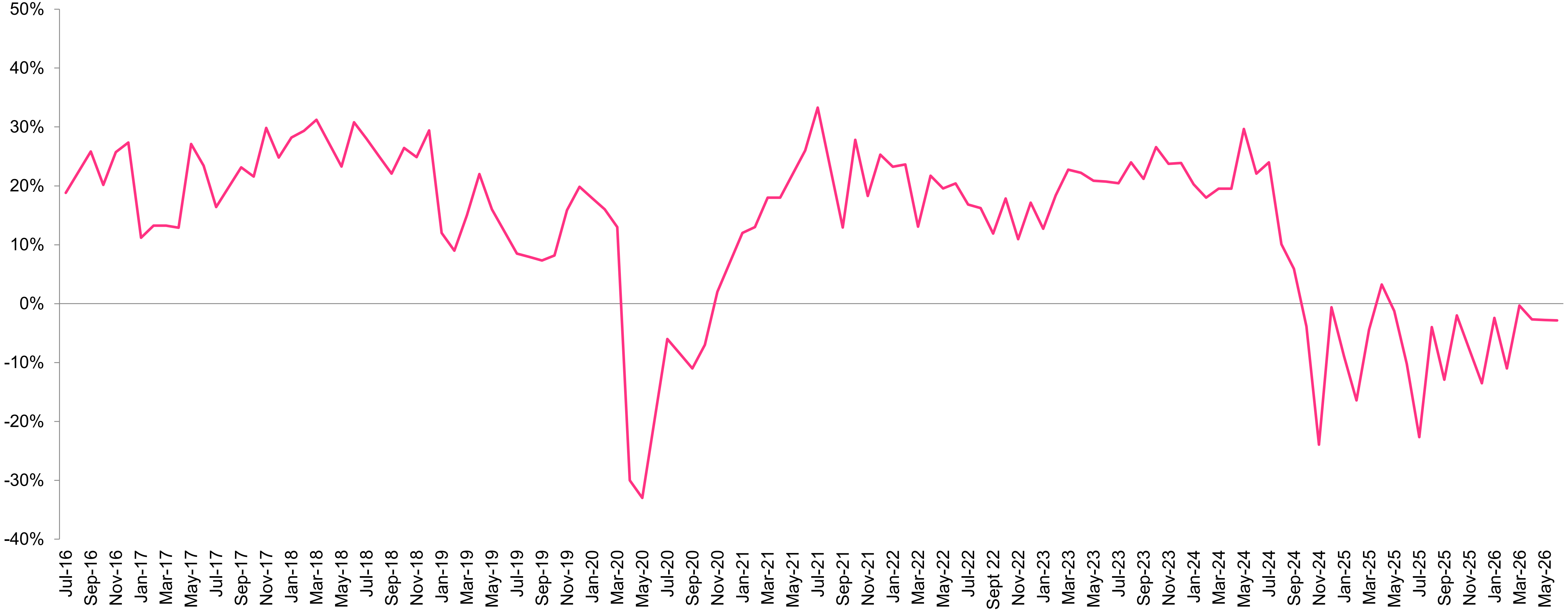
Revenue expectations fell sharply to +11 (from +27) — the weakest reading so far in 2026

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 remained unchanged at -3

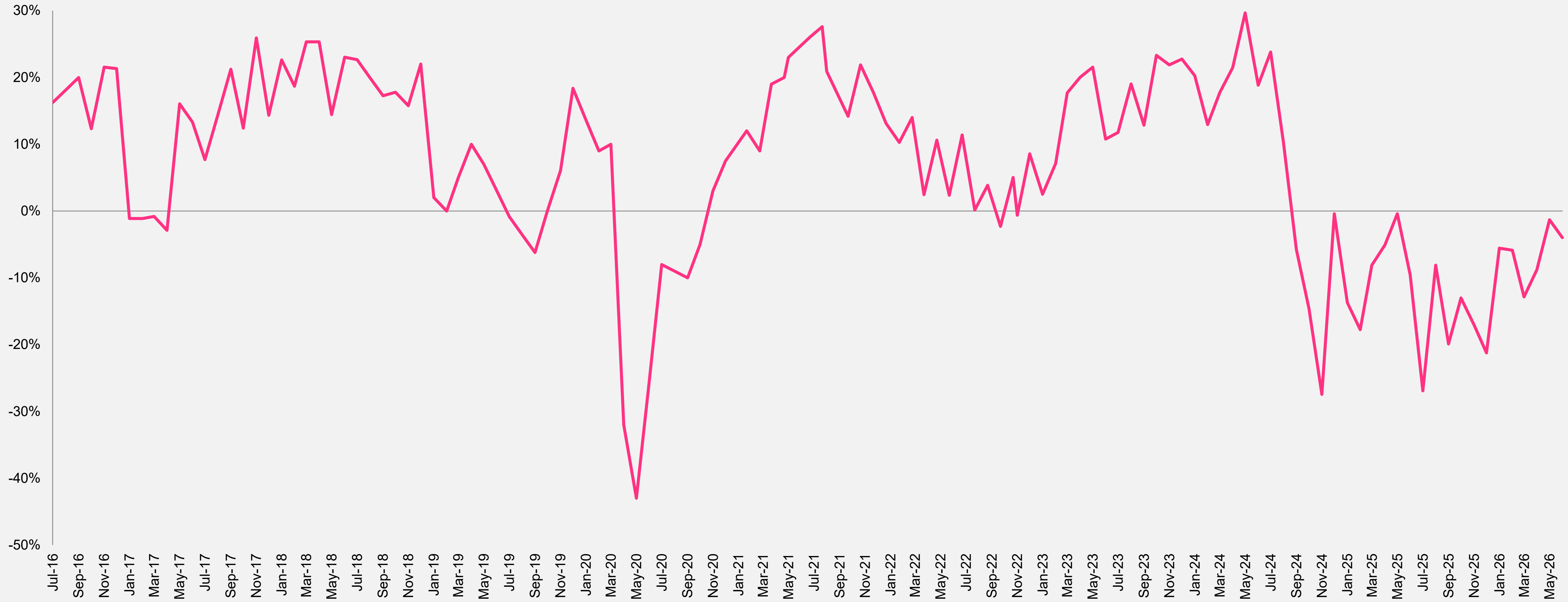
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: HEADCOUNT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys



(Negative reading every month since August 2024)

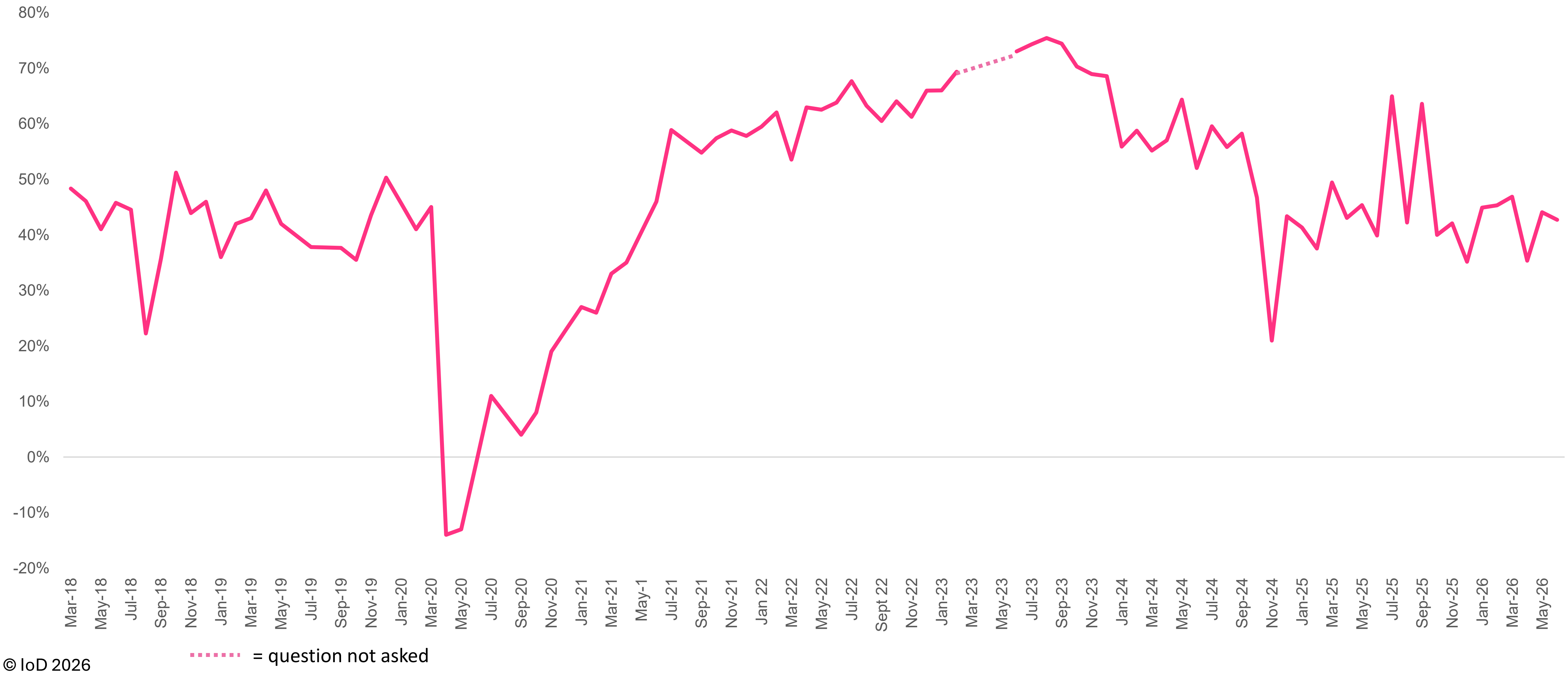
Investment intentions edged down to -4 (from -1)

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



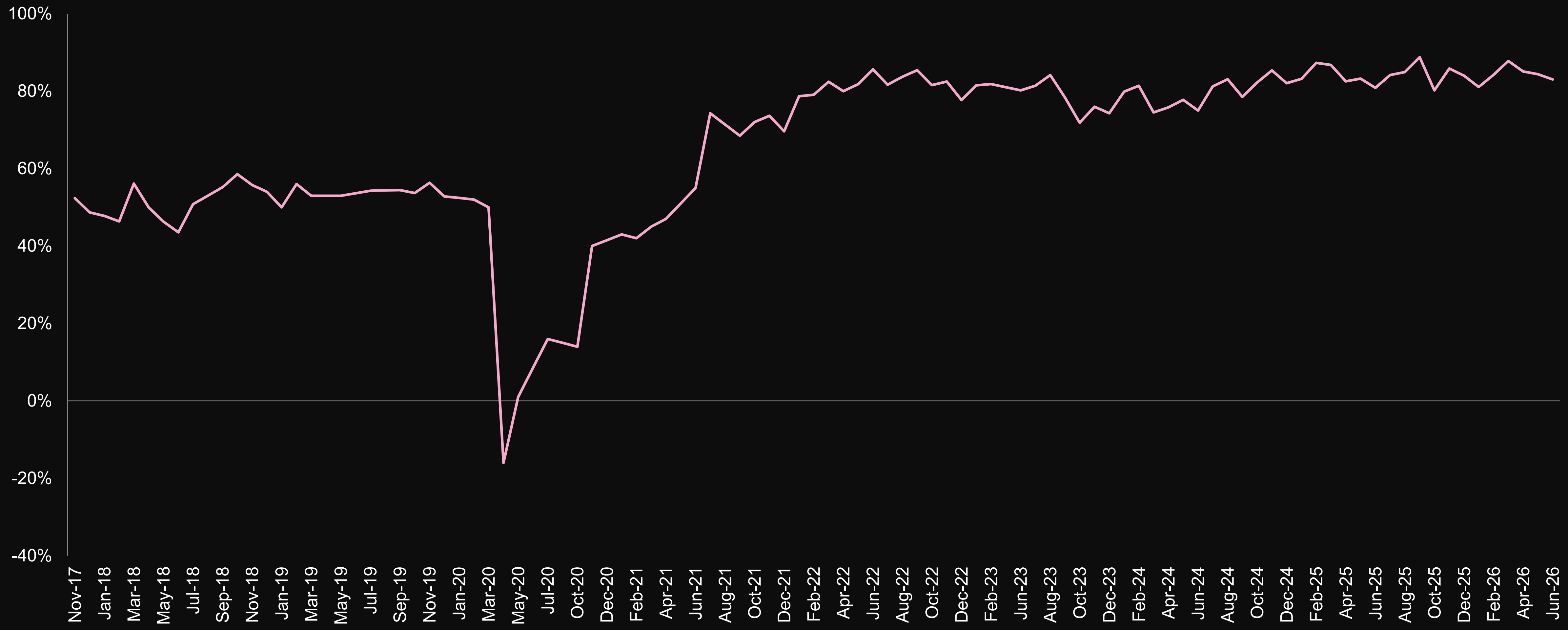
Wage expectations remained largely unchanged at +43 (from +44)

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



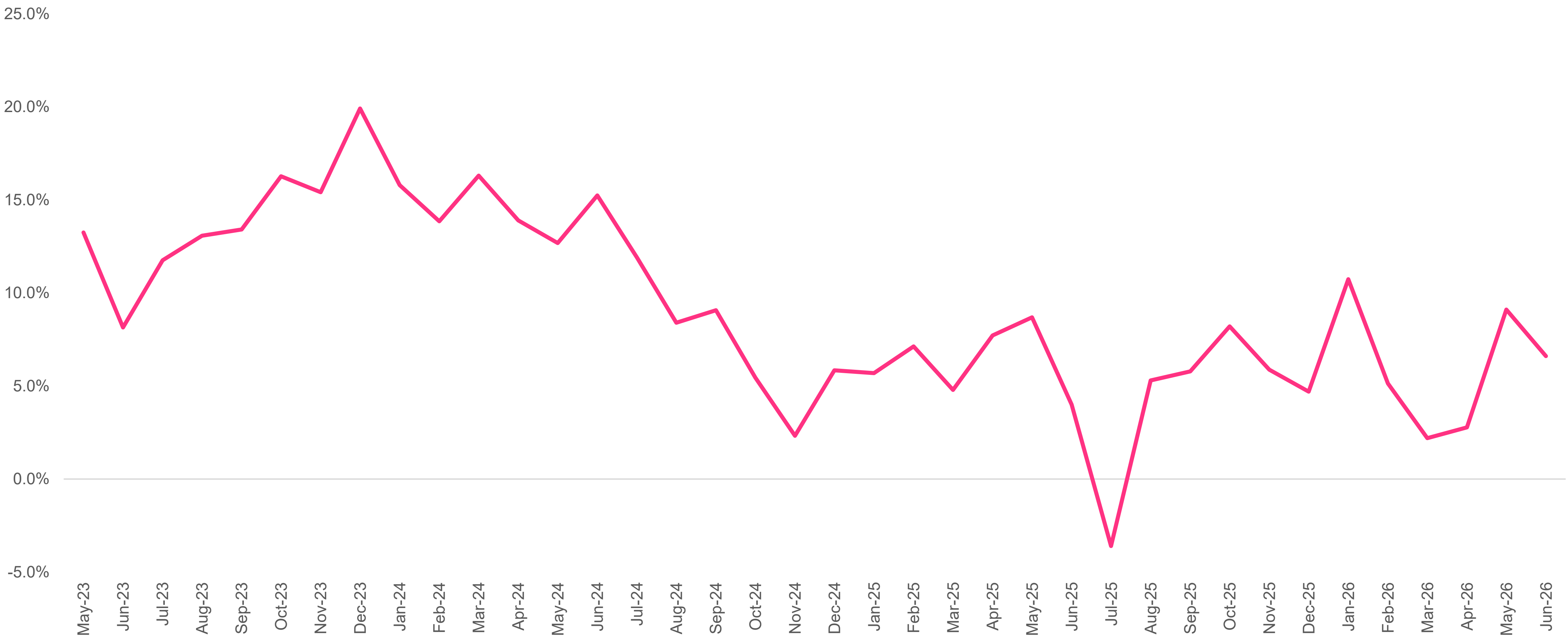
Cost expectations remained elevated at +83 (from +84)

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 dipped to +7 (from +9)

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.



Economic Monitoring: sectoral breakdown

Wider UK economy

	Accommodation and food services	Activities of extraterritorial organisations and bodies	Administrative and support services	Agriculture, Forestry and Fishing	Arts, sports and recreation	Construction	Education	Electricity and/or gas supply	Financial and insurance activities	Human health and social work activities	Manufacturing
Very optimistic	0.0%	0.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	0.0%	0.0%
Quite optimistic	25.0%	0.0%	25.0%	0.0%	0.0%	14.3%	16.7%	10.0%	8.6%	5.3%	6.3%
Neither optimistic nor pessimistic	12.5%	0.0%	0.0%	8.3%	37.5%	14.3%	20.8%	10.0%	22.9%	26.3%	28.6%
Quite pessimistic	62.5%	0.0%	0.0%	25.0%	62.5%	32.1%	33.3%	50.0%	42.9%	31.6%	52.4%
Very pessimistic	0.0%	0.0%	50.0%	66.7%	0.0%	39.3%	29.2%	30.0%	22.9%	31.6%	12.7%
Don’t know	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	0.0%
Total number of respondents	**8**	**0**	**4**	**12**	**8**	**28**	**24**	**10**	**35**	**19**	**63**

	Mining and quarrying	Other services	Professional, scientific and technical activities	Public administration and defence; compulsory social security	Publishing, broadcasting, and content production and distribution activities	Real estate	Telecommunication, computer programming, consulting, computing infrastructure and other information service activities	Transportation and storage	Water supply, sewerage and waste management	Wholesale and retail trade (including motor repair)
Very optimistic	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Quite optimistic	100.0%	6.4%	6.6%	0.0%	0.0%	21.4%	7.9%	0.0%	0.0%	8.3%
Neither optimistic nor pessimistic	0.0%	29.8%	21.7%	25.0%	25.0%	7.1%	15.8%	23.1%	25.0%	16.7%
Quite pessimistic	0.0%	31.9%	49.1%	75.0%	75.0%	28.6%	52.6%	69.2%	50.0%	33.3%
Very pessimistic	0.0%	31.9%	22.6%	0.0%	0.0%	42.9%	23.7%	7.7%	25.0%	41.7%
Don’t know	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total number of respondents	**1**	**47**	**106**	**4**	**4**	**14**	**38**	**13**	**4**	**12**

Your (primary) organisation

	Accommodation and food services	Activities of extraterritorial organisations and bodies	Administrative and support services	Agriculture, Forestry and Fishing	Arts, sports and recreation	Construction	Education	Electricity and/or gas supply	Financial and insurance activities	Human health and social work activities	Manufacturing
Very optimistic	12.5%	25.0%	0.0%	12.5%	0.0%	0.0%	30.0%	8.6%	5.3%	1.6%	25.0%
Quite optimistic	37.5%	25.0%	0.0%	12.5%	17.9%	29.2%	30.0%	37.1%	15.8%	33.3%	25.0%
Neither optimistic nor pessimistic	37.5%	0.0%	33.3%	62.5%	35.7%	41.7%	10.0%	34.3%	31.6%	38.1%	0.0%
Quite pessimistic	12.5%	25.0%	33.3%	12.5%	35.7%	16.7%	30.0%	11.4%	26.3%	27.0%	25.0%
Very pessimistic	0.0%	0.0%	33.3%	0.0%	10.7%	12.5%	0.0%	8.6%	15.8%	0.0%	0.0%
Don’t know	0.0%	25.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.3%	0.0%	25.0%
Total number of respondents	**8**	**0**	**4**	**12**	**8**	**28**	**24**	**10**	**35**	**19**	**63**

	Mining and quarrying	Other services	Professional, scientific and technical activities	Public administration and defence; compulsory social security	Publishing, broadcasting, and content production and distribution activities	Real estate	Telecommunication, computer programming, consulting, computing infrastructure and other information service activities	Transportation and storage	Water supply, sewerage and waste management	Wholesale and retail trade (including motor repair)
Very optimistic	0.0%	2.1%	4.7%	0.0%	0.0%	0.0%	5.3%	0.0%	0.0%	8.3%
Quite optimistic	100.0%	29.8%	25.5%	25.0%	0.0%	35.7%	50.0%	38.5%	25.0%	8.3%
Neither optimistic nor pessimistic	0.0%	46.8%	48.1%	75.0%	75.0%	21.4%	26.3%	46.2%	75.0%	41.7%
Quite pessimistic	0.0%	21.3%	19.8%	0.0%	25.0%	28.6%	15.8%	7.7%	0.0%	33.3%
Very pessimistic	0.0%	0.0%	1.9%	0.0%	0.0%	14.3%	2.6%	7.7%	0.0%	8.3%
Don’t know	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total number of respondents	**1**	**47**	**106**	**4**	**4**	**14**	**38**	**13**	**4**	**12**

Our purpose

Objects of the Institute of Directors' Royal Charter

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 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 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 advance the interests of members of the Institute, and to provide facilities, services and benefits for them.