



# Policy Voice full survey results February 2024

Number of respondents: 866  
Survey Dates: 15 – 27 February 2024



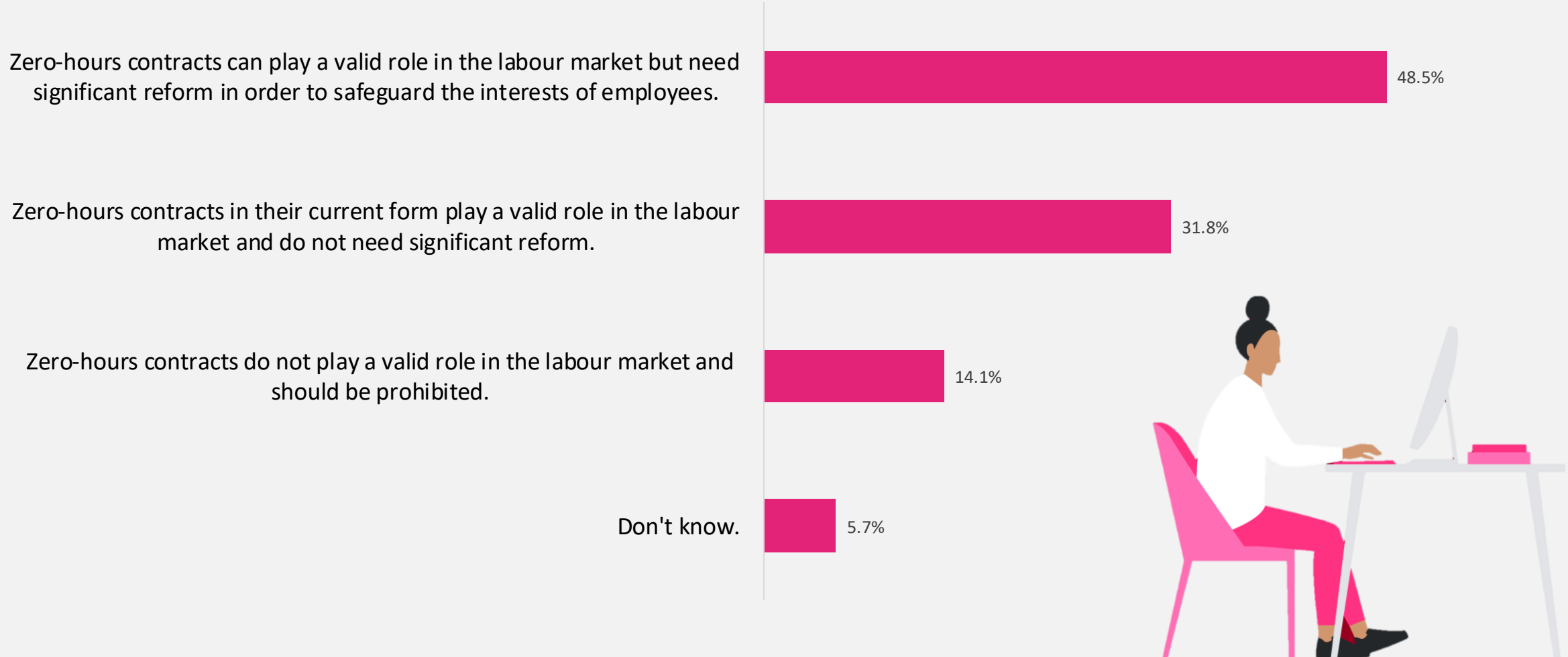
# Zero-hours Contracts

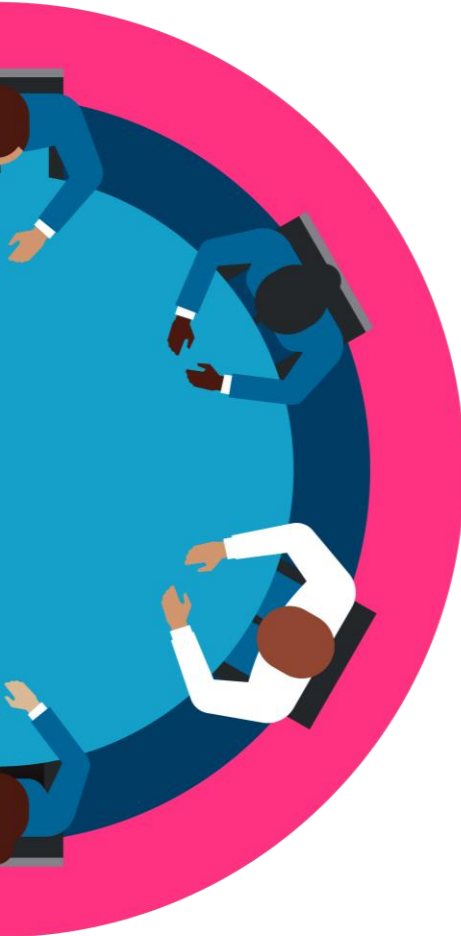
This data will be passed to the Labour Party and has been published more widely in a [press release](#).



Unlike a traditional contract of employment, zero-hours contracts offer no guarantee of minimum working hours.

### What is your view regarding zero-hours contracts?





**Half (49%) of business leaders believe that zero hours contracts can play a valid role in the labour market but may need reform, while a third (32%) consider them to need no reform. Only 14% expressed support for zero hours contracts being prohibited.**

**A recurrent theme in qualitative responses was that employee demand for zero hours contracts is strong, particularly among older workers and students:**

*“Often zero-hours contracts suit employees who do not want the commitment to an employer on a full-time basis which is a much more common situation in recent years, so it's important not to change situations where it works well for both parties.” -- SME, Financial Services, Scotland*

*“We have staff that prefer them (usually retirees who want to come back and work a little but only when it suits them). In a tight labour market we are happy to be flexible for an experienced worker.” -- SME, Construction, North East England*

*“When we are recruiting we find that many people who join us actively sought out zero hour work earlier in their career as it suited their lifestyle (students; post grad looking for work; young children (often outside 9-5))” -- SME, Real Estate, South East England*

**Respondents also emphasised the vital role of zero hours contracts in enabling businesses to meet fluctuating demand:**

*“It would be a nightmare for us and many small businesses and consultants/contractors if zero hours contracts were changed. They provide an easy way (using pre-agreed terms etc.) to ramp up work fast to meet peaks in demand with known and trusted workers” -- Microbusiness, Professional, Scientific, and Technical Services, South East England*

*“The shellfish industry suffers variable landings because of the weather, so labour must be available at variable hours of the day or month” -- SME, Agriculture, Forestry and Fishing, Scotland*

*“We would be stuffed without them, we could not cope with the ups and downs of demand (e.g. Christmas). Without it, we would employ fewer people” -- Microbusiness, Wholesale and Retail Trade, South West England*

**At the same time, many respondents highlighted a need to ensure that zero hours contracts genuinely work for both the employer and employee; suggestions for achieving this included enabling employees to request a minimum number of hours and requiring employers to offer more notice where work is not going to be offered.**

# Private Equity

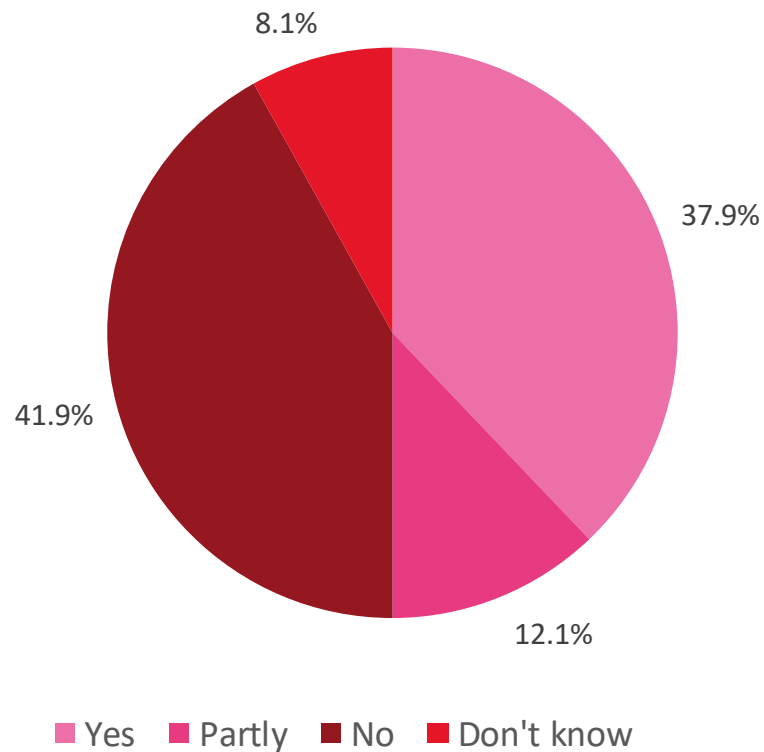
This data will be published in a press release.





Currently, private equity executives pay capital gains tax on their profits from successful deals ("carried interest") rather than higher rate income tax. This enables them to benefit from a lower tax rate (28% rather than 45%).

### Should a future UK government remove this tax advantage for private equity?



**Much like the results, in the comment section, members were largely split on whether the UK government should remove this tax advantage. Comments fell into three camps:**

**Firstly, some members felt that removing this tax advantage was fair, and would level the playing field with regards to tax:**

*“Execs generating significant returns should pay in line with income tax rates. These savings could reduce the tax burden on those on lower income” – 250+ employees, Education, International*

*“Tax should be a level playing field for all UK tax payers, no loopholes or advantages to one particular group” – 2-9 employees, Other services, South East England*

*“There needs to be a full review of taxation, incentives have to be there but also fairly distributed and not for some and not others.” – 250+ employees, Health and Social Work, West Midlands*







**Secondly, some members were against the idea that this tax advantage should be removed, citing the risk associated with investment and the need for appropriate incentives for those in this field.**

*“I think the lower rate of tax reflects the higher level of potential risk. In other words an incentive to take risk” – 250+ employees, Other services, London*

*“If this was removed, why would people risk their capital. If you reduce someone’s up side, they will reduce their downside, i.e. stop investing. Disincentivising investment can only be bad for the economy.” – 2-9 employees, Health and Social Work, West Midlands*

*“We have to support investment in UK companies. Making it less attractive to invest in UK SMEs is not beneficial to the entrepreneur, to the investor or for the growth of the economy.” 0-1 employees, Professional, scientific and technical activities, East Midlands*

**In the last group, members noted a need for a balance between removing and keeping this incentive, calling for certain cases to benefit from this tax advantage, but not all.**

*“As long as private equity is applied as a short-term financial rescue measure, the incentive is necessary. Otherwise, after a specified period, they should pay tax at higher rate tax like anybody else.” – 100-249 employees, Health and Social Work, London*

*“Sensible policy needs to be in place where the rate may be on a sliding scale on the size of the opportunity and how strategic any acquisition might be” – 2-9 employees, Professional, scientific and technical activities, East of England*



# Dealings with HMRC

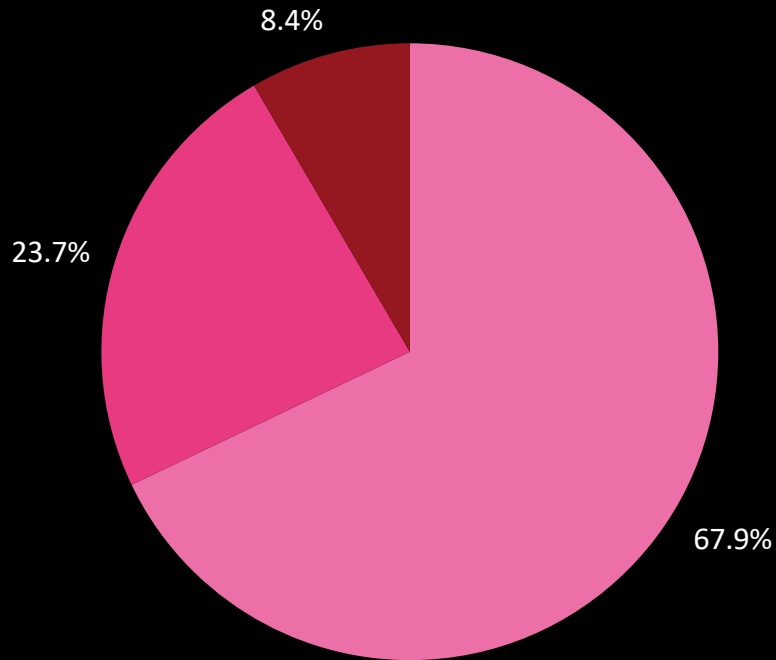
This data will be published in a press release.







## Based on the experience of your primary organisation over the last 12 months, how would you characterise your dealings with HMRC?



- Satisfactory
- Unsatisfactory (please provide details in the further comments box)
- Don't know

**Those who provided further detail in the comments largely highlighted the shortcomings of HMRC and characterised their dealings in the following ways:**

**Most members commented on the length of time it takes to get through to HMRC via the options they offer.**

*“HMRC is very difficult to contact, and it can take up to 6 months or longer for them to respond to a letter” – 2-9 employees, Financial services, South East England*

*“It is very difficult to speak to someone at HMRC with us commonly having to wait almost an hour before speaking to someone who can help. If a query is simple then the response we get is satisfactory although for anything else it can take a significant amount of time to get a problem resolved.” – 100-249 employees, Transportation and storage, South West England*

**Others noted that even when they were able to get through to someone to speak to, the response received was inadequate, referencing ill-informed staff.**

*“Far too difficult to reach someone in the first place and then to find someone with knowledge greater than your own.” – 250+ employees, Transportation and storage, South West England*

*“Exceptionally slow response time. Front line HMRC staff use scripts and have little knowledge of the tax system.” – 250+ employees, Financial services, East of England*



**Additionally, when having spoken to different HMRC representatives regarding the same issue, many members noted that the answers they received were inconsistent, and therefore confusing.**

*“Depending on the person you speak to you get different answers about the same issue, sometimes the person will help, other times they say they can't help or talk further, even though when pressed they admit that the outcomes of previous calls are logged against your record” – 10-49 employees, Construction, South East England*

**Some members noted that their interactions had felt aggressive, and that HMRC were quick to chase them when they needed something.**

*“One often feels that you are presumed to be guilty because of their line of questioning.” – 10-49 employees, Agriculture, forestry and fishing, Scotland*

*“Despite running a successful, profitable, and fully tax compliant limited company consultancy, HMRC's default position is aggressive and adversarial.” – 2-9 employees, Other services, North East England*

*“Difficult to get hold of, unresponsive, quick to tell us as business owners that something is wrong but incredibly slow when it's the other way around.” – 2-9 employees, Professional, scientific and technical activities, South West England*

**Others noted that as SME's they felt particularly frustrated by their dealings with HMRC.**

*“When you contact them with an issue they give you incorrect advise and then enforcement people then jump on things too quickly and target SME as they are an easy target” – 10-49 employees, Manufacturing, North West England*

*“HMRC's constant attack on small businesses, with IR35 and no tax breaks is frustrating.” 0-1 employees/sole trader, Professional, scientific and technical activities, London*

*“They are aggressive when dealing with complaints/disagreements and seem to always pick on the SME's” – 2-9 employees, Information and communication, South West England*

**However it is worth noting that some members also positively commented on their dealings with HMRC, noting that the automation of some services was helpful and that they had never had an issue.**

*“Online systems and integration with electronic accounting packages is seamless” – 0-1 employees/sole trader, Information and communication, London*

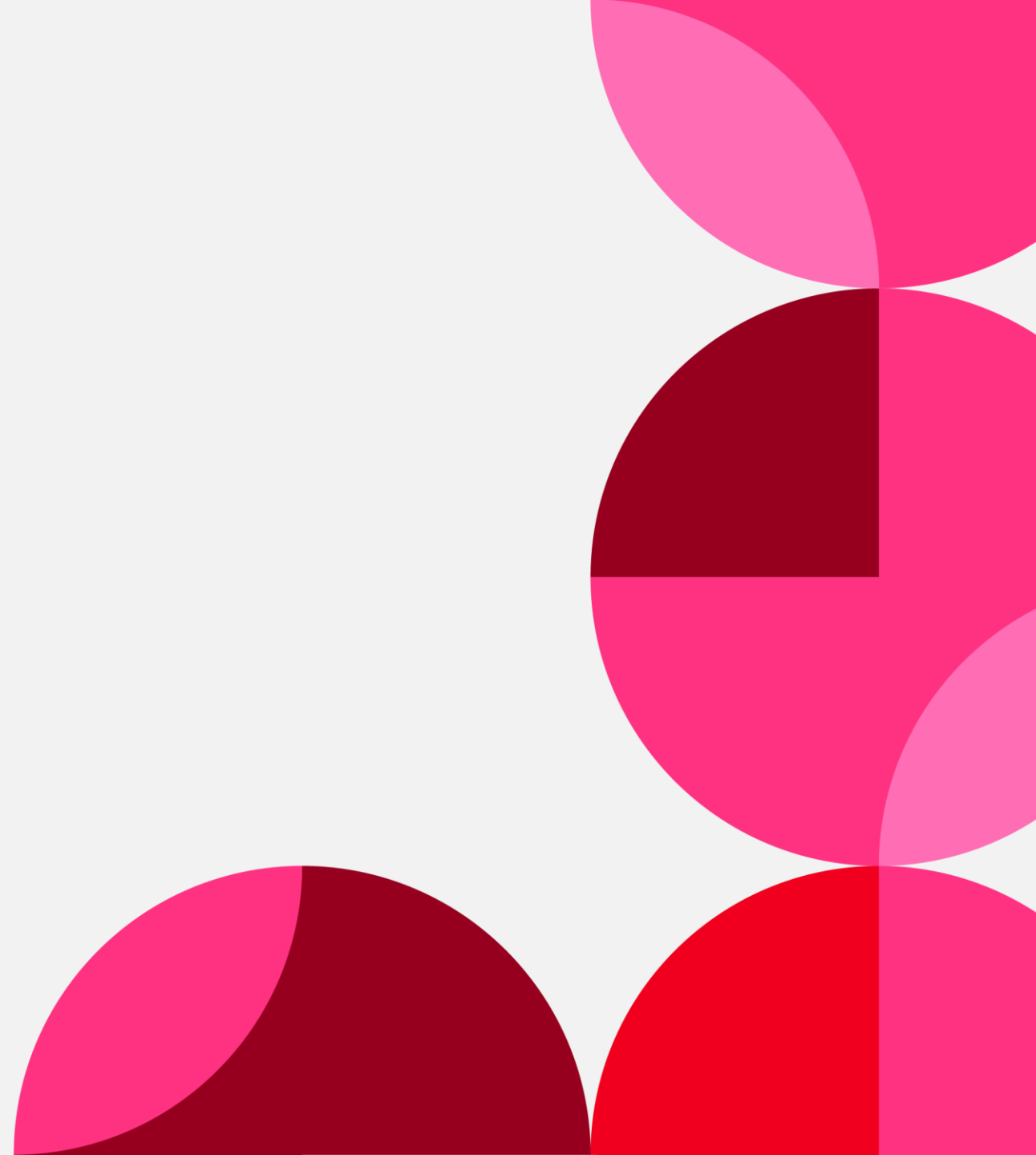
*“I have always found them fair and reasonable” – 10-49 employees, Construction, North East England*

*“Computerisation works well. Very efficient.” – 10-49 employees, Wholesale and retail trade (including motor repair), North West England*



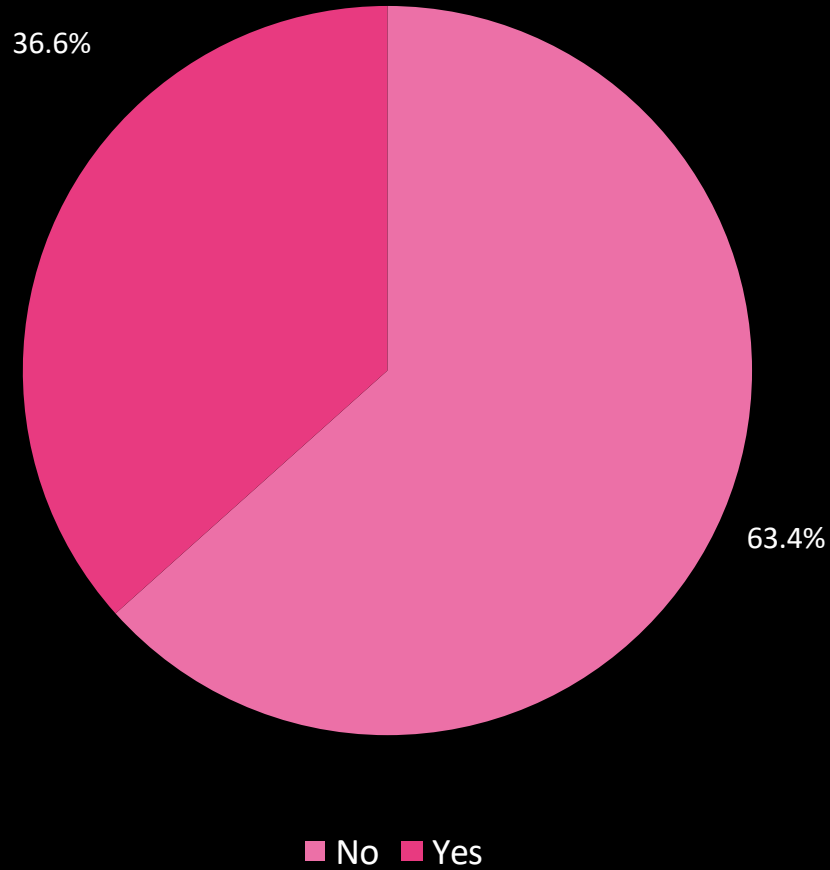
# Geopolitical Risk and Supply Chains

This data will help shape a policy paper, looking into how global political events are impacting international trade

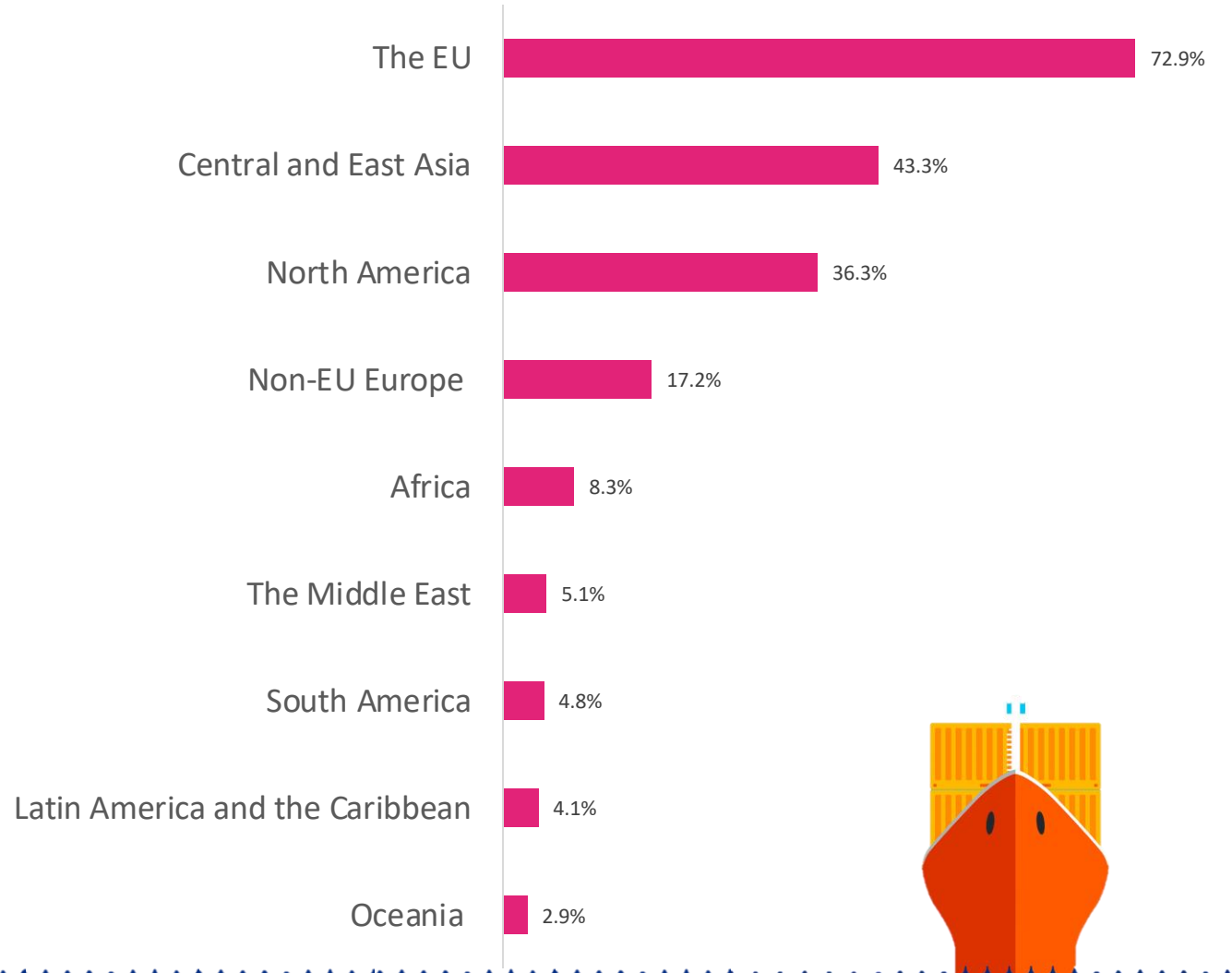




## Does your organisation import goods or services from outside the UK?

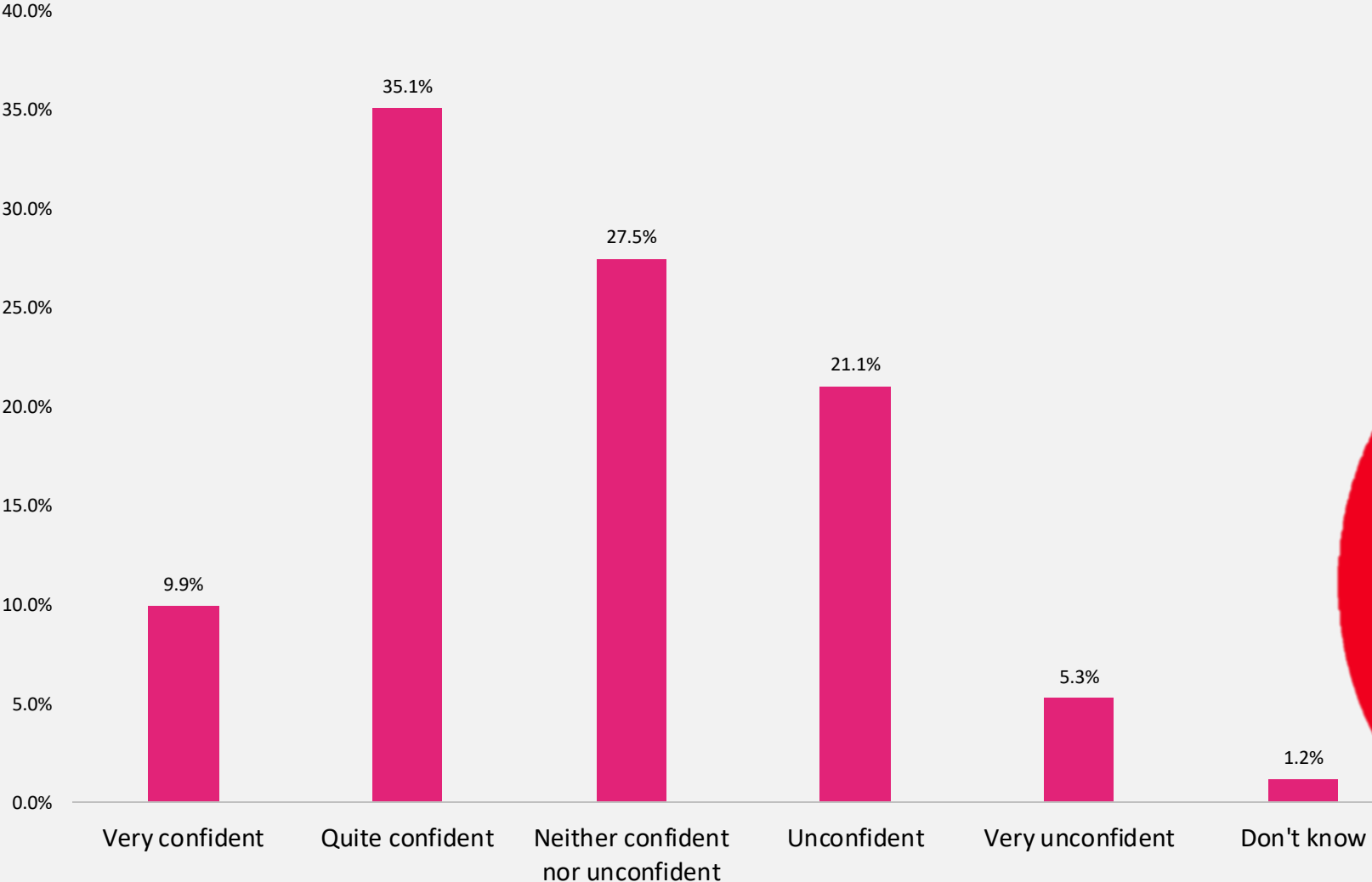


## Where are the primary markets from which you import?



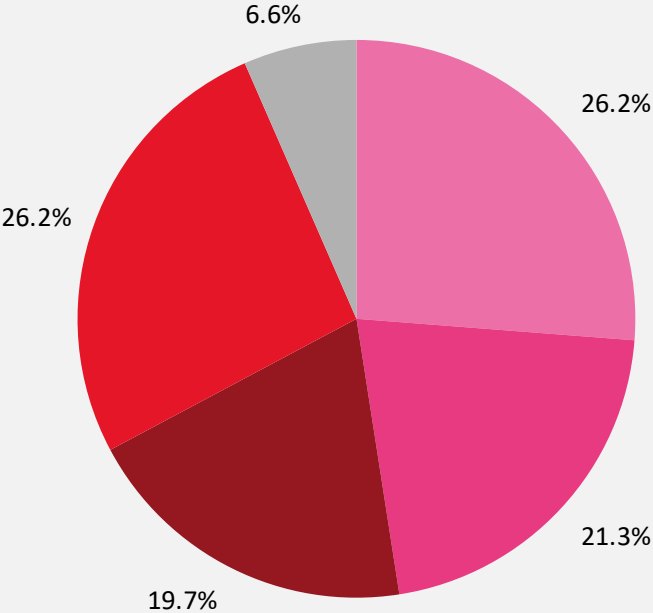


# To what extent are you confident that your international supply chain is resilient against geopolitical risk?



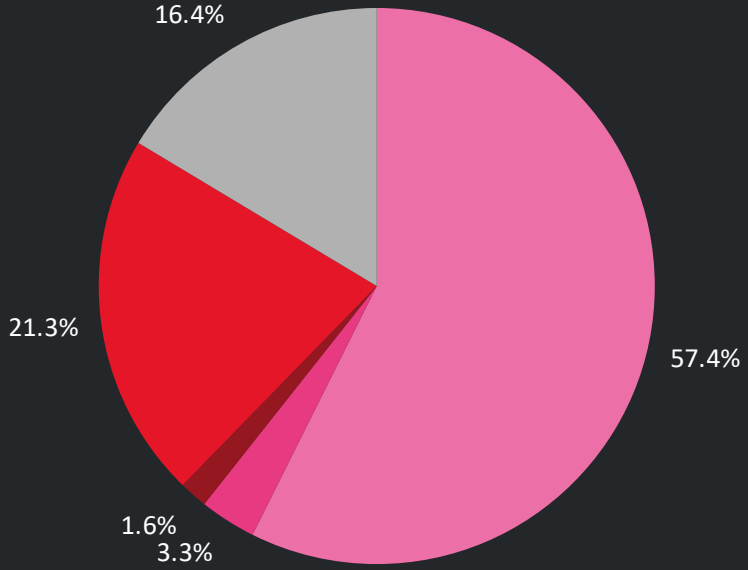


### Do you have any plans to adjust or reorganise your international supply chain in response to geopolitical risk?



- We have already altered our supply chain as a result of geopolitical risk
- Yes - we are considering altering our supply chain as a result of geopolitical risk but have not done so yet
- Yes - we are currently in the process of reorganising our supply chain in response to geopolitical risk
- No - our supply chain has not been impacted by geopolitical risk
- Don't know

### To what extent, if at all, have your business costs risen as a result of the recent attacks on international shipping routes in the Red Sea?



- 1% - 25%
- 26% - 50%
- 51% - 75%
- Don't know
- None



**Members are becoming increasingly concerned about geopolitical risk. This comes particularly in light of frosty relations between China and the West, and the attacks in the Red Sea.**

**Many commented that they are moving supply chains away from China, recognising the over-reliance on the superpower for certain goods.**

**For example, one member responded,** *“In our case the supply chain mainly involves electronic components sourced primarily from China, which is typically the sole manufacturer of such items. Strategically this is thoroughly unsatisfactory.”* - 10-49 employees, manufacturing.

**Another noted a similar point with regards to the Taiwan Semiconductor Manufacturing Company:** *“Taiwan is particularly worrying. The world’s dependency on TSMC is alarming.”* - 100-249 employees, professional, scientific and technical activities.

**Responses on the situation in the Red Sea highlighted cost rises and delays. The consensus seems to be that the full impact will not be felt immediately. However, there are a number of members who are already experiencing issues:**

*“We have lost £1M of work due to impact of shipping times at the start of the shutdown.”* - 50-99 employees, arts, entertainment and recreation

*“Stock arrival is being delayed by 3 weeks.”* - 2-9 employees, wholesale and retail trade

*“The recent attacks on international shipping routes in the Red Sea is more a time frustration, as shipping takes the long way round, as opposed to costs increases. However, there have been significant cost increases when it's necessary to airfreight components from the East in order to maintain time critical deliveries.”* - Professional, scientific, technical activities, 10-49 employees

*“I'm not sure we've yet seen the full impact of disruption to this trade route but the current spike upwards in inflation is probably linked.”* - 2-9 employees, professional, scientific and technical activities



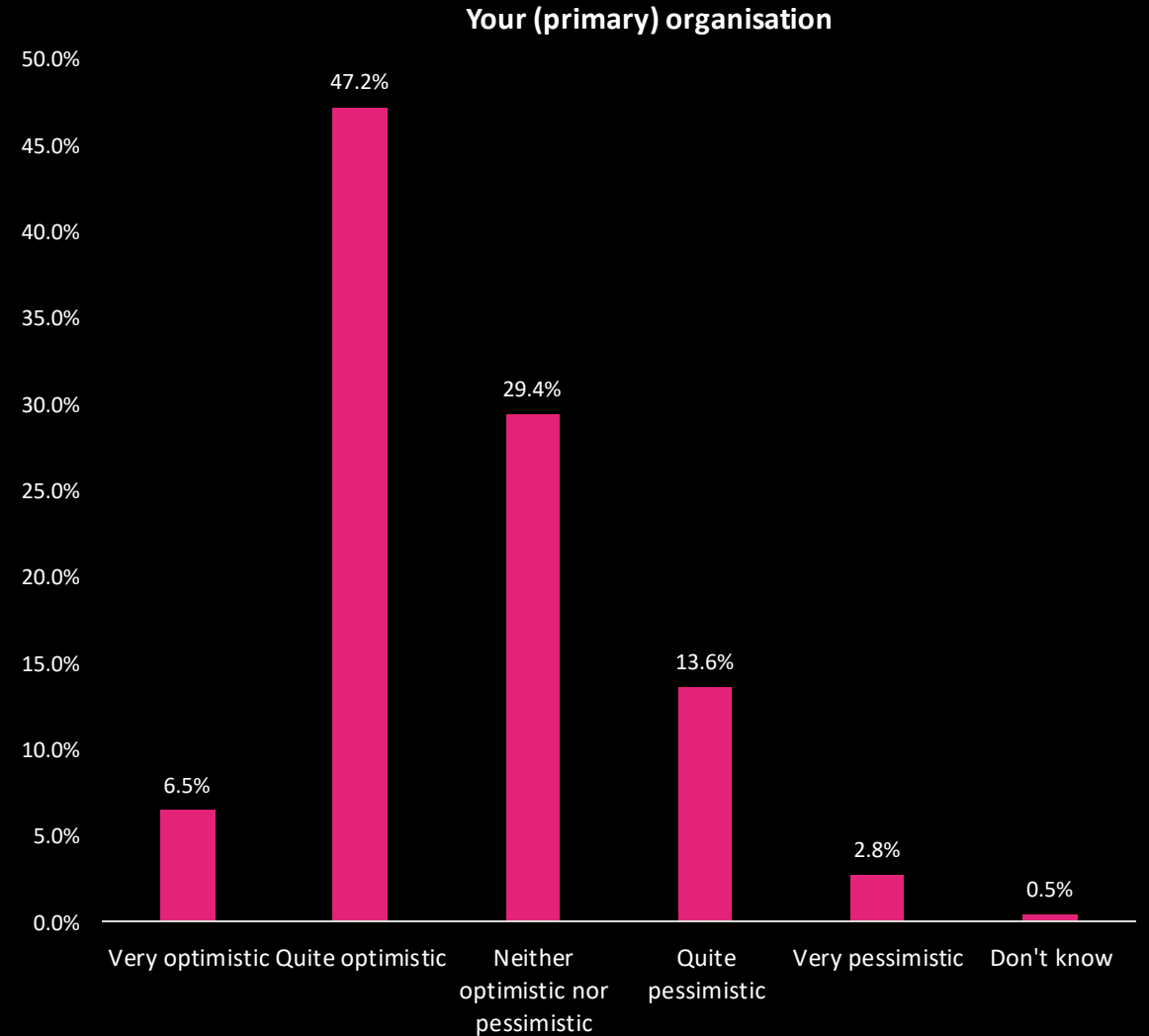
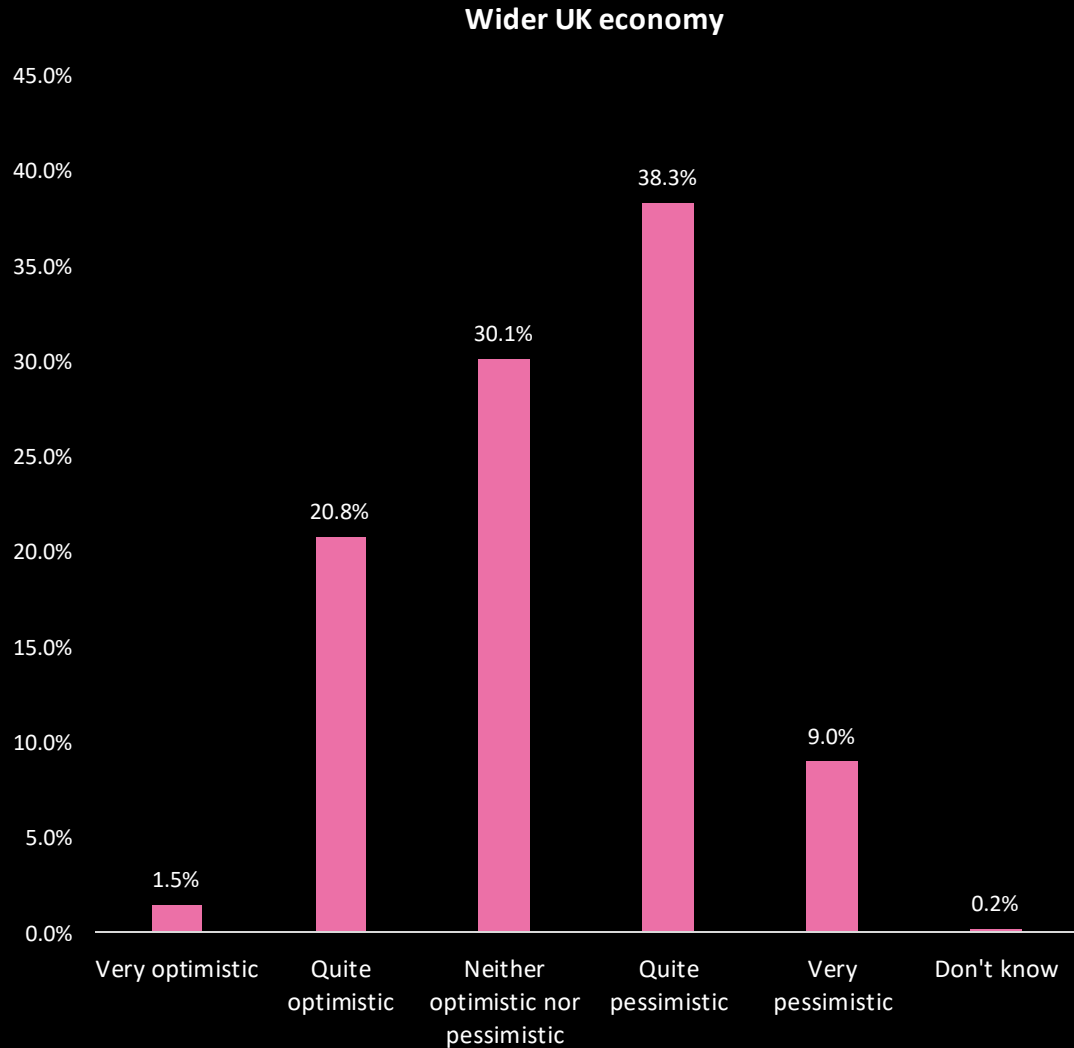


# Economic Monitoring: Data

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

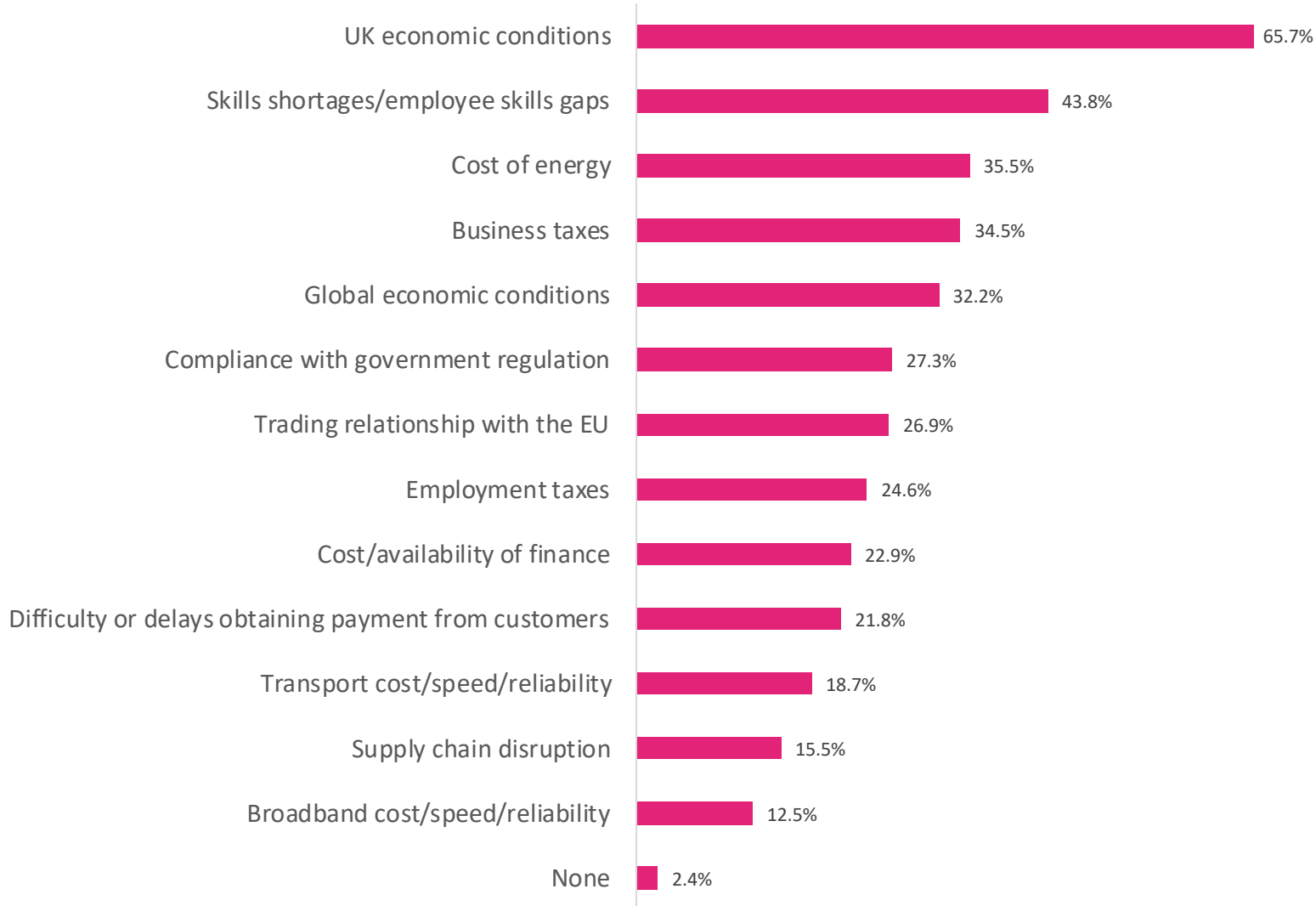


## How optimistic are you about both the wider UK economy and also your organisation over the next 12 months?



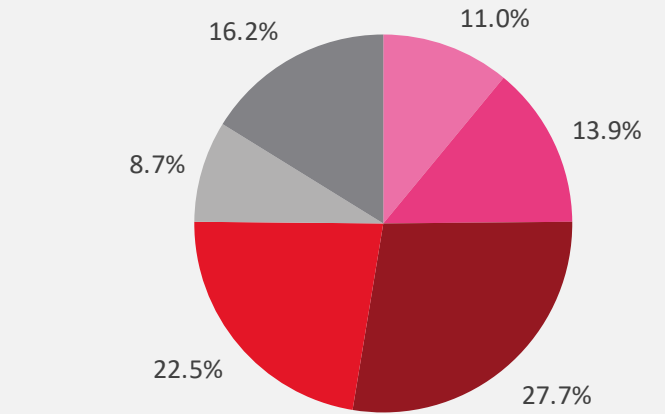


## Which of the following, if any, are having a negative impact on your organisation?



You said 'compliance with government regulation' was having a negative effect on your organisation.

Please select which category of regulation you are finding most difficult.



- Consumer regulations
- Data protection
- Employment
- Environmental regulations
- Health and safety
- Import/export regulations

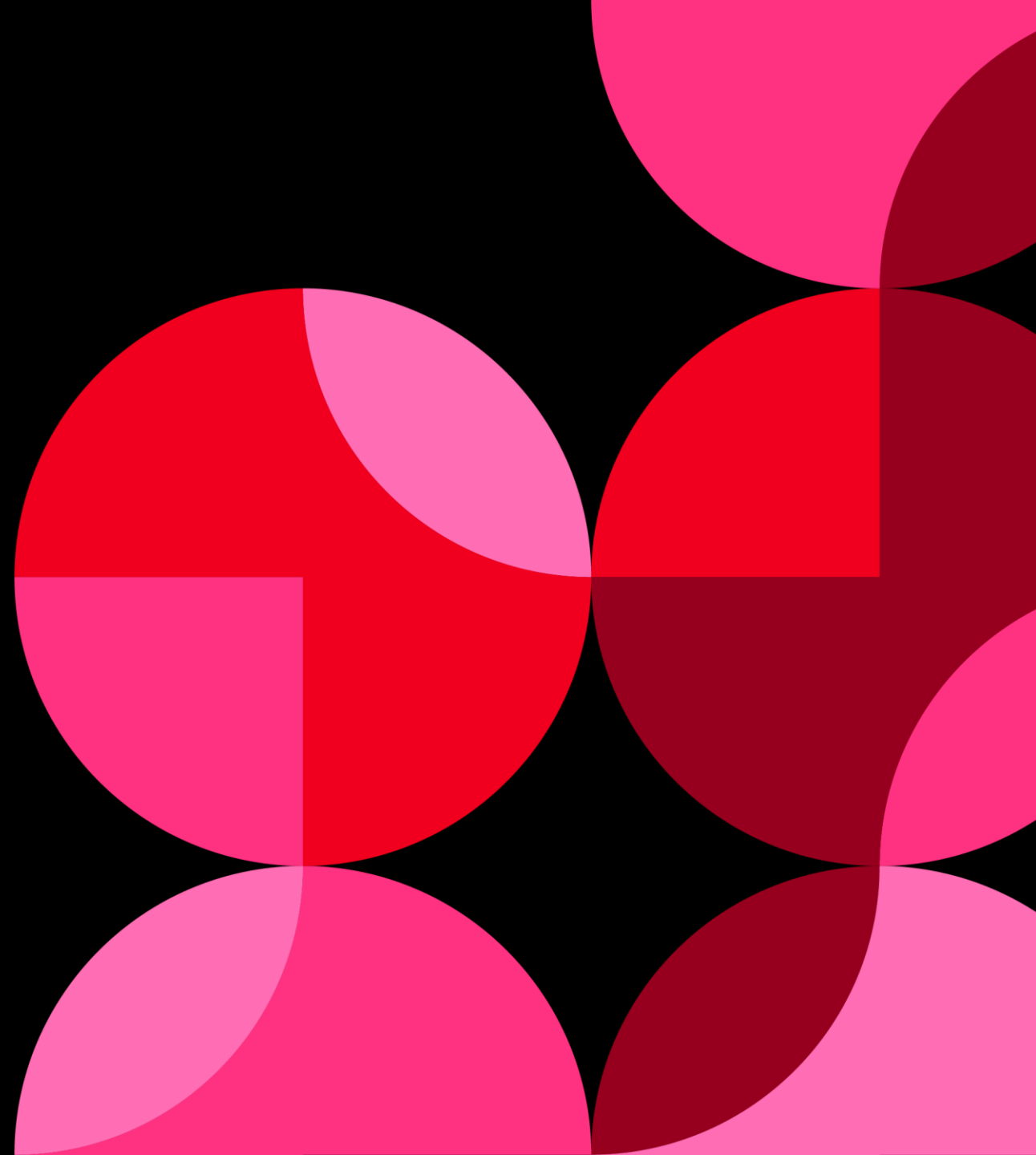




**Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of:**

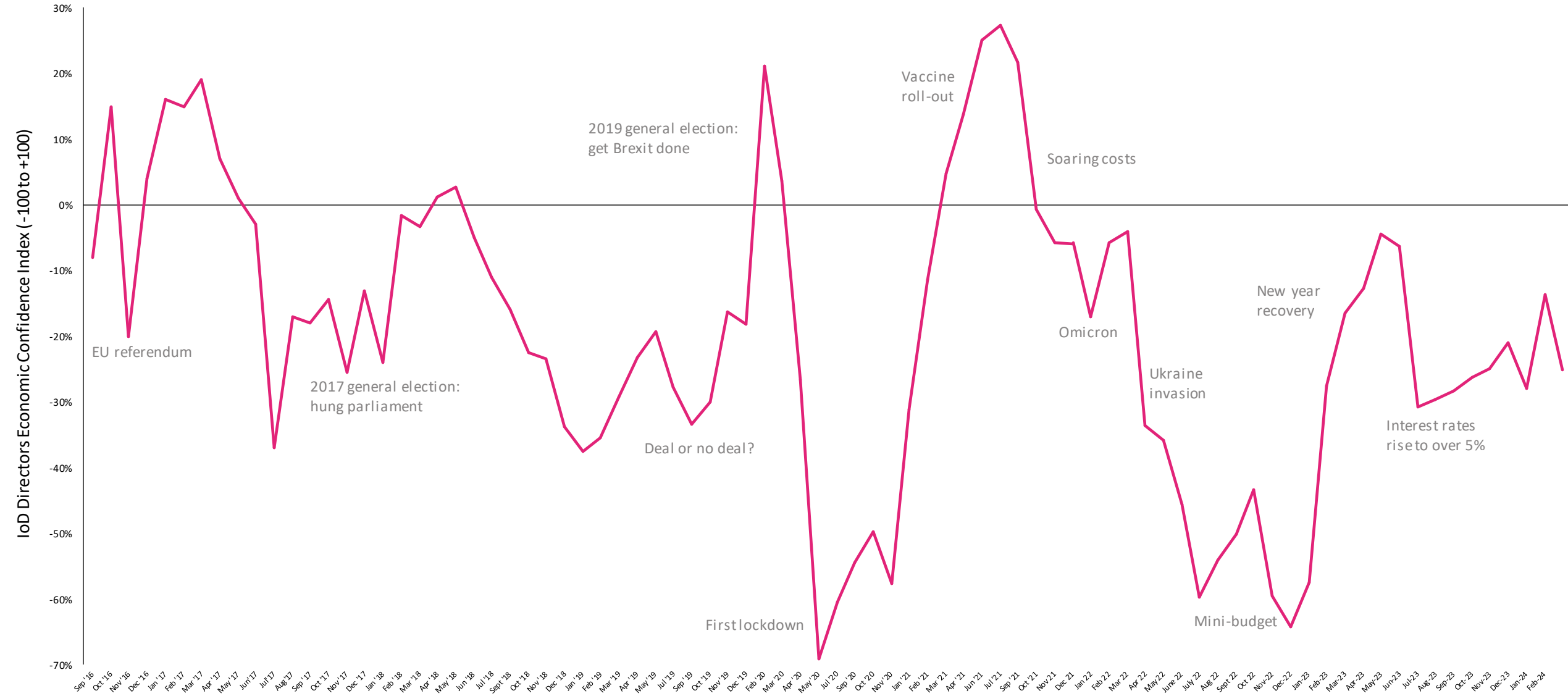
Row Labels	Business investment	Costs	Exports	Headcount	Revenue	Wages
Much higher	3.3%	12.1%	2.3%	2.0%	6.0%	5.3%
Somewhat higher	28.8%	71.8%	17.8%	31.8%	51.0%	58.3%
No change	46.9%	12.0%	32.1%	48.6%	22.9%	29.6%
Somewhat lower	13.4%	2.4%	4.5%	13.2%	14.9%	3.7%
Much lower	5.8%	0.1%	1.7%	2.5%	3.9%	1.2%
Don't know	0.6%	0.6%	1.0%	0.3%	0.5%	0.3%
N/A	1.3%	0.9%	40.5%	1.6%	0.8%	1.6%

# Economic Monitoring: Trends





# New Year uptick in economic confidence recedes in February

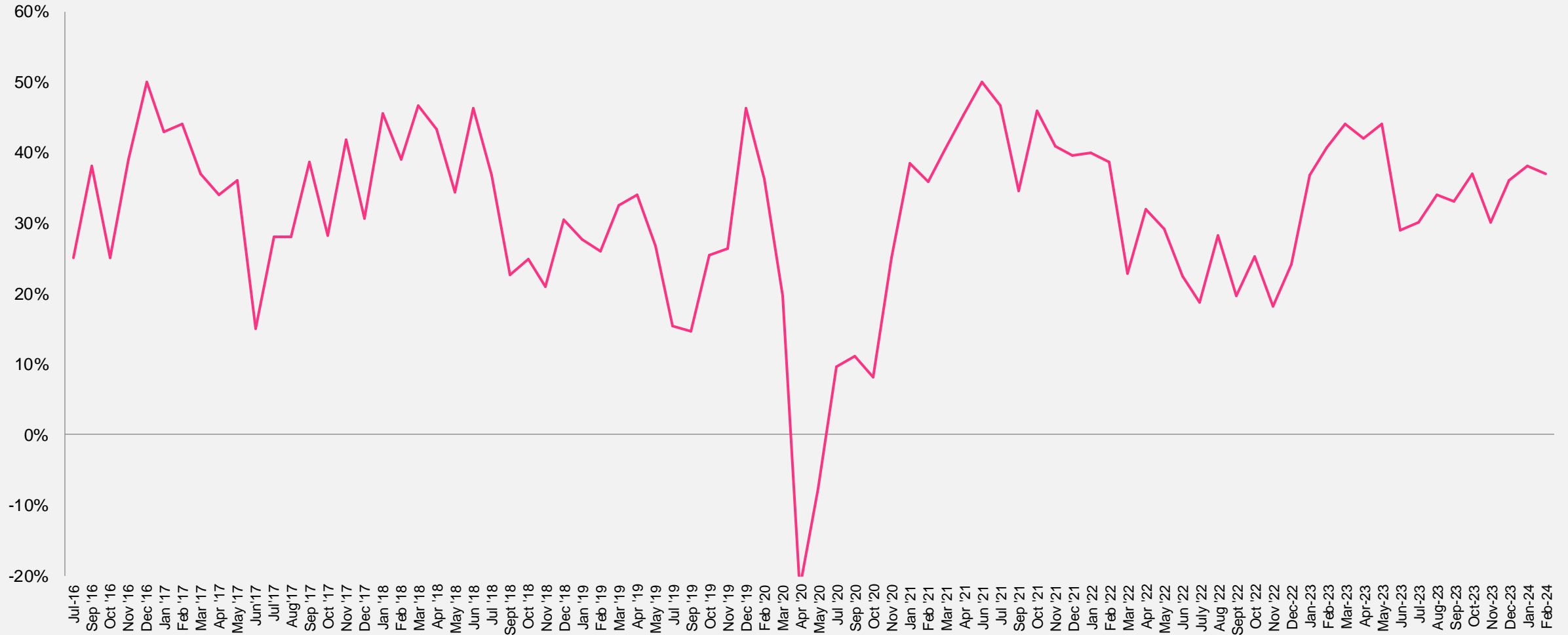




# Confidence in own firm's prospects remain level in February

*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*

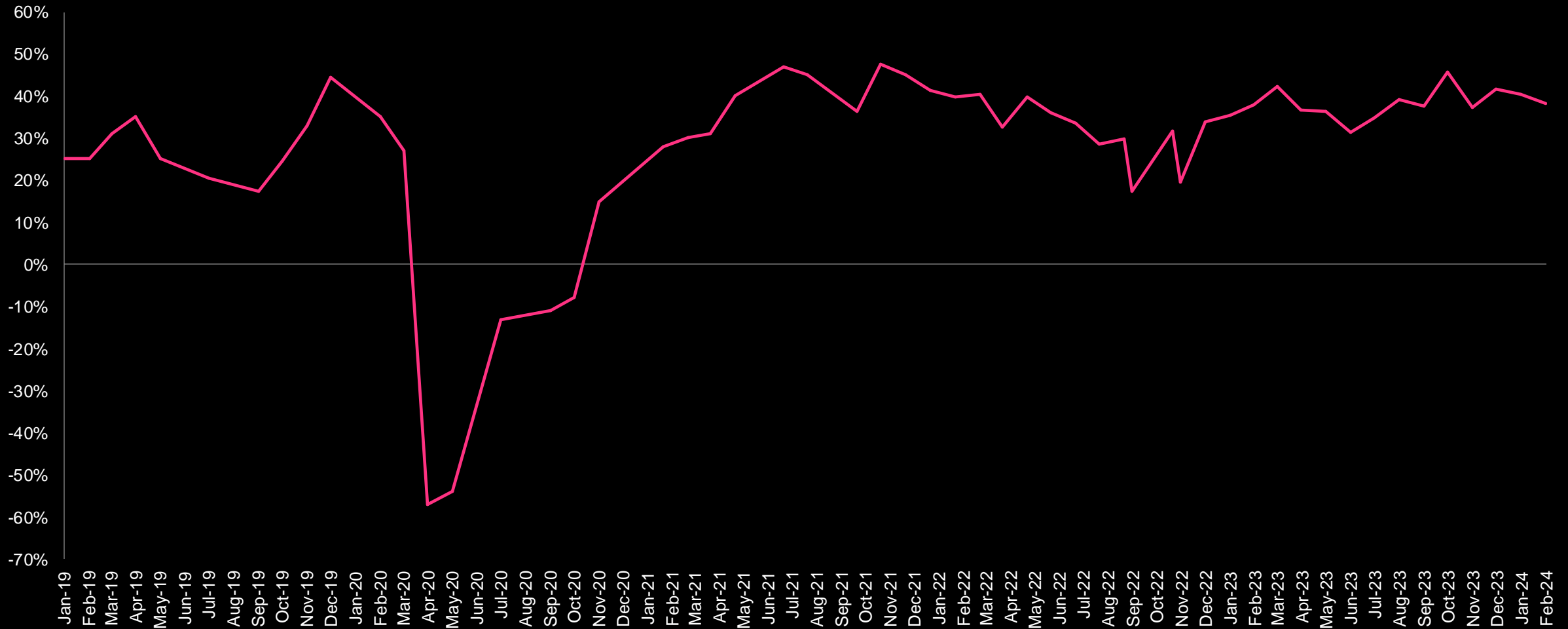






# Net revenue expectations remain unchanged

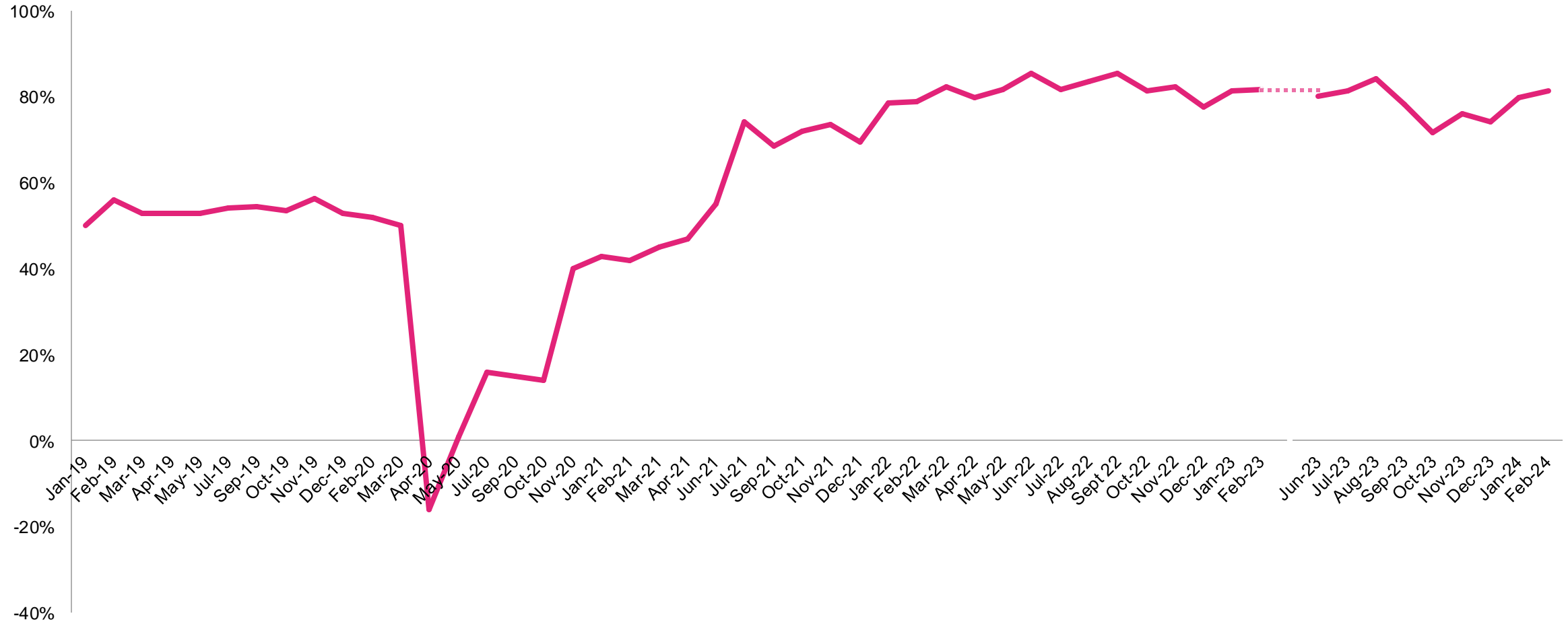
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: REVENUE.  
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





# Cost pressures continue to steadily incline

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



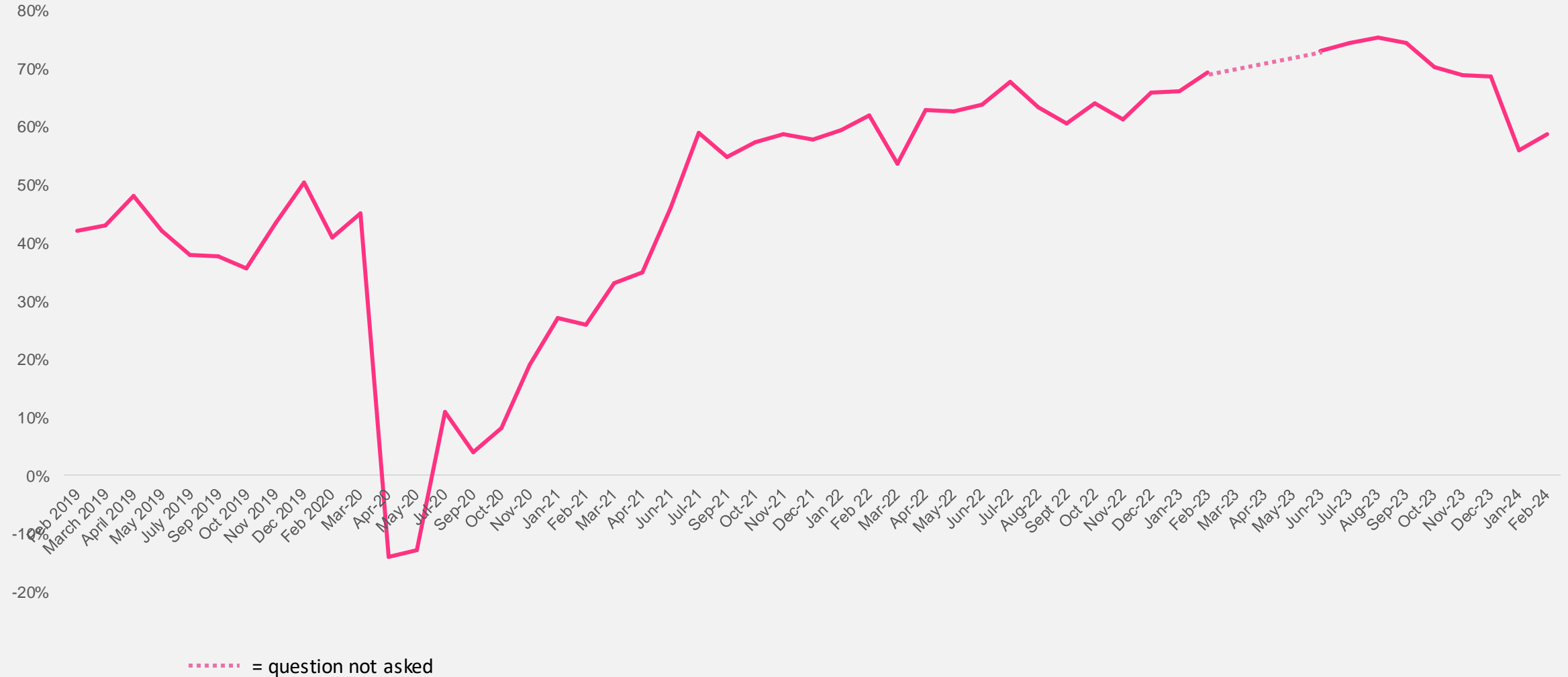
..... = question not asked



## Wage cost pressures slightly rise in February

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.

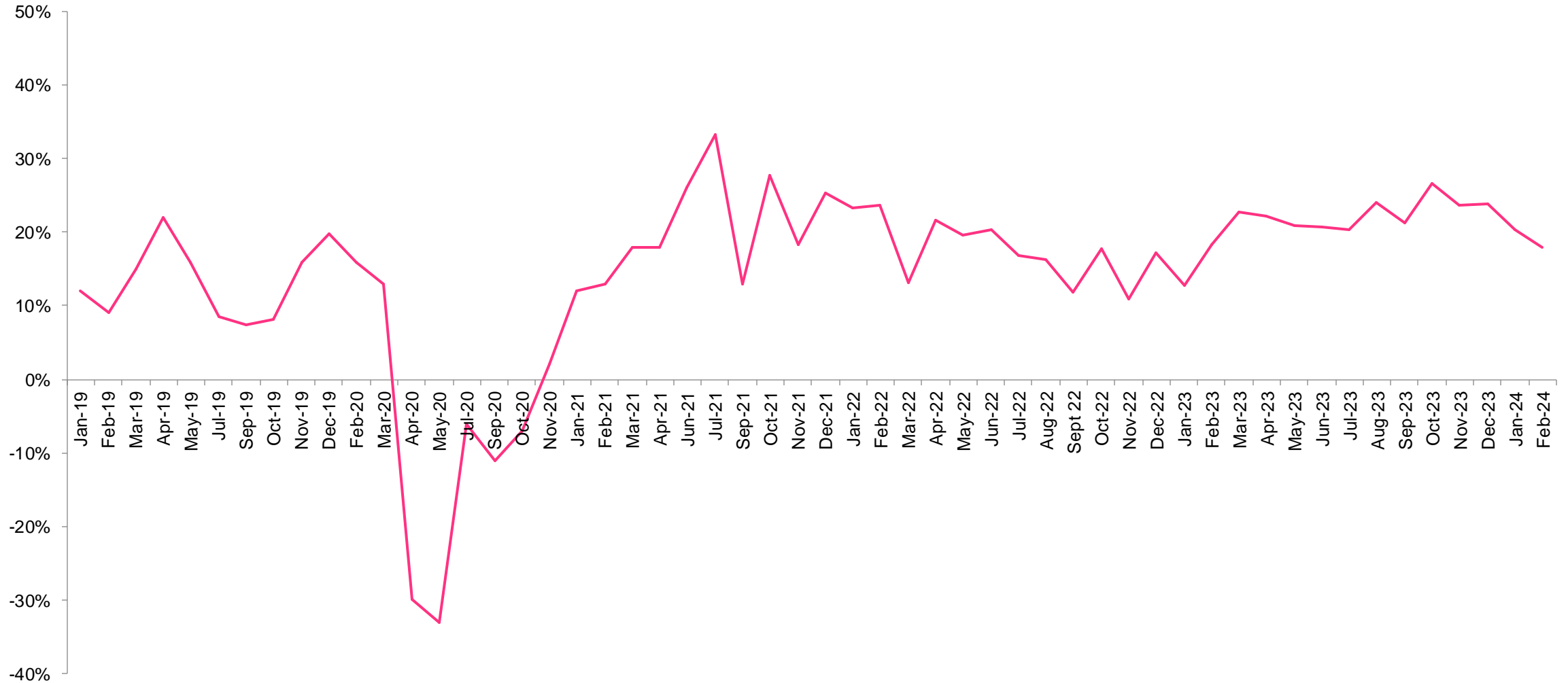
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





# Headcount expectations fall slightly in February

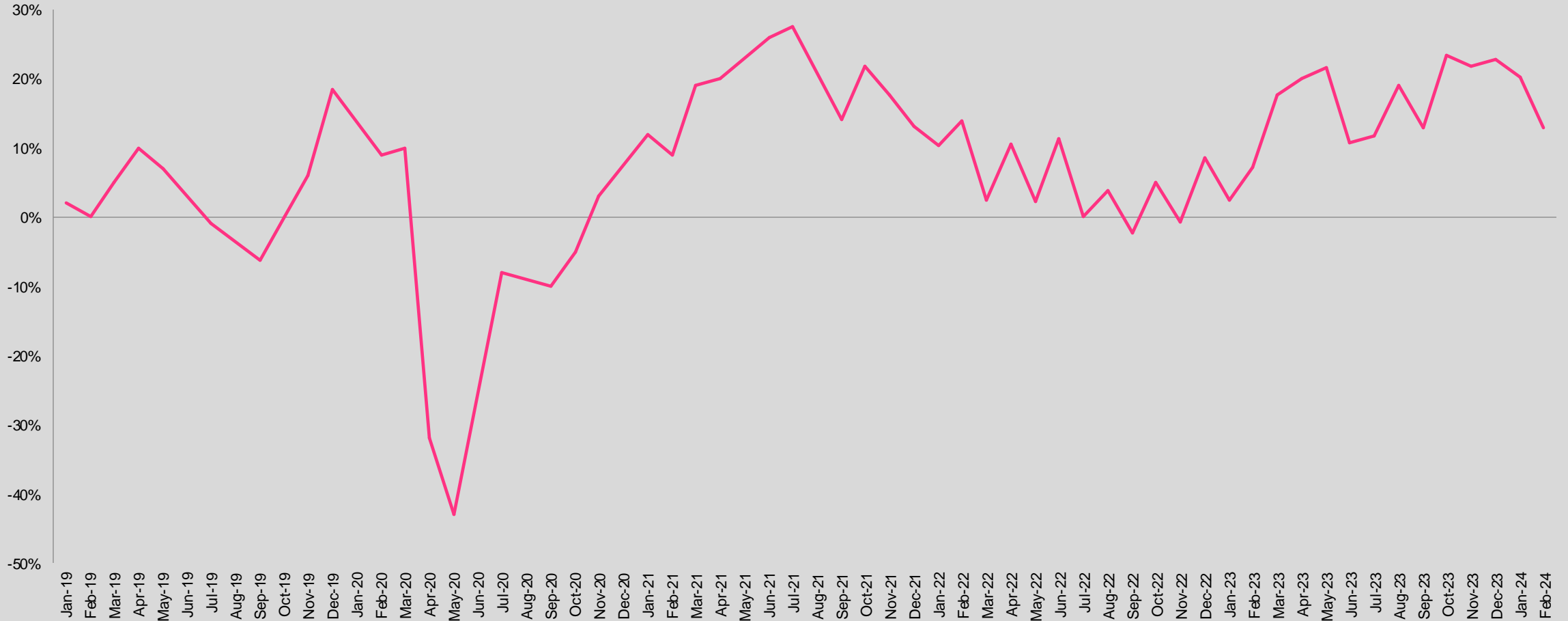
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: **HEADCOUNT**.  
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





## Investment intentions revert to month-on-month volatility

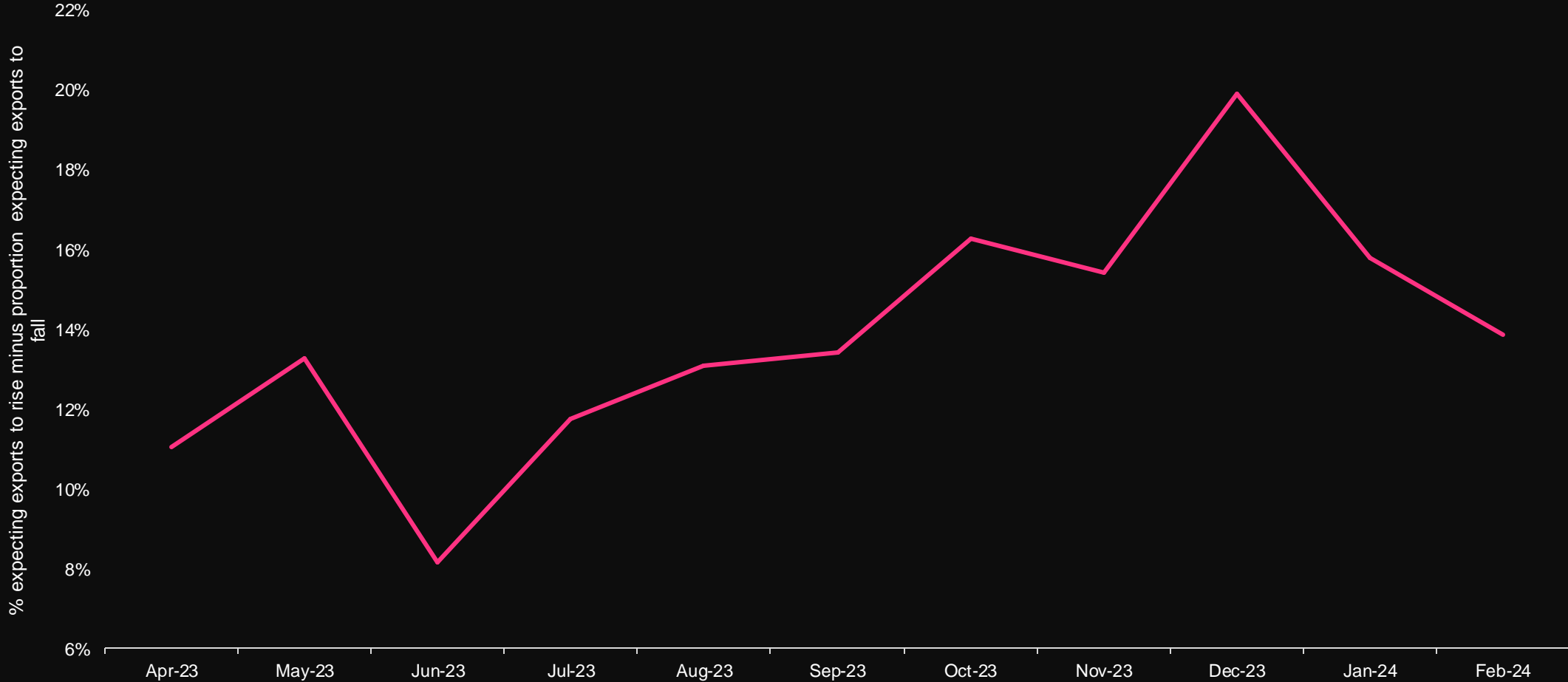
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: INVESTMENT.  
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





## Export expectations continue to fall

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.