



Policy Voice full survey results November 2024

- Impact of increase to employers' National Insurance
- Employment rights reforms
- Quarterly factors negatively impacting tracker

Number of respondents: 601

Survey Dates: 15 – 27 November 2024



Increases to Employers' National Insurance Contributions

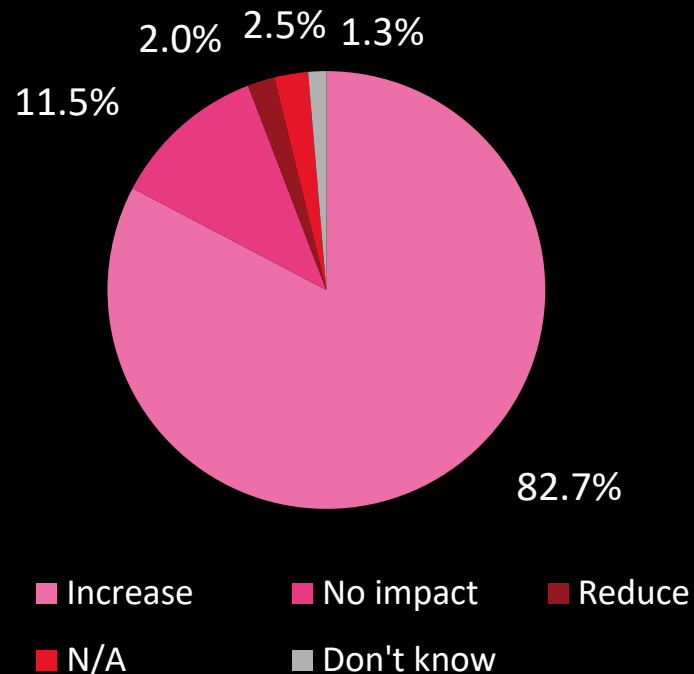
Following the Chancellor's announcement of increases to employer's National Insurance contributions, we wanted to know how members might be affected by this.

This data will be shared with Treasury officials and influence our asks of government. This data was also published in our [November Economic Confidence press release](#).



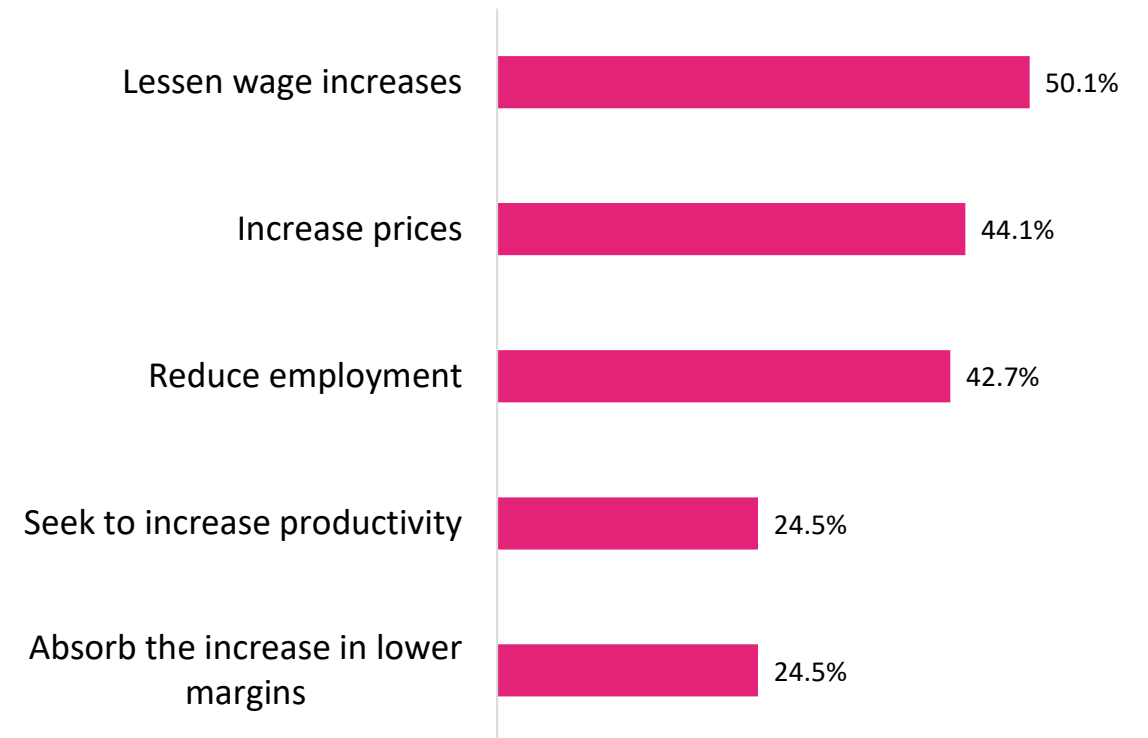
Over 80% of members believe that the changes to employers' NICs announced in the Autumn Budget will increase their NI bill

Will the announced changes to employer National Insurance in the Autumn Budget increase or reduce your employer National Insurance bill?



For those member who think their NI bill will go up, roughly half will lessen wage increases, and increase prices

You said the changes will increase your employer National Insurance bill. How do you plan to respond to the resulting higher costs of employment?



When asked to offer further comments in relation to increases in employers National Insurance contributions, members largely fell into four camps:

1. Employers noted that this would bring about a change to their hiring intentions and need to reduce headcount

“The additional cost means we might need to close down some of our businesses which operate at a low margin and make redundancies” (East of England, Professional, scientific and technical activities, 250+ employees)

“Although we are a very small company, NI is already a significant cost. We might have to lay off people and outsource” (London, Other services, 2-9 employees)

“Every employee costs us around £600 more pa due to the higher rate on the lower banding. We will be carefully considering new posts and replacements.” (South East England, Real estate, 100- 249 employees)

2. Some members noted that the increase would not affect them

“The increase in the employment allowance should offset any increase in payroll taxes incurred.” (London, Professional, scientific and technical activities, 2-9 employees)

“Don't pay employer NI just now as below £5k de minimis threshold, and expect the higher threshold will compensate for the lower level at which NI kicks in.” (Scotland, Financial services, 2-9 employees)





3. Others expressed concern over the monetary cost of this measure

“It will cost the Company an extra £120K plus per year” (London, Manufacturing, 50-99 employees)

“It will cost us over £100 000” (East Midlands, Other services, 250+ employees)

4. Members also highlighted the contradiction this measure has with the government’s plan for growth

“Although no impact on my business, I know many companies who see the increase in the employer NI bill as a major negative factor on their business and an anti-growth measure.” (South east England, Arts, entertainment and recreation, 2-9 employees)

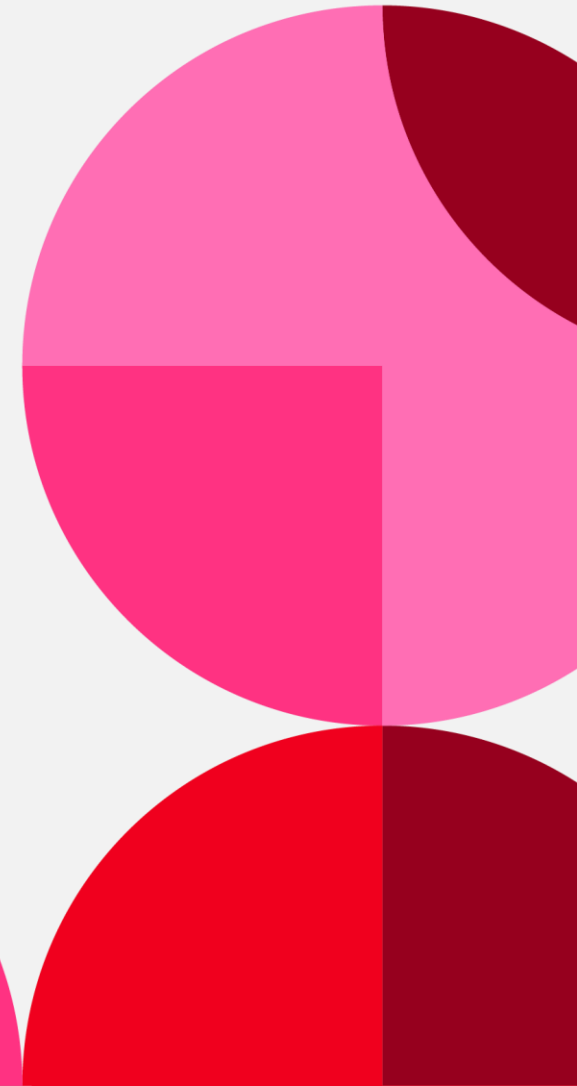
“Although it will reduce my firm’s NI, it will significantly impact those firms who have higher staff numbers and is a bad economic choice by the Chancellor; it will impact growth.” (East of England, Professional, scientific and technical activities, 2-9 employees)

“One struggles to comprehend how increasing costs goes hand in hand with the aim of growing the economy?” (London, Financial services 50-99 employees)

Employment Rights Reforms

The government launched several Make Work Pay consultations following the announcement of the Employment Rights Bill in the Autumn Budget. Answers to the following questions helped inform our responses to the consultations below:

- DBT consultation on [creating a modern framework for industrial relations](#)
- DBT consultation on [strengthening remedies against abuse of rules on collective redundancy and fire and rehire](#)
- DBT consultation on [the application of zero hours contracts measures to agency workers](#)
- DWP consultation on [strengthening Statutory Sick Pay](#)

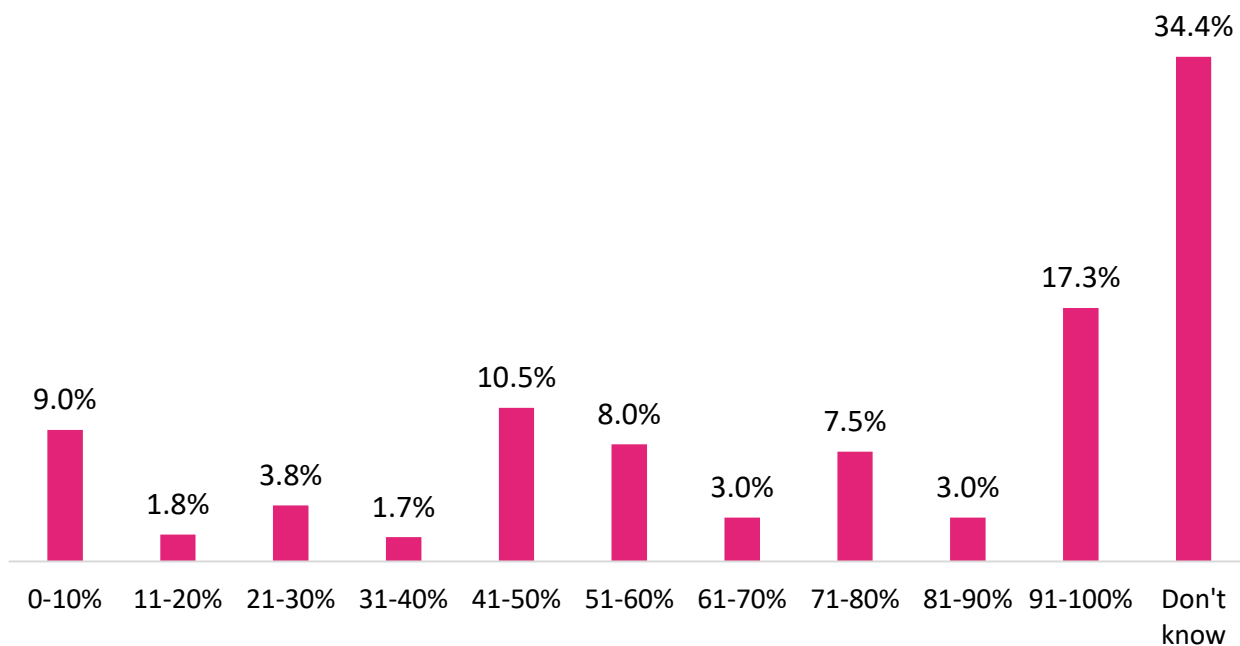




Members are largely split over the percentage of average weekly earnings recipients of SSP should be paid

The government is removing the lower earnings threshold for Statutory Sick Pay (SSP).

Thinking about employees earning below the current weekly rate of SSP (£116.75 per week), **what percentage of their average weekly earnings do you think they should receive?**



In the quantitative data, the most common answer to this question was 'Don't know', (32.4%) with the remaining respondents largely split between the percentage brackets. Whilst the data indicates opinions were divided on this issue, four key themes emerged in the comments:

1. A number of members suggested paying a significant portion of an employee's wage as sick pay would be a difficult cost for SMEs to absorb:

"We're a small business - 15 people. Covering the cost of enhanced sickness, maternity, paternity, parental bereavement when 1 person represents such a large percentage of payroll is challenging. I would happily pay an extra percentage point of employer NIC if maternity, paternity, parental bereavement, sickness was at rates that people could actually survive on, lasted for long enough to be meaningful and we could claim the amounts back (as with first 6 weeks of maternity pay) this would massively help small businesses provide provision for employees and even the playing field when compared to large organisations where enhanced provisions are such a small percentage of payroll cost" (Yorkshire and the Humber, Other services, 10-49 employees.)

"For genuine sickness, employees should not have to suffer extensive drops in salary. As a small business being able to compensate long term employees is very hard." (London, Information and commerce, 10-49 employees.)



2. A significant portion of members also suggested sick pay should have some conditions:

“Should be generous but time limited, perhaps 1-2 months at most.” (South East England, Education, 250+ employees.)

“Should be for a set period - not open ended.” (South West England, Transportation and Storage, 100-249 employees.)

“This depends on how much they earn, if you earn £100 per week you need more. If you earn £1,000 per week then say 15%.” (East of England, Financial services, 2-9 employees.)

3. Many business leaders also indicated a willingness to pay a significant portion of an employee’s average wage as sick pay:

“As part-time employees who get paid by results, we would probably pay 100%” (North West England, Professional, scientific and technical activities, 2-9 employees.)

“There are some savings from not having to commute etc. so 100% seems too high, but 80% seems too low. I think 90% would be appropriate for most people on all salary levels.” (London, Professional, scientific and technical activities, 2-9 employees.)

“As employers we do have a duty to our staff. Where someone has a genuine illness it's important to support them. At the least for the businesses sake as they are more likely to be back at work speedily if we do. Plus there is additional loyalty. Members of staff at these lower salaries have little in the way of reserves to get them by.” (London, Professional, scientific and technical activities, 10-49 employees.)

4. Some members had broad criticisms of the policy regardless of percentage paid:

“Too much regulation will kill low-paid jobs.” (South West England, Manufacturing, 250+ employees.)

“The proposed changes to the SSP rules will encourage staff to take more sick days & detrimentally impact productivity” (East of England, Health and social work, 100-249 employees.)

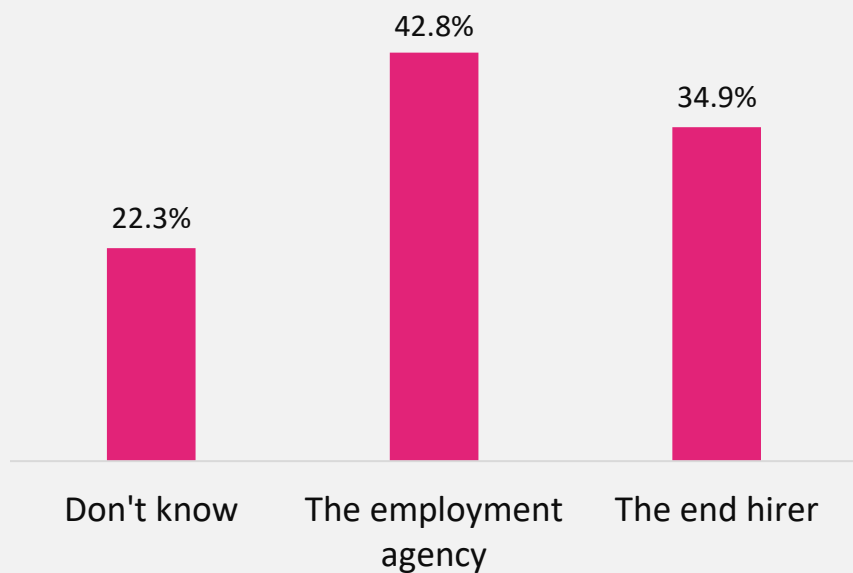
“More complexity and administration for employers.” (South East England, Accommodation and food services, 250+ employees.)



On the whole, business leaders believe the employment agency is responsible for guaranteeing hours to zero-hour contract workers

Employers will be required to offer guaranteed hours to agency workers who are on a zero hours contract.

Do you think the guaranteed hours should be offered by the employment agency or the end hirer?



In the quantitative data, the majority of members (42.8%) suggested the employment agency should offer the guaranteed hours. In contrast, 34.9% of respondents favoured the end hirer offering the guarantee, whilst the remainder (22.3%) didn't know.

When asked to provide further comments, members largely followed three trains of thought:

1. That there is no need for a guarantee of hours to be legislated by the government. Instead, this should be agreed between the parties concerned on a case-by-case basis:

"I think both parties should agree between themselves what the expected hours should be rather than legislate." (West Midlands, Health and social work, 2-9 employees.)

"There is nothing wrong with the current arrangements" (Yorkshire and the Humber, Construction, 250+ employees.)

"Employers should not have to offer guaranteed hrs. Does the government understand that rights go both ways. Putting more pressures on employers just have a negative effect or anyone who wants to set up business" (London, Accommodation and food services, 50-99 employees.)



2. That zero hours contracts need a rethink as a viable mechanism for employing individuals:

“There is a difference between the genuine use of agency labour (for example to cover for illness or holiday) and the wholesale use of agency labour in order to avoid the workforce acquiring employment rights. Any legislative framework needs to address this issue” (South East England, Wholesale and retail trade (including motor repair), 250+ employees.)

“Zero hours contracts are unfair on the employees in the main company.” (London, Other services, 10-49 employees.)

3. That any guarantee of hours undermines the purpose of zero hours contracts and reducing flexibility and adaptability in busier periods:

“Guaranteed hours are the complete opposite of the flexibility of a zero hours contract - just making it harder for businesses to be flexible, so there will be more making do through busy times instead of giving some opportunity of work to people.” (East of England, Professional scientific and technical activities, 0-1 employees/ sole trader.)

“it would be entirely impractical for us to offer guaranteed hours. We use agency staff for unexpected or unpredictable needs. We have no idea from one week to the next how many hours we will need.” (East of England, Financial services, 50-99 employees.)

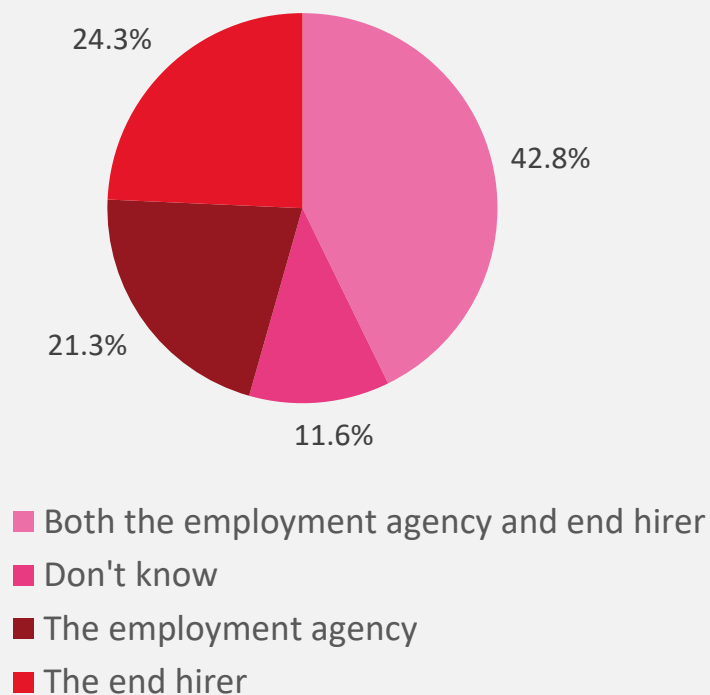




Business leaders believe it is the responsibility of both the agency and end hirer to provide workers with reasonable notice

Employers will be required to provide agency workers with reasonable notice of their shifts, and any changes to them.

Whom do you think that responsibility for providing agency workers with reasonable notice of shifts should rest with?



When asked to provide further comments, much like the quantitative data, the majority of members agreed that the responsibility of notice lies with both the employment agency and end hirer. However, a significant portion of member were also keen to highlight that their use of agency workers is often in unexpected circumstances, where flexibility in availability is required:

“As the whole point of agency staff is usually to deal with unexpected increases in workforce requirements e.g. to cover sickness absence, I honestly fail to see how this can be realistically planned in advance!!!!” (East of England, Professional, scientific and technical activities, 2-9 employees.)

“This ends up as a cost on employment, as companies can't always be sure "with reasonable notice". That's the whole point of flexible labour. This rule just damages business, makes the UK less attractive.” (London, Professional, scientific and technical activities, 0-1 employees/ sole trader.)

“We rarely use agency workers. However, those that do don't always know when and for how long they will be required for. If they did, they probably wouldn't need them!” (London, Financial services, 50-99 employees.)

Many members who selected both the agency and the end hirer were also keen to highlight that whilst they believe responsibility should be shared, they do not believe this is a matter for government to legislate upon:

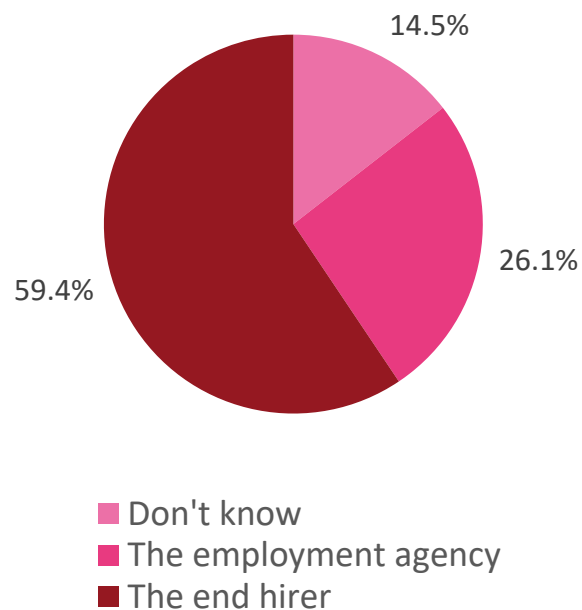
“Both in reality but the info must come from the end hirer and responsibility must lie with them. I think this level of detail is too operational for government policy to deal with. They should really focus their attention on higher level strategic objectives, this is a tiny grain of sand in the wash of issues facing the UK economy imo.” (North West England, Professional scientific and technical activities, 100-249 employees.)



Almost two thirds of members think the end hirer should be responsible for paying agency workers when shifts are cancelled at short notice

Employers will be required to make a payment to agency workers when they cancel or curtail shifts at short notice.

Whom do you think should be responsible for paying short notice cancellation or curtailment payments to an agency worker?



Again, whilst members in this comment section largely agreed that the end hirer should be responsible for the short notice cancellation payments to agency workers, a significant portion of members felt that this matter is not something for the government to regulate, but for businesses to handle themselves given the two-way benefits of this flexible arrangement:

“Yet more unworkable restrictions placed upon employers” (South East England, Real Estate, 10-49 employees.)

“Employers use agencies to fill seasonal or short-term staffing gaps as such they need to plan their usage. However, they should not be required to treat or give the same benefits to agency employees that they do to their own casual/part time employees.” (South East England, Other services, 2-9 employees.)

“this removes the advantage of flexible working, depends on what short notice is and also is this both ways, ie if a worker gives short notice should they reimburse the end hirer and agency for the extra work required to replace them?” (East Midlands, Professional, scientific and technical activities, 2-9 employees.)

“If the end hirer makes the change, then they should be responsible, otherwise the agency” (North West England, Transportation and storage, 250+ employees.)

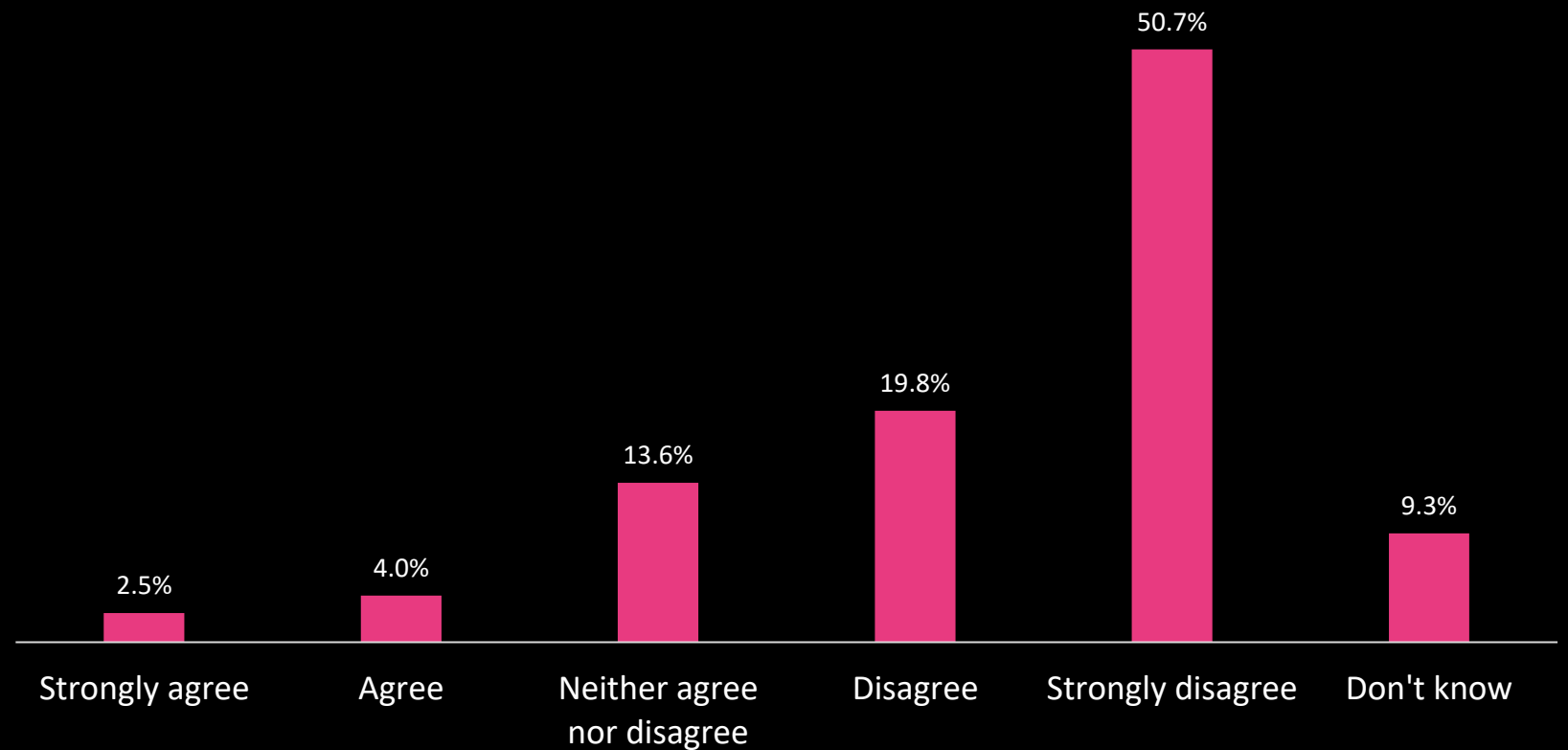
“It depends who is responsible for deciding to have that agency worker signed up for a shift - for example, is it the end user who no longer requires or the agency who was providing contingency” (South East England, Transportation and storage, 0-1 employees/ sole trader.)

“Responsibility to reside with one cancelling so in some circumstances it could be agency - where they transport workers in but no transport is available.” (London, Professional, scientific and technical activities, 2-9 employees.)



Roughly 70% of business leaders disagree with the government's proposed extension of a trade unions legal mandate for industrial action

Do you agree or disagree with the government's proposal to extend the expiration date of a trade union's legal mandate for industrial action from 6 to 12 months?





Just over 70% of members disagree with the government's proposal to extend the expiration date of a trade union's legal mandate for industrial action from 6 to 12 months, and in the comments, this was reflected by the two camps that the vast majority of respondents fell into.

Firstly, members were keen to highlight the negative impact union strikes have on UK business:

“Trade unions are a drag on productivity and growth.” South East England, Financial services, 10-49 employees

“[Unions] need to soften their stance to work WITH business and not against.” (Northern Ireland, Health and social work, 100-249 employees)

“Disputes need to be resolved and not dragged out, which would be bad for business.” (London, Professional, scientific and technical activities, 0-1 employees/sole trader)

“It just puts UKPLC in a weaker position as trade unions can just go on strike anytime’ (London, Information and communication, 2-9 employees)

Secondly, many members believe that 6 months should already be a sufficient time span for unions and business leaders to reach an understanding.

“Six months should remain the limit. This will encourage dialogue from both sides.” South West England, Professional, scientific and technical activities, 2-9 employees.

“A lot can happen in 12 months to change views, influencing factors, 6 months should be adequate” South East England, Administrative and support services, 2-9 employees.

“I see this as a Political decision for Labour. I like to think that businesses who have TU's embedded in them, like to work constructively to reach joint direction. Not everywhere is adversarial. A six-month decision point gave businesses a point at which they can plan looking forward, and reduce potential disruption.” Wales, Professional scientific and technical activities, 0-1 employees/ sole trader.

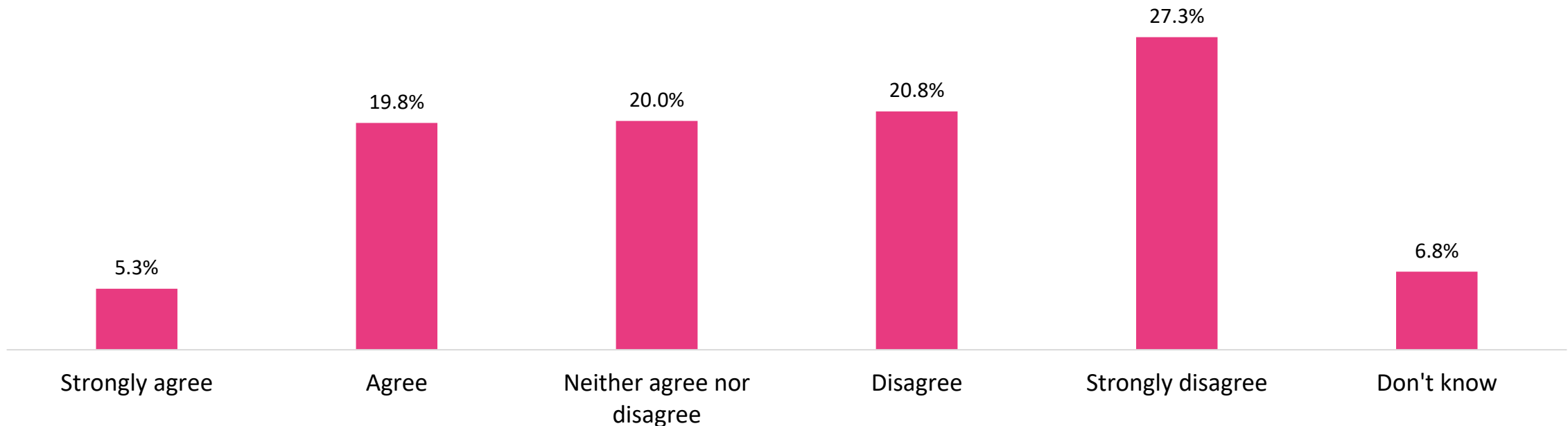




Roughly half of IoD members disagree with the addition of interim relief awards to 'likely' successful unfair dismissal claimants

The government is considering whether an employee claiming unfair dismissal in a fire and rehire scenario should be able to apply for interim relief. This would mean that the employee would continue to be paid, pending the final hearing, but it would only be awarded where the employee can show it is 'likely' that their unfair dismissal claim would succeed.

Do you agree or disagree with adding interim relief awards to fire and rehire unfair dismissals?





Members were largely split in the data, and the comments, when asked whether they agree or disagree with adding interim relief awards to fire and rehire unfair dismissals. On the whole two schools of thought emerged.

Firstly, that fire and rehire is a poor business practice as it stands and mechanisms like this would deter employers from engaging in fire and rehire:

“We shouldn't have fire and rehire in the first place” South East England, Transportation and storage, 0-1 employees/ sole trader.

“Unscrupulous employers, often at the heart of our economy, ruthlessly engage in firing and rehiring practices solely to manage costs. This approach overlooks the fact that these are individuals who rely heavily on their income for livelihood. Such practices are grossly unfair and unethical, especially when employees are not adequately supported through the transition. Introducing expenses or consequences for employers who engage in these tactics would compel them to reconsider the relevance and utility of such actions, potentially fostering a more ethical approach to workforce management.” South East England, Manufacturing, 10-49 employees.

“Fire and re hire is basically a real problem created by employers, I think in administration it is the only place that I can see it being justified” South East England, Information and communication, 2-9 employees.

Secondly, that this legislation would lead to increased cost and burden on business, and should therefore be left to individual businesses to determine:

“It would be impossible to implement such a policy in a way that is fair to employers.” (London, Real estate, 0-1 employees/ sole trader.)

“Reasonable idea - but way too complex to operate, tribunals and HR process will be swamped” (South East England, Administrative and support services, 2-9 employees.)

“The ET process is already utterly broken, together with ACAS. Both need reforming to resolve the existing impacts to claimants from delays, as well as the impact on businesses - particularly with vexatious claims. Adding this to the mix just adds more complexity and delay for, presumably, what's arising from a small number of cases.” (London, Other services, 50-99 employees.)

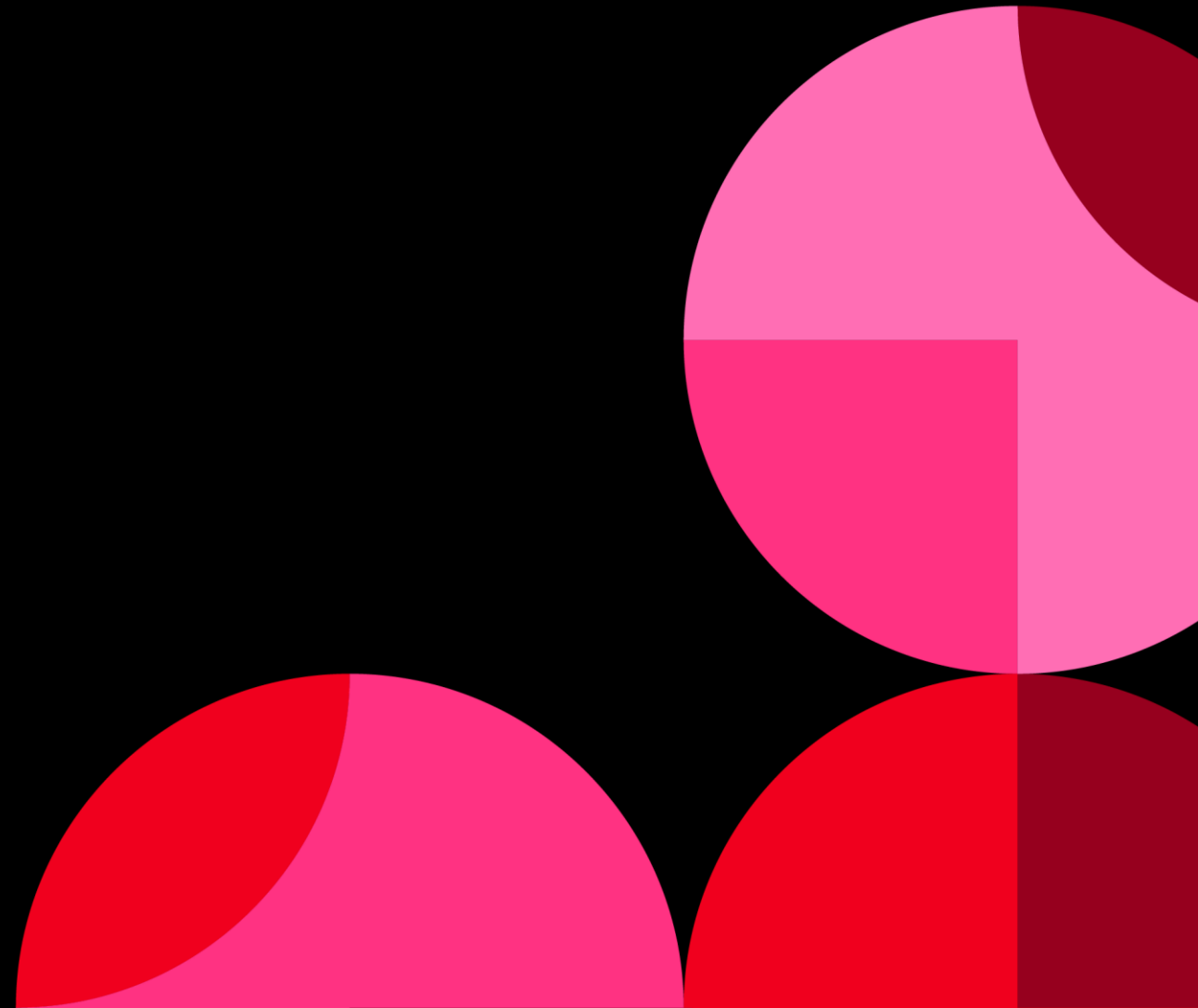
“It adds another step to the process, which is already long enough. Who is going to make the decision about "likely to succeed" and how does the employer get the money back if the dismissal is upheld?” (South East England, Wholesale and retail trade (including motor repair), 250+ employees.)



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.

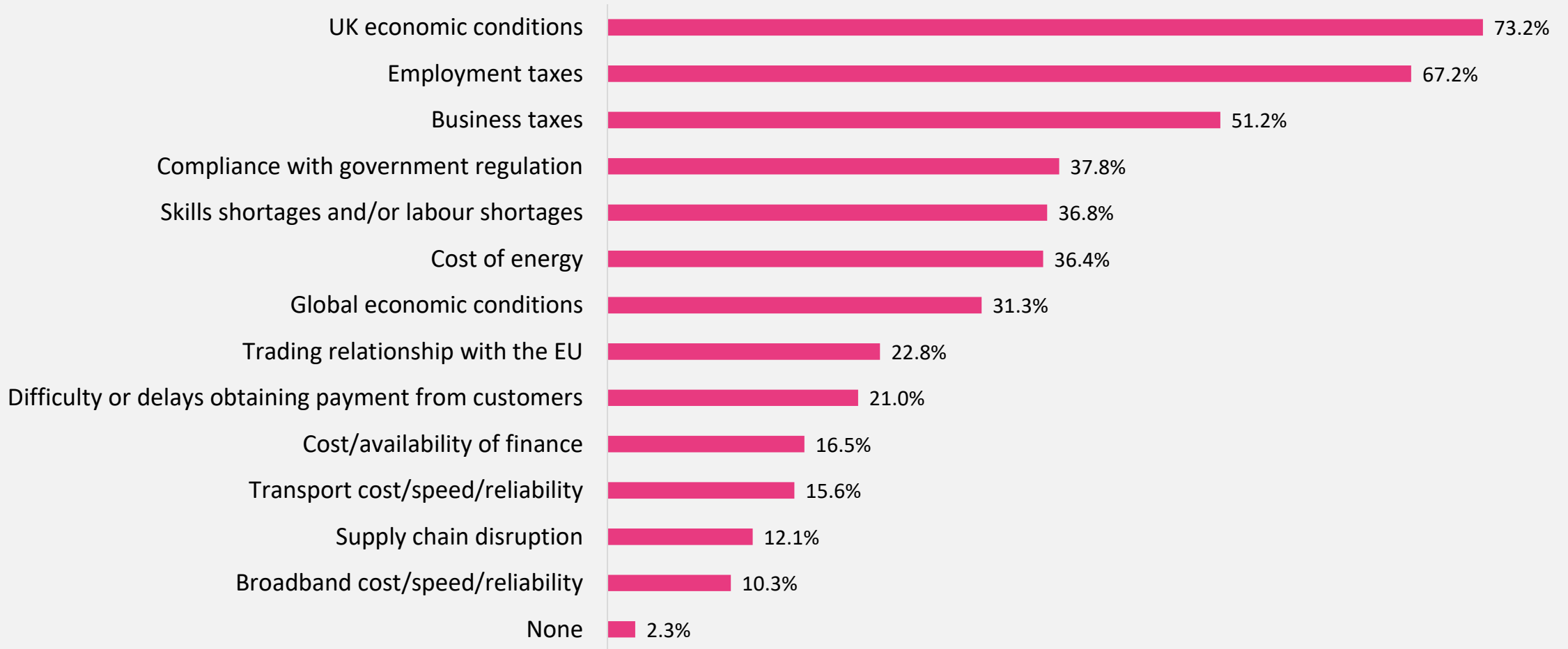
This data is used to set our advocacy focus for the upcoming year.





UK economic conditions remain the most significant concern for members, as they were in August

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



Economic Monitoring: Data

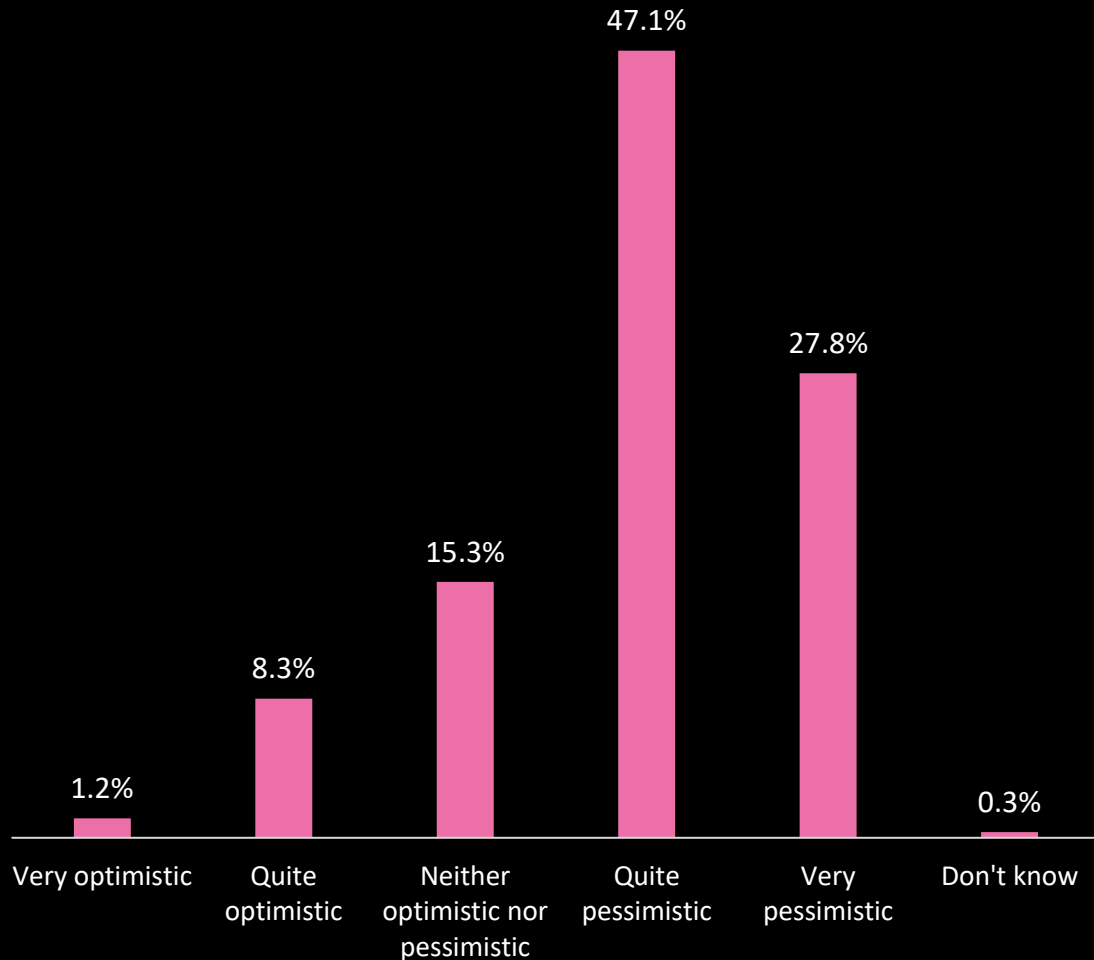
The following data contributed to our Director's Economic Confidence Index, which we send directly into the heart of government each month.

This data is reported heavily in the national media.

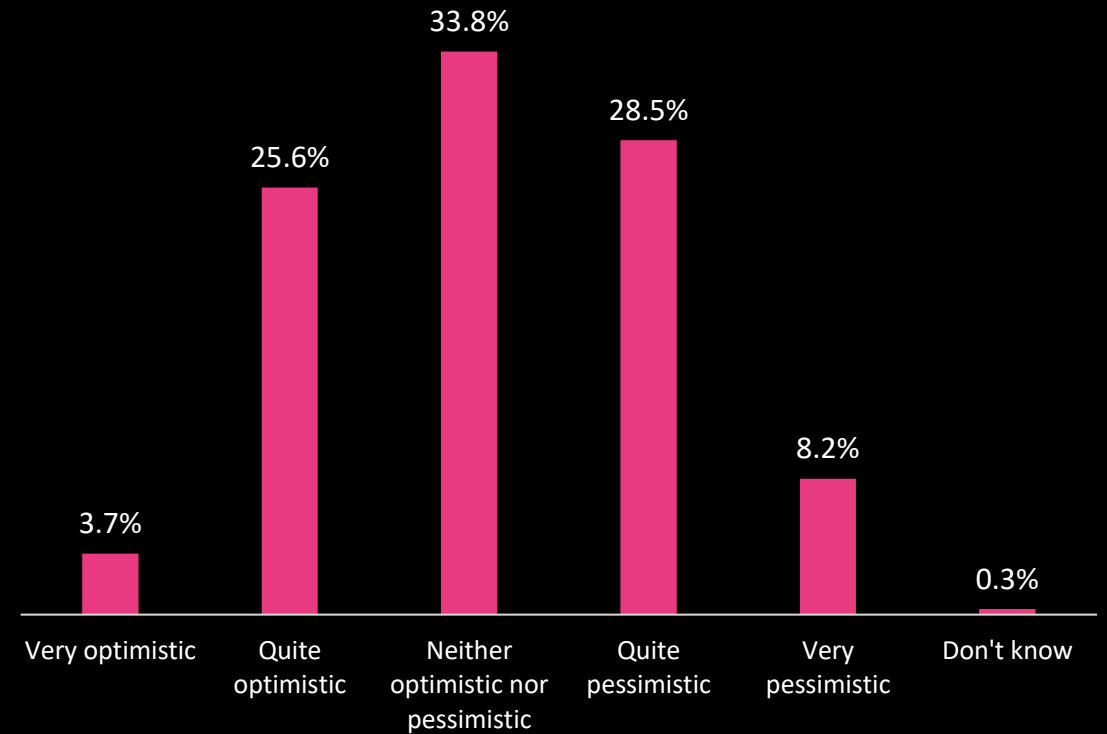


How optimistic are you about both the wider UK economy and also your organisation over the next 12 months?

Wider UK economy



Your (primary) organisation

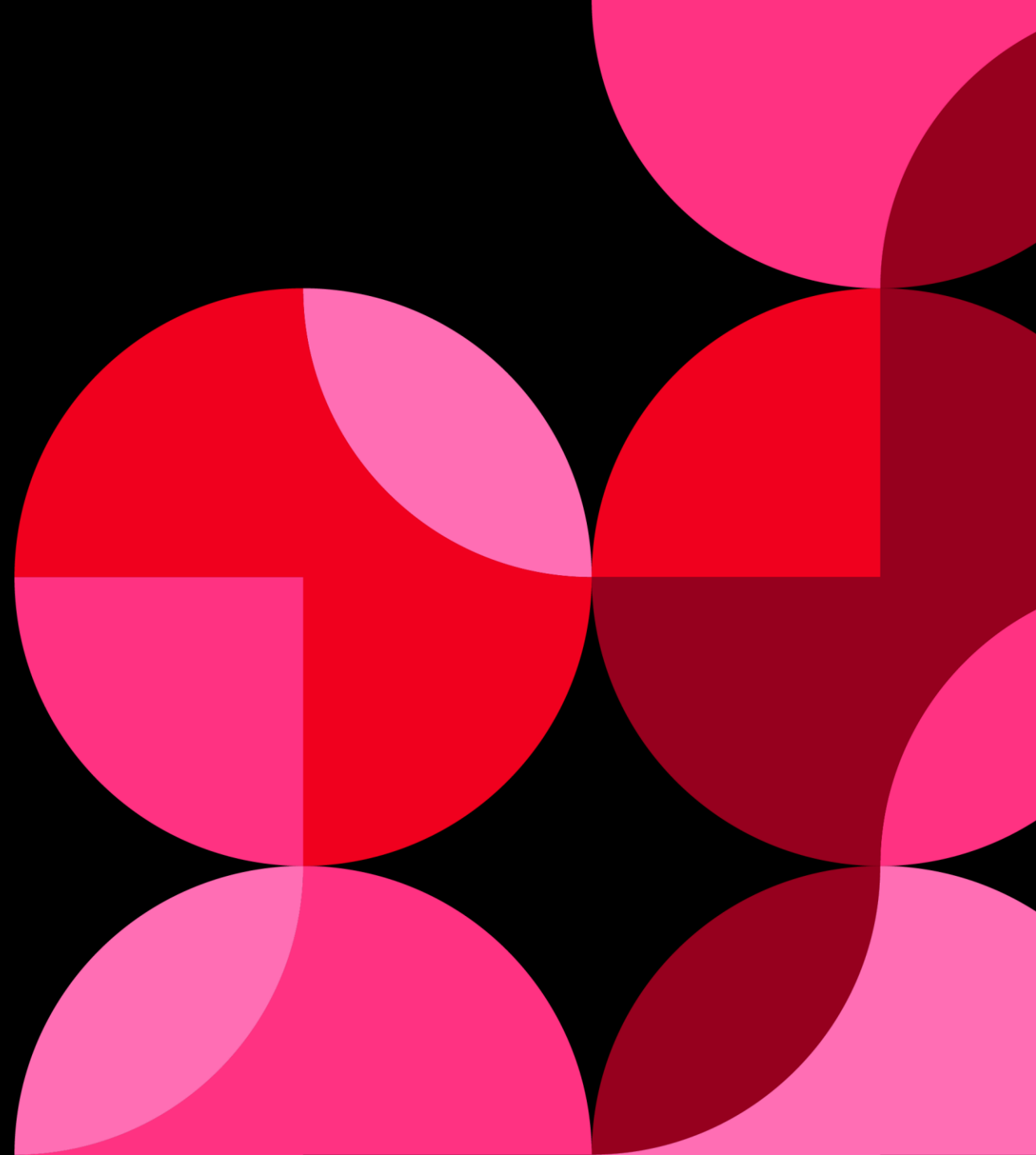




Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of:

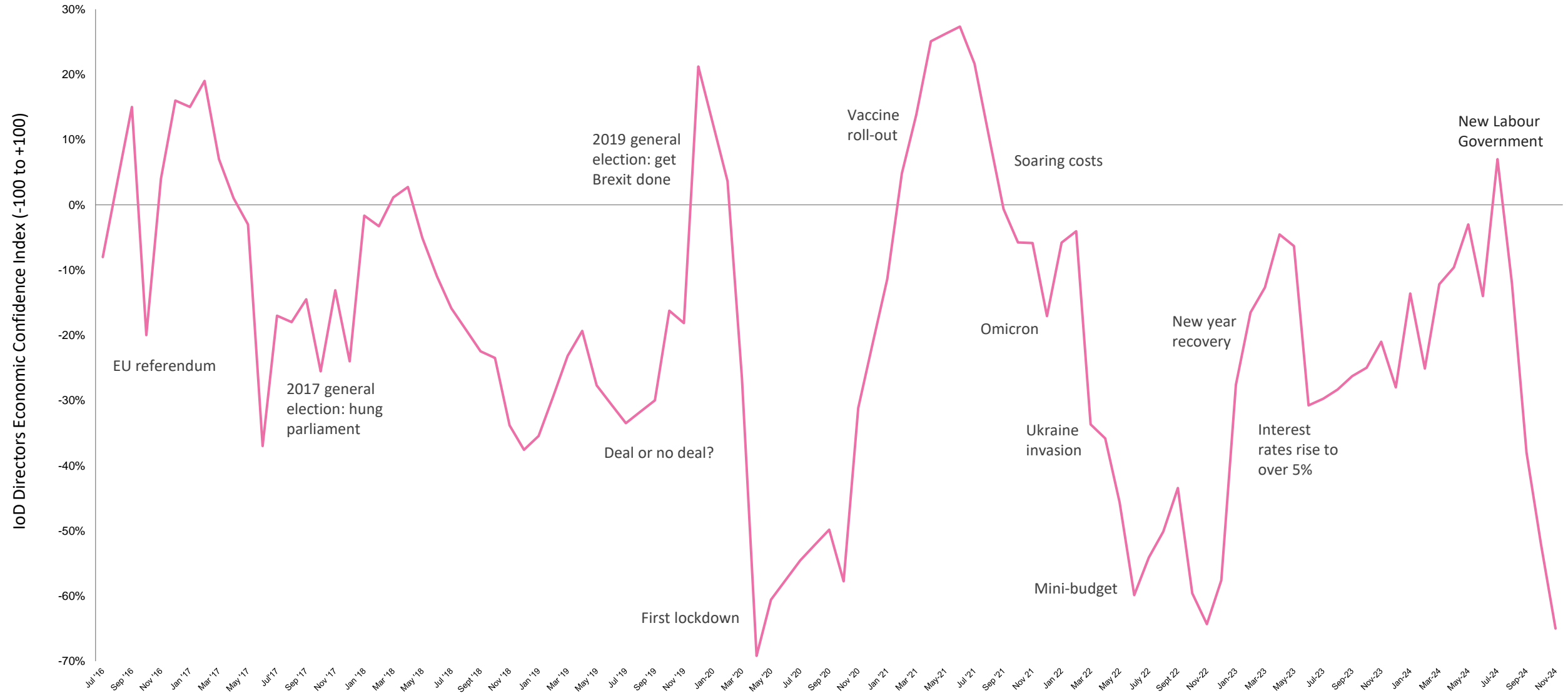
Row Labels	Business investment	Costs	Exports	Headcount	Revenue	Wages
Much higher	1.8%	20.8%	2.3%	1.5%	2.7%	4.7%
Somewhat higher	17.3%	67.6%	13.1%	15.0%	36.9%	36.9%
No change	32.6%	7.5%	27.8%	40.9%	22.8%	35.4%
Somewhat lower	28.8%	2.0%	9.5%	29.8%	26.1%	15.0%
Much lower	17.8%	1.0%	3.7%	10.6%	9.7%	5.7%
Don't know	1.0%	0.7%	41.6%	1.7%	1.0%	1.7%
N/A	0.7%	0.5%	2.0%	0.5%	0.8%	0.7%

Economic Monitoring: Trends





Confidence levels approach Covid lows amongst business leaders

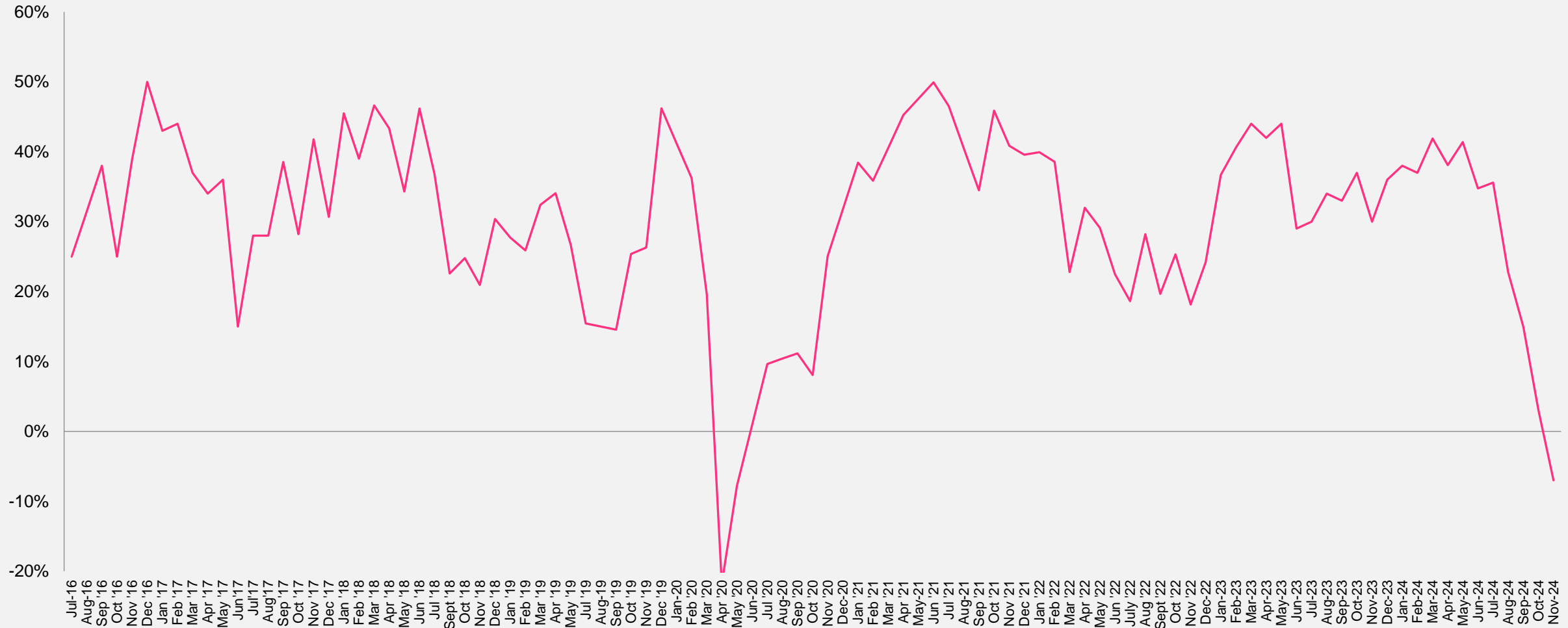




Confidence in own firm's prospects hits lowest point since May 2020

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 continue to fall and read +4 in November

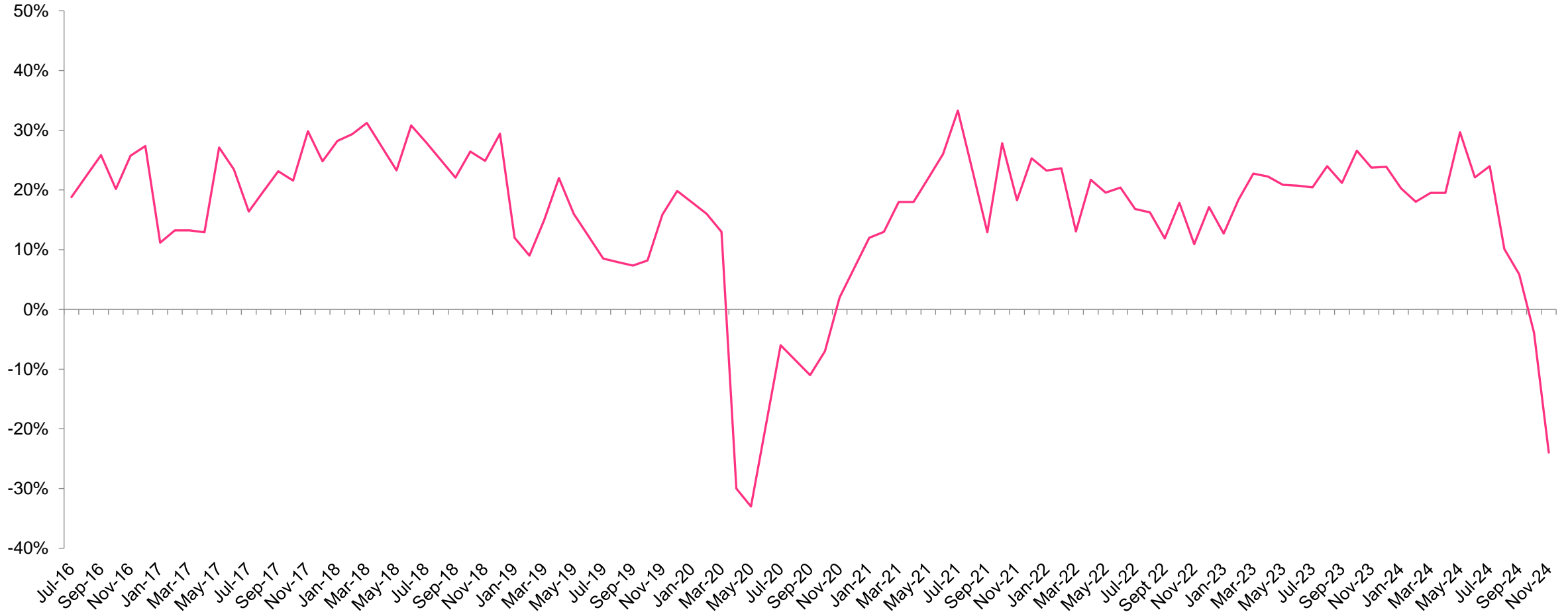
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: REVENUE.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Headcount expectations record lowest reading since May 2020 (-24)

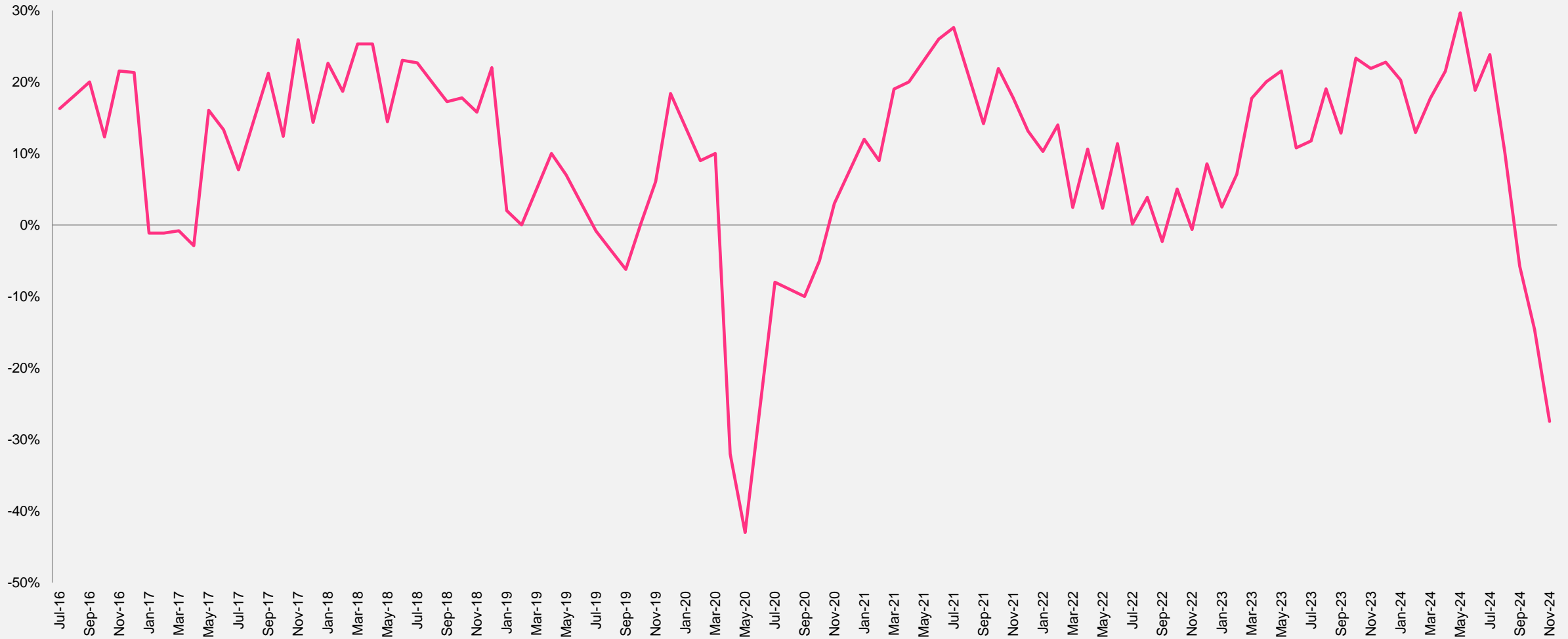
Comparing the next 12 months with the last 12 months, what do you believe the outlook for your organisation will be in terms of: HEADCOUNT.
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Investment intentions continued to plummet in November, reaching -27

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

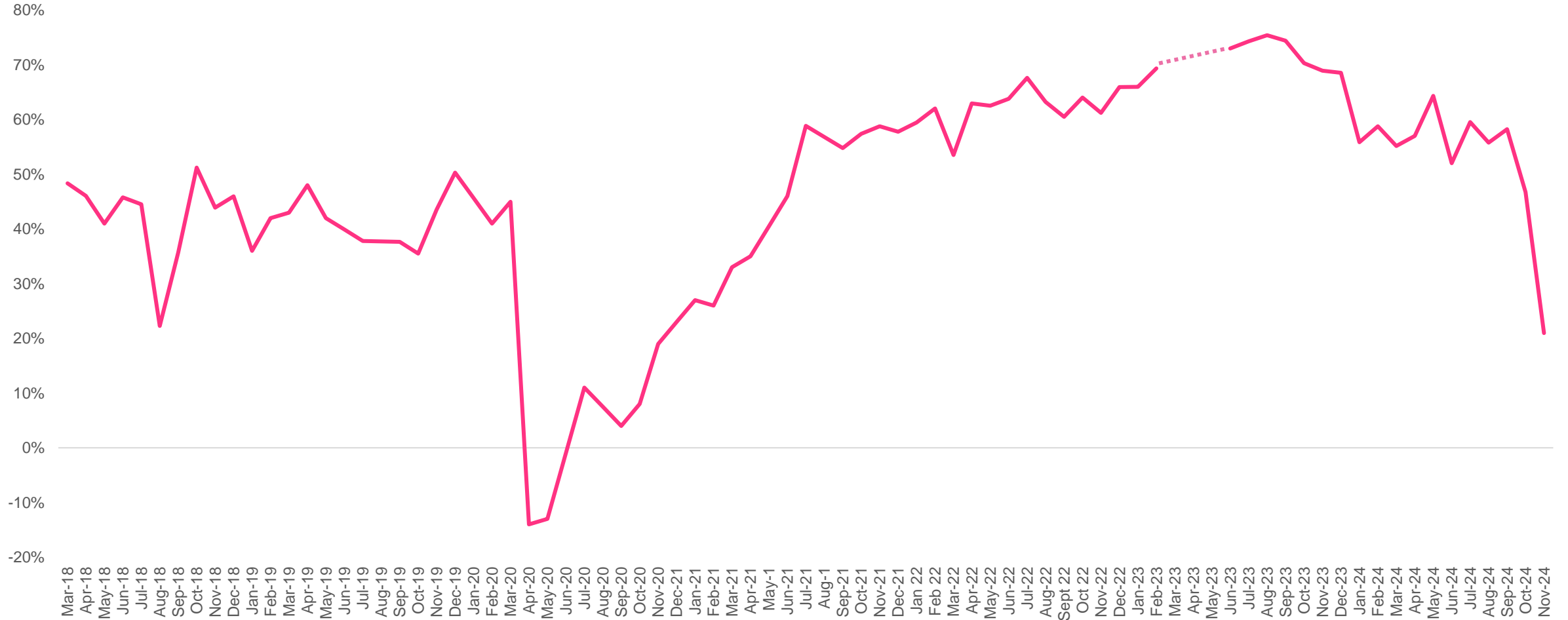




Wage cost pressures fall sharply in November, falling to +21 from +47 in October

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

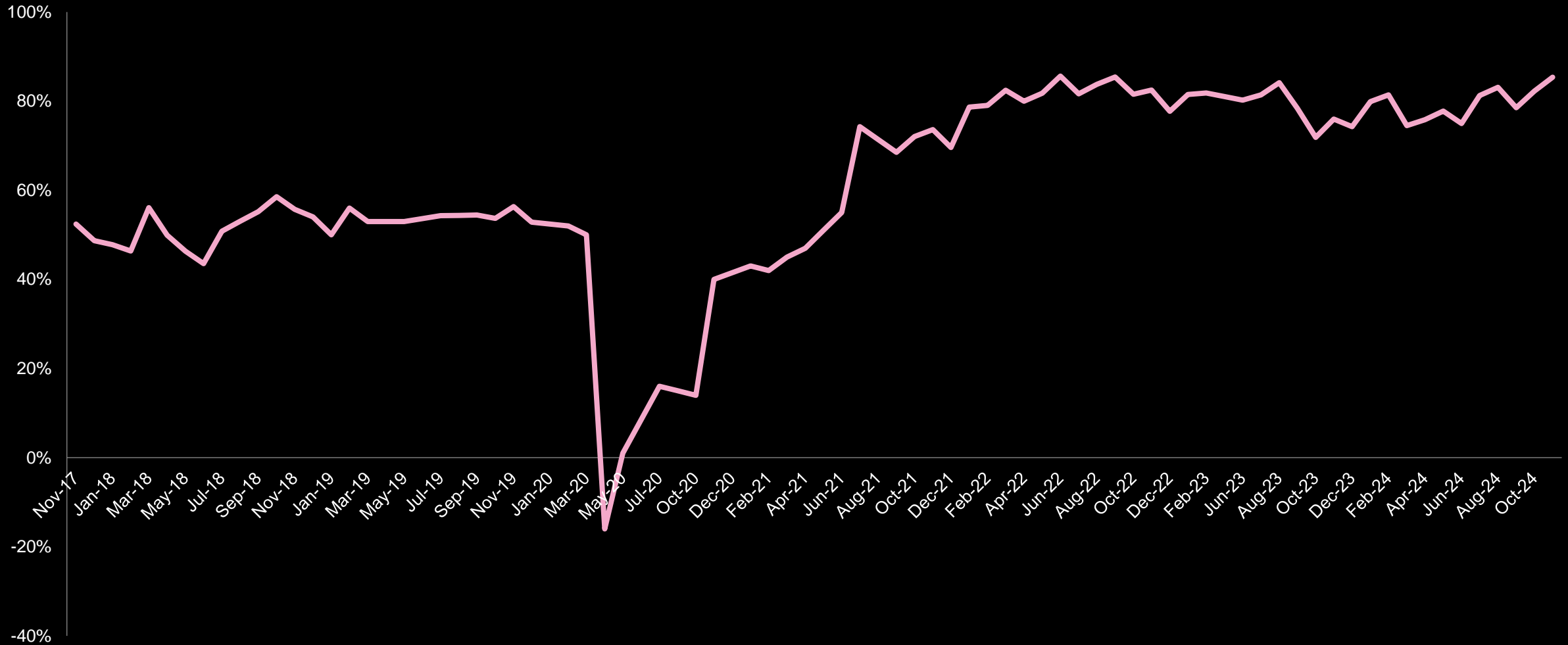




Cost expectations increase slightly in November

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.

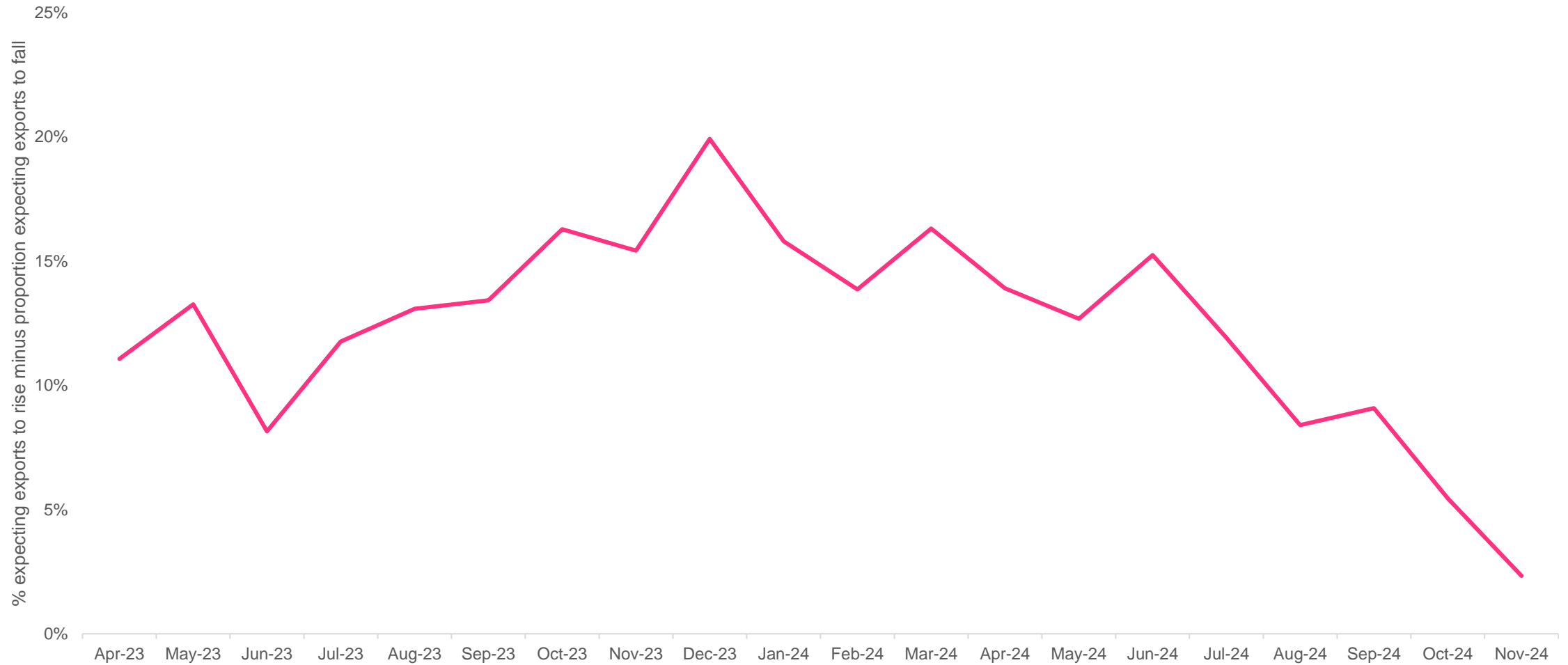
Net positive % (% higher minus % lower) Source: IoD monthly Policy Voice surveys





Export expectations record lowest reading since the indicator's introduction in April 2023

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.