



2025: BRIDGING THE DIVIDE

Members of Parliament and Business Leaders

A survey of whether MPs and Business Leaders agree on tax reform and Parliament's support for business

Contents

MPs and Business Leaders	03	What should Parliament prioritise?	13
Does Parliament understand and deliver on the needs of businesses?	05	Notable regional differences	15
Do Parliament and Business Leaders agree on tax reform?	10	Notable free text comments	17
		10 Closing comments	20




MPs & Business Leaders

2025: Where is the growth?

As we write in 2025, Business Leaders and Parliament are both considering ways to boost economic growth.

Price Bailey LLP has undertaken a comprehensive survey of 103 Members of Parliament and 707 Business Leaders across the UK to appraise how aligned both groups are on key issues. The surveys were administered by Censuswide and YouGov.

The key issues include:

-  The extent to which Parliament understands business and delivers for business
-  Tax reform
-  The priorities for the year ahead

The Business Leaders surveyed were all board members of companies with turnover between £10m and £100m, from a variety of sectors and locations. Respondents were board-level decision-makers.

The proportion of MP respondents is materially similar to the proportion of seats held by each party, in the House of Commons.

Given the emphasis on economic growth, we are encouraged to see the large sample of high-growth businesses. If any group in the UK knows how to grow the economy, this high-growth sample does.

Both groups were asked the same six questions, which addressed topics such as tax reform and Parliament's support for businesses. The surveys were conducted during the weeks after the Autumn Budget 2024, which was published on 30 October 2024.

Overview

The results are fascinating. Business Leaders were typically more generous in their appraisal of Parliament than MPs were.

What also became clear is that, while sector and company size have an intuitive influence on answers, a key factor driving misunderstanding between Parliament and Business Leaders is the growth rate of the businesses themselves. Growth rate is more important than geography in determining responses.

By implication, MPs are collectively struggling to understand how tax and policy support businesses of varying growth rates.

This is perhaps best demonstrated by how different the answers on tax reform are between the two groups; MPs, as a whole, fundamentally misunderstand the tax reform that would support Business Leaders.

Why does this matter?

This report analyses the most valuable themes arising from the survey responses. The results help us understand the extent to which a divide exists between two critical groups when it comes to the Parliamentary support needed to boost Britain's economic growth in 2025 and beyond.

We intend to run a similar report annually to continue to monitor this gap between Parliament and businesses.

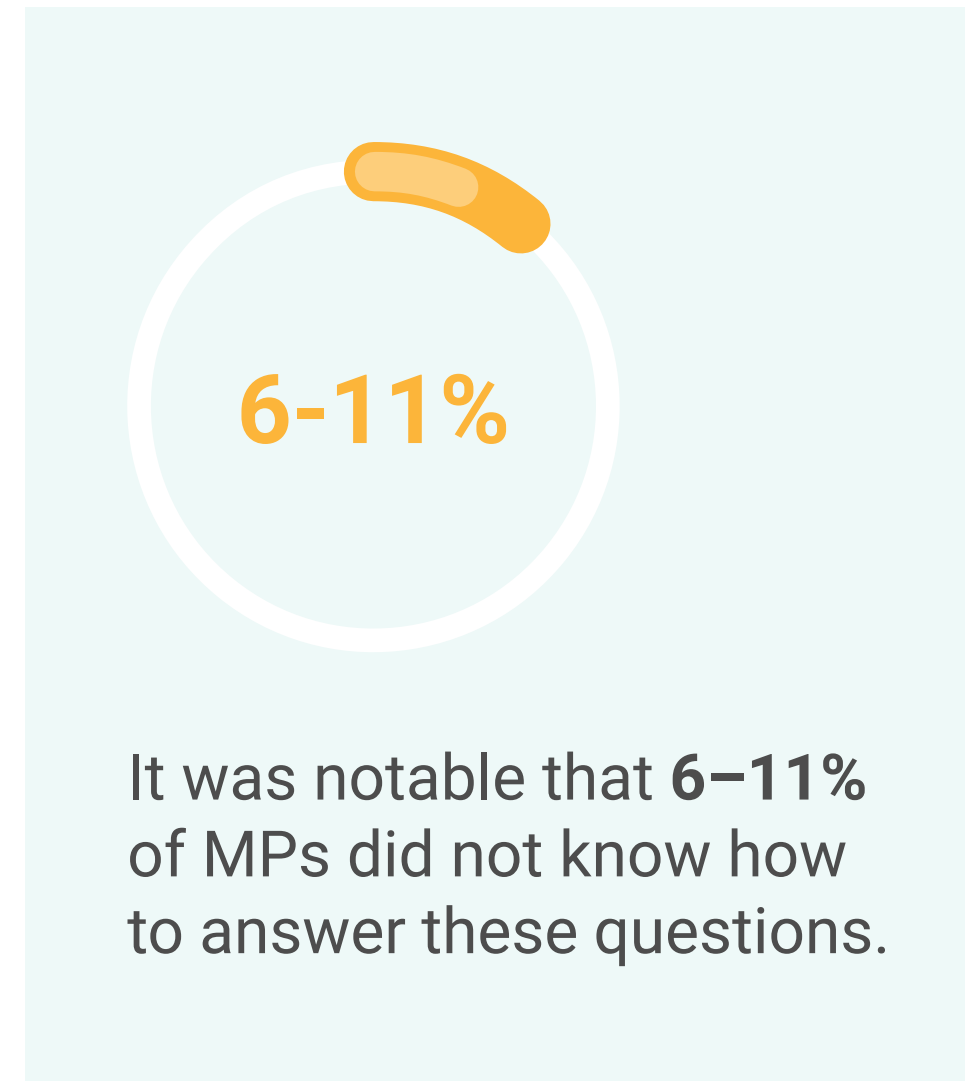
Does Parliament understand and deliver on the needs of businesses?

Does Parliament *understand* and *deliver* on the needs of British businesses today?

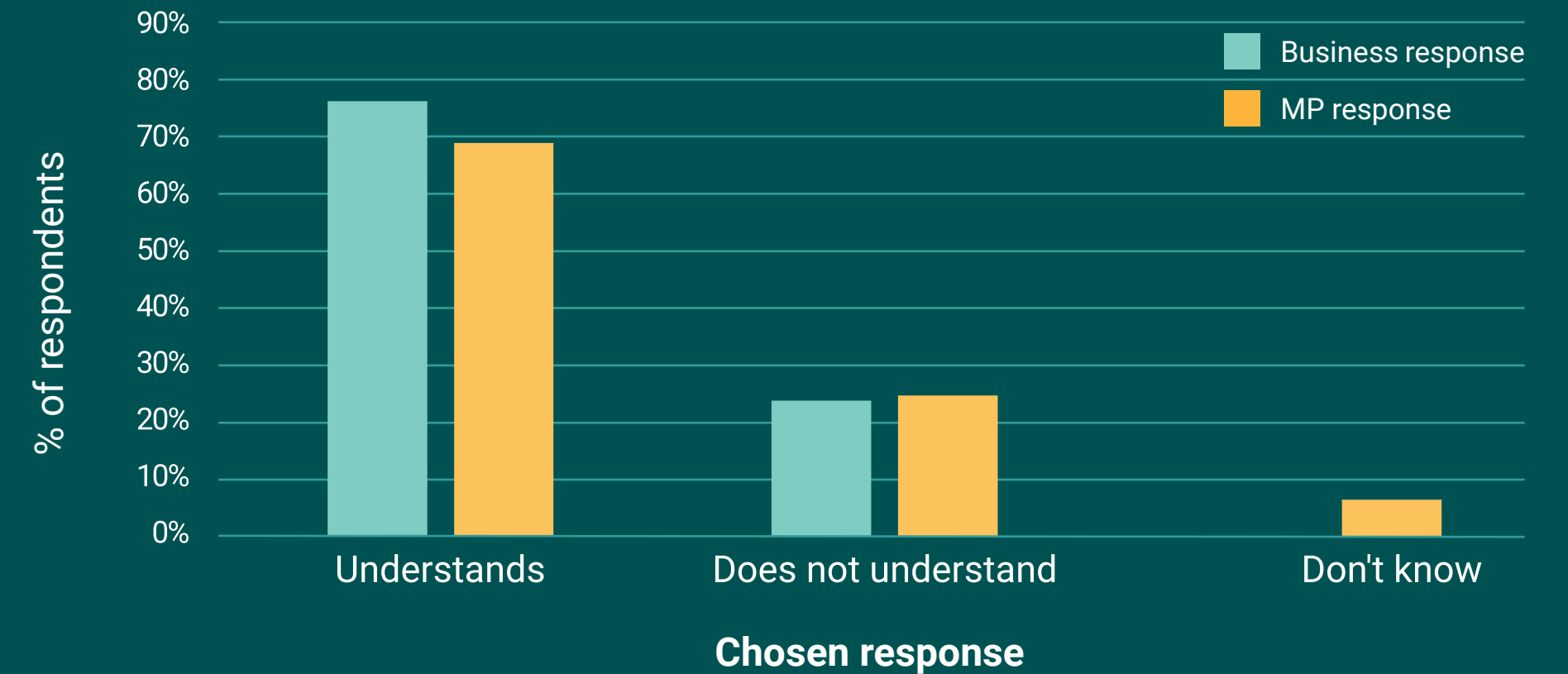
At a general level, the answer seems to be 'yes'. However, as we will see over the following pages, the detail suggests that a **significant gap** exists.

While the percentages are relatively similar between the two groups, Business Leaders are more positive about Parliament's understanding of and delivery on their needs.

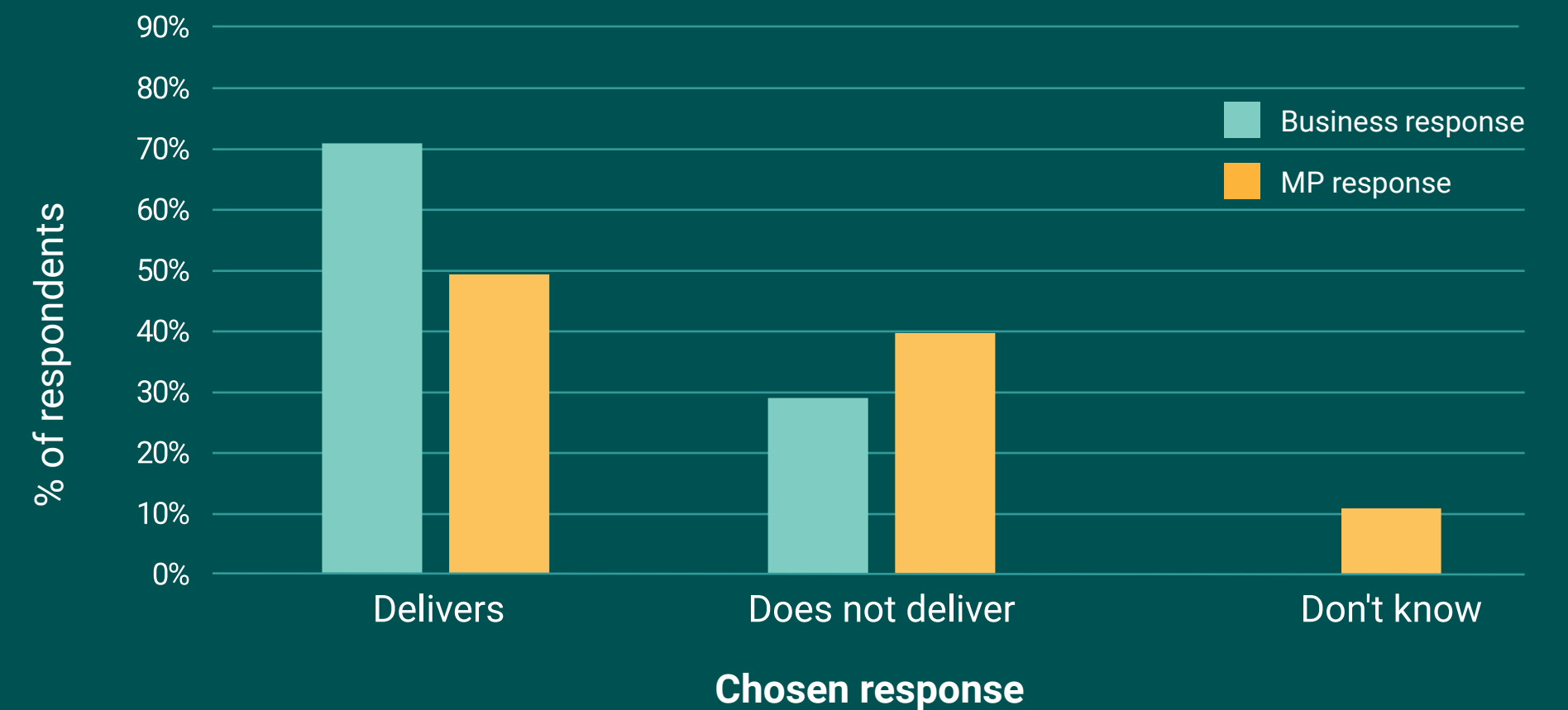
A common theme observed in the data obtained is that Business Leaders are more decisive in their answers.



To what extent do you think Parliament understands the needs of British businesses today?



How well do you think Parliament delivers on the needs of British businesses today?



Growth rate *matters*

Growth rate, defined as 'revenue increase compared to the previous year', is a key characteristic of support for Parliament.

Low-growth businesses are the least supportive of Parliament. However, considering that the businesses surveyed had £10m to £100m in revenue already, 20% growth is already reasonably good for most industries.

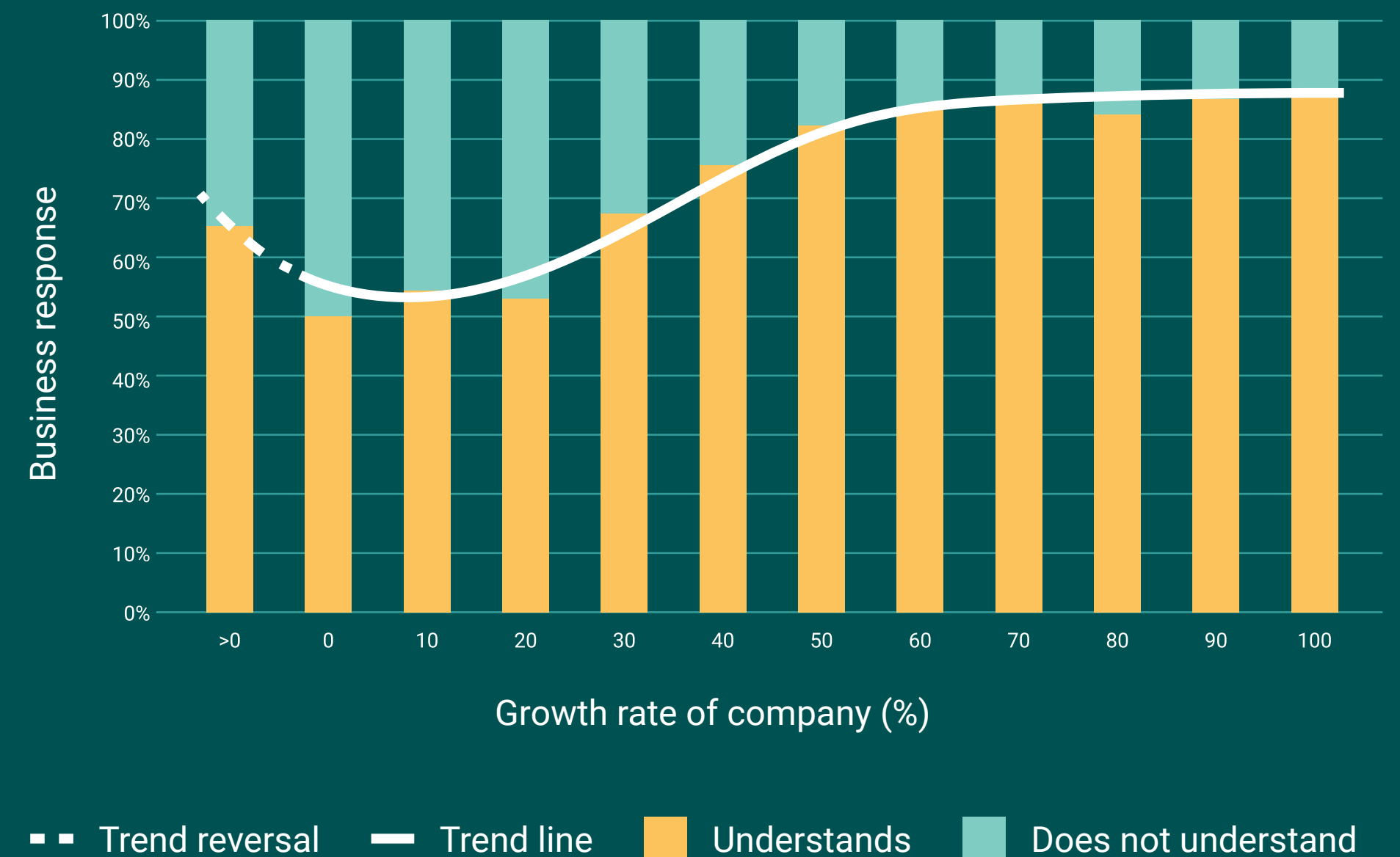
This, therefore, presents some concerns that 'good-growth' businesses are among the most negative.

The increase in support for declining businesses is unsurprising.

While the minimum wage and national insurance rises will no doubt play a material role in many businesses' views on Parliament, these two factors are more about profit than revenue - the latter of which is the focus of this analysis.

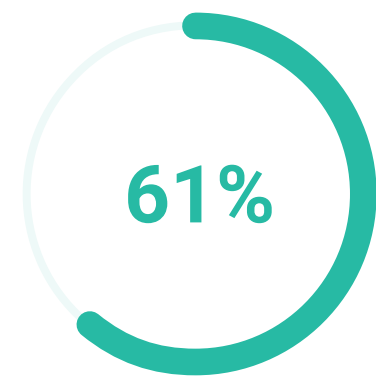
Pricing confidence will have an impact on these answers. However, ultimately, a good – to high-growth business grows its revenue through increasing both sales volume and pricing. Low-growth businesses typically struggle on both fronts.

To what extent do you think Parliament understands the needs of British businesses today?



The median sample size in each column is 62 and the standard deviation is 25.

Who are the *high growth* businesses in this survey?



Of the 707 businesses surveyed, we categorise 61% as high growth, defined as having a disclosed revenue growth rate of at least 50%.

This is significantly higher than most companies and, from a base of at least £10m revenue, is impressive.

We are therefore encouraged that this group know how to grow and likely have some of the key ingredients to help other businesses, and Parliament, to understand how to grow the economy in 2025.



Top 3 Industries:

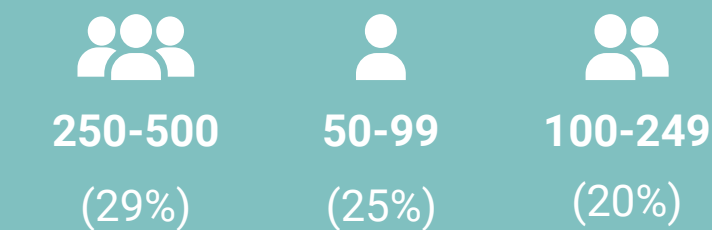
- IT & Telecoms
- Sales, Media & Marketing
- Finance

Top 3 Regions:

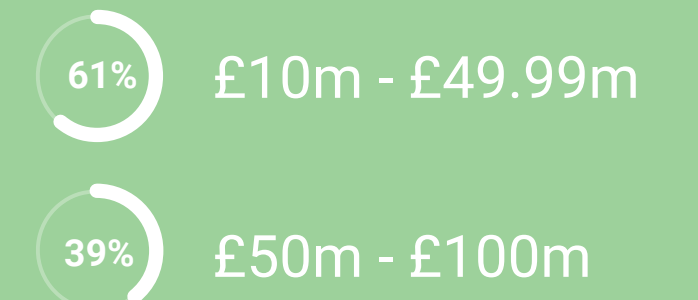
- Greater London
- East of England
- Northern Ireland

Most common company sizes

(no. of employees):



Turnover bands:



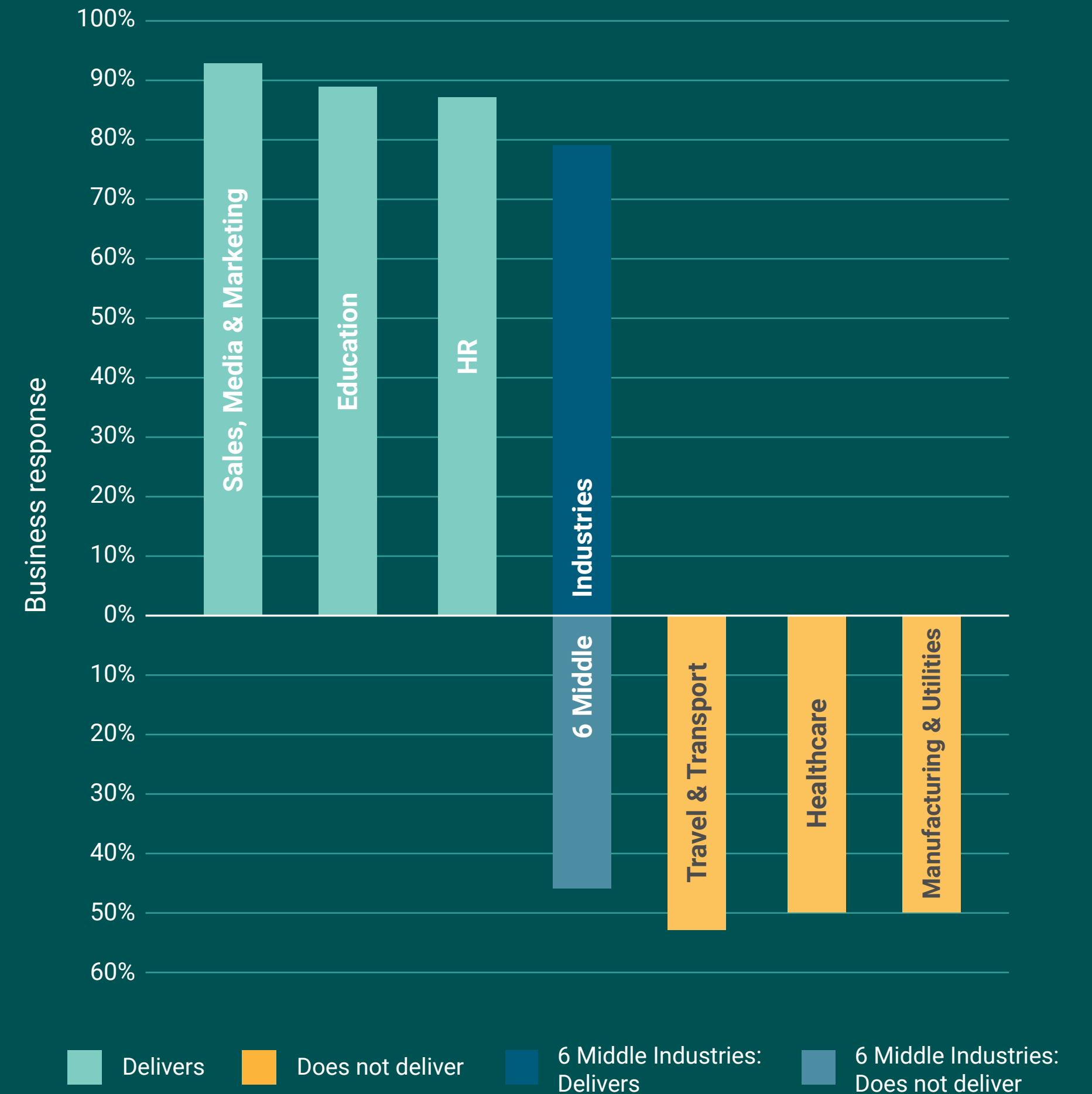
Does Parliament *deliver* for businesses?

The answer varies by industry.

Our analysis broke the 707 companies down into 12 industries.

- The top and bottom three had significant differences, and the middle six had major variations between them.
- There is no doubt that the beliefs surrounding **delivery** vary by industry, and there are consequential winners and losers.
- We asked MPs to provide free text comments at the end of our survey with any other thoughts. Interestingly, it is notable how in the 53 free text comments we received, the only industries referenced by MPs were classic high street businesses.

How well do you think Parliament delivers on the needs of British businesses today?



Do Parliament and Business Leaders agree on tax reform?

Do Parliament and Business Leaders *agree* on tax reform?

Tax reform is an area that MPs and Business Leaders **fundamentally disagree** on.

MPs materially focus on business rates – this was by far the highest-scoring answer from Parliament. This might indicate MPs' limited understanding of how taxation impacts a business's ability to grow.

MPs also notably seem not to understand the impact of indirect tax, corporation tax or employment taxes.



The Business Leaders' responses were fascinating.

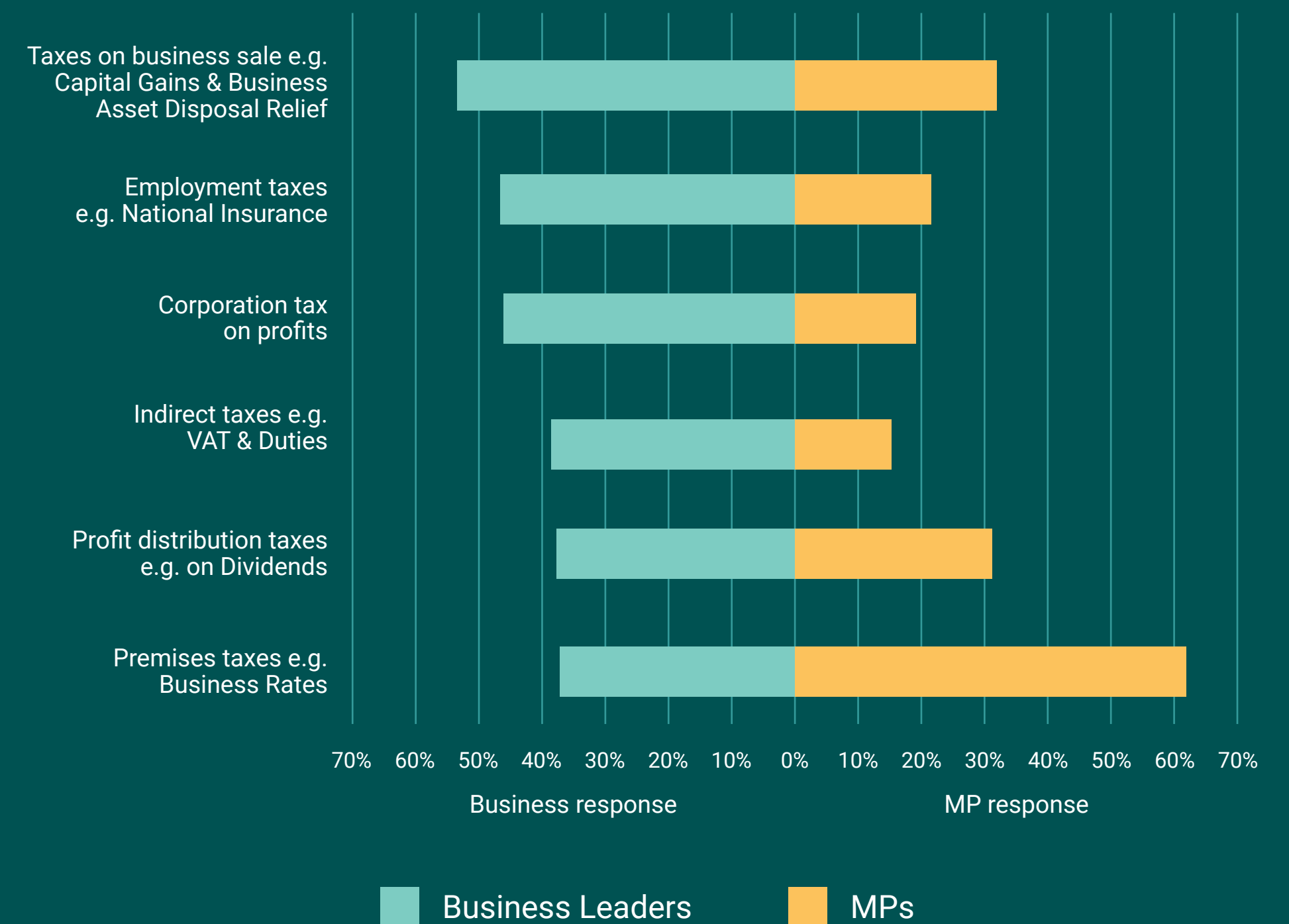
Despite the rise of employment taxes, the most desirable tax to reform was that on the sale of a business. *This is consistent with our experience as advisers.* Business Leaders are typically happy to take genuine personal and capital risk, but excessive taxation of the end result of that positive, risky and ambitious approach, is deeply unappealing.

Interestingly, tax on dividends was not among the top priorities of Business Leaders. The focus was more on reforming the taxes incurred by 'trading', and business rates were considered the least important of all of these.

Overall, this suggests to us that Business Leaders are saying, 'We're happy to earn less through dividends, as long as Parliament doesn't take away the long-term capital upside' and 'Along the way we would prefer to have tax reform that eases our ability to trade, instead of tax reform aimed at business rates or profit distributions'.

The MPs' answers seem to fundamentally misunderstand these sentiments. We look forward to asking the same questions again later this year and appraising the gap.





Which of the following taxes would you prioritise for reform?



What should **Parliament** prioritise?




What should Parliament *prioritise*?

As with tax reform, this is an area where MPs and Business Leaders are misaligned, with particular gaps around:

-  The tax burden
-  Incentives to meet sustainability goals
-  Reducing interest rates and inflation
-  Access to utilities

Of these, access to utilities is particularly noteworthy as a matter we, as advisers, observe holding back growth. Simple matters such as grid connections, delays in the court systems, and the roll-out of full fibre all create quite practical factors limiting growth.

However, there are areas where MPs and Business Leaders broadly agree, including:

-  Improving transport links
-  A skilled and healthy workforce
-  Investment incentives

What should Parliament prioritise in order to provide better support to British businesses?



■ Business response ■ MP response

Notable regional differences

Regional differences

When analysing the regional views of Business Leaders, on their confidence in Parliament’s ability to understand and deliver on the needs of their businesses, we observed some key variations.

In the UK, overall confidence levels were highest in Northern Ireland, Wales and the South West. While the lowest confidence levels were found in the East of England, the South East and the West Midlands.

When asked about their tax reform and business priorities, we also noted significant regional variations.

Here we list the tax reform and business priorities of most and least importance, marked by their regional location, as reported by Business Leaders:

Profit distribution taxes (dividends)

Most: 1. North East, 2. South East, 3. East of England
Least: 1. East Midlands, 2. South West, 3. West Midlands

Employment taxes

Most: 1. West Midlands, 2. Scotland, 3. East Midlands
Least: 1. South East, 2. North East, 3. South West

Corporation tax

Most: 1. South West, 2. Wales, 3. Northern Ireland
Least: 1. North East, 2. North West, 3. West Midlands

Access to utilities

Most: 1. West Midlands, 2. Wales, 3. Northern Ireland
Least: 1. South West, 2. East Midlands, 3. South East

International trade

Most: 1. Northern Ireland, 2. North West, 3. Yorkshire and the Humber
Least: 1. North East, 2. South West, 3. East Midlands

Healthy and skilled workforce

Most: 1. East Midlands, 2. West Midlands, 3. North West
Least: 1. South West, 2. South East, 3. Scotland

Transport links

Most: 1. Wales, 2. Northern Ireland, 3. North East
Least: 1. Yorkshire and the Humber, 2. North West, 3. South West

Investment incentives

Most: 1. East of England, 2. North East, 3. South West
Least: 1. Northern Ireland, 2. West Midlands, 3. Yorkshire and the Humber



Notable free **text comments**



Notable comments from *Business Leaders*



“British businesses need support through access to funding, simplified rules, skilled workers and reliable infrastructure. The government can also help by offering tax breaks, business advice and protection from cyber threats.”

“I think listening to their needs and providing personalised support, resources and guidance to help them innovate, grow and succeed in an ever-changing technological landscape matters most when it comes to providing better support to British businesses.”

“Listening to individual business needs and tailoring the support provided as such. Rather than providing one size fits all solutions as is currently done.”

“To provide better support to British businesses, it is crucial to offer accessible financing options, streamlined regulatory processes, enhanced digital infrastructure, targeted skills training and tailored advisory services that address the unique needs.”

“I think the most important thing that matters to businesses in the UK is tax relief. Effort should be made by parliament to reduce the tax burdens on businesses especially corporate tax as well as providing needed incentives to encourage businesses.”

“Offering tailored support to British businesses involves implementing initiatives that foster innovation, enhance digital connectivity and promote export growth, ultimately enabling entrepreneurs to navigate challenges and capitalise on opportunities.”

“Enhancing access to resources that help in encouraging growth and resilience, this may include more access to funding and grants, comprehensive digital transformation support and access to advisers.”

“The most important factor to consider in order to provide better support to British business should be being attentive and answerable to businesses requests and needs. They should address the concerns of the business in order to provide proper support.”

Notable comments from *MPs*

“Reduce punitive and counterproductive levels of taxation. Radically reduce the size of the state, radically reform the state to drive productivity improvements.”

“Businesses are being made uncompetitive due to increased tax and regulatory burden. The combination of tax rises, stronger ‘employment rights’ and higher living wage all add to costs with the result that businesses will not survive, jobs will be lost and prices will rise. Government needs to address all these.”

“A sound, consistent low-inflation economic climate in which investment enables higher productivity. In addition, an internationally collaborative environment with fair open markets that enable broader economic growths.”

“To provide better support to British businesses, the focus should be on:

- Improving access to funding and financial support, ensuring easier access to loans and grants and simplifying application processes.
- Additionally, investing in skills and talent development through education and training programmes aligned with industry needs is crucial.
- A clear and streamlined regulatory environment, with simplified tax codes and compliance guidelines, will reduce red tape and allow businesses to focus on growth.
- Supporting digital infrastructure and innovation, along with providing incentives for technology adoption, will help businesses stay competitive.
- Finally, enhancing international trade support and reducing barriers to exporting will enable businesses to expand and thrive in global markets.”

“What matters most in supporting British businesses is:

- Ensuring easy access to flexible financing and credit, tailored to their unique needs, especially for SMEs and startups.
- Providing advanced digital tools for managing cash flow, payments and analytics is crucial to help businesses operate efficiently.
- Offering sector-specific advice and support for sustainability initiatives can drive long-term growth.
- Finally, banks must foster resilience by delivering fast, reliable services during economic challenges and robust cybersecurity to protect against evolving threats.”

10 Closing comments

1. Business Leaders are typically slightly more generous than MPs in appraising the extent to which Parliament both **understands** and **delivers** for businesses.
2. Growth rate matters to Business Leaders, and it should matter to Parliament too, given that higher-growth-rate businesses are more supportive.
3. However, that is where the alignment ends.
4. Tax reform features material misalignment, with MPs focusing on matters that are relatively trivial to Business Leaders, such as business rates. Industry, on the other hand, is seeking to change the way taxation influences trade and long-term incentives for value creation, even if that is to the detriment of taxes on dividends.
5. Topics such as the need for a skilled and healthy workforce, productivity improvements and investment incentives find good alignment between both groups.
6. However, perhaps Parliament has underestimated the more practical gap in industry's need to see lower interest rates, lower inflation, and better access to utilities.
7. 6–11% of MPs don't know how to answer some of these questions.
8. Tax reform and other priorities of businesses vary by region and sector. The question is: what matters more? Growth, by enabling those that are already accelerating, or tax and prioritisation choices that seek to support those regions and sectors that are not growing as quickly? Given how different many of the requirements are between these two groups, it seems very challenging to satisfy both.
9. The free text comments helpfully align on the need to improve access to capital.
10. Our experience as advisers to businesses aligns with these findings; most Business Leaders are quite willing to fund their share of the short-term pain, as long as the ease of doing business is facilitated (and ideally enhanced) by tax and trade policy, and the long-term benefits of taking capital risk on a business in the UK continue to be appealing, relative to other jurisdictions.

Reflections

The purpose of this report was to appraise the gap between those legislating for growth and those taking the capital risks to deliver it.

This first year has been interesting. At a headline level, the business community has taken quite a positive stance on government.

We look forward to appraising the similarities and differences later in the year.

In the meantime, should you have any questions or wish to hear more about how we can help your organisation, please get in touch.

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The right advice for life

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