Department for
Business & Trade

Business Perceptions Survey 2024

Research Report

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Executive summary

Background

The Government is committed to ensuring the UK maintains a world class regulatory system which enables better outcomes for the economy, society, and the environment, as well as lowering costs for businesses. Since 2007, the Business Perceptions Survey (BPS) has provided evidence of businesses' views on regulation in the UK. The survey gives valuable insight into the impact that regulation has on businesses and helps to guide Government policy on ways in which this impact could be reduced.

This year's survey took place a few years after the transition period for the UK leaving the European Union (EU) had ended.[1] This means that some businesses will be operating under new or revised regulations. The survey also took place during a cost of living crisis, during which material costs and energy prices are higher for many.

The survey covers several topics. These include the businesses' performance and challenges over the 12 months prior to the fieldwork, completed between 21st October 2024 and 24th January, their attitudes towards regulation and the effort and cost of dealing with regulation. Businesses were also asked about their use of external support to comply with regulation, their experiences of dealing with regulators, and their views on the Government's approach to regulation.

The 2024 survey was commissioned by the Department for Business and Trade (DBT) and conducted by IFF Research, an independent research company. The survey consisted of 2,000 25-minute telephone interviews with the person responsible for legal and compliance issues at each business. The interviews were with a random sample of private sector UK businesses, with selection based on size, sector and country, which was then weighted to the DBT's Business Population Estimates such that the data is representative by these criteria.[2] Fieldwork was conducted between 21st October 2024 and 24th January 2025, and the 2,000 interviews were completed using Computer Assisted Telephone Interviewing (CATI) software. This predates the publishing of the government's regulation action plan[3]. Key driver analysis was also conducted to investigate the drivers of businesses' perception of regulation as an obstacle to success in the survey. This can be found in Appendix A of this report.

Key findings

Business performance and challenges

More businesses reported that their sales turnover had increased (41%) than decreased (32%) in the 12 months prior to the fieldwork, in line with the 2022 survey. In addition, more businesses had increased their staff headcount than decreased in the previous year (22% vs 19%). In 2022, 18% of businesses had increased their staff headcount.

The current economic environment appears to have had an impact on businesses, particularly with issues like rising costs. The most commonly cited challenges for businesses were operational

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[1] The transition period for the UK leaving the EU came to an end on 31st December 2020.
[2] Business population estimates 2024 - GOV.UK
[3] A new approach to ensure regulators and regulation support growth - GOV.UK

costs (79%) and the level of tax (51%). Operational costs were an addition to the questionnaire this time which means the results for this question are not directly comparable with 2022.

Overall attitudes towards regulation

The two most important motivators for businesses in complying with regulation were complying with the law (92% considered this essential or very important) and maintaining their reputation with customers (91%), in line with the findings of the 2022 survey.

The regulatory areas considered to be the most challenging for companies to comply with were health and safety (58% found this challenging among relevant businesses), employment law and rights (also 58%) and planning rules and regulations (57%). This was a new question added to the survey in 2024 and so there are no points of comparison with previous surveys.

Two in five businesses (41%) felt the new regulatory arrangements after EU Exit were more challenging compared to previous arrangements and only 1% of businesses felt the new arrangements were less challenging.

Turning to our three key measures of regulatory burden, almost half of businesses (47%) agreed that regulation is an obstacle to success, which was not significantly different from 2022 (45%). The proportion of businesses expecting the burden of regulation to increase in the 12 months following the fieldwork increased to 52% (from 45% in 2022). Just 7% of businesses cited compliance with regulation as their greatest challenge, which was in line with 2022 (6%).

Key Driver Analysis

A linear regression model was used to investigate what drives businesses to agree with the statement “the overall level of regulation in the UK is an obstacle to your businesses’ success”. The three most important drivers are summarised below. For more detail on other drivers and the methodology see Appendix A and the accompanying technical report.

- Businesses that agreed it is easy to comply with regulation were more likely to disagree that regulation is an obstacle to their success.
- Businesses that agreed regulation is fair and proportionate were more likely to disagree that regulation is an obstacle to their success.
- Businesses that said complying with regulation presents a challenge to their business were more likely to agree that regulation is an obstacle to their success.

Effort of dealing with regulation

Compliance was most likely to be dealt with by Directors / Managers in UK businesses (46%), followed by the business owner / Managing Director / CEO (40%). There were considerable differences by size of organisation, with larger businesses much more likely to have specialist roles to deal with regulation, whereas in micro businesses it was more likely to fall to the business owner.

The amount of time that businesses reported spending on compliance per month increased slightly in 2024 to 8.0 staff days per month on average, up from 6.6 days in 2022. The amount of time spent increased with the size of the business. Large businesses (250+ staff) reported spending an average of 25.8 staff days per month dealing with regulation, compared to 4.4 days per month among micro businesses (1-4 staff).

The proportion of businesses reporting an increase in the cost of compliance over the 12 months prior to the fieldwork also increased to 65% (from 58% in 2022), and the proportion of businesses agreeing that the time taken on compliance is a burden increased to 63% (from 58%). The sector most likely to consider the time taken to comply with regulation as a burden was Finance, where 76% of businesses agreed with this statement.

As well as the time it takes to comply, the other aspects of regulatory compliance most likely to be considered a burden were keeping up to date with information about which regulations a business has to comply with (65%), completing paperwork and keeping records (62%) and having to provide the same information more than once (61%).

External support

As in 2022, nearly all businesses (93%) used at least one source of external support to help them comply with regulation. The most common sources of help were external business advisers or consultants, official Government or Regulator websites, and Trade Associations / Business organisations.

The average cost of advisers increased considerably compared to 2022. On average, employers reported spending £10,745 on advisers, significantly higher than the mean spend of £6,800 on advisers in 2022 (previous wave values when adjusted for inflation). Larger businesses tended to spend more on regulatory advice than smaller organisations.

The main reasons for using advisers were because they have more knowledge or are more specialist (88%), because businesses want assurance that they are compliant (84%) and because they want independent advice (76%).

Perception of the Government's approach to regulation

Just over half of businesses (53%) agreed that it is generally clear what the purpose of regulation is, consistent with 2022 (54%). However, responses were more muted to a series of other statements regarding the Government's approach to regulation, including that most regulation is fair and proportionate and that it is easy to comply with.

Respondents were generally more negative than in 2022, particularly regarding the perception of regulation as fair and proportionate (35% agreed, compared to 45% in 2022), agreement that Government understands business, technology and industry well enough to regulate (20% compared to 28% in 2022), and that the Government's approach facilitates the implementation of new products, processes or business models (18% agreed, versus 25% in 2022).

Businesses in the Agriculture/Mining/Energy sector generally had less positive views of the Government's approach to regulation, being lower than average for six out of the ten measures covered by the research.

Dealing with regulators

Perceptions of regulators were somewhat more negative compared to 2022, having seen a fall in agreement with seven of eight statements about regulators. Just two in five businesses agreed that regulators helped them to comply with regulation (41% vs. 49% in 2022) and that they had confidence in the advice and guidance their regulators provided (41% vs. 48% in 2022).

Larger businesses were generally more positive about regulators and micro businesses were the least positive. By sector, Hotels/Catering were the most positive while businesses in the Retail/Distribution sector and Property/Management/Business Services had more negative perceptions.

When asked if they had ever challenged a decision made by a regulator, one in five businesses said they had (19%). Of those who had challenged a decision, only one in six (16%) found the process easy while two-thirds said it was difficult (67%).

Innovative businesses

Innovative businesses were defined as those that had implemented a new or significantly improved product, process or business model in the 12 months prior to the fieldwork, or those that started working in new business markets in the 12 months prior to the fieldwork. A quarter (26%) of the businesses surveyed fell within this definition, as in 2022.

Innovative businesses were more likely to report that a range of issues presented a challenge to their business, in particular the UK's exit from the EU, staff recruitment and/or retention, and regulation preventing or hindering implementation of a new or significantly improved product. They were also more likely to expect the burdens of regulation to increase in the 12 months following the fieldwork (58%, compared to 50% of non-innovative businesses).

Innovative businesses were more likely to use a variety of sources to help their business to comply with regulation. Nearly all innovative businesses (96%) had used at least one channel of support, higher than for non-innovative businesses (92%). They also spent more on average on external business agents.

While innovative businesses were slightly less positive about some aspects of the Government's approach to regulating and Regulator behaviour, the difference compared to non-innovative businesses was less pronounced in 2024 than in the 2022 survey. However, note that attitudes of businesses overall were more negative in 2024 than in 2022.

High growth businesses

High growth businesses were defined as those that had increased their staff headcount and sales turnover in the 12 months prior to the fieldwork. Around one in seven (15%) of the businesses surveyed fell within this definition. Results are not comparable to previous years, as the prior definition included businesses that had increased their staff headcount or sales turnover, not necessarily both.

Similar to innovative companies, high growth businesses were more likely to deem a number of things as a challenge to their business, including the level of tax, staff recruitment and/or retention, and the UK's exit from the EU.

High growth businesses were more likely to use external business advisers (76% compared to 69% of non-high growth businesses), although the average amount spent was similar to non-high growth businesses.

Introduction

Background

The Government is committed to ensuring the UK maintains a world class regulatory system which enables better outcomes for the economy, society, and the environment, as well as lowering costs for businesses. Since 2007, the Business Perceptions Survey (BPS) has provided evidence of businesses' views on the extent of regulation in the UK. The survey gives valuable insight into the impact that regulation has on businesses and helps to guide Government policy on ways in which this impact could be reduced.

This year's survey took place a few years after the transition period for the UK leaving the European Union (EU) had ended.[4] This means that some businesses will be operating under new or revised regulations. The survey also took place during a cost-of-living crisis, during which material costs and energy prices are higher for many.

Research objectives

The Business Perceptions Survey (BPS) provides the Government with one source of information to assess how far measures to reduce the burden of regulation have been felt by businesses and where there is a need to focus effort.

The specific objectives of the 2024 BPS were to:

- Assess the perceived effect of regulation on businesses;
- Explore what aspects of regulation and regulatory delivery are considered most burdensome to businesses;
- Explore businesses' views on regulators in general.

Methodology

For the main stage of the survey, a total of 2,000 telephone interviews were conducted using Computer Assisted Telephone Interviewing (CATI), which lasted an average of 25 minutes. Interviews were carried out between 21st October 2024 and 24th January 2025. As in previous waves, all interviews were conducted with the person responsible for legal and compliance issues.

As there were some changes to the questionnaire for this wave, the survey was cognitively tested. This was followed by pilot testing, with monitoring and evaluation of the questionnaire flow and respondent understanding, carried out by the IFF research team. Data was then sense-checked, and pilot findings collated. Changes made post cognitive and pilot testing were minor.

The interviews were with a random stratified sample of private sector UK businesses, with selection based on size, sector and country.[5] This information was sourced from the Market

[4] The transition period for the UK leaving the EU came to an end on 31st December 2020.
[5] The sample covered all industries, apart from some public administration and defence sector exclusions (SIC O, T, U). Sampling was random and no effort was made to target innovative businesses.

Location database, with an expected completion ratio of 1:8 (one interview completed for every 8 sample records).

The breakdown of completed interviews is shown in Table 1 by business size and sector. By country, 1,712 interviews were conducted with businesses in England, 53 in Northern Ireland, 156 in Scotland and 79 in Wales. Findings for Northern Ireland should therefore be treated with caution due to a low base size.

Table 1: Completed interviews - by size and sector

Sector	Micro (1-4)	Micro (5-9)	Small (10-49)	Med (50-249)	Large (250+)	Total
Agriculture/Mining/Energy	58	32	54	17	9	**170**
Construction	33	37	79	23	7	**179**
Finance	50	30	50	17	11	**158**
Hotel/Catering	19	18	75	21	9	**142**
Manufacturing	54	56	130	77	28	**345**
Property/Management/Business Services	75	77	109	30	16	**307**
Public administration/Other	34	32	75	37	14	**192**
Retail/Distribution	88	74	117	44	12	**335**
Transport and Storage	31	29	62	33	17	**172**
Total	**442**	**385**	**751**	**299**	**123**	**2,000**

As in previous waves, interviews were weighted to the profile of UK private sector businesses by size and sector as shown in the DBT's Business Population Estimates 2024. This is further covered in the accompanying technical report.

As longitudinal comparison is critical to the aims of this survey, much of the methodology remains the same as in previous waves: sampling, questionnaire design, fieldwork and weighting process.

Where there were additional questions, time-series comparisons with previous surveys are not valid and are therefore not included in the report.

Changes to the questionnaire for 2024

The following questions and statements were added or amended (question numbers in brackets):

- When businesses were asked if they had experienced a list of challenges, a new statement was added for operational costs due to a rise in material costs and energy bills (A7).
- Businesses were asked which regulatory areas are relevant to their business (C1a).

- Businesses were asked to what extent they find the relevant regulatory area(s) challenging to comply with (C1b).
- Businesses were asked the extent to which they have found complying with the new regulatory arrangements after EU Exit challenging, and why/why not (C7-C9).
- Businesses were asked whether they anticipate any additional changes in the regulations they have to comply with because of EU Exit (C10).
- Businesses were asked whether their organisation has ever challenged a decision made by a regulator (D5).
- Businesses that have appealed a regulator decision were asked how easy or difficult they found the process (D6).
- Businesses were asked which job roles tend to deal with regulatory compliance in their company (E1a).
- When businesses were asked which sources they use to help their business in complying with regulation, a new code was added for “other non-government / non-regulator websites” (E1).
- Businesses that have used official Government or Regulator websites to help their business in complying with regulation were asked the extent to which they agree that they were able to find the information they needed, were able to use the information, and the information helped them to do what they needed to do next (E2a).

The following questions were removed (question numbers in brackets):

- When businesses were asked if they had experienced a list of challenges, the statement for the Covid-19 pandemic was removed (A7).
- Asking businesses the extent to which they found complying with regulation surrounding COVID-19 challenging, and why/why not (C4-C6).
- Asking businesses which regulator their company has had the most contact with in the 12 months prior to the fieldwork (D3a).
- Asking businesses that need to comply with the Office for Product Safety and Standards (OPSS) whether they have had any interaction with the OPSS over the 12 months prior to the fieldwork (D3).
- Asking businesses who have interacted with OPSS over the 12 months prior to the fieldwork for their views on doing so (D4).

Reporting conventions

When percentages are provided in the text for sub-groups such as by size, sector or region, this proportion of this sub-group that gave an answer is significantly different to the average of those not in this sub-group, at the 95% confidence level. The phrasing “most likely”, “more likely than average” or “particularly likely” etc. is used as a shorthand for this. This also applies when comparing between different survey years.

For example, “Large businesses were more likely than average to expect the burden of regulation to increase in the next 12 months” means that the proportion of large businesses that expected this was greater than the average of the micro, small and medium sized businesses that expected this; and that this difference was statistically significant at the 95% level.

Within data tables that are presented in this report, * indicates a statistically significant difference at the 95% confidence level, between that percentage and the total minus the sub-group in question.

Unless explicitly noted, all findings are based on weighted data. Unweighted bases (the number of responses from which the findings are derived) are displayed on tables and charts as appropriate to give an indication of the robustness of results.

Please note that results may not sum to 100% due to rounding and/or due to businesses being able to select more than one answer to a question.

For brevity, sometimes the full name of the Standard Industrial Classification (SIC) business sector is not written out.[6] The following are the full names of the sectors:

- Agriculture/Mining/Energy (A B D E)
- Construction (F)
- Finance (K)
- Hotel/Catering (I)
- Manufacturing (C)
- Property/Management/Business Services (J L M)
- Public administration/Other (N P Q R S)
- Retail/Distribution (G)
- Transport and Storage (H)

For the purposes of the chapter towards the end of the report on innovative and high growth businesses, innovative businesses were defined as those that had implemented a new or significantly improved product, process or business model in the 12 months prior to the fieldwork, or those that started working in new business markets in the 12 months prior to the fieldwork. High growth businesses were defined as those that had increased their staff headcount and sales turnover in the 12 months prior to the fieldwork. The findings for high growth businesses are not comparable to previous years, as the prior definition included businesses that had increased their staff headcount or sales turnover, not necessarily both.

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[6] For more information, please see: https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007

Business performance and challenges

Key findings

- More businesses reported that their sales turnover had increased (41%) than decreased (32%) in the 12 months prior to the fieldwork, in line with the 2022 survey. The proportion of businesses who had increased their headcount was also slightly higher than the proportion who had decreased headcount in the past year (22% vs 19%), and higher than the proportion who had increased headcount in 2022 (18%).
- Rising costs appear to be affecting businesses in 2024. The most commonly cited challenges for businesses were operational costs (79%) and the level of tax (51%). Operational costs were an addition to the questionnaire this time which means the results for this question are not directly comparable with 2022.

Business performance

Businesses were shown a series of performance indicators and asked to indicate those which applied to their business. Two in five reported an increase in sales turnover (41%), the same proportion as reported this in 2022, while around a third of businesses reported a decrease in sales turnover over the 12 months prior to the fieldwork (32%). Again, this was in line with the proportion reporting a decrease in sales turnover in 2022 (34%). Around one in five businesses (22%) had increased their headcount in the past year, slightly higher than the proportion who had reduced their headcount (19%) and higher than reported in 2022 when only 18% of businesses had increased their staff headcount.

Looking at other business behaviours, one quarter (26%) said they had increased their capital investment over the 12 months prior to the fieldwork, while one in five (21%) had implemented a new or significantly improved product, process or business model. These findings are consistent with reported behaviours in 2022 (26% and 20% respectively). Just one in ten businesses (10%) had started working in new business markets, slightly below the 12% that had done so in 2022. Few businesses reported an increase in the amount they export to other countries (4%), in line with the 3% who reported this in 2022.

As shown in Table 2, larger businesses were more likely to have increased their turnover over the 12 months prior to the fieldwork. The majority of large businesses (250+ employees) reported an increase in sales turnover in the 12 months prior to the fieldwork (63%), along with half (52%) of medium-sized businesses (50-249 staff). This compares to only a third (35%) of micro businesses with 1-4 staff having experienced increased sales turnover.

Large and medium-sized businesses were also more likely to have increased headcount and capital investment in the 12 months prior to the fieldwork. Increased headcount was reported by around half of large and medium-sized businesses (53% and 47% respectively), while an increase in capital investment was reported by 43% of large and 34% of medium-sized organisations. They were also the most likely to report having implemented a new or significantly improved product, process or business model (both 42%).

On the other hand, micro businesses with 1-4 employees were the only size of business where the proportion reporting decreased sales turnover was similar to those reporting an increase (36% and 35% respectively), and they were the least likely to report each of the positive performance indicators.

Table 2: Business performance and behaviour – by size

	Total	Micro (1-4)	Micro (5-9)	Small (10-49)	Med (50-249)	Large (250+)
Base: All respondents	2,000	442	385	751	299	123
Increased sales turnover	41%	***35%**	***47%**	44%	***52%**	***63%**
Decreased sales turnover	32%	***36%**	27%	30%	23%	19%
Increased staff headcount	22%	12%	22%	***33%**	***47%**	***53%**
Reduced staff headcount	19%	18%	21%	21%	18%	16%
Increased capital investment	26%	20%	29%	***32%**	***34%**	***43%**
Implemented a new or significantly improved product, process or business model	21%	17%	21%	***25%**	***42%**	***42%**
Started working in new business markets	10%	7%	***14%**	11%	***19%**	***25%**
Increased the amount they export	4%	2%	***6%**	4%	***11%**	***16%**

A6. Compared with this time last year, have you ...? Key: **bold** and * indicates a significantly higher percentage compared to the total.

In terms of sector variation, as shown in Table 3, sales turnover was more likely to have increased in Finance (52%), and most likely to have decreased in Transport/Storage businesses (45%), Hotels & Catering (41%) and Manufacturing (37%). Staff headcount was most likely to have increased in Public administration/Other businesses (32%), and most likely to have decreased in Hotels & Catering (26%).

Businesses in the Manufacturing sector and in Public administration/Other were most likely to have increased capital investment in the 12 months prior to the fieldwork (both 32%). Manufacturing businesses were also the most likely to have started working in new business markets (16%) and increased the amount they export (15%). Those in Public administration/Other were the most likely to say they had implemented a new or significantly improved product, process or business model (28%).

Table 3: Business performance and behaviour – by sector

Business performance and behaviour	Total	🡅 More likely than average	🡇 Less likely than average
Increased sales turnover	41%	Finance (52%)	Transport/Storage (30%)
Decreased sales turnover	32%	Transport/Storage (45%) Hotel/Catering (41%) Manufacturing (37%)	Finance (15%)
Increased staff headcount	22%	Public administration/Other (32%)	Agriculture/Mining/Energy (10%) Transport/Storage (14%) Hotel/Catering (15%) Retail/Distribution (17%)
Reduced staff headcount	19%	Hotel/Catering (26%)	Finance (11%) Agriculture/Mining/Energy (12%)
Increased capital investment	26%	Manufacturing (32%) Public administration/Other (32%)	Property/Management/ Business Services (19%)
Implemented a new or significantly improved product, process or business model	21%	Public administration/Other (28%)	-
Started working in new business markets	10%	Manufacturing (16%)	Finance (6%)
Increased the amount they export	4%	Manufacturing (15%) Transport/Storage (9%)	Hotel/Catering (<1%) Construction (1%)

A6. Compared with this time last year, have you ...? Base: All respondents (2,000)

Those who considered the UK's exit from the EU as their greatest business challenge were more likely to have experienced a decrease in sales turnover (40%), as were businesses strongly agreeing that regulation in the UK is an obstacle to business success (42%).

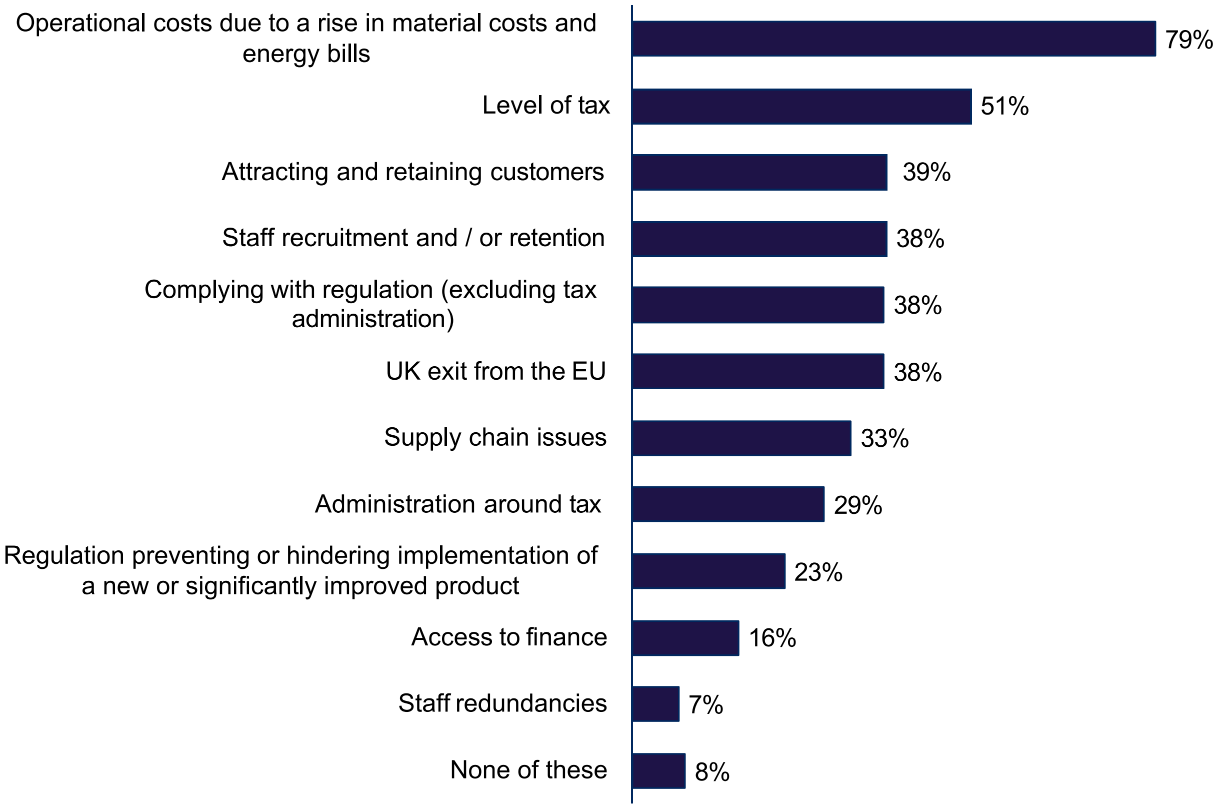
Business challenges

Businesses were asked to state which of a list of issues presented a challenge to their own business, before being asked which of these was the greatest challenge, not including tax administration.

As shown in Figure 1, operational costs presented a challenge to the greatest proportion of businesses (79%), due to a rise in material costs and energy bills. This was a new addition to the questionnaire in 2024. The next biggest challenge for businesses was the level of tax, selected by half of all businesses (51%). Several challenges came next in the list, each presenting difficulty for almost two in five businesses: attracting and retaining customers (39%), staff recruitment and/or retention (38%), complying with regulation (38%) and the UK's exit from the EU (38%).

Supply chain issues presented a challenge for a third of businesses (33%), while tax administration was selected by 29%. More than one in five businesses felt challenged by regulation preventing or hindering implementation of a new or significantly improved product (23%), while one in six had difficulty with access to finance (16%) and 7% felt challenged by staff redundancies.

Figure 1: All business challenges



A7: Which of the following present a challenge to your business? Base: All businesses (2,000)

As shown in Table 4, several issues emerged as greater challenges for businesses in this year's survey compared to 2022, notably the level of tax (51%, compared to 33% in 2022). Other challenges presenting a bigger issue for businesses in 2024 included staff recruitment and/or retention (38% vs 35%), complying with regulation (also 38% vs 35%), administration around tax (29% vs 22%) and access to finance (16% vs 12%). Supply chain issues were the only challenge of lesser concern this time versus 2022, declining from 62% in the 2022 survey to 33%. The reason for this change is uncertain. It could be that businesses are more accustomed to the regulatory changes that have resulted from EU exit compared to 2022 (and its impact on UK-EU supply chains); or the resolution of the global supply chain issues linked to the Covid pandemic.

Table 4: Business challenges

	2024	2022
Base: All respondents	2,000	2,000
Operational costs due to a rise in material costs and energy bills	79%	-
Level of tax	**51%***	33%
Attracting and retaining customers	39%	38%
Staff recruitment and/or retention	**38%***	35%
Complying with regulation (excluding tax administration)	**38%***	35%
UK exit from the EU	38%	41%
Supply chain issues	**33%***	62%
Administration around tax	**29%***	22%
Regulation preventing or hindering implementation of a new or significantly improved product	23%	22%
Access to finance	**16%***	12%
Staff redundancies	7%	7%

A7: Which of the following present a challenge to your business? Key: **bold** and * 2024 figure significantly different from 2022.

There were some notable differences in challenges for different sized businesses and by sector. Businesses in the Finance sector were more likely to say that none of the issues from the list presented a challenge to them (19%).

While most businesses across the board considered operational costs to be a challenge, this was particularly the case for micro businesses with 5-9 employees (84%) and small businesses (81%), as well as for those in the Hotel/Catering sector (93%), and in Manufacturing (87%) and Construction (85%).

The level of tax was also a greater challenge for micro businesses with 5-9 employees (57%), and for Hotels/Catering businesses (64%) and Transport and Storage (59%), while attracting and retaining customers was another significant challenge for Hotels/Catering (55%) and Transport and Storage (54%). Staff recruitment and/or retention presented a greater challenge for medium-sized companies with 50-249 staff (59%) and for businesses in Public administration/other (49%).

There were also sector differences in perceptions of the challenge of complying with regulation (excluding tax administration), with those in Finance (59%) and Agriculture/Mining/Energy (57%) more likely to describe this as a challenge. This was most prevalent in the Agriculture, Forestry and Fishing sector (61%). Businesses in Retail/Distribution were the least likely to see compliance with regulation as a challenge (34%).

The UK's exit from the EU was more likely to present a challenge for businesses in Manufacturing (54%), Transport and Storage (53%) and Retail/Distribution (51%). It was a challenge for fewer businesses in Finance (16%), Construction (27%) and Public administration/Other (30%).

Supply chain issues presented a challenge to more medium-sized companies (43%) and micro businesses with 5-9 employees (41%) and were a bigger issue for Manufacturing (50%) and Retail/Distribution businesses (49%).

Administration around tax was a bigger challenge for the smallest micro businesses (33%) and for those in Transport and Storage (42%).

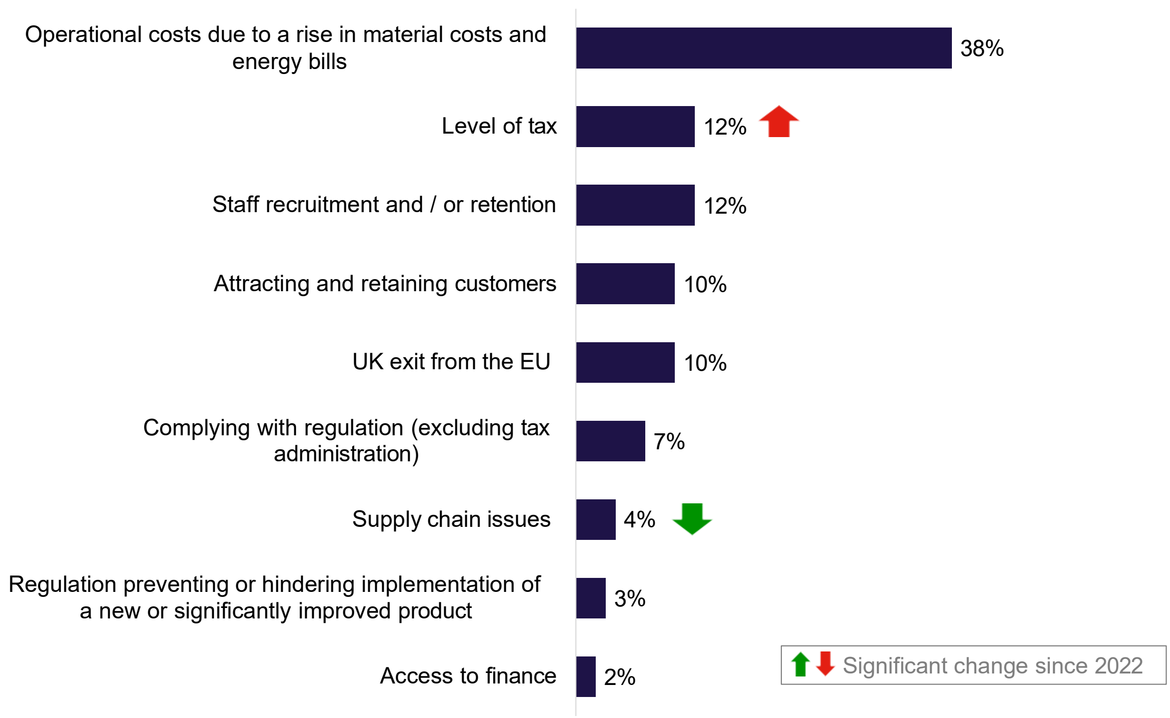
Access to finance was a bigger challenge for micro businesses with 5-9 employees (20%) and was mentioned more by Transport & Storage (23%) and Hotels/Catering businesses (22%). The challenge of regulation preventing or hindering implementation of a new or significantly improved product also applied the most to micro businesses with 5-9 employees (27%), and in the Finance and Transport and Storage sectors (36% and 32% respectively).

Greatest challenge

Businesses that identified at least one of the listed challenges excluding tax administration were asked what they considered to be their greatest challenge.

Figure 2 shows the greatest challenge for businesses. Approaching two-fifths of businesses identified operational costs due to a rise in material costs and energy bills as their greatest challenge (38%), followed by the level of tax and staff recruitment and/or retention (both 12%). Only one in ten businesses or fewer mentioned each of the other challenges as their biggest one, including attracting and retaining customers (10%), UK exit from the EU (10%), complying with regulation (7%), supply chain issues (4%), regulation preventing or hindering implementation of something new (3%) and access to finance (2%).

Figure 2: Greatest business challenges



A9: Which one of the following presents the greatest challenge to your business? Base: All excluding those with no challenges to business or those who said tax admin solely as a challenge (1,840). Responses below 2% are not shown.

While operational costs were the top challenge across most sectors and size of business, they presented a particular challenge for small businesses (43%) and in Hotels/Catering (66%), Agriculture/Mining/Energy (46%) and Manufacturing businesses (45%). The only sector in which operational costs were not the top challenge was Finance, where complying with regulation came top (39%).

The level of tax was mentioned as the greatest business challenge more by micro businesses (13%) and Property/Management/Business Services (16%). Staff recruitment and/or retention was the greatest challenge for more medium-sized businesses (22%) and in Construction (18%) and Public administration/Other (17%).

Attracting and retaining customers and the UK's exit from the EU were both mentioned more by micro businesses with 1-4 employees (both 12%). Attracting and retaining customers was also a bigger challenge for Property/Management/Business Services (15%) and Retail/Distribution (13%), while the UK's exit from the EU was mentioned more by Transport and Storage (20%), Retail/Distribution (19%) and Manufacturing businesses (16%).

As referenced above, complying with regulation was much more likely to be mentioned as the business's top challenge by those in the Finance sector (39%). It was also mentioned as a top challenge more by businesses in Agriculture/Mining/Energy (14%) and Property/Management/Business Services (14%), and by micro businesses with 1-4 employees (10%). These sector differences are consistent with 2022, although the proportion of Finance businesses citing this as their main challenge has increased from 31% in 2022 to 39%. In terms of region, complying with regulation was more likely to be reported as the greatest challenge for those in the North West (12%) and South West (14%).

Table 5 shows the top challenges for businesses over the past few surveys: in 2024, 2022, 2020 and 2018. The level of tax was more likely to be mentioned as the top challenge in 2024 compared to the previous survey (12% vs 3% in 2022), whereas supply chain issues were a lesser challenge for businesses this time than in 2022 (4% vs 21% in the previous survey). Operational costs were included in the list for the first time this year and some previous challenges have been removed from the list, which means the results from previous surveys are not directly comparable.

Table 5: Greatest business challenge – over time

	2024	2022	2020	2018
Base: All respondents	1,840	1,900	1,638	2,001
Operational costs due to a rise in material costs and energy bills	38%	-	-	-
Level of tax	**12%***	3%	14%	17%
Staff recruitment and / or retention	12%	13%	16%	17%
Attracting and retaining customers	10%	8%	31%	32%
UK exit from the EU	10%	9%	-	-
Complying with regulation (excluding tax administration)	7%	6%	11%	17%
Supply chain issues	**4%***	21%	-	-
Regulation preventing or hindering implementation of a new or significantly improved product, process or business model	3%	3%	7%	-
Access to finance	2%	2%	12%	8%

Please note that additional statements were added in 2022 and 2024 which have likely impacted the results for the other statements and some statements have been removed from the survey. Therefore, changes across years should be viewed with caution. Key: **bold** and * 2024 figure significantly different from 2022.

Overall attitudes towards regulation

Key findings

- Turning to our three key measures of regulatory burden, almost half of businesses (47%) agreed that regulation is an obstacle to success, which was not significantly different from in 2022 (45%). The proportion of businesses expecting the burden of regulation to increase in the next 12 months increased to 52% (from 45% in 2022). Just 7% of businesses cited compliance with regulation as their greatest challenge, which was in line with 2022 (6%) but significantly lower than in previous years.

- The key factors driving businesses to view regulation as an obstacle were their views on whether regulations are easy to comply with and whether regulation is fair and proportionate.

- The two most important motivators for businesses in complying with regulation were complying with the law (92% considered this essential or very important) and maintaining their reputation with customers (91%), in line with the findings of the 2022 survey.

- The regulatory areas considered to be the most challenging for companies to comply with were health and safety (58% found this challenging among relevant businesses), employment law and rights (58%) and planning rules and regulations (57%). This was a new question added in 2024.

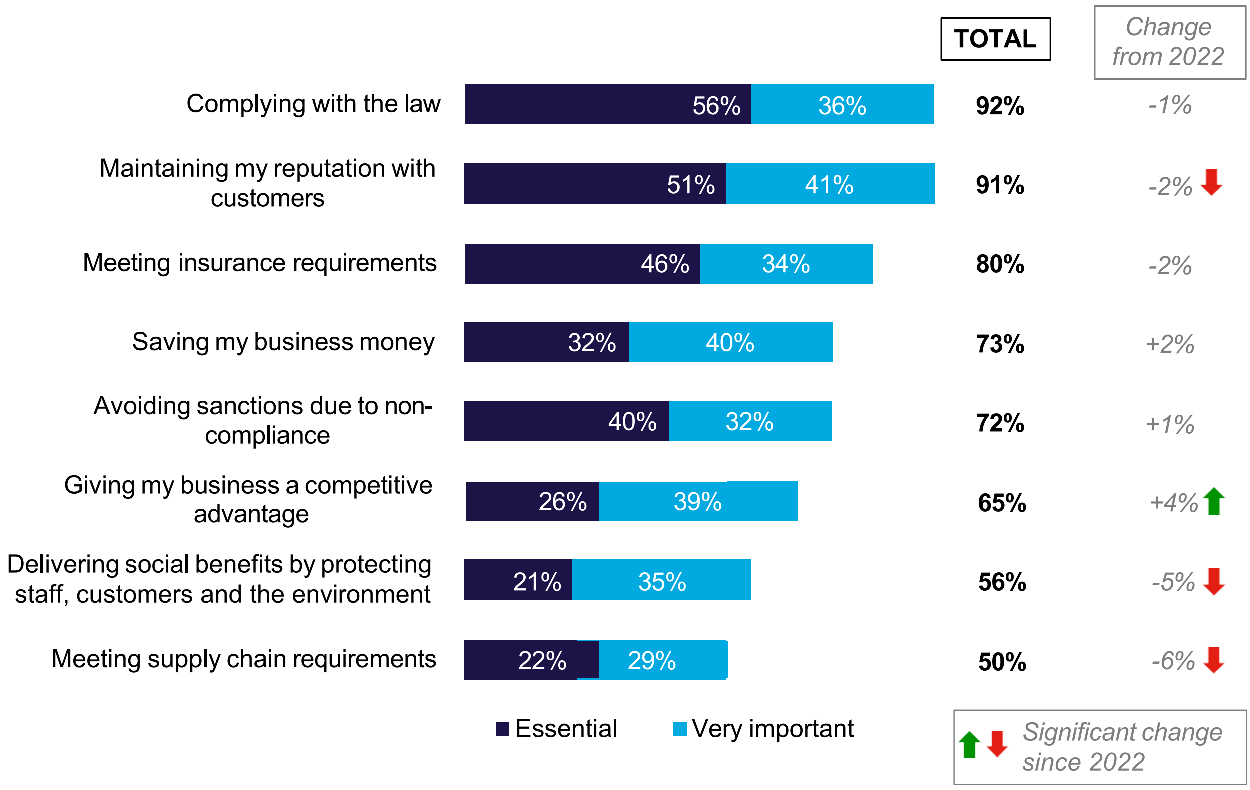
- Two in five businesses (41%) felt the new regulatory arrangements after EU Exit were more challenging compared to previous arrangements and only 1% of businesses felt the new arrangements were less challenging.

Factors encouraging compliance

Businesses were asked how important several factors were in encouraging them to comply with regulation. As shown in Figure 3, the most important motivators for compliance were complying with the law and maintaining their reputation with customers (92% and 91% respectively), consistent with the findings from 2022. Compliance with the law was the factor most likely to be considered 'essential' in encouraging businesses to comply with regulation. The least important factor in compliance was meeting supply chain requirements, with only half of businesses (50%) saying this.

There were some small differences in responses compared to 2022. Maintaining a business's reputation with customers was selected by slightly fewer (91%, compared to 93% in 2022), while giving a business competitive advantage was considered important by more respondents this year (65%, compared to 61% in 2022). Delivering social benefits was considered less important in this year's survey (56%, down from 61%), along with meeting supply chain requirements (50%, down from 56% in 2022).

Figure 3: Importance given to factors encouraging compliance with regulation



B1: How important are the following factors in encouraging your business to comply with regulation? Base: All businesses (2,000)

As shown in Table 6, the top two reasons for compliance remained the same across all sectors although there was some variation in the importance given to each factor. Compliance with the law was most likely to be mentioned by businesses in Public administration/Other (96%), and maintaining my reputation with customers was more likely to be mentioned by those in the Construction sector and Transport and Storage (both 96%).

Other notable sector variations where importance was higher were:

- Public administration/Other and Construction gave more importance to meeting insurance requirements.
- Hotels/Catering, Transport and Storage and Retail/Distribution were the sectors most likely to select saving my business money.
- Finance and Transport and Storage gave more importance to avoiding sanctions due to non-compliance.
- Construction businesses were most likely to say it gave their business a competitive advantage.
- Public administration/Other and Hotels/Catering were the most likely to mention delivering social benefits by protecting staff, customers and the environment.

- Meeting supply chain requirements was more important for Construction, Transport and Storage, Manufacturing, Agriculture/Mining/Energy and Retail/Distribution.

Table 6: Proportion of businesses saying each factor was very important or essential – by sector

	Agriculture / Mining / Energy	Construction	Finance	Hotel / Catering	Manufacturing	Property / Business Services	Public admin / Other	Retail / Distribution	Transport and Storage
Base: All respondents	170	179	158	142	345	307	192	335	172
Complying with the law	83%	96%	93%	91%	90%	91%	***96%**	91%	89%
Maintaining my reputation with customers	81%	***96%**	87%	94%	88%	88%	92%	92%	***96%**
Meeting insurance requirements	75%	***86%**	66%	85%	77%	69%	***88%**	80%	84%
Saving my business money	63%	78%	62%	***81%**	73%	66%	69%	***78%**	***80%**
Avoiding sanctions due to non-compliance	69%	72%	***85%**	72%	65%	72%	74%	72%	***80%**
Giving my business a competitive advantage	55%	***71%**	55%	68%	66%	62%	64%	66%	65%
Delivering social benefits by protecting staff, customers & environment	55%	56%	35%	***64%**	48%	47%	***65%**	59%	51%
Meeting supply chain requirements	***62%**	***68%**	29%	51%	***63%**	31%	45%	***59%**	***65%**

B1: How important are the following factors in encouraging your business to comply with regulation? Key: bold and * indicates a significantly higher percentage compared to the total.

As shown in Table 7, size of business also affected how important the factors were reported to be in compliance, with larger businesses attributing higher importance to a number of factors. Again, the top two reasons for compliance were the same across all sizes of business: complying with the law and maintaining my reputation with customers. Complying with the law was mentioned by 99% of large businesses, 96% of small and medium businesses and 95% of micro businesses with 5-9 employees.

Other notable sector variations where importance was higher were:

- Large businesses were most likely to mention meeting insurance requirements, avoiding sanctions due to non-compliance, giving their business a competitive advantage, delivering social benefits and meeting supply chain requirements.

- Micro businesses with 5-9 employees gave more importance to saving money for their business and to maintaining their reputation with customers.

Table 7: Proportion of business saying each factor was very important or essential – by size

	Micro (1-4)	Micro (5-9)	Small (10-49)	Medium (50-249)	Large (250+)
Base: All respondents	442	385	751	299	123
Complying with the law	88%	***95%**	***96%**	***96%**	***99%**
Maintaining my reputation with customers	88%	***95%**	93%	94%	95%
Meeting insurance requirements	73%	***87%**	***86%**	***85%**	***89%**
Saving my business money	69%	***77%**	75%	74%	74%
Avoiding sanctions due to non-compliance	68%	73%	***77%**	***79%**	***89%**
Giving my business a competitive advantage	60%	69%	***68%**	***71%**	***74%**
Delivering social benefits by protecting staff, customers & environment	50%	59%	***62%**	61%	***70%**
Meeting supply chain requirements	43%	***55%**	***56%**	***62%**	***64%**

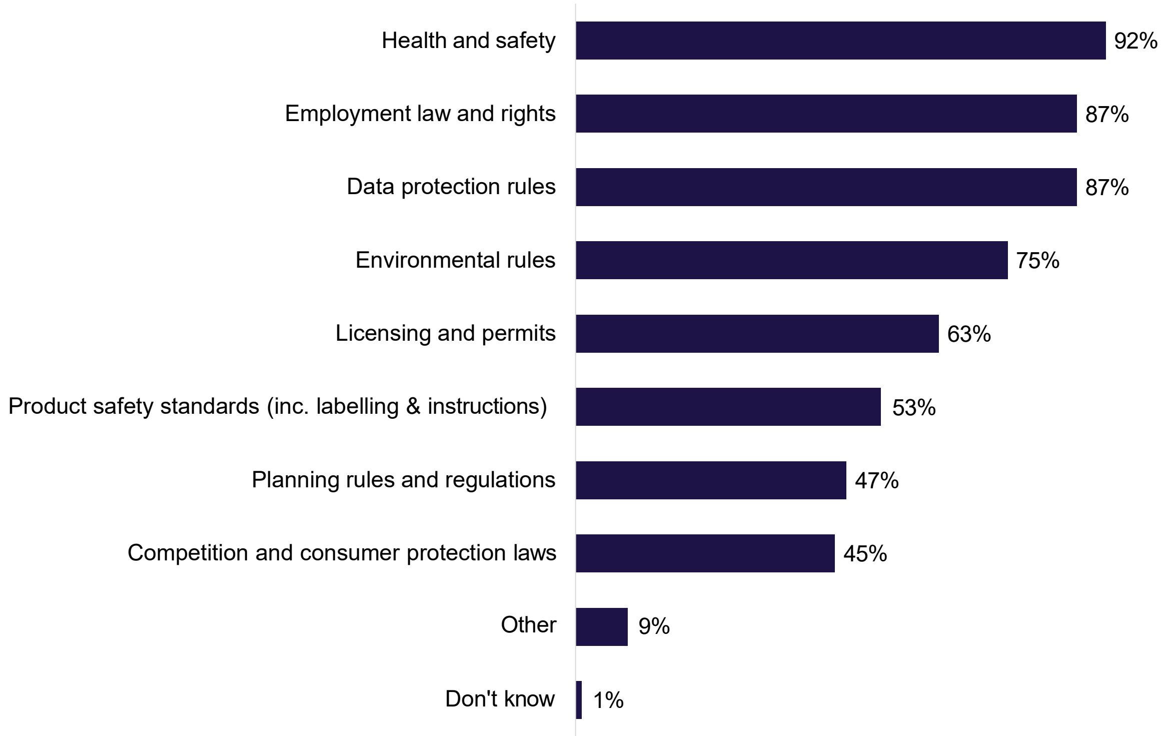
B1: How important are the following factors in encouraging your business to comply with regulation? Key: **bold** and * indicates a significantly higher percentage compared to the total.

Regulatory areas

This year's survey included new questions to gauge which regulatory areas were relevant to different types of business and the extent to which businesses found complying with different regulatory areas to be a challenge.

As shown in Figure 4, the regulatory areas selected as relevant by the most businesses were health and safety (92%), employment laws and rights (87%) and data protection rules (87%). Three-quarters of businesses considered environmental rules to be relevant to them (75%), while 63% said licensing and permits were relevant and just over half (53%) selected product safety standards, including labelling and instructions. Planning rules and regulations were considered relevant by just under half of businesses (47%), along with competition and consumer protection laws (45%).

Figure 4: Relevance of regulatory areas to businesses



C1a: Which of the following regulatory areas are relevant to your business? Base: All businesses (2,000)

There were considerable differences in the types of regulation considered relevant across different sectors, as shown in Table 8.

While health and safety was considered relevant to the majority of businesses in all sectors, this was especially so in the Agriculture/Mining/Energy, Construction and Hotel/Catering sectors (all 97%) and in Manufacturing (95%). Health and safety was considered least relevant by those in Finance (71%). Data protection laws were more relevant for Finance (96%) and for Property/Management/Business Services (92%).

Environmental rules were considered relevant across a number of sectors, most notably Agriculture/Mining/Energy (95%) and Construction (90%). Licensing and permits were particularly relevant for Hotels/Catering (90%), along with product safety standards (76%). Planning rules and regulations were most relevant for Agriculture/Mining/Energy (69%), Construction (68%) and Hotels/Catering (63%). Competition and consumer protection laws were most likely to be selected by Hotels/Catering (66%) and Finance (63%).

Other regulatory areas not shown in the table also varied by sector. For example, businesses in the Finance sector were particularly likely to specify financial regulation, while building regulations were mentioned more by those in Property/Management/Business Services.

Table 8: Proportion of businesses considering each area of regulation to be relevant – by sector

	Total	Agriculture / Mining / Energy	Construction	Finance	Hotel / Catering	Manufacturing	Property / Business Services	Public admin / Other	Retail / Distribution	Transport and Storage
Base: All respondents	2,000	170	179	158	142	345	307	192	335	172
Health and safety	92%	***97%**	***97%**	71%	***97%**	***95%**	82%	94%	93%	93%
Employment law and rights	87%	80%	91%	78%	91%	86%	85%	89%	86%	89%
Data protection rules	87%	71%	83%	***96%**	82%	79%	***92%**	89%	88%	88%
Environmental rules	75%	***95%**	***90%**	35%	***86%**	***79%**	51%	78%	***79%**	73%
Licensing and permits	63%	***76%**	***74%**	59%	***90%**	50%	46%	67%	54%	***74%**
Product safety standards (including labelling and instructions)	53%	57%	***63%**	13%	***76%**	***68%**	31%	53%	***61%**	31%
Planning rules and regulations	47%	***69%**	***68%**	24%	***63%**	34%	35%	49%	37%	43%
Competition and consumer protection laws	45%	36%	46%	***63%**	***66%**	***51%**	29%	44%	***54%**	37%

C1a: Which of the following regulatory areas are relevant to your business? Key: **bold** and * indicates a significantly higher percentage compared to the total.

There were also differences by size of business, as shown in Table 9, with the smallest micro businesses (1-4 employees) the least likely to consider each area of regulation to be relevant to them.

Health and safety was considered most relevant by small and medium-sized businesses (98% and 97% respectively), as were product safety standards (63% for medium-sized businesses and 61% for small businesses). Data protection rules were most likely to be considered relevant by medium-sized businesses (96%).

Several regulatory areas were considered relevant by a higher proportion of large businesses, including environmental rules (91%), licensing and permits (76%), planning rules and regulations (62%) and competition and consumer protection laws (64%).

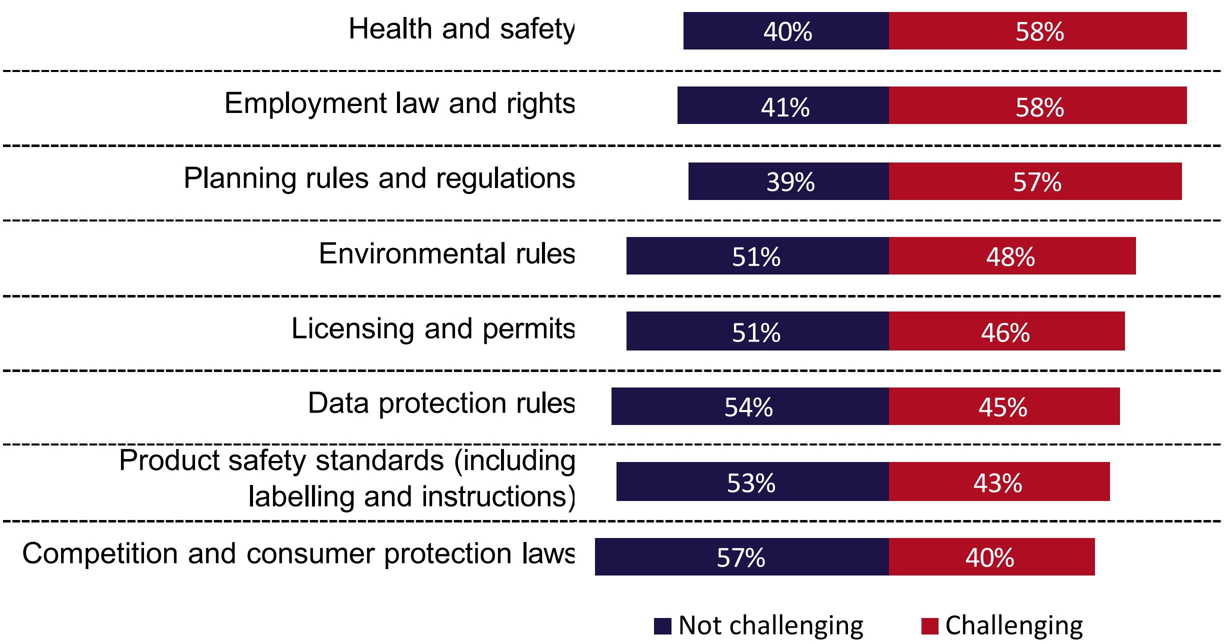
Table 9: Proportion of businesses considering each area of regulation to be relevant – by size

	Total	Micro (1-4)	Micro (5-9)	Small (10-49)	Medium (50-249)	Large (250+)
Base: All respondents	2,000	442	385	751	299	123
Health and safety	92%	87%	92%	***98%**	***97%**	95%
Employment law and rights	87%	79%	***93%**	***95%**	***94%**	***95%**
Data protection rules	87%	83%	87%	***90%**	***96%**	92%
Environmental rules	75%	66%	76%	***84%**	***88%**	***91%**
Licensing and permits	63%	55%	60%	***74%**	***73%**	***76%**
Product safety standards (including labelling and instructions)	53%	45%	56%	***61%**	***63%**	58%
Planning rules and regulations	47%	39%	50%	***55%**	***53%**	***62%**
Competition and consumer protection laws	45%	37%	***51%**	***50%**	***58%**	***64%**

C1a: Which of the following regulatory areas are relevant to your business? Key: **bold** and * indicates a significantly higher percentage compared to the total.

Respondents were asked how challenging they found compliance with each relevant regulatory area. As shown in Figure 5, three regulatory areas were felt to be challenging for more than half of relevant businesses. Overall, health and safety and employment law and rights were found to be the most challenging for businesses (both 58%), along with planning rules and regulations (57% challenging). Competition and consumer protection laws presented the least challenge to relevant businesses (40% challenging), while several regulatory areas were challenging for just under half of relevant businesses: environmental rules (48%), licensing and permits (46%), data protection rules (45%) and product safety standards (43%).

Figure 5: Challenge of complying with different regulatory areas



C1b: To what extent do you find the following regulatory area(s) challenging to comply with? Base: All who stated the regulatory area was relevant to their business (ranges from 901 to 1,834)

There were some sizeable differences by sector and size of business, as shown in Table 10. In particular, the perception of challenge in complying with health and safety varied considerably. Health and safety compliance was considered most challenging by construction businesses (73%), those in Agriculture/Mining/Energy (70%) and Public administration/Other (67%), along with micro businesses with 5-9 employees and small businesses. Health and safety was considered far less challenging for businesses in the Finance sector (only 13% challenging).

Other notable sector and size variations where the perception of challenge was higher were:

- Employment law and rights were considered more challenging to comply with for Public administration/Other businesses (69%) and small businesses (64%).
- Planning rules and regulations were considered a challenge more by businesses in Agriculture/Mining/Energy (68%), Construction (66%) and Property/Management/Business Services (65%).
- Environmental rules presented the greatest challenge for compliance for businesses in the Agriculture/Mining/Energy sector (75%).
- Licensing and permits were considered more challenging for those in Transport and Storage (71%) and in Agriculture/Mining/Energy (57%).
- Product safety standards (including labelling & instructions) were considered challenging to comply with by more Manufacturing businesses (51%).
- Competition and consumer protection laws were described as challenging by more businesses in Finance (52%) and in Transport and Storage (both 52%).

Table 10: Challenge of complying with different regulatory areas – by sector and size

Regulatory area	% challenging	↑ More likely to find a challenge	↓ Less likely to find a challenge
Health and safety	58%	Construction (73%) Agriculture/Mining/Energy (70%) Public admin/Other (67%) Micro (5-9 staff) (65%) Small businesses (64%)	Finance (13%) Large businesses (46%) Property/Management/ Business Services (47%) Retail/Distribution (50% Transport/Storage (50%) Micro (1-4 staff) (51%)
Employment law and rights	58%	Public admin/Other (69%) Small businesses (64%)	Finance (32%) Transport/Storage (48%) Micro (1-4 staff) (51%)
Planning rules and regulations	57%	Agriculture/Mining/Energy (68%) Construction (66%) Property/Management/ Business Services (65%)	Retail/Distribution (47%) Medium businesses (47%)
Environmental rules	48%	Agriculture/Mining/Energy (75%)	Finance (27%) Property/Management/ Business Services (35%)
Licensing and permits	46%	Transport/Storage (71%) Agriculture/Mining/Energy (57%)	Hotel/Catering (38%)
Data protection rules	45%	-	Transport/Storage (34%) Manufacturing (36%)
Product safety standards (inc. labelling & instructions)	43%	Manufacturing (51%)	Transport/Storage (31%)
Competition/consumer protection laws	40%	Finance (52%) Transport/Storage (52%)	-

C1b: To what extent do you find the following regulatory area(s) challenging to comply with? Base: All who stated the regulatory area was relevant to their business (ranges from 901 to 1,834)

EU exit regulatory impacts

Businesses were asked the extent to which they found complying with the new regulatory arrangements after EU Exit challenging compared to previous arrangements. Overall, two in five (41%) said the new arrangements were more challenging and only 1% of businesses felt the new arrangements were less challenging than previous arrangements. Almost two in five businesses (38%) said the changes had not impacted them and a further 5% didn't know.

Businesses in Northern Ireland were most likely to say they had found the new regulatory arrangements challenging (78%), followed by those in the East of England (49%).

The challenge of compliance with the new regulatory arrangements was considered to be greater by those in Retail/Distribution (56%), Manufacturing (52%) and in Transport and Storage (52%), as well as among medium-sized businesses (49%). The sectors most likely to say the changes had had no impact were Finance (49%), Construction (47%) and Property/Management/Business Services (42%).

Respondents who found EU exit compliance more challenging than previous arrangements were asked why. As shown in Figure 6, the top explanation was that it created operational problems for the business including staffing issues (44%), followed by adding considerable financial cost to the business (33%) and being excessively time consuming (25%). Other reasons included finding it difficult to find out about and keep up to date with changes (17%), having a negative impact on their business model (13%), finding it stressful or challenging (10%) and increased paperwork (9%).

Figure 6: Reasons why businesses found complying with EU Exit regulation more challenging than previous arrangements

C8: Why did you find it challenging? Base: All who found EU exit compliance more challenging than previous arrangements (883)

Only 34 survey respondents said they did not find EU exit compliance more challenging than previous arrangements. Their top reasons were that the changes to regulations were minimal (25%), their business doesn't trade internationally (25%) and that the regulations are less complex or restrictive than when we were part of the EU (16%).

All businesses were asked if they anticipate any additional changes in the regulations they have to comply with because of EU Exit. Overall, one in six businesses (16%) did anticipate further changes, while most did not (71%) and 13% said they didn't know.

The sectors most likely to anticipate further changes to regulations because of EU exit were Transport & Storage (33%), Agriculture/Mining/Energy (26%), Retail/Distribution (21%) and Manufacturing (20%). Sectors most likely to expect no further changes were Construction (78%) and Property/Management/Business Services (76%).

Key measures of regulatory burden

As shown in Figure 7, three questions around the burden of regulation have been tracked over time to create the following key measures:

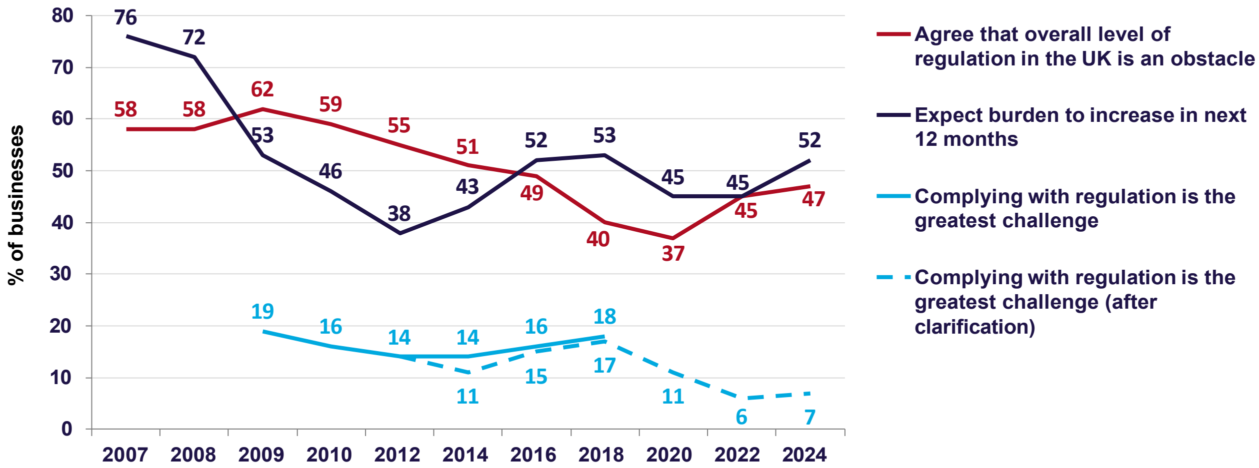
- The proportion of businesses agreeing that the overall level of regulation in the UK is an obstacle to their business's success
- The proportion expecting the burden of regulation to increase in the next 12 months following the fieldwork.
- The proportion that perceive complying with regulation to be the greatest challenge to their business

Almost half of businesses (47%) agreed that the overall level of regulation in the UK is an obstacle to their business's success. While this is the highest level of agreement since 2016, it is not a significant increase compared to the 45% that agreed with this in 2022.

The proportion of businesses expecting the burden of regulation to increase in the next 12 months following the fieldwork has increased from 45% in 2022 to 52% in 2024.

The proportion who felt complying with regulation is their greatest challenge has remained low at 7%, similar to the 6% who expressed this sentiment in 2022, and lower than all previous surveys in which this question was asked.

Figure 7: Key measures of regulatory burden from 2007 to 2024



C2: To what extent do you agree or disagree that the overall level of regulation in the UK is an obstacle to your business's success? F1: In the next 12 months, do you think that the burdens resulting from regulation will decrease, stay the same, or increase? A9: Excluding tax administration, which ONE would you say presents the greatest challenge to your business? Base: All businesses. 2007 (1,000), 2008 (1,000), 2009 (1,000), 2010 (2,000), 2012 (2,294), 2014 (2,203), 2016 (2.000), 2018 (2,001), 2020 (2,014), 2022 (2,000), 2024 (2,000).

Regulation as an obstacle to success

The sectors most likely to agree that regulation is an obstacle to their business's success were Finance (62%), Transport and Storage (58%) and Agriculture/Mining/Energy (56%).

Others more likely to agree that regulation presents an obstacle included businesses in Northern Ireland (61%) and in the South West of England (54%), those who have seen a reduction in their headcount over the 12 months prior to the fieldwork (55%) or a decrease in sales turnover (54%) and micro businesses with 5-9 employees (52%).

Large businesses with 250 or more employees were more likely to disagree with the sentiment (32%).

Complying with regulation as the greatest challenge

Businesses in Finance were the most likely to see complying with regulation as presenting the greatest challenge to their business (39%), followed by those in Agriculture/Mining/Energy (14%) and Property/Management/Business Services (14%).

Micro businesses with 1-4 employees were also more likely to perceive regulation as their greatest challenge (10%), as were those in the South West of England (14%) and businesses that had been operating for more than 20 years (9%).

Expected change in burden of regulation

The sector most likely to expect the burden of regulation to increase in the next 12 months following the fieldwork was Agriculture/Mining/Energy (65%), in particular those in the Agriculture, Forestry and Fishing sector (74%). Businesses in the South East of England were also more likely to expect regulation to increase (59%). Those who saw regulation as an obstacle to their business's success were also more likely to anticipate that it would increase (65%).

Regulation as an obstacle to success

Businesses were asked why they perceived the overall level of regulation in the UK to be an obstacle to their business's success. This was an open-ended question that was subsequently coded into common themes. As shown in Figure 8, the top response was that they felt they spent too long on compliance (32%), followed by feeling there is an excessive volume of regulation in general (19%). A number of businesses felt that regulations don't always reflect industry best practice (15%), while others said the costs of compliance were too high (15%). Other responses from one in ten included that regulations don't always feel relevant (11%), they have slowed down business growth (11%) and that the volume of regulations is disproportionate for small businesses (10%).

"We have to jump through so many hoops and it costs a fortune every year all the different groups and consultants we have to use. It feels like we are throwing so much money at it to do what we have been doing for the last 30 years and it is becoming more difficult for us trade."

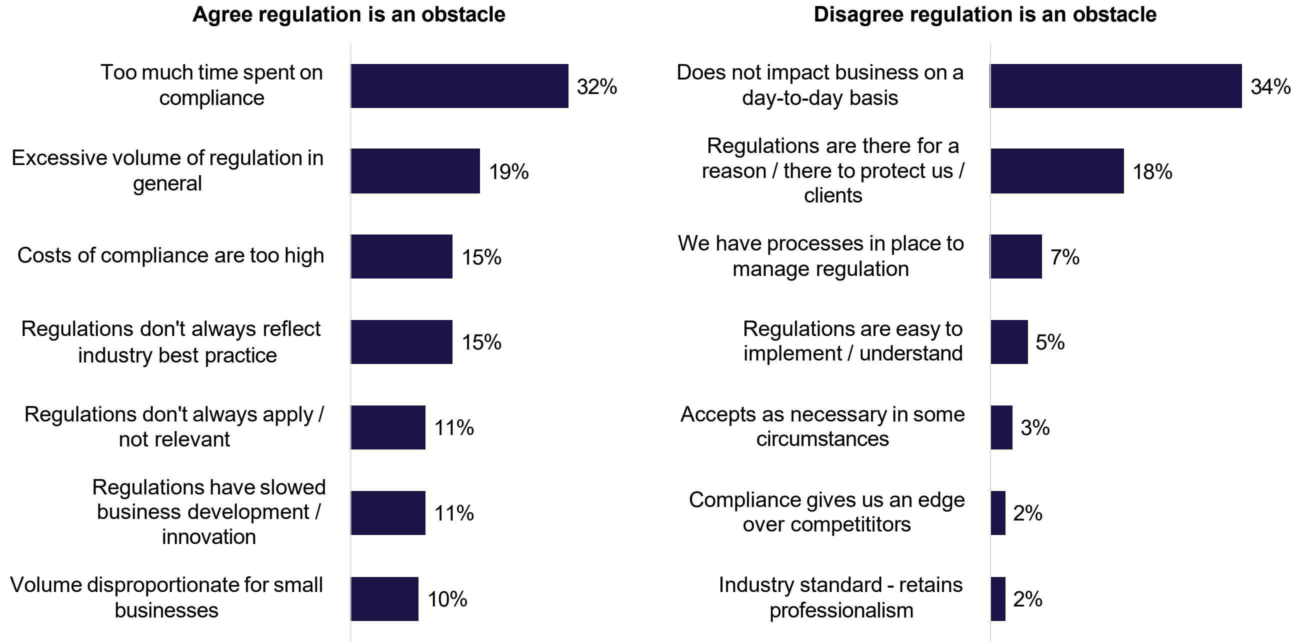
Micro business (5-9), Construction, South East

For those that disagreed that regulation was an obstacle to success, the top explanation was that they do not impact the business day-to-day (34%). Almost one in five (18%) said the regulations are there for a reason or they are there to protect people. Other responses included that the business has processes in place to manage regulation (7%), they are easy to implement or understand (5%), and that they accepted regulation to be necessary in some circumstances (3%).

"Overall, I don't think it affects business success. It's there for a reason and we have to comply with it as a business."

Small business (10-49), Manufacturing, West Midlands

Figure 8: Reasons for agreeing or disagreeing that regulation is an obstacle to success



C3: Why do you agree/disagree that the overall level of regulation in the UK is an obstacle to your business's success? Base: All who agree regulation is an obstacle (975) Base: All who disagree regulation is an obstacle (400)

Among businesses who felt regulation is an obstacle to success, those in the Finance sector were most likely to say too much time was spent on compliance (47%), while those in Agriculture/Mining/Energy were more likely to say the regulations don't always reflect industry best practice (24%). Businesses in Transport & Storage and in Manufacturing were more likely to say the costs of compliance are too high (27% and 22% respectively).

Among businesses who did not see regulation as an obstacle to success, those in Property/Management/Business Services were the most likely to say it did not impact them day-to-day (48%).

Effort of dealing with regulation

Key findings

- Compliance was most likely to be dealt with by Directors / Managers in UK businesses (46%), followed by the business owner / Managing Director / CEO (40%). There were considerable differences by size of organisation, with larger businesses much more likely to have specialist roles such as a Compliance Officer / Manager to deal with regulation, whereas micro businesses were more likely to report that it fell to the business owner themselves.

- The amount of time that businesses reported spending on compliance per month increased slightly in 2024 to 8.0 days per month on average, up from 6.6 days in 2022. The amount of time spent increased with the size of the business.

- The proportion of businesses reporting an increase in the cost of compliance over the 12 months prior to the fieldwork also increased, to 65% (from 58% in 2022), as did the proportion of businesses agreeing that the time taken on compliance is a burden, from 58% in 2022 to 63% in 2024.

- As well as the time it takes to comply, respondents were also asked whether they considered other aspects of regulatory compliance be a burden. The other aspects most likely to be considered a burden were keeping up to date with information about which regulations a business has to comply with (65%), completing paperwork and keeping records (62%) and having to provide the same information more than once (61%).

Dealing with regulatory compliance

In a new addition to the survey in 2024, businesses were asked which job roles tend to deal with regulatory compliance in their company. Overall, a Director or Manager was most likely to deal with compliance (46%), followed by the business owner / Managing Director / CEO (40%). Other specific roles dealing with compliance at a smaller proportion of companies included Finance Director / Manager (8%), Operations Director / Manager (7%), Health and Safety Director / Manager (5%) and general administrative or office staff (5%). Just 4% of companies stated that they have a Compliance Officer / Manager dealing with regulatory compliance.

As shown in Table 11, there were some considerable differences by size of company:

- In the smallest micro businesses (1-4 staff), the business owner / Managing Director / CEO was most likely to deal with regulatory compliance (45%).

- Large businesses with 250+ employees are the most likely to employ a Compliance Officer / Manager (31%) or to have regulatory compliance dealt with by a Head of HR / HR Manager (25%), Finance Director / Manager or Health & Safety Director / Manager (both 22%). Only 9% of Owner / Managing Director / CEOs in large companies deal with compliance.

Table 11: Job roles dealing with regulatory compliance

	Micro (1-4)	Micro (5-9)	Small (10-49)	Medium (50-249)	Large (250+)
Base: All respondents	442	385	751	299	123
Director or Manager	41%	48%	***51%**	***53%**	***56%**
Owner / Managing Director / CEO	***45%**	43%	34%	19%	9%
Finance Director / Finance Manager	4%	6%	***13%**	***19%**	***22%**
Operations Director / Operations Manager	2%	5%	***14%**	***21%**	***20%**
Health and Safety Director / Manager	2%	3%	***9%**	***21%**	***22%**
Admin / office staff	3%	***8%**	***7%**	3%	2%
Compliance Officer / Compliance Manager	3%	2%	***6%**	***23%**	***31%**
Head of HR / HR Manager	1%	2%	***7%**	***21%**	***25%**

E1a. What job roles tend to deal with regulatory compliance in your company? Key: **bold** and * indicates a significantly higher percentage compared to the total.

Time and cost of complying with regulations

On average, businesses reported spending 8.0 staff days a month dealing with regulation, representing a slight increase from the 6.6 days spent in 2022. As shown in Figure 9, the amount of time spent on regulation increased with the size of the business. Large businesses (250+ staff) reported spending an average of 25.8 staff days per month dealing with regulation, compared to 4.4 days per month among micro businesses with 1-4 staff.

Given the number of employees in each business size category, this indicates that the number of days *per* staff member spent dealing with regulation is significantly higher for smaller businesses (especially micro businesses).[7]

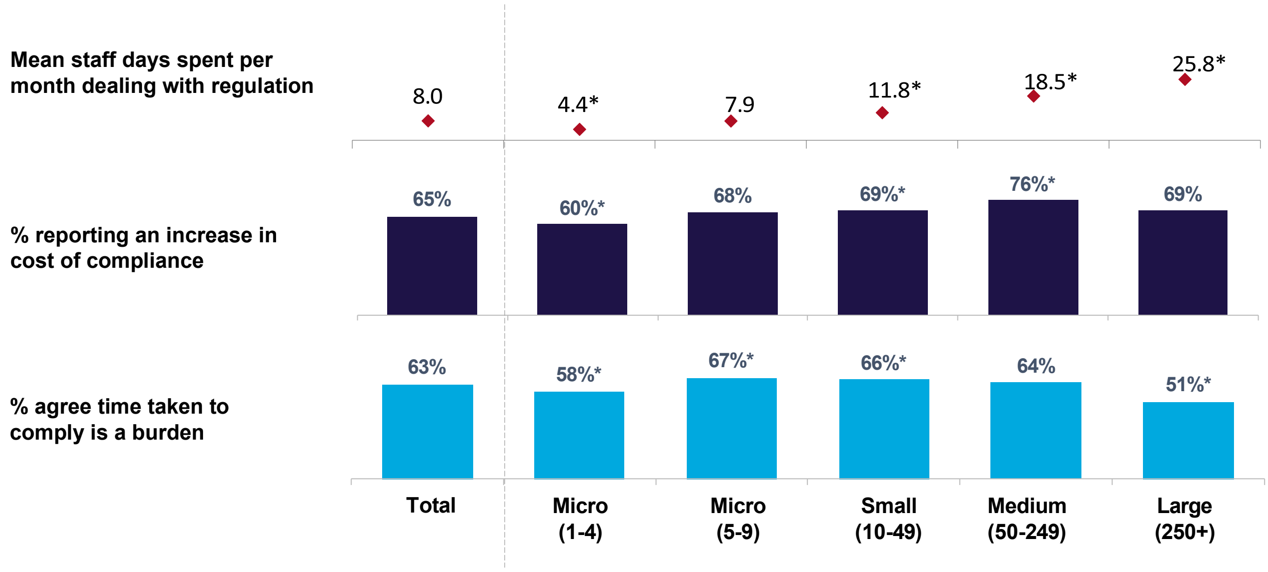
There was also an increase in the proportion of businesses reporting that the costs of compliance had increased in the past year. Almost two-thirds of businesses (65%) said the costs had increased, compared to 58% in 2022. A majority across all sizes of business felt that costs had

[7] DBT Analysis of survey results. Assuming an average staff members of each business category as Micro (1-4): 2.5, Micro (5-9): 7, Small (10-49): 29.5, Medium (50-249): 149.5. This results in days spent dealing with regulation per staff member of Micro (1-4): 1.8, Micro (5-9): 1.1, Small (10-49): 0.4, Medium (50-249): 0.1.

increased, with medium-sized businesses most likely to report an increase in costs (76%) and smaller micro businesses the least likely to do so (60%).

In this year's survey, the proportion of businesses agreeing that the time taken on compliance is a burden also increased, from 58% in 2022 to 63% in 2024. Micro businesses with 5-9 staff and small businesses were the most likely to consider the time spent to be a burden (67% and 66% respectively). Large businesses with 250+ staff were the least likely to consider the time spent on regulation to be a burden (51% agree).

Figure 9: Time and cost of complying with regulation – by size



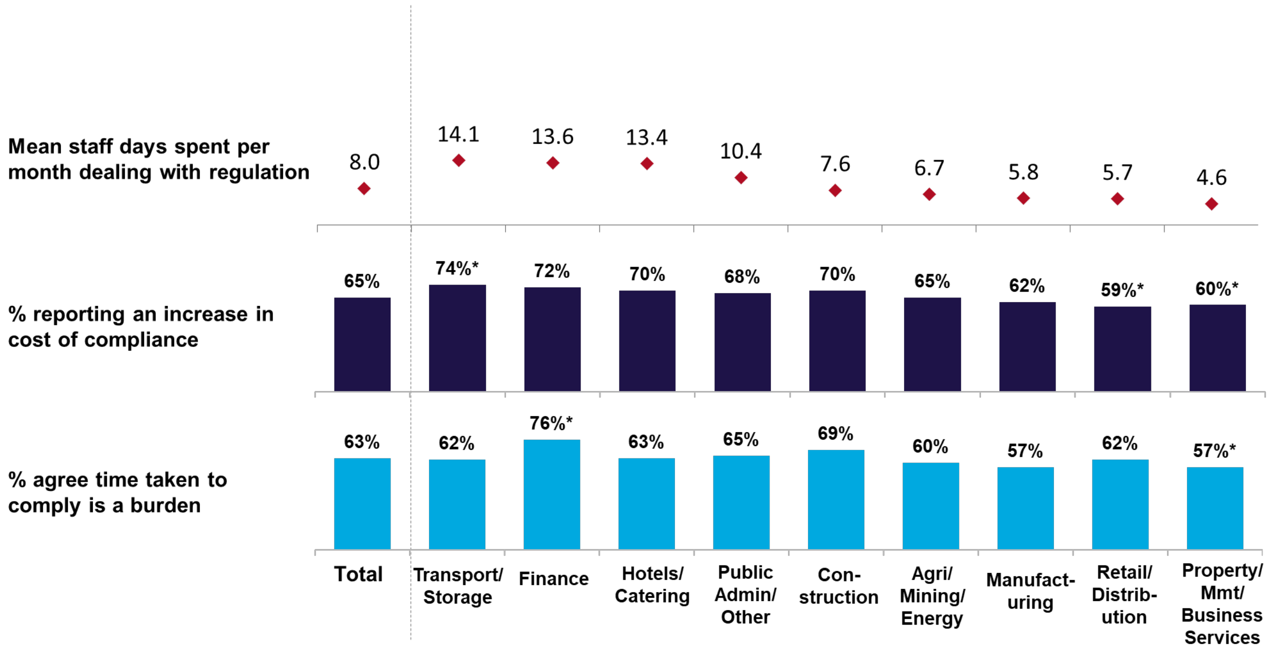
B2, B3, B4-1 On average, how many days in total do you or other staff spend per month dealing with all regulation? / Thinking about the last 12 months, would you say that the total cost of complying with regulation has...? / To what extent do you agree or disagree that the length of time it takes to go through the whole process of complying is a burden for you? Base: All businesses (2,000), Micro (1-4) (442), Micro (5-9) (385), Small (10-49) (751), Medium (50-249) (299), Large (250+) (123). Key: * Indicates a significant difference from the total.

By sector, the average number of days spent per month on regulation varied, as shown in Figure 10. The sectors spending more time on average on regulation were Transport and Storage (14.1 days), Finance (13.6 days) and Hotels & Catering businesses (13.4 days). In contrast, those spending the least time on dealing with regulation were Property/Management/Business Services (4.6 days), Retail/Distribution (5.7 days) and Manufacturing (5.8 days).

Sectors spending the most time on regulation were among those more likely to say that the cost of regulation had increased in the past year. Notably the Transport & Storage sector, where 74% of businesses said costs had increased, compared to 59% in Retail/Distribution and 60% in Property/Management/Business Services.

The sector most likely to consider the time taken to comply with regulation as a burden was Finance, where 76% of businesses agreed with this statement, compared to 57% in Property/Management/Business Services.

Figure 10: Time and cost of complying with regulation – by sector



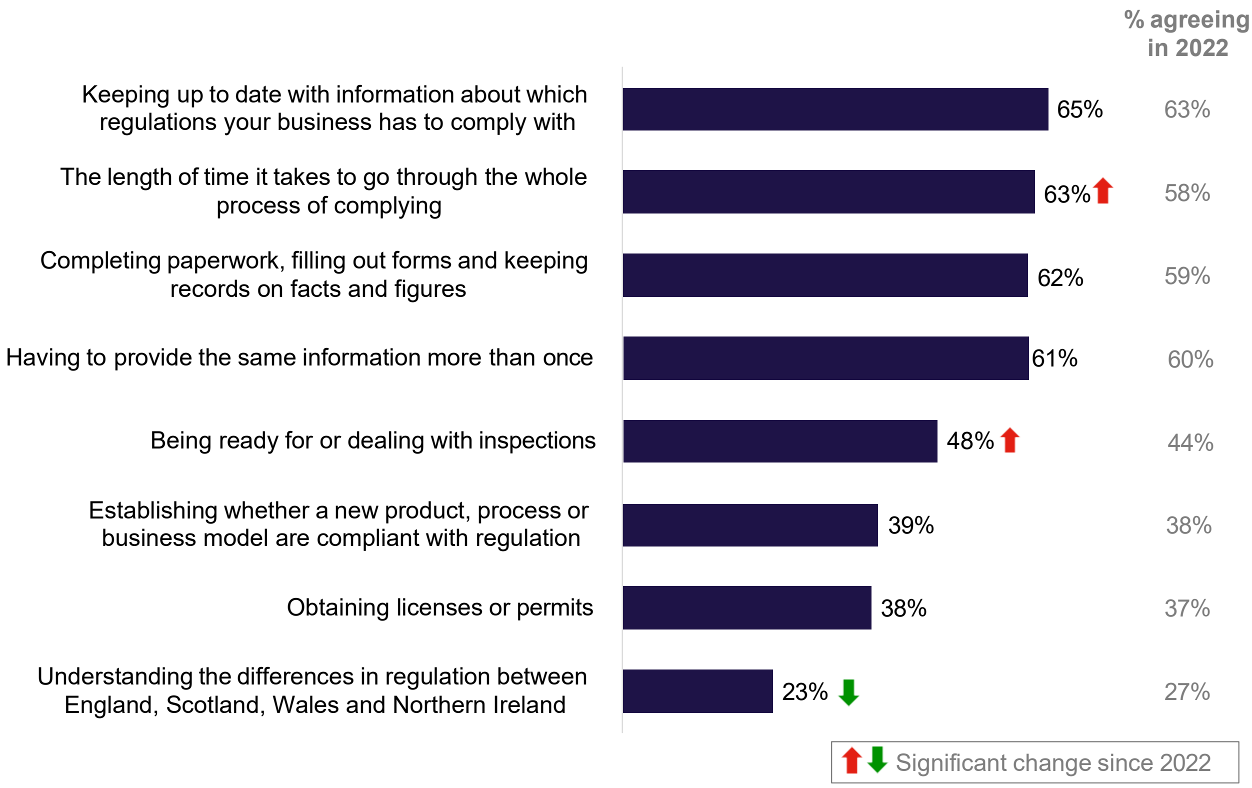
B2, B3, B4-1 On average, how many days in total do you or other staff spend per month dealing with all regulation? / Thinking about the last 12 months, would you say that the total cost of complying with regulation has...? / To what extent do you agree or disagree that the length of time it takes to go through the whole process of complying is a burden for you? Base: All businesses (2,000), Agri/Mining/Energy (170), Construction (179), Finance (158), Hotel/Catering (142), Manufacturing (345), Property/Mgmt/Business Services (207), Public Admin/Other (192), Retail/Distribution (335), Transport/Storage (172). Key: * Indicates a significant difference from the total in 2024.

Burden of regulatory activities

Respondents were read a list of eight aspects of complying with regulation and asked the extent to which they considered each to be a burden to their business. As shown in Figure 11, the aspects most considered to be a burden were keeping up to date with information about which regulations a business has to comply with (65%), the length of time it takes to comply (63%), completing paperwork and keeping records (62%) and having to provide the same information more than once (61%).

Perceptions of burden for many of the activities were in line with survey findings in 2022. However, some aspects of dealing with regulation appear to be an increasing burden for businesses, with more agreeing that the length of time taken to go through the process of complying is a burden (63%, up from 58%) and that being ready for or dealing with inspections is a burden (48%, up from 44%). On the other hand, the proportion agreeing that it is a burden to understand differences in regulation between England, Scotland, Wales and Northern Ireland has decreased from 27% in 2022 to 23% in the most recent survey.

Figure 11: Burden of regulatory activities



B4: Do you agree or disagree that the following is a burden when complying with regulation? Chart shows % agreeing. Base: All businesses (2,000).

There were a few differences in perception of burden by size of business, as shown in Table 12, with micro businesses (5-9 employees) and small businesses more likely to consider some aspects of compliance to be a burden. Micro businesses with 5-9 employees were most likely to say the length of time was a burden (67%) and were also more likely to consider establishing whether a new product, process or business model is compliant to be a burden (44%). Small businesses were the most likely to consider being ready for or dealing with inspections to be a burden (55%), as well as obtaining licenses or permits (42%).

Table 12: Burden of regulatory activities – by size

% agreeing aspect is a burden when complying with regulation	Total	Micro (1-4)	Micro (5-9)	Small (10-49)	Medium (50-249)	Large (250+)
Base: All respondents	2,000	442	385	751	299	123
Keeping up to date with information about which regulations your business has to comply with	65%	65%	66%	66%	60%	57%
The length of time it takes to go through the whole process of complying	63%	58%	***67%**	***66%**	64%	51%
Completing paperwork, filling out forms and keeping records on facts and figures	62%	59%	64%	64%	63%	54%
Having to provide the same information more than once	61%	57%	65%	63%	64%	66%
Being ready for or dealing with inspections	48%	43%	45%	***55%**	40%	42%
Establishing whether a new product, process or business model are compliant with regulation	39%	38%	***44%**	38%	40%	34%
Obtaining licenses or permits	38%	37%	34%	***42%**	38%	34%
Understanding the differences in regulation between England, Scotland, Wales and Northern Ireland	23%	22%	25%	24%	28%	25%

B4: Do you agree or disagree that the following is a burden when complying with regulation? Table shows % agreeing. Key: **bold** and * indicates a significantly higher percentage compared to the total.

Looking by sector, there were also some differences in the perception of burden (see Table 13). Those in the Finance sector were more likely to perceive a number of compliance activities as a burden, including the length of time taken (76%), completing paperwork (71%), having to provide the same information more than once (71%) and establishing whether a new product, process or business model is compliant with regulation (53%). Agriculture/Mining/Energy businesses were the most likely to agree it is a burden being ready for or dealing with inspections (65%), as well as understanding the differences in regulation in different UK countries (31%).

Table 13: Burden of regulatory activities – by sector

% agreeing aspect is a burden when complying with regulation	Total	Agriculture / Mining / Energy	Construction	Finance	Hotel / Catering	Manufacturing	Property / Business Services	Public admin / Other	Retail / Distribution	Transport and Storage
Base: All respondents	2,000	170	179	158	142	345	307	192	335	172
Keeping up to date with info about regulations	65%	67%	66%	67%	61%	56%	66%	66%	66%	***73%**
Length of time it takes for process of complying	63%	60%	69%	***76%**	63%	57%	57%	65%	62%	62%
Completing paperwork, forms and records	62%	67%	68%	***71%**	58%	57%	57%	66%	62%	59%
Having to provide the same info more than once	61%	67%	67%	***71%**	54%	57%	57%	64%	59%	68%
Being ready for or dealing with inspections	48%	***65%**	50%	48%	53%	40%	39%	***55%**	42%	48%
Establish if new product or process is compliant	39%	38%	40%	***53%**	45%	38%	35%	39%	41%	46%
Obtaining licenses or permits	38%	***48%**	***50%**	36%	***50%**	28%	27%	39%	35%	***51%**
Understanding differences between UK countries	23%	***31%**	22%	24%	24%	***28%**	22%	21%	25%	23%

B4: Do you agree or disagree that the following is a burden when complying with regulation? Table shows % agreeing. Key: * indicates a significantly higher percentage compared to the total.

There were also regional differences in perceptions of the burden of understanding the differences in regulation between England, Scotland, Wales and Northern Ireland. The majority of businesses in Northern Ireland (64%) and two in five businesses in Scotland (42%) and Wales (43%) agreed that this is a burden, compared to only one in five businesses in England (20%).

External support

Key findings

- More than nine in ten businesses (93%) used some form of external support to help in complying with regulation. The most common sources of help were external business advisers or consultants, official Government or Regulator websites, and Trade Associations / Business organisations.
- The majority of those who had used official Government or Regulator websites agreed that they found the information they needed (62%), they were able to use that information (74%) and that it helped them do what they needed to do (71%).
- Businesses using external advisers to help with regulatory compliance were asked to estimate how much they spent on this support. On average, employers reported spending £10,745 on advisers, considerably higher than the mean spend of £6,100 reported in 2022 (£6,800 when adjusted for inflation[8]). Larger businesses tended to spend more on regulatory advice than smaller organisations.
- The main reasons for using advisers to help in complying with regulation were because they have more knowledge or are more specialist (88%), because businesses want assurance that they are compliant (84%) and because they want independent advice (76%).

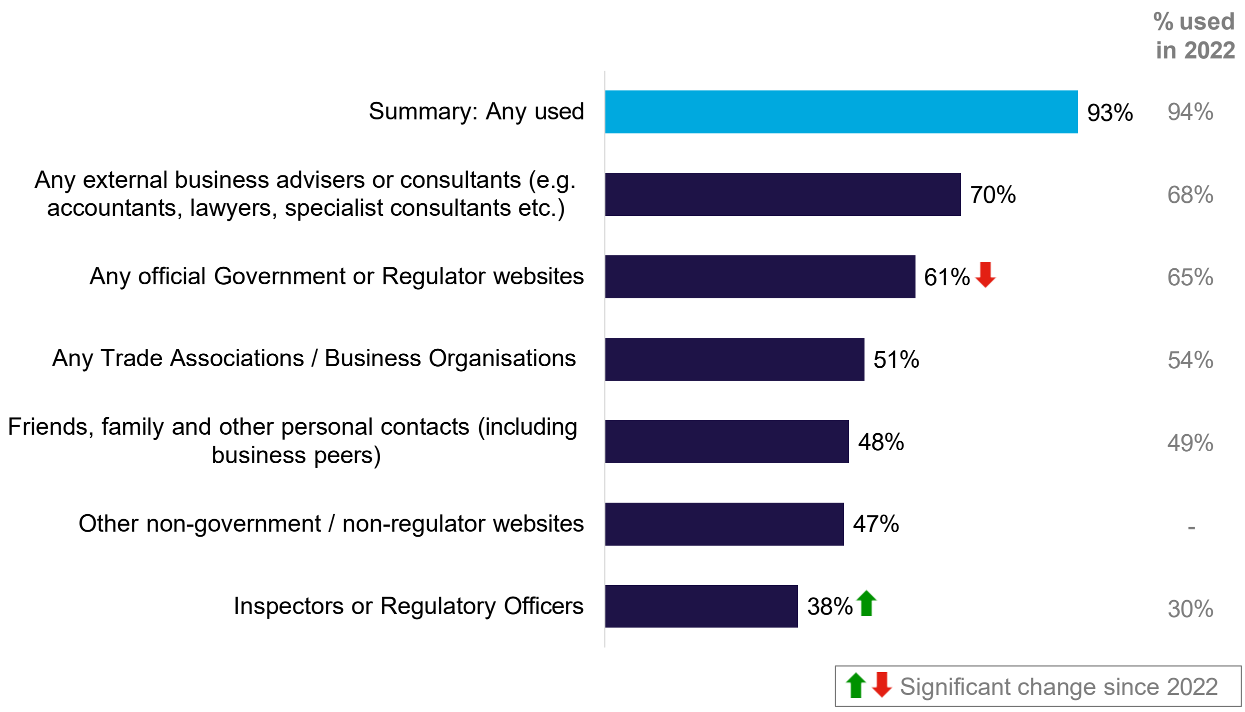
Use of external support

As in 2022, more than nine in ten respondents said they use some form of external support to help the business in complying with regulation (93%, vs 94% in 2022) – see Figure 12. Seven in ten businesses used an external business adviser or consultant (70%), three in five used an official Government or Regulator website for advice (61%) and half used a Trade Association / Business Organisation. Almost half of businesses said they consulted friends, family or other personal contacts (48%) and a similar proportion used other non-government or non-regulator websites (47%). Inspectors or Regulatory Officers were used by nearly two in five (38%).

Compared to 2022, businesses were slightly less likely to report using official Government or Regulator websites (61% vs 65%), and more likely to report having contact with Inspectors or Regulatory Officers (38%, compared to 30% in 2022).

[8] DBT analysis: 2022 wave values expressed in 2024 prices

Figure 12: External support used



E1: Which of the following do you use to help the business in complying with regulation? Base: All businesses (2,000). Mentions of 3%+ shown.

Looking at size of business, micro businesses were less likely to use most sources of external support, although there were no significant differences in the proportion of businesses of different sizes using external support per se.

Small and medium-sized businesses were most likely to use external business advisers or consultants. Large and medium-sized businesses were more likely to use a number of external sources, including official Government or Regulator websites, other websites and to consult with Inspectors or Regulatory Officers.

Table 14: External support used – by size

	Total	Micro (1-4)	Micro (5-9)	Small (10-49)	Medium (50-249)	Large (250+)
Base: All respondents	2,000	442	385	751	299	123
Summary: Any external support used	93%	93%	92%	94%	96%	95%
External business advisers or consultants	70%	66%	72%	***75%**	***81%**	78%
Official Government or Regulator websites	61%	57%	63%	***65%**	***75%**	***73%**
Trade Associations / Business Organisations	51%	47%	55%	54%	53%	50%
Friends, family and other personal contacts (including business peers)	48%	48%	48%	49%	41%	32%
Other non-government / non-regulator websites	47%	45%	46%	48%	***59%**	***59%**
Inspectors or Regulatory Officers	38%	28%	40%	***47%**	***56%**	***60%**

E1: Which of the following do you use to help the business in complying with regulations? Key: Bold and * indicate a significantly higher percentage compared to the total

There was also some variation in the use of external support resources across the different industry sectors. Businesses in Property/Management/Business Services were the most likely to use external support overall (96%), and the most likely to use official Government or Regulator websites (68%). Finance businesses were the most likely to use external business advisers or consultants to help them in complying with regulation (83%), along with Manufacturing companies (80%). Hotels/Catering businesses were the most likely to say they had sought advice from Inspectors or Regulatory Officers (58%) and, along with those in Agriculture/Mining/Energy, they were also more likely to speak to friends, family or personal contacts (59% in Hotels/Catering and 61% in Agriculture/Mining/Energy had done so).

Table 15: External support used – by sector

	Total	Agriculture / Mining / Energy	Construction	Finance	Hotel / Catering	Manufacturing	Property / Business Services	Public admin / Other	Retail / Distribution	Transport and Storage
Base: All respondents	2,000	170	179	158	142	345	307	192	335	172
Summary: Any external support used	93%	95%	92%	94%	94%	95%	***96%**	91%	91%	93%
External business advisers or consultants	70%	75%	71%	***83%**	64%	***80%**	73%	72%	64%	62%
Official Government or Regulator websites	61%	55%	61%	58%	58%	57%	***68%**	63%	55%	59%
Trade Associations / Business Organisations	51%	57%	56%	56%	40%	51%	51%	52%	51%	51%
Friends, family and other personal contacts (including business peers)	48%	***61%**	46%	35%	***59%**	42%	43%	52%	44%	47%
Other non-government / non-regulator websites	47%	40%	39%	***59%**	34%	50%	***54%**	52%	42%	46%
Inspectors or Regulatory Officers	38%	38%	42%	30%	***58%**	31%	27%	***44%**	32%	38%

E1: Which of the following do you use to help the business in complying with regulations? Key: **Bold** and * indicate a significantly higher percentage compared to the total

Businesses who described complying with regulation as their company's biggest challenge were also more likely to have used many types of external support. Overall, 98% had used some external help in complying with regulations, including 80% who used external business advisers or consultants, 75% using official Government or Regulator websites and 70% who used other websites.

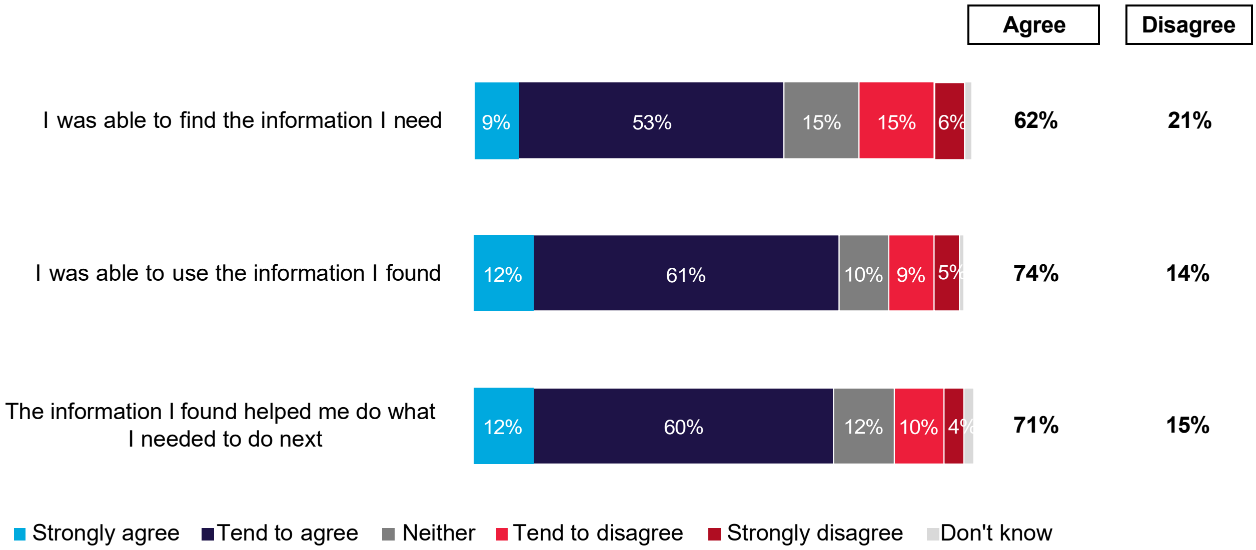
Experience of using official Government or Regulator websites

Businesses who had used official Government or Regulator websites were asked whether they found the information they needed, whether they could use that information and whether it was helpful. Overall, the majority agreed with each of these, as shown in Figure 13, but tended to agree rather than strongly agreeing:

- When it came to finding the information they needed on official Government or Regulator websites, overall, 62% of businesses agreed that they found what they needed but one in five (21%) did not. Only 9% strongly agreed that they found the information they needed and 53% tended to agree.

- Three-quarters of businesses said they were able to use the information they found on official Government or Regulator websites (74%), but this included just 12% who strongly agreed and 61% who tended to agree.
- Similarly, seven in ten in ten businesses (71%) said the information they found helped them to do what they needed to do next. Again, this included 12% who strongly agreed and 60% tended to agree.

Figure 13: Experience of using official Government or Regulator websites



E2a. Based on your experience of using official Government or Regulator websites, to what extent do you agree or disagree with the following statements? Base: Businesses that used official government or regulator websites (1,300)

Certain sectors and sizes of business were more able to find the information they needed, as shown in Table 16. Large and medium-sized businesses were more likely than average to agree with each of the statements. Transport and Storage businesses were most positive about finding what they needed (76% agree) while Property/Management/Business Services firms were the least positive (28% disagree). This sector was more positive about using the information they found however (79% agree), and Manufacturing businesses were most positive about the information helping them do what they needed to do next. Retail/Distribution businesses were the most negative about using the information they found on Government or Regulator websites, with 21% reporting that they were not able to use the information, and that it did not help them do what they needed to do next.

Table 16: Experience of using official Government and Regulator websites – by sector and size

	↑ More likely to agree	↓ More likely to disagree
I was able to find the information I need	Transport & Storage (76%) Large businesses (75%) Medium-sized businesses (69%) Micro (5-9 staff) (69%)	Property/Management/Business Services (28%) Micro (1-4 staff) (25%)
I was able to use the information I found	Large businesses (90%) Medium-sized businesses (81%) Property/Management/Business Services (79%)	Retail/Distribution (21%)
The information I found helped me do what I needed to do next	Large businesses (85%) Medium-sized businesses (85%) Manufacturing (78%)	Retail/Distribution (19%)

E2a. Based on your experience of using official Government or Regulator websites, to what extent do you agree or disagree with the following statements? Base: Businesses that used official government or regulator websites (1,300)

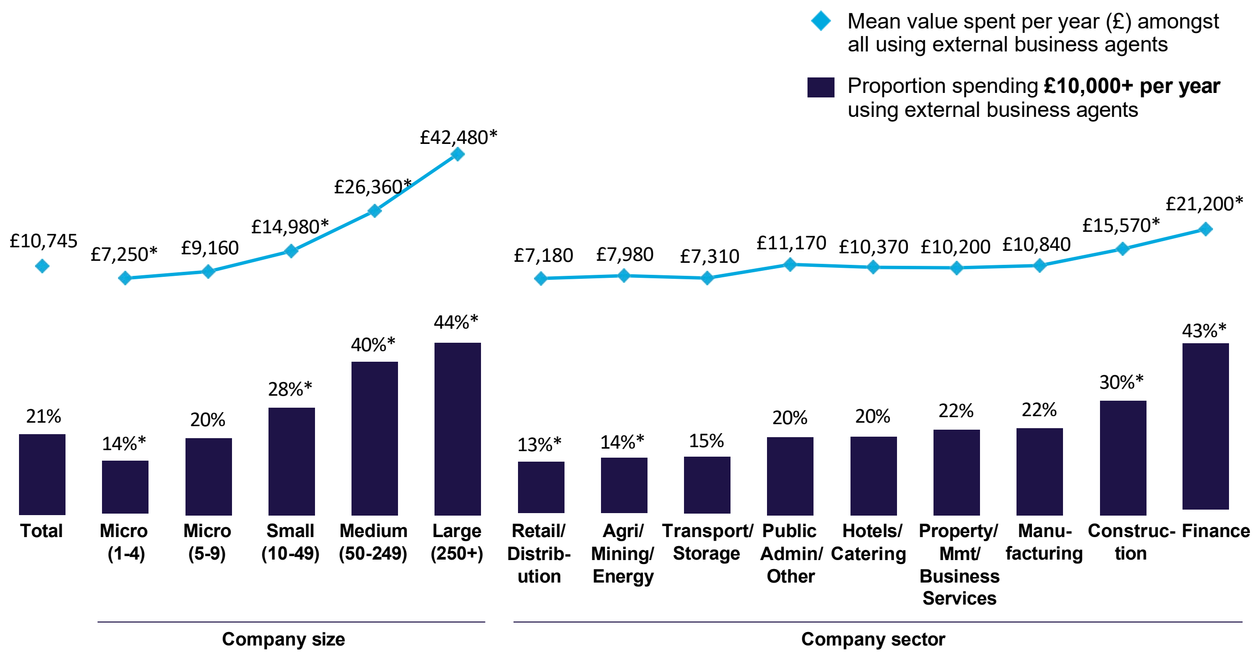
Cost of using external business agents

Respondents using external business agents to help with regulatory compliance were asked to estimate how much they spent per year on this support. On average, businesses reported spending £10,745 on advisers, 76% higher than the mean spend of £6,100 in 2022 (£6,800 when adjusted for inflation[9]).

As shown in Figure 14, larger businesses were likely to spend more on external advisers. Over half of large businesses that used external advisers (51%) spent £10,000 or more on advisers, with a mean spend of £42,480. There was also variation by sector, with Finance and Construction businesses likely to spend the most on external advisers.

[9] DBT analysis: 2022 wave values expressed in 2024 prices

Figure 14: Annual cost of external support



E4. Approximately how much have you spent using external business advisers or consultants to help with complying with regulations? Base: All who have used external business agents to help in complying with regulation (1,514). Key: * indicates a significant difference from the total.

As in previous surveys, businesses who export products and services tended to spend more on advisers than domestic only businesses. Among businesses who export and used advisers, the mean spend was £13,420, compared to £10,100 among UK only businesses.

Reasons for using external business agents

Businesses using external advisers were asked the main reasons for using them. As shown in Figure 15, there were a multitude of reasons. The top explanations were because advisers have more knowledge or are more specialist (88%), because businesses want assurance that they are compliant (84%) and because they want independent advice (76%). Seven in ten businesses using advisers said it was because they were worried about penalties for non-compliance (70%), while two-thirds lacked time or internal resource (67%). Other reasons for using external advisers included because of a lack of clarity about the legal requirements (51%) or businesses felt the advice from regulators was insufficient (39%).

Compared to 2022, businesses were slightly less likely to say they used advisers for assurance (84%, down from 87%), and that there was a lack of clarity about legal requirements (51%, down from 55% in 2022).

Figure 15: Reasons for using external business agents

E5. Why does your business use external business advisers or consultants to help with complying with regulations? Is it because ...? Base: All who have used external business agents to help in complying with regulation (1,514).

Looking at size of business, employers from large businesses were the least likely to be motivated by a concern about penalties (58%), and less likely to say they lacked time or internal resource (57%).

Businesses in the Property/Management/Business Services sector were the most likely to use advisers because they have more knowledge or are more specialist (92%) and were also more likely to consider the advice from regulators to be insufficient (45%). Those in Manufacturing were more likely to say they used external advisers because they wanted independent advice (82%), along with Property/Management/Business Services (81%).

Perception of the Government’s approach to Regulation

Key findings

- Just over half of businesses (53%) agreed that it is generally clear what the purpose of regulation is. However, responses were more muted to a series of other statements regarding the Government’s approach to regulation, including that most regulation is fair and proportionate and that it is easy to comply with.
- Respondents were more negative in this year’s survey than in 2022, particularly regarding the perception of regulation as fair and proportionate (35% agree, compared to 45% in 2022), agreement that Government understands business well enough to regulate (20% compared to 28% in 2022), and that the Government’s approach facilitates the implementation of new products, processes or business models (18% agree, versus 25% in 2022).
- Businesses in the Agriculture/Mining/Energy sector generally had less positive views of the Government’s approach to regulation, being lower than average for six out of the ten measures covered by the research.

General policy approach

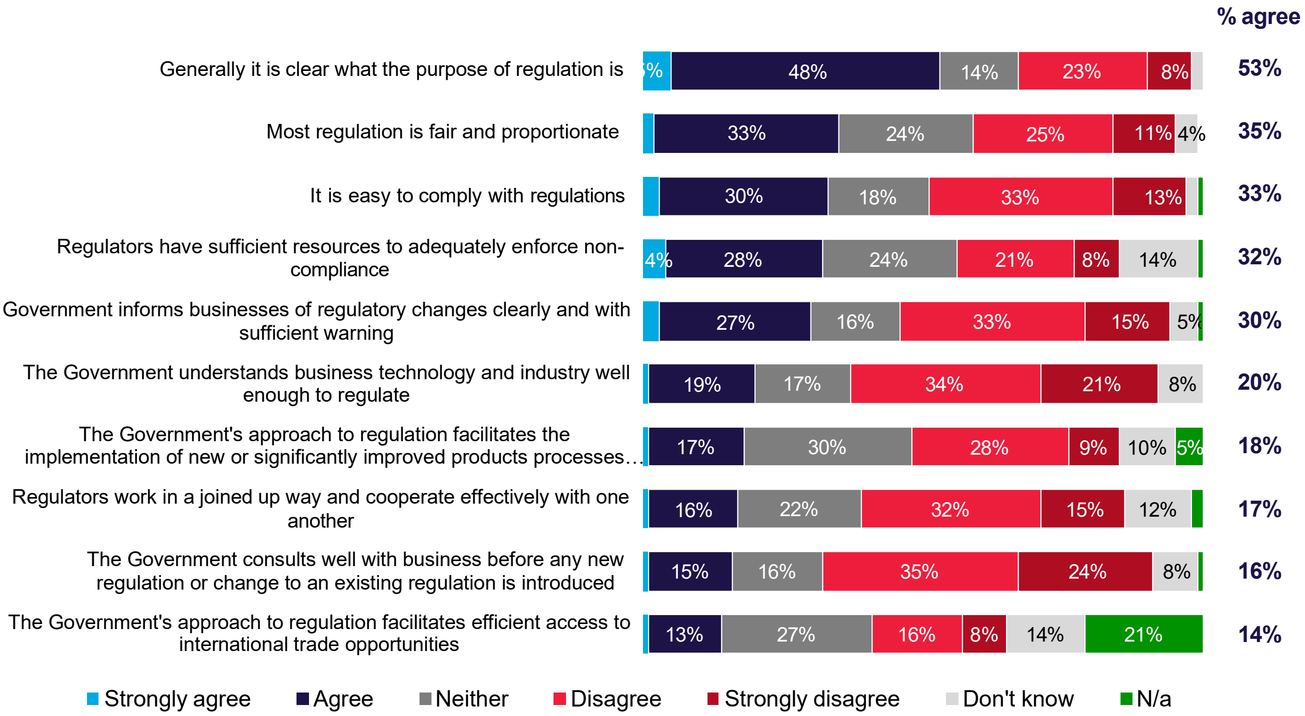
Businesses were asked to rate the extent to which they agreed or disagreed with a series of statements about the Government’s approach to regulation. While around half of businesses (53%) agreed that it is generally clear what the purpose of regulation is, responses were more muted to other statements presented to them, as shown in Figure 16.

Only around one third of businesses agreed that most regulation is fair and proportionate (35%), and a similar proportion thought it is easy to comply with regulations (33%) and that regulators have sufficient resources to adequately enforce non-compliance (32%). Three in ten businesses agreed that the Government informs businesses of regulatory changes clearly and with sufficient warning (30%).

Just one in five businesses considered that the Government understands business, technology and industry well enough to regulate (20%), and a similar proportion agreed that the Government’s approach to regulation facilitates the implementation of new or significantly improved products or processes (18%).

One in six businesses (17%) agreed that regulators work in a joined-up way and cooperate effectively with one another, and just 16% agreed that the Government consults well with business before introducing any new regulation or change to existing regulation. Businesses were least likely to agree that the Government's approach to regulation facilitates efficient access to international trade opportunities (14%) – although this was considered ‘not applicable’ by one in five businesses (21%).

Figure 16: Perceptions of the Government's approach to regulation



C1. To what extent do you agree or disagree with the following statements about the Government's approach to regulating? Base: All respondents (2,000)

Compared to 2022, perceptions of the Government's approach to regulation were considerably more negative in this year's survey and most measures have fallen. The proportion agreeing that most regulation is fair and proportionate has dropped 10 percentage points (from 45% to 35%). There has been an 8 percentage point drop in the proportion agreeing that Government understands business well enough to regulate (from 28% to 20%), and a 7 percentage point fall in agreement that the Government's approach facilitates the implementation of new products, processes or business models (from 25% to 18% agree).

Table 17: Perceptions of Government's approach to regulation – over time

% who agree with the statement	2024	2022	2020	2018
Base: All respondents	2,000	2,000	2,014	2,001
Generally, it is clear what the purpose of regulation is	53%	54%	64%	57%
Most regulation is fair and proportionate	**35%🠗**	45%	51%	44%
It is easy to comply with regulations	33%	35%	45%	40%
Regulators have sufficient resources to adequately enforce non-compliance	**32%🠗**	37%	39%	37%
Government informs businesses of changes clearly & with sufficient warning	**30%🠗**	35%	44%	43%
Government understands business well enough to regulate	**20%🠗**	28%	32%	26%
Government's approach facilitates the implementation of new products /processes/business models	**18%🠗**	25%	29%	29%
Regulators work in a joined-up way	**17%🠗**	22%	23%	-
Government consults well with business before any changes	**16%🠗**	22%	25%	23%
The Government's approach to regulation facilitates efficient access to international trade opportunities	**14%🠗**	17%	21%	19%

C1. To what extent do you agree or disagree with the following statements about the Government's approach to regulating? Key: Bold and 🠗 indicate a statistically significantly change between 2022 and 2024.

There were some differences in perceptions of the Government's approach by size of business. Large and medium-sized businesses were more positive about regulation in general, for example agreeing that the purpose of regulation is generally clear (64% and 61% respectively) and that most regulation is fair and proportionate (53% and 45%). Large businesses were more likely to agree that the Government communicates well: informing businesses of regulatory changes clearly and with sufficient warning (40%) and consulting well with business before any new regulation or change to an existing regulation (28%).

By sector, businesses in Agriculture/Mining/Energy were significantly less likely to agree with a number of statements about the Government's approach to regulation (see Table 18). They were particularly less likely to consider most regulation to be fair and proportionate (23% agree). Businesses in the Finance sector were least likely to agree that it is easy to comply with regulations (24% agree), while those in Manufacturing were less likely to think the Government informs businesses of changes clearly and with sufficient warning (22% agree).

Table 18: Business types with lower levels of agreement

% who agree with the statement	2024 total	Lower agreement
Generally, it is clear what the purpose of regulation is	53%	Agriculture/Mining/Energy (37%)
Most regulation is fair and proportionate	35%	Agriculture/Mining/Energy (23%) Finance (27%) Retail/Distribution (30%)
It is easy to comply with regulations	33%	Finance (24%)
Regulators have sufficient resources to adequately enforce non-compliance	32%	-
Government informs businesses of changes clearly & with sufficient warning	30%	Manufacturing (22%)
Government understands business well enough to regulate	20%	Agriculture/Mining/Energy (9%) Retail/Distribution (14%)
Government's approach facilitates the implementation of new products /processes/business models	18%	Agriculture/Mining/Energy (10%) Property/Management/Business Services (14%)
Regulators work in a joined-up way	17%	Agriculture/Mining/Energy (10%) Retail/Distribution (12%)
Government consults well with business before any changes	16%	Agriculture/Mining/Energy (8%)
The Government's approach to regulation facilitates efficient access to international trade opportunities	14%	Finance (8%) Public administration/Other (9%)

C1. To what extent do you agree or disagree with the following statements about the Government's approach to regulating? Base: All respondents (2,000)

Dealing with regulators

Key findings

- Perceptions of regulators were somewhat more negative in 2024 than two years ago, having seen a fall in agreement with seven of the eight statements about regulators asked in the last survey. Just two in five businesses now agreed that regulators helped them to comply with regulation and that they had confidence in the advice and guidance their regulators provided (both 41%).
- The largest decline was for published guidance being easy to locate, which fell from 47% agreement in 2022 to 36% in 2024, a fall of 11 percentage points.
- Larger businesses were generally more positive about regulators and micro businesses were the least positive. By sector, Hotels/Catering were the most positive while businesses in the Retail/Distribution sector and Property/Management/Business Services had more negative perceptions of several of the statements about regulators.
- One in five businesses had challenged a decision made by a regulator (19%). Of those who had, only one in six (16%) found the process easy while two-thirds said it was difficult (67%).

Perceptions of regulators

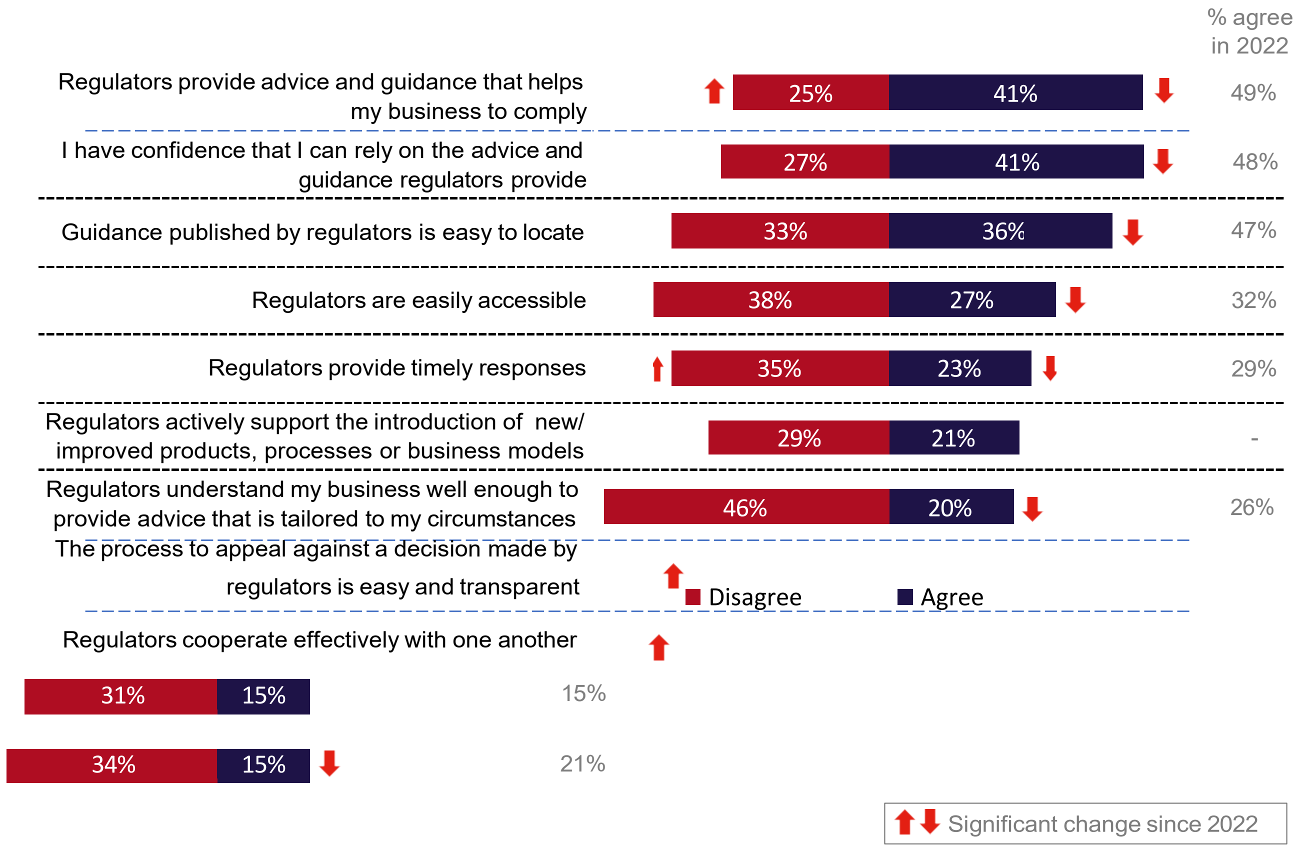
Businesses were asked a series of questions about the regulators they had dealt with in the 12 months prior to the fieldwork. As shown in Figure 17, around two in five businesses agreed that regulators helped them to comply with regulation and that they had confidence in the advice and guidance their regulators provided (both 41%). Just over a third of businesses (36%) agreed that guidance published by regulators is easy to locate.

The other statements presented to businesses provoked more disagreement than agreement, including that regulators are easily accessible (27% agree), that they provide timely responses (23% agree), actively support the introduction of new or improved products or business models (21% agree) and that regulators understand the respondent's business well enough to provide tailored advice (20% agree).

Businesses were least likely to agree that the process to appeal against a decision made by regulators is easy and transparent and that regulators cooperate effectively with one another (both 15% agree).

Attitudes towards regulators were more negative than in the previous survey, with a fall in agreement for seven of the eight statements that were asked in 2022. The largest decline was for published guidance being easy to locate, which fell from 47% agreement in 2022 to 36% in 2024, a fall of 11 percentage points.

Figure 17: Perception of regulators



D2. Thinking about the regulators you've dealt with in the past 12 months, I'd like you to tell me to what extent you agree or disagree with each of the following statements. Base: All businesses (2,000).

There were some differences in perceptions by size of business, as seen in Table 19, with larger businesses tending to give higher agreement ratings. Large businesses with 250 employees or more were more likely to agree with all the statements presented to them, including having confidence that they can rely on the advice and guidance regulators provide (62% agree), that regulators are easily accessible (43% agree) and that they provide timely responses (44% agree). Micro businesses were not more likely than average to agree with any statement and were generally in less agreement than other sizes of business.

Table 19: Perceptions of regulators – by size

% who agree with the statement	Total	Micro (1-4)	Micro (5-9)	Small (10-49)	Medium (50-249)	Large (250+)
Base: All respondents	2,000	442	385	751	299	123
Regulators provide advice and guidance that helps my business to comply	41%	34%	42%	***47%**	***57%**	***59%**
I have confidence that I can rely on the advice and guidance regulators provide	41%	36%	43%	***46%**	***55%**	***62%**
Guidance published by regulators is easy to locate	36%	32%	38%	***40%**	***44%**	***51%**
Regulators are easily accessible	27%	21%	28%	***31%**	***39%**	***43%**
Regulators provide timely responses	23%	20%	25%	25%	***31%**	***44%**
Regulators actively support the introduction of new/improved products, processes or business models	21%	17%	23%	***26%**	***28%**	***31%**
Regulators understand my business well enough to provide advice that is tailored to my circumstances	20%	15%	22%	***25%**	***29%**	***36%**
The process to appeal against a decision is easy and transparent	15%	14%	12%	***18%**	**18%**	***26%**
Regulators cooperate effectively with one another	15%	13%	15%	***18%**	14%	***25%**

D2. Thinking about the regulators you've dealt with in the past 12 months, I'd like you to tell me to what extent you agree or disagree with each of the following statements. Key: **Bold** and * indicates a significant difference from the total.

As shown in Table 20, Hotel/Catering businesses were generally more positive about regulators than those in other sectors, although still a minority of businesses agreed with most of the statements. Businesses in the Finance sector were more positive about regulators being easily accessible and providing timely responses, and those in Public administration/Other were also more positive on a couple of statements. Businesses in the Retail/Distribution sector and Property/Management/Business Services had more negative perceptions of several of the statements about regulators.

Table 20: Perceptions of regulators – by sector

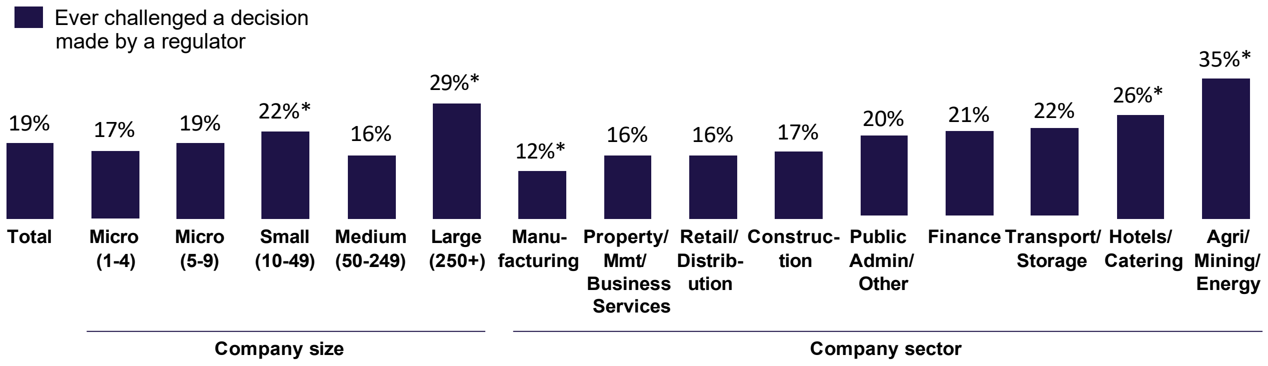
% who agree with the statement	↑ Higher agreement than average	↓ Lower agreement than average
Regulators provide advice and guidance that helps my business to comply	Hotels/Catering (50%)	Property/Management/ Business Services (35%)
I have confidence that I can rely on the advice and guidance regulators provide	Hotels/Catering (52%)	Retail/Distribution (35%)
Guidance published by regulators is easy to locate	Hotels/Catering (46%)	Retail/Distribution (30%)
Regulators are easily accessible	Hotels/Catering (41%) Finance (38%)	Property/Management/ Business Services (22%)
Regulators provide timely responses	Finance (33%) Hotels/Catering (31%) Public admin/Other (30%)	Construction (15%)
Regulators actively support the introduction of new/improved products, processes or business models	Public admin/Other (26%)	-
Regulators understand my business well enough to provide advice that is tailored to my circumstances	Hotels/Catering (31%)	Property/Management/ Business Services (16%) Retail/Distribution (16%)
The process to appeal against a decision is easy and transparent	Hotels/Catering (22%)	Manufacturing (11%)
Regulators cooperate effectively with one another	Hotels/Catering (25%)	-

D2. Thinking about the regulators you've dealt with in the past 12 months, I'd like you to tell me to what extent you agree or disagree with each of the following statements. Base: All respondents (2,000). Key: **Bold** and * indicates a significant difference from the total.

Challenging a regulator decision

Respondents were asked if they have ever challenged a decision made by a regulator. Overall, one in five businesses had done so (19%). As seen in Figure 18, large businesses with 250 or more employees were more likely to have challenged a decision made by a regulator (29%), along with those in the Agriculture/Mining/Energy sectors (35%) and in Hotels/Catering (26%). Businesses in the Manufacturing sector were least likely to have challenged a decision made by a regulator (12%).

Figure 18: Challenging a regulator decision – by size and sector



D5. Has your organisation ever challenged a decision made by a regulator? % saying yes. Base: All respondents (2,000). Key: * indicates a significant difference from the total.

Those that had challenged a decision made by a regulator were asked how easy or difficult they found the process. Overall, only one in six businesses (16%) found the process easy while two-thirds said it was difficult (67%).

Large and medium-sized businesses that had challenged a regulator decision generally found the process easier than smaller businesses. Two in five large businesses (40%) and a third of medium-sized businesses (34%) said they found the process easy, although from a small base (38 and 57 respondents respectively).

Innovative and high growth businesses

The profiles and case studies below summarise the areas in which innovative and high growth businesses were significantly different from the rest of the business population. The definitions of innovative businesses and high growth businesses are included below.

Innovative businesses

Profile

Innovative businesses were defined as those that had implemented a new or significantly improved product, process or business model in the 12 months prior to the fieldwork, or had started working in new business markets in the 12 months prior to the fieldwork. A quarter (26%) of the businesses surveyed fell within this definition, as in 2022.

Compared to non-innovative businesses, innovative businesses were:

- More likely to be small or mid-sized organisations, and less likely to be micro businesses, although more than half of innovative businesses were still micro businesses (56%, compared to 67% of non-innovative firms).
- More likely to have been operating for a shorter period of time. A majority (59%) had been operating up to 20 years, compared to 45% of non-innovative businesses. One in ten (11%) had been operating up to 5 years, compared to 7% of non-innovative businesses.
- More likely to be in Public administration/Other (27%, compared to 20% of non-innovative) and less likely to be in Construction (10%, vs 15% of non-innovative).
- More likely to export to both the EU and outside the EU (28% of innovative businesses export, compared to 15% of non-innovative businesses).
- Slightly more likely to be in the East Midlands (8% vs 6%), and less likely to be in the North East of England (2% vs 4%) or in Northern Ireland (1% vs 3%).

Main findings: Innovative businesses

Business development and challenges

Innovative businesses were more likely to have experienced each of the following in the 12 months prior to the fieldwork:

- Increased their sales turnover (55% vs 35% of non-innovative businesses).
- Increased their capital investment (46% vs 19% of non-innovative businesses).
- Increased their staff headcount (38% vs 17% of non-innovative businesses).
- Increased the amount they export to other countries (7% vs 3% of non-innovative businesses).

Innovative businesses were also more likely than non-innovative businesses to say that a range of issues presented a challenge to their business, as shown in Table 21. For example, the majority of innovative businesses said the level of tax is an issue (61%), compared to only half of non-innovative businesses (48%). The biggest gaps in perception of challenge between innovative and non-innovative businesses were for the UK exit from the EU (a difference of 16 percentage points), staff recruitment and/or retention (a difference of 14 percentage points) and regulation preventing or hindering implementation of a new or significantly improved product (also 14 points).

Table 21: Business challenges – by innovative and non-innovative businesses

% who indicated aspect presents a challenge to their business	Innovative	Not innovative
Base: All	(639)	(1,361)
Operational costs due to a rise in material costs and energy bills	***83%**	77%
Level of tax	***61%**	48%
Attracting and retaining customers	***48%**	36%
Complying with regulation (excluding tax admin)	***44%**	36%
Staff recruitment and / or retention	***49%**	35%
UK exit from the EU	***50%**	34%
Supply chain issues	***42%**	30%
Administration around tax	***36%**	27%
Regulation preventing or hindering implementation of a new or significantly improved product	***33%**	19%
Access to finance	***23%**	13%
Staff redundancies	***12%**	5%

A7. Which of the following present a challenge to your business? Key: **Bold** and * indicate a significantly higher percentage compared to the total.

Innovative companies were more likely to find certain regulatory areas challenging to comply with, namely employment law and rights (62% vs 57% of non-innovative businesses), data protection rules (52% vs 42%) and product safety standards (51% vs 41%).

Innovative businesses were also more likely to say they found the new regulatory arrangements after EU Exit were more challenging compared to previous arrangements (53% compared to 37% of non-innovative businesses).

Just one of our three key measures of regulatory burden was significantly higher among innovative businesses:

- More than half of innovative businesses expected the burdens of regulation to increase in the next 12 months following the fieldwork (58%), compared to 50% of non-innovative businesses.
- Innovative businesses were <u>not</u> more likely to agree that the overall level of regulation in the UK was an obstacle to their business success, unlike in the 2022 survey. Overall, 45% of innovative businesses and 48% of non-innovative businesses in 2024 considered the overall level of regulation to be an obstacle to success (not a significant difference).

- Similarly, innovative businesses were no more likely to consider compliance with regulation as their greatest challenge (7%, compared to 6% of non-innovative businesses).

Importance of compliance and time spent on compliance

When asked the importance of various factors in encouraging their business to comply with regulation (Table 22), innovative businesses were more likely than non-innovative businesses to consider many factors essential or very important, including maintaining their reputation (95% vs 90% of non-innovative businesses) and complying with the law (94% vs 91% of non-innovative businesses). The biggest gap in importance was for meeting supply chain requirements, which 57% of innovative businesses said was important in encouraging compliance, compared to 48% of non-innovative businesses, a gap of 9 percentage points.

Table 22: Importance of factors encouraging compliance – by innovative and non-innovative businesses

% who say factor is essential / very important in encouraging business to comply with regulation	Innovative	Not innovative
Base: All	(639)	(1,361)
Maintaining my reputation with customers	***95%**	90%
Complying with the law	***94%**	91%
Meeting insurance requirements	***85%**	79%
Avoiding sanctions due to non-compliance	***78%**	70%
Giving my business a competitive advantage	***77%**	61%
Delivering social benefits by protecting staff, customers and the environment	***63%**	54%
Saving my business money	74%	72%
Meeting supply chain requirements	***57%**	48%

B1. How important are the following factors in encouraging your business to comply with regulation? Key: **Bold** and * indicate a significantly higher percentage compared to the total.

As found in previous surveys, innovative businesses spent more time on compliance than non-innovative businesses (10.2 days per month compared to 7.2 days) and were more likely to report that the total cost of complying with regulation had increased across the 12 months prior to the fieldwork (73% vs 62% of non-innovative businesses). Two in five (40%) thought the total cost of compliance had increased ‘a lot’ across the 12 months prior to the fieldwork, compared to just a quarter of non-innovative businesses (26%).

Sources and channels used to help with compliance

Innovative businesses were more likely to use a variety of sources to help their business to comply with regulation. Nearly all innovative businesses (96%) had used at least one channel of support and they were more likely to have used:

- External business advisers or consultants (76% vs 68% of non-innovative businesses)
- Any official Government or Regulator websites (68% vs 59%)
- Any Trade Associations / Business Organisations (56% vs 49%)

- Friends, family and other personal contacts (including business peers) (56% vs 45%)
- Other non-government / non-regulator websites (55% vs 43%)
- Inspectors or Regulatory Officers (42% vs 36%)

They were also more likely to spend more on external business agents, with innovative businesses spending an average of £14,810, compared to £9,250 among non-innovative businesses who used external advisers.

Perceived burden of compliance

Innovative businesses were more likely to perceive certain aspects of compliance as a burden, including keeping up to date with information about regulations (70% vs 64%), having to provide the same information more than once (67% vs 59%) and establishing whether a new product, process or business model is compliant with regulation (49% vs 36%) – see Table 23. Innovative businesses were also more likely to consider understanding the differences in regulation between Uk countries to be a burden (29% vs 21% of non-innovative businesses).

Table 23: Burden of regulatory activities – by innovative and non-innovative businesses

% who agree that aspect is a burden when complying with regulation	Innovative	Not innovative
Base: All	(639)	(1,361)
Keeping up to date with information about which regulations your business has to comply with	***70%**	64%
Having to provide the same information more than once	***67%**	59%
The length of time it takes to go through the whole process of complying	66%	61%
Completing paperwork, filling out forms and keeping records on facts and figures	64%	61%
Establishing whether a new product, process or business model are compliant with regulation	***49%**	36%
Being ready for or dealing with inspections	45%	48%
Obtaining licenses or permits	41%	38%
Understanding the differences in regulation between England, Scotland, Wales and Northern Ireland	***29%**	21%

B4. To what extent do you agree or disagree that the following is a burden for you? Key: **Bold** and * indicate a significantly higher percentage compared to the total.

Perceptions of the government's approach to regulating and regulator behaviour

In 2022, innovative businesses tended to be less positive than non-innovative businesses in their views about the Government's approach to regulation and the service provided by regulators, and were more likely to disagree with 11 attitudes statements. In 2024 there were only 4 attitude statements for which disagreement was significantly higher among innovative businesses – see Table 24.

These areas of difference highlight that innovative businesses are less confident in the Government's approach in relation to innovation – two in five (41%) disagree that the

Government's approach to regulation facilitates the implementation of new or significantly improved products, processes or business models, compared to a third of non-innovative businesses (35%). They are also significantly more likely to disagree that regulators understand their business well enough to provide advice that is tailored to their circumstances (50% vs 45% of non-innovative businesses).

Although the difference in attitudes between innovative and non-innovative businesses is smaller in 2024, it is worth noting that perceptions of the Government's approach to regulating and regulator behaviour were more negative in general in 2024 versus 2022.

Table 24: Statements that innovative businesses showed a higher level of disagreement with compared to non-innovative businesses

% who disagreed with the statement	Innovative	Not innovative
Base: All	(639)	(1,361)
C1. To what extent do you agree or disagree with the following statements about the Government's approach to regulating?		
The Government's approach to regulation facilitates the implementation of new or significantly improved products processes or business models	41%	35%
D2. To what extent do you agree or disagree with the following statements regarding regulators?		
Regulators understand my business well enough to provide advice that is tailored to my circumstances	50%	45%
Regulators cooperate effectively with one another	38%	32%
I have confidence that I can rely on the advice and guidance regulators provide	31%	25%

High growth businesses

Profile

High growth businesses were defined as those that had increased their staff headcount and sales turnover in the 12 months prior to the fieldwork. Around one in seven (15%) of the businesses surveyed fell within this definition. Results are not comparable to previous years, as the prior definition included businesses that had increased their staff headcount or sales turnover, not necessarily both.

As with innovative businesses, high growth businesses tended to be larger than average firms. Over half (57%) had 10 or more employees, compared to 32% of non-high growth businesses. They were also more likely than non-high growth businesses to:

- Be newer organisations (62% were up to 20 years old, compared to 46% of non-high growth businesses)
- Be in the Public administration/Other sector (29% vs 20%), and less likely to be in Agriculture/Mining/Energy (2% vs 5%).
- Export to the EU (19% vs 14%).

There were no significant regional differences between high growth and non-high growth businesses.

Main findings: High growth businesses

Business development and challenges

There was a strong correlation between high growth businesses and innovative businesses, with high growth businesses being twice as likely to be innovative as non-high growth businesses (49% vs 22%). High growth businesses were also more likely to have increased their capital investment in the 12 months prior to the fieldwork (53% vs 21% of non-high growth businesses) and to have increased exports (9% vs 3%).

In terms of challenges, as shown in Table 25, high growth businesses were more likely to consider a number of things to present a challenge to their business, including the level of tax (59% vs 50% of non-high growth businesses) and Staff recruitment and / or retention (52% vs 36%). They were less likely to find attracting and retaining customers a challenge than non-high growth companies (31% vs 40%).

Table 25: Business challenges - by high growth and non-high growth businesses

% who indicated aspect presents a challenge to their business	High growth	Not high growth
Base: All	(431)	(1,569)
Operational costs due to a rise in material costs and energy bills	79%	79%
Level of tax	***59%**	50%
Staff recruitment and / or retention	***52%**	36%
UK exit from the EU	***43%**	37%
Complying with regulation (excluding tax admin)	40%	38%
Supply chain issues	33%	33%
Attracting and retaining customers	31%	***40%**
Administration around tax	26%	30%
Regulation preventing or hindering implementation of a new or significantly improved product	24%	22%
Access to finance	***19%**	15%
Staff redundancies	7%	7%

A7. Which of the following present a challenge to your business? Key: **Bold** and * indicate a significantly higher percentage compared to the total.

High growth companies were not any more likely to find particular regulatory areas challenging to comply with, but were less likely to feel challenged by:

- Product safety standards (36% vs 45% of non-high growth businesses)
- Competition and consumer protection laws (33% vs 42% of non-high growth businesses)
- Licensing and permits (38% vs 48% of non-high growth businesses)

There were no significant differences between high growth and non-high growth businesses in terms of the three key measures of regulatory burden:

- Expects the burdens resulting from regulation to increase in the 12 months following the fieldwork (54%, compared to 52% of non-high growth companies).
- Considers compliance with regulation to be the greatest challenge to their business (8%, compared to 7% of non-high growth businesses).
- Considers the overall level of regulation in the UK to be an obstacle to their business's success (46% agreed, compared to 47% of non-high growth companies).

Importance of compliance and time spent on compliance

As shown in Table 26, there was only one difference between high growth and non-high growth businesses when asked about the importance of various factors in encouraging them to comply with regulation. High growth companies were more likely to say that delivering social benefits by protecting staff, customers and the environment was important to them (62% vs 55%).

Table 26: Importance of factors encouraging compliance - by high growth and non-high growth businesses

% who say factor is essential / very important in encouraging business to comply with regulation	High growth	Not high growth
Base: All	(431)	(1,569)
Maintaining my reputation with customers	91%	91%
Complying with the law	92%	92%
Meeting insurance requirements	83%	80%
Avoiding sanctions due to non-compliance	70%	73%
Saving my business money	71%	73%
Giving my business a competitive advantage	68%	64%
Delivering social benefits by protecting staff, customers and the environment	***62%**	55%
Meeting supply chain requirements	51%	50%

B1. How important are the following factors in encouraging your business to comply with regulation? Key: **Bold** and * indicate a significantly higher percentage compared to the total.

High growth businesses spent slightly more time on compliance overall: an average of 10.3 days per month compared to 7.6 days for non-high growth businesses. They were also more likely to report that the total cost of complying with regulation has increased in the 12 months prior to the fieldwork (70% compared to 64% of non-high growth businesses).

Sources and channels used to help with compliance

High growth businesses were more likely to used the following sources to help their business comply with regulation:

- Any external business advisers or consultants (76% compared to 69% of non-high growth businesses)
- Any official Government or Regulator websites (72% vs 59%)

- Other non-government / non-regulator websites (53% vs 45%)

High growth businesses spent slightly more on external business agents, having spent an average of £12,000, compared to £10,500 among non-high growth businesses who had used external advisers.

Perceived burden of compliance

As shown in Table 27, the only significant difference in perceptions of the burden of regulatory activities among high growth businesses compared to non-high growth businesses in 2024 was the proportion agreeing that keeping up to date with information about which regulations their business has to comply with is a burden (71% vs 64% among non-high growth businesses).

Table 27: Burden of regulatory activities - by high growth and non-high growth businesses

% who agree that aspect is a burden when complying with regulation	High growth	Not high growth
Base: All	(431)	(1,569)
Keeping up to date with information about which regulations your business has to comply with	***71%**	64%
Having to provide the same information more than once	63%	60%
The length of time it takes to go through the whole process of complying	63%	62%
Completing paperwork, filling out forms and keeping records on facts and figures	63%	62%
Establishing whether a new product, process or business model are compliant with regulation	37%	40%
Being ready for or dealing with inspections	48%	47%
Obtaining licenses or permits	39%	38%
Understanding the differences in regulation between England, Scotland, Wales and Northern Ireland	23%	24%

B4. To what extent do you agree or disagree that the following is a burden for you?

Perceptions of Government’s approach to regulating and regulator behaviour

There were no instances of high growth businesses having more negative views about the Government and Regulators than non-high growth businesses. High growth businesses were actually more likely to agree that:

- Most regulation is fair and proportionate (42%, compared to 34% of non-high growth businesses)
- The Government understands business technology and industry well enough to regulate (25%, compared to 19% of non-high growth businesses)
- The Government consults well with business before any new regulation or change to an existing regulation is introduced (20%, compared to 15% of non-high growth businesses)

- The Government's approach to regulation facilitates the implementation of new or significantly improved products processes or business models (23%, compared to 18% of non-high growth businesses)
- The Government's approach to regulation facilitates efficient access to international trade opportunities (18%, compared to 13% of non-high growth businesses)
- Regulators work in a joined up way and cooperate effectively with one another (23%, compared to 16% of non-high growth businesses)
- Regulators provide advice and guidance that helps my business to comply (47%, compared to 39% of non-high growth businesses)
- The process to appeal against a decision made by regulators is easy and transparent (19%, compared to 14% of non-high growth businesses)
- I have confidence that I can rely on the advice and guidance regulators provide (48%, compared to 40% of non-high growth businesses)
- Regulators understand my business well enough to provide advice that is tailored to my circumstances (24%, compared to 19% of non-high growth businesses)

Appendix A: Key driver analysis

Methodology

IFF Research conducted a key driver analysis to ascertain the factors which drive businesses to perceive regulation as an obstacle to their success. The answers to this question, on a five-point 'agree' to 'disagree' scale[10], were used as the dependent variable in the model. This statement was chosen as the dependent variable in collaboration with researchers at BEIS (now DBT), because it was felt that it would most closely reflect the overall survey aims in a single variable. A linear regression model was used, which has the advantage of modelling movement of opinion across the whole scale rather than a simple binary outcome. Responses to a range of other potentially relevant questions were modelled using an iterative regression method to provide a ranking of which responses to these other questions had the strongest correlation to agreement with the dependent variable.

The R squared value of the model was 0.22, meaning it explained 22% of the variance in attitudes towards regulation. While this means that a lot of variance remains unexplained, statistical models are a simplified representation of a very complex world and consequently R-squared values tend to be quite moderate. In this context a value of 0.22 can be regarded as acceptable. The models are of value in helping to understand which of the factors observed are driving the dependent variable and of those that are which have a larger and which a smaller effect.

Key drivers

The modelling showed that agreement with the statement "it is easy to comply with regulation" was the strongest driver of views on whether regulation is an obstacle to business success; i.e. businesses that disagreed that it is easy to comply with regulation were more likely to agree that it was an obstacle to success. In 2022, the strongest driver was views on whether the length of time it takes to go through the whole process of complying is a burden.

Of the 61 variables initially included in the model, the variables that were significant at the 95% confidence interval are shown in Table 28. Further details about the key driver analysis methodology can be found in the accompanying technical report.

The column "positive/negative correlation" indicates how each variable impacts the dependent variable. A negative correlation means that if respondents were more likely to agree with the statement, they were less likely to agree that regulation was an obstacle. For example, businesses that agreed that it is easy to comply with regulation were less likely to agree that regulation was an obstacle to success. Conversely, a positive correlation means that if respondents were more likely to agree with the statement, they were more likely to agree that regulation is an obstacle. For example, businesses that agreed the length of time it takes to go through the whole process of complying is a burden, were more likely to agree that regulation was an obstacle to success.

The importance score shows how much variance in the model can be explained by that particular variable.

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[10] The response scale consisted of 'strongly agree', 'tend to agree', 'neither agree nor disagree', 'tend to disagree' and 'strongly disagree'.

Table 28: Importance of key drivers

Question/Statement text	Importance	Positive/Negative correlation
It is easy to comply with regulations (Agree/Disagree)	**18%**	Negative
Complying with regulation, excluding tax administration (is a challenge)	**10%**	Positive
Most regulation is fair and proportionate (Agree/Disagree)	**10%**	Negative
The length of time it takes to go through the whole process of complying is a burden (Agree/Disagree)	**9%**	Positive
Staff recruitment and / or retention (is a challenge)	**8%**	Positive
Environmental rules (relevant regulatory area the business has to comply with)	**8%**	Positive
Regulators have sufficient resources to adequately enforce non-compliance (Agree/Disagree)	**6%**	Negative
EU exit regulatory changes are more challenging to comply with compared to previous arrangements (More/Less challenging)	**6%**	Positive
Level of tax (is a challenge)	**6%**	Positive
Completing paperwork, filling out forms and keeping records on facts and figures is a burden (Agree/Disagree)	**5%**	Positive
Regulators understand my business well enough to provide advice that is tailored to my circumstances (Agree/Disagree)	**5%**	Negative
The Government's approach to regulation facilitates efficient access to international trade opportunities (Agree/Disagree)	**5%**	Negative

Question/Statement text	Importance	Positive/Negative correlation
Regulation preventing or hindering implementation of a new or significantly improved product, process or business model (is a challenge)	**4%**	Positive

The variable that had the highest impact on whether businesses perceived the level of regulation as an obstacle to business success was regulation being easy to comply with. Over half (52%) of those who disagreed regulation is an obstacle, agreed that it is easy to comply with regulations.

Looking at differences by subgroups, the following were more likely to agree that it is easy to comply with regulations:

- Those in Hotel/Catering (45%)
- If the cost of compliance had stayed the same in the 12 months prior to the fieldwork (43%)
- If they spent less than a day on compliance per month (42%)
- Small businesses (37%)

The second most important driver of views on regulation as an obstacle to success was agreement that most regulation is fair and proportionate. Over two-fifths (44%) of those who disagreed regulation is an obstacle, agreed regulation is fair and proportionate.

Looking at differences by subgroups, the following were more likely to agree that most regulation is fair and proportionate:

- If the cost of compliance had stayed the same in the 12 months prior to the fieldwork (39%)
- Small, medium and large businesses (38%, 45% and 53% respectively)

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Published by
Department for Business and Trade

21 October 2025