

Economic Research alert

August 2022

This alert provides an overview of research in the public domain over the last month with a focus on the priorities from our [business plan](#) which are **Jobs** (new, good, green), **Net zero** (transition to net zero economy), **Place** (regional growth, national place making)

- Scotland is in a good position to capitalise on green jobs growth suggests new research.
- UK workers are going into the office an average of 1.5 days a week, with only 13% coming in on a Friday, a survey suggests.

- 92% of the Scottish public think the renewable energy sector is important to Scotland in terms of its social value, while 89% think the sector is important to Scotland in terms of its economic value.
- UK carbon capture and storage could be worth £100 billion to local manufacturing employers.

- The Royal Bank of Scotland Student Living Index shows that Edinburgh is now the most expensive place in the UK for students to live.
- Almost half of Scots are taking at least one holiday or break in Scotland this year with the Highlands & islands and Edinburgh the most popular destinations.

- The costs of energy, the price and availability of inputs, and staffing issues continues to be highlighted.
- A survey of over 2,600 UK exporters has revealed that overseas sales growth has been effectively stagnant for more than a year, since the economy fully reopened after lockdown.

- [Research](#) from PWC shows a total of 2.3% of all opportunities advertised in the energy sector in Scotland throughout 2021 were classed as ‘green jobs’, compared with the UK average of 1.6%. The research also highlights a UK-wide shortage of skilled labour - with a green energy skills gap of around 200,000 people - that cannot be addressed from the existing UK energy sector workforce alone.
- A [survey](#) from CAWA shows that workers are going into the office an average of 1.5 days a week. The [survey](#) suggested organisations with hybrid working policies - where they specify employees should be in the office for a certain number of days - had higher attendance than those that did not.
- Other [research](#) that finds 3 in 5 UK business leaders are struggling to get employees back in the office – younger workers are highlighted as looking for more flexibility.
- Self-employed workers in the UK were among the hardest hit by the pandemic and their incomes and businesses have still not recovered suggests [research](#) from CEP. It found around 800,000 workers left self-employment during the pandemic, more than 40% had monthly incomes of less than £1,000 in April 2022 – compared with 27% at this income level pre-Covid-19.
- The Department for Education has [published](#) research which examines the changing skills needs within a selection of occupations (health, management, science/technology, skilled trade) over the next 5 to 10 years. It suggests that skills that are already in demand are those likely to be (even more) needed in future i.e. adapting to new technologies, basic skills (numeracy, digital literacy, interpersonal), working as part of team, flexibility/collaborative approaches to work.
- [Analysis](#) from CIPD shows that recruitment difficulties are highest in the public sector and more prevalent among professional occupations, where 43% of employers say that applicants do not have the required level of skills.
- The end of free movement has exacerbated recruitment issues faced by UK employers, a [report](#) from ReWAGE and the Migration Observatory at Oxford University has shown. However, Brexit is by no means the only reason for the shortages, and the pandemic, international sector-specific labour shortages, and an increase in early retirement have been more important factors.
- EngineeringUK has published a [report](#) on ‘Trends in the engineering workforce’. The report explores the overall trends in employment from 2010 to 2021, for both engineering industries and occupations. It finds employment in engineering occupations (including engineering jobs in non-engineering industries) grew by 8.5% between 2010 and 2021.
- The British Retail Consortium (BRC) have [said](#) the retail industry must “double down” to make a meaningful difference on diversity and inclusion. A [report](#) launched by the BRC and the MBS Group shows over a third of all retailers have all-white boards or all-white executive committees and women account for less than 40% of boards and executive committees.

- The vast majority of people in Scotland believe offshore wind has a vital role to play in Scotland's future, according to a recent [study](#). Of those surveyed, 92% thought the renewable sector is important to Scotland in terms of its social value, with 89% believing the sector is important in terms of its economic value.
- Carbon capture and storage could be worth £100bn by 2050, an industry [report](#) has said, with analysts predicting the UK has enough capacity to hold two centuries' worth of emissions. But despite the country being well-placed to become a world leader in the technology the Offshore Energies UK (OEUK) report said that Britain's supply chain was fragile.
- Scottish Enterprise has launched a free online [Net Zero Accelerator](#) tool to support more businesses develop net zero plans. The new tool will help businesses by making recommendations across five key areas on how they can adapt and work towards developing a net zero road map. Companies using the tool will be able to analyse the impact of their operations on the environment and help them set net zero targets as well as identify opportunities to innovate or adapt.

- The latest [Scottish Tourism Index](#) shows that almost half of Scots are taking at least one holiday or break in Scotland this year with the Highlands & islands and Edinburgh the most popular destinations. Elsewhere in the UK, the Lake District, Northumberland and London are most popular, whilst Spain is, by some distance, the most popular overseas destination
- The Royal Bank of Scotland Student Living [Index](#) - an index that takes account of student spending and income to calculate a score for university towns and cities across the UK - has revealed that Edinburgh is now the most expensive place in the UK for students to live. Edinburgh, Glasgow, Leeds and Canterbury replace London as the regions with the highest student cost of living, while Cardiff offers the best value for money.
- Office take-up in the first half of the year (2022) across the three largest Scottish cities saw Aberdeen outstrip activity in Edinburgh and Glasgow, according to the latest [research](#) from Savills. Prime Grade A rents in Aberdeen stand at £30 per sq ft, compared to £35 per sq ft in Glasgow and £38 per sq ft in Edinburgh.
- Solid sales growth in restaurants, pubs and bars has helped Britain's regional city centres to recover their vibrancy in the first six months of 2022, the latest 'Top Cities' [research](#) from CGA and Wireless Social shows. Of Britain's 10 biggest cities, ranked by average vibrancy rankings in the first six four-week periods of 2022 - Glasgow in 1st position, Edinburgh in 7th (of Scottish cities).
- The Scottish shop vacancy rate decreased to 15.7% during the second quarter, from 15.8% in the first quarter. The latest Scottish Retail Consortium (SRC) and Local Data Company [figures](#) also noted that this was 0.4 percentage points lower than in the same point in 2021.
- The latest Royal Institution of Chartered Surveyors (RICS) Commercial Property [Survey](#) suggests the cost-of-living crisis and interest rate rises have caused a slowdown in the Scottish commercial property market and the outlook has therefore become more cautious. Occupier demand across all sectors in Scotland has eased, with a net balance of +11% of respondents reporting an increase in the second quarter, compared to +33% in the previous quarter.

- The latest Directors' Economic Confidence [Index](#) from the Institute of Directors shows that, Inflation (29%), Difficulties in the UK's Trading Relationship with the EU (18%) and Political Instability in the UK government (17%) all contributed to low business confidence in July.
- The Addleshaw Goddard [Scottish Business Monitor](#), which surveyed 400 firms in July from across the economy, shows that two thirds now expect growth in the Scottish economy to be weak; up from less than half of firms in the first quarter of the year. The most common concerns among responding businesses continue to be the costs of energy, the price and availability of inputs, and the availability of staff.
- 91% of Scottish firms have reported an increase in cost in the second quarter of 2022 as the impact of rising costs and staff shortages sets in. A [survey](#) conducted by the Federation of Small Businesses shows the average Scottish business owner is now more pessimistic than the UK average.
- Highlights from the latest Simply Business [report](#) shows rising costs is the biggest challenge (70%), SMEs plan to raise their prices within the next 6 months (49%) and 71% remain confident about business prospects over the next 6 months.
- Operating costs for hospitality businesses in the UK have increased to “challenging levels” of 55.2% of turnover before rent, the highest since 2007, according to a new [report](#) by industry body UKHospitality. This has been driven by the soaring utility, premises and operational costs facing operators in the industry, as operators attempt to rebuild following the pandemic.
- The latest Begbies Traynor “[Red Flag Alert](#)” report, which provides a snapshot of British corporate health, shows there has been a rise in the number of businesses in critical financial distress over the last year, with a 37% increase in Q2 22 compared to Q2 21. Bars and restaurants, general retailers and construction sectors are the major drivers behind this increase, with year-on-year rises of 70%, 48% and 36% respectively.
- The latest British Chambers of Commerce [Trade Confidence Outlook](#) for Q2 2022 has revealed the percentage of UK businesses reporting increased export sales remained flat for the fifth quarter in a row at 29%. The survey of over 2,600 UK exporters found overseas sales growth has been at a standstill for more than a year since the economy fully reopened after lockdown.