

Economic Research alert

February 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)

- **Skills shortages** continue to be highlighted across a range of surveys.
- The Chartered Institute of Management suggests businesses should embrace **hybrid working** as “**best practice**”.

- Research suggests some companies' claims are just **greenwashing**.
- Household waste is on the rise with the **Carbon Metric report** suggesting that waste from Scottish households grew by 3.2% in 2020.

- High streets in London, Birmingham, **Edinburgh** and Cardiff lost nearly a year's worth of sales due to the pandemic.
- Film and broadcasting activities generated a record £42.4m for Glasgow's economy last year.

- The UK has lost around **£7bn** from the impact of Omicron restrictions on travel and tourism, according to the World Travel and Tourism Council.
- **Ten million jobs** in **creative industries** worldwide were lost in 2020 as a result of the Covid pandemic.

- A new [study](#) claims that IT & Telecoms, Media/Digital & Creative are the most progressive sectors when it comes to offering flexible working.
- A [survey](#) for the Chartered Institute of Management (CIM) found more than 80% of businesses had adopted hybrid working - most since the pandemic. The CIM said firms should embrace hybrid work as "best practice".
- Employers expect median basic pay awards to rise by 3% – according to the CIPD [Labour Market Outlook](#) – but the reality is that most people will be facing a real-terms pay cut as inflation rises and the increased cost of living takes hold. The report also finds that almost half of employers continue to struggle with recruiting for hard-to-fill vacancies (most commonly for healthcare, public administration, and other public sector roles).
- The planned National Insurance increase will add further pressure to businesses with 19% stating they would “employ fewer people” according to [new data](#) from the IoD.
- Nearly two in five working parents have said they hope to change job this year, including many who report being satisfied with their current job, a [survey](#) has found.
- Half of unemployed men over the age of 50 have been out of work for at least a year, research has found, with experts calling on employers to change the way they recruit to support older workers. A [study](#) by Rest Less found that of the 200,000 men aged 50 or over who were unemployed in the three months to November 2021, 99,000 had been out of a job for at least 12 months.
- Young people who lost their jobs during the pandemic in the UK have returned to less secure work, often in gig economy roles, according to [research](#) from the Resolution Foundation, which also found almost 50,000 more men under the age of 24 are now economically inactive.
- A [paper](#) on spatial inequalities across UK labour markets suggests spatial disparities in wages and employment rates remain large and persistent, with much of the difference between areas driven by clusters of higher-paid workers in areas.
- Employees who are able to split their working time between home and a formal workplace are 40% less likely to experience mental health difficulties, new [research](#) has shown.

- The Department for Digital, Culture, Media and Sport has published an [analysis](#) of the cyber security industry, including figures on size, employment and revenue. The analysis [found](#) more than 1,800 cyber security businesses generated £10.1bn in revenue in the most recent financial year and employment rose by 13%, with more than 6,000 jobs created.
- Ambition to grow has exceeded pre-pandemic levels among SMEs but they are being held back by skills shortages and a lack of access to finance, according to the Small Business Index [survey](#) from the Federation of Small Businesses.
- Medium-sized businesses across the UK are planning a hiring spree to drive growth as 60% expect to return to pre-pandemic revenues within the next 12 months, according to [research](#) by BDO. However, 40% of businesses struggle to find workers with the right skills, and almost a third of companies are concerned by shortage of overseas workers.
- 49% of businesses said staff turnover was a growing challenge for them, while 48% cited the availability of non-management skills suggests a [survey](#) from the Institute of Chartered Accountants in England and Wales (ICAEW). Scottish Accountants were also included in the survey.
- Attracting and retaining staff has been highlighted as one of the issues for companies in the latest [Scottish Business Monitor](#).
- The Resolution Foundation has published a [briefing note](#) about how immigration policy change will affect the UK's economic resilience. It highlights acute labour supply shortages in the short term and a less agile economy in the medium term, attributed in part to the transitoriness of migrant workers who are more likely to respond to changes in the economy by moving across places and occupations.
- A [survey](#) from The British Chambers of Commerce has warned three in four companies intend to increase prices in response to rising energy prices and an increase in the minimum wage.
- The IFS has published a [report](#) on the effects of increasing the state pension age to 66. It suggests the higher pension age increased the employment rate of 65-year-old men by 7.4% and of women by 8.5%, putting a total of 55,000 more people in employment than had the pension age remained at 65.

- A [report](#) from ShareAction has revealed Europe's largest banks have invested around \$400bn into companies expanding oil and gas production since 2016, despite the formation of the Net Zero Banking Alliance.
- The New Climate Institute has published the findings of the [Corporate Climate Responsibility Monitor](#), evaluating 25 major companies to determine the transparency and integrity of their headline climate pledges. It found the headline climate pledges of the 25 companies only commit to reduce their emissions by 40% on average, not 100% as suggested by their "net zero" and "carbon neutral" claims.
- New [research](#) suggests that oil firms' climate claims are greenwashing. The [study](#) concluded the company claims do not align with their actions, which include increasing rather than decreasing exploration.
- The IPPR has published a [report](#) on the transition to net zero and its impact on communities. It highlights the risk of top-down policymaking in widening inequalities between people and places, and calls for the community-led design of net zero places through sustainability and engagement.
- There was a spike in household waste during the first year of the pandemic, according to a [new report](#) from Zero Waste Scotland. The Carbon Metric report suggested that waste from Scottish households grew by 3.2% in 2020.
- A [report](#) from Transport for New Homes suggests many new housing developments located in the countryside are adding to congestion, carbon emissions and are trapping communities into car-dependence.
- SPICe has published a [report](#) on current incineration technology in Scotland and the potential expansion of Energy from Waste programmes. It notes incineration of waste increased by over 200% in the 2010s, with the landfill dumping of biodegradable municipal waste to be outlawed entirely by the end of 2025.
- The Business, Energy & Industrial Strategy Committee has published its [report](#) on decarbonising heat in homes. It discusses UK Climate Change Committee estimates of the level of investment required to decarbonise homes by 2050 and calls on the UK Government to work with industry, consumers and affected workers to produce a roadmap detailing the transition to low carbon heating.
- Commitments to purpose and Environmental, Social and Governance (ESG) are on the rise as CEOs make stronger connections to business strategy and growth. However, PwC's 25th Annual [CEO Survey](#) suggests there is still work to do.

- The UK Government has published its [levelling up white paper](#) outlining a set of measures it hopes will spread opportunities and address regional inequalities by 2030. [Glasgow](#) is set to host one of three new innovation centres backed by a share of £100m in funding through a process overseen by BEIS and UKRI.
- Edinburgh and Glasgow are among the most resilient retail centres in the UK, according to new [analysis](#) by Knight Frank. The research found that Edinburgh had the most productive retail space of any major UK city outside of London. Edinburgh achieved sales density of £665 per sq ft with Glasgow at £611 per sq ft, against an average of £329 per sq ft across 39 UK cities analysed.
- Glasgow has been ranked as the best city in Britain if you want to work for a small business, according to findings published by iwoca as part of its inaugural [Towns & Cities Index](#). The city scored highly because of its short average commute time and the growth of small businesses in the city since 2016.
- Film and broadcasting activities generated a record £42.4m for Glasgow's economy last year, according to a [report](#). Big productions which were filmed in part in the city included The Flash and the fifth Indiana Jones film. TV series such as Channel 4's Screw, and parts of BBC's Shetland and Guilt 2 were also filmed in Glasgow.
- The Centre for Cities has published a [report](#) on the impact of the pandemic on high streets. It finds high streets in London, Birmingham, Edinburgh and Cardiff lost nearly a year's worth of sales due to the pandemic.
- The [cost of renting](#) a property in a city centre is rising as office workers, students and international residents return, according to Zoopla. Greater competition meant that renters taking on a new let were paying £62 more a month than they did pre-pandemic. This increase in rent was seen across most major cities including Birmingham, Edinburgh, Leeds and Manchester.
- BNP Paribas Real Estate's Next X locational analysis tool has found that [Edinburgh](#) has more potential than any other location across the UK to be a future tech hub. Housing affordability, a strong cultural offer and quality of life were established as the top metrics when looking beyond investment and business growth.
- The rate at which institutional investors, such as private equity and pension funds, are buying up housing is accelerating in major European cities, driving up house prices, [research](#) suggests. The volume of purchases in Europe hit €64bn (£53bn) in 2020, with about €150bn worth of housing stock conservatively estimated to be in the hands of such large investors.

- Widespread workplace stress and anxiety have contributed to a significant drop in productivity during the last two years, a [survey](#) has found. 67% of people were experiencing moderate to high levels of stress, while 28% had seen their productivity negatively impacted.
- The Resolution Foundation has published a [briefing note](#) on leaving lockdown. It discusses the impact of lockdown on the career prospects and employment status of 18–34-year-olds and on their mental health.
- The UK has lost around £7bn from the impact of Omicron restrictions on travel and tourism, according to World Travel and Tourism Council (WTTC) [data](#).
- Ten million jobs in [creative industries](#) worldwide were lost in 2020 as a result of the Covid pandemic. The increasing digitisation of cultural output means it is harder than ever for artists to make a living, a Unesco [report](#) has said.
- The Centre for Cultural value has produced a [report](#) which looks at the impacts of covid-19 on the UK's cultural creative sector and where we go from here. The Edinburgh Fringe is included as a case study.

- New [research](#) has highlighted the impact of the pandemic on UK small business owners, with more than a quarter revealing that their mental health has declined. 80% of Scottish small businesses that took on debt did so for the first time.
- [A blog](#) from the Centre for Economic Performance suggests that Covid has hit social mobility in the UK, and young people's prospects are shrinking.
- The Adam Smith Institute has published a [research paper](#) discussing capitalism in the wake of the pandemic. It suggests businesses and governments should return to their pre-pandemic roles to boost the recovery, emphasising a need for a reduction in state capacity and warning against “Disaster Corporatism”.
- UK in a Changing Europe has published a [report](#) on post-Brexit policy divergence. It brings together a number experts in their respective fields to investigate how policy and policymaking have changed in a range of sectors.
- 39% of businesses experienced a year-on-year increase in fraud during 2020, according to BDO's [Fraud Track Survey](#), while 76% believe their company is more exposed to fraud since the emergence of COVID-19. The average value of fraud in 2020 was £245,000.