

# Economic Research alert

July 2023

This alert provides an overview of research in the public domain over the last month with a focus on **Jobs, Innovation, International** and **Investment**.

- Research from City & Guilds and Engineering UK shows that **less than 46% of energy workers** feel that they personally have the skills required to support a zero-carbon energy system by 2035. The good news is that these employees are **open to the transition**.
- Recent research from Scottish Power identifies a trend of **'boomerang employees'** returning to previous jobs as the UK labour market stabilises with 47% of people considering returning to a past role.

- Failure to communicate sustainability successes could be costing major companies substantially according to new findings from Brand Finance's **'Sustainability Perceptions Index'**.
- **Edinburgh** has been named the most **'AI ready'** city in the UK after London, according to the SAS AI Cities Index.

- Department for Business and Trade (DBT) statistics show in Scotland **130 FDI** projects have been initiated in 2022/23 - up from 119 in 2021/22. This will **create 3,428 jobs**.
- A majority of **small international traders** do not have the dedicated manpower required to handle complex customs paperwork and need to turn to high-cost intermediaries, according to new research by the Federation of Small Businesses (FSB).

- The latest Understanding Business survey from Diffley Partners finds that Scottish businesses are **struggling with rising costs and recruitment difficulties**.
- The **Economic Impact of Edinburgh's Festivals report** shows that economic impact increased in Edinburgh from £280m in 2015 to **£407m in 2022**, and in Scotland from **£313m to £367m**.



- [Research](#) from City & Guilds and Engineering UK suggests the energy sector upskilling crisis is damaging UK's chances to hit net zero goals. The report found less than 46% of energy workers felt that they personally had the skills required to support a zero-carbon energy system by 2035. 1,000 energy sector workers were surveyed, including 500 in high carbon energy industries (such as oil and gas), and 500 in low carbon industries (such as wind, solar and nuclear).
- 71% of Scottish companies have reported to be struggling with a skills shortage, according to the annual [Business Barometer study](#) produced by the Open University and the British Chambers of Commerce based on a survey of 1,250 organisations. The survey also found 42% of companies had been unable to fill certain roles due to a lack of applicants and 75% said there was an increased workload on existing staff.
- As part of the “Serving the Future” project the Fraser of Allander have published a [report](#) highlighting the key issues for the future of hospitality industry. Scenario planning workshops were used to determine what can be done to both support the sector financially and reduce in-work poverty. Hospitality workers voiced concerns about poverty levels while employers identified government policy and high energy costs as key issues facing the hospitality industry today.
- ReWAGE has published a [report](#) on work, wages, and employment in the UK’s hospitality sector which calls for a radical overhaul of the sector to tackle crisis-level staff shortages.
- The Sutton Trust and UCAS has published a [report](#) on what influences the choices of would-be apprentices. It finds that 61% of former applicants didn't pursue an apprenticeship due to lack of supply in their preferred location, 35% of students were prevented from pursuing an apprenticeship due to a lack of roles in their career, 40% of UCAS undergraduate applicants are now interested in an apprenticeship role.
- The Resolution Foundation has published a [report](#) which explores ways to create a good-jobs economy in the UK and examines what it could look like in the context of governance, innovation and growth in the UK.
- New [research](#) by YouGov on behalf of Scottish Power has identified a trend of ‘boomerang employees’ returning to previous jobs as the UK labour market stabilises – with 47% of people considering returning to a past role. The survey suggested that the grass isn’t always greener when it comes to changing jobs, with 63% of those who regret leaving a job confessing their new role isn’t what they expected it to be.

- Failure to communicate sustainability successes could be costing major companies substantially according to new findings from Brand Finance's '[Sustainability Perceptions Index](#)'. Household brands including Microsoft, Sky, and Lidl could be missing out on billions in value simply because they are not communicating their sustainability credentials - known as greenhushing. Amazon tops the table with a sustainability perceptions value of \$19.9bn.
- New [research](#) from Ashurst looks at 6 megatrends shaping business over the next decade. It highlights 3 megatrends influencing all others – skills for the future, net zero transition and digitalisation. The survey was conducted by February-March 2023, involving 300 senior executives.
- The Ada Lovelace Institute has published a new [report](#) on public attitudes to AI, finding that the British public hold highly nuanced views. For example, "while nine out of 10 British adults find the use of AI for cancer detection to be broadly beneficial, over half of British adults (56%) are concerned about relying too heavily on this technology rather than on professional judgements."
- Edinburgh has been named the most 'AI ready' city in the UK after London, according to a new [survey](#) from SAS. The least AI prepared cities include Chichester, followed by Bangor and Dundee.
- A [survey](#) by takepayments of over 1,000 UK consumers revealed that Scots are the most likely to pay by contactless in the UK with 2 in 3 saying it's their favourite way to pay. Contactless is by far the most popular payment method in the UK overall.
- The Aldersgate Group has published its [Net Zero Policy Tracker](#), an assessment of the UK Government's progress towards delivering net zero.
- The Climate Change Committee (CCC) has published a [report](#) on the different ways in which UK businesses can accelerate progress towards net zero. Some of the key conclusions of the report include views that net zero presents commercial and economic opportunities for the UK, and realising the full potential of business to support efforts towards net zero depends on the government addressing barriers such as inconsistency across voluntary business initiatives, delays to the provision of key infrastructure and the perceived higher cost of certain net zero interventions.
- The CCC has published its 2023 progress [report](#) to the UK Parliament. The CCC stressed there was still a lack of urgency, noting while the policy framework has continued to develop over the past year, it was not happening at the required pace for future targets and that the UK Government continued to place reliance on technological solutions that had not been deployed at scale.

- The Scottish Government has published the [second annual report](#) on Scotland's Vision for Trade in response to a [government initiated question](#) from Ivan McKee. The report is comprised of three parts: assessment of policy development outputs, steps taken to engage with the UK Government on trade issues, and steps taken to build an evidence base on trade. Priorities for year three include actions to improve the trading environment for Scottish businesses, action to improve equity of access to opportunities from international trade, and action to use trade in addressing global challenges.
- A [report](#) from the Tourism Alliance looks at businesses involved in organising school travel to the UK. 145 businesses took part in the survey during May and June 2023. It finds EU school travel is at 61% of pre-Brexit levels with groups opting to go to other English speaking countries in the EU such as Ireland and Malta.
- The Department for Trade and Business have published [statistics](#) (2022-2023) which show over 1,600 foreign direct investment (FDI) projects will create nearly 80,000 jobs across the UK. In Scotland 130 FDI projects have been initiated in 2022/23 - up from 119 in 2021/22. This will create 3,428 jobs. Net Zero related projects will also create 601 jobs.
- The FSB has published [research](#) which shows a majority of small international traders do not have the dedicated manpower required to handle complex customs paperwork and need to turn to high-cost intermediaries.
- The Resolution Foundation has published a [report](#) on the role of the post-Brexit trade approach in the UK's economic strategy, highlighting it has focussed on a high volume of free trade agreements, but noting this tool is one unsuited to building on Britain's strengths as a service 'superpower'.

- The Irwin Mitchell UK Attractiveness [Index](#) (summer 2023) finds that London is the top city for investment attractiveness, with inner London the most attractive for investment. Edinburgh is in 8<sup>th</sup> position, Glasgow 15<sup>th</sup> and Aberdeen 42<sup>nd</sup>. The authors looked at the 50 largest cities in the UK and ranked their current investment attractiveness according to a newly created index. The index is based on eight economic indicators in three different categories: growth potential; local skills; and local infrastructure.
- A new [report](#) from the LSE presents initial findings from the European Cities Programme through a series of essays from urbanists and city leaders. Areas covered include “the past, present and uncertain future of European cities” and “Learning from cities leaders”.
- A [survey](#) commissioned by Rathbones finds that 43% of business owners plan to take on more investment and 32% want to go public. The survey consisted of 1,035 high net-worth individuals (defined as those with more than £250,000 in investable assets) and business owners during February, April and May. Of these, 155 were Scottish business owners.
- [Research](#) from Paragon Bank has found that SMEs have been forced to extend the life of their existing assets as global supply chain issues reduce the availability of new assets. The survey of over 500 UK businesses also found that a fifth reported refinancing of existing assets and 43% cite rising costs in supply chain.
- The latest Understanding Business [survey](#) from Diffley Partners finds that Scottish businesses are struggling with rising costs and recruitment difficulties. More than 40% of businesses surveyed expect profitability to fall in next year. Highlights also available [here](#). 500 businesses in Scotland took part in the survey.
- The Economic Impact of Edinburgh Festivals [report](#) shows economic impact increased in Edinburgh from £280 million (2015) to £407 million (2022) and they generate £33 in economic impact for every £1 invested from the public purse. 22,000 people were surveyed across the festivals in 2022.
- [Research](#) by PayPal has revealed that 77% of UK SMEs businesses believe it is important to adapt their operations to remain competitive during changing market conditions. However, 47% admit they are guilty of not rethinking how they could approach their business differently. 500 UK small business owners were surveyed during May and June 2023.
- The latest quarterly industry [survey](#) from the Scottish Tourism Alliance shows 52% are still in ‘survival mode’ or ‘consolidation’, almost half of businesses do not have enough cash reserves for the next quarter. 540 tourism businesses took part in the survey which ran from 24th May to 14th June