

Economic Research alert

September 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**.

- New research from the CIPD suggests that employers are turning to **counteroffers** to **retain key staff** as skills shortages persist.
- Less than half a million people in the UK (463,583) work in the **gig economy**, and only a fifth of these see it as their main source of income finds the CIPD Labour Market Outlook report.

- People who work from home all the time '**cut emissions by 54%**' against those in office suggests a recent US report.
- A survey of 500 UK SMEs by Rimm Sustainability shows that 8 in 10 SMEs are **committed to sustainability**.

- The Food and Drink Federation Trade Snapshot (H1 2023) shows that the value of **UK exports** increased by nearly 4% to reach **£11.9 billion** in the first half of 2023, driven by 7.6% growth to the EU.
- A survey from the Independent Society of Musicians (ISM) looking at **the impact of Brexit** finds 47.4% had less work in the EU after January 2021 than they did before Brexit; 27.8% said that they had no EU work at all.

- An independent **economic impact assessment** report, commissioned by the Enchanted Forest Community Trust, has found that the 2022 event delivered **£10 million** to Highland Perthshire last autumn.
- The Economic Value of the Screen Sector in Scotland in 2021 report finds that **significant growth** was found in all areas of production, particularly inward investment film and High-End TV (HETV) production.

- Artificial Intelligence (AI) is having ‘positive impact’ on UK jobs but could increase regional inequalities suggests a new [report](#) by the Institute for the Future of Work (IFOW).
- The Fraser of Allander Institute has published a [report](#), ‘Pathways into Hospitality – How do hospitality workers interact with the Scottish education system?’. The report finds skilled workers in hospitality are less likely to have post-secondary qualifications and more likely to have skills gaps compared to other workers in skilled trades.
- [Research](#) from Hays shows that 78% of Scotland businesses offer flexible working, with 13% now offering other incentives to encourage staff back into the office. The survey received 8,853 respondents from across the UK, including 447 from Scotland, and found that more than 53% of Scottish professionals prefer hybrid working.
- [Analysis](#) by the TUC reveals the number of Black and ethnic minority (BME) workers in insecure work more than doubled from 2011 to 2022. Insecure work is characterised by low pay, variable hours and fewer rights and protections for workers.
- The CIPD Labour Market Outlook [report](#) suggests that employers are turning to counteroffers (*ie an offer made in response to another*) to retain key staff as skills shortages persist. 40% of UK employers have made a counteroffer in the past 12 months. Of those that had made a counteroffer, 38% matched the salary of the new job offer, and 40% offered even higher sums.

- The Resolution Foundation has published a [report](#) on the labour market outlook for Q2. The report examines public sector pay and labour market developments across different groups and areas.
- The Institute for Fiscal Studies has published a [report](#) which assesses how employment, earnings and incomes have performed in Scotland compared with the rest of the UK. The report shows that average monthly UK earnings grew by nearly 5% in real terms and accounting for inflation between 2015 and 2022, but they grew by just 1.5% in Scotland.
- [Research](#) from the CIPD shows that less than half a million people in the UK (463,583) work in the gig economy, and only a fifth of these see it as their main source of income. Over half of the jobs are desk-based eg web development, translation and legal services, whereas private hire and food delivery drivers make up only a fifth of gig economy workers.
- A [study](#) by [Public First](#) has found that women are more likely to work full-time since the pandemic as sectors are offering hybrid or remote working. The report found that three-quarters of hybrid workers felt it improved their work-life balance, and 70% of those with children under 18 said it made juggling their responsibilities easier.
- New [research](#) from DEMOS looks at “The Platinum Pound – Boosting employment amongst older workers”. The report suggests that policy makers need to focus on enabling people currently in work to remain in the workforce, rather than chasing after those who have already made the decision to retire.

- 90% of Environmental, Social and Governance (ESG) professionals believe reporting and data boost competitiveness finds the 2023 Global ESG Practitioner [Survey](#). The survey found that the longer a company has been publishing ESG reports, metrics and data, the more likely they are to have generated cost savings and improved brand awareness and reputation.
- The IPPR has published a [report](#) which makes the case for a national investment fund, to fund investments in net zero economic activities.
- A [survey](#) of 500 UK SMEs by Rimm Sustainability finds despite challenges relating to cost and internal expertise, most are developing sustainability strategies and reporting on progress. 80% of those polled stated that their organisation is “committed” to the agenda and 70% had already set environmental targets.
- The UK saw the second highest number of companies setting science-based targets in 2022, according to a Science Based Targets initiative (SBTi) [monitoring report](#) that has reported an 87% increase in the number of companies setting targets globally.
- People who work from home all the time ‘cut emissions by 54%’ against those in office suggests a new US study. The [report](#) found that one day a week of remote working cuts emissions by just 2% but two or four days lowers them by up to 29%.
- The Aldersgate Group has published [two reports](#) calling for a robust industrial strategy to deliver net zero while maximising inward investment and job creation, highlighting that failing to support industry and react to international competition, such as the Inflation Reduction Act, could take £224bn off the UK economy by 2050.

- UK Food and drink has achieved record export figures for the first half of 2023, according to a new report published by the Food and Drink Federation (FDF). The [FDF Trade Snapshot H1](#), shows the food and drink sector has seen export sales rise to almost £12 billion in the first half of 2023, from £11.5 billion in 2022.
- [Research](#) by the British Chambers of Commerce (BCC) has revealed that many businesses are unaware and unprepared for changes to EU/UK regulations which are due to come into force from October 2023. The changes include new EU VAT requirements for exporters, reporting requirements on exports of goods containing high-carbon steel, and on selected other products, and an alternative product safety marking system. 700 UK businesses took part in the survey.
- UK in a Changing Europe has published a [review](#) of the Trade and Cooperation Agreement (TCA) which proposes three models which the review could follow: a technical check, acting on unfulfilled commitments, and widening the scope of the TCA.
- The Independent Society of Musicians (ISM) released a [report](#) about the impact of Brexit on musicians and the music sector. It found that almost half of UK musicians and workers in the music industry have had less work in the EU since Brexit than before it, and more than a quarter have had no EU work at all.
- The Social Market Foundation has published a [report](#) which outlines international responses to the success of the US Inflation Reduction Act and considers how the UK can take advantage of the opportunities in this new economic regime.
- The National Institute of Economic and Social Research has published an [article](#) on the Windsor Framework exploring what it is and what it might do noting it makes significant adjustments to the Protocol on Ireland/Northern Ireland and will ease the practical and political difficulties associated with the Protocol.
- The Department for Business and Trade has published its national [survey](#) of registered businesses' exporting behaviours, attitudes and needs for 2022. The survey found the proportion of businesses exporting had remained stable but reported volumes had continued to fall. Businesses remained optimistic that exports will still grow in the future, with around 58% of businesses saying they had previously exported to one of the 'core markets'. This is compared with 88% who said they had previously exported to the EU.

- The British Chambers of Commerce has published [research](#) which shows nearly half of firms say the cost of borrowing is negatively impacting their business. The research was carried out between 17th July and 11th August.
- The Grant Thornton Business [Outlook Tracker](#) (August 2023) finds that rising interest rates and high costs have pushed many Scottish businesses to review their spending, freeze pay increases and restructure their operations, in a bid to manage their finances.
- Only half of UK's SME companies had a contingency fund in place before of the inflation spike earlier this year, a new [report](#) from Cynergy Bank has found. The survey of 1,000 senior decision makers found that higher energy and finance costs created serious cashflow challenges — with only 53% having cash buffers in place prior to July 2022 when prices began to soar.
- Screen Scotland has published figures in an independent [report](#) which show a continued growth in the value of Scotland's film and TV industries to the economy. The report looks at the economic value of the screen sector in Scotland in 2021 and suggests significant growth was found in all areas of production.
- The latest HIE Business Panel [survey](#) (published in August 2023, presents findings from the survey carried out in June 2023) finds that economic optimism has increased, performance over the last 6 months has remained steady and 92% of businesses were concerned about their finances.
- The latest [Enterprise Nation Small Business Barometer](#) found a 26% drop in UK businesses looking to raise seed capital under £10,000 in the second quarter of the year, while the number seeking between £10,000 and £20,000 rose by 8%, suggesting more businesses are self-funding growth plans.
- The latest Understanding Scotland on the Economy [report](#) (August) finds that the public remains generally pessimistic about Scotland's direction of travel, as well as current and future economic conditions and the cost of living continues to dominate the conversation.
- An independent economic impact assessment [report](#), commissioned by the Enchanted Forest Community Trust, has found that the 2022 event delivered £10 million to Highland Perthshire last autumn.