

# Economic Research Alert

November 2022

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 which looks at “**Early Exiters**” shows that compared to before the pandemic, there are over 100,000 more people aged 50-64 who are no longer in work because of a long-term health condition.
- A new study has found that **Edinburgh** offers the best opportunities for a career in **finance** after London.

- **Political instability** is now biggest threat to UK’s net zero ambition, according to the Energy Transition survey.
- A **report** from the International Energy Agency (IEA) suggests that Russia's invasion of Ukraine will have long-lasting effects on energy supply and markets.

- A report from the Institute of Directors suggests that 47% of businesses are still finding **Brexit challenging**, 33% can envisage opportunities materialising from Brexit, and 28% state that **supply chain disruption** is having a negative impact on their organisation.
- More than half of UK firms are **targeting trade with the continent** in spite of new post-Brexit rules, a new survey has found. The key drivers are existing trading relationships, proximity and the 450m customers in the market.

- An economic impact report has found that the **Royal Highland Show** contributes **£39.5 million** annually to Edinburgh’s economy.
- A proposed new stadium at Aberdeen beach is projected to inject at least **£1billion** into the local economy over the next 50 years and generate footfall of **38 million**.



- A new [report](#) looking at the exodus of older workers leaving the workforce suggests that “Many Early Exiters aren’t taking early retirement for lifestyle purposes”. The reality is that a range of physical and mental health conditions are causing older people to leave work and not return, leading to record numbers of vacancies even as unemployment remains low.
- New [analysis](#) of UK labour market data reveals that working women are nearly twice as likely (1.8 times) as men to be in severely insecure work – and the situation worsens for mothers, disabled women, and women from Black, Pakistani and Bangladeshi backgrounds. This analysis estimates that 26% of working women (3.9 million) are currently in severely insecure work in the UK, compared to 14% of working men.
- A [study](#) from the Institute for Fiscal Studies has found that most minority ethnic groups in the UK have made progress in educational achievement but “clear evidence” of discrimination remains in their pay and careers.
- A new [study](#) has found that Edinburgh offers the best opportunities for a career in finance after London. The research, carried out by CMC Markets, analysed the latest data from the Office for National Statistics, published in March 2022, for finance enterprises in 342 UK districts, excluding London, and the latest available population statistics. It found that 63% of UK firms offering financial services alone, excluding insurance and pension funding, are located outside London.
- The abrdn Financial Fairness Trust has published a [report](#) showing the UK was predicted to be the only country in the developed world with lower employment in 2023 than pre-pandemic. Analysis suggests this is driven by long-term illness, lower migration, more students, early retirement, long COVID and a lack of access to employment support.
- The Resolution Foundation has produced a [briefing note](#) which looks at both the current and longer-term picture of the relationship between technology and jobs and pay. It suggests that “while we must remain vigilant to the impact of automation, especially since it affects some people and places more than others, the most pressing problems facing the UK economy are not too much automation, but low investment and low productivity growth”.
- The Henderson Loggie [Scottish Business Survey](#) has revealed a resilient attitude dominates in Scottish businesses, despite economic uncertainty and challenges in attracting and retaining skilled workers. 65% of businesses said staff recruitment and retention is a key priority over the next two years, and over half (51%) of all respondents are prioritising employee wellbeing and staff development.

- Political instability has become the biggest obstacle to the UK's energy transition, according to the [Energy Transition Survey](#). Other findings show UK energy companies believe 47% of their work will be outwith oil and gas by 2030, 44% believe they will be more involved in offshore wind within five years, 70% are actively diversifying outwith oil and gas at present, 61% say access to skills will be one of the defining issues in the year ahead.
- The latest [report](#) from the Net Zero Technology Centre identifies global innovation priorities across traditional hydrocarbon basins, including blue and green hydrogen, offshore wind, oil and gas electrification, digital transformation technologies, and carbon capture and storage to achieve the Paris Agreement emissions targets and create integrated net zero energy systems. The report prioritises five international collaboration actions to accelerate technology innovation and deployment internationally and achieve net zero as quickly, efficiently and affordably as possible.
- The [World Trade Report 2022](#) explores the multifaceted relationship between international trade and climate change. It states that while trade itself does generate emissions from production and transport, trade and trade policies can accelerate the dissemination of cutting-edge technologies and best practices and enhance incentives for further innovation aimed at tackling climate change.
- The UK Aviation Consortium has said zero carbon flights across the UK could be a reality within 20 years. The consortium has published a [study](#) on the potential of a carbon free future for UK domestic aviation by 2040, with the recommendation that an industry review of how aviation fits into the national Hydrogen Strategy is conducted.
- The Joint Committee on the National Security Strategy has published its [report](#) 'Readiness for storms ahead? Critical national infrastructure in an age of climate change'. The report calls on the UK Government to get a "proper grip" on the major national security risks posed by the effects of climate change on critical national infrastructure such as power, water, transport and communications.
- A [report](#) from the International Energy Agency (IEA) suggests that Russia's invasion of Ukraine will have long-lasting effects on energy supply and markets. The IEA said the world faces its first "truly global energy crisis" as a result. It added that unaffordable energy bills remain a huge problem, driven up as the exports of oil and gas have been restricted. But the crisis should also be seen as a turning point - speeding up the world's transition to green energy, it said.
- Most plastics marketed as "home compostable" don't actually work, with as much as 60% failing to disintegrate after six months, according to [research](#). Findings show that most of the plastic that people put in their home compost shouldn't be there anyway. 14% of plastic packaging items were certified "industrially compostable" and 46% have no compostable certification.

- The Institute of Directors (Iod) has published a [report](#) outlining business leaders' experiences of the current international trading environment and recommending actions the UK Government should take to increase confidence moving forward. The report finds 47% of businesses are still finding Brexit challenging, with only a third envisaging opportunities materialising from Brexit, and with 28% stating supply chain disruption is having a negative impact on their organisation
  - The British Chambers of Commerce (BCC) has urged world leaders to make an impact on green trade following the WTO's [World Trade Report 2022](#), which was released at COP27. The BCC said: "It is so important that we seize this moment now; any failure to raise levels of green trade will otherwise damage supply chains, lead to production shortages, and weaken infrastructure in the future.
  - The Social Market Foundation has published a [report](#) looking at using e-commerce as a key focus of trade policy effort. It suggests that 76,000 jobs and [£4.6bn in GVA](#) could be added to the UK economy by SME e-commerce exporting.
- A [survey](#) from the BCC and DHL Express has found that while barriers to trade affect most firms, overcoming recent EU challenges has led some to expand into new markets. 54% of businesses surveyed said smoother customers procedures was key to boosting UK exports, with 42% in favour of lowering tariffs and 29% wanting better support for small businesses. Only 9% of firms responded saying their businesses did not face any barriers to exporting.
  - More than half of UK firms are targeting trade with the continent in spite of new post-Brexit rules, a new [survey](#) has found. The [survey](#) from HSBC has found that 86% of businesses trading internationally are currently targeting growth, 53% of businesses with international sales say this is critical to their growth, 78% have taken action to address the challenges of international business and 38% see embracing new opportunities as a means of supporting growth.
  - The Digital, Culture, Media and Sport Committee has published a [report](#) on promoting Britain abroad. The report concludes the removal of tax-free shopping for visitors from abroad was both 'short-sighted and incredibly damaging' to UK tourism.

- An independent [economic impact](#) report commissioned by the Royal Highland and Agricultural Society of Scotland (RHASS) has found that the Royal Highland Show contributes £39.5 million annually to Edinburgh's economy.
- Findings from the latest [Scottish Tourism Index 2022 survey](#) suggest "Whilst 2022 has provided some continued recovery for the Scottish tourism industry, the impacts of the cost-of-living crisis are introducing new uncertainties for next year."
- Many of Glasgow's older office buildings should be converted into city centre homes, a [report](#) has suggested. It also suggested that Covid lockdown restrictions "decimated city [centre office working](#), retail and leisure custom, cultural and educational activity". After restrictions were lifted, a shift to home or hybrid working meant Scottish cities are now thought to be using about 25% less office space.
- A proposed new stadium at Aberdeen beach is projected to inject at least £1billion into the local economy over the next 50 years and generate footfall of 38 million. The economic impact [study](#) estimates that the stadium and community facilities would generate an additional £20m into the local economy every year.
- More than a quarter of South Scotland tourism businesses are contemplating permanent closure suggests a new [survey](#). Rising energy, fuel and insurance costs are having the biggest impact on businesses, along with falling consumer confidence and below pre-Covid visitor numbers.
- The Places and Health programme at the University of Glasgow have published a nationwide [equity assessment of the 20-minute neighbourhood](#) policy in Scotland. The research explored access to 10 health, transport, education, social and recreational domains for all residential locations in Scotland. It found that one in five residential locations had access to all 10 20MN domains (Urban: 27%, Rural: 5%) and there was variation in proportion of residential locations that has access to at least one facility by domains.
- A tale of two Scotland's is the assessment from techUK, as it publishes the latest version of the [Local Digital Capital Index](#). The [report](#) shows that while the East and West score well on skills and infrastructure, the Highlands and Islands' overall digital score is the lowest in the UK.
- A [report](#) by Heathrow Airport has found the airport delivers £400m to the UK economy. The report highlights how in 2021, more than £153bn of non-EU exports and imports travelled through Heathrow while in 2019 visitors travelling through the airport went on to spend £400m in towns and cities across the UK. It also states the UK's aviation sector gives a £12bn boost to the British economy annually.
- A British Chambers of Commerce (BCC) [survey](#) has found almost half of SMEs say they will find it difficult to pay their energy bills once the Government's Energy Bill Relief Scheme ends on 31 March 2023. A further 4% say they will not be able to pay their energy bills at all, while 37% predict they will find it difficult to pay even when they are in receipt of Government support.