An Experimental Statistics Publication for Scotland

BUSINESS AND ENERGY

Business Insights and Conditions Survey (BICS) Weighted Scotland Estimates - Data to Wave 34

23 July 2021

This is the 22nd publication of weighted Scotland estimates from the ONS' BICS. These are experimental statistics, which means that they are still in development but have been released to enable their use at an early stage. All results are provisional and subject to revision.

Latest main findings for businesses with 10+ employees and a presence in Scotland

- In the period 28 June to 11 July 2021, the share of businesses 'currently trading' was estimated at 97.8% - the same as the previous period and still the highest share since comparable estimates began in June 2020.
- The Accommodation & Food Services and Transport & Storage industry sectors had the lowest shares of businesses 'currently trading' - estimated at 91.6% and 97.1% respectively.
- The share of the workforce on furlough leave was estimated at 6.3% in the period 14 June to 11 July 2021 – down from 7.1% in the previous period and the lowest rate since comparable estimates began in June 2020.
- In the latest period, the Arts, Entertainment & Recreation and Accommodation & Food Services industry sectors had the highest shares of the workforce on furlough leave - estimated at 22.8% and 18.3% respectively.
- In the period 14 June to 11 July 2021, almost one third of businesses reported a decrease in turnover compared with what is normally expected. There were two industry sectors where more than half of trading businesses experienced a decrease in turnover compared with what is normally expected – Accommodation & Food Services (estimated at 68.0%) and Arts, Entertainment & Recreation (estimated at 61.4%).
- In the latest period, of businesses currently trading that have exported in the last 12 months, around a quarter (25.9%) reported exporting less than normal, and almost a fifth (18.8%) of relevant businesses reported importing less than normal.

Introduction

The ONS' BICS is a voluntary fortnightly business survey, which captures businesses' responses on how their turnover, workforce, prices, trade and business resilience have been affected by current conditions, including the coronavirus (COVID-19) pandemic and the end of the EU transition period.

BICS stands for the Business Insights and Conditions Survey (BICS) – previous to Wave 24, the survey was called "Business Impact of Coronavirus (COVID-19) Survey". The BICS was renamed to reflect the current question set, which goes wider than the impact of the coronavirus (COVID-19).

Currently, the main Scottish BICS results published by the Office for National Statistics are unweighted which means that we can only make inferences about the businesses that have responded.[1] Weighting the BICS responses enables us to produce estimates for Scottish businesses more generally, not just those that have responded. The ONS has provided the Scottish Government with the BICS microdata[2], which we have used to develop the weighted Scotland estimates. More information on the weighting method we have used for these early estimates and our plans for future developments is provided here: BICS weighted Scotland estimates: data to wave 12.

The weighted Scotland estimates, in this publication, are for businesses with 10 or more employees. The weighted Scotland estimates are for businesses that have a presence in Scotland, as opposed to only those businesses headquartered in Scotland. Having a presence in Scotland means that the business has a local unit or site (e.g. shop, office, factory) in Scotland. In terms of the base of the estimates 9,058 businesses responded to the Wave 34 BICS UK-wide – 1,207 of these responding businesses had a presence in Scotland. Excluding the micro businesses (those with less than 10 employees) takes the base for the weighted Scotland estimates down to 1,111 responding businesses in Wave 34. The weighted Scotland estimates are derived from results collected from UK businesses for the UK as a whole, but weighted by business counts or employment in Scotland. Currently no account is being made for regional differences between business sites.

The coverage of the ONS BICS includes most sectors of the Scottish economy; however, the public sector is excluded, as is 'Section A – Agriculture, forestry & fishing', 'Section D – Electricity, gas, steam & air conditioning supply' and 'Section K – Financial & insurance activities'.

[1] Note that on the 20th of July 2021 ONS published Understanding the business impacts of local and national restrictions, UK: July 2021 – this provides an analysis of weighted data for areas within the UK (including Scotland). This latest ONS sub-national analysis breaks down the business base into single-site and multi-site businesses. This differs to the approach taken for the Scottish Government estimates presented here which include single-site and multi-site businesses together, and the Scottish Government estimates are constrained to businesses with 10 or more employees.

[2] The BICS microdata can be accessed, by accredited researchers, via the Secure Research Service (SRS).

Trading Status

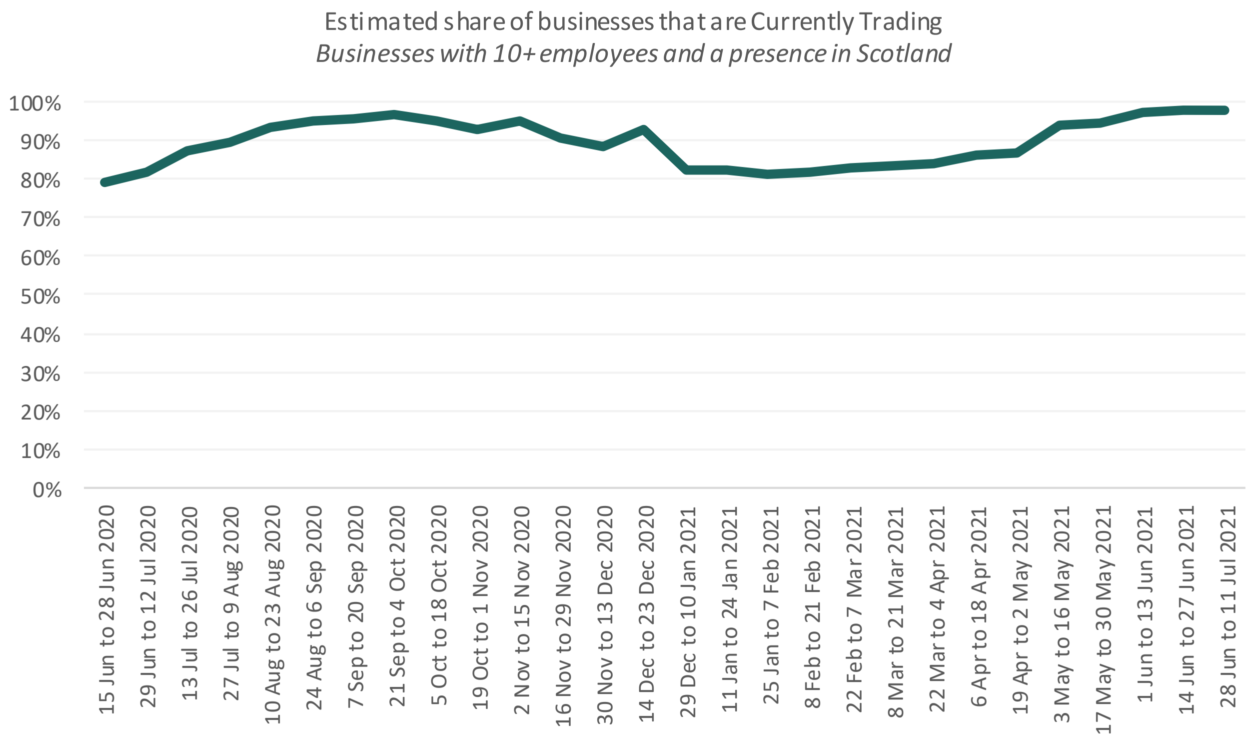
The BICS asks businesses about their trading status: the specific question[3] asked is shown below. Businesses were asked for their current trading status at the time of completion of the survey questionnaire (28 June to 11 July 2021 in Wave 34).

Trading Status Question: Which of the following statements best describes your business's trading status?

- Currently trading and has been for more than the last two weeks
- Started Trading within the last two weeks after a pause in trading
- Paused trading but intends to restart in the next two weeks
- Paused trading and does not intend to restart in the next two weeks
- Has permanently ceased trading

'Currently trading and has been for more than the last two weeks', and 'Started trading within the last two weeks after a pause in trading' have been combined to 'Currently Trading'.

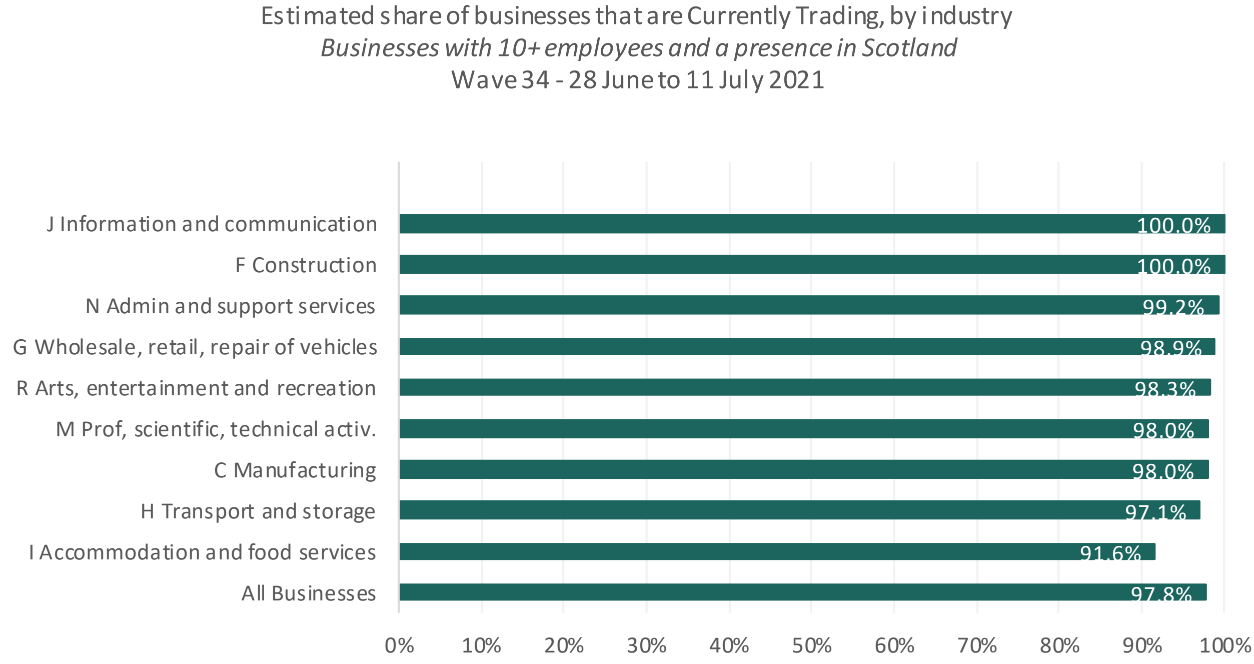
Figure 1: In the period 28 June to 11 July 2021, the share of businesses 'currently trading' was estimated at 97.8% - the same as the previous period and still the highest share since comparable estimates began in June 2020.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 7 to Wave 34

[3] The ONS publishes all the questions for each wave at: https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/businessimpactofcovid19surveyquestions/previousReleases

Figure 2: The Accommodation & Food Services and Transport & Storage industry sectors had the lowest shares of businesses 'currently trading' - estimated at 91.6% and 97.1% respectively.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 34

It should be noted that those businesses not currently trading may be less likely to respond to requests to complete the survey and, therefore, that these numbers may be an overestimate.

Workforce Status

The BICS asks businesses that have not permanently stopped trading (i.e. 'Currently Trading' or 'Paused Trading'), about the status of their workforce - the specific question asked is shown below. Note that businesses were asked about the status of their workforce in the last two weeks and so responses will be from the time of completion of the survey questionnaire (28 June to 11 July 2021 for Wave 34) with the full question reference period (looking back at the last two weeks) covering 14 June to 11 July 2021 for Wave 34.

Workforce Status Question: In the last two weeks, approximately what percentage of your business's workforce were:

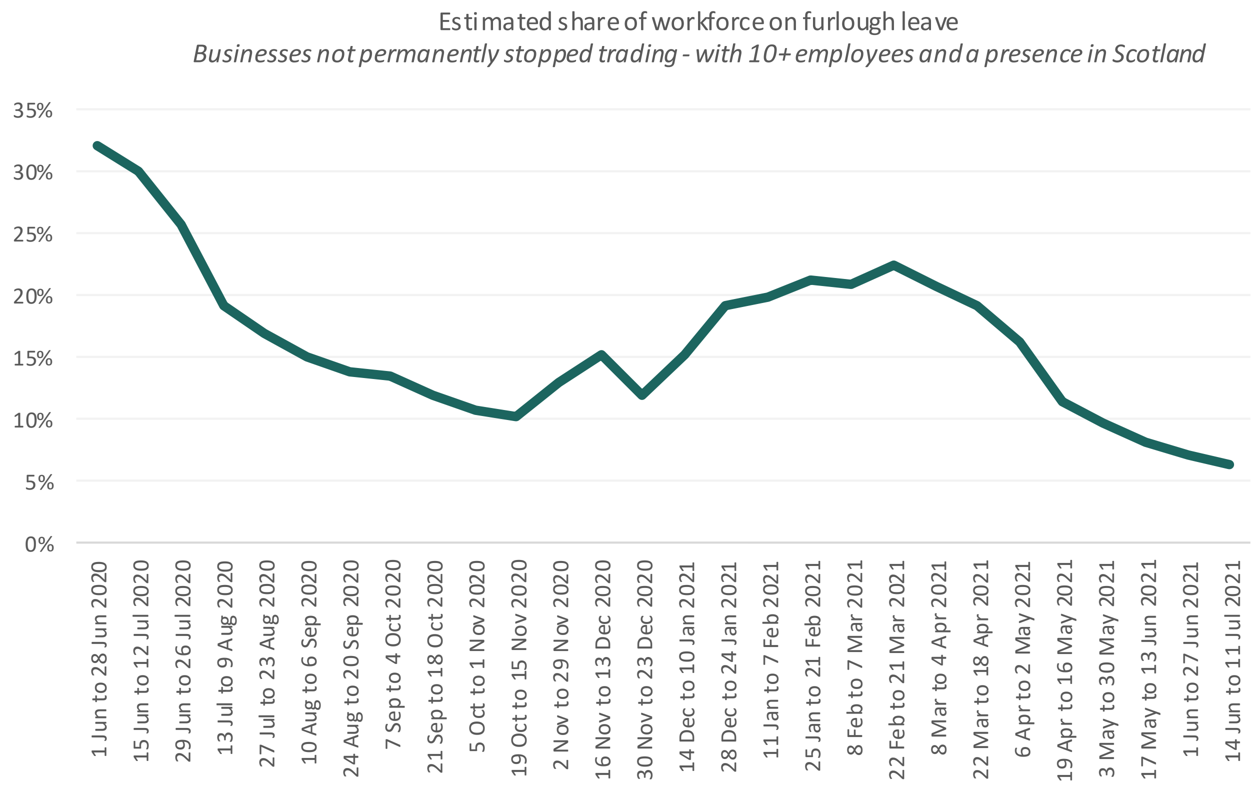
- On furlough leave
- Mainly working at the same place they were working before the pandemic
- Mainly working from home, instead of where they were working before the pandemic
- Made permanently redundant
- Other

In this report we focus on the furlough leave, but all the breakdowns are available in the detailed data tables.

There are different ways that we can analyse the furlough leave response. One way to look at it is to estimate the share of businesses that have any of their workforce on furlough leave – an estimated 41.8% of businesses that were currently trading had some share of their workforce on furlough leave in the period 14 June to 11 July 2021. This share increases to 42.6% when we widen the base out to all businesses that have not permanently stopped trading (i.e. those 'Currently Trading' or 'Paused Trading').

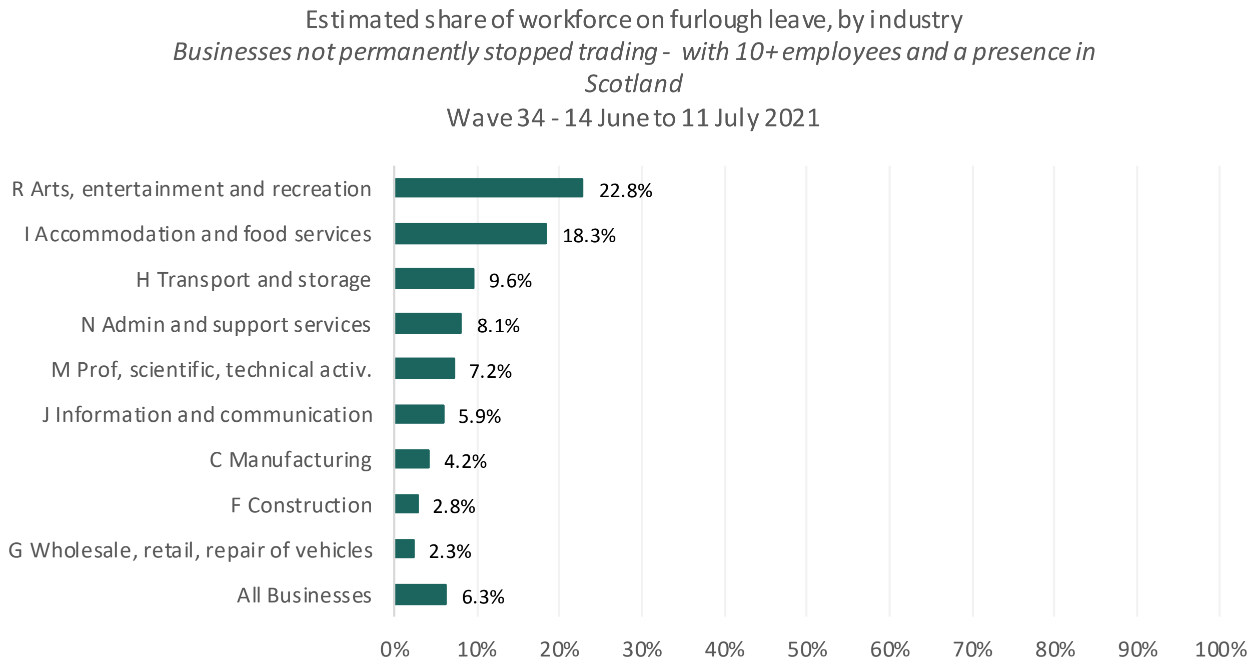
Another way to consider the workforce status question is to look at the share of the workforce that is furloughed. The workforce proportions are based on the responses provided by businesses. These are then applied to employment (in Scottish units) recorded for each reporting unit on the Inter-Departmental Business Register (IDBR). Then the data are weighted to ensure representativeness of the Scottish workforce in businesses with 10+ employees.

Figure 3: The share of the workforce on furlough leave was estimated at 6.3% in the period 14 June to 11 July 2021 – down from 7.1% in the previous period and the lowest rate since comparable estimates began in June 2020.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 7 to Wave 34

Figure 4: In the latest period, the Arts, Entertainment & Recreation and Accommodation & Food Services industry sectors had the highest shares of the workforce on furlough leave - estimated at 22.8% and 18.3% respectively.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 34

Financial Performance

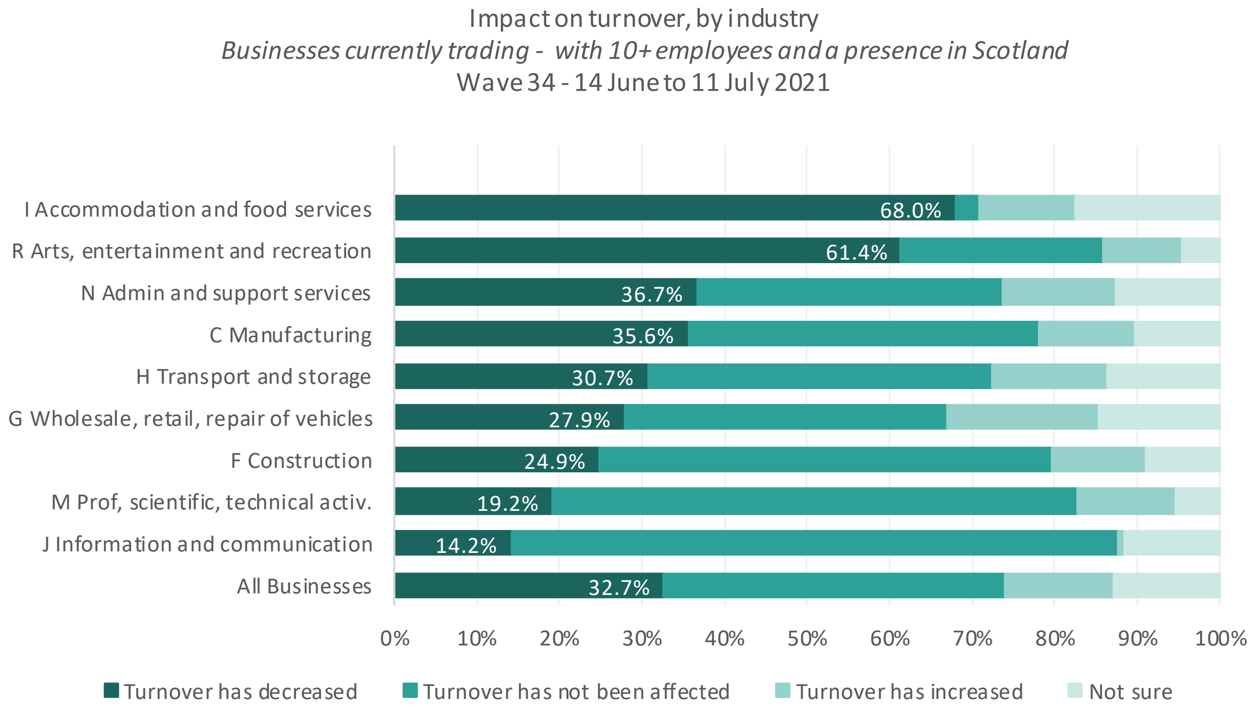
The BICS asks businesses, that are currently trading, about how turnover compares to business as usual - the specific question asked is shown below. Note that businesses were asked about the status of their turnover in the last two weeks and so responses will be from the time of completion of the survey questionnaire (28 June to 11 July 2021 for Wave 34) with the full question reference period (looking back at the last two weeks) covering 14 June to 11 July 2021 for Wave 34.

Financial Performance Question: How does turnover for the last two weeks, compare to normal expectations for this time of year?

- Turnover has increased by more than 50%
- Turnover has increased between 20% and 50%
- Turnover has increased by up to 20%
- Turnover has not been affected
- Turnover has decreased by up to 20%
- Turnover has decreased between 20% and 50%
- Turnover has decreased by more than 50%
- Not sure

For presentational purposes, increased turnover categories and decreased turnover categories have been combined. The breakdowns of these categories are available in the detailed data tables. Note that prior to Wave 24 this question was slightly different in that businesses were specifically asked about the impact of the coronavirus (COVID-19) on turnover.

Figure 5: In the period 14 June to 11 July 2021, almost one third of businesses reported a decrease in turnover compared with what is normally expected. There were two industry sectors where more than half of trading businesses experienced a decrease in turnover compared with what is normally expected – Accommodation & Food Services (estimated at 68.0%) and Arts, Entertainment & Recreation (estimated at 61.4%).



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 34

Prices

The BICS asks businesses, that are currently trading, about how the prices of materials, goods and services bought and sold compare to normal price fluctuations - the specific questions asked are shown below. Note that businesses were asked about prices in the last two weeks and so responses will be from the time of completion of the survey questionnaire (28 June to 11 July 2021 for Wave 34) with the full question reference period (looking back at the last two weeks) covering 14 June to 11 July 2021 for Wave 34.

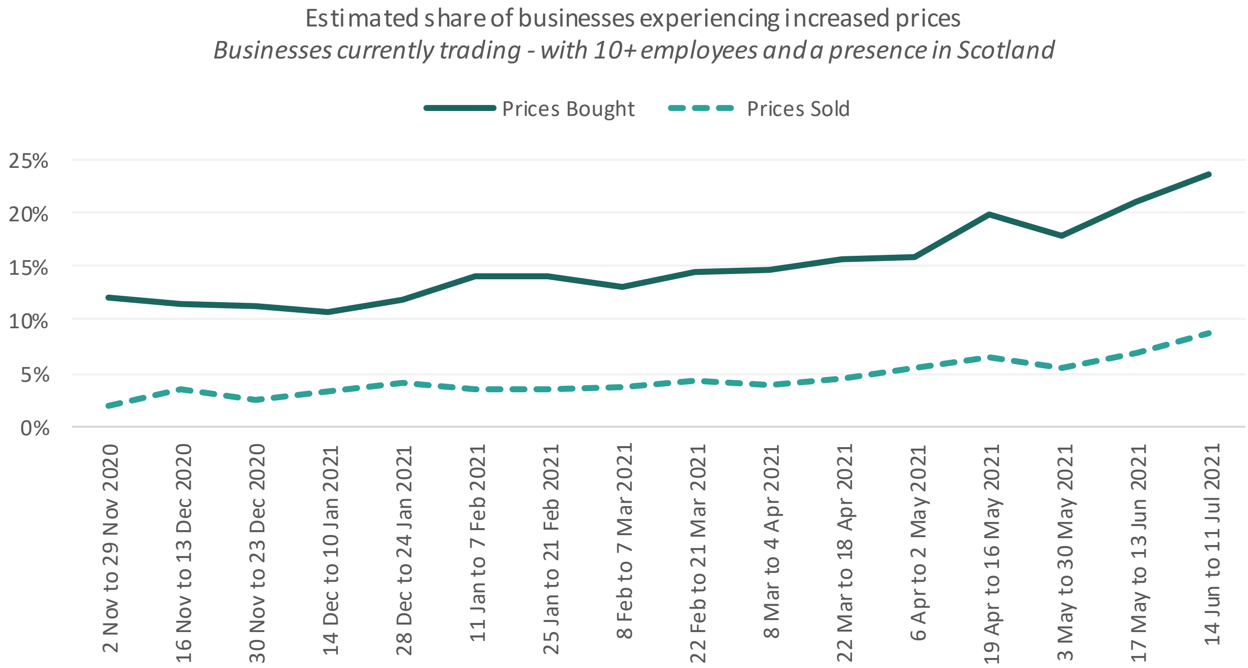
Prices Questions:

How did the prices of materials, goods or services bought by your business change in the last two weeks, compared with normal price fluctuations?

How did the prices of goods or services sold by your business change in the last two weeks, compared with normal fluctuations?

- Prices increased more than normal
- Prices decreased more than normal
- Some prices increased, some prices decreased
- Prices did not change any more than normal
- Not sure

Figure 6: In the latest period, 23.6% of currently trading businesses reported that the prices of materials, goods or services bought had increased by more than normal price fluctuations. By contrast, only 8.8% of businesses currently trading reported that they had increased the price of goods or services sold.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 18 to Wave 34

In the latest period, the industry sectors with the highest proportion of businesses reporting increases in prices of materials, goods and services bought were Construction (59.6%) and Manufacturing (34.9%).

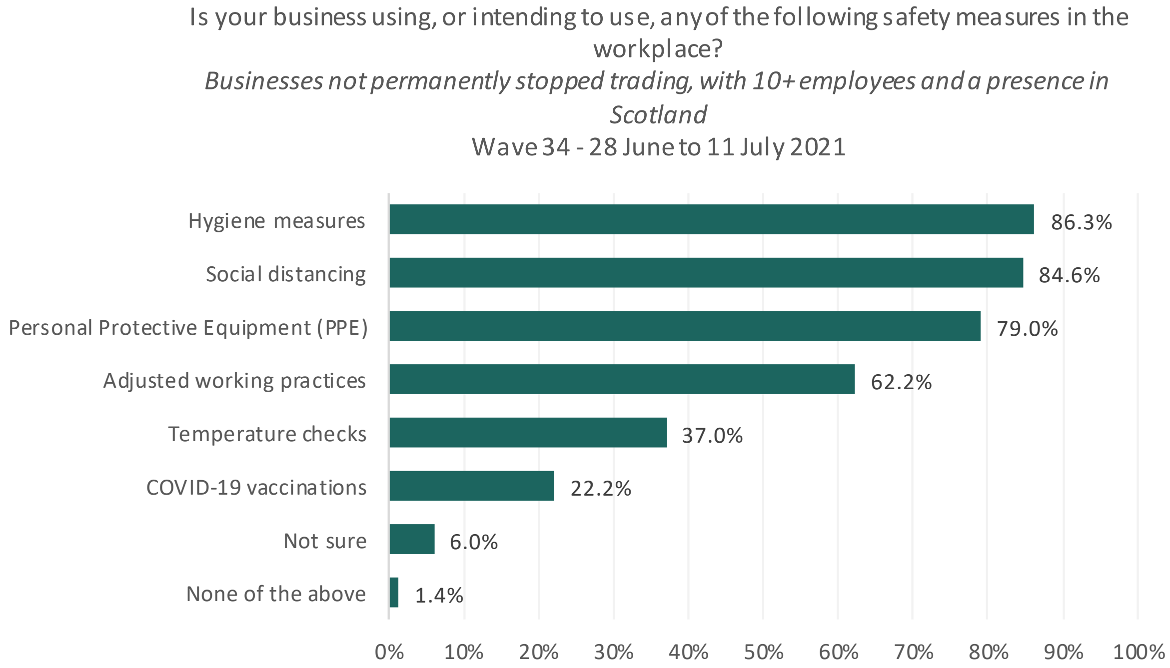
Safety Measures

The BICS asks businesses that have not permanently stopped trading (i.e. 'Currently Trading' or 'Paused Trading'), whether they are using, or intending to use, any safety measures in the workplace– the specific question asked is shown below. Businesses were asked about their safety measures at the time of completion of the survey questionnaire (28 June to 11 July 2021 in Wave 34).

Question: Is your business using, or intending to use, any of the following safety measures in the workplace?

- Adjusted working practices
- COVID-19 vaccinations
- Hygiene measures
- Personal Protective Equipment (PPE)
- Social distancing
- Temperature checks
- None of the above
- Not sure

Figure 7: Hygiene measures (86.3%), social distancing (84.6%) and Personal Protective Equipment (PPE) (79.0%) continue to be the workplace safety measures most frequently reported by businesses.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates –Wave 34

The proportion of businesses reporting that they are providing regular workforce coronavirus (COVID-19) testing has increased from 20.1% in Wave 32 to 22.1% in Wave 34. And the share of the workforce, in these businesses, receiving testing has increased from 73.5% in Wave 32 to 79.8% in Wave 34.

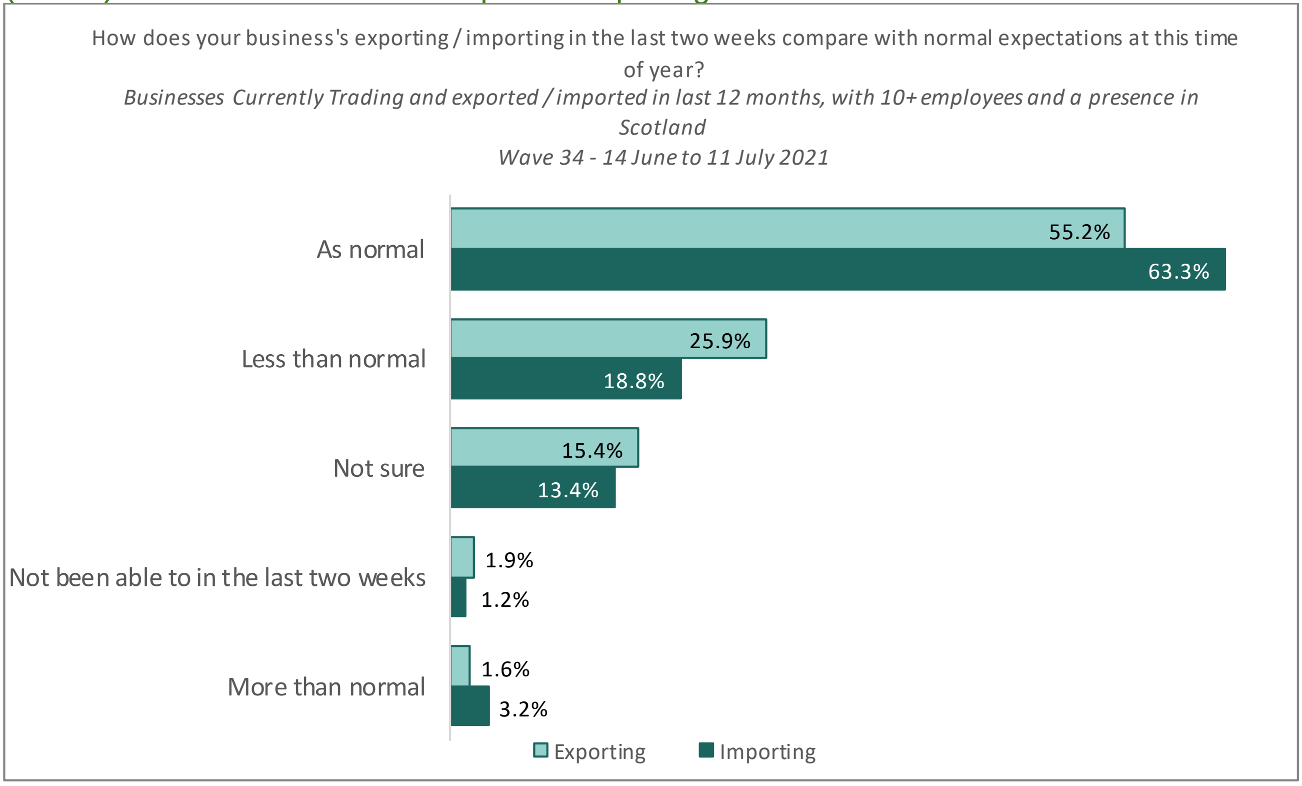
Exporting and importing challenges

The BICS asks businesses that are currently trading about how current conditions, including the end of the EU transition period, have impacted on their exporting and importing – the specific questions asked are shown below.

Question: How does your business's exporting / importing in the last two weeks compare with normal expectations for this time of year?

- Exporting / importing more than normal
- Exporting / importing as normal
- Exporting / importing, but less than normal
- Not been able to export / import in the last two weeks
- Not sure

Figure 8: In the latest period, of businesses currently trading that have exported in the last 12 months, around a quarter (25.9%) reported exporting less than normal, and almost a fifth (18.8%) of relevant businesses reported importing less than normal.

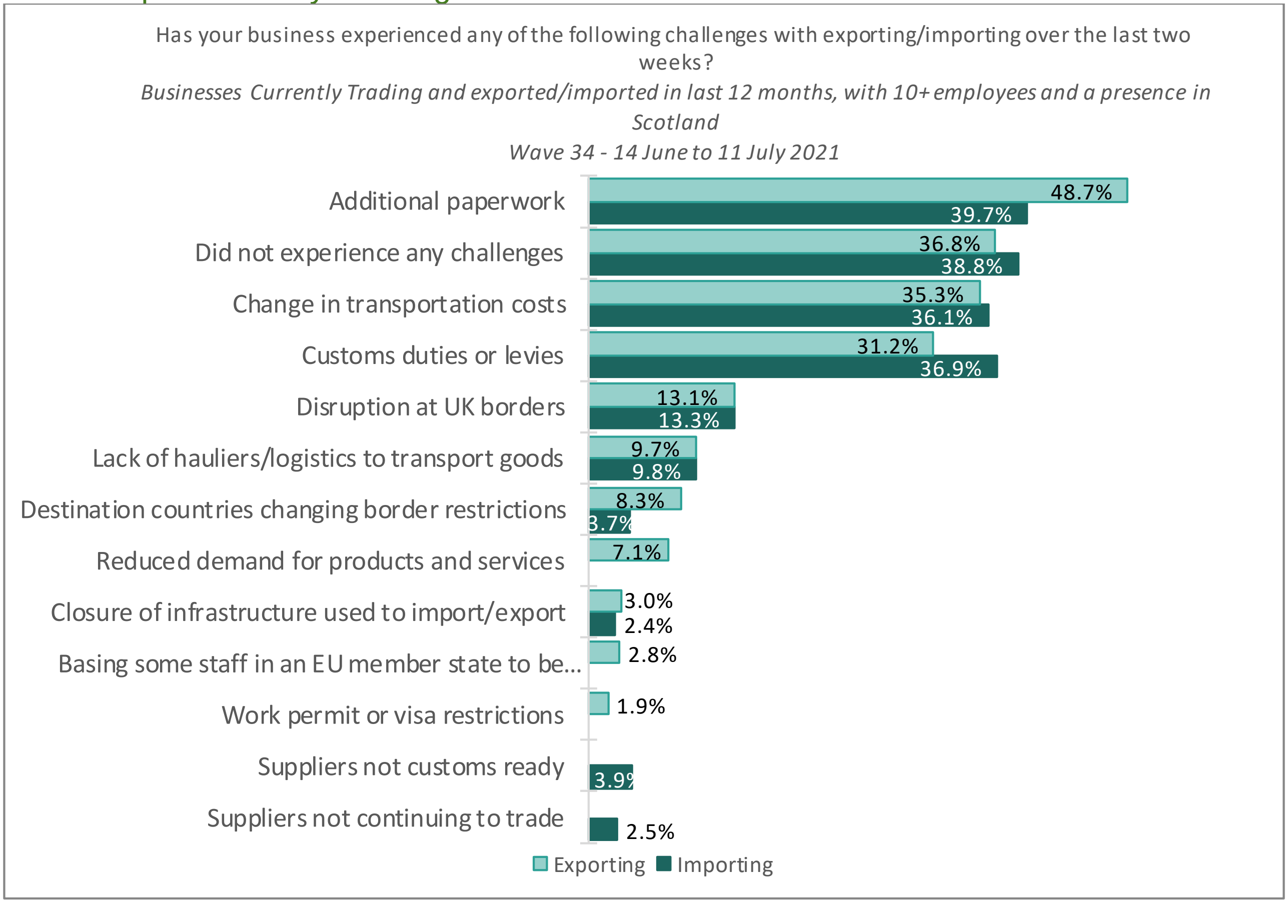


Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 34

The percentage of relevant businesses reporting that they are exporting less than normal has been gradually decreasing since January (38.2% in Wave 23), although remains higher than December 2020 levels (15.8% in Wave 21). For importing, the percentage of businesses reporting that they are importing less than normal has generally been declining since January (33.5% in Wave 23).

Currently trading businesses that have imported or exported in the last 12 months, and who reported on their exporting or importing in the last two weeks, were asked about the challenges they had experienced in doing so.

Figure 9: The most commonly reported challenge continues to be additional paperwork, with 48.7% of relevant companies reporting this as an exporting challenge and 39.7% reporting this as an importing challenge. The other main challenges were change in transportation costs and customs duties or levies. However, 36.8% of exporters and 38.8% of importers did not experience any challenges.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 34

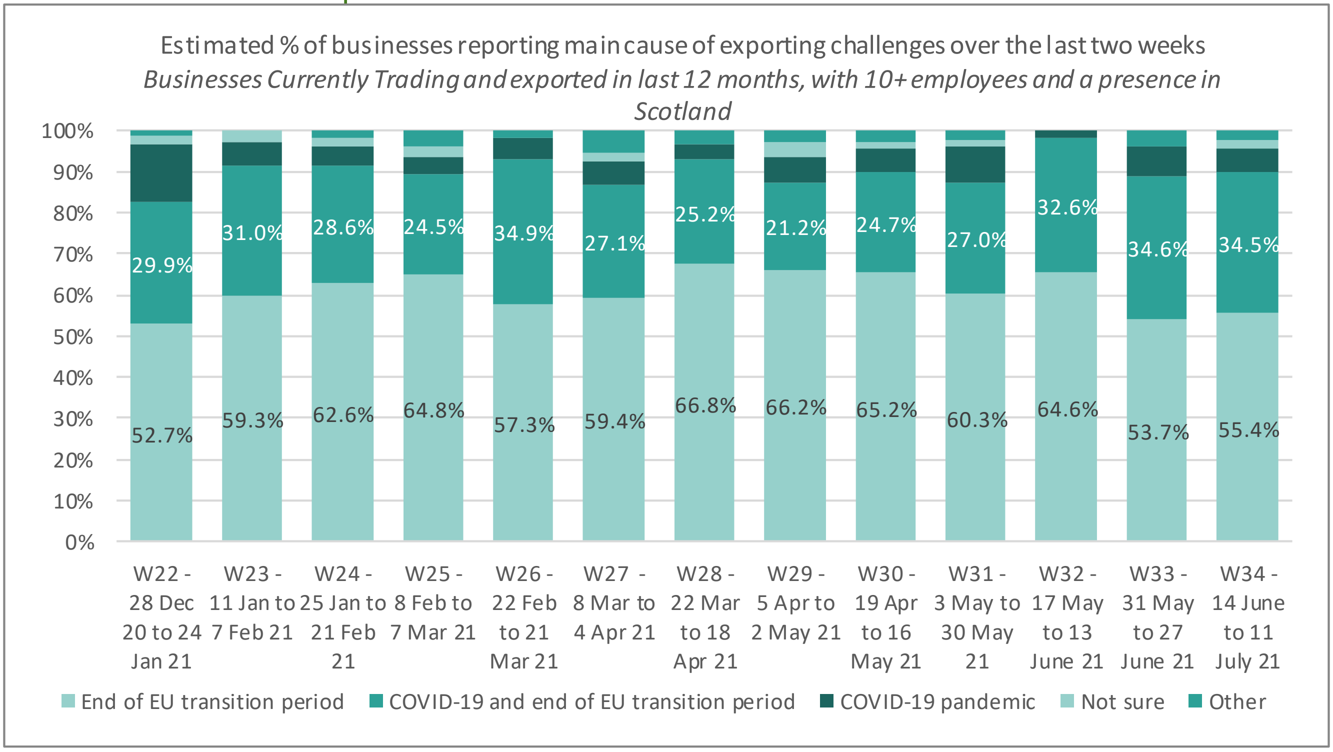
The percentage of companies reporting no challenges with exporting and importing has remained broadly unchanged since February (Wave 25), and remains at a lower level than in January 2020 (53.6% for exporting and 58.3% for importing in Wave 22).

Companies that reported experiencing challenges with exporting in the last two weeks were asked about the main cause of these challenges.

Question: What was the main cause of these exporting challenges?

- Coronavirus (COVID-19) pandemic
- End of the EU transition period
- Coronavirus (COVID-19) pandemic and the end of the EU transition period
- Other
- Not sure

Figure 10: EU exit continues to be an issue for exporting, with over half (55.4%) of relevant companies reporting this as the main cause of their exporting challenges in the latest period, while a further 34.5% reported this combined with COVID-19.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Waves 22 to 34

Of the businesses experiencing challenges to exporting, 8.9% reported severe disruption, 36.0% reported moderate disruption, 47.7% reported low disruption, and 4.4% reported no disruption to exporting. In terms of importing, 5.5% of relevant businesses reported severe disruption, 37.2% reported moderate disruption, 53.9% reported low disruption, and 3.2% reported no disruption to importing. Since early May (Wave 29), the percentage of relevant businesses reporting severe disruption to exporting has been rising, although this has slightly decreased since late June (10.9% in Wave 33). However, the percentage of relevant businesses reporting severe disruption to exporting remains below March levels (14.7% in Wave 26).

Relevant businesses who experienced exporting challenges were also asked about support options their business has benefitted from to help with these challenges.

Question: Which of the following support options has your business benefitted from, to help with exporting challenges?

- Customs and tariffs
- Export licenses
- Financial support
- Finding new markets
- Finding new overseas contacts or customers
- Legal issues
- Transport and distribution
- Understanding markets and demand issues
- Other
- None of the above

The most commonly reported options continue to be customs and tariffs (16.1%) and transport and distribution (10.2%). However the majority (75.6%) said 'none of the above'.

Businesses were asked if they had changed where they exported goods or services to in the last two weeks and the majority (89.3%) of relevant exporting businesses reported making no changes. Similarly, the majority (88.0%) of relevant businesses reported making no changes to where they sourced their imports of goods and services.

In terms of accessing tariffs, relevant businesses were asked if they currently use rules of origin to access lower or zero tariffs on exports and over a third (35.2%) reported that they did not, while 10.1% reported using rules of origin for both EU and non-EU countries, 6.5% to EU countries, 1.0% to non EU countries, and the rest (47.2%) were unsure. The percentage of relevant businesses reporting using rules of origin to access lower or zero tariffs to EU countries has slightly increased since early May (4.3% in Wave 30).

An Experimental Statistics Publication for Scotland

Experimental statistics are a subset of newly developed or innovative statistics undergoing evaluation. They are published to involve users and stakeholders in the assessment of their suitability and quality at an early stage.

The Office for Statistics Regulation publishes guidance on experimental statistics here. The Scottish Government is developing these estimates on an ongoing basis, and is grateful to the ONS which has shared the BICS data.

We welcome any feedback on the development of these statistics, using the contact details below.

Correspondence and enquiries

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