

## BUSINESS AND ENERGY

### Business Insights and Conditions Survey (BICS) Weighted Scotland Estimates - Data to Wave 33

9 July 2021

This is the 21<sup>st</sup> 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 14 June to 27 June 2021, the share of businesses 'currently trading' was estimated at 97.8% - the highest share of businesses currently trading since comparable estimates began in June 2020.
- The Accommodation & Food Services and Arts, Entertainment & Recreation industry sectors continued to have the lowest shares of businesses 'currently trading' - estimated at 91.8% and 95.3% respectively. However, compared to the previous fortnight, the share of businesses currently trading increased for both of these sectors.
- The share of the workforce on furlough leave was estimated at 7.1% in the period 31 May to 27 June 2021 – down from 8.1% in the previous period and the lowest rate since comparable estimates began in June 2020.
- The Transport and Storage industry sector had the highest share of the workforce on furlough leave - estimated at 23.8%. The share of the workforce on furlough leave in Arts, Entertainment & Recreation industry decreased from 30.2% in the previous period to 21.7% in the latest period.
- In the period 31 May to 27 June 2021, a 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 – Arts, Entertainment & Recreation (estimated at 71.8%) and Accommodation & Food Services (estimated at 65.0%).
- In the latest period, of businesses currently trading that have exported in the last 12 months, 26.4% reported exporting less than normal, and 19.5% 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.<sup>1</sup> 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<sup>2</sup>, 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 9,645 businesses responded to the Wave 33 BICS UK-wide – 1,298 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 1,198 responding businesses in Wave 33. 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'.

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<sup>1</sup> Note that on the 25th of May 2021 ONS published [Understanding the business impacts of local and national restrictions, UK: May 2021 - Office for National Statistics](#) – this provides an analysis of weighted data for areas within the UK (including Scotland). This latest ONS sub-national analysis is based on businesses that are single sites and so multi-site businesses are excluded. This differs to the approach taken for the Scottish Government estimates presented here which include single site and multi-site businesses, but the Scottish Government estimates are constrained to businesses with 10 or more employees.

<sup>2</sup> The BICS microdata can be accessed, by accredited researchers, via the [Secure Research Service \(SRS\)](#).

## Trading Status

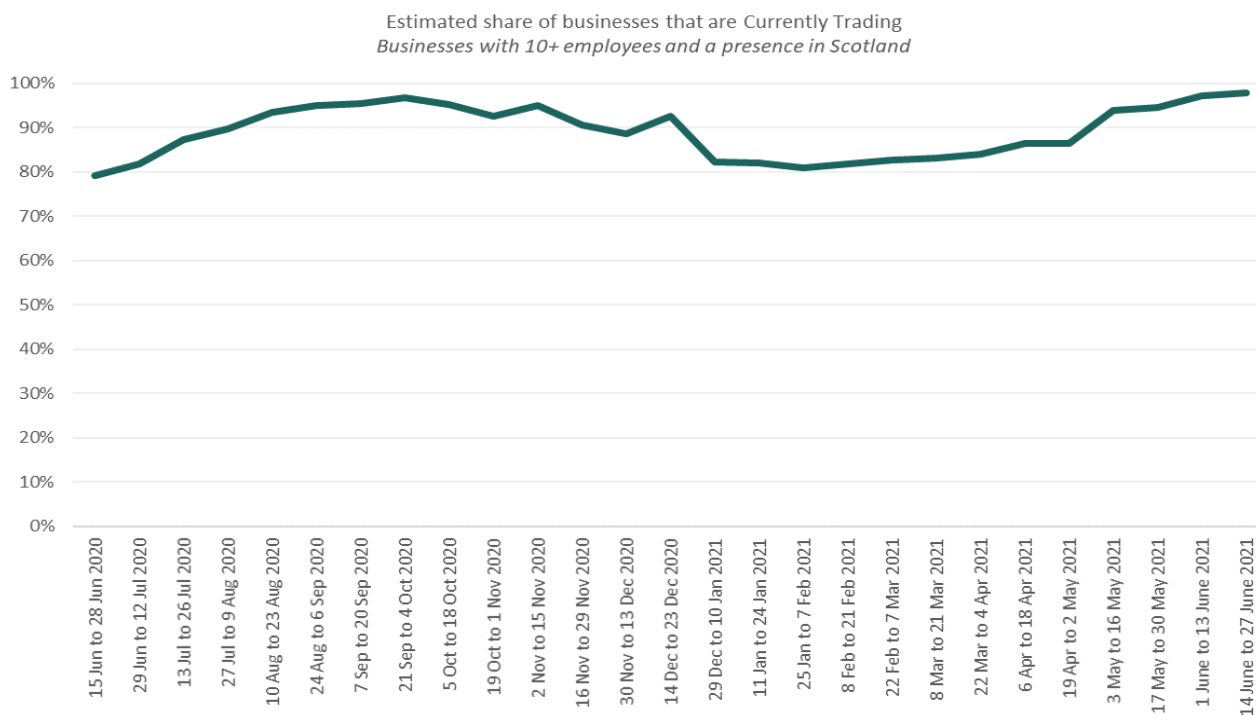
The BICS asks businesses about their trading status: the specific question<sup>3</sup> asked is shown below. Businesses were asked for their current trading status at the time of completion of the survey questionnaire (14 June to 27 June 2021 in Wave 33).

**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 14 June to 27 June 2021, the share of businesses 'currently trading' was estimated at 97.8% - the highest share of businesses currently trading since comparable estimates began in June 2020.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 7 to Wave 33

<sup>3</sup> 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 Arts, Entertainment & Recreation industry sectors continued to have the lowest shares of businesses 'currently trading' - estimated at 91.8% and 95.3% respectively. However, compared to the previous fortnight, the share of businesses currently trading increased for both of these sectors.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33

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 (14 June to 27 June 2021 for Wave 33) with the full question reference period (looking back at the last two weeks) covering 31 May to 27 June 2021 for Wave 33.

**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 Wave 33 the response options for this question changed: the 'On sick leave or not working due to coronavirus (COVID-19), self-isolation or quarantine' option has been dropped. 'Mainly working at the same place they were working before the pandemic' replaced

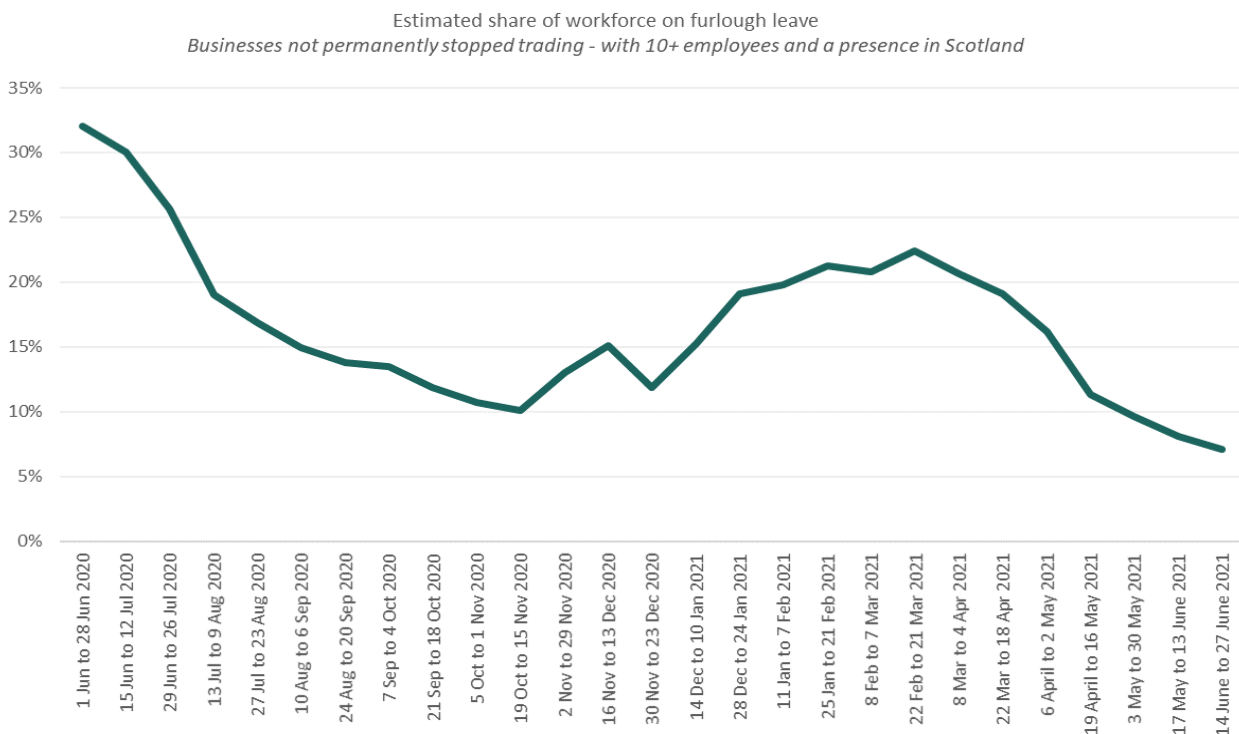
'Working at their normal place of work' and 'Mainly working from home, instead of where they were working before the pandemic' replaced 'Working remotely instead of at their normal place of work'.

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 41.9% of businesses that were currently trading had some share of their workforce on furlough leave in the period 31 May to 27 June 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').

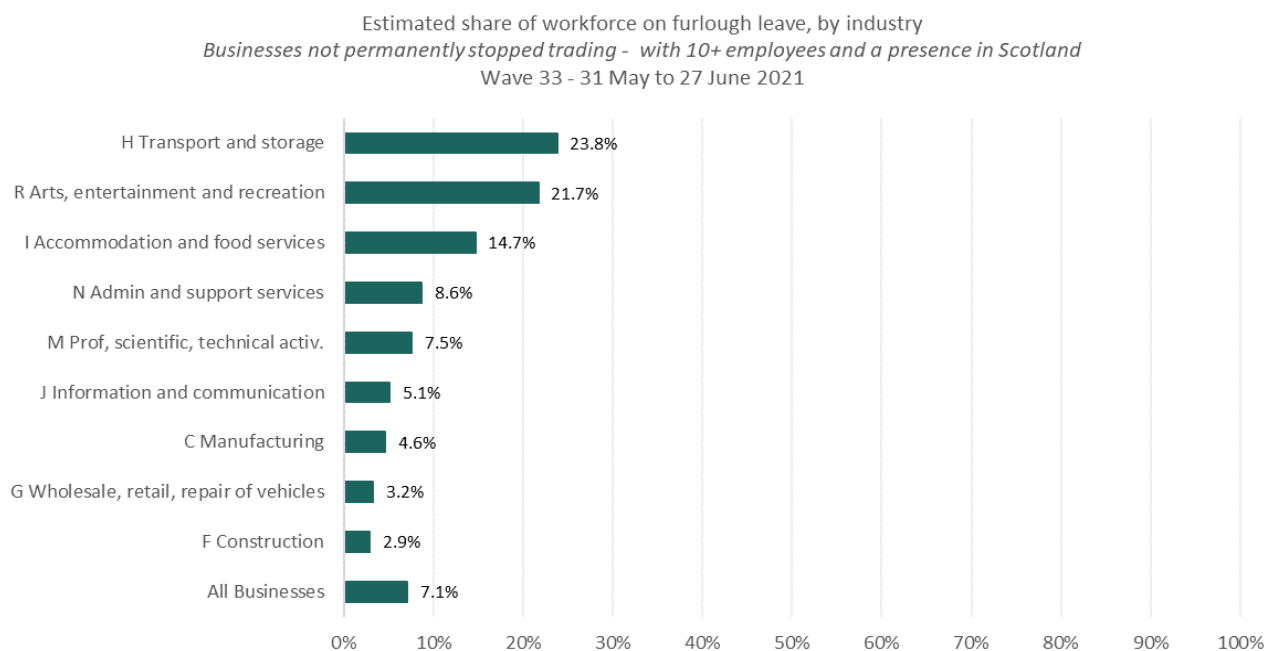
Another way to consider the workforce status question is to look at the share of the workforce that is furloughed. The workforce proportions are based on the responses provided by businesses. These are then applied to employment (in Scottish units) recorded for each reporting unit on the [Inter-Departmental 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 7.1% in the period 31 May to 27 June 2021 – down from 8.1% 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 33

Figure 4: The Transport & Storage industry sector had the highest share of the workforce on furlough leave - estimated at 23.8%. The share of the workforce on furlough leave in the Arts, Entertainment & Recreation industry decreased from 30.2% in the previous period to 21.7% in the latest period.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33

## Financial Performance

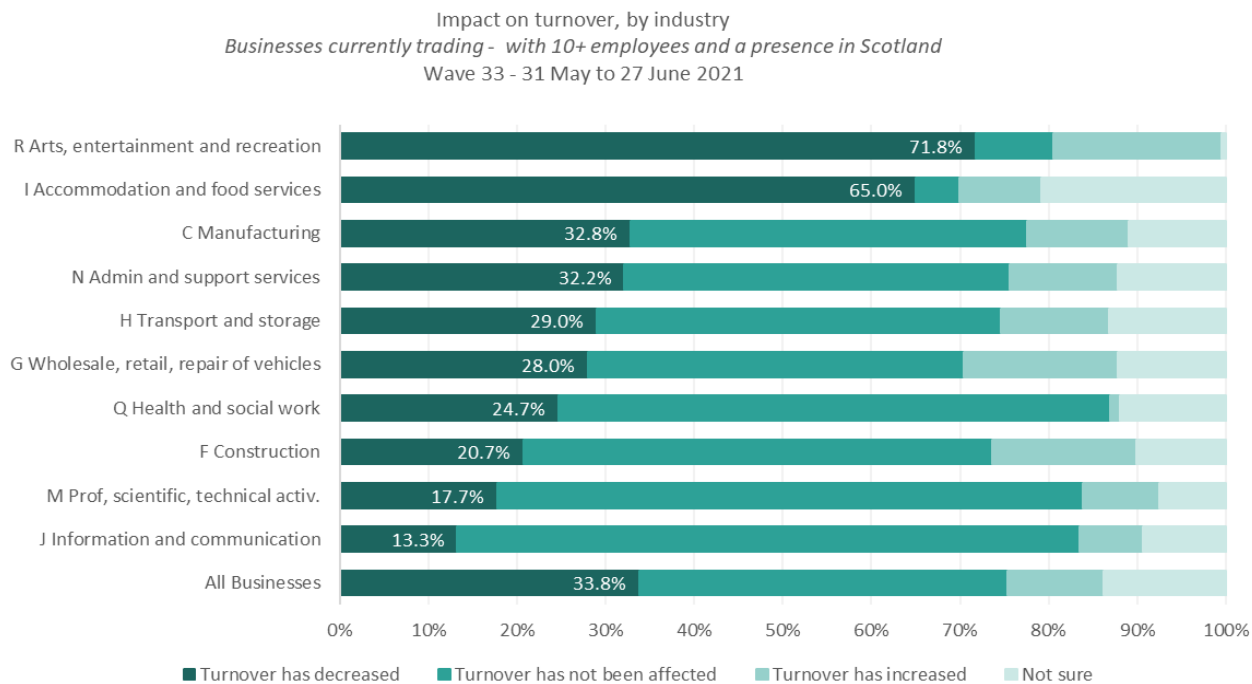
The BICS asks businesses, that are currently trading, about how turnover compares to business as usual - the specific question asked is shown below. Note that businesses were asked about the status of their turnover in the last two weeks and so responses will be from the time of completion of the survey questionnaire (14 June to 27 June 2021 for Wave 33) with the full question reference period (looking back at the last two weeks) covering 31 May to 27 June 2021 for Wave 33.

**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 31 May to 27 June 2021, a 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 – Arts, Entertainment & Recreation (estimated at 71.8%) and Accommodation & Food Services (estimated at 65.0%).



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33

## Business Resilience

The BICS asks businesses, that had not permanently stopped trading (i.e. ‘Currently Trading’ or ‘Paused Trading’), about their cash flow - the specific question asked is shown below. Note that businesses were asked about cash flow from the time of completion of the survey questionnaire (14 June to 27 June 2021 for Wave 33).

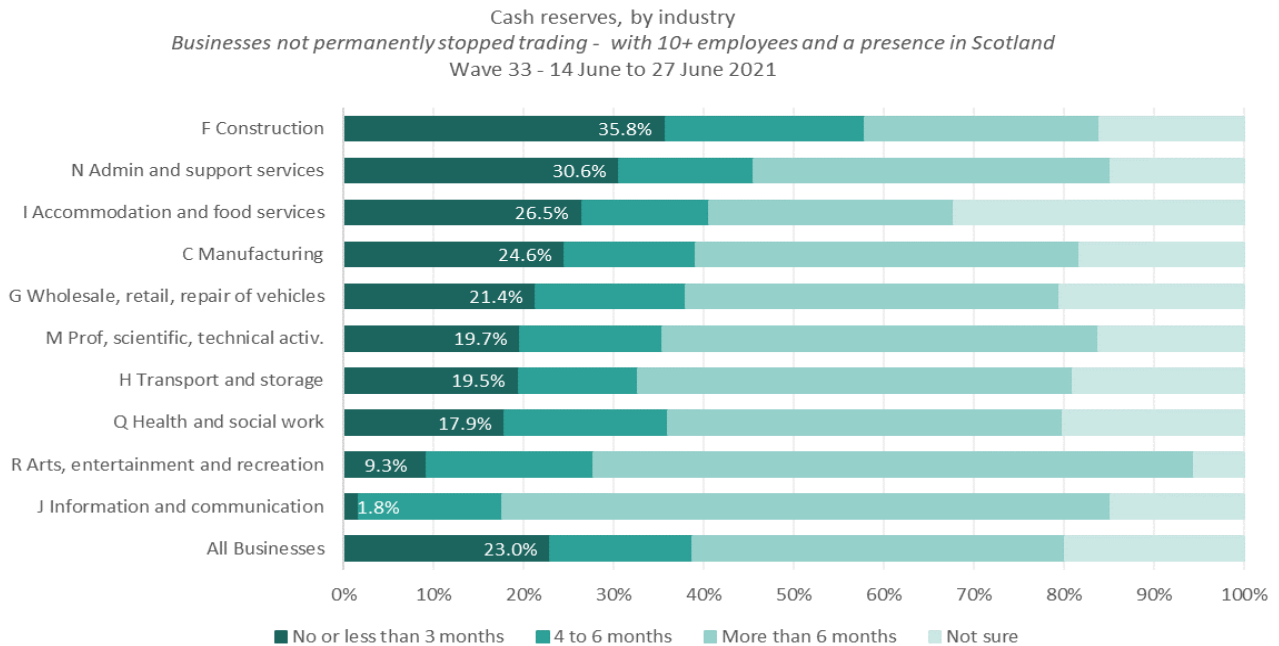
**Question:** How long do you think your business’s cash reserves will last?:

- No cash reserves
- Less than 1 month
- 1 to 3 months
- 4 to 6 months
- More than 6 months
- Not sure

For presentational purposes, cash reserve categories less than three months have been combined. The breakdowns of these categories are available in the detailed data tables.



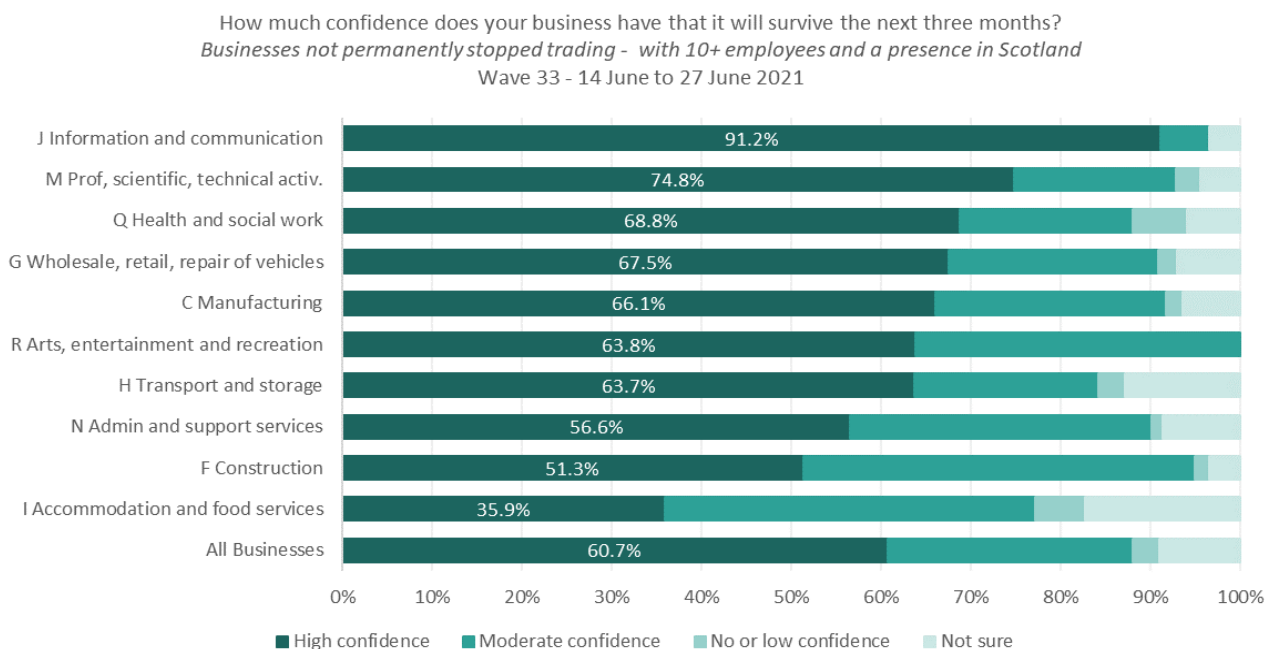
Figure 6: In the latest period, 23.0% of businesses reported they had no or less than three months cash reserves, with the highest rates for Construction (estimated at 35.8%) and Administrative & Support Services (estimated at 30.6%).



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33

In Wave 33, businesses that had not permanently stopped trading were also asked how much confidence they had that they would survive the next three months.

Figure 7: In the latest period, 60.7% of business reported that they had high confidence that their business would survive the next three months. The rate was lowest for the Accommodation and Food Services sector (estimated at 35.9%). 3.0% of businesses reported that they had no or low confidence that their business would survive the next three months, with the highest rate for Health and Social Work (estimated at 6.0%).



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33



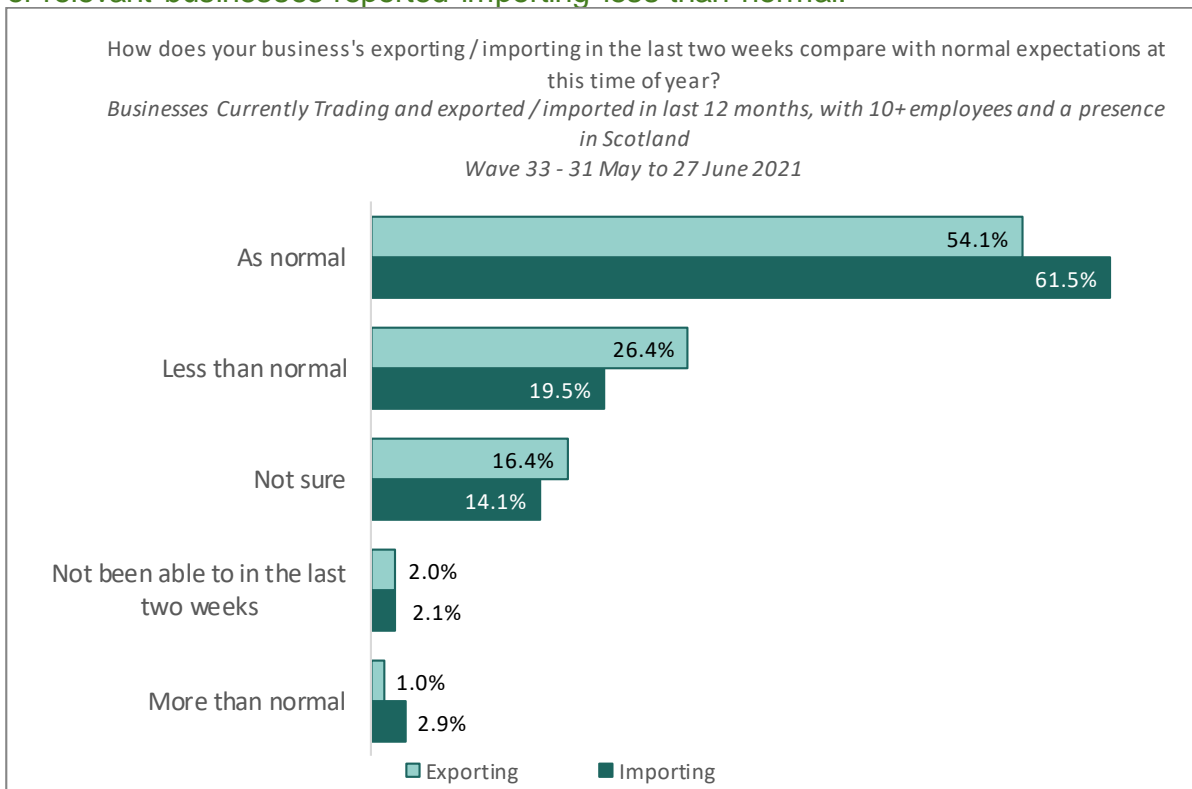
## Exporting and importing challenges

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, over a quarter (26.4%) reported exporting less than normal, and a fifth (19.5%) of relevant businesses reported importing less than normal.

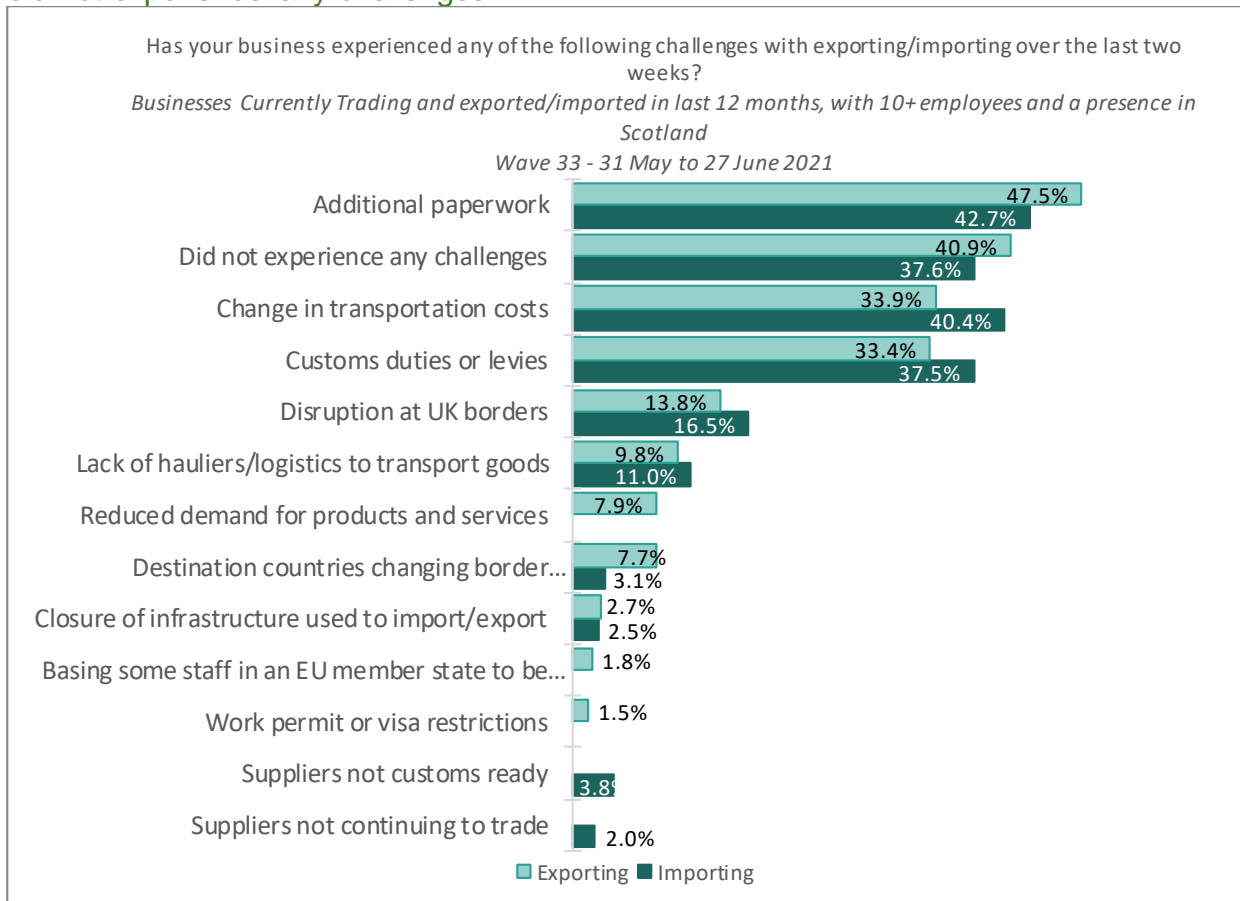


Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33

The percentage of relevant businesses reporting that they are exporting less than normal has remained broadly stable in recent months and remains at a higher level than December 2020 (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, although has increased since the last wave (16.6% in Wave 32).

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 47.5% of relevant companies reporting this as an exporting challenge and 42.7% reporting this as an importing challenge. The other main challenges were change in transportation costs and customs duties or levies. However, 40.9% of exporters and 37.6% of importers did not experience any challenges.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33

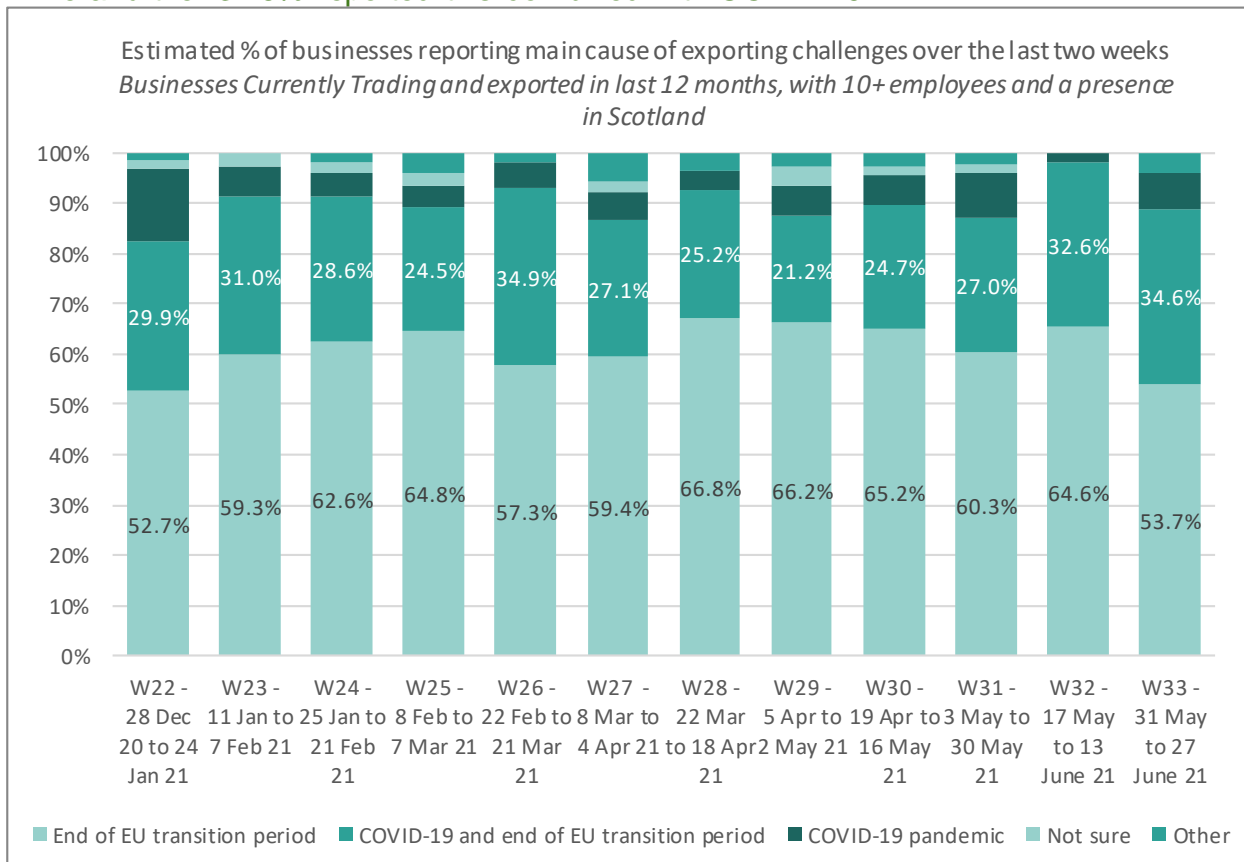
The percentage of companies reporting no challenges with exporting and importing has remained broadly unchanged since February (Wave 25), and remains at a lower level than in January 2020 (53.6% for exporting and 58.3% for importing in Wave 22).

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 (53.7%) of relevant companies reporting this as the main cause of their exporting challenges in the latest period, while a further 34.6% reported this combined with COVID-19.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Waves 22 to 33

Of the businesses experiencing challenges, 38.7% reported moderate disruption to exporting and 44.7% reported moderate disruption to importing. In terms of severe disruption, 10.9% of relevant businesses reported severe disruption to exporting, and 8.6% reported severe disruption to importing. Since early May (Wave 29), the percentage of relevant businesses reporting severe disruption to exporting has been increasing, but this 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, again, were customs and tariffs (17.6%) and transport and distribution (7.6%). However the majority (74.7%) 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 (91.3%) of relevant exporting businesses reported making no changes. Similarly, the majority (90.6%) of relevant businesses reported making no changes to where they sourced their imports of goods and services.

## Supply chains

The BICS asks businesses that have not permanently stopped trading, about supply chains and the impact of the end of the EU transition period.

**Question:** Has your business made changes to supply chains due to the end of the EU transition period?

- Yes
- No
- Not sure
- Not applicable

Note for the results for this question, we have excluded 'not applicable' responses from the analysis.

The majority of applicable businesses (77.7%) reported not making any changes to supply chains due to the end of the EU transition period. Of the businesses that had made changes due to the end of the EU transition period, almost half (46.5%) reported doing so as a result of the new UK trade agreement. The main changes to supply chains were using more UK suppliers (reported by 45.3% of relevant businesses), increasing the diversity in suppliers (reported by 29.2% of relevant businesses), and using more non-EU suppliers (reported by 16.8% of relevant businesses).

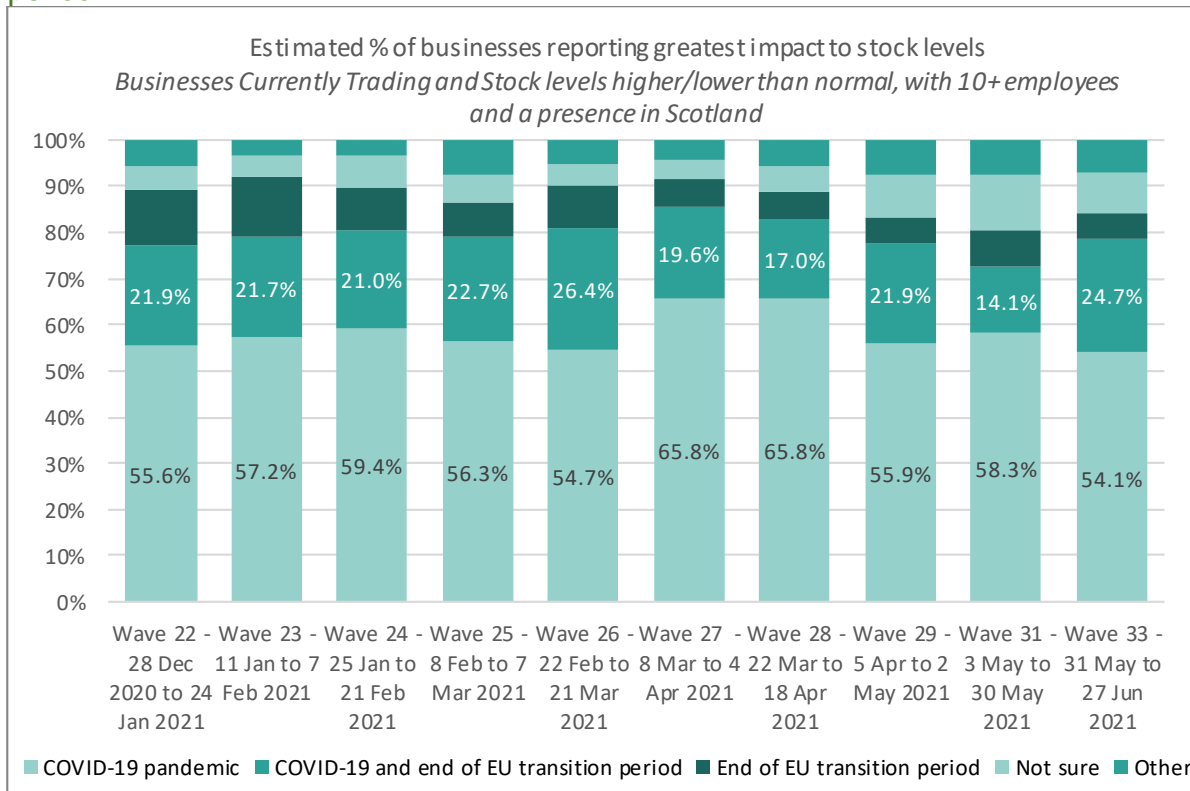
In terms of accessing materials, 79.0% of applicable businesses who had not permanently stopped trading reported that they were able to get the materials, goods or services they needed from the EU in the past two weeks, but 12.9% reported that the business had to change suppliers or find alternative solutions, and a further 8.1% reported that they had not been able to get the materials, goods, or services needed. Companies reporting that they are able to access the materials they need has been declining since May 2021 (84.6% in Wave 31), and companies reporting that they have not been able to access materials has slightly increased since the previous wave (5.0% in Wave 32).

Businesses currently trading were asked what has had the greatest impact to stock levels in the past two weeks.

**Question:** In the last two weeks, what has had the greatest impact to your business's stock levels?

- 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 11: The biggest factor impacting stock levels continues to be the COVID-19 pandemic, with 54.1% of businesses that reported stock levels as being higher or lower than normal reporting COVID-19 as having the greatest impact on stock levels in the current period.

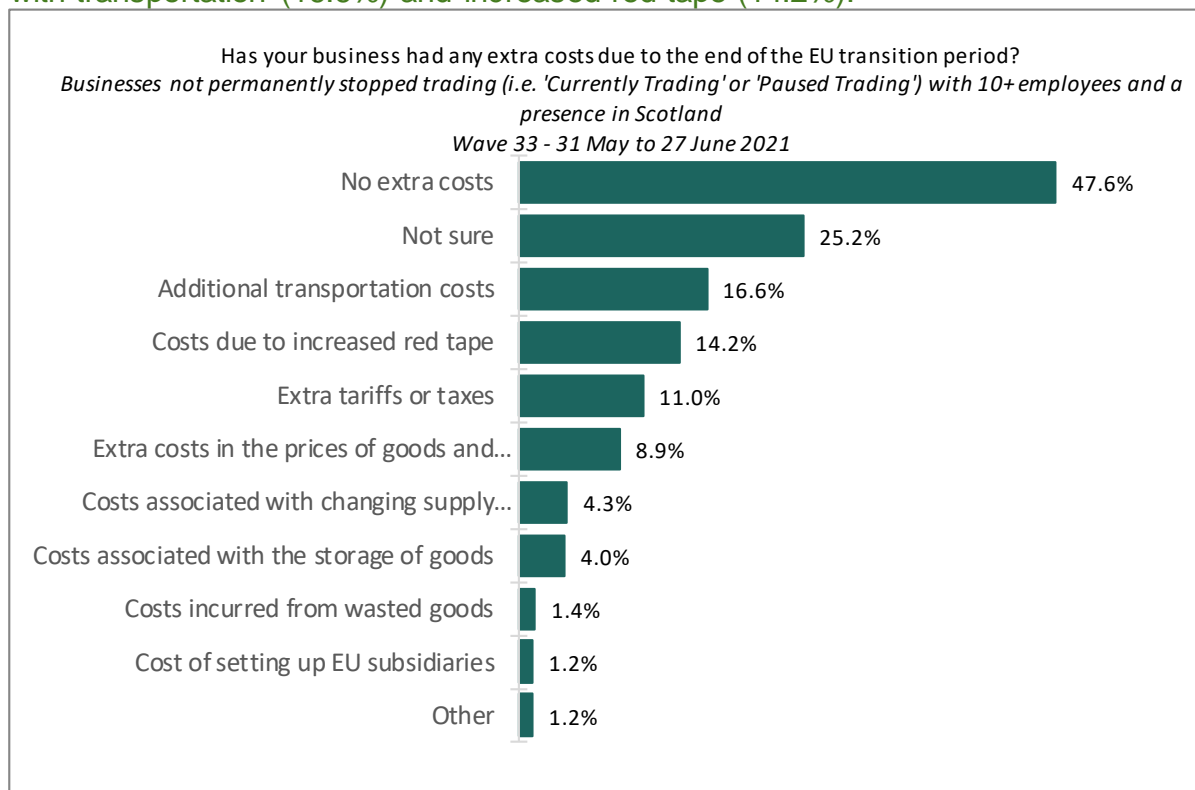


Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Waves 22 to 29, 31, 33

Businesses were also asked about stockpiling, and of businesses not permanently stopped trading, the majority of businesses (87.8%) reported that they are not stockpiling any goods or materials. Of the businesses reporting stockpiling, the majority (71.9%) sourced these goods or materials from UK suppliers, 43.2% sourced them from EU suppliers, 18.3% reported sourcing goods and materials from non-EU suppliers, and 1.1% were unsure. The main materials businesses reporting stockpiling were metals and materials (29.4%), manufacturing parts (20.9%), personal protective equipment (PPE) (9.9%), other consumer goods (7.4%), chemicals (7.2%), agricultural products (4.9%), and food (2.3%).

Businesses not permanently stopped trading were also asked if they had any extra costs due to the end of the EU transition period.

Figure 12: Of the relevant businesses, almost half (47.6%) reported incurring no extra costs in the latest period. The most commonly reported additional costs were those associated with transportation (16.6%) and increased red tape (14.2%).



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33

The proportion of relevant businesses reporting that they have incurred no extra costs has remained relatively stable since January. Additional transportation costs has been the mostly commonly reported in recent waves.

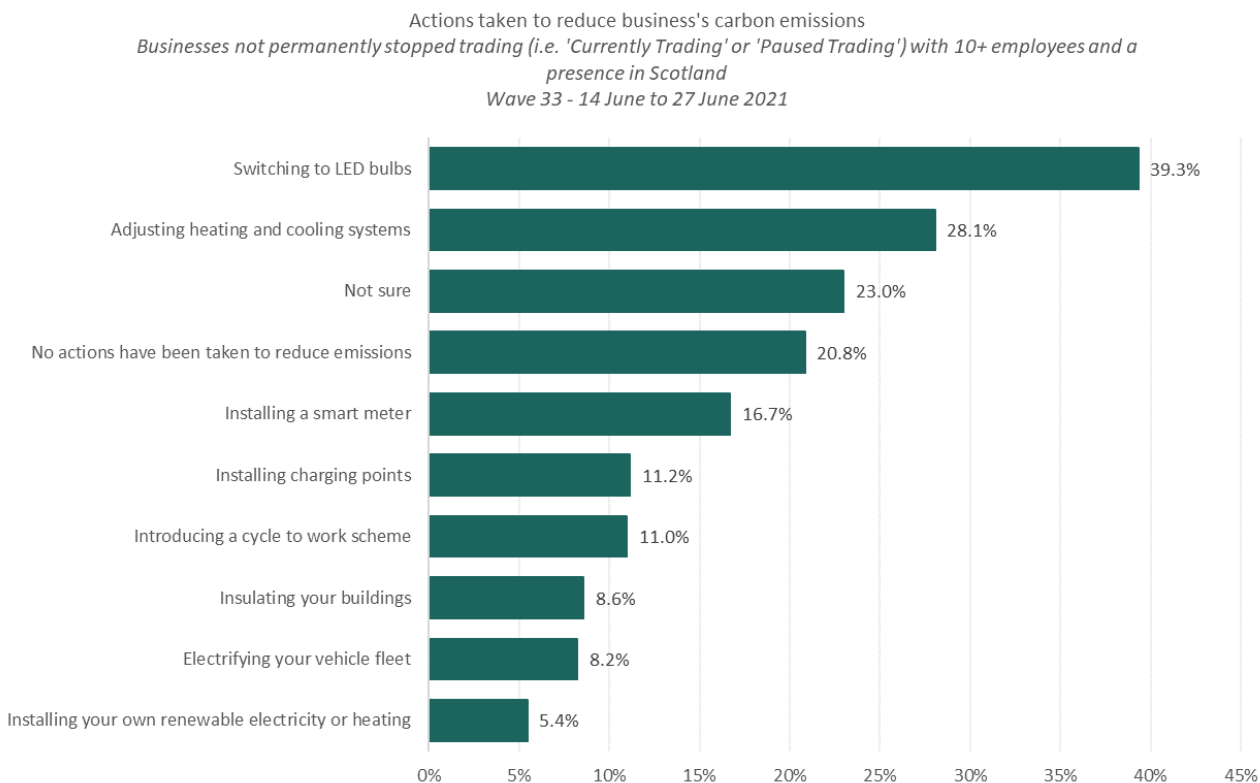
## Net Zero

The BICS asks businesses that have not permanently stopped trading (i.e. 'Currently Trading' or 'Paused Trading'), whether they have taken any actions to reduce the business's carbon emissions – the specific question asked is shown below. Businesses were asked about their actions at the time of completion of the survey questionnaire (14 June to 27 June 2021 in Wave 33).

**Question:** Which of the following actions, if any, have you taken to reduce your business's carbon emissions?

- Adjusting heating and cooling systems
- Electrifying your vehicle fleet
- Installing a smart meter
- Installing charging points
- Installing your own renewable electricity or heating
- Insulating your buildings
- Introducing a cycle to work scheme
- Switching to LED bulbs
- Not sure
- No actions have been taken to reduce emissions

Figure 13: Switching to LED bulbs (39.3%) and Adjusting heating and cooling systems (28.1%) were the actions most frequently reported by businesses in the period 14 June to 27 June 2021. One in five businesses reported that they had taken no actions to reduce their carbon emissions.



Source: Office for National Statistics – BICS – Weighted Scotland Estimates – Wave 33



## 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

For enquiries about this publication, please contact:

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