HIE BUSINESS PANEL

Wave 24: February/March 2023

Ipsos

HIE
Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean

EXECUTIVE SUMMARY (1)

Overview

This report presents findings from the most recent wave of the Highlands and Islands Enterprise business panel survey carried out in February and March 2023.

The survey took place against the backdrop of ongoing economic challenges. The cost of living and energy crises continued, along with the broader context of the ongoing Russia-Ukraine conflict, lingering impacts of COVID-19, and industrial action across the UK. In mid-February, the resignation of Scotland's First Minister was announced and the process of appointing a successor began.

Following two waves of a downward trend, this wave saw confidence in the economy increasing. However, while higher than the previous two waves, confidence was still lower than the levels seen 12 months ago

Business performance was mixed, but most said they had either performed well or had been fairly steady. While sales or turnover performance was also fairly mixed, this did not always translate into profit - businesses were more likely to report a decrease in profit margins than an increase.

In spite of the challenging economic circumstances, the majority of businesses were confident that they would still be viable in six months time. Over four in ten were investing in the business to help support their viability, while over one in ten were scaling back or reducing their operations to help them remain viable.

The top concern for businesses over the next six months was high and increasing costs. Businesses also mentioned ongoing economic uncertainty, profit margins, supply chain disruption, reduced customer demand, access to labour and depleted cash reserves among their top concerns.

The seasonal nature of many Highlands and Islands businesses was clear. Over half of businesses said they were strongly dependent on certain times of the year, and this rose to over nine in ten among tourism businesses. Summer months were the peak time of year for most, but this varied by sector (with spring and autumn months being particularly crucial for food and drink businesses, for example).

Around one in five businesses were actively taking steps to focus more on selling to domestic rather than overseas markets. This was being mainly driven by challenges with transportation, costs and a perception that the UK was a more reliable market to sell to.

On net zero, three quarters of businesses said they were well informed about their responsibilities in relation to climate change legislation. Around a third were already measuring their carbon emissions, or planning to within six months, while almost half were already reducing or planning to reduce their emissions. Among those that were not reducing emissions, the main reasons were that it was not relevant to them or not a priority for them.

Most businesses were taking or planning action in relation to the environmental impact of their operations, and over two thirds were doing so in relation to their premises. To help them lower emissions, businesses said they would benefit from financial support, access to energy efficient equipment, guidance on what changes to make and how, and help to access or adopt low carbon and digital technologies.

EXECUTIVE SUMMARY (2)

Optimism and performance

- **Confidence in the economic outlook for Scotland increased this wave: 50% of businesses were confident, while 48% were not.** Confidence levels were up on October/November 2022 and more in line with those seen in June/July 2022.
- **Reflecting on the past six months, 45% said their confidence had decreased, 8% said it had increased, and 46% said it had stayed the same.** Economic confidence was higher than the previous two waves, but still lower than the levels seen 12 months ago.
- **Views on business performance over the last six months were mixed**, with 29% saying their business had performed well, 43% saying their performance had been fairly steady and 26% saying they had struggled.
- **Over the past six months, sales or turnover performance was mixed** (29% said it had increased, 27% decreased, and 42% remained the same). **Businesses had performed better on sales or turnover than on profit** (15% said profit margins had increased, 42% decreased, and 40% remained the same). Employment and exports performance had remained relatively stable.
- **Over half (54%) of businesses were strongly dependent on a certain time of year or times of the year for their operations,** rising to 91% among tourism and 70% among food and drink businesses.
- **Of these, over half (54%) said that summer months were most crucial to them.** Just over a quarter (26%) mentioned spring, almost a quarter (23%) autumn and one in ten (11%) winter months.

Business structure

- **Among employers, over two-thirds (68%) described themselves as family-owned,** while 6% were employee-owned (with employees owning a majority of the shares). Just over one-in-ten (11%) businesses were women-led, and 4% described themselves as a social enterprise.

Markets

- **Three quarters (75%) of businesses were importers** (sourcing goods from outside Scotland): 72% importing from the rest of the UK and 31% from outside the UK. The majority of businesses (87%) sourced goods and materials from Scotland.
- While the proportion of importers was similar to the last survey wave, **the proportion of those importing from outside the UK has decreased since June/July 2021** (from 39% to 31%).
- **The main factors influencing supply decisions were cost (76%) and quality of goods or materials (72%)** followed by supporting local businesses (57%) and speed or ease of access (52%).
- **Half (50%) of businesses were exporters** (selling to markets outside Scotland), with 48% selling to the rest of UK and 28% outside the UK. Findings were in line with the previous wave, but **the proportion of exporters remained lower than that in June/July 2021 (62%).**
- **A quarter (25%) of exporters were taking steps to focus more on selling within the UK instead of outside the UK.** The main reasons were: challenges transporting goods and services (35%), feeling that the UK market was more reliable (35%) and cost (32%).

EXECUTIVE SUMMARY (3)

Viability

- **The majority (85%) of businesses were confident they would be viable over the next six months, while 14% were not.** Confidence was in line with the previous wave (Oct/Nov 2022) when 85% were confident and 15% were not.

- **To help businesses remain financially viable, over four in ten (43%) were investing in the business, with 24% investing to support growth, and 19% investing to maintain performance.** Over a third (37%) were making no significant changes, while 16% were scaling back or reducing their operations.

- **The top concern for businesses over the next six months was high and increasing costs (74%).** Other concerns included ongoing economic uncertainty (30%), lower or no profit margins (23%), supply chain disruption (20%), reduced customer demand (19%), access to labour (17%) and depleted cash reserves (17%). One in five (19%) businesses were concerned about wellbeing or burnout for themselves (10%) or their staff (9%).

- **Concerns varied between sectors,** with tourism businesses more concerned about keeping pace with regulatory change, and food and drink businesses concerned about costs and profit margins. Customer demand and staff wellbeing were more of a concern for financial and business services, and economic uncertainty for creative industries businesses.

- **Businesses that had struggled, were not confident in their viability, or who were scaling back their operations were all more likely than average to be concerned about profit margins and depleted cash reserves.** Those that had performed well and were investing in the business were more likely to be concerned about access to labour.

EXECUTIVE SUMMARY (4)

Net zero

- **Three quarters (74%) of businesses said they were well informed about their responsibilities in relation to climate change legislation, while 23% were not.**
- **Just over a third (34%) of businesses were either already measuring their carbon emissions (27%) or intending to within six months (7%).** Almost a quarter (24%) intended to but with no set timeframe, and 34% did not intend to.
- **Almost half (47%) were already reducing emissions (40%) or intending to within six months (7%).** Almost a quarter (23%) planned to but without a timescale and 22% had no plans to.
- **One in five (20%) were neither measuring nor reducing their emissions, and did not intend to do either**. Those not intending to do each of these were more likely to be small businesses (0-4 staff), not well informed about their responsibilities and making no significant changes to remain viable.
- **Among those that were taking or planning action to reduce their emissions, 84% had resources or plans in place to support this. The most common of these was access to external advice or support (60%)**, followed by sustainability or low carbon policies (41%), internal expertise (36%), reduction targets (29%), an internal budget (27%) and a formal written plan (23%).
- **Among businesses that were not reducing or planning to reduce their emissions, half (49%) said this was not relevant to their business** and almost a quarter (23%) said it was not a priority for them right now.
- **Over two thirds (68%) of businesses were taking action in relation to the energy efficiency of their premises, or planning to do so within six months.** The most common action being taken/planned was surveying premises for energy efficiency (50%), followed by using smart sensors, thermostatic controls or other mechanisms (48%), improving the thermal efficiency of buildings (42%), and using low carbon or renewable energy sources (41%).
- **The majority (95%) of businesses were taking action related to the environmental impacts of their operations, or planning to within six months.** The most common actions being taken/planned were using locally sourced services and supplies (84%) and recycling, re-using or re-purposing by-products (83%). This was followed by using more energy efficient equipment (54%), less carbon intensive materials (40%), greener sources of transport (29%), offsetting carbon emissions (21%), monitoring emissions in supply chains (17%) and reducing international trade (11%).
- **The factor that would most help businesses lower their emissions was financial support (62%)** followed by access to energy efficient equipment (58%), guidance on what changes to make and how (50%) and help to access or adopt low carbon and digital technologies (50%).
- **Just over one in ten (12%) businesses had accessed support from Business Energy Scotland**, with 11% having accessed advice or guidance and 4% an interest free loan.

A. INTRODUCTION

INTRODUCTION

Introduction

This report presents findings from wave 24 of the Highlands and Islands Enterprise (HIE) Business Panel survey. The survey fieldwork was conducted between 6 February and 13 March 2023, using telephone interviewing. In total 1,006 eligible interviews with businesses and social enterprises across the Highlands and Islands were achieved.

The survey covered a range of topics including: economic optimism, business performance, markets, viability and net zero.

Context for this wave

The survey took place against the backdrop of ongoing economic challenges. The cost of living and energy crises continued, along with the broader context of the ongoing Russia-Ukraine conflict, lingering impacts of COVID-19, and industrial action across the UK.

The political landscape in Scotland also changed during survey fieldwork. In mid-February, the resignation of Scotland's First Minister was announced and the process of appointing a successor began.

As well as understanding the impacts of the broader economic context on businesses in the region, this wave HIE sought to build on finding emerging from previous waves, particularly in relation to markets of operation and net zero.

About the HIE Business Panel Survey

The HIE Business Panel was established to measure and monitor the economic health of the region through the experiences and opinions of businesses and social enterprises in the area, and to explore topical issues at a regional, sub-regional or sectoral level.

Following two waves of panel surveys in 2014 and 2015, HIE commissioned Ipsos Scotland to carry out regular business panel surveys with 1,000 businesses and social enterprises, representative of the Highlands and Islands business base in terms of geographic area, organisation size and sector. The surveys ran quarterly during 2016 and 2017, before changing to three times per year in 2018.

This wave the survey was carried out in parallel with one for South of Scotland Enterprise (SOSE), among members of the SOSE Business Panel comprising of businesses in the South of Scotland region (Dumfries and Galloway and the Scottish Borders). Both surveys covered the same questions.

For more information about the HIE Business Panel Survey, and to view previous reports visit: www.hie.co.uk/businesspanel

Findings of the SOSE Business Panel Surveys are available at: https://www.southofscotlandenterprise.com/business-surveys

METHODOLOGY

Sampling

The survey sample was mainly sourced from businesses that took part in previous waves of the survey and had indicated that they were willing to be re-contacted. Additional HIE panel members and HIE account-managed businesses were also approached along with companies identified from the Dun and Bradstreet business database.

The sample was designed to match the structure of the Highlands and Islands business population in terms of sector, size, and geographical distribution. Quotas were set for recruitment and interviewing so that the achieved sample reflected the population of eligible organisations as defined by the Inter-Departmental Business Register (IDBR). Eligible organisations were defined by SIC (Standard Industrial Classification) code, with the following SIC 2007 Sections excluded from the sampling:

- Public administration and defence; compulsory social security;
- Education and health and social work;
- Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use; and
- Activities of extraterritorial organisations and bodies.

SIC codes were used to identify areas of economic activity considered to be growth sectors (as set out in the Government Economic Strategy 2015*) so that quotas could be set to ensure these were represented in the survey sample.

Within each participating organisation, the survey respondent was the owner or a senior manager able to comment on the performance and future prospects of the organisation.

Fieldwork

The survey fieldwork was conducted between 6 February and 13 March 2023, using telephone interviewing. In total 1,006 eligible interviews were achieved.

The achieved sample was broadly representative of the population, notwithstanding some differential non-response due to differences in availability and willingness to participate.

Weighting was applied to correct the distribution of sectors to match the sample counts. A breakdown of the achieved profile of businesses is provided in the Appendix.

NOTES:
*Growth Sector categories are different from those that are outlined in the National Strategy for Economic Transformation (NSET). The 2015 categories have been used to provide consistency with the previous waves of the survey.

PRESENTATION AND INTERPRETATION OF THE DATA

The survey findings represent the views of a sample of businesses, and not the entire business population of the Highlands and Islands, therefore they are subject to sampling tolerances, meaning that not all differences will be statistically significant.

Throughout the report, differences between sub-groups are commented upon only where we are sure these are statistically significant, i.e. where we can be 95% certain that they have not occurred by chance.

Where percentages do not sum to 100%, this may be due to rounding, the exclusion of 'don't know' categories, or multiple answers. Aggregate percentages (e.g. "optimistic/not optimistic" or "important/not important") are calculated from the absolute values. Therefore, aggregate percentages may differ from the sum of the individual scores due to rounding of percentage totals.

Throughout the report, an asterisk (*) denotes any value of less than half a percent and a dash (-) denotes zero. For questions where the number of businesses is less than 30, the number of times a response has been selected (N) rather than the percentage is given.

The profile of the businesses that took part in the survey covered a range of categories in the Scottish Government's six-fold Urban Rural Classification*. In this report, survey findings have been condensed into three categories: remote rural (category 6), accessible rural (5), and small towns and peripheral urban areas (2 to 4). Throughout, those in small towns and peripheral urban areas are referred to as "urban".

NOTES:
*The Scottish Government's six-fold Urban Rural Classification is described on the Scottish website available here.

B. BUSINESS STRUCTURE

BUSINESS STRUCTURE

Among employers, over two-thirds (68%) described themselves as family-owned, rising to 82% in the food and drink sector, while 6% were employee-owned (with employees owning a majority of the shares). Just over one-in-ten (11%) businesses were women-led, and 4% described themselves as a social enterprise.

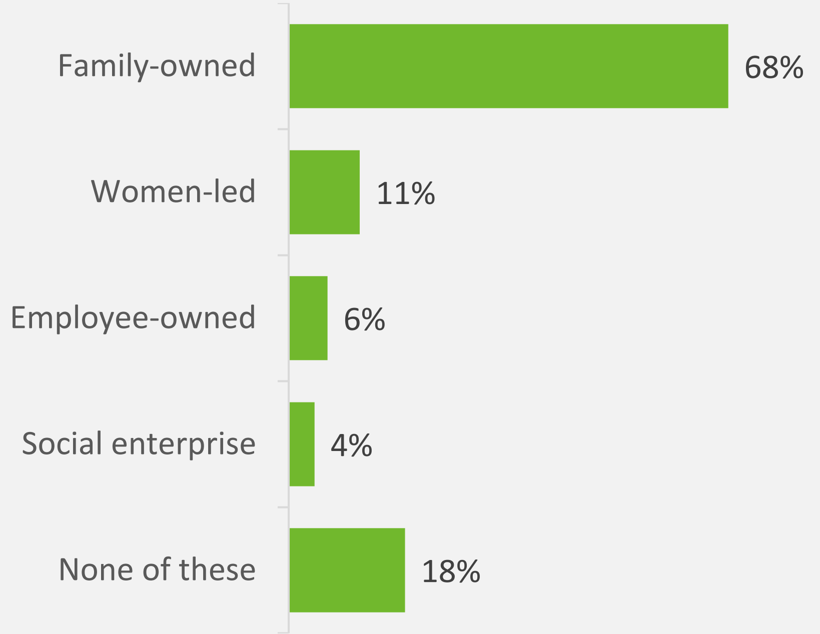
More likely to be family-owned
- Food and drink (82%).

More likely to be women-led
- Sole traders (15%).
- In accessible rural areas (17%).

More likely to be employee-owned
- Creative industries (13%).

More likely to be social enterprises
- 5-10 staff (8%)

Q. Which of the following, if any, describes your business?



Base: For women-led, social enterprise and none of these – all businesses (1,006); for family or employee-owned – all employers (778)

NOTES:

1. A previous version of this report presented these figures differently, based only on businesses who had selected one of types of business ownership listed (i.e. excluding anyone saying "none of these" or "don't know"). This has now been updated, as the figures now presented provide a more accurate picture of the proportion of these types of business ownership, taking into account the 18% who were in none of these categories.
2. Findings are not directly comparable with the previous wave before this (Oct/Nov 2022) as the question was asked differently (in the previous wave, businesses did not have the specific option of saying "none of these").

C. OPTIMISM AND PERFORMANCE

KEY FINDINGS

- **Confidence in the economic outlook for Scotland increased this wave: 50% of businesses were confident (compared to 41% in Oct/Nov 2022), while 48% were not (compared with 58%).** Confidence levels were in line with those seen in June/July 2022, but lower than this time last year.

- **Reflecting on the past six months, 45% said their confidence had decreased, 8% said it had increased, and 46% said it had stayed the same.** Economic confidence was higher than the previous two waves, but still lower than the levels seen 12 months ago.

- **Views on business performance over the last six months were mixed**, with 29% saying their business had performed well, 43% saying their performance had been fairly steady and 26% saying they had struggled.

- **Over the past six months, sales or turnover performance was mixed** (29% said it had increased, 27% decreased, and 42% remained the same). Businesses had performed better on sales or turnover than on profit (15% said profit margins had increased, 42% decreased, and 40% remained the same).

- **Employment and exports performance had remained relatively stable** once again (74% and 62% respectively said these had remained the same over the past six months).

- **Over half (54%) of businesses were strongly dependent on a certain time of year or times of the year for their operations,** rising to 91% among tourism and 70% among food and drink businesses.

- **Among those were dependent on certain times of year, over half (54%) said that summer months were most crucial to them.** Just over a quarter (26%) mentioned spring, almost a quarter (23%) autumn and one in ten (11%) winter months.

CURRENT ECONOMIC CONFIDENCE

Confidence in the economic outlook for Scotland increased this wave: 50% of businesses were confident (compared to 41% in Oct/Nov 2022), while 48% were not (compared with 58%). Confidence levels were in line with those seen in June/July 2022, but lower than this time last year.

Businesses in the Highlands and Islands were more confident in the economic outlook for Scotland than those in the South of Scotland (where 46% were confident, 53% not confident).

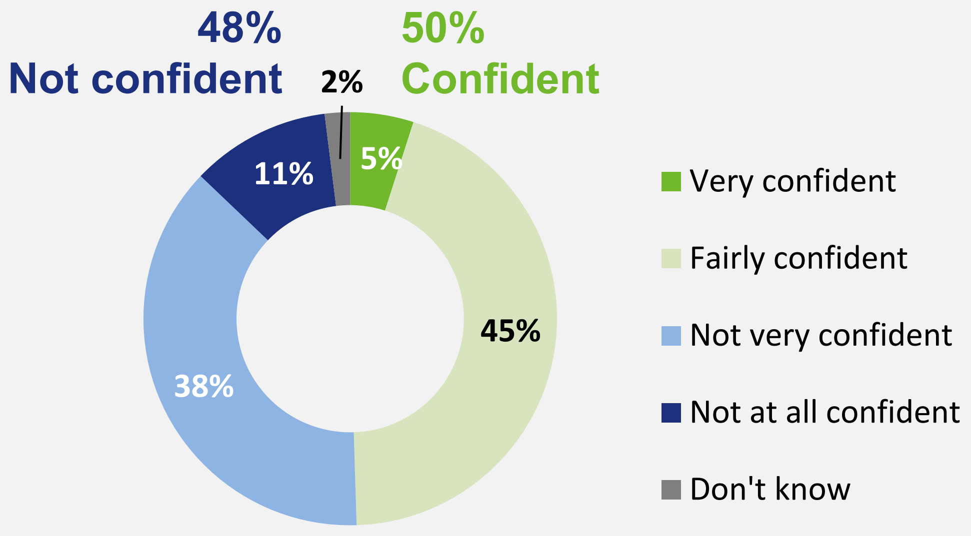
More confident than average

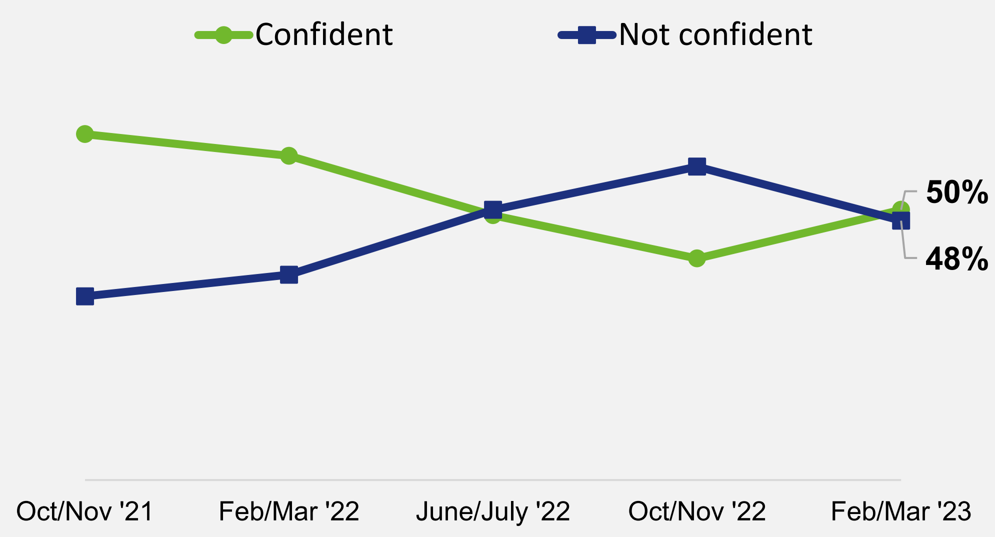
- Large business (25+ staff) (69% confident).
- In urban areas (57%).
- Those that had performed well (66%) or reported steady performance (55%) in the past six months.
- Confident in their future viability (56%).
- Investing in the business to support growth (61%).

Less confident than average

- Small businesses (0-4 staff) (52% not confident).
- Food and drink (56%).
- In remote rural areas (52%).
- Those that had struggled in the past six months (74%).
- Not confident in their future viability (86%).
- Scaling back their operations (68%).

Q. How confident are you in the economic outlook for Scotland over the next 12 months?





Base: All businesses (1,006)

ECONOMIC CONFIDENCE OVER PAST 6 MONTHS

Reflecting on the past six months, 45% said their confidence had decreased, 8% said it had increased, and 46% said it had stayed the same. Economic confidence was higher than the previous two waves, but still lower than this time last year.

Net confidence* was -37, an improvement on Oct/Nov 2022 (-58) and June/July 2022 (-43), but still lower than in Feb/March 2022 (-26). Net confidence was slightly higher than in the South of Scotland at -40.

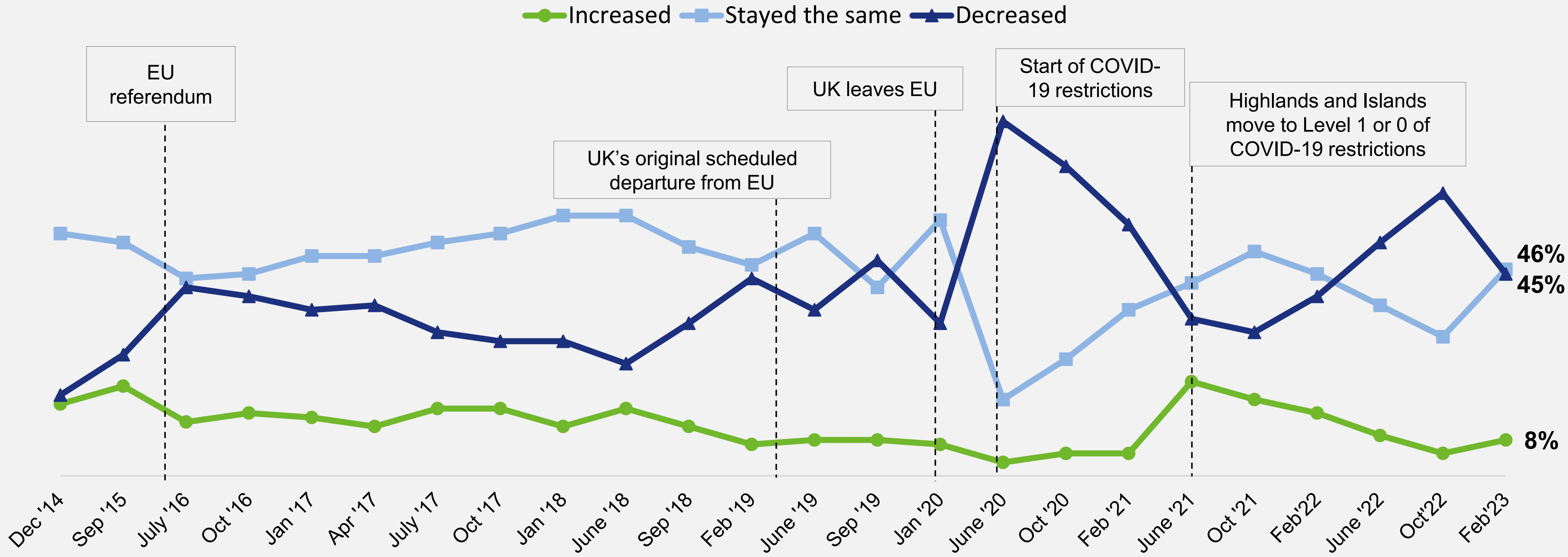
More likely to report increased confidence:

- 25+ staff (21%).
- Performed well in the past six months (13%).
- Investing to support growth (12%).

More likely to report decreased confidence:

- Struggled in past six months (64%).
- Not confident in their viability (64%).
- Scaling back operations (62%).

Q. Over the past six months, has your level of confidence in the economic outlook in Scotland increased, decreased or stayed the same?



Base: All businesses

NOTES:
*The net figure is the difference between 'increased' and 'decreased' assessments at each wave. Net scores are positive when positive assessments exceed negative

PERFORMANCE

Views on business performance over the last six months were mixed, with 29% saying their business had performed well, 43% saying their performance had been fairly steady and 26% saying they had struggled.

Performance was down on the previous wave in October/November 2022 (when 36% had performed well, 22% had struggled, and 41% had steady performance).

Performance was similar to the levels seen in the South of Scotland this wave (where 27% had performed well, and 27% struggled).

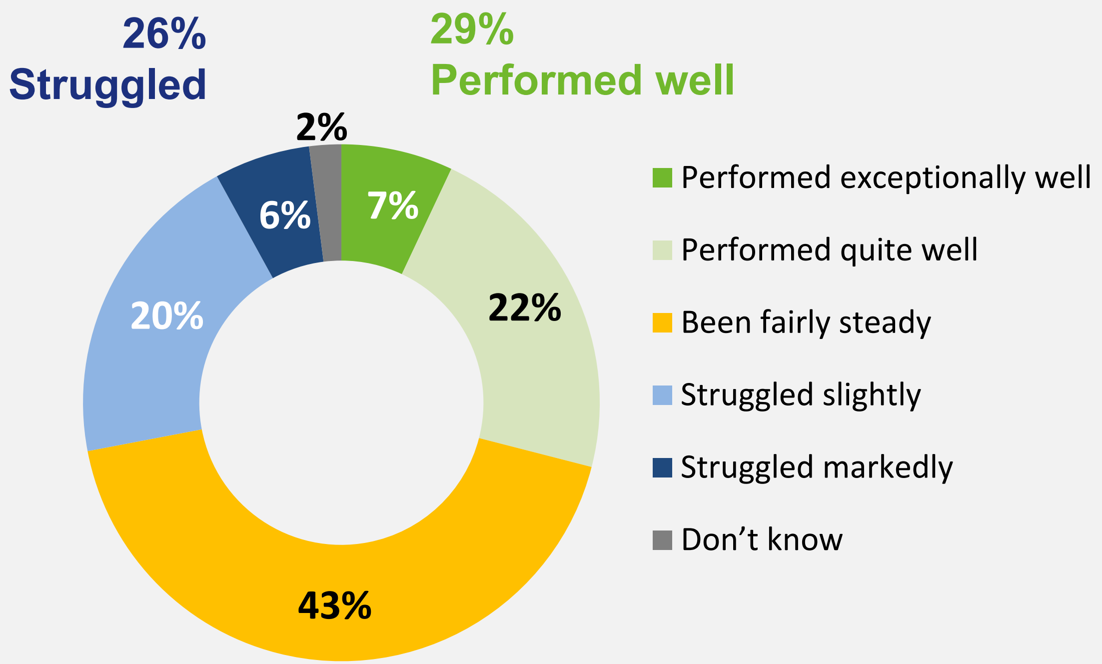
More likely to have performed well

- 25+ staff (45%).
- Financial and business services (40%).
- In urban areas (37%).
- Those confident in their future viability (33%).
- Those investing to support growth (42%).

More likely to have struggled

- 0-4 staff (30%).
- Not confident in their future viability (73%).
- Those scaling back operations (50%).
- Women-led businesses (38%).
- Social enterprises (41%).
- Exporters (29%).

Q. Overall, how has your business performed in the last six months?



Base: All businesses (1,006)

ASPECTS OF BUSINESS PERFORMANCE

Over the past six months, sales or turnover performance was mixed (29% said it had increased, 27% decreased, and 42% remained the same). Businesses had performed better on sales or turnover than on profit (15% said profit margins had increased, 42% decreased, and 40% remained the same). Employment had remained relatively stable (74% said it had remained the same) as had exports (62%).

Sales or turnover did not necessarily translate into profit: among those that had seen an increase in sale or turnover, 42% also saw profit margins increase, but 34% saw them remain at the same level and 20% saw them decrease.

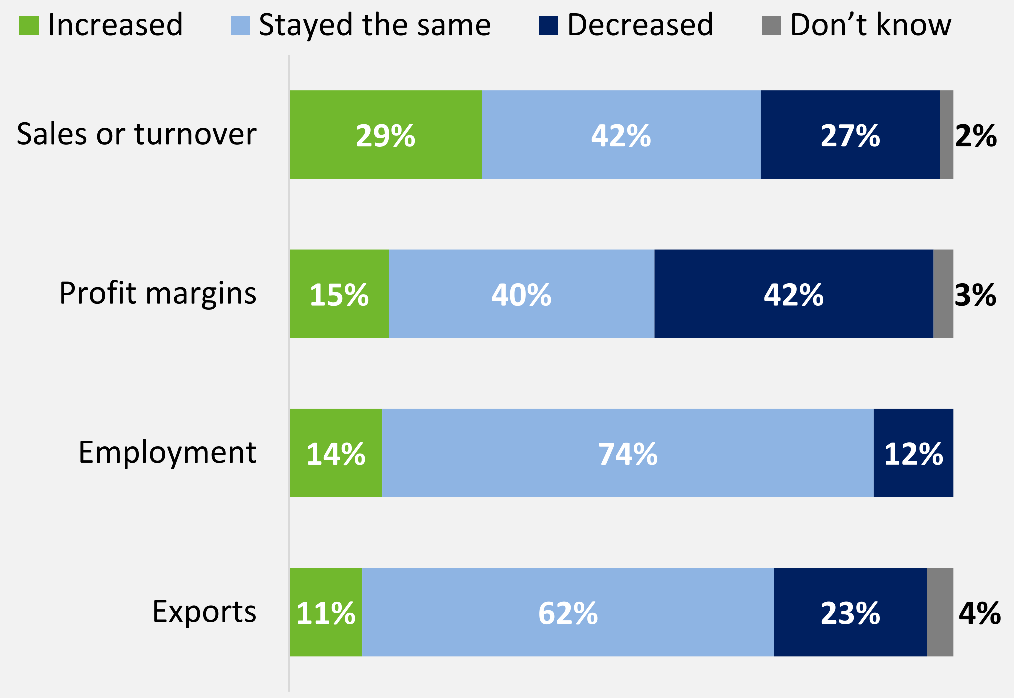
Increases were more common among:

- Those that had **performed well**: sales or turnover (60%), profit margins (32%), employment (26%), exports (19%).
- Those **confident in their viability**: sales or turnover (32% and profit margins (18%).
- Those that were **investing to support growth**: sales or turnover (46%), employment (25%), exports (22%) and profit margins (21%).
- **Urban businesses**: sales or turnover (34%) and profit margins (20%).

Decreases were more common among:

- **Tourism** businesses: profit margins (59%), sales or turnover (39%), exports (37%) and employment (25%).
- Those that had **struggled**: profit margins (77%), sales or turnover (65%), exports (48%) and employment (24%).
- Those **not confident in their viability**: profit margins (72%), exports (59%), sales or turnover (56%) and employment (28%).
- Those **scaling back operations**: profit margins (63%), sales or turnover (48%) and employment (29%).

Q. Please tell me if the following has increased, stayed the same or decreased over the last six months?



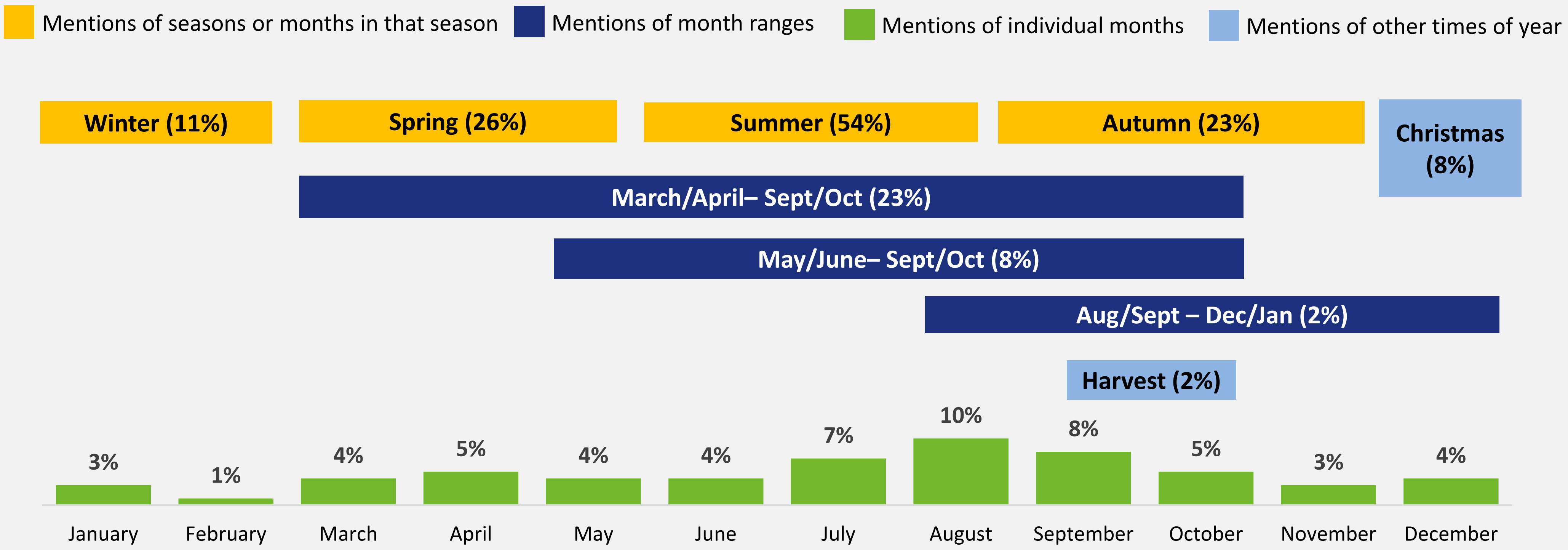
Base: All businesses to whom each applied

SEASONALITY

Over half (54%) of businesses were strongly dependent on a certain time of year or times of the year for their operations. Of these, over half (54%) said that summer months* were most crucial to them. Just over a quarter (26%) mentioned spring, almost a quarter (23%) autumn and one in ten (11%) winter months. In terms of individual months, August (10%), September (8%) and July (7%) were most commonly mentioned.

A further 23% said that the period March/April through to September/October was most crucial for their business and 8% mentioned the period May/June to September/October. Christmas was specifically mentioned by 8% and Harvest by 2%.

Q. What particular time or times of year are the most crucial for your business?



Base: All businesses strongly dependent on a time of year (560)

NOTES:

*As this question was asked as an open response (i.e. businesses could answer in their own words), the data has been coded into categories. Those mentioning specific seasons (e.g. "spring") have been combined with those mentioning any of the three months broadly falling within that season (e.g. March-May in spring, June-August in summer, September-November in autumn, December-February in winter) to provide an overall figure for that season.

SEASONALITY (2)

Dependent on certain times of year (higher than average)

- Tourism (91% dependent).
- Food and drink (70%).
- Those with 0-4 staff (57%).
- Remote rural areas (62%).
- Lochaber, Skye and Wester Ross (63%).
- Orkney (63%).
- Argyll and the Islands (62%).
- Those that had struggled in the last six months (64%).

Not dependent on certain times of year (higher than average)

- Those with 25+ staff (59% not dependent).
- Financial and business services (76%).
- Urban areas (59%).
- Those that had performed well in the last six months (56%).

More likely to mention specific times of year:

Tourism:
- March/April to September/October (47% vs 23% overall).
- May/June to September/October (13% vs 8%).

Food and drink :
- Spring (43% vs 26% overall).
- March (8% v 4%) and April (10% vs 5%).
- Autumn (50% vs 23%).
- September (20% vs 8%), October (12% vs 5%) and Harvest (7% vs 2%).
- August/September to December/January (5% vs 2%).

Lochaber, Skye and Wester Ross :
- March/April to September/October (43% vs 23% overall).

Orkney :
- Spring (60% vs 26% overall).
- March (11% v 4%) and April (17% vs 5%).

Argyll and the Islands :
- Christmas (15% vs 8% overall).

NOTES:
The variation by locations may reflect the sectoral make-up of the sample of businesses in these areas. Tourism businesses were over-represented in the Lochaber, Skye and Wester Ross sample (24% compared with 11% in the overall sample) and food and drink businesses were over-represented in the Orkney sample (43% compared with 25% overall) and Argyll and the Islands sample (33%).

D. MARKETS

KEY FINDINGS

- **Three quarters (75%) of businesses were importers** (sourcing goods from outside Scotland): 72% importing from the rest of the UK and 31% from outside the UK. The majority of businesses (87%) sourced goods and materials from Scotland.

- While the proportion of importers was similar to the last survey wave, **the proportion of those importing from outside the UK has decreased since June/July 2021** (from 39% to 31%).

- **The main factors influencing supply decisions were cost (76%) and quality of goods or materials (72%).** More than half said supporting local businesses (57%) and speed or ease of access (52%) were important, followed by keeping pace with customer demand (42%), minimising disruption to operations (42%), minimising carbon emissions (31%) and the available quantity (29%).

- **Half (50%) of businesses were exporters** (selling to markets outside Scotland), with 48% selling to the rest of UK and 28% outside the UK. The majority (96%) of businesses sold goods or services within Scotland, with 48% selling only in Scotland. Findings were in line with the previous wave, but **the proportion of exporters remained lower than that in June/July 2021 (62%).**

- **A quarter (25%) of exporters were taking steps to focus more on selling within the UK instead of outside the UK.** The main reasons for this change in focus were: challenges transporting goods and services (35%), feeling that the UK market was more reliable (35%) and cost (32%). This was followed by complexity of paperwork (29%), feeling that the UK market was more profitable (25%), minimising carbon emissions (20%), delays at customs (18%) and decrease in demand (17%).

IMPORT MARKETS

75% of businesses were importers*, with 72% importing from the rest of the UK and 31% from outside the UK. The majority of businesses (87%) sourced goods and materials from Scotland.

The proportion of those importing from outside the UK was similar to the previous wave (31% compared with 33%) but overall this has decreased since June/July 2021 (from 39%).

This wave saw slight decreases in the proportion of businesses sourcing goods from both Scotland (from 92% to 87%) and the rest of the UK from (76% to 72%).

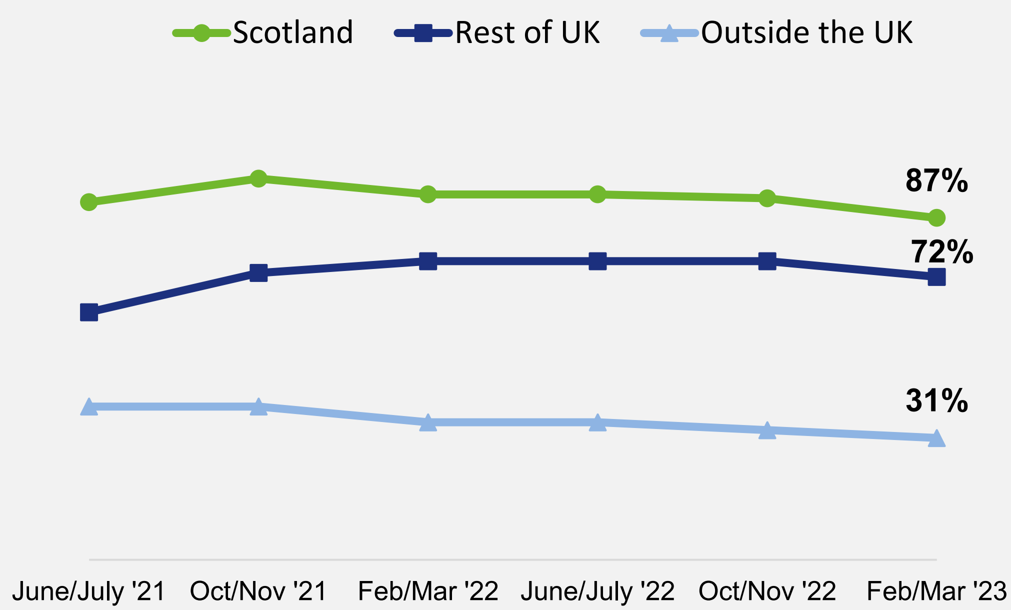
The proportion of importers was lower in the Highlands and Islands than in South of Scotland (82%).

Variation

Importing was more common among: large businesses (25+ staff) (91% were importers vs 75% overall), HIE-client engaged (90%), and those investing to support growth (81%) (this overall pattern was seen among those importing from both the rest of the UK and outside the UK).

- **Food and drink** and **tourism** businesses were more likely than average to source goods from Scotland (96% and 95% respectively).
- **HIE-client engaged** businesses were more likely to source from the rest of the UK (89%) and outside the UK (50%).
- **Large businesses (25+ staff)** were more likely to source goods and materials from both the rest of the UK (91%) and outside the UK (54%).
- Businesses **investing to support growth** were also more likely to source goods and materials from both the rest of the UK (79%) and outside the UK (37%). +*

Q. From which of these markets do you currently source goods and materials?



Base: All businesses (1,006)

NOTES
*In this report, “importers” are defined as those that source goods or materials from any market outside of Scotland

FACTORS INFLUENCING SUPPLY DECISIONS

The main factors influencing supply decisions were cost (76%) and quality of goods or materials (72%). More than half said supporting local businesses (57%) and speed or ease of access (52%) were important, followed by keeping pace with customer demand (42%), minimising disruption to operations (42%), minimising carbon emissions (31%) and the available quantity (29%).

Importers (from each market outside Scotland) were more likely to say that cost (78%), quality (76%), minimising disruption (45%) and keeping pace with customer demand (45%) were important.

Those **importing from rest of the UK** specifically were also more likely to say supporting local businesses (59%) was important, while those **importing from outside UK** were more likely to say speed or ease of access (57%) was important.

Further variation:

Sector

- **Food and drink** – cost (81%), quality (81%), supporting local businesses (68%), minimising disruption (50%), minimising carbon emissions (42%), available quantity (37%).
- **Tourism** – supporting local business (65%).

Relationship with HIE

- **HIE-client engaged**– minimising carbon emissions (42% compared to 30% non-client engaged).

Viability

- **Not confident in future viability** – cost (83%).

Net-zero responsibility

- **Well informed** – minimising carbon emissions (34%).

Q. When choosing where you source goods or materials from, what factors are most important to you?

Base: All businesses (1,006)

EXPORT MARKETS

Half (50%) of businesses were exporters*, with 48% selling to the rest of the UK and 28% outside the UK. The majority (96%) of businesses sold goods or services within Scotland, with 48% selling *only* in Scotland.

Findings were in line with the previous wave. However, the proportion of exporters remained lower than in June/July 2021 (62%).

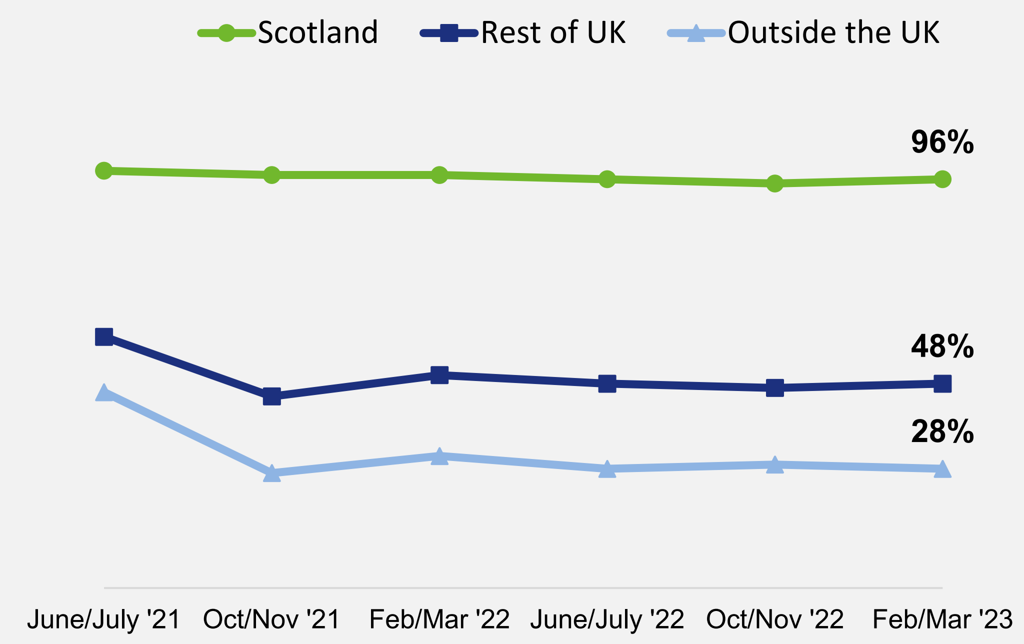
The proportion of exporters was lower in the Highlands and Islands than in the South of Scotland (67%). This was mainly due to the South of Scotland having a higher proportion of those selling to the rest of the UK (66% compared with 48% in Highlands and Islands).

Variation

Exporting was more common than average among: large businesses (25+ staff) (63% vs 50% overall), tourism (66%), creative industries (73%), remote rural (54%), and HIE-client engaged (65%) businesses (this overall pattern was seen among those selling to both the rest of the UK and outside the UK).

- **Tourism** and **creative industries** businesses were more likely to sell to the rest of the UK (63% and 71%) and outside the UK (59% and 44%).
- **Remote rural** businesses were more likely to sell outside the UK (31%). This may reflect the higher than average proportion of tourism businesses in remote rural areas (14% of remote rural businesses were tourism, compared with 11% in the overall sample).
- **HIE-client engaged** businesses were more likely to sell to the rest of the UK (63% compared to 47% non-client engaged), and outside the UK (40% compared to 27% non-client engaged).

Q. In which of these markets do you currently sell goods or services?



Base: All businesses (1,006)

NOTES
*In this report, "exporters" are defined as those that sell goods or services to any market outside of Scotland

APPROACH TO EXPORT MARKETS

Just under one in five (18%) businesses were taking steps to focus more on selling within the UK instead of outside the UK*. The main reasons for that change were: challenges transporting goods and services (35%), feeling that the UK market was more reliable (35%) and cost (32%). This was followed by complexity of paperwork (29%), feeling that the UK market was more profitable (25%), minimising carbon emissions (20%), delays at customs (18%) and decrease in demand (17%).

Variation in those focussing more on selling within the UK

Types of business that were more likely to be focussing on selling within the UK were:

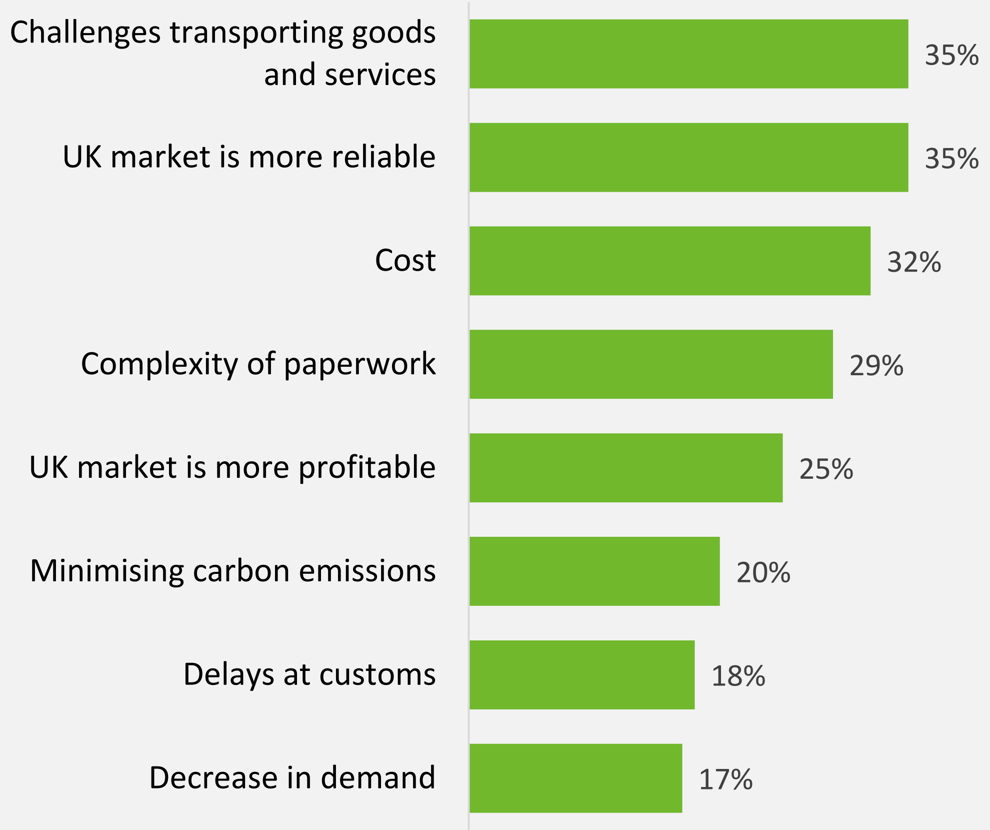
- 25+ staff (36%).
- HIE-client engaged (30%).
- Reporting a decrease in exports over the last six months (37%).
- Struggled in the past six months (23%).
- Not confident in future viability (26%).
- Investing to support growth (24%).

This change in focus therefore seemed largely linked to a decrease in exports and a downturn in overall performance and confidence. However, there may also be more positive motivations, as some businesses were changing their market focus while also investing in the business to support growth.

Variation in reasons for change in focus

- **Food and drink** – challenges transporting goods (53%), complexity of paperwork (50%).
- **Those well informed about net-zero responsibility** – minimising carbon emissions (25%).
- **Businesses that had struggled in past six months** – decrease in demand (33%).

Q. What are the main reasons for that change?



Base: All that are focussing more on selling in the UK than outside the UK (181)

NOTES

*Among those that were currently *only* selling in Scotland, 11% said they had taken steps to focus more on selling within the UK instead of outside the UK – suggesting that these businesses had moved away from overseas markets completely (but when they did so is not clear).

E. FUTURE VIABILITY

KEY FINDINGS

- **The majority (85%) of businesses were confident they would be viable over the next six months, while 14% were not.** Confidence was in line with the previous wave (Oct/Nov 2022) when 85% were confident and 15% were not.

- **Businesses were taking a range of approaches to help them remain financially viable. Over four in ten (43%) were investing in the business, with 24% investing to support growth, and 19% investing to maintain performance.** Over a third (37%) were making no significant changes, while 16% were scaling back or reducing their operations.

- **The top concern for businesses over the next six months was high and increasing costs (74%).** Other concerns included ongoing economic uncertainty (30%), lower or no profit margins (23%), supply chain disruption (20%), reduced customer demand (19%), access to labour (17%) and depleted cash reserves (17%). One in five (19%) businesses were concerned about wellbeing or burnout for themselves (10%) or their staff (9%).

- **Concerns varied between sectors,** with tourism businesses more concerned about keeping pace with regulatory change, and food and drink businesses concerned about costs and profit margins. Customer demand and staff wellbeing were more of a concern for financial and business services, and economic uncertainty for creative industries businesses.

- **Businesses that had struggled, were not confident in their viability, or who were scaling back their operations were all more likely than average to be concerned about profit margins and depleted cash reserves.** Those that had performed well and were investing in the business to grow were more likely to be concerned about access to labour and specialist skills. Those investing in the business to maintain performance were also more likely to express concern about access to labour.

CONFIDENCE IN FUTURE VIABILITY

The majority (85%) of businesses were confident they would be viable over the next six months, while 14% were not. Confidence was in line with the previous wave (Oct/Nov 2022) when 85% were confident and 15% were not.

Though in line with the previous wave, confidence levels were lower than in June/July 2022, when 91% were confident and 9% were not. Confidence levels were similar to those in the South of Scotland (where 87% were confident and 11% not).

Confidence in viability was linked with the actions businesses were taking to remain financially viable (see slide 29). Confidence was higher than average among those that were investing in their business to support growth (92%) and those making no significant changes to help them remain viable (91%). Confidence was lower among those that were scaling back to remain viable (36% not confident).

Further variation:

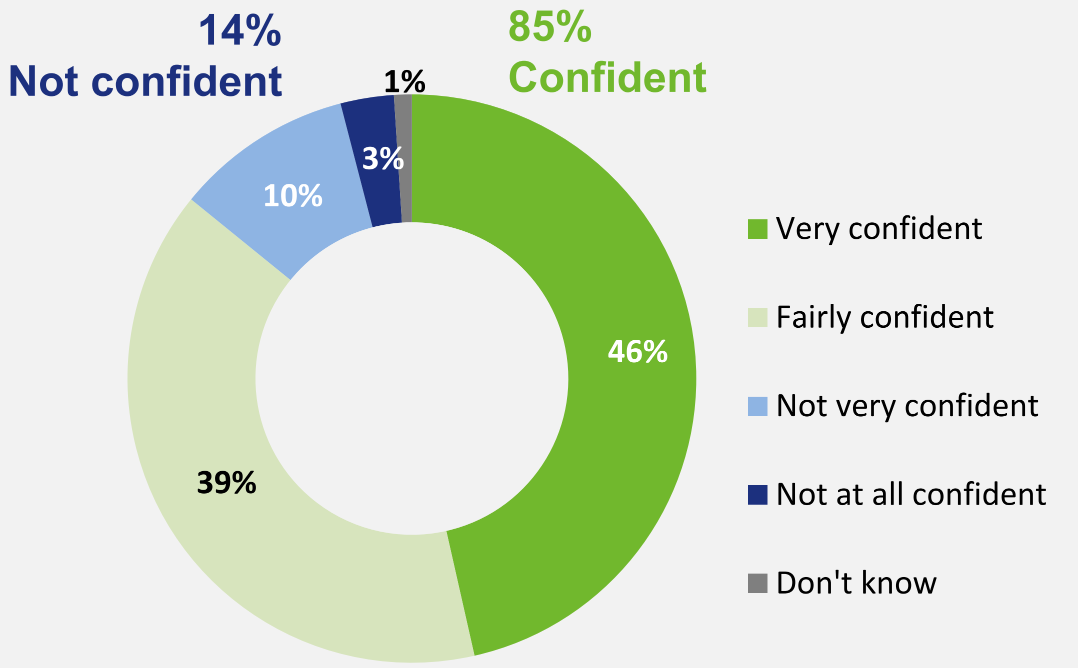
More confident than average:

- Businesses that had performed well (97%) or reported steady performance (93%) in the last six months.
- Those in urban locations (89%).

Less confident than average:

- Businesses that had struggled in the last six months (39% not confident).
- Those that were focussing more on selling within the UK instead of outside the UK (20%).

Q. How confident are you that your business will be viable over the next six months?

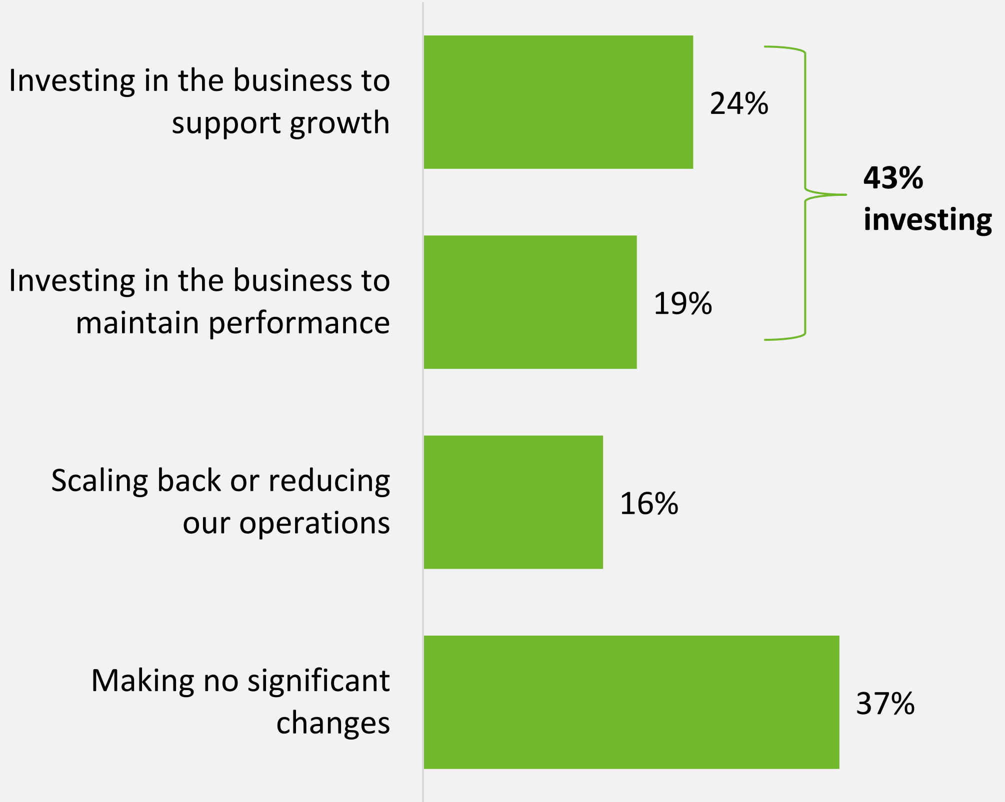


Base: All businesses (1,006)

APPROACH TO REMAINING VIABLE

Businesses were taking a range of approaches to help them remain financially viable. Over four in ten (43%) were investing in the business, with 24% investing to support growth, and 19% investing to maintain performance. Over a third (37%) were making no significant changes, while 16% were scaling back or reducing their operations.

Q. Businesses are taking different approaches to help them remain financially viable. Which of the following best describes your current approach?



Base: All businesses (1,006)

More likely to be investing to support growth:

- 11-24 (35%) or 25+ (43%) staff.
- HIE-client engaged (44%).
- Employee-owned businesses (39%).
- Performed well in last six months (34%).
- Focussing more on UK instead of overseas markets (32%).

More likely to be investing to maintain performance:

- No significant variation.

More likely to be scaling back:

- 0-4 staff (21%).
- Tourism (25%).
- Food and drink (23%).
- In remote rural areas (20%).
- Struggled in last six months (32%).
- Not confident in their viability (43%).

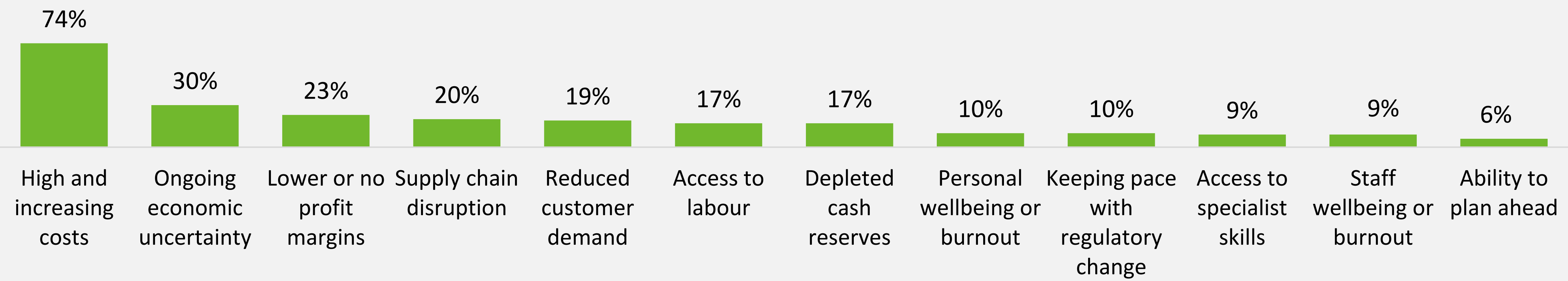
More likely to be making no significant changes:

- 0-4 staff (40%).
- Creative industries (56%).
- Reported steady performance (42%).
- Confident in their viability (40%).

CONCERNS

The top concern for businesses over the next six months was high and increasing costs (74%). Other concerns included ongoing economic uncertainty (30%), lower or no profit margins (23%), supply chain disruption (20%), reduced customer demand (19%), access to labour (17%) and depleted cash reserves (17%). One-in-five (19%) businesses were concerned about wellbeing or burnout for themselves (10%) or their staff (9%).

Q. Which two or three of the following are you most concerned about for the next 6 months?



Base: All businesses (1,006)

Concerns varied by size, sector and location of business (higher than average findings shown below)

Size

- **25+ staff** – access to labour (35%), supply chain disruption (31%) and staff wellbeing or burnout (21%).
- **0-4 staff** – economic uncertainty (33%).
- **Sole traders** – personal wellbeing or burnout (18%).

Sector

- **Food and drink** – costs (87%) and profit margins (32%).
- **Tourism** – keeping pace with regulatory change (16%).
- **Financial and business services** - customer demand (26%), staff wellbeing or burnout (20%).
- **Creative industries** - economic uncertainty (49%).

Location

- **Accessible rural** – profit margins (33%).
- **Urban areas** – customer demand (24%).
- **Island locations** – access to specialist skills (12%).

CONCERNS (2)

Top concerns also varied by performance, confidence in viability, approach to remaining viable, and markets of operation.

Businesses that had struggled, were not confident in their viability, or who were scaling back were all more likely than average to be concerned about profit margins and depleted cash reserves. Those that had performed well and were investing in the business were more likely to be concerned about access to labour.

On markets of operation, findings suggest that the trading environment was making it more difficult to export. Exporters were more likely than average to be concerned about keeping pace with regulatory change. For those that were focussing more on selling within the UK, more common concerns were supply chain disruption, access to labour, and staff wellbeing or burnout.

Performance and confidence in viability

- **Performed well** – access to labour (22%) and specialist skills (13%)
- **Struggled** – profit margins (35%), depleted cash reserves (34%), customer demand (25%)
- **Not confident in viability** – depleted cash reserves (36%), profit margins (35%)

Approach to remaining viable

- **Investing to grow** – access to labour (22%), access to specialist skills (14%) staff wellbeing or burnout (14%)
- **Investing to maintain performance** – access to labour (23%)
- **Scaling back** – profit margins (36%), depleted cash reserves (23%), personal wellbeing or burnout (16%), ability to plan ahead (10%)

Markets

- **Exporters** – keeping pace with regulatory change (13%)
- **Focussing more on UK markets** – supply chain disruption (27%), access to labour (23%), staff wellbeing or burnout (14%)

F. NET ZERO

KEY FINDINGS

- **Three quarters (74%) of businesses said they were well informed about their responsibilities in relation to climate change legislation, while 23% were not.**
- **Just over a third (34%) of businesses were either already measuring their carbon emissions (27%) or intending to within six months (7%).** Almost a quarter (24%) intended to but with no set timeframe, and 34% did not intend to.
- **Almost half (47%) were already reducing emissions (40%) or intending to within six months (7%).** Almost a quarter (23%) planned to but without a timescale and 22% had no plans to.
- **One in five (20%) were neither measuring nor reducing their emissions, and did not intend to do either**. Those not intending to do each of these were more likely to be small businesses (0-4 staff), not well informed about their responsibilities and making no significant changes to remain viable.
- **Among those that were taking or planning action to reduce their emissions, 84% had resources or plans in place to support this. The most common of these was access to external advice or support (60%)**, followed by sustainability or low carbon policies (41%), internal expertise (36%), reduction targets (29%), an internal budget (27%) and a formal written plan (23%).
- **Among businesses that were not reducing or planning to reduce their emissions, half (49%) said this was not relevant to their business** and almost a quarter (23%) said it was not a priority for them right now. Around one in eight (13%) felt it was too challenging for them to make changes, higher amongst those in island locations (21%).
- **Over two thirds (68%) of businesses were taking action in relation to the energy efficiency of their premises, or planning to do so within six months.** The most common action being taken/planned was surveying premises for energy efficiency (50%), followed by using smart sensors, thermostatic controls or other mechanisms (48%), improving the thermal efficiency of buildings (42%), and using low carbon or renewable energy sources (41%).
- **The majority (95%) of businesses were taking action related to the environmental impacts of their operations, or planning to within six months.** The most common actions being taken/planned were using locally sourced services and supplies (84%) and recycling, re-using or re-purposing by-products (83%). This was followed by using more energy efficient equipment (54%), less carbon intensive materials (40%), greener sources of transport (29%), offsetting carbon emissions (21%), monitoring emissions in supply chains (17%) and reducing international trade (11%).
- **The factor that would most help businesses lower their emissions was financial support (62%)** followed by access to energy efficient equipment (58%), guidance on what changes to make and how (50%) and help to access or adopt low carbon and digital technologies (50%).
- **Just over one in ten (12%) businesses had accessed support from Business Energy Scotland**, with 11% having accessed advice or guidance and 4% an interest free loan.

RESPONSIBILITIES IN RELATION TO CLIMATE CHANGE LEGISLATION

Three quarters (74%) of businesses said they were well informed about their responsibilities in relation to climate change legislation, while 23% were not.

Businesses that were already taking action to reduce their carbon emissions were more informed than average about their responsibilities (90% were informed and 9% not). Businesses that were not reducing their carbon emissions were less well informed (66% were informed and 31% not).

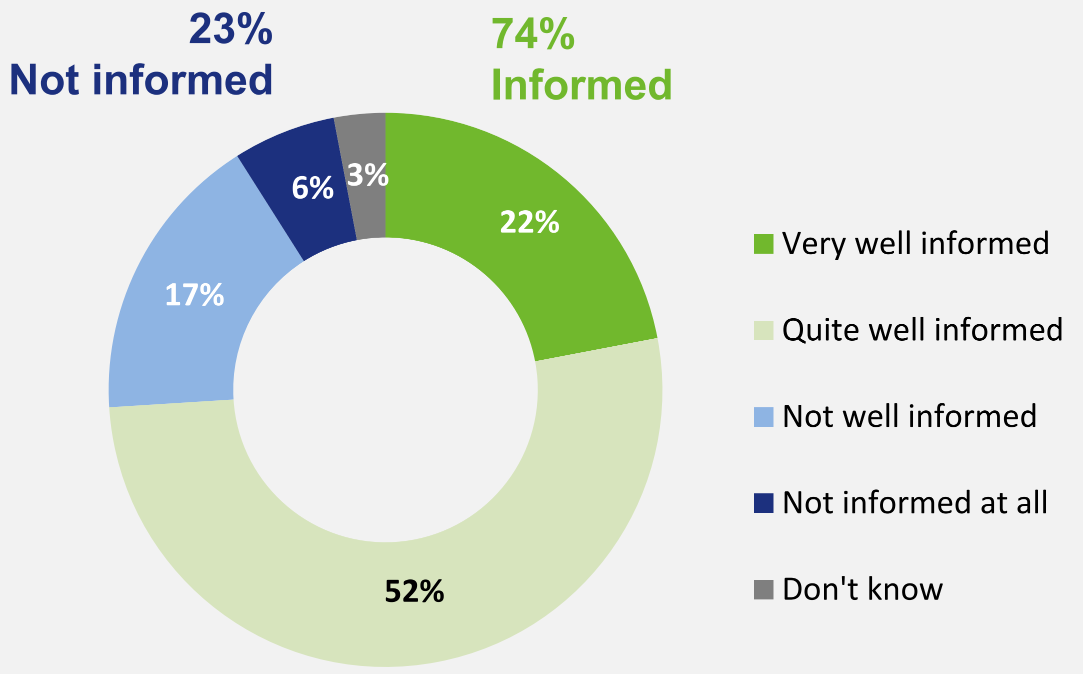
More informed than average

- Food and drink (84%).
- Tourism (83%).
- Remote rural (78%).
- Investing to support growth (81%).
- Exporters (80%).

Less informed than average

- Financial and business services (32% not informed).
- Women-led (31%).
- Urban areas (30%).
- Making no changes to remain viable (27%).

Q. How well informed are you about your business responsibilities in relation to climate change legislation?



Base: All businesses (1,006)

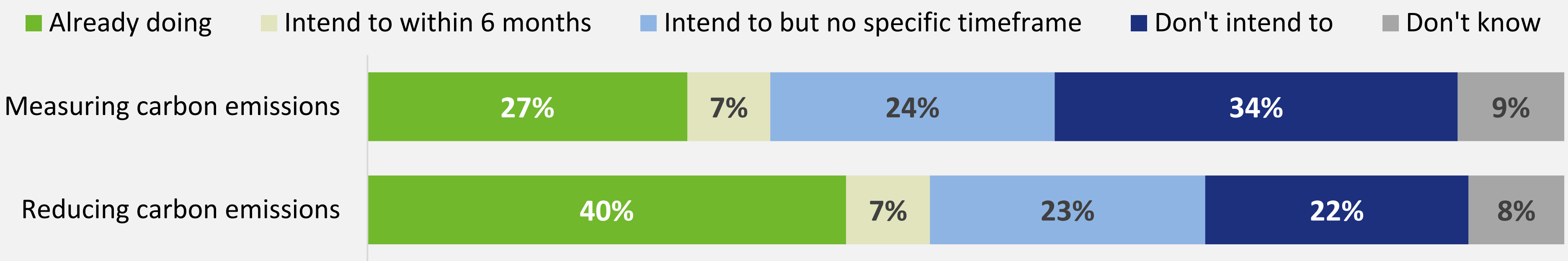
MEASURING AND REDUCING CARBON EMISSIONS

Just over a third (34%) of businesses were either already measuring their carbon emissions (27%) or intending to do so within six months (7%). Almost a quarter (24%) planned to but with no set timeframe, and 34% did not intend to.

More businesses were reducing carbon emissions than measuring them. Almost half (47%) were already reducing emissions (40%) or intending to within six months (7%). Less than a quarter (23%) planned to but without a timescale and 22% had no plans to.

Q. Is your business **measuring**, or intending to measure, its operational carbon emissions?

Q. Is your business **reducing**, or intending to reduce, its carbon emissions?



Base: All businesses (1,006)

Just over a quarter (27%) of businesses were both measuring and reducing their emissions (or planning to within six months).

This was higher than average among:

- 25+ staff (48%).
- Food and drink (39%).
- Investing to support growth (42%).
- Well informed of their climate change responsibilities (34%).

Around one in five (19%) were reducing their emissions, but not measuring them (or planning to within six months).

This was higher than average among:

- Creative industries (33%).
- Tourism (30%).
- Financial and business services (27%).
- Social enterprises (30%).

One in five (20%) were neither measuring nor reducing their emissions, and did not intend to do either.

This was higher than average among:

- 0-4 staff (23%).
- Financial and business services (28%).
- Creative industries (26%).
- Making no changes to remain viable (28%).
- Not well informed about their climate change responsibilities (37%).

MEASURING AND REDUCING CARBON EMISSIONS (2)

Looking at each aspect individually shows further variation, that echoes the trends seen in the previous slide.

Those already measuring or reducing emissions (or planning to within six months) were in each case more likely to be larger businesses, in the food and drink sector, exporters, informed about their climate change responsibilities, and investing in the business to support growth. Those not intending to do each of these were more likely to be small businesses, not well informed about their responsibilities and making no significant changes to remain viable.

Measuring emissions (higher than average):

Already doing/intend to in 6 months

- Those well informed about their climate change responsibilities (41% vs 34% overall).
- Investing in the business to support growth (46%).
- Larger businesses (25+ staff) (53%).
- Food and drink (52%).
- HIE-client engaged (49%).
- Exporters (40%).

Intend to, but without a timescale

- Tourism (32% vs 24% overall).

Don't intend to

- Not well informed about their responsibilities (48% vs 34% overall).
- Making no changes to help them remain viable (45%).
- 0-4 staff (39%).
- Financial and business services (51%).
- Creative industries (49%).

Reducing emissions (higher than average)

Already doing/intending to in 6 months

- Those well informed about their climate change responsibilities (56% vs 47% overall).
- Investing in the business to support growth (61%).
- Larger businesses (25+ staff) (62%).
- Tourism (56%).
- Food and drink (53%).
- Remote rural (50%).
- Exporters (55%).

Intending to, but without a timescale

- Food and drink (32% vs 23% overall).
- Island businesses (31%).

Don't intend to

- Not well informed about their responsibilities (40% vs 22% overall).
- Making no changes to remain viable (31%).
- 0-4 staff (26%).

SUPPORTING PLANS FOR REDUCING EMISSIONS

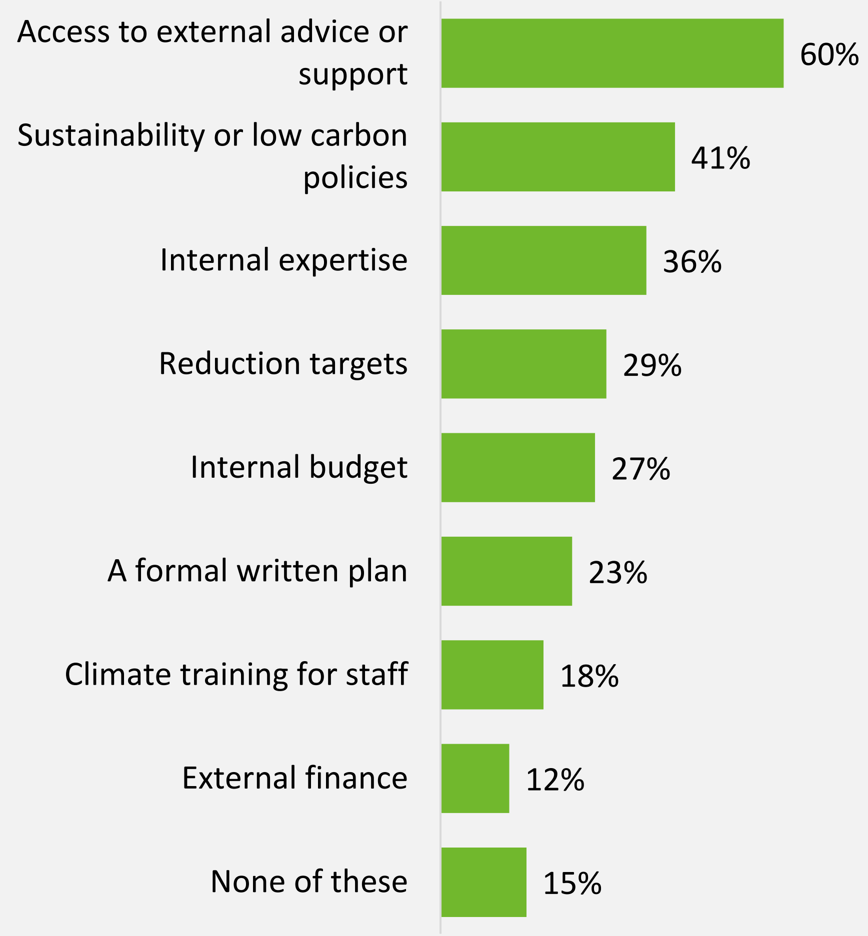
Among those that were taking or planning action to reduce their emissions, 84% had resources or plans in place to support this. The most common of these was access to external advice or support (60%), followed by sustainability or low carbon policies (41%), internal expertise (36%), reduction targets (29%), an internal budget (27%) and a formal written plan (23%).

Those that were well informed about their climate change responsibilities were more likely to have each type of supporting resource in place, while those that were not well informed were more likely to have none (19%).

Further variation (higher than average):

- **25+ staff** – sustainability or low carbon policies (58%) and a formal written plan (39%).
- **Tourism** – sustainability or low carbon policies (50%).
- **Food and drink** – a formal written plan (32%).
- **Remote rural** – sustainability or low carbon policies (44%) and external finance (15%).
- **HIE-client engaged**– reduction targets (43%) and a formal written plan (35%).
- **Those investing to support growth** – access to external advice or support (68%), internal expertise (45%), budget (33%) and climate training for staff (28%).
- **Exporters –** sustainability or low carbon policies (46%).
- **Women-led businesses** – none of these (25%).

Q. In relation to your plans for reducing emissions, which of the following do you have in place?



Base: All those planning or taking action to reduce emissions (702)

REASONS FOR NOT REDUCING EMISSIONS

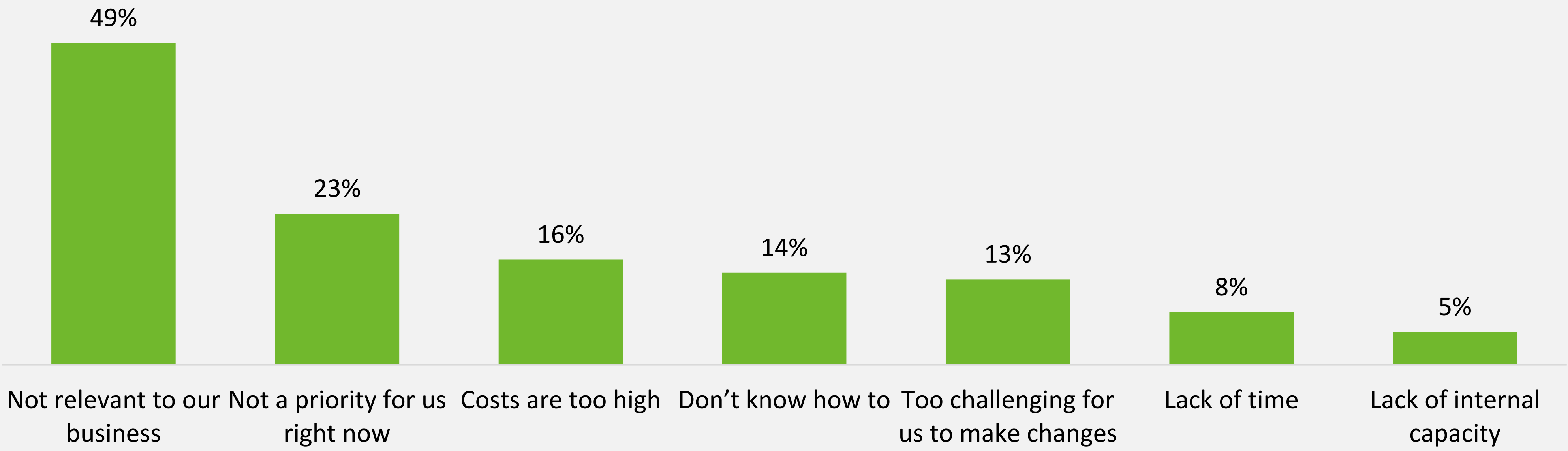
Among businesses that were not reducing or planning to reduce their emissions, half (49%) said this was not relevant to their business and almost a quarter (23%) said it was not a priority for them right now. Other reasons given were costs being too high (16%), not knowing how to reduce emissions (14%), finding it too challenging to make changes (13%) and a lack of time (8%) and capacity (5%).

Businesses that were **not well-informed** about their climate change responsibilities were more likely to say they did not know how to make changes (21%).

Those located on **islands** were more likely to say reducing emissions was too challenging for them (21%).

Otherwise, there was no significant variation in the findings, reflecting the relatively small number of businesses giving each answer.

Q. Why do you not intend to reduce emissions?

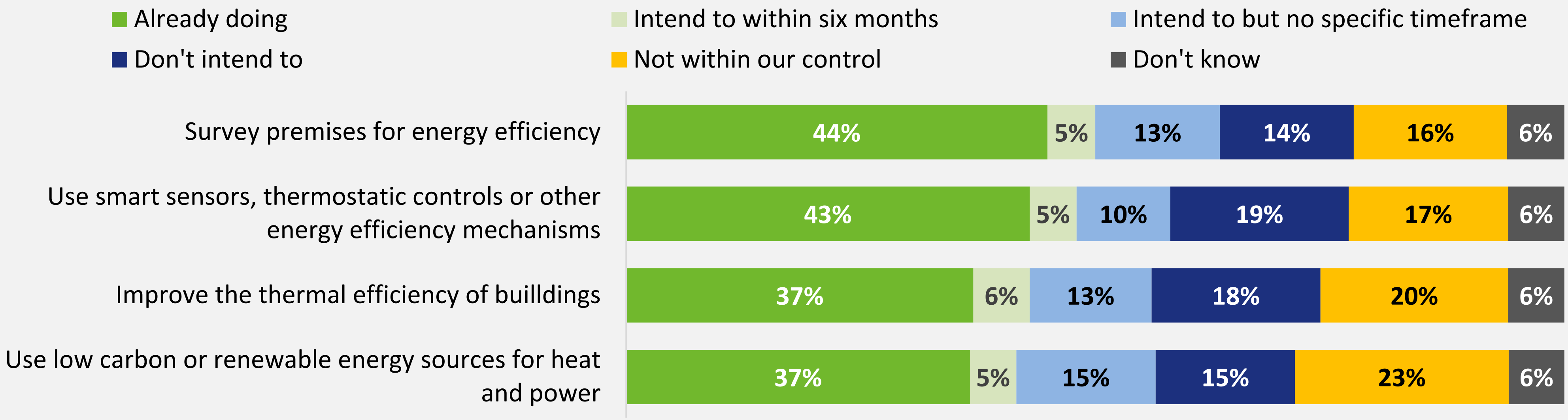


Base: All those not planning or taking action to reduce emissions (221)

ACTIONS TO IMPROVE ENERGY EFFICIENCY OF PREMISES

Over two thirds (68%) of businesses were taking action in relation to the energy efficiency of their premises, or planning to within six months. The most common action being taken/planned was surveying premises for energy efficiency (50%*), followed by using smart sensors, thermostatic controls or other mechanisms (48%), improving the thermal efficiency of buildings (42%), and using low carbon or renewable energy sources (41%).

Q. In terms of your premises, have you already done, or intend to do, the following?



Base: All businesses (1,006)

More likely than average to be taking action

- 25+ staff (77% vs 68% overall).
- Tourism (78%).
- Food and drink (76%).
- Remote rural (73%).
- Investing to support growth (79%) or maintain performance (74%).
- Well informed about their climate change responsibilities (73%).

Less likely than average to be taking action

- 0-4 staff (64% vs 68% overall).
- Financial and business services (54%).
- Urban areas (60%).
- Making no significant changes in order to remain viable (62%).
- Not well informed about their climate change responsibilities.

NOTES:
Findings for those saying “already doing” have been combined with those saying “intend to within 6 months” to give an overall proportion of those already doing/planning to do.

ACTIONS TO IMPROVE ENERGY EFFICIENCY OF PREMISES (2)

Already doing/intending to within six months (higher than average)

- **25+ staff** – Surveying premises (64%).
- **Tourism** – Surveying premises (62%), using smart sensors or similar mechanisms (60%), improving thermal efficiency of buildings (56%).
- **Food and drink** – Surveying premises (55%), using low carbon or renewable energy (50%).
- **Remote rural** – Surveying premises (53%), improving thermal efficiency (45%), using low carbon or renewable energy (47%).
- **Well informed about climate change responsibilities** – Surveying premises (55%), using smart sensors or similar mechanisms (53%), improving thermal efficiency (46%), using low carbon or renewable energy (46%).
- **Investing to support growth** – Surveying premises (61%), improving thermal efficiency (50%), using low carbon or renewable energy (49%).

Do not intend to (higher than average)

- **0-4 staff** – Surveying premises (17% vs 14% overall), using smart sensors or similar mechanisms (23% vs 19%), using low carbon or renewable energy (18% vs 15%).
- **Creative industries** – Surveying premises (33% vs 14%), using smart sensors or similar mechanisms (60% vs 19%), improving thermal efficiency (56% vs 18%).\
- **Not well informed about climate change responsibilities** – Surveying premises (19% vs 14%), using smart sensors or similar mechanisms (30% vs 19%), improving thermal efficiency (29% vs 18%), using low carbon or renewable energy (24% vs 15%).

Not within our control

Over a third (37%) of businesses said that at least one of the aspects listed was not within their control. This was higher overall among financial and business services (49%) and those in urban areas (47%).

Variation (higher than average):

- **0-4 staff** – Surveying premises (18% vs 16% overall).
- **Financial and business services** – Surveying premises (27% vs 16%), improving thermal efficiency (31% vs 20%), using low carbon or renewable energy (32% vs 23%).
- **Urban businesses** – Surveying premises (25% vs 16%), using smart sensors or similar mechanisms (23% vs 17%), improving thermal efficiency (30% vs 20%), using low carbon or renewable energy (32% vs 23%).
- **Not well informed about climate change responsibilities** – Surveying premises (24% vs 16%).

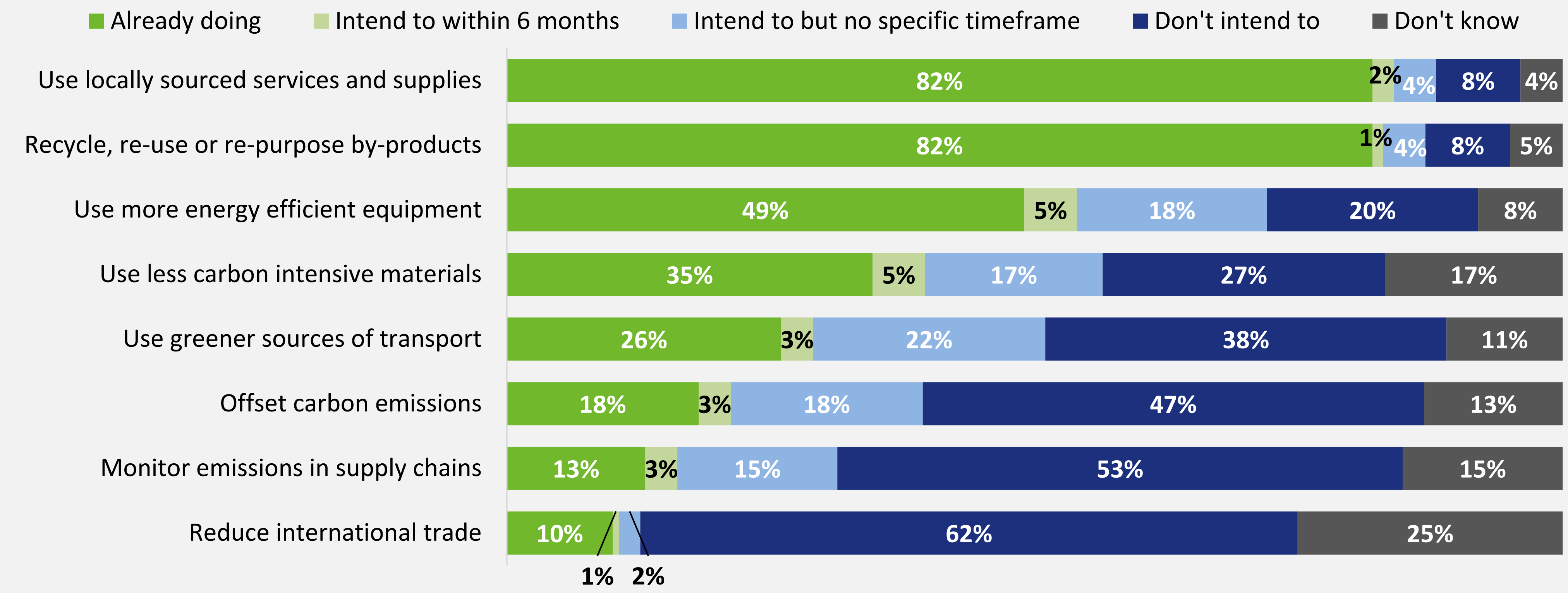
NOTES:
There was no significant variation in the types of business saying they were intending to take actions, but without a specific timeframe.

ACTIONS TO REDUCE ENVIRONMENTAL IMPACTS OF OPERATIONS

The majority (95%) of businesses were taking action related to the environmental impacts of their operations, or planning to within six months. The most common actions being taken/planned were using locally sourced services and supplies (84%*) and recycling, re-using or re-purposing by-products (83%). This was followed by using more energy efficient equipment (54%), less carbon intensive materials (40%), greener sources of transport (29%), offsetting carbon emissions (21%), monitoring emissions in supply chains (17%) and reducing international trade (11%).

The actions businesses were least likely to intend to take were reduce international trade (62% did not intend to), monitor emissions in supply chain, offset emissions (47%) and use greener source of transport (38%).

Q. In terms of your operations, have you already done or intend to do the following?



Base: All businesses (1,006)

NOTES:
Findings for those saying "already doing" have been combined with those saying "intend to within 6 months" to give an overall proportion of those already doing/planning to do.

ACTIONS TO REDUCE ENVIRONMENTAL IMPACTS OF OPERATIONS (2)

Already doing/intending to in six months:

- **25+ staff** – Using greener sources of transport (44% vs 29% overall), monitoring emissions in supply chains (26% vs 17%).
- **Tourism** – Using more energy efficient equipment (68% vs 54%).
- **Food and drink** – Offsetting carbon emissions (31% vs 21%).
- **Remote rural** – Recycling, re-using or re-purposing by-products (86% vs 83%).
- **Urban** – Using greener sources of transport (34% vs 29%).
- **HIE-account managed** – Using greener sources of transport (47% vs 28% of non-account managed).
- **Those focussing more on selling to UK instead of overseas markets** – reducing international trade (19% vs 11%).

Those that were **well informed about climate change responsibilities** and those that were **investing in the business to support growth** were more likely to be taking each action (with the exception of reducing international trade, on which they were in line with the average).

Do not intend to:

- **0-4 staff** – Monitoring emissions in supply chains (56% do not intend to vs 53% overall), using more energy efficient equipment (23% vs 20%).
- **Financial and business services** – monitoring emissions in supply chains (63% vs 53%), offsetting carbon emissions (62% vs 47%), using less carbon intensive materials (41% vs 27%).
- **Creative industries** – monitoring emissions in supply chains (70% vs 53%), offsetting carbon emissions (66% vs 47%), using locally sourced services and supplies (18% vs 8%).
- **Urban** – Recycling, re-using or re-purposing by-products (11% vs 8%).
- Those **selling to markets outside the UK** – reducing international trade (74% vs 62%).

Those that were **not well informed about climate change responsibilities** were more likely to say they did not intend to take each action (with the exception of reducing international trade, on which they were in line with the average).

FACTORS THAT WOULD HELP LOWER EMISSIONS

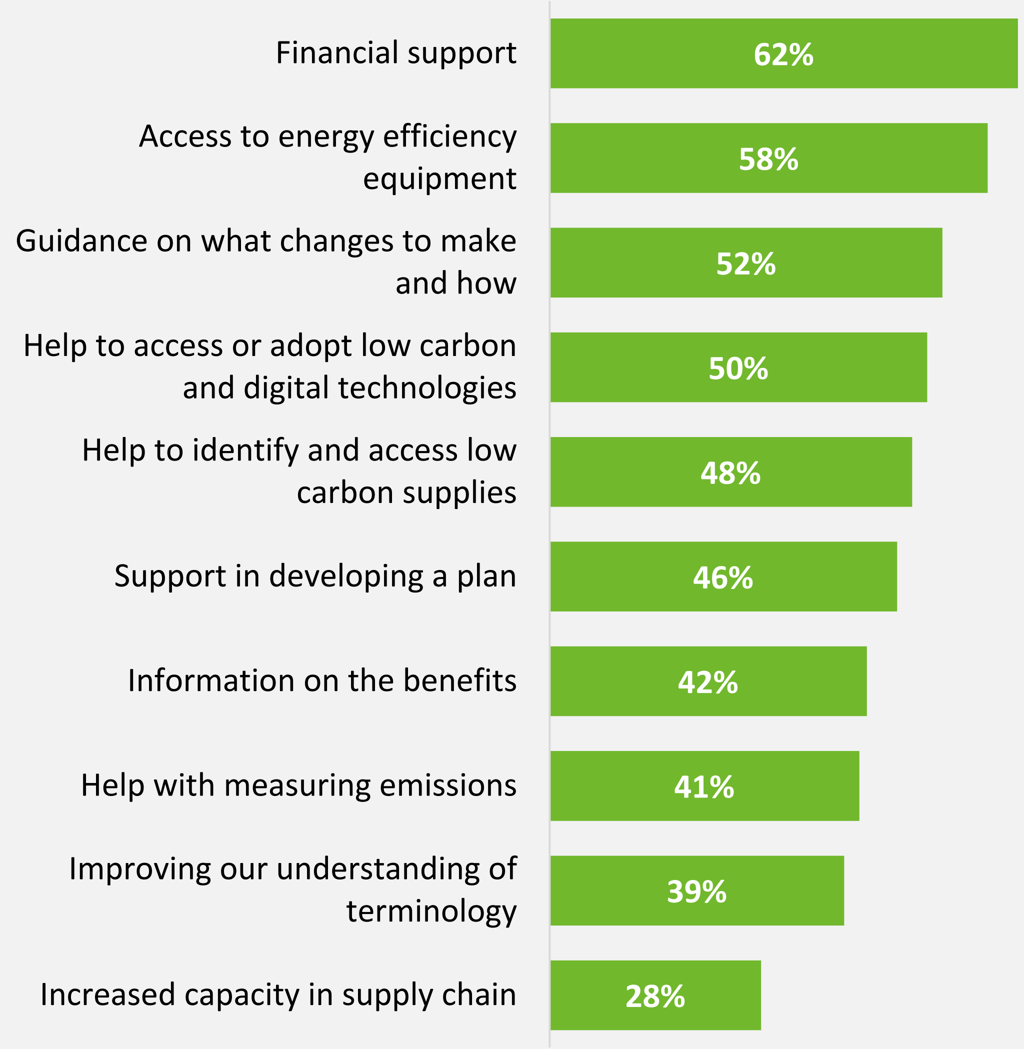
The factors that would most help businesses lower their emissions were financial support (62%), access to energy efficient equipment (58%), guidance on what changes to make and how (50%) and help to access or adopt low carbon and digital technologies (50%).

Fewer than half mentioned help to identify and access low carbon supplies (48%), support in developing plans (46%), information on the benefits of reducing emissions (42%), help with measuring emissions (41%), improved understanding of terminology (39%) and increased capacity in the supply chain (28%).

Further variation (higher than average):

- **25+ staff** – support developing a plan (60%), and help measuring emissions (53%).
- **Food and drink** – financial support (70%), supporting in developing a plan (55%) and help measuring emissions (50%).
- **Remote rural** – financial support (65%) and help identifying and accessing low carbon supplies (51%).
- **Island** – supporting in developing a plan (51%), help measuring emissions (48%) and increased capacity in the supply chain (33%).
- **Struggled in past six months** – financial support (68%).
- **Not well informed about their climate change responsibilities** - guidance on what changes to make and how (60%) and improved understanding of terminology (47%).

Q. Which of the following would help you lower your emissions?



Base: All businesses (1.006)

SUPPORT FROM BUSINESS ENERGY SCOTLAND

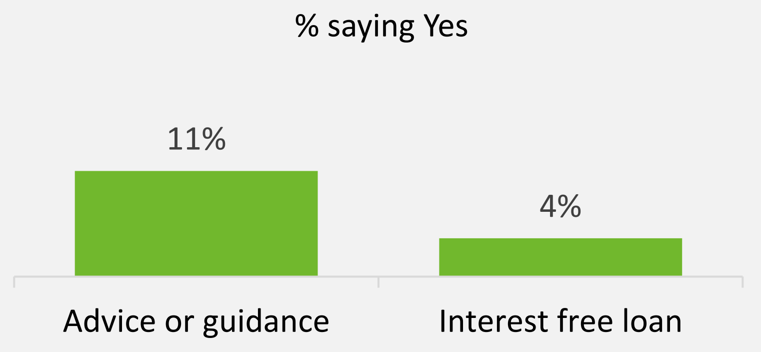
Just over one in ten (12%) businesses had accessed support from Business Energy Scotland, with 11% having accessed advice or guidance and 4% an interest free loan.

Tourism businesses and **social enterprises** were each more likely than average to have accessed advice or guidance (21% and 22%).

HIE-account managed businesses were more likely than non-account managed businesses to have accessed both advice or guidance (18% vs 10%) and loans (11% vs 4%).

Those investing in the business for growth were more likely to have accessed advice or guidance (16%).

Q. Have you accessed any of the following from Business Energy Scotland?



Base: All businesses (1.006)

G. APPENDIX

PROFILE OF BUSINESSES INTERVIEWED

Size (no of employees)	%
Sole trader	21
1-4	42
5-10	17
11-24	11
25+	9

Growth sector	%
Creative industries	4
Energy	2
Financial and business services	9
Food and drink	25
Life sciences	*
Tourism	11
Non-growth	48

Relationship with HIE	%
Account-managed	9
Non-account managed	91

Location	%
Argyll and the Islands	18
Caithness and Sutherland	9
Inner Moray Firth	28
Lochaber, Skye and Wester Ross	12
Moray	12
Orkney	8
Outer Hebrides	5
Shetland	6

Fragile status	%
Fragile area	17
Non-fragile area	83

Urban/rural	%
Remote rural	57
Accessible rural	10
Other (urban)	33

Ipsos Standards & Accreditations

Ipsos' standards & accreditations provide our clients with the peace of mind that they can always depend on us to deliver reliable, sustainable findings. Moreover, our focus on quality and continuous improvement means we have embedded a 'right first time' approach throughout our organisation.

ISO 20252 – is the international market research specific standard that supersedes BS 7911 / MRQSA & incorporates IQCS (Interviewer Quality Control Scheme); it covers the 5 stages of a Market Research project. Ipsos was the first company in the world to gain this accreditation.

MRS Company Partnership – By being an MRS Company Partner, Ipsos endorse and support the core MRS brand values of professionalism, research excellence and business effectiveness, and commit to comply with the MRS Code of Conduct throughout the organisation & we were the first company to sign our organisation up to the requirements & self regulation of the MRS Code; more than 350 companies have followed our lead.

ISO 9001 – International general company standard with a focus on continual improvement through quality management systems. In 1994 we became one of the early adopters of the ISO 9001 business standard.

ISO 27001 – International standard for information security designed to ensure the selection of adequate and proportionate security controls. Ipsos was the first research company in the UK to be awarded this in August 2008.

The UK General Data Protection Regulation (UK GDPR) & the UK Data Protection Act 2018 (DPA) – Ipsos is required to comply with the UK General Data Protection Regulation and the UK Data Protection Act; it covers the processing of personal data and the protection of privacy.

HMG Cyber Essentials – A government backed and key deliverable of the UK's National Cyber Security Programme. Ipsos was assessment validated for certification in 2016. Cyber Essentials defines a set of controls which, when properly implemented, provide organisations with basic protection from the most prevalent forms of threat coming from the internet.

Fair Data – Ipsos MORI is signed up as a 'Fair Data' Company by agreeing to adhere to ten core principles. The principles support and complement other standards such as ISOs, and the requirements of Data Protection legislation.

This work was carried out in accordance with the requirements of the international quality standard for market research, ISO 20252 and with the Ipsos Terms and Conditions

FOR FURTHER INFORMATION:

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