



United Kingdom

Overview

EIB INVESTMENT SURVEY

2021

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United Kingdom

Overview

EIB Investment Survey Country Overview: UK

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that firms face, such as climate change and digital transformation. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of 40 economists is headed by Debora Revoltella, director of economics.

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The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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EIBIS 2021 – The United Kingdom

KEY RESULTS

Investment Dynamics and Focus

EIBIS 2021 shows that while fewer UK firms invested in 2020, they have become more optimistic for 2021 as more expect to increase rather than decrease investment. This represents a substantial positive shift from EIBIS 2020.

On average, businesses across the UK spent around three-tenths (28%) of their investment on replacement in, down from 41% in EIBIS 2020. The largest share of investment went into machinery and equipment (35%), followed by software, data, IT and websites (21%).

COVID-19 Impact

COVID-19 hit firms in various ways. Two-thirds of firms (66%) report a decline in sales or turnover compared to the beginning of 2020. Almost a quarter of firms (23%) reduced their planned investment. Firms that have experienced a stronger impact from the crisis in terms of a reduction in sales reduced investment most.

Asked about the short-term actions due to COVID-19, digitalisation stood out with two in five (41%) firms reporting that they have taken action or made investments to become more digital since the start of the pandemic.

Investment Needs and Priorities

COVID-19 will undeniably have a long-term impact on needs and priorities. Again, digitalisation stands out, with half (50%) of firms expecting COVID-19 to lead to an increased use of digital technologies in the long-term.

In addition, there has been a decline in the share of firms operating at or above full capacity (from 44% to 27%), well below the EU average (49%). However, British firms do not perceive major gaps in their investment activities. In spite of the difficult circumstances, 71% believe their investment over the last three years was about the right amount.

Innovation Activities

Half of firms in the UK (50%) developed or introduced new products, processes or services as part of their investment activities, a higher share than the EU average (36%). Around three in ten firms (30%) can be considered as 'active innovators' and 4% as developers.

In contrast, half of firms (50%) have implemented at least one of the advanced digital technologies asked about, below the EU average (61%).

Drivers and Constraints

Firms became more optimistic about the economic climate (+54% versus -61% in EIBIS 2020), business prospects in their sector (+48% versus -11% in EIBIS 2020) and the availability of internal finance (+33% versus -12% in EIBIS 2020) and external finance (+15% versus -7% in EIBIS 2020), but remain pessimistic about the political and regulatory climate.

The availability of skilled staff and uncertainty about the future remain the two most commonly cited barriers to investment (80% and 72% respectively), although fewer cited uncertainty than in EIBIS 2020 (88%).

Investment Finance

Access to finance conditions are benign. Only 7% of firms in the UK can be considered finance constrained, broadly similar to the EU average. Firms that used external finance are on balance satisfied with the finance received, although less so than in the EU. The highest levels of dissatisfaction are with the cost of finance (16%) and the amount (13%).

As a result of COVID-19, one in five firms (20%) have increased their debt position. Eight in ten firms (83%) have received some kind of financial support in response to COVID-19, markedly more than the EU average (56%). Compared to the EU overall, firms in the UK are more likely to have received new subsidised or guaranteed credit (27% versus 17%), deferral of payments (43% versus 16%), and subsidies that do not need to be paid back (71% versus 36%).

Climate Change and Energy Efficiency

When asked about climate change, just over four in ten firms (44%) feel their business has been impacted by climate change, below the EU average (58%). Overall firms in the UK are more likely to view the transition to tighter climate regulations and standards as a risk rather than an opportunity (43% versus 26%).

Around one in five firms (22%) have already invested to tackle climate change, below EIBIS 2020 (45%) and the EU average (43%), while half of UK firms (49%) have plans to invest. As well as investing in climate change, half of firms (48%) invested in measures to improve energy efficiency, with an average of 8% of their total investment going towards such measures.

Firm management, gender balance and employment

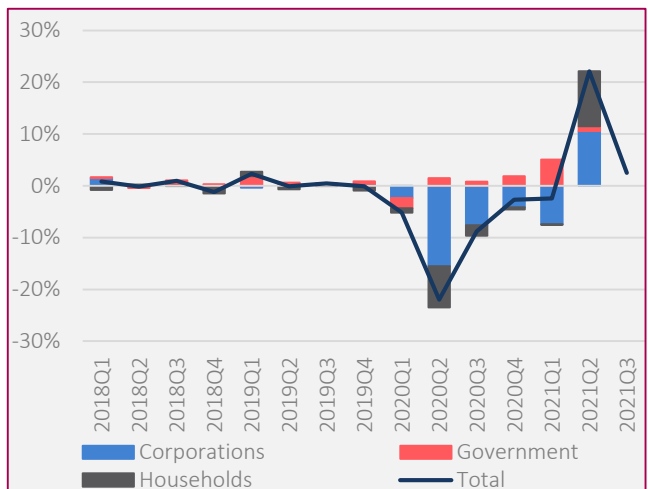
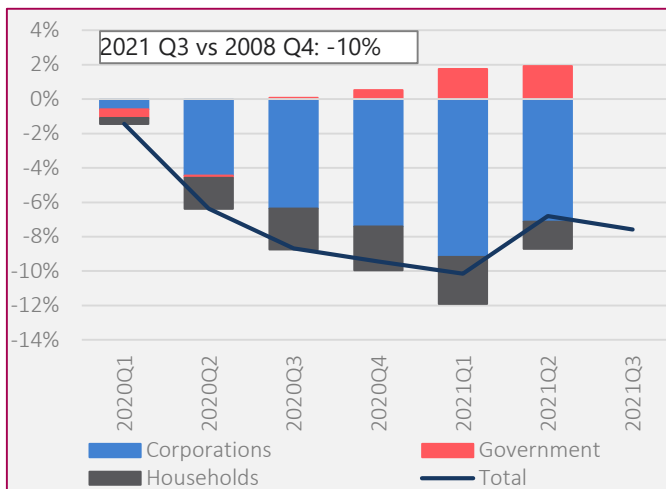
Seven in ten UK firms (70%) report that they strived for gender balance and two-thirds (66%) report to have linked individual performance to pay.

Investment Dynamics and Focus

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment in the UK fell from Q2 2020 onwards, reaching a deep of 10% below the pre-crisis level in Q1 2021. This decline was mainly driven by corporations. The positive policy support from Q4 2020 onwards was not sufficient to trigger

a recovery. Nevertheless, private investment started growing again in Q2 2021, with total investment 22% above the level recorded in Q2 2020. However, in Q2 and Q3 2021, total investment still remained 7% below the pre-crisis level.



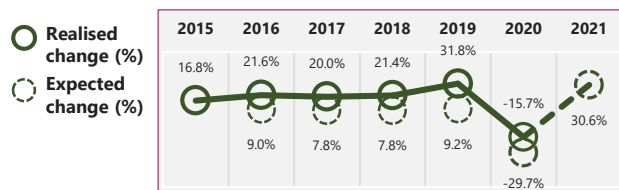
The graph on the left shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data are transformed into four-quarter sums, deflated using the implicit deflator for total GFCF. The four-quarter sum of total GFCF in 2019 Q4 is normalized to 0. Source: OECD
The graph on the right shows the year-on-year growth of total gross fixed capital formation (in real terms); by institutional sector. The data are deflated using the implicit deflator for total GFCF. Source: OECD

INVESTMENT CYCLE AND EVOLUTION OF INVESTMENT EXPECTATIONS

The share of firms in the UK investing has fallen (77% versus 84% in EIBIS 2020). However, more firms expect to increase rather than decrease investment for 2021, presenting more optimistic views compared to the ones recorded in EIBIS 2020.

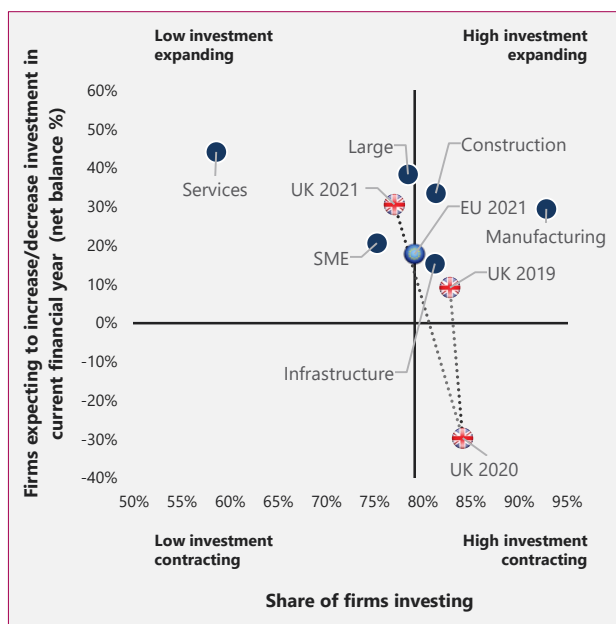
Services firms are the least likely to be investing (59%), while manufacturing firms are the most likely (93%).

The forecasted negative change in investment expectations in EIBIS 2020 was more pessimistic than the actual realised change and the outlook for 2021 has returned positive.



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for EIBIS 2021.

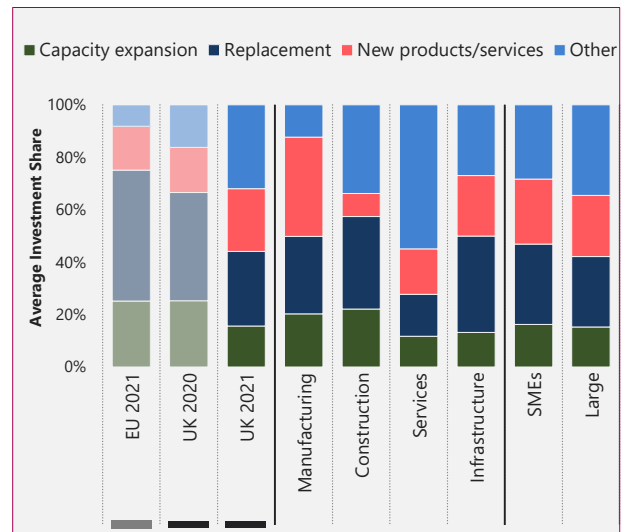
Base: All firms (excluding don't know/refused responses)

Investment Dynamics and Focus

PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

On average, firms across the UK spent 28% of their investment in 2020 on replacing buildings and equipment, well below the 41% recorded in the year before. Investment in capacity expansion shrunk as well (to 16%), while the share of new products and services rose (to 24%). Around a third (32%) was spent for other purposes.

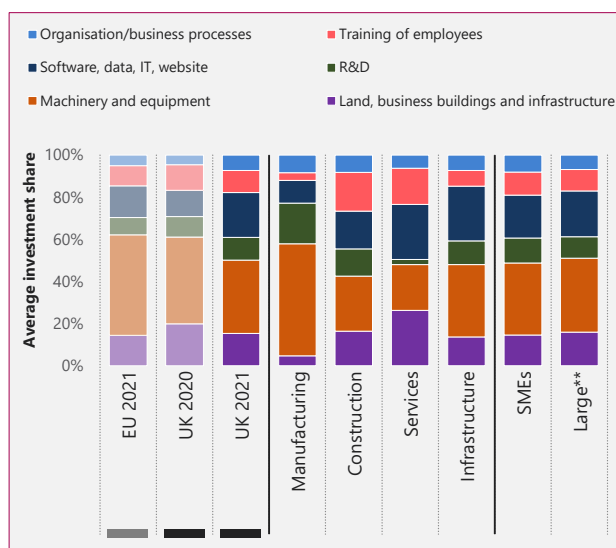
The share of investment spent on capacity expansion and replacement is below the EU average (25% and 50% respectively), the share spent on new products or services and other activities is larger than the EU overall (17% and 8% respectively).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

INVESTMENT AREAS



Out of the six investment areas considered, the largest share of investment in the UK went into machinery and equipment (35%), below the EU average (48%), followed by software, data, IT and websites (21%, up from 13% in EIBIS 2020) and land, business buildings and infrastructure (15%).

Manufacturing firms allocated the highest share of their investment to machinery and equipment (53%), while services firms and infrastructure firms both allocated around a quarter of their investment to software, data, IT and websites (both 26%).

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

**Caution very small base size

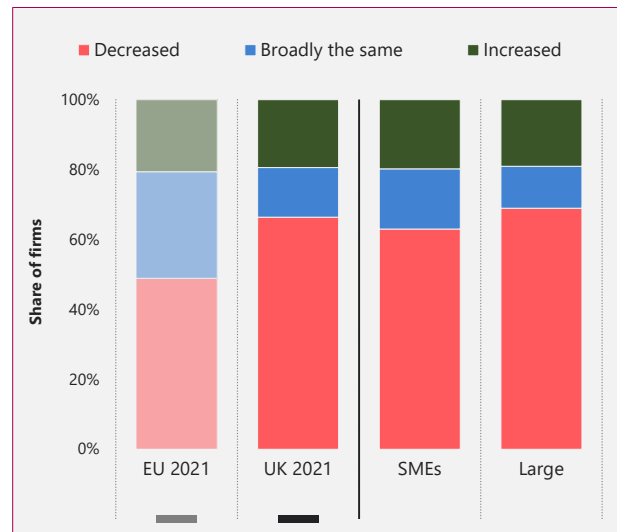
Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON SALES

COVID-19 hit firms in various ways. When asked about the impact on sales, two-thirds (66%) of firms in the UK report a decline in sales or turnover due to COVID-19 compared to the beginning of 2020. This is higher than the EU average (49%). Around one in five firms report an increase (19%), in line with the EU overall (21%).

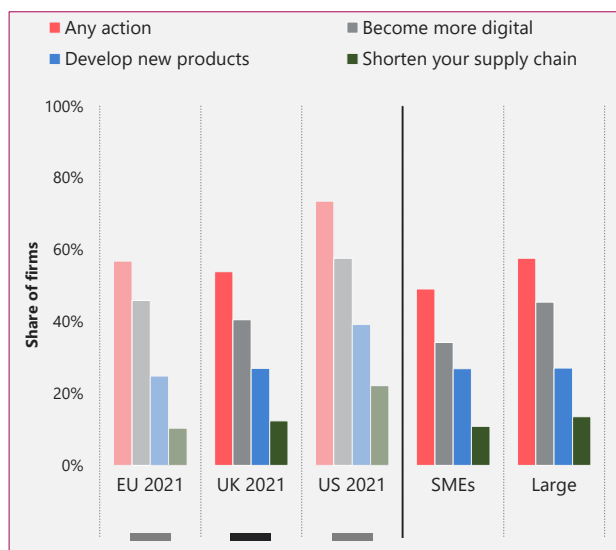
The picture is broadly similar among both SMEs and large firms.



Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020?

Base: All firms (excluding don't know/refused responses)

SHORT-TERM ACTIONS AS A RESULT OF COVID-19



Just over half of firms in the UK (54%) have taken action(s) or made investments to mitigate the impact of the COVID-19 crisis, broadly in line with EU firms (57%).

Around two in five (41%) UK firms have taken action or made investments to become more digital due to COVID-19, broadly similar to EU firms (46%). Fewer firms have developed new products (27%) or shortened supply chains (12%).

Large firms are the most likely to have taken any short-term action(s) and become more digital (58% and 46% respectively).

Q. As a response to the COVID-19 pandemic, have you taken any actions or made investments to...?

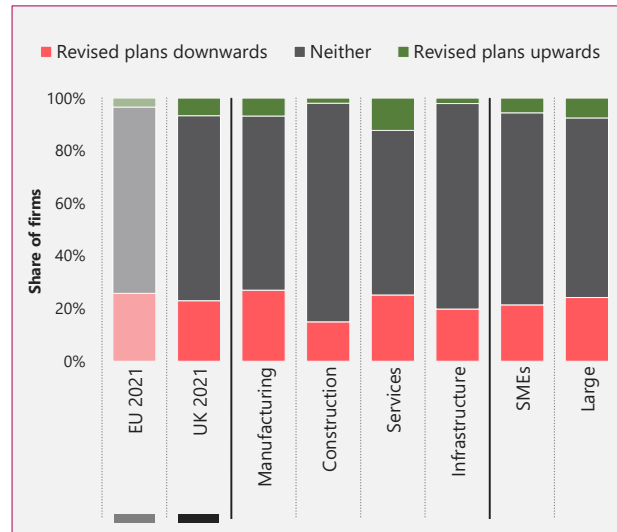
Base: All firms (excluding don't know/refused responses)

Impact of COVID-19

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has had an impact on investment. Almost a quarter of firms in the UK (23%) report having revised plans downwards as a result of COVID-19, while a small proportion (7%) report having revised plans upwards. This is broadly in line with the EU average (26% and 3% respectively), but the overall (net) effect is somewhat less negative.

Firms in the manufacturing and services sectors are the most likely to report a downward revision (27% and 25% respectively).

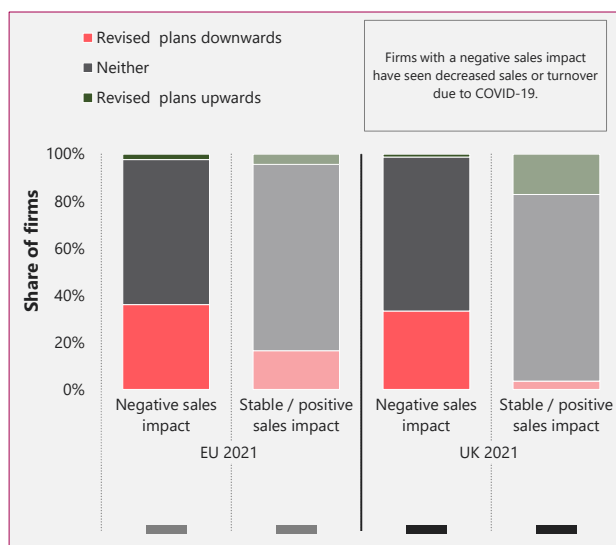


Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Q. You mentioned revising your investment plans due to the COVID-19 pandemic. Did you revise them upward or downward?

Base: All firms (excluding don't know/refused responses)

DIFFERENCES IN IMPACT OF COVID-19 ON INVESTMENT



In the UK, firms whose sales or turnover have been negatively impacted by COVID-19 were most likely to report revising plans downwards compared to firms whose sales or turnover had been stable or buoyant (33% versus 3%).

Firms who experienced a negative sales impact and revised their investment plans downwards, account for about a third in both the UK and the EU, but only about a quarter in the US.

Q. Do you expect the COVID-19 outbreak to have a long term impact on any of the following?

Q. What has been the impact so far of the COVID-19 pandemic on your company's sales or turnover compared to the beginning of 2020? Has it...?

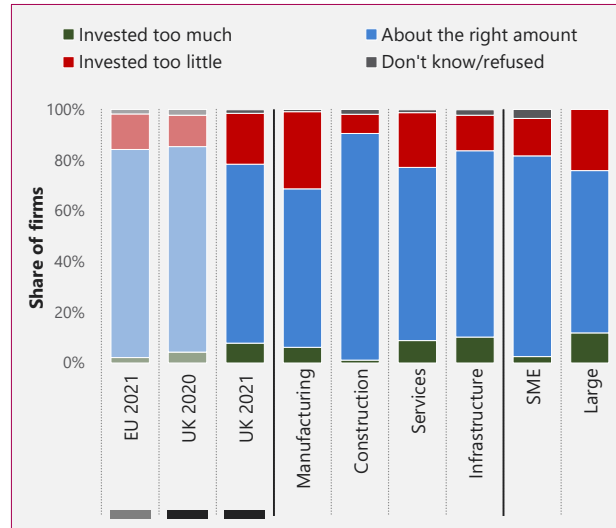
Base: All firms (excluding don't know/refused responses)

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

The majority of UK firms do not perceive gaps in their investment activities. In spite of difficult circumstances, seven in ten firms (71%) believe their investment over the last three years was about the right amount, below the EU average (82%), while almost one in ten (8%) report investing too much, higher than the EU overall (2%). One in five firms in the UK (20%) report investing too little.

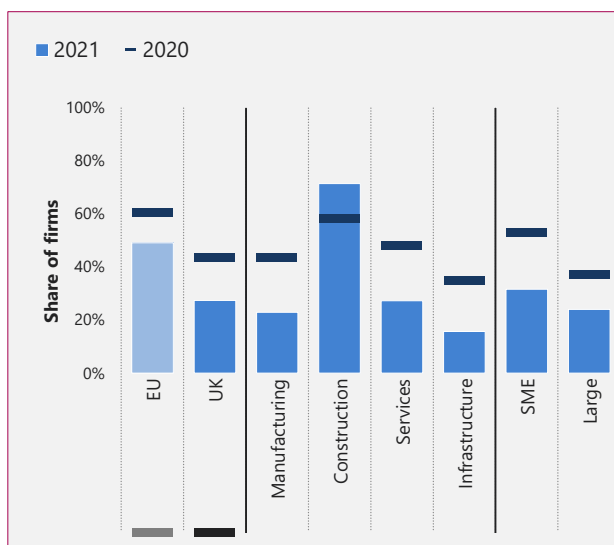
Manufacturing firms are most likely to say their investment was too little (30%) compared to other sectors.



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable?

Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

The share of firms operating at or above full capacity in 2020 has declined (27% versus 44% in EIBIS 2020) and is well below the EU average (49%).

Construction firms were more likely to be operating at or above full capacity (72%) compared to firms in other sectors (ranging from 16% to 27%).

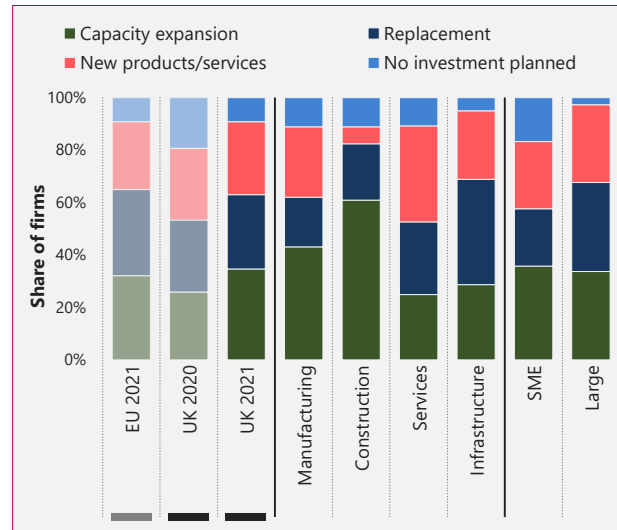
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, the most commonly cited investment priority among firms is capacity expansion (35%), followed by replacement and the development of new products or services (both 28%). This is in line with the EU overall. Compared to EIBIS 2020, the share of firms with no investment planned has fallen (from 19% to 9%).

Construction firms are most likely to prioritise capacity expansion (61%) and least likely to prioritise new products or services (6%).

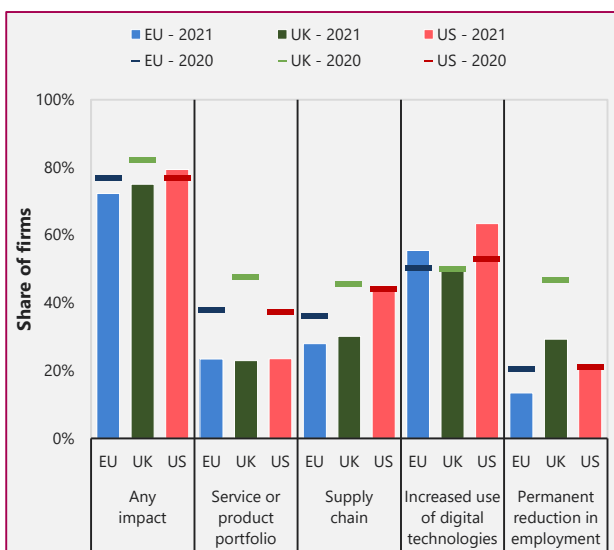
When looking at size, SMEs are more likely than large firms to have no investment planned (17% versus 3%).



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

COVID-19 LONG-TERM IMPACT



Q. Do you expect the COVID-19 outbreak to have a long-term impact on any of the following?

Base: All firms

The share of firms in the UK expecting COVID-19 to have a long-term impact on needs and priorities remained broadly stable. However, most still expect an impact (75%), in line with the EU average (72%).

Digitalisation stands out, with half of firms (50%) expecting COVID-19 to lead to an increased use of digital technologies, in line with the EU overall (55%).

Firms in the UK have become less pessimistic with a fall in the share of firms expecting a permanent reduction in employment since EIBIS 2020 (falling from 47% to 29%) but firms in the UK are still more likely to expect a permanent reduction in employment compared to the EU (13%).

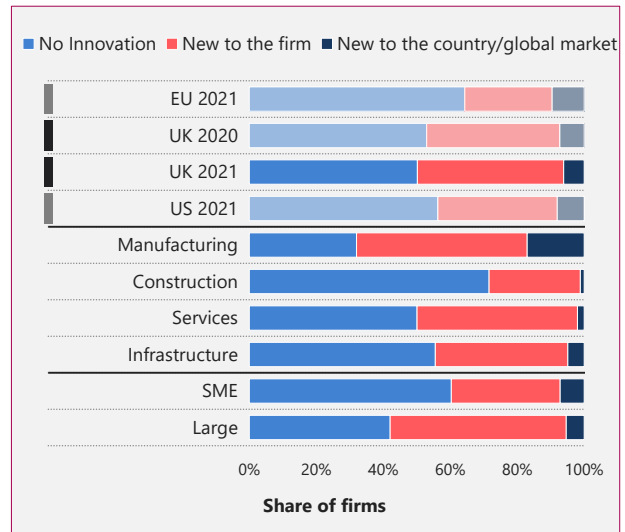
Firms in the UK are also now less likely to expect a long-term impact on their supply chain than in EIBIS 2020 (falling from 46% to 30%), as well as on their service or product portfolio (falling from 48% to 23%).

Innovation Activities

INNOVATION ACTIVITY

Half of firms (50%) developed or introduced new products, processes or services as part of their investment activities in 2020 (higher than the EU average of 36%), with 6% having undertaken innovation that new to the country or the global market.

Manufacturing firms and large firms were most likely to innovate (68% and 58% respectively) while construction firms were least likely to innovate (28%).

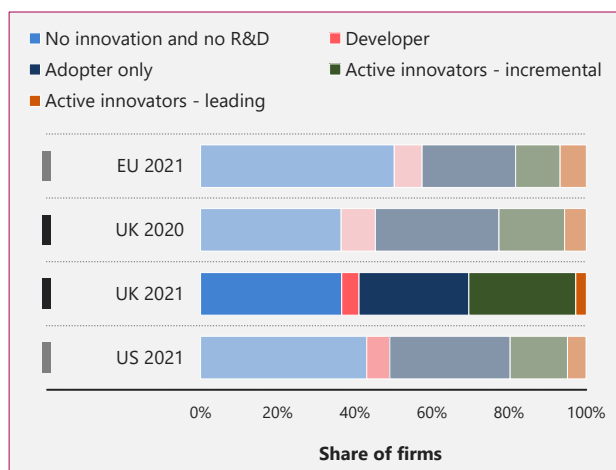


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

When firms' innovation and research and development behaviour is profiled more widely, 30% of firms in the UK can be classified as 'active innovators' (higher than the EU average of 18%) and a further 4% of firms as 'developers'.

Compared to EIBIS 2020, there are more innovators and fewer adopters.

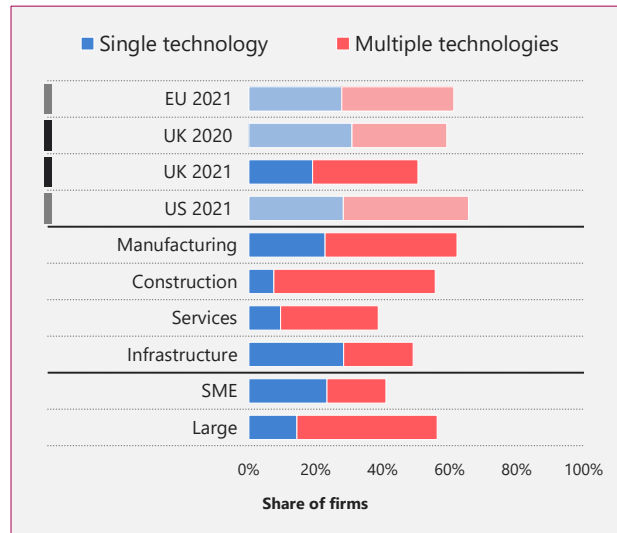
The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are new to the country/world.

Innovation Activities

IMPLEMENTATION OF ADVANCED DIGITAL TECHNOLOGIES

Half of the firms (51%) have implemented at least one of the advanced digital technologies they were asked about, below the EU average (61%), with one in five (19%) implementing a single technology, down from 31% in EIBIS 2020.

Manufacturing firms are most likely to have implemented advanced digital technologies (62%), while services firms and SMEs are least likely to have done so (39% and 41% respectively).

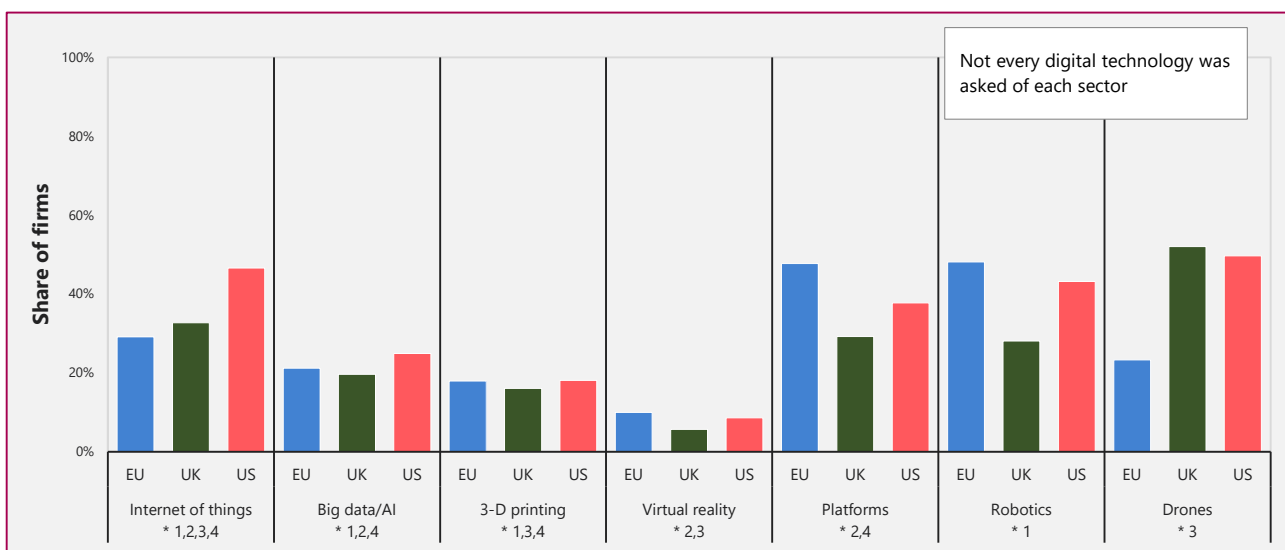


Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Base: All firms (excluding don't know/refused responses)

ADVANCED DIGITAL TECHNOLOGIES



* Sector: 1 = Asked of Manufacturing firms, 2 = Asked of Services firms, 3 = Asked of Construction firms, 4 = Asked of infrastructure firms

Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

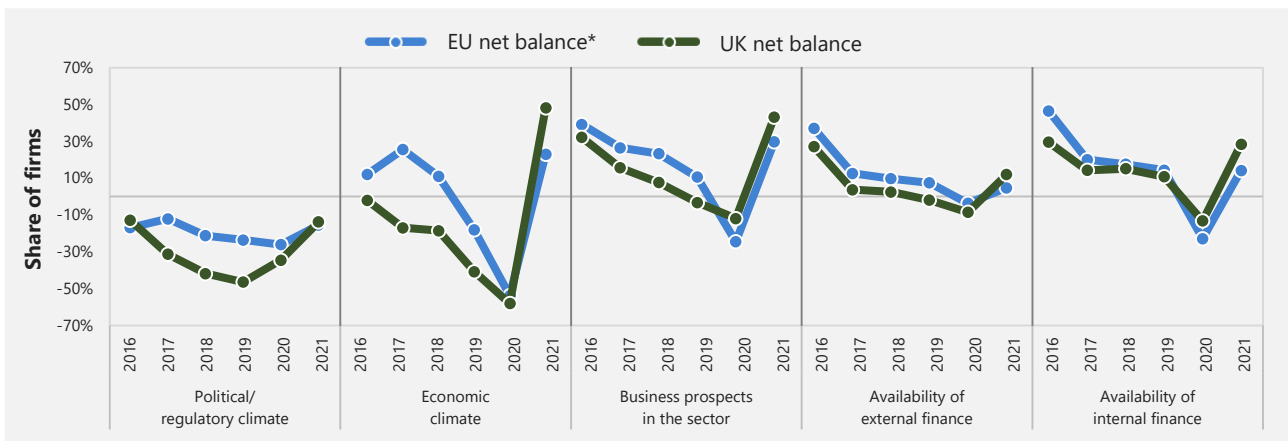
Base: All firms (excluding don't know/refused responses);
Sample size UK: Manufacturing (180); Construction (130); Services (164); Infrastructure (120)

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

Firms remain on balance pessimistic about the political and regulatory climate. Nevertheless, expectations for the overall economic climate have turned positive (rising from -61% to 54%) as well as business prospects in the sector (rising from -11% to 48%), and the availability of internal finance

(rising from -12% to 33%) and external finance (rising from -7% to 15%). The short term outlook in the UK is significantly more optimistic than the EU as a whole regarding the economic climate, business prospects in the sector and the availability of internal finance.

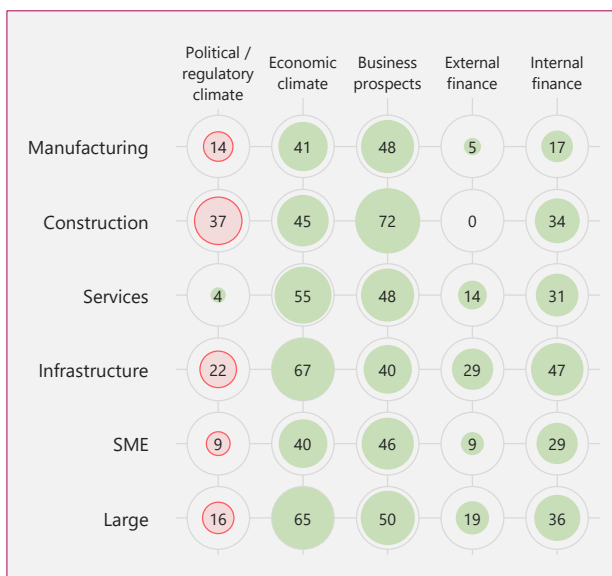


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: green figures are positive, red figures are negative

Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Base: All firms

Firms are consistently more positive than negative about the economic climate, business prospects and the availability of internal finance.

Constructions firms are the most optimistic about business prospects (72%) and the most pessimistic about the political and regulatory climate (-37%), while services firms are optimistic overall across all five measures.

Overall, optimism is highest among large firms compared to SMEs, except regarding the political and regulatory climate.

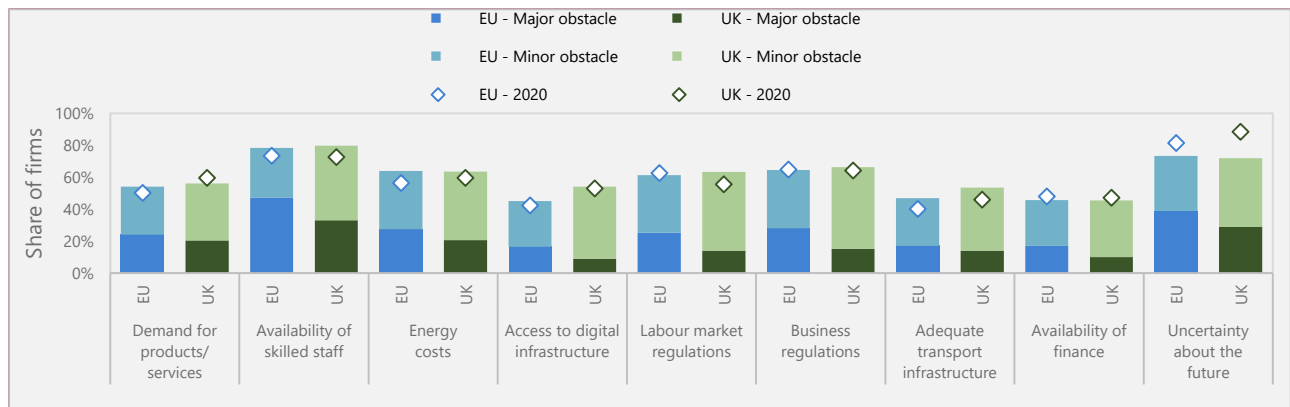
Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

The availability of skilled staff and uncertainty about the future remain the two most frequently mentioned barriers to investment (80% and 72% respectively). Nevertheless, uncertainty about the future is less likely to be cited than in EIBIS 2020 (falling from 88% to 72%).

The perception of long term barriers to investment among UK firms is broadly similar to the EU overall.

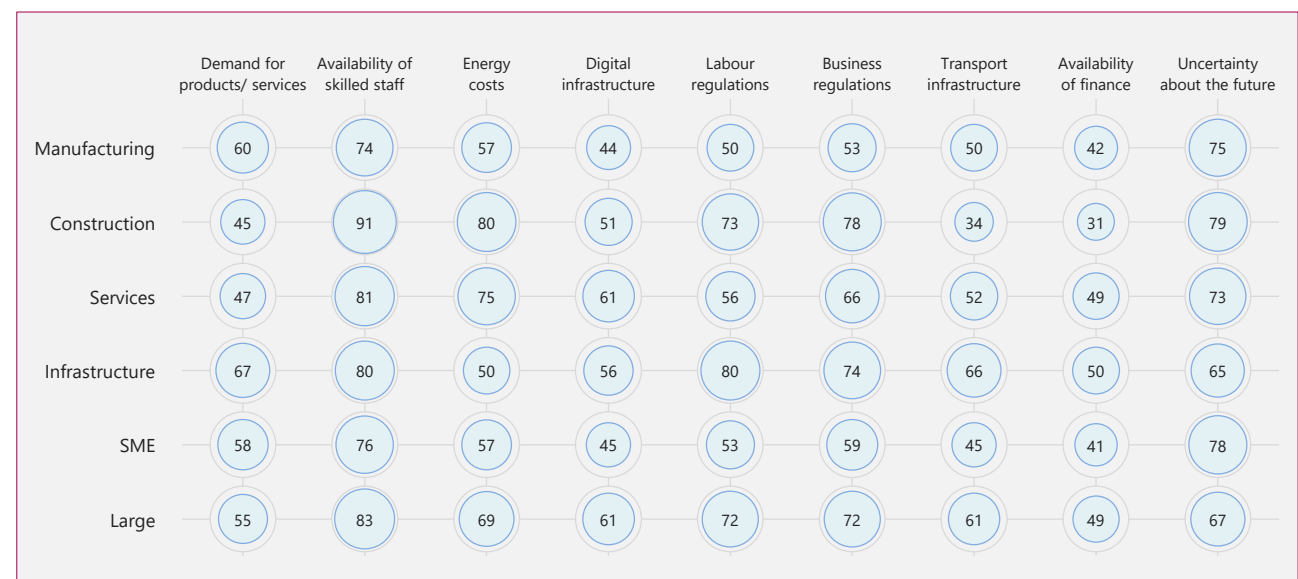
Construction firms are most likely to cite the availability of skilled staff and uncertainty about the future as barriers (91% and 79% respectively).



Q. Thinking about your investment activities in The United Kingdom, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

LONG TERM BARRIERS BY SECTOR AND SIZE



Q. Thinking about your investment activities in The United Kingdom, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Reported shares combine 'minor' and 'major' obstacles into one category

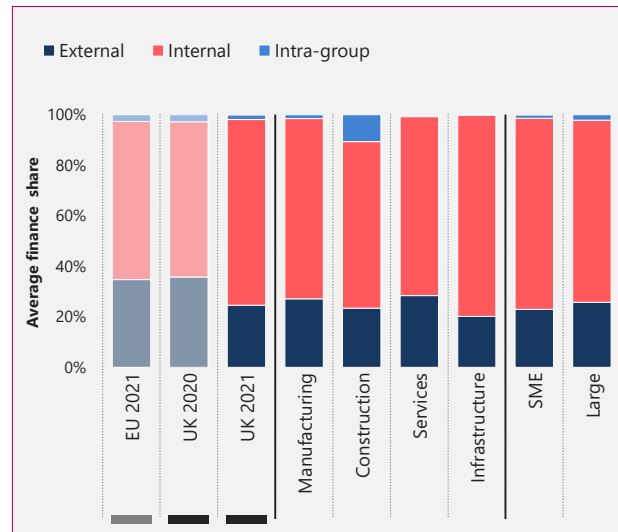
Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Investment Finance

SOURCE OF INVESTMENT FINANCE

Firms in the UK continued to fund three-quarters (74%) of their investment in 2020 through internal financing, more than in the EU (63%).

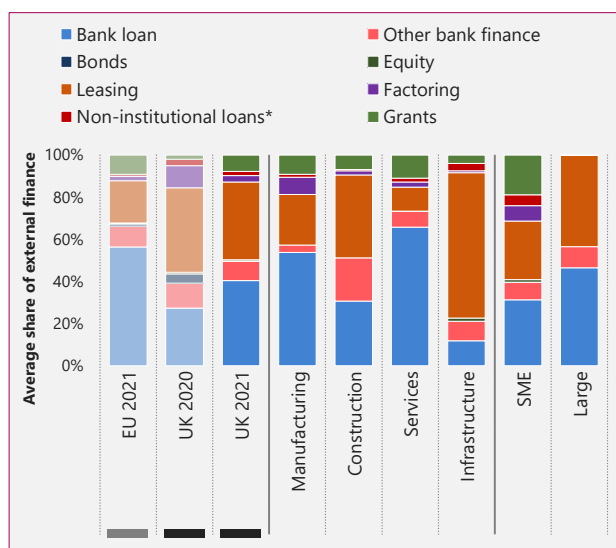
Infrastructure firms report the largest share of investment funded through internal finance (80%), while construction firms had the lowest share (66%), although this is partly due to the high share of intra-group financing (11%).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



In the UK, bank loans continued to make up the highest share of external finance (40%). This is higher than what was reported in EIBIS 2020 (27%) but lower than the EU average (56%).

Leasing or hire purchase accounts for the second highest share of external finance (37%), which is above the current EU average (20%).

The pattern of external finance used varies by sector and size of firm.

Q. Approximately what proportion of your external finance does each of the following represent?

*Loans from family, friends or business partners

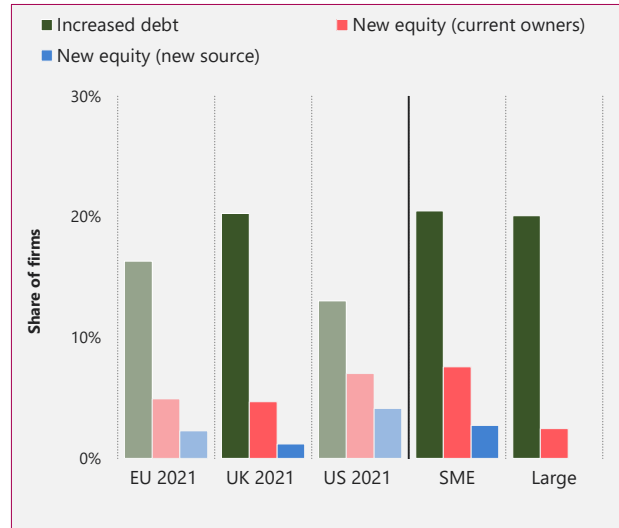
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Investment Finance

ACTIONS TAKEN AS A RESULT OF COVID-19

As a result of the COVID-19 pandemic, one in five firms (20%) have increased their debt position, 5% have raised new equity through their current owners and 1% have raised new equity through a new source. This is in line with the EU average.

The share of SMEs raising new equity was higher than that of large firms.



Q. Has your company taken any of the following actions as a result of the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

SHARE OF FIRMS RECEIVING FINANCIAL SUPPORT IN RESPONSE TO COVID-19



More than eight in ten firms in the UK (83%) have received some kind of financial support in response to COVID-19, markedly more than the EU average (56%).

Firms in the UK are more likely than EU firms to have received new subsidised or guaranteed credit (27% versus 17%), deferral of payments (43% versus 16%) and subsidies or other support that do not need to be paid back (71% versus 36%).

Q. Since the start of the pandemic, have you received any financial support in response to COVID-19? This can include finance from a bank or other finance provider, or government-backed finance

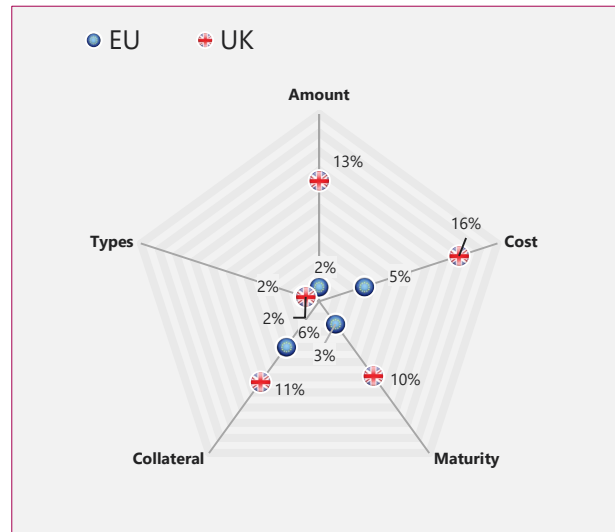
Base: All firms (excluding don't know/refused responses)

Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms who used external finance in 2020 report that they are, on balance, satisfied with the amount, cost, maturity, collateral and the type of external finance received. However, except for external finance received, firms in the UK are more dissatisfied than those in the EU.

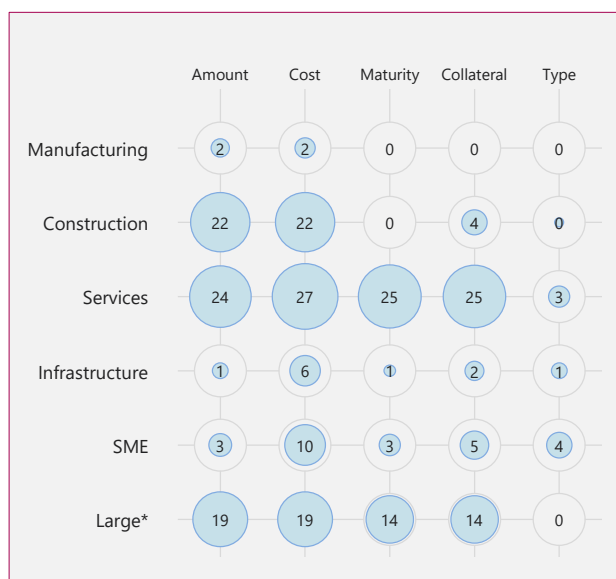
The highest levels of dissatisfaction recorded among firms in the UK are with the cost of finance (16%). This is followed by the amount of finance (13%), collateral requirements (11%), maturity (10%) and type of external finance received (2%).



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

DISSATISFACTION BY SECTOR AND SIZE (%)



Overall dissatisfaction levels are low, except among firms in the services sector, who report the highest levels of dissatisfaction with the amount, cost, maturity and collateral requirements. Construction firms also report relatively high dissatisfaction levels for the amount and cost of finance.

Q. How satisfied or dissatisfied are you with ...?

*Caution very small base size

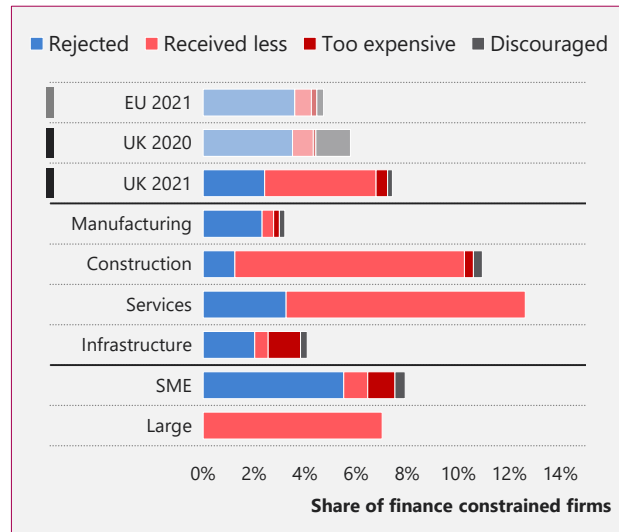
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

On average, 7% of all firms in the UK can be considered finance constrained, somewhat higher than the EU average (5%).

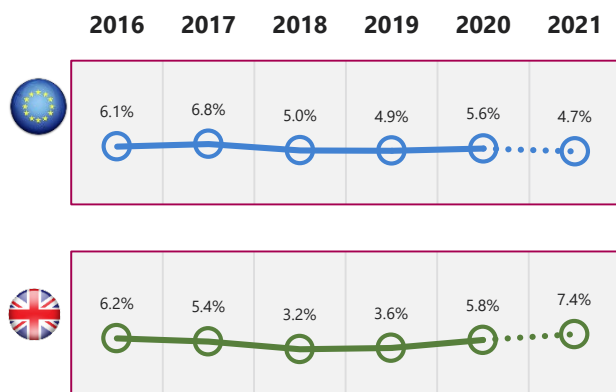
Firms in the services and construction sectors are the most likely to be considered finance constrained (13% and 11% respectively).



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms (excluding don't know/refused responses)

FINANCING CONSTRAINTS OVER TIME



The share of finance constrained firms has increased somewhat since EIBIS 2020, and is now slightly higher than in previous years. This is different from the EU, where the share of finance constrained firms is lower than in previous years.

Base: All firms (excluding don't know/refused responses)

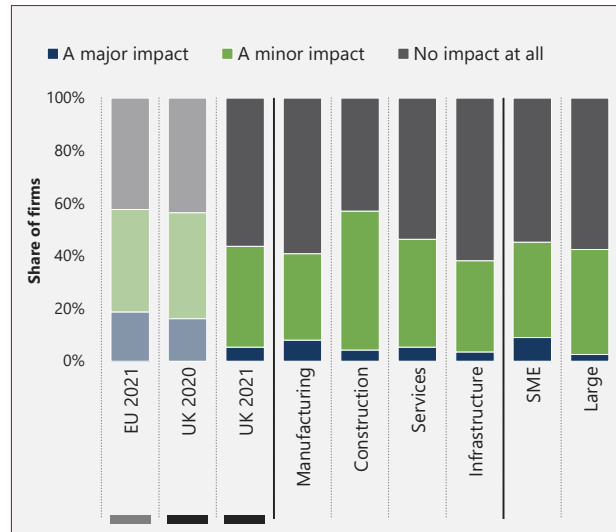
Climate Change and Energy Efficiency

IMPACT OF CLIMATE CHANGE – PHYSICAL RISK

More than four in ten firms (44%) feel their business is being impacted by climate change and the related changes in weather patterns. This is lower than the EU average (58%) and what was reported in EIBIS 2020 (56%).

Construction firms are most likely to report being impacted by climate change (57%), including around a half (53%) reporting a minor impact.

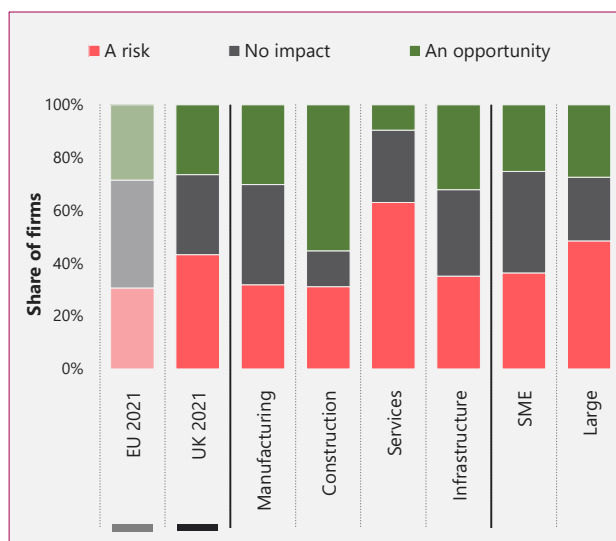
SMEs are most likely than large firms to report a major impact (9% versus 2%).



Q. Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

Base: All firms (excluding don't know / refused responses)

IMPACT OF CLIMATE CHANGE – RISKS ASSOCIATED WITH THE TRANSITION TO A NET ZERO EMISSION ECONOMY OVER THE NEXT FIVE YEARS



Just over four in ten firms (43%) believe the transition to stricter climate standards and regulations over the next five years will be a risk to the company, higher than the EU average (31%). Around a quarter (26%) believe it will be an opportunity, which is in line with the EU.

Services firms and large firms are most likely to believe the transition will be a risk to the company (63% and 48% respectively), while construction firms are most likely to believe it will be an opportunity (55%).

Q. Thinking about your company, what impact do you expect this transition to stricter climate standards and regulations will have on your company over the next five years?

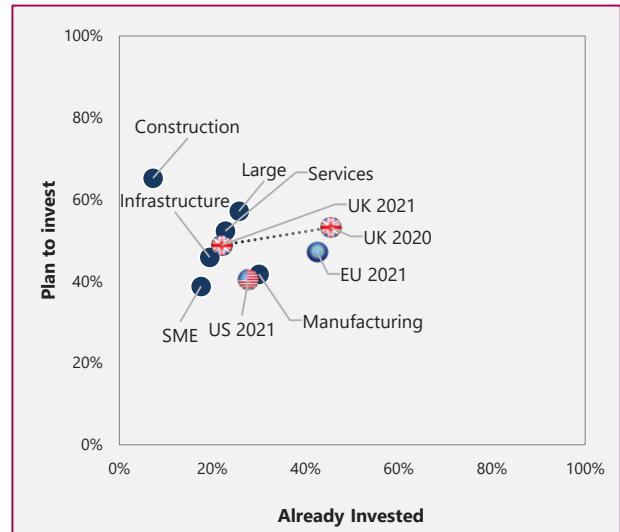
Base: All firms (excluding don't know / refused responses)

Climate Change and Energy Efficiency

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

On average, 22% of UK firms have already invested in plans to tackle the impact of climate change, well below the share reported in EIBIS 2020 (45%) and the EU average (43%). Around half (49%) plan to invest, in line with EIBIS 2020 (53%) and the EU overall (47%).

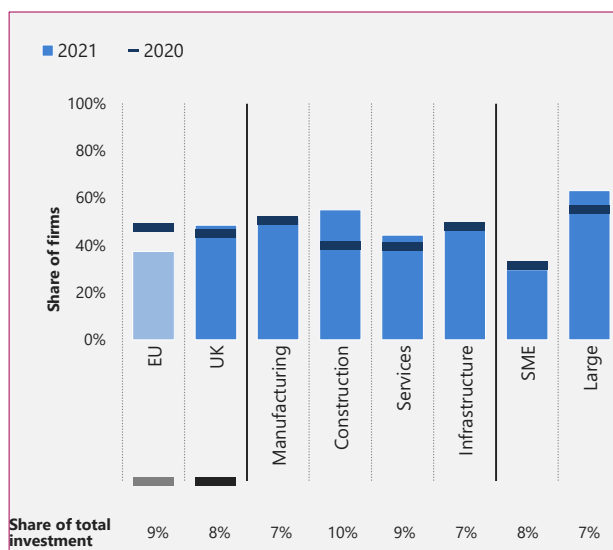
Manufacturing firms and large firms are the most likely to have already invested (30% and 26% respectively), while construction firms and large firms are the most likely to be planning to invest (65% and 57% respectively).



Q. Now thinking about investments to tackle the impacts of weather events and to deal with the process of reduction in carbon emissions, which of the following applies?

Base: All firms (excluding don't know/refused responses)

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY AND SHARE OF TOTAL INVESTMENT



Half of firms (48%) invested in measures to improve energy efficiency, with an average of 8% of their total investment in 2020 going towards such measures. The share of firms investing is higher than the EU average (37%).

Large firms were most likely to be investing in measures to improve energy efficiency (63%), while SMEs were least likely (30%).

Comparing sectors, construction firms were most likely to be investing in such measures (55%) and also allocated the highest share of their total investment in 2020 (10%).

Q. What proportion of the total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms (for share of firms investing)

Base: All firms who have invested in the last financial year (excluding don't know/refused responses) (average share of investment)

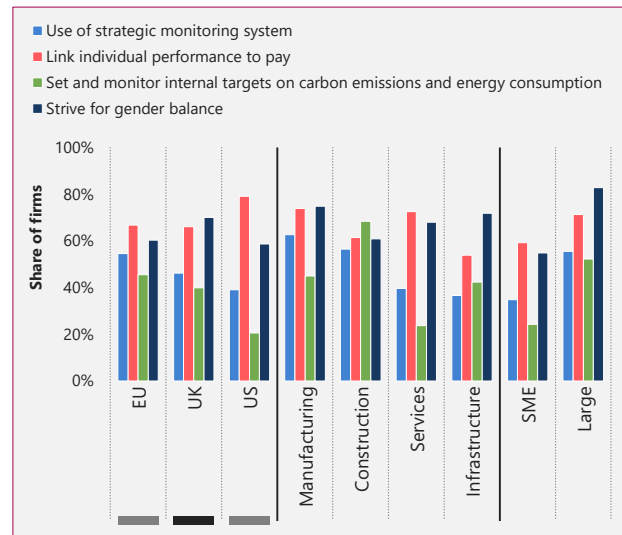
Firm management, climate targets, gender balance and employment

FIRM MANAGEMENT, CLIMATE TARGETS AND GENDER BALANCE

In 2020, seven in ten UK firms (70%) strived for gender balance and two-thirds (66%) linked individual performance to pay, while just under half (46%) used a strategic monitoring system and four in ten (40%) monitored carbon and energy targets. This is broadly in line with the EU overall.

Comparing sectors, manufacturing firms were most likely to use a strategic monitoring system (63%), link individual performance to pay (74%) and strive for gender balance (75%), while construction firms were most likely to monitor carbon and energy targets (68%).

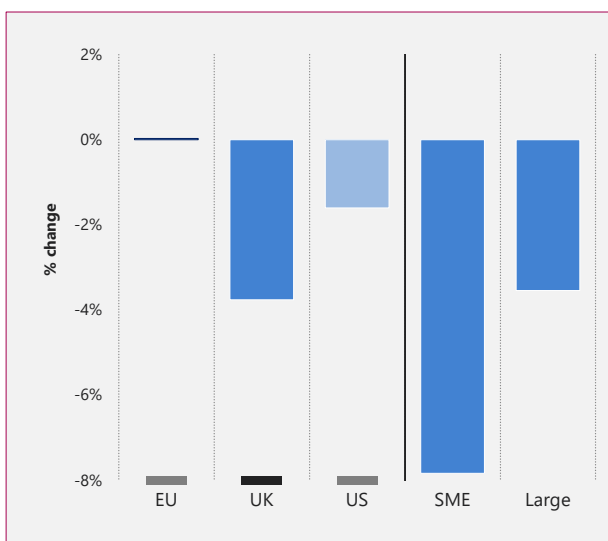
When looking at size, large firms consistently have the highest share across all four measures.



Q. In 2020, did your company...?

Base: All firms (excluding don't know/refused responses)

CHANGE IN EMPLOYMENT DURING COVID-19



Overall, firms in the UK experienced a small decline in employment (-4%) during the COVID-19 pandemic. This is slightly higher than in the EU where no change was observed.

The decline in employment was greatest among SMEs (-8%).

Q. How many people does your company employ either full or part time at all its locations, including yourself?

Q. How many people did your company employ either full or part time at all its locations at the beginning of 2020, before the COVID-19 pandemic?

Base: All firms (excluding don't know/refused responses)

EIBIS 2021 – Country Technical Details

SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in The United Kingdom, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	UK	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs UK	Constr vs Manuf	SME vs Large
	(11920)	(802)	(605)	(180)	(130)	(164)	(120)	(574)	(31)	(11920 vs 605)	(130 vs 180)	(574 vs 31)
10% or 90%	1.1%	3.5%	5.5%	9.2%	11.3%	10.4%	10.8%	2.4%	9.6%	6.3%	14.5%	9.8%
30% or 70%	1.7%	5.3%	8.4%	14.0%	17.3%	15.9%	16.6%	3.7%	14.6%	9.7%	22.2%	15.0%
50%	1.8%	5.8%	9.1%	15.3%	18.8%	17.3%	18.1%	4.0%	16.0%	10.6%	24.2%	16.4%

GLOSSARY

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (Manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (Construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food Services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

Note: the EIBIS 2021 country overview refers interchangeably to 'the past/last financial year' or to '2020'. Both refer to results collected in EIBIS 2021, where the question is referring to the past financial year, with the majority of the financial year in 2020 in case the financial year is not overlapping with the calendar year 2020.

EIBIS 2021 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 605 firms in The United Kingdom (carried out between March and July 2021).

BASE SIZES *(*Charts with more than one base; due to limited space, only the lowest base is shown)*




Base definition and page reference	EU 2021/2020	US 2021	UK 2021/2020	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 2, p. 6, p. 7, p. 10, p. 11	11920/11971	802	605/601	180	130	164	120	574	31
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11910/11949	802	603/597	180	129	163	120	572	31
All firms (excluding don't know/refused responses), p. 2	11620/11634	768	571/568	176	122	153	109	541	30
All firms (excluding don't know/refused responses), p. 4 (top)	11860/NA	800	600/NA	180	128	162	119	569	31
All firms (excluding don't know/refused responses), p. 4 (bottom)	11891/NA	802	603/NA	180	130	163	119	572	31
All firms (excluding don't know/refused responses), p. 5 (top)	11814/11971	768	586/601	175	125	156	119	557	29
All firms (excluding don't know/refused responses), p. 5 (bottom)	11760/0	766	581/0	175	123	154	118	552	29
All firms (excluding don't know/refused responses), p. 7 (top)	11765/11727	793	587/583	178	124	155	119	559	28
All firms (excluding don't know/refused responses), p. 8 (top)	11648/11720	779	581/586	173	126	156	117	553	28
All firms (excluding don't know/refused responses), p. 8 (bottom)	8780/9039	618	423/454	132	91	109	83	399	24
All firms (excluding don't know/refused responses), p. 9	11891/11938	802	605/596	180	130	164	120	574	31
All firms (excluding don't know/refused responses), p. 13 (top)	11882/NA	777	594/NA	178	128	157	120	563	31
All firms (excluding don't know/refused responses), p. 13 (bottom)	11857/NA	775	595/NA	179	128	159	118	565	30
All firms (excluding don't know/refused responses), p. 15	11518/11477	743	556/546	174	120	146	105	527	29
All firms (excluding don't know/refused responses), p. 16 (top)	11849/11898	798	599/597	176	130	163	119	568	31
All firms (excluding don't know/refused responses), p. 16 (bottom)	11384/NA	783	579/NA	172	125	157	114	548	31
All firms (excluding don't know/refused responses), p. 17	11659/11739	775	593/581	177	125	161	119	564	29
All firms (excluding don't know/refused responses), p. 18 (top)*	11616/NA	774	570/NA	169	125	152	112	542	28
All firms (excluding don't know/refused responses), p. 18 (bottom)	11664/11402	794	589/555	176	129	155	118	559	30
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (top)	9670/10138	674	467/496	142	102	123	90	439	28
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 3 (bottom)	9523/9874	667	489/527	156	103	126	94	462	27
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	8675/9255	621	417/441	114	95	111	89	395	22
All firms who have invested in the last financial year (excluding don't know/refused responses)*, p. 17	11920/11971	802	605/601	180	130	164	120	574	31
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 12	4003/4354	284	160/187	43	45	35	33	151	9
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	3964/4310	281	168/181	47	46	36	34	158	10



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United Kingdom

Overview

EIB INVESTMENT SURVEY

2022