



United Kingdom

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

United Kingdom

EIB Group survey on investment and investment finance 2020.

Country overview: United Kingdom

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, 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 businesses face. 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 European Investment Bank

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in 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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For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

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EIBIS 2020 – United Kingdom

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis abruptly affecting the economy, investment in 2020 is expected to continue along the contraction path that started in 2019. Although investment had been broadly stable after the Brexit referendum, it has now plunged. Results from EIBIS 2020 show that COVID-19 has affected UK firms' investment strategies for 2020 more than the European average: around two-thirds (67%) of firms changed their investment plans by either investing more (8%) or less (59%) than their initial plans, compared to half in the EU (6% investing more and 45% investing less).

Investment Focus

Around half (51%) of firms with investment plans, in the UK plan to abandon or delay at least some of their investments as a result of COVID-19, which is higher than the EU average (35%).

The most frequently cited long-term impact of COVID-19 is the increased use of digital technologies (50%). Slightly fewer firms expect COVID-19 to have a long term impact on their supply chain (46%), employment (47%) and services or products portfolio (48%).

Investment Needs and Priorities

Around four fifths (81%) of firms believe their investment over the last three years was about the right amount, up from the previous year (76%) and in line with the EU average (80%).

Over two fifths (44%) of all firms were operating at or above full capacity, in 2019 a drop compared to EIBIS 2019 (50%), and now well below the EU average (61%).

Innovation Activities

Almost half of all firms in the UK (47%) developed or introduced new products, processes or services as part of their investment activities, with 7% seven per cent having undertaken innovation that is new to the country or the world.

Around three fifths (59%) of firms have implemented, either fully or partially, the digital technologies they were asked about. This is similar to EIBIS 2019 (58%), but somewhat lower than in the EU (63%) and well below the US (73%).

Drivers and Constraints

Firms are more pessimistic than in EIBIS 2019 about the overall economic climate (-61% versus -42% in EIBIS 2019) and the political/regulatory climate, although the outlook for latter improved (-45% versus 35%).

More than seven in ten firms (73%) consider the availability of skilled staff as a long term barrier to investment, which is broadly in line with EU average (74%).

Investment Finance

The overall pattern of sources and types of finance used remains in line with EIBIS 2019. Two-thirds of investment activity in the UK firms was financed by internal sources in 2019 (61%).

Leasing made up the highest share of external finance (40%). This is higher than what was reported for 2018 in EIBIS 2019 (33%) and above the EU average (21%).

Access to Finance

Firms that used external finance in 2019 are on balance satisfied with the finance received. The highest level of dissatisfaction recorded among firms in the UK is with the cost of finance (9%), the type of finance offered (6%) and the length of time to be repaid (6%).

Six per cent of all firms in the UK could be considered as external finance constrained in 2019, which is the same as the EU average of 6%.

Energy Efficiency

Almost half (45%) of the firms have invested in measures to improve their energy efficiency. This is a broadly similar to both EIBIS 2019 (42%) and the EU average (47%). The average share of investment in measures to improve energy efficiency was 8% and this is in line with in EIBIS 2019 (6%), but somewhat below the EU average (12%).

Climate Change

Over half (56%) of all firms in the UK feel their business has been impacted by climate change and the related changes in weather patterns, this is similar to the EU average (58%).

Overall, more firms in the UK expect the transition to a low-carbon future to have a positive rather than a negative impact on their reputation (24%) and on market demand (18%) over the next five years. In contrast more firms expect a negative rather than a positive impact on their supply chain (-12%).

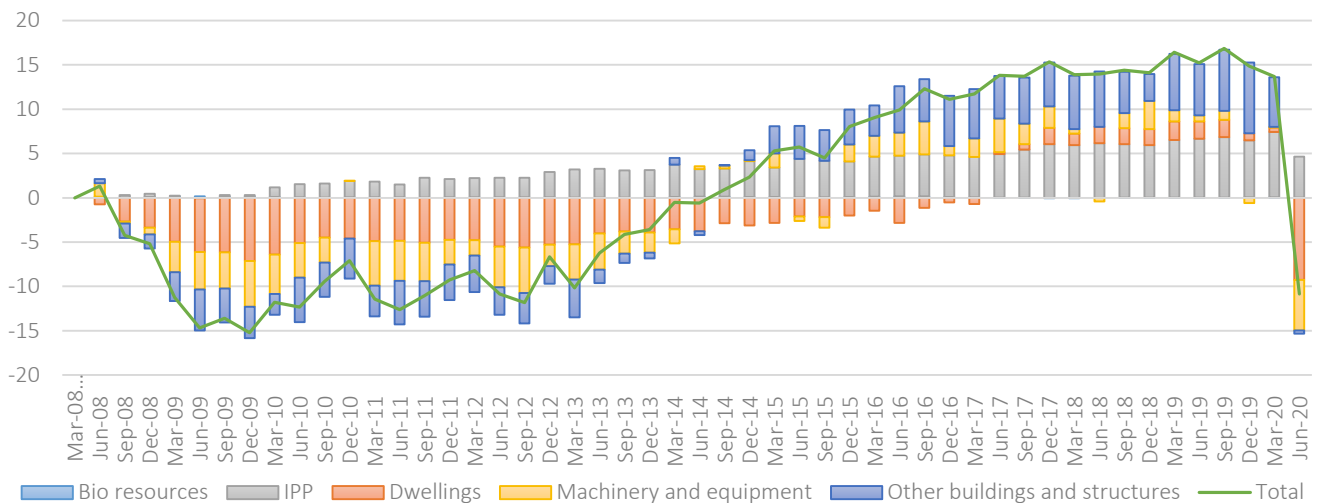
Around seven in ten (71%) firms in the UK have either already invested or plan to invest, in the next three years, in measures to tackle the impact of weather events and reduction in carbon emissions. This is similar to the EU average (67%).

Investment Dynamics

INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, investment dynamics turned completely negative in 2020, further aggravating the negative trend that started in 2019. Between Q4 2019 and Q2 2020, investment dropped by 22.4%. While investment had been broadly stable after the Brexit referendum, it has now fallen far below 2008 levels.

The depth and length of the current contraction will be determined by the simultaneous shocks of COVID-19 and the lost access to the European Single Market. For comparison: during the Global Financial Crisis, investment fell by some 15%, over more than 1 year.

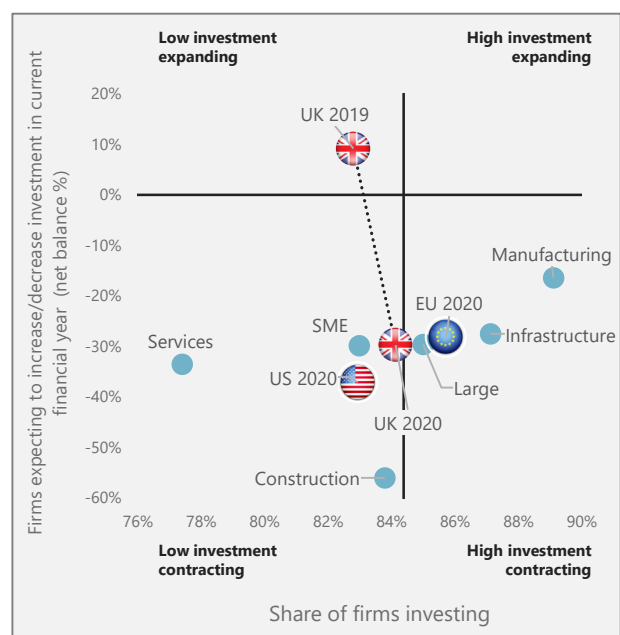


The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data has been indexed to equal 0 in 2008. Source: Eurostat.

INVESTMENT CYCLE

The UK is in a negative phase of the investment cycle, having moved from the 'low investment expanding' quadrant in EIBIS 2019 to the 'low investment contracting' quadrant. In comparison to EIBIS 2019, the net balance of firms expecting to increase rather than decrease investment in the current financial year has declined by thirty nine percentage points.

Manufacturing and infrastructure firms continue to have a high share of firms investing, while service firms have the lowest share of firms investing.



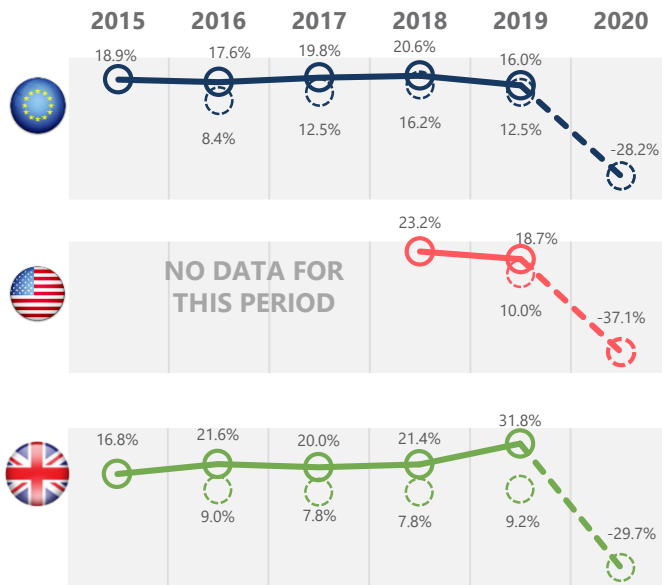
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

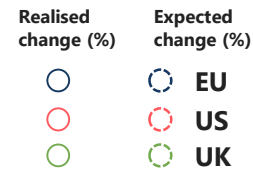
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



In EIBIS 2020, the net balance of firms reporting increasing rather than reducing their investment activities in the last financial year (2019) has risen and is again considerably above past expectations.

However, for the first time, the outlook for 2020 is extremely negative (net minus 30%) as half of all firms expect to reduce their investment. This is in line with the EU and the US.



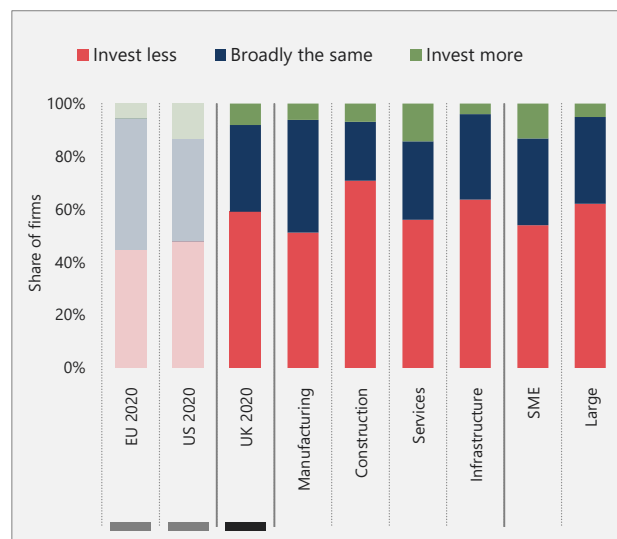
'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

COVID-19 has affected firms' investment strategies for 2020 with around two thirds (67%) of firms having changed their investment plans by either investing more (8%) or less (59%). This is higher than the EU average (50%, 6% and 45% respectively).

Construction sector firms are the most likely to invest less over the course of 2020 (71%), whilst services are the most likely to have invested more (14%).



Q. Have your company's overall investment expectations for 2020 changed due to coronavirus?

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

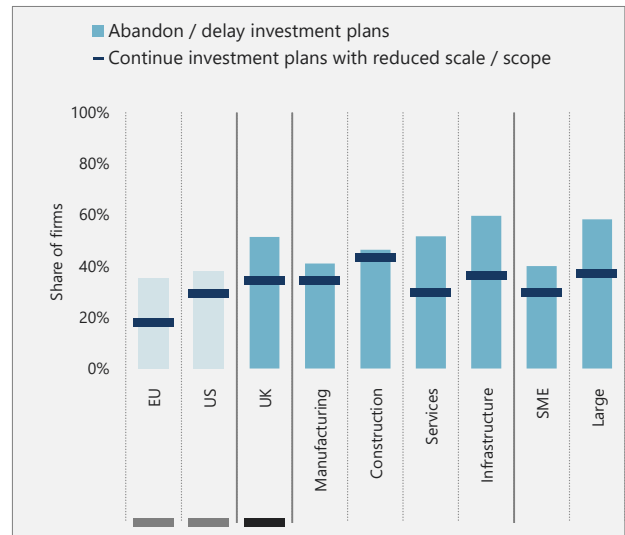
Investment Focus

ACTIONS AS A RESULT OF COVID-19

Around half (51%) of firms with investment plans, in the UK plan to abandon or delay at least some of their investments as a result of COVID-19, which is higher than the EU average (35%). Large firms are more likely than SMEs to abandon or delay their investments (58% versus 40%).

Around a third (34%) of firms with investment plans, intend to continue with at least some of their investment plans but with a reduced scale or scope, this is higher than the EU average (18%).

Firms operating in the infrastructure sector are the most likely to abandon or delay investment plans (54), while those in the manufacturing sector are most likely to continue on with a reduced scale/scope (68%).

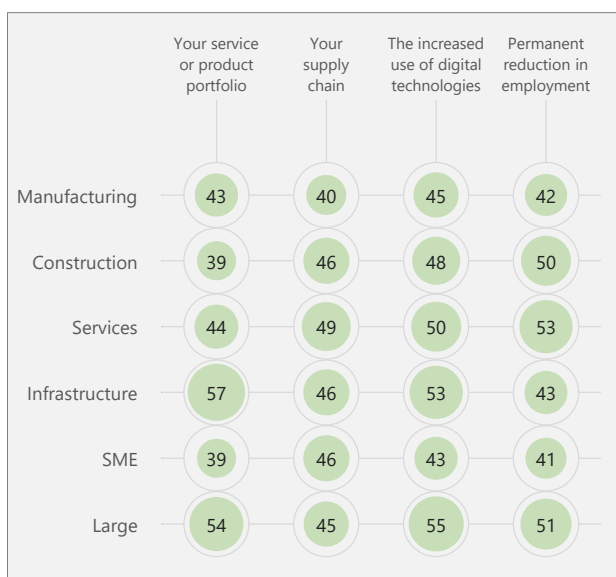


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

LONG-TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



The most frequently cited long-term impact of COVID-19 is the increased use of digital technologies (50%). Slightly fewer firms expect COVID-19 to have a long term impact on their supply chain (46%), employment (47%) and services or products portfolio (48%).

Except for supply chains, large firms are much more likely to report a long-term impact than smaller firms.

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

Base: All firms

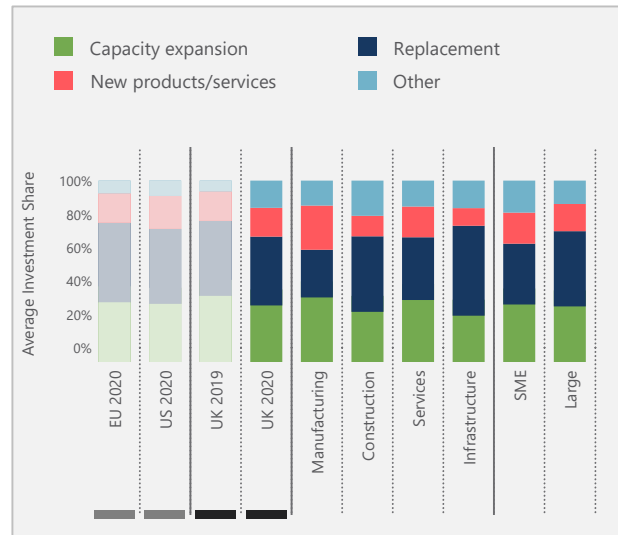
Investment Focus

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

Around two fifths of firms' investment (41%) in 2019 was for the purpose of replacing buildings and equipment. This share is somewhat lower than that of EIBIS 2019 (45%) and the EU average (47%).

A quarter of firms' investment was for capacity expansion (25%), with almost a fifth (17%) for introducing new products, processes or services.

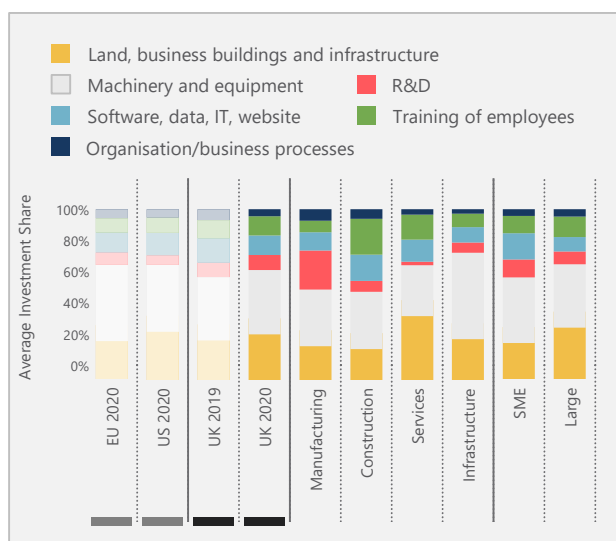
The share of investment for replacing capacity was highest among infrastructure (54%) and large (45%) firms. Whilst the share of investment for developing and introducing new products and services was highest in among manufacturing (26%) firms.



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



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?

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

Out of the six investment areas considered, the highest share of investment in the UK was in machinery and equipment (41%), followed by land, business buildings and infrastructure (16%), software, data, IT and website activities (13%), and research and development (10%). The pattern is broadly in line with the EIBIS 2019 findings.

Services and large firms (32% and 24% respectively) tended to allocate a larger share of their investment to land, business, buildings and infrastructure than other sectors. Manufacturing firms allocated a higher share of investment to R&D (25%) and construction firms to the training of employees (23%).

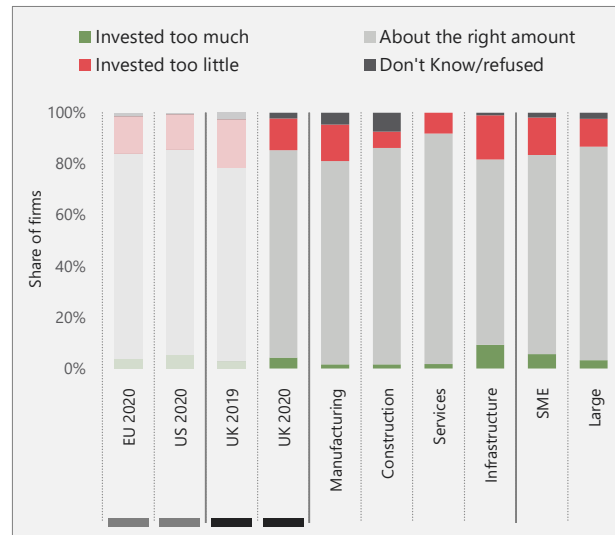
SMEs were more likely to have a higher share of investment in software, data, IT networks and website activities than large businesses (17% versus 9%).

Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Around four fifths (81%) of firms believe their investment over the last three years was about the right amount, which is up from the previous year (76%) and in line with the EU average (80%).

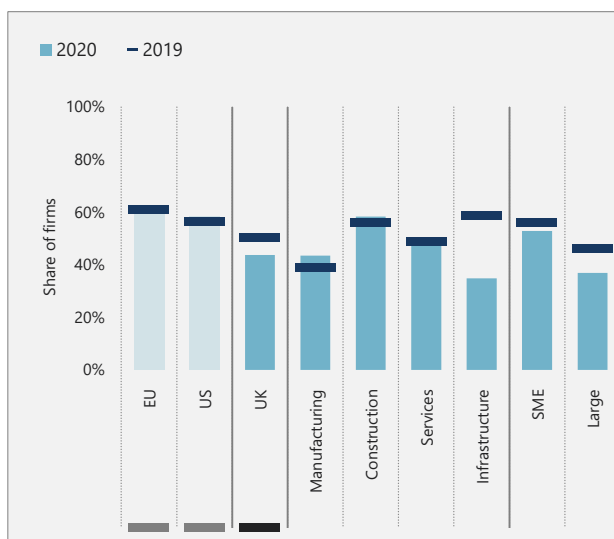
Twelve per cent of firms in the UK had invested too little which is in line with the EU average of 15%.



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 under normal conditions 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 under normal circumstances?

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

Over two fifths (44%) of all firms were operating at or above full capacity in 2019, a drop compared to EIBIS 2019 (50%), and now well below the EU average (61%).

Firms in the infrastructure sector experienced the largest drop (24 percentage points) and tended to be the least likely to be operating at or above full capacity (34%). Large firms were less likely to operate at or above maximum capacity.

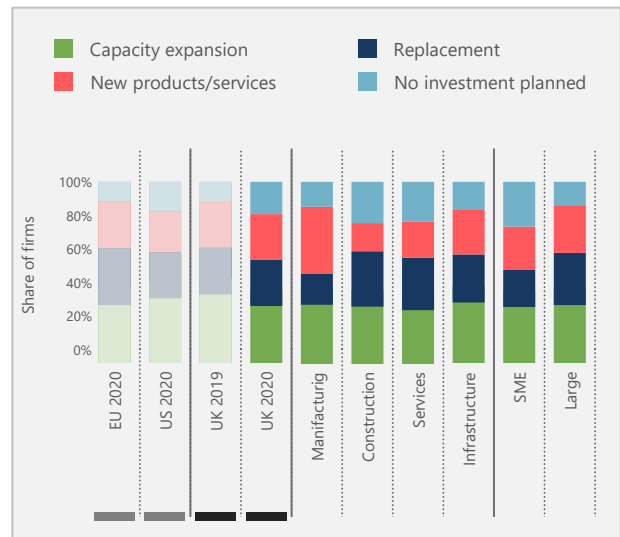
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, new products/services and replacing existing buildings and equipment are the most commonly cited investment priorities among firms (27% and 28% respectively).

Manufacturing firms are more likely to prioritise new products and services than construction and services firms (40% versus 17% and 22% respectively).

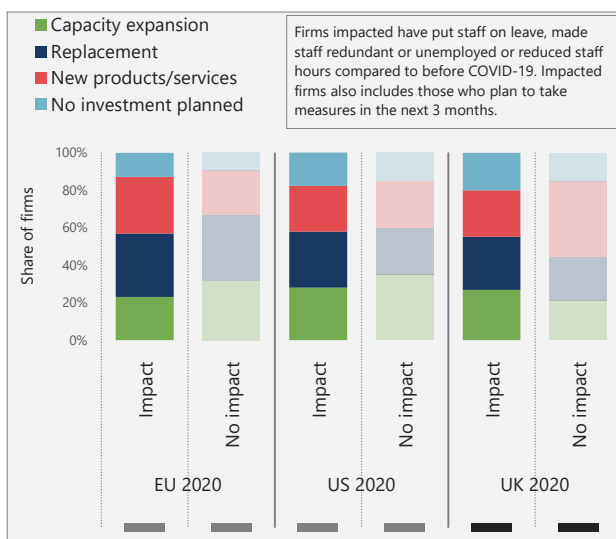
Overall one-fifth (20%) of firms have no investment planned and this rises to more than a quarter (27%) among SMEs.



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 IMPACT ON PRIORITIES



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?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

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

Firms impacted by COVID-19 in the UK are more likely to have no investment plans compared with the EU average (20% versus 13%) or to prioritise capacity expansion (27% versus 23%).

Firms not impacted are prioritising new products/services (40%) more often than their EU counterparts (24%) or impacted firms in the UK (25%).

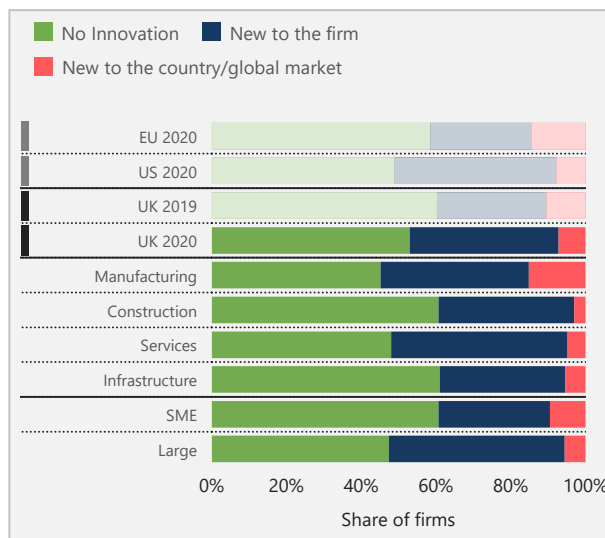
Innovation Activities

INNOVATION ACTIVITY

Almost half of all firms in the UK (47%) developed or introduced new products, processes or services as part of their investment activities, with 7% having undertaken innovation that is new to the country or the world.

Manufacturing and service firms are the most likely to have innovated (55% and 52%).

Around two-fifths of SMEs (39%) invested in developing innovative products, processes or services, compared with more than a half (53%) of large firms.

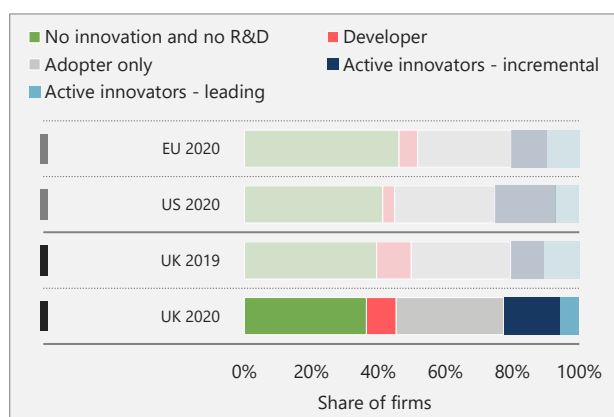


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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



When firms' innovation and research and development behaviour is profiled more widely, 23% of firms in the UK are classified as 'active innovators', and a further 9% of firms are 'developers'.

This is slightly above the EU average of 20% of firms as 'active innovators' and 6% as 'developers'.

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)

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

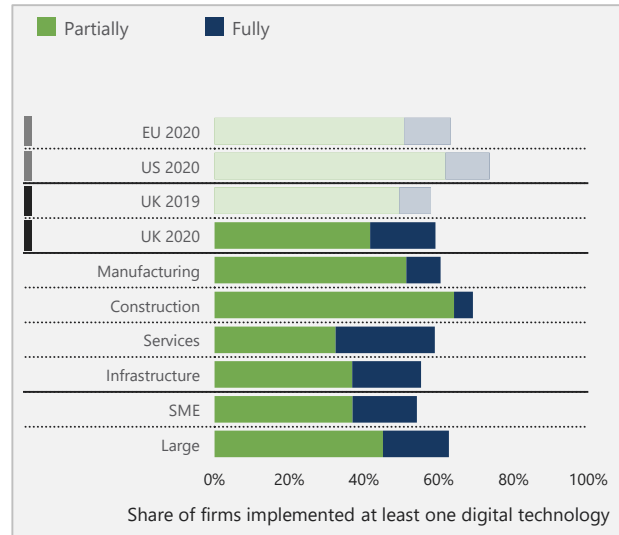
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

Around three-fifths (59%) of firms have implemented, either fully or partially, the digital technologies they were asked about. This is similar to EIBIS 2019 (58%), but somewhat lower than in the EU (63%) and well below the US (73%).

Firms in the construction sector are the most likely to have implemented digital technologies, either fully or partially (69%), while those in the infrastructure sector are the least likely to have done so (55%).

Large firms tend to be more likely than SMEs to have implemented at least one digital technology (63% versus 54%).

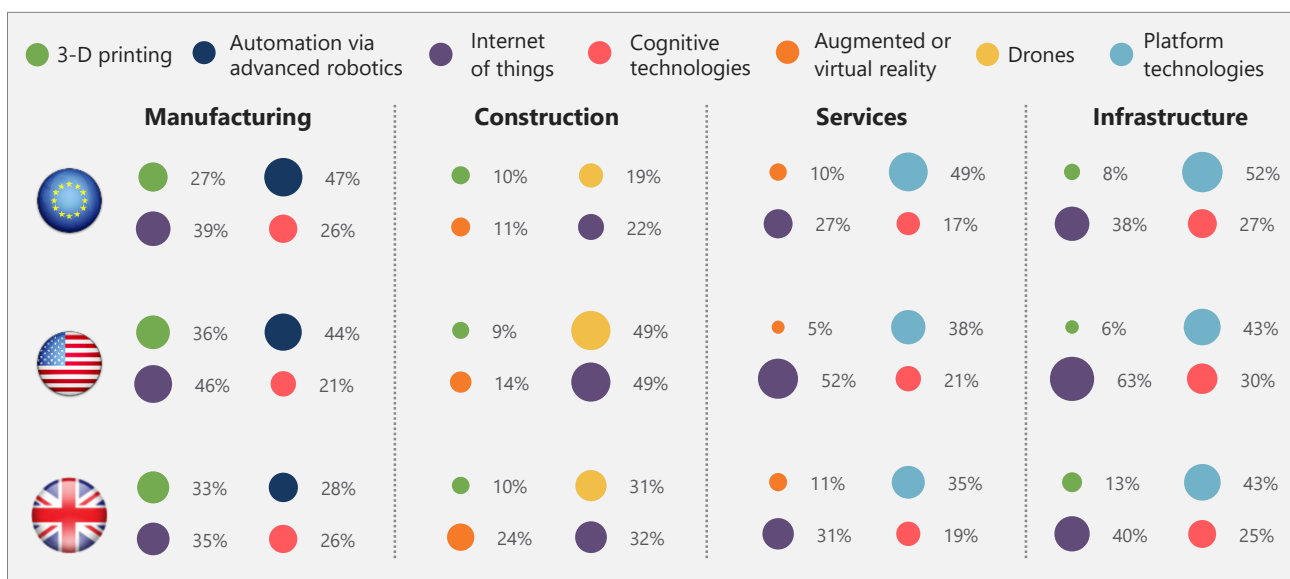
Firms in all four sectors highlighted automation via advanced robotics, while cognitive technologies and 3-D printing were mentioned in three sectors.



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?

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

DIGITAL TECHNOLOGIES BY SECTOR



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?

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

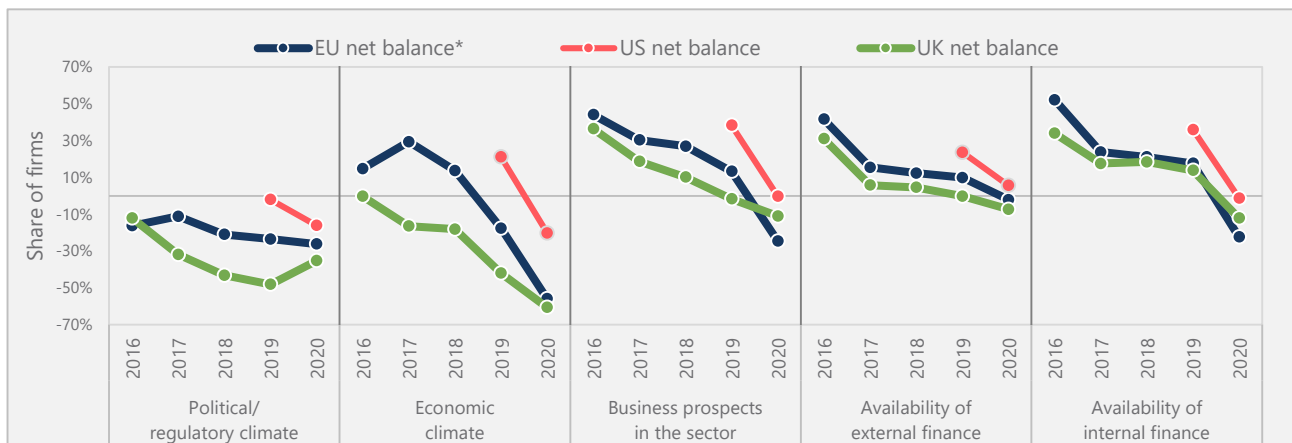
Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

Over the next twelve months, more firms in the UK expect a deterioration rather than improvement across all five short term outlooks. This is in line with firms across the EU.

Firms are in particular pessimistic about the overall economic climate (-61% versus -42% in EIBIS 2019) and the political/regulatory climate, although the outlook for latter improved (-45% versus 35%).

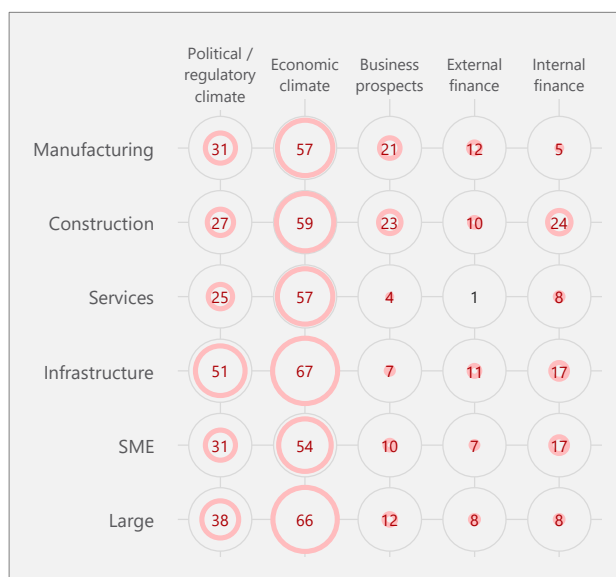


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*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: 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?

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

Base: All firms

Firms are consistently more negative than positive about both the political/regulatory climate and economic climate.

Large firms and those in the infrastructure sector are most likely to be negative about the overall economic climate (-66% and -67%). They are also the most negative about the political and regulatory climate (-38% and -51%).

SMEs and construction firms are most pessimistic on balance about internal finance (-17% and -24%).

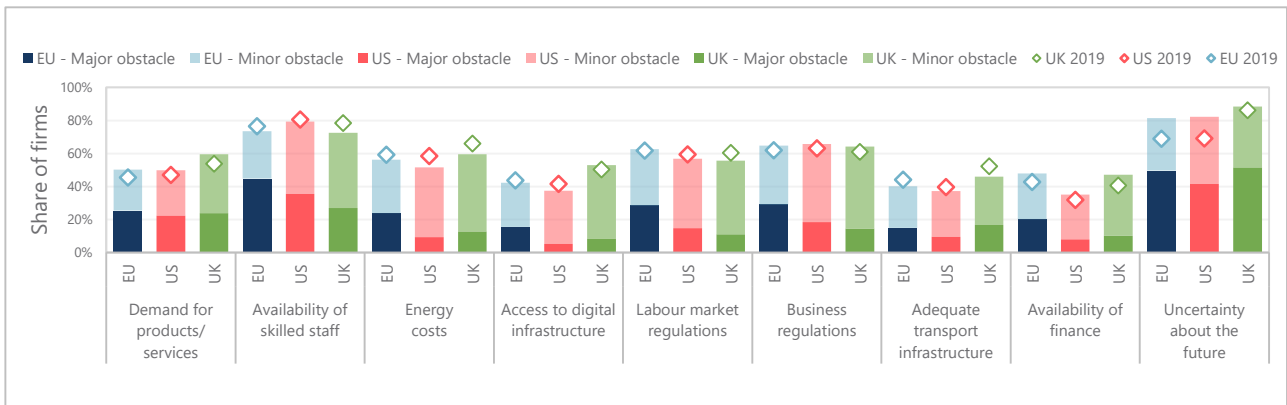
Drivers And Constraints

LONG TERM BARRIERS TO INVESTMENT

Around nine in ten firms (88%) in the UK cited uncertainty about the future as an obstacle, well above the EU average (81%).

More than seven in ten firms (73%) consider the availability of skilled staff as a long term barrier to

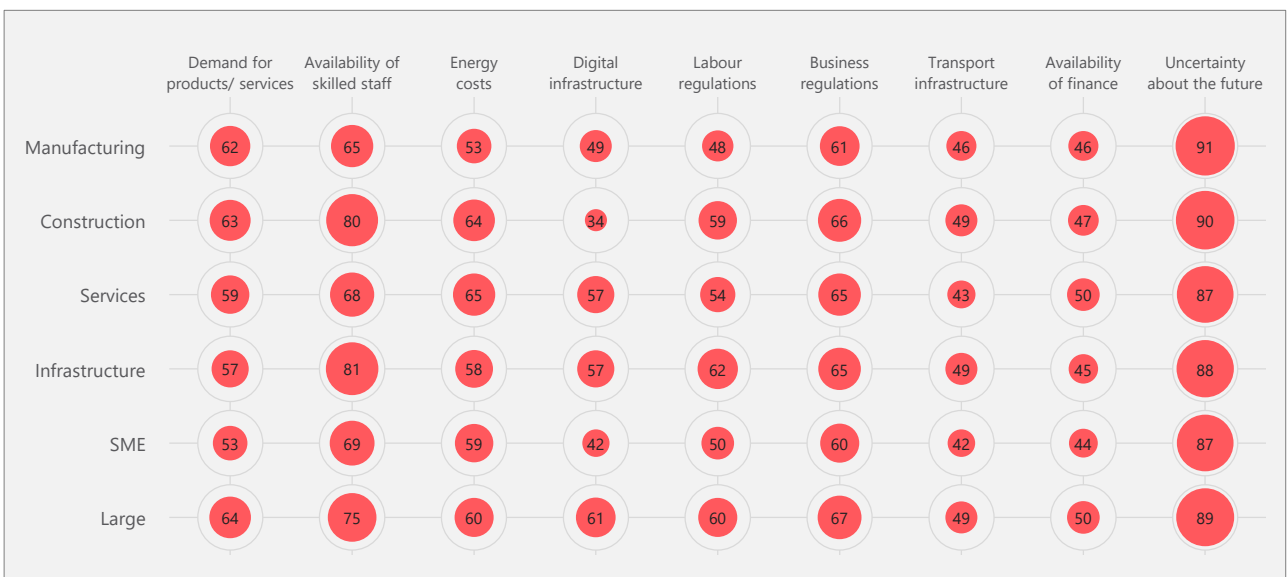
investment, which is broadly in line with the EU average (74%). Business Regulations is also commonly seen as a barrier (mentioned by 64% of firms) as are energy costs (59%).



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)

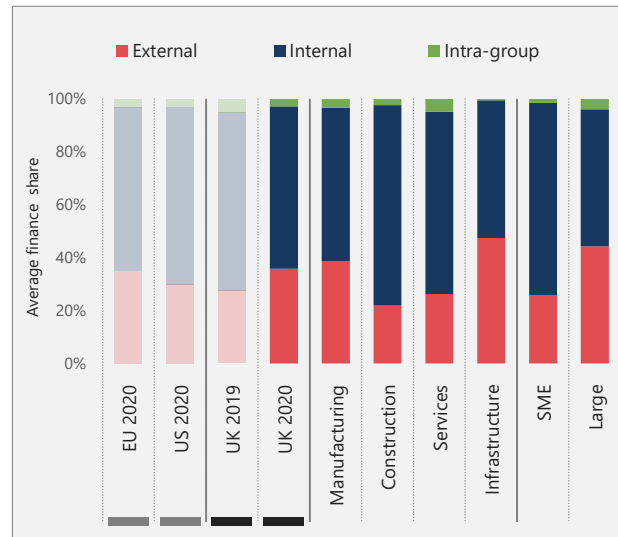
Investment Finance

SOURCE OF INVESTMENT FINANCE

Two-thirds of investment activity in the UK firms was financed by internal sources (61%). This is somewhat lower than for EIBIS 2019 (68%) but in line with the EU average (62%).

Conversely, external finance made up more than one third of investment finance (36% share) in the last financial year.

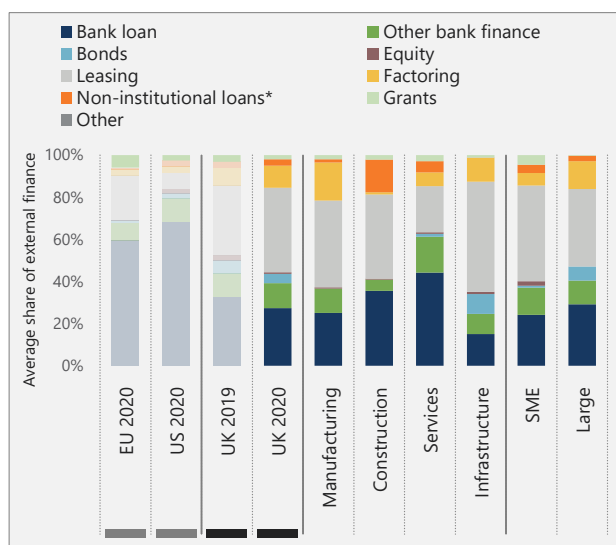
External finance accounted for a higher proportion of the overall investment share in large firms than SMEs (44% versus 26%)



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



Leasing made up the highest share of external finance (40%). This is higher than EIBIS 2019 (33%) and above the current EU average (21%).

Bank loans and other bank finance accounted for the second highest share of external finance (39%). While this share is similar to EIBIS 2019 (43%), it is much lower than the EU average (68%).

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

*Loans from family, friends or business partners

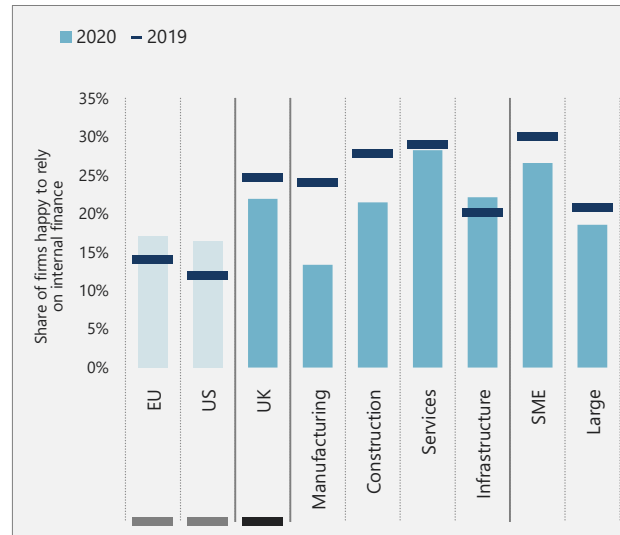
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses)
Effective base sizes for sector are less than 30 – no significance testing applied

Investment Finance

SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

Among all firms in the UK around one-quarter (22%) cite the main reason for not applying for external finance in 2019 is because they were happy to use internal funds or did not have a need for external finance. This is slightly below IBIS 2019 (25%), but somewhat above the EU average (17%).

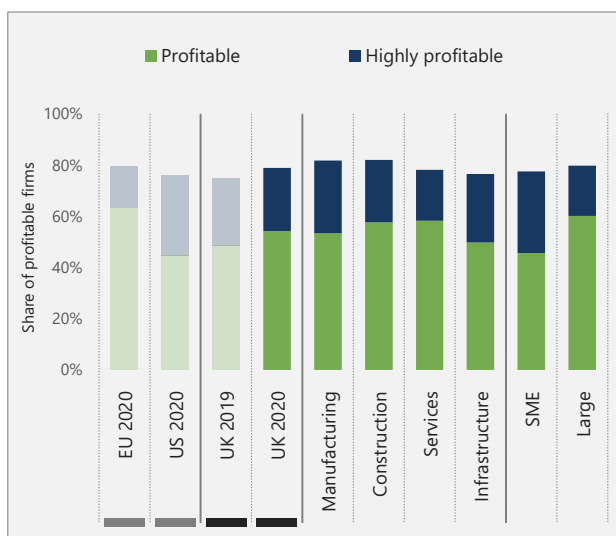
Manufacturing firms in the UK were the least likely to be happy to rely exclusively on internal sources to finance investment (13%), and firms in the services sector most (28%).



Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

SHARE OF PROFITABLE FIRMS



Eight in ten (79%) of firms report generating a profit in the last financial year (2019), higher than EIBIS 2019 and in line with the EU average (75% and 80% respectively).

Specifically, 25% of firms claim that they were highly profitable, defined as generating a profit level at least 10% of firm turnover. This is higher than the EU average (16%).

The pattern of profitability is fairly stable across all sectors and sizes of firms.

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more

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

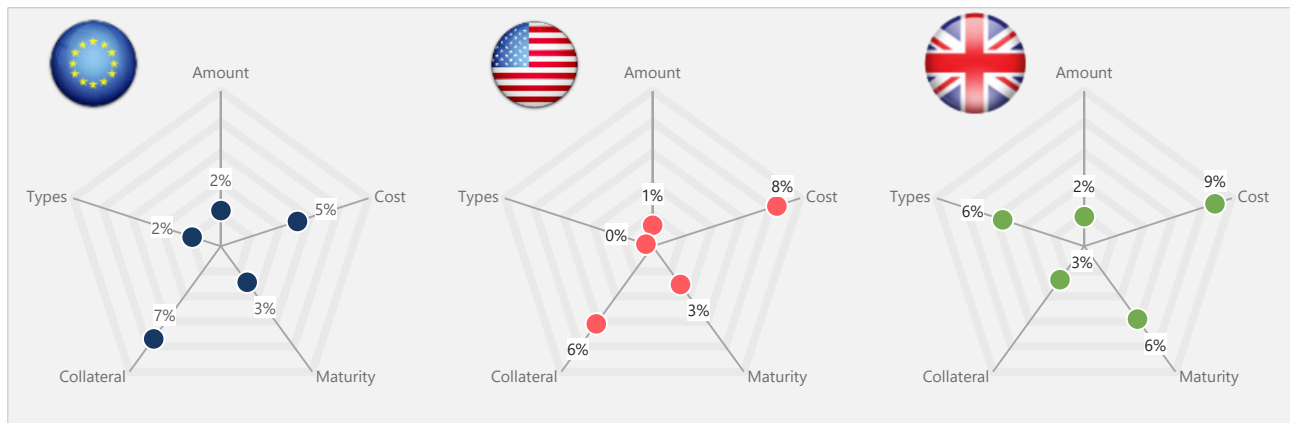
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms that were using external finance in 2019 are on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

The highest level of dissatisfaction recorded among firms in the UK is with the cost of finance (9%), the type of finance offered (6%) and the length of time to be repaid (6%).

Share of dissatisfied firms



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, with the highest levels of dissatisfaction mentioned regarding the cost of the finance with infrastructure (16%) and construction (11%), while infrastructure firms are also less satisfied with its maturity and type (12% each).

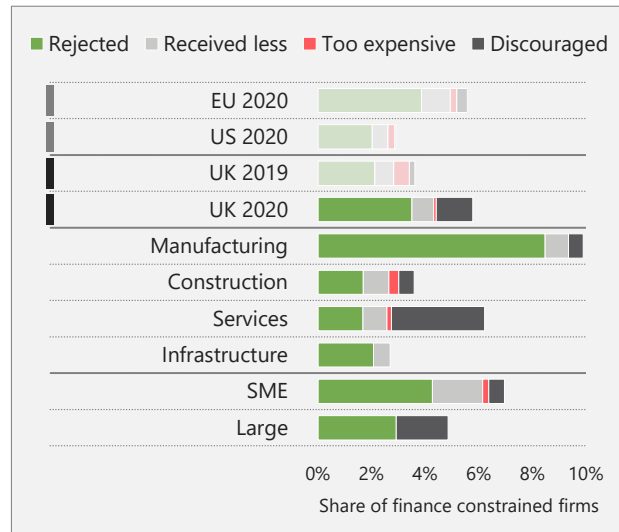
Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses)
Effective base sizes for sector are less than 30 – no significance testing applied

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

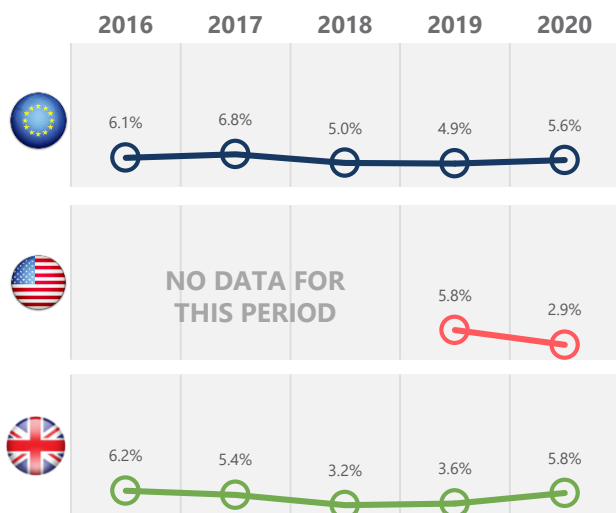
Six per cent of all firms in the UK could be considered as external finance constrained 2019, which is the same as the EU average. Manufacturing firms and SMEs are the most constrained (10% and 7%).



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

FINANCING CONSTRAINTS OVER TIME



Despite the recent pick-up, the share of finance constrained firms in the UK has been consistently low over time.

The share of UK firms likely to be finance constrained (5.8%) is comparable to the current EU average (5.6%).

Base: All firms

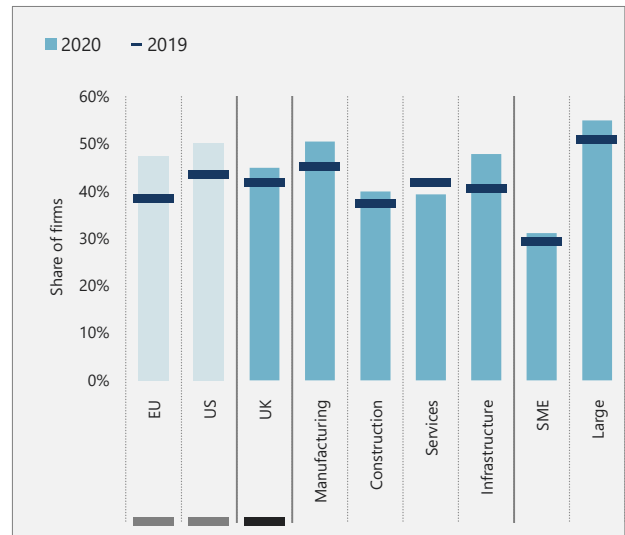
Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

Almost half (45%) of the firms have invested in measures to improve their energy efficiency. This is broadly similar to both EIBIS 2019 (42%) and the EU average (47%).

Firms in the manufacturing sector are the most likely to invest in energy efficient measures (50%).

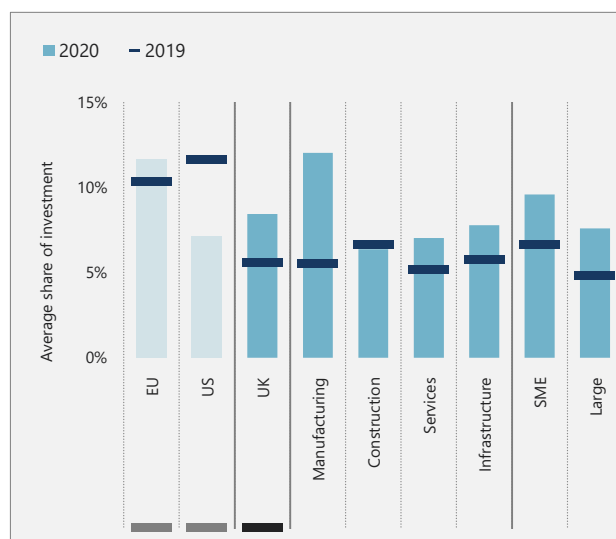
Large firms are more likely than SMEs to have invested in these types of measures (55% versus 31%).



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

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



The average share of investment in measures to improve energy efficiency was 8% and this is in line with EIBIS 2019 (6%), but somewhat below the EU average (12%).

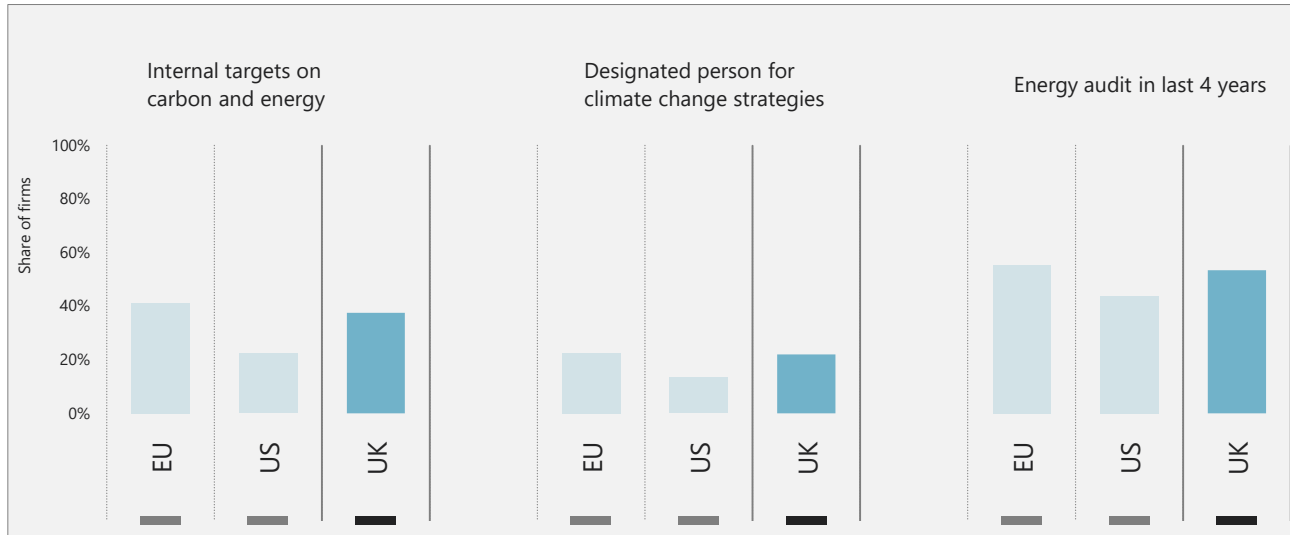
Manufacturing firms tend to have the highest share of investment in measures to improve energy efficiency (12%).

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

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

Energy Efficiency

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



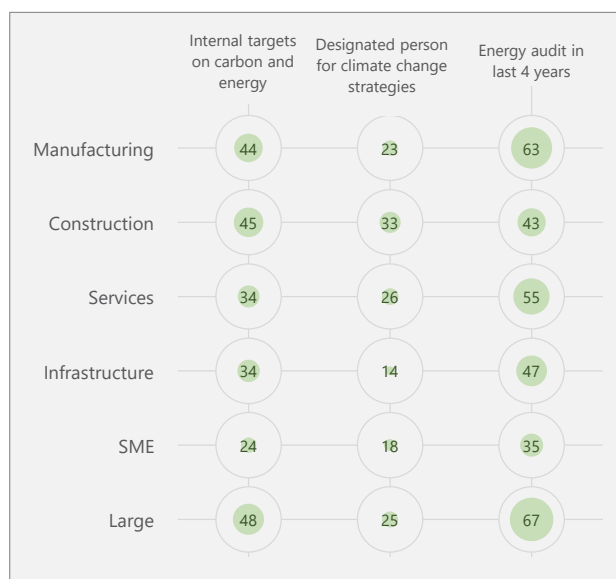
Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE



UK firms are as likely as EU firms to have a designated person to develop their climate change strategies (22% versus 23%), to have set internal targets on carbon and energy (38% versus 41%) and to have had an energy audit in the past four years (53% versus 55%).

Larger firms are more likely than SMEs to have had an energy audit in the past four years (67% versus 35%) and to have internal targets on carbon and energy (48% versus 24%).

Manufacturing firms are the most likely to have had an energy audit in the last 4 years (63%).

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

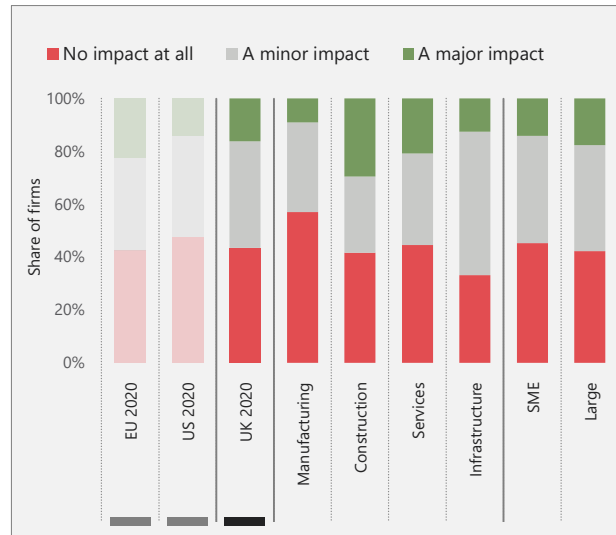
Base: All firms

Climate Change

CLIMATE CHANGE IMPACT

Over half (56%) of all firms in the UK feel their business has been impacted by climate change and the related changes in weather patterns, this similar to the EU average (58%).

Manufacturing firms are the most likely to have not experienced any impact from climate change and the related changes in the weather patterns (57%), whilst construction and services firms are the most likely to have experienced a major impact (30% and 21%).



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)

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)



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

Q. What impact will the transition to a reduction of carbon emissions have on the following aspects of your business over the next five years?

Base: All firms

Overall, more firms in the UK expect the transition to a low-carbon future to have a positive rather than a negative impact on their reputation (24%) and on market demand (18%) over the next five years. In contrast, more firms expect the transition to have a negative rather than a positive impact on their supply chain (-12%).

Manufacturing firms are the most negative about the impact on their supply chain (-22%). Conversely, construction firms are the most positive about the impact on their reputation (41%).

*Net balance is the share of firms seeing positive impact minus the share of firms seeing a negative impact

Climate Change

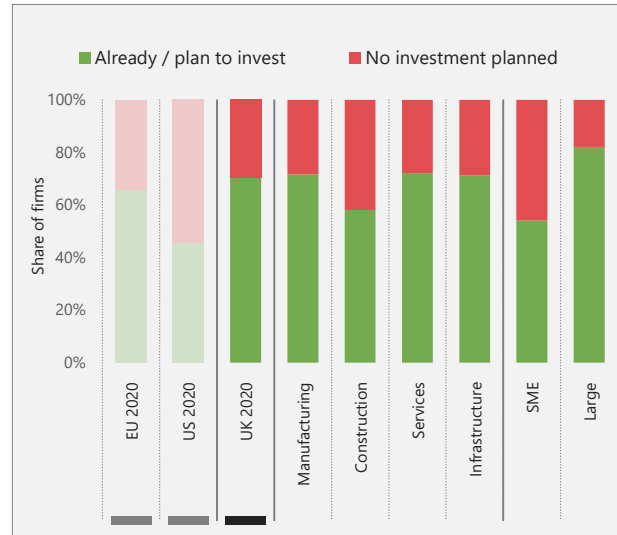
INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Seven in ten (71%) firms in the UK have either already invested or plan to invest, in the next three years, in measures to tackle the impact of weather events and reduction in carbon emissions. This is similar to the EU average (67%).

Large firms are more likely to have either already invested or plan to invest than SMEs (82% versus 55%).

Construction firms are the most likely to have no investment plans (42%).

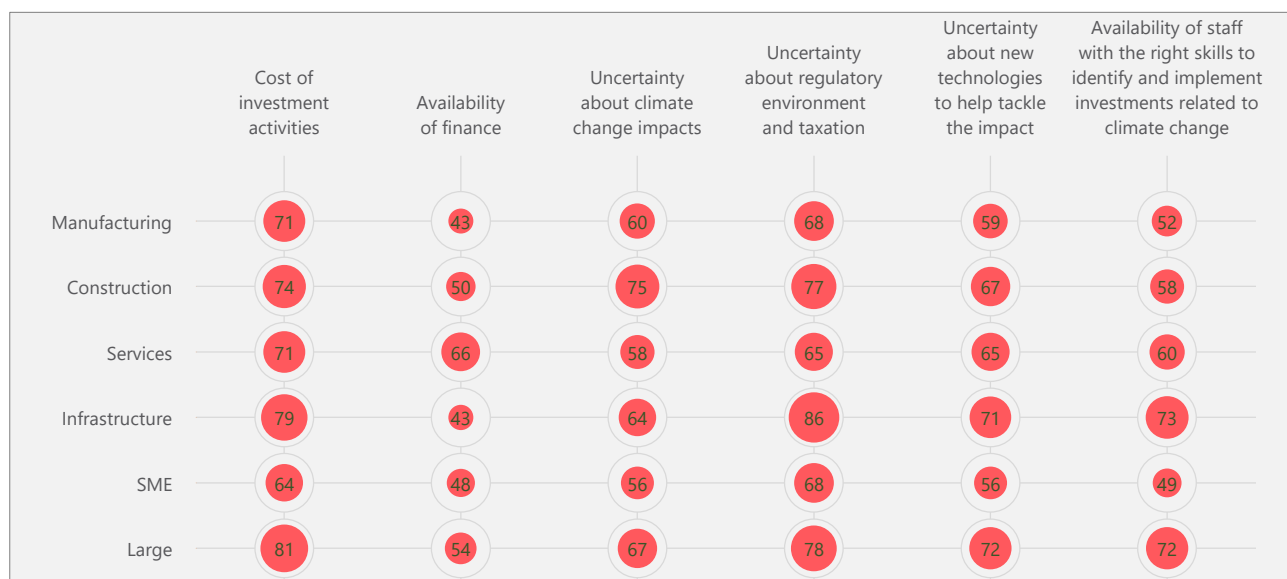
The most frequently cited barriers to investing in activities to tackle climate change are cost of investment activities (74%) and uncertainty about the regulatory environment and taxation (74%).



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

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

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE



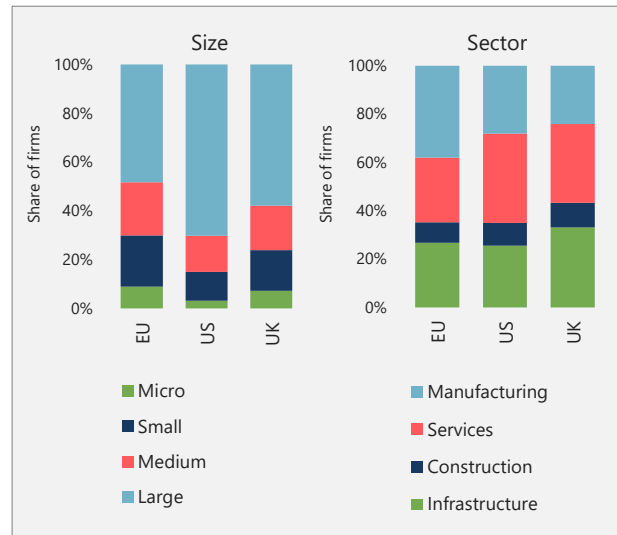
Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

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

Profile of Firms

CONTRIBUTION TO VALUE ADDED

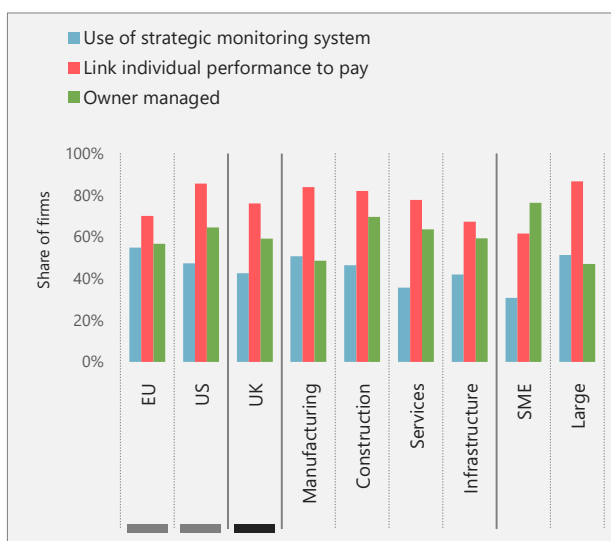
Large firms with 250+ employees (58%) and firms in the services sector (33%) continue to account for the greatest shares of value-added in the UK and are both higher than the EU average (48% and 27% respectively). Conversely, the share of manufacturing firms is markedly smaller (24% versus 38%).



The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

FIRM MANAGEMENT



Firms in the UK are less likely than EU firms to report using a formal strategic monitoring system (43% versus 55%).

Firms in the UK are as likely as EU firms to link individual performance to pay (76% versus 70%) and be owner managed (59% versus 57%).

Large firms are more likely to link individual performance to pay than SMEs (87% versus 62%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q. Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

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

EIBIS 2020 – 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	Manuf vs Constr	SME vs Large
	(11971)	(800)	(601)	(171)	(130)	(186)	(108)	(544)	(57)	(11971 vs 601)	(130 vs 171)	(544 vs 57)
10% or 90%	1.1%	3.5%	4.2%	7.0%	8.1%	7.0%	9.0%	2.4%	7.0%	4.3%	10.6%	7.4%
30% or 70%	1.7%	5.3%	6.4%	10.6%	12.4%	10.6%	13.8%	3.6%	10.8%	6.6%	16.3%	11.3%
50%	1.9%	5.8%	7.0%	11.6%	13.5%	11.6%	15.1%	3.9%	11.7%	7.2%	17.7%	12.3%

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.
EIBIS 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 601 firms in the UK (carried out between May and August 2020).

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

Base definition and page reference	EU 2020/2019	US 2020/2019	UK 2020/2019	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 4, p. 6, p. 10, p.11, p. 13, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20	11971/12071	800/803	601/601	171	130	186	108	544	57
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	568/550	162	123	176	101	516	52
All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3 (bottom), p. 4 (top)	9606/NA	643/NA	460/NA	131	102	140	81	409	51
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	496/472	143	104	153	90	447	49
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	527/499	152	116	162	91	479	48
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	597/598	170	130	183	108	541	56
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	583/586	166	126	180	105	528	55
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	581/0	166	126	179	104	526	55
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	586/581	165	129	182	104	530	56
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	454/422	132	98	136	82	409	45
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	596/596	171	128	185	106	539	57
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	441/399	111	100	142	84	406	35
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	187/129	48	46	46	45	167	20
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	512/490	144	111	160	91	461	51
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	181/134	45	45	43	46	161	20
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	597/NA	170	129	185	107	540	57
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	581/NA	165	127	179	104	525	56
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	579/574	166	126	180	102	525	54



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United Kingdom

Overview

EIB INVESTMENT SURVEY

2020