

# Press Release

30<sup>th</sup> June 2021



## SCOTTISH BUSINESS CONFIDENCE SOARS TO HIGHEST LEVELS IN UK

**Bank of Scotland's Business Barometer for June 2021 shows:**

- **Scottish business confidence leaps 27 points to 42% - the highest in the UK**
- **Net balance of 18% of businesses in the country expect to increase staff levels over the next 12 months**
- **UK business confidence remains steady at 33% with all regions and nations reporting a net positive reading for the third consecutive month**

Business confidence in Scotland rose 27 points during June to 42%, according to the latest Business Barometer from Bank of Scotland Commercial Banking. This is the sharpest rise in overall confidence this year and means Scotland has the highest levels of optimism anywhere in the UK.

Companies in Scotland reported higher confidence in their own business prospects month-on-month, up 32 points at 42%. When taken alongside their optimism in the economy, up 24 points to 43%, this gives a headline confidence reading of 42%.

The Business Barometer questions 1,200 businesses monthly and provides early signals about UK economic trends both regionally and nationwide.

When it comes to jobs, a net balance of 18% of Scottish businesses expect to increase staff levels over the next year, up ten points on last month and the third consecutive month the reading has increased.

Overall UK business confidence remained steady month-on-month at 33%. Firms reported a small increase in their business prospects, up two points to 30%, the highest reading since September 2020. Confidence in the economy dipped marginally by two points to 36%.

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Across the UK all regions and nations reported positive confidence readings for the third consecutive month. Businesses in Scotland, London (up 17 points to 41%) and the East of England (up ten points to 36%) reported the highest increases in confidence.

While confidence remained positive, firms in eight regions reported a month-on-month drop. The biggest decreases were in Yorkshire and Humber (down 14 points to 30%), the West Midlands (down 12 points to 29%), the North West (down nine points to 29%) and East Midlands (down nine points to 31%).

**Fraser Sime, regional director for Scotland at Bank of Scotland Commercial Banking, said:** “Business confidence in Scotland rose again in June as firms across the country slowly but surely returned to normal trading. It also positive to see that more firms are now planning to hire new staff this year – another clear indicator that the country is on the path to recovery.

“Despite this, the well-trailed postponement to the easing of lockdown restrictions will have dampened spirits, especially for those in the country’s tourism and hospitality sector and is another sign that we are not out of the woods yet.

“We’ll continue to stand by Scottish business and support firms through the coming months as we look to build back better.”

Differences in confidence between the UK’s regions and nations narrowed this month. There were sizeable increases in Scotland (up 27 points to 42%), London (up 17 points to 41%) and the East of England (up 10 points to 36%). Along with the South West (36%), these were the most confident parts of the country. The largest falls, albeit from previously elevated levels, happened in Yorkshire and the Humber (down 14 points to 30%) and the East Midlands (down 9 points to 31%). There were smaller declines in the South East (down 6 points to 31%), Wales (down 6 points to 31%) and Northern Ireland (down 6 points to 11%).

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The majority of responses were given before the various UK governments formally announced the delay to the removal of all limits on social contact, which was originally expected to happen on 21<sup>st</sup> June in England and close to that date in other parts of the UK. However, it is likely that anticipation of the delay may have had a small negative impact in confidence particularly in the retail sector (down eight points to 36%) while manufacturing also fell (down 18 points to 35%). Despite this, confidence remains at historically high levels across the broad industry sectors – in part due to services increasing by five points (31%) to its highest level in more than three years and construction remaining steady at 35%.

**Paul Gordon, Managing Director for SME and Mid Corporates, Lloyds Bank**

**Commercial Banking, said:** “Despite a fall in business confidence in eight of the UK’s nations and regions from the highs of last month, the differences are narrowing. It’s pleasing to see such significant improvements in a number of regions, in particular Scotland and London, with both reporting strong increases in confidence. We can be optimistic that the increase in confidence in the services sector, as well as the overall historically high levels across the broad industry sectors, bodes well for businesses as we remain by their side on their road to recovery.”

**Hann-Ju Ho, Senior Economist, Lloyds Bank Commercial Banking, said:** “A fifth consecutive monthly increase in trading prospects and employment expectations highlights the resilience of UK businesses as they continue to recover from the challenges presented by the pandemic. Although we must now wait slightly longer for the last remaining COVID-19 restrictions to ease, it’s an encouraging sign that firms continue to have strong overall confidence in the outlook for the UK economy, as well as their expectations for their own growth prospects.”

**ENDS**

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## Notes to editors

- The Business Barometer's measure of overall business confidence is the average of responses about how businesses regard the economic outlook and their own trading prospects.
- The overall 'balance' of opinion weighs up the percentage of firms that are positive in outlook against those that are negative. Responses are weighted to reflect the composition of the economy.
- The industrial sector in this report represents mainly manufacturing and construction; the consumer services sector comprises distribution and transport & communications; business & other services consists of financial & business services and the public sector.
- The Business Barometer results provide early signals about UK economic trends. The survey started in January 2002 and research is carried out monthly on behalf of Lloyds Bank by BVA BDRC.
- This survey was conducted with 1,200 companies – including 95 businesses in Scotland – between 1st and 15th June 2021

## About Lloyds Banking Group

- Lloyds Banking Group is a leading UK based financial services group providing a wide range of banking and financial services, focused on personal and commercial customers
- We help businesses from all parts of the UK, and across all different sectors and sizes, giving them the funding and support they need to grow both at home and abroad
- We provided over £31bn of business lending in 2020, including £13bn of government-backed loans to support customers through the pandemic
- We remain committed to helping our customers with their lending needs and typically approve 9 out of 10 applications
- We are also helping British businesses grow back greener and have committed £5bn in green financing
- To see the latest factsheet setting out how we support UK businesses please visit: [Supporting British businesses - Lloyds Banking Group plc](#)

## Our support for businesses

- We're there for all sizes of business, from small and mid-sized companies right up to multinational corporations
- Through a network of relationship teams based across the UK, as well as internationally, we deliver a mix of local understanding and global expertise necessary to provide long-term

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support to our clients to help them fulfil their growth aspirations

- We offer a broad range of finance beyond term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding
- Our product specialists provide bespoke financial services and solutions, including tailored cash management, international trade, treasury and risk management services

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