

Aberdeen City Council



Local Government Manifesto 2022

The Power of Local

Contents

Overview	3
Prioritising the economy	5
Building community wealth	6
Supporting local businesses to go net zero	8
Transforming local places	9
Helping businesses to start-up and scale-up	10
Smart regulation	11

Overview

For Aberdeen City Council and small businesses alike, the Covid-19 crisis has made daily operations – from delivering services to serving customers – far more difficult.



Since the last council election, **there has been a 5.3% drop in the number of registered businesses in the city** – compared to a 1.3% increase for Scotland overall

But the last two years have also underlined just how important the council and local businesses are to each other. Businesses stepped up and found ways to deliver essentials in their communities, while the council designed and delivered a variety of Covid grants aimed at local businesses hit hardest.

The unparalleled local insight, spending and decision-making powers that the local authority and small businesses possess make them a powerful driver of local change.

This election therefore marks a unique opportunity to deepen and strengthen the relationship between the council and local small business so that we can deliver for our economies and communities.

To this end, Aberdeen City Council should follow these 6 steps to local recovery:

- Set ambitious targets to increase procurement spend with smaller local firms by 2% annually for the next five years to 48% in 2025/26.
- Boost the economic recovery of local places by rejecting applications for out-of-town retail developments for the next five years.
- Support local businesses to continue their journey to net zero by providing ongoing grant support to the small businesses who will be hit hardest by the transition.
- Help local footfall and increase economic activity by fully reopening their main offices across the city, thus enabling the return of more of their office-based staff.
- Help businesses to start-up and scale up by investing in, and supporting, Business Gateway services – and offering targeted support for areas where there is significant untapped potential, such as women-led and migrant-led businesses.
- Improve the relationship between the council and business by creating joined up online systems in areas such as licensing and non-domestic rates.

Number of businesses: Aberdeen is home to 8,060 small businesses.

Employment: Small businesses employ around 32,660 people in Aberdeen.

Contribution: Small businesses contribute £8 billion to the city economy, a decrease of 1.59% since the last council elections. In contrast, neighbouring Aberdeenshire saw a 21.33% increase over the same period with the Scottish average increase being 12.56%.



Prioritising the economy

Aberdeen City Council is a key player in the city economy. It maintains and builds new infrastructure; invests in our towns and villages; educates our children; keeps our streets clean; enjoys significant spending power; and regulates and supports businesses.

When the council uses these powers to support local businesses – such as when it provided Covid grant support during the pandemic – a range of social and economic benefits materialise. However, the council can also make decisions that hamper local business growth.



Since April 2020, **Councils have distributed at least £2.4bn in grant support** to businesses

Over the next five years, there is a risk that the council becomes less business friendly. Growing demand in services such as social work and education, coupled with budget pressures, make it more likely that they will react by cutting services like economic development and roads, while hiking charges for planning and licensing.

With Aberdeen's small businesses looking to repay over £164million of government backed Covid debt, spiralling overheads and cashflow tightening, small businesses need the council to use every tool at their disposal to support local businesses.

So, on the key decisions – from setting the rates for car parking charges through to the maintenance of local roads – small businesses will expect the council to think hard about the economy.

For example, the council could provide a welcome boost to footfall and turnover by **fully reopening their main offices across the city**. Council workers used to provide an almost daily cash injection across many local economies – economic activity that has been lost over the last two years.

Similarly, it is important that the council give local businesses breathing space to recover from the pandemic by helping them absorb the steep increases in overheads. They can do this by, for example, committing to **freeze fees and charges on areas such as waste, licensing and planning for at least the first two years of the next council term**. Similarly, they could also **rule out introducing a workplace parking levy and freeze rents on their commercial properties**.

Building community wealth

Local government spends around £7bn each year purchasing goods and services.¹ This significant spending power, if effectively harnessed, could make a real difference to local economies. Buying local can help councils support new jobs, create new businesses and, of course, reduce their carbon footprint.²

Since the last council elections, Aberdeen City Council has successfully boosted the share of contracts that go to local businesses – resulting in a huge increase in spend of 75% according to the latest figures. This impressive performance compares to an overall increase of 6.2% for Scotland as a whole (see figure 1) and a 25.5% drop in neighbouring Aberdeenshire Council.

Figure 1: What percentage of the council’s procurement is spent on local enterprises?³



¹ www.fsb.org.uk/resources-page/fsb-procurement-reforms-yet-to-deliver-for-scottish-smaller-firms.html

² <https://cles.org.uk/publications/local-procurement-making-the-most-of-small-businesses>

³ www.improvementservice.org.uk/benchmarking

At a time when approaches such as community wealth building – the idea that councils should ensure wealth is locally owned and shared by local people⁴ – are popular and when it has become more difficult and costly to import goods and services from abroad, this is an ideal opportunity to improve local spending dramatically and build more resilient local supply chains.

That is why the small business community is expecting councils to **set ambitious targets to increase procurement spend with smaller local firms by two percentage points every year**. This would result in the average Scottish council spending £4 million more each year with local businesses – and be a tangible way to build genuine community wealth. Quick wins exist in areas like employability and early-years education, where many local small businesses are equipped to help deliver key council priorities.

The council's procurement and local economic development teams should also **work with other key private and public institutions** – such as NHS Grampian and the education sector – to develop local supply chains.

And, finally, the council should **regularly review their systems and processes to identify barriers to boosting local supply and look to increase their use of less burdensome procurement routes** by, for example, raising the threshold for the Quick Quote facility so it can be used for more low-risk contracts.⁵



⁴ See: www.north-ayrshire.gov.uk/council/community-wealth-building/community-wealth-building.aspx

⁵ See: www.sdpScotland.co.uk/events/south-lanarkshire-council-new-quick-quote-process-1253

Supporting local businesses to go net zero

Scotland has set an ambitious and bold target to become net zero by 2045 – a legally binding target that will necessitate a radical transformation for all sectors of our economy.

The powers to achieve these targets are distributed across different institutions, regulators, and levels of government, creating a complex landscape. This can only be overcome with coordinated action.

Despite the impact Covid has had on the small business community, it is committed to playing its part in making a net zero economy a reality – with 74% believing they have a responsibility to help the country achieve our climate change commitments.⁶

However, the transition to net zero will be a particularly difficult undertaking for the many small businesses involved in oil and gas supply chains. And despite COP26 taking place in Glasgow last year, not enough local businesses understand the practical implications of the opportunities and risks presented by net zero – as well as the steps they will have to take to decarbonise their operations.

It will be important, therefore, that **the council proactively engage with their business community** – especially regarding its own climate change plan published earlier this year. This will require the council to **develop net zero engagement plans, in partnership with local businesses, by the end of 2022.**

Similarly, the council should build on its role as a key local regulator and **signpost businesses to upcoming important changes that will affect their operations** – by, for instance, notifying businesses of an upcoming important regulatory change in direct correspondence they will receive in any event, such as their non-domestic rates letters.

And, finally, the council should complement the national SME loan scheme – which offers finance of up to £100,000 to help pay for energy and carbon-saving upgrades⁷ – by **providing ongoing grant support to small businesses** who will find it particularly difficult and costly to decarbonise their operations. Such a scheme could build upon the Aberdeen City Council Business Transition Support Fund from late 2021, which offered help for businesses in areas such as energy efficiency and other net zero improvements.⁸

⁶ www.fsb.org.uk/resources-page/state-of-small-business

⁷ <https://energy.zerowastescotland.org.uk/SMELoan>

⁸ www.aberdeencity.gov.uk/services/coronavirus-covid-19/what-business-transition-fund

Transforming local places

Over the last five years, Aberdeen's city centre and the numerous neighbourhoods within the council's boundary have taken a hit.

These places have been fundamentally changed by Covid, with the rise of remote working and online shopping adding to the continued loss of bank branches and retail outlets.

The effects have been most acutely felt in the small businesses that populate every high street across the area. Many independent retailers have struggled to compete with global online giants and out of town chain stores, while those in smaller premises have found Covid physical distancing rules disproportionately difficult to comply with. And, of course, local cafes, restaurants and pubs have had a particularly hard time.

However, our experiences over the last two years have led some people to rediscover the value of what is in their local neighbourhood and spend more money closer to home. As a result, some businesses in buoyant local economies are doing well, including the many new independent businesses that have been created to service demand from higher levels of homeworking.

For local places to realise and capitalise on these economic opportunities, however, the help and support of the council will be required. In acknowledging the lack of funds available within the council to transform every one of their places, we believe the council should, first and foremost, put their town centres first. This will require bold action to **reject applications for "out-of-town" retail developments for the next five years.**⁹ It will also require a strong focus on regenerating existing vacant premises whilst promoting a "shop local" ethos as highlighted in the ambitious plans to transform the city centre via the redevelopment of the old BHS and Market buildings.

In addition, and given that they were conceived in the pre-Covid world, it makes sense to ask whether the projects to be delivered under the **Aberdeen City Region deal remain the correct ones.** The beginning of the new council term would seem the ideal chance to review, not just whether all the old projects are still relevant, but how input from the local business community can be improved.

The council also needs to do more to tackle the **empty properties on their books and in the wider local economy.** A critical first step for the council is to establish the nature of the problem by creating a **commercial property database**, including details of ownership and vacant units. There is also mileage in **transforming empty council owned properties into co-working spaces for local start-ups** – taking inspiration from a new pop-up shop scheme launched by Moray Council.¹⁰

⁹ www.gov.scot/publications/new-future-scotlands-town-centres

¹⁰ <https://newsroom.moray.gov.uk/news/new-pop-up-shops-for-moray>

Helping businesses to start-up and scale-up

Starting and running a business is seldom a straight-forward endeavour. Striking out on your own is a risky, costly and stressful experience – with irregular income levels and cashflow problems a common occurrence. And the last two years have exacerbated the problems business owners face at the start of their journey.

Moving forward, there is a real possibility that people consider it too risky to either start, or continue, a business. This risk is particularly acute for Aberdeen because, **since the last council elections, the economy lost 455 businesses.**¹ Whilst this decrease will have been highly influenced by the 2015 downturn in oil and gas, the fact remains that across Scotland 2,265 new businesses were created during this period.

As a result, the council should continue to de-risk entrepreneurship for local people by committing to **fund and support comprehensive Business Gateway services up until at least 2027.** The positive economic impact of investing in this service can be seen in the new start-up businesses and established businesses that are helped to survive, innovate and grow each year, and who go on to create new self-employment opportunities and jobs in their local communities.

In addition, the council should investigate ways to target economic development and business support budgets to specific groups of business owners where there is **high growth potential – notably women-led and migrant-led businesses.**



¹FSB analysis of the “Businesses in Scotland” publication: www.gov.scot/publications/businesses-in-scotland-2021

Smart regulation

The local authority performs a critical role in regulating the economy, with a significant chunk of business regulation designed and enforced by the council. This covers a diverse range of areas including environmental health, building standards, air quality and alcohol licensing.

For their part, small businesses understand the importance of well-designed and proportionate regulation. Indeed, since the Covid outbreak, these businesses have been central to public health efforts to fight the virus and keep places outside the home safe – often adapting their operations at short notice to comply with new public health restrictions (e.g. physical distancing).

Nonetheless, the regulatory experience of small businesses is not without its problems. One FSB member, who was seeking to pivot their café last year to begin the sale of alcohol drinks, was told that their application would take up to eight months to process by the licensing department. Another member had to call their council more than a dozen times to renew a licence.



Local authorities continue to interpret and implement regulations in their own way – creating a regulatory landscape that can be inconsistent and confusing. As a result, small businesses need the council to **simplify the regulatory interface** by creating cross-departmental case managers for their queries – staff who would fast-track business enquiries and ensure prompt responses from different regulatory functions. There are also opportunities to **modernise services such as licensing by developing simple and easy to use online systems** which have been developed in partnership with the Digital Office¹² and the Improvement Service.

¹² www.digitaloffice.scot

¹³ www.gov.scot/publications/coronavirus-covid-19-planning-and-covid-19-use-of-outdoors-spaces-and-the-the-28-day-rule

There is also an opportunity for the planning authority to **continue to adopt a pragmatic and flexible approach** to temporary or seasonal developments and changes of use.¹³ This will enable businesses to continue to make adaptations to their premises, such as expanding their outdoor facilities or improving ventilation, and in so doing play their part in preventing the spread of Covid.

Finally, when the council is embarking on new regulatory schemes – whether it's regulating air quality or the short-term lets sector – they need to keep a particularly **close eye on the practical impact the scheme will have on local businesses.**

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