Charter 1.1 Business Start Ups

Improvement Project Title: Start-up businesses
Executive Sponsor: Allison Carrington, Acting Chair of Aberdeen Prospers, Skills Development Scotland.
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Aim statement Stimulate a 5% increase in the number of start-up businesses in growth sectors (digital/ creative; food and drink; life sciences; tourism; energy) by 2021.
Link to Local Outcome Improvement Plan: The refreshed LOIP published in 2019 identifies 15 stretch outcomes to break down the overall vision and ambitions to reduce poverty into manageable, thematic programmes of work. This Improvement Project sits under stretch outcome 1 within the Economy theme: ***Stretch Outcome 1. 10% increase in employment across priority and volume growth sectors by 2026*** This project will contribute to another Aberdeen Prospers aim to: Increase the number of people employed in growth sectors (digital/ creative; food and drink; life sciences; tourism; social care and health and construction) by 5% by 2021.
Why is this important Without new firms, there is less competition and the pool of companies who could grow and provide employment is smaller. New firms can also be the primary creators of new jobs in economies, and in Scotland they have an important role in sustaining jobs in both rural and urban areas. Stimulating growth in start up business numbers across the priority and volume growth sectors (food and drink; life sciences; construction; digital / creative; health and social care; tourism; energy) and ensuring that these start up businesses are supported to develop and grow will be a key contributor to the overall aim of increasing employment numbers in these sectors (and therefore supporting wider Regional Economic Strategy aspirations for diversification and broadening of the economy). Aberdeen has a strong tradition as a hub for entrepreneurship and a high rate of private sector businesses and jobs compared to the public sector. The Business Gateway contract in Aberdeen and Aberdeenshire is one of the highest performing in Scotland, with start-up rates consistently exceeding contracted levels. Partners are currently gathering the relevant baseline information from a range of sources. This information will be collated and reported as this project progresses.

Number of Business Gateway Start up Figures

2016 – 2017	567
2017 – 2018	515
2018 – 2019	528

Over the past 4 years the economy in Aberdeen has been very unusual with increases in redundancies, resulting in increased start up figures and changes in TAX rates in relation to limited companies resulting in many smaller businesses choosing to be sole traders or partnerships rather than limited companies.

Number of Business Gateway enquiries

2016 – 2017	1261
2017 – 2018	1370
2018 – 2019	989

As noted in the above figures there was a spike in enquiries as individuals were made redundant, however not all of these were enquiries which ended up resulting in start-ups. It is noted that there is a higher conversion rate in the last year and so while there were less enquiries, perhaps as a result of a more stable economy, there is a slightly higher number of actual start-ups in the Aberdeen area.

The Scottish Enterprise Strategic Framework is focused on driving the changes in the economy that will have a long term positive impact, ensuring economic success is distributed more evenly across communities – notably democratising entrepreneurship so that anyone feels able to start their own business regardless of where they grew up or where they were educated.

Other parts of the innovation and incubation ecosystem are also being developed, with significant sector-based innovation hubs due to launch in the coming months and years (starting with the ONE Codebase techhub in summer 2019). These new hubs will provide a platform for increased start up activity in key sectors.

Work is being undertaken to explore the potential for community business on a co-operative model in localities, which if successful will link in with this project.
Start up opportunities in sectors such as health and social care and construction will also be prioritised, recognising that these may offer a more accessible route to self-employment for people from priority localities. The opportunity to enable people to build on skills through self-employment is often not an option considered as accessible to people in localities – work will be undertaken overcome such barriers in aspiration both with schools and people in the community. Previous events held within localities to support potential business creators have not been well attended. The project team will focus on developing more effective links between organisations and test approaches to improve engagement with these communities.

	Business Count (Units)	New Businesses (March 2016-2017)
Torry East & Torry West	248	30
Tillydrone, Seaton & Woodside	249	37
Northfield, Mastrick, Cummings Park & Heathryfold and Middlefield	245	41

As detailed above, Aberdeen City and Shire has faced an unusual economic period since the downturn in the oil and gas industry, which resulted in a high number of business deaths but also an increased volume of start ups through individuals who had been made redundant from the oil and gas industry. Many of these organisations were set up as sole traders and partnerships. When developing the change ideas and measures it will be important to identify the best measures which fit the local region and the recently fluctuating economy to ensure we understand the impact of the changes we are testing whilst taking account of the recent economic history.

Measures:

It is essential that the measures which we use are relevant both to the area and the changing environment for setting up a business in terms of the reduced benefits to individuals being a limited company.   The figures which have been presented through the Office of National Statistics show the number of births in the region based upon organisations being limited companies and or VAT registered. This in our minds is a challenging measure to use alone as it does not take into account the increasing number of businesses which start up as either a sole trader, partnership, CIC or social enterprise. It is suggested that we use a number of measures in relation to business start ups:

- **Outcome measures**
  Number of start up businesses created per year in growth sectors
  [*agreeing definition of this and an appropriate baseline is an early priority for the project team*]
  Number of enterprise registrations (provided through the ONS as noted above)
  Number of Business Gateway Start up Figures
  Number of Scottish Enterprise Start up Figures
  Number of ACVO Start up Figures

- **Process measures**
  Number of people attending start up focussed business start up events and festivals in the city
  Number of people from localities attending focussed business start up events and festivals in the city
  % of people from localities pursuing further support following attendance at business start up events and festivals in the city.

- **Balancing measures:** Number of start up businesses surviving >12 months in growth sectors

Change ideas

- Test how an enterprise festival incorporating sector specific advice and promotional activity engages potential new business creators (including those from priority localities)

- Test how to actively promote and increase opportunities to attend events to those living in priority localities and reduce any barriers to attendance. (including locality managers, Chamber of Commerce, Scottish Enterprise, Opportunities North East, Business Gateway, Skills Development Scotland)

- Collaboration development – test the extent to which a 6 monthly 'Supporting Business Start Up' meeting between the main 6 organisations supporting businesses in the region – Business Gateway , Scottish Enterprise, Chamber of Commerce, Federation of Small Businesses, Opportunity North East, Skills Development Scotland and Aberdeen City Council would enable greater collaboration to improve opportunities provided to potential new business creators, and reduce any duplication of effort.

- Test the development of sector specific innovation and incubation hubs to provide an inclusive space which promotes the widest possible access, including for people from priority localities.

- Test how to engage with schools in localities to encourage participation in and development of entrepreneurship activities and events, within schools and the wider community.

- Test the extent to which a local 'business champion' can be supported to mentor other potential business creators (particularly within priority localities)

Potential risks and/or barriers to success & actions to address these

Potential risks
Risks
Resources to effectively promote opportunities at locality level;
Lack of engagement
Perceived barriers to starting a business
Risks in starting a business for people on benefits

Mitigation
Ensure DWP business start up adviser engaged (through Elevator)
Potential local business 'mentors' in localities;

Project Team:
Roz Taylor, Operations Manager Elevator & Business Gateway Aberdeen City and Shire
Martin Barry, Engagement Partner, Scottish Enterprise
Paul Tytler, Locality Manager, Aberdeen City Council
Shane Taylor, Research & Policy Manager, Aberdeen & Grampian Chamber of Commerce
Jamie Coventry, Aberdeen City Council (Statistics & Analysis)
Sacha Will, Improvement Programme Manager, Aberdeen City Council (Role on project team: Improvement Advisor)

Outline Project Plan		
Project Stage	**Actions**	**Timescale**
Getting Started (Project Score 1-3)	Engage with Federation of Small Businesses; Aberdeenshire Council; ACVO; Opportunity North East and clarify their role in specific change ideas.	August 2019
	Establish communication method between the improvement team and wider Aberdeen Prospers Group	August 2019
	Establish links between this project and the Attainment and Transition Group within Integrated Children's Services.	August 2019
	Gathering and analysing baseline data (including how to understand the current situation in localities) – including making links with data holder(s); develop data sharing agreements where appropriate; Get advice re GDPR	September 2019
Designing and Testing Changes (Project Score 4-7)	Elevator & Business Gateway to develop 'The Brave' Festival including identifying PDSA measures to help understand impact.	September 2019
	Locality managers to identify specific changes to actively promote and increase opportunities to those living in priority localities to attend 'The Brave Festival' and reduce any barriers to attendance.	August 2019
	Link in with Integrated Children's Services Board (Attainment and Transitions) to progress partnerships with schools	September 2019
Getting Started		November 2019

	Identify key stakeholders (who, what role in their organisation) to form part of future collaboration meetings	December 2019
	Identify key personnel to engage with in relation to Innovation and Incubation Hubs	February 2020
	Early engagement to identify potential businesses and 'Business Champions' in localities	
Implementing and sustaining changes that demonstrate improvement (Project Score 7-10)	Establish minimum requirements/key elements of success for continuing with key changes	December 2020
	Analyse the extent to which changes can be sustained within resources available. Establish the return on investment.	December 2020
	Establish routes to share learning (including commitment to attending strategic groups etc)	December 2020
Spreading Changes (Project Score 9-10)	Identify key stakeholder to spread those changes which can be sustained within resources available and/or provide the greatest return on investment.	December 2021