

# Edinburgh is number 2 for business growth

## ✘ **Edinburgh second in UK for number of high growth businesses**

Our capital has been deemed second in the UK as a city having the most high growth SME businesses, according to the Centre for Cities annual Small Business Outlook report.

The Economy Convener Councillor Frank Ross knows the value of this in terms of the citywide economy and said:- “Supporting all small to medium sized businesses including high growth companies is fundamental to the growth of Edinburgh’s economy.

“As a Council we offer a huge amount of support through our *Strategy for Jobs*. Our headquarters, Waverley Court, now has a business hub which integrates Business Gateway with other frontline services including planning, recruitment support and building standards. In the last financial year Business Gateway had a bumper year supporting 5,876 businesses including the largest number of high growth companies ever at 843. These were helped with key growth activities such as taking on staff, growing turnover, innovation and trading overseas.

“We also responded to a particular request for more flexible workspace by opening four incubator spaces. These include Entrepreneurial Spark in Edinburgh Park, which supports 100 local start-ups each year, and the Creative Exchange in Leith, providing affordable workspace for up to 80 individuals or businesses.

“Last year Business Gateway helped businesses to create 2,780 new jobs and self employment opportunities in Edinburgh and Lothian.”

The new report from the Centre for Cities highlights the UK

cities where SMEs are pursuing high-growth strategies and fuelling the UK's economic recovery.

The Centre for Cities' annual **Small Business Outlook**, supported by global insurer Zurich, provides a health check of the performance of SMEs in cities throughout the UK. The 2014 report highlights the cities with the largest number of small businesses investing in 'high-growth' strategies – defined as focusing on competing on quality rather than price; pursuing innovation; investing in training and developing their workforce; offering customised goods and services; and operating in competitive markets.

<b>RANK</b>	<b>TOP FIVE CITIES</b>	<b>HIGH GROWTH STRATEGY SCORE</b>	<b>RANK</b>	<b>BOTTOM FIVE CITIES</b>	<b>HIGH GROWTH STRATEGY SCORE</b>
1	Cambridge	59.6	60	Blackpool	38.3
2	Edinburgh	57.2	61	Worthing	38.1
3	Brighton	57.1	62	Liverpool	37.5
4	Swindon	56.8	63	Rochdale	36.9
5	Derby	54.6	64	Chatham	36.8
				<b>CITY AVERAGE</b>	<b>45.6</b>

The report reveals that firms pursuing high-growth strategies are more likely to be more productive and more profitable, and drive national economic growth over the longer term. However, the report also identifies significant regional variations in small business performance across the UK, with cities including Cambridge, Edinburgh and Brighton significantly more likely to house firms pursuing high-growth strategies than cities such as Rochdale and Chatham.

“The disparities in small business performance amongst cities tell the story of Britain's uneven economic recovery,” said Chief Executive of Centre for Cities, Alexandra Jones.

“Cities with the largest share of SMEs employing high-growth strategies have wages that are, on average, 18 per cent higher

than the bottom five cities. Firms that adopted higher growth strategies are less likely to have taken cost-cutting approaches – such as implementing redundancies – during the recession, and are now more likely to be actively recruiting and expanding their businesses in the recovery.

By contrast, the cities hit hardest during recession had fewer firms adopting high-growth strategies, and these places continue to lag behind other parts of the country in terms of employment and productivity.

“Through their decision to prioritise growth and innovation, high-performing firms are playing an important role in the UK’s economic recovery and creating jobs in their local communities. But what is very clear from this report is that the business conditions in cities and local communities have also played an important role in driving firms’ successes,” said Ms Jones.

Cities able to facilitate businesses’ capacity to attract and retain skilled workers, access finance, and collaborate with other firms, are more likely to be home to a larger number of high performing small organisations and start-ups.

“It is only through ensuring cities right across the UK are attractive and effective places to live, work and do business that we will encourage more small firms across the country to pursue the high-growth strategies that have delivered such positive results,” said Ms Jones.

“To achieve this, it is absolutely critical that we afford UK cities greater control over the areas we know are fundamental to supporting business performance, such as investment in infrastructure and education and training systems.”

“Doing so will not only help to reinvigorate our cities and address the particular opportunities and challenges they face, but will support a more balanced, robust and sustainable economic recovery for Britain.”

***Richard Coleman, Director of SME at Zurich, said:***

“This report shines yet more light on the huge diversity of our small business economies, up and down the land – and highlights the prime conditions that enable firms to grow and contribute to those economies more effectively. SMEs across the country should be encouraged by what is shown here as they come to more clearly understand the key drivers for their own success.”

“The differences in size, approach and ambition of Britain’s SMEs further highlight the varying types of risks that firms are facing. Changing risks require enhanced knowledge in order to survive in what is an increasingly complex environment – and I remain convinced that our army of small businesses can gain a deeper understanding of their challenges and opportunities, based on their own unique strategies, location and sectors.”