

The Cost of Doing Business in Edinburgh South

Update from **Ian Murray MP** on the ongoing crisis for local businesses



Ian Murray MP



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Introduction

The cost-of-living crisis is a national emergency. People are worried about how they will pay the astronomical prices that the energy companies are expected to charge along with day-to-day living costs.

My office has been busy helping households as they struggle to make ends meet.

For the last few months of 2022 I have visited, listened to and worked with local business to get a better understanding of the pressures many local businesses face.

As a former business owner myself in the hospitality and events sector, some of the issues are not new but the scale of the challenges are unprecedented.

Towards the end of last year, I was happy to host a 'Business Summit', getting business owners face-to-face with representatives from a range of organisations and elected representatives to start to connect businesses to the right support.



"As a former business owner, I am determined to do all I can to help business in my constituency get through this crisis"

Ian Murray MP, Edinburgh South

I have taken all the feedback on board and have started putting an action plan in place both with my colleagues at a UK level and at a local level.

The Outlook

The latest Fraser of Allander (FAI) *Scottish Business Monitor* was published in late January. It surveys over 400 Scottish firms from across the economy, providing an overview of the business outlook in the last quarter of 2022 and the outlook and expectations for the year ahead.

It found the net balance of all core business activity indicators in the final quarter of 2022 were negative, for the first time since early 2021. However, there is a glimmer of hope, business sentiment bounced back ever so slightly and has returned to positive territory.

Yet overall sentiment for the Scottish economy continues to worsen, with around 3 in 4 firms expecting growth in the Scottish economy to be weak or very weak over the coming year.



KEY FINDINGS

- 9 in 10 Scottish firms have seen their costs increase over the past year
- Just under half of the businesses surveyed this quarter expect to reduce their operations this year due to higher energy bills
- 60% of businesses say that price point is a barrier to making energy-efficient improvements to their businesses
- Filling vacancies remains a challenge, with 80% of firms reporting applicants lack the skills required for the job

Labour's Plan



The Labour Party has a plan to make Britain the best place to start and grow a business.

Many of you raised the burden of business rates that online retailers do not have.

Scottish Labour would rebalance non-domestic rates, to ensure that online retail giants such as Amazon pay their fair share of business rates compared to bricks and mortar businesses.

UK Labour have proposed supporting businesses in energy intensive industries with a £1b fund.

Scottish Labour have committed to providing a skills framework that is accessible, flexible and responsive to the needs of small business by working with them to ensure they have the skilled labour they need.



We cannot tackle the energy crisis without energy independence.

Currently, the Chinese Communist Party has a stake in our nuclear industry while five million people in Britain pay their bills to an energy company owned by France.

That is why in the first year of a Labour Government we will set up a new publicly owned energy company: **Great British Energy**. The new company will generate renewable energy sources to cut bills, create jobs and deliver energy independence that the whole country will benefit from.

What you told me you needed

- **URGENT HELP WITH ENERGY BILLS**
- **HELP WITH THE LACK OF STAFF, IN PARTICULAR RELIABLE, SKILLED WORKERS**
- **BETTER RELATIONSHIP AND ENGAGEMENT WITH EDINBURGH COUNCIL**

Case Study 1

Asif a local shop owner faces a £70,000 energy bill. In September, he was told by Scottish Power that the cost of his electricity bill would be almost £70,000 under a one-year contract. That's five-and-a-half times his current annual charge of £12,500.

Asif told me he would have no choice but to turn the lights and the fridges off in his shop.

Case Study 2

Robbie is a local cafe owner. His energy contracts were due for renewal in December and the offer he received from Scottish Gas to stay with them for the next 12 months would see his electricity bill increase ninefold.

If Robbie were to pass this on to the customer he would be charging £40 for a bacon roll, £33.75 for a latte and an eye-watering £130.50 for a burger.

Edinburgh Council's Plan

Edinburgh's Labour Council will soon start to consult on investing in sustainable transport and improving the reliability of bus services to places like Morningside and Bruntsfield will be at the heart of this. These plans, however, won't just end with making it easier to get the bus to the area.

To make Morningside and Bruntsfield more liveable, greener and thriving places, we will aim to provide more and higher quality space for people to move around and enjoy the area on foot, with a buggy or in a wheelchair/mobility scooter. This will largely focus on common sense things like dropping kerbs, removing footpath clutter, improving pedestrian crossings and ensuring bus stops are well lit.

We will also replace the embarrassing plastic bollards imposed by the last administration with the kind of high quality footpath we would expect to see in premier shopping and leisure areas like Morningside and Bruntsfield.

Labour is not afraid to say it supports employers and that it wants small businesses to thrive, and that is at the heart of these plans. We are consulting on specific plans for Gorgie, Dalry and Portobello right now, but Morningside and Bruntsfield residents and businesses should look out for a city-wide consultation which will get underway soon. Any changes to Morningside and Bruntsfield will then be designed in partnership with the businesses.

CLlr Scott Arthur



ACTION PLAN

- **BUSINESS OWNER PARKING SPACE TO HELP YOU WITH YOUR WORKING DAY.**
- **DEDICATED BUSINESS CONTACT WITHIN EDINBURGH CITY COUNCIL.**

- **IMPROVEMENTS TO THE PUBLIC REALM TO MAKE MORNINGSIDE A DESTINATION SHOPPING DISTRICT IN THE CITY**

I have already met with Councillors to discuss these proposals and I will continue to update you on progress.



THE NEXT SIX MONTHS

The next few months will be a challenge for those businesses who face a steep rise in energy prices in the Spring. The measures introduced by the Chancellor in the Spring Budget 2023 are welcome but nowhere near enough.

Companies have been protected from elevated energy costs this winter by a government support scheme that started in October and runs until the end of March, but its replacement, which will last until April 2024, is much less generous.

Under the new plan, non-domestic energy customers – including businesses, schools and charities – will automatically receive a discount of £6.97 a megawatt hour for gas and £19.61 a MWh for electricity. The equivalent to a £2,300 saving for a pub, or £400 for a typical small retail store.

Labour are calling for bills to be frozen at current levels, funded by a windfall tax on oil and gas revenues over the next year to ensure that small businesses do not bear the brunt of price increases for utility bills.

I would advise getting in touch with your energy provider for further information, though my office is here to help at all times as well.



Support organisations

There are several organisations that can provide business support, advice and training.

- ▶ **BUSINESS GATEWAY SCOTLAND** offer free support, advice and a range of workshops, events and seminars. www.bgateway.com
Local office 0131 529 6644 Email: bglothian@bgateway.com
- ▶ **Institute of Directors** is a thriving member community for directors in the UK and beyond. They offer professional development, valuable connections and meaningful influence.
www.iod.com
- ▶ **WOMEN'S ENTERPRISE SCOTLAND** have launched The Digital Women's Business Centre. This new platform is free to access and offers dedicated, needs-based content for women setting up their own enterprise.
www.wescotland.co.uk
- ▶ **GOOGLE DIGITAL GARAGE** receive free, tailored 1-to-1 mentoring from Google in association with FSB - available for small businesses and charities. www.fsb.org.uk



THANK YOU

I want to say a huge thank you to the businesses who took time out of their busy and challenging day to meet with me.

It is more important than ever to open a space up for small business owners to have your say on what you are experiencing, what your challenges are, and what effects local, national and global events are having on your businesses.

My office will always be responsive to your concerns and I look forward to continuing to work together on how we get through this crisis and continue to have a thriving business community in Edinburgh South. My thanks to:

Mike & Charlotte Billingham - 181 Delicatessen

Ian D'Annunzio Green - Honeycomb & Co

Mogens and Sofie Kleberg - Nordic Living

Claire McLoughlin - Six Acres & Co

Reese Mehanna - Hummus

Janet Nicol - MacGregor Hairdressing & Beauty

Robbie Park - Cafe Grande

Mark Thorne - Thorne Records

Colin Smith - J Sives Surfacing

Henry Wong - Mugs Cafe

Jon Wood - Bakery Andante



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