

ERC Growth Dashboard 2016 - Summary



- 📌 This is a summary of the [Enterprise Research Centre's Growth Dashboard 2016](#), written by Coast to Capital
- 📌 The dashboard explores data showing growth in start-ups and established SMEs – analysing their survival rates, and turnover and employment growth
- 📌 **Key points:**
- 📌 Three year survival rates for start-ups are falling, however there is no suggestion this is affecting business growth
- 📌 The rate of fast growing firms has fallen significantly and is now below the national level – businesses are not creating jobs as fast as they used to
- 📌 The rate of start-up scaling has remained low in comparison to other LEPs – very few start-ups make it to £1m turnover within three years
- 📌 The rate of survivor scale-ups is improving, but it is still low in comparison to other LEPs and the national average

9th
2016

19th
2015

N/A
2014

Source: ERC UK Local Growth Dashboard 2016

Number of Start-ups per 10,000 Population

- There were 10,096 start-ups in Coast to Capital
- This is 50.9 start-ups per 10,000 population in Coast to Capital in the 2016 report, the 9th highest overall
- In the 2015 report there were 41 start-ups per 10,000 population, ranking 19th overall
- South East Midlands LEP is ranked 8th in 2016, with 52.2 – to reach this level would require an additional 330 start-ups per year
- A Neighbour, Solent LEP, is ranked 2nd overall (60.2) – to match this level would require 1,950 additional start-ups per year
- London is ranked 1st, with 87.3 start-ups per 10,000, which would require an additional 7,350 start-ups per year – such an increase would be unsustainable

Three Year Start-up Survival

- Of those start-ups that were born three years before the report publication, 56.9% survived in the 2016 report, 58.6% survived in the 2015 report, and 68% survived in the 2014 report
- There appears to be no correlation between the start-ups survival rate and the rate of start ups scaling to £1m+ turnover (pg.5) – suggesting encouraging higher levels of start-ups – or supporting their survival – may not be the way to encourage greater growth
- Survival is a tricky concept to gauge – unless it is too high (suggesting too many businesses that may be poorly run are surviving when they should fail) or too low (potentially indicating high barriers to entry) there is no indication that survival rates are an issue



10th
2016



12th
2015



3rd
2014

Source: ERC UK Local Growth Dashboard 2016

27th
2016

12th
2015

5th
2014

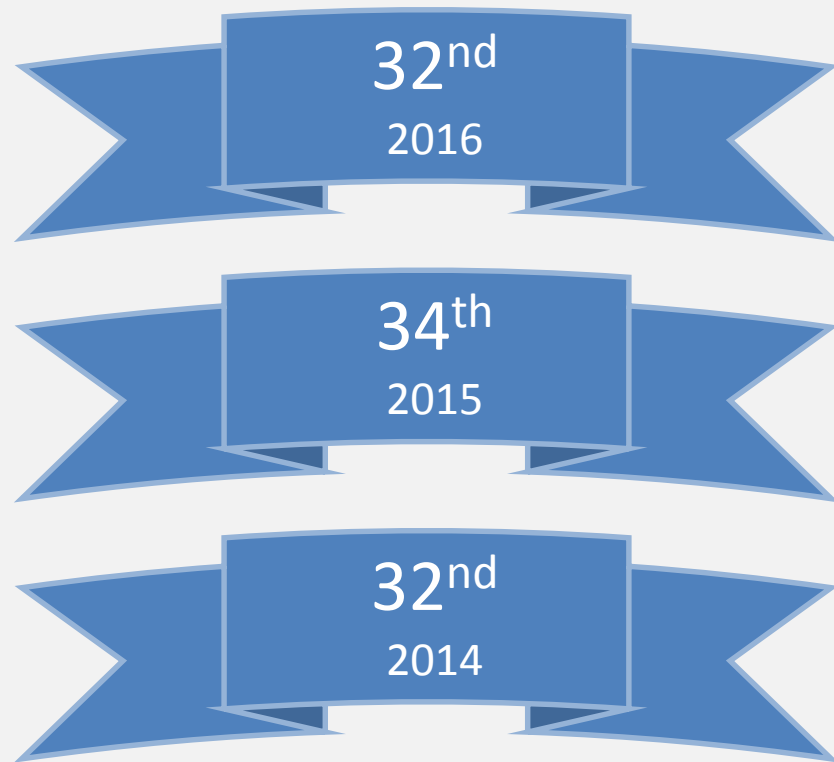
Source: ERC UK Local Growth Dashboard 2016

Fast Growing Firms

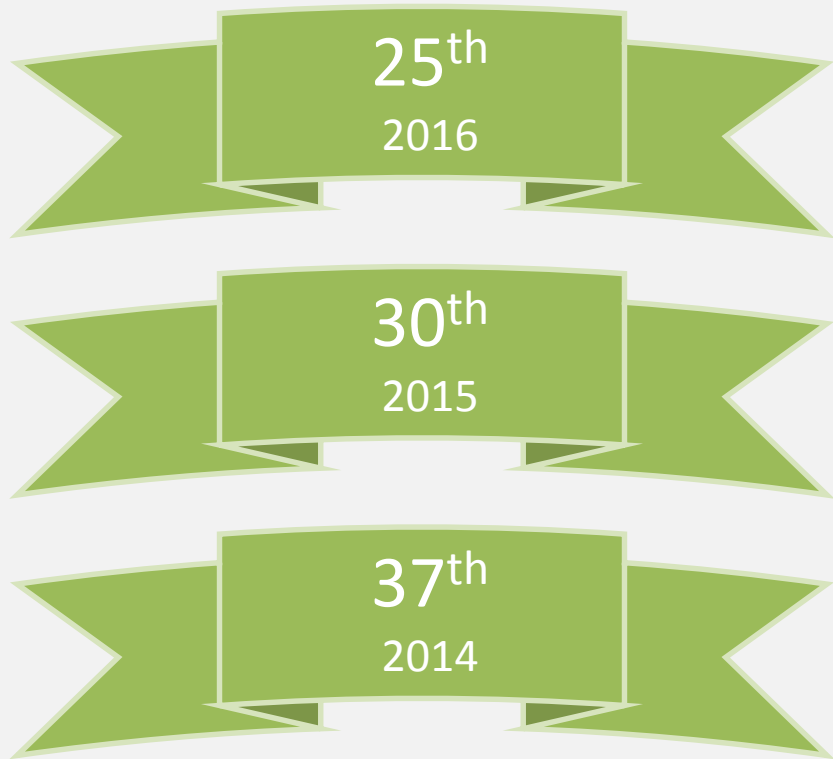
- Fast growth is defined here as 20% average annual growth in employment over the previous three years in local units with 1-249 employees
- Coast to Capital has consistently fallen on this measure – from 5th in 2014 to 27th in 2016
- 11.6% of firms in Coast to Capital were identified as fast growing in 2016 – London had the highest rate at 12.9%
- This is down from 15.7% in the previous year – the rate of fast growing firms has fallen across the country however, London is down from 18.6%
- This may be a cause or consequence of the higher than average growth in self-employment and small businesses in the Coast to Capital – businesses that would otherwise grow quickly can not find staff because they are self employed – alternatively there could be fewer fast growing businesses hiring so workers become self-employed

Start-Ups Scaling to £1m+ Turnover

- ▣ The proportion of surviving start-ups scaling to £1m+ turnover in the previous three years has been consistently low
- ▣ As noted on pg.3 this does not seem to be affected by how many firms survive, suggesting the level of competition in the area is not a major driver or barrier to scalability
- ▣ Potential causes for low scalability may include: the types of businesses being started, ambition of business owners, strategic and management skills of owners, depth and quality of support available, availability of finance, or a lack of skilled workers
- ▣ Economic geography may also play a role, many of the top 10 locations are centred on a major city or concentrated location compared to the wider spread across Coast to Capital



Source: ERC UK Local Growth Dashboard 2016



Source: ERC UK Local Growth Dashboard 2016

Firms Growing from £1-2m to £3m+ Turnover

- ▣ Firms growing from £1-2m turnover to £3m over the last three years are classified as survivor scale-ups
- ▣ Coast to Capital has improved in this area – going from 37th to 25th
- ▣ Despite climbing the rankings the rate of survivor scale-ups fell from 5.8% to 5.5% from 2015 to 2016
- ▣ The falling rate of fast growing firms in terms of employment over the same period suggests there is no correlation between turnover growth and employment growth
- ▣ This highlights the different perspectives of growth between public policy and businesses – public policy focuses on jobs growth, whereas businesses often focus on their bottom line