



# Business Growth in Manchester and the impact of business support

30 September, 2015



# Presentation

- Business growth: Manchester context and business issues
- Model for business support services and business finance products
- Business support performance and inclusion impact in Manchester
- Funding and devolution
- Case studies

# Business Growth: City of Manchester context

## Large and diverse business base

- 20,200 business based in Manchester (1 in 5 business in GM). Largest sector in Manchester is Business, Financial, and Professional Services (almost 6,000 companies), followed by cultural & creative (4,500 firms).
- SMEs dominate – 99% of firms in Manchester & GM are SMEs. Only 4% in Manchester employ 50 or more (3% in GM) and 1% have 250+ (Manchester and GM).
- Growth of 16% in Manchester from 2010-14 (2,800 more firms). 6% in GM/UK.

## Relatively high rates of new business formation

- High rate of start-up in Manchester (93 firms per 10,000 resident working age population), although GM (84) only in line with national average.
- 12 month survival rate in Manchester good – 91% (GM = 92%, UK = 91%).
- 5 year survival rate in Manchester drops off – 34% (GM = 39%, UK = 41%).

## Economic climate positive, but challenges on the horizon

- Manchester business survey reported that firms are more optimistic in 2015 than in previous years.
- GM Chamber of Commerce QES, Q2 2015 reported that Outlook for employment remains strong.
- Nationally, wages are growing and inflation at 0%.
- However, interest rates expected to rise in next 6 months and evidence that global economy is weakening. Unemployment in GM has risen for past 3 months (although still below level seen 12 months ago).

# City of Manchester key business issues

## Access to skills is a key barrier and driver of growth

- Skills of workforce is key driver of business growth (44% of firms) across firms of all sectors and sizes. Lack of staff or skills is also a key barrier to growth – identified by 25% of companies.
- Around 10% of Manchester firms had hard to fill vacancies (similar to GM). Main causes were: low number of applicants with required skills; and lack of work experience.

## Access to finance remains a key issue for many firms

- 17% of firms in Manchester had sought finance in the last 12 months (GM: 15%), of which 34% experienced difficulties in doing so (same as GM).
- 33% of firms in Manchester who sought finance did so to provide working capital (GM: 24%). A further 24% required finance to support expansion/growth (GM: 25%).

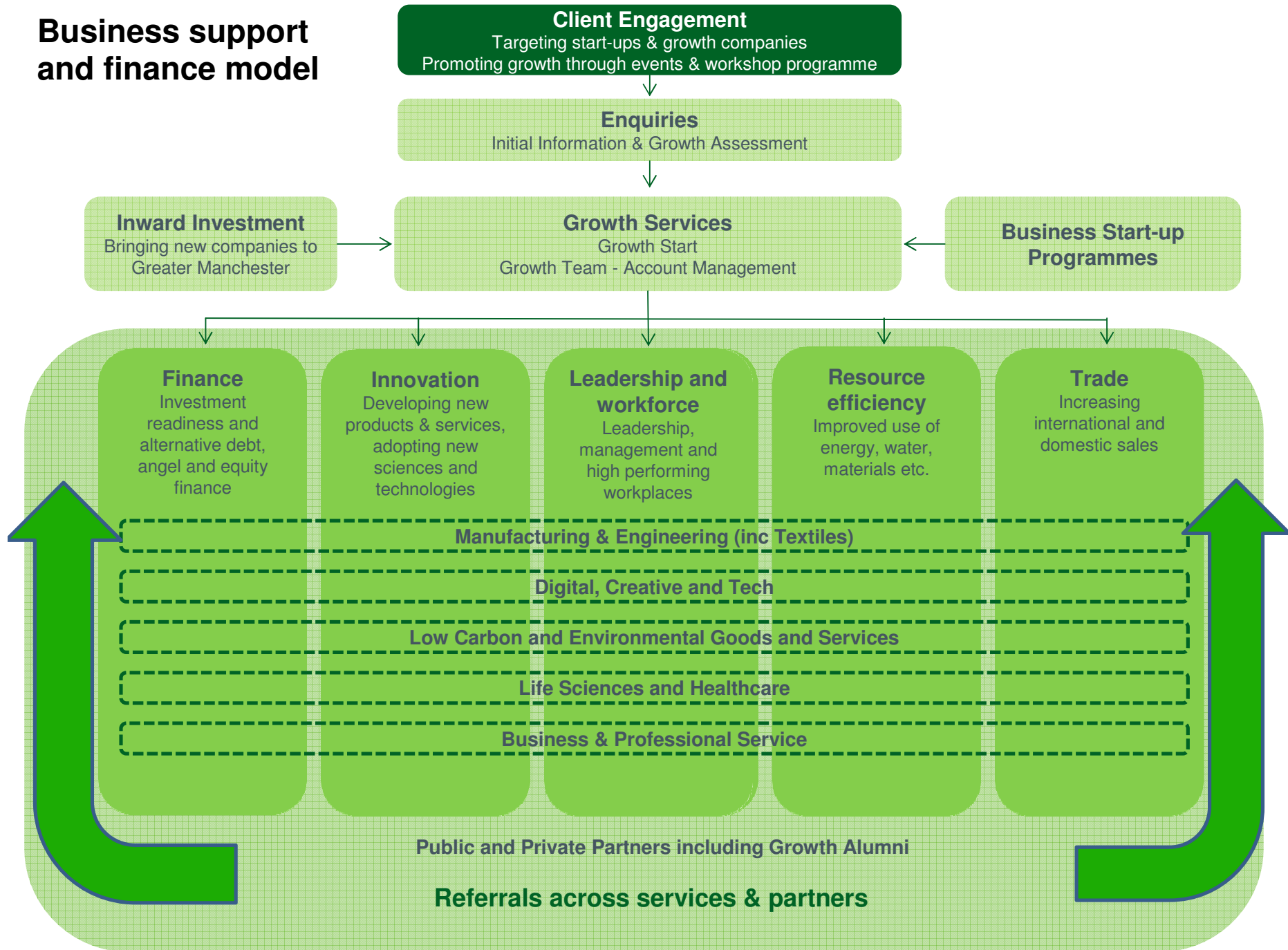
## Levels of exporting are low, holding back Manchester's productivity performance

- 13% of firms in Manchester directly export (11% in GM). UK Business Barometer gives national average for exporting of 21%, so Manchester and GM lag behind in terms of direct exporting. Main perceived barriers: regulation/legal requirements; political risks; and language/cultural barriers.

## Levels of capital and revenue investment falling, which could affect future productivity

- 71% Manchester businesses invested in activities that could lead to future growth of the business such as new machinery/IT, training which supports the introduction of new products/services; accessing advice from universities, or in house R&D in the last 3 years. Down from 78%, 2013 and 81%, 2012.
- However, a third of Manchester businesses (32%) intend to launch a new product or service in the next 12 months (27% in GM).

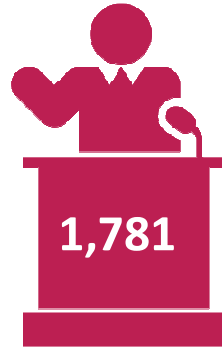
# Business support and finance model



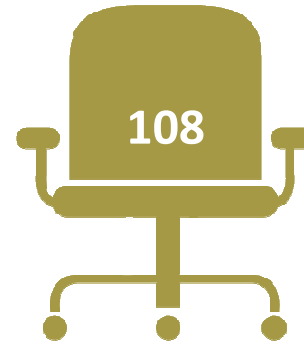
# 2014/15 Business Support Performance: City of Manchester



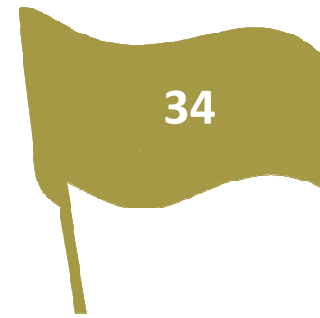
Businesses engaged



Event attendees



New business Start-ups



Foreign Direct Investments



Business assists



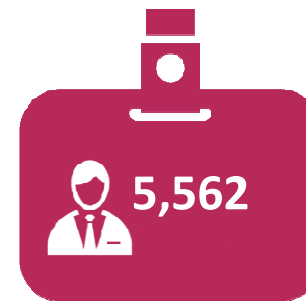
Finance raised for/lent to businesses



Tonnes of carbon savings



Value of export sales generated



Jobs created & safeguarded



Gross Value Added (GVA) generated

# 2014/15 Business Support Performance: All geographies



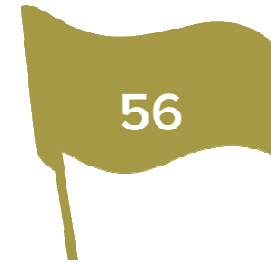
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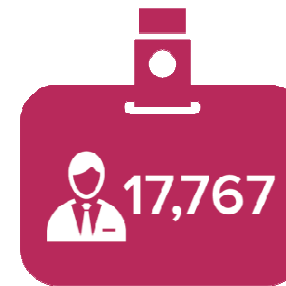
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# Business support & inclusion

## Nature of businesses supported in Greater Manchester (2014/15)

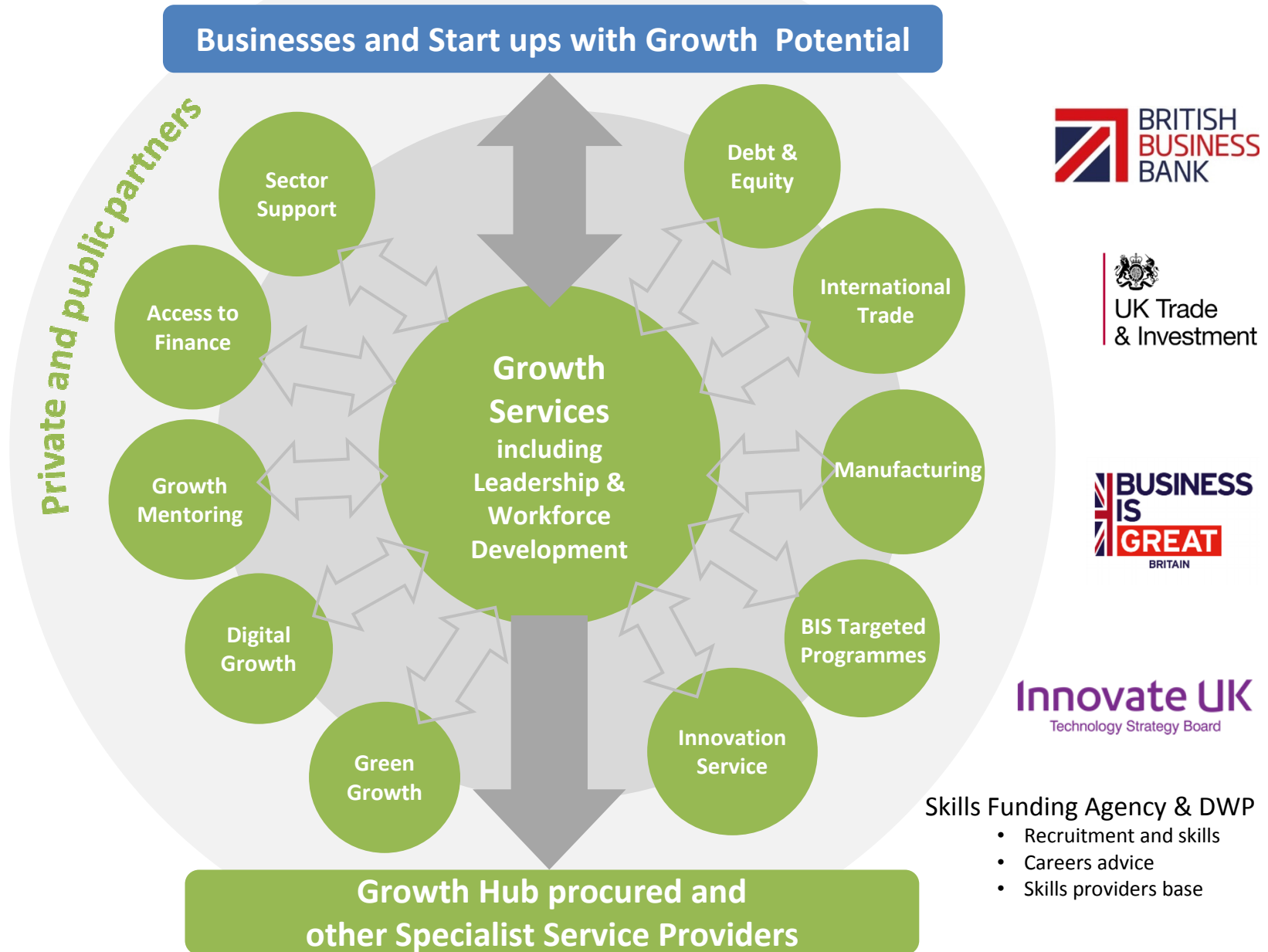
- 24% had a majority female management/ownership;
- 12% had a majority BEM management/ownership;
- 47% were located in disadvantaged wards (wards with claimant counts higher than the GM average of 15.5%);
- 57% of business loan recipients were previously unemployed (equivalent to a £7m welfare benefits saving);
- 36% of loan recipients were female;
- 24% of loan recipients were BEM.



# Funding and devolution

- Through the Business Growth Hub model we have, since 2011, been developing a comprehensive, demand-led approach to service and product delivery.
- Funding to 2015 derives from contract-wins including UKTI, BIS and the European Commission – supplemented with City Deal funding from the Combined Authority.
- For 2015-18 we have re-secured key contracts for exporting and manufacturing; the Combined Authority have provided £11.6m over three years which, together with partners' contributions, provide the match-funding for ERDF bids of £25m.
- Devolution is starting to allow us to now merge the national programmes of BIS, UKTI, British Business Bank, Innovate UK etc. within our locally determined services and products.
- By 2017 we expect to have achieved significant devolution. This includes:
  - control of budgets;
  - co-control of national programmes;
  - alignment of national initiatives and schemes.

## Growth Hub Model 2017



# Gelexir

Undertaking R&D in Manchester, Gelexir have developed a non-surgical procedure using a hydrogel to treat chronic back pain associated with Degenerative Disc Disease.

The Business Growth Hub supported Gelexir to benefit from its new Angel Co service resulting in an initial investment from an angel syndicate of £414k with second investment of £536k currently under development.



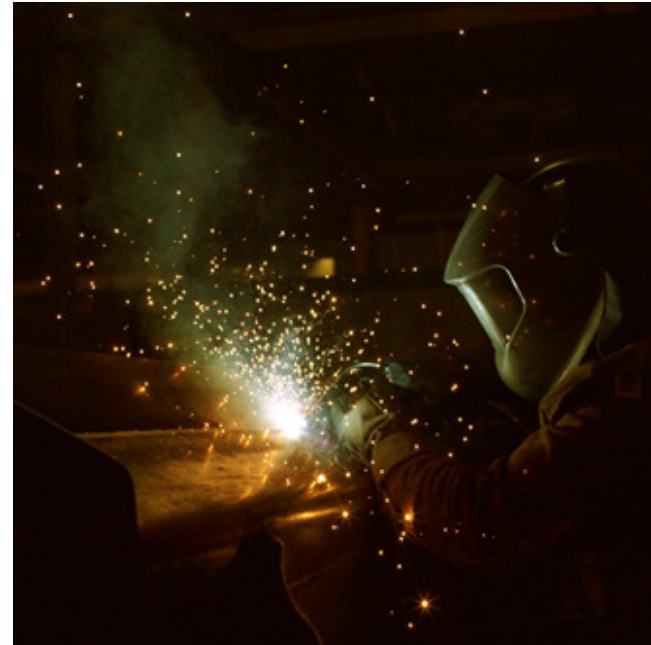
*“The team at Angel Co have been instrumental as part of the process to date in giving strong and impartial advice, providing us with links to potential investors, and generally supporting us in the fundraising process. The team have been brilliant in preparing us for investment, supporting angel investors with their due diligence scoping and execution and approaching institutional investors. We are looking forward to continuing our excellent working relationship with the Angel Co team to complete this current round of funding.”*

*Hans von Celsing, Gelexir*

# Thos. Storey

Thos. Storey supplies steel fabricated products to a range of customers ranging from multinational manufacturers to small start-ups across the defence, construction and agriculture sectors.

The Business Growth Hub supported Thos, Storey with an efficiency programme at its Opensahw site that included replacement of compressors, reducing electricity costs, and a revised strategy for waste material. This resulted in annual savings of £49,000, a reduction of 243 tonnes of CO<sub>2</sub>e per annum and zero waste to landfill.



*“Whilst we strive for continual improvement, this would have proven to be a lot harder without the help, insight and advice we received from the Green Growth service. They have provided new ideas and practical advice on ways that we could save both energy and money.”*

*Jo Lynch, Commercial Director*