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Regeneration of cities expands ranks of fast-growing businesses

Andrew Bounds, Enterprise Editor

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High-growth companies are being created faster in Leeds than London

The billboard greeting people arriving at Leeds railway station points to how the economy is changing. Beside a picture of a Rubik's cube it says: "Are you a little bit geeky? £32,000 starting salary. No experience required."

The advert is for jobs at a company called TPP, which makes patient health record software and is just one of the expanding ranks of "high-growth companies" — businesses with 10 employees or more that have increased their workforce by at least 20 per cent a year for three years.

Companies such as TPP have reached their highest number since the early 2000s and new research shows they are being created at a faster rate in cities such as Leeds and Southampton than in London.

The Enterprise Research Centre says there are now nearly 12,000 of them in total in the UK — the highest level since the dotcom boom. Their numbers are growing twice as fast outside London, though the capital still has the highest proportion of any city.

These high-growth, or "gazelle", companies are usually found in sectors such as technology, professional services or advanced manufacturing. They generate a disproportionately large amount of jobs and are a big factor in the rise in private sector employment since the recession.

Mark Hart, deputy director of the ERC, said there was

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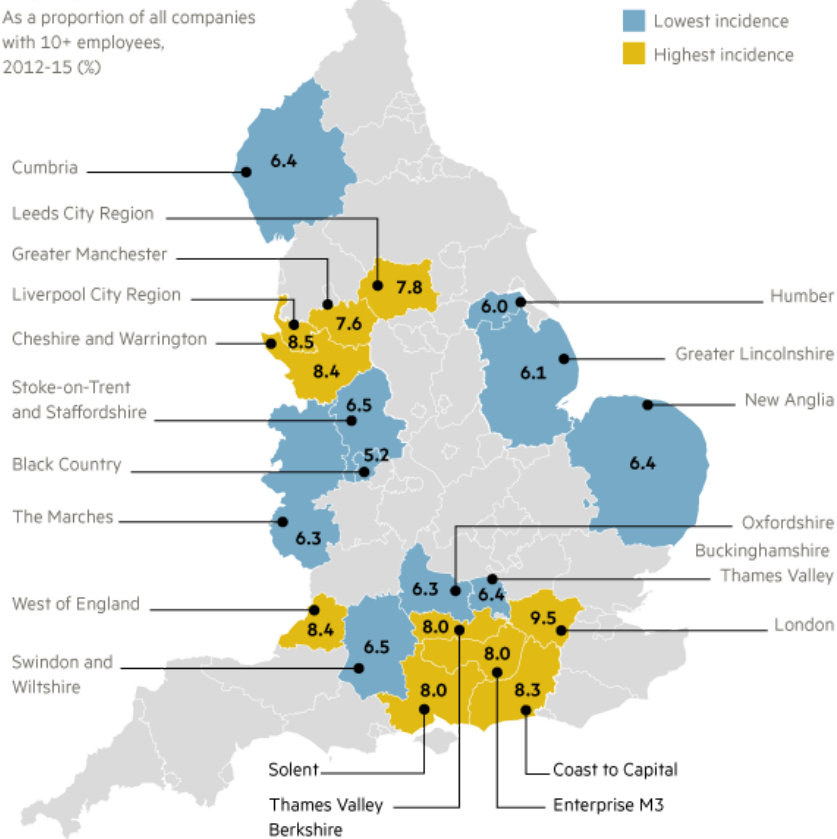


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no single explanation for the trend. “Part of it is the regeneration of cities such as Liverpool. It is a recovery story as the economy has grown. We need to learn the lessons so we can spread the success.”

High-growth companies

As a proportion of all companies with 10+ employees, 2012-15 (%)



Source: Journalista

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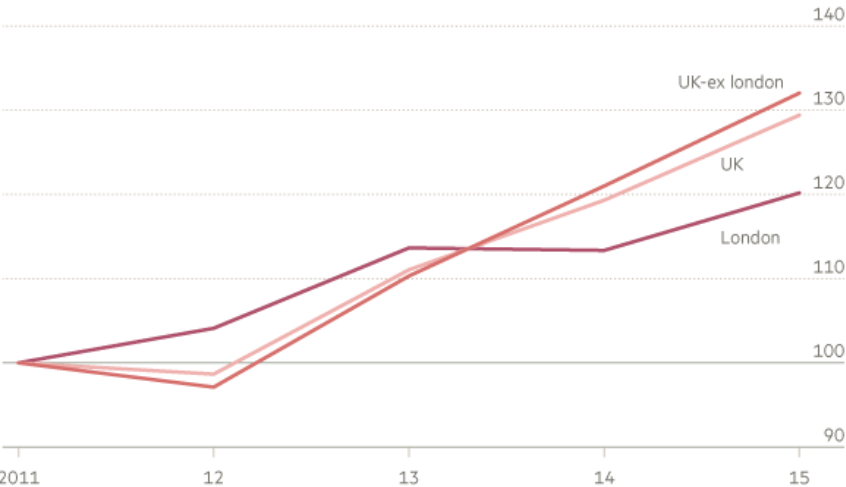
He said the government’s Business Growth Service, which is being closed, probably helped. “We still need to export more and innovate more,” he added.

According to the ERC, high-growth companies created about a third of private sector jobs between 2012-15 and accounted for 7.5 per cent of all companies with more than 10 workers. In London, the figure was 9.5 per cent.

Richard Flint, chief executive of SkyBet, an online betting and gaming company based in Leeds, said shortages of qualified staff were the biggest challenge because many graduates gravitated to London. The business, which is private equity owned and growing 30 per cent a year, has 250 vacancies.

High-growth companies becoming more common outside London

Number (rebased)



Source: Journalista

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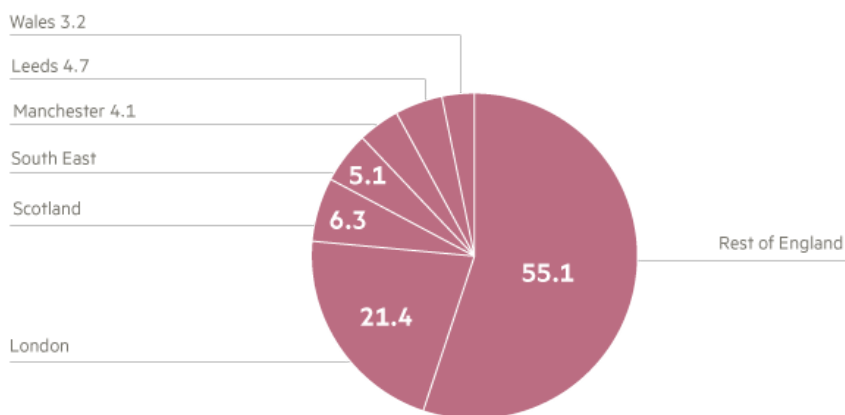
“You can have a challenging and interesting job in the technology industry and live 15 minutes from work. We need to do a better job marketing that,” he said.

The government hopes to [rebalance the UK economy](#) away from London and its financial services industry so the growth the ERC found outside the south-east will be welcome.

Excluding London, numbers of high-growth companies in England rose by 36 per cent from 2009-12 to 2012-15. In London, the increase was 15 per cent.

The capital still dominates with more than any other region

Total, 2012-15 (%)



Source: Journalista

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In Scotland, the growth was 35 per cent, while Wales went up by 38 per cent.

[Liverpool](#), one of the UK’s poorest areas, has a smaller business base than many cities but the number of high growth companies there doubled between 2009 and 2015, to 220. It now has the second-highest rate in England, as a proportion of total businesses with 10 or more employees.

Also fast growing were the west of England — covering Bristol and Bath — and Leeds.

Many areas in the south-east had smaller rises: in Buckinghamshire Thames Valley high-growth company numbers went up just 2 per cent.

The ERC is a group of universities that research small and medium sized businesses.

‘Our industry feels insulated from recession. People always need medication’

Liverpool is home to the largest cluster of biological manufacturing facilities in Europe, making everything from flu vaccines to TB treatments. With big pharma companies such as Eli Lilly and AstraZeneca on the doorstep, it is perhaps no surprise that ChargePoint, a valve manufacturer, has experienced fast growth.

Its customers use containment valves to enable the safe transfer and handling of powders used in the manufacturing process — for example, when making drugs in tablet form. It invests heavily in research.

Managing director Chris Eccles, 37, was part of the team that led a management buyout in 2009. Since then, the company has grown from 12 employees to 63. Turnover has increased from £4.7m in 2012-13 to £8.3m in 2015-16. Some 85 per cent of that comes from overseas, with the US the biggest market.

“Our industry feels like it’s somewhat insulated against recession. People always need to take medication,” said Mr Eccles.

He said there was plenty of business support in Liverpool, with fellow entrepreneurs happy to advise. “There are lots of networking events and people talking about what can be done,” he said. “There are a lot of people in the area whose businesses are starting to perform and they’re thinking about what they can do to give something back.”

The buyout was originally financed by the Co-op Bank and since then ChargePoint has received £1.63m from Enterprise Ventures, which provides venture capital and loans to growing small companies in the north of England.



Chris Eccles

It also received support from Invest Liverpool, the city's inward investment agency, and is moving into a new manufacturing facility this year.

Mr Eccles said the city is very business-friendly. "The decision to keep our business in the UK is mainly about cost and control . . . I really don't think we'd be better off elsewhere."

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