

News release

**EMBARGO: NOT FOR PUBLICATION OR BROADCAST UNTIL 00:01
ON FRIDAY, 28 FEBRUARY 2020**

28 February 2020

‘East-west divide’ sees Manchester pull ahead in Northern Powerhouse enterprise race

- **A new Enterprise Research Centre report has highlighted an enterprise divide among Northern Powerhouse regions across a range of growth metrics**

An ‘East/West divide’ has opened up when it comes to business start-ups and firm growth in the Northern Powerhouse area, new research has found.

The [Enterprise Research Centre](#)’s *Northern Powerhouse Growth Dashboard* found that in the most recent available figures (2018), Greater Manchester’s start-up rate was among the highest in the entire UK (58 per 10,000 population).

But while other parts of the North West including Liverpool and Cheshire also displayed healthy start-ups rates, many areas east of the Pennines lagged far behind, with the North East region having the lowest rate of just 19 per 10,000 people.

According to the Government’s definition, the Northern Powerhouse area stretches northwards from a line running between the Mersey estuary in the west to the Humber estuary in the east. It takes in 11 Local Enterprise Partnership areas (LEPs), which roughly correspond to local authorities.

Greater Manchester also had the highest proportion of start-ups that manage to reach the £1m turnover milestone within three years (2.2%). East of the Pennines, start-up growth was generally slower, with the exception of Sheffield City Region (2.1%).

But for firms scaling from £1m-£2m turnover to more than £3m, Cheshire and Warrington led the pack, with 9.1% of firms there achieving this over the 2015-2018 period. On this metric, Cumbria (8.6%), Sheffield (7.9%) and Greater Manchester (7.7%) also performed above the UK average (7.4%).

Cheshire and Warrington also contain the highest proportion of so-called ‘high-growth firms’ – those growing their headcount by an average of 10% or more over a three-year period. Areas in the east tended to show less dynamism, with the Tees Valley having the lowest proportion of firms falling into this category.

The ERC has presented its findings in a meeting convened by the Greater Manchester Growth Company - the body charged with boosting economic growth and skills development in the city-region - involving all 11 LEPS in the Northern Powerhouse region.

Mark Hart, ERC Deputy Director and Professor of Small Business and Entrepreneurship at Aston Business School, said:

“While the current political rhetoric talks of ‘levelling up’, what we’re seeing in business dynamism terms is a clear ‘east-west divide’ emerging across the Northern Powerhouse region.

“Manchester and some other parts of the North West seem to be forging ahead when it comes to creating a good environment for start-ups and early-stage firm growth. But to the east of the Pennines we’re seeing fewer entrepreneurs and slower growth.

“These findings may strengthen the case for investment in better east-west transport infrastructure. But policymakers also need to study carefully what some Local Enterprise Partnerships are doing to foster an enterprise culture locally and spread best practice.

“If the Northern Powerhouse is going to be a meaningful economic unit, we have to address the inequalities that appear to be leaving its eastern half decidedly under-powered.”

ENDS

Notes to editors

1. Full report

For a copy of the full report, *Northern Powerhouse Local Growth Dashboard*, please contact James Tout (details below)

2. About the Enterprise Research Centre

The ERC is the UK’s leading independent research institute on growth, productivity and innovation in small and medium-sized enterprises (SMEs). It is funded by the Economic and Social Research Council (ESRC), Department for Business, Energy and Industrial Strategy (BEIS), Innovate UK, The Intellectual Property Office (IPO) and the British Business Bank (BBB).

The ERC is producing the new knowledge around SMEs that will allow us to create a business-friendly environment nationwide, grounded in hard evidence. We want to understand what makes entrepreneurs and firms thrive so we can spread the lessons from best practice and make the UK a more successful economy.

The Centre is led by Professors Stephen Roper of Warwick Business School and Mark Hart of Aston University, Birmingham. Our senior researchers are world-class academics from both Aston and Warwick Universities as well as from our partner institutions which include Queens University Belfast and the University of Strathclyde.

<http://www.enterpriseresearch.ac.uk>

Contact

For further information, please contact James Tout at ZPB Associates on 07989 610 276 or email james.tout@zpb-associates.com