

NORTHERN IRELAND LOCAL GROWTH DASHBOARD

APRIL 2023

NI Local Growth Dashboard

1 Introduction

The Northern Ireland Local Growth Dashboard has been developed by Queen's University and the Enterprise Research Centre (ERC) and provides comparative statistics to the Local Enterprise Partnership (LEP) Growth Dashboard first launched in June 2014. Its purpose is to present a set of growth metrics for start-ups and existing firms across a range of sub-national geographies in NI with a specific focus on each of the 11 Local Government District (District Council) areas.

The Local Growth Dashboard can be used as a source of evidence to inform discussions on priorities in small business support and includes easily understood metrics which can be readily updated on an annual basis. This report is designed to simply present the data for others to use and it is not the intention here to investigate the reasons for regional variations as that can be found elsewhere in the research outputs of the ERC and the wider research and policy literature.

The growth metrics which are used in the Dashboard are¹:

- 3-year survival rates of start-ups (2018-21);
- Proportion of 2018 start-ups that reach £1m+ T/O (2018-21);
- High-Growth Firm (OECD Definition) Incidence Rate (2018-21) – using both the traditional 20% threshold and the revised 10% threshold;
- Small High-Growth Incidence Rate (2018-21) – a metric adopting a methodology advocated to avoid the exclusion of firms with less than 10 employees from the OECD definition;
- Productivity Growth metric (2018-21) – a metric looking at firms who experience growth in both jobs and revenues but have a faster rate of growth in revenues.

1.1 Data Sources

The dataset used in the production of the growth and start-up data is the Business Structure Database (BSD). This is a dataset produced by the Office of National Statistics (ONS) and is an annual snapshot of the Inter-Departmental Business Register (IDBR) which is a live register of data collected by HM Revenue and Customs via VAT and Pay as You Earn (PAYE) records.² The IDBR data are complemented with data from ONS business surveys. If a business is liable for VAT (turnover exceeds the VAT threshold) and/or has at least one member of staff registered for the PAYE tax collection system, then the business will appear on the IDBR (and hence in the BSD). We use the firm-level BSD for firm growth rates, start-ups, and turnover calculations. The dataset used in the production of the early-stage entrepreneurship rates is the UK Global Entrepreneurship Monitor (GEM) survey. This is an annual representative survey of the UK population regarding entrepreneurial activity, attitudes and aspirations. The data is collected by BMG Surveys Ltd on behalf of the UK GEM team at Aston and Queen's University. The District Council areas are based on the Local Government District (LGD 2012) definitions; Figure A1 In Appendix One displays the District boundaries and names. All the data contained in this report can be downloaded from the Data Hub on the ERC website.

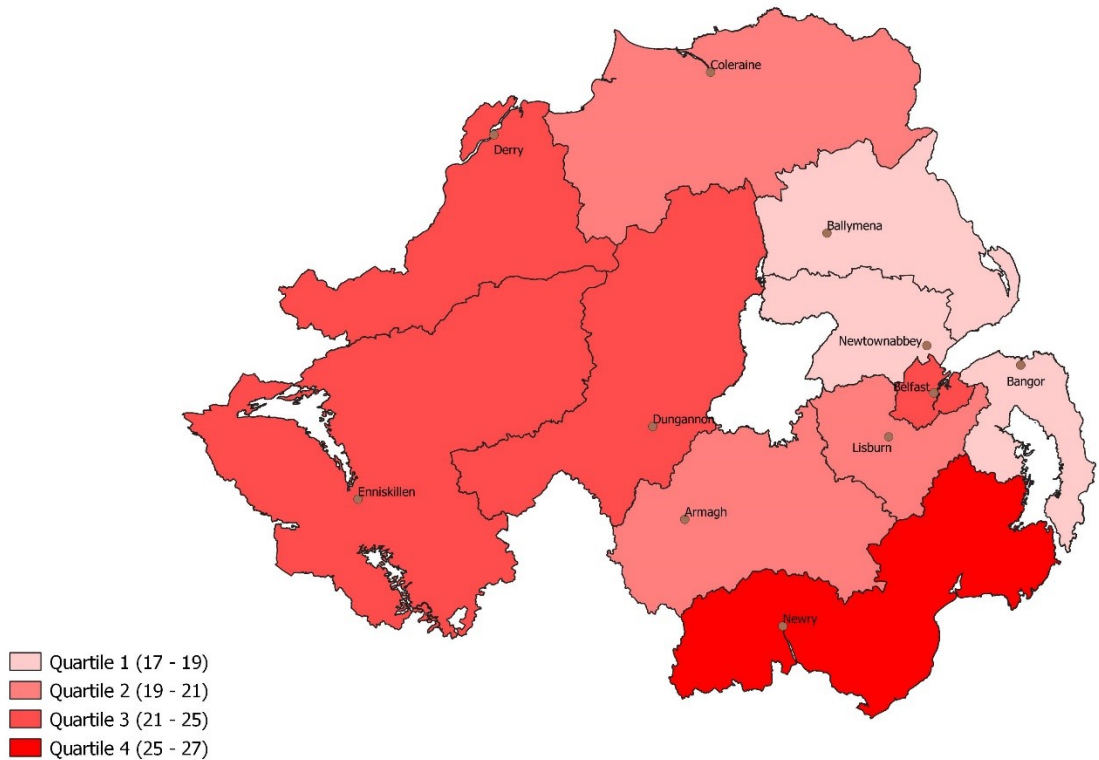
¹ Metric Definitions: Start-up is defined as a UK-owned employer firm born in 2021; Start-ups growing to £1m turnover refer to UK-owned firms born in 2018 whose turnover reached at least £1m in 2021; High-Growth is defined by the OECD as annualised average growth in employment of 20% or more over a three year period (2018-21) and restricted to a business having at least 10 employees in 2018.

² Note: The use of these data does not imply the endorsement of the data owner or the UK Data Service at the UK Data Archive in relation to the interpretation or analysis of the data. This work uses research datasets which may not exactly reproduce National Statistics aggregates.

2 Growth Metrics

The number of start-ups in an economy is often seen as the headline metric of ‘enterprise’ and ‘entrepreneurial ability’. The number of start-ups in Northern Ireland decreased slightly in 2021, probably due to the effect of the Covid-19 pandemic.

Figure 1 displays the spatial variation across Northern Ireland. Newry, Mourne and Down has kept the highest rate of start-ups (27) per 10,000 population, followed by Belfast (25) and the other three districts in the west: Mid Ulster (25), Derry City and Strabane (23) and Fermanagh and Omagh (22). Similar to previous years, districts with the lowest average start-up rate can be found in the east of Northern Ireland. Generally, the average start-up rates is 22 per 10,000 population in Northern Ireland in 2021, slightly lower than the value of 25 in 2020. The average rate of the UK in 2020 was 45.



Source: ONS Business Structure Database (BSD)

Since 2013 the ERC research programme has emphasised the importance of small business growth to the objective of driving economic growth and re-balancing the UK economy. So we now turn to a range of business growth metrics which can provide a more fine-grained analysis of the local business dynamic which can inform the development of local, regional and national business support initiatives.

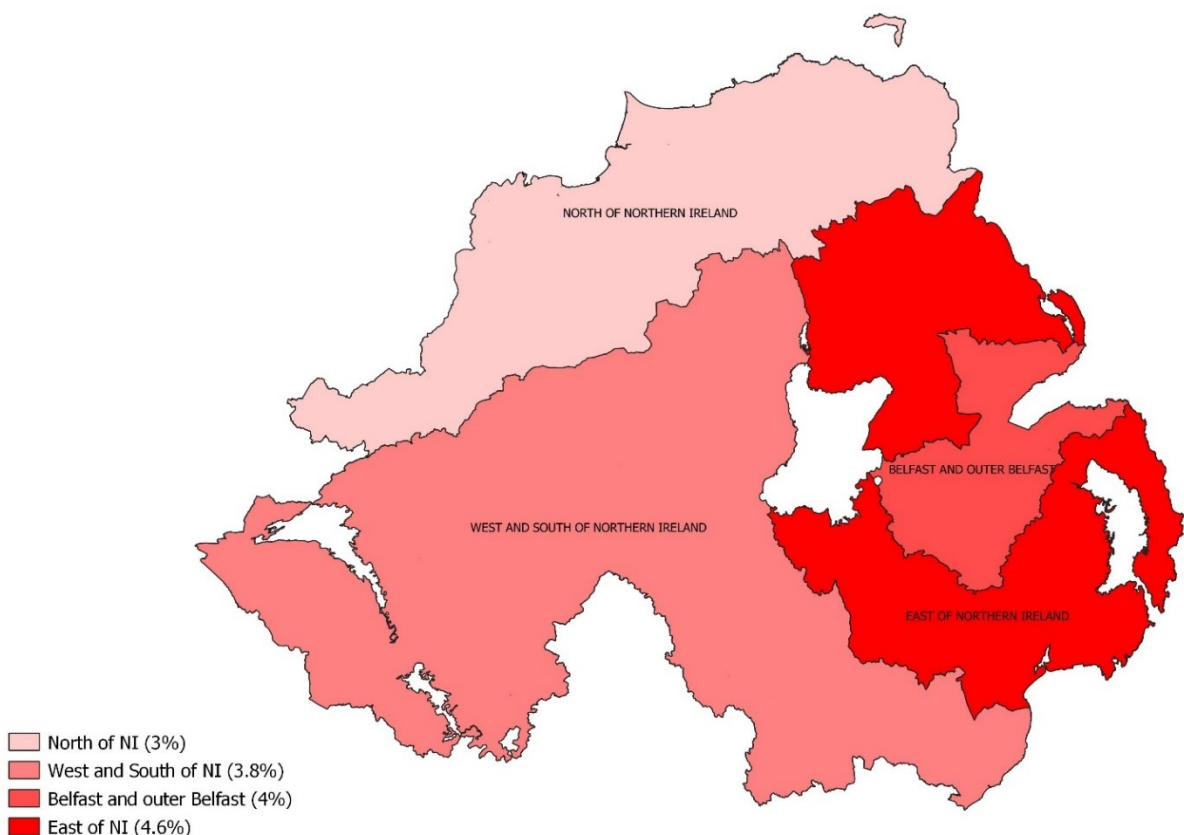
2.1 Growth of Start-ups – Initial Scaling

The number and rate of start-ups in Northern Ireland are well understood metrics. What is less well known is the proportion, if they survive, that go on and generate at least £1m in revenues after 3 years. This threshold, while arbitrary, reflects the ambitions of many entrepreneurs as they strive to sustain and grow their businesses – getting to the ‘first million’ is an often heard metric.

The overall survival rate for this 2018 cohort of start-ups is 56% in NI, which means that approximately a half of all startups do not make it to their third year. This is consistent with the long-standing survival rate of 50%.

Figure 2 shows that the proportion of NI-owned start-ups that achieve this early indication of ‘scale’ is very small indeed (only around 3.8% nationally). Due to the small sample sizes, it is not possible to provide these data at Council level, NUTs level data is provided instead. Figure 2 shows that there is, again, some variation between NI areas, with East of NI having the highest proportion of start-ups (4.6%) achieving the £1m+ threshold after 3 years trading, while North of NI having the lowest rate (3%).

Figure 2: Proportion of Start-ups Generating £1m+ Revenues after 3 Years (2021)

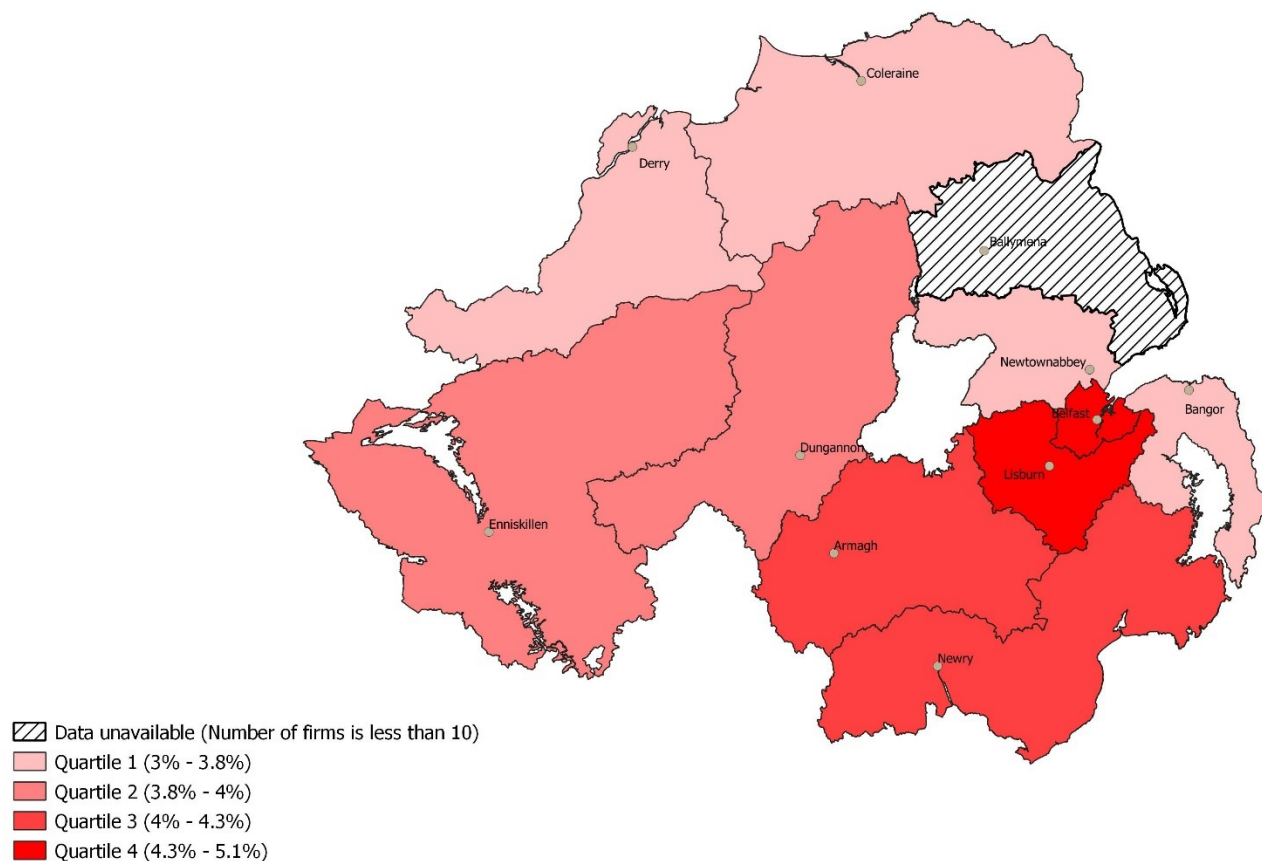


Source: ONS Business Structure Database (BSD)

2.2 High-Growth Firms

The incidence rate of high-growth firms (HGFs), as defined by the OECD³. The incidence rate of high-growth firms in Northern Ireland varies from 3.2% in Antrim and Newtownabbey to 5.1% in Belfast (Figure 3), with the average of 4.2%. Figure 3 shows that spatially, districts in the north and east of NI show the lowest incidence rate: Antrim and Newtownabbey (3.2%), Causeway Coast and Glens (3.4%), Derry City and Strabane (3.3%), and Ards and North Down (3.8%). In contrast, Lisburn and Castlereagh, being close to Belfast, has the second highest rate of high-growth firms at 4.5%.

Figure 3: High-Growth Firm Incidence Rate (20% threshold) in NI (2018-21): Quartiles

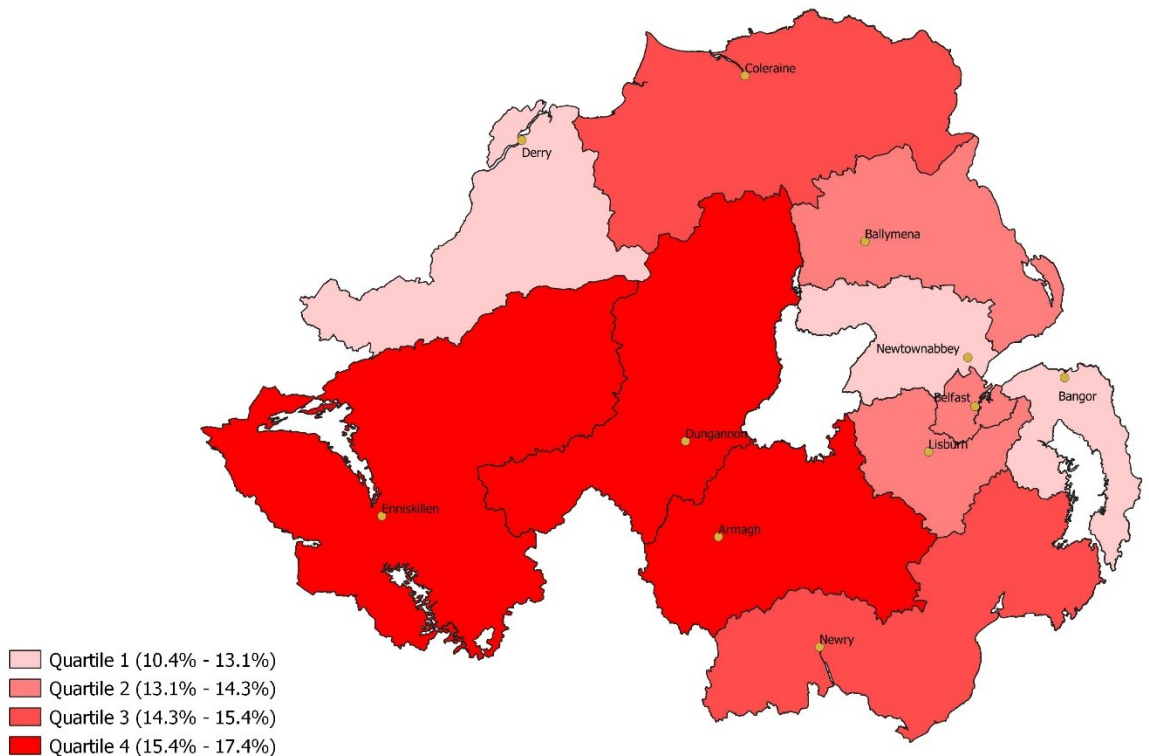


Source: ONS Business Structure Database (BSD)

³ High-Growth is defined as annualised average growth in employment of 20% or more over a three year period (2018-21) and restricted to a business having at least 10 employees in 2018.

In recent years the OECD have decided to relax their 20% threshold for the definition of a HGF to 10% for both measures (i.e., using employment or revenue). Figure 4 shows the regional variation in Northern Ireland with those councils in the west having the highest rates. There seems to be a strong correlation with the pattern of start-up rates in Figure 1.

Figure 4: High-Growth Firm Incidence Rate (10% threshold) in NI (2018-21): Quartiles



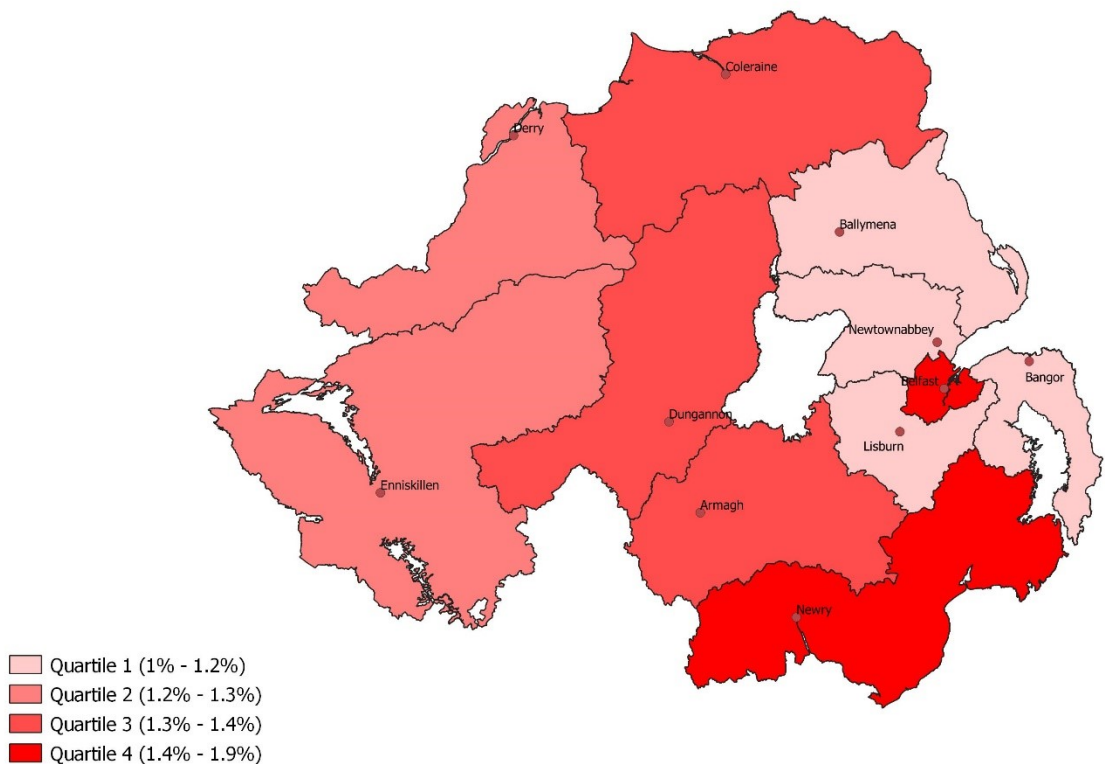
Source: ONS Business Structure Database (BSD)

2.3 Small High-Growth Firms

There has been growing criticism of the OECD HGF measure in recent years and in the US the Bureau of Labor Statistics (BLS) argued that the OECD measure was too narrow and excluded those firms with less than ten employees in the first year of the three year growth period. The BLS developed an alternative measure which extended the definition of a high-growth firm to include firms with less than ten employees if the firm added eight or more employees during the three year growth period. Here we adopt this measure and refer to these as Small High Growth Firms (SHGFs).

Overall, Northern Ireland SHGF incidence rate is 1.4% for the 2018-21 period, a bit higher than the 1.2% average in both NI and the UK in 2017-20 period. As with the HGF measure the SHGF measure exhibits a complex geography. Two districts with the highest rates are Belfast (1.9%) and Newry, Mourne and Down (1.6%), while the lowest rates can be found for districts in the east of Northern Ireland (Figure 5).

Figure 5: Small High-growth Firm Incidence Rate in NI (2018-21): Quartiles



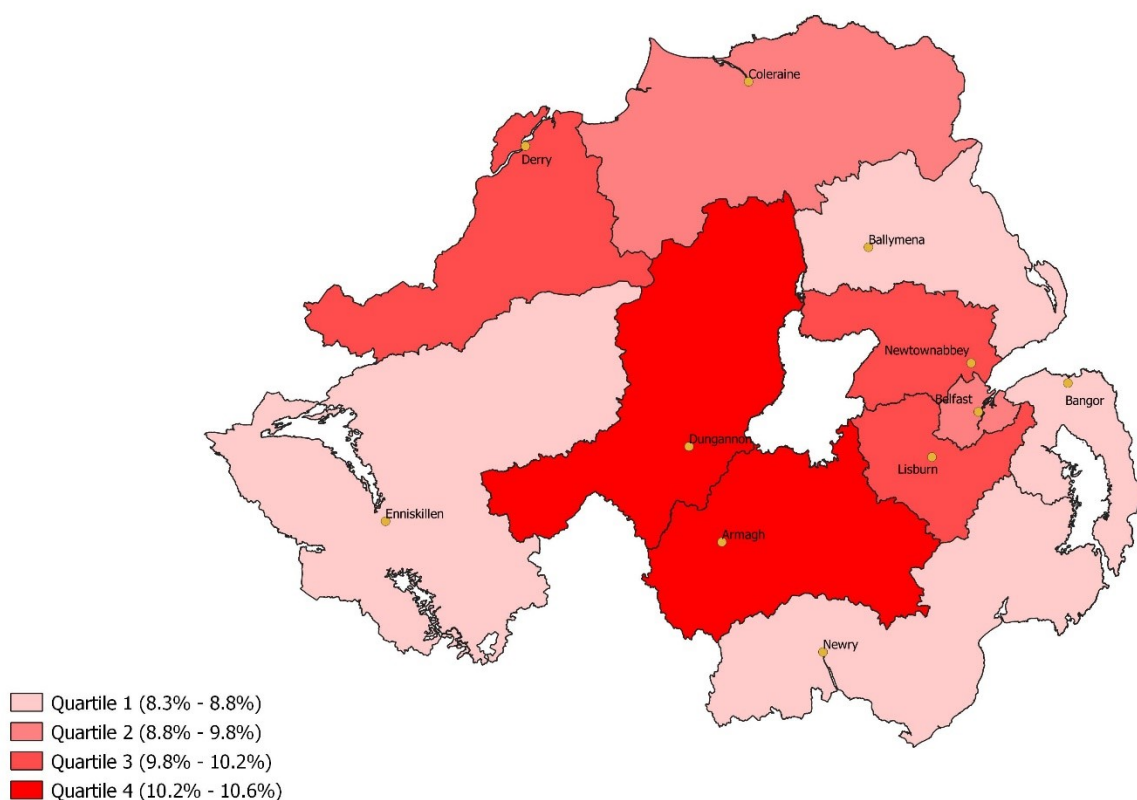
Source: ONS Business Structure Database (BSD)

The introduction of this new variation on the official OECD HGF measure is an important innovation and provides a more comprehensive overview of growth in local businesses. The fact that it provides a rather different geography underlines the importance of resisting the acceptance of a single metric for ‘high-growth’ firms and this metric serves to capture the growth in the micro-business sector where, as we have seen from the ERC’s ‘Micro-Business Britain’ survey, there is not only growth but significant levels of ambition and innovative business practices.

2.4 Productivity Growth

This growth metric was devised for two reasons. First, as a result of our previous research which showed that there was a very poor correlation between jobs growth, increases in revenues and productivity gains. Indeed, we found that only 5% of the OECD’s high-growth firms (employment definition) recorded productivity growth in the period 2008-2018.⁴ Second, the current ‘Long Tail Productivity Review’ prompted us to probe and extend the evidence base using the datasets we have access to on the population of employer enterprises rather than the sole reliance on ONS survey data which normally excludes the smaller businesses.

Figure 6: Proportion of firms with positive productivity growth in NI 2018-21 (where turnover and employment both increased but turnover grew at a faster rate)



Source: ONS Business Structure Database (BSD)

The new productivity metric reveals that on average 9.5% of all job-creating employer enterprises in Northern Ireland achieved positive productivity gains (revenue per employee) while still increasing jobs over the period 2018-21 (for the 2017-20 period, the figure was 10.7% for NI and 8.5% for the UK). However, across Northern Ireland the pattern is complex with an arc of councils in the middle having the highest proportions of firms with productivity growth measured in this way. On the contrary, districts in the far west and east show the lowest rates in Northern Ireland (Figure 6).

⁴ British Business Bank (2021) “Small Business Finance Markets Report”, February 2021.

<https://www.britishbusiness-bank.co.uk/research/small-business-finance-markets-report-2021/>

3 Conclusion

As with previous years this overview of a range of business growth metrics has underlined the fact that, irrespective of the measure adopted, there are very few firms in Northern Ireland which can be categorised as ‘high-growth’ or ‘scaling’ and indeed contributing to productivity growth. We also know that this small group of firms, whether start-ups scaling or more established businesses growing rapidly for the first or second time, have had a disproportionate impact on job creation. They are crucial to the growth and re-balancing of the economy. The maps display a complex geography of ‘growth’ which challenges some of the preconceptions about the ‘hotspots’ of business growth across Northern Ireland.

A single-minded preoccupation with HGFs and indeed SHGFs, whatever definition the OECD decide to use, may not be a sensible focus for policy-makers as they seek to address the growth and productivity problems confronting the Northern Ireland economy. Not only are these measures somewhat artificially defined, they also have the disadvantage of rendering invisible the reality of growth for the majority of businesses which is usually episodic and not constrained by an arbitrary 3-year period.

As we have argued on many previous occasions it would be more informative to concentrate on the importance of creating a growth pipeline at local level and monitoring its development over time. Tracking cohorts of start-ups over time, and other groups of established firms as they begin to engage in a range of activity which prepares them for future growth, would be a more meaningful focus for business support policy.

Annex of Local Government District (District Council) Statistics

Antrim and Newtownabbey

CONTEXT 2021

Population:
145,852

Private Sector Employer Firms:
3,200

Private Sector Employer Jobs:
29,879

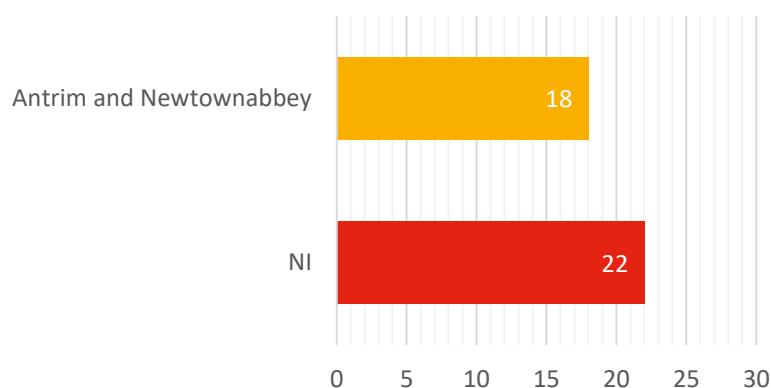
START-UPS

- 257 new registered businesses in 2021
- 18 start-ups per 10,000 population in 2021
- 54.3% of 2018 start-ups survived to 2021
- 5.1% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

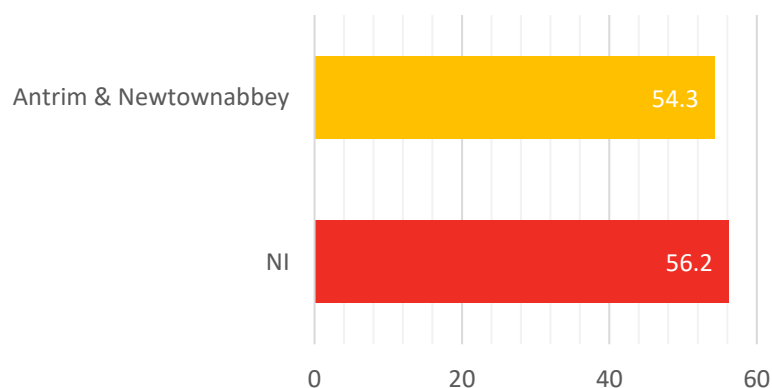
GROWTH

- 3.2% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 13% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.2% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 10% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

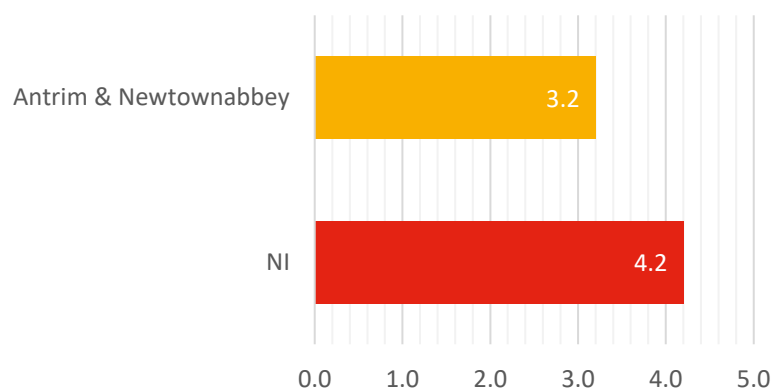
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Ards and North Down

CONTEXT 2021

Population:
163,827

Private Sector Employer Firms:
3,722

Private Sector Employer Jobs:
21,500

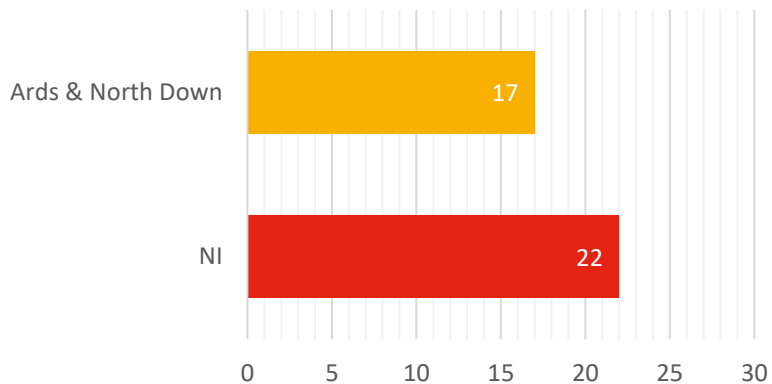
START-UPS

- 276 new registered businesses in 2021
- 17 start-ups per 10,000 population in 2021
- 54% of 2018 start-ups survived to 2021
- 5.8% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

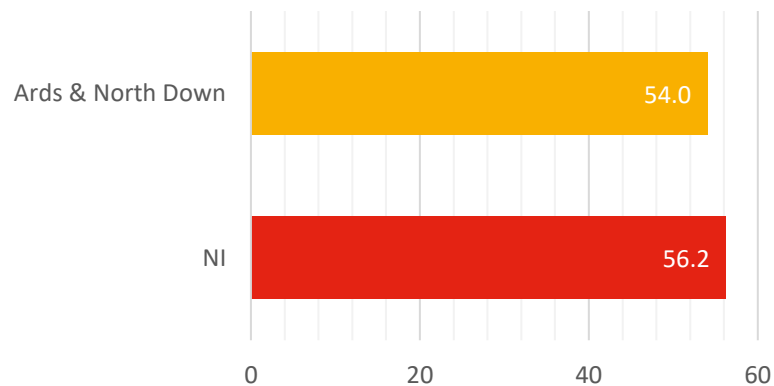
GROWTH

- 3.8% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 10.4% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.2% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 8.3% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

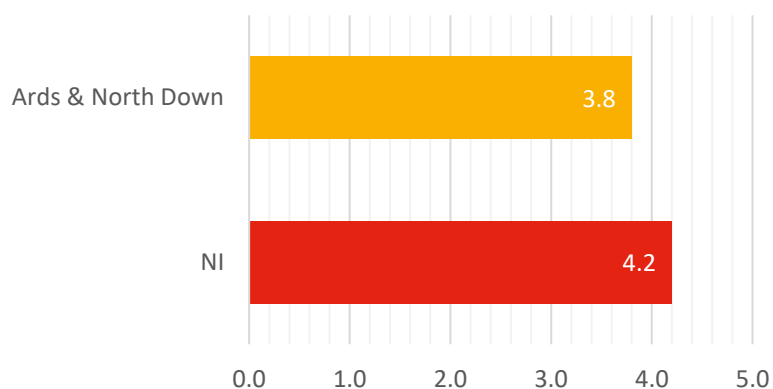
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Armagh City, Banbridge, and Craigavon

CONTEXT 2021

Population:
219,127

Private Sector Employer Firms:
5,505

Private Sector Employer Jobs:
50,563

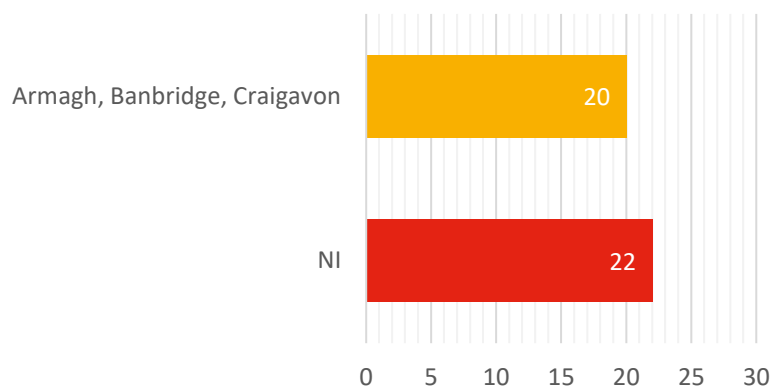
START-UPS

- 443 new registered businesses in 2021
- 20 start-ups per 10,000 population in 2021
- 54.3% of 2018 start-ups survived to 2021
- 5.3% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

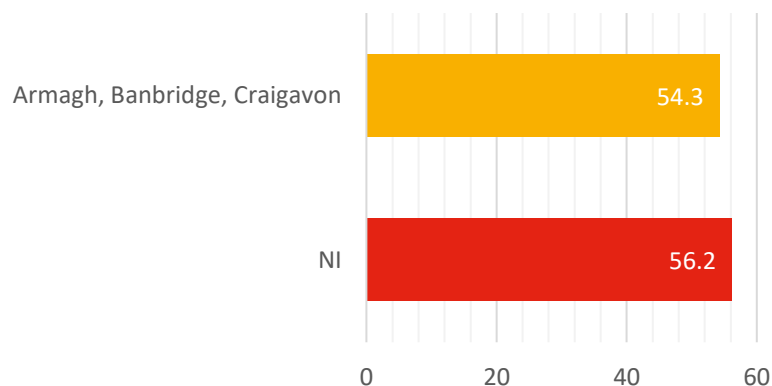
GROWTH

- 4.3% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 17% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.4% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 10.6% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

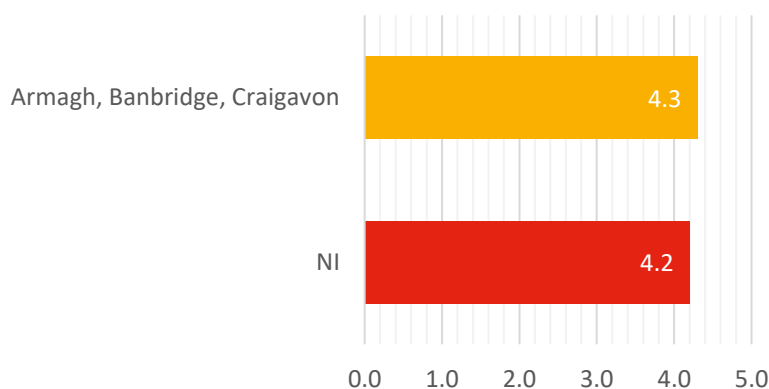
Start-ups per 10,000 population 2021



Start-up Survival rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Belfast

CONTEXT 2021

Population:
345,006

Private Sector Employer Firms:
10,255

Private Sector Employer Jobs:
124,888

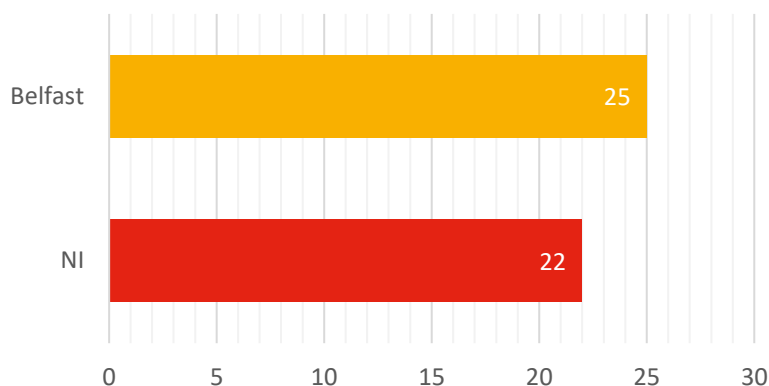
START-UPS

- 877 new registered businesses in 2021
- 25 start-ups per 10,000 population in 2021
- 55.2% of 2018 start-ups survived to 2021
- 4.5% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

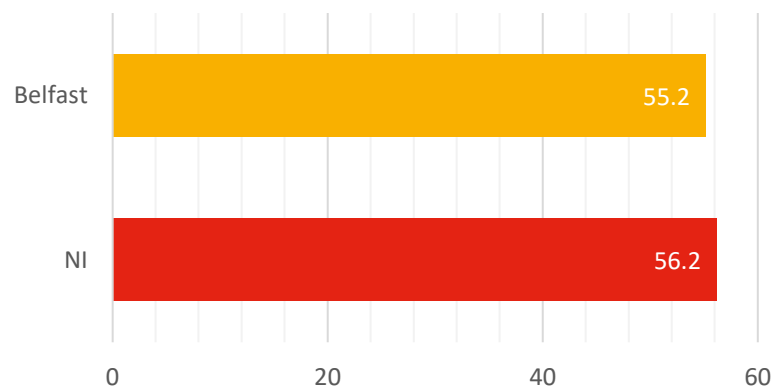
GROWTH

- 5.1% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 14.3% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.9% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 9.3% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

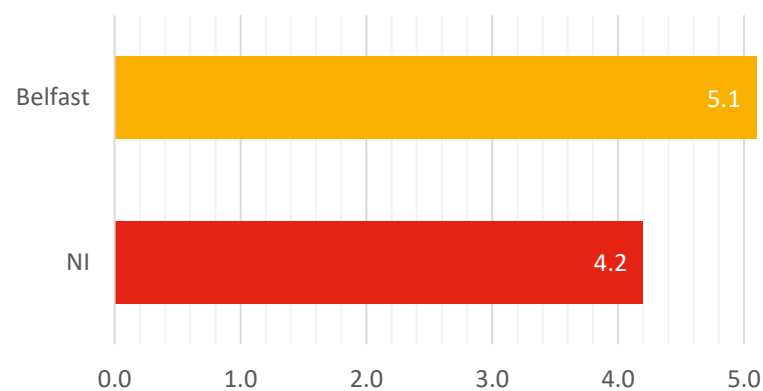
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Causeway Coast and Glens

CONTEXT 2021

Population:
141,664

Private Sector Employer Firms:
3,545

Private Sector Employer Jobs:
23,949

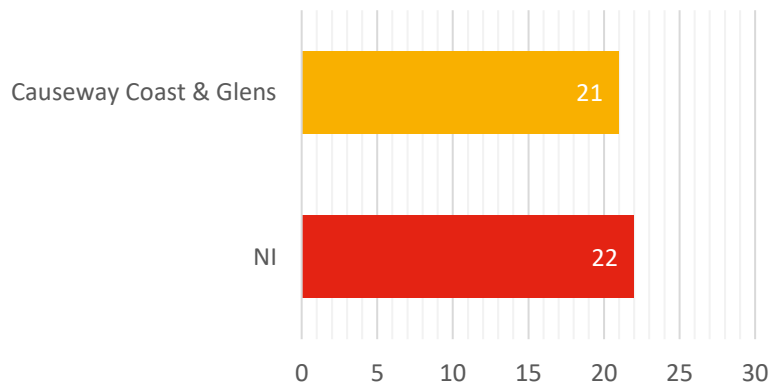
START-UPS

- 291 new registered businesses in 2021
- 21 start-ups per 10,000 population in 2021
- 51.9% of 2018 start-ups survived to 2021
- 8% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

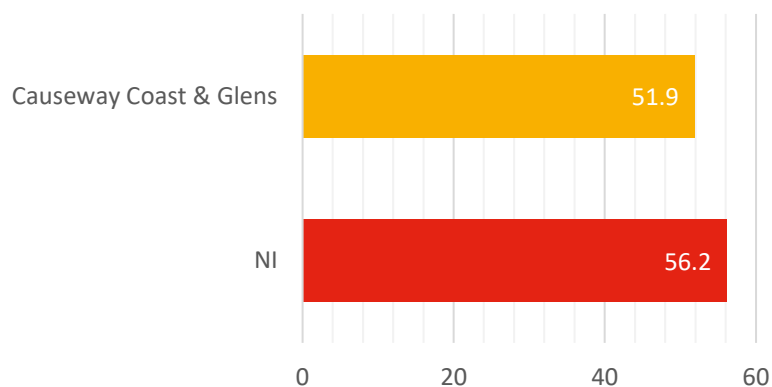
GROWTH

- 3.4% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 14.9% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.4% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 9.8% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

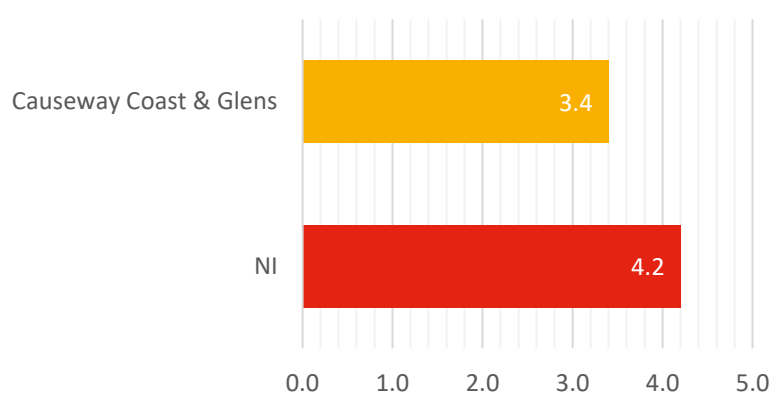
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Derry City and Strabane

CONTEXT 2021

Population:
150,834

Private Sector Employer Firms:
3,800

Private Sector Employer Jobs:
27,304

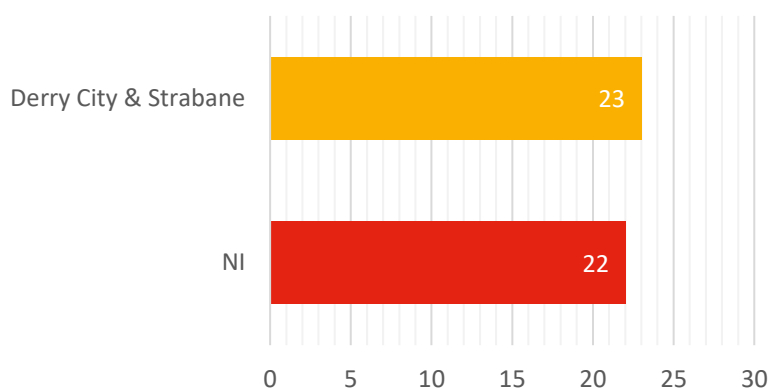
START-UPS

- 345 new registered businesses in 2021
- 23 start-ups per 10,000 population in 2021
- 60.4% of 2018 start-ups survived to 2021
- 5.3% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

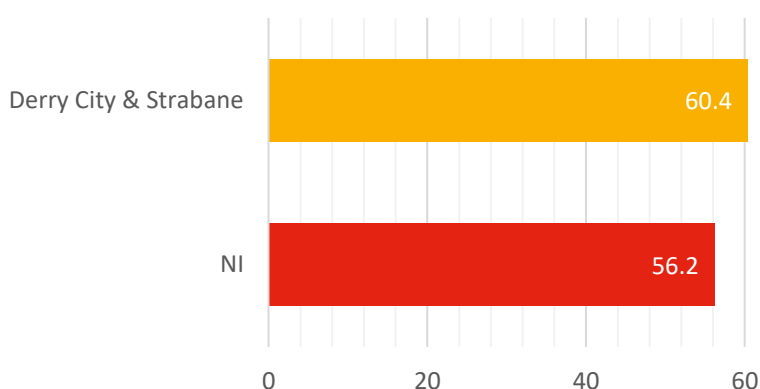
GROWTH

- 3.3% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 11.2% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.3% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 10.2% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

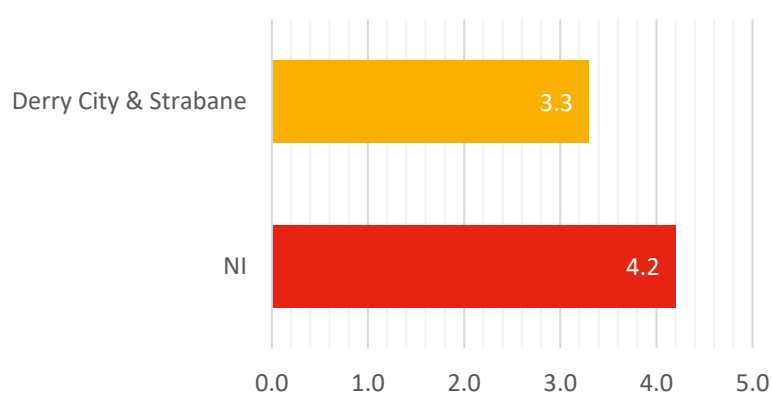
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Fermanagh and Omagh

CONTEXT 2021

Population:
116,926

Private Sector Employer Firms:
3,729

Private Sector Employer Jobs:
22,052

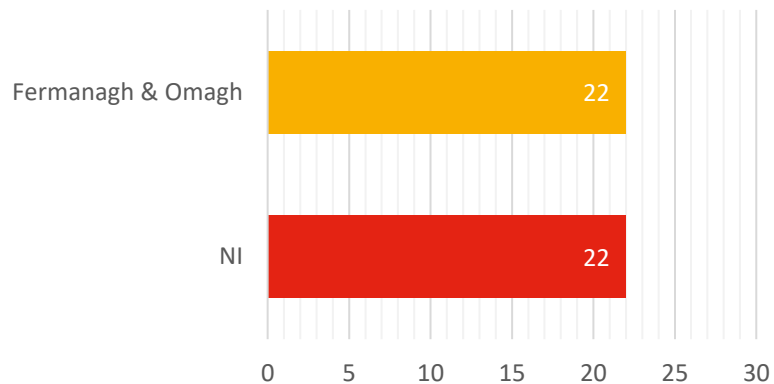
START-UPS

- 292 new registered businesses in 2021
- 22 start-ups per 10,000 population in 2021
- 56.8% of 2018 start-ups survived to 2021
- 8% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

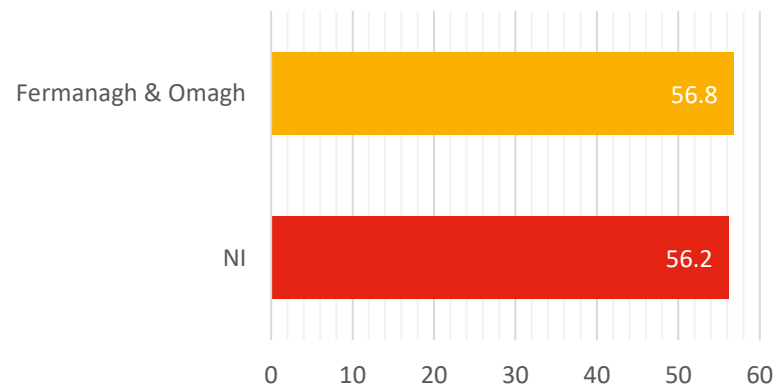
GROWTH

- 3.9% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 15.7% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.3% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 8.3% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

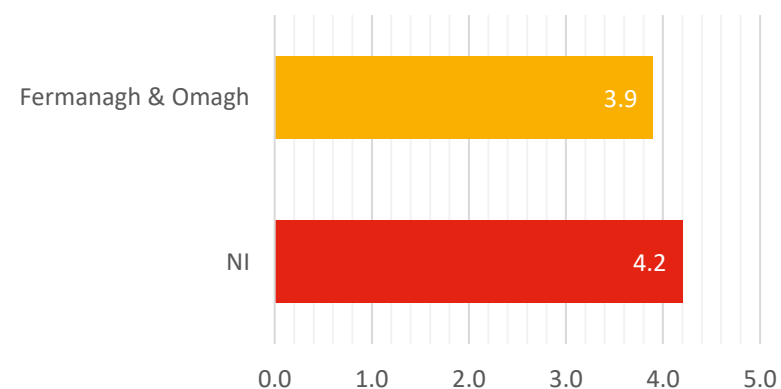
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence 2018-21 (%)



Lisburn and Castlereagh

CONTEXT 2021

Population:
149,272

Private Sector Employer Firms:
4,082

Private Sector Employer Jobs:
32,279

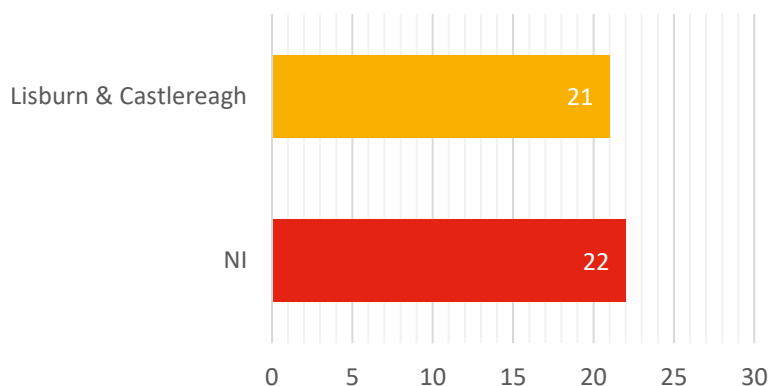
START-UPS

- 314 new registered businesses in 2021
- 21 start-ups per 10,000 population in 2021
- 58.7% of 2018 start-ups survived to 2021
- 6.2% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

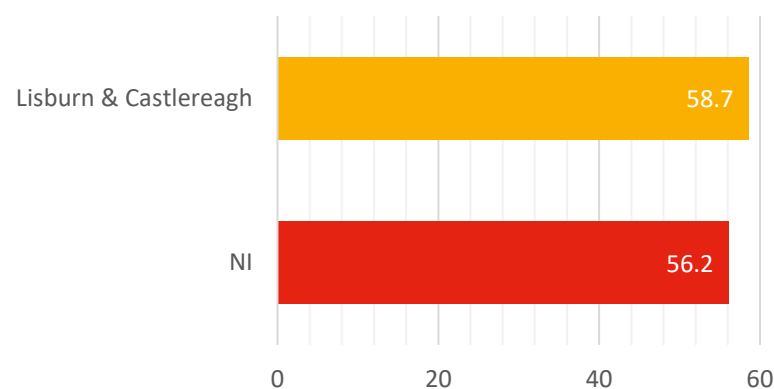
GROWTH

- 4.5% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 14.2% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.1% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 10.1% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

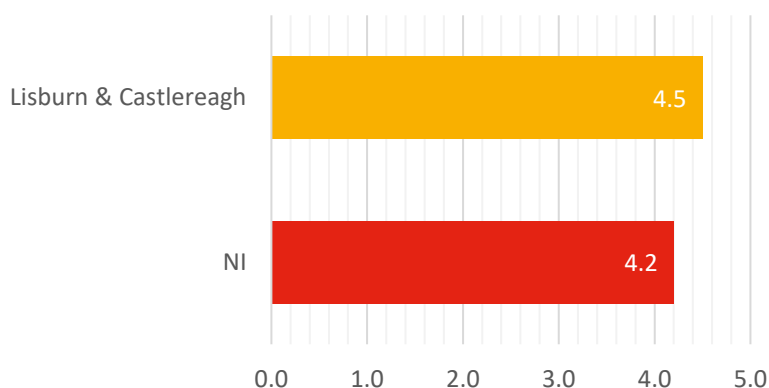
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Mid and East Antrim

CONTEXT 2021

Population:
139,127

Private Sector Employer Firms:
3,176

Private Sector Employer Jobs:
21,791

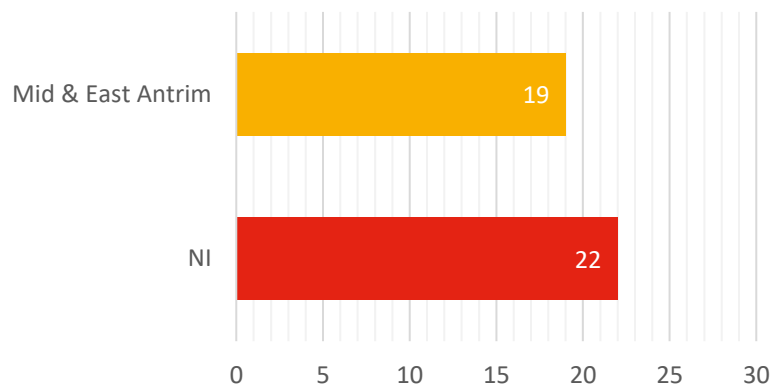
START-UPS

- 262 new registered businesses in 2021
- 19 start-ups per 10,000 population in 2021
- 57.3% of 2018 start-ups survived to 2021
- 10.1% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

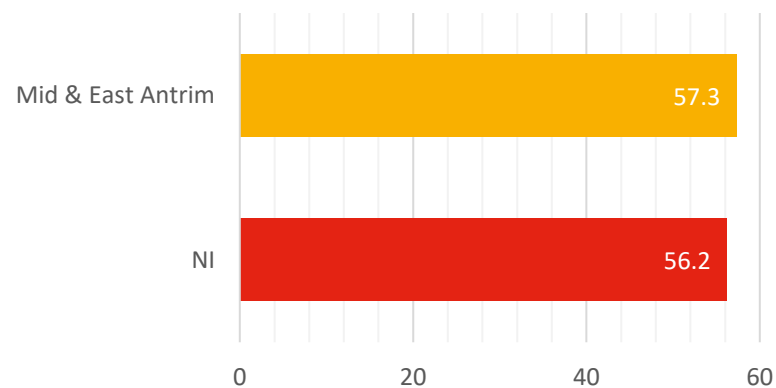
GROWTH

- Unavailable data for high-growth firms (OECD 20% employment definition) incidence rate (2018-21)
- 13.2% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 8.8% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



Mid Ulster

CONTEXT 2021

Population:
150,598

Private Sector Employer Firms:
4,923

Private Sector Employer Jobs:
42,794

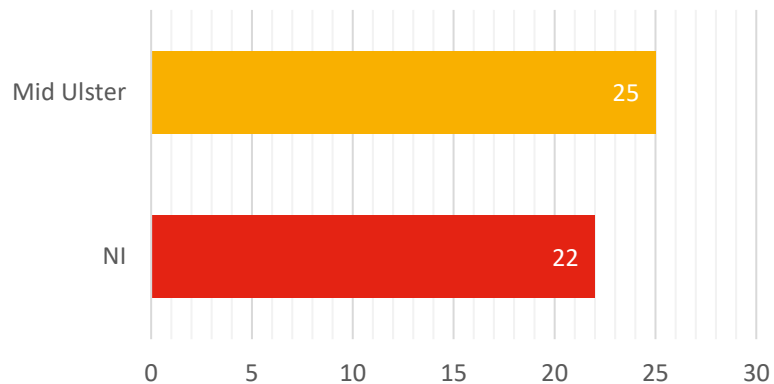
START-UPS

- 378 new registered businesses in 2021
- 25 start-ups per 10,000 population in 2021
- 59% of 2018 start-ups survived to 2021
- 4.6% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

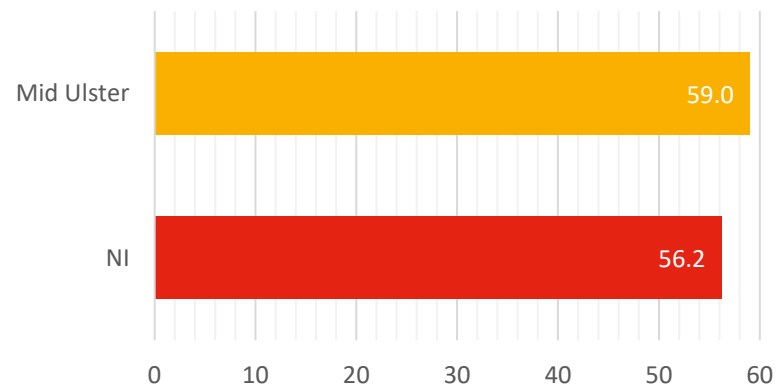
GROWTH

- 4% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 17.4% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.4% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 10.5% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

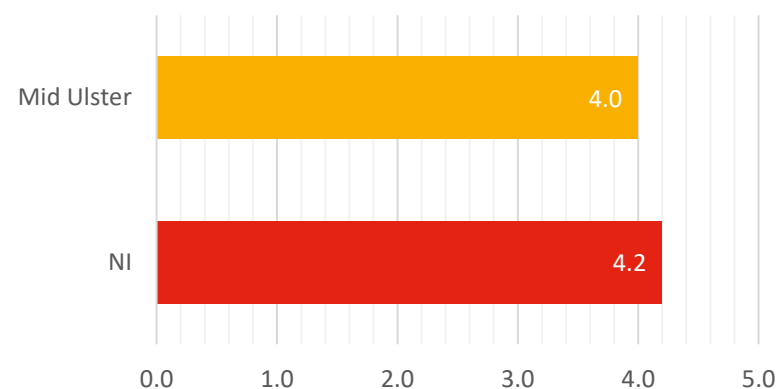
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Newry, Mourne and Down

CONTEXT 2021

Population:
182,345

Private Sector Employer Firms:
5,911

Private Sector Employer Jobs:
36,322

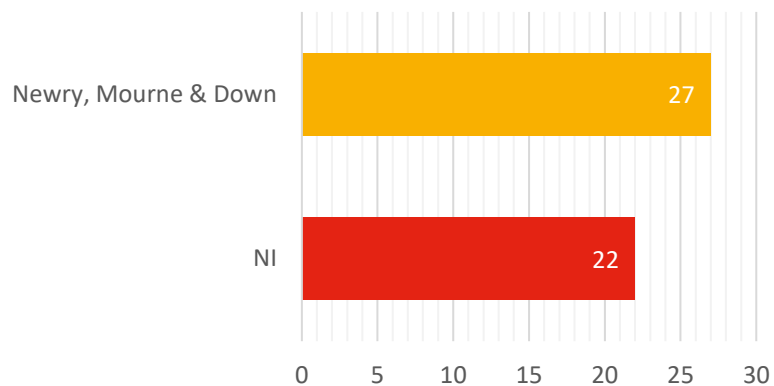
START-UPS

- 494 new registered businesses in 2021
- 27 start-ups per 10,000 population in 2021
- 57.2% of 2018 start-ups survived to 2021
- 6% of population aged 18-64 engaged in early-stage entrepreneurship (2018-20); NI 6.1%

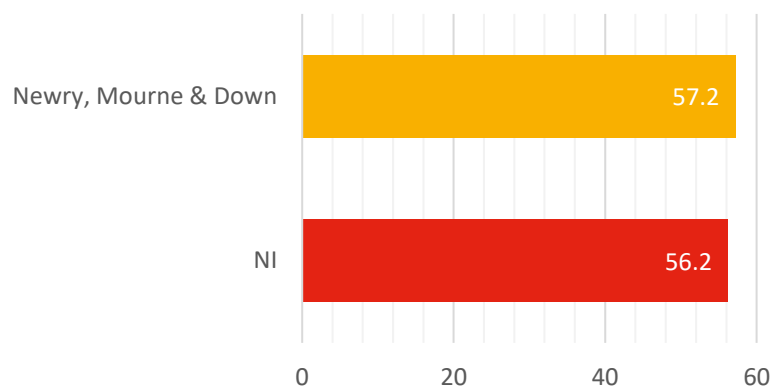
GROWTH

- 4.3% high-growth firms (OECD 20% employment definition) incidence rate (2018-21); 4.2% for NI
- 15.2% high-growth firms (OECD 10% employment definition) incidence rate (2018-21); 14.5% for NI
- 1.6% small high-growth firm (Clayton variation to OECD definition) incidence rate (2018-21); 1.4% for NI
- 8.8% of job-creating firms with positive productivity growth (2018-21); 9.5% for NI

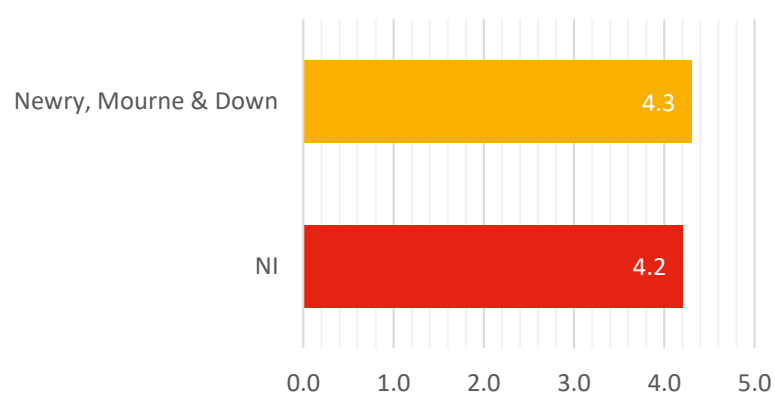
Start-ups per 10,000 population 2021



Start-up Survival Rate 2018-21 (%)



High-Growth Firm (OECD definition) Incidence Rate 2018-21 (%)



Appendix One

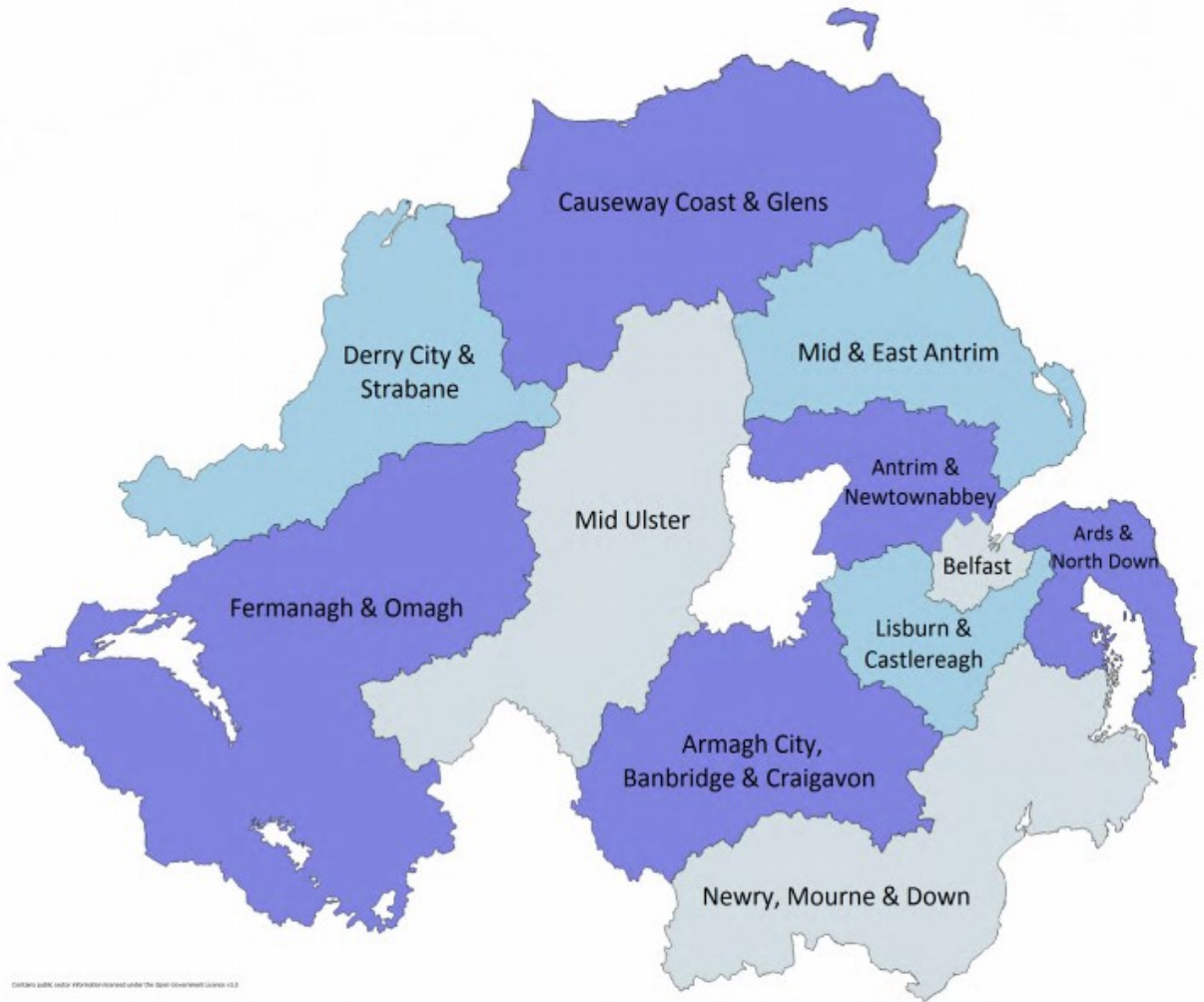


Figure A1: Northern Ireland Local Government Districts (District Councils)

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