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Midlands Engine roars ahead in start up stakes

- Birmingham tops list of UK's ten most entrepreneurial hubs outside London, research reveals
- Northern cities dominate top ten spots, as start-ups across top four cities secure £4.2 million in funding in 2016
- Durham is the fastest growing in the top ten – with a 243% yearly funding increase to £1.2 million

Birmingham has been crowned the most entrepreneurial city in the UK (outside of London), while overall the north has seen a surge in start-up lending, according to data from The Start Up Loans Company.

The top ten is based on the local authorities, including city boroughs, that secured the highest amounts of start-up funding in 2016, excluding lending to London-based start-ups which secured £23 million in total.

Birmingham topped the list outside of the Capital, snapping up just over £2 million in funding to earn its title as the epicenter of the UK's start-up spirit outside of London. This is followed by Cornwall, with The Start Up Loans Company providing entrepreneurs in the area £1.3 million.

Cities in the north of England are hot on their heels however, with Durham, Sheffield, Leeds and Manchester all featuring in the top ten – proving they're the ones to watch.

Start-ups across the top four highest northern cities racked up a total of £4.2 million in funding during 2016 – overtaking southern equivalents in Cornwall, Bristol and Bournemouth who collectively received £3.2 million.

Durham was the top ten's fastest growing entrepreneurial city borough, with start-ups securing £1.2 million in 2016, 243% more funding than the previous year (£355,888).

Scottish cities Edinburgh and Glasgow also saw strong entrepreneurial spirit as start-ups secured £1.8 million from The Start Up Loans Company.

Small Business Minister, Margot James, comments: *“From retailers in Birmingham to beauticians in Glasgow, Start Up Loans give people the chance to be their own boss, wherever they are in the country. The UK has an excellent record in creating businesses and we want to make sure start-ups outside of London can access the finance they need.*

“This government recognises the funding challenges facing British start-ups, and is addressing this as part of our modern industrial strategy.”

Tim Sawyer, CEO of The Start Up Loans Company, comments: *“The Northern Powerhouse is steaming ahead when it comes to entrepreneurial spirit, but we can't neglect the fact that start-up growth outside of London is being led by businesses in Birmingham.*

“A boost in government and private funding for infrastructure and industries in former manufacturing hubs like Durham has brought with it a renewed start-up fever north of the Capital. And the region is sending out a strong message that

Local authorities including City boroughs	Total funding value received in 2016 (£)	Region	Annual increase or decrease in secured funding (%)
Birmingham	£2,032,186	Midlands	+39%
Cornwall	£1,328,725	South	-6%
Durham	£1,220,059	North	+243%
Sheffield	£1,216,082	North	+60%
Bristol	£1,042,850	South	+63%
Edinburgh	£937,123	Scotland	+40%
Leeds	£923,990	North	+7%
Bournemouth	£868,120	South	+113%
Glasgow	£860,015	Scotland	+89%
Manchester	£800,300	North	+44%

Table 1 Top ten Local Authorities including City boroughs (excluding London) by total value (£) of funding received in 2016 and annual % change from The Start Up Loans Company

it's open for business. We can't deny that London is a strong start-up hub, but it's encouraging to see a regional spread of start-ups popping up.

"As our data shows, there's no start-up owner 'type'. Many of our loan recipients aren't aspiring to be the next tech-giant, but they do want to pursue a career as their own boss. Motivators can vary from wanting a better work life balance, the opportunity for an improved income or the desire to turn something they love into a career.

"It's our job to be there to offer help along the way, both financially and through our mentoring support – to keep the UK's start-up spirit shining. We're looking forward to lending to more start-ups over the next year."

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Notes to editors

About SULCo:

The Start Up Loans Company (SULCo) was formed in June 2012 on behalf of the Department for Business, Energy and Industrial Strategy (BEIS), formerly the Department for Business, Innovation and Skills (BIS). SULCo provides personal loans for business purposes of up to £25,000 at 6% fixed rate per annum, and offers free dedicated mentoring and support to each business.

The primary aim is to ensure that viable start-ups and early stage businesses have access to the finance and support they need in order to thrive. A network of delivery partner organisations support applicants in all regions and industries throughout the UK.

The funding for SULCo is provided by BEIS and administered by the 100% government-owned British Business Bank. The British Business Bank makes finance markets for smaller businesses work better, enabling the sector to prosper, grow and build economic activity.

In November 2015, the Chancellor committed an additional £108m of funding through to 2020 on top of the £131m already invested.

The Start Up Loans scheme is not designed to generate a commercial profit.

Key statistics

* Since 2012, Start Up Loans has delivered over 44,000 loans, providing more than £276m of funding and helping to back 25 businesses a day.

* In the financial year 2015/2016, the scheme provided 9,141 loans with a total value exceeding £64.1m - helping start around 28 businesses every day of the year

* 19,000 loans have been provided to individuals formerly unemployed or economically inactive and 46% of loans to young people are helping those who were formerly NEET (not in employment, education or training)

* Approximately one in five loans go to residents in the UK's most deprived communities

* The overall return on investment of the scheme is at least £3 per £1

* Loan recipients report estimated average turnover of £49,000 in the first year. For more information about Start Up Loans, please visit: <https://www.startuploans.co.uk/>

**All of these statistics are gross estimates, with the exception of the return on investment numbers, and are based upon Start Up Loans CRM and externally commissioned research from two major surveys undertaken by Qa Research.*

