

Oldham and Greater Manchester Start-up Ecosystem Diagnosis

Visionary statement on Oldham and Greater Manchester

“By 2020, there will be at least 5,000 more business start-ups pa compared to 2015 levels, an increase from 90 start-ups per 10,000 GM working-age residents to 117 or more”.



1.0 Introduction

The following report was developed with stakeholders from the Oldham Economic Partnership – a body of public and private sector representatives that help shape and implement economic development strategies in Oldham and Greater Manchester (GM). Within the context of the Oldham and GM economies, it sets out the current business start-up and scale-up eco-systems that are available to residents and businesses in Oldham and GM. It also goes on to outline the strengths, weaknesses, opportunities and threats associated with this offer and concludes with a recommendation to maximise business start-ups and scale-ups in Oldham and GM.

2.0 Economic profile

2.1 Greater Manchester

Greater Manchester is located in the North West of England and encompasses 10 Local Authorities: Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Trafford, Tameside and Wigan. From the 2011 Census, the population of Greater Manchester is 2.73 million, of which 1.76 million are of working age (16-64)¹

The Greater Manchester economy generates £56 billion of gross value added (GVA) on an annual basis (e.g. £56 billion of real value produced in the economy, like national GDP), higher than the GVA of the North East (£45 billion), West Yorkshire (£46 billion), Merseyside (£27 billion), and accounting for nearly 40% of GVA in the North West.² There are 1.4 million people working in Greater Manchester in around 105,000 businesses, the majority of which (86,100) are micro businesses.

2.2 Oldham

Oldham is located to the North East of Manchester. Oldham's economy was historically built upon manufacturing, chiefly within textiles and mechanical engineering. Like many other former industrial towns across the UK, Oldham's economy experienced large scale deindustrialisation and as a result has undergone significant economic restructuring with the largest growth in the health, business services sectors (linked to servicing increased growth in employment agencies and increased management consultancy activities) and transport and warehousing.

Historically Oldham has had a reliance on public sector employment. In 2017, 21.2% of employment in the borough was accounted for by the Public Sector which is a significantly higher proportion than in Greater Manchester (17.8%) or England (17.5%). Since 2009, the private sector in Oldham has only grown 5.6%, whereas across GM (8.5%) and England (11.4%) growth has been a lot more significant.

In 2016 (figure 1), there were a total of 6,240 businesses operating in Oldham. The number of business in Oldham shrank between 2008 and 2011, as a consequence of the recession, but the local economy has shown some resilience since that time with significant growth between 2013 and 2016. This follows a similar pattern to the wider Greater Manchester and England economies. The majority of businesses in Oldham are micro businesses (74.5%),

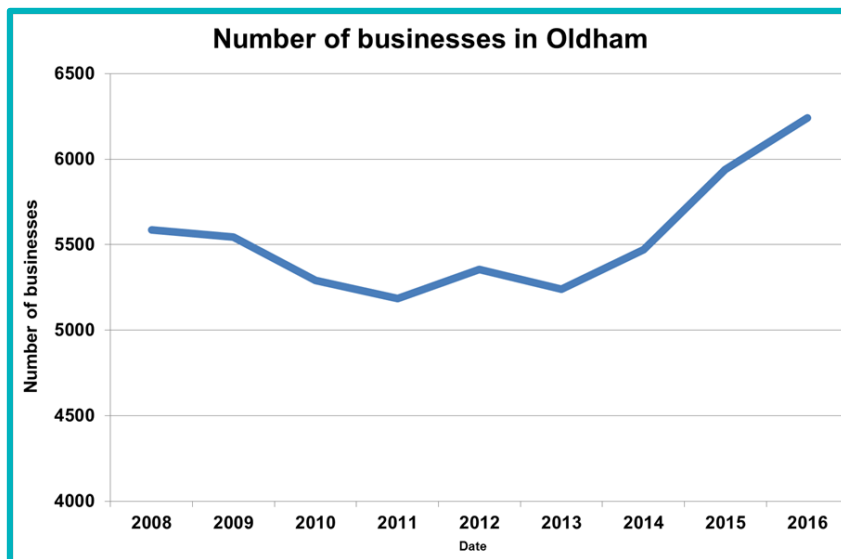
¹ (ONS, 2011).

² <http://www.neweconomymanchester.com/media/1474/ne-key-facts-dec-15-web.pdf>

however, the Borough is home to a number of large employers including Trinity Mirror Group, Diodes Inc, Park Cake Group, Crane Payment Innovations and Housing Units. Oldham's economy generated £3.4 billion during 2015, providing around 6% of the total GVA generated within GM but GVA per head in Oldham is the third lowest within the GM region.

In recent years, Oldham has experienced relatively strong growth in employment, after suffering particularly badly during the financial crisis and subsequent recession. Much of this growth has been driven by an increase in part-time jobs, which have risen by 10% between 2010 and 2015, while the number of full-time jobs has increased by 8%. In comparison, at the national level, there has been an increase in part-time and full-time jobs of 3% and 9% respectively. The ratio of employment to working age population (job density) within the borough stands at 0.57. While this is higher than some other parts of the City Region, such as Rochdale and Tameside, it is below the average for Greater Manchester which is 0.7, in particular this is skewed by the strong performance of Manchester and Trafford.

Figure 1: Number of businesses in Oldham (Source ONS- Inter Departmental Business Register 2016)

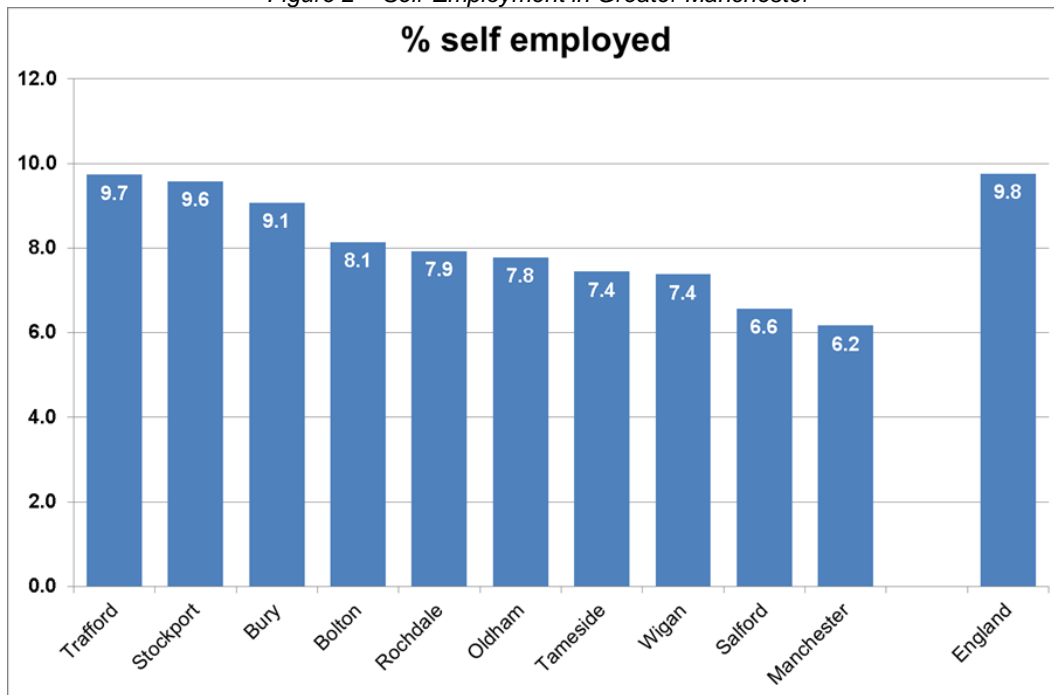


Traditionally Oldham has had low wage levels in terms of residents and workplace earning potential (as measured by median weekly wage levels). This is a reflection on the industry mix within Oldham and the relative skill levels of the local workforce. Resident wages in Oldham are higher than workplace earnings (£469 per week compared to £443 per week), showing that the more skilled residents of Oldham are finding higher-value employment outside the borough. Employment growth is forecast at 4.2% over the next 20 years.

2.3 Self-Employment

Levels of self-employment can provide an indicative guide to levels of individual enterprise. Oldham (7.8%) has a lower proportion of residents self-employed than national norms (9.8%).

Figure 2 – Self-Employment in Greater Manchester



Within Oldham, levels of self-employment vary considerably. High levels of self-employment are often linked closely with areas of prosperity and Oldham's most affluent wards, Saddleworth North (13.7%) and Saddleworth South (12.9%) do have the highest rates of self-employment.

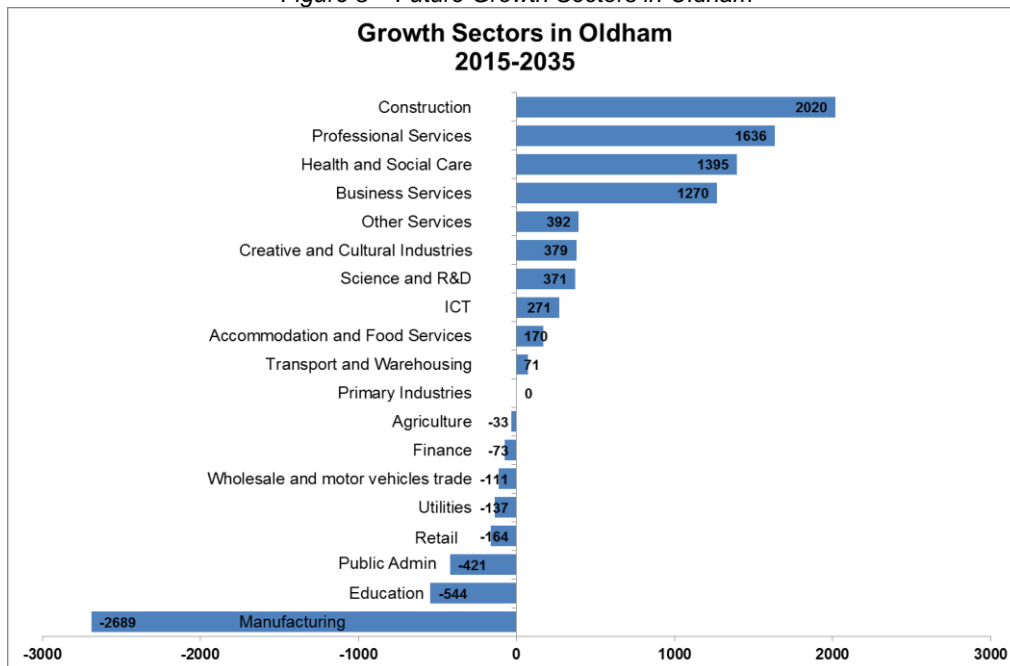
However, high rates of self-employment are not always a sign of healthy economy but can be a reflection of the difficulties in obtaining paid employment and the flexibility that self-employment provides. Self-employment within Oldham's Pakistani community has been increasing, with a predominance of jobs found within the transport sector (specifically taxi driving) and retail.

2.4 Forecast Growth Sectors

The Greater Manchester Forecasting Model (GMFM) produced by Oxford Economics provides forecasts on employment growth for all Local Authorities in Greater Manchester. Oldham is forecasted to have 3,800 additional jobs in the borough, an increase of 4.2%. This is significantly lower than the Greater Manchester average (10.6%) and the UK average (9.7%).

Growth in Oldham will likely take place mainly within the construction, professional services, business services and health and social care. The manufacturing sector is forecasted to continue to shed jobs, whilst there will be less available employment within the public sector. This forecasted growth follows a different pattern across Greater Manchester, where a significant proportion of all growth will be dependent on predominantly business and professional services.

Figure 3 – Future Growth Sectors in Oldham



Source: GMFM 2015

Growth within the professional sector is a positive outlook for Oldham, providing high-pay jobs in a currently under-developed sector. Growth within the administration, health and construction sectors is less positive as Oldham is currently over-represented in both these sectors, and jobs are less likely to be of high value and more likely to have low pay. The impact of these structural changes to Oldham’s economy will therefore have minimal impact on raising average wages.

It is also worth noting that although manufacturing as a sector is forecast to continue to decline, Oldham does have existing strengths in relation to high value manufacturing and engineering, against which there is the potential to develop and further enhance the Borough’s export base.

3.0 Start-up Ecosystem

3.1 Start-up’s in Greater Manchester and Oldham

Greater Manchester performs well for start-ups, with start-up rates per 10,000 working age population above national and regional averages. There is however great variation between areas within Greater Manchester.

Figure 4: Map of Greater Manchester displaying start-up rates per 10,000 working age population.

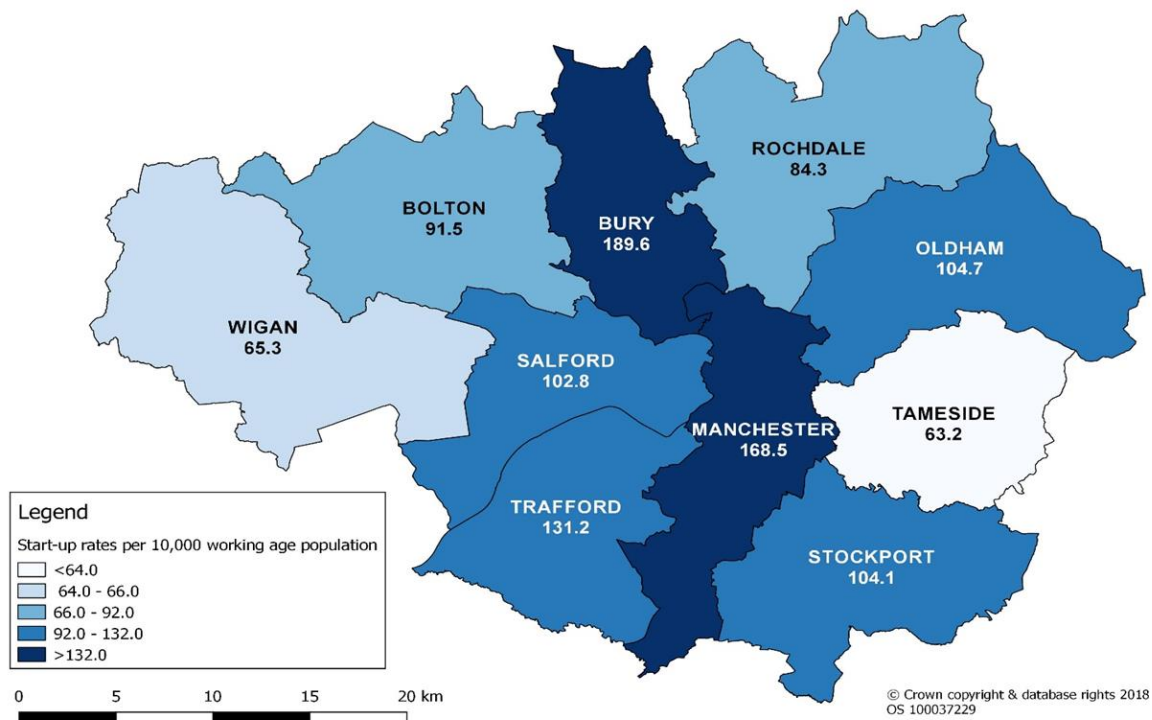


Figure 4 displays that within Oldham the amount of start-ups have increased by 102% from 2011- 2016 to 104.7 per 10,000 working age population. However, 1 year survival rates have decreased by 3.0% from 2011- 2015.

Although there has been a strong upward trend in rates of start-ups in recent years in Greater Manchester, first year business survival rates have been dropping steadily across all areas, and are below the national average. Three-year survival rates are steadier, but less than two thirds of start-ups survive their first three years.

We are unable to determine the precise reasons for the rapid growth in local start up rates, and quite why GM has suddenly outstripped other parts of the UK, but the nature of the modern labour market, including new business models such as the ‘sharing’ and ‘gig’ economies, is likely to be a factor. Many people are now classed as self-employed in roles that would historically have been employed roles, such as in Construction. The gig economy is more likely to impact on those cycling from unemployment into low/insecure work – and GM has a higher than average proportion of that cohort.

3.2 Private sector led start-up support

At both the Oldham and GM levels business support is designed by businesses for businesses – ensuring that the offer is aligned to current and future business needs and is marketed effectively. The body responsible for this in Oldham is the Oldham Economy and Skills Partnership – a board made up of public and private sector representatives. Private sector business champions take a leading role on the board identifying the key issues affecting their sector. This bottom-up approach is then used to develop a “Local Plan” for Oldham which

is designed and implemented by the Business Growth Hub. The Business Growth Hub do this for all 10 Local Authorities in GM. The local plan provides support for both growth and start-up businesses.

3.3 Start-up support in Oldham and Greater Manchester

There are a range of programmes available in Oldham and GM to support people to start and sustain their business. The majority of this support is provided by the Business Growth Hub. The support they provide is divided into 2 main strands: support for livelihood start-ups and growth start-ups.

3.3.1 Livelihood start-ups

A livelihood start-up is defined as GM residents considering self-employment and early stage businesses (up to 3 years old). Support for livelihood start-ups is delivered under the start-smart programme. This project was conceived in response to the need to provide awareness raising, engagement and support to individuals starting/sustaining businesses that do not meet the growth criteria for the Business Growth Hub's Growth Start Up programme. The project works with economically active and inactive individuals but its primary focus is on those economically inactive from priority neighbourhoods and communities, including people in receipt of benefits, women, BME communities, people with disabilities, older workers, lone parents and ex-offenders. Particular attention is paid to ensure individuals considering self-employment are fully aware of the financial implications of self-employment, particularly those in receipt of benefits. Participants who have been identified as a Universal Credit (UC) claimant will be given specific support to help them comply with Jobcentre Plus reporting requirements and to ensure they are aware of the Minimum Income Floor which comes into effect after 12 months of trading.

The project aims to provide:

- Awareness raising and marketing of the service across Greater Manchester - particularly to disadvantaged wards and groups, including through close working with local authorities, housing associations and VCS partners.
- Pre-start support – Helping residents understand the key elements of running a business, understand if self-employment is right for them, providing support to develop a robust business plan.
- Post start support, including workshops and one-to-one support, networking, peer mentoring and a warm handover to other Growth Hub services or other business support services that would support the business to grow. This would be available to businesses started through the project, as well as existing early stage GM businesses (younger than 3 years' old).

Participants receive support through workshops, events and one-to-one specialist advice including:

- Analysis of business idea and exploration of viability
- Advise how self-employment may impact on personal circumstances
- Legalities of becoming self-employed / starting a business
- Business and cash flow planning
- Advice on where to access finance
- Marketing
- Recruiting and managing staff

- New product development

Residents accessing this programme are able to receive a minimum of 12 hours of support. This programme has been delivered since Jan 2018 and will run until 31st March 2019. Over this period the programme is expected to support 450 residents into self-employment. The cost of this programme in Oldham is £153,000 and it is funded by GM ERDF and Oldham Council.

3.3.2 Growth start-ups

A growth start-up is one that has the potential to turnover £250k or employ 5 staff within the first 3 years. The Business Growth Hub's Growth Start-up programme was developed in response to the Communities and Local Government Department (CLG) call for proposals under Priority 3 Enhancing the Competitiveness of Small and Medium Sized Enterprises, Action area 3a, 3c and 3d, which covered Greater Manchester and is co-financed with ERDF (European Regional Development Fund) funding under the 2014-2020 programme.

The programme builds on the previous Business Growth Hub start-up projects with new services added to support demand in Greater Manchester with the objective of helping transform the GM local economy through, unlocking, expanding and accelerating the growth potential of ambitious Greater Manchester start-up businesses. The project offers an integrated business growth support service and community for Greater Manchester that brings together the best public and private growth expertise with ambitious like-minded companies.

The programme offers:

- Residents help to identify and find new opportunities to start and grow their business.
- Access to experienced Business Mentors to help residents develop themselves and their business.
- Support to establish and grow start-up businesses.
- Access to expertise to identify workforce development needs to enable a business to start and grow.
- Access to specialist leadership development support and other relevant support services provision.
- Access to a range of other business support programmes delivered by the Growth Company or other providers across the Oldham area.

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3.3.3 Other GM start-up support

As well as the start-up support provided by the Business Growth Hub there is a range of other support available in Oldham and GM provided by both the public and private sectors as detailed in the table below.

Programme Name	Delivery organisation	Eligibility	Support available	Local or national funding
New Enterprise Allowance (NEA)	PeoplePlus	Jobcentre Plus claimants, where JCP believe self employment will be a productive route into work for the client, and who can start a business within 12 weeks	Business planning Workshops and 1-2-1 support, largely pre-start. Post-start support to be offered but not mandatory to take up	National DWP funding, delivered since 2011
Start Up Loans	Range of organisations in GM, including Business Finance Solutions – part of The Growth Company	Individuals looking to start a business, or with a business in its first 2 years of trading. Loans subject to the strength of the business plan and passing credit checks.	Loans of up to £25k, at 6% fixed interest, with up to 12 months of business mentoring. Term of loan 1-5 years	National. British Business Bank funding via the Start Up Loan Company, delivering since 2012
Excelerate Labs	Princes Trust	Individuals under the age of 30 looking to explore self-employment	1-2-1 and Group support. Support with wider barriers to employment	Local and national – Princes Trust resources and GM ERDF. ERDF delivery since 2016.
Start and Grow	Learndirect	GM unemployed residents considering self-employment	Accredited and non-accredited learning, supporting with ideas generation and to develop a business plan.	Local and national - ESFA co-financed ESF Opt In. Delivery from early 2017
GM Work and Health Programme	InWorkGM (alliance between Ingeus, The Growth Company, Pathways CIC and Pluss)	Work & Health Programme participants (out of work and claiming benefits due to ill health or disability)	SFEDI-accredited Specialist Keyworkers will deliver support across three stages (Idea/Plan/Trade). In-Work support includes: business health checks, mentors, and Business Growth/Finance services through agreed priority referral routes for eligible participants via GM's Growth Hub.	Local – GM ESF matched with devolved adult skills funding

There is other support available in Oldham and Greater Manchester which includes:

- Banks and other finance providers
- Local authority support
- The Chamber of Commerce
- The national Business Support Helpline
- Start-up and scale-up Accelerator programmes such as NatWest's Entrepreneur Accelerator, Virgin Voom and Telefonica's WAYRA programme

3.4 Start-up support unique to Oldham

3.4.1 The Oldham Enterprise Trust

The Oldham Enterprise Trust aims to help start-up businesses in Oldham by providing a free package of business support. In turn, this helps Oldham residents into enterprise and employability and contributes to long-term economic growth. They offer a free range of business support through the Business Growth Hub and People Plus. They also assist businesses to secure funding, offer grants to those who are under the age of 25 and low cost loans to those aged 25-30 funded through a private donation via the Stoller Charitable Trust. To those over the age of 30 they help with access to the governments Start-Up Loan Scheme. Since April 2016 OET has given out £85,520 worth of grants and £61,150 worth of loans to Oldham based start-ups. For more information see <http://www.oldhamenterprisetrust.org.uk/>

3.4.2 Wayra: Open_Future North

The Council has funded and created a space for digital start-ups in Oldham town centre which is run by Wayra – a digital start-up support programme funded by Telefonica. Wayra use the space to operate the Fair by Design programme. Fair by Design is an accelerator programme for start-ups that are using technology to tackle the poverty premium (where people in poverty pay more for many everyday goods and services – such as energy, insurance, borrowing, transport and food – than those who can more easily afford them). The first cohort of the programme is underway with 5 start-ups on the programme. Start-ups accepted to the programme receive the equivalent of £70,000 in cash and business services, including working space at Open Future_ North and access to investors, mentors and coaches – and also potentially to a global audience through business development opportunities with Telefónica. This programme is funded and supported by the Fair By Design Fund, a partnership between Big Society Capital, the Joseph Rowntree Foundation, Finance Birmingham and Ascension Ventures. Wayra also use the space to run a pre-acceleration programme enabling residents and pre-starts to access business support/workshops. For further information see <http://www.fairbydesignfund.com/>

4.0 Growing start-up businesses

4.1 Scale-up programme

As well as start-ups, the ability of businesses to scale-up and grow is an important priority for Oldham and GM. The challenge remains in scaling up these fledgling businesses. There are approximately 1,490 scale-ups in Greater Manchester employing a total of 141,856 people and with a total turnover of £19.2 billion.

To understand the strengths and weaknesses of Greater Manchester's scale-ups ecosystem, an index has been developed to benchmark GM against 59 European comparators. This index is based on The European Digital City Index (EDCi) produced by Nesta – which describes

how well different European cities support digital entrepreneurship – and adapted to widen the scope beyond the digital sector.

The index assesses city regions across 9 categories:

- Access to capital
- Entrepreneurial culture
- Mentoring & managerial assistance
- Business environment
- Lifestyle
- Infrastructure
- Knowledge spillovers
- Market
- Skills

Manchester ranks 15th out of 60 European cities overall – placing it between Vienna and Lyon – and 4th out of 9 UK cities

Figure 5: Top 20 European Scale-Up Ecosystems

Rank	City	Score
1	Paris	7.3
2	London	7.2
3	Berlin	6.4
4	Stockholm	6.3
5	Munich	6.1
6	Amsterdam	5.5
7	Cambridge	5.5
8	Oxford	5.5
9	Barcelona	5.4
10	Dublin	5.4
11	Copenhagen	5.4
12	Helsinki	5.3
13	Madrid	5.2
14	Vienna	5.2
15	Manchester	5.0
16	Lyon	5.0
17	Bristol	4.9
18	Edinburgh	4.9
19	Frankfurt	4.8
20	Cologne	4.8

Manchester’s highest index is within the business environment category, outperforming the overall average, UK average, and London. This score is driven by Manchester’s low cost for

office space, and the UK's high ease of doing business, public sector transparency, and availability of open data.

Manchester scores lowest for access to capital, however is also a weakness for most cities in this index, with 40 out of 62 cities performing below the average (2.0 out of 10.0) and London, Berlin, Stockholm, and Paris far outperforming all other areas. In particular Manchester performs poorly in this category due to poor availability of late-stage funding and business angels funding.

Manchester's only performs below the overall average for lifestyle. Whilst Manchester's low costs of living drive up overall standards of living, its score is brought down by slightly weaker performance for culture and recreation. Nevertheless, Manchester still performs well overall this category, falling below the average only due to a strong performance for *Lifestyle* across all cities.

Figure 6: Greater Manchester's Scale-Up Ecosystem



Figure 7: Greater Manchester Scale-Up Ecosystem Indices

	Access to Capital	Entrepreneurial Culture	Mentoring & Managerial Assistance	Business Environment	Lifestyle	Infrastructure	Knowledge Spillovers	Market	Skills	Total Weighted Scale-up Ecosystem Index
Greater Manchester	2.4	5.1	2.5	8.0	6.5	5.5	3.8	6.8	5.3	5.0
Average	2.0	4.2	2.4	7.2	7.0	4.2	2.4	6.0	5.3	4.5
UK Average	1.8	4.9	1.8	8.0	7.5	4.9	3.4	7.0	5.5	5.1

To help support scale-ups the Business Growth Hub has recently launched the Spark2Scale project. The Spark2Scale project is a cohort-led support programme which aims to tackle the barriers faced by scale-ups that are keen to grow but lack the experience or confidence to take their business forward. It's open to B2B businesses that have been trading for less than three years, and have already demonstrated 20 percent year-on-year growth or able to demonstrate realistic projections to do so.

To make the step from start-up to scale-up can be difficult. It needs consistent and strongly defined ways of working. Spark2Scale helps take start-up businesses to the next level with a tailored programme and collaborative peer-to-peer format which includes support to help businesses:

- Find the right talent and skills.
- Develop leadership capabilities.
- Expand their client base both nationally and internationally.
- Access the right finance.
- Build their infrastructure.

The programme kicks-off with a comprehensive workshop developing the right strategy to help businesses identify what's holding their business back from greater heights. This is followed up with bespoke one-to-one support to help develop a comprehensive strategic plan. Finally, industry specialists in finance, sales, digital marketing and growth hacking lead a series of five inspirational peer-to-peer workshops.

5.0 Future start-up support

Current ERDF programmes are due to come to an end in September 2018 and March 2019. A new Start-Up Business support call took place in March 2018 to cover activity from October 2018 to the end of the ERDF programme, likely to be 2022. Discussions are underway to identify options around the continuation of ESF funded pre-start-up activity post-2018.

The Business Growth Hub has secured GM Local Growth Fund investment for a range of business support interventions for the period 2018-22. This includes an amount for a Greater Manchester Start-up programme which would provide support at pre-start up, start-up and scale-up stages across all ten local authorities. Funding will be used to support the different stages of starting and scaling-up a business, covering 'lifestyle' businesses (those initially only looking to employ themselves) through to high growth early-stage businesses. ERDF is likely to be sought to increase the investment in that programme with decisions due in the late summer of 2018. The Prince's Trust and other organisations may also bid for the ERDF.

The GM Local Enterprise Partnership have developed a Task and Finish Group to review GM Start-up and Scale-up. This is looking at the barriers to start up, including skills, leadership and finance and the interventions needed to improve the proportion of GM companies that scale up i.e., companies with 10 staff or more that generate 20% year on year growth over a 3 year period. Initial findings from their work indicate that GM performs moderately well for numbers of scale-ups relative to other UK cities with 83.7 scale-ups per 100,000 working age residents. This is below the UK average (85.0), but above the North West (81.4) and the UK average if London is excluded (79.8). Like start up rates there is significant variation between districts in Greater Manchester, with rates over twice as high in Trafford (the highest performing area) than Wigan (the lowest performing area).

As part of the new ERDF programme each GM local authority will have the chance to 'personalise' their business support offer. Within Oldham the focus is on the six priority sectors to ensure their needs are reflected within the business support offer, alongside start-up support. The six priority sectors are: construction, manufacturing, health and social care, leisure and retail and professional, financial and digital services.

6.0 SWOT analysis

The following table identifies the strength, weaknesses, opportunities and threats faced by Oldham and GM as identified by stakeholders from Team Oldham and the Oldham Economy and Skills Partnership.

<p>Strengths</p> <ul style="list-style-type: none"> • Good connectivity – motorways, tram, access to the rail network. • Diverse & vibrant community. • Links to further and higher education. • Sector strengths – e.g. manufacturing, logistics. • Family owned businesses wanting to stay in Oldham. • Sector-based networks/groups. • Affordable sites and premises. • Strong business support offer. 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Low skills and multiple deprivation. • Limited dialogue with businesses and understanding of business needs. • Lack of awareness/active promotion of the business support offer. • Business survival rates. • Limited supply of readily available good quality sites and premises. • Image.
<p>Opportunities</p> <ul style="list-style-type: none"> • Recent investment in strategic sites. • Active business leaders and potential 'ambassadors' GM Spatial Framework – new housing and employment floorspace 	<p>Threats</p> <ul style="list-style-type: none"> • Continued out migration of young people/skilled individuals • Disparities widening across GM – north/south divide

<p>(industrial, warehousing, office, retail, leisure).</p> <ul style="list-style-type: none"> • Good business support offer and network of providers. • Apprenticeship Levy 	<ul style="list-style-type: none"> • Regulations • Accessing EU market opportunities
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7.0 Conclusion

Oldham and GM both have a strong business support offer that provides a diverse range of support for both start-up and scale-up businesses. The primary offer is provided free of charge to local businesses and residents thanks to funding from Oldham Council and the GM ERDF programme and is delivered by the Business Growth Hub. This offer has helped create strong performance in terms of business start-ups in Oldham and GM. The Business Growth Hub offer is further enhanced by a range of other support available delivered by a range of public and private sector providers. Often this other support is also free to access but in some instances there are costs.

However, there is a general lack of awareness of this offer amongst local businesses. To ensure the continued growth of new business start-ups and scale-ups it is important that all local businesses know about and access this offer. Therefore, we must ensure that stakeholders work together to develop and implement a shared approach to business intelligence, engagement and marketing.

