

14 March 2016

**Where does your city rank?
Octopus publishes new league table as it calls on the Chancellor to get behind high growth small business**

- *Manchester placed second in league table – only pipped to the post by London*
- *Scotland shines with Edinburgh and Glasgow both in the top ten*
- *Unsung hero? Milton Keynes beats Birmingham, Leeds and Oxford for a place in the top ten*

Research published today reveals the best places in the UK to drive economic growth as some of the fastest growing smaller companies prove that they can be a force for regional revival.

The Octopus High Growth Small Business Urban Hub League Table identifies which towns and cities in the UK are best placed to support high growth small businesses (HGSBs) in 2016 and benefit from the local prosperity these businesses bring.

Last year, the Octopus High Growth Small Business Report 2015 highlighted the role HGSBs could play in driving regional growth, addressing the North-South divide and rebalancing the economy. Endorsed by the Secretary of State for Business, Innovation and Skills, the report made the case for increasing the number of HGSBs by 25% in every region in the next five years, while showing that HGSBs have a disproportionate impact on weaker performing economies

In response to this, today's research, produced by the Centre for Economics and Business Research (Cebr), looks at which towns and cities across the UK are most HGSB friendly in 2016. The league table is based on what the teams behind HGSBs told us were most important to them when building and growing their companies - finance, talent and connectivity.

Key findings

The majority of our UK capital cities are hotspots for HGSBs

- Three of the top five are capital cities: London takes the top spot confirming its role as a global hub of entrepreneurship, with Edinburgh and Cardiff at three and five, while Belfast ranks at 21

Northern Powerhouse – a house divided?

- Manchester and Liverpool both make it into the top ten of the league table with Leeds just outside at 11, all boosted by great transport links and connectivity, accessible location costs and strong job creation forecasts.
- Hull, Middlesbrough, York and Newcastle all fall into the bottom ten of the table despite Newcastle being ranked in the top ten for economic growth.

Oxford vs Cambridge

- Cambridge has the edge over Oxford as they rank 10th and 16th respectively in the overall league table, however both cities fall into the bottom five for connectivity and transport.

Simon Rogerson, CEO of Octopus, said: *“It is exciting to see that there are towns and cities right across the UK that have the potential to support the next generation of HGSBs and benefit from the HGSB effect. These businesses are vital to our economic prosperity and there is untapped opportunity in every corner of the UK.*

“The Government has done a great job of supporting entrepreneurship in this country but more needs to be done for this tiny group of companies – HGSBs represent less than 1% of UK business – that are punching well above their weight. A one size fits all approach to supporting smaller companies does not work. HGSBs are unique – both in their sheer contribution to the UK economy and in their needs as a rapidly growing business. We urge the Chancellor to take on board our recommendations to get behind these businesses.”

Ahead of the upcoming Budget, Octopus calls on the Chancellor to put in place the following three measures to support HGSBs across the UK:

1. Open up ISAs

Opening up the individual savings account (ISA) investment market to give HGSBs better access to capital: allow private shares in unquoted trading companies to be held in ISAs, to improve access to capital for fast-growing businesses and to give savers greater choice.

2. Bridge the gap between large and small

Encourage more corporates to invest in HGSBs: large corporates often have excess cash and could be encouraged to support the UK economic ecosystem. Large companies investing in VCTs should be allowed to access tax reliefs typically offered to retail investors.

3. Reduce tax burdens on HGSBs

Deferring corporation tax: Government should permit fast growing companies to defer their payment of corporation tax while in early growth. By allowing this money to be invested, HMRC could see higher returns and the HGSBs would be able to realise the potential of their early growth period.

Simon Rogerson added: *“We need to ensure that the UK continues to create the best environment to support them. A series of governments have done a great job in achieving this but there is a strong case for doing more.”*

Notes to editors

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Definition of a high growth small business

A HGSB is defined as a company with more than 20% annual average growth in turnover over three years and a turnover of between £1 million and £20 million.

About the Octopus High Growth Small Business Urban Hub League Table

Overall ranking	Urban hub	Demography and skills ranking	Economic growth ranking	Connectivity and transport ranking
1	London	2	2	2
2	Manchester	11	5	5
3	Cardiff	13	19	3
4	Liverpool	22	15	1
5	Edinburgh	5	6	11
6	Reading	6	1	24
7	Glasgow	16	20	4
8	Milton Keynes	9	12	8
9	Bristol	8	9	12
10	Cambridge	1	3	30
11	Birmingham	23	11	6
12	Leeds	19	16	7
13	Coventry	10	24	13
14	Brighton	7	8	19
15	Sheffield	21	18	9
16	Oxford	3	7	29
17	Southampton	14	22	15
18	Aberdeen	4	28	18
19	Leicester	20	23	14
20	Chelmsford	28	4	27
21	Belfast	26	17	16
22	Newcastle	24	10	21
23	Nottingham	15	21	23
24	Plymouth	25	31	10
25	Bath	12	26	28
26	Ipswich	31	13	22
27	Luton	18	25	26
28	York	17	27	25
29	Swansea	29	32	17
30	Middlesbrough	30	30	20
31	Norwich	27	14	31
32	Hull	32	29	32

Source: Octopus High Growth Small Business Urban Hub League Table 2016



About the Octopus High Growth Small Business Report 2015

The Octopus High Growth Small Business Report 2015 provides a unique insight into the economic value of Britain's fastest growing smaller companies, along with their power to drive regional economic revival. These companies, defined in the report as high growth small businesses (HGSBs) with an annual turnover between £1 million and £20 million and with average annual growth greater than 20% over a three-year period, are making a significant contribution to economic growth across all regions of the UK and yet get overlooked all too often. The report seeks to raise awareness about the material impact they are having on employment growth and economic growth, and to ensure that government develops a supportive policy framework to ensure these companies can continue to thrive in the UK.

The report was commissioned by Octopus Investments and produced by the Centre for Economics and Business Research. Surveys were conducted by ICM Unlimited.

Join the conversation: #hgsbreport

For further information, visit www.highgrowthsmallbusiness.co.uk.

About Octopus

Octopus transforms industries that really matter – like investments, healthcare and energy. We do extraordinary things so that our customers see change for the better. Octopus is a fast-growing UK fund management business with leading positions in several specialist sectors including smaller company investing, healthcare property, energy and property finance.

Founded in 2000, Octopus manages more than £5.5 billion of funds on behalf of 50,000 investors – both retail and institutional. Over the years we have invested in more than 500 SMEs including household names such as LOVEFILM, graze.com and Zoopla Property Group. Our investments have helped these businesses to create thousands of new jobs.

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About the Centre for Economics and Business Research (Cebr)

The Centre for Economics and Business Research is an independent consultancy with a reputation for sound business advice based on thorough and insightful research.

Since 1992, Cebr has been at the forefront of business and public interest research. Cebr provides analysis, forecasts and strategic advice to major UK and multinational companies, financial institutions, government departments and agencies and trade bodies.

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