SCALEUPS IN THE UK

June 2024

SCALEUP INSTITUTE

SCALEUPS IN THE UK

As our new analysis shows, our ScaleUp economy of now 34,180 businesses, remains vital to the UK in every sector and locality, representing half of all SME turnover output despite making up less than 0.6% of the SME population. This reinforces the resilience of our scaleups both in traditional sectors such as wholesale and retail and the strength of our evolving science and tech base which continues to grow.

The ScaleUp Institute continues to focus on working closely with local areas across the UK to put a spotlight on scaleups and address scaling challenges. Over the past 10 years much more is being undertaken at national and local level to focus in upon our high growth scaleup business and scaling pipeline but we need to make sure the initiatives at hand really cut through and connect up.

Sources: ONS IDBR 2022, DBT (BEIS) Business Population Estimates 2022 for count of SMEs

ACKNOWLEDGEMENTS

Data used in this report is taken from the IDBR datasets 2010-2022. The confidentiality of all data held on the IDBR is protected by the National Statistics Code of Practice and associated Protocols and by specific legislation. In accordance with these requirements, data presented is rounded to prevent disclosure. Differences may exist in totals across tables due to disclosure methods used. This work contains statistical data from ONS which is Crown Copyright.

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This work uses research datasets which may not exactly reproduce National Statistics aggregates.

Published by the ScaleUp Institute
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WHY **SCALEUPS** MATTER

Our ambition is that the UK becomes the most fertile ground for businesses, not only to start up but to scale up and grow.

SCALEUPS ARE PRODUCTIVE

Scaleups are more productive than their peers, generating an average of **£449k** turnover per employee.

SCALEUPS ARE INNOVATIVE

8 in 10 scaleups have introduced or improved a product/service/process in the last three years, twice the rate of large firms, and they are significant adopters of new technologies.

SCALEUPS ARE ACROSS ALL SECTORS

Scaleups span the economy: the majority of them operate in sectors outside of technology.

SCALEUPS ARE INTERNATIONAL

5 in 10 scaleups are involved in international trade, in a range of markets across the world. **7 in 10** are looking to expand further internationally especially in emerging markets.

SCALEUPS ARE DIVERSE

39% of all scaleups have at least one female director.

SCALEUPS CREATE HIGH QUALITY JOBS

Scaleups help create high-quality jobs with more satisfied employees – employing **3.2m** workers.

SCALEUPS ARE GOOD CORPORATE CITIZENS

6 in 10 describe themselves as being a social business, operating in the green economy or meeting ESG goals. **7 in 10** scaleups offer opportunities to young people through work experience, internships or apprenticeships. **1 in 5 are providing opportunities via returnerships.**

THEY PLAN TO GROW

9 out of 10 scaleups expect to grow again in the coming year. 1 in 4 expect to achieve 50%+ growth in either turnover or employment.

Source: Source: Scaleup Survey 2023, ONS IDBR 2022

SCALEUPS **IN THE UK**

34,180	SCALEUPS
29,120	TURNOVER
11,485	EMPLOYMENT
6,425	SCALING BOTH

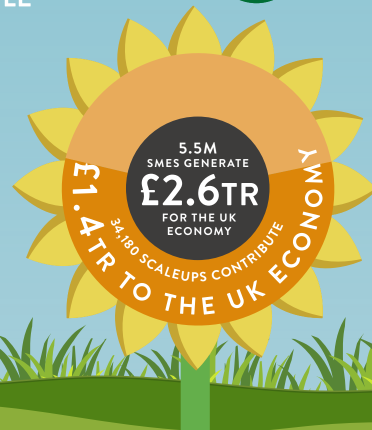
27% HIGHER THAN IT WAS IN 2013

SCALEUPS...

EMPLOY 3.2m PEOPLE

HAD AN AVERAGE TURNOVER PER EMPLOYEE OF £449,317

SCALEUPS GENERATED A TOTAL TURNOVER OF £1.4trn FOR THE UK ECONOMY



The UK's 5.5m SMEs generate a total turnover of £2.6trn. Scaleups generate £1.4trn in turnover, equivalent to 55% of this total output, despite making up just 0.6% of the UK business population

THE **SCALING PIPELINE**

16,450 THE TOTAL NUMBER OF BUSINESSES GROWING BETWEEN 15-19.99% IN 2022.

1.4m PEOPLE EMPLOYED BY SCALING BUSINESSES IN 2022

£359bn THE TOTAL AMOUNT OF TURNOVER GENERATED BY SCALING BUSINESSES.

Sources: ONS IDBR 2010-2022, ONS IDBR 2022 for SME turnover, DBT (BEIS) Business Population Estimates 2022 for SME count

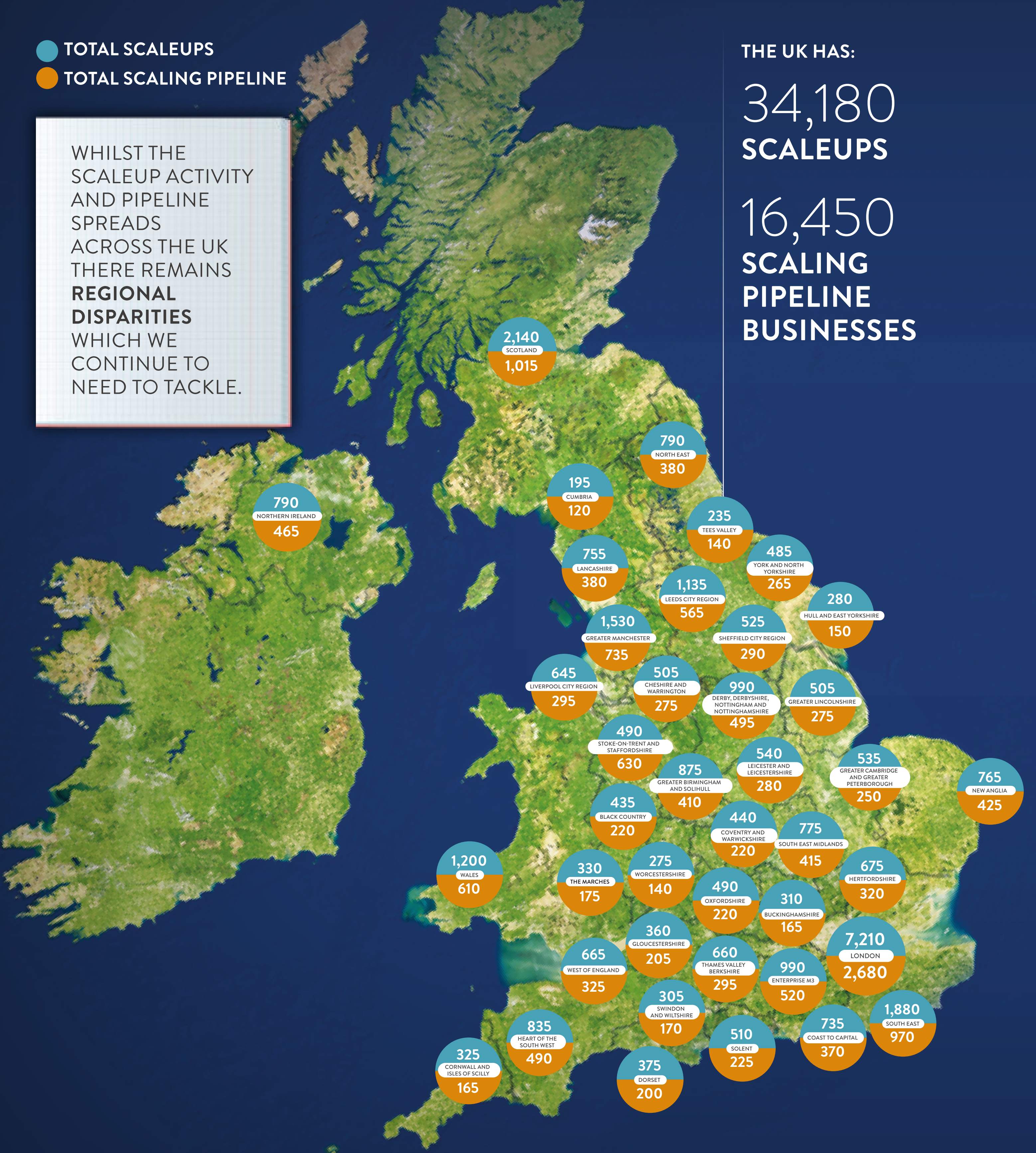
SCALEUP TOPOGRAPHY

ONS **SCALEUPS AND PIPELINE**

BY REGION

- TOTAL SCALEUPS
- TOTAL SCALING PIPELINE

WHILST THE SCALEUP ACTIVITY AND PIPELINE SPREADS ACROSS THE UK THERE REMAINS **REGIONAL DISPARITIES** WHICH WE CONTINUE TO NEED TO TACKLE.



THE UK HAS:

34,180
SCALEUPS

16,450
SCALING PIPELINE BUSINESSES

ONS IDBR 2018-2022

ONS **GROWTH RATES**

REGIONAL AND SECTORAL

SCALEUPS

20-29.99%	16,900
30-39.99%	7,720
40-49.99%	4,155
50-59.99%	2,425
60%+	6,985

SCALING PIPELINE

10-14.99%	25,140
15-19.99%	16,455

ONS IDBR 2018-2022

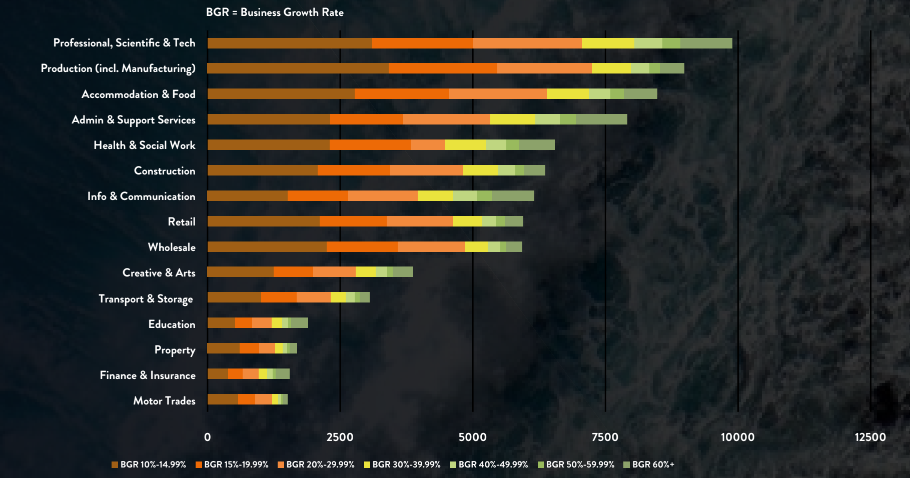
SCALEUP AND SCALING PIPELINE GROWTH SEGMENTS - BY SECTOR

When looking at growth rates of all business growing (turnover and/or employment) by more than 10% across sectors we can see the growth patterns in different sectors.

Production (incl. Manufacturing) has highest proportion (61%) of those growing between 10-19.99% whereas for Info and Comms, this proportion is only 43%. On the other hand, Info & Comms has the highest proportion of those growing by 60% or more.

GROWTH SEGMENTS BY SECTOR

DISTRIBUTION OF SCALEUPS AND PIPELINE BUSINESS BY GROWTH SEGMENT



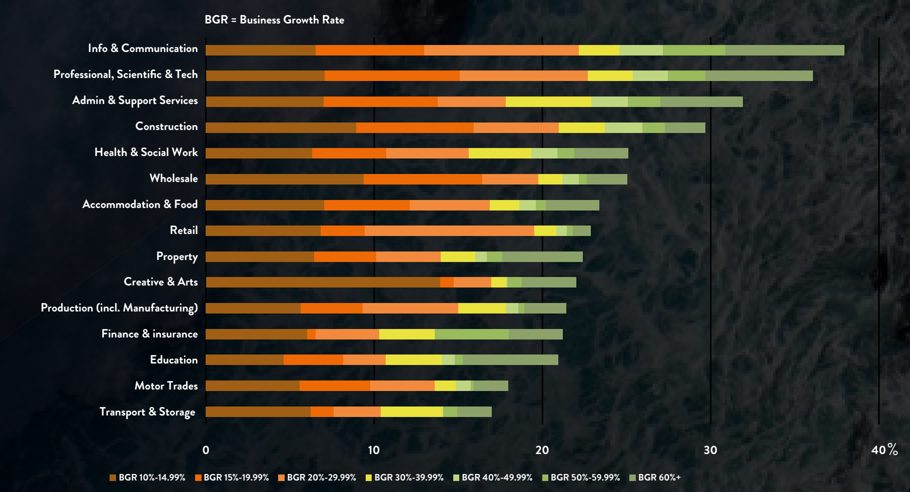
SECTORAL CONTRIBUTION TO TURNOVER

The three biggest sectors contributing to total turnover of businesses with at least 10 employees are Information & Communication; Professional, Scientific & Technical and Admin & Support Services.

Within Info & Comms, the biggest turnover contribution came from those growing between 20-29.99%.

GROWTH SEGMENTS - SECTORAL CONTRIBUTION TO TURNOVER

CONTRIBUTION TO TURNOVER BY SCALEUPS AND PIPELINE BUSINESSES AS A PROPORTION OF UK BUSINESSES WITH MORE THAN 10 EMPLOYEES



SCALEUP TOPOGRAPHY

ONS IDBR 2018-2022

ONS GROWTH DENSITY AND CHANGE

BY AREA

SCALEUP DENSITY DATA BY LOCAL AREA / DEVOLVED NATION

Local Area/Devolved Nation	10-Year Trend: Average Growth in scaleup density 2013-2022 (since monitoring began)	Scaleups per 100k pop 2022	Scaleups per 100k pop 2021
Cornwall and Isles of Scilly	2.2	56.3	37.4
York and North Yorkshire	2.1	58.6	48.1
London	1.9	81.3	71.6
Thames Valley Berkshire	1.5	68.8	57.9
Oxfordshire	1.4	66.4	57.1
Greater Lincolnshire	1.4	44.1	33.8
Heart of the South West	1.3	46.1	37.1
West of England	1.2	56.0	46.1
Greater Manchester	1.2	52.5	44.6
New Anglia	1.2	45.2	37.8
Northern Ireland	1.1	41.3	34.7
Hertfordshire	1.1	56.0	47.9
Liverpool City Region	1.1	41.1	34.2
Greater Cambridge and Greater Peterborough	1	59.0	48
Gloucestershire	1	55.2	48.7
Hull and East Yorkshire	1	45.5	35.3
East Midlands Combined County Authority	1	44.4	36.1
Wales	0.9	38.3	33.3
North East	0.9	39.6	34.3
Enterprise M3	0.8	62.5	48.8
Lancashire	0.8	48.7	38.8
The Marches	0.8	46.8	35.1
Coast to Capital	0.8	46.5	37.9
South East	0.8	43.7	34.9
Scotland	0.7	39.3	32.3
Dorset	0.7	47.8	38.4
West Yorkshire Combined Authority	0.7	47.7	39.8
Solent	0.6	41.2	32.9
South Yorkshire Mayoral Combined Authority	0.5	37.7	32
Buckinghamshire	0.3	55.3	49.5
Stoke-on-Trent and Staffordshire	0.3	42.7	33.9
Cumbria	0.3	38.8	32.9
Cheshire and Warrington	0.2	51.5	44.9
Swindon and Wiltshire	0.2	40.6	34.8
Tees Valley	0.1	34.1	28.8
Leicester and Leicestershire	0	49.3	42.6
Greater Birmingham and Solihull	0	42.1	35
Coventry and Warwickshire	-0.2	45.7	38.7
South East Midlands	-0.2	43.0	37.3
Worcestershire	-0.4	45.1	40.5
Black Country	-0.7	35.6	29.3

Note:

Green shading indicates where change in scaleup density since 2013 is 1 or more or scaleup density in 2022 is greater than 50.

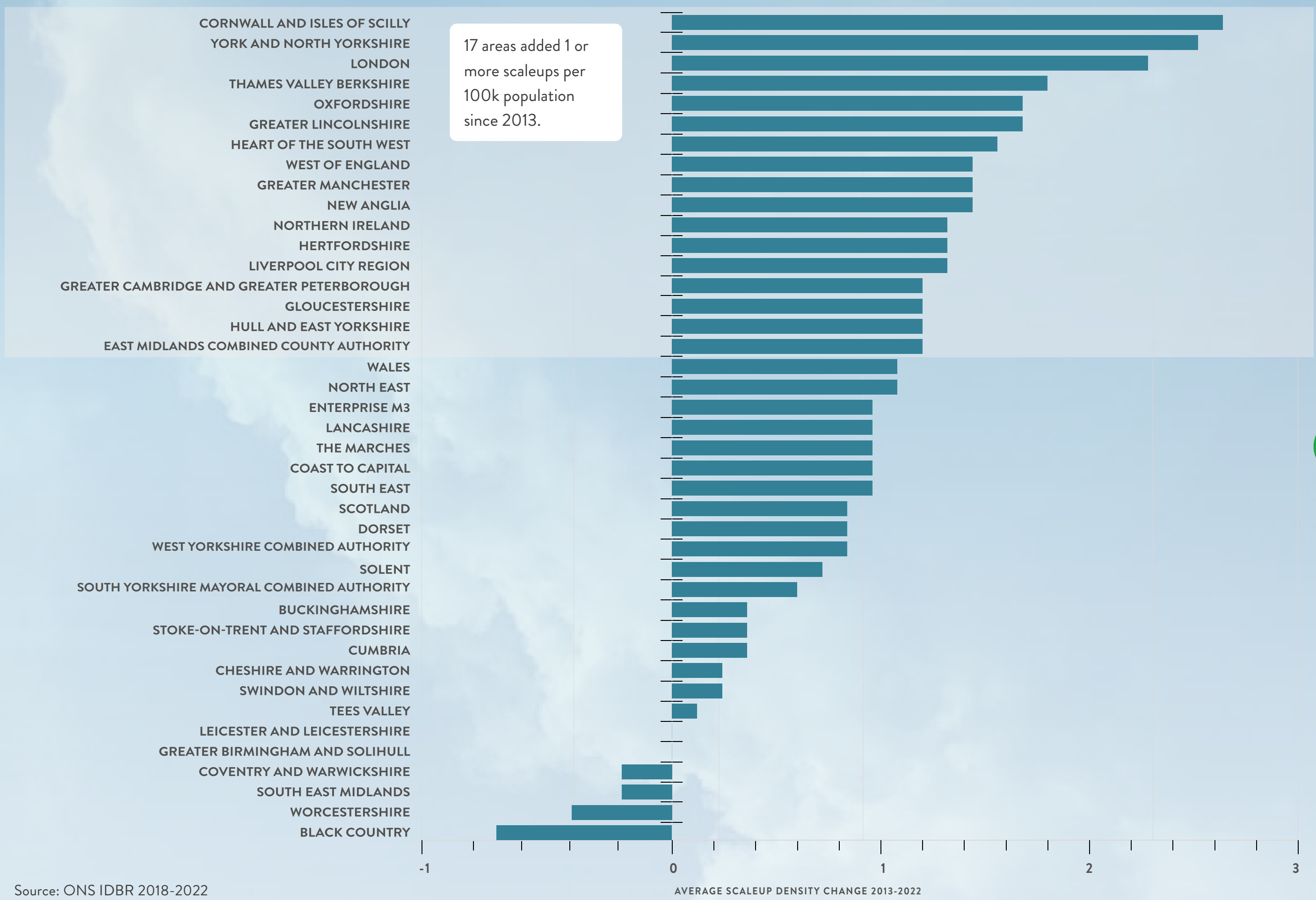
Light orange shading indicates where change in scaleup since 2013 is between 0 and 1 OR scaleup density in 2022 is between 40 and 50.

Dark orange indicates where change in scaleup since 2013 is less than 0 OR scaleup density in 2022 is less than 40.

Source: ONS IDBR 2010-2022

SCALEUP GROWTH SCROSS LOCAL AREAS

AVERAGE CHANGE IN SCALEUP DENSITY



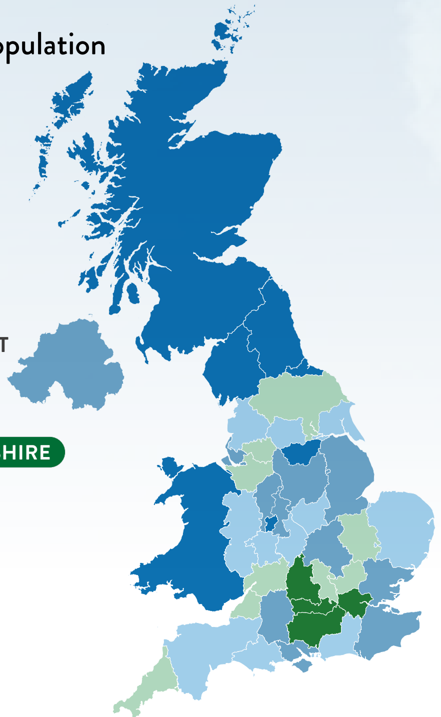
Source: ONS IDBR 2018-2022

DENSITY OF SCALEUPS

PER 100K POPULATION, BY LEP/DEVOLVED NATION

Scaleups per 100k population

- GREATER THAN 60
- 50–60
- 45–50
- 40-45
- Fewer than 40



AREAS WITH THE HIGHEST SCALEUP DENSITY:

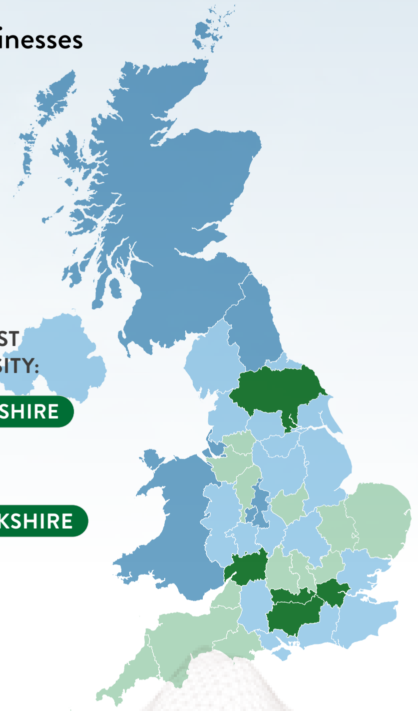
- LONDON
- THAMES VALLEY BERKSHIRE
- OXFORDSHIRE
- ENTERPRISE M3

DENSITY OF SCALING PIPELINE

PER 100K POPULATION, BY LEP/DEVOLVED NATION

Pipeline scaling businesses per 100k (15-19.99%)

- Greater than 30
- 25–30
- 20–25
- Fewer than 20



AREAS WITH THE HIGHEST SCALING PIPELINE DENSITY:

- YORK & NORTH YORKSHIRE
- ENTERPRISE M3
- GLOUCESTERSHIRE
- THAMES VALLEY BERKSHIRE
- LONDON

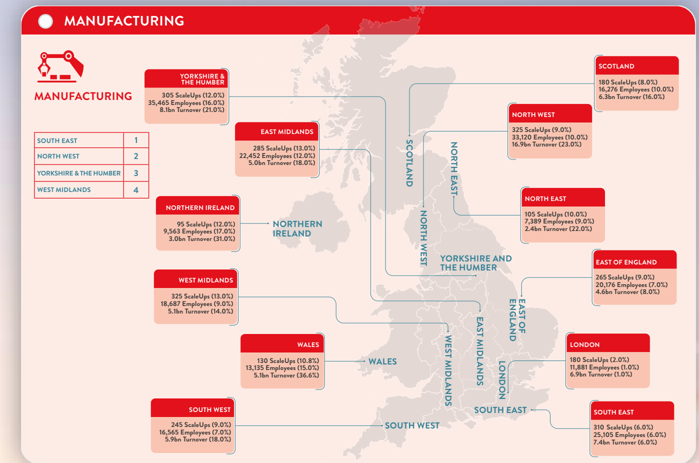
Source: ONS IDBR 2018-2022

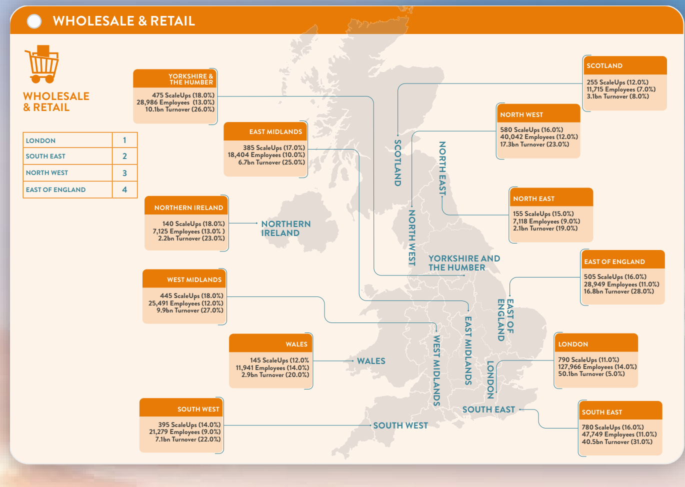
SCALEUP TOPOGRAPHY

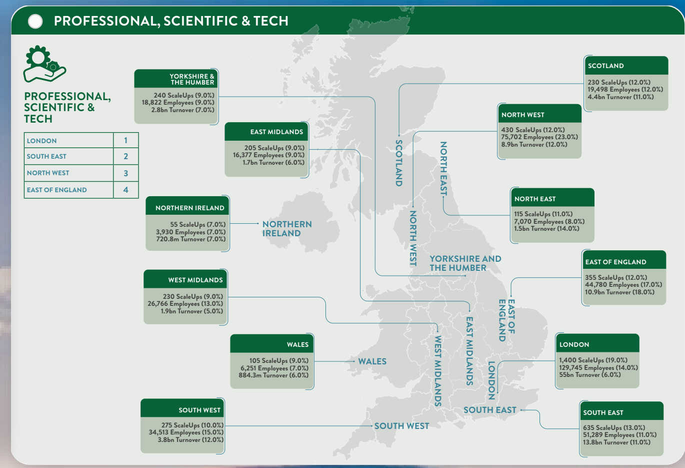
SECTORAL AND REGIONAL CLUSTERING

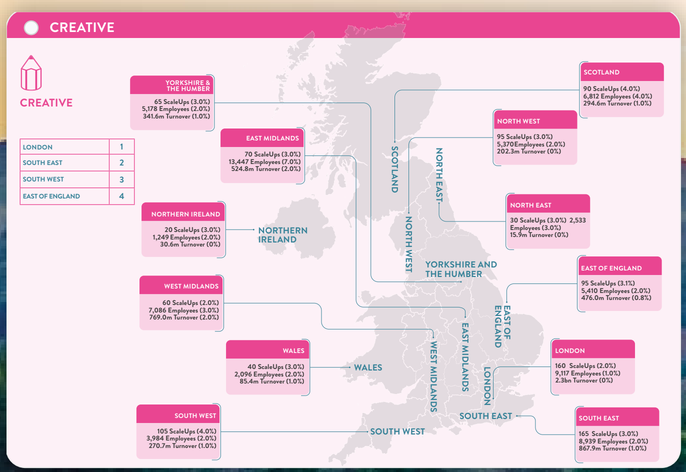
ScaleUp Institute research has shown that the development of clusters and hubs is a key enabler of local scaleup growth. Therefore it is important we track our cluster evolution across the country and what is enabling them.

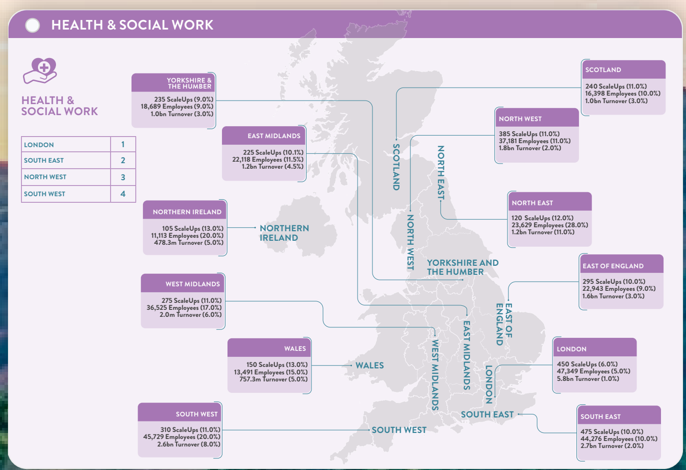
Source: ONS IDBR 2022

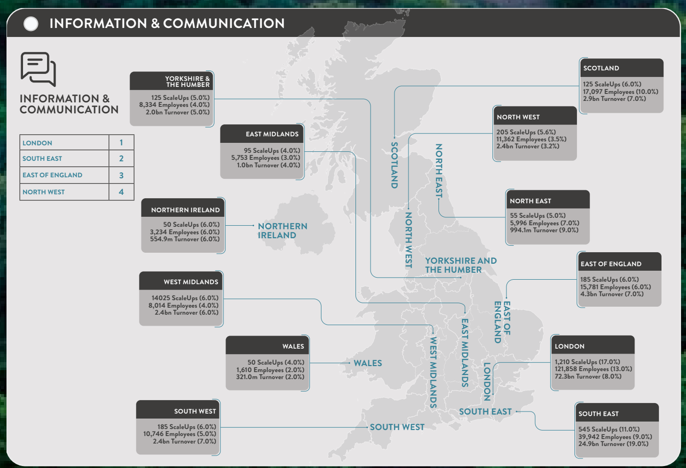


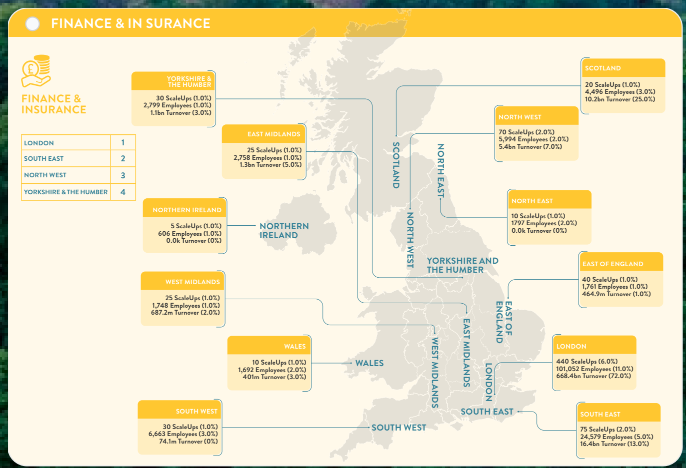












DRIVERS OF LOCAL GROWTH

8 FACTORS ASSESSED

- Access to skilled talent
- Clusters and hubs
- Access to equity
- Lending
- Large firms
- Start-up density
- Start-up survival rate
- Public transport

3 FACTORS THAT MADE A DIFFERENCE

- Access to skilled talent
- Clusters and hubs
- Access to equity

QUALITATIVE FACTORS

Knowledge sharing
- Peer networks
- Local supply chains
- NEDs

Active university engagement
- Training
- R&D collaboration
- Scaleup-graduate interaction

Local collaboration
- Collective ecosystem
- Cooperation
- Ambition an identity

SCALEUP CLUSTERS

ONS REGIONAL CLUSTER BREAKDOWN

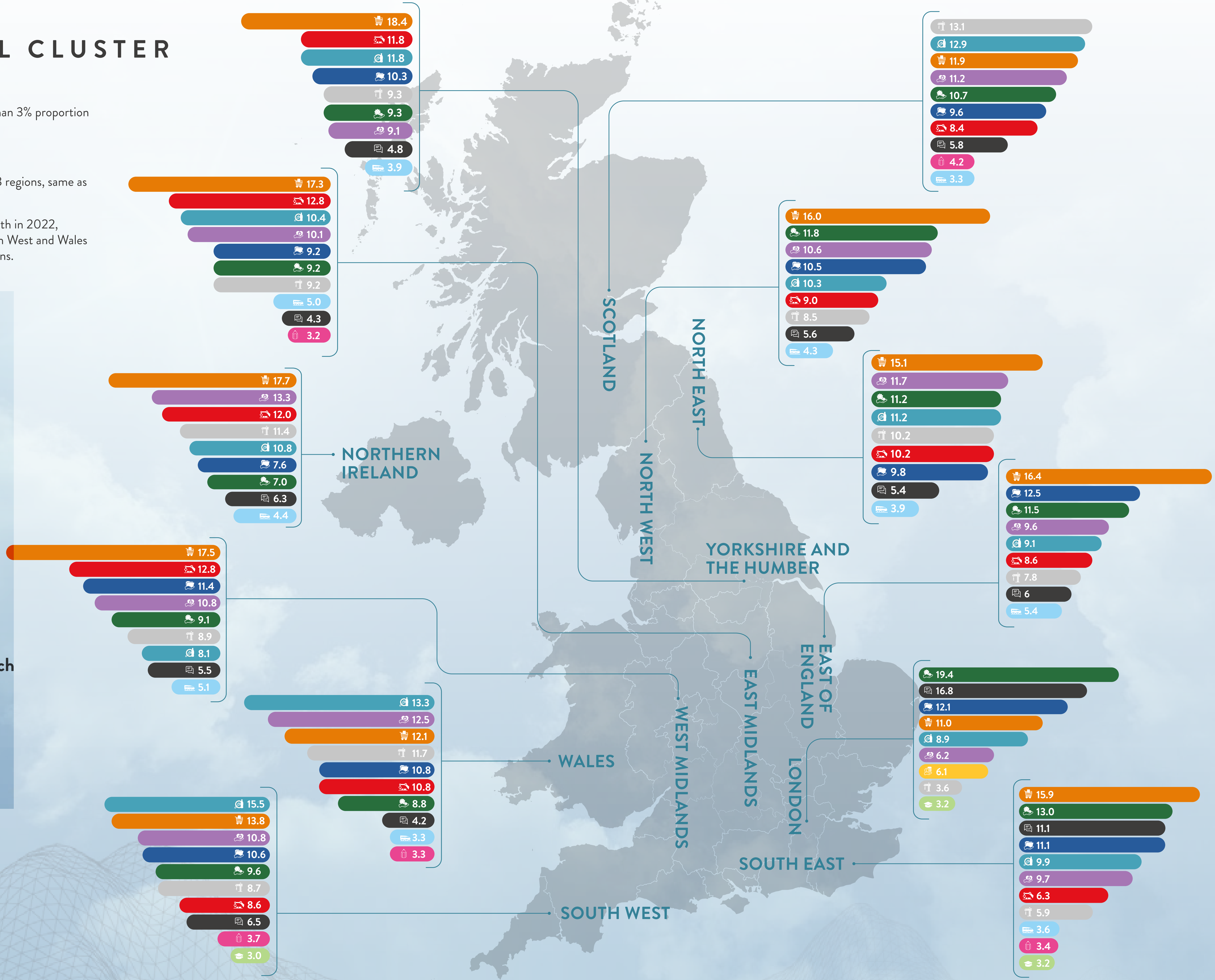
The figures below show the sectors with more than 3% proportion of scaleups in each region.

Top sectors

- **Wholesale & Retail** remained top sector in 8 regions, same as 2021.
- **Accomodation & Food** saw the highest growth in 2022, becoming the top sector in 2 regions - South West and Wales and one of the top 3 sectors in 4 more regions.

KEY

- Accommodation & Food
- Construction
- Admin & Support Services
- Creative & Arts
- Education
- Finance & Insurance
- Energy
- Health & Social Work
- Info & Communication
- Manufacturing
- Professional, Scientific & Tech
- Transport
- Wholesale & Retail
- Real Estate
- Other Service



Source: ONS IDBR 2010-2022

ONS **CLUSTERS BREAKDOWN**

WITH LARGEST PROPORTIONAL GROWTH

The figures below show the top 3 sectors with biggest proportional growth in scaleups in that sector.

Top sectors

- **Accomodation & Food** appears as a top growth sector with significant proportional growth across all regions.
- **Construction** was one of the top 3 growth sectors in 7 out of 12 regions.

KEY

- Accommodation & Food
- Construction
- Admin & Support Services
- Creative & Arts
- Education
- Finance & Insurance
- Energy
- Health & Social Work
- Info & Communication
- Manufacturing
- Professional, Scientific & Tech
- Transport
- Wholesale & Retail
- Real Estate
- Other Service

Source: ONS IDBR 2010-2022