
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

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Subject: **COVID-19 Economic Recovery – Entrepreneurship**

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1. Purpose of this report

- 1.1 To inform a discussion on how to realise our Economic Recovery Plan ambitions around Entrepreneurship.

2. Information

Context

- 2.1 Central to the West Yorkshire Economic Recovery Plan is the priority for good jobs and resilient businesses. As the impact of COVID-19 on the economy has developed, Government programmes such as the Coronavirus Job Retention Scheme and local authority administered grants have been critical in ensuring the survival of jobs and businesses, but nonetheless we will enter recovery with higher levels of employment and with a difficult environment for businesses to offer new job opportunities.
- 2.2 It is therefore vital that our regional recovery plan includes ambitious proposals to grow businesses and create jobs. One of the distinct propositions within our Economic Recovery Plan is to focus especially on Entrepreneurship¹, encouraging individuals from all our diverse communities to explore establishing their own enterprise, and providing the right opportunity and support if they decide to do so. From experience of previous programmes and interventions, for this to be successful there needs to be a 'ladder of enterprise support', available for all potential entrepreneurs, even those who may have never considered it, and no matter where they are on their journeys or what type of new venture they plan to start. It will also be vital to have effective community level engagement to reach into our diverse communities, finding

¹ The full proposition document is available here: <https://www.westyorks-ca.gov.uk/media/4419/recovery-proposition-innovation-driven-entrepreneurship-20200826.pdf>

ways to engage groups that currently might face additional barriers to becoming an entrepreneur or accessing support to do so.

An Entrepreneurship proposition

- 2.3 Our Entrepreneurship proposition, endorsed previously, sets out our ambition and proposed approach, which was balanced between the need to support individuals in immediate economic recovery, and the opportunities through re-imagining and resilience to strengthen a lasting culture of entrepreneurship that helps to drive the regional economy and deliver inclusive growth:
- We are focussed on increasing the diversity of entrepreneurship in the region (building for example on the one in nine (11%) West Yorkshire business owners/directors from an ethnic minority background)
 - We must also look to increase the volume of entrepreneurs, supporting survival beyond year one as a key measure (the business birth rate of 12.3% is a little lower than the UK as a whole, meaning there is still more potential)
 - We want entrepreneurs who will tackle some of the key post-Covid challenges identified for our city region (building on the 69% of businesses in the 2020 Leeds City Region Business Survey said they had undertaken some form of innovation in the past three years)
 - Central to our strategy is building on existing ecosystem infrastructure, particularly as they extend into particular communities, and to focus on where additional coordination or capacity can add real value.
- 2.4 The Entrepreneurship proposition in the Economic Recovery Plan asks Government for £340m over the next five years. In the absence of this full funding, the Combined Authority and LEP have been working on what can be done with initial local investment that still focusses on ensuring a full 'ladder of enterprise support'. To develop these proposals, a workshop has been held in January with key stakeholders in the existing ecosystem for support, chaired by the Chair of the Business, Innovation and Growth Panel of the LEP, drawing on learning from past programmes and current best practice. Contributors included Local Authority officers, and members of the BIG Panel, ES Panel, IGPP Panel and LEP Board.
- 2.5 The following three areas were proposed as elements of the ecosystem that would benefit from further investment now:

Community based entrepreneur development

- Regional campaign to raise awareness of enterprise opportunities, particularly targeting demographics that may be less likely to consider starting their own business or seeking external support to do so
- A free "exploring enterprise" course
- A series of free workshops on key entrepreneurship topics
- A young people's enterprise awareness programme

New business start-up programme

- complement the already well-established and successful Ad:Venture programme (supporting new-starts and early-years firms up to three years of trading), and local community based interventions
- a rolling workshop / webinar programme to provide practical advice and guidance sessions to people setting up businesses
- outreach at community level with Local Authorities to engage underrepresented groups
- development fund to support innovative pilot projects targeting specific groups and/or business models
- some one-to-one coaching and mentoring

High growth innovation driven start-ups programme

- A pre start accelerator-type model (with or without a sector focus), based on low volume, high intensity, with maximum impact
- Linked to, but not at this stage providing, seed funding opportunities and investment readiness
- Focussed on supporting entrepreneurs to tackle some of the key post-Covid challenges identified for our city region – including especially health inequalities and the climate emergency
- There is the potential for this programme to be aligned to the BUILD pilot accelerator programme being run currently through an external provider.

2.6 Building on the successful workshop (see 2.4) we would welcome the Board's input to the further development of this entrepreneurship programme, and in particular to consider the following questions:

- To what extent do the Board agree with the three areas proposed for intervention and the principle of building a 'ladder of enterprise support'?
- How do we ensure support reaches into all of our communities, to develop a genuine pipeline of entrepreneurs that reflects our city region? Are there successful models that can be learned from that have managed to effectively engage with groups and communities that are currently under-represented in the mainstream business support ecosystem?
- How can we best utilise connection to existing provision, connectors and intermediaries – particularly within communities?
- What role can and should the LEP play as a coordinator across the entrepreneurship ecosystem? And how might the business support service of the LEP act as a gateway for this?

3. Tackling the Climate Emergency Implications

- 3.1 There are no direct implications as a result of this report. However, in the development of support for Entrepreneurs, especially those with high growth potential, there will be particular emphasis on supporting businesses that can make a positive contribution to climate related challenges.

4. Inclusive Growth Implications

- 4.1 Central to the Entrepreneurship proposition is the emphasis on encouraging individuals from all our diverse communities to explore establishing their own enterprise. As we know that some communities are less represented in business ownership currently, in designing interventions there will be a strong focus on adopting best practice to reach those communities and ensure support is accessible to them.

5. Financial Implications

- 5.1 New recovery products will require either increased flexibility on the use of current funding streams (e.g., grants awarded for capital investment to be used for working capital, or the procurement of professional advice with recovery/contingency planning), or new funding altogether.

6. Legal Implications

- 6.1 Delivery of some of the proposed products will require contractual approvals from Government, and/or new funding allocations that would result in new contractual obligations for the Combined Authority.

7. Staffing Implications

- 7.1 Delivery of the products included in the Economic Recovery Plan may require changes to current staff roles and/or additional staff to be recruited, which will be considered through the detailed development of individual proposals.

8. External Consultees

- 8.1 No specific or official external consultations have been undertaken in relation to this report. However, it has been informed by ongoing dialogue and consultation with LEP Panels and wide range of partners, including a workshop chaired by the Chair of the Business Innovation and Growth Panel.

9. Recommendations

- 9.1 That the LEP Board provides feedback on the questions raised at 2.6 as to how to progress with the development of Entrepreneurship support as part of our West Yorkshire Economic Recovery Plan.

10. Background Documents

10.1 There are no background documents referenced in this report.

11. Appendices

11.1 None