
Report to: Inclusive Growth and Public Policy Panel

Date: 8 March 2021

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

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1. Purpose of this report

- 1.1 To inform a discussion on how to ensure our Economic Recovery Plan ambitions around Entrepreneurship deliver an inclusive economic recovery.

2. Information

- 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 unemployment and with a difficult environment for businesses to offer new job opportunities.
- 2.2 It is therefore important that our regional economic recovery plan includes ambitious proposals to grow businesses and create jobs. One of the distinct propositions within the Economic Recovery Plan focuses on Entrepreneurship¹, seeking to encourage individuals from all our diverse communities to explore establishing their own enterprise, and providing 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 support', available for all potential entrepreneurs, even those who may have never considered it, and no matter where they are on their journey or what type of new venture they plan to start.

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

An Entrepreneurship Proposal

- 2.3 The LEP's Entrepreneurship proposition sets out our ambition and proposed approach, which is 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 estimated one in nine (11%) West Yorkshire business owners/directors from an ethnic minority background). This is however in the broader context of an employment rate gap for ethnic minorities in West Yorks of 18 points compared with 11 points nationally.
 - And in terms of gender, activity rates for women in West Yorkshire are 10 points lower than for men, and the disability employment rate gap is 22 percentage points and is 33 points in Wakefield.
 - We are also looking to increase the number 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 rate, meaning there is further potential)
 - We want entrepreneurs who will tackle some of the key post-Covid challenges identified for the City Region (building on the 69% of businesses in the 2020 Leeds City Region Business Survey who said they had undertaken some form of innovation in the past three years)
 - Building on existing business support 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 was held in January with key stakeholders in the ecosystem for support, chaired by the Chair of the Business Innovation and Growth Panel, 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 support offer that would benefit from further investment now:

Community based entrepreneur development

- A regional campaign to raise awareness of enterprise opportunities, particularly targeting groups and communities that are 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

- Outreach at community level with Local Authorities to engage underrepresented groups
- Complement the already well-established '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
- Development fund to support innovative pilot projects targeting specific groups and/or business models
- 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 (referred to above at 2.4) the Panel's further input to the development of this entrepreneurship programme is welcomed and members are asked to consider the following questions:

- **To what extent does the Panel agree in principle with the three areas proposed for intervention (described at 2.5) and the guiding principle of building a 'ladder of enterprise support'?**
- **Are there any additional areas of activity the Panel feels would drive a more inclusive economic recovery, such as a specialist support package for the third sector, including social enterprise spin outs/ start-ups, as currently proposed within the Inclusive Growth Framework?**
- **How do we ensure that enterprise support reaches into all of our communities, including the most disadvantaged, so that we develop a pipeline of entrepreneurs that reflects the diversity of our city region?** The Panel's views, knowledge and experience are sought on best practice around consultation, community out-reach and engagement, including leveraging the role of the third sector working acting as natural connectors and intermediaries in partnership with the public and private sector.

- **To what extent should monitoring and evaluation feature as a key element of the proposed entrepreneurship programme, and what are they key indicators that should be tracked?** Subject to the views of the Panel, monitoring could include tracking the take-up of business support provision within our most disadvantaged groups and communities and the outcomes could be more fully reflected in the Inclusive Growth Framework Dashboard, eg by adding indicators for business start-up and survival rates for those in our most disadvantaged groups.

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 and progress establishing their own enterprise. Because we know that some communities are less represented in business ownership and economic activity generally, in designing and delivering interventions there will be a strong focus on adopting best practice to reach those disadvantaged communities and ensure support is made 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 None arising as a direct result of this report.

7. Staffing Implications

- 7.1 None arising as a direct result of this report.

8. External Consultees

- 8.1 No specific or official external consultations have been undertaken in relation to this report.

9. Recommendations

- 9.1 That the Panel provides views on the questions raised at 2.6 as to how best to progress with the development of an Entrepreneurship support package to help deliver the West Yorkshire Economic Recovery Plan and Inclusive Growth Framework shared aim of driving an inclusive economic recovery.

10. Background Documents

There are no background documents referenced in this report.

11. Appendices

None