

**Date:** 12 December 2002  
**Time:** 9.00 – 12.30  
**Venue:** Committee Room 1, National Assembly for Wales, Cardiff Bay  
**Title:** Entrepreneurship Action Plan: Implementation Update

**Purpose**

1. The attached paper, and two annexes, prepared by the Welsh Development Agency has been requested by the Committee and reports on current progress on the implementation of the Entrepreneurship Action Plan.
2. This progress report has been prepared by the WDA and Iain Willox will be present to answer any detailed questions.

**Economic Policy Division  
November 2002**

## **WDA Report on Entrepreneurship Action Plan November 2002**

### **Introduction**

1. This report, prepared by the Welsh Development Agency, draws together the wide range of activities being carried out within the Entrepreneurship Action Plan (EAP). Because of the volume of work being conducted, the report highlights the main progress to date. Detail on individual projects is given in the accompanying appendices including leaflets and other publicity material to illustrate the range and content of the various initiatives. Annex A summarises progress against targets, Annex B shows the resources identified to date.

### **Background: Implementation of the Entrepreneurship Action Plan**

2. Since the last report to the Committee in December 2001 of progress in the EAP Implementation Plan, the Implementation Panel (EIP) chaired by Roger Jones has been active in guiding progress and maintaining the direction of the EAP. The Panel continues to meet quarterly when it receives regular reports from the EAP secretariat and the key lead organisations.
3. Delivery of the EAP has continued to be based on six key actions (KAs):
  - KA1 Promoting an Entrepreneurial Culture
  - KA2 Entrepreneurship within Career Development  
Entrepreneurship within Primary and Secondary Education  
Programmes of Enterprise in Higher and Further Education
  - KA3 A Taste of Enterprise
  - KA4 Entrepreneurship in the Social Economy
  - KA5 National Business Birth Rate Strategy for Wales
  - KA6 Entrepreneurship in Growth Businesses

### **Progress and activity to date**

Although it is still relatively early days in the EAP programme, (it was approved in December 2000), available evidence indicates already that some progress may have been made in encouraging a more entrepreneurial culture in Wales. One of the key indicators used to measure progress is the number of new businesses which have been created as a result of these interventions. The data shows that 2,025 new businesses have been created in Wales with WDA assistance in

the first half of this year - an increase of 61.4 % compared with the same period last year, when the figure was 1,244. In addition to this 838 existing businesses have already been assisted by the WDA National Gateway in the past 6 months.

This enhanced level of activity is to some extent evidenced in the latest GEM<sup>1</sup> index for Wales. This suggests that the percentage of adults engaged in entrepreneurial activity, either in actively entering the start-up process or running a new small firm, over the year 2001 was some 6%, up from 3.7% in 2000.

## **Individual Actions**

### **KA1 Promoting an Entrepreneurial Culture**

This encompasses a wide range of activities including:

- The launch of a major awareness-raising programme during the summer and autumn under the title 'because you can', to promote awareness of self-employment opportunities. Advertising on billboards and buses (see Appendix 1), and radio advertising has been used to raise the level of awareness of support in starting a business. This has resulted in a significant increase in the number of enquiries to the Business Connect Call-centre. A total of 2,752 over 13 weeks, averaging 212 additional per week.
- A joint venture has been entered into with the BBC to produce a programme called 'The Biz' (Appendix 2), in which new businesses will be followed in their first year of trading by camera crews. The Biz will go out during prime TV time, aimed at mainstream audiences. The first 3 episodes have been screened on 2W (digital) starting 11/11/02. These will be repeated on BBC 1 Wales analogue in January. The main series will be screened in Sept/ Oct 2003 on BBC 1 Wales analogue. (evaluation of digital broadcasting is not possible as the audience is currently too low). The advertising campaign has now entered a second phase with a stronger call to action. It should be noted, however, that cultural changes are not achieved quickly and it will be some time before the full impact is felt as can be seen from similar programmes, such as health education campaigns.

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<sup>1</sup> The Global Entrepreneurship Monitor (GEM) project was created in 1997 as a joint initiative between Babson College - the leading centre for entrepreneurship in the United States - and London Business School. The principal aim of GEM is to bring together the world's best entrepreneurship scholars to explore and understand entrepreneurship and its link to economic growth. The research in Wales is led by Professor Dylan Jones-Evans of the University of Wales Bangor and Professor David Brooksbank of the University of Glamorgan.

- The recruitment of over 300 entrepreneur role models and over 130 education role models have been trained to date. They are being used in a project called 'Dynamo', to encourage interest in entrepreneurship amongst young people (Appendix 3). All secondary schools in Wales are now able to access the Dynamo project. A suite of multimedia material to accompany the role models have now been provided.

Note HTV have now commissioned a 6 part documentary on new business start-ups.

## **KA2 Entrepreneurship Education Throughout the Whole Educational Process**

An assessment of entrepreneurship education within primary and secondary education (Appendix 4), was undertaken between November 2001 and March 2002. Following this, action has been taken to progress entrepreneurship education:

- A National Working Party for Entrepreneurial Career Development has been established, chaired by Careers Wales and including representatives from key organisations such as WAG, ELWa, Fforwm and IoD.
- An Action Plan for taking forward entrepreneurship education has been developed and has been endorsed by Careers Wales Chief Executives.
- Development work is already underway to produce classroom-based materials for integration within the National Curriculum. This work, in close consultation with ACCAC, is progressing well and a first draft of the material is currently being trialled in schools, with a more extensive trial planned for the 2003 spring term.

Other activities in the education sector include:

- 'Enterprise Insight Cymru' was launched in June of this year. This is a partnership with the CBI, IoD, and Chambers of Commerce which has so far recruited over 130 business representatives who have indicated an interest in working with schools (Appendix 5). The centrepiece of the launch event was the announcement of the winners of the 'Enterprise Olympics' 24 hour Global Challenge. The challenge, testing business and innovation abilities, involved teams from 12 countries including New Zealand, USA, Russia and South Africa as well as other

European Countries. The team representing Wales were a group of 14 year old pupils from Corpus Christi High School in Cardiff.

- The E-College, delivered through the University of Glamorgan and seven partners, continues to be successful. Using the internet, students have access to course materials twenty-four hours a day, seven days a week. The student profile is very unlike that of higher education generally – 39% are over the age of 40, 64% are looking to start up their own business and 29% are already running their own business (Appendix 6). Objective One funding for E-College Phase 2 has been approved.
- The Knowledge Exploitation Fund, led by ELWa, is also being considered for a further Objective One bid. The number and diversity of KEF scholarships are increasing with over 190 being awarded to date. KEF is in the process of establishing an all Wales Entrepreneurship Scholarship Networking Forum to facilitate information exchange and provide mutual support (Appendix 7).

KEF has a significant role to play in developing Entrepreneurship in Wales, as it provides opportunities for students from Welsh FE & HE institutions to establish new businesses, thereby providing a critical mass of new entrepreneurs.

- The Young Enterprise Graduate Programme has been introduced into 13 FE and HE institutions across Wales. Building upon a long history of delivery in secondary schools in Wales we can look forward to similar results being achieved in the further and higher education sectors as that achieved by Ysgol Tregib, winners of the Welsh and UK finals and were placed third in the Europe-wide final in August 2002 (Appendix 8).

#### **KA3/KA4 A Taste of Enterprise and Entrepreneurship in the Social Economy**

Focussing in particular on the social economy, the following work has been undertaken:

- Working in partnership with the Social Economy Network, the WDA has commissioned researchers from the University of Glamorgan to map the social economy (Appendix 9). The significance of the research project in terms of the EAP is that it is going to provide the baseline data from which the number of existing enterprises can be established and the growth of the sector can be measured. The data will also provide information on the size and needs of the individual enterprises – which will allow us to target our resources; and information on the potential

areas for growth, which again will allow us to target resources to gain the best return. This is nearing completion. A selection of case studies will be profiled, to illustrate a mix of good practice from urban and rural Wales, and all sectors within the social economy (e.g. environmental, social, co-operative and community businesses, development trusts etc).

- Taste of enterprise. Working together, The Enterprise Factory (Appendix 10), Enterprise Rehearsal (Appendix 11) and the Kick Start projects have enabled 480 individuals to receive advice and 127 test trading businesses have been established.
- The Enterprise Rehearsal project is looking at ways of tackling the 'benefits trap'. Assistance is given to those people on unemployment benefit to help them set up in business and trade for up to six months; during this period any receipts from training are held in a holding account. At the end of the six month period, the individual may make a decision to go into that business, in which case they come off benefits and the receipts of the first six months are passed into their account. Alternatively, if they find that the business is not for them, they do not lose their benefits and usually will have learned skills useful for other employment.
- The Enterprise Factory (Ffatri Fenter) provides young people with the opportunity to try out a business idea for a defined period of time. Its uniqueness comes from creating the environment to "actually do it", to get a taste of enterprise with minimum risk and without forgoing any other income streams. The aim being to convert latent entrepreneurial potential into action on the ground. Confidence and creativity are nurtured as well as business ideas transformed into reality. The project proactively targets young people who would not normally consider self-employment as a realistic option.

Within the social economy, over 220 new groups have received direct support, and nearly 902 new entrepreneurs identified and supported through the work of the Wales Co-operative Centre.

### **KA5/KA6 Business Birthrate Strategy**

In terms of new businesses being born, there are two areas of particular importance. The first is pre-start activities, where the EAP is encouraging larger numbers of people to come forward; the second is general start-up support.

With regard to **'pre start-up'** activity:

- Under the Potentia project, over 1700 people have been given assistance in setting up in business.

- Potentia is focussed particularly upon disabled people, the young (under 30s), single parents, Welsh speakers, ethnic minorities and those over the age of 50.
- Each of these groups has different needs and requirements, some are under-represented in terms of start-ups, and others are under-represented in terms of the take-up of public services.
- Potentia works very closely with the WDA's own start-up providers, not only in terms of referral, with approximately 500 of their clients already having gone on to start-up in business, but also in terms of increasing the capacity of the mainstream to work with such a diverse set of clients.
- Given the particular needs of this client group, bespoke training is laid on for each and every start-up contractor, the outcome of which is an action plan for that organisation to take forward improvements in its ability to work with a wider audience.
- This assistance will involve direct staff involvement across all of the start-up agencies over the next 18 months and has involved as delivers of the training, specialists in areas of disability, age discrimination, gender, race and language (Appendix 12).
- Prime Cymru have been contracted to deliver pre-start up support as part of the Potentia project. Based in Llandovery and delivering support through a team of client advisors, Prime Cymru work mainly with people over 50 who are out of employment, are unemployed, who have taken early retirement or are looking to establish lifestyle businesses. Client advisors have established strong links with mainstream providers in their respective areas and Potentia functions as an effective referral mechanism to these organisations.

**New Business start-up activity:**

- The bringing together of the programme inherited from the Training and Enterprise Councils into a single pan-Wales activity allowing the market to be better structured thus giving a bespoke service to those wishing to start up a business below VAT registration threshold and a service for those of larger businesses. All services have been fully and openly tendered and all gateway providers and information providers have been given a clear list of those contractors, thus hopefully reducing the level of complexity concerning who one should go to when thinking of setting up in business. (Appendix 13)

The agency is also completing tendering for a high growth New Business starts programme as outlined in the EAP, and endorsed by the First Minister last year. The programme has been fully tendered and is awaiting State Aids clearance; this service will make extremely high use of the private sector support that firms operating with a £1m plus a year turnover are going to require.

#### Public Sector Procurement

- As a major opportunity to stimulate the growth of entrepreneurial companies in Wales and to meet the requirements of the Better Value Wales review of public sector procurement, the National Procurement Website is being developed by the WDA working with the Welsh Assembly Government's Welsh Procurement Initiative Team, NHS Wales and other key public sector stakeholders. With an estimated £3bn spend even relatively small increases in local purchasing could have dramatic effects on both Welsh SMEs & Welsh public sector, as it will provide tangible business opportunities for Welsh SMEs, resulting in an improvement of overall suppliers efficiency, capacity responsiveness & therefore bottom line costs, while the public sector will benefit from reduced purchasing costs. Appendix 14 shows the key features of the proposed site. This work will need to be complemented by the expansion of services to advise SMEs in Public Procurement processes, some very good examples of which already exist across Wales, such as Contract Shop.

#### Finance Wales

- Increased activity rates by Finance Wales. Deals led by Finance Wales (Appendix 15) injected a total of £17.8m into 72 new or expanding Welsh companies between the beginning of April and the end of August. Direct loan and equity investment of £5m led to a further £12.8m of private sector investment. This is more than double the value of investment during the same period of the previous financial year (£8.6m). During the year so far, the number of "spin-out" businesses backed by Finance Wales doubled, with 18 new commercial ventures emerging from Welsh universities and colleges.

### **Conclusion**

9. The Committee is invited to note the information, which details the current progress on implementation.

**OUTPUTS AGAINST TARGETS: SUMMARY AS AT 14.11.02 ANNEX A**

| KA1<br>National Awareness<br>Campaign                                    | 2001 / 02 |                    |            | 2002/ 03 |                    |            |
|--|-----------|--------------------|------------|----------|--------------------|------------|
|  | Actual    |                    |            | Actual   |                    |            |
|  | Target    | Outturn<br>to date | Difference | Target   | Outturn<br>to date | Difference |
| Entrepreneurs identified and used as role - models                       | 70        | 130                | +60        | 180      | 198                | +18        |
| People (role models) trained for participation in Educational activities | 20        | 20                 | 0          | 60       | 112                | +52        |
| Number of people targeted with positive messages                         | 20000     | 80000              | +60000     | 500,000  | 1,817,510          | +1,317,510 |

This is now an all Wales project, and to fund the extra outputs an additional financial resource outside of Objective 1 has been allocated. This is mainly funded by the WDA, with a smaller percentage of funding from Objective 2.

**OUTPUTS AGAINST TARGETS: SUMMARY AS AT 14.11.02 ANNEX A**

| KA2<br>Entrepreneurship in<br>education                                       | 2001 / 02         |                    |            | 2002/ 03 |                    |            |
|---|-------------------|--------------------|------------|----------|--------------------|------------|
|   | Actual            |                    |            | Actual   |                    |            |
|   | Target            | Outturn<br>to date | Difference | Target   | Outturn<br>to date | Difference |
| Career advisors,<br>teachers and lecturers<br>receiving training <sup>2</sup> | 0                 | 175                | +175       | 600      | 148                | -452       |
| Individuals<br>participating in e-<br>college training                        | 180               | 180                | 0          | 0        | 380                | +380       |
| Beneficiaries receiving<br>enterprise training                                | 1600              | 1295               | -305       | 4000     | Tba                | -          |
| Graduate company<br>starts  | 40                | 36                 | -4         | 80       | 194                | +114       |
| Staff receiving<br>updating training  | 570 <sup>3</sup>  | 429 <sup>2</sup>   | -141       | 250      | 296                | +46        |
| SMEs assisted with<br>advice and / or<br>training                             | 3300 <sup>2</sup> | 3135 <sup>2</sup>  | -165       | 1200     | 1192               | -8         |

<sup>2</sup> Programme outturns for 2001/02 and 2002/03 to date funded by WAG. Implementation team now in place; project has been integrated within Careers Wales corporate training programme. Current figures are a known underestimate; awaiting an all-Wales update.

<sup>3</sup> Updated from 2001/02 original figures

**OUTPUTS AGAINST TARGETS: SUMMARY AS AT 14.11.02 ANNEX A**

| <b>KA3 / KA4-<br/>Developing<br/>Enterprises and the<br/>Social Economy</b> | <b>2001 / 02</b> |                            |                   | <b>2002/ 03</b> |                            |                   |
|---|------------------|----------------------------|-------------------|-----------------|----------------------------|-------------------|
|   | <b>Actual</b>    |                            |                   | <b>Actual</b>   |                            |                   |
|   | <b>Target</b>    | <b>Outturn<br/>to date</b> | <b>Difference</b> | <b>Target</b>   | <b>Outturn<br/>to date</b> | <b>Difference</b> |
| No. of new groups supported   | 20               | 47                         | 27                | 30              | 220                        | +190              |
| No. of new social entrepreneurs   | 100              | 72                         | -28               | 400             | 902                        | +502              |

| <b>KA5 / KA6 --<br/>National Business<br/>Birth and Growth</b> | <b>2001 / 02</b> |                            |                   | <b>2002/ 03</b> |                            |                   |
|--|------------------|----------------------------|-------------------|-----------------|----------------------------|-------------------|
|  | <b>Actual</b>    |                            |                   | <b>Actual</b>   |                            |                   |
|  | <b>Target</b>    | <b>Outturn<br/>to date</b> | <b>Difference</b> | <b>Target</b>   | <b>Outturn<br/>to date</b> | <b>Difference</b> |
| Total public supported births <sup>4</sup>                     | 4600             | 1800                       | -2800             | 6300            | 2388                       | -3912             |

<sup>4</sup> Business birth rate strategy was agreed at the Partnership meeting on 8/11/01; final WEFO approval confirmed on 29/10/02. High Growth New Business Start-up programme was discussed at the Partnership meeting on 11/04/02; supported by Partnership on 08/08/02, application sent to WEFO on 14/08/02. Negotiations with WEFO continuing. An Objective Two bid and an Objective Two transitional bid for the new business start-up programme for high growth was endorsed by the Objective Two Regional Partnership on 31/10/02 – both bids have been forwarded to WEFO for eligibility checks and assessment.

**ANNEX B**

|               |  | Projected Spend (£)   | KA Spend (£) | Total Estimated Cost (£) <sup>(1)</sup> |
|---------------|--|---|--------------|---|
| <b>KA1</b>    | <b>Promoting an Entrepreneurial Culture</b>                    |   |              |   |
|               | ~  | WDA/EU approved Objective One project (2001/2003)             | 9.8m         |   |
|               | ~  | Non Objective One- WDA Prospective Objective 2 bid            | 3.1m         | 14.7m                                   |
|               |  |   |              | 20.15m                                  |
| <b>KA2 S1</b> | <b>Entrepreneurship within Career Development</b>              |   |              |   |
|               | ~  | Careers Wales: prospective Objective One bid                  | 0.14m        | 0.14m                                   |
|               |  |   |              | 0.35m                                   |
| <b>KA2 S2</b> | <b>Entrepreneurship within Primary and Secondary Education</b> |   |              |   |
|               | ~  | ACCAC Work Enterprise Insight Wales                           | 0.34m        | 0.1m                                    |
|               |  |   |              | 6.46m                                   |
| <b>KA2 S3</b> | <b>Programmes of Enterprise in HE &amp; FE</b>                 |   |              |   |
|               | ~  | Knowledge Exploitation Fund (2001/2003)                       | 8.6m         |   |
|               | ~  | E-College University of Glamorgan: approved Objective One bid | 7.9m         | 6.4m                                    |
|               |  |   |              | 14.3m                                   |
| <b>KA3</b>    | <b>Taste of Enterprise</b>                                     |   |              |   |
|               | ~  | Enterprise Factory: WDA/EU Objective One approved project     | 1.70m        |   |
|               |  |   |              |   |
|               | ~  | WDA Prospective Objective 2 bid                               | 1.125m       | 2.82m                                   |
|               |  |   |              | 3.4m                                    |
| <b>KA4</b>    | <b>Entrepreneurship in Social Economy</b>                      |   |              |   |
|               | ~  | (Wales Coop ~ Credit Union: approved Objective One bid)       | (2.70m)      |   |
|               | ~  | Social Entrepreneurs: approved Objective One bid              | 0.30m        |   |
|               | ~  | Local Objective One approved bids                             | 0.65m        | 3.65m                                   |
|               |  |   |              | 4.8m                                    |

(1) These figures comprise the estimated expenditure required under each Key Action as set out in the Entrepreneurship Action Plan prepared in 2000.

2001 - 03 Entrepreneurship Implementation Plan – Resources identified to date

ANNEX B

|            |  |  | Projected Spend (£)             | KA Spend (£)   | Total Estimated Cost (£) <sup>(1)</sup> |
|------------|--|--|---------------------------------|----------------|---|
| <b>KA5</b> | <b>A National Business Birth Rate Strategy for Wales</b> |  |                                 |                |   |
|            | ~  | Under represented groups: WDA/EU approved Objective One bid (POTENTIA) | 6.2m                            |                |   |
|            | ~  | Under represented groups WDA Non Objective One (POTENTIA)              | 1.5m                            |                |   |
|            | ~  | WDA Mainstream Business Starts Programme                               | 15.50m                          |                |   |
|            | ~  | EU/Finance Wales ~ Start up Equity & Loan Objective One                | 13.4m                           |                |   |
|            | ~  | Women's Enterprise Wales: EU/ Chwarae Teg Objective One approved bid   | 1.87m                           |                |   |
|            | ~  | Women's Enterprise Wales: EU/ Chwarae Teg non Objective One            | 1.0m                            |                |   |
|            | ~  | Local Objective One approved bids                                      | 1.60m                           |                |   |
|            | ~  | Business Start Programme for high growth business                      | 9.00m + 6m Potential EU Funding | 59.25m         | 83.4m                                   |
| <b>KA6</b> | <b>Entrepreneurship in Growth Business</b>               |  |                                 |                |   |
|            | ~  | Finance Wales~ Objective One Funding <sup>5</sup>                      | 46m                             |                |   |
|            | ~  | Local Objective One approved bids                                      | 0.70m                           |                |   |
|            | ~  | Menter a Busnes Objective One approved bid                             | 0.15m                           |                |   |
|            | ~  | WDA ~ Sole Traders Initiative  | 1.20m                           |                |   |
|            |  | ~ Diagnostic Service   | 4.50m                           |                |   |
|            | ~  | Business Connect   | 12.50m                          |                |   |
|            | ~  | Wales Trade International project Objective One                        | 8.5m                            | 95.55m         | 93.6m                                   |
|            | <b>Total EAP resources identified to date</b>            |  |                                 | <b>215.70m</b> | <b>234.58m</b>                          |

<sup>5</sup> This total relates to Objective One projects; total all-Wales using all funding sources totals £68m