

Welsh Government's Response to the Enterprise and Business Committee's Report on Youth Entrepreneurship

Executive Summary

This document sets out the Welsh Government's response to the Report on Youth Entrepreneurship in Wales, published by the Enterprise and Business Committee on 13 November 2013.

We are committed to embedding an entrepreneurial culture in Wales and continue to deliver the actions within the Youth Entrepreneurship Strategy (YES) Action Plan, a joint strategy between the Department for Economy, Science & Transport and Department for Education and Skills. We are pleased the report recognises the strength of our commitment and the range of initiatives that have been put in place in pursuit of that goal. We welcome the recommendations and the focus of the committee on this important agenda.

The YES Action Plan, now in its third year of delivery is making good progress and a Welsh Government Written Statement has been published. An update detailing the progress against each of the ten Key Actions, outputs, impact measures and key milestones has also been published on the Big Ideas Wales website.

http://ms.fs4b.wales.gov.uk/sub_sites/big_ideas_wales/content/about_us/yes_action_plan_2010/annual_report.aspx

The delivery of Youth Entrepreneurship is in line with the Programme for Government commitments to promote economic growth and provide jobs for young people.

A detailed response to the 10 recommendations and detailed actions identified by the Committee is set out below.

Recommendation 1

Investigate the disconnection between the level of interest and aspiration for youth entrepreneurship and the actual number of businesses that are being started by young people, and establish how best to bridge that gap.

Response: Accept

- Whilst 53% of young people under 25 now have aspirations to work for themselves and be their own boss, a rise from 42% in 2004 (Wales Omnibus Survey 2013), there has also been a rise in young people starting up in business.
- The early-stage entrepreneurial activity rate of young adults aged 18 to 24 has tripled in Wales from 3 per cent in 2004 to 9.5 per cent in 2012 and remains higher than the UK average UK average rate at 8.3 per cent. (Global Entrepreneurship Monitor Report 2013).
- The Higher Education Business Interaction Survey (HEBCIS) 2013 survey also reports that universities in Wales make up 5% of the UK's Higher Education population, but generate 9.1% of all UK graduate business start-ups and 11.33% of active firms lasting 3 years or more.

- Despite these positive indicators more could be done to bridge the gap between the aspiration of young people and starting up in business.
- The introduction of new services in 2013, as part of a three year programme of funding, will seek to address potential gaps identified by research. In particular, the new services will help support young entrepreneurs to take steps to start up in business. These services include a range of events and roadshows to develop ideas, share experiences with entrepreneurs and sign post to support services and a new Challenge led by entrepreneurs for 16-24-year-olds aspiring entrepreneurs.
- These will be incorporated in work underway to develop the new EU funded programme which will include activities to address the gap between aspirations and starting up in business. Under the plan Youth Entrepreneurship services will be part of the wider start up service enabling seamless provision of support throughout the lifecycle.

Financial Implications – Included within current budget and to be taken into consideration in the development of the new Economy, Science & Transport (ES&T) EU funded programme.

Recommendation 2

Work to improve the consistency of data on youth entrepreneurship and carry out rigorous monitoring and evaluation of progress achieved and comparison with other countries. The aim should be to collect more outcome-related information such as the wider impact of youth entrepreneurship on the Welsh economy, and long-term tracking of young people's progress following enterprise education, including disaggregation according to gender.

Response: Accept

- The YES Action Plan Panel has developed a framework to clearly articulate the impacts of the YES Action Plan. The Panel was appointed for a two year term that ended in July 2013. To deliver a more holistic approach to entrepreneurship, the Minister has established a single overarching Entrepreneurship Panel that will incorporate the work of the previous YES Action Plan Panel. The recently appointed Entrepreneurship Panel will provide the Minister with guidance and expertise on the development of an entrepreneurship strategy and performance measures and will use performance against the framework to evidence future strategic direction for the services.
- Officials are working closely with the European Commission's expert group on data and indicators on entrepreneurial learning and recently presented the framework to an expert group including OECD, Carnegie Trust and GEM in Brussels.
- Longitudinal evaluation of entrepreneurial activity has been undertaken since 2002. In line with the framework our main indicator is the Global Entrepreneurship Monitor Report (GEM).

- At an individual pupil level Department for Education and Skills (DfES) intends to begin capturing data on entrepreneurship activities on the Pupil Level Annual School Census (PLASC). Our intention currently is to begin capturing data relating to;
 - Whether individual pupils have received some entrepreneurship activity or not;
 - How many enterprise activities the individual has been involved in;
 - Whether the enterprise activity directly involved an employer.
- However, we will need to agree the precise number and content of questions included on PLASC bearing in mind the burden on schools in capturing additional data. The lead in time for this development is likely to be two years.
- The main performance measures for the post-16 sector are based on learner outcomes and focus on the achievement of qualifications. Data is collected via the Lifelong Learning Wales Record (LLWR) and is published annually in the form of a statistical release. DfES is currently looking at developing a destinations measure to show what an identified cohort of learners progressed onto, for example, further learning, employment or higher education. This will be done by matching a number of different data sources (PLASC, LLWR, HESA etc). In order to consider whether specific tracking can/should be undertaken for young people who have undertaken enterprise education DfES will need to assess whether specific qualifications can be identified in relevant data sources and to evaluate whether there is capacity to undertake this analysis.

Financial Implications – Element for ES&T is included within current budget and to be taken into consideration in the development of the new ES&T EU funded programme. There would be financial implications for DfES to setting up a longitudinal tracking study of young people's progress following enterprise education, including disaggregation according to gender. If following an assessment as to feasibility and value for money it is decided to proceed with such a study, costs will be budgeted from Youth Engagement and Employment BE 4760L

Recommendation 3

Consider how the culture towards entrepreneurship could be changed and work with partners such as the Prince's Trust to realise the ambition of disengaged young people in particular. Ministers may wish to consider hosting an annual conference for young people, their educators and parents to be inspired by successful young entrepreneurs.

Response: Accept

- Entrepreneurship is an important driver for economic growth, competitiveness and job creation. The significance of creating a culture towards entrepreneurship is recognised and will be considered by the new Entrepreneurship Panel.

- Officials are working closely with organisations such as the Prince's Trust to support unemployed and disadvantaged young people aged 18-30 to consider if their business ideas are viable and whether self-employment is right for them.
- In December 2012, the Minister approved revenue funding for short term financial support, up until March 2014, to the Prince's Trust Enterprise Programme which will support around 98 new businesses started by young people who were previously not in Education, Training or Employment (NEET).
- In line with the development of future EST EU funded services consideration will be given to develop a suite of key activities to promote and engage entrepreneurs such as an annual conference for young people.
- The Traineeships programme for 16-18 year olds aims to support young people to gain sustained employment by helping them with their confidence and motivation and addressing barriers to learning. The programme seeks to improve skills levels through the delivery of entry level qualifications up to NVQ Level 1 in a chosen occupational area. The programme includes the delivery of essential skills qualifications and key employability skills. An internal review of the Traineeships programme will consider how best to enhance delivery of entrepreneurship activities within Traineeships. This will include both promotion of self-employment as a possible progression route from the programme (where appropriate) and the delivery of activities across the entire programme which foster a spirit of entrepreneurialism within young people. This will be taken forward in collaboration with the National Training Federation for Wales.
- We believe that Local Authorities are best placed to know what the provision needs are for their areas and whether there is a gap in the provision available for disengaged young people. Through our Youth Engagement and Progression Framework Implementation Plan we have asked Local Authorities to strengthen their mapping of current provision and to use this to identify gaps, unmet needs or duplication in existing provision. The key is that a provision pathway exists for all young people which actively help them to progress. This mapping should include provision which encourages entrepreneurialism. We have requested a baseline map from Local Authorities by end March 2014. The 14-19 grant in 2014-15 can be used to resource provision to keep young people engaged in learning.
- We will continue to deliver successful Jobs Growth Wales self employment strand which to date (October 2013 official JGW statistics) has supported 124 young people to set up their own businesses. The forthcoming evaluation of the programme will inform how we take this strand of delivery forward.

Financial Implications – Element for ES&T is included within current budget and to be taken into consideration in the development of the new ES&T EU funded programme. There would be financial implications for DfES to host an annual conference for young people, their educators and parents to be inspired by successful young entrepreneurs which would need consideration as to its expected impact and value for money. If following an assessment as to feasibility and value for money it is decided to proceed with such an event, costs will be budgeted from Youth Engagement and Employment BEL 4760.

Recommendation 4

Ensure entrepreneurship and social entrepreneurship are embedded into the curriculum in primary, secondary and further and higher education rather than being a bolt-on, placing enterprise skills at the very heart of the Welsh education system, and consider how entrepreneurship can be further promoted and mainstreamed within the revised Welsh Baccalaureate Qualification.

Response: Accept in principle – due to the Basic Curriculum being reviewed in 2014.

- The 14-19 report via the YES plan demonstrates entrepreneurial courses available to learners at KS4 and Post-16.
- Careers and the World of Work (CWW) is embedded throughout the school curriculum. The programmes of study for all subjects identify opportunities for children and young people to learn about CWW and key entrepreneurial skills in readiness for their future working lives. Entrepreneurship is a key component of the CWW framework. Schools are encouraged to provide opportunities for learners to explore the attributes of entrepreneurs and the role of enterprise in wealth creation. They also provide opportunities for learners to develop their own ability to act in entrepreneurial ways.
- Through our Youth Engagement and Progression Framework Implementation Plan we have committed to working with a range of partner organisations to develop a strategic project for Employer Engagement and delivery of an enhanced Careers and World of Work programme. As a priority area we intend to seek future ESF funding to support this.
- Learning and progression in entrepreneurship education was published in December 2012. This explains how schools and colleges should plan and deliver entrepreneurship education, embed entrepreneurial thinking and skills in the learning experiences of young people and work in partnership with local businesses and employers.
- Opportunities already exist within the current Welsh Baccalaureate for learners to undertake team enterprise activities. As part of the Work Related Education Element of the Core of the Welsh Baccalaureate all learners must complete a team enterprise activity at whichever level they are studying. This involves at least 30 hours at the Advanced Level and 15 hours at the Foundation and Intermediate levels and is intended to help them understand how businesses work and to develop entrepreneurial skills.
- The revised Welsh Baccalaureate, which is due to be implemented from 2015, following recommendations from the independent Review of Qualifications for 14-19 year olds in Wales, includes an 'Enterprise and Employability Challenge'. The Welsh Government is encouraging the revised Welsh Baccalaureate to be universally adopted and it is anticipated, that there will be greater involvement with businesses and voluntary organisations. With the increased rigour of the Welsh Baccalaureate there will be increased assurance that these activities are worthwhile, demanding and meaningful.

Financial Implications - No additional financial implications

Recommendation 5

Decide who should take on the role of providing a central portal of advice and guidance for existing and potential young entrepreneurs and for developing a route map of the options available, and subsequently work to establish those centres across Wales

Response: Accept

- A three year programme of entrepreneurship funding to support six Regional FE/HE Hubs commenced in September 2012. Working collaboratively, champions of entrepreneurship in all Further (FE) and Higher Education (HE) Institutions across Wales, stimulate an interest and participation in entrepreneurship, provide practical experiences and promote a clear route to start up.
- Youth Entrepreneurship is specifically promoted through the Big Ideas Wales website and social media. 2012-13 saw a 71% increase in the number sessions on www.BigIdeasWales.com on the previous year. 35,050 sessions provided information to young people considering starting a business. 6848 young people also completed the online self assessment to test their entrepreneurial skills, a year on year increase of 77%.
- A route map, developed by the YES Action Plan Panel will form the basis of the re-development of the website scheduled for 2014.
- Officials are currently scoping the service that will be delivered under the next round of the European structural funds, this will include how we deliver the youth entrepreneurship service and it's fit with the wider entrepreneurship agenda including our start up service.
- Consideration is also being given to how key stakeholders can feed into the work of the Entrepreneurship Panel to ensure that youth entrepreneurship service in Wales is streamlined.

Financial Implications – Included within current budget and to be taken into consideration in the development of the new ES&T EU funded programme.

Recommendation 6

Publish an explanation of the assessment it made of Young Enterprise's effectiveness before its funding was withdrawn.

Response: Reject

- Enterprise delivery in schools is a school responsibility. It is for schools to deliver these elements of the curriculum.
- Careers Wales support for Young Enterprise Wales (YEW) ended in March 2013 and will not be renewed following the changes and new direction of the Careers Wales remit focusing on younger people aged up to 25, to provide a more

differentiated service focusing on key target groups, to support a more preventative NEET focus. The withdrawal of funding in 2013 was not a result of an assessment of Young Enterprise Wales' effectiveness or otherwise, it was a result of broader changes to Careers Wales' remit. Careers Wales will maintain links with YEW and several other enterprise activity providers for education and 'market' their services to schools. However, it will now be for schools to meet the cost of such activities themselves.

- Young Enterprise Wales was in receipt of this support for their core costs for some 15 years. The funding provided to Young Enterprise Wales was intended to be 'pump priming' funding with the majority of delivery costs being met by schools in terms of team registration, cost of materials and school staff support. The intention was that Young Enterprise Wales the organisation would move to be self-financing.
- Given the changes in remit and reductions in the Careers Wales budget it would have been inappropriate for Careers Wales to continue to contract with Young Enterprise Wales for such delivery.

Financial Implications – None. Recommendation rejected. The reduction in Careers Wales funding since becoming a wholly owned subsidiary of the Welsh Government, and looking ahead, means support to external bodies for such activity via Careers Wales is both unaffordable and is now outside the Careers Wales remit. There are therefore no additional financial implications.

Recommendation 7

Monitor and review the impact of the change in Careers Wales's remit and the predicted short-term dip in the provision of entrepreneurship activities for young people, and publish its findings in a report on the first year of Career Wales' operations

Response: Accept in principle

- Enterprise delivery in schools is a school responsibility. It is for schools to deliver these elements of the curriculum.
- Ministers provide direction to Careers Wales through an annual remit letter. Significant changes to the remit provided to Careers Wales by Ministers were brought forward from April 2013. The revised remit directs Careers Wales to continue to support schools to deliver enterprise and entrepreneurship opportunities but to do this by facilitating links between education and business and education and enterprise providers. Careers Wales has been directed in the remit to withdraw its own staff from direct delivery of such activities.
- DfES policy officials work closely with Careers Wales management team to ensure delivery of its remit, monitoring and reviewing activities throughout the financial year to ensure effectiveness and value for money.
- The Careers Wales role in the area of entrepreneurship is now one of facilitation and support to schools e.g. facilitating links with employers and enterprise

providers such as Young Enterprise Wales, Achievers International and Business Dynamics.

- The Estyn Thematic inspection of schools delivery of the Careers and the World of Work Curriculum Framework that resulted in the report Informed Decisions: Implementation of the Careers and the World of Work framework – October 2012, identified that many schools do not deliver this framework well. The Welsh Government is looking to address this requirement via a development programme, with possible EU Structural Funds assistance, to improve and increase schools capacity to deliver work related and entrepreneurship education. Work on the development of the ESF project is in its formative stages but Careers Wales are a key stakeholder and involved in the discussions developing the project proposal.

Financial Implications – The requirement for reviewing Careers Wales performance against entrepreneurship delivery does not exist following the change in the remit in 2013-14. Careers Wales will be submitting an annual report assessing its performance against its remit, which includes employer engagement and education business partnership, to the Deputy Minister for Skills and Technology.

There is no surplus funding available to carry out such a review in the first year of Careers Wales new remit (2013-14). It would also not be possible or appropriate to try to procure such a review and carry it out before the end of the financial year.

Recommendation 8

Review the range of initiatives available to support young people in setting up their own businesses, including the provision for more incubation facilities, and with partners - including Young Enterprise and the Prince's Trust - strategically and geographically set out their future role in delivering the YES action plan, enterprise activity within the Welsh Baccalaureate and any commensurate funding.

Response: Accept

- Officials are currently scoping the service that will be delivered under the next round of the European structural funds, this will include how we deliver the youth entrepreneurship service and it's fit with the wider entrepreneurship agenda including our start up service.
- This piece of work will also consider the variety of wider support for young entrepreneurs in Wales and how it fits together
- Consideration is also being given to how key stakeholders can feed into the work of the Entrepreneurship Panel to ensure that youth entrepreneurship service in Wales is streamlined.

Financial Implications – Included within current budget and to be taken into consideration in the development of the new ES&T EU funded programme.

Recommendation 9

Ensure that the good practice being developed by the Regional Entrepreneurship Hubs can be shared across Wales and that they should be signposted more prominently in their local areas.

Response: Accept

- The Regional Entrepreneurship Hubs have been established to encourage collaboration, interlink with wider economic developments and provide a clear route for young people to take the next steps to entrepreneurship/start up.
- Mechanisms are being put in place to share good practice developed by the Regional Hubs on a regional and national basis. This “one-stop shop” model will need to be evaluated and considered as a possible model for future delivery.
- Annually we celebrate and encourage entrepreneurship during Global Entrepreneurship Week encouraging people of all ages to pursue their business ideas and raise awareness of the help and support available for start-ups in Wales. In 2013, 481 events were held; almost 15% of the UK total.
- The ADEPTT partnership brings together 13 partners from 8 countries (Spain, Iceland, Belgium, Netherlands, England, Wales, Portugal, Germany and Norway) to exchange best practices from different regions to develop and pilot an innovative training model that contributes to supporting and improving entrepreneurial teaching practice.

Financial Implications – Included within current budget and to be taken into consideration in the development of the new ES&T EU funded programme.

Recommendation 10

Encourage and incentivise more young people to be able to share and learn skills through networking and mentoring, and provide more opportunities for one-to-one coaching from a more diverse range of mentors.

Response: Accept

- The business led Big Ideas Wales challenge was launched in October 2013. It provides young people age 16-24 with an opportunity to network and receive bespoke support from business to take forward their business ideas.
- Flintshire Business Entrepreneurship network has been established by key regional partners to promote youth entrepreneurship. An inaugural event for young entrepreneurs was held in November 2012. Officials are currently working with my Business Entrepreneurship Champion Askar Sheibani to evaluate the enterprise club and consider the potential roll out to other areas in Wales.
- A business mentoring service for Welsh SMEs has been developed and was launched in October 2012. Mentors are actively being recruited and are being matched with mentees.

- Through the Business Wales services young entrepreneurs will also be supported through the Graduate Start up Service, Start up support, among other support provision offered by partners such as the Prince's Trust and Go Wales. Support includes workshops, one to one advice, finance and mentoring

Financial Implications – Included within current budget and to be taken into consideration in the development of the new ES&T EU funded programme.