



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Menter a Busnes **The Enterprise and Business Committee**

Dydd Iau, 20 Mehefin 2013
Thursday, 20 June 2013

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Yr Arglwydd/Lord Dafydd Elis-Thomas	Plaid Cymru The Party of Wales
Alun Ffred Jones	Plaid Cymru The Party of Wales
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
David Rees	Llafur Labour
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Dr Rachel Bowen	Rheolwr Polisi Cymru, Ffederasiwn Busnesau Bach Wales Policy Manager, Federation of Small Businesses
Anne Colwill	Rheolwr Ardal, Menter yr Ifanc Cymru Area Manager, Young Enterprise Wales
Sharon Davies	Prif Swyddog Gweithredu, Menter yr Ifanc Chief Operating Officer, Young Enterprise
Mark Jones	Cadeirydd, ColegauCymru Chair, CollegesWales
Lesley Kirkpatrick	Cyfarwyddwr, Prince's Trust Cymru Director, The Prince's Trust Cymru
Mike Learmond	Rheolwr Datblygu Rhanbarthol Gogledd Cymru, Ffederasiwn Busnesau Bach North Wales Regional Development Manager, Federation of Small Businesses
Professor/Yr Athro Julie Lydon	Is-ganghellor, Prifysgol De Cymru Vice-chancellor, University of South Wales
Kieran Owens	Entrepreneur Ifanc Young Entrepreneur
Dr Greg Walker	Dirprwy Brif Weithredwr, ColegauCymru Deputy Chief Executive, CollegesWales
Amanda Wilkinson	Cyfarwyddwr, Addysg Uwch Cymru Director, Higher Education Wales

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Ffion Emyr Bourton	Dirprwy Glerc Deputy Clerk
Siân Phipps	Clerc Clerk
Gareth Pembridge	Cynghorydd Cyfreithiol Legal Adviser

*Dechreuodd y cyfarfod am 9.18 a.m.
The meeting began at 9.18 a.m.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Nick Ramsay:** Good morning. I welcome Members and our witnesses to this morning's meeting of the Enterprise and Business Committee. This meeting is bilingual; headphones can be used for simultaneous translation from Welsh to English on channel 1 on the headsets, or for amplification of sound on channel 0. The meeting is being broadcast and a transcript will be available. I ask Members to turn off their mobile phones. There is no need to touch the microphones; they should operate automatically. In the event of a fire alarm, please follow directions from the ushers. We have two apologies today from Julie James and Eluned Parrott, and no substitutions.

Ymchwiliad i Entrepreneuriaeth ymysg Pobl Ifanc—Sesiwn Dystiolaeth Inquiry into Youth Entrepreneurship—Evidence Session

[2] **Nick Ramsay:** We are this morning continuing with our inquiry into youth entrepreneurship in Wales. I welcome our witnesses today. Thank you very much for attending and for providing your written evidence. Would you like to give your names and positions for the Record of Proceedings?

[3] **Ms Kirkpatrick:** Good morning. I am Lesley Kirkpatrick, director of the Prince's Trust in Wales.

[4] **Ms Davies:** Good morning. My name is Sharon Davies, chief operating officer for Young Enterprise.

[5] **Ms Colwill:** Good morning. I am Anne Colwill, area manager for Young Enterprise Wales.

[6] **Nick Ramsay:** Great. Thank you very much for being with us this morning and for helping us with our proceedings. We have a large number of questions for you—it is quite a packed agenda—so I propose that we go straight into those. Given that we have a panel of three, I ask Members to be specific about who you are asking your questions to. Do not feel that you all have to answer every question; please answer questions that are in your particular interest area. The first question is from Alun Ffred Jones.

[7] **Alun Ffred Jones:** Byddaf yn gofyn fy nghwestiwn yn Gymraeg. Mae'r cwestiwn cyntaf wedi ei gyfeirio at Prince's Trust Cymru. Rwy'n cyfeirio at gynllun gweithredu strategaeth entrepreneuriaeth ieuencid Llywodraeth Cymru. Byddaf yn cyfeirio at honno fel 'y strategaeth' o hyn ymlaen. Yn gyntaf, beth yw rôl Prince's Trust Cymru yn y strategaeth hon, neu sut ydych chi'n gweld eich rôl o fewn y strategaeth?

Alun Ffred Jones: I will ask my question in Welsh. The first question is directed to Prince's Trust Cymru. I am referring to the Welsh Government's youth entrepreneurship strategy action plan. I will be referring to that as 'the strategy' from now on. First, what is the role of Prince's Trust Cymru within this strategy, or how do you view your role within the strategy?

[8] **Ms Kirkpatrick:** If Members could bear with me—I have been with the trust for five months so I am learning a lot but I am getting to grips with our business and supporting young people. We engaged with the youth entrepreneurship strategy through colleagues in the relevant department. I understand from discussions that I have had with my colleagues that

we were consulted and members of the appropriate department talked to us. That was some time ago. When I was covering the background to this in preparation for today, I noticed that we are not involved in the action plan panel, which I would be interested to follow up on. We have excellent links with Mrs Hart's department and we regularly meet with her officials. We have also had a degree of financial support from her department as well, most recently to support our enterprise programme. That is all I will say for the moment.

[9] **Alun Ffred Jones:** A allech chi fanylu ychydig bach yn fwy? Mae strategaeth yn ei lle: ble rydych chi'n ffitio i mewn i'r strategaeth honno neu a ydych yn sefyll y tu allan iddi ac yn gwneud yr hyn yr ydych yn credu sy'n iawn o fewn eich cylch gwaith chi?

Alun Ffred Jones: Could you elaborate? The strategy is in place: where do you fit into that strategy or do you sit outside that strategy and do what you think is appropriate within your remit?

[10] **Ms Kirkpatrick:** We fit into the strategy because we are the United Kingdom's leading charity supporting young, disadvantaged people. Youth unemployment and long-term youth unemployment in particular is a huge issue for Wales as a country. One of our programmes is specifically aimed at helping young people aged between 18 and 30 to consider enterprise and entrepreneurial activity and self-employment as an option. We fit into the strategy and we are a major player because the young people whom we support are within that age group. Although we say that we reach out to disadvantaged young people, there are also young people who are often unemployed graduates and come to the Prince's Trust for support, specifically through the enterprise programme.

[11] The enterprise programme is one of our core programmes and it has been running for 30 years across the UK, helping about 80,000 young people into self-employment. So, it is a core part of our activity and it fits, and should continue to fit and be closely aligned with the Government's strategy as regards helping young people into self-employment. It might just be worth giving some of the figures: we aim to support 500 young people in our enterprise programme this year. Of those 500 young people, we do not expect them all to go to start a business, but we do expect 25%, or about 125 of those young people, to continue into self-employment and to start a business. The key issue for us, which I am sure will come up later, is the fact that our enterprise programme consists of financial assistance, but a critical part of our programme is the business mentoring that we give to young people and the intensive level of support. For us, it is a core programme and we want to try to grow the numbers of young people we help through that programme.

[12] **Alun Ffred Jones:** Hoffwn droi at Fenter yr Ifanc. A allech esbonio i mi yn gyntaf faint o gefnogaeth ariannol sy'n dod i Fenter yr Ifanc gan y Llywodraeth? Mae gen i ddau ffigwr yn y man hwn.

Alun Ffred Jones: I would like to turn to Young Enterprise. Could you start by explaining to me how much financial support Young Enterprise receives from the Government? I have two figures before me.

[13] **Ms Colwill:** We have never been funded directly by the Welsh Government; we have always been funded through sub-contracting with the Careers Wales company. For 2012-13, the funding was £100,000 for the whole year. The previous year, it was £126,000. Prior to that, it was higher, so it has been brought down every year. For that, we deliver against a contract, or have delivered against a contract, under which we report to Careers Wales, including all the data for student participation, the schools they are in, success rates, and even the dates of birth and everything to do with the students, so that their records of achievement can be kept up to date. Unfortunately, for 2013-14—that is, from 1 April—we have no funding. That is because Careers Wales's remit—I know that we will be going on to that a bit later on—has changed. It no longer has the remit to take enterprise education into schools, and so we have absolutely no Government funding. The only thing that we have had so far

was our big annual event yesterday, at which we celebrated the success of 14 student companies from across Wales, seven of which took part in our team programme, which is for those who have special learning needs, and seven of them from mainstream education. We put in a funding bid to the Welsh Government for support for the event, which was for half the cost, £8,000, and that was approved. The reason why it was approved was that it completely sat within the YES action plan. I have the reasons it gave to us in the acceptance letter, should you want to hear them. However, that is the only funding for 2013-14 that we expect to receive.

[14] **Alun Ffred Jones:** Felly, a yw'n iawn dweud nad yw'r Llywodraeth yn gweld the Government does not see Young Enterprise yn rhan o'i chynllun Enterprise as part of its action plan and its gweithredu a'i strategaeth ar gyfer y dyfodol? strategy for the future?

[15] **Ms Colwill:** No. Indeed, it does see us as part of that. The reason it gave for supporting our event yesterday was because we are part of the YES action plan. One of the reasons for yesterday's event, apart from celebrating the achievements of the young people, was to engage with corporate bodies, to try to bring in funding. Actually, one of the reasons it gave for awarding us the £8,000 was to maximise corporate sponsorship for event and programme delivery. So, basically, we were given £8,000 to put on an event that would help to finance the delivery of our programme.

[16] **Alun Ffred Jones:** A ydych yn derbyn arian o rywle arall o fewn y Llywodraeth i wneud eich gweithgareddau? **Alun Ffred Jones:** Do you receive funding from anywhere else within the Government to carry out your functions?

[17] **Ms Colwill:** Absolutely not.

[18] **Alun Ffred Jones:** Felly, o ble rydych yn cael eich arian? **Alun Ffred Jones:** In that case, where do you get your funding from?

[19] **Ms Colwill:** We have known for a couple of years that this funding from Careers Wales was likely to disappear, so we have been working hard to build relationships with trusts and foundations and corporate supporters, most of which give us volunteers to go into the schools to mentor our young people. We have been successful recently in getting a grant from a local foundation—the Waterloo Foundation; I do not know whether you have heard of it. It has given us a grant that will go some way towards covering our costs. Unfortunately, it means that we cannot continue to grow what we do, and, once again, very unfortunately, we may have to take hard decisions on whether we deliver in areas that will be very difficult to resource, staff-wise. That is unfortunate, but we have to cover the costs of running what we do.

[20] We also have a few trust and foundation bids in the offing that we are waiting to hear on. A lot of yesterday's event was about talking to corporate bodies, and saying, 'You've seen what we do, and you are saying that you love what we do; is there any chance that you can think about funding, even if it is a corporate body funding a local school to run a Young Enterprise company programme?' So, we are looking at a lot of different models.

[21] Unfortunately, there is another thing that we will probably have to do—well, we are going to have to do it. We have never charged the schools in Wales for our programmes. However, we will have to apply a charge to the schools, because, obviously, we need to cover the costs.

[22] **Alun Ffred Jones:** A ydych yn credu y bydd tynnu'r arian hwn yn ôl yn peryglu'r **Alun Ffred Jones:** Do believe that withdrawing this funding will put the action

cynllun gweithredu?

plan at risk?

9.30 a.m.

[23] **Ms Colwill:** I believe that it will. We have already been asked whether we can continue to feed in the data that we capture on our delivery. In our current young team programme, we deliver to 2,000 young students a year in Wales, and, if we add in our other short programmes, that takes it to just over 4,000 young people. That data will be lost to the Welsh Government if we do not feed the data into it. It wants that information, so it is asking whether we will feed that information in. For us, it is a bit of a dilemma, because it will cost us more to deliver, because Careers Wales is just going to be a broker, so it will say to a school that it can use Young Enterprise, but then it will step back. So, we are going to have to have a one-to-one relationship with the schools to talk them through what we do and try to engage them or to ask them to contribute towards it. That will take up more resource in staff time, and therefore more money in order to pay for that, but we have no funding to do that with. So, it is asking more of us, in a way, but with no funding.

[24] **Alun Ffred Jones:** I mi gael rhyw syniad, beth oedd cyfanswm eich incwm y llynedd? Beth oedd eich incwm, neu faint oedd y costau i redeg Young Enterprise? **Alun Ffred Jones:** For me to get an idea, what was your total income last year? What was your income, or how much did it cost to run Young Enterprise?

[25] **Ms Colwill:** To cover the costs in Wales is £126,000. That is without any growth. That is for staffing. There are only four of us in the whole of Wales, which means quite a lot of driving around between different places. That is to cover everything.

[26] **Nick Ramsay:** I have a supplementary question from Byron Davies.

[27] **Byron Davies:** My question is to the Prince's Trust. Did you say 13 to 30 years of age?

[28] **Ms Kirkpatrick:** That is correct.

[29] **Byron Davies:** That is quite young, is it not?

[30] **Ms Kirkpatrick:** Yes.

[31] **Byron Davies:** You also used the word 'disadvantaged'. Can you define what you feel is a disadvantaged person?

[32] **Ms Kirkpatrick:** A lot of the young people whom we work with have often had pretty challenging starts to their lives. Some of them might have had difficult family times or a difficult upbringing—perhaps they have been in care or have found themselves homeless. Some of the young people at one end of our programme delivery will have been involved in drugs and sometimes they will have got themselves into prison. We try to work with ex-offenders. Some of our young people have mental health issues and we try to ensure that, when we are engaging with them, we are signposting them and working with the other agencies that can support them. Some young people in our programmes struggle to engage with us, because we recruit them from various support agencies, job centres and hostels. The trust starts them on a journey. We are about helping them to believe in themselves, regardless of the start they had in their lives. It is about giving them the support, confidence, belief in themselves and motivation to engage in work. Some of our young people have been excluded or are at the point of exclusion. We do quite a bit of work with the pupil referral units across Wales, and a programme is deliberately tailored to try to engage with those young people who have not really had that opportunity. The Prince's Trust programmes endeavour to reach out

to them and support them and help them believe in themselves. However, ultimately, we are about getting young people into what we call a 'positive outcome'. That can either be employment, education, training or volunteering. We aim to support to ensure that three out of four young people whom we work with across Wales have a positive outcome. Some of those young people have not been engaged in work or education for a long time.

[33] **Byron Davies:** As a last question, Chair, how does all that relate to entrepreneurship?

[34] **Ms Kirkpatrick:** Well, part of that journey might involve young people becoming interested in self-employment. We have eight core programmes, starting from the hardest-to-reach young person going right up to the enterprise programme. The people whom we engage with on the enterprise programme are usually young people who are work-ready and have decided that they want to try to consider self-employment as an option. In fact, our statistics indicate that the majority of young people who go through our programme and get the business mentoring support—79% of them—are still trading a year later. So, we do try to support a range of young, disadvantaged people. However, as I say, we are a leading youth charity and 'disadvantage' can be that you have not worked, but it can also be a whole raft of other issues. We are there to reach out and support them and given them that opportunity to find work or go back into education. Our enterprise programme is a key part of that.

[35] **Byron Davies:** Are there any figures around that that you could supply?

[36] **Ms Kirkpatrick:** Certainly. Since 2008, we have worked with 1,600 young people on the enterprise programme in Wales and 25% of those young people went into self-employment. Fifty two per cent went into an alternative positive outcome. The important thing for the trust is that we work with the young people to help them test whether self-employment is right for them. For that 25%, it clearly is, but for the 52% that have gone into an alternative positive outcome, it might have been, 'No, I'm going to go back to college and learn x, y or z' or 'I've decided that I want to try to get a job in such and such' and the Prince's Trust can help deliver a work-ready programme elsewhere. So, it is very much about making sure that the young people that go on the programme have the support to test their idea and get that two-year mentoring as well, which is very important, because they are not on their own.

[37] **Nick Ramsay:** Thank you, Lesley. The next question is from Dafydd Elis-Thomas.

[38] **Yr Arglwydd Elis-Thomas:** Dilynaf gydag Anne y cwestiynau ynglŷn â Gyrfa Cymru ac effaith y newidiadau a'r rhesymeg dros y newidiadau. Fel y gwyddoch, o bosibl, byddwn yn holi swyddogion y Llywodraeth a Gyrfa Cymru ymhellach y prynhawn yma, ond carwn rhagor o adwaith gennych—rydych wedi siarad yn glir am yr effeithiau arnoch. A oeddech yn rhan o'r rhesymeg a'r drafodaeth gyda'r Llywodraeth wrth i'r penderfyniadau am ailstrwythuro gael eu gwneud?

Lord Elis-Thomas: I will follow up with Anne the questions on Careers Wales and the impact of the changes and the rationale for the changes. As you may know, we will be speaking to Government officials and Careers Wales later this afternoon, but I would like more on your reaction—you have spoken clearly about the impacts on you. Were you part of the discussions with Government as these decisions on restructuring were made?

[39] **Ms Colwill:** No, we were not. We were not invited to be part of that. Despite the fact that Young Enterprise programmes in Wales have been so successful and such a prominent part of the Careers Wales figures that it has needed to pass on to Welsh Government, we were not invited to be part of the discussions. Having said that, we have had a very long and rewarding relationship with Careers Wales. I believe that, up to the point where it no longer has the funding to support what we do, we were the only organisation pan-Wales that it was

sub-contracting on a national basis. We speak to it constantly, and we are still talking to it, because it still wants to promote our programmes in the schools. Unfortunately, that is the point at which it has to step back and leave it to the school to have that conversation with us and us to try to work out how we are going to pay the delivery costs, but we were not asked to be included.

[40] We also speak, probably every six months or so, to the Welsh Government, to what was the Directorate for Business, Enterprise, Technology and Science and is now the Directorate for Economy, Science and Transport. We last met up with Sue Morgan from the directorate about six weeks ago, when we discussed the position. It is very supportive of what we do and believes that it is essential within Wales. Unfortunately, that does not come with any funding.

[41] **Yr Arglwydd Elis-Thomas:** Byddwch yn gwybod y byddwn ni, ar ôl cwblhau'r ymchwiliad hwn, yn paratoi adroddiad i'r Llywodraeth ac yn gwneud argymhellion. Yr hyn rwyf ar ei ôl yw a oes argymhellion penodol y byddech yn hoffi i ni eu gwneud, a fyddai'n cryfhau eich sefyllfa chi os, fel rydych yn dadlau—ac rwy'n cytuno â chi—eich bod yn creu darpariaeth arbennig ac unigryw, ac y dylai trefniadau Gyrfa Cymru alluogi rhaglenni gwerthfawr y gorffennol gael eu parhau, nid eu lleihau, fel rydych wedi disgrifio wrthym y bore yma.

Lord Elis-Thomas: You will be aware that, once we complete this inquiry, we will be drawing up a report for Government and making recommendations. What I want to pursue is whether there are any specific recommendations that you would like us to make, which would strengthen your situation, if, as you argue—and I agree with you—you provide a special and unique provision, and that Careers Wales arrangements should enable programmes that have proven very valuable in the past to continue and not downgraded, as you have described this morning.

[42] **Ms Colwill:** Absolutely; I totally agree with what you say. We have always wanted direct Welsh Government funding, rather than doing it through a third party, because we have never been directly financed by Welsh Government. For us, that is the way we always wanted to go. So, that is what we would be looking to do. The other issue for us is that part of the Welsh baccalaureate—and I know that it is being amended—namely the advanced stages of it, involves 30 hours of young enterprise activity a year. The company programme completely fulfils that. It fulfils the aspect of running your own company for a year, with us as a safety net for these students.

[43] All that some students require or want from enterprise is a one-day taster. This was shown to us from the fact that we had 150 student companies running this year. It has shown that there are certain students who choose to take that further and set up their own companies. For them, that is the learning model that they reacted to most. So, we have one-day programmes. We can go in to deliver a class-based programme to a school, but there is nothing else out there that does this aspect where they run their own business for a year. With the team programme, which is our programme for those with special needs and those who are not in education, employment or training programme, students run it for two years. There is nothing else out there to do this work. We feel strongly that students are going to lose the opportunity to learn in the way to which they know they are going to best react.

[44] **Ms Davies:** Our recommendations would be about the real importance of the longer term engagement with young people. To use a swimming analogy, you cannot learn to swim by reading a book, but neither should you expect young people to swim the channel straight away. The company programme is an academic, year-long programme working directly with real life business volunteers delivering a real life business. It will not only deliver better results for the economy in Wales, but bring forward key employability skills, because, let us face it, not every young person is going to start a business. However, in terms of resilience,

tenacity, the ability to fail forward in learning from that failing experience—

[45] **Nick Ramsay:** You are basically saying that, in that self-employed sector, they picked up skills along the way.

[46] **Ms Davies:** Absolutely, and they were picking up more skills as a result of keeping going in a business. So, rather than a one-day, short experience, we feel that it is that longer term experience that is delivering the kind of impact that we are talking about and which we have put in our submission about the longer term gain.

[47] **Yr Arglwydd Elis-Thomas:** Mae gennyf un cwestiwn arall. Pam rydych yn meddwl—a gofynnaf yr un peth i'r Llywodraeth yn nes ymlaen—nad yw Llywodraeth Cymru a swyddogion strategol Gyrfa Cymru o dan y drefn newydd yn deall pwysigrwydd yr hyn rydych newydd ei ddisgrifio a'r hyn rydych wedi bod yn ei gynnig?

Lord Elis-Thomas: I have one more question. Why do you think—and I will ask the same thing to the Government later—that the Welsh Government and the strategy officials of Careers Wales under the new arrangement cannot understand the importance of what you have just described and what you have been providing?

[48] **Ms Davies:** I would really welcome an opportunity to discuss that more with the Welsh Government, because we passionately believe that we can add value to that strategy. I passionately believe that we can. We also feel that, with our partners, we can do so much more.

[49] **Lord Elis-Thomas:** It seems to me that it is important that we recommend to the Welsh Government that it does that.

[50] **Ms Davies:** Thank you.

[51] **Keith Davies:** Bore da. Ar ail dudalen eich papur, Sharon ac Anne, rydych yn dweud oherwydd bod Gyrfa Cymru wedi newid y ffordd y mae'n gweithio gydag ysgolion, bydd ysgolion yn lleihau'r wybodaeth sydd ganddynt am fydd gwaith, er enghraifft. Rydych chi'n gallu dod i pobl o'r tu fas i mewn i ysgolion, oherwydd mae nifer fawr o athrawon heb fod mas o'r system addysg o gwbl. Felly, beth ydych chi'n credu y dylem ei wneud am hyn?

Keith Davies: Good morning. On the second page of your paper, Sharon and Anne, you say that because Careers Wales has changed the way in which it works with schools, schools will reduce the amount of information that they have about the world of work, for example. You can place people from the outside into schools, because a large number of teachers have not been out of the education system at all. Therefore, what do you think we should do about this?

[52] **Ms Davies:** In real terms, enterprise needs to be entrepreneurial now, given that we do not have that funding. So, it is about working in our local communities and schools, and with our supporters and over 300 business volunteers across Wales, and it is about saying, 'Do you value this programme enough to engage in a journey with young people?'.

9.45 a.m.

[53] Schools value the input of business and external parties to schools. I think that they are incredibly pressed in terms of the time that they have. We have missed the opportunity to have a co-ordinated approach, and we now need to go to those 100-odd schools that we currently work with, individually. We have lost what could have been productive time, as that benefit could have been directly to those young people. I feel that there has been a loss of opportunity there.

[54] **Keith Davies:** Beth yw ansawdd y wybodaeth a'r cymorth sydd ar gael i bobl ifanc? A ydych chi'n credu ei bod yn dda, neu a yw'n amrywio? Pa mor hawdd yw hi i berson ifanc gael cymorth?

Keith Davies: What is the quality of the information and support that is available to young people? Do you think that it is good or does it vary? How easy is it for a young person to access that support?

[55] **Ms Colwill:** That is a difficult one. As somebody outside of education—apart from working for an education enterprise charity—I find it difficult to find all the information on what is out there. There seem to be so many enterprise organisations springing up and offering different things. I do not know how long each of those will be around for, because, even though they seem to be attracting funding, I suspect that, once that funding disappears, so will the organisation. We have been working with young people in the UK for 50 years now; we celebrated our fiftieth anniversary during this academic year. Sorry, what was the question again?

[56] **Ms Davies:** It was around quality of information.

[57] **Ms Colwill:** I am sure that the quality of information is there. I am not quite sure that they have put in place how to get that across to the young people or the teachers in a simple way. To be quite honest, I am not convinced at this stage that teachers understand the impact of the changes to Careers Wales. The feedback that we had from Careers Wales, when we met up with one of the directors a few weeks ago, was that, at the moment, the schools are not particularly concerned about losing the work experience at key stage 4, where pupils are sent out to stamp forms in their local bank or whatever. However, they are concerned about preparing the students for employment. The key skills that we pass on to them through our programme—communication, teamwork, confidence and, as Sharon said, resilience—are being lost.

[58] **Keith Davies:** Rwyf am symud i Lesley o'r Prince's Trust. Rydych yn dweud bod dryswch oherwydd bod cymaint o wybodaeth ar gael. Beth yw'r ffordd ymlaen os oes cymaint o ddryswch?

Keith Davies: I will move to Lesley from the Prince's Trust. You say that there is confusion because there is so much information available. What is the way forward if there is so much confusion?

[59] **Ms Kirkpatrick:** We do think that there is confusion. As the paper stipulates, there are so many different pots for a young person to consider, should they decide that enterprise is the right thing for them. The fact of the matter is that many of these competing funds are being supported by the same funders—the Government, the Welsh European Funding Office and the structural funds or, at a lower level, the local authority. Since the submission of our paper, another one has come to light, which is the Conwy rural pre-start business grant of £1,000 for 18 to 30-year-olds. So, the menu of support is growing, but the problem is in ensuring that the young people that need support are directed to the appropriate channel. Our core business is about supporting young people that are not in education or work, so we would say that we are the right delivery partner to reach out and help them. It is really a matter of luck—if that is the right way of putting it—which way a young person would access the funding.

[60] The other one that we refer to in the paper is the Government's own bursary. That directly supports 16 to 24-year-olds, with the option of a bursary of £6,000. We do not say that there is no need for financial assistance, but it needs to be clear to the young person, or the agencies and partners that are helping young people, where they can go for this help. Since our programme is about supporting that young person in their journey but also giving them mentoring, we believe that our programme is the right programme for those young people who are not in employment, education or training. It is confusing. There is the issue

about some of the Westminster Government's incentives or financial assistance schemes, in that any young person that is on the Work Programme cannot access our enterprise programme. Therefore, even if they are on the Work Programme with a delivery partner and want to consider enterprise, we cannot fund them. We cannot have them because they are already being funded somewhere else. However, this year's new enterprise allowance cuts across what everybody else is doing. We know what young people need because we talk to them and engage with them all the time and get feedback. Alongside my colleagues here, we are the people who work with them to give them that confidence and help them with motivation and learning about the skills that they may need to acquire on their journey into employment in the long term.

[61] If I go to an enterprise agency, such as—with the greatest respect—Rhyl City Strategy, is that enterprise agency and the professional who is advising that young person giving them the quality of support that they need, bearing in mind that some of those young people might have had very challenging starts to their lives or may not have been in the workplace for a considerable period of time? I would say that it probably is not, having seen what the trust does and evidence of success when a young person changes.

[62] **Nick Ramsay:** Lesley, I think that the point is well made there. Alun Ffred Jones, do you have a supplementary on the basis of that?

[63] **Alun Ffred Jones:** Oes, yn bennaf i'r Prince's Trust efallai. Yn eich tystiolaeth, ac yn dilyn yr un thema, rydych yn cyfeirio at swm o arian sydd ar gael yn sir Ddinbych i gefnogi entrepreneuriaid ifanc. Rydych newydd gyfeirio at Rhyl, lle mae'r sefyllfa yn wahanol. Mae'r sefyllfa yn wahanol eto yn sir y Fflint, fel y clywsom yn ddiweddar. A wyf yn iawn i ddweud bod patrwm y gefnogaeth sydd ar gael i bobl ifanc bron yn 'random' drwy Gymru gyfan? Efallai nad oes arian ar gael o gwbl mewn rhai ardaloedd, heblaw drwy eich cynlluniau chi sydd â rhyw fath o fframwaith cenedlaethol.

Alun Ffred Jones: Yes, mainly for the Prince's Trust perhaps. In your evidence, and following the same theme, you refer to the funding that is available in Denbighshire to support young entrepreneurs. You just referred to Rhyl, where the set-up is different, and there is another set-up again in Flintshire, which we heard about recently. Am I right in saying that there is an almost random pattern of support available to young people across Wales? There could well be no funding available in some areas, with the exception of funding under your schemes, which have some sort of national framework.

[64] **Ms Kirkpatrick:** Yes, I would agree with that. We would ask the Government to consider looking at where the gap exists. Where are the areas of need that do not have access to this enterprise financial assistance? Instead of us all fighting for the same part of Wales or the same young people, there should be a proper qualified analysis that shows that, in x, y and z, young people who are disadvantaged or not in work or employment cannot get that support and we need to fill those gaps. What we are saying at the end of our paper is that there should be a much more co-ordinated approach to all this activity instead of randomly pitching for rural development plan money or other funds that are out there because we all think that it is the right thing to do. Actually, perhaps we all need to take a step back and consider where the areas of greatest need are, who is already there and where the gaps are.

[65] Clearly, for us, there is a huge issue for young people in Wales because it keeps coming back to the unemployment figures and the way in which long-term unemployment has grown significantly. The figures are something like 300% or more. That is a real issue for us in going forward. How do we give our young people in that category the support that they need? I would argue that, with the best will in the world, those other funders and initiatives will not have the intelligence and the knowledge that we do because we understand our young people, in the same way that Sharon's operation does, because we work with them all the time.

[66] **Keith Davies:** I orffen, rhyw wythnos yn ôl yn sir y Fflint, gwelsom siop un-stop roedd pobl ifanc yn gallu mynd iddi a chael y gefnogaeth oedd ei hangen arnynt. Y siop un-stop sy'n rhoi cyngor iddynt ynglŷn â'r holl arian sydd ar gael, a dim ond i'r un lle maent yn gorfod mynd. Roeddwn yn meddwl bod hynny'n gweithio'n dda. A ydych yn meddwl y dylid cael un o'r rheini ym mhob sir yng Nghymru?

Keith Davies: To conclude, about a week ago in Flintshire, we saw a one-stop shop where young people could go to get the support that they needed. That one-stop shop gives them advice about all the available funding and they only have to go to one place. I thought that that worked well. Do you think that there should be one of those in every county in Wales?

[67] **Ms Kirkpatrick:** I am sure that the trust in Wales would welcome that, as long as it was recognised as a key player. As an organisation, we recognise the need to ensure that people know what we are doing and the young people we are helping. Coming into the organisation relatively recently, I feel that perhaps our profile has dropped a bit. So, we need to make sure that when people are thinking about young people who are disadvantaged in Wales, they automatically think of the Prince's Trust and say, 'I know that the Prince's Trust runs quality assured programmes that work and it is the main player on that'.

[68] **Ms Davies:** The idea of a one-stop shop, where it works, works very well, particularly where that base knows of all of the options and can present very much as an honest broker. From our perspective, we would welcome the opportunity to work as part and parcel of a delivery plan that accepts where people have strengths and ensures that young people's journeys, as my colleague described it, are supported. I am sure that my colleague will endorse that there are areas of transition where they are quite vulnerable—when they finish working with us, then with a company programme and that incubation into a new experience. They are the bits that need to be co-ordinated. I accept that we are in a world where resources are finite and they are smaller all of the time, so we need to make better use of that by coming together, so that we are not having duplication of these various funds or services. Also, we need to come at it very much from a conciliatory point of view in terms of being partners and accepting that people have different strengths.

[69] Finally, if I may add, it is also about ensuring that young people are at the centre of this, not in terms of doing to them, but actually in engaging them in the qualitative—their experiences of those services. We should be saying to young people, 'What is your experience of X, Y and Z service?' So, they are feeding back, as customers.

[70] **Joyce Watson:** I am going to focus on the young people now, and not the delivery mechanisms. Could you be brief, because I want to get through a few questions? In your experience, are young people more interested and engaged with entrepreneurship now, than was the case before?

[71] **Ms Davies:** Do you mean before—

[72] **Joyce Watson:** Now; currently. By 'before now', I mean last year and the year before that and so on. Do you think that young people are more interested now?

[73] **Ms Kirkpatrick:** From our point of view, their interest in self-employment is consistent. Our numbers suggest that we are not in any short supply of young people who want to consider that as an option. We have not seen any dip in the number of young people who are engaging with us and want to explore enterprise, which is the four-day course that we run for them.

[74] **Ms Colwill:** We have seen quite a remarkable increase in the number of young

people who want a taste of entrepreneurship. They see it as a way of getting into employment, because of the unemployment problems that we face and the issues with universities and paying for their education. They see it as a real way to go forward. We have seen our funding drop, but more of a desire from our young people in Wales to engage in entrepreneurship, particularly this year-long experience.

[75] **Joyce Watson:** So, it is about the financial drivers: fear of getting into debt if they go to university, not getting a job after it and not getting into the workplace for the same reason, because people are not recruiting.

10.00 a.m.

[76] **Ms Colwill:** I think that there are financial drivers. When we have chats with our young people, they are also driven by what they see around them. I know that it is reality television, but they are driven by programmes like *The Apprentice*. That inspires them to think, 'I can actually do that'. When we take our mentors into schools, they are driven by the experiences that those mentors have had. We had our big event yesterday; we had a businessperson in Cardiff, James Taylor from SuperStars—I think that he is on one of the business panels—to present our awards for us. He talked about his journey and what he decided that he needed to do to drive his own destiny. It is a lot of listening to those kinds of stories. That is what we do. We give them the can-do attitude. It may be that they will go on to set up a company with that, or it may just be that they know that they have a place within someone else's company with their skills.

[77] **Nick Ramsay:** Thank you, Anne. We are entering the last 15 minutes or so, and we still have a fair number of questions to get through.

[78] **Joyce Watson:** I am going to move to expectations and reality, and the cases that perhaps tell us that Wales does not have the same number of start-up businesses as the national average against the UK as a whole. Do you think that there is a discrepancy between pupils' interest, perhaps, and aspirations, and the reality that they might not succeed?

[79] **Ms Colwill:** I think that it is what Sharon referred to earlier: there is a gap. We capture their imagination and we support them in their journey. We also have a programme at university, so they are capturing those young people. However, I do think that there is a gap in provision for them. They have all of these wonderful ideas, but then they get to the point where they either take a small grant—as Lesley said—from the numerous places that they could possibly get it from, try to sign on and know that they will get the money coming in, or go to work for someone else. I think that there is a gap in the support that we give them.

[80] **Ms Davies:** I will endorse that. There are two things to which I would speak; the first being that, when young people continue that journey in terms of a start-up, it is about nurturing that next step. It is great to start that business, but to continue it, grow it and scale it is really important.

[81] The other point is that the work that we do, alongside my colleague, is around employability skills so that they are entrepreneurial in someone else's business. So, they are thinking entrepreneurially to benefit your business or my business. That is really important for the Welsh economy. That is going to drive it.

[82] **Nick Ramsay:** Sharon, could I just ask for your views on the strengths or shortcomings of the Welsh Government's Dynamo Role Model programme?

[83] **Ms Colwill:** I am probably in a better place to talk about that. The Dynamo Role Model programme has now been handed over by the Welsh Government to Prospects and

Cazbah to take around the country and drive. As far as we are aware, from conversations that we have had in schools, and conversations with the Welsh Government and Careers Wales, Dynamo consists of role models who are brilliant people who go into schools to talk and to inspire the young people, many of whom are also mentors for us—they cross over. The materials are in the schools. The message that we get back from the schools is that the materials are very nice—‘Thank you very much for my box of materials’—and it goes into the school library and there it sits, because the schools have to deliver it themselves. They do not want to do that because of the time involved, but also because that is not what inspires the youngsters. What inspires the youngsters are businesspeople coming in and supporting them in that way.

[84] I am certainly not going to criticise the Dynamo Role Model materials or the concept, but I would say that it works well in conjunction with other follow-up activity. Nothing that that Dynamo Role Model does supports a nurturing, longer-term concept. They are all short, sharp deliveries.

[85] **Nick Ramsay:** That is really helpful. Thank you. The next question comes from David Rees.

[86] **David Rees:** Good morning. I will try to be quick; the Chair will tell me off otherwise. I have a couple of points to make. I will start with young enterprise. I am glad that you mentioned, in the last answer, the continuity of the business, because one of the concerns that I had was that, when you talked about the one-year programme, you encouraged the sustainability aspect of a young entrepreneur and kept that going. In some schools, they tend to focus on a particular outcome. Then, what happens to the business after that outcome is the question that I wanted to ask you. How do you find that that actually works in schools, with the programmes that you have?

[87] **Ms Davies:** We work with quite a few of our partners. Many of our volunteer boards are of small businesses. We work very closely with the Federation of Small Businesses, so we have opportunities there to ensure that they have role models, so that, if they want to continue their business, they can. We support young people in their young enterprise journey to liquidate their company, but before doing that, they have options to think about where they would go next. I think that the point that I would make here is that we could be part of a much greater, clearer routeway of options for young people, to nurture their business to go forward. At the moment, I think that there is confusion about the options, really.

[88] **David Rees:** In your paper, you also identified the fact that you think that the Welsh baccalaureate has been a vehicle for delivering that, to an extent. Clearly, there are going to be changes to the Welsh baccalaureate. Are you hoping to have an input into how those changes will work with regard to work-related experiences and education?

[89] **Ms Colwill:** That would be fantastic; we would certainly jump at the opportunity to be involved in the discussions.

[90] We have recently completed a mapping exercise against the Welsh baccalaureate as it stands, with our company programme in Wales having some of our class-based programmes mapped, to show teacher-stakeholders the value of the programme and how it helps them to achieve the Welsh baccalaureate team enterprise element.

[91] We know that it will be changing, but what we get across in our programmes are the employability and communication skills—they are still going to be there, and they will still be absolutely essential. However, we would desperately like to be involved in the talks.

[92] **David Rees:** As you are focused on the Welsh baccalaureate, do you believe that

there is a lack of education opportunities beyond that in schools?

[93] **Ms Colwill:** The Welsh baccalaureate is becoming more and more popular in schools—I am not sure whether that is because of the funding that comes with it, or whether it is because it is the best thing for the students. We work in a lot of schools that use the Young Enterprise company programme to deliver the Welsh baccalaureate outcomes. We also work in a lot of schools that do not, however, as a lot of them run it as an out-of-school, extra-curricular activity, if the students want to do it, or they do it as part of their business studies GCSE. So, there is this whole area that they deliver.

[94] One of the disappointing things for us is that we are suggested by Welsh Government, by Careers Wales and by WJEC as an organisation that can support schools to deliver the Welsh baccalaureate requirements, but we are not actually funded to do that. We are almost the victim of our own success. Our student numbers are rising, because the schools can see the value of it for the Welsh baccalaureate, but our funding has disappeared. So, we are, to an extent, the victim of our own success.

[95] **David Rees:** With the Prince's Trust, clearly, you are talking about working with a lot of people from disadvantaged areas, from pupil referral units or, basically, people who are not following the traditional path of education. How do you find the educational aspects of their learning, and are they supported in this approach during their time at school, or is it basically your organisation that delivers this?

[96] **Ms Kirkpatrick:** I am not sure that I understand what you are asking me.

[97] **David Rees:** I think that we are looking at where the educational elements of entrepreneurship come in, and how these people benefit. Do they have any in-school time, or is it purely the organisation—the Prince's Trust—that gives it to them?

[98] **Ms Kirkpatrick:** I cannot comment on that, because I do not know enough about what is provided in the education system. So, I would say that, in the enterprise programme that we offer to young people, we start with them afresh and help them to fulfil a journey and, if they have a business idea that will work, we support them at the end so that they are sustainable and trading after year one. We do work with schools. One of our programmes is called XL, and, again, that tries to work with young people who are at risk of exclusion. Schools run that programme for us, but it is under a tried and tested brand, programme and procedure. However, we have to engage with the headteachers, to convince them of the merits of running an XL programme. It is a personal development module, really, in which young people who are at risk of exclusion can learn, and enjoy learning, in a slightly different way—not necessarily in the environment, although we can take them out—to try to engage them, and, again, to help them to see that maybe staying in education is the right thing for them. However, that costs money—I think that it is about £1,000. So, with all the pressures that everybody is under, our engagement with schools across Wales tends to vary, because it depends on the headteacher and whether they are buying into the principle of our programme, and on where the money is coming from.

[99] I do not have them with me now, but when we promote that programme to headteachers, we run off figures that demonstrate that if young people stay in school, the cost to the wider public sector is significantly reduced, because by keeping them in school for those extra two years, we are engaging with them and encouraging them that there might be something that they want to continue to think about.

[100] **Nick Ramsay:** We are entering the last five minutes now, Dave, so if you could be succinct.

[101] **David Rees:** You mentioned earlier that you are the people who talk to the young people and, therefore, you hear their views. From that experience, do you find that young people are saying to you that they wish they had done more of this during their time at school, because they would have had more out of it and they would have done better? What are the young people's views on that?

[102] **Ms Davies:** That is a good question, because, yesterday, when the young people were presenting their business in front of 300 guests, some of the things that were coming through were: 'This was a real opportunity for me to develop confidence', 'This was a real opportunity for me to learn from failure; things went wrong, but we solved them' and 'There were lots of problems, but we solved them'. When we talk to young people, they talk about having an experience that has enabled them to learn, which they would not have had in school otherwise. It is a real differentiating experience. The point that I was making to your colleague was that you should have a group or expert panel of young people who are your customers, so that the young people can give feedback about the quality of the services that are being delivered on behalf of the Welsh Government, because they are the customers and they are also the longer term beneficiaries.

[103] **Ms Kirkpatrick:** If you want to hear from young people, the best thing is for us to get some of our entrepreneurs in to talk to you, because they will tell you about their journeys and where they are now in terms of their businesses. That offer is open.

[104] **Nick Ramsay:** Ffred, do you have a brief supplementary question on this?

[105] **Alun Ffred Jones:** Yes. Going back to funding, there was a recent announcement by the Minister for the economy and business that there is an additional £4.4 million for youth entrepreneurship services. You do not get a share of that, but do you know where it goes?

[106] **Ms Colwill:** No, but we would be interested to know where it goes.

[107] **Alun Ffred Jones:** I will ask.

[108] **Nick Ramsay:** Keith Davies has some questions on social entrepreneurship.

[109] **Keith Davies:** Mae ein hymchwiliad yn ymwneud ag entrepreneuriaeth. Dyna rydym eisiau ei weld. Rydych wedi siarad am fagloriaeth Cymru sawl gwaith ac, fel rhan ohono, mae myfyrwyr yn gorfod gwneud addysg sy'n gysylltiedig â gwaith a gwneud cyfraniad cymunedol. Os ydym yn sôn am entrepreneuriaeth cymunedol lle maen nhw'n gweithio yn y gymdeithas, a yw hynny wedi gwella dros y blynyddoedd?

Keith Davies: Our inquiry is related to entrepreneurship. That is what we want to see. You have talked about the Welsh baccalaureate many times and, as part of that, students have to do work-related education and give input to the community. If we are talking about community entrepreneurship where they work in the community, has that improved over the last few years?

[110] **Ms Colwill:** Do you want me to start, Chair? Over the last two years, Young Enterprise has had a social entrepreneurship model within its company programme, so when students enter the programme, they can choose to be a social enterprise. We recognised that with an award yesterday. We had three companies out of our 14 that were social enterprises, and they now understand what a social enterprise is. They used to make money from their businesses and donate some of it to charity, and they thought that that made them a social enterprise. From their experience with us, they now understand what the real model of a social enterprise is, namely that it supports its community and feeds into that community. So, I would say that we have definitely noticed an increase. Our young people want to support other people who are less fortunate.

[111] **Keith Davies:** Os yw bagloriaeth Cymru yn dweud bod y plant a'r bobl ifanc yn gorfod gwneud cyfraniad cymunedol, bydd yn dod drwy hynny wedyn, oni fydd e? **Keith Davies:** If the Welsh baccalaureate says that children and young people have to make a contribution in the community, it will come through that then, will it not?

[112] **Ms Colwill:** It should do. Many of the products or services that the students provide support the community anyway. They may be organising or doing something for primary school children or they may come up with, for example, a singalong CD for them to learn their alphabet. So, they are in the schools, talking to the schools, talking to the parents and talking to the teachers. The aim of that is to feed something in to the community.

10.15 a.m.

[113] I have seen in the past—because I have been around for a very long time with Young Enterprise Wales—young people in a school in Blackwood come up with an anti-bullying DVD, which was for their peer group. For anybody who felt that they might be being bullied, there was a DVD that showed them how to look for support with that. The group was going to move on with the business to bring out an anti-smoking DVD and things leading on from that.

[114] **Nick Ramsay:** Sharon, do you want to add to that, briefly?

[115] **Ms Davies:** Yes, if I may. There is some work to be done around putting together the words 'social' and 'entrepreneurship' to really understand what that means for us all, really. In terms of entrepreneurship, it is about seeing a problem and looking to use your skills and experience to make a change. You take the responsibility and the risk to make that change, and you bring forward the resources to do that. Social responsibility, and young people taking social responsibility for an issue in their community, taking responsibility to create lasting and positive change, is a fantastic opportunity. The more we can introduce that in the Welsh baccalaureate and drive that forward, the better. However, to start with, we all need to be on the same page about what that means.

[116] **Nick Ramsay:** That is a good, positive note on which to finish this evidence session: being on the same page. I thank our witnesses, Lesley Kirkpatrick, Sharon Davies, and Anne Colwill for being with us today. It has been very helpful. Diolch yn fawr.

10.17 a.m.

Ymchwiliad i Entrepreneuriaeth ymysg Pobl Ifanc—Sesiwn Dystiolaeth Inquiry into Youth Entrepreneurship—Evidence Session

[117] **Nick Ramsay:** I welcome our witnesses to this morning's session of the Enterprise and Business Committee. Once again, we are looking into young entrepreneurship in Wales. I thank you for your written papers as well. Would you like to give your names and positions for the Record of Proceedings?

[118] **Mr Owens:** I am Kieran Owens. I am a young entrepreneur; I am here to help the other witnesses.

[119] **Dr Bowen:** I am Rachel Bowen. I am the policy manager for the Federation of Small Businesses Wales.

[120] **Mr Learmond:** I am Michael Learmond and I am the development manager for the FSB in north Wales.

[121] **Nick Ramsay:** Great. Members will no doubt recognise you, Kieran, because you featured in our outreach video, which was put together to help the committee with our inquiry into entrepreneurship. So, it is good to see you for real in the committee room.

[122] We have a number of questions for you, so I propose that we get straight into those. As there are three of you, I ask Members to be specific as to whom they are asking their questions of. That would be helpful. If I am moving things along, it is not because I am not interested in what you are saying, but because we have a large area to cover. The first question is from Byron Davies.

[123] **Byron Davies:** Good morning. My question is for the FSB, really. I would like to ask you a general question. What do you think the level of support and funding for young entrepreneurs from the Welsh Government is, and is it effective?

[124] **Mr Learmond:** Shall I take this? I should say, by the way, that I am a volunteer for Young Enterprise Wales, which has just been in, and there are a couple of things that I would like to mention about how that fits in to the strategy. In terms of the level of funding, there is a real commitment from the Welsh Government to promote young entrepreneurship. It is too early yet to comment on the effectiveness of that. Rachel can add some of the figures, but certainly the evidence shows that the level of interest in youth entrepreneurship in Wales is higher than in the rest of the UK. However, the disconnect is with the number of businesses that are being started afterwards. So, that is something that needs to be looked at.

[125] If I may, I would like to say a word about Young Enterprise, to finish off the last session. I have serious misgivings about the withdrawal of the funding. Young Enterprise is a 50-year-old organisation—and I am sure that these points were made to you in the previous session—it has the staff in place, it has the connections in the schools, it has everything going for it, and I simply do not understand why the Welsh Government feels that we need to set that aside and start afresh. It makes no sense to me. I attended the finals yesterday. It was so impressive to see some of those children—maybe I should say ‘young people’; I am sorry if I am offending anyone. It was so impressive and inspiring to see some of the companies that had been started up. The other important thing is the team programme, through which they deal with special schools and those children with special needs. When they came to the end of their presentations, they said what they had got from the whole process, and it was not, ‘I’m going to start my own business and become a wonderful new entrepreneur’, it was, ‘I’ve been given the confidence to look people in the eye’ and ‘I’ve improved my maths skills’. It was about all those social skills. I would just like to add weight, if I may, as a volunteer, to what was said in the previous session.

[126] In terms of what I was saying about the disconnect between the enthusiasm for entrepreneurship and the actual starting of businesses, there is some interesting feedback from the business mentors that I talk to. They say that, very often, those studying business in school and college tend to be overly cautious and lack ideas and originality. They also spend too much time on presentations, so the companies that they launch tend to be a little safe. It may come as no surprise that those studying art and design subjects tend to be more creative, tend to have a more can-do attitude and are more prepared to make mistakes. That is what the school programmes, whoever is running them, need to –

[127] **Nick Ramsay:** Mike, may I just stop you there? I think Rachel is dying to add to what you are saying.

[128] **Dr Bowen:** I was going to supplement some of the things that Mike was saying. Obviously, a lot of money has gone into encouraging young people to think about starting their own businesses throughout the school system. When it comes to the practicality of starting up businesses and that sort of support, that is the area that seems to be let down—

translating that into actual business start-ups. There is the Jobs Growth Wales funding available for young people starting their own businesses—those not in employment, education or training. There is a £6,000 grant there. There is also the graduate start-up bursary, but it is that kind of thing that we need to encourage. It is about getting the businesses off the ground. We have the enthusiasm, but we do not have the start-ups.

[129] **Byron Davies:** From what we have heard so far and from what you are saying, the message seems to be that although we all understand about the economy at the moment, the cutting of funding is a retrograde step, you would say. Is it also the case that perhaps Government does not understand and should be putting more effort into it?

[130] **Mr Learmond:** I think that what we need to do, and the point that I was going to make, is that we need to build that bridge between enthusing young people and getting them to actually start their own businesses. It is working very well. Whatever mechanism we use to enthuse young people in schools, they are very keen and the important thing to remember is that they are doing it in a safe environment. If the whole thing collapses around their ears, the bailiffs will not come knocking on the door. Once they have a certain level of skills, they have the enthusiasm, and they understand that they enjoy entrepreneurship and business, that is where I see the real difference that the Welsh Government can make, by coming in and filling that gap between enthusiasm and taking those first steps into the real world. That is where mentoring programmes and things like that really come into their own.

[131] **Dr Bowen:** We have seen an additional £4.4 million being put into youth entrepreneurship services in the announcement by the Minister in March, but that seems to be to supplement things that are already working very well. That seems to be about encouraging primary schools and secondary schools to get young people thinking about entrepreneurship. There does not seem to be a great deal of detail yet as to where that £4.4 million is going to be spent and what that is going to do that is different to what is happening now. We would like to see more emphasis on the translation into business start-ups, rather than encouraging stuff that is already working pretty well.

[132] **Nick Ramsay:** Do you want to add anything, Kieran, from the coalface?

[133] **Mr Owens:** Yes, definitely. There is a lot of support out there for young entrepreneurs and young businesses and there is a lot of inspiring going on in schools, colleges and universities. It just seems that there is a lack of connection between the two, so people are being inspired but they are not being passed on to the support and being made aware of what is out there. I think that the support could be put to better use.

[134] **Byron Davies:** How do we do that?

[135] **Mr Owens:** I have no idea: I would be very rich if I knew that. *[Laughter.]*

[136] **Joyce Watson:** Good morning. You have talked a lot about entrepreneurship and the measurement of the outcome for you is starting a business. There are other measurements, of course, in my view. I would like, nonetheless, your view on the way in which the Welsh Government measures progress and outcomes against its youth entrepreneurship strategy action plan.

[137] **Dr Bowen:** It is good to see the annual reports showing the progress that has been made. One of the problems that I had when I looked at the second annual report was that it made the first annual report seem less clear. For instance, one of the measurements was the number of visits to the Big Ideas Wales website and the amount of activities provided through that. In the first year, that was 40,000, and in the second year, the cumulative total was only about 26,000, which does not make any sense. There is an issue of not only how we are

presenting progress, but also the kinds of things that are being measured. For instance, I wonder if sometimes we are in danger of measuring what is easy to measure. So, the number of activities provided, the number of people who took part and the number of people who visited websites are all quite tangible and easy to measure. It would be more useful to find out something qualitative: to find out the outcomes and the difference made as a result of those activities.

[138] It is great that there are higher and further education entrepreneurship champions in every college and university, but should we not be looking to find out what difference that has made? With all the people who have visited the Big Ideas Wales website, for a start, we do not know whether they are journalists looking for a story or to find out what is going on, or whether they are young people. Did people find what they were looking for? Are people getting the right support at the right time? I am a bit concerned that some of the things that we are measuring are the easy-to-measure outcomes rather than the harder-to-measure outcomes that can demonstrate the difference that has been made. I know that those things can be harder to measure, but just because something is harder to do does not mean that we should not try to do it.

[139] **Joyce Watson:** We are going to try to make some recommendations so, in plain English, if you were to recommend two or three specific things that are harder to measure, what would they be?

[140] **Dr Bowen:** The quality of the information that is provided and whether it was what young people needed at that time. Did it help them to go on? If that information did not translate into a business start-up, why not? What difference did it make? Was it what people were looking for? Did it work? People should be asked about what changes they would like to see.

[141] **Mr Learmond:** I agree with what you say: it is too simplistic to look at just the number of businesses started and the number of young people taking part in the programmes. There are so many more benefits from taking part in the programmes. I mentioned confidence and social skills earlier. It definitely increases employability. So, that is another measure that we could be looking at, as well as looking at the number of people moving into a particular level of pay grade against how many took part in the programmes.

[142] **Joyce Watson:** Kieran, do you have any views on this?

[143] **Mr Owens:** Not really, numbers are not my kind of thing.

[144] **Joyce Watson:** Are there any questions that you think should have been raised with you when you went through?

10.30 a.m.

[145] **Mr Owen:** Those questions could include how many people I am helping and employing, what was being taught to me and how I have been able to teach that to other people. So, it is about passing down information to different age groups and different kinds of people. It is also about the reach of the information that has been given out.

[146] **Alun Ffred Jones:** Byddaf yn gofyn fy nghwestiynau yn Gymraeg. Roedd fy nghwestiynau i fod o gwmpas symud o agweddau o entrepreneuriaeth o greu busnesau. Rydych eisoes wedi gwneud y pwynt ynghylch y diffyg yn y maes hwnnw, **Alun Ffred Jones:** I will be asking my questions in Welsh. My questions were to be around translating aspects of entrepreneurship into business start-ups. You have already made the point about the deficiencies in that area, so I will not go after

felly nid wyf am fynd ar ôl hynny yn benodol. Hoffwn fynd ar ôl rhywbeth arall y cyfeirioch ato, sef bod y dystiolaeth sydd ar gael ar hyn o bryd gan y Llywodraeth yn ddifffygol ac yn gymysglyd. Rydych yn cyfeirio, er enghraifft, at adroddiadau 2010-11 a 2011-12 a dywedwch fod anghysonderau rhwng y ddau. A allwch ddweud ychydig mwy wrthym am hynny?

that specifically. I would like to pursue another issue that you have referred to, namely that the evidence available at present from Government is deficient and confused. You refer, for example, to the 2010-11 and 2011-12 reports and you say that there are inconsistencies between the two. Can you tell us a bit more about that?

[147] **Dr Bowen:** Absolutely. One of the things that we highlighted in our evidence was that some of the reports do not really make sense. For instance, in the 2010-11 annual report, if we look at action 1, under the 'Sessions on Big Ideas sites' outputs heading, we will see that the five-year target was to deliver 50,000 sessions. Between 2010 and 2011, the figure is 40,073, but a year later in 2011 to 2012, the cumulative total for 2010-12 is now 26,611. How can that be? The other thing that I pointed out was that there were inconsistencies in the latest annual report—the 2011-12 report—where there seems to be some sort of typo in the third section, and it was not really clear if what was being presented was consistent. That seems to have been corrected in the version that I have downloaded from the website recently, but there are problems in terms of how that information is presented, which makes it hard to scrutinise. Surely somebody should have looked at the first report before the second report was published to make sure—

[148] **Nick Ramsay:** That sounds very logical.

[149] **Dr Bowen:** These reports were in the public domain.

[150] **Alun Ffred Jones:** Gofynnaf gwestiwn arall, felly. Rydych yn cyfeirio at ddau adroddiad—adroddiad 2010-11 ac adroddiad 2011-12. A oes adroddiadau cyn hynny ac a ydynt yn gyson â'i gilydd o ran beth maent yn ei fesur a sut maent yn cyflwyno'r wybodaeth?

Alun Ffred Jones: I will ask another question, therefore. You refer to two reports—the 2010-11 report and the 2011-12 report. Are there any reports before that, and are they consistent in terms of what they measure and how they present the information?

[151] **Dr Bowen:** We have only looked at the two reports for the past two years that have been published since the new youth entrepreneurship strategy was published—the one that covers 2010 to 2015. So, those are the ones that we have focused on. I have not looked back at what came before that, but I would assume that, as it is a new strategy, what came before would have been different.

[152] **Lord Elis-Thomas:** That does not always—[Inaudible.] [Laughter.]

[153] **Dr Bowen:** I am not sure whether the new strategy and what has been produced now follows on exactly from what happened before. I would have thought that the strategy would have been updated to respond to changed circumstances.

[154] **Alun Ffred Jones:** Gall y strategaeth newid, ond byddech yn disgwyl y byddai cysondeb o ran y data, neu ni fydd neb yn gallu gwybod a yw rhaglenni'n llwyddo ai peidio. A fydddech yn cytuno â hynny?

Alun Ffred Jones: The strategy can change, but you would expect consistency in terms of the data, otherwise no-one would know whether programmes are successful or not. Would you agree with that?

[155] **Dr Bowen:** Yes, I would agree that we need consistency to be able to check year-on-year, but some of the things that are being measured are new initiatives such as Big Ideas,

which was only set up in 2010-11, and can only be reported upon from the time that they were established. However, we do need consistency of data year-on-year about the number of young people starting businesses so that we can track progress and things like that.

[156] **Alun Ffred Jones:** Rydych yn cyfeirio hefyd at y ffaith bod gan y Sefydliad ar gyfer Cydweithrediad a Datblygiad Economaidd system o fesur llwyddiant ym maes entrepreneuriaeth. Rydych yn cydnabod ei bod yn rhestr hir, ac nad yw'r holl wybodaeth ar gael efallai ar gyfer Cymru. A fydddech yn hoffi gweld y Llywodraeth yn cysoni beth mae'n ei fesur, ac yn ceisio gwneud hynny mewn ffordd sy'n ein galluogi ni i gymharu â gwledydd eraill mewn ffordd ystyrlon?

Alun Ffred Jones: You also refer to the fact that the Organisation for Economic Co-operation and Development has a system of measuring success in the field of entrepreneurship. You acknowledge that it is a lengthy list, and that all of that information is possibly not available for Wales. Would you like to see the Government standardising what it is measuring, and doing it in a way that enables us to make comparisons with other nations in a considered way?

[157] **Nick Ramsay:** Rachel, just before you answer that, I apologise for all the strange noises around the room; we have tried to get to the bottom of what they are, but thank you for bearing with us and concentrating on the questions.

[158] **Dr Bowen:** That is fine. To respond to the question, yes, we would like to see some work done with the OECD, following international principles, which would mean that we could look properly at comparison between countries. *[Interruption.]* It sounds like some flies are being electrocuted or something. *[Laughter.]*

[159] **Alun Ffred Jones:** Mae gennyf gwestiwn byr i Kieran, fel un sydd wedi cael cefnogaeth ac wedi llwyddo. Roedd tystion blaenorol yn sôn am *confused option routes*, hynny yw bod llawer o gefnogaeth o wahanol fathau i gael, ond nad yw bob amser yn hawdd cael gafael arni. Beth oedd eich profiad chi?

Alun Ffred Jones: I have a short question for Kieran, as someone who has had support and succeeded. Previous witnesses spoke about confused option routes, that is that there is a great deal of support available, but that it is not always easily accessible. What was your experience?

[160] **Mr Owens:** With my first company, I had trouble with tax and finding the right information to push me along the right path was quite difficult and I had to search for it. I got through it in the end, but it could have been made easier by having perhaps a hub that has all of the information about what is available and all of the contact details on it. That would have made things a lot easier for me. There are grants out there and pots of money to which I now know that I am entitled, but I did not know that two weeks ago, even though they have been running for months. It is about updating entrepreneurs about what is actually available to them, so that they can make the most of their business and their time, using what is on offer to them.

[161] **Keith Davies:** Rwy'n mynd i ofyn fy nghwestiwn yn Gymraeg hefyd. O ran ansawdd y wybodaeth a'r cymorth sydd ar gael os ydych chi eisiau bod yn entrepreneur, faint o gymorth sydd ar gael? A yw'n rhwydd dod o hyd i'r wybodaeth a'r cymorth hynny?

Keith Davies: I will ask my question in Welsh. In terms of the quality of the information and support that is available if you want to be an entrepreneur, how much support is available? Is that information and support easily accessible?

[162] **Mr Owens:** There is lots of support available, especially in colleges. I went to Yale College in Wrexham and the support there was fantastic, but when I moved to university, it was a bit more difficult to find. There are external people who provide support, but they are

the ones who are difficult to find, because there is nowhere to look that is easily signposted for young entrepreneurs to find what they want. So, it is really frustrating knowing that there is support out there, but not knowing who to speak to or where to look for it.

[163] **Mr Learmond:** To add to that, it is part of a wider problem of Welsh Government support generally, in that there are little pots of money all over the place and it is about knowing where to dig to uncover them. It has been said many times before that we need a central portal in order to discover those. I was listening to a bit of the last session, and I think that someone mentioned the Conwy rural business action grant that is available. It is only available for a specific geographical area, but I would guarantee that most of the people who are eligible for that grant probably know nothing at all about it. So, it is very difficult to get the message across and to help promote some of the help and advice that is available out there.

[164] **Keith Davies:** Dywedodd Kieran fod bwlch o ran addysg uwch. A ydych chi, fel ffederasiwn, yn gweld unrhyw fylchau penodol fel y rhai y soniodd Kieran amdanynt? **Keith Davies:** Kieran said that there was a gap in terms of higher education. Do you, as a federation, see any specific gaps, such as those that Kieran mentioned?

[165] **Mr Learmond:** Your microphone light is on, Rachel. *[Laughter.]*

[166] **Dr Bowen:** I wondered whether this might be more of a question for you.

[167] **Nick Ramsay:** Do not be led by which microphone light is on; they can change quite quickly.

[168] **Mr Learmond:** I was very encouraged to see Glyndŵr University putting together an enterprise course. Going back to my point at the beginning, there is a world of difference between business studies and studying enterprise. My concern is that a lot of people who sign up for business studies do not quite know what they are getting themselves into and they get immersed in balance sheets and accounts and all of that sort of stuff. Really, what they are interested in is entrepreneurship and—

[169] **Lord Elis-Thomas:** Lots of theory.

[170] **Mr Learmond:** Yes. Learning by doing is a great mantra to go by. There are plenty of accountants in the world, to be honest, and not enough entrepreneurs. So, I think that we should be just switching it around a little bit more. I cannot say what specifically there is in terms of careers guidance from university level. I know that there are bursaries available via GO Wales, for example, although I think that I am right in saying—Rachel might correct me here—that the actual figures are going down in terms of people accessing that grant to start their own business. So, there are definitely things out there. However, again, I think that it comes down to what I was saying about promotion and marketing.

[171] **Dr Bowen:** There is a question over the extent to which careers advisers are offering entrepreneurship to young people as an option, as opposed to more general careers advice. So, in terms of presenting it as something realistic that a young person could do, there is still a gap there. According to our recent research with the focus group of higher education students, university careers services are not necessarily presenting this as a realistic option. One other thing to come out of our research report is that, while young people are really enjoying enterprise education, sometimes, at the end of that, there is a gap, not necessarily in the theoretical side of things, but in the practicalities of, ‘How does this mean that I can go ahead to set up my own business?’ Young people said that they wanted specific information about tax law and employment legislation: the stuff that gives them the actual, practical knowledge

to start the process.

[172] **Mr Learmond:** It was interesting that, when I first met Kieran, he was talking about how he started his first business—I hope that you do not mind me talking about it, Kieran; he is too shy to tell you himself. Basically, he had a few hundred pounds in birthday money and was having a look at eBay and ended up buying a container of clothes from China, which ended up being delivered and landing on his parents' driveway. He then sold those clothes individually on eBay and made quite a lot of money from it. To use his words, he then discovered 'something called the taxman'. It was interesting that we were in a room full of people at the time, and, all of sudden, about five hands shot up and those people said, 'I did exactly the same thing when I was at university', which they did to supplement their grant or whatever: 'I made jewellery and then the taxman discovered me, so I just closed it down immediately'. I could not help thinking to myself, 'How many budding entrepreneurs have been quashed because of that sort of initial contact from HMRC?' I am not, for a moment, suggesting that no-one should pay tax, but I would like to see some sort of gentler approach to young people who are just starting out.

[173] **Alun Ffred Jones:** More in the way that they treat Amazon and so on, do you think?

[174] **Mr Learmond:** I could not possibly comment. [*Laughter.*]

[175] **Mr Owens:** In my particular situation, I realised that the taxman existed when I got a letter through the post. Unluckily, it was in my mother's name, because the eBay account that I was using was in my mother's name.

[176] **Nick Ramsay:** Good move. [*Laughter.*]

[177] **Mr Owens:** Yes. It would have been nice to have seen a note on that letter saying, 'There is support. Here is where you can find it', rather than just being told, 'You owe us £5,000. Pay it or we will take you to court.'

[178] **Nick Ramsay:** It is a very interesting point, because, as you make your way through life, you realise that that is simply the way that they work, but, as you say, when you are starting off at a younger age, you do not want that sort of reaction, do you? You want someone who will appear supportive.

[179] **Mr Owens:** It is fair enough telling someone that they are wrong, but you also have to be willing to support them. You cannot just put them down and leave them there. Just to back up what Mike was saying, I actually studied business at university, but I lasted only three months. I then went to do graphics—obviously, a creative subject—and I am doing really well there.

[180] **Nick Ramsay:** You have packed a lot in, have you not?

[181] **Mr Owens:** I do try.

[182] **Nick Ramsay:** I will just bring Mike in, briefly, and then we will move on to David Rees's questions.

[183] **Mr Learmond:** I just wanted to add to what Kieran said. He has discovered the taxman now. Last night, we had quite a long chat—we went out for dinner—and he has now discovered that something called employment legislation exists, which is something else that he needs to get to grips with very quickly. So, there is a role there for someone: these young entrepreneurs need to know the basics and they need to know how to keep within the law and what the pitfalls are. I am pleased to say that Kieran is now the newest member of the

Federation of Small Businesses in north Wales, so we will keep him on the straight and narrow.

10.45 a.m.

[184] **Nick Ramsay:** Byron, you may have a very quick point before I bring David Rees in.

[185] **Byron Davies:** So, what you are saying is that HMRC et cetera are just not engaging, and they should be. Is there a forum for this, or is it something that higher education should be incorporating?

[186] **Mr Owens:** It is just a case of being a bit more new-entrepreneur-friendly, I guess, and not expecting everyone to know everything. As a young entrepreneur, I know the basics, but I am not an expert in anything. To be honest, I learn what I have to when I have to—and that is when a problem arises, really.

[187] **Mr Learmond:** There are two sides to HMRC—there is the advice and there is the enforcement. When you go to a business-to-business conference or exhibition or something, and HMRC is there with a stand, that is the advice side, which is very helpful and very approachable. However, what has happened over the years with cutbacks and the closure of local offices is that it has become much more difficult for young businesses to engage with HMRC. It has become more bureaucratic; the letter that Kieran received through the post without any support is an example. It would be nice to have a department within HMRC, almost, that you could pick up the phone and talk to and get advice in confidence.

[188] **Nick Ramsay:** This is all good information for our recommendations and our report. We are into the last 15 minutes or so, so I will bring David Rees in now with some questions on education.

[189] **David Rees:** You have answered quite a lot of my questions, but let us take the matter on. We have been talking about education, in effect, for the last few minutes, and there is an issue with joined-up thinking in education. I think you asked how people know where to start when they make a lot of money; getting the educators to join up to start with is one of the ways to address that. Is there a problem, therefore, in that we are educating young people in how to operate a small business through those types of schemes, but we are not telling them where to go from that point onwards? Is there a lack of education from that point? Should that be not just in university, but should there be a progression, so that you start in the schools and encourage young people to establish a business and operate it, but then in the next stage beyond that there should be another session as to what happens next?

[190] **Mr Owens:** I left college really inspired. I knew what I was going to do and what I wanted, but, as time goes on, it tails off, and that confidence needs boosting with more information and more support. I did not fall on that at the time.

[191] **David Rees:** Is that because of a lack of awareness among educators, and perhaps a lack of involvement of businesses in the education process?

[192] **Mr Learmond:** The feedback that I get from business mentors is that a lot of schools have not really got it yet in terms of entrepreneurship and enterprise. They are still working to older models, where the careers advice is to go to university, get a good degree, try to join a blue-chip company and become successful that way. I have noticed over the last few years a new phrase, which is ‘forced into self-employment as a result of the recession’; it makes me very sad to hear that. It is almost like saying, ‘Oh, I couldn’t find a job, so I had no other option but to become self-employed and start my own business.’ It is interesting that, in the report we published recently, we found that the longer young people stayed in the school

system, the less likely they were to become self employed. I am not saying that is a fault of the school system; it is probably just that, as you get older, you become a little more wary and more aware of things that can go wrong. When you are young, you just have an attitude of, 'Let's go out and do it'. I would say that the best time of all to start a business is when you are young, because you do not have the responsibilities that you have later in life. Many young people are still living with their parents and do not have a lot of extra things to pay for, so, if they make a mess of it, that is the time to do it.

[193] **Nick Ramsay:** As one of the entrepreneurs told us, you can live on a can of baked beans.

[194] **Mr Learmond:** Yes. *[Laughter.]*

[195] **David Rees:** In your report, you highlighted that point, that younger people seem to be enthusiastic, but, as they go through school, they become less enthusiastic. Is that a consequence of this progression not being there? Is it also a consequence of teachers traditionally looking at the safer routes themselves and not looking at and encouraging the riskier routes? Are we too risk-averse in a sense as a nation?

[196] **Mr Owens:** Yes, definitely. The lack of entrepreneurship from tutors within schools is quite scary, especially when they are talking about being enterprising and they are not being enterprising themselves, which is quite annoying. It seems a bit backward to me.

[197] **David Rees:** Out of curiosity, I am not out to knock the profession, but do you feel, therefore, that the education is more based on theory and books than practically based?

[198] **Mr Owens:** Yes. That is all well and good, because you need to know your theory, but there needs to be that practical aspect to it. You need to know how it all fits together and how it works in the real world, rather than on paper, as well.

[199] **David Rees:** Did you do the Welsh baccalaureate?

[200] **Mr Owens:** No.

[201] **David Rees:** Okay. I was going to ask you about your experience of that.

[202] **Mr Owens:** I was drafted into a Welsh baccalaureate team to go and win a competition, though.

[203] **Nick Ramsay:** So, you inspired—sorry, David, have you finished your questions?

[204] **David Rees:** It is all right. Did the team win?

[205] **Mr Owens:** Yes. *[Laughter.]*

[206] **Nick Ramsay:** Your previous answer about those who tell you what to do, but who are not necessarily doing it, has inspired Dafydd Elis-Thomas to pose a question of his own.

[207] Yr Arglwydd Elis-Thomas: Diolch yn fawr, Gadeirydd. A gaf i ddweud wrth Kieran Owens ei fod yn hysbyseb ardderchog i Goleg Iâl, neu goleg Cambria fel y bydd? Yr hyn sydd yn ddiddorol i mi yw'r hyn sydd wedi bod yn dod allan o'r drafodaeth hon dros y munudau diwethaf, sef y modd nad	Lord Elis-Thomas: Thank you very much, Chair. May I say to Kieran Owens that he is an excellent advert for Yale College, or Cambria college as it will be known? What is interesting to me is what has emerged from this discussion over the past few minutes, namely the way that the official education
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yw'r gyfundrefn addysg swyddogol mewn ysgolion a phrifysgolion—rydym wedi clywed hyn o'r blaen mewn dyddiau o dystiolaeth—yn addysgu entrepreneuriaeth yn ganolog i'r gweithgarwch maent yn eu gwneud. Profiad Kieran, fel y dyweddodd, oedd, wrth ddysgu busnes, nad oedd yn ei ddysgu, ond pan aeth i wneud cwrs mwy creadigol mewn graffeg, roedd yn dysgu. Rwy'n meddwl bod gwers ddychrynlyd yn y fan honno i'r gyfundrefn addysg i gyd ac nid wyf yn siŵr a ydym wedi meddwl sut rydym yn diffinio entrepreneuriaeth a sgiliau entrepreneuriaidd a lle mae eu rôl yn nhermau gweddill y cwricwlwm. A oes gennych unrhyw sylwadau ar hynny, oherwydd fy ofn yw mai atodol ac ychwanegol yw llawer o'r hyn sydd yn cael ei gynnig? Mae'n wario ychwanegol ac yn digwydd ar ôl i'r maes llafur canolog gael ei drafod yn hytrach na'n bod yn gosod sgiliau entrepreneuriaidd yn ganolog i'r holl broses, fel rydych yn dweud yn adroddiad Arad Research ac yn rhagair ardderchog Janet Jones iddo.

system both in schools and universities—we have heard this previously in evidence days—do not teach entrepreneurship as a central part of their activities. Kieran's experience, as he said, was that, when learning business, he did not learn anything, but when he went to do more creative course in graphic design, he did learn. I think that there is a serious lesson there for the whole of the education system, and I am not sure whether we have thought about how we define entrepreneurship and entrepreneurial skills and where they fit in in terms of the rest of the curriculum. Do you have any comments to make on that, because my fear is that much of what is being provided is an addendum or a bolt on? It is additional spending that happens once the central curriculum has been discussed, rather than placing entrepreneurial skills at the heart of the whole process, as you state in the Arad Research report and the excellent foreword by Janet Jones to it.

[208] **Nick Ramsay:** A 'yes' or 'no' answer is fine.

[209] **Mr Owens:** Yes. It is difficult to teach entrepreneurialism. It is a scary word, and some people turn off when they hear it. What I would have liked to have been taught, and what I have been taught by mentors and so on, are soft skills, such as how to be confident, how to speak properly to people and hold yourself together and how to be able to spot opportunities and have the mindset to think, 'Actually, I can do that. I can learn that, I can go and do that and earn my own money.'

[210] **Dr Bowen:** The youth entrepreneurship strategy looks at three areas: engaging, empowering and equipping. It is in the equipping that there seems to be a gap. We have people engaged and empowered, but it is about giving them the skills to get on and do it, whether those are formal skills or the soft skills that Kieran has talked about, which all businesses value.

[211] **Nick Ramsay:** Mick Antoniwi, do you have any questions?

[212] **Mick Antoniwi:** A couple of things follow on from that. On the use of the term 'entrepreneurialism', if I went to my constituency and knocked on doors and asked people about it, I reckon that two thirds would have quite bizarre concepts of it. Is part of the problem demystifying what we are talking about, because, as a former lawyer, I am well aware of the way that words are used in order to create impressions. How would you describe it? What do you think would be a better way of putting what we are talking about in a way that makes sense?

[213] **Mr Owens:** When I hear the word 'entrepreneur', I think of loads of money, fast cars and Alan Sugar. That is not what real people in business are like. Most businesses are there to provide a living and to provide a good standard of life for the people who are running them and the people who work for them. It is not about being some Del-Boy-esque kind of entrepreneur; it is just about being a good person and building something that is amazing and

suits what you need. I do not know how to put that into a single word, though.

[214] **Mr Learmond:** We have been looking at a campaign for the past couple of years celebrating Britain's real-life entrepreneurs, and that ties in exactly with what Kieran has just said, although I think that he is probably more of an Alan Sugar than he gives himself credit for, or a celebrity entrepreneur. [*Laughter.*] I gave a presentation to a group of young people quite recently, and I asked how many of them had ever met an entrepreneur, and nobody put a hand up. I then asked how many had bought a bag of chips or had their hair cut, and, of course, they all put their hands up, and I said, 'Well, these are the real-life entrepreneurs'. If you are a hairdresser who is employed by someone, it is a big step to leave that relatively safe employment, to go and sign a lease with somebody, to buy some equipment, to start advertising and to set yourself up in business. To me, that is the epitome of entrepreneurial activity, in that you do not know where your next pay cheque is coming from, unless it is from the fruits of your own labour and your own activities. So, I agree totally with what you are saying; I think that we have gone too far into this culture of celebrity entrepreneurs, and although it makes for very good entertainment, there are real-life people out there just doing it.

[215] **Dr Bowen:** I think that some of the points that you make are borne out in the FSB research by Arad. When you ask young people what they understand by the term 'entrepreneur', they do think of Alan Sugar, Theo Paphitis, and *Dragons' Den*-type people, as opposed to friends, family and connections who run their own businesses. There is a disconnect between what we mean by 'entrepreneurial' and what it means to young people themselves.

[216] **Mick Antoniw:** To follow up some of Kieran's comments, in terms of the information that is made available in the packs, the brochures, the leaflets and so on, how appropriate is it? Are these things clear and understandable? Do they need demystifying? Is it really the case that we are producing an awful lot of stuff that, quite frankly, just puts you back to stage 1 again?

[217] **Mr Owens:** In the information that I have received, there is an awful lot of bumph that is not really relevant to me, and I do not know who it is relevant to. I think that it needs to be stripped back and made more basic, so that you can understand the figures, what the information means to you and what it means to the people around you, and especially what you are getting yourself into. When I went through the Prince's Trust, that was a crazy place to be at the time; it was not that simple. It was difficult to get through and understand what I had agreed to. I think that the word 'entrepreneur' has become its own label, whereas it should just be a way of thinking, rather than, 'You're an entrepreneur; you do this'.

[218] **Nick Ramsay:** Okay, we are into the last two minutes now. Joyce Watson has a brief supplementary question, and I will then call on Dafydd Elis-Thomas.

[219] **Joyce Watson:** My question follows on nicely from Kieran's last statement, and I want to put it to the Federation of Small Businesses. I am concerned that the term 'entrepreneurial' may need defining, because, if you are to grow businesses and wealth creation in Wales, you must also grow the businesses that exist by giving some boost through the people who enter them and who might be forward thinking. Do you share those concerns? A small could become a medium and then a large employer if it was recognised that entrepreneurs do not always start their own business but sometimes help to grow the businesses that we could be depending on.

[220] **Mr Learmond:** I think that we probably have an imbalance of lifestyle businesses in Wales, compared with those that have the potential for growth and employability. I believe that the Welsh Government has a department aimed at identifying these possible fast-growth

businesses and offering them extra support. That is something that we would support. Having said that, there is a place for lifestyle businesses as well. If people are making a living from it, and they are not being a burden on the state, then why not? In that case, I would agree.

11 a.m.

[221] In terms of what you were saying about the word ‘entrepreneur’, my point goes back to what I was saying before about the celebrity culture. I would also like to encourage an entrepreneurial mindset in Wales, so that employees have that mindset as well. When they are looking at the tasks and jobs that they have in their everyday lives, they are willing to take a bit more risk on behalf of their employers and are looking for opportunities. That has to make a difference to the economy in Wales. That is what should be happening in schools. As I said at the very beginning, if we enthuse these young people and they go on to start businesses, that is fantastic. However, if they go on to become good employees, that is fantastic too.

[222] **Mr Owens:** There seems to be a line drawn in the sand between the word ‘entrepreneur’ and being employed, and there should not be at all. You have to be entrepreneurial in your job to get anywhere in it. For instance, Patchwork Pâté, based in Ruthin, is a self-led team. All of the employees there are encouraged to do their own thing. They organise training for themselves and for the rest of the team, and they all run their own small businesses from the same office at the same time. They have support from bosses and managers to grow their businesses. That is a really entrepreneurial company, and it is not just the people at the top who are entrepreneurs.

[223] **Nick Ramsay:** That is a great point on which to finish. I thank Keiran Owens, Rachel Bowen, and Mike Learmond for being with us today. It has been really helpful. We will be thinking about what you have told us, and it will be factored into our report and recommendations. Hopefully, we can, through our report, make some changes to the ways in which entrepreneurs are supported in Wales. I propose that we have a short break of around 12 and a half minutes.

*Gohiriwyd y cyfarfod rhwng 11.02 a.m. a 11.15 a.m.
The meeting adjourned between 11.02 a.m. and 11.15 a.m.*

Ymchwiliad i Entrepreneuriaeth ymysg Pobl Ifanc—Sesiwn Dystiolaeth Inquiry into Youth Entrepreneurship—Evidence Session

[224] **Nick Ramsay:** Welcome back, Members, to this morning’s Enterprise and Business Committee. We are continuing our inquiry into youth entrepreneurship in Wales. I welcome our witnesses. Would you like to give your name and positions for the record? We will start on the left.

[225] **Mr Jones:** Good morning. I am Mark Jones. I am the principal of Gower College Swansea, and I am the chair of ColegauCymru.

[226] **Dr Walker:** I am Greg Walker, the deputy chief executive of ColegauCymru.

[227] **Professor Lydon:** Hello. I am Julie Lydon. I am the vice-chancellor of the University of South Wales and here on behalf of Higher Education Wales.

[228] **Ms Wilkinson:** I am Amanda Wilkinson, the director of Higher Education Wales.

[229] **Nick Ramsay:** I also thank you for your written papers, which have helped us to form our line of inquiry. We have a large panel, so I ask Members to be specific with regard to whom they are directing their questions. Please do not feel that you have to answer

everything, but if there is a particular area that you are interested in, just catch my eye and I shall call you. The first question is from Alun Ffred Jones.

[230] **Alun Ffred Jones:** Cyfeiriaf y **Alun Ffred Jones:** I will direct the first cwestiwn cyntaf at Mark Jones a Greg question to Mark Jones and Greg Walker. Walker.

[231] **Dr Walker:** I am sorry, Chair; the translation does not seem to be working.

[232] **Nick Ramsay:** It is on channel 1. While you are finding that, I congratulate Julie and Mark on taking up your new roles recently.

[233] **Alun Ffred Jones:** A yw'r **Alun Ffred Jones:** Is the translation cyfieithu'n gweithio? working?

[234] **Dr Walker:** Yes.

[235] **Alun Ffred Jones:** Mae gennyf **Alun Ffred Jones:** I have a question for gwestiwn i Mark a Greg ynglŷn ag ariannu Mark and Greg with regard to the funding of rhaglenni entrepreneuriaeth. A yw'r entrepreneurship programmes. Is the funding ariannu'n ddigonol? Hefyd, bu i Weinidog yr sufficient? Also, the Minister for the Economi, Gwyddoniaeth a Thrafnidiaeth Economy, Science and Transport said that ddweud bod £4.4 miliwn wedi cael ei neilltuo £4.4 million has been earmarked to promote ar gyfer hyrwyddo entrepreneuriaeth yng entrepreneurship in Wales. Do further Nghymru. A yw'r colegau addysg bellach yn education colleges receive some of that derbyn peth o'r arian hwnnw, a beth ydych money, and what do you do with that money? yn ei wneud gyda'r arian?

[236] **Dr Walker:** The first thing to say is that the quantum of money has increased quite substantially because of the inception of the entrepreneurship hubs, which started at the beginning of 2013. As you know, these are the six hubs that were funded collaboratively between FE colleges and HE colleges. They are partly funded by ESF funding, but also with a substantial amount of clean money coming through from EST. That has had an impact. The funding of those hubs, which is central pump-priming—

[237] **Alun Ffred Jones:** Beth yw EST? **Alun Ffred Jones:** What is EST?

[238] **Dr Walker:** The business department—the former Department for Business, Enterprise, Technology and Science. That has helped to kick-start some of the collaborative entrepreneurship education schemes that have started to come through in the last six to nine months. So, the quantum of money is having an impact, and a positive impact at that. We are aware that these are very straitened times in terms of the fiscal situation, so we are realistic about how much earmarked resource can be put into entrepreneurship education, because that money, obviously, would otherwise be going into mainstream funding for colleges and universities. So, it is good pump-priming money, it is helping and the hubs are beginning to have a positive impact.

[239] **Mr Jones:** There are other opportunities as well. As Greg said, a large percentage of the funding comes through that Government funding, but hubs are also looking at other forms of funding. For example, in Swansea, there has been funding through the 14-19 network, and we have worked with the local authority, which is funding two members of staff to do enterprise activities within the schools, but which are run by the learning hub. So, we are looking for other ways to access funding and bring it into that overall picture as well. We are trying to be as innovative as we can be there as well.

[240] **Alun Ffred Jones:** A ydwyf yn iawn i ddweud bod y £4.4 miliwn, neu ran helaeth ohono, yn cael ei ddosbarthu drwy'r echelau hyn, yr *hubs*, y bu ichi sôn amdanynt?

Alun Ffred Jones: Am I right to say that the £4.4 million, or a substantial part of it, is distributed through the hubs that you talked about?

[241] **Dr Walker:** Not only the hubs, but the central activities that relate to the post-16 sector in terms of the Dynamo Role Models programme, the curriculum materials that are provided, the Big Ideas Wales brand, and some of the national-scale activities that have been put on as well. There is a whole suite of actions and activities that are being funded out of that pot. That is my understanding of it, anyway.

[242] **Alun Ffred Jones:** I droi at Addysg Uwch Cymru, mae gennyf gwestiwn penodol ynglŷn â'r bwrsariaethau sydd ar gael ar gyfer cychwyn busnes i raddedigion. Rwy'n credu fy mod yn iawn wrth ddweud, cyn eu bod yn derbyn yr arian, bod angen i'r trosiant blyneddol fod yn £80,000. Rwy'n meddwl eich bod yn dweud yn eich tystiolaeth bod hwnnw yn ffigur rhy uchel. A allwch ehangu ar hynny?

Alun Ffred Jones: Turning to Higher Education Wales, I have a specific question on the bursaries that are available for graduate start-ups. I think that I am right in saying that, before they receive the money, the annual turnover needs to be £80,000. I think that you said in your evidence that that figure was too high. Could you expand on that?

[243] **Ms Lydon:** To go back a little before I answer that directly, with regard to graduate start-ups, we are talking more about the volume of that activity and our comparative performance with the UK, which is strong. One of the areas that we are interested in is how we make it happen, as you mentioned in your point about £80,000. There is a question for us about how we fund and support the students. Sometimes they are still students, so they have the ideas and they want to take forward their enterprises before they graduate, but they are not unemployed and they are not graduates, so they are not eligible. That is one category. The other question is: how do we nurture things that are not at the £80,000 level?

[244] Our track record is very good. We have nearly 1,000 graduate start-up businesses in Wales, 267 of which started in 2010-11. As a percentage of the UK average, we have 11%, bearing in mind that we are 5% of the population. I think that that is a good track record. So, we are building on a good track record. We are trying to refine things, but it is an area that we would like to put to the committee as an area that we need to work through together as to how we bridge that gap.

[245] **Ms Wilkinson:** If we look to the future, there will be funding challenges in this area. We are going to have to try to be quite creative. Funding council moneys in this area are due to come to an end, depending on decisions taken by the funding council from the next academic year onwards. We are going to need to be quite innovative, and consider how we fit within the wider landscape. For example, what are the opportunities through the Finance Wales review, and are we looking at all potential opportunities available to our young people for graduate start-ups?

[246] **Joyce Watson:** Good morning all. My questions will be aimed at ColegauCymru. Do you feel that the level of interest and engagement among young people in entrepreneurship has increased in recent years?

[247] **Mr Jones:** Yes, I think that it has. The young people coming through are aware that it is not just about a qualification. A qualification is very important, but individuals are realising that to get jobs, they need a wider range of skills. Enterprise is one of those areas where they can develop skills as something extra to put on their curriculum vitae, and build those skills that make them more marketable. It has always been there in some areas of the curriculum,

such as business, hairdressing, catering and hospitality, but you get the feeling that it is wider now across a whole range of students. They are seeing that as an opportunity to do something slightly different—something that makes them more marketable and with more skills that an employer may want. Across all the colleges, we have seen that change in probably the last four or five years—it is probably linked to the recession, to be fair. There is a willingness and eagerness to get involved in it. If you can make it exciting and different, you can hook them really early on.

[248] **David Rees:** I will talk to HE in that case, and give you a chance to talk about the 11% average—the figure we had was 10%. Those are Higher Education Statistics Agency. Do you have institutional figures, which may be slightly different? I tend to find that those figures are not necessarily up to date or current.

[249] **Ms Wilkinson:** There is certainly a lag in terms of the HESA data, but they are very robust data. We do not collect data as an organisation, ahead of HESA; we rely on HESA, partly because, as you will appreciate, in higher education, we are interested in how robust the information is.

[250] **David Rees:** What do you think drives young people to go into the entrepreneurship pathway as a consequence of completing their studies?

[251] **Professor Lydon:** I know that, in your earlier session, you were looking at what we mean by ‘enterprise’ and ‘entrepreneurship’. I would like to take the liberty to talk about definitions. Within the academic world—I know that FE would share this view—the words are used widely. I think that they are sometimes overused. We define ‘enterprise’ as people having the ability to create ideas, to think about things and the skills by which they could then deliver them. ‘Entrepreneurship’ is their application, either in a business environment, a third sector or public sector environment, or in their own businesses. That is how we define those. HE has, for a long time, embraced enterprise at the heart of what we do. It is fundamental, it is one of the attributes that we look for in graduates: that they are able to challenge the outside world and spot opportunities and translate that into what would be the ideal, or think how to take it forward. That is where we are going with this.

[252] There are some echoes of the economic environment. Clearly, people are thinking about what is their future. For many graduates, the question of, ‘What is the value of higher education?’ is in their minds, influencing what they will do. From their arrival with us, we need to build their confidence, so that they are able to take those ideas and translate them. That is part of the maturation process that people go through in higher education—both undergraduate and postgraduate experience—and then comes their application. It varies hugely across the disciplines, but it applies to every discipline in HE. You will find entrepreneurial activity—and by that I mean the application of enterprise in a business environment, in their own business or in other people’s businesses—across all the disciplines and in a variety of forms. However, there are particular areas where you would find a greater propensity for graduate start-ups and set-ups. It varies, but creative industries are very strong ones. We have been working with Sony at Pencoed, where it supports animation start-up activities—that is one example. You find it less in English and history disciplines, and even less in nursing, for example, because most of our nurses go on to be nurses in public sector environments and in private hospitals. It is fundamental and is part of what we do. We need to continue doing that and we are going forward with that, but, translating it from enterprise into entrepreneurship is the focus of your discussion here today.

[253] **David Rees:** It is interesting to see you here today, because your university, traditionally, has a strong background in the vocational world and the applied research world. I know that other universities are moving research forward into entrepreneurship. Is there a divide at this point in time? Do we see more graduates from post-1992 institutions being

entrepreneurs, compared with pre-1992 institutions, or is that balancing out?

[254] **Professor Lydon:** I cannot honestly answer that question, because I do not have the data. My instinct would be to say 'no'. It is about individuals' attributes and the direction they want to take as well as the common approach that HE has taken about enterprise being at the heart of what we do. Fundamentally, we are about knowledge generation, and that cannot be done unless you consider what we are considering here and how to take that forward and what are the ideas. That is fundamental to HE. I would be surprised if there was a difference, but I do not have the data.

[255] **David Rees:** What I am saying and what I am trying to get at is that it is right across HE, irrespective of—

[256] **Professor Lydon:** Yes, I think that it is right across HE.

[257] **Keith Davies:** Bore da; gofynnaf fy **Keith Davies:** Good morning; I will ask my
nghwestiynau yn Gymraeg i Golegau Cymru. questions in Welsh to Colegau Cymru.

[258] Fy nghwestiwn cyntaf yw: sut mae **My first question is: how is entrepreneurship**
entrepreneuriaeth yn bwrw gwreiddiau mewn embedding itself in FE colleges in Wales?
colegau addysg bellach yng Nghymru?

[259] **Mr Jones:** Similar to what Julie said, we have a core enterprise curriculum built in right across all the programmes. Students will complete an assessment and an initial programme and, depending on the individuals and the level of the curriculum, we build on top of that. Some areas of the curriculum will do more. We even have an enterprise academy, the first one in FE, in Swansea. It is a full-time course and there are 10 students on it. So, you have the core and you have elements above it—that is consistent across all colleges, relating to certain curriculum areas—and, on top of that, you have a whole range of elective programmes, activities and global entrepreneurship champions that students can buy into and are encouraged and directed to experience. There is a whole range of activities, some core and some mandatory, going right across the board to make sure that those levels of skills are embedded across all areas. That is what we try to do.

11.30 a.m.

[260] **Dr Walker:** It has been helpful to have the Welsh baccalaureate qualification mainstreamed within the curriculum directly. There is an opportunity now, looking forward to 2015, when the Welsh baccalaureate qualification will be more mandatory than it is at the minute, to mainstream within the WB core, within Essential Skills Wales, which is the way the Welsh Government will approach it, to make employability and entrepreneurship skills mandatory. So, the WBQ will be mandatory and, within the core, employability and entrepreneurship skills will be an essential part of that. That will mean that a much larger number of students will be taking it as a core part of their curriculum. That is very helpful and encouraging. We will be working with the Welsh Government on that to make sure that the entrepreneurship and employability elements are fit for purpose and really do help students to acquire those entrepreneurship skills, because, as you have heard already, a didactic approach to entrepreneurship is not really the best way to do it. A more collaborative and creative way of learning is required to imbue those skills, so we need a flexible and adaptable framework. Looking forward to 2015, when we have the new WBQ coming in—not only will there be an advanced WBQ, which we have at the moment, but for the first time a post-16 national WBQ as well—that should make a big difference.

[261] **Keith Davies:** Rydych wedi sôn am **Keith Davies:** You have mentioned
gefnogi entrepreneuriaeth drwy'r supporting entrepreneurship through the

cwricwlwm; beth am y tu allan i'r curriculum; what about outwith the curriculum?
 cwricwlwm?

[262] **Mr Jones:** What do you mean?

[263] **Keith Davies:** Rydych wedi dweud **Keith Davies:** You have told me that all parts of the curriculum in colleges include elements of entrepreneurship, but what about extra-curricular activities?
 wrthyf bod pob rhan o'r cwricwlwm yn y
 colegau yn cynnwys elfen o
 entrepreneuriaeth, ond beth am bethau y tu
 allan i'r cwricwlwm?

[264] **Mr Jones:** There is a huge range. It is difficult to know where to start. There is the global entrepreneurship challenge, where all colleges will enter teams and will have heats within their individual colleges, with the winners going through to national events. Two colleges in the last three or four years—Coleg Morgannwg and Coleg Menai—have ended up second or third in the world. One of them went to Bali and I cannot remember where the other one went—it was Australia or Korea or somewhere—having won the Welsh heat. That is one example of activity outside the curriculum. Also, a whole range of business leaders come in, because FE has very good links with industry. We are trying to get business links in, mentoring students and students going out. There is a whole range of those activities happening in all colleges. The benefit of the hubs is that we are now formally sharing that best practice and making sure that it is embedded across a wider range. So, there are more entrepreneurship elements in elective activities than there are in the core and in the Welsh baccalaureate that Greg talked about.

[265] **Joyce Watson:** I will expand that further. I am from west Wales and I know about joint working there between local authorities, businesses and Coleg Sir Gâr. I am talking here about Carmarthenshire Construction Training Association Ltd, which I am sure you have heard of. It also does all the things that you have just mentioned, on a much wider basis. It is teaching people to become employed or to employ themselves, but with a range of partners. Does that happen right across the area? I think that we would miss a trick if we did not talk about wider partnerships and the part they might play.

[266] **Mr Jones:** That is exactly what the hubs are doing. They bring in that extra good practice in areas and make sure that it is embedded across a wider area. It is quite new for the hubs. I think that they have settled in really well, but there is still far more they can do. The next step would be to share that best practice within individual hubs and with other hubs and make sure that we spread it across the whole of Wales. So, that is starting. You are already hearing people say, 'That idea would work really well in my college or university', and you are seeing that work is being spread across a wider range very quickly indeed.

[267] **Dr Walker:** Last week, we had an interesting session at the Liberty Stadium; a regional learning partnership event. It was a two-day event, where some of the best practice studies from around south-west Wales were disseminated. A lot of learning was taking place, not only between colleges but across the sectors as well. Interestingly, we had a presentation from one of the chief officers of the UK National Centre for Entrepreneurship in Education, who was praising the Welsh entrepreneurship approach as being the best in the UK. That was an unprompted remark and it was very much saying that we are ahead of the game, certainly ahead of England, but also ahead of where Scotland and Northern Ireland were. It was pretty encouraging that the Carnegie UK Trust survey results were so positive for Wales, with metrics that put us streets ahead of England, which is nice to see every now and again. On the other hand, we have a lot more to do and there is no cause for complacency. This area has only been developed fully in the last six or seven years within education institutions. There is still a big challenge to embed this fully right across the curriculum. It is still stronger in some areas than others, as Julie and Mark have alluded to. We still have some way to go, but the

initial indicators are looking positive.

[268] **David Rees:** I have similar questions as I had for HE Wales and I know Amanda wanted to come back to me last time. We talk about embedding entrepreneurship into the curriculum. I remember from my previous job that, three years ago, HEFCW pushed out the programme of entrepreneurship and we had to look at how we would embed it into the various programmes. How do you feel that it is being embedded? I know that Glyndŵr University has a BSc in entrepreneurship and Cardiff University's school of engineering has put a couple of Master's degrees together and is heavily involved in entrepreneurship. How do you see the embedding of entrepreneurship into the curriculum, within HE, across all disciplines effectively?

[269] **Professor Lydon:** Clearly, on the specifics that you talked about, it should be very obvious from the title. If you spoke to my students, I do not think that they would say, 'I have just done an enterprise course', because that is not how they see it. May I give you an example? The nature of the world in which we work is very different to how it was 20 years ago. All our students, wherever they are drawn from—all universities in Wales draw from a wide collection of countries: in my case 122 countries—and all those students, not just Welsh students, expect their courses to equip them to be able to go out into the world and make a difference, mainly with a job or being self-employed. They expect us to be up-to-date in our thinking and to work with the relevant sectors, which relates to Mark's points about connections, and that what they are doing is then tested and applied. For me, on the application part of our courses, it is going back some time. I did my degree many decades ago and I did not do anything practical; it was all very theoretical. It is a reality; I had not used a computer when I graduated, which is astonishing as I had done an economics degree. Here we are now and, with their expectations, they apply that. How do we deliver it and test that we are delivering it? We all have processes for the development of curricula, either jointly with employing organisations or professional bodies, or independently. That is tested to make sure that those elements are included and to see what the students will do and what the outcomes of a programme are. Certainly, through the Quality Assurance Agency for Higher Education, our expectation of internal and external audit or validation is that they will test what the students are doing and the outcomes. That is how I know that it is embedded. The other way I know is through students' performance. You can say that you are doing it, but you need to look at the evidence: what is the output? The output in terms of graduate start-ups and graduate employment are the ways in which you ultimately test whether it is delivering what is supposed to be doing.

[270] **David Rees:** That is the process of embedding the programme and you hope, at the end of the day, that that is what goes on. Do you then support students to incubator units or other mechanisms to stay within the university environment and take those ideas forward?

[271] **Professor Lydon:** Yes, we do. Thank you for the chance to talk about this. We have all done a lot of work around this area in Wales, supported by Government funding, mainly coming to us via HEFCW. Amanda has alluded to some of those challenges going forwards, so maybe we will come back to that in a moment. It is something that we do. There is a variety of ways in which we do that. It could be through incubation space. Can we use the word 'incubation' quite widely here, because I think that it is a word about which some people have a very narrow view and think that it is about a science space? It is about how we provide a nurturing environment for them to grow and expand. I think that incubation space is really important. We either do it directly or with other people—I have mentioned the Sony connection. It is about continued contact with experts. Some of those experts are in the business community and Mark has talked about external lecturers coming in. We have a range of mentors and we use our business contacts. We have no problem with helping students with that connection and supporting students. There is also the expertise of academics. Also, they should have just-in-time support, through online resources and physical access to HE activity.

So, if they are saying, ‘Actually, I’m just about to go into an exports market’, they want some just-in-time support. Not only do they want to know about the rules and regulations of exporting, they may actually want to talk to somebody about how they have done it and how they have gone forward. There is a variety of ways in which we do things. I have to be honest and say that I think we need to do more of it, and for me, one of the challenges is not the immediate start-up, but how do we help them grow. There is certainly a question of more incubation spaces. We have lots of empty offices and shops in our towns, cities and villages and they are not really being used in a way that could help. I do not know the answer as to how we do it, guys, because there are lots of things to work through.

[272] **Nick Ramsay:** You think those empty shops could be used as incubation spaces.

[273] **Professor Lydon:** I do. We have used those empty shops on very short-term bases. We have used them for a week to display students’ work. So, if you look at Cardiff city, you will see that. It is not necessarily that I have the right answer as to how to get there, but it is something worth exploring. They are then very much in the face of the community and are able to engage with, hopefully, the people who will be using their services and businesses.

[274] **Nick Ramsay:** Amanda, did you want to add to that?

[275] **Ms Wilkinson:** I just want to build on a point that Julie raised on how young people operate and it is actually quite different from sort of the structured approaches and the structured programmes that we are talking about. In terms of embedding, it is about the role of social networking in this area and the very large reach, in some cases, of those networks, how young people use them and how online support is developing at a very rapid rate. From our point of view, there is a real staff development issue for us to tackle, which we are tackling in relation to some of those developments. Are we actually keeping up with where young people are? That is a big challenge.

[276] **Dr Walker:** As Mark has already said, we have to use resources other than public money, certainly looking forward and thinking about the retail space idea and the empty shops idea that Julie has just mentioned. The Carnegie UK Trust has an initiative called ‘TestTown’, which gives young people grants for £1,000 and allows them to open up a retail business in an empty shop. We are working with our colleges to try to roll that out a bit and make sure that our learners have an opportunity to participate in that scheme. There are a variety of foundations, trusts and charitable organisations that we work with that will do this sort of initiative, and we have to be smart and clever at trying to maximising the resources that we get through those routes, rather than just relying on the money that comes through the youth entrepreneurship strategy at an all-Wales level.

[277] **Nick Ramsay:** The next question is from Keith Davies. No, sorry, it is from Byron Davies. I had the wrong Davies; I was half way there. Sorry, Keith.

[278] **Byron Davies:** I think my question has largely been answered. It was about the effectiveness of the six regional hubs, which you have addressed. I am happy that that question has been fully answered.

[279] **Nick Ramsay:** Thank you, Byron, that is helpful. Julie, did you want to come in?

[280] **Professor Lydon:** We have talked about regional hubs, but there is an all-Wales hub that looks at how we develop enterprise and entrepreneurial skills—I will use those words, although I have some problems with them.

[281] **Nick Ramsay:** You are not the first person to say that this morning.

[282] **Professor Lydon:** We will use those words because it is easy in this context. That is really important because it is pan-Wales. We have regional hubs, pan-Wales stuff and then we obviously have interim institutions. Bringing that all together is really important, but the point I wanted to make was about the development of our own staff. We acknowledge that, in some cases, we have staff who are very enterprising and entrepreneurial, and in other cases, we do not, and we need to help them too. We must also do our own reaching out in terms of business activity and the other things that we are doing, so it is a win-win for us in terms of taking that forward.

[283] **Byron Davies:** Are there any regional variations in the way they operate?

[284] **Professor Lydon:** There are.

[285] **Dr Walker:** There is a continuous professional development hub, which is all-Wales, and which I think south Wales co-ordinates, but there also some differences in the way that they are configured. The south-east Wales hub for instance has a separate HE and FE hub, and that is basically dependent on the complexity and number of institutions in south-east Wales. It was not going to be administratively easy to get a single hub for HEIs and FEIs in south-east Wales, which is why there are two separate hubs there. Otherwise, the rest of the hubs in Wales operate on a similar basis, where the universities, colleges and school representatives work together to try to share best practice and deliver entrepreneurship education in a co-ordinated way. So, there are some differences in the way that they are set up.

11.45 a.m.

[286] **Mr Jones:** Having worked with two hubs in the last month and with Bridgend before now, the fundamentals are exactly the same, but there are different ideas and initiatives and different ways of working with schools and industries that are coming through. The aim is, in another six months or so, to bring those together and see whether we can spread that practice across a wider range of hubs. They have all started off really well and are making a big difference, but we can do more linking up, as model—

[287] **Byron Davies:** Your opinion is that they are effective, then.

[288] **Ms Wilkinson:** Obviously, you can share best practice across the hubs, but local circumstances will be different and there will be different sector profiles. We know all of that and one would want to see that reflected, to some extent, in the regional hubs. That would be the sensible approach. So, there is a level of commonality, but different regions will respond in different ways, as they cross a range of areas, based on their local circumstances.

[289] **Professor Lydon:** To answer your question, I think that we would say that it is a very promising start. The signs are very good. It is too early to say whether it has worked, but it is looking good.

[290] **Nick Ramsay:** I want to ask Higher Education Wales whether you think that the Welsh Government funding is being targeted at the right priorities. Is there sufficient flexibility in how you decide to use it?

[291] **Professor Lydon:** That is a very broad question. I do not think that I should try to answer it broadly. Can we bring it back to the narrow question around enterprise and entrepreneurship, if you do not mind?

[292] **Nick Ramsay:** Sure.

[293] **Professor Lydon:** There are lots of examples where it has worked really well. Clearly, there are a number of areas where Government has, through policy and opportunistically—I am thinking particularly of European funding—looked at how it can work with small and large business sectors and universities and colleges to achieve what I believe is an important trilogy of those efforts coming together. So, there are lots of good examples of that. These times are pretty challenging for all of us and this environment that we are all in, we are all still learning how to operate with the changed funding regimes and it is one that we need to keep watching and to continue our dialogue about. I think that we need to look at the next round of European funding in terms of where we are going. But, there is no doubt that HE is absolutely centred and central to the economic growth in Wales. I would say this, of course, but the development of high-level skills, both for entrepreneurs and those who are not entrepreneurs, remains vital in terms of that economic renaissance of Wales.

[294] So, continuing to work with Government is really important. As Greg said, clearly we will work with other areas, but fundamentally, if we do not have the Government money going in the right directions, it will be quite hard to get the other support. So, to continue that dialogue is really important.

[295] **Mick Antoniwi:** I am a little concerned about some of the terminology that we end up using, because some of it seems quite exclusive, over-confined and quite largely confusing, or irrelevant. When you look at the college system, it has been transformed over the last couple of generations—particularly the Welsh colleges. With the number of people coming from different backgrounds, coming in late or retraining et cetera, we are no longer talking about colleges being for 16 to 19-year-olds, or whatever. How do you accommodate that within the business development or work development ideas that you have? It seems to me that someone who is 18 or 19 years old learning about the concept of entrepreneurialism, or however we define that, and someone who has been in work who has a whole different range of life experiences, part-time or full-time—there is an enormous number of them in Wales—is still a new potential entrepreneur. How has that changed, and how do you accommodate that growing diversity?

[296] **Mr Jones:** I think that it is a real strength of the further education sector. It is all about tailoring programmes to meet individuals. I was at a parents' evening last night. We had three groups of potential childcare students coming in with their parents. When those students start, there is no doubt that we will have different groups with different skills, perhaps some of those who come in with fewer entrance qualifications—perhaps just the bare minimum—will be in one group, another might be an adult or more mature group, and another group might be in the middle.

[297] Whereas the basis of the programme that they do will be the same—it will be around essential skills and the core of enterprise—you have the flexibility within that curriculum to develop in some areas. I think that we do that really well. We take those individuals and do not see them as just one of a group of 20, but we look at their specific needs. They are all tested upfront and then we develop programmes and additionality around them that meets those individual needs. So, if one student, for example, has any literacy and numeracy problems, they will be put on additional support, linked with EMAs and so on, to make sure that they have that additional support to catch up. I think that that is something that the sector has done really well in recent years.

[298] **Professor Lydon:** Answering you quite honestly, we have worked for years with dedicated policy or dedicated funding streams. The reality is that we have to make sure that it is being applied whatever someone's background is and that they are not excluded because, actually, youth policy only goes to 24. Clearly, we do not do that. In an ideal world, of course, you perhaps would not have those restrictions, but we do recognise that you have to start somewhere and actually focus. This is about pump-priming and getting things going. We

work through it. I am not going to rehearse what Mark has just said, because it is exactly the same in higher education, but I think that it is a matter of targeting activities. I fundamentally believe that we do need to turn young people on more. I know that one of your earlier speakers was a really prime example of this. They need to be confident that their ideas can fly. We all have work to do in our communities to build that confidence. So, I believe in the focus on young people, but we manage it, I think, in the ways that we do at the moment in terms of the accessibility of the curriculum and opportunities to all that come to us.

[299] **Mick Antoniw:** You mentioned quite a high degree of success in terms of graduate start-ups at 11%, which is quite impressive. One of the things that has come over to us in other areas of evidence that we have been taking on this is that we are creating a lot of people with entrepreneurial and business ideas within the service and creative industries, with intellectual ideas and so on. However, we have not come across a great deal in respect of manufacturing developments. It seems to me that there is a sort of imbalance towards an easier option for young people, which is very much within the technology side, and that we seem to be leaving manufacturing as a sort of poor relation. Is that an unfair comment, or do you think that we actually need to focus more on other aspects?

[300] **Professor Lydon:** I cannot tell you, Mick, exactly where those thousand are. I am sure that if I were to have that evidence, you are probably not right completely. For example, I have one graduate who, while she was with us, was doing the food industry. Clearly, her developments around new products have impacts on the supply chain, which includes how you produce that food. So, in some sense, there is an impact. However, I cannot answer you honestly about that.

[301] **Dr Walker:** That may well be to do with the fact that there is a lack of the capital funding that you would need to start up a manufacturing business. As well as the service sector, a lot of the areas where start-ups flourish are to do with the internet and app-based technology. You might want to partly define these as 'manufacturing' to a certain degree, in the sense of knowledge manufacturing. I think that it is partly because of the capital costs involved in establishing manufacturing.

[302] **Professor Lydon:** There are loads of examples, with product design being one. Obviously, product design covers a whole range of things, with people looking at how you take things forward. I have been involved with ESTnet in Wales, and there have been some fabulous examples of people taking forward manufacturing innovations. Graduates have been part of that. I think that it is unfair to say that there is nothing there, but we do not have the evidence to demonstrate the range at this point.

[303] **Ms Wilkinson:** That is right; the evidence is not there. If you look at some of the programmes that are run with some of our graduates, between the university and existing businesses, which look to develop new ideas and products, and at programmes that are European-funded, like KESS, you would see that there is a very wide sector profile in terms of what is being done there to develop new business ideas. In terms of developing the skills across a wide range of sectors, I suspect that there is evidence for that, but we probably have not collated it as well as we might.

[304] **Mick Antoniw:** What is impressive about some of the work being done, particularly in terms of the University of South Wales and other colleges, is that the actual links now with businesses and the practical linking in of local businesses and their demands with colleges, really seem to be zooming ahead. However, in terms of the development of ideas, how do you protect the intellectual property within the courses, training and so on? In many ways, that is the key to people's futures. If somebody comes up with something—and I am not casting aspersions on the integrity of companies—in some ways, the value of the intellectual idea is more than that of the product.

[305] **Professor Lydon:** That is a good question. It is a challenge for us, and the openness of information is a matter that we have to help people to work through, both our academics and our students, in terms of intellectual property and the protection of it. Somebody said to me the other day that the best form of flattery is somebody emulating you; in some senses, most people are extending existing ideas rather than coming up with something that is completely radical. So, it is about what is there to protect something that is to be established. Being aware that other people will try to emulate what you are doing is important, but it is a challenge. Part of the support that we give our graduates going forward is to ensure that they understand the need, in some instances, to protect themselves in terms of what they are doing and how they might take that forward. However, in reality, in this world, there is not much that protects those ideas.

[306] **David Rees:** I might be missing something, so I want to clarify something. We are looking at the impact on the Welsh economy in particular, and the Higher Education Statistics Agency figures that Amanda has given us refer to 267 graduates from universities in Wales, but are we aware of whether they are start-ups in Wales? For example, an apps start-up could be based back in their home territory. So, are we aware of how many of those are start-ups in Wales?

[307] **Professor Lydon:** I am not, and I do not think that I have that evidence. Anecdotally, I can talk about it, because I meet lots of them and they are in Wales. They are not always Welsh students, but students who have chosen to stay here. However, we do not have that evidence.

[308] **Ms Wilkinson:** On the graduate start-ups from Welsh universities, that is a good question. I will have a look at that and see whether we can provide you with an answer. Since we submitted our written evidence, we have had a new set of data from HESA for 2011-12, and we have seen some increase, particularly in terms of the numbers of active graduate start-ups. Julie gave you those data earlier, but, comparing one year with another, we have seen an increase of 180 between 2010-11 and 2011-12 in terms of active graduate start-ups, which is quite a significant increase.

[309] **David Rees:** The tendency is for them to start up where they are educated, and I acknowledge that, but I would be interested to know the figure of how many are staying in Wales.

[310] **Ms Wilkinson:** We will have a look at that.

[311] **Professor Lydon:** I have a high proportion of Welsh students—65% of our students are Welsh, but it is interesting that, in areas like creative industries where it is nearer half and half, with half being Welsh students and half from other countries, predominantly England, I know that those start-ups are staying in Wales. That is because of the strength of the sector here, so that is the other thing, in some senses. We perhaps need to acknowledge the permeability of the border and, providing that we are getting economic activity and the benefit of it here, does it really matter where they are based? So, you also need to look at their supply chain.

[312] **Nick Ramsay:** Going back to funding and support, the Welsh Government's Big Ideas Wales site has come in for some criticism from some quarters. What is your take on that? Do you think that the site is working?

[313] **Professor Lydon:** I have not heard any criticism from the higher education community, so I cannot comment on concerns about it. I think that we welcome the focus. It complements the work that we are doing as institutions—I certainly have an ideas factory that

is run by our students union and is very successful. I am afraid that I do not have anything more to say on this, Nick. I do not know whether there is anything—

[314] **Dr Walker:** We have not had any complaints about the website as such, but the branding of Big Ideas Wales has not gained a lot of traction. That is the feedback that we have had from colleagues.

[315] **Nick Ramsay:** That is the feedback that we had from young people as well.

[316] **Dr Walker:** It is in our written evidence. We are making a constructive point in that it is difficult—we have a problem in terms of terminology, as we discussed already, because the word ‘entrepreneurialism’ is difficult. However, as yet, the Big Ideas Wales brand has not really settled down, and does not really have the profile that people had hoped for. That may not be a problem if the activity on the front line is working and embedding. That may not be the most important thing to think about, but certainly if you mention Big Ideas Wales to local business people or young people, they would not necessarily know exactly what you were talking about.

12 p.m.

[317] **Nick Ramsay:** Do Members have any further questions?

[318] **David Rees:** It was mentioned earlier this morning that entrepreneurship is about not only the outcome of setting up or starting an operation, but having an entrepreneurial attitude, even within another business. Is that also encouraged within the curriculum, so it is not just, ‘Go out and get your own business going’, as it is also about being entrepreneurial within another organisation?

[319] **Dr Walker:** People talk about ‘intrapreneurialism’, do they not? That obviously refers to creative and innovative practices within companies or public sector organisations. It can specifically refer to somebody within a large organisation successfully creating a start-up within that entity—a sort of subsidiary company. However, these terms can often get in the way of what we are really talking about, which is a sort of creative, get-up-and-go, can-do spirit that we need to imbue young people with. Having looked at a lot of the literature around this area, there is still a debate between people as to whether you can teach creativity. I think the general view is that you can teach certain aspects of it. It is not all nature versus nurture; it can be nurture to a large degree. That is certainly the conclusion that a lot of the more recent literature points to. However, at the same time, we need to have teachers and tutors that can authentically relay that to students. I think Julie was saying a few minutes ago that not all of our staff can necessarily authentically convey that, and we have to do more work through role models and mentors to give people exposure to what it is like to be a creative entrepreneur.

[320] **Professor Lydon:** Unequivocally, they have to be able to challenge and develop new ideas. That is what we are about. The 32,000 students that I have are not all the same, so they will not necessarily be in your face in terms of what they are about, but, for me, that is the bit that is innate, and which we should be doing: drawing on whatever talent there is and taking it forward so that they achieve to their full potential. The question of entrepreneurship for me is that not all of them are going to be entrepreneurs, so what we are looking at is whether they all have the capability to develop ideas from that information and knowledge to create challenges, and have the skills to be able to deliver on that, although they may not all be people who will deliver on it.

[321] **Nick Ramsay:** On a slightly different aspect, what about social entrepreneurship? What are you doing to promote that? That is an area that the committee has heard some evidence about. It is an interesting aspect for us.

[322] **Dr Walker:** There is a bigger focus on encouraging people to start social enterprises rather than profit-making businesses. Certainly, in my experience of working with the hubs in the last few weeks and putting together the evidence, there is as much emphasis on that as there is on business start-ups. We are working with organisations like Collaborative Communities, which is a social enterprise charity, to make sure that those skills can be inputted in social enterprise terms as well as for profit-making companies. In certain parts of Wales, that will be particularly important. We have a strong culture of social enterprise in many parts of Wales, so that will be a crucial aspect of the work that we do.

[323] **Nick Ramsay:** On the youth entrepreneurship strategy and action plan, can you think of an improvement that we could recommend that would help entrepreneurs?

[324] **Dr Walker:** Our view is that it is a UK-leading strategy and action plan. It is good. We work with it well, and we work constructively with officials. We say in our paper, in order to make a constructive criticism, that some of the reporting and accounting structures are quite complex, but, obviously, auditing is an important process, and there is European funding involved, so there will be some necessary complexity to that. It is a good framework and we got off to a sound start, and, in many respects, we are leading the UK. There are a couple of areas where we would like to see some streamlining, such as in reporting mechanisms and so on, but that is not fundamentally blocking the implementation of the strategy.

[325] **Professor Lydon:** There are two points that I have already mentioned. I think that bridging some of the gaps I have talked about is important. There is this thing of students wanting to take forward an enterprise venture when they do not get support, and the strategy does not address that, because they have to be unemployed or graduates. That is an issue.

[326] The other issue is space—development space and more incubator space. I think that it is in the strategy, but I would like to see it enacted, so that the strategy takes forward the development of more incubation space.

[327] **Nick Ramsay:** Dafydd Elis-Thomas has a question.

[328] **Lord Elis-Thomas:** I do not need to remind you of the activity of student unions, which are the best example of social entrepreneurship. I was awarding at a certain university, which I will not mention, three certificates the other week for voluntary work in the community, including very important work on mental health. This is also where it is at, and it is all part of developing citizenship.

[329] I was interested in your problem with entrepreneurship as a word earlier. I know that you are very busy at the moment with building a great new institution, but, if you have an opportunity to give us some more on the definitions, it might be very helpful when we come to write our report.

[330] **Professor Lydon:** There is jargon; even the term ‘social enterprise’ is jargon. A lot of my students would not recognise it, but they actually are doing community work and are engaged in social enterprise. So, yes, I would be very happy to do that.

[331] **Nick Ramsay:** Great. Keith, you have the very final question.

[332] **Keith Davies:** I want to follow on from what Dafydd Elis-Thomas was saying. Last year sometime—I cannot remember when in the year—we had two young apprentices here, but they were higher education apprentices. They had good A-levels and decided not to go to university straight away, but to go to work for Airbus in north Wales. What did Airbus do? It

sent them to university for them to do their degrees. Therefore, during the course of college vacations and so on, they are working with Airbus. I just wonder whether youngsters such as those would be involved in entrepreneurial activities. Then, of course, there are the people in your colleges who have a year off to go into industry before they complete their degrees and so on. So, there are examples around that we need to know about in terms of whether we can build it into this kind of programme.

[333] **Professor Lydon:** I know that you have met some young entrepreneurs, but we would be very happy for you to meet some of our 1,000 graduate start-ups and to perhaps take evidence from them directly about the things that have helped them. Some of the students are involved in social enterprises. If that would be helpful, we would certainly want to facilitate that.

[334] **Nick Ramsay:** There are nods of agreement; it just depends on the schedule that we have.

[335] **Lord Elis-Thomas:** We can come to your flashy building.

[336] **Professor Lydon:** Which one of my flashy buildings? [*Laughter.*]

[337] **Dr Walker:** There is an open invitation from CollegesWales as well, of course.

[338] **Nick Ramsay:** Great. I thank our witnesses, Mark Jones, Greg Walker, Julie Lydon, and Amanda Wilkinson, for being with us today and helping us with our inquiry. It has been really helpful. Thank you very much. I now close this morning's meeting.

*Daeth y cyfarfod i ben am 12.07 p.m.
The meeting ended at 12.07 p.m.*