



# CROSS PARTY GROUP ON **SMALL SHOPS**

Supporting Entrepreneurship Inquiry

Promoting Jobs and Investment

## Terms of Reference

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The Cross Party Group on Small Shops will conduct an Inquiry into entrepreneurship in Wales and how to sustain the important contribution of entrepreneurs to the economy. Small shop entrepreneurs like booksellers, grocery retailers, hairdressers and high street traders create jobs, make investments in communities across Wales, and are an engine of economic growth. This contribution, and the important social role of entrepreneurs, is not fully understood or valued by policy makers at the national or local level.

This Inquiry will review how we support entrepreneurs in the future, the positive contribution they make and what policy barriers the Welsh Government can remove to help them grow and thrive. The Inquiry will invite written evidence from interested parties and host a small number of oral evidence sessions in the National Assembly for Wales, drawing on a range of stakeholders from private business, business representative organisations, industry experts, academics and the charitable sector.

## Foreword

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I am pleased to introduce this report into Entrepreneurship in Wales, which follows on from the inquiry work undertaken by the Cross Party Group on Small Shops in the National Assembly for Wales. Having met with a wide range of stakeholders across the sector, it is clear that this piece of work is much needed to highlight to the Welsh Government the issues facing entrepreneurs, business owners and those just starting out.

The Government and media narrative surrounding entrepreneurs is often focused on glamorous start-ups based in science, technology or finance, but these are not the typical business owners that support the everyday needs of local communities across Wales. It is everyday entrepreneurs that are the backbone of the Welsh economy, those business people that serve their local community day in day out, providing valued jobs and supporting our high streets and shopping parades. Individually, the significance of the local shop, the barbers or the cafe may be small, but taken together across Welsh communities and their collective contribution is significant.

The purpose of this Inquiry is to raise the profile of everyday entrepreneurs and the contributions they make in their communities, identify issues they face in running their business, and consider solutions for policymakers to unlock further economic growth and investment from these business owners. The Inquiry has explored how to support everyday entrepreneurs in Wales through the three key themes: People, Places and Policy.

The Group heard from a diverse range of stakeholders about how people can be equipped with the knowledge they need to succeed in business and develop the skills and resources to grow. We also heard how the success and stability of the businesses of everyday entrepreneurs is dependent on the prosperity of high streets and the business infrastructure that surrounds them.

On policy issues, this Inquiry reviewed how the Welsh Government and local authorities can act through the local planning and business rates system to support businesses to thrive and adapt. The key recommendation in the report is the development of an 'Entrepreneurs Test' to be included in every single Welsh Government's impact assessment tests for new policy. The aim is to ensure policymakers considers the impact new regulations will have on entrepreneurs and a clear indication that Wales is open for business.

I would like to thank all those who have given evidence to the Inquiry, all of which has informed this final report, and to the Members and Secretariat of the Cross Party Group on Small Shops for their contributions also. Our recommendations cover a broad spectrum of policy areas, reflecting the 'plate-spinning' realities faced by our everyday entrepreneurs. If implemented together, these policy recommendations would really spur the entrepreneurial spirit throughout Wales. I hope that Cabinet Secretaries, their officials and Assembly Members take note of the Inquiry's findings and keep the interests of everyday entrepreneurs in mind when making policy decisions.

**Janet Finch Saunders AM**, Chair, Cross-Party Group on Small Shops

# Executive Summary

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## People

- Better communication of apprenticeship funding and support for small employers to train more apprentices
- Apprenticeships are not a complete solution to skills delivery
- A review of entrepreneurial skills training and business support services available to existing and aspiring entrepreneurs
- The Welsh Government should develop a high-profile approach to employer engagement with schools to inspire the next generation of entrepreneurs

## Places

- Digital connectivity is a necessity for the Welsh Economy. We support the Welsh Government's objectives to offer 'fast reliable broadband to every property in Wales' by 2021 as set out in the Taking Wales Forward Action Plan
- Declining access to local banking services should not require entrepreneurs to spend more time away from their businesses
- Placemaking in Wales must be prepared to respond to disruptive innovation, such as online retailing and new business models, considering their impact on places within local hierarchies of commercial centres

## Policy

- Business rates are a clear barrier to growth and should be reformed to create a bespoke system in Wales that drives investment and economic growth
- The Welsh Government should introduce a new 'Entrepreneurs Test' to encompass all impact assessments for business regulation
- Increase awareness of how businesses can use the business finance market to drive business growth

# People

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For the Welsh Government to truly support entrepreneurship, it must recognise that its people are its greatest asset. SMEs in Wales accounted for 61.7% of all employment in Wales in 2017<sup>1</sup>. Self-employment has seen a tremendous increase in recent years. Between 2007 and 2016, self-employment in Wales increased from 161,000 to 176,000, representing 38% of total jobs growth<sup>2</sup>.

Self-employment rates tend to increase significantly with age. Across Wales, self-employment rates are typically a lot higher for over 45-year-olds and generally even higher for over-60s<sup>3</sup>. This may be because of accumulated financial and social capital resources, as well as having attained more experience than their younger counterparts.

On average across Wales, 37.4% of the active workforce over 60 are self-employed, compared to only 7.8% of the under 30s<sup>4</sup>. Nevertheless, there is still a significant amount of regional variation, with young self-employment tending to be higher than average in Cardiff and Swansea<sup>5</sup>.

## **Apprenticeships**

The Welsh Government has demonstrated a strong commitment to promoting apprenticeships as a route to developing skills in the workforce and improving productivity and economic growth. Apprenticeships provide formal training for apprentices towards a recognised competency-based qualification alongside 'real-life' employment. According to the CEBR, a typical apprenticeship completer improves productivity by £214 per week, £83 per week for the retail sector<sup>6</sup>, while the NTfW report the value of apprenticeships to individuals ranges between £77,000 and £117,000 in additional lifetime earnings<sup>7</sup>.

Apprenticeships in Wales should be supported at all levels and sectors to improve access to skills for businesses across the labour market. The National Audit Office finds that for every £1 spent by Government, apprenticeships provide an average return of £18<sup>8</sup>. The Welsh Government should consider how it can provide more targeted practical support to encourage more 'everyday entrepreneurs' to engage with apprenticeships in key sectors such as hospitality, construction, retail and wholesale, all of which provide hundreds of thousands of jobs in Wales individually<sup>9</sup>.

**“The apprenticeships funding system should support apprenticeships at all levels and in all types of business to strengthen skills development in the Welsh economy. However, the apprenticeships system dominates the skills debate in Wales and should be considered in a wider context of improving vocational education”.**

***David Hagendyk, Director for Wales, Learning and Work Institute***

## ***Better communication of apprenticeship funding and support for small employers to train more apprentices***

During the Inquiry we heard that the apprenticeships system in Wales is overly complex to administer for small business owners, many of whom do not have access to the relevant HR expertise. Many believe that this complexity could undermine the range of apprenticeship opportunities across different types of employer in Wales. There was acknowledgement of the need to focus on higher skilled apprenticeships but not to ignore foundation (level 2) apprenticeships in important sectors like retail and hospitality.

The Apprenticeship Employer Incentive Programme as funded by the European Social Fund (ESF) is welcomed by the Inquiry. The Welsh Government should consider extending the funding beyond the 16 to 19 age range. Removing this restriction would support the ESF's Specific Objectives on Skills for Growth and boost the adaptability of the Welsh labour market<sup>10</sup>.

## ***Apprenticeships are not a complete solution to skills delivery***

Apprenticeships have grown to be considered the 'gold standard' in vocational education but are not a panacea for skills growth. Vocational education emphasises the skills and knowledge required for a particular job function or trade and can be provided outside of the apprenticeships system through qualifications administered by sector bodies, shorter training programmes and work experience opportunities. Funding cuts to Careers Wales have limited knowledge of apprenticeships and wider vocational training by school staff and access to careers advisors<sup>11</sup>. Policymakers should recognise the value in wider vocational training facilitating upskilling and business growth.

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## **Skills**

**“When I was starting up in business, I had all sorts of emails coming through about different courses and guidance from Business Wales, particularly focused on accessing finance to grow. Now that I have been established for a few years I receive no regular contact from Business Wales and their website is difficult to navigate”.**

***Rob Cooper, Little Man Coffee Company***

### ***A review of entrepreneurial skills training and business support services available to existing and aspiring entrepreneurs***

Qualifications will always be the key measure of student success in schools, but learning soft skills is important to make a successful transition to business ownership and the workplace. Prince’s Trust research shows that more than a quarter of teachers teaching 11 – 19 year olds do not think their pupils have the soft skills required to flourish after education and three-quarters (72%) of school leavers themselves do not believe they have the soft skills to do well in their role when they first start working<sup>12</sup>.

The Welsh Government should renew its focus on delivering skills education to support entrepreneurialism. The Youth Entrepreneurship Strategy 2015 brought together the Welsh Government’s economic development and education policies to equip young people aged 5 – 25, ‘with entrepreneurial skills and attitudes to raise aspirations so they can fulfil their potential’<sup>13</sup>. The Welsh Government’s Framework for Co-Investment in Skills, which aimed to provide a foundation for shifting skills investment to an employer-led approach, also concluded in 2017<sup>14</sup>.

There are a range of business support services available but awareness amongst business owners about how to access what is available is low. Reviewing these services and entrepreneurial skills training would build on the Welsh Government’s commitment in the Economic Action Plan to ‘establish targets for the numbers of school, college and university leavers starting companies’ and enable entrepreneurialism<sup>15</sup>. Digital connectivity must be combined with digital skills and tools so that entrepreneurs can realise its potential growth opportunities. Taking Wales Forward recognises this and contains an aim for 95% of people to have the basic digital skills needed for the 21st century<sup>16</sup>. The approach to deliver free digital courses through Business Wales is welcome, and its impact in helping achieve this target should be monitored.

## **Education**

**“We have seen through our Enterprise Programme that business mentoring can make a real difference to the lives of young people and inspire them to succeed. Enhancing these links between schools, business and the third sector will help promote awareness of career options and raise awareness of existing support services and networks when entering business”.**

***Sue Thompson, Senior Head of Partnerships Wales, Prince’s Trust Cymru***

### ***The Welsh Government should develop a high-profile approach to employer engagement with schools to inspire the next generation of entrepreneurs***

Initiatives such as Business Class by Business in the Community Cymru<sup>17</sup> exist to build lasting partnerships between businesses and schools, but small businesses can struggle to engage with schools due to time and resource constraints<sup>18</sup>.

Self-employment is increasing in Wales and effective business mentoring should be supported to inform understanding about entrepreneurial career paths. Young adults who have greater contact with employers whilst at school are significantly less likely to become not in education, employment or training (NEET) and can expect to earn up to 18% more than peers who

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had no such workplace exposure<sup>19</sup>.

Employer engagement in schools beyond work experience can also produce mutual benefits for entrepreneurs and the education system. For business owners, engaging with schools can help identify and nurture talent from a young age, increase their business and sector profile, and improve business' understanding of young people's attitudes and spending habits.

For schools, providing opportunities for students to meet employers can build their confidence to compete in the labour market, supplement careers advice teams by showing the enterprise skills and qualifications employers may need and demonstrate the value to students considering their career paths.

There needs to be a stronger sense of place for vocational education in schools to support entrepreneurial career paths. The education system can be driven by exam tables and helping students reach university, even when it may not be the most suitable career path for the individual. Awareness and understanding of the skills needs in the labour market and how to attain them using the whole education system is important and can be aided through business and school partnerships.

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## Places

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High streets and town centres are going through a significant period of change meaning a new focus on supporting place management it needed. Vacancy rates are higher in town centres in Wales, standing at 13%, compared to 11.1% in England, 11.9% in Scotland and 11.0% across the UK<sup>20</sup>. The average vacancy rate across Welsh cities was 18% and 11.8% across Welsh towns<sup>21</sup>. In the same year, the average retail vacancy rate across Wales was 14.5%<sup>22</sup>.

Businesses, national and local governments and communities are going to need to adapt to the changes happening on the high streets quickly if we want to sustain their vibrancy and viability. One of the biggest challenges will be the shift to consumers buying more products online, but this can be dealt with by supporting high street businesses enhance their own digital infrastructure and presence.

Internet connectivity and speed remains an issue for many businesses. Research from the Association of Convenience Stores suggests that 31% of local shop owners reported that the internet speed and availability (4G and broadband) in store made it difficult and/or caused delays to completing tasks in the business<sup>23</sup>. 7% reported that this prevents them from offering a wider range of internet-enabled services to customers<sup>24</sup>. To ensure that nobody is left behind simply because of their location, the Welsh Government must stand by its commitment to deliver fast reliable broadband across Wales, building on the success of Superfast Cymru<sup>25</sup>.

The decline in high street banking infrastructure was a key concern raised at the Inquiry. More than 200 bank branches have been closed in Wales alone in the past six years, and the closure rate in Wales is three times that of London and the south-east of England<sup>26</sup>. The loss of vital banking services can be a huge problem in rural areas for both small business owners and consumers.

### **Broadband**

**“Access to digital connectivity is an important enabler to foster innovation and entrepreneurship across the economy, particularly for SMEs, allowing them access to new markets and to engage with their customers via new channels”**

***Geraint Strello, Regional Partnership Director, BT Group Plc***

***Digital connectivity is a necessity for the Welsh Economy. We support the Welsh Government’s objectives to offer ‘fast reliable broadband to every property in Wales’ by 2021 as set out in the Taking Wales Forward Action Plan<sup>27</sup>***

Investment to deliver fast reliable broadband, defined at 30 Mbps +, will build upon the Superfast Cymru project with Openreach to deliver fixed reliable broadband to 93.8% of Welsh properties at the end of 2017.

Digital access is now vital for businesses to improve productivity and carry out a range of everyday business functions, for example online banking and facilitate digital payments. HMRC’s Making Tax Digital reforms, which will require businesses to keep digital VAT records and submit tax information quarterly from April 2019, will further enhance the need for reliable internet connections.

Ofcom’s Connected Nations 2017 report suggests that only 81% of SMEs have access to superfast broadband, despite 89% coverage for all Welsh properties<sup>28</sup>. The Welsh Government Ultrafast Connectivity Voucher Scheme offers valued financial support for installing business broadband infrastructure which will allow growing businesses to make the most of digital platforms while based in Wales. We support the Mobile Action Plan’s principle to promote further investment in mobile technologies, although telecommunications policy is not devolved to Wales.

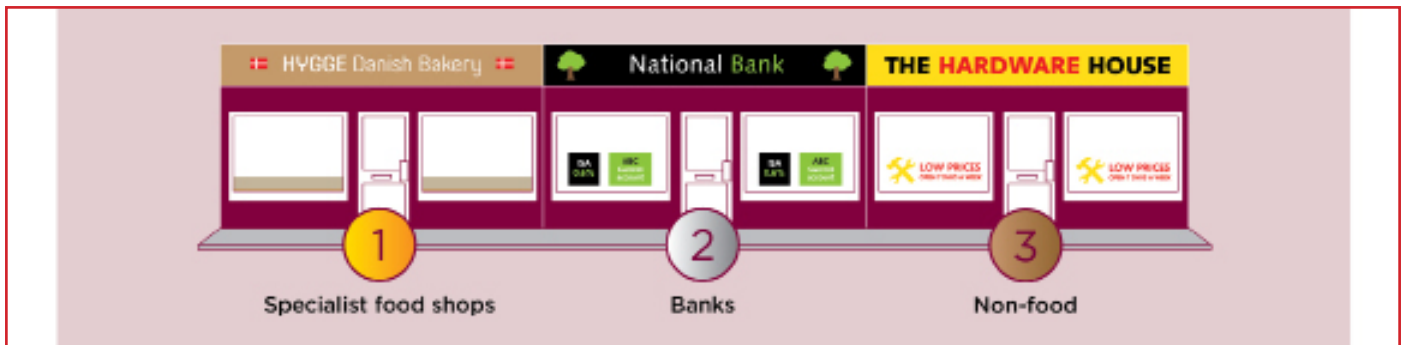
### **Banking**

***Declining access to local banking services should not require entrepreneurs to spend more time away from their businesses***



Bank branch closure programmes have created problems for business owners in depositing cash by requiring them to travel further to a new bank branch or Post Office. This has a negative impact on productivity by requiring them to spend more time away from the business, particularly when trading in rural areas. Banking services are essential to deposit cash for a range of businesses typically trading on high streets, including convenience stores where, despite the rise in contactless and digital payments, 76% of all transactions paid for in cash<sup>29</sup>. Banks are the second most wanted service in communities, see Figure 1.

**Figure 1: ACS Community Barometer 2017**



**“The Post Office is playing a positive role in supporting small businesses to trade and towns to thrive through its expanding cash deposit and banking services. These services can plug gaps in banking provisions across Wales in high streets and rural communities”**

***Martin Kearsley, Banking Services Director, Post Office Ltd***

Post Offices can now accept ‘walk-in’ cash deposits of up to £2,000 per transaction, and 90% of deposits in Post Offices are below this £2,000 threshold<sup>30</sup>. For sums above that figure, Post Office and the relevant bank can work with the customer to arrange specific services up to an agreed sum.

Post Offices will remain valuable for businesses and consumers into the future. Post Offices are rated by consumers, shop owners and councillors as having the most positive impact on their community and ‘almost 90% of small businesses say they expect to be using Post Offices just as much or even more in two years’ time<sup>31</sup>. However, Post Offices are not the entire solution and ‘can’t offer the high value, complex and regulated financial services that a bank is able to provide its customers’<sup>32</sup>.

As a result, businesses need to retain access to convenient banking services beyond the Post Office. The Inquiry heard evidence that alternative banking services provided after local branch closures, for example mobile banking vans, are inefficient, costly to access and have very restricted opening hours. The Inquiry also heard that many businesses report poor communication from their bank about their banking options when a decision to close a local branch has been confirmed. FSB Wales recommended the Welsh Government should ‘ensure the closure of banks effects small businesses as little as possible. This includes, but is not limited to, communicating protocol more effectively and ensuring the local community are involved in pre-closure engagement’<sup>33</sup>.

In March 2015, the major high street banks signed the ‘Access to Banking Protocol’, an industry-wide agreement mandating that banks engage with local communities prior to branch closures; publish an impact assessment on closures; and ensure continued provision of alternative ways to bank for their domestic and business customers.

Following varied reports on the application of the Protocol, the Protocol was independently reviewed by Professor Griggs in 2016, which delivered the amended Access to Banking Standard. The Access to Banking Standard must be enforced effectively and ensure earlier communication with businesses when branch closures are announced.



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## Planning

**“Policies clearly need to be flexible enough to allow our town centres to ‘re-invent themselves’ whilst providing enough protection for our primary and secondary retail frontages, the viability of core areas, and for a growing number of people who will be living in our centres”.**

***Dr Roisin Willmott OBE, Director, RTPI Cymru***

### ***Placemaking in Wales must be prepared to respond to disruptive innovation, such as online retailing and new business models, considering their impact on places within local hierarchies of commercial centres***

The Welsh planning system is already undergoing significant reform. The next edition of Planning Policy Wales is under consultation to reflect the Well-being of Future Generations (Wales) Act 2015, to focus planning policy on the Act’s seven well-being goals and five ways of working to achieve the well-being goals<sup>34</sup>. These ways of working are named involvement, collaboration, prevention, integration and long-term and apply the sustainable development principle of the planning system. The planning system is also being restructured to focus on policy themes from the Act, specifically ‘Placemaking’, ‘Active and Social Places’, ‘Productive and Enterprising Places’, and ‘Distinctive and Natural Places’.

The National Development Framework, which concentrates on developments of national significance covering a 20-year period, is also under consultation, to ensure it appropriately identifies the land use implications of key government objectives for planning. The National Development Framework has a function to connect Welsh Government policies through the planning system, guide the direction for Strategic Development Plans and Local Development Plans, and link infrastructure and development together to ensure they complement each other and deliver sustainable development.

High streets and town centres are evolving at a rapid pace in response to changing consumer demands and market disruptions such as the rise of online retailing. The Welsh planning system must keep these changes in mind and allow local authorities flexibility to make the planning decisions that are best for their local retail and commercial centres. Local authorities and town centre managers should be supported to promote town centres, including communicating legislative changes, organising events programmes that deliver for business and understanding footfall data.

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# Policy

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The Welsh Government's Economic Action Plan already reveals a long-lasting commitment to supporting entrepreneurship. We welcome its emphasis on new models of support and partnerships in helping small and often fragile enterprises embedded in local communities increase their productivity and encourage skills progression. The Inquiry also welcomes the Welsh Government's development of enabling plans for foundation sectors, such as retail, tourism, food and care, to support the understanding of the challenges faced by businesses both large and small.

The value of entrepreneurship to the Welsh economy cannot be overstated. SMEs in Wales accounted for 61.7% of all employment in Wales in 2017<sup>35</sup>. Self-employment has seen a tremendous increase in recent years. Policies should support entrepreneurship by improving the use of business rates relief and ensuring entrepreneurs have appropriate access to finance to encourage their growth.

## **Business Rates**

**“Small Business Rate Relief is essential to subpostmasters and local shops and we welcome the introduction of a permanent scheme in Wales. The business rates system should act as a catalyst to business investment, particularly from independent operators providing essential services within local communities”**

***Lynn Eccles, Director of Communications, National Federation of Subpostmasters***

### ***Business rates are a clear barrier to growth and should be reformed to create a bespoke system in Wales that drives investment and economic growth***

The burden of business rates is too high and at a tipping point. The devolution of business rates policy to Wales must stimulate the Welsh Government into pursuing policy to spread the message that Wales is open for business. The business rates system should be used to enhance and incentivise business investment from entrepreneurs in the Welsh economy.

The business rates relief system should be focused on rewarding investment by providing time limited exemptions for new store developments and letting businesses offset their capital investment against their rates bills. The Scottish Government has adopted the recommendation of the Barclay Review of business rates to introduce a 'Growth Accelerator', delaying increases in business rates bills for 12 months to allow businesses to recoup their investments<sup>36</sup>.

Greater funding streams should be found to ensure better use of discretionary relief from financially-limited councils to support everyday entrepreneurs. The Localism Act 2011 provided Welsh local authorities with the power to grant discretionary rate relief to any business under their jurisdiction, but the power has only been used by 39 out of 326 local authorities in England and Wales<sup>37</sup>. The targeted use of these powers could enhance economic growth from small businesses and support key business infrastructure for high streets, for example ATMs.

Welsh local authorities must ensure they fully distribute funds from the High Streets Relief scheme. The High Streets Relief scheme is a prominent example of how the Welsh Government can use the business rates system to support its own bespoke objectives and businesses trading on high streets. The extension of the scheme into 2018/19 is welcome and will support around 13,000 SME high street businesses including shops, cafes and pubs. However, many local authorities are requiring businesses to apply for the relief, meaning some are unaware that the relief is available and the funds are not being fully used<sup>38 39</sup>.

The business rates appeals system should support unrepresented ratepayers to gain accurate rates bills. The Welsh appeals system is currently under review. Ratepayers should not have time limits imposed at any stage of the appeals process and all valuation evidence should be provided to ratepayers following their registration on the appeals portal to improve transparency and faith in the rating system.

The Welsh Government must ensure it avoids mistakes made by 'Check, Challenge, Appeal' reforms in England and create a bespoke appeals system for Welsh business.

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## **Entrepreneurs Test**

**“Policy makers need to have at the front of their mind the operational impact that new regulation will have on business and entrepreneurs”.**

***James Lowman, Chief Executive, Association of Convenience Stores***

### ***The Welsh Government should introduce a new ‘Entrepreneurs Test’ to encompass all impact assessments for business regulation***

The Inquiry consistently heard evidence that new business owners and entrepreneurs can find it onerous and burdensome to keep track of their existing and incoming regulatory responsibilities. This can contribute towards a perception from business that policy makers may not always consider the proportionate impact of new burdens from regulations for entrepreneurial businesses.

The Small Business, Enterprise and Employment Act 2015 and Enterprise Act 2016 introduced a new ‘Business Impact Target’ impact assessment aiming to ensure businesses are not overburdened by excessive regulation from UK Government bodies. The Target requires open and transparent assessment and reporting of the economic impact of new or amended regulatory measures that impact on business.

The Welsh Government should go further and introduce a new ‘Entrepreneurs Test’ to encompass all impact assessments for business regulation. An ‘Entrepreneurs Test’ would reflect the important social and economic contributions made by the entrepreneurial community.

The test should consider the following three criteria; whether the regulation creates barriers to market entry for new entrepreneurs, what provisions have been made to help entrepreneurs understand and navigate the new regulation, and how has the impact on entrepreneurs been considered during the policy making process.

## **Finance**

**“There is a thriving alternative finance market out there, the issue is informing and educating small businesses as to the right finance for their needs, what’s available, where to get it and the best way to use it”.**

***Ian Cass, Managing Director, Forum of Private Business***

### ***Increase awareness of how businesses can use the business finance market to drive business growth is limited.***

Access to finance is the number one concern in Wales for people looking to set up in business<sup>40</sup>. Access to finance is vital to support entrepreneurs to develop their business, whether by purchasing equipment, making property improvements or taking advantage of upcoming growth opportunities.

The rapidly changing face of the high streets and shopping parades where many entrepreneurial businesses trade means many businesses are seeking to invest to respond to changing consumer demands.

The Welsh Government provides a range of finance options for growing businesses and advice and guidance through Business Wales and the Accelerated Growth Programme. Business Wales is the Welsh Government’s ‘one stop shop’ for entrepreneurs seeking to establish or grow their business. These business support services should deliver organic business growth and not lead to undue business displacement.

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The Welsh Government should focus on better communicating existing finance options, including through the new Welsh Development Bank. The Development Bank's interaction with Business Wales as the 'shop front' for business support in Wales should be seamless and its service offer visible for SME businesses.

## **Contact Details**

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# Oral Evidence to the Supporting Entrepreneurs Inquiry

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The following is a list of those who provided oral evidence to the Inquiry and contributed to shaping this report as part of a series of evidence sessions within the Welsh Assembly.



## Amy Bainton

Amy Bainton is External Affairs Advisor at Federation of Small Businesses Wales, representing 10,000 small businesses. Amy is a Law graduate with a master's degree from Cardiff University. She has previously worked as a research officer for not-for-profit organisations and in various press and parliamentary affairs roles.

## Robert Cooper

Robert Cooper is the owner of independent Cardiff coffee shops The Little Man Coffee Company & Little Man Garage. Little Man Coffee began in 2014 and the company now offers private meeting spaces and conference facilities, coffee training and education, mobile Tuk Tuk, and wholesale to likeminded businesses. Robert previously worked as a General Manager in the hospitality sector before deciding to open his own business.



## David Hagendyk

David Hagendyk is Director for Wales at the Learning and Work Institute, an independent policy and research organisation dedicated to lifelong learning, full employment and inclusion. David is responsible for promoting to government and service providers the value of adult learning and the need for investment and policies to raise productivity, improve progression from low pay and reduce inequality. He has worked in leadership, campaigning and policy development roles in Wales for the last 18 years.

## Andrew Highway

Andrew Highway is Town Centre Development Manager at Caerphilly County Borough Council. He has developed the successful 'Unique Places' model of Town Centre Management and created the 'Choose the High Street' brand which encourages people to support their local high streets.



## Gareth Jones

Gareth Jones is an innovative entrepreneur and founder of Town Square Spaces, a space for entrepreneurs to network, collaborate, access business support and learn about future opportunities for their businesses. Gareth previously founded one of the UK's largest communities of entrepreneurs, the Welsh ICE (Innovation Centre for Enterprise) and won the Entrepreneurs' Champion Award at the Entrepreneur Wales Awards 2015.

He is an advisory member on the boards of Properr, Cardiff University Impact Accelerator, Cardiff Capital Region City Deal Strategic Regional Group, and Cardiff Start.



### **Martin Kearsley**

Martin Kearsley is Banking Services Director for the Post Office. The Post Office network has 931 branches in Wales, providing an expanding range of banking services with 99% of personal account customers and 95% of business customers being able to use the Post Office to deposit cash and cheques and make balance enquiries.



### **Elgan Morgan**

Elgan Morgan is Policy and Public Affairs Manager at the South Wales Chamber of Commerce. His role includes promoting international trade and helping Welsh businesses prepare to trade overseas. Elgan was previously a Councillor at Cardiff County Council.



### **Geraint Strello**

Geraint Strello retired from BT on the 30 June 2018 after being with the company for 39 years. In his role as Regional Partnership Director he played a coordinating role across BT activities in Wales. He focused on helping people, businesses and communities in Wales harness the opportunities of communications technologies.

### **Sue Thompson**

Sue Thompson is Head of Public Sector Partnerships at Prince's Trust Cymru. The Prince's Trust Cymru helps young people to transform their lives by developing the confidence and skills to live, learn and earn.



### **Meurig Watts**

Meurig Watts is Head of Regeneration at the Welsh Government. He leads the team responsible for the Vibrant, Viable Places regeneration framework and the new Targeted Regeneration Investment Programme.

### **Helen Walbey**

Helen Walbey is Managing Director of Recycle Scooters in Aberdare, a scrapyard business providing parts and accessories for scooters and motorcycles. The business trades parts internationally and has several major contracts for motorcycle dismantling.

She is also the Federation of Small Business' UK-wide Home Office policy chair, a member of the Gender Equity T20 policy think tank who are advising G20 nations and a Big Ideas role model as part of a Welsh Government scheme to encourage entrepreneurship among young people.





## Written Evidence

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Written submissions of evidence to the Inquiry were received from the following:

- **Aberdare Business and Tourism Association**
- **Association of Convenience Stores**
- **BT Group plc**
- **Caerphilly County Borough Council**
- **Charity Retail Association**
- **Colleges Cymru**
- **Forum of Private Business**
- **Federation of Small Businesses Wales**
- **Gwynedd Council**
- **Monmouthshire County Council**
- **NearMeNow**
- **National Federation of Subpostmasters**
- **Post Office Ltd**
- **Rob Cooper, Little Man Coffee Company**
- **Royal Town Planning Institute Cymru**
- **South East Wales Learning Skills and Innovation Partnership**
- **UK Finance**
- **Welsh Local Government Association**

## Appendix A – Minutes of 06/12/17 Evidence Session

Cross-Party Group on Small Shops: Supporting Entrepreneurship Inquiry

Minutes of the evidence session held at 12:00pm on 6th December 2017  
Conference Room A, Ground Floor, Ty Hywel

### PRESENT:

Janet Finch-Saunders AM	Chair
Hannah Moscrop	Office of Janet Finch Saunders AM
Steve Dowling	Association of Convenience Stores
Robin Lewis	Office of Vikki Howells AM
Helen Walbey	Recycle Scooters
Gareth Jones	Town Square Spaces
Rob Cooper	Little Man Coffee
Elgan Morgan	South Wales Chamber of Commerce
Amy Bainton	Federation of Small Businesses Wales
Jenna Williams	Federation of Small Businesses Wales
Keith Richards	National Federation of Subpostmasters

### APOLOGIES:

Vikki Howells AM	Vice Chair
Mark Isherwood AM	Member
Edward Woodall	Association of Convenience Stores

## 1. Welcome and Introductions

JFS opened the meeting and welcomed delegates. She introduced the terms of reference to the Supporting Entrepreneurship Inquiry and highlighted changes to the services provided on high streets in Wales in response to changing consumer demands.

## 2. Entrepreneurs Panel

The panellists introduced their business backgrounds. HW detailed her experiences as an employer, GJ spoke of his work to support entrepreneurial activity on high streets, and RC detailed his motivations to become a business owner.

### People

Business Wales provides a wide range of services and is valuable as a one-stop portal for entrepreneurs. However, it is not user friendly and often contains out of date information. Business Wales could usefully provide additional support for entrepreneurs with English as their second language and guidance on sector-specific services and initiatives. The panel recommended a business-led working group to update business support services with the Welsh Government.

The Welsh Government is overly focused on access to finance for growing businesses, despite most businesses on high streets not having growth aspirations. The Welsh Government provides a diverse range of business support, which should be evaluated for their impact on organic business growth and not business displacement. Businesses are confused about potential eligibility for the Accelerated Growth Programme and Business Wales services.

The Welsh Government should review its delivery of existing business support services. This should include the Business Mentoring Programme to ensure quality standards are met and awareness amongst business owners is improved.

The panel highlighted the need to develop entrepreneurial skills in Wales, especially communication and

digital skills and for the apprenticeships system to work effectively for employers of all sizes. The panel agreed that most business owners do not associate with the term 'entrepreneur', due to its portrayal in the media and focus on technology sectors.

## **Places**

Broadband and mobile coverage were highlighted as crucial to attract people to modern high streets and improve productivity for business owners. Poor broadband can undermine customer service for high street businesses. One panel member is involved in a pilot study for superfast broadband, which has dramatically improved online productivity for business functions. The panel called for a national strategy to ensure suitable broadband delivery to all Welsh businesses, including through incentives for private businesses to install broadband infrastructure and investment in 5G.

The panel emphasised the importance of Small Business Rate Relief to support business growth. It was agreed that the business rates system should actively incentivise investment from small businesses. The panel also called for greater financial penalties for landlords of empty properties in town centres.

The panel encouraged the Welsh Government to conduct further research on how policy can support entrepreneurship for local places. New co-working spaces in town centres were also noted for supporting business growth by facilitating networking and mentorship.

## **3. Policy Panel**

Wales' economic recovery since the recession has been driven by a rise in genuine self-employment, not the gig economy. The Welsh Government should recognise and celebrate the economic contribution of self-employment.

The panel welcomed a permanent Small Business Rate Relief scheme and called for more frequent revaluations so that rates bills more closely link to economic circumstances. The rollout of apprenticeships reforms in Wales has been more successful than in England, but should support apprenticeship opportunities across sectors and levels.

Some businesses are using their online sales to supplement their high street presence. The panel said that high streets should be viable, attractive commercial and social hubs for local people and business.

## **4. Close**

JFS thanked delegates and closed the meeting.

## Appendix B – Minutes of 07/03/18 Evidence Session

Cross-Party Group on Small Shops: Supporting Entrepreneurship Inquiry

Minutes of the evidence session held at 11:30am on 7th March 2018  
Conference Room A, Ground Floor, Ty Hywel

### PRESENT:

Janet Finch-Saunders AM	Chair
Hannah Moscrop	Office of Janet Finch-Saunders AM
Edward Woodall	Association of Convenience Stores
Sue Thompson	Prince's Trust Cymru
David Hagendyk	Learning and Work Institute
Andrew Highway	Welsh Local Government Association
Meurig Watts	Welsh Government
Martin Kearsley	Post Office
Stuart Taylor	Post Office
Geraint Strello	BT Group
Mark Isherwood AM	Member
Russell George AM	Member
Mandy Jones AM	Member

### APOLOGIES:

Vikki Howells AM	Vice Chair
Steve Dowling	Association of Convenience Stores
Tim Pratt	Association of School and College Leaders Cymru

## 1. Welcome and Introductions

Janet Finch Saunders (JFS) opened the meeting and welcomed attendees. JFS referenced that the Cross Party Group had recently run an excellent event in the Senned to launch ACS' Welsh Local Shop Report.

JFS provided an overview of the terms of reference for the Supporting Entrepreneurship Inquiry and explained that today's evidence session would focus on the People and Places elements. Meeting attendees were invited to introduce themselves and their organisations.

## 2. People Panel

Sue Thompson (ST) from the Princes Trust and David Hagendyk (DH) from the Learning and Work Institute were the main organisations giving evidence in this session.

There was extensive discussion of the need to focus on the delivery of "soft skills" for young people. This included time management and people skills that are essential for running a business or being entrepreneurial.

ST outlined how the Princes Trust deliver this through their Enterprise Programme, which involves mentoring and ongoing support for candidates to see if self-employment is appropriate for them.

DH suggested that the skills debate was too focused on the existing apprenticeships system. The apprenticeships system is too sector-focused and is not a panacea for delivery of skills.

DH suggested that the skills debate needed to be expanded to encompass all ages not just young people. There are numerous points of career transition in people's working lives e.g. after maternity leave or childcare commitments or moving home. How does the system currently aim to plug skills gaps when these life events occur?

There was discussion of the resources available to help people consider starting their own business. Careers Wales does not have the resources to support with the growth of a business and Business Wales

does not have dedicated resources on business growth. ST suggested more needed to be done to match individual needs with opportunities.

It was suggested that there is not enough focus on vocational and entrepreneurial training in schools, including the delivery of softer skills. One of the barriers identified was that schools are rewarded based on exam results the proportion of students going to university. There was strong support for greater business mentoring of young people and a focus on financial education in schools.

### **3. Places Panel**

Andrew Highway (AH) from the Welsh LGA, Meurig Watt (MW) from the Welsh Government, Martin Kearsley (MK) from the Post Office and Geraint Strello (GS) gave evidence to this panel.

AH provided background on his work on managing town centres. AH highlighted that each town centre was different but key things that can help are understanding footfall data, communication of legislative changes and traders and town centre events that engage the whole community.

AH has developed a directory of empty properties with contact details for the landlord/lease holder to help new investors seek out opportunities to invest. For town centres he has worked with there was a focus on developing town centre identities and branding.

MW outlined that the Welsh Government's Viable and Vibrant Places fund had focused £110 million over three years on regeneration of town centres. The key element to a successful town centre was driving footfall. The Welsh Government funding had been targeted in certain town centres and was not meant to support all towns. More funding was needed to support regeneration.

MK from the Post Office outlined the Post Office's relationship with government and the requirement on Post Offices to be represented in all communities. MK outlined the important role of the Post Office in every community and that the public recognised Post Offices as the service with the most positive impact on local communities.

MK outlined that the Post Office is playing a positive role in enabling small businesses to trade and towns to thrive through its expanding banking services. These services are often plugging gaps in banking service provision on high streets and in rural communities.

MK highlighted that there is no limit on the amount of cash that can be deposited at a Post Office by a business, if they had made the necessary arrangements with the Post Office beforehand.

GS from BT outlined that 94% of premises are fibre broadband enabled. The delivery of fibre broadband was very expensive that is why there is joint working between public and private sector to deliver broadband across Wales.

### **4. Close**

JFS thanked delegates and closed the meeting.



If you require any further information about the Cross-Party Group on Small Shops, the Supporting Entrepreneurship Inquiry or contents of this report, please contact:

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