

# Thematic Update: Theme C

## Opening up the business creation process to all

ECOTEC Research and Consulting Limited

**Equal** Support Unit  
12-26 Albert Street  
Birmingham B4 7UD  
United Kingdom



Helpline: +44 (0)121 616 3660  
Fax: +44 (0)121 616 3662

Web: [www.equal.ecotec.co.uk](http://www.equal.ecotec.co.uk)



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## **1.0 Introduction**

This paper gives an overview of policy developments in relation to Theme C of **Equal** which have occurred since the publication of the initial Community Initiative Policy (CIP) Guidance in May 2001 and the Thematic Updates published in March 2004. It sets out recent developments at European, national and regional levels, highlighting issues of relevance to entrepreneurship, reflecting the focus of DPs in Great Britain. Within this, this paper highlights developments in relation to skills and learning, business support and disadvantaged groups. References and sources of further information with internet addresses are given at the end.

### **1.1 Recap**

*Theme C: Opening up the business creation process to all by providing the tools required for setting up in business and for the identification and exploitation of new possibilities for creating employment in urban and rural areas.*

The strategic objective of Theme C is 'to test approaches to ensure that mainstream business support is developed to meet the needs of excluded groups'.

### **1.2 Thematic Networking Group**

The Thematic Networking Group (TNG) for Theme C has a key role in ensuring activities are relevant to the changing policy context relevant to entrepreneurship. Members include representatives from the Small Business Service.

The last Theme C TNG meeting with Development Partnerships was held on 21 September 2005. The notes from this meeting are available from the Equal Support Unit.

### **European Thematic Group**

In place of the formal structures of the European Thematic Groups (ETGs) the European Commission now favours platforms led by Member States to mainstream certain aspects of their Equal work (through exchange events, fora, communities of practice etc). There is a programme of activities set in place relating to Theme C called "*Integrating the findings of Equal Entrepreneurship into the Lisbon Strategy for Growth and Jobs*". This programme aims to produce a tool for assessing the inclusiveness of entrepreneurship strategies based on the findings of Equal.

This programme could be used for ensuring that the lessons of Equal are taken into account during the next period of the structural funds. The tool will be the main output of a chain of activity involving the creation of a community of practice led by Flanders, a first exchange event hosted by the Netherlands in March 2006 and a final dissemination policy forum hosted by Germany during its presidency in the first half of 2007 (covering both business

creation and the social economy). Policy makers and DP representatives will be involved in this process or consulted with as much as possible.

More information about the current work of the ETG can be found at the link below:

[http://europa.eu.int/comm/employment\\_social/equal/activities/etg1\\_en.cfm](http://europa.eu.int/comm/employment_social/equal/activities/etg1_en.cfm)



## **2.0 European Policy Context**

In 2006, the Commission will continue to concentrate on the most urgent priority: restoring a dynamic and sustainable growth in Europe and providing for more and better jobs to citizens. The Annual Policy Strategy 2006 highlights a renewed commitment to the Lisbon Programme centred on three main objectives: making Europe a more attractive place to invest and work; promoting knowledge and innovation as an engine for growth; and creating more and better jobs.

The work programme for 2006 centres around the four strategic objectives set out by the Barroso Commission at the start of its mandate: prosperity, solidarity, security and external responsibility. These objectives form the core of the Commission's work in 2006. As regards prosperity, 2006 will be a critical year for turning words into deeds under the Lisbon strategy for growth and jobs. Europe needs to foster a climate in which citizens and businesses can reach their full potential

### **2.1 Directorate-General Employment and Social Affairs**

As the host DG for the European Social Fund (ESF), Employment and Social Affairs produce a large number of policy initiatives relevant to the **Equal** programme in general and Theme C in particular.

#### 2.1.1 The European Employment Strategy (EES)

In February 2005, the European Commission made a proposal for a revamp of the Lisbon strategy to focus on delivering stronger, lasting growth and more and better jobs. This has led to a complete revision of the EES. This new process has been in practice from July 2005, with the approval by the European Council of the Integrated Guidelines for Growth and Jobs. These guidelines will be the basis for the Community Lisbon Programme and the national reform programmes. They cover a three year period from 2005 to 2008.

#### 2.1.2 The National Reform Programme

Under the EES, every Member State draws up a National Reform Programme (until 2005, National Action Plans) which describes how the Employment Guidelines are put into practice at the national level. They present the progress achieved in the Member State over the last 12 months and the measures planned for the coming 12 months: they are both reporting and planning documents. These NRPs, and previous NAPs are available on the DG Employment and Social Affairs website.

The UK NRP sets out the challenges currently facing the UK economy, and details the Government's forward looking agenda of economic reforms to ensure macroeconomic stability, to deliver higher productivity growth and to increase employment opportunity for all. The NRP sets out broad policy priorities including building an enterprising and flexible business sector, and promoting innovation and R&D. The NRP presents a series of measures to build on structural economic reforms including further market openings,

encouraging employment and improving the business environment. The NRP identifies R&D and innovation and the encouragement of entrepreneurship as key micro-economic challenges. The NRP proposes further support for enterprise through the launch of Enterprise Capital Funds to improve access to finance for high growth small businesses.

### 2.1.3 Employment Guidelines

The new Employment Guidelines (2005-8) fit within three priorities: attract and retain more people in employment, increase labour supply and modernise social protection systems; improve adaptability of workers and enterprises; increase investment in human capital through better education and skills.

In 2005 the Commission launched a new programme of mutual learning centred on the exchange of good practice and the dissemination, including at regional level, of the experience of the EES. This is achieved by the organisation of "peer reviews" in the Member States, as well as of Thematic Seminars, complemented by follow-up dissemination activities. Further details of these can be found on the DG's website.

### 2.1.4 The Lisbon Strategy

On 2 February 2005, the Commission proposed a new start for the Lisbon Strategy focusing the European Union's efforts on two principal tasks – delivering stronger, lasting growth and more and better jobs. Policy measures proposed under this "Community Lisbon Programme" fall under three main areas:

- ◆ Knowledge and innovation for growth,
- ◆ Making Europe a more attractive place to invest and work,
- ◆ Creating more and better jobs

The Commission has proposed that programmes supported by the Structural Funds and Cohesion Fund target investments in knowledge, innovation and research capacities as well as improved education and vocational training, thus equipping workers with the skills to master change and take up new activities. They will contribute to improving the attractiveness of Member States, regions and cities through support for economic infrastructure. Major infrastructure investment in transport, environment and energy is necessary in regions that are lagging behind, especially in the new Member States, in order to encourage growth and long-term convergence with the rest of the Union. By improving accessibility, efficient infrastructure networks are one of the preconditions for business growth and job creation in these areas.

Measures at the Community level should concentrate on key actions, such as the support of knowledge and innovation in Europe, the reform of the state aid policy, better regulation, the Internal Market for services, the completion of the Doha round<sup>1</sup>, the removal of obstacles to

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<sup>1</sup> The Doha round of World Trade Organisation negotiations aims to lower barriers to trade around the world, with a focus on making trade fairer for developing countries.

mobility, economic migration, and the social consequences of economic restructuring. It will also be essential to align cohesion and rural development policy more closely with the Lisbon partnership for growth and employment.

#### 2.1.5 The New Social Agenda 2005 – 2010

The Commission has launched its new Social Agenda for modernising Europe's social model under the Lisbon Strategy. The new agenda focuses on providing jobs and equal opportunities for all and ensuring that the benefits of the EU's growth and jobs drive reach everyone in society. The new Social Agenda has two key priorities, (i) employment and (ii) fighting poverty and promoting equal opportunities. The Agenda calls for partnerships between public authorities at local, regional and national level, employer and worker representatives and NGOs.

The Agenda will be implemented through the European Social Fund which funds the European Employment Strategy, the open method of coordination, mainstreaming, and the PROGRESS programme. The PROGRESS programme covers five areas: employment; social protection and inclusion; working conditions; anti-discrimination and diversity; and gender equality. The programme will complement action under the European Social Fund and finance studies, awareness-raising campaigns, exchanges of information and good practice; monitoring and evaluation exercises and networking initiatives. It will underpin the Open Method of Coordination for policy exchanges between Member States. It will have a budget of just over 600 million EUR to cover seven years.

#### 2.1.6 2006 European Year of Workers' Mobility

There are two aspects to workers' mobility, job mobility, which relates to the frequency that employees change jobs and geographical mobility, which refers to the movement of workers from one region to another in the same country or movement between countries. 2006 has been designated as the European Year of Workers' Mobility. As part of this the EU aims to raise awareness of:

- ◆ the rights of workers to free movement between the Member States;
- ◆ the existing possibilities for geographical and job mobility and of the services which exist to support them; and
- ◆ the barriers faced by potentially mobile workers, both within and between Member States and the need for action by support services.

Work as part of the European Year of Workers' Mobility will promote the exchange of good practice between the stakeholders concerned, in particular public authorities and institutions, the social partners and the private sector, and will promote deeper study of the scale and nature of geographical and occupational mobility within the EU.

## **2.2 Directorate-General Enterprise**

The policy responsibilities of DG Enterprise cover the whole range of business and business support, and in this respect they are broadly similar to those of the UK's Department of Trade and Industry (DTI). Within the DG Enterprise Structure, the policy areas of most relevance to Theme C are covered by the *Innovation Policy (Directorate D of DG Enterprise) and Promotion of SMEs competitiveness (Directorate E of DG Enterprise)* Directorate. This department aims to promote successful entrepreneurship, and improve the business environment for Small and Medium-sized Enterprises, by undertaking actions in favour of "active entrepreneurs and those who have the potential to become one".

Heinz Zourek was appointed Director General of DG Enterprise and Industry in November 2005. Previously he has been in charge of the Innovation Policy and Promotion of SMEs' competitiveness Directorates.

Activities of the DG are focused around the following themes:

- Activity 1 - Encouraging entrepreneurship
- Activity 2 - Research – promoting innovation and change
- Activity 3 - Getting still more from the internal market
- Activity 4 - Competitiveness and sustainable development

The encouraging entrepreneurship activity covers actions for the continuous improvement of the business environment, mainly through the Best Procedure (a framework for projects supporting Member States' efforts to identify and exchange best practices through benchmarking or other methods), and business support networks.

DG Enterprise publishes a regular newsletter, *Enterprise EUROPE*, on developments within the DG, including in the field of entrepreneurship.

### **2.2.1 European Enterprise Policy**

Shortly after the launch of the Lisbon Strategy, EU leaders approved the European Charter for Small Enterprises, calling for Member States and the Commission to support and encourage small enterprises through education and training, facilitating cheaper and faster business start-up, improving legislation and regulation, increasing the supply of skills, increasing the use of ICTs and improving the technological capacity of small enterprises.

DG Enterprise's programme of action is detailed in the *Multi-annual Programme for Enterprise and Entrepreneurship*, running from 2001 to 2005 (now extended to 2007). The programme focuses on new economy challenges to SMEs and it is used as a means of progressing towards the objectives set by the European Charter for Small Enterprises. The Multi-annual Programme 2001-2006 (known as the "MAP") is an instrument for activities aimed at enhancing the growth and competitiveness of business, promoting entrepreneurship, simplifying and improving the administrative and regulatory framework for business, improving the financial environment for business, especially SMEs, and giving them easier access to Community support services, programmes and networks.

From 2007 many MAP activities will be continued under the Competitiveness and Innovation Framework Programme (CIP) in order to ensure the continuity of these instruments until the new programme. Details of the CIP programme are given below.

### 2.2.2 Competitiveness and Innovation Framework Programme (CIP)

The CIP represents a coherent and integrated response to the objectives of the renewed Lisbon Strategy. CIP brings together several existing EU activities that support competitiveness and innovation including the Entrepreneurship and Innovation programme, the ICT Policy Support Programme, and the Intelligent Energy Programme. As such it will be more visible and comprehensible for the public. It will also ensure continuity of programmes with a proven and successful track record.

The CIP will support actions that develop the capacity of enterprise and industry to innovate. It will boost the use of Information and Communication Technology (ICT), environmental technologies and efficient and renewable energy sources. The CIP provides a comprehensive response to the call of the Lisbon mid-term review for simpler, more visible and more targeted EU action. CIP will also build on innovation activities that have been successfully tested and developed under previous Research Framework Programmes. The CIP will run from 2007 to 2013, with a proposed budget of more than EUR 4 billion over the 7 year period.

The Entrepreneurship and Innovation Programme will bring together activities that were previously dispersed over the MAP, activities for Industrial Competitiveness and the eco-innovation part (including environmental technologies) of the existing LIFE-Environment programme.

The programme aims to help enterprises innovate by providing access to finance: sharing risks and reward with private equity investors and providing counter or co-guarantees to national guarantee schemes. Through the programme, SMEs will have simple, clear and efficient access to the EU via the business support networks consisting of many of today's EICs (Euro Info Centres) and IRCs (Innovation Relay Centres Network).

The CIP will provide SMEs with information and advice on single market opportunities and Community matters and assist Member States in introducing a better regulatory and administrative environment for business and innovation. It will also further develop strategies for industrial and service sectors and monitor their progress.

The Commission publishes an Annual Implementation report on the Small Enterprises Charter. The reporting on the Member States' activities in the context of the European Charter for Small Enterprises has been integrated into the reporting on the renewed Lisbon strategy. The National Reform Programmes and the Commission's Annual Progress Report can be consulted on the Growth and Jobs website. Details are available at:

[http://europa.eu.int/comm/enterprise/enterprise\\_policy/charter/reports.htm](http://europa.eu.int/comm/enterprise/enterprise_policy/charter/reports.htm)

### 2.2.3 The Entrepreneurship Green Paper

At the same time as the Third Implementation report on the European Charter for Small Enterprises, the Commission also published a separate document dealing specifically with the concept of Entrepreneurship: The Green Paper on Entrepreneurship in Europe<sup>2</sup>.

This Green Paper outlines the Commission's understanding of entrepreneurship and its constituent parts, explains the importance of entrepreneurship and assesses the state of entrepreneurship in Europe. The Paper addresses two key issues for Europe. Firstly, why do so few people start a business, when a relatively large number of individuals express their interest in entrepreneurship? Secondly, why do so few European enterprises grow and why do those that grow do so at such a modest rate?

The Green Paper aims to stimulate debate amongst policy makers, businesses, representative organisations, journalists and experts on how to shape entrepreneurship policy for the future. It analyses a range of policy options and asks, within the proposed framework for entrepreneurship policy, a number of questions suggesting different options on how to reach progress.

### 2.2.4 Entrepreneurship action plan

Following the debate launched by the Green Paper on Entrepreneurship, the Commission published an Action Plan based on the extensive feedback received. The Action Plan establishes a framework of five strategic priority areas setting out Europe's agenda for entrepreneurship in the years to come. The Action Plan outlines a series of key actions related to five strategic areas. High on the agenda are fostering entrepreneurial mindsets among young people, reducing the stigma of failure, providing support for women and ethnic minorities, reducing the complexity of complying with tax laws and facilitating business transfers.

Key actions set out are as follows:

- 1 - Fostering entrepreneurial mindsets through school education
- 2 - Reducing the stigma of business failure
- 3 - Facilitating the transfer of businesses
- 4 - Improving social security of new small business owners
- 5 - Tailor-made support for women and ethnic minorities
- 6-A Facilitating SME's business co-operation in the internal market
- 6-B Fostering innovative clusters
- 7 - More equity and stronger balance sheets
- 8 - Listening to SMEs
- 9 - Simplification of tax compliance

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<sup>2</sup> COM(2003) 27 final

Key Action sheets are provided for each action providing detailed information on what the Action Plan means in practice. They describe the 38 sub-actions foreseen, objectives and the impact the activities are expected to have. The sheets set out the roles of the different actors involved, ranging from European Commission to national and sub-national authorities and business support organisations. They also include a list of good practice examples demonstrating how some Member States have already implemented actions that support the objectives of the Action Plan.

Further information can be found at:

[http://europa.eu.int/comm/enterprise/entrepreneurship/action\\_plan.htm](http://europa.eu.int/comm/enterprise/entrepreneurship/action_plan.htm)

Proposals for key actions for 2006 and beyond include:

- ◆ *Conducting entrepreneurship campaigns*  
To create more positive attitudes towards entrepreneurship in society at large. Campaigns will highlight the positive contribution of entrepreneurship to society's needs.
- ◆ *Fostering the creation of more fast-growing enterprises (gazelles)*  
The Commission aims to increase understanding of how more of these enterprises could emerge in a European context. It will encourage more research to analysing the success of existing gazelles and the barriers preventing potential gazelles from turning into real ones.
- ◆ *Promoting entrepreneurship in social sectors*  
The Commission will benchmark conditions in the Member States for non-profit and commercial enterprises providing social and environmental services and present recommendations and guidance on improving the conditions under which enterprises operate in these sectors.
- ◆ *Enabling micro-enterprises to recruit by reducing the complexity of regulations*  
The Commission will further compare national practices and identify ways to facilitate recruitment by micro enterprises across the EU on the requirements for hiring the first employee.
- ◆ *Facilitating SMEs' access to public markets*  
The Commission will encourage Member States to collect and exchange good practices applied by contracting authorities that aim at increasing the participation of SMEs to public contracts.

### 2.2.5 Implementing the Community Lisbon Programme - Modern SME Policy for Growth and Employment

In 2005 The Commission published "Modern SME Policy for Growth and Employment", which sets out a number of objectives and actions specifying how to make the measures of the Community Lisbon programme beneficial to SMEs.

It puts focus on a more systematic consultation and cooperation with SME stakeholders to involve them in the policy-making process at an early stage, and thus benefit from their experience and increase their commitment in and ownership of the process. The Commission proposes specific actions in five areas:

1. Promoting entrepreneurship and skills, including actions to ensure successful transfer of businesses, to facilitate adaptation of SME workforce to labour market needs and to promote entrepreneurial skills.
2. Improving SMEs' access to markets, including actions to improve SMEs' access to public procurement and standardisation.
3. Cutting red tape, including the integration of 'Think Small First' principle in all EU policies and the simplification of rules and legislation, for example related to State aids or SMEs' participation in EU programmes.
4. Improving SMEs' growth potential, including actions to strengthen the innovation and research capacity of SMEs and increasing the existing financial support to SMEs.
5. Strengthening dialogue and consultation with SME stakeholders, including actions to create SME panels to get views from SMEs in specific areas of policy making and to launch a "European Enterprise Awards" to promote entrepreneurship and to facilitate the exchange of best practices at regional level.

The Commission plans to create a quick and easy-to-use consultation mechanism ("SME panel") via the Euro Info Centre network to get views from SMEs in specific areas of policy making.



## **3.0 UK National Policy Context**

This section outlines developments in the UK. It highlights developments in Business Support, Learning and Skills and Disadvantaged Groups, as areas of potential interest to Equal DPs.

### **3.1 Business Support**

The Department for Trade and Industry, via the Small Business Service (SBS), is the UK government department with direct responsibility for issues relating to business support.

#### **3.1.1 The Small Business Service (SBS)**

Brought into existence in April 2000, the SBS is a cross-Departmental government Agency championing small business. They offer practical support to business via the Business Link network in England and through a variety of initiatives but also fund research programmes to better inform policy developments within government. The SBS homepage is at: <http://www.sbs.gov.uk/>

There are a number of important bodies established to advise the Government and SBS on enterprise issues, including:

- ◆ Small Business Council (SBC), set up in May 2000 to advise the government on small business issues. The Council's fourth Annual Report is available at:  
<http://www.sbs.gov.uk/sbsgov/action/layer?r.s=slandtopicId=7000013943>
- ◆ The Ethnic Minority Business Forum (EMBF), a Non-Departmental Public Body. Its remit is to provide independent advice to Government in relation to small business policy and practice as they relate to ethnic minority business. The annual report is available at:  
<http://www.sbs.gov.uk/sbsgov/action/layer?r.l2=7000013938andr.l1=7000000100andr.s=smandtopicId=7000000106>
- ◆ The Small Business Investment Taskforce (SBIT) advises the Chief Executive of the SBS, and reports to the Secretary of State for Trade and Industry. Taskforce activities centre on creating an environment for SMEs with growth potential, to access the finance they need.
- ◆ The Capital for Enterprise Board, which oversees implementation of the Graham Review of the Small Firms Loan Guarantees, as well as running Enterprise Capital Funds. New Board members include John Spence, senior Director at Lloyds TSB.

- ◆ The Finance for Investment Advisory Board (FIAB) provides business-focused advice and leadership. It oversees the activities of the SBS Investment Fund Management Directorate. FIAB's role includes advising SBS on delivery of the pathfinder round of Enterprise Capital Funds and on implementing changes to the Small Firms Loan Guarantee programme.

### 3.1.2 Business Link Delivery Model

On 1 April 2005, the management for the contract of business support was transferred to the Regional Development Agencies (RDAs) with delivery provided by Business Links. The decision to devolve Business Link Operator contracts to RDAs across the country was made by the Chancellor in his 2004 budget statement to ensure a flexible service to support the government's vision for a more entrepreneurial Britain tailored to the needs of local firms.

Business Links are designed to provide practical help and advice to businesses and facilitate access to objective information and support. Business Link operates a network of local operators throughout England (at county level or equivalent) and has launched its website as a central, comprehensive information resource on a wide range of business issues and government initiatives.

## 3.2 Social Enterprise

### 3.2.1 Social Enterprise Unit

The Social Enterprise Unit, now based at the SBS, was established in October 2001. In July 2002, the Unit launched a three-year strategy, 'Social Enterprise: a Strategy for Success', to promote and support social enterprise activity. The strategy illustrates how, working with other stakeholders, the Government will promote and support social enterprise activity to achieve dynamic and sustainable social enterprise, strengthening an inclusive and growing economy. The Unit published a report on the progress that they, and other key stakeholders, have made towards these outcomes in October 2003<sup>3</sup>.

The SEU is undertaking a review of the government's strategy for social enterprise. The aim is to announce and publish an updated strategy/action plan in Spring 2006.

A working group has been set up to help drive this review forward, and an independent review of the strategy has assessed progress since 2002. Views and contributions on the outline and content strategy and action plan are welcomed and encouraged from partner organisations and other interested bodies.

Further details are available from the Unit's website at:

<http://www.dti.gov.uk/socialenterprise/index.htm>

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<sup>3</sup> *Social Enterprise: A progress report on Social Enterprise: a strategy for success*, DTI, 2003  
[www.dti.gov.uk/socialenterprise](http://www.dti.gov.uk/socialenterprise)

### **3.3 Policy Developments in Business Support**

#### 3.3.1 National Enterprise Policy

In December 2002, the Government published a new three-year strategy entitled, *Small Business and Government - The Way Forward*. The framework is based around the following seven themes, which have been identified as key drivers for economic growth, improved productivity and enterprise for all:

- ◆ Building an enterprise culture.
- ◆ Encouraging a more dynamic start-up market.
- ◆ Building the capability for small business growth.
- ◆ Improving access to finance for small businesses.
- ◆ Encouraging more enterprise in disadvantaged communities and under-represented groups.
- ◆ Improving small businesses' experience of government services.
- ◆ Developing better regulation and policy.

The Government has used this strategic framework to build a cross-governmental action plan for small business. *A government action plan for small business: making the UK the best place in the world to start and grow a business*, DTI, was published in January 2004. Developed by a range of government departments and agencies including Business Link and Regional Development Agencies, the Action Plan outlines the key new actions that government will undertake around each of the seven themes. Of particular relevance to theme C are the actions relating to the areas of 'Building an enterprise culture', 'Encouraging a more dynamic start-up market' and 'Encouraging more enterprise in disadvantaged communities and under-represented groups'. The Action Plan is available at [www.sbs.gov.uk](http://www.sbs.gov.uk).

The Strategy and Action Plan for encouraging a dynamic start-up market was published in September 2003<sup>4</sup>. The strategy outlines the measures that the Government, in partnership with the private, voluntary and public sectors, will take to deliver the objective of creating a more dynamic start-up market in the UK. Key activities to be undertaken include:

- ◆ Encouraging greater levels of enterprise amongst people from disadvantaged areas and under-represented groups
- ◆ Local enterprise shows to encourage those thinking of starting a business to develop their business ideas.
- ◆ Specifically focusing on the needs of start-up and early stage businesses among disadvantaged communities, the SBS will continue work with the community development finance sector.

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<sup>4</sup> *A Comprehensive Strategy for Start-ups: Encouraging a more dynamic start-up market – a strategic framework and action plan*, Department for Trade and Industry, September 2003

### 3.3.2 Enterprise in Disadvantaged Communities

There has been a particular focus on encouraging enterprise within deprived areas and a number of policy instruments have been introduced to address this concern. These span the following initiatives:

### 3.3.3 City Growth Strategy

City Growth is a market-based approach to urban revitalisation that recognises sustainable economic development in deprived areas will only be achieved by building a competitive business environment that generates jobs, income and wealth opportunities. It was launched in the UK in July 2001 to help prioritise and organise existing policies and programmes at the local level. It offers a very different approach to developing distressed communities. Led by the private sector, City Growth puts business at the heart of inner city regeneration. A number of cities in England have been designated with City Growth status, including:

- ◆ London City fringe ; London Heathrow city; London South Central; Haringey; South London; Park Royal/Wembley/White City; Deptford
- ◆ Nottingham; Derby; Leicester
- ◆ Plymouth
- ◆ Leeds
- ◆ Portsmouth ; Luton
- ◆ Manchester; St. Helens; Liverpool

### 3.3.4 Enterprise Areas

In a Pre-Budget Report published on 27 November 2002 the Chancellor of the Exchequer, Gordon Brown, announced details of about 2000 Enterprise Areas to address the barriers to enterprise affecting the most disadvantaged communities in the country. Enterprise Areas are a policy toolkit designed to focus and co-ordinate measures targeted on or likely to help businesses in deprived areas. Businesses in an Enterprise Area may benefit from one of several new or existing forms of government assistance, including stamp duty exemptions, help from a Community Development Finance Institution, and neighbourhood renewal projects. In England, Wales and Northern Ireland the areas are defined at ward level, and in Scotland they are defined using postcode sectors, based on the relevant national indices of deprivation.

### 3.3.5 Informal Economy

An increased debate is emerging about the growth of the informal economy (aka black economy or cash-in-hand work) and the benefits of shifting informal work into the formal economy so as to move nearer to full employment. A Small Business Council report recommended that deterrents need to be coupled with positive initiatives to assist businesses to make that transition. The SBC report and the response from Government are on the SBS website.

### 3.3.6 Local Enterprise Growth Initiative

The Local Enterprise Growth Initiative (LEGI) was announced by the Chancellor in his 2005 Budget. It aims to release the economic and productivity potential of the most deprived local areas across the country through enterprise and investment thereby boosting local incomes and employment opportunities, and building sustainable communities. The LEGI is a joint programme between the Office of the Deputy Prime Minister, HM Treasury and the Department for Trade and Industry. LEGI is a neighbourhood renewal programme and its national-level aim is:

*“To release the productivity and economic potential of our most deprived areas and their inhabitants through enterprise and investment – thereby boosting local incomes and employment opportunities.”*

This aim is supported by three outcomes:

1. To increase total entrepreneurial activity among the population in deprived local areas.
2. To support the sustainable growth - and reduce the failure rate of locally-owned businesses in deprived areas.
3. To attract appropriate inward investment and franchising into deprived areas, making use of local labour resources.

In February 2006, ten schemes from 15 local authorities were awarded £126 million for the period 2006/07 to 2008/09. The following local authorities were successful in securing funding:

1. Ashfield, Bolsover and Mansfield (joint bid) £3.8 million
2. Barking and Dagenham £15.5 million
3. Bradford £21.4 million
4. Coventry £12.6 million
5. Croydon £20.3 million
6. Easington, Derwentside, Wear Valley, Sedgefield (joint bid) £10.2 million
7. Great Yarmouth £8.7 million
8. Hastings £3.6 million
9. St Helens £13.4 million
10. South Tyneside £16.2 million

All eligible local authorities that have been unsuccessful in this round, and those that did not bid, will be asked to bid again in early summer 2006. The Government is particularly interested in bids from local authorities that have the lowest rates of enterprise formation and are furthest from meeting their enterprise targets. LEGI is worth £300 million over the three years to 2008-2009 subject to the comprehensive spending review. LEGI is a long term commitment and many of these bids were for more than three years.

### 3.3.7 The Local Authority Business Growth Incentives (LABGI)

In 2006 the government announced £105 million funding for local authorities under the LABGI scheme. The scheme provides an incentive for local authorities to promote economic growth in their area by allowing them to be rewarded for an increase in rateable value above a certain level. By creating a direct financial incentive for local authorities to encourage business growth in their locality, LABGI provides the opportunity for local government and business to work together to deliver economic success and prosperity to their local community.

### 3.3.8 The Phoenix Development Fund (PDF)

The Small Business Services' PDF was designed to encourage innovative ideas to promote and support enterprise in disadvantaged areas and in groups currently under-represented in terms of business ownership. Its purpose was to encourage experimentation, the evaluation of new ideas and the identification and spread of best practice in an area where too little knowledge exists. Details on all the PDF's activities are available on the PDF website [www.sbs.gov.uk/phoenix](http://www.sbs.gov.uk/phoenix).

The fund was introduced in 2000 with the first projects starting in 2001. Over 160 projects were successful in winning first time or continuing funding during the life time of the programme which has now closed.

The Phoenix Development Fund funded a wide range of innovative projects including:

- ◆ Initiatives for women: supporting the Government's efforts to increase the number of women entrepreneurs, especially from deprived communities
- ◆ Initiatives for ethnic minorities: supporting the Government's efforts to increase participation in enterprise by particular minority ethnic groups which are under-represented as entrepreneurs
- ◆ Initiatives for serving and ex-offenders: The Phoenix Development Fund has supported four projects which aim to help both serving and ex-offenders to think about, plan and gain skills for setting up in business
- ◆ Initiatives for people with mental health conditions: aimed at increasing the number of entrepreneurs who have or are dealing with mental health conditions

- ◆ Initiatives for refugees in enterprise: Refugees are often some of the most entrepreneurial members of the societies they were forced to leave and, given assistance, may be able to set up and run successful businesses
- ◆ Housing Association programme: Eight projects in five regions of England; North East, Yorkshire and Humber and South West are being supported during 2004-2006 to assess the role of Housing Associations in reaching out to their clients
- ◆ Helping industry sectors: A number of Phoenix Development Fund Building on the Best projects focus on specific sectors
- ◆ Enterprise Areas: The Phoenix Development Fund is supporting Enterprise Areas in order to help businesses in deprived areas.

An extensive exercise to capture the learning and best practice from the PDF projects has been carried out and in 2006/07 the SBS will be rolling out a series of publications and events building on this and other identified good practice with national, regional and local stakeholders.

### 3.3.9 Community Development Venture Fund (CDVF)

The CDVF was launched on 14 May 2002 and is a £40 million equity venture capital fund. The Government is investing up to £20 million (£14m of this being subordinated) on a pound for pound basis with private sector investors. The Fund aims to stimulate the provision (and benefits) of venture capital to viable SMEs, which are capable of substantial growth, and that are located in the 25% most deprived wards in England as classified under the Index of Multiple Deprivation (IMD) ranking.

In addition to demonstrating the need for, and returns on, venture capital investments, business plans must also demonstrate the benefits to the local communities in terms of either employment, sourcing or supply of goods and services.

Bridges Community Ventures Ltd, the appointed Fund Manager, manages the Fund on a commercial basis. It is responsible for identifying and developing potential investment opportunities, raising the finance, making the investment deal decisions and liaising with regional and local partners. For more details visit the Bridges Community Ventures Ltd website <http://www.bridgesventures.com>

As at September 2005, the Bridges Fund had invested over £13 million in 17 businesses.

### 3.3.10 Business Volunteer Mentoring Association

The initiative is being run by the National Federation of Enterprise Agencies (NFEA) for delivery through local enterprise agencies and other local partnerships. It is based on a core of volunteers drawn from all sections of the business community, who provide mentoring

advice aimed at pre and early start-up businesses, including those in disadvantaged areas and ethnic and minority groups.

### 3.3.11 Phoenix Fund – Phoenix “Challenge” Fund (PCF): Community Development Finance Institutions (CDFIs)

Through its three rounds of Phoenix Fund support, over £40m of capital, revenue, and loan guarantee support has been made available to over 60 CDFIs. Details of the successful recipients are available on the SBS website at: [www.sbs.gov.uk/finance](http://www.sbs.gov.uk/finance).

The UK government also introduced the Community Investment Tax Relief (CITR) in 2003, a tax relief measure that enables accredited CDFIs to raise further capital from private sector investors by issuing tax relief certificates. As at September 2005, over £27 million had been raised this way by CDFIs.

All this has enabled the CDFI sector to further develop their core activities of providing finance and associated business support to enterprises from disadvantaged communities (both geographic and thematic) that are unable to access part or all of the finance they require from conventional sources but nevertheless have viable business propositions which, if supported, are likely to have a positive impact on the community in which they are based or which they serve.

From April 2006, in England, the responsibility for public sector support of CDFI activity is being devolved to the nine Regional Development Agencies. (The Administrations in Scotland, Wales and Northern Ireland already have their own arrangements).

### 3.1.6 Other sources of Finance for Small Business

The Small Firms Loan Guarantee Fund (SFLG), introduced in a new form from April 2003, guarantees loans from the banks and other financial institutions for small firms that have viable business proposals but who have tried and failed to get a conventional loan because of lack of security. It is a joint venture between the DTI and a number of participating lenders.

Changes to the SFLG took effect from 1 December 2005 to reflect the recommendations of the Graham Review. As a result, the SFLG focuses on newer businesses and the main features and criteria of the scheme are:

- ◆ A guarantee to the lender covering 75 per cent of the loan amount, for which the borrower pays a 2 per cent premium on the outstanding balance of the loan.
- ◆ The ability to guarantee loans of up to £250,000 and with terms of up to ten years.
- ◆ Availability to qualifying UK businesses with an annual turnover of up to £5.6m and which are up to five years old. This is generally determined by the date the business came within the charge of corporation tax (for a company) or became liable to pay class 2 National Insurance contributions (for a self-employed individual). In the case of a

business transfer the five-year age limit applies to both the business making the acquisition and the business being acquired.

- ◆ Availability to businesses in most sectors and for most business purposes, although there are some restrictions.

See <http://www.dti.gov.uk/sflg/>.

### **3.4 Learning and Skills**

There have been several recent developments in the DfES that relate to Theme C. On 22 March 2005, the DfES published the Skills White Paper. This White Paper builds on the Government's first national Skills Strategy, published in July 2003. The White Paper develops the strategy for ensuring that employers have the right skills to support the success of their businesses. It also helps individuals gain the skills they need to be employable and personally fulfilled.

The White Paper highlights that employers' needs will be met through the delivery of a new National Employer Training Programme (NETP). There will be a package of free training in the workplace in basic skills and Level 2, designed for employers and delivered to suit their operational needs. NETP will be linked to the full range of business support services including a national network of brokers.

Skills Academies will be the employer-led linchpin of a new network of specialist colleges and training providers. They will prepare young people and adults for successful employment in each major sector of the economy.

Skills for adult learners will be promoted by a clear, attractive ladder of progression which challenges and encourages people to achieve at every level. It will stimulate people's aspirations to progress and fulfil their potential. From 2006/7 there will be a national entitlement to free tuition for a first full Level 2 qualification and new extensive support for learning at Level 3.

#### **3.4.1 Young People**

The Budget 2005 announced an allocation of £140 million from 2006-07 to raising participation in training by 16-19 year olds, particularly those most at risk of dropping out. That includes testing out new financial incentives for young people to train while in employment and expanding the range of work-based learning for 14-16 year olds. In recognition of the success of the Employer Training Pilots, a further £65 million is being invested in 2005-06, to accommodate the rising demand from employers wishing to take part. And within the National Employer Training Programme from 2006-07, £20 million per year will be allocated to trial the extension of the programme to cover Level 3 training in the crucial technician, advanced craft, skilled trade and associate professional areas.

### 3.4.2 Meeting the Skills Needs of Employers

The DfES aims to design and deliver publicly-funded training and qualifications in a way that is directly led by their needs, that meets their skills priorities, and that is straightforward to use. There are two main levers for change. First, to switch the way adult training is delivered, so that it starts with the needs of employers and employees and integrates training within wider business development. Second, to ensure that employers' skills priorities are articulated at every stage to shape decisions on training supply

<http://www.dfes.gov.uk/publications/skillsgettingon/>  
<http://www.dfes.gov.uk/publications/skillsgettingon/docs/SkillsPart1.doc>

### 3.4.3 Learning and Skills Councils (LSCs)

Founded in April 2001, the Learning and Skills Council (LSC) is responsible for funding and planning education and training for over 16-year-olds in England. Operating through 47 local offices, it aims to "give individuals the opportunity to learn new skills, fulfil their potential and to improve the quality of their lives" and has the vision that, by 2010, "young people and adults in England will have the knowledge and productive skills matching the best in the world".

Recent developments in the LSCs include the reviewing of key skills funding in Further Education. LSCs have been awarded the role of spearheading the delivery of the new generation of Modern Apprenticeships and a 5.9% real increase in the LSC grant is to help deliver new routes to higher education and to provide information services for youth and adult education. For more information on Modern Apprenticeships, see:

<http://www.apprenticeships.org.uk/>

The LSC, along with the DfES, co-funds a research centre called The Learning and Skills Research Centre to generate independent research. The Centre aims to increase the volume and impact of research in post-16 education and training, to provide stronger evidence for the development of policy.

The LSC is responsible for the roll-out of the Governments Centres of Vocational Excellence scheme (CoVEs), started in 2001. CoVEs are specialist areas of vocational provision linking learning providers from the Further Education, voluntary and community, work-based and employer-based sectors. The programme has now grown to include 349 Active CoVEs, comprising of 102 Interim CoVEs and 247 CoVE that have been awarded full CoVE status.

### 3.4.4 Sector Skills Development Agency and the Sector Skills Network

The Sector Skills Development Agency (SSDA) was set up in 2002 and funds, supports and champions the network of 25 influential employer-led Sector Skills Councils (SSCs). SSCs are independent, UK wide organisations that have been developed by groups of influential employers in industry or business sectors of economic or strategic significance. Each SSC is an employer-led, independent organisation that covers a specific sector across the UK.

Although they are employer-led they actively involve trade unions, professional bodies and other sector stakeholders. The SSDA is a non-departmental public body with its main base in South Yorkshire and representatives across the UK.

The SSDA is undertaking a variety of activities to develop the analytical capacity of the Skills for Business Network and enhance its evidence base. This involves: developing a substantial programme of new research and evaluation, including international research; synthesizing existing research; developing a common skills and labour market intelligence framework; taking part in partnership research projects across the UK; and the academic network drawing on the expertise of leading academics and researchers in the field of labour market studies.

#### 3.4.5 DfES Adult Literacy Programme

In 2002 the DfES started a major campaign called "Get On" to highlight problems with, and raise standards of adult literacy and numeracy skills. A major strategy document, "Skills for Life", accompanied the launch of the initiative. The Adult Basic Skills Strategy Unit is responsible for driving forward implementation of the national strategy and ensuring efforts to improve literacy, language and numeracy skills at national and local level are consistent and well co-ordinated.

In 2003 a revised version of the original Skills for Life strategy document was published, focusing on delivery to 2007. It focuses on the achievements to date and the work needed to continue the building Skills for Life policy and practice. By 2007, the overall aim is to improve the literacy, language and numeracy skills of 1.5 million adults in England.

<http://www.dfes.gov.uk/readwriteplus/bank/SfL%20Document.pdf>

#### 3.4.6 The Union Learning Fund

The Union Learning Fund (ULF) promotes activity by trade unions in support of the Government's objective of creating a learning society, by influencing the increase in take up of learning in the workplace and boosting union's capacity as learning organisations.

The ULF has been in operation for over four years and during its lifetime, the Fund has supported 311 projects in areas as diverse as basic skills to continuing professional development, in almost 3,000 workplaces. Funding is available for the financial year 2006-2007 to support projects subject to affordability up to 31 March 2008. Activity can commence from 1 April 2006. The White Paper "Skills: Getting on in business, getting on at work", published in March 2005, recognises these achievements and underlines the invaluable role that trade unions and ULFs can play.

### **3.5 Disadvantaged Groups**

At the end of October 2003, the Government announced plans to merge the UK's equality bodies into a single human rights organisation. The work of the three equality commissions will now come together under the Commission for Equality and Human Rights (CEHR), taking over the remit of the existing Commission for Racial Equality (CRE), Equal Opportunities Commission (EOC) and the Disability Rights Commission (DRE). The new organisation will also tackle discrimination on the grounds of age, religion, belief and sexual orientation.

The Social Exclusion Unit at the Cabinet Office was set up to help improve Government action to reduce social exclusion by producing "joined-up solutions to joined-up problems". It publishes a quarterly newsletter, highlighting social exclusion issues. Details of the newsletter, called "Inclusion", are available from the SEU website.

#### **3.5.1 Policy Action Teams (PATs)**

Policy Action Teams were set up as cross-departmental groups by the Cabinet Office's Social Exclusion Unit to report on specific policy areas relating to social exclusion. A number of reports have been published on a range of policy areas, and several policy units have been established to look at these areas

In March 2003, two new projects were announced by the Deputy Prime Minister: Barriers to employment and enterprise in deprived areas will examine what more can be done to help people in England's most deprived areas move into jobs; Mental health and social exclusion will address the barriers to opportunity faced by adults with mental health problems. The first of these will be particularly relevant to Theme C.

The Policy Action Teams tackle jobs and enterprise in deprived areas. The key actions the Government will take to help tackle concentrations of worklessness are:

- ◆ Better joining-up of agencies and initiatives
- ◆ Better support for people with multiple disadvantages
- ◆ Housing choice, social mix and mobility
- ◆ Work incentives in deprived areas
- ◆ Supporting self-employment and enterprise
- ◆ Supporting employers
- ◆ Providing better information

<http://www.socialexclusion.gov.uk/downloaddoc.asp?id=280>

### 3.5.2 Ethnic Minorities

A large number of the problems faced by people from minority ethnic communities have been raised by the Social Exclusion Units Policy Action Team reports. These issues and the policy recommendations made to overcome them, were collected together and published by the SEU in a themed report<sup>5</sup> of 'Minority Ethnic Issues in Social Exclusion and Neighbourhood Renewal' (2000).

Under their research programme, the SBS have published a report on ethnic minority enterprise<sup>6</sup>. The project reviewed recent research on minority ethnic enterprise and focussed on the implications for policy. Specifically, they looked at existing approaches to supporting minority ethnic business (EMBs), sought to identify 'good practice' and to map out a research and policy agenda. Conclusions included the need to draw business support for EMBs into the mainstream, to engage EMBs, to build capacity in EMB support organisations, to improve access to finance and the dissemination of good practice.

The SBS has also established an Ethnic Minority Business Forum (EMBF) to advise Ministers on the needs of ethnic minority businesses. Each year, the EMBF produces an annual report and conference. In the December 2004 Pre-Budget Report, the Chancellor asked the National Employment Panel, in cooperation with the EMBF, to recommend measures to increase the employment and business growth of ethnic minority and faith groups.

In March, the EMBF wrote to the Chancellor with ten key recommendations; these were accepted in the 2005 Budget. The EMBF report called *Enterprising People, Enterprising Places* contains the full findings and recommendations for taking the work forward. It is based on extensive consultations with employers, community and political leaders, grass roots practitioners and local residents throughout the country. It examined four broad issues:

- ◆ whether the current and proposed mainstream employment and skills programmes are sufficient to raise ethnic minority employment;
- ◆ how an employer-led, integrated employment and skills system might help more people to enter and succeed in the labour market;
- ◆ what might be done to support the start-up and expansion of ethnic minority businesses;
- ◆ what 'blunt instruments' are most likely to accelerate change in the public and private sectors

This model at meeting the specific needs of this group has also been replicated at regional level.

Further details are available from the SBS website at:

[http://www.sbs.gov.uk/SBS\\_Gov\\_files/embf/thewayforward05-08.pdf](http://www.sbs.gov.uk/SBS_Gov_files/embf/thewayforward05-08.pdf)

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<sup>5</sup> Social Exclusion Unit (2000), *Minority Ethnic Issues in Social Exclusion and Neighbourhood Renewal*, Cabinet Office: Social Exclusion Unit.

<sup>6</sup> Ram, M., Smallbone, D., Baldock, R. and Ekanem, I. (2001), *Ethnic Minority Enterprise: Policy in Practice*, Small Business Service/DTI.

<http://www.sbs.gov.uk/sbsgov/action/layer?r.l2=7000013938&r.l1=7000000100&r.s=sm&topicId=7000000106>

### 3.5.3 Women

The SBS launched the National Women's Enterprise Strategic Framework in May 2003. Drafted by the SBS Ethnic Minority and Women's Enterprise Unit with assistance from Prowess, the Framework has been developed to provide a collaborative and long-term approach to the development of women's enterprise in the UK. The long-term vision set out by the Framework is to create an environment and culture that encourages more women to start and grow businesses, and where every woman with the desire to start or grow a business has access to appropriate help and support.

The Framework emphasises the long term cultural change needed to improve women's business ownership in the UK, highlights the need to provide improved mainstream services alongside targeted provision, provides practical advice and guidelines for business support agencies and others and sets specific targets for achievement by 2006. The key priorities for action include more accessible and appropriate business support services, improved access to finance, support for women entrepreneurs with childcare and caring responsibilities and improved transition from benefits to self-employment.

In October 2004 the Chancellor of the Exchequer and the Secretary of State for Trade and Industry set up a Women's Enterprise Panel, composed of experts in the women's enterprise field and high profile and successful female entrepreneurs, to advise on how to meet the 20% target by 2006.

In March 2005 the SBS published the Promoting Female Entrepreneurship booklet which highlights the contribution that female owned businesses make to the economy and puts forward the case for additional proactive support for women friendly business support services.

Specific initiatives include the DTI's Women's Enterprise Online Event. The DTI has a high level Public Service Agreement Target to significantly increase the proportion of newly self-employed people who are women.

The Women's Enterprise Online Event website has been developed to help women take the next step towards self-employment by connecting them into a growing community of networking, support and useful resources. The site features a number of successful real-life businesswomen that are potential role models for women looking to take the next step.

The website also provides details of regional women's networks and enterprise support organizations who can help motivate, provide advice and help women start and grow their businesses. <http://www.womensenterprise.co.uk>

More recently, the Government announced the establishment of a Task Force on Women's Enterprise to drive implementation of specific steps to increase levels of women's business ownership in the UK. One specific step supported by Government is the formation of Women's Enterprise Units within five RDAs to pilot different approaches to supporting the start-up and growth of female-owned businesses.

#### 3.5.4 Young People

The goal of the SEU's PAT 12 report on social exclusion and young people was to identify the means to develop cost-effective preventative work with disaffected young people in poor neighbourhoods; and to develop an action plan with targets to take this forward<sup>7</sup>. Subsequently, in late 2000 the Prime Minister established a new Cabinet Committee on Children and Young People's Services, created for the first time a Minister for Young People and set up the Children and Young People's Unit (CYPU). The CYPU has been given the specific remit to develop an overarching Strategy for all services for children and young people. Since then, the policy emphasis on young people and realising their enterprise potential has been increased with a number of new initiatives to meet the challenge of realising an "enterprise society".

Three specific, high profile activities focused on encouraging more enterprise from the youth include:

##### i) Enterprise Insight

Enterprise Insight is running a national campaign to promote enterprise, running under the banner 'Make Your Mark – start talking ideas'. It aims to inspire more people to start a business or social enterprise, or get ideas off the ground within their organisation, with a focus on young people (aged 14 to 30).

The campaign was founded by the UK's four main business membership organisations – the British Chambers of Commerce, the CBI, the Institute of Directors and the Federation of Small Businesses. It is backed by a broad coalition of education, business, voluntary sector, media and enterprise organisations. It receives tremendous support, including almost all of its funding, from HM Treasury and the Small Business Service of the Department for Trade and Industry. The campaign team is building up an impressive range of partners, including businesses, national media, education and enterprise organisations, Regional Development Agencies, the Learning and Skills Council and individual entrepreneurs.

##### ii) New Entrepreneur Scholarships Programme

The New Entrepreneur Scholarships Programme (NES) helps people living in disadvantaged areas to start in business. NES is funded by the Learning and Skills Council and managed

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<sup>7</sup> Social Exclusion Unit (2000), *Report of Policy Action team 12: Young People*, Cabinet office: Social Exclusion Unit, PAT 12.

by the National Federation of Enterprise Agencies (NFEA), Association of Business Schools (ABS) and Prince's Trust.

As contract holder and lead national partner, the NFEA deals with the day-to-day running of the programme on a national level. ABS represents the universities involved in the programme and as well as having a strategic role in management of NES, the ABS also leads the research and evaluation side of NES. The Prince's Trust is well known for their work with disadvantaged under 30's and this experience has proved invaluable throughout the development of NES policy.

NES provide a comprehensive package of support, mentoring and funding in order to encourage and support the start-up and growth of new businesses. Social enterprise ideas are particularly welcomed. The programme provides scholars with opportunities to improve their management skills and learn how to use these skills in their new business.

NES wishes to raise awareness of enterprise and encourage applications to the programme from groups who have traditionally found it difficult to access business support; including:

- ◆ Women
- ◆ Ethnic minorities
- ◆ Those with physical and/or learning difficulties
- ◆ Ex-offenders
- ◆ Unemployed or underemployed
- ◆ Those with low-educational levels
- ◆ Those with literacy or numeracy difficulties

iii) Enterprise Education for Schools

Enterprise Education will provide funding of £60 million a year from September 2005 for English secondary schools. This entitlement will provide all KS4 pupils with the equivalent of five days' activity focused on enterprise capability — innovation, creativity, risk-management and risk-taking, and a can-do attitude and the drive to make ideas happen - supported by financial capability and economic and business understanding. Enterprise capability is a key output of work-related learning programmes, which became a statutory requirement in September 2004.

Enterprise Education requires pupils to have opportunities to apply what they have learnt through the enterprise process. Key enterprise activities include:

- ◆ Teaching and learning
- ◆ Recognition of learning
- ◆ Monitoring and evaluation
- ◆ Learning outcomes

### 3.5.5 People with Disabilities

In July 2001, two research reports on the New Deal for Disabled People (NDDP) pilots were published by the Department of Work and Pensions (DWP). They presented findings from independent evaluations of the Personal Advisor Service and the Innovative Schemes pilots. The aim of the evaluations were to assess how well the NDDP pilots helped people to find or remain in work, and to advise about what was effective in the programme and what was not.

Support for disabled entrepreneurs is available through the Disabled Entrepreneurs Network, which has been set up by the Association of Disabled Professionals. It aims to provide networking opportunities among self-employed disabled people and those setting up and running their own small businesses. It will also signpost opportunities for accessible and appropriate training and development to disabled entrepreneurs and identify and share good practice on self-employment and business management in small and medium-sized enterprises.



## **4.0 Regional Enterprise Policy Context**

### **4.1 Business Links: The Regional Model**

On 1 April 2005, the management for the contract of business support was transferred to the RDA with delivery provided by Business Links. The decision to devolve Business Link Operator contracts to Regional Development Agencies across the country was made by the Chancellor in his 2004 Budget Statement to ensure a flexible service to support the government's vision for a more entrepreneurial Britain tailored to the needs of local firms.

The current enterprise activities of RDAs can be found on their websites, as detailed below:

- ◆ North West <http://www.nwda.co.uk>
- ◆ North East: <http://www.onenortheast.co.uk/>
- ◆ West Midlands: <http://www.advantagewm.co.uk>
- ◆ East of England: <http://www.eeda.org.uk/>
- ◆ South West: <http://www.southwestrda.org.uk/>
- ◆ London: <http://www.lda.gov.uk/>
- ◆ South East of England <http://www.seeda.co.uk/>
- ◆ East Midlands: <http://www.emda.org.uk/main/default.asp>
- ◆ Yorkshire: <http://www.yorkshire-forward.com>

Each RDA has developed a strong focus on enterprise, however, there are notable differences adopted by each in the management and delivery of the Business Link brand. The section below identifies the current status of the Business Link operation within each RDA:

#### **4.1.1 North West Development Agency**

The Business Link service is delivered in the region as part of the RDA's overall business support activities. Support to businesses is currently delivered sub regionally through 5 Business Link suppliers and primarily focuses on the small and medium sized enterprises but also offers support to larger companies.

The Agency is, however, currently undertaking a review of business support and Business Link services with the aim of creating a service that supports the competitiveness of the businesses within the region. There are 2 key objectives:

- ◆ Excellent client experience in terms of access, services and products; and
- ◆ Financial efficiency and value for money for funders and stakeholders.

#### 4.1.2 One North East

The North East Business Support Network has been established as a result of an extensive review of publicly-funded business support in the region. It came into effect in April 2004 to implement changes to the way businesses access publicly-funded business support in the region.

An advisory board has been appointed, made up of individuals largely from the private sector with a wealth of skills and experience and service and manufacturing industries of every size and type, under the chairmanship of John McDougall. Collectively the Network has embarked on the implementation phase to turn the outcome of the review into a workable model - a three year process which will be completed by 2007. The management of the Network is being dealt with by One NorthEast, drawing on expertise and resources that exist within the organisations that make up the Network.

Four partnerships have been established in County Durham, Northumberland, Tees Valley and Tyne & Wear to provide access to independent and impartial business advice and support under the Business Link banner. In each case a wide range of organisations including existing Business Link operators, enterprise and development agencies and local authorities, have already established new working relationships to provide a more cohesive service to customers. Increasingly businesses and individuals will find that not only is information and help easier to access, but also that support can be even more effective through the combined strengths of the members of these partnerships.

The Network's vision is: 'A single network that is easy to access and easy to use. It will set the standard for delivering business support and constantly seek to evolve in response to customer needs. Ultimately it will make a positive difference to the North East economy.'

#### 4.1.3 Advantage West Midlands

Business Link in the West Midlands is being improved to better meet the needs of business. From April 2007, the Business Link service for the region will be delivered region-wide.

The West Midlands Regional Enterprise Board, an independent, business-led group which advises Advantage West Midlands on improving enterprise performance, has looked carefully at finding the right sort of business support model to achieve this. In October 2005, based on the advice of the Enterprise Board, the Advantage West Midlands' Board approved a new regional Business Link-branded business support model for the region.

The new model aims to provide a comprehensive information service for companies on all business support and skills issues. It will also deploy experienced advisors who will work with businesses to diagnose their needs; help them develop improvement plans and provide access to the most appropriate help available to implement the plans. The region wide brokerage service will be delivered by West Midlands Brokerage Services – a consortium of the Black Country Chamber, Birmingham Chamber, Coventry and Warwickshire Chamber, Staffordshire Business Support Ltd and Business Link West Mercia LLP.

Other key features of the model are:

- ◆ The setting up of a new regional independent Gateway service that is branded Business Link, offering a telephone and web information service and access to other services – this will be delivered by the Black Country Small Business Service – a subsidiary of the Black Country Chamber
- ◆ Specialist service offerings for the business and professional services sector, creative and knowledge industries
- ◆ A separate manufacturing specialist broker which will focus on the competitiveness of the region's manufacturing companies – to be delivered by the Manufacturing Advisory Service – West Midlands.
- ◆ Emphasis on enterprise creation and promoting business start-ups including support for women, young people, ethnic minorities and social enterprises.

For specific information on the regional wide business model see <http://www.advantagewm.co.uk/future-of-business-support-in-the-west-midlands.pdf> (The Future of Business Support in the West Midlands)

#### 4.1.4 East of England Development Agency

EEDA manages Business Link in the East of England which is part of a national network that provides information, advice and support to help business people start, maintain and grow their businesses.

EEDA gained responsibility for delivering Business Link in the region in 2005 and took over the management of delivery contracts with six organisations. In April 2007 those contracts will end and EEDA will contract with one regional Business Link provider to manage a locally-delivered service across the East of England.

The new model will give every small business in the region a consistently high level of access to information and advice and even greater access to a wide range of business specialists.

EEDA has received 12 expressions of interest for running the regional Business Link IDB service and shortlisting is now underway. Invitations to negotiate were issued in March 2006. An announcement of the preferred provider and the specific shape of the regional service is expected to be made before June 2006. EEDA is still progressing its plans for a regional intelligence system and local advocacy.

#### 4.1.5 South West of England Regional Development Agency

Responsibility for funding and co-ordinating Business Link across the South West transferred from central government to the South West of England Regional Development Agency in April 2005.

The South West RDA believes that this offers a golden opportunity to improve co-ordination between Business Link and the region's other business support providers. A major effort is underway to further improve the Business Link service and to reinforce its position as the primary source of business advice.

The South West RDA is currently working with other providers of business support to come up with a regional model that has the following aims:

- ◆ To develop an integrated business support structure and strategy across the region.
- ◆ To establish Business Link as the primary gateway and broker for general and specialist business advice.
- ◆ To ensure that business support is demand led and meets the needs of the region's businesses.
- ◆ To channel public sector resources towards support services which add the greatest value.
- ◆ To reduce duplication, minimise waste and focus a greater proportion of spend on frontline services.

[http://download.southwestrda.org.uk/file.asp?File=/business-growth/general/SWRDA\\_BISbrochure.pdf](http://download.southwestrda.org.uk/file.asp?File=/business-growth/general/SWRDA_BISbrochure.pdf) (A new model for business support services)

#### 4.1.6 London Development Agency

In April 2005, the management for the contract of business support in the capital was transferred to the London Development Agency (LDA) with delivery provided by Business Link for London to serve the needs of London's entrepreneurs more effectively.

Business Link for London supports the needs of the 330,000 businesses in the capital by providing an "Information, Diagnosis and Brokerage" (IDB) service for clients. Through this service, firms will be provided with the latest business information, and an analysis of their needs. They are also directed to additional sources of specialist support.

Under the new arrangements, Business Link for London will no longer directly advise businesses so as to avoid any conflict of interest with the brokerage role. However, it will continue to diagnose problems faced by businesses, plan effective solutions and draw on its wealth of knowledge about business support services across the capital to match the client with a quality-assured external provider.

The LDA held stakeholder consultations on the longer-term options for business support. These consultations had informed proposals for business support in London for 2006/7 and beyond. The LDA recently announced that it had concluded contract negotiations with a service company called SERCO to deliver the London Business Link model.

#### 4.1.7 South East Enterprise Development Agency

SEEDA has kept the six Business Link networks that covered the South East region prior to the change in 2004. Contracts have recently been renewed for another three-year period (starting from 2007) and thus it is not anticipated that there will be a change in provision in the foreseeable future.

#### 4.1.8 East Midlands Development Agency

From April 2007 Business Link will be managed by a single regional provider called EMB Ltd - a new company formed by the three Chambers of Commerce that are currently providers of Business Link Derbyshire, Leicestershire and Northamptonshire. In addition the emda will develop a separate regional IT platform to support the Business Link provider. The development and management of the regional IT platform will also be commissioned from third party organisations.

The regional Business Link will provide consistent advice, information, diagnostic and brokerage service including customer account management.

The key to the IDB (Information, Diagnostic and Brokerage) model is that it is independent. Independence is critical for the effectiveness of this model as it ensures that referrals are made to the most appropriate service for the business customer's needs from the private, public or voluntary sectors.

Access to support will be improved by establishing a single Business Link branded gateway to all further services.

More information available at the URL below:

[http://www.emda.org.uk/uploaddocuments/BusLink\\_A\\_New\\_WayOct2005.pdf](http://www.emda.org.uk/uploaddocuments/BusLink_A_New_WayOct2005.pdf)

#### 4.1.9 Yorkshire Forward

There is currently no bidding process for the future provision of the regional Business Link service.

Existing contracts have recently been extended a further year to April 2008. Review and appraisal of new arrangements will be considered again in 2007 and if a new model can be agreed it will be implemented in April 2008 at the earliest.

## **5.0 Other Developments and Research Findings**

There are several sources of research in fields affecting Theme C, some of which are outlined in more detail below. Other sources include the Learning and Skills Development Agency and the Learning and Skills Research Centre. Some useful academic research centres include the ESRC-funded Centre for the Analysis of Social Exclusion (CASE) at London School of Economics and Political Science, the Centres for Disability Studies, Interdisciplinary Gender Studies and Ethnicity and Racism Studies at the University of Leeds. Many other Universities also undertake research in these areas and could prove valuable sources of information for DPs.

### **5.1 DfES Research Programme**

The DfES runs an extensive research programme and publishes the results of its research as full research reports and accompanying research briefs, which provide an overview of each project. The research covers many aspects of education delivery and provision across the UK, including subjects such as widening participation, adult learning and employers. Full details of the research programme are available from:

<http://www.dfes.gov.uk/research/index.cfm>

### **5.2 Joseph Rowntree Foundation Research Priorities**

The Joseph Rowntree Foundation funds a substantial social science research programme, publishing research reports and summaries on many subjects that may be of interest to **Equal** DPs. Research areas include work, income and social policy and area regeneration. For further details, see the Foundation's website at:

<http://www.jrf.org.uk/home.asp>

### **5.3 Economic and Social Research Council (ESRC)**

The ESRC is a major funder of economic and social academic research in the UK. The strategic priorities for research for include economic performance and development, knowledge, communication and learning, social stability and exclusion and work and organisations. Under the organisations research programme, a number of research centres and groups are being funded under each priority and details are available from the ESRC website at: <http://www.esrc.ac.uk/>

### **5.4 Small Business Service Research Programme**

Since its establishment, the Small Business Service Analytical Unit has undertaken and commissioned Government research into Small and Medium Enterprises (SMEs) and the evaluation of publicly funded activities in this area. The team aims to help Ministers and the SBS to develop evidence-based policy and activities by providing a programme of research.

As well as research, the SBS undertakes consultation exercises for the Government on issues relevant to small business. A variety of research reports and public consultations are available from the SBS website.

The SBS has identified a list of potential projects for a rolling research programme for the next three years. These projects have been prioritised into immediate priorities for 2005-2006 and those that may be undertaken in financial years 2006-2007 and 2007-2008. Specific priorities related to Theme C include:

*Priorities for 2005-2006*

- ◆ Household Survey of Entrepreneurship 2005
- ◆ Trends in start-ups and closures and the impact on productivity and employment
- ◆ Informal economy information gaps
- ◆ The ease of accessing finance by under-represented groups
- ◆ Impacts on ethnic minority communities
- ◆ Continuing and future evaluation of City Growth Strategies

*Potential projects 2006-2007 and 2007-2008*

- ◆ Benefits to the economy of flows from unemployment into self-employment
- ◆ Measuring the long-term impact of enterprise education and experience programmes
- ◆ Illuminating the graduate entrepreneurship landscape
- ◆ Evaluation of enterprise promotion fund

## **5.5 Enterprising Britain 2006**

Enterprising Britain has been developed in consultation across Central Government, and in partnership with the Regional Development Agencies and Devolved Administrations and was run for the first time in 2004/05. Enterprising Britain 2006 is a nationwide competition to find the most enterprising place in the UK - the town, city, place or area in the country that is best improving economic prospects and encouraging enterprise. It aims to:

- ◆ identify and recognise successful activities and initiatives undertaken to promote enterprise and entrepreneurship
- ◆ showcase and share examples of best practice in enterprise, and entrepreneurship policy and implementation
- ◆ create a higher awareness of the importance of enterprise and entrepreneurship in society
- ◆ encourage and inspire enterprising behaviour and potential entrepreneurs
- ◆ identify the UK entry to the European Enterprise Awards 2006

Enterprising Britain 2006 involves a regional competition managed by the RDAs and Devolved Administrations which is run between 30 January 2006 to 31 May 2006. After this there will be a national competition managed by the Small Business Service from 1 June 2006 to mid-September 2006.

During the first stage, 12 regional winners will be selected from across the UK before going forward to the national final when the overall Enterprising Britain 2006 winner will be named. The overall winner will also represent the UK at the European Enterprise Awards in December 2006.

## **5.6 Procurement Opportunities**

### **5.6.1 Review of SME Procurement**

The Better Regulation Task Force, (now the Better Regulation Commission (BRC)) and Small Business Council (SBC) produced a report in May 2003 called "Government: Supporter and Customer?" identifying concerns from SMEs about access to the Government marketplace. This review highlighted a number of issues including the complex procurement processes involved in tendering for government contracts and range of different forms used by various government departments. This complexity was reflected in the high cost of bidding. Other points from SMEs raised related to the inability to access government procurements and the lack of knowledge about where to look for potential contracts, or who to talk to.

The review made 11 specific recommendations to eliminate and address many of the key obstacles that may prevent SMEs from participating in the government market place. The Office of Government Commerce (OGC) co-ordinated the Government's response to the report and its recommendations, which were accepted or accepted in principle.

As a means of responding to the recommendations, OGC and DTI's Small Business Service (SBS) ran SME Procurement Pilots in the West Midlands and Haringey respectively. The West Midlands Pilot has now concluded with the publication in November 2004 of the Final Project Evaluation Report and Management Summary. The Haringey Pilot continues with a progress report due in early 2005.

The lessons from the pilot procurement projects can be attained from the OGC website. <http://www.ogc.gov.uk/index.asp?docid=1002166>

### **5.6.2 Opportunities from the London 2012 Olympics**

A report published by the Economic Development, Culture, Sport and Tourism Committee of the London Assembly entitled "The opportunities for small and medium sized London firms arising from the 2012 Olympic and Paralympics Games" was published in February 2006. This report states that London's small and medium-sized businesses need more support from the Mayor and Olympics authorities to compete with multinational firms for contracts involved in the 2012 Games. The Committee makes the following recommendations to help businesses profit from the Games:

- ◆ Targets must be set for involving small firms in bidding for Olympic contracts, which are regularly monitored and published quarterly
- ◆ An 'Olympic Mark' for firms that meet procurement requirements

- ◆ A 'one stop shop' website with information about Olympic business opportunities
- ◆ The tendering process must be simplified, contracts need to be written in plain language and consistency across all tenders would reduce time spent applying for Olympics work.

In order to ensure that small and medium sized London firms have a fair chance to win Olympic contracts, the report made the following recommendations to be implemented:

- ◆ There should be a dedicated 'one stop shop' for information on all Olympic businesses opportunities. This should be run by business for business, with funding provided by the London Development Agency.
- ◆ The Olympic Delivery Authority should introduce a system of pre-qualification for firms wishing to bid for Olympic work. This should take the form of an 'Olympic Mark' for small businesses that meet the Olympic requirements.
- ◆ Targets need to be set for the involvement of small businesses and these must be actively promoted and regularly monitored.

## **5.7 National Strategic Reference Framework Consultation**

On 28 February, the Government launched a consultation on its draft National Strategic Reference Framework, which will establish the priorities for future Structural Funds Programmes in the UK in 2007-13. The draft Framework proposes two priorities for the European Social Fund in England: extending employment opportunity; and developing a skilled and adaptable workforce.

The consultation document invites comments on two related issues: the UK Government's proposals for dividing its Structural Funds allocations under the Regional Competitiveness and Employment Objective; and administrative arrangements for delivering the Funds in the UK in 2007-13.

The deadline for consultation responses to reach the Department of Trade and Industry is 22 May 2006. The consultation document can be found at:

<http://www.dti.gov.uk/europe/nsrf.html>

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## Annex B Useful Websites

### European Policy

1. Anti-discrimination, Fundamental Rights and Civil Society (DG Employment and Social Affairs): [http://europa.eu.int/comm/employment\\_social/fundamental\\_rights/index\\_en.htm](http://europa.eu.int/comm/employment_social/fundamental_rights/index_en.htm)
2. Directorate-General, Employment and Social Affairs: [http://europa.eu.int/comm/dgs/employment\\_social/index\\_en.htm](http://europa.eu.int/comm/dgs/employment_social/index_en.htm)
3. Directorate-General, Enterprise: [http://europa.eu.int/comm/dgs/enterprise/index\\_en.htm](http://europa.eu.int/comm/dgs/enterprise/index_en.htm)
4. The European Union: <http://europa.eu.int>
5. The European Employment Observatory: [www.eu-employment-observatory.net](http://www.eu-employment-observatory.net)
6. Adopted EU employment guidelines 2003 – 2008: [http://europa.eu.int/comm/employment\\_social/employment\\_strategy/prop\\_2005/adopted\\_guidelines\\_2005\\_en.htm](http://europa.eu.int/comm/employment_social/employment_strategy/prop_2005/adopted_guidelines_2005_en.htm)
7. National Reform Programmes [http://europa.eu.int/comm/employment\\_social/employment\\_strategy/national\\_en.htm](http://europa.eu.int/comm/employment_social/employment_strategy/national_en.htm)
8. The Lisbon Strategy thematic website: [http://europa.eu.int/growthandjobs/index\\_en.htm](http://europa.eu.int/growthandjobs/index_en.htm)
9. The new social agenda: [http://europa.eu.int/comm/employment\\_social/social\\_policy\\_agenda/spa\\_en.pdf](http://europa.eu.int/comm/employment_social/social_policy_agenda/spa_en.pdf)
10. 2006 European Year of Workers' Mobility: [http://europa.eu.int/comm/employment\\_social/workersmobility2006/index\\_en.htm](http://europa.eu.int/comm/employment_social/workersmobility2006/index_en.htm)
11. *Enterprise EUROPE* newsletter: <http://europa.eu.int/comm/enterprise/library/enterprise-europe/index.htm>
12. Competitiveness and Innovation Framework Programme: [http://europa.eu.int/comm/enterprise/enterprise\\_policy/cip/index\\_en.htm](http://europa.eu.int/comm/enterprise/enterprise_policy/cip/index_en.htm)
13. Entrepreneurship action plan: [http://europa.eu.int/comm/enterprise/entrepreneurship/action\\_plan.htm](http://europa.eu.int/comm/enterprise/entrepreneurship/action_plan.htm)

### UK – General websites of information

1. Cynulliad Cenedlaethol Cymru / The National Assembly for Wales: [www.wales.gov.uk](http://www.wales.gov.uk)
2. The Scottish Executive: [www.scotland.gov.uk](http://www.scotland.gov.uk)
3. Department for Education and Skills: [www.dfes.gov.uk](http://www.dfes.gov.uk)
4. Department of Trade and Industry: [www.dti.gov.uk](http://www.dti.gov.uk)
5. Department for Work and Pensions: [www.dwp.gov.uk](http://www.dwp.gov.uk)
6. Neighbourhood Renewal Unit (DTLR): [www.neighbourhood.gov.uk/](http://www.neighbourhood.gov.uk/)
7. New Deal (DWP): [www.newdeal.gov.uk](http://www.newdeal.gov.uk)

## **UK – Business Support**

1. The Federation of Small Businesses: [www.fsb.org.uk](http://www.fsb.org.uk)
2. Small Business Service: [www.sbs.gov.uk](http://www.sbs.gov.uk)
3. Small Business Council fourth Annual Report  
<http://www.sbs.gov.uk/sbsgov/action/layer?r.s=slandtopicId=7000013943>
4. Social Enterprise Unit (DTI): <http://www.dti.gov.uk/socialenterprise/index.htm>
5. Social Exclusion Unit (CO): <http://www.socialexclusionunit.gov.uk>
6. Business Link website: [www.businesslink.org](http://www.businesslink.org)
7. Local Enterprise Growth Initiative: <http://www.neighbourhood.gov.uk/LEGI>
8. The Phoenix Development Fund: [www.sbs.gov.uk/phoenix](http://www.sbs.gov.uk/phoenix)

## **UK – Learning and Skills**

1. Learning and Skills Council: [www.lsc.gov.uk/](http://www.lsc.gov.uk/)
2. Learning and Skills Development Agency: [www.lsd.gov.uk/home.asp](http://www.lsd.gov.uk/home.asp)
3. Learning and Skills Research Centre: [www.lsrc.ac.uk/](http://www.lsrc.ac.uk/)
4. DfES 14-19 Education and Skills White Paper:  
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5. The Sector Skills Development Agency: [www.ssda.org.uk](http://www.ssda.org.uk)
6. DfES Adult Literacy Programme  
<http://www.dfes.gov.uk/readwriteplus/bank/SfL%20Document.pdf>
7. Social Exclusion Unit: <http://www.socialexclusionunit.gov.uk/news.asp?id=642andinc=1>

## **UK – Disadvantaged Groups**

1. The Children and Young Peoples Unit (ODPM):  
<http://www.socialexclusion.gov.uk/page.asp?id=2>
2. Commission for Racial Equality: [www.cre.gov.uk](http://www.cre.gov.uk)
3. Confederation of British Industry: [www.cbi.org.uk](http://www.cbi.org.uk)
4. Disability Rights Commission: <http://www.drc-gb.org/index.asp>
5. Equal Opportunities Commission: [www.eoc.org.uk](http://www.eoc.org.uk)
6. Women and Equality Unit (CO): <http://www.womenandequalityunit.gov.uk/>
7. Women's Enterprise Online Event:  
<http://www.womensenterprise.co.uk/050622/default.asp>
8. PROWESS: [www.prowess.org.uk](http://www.prowess.org.uk)
9. New Entrepreneur Scholarships Programme: <http://www.nesprogramme.org/index.htm>
10. Enterprise Education for Schools  
<http://www.teachernet.gov.uk/teachingandlearning/14to19/ks4/enterpriseeducation/>

## **Other Developments and Research Findings**

1. Centre for the Analysis of Social Exclusion (CASE): <http://sticerd.lse.ac.uk/case>
2. The Economic and Social Research Council (ESRC): [www.esrc.ac.uk](http://www.esrc.ac.uk)

3. The Future of Work ESRC Research Programme: [www.leeds.ac.uk/esrcfutureofwork/](http://www.leeds.ac.uk/esrcfutureofwork/)
4. Joseph Rowntree Foundation: [www.jrf.org.uk](http://www.jrf.org.uk)
5. Enterprise Insight: [www.starttalkingideas.org/](http://www.starttalkingideas.org/)
6. Enterprising Britain 2006:  
<http://www.sbs.gov.uk/sbsgov/action/layer?topicId=7000000287andr.li=7000028250andr.s=a>
7. Opportunities from the London 2012 Olympics:  
[http://www.london.gov.uk/assembly/reports/econsd/olympic\\_businesses.rtf](http://www.london.gov.uk/assembly/reports/econsd/olympic_businesses.rtf)