



Llywodraeth Cymru  
Welsh Government

PUBLICATION

# Business Wales future provision: impact assessment

How the Business Wales future provision will impact on a number of areas.

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# What action is the Welsh Government considering and why?

The Welsh Government currently offers a range of contracted business support services to inspire entrepreneurs and help start, sustain, and grow businesses. The Welsh Government's Business Wales service encompasses a range of products and services offering information, advice, and support - online, via phone, virtually or in person - to encourage economic growth in Wales.

The current Business Wales service is due to run until March 2023 with elements of the service currently contracted externally. This integrated Impact assessment refers to the delivery of Business Wales from April 2023 to March 2028 (subject to budget approval). It is the Welsh Government's intention to deliver the service via a variety of different routes which includes a combination of in house, contracted and grant delivery through third party providers.

The budget allocation for this service will be £20 million per year with budget confirmed for up until March 2025 only at this stage. The contract length is intended to be a 5 year contract structured as initial 2 year period, plus 3 years with an annual break clause (2 years, plus 1 year, plus 1 year, plus 1 year).

It is proposed that the future Business Wales service will be underpinned by three key aims:

1. To build confidence and inspire individuals, entrepreneurs and micro /Small and Medium Enterprises (SME) business to reach their full potential working with key stakeholders enabling them to contribute and play their part in developing a cohesive ecosystem that is visible, simple and connected to ensure Wales is a great place to start and grow a business in the foundation or growth economies.
2. To address a key gap by creating the conditions for businesses to start, sustain and grow through the missing middle in inclusive and sustainable

ways.

3. To support the productivity, resilience, growth, decarbonising and sustainability of micro and SMEs, securing their long-term future ownership within Wales cementing their continued contribution to the Welsh economy.

To support this further, Welsh Government and Business Wales will work with key stakeholders from across Wales enabling them to contribute and play their part in developing a cohesive ecosystem that is visible, simple, and connected to ensure widest possible reach and engagement making sure that Wales is a great place to start and grow a business.

The proposed overarching support elements of the future Business Wales service will fall into the below five areas:

## **Digital platform and helpline**

The digital platform and helpline will provide a bilingual, accessible point of contact for anyone thinking of starting a business, all entrepreneurs and established businesses offering a full range of information, guidance, and support for businesses.

Providing a digital first response will create efficiencies and effective referral to other Business Wales services.

This service will be managed by internal Welsh Government staff.

## **Entrepreneurship and start-up**

Entrepreneurship and start-up will develop a culture of entrepreneurship and business start-up in Wales and provide practical advice and support to move ideas to trading businesses.

The overall aim of this provision will be to inspire and develop the next generation of entrepreneurs to lead successful businesses, recognising their role in encouraging social value.

This service will be a contracted service delivered by an external provider.

## **Core service / business development**

The core service and business development will build the confidence and resilience of the business community in Wales and will help them create opportunities for themselves and others and to stimulate sustainable and inclusive growth.

This service will be a contracted service delivered by an external provider.

## **Accelerated growth**

The Business Wales Accelerated Growth Programme will provide tailored support for selected businesses with the aspiration and the potential for high growth.

This service will be a contracted service delivered by an external provider.

## **Social Enterprise support**

To provide specialist business advice to support the 'Transforming Wales through Social Enterprise' vision to put social enterprises at the heart of a fairer, more sustainable, more prosperous Wales.

To promote the social enterprise model as the business model of choice for

entrepreneurs delivering solutions to social, economic, and environmental challenges and for Wales to be the best place to start and grow a social enterprise.

This service will take the form of a grant.

## Business Wales performance to date

Since its launch, in 2016, Business Wales has made a significant impact on the economy, businesses and individuals of Wales, achieving:

- 155,598 enquiries handled (internal Welsh Government figures)
- 6,688 new enterprises created
- 3,254 young people supported to develop their business idea
- 41,456 individuals and businesses advised
- 28,591 employment increase
- 472 social businesses assisted and helped to create 517 new full-time jobs (December 2021).

The proposed delivery and activity of the Business Wales service will continue to build upon these achievements and will ensure performance measures as part of the procurement elements of the service are centred around economic, social, and environmental policy. The successful contractor will ensure businesses take positive action through the economic contract across economic resilience, low carbon, fair work, and wellbeing. The future Business Wales provision will provide support for businesses that promote Fair Work and improve equality and diversity policies and employment practices.

The **Economic Contract** is an agreement between the Welsh Government and the businesses it supports on how we will work together in partnership to create resilient businesses that offer an attractive place to work

This will ensure that the reach of Business Wales will not only be focused on supporting those starting or growing their business but will ensure businesses that are recruiting are aware of being a responsible business.

## **Future outputs of the Business Wales service will include:**

- Investment in enterprise (p.a.): £80 million
- New jobs created (p.a.): 4,000
- New business starts (p.a.): 1,400
- Net GVA Uplift (p.a.): £245 million
- Business start-up 4 year survivability: 80%
- Businesses adopting or improving equality policies: 1200
- Reduction in carbon footprint (CO2 tons): 4200

## **Number of businesses/potential start-ups engaged**

- Virtual / 1 to many support (p.a.): 60,000
- Direct 1-1 support (p.a.): 4,000

The new Business Wales service will contribute to the following Well-being Goals:

**A prosperous Wales:** An innovative, productive, and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through decent work.

**A more equal Wales:** A society that enables people to fulfil their potential no

matter what their background or circumstances (including their socio-economic background and circumstance).

Activity of the Business Wales service will align to the Programme for Government by contributing to delivering the following:

- Foundation Economy and develop a Backing Local Firms Fund to support local businesses.
- expand the Development Bank of Wales' patient capital funds.
- increase the use of equity stakes in business support.
- provide greater support for worker buyouts and seek to double the number of employee-owned businesses.
- help businesses to work co-operatively to support local supply chains, including local delivery and logistics services.
- deliver the Young Persons Guarantee, giving everyone under 25 the offer of work, education, training, or self-employment.
- use the new network of Disabled People's Employment Champions to help close the gap between disabled people and the rest of the working population.
- enable our town centres to become more agile economically by helping businesses to work co-operatively, increase their digital offer and support local supply chains, including local delivery services.
- build an economy based on the principles of fair work, sustainability and the industries and services of the future.
- build a stronger, greener economy as we make maximum progress towards decarbonisation. Economic Resilience and Reconstruction Mission

## **Social equity**

- Fair working practices
- Tackling poverty
- Reducing inequality

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- Foundational economy
- Local supply chains
- Grounded businesses
- Growth of grounded medium sized businesses
- A Green Wales
- Reduction in carbon use of businesses supported
- Green delivery of business support
- Sustainable growth
- Increase business stock including social enterprises
- Increase productivity and resilience

## **Long term: what long term trends, challenges and opportunities may affect the proposal?**

Economic Development is devolved to Wales. Part of this role is to help create a stable, favourable business environment and address market failures.

Business Wales will make a significant impact on these objectives by providing signposting to other relevant business support provision in Wales (via Business Wales telephone helpline) and provide direct business support to pre and post start-up businesses in Wales.

A significant ongoing challenge to the economic recovery of Wales is the COVID pandemic. The recovery is not expected to be linear in its nature and the Business Wales service will be required to support businesses both on a short and long-term basis. This support is essential to assist businesses to start, sustain and grow and to safeguard jobs in Wales.

The Business Wales service will need to be agile enough to respond to the subsequent impacts of the pandemic and the ramifications it has on those starting, sustaining, or growing their business.

Businesses are currently facing Labour market issues ([EIW Quarterly report Q3 2022 \(developmentbank.wales\)](#)), energy price increases and supply chain issues; these will all continue to affect the road to economic recovery in Wales. Business Wales will continue to support businesses through these challenges ([Labour Market Overview, April 2022 \(gov.wales\)](#)).

Building on Business Wales' response to the COVID pandemic, by assisting businesses accessing funding and support, Business Wales will continue to maximise, strengthen, and widen the reach of its digital services allowing more individuals to access the support they require, via the most appropriate delivery mechanism for them. However, the Welsh Government recognises that not all individuals can or wish to access the service digitally; therefore, all services offered digitally will require an optimum amount of accessibility and usability testing. For those not able to access Business Wales digital resources, a helpline, face-to-face support, and direct contact forms will be available bilingually.

The Welsh Government has historically held significant policy and budgetary influence over the business support agenda in Wales. However future influence is under threat as the UK Government uses Internal Market Act powers in Wales and the UK Government has failed to provide like for like replacement to European funding to Wales and instead is using the Shared Prosperity Fund (SPF) whose arrangements are an attack on our devolution settlement.

The resulting insistence on circumnavigating the devolution settlement, and the role of Welsh Government, will have significant implications for Welsh Business Support provision and risks the emergence of a system that is fragmented, and has significant potential to duplicate provision and provide little added value and outcomes.

We are unable to replace the European Regional Development Fund (ERDF) funding lost through Exit of the European Union, and the UK Government's Shared Prosperity Fund is too small and too late to maintain support at current

levels.

We have prioritised our budgets to help smooth the transition as best we can and boost our investment in people and skills in key areas.

While we cannot endorse the UK Government's SPF, we remain committed to helping Welsh partners to align their activities to our priorities and, where necessary, help to ensure that UK Government funding is used in a way which supports – rather than cuts across – Welsh Government priorities.

## **Prevention: how does the proposal support the breaking of negative cycles**

In March 2021, a report commissioned by the Welsh Government ([Relative income poverty: April 2019 to March 2020](#)) found that “23% of all people in Wales were living in relative income poverty”. Starting and supporting businesses in Wales can contribute, in some way, to breaking this negative cycle.

Previously unemployed individuals filled 20% of the jobs created by Business Wales, since 2016. The practical support that Business Wales will provide to businesses will be a key economic lever over the coming months and years, creating sustainability, growth, and jobs to the economy of Wales.

The driver of entrepreneurship can also be deeply personal; the motivator for many, may be more holistic and can create personal fulfilment, or a social or environmental value. Entrepreneurship, via the Business Wales service can increase health and wellbeing for many individuals and have a positive effect for the communities of Wales.

Business Wales will support unemployed and economically inactive individuals

that wish to start and run a business in Wales.

Social enterprises are driven by a social/environmental mission and reinvest profits into creating positive social change, these values are a key component in breaking the poverty cycle and creating a positive change in communities of Wales.

By continuing to fund support for social enterprises, the Welsh Government, through this proposal recognises that social enterprises operate in the most deprived areas with 57% of the social enterprise workforce living within 10 miles of their offices.

Social enterprises play a vital role in helping people back into work with 17% of new staff being unemployed immediately before taking up the post.

Profits are often re-invested in the community, in meeting other social objectives or are put back in the business. 76% of social enterprises pay the real Living Wage to all their staff.

By supporting the foundational economy, Business Wales, offers the chance to reverse the deterioration of employment conditions, reduce the leakage of money from communities and address the environmental cost of extended supply chains.

By promoting fair work, Business Wales will support businesses to take positive action through the Economic Contract across economic resilience, low carbon, fair work, and wellbeing.

The COVID pandemic has allowed Business Wales to support alternative ways of working and deliver support to individuals and businesses. Workshops and 1:1 sessions delivered online has shown that these support mechanisms can be extremely effective and reduce emissions by reducing travel. Welsh Government will retain the online provision whilst recognising that face to face may better suit

other individuals / businesses where necessary. The online delivery will be fully bilingual, accessible and user tested.

Climate change is a priority for the Welsh Government, and a key area in which we need to break the negative cycle. Business Wales will continue to work with businesses offering a wide range of advice and support on green policies and practices. Dedicated Resource Efficiency Advisors will be available to support businesses working towards creating a resource efficient and resilient business, who can provide a range of advice such as using fewer raw materials to help reduce the risk of material scarcity, driving innovation and resilience, and helping businesses reach new markets.

Business Wales will support businesses in Wales to reduce their carbon footprint by 4,200 CO2 tonnes per annum and assist businesses in adopting environmental and equality policies.

## **Integration: how could this proposal connect and contribute to different public policy agendas and generate multiple benefits**

The Business Wales service is central to delivery on Programme for Government across multiple Policies and commitments including the foundational economy, digital economy, supply chain development, the Young Person Guarantee and employee buy-outs. Furthermore, it supports the Welsh Governments ambition to build an economy based on the principles of fair work, sustainability and the industries and services of the future.

Business Wales contributes widely to a number of different public policy agendas. Through these commitments and actions, Business Wales generates multiple benefits across a number of public policies.

This proposal will continue to deliver on already developed commitments and continue to work with other Welsh Government agendas where appropriate.

One of the key commitments set out in the Welsh Government's Employability Plan is to increase the number of employers who create inclusive and supportive workplaces for disabled people and those with long-term health conditions.

The Welsh Government is committed to improving employment opportunities for disabled people and making businesses as inclusive as possible, creating the conditions where all individuals can thrive.

Traditionally employment rates are significantly lower for disabled people than non-disabled people. Figures for the year ending March 2020 show the employment rate for disabled people aged 16 to 64 in Wales was 50%, compared to 81% of non-disabled people.

Business Wales supports Disabled People Employment Champions (DPECs) and works closely together drawing on access that Business Wales has to businesses and joining them with DPECS to further both employment of disabled people but also opening the conversation with businesses around the benefits of a diverse workforce.

In addition, Business Wales recognises that it has a role to play in furthering the agenda on fair work as well as supporting the third sector in Wales through its collaborative grant funded approach supporting the Social Enterprise Sector Group (SESG). Business Wales will continue to collaborate with the Welsh Government fair work team and Business in the Community – a lead organisation on responsible business and fair work – to encourage more businesses to adopt and commit to fair work principles and become businesses that adopt responsible working practices.

The Programme for Government prioritised the Young Person's Guarantee as a key commitment for the sixth Senedd term, to mitigate the disproportionate

impacts of the Covid pandemic on children and young people under 25. The aim is to ensure no one is left behind or held back as a result of the covid pandemic.

This commitment to young people, will be strongly supported by Business Wales through its Big Ideas Wales programme delivering upon the commitment of access to support to young people who wish to start a business.

Furthermore, Business Wales will work with other ecosystem partners such as Local Authorities and third sector organisations to tailor our delivery to allow them to access funding from other public sector organisations to deliver additional business support programmes dove-tailed into the core Business Wales offer.

Business Wales currently works and commits, as a minimum, to the following plans to further the agenda either via the Business Wales website or the Business Wales service:

- Strategic Equality Plan 2020 to 2024
- Loneliness and Social Isolation Strategy
- Employability Plan
- Nation of Sanctuary – Refugees and Asylum Seekers Plan
- Prosperity for All: A Low Carbon Wales
- Climate Change Adaption Plan
- Manufacturing Action Plan
- Transgender Action Plan
- Fair Work Commission
- Talented Women for a Successful Wales
- Action on Disability: The Right to Independent Living
- Youth Engagement Progression Framework
- Anti Racist Wales Action Plan
- Economic Resilience and Reconstruction Mission
- Net Zero Plan
- Care Homes Action Plan

- Young Person's Guarantee
- Disabled People's Employment Champions
- Period Dignity Strategic Action Plan
- Justice Plan
- Advancing Gender Equality in Wales Plan

## Collaboration

The Business Wales Strategic Board has been instrumental to developing this proposal. They were involved in early discussions to develop the service. The members of the board, which as of March 2022 has ceased to exist in its current form were as follows:

- Institute of Chartered Accountants
- Federation of Small Business
- Swansea University
- Good wash Company
- Acorn recruitment
- Development Bank of Wales

A new Task and Finish Group has since been established in its place.

The partners involved have been an integral part of the development of this proposal to ensure that the businesses and individuals receive an inclusive service to start, sustain or grow a business in Wales.

In addition, all 22 Local Authorities in Wales have been involved in developing this proposal, their expertise on the local needs of the businesses in their region has been crucial.

Business Wales has historically delivered a similar service to that of this



proposal since 2015, therefore, throughout the development of this proposal customer satisfaction results (both quantitative and qualitative) have assisted the development of the proposal and has been essential in fine tuning the service and guiding the service to meet the needs of businesses.

To help inform the ongoing development of the Business Wales service, a Business Wales task and Finish group has been developed.

The Business Wales Task and Finish Group will be responsible for continuing to steer the development of the service and will include the following partners:

- Institute of Chartered Accountants in England and Wales (ICAEW)
- Federation of Small Businesses (FSB) Wales
- Development Bank of Wales (DBW)
- Cardiff Business School
- Cwmpas
- Disability Wales
- Careers Wales
- Welsh Local Government Association (WLGA)

Welsh Government will continue to work with regional partners, Local Authorities and business organisations to ensure that delivery of business support in Wales is connected and works for those wishing to start, sustain or grow a business in Wales. It is more important than ever that this collaboration is sustained to grow the economy of Wales.

Business Wales will continue to work with other Welsh Government departments taking a cross government approach to drive, understand and utilise the support available to businesses and will continue to promote equality, diversity and fair work policies.

# Involvement

The stakeholders engaged throughout this process represent those that may be affected by the proposal. As part of the consultation process, the Welsh Government held 7 engagement sessions that engaged with Welsh Local Authorities and organisations that represent those that share a protected characteristic as well as collective self-employed and business owners. The Business Wales board which had representation from the private sector were also involved in early discussions to develop the service.

Customer satisfaction of the Business Wales service has been conducted every 6 months for the past 5 years (both quantitative and qualitative). Within these surveys individuals starting, sustaining or growing their business are asked about the quality of the service, whether they would recommend the service to others as well as whether the offer available reflects their requirements and if they feel other support should be available.

With over 2,700 individuals and business interviewed this is a key source of information that is used to inform service provision and improve quality where required.

We will continue to involve those that are most likely to be affected by the proposal in the delivery of Business Wales by regularly conducting satisfaction surveys that will include questions ascertaining the quality of the business support offered but also understanding if there is additional support required not currently offered by Business Wales.

# Impact

It is felt that without this proposal a significant gap within the business support

landscape would open. In 2021, Welsh Government commissioned Cardiff Business School to provide an independent assessment of the economic outcomes associated with Business Wales. This assessment covered the period 2015 to 2021.

The findings of this impact report included:

- net GVA up-lift was £18 per £1 spent on AGP and £10 per £1 spent on Business Wales core delivery
- four-year survivability was 77% AGP Compared with and 67% for Core and Growth compared with 33% for non-supported businesses
- credit scores of Business Wales supported businesses were less likely to be high risk and more likely to be stable & secure than unsupported businesses

In addition, outputs of the Business Wales service included:

- 20% of jobs created by Business Wales are filled by previously unemployed individuals
- over the 6-year period 2,481 SMEs adopted or improved their equality strategies
- over the 6-year period, 2,592 SMEs adopted or improved their environmental sustainability strategies

## Conclusion

### **How have people most likely to be affected by the proposal been involved in developing it?**

The stakeholders engaged throughout this process represent those that may be affected by the proposal. As part of the consultation process, Welsh Government held 7 engagement sessions that engaged with Welsh Local Authorities and

organisations that represent those that share a protected characteristic as well as collective self-employed and business owners. The Business Wales board which had representation from the private sector were also involved in early discussions to develop the service.

Customer satisfaction of the Business Wales service has been conducted every 6 months for the past 5 years (both quantitative and qualitative). Within these surveys individuals starting, sustaining or growing their business are asked about the quality of the service they received, whether they would recommend the service to others as well as whether the offer available reflects their requirements and if they feel other support should be available.

Furthermore, this satisfaction can be analysed by those that share a protected characteristic, so that Welsh Government can analyse any difference in satisfaction between those that share a protected characteristic and those that do not. There are no significant differences in satisfaction rates that has been identified.

We will continue to involve those that are more likely to be affected by the proposal in the delivery of Business Wales by regularly conducting satisfaction surveys that will include questions ascertaining the quality of the business support offered but also understanding if there is additional support required not currently offered by Business Wales.

## **What are the most significant impacts, positive and negative?**

This proposal will have a significant impact on the business community. Business Wales supports both pre and post businesses in starting, sustaining, or growing your business. It assists business in carbon reduction, fair work, and sustainability.

This proposal will have wide reaching effects on the general public that are also seeking employment. Business Wales recognises that certain individuals that share a protected characteristic have been unfairly impacted by the COVID pandemic. This is why Business Wales will continue to offer an unemployment grant and will monitor the take up of the service and ensure outreach activity is undertaken to balance any deficit. Business Wales will continue supporting the fair work, carbon reduction and social enterprise agenda ensuring that Wales is a place of choice to work and live.

It is recognised, entrepreneurship, for many, could be an alternative to in-work poverty. Business Wales will support individuals who wish to become self-employed or start their own business. Businesses are key to rural communities in Wales to provide employment.

The proposal will have a positive impact on rural individuals and communities in Wales by supporting businesses to start, sustain and grow. Rural individuals and communities will be able to access Business Wales support through bilingual digital and face to face support where required. Although the Business Wales service will be a pan-Wales delivery, a regional approach is still very much at the heart of delivery and the service will reach into rural communities.

This commitment to young people, will be strongly supported by Business Wales through its Big Ideas Wales programme delivering upon the commitment of access to support to young people who wish to start a business.

Entrepreneurship is a key driver in the Welsh Economy. Business Support provision is an essential component to businesses starting or growing, ensuring the right advice is given and that businesses start and thrive within Wales' communities.

The proposal will support and promote the use of Welsh language. All support will be available bilingually, Welsh speaking workshops will be delivered. All marketing materials and website are bilingual, all materials produced are also

bilingual. Data collection of those accessing the service are captured and those wishing to access the service through the medium of Welsh are assigned a Welsh speaking advisor.

The proposal will look to continue to provide support for individuals seeking to start a business and established SME's looking to adopt or improve Resource Efficiency policies and practices.

## **In light of the impacts identified, how will the proposal: maximise contribution to our well-being objectives and the seven well-being goals; and/or, avoid, reduce or mitigate any negative impacts?**

Welsh Government will take action – through this proposal – to promote equality of outcome and the Welsh Language. This will be done in a variety of ways that will include outreach activity as well as promoting the Welsh Language through the service.

This proposal will contribute to the following wellbeing goals:

- A prosperous Wales: an innovative, productive and low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change); and which develops a skilled and well-educated population in an economy which generates wealth and provides employment opportunities, allowing people to take advantage of the wealth generated through decent work.
- A more equal Wales: a society that enables people to fulfil their potential no matter what their background or circumstances (including their socio-economic background and circumstance).

## **How will the impact of the proposal be monitored and**

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## **evaluated as it progresses and when it concludes?**

Business Wales recognises the importance of evaluating the future provision. This evaluation will include service satisfaction, achieving outcomes, gather lessons learned and describe any impact the service has had.

Business Wales will also continue to monitor and evaluate customer satisfaction every 6 to 9 months for the duration of the contract. The results of this will be directly fed into provider meetings and will inform service provision and ensure continuous improvement of the service is achieved.

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