



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

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

Dydd Mercher, 10 Gorffennaf 2013
Wednesday, 10 July 2013

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Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public

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

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

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Mick Antoniw

Llafur
Labour

Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru The Party of Wales
Sandy Mewies	Llafur (yn dirprwyo ar ran David Rees) Labour (substituting for David Rees)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Nick Ramsay	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Joyce Watson	Llafur Labour

**Eraill yn bresennol
Others in attendance**

Ella Davidoff	Pennaeth Cyflogaeth Pobl Ifanc Head of Youth Employment
Teresa Holdsworth	Dirprwy Gyfarwyddwr yr Is-adran Ymgysylltiad a Chyflogaeth Pobl Ifanc Deputy Director, Youth Engagement and Employment
Kenneth Skates AC/AM	Dirprwy Weinidog Sgiliau a Thechnoleg Deputy Minister for Skills and Technology

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

Ffion Emyr Bourton	Dirprwy Glerc Deputy Clerk
Michael Dauncey	Y Gwasanaeth Ymchwil Research Service
Siân Phipps	Clerc Clerk

*Dechreuodd y cyfarfod am 9.14 a.m.
The meeting began at 9.14 a.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions**

[1] **Nick Ramsay:** I welcome Members and our witnesses to this morning's meeting of the Enterprise and Business Committee. The meeting is bilingual. Headphones can be used for simultaneous translation from Welsh to English on channel 1, or for amplification on channel 0. The meeting is being broadcast and a transcript of the proceedings will be available. Can Members please turn off their mobile phones? There is no need to touch the microphones, as they will work automatically. In the event of a fire alarm, please follow directions from the ushers. We have two apologies today, one from Dafydd Elis-Thomas and the other from David Rees. I welcome Sandy Mewies, who is standing in for David Rees. Thank you very much for being with us today, Sandy; it is always much appreciated.

**Ymchwiliad i Entrepreneuriaeth ymysg Pobl Ifanc—Craffu ar Waith y Dirprwy
Weinidog
Inquiry into Youth Entrepreneurship—Ministerial Scrutiny**

[2] **Nick Ramsay:** We will continue with our inquiry into youth entrepreneurship in a further ministerial scrutiny session. I welcome our witnesses. Would you like to give your names and positions for the Record of Proceedings?

9.15 a.m.

[3] **The Deputy Minister for Skills and Technology (Kenneth Skates):** I am Ken Skates, Deputy Minister for Skills and Technology.

[4] **Ms Holdsworth:** I am Teresa Holdsworth, deputy director for youth engagement and progression.

[5] **Ms Davidoff:** I am Ella Davidoff, head of youth employment.

[6] **Nick Ramsay:** Thank you for being with us today. It is slightly surreal for me, because Ken was a committee member until recently. It is good to see you back in a slightly different capacity, and congratulations on your recent appointment.

[7] **Kenneth Skates:** Thank you.

[8] **Nick Ramsay:** We have a number of questions for you, but would you like to make some opening remarks first, Deputy Minister?

[9] **Kenneth Skates:** That is very kind of you, Chair. I am delighted to be back with you. When I told you, Chair, a few weeks ago that I was looking forward to the day when I would be back with this committee, this is not how I had envisaged my return.

[10] I welcome the fact that you are investigating this very important subject area. It strikes me that there are two strands to your inquiry—the number of start-ups by young people, and how we go about fostering an entrepreneurial mindset in people, particularly young people. By my definition, and by the Welsh Government's definition, entrepreneurialism is not just about start-ups. I prefer a very modern definition of the entrepreneur as an innovator who uses a process of shattering the status quo of existing products and services to set up new products and services. So, in my view, an entrepreneur can be accommodated anywhere, including in isolation as a business start-up. You can be an innovator—an entrepreneur—in a large company, in the civil service or anywhere in the public service or general life. Two examples of entrepreneurial innovative work that we have seen in the civil service came with Jobs Growth Wales and ProAct.

[11] Hopefully, if I am given the opportunity, I will be touching on something that I think is very important, namely the cultural barriers that we see in Wales, which are preventing entrepreneurialism to some extent. Within that regard, I will hopefully be looking at attitudes towards business, problems with attitudes to gender, attitudes towards innovation, and vocational learning.

[12] Finally, I would very much agree with Google when it says that business failure is not personal failure, but if you are going to fail, fail fast.

[13] **Nick Ramsay:** That was a very good point to finish your opening remarks with. I also thank you for the paper that you provided. I did not mention that earlier. It has helped us

in forming our questions to you. The first question is from Byron Davies.

[14] **Byron Davies:** Good morning. The question that I have, to start, is how, in practice, does the Department for Education and Skills work in partnership with the Department for Economy, Science and Transport on the development and delivery of the youth entrepreneurship strategy? Perhaps in your response you could tell us whether you or the Minister for Education and Skills intend to have regular meetings in the future.

[15] **Kenneth Skates:** Thank you, Byron. On the second point, we do have meetings. We will continue to have meetings when and as necessary. This is an initiative that is led by the department for enterprise, science and transport, but it is a joint strategy between us and them. Officials from both departments meet regularly to provide joint focus on the action plan, and in particular to discuss evaluation and data capture. I should say that Teresa, in her capacity as deputy director for youth engagement and employment, chairs the officials' group meetings. Teresa also attends the external panel group meetings. The lead for youth entrepreneurship sits with youth engagement and employment within this department. The youth employment branch also has a lead in co-ordinating activity across the department. It also has a specific delivery role for the traineeships programme and for Jobs Growth Wales.

[16] **Byron Davies:** Could you perhaps tell us what the lines of divisional responsibility are here, between the two?

[17] **Kenneth Skates:** It is cross-cutting, of course, across the department and both departments. Broadly speaking, if you refer to the youth entrepreneurship strategy action plan, you will see that there are three sections within that, namely engaging, empowering and equipping. First of all, as far as engaging is concerned, we are responsible for two of those action points. With regard to empowering, we are responsible for three, and as far as equipping is concerned, we are responsible for one, namely Jobs Growth Wales, albeit working with DEST.

[18] **Byron Davies:** How do you benchmark all of this between you?

[19] **Kenneth Skates:** As I say, officials meet regularly; there is the data capture and there is the reporting to both sides, so we work together as seamlessly as possible. This is a joint strategy, so essentially it is done with officials from both sides meeting regularly.

[20] **Byron Davies:** That is okay for now, thank you.

[21] **Nick Ramsay:** The next question is from Sandy Mewies.

[22] **Sandy Mewies:** Good morning. Can you give us some clarity about the level of funding from the department for the youth entrepreneurship strategy action plan and the ways in which it is used?

[23] **Kenneth Skates:** First of all, I should say that resources for this are embedded within the curriculum. That said, there are some discrete areas where we can identify funding. If I were to sit here and you asked me, 'Can you identify how much money is allocated to the teaching of mathematics?', it would not be possible because funding is embedded within the system and it cannot be disaggregated from the overall budget. That said, there is the Learning Pathways grant, which totals £62,500 that is being used to support entrepreneurship and enterprise activities across Wales. There are also, of course, the bursaries within Jobs Growth Wales for business start-ups. That sum, should we meet our target—I should just stress that the first year's target was exceeded—would amount to £600,000.

[24] **Sandy Mewies:** Right. I think that what you are saying is that, certainly as far as

schools are concerned, the money is not hypothecated. So, it goes into core funding. How can you be sure—and this is an old chestnut in some ways—that that money is used for the purpose for which it was intended, rather than it disappearing into some other budget heading?

[25] **Kenneth Skates:** Sandy Mewies is absolutely right. The sum of money allocated by the RSG is considerable. I should point out that careers and the world of work is a compulsory subject. As a consequence of it being compulsory, it is assessed by Estyn. Therefore, it cannot simply be absorbed. Likewise, we have the baccalaureate, which has a key component relating to work experience and also the promotion of entrepreneurialism and innovation. So, we have some key areas that are tested and are judged. It cannot simply be lost. I should say, with regard to careers and the world of work, we are at the early stages—if I may share this with you today—of quite a bold bid to the Welsh European Funding Office for European social fund moneys that would significantly improve the delivery of careers and the world of work.

[26] **Sandy Mewies:** So, schools themselves do not have to outline in their own budgets how this would be shared out at all. It does come in under a general heading.

[27] **Kenneth Skates:** With it being compulsory, they do have to comply with it.

[28] **Sandy Mewies:** Okay. Now, forgive me, because I was not here for the evidence from the Minister for Economy, Science and Transport. I think that you have talked about her announcement of £4.4 million for the youth entrepreneurship service. What is the role of the Department for Education and Skills in that?

[29] **Kenneth Skates:** Again, this is something that has been developed jointly. I can tell you that within that £4.4 million, there is a competition that we will be running for newly created characters that we are calling enterprise troopers. They are going to be inspiring five to 11-year-olds.

[30] **Nick Ramsay:** Enterprise troopers?

[31] **Kenneth Skates:** Enterprise troopers.

[32] **Nick Ramsay:** I thought that was worthy of repetition, Deputy Minister.

[33] **Kenneth Skates:** Absolutely. I believe that the film is due out in 2017. [*Laughter.*]

[34] Enterprise troopers are going to be designed to inspire young people, aged five to 11, with a view of a competition in primary schools. That competition will be based on school-based enterprise. They have been developed and the project is being developed in consultation with schools, teachers and stakeholders.

[35] **Sandy Mewies:** So, did I hear you say that this is going to be rolled out in 2017?

[36] **Kenneth Skates:** No, the film is coming out in 2017. [*Laughter.*]

[37] **Sandy Mewies:** Oh, the film. So, it is a wait and see for this great epic competition.

[38] **Kenneth Skates:** I think, with regard to this competition and to the spending of that money, the key thing is that we look at the foundation phase and that we inspire young people to be open-minded, to be creative and imaginative. That is what this project is aimed at.

[39] **Alun Ffred Jones:** Rydym wedi cael **Alun Ffred Jones:** We have received

tystiolaeth gan Fenter yr Ifanc, sydd wedi colli arian craidd o £100,000, a oedd yn cael ei ddefnyddio yn rhannol i redeg cystadleuaeth rhwng ysgolion uwchradd, oherwydd colli arian gan Yrfa Cymru. A ydych yn bwriadu gwneud iawn am y golled honno?

evidence from Young Enterprise, which has lost its core funding of £100,000, which was used partially to run a competition between secondary schools—that loss coming as a result of changes within Careers Wales. Do you intend to make up for that loss?

[40] **Kenneth Skates:** The £100,000, as I understand it, was designed originally to be pump-priming money. We are not stopping schools, if they wish, from bringing in the services of Young Enterprise. However, it is for Young Enterprise to prove its value within the marketplace, because there are other providers of this sort of training.

[41] As far as Careers Wales is concerned, I am only eight or nine days into this job, and one of the things that has struck me so far about reform and modernisation is that the biggest barrier is the forces of resistance, and I am afraid that Careers Wales, as it was, was not serving the purpose that it needs to in the twenty-first century. So, I think that the modernisation of Careers Wales was absolutely crucial. I do not know how much you know about the background to the revised remit and how the development stages came about, but—

[42] **Alun Ffred Jones:** Rwy'n gwybod cryn dipyn am Yrfa Cymru. Rwy'n gwybod bod newidiadau sylweddol wedi digwydd. Er hynny, rwyf am ganolbwyntio i ddechrau ar Fenter yr Ifanc a oedd yn rhedeg cystadleuaeth i ysgolion uwchradd ar draws Cymru a oedd yn cael ei chydnabod fel rhan, hyd y gallaf weld, o gynllun gweithredu strategaeth entrepreneuriaeth ieuenctid y Llywodraeth. Mae'r corff hwnnw bellach wedi colli'r arian hwnnw, oherwydd y newidiadau i Yrfa Cymru, ac rwy'n gofyn yn syml iawn a yw'r Llywodraeth yn bwriadu cael rhywun arall i drefnu cystadleuaeth debyg, neu a ydych yn meddwl bod y gystadleuaeth yn ddiwerth?

Alun Ffred Jones: I know a fair bit about Careers Wales. I know that significant changes have taken place. However, I want to concentrate first of all on Young Enterprise, which was running a competition for secondary schools across Wales that was recognised, as far as I can see, as being a part of the Government's YES action plan. Young Enterprise has now lost its funding because of changes to Careers Wales, and I am asking you very simply whether the Government intends to find someone else to organise a similar competition, or do you think that the competition lacked value?

[43] **Kenneth Skates:** It is not necessarily that it lacked value, but we have moved on, and within the revised remit of Careers Wales, its key role is going to be in brokering agreements with business, to bring business in and to bring entrepreneurs into schools. I actually think that that has considerable value. We have not had a direct approach, I should say, from anyone in Young Enterprise. I know that they have been talking about having core funding, but we have not had a direct approach from them. If we were to consider any sort of competition again in the future, it would of course have to go out to the formal tendering process. As we stand at the moment, I am confident that the revised remit of Careers Wales will deliver improved exposure to business, and that will therefore embed in children's mindset and in the mindset of teenagers a far better understanding of businesses and of what it takes to be an entrepreneur.

[44] **Alun Ffred Jones:** Y cwestiwn yw: a ydych wedi ceisio asesu gwerth y gystadleuaeth honno? Mae wedi bod yn rhedeg ers nifer o flynyddoedd, ac mae ysgolion ar draws Cymru wedi cymryd rhan. A yw'r adran wedi ceisio asesu gwerth honno

Alun Ffred Jones: The question is: have you assessed the value of that competition? It has been running over a number of years, and schools across Wales have participated in it. Has the department assessed the value of the competition in order to see whether it needs

er mwyn gweld a oes angen ei gosod mewn rhyw system arall, neu a ydych wedi penderfynu nad yw hi'n werthfawr? Dyna i gyd rwy'n gofyn amdano.

to be set up within some other sort of system, or have you decided that it does not add value? That is all I am asking, really.

[45] **Kenneth Skates:** No, there would be a value to it. This is not a case of saying that it does or it does not have value. There would be value to it, but in the real world, when you are looking at budgets and at what the remit of Careers Wales should be, and you include what industry and businesses are telling us, then our priority is in ensuring that young people have exposure to businesses, and it would actually be for Young Enterprise to look at whether it wants to change or adapt, and whether it wants to look at alternative methods of offering its services. It is not for us.

[46] **Alun Ffred Jones:** Nid wyf yn dadlau â chi ynglŷn â *remit* newydd Gyrfa Cymru—efallai ei fod yn ardderchog. Yr hyn rwy'n ei ofyn yw: a ydych chi wedi asesu gwerth y gystadleuaeth honno? Mi oedd yn cael ei hystyried yn rhan o strategaeth y Llywodraeth, achos roedd yn cael ei hariannu gan y Llywodraeth, yn anuniongyrchol. Yr hyn rwy'n gofyn yw: a ydych wedi penderfynu nad oes gwerth i'r gystadleuaeth, neu ydych chi'n meddwl efallai ei hatgyfodi hi mewn rhyw ffordd arall?

Alun Ffred Jones: I am not arguing with you about the new remit of Careers Wales—it may be excellent. What I am asking is: have you assessed the value of that particular competition? It was considered to be a part of the Government's strategy, because it was funded by the Government, indirectly. What I am asking is: have you decided that there is no point to the competition, or do you believe that it should be reintroduced in some other form?

9.30 a.m.

[47] **Kenneth Skates:** No, I have not reached an opinion on whether it should be reintroduced in some other form. I would prefer Young Enterprise to consider what it should offer in the future. Insofar as assessments are concerned, I will ask Teresa to come in.

[48] **Ms Holdsworth:** We have not done a formal assessment through the youth entrepreneurship strategy of that particular competition because the outcomes that are measured in terms of the strategy as a whole would look at those outputs across a range of activities, rather than focusing on a single competition within that wider strategy. I am not aware that the other department has undertaken a specific assessment, as I say, of that one particular competition. It is a small element of a very big strategy and, in terms of that as a single entity, I am not aware of any specific plans to evaluate that single competition.

[49] **Kenneth Skates:** I should just add as well that it is very difficult to capture the success or failures of projects when the aim of the project is to inspire young people. It is very difficult to get a quantitative assessment of the success or failure of that. So, it leaves us with the decision of whether we continue funding what was supposed to be a pump-priming funding stream—we should also add that schools were having to fund it as well, in part—or do we look at Careers Wales having a new role in ensuring that we actually have the direct connection between business, industry, schools and employers. I think that the latter is more important.

[50] **Alun Ffred Jones:** Mae'n ddrwg gennyf, ond nid wyf yn deall yn iawn. Os ydych chi wedi penderfynu nad yw'r gystadleuaeth hon yn gweithio neu ei bod yn methu â chyflawni ei hamcanion ac felly yr ydych wedi mynd lawr trywydd arall, popeth

Alun Ffred Jones: I do apologise, but I do not quite understand. If you have decided that this competition is not working or that it is not achieving its objectives and that, therefore, you have gone down another route, then all well and good, but you seem to be

yn iawn, ond rydych chi fel pe baech chi'n dweud nad ydych yn siŵr a yw'r gystadleuaeth hon yn ddiwerth neu'n werthfawr iawn, ac nad ydych yn gallu ei hasesu hi. Mae hynny yn beth od iawn i'w ddweud am rywbeth yr oeddech yn ariannu gyda £100,000 y flwyddyn i bob pwrpas, oherwydd yr arian craidd a oedd yn mynd mewn.

saying that you do not really know whether this competition was adding value or was adding no value at all, and that you cannot assess it. That is a very strange thing to say about something that you were funding to the tune of £100,000 per annum to all intents and purposes, in terms of the core funding that was going in.

[51] Rwy'n gofyn pam nad ydych chi wedi gwneud rhyw fath o asesiad. Mae'n anodd, rydych yn iawn, ond nid yw'n amhosib gwneud rhyw fath o asesiad o lwyddiant neu aflwyddiant y gystadleuaeth o safbwynt hyrwyddo entrepreneuriaeth. Cawsom dystiolaeth gan Fenter yr Ifanc o wahanol ysgolion yn dweud pa mor llwyddiannus oedden nhw a pha mor frwdfrydig oedd y plant. Yr hyn rwy'n gofyn yw: pam nad yw'r adran wedi gwneud rhyw fath o asesiad er mwyn penderfynu a oedd y gystadleuaeth yn werthfawr ai peidio, neu a ydych chi wedi taflu £100,000 y flwyddyn ati heb wybod beth oedd y canlyniad? Nid wyf yn deall y rhesymeg y tu ôl i hyn.

I am asking why you had not carried out some sort of assessment. It is difficult, you are right, but it is not impossible to have some sort of assessment of the success or failure of the competition in terms of promoting entrepreneurship. We received evidence from Young Enterprise from various schools saying how successful they were and how enthusiastic the children were. What I am asking is: why has the department not carried out some sort of assessment to decide whether or not this competition was value for money, or have you just thrown £100,000 per annum at it without knowing the outcome? I do not understand the rationale behind it.

[52] **Kenneth Skates:** I think that you are looking for an absolute answer, a 'yes' or a 'no'—yes, it did serve purpose and value or it did not. I do not think that you can quantify the outcomes and the outputs of such a scheme with the way that you measure it, which is essentially asking people whether they were enthusiastic or enjoyed it. Again, it comes down to choices that we have to make: do we promote a competition at the cost of £100,000 a year, or do we use the money in a different way to ensure that we bring together the entrepreneurs of tomorrow with the business leaders of today? I remain convinced that the latter is the better option. I really do believe that the change in remit for Careers Wales gives us this opportunity to ensure that there is a better linkage than we have ever had before.

[53] **Alun Ffred Jones:** Byddaf yn gorffen ar y pwynt hwn, Gadeirydd. Felly, o'r hyn rydych newydd ddweud rŵan, rydych chi wedi penderfynu bod cael Gyrfa Cymru i wneud ei waith yn wahanol a dod â busnesau mewn i ysgolion yn well defnydd o arian na'r gystadleuaeth hon. Dyna rydych chi newydd ei ddweud, ond rydych yn dweud hynny heb geisio asesu llwyddiant neu aflwyddiant y cynllun arbennig hwnnw, hyd y gwelaf i, ond diolch yn fawr iawn.

Alun Ffred Jones: I will finish on this point, Chair. So, from what you have just said, you have decided that getting Careers Wales to carry out its functions differently and to bring businesses into schools is a better use of money than this particular competition. That is what you have just said, but you are saying that without having tried to assess the success or failure of that particular scheme, as far as I can see, but thank you very much.

[54] **Kenneth Skates:** May I just add that this is what businesses are telling us and this is what entrepreneurs are telling us? They want the direct access; they want the connection. So, it is not a case of saying that one has failed or one is better than the other. My view is that it is more suitable, in this day and age, for us to have that direct contact. That is my view. As I said a few moments earlier, I am nine or 10 days into the job, and what has struck me about reform and modernisation is that we still have too many forces of resistance. The people who

represent the forces of resistance are too often apologists for the status quo, for retaining standards as they are and for the steady-as-you-go approach. We cannot have that in the twenty-first century. We have to be bold and brave, and I will not tolerate any sort of forces of resistance holding back the aspirations of young people. I think that we need to maintain a view of the horizon, rather than clinging to what we have had in the past.

[55] **Alun Ffred Jones:** Nid wyf yn gwneud dadl o blaid y gystadleuaeth honno. Yr hyn roeddwn yn ei ofyn oedd am ryw fath o asesiad neu dystiolaeth pam bod yr adran wedi penderfynu mynd i lawr llwybr gwahanol. Mae disgrifio cystadleuaeth sydd yn—[*Torri ar draws.*] Na, fi sy'n siarad. Mae disgrifio cystadleuaeth a oedd yn hyrwyddo entrepreneuriaeth fel '*the forces of resistance*' ychydig bach yn eithafol, os caf awgrymu, ond dyna ni. Diolch yn fawr, rwy'n meddwl ein bod wedi cael—

Alun Ffred Jones: I am not making a case for that competition. What I was asking for was some sort of assessment or evidence as to why the department had decided to go down another route. To describe a competition that is—[*Interruption.*] No, I am speaking. Describing a competition that was promoting entrepreneurship as 'the forces of resistance' is a little bit extreme, if I may suggest, but there we go. Thank you very much, I think that we have had—

[56] **Kenneth Skates:** On that point, I am not saying that that is a force of resistance. I am saying that it is people who will justify retaining services simply because that is how they have been. With Young Enterprise, let us see what schools decide to do, because we are not saying that Young Enterprise cannot offer that service. It needs to prove its value and its product. So, let us see, shall we, whether schools in the future use the money to bring in those services?

[57] **Alun Ffred Jones:** Mae'n iawn dweud y dylai Menter yr Ifanc brofi gwerth y gystadleuaeth, ond gan fod y Llywodraeth wedi bod yn ei hariannu, byddwn yn tybio ei fod yn ddyletswydd ar y Llywodraeth hefyd i asesu'r gwaith.

Alun Ffred Jones: It is fine to say that Young Enterprise should prove the value of the competition, but as the Government has been funding it, I would think that there would be a duty on the Government also to assess that work.

[58] **Keith Davies:** Rwy'n mynd i ofyn yn Gymraeg hefyd. Bore da.

Keith Davies: I am going to ask my question in Welsh as well. Good morning.

[59] Rwy'n mynd i fynd ymlaen tipyn bach ar yr un trywydd ag Alun Ffred. Pan gawsom Gyrfa Cymru yma, nid dim ond colli Menter yr Ifanc yr oeddem, ond partneriaethau busnes addysg hefyd. Felly, roedd y ddau grŵp yn cefnogi ysgolion. Wedyn cawsom y Ffederasiwn Busnesau Bach yma yn dweud wrthym—rydych wedi dweud yn barod eich bod yn mynd i wneud rhywbeth mewn ysgolion cynradd—bod gan blant, wrth fynd yn hŷn, lai o ddiddordeb mewn bod yn entrepreneuriaid. Yn gyntaf, a ydych yn cytuno gyda'r hyn mae'r Ffederasiwn Busnesau Bach yn ei ddweud? Hefyd, sut mae sicrhau bod yr ysgolion yn gwneud yr hyn roedd partneriaethau busnes addysg a Menter yr Ifanc yn ei wneud o'r blaen? Roedd Gyrfa Cymru yn dweud wrthym ei fod yn rhoi'r cyfrifoldeb i'r

I am going to go forward a little along the same lines as Alun Ffred. When we had Careers Wales in, we lost not only Youth Enterprise, but business education partnerships as well. Therefore, both groups were supporting schools. We then had the FSB here telling us—you have said already that you are going to do something in primary schools—that, as children get older, they have less interest in being entrepreneurs. First of all, do you agree with what the FSB says? Also, how are we going to ensure that the schools are going to do what business education partnerships and Youth Enterprise were doing before? Careers Wales was telling us that it is now placing the responsibility on secondary schools. Therefore, I think that both of those aspects are interlinked.

ysgolion uwchradd yn awr. Felly, mae'r ddau
beth hwnnw ynghlwm, rwy'n credu.

[60] **Kenneth Skates:** First of all, with regard to the research that the FSB cited, I do not agree that young people becomes less entrepreneurial as they progress through school. If you took a five or six-year-old, they would not be able to identify the barriers to being an astronaut, to being a princess or a king, or to building a castle. However, as you grow up, you come to appreciate the barriers, and you also come to appreciate the risks. So, I do not accept that people become less entrepreneurial as they grow up. Indeed, all of the evidence would suggest that—particularly with women—the average age is around 35 for when people set up their own business. So, no, I do not accept that. I think that it is part of growing up, actually, and I would refer the FSB to look at child psychology as a basis for its theories, rather than just relying on research that I am not sure is quite robust. I do not believe that teaching a five-year-old the intricate details of how to set up a business would prove beneficial.

[61] With regard to schools, within the foundation phase—and I believe that there is a role in the foundation phase for inspiring innovation—you have personal and social development, and wellbeing and cultural diversity, within which children should be given opportunities to show curiosity and develop positive attitudes to new experiences and learning. That is crucial in order to be able to develop a mindset that co-ordinates with that. At key stage 2, you have mathematics, which is about measures and money and understanding and using money to solve problems involving money. Again, this is an essential component of entrepreneurialism and enterprise. At key stage 3, you have careers and the world of work, where learners should have the opportunity to explore their skills and the attributes of entrepreneurs, and the role of enterprise and wealth creation. So, I am confident that it is being delivered, and will continue to be delivered. Indeed, with the bid for European social fund money and an enhanced roll-out system of careers and the world of work, it will be delivered even better.

[62] **Nick Ramsay:** Deputy Minister, may I come in there? What you have just read out in terms of different key stages sounds great on paper, but is it actually happening in schools? Do you think that it would be advantageous to introduce school children to role models, like the Dynamo Role Models, earlier on?

[63] **Kenneth Skates:** They will have the enterprise troopers.

[64] **Nick Ramsay:** Will they be at primary school level?

[65] **Kenneth Skates:** Yes; between the ages of five and 11. I think that you are right, Chair.

[66] That will enable a better, more consistent and clear pathway from the enterprise troopers through to the Dynamo Role Models. There are in the region of 360 entrepreneurs involved in that at the moment. I should mention attitudes. If you really want to test it and you want something quantifiable, it is worth looking at significant improvement in terms of the statistics on young people who want to start up their own businesses. It has risen now to 52% of under 25-year-olds, whereas the overall average in Wales is around 39%. What we are now seeing is a higher proportion of Welsh young people setting up their own businesses than the UK average; that is something to be welcomed.

[67] **Nick Ramsay:** Before I bring in Eluned Parrott, a comment that you made earlier intrigued me. You said that, as they age, people do not get less entrepreneurial; they just become more aware of the barriers. You said that they think that they can build a castle, or go to the moon or whatever, and forget the barriers. Is that not the same thing? Surely they are becoming less entrepreneurial, because of the barriers. I am trying to work out what point you were making.

[68] **Kenneth Skates:** No. They are becoming more realistic. They are able to identify the hurdles that need to be overcome. They begin to identify how you apply your imagination to actually constructing what you want and they are able to see the pathway from inception to delivery. Whereas, at a very young age, you do not have the awareness of that pathway; it is simply that you have an aspiration to be or to do x, y or z, but you are not able to identify that pathway.

[69] **Nick Ramsay:** We are saying to them that those obstacles that you see might well be there in your mind, but you should not worry about them.

[70] **Kenneth Skates:** There is a way to overcome them, basically: 'This is how you will overcome them'. That is the purpose of education.

[71] **Nick Ramsay:** The next question is from Eluned Parrott.

[72] **Eluned Parrott:** Thank you, Chair. Deputy Minister, to what extent would you say that your role is about achieving culture change in our schools, colleges and universities?

[73] **Kenneth Skates:** I am glad that you have raised culture change, because it intrigues me. I have been doing a bit of reading on sociological and psychological theories surrounding entrepreneurialism, and a number of things have struck me. The first is that we see, particularly in India and Brazil, a culture that does not have the same sort of gender discrimination that we have here, in part because innovation and entrepreneurialism is born more out of necessity.

9.45 a.m.

[74] Secondly, there is a wealth of research out there that links entrepreneurialism to inward migration. Some very interesting studies around that have been carried out. I think that we are moving in the right direction. Culture is also linked to esteem issues and how you identify and value not just entrepreneurialism and business start-ups but also other forms of vocational learning, such as apprenticeships. I know that. I was on this committee when we looked at apprenticeships. There are similar esteem problems that face apprenticeships that also face entrepreneurialism. So, challenging the culture barriers is something that does have to begin at primary school, but it is also something that has to begin at the home. There was a significant change in the latter part of the twentieth century, I believe, which, to some extent, placed higher education far higher than vocational training. Although I think that we are moving in the right direction, we still see it placed higher than apprenticeships and entrepreneurial activities. I think that that may have been expressed by some of the young entrepreneurs who gave evidence to this committee.

[75] **Eluned Parrott:** Yes, it was. I wanted to focus, really, specifically on the activities in schools, colleges and universities. You have spoken to Alun Ffred about how difficult it is to measure the impact of activities that are designed to inspire people. Given how important that culture change is to the work of your department, can you explain to us how you go about measuring the success of those kinds of activities?

[76] **Kenneth Skates:** First of all, the success of those activities comes in a broad measurement of how many business start-ups you have, but also—within companies and within the public service—how innovative they are, and how many patents are registered. So, there are all sorts of measurement systems in place. However, it is difficult sometimes to capture how entrepreneurial an organisation is. With regard to higher education, our remit letter to HEFCW requires it to continue to promote graduate employability, particularly through the skills and employability action plan. It says that we will look for evidence that

institutions are embedding employability skills in the HE curriculum.

[77] Higher education is being encouraged to offer more work placements in industry and to develop links with business, used to inform curriculum development. I think that some universities are doing an incredible amount of work in this regard, as with the University of South Wales this week, which was explaining that it has a loft programme at the Newport campus for undergraduate and graduate innovations that can lead to business start-ups. That sort of model should be used as best practice. I know that other universities are looking at that. Indeed, we are helping, through the Expertise Wales portal, to link together graduates, innovators, entrepreneurs and business.

[78] **Eluned Parrott:** You seem to have some hard measures there about how many start-ups there are, which are not linked at all to measurements of activity from your department and whether or not they led to those activities. You then have, basically, hard measures over here and individual case studies over there, but nothing linking one to the other. Given that you started your statement to me just now by saying that you were looking at the sociology and psychology of entrepreneurship, I am very surprised that you do not seem to have adopted any of the social science research methodologies to measure culture change, which our universities are having to do through their research excellence framework measurements—they are measuring impact. Those methodologies are available and they are widely used; therefore, I am wondering why you are not using them to measure the work and the success of the work that your department is doing.

[79] **Kenneth Skates:** I would very much welcome any methodologies that you can recommend. However, you say that there are no direct links between what we are doing and what the outcomes are. Actually, Jobs Growth Wales is one, on which we are exceeding the targets. Actually, Jobs Growth Wales is better than just—

[80] **Eluned Parrott:** Jobs Growth Wales is not an entrepreneurship programme, is it?

[81] **Kenneth Skates:** It is, in part. Of course it is.

[82] **Eluned Parrott:** The purpose of that is different to the purpose of what we are talking about here. I am talking about schools, colleges and universities, not young people who are unemployed. I am talking about what we can do inside schools, colleges and universities to get a change of culture.

[83] **Kenneth Skates:** I should just correct the Member there, because Jobs Growth Wales is about entrepreneurialism, in part, with the start-up bursaries.

[84] **Eluned Parrott:** Are you recruiting people to Jobs Growth Wales in schools, colleges and universities?

[85] **Kenneth Skates:** You have to go through school in order to then reach the point where you can access Jobs Growth Wales. You cannot give money to people who have not been through the education system. People who have been through the education system, which is what I am suggesting, as a result of mechanisms in place through the YES action plan, are more entrepreneurial, and that is why we have seen an increase in the number of business start-ups by young people.

[86] **Eluned Parrott:** What level of qualifications do you have to achieve when you have been through school to access Jobs Growth Wales?

[87] **Kenneth Skates:** I have already said that it is not about the level of qualifications necessarily—it is about the mind frame that you have and fostering that mind frame.

[88] **Eluned Parrott:** Are you recruiting people to the Jobs Growth Wales programmes at school, college and university or are you—

[89] **Kenneth Skates:** Are we what, sorry?

[90] **Eluned Parrott:** Are you recruiting people to Jobs Growth Wales at schools, colleges and universities?

[91] **Kenneth Skates:** No.

[92] **Eluned Parrott:** Thank you. Looking at the entrepreneurial programmes within universities, there are changes to the core funding that universities receive from the Higher Education Funding Council for Wales, and I have heard from the sector that that is likely to put the funding for entrepreneurship programmes at risk. Can you give us an assurance that that is not going to be the case?

[93] **Kenneth Skates:** May I ask where you got that evidence from? Is that anecdotal evidence?

[94] **Eluned Parrott:** It is anecdotal evidence from individuals within the sector.

[95] **Kenneth Skates:** Right. Okay. Well, the remit letter would not suggest that is the case, but it would be for higher education institutions to deliver the goods as far as entrepreneurship is concerned. They need to step up to the mark, because it is in their interests as well. They are competing in a global marketplace. They need to look towards open innovation. Anecdotally, you may have been told that, but, from what I have experienced, universities are embracing a more entrepreneurial, business-orientated mentality.

[96] **Eluned Parrott:** But the core funding has been cut to pay for the student fees grant.

[97] **Kenneth Skates:** Well, tough choices have to be made, and, whereas your party in Government in Westminster decided to cut the education maintenance allowance and to back tuition fees, here in Wales we are doing things differently. As a consequence of that, we are ensuring that people from disadvantaged backgrounds are able to access higher education learning.

[98] **Eluned Parrott:** Again, I ask you the question: are you content that the money that has been going into entrepreneurship programmes through core funding from HEFCW will continue to do so?

[99] **Kenneth Skates:** On the core funding from HEFCW, it has already had the remit letter to state that it has certain obligations, and I will be content to see it meet those obligations.

[100] **Eluned Parrott:** With regard again to funding, I understand that bursaries are available to graduates who have finished their courses, and bursaries are available to those who are not currently in education, employment or training, as discussed. However, bursaries are not available to people while they are current students. Is that accurate?

[101] **Kenneth Skates:** Yes.

[102] **Eluned Parrott:** Is that something that you would wish to see change?

[103] **Kenneth Skates:** In an ideal world, with an infinite amount of money, I would love

to be able to give people with innovative projects funding. However, we are talking about parity of esteem between entrepreneurialism and higher education learning. University students are already in a secure environment where they are able to explore innovation. They are in an environment where they have quite privileged opportunities to collaborate with other students within a university environment.

[104] It is my belief that, where you need to prioritise funding, those bursaries should ensure that people who are not in higher education institutions have an opportunity to be business-minded and to develop their businesses. However, universities can provide support, and, as I highlighted earlier, the University of South Wales has its Business Loft programme, and it is able to support business start-ups as well.

[105] **Eluned Parrott:** Finally from me, people at Cardiff University have said that the eligibility criteria for the graduate start-up bursary—for example, the required £80,000 plus turnover in the first year and 20% annual growth—are unrealistic for many new business start-ups in these difficult times that we have talked about. Do you see the justice in that statement, and do you think that more could be done to help those individuals who are perhaps looking to start businesses that are not going to move quite so quickly into that kind of growth? That is a significant amount of growth in a single year for a new start-up.

[106] **Kenneth Skates:** Yes, it can be, and I have some sympathy with the sentiments. However, budgets are very tight and we need to ensure that we invest in high-growth companies. That is absolutely essential. That is not to say that additional support is not available; additional support is clearly available through the Department for Economy, Science and Transport to help companies to grow at the pace that is required to create the jobs that we need. We are facing very difficult times with public funds and we need to invest wisely, and, therefore, to invest in high-growth companies.

[107] **Nick Ramsay:** Deputy Minister, I am going to stop you there before you go any further. As someone once said, ‘There’s no money left’. Who was that? I cannot remember. I will call Keith Davies on a very brief supplementary and then we will move on.

[108] **Keith Davies:** A month ago, I was in the room next door with the media, with Professor Sienz, a professor of aerospace engineering in Swansea, and he was talking about collaboration between all the universities in Wales on science and technology and about working with industry, asking industry what problems it wants to solve, and then creating PhD students, working within the university and with industry. Last night, I was told by someone from the University of South Wales—a head of administration there—that it is hoping to have 100 more PhD students.

[109] **Nick Ramsay:** What is your question, Keith?

[110] **Keith Davies:** Eluned was saying that money is not available, and I am saying that there are different ways of resourcing PhD students and involving entrepreneurs. From my experience over the last six or seven weeks, talking to people in the engineering education scheme, there are opportunities out there.

[111] **Kenneth Skates:** We are encouraging that. You are absolutely right: there are some excellent examples of that. There are also some excellent examples that we could cite of higher level apprenticeships going right up to level 7. So, there are opportunities out there for combining research, innovation and entrepreneurialism.

[112] **Joyce Watson:** You have already started talking about promoting a parity of esteem. I prefer to call it ‘equality of opportunity’, but, there we are, that is just semantics. Most people have talked about those opportunities within the traditional academic processes. I

would like to ask you: how have you advanced that within further and higher education?

[113] **Kenneth Skates:** In terms of higher education, again, it is, in part, for universities to ensure that they have the programmes and the curriculum in place to promote equality of opportunity, if you like, rather than parity of esteem. In terms of creating a mindset that is applicable to entrepreneurialism, I think that the connections between business and education are absolutely critical, and there are all sorts of examples from across Wales that can show that, not just in higher education, but in further education, too; I think that Gower College Swansea, in its evidence, highlighted how the youth entrepreneurship strategy has significantly improved entrepreneurialism and business start-ups within further education. So, there are good examples out there. I think that this would be an appropriate time for the committee to perhaps invite higher education institutions and other further education institutions to show how they have been improving parity of esteem between education and entrepreneurialism.

[114] **Joyce Watson:** There is, of course, another form of equality of opportunity, and that falls partly within the culture that you have talked about. I want to ask, and you have sort of touched upon it, how we will ensure, going forward—because it is about going forward and growing Wales—equality of opportunity within the business opportunities that there are, or that there might be in the future, so that they do not channel male or female or different groups of people according to ethnicity into a given area because that is where they have been made to believe that they belong.

[115] **Kenneth Skates:** I thank Joyce Watson for that question, which is about profiling, to a great extent, and this is something that we found, again, during our inquiry into apprenticeships. Some of the results and figures that we have had back—I would draw attention particularly to the Jobs Growth Wales business start-up figures—would suggest that the balance between male and female business start-ups is something that we can be very positive about, especially this year. I believe that it is approaching more or less a 50:50 split. So, the results are very positive in that regard. However, as I stated earlier, this is a cultural issue that goes to the very heart of every household and of society in general. So, we all have a role to play in ending profiling and adjusting our mindsets concerning gender in particular.

10.00 a.m.

[116] **Joyce Watson:** That is a really good answer and I am really pleased to hear that we have that parity of esteem, although, being the person I am, I would like to know what businesses they have gone into. Could we disaggregate this according to gender, and also ethnicity, because we also need to look at that, to identify the types of businesses? If you are able to do that and provide a paper on it, I would welcome that.

[117] I will move on. There is a connection between the role of the Welsh baccalaureate qualification in promoting awareness of engagement with entrepreneurship among young people and the opportunities presented by embedding that further through the new Welsh baccalaureate from September 2015. We are going to create something that is new, in my opinion; I want to know what the role will be. Secondly, what is your thinking about changing those cultures, because now is the time to do that?

[118] **Kenneth Skates:** To go back to the last question, you were absolutely right to say that you would like to hear about some of the companies; it is well worth having a look at Money Penny in north Wales in terms of how it recruits. It is a very interesting company. It is also worth looking at Airbus.

[119] **Nick Ramsay:** Was that 'Money Penny'?

[120] **Kenneth Skates:** Yes, Money Penny, as in Miss Money Penny, Bond's secretary.

[121] Also, Airbus is determined to break down whatever barriers still exist and whatever attitudes are still preventing women from entering the workplace.

[122] You are right to raise the very important issue of the Welsh baccalaureate, which has been received incredibly well by the business sector. Skills and experience are delivered through the individual investigation and the work experience, both of which promote innovation, entrepreneurialism and enterprise. It is worth saying that, with the Welsh baccalaureate—and presently there are nearly 80,000 learners engaged in it—we are able to offer Welsh learners something that it is very difficult to obtain now in England, namely direct work experience. We should be proud of the fact that, when it is compulsory, we will be offering young people direct access to the workplace. That will place us and young people in Wales at a great advantage. Again, in contrast to England, we are able to maintain services, whereas England has lost Connexions, which has harmed career advice. So, I am very confident that the enhanced Welsh baccalaureate—and there will be elements within it that enhance entrepreneurialism as well—will indeed deliver improvements in terms of business start-ups, but also innovation within all business sectors.

[123] **Joyce Watson:** Thank you for that. Finally, I would like to ask about the role and the effectiveness of the regional hubs—because I come from a huge region, but one with not many people—in promoting entrepreneurship as an attractive and viable option for young people in further and higher education. I would welcome your answer, but I would also welcome some consideration of the rural nature of Wales.

[124] **Kenneth Skates:** Thank you for that question. I believe that Gower College Swansea gave you evidence that was particularly relevant to the hubs. It identified from its experience so far that the south-west Wales hub is working very well, but it is worth stressing that we are only one year into this. The evidence appears to be very good, but I would urge caution, because we are only a year into it. That said, if the results prove to be as we hope they are, which is positive, then we could also look at extending the model to schools.

[125] **Joyce Watson:** I do not expect you to answer this, as it might be an unfair question, but I will pose it anyway: have you looked at and have you considered—

[126] **Nick Ramsay:** You look very anxious, Deputy Minister. [*Laughter.*]

[127] **Joyce Watson:** I mentioned the rural nature of Wales; have you considered joint working between organisations, whether education facilities or major employers in the area that might offer an educational opportunity to grow training opportunities that might result in entrepreneurial thinking?

[128] **Kenneth Skates:** I can tell you that I am looking at something, but I cannot give you too much detail on it; it is very much at the seedling level, and is relevant to rural areas. I am making enquiries about a potential to link skills training with opportunities from both the public and private sectors. It would be very relevant to rural areas, and I would hope to be able to come back to committee with more information on that at the appropriate time.

[129] **Nick Ramsay:** What sort of timescale are you looking at? We always like to be teased like that on this committee, Minister.

[130] **Kenneth Skates:** At the moment, enquiries are being made with three organisations that are potentially looking at a very innovative way of recruiting people to learn skills relevant to rural areas; it is specifically for rural areas. If that proves successful, I would examine the potential to roll that successful model out across Wales. I am afraid that I would

love to give you a time frame, but I will move as fast as possible on it.

[131] **Nick Ramsay:** You have given us some clues. We will try to join the dots.

[132] **Kenneth Skates:** I do look forward to being able to give you very good news in that regard soon.

[133] **Nick Ramsay:** And you will announce it to the committee first.

[134] **Kenneth Skates:** I love this committee. Of course I will. [*Laughter.*]

[135] **Nick Ramsay:** Alun Ffred Jones has a supplementary question.

[136] **Alun Ffred Jones:** Going back to the hubs—and I know you have only just started in the job—is there consistency in the way that they operate? How accessible are they to non-students?

[137] **Ms Davidoff:** There are six hubs, and as the Deputy Minister has said, they are only a year into delivery. So, at the moment, they have been focused on developing their own capacity, developing their own training and resource packs, and the evidence so far shows that they are accessible to students.

[138] **Alun Ffred Jones:** No—to non-students.

[139] **Ms Davidoff:** To non-students.

[140] **Alun Ffred Jones:** You mean that people who are not students know that these hubs exist.

[141] **Ms Davidoff:** I do not think that non-students are accessing them at the moment, but they are developing their capacity to deliver at the moment.

[142] **Alun Ffred Jones:** Have they been given a remit?

[143] **Ms Davidoff:** They have been given the remit and they are all set up.

[144] **Alun Ffred Jones:** So, they are all set up in the same way and they operate in the same way.

[145] **Ms Davidoff:** At the moment, I think that they are at the early stages of development, and as time goes on, we will need to assess how consistently they are delivering.

[146] **Nick Ramsay:** We are entering the last 10 minutes now. The next question is from Mick Antoniw.

[147] **Mick Antoniw:** Quite a number of the points I want to ask relate to the issues of how we actually measure and assess what is happening. I am also particularly concerned about the quality. You have already addressed a number of these in some way, so, given the shortage of time, perhaps I can just put a proposition to you, which is hopefully to do with your thinking as to where we may be going. The proposition is this: one of the problems with the Government's approach is that it has been too easy to try to compartmentalise the concept of entrepreneurialism, whatever that means. It seems to me that, whether it be entrepreneurship, innovation or whatever, success and failure are almost equally important in terms of how business is actually generating. Within that context, if you are sympathetic to those sorts of views, how do we become smarter at evaluating and tracking what is going on to ensure that

we are giving the sort of support that is needed?

[148] **Kenneth Skates:** I alluded to the success and failure aspect in my opening statement. If you look at the United States and Germany, you will see that the number of start-ups is far higher, but they consider failures in a different way. They are able to pick up and move on far more readily, and that is a cultural issue that we need to look at. I mentioned the Google statement—if you are going to fail, fail fast and move on—and you are right to reiterate the fact that we need to address the very fact that failure can be valuable. You can get a lot out of failure. It is not just about success.

[149] In terms of tracking, this is a case of ensuring that all departments work together. On tracking businesses, that would be a role for the Department for Economy, Science and Transport in terms of tracking the progress of young people. This is something that we are working on. At the moment, you are probably aware that there is a bit of a dark area between the age of 17 and 18 for young people who are not going on to university or who are not necessarily in employment. So, what we are doing is addressing that so that we have a clearer tracking mechanism in place for our young people. With that tracking mechanism, we should be able to then draw down better data on what they are doing and what they are achieving. That will then inform us in terms of what sort of innovation is taking place in which sectors.

[150] **Mick Antoniw:** That is interesting and there is obviously an ongoing debate there. I was very interested in something that you said right at the beginning that it is not just about start-ups. In constituencies like mine, there are a number of businesses that only exist, not because of any entrepreneurial spirit, but basically because people need to make a living and put bread on the table. That is the key motivating factor. It seems to me that you can look around Wales and at the Terry Matthews's of this world, and if you actually analyse what has happened, that seems to be have been a key motivating factor as well. Are we in danger of over-institutionalising the sort of support and steps that we are taking and not actually reaching out to people in communities who are already disengaged to some extent, but who clearly want to be motivated to do something with their lives? Are we doing enough in that field, or is that an area that we need to re-examine?

[151] **Kenneth Skates:** That brings us back nicely to the new remit of Careers Wales, which will be to focus very much on the group that we now class as not in education, employment or training. Its work will very much focus on those young people in the deprived areas who we have not necessarily been able to track without having the tracking systems in place. So, I think your comment is fair in terms of over-institutionalising over the years, but with Careers Wales's new remit, and with continued support for Jobs Growth Wales, I think that we are delivering at a community, very local level.

[152] **Alun Ffred Jones:** I just want to check something that you just said. You said something about Careers Wales focusing on young people in deprived areas. Is that a new remit? What about the rest of Wales?

[153] **Kenneth Skates:** No. It is all of Wales, but if you look at where NEETs tend to live, you will see that they tend to live in deprived areas. So, by default effectively, the focus on NEETs will see a concentration of focus on people who live in deprived areas.

[154] **Julie James:** Good morning, Deputy Minister; it is a pleasure to see you in the committee. I just want to have a quick look at this link that Mick has started to talk about between youth employment and necessity—and I think Joyce mentioned this as well—and what the role of entrepreneurship is in addressing some sorts of unemployment. I will relate it a little bit to an event that you know I attended on Friday in Swansea, which was the Technocamps Computing at School event. Are we linked in to events such as that one, in terms of persuading the kids who are being taught about the benefits of technology and so on

that one of the things they can do with that new-found enthusiasm is to start a business? We had an inspirational talk from the guy who started Raspberry Pi for example. Also—I only have two minutes and the Chair is going to cut me off—can we also talk in that context about social entrepreneurship? Raspberry Pi is a social entrepreneurship—a not-for-profit company and a foundation that is a perfect example of entrepreneurship. That was quite a bit to get in, in my last minute.

[155] **Kenneth Skates:** The Member makes several very important points. In terms of social enterprise and social entrepreneurs, the Wales Co-operative Centre does a magnificent job. This is an area that I know the Department for Economy, Science and Transport is looking at very closely. The event that you attended—and I know that we have had discussions about events—sounds very similar to the Big Bang event I attended last week, where we saw a huge number of young people with great ideas, largely based around the science, technology, engineering and mathematics subjects, who were linked together, through the sponsorship mechanism, to industry and to the business community. So, there is a linkage there. We sponsor a huge number of events—I mentioned the portal that we have just developed. So, we do have that linkage there.

10.15 a.m.

[156] You mentioned youth unemployment, and, of course, self-employment will not be the answer for all young people who are unemployed, which is why we need to ensure that we can identify them and upskill them. We must also embed in them innovation, so that they can go into companies and assist in company development.

[157] **Julie James:** Can I just follow that up with one last question? On the last point that you made, some of the evidence that we have heard in the committee has been about people who had a great idea in a company run by somebody who was not very interested in developing it, and the people struggled to access any kind of financial support, either to set up on their own in a similar field, or to develop the company from inside. Actually, I do think that one of the issues in Wales is the large number of small companies with very happy people running them who are not very interested in expanding an idea. So, it is about how we might encourage young people to do something with them, really. I have given you several examples, Deputy Minister, from my constituency that come from private conversations, but I will not bother you with them.

[158] **Kenneth Skates:** The Google Campus had, I think, something called the ‘enterprise hive’ or something similar. I think that we would do well to have more opportunities for people in communities who have ideas to work together. Also, in terms of finance, it alarms me sometimes, particularly in again addressing gender, how women with innovative ideas, when they go to the banks—it is still the case; I still hear this—are still given short shrift. That needs to end. I am very interested in seeing the development of crowdsourcing as a means of finance. It has proved very successful in the United States, and it proved very successful for the President of the United States. This is something that we have not given sufficient attention to. I would encourage small businesses or people with ideas to look at crowdsourcing as well.

[159] **Nick Ramsay:** Do you need to rush off, Deputy Minister? Do you have an extra 30 seconds?

[160] **Kenneth Skates:** I have a meeting at 10.15 a.m.

[161] **Nick Ramsay:** At 10.15 a.m.?

[162] **Kenneth Skates:** Yes; two minutes ago.

[163] **Nick Ramsay:** Then you have to go.

[164] **Kenneth Skates:** Sorry.

[165] **Nick Ramsay:** No, that is all right. I thank you, Deputy Minister, for being with us today.

[166] I am not sure at what point you left the committee, but we had a video made showing the views of young entrepreneurs. It would be well worth you seeing it.

[167] **Kenneth Skates:** I have not seen that.

[168] **Nick Ramsay:** We can send a copy of it to you, if that would be helpful.

[169] **Kenneth Skates:** That would be great.

[170] **Nick Ramsay:** It was from the horse's mouth. It was interesting to see the issues and problems that they have experienced.

[171] **Kenneth Skates:** Wonderful; thank you.

[172] **Nick Ramsay:** Thank you to the Deputy Minister, Ken Skates, for being with us today, and to his officials, Ella Davidoff and Teresa Holdsworth. It has been very helpful.

10.17 a.m.

**Cynnig o dan Reol Sefydlog Rhif 17.42 i Benderfynu Gwahardd y Cyhoedd
Motion under Standing Order No. 17.42 to Resolve to Exclude the Public**

[173] **Nick Ramsay:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(ix).

[174] I see that the committee is in agreement.

*Daeth rhan gyhoeddus y cyfarfod i ben am 10.18 a.m.
The public part of the meeting ended at 10.18 a.m.*