

## Start-up and entrepreneurial innovation led recovery - 16 July 2020

### 1. Recovering towns and cities with a circular economy - Anne Velenturf (University of Leeds)

The circular economy is about making better use of resources by minimizing natural resource extraction and waste and optimizing environmental, economic, technical and social values of products and materials throughout their consecutive lifecycles. Circular economy is an essential part of achieving net-zero carbon. It involves not just recycling, but also remanufacturing, on-demand production, reuse, repair, products as service, shared consumption, and a shift towards services and experiences and away from producer-driven overconsumption of commodities. It is associated with more digital services and the creative economy. Accelerating the inevitable transition to a more circular economy renew city centres and build a new wave of vibrant local enterprises.

#### Policy Offer

- Expand the scope and ambition of the regions circular economy strategy in the period of building back business, through targeted support and a combination of public and crowd funding allocated based on the viability of business ideas but also benefits to community and environment.
- Since empty space is a waste, populate empty high-street spaces with circular economy pilots.
- Expand living labs in Yorkshire bringing together research, local business and communities, with special attention to circular economy, supporting start-ups with creative ideas, business models, and market development and insights.

### 2. Entrepreneurship and regional recovery: is there a silver bullet? - David Devins – (Leeds Beckett University)

Start-ups and entrepreneurial innovation can lead West Yorkshire out of recession, with important caveats: (1) a clearer definition of these different terms is needed; (2) start-up firms often fail – 20% don't survive their first year; (3) start-ups' 'new jobs' generation is small relative to job vacancies; (4) the new generation of entrepreneurs' business growth involves little direct employment creation.

So 'one size' does not fit all: there is no silver bullet. The UK's 5.6 million microbusinesses serve different markets, and are at different developmental stages, with different needs, within and across sectors. And social and environmental considerations, not profit maximization, are paramount for many small and medium enterprises (SMEs), especially those led by young entrepreneurs.

#### Policy offer

- Targeting sectors that can grow to prominence regionally (as Cambridge and Brighton have done) is promising. Leeds has potential as a regional hub for financial innovation (fintech, for example). Such a 'strategic' approach implies selectivity in support provided.
- Consider these ideas for start-ups: co-production through coaching and mentoring; distributed leadership and collaboration; and targeted longer-term, joined-up, accessible funding.
- Startup and innovation policies should complement efforts toward 'green sustainable recovery.'
- Support for women-owned, minority-owned, and purpose-driven businesses is a priority.

### 3. SMEs, scale ups and regional recovery - Sarah Underwood (University of Leeds)

Yorkshire has the highest rate of startups outside of London; and more than half of all workers in Yorkshire want to start their own businesses. But 9 out of 10 new businesses don't make it out of their 3<sup>rd</sup> year. Only a small proportion of SMEs have aspirations to grow – and these should be targeted. A study of these firms suggests six key factors leading to productivity: access to finance, access to international

markets, innovation, leadership and management training, digital technology, and access to peer-to-peer networks.

The pandemic has caused most SME's productivity to plummet; however, pivoting their business models through innovation, digital innovation and peer-to-peer connections have helped some to fight back. In addition, businesses accepting government emergency loans may now lose access to R&D tax credits, which are a major source of their innovation funding.

#### **Policy offer**

- The region needs a small business leadership program, coordinated with efforts elsewhere.
- Universities' anchor-institution role after the crisis a decade ago included working with networks of businesses. These links need reaffirmation and strengthening now.
- Signposting offers of aid and resources for SME owners is crucial, as is knowledge exchange and support; so a strong peer-to-peer network is a paramount need for the Leeds business ecosystem

#### **4. Exploring the role of the UK public sector in supporting business start-ups and scale-ups: evidence from the Leeds City Region - Sherif Youssef (University of Leeds)**

Entrepreneurship and innovation cannot emerge from a void. Building up Northern regional economies requires an eco-system approach, focused on SMEs, which constitute 90% of these economies. The three pillars required are: (1) a culture supportive of entrepreneurship; (2) material support – policy measures, and capacity-building; and (3) social support.

Because of the pandemic, the four grand challenges in the 2017 UK industrial strategy – AI/Data, health ageing, clean growth, future of mobility – should be rethought. There is a need to rethink the roles of central and local government in helping local enterprises meet their key challenges: (1) access to funding, especially Angel financing; (2) access to skills and talent, especially a gap in quantitative skills; (3) access to markets, especially European markets with Brexit looming.

#### **Policy offer:**

- Re-imagine local industrial policy post Covid-19, emphasizing innovations in life-sciences and advanced manufacturing, and possibly aimed at meeting a 'second wave' of the pandemic.
- Create a green national investment bank. how we can be a leading country in life-science and advanced manufacturing.
- Build a Northern Advanced Research Projects Agency (N-ARPA) to take on high-risk, high-return projects, using a decentralized approach that places it outside the remit of Whitehall;

#### **5. Creating opportunities for enterprising students - Leigh Morland (University of Huddersfield)**

Universities can provide entrepreneurship and enterprise education opportunities. Greater impact can be achieved, for students and the local economy, when working in partnership with external organisations. By enabling students to respond to 'live' challenges posed by local businesses, the University can provide a support buffer for local businesses and create bridges to graduate placement and employment opportunities.

#### **Policy offer**

- Expand enterprise education offerings involving students in live challenge opportunities with local businesses, especially in areas of sustainability and well-being.
- Encourage mentorship opportunities between students, alumni and local businesses to improve learning in context and to create networks for future opportunities.