Digital Society

Unleashing Great British Enterprise
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Foreword

Being a successful entrepreneur requires talent, ingenuity and determination. It also requires being prepared to take a risk in the hope of a brighter future. In Great Britain we are fortunate to benefit from an economy and society that encourages our fellow citizens to go out there and grasp that better tomorrow. Over the course of the last year and through the Great British Enterprise series, we have uncovered how technology can become a crucial enabler for entrepreneurial ambition.

The Great British Enterprise series has brought to light some of the barriers faced by budding entrepreneurs – with 28% of people in the UK prevented from starting a business by confusing, unapproachable processes. It has also revealed the immense opportunity that comes with better access to digital tools, for example Enterprise Accounts – digital platforms that aggregate and personalise information, advice and guidance for businesses. Through focused digital adoption, no less than 1.6 million SMEs could be supported to fulfil their growth ambitions.

This report, the third in the series, looks at how entrepreneurship exists in different forms and how people start businesses for different reasons. Opportunities for enterprise can arise at any stage in people’s lives, motivated by a range of factors – from changes in work patterns, lifestyle and social circles to financial imperatives or the simple desire to try something new. Likewise, every area of the country realises its entrepreneurial potential in different ways and to different degrees. If we want to help the whole country fulfil its potential, then we need to explore the discrepancies between particular areas as well as within the areas themselves. We can then better understand the conditions for entrepreneurship to succeed regardless of income, background or geography.

One of the common traits that spans geography is digital technology. For too many small- and medium-sized British businesses, digital is still the great unknown. However, whether you run a shipbuilding yard in Inverness or a bakery in Plymouth, the evidence suggests that business performance can be improved by embracing digital technology and using it more effectively.

We know entrepreneurs are crucial for local communities across the country. This report, the first in Atos’s Digital Society series, calls for a step-change in the way businesses understand and embrace digital technology. If we can encourage a change of approach, we could witness every area of the country unleash its entrepreneurial potential and support an emerging digital society which has the power to transform and inform, connect and innovate, and to be the driving force behind Britain’s continued prosperity.

Adrian Gregory
Atos Senior Executive Vice President, CEO UK & Ireland
and Global Head of Atos Syntel
Enterprise and entrepreneurship are the lifeblood of the British economy and the British way of life. Little has changed since the 18th century, when Napoleon called Britain ‘a nation of shopkeepers’. In fact, in 2019, the UK private sector business population is made up of 3.5 million sole proprietorships, 2 million actively trading companies and 405,000 ordinary partnerships. The key to further harnessing and cultivating the power of the British economy is to ensure that entrepreneurship, entrepreneurs and small businesses are included within the technological revolution that is happening all around us.

This revolution is rapidly giving rise to a digital society which has already fundamentally transformed the way we work, learn and socialise. As a major designer of digital services, Atos is committed to ensuring that technology acts as a catalyst for better outcomes for citizens – which is why this Great British Enterprise report marks the launch of a new Digital Society campaign for a new year and a new decade. Digital Society will explore themes that matter to all of us – from innovation and skills to ethics, social value and sustainability – setting out how technology can be the driving force for positive social change.

Within a digital society, every one of us becomes a custodian of innovation for the nation – citizens who are better informed and more empowered than ever before. Thanks to technology, entrepreneurs can act as drivers of both business success and societal change. This new report offers valuable insights into how technology adoption, allied with the unparalleled drive and creativity of our entrepreneurs, can support the transformation of a Digital Britain.

Kulveer Ranger
Senior Vice President, Strategy & Communications, Atos UK & Ireland
Executive summary

The digital revolution opens up a new world of possibilities for entrepreneurship and enterprise. From the shipbuilding yard in Inverness to the bakery in Plymouth, and from the manufacturer in Swansea to the farmer in Norfolk, digital technology promises greater productivity and higher growth. If the UK is to continue as a successful global economy in the 21st century then businesses need to embrace the long-term productivity gains to be had from taking this digital opportunity.

This report is about ensuring that the digital opportunity is taken. It sets out what we know about the interaction between digital technology, entrepreneurship and enterprise, illustrating how business performance varies within and between local economies across the country. It presents ideas for how to encourage the use of transformative digital technology in every community.

In short, this report contends that digital technology is critical to unleashing the full potential of the SMEs, start-ups and scale-ups in our towns and cities, but that much more needs to be done to encourage the adoption and use of digital technology.

Entrepreneurship, enterprise and digital

There needs to be a step-change in how we talk about – and think about – digital technology and the future of entrepreneurship and enterprise in the UK. Too often the focus is on start-ups in the global tech scene, yet these companies are the exception rather than the rule. Their day-to-day experiences are often very different from those of most British businesses. Clearly not every start-up business is in the tech sector, but every start-up needs to embrace digital technology in order to compete.

Different questions must be asked about how digital technology will be used by entrepreneurs and enterprise of all types and in every location, both now and in the future. The upshot is that digital technology is not at the core of all entrepreneurial and enterprising activity, but all entrepreneurial and enterprising activity can be supported and enhanced by digital technology.

This statement should be the starting point of public discourse on how to take the digital opportunity. But two important things need to be recognised in addition:

1. People matter. Ultimately it is people who influence entrepreneurial and enterprising outcomes. Digital technology is transforming how people input into entrepreneurship and enterprise and how these outcomes arise. As further advances in digital technology occur, further transformation should be expected.

2. Communities matter. The local economies of towns and cities have unique attributes and challenges that create the environment for entrepreneurship and enterprise to happen. Digital technology can change that environment, making it more favourable, bringing the prospect of more growth, more evenly spread, across the country.
Local entrepreneurship and enterprise

Our analysis looked at how the local economies of 43 towns and cities across Great Britain perform on measures that influence the success of entrepreneurship and enterprise (such as skills levels and diversity) and on measures that represent positive entrepreneurial and enterprising outcomes (such as business survival rates).

We identified three categories of local economy within the analysis:

i. Spearheads. The local economies of towns or cities that are leading the charge in terms of entrepreneurship and enterprise

ii. Strivers. The local economies of towns or cities that are in the middle-tier of growth, looking to improve their entrepreneurial and enterprising output.

iii. Stepping Stones. The local economies that still have bags of potential and can arguably make the biggest leaps forward.

The headline findings from the analysis are that:

- Entrepreneurial and enterprising outcomes can vary significantly within a town or city’s local economy, as well as between town and city local economies.
- Some local economies are more unequal than others.
- On each indicator of entrepreneurial and enterprising activity, the top-performing and bottom-performing local economies of towns and cities are spread across the country.

A digital vision for entrepreneurship and enterprise

The prize for enabling the UK’s entrepreneurs and enterprises with productivity-enhancing digital capability is significant. Our calculations suggest that the national economy would benefit to the tune of £34bn a year by 2030 if the local economies of the towns and cities in our analysis were to realise the full potential of digital technology over the next decade.

To drive improvement in the local economies of towns and cities across the UK, policymakers can encourage the use of digital technology with the following policy tools:

- Digitally enable entrepreneurs and enterprise by recalibrating business support. As the UK leaves the EU, a large proportion of business support funding will be returned to UK control. Hence, we should rethink how business support could focus on digital capability.
- Create Enterprise Zones that are entirely focused on using digital to help entrepreneurs transition and utilise greater innovation and digital tools. A new generation of Enterprise Zones based upon digital technology would give towns and cities the tools to enhance their local digital economies, digital skills and digital infrastructure.
- Implement Enterprise Accounts. Digital platforms could provide a game-changing complement to traditional forms of business support. The ‘Enterprise Account’ would be one such platform – a one-stop-shop for financing options, mentoring schemes, training opportunities and any other information that can help British entrepreneurs thrive.
- Use the power of big data to help entrepreneurs overcome their local challenges. For instance, by using big data to identify companies that are hiring staff with a view to matching the local demand for labour with the local supply of labour through the job centre.
Entrepreneurship, enterprise and digital

Digital technology can help every entrepreneur and every enterprise to fulfil their potential. Communities across the UK – from the remote and rural to the dense and urban – stand to benefit. But policymakers must do more, both in encouraging businesses to exploit the power of digital technology and in adopting and using digital technology themselves, if this transformative promise is to become reality.

The need for a new focus

There has been no shortage of discussion on what digital technology means for the future of entrepreneurship and enterprise in the UK. These discussions, however, have too often had a narrow focus. Attention gets drawn to the high-tech and the cutting-edge, using case studies of the innovative companies clustering around universities and occupying co-working spaces. Indeed, while global company WeWork has promised to revolutionise business space, 51 of its 61 UK buildings are in London (and it is only present in five other UK cities).

Whilst these companies are undoubtedly important to the nation’s future competitiveness and economic growth, their motivations, goals and experiences are far removed from the overwhelming majority of businesses across the country.

We should be asking different questions about how digital technology will interact with entrepreneurs and enterprise in the future. What does digital technology mean for the family-run, city-based SME manufacturer that wants to upgrade its creaking capital stock? What does it mean for the self-employed tradesperson in a coastal town that has a solid and long-standing customer base? What does it mean for the small, rural construction firm that is only ever one unpaid invoice away from making redundancies?

There is no single answer. It may be that digital technology connects businesses to new markets and new customers. It may be that it transforms how a company designs, makes and sells its products (and where it designs, makes and sells them). It may be that it reduces bureaucracy, releasing precious time to concentrate on delivering orders. It may be that it targets important information about tax deadlines, regulatory change or Brexit. There are many other examples besides.

Moreover, digital technology will be able to benefit every entrepreneurial or enterprising context. Whether that context is the family business trading for over a century or the one day old company, the necessity entrepreneur going it alone just to pay the bills or the opportunistic e-commerce start-up capitalising on a market gap, the enterprise wanting consolidation or the enterprise wanting growth, digital technology can support their objectives. There are no exceptions.

The upshot is that not all entrepreneurial and enterprising activity has digital technology at its core, but all entrepreneurial and enterprising activity can be enhanced by digital technology.

What we already know

The term ‘digital technology’ covers a broad range of innovation. Some of these innovations have been around for a number of years and are now integral to any successful entrepreneurship and enterprise (very few businesses could survive without a smartphone, for instance). Some of these innovations are still very new and are not yet in widespread use, e.g. most SMEs do not directly engage with Artificial Intelligence or data analytics.

Nevertheless, there are some general observations that can be made about the relationship between digital technology, entrepreneurship and enterprise:

The use of digital technology can boost firm performance. As the Government’s Digital Strategy notes, research has found that digital capability helps businesses to increase revenues by 4.4% and reduce costs by 4.3%.

The use of digital technology is on the increase for businesses of every size and in every sector. For example, e-commerce sales over a website have consistently grown in recent years. The largest percentage rise in the value of website sales between 2009 and 2017 has been seen by businesses with 10 to 49 employees, increasing by 337% from £8bn to £34bn.

UK businesses are not world-leaders at digital adoption. Where statistics are collected on digital adoption in European countries, the UK tends to be in the middle or top half of the league table. For example, 42% of UK enterprises buy cloud computing services; the equivalent figure in Finland is 65%, in Sweden 57% and in Denmark 56%.

In short, there is evidence to suggest that digital technology can help boost business performance. We know that the use of some digital technology is steeply on the rise, but it is clear that more can be done to digitally enable UK entrepreneurship and enterprise.
The people behind entrepreneurship and enterprise

When we talk about 'businesses', 'firms' and 'companies' we often overlook that it is people who are ultimately driving their successes and failures. The longstanding employee, the apprentice, the graduate trainee, the director, the contractor, the consultant - and many other types of worker - make entrepreneurship and enterprise happen.

Digital technology has transformed how these workers drive enterprise and entrepreneurship forward. As advances in digital technology occur, further transformation should be expected.

Firstly, the skills that people need to do their work will change. A recent British Chambers of Commerce survey found 84% of firms stating that digital and IT skills are more important to their businesses than two years ago, but that three in four businesses are facing a shortage of digital skills in their workforce.6

Secondly, how people approach work will change. There is a convincing argument to say that digital technology will lead to an increase in the numbers of self-employed as project-by-project working becomes more widespread; portfolio careers will essentially become the norm.7 There are already signs of this, with 2.8 million people already engaged with the gig economy, where people exchange their labour for money via digital platforms.8

To sum-up, digital technology will continue to change what people do at work and how they do it, and this means that people will create and contribute to entrepreneurship and enterprise in different ways.

Digital technology can change those conditions, supporting entrepreneurial and enterprising activity in every part of the UK. Those towns and cities that have struggled with economic stagnation or decline (that we call 'Stepping Stones') have a new hope of being turned around. Those towns and cities that already have impressive economic credentials (that we call 'Spearheads') may be able to build further on their success. This brings the prospect of more growth, more evenly spread, across the country.

Of course, digital technology on its own will not revitalise and catalyse growth in our towns and cities. Other things need to happen too. Improving the local, national and international transport links within a local economy will mean access to more skilled workers and will attract inward investment.9 Encouraging the graduates of universities to stay in the area after they have finished their course, and lifelong learning initiatives to upskill lifelong residents, will cultivate a more productive local workforce.10 These are just two examples - there is a long list of other policies that are also important.

Yet digital technology will feature in any policy designed to stimulate local growth. Taking the above two examples to illustrate: ticketing systems and railway signalling can be digitised to improve transport links, and digital innovations can be used in every part of the education system to improve the quality of teaching and learning.

The point is that digital technology will complement and enhance all policy levers that can be deployed to stimulate economic growth.

Recognising the challenges

When discussing the transformative potential of digital technology for our towns and cities, we must also recognise the challenges that it has created. How our high streets are changing is a prime example. Whether it is the increasing redundancy of bank branches or the closed-down shops unable to compete with online retailers, there is no doubt that digital technology is displacing economic activity.

Policy should be used to try and overcome these challenges, and to an extent it already is. For instance, the government has recently dedicated billions in funding to towns and cities to reshape how they look and feel.8 But it is important to remember that the challenges exist because opportunities have arisen elsewhere. To expand on the aforementioned example: banks are not closing their branches because people do not need banking services; instead, people are saving time and energy by accessing banking services on their phone or computer.

As our towns and cities continue to move from an analogue world to a digital one, national and local policymakers will have to overcome more challenges. They should be thinking about how to harness the power of digital technology to do this.

This is where this research informs the debate. It focuses on how digital can unleash potential in the local economies of towns and cities in Great Britain by looking at two questions:

1. How do entrepreneurial and enterprising outcomes differ across the towns and cities of Great Britain? We answer this by analysing data that tells us something about entrepreneurship and enterprise in local economies.

2. How can digital technology be used to help entrepreneurship and enterprise flourish, wherever it is? We answer this by making policy recommendations that encourage the use of digital technology.

Why communities matter

Towns and cities have distinct local economies, the characteristics of which affect how entrepreneurship and enterprise occurs. Illustrations of this are easy to come up with. Imagine a catering entrepreneur in a down at heel coastal town, who sets up out of necessity because there were no other local job prospects, with the business just about surviving year after year. Now imagine a catering entrepreneur in a resurgent city centre, who sets up to take advantage of a growing business district, with the business growing rapidly in a short period. Both entrepreneurs in these examples are inspiring, but the conditions in which they operate are very different.

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Local entrepreneurship and enterprise

A wide variety of factors can influence entrepreneurial and enterprising outcomes in the local economy of a town or city, such as the skills levels and diversity within the local workforce. The statistics collected on business performance help us understand the quality of entrepreneurial and enterprising outcomes in the local economies of our towns and cities, such as start-up figures and survival rates.

We looked at some of these influencing factors and statistics to find out more about the local economies of 43 of Great Britain’s largest towns and cities.

The local economies we looked at are called ‘Functional Urban Areas’. They are officially defined as “…the wider functional economic area surrounding the core city or greater city based upon its commuting zone.”

Put another way, our analysis does not focus just on town or city centres, but the local geography that forms a coherent local economy.

For the local economy of each town and city we looked at six indicators of entrepreneurship and enterprise:

• Rates of self-employment
• Population diversity
• The qualifications held by the local labour force
• Business start-ups per head of population
• Business stock per head of population
• The rate of business survival

We identified three categories of local economy within the analysis:

i. Spearheads. The local economies of towns or cities that are leading the charge in terms of entrepreneurship and enterprise, including Reading, Northampton and Aberdeen.

ii. Strivers. The local economies of towns or cities that are in the middle-tier of growth, looking to improve their entrepreneurial and enterprising output, including Leeds, Leicester and Derby.

iii. Stepping Stones. The local economies that still have bags of potential and can arguably make the biggest leaps forward, but which are yet to get a foothold of higher growth, including Plymouth, Portsmouth and Hull.

There are three headline messages that came out of the analysis:

1. Entrepreneurial and enterprising outcomes can vary significantly within a town or city’s local economy, as well as between town and city local economies. Some examples are:

   • Within the local economy of Leeds: 20.4% of Craven District Council’s workforce are self-employed; the figure for Wakefield Council is 7.2%.
   • Within the local economy of Lincoln: 51.8% of new businesses within the West Lindsey District Council area survive for at least five years; the figure for North Kesteven is 31.1%.
   • The most-skilled part of the local economy of Brighton sees just over half of its local workforce with qualifications of NVQ level 4 or above; the equivalent figure for the most skilled part of the local economy of Burnley is just over a quarter.

2. Some local economies are more unequal than others. For example, the number of businesses per head of population in the local economy of Middlesbrough is roughly the same across all the local government areas that constitute the local economy; the number of businesses per head of population in the local economy of Exeter vary across the local government areas that constitute the local economy.

3. On each of our indicators of entrepreneurial and enterprising activity, the top-performing and bottom-performing local economies of towns and cities are spread across the country. While there is often talk of the economic imbalances between regions, it should not be forgotten that there are local economies in every part of Great Britain that can improve on their entrepreneurial and enterprising outcomes.
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**Self-employment**

Our analysis looked at the rate of self-employment within the local economies of towns and cities, and the growth in the rate of self-employment within the local economies of towns and cities.\(^{13}\)

The numbers of self-employed in the UK have been on an upward trend since the turn of the century, rising from 3.3 million (12.0% of the UK labour market) in 2001 to 4.8 million (15.1% of the UK labour market) in 2017.\(^{24}\) The last few years have seen the share of self-employment in the labour market rise to their highest levels since records began in 1861.\(^{15}\)

While not all self-employment can be regarded as positive – as it can be a mechanism to avoid the provision of worker protections - there is no doubt that it often represents positive choices and entrepreneurial energy.\(^{16}\)

Looking at the local economies of towns and cities as a whole, the Spearheads with the highest rates of self-employment are:

- **14.4%** Guildford
- **14.2%** Brighton & Hove
- **13.5%** Exeter
- **12.3%** Cheltenham
- **12.2%** Blackpool

The Stepping Stones with the lowest rate of self-employment are Preston (5.9%), Newport (6.4%), Middlesbrough (6.9%), Leicester (6.9%) and Dundee (6.9%).

But there are stark differences between the individual council areas that make up the local economies of towns and cities. For instance, within the local economy of Northampton, 16.5% of Daventry District Council’s workforce are self-employed, the figure for Wellingborough Borough Council is 4.2%.

Between 2004 and 2018 the growth in self-employment in towns and cities also varied. Guildford saw a four percentage point increase in the rate of self-employment (from just over 10% to just over 14%). Hastings saw a three-and-a-half percentage point decrease over the same period (from around 13.5% to just under 10%).

**Diversity**

Our analysis looked at population diversity within the local economies of towns and cities, and the growth in the population diversity within the local economies of towns and cities (with population diversity being represented by the non-white, working age population).\(^{17}\)

There is evidence to suggest that greater population diversity has a positive effect on entrepreneurship. For instance, research from Aston University found that those from ethnic minority and immigrant backgrounds are twice as likely as white Britons to be early-stage entrepreneurs. Professor Mark Hart, Professor of Small Business and Entrepreneurship at Aston Business School, said of the findings:

“...minorities and immigrants are making a big contribution to the prosperity of the UK, growing new firms and creating jobs in our communities. Often, they’re setting up their businesses with the express aim of having a social impact beyond simply making money”.

The World Economic Forum has also highlighted a positive relationship between diversity and entrepreneurship, referencing the ‘diversity dividend’ after finding some correlation between the diversity of the local population and the level of local knowledge-intensive start-ups.\(^{18}\)

Our analysis found that those local economies with the council areas that have the greatest population diversity are around big cities – the likes of Leicester, Birmingham, Blackburn, Manchester and Leeds. But when looking at local economies of towns and cities with the greatest population diversity on the whole the picture changes slightly. Leicester (29.2% non-white population), Birmingham (28%) and Blackburn (25.9%) still top the list but are followed by Coventry (20.1%) and Reading (19.6%). It is these places that have seen the greatest growth in population diversity over the period 2004 to 2018.

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Qualifications

Our analysis looked at qualification levels within the local economies of towns and cities, and the growth in qualifications levels within the local economies of towns and cities. A lack of available skills is repeatedly held up as a barrier to business growth. For businesses that already have employees, staff recruitment and skills issues come behind only competition, regulation and tax as the biggest barrier to growth. For businesses without employees, it is not quite as high up the list, but is still prominent.

As already noted, digital skills are increasingly important to businesses. Recent research commissioned by the Department for Culture, Media and Sport stated that: “...while a few decades ago digitisation affected only a handful of occupations, now the majority of workers use the Internet as part of their jobs in most OECD countries and digital literacy is predicted to become critically important for the vast majority of workers in the future.”

There is no data collected on the levels of digital skills within a local area, so instead our analysis looked at the proportion of people within local economies that had a qualification level of NVQ Level 4 or above.

Our analysis found that there is large variation in the qualification levels in the local economies of towns and cities. Over 50% of the population within the local economies of the Spearheads Reading, Cambridge, Edinburgh and Oxford all possess qualifications of NVQ Level 4 or above. Whereas under 30% of the population within the local economies of the Stepping Stones Blackburn, Hull, Hastings and Burnley do.

Again, there are big differences in the skills outcomes of local areas. Within the local economy of Nottingham 62% of the working age population of Rushcliffe have a qualification level of NVQ Level 4 or above; the equivalent figure in Ashfield is 17%.

Looking at growth, Preston has seen the biggest percentage point increase in the working age population with a qualification level of NVQ Level 4 or above (rising from 25% to 42% between 2014 and 2018). Hastings has seen the lowest growth over the same period, rising from 26% to 29%.

Business start-ups, stock and survival

Our analysis looked at the rate of business start-ups per head of population, businesses per head of population and business survival numbers. We also looked at how these indicators have changed over time. The reasons why we looked at these indicators are as follows:

- **Business start-ups per head of population.** Where there are more start-ups there is an environment conducive to entrepreneurship and enterprise. This environment may be helped by business support, which some have credited with enabling and encouraging people to start up a new business.

- **The rate of business survival.** Business failures are not necessarily a bad thing – they may represent a highly competitive operating environment that forces poor performers to fold. That said, having high rates of business survival in a local economy does tell us that conditions within the local economy are contributing to businesses – on average – having a longer life than other areas.

- **Business stock per head of population.** Business survival and business start-ups only tell us part of the story about entrepreneurship and enterprise within a local economy. A local economy may have a low number of start-ups, but a high rate of survival (or vice versa). Hence, looking at how the business stock evolves is an interesting indicator. Where there is growth in business stock over time suggests that there is a healthy business base.

The local economies of towns and cities where the business stock per head of population is largest are spread right across the country. Guildford, Northampton, Reading, Aberdeen and Cambridge record the biggest numbers. Equally, those areas with the lowest business stock per head of population are spread right across the country too. The local economies of Dundee, Newport, Glasgow, Middlesbrough and Swansea are in the bottom five of the calculations.

Our analysis shows large variations between the local economies of towns and cities when looking at business survival. The five-year survival rate of businesses in the local economy of Norwich is 49%. The five-year survival rate for businesses in the local economy of Guildford is 40%. There are greater differences between individual council areas across local economies. For instance, almost double the number of businesses survive after five years in Malvern Hills (in the local economy of Worcester) than they do in North Kesteven (in the local economy of Lincoln).

There are also wide variations within the local economies of towns and cities when looking at start-ups per head of population. Manchester, Newport, Northampton Guildford and Reading came top of the list. Stoke, Glasgow, Dundee, Lincoln and Edinburgh came bottom.
Case Study: Reading

The Thames Valley has become a key business growth generator with Reading emerging as a key driver of this growth and success. Budding entrepreneurs in Reading are able to access funding for their business idea through various schemes including:

- £11.3m of capital for ambitious SMEs through the Thames Valley Berkshire Local Enterprise Partnership. The LEP also invests in skills and education through the Berkshire Enterprise Adviser Network which is formed of local businesspeople who work one-to-one with school and college leaders.
- The Thames Valley Berkshire Expansion Loan Scheme can provide loans of up to £300,000 to established SME businesses requiring finance to implement expansion activities.
- The Thames Valley Berkshire Growth Fund “invests in high growth small and medium sized businesses and can provide up to £250,000 of equity”.

There is also the Thames Valley Business Growth Hub which provides tailored support for start-ups. One Reading company to benefit is Improv4Business, which helps employees develop key skills such as presentation, communication and teamwork through improvisation masterclasses. As part of the Growth Hub’s programme of support, the company’s founder Alex McWilliam attended clinics on intellectual property and digital marketing where he learnt how to promote his business, develop his website and understand search engine optimisation. He also had one-to-one sessions with a business adviser, who helped him with setting up his business, from ensuring he had the right kind of insurance to helping him develop his business plan.

Reading is also able to embrace innovation through its Thames Valley Science Park which is closely linked with the University of Reading. Whilst several global companies operate in the Park, it is also home to approximately 40 small and medium-sized companies mainly in the software, IT, digital and data analytics fields.

Reading has a particularly strong digital economy, hosting more than 11,000 digital technology businesses covering various sectors including AI, IoT and FinTech. The town is home to world-leading tech firms such as CloudFactory and Splunk, and also hosts energetic start-ups such as Ecrebo, which are attracted by the thriving digital economy community in Reading.

- **Challenges:** How to encourage greater entrepreneurship; How to encourage a digitally focussed business community; How to drive further growth.
- **Actions:** Variety of funding schemes available for budding local entrepreneurs; Support mechanism providing advice and information to local entrepreneurs.
- **Outcomes:** Highly skilled workforce; Thousands of businesses; Flourishing local digital technology economy.
Case Study: Northampton

This East Midlands town has historically been famous for shoemaking – as featured in the nickname of the local football club, the Cobblers. But as manufacturing has changed, so has Northampton’s embrace of entrepreneurship, including through the largest urban Enterprise Zone in the UK.

The Northampton Waterside Enterprise Zone offers 120 hectares for development across 31 sites throughout the town and along the River Nene, and has had a huge impact, attracting £320m of private capital which has supported numerous projects, including:

- Construction of the new Northampton railway station
- Building of the 6-storey University of Northampton Innovation Centre
- The development of One Angel Square, the low-carbon office building occupied by Northamptonshire County Council
- The new North Gate bus station
- Redevelopment of the former Phipps Albion Brewery site

Today, Northampton is home to around 13,000 businesses, the vast majority of which are small- and medium-sized enterprises. A combination of business rates relief, infrastructure investment, superfast broadband and other pro-enterprise policies have meant that local businesses like the Phipps Albion Brewery have chosen to increase investment in the town. Phipps beer was brewed in Northampton from 1817 to 1972 but the development of the enterprise zone presented an opportunity for this business to return to the town in 2013, creating 20 new jobs and helping with Northampton’s successful development.

Another key development is the University of Northampton’s new £330m campus which opened in September 2018. The University’s Innovation Centre was one of the first projects planned for the Enterprise Zone and as a result, the university and its students have access to some of the most innovative businesses in the region.

Recognising the importance of digital skills, the university recently began a BSc in Digital Business which aims to promote “skills aligned to the ever-increasing opportunities in digital businesses”; noting that “such opportunities are created because of the transformation of traditional businesses to digital businesses”. The University also launched a Business Innovation Grant of up to £5,000 to support new business ideas and enterprises.

- Challenges: How to create a pro-business environment; How to modernise the local economy.
- Actions: Enterprise Zone; University campus encouraging entrepreneurship.
- Outcomes: Increased investment; Thousands of businesses; Skilled local population.
A digital vision for entrepreneurship and enterprise

Bringing the previous two chapters together, to drive improvement in the local economies of towns and cities across the UK, policymakers should encourage the use of digital technology. Of course, there are other levers that can be pulled, such as reducing tax, but digital technology offers opportunities that have until recently been non-existent.

The prize is significant. Our calculations suggest that the national economy would benefit to the tune of £34bn a year by 2030 if the local economies of towns and cities were to realise the full potential of digital technology over the next decade.27

While it is true that the weaker parts of a local economy may be weak because the stronger parts act as a magnet for human capital and have a better base of physical capital, it is also the case that the weaker parts can encourage more entrepreneurship and more enterprise in order to play catch-up with those stronger parts.

The following policy suggestions are made with this in mind:

• Digitally enable entrepreneurs and enterprise by recalibrating business support. As the Federation of Small Businesses (FSB) has noted, as the UK leaves the EU, a large proportion of business support funding will be returned to UK control. Hence, we can – and should – rethink how business support works across the UK. Indeed, the FSB argues that “…business support should move beyond simple job creation targets towards a broader economic conversation. This could include modernisation, decarbonisation targets, productivity gains, and the social impact on communities”28.

In particular, business support could focus on digital capability. More specifically, it could focus on core digital activities that the Government believes most businesses need to remain competitive: maintaining a web presence, selling online, using the cloud and digitising back-office functions such as payroll. It could also help move to a ‘digital workplace’ model (e.g. encompassing flexible office space, collaboration tools and enhanced connectivity).

• Create Enterprise Zones that are entirely focused on using digital to help entrepreneurs transition and utilise greater innovation and digital tools. Building on arguments that have been made previously and by other organisations, a new generation of Enterprise Zones based upon digital technology would give towns and cities the tools to enhance their digital economies, digital skills and digital infrastructure. For example, Digital Enterprise Zones could act as testbeds for the adoption and use of future digital technology, such as 5G or full-fibre broadband. Equally, they could be used to test ideas for how to establish as non-digital business with a website (or whatever other digital technology would best suit their needs).29

• Implement Enterprise Accounts. Digital platforms could provide a game-changing complement to traditional forms of business support. An ‘Enterprise Account’ is a digital platform that aggregates and personalises information, advice and guidance for budding entrepreneurs and growing small and micro businesses. The ‘Enterprise Account’ would be a one-stop-shop for financing options, mentoring schemes, training opportunities and any other information that can help British entrepreneurs thrive.

The services that an Enterprise Account could provide are. Companies House services, HMRC services and alerts, accountancy services and tools, company performance information and dashboards, signposting to business finance options, access to mentoring and enterprise programmes, access to government support schemes, signposting to training, and business news and alerts.

• Use the power of big data to help entrepreneurs and enterprise overcome their challenges. Public bodies interact with employers on a daily basis, whether that be the Health and Safety Executive carrying out risk assessments or UK Trade and Investment supporting exporters. The Government has also been trying to improve data sharing between its various agencies and has looked at how to identify businesses that have the potential to scale-up, with a view to encouraging them to access support. This type of exercise could be used to identify companies that are hiring staff, aiming to match the local demand for labour with the local supply of labour through the job centre. It could also be used to identify businesses that need export help, advice on regulatory matters, developing local supply chains and building eco-systems.
## Annex One - Spearheads

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## Annex Two - Strivers

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Endnotes


2. Information taken from WeWork website.


13. Specifically, this looked at the rate of self-employment among the local working age population (16–64 year olds).


17. Diversity is defined as the non-white local population in this instance.


20. Qualifications being NVQ Level 4 and above in this instance.


23. FT, October 2017, Number of UK start-ups rises to new record, https://www.ft.com/content/cb56d86c-88d6-11e7-afd2-74b8ecd34d3b


27. Based upon previous GVA of local authority areas in each local economy area, and adding 2.5% to economic growth as per the following estimate: https://www.virginmedia.com/corporate/media-centre/press-releases/virgin-media-business-reveals-the-uk’s-92-billion-digital-opportunity


About Atos

Atos is a global leader in digital transformation with over 110,000 employees in 73 countries and annual revenue of over € 11 billion.

European number one in Cloud, Cybersecurity and High-Performance Computing, the Group provides end-to-end Orchestrated Hybrid Cloud, Big Data, Business Applications and Digital Workplace solutions. The Group is the Worldwide Information Technology Partner for the Olympic & Paralympic Games and operates under the brands Atos, Atos Syntel, and Unify. Atos is a SE (Societas Europaea), listed on the CAC40 Paris stock index.

The purpose of Atos is to help design the future of the information technology space. Its expertise and services support the development of knowledge, education as well as multicultural and pluralistic approaches to research that contribute to scientific and technological excellence. Across the world, the group enables its customers, employees and collaborators, and members of societies at large to live, work and develop sustainably and confidently in the information technology space.

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Let’s start a discussion together