

Women and Equalities Committee

Oral evidence: [Female entrepreneurship](#), HC 711

Wednesday 2 April 2025

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Members present: Sarah Owen (Chair); Alex Brewer; David Burton-Sampson; Kirith Entwistle; Natalie Fleet; Catherine Fookes; Christine Jardine; Samantha Niblett; Shivani Raja.

Questions 1 - 51

Witnesses

[I](#): Debbie Wosskow OBE, Co-Chair, Invest in Women Taskforce; Jill Pay, Chair, The Gender Index; Stephen Welton CBE, Chair of Board, British Business Bank.

[II](#): Professor Ute Stephan, Professor of Entrepreneurship, King's College London; Dr Lorna Treanor, Associate Professor in Entrepreneurship and Innovation at University; Dr Sarah Marks, Lecturer in HRM and Organisational Behaviour at Swansea University School of Management.

Examination of witnesses

Witnesses: Debbie Wosskow, Jill Pay and Stephen Welton.

Chair: Good afternoon and welcome to the Women and Equalities Committee. Today's session is the inquiry into female entrepreneurship and will provide an overview of female entrepreneurship in the UK as it stands. The session will also look at the current state of female entrepreneurship, the barriers to women seeking to start, sustain and grow their businesses, and the sectors in which these barriers are greatest and how we can overcome those. I want to welcome our first panel: Debbie Wosskow, the co-chair at the Invest in Women Taskforce, who has joined us virtually; Jill Pay at The Gender Index; and Stephen Welton, chair of board at the British Business Bank. Thank you all three of you for joining us today. I am going to hand over to Alex for the first set of questions.

Q1 Alex Brewer: Thank you. Debbie, I would like to start with you if that is all right, and then we will move into the room. Could you briefly set out what you see as the key trends in female-led entrepreneurship?

Debbie Wosskow: Of course. Hi, everyone. Sorry not to be with you in person. We need to understand that the UK is currently a pretty terrible place to be a female entrepreneur. Women receive significantly less capital than men. In 2024, just 2% of equity investment went to back a female founder—down from 2.5% in 2023 while all-male teams received over 80% of the venture capital allocated in 2024. I have built and sold three businesses over the last 25 years. In my own experience of being a multi-exit entrepreneur, things are getting worse and not better. As to why, there are many structural reasons, but the key datapoint is that men are less likely to back a female entrepreneur than women. A female investor is twice as likely to back a female founder than a man, and men are twice as likely to progress through to investment committee stage when they are pitching for investment. There is just not enough diversity in investment in the UK. Just 15% of investment committees are women, and people back people who they know. None of this is a criticism of the male venture capital industry, but their job is to pattern match and there are swathes of talented women who are being overlooked.

Q2 Alex Brewer: Thank you very much. Jill, do you have anything to add to that picture?

Jill Pay: No, I absolutely endorse what Debbie said; that is the picture as I see it as well.

Stephen Welton: Clearly, the evidence is pretty straightforward. Therefore, the question is why is that happening, and what do we need to do to increase the number of female investors? We are talking a lot about investment and venture capital here. Obviously, there are other sources of finance for female-backed businesses, but it is undoubtedly true that the number of female investors in venture capital is a lot lower than men,



and the number of females on the investment committees of venture capital firms is significantly lower, and that has an impact.

Q3 **Alex Brewer:** Debbie, coming back to you, if that is okay, those are some depressing statistics.

Debbie Wosskow: Yes, sorry.

Q4 **Alex Brewer:** Do you have any statistics on the experience of women from ethnic minority or low socioeconomic backgrounds on how they are trying to start a business?

Debbie Wosskow: If the picture is bad for women, it is truly appalling for black and brown women. There is a huge issue around class and social mobility. If you take that amount of capital backing for female entrepreneurs in the UK and you look at black and brown women, you are down to 0.00% of—I think that the stat is only 10 black women in the history of raising capital in the UK have raised over £1 million. We need to be clear that the picture is poor. Stephen alluded to this fact and, in my experience, I know that to some extent the more you found and sell businesses, the easier it gets because you have network, and what enables businesses to get off the ground is often angel investment. It is something that the UK is really good at because we have the SEIS and EIS tax breaks. That means we have found ways of incentivising individuals to back high-growth or higher-risk companies, and it is something that we should be really proud of.

Unfortunately, women's networks are just not as good as men's, which means that we find it harder to raise angel investment. It also means that only 14% of angel investors in the UK are female. The gender pay gap—which we are not going to talk about today but we could talk for hours on that one—begets the gender savings gap. Women just have less money than men. Also, if we move through to today and think about solutions or things that we might do differently or better, there is just not as much awareness of these tax incentives among women who could invest. "You do not need to be Warren Buffett to invest" is the sort of message for today, but women just do not do it in the same way that men do. Because a woman is more likely to back a woman, that also sits alongside just not knowing where to start and what can hold female entrepreneurs back. So, there are some more statistics.

Positive statistics in all this: women-led businesses deliver 35% better returns than male-led businesses. I know we are going to talk about the Taskforce, which is obviously motivated by purpose but, very importantly, everything that we are doing for the Taskforce, and really everything that I do, is motivated by profit. This is just an untapped asset class that should deliver great returns for investors. As part of the UK's growth agenda, we are lagging, and we are going to talk a little about British Business Bank and other jargon: LPs, limited partners, GPs, and investors. There is much more that we could do to actually drive growth. If women founded and scaled businesses at the same rate as men, that



would add an extra £250 billion to the UK economy, and we need that money. Actually, it is in everybody's interest. It is in the interests of founders, investors and Government to make sure that we get better at doing this.

Q5 Alex Brewer: I open this up to anyone who wants to answer, but why do you think the proportion of businesses and fast-growth businesses that are female-led reduced from 2023 to 2024? Do you have any reasons why that might be the case?

Debbie Wosskow: One of the things that drove a lot of venture capital investing in 2024 was AI. The statistics show that there are very few female founders in AI. That is another thing that we should watch because AI is the language of the future. If we look at investment in UK AI start-ups, it has doubled in the past year to £3.5 billion. The average deal for male-led AI start-ups was £5.3 million, while for female-led AI firms it was just £800,000, and 7% of founders in AI are women. That is what drives a lot of the stats actually: that we are not at the coalface in the businesses of the future and, even when we do raise money, we raise significantly less.

Stephen Welton: The underlying trend here is obviously problematic, but it is worth just looking at the bigger picture. Just a quick background: the British Business Bank is the UK's economic development bank. Its role is to improve access to finance for SMEs—all SMEs—right across the UK. Clearly, SMEs come in lots of different shapes and sizes. Some are very small, some are sole traders, and some get up to the more economically impactful businesses that we are talking about in the venture capital community. The bank is trying to intervene in different ways where it sees different gaps. To give you an example: the bank runs a start-up loans programme; this is £25,000 to an entrepreneur and we have the ability to direct that on a regional basis. So, 40% of those start-up loans, and over £1 billion lent so far, has gone to female-backed entrepreneurs. Another 20% has gone to people from a different ethnic background. That is not the sort of company that we are talking about in the venture capital world, but it is really important in terms of the economy.

Somebody borrowing a small amount of money, although £25,000 is a large amount of money, has a very different potential to somebody trying to raise a venture capital fund. When we look at this problem, we should recognise we are talking about hundreds of thousands of different companies, and they have different requirements. Over the course of the last 10 years, the bank has facilitated finance flows of over £30 billion to over 200,000 companies, and that is more than 20,000 a year. One of its roles, which is why it is very keen to support this inquiry, is to provide evidence of what it sees on the ground in different companies.

I suppose going to the heart of what Debbie is saying, over the course of the last few years you have basically seen no change. So, it is marginal, but it is the same, and there are a number of factors there. We certainly



subscribe to the view that if you had more female venture capital firms and, by that, women in a senior position in those venture capital firms making decisions on investment committees, that would make a difference. That is something the bank is actively trying to do. It has invested in some women-backed funds very recently. We announced today—not just because there is a Committee—that we had backed a company called Revaia which is two female entrepreneurs. A couple of weeks ago, we backed another group of three ladies running THENA Capital. So, there are some shoots of female investors out there who have every bit of excitement and the same potential as males. They just have not had the same access to finance. There are myriad reasons for that, but I would really echo Debbie's point that there is a big opportunity here. The evidence and the data tell us we have a problem. What we are failing to unlock sufficiently is the opportunity of a huge amount of economic activity.

Q6 Alex Brewer: Jill, do you have anything to add?

Jill Pay: Yes. Just going back to what Debbie was saying about how successful EIS is, yet women do not know about it. Of all the eligible female-led companies in 2024—our platform is able to identify the ones who were eligible—only 15.6% actually secured funding. That was down from the previous year, which was 17.9%. Although the previous year was better, it was still abysmal that only 17.9% of those that qualified for EIS, which is a great scheme, secured funding. If we are talking about VCs, we should look at those tax incentives for VCs investing in female-led companies based on the model of EIS. Within EIS, there should be a greater tax incentive for investing in female-led companies, so that we move it up towards parity. That would really make a difference.

A bit of good news is that over 2024 and 2023, there was remarkable turnover growth among female-led companies. In 2023 it was 14.8%; in 2024 it was 24.6%, which is a huge leap. The turnover growth is healthy, but the fast growth is not, so this is where we have the opportunity to do something. They are working very efficiently, but they are not doing it quickly enough, and that is probably because they do not have the investment.

Q7 Alex Brewer: I think that answers my next question: why are so few fast-growth businesses female-led? You think it is in investment.

Jill Pay: It is that, yes. It is interesting to look at the spread of them around the four nations because, of the small number of fast-growth companies, Wales had the most, followed by Northern Ireland, Scotland, and then England. There are things to look at. What are they doing there that is getting them to that position?

Q8 Chair: Before we come to David, I just want to come back to you, Debbie, about that growth that we are missing out on as a country. For a Government that have put so much focus on growth, which has been their complete mission since taking office, are we risking overlooking



HOUSE OF COMMONS

women and female-led businesses by this very clear focus that we have seen from DSIT and other Departments around AI and tech? Some of those statistics you gave were quite stark: £5.3 million on average for men and £800,000 for women-led entrepreneurs is quite a big gap. Also, if Government are looking to invest, then the idea that women and female-led businesses actually have better return than their male counterparts would surely be a better bet?

Debbie Wosskow: Yes, and yes.

Q9 Chair: Are we overlooking other areas of potential growth for this new AI tech industry and, essentially, an industry which is run by bros? Tech bros did not come out of nowhere. We have seen what has happened in America, and actually, we could potentially be missing out on other areas and other sectors.

Debbie Wosskow: It is an opportunity. It is a great question, and it is not either/or. If we look at headwinds and tailwinds, there is a movement away from DE&I across the other side of the pond. That is a huge opportunity for the UK to double down on it because the way I think about DE&I is around performance. We should not lose sight of the conversation when we are looking at new technologies. It is not always the case because there are some fantastic female founders in AI, but there are not that many of them. Women often found businesses that solve problems for women. They are more likely to found consumer businesses than men are. If you look at some of the megahits in the UK, the unicorns if you like, that have been built by women, they are not all lipstick and leggings. I know if I look at my entrepreneurial lifetime that there is a skew towards consumer-based businesses. Indeed, one of the businesses that I chair now—The Better Menopause, which is science-developed supplements for perimenopause and menopause—it is not always easy pitching to a roomful of men about menopause symptoms, not all of which are printable, but let us say hot flushes is one of the obvious ones.

The single reason for my career success, really, if you boil it down, is I am really good at asking men for money. If I was not, I would not have had a career. If you think about that too hard, it is not great. All the work that DSIT is doing is really important, and we need to make sure that that conversation is diverse. Alongside that, we need more help with the Invest in Women Taskforce whereby we have initially managed to create the largest funding pot in the world to back female-powered businesses in the UK. However, we need Government support to bring more financial institutions into the mix because, at the moment, we have had quite a lot of warm words but not enough handshakes. That is very real, and it is a real missed growth opportunity if we do not focus on that and, with Government support, make that happen in the UK.

Chair: Thank you, Debbie, and just to say, you never have to censor yourself when it comes to menopause symptoms in this Committee; this is definitely a safe space to talk about it.



Debbie Wosskow: Okay, I will go with the full 48 of them.

Q10 **David Burton-Sampson:** Thank you all for coming in today. I am going to focus specifically on applying for finance. Why are women less likely to seek access to finance? I will start with you Debbie if that is okay?

Debbie Wosskow: It is complex. I do not think anybody ever relishes the process of pitching for money. For women, the reality of that is that they are pitching to rooms full of men and it is extremely off-putting. A lot of what the experience is actually like means that there are many female entrepreneurs out there who would rather not take that route. Awareness—as flagged by Jill—is a huge factor. Many high-quality female entrepreneurs just do not know where to start. They do not have the networks, and they do not have awareness of EIS and SEIS. Jill’s statistic was really powerful for me, that only 15% of female-led businesses that can, actually do. Exponentially, that impacts your ability to raise capital. A lot of the work that the Taskforce is doing on the ecosystem side is really focused on that. It is focused on networks and on getting women started. There is a lot that BBB can do to help make that happen, particularly when we look at things like angel networks across the whole of the UK. That has been really important for the Taskforce. We were in Wales last week with the Chancellor; we were in Scotland a few weeks before that. This is not just a south-east conversation. This is a broader conversation, and we need to give women access to capital, but to come back to my point, we need more female investors. We need more female angel investors, and more than anything, we need more female venture capital investors.

To my point that nobody likes raising money, female venture capital investors really struggle to raise funds, and Stephen can reflect on that from his own experience. That is because they have the same problems just writ large. Getting better at backing high-quality female investors with a mandate about women-led and mixed teams really matters. None of this is anti-men. I am sure I can say that in this room, and to you, David. What we are really focused on, actually, is that 81% of all-male teams raised capital last year. We need to create incentives for them to look around their female networks and bring women in as co-founders, and we need to create an incentive for male investors to have female colleagues. It is about systemic change. It needs a big shift, but you can only give people so much stick; you have to give them carrot. The carrot, or the incentive, is capital, access to capital, access to growth, and access to financial returns. If you can make those rooms feel different so that women are pitching to mixed teams or women, you go a long way to changing the conversation.

Q11 **David Burton-Sampson:** Thanks, Debbie. I am going to come to you, Stephen, and ask you the same question, but can you also tell me whether you think there is a difference between women accessing loans versus women accessing other forms of investment into their businesses?



Stephen Welton: Loans and debt are more widely available, so start-up loans are accessed more by women. Raising equity is harder because you have to convince somebody that you have a business that is going to grow significantly in value. I would just pick up on one of Debbie's points that I absolutely agree with. One of the key issues here is networks, and that is not just for female entrepreneurs; it is generally true. If you have networks that you can have access to, people who can give you a guiding hand, "Go to this particular partner," or, "When you pitch your business, why don't you think about doing this?" There are not enough female networks for female entrepreneurs to essentially find a safe space to work out what is the most effective route. A few weeks ago, I hosted a roundtable which Debbie was at with a group of female venture capitalists. That was a strange role reversal. I was with one of my colleagues and, I think, 25 female venture capitalists, so it was good to have the shoe on the other foot. What became very clear is that a lot of the women in that room wanted to help their colleagues, saying, "Well, if you're going to go down this route, why don't you try doing this?" That is automatic in the male venture capital or investment industry because it has just happened automatically over time. If you do not have enough of those networks, then Debbie is right. If you are pitching to a group of men, it may not be quite as straightforward as pitching to some people you think are kindred spirits. Like any sort of proposition, if you feel somebody is listening to you, that gives you a degree of confidence.

So, networks are important; place is really important. A lot of the work that the bank looks at is what drives access to finance. The further away from London you are, the narrower those networks are, and not just for females. We need to improve knowledge of how to raise funding. It should not be some great mystique. At the end of the day, it is capital. You need to tell people what you are likely to need to do to convince somebody to invest in your business. For female entrepreneurs, it is just harder because there are not as many role models and there are not as many networks. That is clearly a core part of the bank's mantra that it is here to improve access to finance. It absolutely wants to improve access to finance for female entrepreneurs. We are looking at that at different levels, starting with angels. There are not as many female angel investors. If you have never been an investor before, how do you start?

We really start at the beginning. This is what it means to be an angel investor. You can invest with a couple of other people to begin with. Once you get the hang of that and you want to do it more systematically, you can create a syndicate. That syndicate brings other people from your network together. We have a programme called the Regional Angels Programme, which is where the bank will then co-invest with these syndicates. We have a number of female angel syndicates around the country, which are all growing and is fantastic, but they are still small. We recognise this problem is not going to be solved overnight, but we need to keep pushing at interventions that work and encouraging people to do this. Giving them access to that capital to do this in a practical way makes a difference, and that is something that we are doing, as Debbie



knows, as part of the Taskforce. What is the bank already doing that it can do more of and, frankly, what can it do quickly because it is up and running and this is an immediate requirement, not just something in the future?

- Q12 **David Burton-Sampson:** Jill, why do women receive less finance than their male counterparts? Perhaps when you answer that you could also help us understand what more we could be doing to encourage women to access finance or to help women access finance.

Jill Pay: One reason women do not get so much is because they do not ask for as much. We have a lot of anecdotal stories. For example, if a woman wants £1 million, she will ask for £1,000,010 if a man wants £1 million, he will ask for £2 million, and that is very prevalent. A lot of this is quite fundamental and about education—about women not knowing the right kind of funding to have for their business and what stage they are at. Just going back to what Stephen was saying about the angel networks and the regions: there is a very good network in Wales, for example. I am not pushing Wales here; I have no Welsh blood in me at all, but Women Angels of Wales is very effective, and it works with the Development Bank of Wales and the British Business Bank to match funds that are raised through that. A lot of the problem about this is that we do not know about them. Just as we were talking about people not knowing about EIS, it is very much the same with angel networks. Jenny Tooth, who leads UK Business Angels, travels around the country consistently trying to build the networks and awareness raising for it. Obviously, it is not working because there is not enough. Another thing that is happening in the regions is something called the Lifted Project, where business boards led by female entrepreneurs have been set up in five major cities to attract local funding into the areas. That has only been going since, I think, last year, so we have not seen any results from that. The point is that there is lots of good stuff happening all over the place, but we are flatlining on what we are trying to achieve.

- Q13 **David Burton-Sampson:** How do we raise the awareness? Debbie, do you have any ideas?

Debbie Woskow: I am all about raising awareness, but could I just make one comment on all those excellent points from Jill? It is so small; all that stuff is just so small. It will not move the needle unless we have significant amounts of institutional capital going to back female venture capital funds. That is where the high growth is, that is where the returns are, and that is where the opportunity is. All this stuff is really important, but I have been around this space for 26 years, and honestly, no female entrepreneur who really gets going has ever wanted to have a conversation about more mentoring; she wants money. I worry that we get a bit stuck. Yes, all those points are valid and I have made them. It is harder to get started if you do not have the network. But if you look at how women-led businesses fall off post-seed and Series A and the amount of capital that they raise, Jill is, of course, right, because this stuff is complex. Women do not always ask, but I have always asked, and



HOUSE OF COMMONS

I over-asked. To give you a little anecdote—back to menopause again—when we were raising money for that business, and myself and my business partner are pretty seasoned entrepreneurs, one very well-known male investor who I shall not name said, “You know I love you two and everything, girls, but isn’t menopause a bit niche?” You have to recognise that there is just a perception that we do not pattern match in terms of what male investors are used to seeing and there are not enough female investors.

I will come back to this point that there is a moment in our history in the UK where there is an opportunity to drive change and, because of the Mansion House Compact in 2023, there is now a shift towards ensuring that, as a country, we back ourselves. We have typically not been brilliant at putting our nationwide money into private capital. Those Mansion House Compact signatories have committed £350 billion over five years to the private economy in the UK. My ask when we come on to the Taskforce and how anyone in the room can help me to drag that over the line is can we have some of that to back female investors and back female-powered businesses? That is the systemic change that means that the dial will shift. To answer your question in a very longwinded way, my worry is if we do not do something that is really high impact in terms of publicity, we just keep moving on with this stuff that is important, worthy, meaningful and, yes, matching angel networks, but what we need to do is to get the 11 Mansion House Compact signatories to each put money into a funding pot that is a fund of funds where they join together to back more female investors. That is a significant amount of capital that could drive systemic change. My concern is that, without that, we are just slightly shuffling deckchairs.

Q14 David Burton-Sampson: I know about the challenges SMEs face in getting finance. I am an SME owner, and I am doing a lot of work to look at SME access to finance. There is a greater percentage of women who seem to be entrepreneurs in SMEs as opposed to bigger organisations. Just briefly, Stephen, is there a link to the fact that SMEs in general struggle to access finance?

Stephen Welton: Yes, very much so. If you broaden out the question here, the Government’s agenda is obviously to drive growth. We need significantly more scale-up capital in the UK right across the board for all types of businesses. That can only come from one key source, which is institutional pension funds, and that is very much part and parcel of the Mansion House. One of the challenges for the UK economy is that it is successful in creating new businesses, spinning them out from universities and creating great potential, but then it is not backing them to become bigger. I have likened this to an incubator. We are doing a great job at the beginning, but we are not actually developing those companies. That will certainly be true of female-backed businesses as well.



HOUSE OF COMMONS

Just picking up on Debbie's point about Mansion House, we absolutely are looking for institutions to step up and do what they have said they are going to do in terms of committing money to private companies, which will of course include female-backed businesses. Without trying to be unduly optimistic, I think the mood music is changing. We have talked about this for years. Why do pension funds not invest more? There is much greater focus from Government on that, which is a good thing, and there are great investment opportunities. Debbie talked about female-specific sectors, but if you take something slightly broader, for example life sciences, which is a major area of opportunity for the UK, the British Business Bank is a big investor in the life sciences sector. There is far more female representation in that sector because there are more female venture capitalists in that sector. It shows you there are things that can be scaled up. As we look to the future in terms of the Government's industrial strategy across each of those eight pillars, you would expect to hear, "Well, where are the entrepreneurial companies? Have we got the scale-up company to reinforce that?" There is a broader issue here and this should certainly be something we want for the economy as a whole. As we do that, we need to be very mindful of where all the female entrepreneurs and the people from different ethnic backgrounds are so we are not just lifting one boat, we are lifting all the boats.

Q15 Chair: I just want to push back a bit on the life sciences example that you gave. You said that there are far more female entrepreneurs within that space, but you would struggle to get less in some of the other spaces that we have talked about. What does far more look like?

Stephen Welton: Sadly, the statistics across the piece are small. I am just looking at where the bank has directly invested. We have a programme called "Future Fund: Breakthrough", which is investing directly in companies. There, 30% of that portfolio is going into businesses led by female or ethnic minority CEOs. That is much higher than the statistics we are talking about, but it is still not 50%. So, it is relatively speaking, and we are talking about hundreds of millions; we are not talking about billions. I would not want to suggest that we do not have a problem in that sector. We have a significant issue right across the economy, but it is trying to then look at what specific initiatives will make a difference in specific sectors.

Q16 Chair: Have you got to that 30% organically, or have you set targets?

Stephen Welton: It is organic based on the quality of the opportunities, which is really important when we start to talk about institutional funding. Pension funds have an obligation to their savers, and this debate is obviously very topical at the moment. What we will need to convince pension funds of is that the returns from investing in private companies—we are not talking about gender now but just in private companies—justifies the risk. It is clearly illiquid; it is going to be invested for a longer period of time, and that is something that we are actively trying to do. Subject to regulatory approval, the bank is setting up a new vehicle specifically to crowd in institutional pension funds working alongside the



bank. That is not an easy thing to do. It very much comes out of the Mansion House accord, and part of the challenge is that we have to convince people that, as an asset class, investing in private companies is going to generate the sort of returns that make it worthwhile for those savers in the long term. That is an area the bank continues to work on, as do others. That is a big prize, and if we can unlock some of that, then it definitely gives us more capital to support the businesses that we are talking about now.

Q17 David Burton-Sampson: Jill, final question for you: to what extent do structural issues such as the gender pay gap restrict women's ability to raise finance?

Jill Pay: I am not sure that the gender pay gap is a big influence on it, actually, because the reporting on the gender pay gap tends to be reported in larger corporations. I am not convinced there is an actual impact on that. There is more of a difference of gender differences that is on the ability. But going back to what everybody has been saying, it is about seeing people across the table. We are a fairly diverse group in here, but when you are looking across the table at three, forgive me, white men in business suits and you are two women trying to raise money, you are at a disadvantage. It is exactly what we have been talking about; we need more diverse investment panels. But we also need to go back fundamentally to getting enterprise skills and financial skills into the curriculum because, at the moment, it comes in at college and university level. If you bring that into the curriculum at about key stage 2, when boys and girls are learning it together, they are seeing each other learning the same things, so you do not have a gender gap there. Those fundamental skills are so important for whatever business you are going to go into, whether you run your own or you are going into corporate life.

On the other side of that, at the moment, entrepreneurs are saying that they cannot get the skilled people who understand the innovation of AI to take them into this digital age. There is a lot to be done right at the beginning of education, but there is also education to be done for the current, probably youngish, workforce. The Government have this very good Help to Grow: Management development scheme and the infrastructure of that is in place. I would like to see a similar programme about digital transformation and AI innovation set up with the same infrastructure. The infrastructure is there already, but it would just be a secondary programme and with places on that split 50:50 between male and female.

Q18 David Burton-Sampson: Thank you. Debbie, do you have a view on this?

Debbie Wosskow: I am afraid I disagree with Jill. The gender pay gap makes a huge difference for two reasons. First, you have to be prepared to take a risk if you are founding a business. It is much harder for women who have less money and less savings to take the risk in the same way



as men, so it has an impact on entrepreneurship readiness. Secondly, it definitely has an impact on female angel investors and, therefore, on women's ability to raise money at the early stages. So, it matters. The mean age to start a business in the UK is 33. Today is not the right forum to talk about childcare and childcare costs, but Stephen will absolutely support that when we did the roundtable the BBB hosted for female investors, the topic always came up. There is no ask around that other than to say that women's earnings and the state of women's bank accounts at the moment in time when they are thinking of starting a business are different to men's. That absolutely does have an impact on top of funnel. I get asked all the time in different ways, "Well, isn't this just because women don't start businesses?" Women do start businesses. Not as many women start scale-up businesses as men, but once they get to raising money, men are twice as likely to get through investment committee as women are. We are held back by a lot of different things, but what we need to do is focus. My role in the Taskforce is definitely to focus on how we can get more female investors in the UK and a wave of money backing female investors with private capital in the UK.

Q19 David Burton-Sampson: I feel like I am hogging all the questions here, but I am just going to ask this last one to you, Stephen. Could the £1 million annual revenue threshold for equity investment, for example, as required by the British Business Bank, be reduced by 25% for female founders to reflect the gender pay gap differential?

Stephen Welton: Debbie is right. For anybody starting up a business, you cannot live on nothing, and setting up a fund can take you one or two years; it is a practical limitation. Going back to the workshop that Debbie was referring to, one of the practical suggestions from the female venture capitalists was, "Well, these funds you're talking about are raising £50 million, that's a lot of money. How are we going to raise £50 million?" That could take you a long period of time. One of the practical suggestions is to raise smaller funds. The bank has a very successful programme that it has done for over 10 years called the Enterprise Capital Fund designed for first-time fund managers because, often, if you are raising a fund, people say, "Well, invest for your first fund and see how you do and we'll look at the second fund," and that is not much help at the beginning. Trying to make those smaller is something that we are actively looking at and taking feedback on because if you are raising a smaller fund, or if you are an angel investor and you have a smaller amount of capital to invest, which the bank can support through things like the Regional Angels Programme, what you are starting to do is to develop a track record and you are starting to back one or two companies, which is going to make it easier to then raise larger funds. We recognise that if you just have one entry door, as it were, that makes it really difficult, so we are trying to create different ways of coming through to this. Fundamentally, we want to encourage people to take the risk of setting up a business and the best way—we are talking about venture capital—is to have more female investors because they will



naturally have a different perspective, a different risk appetite, and it will be easier for women to raise capital from those.

Chair: Kirith, do you have something to say?

Q20 Kirith Entwistle: Yes. We are coming to the second panel but, Stephen, you mentioned networks. I just had a question around the networks that men have access to but female entrepreneurs do not. Is there something that could be done around putting the onus on some male networks to invite and include some female entrepreneurs rather than leaving the onus on women to set up these spaces and these networks for themselves? It sounds like there is a problem with inviting women in to pitch to investors that are made up of all men, and if we keep those spaces separate, are we not just going to exacerbate the problem? Surely, we need to be coming to a space where we are starting to equip women with the skills that they need to pitch to these all-men panels so that they can then start to take some of those seats at the table. That is how I understand it. Is that correct?

Stephen Welton: You are being very practical in that question; I would agree with that. One of the things the bank does every year is Business Finance Week, which we do right across the country, and it is specifically to try to have practical sessions on how to raise money. A lot of businesses are not investable because they do not know how to write a business plan in the sense of a business plan that an investor will back. How do you do it? Can you have just practical examples of that? Going back to the roundtable we had recently, one of the female investors there was saying, "Well, can't you just give us a book to tell us the A to Z of how to raise money? What does the plan need to look like?" We are doing that and, with the advent of technology, we will be able to make that a little easier.

Networks and getting people together are something we spend a lot of time on. The last couple of days I have been in the north-east, and going back to Jill's comment, we have Lifted Ventures there. We are encouraging and making sure that when we have networking events, it is a good balance of people and you get that sharing of ideas. Those are the sorts of things that make a difference. We just need to do them far more, and we need to raise awareness about how you raise capital. It should not be so intimidating and inaccessible. Part of that is successful companies that have raised money and successful female entrepreneurs, of whom there are many, will need to make sure that people are aware of how they did it, and what the practical problems were. We cannot just rely on mentoring, but I would never underestimate the power of encouragement from somebody who has been through the same challenges. It is not easy to raise money. How did you do that? What tips can you give us? The more practical we make this, the less mystique there is because, at the end of the day, you are just trying to raise money, so how do you make it easier?

Chair: Thank you for that. I know it is not either/or, but I would probably



HOUSE OF COMMONS

echo Debbie's frustration with the whole idea of mentorship. Quite often it is not the women themselves that need to be mentored or to learn perhaps that women-led businesses are worth investing in; it is something that we hear quite a lot through other sectors. It is not just about looking at entrepreneurship, it is about every kind of sector within our economy.

Q21 Samantha Niblett: I just want to start by saying my section was on investor gender bias, but we have covered off so much of that that I am going to pivot a little and take the opportunity to ask a little more about the Invest in Women Taskforce. We will talk about the role of the British Business Bank and what it can be doing, and then some recommendations that Government can do. Interestingly, if you look at the latest report, the Investing in Women Code report, if anything is perpetuating biases, it is the front of that report. It is a woman in an apron in what looks like a kitchen in front of pots. To Debbie's point, we are under-indexing on women female founders in the AI industry. That speaks volumes. You have just said that there is more investment in life sciences because women are supporting women. Even with the best of intentions, there is this subliminal gender bias perpetuating. Debbie, if I can come to you first? This £250 million pot. It is so exciting that we are leading this globally, but could you tell us a little more about it? I remember in December seeing the Taskforce advertising for women who were going to distribute that, but also where it has come from. Is it going to be VC funding or loans or how is it going to work, and more importantly, how can women founders get access to it?

Debbie Wosskow: Great questions, thank you. I co-chair the Invest in Women Taskforce with the excellent Hannah Bernard from Barclays. When I come on to celebrating the initial support of the Taskforce, Barclays has been really instrumental in helping us get this off the ground. What we have tried to do is to create the largest funding pot in the world to back female-powered businesses, and we have heard a lot today about driving systemic change by backing more female investors. We had seven initial contributors to the £255 million pot. We set a target of £250 million so you will see what we did there. They are Barclays, the pension fund M&G, the British Business Bank—thank you, Stephen—Morgan Stanley, the Visa Foundation, BGF, and Aviva. That all sounds amazing and it did almost kill us, but it is not quite as straightforward as that because, in an ideal world, what we would like would be for the industry to join together in one collaborative funding pot or a fund of funds in order that that can be managed through an independent tender for a female-run fund of funds manager that then distributes that capital to female VCs in the UK with a mandate that the capital that comes from the Taskforce exists about women-led and mixed teams in the UK. This is an unashamedly British enterprise. Unfortunately, it is quite hard to get everybody to agree that they want to join hands and come together on this, so what we have is a dual-pronged approach. So far, we have three investors supporting the fund of funds, and they are Barclays, M&G, and the Visa Foundation. We also have four investors doing it themselves,



and they are doing it in line with the terms of the Invest in Women Taskforce LOI, but they are deploying those capital pots themselves. We are very grateful to them, and Stephen has flagged a lot of the early work that the BBB is doing. We can come on to some of my helpful ideas in more detail about other things that BBB might do and that Stephen has heard before.

I want to make a really clear ask today which is that the fund of funds as it currently stands is subscale and we need Government support to accelerate the progress, in particular through the Mansion House Compact which is a huge opportunity to unlock capital from the private sector to generate growth, but it needs to be done with a gender lens. As a consequence of Brexit, venture capital funds in the UK have lost access to the EIF, part of the European Investment Bank Group that backs venture capital businesses. For the last three years, they have deployed that capital with a gender lens. If you look across to Europe, you have many more female-run and female investment thesis-driven venture capital funds in very small European countries than you do here. We need to assure that the allocations are equitable. We have had a lot of warm words but—I am going to speak as bluntly as ever—we have had few prepared to put their money where their mouth is. Barclays is the only high street bank that is writing a cheque. We need more. We need more of the Mansion House Compact signatories—not just M&G and Aviva—to not just come along to events that the Chancellor hosts, but to actually write cheques. The Chancellor has been a fantastic supporter of the initiative. We have our first female Chancellor, and she has been a fantastic supporter of the initiative in terms of giving us air cover to show that she believes this is a serious route to economic prosperity, but we need more institutions to actually write cheques. They are pension funds, retail banks and investment banks, and they need to do that soon.

Q22 Samantha Niblett: I am really grateful for that. You mentioned the British Business Bank was actually one of the contributors and supporters. I was at the 30th anniversary celebration of the EIS, and I was on a panel with somebody from the British Business Bank. I was talking about the importance of data, and I know we are doing the gender pay index, which will be important to you as well. One of the key challenges that this person from the British Business Bank said was, “We haven’t got the data.” How do we measure something if we do not have the data? How do we hold people accountable at the British Business Bank for distributing funds to women? Who is accountable for that at the British Business Bank? It may well be that, since that conversation, you now have a plan, particularly because of the Invest in Women Taskforce. Could you tell us a little more about how we can be successful at making sure that we have data to measure it because what gets measured gets done, right?

Stephen Welton: I completely agree with that. The bank has committed £50 million to the £250 million Taskforce. The reason it has committed is that it is able to invest that quickly through existing capabilities, using



programmes that it has, rather than start from scratch. I mentioned THENA Capital as a female-backed investor that we put capital into. If you look at the different programmes the bank has, the Enterprise Capital Fund for first-time managers is absolutely crucial; it has a very good track record over 10 years, and if we want more female fund managers, if they are not currently in this industry, they are going to have to have a first fund, and that is an excellent way for us to support more female fund managers. That programme is open now, hence the roundtable we had a few weeks ago.

We then have angel programmes and we absolutely believe in building up a number of female angel investors, starting as individuals, small syndicates, then larger syndicates, and part of the £50 million will go through that. Then, we have a bigger fund—British Patient Capital—which is investing in more established funds. If you think of it as a female entrepreneur or a female investor starting as an angel investor, how do you do that? Part of that goes back to information. What is involved in being an investor? Then you create a syndicate. That syndicate can be supported by the bank through its Regional Angels Programme. Then you get into a bigger fund, the second and third-time fund. So, we are already actively investing the £50 million, and that is important. One of the reasons we chose to go down this route is we can do that straightaway rather than waiting for the whole package to be put together. That is really important because every time we make an investment, it is another good example that you can point to.

Q23 Samantha Niblett: Is that being tracked though? In a year's time, could we come back and say that £50 million has gone here, here, and here, and this is the benefit?

Stephen Welton: Yes. One of the things that we have done internally is that the Committee looking at this £50 million is led by women. Again, it is one of the issues we talked about right at the beginning. Yes, we should be tracking that so we can report on it and we will learn from that where the greatest demand is. Is it for first-time funds through the Enterprise Capital programme? Is it increasing the number of female angels? Is it making existing funds bigger? My sense is it is probably going to be all those, but in terms of measuring we can then see where we can have biggest impact most quickly.

Q24 Samantha Niblett: My final question is probably to everybody about what Government can do. Jill, you have already spoken about EIS, that perhaps we can have tax rewards for investing in female-founded companies. Everybody has said that awareness is really low; you can travel across the country, but awareness is still low. If you could give a recommendation to Government to help with that, what would it be?

Jill Pay: As you have heard me say, this tax incentive for VCs investing in female-led companies would be huge. I have talked about the education piece. That is longer term, but it is really important if we are going to have a workforce for the future that is up to the mark and



understands about different kinds of funding and has those enterprise skills; that is really important. A word that has come up so often this afternoon is awareness, and a Government campaign making people aware of what the Invest in Women Taskforce fund is all about. What will all the other things mean? What are all the opportunities? The Help to Grow management programme that I talked about, but also the one for digital transformation and AI integration, to have parity of places on those for men and women would be a huge step forward. The infrastructure is there for that, and the model is there for basing the VC scheme on EIS. These are not things starting from nothing; they are just things for the Government to put the policies in place. There has to be policy change to make a difference because, although there is so much good work going on at the moment, it still remains that only one in five of the 5.2 million active businesses are led by women, and that is not enough.

Q25 Samantha Niblett: I am guessing, Debbie, that you are probably going to reiterate the importance of Government putting their weight behind it in terms of financial support, but is there anything else that you would add?

Debbie Wosskow: Yes, a few suggestions for BBB, Stephen, if I may? They have such an important role as role models and to role model. So, other suggestions that I know BBB is thinking about: we need to ensure that BBB's investment committees are gender balanced. They should insist on gender balanced ICs in the funds that they invest in because that has a massive multiplier effect, and that all their funding allocations are done with a gender lens. They are able to do that. You mentioned the Investing in Women Code. Aside from the horrible front cover, one of the very notable statistics from the code is that only three LPs have signed the code, ie only three of the institutions that can deploy capital at an institutional level. Well, that is just rubbish. We all, BBB and Government, have a role in making that happen. Could we require that recipients of BBB funding become Investing in Women Code signatories? That feels like another way to fast-track the process.

Stephen mentioned smaller programmes—smaller than the ECF—to back earlier-stage or smaller female VCs, and that would be really powerful. I know that is something that Stephen is looking at. Finally, back to the fund of funds point, the Women Backing Women fund of funds is currently subscale. We need more investors in it. Government have fantastic convening power. If I may, I might suggest a sort of knocking heads together type moment where we are able to ensure that we get the rest of the Mansion House Compact signatories in a room. BBB also has the BBI Managed Funds Programme, which backs fund of funds, and it is a £500 million programme. We would like to have a conversation—as Stephen is aware—about some of that being deployed into the Women Backing Women fund of funds. I am unashamedly all about the money. BBB has been a really important first supporter, signatory and partner in this process, but there is more to be done and there is a lot more that



HOUSE OF COMMONS

Government can do to help us to pull the other institutions in line so that we can make the UK the best place in the world to be a female-powered business.

Samantha Niblett: You mentioned three signatories.

Debbie Wosskow: Yes, three LPs to the code.

Q26 **Samantha Niblett:** Just for context, three out of how many?

Debbie Wosskow: Most of the people who have signed the code are not LPs—that is, they are not institutional investors—and we have only managed to get three institutional investors to commit to the code. The code is about data; it is actually back to your initial point. So far, there are only three institutions in the UK that have said they are going to report data in line with the code. We need lots more than that because you made the point that what gets measured gets done. If they are not even willing to engage in a conversation about sharing data, then that just shows we have a long way to go.

Q27 **Samantha Niblett:** Stephen, is there anything you would want from Government or you would recommend to Government?

Stephen Welton: We are working very closely with Government in terms of trying to put these plans into action. A key objective of the bank is to crowd in private capital, particularly pension fund capital. If the bank puts down £1 of public money, can we get £4 or £5 of private money? That is absolutely fundamental. We need to recognise that these pension funds and the people who advise these pension funds have fiduciary duties. We need to convince them about the quality of the returns that they will make because if we do not, they will not invest, and that is a much more structural problem for the UK. Government definitely have convening power. This is high up on the agenda, and we need to keep it on the agenda. The Mansion House accord cannot be something that happened a couple of years ago and now disappears, so we need to keep doing what we are talking about here. Where is this capital that is going to come through? The bank can play its part in leading on that. The bank today is responsible for 20% of all funding for venture capital in the UK, so we have a significant presence in this market. But the other 80% is what we are focusing on, and we need to get more capital. We have significant savings, so this is the big prize because if we can start to get more institutional capital, then the 5% that we have talked about in the Mansion House accord will make a difference, but we do not have it yet. So, a lot of positive noises, some steps forward but not enough, and the bank can go first because we have public funding, but we cannot go alone. We have to keep crowding in that private capital, so that would be our big focus, out of which we will be able to support the wide variety of programmes, and this is a very important area that we are focused on.

Samantha Niblett: So, more money to invest and then a 35% better return because it will be women who are making the businesses work.



Thank you.

Chair: Catherine has a quick supplementary question.

Q28 **Catherine Fookes:** I am just sitting here reflecting on all this. Women got the vote 100 years ago, and there were no women in Parliament until I do not know when. We are only on around the 600th woman in Parliament. But to get there, some political parties, like mine, practically set targets, did really positive action and that is the way we got change and got so many more women in Parliament. What I would like to propose to see what you think is: only one in five businesses are led by women in this country. Could the British Business Bank and others not say, "Right, we've funded so many male businesses. For the next three years, until we get to parity, we are just going to support women-led businesses." Is that a mad thing to suggest? Could it be done?

Stephen Welton: Obviously, the British Business Bank is effectively an arm of the Government. The private sector is the big prize, so we have to convince the private sector to invest, and the quality of the returns is obviously the most powerful argument of all. Why is it that we are not backing enough of these businesses? We are not seeing them coming through the pipelines, or we are not encouraging them to do more. The focus there is where we have to try. If we tell people to do things, which obviously is another thing that Government can do, I am not sure we would get that private capital. That is the big prize. Data is really important to evidence that we can generate higher returns. Clearly, we are talking about half the population here. We do not have enough representation, but I would focus on the fund of funds that Debbie has talked about. We do not have a fund of funds run by women to back other female general partners. Having that will make a difference and it will start to generate what we need right across the country, which is more experienced investors because they in turn will spread this awareness that you can set up a business and this is how you do it. There is capital; this is what an investor needs, and so this is how you need to think about your business.

Q29 **Chair:** To be polite, you slightly dodged Catherine's question around whether there is more that the British Business Bank itself could do. I understand that you say the eye is on the prize of the private sector more widely, but surely there could be an example set. Are you happy with that 30% investment in women and ethnic minority-owned and led businesses, or would you like it to be higher? If so, how much higher would you like it to be, and is there a timescale for it? Because surely we should be leading by example?

Stephen Welton: Absolutely. Essentially, the bank is a fund of funds manager. We put money into other people's funds, so we need those funds to come through the door for us to back them. As part of our due diligence, we will look at the makeup of those funds in terms of representation, women, and different ethnic groups. That is part of our due diligence, and we are looking at that as what makes a good business,



frankly, and the businesses we want to support. We are already allocating a lot of capital. We think that is having a significant impact. Going back to what I said: for over 10 years, the bank has allocated over £32 billion of funding, so it is not a small activity. We need to continue to improve the quality of what we are seeing to be able to support that, which is what the bank is doing and is continuing to gear up to reflect that. What we cannot do is actually create the demand in the first place, and a large part of that goes to awareness. We need more people to think, "I can set up a fund. I can go to the British Business Bank and it will be supportive," or, "I can become an angel investor." We absolutely are doing that.

Last year, we published the first impact report for the bank to actually see if this is working and if it is creating an impact. And it is. Would we like to do more? Absolutely. That is why, going back to data, we will keep tracking this. This is a very specific and acute problem which we need to do more of, which is why this Taskforce is really important because this £250 million is £250 million that did not exist before. How effective is it at actually then deploying that capital? What comes after this? I am sure Debbie is not going to stop with the first fund; you need a second fund, a third fund. The bank is actively leaning into this by supporting a lot of these funds. As we are already the largest investor, coming back to the point I was saying, we need to get significantly more private capital to increase the size of capital generally in the UK.

Chair: Stephen, we might not get to the bottom of the answers that we would probably like to. As time is moving on, is it okay if we follow up some questions that we have as a Committee and put them in writing? I am going to hand over to Shivani now.

Q30 Shivani Raja: I would like to quickly touch on investor sector bias. Jill, if I may come to you first: how can sectoral bias among investors be addressed, both in terms of investors favouring male-dominated sectors and a lack of support for females who are looking to break into those sectors?

Jill Pay: It is a really good question. The female-led businesses tend to be in the service industry: health, wellbeing, social care, education, public health, and safety services. There are green shoots of more female businesses going into financial services, technology, and digital. You have to find the investor who is interested and do a matching exercise. As a female, you have to look for the investors who are investing in that area, maybe not necessarily into female businesses. It is really a matching to get that investment into the areas that women want to go into and are looking to be good at. I do not know if you read the report, but the platform that powers The Gender Index has developed a predictive data model which has taken data from 1 January 2010 to the end of 2024 and developed these algorithms which can then predict what 2030 might look like. What that is telling us is that there is very little movement among the sectors, but the ones that are moving towards more female-led companies are financial services, technology, digital, logistics, and



HOUSE OF COMMONS

storage sectors. Maybe we need to get investors to look at that as well and look where those developing sectors are and then do this matching of what the future might look like for them.

- Q31 **Shivani Raja:** Is there a lack of understanding by investors of the value of these female markets?

Jill Pay: Yes. there is an education process to be done there. We have talked about the evidence. We know evidence exists; Debbie has a lot of it. It is all about the ROI, that there is a greater return on investment in female-led companies. It is an education process for investors to understand that as well. There is a lot of educating and training minds in all these things that we are talking about.

- Q32 **Shivani Raja:** I probably know the answer to this, but I am keen to hear all your thoughts. Do investors need to recognise social value as well as just the revenue generation?

Jill Pay: Absolutely. If they are responsible investors, yes. Impact investment is what it is called, and whether there is going to be a social impact of investment. That is growing and there are investment investors who will only invest in impact-driven companies, which is a very healthy situation to be in.

- Q33 **Shivani Raja:** Stephen and Debbie, do you have any other comments you would like to add?

Debbie Wosskow: I worry a bit about women and impact being inextricably linked. We can build great businesses and get rich and make everybody lots of money, and we should not approach that any differently to a man. I worry a little, and I definitely found that in our fundraising of the £255 million, sometimes when you are talking to financial institutions, they misunderstand what money is for and they think it is a foundation or a charitable ask because it is only for purpose. As women, as female entrepreneurs, which is the topic today, and as female investors, we should be laser-focused on profits. That does not mean do evil and not good, but I worry when the conversation becomes an impact conversation. There are some fantastic female entrepreneurs out there who are not getting backed. There are some fantastic female investors in the UK who are not raising money. It is still the experience of high-quality female entrepreneurs that, to scale their business to exit, they have to navigate a world of men. That is what we need to change, and we change that through talking the language of profit. We have talked a lot about mentoring and what women can do for other female entrepreneurs. I do a lot of that and I, personally, invest a lot in backing female entrepreneurs. Honestly, my main piece of advice to them is to just talk unashamedly about money. Ask for money, talk about profit and focus on making it. That would be the advice that I would give to anyone and the advice that I would give to the room.

- Q34 **Catherine Fookes:** It is such an interesting discussion today; I have loved it. Last week was spring statement week. Debbie, what would you



have liked to have seen in the spring statement to support female entrepreneurs? At this point, because this is the last question, is there anything else that we have not talked about today? You have all made various different recommendations, but is there anything else that you would like us to know about that could really support women businesses?

Debbie Wosskow: Thank you, and thanks for the question. I feel like I am going to say two things. One is to repeat ad nauseum the point that I have been making, which is what would I have liked to have seen? I think the Chancellor is aware of this. I would have liked to have seen a conversation with financial institutions about ensuring that part of the capital that they are deploying in the UK is to female investors. I think that is within the Government's remit to be really clear and focused on that. I wonder about quotas; I am unashamedly for them. The only thing that has changed the history of business feminism has been the 30% Club and Mervyn Davies' work on women on boards and that is now a thing, right?

Catherine Fookes: Yes.

Debbie Wosskow: I sit on various boards—Channel 4 and others. Channel 4 is a completely diverse board with a female CEO, and it certainly was not 15 years ago. So, I am pro quotas. The ECF deploys its capital through gender guidelines. Stephen would have a better sense than I as to exactly how they have made that happen, but our European counterparts do that. We should be aware that it is being done elsewhere and is genuinely having an impact on the amount of capital that is going to back female investors and, therefore, to female-powered businesses. Everything to do with the code is voluntary. I am sounding like a complete draconian nightmare, but I would make it less voluntary. I really would make it a requirement that investors have to report on this stuff. At the moment, they do not have to. If they have to, that is how we see shifts. I feel this is not at all spring statement worthy because, goodness knows, there was a lot of other stuff to cover off, but we are asking the right questions and this group should continue to ask questions about systemic change because, otherwise, I worry that anything that happens will not move the needle.

Chair: Does anybody have any follow-up questions? No? Thank you very much, Debbie, Jill and Stephen. We will get ready for the next panel. Thank you.

Examination of witnesses

Witnesses: Professor Ute Stephan, Dr Lorna Treanor and Dr Sarah Marks.

Q35 **Chair:** We will now continue on to our second panel. Thank you very much for your patience and for joining us today. We have with us Professor Ute Stephan, professor of entrepreneurship at King's College London; Dr Lorna Treanor, associate professor in entrepreneurship and innovation at the University of Nottingham; and Dr Sarah Marks, lecturer



in human resources management and organisational behaviour. Thank you very much.

Dr Marks: At Swansea University.

Chair: At Swansea University, yes, which has made Catherine very happy, as well as every other member of the Committee, but especially Catherine. Thank you very much and welcome, and I am going to hand over to Kirith.

Q36 **Kirith Entwistle:** My first question is for you, Dr Marks. In your evidence, you challenged the assumption that more women starting businesses is automatically better. Could you tell us a little about some of your concerns around encouraging more women into entrepreneurship?

Dr Marks: Absolutely. It is important to say that I am not against women entrepreneurs per se, but I suppose that my research and the evidence that I have presented to the Committee looks at some of the other aspects of women entrepreneurs' lives and experiences. One of the things that my evidence shows is that women find it very difficult to make sustaining incomes for themselves from running their own business to the extent that it is quite doubtful that most women starting a business are going to be able to replicate the kind of income they might get in the market in employment. Therefore, it would be great if the taskforce is thinking about the overall impact that encouraging women into entrepreneurship might have on questions like women's financial equality and long-term financial futures, as well as just simply things like the gender pay gap.

Q37 **Kirith Entwistle:** We have talked a lot about the gender pay gap, and I imagine that is one of the elements that you mean. For the wider panel as well: to what extent do discussions on supporting female entrepreneurs focus too much on start-ups and not enough on the growth and sustainability element that Dr Marks mentioned there?

Dr Treanor: That is really a very good question, and probably an accurate observation because when the prevailing discourse is around women's under-representation as entrepreneurs, it naturally then leads the discussions and thinking about how we get more women into entrepreneurship, which is obviously very quantity focused, and perhaps does not pay due regard to the quality aspect, as a natural outworking of that. What we really need to also consider, and something that my research would suggest, is that there is a very big difference between the quality of entrepreneurship and being able to make a good living and a good return to the economy.

The UK has quite a high rate of people living in self-employed poverty, so when we are encouraging people into entrepreneurship where they have the potential to generate a suitable living return, it is important to consider that we do it responsibly and mindfully. But there needs to be a better balance because we really need to focus on how those women who



are in business can then be encouraged and supported to have sustainable businesses they can grow, which we know is a challenge.

Professor Stephan: I would concur with that; we need to focus on all three elements—start-up, sustainability and growth—which all have their own challenges. It is really good that we are talking about growth, but when we talk about start-ups I feel we are not necessarily talking about sustaining entrepreneurship and making it work for women.

I would completely concur that for a developed economy, the UK seems to have a lot of necessity entrepreneurship, especially women's necessity entrepreneurship. We see from analysis of the UK household data that women who leave their jobs to start a business, which is normally considered opportunity entrepreneurship, do not get the same uplift in wellbeing as men, so it does not seem to be a positive choice. So, all the rhetoric around it being a fulfilling career and being able to design your own job and organisation, which seems very attractive, does not seem to bear out.

We are not talking enough about this in terms of specific managerial capacity. You need to do everything as an entrepreneur, and it is really challenging. There is a huge psychological barrier to taking on the first employee, which is also something we are not necessarily looking at enough because once you become more than a one-woman business, you can then focus more on strategy, including growth, for instance, but then you also have additional responsibilities to manage, which is not so easy, and there is a risk discussion in that as well. I will stop there.

Q38 **Kirith Entwistle:** My next question then is how do we better support established female-led businesses so that they can be sustainable and also grow? That question is for anyone.

Dr Treanor: I could give you a shopping list. As we heard very much from the first panel, a key perennial issue is that what we have seen is very fragmented, short-term delivery, with an evaporation of funding and potential loss of great expertise and support from the business support sector because of a lack of funding in recent times.

We need to have an infrastructure in place and to have this on the agenda over the longer term. If we look at what they are doing in other jurisdictions, we should have a women's business enterprise development committee or something with oversight. We need to mandate gender disaggregated data, and we need to have intersectional aspects highlighted within that as well.

We need business start-up and growth support, and when any fund is accessing public money, it would be relatively easy to not just require the data but to require that they engage in sponsorship. The first panel talked a bit about mentoring; we could say that we do not need to fix the women, we need to start giving women more training and getting investors to perhaps do a bit of homework. But what we could do is say,



for all these white men—business angels are something like 93% white men—accessing public money, they could undertake to provide sponsorship to women. Because, as opposed to mentoring someone and giving some advice and then moving on, the sponsorship would then require active advocacy within closed doors and would enable those weaknesses in women's networks to be overcome through those warm contacts and introductions to potential investors.

The other weakness in women's networks is that they do not have a large proportion of high-net-worth people in their networks: women's networks tend to consist of friends and family. If you have women from ethnic minority backgrounds or low-income backgrounds, they cannot tap up their friends and family for the same degree of initial funding support. This constrains early access to finance, and my research shows that is really important for accessing subsequent grant support and, indeed, investment finance.

Professor Stephan: The Help to Grow scheme was already mentioned, and there is value in these small business development programmes. Currently they are very focused on growth, but a question to be asked is whether they could also be focused on sustainability. They work well and are typically taking place over an extended period of time, let us say almost a year. You have points of meeting in person, focused on certain topics—marketing, leadership—you name it. There is a lot of peer exchange, so you are building networks through the programme, which are actually lasting quite a long time. Some initial ones were created by the Goldman Sachs 10,000 Small Businesses. There is overall robust evidence that they work really well.

Aside from the growth funds, which are important, I wonder whether there could be something focused on sustainability. Also, because some of those are clearly Government-sponsored, could we not ask for quotas in those? I am a bit hesitant as I am not quite sure whether it would make sense to set one up just for women. There are both pros and cons. You do not want it to transpire that, "Oh, the women need fixing, so they need their own space," but actually, maybe there are some common sharing and problems. I could not find any evidence whether women-only or mixed is better.

Dr Marks: I have certainly seen some evidence from my experience of women-only networks that the problem can be that women cannot use them to then develop more instrumentally useful networks to access those high-net-worth individuals and things. I have spoken to women who actually talk about them as starter networks, that they are going to have their women's-only group as a starter, and they are going to get a sense of the lay of the land and then move up to a mixed one.

Peer-to-peer support is a really positive thing for people, but it can also be a bit of a double-edged sword in that they keep each other going and give each other support when maybe they should just say, "Come on, call



HOUSE OF COMMONS

it a day." So, you often get reinforcing networks through these peer-to-peer networks. The one thing, when you are talking about start-up, and moving from that start-up to growth position, is the amount of money that is often offered in these start-up loans companies. The maximum is £25,000, and that is brilliant, and I know that they have given out over £1 billion worth of loans, so we are talking about 400,000 or 500,000 out of the whole lot of women entrepreneurs. However, £25,000 is really a very small amount of money to start a business. If you think what the average income is nowadays, that is barely going to buy you a year's worth of your salary, and then you have all those other things on top of that. So, you are setting people up to fail almost from the start when you are only offering them that amount of money.

I had an email just today from one of the training enterprise support networks that I follow. I do not think they will mind me saying it is Allia, which is quite a big provider of enterprise training support and some of the Help to Grow schemes here in London and the south-east. It was talking about a programme that it had helped deliver in Tower Hamlets saying it had about 100 potential entrepreneurs through, and they had given them £2,500 each, which is not a lot of money in anybody's book, and it is certainly not going to buy a lot in Tower Hamlets, regardless of where you are. That is really one of the issues with the start-up culture that we have developed, which has so many positive narratives, but then there are these other things that are happening.

Dr Treanor: Can I just add to Sarah's point? The issue that women face when they go to market—angels or whatever—for loans over £25,000 is perhaps that it is unregulated, and we know that they are much more likely to be asked for personal guarantees. This is where the gender pay gap, and the fact they have less high-value assets themselves comes into play, so that creates a barrier there, too.

Perhaps having the British Business Bank offer higher value loans where women would not be required to provide those personal guarantees—such as their homes—might be useful. We also have to be careful that we do not place the onus on women to do even more work; that we are not saying to women, "It is okay, guys, you can sit back and relax because we will get these women investors in and they can fund the women entrepreneurs." There is potential advantage to saying, "Let us have so much of British Business Bank funding ring-fenced for women. Let us perhaps revisit public and corporate procurement policies, so that a certain value of contracts is potentially ring-fenced for women."

I am director and founder of the Charter for Inclusive Entrepreneurship, and we are trying to create a more inclusive ecosystem. One way is trying to get firms and all organisations to diversify the supply chain to help create a more equitable marketplace, so that when women have started and established their businesses, ethnic minorities and other underserved and underrepresented groups would be more likely to then



HOUSE OF COMMONS

have sustainable businesses because they are able to access valuable contracts.

Q39 **Kirith Entwistle:** On that point, you have previously mentioned quotas, specifically around private equity investment panels and public grant funding assessment panels. How feasible do you think the quota element would be?

Dr Treanor: European investment banks are doing it with great success if you look at what they are doing in Germany and France. They have a requirement for a certain proportion of the investment panels to be women and ethnic minorities. If you have a woman or someone from an ethnic minority background on a panel, the data shows they are much more likely to recognise innovation potential and opportunity and that they will understand that opportunity up to 200% more than the, sorry, stereotypically white man sitting beside them.

Kirith Entwistle: Please do not apologise.

Dr Treanor: The evidence is there, so that would be really useful, but it has to hit a threshold of at least a third in order to be viable.

Q40 **Kirith Entwistle:** Professor Stephan, do you think there should be a greater focus on investment in social enterprises? If so, how might that occur, given investors tend to prioritise revenue creation—we heard Debbie talk about profits earlier—what is your stance on that?

Professor Stephan: Broadly, having social enterprises is good for the economy because they are resilient and tend to innovate at higher rates than similar commercial counterparts. They also tend to create more jobs, and there seems to be less of a gender bias at the top of social enterprises. Having said that, all is not well: we did a study where we showed that even at the top of social enterprises, there is a high gender pay gap of 29%. So there is this question of whether the men are paying themselves too much or whether the women are not paying themselves enough. Having said all that, there is a broader theme for any women-led business around how you value your time and how you see your own pay as part of sustaining the business and your own life, which would really be important to get awareness around.

As the first panel mentioned, there is a flourishing impact investment space in the UK, compared to the rest of the world, and there is fantastic infrastructure already there. Estimates by the Department for Culture, Media and Sport show that roughly one in three small businesses in the UK have a social purpose. So, it depends how you define social enterprise, but broadly, it is one in three. That makes me wonder why we have to separate it out and why it is not part of the mainstream to consider that we have an investment landscape that considers profit alongside social impact because it is not either/or: good businesses create profits and they can also create a positive social impact for society, and I would argue we need more of that.



I was surprised to see that the social investment tax relief has been abolished but encouraged to see that there is a Social Impact Investment Taskforce currently going on, so that is an important tool in the toolkit. The other toolkit is around visibility and demand for social enterprise.

I know the Social Value Act incentivises procurement. I do not have systematic data, but from what I understand, small social enterprise businesses often get crowded out of the procurement process and the large businesses still get the procurement contracts. They find it easier to say, "Oh, we are subcontracting to a social enterprise, that is a work integration enterprise," so it ticks the box on that. Now there is a way to make procurement focus on businesses locally, and that will help small social enterprises in that space. I am still using material in my teaching that was developed 15 years back by the Government on how great a place the UK is for social investment and social enterprise. There were fantastic role models from Jamie Oliver to Belu Water, and so forth, so there is a lot to shout about. In terms of social enterprise internationally, the UK is doing really well.

Q41 Kirith Entwistle: That is great, and I would just say as well, if there is any data that you want to share afterwards, please do.

Chair: I just have two follow-up questions before we move on to the next section, which is Christine first and then I will come to Alex.

Q42 Christine Jardine: Very briefly, I am just intrigued, Dr Marks, because you said that one of the things you discovered in your research was that women were less likely to be able to earn more money by becoming entrepreneurs. Is that less likely than men? What do you attribute that to? Do you think it is something to do with our ambition for women? Is it the business ideas themselves, or is there some other factor? It does seem weird that a woman could have a business idea and be less likely to make money out of it than a man, even with support; it just strikes me as odd.

Dr Marks: There are a couple of things that you are picking up on here. First, there is not a huge amount of data, so it gets a bit complex about how much women actually pay themselves when they are running their own business, or how much anyone pays themselves because people may take money as dividends, or they may take a small salary. But, from the evidence that we have, we know that women pay themselves less than the equivalent salaried women and less than men who run their own businesses. Part of that is sectoral—the same things that people were talking about earlier—when you have men running their own businesses they may be in the building trades or driving taxis, and women may be pushed into retail or into the services industry, where there is just less money and they are less profitable.

Another thing is about how many hours women are able to work in their business. I know from some questions that we may be looking at this elsewhere, but women may find that the labour that they have to put into



their business is constrained by non-earning work, care work, or other kinds of things. There is also something that is coming through in some qualitative work that I have been doing, that where you have women who are older, or have another partner in the household are able to tolerate quite low incomes for quite a long time because they are already on the housing ladder, and they have somebody else paying the bills. This is not necessarily a gender thing; it may be that they are the secondary earner. Those are the kinds of things that might explain why we see less money coming into women's pockets and into women's households from entrepreneurship.

- Q43 **Christine Jardine:** How do we tackle that? That is a whole different scale of problem. You are helping women become entrepreneurs, but actually, you are not helping them to earn anymore. Does that go back to education? How do we get women into the areas where they are going to make more money as entrepreneurs, rather than just accept it?

Dr Marks: It is a great point, and what Ute was saying about having more focus on income generation in the training and support that women are given. Women should be putting in income plans for themselves and putting in realistic targets, and saying, "If I cannot earn this much money by this time, if I am not profitable enough, it is time to call it a day" because we do not want to push women into poverty by their choices of running a business, which is something that we see. It then becomes very difficult to give that business up because it is your dream, and you have people who have invested in you, not necessarily in money, but they have invested in your vision of yourself. You are the person who set up a business.

It is important to make an idea about income generation and have less gendered conversations about money, which actually was something that Debbie was saying, "It is all about the money, let us talk about money". Women should be talking a lot more about money right from the beginning, and money for themselves, it is okay to want to earn money. You do not need to save the world for 50p an hour.

Dr Treanor: Can I just add to that? Even male entrepreneurs would typically earn more in employment. So, it is not just women, but out of entrepreneurs, women are more likely to earn less.

- Q44 **Alex Brewer:** That ties in really nicely with my question, which I want to direct to Professor Stephan, if I may. Is there any cultural issue here where women are encouraged to do good and men are encouraged to do well and actually we should all be doing both those things if we can?

Professor Stephan: It is a good question, and when I talk about social enterprises being a bit more gender-inclusive, it is certainly not what I would want to be taken away from this because there are still more men active at the head of social enterprises in the UK at this moment. We have evidence that once women start social enterprises, they are actually more likely to go on to start both another social enterprise and a



HOUSE OF COMMONS

commercial business. So it seems to be a funnel into entrepreneurship, probably to do with skill building, or maybe even the realisation that just focusing on the money could be easier. There might also be pressures that reinforce that around child and elderly care where you have to focus on that, so that is the first part.

There is value in this, and it is true that women tend to be a bit more attracted to social enterprise because it feeds into the gender stereotype. But I would not want to imply that we should encourage all women to be social entrepreneurs. We need more social entrepreneurs overall, and any entrepreneurship should be diverse.

There is another part: if I flip the question, we see that the current culture around investment and high-growth businesses is too masculine, aggressive and competitive, which is not even good for all the men involved. I do a lot of research on wellbeing and stress, and you would not believe how many also high growth, white male young entrepreneurs get hospitalised with burnout. So, there is a hidden problem. If we could make the overall culture of entrepreneurship more inclusive, recognise that people have lives alongside the business, that it is not realistic to expect everybody to work ridiculous 80 hours or so a week, and only if you do that can you call yourself an entrepreneur. If we could move away from that and make the whole conversation more inclusive, we would get a lot more diversity in mainstream entrepreneurship.

- Q45 **Catherine Fookes:** I have a question for Lorna, please. It is really interesting that only 5% of female entrepreneurs say they have a mentor, versus 12% of men. What can we do to get more mentors for women who want to go into this sector? Obviously, I am aware that there is no silver bullet, and it is not just mentors; it is networking; it is everything. So, what can we do to get more mentors, and have you found any good examples from other countries?

Dr Treanor: Mentorship is built into some of the programmes that they have in North America. So, despite what is going on in the US now, they have had a really good and long-standing support programme. Canada has a really good model as well. Role models are important—that old adage, if you cannot see it, you cannot be it—but then, when you have really successful women, they tend to be called upon a lot for different events, and they still have businesses to run. So, there is a role for male allies, and it is about engaging men and getting them to engage their contact networks to help bridge gaps and weaknesses there.

- Q46 **Alex Brewer:** How big a factor do you think caring responsibilities are on the ability of women to pursue entrepreneurship? I would like to direct that to Dr Marks, please.

Dr Marks: For the women who have small children, it is a big issue. But overall, and there are quite good statistics, actually only about 20% to 30% of women who are running a business also have small children. So, while it is a big issue for them, I do not think we should let it cloud the



whole picture of the gendered narratives around entrepreneurship as a whole. So, that would be four out of five women who run a business do not have small children to look after. But for those who do it is big, as it is for most primary caregivers—we are assuming they are mostly women, but they may also not be women—the cost of childcare, the expectation that you are going to be looking after your children, the fact that you may have to do that juggling, is going to be big. We know that women's labour is really important for getting a business up on the ground and probably for taking it to that next level and getting it to the point where you are going to get that investment. That is when you need to put all of your time into it, and that is then incredibly difficult for people who are single parents, as well.

Q47 Alex Brewer: Young children are only one aspect of care, and we know that women do the majority of care, so is there any information in terms of women looking after older parents or partners with disabilities, or any of those other caring responsibilities that fill out that picture?

Dr Marks: I do not have any data on that in my research. We know that a lot of older women are starting businesses, but I do not have any data myself on women who are carers of older people. I do not know if you two have data about that.

Dr Treanor: I do not have quantitative data, but I primarily do qualitative research. There are, I suppose, sandwich women who have children perhaps in early teenage years—they certainly take a lot of looking after—and elderly care responsibilities, which is a challenge.

Sarah's point about the heterogeneity is really important because the demands of some businesses could be less than others. If your business is a nail bar on the high street, it is going to be very different than if it is a tech or a science start-up, and you are chained to the lab because of experiments or something, so that factors in. My research also shows that there is what I call a maternity threat, and certainly when women are pitching they have been asked, "How are you going to do this and look after the children?" because the assumption is that they will have children or that they will want to, whether or not they do.

Alex Brewer: Oh, we love those questions.

Professor Stephan: I do not have any direct evidence, but when, for instance, social enterprise starting rates drop, it is what we call the midlife mountain: when caring responsibilities both for children and for the elderly peak, as well as financial demands for the household, and that crowds them out. So, one other way to look at this is how many more women with small children could we have running businesses if there was widespread, affordable and accessible child and elderly care?

Q48 Alex Brewer: That is my exact next question, which is, will the Government be able to unlock significant—

Chair: Sorry, I was just about to say we are going to have a vote. We



HOUSE OF COMMONS

have only one final question, and it will probably take about 15 minutes for us to go and vote. Are you happy to stay to finish of that final question?

Sitting suspended for a Division in the House.

On resuming—

Chair: I am going to resume with our final few questions for the Women and Equalities Committee on female entrepreneurship. Christine.

Q49 **Christine Jardine:** University spin-outs are a critical pathway into entrepreneurship, but why do you think less than 9% of spin-outs are female-led? Dr Treanor.

Dr Treanor: There is research by Abreu and Grinevich, I am probably not pronouncing their names properly, but it was really good, and it highlighted that 61% of the gender gap in academic spin-outs is due to seniority, so academic field and the level of institutional support.

What happens is that universities are more likely to support professors, and women are under-represented in the professoriate. The fields that tend to generate spin-outs—life sciences, engineering, physical sciences—are those where women are under-represented. So it is an issue of women not being in the spin-out fields to the same extent, but even when they are, they are not getting the same institutional support. The paper highlighted that the other 39% is due to discrimination and potentially other unknown factors. Certainly those issues about career progression and gender, to be highly scientific, are a bit of a double whammy because it is the old saying, think entrepreneur, think man, and the construction of an entrepreneur is your white, middle-class, middle-aged, heteronormative sort of able-bodied man, and that has implications for anyone who does not fit that template and particularly when it then comes to women entrepreneurs being seen as high-risk and risk-averse, and less about the money, as Sarah was saying.

So, when they are then fronting high-risk ventures that are going to take a long time to get to market, and may never get to market, that is almost like an allergic reaction for a lot of investors. Investors and even public grant assessors are less able to evaluate the market opportunity, and as we heard from the first panel, they do not really understand femtech opportunities. If you look at some of the feedback that women entrepreneurs received—the Let's Fund More Women data—women were being told that femtech is sort of done now, and women from ethnic minority backgrounds were being told that they did not see the market opportunity, and so it is that lack of cultural understanding as well. Those are key issues, and something that could be done is to have some sort of training and potentially provision of finance because current research shows that the timing of the first grant is really important because then they are more likely to get subsequent grants and external investment finance.



Universities can also help by delivering targeted support. We know that entrepreneurship education is important and that it is more effective when it is bespoke and targeted for particular sectors. At the University of Nottingham, we have a programme called the YES programme, which is targeted at STEM, SET, science, engineering, tech, early career researchers—doctoral students and postgrads—which gives them exposure through experiential learning to the commercialisation process, and we know from the research it builds entrepreneurial capabilities. So, that is something, but there should also be long-term ongoing access to enterprise education, which is not usually included in STEM curricula because it is so crowded. If you are from a disadvantaged background, you have not gone to university and you want to start a business, you would really benefit from that as well. So, there are some things that could be done to try to help overcome those barriers, but it is really gender stereotypes informing bias and career progression.

Q50 Christine Jardine: Did anybody else want to add to that? It sounds very similar to what Dr Marks was saying about the potential to earn more as a woman.

Dr Marks: I was actually thinking a little as well about what Alex was saying about whether women are encouraged to think of the social value and doing good, rather than the commercial potential of their research, and that may be something that could be encouraged. That really would require addressing a whole gendered narrative about the genderisation of work and breaking down some those binaries.

Professor Stephan: Maybe just to add, we have a co-leader master's in medical technologies, entrepreneurship and innovation, which is a joint programme of the business school and our fantastic health school. We almost have gender parity in the master's, and we get fantastic student start ups out of that, including those led by women. We are not consciously applying any quotas, but we are looking for diverse cohorts. So, there is that element to it, and that would ultimately give us more life science spin-outs. Our Entrepreneurship Institute at King's, for instance, who gets into the accelerator over time is now at gender parity. These are without applying any quota or anything, but there is also something for universities in how you design your support for emerging businesses in the accelerator, and they are really good at mainstreaming a basic entrepreneurial skills core curricular activity to any faculty. These are 21st century career skills—how you pitch or how you sell your ideas, how you convince others—so there is value in that to kind of move the needle.

Dr Treanor: Can I just mention another thing that could be done practically? The current definition of what innovation and tech are is very narrow. If you are only going to fund something with a focus on the advancement of science, that is quite narrow. Whereas there is an awful lot of market opportunities, and the spaces where women are in are some really good business ideas, in terms of applying that and doing the bridging work for wider use. So, it makes sense to widen the criteria for



what we actually need to be able to apply AI in society to benefit productivity. That is something that could be done, and similarly, that would then potentially influence R&D tax relief and the issues that founders are having with that.

Q51 **Chair:** I want to just see if there are any other follow-ups before I close this panel and this session. Thank you so much for all your input and information. Professor Stephan, did you want to just add a final point?

Professor Stephan: One very small comment because in the first panel there was a lot of focus, rightly, on having women investors. There is a very well-conducted study that suggests having women investors is not quite enough. You need to make sure that investors ask both women and men entrepreneurs the same questions, an impersonal selection that is pretty straightforward. But the study shows that even women investors ask women entrepreneurs more downside questions about risk, as opposed to upside questions about future growth opportunities. Arguably, that is not an expensive tool to implement, to ask the same questions to all the teams.

Chair: Thank you very much. That is a really good point, and a practical one to finish on. That brings this session to a close.