House of Commons

Women and Equalities Committee

Oral evidence: Female entrepreneurship, HC 711

Wednesday 2 July 2025

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Watch the meeting

Members present: Sarah Owen (Chair); Alex Brewer; David Burton-Sampson; Kirith Entwistle; Christine Jardine; Samantha Niblett; Rachel Taylor.

Questions 136 - 196

Witnesses

I: Baroness Gustafsson CBE, Minister of State (Minister for Investment), Department for Business and Trade and HM Treasury; Gareth Thomas MP, Minister for Services, Small Businesses and Exports, Department for Business and Trade; Paula Crofts, Director for Small Business Growth, Department for Business and Trade; and Gillian Unsworth, Deputy Director, Women's Equality Division, Office for Equality and Opportunity.

Examination of witnesses

Witnesses: Baroness Gustafsson, Gareth Thomas, Paula Crofts and Gillian Unsworth.

Chair: Good afternoon and welcome to the Women and Equalities Committee. Today we are holding an evidence session on female entrepreneurship as part of our wider inquiry into female entrepreneurs and female-led businesses. We have a fantastic panel in front of us. We will hear from Baroness Poppy Gustafsson, Minister for Investment; Gareth Thomas MP, Minister for Services, Small Businesses and Exports, which is quite a title; Paula Crofts, director for small business growth at the Department for Business and Trade; and Gillian Unsworth, deputy director of the women's equality division at the Office for Equality and Opportunity. Thank you very much and welcome to you all. We will be interrupted by a vote, so if you feel you have not been able to give as full an answer as you would like, or if you would like to go into more detail, please feel free to write to us afterwards and we will accept that as written evidence. I will hand over to Christine.

Q136 **Christine Jardine:** Thank you very much everyone for joining us today. As the Chair says, let's get right on with it. Baroness Gustafsson, the Rose review estimated that £250 billion could be added to the UK economy if women scaled and advanced businesses at the same rate as men. What specific measures in the industrial strategy will unlock this potential growth?

Baroness Gustafsson: The way I see this, and to your point, £250 billion is a big number. If we are talking about growth in the economy, it is absolutely the right thing to be pursuing. Seeing many brilliant female entrepreneurs go on to create fantastic businesses is an obvious thing to go after. Where can Government make a difference? You specifically asked about the industrial strategy, and that is a good mechanism to bring a lot of this together.

If I can just spend a minute talking about some other areas and then maybe we will weave it into the industrial strategy. We know that there are many female entrepreneurs—one in three entrepreneurs are women. We know that we have great mechanisms to help businesses get start-up loans, for example, and many of those are going to women as well. However, at the other end of the spectrum, we also know that only 2% of equity capital is going into female-only businesses. Something is happening in that spectrum. There are women wanting to start businesses, there are women starting businesses, but then there are no women-led businesses at the end, so where are we losing them? I do not know the answer. Something is happening in that course of action, and when we think about the industrial strategy, I do not know how we can specifically unlock those. We have to go after this by trying to unlock it through experience.

Chair: I am afraid we have to suspend the sitting to vote; we will be back shortly. Thank you very much.

Sitting suspended for a Division in the House.

On resuming—

Baroness Gustafsson: I was just in the middle of saying that I do not know the answer, which made the other panellists very anxious. We know there is a challenge somewhere in the access to finance piece. To get to the bottom of this, the Government shone a light on it with the investing in women code, but it did not seem to move the needle. The next phase is the Invest in Women Taskforce, which is deploying capital to female-founded businesses to understand the journey for ourselves and to identify the barriers so we can see if we can start to create a cultural difference.

What we have seen in the spending review is a larger allocation of financing in schemes such as the British Business Bank to make sure we are continuing to fund those women entrepreneurs in their start-up journey. Then, at the latter stage, that money is allocated to the Invest in Women Taskforce, which can start deploying that capital to see the frustrations and barriers for itself.

Q137 **Christine Jardine:** The eight sectors listed in the industrial strategy are all very male-dominated. Are there specific initiatives within the strategy that would encourage female entrepreneurs to go into those sectors?

Baroness Gustafsson: Given that 2% of equity is going to female-only leadership teams, this is a pervasive challenge in all sectors. Those sectors are typically male dominated, not because they are better suited to men but because male businesses are better supported regardless of the sector. I would err against thinking of any particular sector as being one that should or should not be for women.

Q138 **Christine Jardine:** That is fair. This might be a more difficult one to answer, but what proportion of the £250 billion of untapped potential of female-led businesses do you anticipate could be realised by the industrial strategy?

Baroness Gustafsson: That is an impossible question to answer. We are trying to create a cultural change.

Q139 **Christine Jardine:** What would you hope?

Baroness Gustafsson: I would love there to be a single thing, where we think, "Aha, here is the problem," we uncork it and then, lo and behold, £250 billion flows into the economy. I am 98% certain that is not the case, and actually it is a culmination of lots of small things. It is a slow and steady process of picking away at the inherent obstacles across myriad directions. My focus tends to be on access to finance, but we all know from experience that it is multifaceted, and it is so much more than just the tactical. It is the perceptions, and it is the cultural shift; we are trying to gently turn the tide against that. I do not think it is something you would be able to specifically measure, and there is nothing we can do that would make next week different from this week.

Gareth Thomas: I support what Baroness Gustafsson says and, to be very boring and practical, the £250 billion figure comes from the Rose review, which reported about five years ago. Obviously, the industrial strategy is a much more recent initiative of the current Government. As Baroness Gustafsson said, there is a range of measures that we, the Government, need to take to try to transform the landscape for women entrepreneurs coming through. Whether it is access to capital, as we have begun to discuss, or whether it is mentorship or better professional support networks and so on, all those things can make a difference. As Baroness Gustafsson said, one of the things we have heard very loud and clear from a range of women entrepreneurs is that access to capital is the single biggest obstacle. In part, that is what the Chancellor of the Exchequer wanted to address more generally for women entrepreneurs in terms of helping to get growth in the economy by delivering on the significant uplift we saw for the British Business Bank in the spending review.

Chair: That probably brings us on nicely to Samantha.

Q140 **Samantha Niblett:** It does, indeed. I was delighted to be in the room when Jonathan Reynolds delivered the statement on the industrial strategy; it was a joy. By way of a little background, I have a very keen interest in this. I was part of InvestHER, a campaign to reverse the law under the last Government that would have clipped the wings of angel investors so that fewer female-founded companies would have received investment. I supported Lets Fund Her to get investment from Innovate UK. I am the founder of Labour Women in Tech. I do a whole heap of work in this space, and I am very grateful to you both for coming in today. There is no pressure, but if it is all right I would like to talk specifically about the British Business Bank receiving additional funding from the spending review. What new initiatives is the bank bringing forward as a result of that funding increase to very specifically support female founders?

Gareth Thomas: First, we have an existing access to finance programme on debt funding called the Start Up Loans programme, which is not unique to women founders, but approximately 40% of those who benefit from the programme are women founders. We want to expand the Start Up Loans programme significantly. We are working out exactly what we can do, and we will make an announcement on that shortly. I hope that will see a significant expansion in support for women entrepreneurs to get up and going.

Then there is the question of equity funding and, as you have alluded to, how we get more venture capital into women-founded businesses at the time when they need it. The British Business Bank has allocated some £50 million to support an expansion of investment into women entrepreneur-led businesses in particular. We are working out exactly what the British Business Bank does in that space, but we think it will be to expand, for example, the regional angels programme.

We are setting up a new investor pathway capital programme, which is designed to encourage a more diverse pool of fund managers to emerge, because we know—as I suspect the Committee has already heard in evidence—that women fund managers are more likely to invest in women-led businesses. That is one of the areas that we can tackle. We want to expand support across the regions and nations, because there is a very significant access to venture capital problem outside London and the south-east. The British Business Bank has set up an invest in women committee in the last 12 months to begin to plot more effectively what else it can do in this space.

Q141 **Samantha Niblett:** Excellent. Last year, for the 30th anniversary of EIS, I sat on a panel with somebody from the British Business Bank. I said that we need data and stuff to measure. Not openly, but downstairs later, he said, "We don't have the data at the British Business Bank, and when we were pushing out the Future Fund stuff through covid, we couldn't do that by ourselves. We had to work hand-in-hand with PwC. It could then track where the money was going so we could report on it later." He said, "If we want to do anything with data, we have to build our own systems with our own IP." Is that true? If so, what is going to be different? More importantly, is it the intention of the British Business Bank to make sure that it is capturing data going forward, because what gets measured gets done?

Gareth Thomas: As you rightly say, more generally beyond just the British Business Bank, there is a problem with data collection in that we do not have a comprehensive database anywhere in the UK to track lending to women entrepreneurs, or indeed to black and ethnic minority entrepreneurs. That is one of the issues we have been discussing through the Invest in Women Taskforce, specifically in the ecosystem group that I co-chair. We are trying to approach the problem in two ways. Business itself is looking at developing a more comprehensive set of data. It is beginning to try to find a provider that can collect data in a more comprehensive way than is currently available that would meet both the need to identify funding going to women entrepreneurs and more generally to a range of other underserved groups. We are also beginning to think about whether Companies House has the capacity to develop more data collection in this space. We are at a very early stage of those conversations. You are absolutely right. If we are to draw in more people to sign up to the code—because a key element of the code is the ability to track lending—then we have to resolve the data collection issue.

Q142 **Samantha Niblett:** Excellent. Finally, the British Business Bank requires a £1 million annual revenue threshold for equity investment. Would the Government support that threshold perhaps being reduced for female founders to reflect the gender pay gap? This has been brought up before with female founders, and I am sure it will probably come up later, so I am sorry if I am nicking somebody else's question. Women often have to take time out if they have a child, so they are instantly penalised for being a female founder and possibly pregnant or a brand-new mum. Would the Government take that into account?

Gareth Thomas: Absolutely. There is some work being done in this space. I will probably need to write to the Committee with a bit more detail, but I absolutely recognise the issue.

Q143 **Chair:** The Minister said that women investors are more likely to invest in women. Something that has come up in previous sessions is the diversity on investment panels. Baroness, what steps are the Government taking to increase diversity and decrease the underrepresentation of women on investment panels in decision-making roles? Not just in terms of gender, but diversity of the women themselves, such as diversity within diversity, and ensuring there is better representation in terms of ethnicity, disability and class.

Baroness Gustafsson: Some 15% of senior investment roles are held by women, and to your point, women are far more likely to invest in women-led companies. Women founders are far more likely to feel supported by female investors in creating that sense of community, so it is absolutely the right thing to be able to do. In some cases, there is a bit of a challenge for women to see that pathway through those senior financial programmes. One British Business Bank scheme that I am excited about is the investor pathway. How do you create examples, how do you support these brilliant, aspirational women to navigate the early stages of their career, and how do you track that? That is the investor pathway initiative coming through the British Business Bank, which I wholly support.

However, it is also about creating a network of women around them, not necessarily just within finance but in that community. When I think about my own experience, I had this wonderful female tap on the shoulder saying, "Shh, this is where all the women are," and there was this brilliant community of fiery women that I drew on all the time. How do we make sure that all women have access to that? There are lots of really good initiatives coming through the Department for Business and Trade in particular. For example, the venture capital unit's female founders initiative, which I have participated in, is bringing those people together. There is quite a powerful opportunity here in terms of that network and quite a lot of work is being undertaken to support that.

Q144 **Chair:** I want to push back slightly on this, because when we work in male-dominated spheres, we will all have experienced that gentle hug and that welcome into a network of women. How do we ensure that the network of women is not exclusively one type of woman? We have heard from black female founders that they have found it particularly difficult to access support and mentorship. Their barriers to accessing finance are many times greater than those of their white counterparts, for example.

How do we ensure those networks are not closed off to different types of women?

Baroness Gustafsson: When we think about diversity—obviously we are having a conversation about women—we tend to talk about gender, but I do not think we should limit this only to gender. We have talked about initiatives by the British Business Bank such as the Invest in Women Taskforce, but let us not forget that a lot of other wide-ranging initiatives are coming from the British Business Bank to try to solve that financial problem for women and for under-represented groups and areas, and how we think about places outside London. I know these are all considerations for the British Business Bank. We need to pull in those networks as early as we possibly can. Rather than being at the point where you feel that you need it; it needs to be something that is naturally there and available. My personal involvement tends to be in the women-led ones. That is where I have the most and deepest experience because I am part of those communities and networks within Government, so I know there are networks for other people who have different interests.

Gareth Thomas: I just want to add that the Secretary of State for Business and Trade has announced the creation of the Business Growth Service. It is modelled on the US Small Business Administration, but the ambition is to provide a much quicker service for businesses and entrepreneurs to get access to the advice and support they need. Ultimately, we want to get it to a stage where it can very quickly point people to a range of networks outside Government, such as networks of women entrepreneurs for new women entrepreneurs to come into and have access to support, or similarly for black and ethnic minority entrepreneurs. That is the ambition of the Business Growth Service. It will take some time to get there, but that is, I hope, the direction of travel.

Q145 **Chair:** That is a really welcome direction of travel, but if we miss this boat now, there are so many more female entrepreneurs still wanting, and we are missing out on their growth, talent and contribution to the economy. The Invest in Women Taskforce and others have suggested that the British Business Bank should set "A minimum level of female representation" for all investment committees in receipt of British Business Bank or associated funding. Is that something you would support or even think about?

Gareth Thomas: I am very happy to think about it. Anything we can do to increase the amount of money being made available to women entrepreneurs is absolutely something we would want to consider. We would want to look at whether there are any wider implications, but in principle, I am happy to look at that as an issue.

Q146 **Chair:** What would the wider implications be? When we say "wider implications," it is not usually positive. What are the negatives? Are you thinking of the possibility of putting more women on investment committees?

Baroness Gustafsson: I have an example, and this is my personal experience. There is a characterisation that women feel less confident in putting themselves forward for some roles. I do not know how true that is, but there is a characterisation that that is the case. I want these brilliant women to know that they are there because they are really good at what they do. There are mechanisms that will, hopefully, be really successful in helping to identify and support that talent through the machine. The worst thing I would ever want is for a woman to feel that she is there as an exercise in box-ticking or, even worse, for the community of people she is sitting alongside to look at her and think she is there as a box-ticking exercise. It is definitely something in our toolkit, but I suspect that if we cannot solve this problem, there could be damaging consequences that we should not underestimate.

Q147 **Chair:** I would probably push back slightly and say that we got to 40% elected women MPs only because of the bravery of one party to say it was going to have all-women shortlists for at least half of its winnable seats. Not a single woman here feels that she is here for any reason other than sheer talent, expertise and experience. It goes to the heart of the culture piece, and as Minister Thomas said, it takes a long time, particularly in a field as embedded as business, and probably as isolating for quite a lot of women as that sector is. I am trying to see whether more immediate actions could be taken, as well as the long-term view, and whether this is something that could be looked at. The Invest in Women Taskforce and others have told our Committee quite clearly that they need to see some action now, not just in the future.

Paula Crofts: Those are all really good considerations that we can take away. We have looked at this in the past. One of the concerns is that we want to make sure that we have as much capital available as possible. The BBB invests alongside other investment committees, and if we just mandated it straightaway, we might see a drop-off. We can take it away and look at it again, but when you asked what the wider implications are, it is the fact that we are working with the market. The investing in women code and the investment committee that the BBB is setting up will give us a way to get into this, and that is how we are approaching it at the moment.

Q148 **Chair:** I am just reading between the lines. Are you saying that the market would not want to hand over money to women investors?

Paula Crofts: I am saying that the market needs to be led a bit more.

Chair: Wow. Okay.

Q149 **Samantha Niblett:** Sorry, I am just letting what you have both said sink in. It sounds very much like you worry that if women, or women from diverse groups, are supported to be successful, it is just tokenism.

Paula Crofts: No, sorry. I was trying to say that if you mandate it for every investment through the BBB, you may see that it takes time to flow through. I am definitely not saying it is tokenism. We can take it away, think about it, and come back.

Q150 **Samantha Niblett:** I would be keen to understand how you are planning to proactively tap into other diverse groups within the already under-represented female founders group. Thank you very much.

We have had the investing in women code since 2019, yet the value of investment in women-led businesses still remains low. What difference has the introduction of the code made to the investment landscape?

Gareth Thomas: As I understand it, over the last five years—this is obviously before we came into our positions as Ministers—the investing in women code has shown that the code signatories significantly outperform the wider market in supporting female founders. There appears to be evidence that signing up to the code sees a shift in performance by the signatories. We, the Invest in Women Taskforce chairs and supporters have certainly recognised that the next stage is to develop a distinct and separate fund to shift the dial still further. Fundraising is taking place for that fund at the moment, and about £530 million has already been raised. The Government have taken a number of steps to try to encourage others to sign up to the fund.

Beyond that specific fund, we are also looking at what else we can do to help shift the dial and, as Baroness Gustafsson alluded to, what else we can do through mentorship, through using our convening power to create more support, and through the additional support we can provide for business training needs particularly focused on women entrepreneurs. We are working on that through the Investing in Women ecosystem group which has looked, for example, at specific procurement opportunities and brought together a network of women entrepreneurs to look at procurement. Similarly, we have a programme of work taking place through that ecosystem working group around trade, looking at what more we can do in that space.

Q151 **Samantha Niblett:** What levers are Government using to get financial institutions to sign up to the code?

Gareth Thomas: Through the British Business Bank, we are seeking to encourage the funders it works with to sign up to the code. Every time there is a discussion about the British Business Bank using some of its resources to support a particular financial services fund, there is a conversation about whether it will sign up to the code. Through the Invest in Women Taskforce work, we are hearing that there is a lot of interest and support for wanting to sign up to the code. The question around data collection is a significant issue for those financial services providers that have very automated systems of lending and are concerned as to whether they will genuinely be able to demonstrate that they are fulfilling the obligations of the code. That is one of the challenges we have to try to sort out in order to get even more people to sign up to the code.

Q152 **Samantha Niblett:** Is it a concern that "Computer says no" is the reason for their not signing up to the code? Is the "Computer says no" part of the problem particularly for investing in female founders?

Gareth Thomas: There are a number of issues involved in that question. It is not that the computer says no in terms of data collection. The computer does not know where to go to get that information because there is no one source of data that can be properly trusted to answer that question in a way that can be transparently and effectively checked. That is why we are talking to Companies House. That is why business is trying to develop its own response to the challenge so that it can have confidence that anybody who signs up to the code can genuinely be shown to be meeting its obligations and can be held properly accountable to it. That is the issue at the moment.

Q153 **Samantha Niblett:** Is there a desire to make that better?

Gareth Thomas: There is absolutely a desire to make that better. Tracking support for women entrepreneurs is a very significant problem. We need to do it, not just in terms of women entrepreneurs but in terms of black and ethnic minority entrepreneurs, and potentially for disabled entrepreneurs.

Q154 **Samantha Niblett:** Would the Government support the British Business Bank making signing up to the code a requirement of receiving support from it?

Gareth Thomas: I would be wary of that at this stage because, as I say, we do not have a comprehensive data source to be able to track and challenge those who sign up to the code on whether they are genuinely adhering to its requirements. Business is very determined to find a solution to this; we want to find a solution to this. This is a significant priority that the taskforce is working on but, in the meantime, while we look to resolve that question, every time the British Business Bank talks to a financial services operation about support, we are asking the question about whether they will sign up to the investing in women code, what they are doing, and what else they are willing to do in this space.

Q155 **Samantha Niblett:** Okay, great, because we would not want them to have a kitemark of good practice if they are not actually good practitioners. Do you think there is an opportunity for the Financial Conduct Authority to potentially mandate reporting on investment in female-led businesses in line with IWC requirements for all FCA-regulated investment providers?

Gareth Thomas: I am hoping to have a conversation with the regulators shortly. I am very happy to draw their attention to your particular question. I do not know because I have not yet had the conversation with the FCA, but I suspect that it would be concerned about the data point as well. Obviously, if you mandate someone to do something, but there is actually no means to check whether they are doing it, you risk creating further problems down the road. More broadly, we absolutely need to bring the regulators into the conversation about what else we can do to unlock capital for women entrepreneurs.

Q156 **Alex Brewer:** Coming back to the investment committees, and forgive me for labouring the point, but I just want to push back again on this point of not having any targets for the number of women on those committees. At the moment, what is the average size of a committee that is applying for funding?

Paula Crofts: I do not have those figures to hand.

Q157 **Alex Brewer:** It seems to me that money is a great incentive for behaviour change, and if you mandate, say, one woman on every committee as a bare minimum, you will very quickly accelerate the number of women on those committees because if they want the money, that is a condition. There is no shortage of talented women out there, so I am still struggling to see what the barrier would be to putting that in place.

Gareth Thomas: I would not want to prejudge what the Committee decides to recommend, but if the Committee was to recommend this, we would certainly be happy to look at that proposition again. As I say, in the 12 months we have been in government, we have been looking at what more we can do to increase the total pot in terms of access to both equity and debt capital. We have been looking at what else we can do in terms of encouraging access to mentoring and other support programmes. The British Business Bank has now set up an investing in women committee, so we have been taking a series of steps. I hope the small business strategy that we will publish shortly will give confidence that we are continuing to move in this space and that we are determined to go further. We will look very carefully at all the recommendations the Committee might wish to come up with.

Q158 **Kirith Entwistle:** Baroness Gustafsson, could you update the Committee on the Invest in Women Taskforce? Does it have the funding it has called for, and when will it begin deploying it? What measures are in place to track the impact of the taskforce?

Baroness Gustafsson: I believe you have met Debbie. Have you met Hannah as well?

Kirith Entwistle: No, I do not think so, but we have met Debbie.

Baroness Gustafsson: I am part of that taskforce as well, so I support them wherever I can. The goal is how to deploy that capital into female-led businesses. There are two mechanisms by which they can do it. The taskforce says, “Right, financiers, show us your money. You need to start deploying this capital.” There is £530 million, say half a billion, set aside which includes £50 million that comes from the British Business Bank. So, there are two mechanisms by which that capital can be deployed: it either goes via a fund of funds mechanism, so they put all their money into a kitty and then the kitty goes and invests, or they can co-invest directly into the company. Depending on the financial institution, they are doing one or the other but ultimately it is all there to support the female-led businesses.

So far, the taskforce has gone through a process to nominate the manager that is going to manage that kitty. In this case, it is Bootstrap Europe, which is a fantastic team of entrepreneurs whose job it is to go and find these brilliant female-led businesses. That part of the work has been done; tick. As far as I am aware none of that capital has yet been deployed into any businesses, but that will be the next stage. At some point, we need to start saying, "Right. Are these guys actually making any money?" I think we are a number of years away from that. The first process we should be measuring is how much of that committed capital has been deployed, and that is a key KPI in the short term.

Q159 **Kirith Entwistle:** What does success look like for the taskforce?

Baroness Gustafsson: On the face of it, success is uncovering these brilliant businesses and making sure they get the money they need, and that they go on to create incredibly successful companies which will demonstrate a sensible return on investment. What we really want to have through this is a much deeper understanding of why this is not happening of its own accord, allowing us to unpick some barriers. My deep instinct is that it is cultural. For example, people look at successful businesses and think, "Oh, to be a successful business, it looks like this," and then they spin it up as pattern recognition, and they are a really good investor because they have pattern recognition which, to my mind, they have just looked at what has happened before and it is just rinse and repeat.

It is a cultural change, and only by forcing it through and getting that money in are you going to start to drive that cultural change. But it could also be that you start coming across these fundamental challenges around access to finance that we can then unpick. That is a long-winded way of saying it looks like a good economic return on that fund, but also broader cultural change where we start to see more successful female-led businesses starting to reshape our perception of what a successful business investment looks like.

Q160 **Kirith Entwistle:** Going back to the point about deployment of funds, you said that is the next step. Do you have a timeline in mind for when that deployment might begin?

Paula Crofts: We are hoping to get some money out by the end of 2025, and then over the next three years.

Q161 **Kirith Entwistle:** That is great, thank you. What are the Government doing to persuade more financial investors to allocate funding to the taskforce to encourage, for example, pension funds and other institutional investors to support, particularly, female entrepreneurs, and what progress has been made?

Baroness Gustafsson: A lot of the big banks that I am familiar with have a potential opportunity to support initiatives like this. At the moment, this is about encouraging these organisations to think carefully about the opportunity they have in front of them. We are writing to these organisations and saying, "Look, there is a fantastic opportunity. We think it would be a really good idea for you to come in and support it." There is a strong encouragement in that direction, which I am also part of.

Q162 **Kirith Entwistle:** Other than that, are there any other mechanisms or processes in place to try to encourage more of that investment?

Baroness Gustafsson: There are mechanisms and processes in place to encourage that. There is no mandation, if that is what you are asking. Bear in mind that we have £530 million, which is a lot of money, and they have had a good, successful raise around that in terms of commitment. I would love to see more, and we are encouraging those big institutions to reach into their pockets and do a little more. That is the role we have to play in Government.

Q163 **Kirith Entwistle:** It feels like there is a reluctance and a hesitancy to shift from encouragement to mandating. Why is that? Why do we seem so afraid to mandate changes or to mandate or ringfence investment into female-led businesses or to encourage or mandate targets? Why does there seem to be a bit of hesitancy there?

Baroness Gustafsson: I am going to answer this as a CEO. Whenever you are trying to encourage a cultural change, it starts with encouragement, and then it is enforced. The investing in women code is a really good example, as we first encouraged people to adopt the code. It is right that we are now shifting to how we enforce people to make sure they are meeting their obligations so that it does not become a badge of honour that people are wearing but with none of the obligations.

There is a time and place to start thinking about mandating the obligations on reporting what you are doing, on supporting women-led businesses and data collection, and starting to demonstrate that data to us. There is a time and a place for that in various aspects, but it has to follow the encouragement.

When it comes to things like the Invest in Women Taskforce, we are still in the encouragement phase. Something has started, and we are getting it off the ground. We have £530 million, which is great. There is more encouragement to do, but we are too early in this journey to be enforcing mandation. I do not think there is an over-reticence. There are places where it is appropriate, but it is too early for the specifics of the Invest in Women Taskforce.

Gareth Thomas: We talked about the practical issue of data collection. Specifically on the fund that the Invest in Women Taskforce is putting together, the fund managers have only recently been appointed. That has been one of the things where we had pushback from some funders that are genuinely interested in supporting a women entrepreneur-focused fund to say, "Who are the managers, and can we have confidence in the actual decisions they will take?" As Baroness Gustafsson alluded to, Bootstrap has been appointed. It has a very good and well-established track record. With the businesspeople who are active participants in the Invest in Women Taskforce, we are now pushing to encourage a range of other people to sign up.

Q164 **Chair:** Is it not the Government's position to lead, and to lead by example? We are talking about a cultural change that has not happened at all yet, despite the fact that we know there is a greater return for investment from female entrepreneurs and female-led businesses. If we continue to do the same thing, we will, unfortunately, be investing in mediocre businesses and missing out on really good female talent because they will never get their foot in the door. Is this not a chance and an opportunity to lead by example and to be bold and brave by saying, "We know we're going to get a greater return; we know these women are worth investing in; they just never get a look in"?

Baroness Gustafsson: What better way to do it than deploying public money, which is what we are doing with this taskforce? This shift from encouragement to actually doing it ourselves is the journey we are seeing. We have seen the investing in women code, and we all agree this is important. Businesses are saying, "Yes, we think this is an important thing to be able to do," but it has not done it. We now have to roll up our sleeves, get involved and start doing this work ourselves in partnership with the private sector, of which this taskforce is a fantastic example. Along this journey, I suspect we are going to uncover brilliant women entrepreneurs and help and support their businesses. We might also uncover all the structural barriers that I do not yet know of. I do not know, but I am hoping there is one because then you have something that you can fix. You are seeing that shift to spending money and deploying capital directly into these businesses, and that is a big directional shift.

Q165 **Samantha Niblett:** Is the Invest in Women Taskforce more of a campaign than an actual physical vehicle? I have been incredibly confused, because when we first had Debbie in as a witness, she expressed real frustration that she wanted a fund of funds and she had not got that; it was sitting with the separate partners who were committed to ringfencing some funding. It would be great to have some clarity on that. When we are talking about funding female founders, is that investment or loans? Obviously, they are quite different.

Baroness Gustafsson: I am going to start with the second question first. The start-up loans from the British Business Bank are available to anyone and anything, and women represent one in three. That is a loan, and everything else is investment. You have the Invest in Women Taskforce, which is a group of people whose job it is to start implementing some recommendations that came out of the Rose review, which is to directly deploy that capital into female-led businesses. They have £530 million, which has been committed to those women-led businesses. Some will be going through that fund of funds, and some will be going directly into the company alongside some investments. I do not know the split of that. Maybe someone better at numbers—I am looking at you, Paula—will know the split. Some will be going direct, some will be through the fund of funds; which does exist. We have now appointed Bootstrap, which is going to be managing the deployment of that capital.

Paula Crofts: It is £110 million through the fund of funds. The rest of it is going through existing portfolios, but we are trying to raise more.

Q166 **Alex Brewer:** This is a slightly different follow-up question to the one I was going to ask. It is more of a comment on the structural inequalities that women face. We have heard so much in this inquiry about those and have met female entrepreneurs who will very readily share the structural inequalities including, for instance, the number of black women-led businesses that were invested in over a 10-year period from 2009 to 2019, which was 10 at 0.02% of venture capital funding, I think, so those structures are there. In my humble view, while it is brilliant that we are making cultural change, we are not moving fast enough.

Gareth Thomas: I welcome the challenge that the Committee is posing to us in this regard, and it feels well timed. We are 12 months on from the start of the Invest in Women Taskforce, and we think we are making progress in the fund's development. Perhaps this is a reference to Ms Niblett's question as well: is the Invest in Women Taskforce a campaign? The Invest in Women Taskforce should not be a campaign on its own. There needs to be Government campaigning in this space. In the questions today, we have focused very much on access to finance, which is certainly what we in Government have heard is the single biggest barrier to women entrepreneurs. More generally, it is also one of the biggest barriers to small and medium-sized businesses being able to expand and grow. That is one of the reasons why the Chancellor has set aside such a significant shift in funds for the British Business Bank. It is also why we launched our call for evidence on access to finance to see what else we can do collectively as Government in this space. As part of that work, we are also asking about the particular challenges facing our underserved entrepreneurs, and, in the context of this Committee, particularly women.

Q167 **David Burton-Sampson:** Minister Thomas, we have had this conversation in the past that female-founded businesses often rely on alternative forms of finance, especially angel investments, but only 14% of angel investors in the UK are women. How do the Government plan to increase the participation of female angel investors, especially in sectors where women are traditionally under-represented? There are two elements to that question.

Baroness Gustafsson: The EIS and SEIS are such good schemes. As we talked about earlier, having female angel investors goes a long way towards being able to support. You are more likely to be able to invest in those women. I completely agree that we need more of them. The challenge is that it is a bit of a self-fulfilling prophecy. If there are fewer women with businesses, you have fewer women-led assets, and there are fewer women with the money to reinvest in turn.

You have to work really hard to capture the ones that are there and pull them into that network. Part of the strand of work that happens in the Invest in Women Taskforce is identifying those women who could go on to be potential angel investors and encouraging them into the angel investor networks, where they get to see the whole pipeline. That is one of the strands of the Invest in Women Taskforce, and it is specifically designed to do that. It is about identifying the women and making sure they are aware of schemes like SEIS and EIS and the great tax advantages of doing this, and just putting this information in front of them and equipping them. There is quite a lot of activity happening there.

Gareth Thomas: Following the spending review, one of our specific initiatives for angel investment is the launch of the investor pathway programme, which is designed to widen the pool of angels and specifically to reduce the barriers to women, and people from underserved communities more generally, becoming angels. We have made a commitment to do that, and we will shortly be rolling out more details about what that actually looks like in substantive terms.

Q168 **David Burton-Sampson:** That is interesting, thank you. Baroness Gustafsson, you mentioned the SEIS and the EIS schemes, the benefits for angel investors, and making more female angel investors aware of those schemes. How do you intend to do that?

Baroness Gustafsson: The Invest in Women Taskforce has a digital offering that makes all this information available. As I said, part of its role is to identify potential angel investors and say, "You should be part of this community." But then, also through its digital content, it is saying, "Hello investor, are you aware that there are these benefits through the SEIS and EIS schemes?" It is just doing a little more to elevate that education piece.

Q169 **David Burton-Sampson:** Has that work started already?

Baroness Gustafsson: Yes. I have some pictures of it at the back of my pack.

Paula Crofts: The BBB is looking to launch specific schemes on angel syndicate support and embracing diversity. That will expand the angel network and try to get more female angel investors. That is something we are working through now.

Q170 **David Burton-Sampson:** Baroness Gustafsson, do the Government have any plans to introduce tax incentives specifically to encourage investment in female entrepreneurs?

Baroness Gustafsson: Not that I am aware of at this stage.

Q171 **David Burton-Sampson:** Are any expectations placed on investors who benefit from tax incentives regarding inclusive investment practices?

Baroness Gustafsson: Not that I am aware of at this stage.

Q172 **David Burton-Sampson:** Would you consider looking at both those elements?

Baroness Gustafsson: Again, thinking about the parameters that are within our control and what can be done, it is something that is definitely worth thinking about. We currently have work in place to deploy directly, but if there is something fundamentally blocking the money from getting to these female founders and it is still not moving the dial, what are the other avenues available at our discretion? It could be something that Government should think about.

Q173 **David Burton-Sampson:** Minister Thomas, do you have anything to add?

Gareth Thomas: Not particularly at this stage, but when we began to have internal discussions in the Department and with business about what more we could do to support small and medium-sized businesses, as I have alluded to in a previous answer, one of the biggest dial shifters is to sort out many of the problems around access to finance, both in terms of venture capital and debt finance. Anything we can do to encourage progress in that space has to be good for all entrepreneurs, including women entrepreneurs. Obviously, if the Committee comes back with a specific recommendation in this space, we will take that away and look at it.

Q174 **Chair:** Baroness, there seems to be a barrier to a number of the things on which we have asked for action. We have heard time and time again from witnesses and experts that we have to wait for things to embed, we have to wait and see if encouragement works, and whether these codes will improve things. Equity and investment in female entrepreneurs has stayed at 2% for over a decade. How long are you going to give for these changes to take hold before you take firmer action?

Baroness Gustafsson: It is a missed opportunity. If you had done this decades ago, we would all be in a very different place. The fact is that we are intervening and using public money as a catalyst to crowd in private money and directly deploy this capital. It is completely right and logical. Should we have done this sooner? Quite possibly. That is probably a fair challenge, but the work is now under way, and I cannot deploy the capital tomorrow because this is what investing in businesses looks like now. It takes time. You have to develop a pipeline, and then you have to do your diligence, but the machinery is now up and away. The money is there; the Bootstrap fund is there and operationalising; this is happening. This issue is difficult to answer because I keep turning it back to what I think rather than what the Government think, but I want to see the consequences. I want to see into that pipeline. I want to hear what the challenges are in deploying that capital.

Q175 **Chair:** How much do you think this investment is actually going to move the dial from 2%?

Baroness Gustafsson: I do not think this investment will move the dial from 2%, but it will give us a much greater understanding of the challenges, and I strongly believe it will start to turn the cultural dial. If these businesses go on to be successful, which hopefully they will, they will inspire the businesses that are following in their footsteps, and things will change. That will obviously take time, but probably over the next 18 months, as this capital gets deployed, we will quickly get a much richer understanding of the quality of the pipeline, the time it takes to get the capital deployed, and the substance of how we build on that £530 million. We will get some real information about what it feels like to be deploying the capital into those businesses.

Gareth Thomas: If we can resolve the access to finance challenges, the £250 billion potential boost to the economy is a huge prize, not just in terms of the individual difference that it would make but collectively to the economy. We always have to be looking at what more we can do in this space. The fact that we have continued the Invest in Women Taskforce, the fact that we have seen an increase in funding for the British Business Bank, and the fact that the Invest in Women Taskforce is quite rightly spawning a whole series of initiatives, whether in procurement, trade or mentoring, is hugely positive. However, there is certainly much more to do if we are to get that £250 billion boost.

Q176 **Chair:** You may have to forgive the Committee 's frustration because, as you say, £250 billion is a massive prize for the individuals concerned and for our economy, yet women are not mentioned once in the industrial strategy.

Gareth Thomas: In terms of the work of the Department, there is the industrial strategy, and the trade strategy and the small business strategy are very much linked to it. The industrial strategy focused on eight key sectors, and references were made to skills challenges and the need for a much more diverse workforce, particularly around advanced manufacturing. We are looking to publish our SME strategy very shortly, and the issues around access to finance that we have touched on will be very much aired in that document.

Q177 **Chair:** Please tell me it mentions women. I know that you will not be able to say what it contains, because it is not published yet, but please can we rectify the past?

Gareth Thomas: It most definitely does.

Chair: Thank you.

Q178 **Christine Jardine:** You have addressed a lot of what I was going to say, but I find it slightly frustrating because I am thinking about the would-be female entrepreneurs either watching this or reading the transcript later. I do not think it is clear to them how and where they are going to get help with this. Is there some way that you can take on board that the strategy not only needs to mention women but needs to be clearer and aimed at women? Somehow, it needs to get its message across better. I am sorry, but it is not clear to me, sitting here today, how it is actually going to help women entrepreneurs. Sorry.

Gareth Thomas: I suppose we have to take that on the chin and take it away. The feedback the Invest in Women Taskforce has had is that it has made a difference, but we need to go an awful lot further. We have been in Government for 12 months now, and as I say, one of the biggest challenges that has been aired with us by businesses across the landscape, particularly by women-led businesses, is on the question of access to finance. Whether it is the uplift in British Business Bank funding, which was announced at the end of the spending review, or whether it is through the work being done very specifically through Invest in Women Taskforce funds, I hope it gives some confidence that there is a direction of travel to try to resolve, or make more progress in resolving, these challenges.

The Invest in Women Taskforce has helpfully generated a range of other initiatives, which are perhaps best captured through the Invest in Women Hub, which is an independent website that the Department supports. It offers a range of practical advice, mentoring opportunities and other support mechanisms. We hear loud and clear, both from the Committee and more generally, that we have to tackle access to finance. We are 12 months in, and we are beginning to do that, but I recognise that we need to go a lot further.

Q179 **Chair:** We are going to bring that section to a close. We will come back to it if we have time at the end, as I know there are Committee members who have further questions.

Minister Thomas, mentorship has come up time and time again. A lack of mentors is a known barrier for female entrepreneurs. What steps are the Government taking to provide tailored mentorship programmes for female entrepreneurs? On the flip side, we have heard from Rupert Lyle, an investment director who, until a few years ago, had never invested in women-led companies and female entrepreneurs. Now, he will not look back. He has mentorship programmes, reverse mentorship programmes, and training and learning so that his investors can better understand the needs of female entrepreneurs. That seems to be working very well for him, because if it did not, he would not be making money. What are the Government doing to ensure that the problem is not just put on the mentorship and training needs of women, when it is perhaps those with the purse strings who are the issue and who need the training?

Gareth Thomas: Let me start with your initial question on mentorship. The Department launched the Women's International Network, which hosts annual events for female founders across all parts of the UK. It provides, through a range of events, the opportunity to network and develop skills on exporting and pitching. UK Export Finance supports female founders by organising mentoring and specific programmes for women entrepreneurs. Baroness Gustafsson may want to touch on the venture capital unit's female founders group. We also have an independent website, which we very strongly support, called the Invest in Women Hub, which points women entrepreneurs towards a range of mentorship opportunities.

Q180 **Chair:** Would you be able to share with us a breakdown of the take-up of those mentorship programmes in terms of ethnicity and background?

Gareth Thomas: The straight answer is that I do not know, but I am very happy to take that away, have a look and come back to the Committee.

Q181 **Chair:** We have heard clear evidence that there are significant barriers to mentorship programmes for many parts of our community, and for the diverse community within women.

Baroness Gustafsson: The DBT has a mentorship process for people who are growing and accelerating their businesses, offering free skills, training and advisory stuff, and the uptake is about 40% women.

Paula Crofts: We have something called the Help to Grow programme, which is aimed at leadership. It is free for businesses that want to grow, as long as they have above 5%. Around 40% of people who take that up are women.

Baroness Gustafsson: I think we are fairly fiercely aligned that there is no shortage of female entrepreneurs or women wanting to start businesses. The narrow part of the pipeline is seeing female representation among the people who are making those investment decisions. You have rightly challenged me to say, "Should we be mandating more women on those panels?" Part of the investing in women code is about how we share best practice in investing in female-led businesses. That is where we should be pressing; how do we get those female voices in the room with decision-makers, rather than trying to teach women entrepreneurs to carry on being entrepreneurial? They know about that. We need to be diverting our energy to the people making decisions about financing.

Q182 **Chair:** How does that look in practical terms? Rupert gave us a very practical and stark example of reverse mentorship. It feels as if learning and mentorship are the only way, as if female entrepreneurs are the problem; we have already established that they are not.

Baroness Gustafsson: I suspect Rupert's ideas are better than mine, but what we are seeing is a shift from encouragement to adopt the investing in women code and seeing it as a badge of honour, to enacting it. What does that journey look like? How do we get them to shift from saying the right, warm words to actually shifting the dial in terms of doing the things that they said they would?

Q183 **Alex Brewer:** Minister Thomas, what targeted support are the Government providing to female entrepreneurs in sectors where women are more likely to lead businesses, such as femtech, beauty or education?

Gareth Thomas: Women entrepreneurs who have a strong business idea, whatever sector it is in, can apply for a loan through the Start Up Loans programme. As part of that start-up loan, they also have access to appropriate advice and support. While those start-up loans are available to everybody, 40% are going to women-led businesses and to women entrepreneurs. Given the success of the programme and the positive feedback we have had from those who have taken out a loan and had the support, we are seeking to expand that programme, and we will make announcements on that shortly. In the short term, that is probably the most significant example, but I have alluded to other programmes of support such as the Invest in Women Hub. Once women entrepreneurs have access to finance, there is a wider pool of support and advice that they can go to.

Q184 **Alex Brewer:** Is that 40% ringfenced, or is it just where it happens to sit at the moment?

Gareth Thomas: It is not ringfenced as such; the British Business Bank tracks where the loans go and, as I say, 40% go to women. We know it is a successful programme, and it is seen positively. That is one of the reasons why we want to expand it because, at the moment, we think it is one of the most effective ways the Government have to provide support to women entrepreneurs who need access to early-stage capital.

Q185 **Alex Brewer:** I am just wondering why it is not 50%.

Gareth Thomas: You are right, we need to do better in that regard. I hope the programme’s expansion will help us to go further.

Q186 **Alex Brewer:** Okay, thank you. How do you ensure that viable female-led businesses have equal access to support and investment in male-dominated sectors like tech, AI, and financial services?

Gareth Thomas: At London Tech Week recently there was a very well-publicised example of the challenges that women tech entrepreneurs can face. There are mentorship programmes that support women entrepreneurs, but we recognise that we need to continue doing more to provide early-stage finance to women entrepreneurs in that space. I hope the Start Up Loans programme will continue to be something that entrepreneurs in those areas can have access to, but we are continually looking for further ideas to shift the dial.

Q187 **Alex Brewer:** We have heard in this Committee that one of the structural inequalities, particularly in the tech space, is that investors like to invest in fast-growing businesses, and that women are more likely to invest in businesses that are a bit less boom and bust and have slower growth but have better returns overall. We have also heard across a number of our inquiries that there are significant structural inequalities built into the tech sector. I am sure you will be aware, Baroness, that particularly in HR there are huge problems with AI through in-built inequalities that algorithms then exaggerate and perpetuate. We have seen huge amounts of acceleration in online misogyny and control over images of women, whether that is in pornography or non-consensual image abuse, and that is syphoning money and power to a very small number of extremely rich men.

This is, frankly, an existential crisis; the two recommendations to this Committee were to regulate and to get women at the top of tech companies as fast as possible. I am going to push back a little more: given that women do not appear in the industrial strategy and that this is not a small business space—it is a fast-growth, high-end space—what more can the Government do to help address this crisis?

Gareth Thomas: I will look at the evidence that the Committee has obviously had access to. I would encourage members of the Committee to be willing to wait just a little while longer for the small business strategy. While you say it is not just an issue for small businesses, it is about fast-growing businesses, we recognise that there is considerable potential in businesses that can get to scale, whether that is in tech, AI or other sectors too. We obviously want to make sure that we are not just perpetuating the existing divides in access to wealth, but that the support we are allocating genuinely helps to shift the dial.

Again, I am happy to look at particular recommendations from this Committee, but I hope that when the Committee sees the SME strategy, it will recognise the concerns that have been articulated here.

Paula Crofts: Particularly on access to finance, we are having a women in STEM roundtable to try to understand the issues on access to finance. I know that is not exactly what you are saying, but I want to make that point because we are trying to understand exactly where they are facing challenges.

Q188 **Chair:** I am sure that is already in hand, but how diverse is that roundtable of women in terms of regional spread, as well as diversity?

Paula Crofts: I will have to check that, but I can come back to you.

Chair: Okay. Thank you very much.

Q189 **David Burton-Sampson:** Mr Thomas, looking at regional investment, what are the Government doing to improve support for female entrepreneurs outside the golden triangle of London, Oxford and Cambridge?

Gareth Thomas: Through the British Business Bank, we have a programme of seeking to back investment in all the regions and nations of the UK and have been rolling out funding in that regard. It is aimed at targeting women entrepreneurs as well as entrepreneurs more generally. There are a couple of significant regions where we have not had dedicated funds, but as a result of the spending review, we will be able to address those gaps very shortly.

One of the reasons why the British Business Bank was set up, and certainly one of the key reasons why we think it has been important to get behind it and substantially increase its capacity, is because of its ability to invest in regions and nations outside the golden triangle where there has been over many decades a slow drawing in of resource rather than a spreading out. Given the progress on devolution in recent years and the opportunities of the "English Devolution" White Paper, it is all the more important that we back that devolution agenda by making sure we are tackling issues around access to finance. In that regard it should make it easier, I hope, for women entrepreneurs in the regions and nations to get access to finance.

The Invest in Women Taskforce has been doing particular work in the regions and nations. For example, we recently ran roundtables in Wales, Scotland and Northern Ireland to look at the particular barriers facing women entrepreneurs in those nations and to think through what more we need to do in that space.

Q190 **David Burton-Sampson:** Earlier, you mentioned the BBB's regional angels programme. What impact has that had to date? Do you know how much funding is being allocated to support its expansion?

Paula Crofts: I will need to double-check, but I think it is 185 angels and around £19 million. I will need to check that and come back to you.

Q191 **David Burton-Sampson:** Do we know what impact it has had?

Paula Crofts: I will have to get those figures for you. We will come back to you on that.

Q192 **David Burton-Sampson:** Do we know to what extent the regional angels programme is focused on women in the regions? Do you have any examples of how that has worked?

Paula Crofts: The figures that I quoted to you—again, I will confirm those—are focused on diversity. I will have to check exactly how many of them are women, along with the impact. Some new things that we are bringing through in the spending review, which have not yet been announced, will definitely focus on women. Again, we can set that out for you in more detail.

Q193 **David Burton-Sampson:** Okay. When you come back to us on this, it would be good if you could maybe give some examples of how that funding is being used.

Paula Crofts: We will.

Q194 **Kirith Entwistle:** Gareth, what maternity support are female entrepreneurs able to access? In particular, what improvements will the Government consider in the forthcoming review of parental leave?

Gareth Thomas: We have launched the parental leave review this week, and it will consider the whole landscape. We are very keen to hear from women entrepreneurs about what we should be doing in that space. The plan is to bring forward recommendations within a 12-month to 18-month period, but I am genuinely keen to hear what will improve that landscape.

Q195 **Kirith Entwistle:** One of the suggestions we heard was around making childcare costs tax-deductible business expenses, either in general or in certain circumstances. Have the Government given any consideration to that being an option or a possibility?

Gareth Thomas: I would have to check with Treasury colleagues about that. We have put an extra £1.6 billion into delivering on the commitment of 30 hours of free childcare, and we have expanded funding to schools to develop nursery provision. That is obviously a result of the first Budget, but we will keep under review what else we need to do in this space.

Q196 **Chair:** Thank you very much, Kirith. We are pressed for time because of the vote, so if there were any follow-up questions from Committee members, would you be happy to receive them in writing?

Gareth Thomas: Yes, of course.

Chair: Thank you all very much for your time, your answers and your candour. That brings this session to a close.