



## Investing in Ethnic Minority Entrepreneurs: Roundtable

Date: 16 November 2023 Time: 16:00 – 17:30

Location: Macmillan Room, Portcullis House

<b>Attendees:</b>	
Sir Peter Bottomley MP – Chair- APPG for Ethnic Minority Business Owners	Matt Bromang – DBT
Diana Chrouch OBE – Special Advisor to APPG for Ethnic Minority Business Owners	Charlotte Thomson – Public Affairs, British Business Bank
Kieran Smith – Parliamentary Assistant, MP Office Sarah Olney	Natalie Gasson-McKinley MBE – Senior Manager, Policy and Strategy, British Business Bank
Jenny Tooth OBE – Executive Chair, UKBAA	Irfan Qadir – Founder and Director - RQZ Finance
Theodora Newman – Manager, Policy and Strategy, British Business Bank (DBT)	Mia Forti – Senior Public Affairs Executive, BVCA
Francis Evans – Head of Business Finance, Department of Business and Trade	Roderick Beer – Managing Director, UKBAA
Lizzie Duncan – Assistant Director for Women's Entrepreneurship, DBT	Suzi Gillespie – Head of Research, BVCA
Gosbert Chagula MBE – Co-Founder & Head of Programmes, Startup Discovery School	John Cushing – CEO and Founder, MNAI
Sharniya Ferdinand – Enterprise Community Strategy Director, NatWest Group	Sandra Kerr CBE – Race Director, Business in the Community
Dawn Snape – Assistant Deputy Director, WISE Division, ONS	Alexandra Mills – APPG Support Officer

### Introduction

The roundtable meeting to discuss the findings of the 'Investing in Ethnic Minority Entrepreneurs' report was chaired by Sir Peter Bottomley MP and attended by ethnic minority business community leaders, finance and policy stakeholders from across the UK. The meeting highlighted the importance of ethnicity data collection for promoting diversity and inclusion in the investment ecosystem and identified several areas for further action and collaboration among stakeholders.

### Background to roundtable

The Investing in Ethnic Minority Entrepreneurs' report is the government's response to the Commission on Race and Ethnic Disparities report of 2021 and its Action 55 commitment to conducting a pilot to explore how the collection of ethnicity data could improve access to finance for ethnic minority business owners.

The pilot was commissioned by the Department for Business, Energy & Industrial Strategy (BEIS) working with 'Investing in Women Code' signatories and their trade associations to pilot data collection on the ethnicity of entrepreneurs applying for finance. This initiative was led by UK Business Angels Association and the British Business Bank (UKBAA) and underscores the government's recognition of the imperative of collecting ethnicity data to address systemic disparities in accessing finance for entrepreneurs.

## **Presentation of report findings**

Sir Peter Bottomley MP expressed the APPG for Ethnic Minority Business Owners' support for this initiative, emphasizing the importance of ethnicity data for better policy-making, increased transparency, reduced barriers, and identifying trends to support ethnic minority-led businesses.

Diana Chrouch OBE outlined the APPG's collaboration with the ONS to explore options for the creation of a national strategy for data collection, with the goal of treating ethnicity as a significant metric at the policy level. She outlines the ONS's subsequent recommendation that Company's House collect ethnicity data to enable the development of a national system of ethnicity data collection that could provide an important evidence base for policy makers

Jenny Tooth OBE – UKBAA in her summary presentation of the report's key findings, explained that data collection and submission by Angel groups was voluntary and that in order to strengthen this commitment and make it sustainable, further guidance was required from policy makers.

The report's data shed light on investment patterns and ethnic disparities by revealing a stark contrast in funding allocation, with white founders disproportionately receiving investment compared to their ethnic minority counterparts. This glaring asymmetry underscored the urgency of addressing systemic barriers that hinder ethnic minority entrepreneurs' access to capital.

Theodora Newman from British Business Bank also highlighted the dearth of ethnic diversity at the upper echelons of investment firms, underscoring the need for concerted efforts to foster inclusivity and representation across all levels of decision-making.

## **Discussion about the report's findings**

Throughout the meeting, a recurring theme emerged regarding the pivotal role of data in driving informed decision-making and policy formulation.

The discussion also touched upon the lack of diversity in investment committees and the challenges faced by ethnic minority entrepreneurs in accessing funding due to the preference for 'warm' referral systems amongst peer networks and historical mistrust.

Concerns were raised about the challenges of collecting ethnicity data due to GDPR restrictions and the need for more transparent and inclusive processes. Suggestions were made to involve a wider range of stakeholders, including trade magazines, as a conduit for providing additional sources of ethnicity data collection.

During the discussion session, stakeholders explored ways to improve the collection of ethnicity data and increase diversity in the investment community. Suggestions included educating and supporting angel groups, encouraging transparency and commitment to diversity at all levels of organizations, and addressing issues of trust and inadequate communication with ethnic minority business owners.

## **Conclusion**

The meeting concluded with proposals for strengthening the case for collecting ethnicity data, including establishing data collection standards, improving communication with ethnic minority business owners, and addressing GDPR implications. The importance of considering class as a factor alongside ethnicity was also highlighted, with a call for a more nuanced understanding of the barriers faced by entrepreneurs from diverse backgrounds.