



Prince's Trust
Cymru

National Assembly for Wales – Enterprise and Business Committee Inquiry into Youth Entrepreneurship

Background

1. Prince's Trust Cymru (PTC) has been asked to give evidence to the National Assembly for Wales' Enterprise and Business Committee inquiry into Youth Entrepreneurship. The Prince's Trust Wales Director will attend the Committee on 20 June; some young people that the Trust has supported into self employment are being interviewed as part of the evidence gathering; and this written evidence is submitted.
2. The Prince's Trust is a UK charity whose mission is 'to help disadvantaged young people in the UK to change their lives and get into work, education or training.' PTC operates in partnerships across the private, voluntary and public sectors throughout Wales to deliver effective support to 'NEET' young people within our target groups.
3. A key strand of the PTC's support is helping young people aged 18 – 30 to explore whether their business idea is viable and self employment is right for them; and supporting them to achieve, regardless of whether they choose to start up in business or pursue an alternative outcome, such as work or training.
4. The Social Return on Investment ratio for the Prince's Trust Enterprise Programme is £1 : £4.31. For every £1 invested in the programme, £3.24 value was created for participants from their increased skills and their progression into employment, self employment, education or volunteering outcomes; and £1.07 value was created for the state largely in terms of additional tax on business profits and participants income but also savings from reduced benefits payments and reductions in offending behaviour.¹

PTC response to the terms of reference for the inquiry

Term of Reference 1 – How effective is the Welsh Government's approach to promoting youth entrepreneurship?

5. Entrepreneurship is an excellent solution for some young people who would struggle to get a job either because of their own circumstances and barriers they face (for example being lone parents or ex offenders) or because appropriate entry level jobs aren't available in their area.
6. However in considering entrepreneurship, NEET young people then face other challenges and barriers to starting a business primarily linked to their inability to

¹ Prince's Trust analysis of the Social Return on Investment model of the Enterprise Programme built by nef consulting (2011)

access mainstream business start up finance. This might be due to a poor credit rating for a variety of reasons ranging from not being on the electoral roll to debt issues; them having an offending background, even if any conviction is spent; them not having any finance of their own to put in to the business at the start up phase or to do any type of test trading; or, if they are a graduate, having a student loan debt.

7. This can impact on their confidence, self esteem and in some cases, their motivation, so creating additional challenges and barriers for them to overcome in considering entrepreneurship and therefore the most disadvantaged young people are most in need and should be prioritised for funding.
8. Vital to overcoming these barriers is mentoring support and training, on its own for some young people, or to accompany any finance provided.
9. The Welsh Government's Youth Entrepreneurship Strategy is well articulated at Ministerial and senior official level and there is evidence of considerable support for youth entrepreneurship through the range of funded initiatives for young people wishing to consider this option.
10. Welsh Government officials are very inclusive and have engaged with PTC (as a recognised provider of support to youth entrepreneurs) on the development and implementation of the strategy and action plan 2010-2015. They have always been very keen to build on what is working well and avoiding duplication and are extremely supportive of PTC's work with young entrepreneurs.
11. However, in our view the youth entrepreneurship initiatives are now increasingly numerous, often from the same funding source, and to some extent overlapping.
12. This makes it difficult to co-ordinate at a delivery level as there is often insufficient distinction between the eligibility criteria for the different types of funded initiatives.
13. This inevitably leads to 'competition' between organisations working with young people who meet broad criteria (such as NEET) and who have to meet stringent funding contract volumes.
14. Since 2008, PTC has worked with 1,610 young people across Wales to 'explore enterprise' as an option for them to move into self employment, or into alternative work or training if they decide business is not for them. Of these, 425 young people have set up in business with the financial and mentor support of PTC. This has been possible through a partnership of private sector, European Social Fund and, most recently, Welsh Government Department for Economy, Science and Transport funding.
15. Within the last year the number of initiatives that are available to support young people within PTC's age and target range has increased considerably. Need for enterprise support doesn't appear to be analysed on a geographical basis as part of considering funding requests. Consequently there is often a lot of similar funded provision in the same area, in some cases from the same funding sources, with delivery taking place at the same time.
16. By way of example, a NEET young person in Denbighshire who is considering entrepreneurship can currently access:
 - i. The Prince's Trust Enterprise Programme which can provide up to £4,000 business start up funding and business planning support and mentoring, which has European and Welsh Government funding.
 - ii. Up to £2,000 for a new business idea from the European and Welsh Government funded programme delivered by Cadwyn Clwyd.
 - iii. The Welsh Government Jobs Growth Wales Young Entrepreneur's Bursary which offers up to £6,000 and business advice.

- iv. The Rhyl City Strategy's Enterprise Solutions Programme, delivered with Denbighshire Enterprise Agency which offers a wide range of test trading and business start up support.
- v. The Welsh Government's Youth Entrepreneurship services delivered by Menter a Busnes which, although not a business start up programme, will identify and nurture young people on their journey towards business start up.
- vi. In addition, early discussions with the Communities First cluster for Denbighshire indicate they will have a priority related to enterprise facilitation.
17. Some UK Government initiatives also impact on the effectiveness of the Welsh Government's approach to promoting youth entrepreneurship, in Denbighshire and across the rest of Wales.
18. PTC regularly receives enquiries from young people who are on the Work Programme asking if they can engage on the Enterprise Programme. If we accepted them on to the programme, because we do not have a Work Programme sub contractor agreement in place we cannot access Work Programme funding and because they are on the Work Programme, we cannot access any other funding for them. This means there are some young people, including those leaving prison, who are not able to explore their entrepreneurship ambitions currently.
19. Also the New Enterprise Allowance (NEA), which provides business mentoring, access to a loan and retained benefits for a period of time is available for young people who are going to start up in business. Again, the number of enquiries PTC receives from young people and NEA providers indicate there is confusion about eligibility criteria and overlap with other programmes.
20. Each of the above programmes and delivery organisations will have a specific focus, for example Welsh Government recognise that PTC works with 'disadvantaged' young people that is those requiring more support to achieve their goals. However, in practice, all of the programmes above are available for 'disadvantaged' young people as being unemployed is a disadvantage.
21. The unintended consequence of this is that young people considering entrepreneurship who are eligible for several different funded initiatives, and their referral agencies, face confusion.
22. JCP frontline staff are under considerable pressure to move people out of unemployment as quickly as possible and, as identified in paragraph 16, they have many entrepreneurship opportunities to consider when deciding on the best way forward for a young person. Our view is that the referral process is not as good as it could be and young people are missing opportunities to be dealt with by the most appropriate organisation, particularly if it means a young person takes longer to leave the unemployment register.
23. The result is that young people may choose, or be directed by their referral agency, to the 'quickest fix' that will give them access to business start up funding quickly even though they would be more successful taking longer and with more support from a different organisation, or not pursuing self employment at that point in their lives.
24. Evidence for this is based on PTC's work with young entrepreneurs since 2008. Although over 1,600 young people have worked with us since that time because they wanted to be self employed, 26% of those went on to set up a business. A further 52% went on to employment, education, training or volunteering. This is evidence that not all young people are suited to self employment or have a viable business idea and that the time spent exploring it in detail helped the young person achieve the best outcome for them and was confirmed in the independent

evaluation of the Prince's Trust's Enterprise Programme undertaken by Ecorys in 2012.

Term of Reference 2 – What steps can be taken to improve or strengthen support for potential young entrepreneurs in Wales?

25. As an organisation supporting young entrepreneurs, it is difficult to keep track of all the initiatives and the best networking arrangements cannot overcome the competition that exists between the different providers.
26. We think the strategy could be strengthened by analysing current provision in areas before funding new provision for the same young people.
27. Also, when new funding is made available to organisations, they should be required to discuss areas of duplication with other funded bodies and agree working protocols. This being facilitated by the Welsh Government Youth Entrepreneurship Strategy team, perhaps through regional meetings, would make this more impactful.
28. This would be strengthened even further if the Wales Work Programme and NEA providers could be involved in these meetings.
29. PTC has also opened discussions with Welsh Government Department for Economy, Science and Transport about being a mainstream part of their wider, co-ordinated Enterprise provision in the future.
30. All of the above would undoubtedly help young entrepreneurs have the best possible experience in considering their options and enable them to meet their aspirations in a way that suits their individual personal background and any socio-economic issues they face. This will influence their success as entrepreneurs and the success of the Welsh Government's Youth Entrepreneurship Strategy and Action Plan.