

Enterprise and Youth Unemployment - the Hidden Opportunity

A report to Labour's Youth Jobs Taskforce

Jamie Mitchell
September 2013

“Entrepreneurship is having a dream and making it happen”

“Enterprise has made our school quite literally buzz with excitement. The children and developing new attitudes and skills, and they have a curriculum that is constantly moving and challenging them.”

“I always knew I would be an entrepreneur, but no-one takes my ambition seriously.”

“At school they call me Lord Sugar. I want to be an entrepreneur, start my own business, make money and provide a service to people”.

“As a business person, I believe we should educate about self-employment and support the development of crucial workplace skills.”

“An enterprising education, where classroom learning is linked to the world of work and business, is highly motivating for young people; broadening horizons and ambition and generating a much needed purpose for learning.

“I used to want to leave school, sit on the settee and play on the computer. Now, in five years time, I want to run my own business in horticulture”

“My local business supports enterprise for young people in our community because we believe it helps prepare them for the world of work”.

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ACKNOWLEDGEMENTS

In preparing this report, I have had the pleasure of meeting a large cross section of people involved in enterprise and young people around the country, and I have borrowed with pride, and thanks, many of their ideas and words. I would especially like to thank the passionate youth enterprise communities in Sheffield and Manchester who took time out of their busy schedules to introduce me to their work and success stories. Of course, I didn't get to meet everyone involved in enterprise and young people in the UK, and for those I didn't talk to, I hope I captured your passions and ideas equally well.

This report is my own personal work, and the recommendations are presented to the Labour Party for policy consideration. I would like to thank Rachana Shanbhogue, in Liam Byrne's office, for patiently helping me out on enquiries and advice. And special gratitude goes to Nathania Lane for her research and writing support, and her constant enthusiasm for the project.

FOREWORD

Under this Government youth unemployment reached a staggering one million young people out of work. Even more face the prospect of a low skill, low paid and insecure job. This has to change.

But we're don't just want to help people to get a job; we want to help those who want to create a job for themselves and for others.

An enterprise revolution amongst our young people could help us tackle the scandal of youth unemployment – and help get our country back on its feet. We will look to the next generation of entrepreneurs to set up the businesses that will help our nation thrive in a fast changing world, drive the innovation that will improve our lives, and create the decent jobs we need.

There is no lack of talent, ideas or creativity among our young people. Our problem is that too much of this entrepreneurial energy is unrecognised or unsupported. And that is why Jamie's report is so important. Our schools, our colleges and our universities must nurture the ambitions of future entrepreneurs, every bit as much as they do for professional and skilled employment. We must do all we can to ensure that those with good ideas can find the advice they need to generate viable firms and access the finance that they need to grow. And we must do all we can to celebrate success.

Jamie's report is about putting entrepreneurship at the heart of our national story, and builds on our goal to make this happen. In March we published our Small Business Taskforce report with 100 ideas on how to support people setting up their own businesses. Our Labour authorities are working together on ideas and programmes to encourage businesses to grow. Stephen Twigg, our Shadow Education Secretary, has been working with businesses on how we can put entrepreneurship more into what schools do. We've set up NG: Next Generation, Labour's entrepreneurs' network with a host of inspiring speakers at cutting edge events - like the live Google Hangout in June, when we linked for the first time, London's Tech City with start-up hubs in Israel and in Lagos. And we've helped bring together a movement of small business groups to put in place the UK's first ever Small Business Saturday taking place on 7 December.

Our challenge is to open the floodgates of opportunity, giving more people the support to turn good ideas into successful businesses. Jamie's recommendations should be read and considered by any one – and any party – who thinks that we can and should do better. We are grateful to Jamie for the fantastic report he has produced.

Rt Hon Liam Byrne MP, Shadow Secretary of State for Work and Pensions

Chuka Umunna MP, Shadow Secretary for Business, Innovation and Skills

INTRODUCTION

Young people are naturally entrepreneurial. They are inquisitive, open minded and digital. They are usually free of commitments, and not yet burdened by the way things 'have always been done'.

And when a young person starts a business, or sets themselves up as self-employed, there are numerous benefits to the economy. They are no longer competing for the limited number of jobs in the market, and yet they are earning money. They are off benefits. They may employ other people, or buy from other suppliers, therefore multiplying the benefit. And most are following a dream.

And those who start up on their own and fail? They learn from their failures. And by trying, they demonstrate to future employers an attractive trait: gumption. I, for one, would always prefer to hire a young person who has given something their best shot, and failed, than the one who has sat on the sofa writing cover letters and sending out CVs, no matter their academic grades.

Experiencing enterprise, whether through learning about it or actually doing it, has untold benefits beyond an increased rate of start-up businesses or self-employed young people. The young people I have met, who have engaged with enterprise, have learned what we in business call 'employability skills'. And those organisations committed to bringing the ideas of enterprise to young people are frequently motivated by the idea that they are helping young people get 'work-ready'.

Having talked to many young people, and to educators, charities and civil servants, it seems that everyone agrees: enterprise is a key weapon in our arsenal for tackling youth unemployment.

But there is a mismatch between this proclaimed belief in enterprise and what I see happening. Because if everyone believed enterprise was a key part to play, then why have only 11% of young people experienced enterprise in school? Why is the perception of the benefits system that it acts as a drag on enterprise? Why do career services and Job Centre Plus' rarely include enterprise as an option for a young person? Why are start up rates for young people so much higher in other countries? Why do young entrepreneurs feel they are battling a prejudice against their attempts to build their own business, or set up in self-employment?

Rod Aldridge, a pioneer in enterprise education, quoted to me an 8 year old girl, who defined entrepreneurship as 'having a dream, and making it happen'. Through meeting with young people around the country, and those who support them, I am convinced this little girl is spot on; and this report's umbrella hypothesis is that enterprise is much more than a way of getting young people to set-up on their own. It is about employability, work-readiness and core skills. And for the young people who engage in it, it is about creativity, self discovery and, just perhaps, making dreams come true.

SUMMARY OF RECOMMENDATIONS

Recommendation 1

Policy makers, civil servants, teachers and others who support young people need to embed, integrate and promote enterprise as a legitimate and valued career option for young people.

Recommendation 2

BIS should look at ways to expand the StartUp Loan Company, and target 20,000 loans a year to young people aged 18-30. In future, payments to delivery partners should be split, with a portion held back until loans are repaid. Any expansion of the initiative to older participants should not reduce the numbers of loans available to young people.

Recommendation 3

DWP should build up a network of enterprise experts to embed in to Job Centre Plus. The NEA should be reviewed, supported and expanded, with a new emphasis on supporting the young unemployed, and the loans element of NEA should be handled by an expanded StartUp Loan Company. Whether or not NEA is merged in to the new Universal Credit system, it is critical the new system acts as an encouragement to enterprise, and not as a disincentive.

Recommendation 4

Local Authorities, especially city authorities, can have a powerful leadership role in local areas. They could create a Local Youth Enterprise Partnership (LYEP), with local schools, colleges, universities and businesses, to coordinate existing youth enterprise activity in the region, to examine best practice from around the country, and to develop strategies and initiatives to boost the culture of enterprise among young people. In some areas, this leadership may need to come from other organisations, for example a Business Improvement District or Local Enterprise Partnership.

Recommendation 5

Enterprise should be placed at the heart of a vision for Further Education in the UK, with extra-curriculum activities, networking events and business admin classes for young people who want to start up on their own. Where possible, FE colleges should try and embed enterprise in to their curriculum.

Recommendation 6

Governing bodies of primary, secondary schools and sixth form colleges should do more to bring enterprise and employability in to their school's extra-curriculum activities, and where possible embed it in to the curriculum.

The Head Teacher, or a Deputy with an enthusiasm for enterprise, should ideally hold responsibility for enterprise leadership, and develop an enterprise strategy for the school.

Recommendation 7

Further research should be conducted to develop a strategy for enterprising schools: one that provides a broader vision for our schools, and combines high academic ambitions alongside work and vocational aspirations; and one that uses appropriate outcome measures and financial incentives to encourage the inclusion of enterprise, employability and high quality career education in every school.

WHY ENTERPRISE? THE HIDDEN OPPORTUNITY

To many, it is self-evident that enterprise should be part of the armoury in our battle with youth unemployment in the UK. But before I delve in to how we could better utilise this weapon, it is important to state the case clearly for enterprise. Because, having met with young people around the country and talked to those supporting their enterprising efforts, I believe in the following two facts:

1. The case for enterprise is far stronger, and more important, than we realise;
2. As a nation, we are at best neutral on enterprise as a career option for our young people.

What is enterprise?

Let me start with semantics. What is enterprise? And how do I differentiate enterprise with that other oft use phrase, entrepreneurship.

For the purposes of this report, I define enterprise as the activity of self-employment or setting up and running a business. More than that, for young people (and the economy more generally), enterprise is almost always about being a sole trader, being self-employment or starting a micro-businesses (less than 9 employees). And these businesses are in regular professions, as shown in the example set in Figure 1.

Figure 1: Example representation of typical sole traders and micro-businesses (in the North-West)



Note: Size represents frequency of business venture

Source: Blue Orchid Management Consultants, providers of business start up support in north-west; businesses supported in past 48 months

That the vast majority of businesses that this report is about are sole traders or micro-businesses in traditional professions is not to say that, among the great swathes of young people starting up on their own, we don't have the next Richard Branson. But, for the purpose of, and recommendations in, this report, my focus is on the promotion of a new wave of small businesses or self-employed young people generally, not discovering a British Google.

And that's an entirely appropriate ambition: in 2012 over 95% of businesses in the UK were micro-businesses and they employed over 30% of the population. In the first quarter of this year, 75% of jobs created in the UK were in businesses that are actually sole traders, the self employed or micro-businesses¹.

Entrepreneurship, for the purposes of references in this report, will be used to mean the attributes of an entrepreneur: someone chasing opportunities without regard to the resources they control. Entrepreneurs

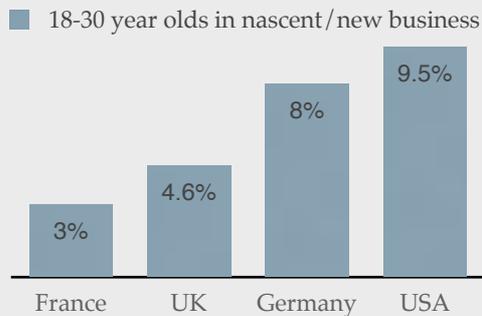
¹ BIS estimates, quoted in *Growing your Business*, Lord Young May 2013

can be found in every walk of life: in the course of writing this report I have met head teachers who are entrepreneurs, as well as university employees, local counsellors and civil servants. Entrepreneurship is most certainly not the exclusive domain of enterprise.

There is significant untapped potential for enterprise among young people

The UK ranks poorly in international comparisons for enterprise activity. Figure 2 shows the level of enterprise (in the form of 18-30 year olds engaged in a nascent or new business) in the UK and elsewhere.

Figure 2: Youth enterprise internationally



Source: Global Entrepreneurship Monitor Global APS 2011

While France may have a bigger challenge, Germany and the US show us the scope of the opportunity.

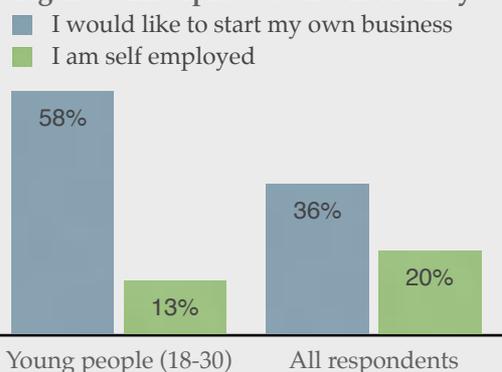
That higher levels of enterprise activity among young people is possible should not be surprising: young people tend to be more open minded, unburdened by 'the way things have always been done'; they are born-digital, an essential component of most businesses today; and they are relatively commitment free - not yet worried by family commitments and the associated financial burdens this brings.

And if you ask young British people, you find they actually have a higher desire to be self-employed or start up their own business than the rest of the population. In fact, 58% of 18-30 olds would like to start up their own business compared to 36% in the population as a whole ².

Despite this higher propensity to set up a business or be self employed, and despite international evidence to suggest that we can, and should, aspire to more young people engaging in enterprise, as Figure 3 shows, young people are far less likely to be self employed than the rest of the population.

But there is reason to be optimistic. The most recent research published by the Prince's Trust and RBS suggests that 25% of Young People expect to be self-employed in the next five years, and they have many good reasons to want that.

Figure 3: Enterprise desire and reality



Source: RBS Youth Tracker (1st Quarter 2013)

Case study: Why young people aspire to enterprise

We ran a number of focus groups with young people as part of the research for this report and discovered four types of motivation to run their own business or be self employed:

1. The born entrepreneur: "I always knew I would start my own business"
2. The needs-must entrepreneur: "I wanted money to buy things my friends had"
3. The social entrepreneur: "I want to make a difference, and believe enterprise can help"
4. The driven entrepreneur: "I want to prove them wrong", "I want to succeed"

Source: author's focus groups

² RBS Youth Tracker (1st Quarter 2013)

The case for enterprise: a hidden opportunity

When travelling around the UK, meeting with young people and those supporting their enterprise activities, one thing has become abundantly clear.

First of all is the economic case: the potential to create more jobs for young people. A young person who becomes self-employed is one less person on benefits, either directly or indirectly. If, through the recommendations presented in this report, the UK was to raise its enterprise participation rates for young people from their current levels, to that of Germany or the US, we would create over 200,000 new self-employment opportunities and businesses.

Case study: Prefix Studios, Bradford

Lewis Hackett, 27, has always been interested in video production and animation and excelled when he studied it. *“Studying something that I was so passionate about was great and I enjoyed every minute of learning about my chosen subject.”*

When he finished his course, Lewis applied for various jobs in the production industry with no success. Lee’s optimism swiftly faded and he found himself long-term unemployed and claiming Jobseeker’s Allowance just to get by. *“It got so bad that at one point I found myself taking all of my qualifications off my CV just to get an admin job, as they said that I was too qualified to work. It was very frustrating and I began to feel very depressed.”*

Lewis knew that he had the skills and the talent to make it so he decided to get in touch with The Prince’s Trust. They spotted his potential and offered him a £2.5k grant and a Trust business mentor for two years to help him start his business. Lewis launched Prefix Studio’s in 2012, which offers video filming, editing, and production and animation services. *“Over the past year things have really taken off. I’ve been working on music videos, festivals and audio productions. Things couldn’t be further from how they were two years ago: I’m now my own boss, managing my own clients, it’s absolutely brilliant. I would advise anybody out there in the situation that I was to just think big and go for it. If you have an idea, you have nothing to lose and who knows what could happen.”*

Source: Prince’s Trust

And, of course, then there is the multiplier effect of one young person creating their own business or employment: As well as generating income, adding to GDP, they will be buying from suppliers and in many cases employing other people.

The beauty of enterprise as an activity is that, unlike employment, there is a limitless pool of opportunities: entrepreneurs and enterprising people are not limited by what jobs there are today, the only constraint are their self-belief, their desires and their dreams.

Critically, even if that business fails, by ‘having a go’ these enterprising young people will have done more for their job prospects than their peers who sit at home writing covering letters and sending out hundreds of CVs: the character traits of someone who has tried and failed to run a business are appreciated by enterprising businesses and entrepreneurial business leaders.

Case study: enterprise as a gateway to work

On leaving school with one GCSE in Art, and limited work experience, Laurence struggled to even get a foot in the door for job interviews. Instead, and inspired by his ‘grafter’ dad who owns his own decorating business, Laurence took to his pedal bike with gardening tools on the back and knocked on doors asking for work, building up a loyal clientele thanks to competitive pricing and good, solid work.

The experience of running his own business paid off: seeing an opportunity for an Apprenticeship in Manchester City Council, he applied and was accepted, in no small part because of his experience with his own business. Laurence has since moved into a permanent role in the Neighbourhood Services Directorate. He is thriving in his new role thanks to his ability to throw himself in, whether the day involves gardening motorway grass verges or clearing fly-tipped bags of rotting food.

When asked where he gets his energy and enthusiasm from (aside from the fact that he ‘eats like a horse’), Laurence asserts that gardening and working outdoors has never been a job for him – he says it’s a passion and a hobby that he, rather luckily, gets paid for. Laurence hopes to pass on the skills he learned whilst working for himself, ‘people skills, how to manage my own time, how to really graft’ onto the next generation of young people. Whatever the future holds, it is bound to be bright for this friendly self-starter.

Source: Manchester City Council

But the case for enterprise is more than the simple economics. The Prince's Trust have argued for many decades that some of the most disadvantaged in society are the least likely to find a job and get back in to employment: many others, more advantaged, are likely to be ahead of them in the queue for jobs. The Trust has therefore been using volunteer business mentors and micro-loans to get some of our most disadvantaged young people in to self-employment and business. Twenty years ago I volunteered as a business mentor for the Prince's Trust, and I saw first hand the positive impact on a young person's life when someone believes in them, supports them and lends them money to start a business. Not only do they become self sufficient, and less reliant on the state, young people who set up in self-employment start to believe in themselves, they start to have faith that they can better their lives; they take back control of their lives.

Third, it is very important to acknowledge that the benefit for a young person starting up a business is more than the opportunity to be self-employed. Today, young people are entering a world dramatically different to that of their parents. No-one expects a job for life, and most young people will experience a much more flexible career path, and will need the skills and knowledge that will allow them to adapt to rapidly changing markets and to new career and business opportunities.

Quite simply, young people *need* to be enterprising in our modern world of work and careers, and across the country where enterprise is being embedded in to schools and colleges it is for this reason: enterprise education is about employability skills, character building and raising ambition and aspiration.

The *Hidden Opportunity* referred to in the title of this report is all three of these hidden opportunities. Enterprise is a route to more self-employed young people and businesses, it is a targeted tool to help disadvantaged young people and the long-term unemployed, and it is an opportunity to build the right skills and resilience in to all young people facing a constantly flexing and unpredictable future in the world of work.

Summary: The hidden opportunity

1. 200,000 new self-employed, sole traders or businesses started-up
2. A targeted employment solution for disadvantaged young people
3. Building in young people the critical employability skills, and character, needed for a modern career

THE BARRIERS TO YOUTH ENTERPRISE

In preparing this report, I have met some amazing organisations, in the third sector, in government and in education, doing incredible things with young people and enterprise. And they are seeing inspiring results. But overall, it is clear that we can and must do more.

The challenge: enterprise is still broadly unrecognised as important for young people

Everyone I have met in conducting this report has supported the conclusion that any strategy to tackle youth unemployment needs to pull the enterprise lever. And yet, despite such widespread agreement and support, other than the dedicated few organisations, and the niche minority of educational establishments, I see little evidence of an appetite for more youth enterprise:

- Careers services, including the national careers service organisation, rarely reference, let alone promote, enterprise, self employment or starting a business to young people.
- Local Authorities' advice and support for young people out of work rarely mentions starting up a business, or becoming self-employed
- Job Centre Plus appreciation of enterprise as a valid route back to work is mixed at best
- Historically, the benefits system has been perceived to act as a disincentive on enterprise.
- Only 11% of young people reporting that they experienced any form of enterprise education at school or college

This report makes this its' starting point: While there are some good examples among policy makers, educators and civil servants on promoting enterprise, this is not uniformly widespread or embedded in common practice, and should be significantly ramped up.

Recommendation 1

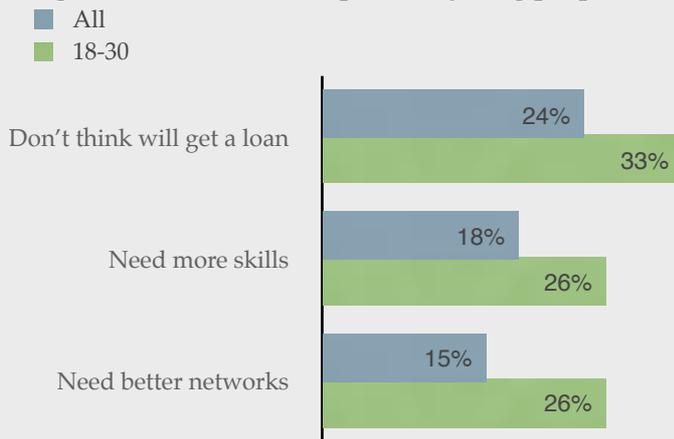
Policy makers, civil servants, teachers and others who support young people need to embed, integrate and promote enterprise as a legitimate and valued career option for young people.

This general recommendation is designed to raise the importance of this opportunity to everyone involved in young people's lives. However, if we are to make a material impact on Youth Unemployment, we need to first better understand the barriers to enterprise for young people, and develop a simple strategy for overcoming them.

Young people face unique barriers to enterprise

Anyone starting a business typically faces a number of barriers to starting up: They may believe the economic climate is too difficult; they may be worried about risk or lack of security; or they may simply not have the right idea.

Three of the biggest challenges for any budding entrepreneur are (1) their ability to finance their venture, (2) whether they have the appropriate skills or experiences to run their business and (3) whether they have the necessary networks, whether for advice and mentoring, or for customer leads, supplier contacts or finding employees. And young people, it seems, find these three barriers significantly more worrying than the rest of the population, as Figure 4 shows.

Figure 4: Barriers to enterprise for young people

Source: RBS Youth Tracker (1st Quarter 2013)

That young people are more worried about these three particular barriers shouldn't be surprising. By their very nature, young people are young. They have saved less money, may not even have credit. They have still to learn many skills that they need. They haven't met as many people.

In fact, this becomes more extreme a set of challenges when you think of young people from disadvantaged backgrounds. Access to money, training and people are hard to come by at the best of times.

As I set about researching this project, and meeting young people, politicians, civil servants and teachers, it became clear to me that these barriers, of finance, skills and networks, were at the heart of the challenge and became the basis for the strategy I have developed. Government strategy for enterprise overall in the economy should, and will, deal with a much broader set of challenges. But for young people specifically, these are the main barriers we need to overcome.

A strategy for Enterprise and Youth Unemployment

In this report, I am trying to be both specific and focused. I set out deliberately intending not to provide a bucket list of everything that could be done in the arena of Enterprise and Youth Unemployment. Instead, I wanted to develop a simple strategy and plan that could have the most material impact, both in the short- and longer-term.

As any student of enterprise would know, strategy is the art of choosing what not to do as well as what to do: it is the big decisions of where to focus resource, where to engage and where to deliver change, to help reach an objective or vision.

The strategy I have developed is focused on three major policy initiatives, in short- to longer-term impact:

- 1. Improve access to enterprise finance, and support, for young people.** There are immediate and real market imperfections that government needs to rectify. Most importantly, future governments should support the Start Up Loan Company initiative, and look investigate ways of doubling its' financial support for young people to 20,000 loans a year.
- 2. Local leadership to create a culture of enterprise for young people.** Local leadership is required to bring together the many existing, but disparate, enterprise activities and support for young people that are active in their communities. With some focus and a clear strategy, it is possible to create a real culture of enterprise in a region or city, primarily through simple coordination and partnership.
- 3. Embed enterprise in to our education system.** We need to embed enterprise in to our schools and colleges, as part of a broader strategy of building employability skills in our young people and creating a culture of enterprise that lasts for generations.

Each of the next chapters in this report deals in turn with each of these strategic initiatives.

1. IMPROVE ACCESS TO ENTERPRISE FINANCE

By far the biggest barrier to enterprise for young people, perceived and actual, is their ability to get “finance for the business”: over 60% of 18-29 year olds (both entrepreneurs and non-entrepreneurs) consider it a barrier, three times more than the concern with a lack of skills or knowledge³.

Compare this with the 45% of general population who consider finance a barrier to enterprise. Why the difference? Well, for a start, young people are unlikely to have a credit rating, haven't owned their own home or paid their own bills, or had a credit card. This makes them 'high risk' for most forms of financing. They also haven't worked for long, if at all, and so are unlikely to have savings on which to self-fund a business.

Financing requirements for the vast majority of the micro-businesses young people will set up will be relatively small, for example £5,000-£10,000. Micro-loans like this, where the risk is high but the absolute returns are low, are not well supported by the private sector. Consequently, they have for some time been the sole responsibility of charities like the Prince's Trust who, for over 30 years, have been supporting young unemployed people become self-employed. Today, through their Enterprise Programme, the Prince's Trust offers training, mentoring and finance to help young people get their business ideas off the ground. Since 1983, 80,000 young people have been helped by the charity to set up in business. But demand has always outstripped supply.

Startup Loans: a success story in the making

Lord Young, the Prime Minister's Enterprise Advisor, identified this widespread market failure in accessing start up finance for young people in his 2012 report, *Make Business Your Business*. Launching the StartUp Loans Company on 28th May 2012, Lord Young expressed hope that it would “transform the experience and enterprise potential of a... generation”⁴. This government funded scheme provides loans and mentors for 18-30 year olds through delivery partners like the the Prince's Trust.

Case Study: Anneli Dance Company

Having been involved in dance since her early teens, and after finishing a theatre studies degree, Kelly Terranova's long-term aim was to work in the creative arts in some shape or form. She runs street dance and drama classes for both children and adults in a different town each night, and her Mums with Good Bums class is especially popular as a sociable and enjoyable way to keep fit while learning a new skill.

It was when she decided to invest in a liveried van, to make herself more mobile around a wider area, that she hit a barrier. *“In the current climate the banks wouldn't lend to me, even with my Dad acting as a guarantor. And I couldn't believe that there was no Government grant system for people like me - a new graduate, already running a small business and intending to employ others in the future as well as making a start on repaying my student debts.”*

Kelly received a Startup Loan and mentoring support from the Fredericks Foundation to grow her business. The loan was successfully repaid within three years and her business is thriving.

Source: Frederick's Foundation; <http://www.anneli-dance.co.uk/>

Since launch, the Startup Loan initiative has grown rapidly. There have been some teething problems, but with over 30 delivery partners around the country, 5,500 loans have now been made, committing £31m to young people starting up on their own (an average of around £5,000 per loan)⁵. Current funding should allow for about £45m of loans a year to 2015 (about 9,000 people a year), although early signs are that demand will outstrip this soon. This is a material injection of cash to promote and support enterprise for young people in the UK.

³ *Global Entrepreneurship APS, 2004-2010*

⁴ *Make Business Your Business, Lord Young, May 2012*

⁵ *Tim Sawyer, CEO StartUp Loans Company, July 2013*

Some people I have met while researching this report have had concerns, however. They are worried that young people whose business is not investment ready are being lent money, money that they won't be able to pay back leaving them with an additional burden of debt. Their challenges tend to be on one of two levels: (1) that the marketing techniques by some delivery partners are too aggressive, or (2) that the incentives for delivery partners is skewed towards lending, not repayment (partners receive a fee when they complete a loan).

In preparing this report, I have met five of StartUp Loan delivery partners around the country, and I have challenged them directly on these concerns. But I have been nothing but impressed with the levels of professionalism and care shown by the partners I have met, and by their investment processes, and business support programmes. Their enthusiasm for the mission is infectious. And the same admiration goes to the StartUp Loan Company themselves: I have no doubt that they are diligent ambassadors for the success of this initiative.

And the evidence of default rates on the loan book also show that, currently, there is nothing to worry about: At 1.5% they are incredibly low⁶. Of course, the book is still very young and default rates will be considerably higher in the future, perhaps as high as 25%. But high default rates are to be expected: these are high risk business ventures being financed. Although the Prince's Trust doesn't publish default rates, I expect them to be very high (since they focus on lending to disadvantaged young people who pose an even higher risk), and yet in 30 years of lending there hasn't been a scandal of young people carrying unnecessary debts.

That doesn't mean delivery partners shouldn't be monitored to make sure they are not lending irresponsibly, and the StartUp Loan Company's Credit Officers and Mystery Shopper initiatives are doing just that. I fully expect any poor performing delivery partner to be removed from the programme swiftly if need be. That said, I do find there to be something intellectually wrong with a delivery partner being paid on executing a loan, and not on repayment. While much of the work is up front, some form of delayed payment based on loan repayment should be introduced.

Another area of concern has been the level of support the delivery partners give to those taking out loans, and the level of support really is really varied among the 30 partners. In time, I believe, more and more delivery partners will learn the same lessons as the Prince's Trust have done in decades of lending money to young people: that the provision of pre-loan support and advice will maximise chances for success.

Overall, however, I am not just satisfied that the initiative is being run well, I have been impressed. I also believe it is playing an important role in pump-priming a culture of enterprise among young people around the country, and legitimising enterprise as a career choice in the eyes of parents, schools and communities.

There is talk of removing the age limit for StartUp Loans and making it a vehicle for enterprising individuals of all ages. While I am not against this in principle, I would not want to see this done at the expense of young people. If the scheme is currently financing at a rate of about 9,000 young people a year, I see no reason not to aspire to doubling that and aiming for 20,000.

Case Study: Rockstar Mentoring

Rockstar Youth is one of the largest delivery partners of the Startup Loans scheme. The loan application involves detailed questions on the business, including sales and cash flow forecasts. Each applicant attends a free incubator session where they are introduced to a variety of business topics, mainly around sales generation, and where they get to present their business.

All applicants are reviewed by an investment panel. Successful businesses are then given a dedicated business mentor with their loan. As well as 1-2-1 mentoring, all businesses attend a monthly group mentoring session with 8-10 other mentees, where live business issues are discussed and debated.

Source: Jonathan Pfahl, Founder Rockstar Mentoring

⁶ The Company defaults 50% of a loan if two payments are missed, 100% for three missed payments (Tim Sawyer, CEO, July 2013)

Recommendation 2

BIS should look at ways to expand the StartUp Loan Company, and target 20,000 loans a year to young people aged 18-30. In future, payments to delivery partners should be split, with a portion held back until loans are repaid. Any expansion of the initiative to older participants should not reduce the numbers of loans available to young people.

Enterprise and benefits: The New Enterprise Allowance and Universal Credit

By definition, many of the young people this report wants to encourage to start-up on their own are currently unemployed and on benefits. And one of the most common perceptions from those I have met is that the benefits system is a disincentive to enterprise.

The New Enterprise Allowance (NEA), introduced in 2011, is a scheme designed to assist unemployed people who wish to start their own business. It is available to individuals aged 18 and over who are claiming Jobseeker's Allowance (JSA). Interested and eligible individuals are referred by Jobcentre Plus to a mentoring organisation, which matches them with a volunteer business mentor. The mentor assists the individual in drawing up a business plan, which is then assessed by the mentoring organisation. If the plan is approved, the individual can access financial support consisting of a weekly allowance of £65 a week for 13 weeks and £33 for the following 13 weeks, and access to a loan of up to £1,000 for business start-up costs. The business mentor continues to provide guidance for the first six months of the new business.

The government has stated the scheme's aim to be the creation of 40,000 new businesses by the end of 2013. So far, 26,000 unemployed people have started claiming the allowance, and can be assumed to be in the process of starting up their business.

What is surprising and disappointing is how only 6.5% of those claimants are under 25 years old, representing a possible prejudice against young people starting up businesses within Jobcentre Plus. Anecdotally, I have heard from many young people that they are not taken seriously by Jobcentres when they say they want to start a business. The NEA is a worthy initiative, but it should work for all ages, should be expanded with extra marketing, and should be supported with more Enterprise Experts, in the long-run, in every Job Centre Plus around the country. I would also recommend in time merging the loan element of the scheme with a broader StartUp Loans Company, since it seems a much more effective organisation for the processing and management of high risk micro-loans for the government.

It is not clear today how NEA will be absorbed or combined with Universal Credits when they are rolled out. There is consultation going on at the moment on the finer details of implementing Universal Credit, and there is some uncertainty as to how to will support people starting out in self-employment. Currently a start-up period of one year is being proposed, but this seems arbitrary and short and should be extended. There are also concerns about mounting paperwork for the self-employed, and that is something that should be avoided.

Recommendation 3

DWP should build up a network of enterprise experts to embed in to Job Centre Plus. The NEA should be reviewed, supported and expanded, with a new emphasis on supporting the young unemployed, and the loans element of NEA should be handled by an expanded StartUp Loan Company. Whether or not NEA is merged in to the new Universal Credit system, it is critical the new system acts as an encouragement to enterprise, and not as a disincentive.

2. LOCAL LEADERSHIP TO CREATE CULTURE OF ENTERPRISE

Over the last six months I have met with, and been inspired by, countless organisations and individuals passionate about, and committed to, supporting and encouraging enterprise among young people. And most of this activity, rightly, is focused on the three identified barriers of finance, skills and networks.

I have also visited local authorities to understand what is happening at the local level, and what sorts of strategies exist to bring about a culture shift in favour of enterprise for our young people.

Current enterprise activity

The good news is that there is lots of activity supporting young people and enterprise.

At the national level, there are many organisations dedicated to youth enterprise. Three of the biggest, the Prince's Youth Business Trust, Young Enterprise and the StartUp Loans Company have all provided information, case studies and grateful support to this report. On the whole, these organisations operate at the local level.

Figure 5: Examples of organisations supporting enterprise for young people

National	Regional
Prince's Trust	Frederick's Foundation
Young Enterprise	Blue Orchid
StartUp Loans Company	Rod Aldridge Foundation
Rockstar Mentoring	Peter Jones Academy
School for Startups	Sheffield Enterprise Pipeline
Shell LiveWire	Sheffield College
RBS Inspiring Youth Enterprise	Innospace (MMU)
Backr	Whalley Ridge School

Enterprise support for young people is a popular CSR strategy for big businesses. Shell has run its LiveWire business plan competition nationally for many years, and the Royal Bank of Scotland, as well as being a major

sponsor of the Prince's Trust, publishes invaluable surveys and reports on youth enterprise every quarter.

But it is at the local level where most of this activity comes to life, and where smaller, but equally important, organisations exist to support enterprise to young people. The Frederick's Foundation, who support young entrepreneurs primarily in the South West, and Blue Orchid who operate primarily in the North-West, are two such organisations. And then there are pockets of enterprise in schools, colleges and universities around the country.

And all this activity adds up. Imagine the impact it might all have with some local leadership and coordination?

Local leadership required

Much of the existing enterprise activity around the country is disjointed. So much can be achieved by coordinating existing activity, perhaps with one or two additional initiatives, in to an over-arching strategy for youth enterprise at the local level.

A visit to Sheffield showed how such leadership can take effect. The Council believes that the foundation of any local economy is its young people: "They are the entrepreneurs, business leaders and workers of tomorrow. So, to create an enterprising local economy, you need to create a whole culture of enterprise among young people". And it has done just that, with rigour, enthusiasm and commitment. In just under ten years, Sheffield has created a culture of enterprise that pervades through its young people.

Having identified that creating and supporting a culture of enterprise among young people was a key foundation for local economic growth, the City of Sheffield has developed a pipeline of key activities from secondary school all the way through to university for young people with an interest in starting up in business.

Among the key elements of this activity are:

- **School Enterprise Champions** – support schools and colleges to develop entrepreneurial activity and model good practice drawing on real business expertise.
- **BiG Challenge** – an enterprise competition designed to encourage young people to consider starting their own business as a credible way forward.
- **Peter Jones Enterprise Academy** – BTEC level 2 and 3 qualification in enterprise and entrepreneurship at Sheffield Further Education College.
- **Young Entrepreneurs Club** – A business network for young people interested in business, with regular events and online support to young entrepreneurs
- **The Universities** – Both Sheffield University and Sheffield Hallam University provide enterprise support for students, from networking events, advice and training to incubation space and even grants.

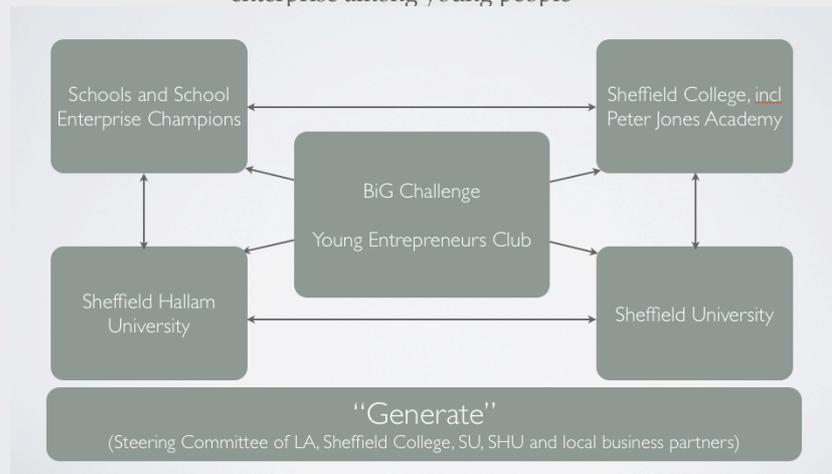
Critically, what is most striking in Sheffield, is the existence of a 'Partnership Steering Committee' made up of Enterprise Champions, university and college representatives and local businesses to oversee and coordinate all enterprise activity in the City. Together, the activity in schools, colleges and universities is amplified within this coordinated strategy and the guidance and oversight of this Committee.

It has been a constant theme in our work on this task force that local issues require local solutions. Coordinating enterprise activity for young people is one of those. And Sheffield need not be the unique example it is today. I was excited recently to visit Manchester where I met with and saw first hand some of the amazing enterprise activity going on within schools and universities. All that was missing was an overarching strategy and coordinating group, where like minded, passionate individuals can get together and move the agenda forward.

Local Authorities looking to redress deep seated youth unemployment need to take the leadership and create a *Local Youth Enterprise Partnership*, comprising enterprising leaders from local schools, colleges and universities, and local businesses to take the lead in bringing together existing enterprise activity in to a young enterprise strategy for the future.

Case Study: Creative Sheffield

"to create an enterprising local economy, you need to create a whole culture of enterprise among young people"



Recommendation 4

Local Authorities, especially city authorities, can have a powerful leadership role in local areas. They could create a *Local Youth Enterprise Partnership (LYEP)*, with local schools, colleges, universities and businesses, to coordinate existing youth enterprise activity in the region, to examine best practice from around the country, and to develop strategies and initiatives to boost the culture of enterprise among young people. In some areas, this leadership may need to come from other organisations, for example a Business Improvement District or Local Enterprise Partnership.

3. EMBED ENTERPRISE IN TO OUR EDUCATION SYSTEM

Currently, enterprise activity, support and education in our schools, colleges and universities is sporadic. The university sector has seen the largest growth in such activity in the past decade, driven by a combination of market forces and central government initiatives. Further Education, I will argue, should have enterprise at its heart - vocational training and enterprise are natural bedfellows. But to really shift the dial culturally in our society, and to get the broader benefits enterprise education brings, we need to embed enterprise in to our schools.

The basics of enterprise education: how to start up on your own

At its most basic level, enterprise education is learning how to start a business. One of the closest held belief of those in enterprise education is that it has to involve actual 'doing'. Ten years ago, as a Adjunct Lecturer in Entrepreneurship at the London Business School, I learned first hand that you can't lecture people on how to start a business. Students need to develop a plan and, preferably, explore it in a practical way, talking to customers and suppliers, pitching their ideas and even starting to trade.

That's not to say classroom work isn't important. For many young people, they need to learn the basics of how to develop a business plan, the practical skills in finance and business admin or an introduction to social marketing.

But for young people who you want to inspire, to introduce to the world of business and to develop some basic employability skills, the evidence suggests practical, hands-on involvement in a business idea is the critical core to good enterprise training.

Case Study: Young Enterprise

Young Enterprise is one of the UK's largest enterprise education charities, and has been operating for over 50 years. Helping more than 200,000 young people every year, their mission is "to inspire and equip young people to learn and succeed through enterprise".

Working most frequently inside secondary schools, like most organisations in this space, Young Enterprise believes in "learning by doing". For example, their flagship Company Programme allows students to set up and run a real firm for a year, with guidance from a business volunteer. As one Alumni is quoted as saying, "I did a year-long management course and it really didn't give me any skills. You can't read to learn how to swim."

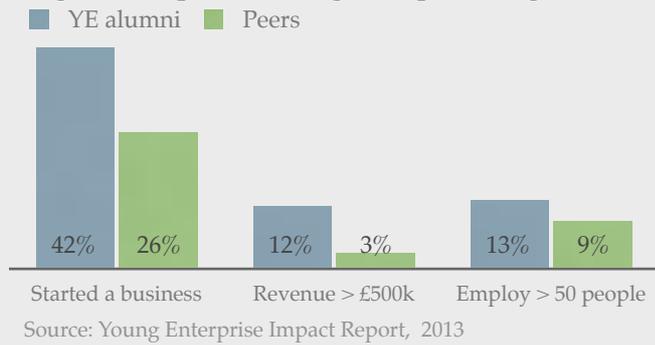
More recently, Young Enterprise have expanded their offering in to Primary Schools with programmes designed to introduce the world of work, aiming to raise aspirations, develop key skills and open their eyes to the world of enterprise .

Source: Young Enterprise; www.young-enterprise.org.uk

The economic case for practical enterprise education is clear

There is considerable evidence to suggest that young people who engage in some form of enterprise training or education are more likely to start up a businesses in their career than those who don't.

Two of the largest organisations involved in enterprise and young people, The Prince's Trust and Young Enterprise, both publish impact assessments that make this case. Out of 13,000 people last year who attended an Inspire information session with the Prince's Trust, over 20% eventually launched a business (through the Trust's Enterprise Programme).

Figure 6: Impact of Young Enterprise Programmes

And recent research from Young Enterprise shows that 42% of the alumni of their enterprise programmes start up a business during their career, compared to 26% of their peers. These businesses also tend to be larger, with a greater economic impact as shown in Figure 6.

But enterprise education and training is more than that: up and down the country, I have met educators and young people who agree on one thing. Enterprise education gives you key employability skills that better prepare you for the world of work, whatever that may be.

A young person who has become self-employed, or set up a business, will find themselves more likely to be hired in the future should they want to move in to employment or find their business fails: certainly among more entrepreneurial businesses, where failure is celebrated as a learning experience, a young person who has 'had a go' is a much more attractive candidate than one who has tried nothing.

But enterprise education is broader, and about employability skills, character and aspiration.

The one constant theme with everyone I have met, whether a provider of enterprise education, or a participant, is that enterprise education is not just about getting young people to start up businesses or become self-employed. In fact, that is the icing on the cake. The bigger, more important benefit comes from the skills learned, and experiences gained, while actively engaged in enterprise. For many participants, enterprise skills are employability skills.

Businesses, small and large, are nothing if not consistent in their tub-thumping on the issue of employability skills. As well as core capabilities in literacy and numeracy, businesses and business organisations expect school leavers and graduates to have developed employability skills, from team-working to communication, and from basic business understanding to basic IT skills (see Figure 7 for the CBI definition of employability skills).

The similarity between what students learn through enterprise activity, and key employability skills, leads me to the simple and clear conclusion that enterprise and employability are incredibly hard to differentiate, and that one of the best ways of bringing more employability skills to young people is to engage them in enterprise education.

In many examples where enterprise is embedded in schools, it is done so with a clear desire to build these employability skills, not just to inspire and motivate future entrepreneurs. For instance, Rotherham Ready, a programme of enterprise in Rotherham schools seeks to embed employability skills both in to the traditional curriculum and through discreet enterprise events or activities. Calling them the Big 13, they are a similar collection of skills to the CBI list (not surprising since they developed them directly with business leaders): teamwork, risk management, negotiation and influencing, effective communication, creativity and innovation, positive attitude, initiative, organising and planning, identifying opportunities and problem solving, leadership, making ethical and economic decisions, financial literacy and product and service

Figure 7: CBI definition of employability skills

1. **Self-management** - readiness to accept responsibility and to improve self; flexibility; time management;
2. **Team-working** - respecting others; co-operating; negotiating/persuading; contributing to discussions
3. **Business and customer awareness** - basic understanding of the key drivers for business success and the need to provide customer satisfaction
4. **Problem solving** - analysing facts and circumstances and applying creative thinking to develop appropriate solutions
5. **Communication and literacy** - ability to produce clear, structured written work; oral literacy, including listening and questioning
6. **Application of numeracy** - manipulation of numbers, general mathematical awareness and its application in practical context
7. **Application of information technology** - basic IT skills, including familiarity with word processing, spreadsheets, file management, and internet search

Source: CBI Education and Skills survey 2011

design⁷. And in Sheffield, “Made in Sheffield”, an initiative designed to match the skills of their young people with the needs of local business, has identified 18 similar enterprise and employability skills under five broad categories of Building Character, Building Core Skills, Planning and Exploring, Organising and Implementing and Reviewing and Learning.

Case Study: From Enterprise to Apprenticeship

Hayley-Marie Kenney was studying her A-Levels at Rugby High School, but wasn't sure if university was for her. Hayley explains: *“I'm dyslexic, and I'm a more practical person. I just wasn't sure if I wanted to go through university.”*

In her sixth form, Hayley took part in a Young Enterprise course. With a team of students across three different schools, Hayley and her colleagues developed a business around a wipe-clean children's cookery books. *“I gained a lot of confidence and really developed my organisational skills. Delivering presentations at competitions was really nerve racking, but it's really benefitted me as I present to others now on my apprenticeship.”*

At a Rugby careers fair she spotted Rolls Royce Aerospace, and applied for their apprenticeship in Manufacturing Engineering. After impressing them during her interview and showing them her cookbook, she was offered a place and started there in September 2009 after finishing school. *“Young Enterprise showed me about learning by doing, as opposed to learning by sitting in a classroom and studying, which isn't for me.”*

Source: Young Enterprise case studies, www.young-enterprise.org.uk

As we will see in this section, embedding enterprising in to our education system is so much more than developing more entrepreneurs. That's still important. But it is also about building character, giving young people a broad set of skills to prepare them for the future world of work, and it is about raising aspirations. And that's worth the extra effort.

Universities are already, and increasingly, delivering enterprise activity and support

Thanks to a series of initiatives by the last Labour Government, Enterprise and enterprise support is growing at a great pace in university campuses across the UK. There are well over 100 universities in the UK, and as of last year 87 of these had active enterprise or entrepreneur societies⁸, and these societies are themselves growing rapidly.

I have seen first hand the varied ways universities are devising ways to support and promote entrepreneurship on campus. Many universities provide advice and support for students who want to be self-employed or start up businesses, and they organise inspiring speakers and networking events. Many others have their own business competitions and some, like Manchester Metropolitan University, have set up on campus incubators (Innospace is a subsidised incubator, offering office space, services and events for students and graduates of Manchester Metropolitan University).

Most importantly, the most enterprising universities realise that, as well as advice and support, to maximise the potential of enterprise, it needs to be embedded in to curriculum. On a trip to Sheffield for this report, I learned first hand how Sheffield University is bringing sustainability to its enterprise activity by embedding it directly in to courses.

In some universities, enterprise has been integrated in to their careers services, as it should. At Durham University, for example, the old careers service centre has been rebranded “Careers, Employability and Enterprise Centre” in recognition of the large number of students who want to be self-employed or start up their own businesses, and the enterprise events and workshops they run. Similarly, Southampton's Solent University's 'career services' is called Employability and Enterprise, and have dedicated Enterprise Advisors.

⁷ www.rotherhamready.org.uk/the-big-13

⁸ National Consortium of University Entrepreneurs Annual Report, 2012

Case Study: Sheffield's Enterprising Universities

The University of Sheffield wants to be known as one of the enterprising universities in the UK, renowned for its excellence in enterprise activity and social impact. Their mission is to provide opportunities for every student to engage with enterprise within the curriculum, and to provide extra curriculum opportunities for those students wanting to develop further.

USE (University of Sheffield Enterprise) is the organisation within the university tasked with delivering this vision. A team of 13 staff, and 8 interns, support academics in embedding enterprise in to their curriculum, and run the various extra-curricular activities.

On the other side of town, Sheffield Hallam University's Research and Innovation Office provides advice and assistance for students who would like to become self employed, go freelance or start a business. A dedicated team of five organise one-to-one advice with dedicated business advisors, run business workshops and networking events, and manage grants and funding through the Hatchery, an on campus business incubator.

Enterprising students also have access to an annual business plan competition, and an innovative scheme, called Venture Matrix, to connect student teams with real life projects in external organisations or businesses.

All in all, I have concluded that enterprise on university campuses in the UK is in reasonable health, and growing rapidly.

There are a number of factors behind this emergence of enterprise on campuses up and down the UK. First of all is the explosive growth in business education and business schools: in the past decade alone the number of business and management students in HE has grown by almost 50% to to over 360,000⁹. These schools run courses on entrepreneurship, business plan competitions, speaker sessions and the like. Second, with the introduction of fees, there is now a real market for higher education in the UK. With excellent destination data and student-base teacher and course performance assessments, students have the data to shop around. Universities are therefore focusing on what students want, and enterprise and employability is high on their list (Universities have long understood that enterprise activity promotes employability skills).

Finally, since 2003 and the Lambert Review on Business-University Collaboration (of which I was a contributor), Universities themselves have become more enterprising places, recognising the importance of relationships with business, employability skills, career services and maximising students success, whatever their chosen path. Enterprise activity fits neatly in to a modern university's view of its role. Funding for spin-outs and other enterprise activity within the university, which increased as a result of the Lambert Review, has further contributed to this culture shift towards more enterprising universities.

Thankfully, many universities now realise that, as important as new tech enterprises, low-tech and low-cost businesses that their students are setting up have an equally compelling proposition for employment and enterprise, and consequently are diverting more resources their way. In the best universities, enterprise champions are embedded in every faculty, and enterprise support is accessible to any student who needs it. There is still some way to go: in most universities, in fact, enterprise has not yet reached many subjects outside of business studies. But I have confidence that the HE sector is on the right path, and in order to keep this report as focused as possible, have decided against any formal recommendations for enterprise and HE.

The same is not the case, however, in Further Education and our schools.

Enterprise needs to be at the heart of any vision for further education in the UK

When it comes to Further Education, enterprise activity and support is at an earlier stage of development than with the university sector, but with some amazing examples of how enterprise can be embedded in to the mission and purpose of a College, transforming teaching, progression to work and self-employment.

One leading case study is Sheffield College, where enterprise has been placed at the core if the college's vision and strategy. Sheffield, like many colleges, runs a range of enterprise courses, from two year

⁹ *The Role of UK Business Schools in Driving Innovation, Association of Business Schools 2011*

programmes for 16-19 year olds (run by the Peter Jones Academy) to short 8-week practical start-up courses for those with a business idea. But Enterprise, for the Principal and senior team at Sheffield, is so much more than this. Since 2007, Sheffield has been encouraging students to learn entrepreneurial skills and even set up a business while still studying. Enterprise has been embedded in the curriculum, initially through practical new ventures, and Enterprise Gateways on each campus seek to promote enterprise as a career choice through extra-curriculum activities, events and relevant training opportunities.

What is clear when visiting an enterprising FE college like Sheffield is the clarity of message to students: setting up your own business or becoming self-employed is a viable option and you will be supported in this.

There is clearly an enterprise movement gaining ground in FE at the moment, where entrepreneurial colleges are bringing enterprise to their students: the Gazelle Group of Colleges, of which Sheffield is a member, is an organisation with 19 FE members committed to transforming their curricula to encourage the entrepreneurial mindset in their students; and six months ago Ofsted published a report on "Promoting enterprise in vocational courses for 16-19 year old students in colleges".

Case Study: New College Nottingham's Car Dealership

New College Nottingham has recently taken over a car dealership to help students launch their careers in the industry. The dealership, a wholly owned subsidiary of the college, gives real life training to mechanics to learn their vocation, and a real life case study to examine and learn about the business side of their profession.

Source: www.auto-retail.com, June 2013

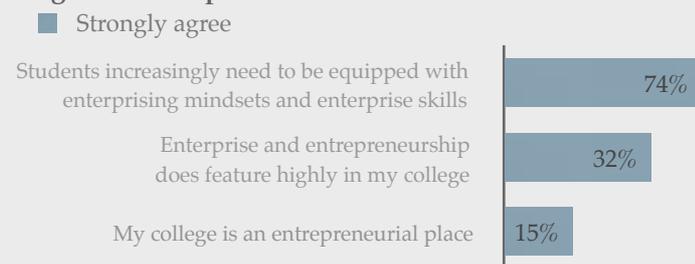
What's behind this movement? Well, at the most basic level is the fact that vocational courses and enterprise are natural bedfellows. The businesses that make up the bulk of the 4m micro-businesses in this country are almost exclusively in industries supported by the vocational courses of Further Education colleges. If you had a limited budget and wanted to invest in enterprise training in a region, you will get more for your money supporting students in vocational training: they have already decided their vocation, and are more likely to be self-employed or start up a business in their careers.

A common perception among people I have met is that FE colleges have traditionally operated in a world where people train for a job for life. Any institution specialising in vocational training has got to embrace enterprise: the world of work has changed beyond recognition from that of previous generations, and today's trades men and women need to be ready to adapt, be resilient to the changing market place. They need enterprise skills. And this is what enterprising FE Colleges have clearly understood.

And the sector seems to be coming around to this view: 74% of colleges strongly agree that students need to be equipped with enterprise skills.

But, as Figure 8 shows, entrepreneurship doesn't feature highly in most colleges.

Figure 8: Enterprise in FE



Source: *Colleges in the entrepreneurial economy*, Enterprise UK

An FE college which specialises in Enterprise will not only provide the right sort of education for its students, but it can also act as a local hub for enterprise in the community, and for young people in the region. Schools could partner with the local FE college to deliver enterprise activity to their students, a more efficient strategy than developing in-house expertise. The enterprising FE college in turn would benefit from reaching out in to schools to market its offering.

Sometimes something is so obvious that you wonder if it needs stating. Maybe the need for enterprise to be embedded in FE colleges is one such statement - it certainly seems self-evident to me. In case it's not, the case

is well made by the Gazelle Group¹⁰ and others. And policy should be adjusted to accelerate a movement that has only just taken root, but whose short-term and long-term benefits for youth unemployment will be material.

Recommendation 5

Enterprise should be placed at the heart of a vision for Further Education in the UK, with extra-curriculum activities, networking events and business admin classes for young people who want to start up on their own. Where possible, FE colleges should try and embed enterprise in to their curriculum.

Only by embedding enterprise in to schools will we shift the dial in the longer-term

Like the FE sector, enterprise education in our schools is patchy. According to the Royal Bank of Scotland, only 11% of young people received any form of enterprise education at school. Many schools work with Young Enterprise, or similar organisations, to bring some form of enterprise activity to students. But a small number of schools and organisations are embedding enterprise in the curriculum, as well as operating extra-curriculum enterprise activities. The Rod Aldridge Foundation, RotherhamReady and Whalley Range High School are three I have had the good fortune to be introduced to, and whose inspiring work I have briefly catalogued in the following case studies.

Case Study: The Aldridge Foundation

The Aldridge Foundation sponsors Academies in disadvantaged areas, with a lead specialism in entrepreneurship. The Foundation wants to harness entrepreneurship as a “catalyst for social change, helping young people reach their potential and improve their communities”, and they do this through the development and promotion of six key entrepreneurial attributes (passion, determination, risk-taking, problem-solving, teamwork and creativity).

Critically the foundation sees each Academy as a community and civic asset, and offers its resources and physical space to support the entrepreneurial activities of the wider community.

Case Study: Whalley Range 11-18 High School

Whalley Range is a girls college in Manchester with a specialism in Business and Enterprise. The school believes that “students need to be enterprising in their approach to life, to be proactive as people, citizens and employers or employees. They need to be able to work well as part of a team, to be able to manage their money for life and to be the kind of people who can take a lead and make things happen.”

As a result, leadership and responsibility feature strongly, along with extensive work experience and enterprise activities. Whalley is also a Hub school for Business and Enterprise and provides support and training for schools across the north west.

Case Study: RotherhamReady

RotherhamReady is a programme of activities aimed at embedding enterprise in to schools in Rotherham, and making enterprise a vehicle for transformation: “Teaching and learning is alive with a new excitement and purpose, and business is inspiring young people to be confident and excited about the future, and to develop the skills they will need to fulfil their ambitions.”

Among the programme’s objectives are the establishment of Enterprise Champions in every school, improve student’s employability schools and encourage more business start-ups, and much of the programme is delivered through partnerships with local employers.

What these organisations have in common is a leader, or group of leaders, committed to the belief that enterprise skills and the entrepreneurial mindset are critical elements of a good school education.

As Catherine Brentnall, who runs Rotherham Ready, put to me in writing: “an enterprising education, where classroom learning is linked to the world of work and business, is highly motivating for young people; broadening horizons and ambition and generating a much needed purpose for learning. Enterprising teachers are excellent teachers,

¹⁰ *Enterprising Futures: The changing landscape and new possibilities for further education*, Gazelle Global, March 2012

developing deep and rich learning that challenges students to achieve and creates a powerful culture of high expectation and aspiration.”

From meeting those leading or partnering with enterprising schools, it is clear that there are three levels of engagement for schools embedding enterprise, as shown in Figure 9.

Figure 9: three levels of enterprise engagement in schools

1. Engage students in specific hands-on enterprise activity, with speaker and networking events, to inspire and educate (e.g. Young Enterprise, Alumni events, etc)
2. Embed enterprise and employability in to the curriculum (e.g., Aldridge Academies and RotherhamReady)
3. Partnering with local businesses for enterprise support, work experience programmes and careers advice (e.g. Business Sponsored Academies).

If we are to move the dial long-term on both (a) enterprise activity in our young people, and the population more generally and (b) employability skills for our school leavers, enterprise needs to be integrated in to more of our schools along the lines of these three levels of engagement.

Recommendation 6

Governing bodies of primary, secondary schools and sixth form colleges should do more to bring enterprise and employability in to their school’s extra-curriculum activities, and where possible embed it in to the curriculum.

The Head Teacher, or a Deputy with an enthusiasm for enterprise, should ideally hold responsibility for enterprise leadership, and develop an enterprise strategy for the school.

Other organisations can make a difference: charities dedicated to the training of teachers and leaders in education, such as the Future Leaders Trust, Teaching Leaders and Teach First, should be embedding enterprise and employability in to their training programmes to ensure our future teachers and heads have a passion and commitment to enterprise.

And what of central government’s role? I don’t believe the solution to encourage schools to be more enterprising will be a centrally originated, top down ‘command and control’ policy - it just wouldn’t be the entrepreneurial solution. However, I do think schools could be encouraged and educated. A thorough review of best practice from schools around the country, published by the DfES would be a start.

But to achieve a more rapid development of enterprise in schools would require a change to school incentives and measures. While any recommendation in that area is beyond the scope of this report, I would like to offer up some further thought for policy development in the next section.

Further thought: developing a strategy for enterprising schools

My colleague on this task force, Alan Buckle, has already challenged our thinking on the role of schools in the battle against youth unemployment¹¹. Specifically, we are asking why our schools don't have a clear, specific responsibility to help young people choose the right path, whether it is university, work or training. It seems to me that schools and colleges should be just as motivated to find the appropriate path for each student, as they are by their GCSE or other academic results.

Academic results, and our school's emphasis on them, remain crucial targets for schools, and in no way am I suggesting the focus on academic performance should be diminished. But we must also recognise that, for 50% of young people, further academic studies at university is not the likely path they will take. And for them, we need to build a school system that supports them equally.

To achieve this will require a measurement system to sit alongside academic results. Comprehensive destination data is the basis for such measures. Each school should aspire to ensure every student moves from school to either work, further training or further education. And achieving 100% in these destinations at age 16, 19 and 22 should be the national, and the individual institution's, target.

Finally, we will need to align the incentives to encourage schools and FE colleges towards employment and work. Ofsted would need to monitor and report, of course. But more importantly, we would need to address the current mis-incentives in the financial arrangements in schools where, for example, a school might be better off financially encouraging a student to stay in sixth form even if the right route for them is vocational at a local FE. We need a strategy that makes schools and FE colleges work together, in unison, for each and every young person's best interests.

The technical details can be sorted out - it is the aspiration that's important: building an enterprising education system that meets the needs of every student, an institution supporting all life and work choices, and one which

- puts employability, including enterprise, at the heart of the curriculum
- delivers meaningful, expert career education and support, relevant to each student's needs
- collaborates and partners with local businesses to achieve these aims

Some have responded to these ideas that schools don't have the skills and expertise to deliver a programme like this. For some schools, this may be true. But others are showing that it is entirely possible. And the lack of expertise today shouldn't put us off: provide the right incentives and the enterprising schools will adapt far faster, and far better, than any centrally planned initiative could deliver change.

Recommendation 7

Further research should be conducted to develop a strategy for enterprising schools: one that provides a broader vision for our schools, and combines high academic ambitions alongside work and vocational aspirations; and one that uses appropriate outcome measures and financial incentives to encourage the inclusion of enterprise, employability and high quality career education in every school.

¹¹ Labour's Youth Jobs Taskforce, *The Business Perspective*, July 2013