

## United Kingdom: The Prince's Trust Youth Business Scotland

**Description of Programme:** The Prince's Trust Youth Business Scotland (PTYBS) provides tailored funding and support services to young people across Scotland to help them start and develop their own business, with a focus on the most disadvantaged and those businesses with most potential to grow.

**Context:** The economic crisis has significantly increased United Kingdom unemployment rates and young people continue to be disproportionately affected. Long spells of unemployment can have serious long-term effects for individuals, particularly young people. Research suggests that prolonged unemployment for young people can reduce future earnings and increases the likelihood of future unemployment and social exclusion. While the youth unemployment rate in the UK has not been as high as other EU countries, youth unemployment in large urban areas such as London has reached 25% and is higher for groups such as ethnic minorities and those without qualifications. Youth unemployment is also a significant challenge in Glasgow, the largest urban area in Scotland, where 11% of youth between the ages of 16 and 19 are not in employment, education or training (YEP, 2012).

**Problem addressed:** PTYBS aims to provide financial support to perceived non-bankable young people of 18 to 25 years old (18 to 30 years for those with disabilities) in Scotland. It acts as a lender of last resort for young people who want to start viable businesses.

**Approach:** The PTYBS model combines microfinance with a range of focused business development services. It is delivered by a public partnership with a non-governmental organisation. Thus although PTYBS was an initiative of the Prince of Wales, it works very closely with public service partners from the Scottish Enterprise Network and the Scottish government's enterprise agency system, receiving most referrals from them. The initiative receives and disburses conditional start-up grants of GBP 1 000 (approximately EUR 1 170) and offers loans of up to GBP 5 000 (approximately EUR 5 840). Businesses with growth potential may receive Development Loans of up to GBP 10 000 (approximately EUR 11 700). Accelerator Loans of up to GBP 25 000 (approximately EUR 29 200) or Innovation Fund loans of up to GBP 30 000 (approximately EUR 35 040) help 18 to 25 year olds with an innovative concept or product to take their idea to the next stage. The finance is complemented with training, coaching and mentoring provided by more than 650 volunteers from local business communities. PTYBS is funded by corporate and individual donations, government grants, government contracts to manage grants, and the European Regional Development Fund (ERDF). It received GBP 935 000 (approximately EUR 1.1 million) in donations, GBP 1.2 million (approximately EUR 1.4 million) in grant income from the Scottish government, Scottish Enterprise and the ERDF and GBP 175 000 (approximately EUR 204 380) in interest income from loans.

**Impact:** An evaluation (DTZ, 2007) showed that during 2004-2005, PTYBS generated 155 additional start-ups and helped an additional 416 start-ups start sooner, on a larger scale, or higher quality. The cost per start-up taking Business Gateway expenditure into account was GBP 2 351 (approximately EUR 3 460), GBP 15 565 (approximately EUR 22 920) per fully additional start-up and GBP 7 989 (approximately EUR 11 760) per net job created. In the year to June 2011, it helped 620 young people to start 581 businesses (PTYBS Annual Report, 2011).

**Consideration for success:** As a member of the Prince's Youth Business International network of independent non-profit initiatives in 34 countries, PTYBS is able to draw on international good practices. In addition to providing financial support, training, coaching and mentoring, PTYBS actively promotes the businesses it helps through the media and public relations, by facilitating networking clubs and social events and by offering opportunities to enter competitions and awards.

Figure 10.27. **Entrepreneurship and self-employment data for the United Kingdom**

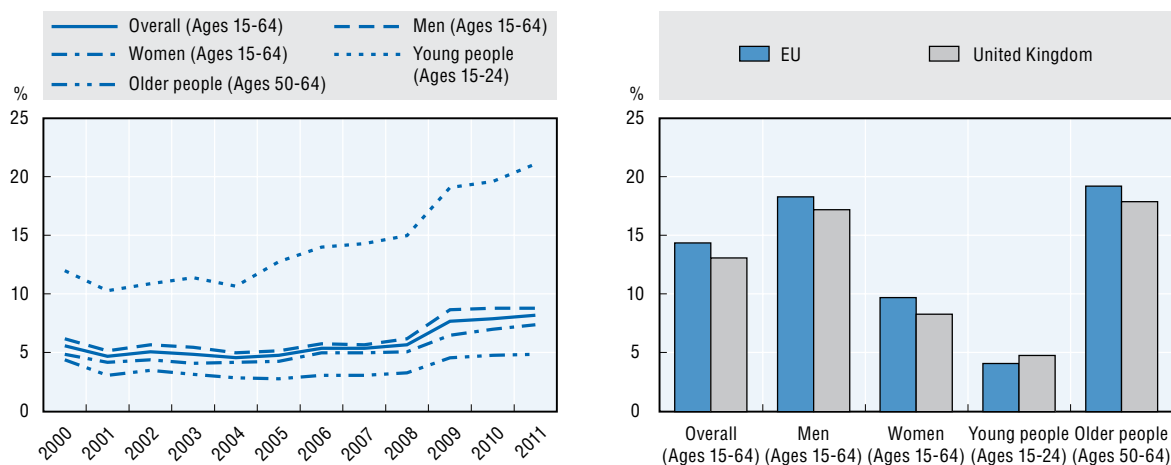


Chart C. Self-employment rates, 2000-11

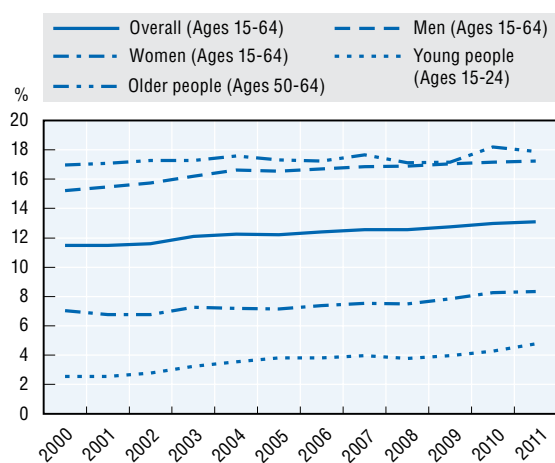


Chart D. Total early-stage entrepreneurial activities rate, 2011

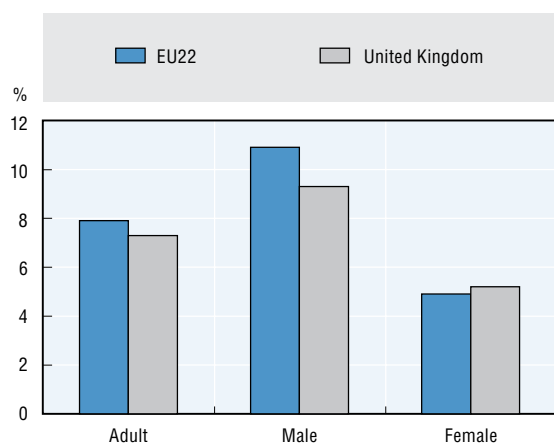
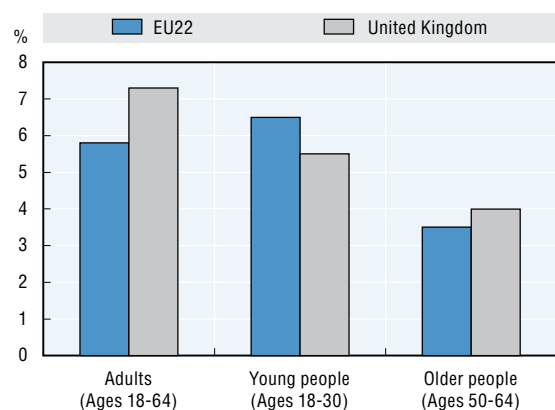


Chart E. Total early-stage entrepreneurial activities rate, 2007-11 (combined)



Sources: Chart A. Eurostat, Labour Force Survey, 2000-2011; Chart B. Eurostat, Labour Force Survey 2011 ; Chart C. Eurostat, Labour Force Survey, 2000-2011 ; Chart D. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2011; Chart E. Special tabulations of the Global Entrepreneurship Monitor adult population survey, 2007-2011.

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