

Developing youth entrepreneurial skills for the innovation economy

Tuesday 23rd September 2025

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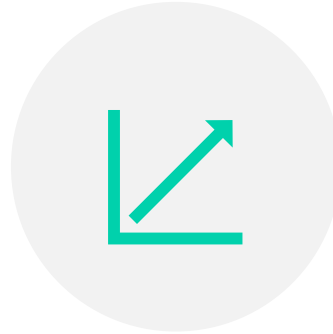
Project overview



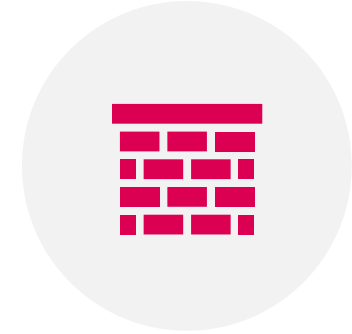
Key findings



Roughly only **1/3** of schools in England teach entrepreneurial skills, deepening place-based inequalities



If UK youth entrepreneurs matched US youth's entrepreneurial productivity, we could grow the UK economy by **£10B** annually.



Only **4%** of young people who start a business sustain it beyond 3 years

- In 2015 the average UK entrepreneurs were white males, aged 42, had a master's degree, and £20,000 in disposable income in savings.
- In 2022, the average UK entrepreneurs were still white males, in their 40s, lived in the South East, had a degree and previous work experience in the same sector as their business, as well as around £11,000 of disposable income in personal savings and access to £6,400 as a loan or gift from parents

Background

To explore how innovation districts can better support youth entrepreneurs develop skills to fuel prosperity and inclusive growth through the UK economy.

- Urban Foresight led this national study, developed by UK Innovation District Group (UK IDG) and the Connected Places Catapult and funded by Innovate UK.
- The study was in response to emerging trends in the UK surrounding the declining supply of skills, productivity gaps, youth unemployment and inactivity, and stagnating growth in the UK's entrepreneurial ecosystem.

The study provides evidence to support:

- National and regional policies, such as the recent Small Business Plan, to develop effective support for young entrepreneurs and drive inclusive innovation & economic growth across the UK.

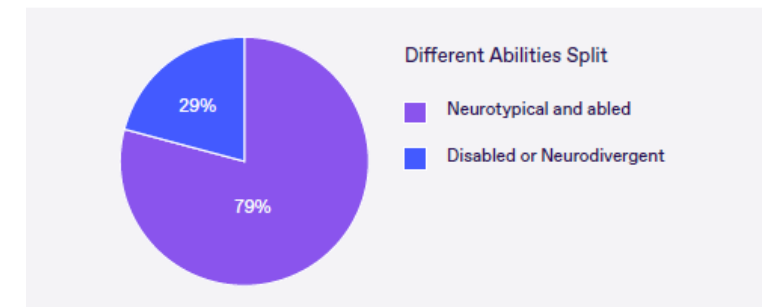
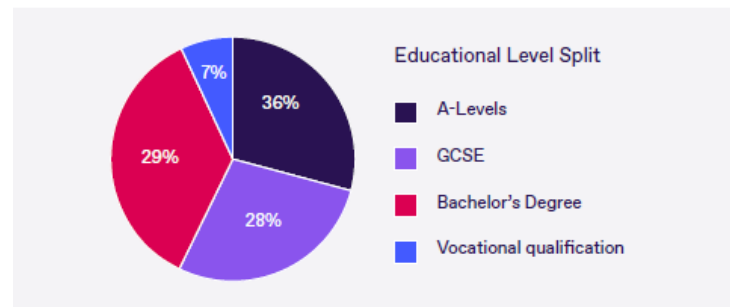
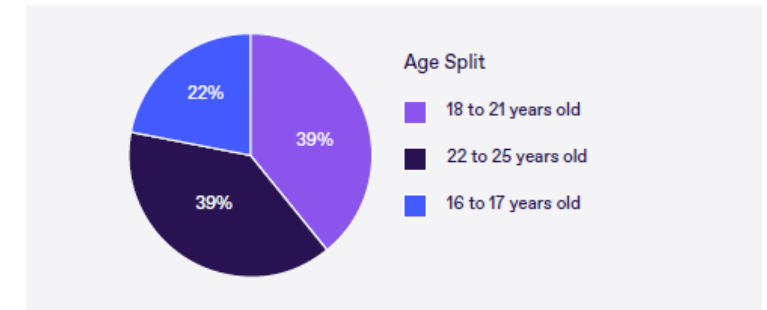
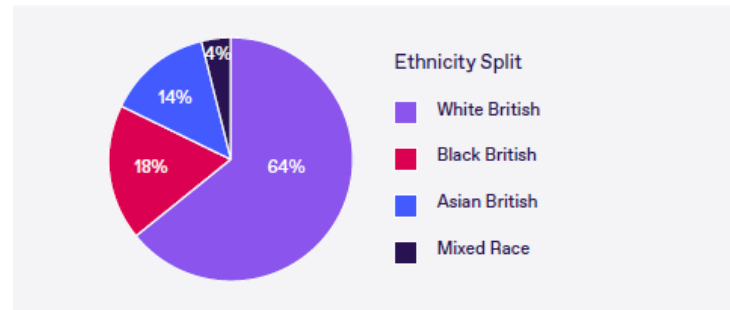
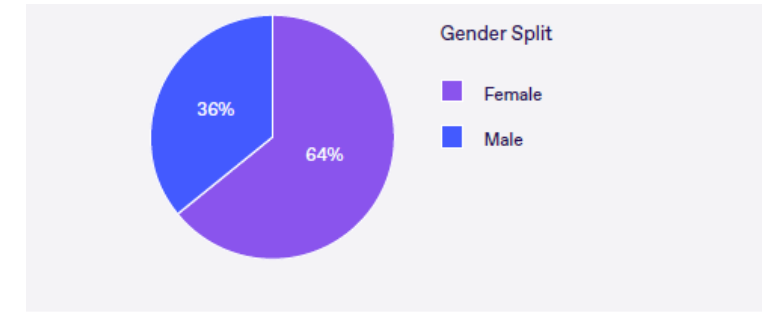
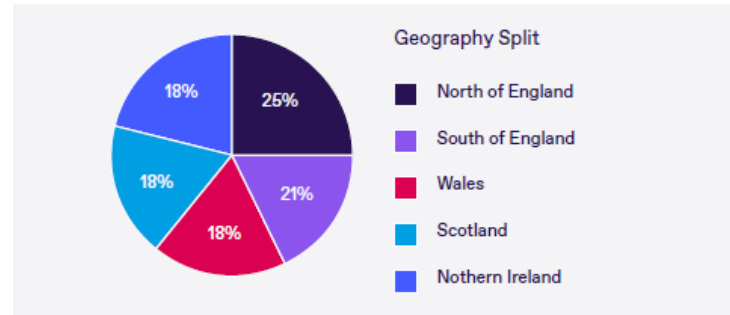


Action Research Youth Panel: 28 young people from diverse backgrounds attended workshop sessions

Purpose: Understand young people's lived-experience, attitudes, needs and barriers in relation to developing entrepreneurial skills.

Recruitment Criteria:

- 16–25-year-olds (RQF levels 3–6) with a preference for being self-employed
- Over-quota from underrepresented groups from all 4 devolved nations



How can supporting youth entrepreneurial skills development drive innovation in the UK?



Innovation districts can enable greater high-growth business creation through supporting youth entrepreneurial activity

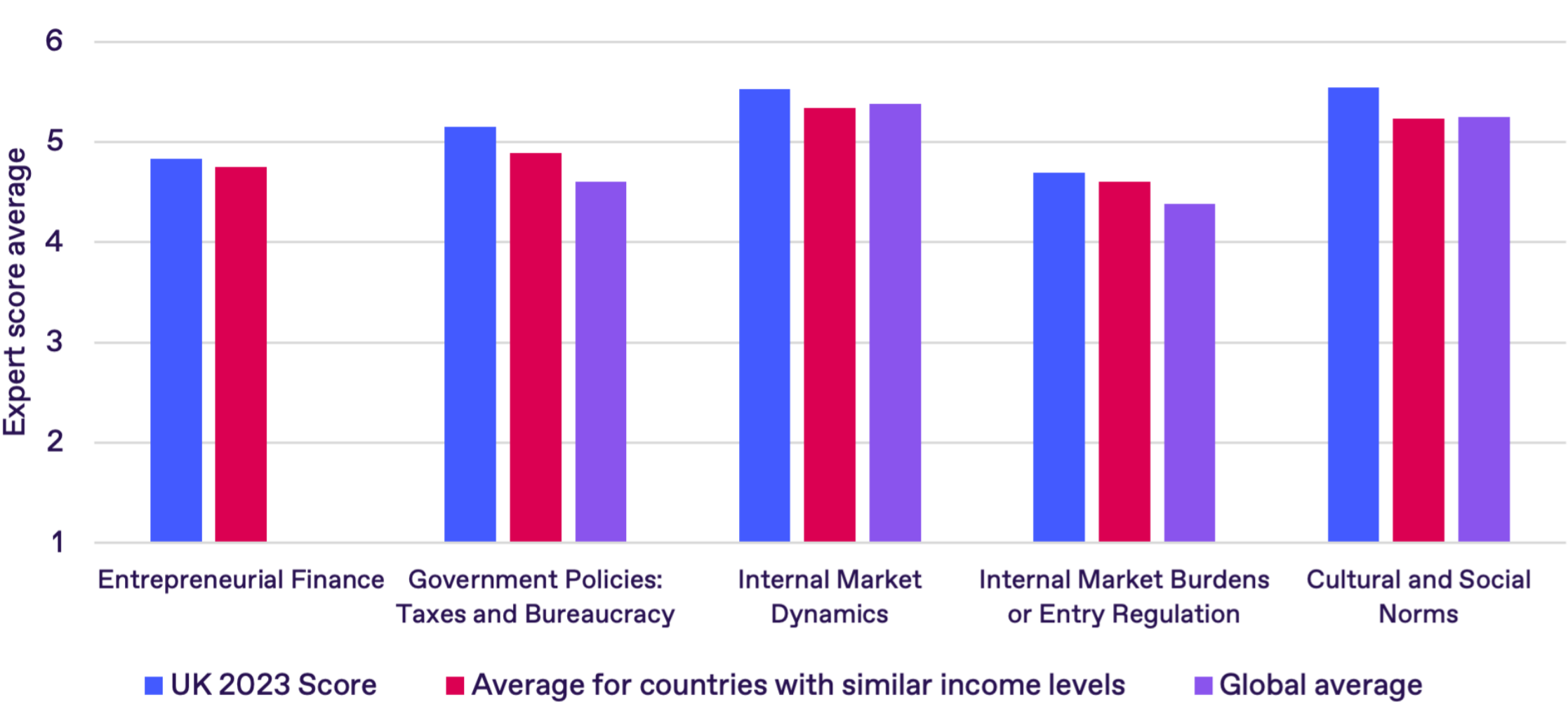
Basic entrepreneurial skills are unevenly distributed across demographics and places, which likely impacts the volume of high-growth business creation

To improve the downstream support for high-growth spin outs and starts ups, it is important to recognise that:

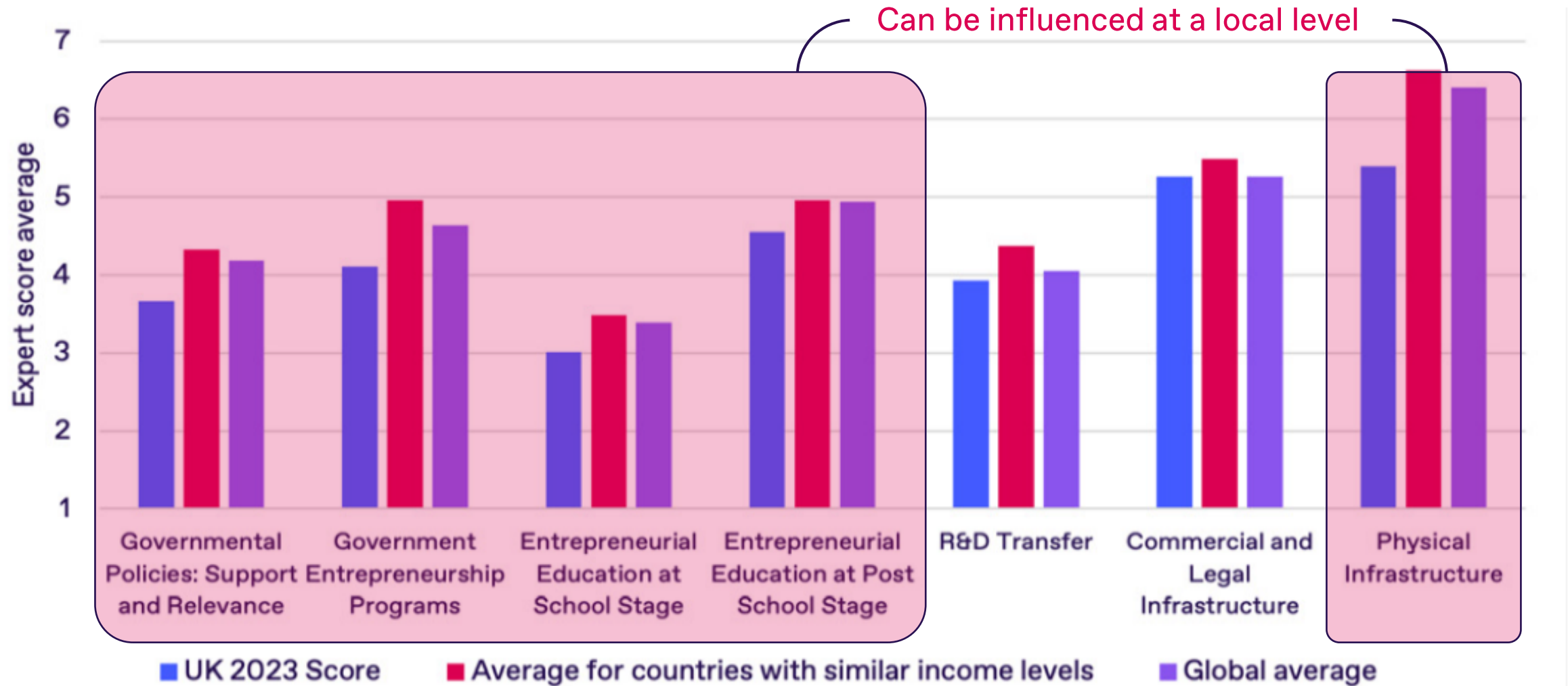
- The most effective action is to focus upstream on younger people to develop foundational entrepreneurial skills and mindsets.
- This enables a higher volume of high-growth enterprises to be created.
- Young people who do not become entrepreneurs can contribute more productively as employees.



GEM Entrepreneurial Framework Conditions: UK Strengths to be leveraged



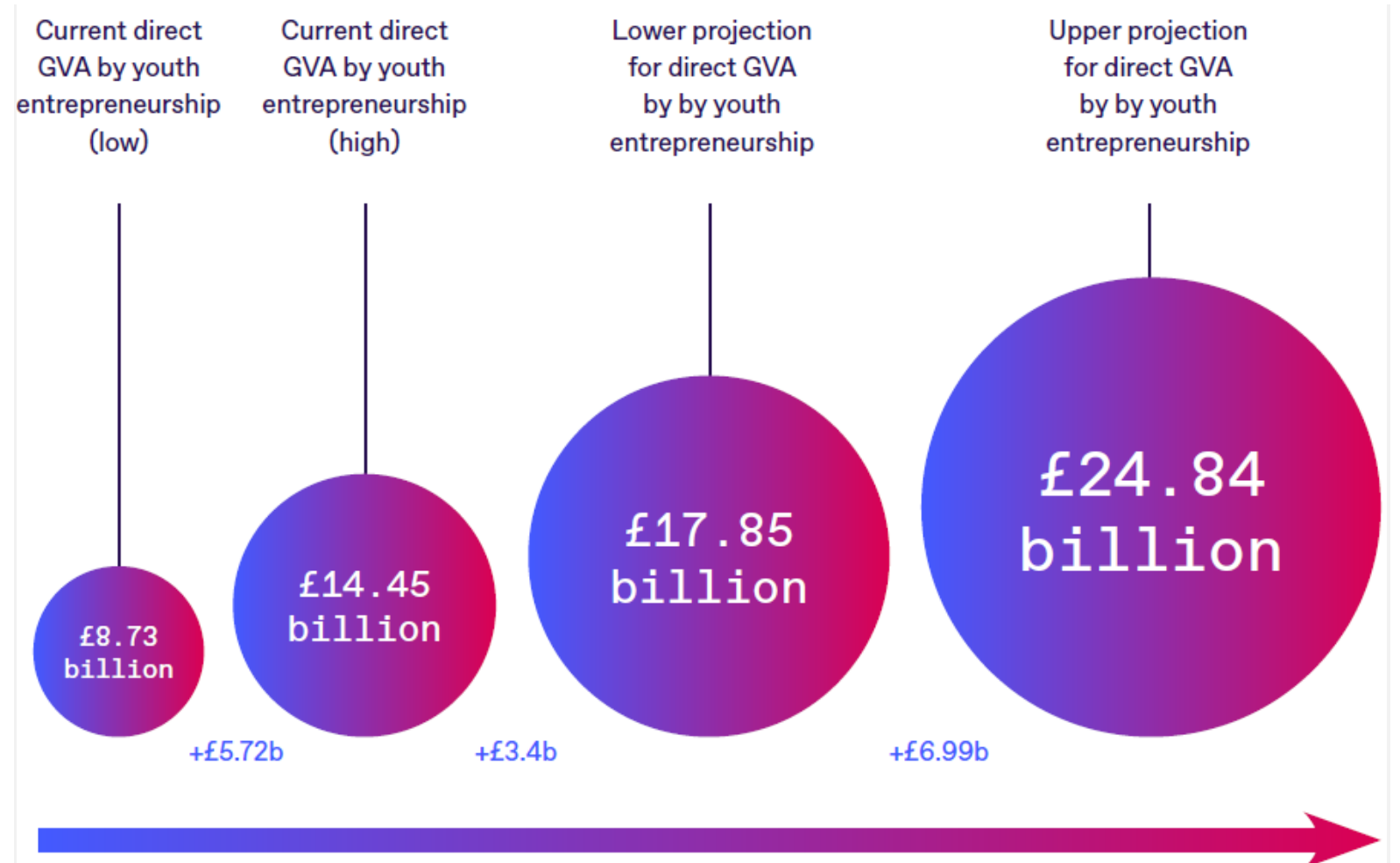
GEM Entrepreneurial Framework Conditions: UK Weaknesses to be addressed



Supporting youth entrepreneurship could generate £10b in GVA from increasing youth entrepreneurial activity to the same level as the USA

As in the USA, if the UK's youth entrepreneurs reached 50% of the UK's average enterprise productivity, an extra £10b could be generated for the UK

- UK youth entrepreneurial activity is ~13%, US youth entrepreneurial activity is ~26%.
- Shaw and Sorenson (2022) show that young founders who become serial entrepreneurs see their sales revenues nearly double between their first and second firms.

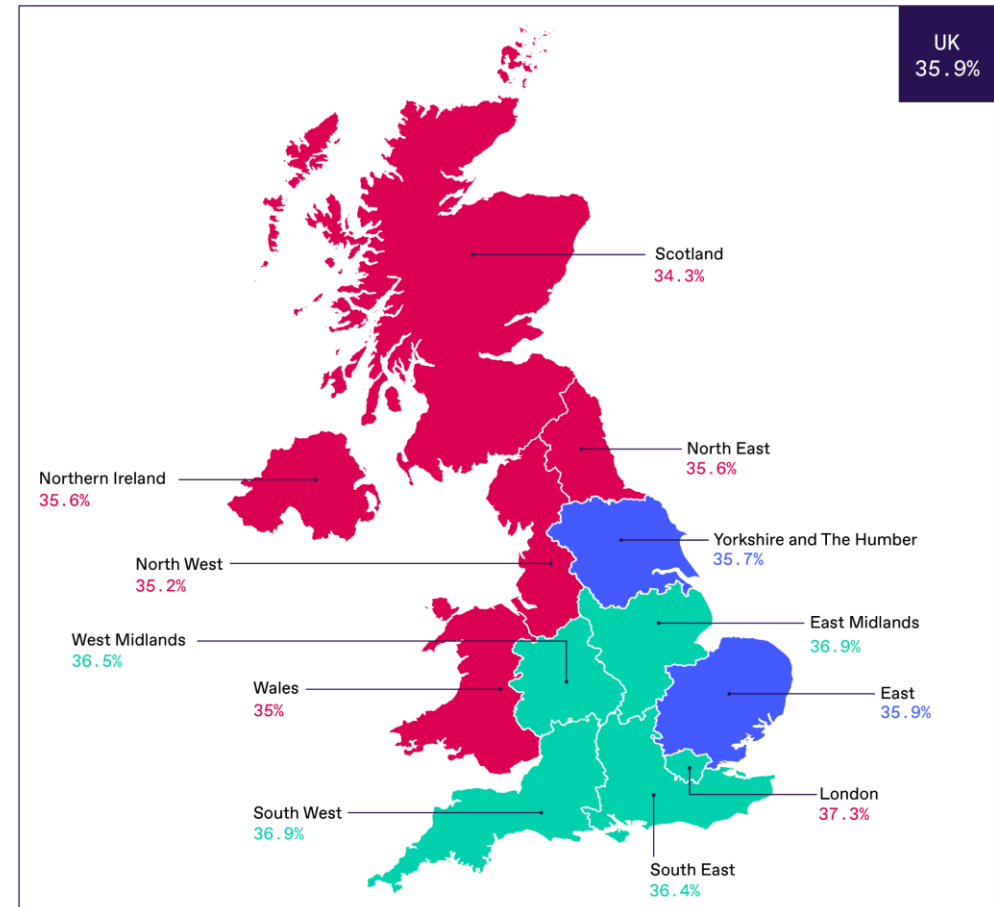


Addressing inequalities in access to entrepreneurial skills support could help address skills gaps and address economic inactivity across the UK

The largest skill gaps reported by businesses through the LSIPs across the UK are in soft skills, which are comparable to entrepreneurial skills described in EntreComp

- **Only 35.9% of workers** in the UK are judged to have sufficient entrepreneurial skills, when translating EntreComp definitions to the ONS Skills Supply data.
- **Only 35% of young people** in England recall receiving entrepreneurial skills support in secondary school.

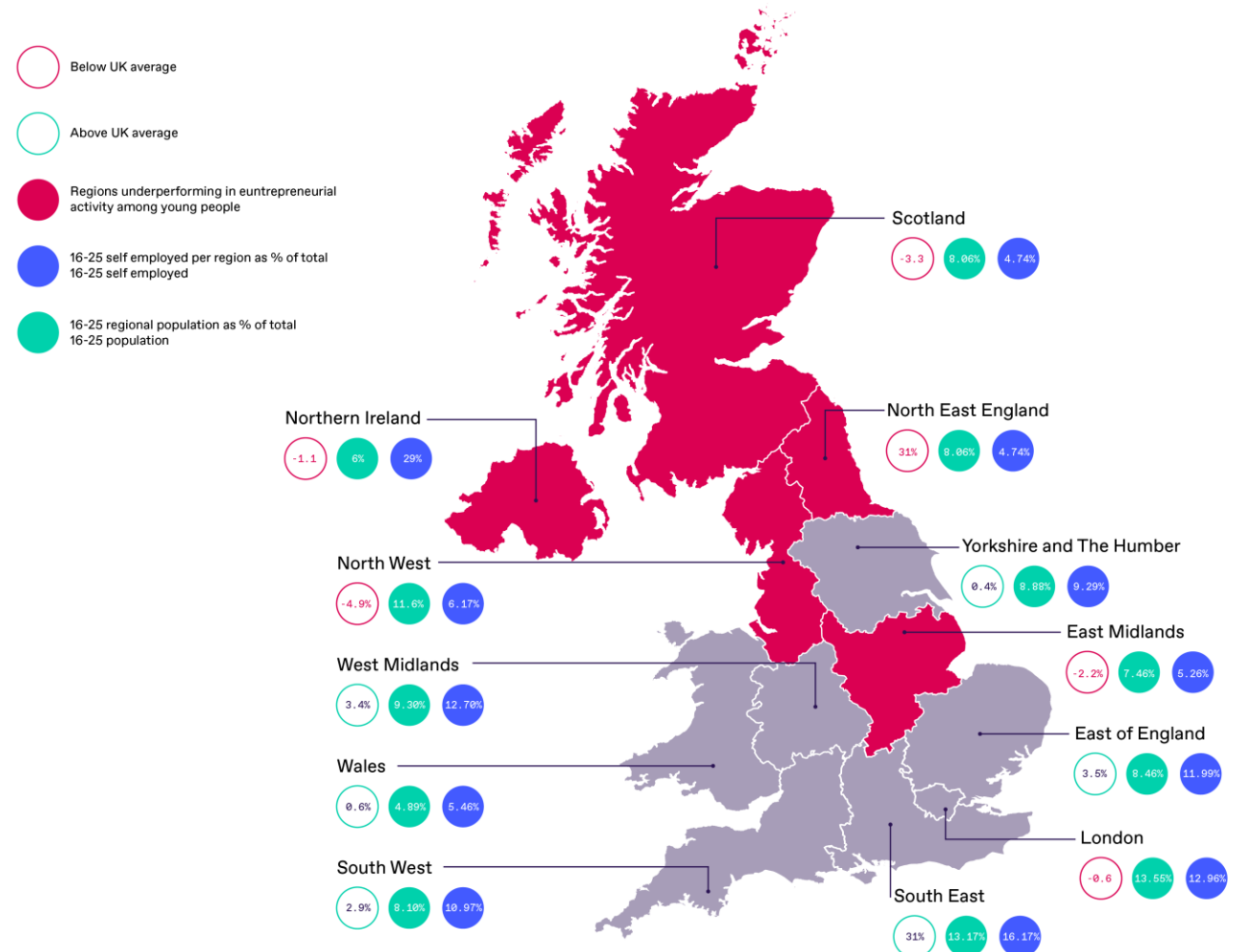
% with sufficient entrepreneurial skills as judged by employers (total population)



Addressing place-based differences in access to entrepreneurial support could address the UK's productivity gaps

If underperforming cities closed their output gap, up to **£33.2B** could be added to the UK economy.

- The Sutton Trust Opportunity Index demonstrates that opportunities for young people are not the same depending on where you were born.
- The entrepreneurial activity of young “in-migrants,” who are people who move to other parts of the UK, is 2.1% higher, at 15%, than that of those who remain in their area, at 12.9%.



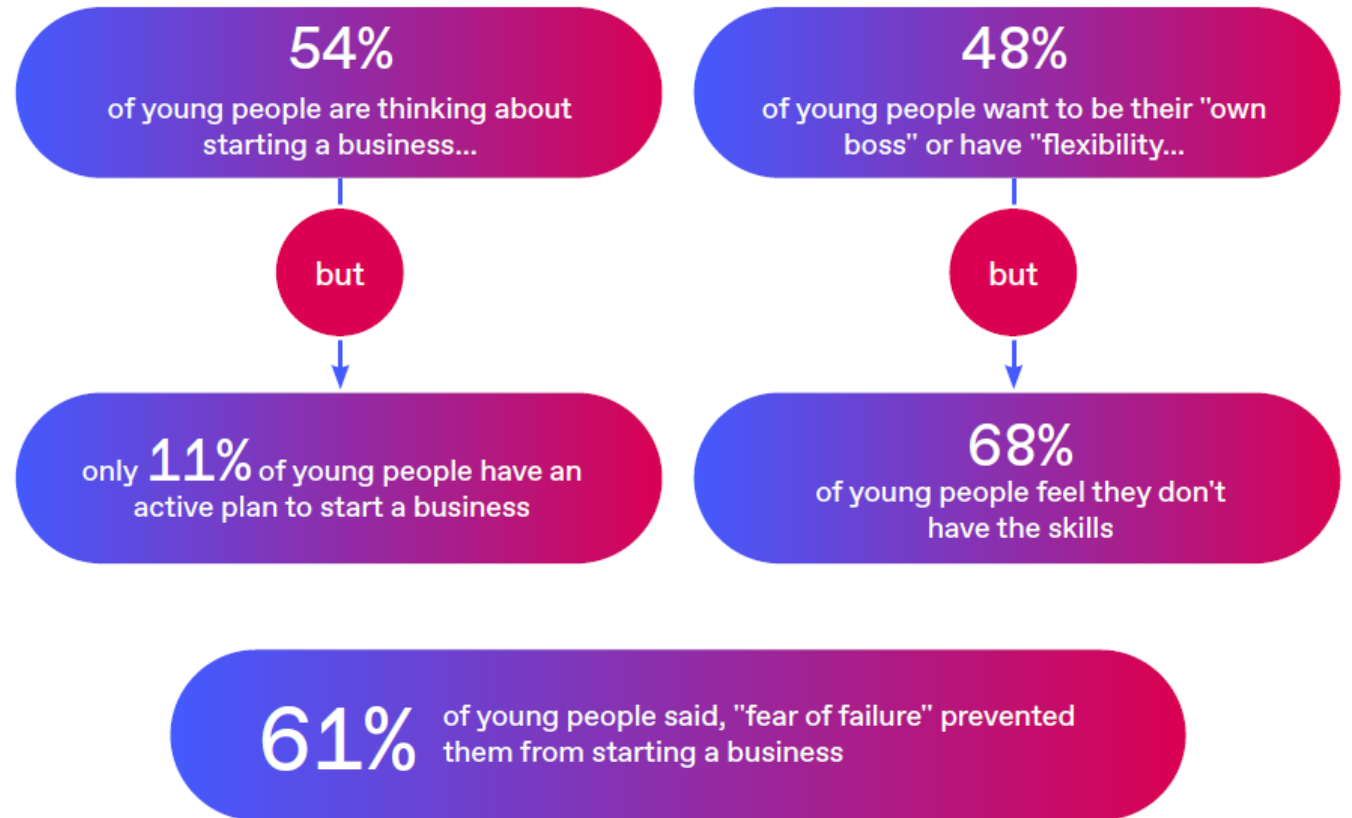
Challenges to overcome when supporting youth entrepreneurial skills development



Entrepreneurial desire among youth is high, but action is low

The single biggest obstacle preventing young people from making the leap into entrepreneurship is 'fear of failure'

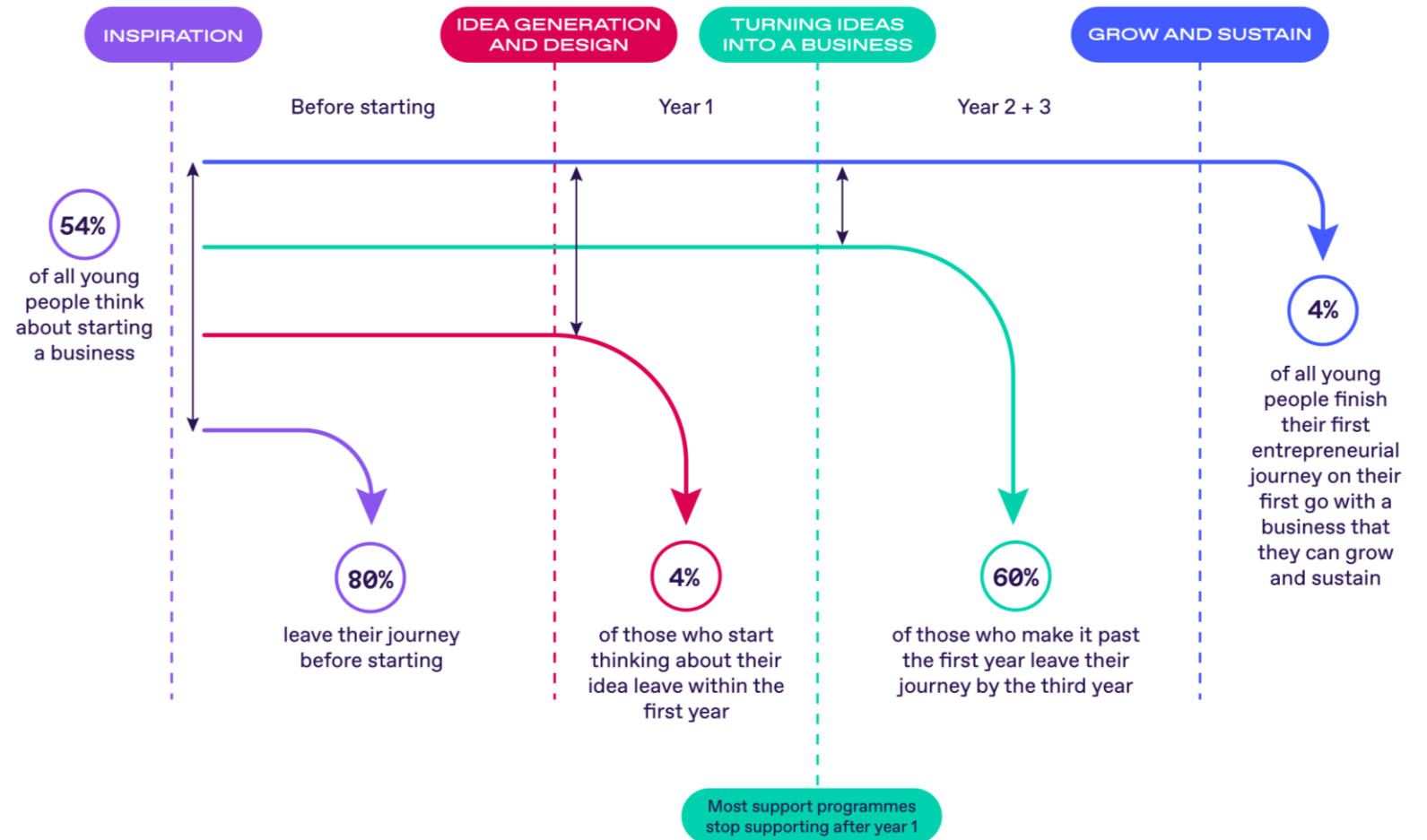
- UK youth perceive that they do not have enough skills, cannot access finance, and do not have access to networks
- Exclusionary language and a lack of information accessible and visible to young people about what entrepreneurship really is and how they can start a business themselves also play a role



Young people face challenges at key stages in the entrepreneurial journey

80% of young people give up on their entrepreneurial journey before it begins

4% of young people who start a business currently sustain it beyond three years.



Confidence of young people to start a business

Highest agreement score validates “fear of failure” as strong mental barrier!

I want to start a business, but I am nervous of not succeeding

There are lots of opportunities for me if I wanted to start a business in the UK

Low agreement score shows lack of awareness of where to find resources/support

There's a lot of good support programmes and courses for me if I want to start a business in the UK

I find most of my information about starting a business easily

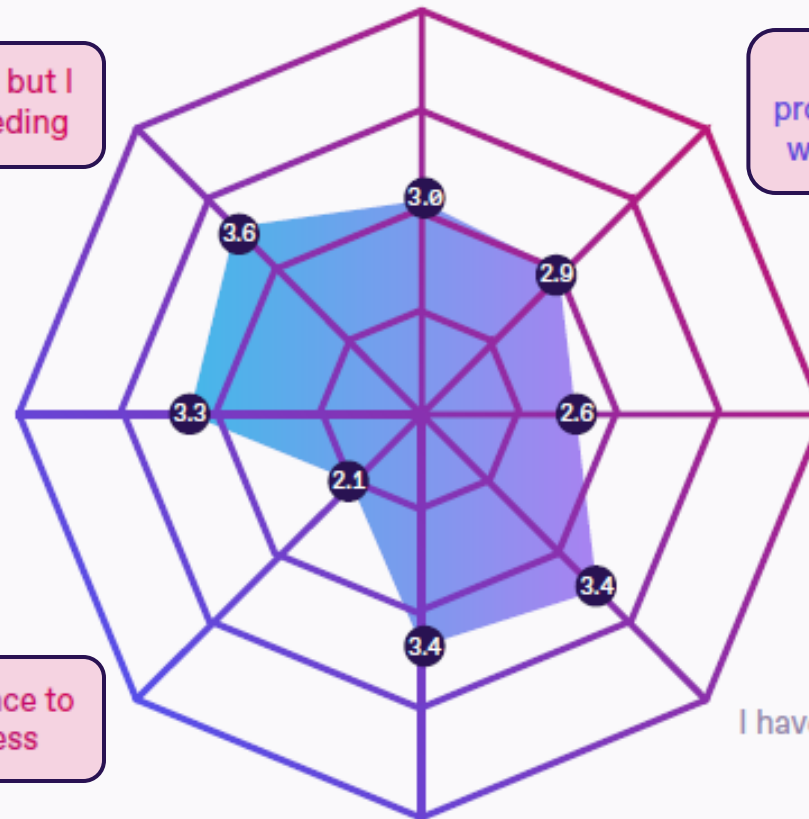
I have the skills to start a business

I have a large network of people I can look to for support or inspiration when starting a business

I know how to turn an idea for a business into a reality

Lowest agreement score locating finance as major barrier

It's easy to find finance to help start a business



Young people lack awareness of a wider range of potential self-employment routes, and exposure to role models and networks

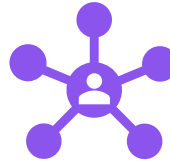
Inequality in access and exposure to these activities suggest that there are many “lost Einsteins”



Exposure to innovation and entrepreneurial activities in childhood is a primary predictor of individuals becoming an inventor in adulthood



Young people recognise this - The King's Trust found that 80% of young people believed having industry contacts was essential for starting a business, but many do not have any.



Young people often lack access to relatable role models, mentors, and professional networks due to limited work experience.



They can also frequently be perceived as having less to contribute to reciprocal relationships, which can discourage meaningful connections.



A review of 15 programmes by the Innovation Growth Lab suggested that adding the right role models can improve participants' beliefs, attitudes, and intentions towards entrepreneurship

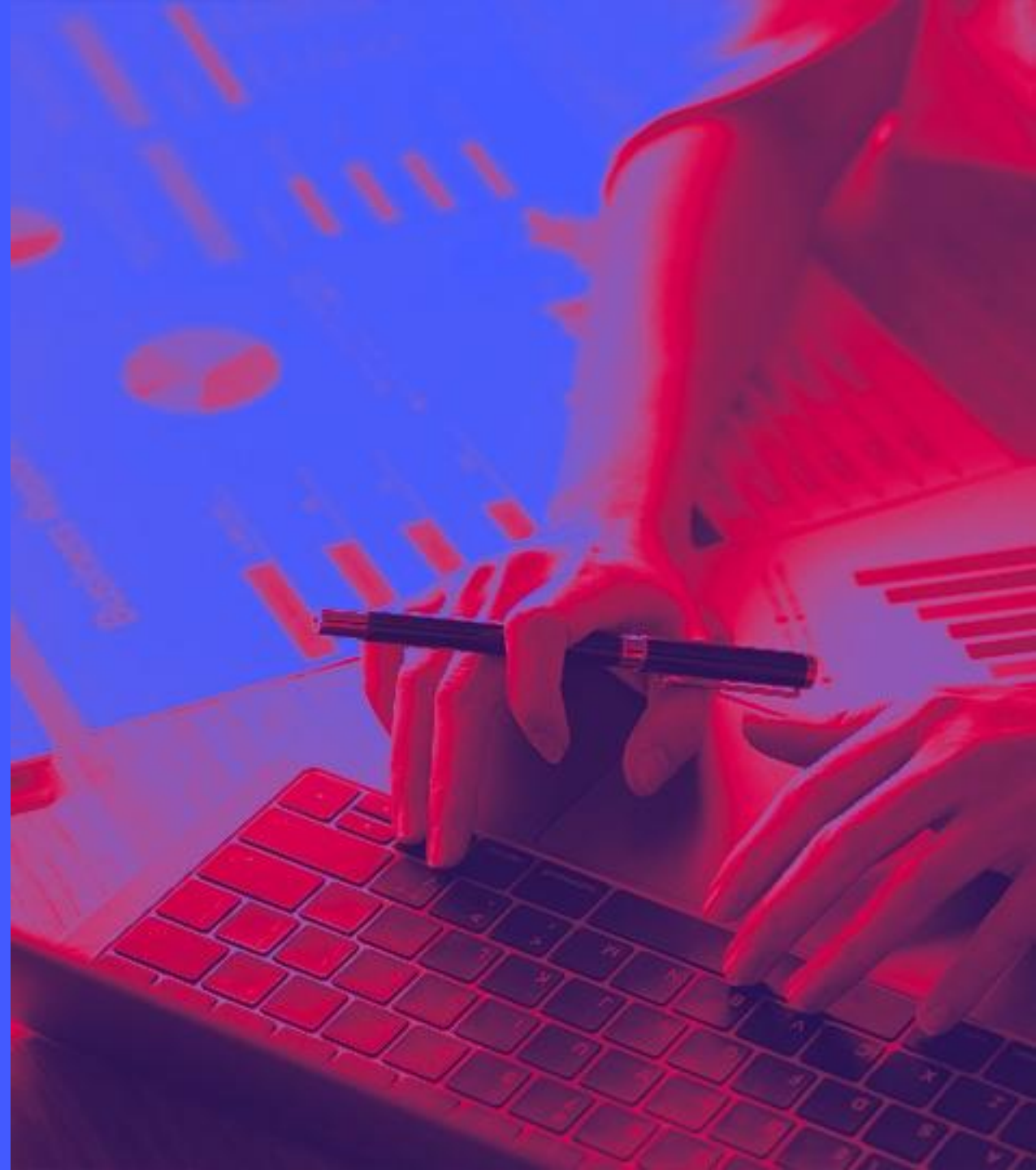
Adapting services to fit the target demographic is key to ensuring success

Demographic-specific insights reveal specific needs when developing support targeting underrepresented groups.

- **Young women:** Rapid growth in activity, but underrepresentation persists; need for visibility, mentorship, STEM training and gender-sensitive finance models.
- **Ethnic minority youth:** High start-up rates, but lower sustainability; support must address access to finance, sector diversity and trust-building.
- **Young people with SEND:** Require adaptive, accessible support, trust-based policies and inclusive programme design.
- **Non-university educated youth:** Need for practical, hands-on support outside traditional academic settings; stronger pathways through FE and community-based training.



How can Innovation Districts support youth entrepreneurs to drive innovation?



Innovation districts can take advantage of the opportunity from supporting youth entrepreneurship

Place-based entrepreneurial skills programmes for young people creates opportunity at a local, regional, and national level

- **Place-based and participatory approaches are key** - innovation districts have a clear role to play in enabling greater high-growth business creation through supporting youth entrepreneurial activity
- The most effective action is to **focus upstream on younger people** to develop **foundational entrepreneurial skills and mindsets**
- This enables young people to not only **create high-growth enterprises**, but also to **contribute more productively as employees**.



The report contains a framework for developing effective entrepreneurial skills interventions

Research shows participatory and bundled/integrated support packages are more impactful than stand-alone activities for developing entrepreneurial skills amongst young people.

The package of support activities needs to capitalise on the unique characteristics of innovation districts i.e. the high density of:

- Existing start-up support activities and services.
- Access to physical infrastructure.
- Networks connecting academia, industry and local government (triple helix).



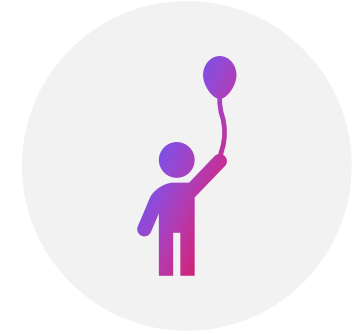
Final call to action



Collaboration across government, industry, and education is necessary to enable greater youth entrepreneurial activity



Innovation districts have a key role to play as convenors of local entrepreneurial support ecosystems



A commitment to ensuring young people, regardless of their background, have access to the skills, networks, and resources needed to succeed

If you are an innovation district leader or work as part of an innovation district and want to explore running a skills pilot on this basis, please come and talk to one of Eamon (me), Emma or Charlotte 😊

For more information, please contact:

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