



House of Commons
Education Committee

**Young people not in
education,
employment or
training: Government
Response to the
Children, Schools and
Families Committee's
Eighth Report of
Session 2009–10**

**First Special Report of
Session 2010–11**

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The Education Committee

The Education Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Education and its associated public bodies.

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First Special Report

On 8 April 2010, the Children, Schools and Families Committee published its Eighth Report of Session 2009–10, *Young people not in education, employment or training*.¹ The House agreed on 15 June 2010 that the Children, Schools and Families Committee should be replaced by the Education Committee. Accordingly, the Government's response to the Report was received by this Committee on 19 July 2010 and is published as an Appendix to this Report.

Appendix

Government's response to the Eighth Report from the Children, Schools and Families Committee, Session 2009–10

The Children, Schools and Families Committee published the report of its inquiry into young people not in education, employment or training on 08 April 2010. The Report focused on the policies and practices of the Government that was in office during the Committee's investigation.

This document sets out the current Government's response to the eleven recommendations made in the Committee's report. In some cases these responses are brief as the new Government is continuing to develop policy in these areas and decisions are subject to the forthcoming Spending Review. As soon as we are in a position to provide more information, Ministers will make formal announcements.

Introduction

The most recent figures show that the number of young people not in education, employment or training (NEET) remains far too high:

- At age 16–18, the official statistics published on 22 June 2010 showed that 183,000 (9.2%) young people in England were NEET at the end of 2009.²
- For the broader 16–24 age range, the quarterly Labour Force Survey data published on 20 May 2010 showed that 927,000 (15.3%) of young people in England were NEET in the first quarter of 2010.³

What is more, international figures show that other nations are outpacing us on both the proportion of young people participating in education and training and the percentage who are NEET. The most recent OECD comparisons of the proportion of 15–19 year olds

1 Children, Schools and Families Committee, Eighth Report of Session 2009–10, *Young people not in education employment or training*, HC 316-I and -II

2 DfE: Participation in Education, Training and Employment by 16–18 Year Olds in England (June 2010)—<http://www.dcsf.gov.uk/rsgateway/DB/SFR/s000938/index.shtml>

3 Labour Force Survey reported in DfE: NEET Statistics—Quarterly Brief (May 2010)—<http://www.dcsf.gov.uk/rsgateway/DB/STR/d000924/index.shtml>. Both of these statistics relate to young people's academic age

NEET at the end of 2007 showed that the UK had the third highest rate of the 24 countries that supplied data.⁴

We cannot afford this waste of human potential that blights the lives of the individuals concerned. We know that being NEET at this age is associated with negative outcomes later in life, including unemployment, reduced earnings, poor health and depression. These outcomes each have a cost attached and so being NEET is not just bad for individuals but also for our economy as a whole.

This Government has a clear aim to raise attainment for all children and to close the gap between the richest and the poorest. We want more young people from disadvantaged backgrounds to progress on to the best universities and jobs. Increasing participation in education, employment and training is integral to that aim as young people who are not participating do not have the opportunity to achieve their full personal or economic potential.

It is right that we support young people to establish themselves and to build productive careers. This is not only a matter of social justice but also part of a longer term strategy to reduce welfare dependency and to tackle disadvantage in our communities.

But we cannot achieve this aim solely through national direction and control. Local authorities and education and training providers will play a key role in our plans to improve education. This is particularly important as the numbers and characteristics of young people who are NEET vary significantly between local areas and so services need to be tailored to their specific needs.

Recommendations

In the response below, the Select Committee's recommendations are in **bold text** and the Government's responses are in plain text.

1. We accept that the term “NEET” is imperfect. In particular, its use as a noun to refer to a young person can be pejorative and stigmatising. It is, however, a commonly used statistical category, and—in the absence of an appropriate alternative—we have accepted it as a first step in understanding the issues.

The Government agrees with the Committee's decision to accept the term “NEET”. It is an important statistical term that highlights the significant minority of young people who do not participate, and so cannot progress.

We also agree that particular care needs to be taken to ensure that the term is not used pejoratively. We do not support the use of the term as a noun referring to a young person and would instead prefer to use the phrase ‘young people who are currently NEET’ reflecting that for most young people this is a temporary state rather than a permanent category.

4 Education at a Glance 2009: OECD Indicators—
http://www.oecd.org/document/24/0,3343,en_2649_39263238_43586328_1_1_1_1,00.html

2. There have been substantial changes to the provision of information, advice and guidance, not least of which is a greater role for local authorities. The Government must monitor the quality of delivery of information, advice and guidance across England.

The Government agrees with the Committee's views on the importance of careers education and of information, advice and guidance (IAG) more generally. This includes targeted support to ensure that young people at risk of becoming disengaged are helped to remain in some form of education, employment or training.

We are currently considering how best to provide young people with access to high quality careers education, as well as other information, advice and guidance. This will help them navigate the complex choices on offer to them about education, careers and their wider lifestyles.

It is important that local authorities are able to secure the right services for local communities and individuals and so we must ensure that any monitoring arrangements are not overly bureaucratic. At present, local authorities, education and training providers and users of services can use the Quality Standards for IAG to help them judge the quality of services that are provided in their area. Data from the National Client Caseload Information System (NCCIS), which draws on the databases run by local Connexions services, also allows both national and local monitoring of the impact of IAG on the proportion of young people participating and NEET on a monthly basis.

3. Young people make progress at different rates. Policies and funding mechanisms should not disadvantage those who work at a different pace from the majority of their peers. We welcome the work that the Government has already done to introduce flexibility into its Strategy for young people; we recommend that greater stress should be placed on the creation of an over-arching and seamless strategy for 16–24 year olds.

We agree that more needs to be done to join up support and create an over-arching approach for 16–24 year olds.

The Government's single Work Programme will form an important part of this, simplifying the system and giving young people the back to work support they need, regardless of the benefit they are on.

But we also recognise that the needs of individual young people can vary significantly, and often the support required by a 16 year old and a 23 year old can be very different. That is why it is important that local areas are able to coordinate and tailor support and services for young people.

4. We recommend that the Government consider extending the September and January Guarantee to those 18 year olds for whom further education or training is appropriate. However, these Guarantees have to have been delivered successfully for 16 and 17 year olds before any extension to 18 year olds is considered.

There is a longstanding duty to secure enough suitable provision in education and training to meet the reasonable needs of 16–19 year olds. The duty to secure this provision was originally placed on the Further Education Funding Council by the Further and Higher

Education Act 1992 and subsequently passed to the Learning and Skills Council (Learning and Skills Act 2000) and to Local Authorities (Section 15ZA of the Education Act 1996, inserted by the Apprenticeships, Skills, Children and Learning Act 2009). The September Guarantee simply puts in place a process to help local authorities to give effect to that duty and to ensure that young people are aware of the options that are available.

This Government will continue the September Guarantee in 2010 as a means of raising the proportion of young people participating in education and training and ensuring that the most vulnerable 16 and 17 year olds are identified early and receive targeted support and advice to help them to participate. We also recognise that the Guarantee requires significant effort from local authorities and their partners to implement and we will aim to reduce burdens and simplify the process where possible.

The Department for Education (DfE) funds courses up to and including Level 3 for 18 year olds for whom further education or training is appropriate and who begin before their 19th birthday. There are already high numbers of 18 year olds who choose this option. In 2008–09, 30% of 18 year olds were in such provision funded by the Department for Children, Schools and Families and a further 25% were in Higher Education funded by the Department for Business, Innovation and Skills.

Given the wide range of different activities which young people are able to engage in at 18, including Higher Education, work, volunteering and gap years, we do not feel that a specific Guarantee process relating to further education would be appropriate at this age.

5. We recommend that the Government provide a scheme of work placements for 16 and 17 year olds in projects of benefit to the community, such as those offered through the Community Task Force. Young people taking part in such a scheme should receive any benefits to which they would otherwise be entitled. Such an initiative is essential if the Government is to properly plan for the raising of the participation age to 17 in 2013 and to 18 in 2015.

We agree that it is essential that at an early age, young people are able to build the skills that they will need for sustainable employment. There are 69,000 unemployed 16–17 year olds⁵ who are not in full-time education in the UK who may need help moving into work and may be interested in opportunities for further education or training.

We set out in the coalition programme that we will seek ways to support the creation of apprenticeships, internships, work pairings and college and workplace training places as part of our wider programme to get Britain working. Work pairings could offer young people who are NEET the opportunity to be matched to an experienced sole trader for a period of intensive work experience and mentoring.

We are also committed to introducing the National Citizen Service. This flagship project will provide a programme for 16 year olds to give them a chance to develop the skills needed to be active and responsible citizens, mix with people from different backgrounds, and start getting involved in their communities. National Citizen Service pilots are planned to start from summer 2011.

⁵ Figures use the International Labour Organisation (ILO) definition of unemployment and relate to seasonally adjusted UK data for the period March to May 2010.

6. Young people who are NEET often face a number of barriers to participation and need to access support from a variety of sources. The co-location of services such as healthcare, housing support, access to benefits and financial support and careers advice and guidance in a joined-up approach could help young people to access more easily the help they require. Such provision could prove to be more cost-effective than current structures. We recommend that the Government take steps to commission a number of pilots, in order to assess the costs and benefits of the “one-stop-shop” approach.

This Government believes that local authorities should have a key strategic role in organising their services for young people in such a way as to respond to the needs of their citizens and communities.

We support local authorities who are choosing to test different approaches, such as co-location, and sharing this knowledge and experience with other areas. For instance, through the Total Place programme, a number of pilots have been exploring options for co-locating local authority and Jobcentre Plus services. DWP are also exploring the potential to bring in other public services to their existing local frontline and back office estate, through worked examples in Manchester, Bradford, Kent and Worcestershire.

7. Not all young people will be in a position to begin a training course in September or January of a given year; some may drop out of education or training during the academic year and wish to begin a new course. We recommend that the Government set aside some of the funding for the September and January Guarantees to support local authorities in offering places in education and training to young people throughout the year.

The number of starts provided by post-16 education and training providers outside the main October recruitment period is factored into the funding allocation process.

As a result, the further education sector provides significant numbers of flexible starts to help young people to reengage. In the spring and summer terms of 2008–09, 142,000 young people were recruited into colleges.

Schools, colleges and training providers are best placed to know what is needed to support participation and raise standards. As we set out in the coalition programme, we want to increase the freedom of colleges to meet the needs of their local young people across the academic year.

We do not agree that holding back funding at the start of the academic year would help to achieve this aim. It would reduce the freedom of providers to meet these needs and would also increase the bureaucracy and expense of the allocations process. It could also lead to providers turning away young people in October because they are ‘full’ only to reopen their doors later in the year.

8. We were struck by the approach taken in the Netherlands, in which relatively generous levels of benefits and other support are offered to young people in exchange for greater compulsion to take up education, training or work. We recommend that the Government consider the merits of this approach.

The Government has started a radical programme of welfare reform which will include the creation of a single Work Programme to provide greater personalised support and clear incentives to help young people get into work and off benefits altogether, alongside a restructuring of the welfare system that will make it simpler and more transparent so that work always pays.

As part of this process we will look at the approach taken in the Netherlands to see what we can learn from their experience. In essence the UK and Dutch Governments share the same aims of getting young people off benefit and into full time work and reducing benefit dependency. Both Governments agree that young people should be encouraged to increase their skills and education and to take up the opportunities offered to them.

The approach of the Netherlands is different from the UK system in that responsibility for administering benefits is devolved to municipalities, who are given a fixed sum of money for the payment of benefits and work related payments. If the municipality pays out less in income benefits it can keep the difference; if it pays more it must find the difference from other budgets. One of the advantages of the current UK arrangements is that the benefits support provided by the Department for Work and Pensions and Jobcentre Plus is guaranteed nationally so that individuals receive a consistent service across the country. Another important factor is that the development of individual local systems to deliver benefits could unnecessarily complicate the system or be costly to establish and maintain.

In the UK we are already moving towards greater conditionality for young people on benefits, with increased incentives. The creation of a Work Programme will take the form of a single scheme offering targeted, personalised help for those who need it most, sooner rather than later. A greater level of personalised support will mean more young people will be better prepared for work as the jobs market picks up. To make sure we get the best value for money, we will also be changing the framework to bring the ideas and energy of the third sector and the private sector to the forefront of this process.

9. We welcome the fact that the Government is undertaking a cross-departmental review of the financial support offered to 16–18 year olds. We urge the Government to bring forward changes to the benefit arrangements for young people living in supported housing, in order to enable them to access all appropriate opportunities for training and employment. We also urge the Government to address the barriers that risk preventing young people on benefits from improving their skills through unpaid work or full-time volunteering. We expect the Government to examine closely the provision made for 16 and 17 year olds in severe hardship, and to ensure that these young people are not deterred from pursuing opportunities in education and training by the constraints of the benefits system.

The review of financial support for 16–19 year olds was commissioned by the previous Government. The evidence gathered will be considered in the context of the Spending Review in October 2010.

Young people in supported housing and/or severe hardship

The benefit system does not deter young people from pursuing opportunities in education—young people who are estranged from their family or carer and who want to

undertake (or are already in) full-time non-advanced education can claim income support and housing benefit between their 16th and 21st birthdays so long as they meet the normal rules for receiving those benefits (savings, residence in UK etc). The course they undertake has to be full-time (ie 12 hours or more per week) and non-advanced—equating to A level/NVQ Level 3 (and Scottish and Welsh equivalents) or below. This gives vulnerable young people who are motivated to return to education the chance to do so. If a young person in receipt of Jobseeker's Allowance through the severe hardship route decides that they want to go back into education, they will be able to transfer from Jobseeker's Allowance to Income Support.

Volunteering

The treatment of volunteers in the benefits system is generous and flexible; there is no limit to the amount of unpaid, voluntary work that someone receiving benefits may undertake so long as the usual conditions of entitlement are met. Any expenses reimbursed to the volunteer are ignored for benefit purposes. The Government recognises the service that volunteers provide, and so volunteers who claim Jobseeker's Allowance are exempt from the normal requirement to be immediately available for employment. Instead the conditions for receiving Jobseeker's Allowance have been relaxed so that volunteers need only be willing to take up an offer of full-time employment with one weeks' notice.

Benefit rules aim to strike a proper balance between allowing benefit recipients to pursue voluntary activity that is of benefit to the community—while at the same time encouraging them to retain a clear focus on moving off welfare into paid employment.

10. Local authorities play a central role in delivering initiatives intended to increase rates of participation among 16–18 year olds. We are concerned that existing rewards for good progress are not sufficient to drive the necessary improvements in local authorities' performance. We urge the Government to review the mechanisms by which local authorities are rewarded for significant increases in the rates of participation of 16–18 year olds. In particular, we recommend that the Government give consideration to linking such rewards with savings made by the Department for Work and Pensions when an increase in participation in education, employment and training leads to a reduction in the number of young people claiming benefits.

The Government will promote the devolution of power and greater financial autonomy to local government and to community groups. This will include a review of local government finance.

We know that being NEET is associated with an increased likelihood of later unemployment, low pay, poor health and depression and so local areas already reap the benefits of reducing NEET in improved economic wellbeing for their area for years to come.

The principles developed by local areas through their Total Place pilots are feeding into our overarching agenda for the Big Society, in particular through community leadership and delivery of services. The Total Place principle around service transformation and a whole-systems approach to tackling key priorities for individuals and communities will be used to inform future thinking.

The Government is interested in exploring innovative funding mechanisms based on payment by results as part of the Spending Review. For example, Social Impact Bond pilots are planned in some public service areas.

11. We recognise that future solutions to reduce the proportion of young people not in employment, education or training will have to be more cost-effective and will require efficient, joined-up working at a local level. To this end, we warmly welcome the piloting of the Total Place programme and strongly encourage the Government's stated objective of achieving a "whole area" approach to public services.

We agree that both value for money and efficiency must remain at the heart of delivering services for young people.

We will promote decentralisation and democratic engagement, giving new powers to local councils and to communities, neighbourhoods and individuals.