



**House of Commons
Committee of Public Accounts**

**16– to 18–year–old
participation in
education and training**

Thirty-first Report of Session 2014–15



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16– to 18–year–old participation in education and training

Thirty-first Report of Session 2014–15

*Report, together with the formal minutes
relating to the report*

*Ordered by the House of Commons
to be printed 14 January 2015*

Committee of Public Accounts

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The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the internet at www.parliament.uk/pac. A list of Reports of the Committee in the present Parliament is at the back of this volume. Additional written evidence may be published on the internet only.

Committee staff

The current staff of the Committee is Sarah Petit (Clerk), Claire Cozens (Committee Specialist), James McQuade (Senior Committee Assistant), Sue Alexander and Jamie Mordue (Committee Assistants) and Janet Coull Trisic (Media Officer).

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Summary

We are pleased that more 16- to 18-year-olds continue in education, although note the UK still lies behind other OECD countries. Whether this is because of changes in legislation or more effective interventions is debatable. We note, however, that at the end of 2013, 148,000 out of the cohort of 2 million 16- to 18-year-olds in England were NEET (not in education, employment or training). Some within this NEET group have been reached by the Youth Contract, but we note this is expected to only support half the number it was originally predicted to assist, will end soon and the Department has no plans to replace it.

Careers advice remains patchy across the country and local authorities do not know what large numbers of the young people in their areas are doing. This means these young people are difficult to target. In 2010 the Department transferred responsibility for providing careers advice to schools but did not give them additional resources to fund it.

The Department wants more employers to be involved in providing apprenticeships. We welcome this, but note it needs to ensure that smaller businesses can be helped to offer quality apprenticeships too.

We are also concerned that many local authorities do not help 16- to 18-year-olds with the costs of travelling to school or college, which can lead to some young people being disadvantaged. The Department told us that, unlike academies and local authority maintained schools, sixth form and FE colleges are unable to reclaim because they are classified as private sector. This means that sixth form students attending FE and sixth form colleges are less generously funded.

Introduction

The Department for Education sets national policy and funds 16- to 18-year-old education and training. In 2013–14, it allocated £7 billion to this aspect of its work. Other organisations, including schools, sixth form colleges and FE colleges, deliver education and training, while local authorities have statutory duties to secure sufficient suitable provision for all young people in their area, and to support participation. At the end of 2013, there were nearly 2 million young people aged 16 to 18 in England and over 80% were in education or training. At the same time there were 148,000 young people (7.6%) who were not in education, employment or training (NEET), which is the lowest proportion since comparable records began in 1994. Young people who are NEET are, on average, more likely to be unemployed, have lower paid jobs, have addictions or go to prison. The Government has legislated to raise the participation age so that young people are required to continue in education and training beyond the age of 16, and students who left year 11 in summer 2014 are the first cohort that will have to continue until at least their 18th birthday. However the Government has decided not to bring the enforcement provisions into effect, preferring to rely on persuasion. The Department has also introduced other initiatives to help young people participate, particularly those at risk of being NEET. These include the Youth Contract, reforms to careers advice, new Study Programmes and Traineeships, and changes to the Apprenticeship Programme. There is also funding available to help young people pay for their travel, books, clothing and equipment

Conclusions and recommendations

- 1. The Department is still learning how best to use its resources to prevent young people falling out of education, training or employment at 16.** Over the past 3 years, the Department has reduced funding for 16- to 18-year-old's education and training. In 2013–14, the Department's budget was 8% lower, in real terms, than its spending in 2010–11 and in September 2014 it reduced the basic rate of annual funding for an 18-year-old from £4,000 to £3,300. The data suggests that the change in the law has had a significant impact on increasing participation beyond age 16. But 148,000 young people were still in the NEET group at the end of 2013. This is in spite of the Department introducing a range of new initiatives to encourage young people to continue in education and training. With scarce resources it is vital to understand which initiatives are proving most effective and why, yet the Department has little understanding of the impact of these initiatives and programmes.

Recommendation: *The Department should evaluate the relative effectiveness of its individual initiatives and use the results to shape future decisions about how to engage hard-to-reach young people.*

- 2. The Department and local authorities have more to do to identify over 100,000 young people who are off the radar. Too many young people simply disappear from all the relevant public systems.** Local authorities have a statutory duty to track the activity of 16- to 18-year-olds, but some local authorities do not know whether

young people are participating in education or training or not. Nationally, 7% of young people's activity is unknown. In some local authorities the proportion is as high as 20%. If the activity of young people is unknown to the local authorities where they live, they are unlikely to receive targeted help if they need it, for instance support from the Youth Contract. The Department recognises it could do more, working with local government, to identify and disseminate good practice, on tracking young people's activity.

Recommendation: *The Department should work urgently with local authorities to identify and disseminate good practice on the most effective ways to track young people's education and training activities.*

3. **The key intervention for the hardest-to-reach young people, the Youth Contract, is ending in 2016 and the Department has no plans to replace it.** The Youth Contract provides extra support to 16- and 17-year-olds who are the hardest to reach, to move into education, training, or work with training. The Department had estimated that there were some 70,000 who could benefit from the Youth Contract. However the programme is only expected to help 35,000 individuals, half of the original ambition. These young people were NEET and also either had few qualifications, or were young offenders, or were or had been in care. The Youth Contract will stop recruiting in March 2015 and, disappointingly, the Department has no specific initiative with which to replace it.

Recommendation: *The Department should establish how it will build on the positive impacts the Youth Contract has achieved and set out how young people will receive similar help in the future.*

4. **Longer and better quality apprenticeships are welcome, but it will also be important to guard against increasing barriers to young people and smaller firms participating.** We have previously recommended changing the delivery and funding of apprenticeships, including making them longer and getting employers more involved, in order to enhance the experience for young people. We welcome what the Department, along with the Department for Business, Innovation and Skills, have done to address our previous recommendations. However, while the number of young people aged 16 to 18 starting apprenticeships of 12 months or more increased in 2012/13, the total number of new apprentices aged 16 to 18 fell in both 2011/12 and 2012/13. Currently, only 29% of firms that employ under 50 people provide apprenticeships and the new model may be inherently unattractive to them if they perceive that both the administrative burdens and costs will grow.

Recommendation: *The Government needs to learn from the early pilots and trials of its new model for apprenticeships, particularly if they create new barriers that prevent the engagement of SMEs in the scheme. They will need to adjust their plans to have regard to this.*

5. **Many local authorities do not help 16- to 18-year-olds with the costs of travelling to school or college, which means some young people are disadvantaged.** Local authorities must have a transport policy setting out what arrangements they have to support 16- to 18-year-olds in accessing education and training. This policy does not

have to include providing financial assistance and, in 63 local authorities where transport costs are relatively high, young people do not get help with these costs. Local authority decisions on support for transport costs will impact on the participation rates in education and training. If young people cannot afford the travel costs they may drop out. Also, some young people receive support from the Bursary Fund—to help pay for things like transport, clothing, books and other equipment. They will have to spend it all on transport, with less available for other things. This variation in local policy reduces access and choice for some young people and creates a potential postcode inequity, and the Department accepts that it does not know enough about these policies' impact on participation.

Recommendation: *The Department should examine the impact of variation in local authority transport policies on its objective to increase participation and should review whether and how to intervene where this is a significant barrier to participation.*

6. **Despite many different approaches over the years, most young people still do not receive the careers advice they need.** Over time many different approaches to careers advice have been tried and have failed. The Department has now placed a statutory duty on schools to provide independent and impartial advice. Despite the Department's belief that schools are best-placed to provide the right advice, Ofsted found only 12 out of 60 schools doing so when it inspected. The Department agrees that, over a year later, advice remains patchy. It is hard to see how some schools will ever offer independent and impartial advice about the choices students have when they have a vested interest in retaining pupils in their schools. Meanwhile, staff in small schools may lack the breadth of skills and knowledge to advise students well and employers may not be sufficiently involved.

Recommendation: *The Department should articulate what actions it will take in future when a school's careers advice is shown to be poor. It also needs to find ways to encourage schools to work together to provide advice with more employer involvement.*

1 Increasing participation

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Education (the Department) and the Department for Business, Innovation and Skills about the participation of 16- to 18-year-olds in education and training.¹ At the end of 2013, there were nearly 2 million young people aged 16 to 18 in England and 81.2% were in education or training, compared to 79.2% at the end of 2012. The proportion who were not in education, employment or training (NEET), at 7.6%, was the lowest since comparable records began in 1994. But the UK still lags behind other OECD countries on participation and for the 148,000 young people who were still NEET in 2013 the consequences can be severe. Young people who are NEET are, on average, more likely to be unemployed, have lower paid jobs, have addictions or go to prison.²
2. The Department sets national policy and funds 16- to 18-year-old education and training. In 2013–14, it allocated £7 billion to this aspect of its work.³ Other organisations, including schools, sixth form colleges and FE colleges, deliver education and training, while local authorities have statutory duties to secure sufficient suitable provision for all young people in their area, and to support participation.⁴
3. New legislation means that young people have to continue in education or training until at least their 18th birthday. Students who left year 11 in summer 2014 are the first cohort that will have to continue until at least their 18th birthday. While the new legislation includes provisions to enforce participation, the government has decided not to bring these into force. The Department has also introduced other initiatives to help young people participate, particularly those at risk of being NEET. These initiatives include the Youth Contract, reforms to careers advice, new Study Programmes and Traineeships, and changes to apprenticeships. To encourage and facilitate participation the Department also provides funding to help young people pay for their travel, books, clothing and equipment.⁵
4. We asked the Department if its initiatives had improved participation or whether this was just down to the change in the law. It confirmed to us that the new legislation had been important, but could not tell us which of its initiatives had had the biggest additional impact to date. This is in spite of the fact that the Department's resources are scarce, making cost-effectiveness vital. Over the past 3 years, funding for 16- to 18-year-old provision has fallen. In 2013–14, the Department's budget was 8% lower, in real terms, than its spending in 2010–11 and from September 2014 it has reduced the basic rate of annual funding for an 18-year-old from £4,000 to £3,300.⁶

1 [C&AG's Report, 16- to 18-year-old participation in education and training, Session 2014–15, HC 624, 3 September 2014](#)

2 [C&AG's Report, paras 2, 1.2, 2.2 and 2.3 and Figure 5](#)

3 [C&AG's Report, para 1](#)

4 [C&AG's Report, para 5](#)

5 [C&AG's Report, paras 3, 1.3 and 2.18](#)

6 [Q 135; C&AG's Report, para 1.18](#)

5. The Department was also unable to explain why some local authorities are much better than others at tracking young people's education and training. Local authorities have a statutory duty to track the activity of 16- to 18-year-olds, but some do not know what a large number of their young people are doing. Nationally, 7% of young people's activity is unknown to the local authorities where they live, equivalent to some 140,000 young people. But we were surprised to find such a large variation by local authority area. In some local authorities in April 2014, the activities of up to 20% of young people were unknown, while in other authorities very nearby nearly all young people were successfully tracked. The Department agreed to look into these differences and report back to the Committee.⁷

6. We were concerned that if local authorities do not know whether and how young people are participating, they are less likely to be able to target help at those most in need.⁸ The Department recognised that it could do more, working with local government, to identify and share good practice on tracking young people.⁹ It highlighted the example of Leeds, which had increased the resources spent on tracking young people. This meant that the reported proportion of young people who were NEET had risen, but the proportion whose activity was unknown had fallen significantly. Clearly it is better to know about young people if they are NEET rather than to ignore them. The Department also told us about good practice on early intervention with those who are NEET, including the work of the Early Intervention Foundation and ongoing efforts to assist troubled families.¹⁰

7. We asked the Department about its own key intervention with hard-to-reach young people: the Youth Contract. This provides extra support to 16- and 17-year-olds who are NEET and who have fewer than 2 GCSEs at grade A* to C; or are young offenders; or are or have been in care. The Department initially estimated that there were 70,000 such individuals who might benefit from the Youth Contract. But it now forecasts that only 35,000 young people will join the scheme before it ends in March 2016.¹¹ The Department accepted that the Youth Contract had not reached as many young people as originally planned. But it said that public money had been protected because the payment-by-results payment mechanism only rewarded contractors if they actually achieved outcomes for young people. To get payment, a contractor has to ensure a participant joined education, training or work with training for 5 out of 6 months over the contract period.¹²

8. So far the Youth Contract has helped at least 10,000 young people to re-engage with education and training to some extent.¹³ But it will stop recruiting in March 2015 and the Department has no specific initiative to put in its place. It told us that the Youth Contract had been introduced in response to the recession and subsequent economic downturn and that there was therefore no need to extend it.¹⁴ We were concerned, however, that the problem of NEET young people would not disappear simply because the economy had

7 [Qq 18–23; C&AG's Report, paras 2.39–2.40 and Figure 11; Written evidence from DfE](#)

8 [Qq 18–20](#)

9 [Q 36](#)

10 [Qq 18 and 37](#)

11 [Q 67; C&AG's Report, paras 2.32 and 2.34](#)

12 [C&AG's Report, para 2.33](#)

13 [Q 67; C&AG's Report, para 14](#)

14 [Q 67](#)

returned to growth.¹⁵ The Department's view was that it would continue to address the issue by improving attainment up to the age of 16, which it said was a crucial factor in whether young people become NEET or not.¹⁶

2 Managing risks and barriers

Apprenticeships

9. The Department for Education, with the Department for Business, Innovation and Skills, are reforming apprenticeships in line with recommendations from this Committee and the Richard Review of Apprenticeships.¹⁷ They are making apprenticeships longer and involving employers more in designing and running them, including by getting employers to set standards. These changes should improve the quality of apprenticeships. In future, all apprenticeships will last at least a year; include English and maths for those without at least a GCSE grade C in these subjects; and end with an assessment of full competence.¹⁸ Already the number of young people aged 16 to 18 starting apprenticeships of 12 months or more has increased, from 62,300 in 2010/11 to 110,900 in 2012/13.¹⁹

10. However, the total number of new apprentices aged 16 to 18 fell from 131,700 in 2010/11 to 114,500 in 2012/13. Provisional numbers for 2013/14 show a small increase to 117,800, but this is still 11% below the peak. The Department told us that there was a balance to be struck between the quantity and quality of apprenticeships. It had consciously decided to reduce the total number of apprenticeships in order to achieve greater quality, including by ending a previous initiative called Programme-led apprenticeships, which took place in simulated workplaces.²⁰

11. We were concerned that, in future, small businesses might be put off taking on apprentices and that this might further reduce the overall number of apprenticeships. Only 29% of firms that employ under 50 people currently provide apprenticeships. But the new model, which places more responsibility on employers, may be inherently unattractive to such firms, especially if they perceive that the administrative burdens and costs of having an apprentice will increase.²¹ We highlighted the example of hairdressers and beauty therapists. These companies find it extremely difficult to provide the resources necessary to support an apprenticeship, even with the help of Government grants.²² The Departments told us they were working to reduce administrative burdens for smaller businesses. On funding, the Government said it would be paying £2 for every £1 that the private sector put into apprenticeship training, and that additional funding would be available for small

15 [Q 75](#)

16 [Q 73](#)

17 [Q 113; The Richard Review of Apprenticeships, November 2012; Committee of Public Accounts Report, Adult Apprenticeships, Session 2010–12, HC 1875, May 2012](#)

18 [C&AG's Report, para 3.10](#)

19 [C&AG's Report, Figure 13.](#)

20 [Q 134; C&AG's Report, Figure 13](#)

21 [Q 122](#)

22 [Submission from London College of Beauty Therapy](#)

businesses specifically, as well as for businesses that took on younger people. For example, it told us that the Apprenticeship Grant for Employers provided £1,500 for smaller businesses to take on their first two apprentices. The Departments were also trialling their new funding arrangements in order to improve their understanding of how employers would react to them in practice.²³

Travel costs

12. Since 2011/12, the Department has had a Bursary Fund worth some £180 million. Young people who are eligible for the fund may use it to pay for things like transport, clothing, books and other equipment. For young people in some areas, however, we found that all the bursary would have to be spent on transport.²⁴ Local authorities must have a transport policy setting out their arrangements to support 16- to 18-year-olds to access education and training. But this policy does not have to include providing financial assistance and the National Audit Office found that in 63 local authorities, where transport costs were relatively high, young people did not get such assistance.²⁵ The average bursary is £445 a year, but in local authorities including Suffolk, Norfolk, Hampshire, Northumberland and Oxfordshire the typical charge for bus travel was over £500 a year.²⁶

13. We were concerned that the law now required young people to stay in full-time education or training until they were 18, but that many of these young people would have to pay for their travel, unlike under-16s.²⁷ We asked the Department whether it had evaluated the impact on participation of local authorities' transport policies. It told us that it did not know enough about individual local authorities' arrangements, and committed to look into this important issue further.²⁸

Careers advice

14. Over time many different approaches to careers advice have been tried and have not worked. In September 2012, the Department introduced a new statutory duty for schools to provide independent and impartial advice. Prior to this, local authorities had provided careers advice through the Connexions service, which central government funded. In 2010, the Government stopped the Connexions service and transferred responsibility to schools, without transferring the funding. The Department said that it withdrew the funding deliberately as part of wider Government efforts to reduce the deficit.²⁹

15. We asked the Department to explain its rationale for giving schools the role of providing independent careers advice. We were particularly worried that schools with sixth forms had a vested interest in holding onto their students post-16, because they are a source of revenue, and that this would therefore compromise any advice they gave.

²³ [Qq 126 and 129](#)

²⁴ [C&AG's Report, paras 14, 2.18](#)

²⁵ [C&AG's Report, paras 2.24–2.25](#)

²⁶ [Q 95; C&AG's Report, para 2.25 and Figure 9](#)

²⁷ [Qq 99–101](#)

²⁸ [Qq 90; Written evidence from DfE](#)

²⁹ [Q 41; C&AG's Report, para 2.9](#)

Additionally, we felt that staff in small schools might lack the breadth of skills and knowledge to advise students well and that there might be too little involvement from employers. We have received evidence that only 17% of 11- to 16-year-olds have heard of apprenticeships.³⁰ Meanwhile, Ofsted found in September 2013 that just 12 out of 60 schools it visited were ensuring all students received sufficient information to consider a wide breadth of career possibilities.³¹

16. The Department told us that its evidence showed that careers advice worked best as part of daily school life, rather than being a service brought in from outside.³² However, the Department accepted that the performance of schools in this area was still patchy. It pointed out that Ofsted found some schools that were doing very well and said that it wanted to build on this. Following the Ofsted report, the Department re-issued its guidance.³³ It told us that it expects to make further improvements to careers advice in future.³⁴ It said that the “destination measures” it was developing for secondary schools (data that track what young people go on to do after leaving education) would help to demonstrate where careers services were good and enable it to hold schools.

30 [Q 46; Submission from Association of Colleges](#)

31 [Qq 38 and 48; C&AG's Report, para 2.10](#)

32 [Q 42](#)

33 [Qq 47 and 51](#)

34 [Q 44](#)

Formal Minutes

Wednesday 14 January 2015

Members present:

Mrs Margaret Hodge, in the Chair

Mr Richard Bacon	Dame Anne McGuire
Guto Bebb	Austin Mitchell
Stephen Hammond*	Stephen Phillips
Chris Heaton-Harris	John Pugh
Meg Hillier	Nick Smith
Stewart Jackson	

Draft Report (16- to 18-year-old participation in education and training), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 16 read and agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Thirty-first Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Monday 19 January at 3.00pm

* Stephen Hammond was not a Member of the Committee when it took evidence in relation to this Report.

Witnesses

Monday 3 November 2014

Questions

Chris Wormald, Permanent Secretary, Department for Education; and
Mike Keoghan, Director of Vocational Education, Department for Business,
Innovation and Skills

[Q1-149](#)

Published written evidence

- 1 Association Of Colleges ([PAT0001](#))
- 2 Department For Education ([PAT0004](#))
- 3 London College Of Beauty Therapy ([PAT0005](#))
- 4 Sixth Form Colleges' Association ([PAT0002](#))
- 5 University College Union ([PAT0003](#))

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

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Third Report	Tax reliefs	HC 282
Fourth Report	Monitor: regulating NHS Foundation Trusts	HC 407
Fifth Report	Infrastructure investment: impact on consumer bills	HC 406
Sixth Report	Adult social care in England	HC 518
Seventh Report	Managing debt owed to central government	HC 555
Eighth Report	Crossrail	HC 574
Ninth Report	Whistleblowing	HC 593
Tenth Report	Major Projects Authority	HC 147
Eleventh Report	Army 2020	HC 104
Twelfth Report	Update on preparations for smart metering	HC 103
Thirteenth Report	Local government funding: assurance to Parliament	HC 456
Fourteenth Report	DEFRA: oversight of three PFI waste projects	HC 106
Fifteenth Report	Maintaining strategic infrastructure: roads	HC 105
Sixteenth Report	Early contracts for renewable electricity	HC 454
Seventeenth Report	Child maintenance 2012 scheme: early progress	HC 455
Nineteenth Report	The centre of government	HC 107
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Twenty First Report	The Work Programme	HC 457
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Twenty Third Report	Transforming contract management	HC 585
Twenty Fourth Report	Procuring new trains	HC 674
Twenty Fifth Report	Funding healthcare: making allocations to local areas	HC 676
Twenty Sixth Report	Whole of government accounts 2012–13	HC 678
Twenty Seventh Report	Housing benefit fraud and error	HC 706
Twenty Eighth Report	Lessons from major rail infrastructure programmes	HC 709
Twenty Ninth Report	Managing and removing foreign national offenders	HC 708