

**Activity and Learning
Agreements Pilot**

**Programme Theory
Evaluation**

**Working paper 1 – Incentivising
Participation in Activity Agreements**

*Claire Johnson, Becci Newton, Tom Usher and
Jim Hillage*

Institute for Employment Studies

Research Report No
DCSF-RW028

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The views expressed in this report are the authors' and do not necessarily reflect those of the Department for Children, Schools and Families.

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ISBN 978 1 84775 083 9

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Executive Summary

Introduction and research aims

The Activity and Learning Agreements (ALA) Pilots were launched in 12 areas of England in April 2006. Activity Agreements (AAs) operate in eight of the 12 areas and are designed for young people aged 16 or 17 who are not in employment, education or training (NEET). Young people have to be NEET for 20 weeks to be eligible. They receive a weekly allowance (three variants of which are being tested in different pilot areas) and in return receive continuous support and agree to take part in tailored activities designed to help them progress towards an employment or education and training outcome. Learning Agreements (LAs) are aimed at 16 to 17 year olds in jobs without training (JWT) and also operate in eight of the 12 pilots areas. Under a Learning Agreement, young people take part in agreed activities, which must include undertaking a designated course.

This paper is part of the programme theory strand of the ALA Pilots evaluation. This is a realist evaluation method which focuses on identifying and testing some of the key 'theories' that underlie the ALA policy to explore which components of the policy work (or not), how, for whom, why, and in what circumstances.

This is the first paper resulting from the 'focused studies' element within the programme theory evaluation and spotlights the role of the financial incentive in young people's decision to participate in the AA. It is based on research undertaken among a sample of young people in two Connexions Partnership areas who either signed up to or rejected the AA between January and April 2007. Both areas offered the £20 weekly payment in return for participation. The aim of this particular study was to gather evidence in relation to the following theory:

<p>If the net additional value of the incentive was sufficiently appealing, certain young people would sign up to the Activity Agreement (AA), or at least attend an initial discussion where the wider benefits of the AA could be promoted (the 'carrot' theory).</p>

Methodology

The study used a two-stage qualitative approach. The first stage was a programme of depth interviews with young people who had signed up to the AA (32 interviews) and those who had declined it (five interviews). With the group who had signed up to the AA, a number of follow-up interviews were also conducted using a financial diary, in order to generate greater insight into young people's income and expenditure patterns and how the £20 weekly allowance fitted into these.

Young people's contexts

Young people's experiences of school varied, and although most had achieved some qualifications, very few had the equivalent of Level 2 (five GCSE grades at A*-C). A few were positive about school although many more were simply ambivalent. Among those who actively disliked school, the main factors centred on poor relationships with teachers, an inability to accept teachers' authority, and feeling uncomfortable about learning in the classroom environment, preferring more practical approaches. Low self-esteem was common. Many felt that their lack of good qualifications had hindered them in their subsequent search for work or for a college or training place.

Following school, around half of the young people we spoke to had become NEET and largely stayed NEET. Quite a few had aspired to go to college or gain an apprenticeship but this was a vague idea which they had not taken forward or had found blocked by obstacles such as a lack of places or a shortfall in their entry qualifications. A few young people had started a college course on leaving school but had left early; others had enrolled on one-year programmes but had not progressed further. Others had worked following school but in short-lived or temporary jobs, and experienced some churn between jobs and NEET status.

Income, spending and the financial allowance

Parents were a key source of income for many, either through providing a regular allowance (up to £80 a month) or, in less well-resourced households, providing small amounts of money when asked. This was usually '*just a couple of quid*' here and there, for something specific. When young people had been employed, some had worked up to 12 hours a day for as little as £80 per week. Others reported that they had received the national minimum wage and that this was '*good money*'. Doing cash work was fairly widespread and could be relatively lucrative – up to £40 for a day's work labouring – although this could not be relied on as a regular source of income. If odd jobs were done for the family, the amount paid depended on family resources.

Mobile phone top-ups were young people's main expense, followed by snacks and cigarettes. Quite a few went out socialising when they had enough money. Many

walked, or got lifts from family if possible, to limit travel costs. Some spent money on occasional treats for themselves and others such as their girlfriend or boyfriend.

Some young people voluntarily took (or were given) less money from their parents once they started receiving the allowance, but most could still rely on parents for money if they ran short. For around half of the sample, receiving the incentive did not change the amount they spent or how they spent it. Some now saved more towards paying for things like new clothes. However, for young people in more rural or suburban areas, extra travel costs associated with doing their activities could be significant and the £20 allowance was valuable as a means of covering these upfront. As a result of receiving the incentive, a couple of young people were now expected to pay 'board' money, while a few more now contributed to the household food budget.

Reasons for joining or rejecting the AA

Reasons for signing up to the AA tended to be complex and multi-faceted. However, most decisions were underpinned by the incentive to a greater or lesser extent.

Meeting new people (plus the incentive). This group had joined for the social opportunities presented by the AA. They felt that group-based activities would offer a chance to widen their social circle and develop greater self-confidence. Their spending tended to be low; therefore the importance of the incentive was also low as they lived within their means.

Boredom (plus the incentive). These young people had joined the AA mainly for something to do. Their income was mostly sourced from family although some earned money from informal work. The incentive was important as a 'badge' signifying the AA was worthwhile in terms of their time. It could also be used as a means of independence as it replaced some or all of the income they received from parents.

The activities (plus the incentive). This group signed up primarily for the activities. However, different elements of these appealed differently and were inter-related with young people's commitment to work; how the activities were 'sold' to them; and whether they felt the activities were worthwhile. The financial contexts in this group were varied: some were relatively advantaged and for these, the £20 allowance was not particularly important. Others had little regular income and the incentive was a strong factor in their decision to sign up although they mainly wanted to improve their chances in the labour market.

The incentive alone. These young people had signed up primarily for the money, although this driver could later be overtaken by the activities or advice. Most had low or irregular income, although some were more advantaged and could spend the incentive as they wished. Some reported that they were waiting for a particular job to come up or that they had the possibility to go back to college to complete a course.

The young people who **did not sign up** for the AA had quite varied reasons for not doing so. Three were young mothers who received benefits as well as being helped out financially by their parents. One felt that he did not need to take part in the AA when approached about it as he was close to getting a job: he was now working full-time and planning to do an apprenticeship. Another was still NEET at the time of the interview but her priority was to look for work as she was under pressure from her parents to contribute money to the family purse. In this case the £20 allowance was deemed insufficient as her parents wanted her to pay at least £30 per week in 'board'.

The theory applies differently in different circumstances

Some young people would have taken part in the AA without the incentive, but more said they would not have done. The weekly allowance was important in various ways which underpinned the 'carrot' theory:

- As an **attention-grabber**. Some young people just needed the money, especially if they were 'disconnected' from the informal labour market or could not rely on regular income from their parents.
- As **recognition** for the young person's commitment to doing the AA. The incentive gave a basic value to the young person's time and signified that doing the AA was worth something. The net additional value of the incentive was not particularly important as long as the young person felt that the activities were worthwhile.
- As an **enabler**, supplementing or replacing income from other sources. In some cases, the net additional value of the incentive was not all that important as young people ended up with the same amount of income. In this scenario, 'passport' incentives that accompanied the AA, such as being told the value of a course, were critical as these allowed the young person to see beyond the value of the £20 per week.
- As a **way to help out** parents more by contributing to the family budget. This was particularly the case among young people who had little income from their parents or informal work. The net value of the incentive was less than £20 per week once their contribution to the household was taken into account, so understanding the value of the activities and/or seeing accompanying material incentives, such as being bought a pair of work boots, were important ways that the young person remained engaged.

Table A reviews the role and value of the incentive for various groups of young people, and the implications of this for the AA policy. The carrot theory appears to work most straightforwardly as the 'attention grabber'. However, for many, the importance of the incentive recedes as the wider benefits of taking part in the AA are recognised. For a few, the incentive becomes *more* important as the AA progresses: if young people do not see the value of the activities and these are not sufficiently tailored. For some of these young people the incentive alone is not sufficient to retain their interest in the longer term and they may gradually disengage.

Table A: How the carrot theory applies differently to young people in different circumstances

'Type'	Education and labour market 'connection'	Access to financial resources	How they received the AA	Interpretation and use of the incentive	Implications for AA policy
'A'	Low or mixed GCSE results; may have started college or training and dropped out. Has some work experience but in the past tended not to be able to hold down a job.	Mixed - generally get some money from family. May also get money from occasional cash-in-hand work.	Something to do, or getting paid for an hour talking.	Attention-grabber. Incentive is critical in signing them up. May 'get bored' or disengage if they do not see value in the activities.	The incentive hooks them in but is not enough to keep them interested. Activities need to become more important to retain interest, need to be tailored and varied.
'B'	Low or mixed GCSE results; had some work experience (eg temporary job). Trying hard to find work or apprenticeship but barriers to doing so include lack of available jobs/training places and low GCSE grades.	Mixed - some can rely on family for money (in return for odd jobs). Others have very little access to other financial resources.	Getting help to find a job, getting paid to find a job.	Recognition or enabler. For some, the incentive is incidental and they would do the AA without it.	Some already in touch with Connexions and may not need the incentive to take part - possibly just more intensive mainstream PA support. For others the incentive is more important as an enabler to a more independent income. Important to emphasise the value of the activities on offer to boost 'recognition'.
'C'	Low or no GCSEs. May have had short-lived jobs, but generally quite 'disconnected' from the labour market with little experience of formal paid work.	Tends to be low - usually just a few pounds here and there from family, usually for specific items.	Getting paid to find a job - later the help may become more important.	Attention-grabber, enabler, a way to help out. Incentive may recede in importance as they see more value in the activities.	Importance of tailored and work-relevant activities critical. Some may not get the full value of the £20 as use it to help out family. Important that the costs of the activities do not become over-burdensome.
'D'	Low or no GCSEs. Some had connections for cash-in-hand work but most had no formal work experience.	Mixed. A few did some cash-in-hand work but this was not a reliable source of income.	Getting paid to find a job, something to do.	Attention grabber, enabler.	
'E'	Low or no GCSEs. No formal work experience or access to cash-in-hand work.	Low. A few pounds here and there from family, or other ways such as eBay.	Something to do.	Attention grabber, enabler.	Activities may be more important than the incentive for some of this group if they had low outgoings.

1 Introduction

The Activity and Learning Agreement (ALA) Pilots were launched in 12 areas of England in April 2006. Activity Agreements (AAs) are designed for young people (aged 16 or 17) not in employment, education or training (NEET) and operate in eight of the 12 areas. Young people have to be NEET for 20 weeks to be eligible. They receive an allowance (three variants of which are being tested in different pilot areas) and in return receive continuous support and agree to take part in tailored activities designed to help them progress towards an employment or education and training outcome. Learning Agreements (LAs) are aimed at 16 to 17 year olds in jobs without training (JWT) and also operate in eight of the 12 pilots areas (ie both pilots operate in four areas and they each operate separately in four others). Under a LA, young people take part in agreed activities, which must include undertaking a designated course. If successful, young people may receive a monetary bonus (and in two areas their employers receives wage compensation).

The Department for Children, Schools and Families (DCSF) formerly the Department for Education and Skills, has commissioned the Institute for Employment Studies (IES), the Centre for Education and Industry (CEI) and the National Centre for Social Research (NatCen) to undertake the evaluation of the Activity and Learning Agreement Pilots. The evaluation has three main strands:

- **a quantitative element**, using surveys of young people to measure the impact of the pilots in comparison to a number of control areas
- **a programme theory element**, focusing on testing some key aspects of the policy to identify what works or not and why
- **a process evaluation**, examining how the pilots have been set up and delivered and the main implementation issues.

1.1 What is 'programme theory evaluation'?

Programme theory evaluation is considered a useful tool for conceptualising programmes, guiding evaluations, planning empirical research, and analysing *why*

programmes are successful (or not). It seeks to identify the ‘theory of change’ that lies behind an intervention and assess to what extent, why and how this change has occurred. In doing so, any unintended as well as intended outcomes are considered. The results of this type of evaluation are *explanatory* rather than providing a clear-cut answer on whether a policy ‘works’, and can be fed back into the policy design in order to make improvements.

The guiding principle of this approach is that policy interventions are originally underpinned by theories. Pawson et al. (2004) sum up the basic ‘if-then’ logic of this as follows:

‘If we deliver a programme in this way or we manage services like so, then this will bring about some improved outcome.’

Realist Synthesis: An Introduction, Pawson R, Greenhalgh T, Harvey G and Walshe K, ESRC Research Methods Paper 2/2004

The theories that underpin interventions are informed by assumptions about a) the reasons driving behaviour and b) what might cause that behaviour to change. But these theories are also mediated by individual, social and institutional effects that influence how policy is delivered. Hence, a key focus of programme theory evaluation is to examine how policy mechanisms are *supposed* to work and compare this to how they *do* work. The evaluation can then assess whether there is any gap between the two, and if so, explore the extent, nature and causes of that gap, and resulting impacts on outcomes.

The outcome is not to provide an unequivocal answer about whether the ALAs ‘work’, but rather to highlight the components that inform the successful operation of the policy (as well as ones that hinder it). This will help to refine the theories implicit within the policy design to better articulate what works, for whom, how, and in what circumstances, so that this learning can be embedded into any subsequent revision of the policy, or nationwide roll-out.

The programme theory approach to evaluation adopted by this study has two main elements. The first is to identify, assess and refine the theories that underpin the ALA policy (the ‘theory elicitation’ stage). The second is to then test these theories via empirical research.

1.2 Background

The theory elicitation stage presented 25 different theories and sub-theories which were formulated based on a review of related research and in-depth interviews with a number of key policy architects and stakeholders. These theories and sub-theories were collated under different elements of the ALA policy: financial incentives, agreements, personalised support, flexible options, brokerage, and progression. The next stage of the study entailed prioritising which theories to investigate within a

programme of 'focused studies'. In consultation with representatives from the Department for Children, Schools and Families, Treasury and other key stakeholders, it was decided to prioritise research into the role of the financial incentive in encouraging young people to sign up to an AA.

1.3 Hypothesis and research aims

This paper is the first to emerge from the 'focused studies' element within the programme theory evaluation. It is based on research undertaken among a sample of young people in two Connexions Partnership areas who either signed up to or rejected an AA between January and April 2007. The aim of this particular focused study was to gather evidence in relation to the following theory:

If the net additional value of the incentive was sufficiently appealing, certain young people would sign up to the Activity Agreement (AA), or at least attend an initial discussion where the wider benefits of the AA could be promoted (the 'carrot' theory).

The potency of the incentive as an inducement to participate will depend on the relative value of that income, compared with income from other sources and including the opportunity costs of possibly giving this up to engage with the AA. The relative value will differ according to different contexts – such as cost of living in the area, the availability of cash in hand work, whether the young person already receives income from parents – as well as the young person concerned (their interests and spending habits). The overarching aim of this study is to test whether a financial incentive really acts as an inducement to young people to engage with the AA – in the context of their everyday hopes and expectations, and in relation to their other sources of income.

More specifically, the objectives are to:

- investigate income sources among young people eligible for the AA
- ascertain whether the incentive has been sufficiently appealing to attract young people to sign up to the AA. This will involve exploring:
 - attitudes to money and spending behaviours among these young people
 - the relative value of the AA incentive compared to other sources of income that young people are able to access
- ascertain the relative importance of the incentive in the decision to participate (or otherwise) in the AA.

1.4 Methodology

1.4.1 Research design

The study aimed to conduct face-to-face depth interviews with 30 young people who had signed up for the AA and 20 who had declined it. Among the 30 joiners, it was also planned to conduct a number of follow-up interviews using a financial diary, in order to generate greater understanding of young people's income and expenditure patterns, and how the £20 weekly allowance fitted in.

1.4.2 Area selection

The study took place across two Connexions Partnership areas, both offering Variant 1 of the AA, which entails a £20 weekly incentive to the young person. It was decided to select two areas offering the £20 per week payment in order to enable some assessment of whether the lowest of the available options is sufficient to engage young people. From this, we might infer that anything above this value will be at least as effective in engaging young people (if other income, expenditure and contextual factors are much the same). It would not be possible to infer anything about the £20 variant from a study undertaken in a £30 variant area. It should be noted that it is not the purpose of this study to measure which version of the incentive works best.

1.4.3 Generating the sample

Due to data protection restrictions, it was necessary to liaise with each Connexions Partnership to generate the sample. Both areas were asked to conduct an opt-out among all young people who had either signed up to the AA, or declined it, within a specified timeframe. The timeframe varied slightly, depending on the volumes of young people in each area, but concentrated on joiners and rejecters from the preceding 3-4 months.

During the opt-out period, only a small number of young people said they did not wish to have their details provided to IES. Once this period was over, the remaining contact details were supplied to IES and stored securely in line with data protection regulations.

1.4.4 Fieldwork

Recruitment for the study was conducted by telephone. A small-scale pilot was undertaken in late April in order to test the research instruments and the approach to fieldwork. Six interviews were booked for the pilot, of which one was a 'no-show'. After the pilot, minor revisions were made to the topic guide. During recruitment for the pilot, the research team also found that many young people were reluctant to travel to a venue such as a local community centre, even if it was just a short bus-ride

away. For this reason, it was decided that the main-stage interviews should take place in young people's homes, unless they preferred an alternative.

Main-stage fieldwork took place between mid-May and end-June 2007. All interviews were undertaken by Criminal Records Bureau (CRB)-checked researchers from IES. An incentive of a £10 High Street voucher was offered to young people to take part in an interview. This was increased to £20 for completing the financial diary and taking part in a second interview.

The original aim was to conduct 30 interviews with young people who had signed up to the AA and 20 who had declined it. Among young people who had signed up, it was also aimed to conduct 20 follow-up interviews, including completion of a financial diary.

In practice, the research team encountered several difficulties meeting these original targets. Although it was generally not difficult to book appointments with joiners, there were a small number of no-shows. Fortunately most of these appointments could be re-arranged. Another issue was the highly dispersed nature of the sample in one Connexions Partnership area, which drastically limited the number of interviews that could be conducted there in any one day. By the time of the interview, some young people who had joined the AA had either progressed from it (into work, paid training, or college) or had dropped out and were NEET again. This meant that conducting 20 diary follow-ups was not possible, as only those still doing the AA were originally eligible for this stage. Consequently, the diary sample was extended to include young people who had reverted to being NEET as well as those still doing the AA.

Unfortunately, it was not possible to achieve the original target of 20 interviews with young people who rejected the AA. There were various reasons for this including: lower than anticipated number of leads to begin with; relatively high number of missing or out-of-date telephone numbers in the sample; and a high number of refusals. Where interviews were arranged with young people in this group, there was also a high number of no-shows.

Altogether the study covered 32 interviews with AA joiners, of which 11 completed financial diaries and took part in a follow-up interview. There were also five interviews with rejecters.

1.5 Structure of the Working Paper

The remainder of this Working Paper is structured as follows:

- Section 2 explores the educational and employment contexts for the young people who took part in this research.
- Section 3 investigates income and expenditure patterns among these young people, prior to joining the AA.

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- Section 4 examines the impact of the £20 weekly incentive on their income and spending patterns.
 - Section 5 assesses the impact of the £20 weekly incentive on decisions to sign up to the AA or not, and its role in young people's continuing participation.

The concluding section assesses the research findings in relation to the original hypothesis.

1.6 Acknowledgements

The authors would like to thank the staff of the two Connexions Partnership areas who agreed to participate in this study by helping us to generate a sample of young people. We would also like to thank Vikki McAuley (DCSF) and Professor Ray Pawson (University of Leeds) for their advice, support and helpful comments throughout the project. Gerry Lyons showed persistence and dedication in conducting the interview recruitment and Gill Brown, Louise Paul and Denise Hassany at IES all provided administrative and secretarial support.

Finally, we would like to thank all of the young people who gave up their time to take part in this research.

2 Young People's Contexts

In this section we explore young people's educational and employment contexts, both at school and since leaving school, in order to assess their 'connection' to education and the labour market. This section makes use of data generated through the use of a 'timeline' with young people to plot their activities since leaving school.

2.1 Experiences at school

2.1.1 Low qualifications and intermittent school attendance

Young people's experiences of school varied, although most had achieved some qualifications. The majority (just over half the sample) had stayed in school till age 16 and sat exams. The remainder had experienced some gaps in school attendance particularly in the last year of school, although some of these had gone back to sit at least some of their exams. Most of those who entered exams had passed at least some GCSEs and/or other qualifications such as GNVQ, although only a small number had achieved the equivalent of Level 2 (five GCSE grades at A*-C). Typically, young people had achieved a handful of GCSE grades at D to G, in some cases with a sprinkling of C grades. Some young people struggled to remember their qualifications even though they had only done them the year before.

There were three main reasons for a gap in schooling: exclusion, 'drifting out' in the final year, or some personal barrier such as health or behavioural problems. Some of those who had been excluded had been allowed to return to sit their exams at school while others had studied through college and Pupil Referral Units (PRUs). Those who studied in a PRU typically concentrated on a limited number of subjects. In one instance, a young man felt his performance would have been better if he had stayed in mainstream schooling.

'I did me GCSEs [in PRU] – maths, English, science, citizenship, art, photography and PE or something ... I got one C and the rest were just Ds and Es and stuff. Highest was C. I could have done better if I went to a mainstream school but'

There were also indications of inertia. One young woman left school during the final year and related how she had considered taking exams in another school but left making the arrangements too late.

2.1.2 Negative or neutral feelings about school

Few of the young people were positive about school, although many did not express any particular view. One young woman said, *'it was easy, I flew through'*, another remarked that *'I liked the social side but my reports always said I could put more effort in'*. More neutrally, young people would comment that school was just *'alright'*.

Young people's negative feelings about school centred on poor relationships with their teachers, an inability to accept being told what to do, and feeling uncomfortable in the classroom environment.

'I had no interest in school ... just don't like being around loads of people. That's why I didn't like school, just sitting down, I couldn't do it.'

'I didn't like school at all, especially being told what to do.'

Low self-esteem was fairly common and some young people commented that *'I'm not the brightest'*. In one example a young person reported that their teacher *'didn't like me because I wasn't as clever as my sister'*. For many, there was regret that they had not done better in their exams and often they felt that their lack of good qualifications had not helped in their subsequent search for work or a college or training place.

'I got GCSEs but not enough for a plumbing apprenticeship.'

'[regrets leaving school without qualifications] ... in the sense of it ain't helped me into getting a job and what have you.'

Only a minority of the sample had worked during their school years. The few that did mainly mentioned doing odd jobs for their families such as painting and decorating, gardening and babysitting. Where young people had worked for an employer, this included paper-rounds, a Saturday job sorting the papers and car valeting. A few had worked extensively in cash-in-hand jobs. For example, one young man had worked loading up milk floats when he was 15. He had earned £95 for three evenings a week, working from midnight to 5am including on some school days. He was excluded from school later that year and continued to take some qualifications at a Pupil Referral Unit.

2.2 Experiences since leaving school

Around half of the young people in our sample were not in employment, education or training (NEET) for an extensive period straight after leaving school. Some of those who became NEET had aspirations to go to college or gain an apprenticeship, but this was usually a fairly vague idea which they had not taken any further forward. A

small number had started college or training but had left early, although similar numbers reported that they had completed a course. The remainder had gone straight into work. Beyond these starting points, some churn was often experienced between work, college and periods of being NEET.

2.2.1 NEET at 16

Most of those who were NEET immediately following school remained NEET until they were offered the AA. One young woman in this group was now pregnant and so had decided to defer any decision about work or training until after the birth of her baby. The remainder had churned between jobs without training and being NEET. Those with aspirations to go to college or to start training had found barriers to doing so, which included not being able to access the necessary funding, not being successful in their application, or a lack of available places.

'I tried to apply for college but I didn't get there because there was only one course I wanted for and I had to pay out £400 straight away and I said I haven't got it ... and I didn't get accepted for it.'

'... and then when the fella [at the private training provider] came out he quoted absolutely scandalous amounts of money, it was £5000 for a one-year course, like you're guaranteed a job at the end. But being only 17 I couldn't afford £5000.'

Again some inertia was evident. One young person mentioned, *'I wanted to go to college but left applying too late'*, another mentioned that he had filled in the application form incorrectly so did not send it, not thinking to ask for a replacement.

After their search for training or a college place had failed, the large majority of young people looked for work but were again unsuccessful and had defaulted to being NEET. Only a small number mentioned any work in this time, and where they did this was mostly odd-jobs for family.

2.2.2 Into college or other education at 16

The small number of young people who had progressed immediately to college and completed their course tended to have registered on a one-year programme. However, one young person had completed a short, non-accredited course in IT and another had started A-levels in sixth form, but then dropped out.

The young people on one-year programmes had not necessarily understood this at the outset: one reported that after he had completed the course, there was no higher level course to progress into. Another noted a confused situation where a college place was gained for a second year of study, then withdrawn because the qualification gained the previous year was not sufficient for entry. In all instances, since completing their course young people had become and stayed NEET.

Reasons for early leaving of college or training varied considerably. One young person noted that the college where they were studying had '*gone bust*'. Becoming pregnant or having a baby was the reason why three young women had left their course. More typically, however, young people reported that they had left because they were not enjoying the course. While the majority remained NEET following their withdrawal from college, one had qualified as a cricket coach and another had found short spells of work in construction through their family.

2.2.3 Into work at 16

Those who had entered work immediately following school typically accessed low-skilled jobs without training. Many had found the realities of the labour market to be harsh. The jobs had not lasted and young people sometimes churned between other, similar jobs, and short periods of inactivity, before they entered an extended period of being NEET.

The kinds of work they had done included a maintenance job at a school, packing crates in a factory, car valeting, cleaning, and general labouring/construction. One had worked for a fast food retailer but had quickly left when they felt insufficient training had been provided.

'I worked for [organisation] for a week but I didn't get proper training and I burnt myself three times in the deep fat fryer. So I decided that it was not very safe for me and someone kept pressing the "serve" button because when you get orders, you have to press the serve button. Someone kept pressing it so I didn't know what I was making'

More typically, reasons for leaving work tended to be either that hours were too long, they had got sacked, they had not liked their manager or colleagues, or that a temporary job had come to an end. One young person reported that his first job ended when the company ceased trading, then he had left his second job due to the long working hours:

'I left school straightaway and then I got a permanent job. I had a part-time job when I first left, but the year I started they went bankrupt. Then I got the permanent job, I was doing a two months trial and I quit after a month because it was too much hours, I was doing 12 hours a day on some days ... it got on top of us.'

There was some evidence of exploitation of young people who were often quite desperate for a job after an extended period of being NEET. One young woman had worked in door-to-door sales, and had been paid £15 for full week's work. The rest of her income was supposed to come from commission, but she had been unable to make any sales. Another young man had signed up as a trainee jockey and moved to a different town to start training. He left after a week: he was paid just £10 for a full week's work, once the cost of his board and lodging was taken into account.

3 Income and Spending Prior to the AA

In this section we explore young people's sources, levels and patterns of income and expenditure from the time they left school to when they joined the AA. This provides detailed information on the contexts that might stifle or promote the £20 weekly allowance to act as an incentive.

3.1 Income before the AA

Parents were a key source of income either through a regular allowance or providing money as needed, when asked. Only two young people mentioned that they could not ask their parents for a bit of money, at least occasionally.

Most young people had to do some household chores in return for money. Young people who had worked were paid wages although most of their jobs had not lasted very long. Picking up odd jobs for cash was also relatively common. Only a handful had saved any money to last them beyond school, and even fewer had made any money through occasional trading on e-bay or selling things like their old computer games or DVDs. Four were entitled to benefits: three young women who had children, and one young man who was in receipt of a leaving care allowance.

None of the young people in the sample admitted to making any income from stealing or trading stolen goods or selling drugs, although one or two said that they knew someone who did.

3.1.1 Income from parents

Parents either paid young people a regular allowance or gave them money on a more ad hoc basis. In almost all instances parents also provided all main meals and did not charge any rent or board if the young person had no steady income. However, quite a few young people reported that they would be expected to pay some board (around £20 a week or £50 a month) if they were to get a job, and most felt this was reasonable.

Some young people received a regular allowance which was either paid monthly or weekly. One young person mentioned a monthly allowance of £60, while a few said they received a weekly allowance of between £10 and £20. Others generally received a 'couple of quid' each day from their mum although one mentioned receiving as much as £5 each day. In some less well-off households, money was often given only for specific items of expenditure such as a bus fare or a packet of cigarettes. Monthly income from parents ranged from £50 to £140 and on average young people received around £65. A study of young people receiving Educational Maintenance Allowance (Knight and White, 2003) found similar patterns, with parents being the mainstay of young people's income.

There appeared to be a distinction between the two Connexions areas, with young people in one area more likely to receive a monthly or weekly allowance, while those in the other tended to receive a couple of pounds per day. In both areas, some young people did not receive any regular income but did get larger, ad hoc amounts at birthdays or as occasional gifts from a relative such as a grandparent. For instance, when asked whether he received any money from parents, one young person said he did 'now and again, Christmas and birthdays mostly'. Another mentioned he saved from these special occasions and that 'mum and dad help me out when necessary'. If he did receive money from his parents, it would be something like £5 or £10. In some cases, parents would pay directly for things like credit for mobile phones rather than supply money directly for general spending.

Although more young people received money on an ad hoc basis than received a regular allowance, the frequency and amount they might receive varied considerably and there was no great difference between the two areas in terms of total income from parents.

The majority of young people were expected to do housework or chores in return for money from their parents, although this varied from regular tasks to 'just helping out' occasionally. One who received a monthly allowance noted that 'I have to do the washing up, feed the animals and clean the garden every day'. A small number admitted that they rarely did the tasks expected of them:

'[I'm meant to do housework] when they ask me to but I don't really get around to it.'

In one example, parents used the allowance as an opportunity to encourage the young person to do something useful rather than stay in bed, asking their son to distribute leaflets for his father's business in return for the money:

'When I wasn't working? Yeah, if I wanted to go and play snooker with the lads [my parents] they would give us money But they started cutting down on it because they thought it'll make us lazy so that's when me dad started making us do the leaflets So like when I was going to work [doing the leaflets] they give me sometimes maybe £20 or £30 and sometimes I wasn't doing anything so I wasn't getting anything.'

3.1.2 Income from formal work

Income gained through formal paid work varied considerably and some young people had worked long hours for little financial return. This was far from uncommon, with a number of young people reporting long hours (up to 12 hours per day) for as little as £80 per week.

'I went into a hairdressing apprenticeship ... I was there for about one and a half months, to two months ... I just couldn't hack it, I was doing 49 hours a week on minimum pay as well Eighty quid a week for 49 hours, I should have only been doing about 36 maximum for a 16 year old ... I was coming home exhausted, it was just getting me stressed, getting me in bad moods.'

A different young person had been employed by what turned out to be a less than reputable firm, and had received very little payment for the work done. She had also had to spend considerable amounts on travel to do the job.

'I have had a job but I worked at, doing door knocking for a week They said oh yeah, you can earn like £300 and all this lot, and I earned £15 so I quit ... I was not happy that I'd had to travel to [town] £2.50 to get there [for that money] ... a week later I found they were on, you know the TV show Rogue Traders? A week later they were on that.'

However, other young people reported being paid at more reasonable rates such as one who said he had received £5.05 an hour for both jobs that he had done since leaving school. Another young person had got a temporary job with a large retailer working in the warehouse. It had eventually lasted nearly 10 months and he had earned £140 per week for 30 hours, which he felt was 'good money' (around £4.65 an hour).

In some cases young people were legitimately employed by their parents. In one instance, a young man had earned £100-120 a week after tax and NI deductions, painting and decorating for his dad. However he had not stuck with the job:

'I got bored with it. I did the decorating like painting the kitchen and things and then, I just got bored with it ... I did have tax as well because I got one of them proper slip things.'

3.1.3 Income from informal work

Less formal jobs provided a source of income for a significant minority. This included gardening, painting and decorating, and babysitting. These odd jobs were mostly for family and this kind of informal work did not provide a reliable source of income. In one example, a young person collected scrap metal and was paid by weight and material by a local yard, but the income he gained from this was variable and sporadic.

'Just finding metal and that and just scrapping it in the scrap yard. Things like copper ... I could earn quite a bit, I got £100 at one point for copper wire. A less good week I would get a tenner for something, just a little bit of money.'

One young man managed to pick up the odd day's work for a local roofer, paying around £30-40 per day in cash. Another picked up a similar amount doing occasional labouring work for a friend of his dad.

'Because he has got his own business but like if someone can't work, he'll ring us up and say do you fancy a day's work, or a week's work depending on how long, however long he hasn't got someone to work for him. So I just like go and work for him.'

'My dad's mate might ring me up every now and then if he's got someone off sick. I get £40 a day when I do it, but I don't tell Connexions about that.'

This type of informal cash-in-hand work was generally linked to family or friends of the family and some young people were less 'connected' in terms of these opportunities, for example if their parent or parents did not work.

Doing odd jobs for family varied both in frequency and the amount paid. One young man reported that 'going rates' were £20 for decorating a room in the family home, £10 per night for babysitting, or £80 per week for taking their sister's children to school while she was on holiday. However, again this income was sporadic and could not be relied on to provide a regular amount.

The amount paid for any odd job unsurprisingly depended upon family resources. One young person noted that they had received just £5 for decorating the living room for his mother, *'well, me mam's tight so I only got a fiver'*. He had done it anyway because he really enjoyed painting and decorating and it was 'better than nothing'. In contrast to this, another said that he received £20 per night for babysitting for an uncle and was asked to do this two or three times a week.

For another young person, the motivation to undertake odd jobs was not only the money that might be earned, but meeting new people and doing something they enjoyed. He had found this work through his friends and neighbours, but again the income was variable and sporadic rather than a regular amount.

'Just asked around, just asked my mates because I've got a few mates that like their parents need work doing because their grandparents are old and I just do odd jobs for them ... [what I get paid] depends how generous they are. I got 50 quid for one day off one person, and then off a different person I'd get a tenner or something. But it doesn't really bother how much they give me, if they come out and give me a bit of company'

3.1.4 Borrowing money from friends and family

The large majority of young people would not borrow money outside of the immediate family. Although quite a few mentioned that they borrowed money from their parents, most had paid this back and thought it was important to do so. In one instance, a young person mentioned that he regularly *'lent money off me dad'* and never paid this back; however, he did odd jobs in return. Another could borrow more

significant amounts from friends but only because they trusted him to pay back the money.

'My friends trust me with money because like I say if I borrow a tenner or something, they'll know they'll get it back instantly Quite reliable on that.'

Only a few regarded borrowing money as a key source of income. One young man said he borrowed on average about £5 per week from friends to supplement income from parents and odd jobs. A young woman's finances were much more turbulent and her income largely depended on borrowing from some people and using the money to pay others back.

'I was borrowing, that was about it, it was just the odd fiver here and there I was borrowing from family. They knew I would pay them back and I used to borrow if I needed the odd credit on my phone or packet of fags, it was "please can I borrow some money". They used to just give me as much as they wanted to give me then I'd pay it back. I keep a list of who I've borrowed from and tick off people's names as I pay them back but I would have to borrow from someone else to pay them back so I add a new name to the bottom.'

3.1.5 A good level of income?

Just one of the young people felt that their income during the time before the AA was better than that of their friends, and this was because *'they weren't getting any money from their parents or from jobs'*. For the others, the extent to which this was a concern was determined largely by their spending behaviour.

'Well, obviously I wasn't actually earning any income as such. My friends were getting an income but they spent theirs as quickly as they got it, which I didn't, it's not my style. So I would have actually said I held up better than most because whereas they would spend what they had, very quickly, and they wouldn't have anything else, I would always have some. My income wasn't there but I still had more money than them.'

Most reported that their income was less than their friends, mainly because their friends were in work or training or were older and able to access benefits. However, again spending patterns affected how their relative income was perceived.

'Some of me friends work ... there was a couple who had just gone in the army and things so they were getting more, then there were a couple at college so they had about the same, but I would say, ... because a lot of them are working as well, I would say [my income] was in the lower half that didn't have as much money as the rest.'

'Out of all my friends I've only got two that work. One was on the same amount as me when I had a job, but now he's getting more money than me. But doesn't bother us, he spends it straight away, he gets like about four hundred quid a month, within two days it's all gone.'

However, for some, their lack of an income meant that they could not do the same things as their friends and one noted that their different family circumstances

impacted on their income. Others were keen not to have to rely on their parents for money, especially if household resources were tight.

'Their mums, because they live with their mums where I didn't, or they had jobs, they'd come out of school straight into jobs, or they went to college or sixth form and I didn't It was harder because they were all going out with their money spending, getting all the stuff they wanted and I was only sitting indoors with my sister all day.'

'Some of them have got jobs, some are older and they're on the dole and things and they've got money coming in. And it's hard for me because I've got no job, I can't sign on the dole, I've got no GCSEs, or nothing like that. I've not got no money coming in, so they can go out, do what they do, spend their money and I can't. It's hard that way. I can't keep expecting my mum to give me money all the time because it's not fair.'

What young people considered a good level of income again varied but was similarly determined by their circumstances. Many thought about this in the short term and related a good income to an apprenticeship rate. One who was hoping to get an apprenticeship mentioned, *'I would be miffed if I didn't get £80 per week'*. Others mentioned that £110-120 a week would be a good wage.

Only a few had thought about the income they might access following training and hoped this would be *'something between £250-£300 per week'*. Another noted that *'Twenty-five to three [hundred] would be nice,'* although he did not think it was particularly achievable.

Some young people had much lower expectations of a 'good' income. The young woman who survived on borrowed money mentioned she had recently been offered a part-time job in a local café and the wage she would earn there.

'I would like to be earning about a £100 a month and I've spoken to my boss and I'll be getting more than that. I'll be about £200 a month so it's gone over what I really would want. But I know with that £200 I can still have it left to last me till I next get paid, which is what I really wanted, instead of having to scrimp and save till next month.'

3.2 Expenditure before the AA

3.2.1 Main sources of expenditure

Mobile phone top-ups and smoking were young people's main expenses with around half of the sample reporting one or both of these costs. Quite a few went out regularly to the cinema and some to the pub, when they had the money. The majority took their meals at home and so spent just a little on snacks and soft drinks when out and about. Travel costs were a concern in both urban and rural areas. A considerable number spent money on treats for themselves and others such as girlfriends or boyfriends.

The money spent on **phone top-ups** varied considerably. At one extreme, one young person reported that they spent around £30 a month for a bundle of texts and calls,

although others reported much lower costs, preferring their friends to call them instead because they never had any credit.

'Because of my phone ... I am always on it, I have an hour break sometimes and the rest of the time I am on it. I've got a sim card that allows me to have 500 to 1000 texts and I only have to put £30 on my phone to get 1000 so I've been doing that lately because 300 only lasts me a week.'

'Sometimes I put a fiver on me phone but mostly my mates call me.'

In a small number of cases, parents took care of mobile costs, sometimes in addition to an allowance.

'She puts a tenner on my phone every now and then to make sure it lasts, but it never does.'

The young people who smoked often were able to buy 'in bulk' through accessing duty-free **cigarettes**: *'There's someone my dad knows, does 200 cigarettes for £40'*. Others bought rolling tobacco because it was cheaper: *'I buy baccy because it's cheaper than fags, I can't afford cigarettes'*.

A minority spent money **going out** and a similar number said they spent money on food such as snacks and fizzy drinks or an occasional meal. The cost of going out was between £10 and £30 for a night, although most young people limited themselves to going out just one night at the weekend. The costs of going out tended to be kept as low as possible by taking advantage of things like two-for-one deals offered by the restaurants and by going back to friends' houses afterwards rather than the pub.

Travel costs were incurred by some young people and the amount varied according to whether they lived in a rural or urban area. For those in rural areas, travel costs were felt to be a considerable burden. This was also the case for young people living in the suburbs of more metropolitan areas.

'To me anything will be better than what I'm getting now, that will still obviously get me the bus fare from here to Stroud ... getting from here all the way to Stroud, the bus fare's £2.50 and it's just one way, just getting down there. That's a ridiculous amount of money just to get to one place and then I have to come all the way back.'

Other young people avoided travel costs by getting lifts to where they wanted to go either from family or friends. In most cases, they did not have to contribute towards petrol costs, *'I use me dad, he's my taxi'*. However, more were able to walk into town within 20 minutes and so did not have any real need to spend on travel. For one, a lift from their parent was not an option because of costs.

'I learnt to walk everywhere. Because there was no money then I had to walk from, like one time I walked from here to Maidstone. And it kills you but it was because I didn't have the money to get on the train or the bus, it was easier to walk than to ask my mum to drop me because she'd be like "where's the petrol money?"'

A few young people said that they spent money on **clothes** for themselves. The amount spent varied and was often linked to a birthday when they had received money as a gift. Their views on what they would spend on clothes ranged from not spending more than £10-£20 – *'I don't buy a lot, and I don't pay big prices for what I do. I wouldn't buy an 80 quid pair of trousers for example, I would buy some for ten or 20 quid'* – to believing that *'you can't get clothes for 20 quid, well not top brands anyway'*.

The young people who had children unsurprisingly spent on things for the baby. For example, one young man contributed money to his girlfriend for things like baby food and nappies, whenever he could.

Although they had little spare cash, some did occasionally spend money on **treats** for themselves or playing a sport, and where they did this, included spending on DVDs and CDs, books, badminton, snooker and cricket. However, DVDs and CDs were not bought frequently and seldom more than once a month, while the cost of the sports activities was relatively low.

Just one young person reported that they spent money regularly on **driving lessons**. This cost around £20 per week. Another young person had a motor bike and spent about £5 on petrol every week.

Just one mentioned gambling and playing cards once in a while with friends as a social activity. When he played, his stake would be around £5 to £10. Very small numbers bought 'scratch cards' or went to arcades.

3.2.2 Spending compared to friends

Most of the young people felt their expenditure was much the same as their friends. One of the young parents commented that all her friends had babies and they spent on much the same things as her. A few young people felt that they spent much less than their friends.

'It was mainly trying to keep as much of it [money earned through odd jobs] as I could.'

'A lot less because she got the job at [retailer] and so she had a lot of money coming in ... but I was spending less.'

Whether they were concerned about being able to spend less than their friends depended upon their interests as much as their income. For some young people, their income limited their social activities, while others simply curbed their spending.

'Well some of them had jobs as well so they wanted to do things, it cost money obviously and I didn't have the money so obviously I couldn't do those things.'

'I would say that's probably how they spend their money as well, I would say that they just spend like more in most areas, that's all of them having jobs at the moment. I know some of me friends go out once every week or a couple of times and spend £50 so they're spending double what I'm spending a week to start with.'

For others it was less of a concern because their interests lay elsewhere. In this instance, the young person ran an internet chat-room which was their main social activity.

'Well it's alright for me as I say because I don't really do anything to spend the money. But other people, I know people that like drink and do drugs, drinking and stuff, they spend it more but that's to waste it, they don't really do anything to further their education or stuff like that.'

3.3 The influence of money on their decisions at 16

For the majority, money was not particularly important to their decisions about work and training at the age of 16. Although many had wanted to get a job straightaway on leaving school, they had not really thought about the money they would like to earn.

'It was just trying to get into plumbing because I thought I would like it.'

A few young people had been excluded from school and for this reason, money had not particularly been a priority – in the first instance they had just wanted to get a job.

For others, money had not been a consideration because they assumed that their parents would always supply it.

'Not important, I could always get money off me mum.'

For one, their family moving away had brought about a sharp re-focus on finances.

'I wasn't really [thinking about money], it was me being in my little world because I thought I'd still have my family, would still be there and back me up. And then I realised that it's all gone a bit different ... I've got to stand on my own feet and it's really hard to do it where I've always had money given to me when I was little and brought up with it.'

One young girl who had rejected doing the AA felt under pressure from her parents to be earning money. She had previously dropped out of a college course and she felt that her parents put more pressure on her to get a job because of this, reporting that they wanted her to pay £30/week in board.

4 Impact of the Incentive on Income and Spending Patterns

In this section we examine the impact of the incentive on young people's income and spending patterns. We explore how the £20 per week fits in with their other income sources and whether any income has had to be foregone in return for taking part in the AA. How does this influence the 'net' level of the incentive? We also examine any changes in spending brought about by participating in the AA and whether the weekly allowance is enough to cover this.

4.1 Changes in spending brought about by doing the AA

For around half of the sample, the AA incentive had not brought about any additional expenses or changes in spending behaviour. While travel expenses might be incurred, most claimed back all of their fares.

'Yeah, I go to Connexions once a week and I keep me bus ticket, I give it to them and they pay for it, and give us the money.'

In many cases lunches were provided during activities so snack and drink costs were minimal: *'yeah, but that got paid for so it cost nothing in the end'*. As one young person put it when asked if they had incurred additional costs, *'Not really, just stuff I want really, there's nothing like bills or nothing'*. However, not all young people had their lunches and drinks provided and so this was felt to have brought about additional spending which they counted as being a 'cost' of doing the AA:

'Yeah, my travel, I'd pay it up there but Connexions said they'd give it back to you so you weren't really losing out then. But it's just like the other things like having a drink and something to eat to go up there with, fags if I had to get them while I was up there. But that was it really.'

Not all young people had found it easy to budget for the AA despite receiving the weekly allowance and being able to claim back travel. Budget difficulties could lead to some questioning of the value of the activities provided.

'They asked me to go to [activity] and they knew I didn't have the money because I was paying a little bit of rent. And I paid a tenner and I put £10 on my phone and I had nothing, and they was like "well you have to go to [activity] tomorrow". I was like "but I have no money" but I had to get up there, I had to borrow some money just to get up there and they didn't even need me up there. So there was no point me going up, but they said if I didn't go up I'd lose pay. And I know I have to go up there and I try my hardest to get there because I know I need the money.'

Travel was a more significant cost to those in rural areas, and some in suburban areas, and while expenses were claimed the costs and difficulties of getting around tended to influence their views about spending while on the AA.

'Mainly transport really I ended up paying for that out of [the incentive]. Just getting there and trying to find ways to get to places quicker really ... I claimed some of it back. Well obviously, the trains I've got a young person's card anyway so I didn't actually see the point in claiming back. I was like I'm already getting it cheaper. I had to keep asking my mum and my mum was like "oh I can't keep paying all this out". And eventually she said, "oh I'll take you down to [town] and then you can walk".'

'But £20 a week, you need some money like I say I was totally skint, I was needing about twenty quid to get in and out of town during the week.'

While entitled to reclaim all their travel expenses, a number of young people had not and were, to some degree, investing their own money in doing the AA. One young person noted that at times he had bought a weekly bus ticket but usually he just bought single tickets and did not claim for the return journey. In another example, costs were felt to be insignificant anyway and not worth claiming.

'[I knew I could claim my expenses] Yeah, 25 pence a mile. If you go by train, they pay your train, you go by bus, they pay your bus fare, if you're going by car they normally pay you something like 25 pence a mile but it's like hardly worth it, it's only a mile down the road, do you know what I mean?'

In a couple of instances, as a result of attending the AA, young people were now being asked to pay 'board' money by their parents. One gave his father £10 per week to contribute to the household food bill. Another had to pay board money of £10 per week, plus £5-£6 per week to cover the costs of pet food, so in effect he was only a few pounds per week better off, financially.

4.2 Changes in income aside from getting the Activity Allowance

For most of the sample, the Activity Allowance was an addition to their existing income and they still received an allowance from their parents or were able to undertake their odd jobs in return for cash.

'Like I had me £20 a week and then if I was going out somewhere ... me mam would give us a couple of quid.'

'With Connexions, £25 a week – so for odd jobs a fiver a week and £20 for the Connexions.'

While most received the AA as additional income, quite a few young people reported that their parents tended to give them less now. These young people had usually received money on an ad hoc basis rather than receiving a regular allowance. Some had made a decision to reduce the frequency with which they asked their parents for money.

'[My mum still gives me money but] Less so now, because I'm getting like 20 quid a week but it just goes straightaway.'

'Yeah, my mum knew I was getting £20 and she was just giving me a little bit extra just to help me through but it's less often than before.'

'No, when I started doing the Activity Agreement I never used to take money from my mum unless it's during the week if I needed a couple of quid.'

For a small number, the incentive replaced their allowance completely and they were no better off *'[the allowance stopped] yeah, because I was getting the Activity Agreement'*. In some cases, since they were no longer receiving the parental allowance they no longer had to do household chores, although this was not the case for all young people.

Just two mentioned having given up doing odd jobs for income since they started the AA, which had reduced their overall income by around £15 a week. In one case, this was because he felt the AA represented enough activity. In the other, the AA was felt to be important enough for the lost income to be less of a concern.

'No I stopped doing the odd jobs when I was on the Activity Agreement To have a rest, a lie in, because I like my sleep.'

'Yeah because like I say I had to cut down on the jobs for my dad. I was getting £20 off Connexions when I was going there so it's like £15 less altogether. [It's worth losing that £15] ... because it's going to help me get a better job.'

4.3 How young people spend the AA incentive

For many, spending habits did not really change with the incentive and they continued to spend money in much the same way as before, just being able to afford a little more of the things they usually bought. Some felt that £20 did not go very far: *'it just runs through me hands'*. In the case of smokers, it was often the case that the amount they smoked increased with their resources. Others recognised that the costs of smoking meant that the incentive had *less* value to them than to non-smokers.

'[The money went on] Drink, food, credit, baccy. Because I was going out like doing, I'd get the money out on the Friday, go and get my breakfast down in [name of town] and then go to Connexions or wherever I had to go.'

'Fags, far too much yeah ... [I now smoke] 20 fags a day.'

'[The difference the incentive makes is] Quite a lot to me. Many people on the course [the AA] smoke so they've always got to spend out on fags so like to them they probably think "oh an extra tenner" but I can get more [with the incentive].'

Quite a significant number reported saving rather than spending the money outright. For some, most of the money was saved in the bank until there was something that they wanted to buy, while for others, because the incentive went directly into the bank, they saw it less as a general spending resource. A couple were using the incentive to save up for a holiday. The amount saved varied: some saved around £5 to £10 of the £20, whereas others were able to save almost all of it, usually because parents continued to provide resources.

'I've got to try and save it for a couple of weeks and then you can buy something. Then I've got to save up again. Yeah, 40 or 60 quid and then I'll buy something like new clothes or something.'

'It goes into your bank account so I kept it in there for a while and then just took it out when I needed it. So I left it in there just let it build up and build up and I could just take bits out when I needed it.'

Others would treat themselves a little, perhaps spending the money on clothes or video games or on their boyfriend or girlfriend. For those with children, the incentive allowed them to make a bit more of an input although most felt they would still like to be able to contribute more.

4.4 Attitudes to money and spending behaviours

The discussions about income and expenditure revealed that more young people had conservative attitudes to money than did not. A significant number of young people saved, many lived within their means (or at least said they tried to), and most had a strong ethic about paying back any money they had borrowed. There was a group who spent more frivolously and did not worry too much about making the incentive last, often because they could access money when they required through their parents. For these young people, £20 was just enough to go out at the weekend but not much more.

The diaries illustrated this divide but also revealed that young people might spend differently to how they had expected. Diary information was collected from just over one-third of the sample and this demonstrated the different spending patterns that were prevalent amongst them. The diaries also highlighted how income varied across the group and captured both those with significant resources and those who 'got by' on very little. The following are some examples:

- **I don't spend much, don't need much** (two-day diary)

Across the two days he had spent just under £5, and £4 of this had been spent on a

takeaway meal for his parents and his friend shared the costs. This was unusual as he did not generally spend on food. Earlier in the week he had spent £4 on a sports match (not captured by the diary). He did not receive an allowance from his parents but nor did he generally ask them for much money since he saved money from the AA (and from birthdays and Christmas before the AA). Thinking about what he spent in one month, he said that he might spend £10 on mobile top-ups, perhaps buy a couple of books and quite often a console game which can cost up to £40. He was not sure when the AA incentive went into his bank account, and did not really think about it.

■ **I save for my trips (two-day diary)**

Over two days he had not spent any money and he said this was fairly typical. Most weeks he spent around £15 on cigarettes and not much else. He had worked in the boatyard for his dad, doing odd jobs, on one of the days. He regularly borrowed from his dad but paid him back in kind through working for him. This had continued while he was doing the AA and meant that most of his incentive could 'sit in the bank'. His social interest was running an internet chat-room and he travelled to meet up with friends made that way. The AA incentive had enabled him to take these trips more frequently.

■ **I juggle my borrowings (seven-day diary)**

In total she paid out £100 over the seven days. Her main cost was repaying the money she owed to other people (£50). She had spent £15 on cigarettes during the week. She had also spent £30 on mobile phone top-ups. She had spent £3 on travel for the AA but had received this back the same day. Her income during the week was £90, including the AA incentive. Unusually she had received £20 from a family member during the week (used to pay someone back) and had £5 in tips from some (unpaid) work she had done. She borrowed £45 to go towards her mobile phone credit and to help with paying people back. She felt this was unusual and she did not normally have to spend quite this much.

■ **I save but I also splurge (two-day diary)**

She had just finished the AA the previous week and had received her final payment. Throughout the AA she had been saving half of the incentive money each week and was now living on her savings. She did not receive an allowance from her parents although she could borrow from them if necessary. She saved during her childhood and had used this money when she was NEET. Her social life was mainly with her boyfriend, who also helped out with transport. She generally spends around £15 each month on her mobile phone. Over the two days she spent £11.50 on eating out although normally she would only go out once a week. She paid back a borrowed £5 to family on the first day.

■ **I live within my means (three-day diary)**

At the start of the three days, he received his travel and subsistence allowance (£50.70) for a pre-Army course he was currently doing. He spent £28 over the three

days, of which half was spent on travel to and from the course. He spent much the same amount each day: he bought a packet of cigarettes at a cost of £2.50 and each day his travel cost him £4.90. The remainder of his spending was on snacks and drinks. He continued to receive his Activity Allowance while he was getting his subsistence allowance for the course, but gave at least half of this to his dad to pay towards household bills.

■ **I'm doing alright** (five-day diary)

His income over the week was £60, which included the AA incentive, some money from doing a work trial, and from family. On the first day he spent £18, of which 50 pence went on a newspaper which related to his activities and £10 to going out. The subsequent days he spent much less, averaging £2.70. Cigarettes cost him £2.50 and he spent on these two out of the three days. Travel by bus had cost him £2.50 and his metro ticket cost £1.60. He spent a couple of pounds on snacks and drinks each day. He felt this was not a typical week as he was doing work most days in his dad's business, which meant his income and expenditure were both higher than usual. The job was a work trial which was part of his AA.

■ **My family comes first** (three-day diary)

During the three days he received no income. On the first day he spent £12 at the supermarket buying some frozen pizzas for his family and some nappies and other necessities for his baby. He had to put this on his debit card because he did not have any cash on him, but he had to be careful not to spend too much because his bank account was running low. He spent nothing the second day but on the third spent £3.70, the majority of which went on travel expenses (£2.60). He received his Activity Allowance on the third day and was relieved to get the letter confirming it had been paid into his bank account.

■ **I spend what I have, I can usually make more** (five-day diary)

Across the five days, he received £42.50 from family and work. His family would usually give him around £20 per week but he also did odd jobs for them in return for extra money. On the first day he received £5 from family and spent £4.40 on a magazine and going to the gym. The second day he received £25 from working for his dad and from other family. On this day he spent £22 on gym membership and £3 on snacks and drinks. The third day he received £5.50 from work and spent £3 of this on football, and a couple of pounds on snacks. The fourth day he got £4 from doing odd jobs and spent £3.60 on travel, a newspaper and snacks. On the final day (the start of a new week) he received £3 from family and spent half of this on snacks. At the time of the interview he was saving up his Activity Allowance to use as spending money on holiday.

■ **I treated myself** (seven-day diary)

He had celebrated his birthday this week and recorded income of £110 on the first day (although £60 of this was his monthly allowance). He also received his AA incentive during the week, £40 from odd jobs and a further £20 from family. In total

he spent £140 across the seven days. £20 of this went on 200 duty-free cigarettes, and a further £15 on cigarettes bought later in the week. The first day he went shopping to spend his birthday money and bought trainers, jeans and a top for £70. He bought another top at the end of the week for £20 using the AA money. He also spent £10 on his mobile, £5 on the bus, £5 on a fast-food meal. The second day he went to the cinema and spent £3 on travel and £7 on his film ticket. He bought a CD for £10 on the third day. He paid back £20 to his dad which he had borrowed a few days earlier on the fourth day, but by then had received £40 for decorating his sister's bedroom (a two-day job). He spent £5 going swimming on the sixth day and spent nothing on the final day.

■ **Money slips through my fingers (seven-day diary)**

His only income had been the AA and he received this the day he started the diary and was due another payment by the end of the week. Across the seven days he spent £40 but he had saved three weeks' worth of the incentive as he was saving for a holiday. His mobile top-ups cost him £10 but that would last him one month, and he had spent £9 on DVDs which were bought with staff discount at the shop where he did his work placement. He spent £6 on a haircut. His biggest expense was fizzy drinks, snacks and sweets which totalled £13. He was surprised how much he had spent on these but partly attributed it to doing a work placement, which was part of the AA.

5 The Influence of the Incentive on Decisions to Participate

In this section we explore whether and how the weekly allowance is an incentive to participate in the AA, in different contexts and for different types of young people. We also examine the impact of the incentive on young people's continuing participation.

5.1 How is the AA 'sold' to young people?

5.1.1 Initial sources of information

Directly from Connexions

A large minority of the young people in our sample who eventually signed up were **already in regular contact** with Connexions, mainly to look for job or work-based training opportunities. The AA was often introduced to them directly by a Connexions worker with whom they already had some (albeit limited) involvement. This gave the AA greater initial 'credibility' with them than it did with some of the other young people, because it was being operated through a familiar and trusted environment.

'I spoke to a few people from Connexions and then one day I was speaking to [Connexions adviser] and she mentioned the Activity Agreement where I go in once a week and she helps us try to find a job as well'.

A similar number found out about the AA through **cold-calling** by Connexions or some form of 'light-touch' contact such as an occasional visit to a Connexions walk-in centre. Many of these young people had previously had little or sporadic contact with Connexions so the same degree of trust did not apply. Some were initially suspicious when they received a phone call but were persuaded to attend a first meeting to get more information. It was important for Connexions to identify any suspicions or

concerns that each young person had at this initial stage, as many were misconceptions that could be easily overcome.

'I was like, it had better not be like a counsellor. Because I don't really open myself up to people, especially when they're a stranger.'

It was also important that the initial meeting was not too difficult for them to get to as any form of distance could put them off, through a combination of having to pay for travel cost upfront and the extra time it would take for them to get to and from the meeting.

When cold-calling, concentrating on getting young people to agree to a face-to-face meeting rather than trying to persuade them directly to sign up by phone was generally a good tactic as it gave the young people some space to decide for themselves rather than feeling pressured into it. This approach could help to pique their interest and curiosity, leaving them wanting to know more.

'My mate was on it, he just said what it's about and then I got a phone call a couple of months later saying would I like to see what it's about and stuff. So I had a talk with them down there and then I was quite interested in it.'

Referrals

A few young people had been referred to the AA via a third party such as a parent, a **community organisation**, or another adult in authority like a probation officer or social worker. The source of referral did impact on young people's subsequent views of the AA. Those referred by a community organisation tended to be similar to young people who were already in touch with Connexions, in that they were already involved in active job search or some form of activity which they felt would help them improve their chances of getting a job. They trusted the organisation or individual who had referred them and were therefore open to finding out more about the AA.

The handful of young people in our sample who were referred by a **probation or social worker** tended to be among the most disengaged. However, some of them felt they were fairly well 'connected' in terms of access to formal or informal paid work, for example one 17 year old claimed he would be able to get a job working with his dad on the roads when he turned 18. Others came from extremely disadvantaged backgrounds, for example one was living in a leaving care unit, and had no family support to fall back on.

A few of the young people had been referred by their **parents**, who had contacted Connexions after seeing publicity, directly on behalf of the young person.

'I'd been getting quite a few letters from Connexions about it ... and then like my mum said go for it, I'll ring them up. So she rung them and got me on the course ... she pushes me and encourages me to do it, otherwise I don't want to do it.'

Being referred to the AA by an 'authority' figure such as a probation officer or social worker, or even a parent, meant that some young people felt they did not have as much control over the choice to get involved. Although all these young people said they went into the AA voluntarily, the degree of choice was constrained somewhat either by a genuine desire to please or appease (in the case of parents) or by a deferment to authority ('you tell me what to do and I'll do it'), in the absence of anything better to do.

'I think my probation officer rang them up about it and they phoned up and asked me if I'd like to do it and I was like, yeah, alright.'

'One of my mates was doing it'

Finally, a small group of young people had actively sought out the AA because they had heard about it via friends. These young people did not need to be 'sold' on the AA by Connexions because they had already been attracted to it by **word of mouth** from within their own circle. They tended to be among the more 'disconnected' young people in terms of prior involvement with Connexions and their educational and employment histories. Some had extra responsibilities or family pressures which added impetus to their desire for work or training to improve their current lot, for example one had become a father.

A minority of young people had signed up primarily because they 'went along' with what their friends did or felt persuaded by friends who were nervous about starting it on their own:

'I found out about it because they rung up so I think, I weren't too sure about it and then one of my mates was going to it as well, so I went to [town] with him while they were signing on to it. So I thought I might as well sign on as well.'

'I was forced to do it from me girlfriend and that's it really. She didn't want to do it by herself.'

[Interviewer] So she said, if you do it, I'll do it?

More like "do it so I won't be on my own".'

Others had been attracted because they saw some of the benefits that their friends had gained from doing it, either in terms of positive outcomes such as a job or training place, or in terms of more 'material' benefits such as Connexions paying for a short course, or – in one Connexions area – a provisional driving licence and lessons.

'I'd been to Connexions a few times and I think there was one of my friends had mentioned it at the time and said his brother, they were helping him put through his forklift truck course, because he wanted to do that, he could work in a warehouse and ... they were paying for those lessons for him.'

This is important because it shows that some of the young people attracted to the AA through word of mouth were expecting more from it in material benefits than the £20 per week allowance. It also shows that using 'good news' stories and case studies can be a productive approach in appealing to young people, and to be used to best effect these should include reference to other types of material support that young people may have been given to help them along the way, as well as the £20 per week.

5.1.2 How the AA is 'sold' to young people

The way that young people found out about or were referred to the AA did have an influence over how it was 'sold' to them. In this section we examine the main 'messages' that young people received about the AA at the point they first found out about it. It should be noted that Connexions need to – and do – employ a range of 'selling' tactics to get some of these very disengaged young people to the initial discussion.

'Getting help to find a job'

For those young people who were already using Connexions regularly to help them look for work, usually through looking at job boards or similar information sources, the AA was almost a 'logical' step. It still had to be 'sold' to some of them, however, and the most common approach appeared to be emphasis on getting access to more in-depth support to look for a job or apprenticeship. This was successful because it fitted with young people's preference for work or work-based training over education and offered them support to do what they were already doing, but more effectively.

'It's not really for the money, it's so I can try and go somewhere I want every week where I'm actually getting help to try and find a job and they're looking at places to find me a job as well.'

'Getting paid to find a job'

An extension of this message was that the AA would involve 'getting paid' to find a job. This again fitted well with young people's focus on finding work but tapped a bit more explicitly into their desire for some cash. Among the young people who were already using Connexions, this also appealed because it involved getting money in return for something they were doing a bit of already. Young people who were sold on this message tended to be similar to the 'getting help to find a job' group but had a lower or less regular income, therefore the £20 allowance played a bigger role in attracting them.

'They said it was 20 quid and I only had to go for an hour and they could try and find you jobs.'

'Getting paid for trying to find a job.'

'I could go down there twice a week or something and look for a job and I was getting paid £20 for it.'

'Getting paid for an hour talking'

Some young people felt that the AA had been promoted to them, initially at least, as something that was not a big commitment.

'She says you come down and sit with [an adviser] for an hour talking, and you're like getting paid for it.'

This appealed to some of the less engaged young people largely because they felt it would be relatively 'easy money'. Many of these young people changed their attitude towards the AA as they had more involvement in it and could start to see demonstrable benefits. However, a number of young people who later dropped out or were 'kicked out' of the AA had initially been attracted by this.

'Something to do'

Another way of 'selling' the AA was to focus on the activities in a more social sense, as opposed to how they might help you find a job or training. Taking part would offer something more interesting to do than 'sitting around the house', and offer 'fun' activities as well as opportunities to meet new people.

'It sounded really fun and it was a good way of meeting other people and seeing if they had the same problems as me and stuff like that, and getting a job.'

'Because on the leaflets they've got like quad biking and all that so I thought it would be a laugh.'

While this appealed to some young people, in particular those who were geographically or socially isolated, it actually appeared to deter some who were less confident in group situations.

'About going I was really nervous because it's around new people and the travelling, I don't like to travel by myself.'

It could also put off a few young people who were more intent on looking for a job, because they felt the social activities would use up valuable time that they could be spending on job search and making applications.

'The course [Activity Agreement] that I'm on now is getting into work experience placements and everything. Before she didn't mention anything like that, it was just you get together in this group with people and go days out and stuff, which didn't really interest me ... I didn't see the point of just going out and doing stuff when I could be at home looking for a job.'

5.2 Why young people decide to sign the AA (or not)

5.2.1 Reasons why young people say they sign up to the AA

Young people's reasons for signing up to the AA were often complex and multi-faceted. Essentially there were four main reasons why they decided to sign up, of which three were underpinned by the £20 weekly allowance, although the extent of this depended on factors such as young people's household circumstances, access to income from other sources, and overall levels of engagement with finding a job or training.

Meeting new people (plus the incentive)

A small number of young people who had signed up did so mainly for social reasons. They felt that the group-based activities would offer them a chance to widen their social circle, make new friends and develop greater self-confidence. Many of these young people were socially or geographically isolated and had a limited or non-existent work experience.

'Because it's meant to be confidence building, that was the main thing that appealed to me, meeting new people.'

Most of these young people were receiving some form of parental allowance, either regularly or on a more ad hoc basis, although this tended to be fairly low at around the same level as, or less than, the £20 per week Activity Allowance. Their spending also tended to be low compared with some other young people, and therefore to an extent the £20 per week was not so important because they tended to live within their means. However, travel costs were a major issue for some of them living in more rural areas, and the £20 per week was important in providing money to cover these, upfront.

Boredom (plus the incentive)

A small number of young people claimed to have signed up mainly because the AA gave them something to do. Many had drifted in and out of college or training at some point since leaving school, and most had been doing informal work intermittently during the time they were NEET. A few were confident that they would be able to get longer-term work in future, for example through family contacts, but were waiting until they reached 18 and could enter a specific trade or occupation, or were still undecided about what they wanted to do.

'It's more hands-on sort of thing. Saves me laying about at home.'

'Getting us out of the house basically.'

Many of these young people tended to get money from their parents and some also sporadically earned money from informal paid work. Their average income therefore varied but they had experience of earning more than £20 per week. Some of them tended to spend what money they had fairly quickly while others saved a bit when they had extra coming in. The incentive was an important contributory reason for many in this group because it was a 'badge' signifying that the AA was worthwhile. The incentive payment also allowed some to give up money from their parents or informal work when they started doing the AA. In this way it gave them the opportunity to get a replacement level of income independent of their parents – although they knew they could still rely on their parents if they ever needed extra cash (see Section 4.2).

The activities (plus the incentive)

A large number of young people who signed up to do the AA did so because of the activities. However, different elements of the activities appealed differently, depending on a range of inter-related factors: young people's commitment to work or training; how the activities were 'sold' to them; and what activities young people considered worthwhile.

There appeared to be quite a distinction between how the activities were 'sold' in the two Connexions areas. In one the emphasis was very much focused on their relation to work and training. Young people expected to do things such as job search or taster courses that would help them to find a job or training place. There was little mention of 'fun' activities involving sporting or social activities. In contrast, young people in the other area had more mixed expectations. While recognising that the AA was designed to help them find a job or training, initially some young people had been attracted more by doing the more 'fun' group-based activities such as going to the gym, skating trips, etc.

'day trips ... went to a water sports day in [Kent town], jet boats and stuff like that, and sailed a yacht. So I thought yeah, it sounded pretty good. And we did voluntary work down the environment centre.'

'I thought it would certainly be interesting to try. When you're like me who loves to do sport, and I'm gonna get paid for it as well ... and just to get out of the house.'

Young people who were attracted by the activities came from a range of different backgrounds and financial contexts. At one extreme were some who were comparatively advantaged in terms of access to a regular allowance from parents and/or informal paid work, or who had little outgoings and therefore needed little income, but could rely on their parents if necessary. The £20 financial incentive was not particularly important for this group, but they wanted to improve their chances of getting a 'proper' job or apprenticeship.

'I've been to Connexions once every week for the past 15 weeks and applied for a lot of things there. And they get you to go on the computer to look for jobs and they help you look for jobs and they talk to you about jobs and things like that. And if they see anything, they help you fill in an application form.'

At the other extreme there were some who had no regular sources of income other than a couple of pounds from their parents occasionally, which was quickly eaten up by snacks, travel or cigarettes. For this group, the incentive was often a strong contributory factor in the decision to sign up because it offered them a stable income independent of their parents, but they mainly wanted to improve their chances of getting a job through doing the activities.

The incentive alone

A minority of young people signed up primarily for the money, although some of these felt this was later overtaken by the activities or the advice as they saw the wider benefits of taking part. Most had very low or no regular income of their own, relying on occasional money from parents or grandparents.

'If it was my mate, I'd just tell him to come, I'd say look, you get 20 quid a week, just go for the money like I did ... it's a good day out, like yesterday we went tree jumping, that was alright. But I mainly do it for the money.'

However, others already had a regular income from parents which they wanted to supplement so that they could spend more on things like going out. Some of the young people in this situation had a 'fall-back' position in that they were waiting for a particular job opportunity to come up (often when they turned 18) or had dropped out of college and had the possibility of going back to finish their course.

Reasons for not signing up

Among the small sample of rejecters that were interviewed, three were teenage mothers who had babies and could rely on benefits plus some financial support from their families. One had started full-time work at the time he was approached to do the AA, and was planning to do an apprenticeship through his employer later in the year. Another was still NEET but was very much oriented towards getting a job rather than doing another programme – she had previously done a six-month programme involving training and work placements and felt that the AA would be 'more of the same'. She also felt under pressure from her parents to be earning a wage.

'I need more than £20 a week. My mum and dad want me to be paying £30 a week rent.'

Many young people who rejected the AA were contacted during the course of recruitment and the vast majority refused to take part in an interview. However, a handful did provide brief information on their current status or on their views of the AA more generally. Among these a significant minority had started work or an apprenticeship, although it was not possible to determine whether this was the case at

the time they were first approached to sign up, or whether they had started since. One girl described the £20 weekly allowance as a *'pittance'*.

5.2.2 Most and least important components of the AA

Using sort cards covering a range of components, young people were asked to say which element of the AA they would remove, if they had to, ie the least important. They were also asked to identify the very last thing they would remove, ie the most important. The components listed on the cards were: £20 per week; the activities; having an agreement; having regular meetings; and the advice. Young people were also offered an opportunity to add new components which they thought were important and which were not covered by the cards.

The weekly allowance

The importance of the weekly allowance divided opinion, with similar numbers of young people deeming it to be the most and the least important component. It was deemed to be the most important mainly by young people who had little or no alternative source of income, or who were among the most disengaged, for the following reasons:

- it provided them with a **stable weekly amount** which was relatively high compared with the money they got previously, which tended to be more ad hoc. This was usually a few pounds every couple of days from their parents to spend on specific things like cigarettes. The allowance was important not only because they had their own money to spend on more 'essentials' over the rest of the week, but also because it felt good to have a relatively large amount of money coming in at once, which they had the option of saving or splurging if they wanted to.

'I've got a bit more of my own now if you like. So I've definitely got some money of my own that I can just draw on.'

'Yeah, I had a bit of money to do what I could, I knew that was my money that I could spend.'

- some young people from very disadvantaged backgrounds needed the money to feel they were **'paying their way'**, either directly (by giving some of it straight to their parents as board money) or indirectly (by buying food for the family). For example, one young man needed money to help support his girlfriend and pay for things like nappies for their baby. This could also help ease pressures from parents about making a contribution to the household budget.

'I'm helping to keep food in the cupboards ... there's not as many arguments at home now.'

- some young people faced quite heavy additional financial costs when taking part in some activities, including train or bus fares, and the cost of drinks and snacks on a day out. The incentive **helped to cover expenses**, upfront. Although they could

claim travel costs back, they had to use the incentive money to pay for their tickets in the first place, or borrow money from parents/friends and use the incentive to pay them back (see Section 4.1).

- some young people did not really need the money but the incentive remained important because it **signified that the AA was a 'worthwhile' investment** of their time, because they were being paid to do it. In this way the £20 allowance was a 'badge' which could be used as justification to others (such as sceptical friends) for why they were taking part.

'It wasn't worth me hassle like going there just for nothing.'

'You can't do anything for free, and you don't get anywhere in life for free.'

A substantial minority of the young people considered that the £20 weekly allowance was the least important component of the AA. This was more commonly the case among young people who had a reliable source of income outside the allowance, mainly from their parents. The weekly allowance played a contributory role for some of these young people. As such, it did not incentivise them to take part but afforded them the opportunity to supplement their income or maintain it while reducing their reliance on the 'bank of mum and dad'. In short, they accepted the money but could have done without it. They did acknowledge that the incentive payment was important to other young people who had less money to fall back on, but they personally did not particularly need it.

'It would be [important] for some, not necessarily for me. I prefer the activities rather than the money, but some people would find the money quite an incentive.'

'The money I would say drop the money. I mean it's only £20 a week and I would probably still survive without it because I mean they're really helpful and you go in and you do things, they help you a lot.'

The activities

A proportion of young people similar to the proportion who had nominated the weekly allowance as being most important, nominated the activities. However, only a handful of young people nominated activities as the least important component of the AA. For young people to rate the activities as the most important, they needed to see that these:

- were **linked to work or training**. Young people prized a job or apprenticeship above all else and prioritised the activities as the most important component of the AA if they could see a clear link to improving their chances of getting a job or training place. Hence, work-related activities such as work placements or vocational taster courses were very attractive, especially if young people had been trying to get a job for a long time and had little prior history of formal paid work.

- **helped them achieve something they perceived to be worthwhile**, such as improving their Maths and English, or giving them a certificate that they could use on their CV, such as First Aid or Food Hygiene.

'I've done first aid and I done that health and safety to get a CSIS card.'

'Just getting me out of the house for a bit, meeting new people. And the things we were doing, like we done a first aid course and stuff like that. Certificates I could use to help me get a job in the future.'

- **were linked to things they enjoyed doing**, and involved meeting other young people.

Some young people who mentioned the activities as the least important component of the AA could not see the 'point' of doing them, most often where activities were not tailored to their own interests. For example, some questioned the value of doing some of the more social or sporty activities such as going to the gym every week. This was particularly important if the activities had been 'sold' partly on the basis of being an opportunity to have fun and meet new people. While this was attractive at the outset, some got bored as the 20 weeks progressed, particularly if the activities remained the same or if they did not get on with other people in the group. Selling the activities as 'fun' only worked for as long as the young people found them to be 'fun'.

'I got fed up with doing the same thing near enough every week. All we was doing was on a Wednesday going to the gym and we'd do like basic skills ... I thought it got a bit boring after a while.'

'There was quite a few people that weren't, didn't enjoy it and just left and didn't worry about the money.'

The advice

The next most important component identified by young people was the advice, although they were split about its importance with five saying this was the most important aspect and four saying it was the least.

The role of advice was most important for young people who did not have a clear idea of what they wanted to do, in terms of work or training. Often this was among those young people who had the most options available to them, for example because they had relatively good exam results or a varied work history.

'I would say I'd want to keep the adviser with all the help that brings ... the best part about it is that they give you a lot of help and they find lots of things out for you.'

Among the smaller number who mentioned advice as least important, some had a reasonably clear idea about what they wanted to do while others were bored and frustrated by their regular meetings as they felt they were not getting them any further forward.

'I went in and I talked to the bloke and he just said the same thing every week. And it was just boring, because all he was saying is you've got to look for a job ... we just talked to him about just now really.'

'They try and make me talk to like a careers adviser ... and I talked to him before and he just gave me loads of bits of paper and they made me talk to him again. I didn't like it, I just sat there for an hour bored.'

Different factors influenced initial versus continuing participation

Some of the young people who felt the financial incentive was the most important component to them initially, felt that this changed during the course of their involvement. This was the case even among some of the most disadvantaged young people who had very little alternative income to fall back on. The typical response, from a young man who had done a scaffolding taster course and attended numeracy and literacy classes at a local community learning centre as part of the AA, was that:

'After [I] started doing it, it wouldn't be the money, it would be the experiences. They really help you and I think I've got more chance of getting an apprenticeship now.'

This was reinforced in one area in particular, where most of the young people who had stuck with the AA for any length of time had been told about the financial value of the activities they were doing, or other financial support that might be available. This helped to make young people feel that more was being invested in them than 'just' the £20 per week, and created an additional layer of financial 'incentive' in addition to the weekly allowance.

'They paid for us to go on a four-day course doing plumbing ... Connexions said it was £400 for four days. They pay for us to get my eyes tested, because I need my eyes tested for plumbing.'

'£800 for a course plus they'll get your driving licence provisional.'

'Me pal, he's got a load of free driving lessons and everything.'

'They don't just give you money. They said they could pay for things like a hard hat and rigger boots if I needed them. You can get gym membership and they pay for your bus tickets. It's probably more like £30 a week that you get anyway [taking into account other things].'

There was a similar, although less widespread, feeling in the other area where some young people had been encouraged to stay involved in the AA by the 'carrot' of doing a work placement, a number of weeks into the programme.

5.2.3 Views on the 'something for something' approach

The 'something for something' ethos of the AA had not deterred young people from taking part. Most concurred that it was fair that the weekly allowance could be withdrawn if they did not turn up.

'It's right in a sense because if you're not doing the agreement or you're not talking to the person that you're supposed to be seeing then why should they give £20 away ... it's right that you've got to go in and do something to get the money.'

'There's ones who can't be bothered to come to the activities or have got things with mates that they can't be bothered to drop. And they still expect to get the money at the end of it. I think that rule's right, you should have to do what you've been asked or what you've agreed to do to get that money.'

A small number of young people in our sample had experienced an occasional withdrawn payment. Usually this was because they had missed an appointment, or deliberately not attended an activity because they did not see the value of it. Young people who missed appointments generally did so knowing that their money would be stopped but they could fall back on financial support from their parents if they really needed to.

'I accepted it because it was my fault that I didn't go ... just where I couldn't be bothered to go down.'

Five of the young people in our sample had either dropped out of the AA or been excluded from it by Connexions. This included one young person who had temporarily moved out of the area for a month or so due to personal problems and was unable to travel to her appointments. Another was 'kicked off' for missing three different appointments and then allowed to rejoin after his social worker intervened.

In all cases, the young people who dropped out or were excluded had alternative income sources to fall back on, other than the £20 weekly allowance. One received a leaving care allowance (around £15 per week), three could rely on financial support of £15 or £20 per week from their parents, and one had already lined up a job where he was earning roughly £175 per week for working nightshifts in a factory.

5.2.4 Would young people have joined without the money?

More young people said they would *not* have joined without the £20 weekly allowance than those who said they would have. The rest were non-committal. Again there was a distinction between young people who had income from parents to fall back on and those who did not.

'I didn't have much but then for other people, their families might support them a lot more. But if people was in the same situation that I was, the money does help out a lot more.'

Other factors also made the money important and some of these have already been highlighted. These included putting a monetary value to the time they spent doing the AA (including comparing it to what they could get from other sources); needing the money in practical terms to be able to do some of the activities; and being able to contribute towards the household budget.

'I wouldn't have agreed to do it [without the money] because I would have just thought well there are other courses out there, if I really wanted to build my confidence up I could probably go to college and seeing as I'm moving [out of parental home] I would be applicable for EMA or I could have applied for a bridging allowance til I got JSA.'

'I wouldn't do nowt for nowt.'

'No because like I do need the money for like travelling and that, because I haven't had a job in a little while so it's just getting around places.'

A few young people (most of whom eventually dropped out) felt that the money kept them going with the AA even when they felt it was not worthwhile.

'I probably would have done but I probably wouldn't have kept going. I would have gone the first couple of times but I would have got sick of it. I wouldn't have went if I didn't keep getting paid.'

Young people who said they would not have joined without the money had mixed views about the value of £20. While some felt it was a good amount which could cover all their weekly expenses, others said it was not very much and was gone in the space of a few days. However, it was still a recognition of their time taking part in the AA and was 'better than nothing'.

Those who said they *would* have joined without the money generally felt this was because the activities were worthwhile on their own accord and could help them improve their chances of getting a job or training place. Most of these did have money from their parents to fall back on, if they really needed it, and/or very low outgoings.

'If I'd have found out more about it and it still didn't give you money I probably would have gone on it ... it's helping me to get somewhere and I'm not sitting around doing nothing.'

'I'd do the course without the money ... I mean I stay indoors, I don't go out much. I'd sign up to do it and get to know people and have something to do for the day as well.'

It was interesting that some of the young people said that originally they would not have joined without the money, but on seeing the benefits of the activities, they now would.

'Now I've done it for a couple of months I probably would. Because it has given me quite an advantage, I mean I've three certificates off the course, I've got work experience now so it does help without the money.'

'I would have done it without the £20 a week knowing what I do now, but not to start off with. I would have thought it was a waste of time otherwise.'

5.2.5 Young people's views on what sort of young people decide to sign up

Many young people felt that to sign up to the AA you had to genuinely want to find a job, course or training place because of the commitment that was involved. It was not necessarily just for people who had that commitment already, but also for *'rogues who need help to get motivated'*.

When asked what sort of young people they felt would reject the AA, many of the joiners described young people who were *'not bothered'* about getting a job because of laziness or involvement in crime.

'The layabouts at school, the ones who messed about and didn't do anything. You don't hear much about them, just getting into trouble and things like that. I know a lot of people like that who just don't want to know really.'

'people that can't be bothered to get a job and just like to sit in the house.'

Some felt that young people who needed the money were more likely to sign up. Conversely, young people who could rely on parents for all the money they needed and were happy to take this without making any effort to find a job or start supporting themselves were seen as being unlikely to get involved.

'Spoilt people ... daddy's girls. They get everything bought for them, in life you should learn to buy stuff for yourself and stand on your own two feet. It gets you to value money, not just spend it everywhere and anywhere. Say if I was a lass, do I really need that pair of shoes? Or could I save it towards rent or driving lessons.'

Interestingly, a few young people thought that those who rejected signing up to the AA were actually more likely to refuse it if money was very important to them, because £20 was not very much.

'The ones who go out and spend £20 on drink and pubs and that in one night.'

A small number of young people felt that the AA was a *'last resort'* for young people who had not done well at school. To an extent there was a degree of stigma about this which was felt might deter some young people.

'It's the people that don't get on in school ... they usually end up at Connexions and the Activity Agreement because there's nothing else for them to do ... we've got half the group some of them, they're only on the Activity Agreement because otherwise they go to prison, and they've been told to do it.'

Some felt that young people needed a certain level of confidence to sign up to take part in the AA because it involved meeting lots of new people, and therefore those lacking in confidence would be deterred.

'I think someone with low self-esteem might not be able to because they'd be worried about meeting new people and being in new surroundings.'

A small number thought that young people who rejected the AA might be more likely to be 'people who can get a job'. Conversely those who would do it were people who 'didn't have GCSEs to help them get a job'. This was borne out to some extent by the research among rejecters, although the sample was very small. Some of the young people who rejected the AA and who were contacted to take part in the study but refused, said they were now in work or doing an apprenticeship. One of the young people interviewed as a rejecter also said that he turned down the AA because he was working (legitimately) for a local construction company. His job was in the pipeline around the time he was approached about the AA. It was something he had always wanted to do and he had plans to start an apprenticeship in September, through his employer.

5.3 How could more young people who reject the AA be engaged?

5.3.1 'Tell them about the money'

When asked what they would tell other young people in their situation, to get them interested in doing the AA, the most popular response was to tell them about the money. They felt this would be a good motivator for young people who had little alternative source of income.

'I'd probably mention the money first, like money's always on people's minds. So if you mention like they're getting 20 quid just for talking ... I'll do it.'

'With people I know, I'd say money and they'd jump for that, no matter what. Because that's what people my age are like now, as soon as you say money their eyes sort of turn into little cash signs.'

'I would mention the money first ... because most young people don't have money. When I was at school a lot of parents expect you to pay rent so if you're not earning money you can't pay rent.'

Around a third felt they would tell other young people about the activities first. Here many young people spoke of the benefits they themselves felt they had gained from doing the AA such as increased motivation; better skills and qualifications; and an improved chance to get a job.

'[I'd tell them] If they're not doing anything, when you apply for a job and people say what have you been doing for the past year? And you say 'nowt'. [Whereas] if you can tell them about the Activity Agreement and you've been going on courses and getting a bit of experience, instead of sitting around and doing nothing, they'll consider you more.'

'You get to meet loads of new people as well as getting all these activities and trying to make it sound as fun as possible really, enjoyable. Explain why we do these courses, like food hygiene and stuff and how it helps.'

Other benefits that young people felt they would mention to encourage others to sign up were related to doing the activities, involving things like building confidence; having someone to talk to; and doing something to 'keep you off the streets'.

'It's fun, a lot of people would think oh I'm not going, it's going to be like school kind of thing, but it's not, it's fun. It helps you, it makes you feel better in yourself, you should just do it.'

5.3.2 Do young people think raising the incentive would make a difference?

Almost two-thirds of the young people in our sample felt that increasing the level of the incentive would encourage more young people to sign up. When asked how much they thought the incentive amount should be, the majority said £30 per week. There were various reasons behind this:

- Some young people regarded £20 as being low in relation to the commitment asked of them. Sometimes they made comparisons between what they were getting for doing the AA and what some of their friends were getting, either for doing fewer hours on the AA or at college (and getting Educational Maintenance Allowance (EMA) of £30 per week).

'That [money] was the main thing but then I found out it doesn't actually stretch that far, I thought well if they'd set it at EMA standard, I reckon a lot more people would go because it's just like being at college ... I just think when someone turns around and goes oh you'll get 20 quid a week you're sort of thinking well I could go to college and get 30 quid a week and learn more.'

'It should be the same as [EMA] because it's practically the same thing. You go in there and you're getting paid for going there to learn and get more qualifications. I think it's a bit unfair that they get £10 more and all they do is sit in a classroom all day. But we actually go out and do things, go out and do activities.'

- Some felt that £20 generally was not very much money and quickly spent. They felt that getting £30 per week would allow them to make the money stretch further. While some said they would spend the extra £10 on cigarettes or going out, others said they would save it, or give it to their parents to help towards the household budget. Others felt that £20 per week might not be enough to keep some people interested if they could get the same amount from other sources.

'Maybe a little bit higher just to keep more people in ... if they're bored with what they're doing now but they're only going for the £20 they might get that bored and think oh it's only £20 I can get that doing something else.'

Interestingly, only one young person said that changing the activities would help to engage more young people and he had dropped out of the AA partly because he had found these 'boring'.

The emphasis on raising the incentive fits with young people's views of which types of young person would not be interested in doing the AA. Young people who did not really want to find a job or training place would not be persuaded by changing the activities – in the eyes of those who had joined up already, 'money talks' was the main message to send out to these young people.

However, it was notable that almost all of the young people who mentioned raising the weekly allowance said it should be set at £30 per week to encourage more young people to sign up, rather than a higher amount. Only two young people said it should be higher, at £40 or £50 per week.

'Nowadays £20 ain't that much ... they could turn around and go oh I could get 20 quid, I'll wash the car or I can do some odd jobs around the house and my mum will give me 20 quid for doing that. Losing 20 quid wouldn't be a big deal. But if someone said you could lose 40 quid ... I can't earn 40 quid at home, no matter how many chores and jobs I do for one week.'

Young people made reasonable assessments of how much they felt that doing the AA was 'worth' per week:

'Not too much, maybe £30 It's like giving them a free ride, that's why I wouldn't want to put it up too high ... some might not want to move on [to work or college].'

6 Conclusions and Implications

In this section we pull together the findings of this study to address the ‘carrot’ theory. To re-iterate, the hypothesis is that:

If the net additional value of the incentive was sufficiently appealing, certain young people would sign up to the Activity Agreement (AA), or at least attend an initial discussion where the wider benefits of the AA could be promoted.

6.1 The role of the incentive, from theory to practice

Although some young people said they would have taken part in the AA without the incentive, more said they would not have done. The £20 weekly allowance was important in various ways, all of which underpinned the ‘carrot’ theory to a greater or lesser extent:

- As an **attention-grabber**. Some young people just needed the money, particularly those who were ‘disconnected’ from the informal labour market or could not rely on their parents to support them financially. Others did not need the money but it still helped to grab their interest at the outset.
- As **recognition** for the young person’s commitment to doing the AA. The £20 per week gave a basic value to the young person’s time spent doing the AA and signified that doing the AA was worth something. The net additional value of the incentive was not particularly important as long as the young person felt that the time they spent doing the activities was worthwhile and they could see the longer-term benefits.
- As an **enabler**, underpinning or replacing some income from parents or doing odd jobs. Some young people were prepared to give some of this up in order to have an element of more independent income and be more self-sustaining. Here again it was not so much the net additional value of the incentive that was important because many young people ended up with the same amount of income – a few, slightly less. In this scenario the value of ‘passported’ incentives that accompanied

the AA, such as being told the value of a course, or having equipment or driving lessons paid for, was also critical because it allowed the young person to see beyond the value of the £20 per week.

- As a **way to help out** parents more directly by contributing to the family budget or by easing family tensions over money. This was particularly the case among young people who received no or very little income from their parents or from informal work. In this case the net value of the incentive was less than £20 per week, so understanding the value of doing the activities and/or seeing accompanying material incentives such as being bought a place on a course, were both important ways that the young person remained engaged.

The 'carrot' theory appears to be valid although it is variable in its effectiveness across a range of young people, according to the (subjective) value of the incentive to the young person, and other factors such as the young person's education or labour market context, their access to other financial resources, and their spending patterns.

6.2 The value of the incentive

In the policy design, there was also an assumption that a certain minimum level of financial incentive would be sufficient to engage young people, not that the incentive would have a linear effect according to its amount (eg twice the incentive would have twice the effect). Others felt that the amount of money was more significant, particularly for some groups of young people rather than others, and in regard to initial take-up.

The findings from this study indicate a wide variation in how the incentive was received, from the 'treat' to the 'pittance'. They suggest that young people thought the amount *was* important and would affect take-up because in practice this influenced what the 'net additional value' of the incentive might be. The main way they would encourage more young people who had already turned down the AA to sign up to it, almost universally, was to increase the money (to £30 per week). It was interesting that many young people made comparisons between the Activity Allowance and EMA.

Some young people accepted, or were given, less money by their parents after starting the AA. Others were asked to contribute more to the family coffers now that they had some income of their own. This meant that, in effect, some were only marginally or no better off financially by doing the AA. Young people from more 'advantaged' households were prepared to accept losing some income, such as foregoing £15 for doing some work for their dad, usually because they already had enough. Some in less well-off households were prepared to accept this as well because they now at least had some independent income which they could spend as they liked, rather than having to ask for money for specific things like cigarettes. In one example a young man was only better off by £4 per week because he was now asked to pay board

money and contribute outwards other household costs. In cases such as these, the role of the activities became critical because the young person needed to see a value in doing them, independent of the money.

6.3 Combining role and value: how the incentive appeals for different groups of young people

Table 6.1 attempts to 'map' various characteristics and factors against each other in order to unpick the role and value of the incentive for various groups of young people, and the implications of these for the AA policy as a whole. From this we can see that the impact of the incentive for young people ranges from being 'symbolic' to being more financially acute.

The carrot theory appears to work most straightforwardly as the 'attention grabber'. However, for many, the 'carrot is just the start of the journey and the incentive recedes in importance as they begin to recognise the wider benefits of taking part (largely based on the activities). In contrast, for a few young people the incentive becomes *more* important as the AA progresses if they do not see the value of the activities or if they are not sufficiently tailored. For some of these young people the incentive alone is not sufficient to retain their interest in the longer term and they may gradually disengage.

Table A: How the carrot theory applies differently to young people in different circumstances

'Type'	Education and labour market 'connection'	Access to financial resources	How they received the AA	Interpretation and use of the incentive	Implications for AA policy
'A'	Low or mixed GCSE results; may have started college or training and dropped out. Has some work experience but in the past tended not to be able to hold down a job.	Mixed - generally get some money from family. May also get money from occasional cash-in-hand work.	Something to do, or getting paid for an hour talking.	Attention-grabber. Incentive is critical in signing them up. May 'get bored' or disengage if they do not see value in the activities.	The incentive hooks them in but is not enough to keep them interested. Activities need to become more important to retain interest, need to be tailored and varied.
'B'	Low or mixed GCSE results; had some work experience (eg temporary job). Trying hard to find work or apprenticeship but barriers to doing so include lack of available jobs/training places and low GCSE grades.	Mixed - some can rely on family for money (in return for odd jobs). Others have very little access to other financial resources.	Getting help to find a job, getting paid to find a job.	Recognition or enabler. For some, the incentive is incidental and they would do the AA without it.	Some already in touch with Connexions and may not need the incentive to take part - possibly just more intensive mainstream PA support. For others the incentive is more important as an enabler to a more independent income. Important to emphasise the value of the activities on offer to boost 'recognition'.
'C'	Low or no GCSEs. May have had short-lived jobs, but generally quite 'disconnected' from the labour market with little experience of formal paid work.	Tends to be low - usually just a few pounds here and there from family, usually for specific items.	Getting paid to find a job - later the help may become more important.	Attention-grabber, enabler, a way to help out. Incentive may recede in importance as they see more value in the activities.	Importance of tailored and work-relevant activities critical. Some may not get the full value of the £20 as use it to help out family. Important that the costs of the activities do not become over-burdensome.
'D'	Low or no GCSEs. Some had connections for cash-in-hand work but most had no formal work experience.	Mixed. A few did some cash-in-hand work but this was not a reliable source of income.	Getting paid to find a job, something to do.	Attention grabber, enabler.	
'E'	Low or no GCSEs. No formal work experience or access to cash-in-hand work.	Low. A few pounds here and there from family, or other ways such as eBay.	Something to do.	Attention grabber, enabler.	Activities may be more important than the incentive for some of this group if they had low outgoings.

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Appendix 1: Opt-out Letter to Young People

On Connexions letter-headed paper

Name

Address

Date

Reference Number

Dear (Young Person's Name),

Research on Young People and Money

Connexions (name of area/ Partnership) is helping with a research study of young people which aims to find out about their attitudes towards money and how this affects what they do after they leave school. The Institute for Employment Studies (IES) is carrying out this research, and needs your help.

Why have I been sent this letter?

You have been chosen to take part from (Connexions area name) records of young people in the area.

What does the research involve?

The research involves taking part in an interview with a researcher from IES. The interview will be held in your area and will last for less than an hour. IES will give you a £10 voucher as a thank-you for taking part, after the interview. Everything you say will be confidential and will not be passed on to anyone else. Connexions will not know about any of the answers you give. You don't have to take part, or to answer any questions you don't want to.

What happens next?

If you don't want anyone from IES to contact you about the research, please telephone us at Connexions (name of Partnership) on (telephone number) and let us know by (date) and we won't pass on your contact details to IES. Please quote the reference number at the top right corner of this letter.

If you don't mind being contacted, someone from IES will ring you in the next few weeks to find out if you're interested in taking part in the research. If you decide to do it, they will arrange an appointment with you for an interview.

I hope that you agree to take part in this research. Thank you for your help.

Signed by Connexions officer

Appendix 2: Focused Study 1 - Topic Guide, AA Participants, FINAL MAINSTAGE

The main aim of this study is to find out whether the incentive payment for participating in an AA actually does act as an incentive, in the context of young people's everyday hopes and expectations, and in relation to their other sources of income. **The main focus of the interview is the Activity Agreement programme and what the young person thinks about it (specifically the incentive element), NOT the young person him/herself.** However, there are some early questions about the young person's background, household circumstances, attitudes etc. in order to get the interview moving and to provide important contextual information.

The section timings are guidelines only and should be viewed as a maximum rather than an average.

A. Introduction (5 mins)

This section is to set the young person at ease and give them some background about the research. Ensure to reassure them about confidentiality and to ask permission for the interview to be recorded.

- Introduce yourself and IES – emphasise we are an independent research organisation, so we are not related to Connexions, the government, or anyone else
- Tell them about the research project- it is about young people aged 16-18, their attitudes towards money, and how this impacts on their decisions about school, training or work. We are especially interested in talking to young people who are either doing, **or have decided not to do**, an Activity Agreement. If they are/were doing an Activity Agreement we will ask them about their views on that and the money they get/ got for doing it.
- Reassure them that some people may have started an AA but have since stopped (ie dropped out or progressed). We would still like to talk to them about their experience of the AA and why they signed up.

- Emphasise everything they say in the interview is confidential and anonymous which means it will not be linked to them by name. Ask permission to record the interview.
- They can refuse to answer a question if they'd rather not do so and they can stop the interview at any time.
- Do they have any questions to raise now? They can also ask questions at the end of the interview, if they want.

B. About the young person (10 mins)

The aim of this section is to get some background information about the young person including their education and employment background, household characteristics, and current circumstances. This should set the scene and provide context for the rest of the interview, as well as making the interviewee feel more at ease.

1. Current circumstances.

- What are they doing at the moment – working, studying, training, or something else? *Probe for all current activities.*
- Confirm whether they are doing or did an Activity Agreement or not (we will ask more about this later). If so, how long have they been doing it? (If no longer doing it), ask whether they finished it completely or they left it early. May need to probe for how long they were doing it and when they started/ left.

2. Previous experience of education.

- Age they left school and age now. Did they stay in school until the full school leaving age (ie. the summer after they their 16th birthday) or did they leave earlier?
- Did they get any qualifications at school? Explore which ones. If none, do they regret not getting any qualifications at school? Why/ why not? Why do they think they didn't get any qualifications?
- Did they ever do any paid work while they were at school? What sort of work? Roughly how much did they get paid? Did they get money from any other ways while they were at school?

3. Experience since leaving school.

In this section we will use a 'timeline' to get cover the period between leaving school and now. Draw a line with the start point being the time they left school (either officially or unofficially), and the end point being now. Talk them through what has happened in between and insert this on the line at the appropriate intervals. The timeline doesn't have to cover every single short episode, just provide an overview of what they have been doing since leaving school.

Use the timeline to develop a chronology of what they have been doing since they left school, including:

- Jobs – full or part-time, temporary (eg. Christmas), casual. What sort of jobs? How much did they get paid? Why did the job(s) end?
- *For each job, PROBE:*
 - How they got paid in each job eg in cash, through their bank account?
 - What they thought about the pay eg was it enough, did they get any deductions made for things like National Insurance?
 - PROMPT IF NOT MENTIONED: Did they ever do any cash in hand jobs?
 - Did they like doing this type of work? Was it worth the money?
- Education and training – did they go back to school post-16 for any time, start college, or do any other training? Why/ why not?
 - If started any courses, what sort? Did they finish them? If not, what happened? If yes, did they get any qualifications?
- Periods being NEET (not in education, employment or training) – how many times has this happened? For how long, each time? How did they spend their time?

ASK ALL:

- How important was money to them when they were deciding what to do next when they left school?
- Did they have any idea about how much they wanted to earn – if so, how much? How did they work this out?

C. Income and expenditure (10-15 mins)

In this section we need to find out about income sources, what they spend their money on, and how the money they get for doing the AA fits into this. Please reassure the young person again that everything is anonymous, which means that no one else will know what they have said, except the research team. Note that we aim to get more detailed information on current income/expenditure from the financial diaries. Estimates are ok for this section.

1. Their household context

- Do they live with anyone else, or on their own? Who else do they live with? *Prompt for parent(s)/ guardians; brothers or sisters; other relatives; friends.* If appropriate, ask if parent(s)/guardians are working? If so, what do they do for a living? Do they work full-time or part-time?

2. Income prior to the AA

- You said you spent some time not working or in education or training. Did you have any money to live on during that time? *NOTE: Ask them to think about before they started the AA.*
- If yes – where did they get money from? *Prompt for different sources, for each source ask how much money they got (average per week, if possible) and relevant probes:*
 - Parents/guardians or other relatives. *Probe: did they have to do anything in return for the money eg. jobs around the house? Was the money borrowed ie. did they have to pay it back? If so, where did they get the money to pay it back?*
 - Friends. *Probe: was the money borrowed ie. were they supposed to pay it back (and did they actually pay it back)? If so, where did they get the money from?*
 - Benefits. *Probe: which benefits did they get and how often? Probe for any hardship payments ie. one-off payments rather than a regular set amount. Did they have to do anything in return for the benefits?*
 - Cash-in-hand work. *Probe: what sort of jobs? How often did they work – was it a one-off, or did it come up regularly? Was it easy to get the work? What was/were the job(s) like? How much did they get paid? Why did the job(s) end? Probe for what they thought about the level of the pay in relation to any other paid jobs they have done?*
 - Selling or trading goods; what sort? Was it through friends, eBay, car-boot sale?
 - Other income; probe for any other sources, such as savings.
- How much income did you have compared with friends your age? *Probe for whether more, less, or about the same.*
 - Some people make money from buying and selling things like stolen goods or from drugs. Do you know anyone who does this? Have you ever done it?

3. Expenditure prior to the AA

OK, so we've talked a bit about money coming in, now I want to move on to the money that you used to spend before you started the AA.

- What would you say are the main things that you spent money on? *Prompt for different items of expenditure, for each ask how much they spend (rough estimate per week). Probe for:*
 - Travel costs
 - Mobile phone costs/ top-ups
 - Cigarettes

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- Food/ drinks
 - Other expense (specify)
 - Did you pay any rent or board money? If so, *probe for how much and to whom.*
 - How does this compare with friends your age? (if known)

D. The AA (25 minutes)

In this section we focus more on their experience of the AA and what the allowance payment means to them. Has it actually acted as a true incentive to get involved or is it secondary to other aspects of the AA? What impact does participating in the AA have on their income/expenditure overall?

We've talked a bit about your money situation before you started the Activity Agreement. Now I want to ask you a bit about that. We really want to know what the people who are doing it think of it, especially the money aspect and how that fits into your general money situation. We can only find out about this by talking to people like you – you're the expert. Remember that this interview is confidential which means that no one else will know what you personally have said.

Interviewer note: you may need to vary the question wording depending on the young person's current status (ie if they have finished the AA).

1. Changes in income and expenditure since starting the AA

- How long have you been doing the Activity Agreement?
- Do you still have roughly the same amount of money coming in now that you're doing the Activity Agreement? *Probe for whether from the same sources. Prompt for the £20 weekly allowance if not mentioned.*
- Is there any income that you had before you started the AA, which you don't have now? If yes, *probe: income from what? How much? Why is that?*
- Probe for whether they have had to give up doing things they made money from before because of taking part in the AA. Does getting the £20/week make up for that? *Probe: why do you say that?*
 - If they were receiving an allowance from their parents in return for doing household chores, which they no longer get, ask if they still do the same household jobs. If not, who does them instead?
- Apart from the £20/week, are you getting money from anyone or anywhere now, which you didn't get before? If yes, *probe: where/ who from? How much? Why is that?*

- Is there anything that you pay for now, that you didn't pay for before you started the Activity Agreement? *If yes, probe for what eg. travel to courses, Connexions office, food or drinks while doing activities.*
- How do you afford to pay for that? *Probe for whether cut down on spending on other things to pay for that, or it is covered by the extra £20/week.*
 - Do you claim back all the expenses you pay out because of doing the Activity Agreement? If not, why not?

2. Views on the AA and the appeal of the incentive

- How did you first find out about the Activity Agreement? What were your first impressions of it? *Probe: why did you think that?*
- What was it that first got you interested in the Activity Agreement? (*unprompted*).
- Then prompt for which appealed the most: the money, the Advisor, the Agreement, the types of things you might be doing as part of the Agreement, or something else (*probe*)? Use sort cards. Ask them to think, if they had to take one of these things out of the Activity Agreement, what would it be and why? What would be the very last thing they would choose and why?
 - *Probe if necessary:* which of these had the least influence in getting you interested in the AA? Which had the most?
- If you were telling someone else in your situation about the Activity Agreement and it was your job to persuade them to take part in it, what would you say? What's the most important thing that you would tell them about it?

Introduce the next series of questions as follows:

The Activity Agreement is only open to young people aged 16 to 18 who have left school and who have not been doing any college courses, training or work for a few months. Thinking about people in this situation ...

- Which ones sign up to the Activity Agreement, do you think? What are they looking to get out of doing it? *If necessary, prompt on what kinds of things they might be doing, whether they knew what they wanted to do after school, their financial situation, qualifications/ experience of school, etc.*
- What kinds of people might not be so interested? *Probe: Why do you think that? Why might they not want to do it?*
- How do you think the Activity Agreement could be made more attractive (to those types of people)? What would get them interested in doing it?
 - *Probe if not mentioned:* What about if the £20 was changed to £30? Would that make a difference? If not, what amount would? What else?

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- *Probe if relevant: Why £30/week, rather than £20, or £40? What would they do with the extra £10/week?*
 - Do you think you would be interested in doing the Activity Agreement without the money? *Probe: why/ why not?*
 - If not already mentioned, ask: Some people might say that £20/week was a lot of money, but other people might say it's not very much. What do you think? *Probe: How much is £20 worth to you? If you found £20 on the street what would you do with it?*
 - Do you spend the £20 you get for doing the Activity Agreement? If yes, what kinds of things do you spend it on? If no, what do you do with it?
 - Getting the £20 depends on sticking to the Agreement. What do you think about that? *Probe: do you think it is fair (to you/Connexions)? Why/ why not? What about other people you know?*
 - Do you think the thought of losing the £20 encourages people to stick to their Agreement? *Probe: Why do you say that? Does it encourage you – if so, how?*

ASK ONLY IF DROPPED OUT OF THE AA (not if progressed):

- Why did you leave the Activity Agreement?
 - *Probe if not mentioned: Do you think getting more money would have encouraged you to stay on it? If so, how much?*
- What else could have been changed about the Activity Agreement to keep you interested in it?

Closing the interview (5 mins)

Thank them for their time. Ask if they anything else to add.

Ask: Can I just check a couple of things with you? Age and ethnicity (ask them to pick from the list on the monitoring form).

Explain what happens next with the research and ask if they would like any more information about it.

Introduce the follow-up and the financial diary. Ask them if they would be interested in taking part in the diary and doing a shorter, follow-up interview in a couple of weeks. The interview will be with the same interviewer. If they are interested, explain how the diary works and what the next interview will cover. Emphasise confidentiality again.

Give them the voucher and ask them to sign receipt for it.

Appendix 3: Focused Study 1 - Topic Guide, AA non-participants

The main aim of this study is to find out whether the incentive payment for participating in an AA actually does act as an incentive, in the context of young people's everyday hopes and expectations, and in relation to their other sources of income. The main focus of the non-participant interview is the Activity Agreement programme (and reasons why the young person did not sign up for it), NOT the young person him/herself. However, there are some early questions about the young person's background, household circumstances, attitudes etc. in order to get the interview moving and to provide important contextual information.

A. Introduction (5 mins)

This section is to set the young person at ease and give them some background about the research. Ensure to reassure them about confidentiality and to ask permission for the interview to be recorded.

- Introduce yourself and IES – emphasise we are an independent research organisation, so we are not related to Connexions, the government, or anyone else
- Tell them about the research project- it is about young people aged 16-18, their attitudes towards money, and how this impacts on their decisions about school, training or work. We are especially interested in talking to young people who are either doing, or have decided not to do, an Activity Agreement.
- Emphasise everything they say in the interview is confidential and anonymous which means it will not be linked to them by name. Ask permission to record the interview.
- They can refuse to answer a question if they'd rather not do so and they can stop the interview at any time.
- Ask them to sign the consent form.

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- Do they have any questions to raise now? They can also ask questions at the end of the interview, if they want.

B. About the young person (10 mins)

The aim of this section is to get some background information about the young person including their education and employment background, household characteristics, and current circumstances. This should set the scene and provide context for the rest of the interview, as well as making the interviewee feel more at ease.

1. Current circumstances.

- Which part of (area X) do they live in? What's it like? How long have they lived there?
- Do they live with anyone else, or on their own? Who else do they live with? *Prompt for parent(s)/ guardians; brothers or sisters; other relatives; friends.* If appropriate, ask if parent(s)/guardians are working? If so, what do they do for a living?
- What are they doing at the moment – working, studying, training, or something else? *Probe for all current activities.*
- Confirm whether they are doing an Activity Agreement or not (we will ask more about this later).

If so, continue interview using participant topic guide.
If not, continue interview using this topic guide.

2. Previous experience of education.

- Age they left school and age now. Did they stay in school until the full school leaving age (ie. the summer after they their 16th birthday) or did they leave earlier?
- What did they like the most about school (if anything)? What did they like the least?
- Did they get any qualifications at school? Explore which ones. If none, do they regret not getting any qualifications at school? Why/ why not? Why do they think they didn't get any qualifications?
- Did they ever do any paid work while they were at school? What sort of work? Roughly how much did they get paid? Did they get money from any other ways while they were at school?

3. Experience since leaving school.

In this section we will use a 'timeline' to cover the period between leaving school and now. Draw a line with the start point being the time they left school (either officially or unofficially), and the end point being now. Talk them through what has happened in between and insert this on the line at the appropriate intervals. The timeline doesn't have to cover every single short episode, just provide an overview of what they have been doing since leaving school.

Use the timeline to develop a chronology of what they have been doing since they left school, including:

- Jobs – full or part-time, temporary (eg. Christmas), casual. What sort of jobs? What was the pay like? Why did the job(s) end? *Probe for how they got paid in each job, and what they thought about the pay? Did they ever do any cash in hand jobs?*
 - Did they like doing this type of work? Was it worth the money?
- Education and training – did they go back to school post-16 for any time, start college, or do any other training? Why/ why not?
 - If started any courses, what sort? Did they finish them? If not, what happened? If yes, did they get any qualifications?
- Periods being NEET (not in education, employment or training) – how many times has this happened? For how long, each time? How did they spend their time?
- How important was money to them when they were deciding what to do when they left school? Did they have any idea about how much they wanted to earn – if so, how much? How did they work this out?

C. Income and expenditure (10 mins)

In this section we need to find out about income sources and what they spend their money on. Please reassure the young person again that everything is anonymous, which means that no one else will know what they have said, except the research team. Estimates are ok for this section.

1. Income during NEET periods

- You said you spent some time not working or in education or training. Did you have any money to live on during that time?
- If yes – where did they get money from? *Prompt for different sources, for each source ask how much money they got (average per week, if possible) and relevant probes:*
 - Parents/guardians or other relatives. *Probe:* did they have to do anything in return for the money eg. jobs around the house? Was the money borrowed ie. did they have to pay it back? If so, where did they get the money to pay it back?

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- Friends. *Probe:* was the money borrowed ie. were they supposed to pay it back (and did they actually pay it back)? If so, where did they get the money from?
 - Benefits. *Probe:* which benefits did they get and how often? Probe for any hardship payments ie. one-off payments rather than a regular set amount. Did they have to do anything in return for the benefits?
 - Cash-in-hand work. *Probe:* what sort of jobs? How often did they work – was it a one-off, or did it come up regularly? Was it easy to get the work? What was/were the job(s) like? What was the pay like? Why did the job(s) end? *Probe for what they thought about the level of the pay in relation to any other paid jobs they have done?*
 - Selling or trading goods; what sort? Was it through friends, eBay, car-boot sale? Some people make money from buying and selling things like stolen goods or from drugs. Have you ever done that?
 - Other income; probe for any other sources.
 - How much income did you have compared with friends your age? *Probe for whether more, less, or about the same.*

2. Expenditure

OK, so we've talked a bit about money coming in, now I want to move on to the money that you spend.

- What would you say are the main things that you spent money on? *Prompt for different items of expenditure, for each ask how much they spend (rough estimate per week).*
- Do you pay any rent or board money? If so, *probe for how much and to whom.*
- How does this compare with friends your age? (if known)

D. The AA (10-15 minutes)

In this section we focus more on any attitudes they may have in relation to the AA.

Initial recall of the AA and first impressions

- Have you ever been offered something called an Activity Agreement? (*Add if necessary:*) This would have been offered by Connexions and would involve getting £20 per week for agreeing to do certain things and to have regular meetings with a Connexions advisor.
- *Probe:* How did you first find out about the Activity Agreement? What were your first impressions of it? *Probe: why did you think that?*

(If the respondent can recall very little about the AA:) Activity Agreements are for young people who have left school and haven't been going to college or doing any work or training for a few months. In return for sticking to an Agreement, you would get £20 per week. According to Connexions, you didn't want to take up an Activity Agreement. Now I want to ask you a bit about that. We want to know what the people who are **not** doing it think of it, especially the money aspect, and why you weren't interested in taking it up. We can only find out about this by talking to people like you – you're the expert. Remember that this interview is confidential which means that no one else will know what you personally have said.

Views on the AA and the appeal of the incentive

- You have said you didn't take up an Activity Agreement when offered. Why was that? If necessary, *prompt for: illness; caring responsibilities; waiting for a job or course to start; any other reason? Probe: What was it that stopped you from going for it? (unprompted).*
- *Then prompt:* Was there anything specific that put you off doing an Activity Agreement? *Probe for:*
 - views of Connexions/ relationship with advisor
 - having to commit to do something every week
 - having to do some learning or training/ the types of activities you might be doing
 - having to give up other sources of income or other activities to make room for the AA
 - any travel or financial constraints
 - views of parents/ guardian or friends
 - anything else?
- Was there anything specific that you thought sounded good about doing an Activity Agreement? *Probe for:*
 - one-to-one advice/support from the advisor
 - getting the £20/week allowance
 - doing something that was agreed/ you had some influence over
 - the types of activities you might be doing on the Agreement
 - anything else?

Introduce the next series of questions as follows:

The Activity Agreement is only open to young people aged 16 to 18 who have left school and who have not been doing any college courses, training or work for a few months. Thinking about people in this situation ...

- Who would sign up to the Activity Agreement, do you think? What are they looking to get out of doing it? *If necessary, prompt on what kinds of things they might be doing, whether they knew what they wanted to do after school, their financial situation, qualifications/ experience of school, etc.*
- What kinds of people might not be so interested? *Probe: Why do you think that? Why might they not want to do it?*
- How do you think the Activity Agreement could be made more attractive (for people like yourself who have decided not to do it)? What would make you interested in doing it? *Probe if not mentioned: What about if the £20 was changed to £30? Would that make a difference? If not, what amount would? What else?*
- If not already mentioned, ask: Some people might say that £20/week was a lot of money, but other people might say it's not very much. What do you think? *Probe: How much is £20 worth to you? If you found £20 on the street what would you do with it?*
- Getting the £20 depends on people sticking to their Agreement. What do you think about that? *Probe: do you think it is fair (to the recipient/Connexions)? Why/ why not? What about other people you know, would they think it's fair?*
- Do you think you might change your mind about doing an Activity Agreement in the future? *Probe: Why/ why not?*
- Activity Agreements are just one way of trying to do encourage more young people to stay in learning or training after 16. What else do you think would encourage more young people your age to stay in learning or training? *Probe: Why do you say that?*

Closing the interview (2-3 mins)

Thank them for their time. Ask if they anything else to add.

Ask: Can I just check a couple of things with you? Age and ethnicity (ask them to pick from the list on the monitoring form).

Give them the voucher and ask them to sign receipt for it.

Ref: DCSF-RW028

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ISBN: 978 1 84775 083 9

www.dcsf.gov.uk/research

Published by the Department for
Children, Schools and Families