

Supporting young people to achieve: the Government's response to the consultation

March 2005



HM TREASURY

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education and skills



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INTRODUCTION

Supporting young people to achieve, published alongside Budget 2004, launched a consultation on the Government's long-term vision of a single, coherent system of financial support for young people. In response to the consultation, this report sets out the next steps the Government is taking to ensure every young person has the financial support and incentives they need to participate in education or training, including from April 2006:

- extending Child Benefit and Child Tax Credit to the families of unwaged trainees on work-based learning programmes arranged by the Government, covering around 100,000 individuals a year;
- extending entitlement to Child Benefit, Child Tax Credit and Income Support to 19 year olds to enable them to complete a course which they started before their 19th birthday, benefiting around 80,000 individuals a year;
- launching revised guidance and training for Jobcentre Plus advisers to deliver a quicker and more accessible service to 16-17 year olds who have to leave the family home;
- allocating £60 million over two years to pilot Activity Agreements and an Activity Allowance in eight areas of England to support and encourage disengaged 16-17 year olds back into learning; and
- allocating £80 million over two years to pilot a Learning Agreement for 16-17 year olds in work with no training in eight areas of England, to increase access to training options for this group.

1.1 The Government is committed to ensuring all young people reach the age of 19 ready for higher education or skilled employment. To contribute to this goal, the Chancellor announced in Budget 2003 that the Government would review financial support and incentives for 16-19 year olds. Building on the success of the Education Maintenance Allowance (EMA) in raising post-16 participation, the review aims to ensure all young people have the support and incentives they need to participate in education or training. The subsequent report, *Supporting young people to achieve*¹, was published alongside the Budget in March 2004.

1.2 The report set out the Government's long-term vision of a single, coherent system of financial support for 16-19 year olds, designed to:

- support young people's post-16 choices and transitions;
- deliver decent minimum income levels to young people and their families; and
- provide an accessible system of support.

¹ *Supporting young people to achieve: towards a new deal for skills*, HM Treasury, DfES and DWP, March 2004; available at www.hm-treasury.gov.uk/financialsupport.

1.3 The report launched a public consultation on seven questions that arise from this vision, together with two further questions on short-term steps the Government is taking to progress towards its long-term goal. The consultation period closed on 30 September 2004. This document summarises the responses received to these questions, and sets out the next steps the Government intends to take in response to the consultation.

Consultation process **1.4** Over 50 organisations and individuals submitted their views and ideas on the consultation questions. In addition, seminars were held with a wide range of employers, learning providers and voluntary and community sector organisations. The Government is committed to listening to the views of young people on policy making that affects them. To meet this commitment, the Government contracted the National Council for Voluntary Youth Services (NCVYS) and Article 12 to deliver a programme of consultation involving nearly 600 young people, through a combination of twelve discussion groups and a questionnaire survey. Furthermore, the Government commissioned the National Family and Parenting Institute (NFPI) to run five focus groups with parents. The reports of both of these projects are available from the HM Treasury website².

1.5 A wide range of views and ideas were collected during this overall process, but the clear overriding message was one of strong support for the Government's proposals set out in *Supporting young people to achieve*.

1.6 The Government would like to thank all those who participated in the consultation. Their views and ideas have been invaluable in informing the development of policy in this area.

² www.hm-treasury.gov.uk/financialsupport

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RESPONSES TO THE QUESTIONS

2.1 A summary of the views of respondents on each consultation question is provided below, together with the Government's response outlining the next steps in the review of financial support for 16-19 year olds. *Supporting young people to achieve* sets out the context and background for each question, which is not repeated in detail here.

SHORT-TERM QUESTIONS

Improving financial support for unwaged trainees

Question 1: The Government would be interested in views on whether to identify unwaged trainees by programme of learning or non-employed status.

2.2 There was strong support from many respondents for the Government's proposal to remove the distinction between education and unwaged training in Child Benefit, Child Tax Credit and Income Support, in order to deliver parity in financial support for the two learning routes. However, opinion was divided on the best way to identify unwaged trainees in the new legislation. The voluntary and community sector organisations that responded tended to favour a broad definition of training, covering all trainees who are not employed, because this would provide a more comprehensive and flexible approach. They were keen that the new entitlement should extend to training courses offered outside of the Government's apprenticeship framework, for example basic skills courses delivered by the voluntary and community sector: the Government's response to this issue is covered under question seven below.

2.3 Training providers and the Learning and Skills Council argued for unwaged trainees to be defined by reference to specific programmes, because it would be easier to manage the progression to waged training, provide greater clarity for young people, parents and administrators, and would help to maintain the quality of training provision.

Government response to question 1

The Government intends to define unwaged trainees in the new legislation by reference to specific programmes, as it believes this will provide clarity and transparency about the new entitlement, and protect the progression to waged status. The courses that will be covered are set out in the draft Child Benefit regulations published by HM Treasury on 10 January 2005³. These schemes are part of the apprenticeship family of programmes arranged by the Government and devolved administrations, for example 'Entry to Employment' in England. The draft regulations name all such programmes that include unwaged participants, and include a clause limiting support to trainees without a contract of employment. The Government intends to introduce these reforms in April 2006, subject to Parliamentary procedure.

³ The draft Child Benefit regulations are available at www.hm-treasury.gov.uk/consultations_and_legislation/child_bill/child_benefitbill.cfm.

Extending support to 19 year olds completing a course

Question 2: Are the criteria the Government is considering for extending eligibility for Child Benefit, Child Tax Credit and Income Support to the end of the course the right ones? If not what else should the Government consider and why?

2.4 There was strong support for the Government's proposal to reform the age 19 cut off to ensure young people are supported until they complete their course. A number of organisations that work with young people cited direct experience and evidence of the detrimental effects on their clients of the current rules. Most respondents were broadly content with the proposed criteria, although some argued for more flexible age entitlements going beyond 20 or 21, particularly to help disadvantaged young people who have faced disruptions to their learning and development.

Government response to question 2

The Government will extend Child Benefit, Child Tax Credit and Income Support from April 2006 to 19 year olds completing an eligible course of non-advanced education or training. Support will end when the young person completes that course or when they reach 20, whichever comes first. This new entitlement is set out in the draft Child Benefit regulations.

This reform will deliver the Government's primary policy objective of supporting young people to complete a course which they have not quite finished by their 19th birthday. An age limit of 21 or higher may stimulate a behavioural change for more young people to delay the commencement of post-16 learning until the age of 18, which the Government wishes to avoid. The Government will keep the new age limit of 20 under review, in the light of evidence on the effects of the initial reforms, and in the context of developments in other policies to support adults over 19 to gain skills and qualifications.

LONG-TERM QUESTIONS

Recognising independence

Question 3: How could the Government recognise de facto independence without encouraging young people to leave the family home?

2.5 Many voluntary and community sector organisations that work with disadvantaged young people drew attention to the problems faced by 16-17 year olds who claim benefits because they are unable to live in the family home. It was argued that the current procedure for assessing claims can create significant distress for young people in desperate situations, by placing the burden of proof firmly on the individual to demonstrate that they are estranged from their parents. In some instances this can result in young people severing contact with the very agencies that can support them, potentially placing themselves at greater risk.

2.6 Consequently these organisations argued for a more speedy and efficient process to be developed that avoids these problems. It was suggested that greater trust should be placed on individuals claiming estrangement from their parents, there should be greater sharing of information between agencies, evidence from third party professionals should be accepted and Jobcentre Plus staff should have specialist training on dealing with sensitive cases.

2.7 Many of the organisations that work with vulnerable young people argued that making benefits easier to obtain in this way would not encourage young people to leave the family home unless they really needed to, because they are well aware of the high costs of living independently and the lack of housing options available. The experience of these organisations is that the vast majority of young people prefer to remain in the family home, even in the most adverse circumstances, and only leave when the situation becomes unbearable. Furthermore, the evidence from young people who have gone through such experiences is that they were not aware of their benefits entitlement until after they had left the family home. These views and experiences were repeated in some of the NCVYS focus groups with young people, particularly by those who had personal experience of claiming benefits under the estrangement criteria.

2.8 Nevertheless, the NCVYS and NFPI consultation exercises demonstrated that the majority of young people and parents believed that it is fair that the Government should investigate the circumstances of 16-17 year olds claiming benefits before paying them direct financial support. In particular, the parents in the focus groups stressed the need to maintain rigorous checks to prevent the risk of fraudulent claims. In the wider questionnaire survey of 400 young people, over two-thirds replied that easier access to direct financial support would encourage more young people to leave the family home earlier.

Government response to question 3

The Government accepts that the procedure for assessing benefits claims for 16-17 year olds who have left the family home needs to be made more efficient and customer-focused. A working group drawn from Jobcentre Plus, local government, Centrepoin, the Social Exclusion Unit and the NSPCC has been looking at ways of simplifying and improving the processing of claims for financial support under the estrangement criteria. The resulting proposals include placing greater trust on the young person's word, and, if corroboration is necessary, accepting the evidence of third party professionals such as Connexions Personal Advisors or voluntary and community sector organisations. These recommendations will feed into revised guidance and training for Jobcentre Plus advisers to be launched nationally in April 2006. The Government believes that the new approach will strike an appropriate balance between the need to protect and support vulnerable young people, while maintaining appropriate checks that do not encourage 16-17 year olds to leave the family home and claim direct financial support when it is not in their best interests.

Question 4: Are there any other circumstances in which a young person should be recognised as independent?

2.9 All of the organisations, young people and parents involved in the consultation agreed that independence was a fluid notion and difficult to define in precise terms. Consequently no consensus was reached on a new way for the financial support system to identify the point at which an individual should be treated as independent of their parents or carers. Respondents suggested various specific circumstances in which a young person should be recognised as independent, for example if they are parents themselves, but in general these suggestions corresponded to categories already identified in the financial support system.

Government response to question 4

In *Supporting young people to achieve* the Government explained that it believes the current model of financial support for young people in full-time education is the right one to build on, providing stable support to the parents through Child Benefit and Child Tax Credit, and a responsive incentive payment to the individual through the Education Maintenance Allowance. This hybrid approach reflects the partial progression from dependence to independence at this age range, which can be described as a period of ‘interdependence’, with over 95 per cent of 16-18 year olds still living in the family home. The consultation demonstrated support for this approach, and showed that there is no consensus on an alternative method of recognising independence. The Government will therefore build on the existing model of financial support for this age range, where the main support continues to be paid to the parents of learners up to the age of 19, except in specific circumstances recognised by the financial support system, such as if the young person is a parent or unable to live in the family home.

Question 5: How should the proposed threshold on young person’s income operate?

Question 6: Would an income threshold define full-time work, or would an hours rule be more appropriate?

2.10 The idea of a threshold on young people’s income to define financial independence provoked limited response in the consultation overall, with most organisations and individuals not commenting in detail. A few suggested that it might provide a means of reducing the current disparity in earnings potential between education and training, which results from the different attendance requirements of the two learning routes and the more limited capacity for trainees to supplement their income through part-time work. It was also suggested by some that an income threshold to define full-time work would be fairer than an hours test because it would even out the range of different hourly wage rates. An annualised income test could also take account of weekly variances in income across the year. Over two-thirds of young people who responded to the questionnaire favoured an income rather than an hours threshold.

2.11 However, most organisations were opposed to an income test, because of the additional complexity it would introduce into the system and the resulting administrative burden for young people, employers and administrators. They also highlighted the risk of encouraging more unregulated ‘shadow economy’ employment among young people seeking to conceal their true income. These organisations consequently preferred an hours test, which they argued provides a much simpler way of defining full-time work. The consultation with young people provided stronger support for this view when analysed according to the respondents’ main activity: those engaged in full-time employment or waged apprenticeships were more likely than their non-working peers in full-time education to argue for an hours test, presumably because they were more aware of the administrative difficulties of keeping track of weekly income.

2.12 There was general agreement that the hours or income threshold should be set at a level which prevents learners from jeopardising achievement by working too many hours, while still allowing scope for a decent level of supplementary income.

Government response to questions 5 and 6

The Government is persuaded by the consultation evidence that the benefits of introducing an income threshold to define financial independence are outweighed by the drawbacks of additional complexity and the risk of encouraging unregulated employment. Financial independence will therefore continue to be recognised by reference to an hours threshold to define full-time work⁴.

A single, coherent system of financial support for 16-19s

Question 7: Which activities should be eligible for support in addition to education and training?

Question 8: Should there be any time limits for support for these other activities?

2.13 The majority of respondents were very enthusiastic about the idea of extending financial support to disengaged young people who commit to participating in structured volunteering or basic skills programmes delivered by the voluntary and community sector. It was widely agreed that these activities provide an effective means of re-engaging young people marginalised from formal learning, enabling them to develop the motivation, direction and skills they need to return to school, college or work-based learning.

2.14 Many respondents argued for a personally negotiated learning or activity agreement for every young person, which would set out the activities they must engage in to access financial support. It was suggested that for those outside of education or training the activity agreement would take the form of a personal development plan that identifies specific goals necessary to progress towards formal learning. The young people, parents and voluntary and community sector organisations consulted were keen that, rather than using a prescriptive list of approved activities, Personal Advisers should be involved in assessing the capabilities and development priorities of each individual, taking account of their personal circumstances, and setting the conditions and time limits of the activity agreement accordingly. Advocates for disadvantaged young people argued that activities aimed at tackling personal barriers to learning

⁴ Under the current Child Benefit and Child Tax Credit rules, a qualifying young person ceases to be eligible if they are engaged in remunerative work for 24 hours a week or more.

should be supported (for example, finding accommodation if homeless, drug rehabilitation programmes or anger management courses).

2.15 Several respondents stressed the need to maintain incentives for young people to progress to formal learning. It was suggested that this could be achieved by setting firm time limits and conditions for support for activities outside of formal learning, and by paying financial incentives at a lower level for such activities.

Government response to questions 7 and 8

Despite significant increases in the numbers of young people who continue in learning after the end of compulsory schooling, at any one time around 150,000 16 and 17 year olds in the UK are not in education, employment or training. Evidence suggests that it is detrimental to young people's long-term opportunities to spend prolonged periods unemployed or inactive when they could be gaining further skills and qualifications. The Government's ambition is to ensure no teenager faces long-term unemployment or inactivity, by providing every young person with the opportunities and financial support to continue in learning.

As the next step towards a single, coherent system of financial support, the Government intends to extend the successful framework of rights and responsibilities which underpins the Education Maintenance Allowance for example to the hardest to help 16-17 year olds. Building on the consensus of the consultation, which strongly endorsed the extension of financial support conditional on fulfilment of an Activity Agreement, this approach aims to set a clear expectation for young people to progress into learning and reach their potential.

To inform this next stage of reform, the Government will allocate £60 million over two years to pilot Activity Agreements and an Activity Allowance for 16-17 year olds not in employment or learning in eight areas of England from April 2006. The Activity Agreement will form a personally negotiated contract with the young person, identifying specific steps they should take to move into education or training, in return for access to financial support. For disadvantaged young people who need more help to prepare for formal learning, the Activity Allowance would support them while they undertake basic skills training, including courses provided by the voluntary and community sector. The pilots will test different options for the Activity Allowance and Agreement, to help identify which model would be most effective in a national roll-out.

In considering what other activities should be eligible for financial support, the Government will take into account the Russell Commission's recommendations on financial support for young people participating in the new framework for youth action and engagement.

Question 9: Which streams of financial support should be included in a single system of support specifically for 16-19 year olds and which should be left outside?

2.16 Overall there was strong support for the Government's long-term vision of a radically simplified system of financial support for young people. Respondents agreed that rationalising the current complexity of the benefits system for 16-19 year olds would significantly improve accessibility, particularly for disadvantaged young people.

2.17 The consensus on which streams of support should be included and which should be kept separate can be summarised by the following general rule: if it is a cost incurred by engaging in the learning activity, for example childcare costs, then it should be integrated into a single system. If it is a stream of support available beyond the 16-19 phase, such as benefits for young people who are disabled or parents, then it should be kept separate to avoid the support becoming conditional on fulfilling the requirements of an activity agreement.

2.18 With respect to particular groups of young people such as those who are disabled, care leavers or young parents, it was acknowledged by respondents that there was a difficult balance to be struck in designing a system which is inclusive but also conditional on participation in learning or approved activities. These young people want to be accommodated in the mainstream and treated like any other young person, but they also need access to a reliable source of income that prevents financial hardship if they cannot fulfil their participation requirements. It was suggested that the activity agreements should take account of the particular needs and circumstances of each individual, offering more flexible attendance requirements if appropriate.

2.19 Although beyond the scope of this review, a number of respondents noted their concern about Housing Benefit rules, in particular Single Room Rent and non-dependents deductions, which it was suggested can create barriers for young people entering work or learning.

Government response to question 9

The Government's vision is for a single, coherent system of financial support for young people focussed on learning. The system will include young people engaged in different activities and respond to their individual circumstances, simplifying administration and improving accessibility. It will provide support that encourages young people to progress and ensures smooth transitions as they move between different activities, for example as they move into formal learning.

As set out in *Supporting young people to achieve* and in the response to question four above, the Government believes that the current model of financial support for young people in full-time education is the right one to build on. This provides stable support for day to day living costs paid to the parents or independent young person, and a responsive incentive paid direct to the young person in the form of Education Maintenance Allowance, which supports the costs of learning and is conditional on fulfilment of a learning agreement. The Government believes that under a single system of support there will still be an important and distinct role for both of these payment streams.

Recognising the consensus of the consultation, the Government will ensure that for specific streams of support available for particular needs beyond the 16-19 phase, young people are treated consistently with the requirements for older recipients. For example, the Government will not introduce new conditionality for young people in receipt of Disability Living Allowance or, for young parents, Child Benefit and Child Tax Credit entitlement for their own children. It believes that such streams of support should be kept separate from a single system for young people.

Consistent with this approach, accommodation costs will continue to be supported separately through Housing Benefit, with passports from qualifying benefits. The views submitted to the consultation will be considered by DWP as part of their ongoing review of Housing Benefit.

Engaging young people in work with no training

2.20 In *Supporting young people to achieve* the Government announced that it would be looking at further ways to encourage employers to support time off for training for young people. This would build on the existing statutory right for low-skilled 16-17 year olds not in full-time education and not qualified to level 2 to have paid time off to study for approved qualifications. Although there was no specific consultation question on this issue, the Government's commitment was welcomed by many stakeholders, including employers, learning providers and voluntary and community sector organisations.

Government response

At any one time around 150,000 16 and 17 year olds in the UK are in employment with no training. **To increase access to training options for this group, the Government is allocating £80 million over two years to pilot a negotiated Learning Agreement for 16 and 17 year olds in work with no training in eight areas of England from April 2006.** This initiative builds on the existing statutory right to paid time off to study or train for this group. Learning undertaken as part of the agreement could include an apprenticeship or work towards a qualification unrelated to the young person's current job. The pilots will test the effectiveness of a range of financial incentives in encouraging employers and employees to take up this offer.

A

LIST OF ORGANISATIONS THAT RESPONDED TO THE CONSULTATION

A.1 The organisations that submitted written responses to the consultation are listed below. To request copies of these responses, please e-mail: financialsupport.consultation@hm-treasury.gsi.gov.uk.

Action on Aftercare Consortium
Advice Services Alliance
Association of Colleges
Association of Learning Providers
Barnardo's
Bromley Youth Services
Campaign for Learning
Centrepoint
Centre for Education and Industry, University of Warwick
CITB-ConstructionSkills
Connexions Cornwall and Devon
Connexions Somerset
Connexions Tyne & Wear
Connexions West of England
Contact a Family
Disability Rights Commission
Essex County Council
Fairbridge in Scotland
Gateshead Action on Homelessness
Hampshire County Council
Learning and Skills Council
Learning and Skills Development Agency
Manchester Advice
Mid Yorkshire Chambers of Commerce and Industry
NATFHE (the university and college lecturers' union)
National Association of Managers of Student Support
National Association of Schoolmasters Union of Women Teachers
National Children's Bureau
National Confederation of Parent Teacher Associations
National Leaving Care Benchmarking Forum
National Union of Students
Neil Bateman and Company
One Parent Families
Prince's Trust
Right Track
Silver Swan Consultancy
St Helens College
Stockport Community Legal Services Partnership
Streetwise Community Law Centre
Support Training Action Group
The Children's Legal Centre
The Countryside Agency
The Foyer Federation
The Maternity Alliance
The National Youth Agency

The Poverty Alliance and Moray Against Poverty Network
Trades Union Congress
West Berkshire Council Education Services
Youth Access
YWCA England & Wales

