



National Audit Office

Report

by the Comptroller
and Auditor General

Department for Education

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

Key facts

£7bn

Department's funding for education and training for 16- to 18-year-olds, 2013/14

81.2%

of 16- to 18-year-olds in education and (government-funded) training, at end of 2013

7.6%

of 16- to 18-year-olds not in education, employment or training, at end of 2013

1,955,100

young people aged 16 to 18 in 2013 (Department for Education's estimate)

£4,000

basic rate of funding for each full-time student in 2013/14

Between £11.7 and £32.5 billion

estimate of the lifetime cost to the taxpayer of 208,000 young people not in education, employment or training in 2008

£180 million

value of the 16–19 Bursary Fund in 2013-14 (funding provides additional support to young people to help them participate)

59%

19-year-olds, in 2013, who gained a level-3 qualification (such as two A-levels)

32%

increase in 16- to 18-year-olds starting apprenticeships of 12 months or longer (2011/12 to 2012/13)

Summary

1 At the end of 2013, there were nearly 2 million young people aged 16 to 18 in England. The Department for Education (the Department) sets national policy, and manages funding for these young people's education and training. In 2013-14, it allocated some £7 billion to this aspect of its work.

2 Over 80% of 16- to 18-year-olds were in education and training at the end of 2013.^{1,2} However, 148,000 (7.6%) were not in education, employment or training – often described as NEET. The Department and education experts have been concerned about young people who are NEET for a long time. On average, such young people are more likely to be unemployed, have lower-paid jobs, have addictions or go to prison. For many years, participation in England has lagged behind that of other developed countries, despite repeated government attempts to tackle the problem. In 2008, York University estimated that the potential lifetime cost to taxpayers of 208,000 young people who were NEET could be between £11.7 billion and £32.5 billion.

3 The Department has acted to increase the rate of participation among 16- to 18-year-olds. New legislation means that young people now have to continue in education or training beyond the age of 16. Young people leaving year 11 in summer 2013 had to continue in education or training for at least a further year, and those leaving year 11 in summer 2014 will be the first group required to continue in education or training until at least their 18th birthday.³ The Department has also introduced several initiatives to help young people to participate, particularly those at risk of being NEET. The initiatives include financial support; introducing the Youth Contract; and changing careers advice.

4 The Department also wants young people's education and training to be relevant and high-quality; for those with low prior attainment to be able to progress to more substantial qualifications; and for vocational qualifications to be a respected alternative to academic learning. To achieve this, it has changed how it allocates funding for 16- to 18-year-olds; introduced Study Programmes and Traineeships; and changed apprenticeships.

1 When the Department says 16- to 18-year-olds, it usually means young people who were this age at the start of the academic year and so also includes young people who turn 19 during the year.

2 Training comprises advanced apprenticeships, apprenticeships and some other work-based learning that the Education Funding Agency funds.

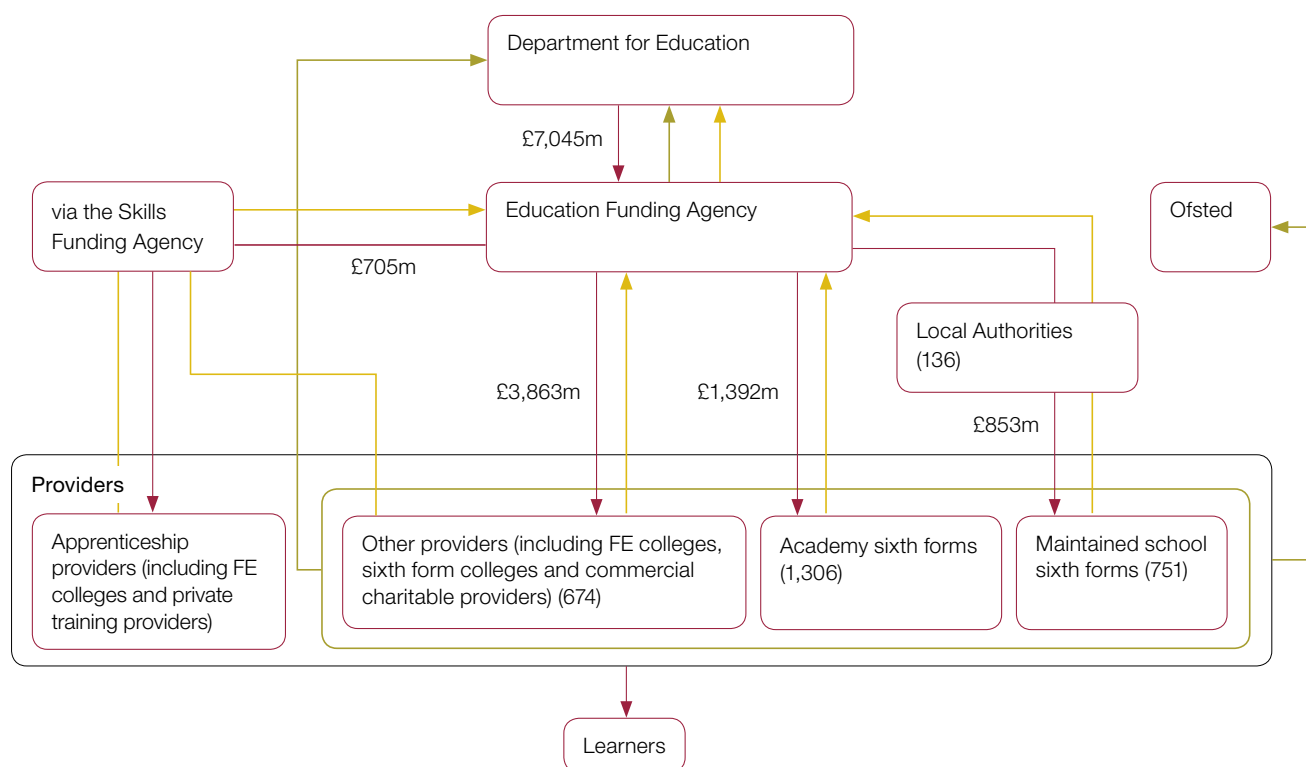
3 Year 11 is the year during which most pupils turn 16 and typically sit their GCSE exams.

5 The Department is responsible for the majority of policy and funding for 16- to 18-year-olds. The responsibility for delivering education and training and raising participation is shared by a wide range of organisations (**Figure 1**):

- **Education Funding Agency, an executive agency of the Department**
Issues funding for, and provides assurance about, spending on education and training, and manages the Youth Contract.
- **Schools, sixth form colleges, further education colleges, commercial and charitable providers, and employers**
Educate and train young people, and distribute financial support to them. Schools and colleges have the additional duty to provide independent careers guidance.
- **Department for Education, jointly with the Department for Business, Innovation & Skills**
Set national policy for and fund apprenticeships. The Skills Funding Agency is responsible for delivering apprenticeships, including allocating funding to apprenticeship providers and for the delivery of the National Apprenticeship Service. The Department for Business, Innovation & Skills also funds the National Careers Service.
- **Ofsted**
Inspects education and training providers, including schools' provision of careers advice and guidance.
- **Local authorities**
Have statutory duties to secure sufficient suitable education and training for all young people in their area, and to support participation, including by identifying young people who are NEET. Authorities use different ways to engage young people, to support their participation. They fund their own initiatives aimed at helping young people stay in, or re-engage with, education or training. Authorities also have a duty to publish a transport statement setting out their arrangements to support young people of sixth-form age to access education and training.

Figure 1

Responsibilities for 16- to 18-year-old education and training, and funding allocated for 2013-14



- Funding
- Financial management assurance
- Academic assurance (via exam results and inspection reports)

Notes

- The figures are sourced from Education Funding Agency management accounts for 2013-14 which refer to the funding available for the academic year 2013/14.
- £126 million of funding was announced to support the 16- to 17-year-old element of the Youth Contract for 2012–2015. Funding for this element of the Youth Contract is ring-fenced and any funding not spent is returned to HM Treasury.
- Funding to the Skills Funding Agency includes £5 million distributed by the Skills Funding Agency to providers for Traineeships.
- The numbers of schools and academies shown excludes special schools.
- The number of local authorities shown is the number that had maintained school sixth forms in the 2013/14 academic year.
- An additional £225 million of funding was allocated to providers for 16- to 19-year-olds' learner support.
- Some of the 674 'other providers' receive their funding from the Skills Funding Agency.

Source: National Audit Office and Education Funding Agency

Scope of this report

6 In this report we look at the Department's progress, with other stakeholders, in reforming 16- to 18-year-old education and training:

- Part One describes the challenges faced and what the Department is doing.
- Part Two assesses the progress the Department has made in increasing participation.
- Part Three assesses the Department's efforts to improve quality.

Key findings

The participation rate

7 The rate of participation of 16- to 18-year-olds in education and training has increased. At the end of 2013, 81.2% of 16- to 18-year-olds were in education and government-funded training, compared with 79.2% at the end of 2012. A further 7% were in jobs with no training and 4% were in training not funded by the government (paragraphs 1.2 and 2.3).

8 In 2013, the proportion of 16- to 18-year-olds not in education, employment or training (NEET) fell to its lowest level for 20 years. At the end of 2013, 7.6% of 16- to 18-year-olds were NEET, compared with 9.2% at the end of 2012. This is the lowest level since comparable records began in 1994 (paragraph 1.5).

9 The Department has made a major contribution to these improvements but the relative impact of its various reforms is unclear. Many factors influence rising participation rates, including the health of the wider economy. However, the decision to require young people to continue learning for at least 1 more year after they complete year 11 is likely to be a major reason for the increases. The most recent data shows a 2.8 percentage point increase in 16-year-olds' participation, which is likely to be, in part, because 16-year-olds are now told that they have to remain in education or training. The change in the law, along with the number of reforms the Department is undertaking, makes it difficult to identify the relative impact of any individual reform (paragraphs 2.4 to 2.6).

Approach to reforming education and training

10 The Department has based its reforms on clear evidence. Many of the Department's reforms implemented recommendations in *Review of Vocational Education – The Wolf Report* and *The Richard Review of Apprenticeships*.⁴ These substantial reviews drew on wide evidence and consulted many experts (paragraph 1.12).

⁴ *Review of Vocational Education – The Wolf Report*, March 2011; and *The Richard Review of Apprenticeships*, November 2012.

11 The Department has implemented its reforms at the same time as reducing spending on 16- to 18-year-olds. In 2013-14, the Department's core budget for this age group was 8% lower, in real terms, than in 2010-11. In some cases, the Department has identified specific funding for reforms. In others it requires schools and colleges to find funding themselves, out of core budgets. For instance, schools had no extra resources to improve careers guidance. Meanwhile, many of the Department's main stakeholders, in particular local authorities, are having to respond to significant budget reductions (paragraphs 1.13, 1.18 and 1.20).

12 Although the Department has managed interdependencies between its reforms through various programme and project boards, it has recently improved its oversight of delivery. The Department has been proactive in evaluating some individual reforms, and has commissioned external evaluations of the Youth Contract and the Bursary Fund. It established a new oversight board in February 2014, to support better joint working and more timely decision-making on the delivery and implementation of its reforms (paragraphs 1.23 to 1.25).

Progress in increasing participation

13 The Department has reduced financial support to 16- to 18-year-olds, but its new Bursary Fund targets the remaining support better. The Bursary Fund costs some £180 million a year, compared with the cost of the previous Education Maintenance Allowance, which was some £560 million in 2010-11. Despite this 68% fall, the Institute of Education and the Institute for Fiscal Studies estimated that the participation rate fell by just 0.7% as a result when the Bursary Fund was first introduced (paragraphs 2.20 to 2.21).

14 By March 2014, contractors had recruited 18,500 young people, who were NEET, on to the Youth Contract for 16- to 17-year-olds; this is fewer than the Department was funded to help, but of those who have been supported, more than half have so far participated in education or training. The Department originally focused the contract on an estimated 70,000 young people who were NEET, but, based on the current take-up rate, only around 30,000 will have accessed the scheme by the time recruitment ends in March 2015. Any funding for the Youth Contract which is not used by the end of each year is returned to HM Treasury. Since joining the Youth Contract, which is led by the Education Funding Agency, around 10,000 16- to 17-year-olds have so far participated in education and training for at least 5 months in a 6-month period. The Department does not intend to replace the Youth Contract (paragraphs 2.32 to 2.35 and 2.38).

15 In 2013, careers advice and guidance was still inadequate for many students and few 16- to 18-year-olds used the National Careers Service. In 2013, Ofsted found that only 12 out of 60 schools it visited were ensuring that all students received sufficient information to consider a wide breadth of career possibilities. This was after the Department had introduced a new statutory duty for schools to provide independent careers guidance that was impartial and that promoted pupils' best interests. The Department responded to Ofsted's recommendations by, among other things, clarifying the statutory guidance, while Ofsted has given careers guidance a higher priority in routine inspections. But the Department does not yet know if, or to what extent, these actions have led schools to improve. Between April 2012 and March 2013, the National Careers Service had some 27,500 contacts (via telephone, webchat, email, or SMS) with 16- to 18-year-olds, equivalent to just 1 for every 71 people in the age group. It is unclear how many 16- to 18-year-olds accessed careers advice services online (paragraphs 2.8 to 2.16).

16 The Department knows of at least 5,400⁵ young people aged 16 to 18 who started a Traineeship in the first 9 months of the programme but needs more providers to start delivering Traineeships. A more accurate number of Traineeship starts for the whole of 2013/14 will be available in November 2014. In the meantime, the Department needs to encourage more providers to offer Traineeships, if it is to achieve its ambitions for this initiative. As at June 2014, 200 out of 459 eligible training providers who said they would deliver Traineeships had recorded starts (paragraphs 2.28 to 2.31).

Progress in improving relevance and quality

17 The Department has removed a major risk to value for money by starting to allocate funding per person, rather than per qualification. For the academic year 2013/14, the Department funded full-time learners at a basic rate of £4,000, which did not depend on how many qualifications a learner completed. The change removes a previous incentive for schools and colleges to encourage learners to complete many short courses, some of which led to qualifications that were not useful for students (paragraphs 1.18, 3.3 to 3.4).

18 Apprenticeships are getting longer, which may suggest better quality, and the total number of young people becoming apprentices has fallen. The number of apprenticeships lasting 12 months or longer has increased, which may be legitimately interpreted as a proxy indicator for improved quality, but the Department, working with the Department for Business, Innovation & Skills, will not be able to assess whether longer apprenticeships really do provide deeper learning and skills until more data is available. The number of young people starting apprenticeships of 12 months or more increased by 32% from 84,100 in 2011/12 to 110,900 in 2012/13. However the total number of new apprentices fell in 2011/12 and 2012/13 (paragraphs 3.12 to 3.14 and Figure 13).

⁵ This figure is from the Department's internal management information. It is an in-year estimate and is dependent on providers accurately recording information on the Individualised Learner Record. The Department considers that this is likely to be a substantial undercount of provision to date.

19 Increasing employers' involvement in the development and management of apprenticeships is a sensible step but there are risks, which the Department aims to address through trials. The Department's plans to engage employers directly in designing and delivering apprenticeships are positive, with the potential to improve quality and relevance by ensuring that apprenticeships deliver exactly the skills and knowledge that employers want. The Department is trialling how this new approach will be funded in practice in 2014/15 for apprenticeship starts based on new employer designed standards. It plans to provide further information about how funding will work in autumn 2014. The Department will need to use the lessons learned from its trial to ensure that the new system meets its aims and is not perceived by some employers as a burden on them (paragraphs 3.13 to 3.16).

Conclusion on value for money

20 The Department has changed the law and introduced significant reforms to increase 16- to 18-year-old participation in education and training and to improve the quality and relevance of what learners do. The proportion of 16- to 18-year-olds participating in education and training increased at the end of 2013 and the proportion of young people who were NEET fell. Combined with reduced overall funding and the shift to a per-person funding model, this means that the overall value for money of the £7 billion spent on 16- to 18-year-old learning has increased.

21 While this is encouraging, the Department needs better information about the relative effectiveness of its reforms, so it can tell which have contributed most to increased participation, which have raised quality, and which have improved other aspects of value for money. This is particularly important if the Department is to take the right decisions in future about which reforms to keep and which to stop, or change, in order to optimise value for money. Establishing relative effectiveness may be challenging, but, in particular, the Department needs to be able to distinguish between improvement driven by raising the participation age and improvement driven by other initiatives.

Recommendations

22 The Department knows it needs to oversee its reforms closely, to understand how they contribute to its aims – individually and collectively. Our recommendations should help it develop its approach.

- a** **The Department should commission a detailed analysis of the relevant contribution that its different reforms make, and at what cost, to both the participation rate and the quality of education and training for 16- to 18-year-olds.** The Department needs timely information about what its reforms are achieving, and while in some cases it may be challenging to do so, should compare the likely impact of extra resources spent on one project rather than another, especially in the light of changes to the participation age, which are likely to influence many young people's behaviour.
- b** **If large numbers of Ofsted assessments remain critical, the Department should reconsider its role with regard to careers advice.** The Department has a clear and ambitious agenda to make careers advice independent and inspirational. If schools do not adopt its approach, it needs to be ready to intervene more directly; otherwise young people will not see the benefits.
- c** **The Department should find more ways to encourage employers, colleges and schools to work together to increase apprenticeships, Traineeships and work experience for young people.** Among other activities, the Department should collect practical examples of good practice and disseminate these to providers. It should identify how to make more employers aware of the new types of work experience.
- d** **When deciding what to do to reduce further the proportion of young people who are NEET, the Department should systematically examine what local authorities do.** It should disseminate the findings of its examination to other stakeholders and should consider piloting the most successful initiatives more widely.