

# Against the odds

Re-engaging young people in  
education, employment or training

Summary of our report  
published in July 2010



**The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.**

**Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.**

**As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.**

# Summary

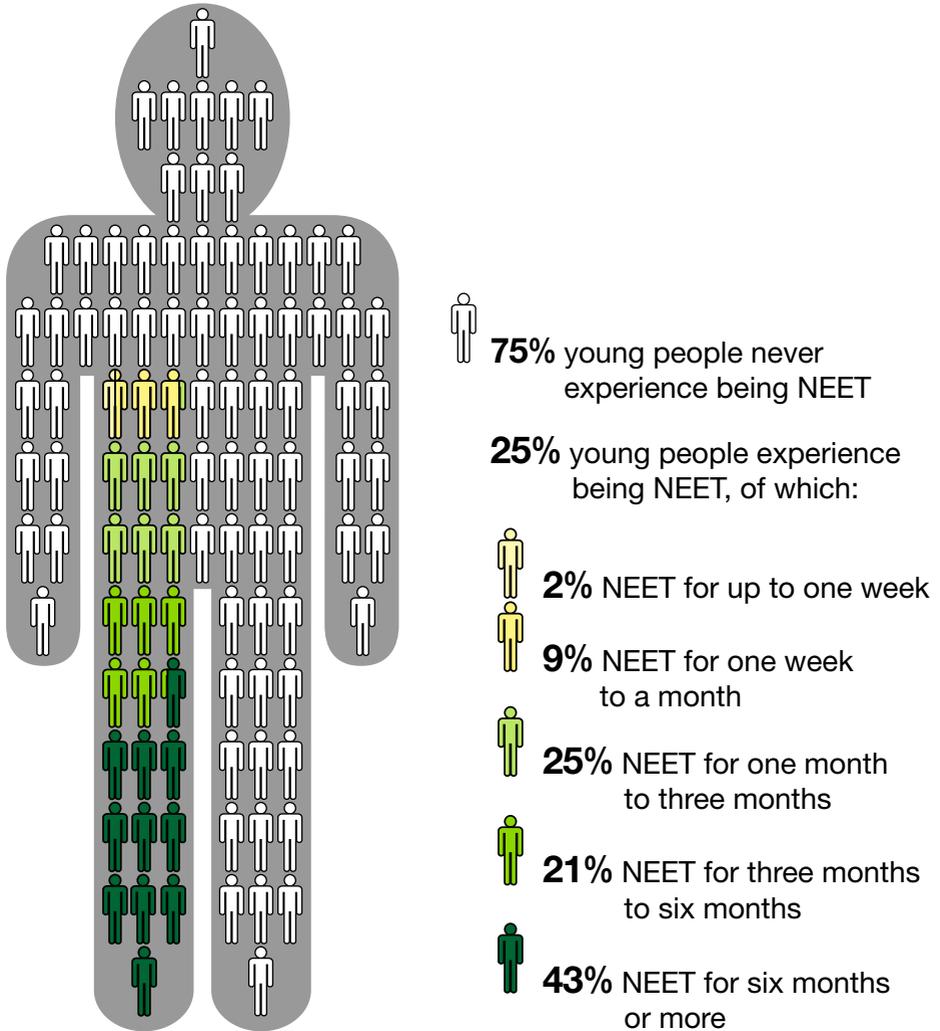
## **Young people not in education, employment or training (NEET)<sup>i</sup> at 16-18 have poorer life chances than their peers and are more likely to be a long-term cost to the public purse.**

- National figures for 2009 show 9.2 per cent (183,200) of young people aged 16-18 were NEET.
- The 2008 NEET cohort will cost an estimated £13 billion in public finance costs and £22 billion in opportunity costs over their lifetimes.
- Young men who were NEET are three times more likely to suffer from depression, and five times more likely to have a criminal record, than their peers.
- Data from fieldwork areas found a quarter of young people were NEET at some point during a two-year period, but most get into education, employment or training. However, ten per cent of young people remain NEET for six months or more.

<sup>i</sup> This report uses the term ‘not in education, employment and training’ as it is widely recognised and understood by councils and their partners. NEET is the abbreviation used in national indicators and statistics. The term can imply some stigma and it artificially separates people under 19 who are ‘NEET’ from older young people who are ‘unemployed’. This report focuses on how councils and their partners can use limited resources to help young people who may be a cost to society to become contributors to it instead.

- Figure 1 from the main report (reproduced here) provides a quick overview of the length of time that young people from fieldwork areas experience being NEET.

Figure 1: **Most young people are never NEET: most NEET episodes last fewer than six months**



Source: Audit Commission, analysis of Connexions data from fieldwork areas (approximately 24,000 young people), 2010

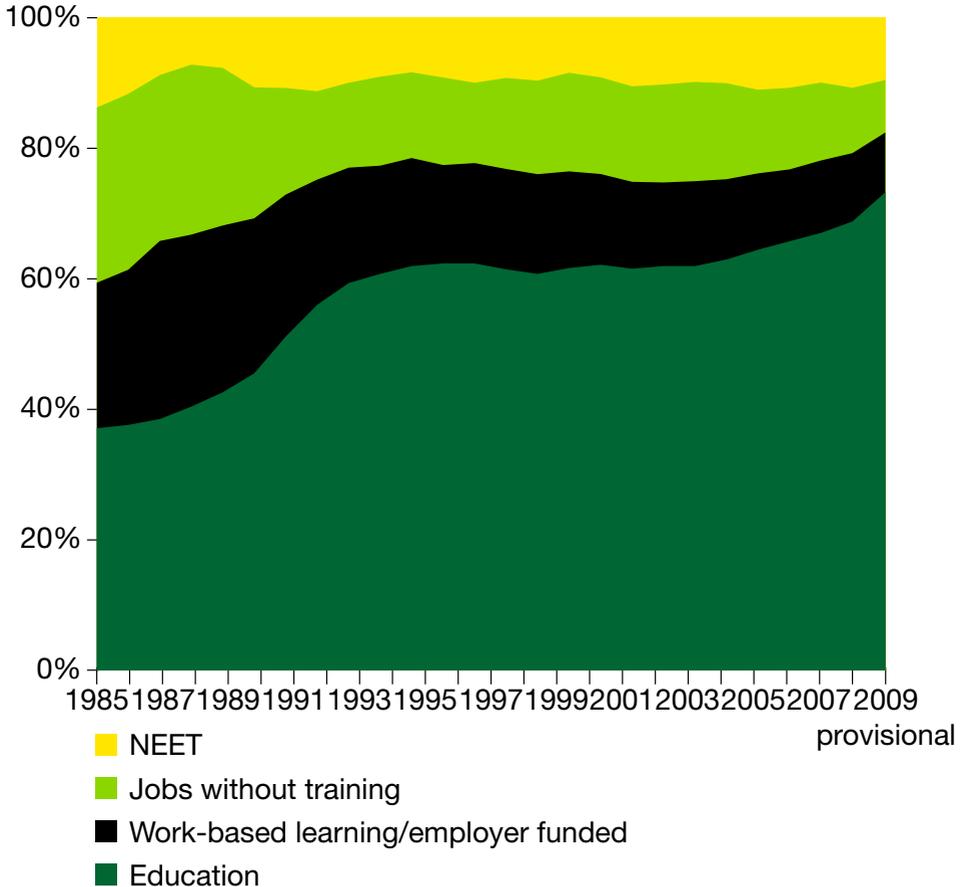
- Although national NEET levels have fluctuated between 9 and 10 per cent for 20 years, this hides variations:
  - local NEET levels range from 2 to 14 per cent; and
  - 18 year olds are more likely to be NEET (17 per cent) than 16 year olds (4 per cent).

**Figure 2 from the main report (reproduced here on page 4) shows how NEET levels have remained more or less consistent for 20 years.**

- Many areas have reduced 16-18 NEET levels but there is less success in tackling the increase in 18-24<sup>1</sup> unemployment.
- Government policy affecting young people NEET comes from three different departments: Department for Education, Department for Business, Innovation and Skills, and Department for Work and Pensions. Responsibility for young people NEET changes at the age of 18, with an overlap until age 19.
- Support for young people NEET will be under pressure over the next few years. Councils and their partners must ensure they get value for money by concentrating on targeted and preventive interventions.

i National statistics on NEETs focus on young people aged 16-18 years. However, at age 18 young people are also classed as unemployed and will count in 18-24 unemployment statistics. This is in part due to an overlap in government responsibilities for young people aged 18. The Connexions service (overseen by the Department for Education) works with young people to the age of 19. Jobcentre Plus (an executive agency of DWP) starts working with unemployed young people at the age of 18.

Figure 2: **NEET levels remain consistent: increased participation in education hides the decrease in jobs and work-based learning**



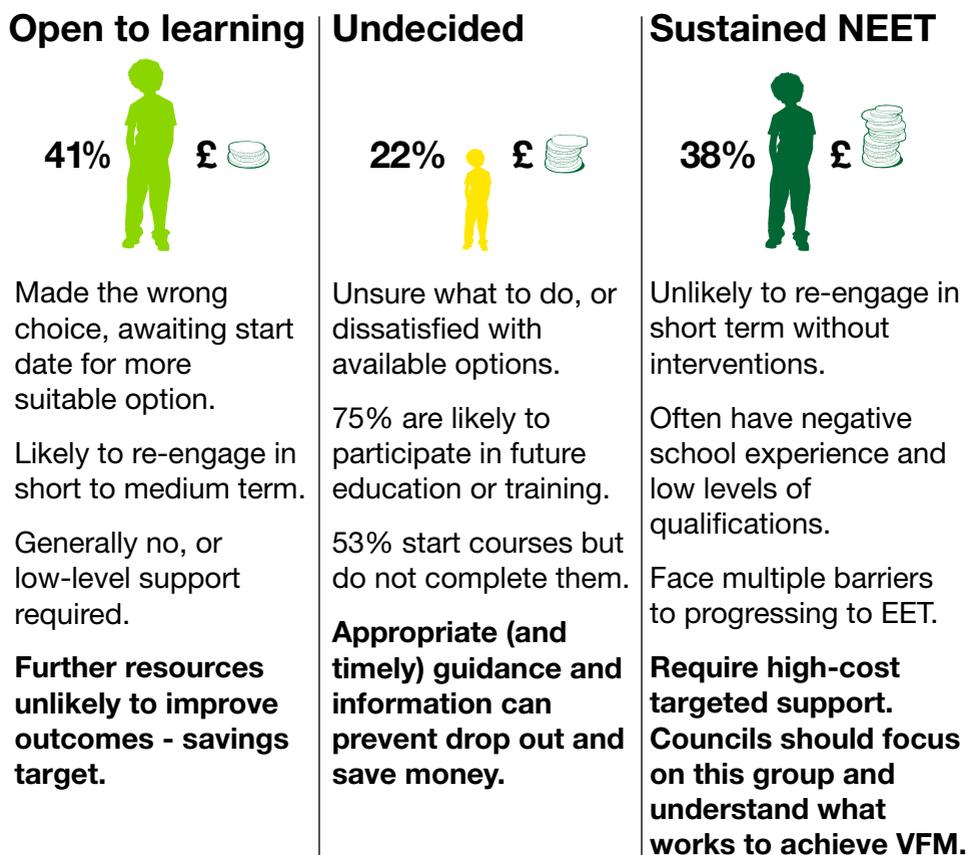
Source: Department for Education, 2010

### **Councils get better outcomes by targeting their approaches**

- Young people become NEET for different reasons. Councils must understand the nature of their local NEET population and respond appropriately.

Figure 4 from the main report (reproduced here) exemplifies the different groups that can be within a NEET population, this is essential to understand at a local level when directing efforts to tackle the NEET issue.

Figure 4: Council action must respond to different NEET sub-groups



Source: DCSF, 2009<sup>i</sup>

<sup>i</sup> Figures do not add to 100% due to rounding.

- Councils and their partners can make a difference to NEET levels – even in areas of economic decline. Action to reduce NEET levels often means little or no extra cost.
- Common success factors in getting young people into work or learning are:
  - using local information about young people NEET to design responses appropriate to their circumstances;
  - targeted pre-16 support for those at risk of becoming NEET; and
  - post-16 interventions tailored to individuals.
- When overall NEET levels fall, the long-term NEET group become more obvious. Interventions for this group must be flexible, delivered over a longer time, and tailored to young people’s individual circumstances. As NEET levels fall, areas should ensure that resources are targeted in response to changing circumstances, so that the long-term NEET group can contribute to the economy, rather than becoming a cost to it.
- Schools have an important role in preventing future young people becoming NEET. This can start early by using the primary school curriculum to raise the aspirations of young people. Work with children’s services to tackle bullying, truancy and exclusions can stop disengagement with school.
- Schools should also collaborate to support young people moving from primary to secondary school and those leaving school at 16. Schools and local employers have an important role in ensuring young people and their parents and carers are aware of education and training opportunities.

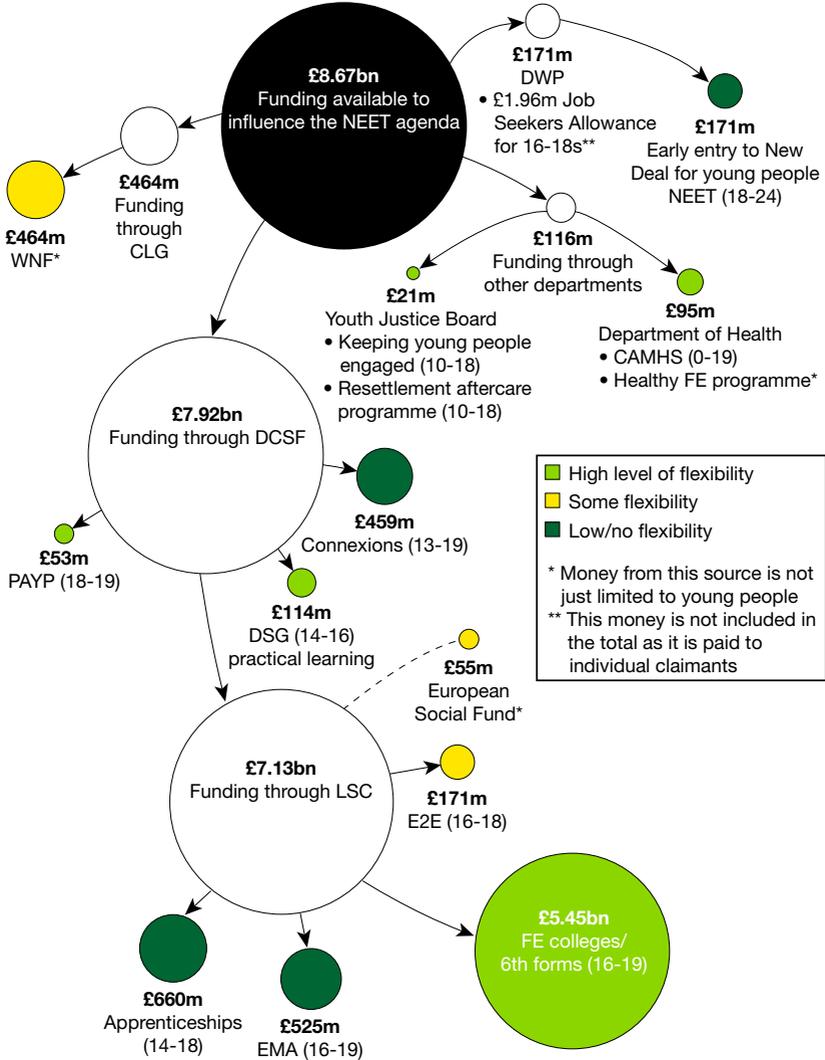
### **Commissioners must target resources**

- About £8.67 billion is available for 16-19 learning and support. Most of this money depends on achieving short-term targets and does not support the most disadvantaged groups.

Figure 11 from the main report (reproduced here) shows the complexity of funding streams available for 16-19 learning and support.

**Figure 11: Different sources of funding for different age groups can be targeted to reduce NEET levels<sup>1</sup>(see next page)**

For abbreviation explanation please see glossary.



Source: Audit Commission

- From April 2010, councils take responsibility for commissioning 16-19 education from the former Learning and Skills Council.<sup>ii</sup> This change is an opportunity to remove waste and duplication, to involve schools and academies in partnership and to tailor provision to meet local circumstances.
- Commissioners must fill gaps in provision, particularly for young people with learning difficulties and disabilities, to ensure progression routes after level 1 courses.<sup>iii</sup>
- Interventions will not achieve objectives unless commissioners contractually reward providers for:
  - removing barriers to services;
  - offering continuous support throughout attendance; and
  - helping young people to make transitions to further work or learning at completion.
- An intelligent commissioning approach using the untapped information in Connexions data bases, can ensure better service design and evaluation of outcomes.

i This is based on 2008/9 sources of funding when DCSF was the responsible department and funding flowed through the LSC to local councils. DfE is now the responsible department and funding goes through the YPLA to local councils for them to commission provision. The diagram highlights the main sources of funding available from each department. Some smaller funding streams are not shown in the diagram but are included in the departmental totals.

ii Academies will be responsible for commissioning their own 16-19 education.

iii Level 1 qualifications are equivalent to five GCSEs, grade D-G.

## **Better targeting and collaboration can reduce lifetime cost and increase wellbeing**

- Early prevention through low-cost interventions can bring large savings. £4,000 of short-term support to a teenage mother can be repaid twenty times over through net lifetime tax contributions. The same successful intervention can reduce public service costs by nearly £200,000 over a lifetime.
- Financial payback from some interventions is visible at the age of 25 through reduced public finance costs. Payback for most interventions is in the medium term, when young people have been in employment for longer and made tax and national insurance contributions.
- Connexions services, schools and colleges, Jobcentre Plus and other youth support services do not collaborate effectively. The result can be duplication, wasted effort and wasted money. The extent of this potential waste will vary locally.
- Better links with council economic development and regeneration teams can bring benefits such as:
  - up-to-date information on the local labour market;
  - extra sources of funding; and
  - more local employment opportunities for young people.
- The local public sector can take a lead by promoting apprenticeships for young people NEET and encouraging other employers to do so. Councils and other bodies can add training requirements to works and service contracts.

# Recommendations

Through their strategic commissioning role, councils and their local partners should:

- use their new responsibilities for commissioning 16-19 education to review and redesign services to achieve further reductions in NEET levels and reduce waste and duplication;
- make their response to the circumstances of the most sustained NEET groups a core part of the local 14-19 strategy and funding plans, commissioning individually tailored packages of support where required;
- use the local economic assessment to strengthen links between economic development, regeneration and Connexions services in increasing employment and apprenticeship opportunities for young people;
- use evaluations of projects for young people NEET to focus on what works and to target services more effectively;
- ensure Connexions, schools and colleges, Jobcentre Plus and other youth support services all work together to reduce duplication and save money;
- develop a smooth transition from Connexions to adult employment services;
- work with academies and local authority-maintained schools, to report on, and improve effectiveness in, supporting young people to make successful transitions at age 16; and
- take the lead in encouraging the local creation of apprenticeships and raising the demand for young people in the workforce.

Local authority-maintained schools, and academies, can:

- use the primary school curriculum to raise the aspirations of young people and prepare them for future learning and employment;
- work together to support young people to make the transition from primary to secondary school;
- work with children's services to reduce bullying, truancy and exclusions that can lead to young people becoming NEET;
- work with parents and carers to raise their aspirations and support them in helping their children make decisions about work and learning; and
- work closely with Connexions to reduce duplication and to support pupils' transitions to further education, employment or training at age 16.

The government should:

- make sure the funding available to influence the NEET agenda is used cost effectively and is targeted on those who most need support;
- review the three-way split in government responsibilities for 16-19 work and learning issues;
- ensure the Young People's Learning Agency encourages and funds councils to tailor local provision to meet the individual circumstances of sustained NEETs;
- review the performance measures linked to funding to ensure a focus on progression and outcomes appropriate for all learners;
- require that Connexions Services and Jobcentre Plus share information to improve services to young people and reduce waste and duplication;
- require all schools to work with councils and other local partners in the 14-19 strategy;
- ensure the National Apprenticeship Service and councils cooperate in supporting and encouraging employers to take on more apprenticeships; and
- make sure the proposed National Citizen Service builds on good practice in existing 16-18 education and skills programmes.

The Audit Commission will:

- produce guidance and tools to help councils and their partners improve; and
- work with the Department for Education to help Connexions services improve their use of data.

# Against the Odds – challenge questions

These challenge questions follow the themes in Against the Odds. There are questions for:

- commissioners and members of 14-19 partnerships;
- members of children's trusts; and
- local strategic partnership members.

## **Challenge for commissioners and 14-19 partnerships: who is NEET and what are the costs?**

- What do you know about local young people not in education, employment or training? How could this knowledge be improved and used to support better decisions regarding higher-risk groups?
- What is the balance between sustained NEET and the other groups? How does this compare with other areas?
- What is working and what is not working in your area? How does your experience compare with other areas: what can you learn from them?
- How cost-effective are local actions? What are your priorities for improving value for money?

## **Challenge for local strategic partnerships (LSPs): making a difference.**

- How is your local strategic partnership leading and coordinating action to move young people into work and learning? Do you have a local area agreement target to reduce NEET levels? Will you beat it? If not, what are the barriers to meeting the target?
- How are young people NEET supported through your economic strategy?
- How well do health services, social landlords and children's centres support young people NEET? What are your priorities for better coordination?
- Should your LSP have a target for reducing 18-24 unemployment? What are the most cost-effective ways of achieving that target?
- How effectively do partners work together to support young people making transitions at age 18/19?
- How can council economic development and regeneration teams provide better support to children's services in tackling youth unemployment and NEET levels?
- What are partners doing to minimise the recession's impact on youth unemployment and NEET levels?
- How well is the local chamber of commerce encouraging its members to provide apprenticeships and jobs with training? What support does the chamber need?
- How is the LSP showing leadership by promoting the development of apprenticeships locally?
- How many apprenticeships have LSP members created? How does this compare with best practice?

## **Challenge for commissioners and 14-19 partnerships: commissioning better outcomes**

- How is local information used to support commissioning decisions? What are your priorities for collecting and using information more effectively?
- What is your council and its partners doing to understand the differences in the profile of your NEET population?
- How well does provision reflect the profile of the local NEET population? How are you ensuring that the support needs of young people NEET are met?
- What are the follow-up arrangements for young people who move out of NEET status? For how long do Connexions keep in touch with them and offer support?
- What do commissioners know about what works? How is this information used to inform commissioning decisions? How can you improve evaluations of different projects and interventions?
- How well are providers' performance targets linked to local objectives? How do you ensure outcome measures are relevant to local circumstances and appropriate for all learners?
- How do you contractually reward providers for successful interventions that help young people progress to further work or learning?

## **Challenge for children's trusts: making the financial and policy case**

- What is your council and its partners doing to target resources on preventative and responsive activities to reduce NEET levels? What should they do to decommission duplicate services and those that do not deliver value for money?
- How do you ensure that effective projects are sustainable?
- How can you use the long-term costs and savings estimates used in this report to focus local attention on effective services to reduce NEET levels?
- What must be done to reinforce schools' roles in prevention? What are your priorities for working with schools?
- How does your area ensure that different agencies do what they are best at, and that young people are supported by the most appropriate agency? What more should be done?
- How effectively are local partners working to overcome waste, duplication and gaps in services? What can be done better and who must make it happen?

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We welcome your feedback. If you have any comments on this report, are intending to implement any of the recommendations, or are planning to follow up any of the case studies, please email: [nationalstudies@audit-commission.gov.uk](mailto:nationalstudies@audit-commission.gov.uk)

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