



Department
for Education

The Youth Contract for 16-17 year olds not in education, employment or training evaluation

Research report

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**Becci Newton, Stefan Speckesser &
Vahé Nafilyan - IES
Sue Maguire - CEI, University of Warwick
David Devins & Tim Bickerstaffe - PRI, Leeds
Metropolitan University**

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Glossary

DFE	Department for Education
EET	Education, employment or training
EFA	Education Funding Agency
ESF	European Social Fund
GVA	Gross value added
KS3	Key Stage 3
KS4	Key Stage 4
LA/LAs	Local authority/Local authorities
LDL	Learning disability or difficulties
NEET	Not in education, employment or training
NPV	Net present values
PbR	Payment by results
PV	Present values
RPA	Raising the Participation Age
VAT	Value added tax
VCSE	Voluntary, community and social enterprise
VET	Vocational education or training
YC	Youth Contract for 16-17 year olds

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Institute for Employment Studies

The Institute for Employment Studies is an independent, apolitical, international centre of research and consultancy in public employment policy and organisational human resource issues. It works closely with employers, government departments, agencies, and professional and employee bodies. For more than 40 years the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets, and human resource planning and development. IES is a not-for-profit organisation which has over 35 multidisciplinary staff and international associates. IES expertise is available to all organisations through research, consultancy, publications and the Internet.

Centre for Education and Industry, University of Warwick

The Centre for Education and Industry (CEI) is a research centre within the University of Warwick (established 1988). CEI offers a team of research staff based at Warwick, as well as regional directors located across the country. Our team offers a wide range of professional expertise in practitioner development, research and evaluation of learning programmes and project management. CEI has undertaken significant volumes of relevant work for government departments and public agencies and has an international reputation for research in the field of work-related learning, youth transitions and qualifications and learning, including generic skills, design and pedagogy, development and regulation of qualifications, and credit and qualifications frameworks.

Policy Research Institute, Leeds Metropolitan University

PRI has over 20 years' experience of providing research services and consultancy to a variety of national, regional and local organisations. PRIs work has included evaluations and strategy development in the learning and skills sector and with local partnerships (including further education, private sector, local authority and third sector), research and evaluation to inform programme and project development, and a range of capacity-building projects to support organisational development including training events and learning workshops.

Executive summary

Introduction

Young people who are not in education, employment or training (NEET) have been a major focus of research and policy interest for over a decade, and this continues to be the case, due to the disproportionate effect of the economic downturn on the youth labour market and young people's transitions into adulthood. In November 2011, the Deputy Prime Minister announced almost £1 billion of funding for a new Youth Contract (YC) to support 16-24 year olds to participate in education, training and work. This included a programme of intensive support for 16-17 year olds which aimed to offer targeted support to disengaged young people in order that they participate in education, an apprenticeship or a job with training.

Two models for this element of the YC were established. One was national, commissioned through a prime provider-subcontractor approach and featured payment-by-results (PbR) with a focus on sustained outcomes, which were defined as participation in education or training for five out of six months following initial re-engagement. It was subject to strict eligibility such that only low-qualified young people, care leavers and young offenders who were NEET could access it. The other model devolved funding to three core city areas where six local authorities (LAs) determined the shape and nature of delivery. Each of the LAs collaborating as part of core city areas established their own delivery model. In some but not all of these, prime provider-subcontractor delivery with PbR was used. Eligibility criteria were determined locally and while these typically focused on vulnerable and disadvantaged young people NEET, they did not emphasise the low skill levels that the national model did. In one core city area the YC focused on the creation of new apprenticeship opportunities, and the offer of employer incentives to support the retention of young people in the workplace. In the other two core city areas, the focus was on supporting and increasing participation among young people NEET.

By the end of September 2013¹, official figures showed that 11,920 young people had started the national YC and 4,114 were recorded as initially re-engaged in a positive outcome. It would be expected that smaller numbers would show in the sustained re-engagement data because of the time-lag involved in achieving these outcomes; by the end of September 2013, 489 participants were recorded as having sustained re-engagement.

About the evaluation

An evaluation was commissioned by the Department for Education (DfE) to cover the period of YC operation between October 2012 and March 2014, although the national YC

¹ The latest available data at the time of the research

model will continue to recruit young people until 31 March 2015. The key aims of the evaluation were to identify the impact of the YC on the outcomes of the eligible NEET population, and the key lessons arising from design and delivery. In addition, it was tasked to assess value for money, in relation to costs and outcomes achieved, and to explore differences between the national model and the core city areas.

The evaluation comprised multiple strands of research. The impact and economic assessments drew on and merged national datasets, such as the National Client Caseload System (NCCIS), the National Pupil Database (NPD) and the Individual Learner Record (ILR) in order to identify the participant group and a matched control group and then to track these over time to assess outcomes. Destinations in learning and training formed the basis of the economic assessment which explored impacts arising from estimated qualification gains on lifetime earnings, health and criminal activity. The process evaluation involved: initial and review interviews with national stakeholders, prime providers and lead contacts in core city areas; two national surveys of LAs; and multi-perspective, longitudinal case studies in six LAs operating under the national model, and all LAs involved in core city delivery. This report brings together the research findings to provide insight into and draw conclusions on early delivery. A separate technical report is published alongside this synthesis report and contains full details of the impact assessment and cost-benefit analysis.

Commissioning and PbR

Turning to the operation of the YC, the report presents evidence on how it was designed, funded and commissioned. There was a consensus among policymakers that the key goals for the national YC were to test PbR in a re-engagement programme linked to tight eligibility criteria to focus support on the hardest-to-reach and -help young people.

Implementing the YC through PbR with an emphasis on sustained outcomes and a black box delivery approach which granted freedom to providers to determine the nature of the intervention could allow innovative and effective practices to emerge. An open competition for YC delivery had the potential to bring new organisations into the education sector while also providing an opportunity for LAs to bid if they so wished. In practice, it appeared that few LAs had competed for delivery and prospective prime providers took differing stances to engaging with them as part of the tendering process.

The successful bidders were organisations that had some track record of delivering youth-related provision; in most cases this surrounded the delivery of education and training programmes, NEET re-engagement activities, and activities targeting vulnerable groups, but not careers guidance². This suggested that few had detailed insight into the data held by LAs on local young people NEET and some may not have grasped the shortcomings of these, although guidance in the bidding process stated that this data did not consistently contain qualification information.

² One prime provider was known for its involvement in careers guidance service delivery

Similar to other outsourced public programmes, there was a concern that small organisations in the voluntary, community and social enterprise (VCSE) sector were squeezed out of the national model because they were unable to risk upfront investment since payments were weighted towards later outcomes. Suggestions were made that their exclusion had stifled innovation and the delivery of specialist support. Over time, there were opportunities for these organisations to enter supply chains but the financial risks of delivery meant that few had done so. The payment approaches operating in the core city areas tended to be more accommodating of smaller VCSE organisations.

The eligibility criteria for the national model were typically viewed as restrictive by prime providers and delivery agents and limited the young people who could be supported. While this was the intention of policymakers in order to focus delivery on the most disadvantaged, flows into the programme were much lower than originally expected. Following feedback from prime providers, later extensions granted access to young people with fewer than two GCSEs A*-C as well as care leavers and young offenders, however this did not significantly increase volumes.

The commissioning process was said by prime providers to have emphasised cost over quality³ and they claimed that this had implications for the nature of support that could be configured. Prime providers also stated that the level of their own and subcontractors' upfront investment in the YC was higher than expected. Combined with what they claimed to be an overestimate of the eligible population in the specification⁴, the low cost base, slow flows of young people onto the YC and the backloading of funding on sustained outcomes, this was said to have ultimately undermined their financial models.

The PbR model, linked to the tight eligibility, operated effectively, without some of the perverse incentives that can result from such schemes. National stakeholders had few concerns that it had encouraged providers to work with 'easier-to-help' young people and little evidence of this arose from the evaluation research. While some post-16 education providers involved in YC delivery did not provide an impartial service and focused their support on retaining their own learners who were considered at risk of drop out, this practice did not appear widespread.

Delivery of the YC

Operationally, there was some consistency in the delivery models for the YC, despite variations in local delivery patterns between and within prime provider and core city areas. This involved a key worker providing appropriate mentoring and advocacy to the

³ It must be noted that the EFA scoring system placed a weight of 70 per cent of the score on quality and 30 per cent on the price schedules proposed by bidders, beyond the financial health assessment of the pre-qualification questionnaire (PQQ).

⁴ This set out the number of young people NEET in contract package areas in 2010 (and in 2009 where later data was not available) although not the proportion who met the qualification criterion for entry to the YC. It would be assumed that prime providers needed to estimate the size of the eligible population as part of developing bids.

young person and establishing an agreed engagement pathway supported by action planning which built upon good practice established in earlier re-engagement pilots. Under the national model delivery variations at a local level included the frequency and mode of meetings with young people, as well as the provision of financial support or incentives. Within core city areas greater variety was seen not simply between the three areas but within them. Differences included a focus on apprenticeships in one core city area, establishing work placement opportunities with below Level 2 training in another, as well as close targeting in NEET hotspots and widened eligibility in others.

The local infrastructure for YC delivery was developed by prime providers and core cities working through local collaborations which drew on formal contractual arrangements as well as informal partnerships. There was evidence that where local delivery agents⁵ were not established in an area, fostering the necessary collaboration was resource-intensive and time-consuming which had implications for the effective start-date of delivery.

Engagement with LAs was crucial since they were the gatekeepers of the local CCIS data which was viewed as an important source to inform targeting. However their support in all cases had not been secured, which some respondents attributed to the decision not to devolve the national funding to LAs. The potential for more referrals following the extension to the national eligibility criteria was, in part, dependent on timely access to and the quality of local NEET intelligence, although this required delivery agents to ask LAs for additional data at a time when relationships were challenged.

As anticipated by the YC specification, it was necessary for delivery agents to conduct outreach to support the identification and engagement of hard-to-reach young people NEET. This revealed young people whose destinations were previously unknown, as well as undiagnosed health and wellbeing barriers among eligible young people. Support from a key worker was crucial to building towards re-engagement. Key workers provided advocacy, coaching, and emotional support as well as assistance to set goals. Their role extended beyond young people and included work with families and through multi-agency approaches.

Entering the second year of delivery, increased work in schools was noted by prime providers and in core city areas to identify young people at risk of NEET following completion of Key Stage 4. This was challenging where schools believed that identifying young people who would not achieve GCSE A*-C qualifications was a reputational risk. It also brought a younger cohort of young people into the YC which risked increasing deadweight since some might have made effective transitions without YC support.

Dedicated pre-engagement activity and provision was considered to be a necessary condition towards the achievement of sustained outcomes for many young people. This allowed them to experiment before making a final decision for their progression.

⁵ The provider(s) responsible for delivery in any locality which could include the prime provider, the core city LA, or subcontractors

However, the re-contracting of European Social Fund (ESF) NEET programmes in 2013, the withdrawal of LA-funded provision such as pre-apprenticeships, the configuration of Study Programmes established by local post-16 providers and whether Traineeships were offered in local areas, were all noted by delivery agents to have impacted on the outcomes that could be achieved⁶. Overall, a need for increased flexibility among education and training providers to boost the number of course start points during the academic year, in order to improve progression rates, was demonstrated.

Ongoing support was crucial for young people to sustain outcomes since many required continued assistance with their barriers to be retained in learning or training. If false starts were made, key workers could step back in to lead a re-engagement process.

Soft outcomes

An analysis of soft outcomes suggested that engagement with a key worker was crucial to increasing young people's confidence in their ability to progress. A considerable difference on the basis of this mentoring was made to young people who were long term NEET and this was perceived as achieving major breakthroughs in their experiences. Young people had often been isolated from statutory and other forms of support before starting the YC and the programme helped them to emerge from under the radar.

Approaches varied, as did distance travelled among those at risk of becoming long term NEET as well as those NEET through post-16 drop out. Those at risk of long term NEET received mentoring support over summer periods, along with assistance to apply for learning or training and financial support, which enabled their progression in the autumn. Those who dropped out of post-16 options were offered mentoring support which mapped the opportunities available to them in order that they could make decisions about which would be most suitable. All groups were grateful for a trusting and respectful relationship with a key worker. Support from key workers also enabled them to learn appropriate behaviour and build their confidence to use transport systems, deal with challenging family circumstances and to overcome other personal issues.

Impact of the YC

Young people taking part in the YC were identified using the National Client Caseload Information System (NCCIS). Analysis of their characteristics showed some significant differences between national participants and those in the core city areas, when participants in the core cities were considered in aggregate. For example, 43 per cent of participants nationally were aged 16 years and 53 per cent were aged 17. More participants (57 per cent) in core city areas were aged 17. Overall, the age trends

⁶ While delivery of Study Programmes and Traineeships was not funded until September 2013, most of the follow-up case studies took place after these dates so the utility of these programmes for local YC participants was a concern for delivery agents

reflected those seen in the NEET population across England. Two-thirds (63 per cent) of participants nationally were male. In some core city areas there were higher proportions of females than seen nationally and there was a statistically significant difference between the proportions of females in the programme nationally and in the core city areas when these areas were combined. The main ethnic group of participants across the YC models was white British.

Eighty-four per cent of participants in national model possessed no GCSEs at A*-C or equivalent qualifications. Participants in the core city areas combined were significantly more likely to be higher qualified (62 per cent had no GCSEs at A*-Cs) with far larger numbers holding two or more GCSEs at A*-C (24 per cent in core city areas combined compared to five per cent nationally). Examining earlier key stage performance data showed that high proportions of participants performed below expected levels, and that this under-performance was emphasised under the national model.

Close to one-fifth (18 per cent) of national YC participants had experienced one or more exclusions from school while in the core cities, the proportions ranged from around one-fifth (19 per cent) to around one-tenth (seven per cent). These differing qualification levels and educational experiences had implications for the types of learning and training participants could re-engage with.

NCCIS data showed that experiences prior to entering the YC varied by age: unsurprisingly, 16 year olds were more likely to have left education immediately prior to or within three months of joining the programme, while 17 year olds demonstrated longer periods spent NEET. The trend amongst 16 year olds suggested some effectiveness in picking up young people before they became entrenched in NEET status. The slightly older group of participants were a little better qualified, indicating greater potential to enter substantive programmes of education at an earlier point.

To assess the impact of the YC, the analysis used the NCCIS and the ILR. Rates of re-engagement recorded in NCCIS data showed substantial variation between the national and the two core city areas included in the analyses⁷, with higher rates of re-engagement in these core cities, which may have reflected the differing characteristics of the young people involved and/or differences in delivery. This had ramifications for the assessed net benefits of delivery since outcome payments were judged to have been higher⁸.

Following participation, significant and positive impacts were seen on rates of NEET for many age groups, and across the national and the two core city areas based on NCCIS data. Rates of NEET amongst participants were lower than for the counterfactual group at six and 12 months following the start of the YC. A key impact was found in the likelihood to be participating in ‘other learning and development’ which comprised part-

⁷ One core city area was excluded from the analysis since the number of participants was comparatively small, and data were not available on the characteristics on most participants in this area

⁸ To enable comparison between the national and core city models the cost-benefit analysis assumed all operated under the same conditions.

time and/or short-term courses often involving work-based learning and low level qualifications as well as re-engagement activities, work tasters, and life and social skills provision. Six months following the start of the YC, NCCIS data showed that 21 per cent of national participants were undertaking learning or training that met the specification of full participation under the RPA legislation in terms of institution, hours of learning and programme of study⁹. Other forms of learning are accepted by the legislation provided they assist young people to move towards full participation. Twelve months following the start of the YC, the proportion of national participants meeting their duties under RPA rose to 28 per cent. The longer term impacts for young people in ‘other learning and development’ which did not meet the specification of full participation would only be established with more time although the evaluation evidence suggested that taking part in such courses could, in time, lead to engagement in substantive programmes of learning or training.

There are acknowledged weaknesses in the NCCIS data, for example young people are tracked more or less frequently depending on their participation status, and if participating in learning or training, are presumed to continue doing so until the end of the academic year. Therefore, a more robust impact analysis was provided by the ILR. This explored learning or training commenced after the start of the YC, and showed:

- A reduction of 1.8 per cent in the number of 16-17 year olds NEET in England¹⁰, generated by the national and core city models in combination. This may appear a small impact, however it must be remembered that the YC targeted only a subgroup of the NEET population;
- A 12 percentage point increase in overall engagement in learning and training among national participants. For the two core city areas examined as part of the impact assessment, the increase was 11 percentage points in Leeds, Bradford and Wakefield and 7 percentage points in Newcastle and Gateshead;
- An 11 percentage point increase in engagement in Level 1 learning and training for national participants, with a 5 and 7 percentage point increase in Leeds, Bradford and Wakefield, and Newcastle and Gateshead respectively;
- A 2 percentage point increase in engagement in Level 2 learning and training among national participants, with a 3 percentage point increase in Leeds, Bradford and Wakefield and no impact in Newcastle and Gateshead;
- A 1 percentage point increase in the uptake of Entry Level learning among national participants, with no discernible impact in the core city areas;

⁹ Part-time education is included although young people would have to be working full-time to comply with RPA in this case. The available data could not confirm that they were and consequently, the level of compliance may be overstated. However, the NCCIS analysis may also underestimate compliance by some other definitions, so best estimates have been provided. See definitions at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268976/participation_of_young_people_-_statutory_guidance_-_annex_1_defining_participation_001.pdf and further detail in appendix 4 of the accompanying econometric analysis report.

¹⁰ Based on data contained in SFR 22/2013 combined with the report’s statistical analysis

- A negative impact of 2 percentage points among national participants on Level 3 learning and training but no discernible impact in the two core city areas. While the national trend may appear counter-productive, it may indicate that low qualified participants were routed into courses that better matched their needs and capabilities; and
- A 2 percentage point increase in Level 2 apprenticeship training among participants in Leeds, Bradford and Wakefield but no discernible impact on this seen elsewhere.

Based on the learning activities started after the YC and recorded in the ILR, 33 per cent of national participants were assessed to be undertaking learning or training that met the specification of full participation under the RPA legislation, although young people in part time education would only have been compliant where they were also employed for at least 20 hours per week. In addition, 16 per cent of the national participants were involved in learning or training involving less than 280 guided learning hours. Whether re-engagement in these latter activities led onto more substantive programmes of learning or training would only be demonstrated over time.

Value for money

Using the learning impacts, the cost-benefit analysis estimated the lifetime returns to the qualifications participants would gain on earnings, health and crime reduction; relative to the estimated costs of delivery. The analysis assumed that core city areas operated on the same basis as each other and the national model to allow comparisons to be drawn. Average success rates for the achievement of qualifications were assumed to apply to YC participants. The estimated net benefit arising from funding the national model was £12,900 per participant. Returns from core city delivery were also very positive, although lower due to the higher prior qualification levels of participants in Leeds, Bradford and Wakefield, and higher rates of re-engagement relative to the additional outcomes secured, which attracted increased costs, in Newcastle and Gateshead. In essence, the national targeting of the YC on young people with low educational attainment increased the net social benefit arising for each participant. However, while looser targeting would, in all likelihood, have reduced the social benefits arising for each participant, it might have increased total social benefits arising from delivery as a whole, provided that a larger number of young people benefited from the programme.

Conclusions and policy recommendations

A common thread that ran through the national and core city area models was the emphasis on identifying and supporting young people in the NEET group who were hard-to-help or -reach. The quantitative evidence indicated that the national criteria had been effective in targeting a group of young people with very low attainment. The effectiveness of the intensive mentoring support delivered through the YC was apparent from the range

of evidence sources. What this did was assist young people to develop soft skills (primarily self-confidence), which were a pre-requisite to achieving their re-engagement. However, the PbR payment structure, which was based on achieving hard outcomes i.e. re-engagement and progression in education or training, often resulted in delayed payments being made to providers, who were willing to invest the time and commitment to work with the hardest-to-reach and -help young people to develop the necessary soft skills prior to achieving re-engagements. Also, the overall payment made to prime providers and their subcontractors (when they were able to secure the full payment for sustained re-engagement) was considered to be too low, with regard to identifying and supporting young people furthest away from re-engagement. This was further exacerbated by lower than expected volumes of young people entering the programme, which led many respondents to question both their rationale for delivering the YC and the financial returns.

It was apparent that the YC had offered intensive support to young people within the NEET population at a time when many LAs had been challenged in delivering their RPA statutory duties, due to significant budget cuts. However, the decision to commission the YC through an open competitive process involving private, VCSE and public sector bodies was viewed as contentious by LAs and was a source of ongoing tension in delivery. The implementation of the YC highlighted the need for a coordinated local response to identify, support and meet the needs of young people who were NEET or 'at risk' of disengagement. Other policy recommendations included:

- The introduction of a 'NEET premium' to support a locally driven approach to meeting the needs of vulnerable groups of young people and ensure that resources are closely targeted on their needs. Additional funding could be allocated directly to local providers, who would be assessed on their commitment to work with vulnerable groups and their willingness to identify and support young people to achieve re-engagements. This could be managed by LAs, who have responsibility for supporting young people to participate and helping those who are NEET to re-engage. This model should give due recognition within its funding formula to 'distance travelled' towards achieving learning and training outcomes.
- Measuring and attaching greater weight to soft outcomes and distance travelled by young people would present practical challenges, but would encourage a greater range of organisations to participate. Many participants were isolated from statutory agencies prior to starting the YC and easily measureable 'hard' outcomes would often be an ambitious target in the short term.
- Slightly widened eligibility to allow limited local discretion in deciding who would benefit from YC support. While widening eligibility would, in all likelihood, reduce the net social benefits per participant arising from the programme, providers were likely to have had capacity to help more young people, and this would allow some young people with slightly higher attainment, but high barriers, to also be supported.

- Implementing a targeted approach, incorporating the recognition and development of the disparate skill sets required by delivery staff, and the adoption of differential payment rates for providers, based on the complexity of participants' needs. However, a differential payments model should avoid the pitfalls of specifying particular vulnerabilities or disadvantages and instead focus on an assessment of the extent of barriers faced by individuals. To avoid the risk of providers seeking to achieve easy outcomes such as young people being routed onto 'safe' courses of low rigour, payment rates could be varied by the type of outcome achieved, provided there is still tight eligibility or additional reward for helping the most vulnerable.

1 Introduction

1.1 Policy context and development

Young people who are not in education, employment or training (NEET) have been a major focus of research and policy interest for over a decade, and this continues to be the case, due to the disproportionate effect of the national and international economic downturn on the youth labour market and young people's transitions into adulthood¹¹. Latest figures show that in the fourth quarter of 2013, 7.6 per cent of 16-18 year olds were NEET in England, while the NEET rate for 19-24 year olds was 17.2 per cent¹².

*Building Engagement, Building Futures*¹³ set out government reforms to reduce youth unemployment among 16-24 year olds and to increase their participation in education, employment and training. This included proposals for achieving full participation of 16-17 year olds in education and training from September 2013 to enable all young people to develop the experience and the qualifications they need to secure successful employment and transition. From September 2015, participation will be extended until young people reach their 18th birthday.

In November 2011, the Deputy Prime Minister announced almost £1 billion of funding for a new Youth Contract, which spans government departments, to support 16-24 year olds to participate in education, training and work. This included apprenticeship incentives, subsidised jobs and work experience places for 18-24 year olds as well as a programme of intensive support targeted at disengaged 16-17 year olds to assist them to re-engage and participate in education, an apprenticeship or a job with training. The Department for Education (DfE) committed to investing £126 million over three years to support 16-17 year olds not in education, employment or training (NEET) through YC delivery.

Local Authorities (LAs) retain responsibility for identifying young people in need of targeted support, leading the September Guarantee and collating information on young people who are EET (in education, employment or training), NEET or unknown.

Two other key interventions targeted at NEET prevention and intervention, are the Innovation Fund (IF), and the European Social Fund in England (ESF). Launched in 2012, the Department for Work and Pensions' Innovation Fund is a three-year pilot initiative, which is operating in a small number of areas and is aimed at supporting disadvantaged young people aged 14 years and over to re-engage in education, training and employment. Adopting a payment-by-results (PbR) model, delivery bodies receive

¹¹ ACEVO, 2012. *Youth Unemployment: The Crisis We Cannot Afford*. The ACEVO Commission on Youth Unemployment.

¹² DfE Statistical Release (2014) *NEET statistics- Quarterly Brief – October to December 2013*. 27th February 2014.

¹³ HM Government (2011) *Building Engagement, Building Futures: Our Strategy to Maximise the Participation of 16-24 Year Olds in Education, Training and Work*.

funding from investors or intermediaries to cover their delivery costs and to minimise risks associated with outcome payments¹⁴. The European Social Fund in England (ESF) aims to engage and support young people aged 14-19 who are NEET (and young people at risk of becoming NEET) into education or employment with training. A new procurement round for the delivery of ESF provision for young people has been completed, with provision starting in November 2013¹⁵. As its clients are likely to be those who face multiple barriers to their participation and need to be offered a different type of post-16 provision to engage them in learning, ESF providers aim to meet their needs by delivering individually tailored solutions at a local level.

1.1.1 The Youth Contract (YC) for 16-17 year olds

Delivery of the YC began in England in September 2012 and the programme is funded in respect of new entrants until 2015, using a payments-by-results (PbR) model.

Additionally, in three areas, it forms part of the City Deal which aims to deliver city-wide approaches to drive economic growth and to help young people move into full-time education, to start an apprenticeship, or to start a job with training. In these areas (Liverpool, Newcastle and Gateshead and Leeds, Bradford and Wakefield), LAs made arrangements for commissioning the programme based on their own assessment of specific needs and requirements (including the eligibility criteria). The national YC model uses prime providers who manage the work of a supply chain of subcontractors, details of which are contained in the appendix to this report.

The Education Funding Agency (EFA) manages the delivery of the programme. The EFA has selected prime providers, with contracts let on a regional or sub-regional basis, to develop supplementary local support provision to meet individual needs. Providers work alongside local authorities (LAs) to identify potential YC programme participants and to ensure that provision complements existing local provision and meets local needs.

LAs have a statutory responsibility to establish a sufficient number of both education and training places for young people and are instrumental to the implementation of the raising of the participation age (RPA) agenda.

The YC was initially focused on at least 55,000 young people who were NEET and had no GCSEs A*- Cs. In January 2013, it was announced that eligibility for the programme should be extended to meet the needs of up to 15,500 16-17 year olds in the following specific groups of disadvantaged young people who are NEET:

- Young people who have one GCSE A*-C

¹⁴ HM Government (2012). Innovation Fund: Key Facts. London: Department for Work and Pensions: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/212328/hmg_g8_factsheet.pdf

¹⁵ Skills Funding Agency website (2014). 'European Social Fund'. Available: <http://skillsfundingagency.bis.gov.uk/providers/programmes/esf/> Accessed: 14 February 2014

- Young offenders released from custody and, from August 2013, those serving community sentences with one or more GCSEs A*-C
- Young people in care/were in local authority care with one or more GCSEs A*-C.

The extension of the eligibility criteria was afforded due to efficiency savings made during the procurement exercise for the YC. Prime contractors began delivery to the extended eligibility groups in late January 2013. Young people who are 16-17, NEET and with no GCSEs at A*-C are referred to as the original target group (or cohort 1). The new eligible target groups are referred to as the extended target group (or cohort 2).

The contracts on offer are payable for every young person helped, with the full amount payable only if the young person remains in full-time education, training or work with training for five out of six months after re-engaging. Within the delivery of the YC, three payment points were offered by the Department:

- An initial payment when a young person has begun the programme and an action plan has been agreed
- A re-engagement payment when the young person enters one of the re-engagement outcomes (originally claimable three to six months after the initial payment)
- A sustainability payment when the young person has been engaged in one of the sustainability outcomes for five of the six months from the date of re-engagement.

From January 2013, the three month barrier between the initial payment and the re-engagement payment was removed. The re-engagement payment can now be claimed any time after the initial payment and up to six months where it is appropriate to do so. This is in recognition of the fact that this requirement might have led to some young people (who are ready to progress to a re-engagement more quickly) being held back.

The maximum length of the programme for most young people is 12 months¹⁶. The initial re-engagement outcomes that are incentivised are:

- Participation in full-time education or training leading to an accredited qualification funded by the EFA.
- Participation in part-time education, including re-engagement provision, funded by the EFA. Young people are required to be participating in at least seven hours of directed learning per week.
- Participation in an apprenticeship.

¹⁶ In exceptional circumstances a young person can be on the Youth Contract for up to 18 months where they need a longer period in part time re-engagement provision before they engage in a full time outcome.

- Participation in full-time employment (20 hours or more each week) with part-time training equivalent to at least 280 guided learning hours per year (around one day per week).

At the sustained engagement point, acceptable positive outcomes are specified as:

- Sustained participation for at least five months out of six months in full-time education or training leading to an accredited qualification funded by the EFA.
- Sustained participation for at least five months out of six months in an apprenticeship.
- Participation for at least five months out of six months in full-time employment with part-time training equivalent to at least 280 guided learning hours per year (around one day per week).

Where young people turn 18 years of age while taking part in the YC, their sustained engagement in full-time employment without training is accepted as a positive outcome.

1.1.2 National figures on the take-up of the YC

Published national information on the uptake of the national YC was available for the period between July 2012, when the first of the contracts for delivery was issued, and the end of September 2013. These data are shown in Table 1.1. This shows that 11,920 young people were enrolled on the YC by September 2013, and 4,114 had been re-engaged in a positive outcome by this date. It would be expected that smaller numbers would show in the sustained re-engagement data because of the time-lag involved, i.e. a young person is only judged to have sustained re-engagement if they have been retained in learning or training for five out of the six months following initial re-engagement. By September 2013, 489 participants were showing as sustained re-engagements.

While data are not available on the precise size of the cohort eligible nationally, it is apparent that substantial numbers of young people have participated and their low qualification levels indicate that they are among the hardest-to-help young people.

Table 1.1: National data on uptake of the programme

Contract package area	Numbers enrolled on the programme		Numbers re-engaged into a positive outcome		Numbers sustained (retained in the positive outcome for 5 out of 6 months)	
	Cohort 1	Cohort 2	Cohort 1	Cohort 2	Cohort 1	Cohort 2
East of England	1,274	186	506	62	67	1
East Midlands	599	64	180	11	6	0
London North*	498	138	120	17	36	0
London South*	325	85	71	12	13	0
North East	999	170	507	91	90	2
Manchester & Cheshire	680	93	234	22	16	0
Merseyside, Lancashire & Cumbria	680	104	195	38	8	0
South East (a)	892	138	344	44	47	0
South East (b)	779	149	324	63	67	1
South West	768	180	255	77	3	1
West Midlands	1,418	231	370	28	46	0
Yorkshire & Humber side	1,286	184	506	37	85	0
Total	10,198	1,722	3,612	502	484	5

Notes: figures relate to delivery to the end of September 2013; the first contracts were issued in July 2012 and delivery of the contract began in September 2012;

* delivery of the Youth Contract programme for 16- and 17-year-olds in London North and London South transferred to a new provider on 1 August 2013.

Source: EFA, downloaded from the Department for Education website, 20 March 2014

1.2 The evaluation approach and method

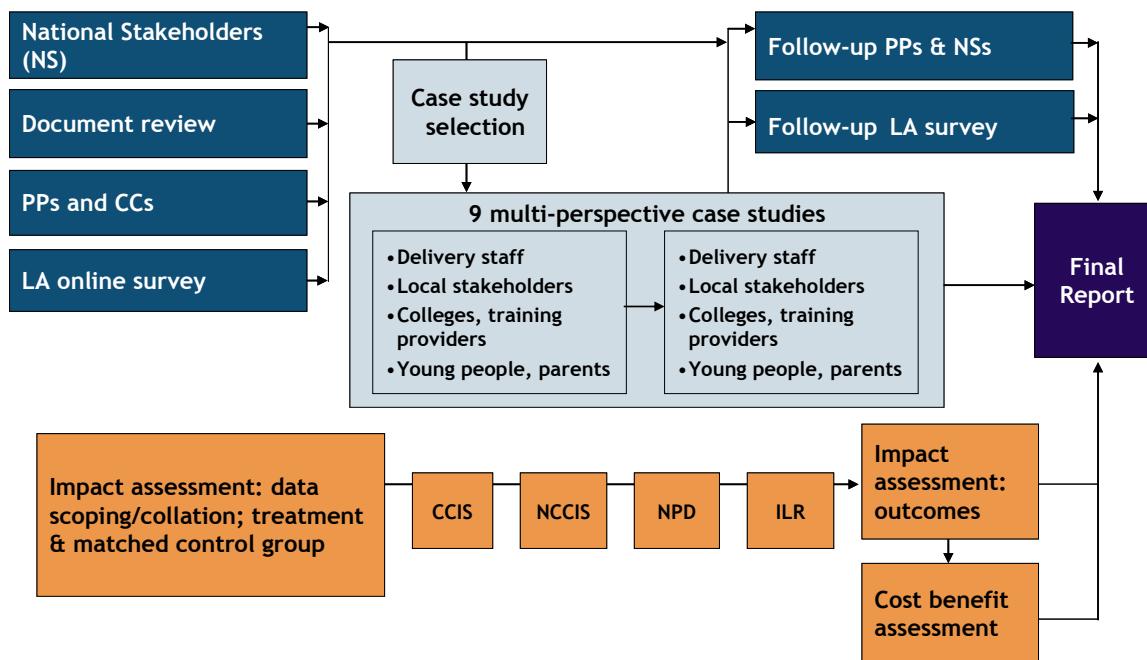
The evaluation was commissioned by the DfE to cover the period of YC operation between October 2012 and March 2014. The research therefore captured early implementation messages and covered the impacts associated with early cohorts of participants. As with any other new initiative, early teething issues are likely to have been encountered that have been, or will be, resolved as part of ongoing operation. Nationally, the Youth Contract for 16-17 year olds will continue to recruit young people until 31 March 2015, and support can continue for a further 12 months for those young people (i.e. until 31 March 2016).

The key factors for this evaluation to address were:

- The impact of the YC upon outcomes of the eligible NEET population and the extent to which it supported the Government's commitment to full participation
- Key lessons that arose from design and delivery of local programmes, and barriers providers faced in seeking to deliver the YC
- Whether the YC could be considered value for money, in relation to its costs and outcomes achieved
- Differences in delivery between regions for the national model as well as within and between the core city areas.

The evaluation comprised multiple strands of analysis, an overview of these is shown in Figure 1.1 and each strand of research is detailed below. The report brings together all these sources of evidence in order to draw conclusions on the early phase of delivery.

Figure 1.1: Overview of the evaluation method



Source: IES, CEI and PRI, 2014

1.2.1 The quantitative evaluation

As part of quantitative evaluation, the causal impact of the YC participation on re-engagement and learning outcomes and the value for money generated by these impacts were estimated. The technical report (see Nafilyan and Speckesser, 2014) contains the quantitative evaluation of the YC and offers a full description of the approach and the impacts generated. Summary details are contained within this synthesis report.

Strand 1: Impact assessment

The aim of the impact analysis was to gather empirical evidence to test whether the YC achieved its primary objectives, in particular whether:

- The YC helped low qualified 16-17 year olds who were not in education, employment or training (NEET) to move into education, training or employment with training (EET) and to sustain this outcome
- Young people gained experience, increased their qualifications and successfully sustained an EET destination
- Outcomes varied by sub-groups (age and gender), contract package areas for the national model managed by Education Funding Agency (EFA) in most English areas, or between the national model and the locally devolved implementation in core cities.

It must be noted that the impact estimates explore effects on participants and do not measure how well (or otherwise) YC providers performed in finding and recruiting young people.

Estimates of outcomes and programme impacts are presented for participants, whose first participation in the Youth Contract was reported to have been between August 2012, when provision started, and the end of August 2013. Outcomes were the recorded activities of participants such as engagement in further education and learning or employment, whereas impacts compared the outcomes of participants to *counterfactual* outcomes of non-participants, based on a matched control group. Since participation in the programme was not a random process, the counterfactual outcome was estimated using propensity score matching.¹⁷ As differences in educational achievement remained strongly imbalanced, the propensity score matching was combined with explicit conditioning on GCSE achievement. In other words, the outcomes of participants were compared to those of non-participants who had the same probability of receiving the YC intervention as well as possessing the same number of GCSEs.

To undertake this analysis, a range of administrative data-sets were drawn on including the National Client Caseload Information System (NCCIS), the National Pupil Database (NPD), and the Individual Learner Record (ILR).

1.2.2 Strand 2: Value for money assessment – net social benefits

Following the impact assessment, a cost-benefit analysis was undertaken, to express economic benefits of the programme in monetary terms to indicate the value for money arising from the YC. The estimated direct and indirect programme costs were subtracted from estimated discounted long-term monetary benefits arising from participation to demonstrate the long-term value of the programme to society at large – the net social

¹⁷ A detailed description of the method is included in appendix of the technical report

benefits of the YC in present monetary values. The analysis covered the academic year 2012/13 and was conducted separately for national model and two of the three core city areas (the number of participants in the third core city was too small to allow analysis).

Improvement of people's skills and abilities results in improved employment outcomes and higher labour productivity creating additional Gross Value Added (GVA) to society. This impact can be valued using market prices (returns to educational investments and wages). Aggregate benefits arising from increased **lifetime earnings** can be expressed as the number of additional qualifications generated by the YC multiplied by the returns associated with those qualifications. Since not all learners engaged in a course succeed in obtaining a qualification, the YC impact estimates were discounted by average success rates by level and mode of delivery (work-based versus class-based learning). In the analysis, lifetime NPV benefits of vocational qualifications are based on research published by BIS (2011; see Table 1.2).

Table 1.2: Lifetime NPV benefits by qualification and gender

	Male (£)	Female (£)
Level 1	62,889	41,418
Level 2	68,336	30,975
Level 2 Apprenticeship	125,981	42,321
Level 3	100,873	57,289

Source: BIS (2011)

Many empirical studies have established the link between **improved education and health**, pointing towards direct and indirect benefits of higher levels of education for individual health. In order to estimate and value the impact of the YC, the impact of holding vocational qualifications on health was derived by estimating the health differential between those obtaining a vocational qualification compared to those without qualification, controlling for individual characteristics. These are interpreted as the increase in Quality-Adjusted Life Years (QALY weights) induced by obtaining vocational qualification at different levels¹⁸.

Economic benefits could also arise from **reduced criminal activity** since the empirical literature shows that educational attainment is a key variable explaining the probability to commit crime. Estimates of the change in the number of crimes resulting from enhanced education induced by the YC were estimated and valued using cost of crime estimates from the Home Office. The focus was on property crimes (robbery, burglary, theft, shoplifting and criminal damage), since there is compelling evidence that while improved education is associated with a fall in property crimes it has little effect on other types of crime.

¹⁸ QALY are typically used to measure the effectiveness and demonstrate the value for money of healthcare programmes and other government interventions

As most of these benefits accrue over time and into the future, they were subject to discounting in the analysis. Net social benefits were derived by subtracting costs of the programme (in present monetary values) from total present value benefits.

1.2.3 Strand 3: Process evaluation

The process evaluation was tasked to cover wide ranging themes including capturing feedback on the commissioning process as well as the eligibility criteria and the payment-by-results model. The key focus however was on delivery, with aims that included:

- How the YC was delivered and the differences in delivery between the national model and core city YC areas; challenges to implementation encountered and the solutions reached to these.
- How YC providers and local authorities worked together on delivery.
- How payment by results (PbR) worked, and how the risks associated with the PbR mechanism were managed and shared.
- How eligible young people were identified and targeted for support and whether outcomes achieved were most appropriate for the young people involved.

The process evaluation of the YC comprised a multi-method and longitudinal assessment of delivery. This involved initial and review interviews with national stakeholders, initial and review interviews with prime contractors and lead staff in the core cities, two surveys of local authorities (LAs) and nine multi-respondent case studies of which eight were longitudinal. Further details of each element of Strand 3 research are noted below.

Initial and review interviews

To provide context to the evaluation a range of initial interviews were undertaken. These encompassed national stakeholders and policymakers drawn from key departments and agencies such as the Department for Education, Department for Work and Pensions, the Cabinet Office and the Education Funding Agency. These interviews covered the considerations that fed into the design of the YC and the decisions that were made about its delivery. Early evidence on progress of the YC was captured.

The same contacts, where they remained in post, were invited to take part in a review interview and most of the sample agreed to this. Where the original contact had left a department or agency a replacement contact was found in most cases. The range of respondents at this stage was extended to allow the Local Government Association to provide feedback. The interviews focused on the progress made by the YC, any factors that propelled or inhibited delivery and lessons arising from delivery for policymakers.

Prime providers were engaged in a similar series of initial and review interviews and multiple contacts typically were interviewed in each prime provider at each stage. The initial interviews explored their experience of the commissioning process and early insights into delivery, while the later interviews were an opportunity to review progress,

delivery opportunities and challenges, and emerging impacts. In most cases, these interviews were longitudinal in that they involved contacts within the same prime provider organisation. However, in one contract package area where there was a transition in prime providers in August 2013, the initial interview covered the views of the original prime provider, while the review encompassed the view of the current prime provider.

At the initial stage, key contacts in the core cities were interviewed to gather information about their delivery model, the early and emerging pros and cons of their approaches and their feedback on the devolution of funding. The interviews revealed that delivery in core city areas was more complex than envisaged with each LA collaborating on delivery operating its own YC model. For this reason, the review interviews with core city contacts were conducted as part of the longitudinal case studies (see Table 1.3).

Table 1.3: Respondents participating in initial and follow-up interviews

	Initial interviewees	Follow-up interviewees
National stakeholders and policymakers	8	7
Prime provider national and regional staff	13	12
Core city lead contacts	7	-
Total	28	19

Note: - core cities were not part of these review interviews since review interviews were conducted as part of the case study research

Source: IES, CEI, PRI evaluation records 2014

Surveys of local authorities

The first online survey was issued to all 152 local authorities (LAs) in England, with fieldwork taking place between May and June 2013. While it was envisaged that only one person would respond for each LA, in three cases, multiple responses were received within specific LAs. In these cases responses were reviewed for consistency to provide an overall response for affected LAs. Of this sample frame, 86 LAs took part giving a response rate of 56 per cent. The first survey covered the design and delivery of the YC, views of benefits and added value resulting from delivery, and expectations for outcomes deriving from the YC. This initial survey is referred to as the 2013 survey in the evaluation report.

The follow-up online survey was again issued to all 152 LAs, with fieldwork conducted between December 2013 and January 2014. This second survey gained responses from 70 LAs, giving a response rate of 46 per cent. In four cases, multiple contacts within an LA responded to the survey. Where this happened the research team repeated the procedure of reviewing the responses for consistency to provide one response for the LA as a whole. This survey is referred to as the 2014 survey in the report.

The tables from the two surveys are presented in the second technical report for this evaluation (Marvell and Newton 2014).

Multi-perspective, case studies of delivery

The case studies were located in six of the LAs in which the YC operated through the prime provider-led, national model (a subcontractor of the prime provider may have delivered the YC in these) as well as in the six LAs involved in core city delivery. Centring the research in LA areas enabled the evaluation to capture detailed insight in a defined space in order to fully understand operation and impact.

The prime provider case studies were selected to provide insight into delivery of the YC in urban and rural areas, and on the basis that there was a degree of comparability between core city and prime provider case studies with regard to labour market and participation factors available from secondary data (e.g. participation, NEET and unknown rates, GCSE attainment rates, adult unemployment). In most instances, case studies were longitudinal involving two visits to the selected LAs, although where there had been a transition in prime provider, only one case study round was conducted since it was impossible to set-up a longitudinal model in the time remaining for the evaluation. The first round of case study research was conducted between April and October 2013. This was a lengthier period than planned due to the slow start in YC delivery, as well as transitions in provider arrangements which meant that LAs were not able to accommodate an earlier visit. The second case study visits were undertaken between November 2013 and January 2014. This allowed between three and seven months of elapsed time between visits.

The range and number of interviewees engaged in detailed qualitative research as part of the case studies are shown in Table 1.4. Interviews were semi-structured and investigative. A topic guide framework encouraged consistency while allowing interviews to be tailored to the expertise of respondents. With permission interviews were recorded and detailed notes or transcripts were produced to underpin analysis.

Table 1.4: Respondents participating in the case study interviews

Type	Initial interviewees	Follow-up interviewees	Total
Strategic leads for the local authority	11	12	23
Operational delivery leads	25	20	45
Key workers	60	36	96
Management information staff	2	5	7
Delivery partners	13	22	35
Education and training providers	9	11	20
Local stakeholders (e.g. Youth Offending Team)	11	7	18
Young people receiving support	45	31	76
Young people who had progressed	13	27	40
Young people who had left support early	2	2	4
Young people who declined support	2	3	5
Employers	4	4	8
Parents	5	14	19
Total	202	194	396

Source: IES, CEI, PRI evaluation records 2014

Topics covered included: the precise nature of the delivery model; the leadership approach and partnerships that had been established, the key issues that affected operation and impact. In addition, it was important to understand perspectives on and experiences of the payments by results (PbR) funding model including plans to leverage other sources of funding; case-loading, staff development and training; and how these factors impacted on delivery.

1.2.4 Strand 4: Synthesis

The specification for this evaluation demanded information from a large number of different types of respondent and through multiple methods and research strands. It was therefore crucial that a strand of work focused on the synthesis of evidence and assessing the overarching policy implications that emerged from the work. Senior staff in the consortium organisations held teleconferences to review findings at critical stages to ensure the linkages were made between strands throughout the evaluation.

In addition, for the final reporting stage, a policy discussion workshop was held at DfE premises in London with colleagues also teleconferencing in from Sheffield. The purpose of the workshop was to present the findings from the research and discuss the implications in respect of supporting low qualified young people to make successful

transitions post-16, to focus down on the particular needs of the eligible population since in addition to their low qualifications young people had other barriers that needed to be addressed in order for transition to be assured. Table 1.5 shows meeting attendees at each venue.

Table 1.5: Attendance at the policy workshop

Phase	N attendees research team	N attendees policy makers
London	4	15
Sheffield	3	2
Total	7	17

Source: IES, CEI, PRI evaluation records 2014

1.3 Report structure

The second chapter of this report provides information on the biographies of YC participants. This material is based on analysis of the NCCIS data which fed into the impact and cost-benefit assessments (i.e. Strands 1 and 2 of the evaluation research).

Chapter 3 presents data arising from the research focused on the commissioning of the YC including early design decisions, approaches to bidding, developing and managing supply chains and reactions to payment by results (PbR). This chapter reports data arising from the Strand 3 research.

The fourth chapter explores delivery approaches from the regional and local delivery models, through partnerships for delivery to detailed information on routes into the YC, and how re-engagement is secured and sustained. These data are drawn from the Strand 3 research.

Chapter 5 presents an analysis of soft outcomes and distance travelled as well as some findings indicating the impacts perceived by LAs, based on data deriving from Strand 3. Summary information from the impact assessment (Strand 1) and cost-benefit analysis (Strand 2) of the YC is also presented in this chapter. These latter findings arise from the analysis of NCCIS, NPD and ILR data.

The sixth chapter contains conclusions that have arisen from the evaluation, along with policy implications and recommendations. A summary of key lessons is also provided.

The two technical reports which accompany the evaluation contain the impact and cost-benefit assessments in full, as well as tables from the two LA surveys.

2 Who took part in the Youth Contract

Key points

- Flows into the YC showed considerable fluctuation although peaks in entry were seen at the end of the academic year. Core city areas recruited more of their early cohort between September and December 2012, whereas the national YC showed a slower start and a gradual increase in the numbers joining.
- In the early cohort more of the participants were aged 17 than 16 years, and more were male than female. The characteristics of participants differed between the national YC and the core cities such that participants in core cities were more likely to be older than those nationally, and in some core city areas, more participants were female than seen nationally. Overall, the trends reflected the make-up of the NEET population nationally.
- Key Stage 4 attainment data demonstrated that high proportions of participants possessed no GCSE A*-C or equivalent qualifications, with the highest numbers of these young people seen under the national model.
- Analysis of attainment in earlier key stages showed that many young people had a long history of under-performing in education although again this affected young people participating through the national model most.
- While a large majority of participants had missed no sessions as part of their Key Stage 4 education, a small proportion (two per cent nationally) showed very high numbers of sessions being missed (25+). Many were also subject to exclusions from school.
- Time spent not in education, employment or training (NEET) was based on when a young person was first recorded as NEET in the NCCIS data and showed that many young people were not recorded as NEET on starting the YC. This analysis suggested that the status of some of these young people was previously likely to have been unknown to LAs.
- Overall, participants under the national YC model were more likely to be less well qualified and have experienced demonstrable challenges in their education than those in the core city areas.

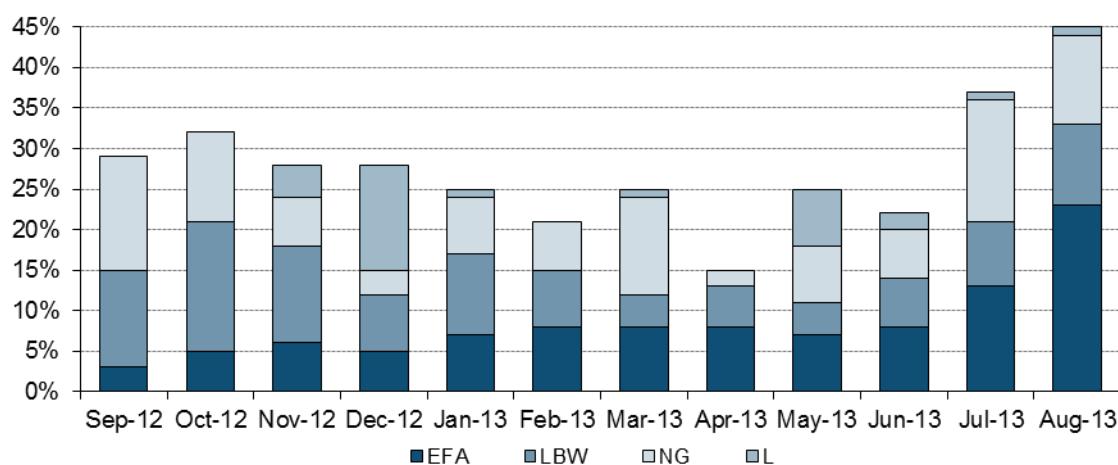
This chapter provides an overview of the young people who were participating in the YC by the end of August 2013. It sets out the patterns and trends in respect of them joining the programme and then turns to their personal characteristics including age, gender and ethnicity. Experiences in education are then explored along with attainment. Finally the duration of participants being not in education, employment or training is examined.

2.1 Participant flows into the Youth Contract

For the quantitative evaluation of the YC, the research drew on the records of participants who started the programme up until the end of August 2013.¹⁹ The analysis was restricted to the first instance of participation on the programme. The cohort for the national, EFA-led YC comprised 11,144²⁰ participants while in the core city areas, a total of 1,431 participants from the three core city areas was available for analysis.

Following relatively low monthly intakes at the start of the programme, participation in the national YC showed an increasing trend. For example, 332 young people entered the YC in September 2012 compared to 2,567 in August 2013 (Figure 2.1 shows the proportion of the participant cohort recruited across each month of delivery until August 2013). In contrast, the largest numbers of participants in the Leeds, Bradford and Wakefield (LBW) core city area started between September 2012 and November 2012. Then, following the end of the school year, there was a further peak in August 2013. The trend was similar in Newcastle and Gateshead (NG), where many new entrants joined in September and October 2012 with subsequent months of the school year showing around half the rate of new entrants. The end of the school year marked a peak in entrants similar to that seen in other areas. These findings were consistent with evidence from prime providers and core city LAs about the speed with which they were able to get going with delivery, such that core cities got underway more quickly than the national model for the YC.

Figure 2.1: Flows into the youth contract



Note: EFA is used as shorthand for the national YC model; the majority of starts in Liverpool did not have a date recorded

Source: Youth Contract programme data

¹⁹ A description of the full participants' data sets supplied by the EFA and the core cities can be found in Appendix 1 of the technical report

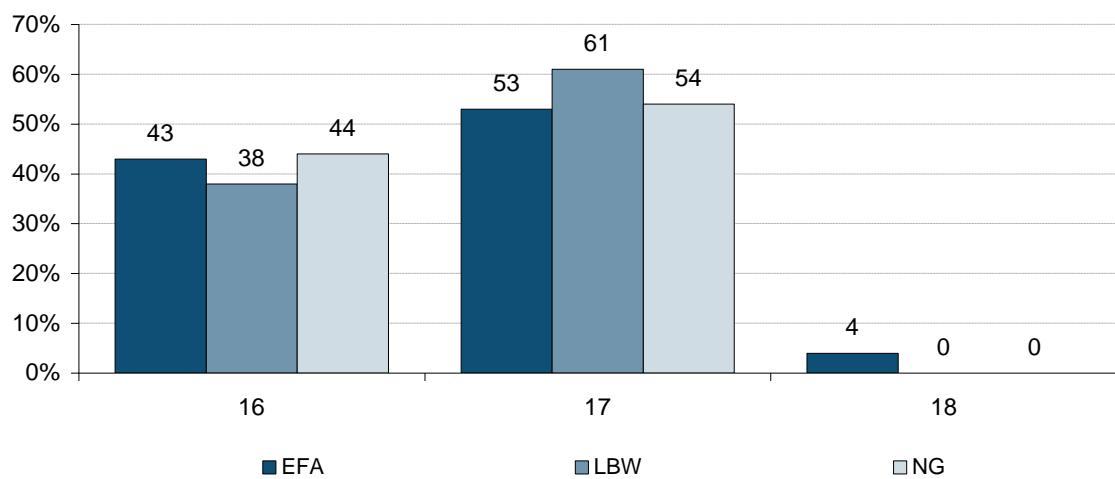
²⁰ This differs from the 'official statistics' published on the Department's website since their data includes participants starts through to the end of September 2013

2.2 Personal characteristics

The YC was intended to support 16-17 year olds; the analysis first explores the **age of participants**. The analysis demonstrated that the age distribution of participants was similar in the national (EFA) and core city YC models (Figure 2.2). There were slightly more 16 year old participants in the national YC (43 per cent) and in Newcastle and Gateshead (44 per cent) than in Leeds, Bradford, and Wakefield (38 per cent) and conversely, more young people aged 17 in Leeds, Bradford, and Wakefield (61 per cent).

The analysis also identified some 17 year olds who started the YC in the month of their 18th birthday, which implied some differences with the younger participants in respect of entitlement to out-of-work benefits at an early point in their YC experience. While other YC participants turned 18 while they participated in the YC, they did so a longer time after their start date and consequently the YC providers had more time to achieve outcomes with them before this change in socio-economic status came into play. Overall, these '18 year olds' were more prevalent in the national model than in the core city areas.

Figure 2.2: Age of YC participants



Note: EFA is used as shorthand for the national YC model; Liverpool is not included since 61 per cent of

cases did not have an age recorded

Source: Youth Contract programme data

Two-thirds (63 per cent) of participants in the national YC were male (Table 2.1). The **gender-composition** of participants was similar in Newcastle and Gateshead (where 64 per cent were male) while there was a higher share of female participants in Leeds, Bradford, and Wakefield although male participants still dominated (56 per cent of participants in this area). Participant data for Liverpool did not consistently record the gender of participants, but as in the other areas, male participants were over-represented.

Table 2.1: Gender of YC participants

	EFA %	L, B, W %	N, G %	L %
Male	63	56	64	52
Female	37	44	36	12
Unknown				37
Total	11,144	1,074	253	104

EFA is used as shorthand for the national YC model

Source: Youth Contract programme data

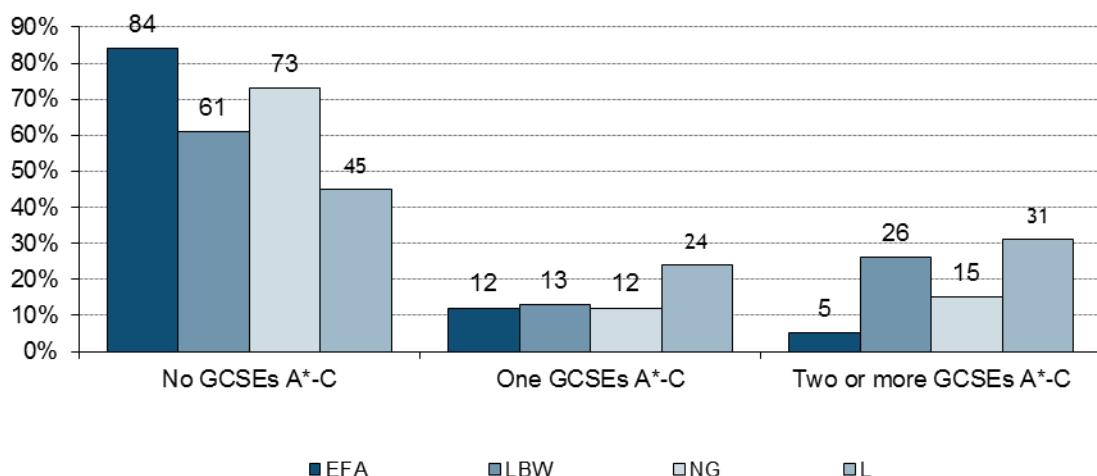
A wide spread of ethnic groups were participating, although the majority of participants were white British. Their share was lowest in Leeds, Bradford, and Wakefield (at 74 per cent), with 80 per cent in the national model recorded as white British, and 90 per cent of participants in Liverpool and Newcastle and Gateshead were noted to be white British.

2.3 Education achievement and attendance

Analysis of National Pupil Database (NPD) data confirmed that the YC achieved its objective to engage young people with very low educational attainment, especially under the national model. The analysis examined all qualifications gained as part of **Key Stage 4 (KS4)**, rather than simply those qualifications that meant young people were entitled for support under the national eligibility criteria.

Figure 2.3 shows the number of GCSEs and equivalent qualifications achieved by participants in national model and in the core city areas.

Figure 2.3: Participants' GCSE achievements on joining the YC



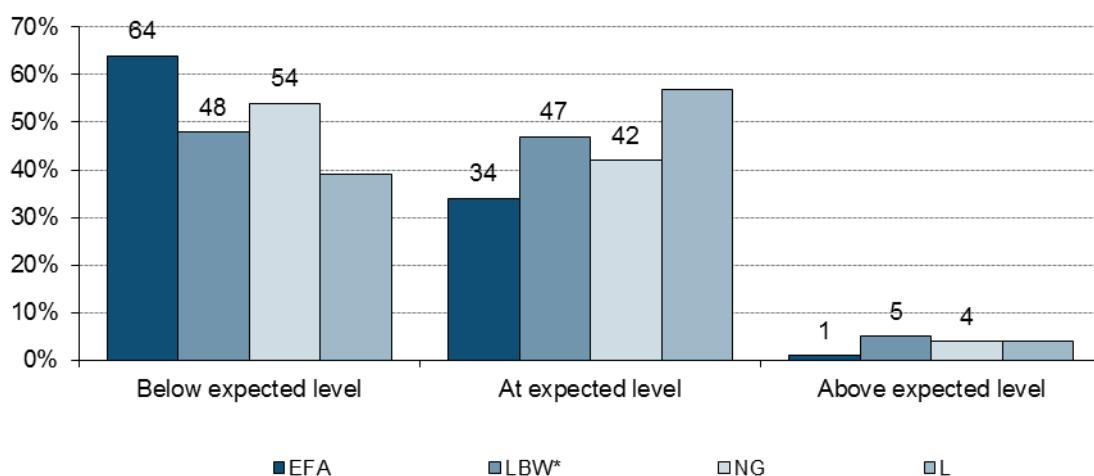
Note: EFA is used as shorthand for the national YC model; results weighted for EFA
Source: Youth Contract programme data merged to NPD (2009/10-2012/13)

Under the national (EFA) model, 84 per cent of the participants had gained no GCSEs graded A*-C or equivalent qualifications when in KS4, 12 per cent had up to one GCSE A*-C or equivalent and only five per cent had two or more GCSE at A*-C or equivalents.

Relatively more participants with two or more GCSE graded A*-C or equivalent qualifications were recorded in the core city areas: 15 per cent in Newcastle and Gateshead, 26 per cent in Leeds, Bradford, and Wakefield, and 31 per cent in Liverpool. The percentage share of participants with no GCSEs A*-C or equivalent was lower in all core city areas than in the national YC, ranging from 45 per cent in Liverpool to 73 per cent in Newcastle and Gateshead.

The longitudinal information available from the NPD allowed analysis of participants' performance in earlier Key Stages. Figure 2.4 shows the performance of participants in teacher assessments at **Key Stage 3 (KS3) in English**. Pupils are expected to achieve National curriculum Level 5 or 6, while teachers' assessments of their progress can range between Levels 1 and 7. Almost two-thirds of participants under the national (EFA) model were underperforming in English at KS3 and only one per cent exceeded the expected level. Compared to this, KS3 achievement in English was higher among the participants in the core cities, with the percentage share of under-achievers ranging between 39 per cent in Liverpool and 54 per cent in Newcastle and Gateshead.

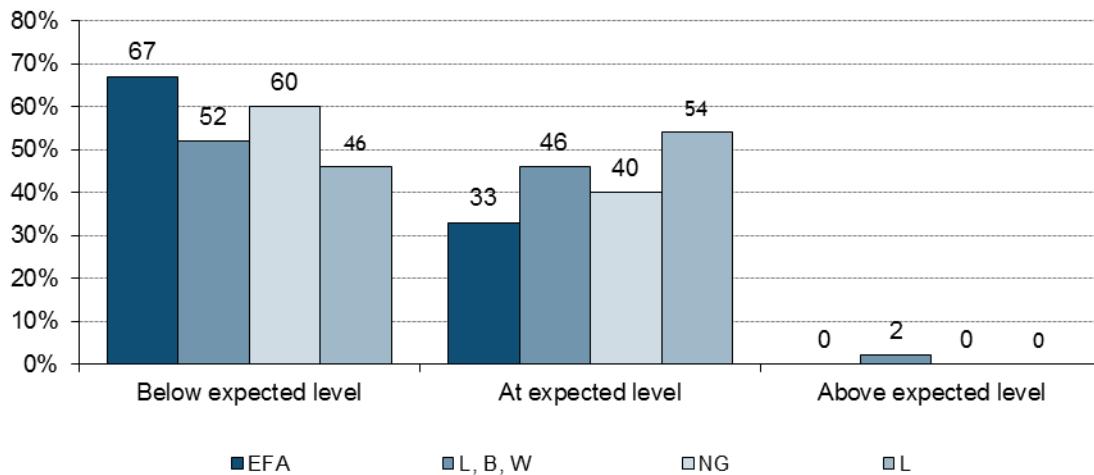
Figure 2.4: Participants' performance in English at KS3*



* National Curriculum level awarded for English; EFA is used as shorthand for the national YC model; results weighted for EFA

Source: Youth Contract programme data merged to NPD (2009/10-2012/13)

Figure 2.5: Participants' performance in mathematics at KS3*



* National Curriculum level awarded for mathematics; EFA is used as shorthand for the national YC model; results weighted for EFA

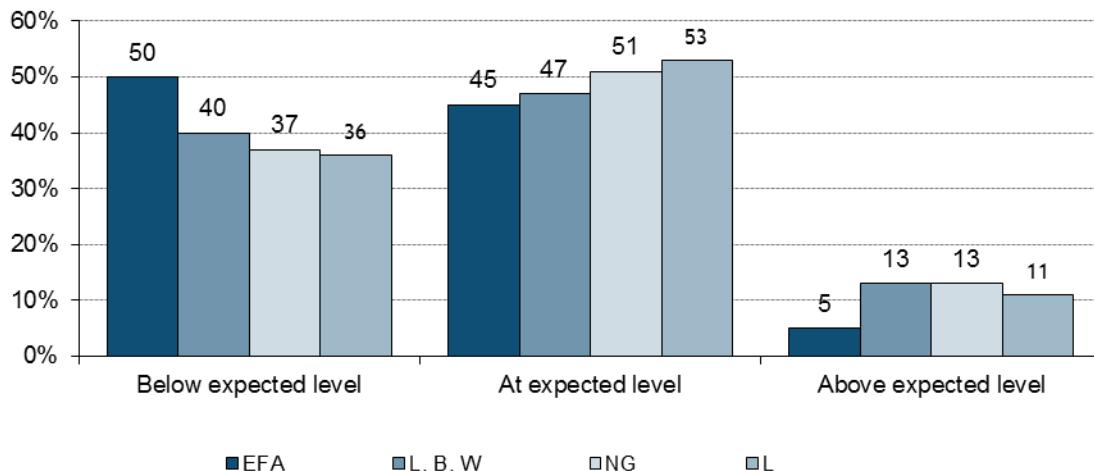
Source: Youth Contract programme data merged to NPD (2009/10-2012/13)

Participants' achievement in **mathematics at KS3** showed a similar trend to their achievements in KS3 English (see Figure 2.5): 67 per cent of national YC participants performed below the expected level compared to 46 per cent in Liverpool, 52 per cent in the Leeds, Bradford, and Wakefield and 60 per cent in Newcastle and Gateshead. Few participants in any area exceeded the expected level in mathematics at KS3.

School achievement in **English and mathematics at Key Stage 2 (KS2)** was also explored. A test, taken at the age of 11 years normally covers pupils' performance in junior or primary school, i.e. about five years before they would be eligible to join the YC. Pupils are expected to achieve Level 4 of the National Curriculum at KS2 in English and mathematics. As Figure 2.6 shows, large proportions of YC participants underperformed in English at KS2: half (50 per cent) of national YC participants and between 36 and 40 per cent of participants core city areas did not achieve the expected level. Similarly, just five per cent of national YC participants exceeded the expected level in English compared to between 11 and 13 per cent in the core city areas.

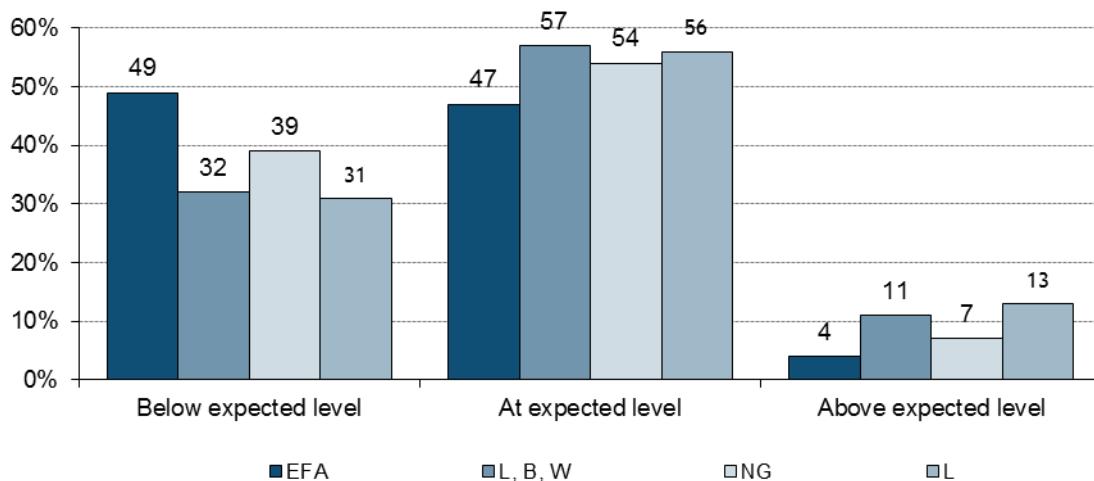
Similar to performance at KS3, achievement was slightly lower in mathematics than in English with smaller proportions of participants achieving above expected levels (Figure 2.7). Close to half (49 per cent) of national YC participants did not achieve the expected levels in mathematics at KS2 compared to 31 per cent in Liverpool, 32 per cent in the Leeds, Bradford, and Wakefield and 39 per cent in Newcastle and Gateshead.

Figure 2.6: Participants' performance in English at KS2*



* National Curriculum level awarded for mathematics; EFA is used as shorthand for the national YC model;
results weighted for EFA
Source: Youth Contract programme data merged to NPD (2009/10-2012/13)

Figure 2.7: Participants' performance in mathematics at KS2*



* National Curriculum level awarded for mathematics; EFA is used as shorthand for the national YC model;
results weighted for EFA
Source: Youth Contract programme data merged to NPD (2009/10-2012/13)

Data on the **number of sessions missed during the academic year of KS4** were also explored. This showed high shares of participants with full attendance records:

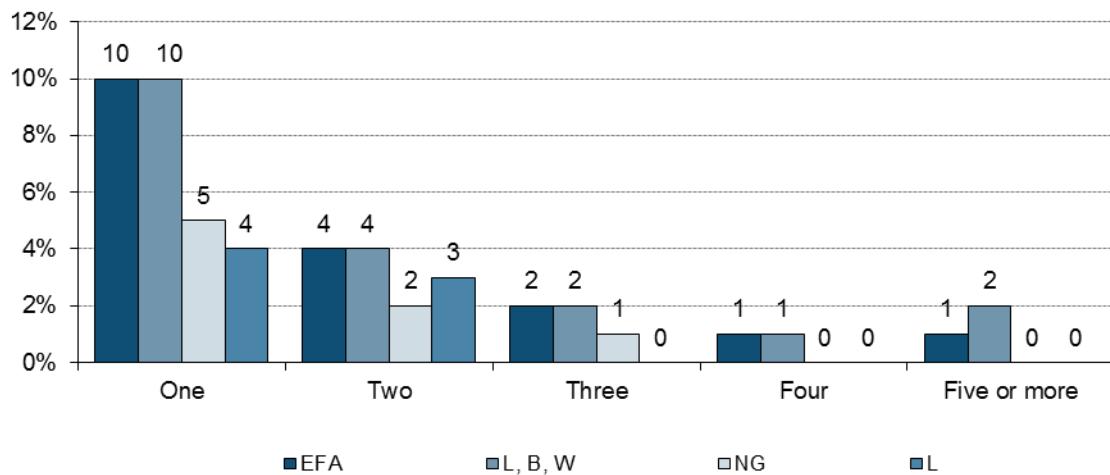
- 94 per cent of participants in Newcastle and Gateshead
- 97 per cent of national YC participants
- 99 per cent of those in Leeds, Bradford and Wakefield
- 100 per cent of participants in Liverpool.

While few participants missed any sessions, there were relatively high shares of participants who had missed 25+ sessions in Newcastle and Gateshead (at five per cent) and in the national YC (two per cent).

The total number of **fixed term exclusions from school** during KS4 was also explored. The lowest share of participants without any fixed term exclusions was found in Leeds, Bradford, and Wakefield (81 per cent), similar to the share found as part of the national model (82 per cent). The share of participants who had not been excluded was highest in Liverpool (93 per cent).

Figure 2.8 covers the number of exclusions experienced by those participants who had been excluded in KS4. In Leeds, Bradford, and Wakefield, nine per cent of the YC participants had been excluded more than once in KS4, similar to the eight per cent seen under the national model. The corresponding shares in Newcastle and Gateshead and Liverpool were three per cent respectively.

Figure 2.8: Number of exclusions among participants excluded in KS4



Note: EFA is used as shorthand for the national YC model; results weighted for EFA
Source: Youth Contract programme data merged to NPD (2009/10-2012/13)

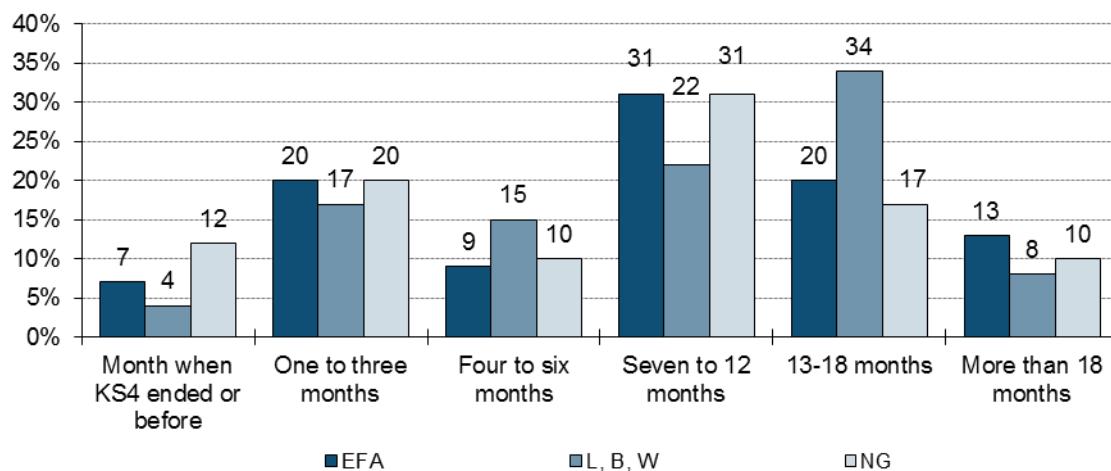
2.4 Time spent NEET

The **time between leaving secondary education and starting on the YC** differed for participants in different areas (see Figure 2.9), with seven per cent of the national YC participants starting the YC in the same month as they were judged to have left KS4 (July), and 20 per cent starting in the three months following KS4, i.e. during or immediately after the summer holiday. This figure was slightly lower in the Leeds, Bradford, and Wakefield where 21 per cent started some three months after the end of the academic year and higher at 32 per cent in Newcastle and Gateshead. Under the national model, one-third (33 per cent) of participants had left school more than a year before starting the YC, compared to 42 per cent in the Leeds, Bradford, and Wakefield and 27 per cent in Newcastle and Gateshead.

NCCIS data included information about when participants were **first recorded as NEET**. These showed that quite substantial numbers of participants, between 16 per cent and 41 per cent, were not identified as NEET when they had started the YC or were identified as NEET only after their start date (Figure 2.10). This suggested that the status of these young people was previously unknown.

One in 10 (10 per cent) of national participants were identified as NEET in the month when the YC participation began and a further 18 per cent were identified as NEET in the three months before joining the programme. These proportions were lower than seen in the core city areas where 55 per cent of participants in the Leeds, Bradford, and Wakefield and 41 per cent of participants from Newcastle and Gateshead were identified as NEET in the month their YC began or in the three months before. Some of these differences may have reflected differing tracking practices in local areas.

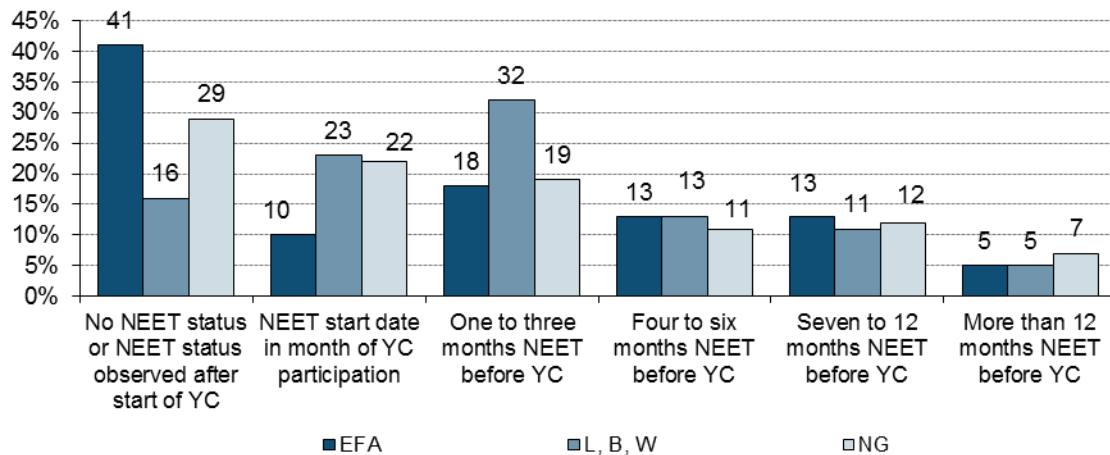
Figure 2.9: Start of YC relative to end of KS4 academic year



Note: data not available for Liverpool; EFA is used as shorthand for the national YC model; results weighted for EFA

Source: Youth Contract programme data merged to NPD (2009/10-2012/13)

Figure 2.10: Time recorded as NEET on NCCIS before joining the YC



Note: data not available for Liverpool; EFA is used as shorthand for the national YC model; results weighted for EFA

Source: Youth Contract programme data merged to NPD (2009/10-2012/13)
and NCCIS (04/2012-11/2013)

3 Design features of the YC, its commissioning and payment-by-results

Key points

- There was a consensus on the key goals for the YC which included testing payment-by-results (PbR) in a re-engagement programme linked to tight eligibility, assisting the hardest-to-reach and -help young people, and a black box approach.
- While the initial national design allowed access only among young people with no GCSE A*-C qualifications, the later extension to include those with up to two GCSEs as well as care leavers and young offenders did not significantly increase volumes. Since young people with no GCSEs A*-C were recorded under the original eligibility despite any other barriers they faced, it is likely the numbers of the latter groups participating in the programme recorded by management information are under-estimated.
- The decision to put the YC delivery out to competition, to allow local authorities (LAs) as well as private and voluntary sector organisations to bid, was seen as problematic by LAs and had meant that many had not cooperated as part of delivery. It had been the cause of ongoing tension in delivery although growing numbers of LAs joined supply chains over time. Being able to shape local delivery meant LAs were more likely to view YC delivery as effective.
- The PbR linked to the restrictive eligibility was reported to have operated effectively and there were few concerns that either had encouraged providers to work with 'easier to help' young people. However, the PbR model particularly in Year 2 with its strong emphasis on outcomes combined with an expectation set by EFA for 50 per cent sustained re-engagement²¹ among a very disadvantaged and smaller-sized group of young people than expected was said to have made the YC unattractive to deliver.
- As with other outsourced public programmes, there was a concern that voluntary sector organisations were squeezed out of supply chains. The evidence suggested that over time there were opportunities for their inclusion but the financial risks associated with delivery meant that few had taken this up.

This chapter commences with an analysis driven by the interviews with national stakeholders that aimed to surface the key theories that underlay the design and national specification of the YC. The decisions that were made about commissioning the YC are covered and this theme is picked up from the perspective of prime providers and the core city areas in the second part of the chapter, along with information about operating under PbR and using supply chains for delivery.

²¹ EFA also set an aspiration for 70 per cent sustained re-engagement which was the rate quoted to the evaluation team by prime providers

3.1 Design considerations and decisions

In planning and designing the YC, national stakeholders reported overlapping and individualised aims which included a focus on participation among disadvantaged groups, as a result of raising of the participation age (RPA), and limiting the ‘scarring’ that would result from a lengthy period of being not in education, employment or training (NEET) before the age of 18. There was however a broad consensus about the main goals for the YC, which were to:

- test PbR in a re-engagement initiative, and particularly the emphasis within PbR on sustained outcomes
- raise participation amongst those hardest-to-reach and -help
- test the effectiveness of tight eligibility criteria (a lack of GCSE qualifications) as a proxy to identify hard-to-reach and -help young people
- test a ‘black box’ approach to the delivery of re-engagement support through granting providers freedom to design interventions that would achieve the desired outcomes for which they could then draw down payment.

3.1.1 Tight eligibility as a proxy for disadvantage

During design, it was reported that there had been considerable debate about using qualification levels as the eligibility criterion rather than specific vulnerable groups. However, an initial consensus emerged that such groups were in any case likely to be low achievers which would make them eligible for the YC.

‘Our initial perception was that if you come out with no, almost no qualifications from GCSEs, there aren’t ever so many options in some ways to go on.’

National stakeholder

Specific groups such as care leavers and young offenders were noted to be in receipt of other support provision, which made the benefits of the YC for them less clear. In any case, stakeholders reported that most would have already met the qualification-based eligibility rules. In addition it was thought that the eligibility criterion would allow support to be delivered to young people who were overlooked by existing services and whose status might be ‘unknown’ to local authorities (LAs). Finally, the qualification criterion was said to be intentionally tight and acknowledged as difficult, in order to avoid ‘cherry picking’ i.e. the case-loading of young people who were easier to reach or -help.

There was also recognition that the bar had been set high in terms of the expected sustained outcomes. While this might be challenging for prime providers and their subcontractors to achieve, it was intended to keep a sharp focus on achieving participation among young people with particularly challenging needs.

3.1.2 Strengths and weaknesses of PbR and the black box

Many national stakeholders highlighted that a chief innovation within the YC was the use of a ‘black box approach’ linked to PbR. It was emphasised that these design features should encourage individualisation as well as a focus on sustained engagement.

‘Those providers that insist upon a one-size-fits-all structured approach to this will probably not get the same results as those who do a really good diagnostic of needs, and work out a plan, and keep it under review, and tailor it, yes.’

National stakeholder

National stakeholders stressed that a downside to a ‘black box’ approach was that it could be difficult to access detailed information about delivery including the methods that were being tested by providers, emerging effective practice, or issues which would indicate any need for changes or flexibilities to the design of the YC. However, to counter this, the EFA organised national workshops to facilitate interaction between prime providers, encourage the exchange of effective practice and to allow policymakers to understand more about delivery.

3.1.3 PbR will drive provider behaviour

Most national stakeholders thought that PbR was crucial to achieving sustained outcomes, particularly with the alignment between YC objectives and duties under RPA. It was predicted that the PbR model, with the weight of funding available on sustained engagement would increase providers’ focus on helping young people into the most appropriate destinations for their needs and in which they could sustain participation in learning, training or work. Some national stakeholders mentioned that the targets had with hindsight been over-ambitious, although others justified the early decisions on targets, noting that the bar had been intentionally set high.

‘What we might conclude is that no provider is ever going to get above 80, 90 per cent of the volumes that we’ve contracted for. But that’s what we need to understand, and what we can’t do is set the bar too low now. What we have to do is say, you’ve got to go for these numbers, and then we’ll reach a judgement...’

National stakeholder

The typical breakdown of payments in the first year of operation was not disclosed to the evaluation although some national stakeholders mentioned this was 20 per cent for the initial engagement, 30 per cent for the re-engagement, and 50 per cent for sustained engagement which was intended to make allowance for start-up costs. Discussions with prime and other providers suggested that this was unlikely to be the case. Nevertheless, national stakeholders emphasised that the rates would change in the second year to a model which put more weight on sustainment. Overall, there appeared few concerns that any perverse incentives had been created by the PbR model.

'The way the PbR works, it's not in their interests to not get it right in the first place, because if they just shove them straight onto a re-engagement programme, the chances of them sustaining that, getting the bigger payment at the end is reduced.'

National stakeholder

By review stage the pros and cons of PbR were being weighed up and differing views emerged of the effectiveness of the approach with the target group. Overall, more of the stakeholders were supportive of PbR within the national prime provider-led YC model than were not, although some added caveats to this stance. For example, some identified that the weighting had been too focused on the sustained outcome and that recognition of initial investment as well as the distance travelled by participants was also required.

3.1.4 Capable and effective providers

The national stakeholders discussed the capabilities of YC prime providers. Some commented that the providers were not typical of those operating in education and would as a result, bring new blood into it. Others noted that some 'big names' in the arenas of outsourced welfare-to-work and criminal justice provision were not involved, which in their view indicated problems with the contract value or the PbR which had made YC unattractive.

It was reported that as part of commissioning, a priority had been to ensure that experienced providers, with a relevant track record, and established processes and policies, were encouraged to bid because this would lead to an efficient and effective launch of the YC. Flexibility among prime providers was seen as critical since this would lead to interventions becoming closely aligned with the support needs of young people.

3.1.5 Good practice and/or innovation

While stakeholders commended the potential for innovation within the YC design, they expected that existing good practice models would be delivered. This included the use of key workers to coordinate support and assist young people to navigate options for learning and training. The key worker was also viewed as critical to the goal for sustained engagement among young people.

'The caseworker is probably key to link up these different disparate things that a young person could do...Its difficult for me to actually think about how a model would work without a physical caseworker.'

National stakeholder

Review discussions teased out from national stakeholders their views of what innovation in delivery entailed and this focused on outreach and generating referrals including

processes to engage young people not known to LAs. The LA surveys explored the extent of novelty and innovation introduced by the YC in targeting young people. Responses indicated that novelty and innovation in the targeting process were limited although views of this had improved over time and an increasing proportion of LAs noted some novelty or innovation in the targeting of young people (see Table 3.1).

Table 3.1: Novelty and innovation in targeting young people

	2014 %	2013 %
None	56	69
Some	43	30
Significant	1	1

Source: IES surveys of LAs 2013, 2014

3.1.6 A public or contracted out initiative?

There was considerable deliberation over whether the YC should be delivered by local authorities (LAs) or whether it should be put out to competition. While a competitive process was implemented, national stakeholders expected that some LAs might bid or form consortia in order to do so but in practice few had. Despite this, national stakeholders stressed the importance that LAs recognised the value of the YC as part of their strategies to meet the needs of young people NEET. However, many also recognised that collaboration had not been established, in part due to the procurement process which meant that neither LAs nor the Local Government Association (LGA) could be involved in assessing the bids.

Some evidence collected as part of the case study research may indicate some of the reasons why more LAs had not competed for YC contracts. It was suggested that some LAs did not trust that their bids would be viewed as competitive, that bidding would be resource intensive and that entering a prime provider's supply chain would minimise costs. Furthermore, the current public spending cuts were the cause of instability within LAs which meant they were unable to make the necessary guarantees as part of bids.

'We knew [we could bid] and the [LAs in the sub-region] thought "we'll set up our own group and do that". The problem is whether we would be taken seriously... There is a component around putting these bids in of the amount of work... and I would have thought it would be the larger conglomerates... that will be more successful... and we felt that we were in a better position to subcontract because of sustainability. If we were asked well, "how long are you going to have a team like that" because of the cuts it's difficult to say "yeah, we're going to go".'

LA strategic lead, case study

Over time, there were mixed views among the national stakeholders about whether the prime-provider delivery model had been effective or whether it had been more efficient than LA-led delivery might have been. Areas of concern included the variety of programmes targeting young people NEET in local areas which meant that a competition to recruit young people had developed, which, it was said, coordination by LAs would have avoided. Nevertheless, LAs had been issued with two documents from ministers²² and senior policy makers to encourage them to collaborate with their prime and local YC providers during the period of the evaluation in order to improve this situation.

3.1.7 Mixed views around involving the core cities

The YC includes a model that is devolved and directly delivered by six LAs, in three geographic areas, known as the core cities. These received a grant and were able to set criteria for eligibility as well as to design and shape the initiative. Some national stakeholders saw the core cities as a means to pilot a different approach to target the same groups of young people or supported its alignment with decentralising policies. Similarly, it was said that this had enabled YC models to emerge that were highly attuned to local contexts and that this had led to more positive out-turns from delivery. In contrast, others expressed concern about the lack of evidence for the effectiveness of the core city strategy generally, and lacked faith in the approaches adopted by the selected cities. Balancing this, other national stakeholder contacts lacked any insight into core city delivery. A prime provider asserted that the national and core city models of the YC were in effect different programmes, a point which was supported by the evaluation evidence.

[The core city models] bear no resemblance to the one we're running. The problem with it is it's got the same title. I mean, I presume it comes from the same pot of funding. And that is the only similarity. Because they have none of these rules, just like a completely different NEET programme.'

Prime provider

3.1.8 Challenges to delivery

Some disappointment was expressed by national stakeholders about the slow flow of young people entering the programme initially, although it was recognised that all programmes require time to 'bed in'. Most were confident that early teething troubles would be resolved with time. In review interviews, some emphasised that the volumes of young people who had moved through the programme should be the key focus. Underlying this was the PbR model which meant that funding was only released where progress was achieved, which had reduced financial risks to the Department.

Other delivery challenges related to the design of the policy included: a lack of conditionality on young people since there were no sanctions to apply to young people

²² Available to download from the Department's website:
<http://www.education.gov.uk/aboutdfe/executiveagencies/efa/funding/a00231204/youth-contract-provision>

who broke the terms of their ‘youth contract’; and, benefits and drawbacks of the YC being a high-profile, national initiative. While the YC as a policy response to, at least, part of the NEET challenge was stated to warrant attention, misunderstanding of the range of the YC initiatives and negative press associated with some of these were viewed as problematic. Prime providers too stated that YC was part of a wider set of initiatives aiming to tackle youth unemployment and more could be made of this. However, they also highlighted the problems associated with media misunderstanding the different YC elements. There was a call for increased clarity about all elements of the YC.

3.2 Experience of commissioning

The initial interviews with prime providers showed that most had some history of delivering youth services although the length and nature of this varied. It was much more common for prime providers to have experience of delivering education and training or welfare-to-work oriented programmes rather than of delivering careers guidance. Some had been involved in delivering youth focused programmes including for example, European Social Fund (ESF) NEET provision, organising work experience, and support for young parents. Most believed that YC delivery would build on their previous experience and systems, as well as the local relationships and supply chains already in place. However, the nature of their prior experience indicated that few prime providers had previously used or had insight into the Client Caseload Information System (CCIS) data collected by local authorities (LAs) which may have meant they were unaware of how well (or otherwise) it would support the identification and targeting of young people eligible for support²³.

Local knowledge was, however, consistently cited as an important consideration when designing supply chains although there were differing views on the key source of this expertise. Some of the prime providers started out by engaging with LAs in the contract package areas in which they proposed to bid, and then designed the supply chain taking into consideration the support and role that LAs could offer. This early engagement with LAs may have underpinned effective relationships for delivery. In contrast, other prime providers noted that they had deliberately excluded public sector partners, because the Department had put the YC out to tender.

‘We went to local authorities with a blank piece of paper and asked them what they wanted us to do and I think we won a lot of brownie points.’

Prime provider

²³ While CCIS data contains information on young people’s destinations and NEET status, it does not consistently contain data on the qualifications they have achieved.

'To be dramatic, I don't think we ever even considered it [working with LAs]. And I have a fundamental philosophical objection to that anyway, which is, you know, public money being removed from local authorities, given to private contractors, who then take a management fee, and subcontract it back to local authorities.'

Prime provider

While there were differing views about involving LAs within supply chains, the role of LAs to support delivery by sharing data and making referrals was stated to have been implicit within policymakers' model for delivery the YC. However, prime providers believed that LAs had not been sufficiently engaged during the design and commissioning stages of the YC which meant that support for delivery had not been secured.

'This has been a contract that could have designed to annoy LAs and it has annoyed lots of them. There were the best of intentions, I know, but its unintended consequence is that the nature of that relationship is that many LAs see their budget for youth services cut, and their staffing disappearing and then, we come knocking on their door saying, "can you help us? We need your data, we need access to your people, we need you to be part of this"... Some of them bristle.'

Prime provider

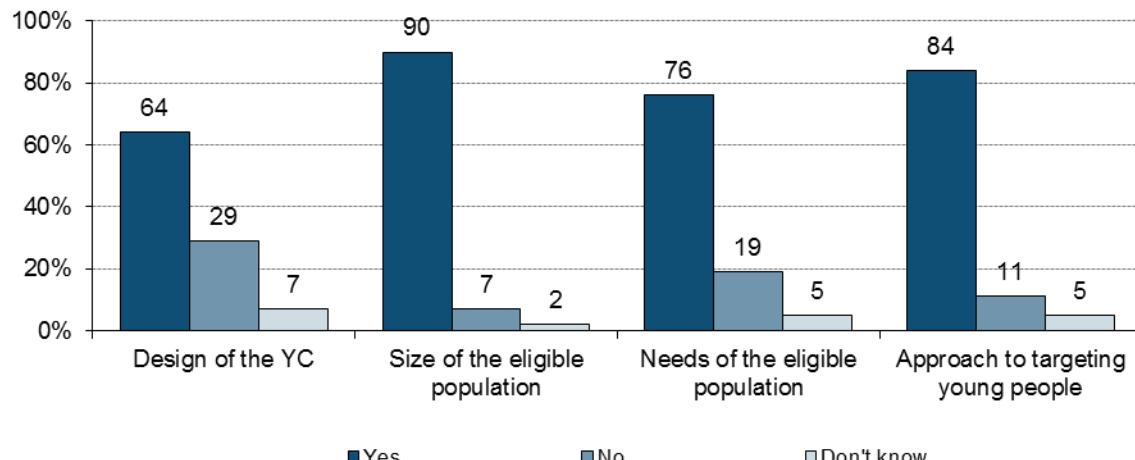
The first survey of LAs provided indications of the depth of engagement with LAs in the early developments for YC, and as part of commissioning. Figure 3.1 illustrates that the majority of LAs were engaged in some form of early discussion about YC delivery. Nine in 10 LAs (90 per cent) discussed the size of the eligible population while in more than eight in 10 LAs (84 per cent) were consulted on the approach to targeting young people. In three-quarters of LAs (76 per cent) the needs of the eligible population had formed part of early discussions but there was less discussion of the design of the YC with only 64 per cent of respondents noting this. This may reflect the varied approaches taken by prime providers to engagement with LAs (see earlier) although many respondents reported that discussions took place after contracts for the YC had been awarded.

While the role and relationship with LAs remained an ongoing concern, other delivery challenges were highlighted as more problematic. This included estimates of the size of the eligible population implied by the indicative contract values in the specification for the YC, which did not match with experiences 'on the ground'. Prime providers stated that there was an uneven spread of eligible young people across LAs within contract package areas and that the data held by LAs were very mixed in terms of quality – a point with which national stakeholders agreed. The lack of accurate information on the size of the eligible population was said to have undermined the financial models for YC delivery.

'The biggest challenge is the assumption of numbers. We've never quite been able to bottom [it] out ... the trouble it has caused is unbelievable.'

Prime provider

Figure 3.1: Topics of early discussions held between LAs and YC providers



Source: IES survey of local authorities, 2013

3.2.1 A rapid commissioning process impacts on supply chains

Some prime providers highlighted concerns about the rapid turnaround expected during the early stage of commissioning which did not allow sufficient time to lead due process, particularly given the demands of the Merlin Standard²⁴.

'The initial issue was that it was hugely hurried at the PQQ stage, and we did query this very heavily at the time. When you're procuring a supply chain you have to abide by the Merlin Standard. We had nine working days to do the PQQs, and there is no time to form supply chains in large regions in nine working days.'

Prime provider

Some prime providers also stated that there had been a lack of clarity about whether initial plans for supply chains could be changed. Some thought they would be limited to working with only those subcontractors specified in their initial bid. However, EFA had provided guidance early on that this was not the case and consequently, the evaluation noted changes to the supply chains over time (see section 3.3).

3.2.2 Design, commissioning and PbR in core cities

The core city areas had the freedom to make decisions about who would be supported by the YC and the nature and form of support they would receive. Decisions around the eligibility for support indicated that the core city LAs did not share the national focus on young people with very low qualification levels and in contrast to the national model, eligibility appeared relatively open. The main types of entry criteria set in core city areas included:

²⁴ The Merlin Standard was designed by the Department for Work & Pensions (DWP) to help evolve successful, high performing supply chains, and champion positive behaviours and relationships in the delivery of provision and ensuring fairness within supply chains.

- Support to any young person NEET aged between 16 and 18 years
- Prioritisation of specified vulnerable groups, namely teen parents, young offenders, truants, and homeless young people
- Young people NEET or at risk of becoming NEET living in NEET ‘hotspots’ areas.

These criteria were far broader than those operated by prime providers and this rendered the core city YC models a different form of support from the national model.

The core cities were also able to make decisions on how local delivery of the YC would be commissioned and whether any element of PbR would be used. A variety of approaches emerged from these freedoms, and approaches were not uniform within core city areas; rather they varied between the LAs collaborating as part of core cities.

Consequently, some core city LAs designed the YC to work through partnership models which did not entail devolved funding to partners, rather the full funding was described as being used to cover the costs of supporting young people. The reasons to reject PbR included the implications of PbR for young people – for whom provision might become mechanical, as well as for organisations – where the financial risks of PbR would have been too high to allow their access. An underlying ethos in these examples was on the creativity that could be brought to delivery where limitations were not imposed by financial considerations.

‘PbR wouldn’t work with the projects we have running but they have shown really good ways of engaging and working with young people in communities.’

Core city

‘It feels as though it (PbR) stifles innovation a bit, doesn’t it... The endgame’s always the progression payment... you just get into it like being a sausage machine in effect – get them on, do something to them, and get them out, because that’s where all your payment’s going to come from.’

Core city

Other LAs within core city areas embraced a commissioning model that drew on a supply chain and entailed PbR. The evidence suggested that the regimes were not as ‘tough’ as the national model and that this had been intentional. In core city PbR models, more funding was weighted towards the upfront investment in supporting young people than in the national model. Some examples of core city PbR models included:

- A six stage model linking payments respectively to attachment (12 per cent); initial assessment (12 per cent); development of an action plan (12 per cent); a mid-term review (12 per cent); initial re-engagement (20 per cent); and six-month sustained

re-engagement²⁵ (32 per cent). In this area, a differential total budget per participant was offered to different subcontractors to reflect the more and less disadvantaged populations each would attract.

- A tiered arrangement of subcontractors such that only the main subcontractor (Tier 1) operated to a three-staged PbR model which made 50 per cent of the funding available at the attachment stage and placed less weight on initial (20 per cent) and sustained re-engagement at six months (30 per cent). Other subcontractors (i.e. Tier 2) relied upon referrals and payments from the Tier 1 subcontractor.
- A five stage model with 23 per cent available on attachment, 55 per cent on the creation and agreement of an action plan over two or more meetings with a key worker, five per cent on re-engagement and two weeks attendance; and nine per cent each on three and six month sustained re-engagement.
- A three-stage PbR model with 50 per cent on attachment, 20 per cent on re-engagement and 30 per cent on sustained re-engagement.
- A PbR model that extended to key workers, in one local subcontractor, to incentivise their focus on achieving outcomes.

As a result of these ‘softer’ PbR models there was less criticism among subcontractors of the amount paid for their services and when it was paid. Furthermore, these ‘less tough’ regimes were reported to be more inclusive of VCSE providers since it required them to bear less risk while still maintaining a focus on the achievement of outcomes.

‘There are indications that PbR, if it’s pitched right so it’s doesn’t provide too much risk, is a real incentive and I think it should influence our thinking moving forward.’

Core city

There were also indications of considerable variation in the price per head value of the YC in different LAs within the core cities. For example, in one core city area this varied from £750 to £2,200 per young person because each collaborating LA had developed their own YC delivery model and determined how funding would be allocated.

Over time, the PbR models in core city areas had been the subject of review. When discussing their utility, some core city LAs indicated that they would take a slightly, although not radically, different approach in future to better ensure income flows to delivery organisations and to reflect the progress being made with young people. Comments appeared often divergent but the softer PbR models operated in core cities, which focused more funding on upfront investment, were likely to account for this.

²⁵ While this and other core city PbR models included a focus on sustained outcomes at the six month point, the specifics of what this would entail were not given. It was therefore not known whether models for sustained re-engagement were directly comparable to the national YC model which required five out of six months, post re-engagement, to be spent participating in learning or training.

'If I was to look at the differential payment rates again, I might consider not paying for the mid-term review as we could expect that to be there as a matter of course. And instead, use that money to help support young people financially during the six month progression phase.'

Core city

Concern was also expressed in core cities, similar to those made by subcontractors in the national model, that PbR should not have self-defeating consequences such as limiting the resource available to support young people, particularly in light of reducing upfront investment in the second year of operation. In core cities there was a particular concern that if outcomes relative to the subcontractors' investment in delivery were not achieved, this reduced resources available to employ key workers, which risked reducing the resource to deliver the YC. It also risked the prioritisation of some easier to help young people for support, rather than reaching out to the hardest-to-reach. Here, the advantages of the core city areas were apparent since LAs could respond to feedback from their supply chain and renegotiate the PbR model.

'We see a tension in the expectation of key workers working in a very professional way to achieve a sustained outcome but under a timescale that has implications for their organisations income which ironically means that if not enough income is achieved in a year, the organisation might have to lay off some of its key workers.'

Core city

3.2.3 Business considerations that fed into the design of the YC

Prime providers and subcontractors, including in core city areas, using PbR reported that typically they were content to operate through PbR and that, in principle at least, PbR aligned well with key worker support to navigate education and training options.

'We were quite confident of achieving the payment by results element, because this is our core work. This is what we do. We're generally quite cautious, but we were quite robust, and we wanted the contract.'

Prime provider

'PbR takes place at three points: sign-up, moving into destination, sustaining that for a period. That has worked well with the key worker model.'

Core city

Unsurprisingly, there were different views of the business considerations underpinning the design of the YC between the core city areas and the prime providers. For some core city areas, these involved ensuring a good fit between the YC and other local services and provision, joining up and maximising the value of pre-existing support and provision

within LA(s), and avoiding duplication of any existing support. In two core city LAs, there was a strong focus on generating long term improvements for young people and for the city through identifying potential industrial growth sectors, training young people in relevant vocational skills, and then matching their skills to businesses' needs.

This contrasted with the experience of prime providers, many of whom described designing the YC model primarily around price. A prime provider described how 'value for money' had received a strong emphasis within the commissioning process and had equated simply to 'cost per head'. The source of this was unclear since price schedules received a 30 per cent weighting in the scoring system for bids (following the financial health assessment which formed part of the PQQ stage) compared to 70 per cent on quality issues although there was some evidence that judgements had been made by potential bidders about the organisations that would tender for delivery and their likely strategies in bidding.

'Through our intelligence networks, we fairly quickly got a sense of where the market price was going to settle, in terms of who was bidding... So we knew, if we were serious, and wanted to be a prime contractor, we'd have to be competitive on price, because price was a big element of procurement.'

Prime provider

To inform the tendering process the Department specified a maximum spend per participant (at £2,200) and supplied estimates of the NEET population in each contract package area based on 2010 data in the client caseload information system (CCIS).²⁶ These data were subsequently contested by prime and other YC providers as being out of date and not accurately reflecting the eligible population. Data on the number of young people NEET at a single point in time in each contract package area were supplied, rather than the number that would be eligible for the YC over the entire period of the programme. This approach arguably set in place an assumption that prime providers would develop their own estimates of the target population in order to develop their financial models.

While the Department did not disclose the eventual cost per participant, and prime providers did not consistently offer this information, some examples of price were cited such as £1,100 or £1,500. The difference between the maximum spend noted in the specification and the actual spend per participant proposed by prime providers freed up the monies which allowed for the extension to cohort 2.

The commercial schedule for the contract required bidders to select a PbR model from five options (Table 3.2). Discussions with prime providers and their subcontractors suggested that Option 3a was a common model for PbR nationally. While in principal prime providers were content to accept this level of risk, the 'per head' contract value and

²⁶ In one LA, 2009 was used as 2010 data was not available.

lower than anticipated numbers of eligible young people were said by prime providers to have undermined the financial assumptions made as part of bidding. In combination, it was reported that these factors made the YC commercially unviable and as a result unattractive.

Table 3.2: The PbR options available in commissioning

	Before 01 September 2013			From 01 September 2013		
	Stage 1 %	Stage 2 %	Stage 3 %	Stage 1 %	Stage 2 %	Stage 3 %
Option 1a	20	30	50	10	30	60
Option 1b	20	30	50	0	30	70
Option 2a	15	30	55	10	30	60
Option 2b	15	30	55	0	30	70
Option 3a	10	30	60	0	30	70

Stage 1 (initial/attachment); Stage 2 (re-engagement); Stage 3 (sustainment)

Source: Commercial Schedule, available from DfE website

'Those [PbR weightings]... don't really matter if the amount of money is okay. We want sustainment, so that's fine. But, you had to tick a box for the weightings on the outcomes and it's very clear if you didn't tick a box which was highly weighted towards sustainment you wouldn't win. This is classic DWP work programme, flexible new deal, bidding tactics. [But]... these are kids, they've never had a job, they're 16 and 17, they've got no qualifications, the education system or whatever has failed them, and we've applied a work programme-type funding model, which, is okay if the way things work is more geared to front end and, most importantly, the net values are higher.'

Prime provider

The interpretation of some prime providers that bidding was a competition on price had, in their view, undermined the commissioning of a supply chain with specialist areas of expertise or innovative practice in favour of finding the cheapest approach to meeting the demands of the contract. Some prime providers stated that the competition on price had driven them towards selecting subcontractors that were big enough to take on their share of the risk; and safe bets i.e. those already delivering services to young people. In these cases, selected organisations had other contracts or capital reserves with which to cross-subsidise YC delivery and could adopt the YC into caseloads without extra investment which minimised costs. These approaches had the effect of constraining access by VCSE organisations to supply chains.

'If you were looking at quality and value for money, you would say, "OK, what can we do for £2,200 a head?" And you could do some really good stuff. But when a main criteria is cost per head, you have to see how cheaply you can do it... We

had a considerable number of potential specialist providers who could do all sorts of interesting things but [with] assessment on price per head, you can't afford to pay specialist organisations to provide expensive but effective interventions, because the money isn't there.'

Prime provider

It was notable that in review discussions with national stakeholders, a recommendation was made that zero funding at Stage 1 should not apply to any future programme of this kind. It was argued that prime providers and their subcontractors were making a considerable investment in young people that should be recognised. However, there was no intention to undermine the focus on sustained outcomes or to make attachments alone commercially viable. Instead it was proposed that initial attachments should attract at least 10 per cent but no more than 20 per cent of the overall fee, and an intermediate payment should be introduced between Stage 2 (re-engagement) and Stage 3 (sustained re-engagement).

Despite the concerns noted about the bidding process, prime providers and core city areas operating a model relatively similar to the national one, indicated strong support for the YC model which did not attempt to introduce new education or training provision and instead focused on assisting young people to navigate the existing local education and training options. There was agreement that typically local areas had a range of suitable options available and it was therefore beneficial to focus on helping young people NEET to reach informed decisions about their next steps and to support them to enter and be retained in education or training.

'For this group, there isn't necessarily a lack of things to do, places to go, courses to go on, experiences to have... What there might be a lack of is the time of people to... smooth away rough edges, and to give young people the motivation and aspiration to access those things that exist, and then to keep tabs on them... and to make sure they stay accessing those things, and have successful progression. So that was a fundamental principle.'

Prime provider

However it was apparent from case studies and national stakeholders new to the review interviews, that it was challenging to get the messaging of the YC right, so that people understood the model surrounding a mentoring/key worker support model, rather than the provision of a re-engagement programme of activities.

3.2.4 Drawbacks of the bidding process

The speed of commissioning (see earlier), which prime providers understood to be driven by a need to provide a rapid policy response to growing numbers of young people becoming NEET or unemployed, was said by them to have meant the bidding process

had not operated as smoothly as it might otherwise have done. Moreover, there was a view that these factors had potentially affected the quality of the YC.

'I understand the political pressure ... but I do feel that the rush and hurry caused more delay, and impoverished the final outcome.'

Prime provider

Criticisms of the process included the exclusion of some major national organisations at the Pre-Qualification Questionnaire (PQQ) stage, that were later allowed to re-enter the bidding process, which had an impact on the deadlines and announcement dates associated with some contract package areas. Concerns were also raised in respect to the questions raised by the Invitation to Tender (ITT) which were reported to be insufficiently 'searching' and had not solicited the information necessary to be assured of robust delivery once contracts were awarded.

'One page to do an implementation plan, probably not enough. No questions about how you'd manage the relationship effectively with the local authority in practical terms... There was a question about track record of working with the local authority, but not how you'd actually [manage that]... the questions weren't sufficiently in-depth or robust...'

Prime provider

3.2.5 Minimum delivery standards and prescription of delivery

The design of the YC entailed a 'black box' approach which granted freedom for prime providers to determine its nature and content. Accordingly, within the national specification for the YC there was a strong emphasis on outcomes and therefore no specification of the re-engagement process was given. However some expectations were set-out such that 'a young person might join this programme and receive support that enables them to move into [EET]'; and within the payment schedule it was stated that 'in order to trigger the initial payment, organisations will be expected to ensure that the young person is eligible for entry to the programme according to the core and locally agreed criteria. They will then need to work with the young person to complete an effective and clear action plan for their re-engagement. At that point, they will be able to apply to EFA for this initial payment'.²⁷

Consequently, despite the freedoms granted, there was some consistency in the delivery models, which were informed by the expectations set out by the Department (see Chapter 4). However, the prime providers were able to require some aspects of delivery from their subcontractors – that is beyond the national eligibility criteria – and core city areas had also prescribed some aspects of delivery.

The most common and consistent of these minimum delivery standards were:

²⁷ see specification and supporting information, available from the DfE website

- a needs diagnostic (although in all but one example, the tool to conduct this was not specified)
- the creation of an action plan (again, in most instances there was freedom for local determination of the format of this plan).

It was then common for prime providers to specify a minimum schedule for key workers to meet with YC participants. In most cases, key workers were able to apply some discretion over scheduling based on young people's needs and the progress being made, although some prime providers specified weekly or bi-weekly meetings, which was reported by some subcontractors to be inflexible and unresponsive to young people's needs. The format of meetings between key workers and participants was also subject to specification in most contract package areas, with a face-to-face meeting being seen as necessary on a regular basis. However, again there were some prime providers who required each meeting to be in-person, which could be viewed as inflexible. Beyond this, the 'black box' approach had been handed down to the supply chain with key principles to guide delivery, and subcontractors frequently had considerable flexibility over delivery.

In core city areas, LAs were able to specify delivery to meet local needs. Some chose to implement eligibility criteria similar to the national model while others operationalised different approaches. For example, one core city LA specified that to be eligible, young people should be NEET, aged 16-17 years and be located in one of the known 'NEET hotspots' locally. In another core city area, the focus for YC delivery was the brokering of apprenticeship training, and consequently young people had to meet the requirements of employers who had been engaged by YC workers who were seeking to fill vacancies.

3.2.6 National management of the YC

Overall, the prime providers reported that their communications with the EFA on delivery were straightforward and effective although criticisms of the commissioning process persisted into the review interviews. Beyond these, there was an overriding view that policymakers were responsive to feedback and clarifications and improvements had resulted. For example, while originally, only young people with no GCSEs A*-C could access the YC, early delivery feedback indicated that this criterion was too rigid and so eligibility was slightly extended. In addition, an extension was granted in order that care leavers and young offenders could also be included. As a group these were known as cohort 2 (see section 1.1.1).

'I think it was felt ...we can't find these young people, where are these young people with no GCSEs? We meet loads of young people as we're going round who've got one GCSE, and, you know, it might be a GCSE in a subject that they've scraped through, and it might be a GCSE in wood technology, or something like that, which doesn't necessarily help them do what they need to do. And so we listened to that.'

This widening of the eligibility was fundable as a result of the competitive procurement process which led to a smaller funding commitment than planned. However, the extent of changes that could be made to eligibility was limited due to commissioning process; unsuccessful bidders could mount a legal challenge if variations became extensive. This meant that eligibility criteria remained quite tight throughout delivery.

In practice, the inclusion of young people in care/care leavers and young offenders as part of cohort 2 presented challenges related to decisions made as part of the commissioning process. Prime providers reported that their supply chains were not designed for these specialist needs (although variations to supply chains meant this changed over time). Cohort 2 increased the necessity for joint working and widened the collaborations required which had not been considered in bids. However, it was also stressed that many care leavers and young offenders were eligible in any case within the original criteria and EFA issued guidance was such that these were to be recorded as part of the original cohort in YC management information. For this reason, the management information was likely to underestimate the numbers of care leavers and young offenders supported.

A final point made by prime providers at the time of the review interviews was that they were being afforded an opportunity to re-profile YC delivery (the flow of participants to the programme) on the basis of intelligence gathered over the first 18 months of operation and this was appreciated.

3.3 Supply chain development and operation

Some national stakeholders commented that the range and commitment of the organisations involved in YC delivery would be beneficial, and would bring new providers into the education arena and with them innovative practices. The development of new supply chains would open up opportunities for future outsourced programmes.

'What I think the procurement process did was allow them, and make them, develop these big networks of subcontractors, which wouldn't necessarily have existed before'

National stakeholder

Prime providers used a range of strategies initially to establish their supply chains, many of which involved pre-existing relationships with suitable organisations which demonstrated their existing track record in this arena. This contrasted with the views of national stakeholders who understood a benefit of the YC would be the creation of new provider markets in local areas.

The initial strategies to establish YC supply chains included: approaching 10 providers of choice or an established provider bank for interest; or placing an open advertisement for expressions of interest. Concerns in deciding which organisations should be involved in

delivery included the need for local knowledge, ability to work with the target group, and a mix of providers from different sectors.

A different experience was described by lead staff within core city areas. While these also required a network of providers to assist in the delivery, there was no obligation to build a formal supply chain and core city areas were able to draw on networks that had been established over many years. Several, but not all, of these LAs were involved in subcontracting strands of YC delivery, and they subcontracted for specific expertise or reach into particular vulnerable groups. This included organisations that could negotiate and support work placements, offer employee mentoring and lead outreach for hard-to-reach young people, such as those who were homeless. There appeared to be an emphasis on establishing relationships with VCSE organisations in these core city LAs. In a further example of this, the YC was used as a mechanism to develop a VCSE forum working across the LA, with an aim to improve collaboration. The opportunity for LAs to shape delivery in this way, however, highlighted a risk identified by some prime providers that they would commission YC support only from favoured suppliers which would constrain market entry and potentially stifle local innovation.

'I would detest the idea of local authorities being involved in commissioning, because you just get localism, favouritism and so on. And I tell you, we wouldn't have got it, and nor would the other primes. They would just go with the people they know because they always do.'

Prime provider

Balancing this view, some national stakeholders and prime providers suggested that it was LAs that had the local connections that would lead to effective delivery of the YC.

3.3.1 Supply chain monitoring and review

Supply chains were reviewed using formal and informal processes, including: daily or weekly snapshots of performance, monthly programme board meetings, quarterly reviews, and the use of the Merlin standard as a benchmark measure. Some prime providers reported the establishment of intensive process-based performance management systems, improvement plans and league tables of subcontractors. It was common for prime providers to emphasise the importance of regular, formal monitoring to the achievement of the outcomes expected for the YC. There was also often an element of competition introduced whereby subcontractors would understand their performance relative to other subcontractors in the contract package areas. It was also reported that different measures and benchmarks were needed for different points in the process of re-engaging of young people. Driving these review processes, whatever form they took, was the need to identify gaps in delivery, and to ensure stability and continuity for young people, should a partner exit the supply chain.

Most prime providers were also engaged in sharing good practice within their supply chains through a range of approaches which included: best practice events; liaison with

LAs to identify high-performing subcontractors; a regular good practice ‘round robin’; monthly meetings, which include sharing experiences; and collecting and sharing success stories (shared with partners and the EFA). In some areas, meetings focused on sharing best practice to support the vulnerable groups eligible through the extension to cohort 2 with an emphasis on building capacity within the existing supply chain. In contrast, as a result of recruiting specialist expertise to work with vulnerable groups for cohort 2, albeit from relatively large or financially resilient organisations that could cope with the financial risks posed by the PbR, other prime providers did not require particular detail on the approach to delivery. Beyond these differing approaches to sharing good practice, prime providers mentioned only limited development of capacity or capability in their supply chains to support eligible young people, some of which surrounded the use of new IT systems to manage the YC introduced by prime providers.

Monitoring delivery was viewed as crucial by prime providers and in core cities. It was apparent that most prime providers had introduced new systems to manage data and comply with differing data requirements for providers, young people and by themselves to capture information about performance and outputs. The interviewees frequently described their monitoring systems as rigorous, intensive and demanding. However, case study evidence suggested that some subcontractors were managing multiple IT systems in order to monitor and track the young people they engaged, keep track of payment claims, as well as provide the information required by prime providers and LAs. For these subcontractors, the administration of the YC was seen as particularly resource intensive, further marginalising any financial benefits arising from operating the contract.

‘We’ve got a very, very rigorous contract managing system, and a very rigorous ... which is in the manual. Because everybody has to do returns every month, and we have to check all of them to make sure they’re accurate, and most of them have to go back. And then we have to check all the paperwork, because obviously we will be ... we have had a test audit, which was fine, from the EFA, but they’re going to do a financial audit. So actually we audit ... we monitor 100 per cent.’

Prime provider

‘The amount of information required for that type of programme is quite intense, and we mirror the same process that we do on the projects that we’re managing under ESF. So we collect information and data for as much, everything that you can think of, as much data as we can.’

Core city

By the review interviews, more insight was available about the implications of the subcontractor performance management systems operated by prime providers. All prime providers had at least one manager dedicated to this task who provided a degree of support and challenge to subcontractors. Their close attention to delivery against agreed profiles, with in some cases, daily monitoring of performance data, meant that there could

be rapid intervention where subcontractors appeared to be struggling with delivery. The form of this intervention however was described as supportive, and involved a staged process where YC recruitment profiles were shifted to other local providers or into other LAs in contract package areas, delivery practices were reviewed with improvement plans set in place. Only where a subcontractor was unable to demonstrate improvements in line with the agreed plan, was their exit from the supply chain enacted on the grounds of poor performance. However, there were indications that poor performance was a less frequent reason for supply chain changes than subcontractors handing back the contract because it was not financially viable to operate.

3.3.2 Changes to supply chains and transitions in prime providers

It was apparent from discussions that prime providers had continued to develop their supply chains over time to better support YC delivery and take over from organisations leaving supply chains. The survey of LAs allowed some systematic information to be gathered about local delivery arrangements including changes to providers.

As noted earlier, prime providers had differing stances on the inclusion of LAs within their supply chains. Over time, the involvement of LAs in formal contractual arrangements to deliver the YC could be judged as limited although increasing. By the 2014, just over one-third (35 per cent, see Table 3.3) of LAs were subcontractors which had increased from just under a quarter (24 per cent) in the 2013 survey. The ability of these LAs, and those in core cities, to shape delivery had significant impacts on their view of the effectiveness of the YC (see Marvell and Newton, 2014).

Table 3.3: The extent to which LA were subcontractors for YC delivery

	2014 %	2013 %
Yes	35	24
No	65	76
N	70	84

Source: IES survey of local authorities, 2013, 2014

Some prime providers reported that they had increased the presence of LAs in their supply chains over time, in some cases in order to garner their support for delivery. In addition, a change of prime provider could bring a different emphasis to the involvement of LAs in subcontracting, since this was very much a decision driven by the views of prime providers.

Most prime providers described changes within their supply chains. In most, changes were necessitated by subcontractors pulling out of delivery, or being removed for reasons of poor performance although in one instance the change reflected a lack of capacity

within a prime provider which had proposed to be a sole delivery agent²⁸ across a contract package area. A major change was seen in summer 2013 where there was a change of prime provider in one contract package area. In this instance, the current prime provider adopted the supply chain of the outgoing prime provider in order to ensure continuity of support to participants. Most, but not all, of the original prime provider's supply chain made the transition to the new prime provider although some down-time resulted from misunderstandings of payment arrangements, amongst other things, while the contract change was set in place. In addition and over time, the new prime provider supplemented the supply chain with organisations from its own networks to increase overall performance in this contract package area and enhance delivery of specialist support.

More frequently, there were examples of churn in the supply chains and prime providers had introduced new subcontractors to replace those leaving. The timing of departures varied with some subcontractors having left at the outset, while in cases where performance was the reason to leave, departure occurred sometime into delivery. Most often, prime providers appeared to welcome an expansion of their supply chains where new members would add something novel or specialist that did not already exist. However, there were examples where transition arrangements were far from smooth and this had compromised YC delivery. Where there was no interest from local or regional organisations to take on YC delivery, all delivery was shifted to other parts of the contract package area. In other examples, a lack of specialist or VCSE organisations willing to deliver the YC meant that only generalist provision, best suited to those who could make a transition to full-time learning, could be configured. The need to ensure due process when bringing in new suppliers, including meeting the requirements of the Merlin Standard, could create a delivery hiatus even where there was interest to take on the YC.

The second LA survey provided information on the extent of changes in subcontracting arrangements. LA respondents were asked whether there had been any changes in the provider(s) delivering the YC in their area since the 2013 survey. Over half of LAs reported a change in the provider(s) delivering the YC in their area (54 per cent; Table 3.4).

Table 3.4: Change(s) in the provider(s) delivering the YC in LAs since June 2013

	2014 %
Yes	54
No	46
N	70

Source: IES survey of local authorities, 2014

²⁸ The provider(s) responsible for delivery in any locality which could include the prime provider, the core city LA, or subcontractors

Around three in 10 of the respondents noting a change in provider arrangements saw: additional provider(s) (prime provider or subcontractors) entering delivery alongside an original provider (32 per cent); the LA taking on all or part of delivery (29 per cent) or a local subcontractor for their LA being replaced by another (29 per cent). Just under one-fifth stated that a new prime provider had taken over delivery in their area²⁹ (18 per cent), while three per cent stated that the prime provider had taken over delivery, and three per cent said that their LA had withdrawn from all or some part of delivery (Table 3.5).

Table 3.5: The nature of change

	2014 %
Additional provider(s) (prime provider or subcontractors) now deliver the YC alongside the original provider	32
This LA took on all/some part of delivery in this area	29
Provider for this LA was replaced by another provider (the providers do not work alongside each other)	29
A new prime provider took over the YC in this region	18
The prime provider took over delivery in this LA	3
This LA withdrew from all/some part of delivery in this area	3
Other	29

Note: responses sum to more than 100 per cent as respondents could give more than one response

Source: IES survey of local authorities, 2014

Three in 10 (29 per cent) of LA respondents cited other changes to providers. Their subsequent statements indicated that multiple additional subcontractors had entered delivery, or the geographical range for their own delivery as a subcontractor was extended. Others highlighted that a subcontractor had withdrawn, necessitating a partnership reformulation with remaining subcontractors, or that the LA had simply gone it alone in delivery. As a result of the changes some LAs noted they now had greater engagement with the YC and others stated that the partnership was more complementary, which assisted with co-ordination, planning, identifying priorities, and helping to improve pre- to post-16 transitions. LAs collaborating with a single subcontractor indicated that there was greater clarity in communication, and the relationship was closer. However, others were less satisfied noting that a lack of continuity and uneven delivery had resulted from (frequent) changes in provider.

Along with the survey results, discussions with prime providers, and as part of the case study research, suggested that it was relatively common that multiple suppliers might

²⁹ One of these responses was not in the area where a change of prime provider took place in summer 2013, and therefore did not experience a change in prime provider. It is likely that the respondent was referring to a change in the lead local provider instead.

operate within any LA area. Within the second round of research, including the review interviews with prime providers, the use of multiple suppliers within each locality appeared the dominant supply chain model. The business case for this was set-out by one prime provider such that they configured multiple subcontractors in order to attract different groups of young people and support them as part of YC delivery.

'It's a necessity [to have a diversity of suppliers] because not all young people fit in one box... You've got those young people who are ready to move into sustainable engagement so things like a college or a training provider or a recruitment provider, fit some of those young people... But for other young people..., they need something smaller or more bespoke.... You need niche type organisations that work with those hard to reach young people who tend to stick within their communities. You need a wider variety of supply chain in order to try and reach those young people who are not being reached through the normal avenues.'

Operational manager, prime provider case study

In combination, the evidence suggested that there were pros and cons to multiple subcontractors operating in local areas. For LAs there was a simplification of relationships that had to be supported where smaller numbers or only one subcontractor was present. In contrast, evidence from prime providers and the case studies suggested that there was greater resilience in delivery where multiple subcontractors led the YC. This latter approach required careful monitoring for overlaps in delivery, and communication to ensure the various subcontractors and LAs were aware of each organisation's specialities, since competition for local young people could mean they did not take-up the most appropriate support for their needs. However, the converse of this was demonstrated where only one subcontractor operated since the support they could offer was unlikely to meet the varied needs of all of the eligible population.

The data on supply chain changes and developments indicated that there were opportunities for market entry as part of ongoing delivery, which could potentially mitigate the risks of market concentration and the exclusion of VCSE organisations if the terms of the YC contracts available were considered sufficiently attractive by local organisations. However, on this latter point, the balance of evidence suggested that the financial terms of the YC undermined its attractiveness to potential delivery organisations. Consequently, while there were opportunities to enter supply chains, there was little evidence of smaller VCSE organisations having done so.

3.4 Arrangements to share risks with the supply chain

Typically, it appeared that the structure of payments to subcontractors mirrored the payments drawn down from the EFA, which had the effect of passing the risk down the supply chain. However, the value varied from the national contract in that a pro-rata management fee was subtracted from this amount at each stage. While consistent

evidence could not be gathered as part of the evaluation (prime providers did not disclose this detailed information for reasons of commercial sensitivity), it appeared that the management fee could range from 20 to 25 per cent of the 'per head' contract value to 30 to 50 per cent.

In the core city areas using PbR, some LAs varied the financial risks for different subcontractors by offering differing attachment and outcome values as well as overall 'per participant' values. These approaches were reported to be particularly accommodating of VCSE organisations.

'We wrote the payments by results into the contract with providers and providers accepted it. We didn't put a high level of risk in because we didn't want to put people off tendering. In some of our initial commissioning we did not get bidders so the employability strand for example ended up being delivered in-house. But PbR can put off some of smaller providers – voluntary sector organisations haven't got the resources to wait six months for payments.'

Core city

There were a couple of examples of differing arrangements within the national model as well, such as a prime provider intending to bear the full risk stemming from the PbR and pass down a fixed payment to subcontractors when a young person joined the YC. In another contract package area, a prime provider was willing to bear more of the financial risk than its subcontractors in the first year of delivery, while they adjusted to the initial investments required, but over time was moving to a model that equally shared the financial risk.

The models of risk-sharing present within the national model of the YC were said to be based on prior experience of operating PbR contracts. It appeared that prime providers in particular were able to draw on a quasi-market created by their earlier work and as a consequence of this, there was sufficient understanding in this market of the conditions associated with PbR contracts.

'If they don't do the work, they don't get paid! I mean, they have no risk until they take on work with a young person. But obviously they have no reward either. I mean, the end-to-end³⁰ providers, we've more-or-less replicated the payment by results formula that we're receiving.'

Prime provider

³⁰ A shorthand used by providers to describe subcontractors who work with individuals from the point of joining the Youth Contract and throughout the work to re-engage them in education or training.

3.5 Financial viability and the national PbR model

Despite this general acceptance of operating through PbR and of risks being shared down the supply chain, there was evidence of growing concerns among prime providers and subcontractors over the financial viability of the YC, although most prime providers believed that they had mitigated or at least minimised the financial risks through careful selection of subcontractors, and by sharing a degree of risk within the supply chains. In this context, prime providers emphasised that the contract value for each participant and the PbR was less problematic than the expectations for the outcomes that would be achieved with a cohort comprising some particularly hard-to-reach and -help young people. While under the national model the EFA reported that a contractual expectation had been set such that 50 per cent sustained re-engagement would be possible, this figure was not mentioned by prime providers who instead referred to an aspiration among policymakers that 70 per cent sustained re-engagement be achieved. Prime providers highlighted this as problematic and it was in their view too high. To put this into some context, a core city (with different eligibility criteria) was operating a model of 60 per cent sustained engagement.

Prime providers and their delivery agents indicated that national expectations for the proportion of sustained re-engagement were set too high in light of experience ‘on the ground’ and that this further undermined the financial assumptions that had been made during bidding, and affected the financial viability of delivery. It was common for prime providers to state, on the basis of their delivery experiences, that if they could go back in time, they would not bid for the YC. A contrast was again drawn between the strictures of the national contract compared to the flexibilities available in the core city areas.

‘I think the percentage to re-engage and sustain is ridiculous but I think the actual payment if you do achieve those three measures is ok. I do think the expectation to sustain 70 per cent is really high and it currently is running at 25 per cent.’

Prime provider

‘If this had to be tendered out again, I’m not sure how many people who have had experience of it would go for it again because you cannot earn. The other ‘pilots’ that weren’t tendered out – their payment model is entirely different and much more up-front and their programme is much more “successful”.’

Prime provider

For delivery in the second year, the weight of evidence suggested that most prime providers had selected the PbR model most beneficial to the Department, which paid no attachment fee. The loss of this income was a source of significant criticism amongst some prime providers and many subcontractors despite it being specified in the contract with the Department.

3.6 Challenges claiming initial and outcome payments

All prime providers initially reported slower than expected progress in recruiting young people to YC support and subsequent re-engagements in positive destinations. Most attributed this to the inaccurate estimate of the eligible cohort which, in turn, made it impossible to accurately profile delivery. Some prime providers also stated that the number of young people attached to the YC which they were able to report to the EFA in these early stages did not represent the actual numbers engaged. This was because subcontractors were inexperienced in using the software systems supplied by prime providers which led to delays and inaccuracies in reporting. In these situations, prime providers stressed that they claimed only for their own delivery, the accuracy of which they were assured, until teething problems could be sorted out with subcontractors' claims. This situation was replicated where there was a transition in prime providers which necessitated a new IT system and claims process for subcontractors, which took some time to bed in. The impact of this, however, was that the national funding available to providers was more limited than delivery, increasing the level of their investment in the YC at this point and the financial risks they faced.

While some prime providers had anticipated that delivery would take time to develop and had factored this into their financial models and contracts with their supply chains, the wide variance in the eligible population between their assumptions made on the basis of the specification documentation and actual 'on the ground experience' undermined this planning. Some prime providers reported that they were subsidising YC delivery to a degree that had not been expected but that often subcontractors were not in a position to replicate this level of investment. This may have led to the changes noted in local providers within the LA survey earlier.

'Ultimately, to be viable you need to be at your profile. We worked it out carefully so we could give support with less than full profile, then as the profiles go up, the more resource you can put into it, but as with any project you put investment in at the beginning. The key is that some partners are reliant on the Youth Contract for income... as long as they're getting some coming through, it shouldn't be too difficult. We did not expect partners to go out and find a new person to be a YC mentor. Our partners had someone, already employed, who could do a day a week, while the first referrals came through. That gradually increases as you bring in new starts. It has to work that way so you can cope with ups and downs.'

Prime provider

A different experience tended to be reported in core city areas, where more than sufficient numbers of young people who the YC could support were noted in those operating a model which shared some similarity with the national one. However, the ability for these areas to set their own eligibility criteria and use their own CCIS data as a basis for recruitment, may have contributed to their positive views. The core city areas also appeared more relaxed about a slow start to delivery, viewing the early stages of the

YC as a pilot for the eventual model for delivery they would roll out. In contrast to the experience of the prime providers, a core city reported that lower than expected uptake of mentoring alongside other forms of support had released funds which could be used in other ways.

'We are able to engage with more young people than we have opportunities for at the moment, but that doesn't mean that that's where that support ends, we then know who that young person is, can find out what it is they want to do, can refer them on to providers or employers on that day.'

Core city

Beyond the difficulties in making accurate claims for the attachment monies that were available in the first year of delivery, prime providers and core city LAs reported that the achievement of positive destinations was heavily dependent on the local context and provision, and some highlighted a need for increased flexibility among education and training providers to offer course starts more regularly throughout the year since this would increase longer term outcomes. In recognition that suitable provision might not be available within the six months that providers had to achieve a re-engagement with participants, the EFA offered guidance such that participants who did not achieve re-engagement could be recorded as leaving the programme, and could then be restarted, from day one, where they met the criteria for entry and the provider could evidence further support being offered beyond the six month point. There was an appreciation of this flexibility, although for some the guidance did not go far enough and there remained young participants who would not be funded because outcomes could not be evidenced within the specified timeframes.

'The sustainability rules, which looked alright at the beginning, are very harsh – we have to have them in for five out of six months... And if they drop out – and we've had lots of issues where the provider has closed – sometimes it takes five or six weeks to get them into something else and it's over the month gap they have to start again. And by that time they're often 18! Our providers have a number of examples of where young people have re-engaged and the providers know but they haven't been able to claim it properly – because they've moved area, etc. We're not being able to claim for a good 20 per cent of young people that we should be able to claim for because of the rules.'

Prime provider

To alleviate some of the problems encountered, towards the end of the evaluation period, the EFA clarified that entry to a job without nationally accredited training could count as a re-engagement outcome with 16-17 year olds, although sustained re-engagement would only apply where participation in accredited learning was achieved. This again was appreciated particularly since entering work was an aspiration of many YC participants.

Previously, the guidance had meant that providers attempted to route young people into learning, rather than allow them to follow their goal of working.

'We could spend six months getting somebody into a management training programme [with a national company]... and gain nothing for that because it is not EFA funded education. Yet it is a fabulous thing for a young person to do.'

Prime provider

It affects your supply-chain behaviour. So if a kid wants a job they're potentially persuaded from getting one whilst they do the maths and English or whatever their supply-chain partner wants them to do that the schools have entirely failed to deliver themselves in the number of years they've been at school. And then we're supposed to do it in the short term. So [the JWT outcome] is progress... '

Prime provider

A further point on claiming the outcome payments was the evidence required for the claims process. It was apparent that prime providers and their subcontractors struggled to gather this, since they relied heavily upon the goodwill of local stakeholders, such as colleges, training providers and employers, who were under no obligation to supply it. In the case of employers and particularly, small employers (SMEs), gathering the evidence on a regular enough basis to attract the claim was particularly problematic.

Finally, some subcontractors highlighted that there were delays to payments resulting from the process of submitting claims through the prime provider and then up to EFA which again heightened the investment being made by themselves at any point in time. This caused a lack of finance which had the potential to limit the support they could make available as well as the size of team that could deliver YC support.

Overall, there were strong suggestions that the payments attracted by the prime providers and subcontractors under the national model underestimated the extent of enrolments and outcomes. It was also apparent that the payment model made no allowance for the achievement of soft outcomes – including contact with a support agency where previously there had been none or the distance they had travelled towards re-engagement.

As delivery moved into the second year, with few prime providers able to claim attachment fees, the financial risks to prime providers and their subcontractors intensified, with their return on investment reliant on the (relatively small) re-engagement funding in the short-term and the achievement of sustained outcomes against a model that was viewed as highly challenging for the cohort involved. While providers and subcontractors accepted the PbR approach in principle, there were strong recommendations that the PbR model be revisited in order that the investment in young people was more equally shared between themselves and national policymakers.

4 Experience of delivery

Key points

- There was a common central mechanism operating in all the delivery models, despite variations in local delivery patterns between and within prime provider and core city areas. This involved a key worker providing appropriate mentoring and advocacy to the young person and establishing an agreed engagement pathway supported by action planning.
- The local YC infrastructure was developed through prime providers and core cities working through local partnerships, with some evidence of the national model taking longer to become established in areas where the prime provider needed to develop a dedicated configuration of local YC partners. In all cases, LAs remained gatekeepers of the local CCIS data which was viewed as an important source to inform targeting.
- The central role of LAs in facilitating access to eligible young people was evident. For example, the potential for more referrals following changes to the eligibility criteria in prime provider areas was in part dependent on timely access to and the general quality of local NEET intelligence. Any limitations to local information in prime provider and core city areas were often discovered and remedied through considerable YC outreach activity.
- The extent of referrals to the YC had been influenced by a range of factors as delivery partnerships developed but in nearly all areas a range of outreach activity had been conducted to support the identification and engagement of hard-to-reach young people NEET. This activity had also revealed examples of undiagnosed health and wellbeing barriers to YC engagement in most areas.
- Dedicated pre-engagement or ‘pre-EET’ activity and provision was considered a necessary condition towards a sustained EET outcome for many young people for both prime providers and core cities operating a model similar to the national one. Recent changes in the availability of local pre-engagement provision, such as funded by LAs and ESF, were expected to impact negatively on YC outcomes.
- Particular local contractual, operational or partnership contexts appeared to be the main casual factors influencing the nature and forms of EET entries, rather than any observable differences in the national or devolved YC models.

This chapter examines the delivery of the YC and draws upon evidence generated as part of the case study research, national stakeholder, prime provider and core city interviews, as well as the LA surveys. It commences with an outline of the regional and local delivery models and then turns to what delivery entailed, exploring outreach and attachment activities, the support offered to young people to re-engage with and sustain participation in learning and training activity.

4.1 Regional and local delivery models

There was some consistency in the delivery models described by prime providers and most core city areas, which in the case of the prime providers reflected the expectations of the Department, such that they involved a key worker; establishing an agreed end goal and an action plan that would assist the young person to achieve their end goal.

From the descriptions of prime providers, national delivery of the YC typically comprised an initial assessment of need, followed by decision-making and the establishment of an action plan (although it might not be termed as such). Some prime providers noted that there was discretion for their subcontractors to offer young people financial and other incentives and rewards to support the re-engagement process or retention in education and training. Other differences noted in the case studies of national provision surrounded:

- A single delivery agent that also delivered careers guidance services for the LA. This model focused heavily on the delivery of intensive support combined with independent and impartial guidance.
- Key workers drawn from within a LA guidance team cooperating with college based key workers to provide support to eligible young people.
- Multiple delivery agents operating within a locality that, in some cases, delivered a degree of choice to young people in terms of the support they could take-up. Some delivery agents' key focus was on independent and impartial guidance, others focused on the needs of particular groups while some were training providers with a range of below Level 2 provision available which could meet the needs of participants.
- A prime provider organisation leading delivery and employing staff who had themselves been in similar situations to YC participants to lead individually tailored support.

A greater variety of delivery approaches was observed within the core city areas. Some, but not all of these, focused on a similar cohort of young people to the national model (although entry criteria were looser) and as a consequence, the delivery models appeared similar with key worker support being at the heart of delivery although there might be a variety of support organisations focused on the needs of different segments of young people supported locally. In one case, these organisations operated within a tiered structure.

There were also multiple models supported within a core city LA. An example of this was in one LA where a pot of funding was granted to six youth-oriented projects while a contractual arrangement was entered into with a VCSE organisation to support young people with troubled family backgrounds; finally YC support was also delivered by the local careers guidance provider.

There were also examples in the core city areas of a focus on employment and training. For example, a core city LA had embedded employer engagement as part of its process to achieve the re-engagement in apprenticeships of young people. It offered sessions for employers to meet young people recruited to the YC, in order to discuss their organisations, the nature of different types of work, as well as their expectations for conduct and behaviour such as turning up for work on time and having a good attitude when dealing with colleagues. It also provided a financial incentive to employers on a monthly basis in order that young people would be retained in their training and it only placed young people with employers that were willing to pay the living wage rather than the national minimum wage apprenticeship rate (NMWAR). Finally, mentors provided ongoing support to young people undertaking apprenticeships.

In another core city LA, a similar employment focus existed although delivery of the YC was targeted at a group of young people who would not normally compete effectively for apprenticeships. Here, individually brokered work placements alongside training in maths and English were used as a preparation for progression to higher levels of work-based learning. This provided a supported and sustained transition into the world of work.

4.2 Entry to the Youth Contract

A key design feature of the YC is the qualification-based eligibility criteria. This aimed to ensure that funding was targeted at the hardest-to-reach or -help young people. As the programme moved into delivery, the eligibility criteria remained a contested area. To operate within the nationally set criteria, prime providers needed a source of data on young people's achievements. Most anticipated that LAs would act as this source although the EFA had implied that LA data did not consistently record qualifications. However, LAs as the gatekeepers of CCIS data were not necessarily ready to share it with providers, citing legal reasons although national guidance stated this should be no impediment provided data sharing agreements were set in place. This led to a slow start to delivery. When eligibility was relaxed through the extension to cohort 2, further barriers emerged since it required delivery agents³¹ to return to LAs to request further data to take account of the new eligibility criteria, putting pressure on relationships that were already problematic in some cases.

While on the one hand, delivery agents noted that the strict criteria supported the targeting of the YC and provided a constant reminder that the YC was aimed at the hardest-to-help young people NEET, on the other hand, they were also a source of frustration. Key workers provided numerous examples of young people NEET with more than one GCSE A*-C, who faced serious challenges in terms of, for example: mental health, disability, teenage pregnancy, caring responsibilities or chaotic lives, who would

³¹ The provider(s) responsible for delivery in any locality which could include the prime provider, the core city LA, or subcontractors

benefit from the service provided through YC but who due to the strict eligibility criteria, the programme was unable to support.

Since core city areas could locally set entry criteria it meant that the contentious nature of eligibility was not part of the core cities YC discourse. The increased flexibility was reported to have allowed a greater volume and diversity of young people to be supported than would have been the case under the criteria applied to the prime provider delivery.

'I'm convinced that we wouldn't have had the number of people we have engaged. When we looked at eligibility under the national criteria, I think we would only have had about 16 eligible people'

Core city

4.2.1 Use of local intelligence

Identifying eligible young people was a key challenge in many areas. Initially, information did not flow effectively between local bodies to support the identification of eligible young people. It took time for these systems to establish and in many areas they continued to develop and evolve. Multiple channels and forums were in use to generate the local intelligence to implement the YC which included, for example: social services, probation and youth offending services, as well as housing associations and Jobcentre Plus.

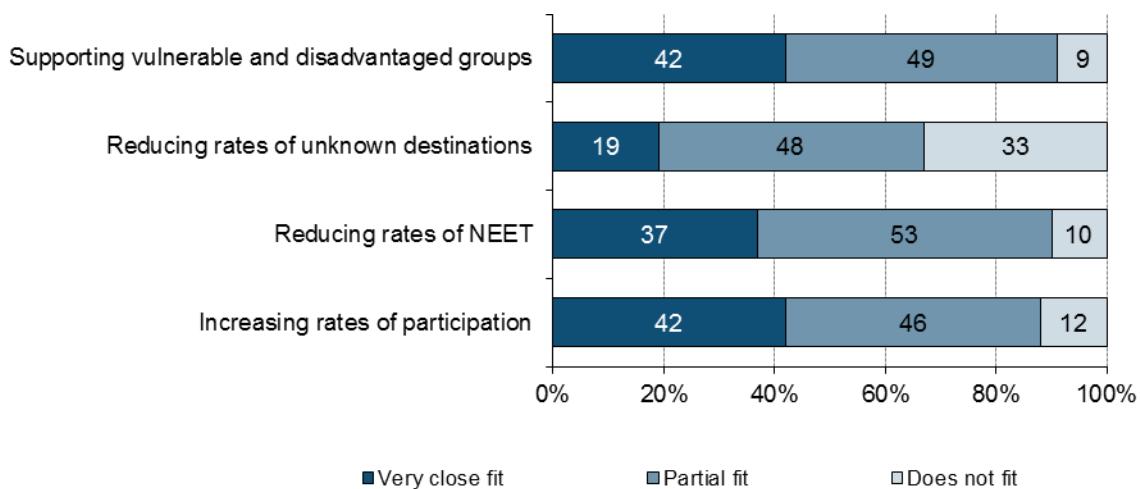
The key role of LAs in facilitating access to eligible young people in the YC was emphasised. In the core cities LAs often worked closely with their related local agencies and initiatives, such as Troubled Families, to identify eligible young people and to develop strategies to target vulnerable groups – such as those living in particular disadvantaged areas, young people with disabilities, care leavers and ex-offenders. The core cities were able to draw on longstanding partnerships with other agencies within the LA and a range of public, private and voluntary sector organisations to identify and share the intelligence necessary to deliver the YC. The absence of the qualification eligibility criterion simplified the nature of the intelligence needed to support YC delivery in the core cities. This contrasted with the national model where local relationships had to be established, which proved resource-intensive and time-consuming although the same range of local partners and initiatives were typically engaged.

In many national areas selected for case study, it took significant time to build effective relationships with LAs, and there were a range of administrative challenges which had to be overcome. For example, to comply with data protection and security, formal data sharing agreements between prime providers and LAs had to be set in place before CCIS and other LA-held resources could be used to identify eligible young people. Several prime providers reported lengthy, challenging and time-consuming work to put these data sharing protocols in place.

Some of these difficulties may have stemmed from the lack of upfront engagement with LAs as part of the design and early delivery. The 2014 survey of LAs also suggested that some LAs were not convinced that the YC necessarily presented a close fit with their local actions to meet statutory duties which may also have influenced their stance on data sharing (see Figure 4.1). In terms of increasing rates of participation, just under half reported there was a partial fit (46 per cent) and while a slightly lower proportion of LAs stated there was a very close fit between the YC and efforts to reduce rates of NEET (37 per cent), a greater proportion noted that there was a partial fit (53 per cent).

The YC appeared to fit least well with actions to address rates of unknown destinations with 33 per cent of LA respondents noting no fit at all on this point and just under half noting a partial fit (49 per cent). Finally, around half of the LAs (49 per cent) saw a partial fit with local actions to support vulnerable and disadvantaged young people, although 42 per cent noted a very close fit.

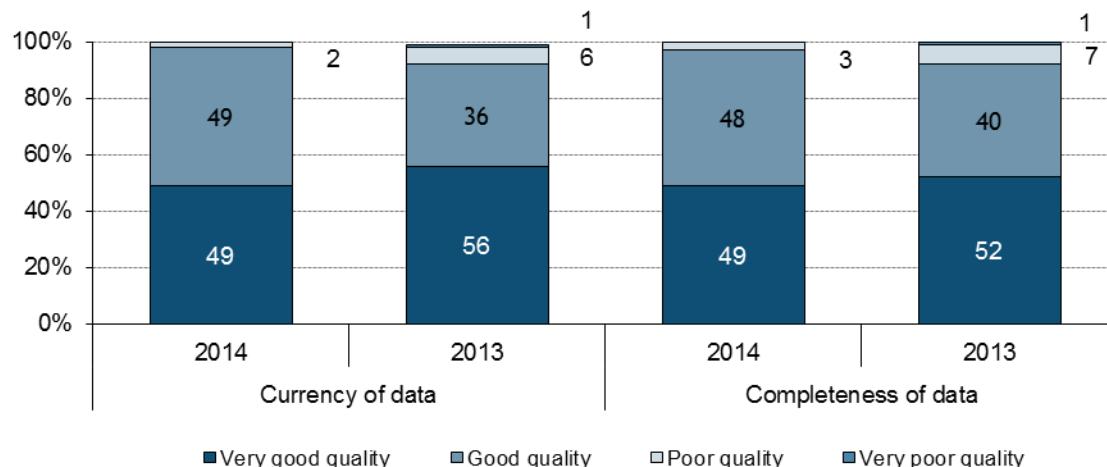
Figure 4.1: How well the YC for 16-17 year olds fitted with local actions



Source: IES survey of local authorities, 2014

As the YC progressed, the prime providers and many LAs learned to work together and this in the view of some led to improvements in local data. Some LAs developed early identification systems and had clear referral pathways towards the YC. However, it was reported that other LAs lacked the systems and resources to develop effective information resources to support the implementation of YC and the quality of the data available at the local level appeared to be highly variable.

Figure 4.2: Currency and completeness of LA data



Source: IES survey of local authorities, 2013, 2014

The 2013 and 2014 surveys explored the quality of local data from the LA perspective. This showed that in 2014 the currency of data was perceived to be good or very good by 98 per cent of respondents compared to 56 per cent (very good) and 36 per cent (good) respectively (i.e. 92 per cent) in 2013. However, decreasing proportions saw their data as poor or very poor between survey waves (see Figure 4.2). Similar trends were shown for the completeness of data, with the proportion of LAs noting poor or very poor quality data reducing although there were also reducing numbers of LAs who thought they held very good quality data.

Some prime providers pointed to the limitations of CCIS and other local data sources and identified incomplete or out-of-date contact records. Several also highlighted the time lag between exam results being issued by awarding organisations and being recorded on these systems. This was reported to hamper the use of these data to support proactive targeting of eligible young people at risk of NEET. However, these limitations also led to considerable outreach work being undertaken in schools to identify at an early stage young people likely to be eligible for support. However, this raised concerns since it could mean more responsive school leavers were engaged at the expense of harder-to-reach and -help young people in the older cohorts.

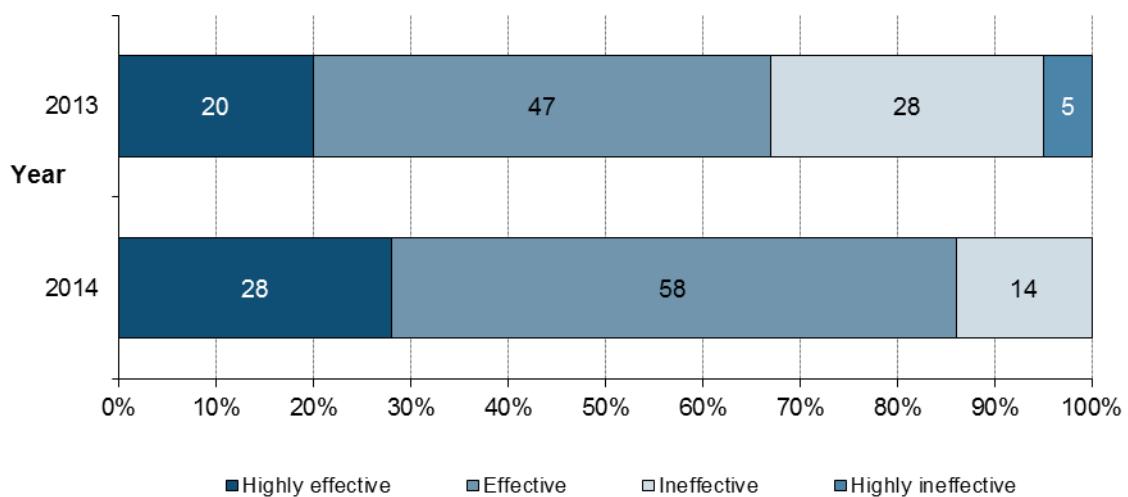
4.2.2 Outreach

A range of outreach activity was conducted to support the identification and engagement of hard-to-reach young people. The qualitative research in the local communities with delivery partners and key workers suggested the innovative use of a range of social media, home visits, visits to community centres and other public areas where young people gather, 'bring a friend' initiatives, various financial incentives (e.g. attendance allowance, travel and subsistence costs), the use of mobile resources (e.g. buses and a Winnebego) and sporting and cultural venues to support identification and engagement. In some areas, marketing and media campaigns had been commissioned to reinforce

key messages on the benefits of YC participation. In other areas, the YC had increasingly benefited from word-of-mouth referrals from young people who had engaged with the programme and shared this information with their friends. In all areas, the personalised approach and the formation of a positive relationship with a key worker was seen as a foundation for the effective delivery.

Both LA surveys explored the effectiveness of targeting young people for support. In 2014, just under two-thirds of respondents stated the arrangements for targeting young people were effective (58 per cent up from 47 per cent in 2013), and the proportion of respondents who found targeting to be highly effective rose from 20 per cent in 2013 to 28 per cent in 2014. At the other end of the spectrum, whereas five per cent of respondents in 2013 reported arrangements for targeting young people as highly ineffective, in 2014 none of the LA respondents stated this. Finally, the proportion of LAs reporting that arrangements for targeting young people were ineffective halved from 28 per cent in 2013 to 14 per cent in 2014 (see Figure 4.3). This suggested some significant progress had been made by providers not least in their liaison with LAs.

Figure 4.3: Effectiveness of arrangements for targeting young people for YC support



Source: IES survey of local authorities, 2013, 2014

Further analysis revealed that in the 2014 survey there was a significant difference by whether the LAs were autonomous (i.e. were subcontractors or part of core cities). Close to half (46 per cent) of autonomous LAs stated that the arrangements to target young people were highly effective, compared to 15 per cent of other LAs. However, just under one-fifth of LAs that could not shape local delivery thought the arrangements were ineffective (18 per cent), whereas only eight per cent of autonomous LAs said this.

4.2.3 Young people who engage and those who do not

The eligibility criteria aim to ensure that the YC does not assist the 'easiest' to reach young people at the expense of those who are harder-to-reach and -help. In practice, the YC offer was reported by national stakeholders, prime providers and delivery agents to

be well suited to the needs of the target population. Young people indicated that it was relatively attractive and appropriate intervention and generally, the YC was viewed by young people and their parents and carers to be a valuable route. The YC was also seen to be effective in supporting those young people who were at risk of drifting into unknown or NEET destinations for example, through offering young people summer activities in order to sustain their participation in learning until courses start in September.

'There is a whole group (of young people) who have not had a nurturing environment to grow up in. No parenting to give them confidence and the skills to make the transition into adulthood and to look after themselves physically, emotionally and economically'.

Key worker

However it was reported that some groups of eligible young people struggled to engage with and sustain participation in the YC. This included young parents and young people with health problems as well as some young offenders who were reported to be unwilling to engage to the YC given their commitments to other agencies (e.g. young offenders had to meet YOT³² workers and complete activities or reparation orders and as a consequence of these, did not feel able to commit to another agency (the YC) and further regular meetings).

'[The YC] doesn't really help teenage parents because they don't want to engage until their children are at least six months old ... We do offer YC support but it's almost impossible in the payment regime to get any outcomes ... Teenage parents will reengage for very short periods in a week as that's when they are available (and we are) never be able to get a sustainability payment for them.'

Prime provider

In addition, while the YC showed some success in engaging and supporting some young offenders, there was an on-going issue relating to sustaining their participation in YC once their court orders had been completed. The young people assumed their participation in the YC ended at the same time.

There were also concerns that the YC could not be offered to 18 year olds who were seen as equally in need as 16-17 year olds, particularly for those with special educational needs for whom key worker support was valuable in the transition from education to adult services. As delivery entered its second year, this concern grew.

³² Youth Offending Team

4.3 Extent of referrals

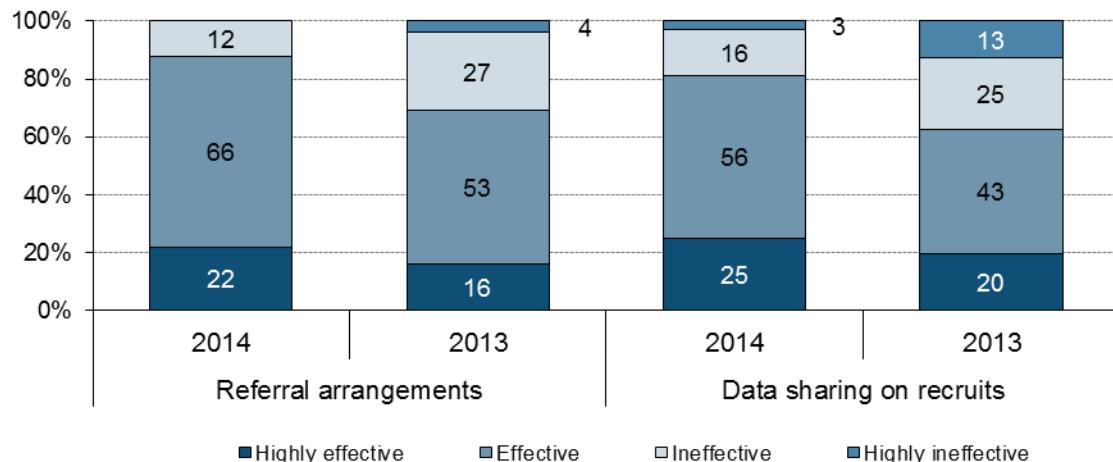
As Figure 2.1 showed, the uptake of the YC fluctuated over time. In local areas, the flow of referrals was reported to be influenced by a range of factors as the delivery partnerships developed and links were made at the local level. Delivery agents, local partners and a range of VCSE agencies played a key role in the referral process and prime providers reported that the number of referrals from local partners increased as they became familiar with and confident in the YC offer. Regular contact and the development of a shared agenda, at the strategic and operational level, were important factors in encouraging referrals of young people. Where low levels of referrals were apparent, the quality of the local data, low levels of understanding or confidence in the YC and limited outreach activity influenced the extent of referrals.

Schools and pupil referral units (PRUs) tended to be an important source of referrals since they identified young people at risk of NEET who might be supported following the end of the academic year. However, establishing relationships with schools and PRUs had taken time and it was reported that some schools were reluctant to refer pupils since it implied an admission that they would leave Year 11 with few or no qualifications.

Although it should be noted that the Connexions service brand no longer exists at a national level, it has been retained in some local areas. Moreover, prime providers and delivery agents use the term as ‘shorthand’ for LA commissioned or provided guidance services. Consequently, they frequently mentioned referrals from local ‘Connexions’ advisers. Housing associations, along with a range of other VCSE organisations were also identified as useful sources of referrals. Some FE Colleges said that the YC provided a useful mechanism to support young people at risk of ‘dropping out’ from courses. However, referrals from Youth Offending and Leaving Care Teams tended to be variable. Some primes and local delivery agents suggested that staff working in these teams may not have understood the different nature of the key worker approach underpinning YC from their own support offer, and were anxious that referring a young person to the YC would indicate that their own support was no longer required. The same point was made about LA guidance advisers where these were not delivery agents. However, there was a continued emphasis among prime providers and delivery agents to develop their partnership working and outreach activity to engage eligible young people.

The two surveys asked LAs for their views on the effectiveness of the arrangements for referring young people to the YC as well as for sharing information about participants. This showed that two-thirds of LA respondents in the 2014 survey stated that referral arrangements were effective (66 per cent), and just over one-fifth said they were highly effective (22 per cent). This compared to just over half of respondents noting arrangements were effective (53 per cent) and 16 per cent saying they were highly effective in the 2013 survey. The proportion of LAs stating that arrangements were ineffective more than halved between the surveys, down to 12 per cent from 27 per cent, and by 2014 none of the LAs noted arrangements were highly ineffective (Figure 4.4).

Figure 4.4: Effectiveness of arrangements for referring young people and sharing data on recruits



Source: ES survey of local authorities, 2013, 2014

Similarly, by 2014, over half of respondents said the arrangements for sharing information about the young people recruited to the YC were effective (56 per cent), compared to 43 per cent in 2013, and a quarter thought these arrangements were highly effective (25 per cent), compared to one-fifth in 2013 (20 per cent). The proportion of respondents noting that arrangements for sharing recruitment information were ineffective reduced from a quarter to 16 per cent between 2013 and 2014, and those that considered arrangements to be highly ineffective reduced from 13 per cent to three per cent (see Figure 4.4).

4.4 Pre-engagement activity

Once eligible young people were accepted onto the YC, a period of ‘pre-engagement activity’ was used to assess and progress their readiness to enter to an EET outcome. The key worker played a significant role in this, working with the young people to encourage their progression to positive destinations.

4.4.1 The role and nature of key worker support

There was consistency in the YC delivery due to the expectations set out in the commissioning process and this consistency was mirrored in several core city areas. Key workers assessed and guided young people to develop action plans and facilitated individualised routes to re-engagement. The key worker model could be seen to build on the success of previous pilots developed by the Department such as the Activity Agreement and Entry to Learning Pilots. This good practice, and the findings from related research revealed that under such programmes (and much more than in other types of social programme), the interpersonal relationships between the key worker and the young person effectively embody the intervention. Put another way, the intended function of the mentoring relationship is to be the engine of change at the centre of the intervention. Accordingly, the approach taken to youth mentoring can be seen to involve

the application of the mechanisms shown in Figure 4.5 – either singly or in combination – and YC evaluation data revealed that this typology accurately described the key worker role.

Figure 4.5: Typology of the key worker role

Mentoring Mechanism
Advocacy (positional resources)
Coaching (aptitudinal resources)
Direction Setting (cognitive resources)
Affective Contacts (emotional resources)

Source: PRI, 2014

A key part of the YC key worker role involved the befriending of the young person; working in the affective domain to help them improve their confidence and with it their aspirations. Cognitive resources were provided through advice and guidance to help the young person confront the often difficult choices facing them. Aligned to this was coaching, encouraging, pushing and coaxing the young person into the practical gains, skills and qualifications that the YC intervention could help them achieve. If needed, the personal advocacy of accompanying and introducing the young person to an EET opportunity, and supporting and sponsoring them in that opportunity, drawing on the local institutional resources available through the YC project infrastructure became part of the key worker role. However, only once the mentoring relationship was established and the young person willingly engaged with the help offered did change begin.

To this end, key workers reported and discussed the careful but persistent effort often required to establish a relationship with some of the hardest-to-reach young people. In the majority of case studies, identifying and engaging young people for support was considered the most challenging part of delivery. Most found that implementing and encouraging multiple routes into the YC was most effective. Some case studies had deliberately recruited key workers with an established community presence and reputation in order to make use of their street-level knowledge and experience. Often, these worked in or were employed by neighbourhood VCSE organisations that were subcontractors for the YC. In other cases, key workers employed directly by the prime provider or core city delivery partners had been given supplementary outreach training to support visits or longer-term placements in a community ‘hub’ or VCSE organisations.

'Gone are the days when we could open the doors of a community centre and have YP walk in. It has to be at street-level these days.'

Core city engagement project

Almost all key workers had prior experience of building successful relationships and/or progressing young people, having begun with conversations conducted 'through the letterbox' or 'through the bedroom door'. Discussions with them revealed that through professional discourse, key workers shared their learning and experiences as well as practices that had proved effective in for example, situations where there could be support, disinterest or active hostility shown by the young person's family. In several areas the Troubled Families initiative identified that many of the factors that contributed to young people being at risk of social exclusion and/or custody were the same factors that were contributing to their NEET status. In the best examples, the local YC contributed to the process of identifying the ways in which local agencies and organisations could best work with local families with a consequent reduction in duplication of effort.

'If the YC is working with a young person from families who might benefit from a joint approach, we have trained the key workers to make a family assessment and capture the key issues that might benefit from support, if the family want it. The YC is employment-focused and we know from evidence elsewhere that if one family member secures a job in an otherwise workless household, that can act as a catalyst for other family members to seek employability support'

Troubled families programme manager

Key workers in several case study areas reported increased instances of discovering undiagnosed and untreated mental health problems among hard-to-reach young people at the initial engagement or inception phase. Housing issues also figured highly as a potential barrier to YC engagement. One case study district reported a general increase in local young people living independently, either at a fixed address, temporary 'sofa surfing' or homeless. Consequently, the YC based key workers at two local housing associations to significant effect. The YC had in several areas, been able to draw on the expertise of specialist providers, engaging them as subcontractors or local partners. For one large charity working with young people, the YC outreach mechanism sat well alongside their normal assertive and persistent outreach activities. The charity reported that in nearly all cases, housing, benefits and/or health and wellbeing issues had to be dealt with before a young person was able to engage with interventions like the YC.

In some instances, key workers with existing specialist knowledge and experience had been employed to engage and work with particular groups of young people; others had received training. However, not all were able to successfully establish liaison with local agencies to best coordinate the support young people could receive. In some cases, key workers reported problems with establishing regular contact with local agencies citing

some general local partnership issues or occasions where budget cuts had impacted on some agency's ability to provide a timely response.

In other examples, the communication and networking skills required of key workers were highlighted with the need for them to work effectively to embed themselves within the local context. Some key workers found the intense support element of the role too onerous and some limited turnover of key workers was seen due to the particular knowledge, expertise and tenacity required to be successful in the role. In light of this, there was often more determined capacity building to assist key workers to feel confident.

'They [key workers] need to know about childcare, children's centres; they need to know about other services that provide personal development opportunities; they've got to understand YP; they've got to understand benefits'

Delivery agent

Given the amount of flexibility and professional initiative required of key workers – particularly at the engagement and inception phase – some criticised the inflexibility of the prime provider requirements for weekly or bi-weekly contact with young people, when it was argued that some discretion was required. Key workers' ability to assess a young person's situation was facilitated directly through knowledge of how and when to employ appropriate emotional resources to gain their trust.

'... there must be bi-weekly contact between the KW and engaged young people at inception [but] this can be very challenging because we need key workers to make a lot of engagements to ensure progressions'

Provider service manager

4.4.2 Action and progression planning

There was some consistency within action planning approaches, despite these being subject to considerable freedoms (see Figure 4.6). Although key workers undertook and reviewed action planning at various locations (e.g. at provider premises, during home visits, or 'on the street' if necessary), there appeared to be little difference in these processes between the national and core city areas using action plans.

Figure 4.6: Action planning models used in YC delivery

Action planning models

Example 1: Early meetings focus on aspirations and enable an assessment of needs and circumstances. The outcome is the generation of an action plan. The detailed content within each young person's plan depends on the complexity of the challenges facing them. It may only require information on the particular apprenticeship, college course, or training place to be secured. However, where more complex needs have been identified, the plan will include details of a number of development opportunities to be pursued prior to placing the young person with a provider of re-engagement activities.

Example 2: Where young people need intermediary support before progressing onto full-time EET a local area devised three support strands: i) intensive support ii) literacy and numeracy intervention iii) work placement support. The individual needs of young people are assessed using a diagnostic tool that considers an holistic range of aspirations and barriers. The subsequent action plan is supported and monitored at weekly meetings and other 'catch-up' sessions with the young person. Bespoke work placements are secured for YP when they are ready for transition.

Source: IES, CEI, PRI, 2014

Despite general support for the application of action planning processes many YC staff disagreed with tightly specified minimum delivery standards which entailed weekly or bi-weekly meetings in person. Instead, they stressed the importance of flexibility and persistence within the action planning process – under which some young people can require several careful stages and reviews. Some discretion to determine the regularity of meetings was appreciated. Where this operated, key workers described how some young people required daily contact; while others did not want or actively resisted any early attempts to set regular meetings.

[I] build communication relationships with [the young person]; to be kind of a bit of every job role: a bit of a counsellor, a bit of a support worker. The key is that I need to be well integrated into the college or anywhere else so I know where to go if we need any extra help for anything – counselling, etcetera. It is a full support position, I believe. I meet with them regularly.'

Prime provider key worker

4.4.3 Financial support and use of incentives

In addition to the provision of support through the key workers, some local delivery agents offered elements of financial support to young people. In some areas, small daily payments (sometimes in the form of vouchers) towards the costs of travel and subsistence to participate in work experience trials were provided. This was considered particularly effective in rural areas. Other examples of financial support included covering

the costs of clothing, equipment and documentation (e.g. replacement birth certificates) to support young people's engagement.

Another strand involving direct funding was the use of an employer incentive in one core city area. Employers received a small amount of money to support the employment of a participant through the early stages of an apprenticeship (or 'pre-apprenticeship'). In the case of an apprenticeship opportunity, this might be paid in addition to the Apprenticeship Grant for Employers (AGE). The YC incentive varied from the AGE, since it was paid in instalments, in order to incentivise the retention of young people in work. In this area, the remuneration of young people at the rate of the living wage featured as a key topic and young people reported it made a positive difference to be earning money during the YC.

[A] lot of the young people that we're engaging with who are NEET want some financial incentive to be engaged in training or employment. They were not interested in doing something without pay'

LA delivery staff

A further example of financial incentives to young people was configured by a local delivery agent. It offered £10 in vouchers for attending the initial YC assessment; a further £30 in vouchers following two months EET; and a final £100 in vouchers when the EET provider confirmed that a full six months EET has been achieved. This payment of vouchers by results was also replicated (although with lower values) by a delivery agent in another area.

4.4.4 Pre-EET support

Some case study areas described provision as part of the YC pre-engagement phase, distinct in its nature and delivery from the eventual re-engagement provision (EET) that would later be entered into. This pre-EET provision was in many cases considered a necessary condition for hardest-to-help young people to achieve eventual progression into an EET outcome and in the majority of cases, respondents referred to local opportunities and/or gaps in these.

This phase of the engagement relied heavily on the interaction between flexible 'roll on-roll off' provision often but not exclusively funded by the ESF. The advocacy of the key workers was important since they accompanied young people to and from the provision, if required. The response of young people to this early provision often enabled the key workers to learn more about the young person and to tailor future activities towards a progression that would be likely to be sustained. These pre-EET activities were often described as 'stepping stones'. Knowledge of, and the ability to access, such flexible provision was argued to be increasingly important. The direct local knowledge held by key workers and/or the ability for them to access specialist provision through liaison with local careers guidance support was crucial; so too was the ability for key workers to be able to refer young people to pre-EET provision as and when needed.

In many instances, pre-EET programmes focused on preparation for employment, and this met with the aspirations of participants. They included pre-apprenticeships, volunteering and work-placement offers. Knowledge of learning opportunities at foundation level building towards work-based learning was also considered critical to be able to effectively support young people to re-engage and sustain that engagement.

It was reported in several, but not all, case study locations that significant impacts had resulted from the withdrawal of local pre-EET provision while ESF was re-contracted late in 2013. There were also indications that following the re-contracting process, this provision had been reduced. In a district of a core city, an LA had learned that the new ESF flexible provision would generate only 30 places for the local YC. As a consequence, the LA was in negotiation with local FE colleges to see if some new, alternative provision could be created. A delivery hiatus for flexible provision while new ESF contracts were awarded was also criticised in some local areas.

'Six months with no flexible ESF provision will undoubtedly impact on YC outcomes. Provision needs to be seamless for YC young people; it's no good having gaps like this. Enforced periods of inactivity can be very detrimental for these young people. It is very hard to achieve sustained positive outcomes with many of these young people anyway.'

Provider service manager

4.5 Re-engagement (EET Entry)

From the econometric estimates undertaken for the evaluation (see Chapter 5), for many YC participants it seemed that following successful participation in pre-EET learning activities, they then engaged with more substantial programmes. Among the case studies, routes into and the range of EET options available tended to reflect the locus of the local YC operations, the local model, and the availability of local EET opportunities for harder-to-help young people NEET. In this respect, particular local contractual, operational or partnership contexts appeared to be the main causal factors influencing the nature and forms of EET entries, rather than any observable differences between the national and those core city models similar to the national one per se.

In one prime provider area, the regional further education college had assumed the role of main delivery agent. The college recognised that they were not as employment-focused with their YC participants as they might be but considered that many were not work ready. It was argued that there can be a 'mismatch' between young people's aspirations and the provision available for them. In another area, two YC supply chain organisations operated with different delivery models. One developed short-term in-house training programmes, which could be personalised for participants, with young people able to complete as many as they wished.

A particular strand of work in a core city had been developed through focusing on continual professional development as means to help sustain employment-related outcomes. It was reported that a lot of employers were SMEs who were keen to support young unemployed people. However, employers also needed to know how to work with and manage young people in the workplace, and for this reason workshops for employers had been arranged on how to support a young person in work.

'We have had a few apprenticeships and ... there's actually been a few YP who have found jobs as well. But the biggest chunk I would say is Study Programme-type activity. Some went into FE in September ... in terms of Access to FE-type provision, rather than straight into a course.'

LA lead

There were some clear differences between the experiences and perceptions of case studies with regards to the suitability and requirements of some new local EET provision. These differences appeared to be case-specific. For example, two case studies reported general local cuts to LA EET provision and important formerly funded pre-apprenticeship places specifically.

In some areas, progression was reported to be hampered by some local providers being unwilling to take a 'risk' with harder-to-help young people. Study Programmes, implemented from September 2013, were highlighted as a particular issue in this regard. In addition, the requirement to be studying for 20+ hours per week was reported to be beyond the capability of some YC participants, at least at initial re-engagement. However, the Study Programme offer and practices varied between areas, and some case studies appeared to have found a positive progression pathway via the local Study Programme model. The YC operated in a context where local decisions over which providers and LAs had no influence, could determine outcomes.

'The provision is also a problem in terms of ... the change over from the Foundation Programme to the Study Programme. The Study Programme has really tightened up on who they will take. If [young people] are late, they get thrown off and considering the types of young people we're dealing with ... There's so little leeway'.

Provider co-lead

'The Study Programme ... is a better standard than Foundation Learning ... There's a lot more available: a lot more units; discretionary units; and employment units for [YP] to work on. So we have 18 units for employability and personal development ... We're now looking at rights and responsibilities in the workplace, and budgeting how to budget their finances when they get paid ...'

YC delivery lead

A similar mixed picture emerged with regards to progression onto Traineeships, and the availability of these varied considerably. In one core city, the duration of the local Traineeship was of concern because it was less than the six-month sustained EET outcome point. In contrast, in other areas it was reported that the Traineeships had made a significant impact on the local YC delivery and were described as '*a god-send as a pre-apprenticeship route*' for YC young people who had made progress with their learning. Similarly, in another area, a provider had introduced a pre-Traineeship offer which was said to be particularly suitable for some YC participants since packages of work experience could be built up from short duration workplace visits to longer sessions over time. However, a further limitation existed in that in some areas local providers had rejected the Traineeships which meant they could not be used as a progression route.

"We've looked at [Traineeships] long and hard and we think that for us, in the main, it's better to have extended work experience embedded in the programme of study, rather than going the Traineeship route. The reasons for that are three, I think. One is that employers are not very forthcoming in confirming that there will be definitely an outcome at the end, and for our purposes an interview is not sufficient... We also have concerns about employers who had actually promised at the beginning there would be a chance of [an apprenticeship] and it's not working out. And the third reason is that some of the young people who are being referred through aren't ready. So, Traineeships, I don't think we'll be doing a lot of them.'

Prime provider

4.6 Sustaining young people in EET

A range of social, economic and cultural factors inhibit the attachment of young people NEET to employment, education or training opportunities. The YC cohort was made up of a high proportion of young people who lacked qualifications which adversely impacted on their employment and learning prospects. They were more likely to find getting a job and progressing in work more difficult than their better qualified peers and their opportunities to progress in further education were limited due to entry requirements. In addition, many young people on the YC faced relatively chaotic lives encumbered by financial, family, mental health or substance abuse problems and/or learning difficulties, all of which impacted adversely on their chances of obtaining a positive labour market or educational destination. It was within this context that the YC encouraged young people who were hard-to-reach or help to enter and sustain participation in a range of employment, education and training outcomes.

In respect of the outcomes achieved, case study respondents did not indicate many concerns surrounding sustained engagement and in most instances, the provision of support to sustain engagement appeared unproblematic. Some young people had disengaged from the YC during their EET progression and been engaged again or, if necessary, referred to other local careers guidance services for advice on local options.

In terms of the support offered to participants following re-engagement, prime providers, delivery agents and staff in core city areas typically described a minimum of monthly face-to face meetings, alongside other communications such as by telephone, text or email which was determined on a case-by-case- basis and depended upon how settled the young person appeared to be. In addition, key workers might visit the premises of learning and training providers as well as employers in order to meet with staff as well as young people to assess any additional support needs.

There was some limited evidence that subcontractors could struggle to deliver this post re-engagement support. In one instance of this, a reiteration of guidance to key workers was needed to ensure that they met their duties for ongoing contact once a re-engagement had been achieved.

Delivery across the case study areas suggested that many young people required lengthy and intensive support to retain positive destinations and it was stated that achieving five out of six months in a progression outcome was a high expectation for the target population. For some key workers the realisation that a young person had undiagnosed mental health problems which would inhibit the ready achievement of sustained outcomes was reported as a challenge in relation to the ability of the programme to retain young people in positive destinations.

4.6.1 Minimising ‘drop out’ and ‘NEET churn’

Most prime provider and core city areas undertook work to minimise drop out among participants who had achieved a positive destination. Where they were unable to prevent drop out, they would often seek to re-engage the young person in further action planning support with a view to placing the young person in a positive destination at a later date. This was reported to be a time consuming and precarious activity but an important one to prevent the young person losing confidence, self-esteem or motivation and it was an activity with implications for PbR.

Some prime providers and delivery agents questioned whether post-16 education and training providers did enough to support sustained outcomes for young people on YC. Key worker support for young people as part of YC could help them address some personal concerns, however there was little that could be done to influence the culture within the educational and training establishments and their policies associated with, for example, attendance, timeliness and appearance. In college-based provision, the academic year could undermine sustained EET. It was reported to be challenging to keep young people motivated across the summer vacation and until the start of the next academic year. The six months sustained progression period falling over summer, had been a difficult aspect for providers to manage in relation to achieving sustained outcomes.

The research revealed some evidence of the practices of employers and the extent to which they offered support to young people entering the workplace. The key worker

played a crucial role again, often working with the employer to manage expectations and with the young person to maintain or improve motivation and, if necessary, attendance. Some local areas had dedicated employer liaison or employer partnerships working closely with key workers.

Some challenges were encountered where jobs with training that was not nationally recognised did not count towards YC sustained outcomes. To counter this, a prime provider required any young person who entered work with non-accredited training as a re-engagement destination to undertake an accredited maths or English course alongside their job. In a core city, an LA undertook work to engage families as a supportive factor in young people's retention in employment with training. In this case, the core city LA encouraged employers to meet with parents or carers to discuss the job, the hours of employment and to exchange contact numbers. This approach was reported to have been an effective means of helping to retain young people in employment.

The delivery of the YC in a college environment improved retention rates and helped drop-out from full-time courses in some instances. In some areas, local education providers commented that the YC complemented and enhanced the support that they offered to young people, contributing to their sustainment in learning. It was emphasised that there is already a lot of learner support available at local colleges; however, the opportunity to discuss things with somebody external to the college, in a less formalised setting, could be very valuable and make a difference to young people.

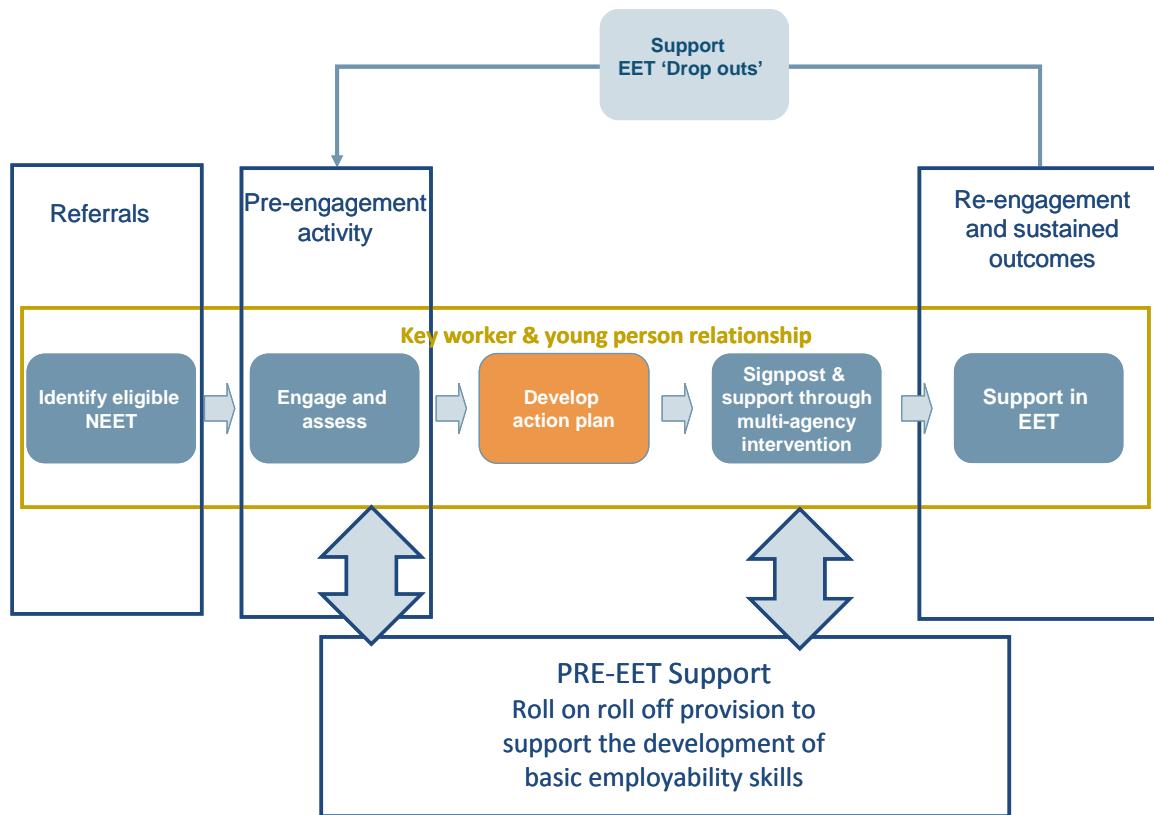
4.6.2 The period post sustained YC outcome

Beyond the period of the sustained outcome, the YC intervention finishes. At this point responsibility for the retention of the young person was seen to shift to the learning provider or employer. However several key workers reported that they maintained contact with young people and continued to provide light touch mentoring support.

Several delivery agents expressed concern that the YC did not extend to 18 year olds and this came through as being more of an issue particularly in light of the withdrawal of government funding for 19+ educations and training. It was reported that some young people were not ready to re-engage until much later and needed time to understand the benefit of continuing in education and gaining qualifications. Through this process, they potentially 'timed themselves out' of funding without realising that they were doing so.

The analysis demonstrated the detailed nature of the key worker role in supporting and effecting transitions among young people which involved assisting them to overcome barriers, identify goals, enter and frequently sustain participation. Figure 4.7 provides a conceptualisation of the YC key worker role throughout the stages of delivery which may provide a 'route map' for future provision of this type of support.

Figure 4.7: A conceptual model of YC key worker support



Source: PRI, 2014

5 Impact, net benefits and difference made

Key points

- An analysis of soft outcomes suggested that engagement with a key worker had been important to increasing confidence to progress. A considerable difference was made to young people who were long term NEET from this mentoring. Approaches varied, as did distance travelled among those at risk of becoming long term NEET as well as those NEET through post-16 drop out. All groups were grateful for a trusting and respectful relationship with a key worker who treated them as an adult. Support built their confidence to use transport systems, deal with challenging family circumstances and overcome other personal issues.
- The surveys of LAs captured some information on their views of the difference made to local young people. This suggested that many believed the YC had targeted some of the most vulnerable young people and helped them to achieve sustained outcomes. Increasing confidence levels among the group was seen as a key need which the analysis of soft outcomes, suggested had been met.
- The quantitative evaluation evidence showed that pre-YC experiences varied by age with 16 year olds being more likely to have left education whereas 17 year olds demonstrated longer durations of NEET and were also a little better qualified which indicated their greater potential to enter substantive programmes of education.
- Rates of re-engagement varied substantially between participants in the prime provider and those in core city areas, which was likely to reflect their differing characteristics. The higher rates of re-engagements seen in two core cities³³ had significant ramifications for the net benefits of delivery since, as a consequence of these, outcome payments were judged to be higher.
- Analysis of the ILR allowed a robust assessment of impact of the YC on uptake of learning or training compared to the control group, which showed:
 - A reduction of 1.8 per cent in the number of 16-17 year olds NEET in England³⁴, generated by the national and core city models in combination. This may appear a small impact, however it must be remembered that the YC targeted only a subgroup of the NEET population;
 - A 12 percentage point increase in overall engagement in learning and training among national participants. For the two core city areas examined as part of the impact assessment, the increase was 11 percentage points in Leeds, Bradford and Wakefield and 7 percentage points in Newcastle and Gateshead;

³³ One core city was excluded from the analysis due to the small numbers of participants as well as its YC model which focused on the creation of apprenticeships and providing employer incentives

³⁴ Based on data contained in SFR 22/2013 combined with the report's statistical analysis

- An 11 percentage point increase in engagement in Level 1 learning and training for national participants, with a 5 and 7 percentage point increase in Leeds, Bradford and Wakefield, and Newcastle and Gateshead respectively;
 - A 2 percentage point increase in engagement in Level 2 learning and training among national participants, with a 3 percentage point increase in Leeds, Bradford and Wakefield and no impact in Newcastle and Gateshead;
 - A 1 percentage point increase in the uptake of Entry Level learning among national participants, with no discernible impact in the core city areas;
 - A negative impact of 2 percentage points among national participants on Level 3 learning and training³⁵ but no discernible impact in the two core city areas;
 - A 2 percentage point increase in Level 2 apprenticeship training among participants in Leeds, Bradford and Wakefield but no discernible impact on this seen elsewhere; and
 - Estimates suggested that 33 per cent of national participants were undertaking learning or training that could have met their duties as specified by the RPA legislation³⁶.
- The cost-benefit analysis estimated the lifetime returns to the qualifications undertaken by YC participants on earnings, health and crime reduction; relative to estimates of the costs of delivery. It assumed that core city areas operated on the same basis as the prime providers to allow comparisons to be drawn and average success rates among young people. The estimated net benefit arising from funding the national model was £12,900. Returns from core city models were very positive, although lower due to the higher prior qualification levels of participants in Leeds, Bradford and Wakefield, and higher rates of re-engagement relative to the additional outcomes secured, which attracted increased costs in Newcastle and Gateshead.

This chapter first explores the distance travelled and soft outcomes arising from participation in the YC. It then examines data from the surveys of LAs to assess their perceptions of impacts arising from the programme. This is followed by summary data arising from the quantitative evaluation which covers the hard impacts of the programme and the associated net benefits arising from participation. This commences with a descriptive account covering initial (re-engagement) outcomes based on data from the

³⁵ As young people on the programme started with very low levels of qualifications, this may indicate that they were being routed into learning at a level that was better matched to their needs and abilities

³⁶ In the case of part time education, whether duties in practice were met would depend upon whether young people were also working for at least 20 hours per week. See appendix 4 of the technical report for the rationale for the inclusion of these data.

National Client Caseload Information System (NCCIS), followed by learning and training outcome data based on the Individual Learner Record (ILR). The data generated by the ILR analysis is used to underpin the cost-benefit analysis.

5.1 Soft outcomes and distance travelled

Monitoring and evaluation systems for EET projects and programmes, which are targeted towards unemployed and disadvantaged groups (including young people), have traditionally focused on ‘hard’ outcomes that are generally more tangible to record and measure³⁷. Projects and providers usually (are required to and do) record and provide standard monitoring information on outcomes such as the number of jobs and qualifications obtained, as well as the number of participants progressing in education and training.

There is a growing recognition, however, that these measures can be limited in their ability to demonstrate the success of a project or intervention. Moreover, they may not provide a reliable indicator of a person’s progression or increased employability. It is sometimes challenging for interventions when they are expected to achieve ‘hard’ outcomes for target groups that are socially excluded and facing multiple barriers to employment and/or learning within the time available. Some individuals may simply be a long way from being able to acquire a qualification, maintain a training placement or job and may have more immediate problems that must be addressed in the first instance. Therefore, the importance of soft (or intermediate) outcomes should be recognised.

In the context of EET interventions that are designed to help young people who are excluded from the labour market, or who are in some way disadvantaged, soft outcomes are those which, unlike hard outcomes, cannot easily be measured directly.

Soft outcomes may include achievements relating to:

- interpersonal skills, for example, social skills and coping with authority
- organisational skills, such as personal organisation and the ability to order and prioritise
- analytical skills, such as the ability to exercise judgement, manage time or problem solve
- personal skills, for example, insight, motivation, confidence, reliability and health awareness.

Although it remains important to monitor hard outcomes from interventions, an additional focus on soft outcomes can provide real added value to an evaluation and bring insights which are not possible with a purely quantitative focus. The term *distance travelled*, in

³⁷ Dewson S, Eccles J, Tackey N and Jackson A (2000), *Measuring Soft Outcomes and Distance Travelled: A review of current practice*, DfES: Sheffield.

this context, refers to the progress that an individual makes towards greater employability (and subsequently the achievement of harder outcomes) as a result of the intervention.

5.1.1 Soft Outcomes and distance travelled achieved within YC delivery

Many respondents asserted that the success of the programme could not simply be measured solely in terms of EET outcomes and that the acquisition of 'soft' outcomes, such as the development of self-confidence and other social skills, as well as young people's re-engagement with support services, should also be recognised. The personalisation offered by the YC was important to its success, since through this it could be tailored to meet different needs. The ability of key workers to engage with young people and the level of sustained support offered was highly valued by programme participants and their parents and carers. Respondents (in particular, delivery staff) were also aware that achieving 'success' in terms of securing positive EET destinations could be quite mixed, although they attributed this to the complex barriers presented by some young people, which included the length of time that they had spent in the NEET group. Despite this, many cited examples where young people who had completed the programme had progressed into EET outcomes.

'The soft outcomes are the basis on which the young people can move forward. Some young people take several months before they will turn up regularly; some take several weeks before they will take their coat off; many cannot make eye contact or shake your hand when they are first referred.'

LA lead

'The key worker role under the YC is to move young people from NEET to EET and for young people to hopefully sustain that progression. But this involves a wider rounding of the young people as individuals that goes way beyond simply moving someone from a NEET to EET status. It's about helping them develop for the longer-term future.....'

LA lead

In terms of delivering soft outcomes, the acquisition of confidence was the most widely cited outcome from programme participation, followed by motivation and self-belief. Tackling anxiety which affected some young people was another key area within mentoring support. Young people in all localities reported that the mentoring support that they had received through the YC had helped to develop their confidence in other people (most notably YC delivery staff), as well as their own self-confidence and hence their ability to move forward. This finding was endorsed by evidence collected from interviews with parents and carers, many of whom also acknowledged the role of the key worker in offering family support.

'I think it (participation in the YC) holds hope at least. But I had no hope a couple of months back, but now to me I've got hope, I can see a light now, where I couldn't see a way forward before – he was stuck.'

Parent

However, the acquisition of 'confidence' and how it impacted on young people's motivation and decision-making was defined in a number of different ways, and was often closely aligned to the length of their NEET status prior to programme entry and to the anticipated time that was needed by support staff to achieve re-engagement, as well as 'hard' outcomes.

For example, among young people who were **long-term NEET** and who could be described as the hardest-to-reach or -help, achieving the confidence to participate in the YC was a major breakthrough. This was often accomplished through the diligence and perseverance of delivery staff, many of whom made repeat visits to young people's home addresses to coax their engagement and to build up a relationship of trust in the first instance.

'I went out with (name of mentor) to a house not far from here and this lad basically came down in his dressing gown at 2 o'clock in the afternoon and cowered behind the couch, scared to have a conversation with us and I basically had a conversation with his mum while he listened, to see if I could engage him in the programme that we were offering him.'

Training provider

'Most young people on the YC settle in after a month or so. Some with particular problems take longer, as they're very mistrusting and disengaged. I have to prove myself to them and build their trust.'

Key worker

Participation in a programme such as the YC was a major break-through for some participants in this group, as they articulated negative school experiences, and limited prior engagement with statutory and voluntary organisations, which was sometimes accompanied by troubled or chaotic domestic circumstances. The challenge for YC delivery staff was to sustain young people on the YC to achieve participation in re-engagement activities and, possibly, to deliver sustained outcomes. The development of a respectful and supportive relationship between the young person and their key worker(s) was fundamental to breaking down barriers in an often lengthy journey towards EET participation, which was sometimes peppered with a number of setbacks and 'false starts'. 'Being treated as an adult', 'not being judged', and 'being offered moral support' were some of the factors identified by young people as having enabled them to build confidence in working with their key workers. 'Finding tailored solutions', 'not giving up',

and ‘hand holding’ were prominent among the support mechanisms that delivery staff felt that they offered young people.

‘One young man who was “really removed from the world” and who had “none of the basics of everyday living” (including being unable to tie his own shoelaces) was clearly not in a position to engage in mainstream provision. He was offered an intensive programme of tailored one-to-one support, with several individual sessions with team members to help develop some key skills and confidence. After this, he was invited to participate in a few group activities, both to develop his skills and help him socialise more effectively. He now has an action plan, and is being supported over the summer, prior to engaging in learning activities next autumn.’

Prime provider

Some young people who could be categorised in this way had simply ‘disappeared’, having operated ‘under the radar’ within the school system and had subsequently become overlooked in terms of accessing guidance and support.

‘Those that in some ways don’t cause too many issues and perhaps are a little bit under the radar. So those that struggle, those that don’t necessarily have any particular behavioural issues in school, perhaps manage their chaotic lives better than others but still come without the prospects that we would want for them.’

LA representative

Among young people who participated in YC as an early intervention tool, i.e. those who were identified during Year 11 as being **‘at risk’ of becoming long-term NEET**, confidence was typically developed with a trusted adult (key worker) over the summer months, following completion of Year 11. YC key workers would support their transitions into education and training provision (usually in September). Mentoring support may have included help with post-16 decision-making and applications, accompanying young people to interviews with education and training providers, assisting with application procedures for bursary funding and, crucially, providing an ongoing point of support and contact once the young person had successfully started an EET programme.

Participation on the YC before re-engagement was achieved was often of limited duration, although the intervention was successful in enabling young people to access support and to develop the confidence needed, in order to make a successful and often sustained EET transition.

Finally, among young people who had become **NEET through post-16 EET drop-out**, confidence in a trusted adult, i.e. their YC key worker in the first instance, needed to be developed. ‘Fear of failure’ and ‘not being judged’ were often key barriers to re-engagement. Young people in this category had typically started a post-16 education or training programme and had dropped out because the course or provider was not what they expected, or the course did not meet their needs. The support provided through YC

mentoring helped young people to map the opportunities that were available and to make a decision about the most suitable pathway open to them. Providing support to make applications and attend interviews, and being a regular and sustained source of support post-transition, were perceived to be critical elements in developing young people's self-confidence and, hence, in sustaining their participation in EET. Length of stay on the YC before re-engagement activities could be secured was often influenced by the time of year that young people entered the programme and their ability to access to post-16 education provision, which remains largely locked into September and January start dates.

The qualitative data showed that other soft outcomes derived by young people, as a result of participation in the YC included:

- *Learning appropriate behaviour.* Examples included learning to behave in an adult setting, having the confidence to speak on the telephone and the ability to establish eye contact when speaking or being spoken to.
- *The ability to travel independently.* Evidence from a number of areas highlighted the issue of young people being fearful of using public transport and travelling alone, due to lack of experience and self-confidence. This often presented a significant barrier to initial participation in programmes such as the YC and other progression routes.

'...the meeting we had a few weeks ago with some of the providers and the YC mentors. One of the things that was coming out was ... first of all it was the travel, and getting up in the morning, so it's some pretty basic stuff... because they may be the only person in their house that's getting up... and they haven't travelled ever... and if it's a mile and a half down the road... some people just don't do it. But we have to overcome that with some of them and by doing that one-to-one and travel training and travel, even going with them on occasions, you can do it with a number of them, you can break through that barrier.'

Operations manager, prime provider

- *Overcoming other personal issues.* Examples included helping some young people with housing, money, substance misuse and relationship issues, as well as assistance with tackling personal hygiene issues, and buying food and clothes.

'...for young people that lead chaotic lives... one of the biggest barriers is homelessness... having someone there that can give them that housing support... and at times even negotiate for them when they are at risk of being kicked out of their hostels... can really help.'

Training provider

5.1.2 Perceptions about soft outcomes and value added

Respondents in the case study areas, as well as representatives from prime providers, were asked to feed back their perceptions of the YC in terms of its added value. The extent to which the YC offered value for money (VfM) provoked some discussion. The socio-economic benefits of removing some young people from short-term and long-term inactivity were viewed to have far outweighed the cost of the programme, which was considered by many to be underfunded. Some prime providers asserted that the commissioning process had been largely driven on quantity within delivery, by reducing the cost per head and maximising numbers, rather than on the quality of the offer, i.e. the maximum that could be achieved in terms of supporting a young person for a delivery cost of £2,200 per head (see also Chapter 3).

'So, not on quality. Not on the results that we were going to attain, not on the good that was going to be done and the positive activities and outcomes, but just on price. Cheap'

Prime provider

Consequently, it was widely stated that there was a lack of recognition, both within the programme design and, more crucially, within its payment structure, of the time and effort needed to recruit the hardest-to-reach and -help groups on to the programme and to sustain their participation. This was due, by and large, to the lack of inclusion of the acquisition of soft skills by young people and their distance travelled, as measured outcomes from the programme. In particular, working with the vulnerable groups had presented the challenge of trying to engage young people who had otherwise failed to interact with other agencies and successfully move a proportion of the cohort into positive outcomes. The importance of intensive support and guidance to address specific needs, which was facilitated by small caseloads, was highlighted as a critical factor in engaging young people from vulnerable groups, although it was recognised to be costly and not fully supported by the funding received either by the prime providers (outside of the core city areas) and, most notably, by subcontracted local delivery agents.

5.2 Outcomes and perceived impact among LAs

A further source of information on outcomes and perceived impact was captured by the LA surveys. Given the duties of LAs to support young people NEET between the ages of 16 and 19 years in their local areas it was salient to explore their views of potential and perceived impact.

The questionnaire differed between the two surveys. The 2013 survey investigated the key needs of young people, with increased confidence, self-esteem and soft skills, such as communication and team-work, being the most commonly identified areas on which the YC could potentially have an impact (Table 5.1). LA respondents also identified needs which were not covered by the survey which included socio-political concerns

such as ‘moving the young person away from generational unemployment’ as well as improving English and maths skills. In addition, the 2013 survey asked LAs about the challenges that could be encountered in aiming to achieve these outcomes, and appropriate provision for vulnerable groups and bridging provision between NEET and the requirement for learning or training equivalent to 20 hours per week were highlighted.

This presented a picture that was consistent the soft outcome achievements noted above which suggested that the YC had gone some way to meeting the key needs of eligible young people.

Table 5.1: The needs of young people eligible for the YC

Key needs	%
Confidence and Self-Esteem	84
Support to Develop Aspirations	77
Soft skills	73
Aligning Careers and Labour Market	71
Realistic Expectations	67
Social Skills	66
Discipline and Behaviour	58
Better Labour Market Understanding	55
Wider Geography	40
Social Networks	31
Agency about the Future	30
Removal from Gang Culture	16
Other	11

Multiple response

Source: IES survey of local authorities, 2013

The 2014 LA survey examined the extent to which the YC had targeted and supported the most vulnerable young people in the local community, and secondly whether sustainable education, employment or training (EET) outcomes had been achieved for eligible participants. The question of whether the YC had targeted and supported young people was assessed on a three-point scale, and demonstrated cautiously positive views. Nearly seven in 10 LA respondents said that the YC had targeted and supported the most vulnerable people to some extent (69 per cent), just under one-fifth reported that this was achieved to a great extent (19 per cent) although 12 per cent stated that the YC had not done this at all (see Table 5.2).

Table 5.2: Extent to which the YC targeted and supported the most vulnerable people

	2014 %
To a great extent	19
To some extent	69
Not at all	12
N	67

Source: IES survey of local authorities, 2014

A similar split was demonstrated when LAs were asked to consider whether the YC had achieved sustainable EET outcomes for eligible young people. Over half of the respondents noted that sustainable outcomes had been achieved to some extent (55 per cent), one in 10 said these outcomes had been achieved to a great extent (nine per cent), and under one-fifth noted that these outcomes had not been achieved at all (17 per cent). However, in contrast to other answers throughout the survey, a substantial proportion did not know the extent to which such outcomes had been achieved: nearly one-fifth (17 per cent, see Table 5.3). This may have indicated problems in local relationships to share data that were highlighted in earlier chapters of this report.

Table 5.3: Extent to which the YC achieved sustainable EET outcomes for eligible young people

	2014 %
To a great extent	9
To some extent	55
Not at all	17
I don't know	19
N	69

Source: IES survey of local authorities, 2014

Respondents to the 2013 LA survey commented on expected outcomes from the YC. The restrictive eligibility criteria were seen as the greatest hindrance to progress since these were said to exclude sizeable numbers of local young people who would have benefitted from support. Many of these earlier respondents expressed disappointment that work led by the LA or its partners in their local area had been duplicated.

In 2014 respondents also provided some commentary on outcomes which repeated some of these messages. Some stated that the YC was an additional resource, and had plugged some gaps in support which was suggestive of some perceived impact. Furthermore, the bespoke nature of mentoring was highlighted positively, as it meant support was tailored to the needs of young people similarly indicating that this had made

a difference locally. While some LAs thought that the YC delivered tangible successes for eligible young people, they indicated its potential effect on reducing the local NEET rate was minimal because the eligibility made it a niche programme, targeting a subgroup of the local NEET population. More generally, some asserted that the targeted young people had been disengaged for a long time and consequently, that sustaining them in EET destinations remained an ongoing challenge once their YC entitlement had been completed. The daily realities of such individuals were in the opinion of these LAs, at odds with highly structured, outcome-focused funding, which did not incentivise support to the most vulnerable. There were also concerns that some young people who would be eligible had not been reached which undermined the impact achieved in the view of these respondents.

5.3 Quantitative evaluation of the YC

5.3.1 Re-engagement activities

Table 5.4 shows the positive outcomes, which initiated the stage 2 're-engagement payment' for prime providers of the national model and equivalent data for the core city areas. This shows that the re-engagement rates varied substantially between the YC national model and core city areas. While 57 per cent of national participants were not recorded as being in education, employment or training (EET), the corresponding share of young people in the Leeds, Bradford, and Wakefield area was 31 per cent and 19 per cent in Newcastle and Gateshead. The corresponding share was zero in Liverpool, where the programme was related to the commencement of apprenticeships and all participants who were reported to have started on the YC were also reported as starting an apprenticeship.

While participation records supplied by Gateshead showed that 90 per cent of participants had started a re-engagement activity, corresponding shares were lower in Newcastle (at 67 per cent). Similarly, the rates of re-engagement varied between the LAs collaborating for the Leeds, Bradford and Wakefield core city YC such that re-engagement was at 61 per cent in Bradford, 72 per cent in Leeds and 75 per cent in Wakefield. In the national YC model re-engagement was reported for 43 per cent of participants and the majority of these had started full-time EFA funded learning compared to a quarter in Leeds, Bradford and Wakefield and less than one-fifth in Newcastle and Gateshead.

These substantially different rates of re-engagement had significant ramifications for the net benefits arising from delivery (see section 5.2.4).

Table 5.4: Initial activity after starting Youth Contract as reported in participant data

	National %	LBW*%	NG %	L %
Full-time EFA funded/accredited training	34.5		20.6	
Apprenticeship	1.3		4.7	100
Job + 280 GLH per year accredited training	0.2		5.9	
Part-time EFA funded (7h+ per week)	6.4		45.5	
Voluntary work + 280 GLH per year training	0.0**			
Work placement + 280 GLH per year training	0.0**			
Full time employment without training (18+)	0.1			
Full time self-employment/Voluntary work/Work placement without training (18+)	0.0**		2.8	
Combined part-time, voluntary work and learning	0.0**		2.0	
Total reporting activity/re-engagement	43.7	69.3*	81.4	100
No initial activity/re-engagement	57.3	30.7*	18.6	0
Total	11,144	1,074	253	104

Abbreviations: LBW (Leeds, Bradford and Wakefield), NG (Newcastle and Gateshead), L (Liverpool)

* Free text in LBW was not adjusted to standard coding

** five or fewer young people recorded in this outcome

Source: YC programme data

Past and ongoing activities among participants

Tracking participants' activities over the 12 months before they joined the YC, by age, showed that almost all **16 year old participants in the national model** were, as would be expected, enrolled in secondary education, according to NCCIS data. Some had left secondary education earlier than others and as a consequence had other activities recorded. For example, 10 per cent of the 16 year old participants had been looking for education, employment and training (EET) three months before starting the YC.

One month before the YC, the proportion seeking EET increased, with 21 per cent of 16 year old male participants and 19 per cent of 16 year old female participants seeking EET, while three per cent overall were recorded as other NEET (specifically as 'not ready'). Nine per cent of 16 year old male participants and 10 per cent of female participants in this age group were in a part-time training activity in the month prior to participation while the majority of these participants (60 per cent of the male and 63 per cent of the female participants) were in full-time education in school or other establishments.

Pre-programme activities among the **17 and 18 year old**³⁸ national YC participants differed from those aged 16 as fewer entered the programme directly from education and consequently, more were recorded as NEET before starting the programme:

- In the month when YC participation began, 61 per cent of 17 year old male and 58 per cent of 17 year old female participants were recorded as being NEET (described as either seeking EET or not ready).
- Around 15 per cent of 17 year old participants were in ‘other training and development’ in the pre-YC period. This suggested that substantial numbers of those starting the YC from the age of 17 had engaged in some learning activity following the end of secondary education.
- The pre-programme characteristics were similar for 18 year olds. The share of young people starting the YC from education was lowest for this age group (eight per cent of 18 year old male participants and 12 per cent of 18 year old female participants) while the share of those who had had gained employment and vocational education or training (VET) experiences before starting the YC was higher than for the other age groups.

The differences in pre-programme activities and attainment of participants by age and gender needed to be accounted for in the impact analysis (see section 5.1.3) since:

- The great majority of the **16 year old participants** started the YC immediately after secondary education. Most had very low attainment at KS4. It was therefore likely that they would need to gain basic qualifications before progressing to substantial education or training programmes.
- In contrast, many of the **17 and 18 year olds** started the YC having had some engagement in further education or training, although they had subsequently left this and became NEET. Compared to 16 year olds, they had slightly better qualifications and therefore greater potential to enter substantive programmes of education or training from the YC.

In the month when YC participation was recorded as having started, 45 per cent of **16 year old** male and 46 per cent of female national YC participants were registered with schools, although all had to be NEET in order to be eligible for the YC. Their status was explained by the way data for NCCIS is generated: recorded participation in education and other activities results from the planned duration of study i.e. entire academic years so young people, who leave secondary education in the summer, are presumed to be ‘in education’ until the end of July or August. However, after this point LAs undertake a tracking exercise and records are updated, therefore, six to 12 months after the start of

³⁸ This latter group were classified as ‘18-year olds’ as a shorthand since they turned this age within a month of starting the YC. Their situation was considered to differ from other 17 year old programme starters since would be at a very early stage of participation entitled to out-of-work benefits and eligible for other programmes, such as the Work Programme

the YC, the NCCIS records provided an accurate account of activities and re-engagement.

Focusing on these six-to-twelve month outcomes, substantial increases in participation in education activities were demonstrated for participants in the national YC model:

- The share of 16 year old male participants enrolled in ‘other training and development’, which primarily comprised part-time and/or short-term courses often involving work-based learning and low level qualifications as well as re-engagement activities, work tasters, and life and social skills provision, increased from nine per cent before the start of the YC to 43 per cent some six months after the participation.
- The share of 16 year olds participating in full-time education decreased to 10 per cent 10 months after the start of YC but increased to 18 per cent 12 months after the start of the YC.
- While one per cent of all male participants aged 16 at the start of the YC were recorded as in employment with VET, 12 per cent were recorded as such one year after the start of the programme.
- The share of young people NEET and aged 16 remained comparatively constant at around 25-29 per cent.
- The outcomes for female, 16 year old participants in the national YC were largely consistent with this picture, with the exception that larger shares of females were recorded as ‘not ready’.

The data on outcomes from the NCCIS data showed the following activities were undertaken by 17 and 18 year olds following participation in the national YC:

- A substantial increase was demonstrated in the share of people starting ‘other training and development’ activities which suggested that young people had restarted education, albeit part-time, to gain further qualifications. The analysis also revealed that some had started EFA-funded work-based learning, leading to low level vocational qualifications³⁹.
- Initially, there were very low levels of engagement in education and employment with VET among these groups. Over time, increasing numbers of participants of this age took up education or employment with training.

The substantial increase in participants engaged in ‘other training and development’ soon after the start of the programme, over time tailed off, and with this an increase in full-time education and work with VET was seen. This indicated that some ‘catching up’ was

³⁹ Descriptions of other learning and development are categories found in the NCCIS data and include EFA-funded work-based learning; Other training (e.g. LA, VCS or ESF funded); Training delivered through the Work Programme; Traineeships; Personal Development Opportunities; Re-Engagement Provision; and Volunteering/Working for No Reward.

taking place and initial low-level development activities became a stepping stone to participation in full-time education or training. In this way, the YC was achieving re-engagement and promoting sustained participation at the level that the raised participation age expects.

According to information available in the NCCIS, 21 per cent of national YC participants were engaged in learning or training activities that met the requirements of RPA policy at six months following the start of the YC. By the 12 month post-YC start point, this proportion rose to 28 per cent.

The **pre-programme activities and activities some six to 12 months of participants in two core city areas⁴⁰** were very similar to those among participants in the national YC such that:

- Pre-programme engagement in secondary education was high among 16 year olds and lower among 17 and 18 year olds, who were more likely to be recorded as NEET.
- A marked increase in participation in ‘other training and development’ followed the start of the YC. Some months on from this, there was an increase in the proportion of participants taking part in substantial programmes of learning or training.

The NCCIS data suggested that six months following the start of the YC, 20 per cent of participants in Leeds, Bradford and Wakefield were engaged in learning and training that met the requirements of RPA and 12 months following the start of the YC, this increased to 33 per cent of participants in this area. Similarly, the figures for participants in Newcastle and Gateshead were 20 per cent at the six months point and 25 per cent some 12 months following the start of the YC.

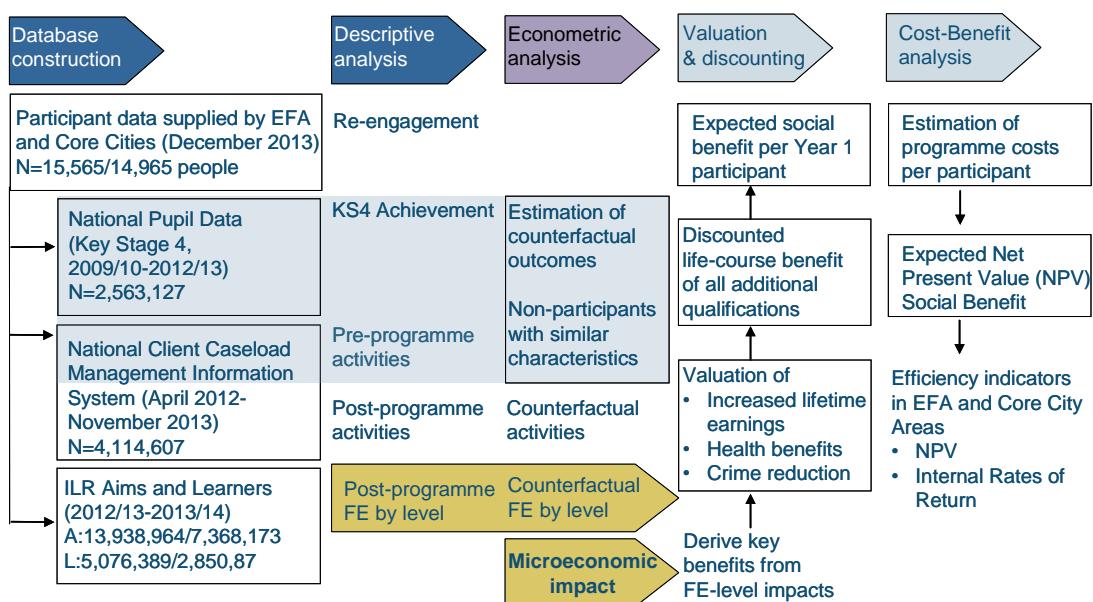
5.3.2 Impacts of the YC

The impact analysis drew on two sources in order to estimate the effect of the YC, which were the NCCIS data, which provided a monthly update on the activities of young people, and Individual Learner Record (ILR) data which was examined for impacts on the uptake of education and training. This analysis was crucial to better understand the nature of the learning undertaken by young people, to provide more information about ‘other training and development’, which were shown to be a common form of re-engagement. This analysis also produced information on the level of learning, which could be fed into the cost-benefit assessment (CBA). It must be highlighted that the analysis of ILR highlighted all examples of participants taking part in nationally accredited learning since the commencement of the YC and up to December 2013 (see section 5.2).

⁴⁰ Due to small numbers of participants and the different focus in Liverpool, it was not included in the analysis.

In both impact analyses, the activities of participants were compared to those of a matched control group of young people (termed as ‘counterfactuals’). Differences between the outcomes of participants and counterfactuals indicated impacts of the YC. The NCCIS data allowed assessment of the impact of the YC on likelihood to be EET rather than NEET and indicated the type of activity in which young people were engaged. Formal learning activity could be tracked in the ILR, and the nature of this could be described. From this it was possible to estimate impacts on the attainment of nationally accredited qualifications to feed into the cost-benefit analysis (CBA) which in turn demonstrated the impact of the YC funding on young people’s outcomes (see Figure 5.1).

Figure 5.1: Impact chain logic model



Source: IES, 2014

Impact of the YC on NCCIS recorded activities

The quantitative evaluation report (see Nafilyan and Speckesser, 2014) contains figures that visually illustrate the impacts detected in the NCCIS for different subgroups of YC participants compared to the counterfactual cases. Key highlights of these impacts are provided below.

For **16 year old male participants in the national model**, there were statistically significant differences for engagement in activities 6 and 12 months after the start of the YC. The participants in this group, in comparison to the control group, were more likely to be participating in ‘other training and development’ (23 and 25 percentage points respectively six and 12 months after starting the YC) which comprised primarily short-term and part-time courses leading to low level qualifications. Accordingly, these participants were less likely to be recorded as being in full-time education and training six and 12 months by (14 and 15 percentage points respectively) after starting the YC than the counterfactual group.

Results for the **16 year old female, national participants** showed similar impact trends. The greatest impact was on the uptake of ‘other learning and development’ with participants being 21 percentage points more likely to do this six months after starting the YC, than the counterfactuals although an impact on this was not identified for this group 12 months following the start of the YC. This participant group had significantly lower rates of participation in full-time education and employment with training after six months (11 percentage points), however this effect was no longer significant 12 months following the start of the programme. There were no significant differences in the likelihood to be NEET for this group either six or 12 months after starting the programme.

For **17 year old male participants under the national model** there was similar impact on the probability of engaging in ‘other learning and development’ six months after starting the YC than in the absence of the programme (they were 16 percentage points more likely to engage in this activity than the counterfactuals). For this group, this impact remained significant 12 months after the programme start (by nine percentage points). Further significant differences between participants and the counterfactuals were in substantial programmes of education and training such that there was a four percentage point negative impact on participation in full-time education six months after commencing the programme, although this effect disappeared 12 months from starting the YC. There was also a five percentage point negative impact on employment with training six months after the start of the YC, but again this disappeared at the 12 month point. Finally, there was a negative impact on employment without training both six and 12 months after the start-date for the YC (five and six percentage points respectively).

Similarly, for **female participants of 17 years** both six and 12 months after the start of the programme there was an impact on the engagement in ‘other learning and development’ (23 and 11 percentage points respectively). As for males of this age, there was a negative impact on participation in education (four percentage points) and employment with training six months (three percentage points) after the start of the YC, although this group had an 11 percentage point lower likelihood of being NEET after six months.

Among **18 year-old national YC participants**, there was a lower likelihood of females in this group being NEET (21 percentage points) and an increased likelihood that they would be participating in ‘other training and development’ (22 percentage points) six months after the start of the YC, compared to the counterfactuals. Among male participants of this age nationally, there was a negative impact (10 percentage points) on being in education or training six months following the start of the YC, compared to the counterfactual cases.

Impact on NCCIS recorded activities in the core city YC areas

The activities of **16-17 year old participants in Leeds, Bradford, and Wakefield** showed very similar impacts to the national YC. The 16 year old participants were more likely to take part in ‘other training and development’ than the counterfactuals six months

after the start of the YC, while there was less likelihood for participants to be NEET than their non-YC counterparts. Similarly, 17 year old participants in this area were more likely to start employment without training than the counterfactual group six months after the programme. However, while participation initially reduced the likelihood to be NEET, this impact disappeared over time. Some 12 months after the start of the programme the NEET rates were significantly higher for 16 year old participants in this area.

Six months after starting the YC in **Newcastle and Gateshead**, participants aged 16 were more likely than the counterfactual cases to be engaged in ‘other learning or development’ (31 percentage points) and were less likely to be NEET (12 percentage points) and less likely to be in full-time education or training (24 percentage points). In this core city area, 17 year old participants were also more likely to be in ‘other learning and development’ six months following the start of the YC than the counterfactual cases (26 percentage points) and were less likely to be in full-time programmes (by 18 percentage points).

5.3.3 Impact on young people’s recorded learning activity

This second assessment estimated the impact of the YC on the basis of information on learning activities documented in the Individual Learner Record (ILR) at December 2013 and provided a robust assessment of the impacts achieved by the programme on the uptake of learning and training. Overall, the YC was found to have substantially increased the re-engagement in learning or training of different levels of young people NEET in all areas examined. Nationally, 1,375 additional young people NEET re-engaged in learning or training as a result of participating in the YC; in Leeds, Bradford and Wakefield, it increased the number of young people NEET participating 113 in and in Newcastle and Gateshead it increased participation by 18 young people NEET. In relation to the 85,800 16-17 year olds who were recorded as NEET by national statistics in the relevant period⁴¹, this comprised a reduction of 16-17 year olds NEET in England of 1.8 per cent

The ILR provides information about the total planned hours for learning activities that are undertaken within an academic year. Learning activities were defined as meeting duties under RPA where they involved more 280+ guided learning hours (GLH) per year, though part time education only meets the requirement where young people are also working at least 20 hours per week⁴². Other forms of learning are supported by the legislation provided they assist young people to move towards full participation. Based on the learning activities started by national participants, it was estimated that 33 per cent were participating in courses that were either consistent with the expectations for full participation under RPA, or would be provided they were working a minimum of 20 hours

⁴¹ Judged to be captured by the Department’s statistical first release on rates of NEET - SFR 22/2013

⁴² See definitions for the purposes of RPA legislation at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/268976/participation_of_young_people_-_statutory_guidance_-_annex_1_defining_participation_001.pdf

per week. In addition, 16 per cent of national participants were involved in learning activities of less than 280 GLH annually.

The overall impacts of the YC on the take-up of learning are shown in Table 5.5⁴³. This demonstrates:

- The national model had a higher impact on engagement in learning than the YC in the two core city areas examined for impact. The biggest impact nationally was on the take-up of Level 1 programmes, with smaller impacts noted on engagement in Entry Level and Level 2 courses. A negative impact was generated nationally on engagement in Level 3 programmes. While this might be interpreted as a challenging finding, it could also be the case that young people had been routed into programmes of learning more appropriate to their needs and capabilities, given their low level of attainment on starting the programme.
- The YC in the Leeds, Bradford and Wakefield area had a higher impact on learning than the Newcastle and Gateshead YC. Similar to the national trends, in Leeds, Bradford and Wakefield there were impacts on participation in Level 1 and Level 2 courses, but also on the take-up of Level 2 apprenticeships. In Newcastle and Gateshead, the only discernible impact was on participation in Level 1 studies.
- The differential impacts between the national models and core city areas were in part explained by the different delivery models operated.

The impacts varied by subgroups of participants. Table 5.6 examines the impact of the YC on re-engagement in learning among **16 year old national participants**. Over one-third (36 per cent) of the male participants in this group had not started any learning or training by mid-December 2013 compared to 48 per cent of the counterfactual cases. Similarly, 34 per cent of female participants had not re-engaged in learning or training, compared to 45 per cent of the counterfactuals. The main impact of the YC for this age group was in Level 1 participation with an 11 percentage point difference for male and nine percentage points for female participants. There were further significant impacts on learning at Entry level, although smaller, negative impacts were demonstrated for Level 3 study, although this might indicate that young people were studying towards qualifications which were more appropriate for them, given their prior attainment level.

⁴³ YC impacts on re-engagement in learning at different levels were estimated separately by age and gender nationally, and by age in Leeds, Bradford and Wakefield and in Newcastle and Gateshead. Impacts were demonstrated to vary by these factors. The aggregated impact figures presented in this table are based on the average of impact estimates across age and gender groups that are significant (at the 5 per cent level nationally and at the 10 per cent level within the core city areas). As a result, the impact figures are not precisely equal to the average re-engagement rates of participants minus the counterfactual average re-engagement rates. As a consequence, data for re-engagement rates amongst participants are not reported in the aggregated re-engagement rates in this table.

Table 5.5: Overall impact of YC on the take-up of learning of the YC

	EFA		Leeds City Area		Newcastle and Gateshead	
	Counter-factual %	Impact (ppts)	Counter-factual %	Impact (ppts)	Counter-factual %	Impact (ppts)
Entry Level	2	0.9	4	No statistically significant impact	2	No statistically significant impact
Level 1	14	10.7	19	5.3	13	7.1
Level 2	16	2.0	17	3.3	19	No statistically significant impact
Level 3	5	-2.1	13	No statistically significant impact	10	No statistically significant impact
Level 2 Apprenticeship	3	No statistically significant impact	6	1.9	6	No statistically significant impact
Level 3 Apprenticeship	0	No statistically significant impact	1	No statistically significant impact	2	No statistically significant impact
Other	1	0.9	1	No statistically significant impact	2	No statistically significant impact
Total	41	12.3	60	10.5	53	7.1

Note: Results weighted & compare participants with non-participants; differences statistically significant;

Abbreviations: ppts – percentage points; LBW – Leeds, Bradford and Wakefield,

NG – Newcastle and Gateshead

Source: YC data merged to NPD (2009/10-2012/13) NCCIS (04/2012-11/2013) and ILR (2012/13-2013/14),

Table 5.6: Impact on ILR recorded learning activity under the national model for 16 year olds

	Male			Female		
	Participants %	Counter-factual %	Difference (ppts)	Participants %	Counter-factual %	Difference (ppts)
No re-engagement	36	48	-11.6*	34	45	-11.0*
Entry Level	5	3	2.0*	4	3	1.4
Level 1	32	21	11.0*	26	17	9.1*
Level 2	19	19	-0.1	26	24	1.9
Level 3	2	5	-2.4*	4	6	-2.1*
Level 2 Apprenticeship	3	3	0.3	3	3	-0.2
Level 3 Apprenticeship	1	0	0.3		0	-0.2
Other	2	1	0.6	2	1	1.1
N	580			364		

* significance at or below 5 per cent level; Results are weighted

Source: YC data merged to NPD (2009/10-2012/13) NCCIS (04/2012-11/2013) and ILR (2012/13-2013/14)

Table 5.7 summarises the ILR-based learning impacts for **17 year old national participants**. More than half of these male (55 per cent) and female (54 per cent) participants had not engaged in any learning recorded in the ILR by December 2014. However, this proportion would have been much higher in the absence of the YC (rates were 69 and 68 per cent respectively for the counterfactuals). Again, much of the impact was on learning at Entry Level and Level 1. However, among 17 year olds there was also an impact on Level 2, along with some evidence that young people of this age were ready to start at higher levels because of courses already undertaken post-16.

Table 5.7: Impact on ILR recorded learning activity nationally, 17 year olds

	Male			Female		
	Participants %	Counter-factual %	Difference (ppts)	Participants %	Counter-factual %	Difference (ppts)
No re-engagement	55	69	-13.6*	54	68	-13.7*
Entry Level	2	1	1.0*	2	1	0.7*
Level 1	21	11	10.1*	19	8	11.3*
Level 2	15	11	3.6*	16	12	3.9*
Level 3	2	4	-2.3*	1	5	-3.5*
Level 2 Apprenticeship	3	3	-0.4	4	4	0.2
Level 3 Apprenticeship	0	0	-0.1	0	1	-0.4
Other	3	1	1.8*	2	0	1.6*
N	863			588		

* significance at or below 5 per cent level; Results are weighted

Source: YC data merged to NPD (2009/10-2012/13) NCCIS (04/2012-11/2013) and ILR (2012/13-2013/14)

The ILR impact estimates for **18 year old, national YC participants** (Table 5.8) similarly showed a significant negative impact on the likelihood of being NEET following participation in the programme and a positive impact on Level 1 learning, relative to the counterfactual.

Table 5.8: Impact on ILR recorded learning activity in nationally, 18 year olds

	Male			Female		
	Participants %	Counter-factual %	Difference (ppt)	Participants %	Counter-factual %	Difference (ppt)
No re-engagement	59	73	-14.5*	47	75	-27.8*
Entry Level	3	1	2.2	2	1	1.6
Level 1	24	8	16.0*	30	6	23.3*
Level 2	10	8	1.5	7	9	-2.5
Level 3	2	4	-1.6	5	5	0.0
Level 2 Apprenticeship	2	4	-2.2	7	2	4.8
Level 3 Apprenticeship		0	-0.4	2	1	1.1
Other		1	-0.8		0	-0.4
N	62			43		

* significance at or below 5 per cent level;

Source: YC data merged to NPD (2009/10-2012/13) NCCIS (04/2012-11/2013) and ILR (2012/13-2013/14)

Table 5.9 shows impacts on learning among participants in **Leeds, Bradford and Wakefield** which demonstrated significant impact from the YC on EET, which increased by seven percentage points for 16 year olds and 10 percentage points for 17 year olds. There were significantly positive effects on learning at Level 1; increased participation in Level 2 apprenticeships among 16 year olds; and an impact on engagement in other vocational education at Level 2 among 17 year olds. In **Newcastle and Gateshead**, the estimates revealed significant increases in learning at Level 1 and reductions in the proportion of NEET compared to the control group (Table 5.9).

Table 5.9: Impact on ILR recorded learning activity in the Leeds, Bradford and Wakefield

	16 year olds			17 year olds		
	Participants %	Counter-factual %	Difference (ppts)	Participants %	Counter-factual %	Difference (ppts)
No re-engagement	30	37	-7*	28	38	-10*
Entry Level	2	6	-4	2	2	0
Level 1	28	21	7*	21	17	4*
Level 2	20	16	4	23	18	5*
Level 3	10	10	0	13	14	-1
Level 2 Apprenticeship	8	3	5*	9	8	1
Level 3 Apprenticeship		1		1	1	0
Other	2	1	1	2	1	1
N			195			345

* significance at 10 per cent level or better; 12 minimum cell size

Source: YC data merged to NPD (2009/10-2012/13) NCCIS (04/2012-11/2013) and ILR (2012/13-2013/14)

Table 5.10: Impact on ILR recorded learning activity in the Newcastle and Gateshead

	Participants %	Counterfactual %	Difference (ppts)
No re-engagement	38	47	-8.6*
Entry Level	3	2	0.5
Level 1	20	13	7.1*
Level 2	20	19	1.0
Level 3	5	10	-4.2
Level 2 Apprenticeship	8	6	1.9
Level 3 Apprenticeship	2	2	-0.3
Other	4	2	2.6
N			205

* significance at 10 per cent level or better; 12 minimum cell size

Source: YC data merged to NPD (2009/10-2012/13) NCCIS (04/2012-11/2013) and ILR (2012/13-2013/14)

5.4 Cost-benefit analysis

The following sections set out the results of the CBA on earnings, health and criminal activity, starting with the benefits generated, then estimating the net cost-benefit.

5.4.1 Estimated benefits

Estimated benefits of the YC to lifetime earnings

Table 5.111 summarises the valuation of benefits arising from increased lifetime earnings. Based on the learning impact data, the number of additional qualifications that would result for YC participants were estimated using average success rates. By this measure, the YC in the first year was likely to generate 1,025 additional qualifications. While Entry Level qualifications do not yield a significant earnings return (BIS, 2013), Level 1, 2 and 3 qualifications substantially increase lifetime earnings by enhancing employment and wage rates. The analysis suggested that the YC, in aggregate, would generate substantial benefits amounting to about £45.6 million in lifetime earnings. For individual participants on average, the lifetime earnings benefits from the YC amounted to £4,100.

Table 5.11: PV benefits arising from increased lifetime earnings for the national model

		YC impact on re- engagement (ppt)	Success rate %	Additional qualifications	Lifetime NPV benefits per qualification	PV benefits	
Entry Level	M	1.4	80	78	£0	£0	
	F	No statistically significant impact		n/a	£0	n/a	
Level 1	M	10.7	80	602	£62,889	£37,840,656	
	F	10.7		356	£41,418	£14,739,552	
Level 2 Apprenticeship	M	No statistically significant impact	72	n/a	£125,981	n/a-	
	F	No statistically significant impact		n/a	£42,321	-n/a	
Level 2	M	2.0	84	115	£68,336	£7,841,002	
	F	2.0		70	£30,975	£2,166,771	
Level 3	M	-2.3	83	-133	£100,873	- £13,371,615	
	F	-1.8		-62	£57,289	-£3,575,528	
Total PV benefits from increased lifetime earnings					£45,640,839		
Number of YC participants					11,144		
Expected social benefits from increased lifetime earnings per participant					£4,096		

Estimated health benefits from the YC

On the basis of the 1,205 additional qualifications at different levels stemming from the national YC, health benefits could be estimated (Table 5.12). This suggested that enhanced education arising from YC participation would, on average, generate 33.3 additional Quality-Adjusted Life Years (QALYs) every year for participants in the national model. Assigning a monetary value to QALYs has been hotly debated in the UK but most studies set values between £20,000-£40,000. In the current analysis, a QALY was valued at £30,000, consistent with Mason et al (2009). Using this value, the annual benefits were found to amount to close to £1 million. Computed over 60 years, using discount rates⁴⁴ as proposed in the HM Treasury Green Book, the lifetime PV value of additional QALYs resulting from the national model of the YC amounts to £27.1 million.

Table 5.12: Health benefits of the national model YC

	Entry level/ Level 1	Level 2	Level 3	Level 2 Apprenticeship
YC impact on re-engagement (per participant)	11.6	2.0	-2.1	No statistically significant impact
Average success rate	80.4%	83.6%	82.6%	73.1%
Effect on QALY weight of holding a qualification by level ⁴⁵	0.033	0.032	0.033	0.028
Annual additional QALYs attributed to the YC	33.8	5.9	-6.4	n/a
Annual value of additional QALYs	£1,014,463	£177,006	-£192,743	n/a
Lifetime PV value of additional QALYs	£41,935,303	£7,316,958	-£7,967,499	n/a
Total PV benefits	£41,284,762			
YC participants (2012/13)	11,144			
Expected individual PV	£3,705			

⁴⁴ 3.5 per cent for the first 30 years, 3.0 for subsequent years

⁴⁵ See technical report for detailed regression results.

	Entry level/ Level 1	Level 2	Level 3	Level 2 Apprenticeship
benefits per participant				

Note: Value of a QALY: £30,000; Discount rate: 3.5% for the first 30 years, 3.0 for subsequent years; Life expectancy at 18: 60. Figures may not add up because of rounding
Source: Impact assessment NPD-NCCIS-ILR, own calculations

Estimated benefits of the YC to crime reduction

Table 5.13 summarises the estimation of PV benefits generated by reduced crime resulting from the national model of the YC. This analysis assumes participation in the YC reduced the likelihood of not holding qualifications. The YC was expected to reduce the number of men 16-49 year old⁴⁶ without qualifications by 0.07 per cent and women of the same age by 0.04 per cent. Using the elasticity estimate derived by Machin et al (2011), the YC would reduce the number of property crimes by on average 4,900 per year. As the average cost of property crimes was £1,414 in 2013, annual benefits were predicted to be close to £7 million. The PV of all crimes prevented over the next 10 years amounted to c. £66 million.

Table 5.13: Valuing benefits generated by reduced crime from the national model

Crime and qualification levels	
Share of offenders who have no qualifications ^a	47%
Share of male offenders ^a	91%
Number of people aged 16-49 without qualifications ^b England	M: 916,682 F: 829,054
Total number of property crimes ^c	9,541,673
Average cost of property crimes ^d	£1,414
Estimated number of crimes committed by gender	M: 8,682,922 F: 858,751
Impact of education on crime	
Elasticity of crime with respect to reducing the share of people without qualification ^e	0.88%
YC impact on achievement	
	M F
Number of YC participants (2012-13)	5,890 3,388

⁴⁶ As people 50 or more have a very low propensity to commit crimes, the population of potential criminals was restricted to those aged 16-49. Benefits would be higher if this was further reduced to those aged 16-30, since this age group commit most crimes.

Crime and qualification levels			
YC impact on obtaining a qualification ^f		0.094	0.088
Decrease in number of people without qualification		556	298
% change in the number of people without qualification		0.06%	0.04%
YC impact on crime			
Number of property crimes prevented per year		4,631	272
Benefits in £ per year		£6,708,970	£393,517
PV benefits (10 years) ^g		£62,879,172	£ 3,688,203

Note: Figures may not add up because of rounding

Source: a: Surveying Prisoner Crime Reduction (SPCR). In the absence of information on the demographic profile of offenders, we assume that the age and education profile of prisoners and offenders are similar;

b: FS 2013 Q1, own calculations; c: Crimes detected in England and Wales 2012/13. Adjusted by the number committed per crime detected; d: Crimes detected in England and Wales 2012/13, HOOR 30/05 (revised 2011); Uprated by inflation; e: Machin, Marie and Vujić (2010); f: Impact analysis, own calculations
g: The period for which the benefits are computed depend on the length of the criminal career.

Summary of the benefits arising from YC participation

The analysis for the national model was replicated for Leeds, Bradford and Wakefield, and Newcastle and Gateshead core city areas. The results are summarised in Table 5.14 which also summarises the benefits arising from the national model.

Table 5.14: PV benefits in national and core city areas

	National (£)	Leeds, Bradford, and Wakefield (£)	Newcastle and Gateshead (£)
Earnings	£45,640,839	£4,887,474	£902,958
Health	£41,284,762	£3,019,833	£581,688
Crime	£66,567,375	£3,774,889	£805,996
Total PV Benefits	£153,492,976	£11,682,196	£2,290,642

Source: ILR-NPD-NCCIS-YC returns, own calculation

5.4.2 Cost estimates

Costs of delivery

The cost estimate included the operational cost of the programme. As the Department was unable to disclose to the evaluation the actual cost per participant on average for the YC or the PbR model(s) selected by prime providers of the national YC, the cost analysis was based on the following assumptions.

- A cost per participant of £2,200 which the bidding document indicated was the maximum resource the Department was prepared to make available. Evidence from the Strand 3 evaluation suggested this would considerably overestimate the Department's spending.
- Prime providers had won the YC contracts on the basis of the first option for PbR, which, in Year 1, offered 20 per cent at Stage 1 (attachment/enrolment), 30 per cent at Stage 2 (re-engagement) and 50 per cent at Stage 3 (sustained re-engagement). This model was the most favourable to providers although the Strand 3 evidence suggested few, if any, operated under this PbR model and instead, most appeared to have selected the option that meant attachment payments were removed from the PbR in year two of delivery.
- The two core city areas operated with the same per participant funding and under the same PbR model. Again, Strand 3 evidence showed this was not the case. However, making this assumption meant that comparison between the national and core city area models could be drawn.

On the basis of these assumptions, since actual data on these factors could not be disclosed, it must be noted that the cost estimates were likely to be overstated.

The cost estimates are presented in Table 5.15 for the national YC model and the two core city areas, Leeds, Bradford and Wakefield, and Newcastle and Gateshead to allow comparison, although it must be remembered that these assume the core city areas to operate under the same conditions of the prime providers which is not the case in reality. The total costs depended on the proportion of participants that were re-engaged in learning activities in each area since this would trigger the Stage 2 and in time, the Stage 3 payments. Consequently, the cost per participant was highest in Newcastle and Gateshead where the data suggested that 68 per cent of participants were re-engaged compared to 21 and six per cent in Leeds, Bradford and Wakefield, and nationally respectively.

Table 5.15: Cost estimates of the Youth Contract by area

	National	Leeds, Bradford, and Wakefield	Newcastle and Gateshead
Initial payment	£4,903,360	£472,560	£111,320
Re-engagement	£3,138,300	£217,800	£135,960
Sustained re-engagement	£683,100	£245,300	£188,100
Total	£8,724,760	£935,660	£435,380
Total number of participants	11,144	1,074	253
Cost per participant	£783	£871	£1,721

Note: the following payment schedule was assumed: initial payment: 20%; re-engagement: 30%; sustainable re-engagement: 50%. The maximum payment is assumed to amount to £2,200
Source: YC returns, own calculation

Opportunity cost

In addition to the direct costs associated with the delivery of the programme, there are social costs that arise from the reduction of GVA, while people participate in the programme and in further learning activities initiated by the YC. The foregone GVA while people engage in programmes constitute opportunity costs, irrespective of whether people would have worked in entry jobs, the non-formalised economy or family businesses, volunteered, worked illegally or been looking after children.

As the estimates of returns to vocational qualifications from BIS (2011) account for the loss in output occurring while undertaking these qualifications, these did not have to be added into the programme costs. The additional social costs that should explicitly be accounted arose from the potential reduction of GVA while people were participating in the YC, before they started learning activities. The YC impact on the employment rate of participants six months after the start of the programme⁴⁷ was used to impute the opportunity cost of the programme.

Assuming that the impact was constant over the six months of participation⁴⁸ and using wage rates of 16-18 year olds with very low educational attainment⁴⁹, the average opportunity cost of participating in the YC for six months was estimated to be around £79 per participant. As the YC had no impact on work in core city areas, the opportunity was assumed to be nil in these areas.

In addition, there were non-formalised costs to the individual, in particular the time beyond college attendance or being in the workplace to achieve learning outcomes. This would have been spent on alternative activities generating individual utility in counterfactual non-participation in learning, which was disregarded.

5.4.3 Total net benefits in present values to society

Table 5.16 displays the net present value (NPV) benefits and internal rate of return (IRR) for the national YC, Leeds, Bradford and Wakefield, and Newcastle and Gateshead. This showed that the benefits generated by the YC, expressed in present value, outweighed the costs of the programme. The IRR enabled a comparison of the efficiency of the delivery of the YC nationally and in the core city areas, assuming that all operated under the same conditions.

⁴⁷ The YC was estimated to reduce the employment rate of participants by 2.9 percentage points nationally while it did not significantly affect the employment chances in core city areas.

⁴⁸ We are likely to overestimate the output loss for two reasons: 1) the impact on employment is likely to be stronger in month 6 than in the first month, inasmuch as all participants were supposed to be NEET upon joining the YC; 2) some participants re-engage in learning in less than 6 months.

⁴⁹ Gross weekly earnings of employed 16-18 years old with no GCSEs graded A*-C who are not studying toward a qualification amount to £104 (Source: APS 2012/13)

The IRR was positive although there was a considerable variation in it between areas, such that nationally, it was 64.6 per cent, in Leeds, Bradford and Wakefield it was 45.8 per cent and in Newcastle and Gateshead it was 19.3 per cent. This suggested that the delivery of the YC nationally was more cost effective than in core cities, if the assumptions made to draw this comparison were considered reliable.

Table 5.16: NPV benefits and rate of return by areas

	National	Leeds, Bradford, and Wakefield	Newcastle and Gateshead
Total PV Benefits	£153,492,976	£11,682,196	£2,290,642
Cost	£9,616,128	£935,660	£435,380
Total NPV benefits	£143,876,848	£10,746,536	£1,855,262
Internal rate of return	64.6%	45.8%	19.3%

Source: evaluation team calculations

Note: NPV benefits are computed over 60 years

5.4.4 Net social benefits per participant

Figure 5.2 shows the PV and NPV benefits per participant generated by the YC⁵⁰. Total PV social benefits were estimated to be £13,800 under the national model compared to £10,900 in Leeds, Bradford and Wakefield, and £9,000 in Newcastle and Gateshead. NPV benefits per participant amounted to £12,900 nationally, and were lower in Leeds, Bradford and Wakefield at £10,000 and Newcastle and Gateshead at £7,300 (although this analysis assumed that core cities operated under the same funding formula as the national YC).

Figure 5.2 shows the contribution of improved earnings and employment and health and reduced crime to total PV social benefit of the YC. National YC estimates were larger than in the core city areas, and further differences emerged in the different elements generating the full social benefit estimates. In Leeds, Bradford, and Wakefield, the social benefits from improved earnings and employment rates were higher than seen nationally (at £4,600 compared to £4,100), while benefits from improved health and reduced crime were lower. In comparison with the national model, where the labour market benefits represented 29 per cent of the total benefits, 42 per cent of the total benefits in the Leeds, Bradford and Wakefield arose from improved labour market outcomes (assuming it operated under the same model as operated nationally).

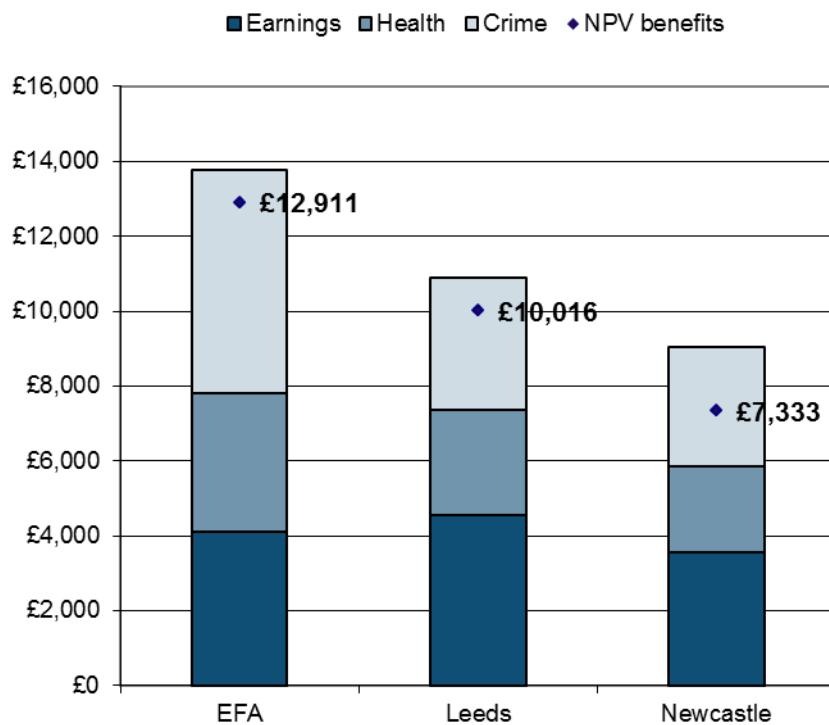
Explaining this difference, participants in Leeds, Bradford and Wakefield had, on average, higher qualification levels at the start of the YC than those nationally, and consequently, impacts resulting in Level 2 learning were higher. These resulted in higher levels of benefits due to improved labour market outcomes for participants on average,

⁵⁰

NPV benefits are equal to PV benefits minus the cost of the programme

although overall impact deriving from all qualifications started was lower in this core city area than nationally. In contrast, impacts found for YC participants in Newcastle and Gateshead suggested that benefits resulted from increasing engagement in education at Level 1. Compared to the national picture, benefits from improved labour market outcomes were therefore slightly lower.

Figure 5.2: Benefits and net benefits per participant in present value £s



Source: ILR-NPD-NCCIS-YC returns, own calculation.

Note: NPV benefits equal PV benefits minus cost per participant

Social benefits were nevertheless likely to be lower in Leeds, Bradford and Wakefield as, in addition to improved labour market outcomes there were substantial benefits resulting from enhanced health and reduced crime. Although lower level (Entry Level) qualifications are not believed to yield substantial labour market returns, they positively affect health and crime. In the light of this, if the YC in core city areas had been targeted at those young people with lower educational attainment at the outset (as in the national model) this would have increased the social benefits in core city areas.

In essence, the targeting of the YC to young people with low educational outcomes under the national model increased the overall benefit seen for each participant. However, while looser targeting would most probably have reduced the social benefits associated with each participant it might have increased total social benefits, provided that a larger number of young people would have benefited from the programme. It is worth therefore highlighting that there is a trade-off between value for money and total social benefits.

6 Conclusions, implications and recommendations

Key points

- A common thread that ran through national and two of the three core city areas was an emphasis on identifying and supporting young people in the NEET group who were hard-to-reach or -help. Beyond this, core cities determined the nature and shape of delivery, which entailed flexible entry criteria and in some areas a focus on developing work experience opportunities as a pathway to apprenticeships.
- Being able to determine the nature and shape of delivery was crucial to LA engagement; the presence of LAs as subcontractors for delivery was growing. Nationally, the role and profile of LAs during contracting and within implementation was a source of ongoing friction.
- A key learning point from the evaluation was the effectiveness of the intensive mentoring support delivered through the YC. However, a growing focus on early identification and preventative work with young people at risk of becoming NEET should not replace work to identify and support young people who disengaged from education before Year 11, many of whom were classified as unknown within destination statistics.
- The acquisition of soft skills (primarily self-confidence) was a pre-requisite to achieving young people's re-engagement in EET although developing these soft skills could take considerable time and their acquisition was not specifically recognised by the payments system.
- While the initial design decision focused on tight eligibility criteria, the later, restricted extension did not significantly increase volumes. The lower than expected numbers engaging, combined with the backloaded payments systems, meant that some providers questioned the financial viability of delivery.
- The quantitative assessment showed that the YC achieved its objective of engaging young people with very low educational attainment, especially within the national delivery model and in obtaining higher rates of re-engagement into education, employment or training in two of the core city areas.
- The PbR model was perceived to be 'back loaded' and failed to sufficiently reward either the up-front investment needed to recruit staff or the time investment needed to reach and engage hard-to-reach or -help young people.
- Achievement of positive destinations was heavily dependent on the local context and provision and demonstrated a need for increased flexibility among education and training providers, in order to improve progression rates.

- The YC offered intensive support to some young people within the NEET population at a time when many LAs have been challenged in delivering their RPA statutory duties, due to significant budget cuts.
- The implementation of the YC highlighted the need for a coordinated local response to identify, support and meet the needs of young people who are NEET or who are ‘at risk’ of disengagement.

Policy recommendations include:

- A follow-up study to map progression and understand more about progression between ‘other learning and development’ as noted in the NCCIS and more substantive programmes of learning captured by the ILR.
- The development of a ‘NEET premium’, to support locally driven approaches to meeting the needs of vulnerable groups of young people.
- Widening eligibility criteria to allow some local discretion to support young people with complex barriers who do not meet the low attainment criterion.
- Providing tailored work experience and offering larger paid incentives to young people to participate in work experience placements for prolonged periods.
- Measuring and attaching greater weight to soft outcomes and distance travelled.
- Implementing a targeted approach, incorporating the recognition and development of the disparate skill sets required by delivery staff, and the adoption of differential payment rates for providers, based on the complexity of participants’ needs.

This final chapter draws conclusions on the basis of the evidence presented and identifies implications arising for supporting low-qualified, young people NEET, as well as lessons for those involved in design and delivery of programmes intended to support them. Implications for national policymakers are also identified and policy recommendations are made.

6.1 Conclusions and implications for supporting low qualified, young people NEET

The YC for 16-17 year olds operates two contrasting and distinct models:

1. A national model, where the Department commissioned a small number of national prime providers to develop supply chains of subcontractors in different localities, and where delivery is governed by a ‘black box’ approach, PbR and strict eligibility criteria; and
2. Three core city areas (comprising different numbers of LA areas: Leeds, Bradford and Wakefield – three LAs; Newcastle and Gateshead – two LAs; and Liverpool – one LA), with responsibility for determining the composition and delivery of the YC devolved to individual LAs, which also had much greater flexibility in managing the

application of PbR, their programme entry criteria and in determining the measurement of sustained outcomes⁵¹.

A common thread that ran through both types of delivery (the national model and core city areas) was the emphasis on identifying and supporting young people in the NEET group who were hard-to-reach and -help. This was achieved through: mentoring and intensive support that identified and targeted young people who had no mandatory attachment to statutory services (in most cases) and who were at risk of becoming NEET or dropping out of post-16 EET; and critically, young people who had spent sustained or fluctuating periods in the NEET group before the age of 18. The focus on the delivery of intensive mentoring support through the YC, as opposed to developing additional education and training provision, was broadly welcomed by most stakeholders in most localities. A key learning point from the evaluation was the effectiveness of this approach, often in a context of diminishing local support services that are available to this group of young people. Key workers and mentors, many of whom had extensive experience of working with young people with complex needs, were employed within local areas to deliver this service.

In light of the RPA, and in order to enable and support low qualified young people NEET to make effective transitions, key workers stressed the importance of undertaking a holistic, young person-centred approach, in which a ‘soft skills’ development policy was a crucial aspect. Confidence, motivation and self-belief were the key ‘soft’ outcomes reported by young people themselves as resulting from their effective participation in the YC. The acquisition of soft skills was a pre-requisite for achieving young people’s re-engagement in EET and the length of time needed to ‘move the young person on’ was often closely aligned to both the length of time they had spent in the NEET group, and the period of their disengagement from statutory services and other interventions. In future policy development, due consideration needs to be given to the time needed to recruit young people (due to the expected, although non-enforceable nature of the RPA) and, more fundamentally, to the significant time allocation that may be required to prepare young people, in terms of both their skills and confidence, before progress to an EET outcome can be expected, achieved or sustained. The acknowledgement of these requirements also needs to be reflected within payment systems, with an increased emphasis on up-front payments to further support the development of soft skills and to map and recognise distance travelled.

While young people with low qualifications have a much stronger propensity to enter the NEET group, and to remain NEET once they do, the qualification assessment for entry to the national programme proved restrictive, in terms of identifying young people who fell into this category, having to ‘prove’ eligibility and, crucially, in reaching some of the hardest-to-reach and -help groups who fell outside these tight boundaries. Identifying

⁵¹ These are outlined in section 3.2.2 earlier although core cities did not elaborate the precise measure for judging sustained outcomes so the evaluation is unable to indicate their comparability to the national measure of five out of six months sustained participation in education or training.

young people early (at the end of compulsory education or when dropping out of post-16 education or training) for participation in the programme proved to be efficient in reducing NEET figures and in preventing young people from becoming long-term disengaged and ‘lost from the system’. However, doing this more extensively would also have reduced the impact and social benefits arising from delivery since these were greater for 17 year old participants. Consequently, leading preventative work should not replace the need to identify and support young people who have disengaged from schooling before completing Year 11 or who have had disrupted school patterns, often resulting in them having the status of NEET or unknown within destination statistics. Young people in these categories are often challenging cases, because of their isolation and lack of contact with support agencies, as there is no statutory requirement for them to engage. They require a much greater degree of intensive and sustained support to avert the risk of sustained, long-term disaffection, as well as economic and social exclusion.

The analysis of the NPD data showed that the YC achieved its objective of engaging young people with very low educational attainment, especially under the national model. It was also successful in engaging larger numbers of male British white participants. One core city area attracted slightly higher numbers of young people than seen nationally who had missed over 25 sessions during KS4 (Newcastle and Gateshead) and the other attracted a slightly higher proportion than nationally who had been excluded from school more than once (Leeds, Bradford and Wakefield). Rates of re-engagement varied substantially between the national and core city areas operating a model which shared similarities with it, with higher rates of re-engagements into EET outcomes being observed in the core city areas. There was a lower impact on achieving qualification outcomes in the two core city areas where data allowed analysis. This may, in part, be attributed to the greater flexibility with regard to entry criteria and to the design and delivery of locally tailored YC interventions, which varied from the national model and, in two localities, placed much greater emphasis on developing work experience opportunities as a route to accessing apprenticeships. Participation in the national YC had a positive and significant impact on improving destinations into ‘other training and development’ routes and on reducing NEET rates. However, national programme participants (16-17 year olds) had lower rates of participation in full-time education and in jobs with training, in comparison to the control group.⁵² Among 17-year olds, participation in the programme also had the negative effect of reducing the number of young people entering jobs without training.

However, the impact analysis based on ILR analysis demonstrated that compared to the counterfactual absence of the YC, the national YC significantly increased engagement in learning. The national model also achieved substantial increases in participation at Entry

⁵² Note, ‘jobs with training’ also includes jobs with non-accredited training. In the period analysed payments for jobs with non-accredited training were not payable under the terms of the YC unless participants were aged 18. From February 2014 some forms of non-accredited training became acceptable outcomes at the re-engagement stage which led to initial re-engagement payments being claimable. However, to claim sustained re-engagement payment, these young people would have to be supported into education or training that met the RPA specification.

Level and Levels 1 and 2. However, these positive impacts were slightly reduced by negative effects on higher levels of learning (although this may have represented young people being routed to courses that were more closely aligned to their needs and capabilities). While impacts were lower for learning up to Level 2 in two of the three core city areas (Leeds, Bradford and Wakefield and Newcastle and Gateshead)⁵³, there were also no negative effects on Level 3 engagement. In contrast, significant impacts were found on engagement in Level 2 learning and Level 2 Apprenticeships in one of these two core cities.

Furthermore, the analysis also demonstrated that impacts differed by the age of participants: 16 year olds had increased likelihood to enter learning at Entry Level and Level 1 compared to counterfactual non-participation, whereas statistically significant impacts for 17 year olds were also found for Level 2 learning. Overall, results suggested that the YC had a stronger impact on the relatively older cohort. Using these impacts, and assuming average success rates in qualification completion, the cost-benefit analysis estimated the lifetime returns to the qualifications undertaken by YC participants on earnings, health and crime reduction; relative to estimates of the costs of delivery. Present values of social benefits were substantial in all areas, but were higher nationally (at £12,911) than in Leeds, Bradford and Wakefield (£10,016) and Newcastle and Gateshead (£7,333).

6.2 Lessons arising from design and delivery

There was a consensus among national stakeholders and prime providers about the key goals for the YC, which included: testing payment-by-results linked to re-engagement and sustained outcomes; tight eligibility; assisting the hardest-to-reach and -help young people; and the black box approach. Concern was raised about the accuracy of the estimated cohort size at the contracting stage and the implications of this for prime providers and their supply chains. Some respondents stated that their initial estimates of potential programme participants were too high and they remained pessimistic about achieving their target figures, even revising their estimates down, in terms of their achieved numbers within programme throughput. While the initial design decision to allow access only to young people with no GCSEs at A*-C in the national model, the later extension to include those with up to one GCSE, as well as care leavers and young offenders, did not significantly increase volumes.

The role and profile of LAs at the contracting stage and within programme implementation was a source of friction, due to the tensions surrounding the contract arrangements and the exclusion of many LAs from having an active role in the delivery of the YC. Overall, their involvement in delivering the YC could be judged as limited,

⁵³ No impact and cost-benefit analyses were undertaken for the programme in Liverpool. This was due to small numbers of participants and the delivery model which focused on creating apprenticeships. A longer time window after programme participation would have been required in order to estimate impacts of this particular intervention as well as a larger group of participants.

although increasing by 2014. Within the national model, LAs' statutory duties to meet the needs of the NEET group within a financially challenging environment, which had resulted in many areas losing a substantial part of their own guidance and support services, was, in some localities, reported to have compromised their capacity and willingness to cooperate with YC delivery agents. Delivery was more effective when prime providers or delivery agents also had responsibility for the provision of local guidance services or had already established close links to guidance providers, in order to access CCIS data. In essence, prime providers stressed that more should have been done to foster goodwill with LAs at national level at the policy design and commissioning stages, as this would have effected greater support for policy implementation.

Effective delivery was underpinned by cohesion and understanding between local delivery partners. This collaborative partnership working had typically been developed and established prior to the operation of the YC. Where partnership working had to be engendered, it took time to establish service level agreements, in particular with regard to the exchange of data. This impeded local implementation of the YC.

The core city areas welcomed the much greater flexibility that they had been accorded, in terms of programme eligibility criteria, and the opportunity to build on local partnership links to execute a programme which they believed was far more attuned to meeting their local needs. The core cities were able to draw on longstanding partnerships with other agencies within the LA and a range of public, private and VCSE organisations to identify and share the intelligence necessary to deliver the YC. There also appeared to be more emphasis on establishing links with VCSE organisations. In addition, they could use their own CCIS data as a basis of recruitment.

While the PbR was an expected part of delivery within the national model, it was perceived to be 'back loaded' and failed to sufficiently reward the up-front investment needed to recruit staff, as well as the time investment needed to reach and engage hard-to-reach and -help young people. There was evidence of growing concern among prime providers and subcontractors about the financial viability of the model. Lower than anticipated numbers, coupled with the backloaded payments, had led to lower than expected returns for running the programme for prime providers. A knock-on effect was that some subcontractors were not seeing the expected rates of referrals or throughput, which led to widespread assertions that the payment model was neither viable nor sustainable.

A wide range of approaches was utilised by delivery staff to engage with young people (as part of the national model and core city delivery). This included: outreach work by delivery staff; working in partnership with key local agencies to identify eligible young people; working with local schools and colleges; using relevant databases (i.e. CCIS); and data sharing. The focus of the intervention was on a personalised-tailored approach. The YC offer typically comprised an assessment of the young person's needs and a focus on developing a positive and sustainable relationship with them. Once the young

person had committed to joining the programme, progress could then be made on plans to move forward with re-engagement activities. Some delivery staff questioned the need for stipulations from prime providers about the type and frequency of contact with young people, asserting that this needed to be determined on a case by case basis (particularly for the most vulnerable) and that their greater professional integrity should be recognised as enabling them to make those assessments.

In the first year of delivery, prime providers and core city LAs reported that the achievement of positive destinations was heavily dependent on the local context and provision. Some highlighted a need for increased flexibility among education and training providers to offer course starts more regularly throughout the year, in order to improve progression rates. Concern was expressed in some case study areas about the general lack of, or reduction of, flexible pre-EET provision and about the availability of ESF provision, which had been fractured in some areas by the re-contracting arrangements conducted during the course of 2013. There was also disquiet about the opportunity for VCSE organisations to form part of local delivery, as many had been squeezed out of supply chains within the national model. The evidence suggested that, over time, there were opportunities for their inclusion, but the financial risks associated with delivery meant that few had taken this up. Many were small organisations and were unable to manage the financial insecurity associated with both back-loaded payments and anticipated low numbers being referred to them. Within the core cities delivery models, the inclusion of small VCSE organisations was secured through removing the application of PbR and its associated risks.

There was limited confidence in the ability of Study Programmes or Traineeships to offer viable progression routes for many YC graduates. Issues about selectivity in Study Programmes, and a level of misunderstanding among some training providers about what the new programme was expected to deliver, raised question marks about its appropriateness as a progression route in some localities. The Traineeships programme was regarded as being new and still in the process of bedding down.

The slow start-up of YC delivery had impacted on the number of sustained outcomes achieved in the first year of its operation. Also, it was reported within case study areas that, while fewer young people were moving through the YC than had been anticipated, they were also doing so at a slower than expected pace. The role of maintaining young people in their destinations was underpinned by sustaining contact with their key worker, which helped to reduce ‘false starts’ and ‘wobbles’.

6.3 Implications for national policymakers

The YC ‘plugged a gap’ by offering intensive support to some sub-groups within the NEET population at a time when many LAs, or their subcontracted delivery agents, were challenged in delivering their RPA statutory duties, due to significant budget cuts. There was widespread concern about the diminishing level of impartial support services

available to young people at the local level. In particular, there had been an impact on the mapping and tracking of young people, and on the availability of intensive support to young people who were NEET or who were 'at risk' of disengagement. Allied to this point, concern was also expressed about the quality of CCIS data, which was a critical starting point in identifying the eligible cohort, and about the lack of ability or willingness of some LAs to share this data with third party organisations.

The delivery of LA RPA statutory duties relating to the NEET group sometimes collided with the delivery of the YC in the national model, particularly when prime providers, their local supply chains and LAs lacked any established track record of working together. This impeded the delivery of the programme, with time being needed to establish working relationships and to draw up service level and data sharing agreements. Delivery was also impeded when a prime provider was replaced in one contract package area and, more frequently, when local subcontractors withdrew from YC delivery (usually for financial reasons).

There was a general consensus among all types of respondent that the YC lacked sufficient funding 'from the top down'. Prime providers stated that they had bid for the programme on price and, consequently, had cut their costs to secure the delivery of the programme. This, in turn, affected the amount of payment available within the supply chains and, ultimately, the allocation of funding that was available to support young people. Furthermore, the evidence was consistent: insufficient funding was available up-front in the national model to support the recruitment process and the intensive work that often had to be undertaken to develop soft skills before young people (in particular the most disengaged) were able to progress into pre-engagement and sustained outcomes.

There was concern in local areas about the lack of national publicity of the YC, which made local marketing and implementation more difficult. Also, some confusion existed about the inter-relationship between the YC for 16-17 year olds and the post-18 model. In areas where small financial incentives/rewards were made available to young people, this strengthened delivery of the programme. These incentives included covering travel costs, offering bonus payments for sustained participation and meeting equipment and lunch costs incurred to participate in work experience placements. In some local areas, the bureaucracy associated with YC delivery was considered burdensome, with the need to collect evidence to secure sustained payments being singled out. Obtaining letters or signatures to verify destinations, for example from large colleges or small employers, was time-consuming and brought even bigger pressures to bear on local delivery staff, who were often struggling to make the overall payment structure workable, in order to meet their overall costs.

6.4 Policy recommendations

A coordinated response

The implementation of the YC has highlighted the need for a coordinated local response to identify, support and meet the needs of young people who are NEET or who are ‘at risk’ of disengagement. Much greater synergy is needed between local intelligence-gathering, guidance and support services and the provision of EET programmes, in order to avoid both duplication of effort and an uncoordinated and inefficient response. Where prime providers and their supply chains are operational, much greater emphasis should be placed on ensuring that they build and foster local partnerships and engage with local economic development and regeneration agencies, including LAs and Local Enterprise Partnerships (LEPs).

A follow-up study

The quantitative assessment based on NCCIS data showed that national YC participants (16 and 17 year olds) had lower rates of participation in full-time education and in jobs with training, in comparison to the control group and higher rates of engagement in other learning and development. A follow-up of the sample would throw further light on this finding and, crucially, it would ascertain whether, through additional support offered within the YC, young people tended to make progressive steps into full-time learning. This may enable them to be sustained in EET outcomes for much longer periods and reduce levels of NEET churn.

A NEET premium

As an alternative intervention to the YC, a ‘NEET premium’ would support a locally driven approach to meeting the needs of vulnerable groups of young people and would ensure that resources are closely targeted to young people’s needs. Additional funding ‘per head’ could be allocated directly to local EET providers and/or VCSE organisations, who would be assessed on their commitment to work with vulnerable groups and their willingness to identify and support young people with specific vulnerabilities to achieve EET re-engagements. This could be managed by LAs, who have responsibility for supporting young people to participate and who are also expected to give priority to helping those who are NEET to re-engage. This model should also give due recognition within its funding formula to ‘distance travelled’ towards achieving EET outcomes.

Wider eligibility criteria

Lower than expected numbers of young people entered the YC. The qualitative evaluation evidence suggested that within the national model the eligibility criteria (even after its extension) were restrictive and failed to capture some young people in the NEET group who may have benefited from the intervention. This may be attributed to an over-estimate of the size of the eligible population, a lack of robust intelligence being available in localities to identify eligible young people, and/or young people being unwilling or unable to participate. Lower than expected numbers of young people entering the YC

indicated some spare capacity was likely to be available and increasing numbers slightly might improve efficiency. The quantitative evaluation evidence showed that while widened eligibility would increase the number of participants which in turn would increase total social benefits, the net social benefits arising for each participant would be reduced since the focus on low qualified young people would underpin impact. This indicates a trade off in terms of unit value for money and total social benefits. To maintain reasonably high impact levels a focus on low qualifications would be crucial however some limited local discretion may also be valuable. Providers would have welcomed some discretion, in order to allocate places on the basis of their own assessment of individual young people's needs.

Eligibility criteria, which encompass length of time spent in the NEET group and/or length of time outside participation in EET provision, would capture a greater proportion of the cohort. However, in tandem, an emphasis on hard- to-reach and to-help young people is critical. Crucially, an intervention which ensures that all young people who are NEET or who are 'at risk' of becoming NEET are identified and supported, needs to be operationalised. This would avert the risk of long-term disengagement and their absence from 'the system' until the age of 18 years, when mainstream statutory qualification for support from adult welfare interventions becomes available.

Tailored work experience

Support for young people in the NEET group to gain work experience and have supported transitions into the labour market was successfully tested in some core city areas. Valuable lessons about shared working practices between local agencies to ensure that young people's individual needs are at the core of the operation can be learnt from their experience. This involved mentors working alongside VCSE partners to broker tailored packages (for example, in literacy and numeracy) and then working in tandem with other organisations which could subsequently assess and identify bespoke work experience and apprenticeship places. In this way, a supported and sustained transition to the world of work was facilitated. Offering larger paid incentives to young people to participate in work experience placements for prolonged periods would also engender greater support and commitment from young people and dispel notions of exploitative labour.

Measuring soft outcomes and distance travelled

Far greater weight needs to be attached to the acquisition of soft outcomes and distance travelled within programmes such as the YC. Due consideration needs to be given to the development of IT systems which measure and record such outcomes and reward delivery agents who can demonstrate success in moving young people forward, as well as sustaining young people's voluntary links with them, in the absence (in most cases) of a statutory requirement to do so.

A targeted approach

A targeted approach to policy intervention to meet the needs of the NEET group is required. The evaluation of the YC highlighted that, within the tight parameters of the national model, there emerged a segmented population of young people, with each group requiring differing degrees of support, intervention and time requirements to achieve positive EET outcomes.

In light of these widely varying and multi-faceted needs of the YC participants, and the vast range of skills and experience which is required to provide appropriate support, a 'one-size fits all' intervention warrants re-examination. Rather, a strong case can be established for implementing a targeted intervention (based on a needs assessment), which is supported by robust intelligence and delivery agents with the skills, competence and resources to meet a diverse range of needs. In order to achieve this, two key aspects need further consideration:

1. Different levels of staffing and types of delivery agent are required to work with young people depending on their needs. For example, guidance staff working in schools may be better placed not only to identify young people who are at risk of becoming NEET at the end of Year 11, but also to provide sustained support over the summer months and beyond, in order to secure and retain their participation in EET. Outreach staff require a far greater breadth of skills, in order to engage with the hardest-to-reach and to address multiple issues which they face. This may require help with housing, benefit entitlement and family issues, alongside tackling their barriers to participation and retention in EET. Accordingly, these disparate skill sets required by delivery staff should be recognised and attention given to the development and reward of specialist skills.
2. Differential payment rates should be introduced for providers, with weightings based on the complexity of the needs of those young people with whom they are working. However, a differential payments model should avoid the pitfalls of specifying particular vulnerabilities or disadvantages, within which some young people may be easier to help and therefore prioritised for support, and instead focus on an assessment of the extent and complexity of the barriers faced by individuals. To avoid the risk of providers seeking to achieve easy outcomes such as young people being routed onto 'safe' courses of low rigour, payment rates might be varied by the type of outcome achieved, provided there is still tight eligibility or additional reward for helping the most vulnerable.

Appendix 1: National YC Prime Providers, contract package areas and supply chains

This listing is based on information downloaded from the website of the Department for Education 20 February 2014. This information had last been updated in August 2013.

Manchester and Cheshire

Provider: Groundwork

Geographical coverage: Groundwork is delivering across 13 local authority areas: Bolton, Bury, Cheshire East, Cheshire West & Chester, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford, Warrington, Wigan

Supply chain: Groundwork Bury & Bolton; Groundwork Manchester, Salford, Stockport, Tameside, Trafford; Groundwork Cheshire; Groundwork Lancashire West & Wigan; Rathbone; The Prince's Trust; YMCA Training

East Midlands

Provider: Groundwork

Geographical coverage: Groundwork is delivering across 9 local authority areas: Derby City, Derbyshire, Leicester City, Leicestershire County, Lincolnshire, Northamptonshire, Nottingham, Nottinghamshire, Rutland

Supply chain: Groundwork Derby & Derbyshire; Groundwork Leicester & Leicestershire; Groundwork Greater Nottingham; Groundwork Creswell, Ashfield & Mansfield; Groundwork Northamptonshire; Barnardo's; Catch 22; YMCA Training; Riverside Housing

Merseyside, Lancashire and Cumbria (excludes Liverpool)

Provider: Groundwork

Geographical coverage: Groundwork is delivering across 10 local authority areas: Blackburn-Darwen, Blackpool, Cumbria, Halton, Knowsley, Lancashire County, Sefton, St. Helens, Wirral

Supply chain: Groundwork Lancashire West & Wigan; Groundwork Pennine Lancashire; Riverside Housing; The Children's Society; The Prince's Trust;

East of England

Provider: The Consultancy Home Counties Limited (TCHC)

Geographical coverage: TCHC is delivering across 11 local authority areas: Bedford Borough, Cambridgeshire, Central Bedfordshire, Essex, Hertfordshire, Luton, Norfolk, Peterborough, Southend, Suffolk, Thurrock

Supply chain: TCHC Limited; ACER; The Learning Partnership; College of West Anglia; EYS Ltd; Peterborough Regional College; The Papworth Trust; TheLightBulb; Ixion Holdings; Norfolk Training Services; City College Norwich; Lowestoft College; West Suffolk College; Otley College; Great Yarmouth College; The Enterprise in Education Partnership; Cambridge Regional College; Huntingdon Regional College; Hertfordshire County Council; Norfolk County Council; Luton Borough Council; Peterborough City Council; Central Bedfordshire Council; Bedford Borough Council

North East (excludes Newcastle and Gateshead)

Provider: Pertemp People Development Group Limited

Geographical coverage: Pertemp People Development Group Limited is delivering across 10 local authority areas: County Durham, Darlington, Hartlepool, Middlesbrough, North Tyneside, Northumberland, Redcar & Cleveland, South Tyneside, Stockton on Tees, Sunderland)

Supply chain: Morrison Trust; Groundwork; IGEN; The Prince's Trust; Stockton Riverside College; Sunderland College

South East (A)

Provider: Skills Training UK

Geographical coverage: Skills Training UK is delivering across 6 local authority areas: Brighton & Hove, East Sussex, West Sussex, Kent, Medway, Surrey

Supply chain: Shaw Trust; Surrey CC; Sussex Downs College; Chichester College; Sussex Coast College; Medway Youth Trust; Go Train; TBG; Tomorrow's People Trust; Catch 22; Future Creative; East Kent ITeC; DV8; NCDA; NXG Group; Treejumpers; Beacon Church, My Bnk

South East (B)

Provider: Skills Training UK

Geographical coverage: Skills Training UK is delivering across 13 local authority areas: Bracknell Forest, Buckinghamshire, Hampshire, Isle of Wight, Milton Keynes, Oxfordshire, Portsmouth, Reading, Slough, Southampton, West Berkshire, Windsor & Maidenhead, Wokingham

Supply chain: West Berks Training Consortium; Wheatsheaf Trust; Catch 22; Milton Keynes College; Portsmouth CC (PCMI); Reading Borough Council; YMCA; Southampton CC; Isle of Wight Council; Hampshire CC; The Adviza Group; My Bnk

South West

Provider: Prospect Training Services (Gloucester) Limited

Geographical coverage: Prospects Training Services (Gloucester) Limited is delivering across 16 local authority areas: Bath & NE Somerset, Bournemouth, Bristol, Cornwall, Devon, Dorset, Gloucestershire, Isles of Scilly, North Somerset, Plymouth, Poole, Somerset, South Gloucestershire, Swindon, Torbay, Wiltshire

Supply chain: Prospects Training Services (Gloucester) Ltd is the primary deliverer of the programme, and does not have a formal subcontract arrangement in place but will be delivering the Youth Contract working alongside a range of partners, such as local sports clubs, children and family centres and youth support services

West Midlands

Provider: Prospects Services

Geographical coverage: Prospects Services is delivering across 14 local authorities areas: Birmingham, Coventry, Dudley, Herefordshire, Sandwell, Shropshire, Solihull, Staffordshire, Stoke on Trent, Telford & Wrekin, Walsall, Warwickshire, Wolverhampton, Worcestershire

Supply chain: BEST; CSWP Limited; Herefordshire County Council; Shropshire County Council Training; Staffordshire County Council; Stoke-on-Trent City Council; Telford and Wrekin Council, Worcestershire County Council;

Yorkshire and the Humber (excludes Leeds, Bradford and Wakefield)

Provider: Prospects Services

Geographical coverage: Prospects Services is delivering across 12 local authority areas: Barnsley, Calderdale, Doncaster, East Riding, Kingston upon Hull, Kirklees, North East Lincolnshire, North Lincolnshire, North Yorkshire, Rotherham, Sheffield, York

Supply chain: Barnsley Metropolitan Borough Council; YMCA; Hull City Council; Barnardo's; C & K Careers; North East Lincolnshire Council; North Lincolnshire Council; Sheffield City Council; YOUR Consortium; East Riding of Yorkshire Council; Princes Trust; Rotherham Metropolitan Borough Council

London North

Provider: Prospects Services – commenced delivery on 1 August 2013

Geographical coverage: Prospects Services is delivering across 21 local authority areas: Barking & Dagenham, Enfield, Haringey, Hackney, Havering, Newham, Redbridge, Tower Hamlets, Waltham Forest, Barnet, Brent, City of London, Ealing, Harrow, Hillingdon, Hounslow, Camden, Islington, Hammersmith & Fulham, Kensington & Chelsea, Westminster

Supply chain: London Borough of Barking and Dagenham; Community Links; Prospects; Catalyst; London Borough of Camden; Westminster Kingsway College; City Gateway; London Borough of Ealing; London Borough of Enfield; Community Links; CFBT; Twist; Royal Borough of Kensington and Chelsea; Newham College; Quest/Exemplas; London Borough of Tower Hamlets.

London South

Provider: Prospects Services – commenced delivery on 1 August 2013

Geographical coverage: Prospects Services is delivering across 12 local authority areas: Bexley, Bromley, Croydon, Greenwich, Kingston, Lambeth, Lewisham, Merton, Richmond, Southwark, Sutton, Wandsworth

Supply chain: Prospects; NXG; London Borough of Bromley; Twist; BELS; London Borough of Kingston Upon Thames; London Borough of Merton; London Borough of Richmond Upon Thames; London Borough of Southwark; London Borough of Wandsworth.

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Any enquiries regarding this publication should be sent to us at:

Peter.Sellen@education.gsi.gov.uk or www.education.gov.uk/contactus

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