Against the odds

Re-engaging young people in education, employment or training

Local government, July 2010
The Audit Commission is an independent watchdog driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

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

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

### Summary and recommendations 3

### Introduction 9

Personal and public costs 10

Changing responsibilities 10

Austerity 12

Local action 12

### Chapter 1 - Who is NEET and what is the cost? 13

The extent of the NEET problem 14

Being NEET is costly 16

A problem increasing with age 21

Being 18 should not mean being forgotten 24

Action for councils, local strategic partnerships (LSPs), children’s trusts and 14-19 partnerships 27

### Chapter 2 - Making a difference through targeted services 28

Local action makes a difference 29

Parents and carers are important too 33

Raising the participation age 35

Action for councils, LSPs, children’s trusts and 14-19 partnerships 37
## Chapter 3 - Commissioning better outcomes

- A new role  
- Planning to achieve outcomes  
- Funding streams lack flexibility for NEET work  
- Getting the right providers through intelligent commissioning  
- Action for councils, LSPs, children’s trusts and 14-19 partnerships  
- Commissioning better outcomes

## Chapter 4 - The financial and policy case for action

- Low-cost interventions can bring large savings  
- Collaborating to support young people  
- Action for councils, LSPs, children’s trusts and 14-19 partnerships

## Chapter 5 - Conclusion

## Appendices

- Appendix 1 – Method  
- Appendix 2 – Glossary  
- Appendix 3 – References
Summary and recommendations
Summary

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

- National figures for 2009 show 9.2 per cent (183,200) of young people aged 16-18 were NEET.
- The 2008 NEET cohort will cost an estimated £13 billion in public finance costs and £22 billion in opportunity costs over their lifetimes.
- Young men who were NEET are three times more likely to suffer from depression, and five times more likely to have a criminal record, than their peers.
- Data from fieldwork areas found a quarter of young people were NEET at some point during a two-year period, but most get into education, employment or training. However, ten per cent of young people remain NEET for six months or more.
- Although national NEET levels have fluctuated between 9 and 10 per cent for 20 years, this hides variations:
  - local NEET levels range from 2 to 14 per cent; and
  - 18 year olds are more likely to be NEET (17 per cent) than 16 year olds (4 per cent).
- Many areas have reduced 16-18 NEET levels but there is less success in tackling the increase in 18-24\(^ii\) unemployment.

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

\(^ii\) National statistics on NEETs focus on young people aged 16-18 years. However, at age 18 young people are also classed as unemployed and will count in 18-24 unemployment statistics. This is in part due to an overlap in government responsibilities for young people aged 18. The Connexions service (overseen by the Department for Education) works with young people to the age of 19. Jobcentre Plus (an executive agency of DWP) starts working with unemployed young people at the age of 18.
Government policy affecting young people NEET comes from three different departments: Department for Education, Department for Business, Innovation and Skills, and Department for Work and Pensions. Responsibility for young people NEET changes at the age of 18, with an overlap until age 19.

Support for young people NEET will be under pressure over the next few years. Councils and their partners must ensure they get value for money by concentrating on targeted and preventive interventions.

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

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

- About £8.67 billion is available for 16-19 learning and support. Most of this money depends on achieving short-term targets and does not support the most disadvantaged groups.
- From April 2010, councils take responsibility for commissioning 16-19 education from the former Learning and Skills Council. This change is an opportunity to remove waste and duplication, to involve schools and academies in partnership and to tailor provision to meet local circumstances.
- Commissioners must fill gaps in provision, particularly for young people with learning difficulties and disabilities, to ensure progression routes after level 1 courses.
- Interventions will not achieve objectives unless commissioners contractually reward providers for:
  - removing barriers to services;
  - offering continuous support throughout attendance; and
  - helping young people to make transitions to further work or learning at completion.
- An intelligent commissioning approach using the untapped information in Connexions data bases, can ensure better service design and evaluation of outcomes.

Better targeting and collaboration can reduce lifetime cost and increase wellbeing

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

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

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

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

Local authority-maintained schools, and academies, can:

- use the primary school curriculum to raise the aspirations of young people and prepare them for future learning and employment;
- work together to support young people to make the transition from primary to secondary school;
- work with children’s services to reduce bullying, truancy and exclusions that can lead to young people becoming NEET;
- work with parents and carers to raise their aspirations and support them in helping their children make decisions about work and learning; and
- work closely with Connexions to reduce duplication and to support pupils’ transitions to further education, employment or training at age 16.
The government should:
- make sure the funding available to influence the NEET agenda is used cost effectively and is targeted on those who most need support;
- review the three-way split in government responsibilities for 16-19 work and learning issues;
- ensure the Young People’s Learning Agency encourages and funds councils to tailor local provision to meet the individual circumstances of sustained NEETs;
- review the performance measures linked to funding to ensure a focus on progression and outcomes appropriate for all learners;
- require that Connexions Services and Jobcentre Plus share information to improve services to young people and reduce waste and duplication;
- require all schools to work with councils and other local partners in the 14-19 strategy;
- ensure the National Apprenticeship Service and councils cooperate in supporting and encouraging employers to take on more apprenticeships; and
- make sure the proposed National Citizen Service builds on good practice in existing 16-18 education and skills programmes.

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

Personal and public costs  10
Changing responsibilities  10
Austerity  12
Local action  12
Introduction

Just over nine per cent of young people aged 16-18 are not in education, employment or training (NEET).

Personal and public costs

1 Young people who are NEET are likely to feel bored and isolated. They have more chance of long-term unemployment, ill health and criminality than their peers (Ref. 1). When they do get work, they are more likely to be in low-paid jobs.

2 Councils and other local agencies recognise that reducing NEET levels is a priority. Three-quarters of local area agreements have a target to reduce the number of 16-18 year-olds who are NEET. Under the previous administration, the Department for Children, Schools and Families (DCSF) planned to reduce the 16-18 NEET level to 7.6 per cent in 2010. The economic downturn will make it harder to achieve this target. This report shows that a comprehensive approach to services for 16-19 year-olds can deliver better outcomes from the same, or fewer resources.

Changing responsibilities

3 In 2008, the Connexions (careers support and advice) service transferred from 47 sub-regional partnerships funded by DCSF to local councils. From April 2010, councils took responsibility for 16-19 education provision from the Learning and Skills Council (LSC). Councils also gained 950 former LSC staff. The new Young Persons Learning Agency (YPLA) distributes the £7 billion that accompanied the transfer. 2010/11 will be a transition year for the new arrangements. Councils will commission the first courses from schools, FE colleges, the third sector and other training providers to start in 2011/12.

4 The standard Connexions service (Ref. 2) has to:
   - contact all young people NEET, give them tailored support through a personal adviser and continue making regular contact until they are in education, employment or training (known as targeted services);
   - assess all those young people with statements of special educational need in their last year of school; and

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i DCSF was the relevant government department until May 2010, when it became the Department for Education. Where it is not clear how the Department for Education will take it forward, policy initiated under DCSF is still described as DCSF policy.
provide careers information, advice and guidance (IAG) services to all learners in all educational establishments (known as the universal service) to comply with government quality standards (Ref. 3).

DCSF also required councils to form 14-19 partnerships, reporting to the local children’s trust. The 14-19 partnership leads in commissioning and delivering learning opportunities and support to 14-19 year-olds. Partnership members represent councils, Connexions, schools, colleges, work-based learning providers, other employers and voluntary and community sector organisations (Ref. 4).

From 2013, under current legislation, young people up to the age of 17 must participate in one of three ways:
- in education;
- in training; or
- in employment with training.

From 2015, this ‘participation age’ rises to 18 (Ref. 5). There are four learning pathways:
- GCSEs and A levels;
- diplomas;
- apprenticeships; and
- Level 1\(^1\) and entry-level foundation learning.

Local 14-19 partnerships are responsible for ensuring the four pathways are open from 2013 and that areas prepare to raise the participation age.

These changes will not stop young people being NEET if:
- the number of places in each of the four learning pathways does not match local demand;
- there are no suitable choices for the most detached young people or those with the lowest-level qualifications; and
- employers do not create enough apprenticeship places.

Even if young people are in work or learning between 16 and 18, there is a risk that worklessness is delayed. Without the right skills and support to help young people progress, they are more likely to become unemployed as adults.

The economic assessment duty that came into effect in April 2010 (Ref. 6) requires councils to put more emphasis on supporting the local economy and tackling worklessness.

\(^1\) Qualifications equivalent to five GCSEs, grades D-G.
Austerity

Public spending will be squeezed from 2010/11. Councils and their partners must focus resources on the sustained-NEET groups that have the highest medium and long-term costs to the public purse. Better use of data, evaluation of interventions, coordination of local services, and decommissioning of duplicated and wasteful activities can mean most councils can achieve more for less. Recent research quantifying longer-term impacts produced for this report can help councils understand where to target support.

Local action

This report will help councils and their partners take on their new responsibilities for 16-19 funding, challenge current activities and use their resources effectively to tackle NEET levels. It focuses on the value-for-money implications of young people being NEET, rather than the impact on young people themselves – something that has been covered in other research. The report covers:

- Chapter 1 – Who is NEET and what are the costs?
- Chapter 2 – Making a difference through targeted services
- Chapter 3 – Commissioning better outcomes
- Chapter 4 – The financial and policy case for action
- Chapter 5 – Conclusion

Practical advice is available to download from the Audit Commission website and includes:

- overview and scrutiny questions for councillors; and
- self-assessment questions for partners.

From July 2010, it will include:

- targeted briefings for practitioners.

In September 2010, it will include:

- local funding mapping tool; and
- local tool for costing the NEET cohort.

The report and support materials will be available at www.audit-commission.gov.uk/neet
Who is NEET and what is the cost?

The extent of the NEET problem
Being NEET is costly
A problem increasing with age
Being 18 should not mean being forgotten
Action for councils, local strategic partnerships (LSPs), children’s trusts and 14-19 partnerships
Young people NEET are costly to the public purse. Councils need to understand the nature of their local NEET population to reduce costs and improve outcomes.

The extent of the NEET problem

Most young people never experience being NEET (Figure 1). However, despite various policies and interventions, around nine per cent of 16-18 year-olds are NEET. In 2009, that was 183,200 young people. In fieldwork areas, 25 per cent of young people were NEET at some point over a two-year period. Forty-three per cent of young people were NEET for more than six months at some point over the two years.

![Figure 1: Most young people are never NEET: most NEET episodes last fewer than six months](image)

75% young people never experience being NEET

25% young people experience being NEET, of which:

- 2% NEET for up to one week
- 9% NEET for one week to a month
- 25% NEET for one month to three months
- 21% NEET for three months to six months
- 43% NEET for six months or more

Source: Audit Commission, analysis of Connexions data from fieldwork areas (approximately 24,000 young people), 2010
Participation in post-16 education increased since 1985 but the national NEET level fluctuated between 9 to 10 per cent because of a decline in jobs and in work-based learning (Figure 2).

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

![Graph showing NEET levels](image)

*Source: Department for Education, 2010*

The long-term consistency in national NEET figures hides:
- a small core group of young people who remain NEET for six months or more;
- movement of young people in and out of NEET status over a year (NEET churn);
- local variations: 2 per cent to 14 per cent in 2008; and
- differences by age within the overall cohort (NEET levels increase with age).
Being NEET is costly

18 Young men who are NEET between the ages of 16 and 18 have poorer life chances than their peers (Figure 3) (Ref. 1).

Figure 3: Long-term effects of being NEET on young men

4x more likely to be out of work
5x more likely to have a criminal record
6x less likely to have qualifications
3x more likely to have depression

Source: 1970 British Birth Cohort, 1999

19 A young person NEET in 2008 will cost an average of £56,000 in public finance costs before retirement age (for example, welfare payments, costs to health and criminal justice services, and loss of tax and national insurance revenue). There will also be £104,000 in opportunity costs (loss to the economy, welfare loss to individuals and their families, and the impact of these costs to the rest of society). The entire 2008 group of young people NEET could cost over £13 billion to the public purse and £22 billion in opportunity costs (Table 1) before they reach retirement age.

i The research compared the experience of young men born in 1970 who experienced being NEET with their peers who had been in education, employment or training throughout their late teens.

ii The costs used in this report are taken from York University’s research which will be published by York University in summer 2010: Estimating the Lifetime Cost of NEET: 16-18 Year Olds Not in Education, Employment or Training. The figures are based on the number of young people NEET in 2008 as reported in DCSF Statistical First Release on NEETs.

iii Public finance and opportunity costs should not be added together. Doing this would risk double counting, as there may be some overlap between the two sets of costs.
Table 1: **Projected lifetime costs of the 2008 NEET cohort: direct and indirect costs can last a lifetime**

<table>
<thead>
<tr>
<th></th>
<th>Opportunity costs</th>
<th>Public finance costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term</td>
<td>£2 billion</td>
<td>£2 billion</td>
</tr>
<tr>
<td>(age 16-18)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium term</td>
<td>£20 billion</td>
<td>£11 billion</td>
</tr>
<tr>
<td>(age 19-59)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long term</td>
<td>-</td>
<td>&lt; £1 billion</td>
</tr>
<tr>
<td>(age 60 and over)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>£22 billion</td>
<td>&gt; £13 billion</td>
</tr>
</tbody>
</table>

*Source: York University Department of Social Policy and Social Work and Department of Health Sciences, 2010*

**Understanding the NEET cohort**

20 Young people become NEET for different reasons. They need different solutions to get them into work or learning. Councils and their partners must understand the nature of their local NEET cohort and tailor their responses.

21 There are three sub-groups in the NEET cohort (Ref. 7) (Figure 4).
Figure 4: Council action must respond to different NEET sub-groups

<table>
<thead>
<tr>
<th></th>
<th>Open to learning</th>
<th>Undecided</th>
<th>Sustained NEET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made the wrong choice, awaiting start date for more suitable option.</td>
<td>41%</td>
<td>£</td>
<td>38%</td>
</tr>
<tr>
<td>Likely to re-engage in short to medium term.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generally no, or low-level support required.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Further resources unlikely to improve outcomes - savings target.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unsure what to do, or dissatisfied with available options.</td>
<td>22%</td>
<td>£</td>
<td></td>
</tr>
<tr>
<td>75% are likely to participate in future education or training.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>53% start courses but do not complete them.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appropriate (and timely) guidance and information can prevent drop out and save money.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unlikely to re-engage in short term without interventions.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Often have negative school experience and low levels of qualifications.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Face multiple barriers to progressing to EET.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Require high-cost targeted support. Councils should focus on this group and understand what works to achieve VFM.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: DCSF, 2009

22 There are some factors that significantly increase young people’s risks of being NEET and of being NEET for more than six months (Table 2).

i Figures do not add to 100% due to rounding.
Table 2: **Increased chances of being NEET**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Increase in chance of being NEET for six months or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Being NEET at least once before</td>
<td>7.9 times more likely</td>
</tr>
<tr>
<td>Pregnancy or parenthood</td>
<td>2.8 times more likely</td>
</tr>
<tr>
<td>Supervision by youth offending team</td>
<td>2.6 times more likely</td>
</tr>
<tr>
<td>Fewer than three months post-16 education</td>
<td>2.3 times more likely</td>
</tr>
<tr>
<td>Disclosed substance abuse</td>
<td>2.1 times more likely</td>
</tr>
<tr>
<td>Responsibilities as a carer</td>
<td>2.0 times more likely</td>
</tr>
</tbody>
</table>

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

The risk factors are spread unevenly through the population. Local plans and action must take account of both the extent of the risk and its impact. Better analysis of Connexions data can identify who needs support (Table 3).
Table 3: **Councils should use Connexions data to focus on target groups**

<table>
<thead>
<tr>
<th>Young people with this characteristic</th>
<th>As a percentage of all young people</th>
<th>As a percentage of all young people NEET</th>
<th>As a percentage of young people who are NEET for six months</th>
</tr>
</thead>
<tbody>
<tr>
<td>One or more characteristic</td>
<td>17%</td>
<td>36%</td>
<td>46%</td>
</tr>
<tr>
<td>In care or care leaver</td>
<td>12%</td>
<td>21%</td>
<td>24%</td>
</tr>
<tr>
<td>Supervision by youth offending team</td>
<td>4%</td>
<td>11%</td>
<td>17%</td>
</tr>
<tr>
<td>Pregnancy or parenthood</td>
<td>3%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Learning difficulties and disabilities</td>
<td>7%</td>
<td>12%</td>
<td>16%</td>
</tr>
<tr>
<td>One or more special educational needs statements</td>
<td>3%</td>
<td>5%</td>
<td>7%</td>
</tr>
<tr>
<td>Disclosed substance abuse</td>
<td>1%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Responsibilities as a carer</td>
<td>&lt;1%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

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

24 Connexions services that benchmark their data can identify areas with more effective intervention (Figure 5). More examples are on the website for you to compare your own data against [www.audit-commission.gov.uk/neet](http://www.audit-commission.gov.uk/neet)
Councils and their partners can use knowledge of local young people to tailor support to individuals and assess the costs and benefits of action (see Chapter 4). They can also use this knowledge to ensure that agencies collaborate to help young people with specific characteristics, focusing on those groups most costly to the public purse. Benchmarking helps identify areas that have dealt better with apparently insoluble issues.

A problem increasing with age

The chance of being NEET increases with age because some young people leave training without the skills or opportunities to move on. Progress made up to 1999 has since reversed for 18 year olds (Figure 6).

Source: Audit Commission analysis of Connexions data, 2010
27 NEET levels have reduced in most areas in the last few years. But some areas – such as Oxfordshire, Buckinghamshire and Hampshire – that had low NEET levels, are now seeing increases (Figure 7). The reasons for this are not yet clear, but are likely to be linked to the local economy and labour market. These areas may have relied on young people entering employment at age 16-18, and now have fewer jobs available.

28 The recession is changing the nature of the NEET population. Young people with level two qualifications and above\(^\text{ii}\) are now becoming NEET, but current interventions are for young people with lower qualifications.

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\textit{i} Data is for the end of the calendar year.

\textit{ii} Qualifications equivalent to five GCSEs, grade A-C.
Figure 7: **16-18 NEET levels have reduced in most areas**

Change in proportion of young people (16-18) NEET between 2006 and 2008\(^1\)

- 20 to 50 per cent increase (6)
- 0 to 20 per cent increase (18)
- 0 per cent (11)
- 0 to 20 per cent decrease (67)
- 20 to 50 per cent decrease (49)

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*Source: Audit Commission*

\(^1\) The Department for Education will be publishing 2009 NEET data by local authorities in summer 2010. Updated version of these maps will then be published on the website.
Being 18 should not mean being forgotten

29 Once young people pass 18 they are ‘unemployed’ rather than NEET. Eleven per cent of 18-24 year-olds were unemployed in the first quarter of 2010, compared with 6 per cent of the working age population (Ref. 8).

30 Spending on education and training cushions the short-term impact of the recession on NEET levels. It potentially provides a skilled workforce to support economic recovery. The outlook for 18 year olds, though, is challenging. The proportion of the young workforce in employment is decreasing faster than in the workforce as a whole (Ref. 8).

31 Areas have less success in tackling 18-24 unemployment levels. Success with the 16-18 age groups does not guarantee improvement in later unemployment rates (as Figure 8 demonstrates): that is an issue that councils and their partners have to work on.

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i National statistics on NEETs focus on young people aged 16-18 years. However, at age 18, young people are also classed as unemployed and will count in 18-24 unemployment statistics. This is in part due to an overlap in government responsibilities for young people aged 18. The Connexions service (overseen by the Department for Education) works with young people to the age of 19. Jobcentre Plus (an executive agency of DWP) starts working with unemployed young people at the age of 18.
Figure 8: **Most areas had an increase in 18-24 unemployment**
Change in the proportion of unemployed young people (18-24) between 2006 and 2008

- 20 to 50 per cent increase (6)
- 0 to 20 per cent increase (18)
- 0 per cent (11)
- 0 to 20 per cent decrease (67)
- 20 to 50 per cent decrease (49)

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**Source:** Audit Commission

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i The Department for Education will be publishing 2009 NEET data by local authorities in summer 2010. Updated version of these maps will then be published on the website.
Responsibility for young people NEET is with a range of government departments with different and arbitrary age limits.

- The Department for Education oversees the Connexions service, with day-to-day management in councils. Connexions support young people up to the age of 19.
- The Department for Business, Innovation and Skills (BIS) oversees the National Apprenticeship Service (NAS), covering all ages from 16.
- Jobcentre Plus is an executive agency of DWP. It helps the over-18s find employment. It also gives Jobseeker’s Allowance (JSA) to unemployed over-18s and to younger people NEET and in financial hardship.

The problems and challenges of being NEET do not fit neatly into the responsibilities of agencies that only see young people from 16-18. Departmental responsibilities for young people change at the age of 18, with an overlap until 19. The focus on achieving the 16-18 NEET target does not encourage areas to think about employment prospects from 18-24. Areas need to take a coherent approach to supporting young people most at risk until their mid twenties.

‘When they’re getting to 19... it’s the end of what you can do, but actually that is just the very moment when suddenly they may start to focus and you feel that having done perhaps quite a lot of work over a couple of years – and between us and them and a whole load of other people we’ve got them to this point – and then what do we offer?’
Connexions PA

The December 2009 NEET strategy *Investing in Potential* (Ref. 9) recognised the need for a more joined-up approach. It recommended:

- encouraging Jobcentre Plus and Connexions services to run joint advice sessions for young people NEET to introduce the local labour market and give advice on training and job search skills;
- integrating Jobcentre Plus and Connexions services so young people have access to local employment partnership vacancies with training and apprenticeships;
- enabling Jobcentre Plus to share information on 18-19 year-old benefit claimants with Connexions;
- making sure that Jobcentre Plus refers 18 year-old JSA claimants with low attainment to Connexions to help them build further skills and qualifications.
DWP, DCSF and BIS also made a commitment to updating their joint guidance to Connexions, Jobcentre Plus and nextstep. But these proposals still do not overcome the fundamental gaps between services for 16-18 and 18-24 groups and the absence of seamless, local support for individuals (Ref. 10).

### Action for councils, local strategic partnerships (LSPs), children’s trusts and 14-19 partnerships

**Who is NEET and what are the costs?**

Councils and their partners must make better use of their existing information to improve performance and identify priorities for action.

- Analyse the existing Connexions database:
  - what is the local profile of young people NEET?
  - how many are sustained NEET, and why?
  - how does your profile compare with other areas?

- Evaluate the effectiveness of your interventions:
  - what difference do universal services make?
  - how effective are targeted services?
  - how does your effectiveness compare with other areas?

- Monitor the impact of the recession on young people and on job opportunities.

- Decommission services that duplicate other interventions, or don’t work.

- Focus resources on preventing longterm costs, and filling gaps.

### Who is NEET?

Councils need an understanding of the diversity of their local NEET population to decide on the best interventions. The next chapter outlines how targeted services have worked in reducing NEET levels.

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\*Nextstep offers advice on training, learning and employment to all people aged over 20, and 18-19 years olds referred by Jobcentre Plus.*
## Making a difference through targeted services

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local action makes a difference</td>
<td>29</td>
</tr>
<tr>
<td>Parents and carers are important too</td>
<td>33</td>
</tr>
<tr>
<td>Raising the participation age</td>
<td>35</td>
</tr>
<tr>
<td>Action for councils, LSPs, children’s trusts and 14-19 partnerships</td>
<td>37</td>
</tr>
</tbody>
</table>
Councils and their partners must improve their performance to reduce NEET levels. Even young people in the sustained-NEET group can move on to education, employment and training with the right support. This chapter outlines what works.

Local action makes a difference

Successful action has three common elements (Case study 1):
- using information to target response to local circumstances;
- pre-16 support for young people at risk of becoming NEET; and
- post-16 interventions tailored to individual need.
Case study 1: Reducing NEET levels in Tower Hamlets

Between 2006-2008 the NEET level fell from 10.9% to 6.7%. Potential saving of £2.1 million in supporting young people NEET.

Source: Audit Commission, 2010

i Info, advice and guidance funding includes support to young people not NEET and young people at school.

ii The savings are based on the average cost of being NEET age 16-18, calculated by York University research commissioned as part of this study.
The National Audit Office (NAO) report on the first three years of Connexions partnerships (Ref. 11) observed that areas could reduce high levels of young people NEET (those ‘open to learning’ or ‘undecided’) quickly. The remaining sustained-NEET group needs different types of support (Case study 2).

‘This is a group we hadn’t engaged before … or they tried various bits of provision and it hadn’t been quite right for them… maybe some other authorities wouldn’t have seen this group yet because they wouldn’t have got their NEET levels down that low. You’ve got to try very, very different things to work with and support this group.’

Connexions manager

Case study 2

Targeting saves money

A high proportion of asylum seekers and refugees in Nottingham were NEET. These young people needed English courses and long-term support to adapt to living in a different culture. Nottingham’s answer was the Integr8 project using £25,000 a year from the Working Neighbourhoods Fund. From November 2005 to January 2010, 108 young people attended the project and 87 progressed to further learning or work. A key success factor is that young people can stay with the project for as long as they need support.

Only 14 young people would need to progress and stay in learning and work from 16-18 for Integr8 to cover its costs.¹ If all 87 young people remain in learning or work, there would be a £500,000 saving to the public purse in supporting young people NEET.

There are sub-groups within the sustained NEET group and targeted action can recognise their differences. Tower Hamlets consulted teenage parents to understand the different levels of support that would keep them engaged. Case study 3 outlines the result.

¹ The savings are based on the average cost of being NEET age 16-18, calculated by York University research commissioned as part of this study.
Case study 3: **Keeping teenage parents engaged**

<table>
<thead>
<tr>
<th>Group A</th>
<th>Group B</th>
<th>Group C</th>
</tr>
</thead>
</table>
| Waiting until their child is older before participating.  
Young people are encouraged to attend teenage parent support groups and children’s centres for support and personal development.  
Keeps young people engaged until they are ready to access learning. | Ready to access mainstream learning, but need additional childcare support.  
Support is given through Care to Learn payments and childcare facilities at local colleges.  
Additional support costs enable parents to continue in mainstream education. | Ready to participate, but need tailored provision aimed at teenage parents.  
Weekly drop-in sessions at a local Children’s Centre give access to accredited and non-accredited courses. Connexions, family support and housing also attend the session to offer advice and referrals. |

*Source: Audit Commission, 2010*

### Working with schools

40 Schools can identify the early risks of being NEET. Pupils who fall behind by age 11 find it hard to catch up later. Literacy and numeracy support in primary schools can prevent later obstacles to work and learning (Ref. 12), as can support with the move to secondary school (Ref. 13).

41 Failure at school and failure by school (unauthorised absences, exclusion, truancy, poor relations with teachers and unsuitable teaching approaches) are all associated with being NEET at age 16. Young people who are bullied at school are twice as likely to be NEET at age 16 than their peers (Ref. 14). Sixty per cent of young people who were NEET at 16 had expected to progress to education or training when asked three years before (Ref. 15).

42 Young people need impartial, high-quality information, advice and guidance to help them make choices and move on from school. Around a third of those who go into training will drop out (33 per cent from post-16 education courses and 40 per cent from government-sponsored training) (Ref. 16).
This research shows that better support in school, and for schools, could help young people:

- work harder for qualifications;
- understand their choices;
- get financial help;
- develop practical expectations; and
- tackle personal obstacles.

There are more examples of successful work with schools in chapter 4.

Parents and carers are important too

Parents’ and carers’ experience and ambitions influence attainment at Key Stage 3 (school years 7, 8 and 9) (Ref. 17).

Parents and carers with few or no qualifications, and those who left school early, are more likely to have children who are NEET. Thirty-eight per cent of young people aged 16-24 who are NEET, live in households where no one is working (8 per cent of their peers live in workless households) (Ref. 18). Unemployed parents and carers and those on low incomes, feel less able to advise their children about educational choices (Ref. 15).

Parents and carers of young people most at risk of becoming NEET also need advice, guidance and support. Work with parents and carers can contribute to reducing NEET levels and cutting intergenerational worklessness.

Engaging and re-engaging young people

Feedback from young people and project workers gives four common features of successful interventions:

- payments and other incentives (free meals, use of leisure facilities);
- sustained relationship with, and support from, a key worker;
- tailored provision to meet individual circumstances; and
- informal sports and leisure activities used to overcome barriers to engagement (Ref. 19).

These are low-cost (ranging from £100 to £3,500) interventions when set against the long-term costs to individuals and society of being NEET (Chapter 4).

Educational maintenance allowance payments increase rates of participation in education and retention rates on courses, but make little difference to successful transitions at age 19 (Ref. 20).

Young people in the sustained-NEET group face many obstacles (Figure 9). Many of these are issues for the local sustainable community strategy and local area agreements. Action to achieve long-term outcomes should support action to reduce NEET levels.
Figure 9: Tackling NEET levels and other local issues go hand in hand

Source: Audit Commission, 2010
Raising the participation age

52 Raising the participation age aims to increase skill levels and help more young people to progress into work. It will not succeed if the circumstances and experiences of the sustained-NEET group are ignored.

53 From 2013, young people will not be able to enter any employment at age 16 unless it includes accredited training. Raising the participation age is supported by:

- the ‘September and January Guarantee’ that Connexions will contact all 16 and 17 year olds to offer education or training;
- the National Apprenticeship Service (NAS), which will reverse the recent decline in apprenticeships (Figure 10);
- the ‘Young Person’s Guarantee’ that all 18-24 year olds unemployed for over six months will be offered a job, work experience or training. The Future Jobs Fund will support these places until March 2012; and
- allowing young people NEET for six months at age 18 early entry to the New Deal.

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i In June 2010, the Coalition Government announced that the Young Person’s Guarantee would stop in 2011/12.

ii In May 2010, the Coalition Government announced that existing jobs would continue to be funded, but no further places will be made available.
These plans may not be deliverable and the economic case for them is based on pre-downturn assumptions. Participation in apprenticeships is falling and SMEs faced with administrative and cost burdens might stop employing young people rather than arranging training. If attainment levels and the return on qualifications is less than predicted, the plans for raising the participation age could result in a net loss of £489 million to the public purse (Ref. 21).

Councils and their local partners can still support apprenticeships and help SMEs provide training and support through economic development and regeneration activity. Councils and local partners also have a role in the other side of the equation: raising demand for young people in the workforce.
Councils and their partners need to understand their local NEET population and the research about what works in order to inform commissioning decisions. Local action to reduce NEET levels must include effective pre-16 support (through schools and children’s services) and post-18 interventions (through Connexions and economic development activity). The next chapter outlines how councils can make the proposed Young People’s Learning Agency commissioning model work.

Action for councils, LSPs, children’s trusts and 14-19 partnerships

Making a difference

- Coordinate LSP partners’ contributions to reducing NEET levels:
  - record and report numbers of apprenticeships and jobs with training created by partners;
  - manage LSP theme and operational groups’ actions to reduce NEET levels; and
  - decommission duplicate and ineffective activity.
- Work with local chambers of commerce and key employers to develop apprenticeships and jobs with training.
- Lead and support schools’ roles in preventing young people becoming NEET:
  - coordinate schools’ preventive work with other children’s services.
- Develop a local plan for reducing young people’s unemployment:
  - develop local targets for reduced NEET and reduced 18-24 unemployment levels; and
  - prioritise NEET and young people’s unemployment levels in economic development and regeneration activities.

Making a difference

Councils and their partners need to understand their local NEET population and the research about what works in order to inform commissioning decisions. Local action to reduce NEET levels must include effective pre-16 support (through schools and children’s services) and post-18 interventions (through Connexions and economic development activity). The next chapter outlines how councils can make the proposed Young People’s Learning Agency commissioning model work.
Commissioning better outcomes

A new role
Planning to achieve outcomes
Funding streams lack flexibility for NEET work
Getting the right providers through intelligent commissioning
Action for councils, LSPs, children’s trusts and 14-19 partnerships
Commissioning better outcomes
Councils fund and commission 16-19 education and training. They should create flexible projects to meet the needs of all young people: especially those who are NEET.

A new role

57 The Young People’s Learning Agency’s national commissioning model proposes five roles for councils:
- needs analysis;
- planning;
- funding;
- contracting and paying; and
- quality assurance.

Needs analysis

58 Connexions services already have a data base with details about each young person they work with. The data base supports case management, but is also a potential resource for strategic planning, resource allocation and quality assurance.

59 In most areas, the information about young people is on several data bases – for example, Connexions, the youth offending team, and the drug and alcohol service. Agencies rarely share information and there is no common data quality checking. As young people move from Connexions to Jobcentre Plus there is more duplication. Brighton and Hove has started to tackle these issues (Case study 4).

Case study 4

An integrated data base helps track young people

Brighton and Hove has one youth support data base for Connexions, and voluntary and statutory youth services. The data base has details from sexual health, teenage pregnancy, substance abuse, housing and youth crime-prevention teams. Information is kept up to date. The work and learning status of young people is known in nearly all cases. Young people do not have to repeat their story to each agency they see. Informed consent and restricted access protocols protect confidentiality.
60 Effective needs analysis requires relevant, quality data that is clear to the people who use it to make decisions (Ref. 22). Councils and their partners must improve data collection and analysis to support area profiling, analysis of individual circumstances and commissioning decisions (Case study 5).

### Case study 5

**Improving access in rural areas**

Connexions teams in rural Gloucestershire struggled to meet NEET targets because there was little local education, training or employment provision. A jointly funded Connexions and LSC project mapped what was available and developed ways to make projects more accessible.

This mapping led to one provider being approached to deliver projects in rural areas using outreach methods, so services are accessible to young people. LSC funding supported bespoke provision for young people with specific barriers to entering work or learning.

Connexions also reviewed public transport provision and arranged support to young people who had to overcome mobility barriers.

### Planning to achieve outcomes

61 All the fieldwork areas had gaps in their range of services. Gaps included failure to provide for young people with learning difficulties and disabilities (LDD), or for people completing level 1 courses who were not yet ready for level two qualifications or employment. Northumberland has taken action to close these gaps (Case study 6).
Many areas and projects fail to achieve planned outcomes because they ignore the support needs of attendees. Simple adjustments can make a difference (Table 4).

---

**Case study 6**

**Reducing LDD NEET in Northumberland**

Almost one in five young people with LDD in Northumberland were NEET and many of them were dropping out of FE courses. Plans were put in place to reduce NEET levels among this group. Two initiatives reduced NEET levels by half:

- local special schools created a federated sixth form so young people could continue learning in a familiar environment; and
- a charitable business, Azure Charitable Enterprises, offered horticultural training or retail experience combined with an individually tailored programme of employability skills and supported placements. Twenty-eight young people attended the programme, costing £2,160 for each place. If eight attendees progress into learning and work, the course would pay for itself.† To date, 14 attendees made successful transitions, saving £51,000.

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†The savings are based on the average cost of being NEET age 16-18, calculated by York University research commissioned as part of this study.
Table 4: **Effective projects have different costs**

<table>
<thead>
<tr>
<th>Barriers to education and training</th>
<th>Salford's discretionary fund can support preparation and clothing for interviews.</th>
<th>Medium cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Northumberland colleges' satellite sites ensure young people in rural areas can still attend courses.</td>
<td>Medium/high cost</td>
</tr>
<tr>
<td>Continued attendance</td>
<td>Salford College runs lunchtime support groups for teenage parent students.</td>
<td>Low cost</td>
</tr>
<tr>
<td></td>
<td>Northumberland colleges put course material online using Blackboard distance learning. This allows teenage parents or students with illnesses to keep up with their coursework even if they can not attend.</td>
<td>Medium cost</td>
</tr>
<tr>
<td>Next steps when the project ends</td>
<td>Tower Hamlets uses action/progression plans to support young people NEET in their journey to meet timescales and achieve milestones to progress to work and learning.</td>
<td>Low cost</td>
</tr>
<tr>
<td></td>
<td>South Nottinghamshire College bridges the gap for young people who complete entry to employment (E2E) programmes but are not fully prepared for academic courses.</td>
<td>Medium cost</td>
</tr>
</tbody>
</table>

*Source: Audit Commission*

63 Project and support features that can help young people move out of sustained-NEET status include:
- taster courses;
- work experience highlighting the value of qualifications;
- part-time courses; and
- minimal assessment by examination (Ref. 7).

64 Support to the sustained-NEET group must help broaden horizons and raise ambitions. Successful activities are relevant to young people's circumstances and experiences, reward young people's continued attendance and help them deal with challenges (Ref. 23).

'**We don't have any problems hitting our target numbers... where we do perhaps have difficulties is putting in the support that is essential for these young people...that's where the expense issue for us lies.**'  
College principal
Funding streams lack flexibility for NEET work

Despite local area agreement (LAA) commitments to tackling NEET levels, many councils see this work as an add-on to mainstream services for children and young people. In 2008/9, about £8.67 billion was available for all 16-19 learning (Figure 11). This included support for young people NEET, but services for most young people dominate spending decisions. Ninety-five per cent of LSC money depended on young people achieving a fixed outcome or qualification within a set time. This leaves little scope for the tailored support required by the sustained-NEET group.

Councils use Working Neighbourhoods Fund, European Social Fund or other sources to provide the flexibility to support local projects. But this money is short term and project-specific. Bidding costs money and successful projects rarely move into the mainstream, resulting in a loss of projects for young people (Ref. 19).

‘They had about 35 to 40 people waiting to start that course. Some of them waited months, and then literally at the last minute it stopped.’ Connexions PA
Figure 11: Different sources of funding for different age groups can be targeted to reduce NEET levels.

For abbreviation explanation please see glossary.

Source: Audit Commission

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This is based on 2008/9 sources of funding when DCSF was the responsible department and funding flowed through the LSC to local councils. DfE is now the responsible department and funding goes through the YPLA to local councils for them to commission provision. The diagram highlights the main sources of funding available from each department. Some smaller funding streams are not shown in the diagram but are included in the departmental totals.
Councils can also review their distribution of Connexions money. Nationally, the Connexions budget assigns 30 per cent to targeted services (£138m) and 70 per cent to universal services (£321m). Some areas put more into targeted support (up to 60 per cent of budget in some fieldwork sites). Gloucestershire uses 54 per cent of the Connexions budget for targeted support to reflect the high proportion of sustained-NEET cases (Case study 7).

**Case study 7**

### Targeting funds to meet individual need

Gloucestershire has personalised services for vulnerable groups of young people (for example, those excluded from school or at risk of offending). Low-cost solutions, such as bus passes, can help young people access learning or work.

A project with care leavers granted up to £500 to each young person to help them overcome barriers to progression or to commission personal development or training opportunities. After three months, 24 of the 36 attendees had moved into work or learning. Staff were often able to use existing provision for young people, adding incentives to get young people to attend. The project had an £11,000 underspend and generated a potential saving of £182,000.\(^1\)

Gloucestershire is extending this approach to young people NEET so they can get personalised support.

### Getting the right providers through intelligent commissioning

Intelligent commissioning (Ref. 24) matches services to local supply, including the voluntary and community sector (VCS) and to the nature and circumstances of local communities. National targets that link funds to short-term targets to re-engage young people, can be a disincentive to VCS organisations with the skills to support young people in the sustained-NEET group (Ref. 25).

‘We don't even look at DWP contracts now and few LSC ones, because of the educational and employment outcomes they ask for. We do consider funding from local authorities where you can influence and support service development.’

Large VCS provider

\(^1\) The savings are based on the average cost of being NEET age 16-18, calculated by York University research commissioned as part of this study.
Intelligent commissioning allows assessment of softer outcomes – for example, improved communication skills, self-confidence or volunteering – that can still guide performance payments to contractors (Table 5 and Case study 8).

Table 5: Using intelligent commissioning to engage VCS suppliers

Councils should:
- engage VCS representatives in overall planning services;
- engage VCS representatives in designing a supply base that supports tailored services;
- measure longer-term outcomes and effectiveness; and
- assess the value for money of different providers.

Source: Hearts and Minds, Audit Commission, 2007

Case study 8

Commissioning the VCS

Bedfordshire County Council has now disaggregated to Bedford Borough and Central Bedfordshire Council. The latter hosts the European Social Fund (ESF) employability and skills contract. This is maintained through a shared service arrangement.

The council organised a network of provider organisations – private, public and VCS – interested in delivering elements of the service. Quarterly network meetings gave providers a chance to comment on contracts and then share good practice about working with the target client group. Commissioners were willing to renegotiate required outputs for the contracts following discussion with providers. The VCS organisation that won the contract to provide employability skills to 80 young people, felt it had a good understanding from both sides of exactly what was required.

Reviewing service providers can also save money and deliver improved outcomes for young people (Case study 9).
Case study 9

Changing to one provider saves money

Gloucestershire uses one contractor to deliver all targeted youth support services (Connexions, youth service, youth offending, care leavers and substance-misuse services). This promotes skills sharing and managers work across service boundaries. Connexions benefits from the engagement skills of youth workers who can attract young people needing support.

The contract is outcomes-based: it allows resources to respond to need. For example, NEET levels rose due to the economic downturn so youth workers now deliver job clubs in youth centres at no extra cost.

The contract had generated £1.2 million in savings over the last two years:
- management administration and efficiency savings – £600,000;
- reduction in premises – £200,000;
- pooling central resources such as training and performance – £100,000; and
- staffing reductions – £300,000.

Over the same time period, more young people are using the youth service, NEET levels are in the top performance quartile and the youth offending service is rated as outstanding.

Action for councils, LSPs, children’s trusts and 14-19 partnerships

Commissioning for better outcomes
- Analyse and use local information to profile the needs of the NEET population.
- Share information among partners.
- Review provision for young people in the sustained-NEET group to remove duplication, waste and gaps in provision.
- Use intelligent commissioning to ensure a broad local supplier base.
- Link performance targets to local objectives and needs.
- Engage the VCS in the commissioning process.
- Include young people’s views in the commissioning process.
- Evaluate value for money of all projects and interventions and feed learning into future commissioning decisions.
Commissioning better outcomes

71 Few projects in the fieldwork sites had effective evaluations, so local commissioners have little evidence of what works, the financial costs and benefits, and how to commission more cost-effective services.

72 As well as improving commissioning, there are other changes councils and their partners need to make to ensure resources for working with young people NEET are used effectively. The next chapter sets out the case for improved working.
Chapter 4

The financial and policy case for action

Low-cost interventions can bring large savings 50
Collaborating to support young people 54
Action for councils, LSPs, children’s trusts and 14-19 partnerships 62
Councils must redesign services to reduce NEET levels further. There is a clear case for action and a practical business case for change.

Low-cost interventions can bring large savings

73 Low-cost interventions with young people NEET can yield large savings, even in the short term.

74 York University research for this report shows how targeted 16-18 support delivers benefits to individuals and society. Figure 12, drawn from real-life cases, shows how a teenage mother, ‘Sophie A’, getting the right Connexions support becomes a net contributor. ‘Sophie B’, in similar circumstances without support, becomes a net cost to public services.

Sophie A becomes a teenage parent at age 15. With support from Connexions, she is referred to a teenage parent support group that she regularly attends. This raises her self-esteem and at age 19, she attended a widening access project at a local college. Here she is encouraged to produce a digital story of her life and ambitions. She enters part-time employment, which she continues until her children are in school, when she works full time. When her children leave school she retrains as a nurse and works full time until retirement.

Sophie B is a teenage parent at 16 and with support from Connexions moves into social housing. Sophie does not engage further with Connexions, becomes involved with a drug dealer and starts using class A drugs. The drug problem increases and eventually Sophie is arrested for possession of a class A drug with intent to supply. Children’s services start care proceedings for the children, who are eventually adopted. Sophie never works.
Figure 12: **Well-targeted early spending prevents future costs**

### Public finance costs

- **Benefits**: £93,000
- **Connexions**: £3,000
- **Social Services**: £129,000
- **Health**: £300
- **Education**: £2,000
- **Criminal Justice**: £25,000
- **Net contribution**: £90,000

### Public finance contributions

- **Income tax/National Insurance**: £186,000
- **Connexions**: £3,000
- **Sophie A**: £41,000
- **Sophie B**: £0
- **Net contribution**: £90,000
- **Net contribution**: -£197,300

*Source: York University Department of Social Policy and Social Work and Department of Health Sciences, 2010*
Figure 13 shows a similar example for a young person with learning difficulties and disabilities ("Dan A").

Dan A was diagnosed with Asperger’s syndrome at age eight. His secondary school worked hard to support his transition from primary school, developing a good practice manual for staff working with Dan. They also give Dan a photo diary so he is clear where he should be and who is supporting him. Dan settled well and had teaching assistant support from year 7, which increased as he prepared for his GCSEs. Dan went on to sixth form, university and then full-time employment.

Dan B does not get diagnosed until much later in secondary school. By this time educational disaffection had already set in, he got few GCSEs and became NEET. Connexions tried to provide some support and training, but after several unsuccessful attempts Dan claimed disability benefits. Later in life Dan attempts part-time employment, but is unable to sustain it and returns to benefits.
Figure 13: **Secondary school spending reduces future benefit payments**

### Public finance costs

- **Education** £22,000
- **Connexions** £1,000

### Public finance contributions

- **Income tax/ National Insurance** £388,000

**Net contribution** £366,000

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### Public finance costs

- **Benefits** £206,000
- **Connexions** £1,000

### Public finance contributions

- **Income tax/ National Insurance** £0

**Net contribution** £217,000

*Source: York University Department of Social Policy and Social Work and Department of Health Sciences, 2010*
From late July 2010 the website www.audit-commission.gov.uk/neet will have targeted briefings for practitioners. These have more case studies based on real-life examples. The benefits of interventions are seen within a few years (Table 6).

<table>
<thead>
<tr>
<th>Case study</th>
<th>Intervention costs</th>
<th>Difference in public finance costs (B-A)</th>
<th>Savings within a decade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teenage parent with support (A)</td>
<td>£4,100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teenage parent without support (B)</td>
<td>£3,500</td>
<td>£181,200 more</td>
<td>£180,620</td>
</tr>
<tr>
<td>LDD young person with support (A)</td>
<td>£22,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LDD young person without support (B)</td>
<td>£11,371</td>
<td>£70,786 more</td>
<td>£60,157</td>
</tr>
</tbody>
</table>

Source: York University Department of Social Policy and Social Work and Department of Health Sciences, 2010

Collaborating to support young people

In 2008, a typical Connexions service did not know the education, employment or training status of around 5 per cent of young people on its database. Area-based collaboration can bring different organisations together to support young people NEET and reach young people who are not in touch with Connexions (Table 7).
### Table 7: Collaboration can engage more young people

<table>
<thead>
<tr>
<th>Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hammersmith and Fulham</strong></td>
<td>The joint Council and PCT Chief Executive ensures strong links. The PCT and Borough children’s commissioning teams have merged into one unit. Sexual health clinics are run in the Connexions one stop shop, with good referrals coming from Connexions personal advisers (PAs). Both services support young people they would otherwise not have had access to.</td>
</tr>
<tr>
<td><strong>Nottingham</strong></td>
<td>Connexions PAs attend children’s centres to offer support and guidance to teenage parents.</td>
</tr>
<tr>
<td><strong>Tower Hamlets</strong></td>
<td>Teaching assistants undertake ‘door knocking’ over the school holidays (particularly the summer), to track young people who do not have a place to go to in education, employment or training in September. Young people are encouraged to get support and guidance from a PA and attend the ‘your next move’ event to sign up to work and learning options.</td>
</tr>
<tr>
<td><strong>Gloucestershire</strong></td>
<td>The YOT PA attends youth courts to persuade young people and their parents or carers, that Connexions can help them after their court experience. They also attend final warning clinics to carry out preventative work.</td>
</tr>
</tbody>
</table>

*Source: Audit Commission, 2010*

**Working with all local schools**

78 Schools can identify students at risk of becoming NEET and ensure they get the support to stay engaged. Schools and colleges may have staff providing universal information, advice and guidance; but they must ensure that young people most at risk of becoming NEET get Connexions support (Table 8).
Table 8: Building links between schools and Connexions

**Tower Hamlets**
Schools identify young people at risk of becoming NEET. Connexions ensure these young people are supported to take part in positive activities and have identified, applied for, and enrolled on appropriate work and learning options. There is a 70 per cent success rate.

**Bracknell Forest**
Connexions Berkshire, who deliver the service in Bracknell Forest, use a formula to assign the time Connexions spends in schools. The formula considers the number of pupils by school year, the number of pupils with special educational needs and the academic achievement of the school. Once Connexions has assigned the time it agrees a service level agreement with each school about the use of that time.

**Nottingham**
Connexions PAs work with each school and other partners (for example, YOT, social care and health) to agree a priority level for every pupil in year 8. Priority one pupils get intensive support, priority two get targeted support and priority three get decision making and transition support. Connexions then uses a formula based on the number of pupils in each group to decide on the support for each school. The Connexions partnership agreement with each school outlines how resources are used and the targets for the coming year. These levels of support continue post 16, until a young person has been settled for three months in work and learning.

*Source: Audit Commission, 2010*

**79**  Schools’ focus on academic attainment can be a disincentive to work with young people unlikely to gain five GCSEs grade A-C at 16. Schools should focus on helping all young people achieve, regardless of ability level.

*‘There is no ownership of NEET figures in inspection, in any form of accountability, as far as the government targets are concerned.’*  
Head teacher
80 Areas and schools can learn from successful innovations that should become the basis for a strategic area-wide approach (Case study 10).

### Case study 10

**Innovative practice from Albion School, Salford**

Connexions Salford uses neighbourhood renewal and European Social Funding to work with schools with high NEET levels at age 16. Albion School got £58,000 over 20 months to introduce alternative provision for young people at risk of detaching at Key Stage 4. These young people get support and an individual curriculum that includes vocational qualifications. All young people have a mentor and an action plan devised with a Connexions PA. Thirty-five young people have gone through the scheme and 31 are no longer at risk of being NEET. Permanent exclusions at the school have reduced from 12 to 2 a year and attendance rates have improved by 3 per cent.

Paybacks from this innovation start to accrue after one year. Ten fewer exclusions save an average of £1,000 a student. If the 31 young people no longer at risk go on to further education, training or employment, Salford will save up to £250,000 in not having to support them to age 18. The scheme will pay for itself if only eight pupils go on to work and learning.

81 Councils should take the lead in measuring and reporting all local schools’ effectiveness in supporting transitions from school at age 16. Done properly this can provide an incentive for improvement (Case study 11).

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The savings are based on the average cost of being NEET age 16-18, calculated by York University research commissioned as part of this study.
Primary schools have a role in giving secondary schools information about pupils who might struggle to make the transition into secondary school.

Targeted youth support services

Many young people NEET are in contact with youth justice, mental health, sexual health and other targeted youth services as well as Connexions. The Connexions service must be clear about its role and what can be achieved with each young person, and recognise that other services could have better skills in dealing with particular issues young people have.

‘Sometimes I feel like a social worker.’
Connexions PA

‘One of our downfalls is the commitment of our staff. Because they want to respond as positively as they can for each young person, they often forget where the boundaries of their role stops and somebody else’s starts and they just keep doing it.’
Connexions manager

Several areas used the social care common assessment framework (CAF) (Ref. 26) for their more complex cases. A CAF assessment can reduce waste and duplication by ensuring young people get the most effective support. Use of the CAF should be increased with difficult cases.

‘Without the CAF you don’t get the multi-agency input or awareness. Sometimes these clients are challenging. One agency tries to meet all their needs, but other services don’t even know there are any needs there.’
Connexions PA

The savings are based on the average cost of being NEET age 16-18, calculated by York University research commissioned as part of this study.

Case study 11

Councils should take a lead in engaging schools

In 2007, eight per cent of 16 year olds leaving Rotherham schools did not progress to further education or training. The council negotiated separate progression targets with each school, based on past and current achievement rates, and on the pupil risk factors. The council also organised a conference for school staff to share learning about what works. Within a year, the non-progression rate reduced to 6 per cent. This means 82 young people were prevented from becoming NEET, generating an estimated saving of £654,000. The council aims to get this figure to below 5 per cent in the next year.
A better overlap with Jobcentre Plus

85 There is a short overlap from 18-19 when young people can attend Jobcentre Plus to get Jobseeker’s Allowance (JSA) and still keep their Connexions PA. One result is that young people have both a Jobcentre Plus adviser for JSA and employment searches and the Connexions PA to help them overcome any barriers to work and learning.

86 None of the case study sites had a formal handover at age 19 when young people are no longer eligible for Connexions support. In half the fieldwork areas there were problems with information sharing between Jobcentre Plus and Connexions, despite the recognition in *Investing in Potential* that information sharing is essential. One of the Total Place pilots (Ref. 27) reported that:
- 341 Jobcentre Plus cases were not registered with Connexions;
- 40 (9 per cent of caseload) Connexions cases were not registered with Jobcentre Plus; and
- 21 cases were inactive and not receiving any support.

Making the links with economic development and regeneration

87 Few councils had effective links between children’s services and economic development and regeneration teams. Better links could:
- share information on the current labour market and employers’ skills requirements to ensure provision is relevant;
- allocate resources more flexibly; and
- encourage more employers to offer apprenticeships (Case study 12).
Focus groups with public and private sector employers provided insights into attitudes to employing young people. Employers can see benefits to taking young people as apprentices:

‘We were looking to expand our team, but couldn’t afford it. Eventually we came up with the idea of an apprenticeship scheme.’

SME manager

Employing young people can also bring greater commitment to the organisation and help build a sustainable workforce.

But other local employers identify risks in employing young people NEET. They report problems with young people lacking basic workplace skills: communication, punctuality and IT literacy. High drop-out rates were also a problem.
Local public service organisations, including schools, have an important role to play in their local area to support young people NEET by:

- encouraging and supporting large local employers to take on more young people as apprentices, employees or on work experience;
- working with local businesses to promote voluntary coaching and mentoring schemes;
- clauses in contracts that create benefits for young people through the supply chain; and
- fulfilling their responsibility to prepare young people for work by promoting work experience in schools and improving the employability skills of school leavers.

By taking a lead, working with the National Apprenticeship Service and local employers, councils and their partners are more likely to achieve targets for reducing NEETs and developing the local economy.

**Making the case for change**

Targeted services that support young people and reduce overall NEET levels must be based on information about what is and is not working, if councils and their partners are to make the best use of decreasing resources. Targeting means that some activities must stop. Councils and their partners need to use information in their Connexions data base, combined with project monitoring and evaluation reports, to decide which activities are cost-effective and which should be stopped or reduced.
Action for councils, LSPs, children’s trusts and 14-19 partnerships

Achieving value for money through effective collaboration.
- Use the long-term savings estimates prepared for this report to reassess the business cases for different interventions to reduce sustained-NEET levels.
- Make sure all local partners working with young people collaborate with Connexions services.
- Develop and implement a plan to strengthen schools’ roles in reducing NEET levels:
  - allocate Connexions resources by indicators of need;
  - agree roles of Connexions staff and school staff;
  - publicise successful in-school initiatives; and
  - engage primary schools in early prevention work.
- Work with Jobcentre Plus to ensure a smooth transition at 18-19:
  - agree how to handle the 18-19 overlap and respective responsibilities; and
  - implement the national information sharing protocols.
- Ensure economic development and regeneration activity supports local policy on NEETs levels:
  - set targets for 18-24 employment levels; and
  - provide local employers with incentives and advice to create apprenticeships and provide jobs with training.

Making the financial and policy case

94 The final chapter brings together the way forward for councils and their partners to work with young people NEET.
Conclusion
The economic downturn has hit young people through increased youth unemployment and pressure on NEET levels. Many councils have reduced NEET levels, but do not know what will work if there is less money, or how to stop problems being delayed until post-18.

95 Schools, councils and their partners will have to start working differently. The transfer of 16-19 funding to councils brings opportunities to improve outcomes for young people, and save money through better use of information and planning for all agencies to make the most appropriate contribution.

96 Schools play an important role in preventing the problems that can lead to young people becoming NEET, working with families to raise aspirations and giving young people the skills needed in the local labour market. This focus must not be lost with the movement of schools to individual control. Plans to diversify school provision should cater for young people at risk of becoming NEET.

97 The NEET population is diverse and dynamic and its characteristics will vary locally. Councils need to understand the nature of their local NEET cohort and tailor their response suitably. Better use of existing information and improved project evaluation is essential to give councils the evidence needed to make tough decisions. Local 14-19 strategic partnerships should use their combined information sources, the action points in this report and the challenge questions published on the website, to review local approaches and ensure money is only spent on effective services and projects. These partnerships should also decommission ineffective, wasteful or duplicate activities.

98 With reductions in government grants and less ring-fencing, councils need to think about how low-cost interventions at age 16-19 can bring large savings in the medium and long term. The development of the National Citizen Service should be used to complement existing 16-19 education and skills programmes.

99 No single local organisation can reduce NEET levels. The costs of young people NEET fall, in the short and long term, on many different services. Collaboration among agencies can ensure that scarce resources are used effectively and more young people are supported. Local collaboration is also necessary to ensure that successful reductions in NEET levels will follow through to reductions in 18-24 unemployment.
Appendices

Appendix 1 - Method  
Appendix 2 - Glossary  
Appendix 3 - References
Appendix 1 – Method

Research for this study was carried out between September 2009 and February 2010. The research had six main elements.

- A literature review of what works in reducing NEET levels, combined with analysis of government policy on NEETs.
- Analysis of local Connexions data from 11 councils.
- Documentary analysis, interviews with key stakeholders and focus groups with Connexions personal advisers in ten councils. Councils were selected on their current NEET level, previous performance in reducing NEET levels and areas of the country. The following councils took part in the research:
  - Bracknell Forest Borough Council;
  - Brighton and Hove City Council;
  - Gloucestershire County Council;
  - London Borough of Hammersmith and Fulham;
  - London Borough of Tower Hamlets;
  - Northumberland Council;
  - Nottingham City Council;
  - Rotherham Metropolitan Borough Council;
  - Salford City Council; and
  - Telford and Wrekin Borough Council.
In addition, Dorset County Council sent data for analysis and Cambridgeshire County Council piloted the interview schedules. The Commission thanks the councils that took part in the research.
- Frontline Consultants mapped sources of funding available for working with young people NEET nationally and locally in six fieldwork areas.
- Shared Intelligence conducted two focus groups with representatives from the voluntary and community sector running projects for young people NEET. Four focus groups were also held with public and private sector employers.
- The University of York updated earlier research on the lifetime costs of being NEET, and developed costed case studies representing young people from across the NEET cohort.

Emma Belton project managed this study, supported by Stuart Atkins and Sharon Wordsworth. Mark Burkett analysed the data from local Connexions data bases. Mohammed Hye supported the documentary analysis and map production. Karen Price provided administrative support. Roger Sykes and Michael Hughes were respectively the Head of Studies and Director for this study.

The external advisory group for this study was:

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<< Contents
The Commission thanks all those who were involved. However, the views expressed in this report are those of the Audit Commission alone.

### Appendix 2 – Glossary

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BIS</td>
<td>Department for Business, Innovation and Skills</td>
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<tr>
<td>CAF</td>
<td>Common Assessment Framework</td>
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<tr>
<td>CAMHS</td>
<td>Child and adolescent mental health services</td>
</tr>
<tr>
<td>CLG</td>
<td>Communities and Local Government</td>
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<tr>
<td>DCSF</td>
<td>Department for Children, Schools and Families</td>
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<tr>
<td>DSG</td>
<td>Dedicated Schools Grant</td>
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<tr>
<td>DWP</td>
<td>Department for Work and Pensions</td>
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<tr>
<td>E2E</td>
<td>Entry to employment</td>
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<tr>
<td>EMA</td>
<td>Educational Maintenance Allowance</td>
</tr>
<tr>
<td>IAG</td>
<td>Information, advice and guidance</td>
</tr>
<tr>
<td>KS3</td>
<td>School years 7, 8 and 9</td>
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<tr>
<td>KS4</td>
<td>School years 10, 11 and 12</td>
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<tr>
<td>JSA</td>
<td>Jobseeker’s allowance</td>
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<tr>
<td>LDD</td>
<td>Learning difficulties and disabilities</td>
</tr>
<tr>
<td>Level 1</td>
<td>Qualifications equivalent to five GCSEs, grade D-G</td>
</tr>
<tr>
<td>Level 2</td>
<td>Qualifications equivalent to five GCSEs, grade A-C</td>
</tr>
<tr>
<td>LSC</td>
<td>Learning and Skills Council</td>
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<tr>
<td>NAO</td>
<td>National Audit Office</td>
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<td>NAS</td>
<td>National Apprenticeship Service</td>
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<tr>
<td>NEET</td>
<td>Not in education, employment or training</td>
</tr>
<tr>
<td>PAs</td>
<td>Connexions personal advisers</td>
</tr>
</tbody>
</table>
Appendices

Appendix 3 – References


12 DCSF, Deprivation and Education – The Evidence on Pupils in England Foundation Stage to Key Stage 4, DCSF, 2009.


21 DCSF, Raising the Participation Age – An Assessment of the Economic Benefits, DCSF, 2008.


24 Audit Commission, Heart and Minds: Commissioning from the Voluntary Sector, Audit Commission, 2007.

25 LSC, Understanding the Contribution of the Third Sector in Learning and Skills, LSC, 2009.


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