

### **NEW OPPORTUNITIES: FAIR CHANCES FOR THE FUTURE**

### **Cross-Government Review of Financial Support for 16-18 Year Olds**

**A submission from Rathbone to the  
Department of Children, Schools and Families**

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## **Background**

Rathbone is a national charity which engaged with over 15,000 young people aged 14 – 24 last year; a significant proportion of whom were NEET before coming to Rathbone.

Rathbone has a successful track record of working with disadvantaged and disengaged young people over many years; prior to coming to us most have poor attainment; personal and social barriers to learning; are subject to supervision by the youth justice system; are from care backgrounds and suffer the effects of poverty.

Our core programmes of learning are focused on youth training linked to employability and skills. In recent years this has been focused on the Entry to Employment Scheme (E2E) and Apprenticeships.

Rathbone has developed strong collaborative relationships with partners across the sectors including: government departments (DCSF, DWP, Home Office, Office of the Third Sector), Youth Justice Board, Ofsted, local authorities, colleges and schools, as well as national and local third sector organisations.

## **Comments**

### **How does raising the learning participation age change the rationale and role for financial support and incentives? Does the current system fit with a changed rationale?**

Raising the learning participation age to 18 will not in Rathbone's view change the rationale for providing financial support and incentives for those young people who are more vulnerable and require financial support to enable participation in learning as a realistic option. We know from our induction programmes at Rathbone that the majority of young people accessing programmes like Entry to Employment (E2E) would not do so without the current non means tested Education Maintenance Allowance (EMA).

It is our understanding that the rationale for financial support is based on the premise that there are significant numbers of young people who would not be able to participate in post 16 learning without some form of financial support. This is because financial support is not available from parents or anywhere else. Leaving aside the debate about which programmes are means tested and which are not, Rathbone's experience is that significant numbers of young people do need support for basic items such as travel, books and subsistence and without this financial support they would not participate in learning. This does not include support for social spending such as a visit to the cinema or buying a CD,

Moreover, we are aware at Rathbone that many young people from 16 years are expected to make a financial contribution to the family income out of their EMA payments. Family pressure would be put on a young person to gain employment, without training, if EMA or other financial support was not available to them.

When EMA was means tested young people were in receipt of different levels of EMA from zero to £10, £20, or £30 depending on parental income. This caused great contention amongst young people and even resulted in some parents withdrawing their children from programmes in order to pursue employment (in most cases without training). There is no reason to think that this cycle would not repeat itself if all post 16 programmes become subject to means testing. It would be highly likely if financial support were to be further restricted or withdrawn entirely.

It is also worth noting that young people are also entitled to achievement and progression bonuses where they receive EMA. However, those who do not receive any form of EMA due to the level of their parental income are not in receipt of any such bonuses or nor are they entitled to them. This is unfair.

### **Are the arguments any stronger or different for incentivising or supporting 16-18 year olds compared with younger students?**

Rathbone believes there should be a clear distinction between post 16 years and younger students on the provision of incentives and financial support.

There is a generally held view that young people of school age are supported by parents or carers. This support becomes less certain after 16 for some young people from disadvantaged backgrounds. At 16 young people begin the transition to adulthood e.g. they can open bank accounts, join the armed services, and even get married with parents consent. With this transition begins a process of gaining independence and taking responsibility for one's own development to citizenship; having some financial independence is a part of this transition. We therefore do believe the argument for financial support and incentives is stronger for 16-18 year olds than for younger students.

### **We have said that we must remove financial barriers to participation and choice. What are the key barriers?**

The main financial barrier is means testing for EMA. Means testing is based on parents' salary, benefits and other income to the family. Often parents are reluctant to provide this information as they perceive it going to government agencies that might then use it in some way to reduce their income or benefits. Moreover, many parents are simply unable to complete the forms due to literacy and numeracy difficulties and the application therefore is never completed and the young person does not receive the support to which they are entitled.

In the case of means tested EMA this effectively removes the option of college and school 6<sup>th</sup> form study other, than E2E, for those young people who would wish to access academic study or programme led apprenticeship.

It is worth remembering that it takes two parents earning just £15,000 each annually to remove the entitlement to EMA for a young person wanting to access a means tested course such as a Programme Led Apprenticeship.

### **What conditions should be met in return for financial support or incentives?**

Rathbone supports the view that young people should be required to sign up for some to conditions related to attendance and achievement as part of the deal for receiving financial support and incentives. This is a natural part of growing up and taking on responsibilities in the transition to adulthood and generally is the way the world works. Taking on responsibility for one's own learning where this is being supported by the state is a vital component of the entitlement to financial support.

### **Where the purpose of financial support is to provide an incentive, should it be provided to parents in respect of 16-18s, or given that the duty to participate is on the young person - should support be directed to the young person?**

Financial support should definitely be paid to the young person. This is because the support is for the young person to take part in learning and requires the young person to attend and make progress. This purpose is not always supported by parents and carers and it is likely, from Rathbone's experience, that some young people would not receive the money if it was routed via parents.

### **Some financial support is provided to families of 16-18 year olds, such as Child Benefit and Child Tax Credit, to help parents meet the costs of dependent children and to tackle child poverty. Recognising they have different aims, how well do they encourage participation? How could they be better linked to participation?**

It is Rathbone's understanding that Child Benefit and Child Tax Credit are for the purpose of relieving poverty and to support parents to meet the costs of dependent children. Linking EMA to these entitlements and other benefits maybe efficient bureaucratically but should not be confused with incentives for participation in learning.

Where young people are in learning they are by definition forgoing an opportunity to earn income via employment. The EMA is essentially to support young people to be in learning, where they would struggle to do so without such support. It is Rathbone's view that financial support and incentives to encourage young people

to take part in learning should remain directly paid into the young person's bank account as this supports transition to independence and wider life skills.

### **How should existing anomalies in the system, be addressed?**

Rathbone offers vulnerable groups, such as young people with offending backgrounds, travelers and health disabilities, the Activity Allowance. This provides £30 per week for up to 20 weeks for an agreement to attend learning for between one hour and sixteen hours per week. Young people can rejoin the Activity Allowance six weeks after previously accessing it. This allowance is non means tested in the same way that E2E is non means tested.

A young person on an Activity Allowance or E2E wishing for example to progress to college to take a GCSE course or to enroll on a Programme Led Apprenticeship, which are means tested for EMA would have the choice of a logical progression, indeed the very progression intended by the feeder programme, and having to forego the £30 per week they were receiving if their parental income exceeded the eligibility ceiling for EMA. The issue of progression to courses that take young people off non means tested allowances to courses that are means tested is proving a major disincentive to progression.

### **Do we need to focus initiatives on the more vulnerable groups that will need the most support for RPA to be delivered? How can we identify them?**

Rathbone believes that we do need to focus initiatives on more vulnerable groups to encourage RPA to be successful. The majority of young people attending training programmes at Rathbone are suffering financial hardship and come from disadvantaged backgrounds. These include: overcrowded homes, lack of resources such as books and computers, poor health, living on benefits etc. We often have to feed young people at breakfast clubs before we can begin to undertake meaningful work.

One suggestion we wish to make is for the provision of free meals for 16 – 18s. It is our experience that a high number of young people accessing education and training post 16 lose their entitlement for free school meals at 16 years. A system which does not identify those receiving such subsistence would be welcomed. Furthermore, if this subsistence was provided directly rather than as an allowance it would ensure this support was available in a fair way.

In many instances in such vulnerable groups there is little importance placed upon education and training by their families and often young people evolve from second and third generation workless families. The imposition of compulsory education and training up to the age of 18 years without the necessary financial support will only drive the majority of those young people Rathbone works with into minimum waged employment.

There is also concern about how employers will provide the training that is required of them by the RPA. There is a real danger this requirement will put employers off employing young people 16-18 years old.

A non means tested EMA in our view is an essential requirement to encourage participation and to prevent disengagement with learning for vulnerable groups. It is worrying that it is now likely that those young people who would normally have gone onto E2E with non means tested EMA will be expected to enroll onto foundation programmes which will only offer means tested financial support.

It is fairly easy to identify vulnerable groups through existing systems. We know that young people who are not achieving at school often have barriers which are impacting upon them. These include: poor physical and mental health, care responsibilities, involvement in the criminal justice system, being from an ethnic minority, living in care or from a travelling family; these groups are not exhaustive. Consideration also needs to be given to the level of support that training providers will be able to provide in respect of social issues. This will undoubtedly be affected by the introduction of foundation learning and the funding arrangements interlinked with emphasis on qualification success rates. The current arrangements for E2E allow for the depth of pastoral support required by the young people who typically come to organisations like Rathbone. This pastoral support is in our view the key success factor in supporting retention achievement and progression rates for vulnerable groups of young people.

**What support arrangements would be best for meeting the needs of young people living independently? For example, is a Jobseeker's Allowance still an appropriate way of addressing the support needs of 16 and 17 year olds in hardship?**

We do not believe Jobseekers Allowance (JSA) is a suitable way of addressing the support needs of 16 and 17 year olds in hardship. This is because the vast majority of this cohort will not be entitled to receive this benefit as they will not meet the criteria. To receive JSA, a young person must remain available for work and therefore cannot access training as this would disrupt their eligibility. We would recommend that young people living independently should receive a full entitlement to Income Support to meet their independent living needs and be entitled additionally to a non means tested EMA to encourage their participation in learning.

It does seem somewhat unfair that a young person can be in employment at 16 and 17 years old, pay income tax and national insurance and not be entitled to the statutory benefits that accrue to young people leaving employment at 18 years old.

**What is the evidence that financial incentives would be an effective way to influence and enhance choices and behaviour, versus other initiatives for engaging a diverse mix of young people?**

We know from LSC evaluations in recent years that there is a significant correlation between non means tested EMA payments, i.e. £30 per week, and the take up of courses such as E2E for vulnerable groups. We know from experience and data at Rathbone that there was a substantial drop in take up of E2E when EMA was initially means tested and a similarly substantial increase in the numbers of young people with additional learning and social needs when means testing for EMA was removed. Those young people coming from lower socio economic backgrounds are particularly encouraged to attend learning where there is a financial incentive. This is especially true where this is assessed independently of the household income and they are able to claim a full EMA. Furthermore, we are often advised at Rathbone that young people did not progress to further learning when the EMA became means tested,. The young person wanted to continue in learning, but was forced to move into low skilled employment.