

Owen Evans
Cyfarwyddwr Cyffredinol • Director General

Yr Adran Addysg a Sgiliau
Department for Education and Skills



Llywodraeth Cymru
Welsh Government

Mr Darren Millar AM
Chair to the Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

18 August 2014

Dear Darren

Auditor General for Wales Report: Young people not in employment, education or training

In response to your letter of 21 July 2014, please find attached at annex A, a Welsh Government response to the Auditor General for Wales Report *Young people not in employment, education or training*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Owen Evans', written in a cursive style.

pp
Owen Evans
Director General

Welsh Government's response to the recommendations

To better understand expenditure on the services required to deliver the Framework

R1 We estimate that the combined value of Welsh Government and European spending associated with reducing the number of young people who are NEET was in the region of £200 million in 2012-13. The Welsh Government did not systematically assess the cost of the provision that would be needed to support implementing the Framework at the outset but believes it can achieve its objectives by re-focusing existing expenditure on young people and employment support and implementing best practice. To better understand the effectiveness and value for money of its expenditure, the Welsh Government should:

a by October 2015, map and review, with partners, the expenditure on services to deliver the Framework to be able to make judgements about the cost effectiveness of this expenditure; and

b review whether adjustments are needed between funding streams to better support the effective delivery of the Framework

Accept in Principle

There have been several attempts in the past to try and review the amount of expenditure on reducing the number of young people who are NEET. Many of the programmes identified within the WAO report, whilst contributing to support for young people, were not set up specifically for the purpose of reducing the numbers of young people who are NEET, and have a broader purpose (for example Careers Wales is funded to provide Careers Advice and Guidance to all young people, their work will support those young people at risk of becoming NEET, but it is not their only purpose). The programmes highlighted within the WAO report cover such a broad range of activity that a wholesale systematic assessment of value for money for the purpose of identifying their individual impact on preventing a young person becoming NEET is not possible as a comparative judgement. The needs of this diverse group of young people often require a response that is based on a range of interventions, depending on individual need, and the mix of support for one individual may well not have the same impact for another.

The purpose of the Framework is to provide a systematic mechanism for local authorities to identify those in need of support, to establish the support available, and then to track the progress of young people as they make the transition from education into further education or employment. There is a requirement for local authorities to map provision available within their local area, and determine any potential gaps or duplication, which will enable them to better plan and deliver support services. Within this context, Welsh Government, and other stakeholders will be informed by the findings and can plan and contract for appropriate provision to meet such needs through their own programmes (an example of this is the current review of Traineeship provision which is being informed by findings from local authorities to availability of provision locally to meet the needs of young people in their area).

Provision mapping will enable us to have a more cohesive view of provision across Wales. It will also help determine the type of provision that delivers the most effective outcome for young people.

The Welsh Government through its Youth Engagement and Progression Framework is providing the structure which will help local authorities to establish whether local and national provision is delivering effective outcomes and value for money through the measurement of reductions in numbers of young people NEET at a local level. The provision of statistics on a monthly basis to local authorities through Careers Wales enables progress to be monitored and tracked.

To achieve its targets to reduce the proportion of 19-24 year olds who are NEET

R2 The Welsh Government has set a target in its *Tackling Poverty Action Plan 2012–2016* to reduce the proportion of young people 19-24 years old who are NEET compared to the rest of the UK. The Framework focuses on 16-18 year olds and the Welsh Government believes that improving progression at this age will lead to improved outcomes later. However, work elsewhere has found that councils need to continue support for disengaged young people after the age of 18. We found that many councils are beginning to consider how the approach with 16-18 can be adapted for the greater number of 19-24 year olds who are NEET. This includes developing links with the Department for Work and Pensions locally, which plays a more important role with the age group. To achieve its targets to reduce the proportion of 19-24 year olds NEET, the Welsh Government should:

a clarify its strategic approach to reducing disengagement among 19-24 year olds and how the Framework is intended to achieve its objective of a long term reduction in disengagement;

Accept

A key aspect in reducing disengagement relates to the transition point for young people from education into the labour market. DfES is working with DWP and Careers Wales to ensure appropriate data sharing and warm handover at this important point in the young person's journey to work. This forms part of the work being undertaken through the joint Access to Employment Working group which is co-chaired by DfES and DWP.

b work with councils beginning to develop their work with young people 19-24 to share emerging learning and good practice and ensure that councils' work and planning aligns with national priorities and targets;

Accept

A number of best practice examples are emerging through local authorities across Wales. Our regional approach, which draws together the key players in the employment and skills arena across three 'learning partnerships' covering the whole of Wales, will be the vehicle for sharing this best practice, alongside the work of partners operating within the Framework.

c review its expenditure on support for 19-24 year olds including the extent to which funding streams are co-ordinated and aligned with its priorities in order to assess if current funding is likely to achieve the Welsh Governments targets;

Accept

The Welsh Government's approach to supporting the employment and skills agenda is clearly focussed on how best we can achieve maximum effect from the investment necessary across all relevant funding streams. This is articulated through the DfES Footprint for ESF delivery which was published in May 2014.

The DfES approach to employment and skills support aims to deliver a more integrated employment and skills offer from 2014 onwards. DfES will focus on providing leadership and direction, adopting more of a strategic commissioning role as opposed to a direct delivery role, with a view to creating a more coherent and integrated portfolio of programmes at national, regional and local level. Co-ordination of employment and skills delivery will be undertaken through an integrated portfolio of projects that respond to clearly identified and evidenced need and operate at a combination of national, regional and local levels with investment coming from a range of sources including structural funds, public and private investment.

d examine the cost effectiveness of the measures currently in place; and

Accept

All ESF projects are monitored and evaluated, and performance information against specific targets is provided to WEFO directly from the project sponsors. Welsh Government also evaluates the performance of non-EU supported interventions.

e build on its developing links with the UK Government's Department of Work and Pensions in order to co-ordinate its provision with mandatory provision for longer term unemployed young people

Accept

The Welsh Government has an ongoing, close working relationship with DWP and local Jobcentre Plus. The recently established Access to Employment Working Group has a specific remit to ensure alignment of policy and practice between Welsh Government and national UK-wide schemes.

To achieve long term improvements in outcomes for those currently most likely to be NEET

R3 Young people who are NEET face a range of different barriers to participating in education, employment or training. Young people who are disabled, chronically ill, have special educational needs, attend poorly at school and attain poorly, as well those from some ethnic minority groups, are more likely to become NEET. Young parents have a high rate of disengagement. However the Welsh Government's targets do not distinguish between those who are sustained or core NEET and those who are only temporarily out of education, employment or training despite these groups needing different policy responses. Focussing on young people who are sustained NEET will also result in the greatest savings to the public purse. There is a risk that the Welsh Government's targets could be achieved without improving outcomes for who represent the greatest challenge. To avoid this risk, the Welsh

Government should:

a have greater clarity about its expectations of councils to focus on young people who are sustained NEET and incur the greatest cost to the public sector to avoid the risk that its targets are achieved without impacting on those furthest from the labour market;

Accept

Local authorities are charged with providing the support young people need to aid their progression through education and training into employment. This will be delivered through a systems based approach to early identification of need, co-ordinated brokerage of support and tracking of the young person's progress. Through the bi-annual reviews with local authorities, Welsh Government will discuss

their approach to ensuring those young people with protected characteristics are given the right support.

b discuss with councils their implementation plans with specific reference to the needs of young people at high risk of being NEET, including those young people with protected characteristics under the Single Equality Act and teenage parents; and

Accept

Welsh Government plan to analyse post 16 destinations and quarterly Careers Wales progression data as well as data on vulnerable groups such as Looked After Children (LAC), Care Leavers, Young Offenders and the links to Challenge Cymru schools. This data will be discussed with local authorities within their bi-annual reviews with Welsh Government to ensure local authorities are delivering the right support to these young people.

c consider its arrangements for reporting outcomes for young people with protected characteristics and teenage parents as outlined in its 2012 Strategic Equality Plan.

Accept in Principle

Welsh Government will work with Careers Wales and the Framework evaluation contractors to identify data that will help monitor local authority activity to support the engagement and progression of underrepresented groups such as LAC and Young Offenders. If this data is available in the future, publication of such information would need to adhere to the National Statistician's guidance around the confidentiality of official statistics, particularly in consideration of statistical disclosure issues at the local authority level.

To ensure that Welsh Government, councils and their partners are working towards shared targets and objectives for reducing the number of young people who are NEET

R4 Councillors and local government officials generally demonstrate a high level of commitment to reducing the number of young people who are NEET. There is a high level of understanding of the risk factors and the social costs of being NEET. However, we found that councils had not all developed targets for NEET against which their performance could be assessed. Where targets had been established, they did not always align with the Welsh Government's targets. To establish targets and ensure that councils and partners can be held accountable for performance, the Welsh Government should:

a do more to ensure that local and national measures and targets are more closely aligned by using the biannual meetings and the review of action plans to ensure that local objectives and targets reflect national priorities;

Accept in Principle

Currently the only data published by local authority area relates to 16 year olds who are NEET (compiled by Careers Wales, and used as comparative data across all Local Authorities). There is currently no published data that breaks down national (Wales level) figures for 16 -18 year olds, and 19 – 24 year old NEETs at a local authority level, therefore it is very difficult for individual authorities to adopt national targets as no baseline exists at a local level against which they can measure progress. Welsh Government is currently looking at widening the scope of the data that is available for 17 and 18 year olds, which will provide a more robust picture than just the 16 year old data. However, the local authority data will be derived in a different way to the

methodology for deriving the existing headline national estimate and therefore they will not be directly comparable.

Through the bi-annual reviews with local authorities, Welsh Government will discuss the targets they have set for reducing NEET within their authority and we will use the post 16 destinations and quarterly Careers Wales tier progression data to discuss their progress.

b encourage councils to develop SMART targets that demonstrate progress towards the goals and enable both the council and its delivery partners to be held to account for their performance; and

Accept

Welsh Government is currently looking at enhancing the Careers Wales destination data for 17 and 18 year olds, which will provide a more robust picture than just the 16 year old cohort. Local authorities will then be able to review progress and set appropriate targets against their starting point.

c assess the implications of changes in the delivery of education services following the Hill Review and potential changes in the delivery of public services following the report of the Commission on Public Service Governance and Delivery on the arrangements to implement its Framework.

Accept

We expect regional consortia (which has a narrow focus on school improvement) to align and integrate with the wider range of responsibilities and services delivered by local authorities including support for NEETS. We will ensure that consortia business plans evidence this integration when they are submitted to Welsh Government in March 2015.

To evaluate the impact of the Framework and spread good practice

R5 There has been a significant amount of research on the causes of young people becoming disengaged from education, employment or training. This has been summarised previously by the Welsh Government and we conclude that the Framework is based on this and evidence of approaches to reducing the number of 16-18 year olds who are NEET in two councils in Wales. However, the evidence is less clear on the effectiveness of particular interventions and, in particular, on the value for money of the large number of projects and programmes working with the young people who are NEET or at risk of becoming so. The Welsh Government has committed to evaluating the impact of the Framework and enabling shared learning, although there are a number of challenges to successfully evaluating its impact and establishing value for money. To provide evidence on the effectiveness of the Framework and its value for money, the Welsh Government should:

a discuss plans for local evaluations of projects and programmes funded by councils and the third sector in their biannual meetings with the aim of comparable outcomes and outputs so that councils can assess the relative effectiveness of interventions with young people;

Accept

Welsh Government will discuss with local authorities what plans they have in place for evaluating projects and programmes. We will also explore through the evaluation of the Youth Engagement and Progression Framework any examples of good practice being demonstrated within local authorities for evaluating the effectiveness of the interventions for young people.

b develop a methodology for assessing the value for money of projects and programmes which councils and their partners can use in their own evaluations;

Accept in Principle

Welsh Government will explore the potential for doing this and the cost of developing such a model and its applicability across a range of projects and programmes. There is already guidance on carrying out evaluations available and we will hold workshop sessions with local authorities and partners, through the Regional Working Groups, to provide training on effective evaluation methodology.

c agree with the Welsh European Funding Office (WEFO) and councils how individual services are evaluated and monitored in a manner that allows comparison between the interventions and enables the Welsh Government to make a judgement about value for money; and

Accept in Principle

All ESF projects are monitored and evaluated, and performance information against specific targets is provided to WEFO directly from the project sponsors. It is however, difficult to make comparisons between programmes as they are not all set up with the same purpose. It is often a range of interventions rather than one single intervention that will have an effect.

d incorporate an assessment of the impact of the Framework on sub-groups of young people within the NEET population within monitoring data and any commissioned evaluations

Accept

Welsh Government will work with Careers Wales and the Framework evaluation contractors to identify what data is available for underrepresented groups such as Looked After Children (LAC), Care Leavers and Young Offenders and whether it can be assessed as part of the impact evaluation of the Framework.