

Cabinet Office – 20 July 2012 – New NEETS Initiative

A pioneering scheme to get NEETs (Not in Education, Employment or Training) back on their feet kicks off today with charities and businesses given the go-ahead to prove they can turn young people's lives around in exchange for cash. Funding worth up to £126m is being made available to organisations across England, who will be paid by results to get 16 and 17 year olds back into education or training.

The programme, part of the Deputy Prime Minister's Youth Contract, is the first to use payment by results to help get NEETs re-engaged. Organisations involved have had to compete for contracts by showing they are able to get young people back on track. In return for proving they are experts in the field, they will be given freedom to tailor and provide support for disadvantaged young people in the way they know best.

Today's announcement is a significant step in offering up to 55,000 struggling 16- and 17-year-olds real practical support to make the most of staying in education sustainably or getting into jobs and training.

"The Youth Contract programme is bringing together real experts with experience and a track record of supporting young people to move on to the next stage of their lives."

Organisations will receive an initial payment for taking young people on, but will only receive subsequent payments when they show progress, such as getting young people to engage with training programmes or undertake apprenticeships. The contracts on offer are worth up to £2,200 for every young person helped, with the full amount payable only if a young person is still in full-time education, training or work with training six months after re-engaging.

Today, the Government is announcing the names of the charities and businesses, with expertise in supporting young people, who have successfully bid to participate. The organisations were required to demonstrate a proven track record in getting young people into education, apprenticeships, training or work with training. Local authorities will work with successful providers to target those young people in their area who will benefit most, fitting this programme with other provision on offer locally.

Providers are required to tailor their support to suit individuals' needs. Participants will get a wide range of support and take part in projects, for example:

- Being supported to apply for education and training courses and jobs, such as through practice interviews and application-writing.
- Participation in projects focusing on a range of activities, such as skills training and improving literacy and numeracy. Intensive mentoring and personal support on areas such as personal finance, health and wellbeing.

The programme, to take place over the next three years, will focus on at least 55,000 16-17 year old NEETs with no GCSEs at A* to C, who are at the highest risk of long-term disengagement. It is intended to improve their experience and qualifications, to give them a better chance of finding work and so reduce the proportion who become unemployed in adult life.

Evidence shows that unemployment early in life can leave a permanent scar on earning potential, with the effects on careers still evident decades later. By the age of 42, someone who had frequent periods of unemployment in their teens is likely to earn 12-15 per cent less than their peers.

The cost of being NEET between the ages of 16-18 is estimated to be around £56,000 in public finance costs and £104,000 in resource costs (lost labour market potential), over the working lifetime of each person who has been NEET at this age.

Evidence suggests there are a number of wider benefits to learning, which include:

- Physical and mental health: those educated to Level 2 or below are 75 per cent more likely to be smoking at age 30 compared to a similar individual educated to degree level or higher. Increasing the qualification level of women without qualifications to Level 2 could reduce their risk of depression at age 42 by 15 per cent.
- Teenage motherhood: 47 per cent of young women who did not obtain any GCSEs in Year 11 had a child by 19, compared to 3 per cent of those achieving 5 or more GCSEs A*-C.

The scheme is part of the Youth Contract, which will support 16-24 year olds with £1bn funding over the next three years. 16-24 year old Youth Contract with £1bn over the next 3 years. It aims to lift young people out of unemployment. It is being jointly delivered by the Departments for Education, Business Innovation and Skills, and Work and Pensions. Key features include:

- cash payments to encourage employers to recruit young people
- an extra 250,000 work experience places over the next three years
- at least 20,000 extra incentive payments worth £1,500 each for employers to take on young people as apprentices
- extra support through Jobcentre Plus in the form of weekly, rather than fortnightly, signing-on meetings, more time to talk to an adviser and a National Careers Service interview

The scheme for the South-west will be delivered Prospects Training Services (Gloucester) Ltd

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