Impetus

Impetus 2020 Comprehensive Spending Review submission

Policy Briefing 7
September 2020

Impetus 2020 Comprehensive Spending Review submission

Impetus transforms the lives of young people from disadvantaged backgrounds by ensuring they get the right support to succeed in school, in work and in life. We find, fund and build the most promising charities working with these young people, providing core funding and working shoulder-to-shoulder with their leaders to help them become stronger organisations. In partnership with other funders we help our charities expand and we work to influence policy and decision makers so that young people get the support they need.

This submission to the 2020 Comprehensive Spending Review provides solutions that secure a place for young people at the centre of the government's post-COVID recovery agenda and contribute to the nation's future economic growth.

The areas covered include education, youth employment, the Shared Prosperity Fund, funding what works and the future of SIBs.

Executive summary

Education

- Confirm a funding allocation for the National Tutoring Programme over the Spending Review period.
- Create a single, consistent system of funding to the compulsory education age of 18, including extension of the Pupil Premium.
- Maintain a higher education funding system that supports young people from disadvantaged backgrounds to both access university and receive sufficient support once attending.

Youth employment

- Fund a comprehensive, sustainable youth offer to support young people from disadvantaged backgrounds into good employment outcomes.
- The Kickstart Scheme eligibility criteria must be expanded beyond Universal Credit recipients and the scheme must be fully funded over the Spending Review period.
- Apprenticeships must be adequately funded and targeted incentives must be made available to encourage greater take-up of apprenticeships of young people in the long-term.

Shared Prosperity Fund

- Establish a UK Shared Prosperity Fund that invests in employment and skills programmes aimed at supporting young people.

Funding what works

- Improve government funding of what works to ensure funding streams are sustainable, accessible and well-targeted and support well-evidenced interventions.

Social Impact Bonds

- Capacity building must be funded for SIBs if they are to continue, scale and be successful.

Young people from disadvantaged backgrounds in this Spending Review period

Young people from disadvantaged backgrounds - as defined by Pupil Premium eligibility - are less likely to do well in school, go onto university and secure good employment outcomes. Prior to the onset of COVID-19, the attainment gap at GCSE stood at 27.1%pts, the university access gap was at a decade high of 18.6%pts and the Impetus-defined Employment Gap was 13%pts (young people from disadvantaged backgrounds are twice as likely to be out of education, employment or training as their better-off peers.)

This group of young people have always needed well-evidenced initiatives to close the gaps that can only be explained by their background. But this has never been more pertinent, the need never greater, than the period covered by this Spending Review. The COVID-19 pandemic has disproportionately impacted the education of those in poorer households. Data gathered by TeacherTapp found only 2% of teachers working in disadvantaged schools believed all their students could access online learning, and this was borne out by findings from the Sutton Trust that working class pupils were 14%pts less likely to be engaging in daily online lessons that their middle class peers. Young people's employment has gone from being a government success to an imminent crisis, with young people 2.5 times more likely to work in a shut-down sector (Institute for Fiscal Studies), the number of young people claiming unemployment benefits doubling between March and June and the figures set to rise – with the scarring impacts long periods of unemployment can bring for young people.

These unprecedented problems have required unprecedented solutions and we welcome the great efforts made across government to tackle these issues head on. The introduction of the National Tutoring Programme, of which Impetus is a founding partner, and the Kickstart scheme, a proposal championed by the Youth Employment Group that we chair, demonstrate the bold thinking required to ensure young people can succeed.

But the entrenched nature of these gaps – further exacerbated by COVID-19 – means it is job started, rather than job done. These issues require long-term commitment, evidence-based interventions and sustainable funding to try to undo the damage of the pandemic, whilst also reaching those for whom educational and employment success was difficult to achieve before. Our submission sets out where we wish to see government funding directed, and the principles that should underpin this funding. We would be willing to share the data and evidence collected as the basis for this submission with relevant officials and work with Treasury teams to inform the 2020 Spending Review.

Background: Education 2021/22 to 2023/24

With the closures of schools, there has been an inevitable learning loss amongst pupils this year, but those from disadvantaged backgrounds have been disproportionately impacted. The lower engagement in online learning has meant that 61% of teachers are reporting a widening of the learning gap between disadvantaged pupils and their better-off peers, and teachers in the most deprived schools are over three times more likely to report their students as four or more months behind in curriculum-related learning (National Foundation for Educational Research).

We fully anticipate a drastic widening of the attainment gap, as predicted by the Education Endowment Foundation, and the loss of the modest progress which has been made in the last decade following the disruption to education this year.

Tutoring
Confirm a funding allocation for the National Tutoring Programme over the Spending Review period

Along with EEF, Nesta, Sutton Trust and Teach First we are a key contributor to the DfE's National Tutoring Programme. Young people from disadvantaged backgrounds are only around half as likely as their better off peers to secure crucial GCSE passes in English and maths (DfE). Too many of those who perform at above average levels at 11 do not maintain this at 16, and similarly top GCSE performers at 16 too often do not become top A level performers at 18. Addressing these challenges is essential to ensure every young person receives a superb education and to level up economic opportunity across the country by investing in people (Education Data Lab).

The scale of the challenge is enormous. EPI research shows that by the end of primary school, the average pupil from a disadvantaged background is around nine months behind their better off peers. By the end of secondary school, this gap is 18 months.

The case for a multi-year NTP

Even before the current crisis, the attainment gap was considerable. By the end of primary school, the average pupil from a disadvantaged background was around 9 months behind their better off peers. By the end of secondary school, this gap was 18 months. And while the attainment gap had been narrowing since 2011, progress began to stall in 2018. The pandemic is likely to have worsened this problem considerably, with estimates suggesting that the attainment gap could grow by between 11% and 75%, with a median estimate of 36%. Progress made on narrowing the attainment gap over the last decade could be reversed, and targeted, long-term solutions will be required to begin to narrow this gap again.

There is extensive high-quality evidence demonstrating the potential of one-to-one and small-group tuition as a cost-effective way to support pupils who are falling behind in their learning. The EEF's Teaching and Learning Toolkit suggests it can boost progress by up to +5 months, and randomised controlled trials funded by the EEF have also found positive effects for a range of tuition models.

There is an opportunity through the National Tutoring Programme to expand the highest quality tutoring, by subsidising the cost of the tutoring, supporting tutoring providers to improve their impact and grow, and also supporting high-quality providers with scale costs.

However, access to tutoring is often limited to the schools and parents that can most afford it. Almost all the pupils that need intensive support the most are not able to access it. Access to tutoring is heavily skewed towards families who can afford it, particularly in London and the South East. Currently, tutoring widens rather than narrows the attainment gap.

How will a multi-year NTP help?

- **The first year of the NTP will lay a strong foundation, but it will not be possible to build the tuition market in a single year, while maintaining quality.** An effective "jump-start" has to be big enough to reach schools in all parts of the country and begin to change schools' spending habits. We estimate that this will take an additional three years, with a tapered subsidy from government, to ensure the market has a chance to develop while gradually moving funding to the pupil premium.
- **But achieving national coverage will require some Government intervention to encourage the market.** Previous efforts to encourage schools to buy-in tutoring have failed because of undersupply, while providers have been reluctant to expand to new areas because of concerns about demand. The tutoring market has been characterised as a fragmented "Wild West", where quality varies widely, and it can be very difficult for teachers, schools and MATs to identify quality providers.
- **Phonics reform provides a roadmap for "jump-starting" the tutoring market.** Despite extensive evidence supporting phonics, a co-ordinated set of measures was needed to ensure national take-up. Key measures included an approved list of programmes, subsidised training, scale-up support for the best providers and aligned accountability measures.
- **Like phonics, tutoring can become embedded in the system.** A recognition of the value of phonics is now an intrinsic part of teachers' professional identity. This culture change occurred because good habits formed over several years and because teachers saw the impact of phonics on pupils' outcomes.
- **A functioning tutoring market would increase the impact of the pupil premium.** Were schools able to spend just 20% of their pupil premium allocations on high-quality tutoring, it is likely that the impact of pupil premium spending on children's attainment would increase dramatically.

Costings for a multi-year NTP

Following extensive market mapping and careful modelling, we estimate three years of funding of the NTP would cost approximately £295 million over the 2021/22 to the 2023/24 academic years, which would deliver around 2.3 million places for disadvantaged pupils. These costs would be split between the two pillars of the NTP, tuition partners and academic mentors.

As subsidies taper, cost will shift from the DfE to schools:

- In the current year of existing funding (2020/21), approximately 18% of funding for the NTP is covered by schools (£23 million), and 82% by the DfE (£106 million).
- Our model gradually shifts these costs to school over time, to allow for a sustainable transition. In 2021/22, as the programme expands to a total cost of £273 million, the costs would shift to 41% of funding coming from schools (£112 million) and 59% from the DfE (£161m). In 2022/23, as costs begin to stabilise at a total of £254 million, this would move further, with 66% of funding coming from schools (£167 million) and 34% from the DfE (£87 million). In the third year of additional funding, at a total cost of £251 million, the majority of funding, 82%, would come from schools (£204 million) and 18% (£46 million) from the DfE.

We are working with the DfE to submit a detailed proposal based on these figures.

Post-16 funding
Create a single, consistent system of funding to the compulsory education age of 18, including extension of the Pupil Premium

16-19 year olds in the UK are particularly low qualified by international standards, with three times the number of those without GCSE standard literacy and numeracy as the best-performing countries (OECD). A low-skilled workforce has a direct impact on productivity, with upskilling accounting for 20% of labour productivity growth in the UK in the early 2000s (Department for Business Innovation and Skills). Consequently, investing in 16-18 education is vital in prioritising skills to strengthen the UK's economic recovery, and investing in people to level up economic opportunity.

We therefore strongly recommend that post-16 education funding should continue to increase above the rate of inflation, and **we support the call made by the Association of Colleges for a £5,000 rate for 16-18 year olds** to support investment and achieve a single, consistent system to the compulsory education age of 18.

This period of education has historically lost out to earlier stages in funding, and particular emphasis has been placed on A-level qualifications, when these are undertaken by only 40% of students. A-levels are disproportionately taken up by non-disadvantaged young people and, whilst we encourage this avenue as one for all students regardless of their background, we wish to see alternative routes provided with the same support from government, and this requires parity in funding.

In achieving parity in funding for post-16 education, **we recommend that HMT extends Pupil Premium funding to the age of 18** to recognise that additional funding to support pupils from disadvantaged backgrounds also deserves consistency across all stages of compulsory education. Not only is this necessary to level up and invest in people and skills, this funding is vital in ensuring an improved system from 2021 whereby every young person receives a superb education.

Despite its issues, Pupil Premium enjoys substantial support and its extension through the Early Years Pupil Premium in 2015 demonstrates both this support and recognition of how inequality permeates throughout a child's whole education.

Terminating Pupil Premium at age 16 risks leaving those who continue in education at risk of lower support and consequent lower attainment. This is the first time where students from disadvantaged backgrounds will diverge from their better-off peers in education in a significant way and therefore it is logical that the funding intended to support them continues. Impetus' *Youth Jobs Gap* research has found that having English and maths Level 2 qualification has a significant impact on a young person's access to university, particularly the most selective, and on their likelihood of being out of education, employment or training in later life. Consequently, to invest seriously in young people and enable the levelling up of opportunity across the UK, this funding must be extended to age 18.

In addition to extending Pupil Premium, we wish to see to the existing system reach all those whom are eligible. At a time when we expect more students to become eligible for Free School Meals – and by extension Pupil Premium – **HMT should fund necessary work to automatically enrol those eligible**, thereby streamlining and modernising the process. This would ensure that support goes to all families who need it; and to all schools serving such pupils, through the Pupil Premium.

Whilst we acknowledge that there will be data implications in extending the Pupil Premium due to sharing between the Department for Education and the Department for Work and Pensions, greater collaboration across departments in the interests of students would be a strong direction to set and embed.

Higher education
Maintain a higher education funding system that supports young people from disadvantaged backgrounds to both access university and receive sufficient support once attending

The university access gap is currently at its largest in a decade and the uncertainty brought by COVID-19 is likely to exacerbate this. With the Augar review being concluded alongside this Spending Review, we believe this is the best time to implement measures that will ensure young people from disadvantaged backgrounds have the same chance as their better-off peers in gaining access to university, at both the institution and on the course which is right for them. Whilst this section reflects Impetus' views only, much of our thinking on the response to the Augar review has been formulated in alignment with the Fair Education Alliance.

Concluding the Augar review is clearly an important part of meeting the government's priority to "ensure every young person receives a superb education". Our starting point is that every young person with the ability to benefit from higher education should have the opportunity to do so. We are concerned that young people from disadvantaged backgrounds are particularly unlikely to do so, and this is an issue that must continue to be addressed regardless of what other policy changes are made.

This must be an essential part of the "levelling up" agenda. We believe this investment in people is vital to expand opportunity, build a skilled, competitive workforce post-Brexit and worth the financial outlay. To achieve this potential, **the government should fund anyone meeting the criteria set for attendance in higher education with no arbitrary cap on numbers implemented.**

One of the key features of the changes proposed by Augar is that they form a coherent package. While there are some recommendations that we are more supportive of than others, we are concerned that they cannot simply be cherry-picked. The government needs to develop a coherent policy in response, built on the foundations laid by Augar, with appropriate levels of funding.

In terms of young people from disadvantaged backgrounds, this package needs to address two central questions. Firstly, how do you design a student funding system that is both fair to disadvantaged pupils but is also appealing to them? Secondly, how does the University funding system signal and affect decisions about course and career choices?

We support the Augar recommendation to restore maintenance grants for disadvantaged students (7.1). One of the main challenges young people from disadvantaged backgrounds face is the ability to pay their living costs such as rent and food, as the current funding for this assumes a level of parental contribution. This is simply not feasible for students from lower income backgrounds and acts as both a deterrent and a driver of the higher drop-out rate. It is important therefore that this money is additional to what is currently available through loans, and not simply converting existing loans into grants.

In setting the level of maintenance support (grants and loans), the government needs to be clear what their overall expectation is about other sources of income students will have access to, for example through working or from parents. In that sense, we support Augar recommendation 7.2 to make expected parental contributions explicit. However, care must be taken about how this is messaged. There is a risk that young people from disadvantaged backgrounds will hear that parents are expected to contribute and assume that if their parents are unable to do so, they are unable to go to university. The aim of the maintenance system should be to prevent this, and the system needs to be described and explained in these terms.

We support the suggestion of Augar recommendation 2.1 that people should have access to loans for study at levels 4 to 6. Properly explained, this should support more people to access higher levels of education, as needed for our economy's recovery. However, this should not distract from the focus on widening participation at university among young people from disadvantaged backgrounds at age 18. This remains the most proven route to higher level skills and higher earnings. We are concerned that, badly explained, some young people who would have studied for a degree will instead opt for a level 4 or 5 course, and that the effect of the policy would be to reduce overall levels of education, particularly among this group. This would be particularly likely to be the case if there was a perception that level 4/5 courses were "cheaper", involved "less debt", and were therefore "less risky".

With regards to funding, **we are advocating for a simple and progressive funding system.** The current student loan system is progressive as no fees are paid upfront and loans are paid back contingent to income. Cutting fees to £7,500 as proposed in Augar recommendation 3.2 would benefit higher earning graduates the most. Unless protected, a cut in fees to £7,500 could eliminate a significant amount of the widening participation funding designed to close the access gap. The overall effect would be to make the system less progressive than it is now, which is contrary to the stated aims of the review.

We are also concerned about extending the repayment period to 40 years (Augar recommendation 6.3). This will particularly hit lower earning graduates, as higher earners already pay off their loans within 30 years. Lower earning graduates would end up paying for longer, would pay more overall, and many will pay more than their higher earning classmates. In a properly explained system that was well understood, this needs careful handling, and the government needs to provide clear explanations about the nuances of how different types of graduates are affected.

Part of the nuance required is covered in Augar recommendation 6.7 about how the system is described and explained, which we support. Talk of fees, parts of which are designed to never be paid off; and "debt", which does not behave like debt, often makes it more challenging to support young people to understand the system. **The language around repayments needs to be made simpler and clearer for all.** However, this needs to be more than just a PR exercise – we need a fair system that is well explained, and that young people can understand.

An essential component of a fair system is explicit funding of widening participation work. Regardless of the financing system, disadvantaged young people will need support to understand it, to make good course choices, and to access university. There is a false economy in not funding this work and therefore not maximising the future contribution of young people from disadvantaged backgrounds to our economy and our society. This is a concern with regards to fee level (Augar recommendation 3.2). Whatever level fees are set at, **there needs to be ringfenced funding for widening participation work,** whether funded through fees or otherwise. We support Augar recommendation 3.6 on supporting disadvantaged young people to succeed at university.

We are concerned about the framing of intervening in courses with "poor retention, poor graduate employability and poor long-term earnings", and oppose Augar recommendation 3.7. Whilst poor retention can be in universities control, this can also be a failure of advice and guidance in school, which speaks to the importance of the widening participation work outlined in paragraph 10. The definition of "graduate jobs", and the data around earnings, are not of sufficient quality to make major decisions. Additionally, we would like to see emphasis on the civic benefits of universities, particularly within their local communities. We believe that with greater accessibility, information and support to enable young people from disadvantaged backgrounds to access university and thrive whilst attending we will achieve greater outcomes, rather than placing limits which may restrict access.

More broadly, we are concerned that these types of measures would incentivise universities not to take risks on young people who might seem less likely to graduate or go on to higher earning professions. These will be disproportionately disadvantaged young people with caring responsibilities, with mental health issues, and from parts of the country with lower earnings. This is the exact opposite of what the widening participation agenda is trying to achieve. It also sends the message to students that maximising your future earnings is the most important priority. Many organisations recruit graduates whose priority is to make a difference to people's lives. We think this is an entirely legitimate choice and oppose attempts to make salary the key metric of success.

In principle, we support the idea of funding subjects more closely according to costs, as outlined in recommendation 3.5. However, we are concerned about the potential for this to lead to variable costs for different degree subjects. It's unclear what message this would send about the "value" of different courses. Would disadvantaged young people be more likely to do cheaper courses due to concerns over "debt"? Would they avoid them, interpreting low cost as low quality and not worthwhile? This is a complicated area, and the government would need to conduct thorough research to avoid unintended consequences. We would be happy to offer use of our networks of schools and young people in investigating this, should the government wish to pursue this.

For some disadvantaged young people, a Foundation year is an important part of a successful path to a degree. **We do not support Augar recommendation 3.8 to abolish them.** We are pleased to see more universities introduce them in response to the effects of COVID-19.

Youth employment
Fund a comprehensive, sustainable youth offer to support young people from disadvantaged backgrounds into good employment outcomes

We know young people are disproportionately impacted by recessions, and the evidence points to this never being more true than from the impact of the COVID-19 crisis. We are already seeing this, with one in three young people earning less than they were pre-lockdown, a quarter having been furloughed and the number of young people claiming unemployment benefits having doubled between March and June. Funding support to help young people enter the labour market is crucial to strengthening the UK's economic recovery and prioritising the jobs and skills we need across the UK to do so.

With young people from disadvantaged backgrounds already twice as likely to be out of education, employment and training before the crisis hit, supporting them to secure good employment outcomes is crucial to levelling up opportunity.

As the chair of the Youth Employment Group, Impetus has convened over 150 members in and around the youth employment sector, ranging from employers to local authorities, charities and researchers. With our fellow Youth Employment Group secretariat, we have been pleased to engage in constructive discussions across the Department for Education and the Department for Work and Pensions, particularly around the Kickstart scheme, traineeships and the implementation of Youth Hubs.

The government's Plan for Jobs had a welcome focus on young people which must be maintained over the Spending Review period – this 2020 Spending Review must recognise the long-term nature of the youth unemployment crisis ahead of us.

As the chair of the Youth Employment Group, Impetus has convened over 150 members in and around the youth employment sector, ranging from employers to local authorities, charities and researchers. With our fellow Youth Employment Group secretariat, we have been pleased to engage in constructive discussions across the Department for Education and the Department for Work and Pensions, particularly around the Kickstart scheme, traineeships and the implementation of Youth Hubs.

Central to this is the Prime Minister's offer of an Opportunity Guarantee which ensures that all young people have the choice of an education place, apprenticeship, or job. This now requires the funding and coordination to make it a reality. The Opportunity Guarantee recognises that not all young people are work-ready and some would gain greater benefit from an education place or training before entering the labour market. **We recommend that HMT funds a Youth Offer that provides this choice to all young people aged 16-24 who are out of education, employment or training.**

Impetus

Young people from low income backgrounds are often denied access to networks and skills training that would help them secure meaningful work opportunities. Because of this, there should not be a "one size fits all" approach from government to tackling youth employment and instead dedicated support should be given to those who need is most.

We recommend that the Youth Offer is formed of local, joined-up offers for young people across all localities. Our *Youth Jobs Gap* research found that the differences *within* regions were often greater than those *between* them, demonstrating the importance of localised, tailored support packages to level up across different regions. **Funding must be allocated to support local offers to connect local providers, employers, employability support services and key target groups to create a system based on the individual needs and demands of the local area.** Providing a local offer based on this will also enable services to triage young people quickly and ensure they are on the correct path of support, providing a more efficient service. The development of the DWP's Youth Hub offer will be an important element of this. To enable the Youth Hubs to be established for the long term, with success criteria, outcomes and full evaluation designed in, running alongside a wider, deeper roll out which will transform the landscape for young people receiving employment support, **an additional increase in DWP funding, including a significant investment in the Flexible Support Fund for local partners, will be required.**

Apprenticeships

Apprenticeships must provide a vital route into employment and to the skills agenda for young people. Our *Youth Jobs Gap* series showed that apprenticeships are a viable route for young people, particularly those from disadvantaged backgrounds, although more could to be done to encourage progression with apprenticeships for this group. However, government data shows young people are being increasingly cut out of the apprenticeship market in favour of existing employees and higher level apprenticeships. We welcome the government initiatives to offer subsidies for those taking on young apprentices, but would **encourage this focus on young people entering apprenticeships to be embedded into wider apprenticeship funding initiatives, with both adequate funding and targeted incentives** to encourage greater take-up of apprenticeships by young people in the long-term.

Extend the Kickstart Scheme to 2023/24

To focus on levelling up and prevent any young person being left behind, **we also recommend that this Spending Review makes a significant allocation of funding over the period to expand Kickstart's eligibility criteria beyond Universal Credit recipients.** We know that young people are less likely to apply for benefits for reasons of accessibility and stigma – particularly those aged 16-18 – and this means that many will not be supported by the Kickstart Scheme. The Youth Employment UK Youth Voice Census found that only 33% of respondents had engaged with JobCentre at any point.

We fear that many in this group will be those furthest from the labour market experiencing the greatest barriers, at most risk of long-term unemployment and future societal costs. We recommend that the Kickstart Scheme is expanded past this initial phase to non-UC participants under 25, and we are keen to work with HMT and all relevant government departments to identify, target and reach those groups who will benefit most from the scheme.

It is also vital that the timeframe of the Kickstart Scheme is extended to provide a longer-term solution to the issue of youth unemployment. Its current end point of December 2021 for bids (ending June 2022) risks termination before we have tackled the huge rise in youth unemployment, and **we recommend that the scheme receives multi-year funding until 2023/2024** to avoid this. Our *Youth Jobs Gap* findings show that once a young person falls out of education, employment or training (NEET), they are likely to get stuck, and 75% of young people who are NEET for three months will be NEET for 12 months. The Kickstart Scheme must be fully funded over the Spending Review period to ensure it has the time to invest in the young people who need it and strengthen the economy's recovery.

Levelling Up Communities
Establish a UK Shared Prosperity Fund that invests in employment and skills programmes aimed at supporting young people

COVID-19 has had, and will continue to have, a severe impact on both the employment prospects of young people, and on many of the organisations who deliver the vital employment and skills programmes needed for young people to secure good employment outcomes.
We were pleased to see the government guarantee the European Social Fund (ESF) levels of funding for 2021-27 through the UK Shared Prosperity Fund (UKSPF). The proposed UKSPF will be vital to ensuring this area of crucial support can continue at a time when it has never been more needed, serving to support the levelling up of economic opportunity and the prioritisation of jobs and skills. With its introduction scheduled for April 2021, the UKSPF will act as a replacement for the ESF, which has provided funding focused on skills, employability, regional inequality and the low-carbon economy.

In light of the new labour market challenges, **we recommend that this funding is invested in programmes supporting young people's employment and skills development, delivered via frontline organisations of the type currently receiving ESF.** In doing so, the UKSPF has the potential to deliver a nationally and locally joined up offer for young people entering the labour market, vital in boosting both the nation's recovery and the levelling up agenda. This funding must be additional to any existing services delivered by the government, reaching those young people not usually engaged with the system – as ESF programmes currently do.

It is a vital component in the bouncing back of the economy and we recommend the UKSPF is operational by April 2021, with replacement funding in place should there be any delay, to prevent any disruption to these vital services for NEET young people.

Funding what works
Improve government funding of what works to ensure funding streams are sustainable, accessible and well-targeted and support well-evidenced interventions

At Impetus, our model reflects the importance of backing evidence-based, impact driven interventions that improve outcomes for young people from disadvantaged backgrounds. Sustainable, accessible and well-targeted funding is crucial to improving the management and delivery of the government's commitments, ensuring that all departments have the appropriate structures and processes in place to deliver their outcomes and commitments on time and within budget. This is a key aspect of the capacity building work we do with our charity partners, and we would be keen to work with government to embed this into departmental funding practices.

Funding should build on what works and, where we do not have sufficient evidence, should fund high-quality evaluations to prepare an intervention for scale. In youth employment, we have key principles which research shows work well, such as accurate identification and effective engagement, employer focused strategies and intermediate labour markets. We were pleased to see HMT draw on these in the government's Plan for Jobs. In areas that are less well evidenced, such as widening participation, we were pleased to see TASO funded through the Office for Students to gather further evidence, and we hope the government will continue to support these initiatives, be it through funding evaluation or funding the interventions which yield positive results.

Funding should be targeted at the groups who are most in need and with whom interventions would have the biggest impact. Whilst we welcome the £1bn catch-up funding, £650m is not targeted at either the schools or pupils who are most in need. The scale of the problem is large, and it has disproportionately impacted those in disadvantaged groups. We would like to see the funding, and future funding, targeted to reflect this. In this respect, it is also important to acknowledge that many of the young people from disadvantaged backgrounds are unable to take advantage of catch-up learning or work placements and eligibility criteria around these initiatives can often be limiting. Many young people are neither learning or work ready, for reasons such as mental health issues, lack of qualifications or disengagement. Interventions targeted at these harder to reach groups also deserve funding, to ensure no young person is left behind.

Funding must be sustainable, and length of funding must correspond to the longevity of the issue it aims to tackle. With the current COVID-19 measures, the concern we have for our charity partners is that millions of pounds of emergency funding is available now, with time restrictions on spending too short-term. Many streams require funding to be spent by March, whereas we anticipate the peak of unemployment to come later, after this funding has ceased and the issues continue to persist. The government should fund interventions with proven impact, when they need it most. Current funding must be extended post-March, or new funding must replace it when we begin to see emergency support run out and the long-term consequences of COVID-19 felt more deeply.

One of our charity partners commented that the biggest barriers to securing government funding for them is that their programme length doesn't fit neatly into the short-term timescales of so many other interventions, as they span different stages of a young person's life. While the costs of multi-year preventative programmes may seem high, the positive economic and social impacts can easily outweigh those costs. We believe that the newly launched Youth Futures Foundation provides us with a unique, potentially longer term funding opportunity and will afford them the opportunity to undertake a robust independent evaluation to demonstrate their impact and the return on investment that's possible from investing in a long-term, preventative programme.

Many government funding initiatives are difficult to access, particularly for smaller organisations. The threshold of spending is often too high and prohibits efficient and effective spending of funding due to time constraints. We strongly believe that thresholds and limits should be based on assessment of impact, not on the ability to fund interventions quickly. We know that locally delivered pots of funding based on the needs of the local community do well, and this format supports strong scaling up. **We recommend that more initiatives such as the Flexible Support Fund and the Dynamic Purchasing System support these principles.**

Funding should not operate on a cliff edge. This is an important factor in the introduction of the UKSPF (avoiding an ESF cliff edge) and the same principles should apply to other funding streams such as the Life Chances Fund. For many charities, these funding streams account for one third of their overall funding, and ensuring they remain a sustainable source is a vital factor in continuing to fund programmes longer-term and allowing charities to make sensible decisions based on impact, rather than financial viability.

Social Impact Bonds
Capacity building must be funded for SIBs if they are to continue, scale and be successful.

We have learned a great deal through supporting our charity partners who have managed SIBs. We believe they a great tool in helping to instil a performance culture, bringing a variety of stakeholders together and enabling charities to attract further funding to help accelerate expansion and scale to charitable interventions. As a mechanism, SIBs have great potential in improving the management and delivery of the government's commitments.

However, there are a number of challenges to SIBs, not least the risk of cliff-edge funding which threatens the sustainability and viability of interventions. It is key to determine why and how SIBs should be used in what situations, with clear terms and conditions around target population and outcomes. **We therefore recommend that capacity building is funded for SIBs if they are to continue, scale and be successful.** We are keen to continue working with government to help facilitate this.

Final thought

Through these transformative changes in government funding for education, jobs and skills for young people, the 2020 Spending Review can set out plans that level up the opportunities available across the localities that need it the most, both now and for future generations.

About Impetus

Impetus transforms the lives of young people from disadvantaged backgrounds by ensuring they get the right support to succeed in school, in work and in life.

We do this by finding, funding and building the most promising charities working with these young people and by influencing policy and resources.

We support a number of charities helping to give disadvantaged young people a chance to succeed in school, in work and in life.

Impetus

Impetus.org.uk

@ImpetusPEF

info@impetus.org.uk