



PERSPECTIVE

Should we end the Education Maintenance Allowance?

Mick Fletcher

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About the Author

Mick Fletcher is an education consultant specialising in the planning and funding of post-14 learning, and a Visiting Research Fellow at the Institute of Education, University of London. He has worked at a national level in the further education system for over 25 years and until 2006 was the research manager at the Learning and Skills Development Agency (LSDA) responsible for their suite of projects on funding and related issues in the sector. Prior to that he had worked as a college lecturer, as a local authority education officer and as Head of Training at the national FE management centre, Coombe Lodge.

While at LSDA Mick led a number of research projects focused on widening participation policies, including a detailed analysis of the characteristics of those lacking a level 2 qualification and a study of the factors that had precipitated the re-engagement of unqualified adults with learning. More recently he has prepared for LSC a detailed comparison of the funding of post-compulsory education in the four nations of the UK and a review, for the Mutual Learning programme

of the EU, of the Welsh approach to matching training provision with labour market needs. In 2009 he contributed a paper to the Nuffield Review of 14–19 Education and Training on Funding the 14–19 phase, and worked with Nigel Brown Associates to inform the Inquiry into Lifelong Learning about all sources of funding for adult learners.

Mick has written widely on arrangements for the financial support of learners including an analysis of the English experience with individual learning accounts, and an assessment of the potential role of loans in supporting lifelong learning. He has worked for both DfES and LSC to explore the impact of changing fee arrangements in the FE sector. His more recent publications include a study of the implications of raising the learning leaving age, and an exploration of the potential links between HE and the adult skills agenda, both jointly authored with Mark Corney and published by CfBT Education Trust; and a paper for the Parliamentary Skills Forum entitled 'Mind the Gap' which highlights the different treatment of adult learners in FE and HE.

Acknowledgements

Mick would like to acknowledge the help of a large number of people in preparing this report, particularly Mark Corney who read and made detailed comments on a complete draft, and Nigel Brown who helped check the section on Higher Education. Nevertheless all responsibility for errors and omissions remains with the author.

Executive Summary

“*The Education Maintenance Allowance, or EMA as it was called, was intended to increase the participation of young people in post-compulsory learning by providing a financial incentive to attend school or college.*”

In 2004/05 the Government introduced a national system of means-tested allowances of between £10 and £30 per week for young people continuing in full-time education post-16. The Education Maintenance Allowance, or EMA as it was called, was intended to increase the participation of young people in post-compulsory learning by providing a financial incentive to attend school or college.

This paper seeks to review the position of EMAs five years after the national roll-out took place. There are several reasons for doing so. The major one is that although EMAs have undoubtedly had an impact on participation, some have begun to argue that there are other, more cost-effective means available to achieve the same end. Of equal importance is the change in context provided by the decision to raise the age of compulsory participation in learning (or RPA) to the 18th birthday by 2015.

The paper seeks first to place EMAs in context. They are part of a complex system of financial support for young people participating in education and training between the ages of 16 and 19; but they sit alongside more general arrangements for financial support in respect of all young people, principally – though not exclusively – Child Benefit and Child Tax Credit. They have been seen as an incentive rather than a welfare payment; receipt of an EMA does not affect other family benefits.

To help understand the distinctive nature of EMAs and the options for change, the paper contrasts them with other support arrangements affecting 16–19 year olds and, where appropriate with support for HE students and for other adults. It also reviews the critique of EMAs being developed by some of the think tanks, and early indications of the government agenda.

The paper then examines the evidence on the impact of EMAs to date. It asks what they were intended to achieve and how far that has been realised; and explores their impact not only on young people in general but on specific sub-groups of particular policy interest. The evaluation focuses on three key questions:

- How far have EMAs increased the participation of young people aged 16 and 17?
- How far have EMAs contributed to increased achievement at ages 17 and 18?
- How far have EMAs helped address inequalities in access and performance between different social groups?

A further issue addressed is how they might contribute to increasing the participation of 16–19 year olds towards 100% under both an agenda that involves compulsion as a last resort and one that does not.

EMAs were developed in the first decade of the 21st century and, including the pilot phase, have been around for a full ten years. The paper reviews how conditions in the second decade of the century might differ from those in the first, and examines the implications of that different context for the EMA debate.

Finally, in the light of the evidence, the report sets out and works through a set of policy options. It examines whether EMAs should be abolished, amended or retained unchanged. The report concludes:

1. EMAs have been a successful innovation and should be maintained

As a policy instrument they have proved to be:

- *Successful in delivering their intended outcomes.* There is robust evidence that EMAs have increased participation and achievement among 16 and 17 year olds, and contributed to improved motivation and performance.
- *Effectively focused on the target group.* EMAs are restricted to low-income households, and disproportionately taken up by those with low achievement levels at school, those from ethnic minorities and those from single-parent families.
- *As relevant to the future policy agenda as to the past.* Although EMAs have helped to improve staying-on rates the UK is still characterised by lower numbers participating between 16 and 18 and a wide gap in performance linked to social background.

2. EMAs should be maintained, despite proposals to raise the statutory leaving age

- Arguments about the relevance of an incentive if the leaving age is changed are a distraction. No serious commentator believes that legislation, by itself, will achieve 100% participation; indeed most agree that an increase in voluntary participation is required before legislation could be contemplated. In any event both major opposition parties are opposed to the use of compulsion.
- EMA bonuses should be seen as an incentive to engage seriously with learning rather than simply to attend classes. Increased participation is not an end in itself; its only purpose is to raise achievement.
- EMA allowances should be seen as reflecting the opportunity costs of participation. Learning agreements should encourage students to keep paid work during term time down to a level that does not impair their performance.

3. EMAs should be maintained despite the current crisis in public finances

- Although it seems probable that after 2010 reductions in public expenditure will be sought by whichever party is in power there are other less well focused policies that cost a similar or greater amount. If Child Benefit for 16–19s were means-tested on the same scale as EMAs it would produce around £585 million – a broadly similar saving to the abolition of the allowances, though at the expense of the richest part of the population rather than the poorest. If Child Tax Credit (CTC) for 16–19 year olds were to be means-tested on the same scale as EMAs that would save a further £180 million.

4. EMA allowances should be increased for 17 year olds

- There has been no increase in the EMA rate for a decade; just to keep pace with inflation would require an increase from £30 to £40 per week.
- The fall in participation between 16 and 17 remains the major problem confronting the aspiration to increase participation towards 100% by 2015.
- Evaluation evidence shows that the efficacy of the allowance is linked to its rate.

5. EMA bonuses should be extended to all learners

- The bonus payment should reflect adherence to a demanding learning agreement. There is no reason why this should not apply to all students.

6. EMAs should be the basis for an integrated system of support for 14–19 year olds

- An integrated 14–19 phase requires an integrated approach to supporting learners.
- A 'ladder of support' from 14–19 could provide escalating incentives to aim high and achieve.
- In the pre-14 phase, support could concentrate on performance bonuses.
- A system of means-tested allowances for 14 and 15 year olds could be financed by means-testing Child Benefit.

7. The lower band allowances should be abolished and the savings used to take account of other dependent children

- The lower band allowances, which cost around £70 million per year, seem to have relatively little impact on participation.
- The financial circumstances of families is affected as much by their necessary outgoings as by income.

8. These changes could be broadly cost-neutral if the lower band allowances were abolished and CTC threshold was aligned with EMA

- Increased allowances for 17 year olds would cost around £35 million extra per year.
- Extending bonuses to all 16 and 17 year olds would cost around £100 million extra per year.
- A simplified bonus scheme could be developed for 14 and 15 year olds for £100 million per year.
- Removing the two lower bands would save around £70 million per year.
- Aligning the tax credit threshold with EMAs would save around £180 million per year.

Introduction

“It also reviews the emerging policy agenda looking at the critique of EMAs being developed by some of the think tanks, and early indications of the government agenda.”

Overview

In the academic year 2004/05 the Government introduced a national system of means-tested allowances of between £10 and £30 per week for young people continuing in full-time education post-16. The Education Maintenance Allowance (EMA) had been piloted in selected areas of the country since 1999 and had been the subject of a series of carefully planned quantitative and qualitative evaluation studies. The aim of EMAs was to increase the participation of young people in post-compulsory learning by providing a financial incentive to attend school or college and the evaluation studies provided strong evidence that they had had such an impact.

This paper seeks to review the position of EMAs five years after the national roll-out took place. There are several reasons for doing so. The major one is that although EMAs have undoubtedly had an impact on participation some have begun to argue that there are other, more cost-effective means available to achieve the same end. Of equal importance is the change in context provided by the decision to raise the age of compulsory participation in learning (or RPA) to the 18th birthday by 2015. If participation is compulsory, it is asserted, why is there any need for an allowance to encourage attendance? The pressure on public finances at the current time adds force to both arguments.

The paper seeks first to place EMAs in context. They are part of a complex system of financial support for young people participating in education and training between the ages of 16 and 19; but they sit alongside more general arrangements for financial support in respect of all young people, principally – though not exclusively – Child Benefit and Child Tax Credit. They have several distinctive features including ‘conditionality’: that is payment is linked to a student’s performance. Perhaps most significantly they have been seen as an incentive rather than a welfare payment; receipt of an EMA does not affect other family benefits.

To help understand the distinctive nature of EMAs and the options for change the paper contrasts them with other support arrangements affecting 16–19 year olds and where appropriate, with support for HE students and for other adults, though these latter arrangements are not the primary focus of the study. It also reviews the emerging policy agenda looking at the critique of EMAs being developed by some of the think tanks, and early indications of the government agenda.

The paper then examines the evidence on the impact of EMAs to date. It asks what they were intended to achieve and how far that has been realised; and explores their impact not only on young people in general but on specific sub-groups of particular policy interest. The evaluation focuses on three key questions:

- How far have EMAs increased the participation of young people aged 16 and 17?
- How far have EMAs contributed to increased achievements at ages 17 and 18?
- How far have EMAs helped address inequalities in access and performance between different social groups?

In doing so it looks at the crucial issue of ‘deadweight’; that is the extent to which payments are being made to young people who would have stayed in education or publicly funded training anyway.

As part of the evaluation the paper looks at how EMAs might contribute to increasing the participation of 16 and 17 year olds towards 100% under both an agenda that involves compulsion as a last resort and one that does not.

EMAs were developed in the first decade of the 21st century and, including the pilot phase, have been around for a full ten years. The paper reviews how conditions in the second decade of the century might differ from those in the first, and examines the implications of that different context for the EMA debate.

Finally, in the light of the evidence, the report sets out and works through a set of policy options. It examines whether EMAs should be abolished, amended or retained unchanged. It concludes that the case for retaining some form of means-tested allowance for young people is strong, but a number of changes are needed in the ways that EMAs operate.

Definitions

The principal focus of this paper is the situation in England. EMAs are available to learners in Scotland (though on slightly different terms) and evidence is drawn from the evaluations of Scottish experience where relevant. Unless otherwise stated, however, all the figures quoted in relation to EMAs or other forms of financial support relate to England.

EMAs are available to young people who continue in education or government-funded training beyond the compulsory school leaving age and are aged 16, 17 or 18. They may continue to access an EMA for up to three years so some recipients will be over the age of 18. Nevertheless the principal policy focus of EMAs is the participation of 16 and 17 year olds and the paper therefore concentrates on participation data for these ages.

This paper distinguishes policies that are aimed at young people from those that are aimed at adults. This distinction is clear at the common sense level though it needs to be borne in mind that the legal boundary of adulthood is variable and confusing. The arrangements for supporting learners in Higher Education are described here under support for adult learners because the great majority of those in HE are over the age of 18; though in fact some undergraduates are aged 17. Child Benefit is part of support for young people even though it is possible to access it until a child's 20th birthday.

The paper uses the term 'young people' rather than 'children' when describing 16–18 year olds even though much of government policy relevant to this age group uses the word child – Child Benefit, Child Tax Credit, Children's Trusts etc. No difference is implied by this difference in nomenclature.

The context

“EMA is designed to be an incentive to encourage young people from less well-off households to participate in education or training...”

The EMA pilots

The first EMA pilots were first introduced in 15 local authority areas in September 1999. Their aim was to assess whether offering a financial allowance to young people from low-income families would encourage them to remain in full-time learning after the end of compulsory education. Four different models of EMAs were piloted, allowing researchers to examine the relative impact of different levels of allowance, differences in bonus payments related to full attendance and paying the allowance to either the student or the parent.

The pilots were extended to a further 41 areas in 2000/01 covering around one third of England. Young people in full-time education, whose parents' income did not exceed £13,000 pa could receive a weekly allowance of between £30 and £40 per week during term time, subject to conditions relating to attendance and punctuality. They could also earn bonuses for regular attendance and achieving successful outcomes. For those whose parents' income was between £13,000 and £30,000 a reduced EMA was available on a sliding scale tapered down to £5 per week.

The pilot programme was evaluated by a research consortium led by the Centre for Research in Social Policy (CRISP) and the Institute for Fiscal Studies (IFS). The evaluation included a large-scale survey of a random sample of young people drawn from 10 of the pilot areas and an individually matched sample drawn from 11 control areas with similar characteristics. The study concluded that the pilots had led to an increase in post-16 participation of around four percentage points.¹

The national system of EMAs

In the light of the evaluation of the pilot programme the Government decided to

introduce a national system of EMAs across England from September 2004. The allowance was standardised at a maximum of £30 per week with two lower rates of £20 and £10 for those on higher incomes. It was paid to the young person and, as in the pilots, made conditional on attendance. Bonuses for full attendance and successful completion of the planned programme of study were retained as integral parts of the scheme.

From April 2006 the payment of EMAs was extended from full-time education in schools and colleges to participation in two work-based programmes, Entry to Employment (E2E) and Programme Led Apprenticeships (PLA) where it replaced the Minimum Training Allowance (MTA). The EMA was not extended to apprenticeship programmes where the trainee received a wage. From 30th June 2008 all E2E learners have received the maximum £30 per week payment regardless of household income.

The EMA was positioned as an incentive rather than income support which meant that receipt of an EMA did not affect any other benefits a family might be receiving. The Green Paper 'Raising Expectations'² states clearly that:

'EMA is designed to be an incentive to encourage young people from less well off households to participate in education or training; this support also helps young people to meet some of the costs of post-16 learning, such as transport, books and specialist equipment'.

One reason for replacing the MTA, formerly paid to trainees on E2E and programme-led apprenticeships, was that it had been treated as income and receipt of MTA could affect the benefits a family received.

There are no publicly available evaluations of the national system of EMAs that are

¹ *Education Maintenance Allowance: The First Two Years – A Quantitative Evaluation*. CRISP & IFS (2002) DfES Research Report RR 352

² *Raising Expectations: staying in education and training post-16*. DfES 2007

Extract from official information about EMAs on DirectGov

EMA: how much could you get?

Education Maintenance Allowance (EMA) comes in weekly payments of £10, £20 or £30 which go directly into your bank account. However, you will only get your money if you regularly attend and work hard on your course.

If you're eligible for EMA, the amount you receive is calculated by looking at your household income. It isn't affected by any money you earn from part-time work, and won't make any difference to any benefits your parents get.

On top of your weekly amount you can also receive bonuses – but only if you do well and meet the targets set by your teacher, tutor or provider.

So, are you eligible for EMA?

Let's keep things nice and simple. If you're not already getting EMA, just check the list below. If the age, course and income descriptions apply to you, you're likely to be eligible.

Your age

First of all you need to be 16, 17 or 18 and have left – or be about to leave – compulsory education.

Your course

You need to be enrolled on a course in England which is one of the following:

- a full-time further education course at a college or school
- an LSC-funded Diploma (where available) or a course that leads to an Apprenticeship
- an LSC-funded Entry to Employment (e2e) course (if you're on an e2e course, you'll get the maximum £30 weekly EMA payment regardless of your household income)

Your household income

To qualify for EMA in the academic year starting September 2009, your annual household income must be below £30,810 (for tax year 2008–09).

And there's good news if you have a part-time job – any money you earn isn't included in your overall household income.

Your household income (for financial year 2008–09)	How much EMA you get
up to £20,817 per year	£30 per week
£20,818 – £25,521 per year	£20 a week
£25,522 – £30,810 per year	£10 a week
more than £30,810 per year	no entitlement to EMA

comparable with those of the pilots because, by definition, there are no control groups available. There is, however, an evaluation by RCU for the LSC³ which compared the performance of young people in receipt of an EMA with that of those not in receipt. This study concluded, on the basis of an examination of LSC administrative data, that the 'in-year retention rate' (i.e. the proportion of learners completing their course) was 2.3 percentage points higher for those in receipt of EMAs than for those who were not. Since EMAs are targeted on those students seen as being in financial hardship, the report concluded that this was strong evidence of a positive impact.

There is also a recent study undertaken by Ipsos MORI⁴ which focuses on the extension of EMAs to work based learning. In common with the earlier work this study finds benefits from the EMA programme:

'EMA has improved participation and progression for learners from lower income backgrounds, especially for 16–17 year old learners, although impact on the lowest income groups could be even greater in the future with an improved awareness of the hardship fund and less [sic] early leavers for financial reasons. Providers also believe that EMA has had a positive impact on the reduction of NEET, with some payment criteria such as behaviour having a marginally greater impact on reducing NEET.'

Learner support funds for young people

The EMA is the largest part of the Learner Support Funds for young people. The budget for 2008/09 was £549 million and it supported 526,000 learners. In addition to EMAs the LSC administers the following schemes:⁵

• Hardship Funds or Discretionary Support Funds

Schools and colleges receive an allocation of funding broadly related to their student profile from which they can make discretionary payments to help individual students meet the costs associated with participation in learning. The total sum made available in 2008/09 was £27 million.⁶ Providers take income into account when making payments (often using the EMA scale) but also consider whether the need to spend is particularly high. The LSC states that *'they reach 15% of the most disadvantaged young people in FE and are having a positive effect on retention with a higher retention rate than that of the general student cohort... The funding has a disproportionate impact on ethnic minorities, the disabled and most disadvantaged. Disadvantaged students who were supported achieved almost as well as the main cohort of students.'*⁷

• Care to Learn

The Care to Learn scheme provides support to teenage parents in learning by covering the cost of childcare while they work. Payments can be up to £175 per week. The total sum available in 2008/09 was £32.5 million to support some 7,700 learners. The evidence from independent evaluations shows that Care to Learn has a substantial impact on participation; 75% of recipients in one survey⁸ indicated that they would not have participated without it.

• Residential Support Schemes

There are two schemes that provide support for FE students who need to live away from home to follow their chosen course of study; a bursary scheme administered by each of 51 colleges (mainly art or agriculture) which have residential facilities and a Residential Support Scheme (RSS) covering other colleges. The

³ *Evaluation of the EMA National Roll-out.* Aitken, G. et al. RCU (2007)

⁴ *Evaluation of Extension of Education Maintenance Allowance to Entry-to-Employment and Programme Led Apprenticeships.* Learning and Skills Council Final report, February 2008

⁵ *Learner Support: Progress and Issues.* LSC National Council, April 2008

⁶ From <http://readingroom.lsc.gov.uk/lsc/National/nat-fundingguidancerequirements200809-may08.pdf> £31.8 million for Hardship and Residential Support

⁷ LSC website <http://lsf.lsc.gov.uk/introduction/>

⁸ *Impact of Care to Learn: tacking destinations of young people funded in 2006/07.* Inclusion, October 2008

sums involved are small (around £4 – £5 million per year) as is the number of learners (500 of all ages). The schemes are means-tested and the RSS provides for a grant of up to £3,458 (£4,079 in London) for those with incomes under £21,000 tapering off to nothing at £30,994 and above.

• Dance and Drama Awards

A limited number of awards are available to enable talented students to access places at 22 leading private specialist schools. The budget is small (£14.5 million in 2008/09) and caters for around 1,500 learners of all ages. The award is in two parts. All those who are eligible receive support, irrespective of parental income, to meet all tuition costs apart from a personal contribution of £1,275. There is then a means-tested element on a scale similar to, though not identical with, that for EMAs. Below £21,000 the maximum applies (as for EMAs) and provides £4,823 (£5,460 in London) towards residual fees and maintenance. No contribution is available for incomes over £33,000. Anyone in receipt of a Dance and Drama Award is **not** also eligible for an EMA.

Wider financial support arrangements for young people

The Learner Support Funds including EMAs are not the whole, nor even the largest part of the arrangements for financial support for young people. As part of general social policy, payments are made to families reflecting their financial circumstances and the number of dependant children. This includes all children up to the age of 16 and those in relevant full-time education or training up to the 20th birthday. The principal elements are as follows.

Child Benefit

Child Benefit is a non-means-tested benefit paid to all families with dependant children. It is normally paid to the mother. The rates of payment are £20.00 per week for the first child and £13.20 for subsequent ones. Payments

cease when the child becomes financially independent, i.e. becomes employed or claims benefits in their own right, if they leave full-time education, if they start a course of higher education or when they reach the age of 20. It is not payable if the child is NEET (Not in Education, Employment or Training). To count as full-time education at a school or college the programme must exceed 20 hours per week.

The total sum spent on Child Benefit in England in 2009/10 is around £11.8 billion per year. An official split between expenditure on those below the age of 16 and those over is not available but the answers to a parliamentary question in relation to 2004/05 data suggests that £0.9 billion in that year related to the 16–19 phase, equivalent to £1.1 billion in 2009/10.⁹

Child Tax Credit

Child Tax Credit is part of a system of tax credits designed to support low-income families and particularly those with children. It takes into account household income, the number and ages of dependent children, and other circumstances such as disability. The definitions relating to whether a child between the ages of 16 and 20 counts as dependent are the same as for Child Benefit.

Child Tax Credit has several components including an amount per family with children and an amount per child so it is not possible to state a maximum weekly rate in the same way as for EMA or the Adult Learning Grant (ALG). On the assumptions however that the average family with a child in the 16–19 age range has two dependent children, neither of whom are under the age of one, the maximum weekly payment would be in the region of £48 per week. This would be paid in full for incomes under £16,040 scaling down to £10 per week at £50,000 p.a. and to zero at around £58,000.

The total cost of Child Tax Credit in 2004/05, the only year for which the proportion attributable to 16–19 year olds is available, was £13.6 billion of which the 16–19 age group accounted for £1.8 billion.¹⁰

⁹House of Commons Written answer, 19 April 2007.

¹⁰House of Commons Written answer, 19 April 2007.

It is not possible to say exactly how much would be spent on Child Tax Credit were the income limit to be set at the lower level applied to EMAs. The IFS has however estimated that were the upper limit to be reduced to £27,500 there would be an overall saving of £1.35 billion per year, which would imply around £180 million for the 16–19 phase.¹¹

Income Support and Jobseeker's Allowance

Included in the figures for Child Tax Credit are some families who received it via child premia as part of Income Support or Jobseeker's Allowance. It is not possible separately to identify these families within the total.

Table 1 below summarises the support available to families through the Learner Support System alongside that through welfare policy. It identifies the total expenditure, the number of recipients and the average rate per week paid.

Support for Adults in FE and HE

To understand the options available for developing support for 16–19 year olds it is helpful to consider those available for adults both in FE and HE. The circumstances of those pre- and post-19 are clearly different. It is assumed for example that after the age of 19 people are living independently whereas in most cases those under 19 are living at home. It may also be felt that some options

for post-19 support such as loans are not applicable pre-16. Nevertheless a short survey of the arrangements for adults will be helpful in developing a typology or conceptualisation of support.

Adults in FE

The range of options available to support adults in FE is broadly similar to that for young people though the funding available is more limited. The principal schemes include:

- Hardship Funds**
 Around £50 million was available in 2008/09 allocated on a discretionary basis by institutions. It typically supports around 310,000 students per year.
- Childcare Funds**
 A sum of £31 million is made available alongside hardship funds and is allocated by institutions. Although means-tested there is no national scale.
- Residential Support**
 Adult students can participate in the schemes of support for residential study and the Dance and Drama Awards on the same basis as younger students.
- Adult Learning Grant**
 ALG provides support for low-income adults who wish to combine full-time learning with full- or part-time employment. It provides payments of up to £30 per week for single individuals with an income below £11,810 or £20,817 if they live with a partner. The top of the scale, over which no grant is payable

Table 1: Learner Support and Benefits for Young People

Source of Support	Average weekly rate	Total number of recipients	Total Expenditure	Minimum of Scale	Maximum of Scale
EMA	£30	526,000	£549 million	£20,817	£30,810
Other LSF	£11.50	130,000	£78 million	local	local
Child Benefit	£13.20–£20.00	1,263,000 ¹²	£1,100 million	n.a.	n.a.
Child Tax Credit	n.a.	n.a.	£1,800 million	£16,040	£58,000

¹¹ *Options for Tax Credit Reform*. Brewer, M. et al. IFS 2008

¹² SFR 13/2008 Total number of 16–18 year olds in FT non-advanced education

is almost the same as for EMAs when living with a partner (£30,810) but only £19,513 when living alone. The annual budget for ALG is £35 million to support 30,000 learners.

- **Career Development Loans**

CDLs are commercial bank loans to help people pay for vocational education. They are partly subsidised in that the LSC covers interest charges for the duration of the course; otherwise the arrangement is a strictly commercial one. Individuals can borrow up to £8,000 and should not do paid work of over 30 hours per week for the duration of the course. The budget is £22 million and supports about 1,300 new learners per year.

- **Adults in HE (full-time undergraduates)**

Eligible full-time undergraduate students are entitled to support with the costs of undertaking higher education through a mixture of grants and loans. Although the position is complex because, for example, of the varying costs of different types of courses, the system has the following elements:

- **Fee Loans**

All students are entitled to a loan up to the maximum permitted fee; in 2008/09 it was £3,145. The loan is effectively interest free and unlike CDLs is only repayable when income passes a set threshold.

- **Maintenance Loans**

Unless a student is getting higher levels of help through a maintenance grant they are eligible to take out a loan to assist with maintenance costs. The maximum for students studying outside London in 2008/09 was £3,580 of which 75% was available to all students and 25% subject to a family income assessment.

- **Maintenance Grant**

Undergraduate students are eligible for a means-tested maintenance grant of up to £2,835 in 2008/09. The maximum grant is payable for household incomes of less than £25,000 and the sum reduces on a sliding scale until income reaches £60,005.

- Students who received an EMA on or after September 2008 (other than those undertaking E2E) will be automatically eligible for the maximum maintenance

award in HE *irrespective of parents' income* if they apply within three years of starting their EMA. The eligibility will last for the full duration of their course.

- **Adults in HE (part-time undergraduates)**

Adult students studying part time in HE can also be eligible for grant support to help meet the costs of fees and other course costs. To be eligible for support students must be studying at 50% or more of full-time intensity. The maximum level of fee support available depends on intensity of study. For those studying at 75% or more of full-time intensity the maximum fee support for 2009/10 is £1210. For those studying between 50% and 75% intensity of full-time study the maximum fee support is £805. A course grant of £260 is also payable to those eligible for fee support.

The fee grant is means-tested and the maximum fee support is payable to eligible students with a household income below £16,090; no fee grant is paid when income exceeds £24,280. The course grant however is paid in full for those with incomes below £24,875 and not at all for incomes over £26,826.

- **Summary of learner support arrangements in FE**

Table 2 below summarises the Learner Support Arrangements for 16–19 year olds and, for comparative purposes, also identifies the arrangements for adults in further education. It highlights the different amounts paid under the various schemes both to individuals and in total, and the various income criteria for maximum and minimum payments.

- **The political debate**

As an election approaches EMAs seem set to figure as part of the political debate. There are two main reasons why: the proposal to raise the participation age (RPA) which undermines the rationale for an incentive to 'stay on'; and the growing crisis in public finance which means that serious cuts in public expenditure are sought by both sides of the political divide.

The most direct attack on EMAs yet to appear is contained in a paper by the Policy Exchange called 'Schools Funding and Social

Table 2: Summary of FE Learner Support Arrangements (2008/09)

Scheme	Weekly Rate ¹³	Recipients	Total Expenditure	Minimum of scale	Maximum of scale
EMA	£30	526,000	£549 million	£20,817	£30,810
Care to Learn	£132	7,700	£32.5 million		
Residential Support (YP)	£250	500	£4.0 million	£21,000	£30,994
Dance and Drama (all)	£302	1,500	£14.5 million	£21,000	£33,000
Hardship Funds (YP)	£7.00	120,000	£27 million	Local discretion	Local discretion
ALG	£30	30,000	£35 million	£19,153 £11,810	£30,810 £20,817
Adult Hardship	£5.04	310,000	£50 million	Local discretion	Local discretion
Adult Childcare	£33.00	30,000	£31 million	Local discretion	Local discretion

Justice'.¹⁴ In it the authors, Sam Freedman and Simon Horner, claim that:

'money could be found by scrapping the £550 million Education Maintenance Allowance – a means-tested weekly payment of up to £30 for students in post-16 education. This has had only a minimal impact on participation and attainment and will, in any case, become defunct once the education leaving age is raised to 18.'

It is significant that Freedman and Horner do not assert that there are more effective ways of spending the money on 16–19 year olds. Rather it is their view that it should be used to subsidise investment in the pre-16 sector of education. It would be better, they argue, to provide a significant premium to schools in respect of those pupils they recruit from the most socially disadvantaged groups.

According to the Policy Exchange much of the EMA is 'deadweight'; that is, a payment that has no impact on the problem it is intended to

address; and after RPA it will become 100% deadweight:

'the EMA is, in effect, a massive deadweight cost – providing payment to 46% of learners, the vast majority of whom would have been in post-16 education in any case. Once new government legislation to make 16–18 education or training compulsory comes into force in 2013 the entire cost of the EMA will effectively become deadweight. As young people will have to participate anyway, it can have no positive incentive effect.'

Strictly speaking of course Freedman and colleagues are simply wrong. EMAs are paid to 18 year olds who are not affected at all by the proposed increase in the participation age, so the 'entire cost' will not automatically become deadweight. Nevertheless since most EMA recipients are in the age group affected, their point needs to be addressed.

A more recent paper¹⁵ from the think tank 'Reform' does not make specific mention

¹³Where there is not a standard rate these are averages calculated from overall data assuming a typical academic year of 32 weeks

¹⁴*Schools Funding and Social Justice*, Freedman, S. and Horner, S. Policy Exchange, October 2008

¹⁵*Back to Black; Budget 2009 Report*. Basset, D. et al. Reform April 2009

of EMAs but calls for cuts in both financial support in general and HE student support in particular. It is important as an indicator of the terms of the current debate that benefits once thought untouchable – such as Child Benefit – are now seriously proposed for abolition.

'The concept of insurance in the state welfare system has been effectively abandoned, with most middle and high earning families providing for themselves. The universal Child Benefit is one of the last vestiges of a previous age and comes at a substantial cost to the taxpayer. These costs not only include direct fiscal costs, but also the economic and administrative costs of tax burdens having to be higher than otherwise. Many countries have already shifted towards targeting (Australia and New Zealand) or taxing child benefits (Ireland). Therefore, the recommendation is that Child Benefit should be means-tested and rolled into the Family Element and Child Tax Credit. The Child Tax Credit is already widely received among those families in most need of assistance. Removing the universal Child Benefit would save £10.8 billion (prior to the cost of increasing the Family Element and Child Tax Credit, which could cost in the order of £4–5 billion).''

The paper also attacks the interest-free loans enjoyed by full-time undergraduates in the English HE system. It asserts

'A positive step to balance the budget and pave the way for fee and admissions reform would be to offer student loans at market interest rates.'

It is not clear whether EMAs escaped their specific list of programmes to be cut because it is relatively small (other targets, including Trident and ID cards are, like Child Benefit, costed in billions) or because EMAs are already strongly means-tested.

The changing political mood is not confined to the right-leaning think tanks. Writing in the *Financial Times* the director of DEMOS, Richard Reeves, has outlined an approach to

what he calls 'progressive austerity';¹⁶ policies designed to protect the poor during what he sees as inevitable retrenchment in public spending. In relation to financial support the article states baldly:

'Middle class welfare should end. Child benefit should be abolished.'

The programmes that would survive in Reeves' world are those that are very effective and tightly focused on the poor. It is not clear whether he sees EMAs as having these characteristics.

By contrast government support for the EMA remains strong. In an exchange in the House of Commons in March the Parliamentary Under-Secretary of State made an explicit commitment to maintain the allowance:¹⁷

Joan Ryan (Enfield, North) (Lab): *Some 4,000 young people in Enfield have benefited from the education maintenance allowance in the past year. That means young people staying in education and getting the qualifications that they need in both academic and vocational courses. It is interesting to note that the number of young people going to university from Enfield has doubled in the past 10 years; in recent years, the education maintenance allowance has made a significant difference. Will the Minister give a commitment that, unlike the Conservative party, we will guarantee the future of the education maintenance allowance?*

Sarah McCarthy-Fry: *I thank my Right Hon. friend for her question. Her constituency is testament to the good work that the EMA has done in enabling young people from disadvantaged backgrounds to continue their education. I am proud to say that we are, I understand, the only party committed to continuing the education maintenance allowance.'*

A recent government policy pronouncement on the issue was contained in the Prime Minister's speech of 5 May¹⁸ in which he made clear his support for a system of allowances for 16–19 year olds.

¹⁶ *Progressive austerity: an agenda to protect the poor.* Reeves, R. *Financial Times* 21 May 2009

¹⁷ Hansard 9 March 2009

¹⁸ <http://www.number10.gov.uk/Page19209>

'Now we have made already one of the first big decisions for a global age with education to 18. This will cost money, but it is the right thing to do and by making educational allowances available, more will be able to stay on at school or go to college in these age groups.'

This speech confirms the line taken in the White Paper 'New Opportunities – Fair Chances for the Future'¹⁹ which describes EMAs in terms of both efficiency and social justice.

'Our investment in education has also transformed the range of opportunities available to young people at 16 and sought to ensure fair access to these opportunities. Key measures include providing students from disadvantaged backgrounds with Education Maintenance Allowances and improving maintenance grants for those participating in higher education so that two thirds of undergraduates receive a full or partial grant. Together these have helped reduce the gap between the higher education participation rates of higher and lower socio-economic groups.'

The White Paper did announce however a cross-departmental review of arrangements for support for young people in the new legal context.

'We need to ensure that the system of financial support for 16–18 year olds will continue to deliver our objectives of supporting fair access to learning, build on the success of EMA and help all young people progress. A well designed system will deliver these objectives while ensuring simplicity, transparency and value for money.'

We will work across government departments to carry out a review of the way in which financial support for 16 to 18 year olds is made available. This will build on analysis of the value for money and effectiveness of our current learner support schemes. We will also consider how benefits for 16 to 18 year olds can best enable young people to participate in education and jobs with training.'

The cross-departmental review opens up the opportunity to look at financial support for learners alongside financial support more generally.

¹⁹New Opportunities – Fair Chances for the Future. HMG January 2009

Approaches to financial support

“Payment of universal Child Benefit for 16–19 year olds to high income families does nothing to reduce child poverty or increase participation in education and training.”

Approaches to financial support vary on a number of dimensions. Some of the ways in which EMAs differ from other aspects of financial support have been alluded to in earlier sections but it will be helpful to set out in detail how EMAs are currently configured or the part they play in the present pattern of provision.

General hardship v. costs of participation

One difference between schemes of financial support that might be drawn is whether they are concerned with financial hardship in general or the specific costs of participation in education. Child Benefit for example is, in general, concerned to alleviate child poverty; FE Hardship Funds are about the extra costs of going to college. The distinction however is not watertight; Child Benefit and Tax Credits are only paid in respect of 16–19 year olds if they are in full-time education or training; and EMAs are paid at a flat rate that doesn't take account of variations in cost.

Means-tested v. universal benefits

Some benefits are paid irrespective of income, others only to those on low incomes. Here there is a relatively clear distinction between Child Benefit which is not means-tested and Child Tax Credit which is. The best example of a non means-tested benefit specifically linked to the costs of tuition is the provision of free education for those aged 16–19.

These two distinctions can be conveniently combined in a grid below which also indicates the relative scale of support. EMAs are one of the smaller schemes.

Some commentators have argued that Child Benefit should be means-tested. Mark Corney for example, in a recent CfBT publication²³ has argued:

'Payment of universal Child Benefit for 16–19 year olds to high-income families does nothing to reduce child poverty or increase participation in education and training. Children from high-income families are not in poverty and tend to stay on post-16 anyway. Child Benefit for 16–19 year olds should be

Table 3: Means-tested and universal benefits

	Means-tested Benefit	Universal Benefit
General Hardship	16+ Child Tax Credit £1,800,000	16+ Child Benefit £1,100,000
Participation Costs	FE Hardship £100,000 EMA £600,000	Free FE Tuition £6,700,000 HE Fee Loans £2,000,000 ²⁰ HE Maintenance Loans ²¹ £2,600,00 ²²

²⁰ Student Support for Higher Education in England Academic Year 2008/09 (Provisional) Student Loans Company 27 November 2008

²¹ Maintenance loans are partially means-tested: eligibility is reduced for those in receipt of HE Maintenance Grants and the final 25% of the maximum loan available is means-tested for those with family incomes over £72,034

²² As above

²³ *Raising the participation age: Keeping it on track*. Corney, M. CfBT 2008

means-tested and only paid to households with income of less than £60,000 in line with Child Tax Credit.'

It is possible to make a broad-brush estimate of the budgetary consequences of such a move.²⁴ Not paying Child Benefit to households earning over £58,000 would save around £1.4 billion per year. Assuming that expenditure on 16–19 year olds reduced pro rata to the total, that would be a saving of £130 million. As family income usually increases with age the saving might be a little more.

On the other hand if the income threshold for receipt of Child Benefit was set nearer to the EMA level the savings would be greater. Around 55% of Child Benefit is received by households earning over £25,000 per year – a total of £6.27 billion. Of this, 16–19 year olds might account for £585 million which is broadly the same as the annual expenditure on EMAs.

Opportunity cost, direct cost and indirect costs

The costs of participation in education can be broken down into those directly connected with participation such as course fees, and those indirectly associated – such as travel to get to college or childcare. It is also possible to identify the opportunity cost of participation – the alternatives thereby foregone, which is normally taken to be lost earnings. Combining

this analysis with the means-tested/universal distinction again helps to position EMAs. (See Table 4 below.)

There seem to be no current examples of universal schemes of support with the indirect costs of learning at a national level. Local schemes of support with the costs of transport that provide all young people with a bus pass would fall in this category, however, and a national scheme along these lines might help rationalise a very fragmented offer in this regard.

Conditional v. unconditional

The EMA is distinguished from most other forms of financial support by its conditionality: that is recipients must not only satisfy eligibility conditions but their performance must also meet a standard deemed satisfactory by the authorities. In relation to EMA performance relates to attendance and punctuality but also performance against a learning agreement – handing work in on time or making satisfactory progress. The only other national schemes involving similar conditions are Activity Agreements and Learning Agreements, which are in many ways variants of the EMA for those not in Education, Employment or Training (NEET) or Jobs without Training (JWT) respectively. The deployment of FE Hardship Funds increasingly entails similar conditions, prompted in large part by the EMA example.

Table 4: Support with Direct, Indirect and Opportunity Costs

	Means-tested	Universal
Opportunity Cost	EMA HE Maintenance Grant	EMA (E2E) HE Maintenance Loan ²⁵
Direct Cost	HE Fee grant	HE Fee Loan FE Free Tuition
Indirect Cost	Care to Learn Hardship Funds	(Some transport schemes)
Not linked to cost	Child Tax Credit	Child Benefit

²⁴ Calculations based on a series of answers to Parliamentary Questions asked in June 2009.

²⁵ Partially means-tested (see footnote 21 above).

Parent v. student

The attachment of conditions to the EMA and other schemes influenced by its model may be explained by the fact that it is paid to the student and not the parent. Child Benefit and Child Tax Credit are paid to adults when their child is in full-time education but there is no requirement on them other than to report if they leave. On the other hand HE grants and loans are paid to the student and are unconditional. It is perhaps the fact that payments are made directly to students under the age of 19 that is associated with increased conditionality; a view reinforced by the fact that the Adult Learning Grant does not similarly emphasise performance.

Conditionality: extracts from a typical college policy statement

The College has decided that any unauthorised absence will result in the loss of EMA for the whole week and the College is entitled to interpret the attendance as they see fit. Authorised absences count as attendance. Learners need to attend their learning programme and meet the standards of behaviour and effort agreed at the start of their programme to receive their EMA payments.

Learners will be required to sign a contract with their EMA Administrator in order to receive EMA. There are two agreements; the Part 1 Agreement is for the weekly attendance payments and Part 2 is for the bonuses. These are signed and kept in a secure place. Once the relevant Agreement has been received and signed within 5 days, the learner's information can then be entered into the system and payment of their EMA/bonus will be activated.

Bonuses of £100 are given out to learners in January and July.

January bonus is payable if learners remain on their learning programme and make good progress and achieve the standards of behaviour, effort and achievement (information on SIMS) against learning goals set out in contract part 2.

July bonus is payable if they remain on their learning programme and make good progress and achieve the standards of behaviour, effort and achievement against learning goals set out in contract part 2. Also, the learner must have attended any public examinations they were scheduled to complete during this period.

The impact of EMAs

“Since the EMAs were rolled out nationally it has been possible to observe trends in participation but not say with the same certainty that these were attributable to the allowance.”

Decisions on the future of EMAs will need to take into account how far they have achieved their policy objectives and how far they are likely to address the future policy agenda. Their original aims were:

- to increase the participation of young people in post-compulsory education;
- to increase the achievements of young people at level 2 and level 3; and
- to reduce the disparity in attainment between young people from different backgrounds.

Increased achievement was envisaged as resulting from improved course completion rates and improved pass rates in the final assessments.

The relevance of EMAs to a future policy agenda is influenced by the decision to raise the participation age to 18. As some commentators have argued, the introduction of compulsion reduces the need for incentives or support to stay in learning, although as others have pointed out, compulsion only becomes practical if other factors have already resulted in high voluntary staying-on rates. Also, the Conservatives and Liberal Democrats do not support the RPA though presumably are still keen to have high participation rates and therefore need to seek effective voluntary mechanisms. These paradoxes are explored further in the discussion of policy options.

The research evidence

There is a substantial body of high quality evidence that evaluates the performance of EMAs against their original objectives. The best research, in methodological terms, relates to the pilot phase because it was then most feasible to seek to isolate the

impact of the EMA from that of other changes in society. Since the EMAs were rolled out nationally it has been possible to observe trends in participation but not say with the same certainty that these were attributable to the allowance.

The major pieces of quantitative research are:

- **EMA: The First Two Years²⁶**
This study, by the Centre for Research in Social Policy (CRISP), working with the Institute for Fiscal Studies (IFS) is based on a comparison of a large random sample of young people and their parents in 10 EMA pilot areas and 11 control areas. Since the researchers were able to match the individuals in the pilot and control areas, a variety of background factors could be controlled for. The study covers two groups of young people who completed compulsory education in 1999 and 2000.
- **EMA: Evaluation with Administrative Data²⁷**
This study uses the administrative data collected by the Government and its agencies for the academic years 2001/02 to 2003/04 to compare the performance of young people in areas where EMAs were available and areas where they were not. It offers two analyses: the first comparing the pilot and control areas established for 1999 leavers; the second comparing the pilot areas for 1999 and 2000 with the rest of England. The study was on a larger scale and undertaken later than the initial evaluation but lacked its detailed matching of individual recipients.
- **Evaluation of the EMA roll-out²⁸**
This study is the only available substantial piece of work conducted since the roll-out of EMAs. Since there was no option of a control group the methodology agreed was to compare the administrative records for learners in and not in receipt of EMAs

²⁶ *Education Maintenance Allowance: The First Two Years. A Quantitative Evaluation.* Ashworth, K. et al. 2002, CRISP & IFS DfES Research Report RR 352

²⁷ *Education Maintenance Allowance: Evaluation with Administrative Data.* Chowdury, H. et al. IFS for LSC 2007

²⁸ *Evaluation of the EMA National Roll-out.* Aitken, G. et al. RCU for LSC 2007

taking some account of background characteristics. It focused on the retention, achievement and success²⁹ rates of 16 year olds on one-year further education courses in 2004/05.

Evidence on participation

The initial evaluation (2002) reported a clear impact of EMAs. It concluded that they raised participation in Year 12 (the first post-compulsory year) by 3.7 percentage points, looking at the age group as a whole, or 5.9 percentage points looking at only those who were eligible. Around half of the increase came from those otherwise not in education, training or employment (NEET) and half from those in work. The impact was reported to be greater among young men than young women, in urban areas as opposed to rural, and significantly larger when young people were eligible for the full award. The variants where the allowance was paid to the student were more effective than those where the parent received the money.

At first sight the findings from the subsequent work by IFS may seem to be at variance with these results and are quoted by Freedman³⁰ to justify the transfer of EMA resources to school funding. He states:

'A recent analysis published by the Institute for Fiscal Studies (IFS) suggests that there may have been an increase of just 2% in the number of female participants post-16 and no increase at all in the number of male participants.'

The quotation is somewhat selective however as shown by the full extract given below.

'Our estimates of the EMA impact tend to increase as more background characteristics are taken into account, with a final estimate of around 2.0 percentage points for females in the first analysis (but no statistically significant impact for males). With our second analysis, there are

significant impacts for both sexes – just under 3.0 percentage points for females and 2.0 percentage points for males. These are shown in Table 1. In addition to the estimated impact of the EMA across all individuals this table also contains estimates of the impact of the policy on those who actually received the EMA. These are computed on the assumption that the EMA had no effect on the education outcomes of those who did not receive it (either because their family income was too high for them to be eligible or because they were eligible but, for whatever reason, they did not take it up).'

The estimated effect on those **who received** the EMA is reported as 7.3 percentage points for females and 5.5 percentage points for males. Although these figures are lower than the comparable figures from the earlier work the authors note that the differences are not statistically significant and that the individual level data in the first study makes it more likely to be accurate.

In addition to providing robust evidence that EMAs have affected participation, the IFS 2007 study provides some evidence that the impact is concentrated on disadvantaged groups. When the impact of EMAs is broken down by the level of neighbourhood deprivation, as measured by the index of multiple deprivation (IMD) the impact on females is strongest for those in the bottom fifth, followed by those in the second lowest fifth of the population. For males the biggest impact is on the second lowest; and for both genders the pattern is the same at ages 16 and 17.

The authors sought to conduct similar analyses using the take-up of free school meals (FSM) and prior attainment as measures of deprivation. While for females a similar pattern emerges as in the IMD analysis, on these measures the impact for males is evenly spread.

²⁹The success rate is the product of the retention rate (i.e. those who complete the course) and the achievement rate (i.e. those who pass)

³⁰Policy Exchange 2008

Evidence on retention

Retention in relation to EMAs means two things; the extent to which young people drop out during the year, and the extent to which those who complete one post-compulsory year go on to a further year's study. The latter aspect is considered first.

The fall in overall participation rates at age 17 (or between Years 12 and 13) is significant and of major policy interest. If the Government is to achieve its goal of (almost) 100% participation until the age of 18 then persuading those who currently study for one year after leaving school and then seek work is the major challenge. The 2002 study offers evidence that EMAs have an important role to play.

'EMA has affected education retention rates, defined as the proportion of those in full-time education in Year 12 who were still in full-time education in Year 13. EMA increased retention rates by 3.9 percentage points in urban areas (from 77.2 per cent to 81.1 per cent) and 6.4 percentage points in rural areas (from 80.8 per cent to 87.2 per cent). This was despite the higher education participation rates experienced in Year 12 as a result of the EMA.'

The IFS 2007 study also suggests an impact on retention from Year 12 to Year 13 though it appears less marked. For females the percentage point increase in participation at age 17 was the same as at age 16; for males slightly less. For black females the study found a significant impact; for this sub-group almost all the increase in participation at age 17 of 4 percentage points was accounted for by improved retention.

The 2002 study only offers useful information on drop-out during the year. Of those undertaking a one-year course at 16, around a third of the sample, those in the pilot areas were less likely to drop out. Those receiving a full EMA were less likely to drop out than those who obtained a partial award. The study was able to compare the impact of different variants of the EMA and concluded that the

size of the termly bonus was key to improved retention:

'it is also clear that the most effective way to increase retention is to increase retention bonuses.'

The IFS 2007 study does not offer an analysis of in-year retention but confirmation of the earlier findings is provided by the RCU report of 2007. Its analysis of administrative data suggests that the in-year retention rate of those with EMAs was 2.3 percentage points higher than for those without. This was true across all ethnic groups, and at all qualification levels but

'the difference was greatest at level 2 where overall retention was comparatively low.'

Evidence on achievement

The purpose of encouraging young people to continue in full-time education after the school leaving age is to boost their achievements. Policies and targets are framed in terms of achievements as well as participation, as shown in Box 1 on page 26.³¹

The 2002 study was only able to look at achievement rates in respect of one-year courses. The report notes that young people in receipt of EMAs were less well qualified than their counterparts in the control areas at the start of Year 12 and were more likely to be taking vocational courses. Nevertheless they achieved as well in like-for-like comparisons.

'Eligible young people in the pilot areas taking one-year post-16 GCSE/GNVQ courses, despite having lower levels of Year 11 qualification attainment and higher levels of deprivation, attained as well as young people in the control areas with respect to the number of A-C passes and grade-point scores.'*

The IFS 2007 study provides much stronger evidence of an impact on achievement across one- and two-year courses and at levels 2 and 3. The first analysis compares achievement in the first year pilot areas with the control

³¹ From the LSC statement of priorities 2009/10

BOX 1

Young People's PSA targets:

To raise the educational achievement of all children and young people so that by 2010/11:

- 82% of young people achieve L2 by the age of 19;
- 54% of young people achieve L3 by the age of 19.

To narrow the gap in educational achievement between children from low income and disadvantaged backgrounds and their peers:

- the gap between the initial participation in full-time higher education rates for young people aged 18, 19 and 20 from the top three and bottom four socio-economic classes;
- reducing the proportion of young people who are NEET by two percentage points by 2010 (from a baseline of 9.6 per cent at end 2004).

In addition the LSC to lead on:

- increasing the numbers of 17 year olds in education or training so that 86% are participating in 2010/11;
- reducing the inequality gap in attainment at levels 2 and 3 so that, by 2010/11, 62% of those in receipt of free school meals at 16 achieve L2 by the age of 19 and to reduce the gap in attainment at L3 by age 19 between those young people who were in receipt of free school meals and those who were not by 1.8 percentage points; increasing the number of children and young people on the path to success so that everyone achieves their full potential, makes a positive contribution and makes a successful transition to adulthood; in particular by reducing the proportion of young people NEET by two percentage points by end 2004).

group and finds no significant improvement for females but a significant positive impact on attainment of the level 3 threshold by males. Comparing all EMA pilot areas with the rest of England however, the study finds benefits for both.

'Nationally, by comparing all EMA pilot areas (initial and extension LEAs) with the rest of England, we find an impact on the Level 2 and 3 attainment rates of around 2.5 percentage points for females and just under 2.0 percentage points for males. There are also significant effects on A Level points obtained – around 5.0 points for females and 4.0 points for males. The corresponding base levels for the Key Stage 5 outcomes (see Table 1b) imply that, for males and females, average A Level performance was improved by around 4.5 per cent at ages 18 and 19.'

The report goes on to stress that this improvement is associated simply with living in an area that was piloting EMAs. It was not possible to identify in the administrative data

whether an individual actually received one. Since it is reasonable to infer that it is receiving an EMA that impacts upon performance, rather than living in an area where others get them, the authors suggest that the figures seriously understate the scale of the impact. They conclude that the real effect is some three times as great i.e. 6% for males and 7.5% for females.

It is important to note that it is those in disadvantaged groups who appear to have gained most from this improvement in achievement rates. According to the report the study confirms

'that the impacts of the EMA on attainment were concentrated among pupils from the most deprived backgrounds. Females from the most deprived backgrounds, for example, were found to be 2.4 percentage points more likely to meet the Level 3 threshold by age 19, with a corresponding improvement in A Level tariffs of around 8.1 per cent on the base. For males

from deprived backgrounds the impacts are generally smaller, but there are still significant gains at Level 3 by age 18: males in the most deprived neighbourhoods were 1.3 percentage points more likely to reach this threshold by age 18. The 3.0 point increase [in] Key Stage 5 points that this group of males also saw implies a 9.4 per cent improvement on the base.'

The impact is, in the words of the authors, 'striking' for some ethnic minority groups. Asian and Black females were 4.3 and 6.2 percentage points more likely to achieve a full level 3. Black males also were significantly more likely to have achieved the level 2 and 3 thresholds by age 18 in an area with EMAs and by age 18 their Key Stage 5 tariff had increased by 10.9 points or 27% on the base figure.

Evidence from government funded training

The initial introduction of EMAs was associated with a small reduction in the numbers of young people entering work-based learning. The final quantitative evaluation of the EMA pilots³² states:

'It seems that young people had been drawn into education from among both those who would otherwise have entered work, with or without training, and those who would have been classified as not in education, employment or training (NEET). The proportion of young people entering work or work-based training was 3.4 percentage points lower among pilots than controls, and the proportion becoming NEET was 2.4 percentage points lower.'

It was not possible to identify the exact proportion of those who would have been in work with training but it is clear that the introduction of EMAs, alongside other factors like the extension of the National Minimum Wage to young people, played some part in the continuing long-term decline of the work based route. In the current climate however it is not clear that the removal of

EMAs would lead to a corresponding increase in employment with training (or indeed in employment at all).

The EMA was subsequently extended to those on government-supported training to counter a possible perverse incentive for some young people not to take up work based learning. This extension of the scheme has been evaluated by Ipsos MORI.

The evidence concerning the extension of EMAs to government-funded work based learning is important for two reasons. The learners involved are among the most disadvantaged young people and particularly at risk of becoming NEET; they are therefore of particular policy interest. Furthermore in many individual cases EMAs replaced training allowances, whereas in full-time education a national system of financial support was wholly new. An evaluation therefore may shed light on whether the conditions attached to the EMA offer, rather than financial support per se makes any difference.

The evaluation report³³ suggests that the EMAs have had a positive impact on both participation and performance. It is particularly positive about the bonus system which it sees as helping providers to reinforce good behaviour:

'The bonus system incentivising various aspects of learner activity has also been a success, and has had a greater positive impact than EMA as a whole on participation.'

The report indicates that providers share the researchers' assessment of the scheme's benefits.

'The majority of providers believe that EMA is effective in reducing NEET, increasing learners' attainment and positively affecting learners' attendance and punctuality. Providers believe that the bonus system is an effective development tool for learners. In particular it has a positive impact on learners' attainment/progression, their attitude to learning and attendance and punctuality.'

³²Middleton et al. 2005

³³Ipsos MORI 2007

Evidence from Activity Agreements

Although they are not EMAs, the Activity Agreements, managed by Connexions, have some important similarities with them. Activity Agreements (AA) are designed to encourage young people who have been not in education, employment or training (NEET) for some time back into learning or help them get a job (with training). In return for completing a series of activities tailored to their individual needs and designed to move towards learning or employment, 16 and 17 year olds who have been NEET for at least 20 continuous weeks receive an allowance. The agreements were piloted in eight areas between April 2006 and March 2008, modelling different levels of financial support, managed by local Connexions Partnerships.

The pilots have been subsequently extended for another 18 months and are trialling further models of eligibility and support. However an evaluation by the Institute of Employment Studies³⁴ finds that they have been effective in helping many young people back into learning or work. They conclude:

'Activity Agreements help re-engage a section of the long-term NEET population – the proportion of young people who were NEET for 20 weeks and who subsequently engaged in education or training is 11 percentage points higher than it would have been if the agreements were not in place.'

Looking ahead to the raising of the participation age, the evaluation shows that financial incentives are an effective tool for engaging young people and retaining their participation.'

The study emphasises that the financial allowance was not necessarily the most important part of the programme for many learners; nevertheless it

'served to legitimise their involvement, e.g. with their family, and replaced alternative sources of income to enable young people to take part.'

There are important messages here for consideration of the future of EMAs i.e. the symbolic importance of payments and addressing the issue of the opportunity cost of participation.

³⁴Activity Agreements Evaluation. Hillage, J. et al. IES, November 2008

EMAs in operation

“ Since there is a strong correlation between attainment and socio-economic status it is not surprising that EMAs are disproportionately accessed by those with lower attainment at the end of compulsory schooling. ”

Who gets EMAs?

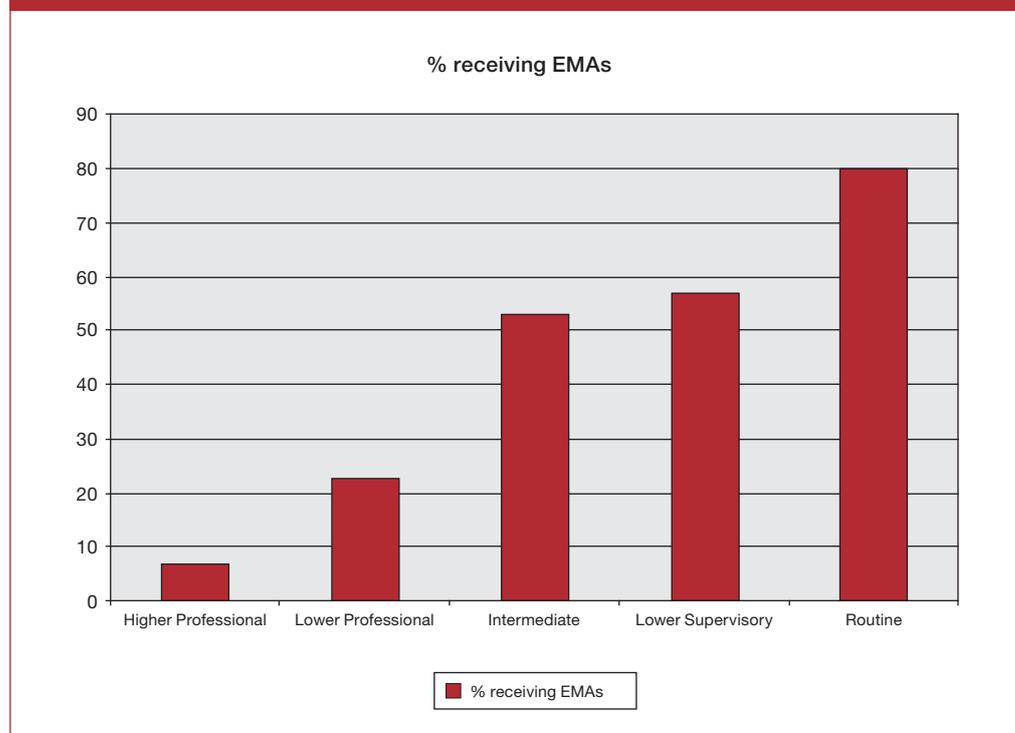
EMAs are focused on those from low-income households. It is therefore not surprising that the administrative data shows that recipients are mainly drawn from lower socio-economic groups though it is useful confirmation that targeting on the disadvantaged seems to work. The proportions are summarised in Chart 1 below.³⁵

The evidence also shows that EMAs are reaching other groups of students who are the object of policy concern. There is a much higher take-up among all the minority ethnic groups reported than in the majority white population which reflects the lower achievements in Year 11 of most minorities and the greater participation rates of all of

them. They are much more likely to be taken up by those receiving free school meals (FSM) in Year 11 (91% of those with FSM as against 40% of the rest of the population) and marginally more likely to be taken up by those with a disability (49% as against 43%). They are much more likely to be taken up by those living with single parents, and particularly single mothers (83% as against 31% of those living with both parents).

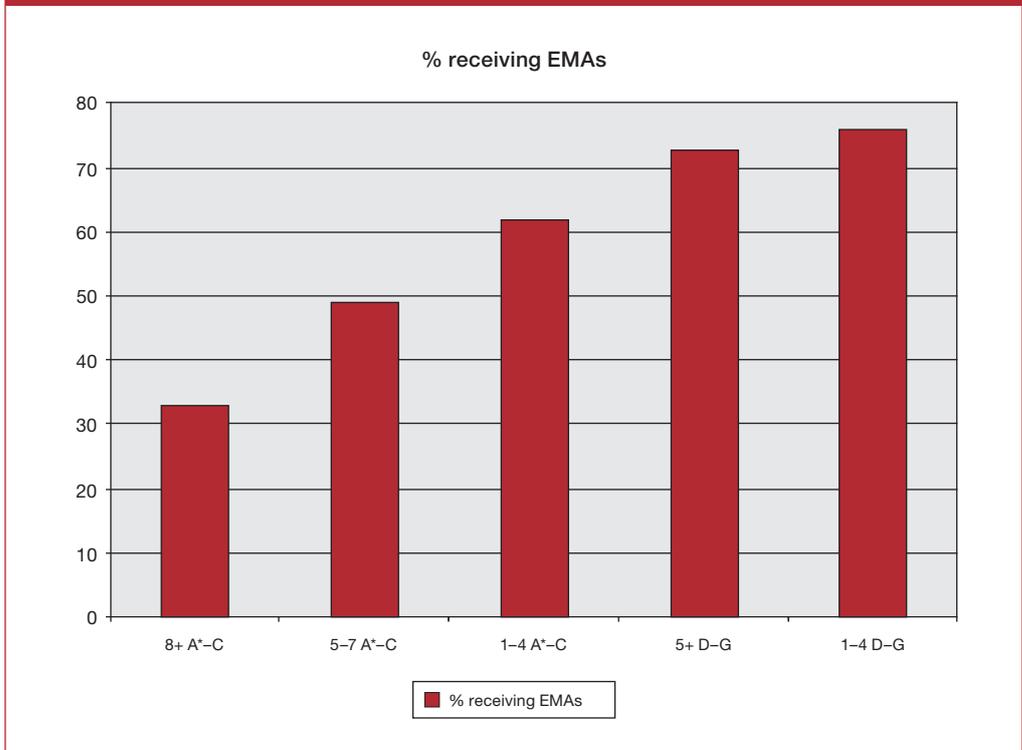
Since there is a strong correlation between attainment and socio-economic status it is not surprising that EMAs are disproportionately accessed by those with lower attainment at the end of compulsory schooling. Nevertheless the association is striking, as illustrated in Chart 2 below (also extracted from the YCS/LYPE analysis).

Chart 1: % of each Occupational Group receiving EMAs



³⁵Extracted from *The Youth Cohort Study and Longitudinal Study of Young People in England. The Activities and Experiences of 17 year olds in England*. DCSF, June 2009

Chart 2: % receiving EMAs by educational achievement at Year 11



Perceptions of EMAs

Unlike having free school meals, eligibility for an EMA does not appear to run the risk of stigmatising its recipients. There is no suggestion in the guidance to institutions that they should go to great trouble to keep secret the identities of those who receive EMAs and it appears to be the subject of open discussion among students. This perhaps derives from the fact that a large proportion of the cohort receives at least a partial allowance; in many FE colleges it will be the majority. It is not certain how this might change were the eligibility rules to be tightened so that the scheme only supported the very poor.

At the same time there does not appear to be a widespread view that giving financial support to some but not all students is unfair. When asked about EMAs students frequently voice criticisms of aspects of its administration³⁶; or

raise concerns about the fact that eligibility only reflects income and not costs. The idea that poorer students should receive help does however seem to command general assent.

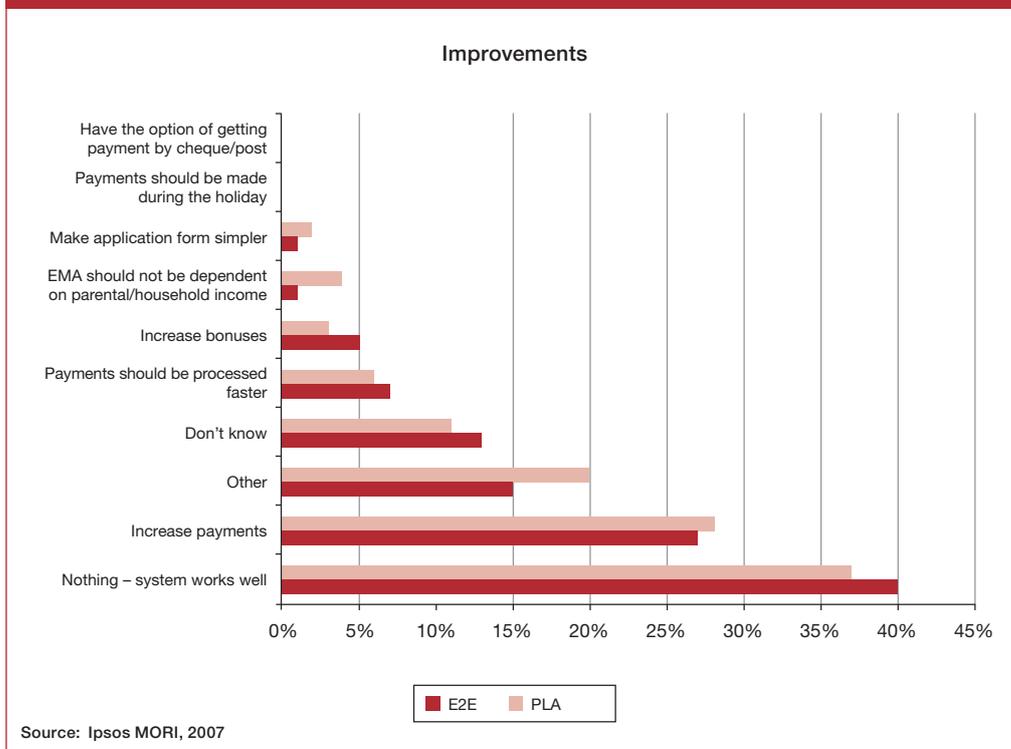
Students in general seem to accept that the EMA is a ‘something for something’ deal. This does not, however, stop criticism of how conditions around attendance are interpreted in practice. The Ipsos MORI study³⁷ for example, asked young people what they would like to see changed about the scheme and found that the most frequent answer by far was ‘nothing’. The responses are summarised in Chart 3 below.

One recurring criticism from providers and students is that the EMA reflects family income but does not take into account the need to spend. Those of modest means facing high costs are at a disadvantage. In part this is the reason for maintaining discretionary hardship

³⁶See for example exchanges reported on the NUS website

³⁷Ipsos MORI 2008

Chart 3: Improvements



funds so that institutions can help, for example, someone who faces exceptional costs in travelling to college. Exceptional costs can arise for a wide range of reasons that would be difficult to capture in a national scheme.

It might make sense however for the number of dependent children to be taken into account as well as household income when determining eligibility. It would not require a substantial increase in administration and is an objective circumstance that can be identified. There is a clear precedent (which students may well be aware of) in the calculations for Child Tax Credit to which scale payments might be linked.

Finally it is worth considering what might be the reaction from young people and their parents were EMAs now to be withdrawn. All the evaluations show that they are well understood, and therefore form part of the expectations which young people in Key Stages 3 and 4 have about the future. It is likely that there would be stronger opposition from those families affected than support from

those not; after all these latter would not be directly gaining by the change.

In the context of an increase in the age of compulsory participation there might be strong objections which could undermine support for the policy in principle and its operation in practice. The most likely immediate consequence would be a growth in part-time working as young people strove to maintain a level of income; there would also be some who would look for full-time work, with or without training. The RCU report (LSC 2008) is typical in stating:

'Well over half the respondents had part-time jobs as well as receiving an EMA although the majority of these said they would have had to work more hours if they had not received an award. Three-quarters of those who did not have a job said they would have had to find one if they had not got an EMA.'

In times of full employment it is possible that in the absence of EMAs young people would opt instead for apprenticeships, reversing the small

flow from work-based learning to education that was associated with their introduction. In the current context that seems unlikely.

What about 'deadweight'?

An important strand in the criticism of EMAs concerns 'deadweight': the fact that in seeking to increase participation by some young people payments are made to many others who would have stayed on anyway. This means that the unit cost of each extra participant is not the £900 or so in allowances they receive but several times that amount; and this, critics suggest, represents poor value for money.

It is necessary to point out that 'deadweight' is something that applies to all areas of government policy, not just EMAs. Winter fuel allowance for example is paid to many over the age of 60 who can well afford to pay for their own heating; free bus passes are given to many who would and could pay for themselves. Of greater relevance perhaps to the EMA debate is that Child Benefit is paid to large numbers of people whose children are not at risk of poverty.

In the world of education a similar charge of deadweight could be made concerning support for higher education, particularly the interest rate subsidy on loans. There is certainly deadweight in the Train to Gain programme which supports employers to offer training to unqualified staff; indeed there must be an element of deadweight in subsidised FE fees.

If it is ubiquitous then, does the payment of EMAs involve a greater level of deadweight than other areas of government policy? This seems unlikely. The allowance is subject to a strict means test unlike winter fuel payments or Child Benefit. The means test also has a lower threshold than Child Tax Credit.

Unlike most other areas of policy however, the level of deadweight in EMA allowances can be calculated (which may be the reason why it is the focus of attention). The most recent figures show that 43% of full-time

students aged 17-18 receive EMAs. Taking an average of recent evaluations EMA may have increased participation by up to 7 percentage points, leaving some 36 percentage points as deadweight. Although probably better than many other areas of policy this may still be though too high.

Of the 43% receiving EMAs, 10% receive payments at the lower rates – £10 and £20 per week. It is known that the impact of these lower level payments is less than for the full rate. One way to reduce the deadweight effect therefore might be to remove the two lower bands.

The use of EMAs

Despite anecdotal claims that EMAs are used simply to finance a more luxurious social life the evidence suggests that in the main they are used to help meet some of the indirect costs and opportunity costs of learning. In the former category books, equipment and particularly transport are mentioned in most surveys; the offsetting of opportunity costs is reflected in the reduction, though not the elimination, of paid work during term time.

The evaluation of the early pilots³⁸ rejected the view that EMAs were being primarily used to fund recreational activities. Ashworth and colleagues reported that:

'It seems that, on these measures, EMA is not being used to supplement young people's spending on entertainment. Young people who were receiving EMA were more likely than other groups of eligible young people to be making a contribution to housekeeping costs, transport and books and equipment for school. They were also more likely to say that transport or books and equipment was their main item of expenditure.'

At around the same time research into the East Ayrshire pilot in Scotland³⁹ concluded:

'EMA recipients mainly spent their grant on buying clothes, books or other equipment for school or college (especially

³⁸ Ashworth et al. (2001) *Education Maintenance Allowance: The First Year: A Quantitative Evaluation*, Centre for Research in Social Policy.

³⁹ Ianelli, C. et al. (2002) *Evaluation of Maintenance Allowance (EMAs): Evaluation of the East Ayrshire Pilot*.

the young women) and for leisure activities (especially the young men). Another consistent proportion (33–42%) said they used EMA to cover transport costs and help with household expenses.'

(Table 5.7)

A more recent study for the Scottish Executive by York Consulting⁴⁰ reaches substantially the same conclusions:

'The research showed that, among college students, the EMA was "widely recognised as having a positive effect on attendance and that the funds generally 'made life a lot easier' for these students". The allowance was used to pay for essential college expenses such as travel to college and study aids, as well as food and household items. Significantly, the research found that 42 per cent of the college students surveyed contributed to their household income.'

The most recent English study to comment on this aspect of EMAs was carried out by York Consulting for the LSC in 2009. Although it studied a different group of learners, those formerly NEET who were introduced to EMAs following an extension in the range of eligible provision, its conclusions are broadly the same. The authors state:

'The main ways in which they have used their EMA were for costs relating to the learning programme or towards the costs of living.'

The value of EMAs

The maximum value of the EMA has remained substantially unchanged at £30 per week since the first pilots were introduced a decade ago. In real terms the value has gone down considerably and it needs to be asked whether it has the same impact as it did at the time of its introduction.

The initial evaluation of the EMA pilots⁴¹ supports the idea that the impact of the allowance might be proportional to its size.

The pilots included variants with a higher rate of basic allowance (£40 as against £30) which appeared to have some effect on participation. After comparing the changes in the rates of participation brought about in the different areas the report concludes:

'If the more generous EMA offered in the urban Variant 2 had been made available to all the urban pilot areas, this would have led to a gain in the overall participation rate by an additional 1.2 percentage points amongst eligible young people over and above the participation rate obtained under Variants 1 and 3.'

(Table 5.12)

If the more generous EMA bonus offered in urban Variant 4 had been made available to all the urban pilot areas, the gain in the overall participation rate is estimated to be by an additional 0.3 percentage points.'

(Table 5.12)

The Government clearly concluded that to spend more than an additional £150 million on the scheme in order to achieve a further 1.2 percentage increase among eligible young people (or around half a percentage point in participation rates overall) did not represent value for money at the time. Nevertheless this does not mean that the effect of the EMA has remained as strong over the years since its introduction. Even the 2007 report of the IFS, comparing the figures for the 1999–2000 evaluation with its own study looking at the 2002–2003/4 cohorts concludes:

'The declining generosity of the EMA may naturally mean that the impact of the EMA would be expected to weaken over time.'

Between 1999 and 2008 the purchasing power of the EMA shrank by some 30%⁴²; in other words the same incentive effect today would require an allowance of £40 per week rather than £30 per week as it has remained. Looking forward to 2015 the allowance may have lost even more of its

⁴⁰ York Consulting, for the Scottish Executive (2007) *Young people's awareness and experience of Educational Maintenance Allowances (EMAs) and their impact on choices and pathways.*

⁴¹ Ashworth et al. 2001

⁴² Calculated from the Consumer Price Index, National Statistics, May 2009

motivational force at the time when it will be most needed to meet the aspirations of 100% participation.

Some writers have argued that the allowance should take account of age and that a higher rate should be paid to older students. Mark Corney for example links the need for an increased allowance for 17 year olds to the continuing drop in participation at the end of the first post-compulsory year. Arguing that EMAs should be maintained as part of a reformed package of youth support, he proposes:⁴³

'Given the drop in participation in full-time education from 16 to 17 a premium for 17 year olds should be incorporated into Reformed EMAs under the RPA.'

A similar point is made by Ipsos MORI⁴⁴ who describe the need for a 'payment ladder' to address retention issues. Although they are clear that the scheme as it stands has had a positive impact, they recommend that the LSC and its partners:

'Consider a 'payment ladder' with inflationary payment and/or bonus increases in the later years of study, to further improve retention, achievement and progression. A payment ladder may also encourage learners leaving due to financial reasons to stay, increasing retention.'

Since all the evidence points to a relationship between the level of payment and its impact on participation, questions must be raised about the efficacy of the lower-level payments received by those who are eligible but have household incomes above the lower threshold. The payments for these bands are also unchanged at £10 and £20 per week. Although the use of these two bands has the desirable characteristic of avoiding a 'cliff edge' between those who are and are not eligible their impact on overall participation rates must be marginal. On the other hand recipients are still eligible for the performance bonuses and there may be a valuable effect from that source.

The Scottish Government, following its consultation document '16+ Learning Choices' has decided to remove the two lower bands from the scheme using the money saved to focus more effectively on the poorest. It has raised the income threshold for the full payment slightly but also introduced a new higher threshold for families with more than one dependent child. It has done so because over 80% of EMA recipients already received the maximum rate (and more would do so with the adjusted thresholds). It also quotes the English evidence that the impact of the lower bands was weak, and recognises that EMAs inevitably carry some deadweight.

Extract from statement by Fiona Hyslop, Cabinet Secretary for Education and Lifelong Learning May 2009

The Scottish Government knows that, while EMA provides important support for some young people in helping them to remain in learning and improving their performance, there are many young people who would stay in school or college whether they received EMA or not. The Scottish Government will therefore refocus EMA to target support more effectively at those young people who need it most. From academic year 2009–10, the £10 and £20 EMA awards will be removed, aligning the threshold for the £30 EMA award to the threshold for Further Education Bursaries in colleges at £20,351, with an additional higher threshold of £22,403 for young people from families with more than one child in full-time education. These changes will only apply to new applicants for EMA; young people who have previously received an EMA will continue to qualify under the previous rules.

⁴³Raising the participation age: Keeping it on track, Corney, M. CfBT 2009

⁴⁴Ipsos MORI 2008

Is there a case for bonuses?

Although they have been implemented as a single policy, the case for bonuses is independent of the case for a weekly maintenance allowance; one could have an allowance without bonuses or a system of bonuses without a weekly allowance. It is also theoretically possible that the eligibility conditions for the two should differ. Although there does not appear to have been any formal consideration of the matter it is not axiomatic that a financial incentive to improve performance (as opposed to a payment to help meet opportunity costs) should be targeted only on the poor.

The Scottish Executive is convinced that bonuses are of benefit though does not feel that the level is crucial. In its consultation document '16+ Learning Choices'⁴⁵ it stated that:

'The bonus payment is available to reward completion of course work, behaviour, attitude and attendance. We believe it is important to retain the bonus; the issue is at what level. The English research studies suggest that there is no evidence that increasing the bonus would improve attainment so we would suggest maintaining the bonuses as they are.'

The English evidence on the impact of bonuses is rather more positive than the quotation by the Scottish Executive above would imply. The early evaluations of the pilot scheme showed both that they had an impact, and that the level of the bonus affected that impact, albeit only slightly. The positive effect of bonuses is also reported in the most recent studies (RCU 2008 and Ipsos MORI 2009). These latter for example report that:

'The EMA bonus and attendance requirements have also had a positive influence on learners in terms of motivating them to achieve their learning goals and attending their programmes of learning more than they might do otherwise. Most learners were also in agreement that the rules for stoppages and bonuses were fair.'

The Liberal Democrats are however not convinced that the bonuses represent value for money. Their spokesman, David Laws, also raises the issue of fairness,⁴⁶ arguing that rewarding good performance should not be confined to those on low incomes. He argues too (a little unfairly in the light of much of the evidence) that bonus payments can be earned simply by handing work in on time.

'Spending £100m on EMA bonuses will seem incredibly unfair to many people. Some of the bonuses are being awarded for getting work in on time and it will seem totally unjust to students that some will be rewarded financially, not because of the high quality of their work, but on how much their parents happen to earn. The extra money could be used to make a real difference in other areas, such as closing the funding gap between schools and colleges.'

The effectiveness of bonuses depends in part on how providers choose to use them. Several of the evaluations make the point that where they saw bonuses as a developmental tool they were rewarded with improvements in behaviour and commitment, though in some areas there was still a lack of understanding of what the bonus system was about. The RCU report (LSC, 2008) suggests a divergence of views between providers on this point.

'Overall, well under half the respondents thought that EMA has improved learners' behaviour. In schools, over half thought EMA had not had any impact in this area although around a third believed that it had. However, it was again mentioned by those interviewed by telephone that the bonus system, when linked appropriately, could have an all-round positive impact on learners, and behaviour was one aspect of this.'

⁴⁵ 16+ Learning Choices: First step activity and financial support, Scottish Executive December, 2008

⁴⁶ Quoted on BBC News 4 November 2008

How has the context changed?

“On the basis of some good quality research it is possible to say that they were successful in addressing the issues for which they were designed, principally increasing the rate of participation in post-compulsory learning.”

The introduction of EMAs can be seen as the major innovation affecting education and training for the 16–19 age range for the first decade of the 21st century. On the basis of some good quality research it is possible to say that they were successful in addressing the issues for which they were designed, principally increasing the rate of participation in post-compulsory learning. It is necessary however not to look backwards but forwards and ask whether they are an appropriate intervention in relation to the policy agenda for the second decade, i.e. from now until 2020.

Is there still a participation issue?

Raising the participation of young people in education and training has been a key aspect of government policy for many years. It has been seen as critical both to increasing the competitiveness of the British economy and also achieving greater social justice. Attention has focused particularly on those young people who fail to achieve a level 2 qualification or five GCSEs with grades A*–C.

The Green Paper ‘Raising Expectations’ sought to justify the introduction of compulsory participation until the age of 18 by highlighting international comparisons. It noted that participation rates, particularly at age 17, were below those of most other advanced countries and that the level of drop-out between 16 and 17 was particularly high. One of the charts illustrating this concern is reproduced below.

The Government has set the target of 90% of 17 year olds participating in education and training by the year 2015, which looks ambitious, even in the light of a recent increase in the numbers in full-time education. Chart 5 below, based on figures from the Statistical First Release 2007, shows that negligible progress had been made towards this target between 1994 and 2006 despite sustained policy interest. The major change has been the increase in numbers on the full-time education route, matched by an almost equal decline in the proportion participating in work-based learning.

Chart 4: Participation at age 17 across the OECD

Figure 2.5: Net enrolment rates in secondary education at 16 and 17

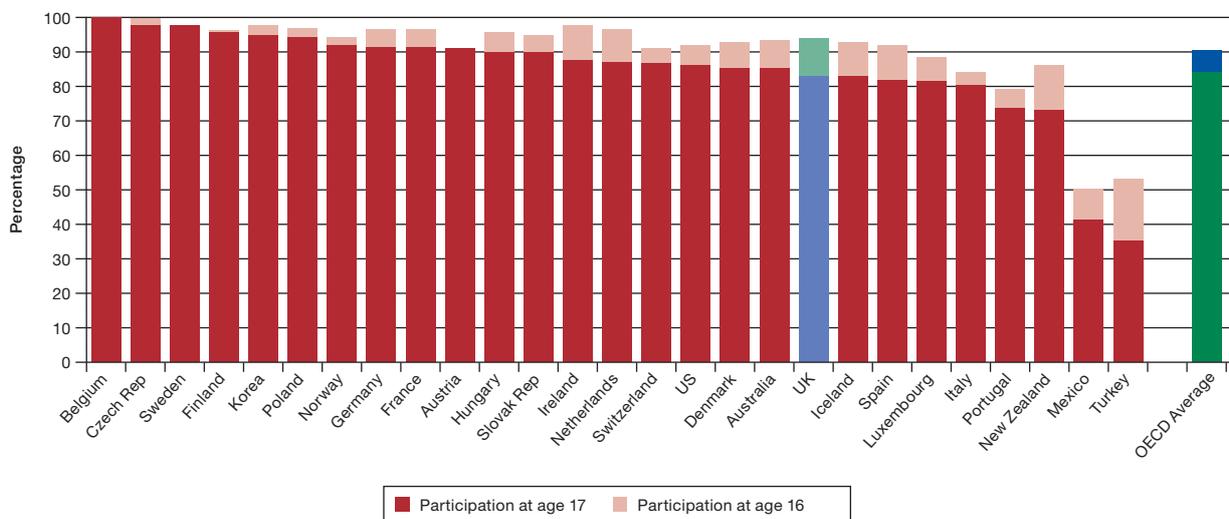
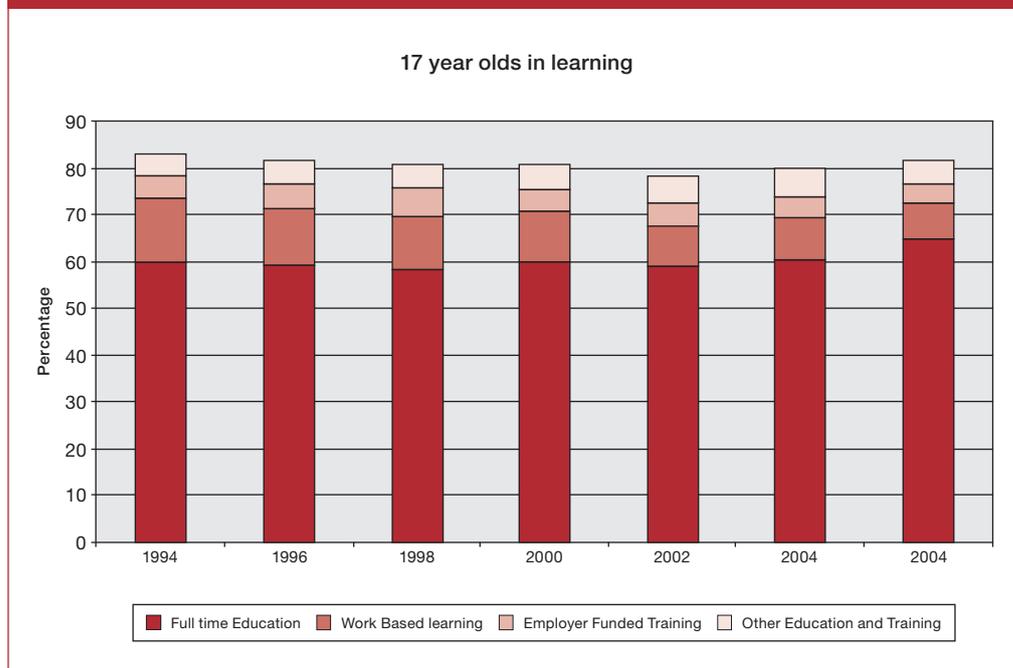


Chart 5: Participation of 17 year olds in learning



The small upturn between 2004 and 2006, which still does not bring the total back to 1994 levels, is attributable to a five percentage point rise in the numbers participating in full-time education. Interestingly this coincides with the introduction of EMAs which will certainly have contributed to the change even if it cannot fully account for it. To the extent that it is an EMA effect however it is unlikely that there will be subsequent year-on-year increases of the same magnitude attributable to the same cause.

It is important also to note that those who do not participate in learning after the age of 16 are not a representative cross-section of the population. They are disproportionately drawn from the lower social groups and from those who have low achievements at GCSE. Indeed most of those achieving five GCSE passes at grades A*-C or who are qualified to progress to level 3, stay on. Policies to encourage continued participation therefore need to focus on these two categories.

Is there still a fall at 17+?

Although there has been a small increase in participation, mainly in full-time education, the 'drop-out' between the ages of 16 and 17

continues to be substantial; around 10% of the cohort. In the last five years the gap has widened slightly and is now higher than it was over a decade ago. Chart 6 below shows the change over the last 23 years, which is as far back as published figures are readily available.

If the aspiration to achieve 100% participation until the age of 18 is to be met then this continuing fall at age 17 needs to be addressed.

The fall in participation at 17 is strongly linked to the level of programme that is being studied; level 3 programmes are designed to take two years after the end of compulsory schooling; those at level 1 and 2 are designed to take one year. It is not surprising therefore that the proportions engaged on level 3 programmes at age 16 and 17 are substantially the same, whereas this is not the case for other levels. A typical pattern for many of those who do not achieve the entry requirements for a level 3 course at 16 is to study a vocational qualification for one year and then seek work, with or without training. Chart 7 illustrates this difference.

Clearly part of the answer to 17+ drop-out is curriculum reform. It is however not sufficient just to design longer qualifications as the

Chart 6: Participation in Education and WBL

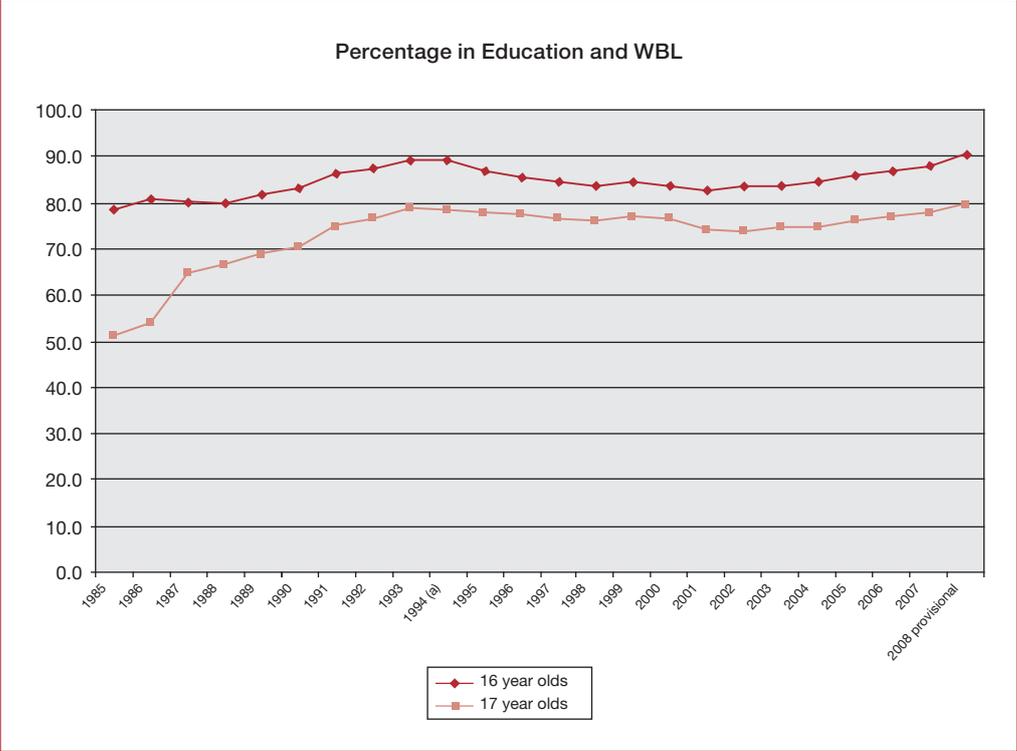
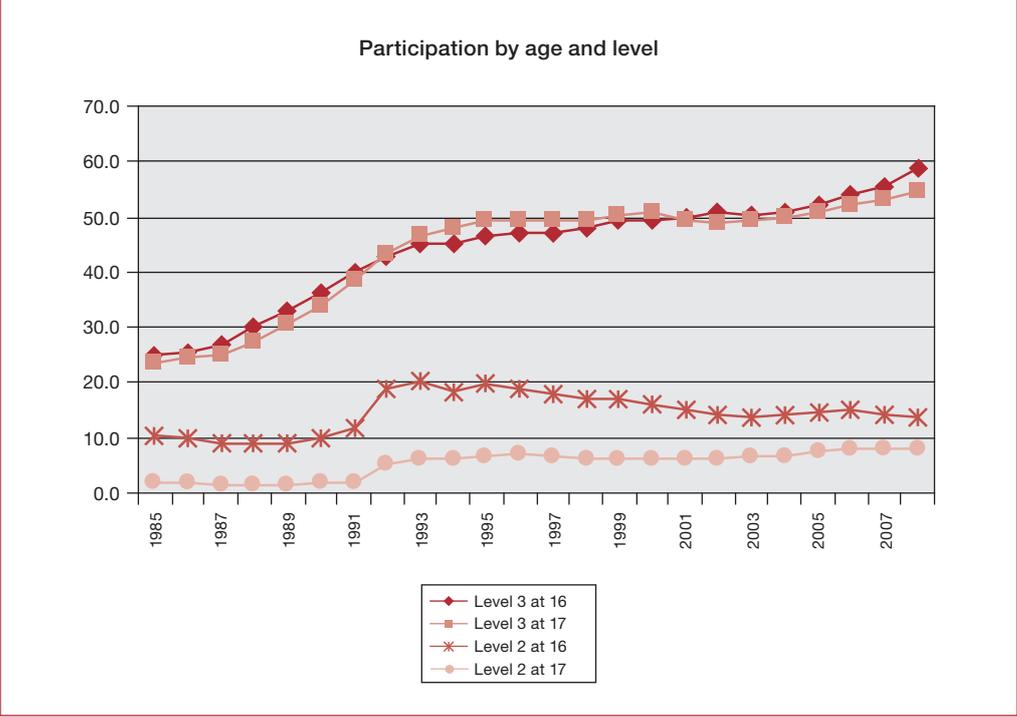


Chart 7: Participation rates by age and level



new Diploma programme shows. The level 2 Diploma is designed to be taken both pre- and post-16. It is a substantial programme, designed to be taken over two years and requires a minimum of 800 guided learning hours – more than the maximum size that the LSC will fund in one year. Despite this, almost every provider that is offering it post-16 is attempting to deliver it in one year, because they believe that students would be unwilling to commit two years to the course.

Is there still unequal access?

Increasing participation at ages 16 and 17 has been a policy priority on economic grounds but also for reasons of social equity. Those who do not participate are not drawn equally from all social categories but come disproportionately from poorer backgrounds and some (though by no means all) minority ethnic groups. Low participation is linked to low achievement, which in turn is associated with poorer life chances in a range of dimensions; for example employment, income, health and crime.

The evidence available from the latest government statistics suggests that both participation in education and training, and achievement at ages 16 and 17 remains strongly linked to background. The table below, from the most recent DCSF statistical bulletin,⁴⁷ shows the proportions achieving a level 2 qualification by age 16 and 17 in 2008.

The link with socio-economic status is clear. At the age of 16 over 80% of those from the highest social groups had achieved the benchmark of 5 A*-C grades at GCSE or its equivalent compared with 37% for the lowest. The effect of a further year's study is to narrow that gap a little though it still ranges from 88% to 49% and the proportion of the lowest groups without a level 2 is still around 50%. The table also illustrates the benefit of a year's extra study; 22% of those without a level 2 at 16 gain one by the age of 17.

The picture for minority ethnic groups is mixed. For six out of the eight categories achievement

at age 16 is lower than for the majority white population. Those of Indian and 'Other Asian' extraction perform better. The lower performance of minority groups at 16 seems however to be associated with higher than average participation rates for 16 year olds. All eight minority groups identified in the statistics have higher rates than the white population and some substantially so.

Participation in post-compulsory education and training is linked both to prior achievements and socio-economic status. Chart 8 below, extracted from the statistical bulletin, highlights the impact of background on the chances of being in full-time education, jobs without training or NEET.

It seems clear on the basis of this evidence that despite some limited progress in terms of increasing overall participation rates, there remains a serious problem of unequal access and unequal outcomes to be addressed.

Will compulsion solve the problem?

If it were the case that the introduction of compulsion would solve the problem of participation then EMAs would certainly be redundant. It is doubtful however whether even the most enthusiastic supporters of the policy believe that the law alone can have such an effect. The government proposals see raising of the participation age (or RPA) as one of a series of measures to boost participation and achievement and it is clear that recourse to the law and the application of sanctions is seen as very much a last resort.

Indeed many commentators believe that unless other measures boost voluntary participation substantially, the government could not and would not proceed to enact the legislation. The point is perhaps made most succinctly by Mark Corney⁴⁸ who writes

'If, despite the threat of sanctions and other targeted interventions, the government of the day in September 2012 judge that, say, 10% of 16 and 17 year olds – some

⁴⁷ *The Youth Cohort Study and Longitudinal Study of Young People in England*. DCSF, June 2009.

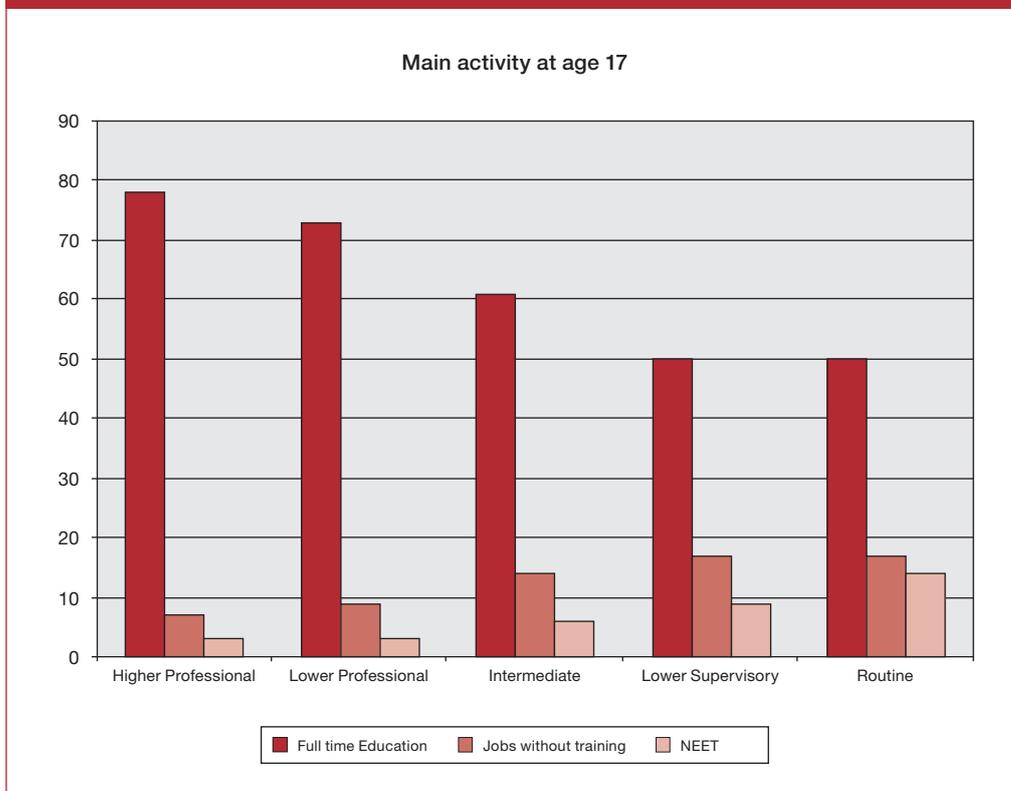
⁴⁸ *Raising the participation age: Keeping it on track*. Corney, M. CfBT 2009

Table 5: Level 2 attainment at 16 and 17 by characteristics

	Weighted Base	Level 2 at 16 (%)	Level 2 at 17 (%)	% without Level 2 at 16 gaining it by 17	% without Level 2 at 17
All	16,581	61	69	22	31
Gender					
Male	8,350	56	65	20	35
Female	8,195	65	75	27	25
Ethnic origin					
White	14,113	61	69	22	31
Mixed	375	57	69	27	31
Indian	381	74	86	45	14
Pakistani	382	55	68	28	32
Bangladeshi	163	60	70	24	30
Other Asian	199	78	83	23	17
Black African	301	58	76	43	24
Black Caribbean	240	47	64	32	36
Other	173	61	75	35	25
Parental Occupation					
Higher professional	1,129	81	88	33	12
Lower professional	6,193	75	82	28	18
Intermediate	3,097	61	71	26	29
Lower supervisory	1,353	47	58	20	42
Routine	2,787	43	54	20	46
Other/not classified	1,957	37	49	19	51
Parental Education					
Degree	3,560	85	89	31	11
At least 1 A level	3,528	68	76	25	24
Below A level/Not sure	9,428	49	60	22	40
Free School Meals (Year 11)					
No	13,436	62	72	25	28
Yes	1,935	32	44	18	56
Disability					
Yes	640	39	51	19	49
No	15,676	62	71	23	29
School Exclusions (Years 10 and 11)					
Permanently excluded	174	6	18	12	82
Suspended	1,211	23	33	13	67
Not excluded	14,453	65	74	25	26
Truancy in Year 11					
Persistent Truancy	624	16	26	12	74
Occasional Truancy	4,223	51	60	20	40
No Truancy	10,940	69	77	27	23

Source: LSYPE Wave 5 and YCS Cohort 13, Sweep 2

Chart 8: Main activity at age 17



120,000 young people – might well refuse to participate and risk becoming truants and possibly criminals, ministers would delay it'

Other actions are intended to boost participation by voluntary means. A great deal of emphasis is placed on a radical reform of the curriculum so that all young people can find an appropriate programme. This lies behind the introduction of the new range of 14–19 Diplomas which combine academic work with more practical elements; the introduction of the Foundation Learning Tier (FLT) for those not ready to progress to level 2 and beyond; and a revamped programme of apprenticeships.

There are many, however, who doubt whether curriculum reforms will have the impact intended. The new Diplomas for example only attracted 8,000 participants in their first year as against an initial target of 50,000. The introduction of the Foundation Learning

Tier is behind target and the recession has damaged chances of a significant boost in apprenticeship places. Geoff Stanton, in a detailed survey of the 14–19 reforms⁴⁹ speaks for many when he says bluntly:

'Almost all of the recent government-led initiatives relating to qualifications and testing have gone wrong.'

It is also clear that extending the availability and knowledge of financial support is seen as a necessary part of the package of measures designed to boost voluntarism. The Green Paper stated:

'We will also ensure that no young person is prevented from participating due to financial constraints.'

Although it acknowledges that EMAs cannot continue unchanged in the post-RPA context, something very similar is envisaged.

⁴⁹ *Learning Matters: Making the 14–19 reforms work for learners.* Stanton, G. CfBT 2008

For the Government therefore compulsion is certainly not enough. Other measures are needed to boost voluntary participation before their flagship policy can be enacted: and since there are serious doubts about the capacity of curriculum reforms to achieve all that is expected of them, the pressure on ministers to keep the only other significant lever at their disposal – financial support – will be immense. What however of the opposition?

Both of the major opposition parties are opposed to compulsion. They do not however appear to be opposed to the aspiration to improve participation rates or the achievements of those who leave the education system without gaining qualifications. The Conservatives are opposed to the use of legal sanctions because of the risk of criminalising large numbers of young people, and the attendant bureaucracy. The Liberal Democrats see 16 rather than 18 as marking the transition to adulthood. It could be argued that if they are serious about reducing the problem of unqualified school leavers, then in the absence of the RPA there will be more, rather than less of a role for financial levers.

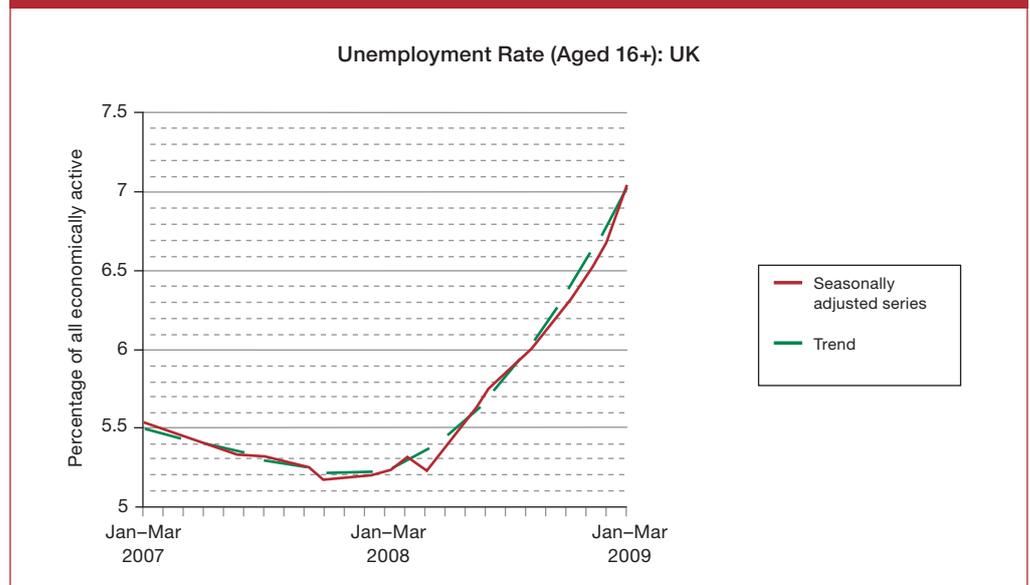
How will unemployment impact?

One difference between the first and second decades of the 21st century is that high levels of unemployment, substantially overcome since the late 1990s, are likely to return and persist. This is true for adults and more particularly true for young people who traditionally bear the brunt of increased joblessness. The Institute of Fiscal Studies for example recently reported⁵⁰ that the recession, as previously, was disproportionately affecting the young and the poorly qualified:

‘Predictions that this would be a predominantly “middle class” or “white collar” recession, because of the plight of the financial sector, have not yet been borne out in reality, according to a new study by IFS researchers. Low-skilled, low-educated and young workers are seeing a bigger deterioration in their job prospects than skilled and educated ones...’

The rise of unemployment among young people and among their parents is very relevant to the debate over participation and financial support. See Chart 9.

Chart 9: Headline Unemployment Rate⁵¹



⁵⁰ IFS press release June 2009

⁵¹ UK National Statistics Publication Hub

<http://www.statistics.gov.uk/hub/labour-market/people-not-in-work/unemployment/index.html>

Unemployment and short-time working reduce family income. It therefore makes it more difficult to support young people in full-time education, and to meet the indirect costs such as transport, books and equipment. There is consequently likely to be pressure to get a job, both to supplement family income and to provide personal spending money.

At the same time jobs, with and without training, will be in short supply. The opportunity to combine high-quality training with earning through a recognised apprenticeship will become available to fewer and fewer people despite strenuous efforts by the Government and its agencies to promote them. The Government has announced an 'entitlement' to apprenticeships for all young people who want one; but in the last analysis an apprentice is an employee and employment opportunities are determined by employers, not the State.

The jobs that are available to young people are increasingly likely to be ones that are casual, part-time and offering only rudimentary training. Young people who take them may not feature in the statistics for those NEET (not in Education Employment or Training) but they will not contribute to the participation targets which are based on participation in full-time education or accredited training equivalent to an apprenticeship.

On the other hand there is some evidence that participation in education is linked to unemployment.⁵² Damon Clark from the Centre for the Economics of Education argues that the rapid rise in participation in education between 1988 and 1993, and the subsequent stagnation in the trend is best explained by local levels of unemployment. Factors such as social class, which are associated with the propensity to participate after the age of 16, simply do not vary sufficiently to explain the rapid change in the late 1980s.

If the above analysis is correct then the implications for the future of EMAs depend on whether they are seen as financial support

or an incentive. If they are primarily about welfare then a reduction in financial support to those from poorer families at a time when their income is under pressure is hard to justify. On the other hand if they are principally concerned with boosting participation rates, there is the possibility that high levels of youth unemployment will do the job just as well.

The crisis in public finance?

The first decade of the 21st century was, in broad terms, a period of increasing investment in public services; the second is likely to be very different. The Institute for Fiscal Studies (IFS) sums up the position in a commentary⁵³ on the 2009 budget:

'Since 1997, the Labour government has increased public spending by an average of 3.2% a year in real terms (in other words, after economy-wide inflation). But the real increase has been even faster on average since Spending Reviews were introduced in April 1999 – real spending over this period has risen by 4% a year on average.'

Over the current Spending Review period (April 2008 to March 2011), public spending is set to grow on average by 2.8% a year in real terms.

If the chancellor – or his successor at the Treasury – prefers not to announce any further tax rises, he or she would have to freeze total public spending in real terms for the five years from April 2011 to March 2016. Given that some elements of spending – such as debt interest payments and social security spending – are likely to grow in real terms over this period, the remainder (which in the near term is more under the government's control) would have to be cut. If such a spending squeeze were implemented, no large spending department would be immune from the pain. Even favoured areas such as health and education would undoubtedly see much lower spending growth than they have received in recent years.'

⁵² *Participation in Post Compulsory Education in England. What explains the boom and bust?* Clark, D. CEE 2002

⁵³ *This is going to hurt.* Emmerson, C. and Tetlow, G. IFS, April 2009

There appears at the moment to be a cross-party consensus that investment in the NHS should have priority. In June 2009 both major parties expressed a commitment to maintain the level of investment in the health service, leading the BBC economics editor Stephanie Flanders to comment:

'The bottom line is that the government's own numbers imply a 10% real cut in spending on other departments between 2011 and 2013, if the NHS and DFID are protected.'

In this context it is not surprising that the think tanks are coming up with some radical ideas for cutting back public expenditure.

Learner support for a 14–19 phase

“For many young people part-time work involves a substantial commitment.”

One of the strategies of the current Government is to downplay the significance of the age of 16 so that it no longer signifies the end of schooling but rather a staging post on the way to 18. The focus on an integrated 14–19 phase is part of the package of measures designed to increase voluntary participation to the age of 18 prior to legal changes. In this context therefore it is pertinent to ask why learner support policy is currently focused on 16–19 year olds; should there not be a 14–19 learner support policy for an integrated 14–19 phase?

One of the possible objections to an integrated learner support policy has already been swept away. Until now it might have been argued pragmatically that local authorities have responsibility for those under the age of 16 whereas the Learning and Skills Council deals with those over that age. From 2010 however local authorities will assume overall responsibility for the provision of children's services up to the age of 18, taking on the appropriate part of the LSC budget for schools and colleges and its role in commissioning provision.

The original stated purpose of EMAs was to act as an incentive to participate in education or training after the age at which it ceased to be compulsory. This gives a clear logic for different financial support arrangements for 16–18 year olds, notwithstanding the desire for curriculum planning to span the whole 14–19 phase. After the participation age is raised, however, this logic can no longer hold.

The incentive argument, however, always raised difficult questions. If the scheme was essentially an incentive to participate why was it means-tested? Although those in lower income groups had (and still have) lower rates of participation post-16 it is not universal among the more affluent. If it was an incentive to improve performance then again why confine it to the lower paid, or indeed why exclude employed apprentices?

An alternative rationale for the EMA allowance is that it is there to help meet the opportunity costs of participation in learning. This is clearly compatible with both means-testing and excluding those in employment from the scheme – they have other means of meeting these costs. Those who wish to advance this argument however, need to be clear about what exactly the opportunity costs are.

In the context of a participation age of 18 the opportunity cost cannot be the earnings from full-time employment. That opportunity, with strictly limited exceptions such as apprenticeships, will be legally denied to young people. There is however also the opportunity cost of restricting engagement with part-time employment, which gives a clear rationale for an allowance and unites the 14–19 phase.

One of the major unplanned changes of the past 20 years has been the substantially increased involvement of full-time students in part-time paid employment during term time. During the 1950s and 1960s the paid employment of school children was largely confined to morning paper rounds. Today there are greatly expanded opportunities for part-time work, particularly in the retail and hospitality sectors with many businesses actively seeking students as a cheap and flexible workforce.

Davies, in a study in 1999,⁵⁴ found evidence of substantial involvement in paid work by pupils from the age of 14 onwards. He reported:

‘The engagement by full-time students in some form of paid employment is pervasive with the proportion rising with age. It is commonplace among 14–15 year olds, and nigh on universal for those aged 16–19.

For many young people part-time work involves a substantial commitment. Almost two thirds of those with jobs aged 16 and over work for 10 hours or more per week

⁵⁴ *Learning and Earning: the impact of paid employment on young people in full-time education.* Davies, P. et al. FEPA 1999

during term time, almost a third for 15 hours or more. Even among 14–15 year olds, almost a fifth of those with jobs exceed 10 hours.'

He also reported concerns by both pupils and teachers that working for over 10 hours per week has a detrimental impact on academic performance and identified 'a strong negative correlation between hours worked and examination grades' beyond that point.

Almost a decade later a team led by the same researcher revisited the issue in a study sponsored by the National Union of Students.⁵⁵ The research showed that in the FE sector combining paid work and study was ubiquitous; and that concerns about the impact on examination success continued to be reported by both students and their teachers. Interestingly however the proportion of 16–19 year olds working more than 15 hours per week had fallen from 31% to 23%. It is not possible to attribute this fall to any single cause but it is consistent with reports from the early evaluations of EMAs which indicated that students had reduced (though not eliminated) their involvement with paid work.

The evaluation of the EMA roll-out⁵⁶ gives an indication of the role that EMAs have played. According to the RCU:

'Just over 60% of those who received a Band 1 (£30) or Band 2 (£20) EMA said they would have had to work longer hours if they had not received the payment compared to 46% of those who received a Band 3 (£10) EMA. Almost three-quarters of those recipients who did not have a part-time job said they would have looked for one if they had not received an EMA. Again there was some variation depending on the level of EMA received. 75% of Band 1 recipients said they would have got a part-time job compared to 70% of Band 2 recipients and 66% of those who received a Band 3 EMA'

A possible logic for EMAs then is to reflect the opportunity costs of serious engagement with study across the 14–19 phase. One of the

conditions attached to the allowance could be a restriction on the amount of paid work undertaken in term time.⁵⁷ The allowance could be graduated by age to reflect the increasing pressure of the labour market as students get older and both more attractive to employers and aware of pressures to consume.

Although it would appear logical to extend the EMA allowance to 14 and 15 year olds the current crisis in public finances might seem to render it impossible. The allowance currently costs around £250 million for each year group. Even if the level were set at half the rate applicable to those post-16 a two-year extension would still cost £250 million which is probably not politically feasible. It could however easily be financed by means-testing Child Benefit from the age of 14. Assuming that the saving for 14 and 15 year olds was of the same magnitude as for 16 and 17 year olds the total of £585 million would allow a scheme with allowances at the current 16 year old level.

Alternatively the EMA pre-16 could focus on performance bonuses. These would introduce the notion of conditional support throughout the phase. They could be linked with a learning agreement that was personalised, reflecting the different pathways open to young people at that stage, but based on a demanding set of outcomes, not just attendance.

It would be possible to build some restrictions on paid work during term-time into a learning agreement which would help focus on learning outcomes. It could also have a role in legitimating paying attention to school work and resisting peer pressure. There would be no need to set bonuses at the same level as post-16; indeed the concept of a 'ladder' would argue for a lower rate.

It is clear that most of the arguments for a performance-related bonus for 16 and 17 year olds apply with equal force to the 14–15 phase. Persistent absenteeism amongst a minority of pupils is a serious problem and those who are NEET in subsequent years are

⁵⁵ *The True Cost of College – the price students pay for further education.* Davies, P. et al., NUS 2008

⁵⁶ RCU 2008

⁵⁷ It is interesting that there is just such a condition required of those receiving CDLs

disproportionately drawn from those who were regularly absent from school. A bonus system could give an additional lever for school teachers to use to help address this issue.

A bonus system would be less expensive to extend to 14 and 15 year olds. In the post-16 phase it costs around £50 million per year. If it were extended to all pupils it could cost £100 million per year or £200 million in total for 14 and 15 year olds. It ought however to be possible to reduce either the number of bonus payments or their value without removing the impact of the incentive and implement something for around £100 million.

Policy issues

“... it is clear that for compulsion to succeed participation must have already been raised well on the way to 100% by voluntary means.”

Policymakers ultimately have to answer two linked questions about the future of EMAs. The first is whether there is any place in the future for an allowance of some form for participants in the latter years of compulsory education. The second is whether, if there is such a place, the allowances should take the form of the current EMA or be of a significantly different character. The questions have to be answered both in the context of a continuing Labour administration strongly committed to raising the participation age and an alternative government which would not proceed with such legislation.

Is there any place for an allowance?

There are three reasons why policymakers might conclude that the EMA or something like it should not find a place in education policy for the second decade of the 21st century. It might be deemed no longer relevant to current and emerging policy concerns; it might be considered relevant but ineffective as an instrument for addressing them; or it may be both relevant and effective but at disproportionate cost, particularly at a time of serious constraints on public spending. These reasons are addressed in turn.

The relevance of allowances

EMAs were introduced to address long standing concerns about the low levels of participation in post-compulsory education and training in England, low levels of achievement by school leavers and a large disparity in performance between social groups. These concerns remain relevant today. Although participation is now above the levels of 15 years ago it is still well below the targets of the Government or the aspirations of the opposition.

The decision whether or not to raise the participation age has less relevance to this assessment than might at first appear.

The Labour Government is committed to introducing compulsion; but it is clear that for compulsion to succeed participation must have already been raised well on the way to 100% by voluntary means. For the opposition, who share the aspiration to have higher participation but eschew legal compulsion, effective means of raising voluntary participation must be even more important.

At a more detailed level some system of allowances still seems as relevant today as it was a decade ago. Low participation rates are associated with lower social status and relative financial deprivation; financial hardship is frequently quoted as one cause of dropping out or not starting post-16 education in the first place. A means-tested financial allowance is, at least in principle, an appropriate sort of mechanism for addressing the problem.

Implicit in the aim of increasing participation is the desire to increase the skills and knowledge of the population both for economic and wider political purposes. Participation is not an end in itself – a point made by opponents of compulsion who doubt whether those engaged against their will would learn much of lasting value. Concern about skills levels in the UK remains an important driver of government policy now and for the foreseeable future and one from which the opposition does not dissent. The report *Ambition 2020* from the UK Commission on Employment and Skills⁵⁸ is only the most recent in a series of reports urging more determined action to improve skill levels over the next ten years with the aim of maintaining competitiveness:

‘The aim of achieving World Class employment and skills – of becoming one of the top countries in the world at every skill level – is highly ambitious. It means attaining more than 20 million additional qualifications, equivalent to more than one for every second adult of working age, by 2020.’

⁵⁸ *Ambition 2020: World Class Skills and Jobs for the UK*. UKCES 2009

The effectiveness of allowances

A policy intervention may be aimed at the right problem but prove ineffective in practice. Many⁵⁹ would argue that this applies to the new Diplomas that are at the heart of the Government's curriculum reforms. Better and more attractive provision needs to be made for those not engaged by academic work but the Diplomas threaten to repeat earlier mistakes by emphasising their comparability with A Levels at the expense of practical content.

EMAs on the other hand have proved successful at raising and sustaining participation. The research evidence is not only clear but it is of high quality – this is one of the few initiatives where performance of the 'treatment' group can be clearly matched against that of a control group. Those inclined to argue that the effect was small, around three percentage points for the population as a whole or 7.5% for those receiving it, need to look at the long-term trend data showing that in the decade before the roll-out of EMAs there was no positive movement at all.

The evidence has been disputed by those opposed to EMAs but their case is not strong. The earlier section of this report on impact showed how the argument in the Policy Exchange paper *Schools Funding and Social Justice*⁶⁰ is based on highly selective quotations from the IFS evaluation. The Conservative Party spokesman, Michael Gove, takes a similarly narrow view, stating:⁶¹

'that despite £924m of investment in the programme, the number of pupils studying beyond GCSE level has increased by less than 400 in the past three years.'

Freedman gives more details of the Conservative Party research on which these figures are based. He makes clear that the 400 refers to pupils on free school meals staying on to do A levels. It ignores the very much larger number (IFS suggest 18,500) who stayed on, mainly in FE colleges, to follow programmes predominantly at levels 1 and 2.

This is exactly what would be expected given that almost all of those capable of staying on to undertake A Levels or an equivalent programme stayed on already.

The research evidence also confirms that EMAs have been successful at engaging some of the most disadvantaged young people. This is perhaps not surprising given that the intervention was targeted on young people from low-income households but nevertheless it is an important finding. All of the major parties are publicly committed to reducing the gap in performance between those from affluent and disadvantaged communities, and financial support appears to have a contribution to make.

Finally there is good evidence that those who are encouraged to stay on by EMAs achieve results that are at least as good as others. This is not participation for its own sake but participation that has the effect of increasing skill levels and thereby life chances. It seems to be the case that the main effect of allowances is to encourage those who receive them to stay and complete their course, which has a direct effect on the likelihood of a successful outcome.

Moreover there is some robust evidence that the improvement in performance is most marked among disadvantaged groups; women, ethnic minorities and those from the most deprived communities. It is not surprising that the effect is in this direction given the nature of the intervention but good news that the effect is measurable.

The cost of allowances

The state of public finances over the next few years may well dictate that policies that are relevant and effective can not be afforded. Even the relatively optimistic prospect of a standstill budget in real terms means that some aspects of the education service will face cuts if other areas grow. In 14–19 education unit costs look certain to rise as curriculum reforms involving more practical

⁵⁹ See for example Stanton, 2008

⁶⁰ Freedman, 2008

⁶¹ Quoted on epolitix.com

options are introduced and the service tries to engage with more and more marginal groups.

Against that background the EMA budget looks a tempting and discrete candidate for radical surgery. It has already been identified as such by the Conservatives; and its removal would save around £600 million per year. A decision to end EMAs is relatively straightforward compared with having to navigate reductions in service provision through a large number of independent providers each with their local champions (consider for example the logically powerful but politically almost impossible case for closing small sixth forms).

On the other hand there are several strong contrary arguments. The first is that although £600 million seems a large sum, in terms of financial support the EMA budget is relatively small. It represents around 15% of the value of support given to learners in HE – almost all to young full-time undergraduates who will benefit substantially over their lifetime from acquiring a degree.⁶² It is around a third of the value of support given to 16–19 year olds through the Child Tax Credit system each year and just over a half of the value of Child Benefit for the same age group. Those seeking large cuts in financial support have tempting targets other than EMAs.

Furthermore the EMA is relatively well targeted. EMA spending only flows to those from low-income households whereas a large number of affluent families benefit from the subsidies inherent in the arrangements for HE loans. Social justice would argue for a real rate of interest to be charged to HE students before grants are removed from poor students in FE. Child Tax Credit operates a more generous means test than EMAs and it is reasonable to argue for some equalisation before EMAs are cut. The major anomaly however is with Child Benefit.

Those who complain about deadweight in EMAs need to look at the extent of deadweight in Child Benefit. It is paid to everyone with a child under the age of 16 or in full-time education up to the age of 20 irrespective of income. It is not conditional (except for the requirement to be in full-time education after the age of 16) though the Green Paper 'Raising Expectations' floated the idea that conditions might be attached. EMAs on the other hand depend not just on registration for full-time education but also attendance, punctuality and adherence to a learning agreement.

The removal or restriction of Child Benefit raises issues that go beyond the scope of this paper but some back-of-the-envelope calculations indicate why it should be on the agenda for consideration before removing EMAs. To means-test Child Benefit on the same scale as EMAs would achieve roughly the same level of savings as abolishing the latter, around £600,000 per year. The difference however is that this change would be at the expense of the richer rather than the poorer half of the population.

What might a new allowance look like?

In one important respect at least EMAs need to change. In the light of the proposals for raising the leaving age it is probably inappropriate to continue to describe them as incentives to participate since in theory young people would have no choice over whether to stay on.⁶³ Instead they should be seen as analogous to HE maintenance support – assisting young people and their families in coping with the opportunity costs of a serious engagement with learning – and as an incentive to achieve high levels of performance.

Some families are capable of coping with the opportunity costs as well as the indirect costs of participation. The allowances should therefore continue to be means-tested. There

⁶²For a full analysis see *Higher Education and the Cuckoo in the nest*, Corney, M. *et al.* Campaign for Learning 2008

⁶³It would be as well to do this even if the Conservatives win the next election, though their position is decidedly odd. Freedman (2008) effectively argues that EMAs should be abolished, *inter alia* because they will be redundant in the light of a piece of legislation they are determined not to enact.

is no evidence to suggest that the income thresholds require radical revision but it would aid transparency if the maximum household income, beyond which no support was payable, was set at a common level across all forms of support for learners and families.

Positioning a revised EMA as a means of supporting poorer families to cope with the opportunity costs of participation allows consideration of an extension across the whole of the 14–19 phase. The need for an integrated 14–19 funding system, to support an integrated 14–19 phase of learning, has already been made elsewhere.⁶⁴ An integrated system of learner support is also needed. The opportunity cost of participation is not the income from full-time employment that is foregone, but the income from part-time employment which affects those aged 14–16 as well as the older age group.

EMAs are currently paid at a flat rate. There are good reasons for reviewing this and introducing a tapered scheme with more generous support for older students and less generous provision for younger ones. This fits with the evidence that participation in part-time work during term time grows with age, or in other words the opportunity cost increases.

A key issue in raising participation concerns young people who complete a one-year course in FE and then seek employment. They are the major cause of a fall in the participation rates of around 10 percentage points between the first and second post-compulsory years. Increased support for 17 year olds from 2011 may impact upon this propensity to leave and the extent that it does would help prepare the ground for 100% participation by 2013.

For younger students the opportunity costs are not so great. They are less engaged with the labour market; also their families have less to cope with by way of indirect costs since travel and books and equipment are provided free. Nevertheless there would be real and symbolic advantage in introducing them at

the age of 14 to a progressive structure of conditional support that increased in value until 18 and articulated with HE.

Support should continue to be conditional. One of the reasons for the success of EMAs appears to be that support is set in a framework of expectations; not just to participate but to turn up regularly and on time; and to adhere to the terms of a learning agreement. Expectations are reinforced not just by the capacity to stop weekly payments but by a system of termly bonuses based on performance.

⁶⁴*New Localism and 14–19 Funding: Putting Learner Choice First*. Corney, M. and Fletcher, M. Campaign for Learning, 2008

Conclusions

The overall conclusions to be drawn from this survey of the evidence are:

1. EMAs have been a successful innovation and should be maintained

As a policy instrument they have proved to be:

- *Successful in delivering their intended outcomes.* There is robust evidence that EMAs have increased participation and achievement among 16 and 17 year olds, and contributed to improved motivation and performance.
- *Effectively focused on the target group.* EMAs are restricted to low-income households, and disproportionately taken up by those with low achievement levels at school, those from ethnic minorities and those from single-parent families.
- *As relevant to the future policy agenda as to the past.* Although EMAs have helped to improve staying-on rates the UK is still characterised by lower numbers participating between 16 and 18 and a wide gap in performance linked to social background.

2. EMAs should be maintained, despite proposals to raise the statutory leaving age

- Arguments about the relevance of an incentive if the leaving age is changed are a distraction. No serious commentator believes that legislation, by itself, will achieve 100% participation; indeed most agree that an increase in voluntary participation is required before legislation could be contemplated. In any event both major opposition parties are opposed to the use of compulsion.
- EMAs bonuses should be seen as an incentive to engage seriously with learning rather than simply attend classes. Increased participation is not an end in itself; its only purpose is to raise achievement.
- EMA allowances should be seen as reflecting the opportunity costs of participation. Learning agreements should encourage students to keep paid work during term time down to a level that does not impair their performance.

3. EMAs should be maintained despite the current crisis in public finances

- Although it seems probable that after 2010 reductions in public expenditure will be sought by whichever party is in power, there are other less well focused policies that cost a similar or greater amount. If Child Benefit for 16–19s were means-tested on the same scale as EMAs it would produce around £585 million – a broadly similar saving to the abolition of the allowances, though at the expense of the richest part of the population rather than the poorest. If Child Tax Credit for 16–19 year olds were to be means-tested on the same scale as EMAs that would save a further £180 million.

4. EMA allowances should be increased for 17 year olds

- There has been no increase in the EMA rate for a decade; just to keep pace with inflation would require an increase from £30 to £40 per week.
- The fall in participation between 16 and 17 remains the major problem confronting the aspiration to increase participation towards 100% by 2015.
- Evaluation evidence shows that the efficacy of the allowance is linked to its rate.

5. EMA bonuses should be extended to all learners

- The bonus payment should reflect adherence to a demanding learning agreement. There is no reason why this should not apply to all students.

6. EMAs should be the basis for an integrated system of support for 14–19 year olds

- An integrated 14–19 phase requires an integrated approach to supporting learners.
- A 'ladder of support' from 14 to 19 could provide escalating incentives to aim high and achieve.
- In the pre-14 phase, support could concentrate on performance bonuses.

- A system of means-tested allowances for 14 and 15 year olds could be financed by means-testing Child Benefit.

7. The lower band allowances should be abolished and the savings used to take account of other dependent children

- The lower band allowances, which cost around £70 million per year, have little impact on participation.
- The financial circumstances of families is affected as much by their necessary outgoings as by income.

8. These changes could be broadly cost neutral if the lower band allowances were abolished and CTC threshold was aligned with EMA⁶⁵

- Increased allowances for 17 year olds would cost around £35 million extra per year.⁶⁶
- Extending bonuses to all 16 and 17 year olds would cost around £100 million extra per year.
- A simplified bonus scheme could be developed for 14 and 15 year olds for £100 million per year.
- Removing the two lower bands would save around £70 million per year.
- Aligning the tax credit threshold with EMAs would save around £180 million per year.

⁶⁵In broad terms the current scheme costs under £600 million per year: £250 million per cohort on allowances and £50 million per cohort on bonuses. Around 43% of learners currently receive EMAs of which 10% receive the lower rates.

⁶⁶£250m less £35m. lower band x 1.33

Should we end the EMA?



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