The Early Impact of Youth Credits in England and Wales

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by Linda Croxford, David Raffe and Paula Surridge **No. 7, July 1996**

Public funding for youth training in Great Britain is now provided through Youth Credits. School leavers entering the labour market receive a credit which they can spend on training arranged through a TEC or LEC. Credits are designed to increase young people's motivation to train and to empower them in the training market, and thereby to improve the quantity and quality of training among young school leavers. Credits were introduced on a pilot basis in selected TEC and LEC areas, starting in 1991. This *Briefing* describes the impact of the first-round pilots in England and Wales in their first year of operation. It is based on analyses of the England and Wales Youth Cohort Study.

- **The** TEC areas in which Credits were first piloted varied widely. On average, they had higher proportions of non-white youngsters, but were in other respects representative of England and Wales.

- **Girls'** staying-on rates in full-time education rose faster in the pilot Credit areas than elsewhere, possibly because of the enhanced guidance provided in the pilots. Credits had no effect on unemployment rates among those who left education.

- **Credits** did not increase the total level of training among 16 year-old school leavers, but they increased the proportion of training that was employment-based, and they increased the proportion that was government-supported (ie supported by government funding).

- **Credits** appeared to have a redistributive effect. They increased participation in government-supported training among young workers with medium or high GCSE attainments, but reduced it among those with no GCSE grades.

- **Government-supported** training helped to compensate for inequalities in access to non-government training among early school leavers. It was also more likely to lead to vocational qualifications.

Background

Youth Credits are known by a variety of local names in England and Wales and as Skillseekers in Scotland. They were introduced as pilot schemes by ten English/Welsh Training and Enterprise Councils (TECs) and by one Scottish Local Enterprise Company (LEC) in 1991. Further pilots were introduced in 1993 and 1994 and the initiative went nation-wide in 1995.

Youth Credits are a new system for funding youth training, which routes funding through the trainee rather than the provider. They are designed to increase young people's motivation to train and to empower them in the training market, and also to make training more employment-based and more relevant to employment needs. They thereby aim to improve both the quantity and quality of training among young school leavers. We were commissioned by the Department for Education and Employment to analyse the impact of the first-round TEC pilots, in their first year of operation, on early school leavers' participation in training and on their achievement of vocational qualifications. This impact was measured relative to the previous system of funding Youth Training (YT).

We used data from cohorts 5 and 6 of the Youth Cohort Study (YCS), a nationally representative postal survey of age cohorts in England and Wales. Members of cohort 5 reached school-leaving age in 1990, before Youth Credits were introduced; cohort 6 reached school-leaving age in 1991, in the first year of the Round 1 Credit pilots. Within the pilot TEC areas, therefore, the YCS provided *before-after* data, on cohorts who reached school-leaving age respectively before and after Credits were introduced. The YCS also provided *control-group* data, on young people in the same cohorts in TECs which did not introduce Credits at this time. By comparing change within these groups we had a powerful design for measuring the impact of Credits.

We used "multilevel" methods to estimate the effects of an intervention at one level (the TEC) on outcomes at another level (the individual young person). Our analysis controlled for characteristics of individuals and of TEC areas which may influence training outcomes.

The Round 1 Credit pilots

Ten TECs launched pilot Youth Credit schemes in 1991. One re-launched the following year and was not counted as a Round 1 pilot in our analyses. The remaining nine TECs served areas which were very diverse in their industrial structures, unemployment rates, and the social and economic characteristics of young people. But on average they were very similar to the other TECs in England and Wales. The only significant difference was that the Round 1 TEC areas had a higher proportion of young people from non-white ethnic groups.

Who gets training?

Although it was designed primarily to measure the impact of Youth Credits, our study also provided new evidence on the factors which influence access to work, and participation in training, among economically active 16 year old school leavers. Key findings include:

- *The 16 year-old leavers at greatest risk of unemployment were those with low GCSE attainments, non-whites, females, former truants, those from disadvantaged family backgrounds, those in the south-eastern half of the country and those in areas with high staying-on rates.*
- *Males with high GCSE attainments were particularly likely to receive training, especially employment-based training.*
- *Apart from this, inequalities in training were relatively small among those who found a job or a training scheme. Inequalities in training resulted more from the unequal access to jobs and schemes, than from the unequal distribution of training among those in jobs and schemes.*
- *Training supported by government funding (through YT or Credits) compensated for some of the inequalities in the distribution of non-government training in respect of females, non-whites, young workers with middle or low GCSE attainments and those from less advantaged family backgrounds.*
- *Young people in government-supported training were more likely to achieve vocational qualifications than young people in non-government training.*
- *Participation in training varied widely across TEC areas and across industrial sectors.*

Receiving and using a Credit

In the Round 1 TECs, only three in ten members of cohort 6 had left school by age 16/17. Fewer than a quarter were in a job or training scheme. More than seven in ten (72%) of young people in jobs or schemes said they had received a Youth Credit. This proportion varied across the nine TECs.

Of those who said they had received a Credit, 70% said they had used it to acquire training. The social and educational characteristics of young people who received and/or used a Credit were similar to those of all young people in jobs or schemes.

Nearly all young workers who had used their Credits were getting training in their job or scheme, but a

majority of young workers who had not used their Credits also reported getting training.

The impact of Credits on leaving education and finding work

Some commentators had feared that by making employment more attractive Credits might encourage young people to leave full-time education early. We found no evidence of this. Credits were introduced at a time when national staying-on rates at 16 were rising very rapidly. Between cohorts 5 and 6, staying-on rates rose even more in the Round 1 pilot TEC areas than elsewhere in England and Wales. (Selected outcomes are summarised in Table 1). Our multilevel analyses, which controlled for the influence of individual and TEC characteristics, confirmed that the faster increase in staying-on rates in the Credit areas was statistically significant among females, but not among males. It is possible that the enhanced provision of guidance in Credit areas increased young women's awareness of their opportunities and encouraged more of them to stay on.

Table 1
Changes in outcomes between cohorts

	"Before" (Cohort 5)	"After" (Cohort 6)	Change	Credit effect (from multilevel analysis)
In FT education at 16/17				
Credit pilot areas	60%	70%	+10%	Positive for females
Other areas	58%	66%	+8%	
In job/scheme at 16/17 (% of economically active)				
Credit pilot areas	82%	79%	-3%	Not significant
Other areas	83%	78%	-5%	
In training (% of ec active)				
Credit pilot areas	60%	62%	+2%	Not significant
Other areas	60%	63%	+3%	
In employment-based training (% of ec active)				
Credit pilot areas	26%	29%	+3%	Positive
Other areas	24%	23%	-1%	
In govt-supported training (% of ec active)				
Credit pilot areas	42%	52%	+10%	Redistributive, across
Other areas	42%	47%	+5%	GCSE levels
NVQ level 2 by 18/19 (% of trainees at 16/17)				
Credit pilot areas	21%	23%	+2%	Not significant
Other areas	28%	21%	-7%	(small sample numbers)

Another fear had been that Credits, by making training more employment-based, would divert provision away from the unemployed, and thus increase unemployment among early school leavers. Again, we found no evidence of this. At the time of the YCS sweep 1 survey, in the spring after reaching school-leaving age, about four out of five economically active school leavers were in jobs or on a training scheme. Although this proportion fell slightly between cohorts 5 and 6 there was no significant difference between the Credit pilot TECs and the rest of England and Wales.

The impact of Credits on training

Youth Credits had no impact on the total proportion of young school leavers receiving training at age 16/17. (We defined "training" to include all apprenticeships, youth training schemes and off-the job training.) Sixty per cent of early leavers in cohort 5 received training; levels of training among cohort 6 were higher, but they increased no more in the Credit areas than in the rest of England and Wales.

However although Credits had no effect on *total* levels of training at 16/17 years, they changed the breakdown of training within this total:

- Credits increased the proportion of young people who combined training with employment (for example, as employed-status rather than trainee-status participants);
- Credits increased the proportion of training which was supported by government funding;
- Credits had a redistributive effect across GCSE attainment groups; they increased participation in government-supported training among young workers with medium or high attainments, but they reduced it among young workers with no GCSE grades.

The impact of Credits on vocational qualifications

The proportion of trainees gaining level 2 vocational qualifications by 18/19 years increased slightly in the Round 1 Credit TEC areas and fell in the other areas. Our further analyses, controlling for other individual and TEC-level influences, also found a positive association between Credits and qualifications. However this conclusion is based on much smaller sample numbers than the earlier analyses, and is not statistically significant. We cannot reject the possibility that it is the product of random fluctuation in a relatively small sample.

Differences among the TEC pilots

We found no significant difference in any of the effects of Credits across the nine Round 1 pilot TECs. This was despite the fact that the pilots were designed to encourage local diversity and experiment. However, the average Credit effects, reported above, were small. Given the sample numbers, the effects of the pilots would have had to varied very widely in order to be statistically significant in our analysis.

Policy implications

These findings are based on the first year of operation of the Round 1 pilot schemes. The impact of Credits may well have changed since then, as TECs gained experience in operating Credit schemes and more TECs introduced them. Any conclusions from this study are preliminary.

Youth Credits did not increase the quantity of training, but they encouraged a shift towards employment-based and government-supported training, and they may have increased the attainment of vocational qualifications. These trends, if maintained, may lead to higher quality training, but only if current criticisms of vocational qualifications are addressed, and if employment-based training can serve the long-term interests of individuals and the economy, as well as the short-term interests of the enterprise.

Compared with the previous method of funding Youth Training, Credits increased relative participation in government-supported training among higher qualification groups. They may have helped to move it "up-market" and to dispel the low status which youth training has inherited from unemployment schemes. However they may have done so partly at the expense of school leavers with no GCSE grades, about one in ten early leavers. These leavers' access to training will need to be carefully monitored. Government funding for youth training has reduced inequalities in participation (see panel on page 2); in taking forward the Dearing recommendations the government will have to balance the need to give higher status to youth training with the need to cater for the lowest attaining school leavers.

About this study

The study used data from cohorts 5 and 6 of the England and Wales Youth Cohort Study. It was commissioned by the Department for Education and Employment, and the distribution of this Briefing is supported by the Economic and Social Research Council. We are grateful to Professor Lindsay Paterson and to members of Social and Community Planning Research for help and advice. The views expressed are those of the authors.

Further information

Full details of the research are presented in Croxford, Raffe and Surridge (1996). For more information, contact either Dr Linda Croxford or Professor David Raffe at the Centre for Educational Sociology, University of Edinburgh (Tel: 0131 650 4202 or 4191).

Related publications

Croxford, L, Raffe, D and Surridge, P (1996) *The Impact of Youth Credits: The Round One Credit TECs in their First Year of Operation*, A Report to the DfEE (Centre for Educational Sociology, University of Edinburgh).

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