

# Learning a living, better support for post 16 learners

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## Acknowledgements

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## Summary

The Welsh Government provides vital support with the cost of living and education for young people from low income families who are in post-16 education. These schemes are administered by further education colleges, local authorities and Student Finance Wales on behalf of the Welsh Government.

As part of a larger project on the help that is provided to low-income families in Wales, we have reviewed the schemes providing support to young people from families trapped in poverty. Whilst we found that many young people valued the support they received, there are a number of shortcomings with the current system:

- Many young people from low income families are locked out from receiving support due to arbitrary and inconsistent eligibility criteria.
- The value of the support is not sufficient to lift people out of poverty.
- There is a lack of consistency in the support available, which depends on where a young person continues their education.
- The application process can be complicated and inconsistent.

In order to ensure that young people in post-16 education have enough to live on we are calling on the Welsh Government to implement both short and longer term changes to the current system. In the short term the Welsh Government should:

- Raise the eligibility threshold for Education Maintenance Allowance and Welsh Government Learning Grant so that no young person in poverty misses out.
- Increase the cash value of EMA to £45 a week and WGLG to £2,350 a year – restoring them to their mid-2000s levels.
- Provide help for students facing additional costs such as food and transport.
- Establish an 'inflation lock' so that the eligibility threshold and grant maintain their value.
- Simplify and streamline the administration of the schemes.

In the longer term, the Welsh Government should consider more radical reform. The changes made to student finance in higher education should be reflected in the further education sector, with a mix of means-tested loans and grants available to all learners irrespective of their level of education. This would recognise that further education contributes to the economy and labour market, and that learners in vocational subjects need financial support just as much as in higher education.

# 1. Introduction

Social security is an essential way of providing or topping up people's incomes when they have no other means or if their means are inadequate. The social security system is, by definition, not devolved to the Welsh Government. However outside the social security system the Welsh Government and local authorities provide a range of different types of financial and in-kind support to people on low incomes.

Many of these schemes have developed for specific purposes, and have their own eligibility requirements, administrative arrangements and very varied cash values. The experiences of people accessing these schemes is often unsatisfactory, with issues around take up, administrative efficiency, stigma and, sometimes, impact of some provision.

We have called for the myriad of different schemes that provide cash or in-kind assistance to be considered as a whole, constituting a coherent system of devolved support for people on low incomes. We outlined our initial thinking in evidence to the National Assembly for Wales Equality, Communities and Local Government Committee's inquiry into devolving social security benefits.<sup>1</sup> We welcome the Committee's agreement with our proposal and the Welsh Government's acceptance in principle that there should be a Welsh Benefits System.

Since our evidence we have been developing more detailed proposals by considering existing schemes to support children, young people and disabled people on low incomes and the schemes to help people on low incomes with the costs of housing and healthcare. We have considered the criteria for considering a scheme as a devolved benefit and we have also addressed the principles which in our view should underpin a new approach.

This paper sets out our conclusions in respect of support offered to young people aged 16 to 24 who are on low incomes and are in education. As such some of the recommendations also apply to older low income learners. We have not considered support which is not devolved, such as Job Seekers' Allowance and Universal Credit, and we have included only those devolved schemes which are means-tested, so we have not considered universal benefits such as free prescriptions. We do however recognise that both types of assistance are vitally important to young people's standard of living and well-being, and that they must help to lift young people out of poverty.

We make two sets of recommendations. The first is for relatively modest changes to existing schemes that could be made quickly and which would have an immediate impact on young people. The second is for a more radical overhaul of means-tested financial help, merging disparate schemes into a single grant and loan scheme. These proposals will in due course be put alongside our suggestions in other areas, together comprising a 'Welsh Benefits System'.

## 2. Criteria, principles and methods

Most discussions about the financial assistance available to low income households focus on the reforms made to a wide range of benefits by the Westminster Government. This is not surprising given that powers over social security per se have not been devolved to Wales. However, the Welsh Government and Welsh local authorities have significant powers over a number of devolved, means-tested benefits. They include cash benefits such as the Council Tax Reduction Scheme and the Education Maintenance Allowance, as well as benefits in kind, such as Free School Meals and the Warm Homes Nest Programme. Together these benefits provide a vital anchor to low income families across Wales.

### 2.1. Why does it matter?

There is some acknowledgment that many of the individual schemes can help to solve poverty. But none are seen as part of wider system of devolved benefits, still less as one that could be a key lever in reducing poverty. This matters for several reasons.

First, it means that there is no overview of how Welsh benefits interact with each other and with the UK social security system. Instead each benefit is viewed in isolation, as a solution to a specific problem, for example, being unable to heat a home. The criterion of success is whether it solves that issue and not whether it solves poverty, often the root cause of a problem, encouraging sticking plaster solutions.

Second, it means that there is little coherence in eligibility for different benefits, in the way that they are administered and how the support is provided. The current system makes it very difficult for families to know their entitlement and can make the process of claiming help complicated and burdensome.

Third, it is difficult to measure if administrative resources are being used effectively. For example local authorities process applications for a number of Welsh benefits but because different schemes have different eligibility criteria, staff may process multiple applications from the same family. Viewing the system as a whole could enable it to be streamlined, making it easier for families to claim and easing the administrative pressures on public bodies.

Importantly, the Welsh Government could create a Welsh Benefits System without the devolution of further powers. Doing so would help to the existing system to reach everyone eligible for support. As the National Assembly's Equality, Local Government and Communities Committee recognised,<sup>2</sup> this could have a real impact on the lives of thousands of families.

### 2.2. Criteria

Not all support provided by the Welsh Government and Welsh local authorities to low income families necessarily is part of a Welsh benefit system. We adopted the following criteria:

1. The scheme must be administered by a devolved body or by Welsh local authorities

We used this criterion because we are interested in devolved support rather than UK-wide programmes, and in those which have a statutory basis. Support offered on an ad hoc basis e.g. by charities were not included.

2. The scheme must either provide cash or relieve costs

We used this criterion because replacing income or alleviating costs has a direct impact on poverty whereas other support e.g. advice or guidance does not.

3. The scheme must be means-tested

We used this criterion to distinguish between universal benefits, such as free prescriptions, or those with other eligibility rules, such as Carer's Allowance, and those specifically for people on low incomes.

In adopting these criteria, we are aware that we have not captured all the support available to low income families. For example, we have not included programmes targeted at children in disadvantaged places, such as Flying Start or the School Holiday Enrichment Programme (SHEP), because they are open to all within those communities but are not available to people on low incomes outside eligible areas.<sup>3</sup> Similarly we have not included charitable schemes such as food banks, charity play schemes or those provided by housing associations, because they are voluntary. In excluding such schemes we are not providing comment on their effectiveness.

## 2.3. Principles

A new benefits system should be underpinned by core principles. There is already legislation in place to inform those principles, such as the incorporation of the United Nations Convention on the Rights of the Child<sup>4</sup> and the Wellbeing of Future Generations (Wales) Act 2014. Similarly, the new tax-collecting body, the Welsh Revenue Authority, has based its work on a set of core principles.

The work that is most relevant to Welsh benefits is the statement of principles that underpin social security in Scotland<sup>5</sup> following the devolution of some powers over social security in 2016. The Social Security (Scotland) Act 2018 includes in section 1 the eight core principles that underpin the Scottish Government's approach to devolved social security.<sup>6</sup>

These principles are a useful starting point for considering the principles that could underpin a Welsh benefits system, both individual schemes and as a whole. They could be:

- Welsh benefits are an investment in the people of Wales,
- Welsh benefits are a human right and are essential to the realisation of other human rights,
- the delivery of Welsh benefits is a public service,
- respect for the dignity of individuals is to be at the heart of Welsh benefits,
- Welsh benefits should contribute to reducing poverty,

- Welsh benefits should be designed with the people of Wales on the basis of evidence,
- Welsh benefits should be continuously improved
- Welsh benefits are efficient and deliver value for money.

We have borne these principles in mind in considering changes to the Welsh benefits in this paper.

## **2.4. Methods**

We have based our proposals in this paper on evidence gathered from an initial literature review, a desk-based analysis of each scheme, stakeholder interviews and finally interviews with young people themselves. We engaged with 22 families over summer 2019 in a variety of community settings. In addition, we listened to the experiences of 23 young people aged 16-24 at Coleg y Cymoedd, Ystrad Mynach and the Prince's Trust, Cardiff. We then conducted two stakeholder roundtables with 18 stakeholders with experience of operating parts of system to sense check our emerging findings.

We recognise that the numbers of young people involved are small and are not necessarily statistically representative. However, we consider that the information gathered provides valuable insights into the current system. We are also aware that we have not had the time or resources to undertake proper evaluations of each of the schemes – indeed while we have drawn on such reviews where they are available, our concern is to move towards a coherent system rather than assess each scheme on its own merits.



### 3. Current means-tested provision for young people

Applying our criteria to a range of different types of support for young people resulted in the following schemes being considered:

- Education Maintenance Allowance
- Welsh Government Learning Grant Further Education
- Welsh Government Learning Grant Higher Education
- Welsh Government Financial Contingency Fund
- Free School Meals (for post-16)

These schemes provide nearly £200 million in support to young people on low incomes, with tens of thousands of young people benefitting from them. These schemes have an important impact on the lives of families struggling to keep their heads above water and form a part of the solution to poverty.

The rest of this section describes each of these schemes.

#### 3.1. Education Maintenance Allowance

The Education Maintenance Allowance (EMA) provides young people from low income households with a weekly allowance of £30 to assist with the cost of education (FE) during term-time,<sup>7</sup> equivalent to £1,080 a year. The money is paid directly into a young person's bank account on a fortnightly basis as long as they meet attendance, performance and behaviour requirements set by their school or college.<sup>8</sup>

To qualify for EMA for the 2019/20 academic year a young person must have been between the ages of 16 and 18 on 31 August 2019<sup>9</sup> and engaged in a full-time course of study of 10 weeks or more in a school, or in one with a minimum of 12 hours guided tuition a week at a FE College.<sup>10</sup> The school or college does not need to be in Wales as long as the young person applying for EMA lives in Wales and the school or college that they attend is registered as a participating institution.<sup>11</sup>

Eligibility also depends on a young person having a household income of £20,817 or less if they are the only dependent child or £23,077 if there are two dependent children.<sup>12</sup> Their own income is not considered unless they are not a dependent student (e.g. if they live away from their family).<sup>13</sup>

EMA is administered by Student Finance Wales, which requires information such as evidence of the applicant's nationality, date of birth and proof of address.<sup>14</sup> The majority of applications are successful but if an application is rejected, an applicant can complain to the Student Loan Company or appeal to Student Finance Wales if they believe it has not complied with its legal duties.<sup>15</sup>

The long term trend in the number of students claiming EMA is downwards. In 2018/19, 20,860 students received EMA, nearly 10,000 fewer than in the 2013/14 academic year.<sup>16</sup> Total expenditure on EMA in 2017/18 academic year was £18m.<sup>17</sup>

### 3.2. Welsh Government Learning Grant Further Education

The Welsh Government Learning Grant Further Education (WGLG FE) is an income-assessed grant that provides financial support for students aged 19 and over who wish to continue their education.<sup>18</sup> They can receive a maximum grant of £1,500 a year for full time learning or £750 for part time study.<sup>19</sup> The grant is paid termly provided the student meets attendance requirements set by their college.<sup>20</sup>

Eligibility depends on studying an academic or vocational course that leads to a nationally recognised qualification at a participating college, for 275 hours over the academic year.<sup>21</sup> A student's annual household income must be less than £18,370, with the amount of grant received being on a sliding scale as set out in the table below. The student's own income is disregarded if they are dependent on their parents.<sup>22</sup>

**Table 1 Welsh Government Learning Grant Further Education – eligibility thresholds**

Annual household income	Part-time (275 – 499 hours)	Full-time (500+ hours)
<b>Up to £6,120</b>	£750	£1,500
<b>£6,121 - £12,235</b>	£450	£750
<b>£12,236 - £18,370</b>	£300	£450
<b>£18,371 and above</b>	£0	£0

Source: 'How much can I get' (*Student Finance Wales*)

<https://www.studentfinancewales.co.uk/fe/wglg-fe/how-much-can-i-get.aspx>

As with EMA, Student Finance Wales administer the scheme.<sup>23</sup> Students must provide proof of income as well as evidence of their nationality, date of birth and proof of address.<sup>24</sup> If the student's application is rejected, they can lodge a complaint with the Student Loan Company. Appeals can only be made to Student Finance Wales if it has not acted in compliance with its legal duties.<sup>25</sup>

In 2017/18 approximately £5.5 million was spent on WGLG FE.<sup>26</sup> This provided support for a total of 5,145 students, 4,010 of these being students whose income fell within the lowest income bands, 715 whose income fell in the middle band, and 420 whose income fell in the upper band.<sup>27</sup>

There has been a drop in both the number of students who receive support and the amount spent on the WGLG FE since 2015/16.<sup>28</sup> Between 2015/16 and 2018/19, the number of students receiving WGLG FE fell by 845 and expenditure fell by £0.8 million over the same period.<sup>29</sup>

### 3.3. Welsh Government Learning Grant Higher Education

The Welsh Government Learning Grant Higher Education provides financial support towards living costs for students undertaking higher education courses.<sup>30</sup> Although it is not intended as a means of supporting low-income students, the value of support reflects a student's family's income and is therefore included as a benchmark here.

Following reforms introduced in 2018/19, all full-time students receive a minimum of £1,000 grant regardless of their means.<sup>31</sup> Additional grants and loans dependent on parental income. The maximum grant is £6,885 for students with household incomes of £18,370 or less.<sup>32</sup> A loan is available towards living costs in addition to the WGLG – students eligible for the full grant receive a maintenance loan of £955 a year.<sup>33</sup>

In addition, some students may be eligible for a Special Support Grant (SSG) e.g. if they are a single parent, in receipt of certain disability benefits or receive housing benefit.<sup>34</sup> The maximum amount of SSG payable is £5,161 in 2019/20, and the grant does not affect a student's maintenance loan or income-related benefits and Tax Credits.<sup>35</sup> Additional financial support is also available for disabled students and for students following specific courses.<sup>36</sup>

WGLG is administered by Student Finance Wales, which require information such as evidence of a student's nationality, date of birth and proof of address.<sup>37</sup> If an application is rejected, a student can complain to the Student Loan Company or appeal to Student Finance Wales if they believe it has not complied with its legal duties.<sup>38</sup> The grant is paid termly into a student's bank account.<sup>39</sup>

### **3.4. Welsh Government Financial Contingency Fund**

The Welsh Government Financial Contingency Fund provides financial assistance to young people from low-income households who would like to pursue further education but who may be inhibited from doing so due to the associated costs.<sup>40</sup> Young people who continue their post-16 studies in school are not eligible for support under the scheme.

The Welsh Government provide funds to FE institutions, who administer the scheme as they wish, although they must comply with statutory guidance in determining which students should receive for support.<sup>41</sup> These are currently:

- Students who need help with childcare costs, especially lone parents;
- Students who will reach the age of 20 before they complete their A levels or other FE courses and who face particular financial difficulties because their families will cease to receive child benefit and dependency additions in Social Security benefits or tax credits for them;
- Students who are carers, have been in care, on probation or are otherwise considered at risk;
- Students on low income, including learners who do not qualify for Income Support or students from low income families, including those families in receipt of Job Seekers Allowance or means-tested state benefits such as Working Tax Credit and those that have unwaged dependents;
- Students ordinarily resident in an area with an overall ranking of 190 or less according to the latest Welsh Index of Multiple Deprivation;
- Students who face particular financial difficulties because their families will cease to receive the child element of Universal Credit as of the 1st September following their 19th birthday.<sup>42</sup>

Receipt of support is at the discretion of the FE institution and depends on funds being available. The Welsh Government is currently reviewing how funds are allocated to FE institutions under the scheme, with a view to providing FE institutions in areas of higher need with more resources.<sup>43</sup>

To access to the Financial Contingency Fund a student must apply via their FE institution. There is no right to appeal against a decision outside an FE institution's own processes, though a young person may be able to take a complaint to the Public Service Ombudsman if they are dissatisfied.<sup>44</sup>

A total of 13,155 awards were made from the Welsh Government Financial Contingency Fund in 2016/17 with the awards broken into 3 categories.<sup>45</sup> A student who receives support from one of the headings is eligible for support under another so the total number of awards made is likely to exceed the total number of students supported.<sup>46</sup> In total £6.3 million was provided in support for students in FE, with the support being allocated as shown in Table 2:

**Table 2 – Welsh Government Financial Contingency Fund, number of awards made and total spent by reason**

What was the support provided for	Total number of awards made	Total spend (£ million)
Childcare costs	910	2.7
Transport costs	8,663	2.1
Cost of lunch	3,582	0.6

Source: Information provided by Welsh Government in an e-mail exchange

### **3.5. Free school meals (FSM)**

Free school meals are available to young people in maintained schools whose families receive a means-tested benefit or who receive Universal Credit and have a very low income.<sup>47</sup> Several transitional protections are available to recipients of FSM while Universal Credit is rolled out.

Most secondary schools use biometric or pre-paid cards to pay for meals, with pupils eligible for FSM receiving a daily allowance from their local authority. The value of the allowance varies from authority to authority, and is often not sufficient to buy a filling meal let alone drinks at breaktimes.<sup>48</sup>

Local authorities administer FSMs, with many different application procedures. Some children whose families receive other local authority benefits e.g. council tax reduction are automatically eligible for FSMs, whereas other authorities require annual applications for each child even though this is not necessary with transitional protection.<sup>49</sup>

Although young people in years 12 and 13 at school can apply for FSM, we have been unable to identify the numbers who receive them nor expenditure.

## 4. Experiences of young people

The overview in the previous section and our interviews with young people and with stakeholders revealed some significant issues in the design and administration of current support schemes with one exception – the Welsh Government Learning Grant for higher education students which is in its second year of operation after significant reform.

### 4.1. Eligibility

We have uncovered concerns that not all young people living in poverty are eligible for support.

#### Income thresholds

The three main types of Welsh Government support for students have slightly different income thresholds – those for both WGLGs are the same at £18,370 whereas the thresholds for eligibility for EMA are slightly higher at £20,817 for a one-child household and £23,077 for a two-child household. A 2014 Welsh Government review of post 16 student support recommended cutting the EMA eligibility threshold to £18,371 to match the eligibility threshold for WGLG FE.<sup>50</sup> This was not accepted and the EMA threshold remained marginally higher than WGLG FE.

Inflation has eroded the value of the threshold of all three grants, which is unchanged since 2011/12. The reduction in value has in effect meant a significant reduction in eligibility. Had the EMA threshold increased in line with inflation, it would now be £25,161 if there is only one dependent child or £27,892 if there are two or more children in the household. A student's family must be over £4,000 poorer today than in 2011 to receive EMA. Similarly, had the thresholds for WGLG FE increased in line with inflation, the upper limit would be £22,203, nearly £4,000 higher than at present. In contrast, while the threshold at which WGLG for higher education begins to taper has remained at its 2011 value, reforms to student finance mean that the income thresholds above the minimum have increased.

The real-terms reduction in the eligibility threshold for EMA and WGLG FE has contributed to a marked fall in the number of recipients. The number of young people receiving EMA has fallen consistently since 2013/14, from a high of 30,180 to 20,860 in 2018/19.<sup>51</sup> Similarly, the number of people receiving WGLG (FE) has fallen from 7,825 in 2011/12 to 5,145 in 2017/18. In contrast the number of students in receipt of WGLG for higher education has risen from 33,700 in 2013/14 to 54,400 in 2018/19.<sup>52</sup>

The Welsh Government has attributed the decline in EMA and WGLG FE to demographic trends.<sup>53</sup> But although the number of 16 – 18 year olds has fallen by 8 per cent,<sup>54</sup> the number of EMA and WGLG FE recipients has fallen by approximately one third over the same period. And while EMA and WGLG FE recipients have been decreasing, and the number of WGLG recipients in higher education has increased.

We did hear from some young people who were struggling with the costs associated with their education who were not eligible for EMA. One young person told us:



**Iwan – Student, 17, Coleg y Cymoedd. Lives with family, not eligible for EMA.**

*"It would be good if they could make food less expensive so that people who don't have EMA or who don't receive any money could afford it"*

This was a common message with many students reporting that they couldn't always buy healthy food from the college canteen or purchase relevant educational materials as they found them too expensive. It would appear that there are many young people who live in families on low incomes struggling with the cost of their education but who are not eligible for support as they don't meet the eligibility criteria for EMA or WGLG FE.

## 4.2. Value of support

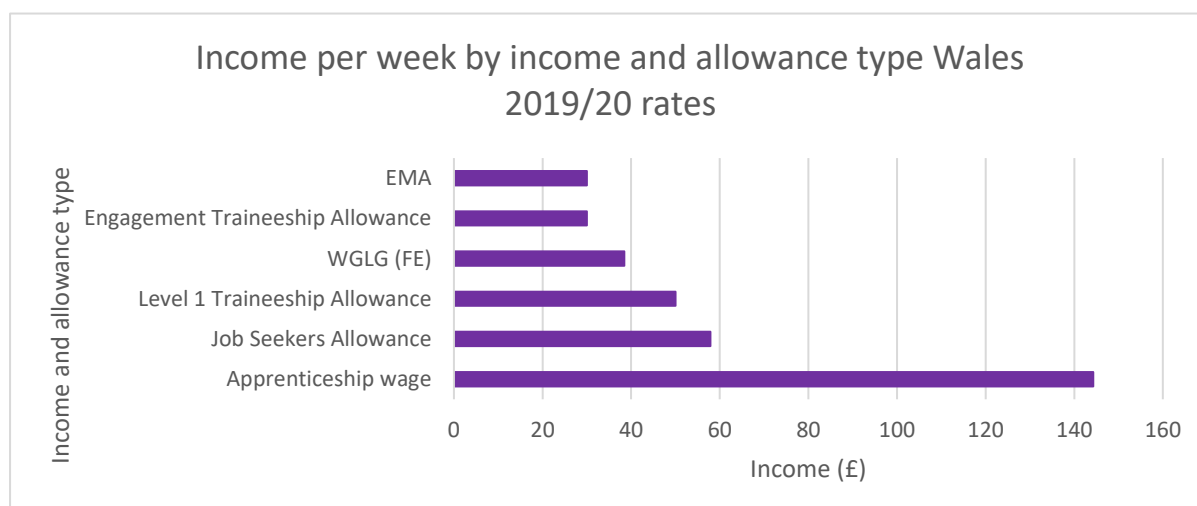
The value of most post-16 support has remained unchanged for fifteen years. When EMA was introduced in 2004/05 students from low income families were eligible for one of three awards depending on their household income, £10, £20 or £30.<sup>55</sup> Since 2011/12, only the £30 award has been available. Had the £30 rate kept up with inflation it would now be worth over £45 a week, meaning that in real terms students only receive two thirds of the support that was available to their contemporaries in 2004/05.

The picture is even more stark for WGLG FE, whose maximum award of £1,500 has not increased since the introduction of the scheme in 2003/04.<sup>56</sup> Had it kept up with inflation a young person would receive £2,350, over £800 more than the current grant.

An evaluation of EMA undertaken in 2014 found that the allowance of £30 a week was reasonable and that there was no appetite to see the rate reduced.<sup>57</sup> However it concluded that WGLG FE was not sufficient for people who were not living with their parents or for those who had dependents,<sup>58</sup> and that the lower-level awards were in inadequate.<sup>59</sup>

The reduction in value of EMA and WGLG FE has been so great that they now provide a lower income than any other source of income for young people bar the Engagement Traineeship Allowance.

**Chart 1: Income per week by income and allowance type Wales 2019/20 rates**



We heard how many young people struggled to get by on their EMA.

**Robert – Student, 17, Coleg y Cymoedd. Lives with family, eligible for EMA.**

*"You need more EMA. £30 doesn't buy you anything. It's crap. It's gone by the time you cover your basic costs."*

**Chloe – Student, 16, Coleg y Cymoedd. Lives with family, eligible for EMA.**

*"It's ok but it is hard to divide it into what you need ..."*

In particular young people said that the EMA or WGLG FE did not help them with the costs of transport to and from college. Local authorities are under a duty to provide home to school transport for those up to and including year 11 who live further than three miles from their school.<sup>60</sup> But there is no equivalent duty in respect of students aged over 16, unless they have special educational needs, irrespective of where they study.

Some authorities provide 16 - 18 year olds with a free bus to and from their school or college.<sup>61</sup> Others provide young people with a bus pass that permits them to travel free or at a discounted rate on public busses when travelling to college,<sup>62</sup> whilst other authorities provide no assistance to students unless they have educational needs that mean that travel assistance must continue to be provided.<sup>63</sup> The cost of travelling to school or college can vary significantly depending on where in Wales a young person lives.

FE colleges are able to provide help with travel costs via the Welsh Government's Financial Contingency Fund but equivalent support is not available for low income pupils at sixth forms in schools. Allocating funds to help with travel costs also reduces the amount available to help young people with other costs.

Young people aged 16 -21 can apply for My Travel Pass, which offers 1/3 off bus fares. However take-up is very variable across Wales and many young people do not have one. And even a discounted bus fare can take a substantial chunk out of student's EMA.

Even when free transport is provided it does not always fit in with student timetables, and a number of the young people we met raised concerns about the cost of transport outside regular hours. Young people from higher income families were able to travel to college more flexibly, by driving, catching the train or public bus. This permitted them to take on part time work if they had a free morning or afternoon and gave them greater flexibility to stay on at the college at the end of the day to attend extracurricular activities. These options were not available to young people on low incomes.

**Megan – student, 16, Coleg y Cymoedd. Lives with family, eligible for EMA.**

*"The college bus is early in the morning but some of our lessons start at midday, but we have to catch the 9:15 bus or otherwise we have to pay £4 each way"*

The cost of food, in particular the cost of lunch, was also raised as an issue. In our interviews with young people, a number found meals in the canteen to be expensive and struggled to afford lunch and snacks on a daily basis. Some took a packed lunch as they could not afford to purchase the food available at the canteen.

The wider cost of living was difficult for young people who do not live at home with their families, with some living independently, and some living in supported housing. Young people we interviewed pointed out that whilst the circumstances that may have led to them living independently may be different, they face similar challenges. Not only do they need to have funds to cover the cost of the school or college day, but they also had to cover household costs including rent, fuel bills and day to day food costs.

Childcare was also raised as an issue by some stakeholders. Although the numbers of young people in education needing childcare is relatively low, it could have a big impact on a young person's life. People who are not in employment for more than 16 hours a week are not eligible for the Welsh Government's childcare offer, and in addition there are gaps in childcare provision for babies and toddlers. Financial Contingency funds often help with costs but are not available to school students.

On course materials, the costs vary depending on the course being studied. Students in subjects such as catering and hair and beauty can face costs of more than £150. The administration fee charged by some colleges can also be a financial burden.<sup>64</sup>

**Thomas – student, 18, Coleg y Cymoedd. Lives with family, not eligible for EMA.**

*"Books are really expensive. We have to buy books for the course and they're around £12 each and there's about six we need to get"*

Other costs that are difficult for young people to cover are costs of travelling to university open days, participate in trips or go on work experience. As a result of all these pressures, there was a real concern that young people growing up on low incomes were have fewer opportunities and have their life chances curtailed.

Some learning providers have expressed concern that young people drop out of education to claim more money through JSA.<sup>65</sup> Young people themselves were aware that they could be better off being either unemployed or in work, and mentioned friends who had dropped out of education because they could not afford to continue. Many FE institutions now seek to schedule a student's contact time over a course of two or three days to provide them with an opportunity to work part time, and to cut their travelling costs, However working on a part time basis does not provide enough income for all students.

**Craig– Student, 18, Coleg y Cymoedd. Lives with their family, not eligible for EMA.**

*"One of the boys last year, he moved out to a flat in Ponty and he couldn't get any overtime because it clashed with college and he had to work to get money to come to college. In the end he had to drop out ... because he had to work the hours to get money to live."*

Ian– Student, 19, Coleg y Cymoedd. Lives with their family, not eligible for EMA.

*"I drive to college so my petrol money is my problem so I come here 3 times a week which is not bad, but at the end of the day I'm working part time rather than full time, that's my main issue"*

### 4.3. Discretion or right?

A further issue is that there are differences in the support available depending on where young people study. Free School Meals (FSM) are available for young people who receive means-tested benefits but can only be claimed by those who attend sixth form in schools, whilst the Welsh Government Financial Contingency Fund is only available to young people who attend an FE College. This difference matters for a number of reasons.

FSM are estimated to be worth £334 a year per child to a family.<sup>66</sup> FSM are provided as of right - any child whose family meets the eligibility criteria is entitled to them regardless of how many other children might have applied for FSMs. However the provision of help with lunch costs via the Contingency Fund is at the discretion of their FE college and also depends on whether funds are available – a disadvantage compared to their contemporaries in schools.

On the other hand, the Financial Contingency Fund offers a wider range of support – a young person can apply for help with cover childcare costs, transport costs and the costs of equipment which a school student cannot access.

There are also variations between FE institutions, for example some have more generous eligibility criteria than others. In Coleg y Cymoedd, for example, any young person whose family receives Universal Credit is eligible for support regardless of their earned income unlike in schools.<sup>67</sup>

There are some advantages in support being discretionary, in particular that it allows support to be tailored to individual needs.<sup>68</sup> There are also advantages in providing support as of right. What does seem undesirable is to have two systems that offer the same type of support to the same cohort of young people but which have very different principles and practices. It creates complexity, making it difficult for young people to know their rights and making it harder for them to make informed decisions about how they wish to proceed with their education.

### 4.4. Application process

Young people must apply for help in different ways for each of the main support schemes. Applications for EMA, WGLG FE or WGLG higher education are made via Student Finance Wales. Applications for the contingency fund is made via the college, whilst applications for FSM are made via local authorities. Each organisation has different application processes and requirements.

The range of organisations administering the schemes creates confusion. Whilst the majority of students we heard from in Coleg y Cymoedd and at the Prince's Trust were generally aware of the various support schemes available, they were doubtful that their friends were aware of the different options. We saw evidence of this ourselves.

**Caryl – student, 17, Coleg y Cymoedd. Lives with family, eligible for EMA. She did receive EMA but when asked whether she had ever received support from the College through the Welsh Government Financial Contingency Fund responded:**

*"I'm not really familiar with that, I don't really know"*

This concern was shared by stakeholders who had encountered a number of young people and their families who were still in education and who were not fully aware of the support that was available to them. For example we heard that parents of students at a college for those with severe learning difficulties were unlikely to be aware of the support available, and that many did not receive all the benefits to which they were entitled. The Welsh Government's review of EMA in 2014 found similar examples.<sup>69</sup>

We are also concerned that because several different organisations are involved in administration, 'passporting' benefits is impossible. Again, there is a risk that students miss out. We found examples of young people who were eligible for EMA but who had not sought help from the college Financial Contingency Fund even though it would have eased financial pressures. Applying to a college fund also has the risk of stigma if families are reluctant to share personal details.

**Chloe 16 – Student, 16, Coleg y Cymoedd. Lives with family, eligible for EMA. Does receive EMA but when asked about the Financial Contingency Fund:**

*"We were told about it at the start of term but I've not really done anything since"*

Having multiple providers creates multiple application processes. EMA and WGLG (FE) applications are made by post. The young people we heard said that they had found the application process easy, but the Welsh Government's evaluation of EMA found that it was parents rather than the young people themselves who tended to fill in the application forms.<sup>70</sup> The review also found that some young people had concerns about sending important, personal documents by post.<sup>71</sup>



## **4.5. Conclusions**

This review of the issues and experiences of support for young people on low incomes has highlighted three major challenges:

1. The eligibility criteria for schemes are not consistent, creating confusion, unfairness and excluding some young people who have low incomes from getting help.
2. The value of support is insufficient to meet young people's basic needs, especially those living independently, and lift them out of poverty.
3. The schemes have varying administrative arrangements and applicants have limited rights of appeal.

## 5. Solutions

In this section, we propose two ways in which the issues identified can be addressed and better support offered to young people. The first involve practical changes that can be made within existing schemes to provide some consistency of approach, to address the erosion of the value of income thresholds and grants themselves, and to streamline administration. The second involves more radical changes, involving extending the Welsh Government Learning Grant for higher education to cover all post-16 learning.

### 5.1. Immediate steps

The current schemes could be readily amended to improve their effectiveness at relieving poverty amongst young people and to streamline their delivery.

#### Raising eligibility thresholds

As an immediate step, the eligibility thresholds for EMA and WGLG FE should be the same, to ensure a seamless transition between them when students reach the age of 18, and the value of both should be restored to their real-terms level in 2011/12. For EMA this would mean increasing the threshold to i.e. £25,161 for households with one dependent child and £27,892 for a household with two or more dependent children.

#### Increasing value

The Welsh Government should increase the value of support provided through EMA and WGLG FE to better able to meet the needs of young people from low income families. As an immediate step, EMA should be restored to its 2011 value, some £45 a week today. WGLG FE should similarly be restored to its real terms 2011 value of £2,350 a year. Even with this increase, the new rate of WGLG FE is less than Job Seeker's Allowance for 18-24 year olds – currently £57.90.

We recognise that these proposals increase expenditure at a time when there is pressure on public spending. On current numbers of recipients, increasing EMA to £45 a week would cost an additional £15.7 million while increasing WGLG FE would cost an additional £2.8 million. However the benefits in terms of lower levels of poverty, increased participation in learning and adult upskilling are potentially substantial.

#### Additional costs

Help with costs of food and travel to school or college depends on where a student studies i.e. whether at school or a college. We do not believe that it is fair that the support available depends on where a student continues their education and not on their needs.

We suggest that the Welsh Government ends FSM for school pupils in year 12 and 13 and instead makes pays a standard lunch allowance via EMA. The cash value should be enough to buy a healthy midday meal, and be at least equivalent to the FSM allowance for secondary pupils.

Similarly for pupils who do not receive free home to school travel we recommend payment of a travel allowance via EMA.

## An inflation lock

Going forward, the Welsh Government should uprate the eligibility threshold and value of EMA and WGLG FE to keep pace with inflation. This is an established practice in other areas of Welsh Government policy, from student support in higher education to setting of social rents<sup>72</sup> to determining train fares.<sup>73</sup> We can see no rationale for driving down the value of support offered to Wales' poorest learners.

## Improved administration

The Welsh Government and Welsh local authorities could introduce immediately steps that would streamline how low-income families access support. This should include:

- People should be able to apply for support by the method that best suits them including online, by phone or by post.
- Payments should be provided termly, in advance as further education students face similar up-front costs at the start of the academic term as higher education students.

## 5.2. Radical reform

The current system of support for young people participating in further education is simply not enough given the challenges Wales faces. Automation, rising poverty and inequality, and an ageing population all demand a highly skilled workforce with the ability to upskill throughout working life. The radical reform of student finance for higher education has recognised these challenges and is successfully attracting learners and ensuring they have enough to live on. It is time for the same reforms to apply to all post-16 learning.

This reform would recognise that further education contributes to the economy and labour market, and that learners in vocational subjects need financial support just as much as in higher education. In 2018/19, more than half of pupils at key stage 4 progressed to study in FE colleges, with the proportion of pupils eligible for FSM who study in FE likely to be even higher.

We propose that a single scheme for all post-16 learners be established, whatever the learner's age and whatever level of study. The same income thresholds and tapers should apply to all applicants. For 16-18 year olds, the rate of financial support should be lower reflecting full time learners' continued eligibility for child benefit and would be offered as a grant.

For learners aged 18 and over, the scheme for further education learners should be identical to the higher education scheme, with a mix of means-tested maintenance grants and maintenance loans.

The key elements for administering the scheme are already in place as Student Finance Wales already deals with EMA and WGLG FE. There would be cash and administrative savings from ending FSM for 6<sup>th</sup> formers in schools and the Contingency Fund in colleges

as well as considerable benefits from increased participation in learning and increased household incomes.

Clearly there will be costs associated with this change. As a rough indication, the WGLG for higher education is £6,651 for a student living at home in a household with an income of £20,000 - £25,000. Currently, approximately a quarter of over-18 year old learners receive WGLG FE. At present, 4,785 students receive WGLG. If the same number were to be eligible for a full grant of £6,651 the total cost would be approximately £31.8 million a year. By way of comparison, in 2018/19 expenditure on the new WGLG for higher education was £165.9 million with the new £1,000 grant paid to all higher education students irrespective of parental income costing £5.6 million alone.

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