



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

29 JUN 2017

Dear

On 17 March 2017, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *Copies of any reports, documents or memoranda regarding the number of young people not in employment, education or training (NEET), and efforts to reduce the proportion of young people who are classified as NEET since 1 January 2016.*

The Youth Service (YS) aims to help youth who are at risk of long-term benefit receipt by supporting them to achieve qualifications and independence. The service is compulsory for people aged 16-18 who are receiving a youth benefit; either the Youth Payment (YP) or Young Parent Payment (YPP). The service is available on a voluntary basis for young people aged 16-17 who are Not in Education, Employment or Training (NEET), or who are at risk of becoming NEET. Young people receive support to further their education and training by enrolling with approved service providers. These community-based providers give guidance, support and encouragement to young people to help them find appropriate education, training or work-based learning to give them the skills to get a job and live independently.

On 3 February 2017, the Treasury published a paper titled, '*Evaluation of the Impact of the Youth Service: NEET programme*', dated December 2016, which evaluates the impact of the YS: NEET, around the educational retention, qualification achievement, benefit receipt, inactivity and employment rates of participating youth in the 18 to 24 months after they enrolled in the programme. Access to the Treasury evaluation can be found at the following web-link: [www.treasury.govt.nz/publications/research-policy/wp/2016/16-08](http://www.treasury.govt.nz/publications/research-policy/wp/2016/16-08)

Your request for any reports, documents or memoranda regarding the number of young people not in employment, education or training and efforts to reduce the proportion of young people classified as NEET, since 1 January 2016, is very broad and substantial manual collation would be required to locate and prepare all documents within scope of your request. As such I refuse your request under section 18(f) of the Official Information Act. The greater public interest is in the effective and efficient administration of the public service.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

In ascertaining the extent of your request, sixteen key documents have been identified as in scope of your request.

Please find attached the following three documents.

<b>Date</b>	<b>Title</b>
6 January 2016	<i>'Update on outcomes for participants in the Youth Service and Youth Guarantee fees-free'</i>
1 December 2016	<i>'Findings from the Treasury 2016 Youth Service impact evaluation'</i>
Undated	<i>'Treasury evaluation of Youth Service – Proposed Communications Response'</i>

You will note that the names of some individuals are withheld under section 9(2)(a) of the Act in order to protect the privacy of natural persons. The need to protect the privacy of these individuals outweighs any public interest in this information.

Some information is withheld under section 9(2)(g)(i) of the Act to protect the effective conduct of public affairs through the free and frank expression of opinions. The greater public interest is in the ability of individuals to express opinions in the course of their duty.

Some information is withheld under section 9(2)(j) of the Act to enable the Ministry to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). The greater public interest is in ensuring that government agencies can continue negotiate without prejudice.

Also some information is withheld under section 9(2)(f)(iv) of the Act as it is under active consideration. The release of this information is likely to prejudice the ability of government to consider advice and the wider public interest of effective government would not be served.

The additional thirteen documents identified as in scope of your request are withheld in full under sections 9(2)(f)(iv) and 9(2)(j) of the Act, as they are under active consideration and/or the release of this information may prejudice or disadvantage negotiations.

You may be interested to know that access to the Youth Service Evaluation Report – June 2014, which is referenced in two of the enclosed documents can be found at the following web-link: <http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/evaluation/youth-service/index.html>

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter and attachments on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response regarding copies of any documents relating to YS: NEET with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Ruth Bound', with a long horizontal line extending to the right.

Ruth Bound  
**Deputy Chief Executive, Service Delivery**



# Report

**Date:** 1 December 2016

**Security Level:** IN CONFIDENCE

**To:** Hon Anne Tolley, Minister for Social Development

## Findings from the Treasury 2016 Youth Service impact evaluation

### Purpose of the report

- 1 This report briefs you on the findings for the recently completed evaluation of the Youth Service (YS): Youth Payment (YP), Young Parent Payment (YPP) and Not in Employment, Education or Training (YS: NEET) programmes. The evaluation was undertaken by Treasury's Analytics and Insights team using data from Statistic New Zealand's Integrated Data Infrastructure (IDI), with the support of the Ministry of Social Development (MSD).
- 2 The evaluation focussed on two key questions:
  - How well has Youth Service been targeted at youth who are at high risk of poor outcomes?
  - What impact does participation in Youth Service have on outcomes?

### Executive summary

- 3 Treasury have completed an evaluation of the Youth Service and will be publishing the two associated working papers on 13 December 2016.
- 4 Findings from the evaluation show that the Youth Service is effective for young parents (YPP) in particular at improving educational attainment, reducing time on benefit and increasing employment outcomes.
- 5 Results for young people without children (YP) are mixed, with short term improvements seen in educational participation and attainment, and modest impacts on employment outcomes. Improved employment outcomes did not however translate to less time on benefit.
- 6 YS: NEET has shown to be marginally effective at improving educational attainment on average, but not effective at improving participants' employment or benefit outcomes. The service is however more effective for the very highest risk ten percent of youth (in terms of expected poor outcomes at age 18) at improving educational attainment.
- 7 The YS: NEET results suggest there are opportunities for tighter targeting of YS: NEET participants toward young people at very high risk of poor outcomes.

**Recommended actions**

- 8 It is recommended that you:
- 1 **note** that the Youth Service increased participation in education and raised qualification attainment rates for YP and YPP participants, although more sustained benefits were seen for YPP participants
  - 2 **note** that the Youth Service had a positive impact on the employment and off-benefit outcomes for YPP participants
  - 3 **note** that the Youth Service improved employment outcomes for YP participants, but this did not translate to improved off-benefit outcomes
  - 4 **note** that the Youth Service improved educational attainment, but did not improve the employment or off-benefit outcomes for the average YS: NEET participant
  - 5 **note** that an opportunity exists to review programme targeting and scale in light of the limited effectiveness of the Youth Payment and YTS: NEET strands of the service.
  - 6 **note** that two Youth Service evaluation Working Papers are expected to be published on the Treasury website on 13 December 2016.
  - 7 **note** that Treasury have briefed the Minister of Finance on the findings of this evaluation.
  - 8 **agree** to send a copy of the report to the Associate Minister for Social Development

YES / NO

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Rob Hodgson  
General Manager  
Insights MSD

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Date

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Hon Anne Tolley  
Minister for Social Development

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Date

## Background

- 9 Last week's Social Development Update advised you that Treasury had completed the 2016 evaluation of the Youth Service, and that they would be briefing the Minister of Finance on those findings this week. MSD had the opportunity to comment on the draft briefing to the Minister of Finance late last week, and believe this report aligns with the advice given by Treasury.
- 10 MSD completed annual evaluations of the Youth Service in 2014 and 2015 using MSD administrative data, and expect to update Treasury's IDI analysis in 2017. Treasury undertook to complete the 2016 evaluation as an opportunity to showcase the power of the IDI on a client group they had done previous evaluation work on, and to ensure the findings would be published.
- 11 The Youth Service aims to help youth who are at risk of long-term benefit receipt by supporting them to achieve qualifications and independence. The service is compulsory for people aged 16-18 who are receiving a youth benefit; either the Youth Payment (YP) or Young Parent Payment (YPP). The service is available on a voluntary basis for young people aged 16-17 who are Not in Education, Employment or Training (NEET), or who are at risk of becoming NEET.
- 12 In 2015/16 the Youth Service assisted around 3,000 beneficiary youth and 12,000 non-beneficiaries, and cost \$35m. The service is expected to cost an additional \$10m in 2016/17 due to the extension of the YPP service to 19 year olds.
- 13 The introduction of the YP/YPP strands of the Youth Service were supported by a range of broader changes; including changes in the abatement regime, new obligations and financial incentives, sanctions for failing to comply with obligations, and childcare payments. It is not possible to identify the individual impact of these different changes.
- 14 The Youth Service evaluation methodology and findings are reported in two Treasury Working Papers. One covers the YS: NEET strand of the service, while the other covers the Youth Payment and Young Parent Payment (YP/YPP) strands. The Working Papers are expected to be published on the Treasury website on Tuesday 13 December.
- 15 To identify and measure actual programme effects, longitudinal administrative data from Statistics New Zealand's Integrated Data Infrastructure (IDI) was used to measure a range of different outcomes. Outcomes examined included:
  - educational participation
  - educational achievement
  - time spent on benefits
  - time spent NEET
  - time in employment
  - time serving a corrections sentence.
- 16 In order to interpret the results of the evaluation appropriately, key aspects of the methodology and associated limitations must be understood (see Appendix 1). The key limitation of the YP and YPP evaluation approach is that it uses an historical comparison group. This may bias results because of changes in the labour market and government qualification achievement targets over time. The evaluation has sought to control for these changes, although caution is advised. Similarly the YS: NEET evaluation approach has limitations for other reasons, but nevertheless gives the best available estimates of impact given the Youth Service was not trialled and evaluated using random allocation methods.

## Youth Service impacts

### YP and YPP impacts

17 Impacts for priority outcome areas from participation in YP and YPP are summarised in this section, with details provided in Appendix 2 (YP) and 3 (YPP). Unless otherwise stated, all results in the following sections are statistically significant.

#### **YP and YPP main findings**

*YP had small positive effects on education attainment but did not impact on moving participants off benefit and into work*

- Youth Service had a positive impact on YP participants' educational participation in the short term (11.5 percentage points after six months), but this impact declined over time with no significant effects after 24 months.
- YP participants were more likely to gain a level 1 or 2 qualification<sup>1</sup> in each of the two calendar years after coming onto benefit than we would have expected without the Youth Service (3 to 4 percentage points).
- After 24 months, YP participants were more likely to be in employment (4.3 percentage points) albeit not necessarily off benefit. A positive but not significant effect was seen on YP participants' likelihood of moving into employment and off benefit over the same time period.

*YPP is the most effective strand of YS, with positive effects on educational attainment, benefit receipt and employment*

- The impact of Youth Service on educational participation for YPP was larger and more sustained than for YP, with the service still having an effect on participation after 24 months (by 6.7 percentage points).
- YPP participants were more likely to gain a level 3 qualification (as well as levels 1 and 2)<sup>2</sup> as a result of the introduction of the Youth Service (4 to 6 percentage points in the second calendar year after coming onto benefit).
- After two years, YPP participants were more likely to have moved off benefit and into employment as a result of the introduction of the Youth Service (a 3.8 percentage point impact after 24 months).

*Modest education participation impacts for YP participants, but a larger and more sustained impact for YPP participants*

18 YS is strongly focused on educational participation, and as such would expect to see positive impacts on participation and achievement of qualifications. In the first six to 18 months there was evidence of a positive impact on participation in formal education, with an impact of 11.5 and 11.2 percentage points after six months for YP and YPP respectively; and an 8.7 and 11.8 percentage point impact after 12 months for YP and YPP participants, respectively. However, YP impacts declined from this point to 3.4 percentage points after 18 months, and were no longer significant after 24 months. YPP participation effects were more enduring, with impacts at 24 and 30 months (6.7 and 6.1 percentage points, respectively).

<sup>1</sup> Qualification achievement 'level' reported is a weighted average of all NCEA, non-NCEA and tertiary qualifications for each respective level. Detailed estimates of participant impacts for individual qualification types are reported in Appendix 2 (YP), Appendix 3 (YPP) and Appendix 4 (YS: NEET).

<sup>2</sup> See Footnote 1.

- 19 For YP participants, an 8.3 percentage point impact after six months was measured for participation in tertiary education *and* not at school, and a 5.8 percentage point impact after a year.

More enduring participation in education impacts were estimated for YPP participants. Beyond 5.2 and 6.2 percentage point impacts for participation in tertiary education *and* not at school after six and 12 months following first YPP participation respectively; after 18, 24 and 30 months, there were 4.8, 3.8 and 5.8 percentage point impacts respectively.

*A small qualification achievement impact for YP participants, but a larger impact for YPP participants*

- 20 Impacts on qualification achievement were smaller than participation impacts, possibly due to YS participants enrolling but not continuing with a course, not completing the course, or not achieving sufficient credits to gain a formal qualification.
- 21 For YP participants, there was a 3.0 and 3.3 percentage point impact in achievement of a level 1 qualification in the first and second years following first YS participation, respectively<sup>3</sup>. Impacts were greater for level 2 qualifications (3.5 and 3.7 percentage points for the first and second calendar years after first YS participation), but there was no significant impact on qualification attainment at level 3.
- 22 There was a greater qualification achievement impact for YPP participants than YP participants, who were two to four percentage points more likely to gain a level 1 to 3 qualification in the second calendar year following first YS participation, and four to six percentage points more likely to gain a level 1 to 3 qualification in the third calendar year following first YS participation. These sustained positive qualification achievement effects might be indicative of further qualification impacts in future years.
- 23 For YPP participants, participation and achievement impacts were for both schools and tertiary education providers. For YP participants, although there was a modest school participation impact in the year following first participation in YS, larger and more sustained participation and achievement impacts were estimated for tertiary providers.

*The impact on YP and YPP educational achievement was greater for tertiary levels 1 and 2 qualifications than NCEA level 1 and 2 qualifications*

- 24 For YP participants, greater variation in qualification achievement was measured when examined at individual NCEA, non-NCEA and tertiary levels, with a 2.4 and 2.1 percentage point impact for NCEA level 1 achievement in the second and third years following first YS participation, respectively (although not significant). For NCEA level 2 achievement, there was a 3.2 and 3.4 percentage point impact in the second and third years following first YS participation, respectively. However, the impact on tertiary levels 1 and 2 qualification achievement in the second and third years

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<sup>3</sup> See Footnote 1.

<sup>4</sup> See Footnote 1.



following first YS participation was even higher with a four to six percentage point impact.

- 25 For YPP participants, educational achievement effects were found only for tertiary-level qualifications, with a three to four percentage point impact for levels 1, 2 and 3 tertiary qualifications in the third year following first YS participation. No impact was seen for earlier outcome windows, or NCEA level achievement. A longer outcome window before seeing achievement effects is in line with expectations, and consistent with findings from the 2014 Youth Service evaluation<sup>5</sup>. In particular, compared to non-parents, teen parents are more likely to take longer to gain marketable qualifications, and for teen parents with pre-school children it is more difficult for them to transition to full time study or employment.

*A short-term increase in benefit receipt for both YP and YPP participants, offset by a longer-term decrease in benefit receipt for YPP only*

- 26 In the first 12 months there was some evidence that YP participants were more likely to stay on benefit. This is consistent with the focus on education rather than employment, and also consistent with estimates reported in the 2015 MSD evaluation<sup>6</sup>.
- 27 Over the longer term both YP and YPP participants were more likely to move off benefit and into employment as a result of YS, although this was only significant for YPP (a 4.7 percentage point impact after 30 months).

*There is evidence of positive impacts on YPP participant employment rates over the medium term, but little evidence of sustained employment outcomes for YP participants.*

- 28 After 18 months of YS participation, there was a 5.1 percentage point impact on employment rates for YP recipients, but declined slightly to 4.3 percentage points at 24 months. The impact at 30 months was smaller again and no longer significant.
- 29 For YPP recipients, the impact of YS on employment was marginally better than for YP, and also had a sustained effect over the medium term (5.6 percentage points at 24 months, and 5.3 percentage points at 30 months).

*A modest but not significant 'employed and off benefit' impact for YP participants, but a significant impact for YPP participants*

- 30 Because young people are able to earn a certain amount without their benefit being affected, an outcome measure of 'employment and off benefit' was constructed.
- 31 While there was a positive impact on employment for YS participants, there was less evidence that it resulted in levels of employment sufficient for them to become entirely independent of benefit, at least in the two years after coming onto a youth benefit. A longer outcome window may result in improved off-benefit impacts, but this is yet to be shown.
- 32 The greater impact of YS on employment for YPP recipients translated through to off-benefit impacts of 3.8 percentage points at 24 months, and 4.7 percentage

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<sup>5</sup> Insights MSD, Ministry of Social Development. (2014). *Youth Service evaluation report*.

<sup>6</sup> Insights MSD, Ministry of Social Development. (2015). *Youth Service outcomes update March 2015*.

points at 30 months. For YPP recipients this confirmed that most of the impact of a shift off benefit was related to a move into employment.

*Other impacts: reductions in the likelihood of becoming NEET were observed for YP and YPP participants*

- 33 Other impacts estimated for YP and YPP participants included the likelihood of becoming NEET, or having received a community or custodial sentence.
- 34 Beyond the reduced likelihood of both YP and YPP participants becoming NEET, small but largely non-significant impacts of YS were estimated for community or custodial sentencing rates for YP participants.
- 35 A small (less than two percentage points) negative impact on student allowance rates in the first 12 months after coming onto YP was estimated. This might signal a small shift from student allowances to YP for support while studying.
- 36 A small reduction in the number of participants moving overseas 24 to 30 months after first coming onto YP was estimated.
- 37 For YPP participants, there was no evidence of any broader impacts of YS for young parents, either on sentencing rates, student allowance receipt, or a move overseas. However, these rates were already very low for young parents.

## NEET impacts

- 38 Impacts for priority outcome areas from participation in YS: NEET are summarised in this section, with details provided in Appendix 4. Unless otherwise stated, all results in the following sections are statistically significant.

### YS: NEET main findings

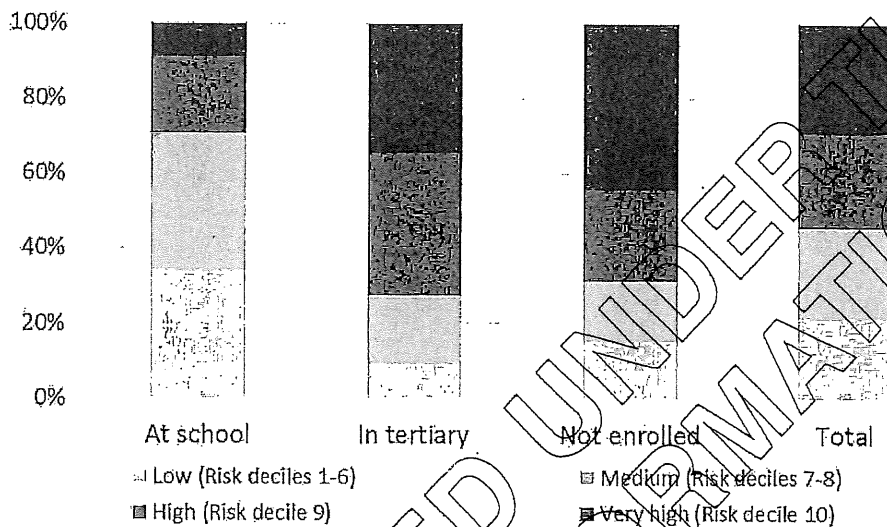
*YS: NEET is marginally effective at improving educational attainment but has not improved participants' employment or benefit outcomes*

- YS: NEET has a positive impact on participants' educational participation rates, however the impacts are not sustained much beyond one year (8.6 percentage points higher at 6 months after starting YS: NEET, 4.1 percentage points higher 12 months after, and not significantly different 18 months after). This impact was primarily due to a greater rate of tertiary participation.
- Level 1 and 2 achievement rates<sup>7</sup> were marginally greater for YS: NEET participants than their matched comparisons, with a 2.0 and 1.6 percentage point impact for level 1 and 2 qualification achievement, respectively.
- The very highest risk ten percent of youth (in terms of expected poor outcomes at age 18) experienced greater increases in educational attainment than the average YS: NEET participant. In particular, in the first year following first YS participation, greater level 1 and level 2 qualification attainment impacts were estimated, by 5.7 and 4.6 percentage points, respectively.
- Benefit receipt rates were estimated to have increased as a result of participation in YS: NEET at six, 12, 18 and 24 months following first YS participation (31 percent of YS: NEET participants were on a benefit two years after they started YS: NEET, compared with 27 percent of the matched comparison group).

<sup>7</sup> See Footnote 1.

- Participation in YS: NEET does not raise post-programme employment rates. The service reduced participants' employment rates in the first year (reflecting higher rate of participation in education) and did not have any significant impact in the second year.
- Analysis of YS: NEET participation suggests that the programme might not have been as well targeted toward at-risk youth as it could have been, with low and medium risk youth over-represented rather than the high-risk youth the programme is intended to assist (see Figure 1 for risk profile). However, service improvements discussed in the next section are expected to increase future enrolment rates for more at-risk youth.

Figure 1: YS: NEET participant risk profile by activity when starting YS



Source: Crichton, S., Dixon, S. and McLeod, K. (2016) *Evaluation of the impact of the Youth Service: NEET programme*. Treasury Working Paper.

*For YS: NEET participants, a positive impact in participation in formal education was not sustained beyond the first year*

39 Compared to the proportion of matched non-participants, the proportion of YS: NEET participants who were enrolled in formal education (either school or post-school) was 8.6 percentage points greater six months after starting YS, and 4.1 percentage points greater after 12 months of starting. However, there was no significant impact on participation in education or training after 18 months of first YS participation.

40 The greater rate of formal study was largely due to a greater rate of tertiary participation. School participation profiles for YS: NEET participants and their matched comparisons were similar.

*Modest level 1 and 2 qualification achievement impacts for YS: NEET participants, but no impact for level 3 qualifications*

- 41 NCEA level 1 and 2 qualification achievement rates were greater for YS: NEET participants than their matched comparison, although by only 1.2 and 1.3 percentage points, respectively.
- 42 A slightly greater impact of YS: NEET was estimated when tertiary qualifications were examined. In the first calendar year after starting YS, there were 2.0 and 1.6 percentage point increases in tertiary level 1 and level 2 qualifications respectively. In the second year, 2.3 and 2.0 percentage point increases in tertiary level 1 and level 2 qualifications respectively. By the end of the second year, 74 percent had achieved a level 1 qualification or higher, compared to 72 percent of matched non-participants. However, there was no evidence of a positive impact on level 3 tertiary qualifications.

*Very high-risk youth and youth who were not already enrolled in formal education at the time they started in the service, showed slightly larger increases in qualification attainment than the other sub-groups*

- 43 While the average impact of YS: NEET on qualification attainment was modest, there was some variation between sub-groups of participants. On average, those who were still at school or already enrolled in tertiary education when they started YS: NEET did not benefit from the programme. Youth who were not continuously enrolled in formal education at the time they started YS: NEET, who made up about half of all YS: NEET participants, were more likely to benefit. On average, they had a level 2 qualification achievement rate by the end of the following year that was 6.0 percentage points higher than that of matched non-participants.
- 44 Very high-risk youth (the top ten percent of the predicted risk of poor outcomes at age 18) also experienced greater increases in educational attainment. Participation in YS: NEET was associated with a 5.7 percentage point improvement in level 1 qualification attainment in the first year following first YS participation, and a 4.6 percentage point improvement in level 2 qualification attainment.
- 45 However, these positive effects on qualification attainment did not translate into increased employment or reduced main benefit rates.

*An increased rate of benefit receipt for YS: NEET participants*

- 46 Benefit receipt rates were estimated to have *increased* as a result of participation in YS: NEET. The proportion who were on a benefit was two to four percentage points greater than the matched non-participants over the outcome window (2.0 percentage points six months after starting the service, 3.3 percentage points greater a year after, 3.9 percentage points greater 18 months after, and 3.3 percentage points greater 24 months after). Two years after starting YS: NEET, 28 percent of participants were on a benefit, compared to 25 percent of matched non-participants.

*Participation in YS: NEET does not raise post-programme employment rates*

- 47 YS: NEET participants' employment rates were reduced in the first year, reflecting their higher rate of participation in education, but did not have any significant impact in the second year (3.2 percentage points reduction at six months, 2.3

percentage points reduction at 12 months, and no significant effect at 18 or 24 months).

48. A previous study of the employment impacts of tertiary study at levels 1 to 3 for low-qualified school leavers<sup>8</sup>, found that only students who were successful in *completing* a qualification were more likely to be employed afterwards. Accordingly, it is likely that the modest impact of YS: NEET on qualification attainment contributed to the programme's absence of labour market benefits.

*Other impacts: YS: NEET reduces the likelihood of becoming NEET in the short term, but this impact is not sustained*

49. NEET rates of YS: NEET participants were initially reduced as a result of their greater rate of educational participation in the first year. Six months after starting YS, the proportion of participants who were NEET was 4.3 percentage points lower than the proportion of youth in the non-participant comparison group. The impact was 1.8 percentage points after 12 months, but not significant at 18 or 24 months.

## Service improvements

50. In October 2016, YPP eligibility was extended to enable YPP participants to maintain their participation in the service for longer. This is expected to increase the positive impacts observed to date over the longer term. The extension also introduces a new client group of 19 year old parents new to benefit. The impact of the service on this group is currently unknown, and will unfold in future evaluation updates.
51. An improved referral and administration process supporting young people participating in YS: NEET was introduced in July 2016, and supported by operational guidelines and strengthened provider contracts. Because it was too early to estimate the effect of these changes at the time the impact evaluation was conducted, it is expected that these changes will increase the rate of enrolment of 'at-risk' youth and improve the overall effectiveness of YS: NEET. Specific changes include:
- the number of participants budgeted for in 2016/17 was reduced from 12,000 to 10,500 and youth with a 'very low' risk rating are no longer eligible for enrolment in YS: NEET. However a provider may still offer up to half of its places to youth assessed as 'low' risk as providers continued viability is a consideration for MSD.
  - The management of provider contracts has been tightened to ensure the quantity and quality of interactions with youth are increased and formally reviewed by MSD under a Quality Framework, including better guidance to providers around what MSD's expectations are when they wish to review a young person's risk rating and a more consistent and timely risk rating and review process to ensure better identification of youth with the most need and to deliver a more 'real time' response to identified needs.

s9(2)(j) Ongoing negotiations

<sup>8</sup> Tumen, S., Crichton, S. and Dixon, S. (2015). *The impact of tertiary study on the labour market outcomes of low-qualified school leavers*. Treasury Working Paper 2015-07.

52 The Ministry of Education and MSD are working together to improve the effectiveness of the policy and operational interface between the Youth Service and education programmes, particularly with regard to improvements in targeting, delivery and reach/impact of initiatives. This work is expected to identify information and wider social service delivery gaps, and reduce duplication and over-supply of services. Improved data and information sharing arrangements will also be developed, and closer working arrangements at regional level instituted.

## Conclusion

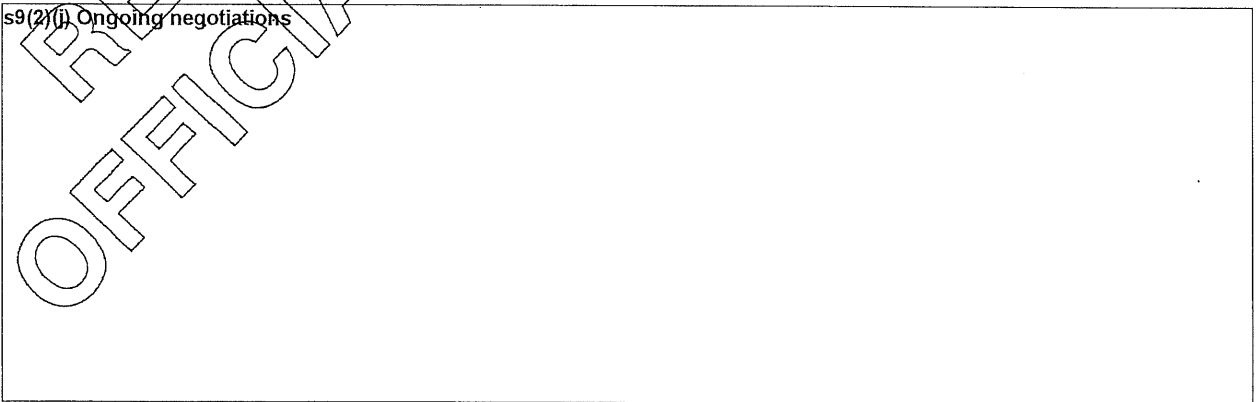
53 Results from these evaluations should be treated with some caution. The Youth Service was introduced to all young beneficiaries at the same time, and so an obvious comparison was not available to isolate impacts directly attributable to Youth Service. The service was also implemented over a period of considerable change. While these results represent the best that can be done to measure the true impact of the programme, the results may not be robust if assumptions do not hold.

54 The Youth Service has resulted in a positive and sustained impact on education, employment and off-benefit outcomes for young people with children. However, overall the Youth Service provided minimal evidence of improved off benefit and into employment outcomes for most participants without children over the 24 month follow-up period. This finding is consistent with international studies that have also found that mentoring programmes for disadvantaged youth have not been very successful in raising academic achievement, employment rates or earnings.

55 There are a number of possible reasons for the service's limited effectiveness:

- the organisations that are contracted to deliver the service may not have the appropriate skills or strategies in place to raise the educational achievement of disadvantaged youth
- contracted organisations also vary in focus. Some have a health orientation, others an education orientation, and in places there is a lack of appropriate local services to refer young people to.
- enrolment in YS: NEET is voluntary, which means youth can exit at any time and this affects providers' ability to retain young people in the service and enrolled (and achieving) in education.

56 s9(2)(j) Ongoing negotiations



57 Although Treasury have noted the cost per YS: NEET participant is relatively low (around \$2,500 per year), the lack of impact on benefit or employment outcomes means that until the impact of service improvements can be measured, the YS: NEET service is not a cost effective programme in its current form.

58 International evidence on the effectiveness of labour market programmes for disadvantaged youth indicates that they are a very challenging group to assist. According to one meta-evaluation of youth programmes in OECD countries, only 20 percent of programmes were found to have positive impacts<sup>9</sup>. Another meta-evaluation found that around one-third of employment and training programmes for this group had positive impacts<sup>10</sup>. The results for YS are in line with this literature.

s9(2)(g)(i) Free and Frank advice

59 s9(2)(g)(i) Free and Frank advice

### Next steps

60 The two Youth Service evaluation Working Papers are expected to be published on the Treasury website on Tuesday 13 December 2016.

61 MSD expects to update the Youth Service impact evaluation at the end of 2017 when an additional year of data will be available. This will provide more information about longer-term impacts which will enable a cost-benefit analysis to be undertaken. In addition, the 2017 evaluation will provide an early indication of the impact of the service improvements as well as identification of individual provider performance.

62 s9(2)(f)(iv) OIA Active Consideration

63 MSD is preparing media and communications collateral ahead of the Treasury publication of the evaluation Working Papers.

File ref: REP/16/11/1565

Author: (s9(2)(a)), Senior Analyst, Insights MSD)

Responsible manager: (s9(2)(a)), Manager, Research & Evaluation, Insights MSD)

<sup>9</sup> Gard, D., J. Kluve, and A. Weber. (2010) 'Active labour market policy evaluations: A meta-analysis.' *The Economic Journal* 120: 548: F452–F477.

<sup>10</sup> Bania, N., & Nafziger, M. (2015). *Workforce development programs: A review of the evidence and benefit-cost analysis*. (Document Number 15-12-3101). Olympia: Washington State Institute for Public Policy.

## Appendix 1: Evaluation method and limitations

### YP and YPP evaluation approach

For the 2016 YP and YPP impact evaluation, the participant group was matched to an historical comparison group prior to the introduction of the Youth Service, of youth beneficiaries on the basis of a number of characteristics derived from MSD administrative data and other linked administrative data held by MSD (eg school participation and achievement, region and NZ Deprivation Index for place of residence, parent or caregiver education and criminal offence characteristics).

A historical comparison group was used because the service was universally accessible to eligible youth as soon as it was implemented; hence there was no non-participant comparison group against which to compare outcomes within the same time period.

### NEET evaluation approach

All youth who started YS: NEET in 2012–14 were examined to establish whether the majority were at high risk of experiencing poor outcomes at age 18. To evaluate this, a risk score for everyone who was aged 16 or 17 in the relevant period was calculated, representing their predicted likelihood of experiencing poor outcomes at age 18, and these risk scores for the sub-group of YS: NEET participants were compared to those for all 16 to 17 year olds<sup>11</sup>.

### Evaluation limitations

Earlier MSD evaluations of YP and YPP in 2014 and 2015 were subject to limitations of using a historical comparison group that the current evaluation has sought to address<sup>12</sup>. In particular, historical comparison groups may bias results due to:

- changes in the labour market over time i.e. the labour market was still moving out of economic recession in the period leading up to the implementation of Youth Service in July 2012; and characterised by particularly high youth unemployment between 2009 and 2012
- the introduction of government targets that had a focus on raising qualification achievement for all young New Zealanders.

In order to control for changes in conditions that might have affected the outcomes of participant and historical comparison groups, the broader youth population was examined, to compare changes in outcomes for populations of young people not on youth benefits over the same time period. If the effect on outcomes for YP and YPP participants can be assumed to be the same as the effect on outcomes for the broader youth population over the same period, robust estimates of the impact of the Youth Service can be derived. However, this assumption may not hold given the different characteristics of the youth beneficiary population from the broader youth population.

For the YS: NEET evaluation, the two year follow-up period is relatively short. However, the pattern of impacts on participants' education and training rates suggests that

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<sup>11</sup> This risk score was developed by Treasury, and is different to that used by MSD to identify and rate eligible YS: NEET participants as high, medium or low risk.

<sup>12</sup> Despite the limitations of the 2014 and 2015 evaluation methodology, findings from the 2016 evaluation are in line with earlier estimates, albeit over a longer outcome window. In particular, the 2015 evaluation found no significant impacts on either benefit receipt or NCEA qualification attainment for YPP participants, but YP participants were estimated to be more likely to achieve NCEA level 1 or 2 qualification over a two-year follow-up period. They were also found to be more likely to be on benefit over this period, consistent with an increased focus on participation in education rather than employment.



impacts may decline rather than increase over time. Therefore, it is unlikely that more positive impacts would have been estimated if the follow-up period was longer.

Another YS: NEET evaluation limitation is that the method used can't ensure that the study population and the comparison group (which provides the benchmark for estimating impacts attributable to the YS: NEET service) are perfectly matched on all characteristics that might influence outcomes. This presents a risk that impact estimates might be biased upwards or downwards. However, in the absence of a more rigorous evaluation method, they are currently the best available estimates. To control for different characteristics of participants (treatment) and non-participants (control), strictly random allocation of eligible youth into the YS: NEET participant group, or non-participant control group, would have been required.

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## Appendix 2: Main impact estimates – Youth Payment participants

Outcome	Time since YS benefit start	Adjusted impact (percentage points)	Significance
Receiving a benefit	6 months	8.0	**
	12 months	5.2	**
	18 months	-0.4	
	24 months	-2.3	
	30 months	-2.9	
In employment	6 months	4.3	**
	12 months	3.0	*
	18 months	5.1	**
	24 months	4.3	**
	30 months	2.8	
In employment and off benefit	6 months	0.1	
	12 months	-1.2	
	18 months	2.0	
	24 months	2.5	
	30 months	2.8	
Enrolled in formal education	6 months	11.5	**
	12 months	8.7	**
	18 months	3.4	*
	24 months	1.1	
	30 months	-0.4	
Enrolled in tertiary education and not at school	6 months	8.3	**
	12 months	5.8	**
	18 months	2.3	
	24 months	0.9	
	30 months	0.2	
Level 1 qualification or higher	Year started	2.9	*
	Year started+1	3.0	*
	Year started+2	3.3	*
Level 2 qualification or higher	Year started	1.0	
	Year started+1	3.5	*
	Year started+2	3.7	*
Level 3 qualification or higher	Year started	0.9	
	Year started+1	0.6	
	Year started+2	0.6	
Level 1 NCEA qualification or higher	Year started	1.2	
	Year started+1	2.4	
	Year started+2	2.1	
Level 2 NCEA qualification or higher	Year started	0.5	
	Year started+1	3.2	*
	Year started+2	3.4	*
Level 3 NCEA qualification or higher	Year started	-0.4	
	Year started+1	-1.0	
	Year started+2	-1.1	
Level 1 Tertiary qualification or higher	Year started	2.5	*
	Year started+1	5.6	**
	Year started+2	6.0	**
Level 2 Tertiary qualification or higher	Year started	1.8	
	Year started+1	4.2	**
	Year started+2	5.0	**
Level 3 Tertiary qualification or higher	Year started	1.3	
	Year started+1	1.9	
	Year started+2	2.7	*

Notes: Estimates that are statistically significant at the 95% confidence level are indicated by an asterisk (\*) and at the 99% confidence level by two asterisks (\*\*).

### Appendix 3: Main impact estimates – Young Parent Payment participants

Outcome	Time since YS benefit start	Adjusted impact (percentage points)	Significance
Receiving a benefit	6 months	4.5	**
	12 months	2.9	
	18 months	-2.5	
	24 months	-3.4	
	30 months	-5.7	*
In employment	6 months	5.8	**
	12 months	5.1	**
	18 months	3.3	
	24 months	5.6	**
	30 months	5.3	*
In employment and off benefit	6 months	3.8	**
	12 months	2.7	
	18 months	3.2	*
	24 months	3.8	*
	30 months	4.7	*
Enrolled in formal education	6 months	11.2	**
	12 months	11.8	**
	18 months	8.9	**
	24 months	6.7	**
	30 months	5.1	**
Enrolled in tertiary education and not at school	6 months	5.2	**
	12 months	6.2	**
	18 months	4.8	**
	24 months	3.8	
	30 months	5.8	**
Level 1 qualification or higher	Year started	4.8	**
	Year started+1	3.6	*
	Year started+2	5.8	**
Level 1 qualification or higher	Year started	0.7	
	Year started+1	2.0	
	Year started+2	5.3	**
Level 1 qualification or higher	Year started	-0.3	
	Year started+1	2.5	
	Year started+2	4.3	**
Level 1 NCEA qualification or higher	Year started	-2.6	
	Year started+1	-0.2	
	Year started+2	1.9	
Level 2 NCEA qualification or higher	Year started	-2.6	*
	Year started+1	-2.0	
	Year started+2	0.9	
Level 3 NCEA qualification or higher	Year started	-0.5	
	Year started+1	0.7	
	Year started+2	2.2	
Level 1 Tertiary qualification or higher	Year started	-1.6	
	Year started+1	2.2	
	Year started+2	4.2	*
Level 2 Tertiary qualification or higher	Year started	-1.4	
	Year started+1	1.0	
	Year started+2	3.4	*
Level 3 Tertiary qualification or higher	Year started	-0.4	
	Year started+1	1.7	
	Year started+2	3.4	*

Notes: Estimates that are statistically significant at the 95% confidence level are indicated by an asterisk (\*) and at the 99% confidence level by two asterisks (\*\*).

## Appendix 4: Main impact estimates for all YS: NEET participants

Outcome	Impact (percentage points)	Significance
<b>Enrolled in formal education</b>		
Enrolled in formal education 6 months after starting YS	8.6	*
Enrolled in formal education 12 months after	4.1	*
Enrolled in formal education 18 months after	0.7	
Enrolled in formal education 24 months after	0.1	
<b>Qualification achievement in the calendar year after starting YS</b>		
NCEA level 1 qualification or higher	1.2	*
NCEA level 2 qualification or higher	1.3	*
NCEA level 3 qualification or higher	-1.2	
Level 1 qualification or higher	2.0	*
Level 2 qualification or higher	1.6	*
Level 3 qualification or higher	-1.9	*
<b>Qualification achievement two years after starting YS</b>		
Level 1 qualification or higher	2.3	*
Level 2 qualification or higher	2.0	*
Level 3 qualification or higher	-2.4	*
<b>Benefit receipt</b>		
On a benefit 6 months after starting YS	2.0	*
On a benefit 12 months after	3.3	*
On a benefit 18 months after	3.9	*
On a benefit 24 months after	3.3	*
<b>Other outcomes targeted by the programme</b>		
Level 2 or higher qualification by end of year when turned 18	1.2	
Benefit receipt in any of the 3 months after 18 <sup>th</sup> birthday	5.4	*
Custody in any of the 3 months after 18 <sup>th</sup> birthday	0.2	
<b>Not in employment, education or training</b>		
NEET 6 months after starting YS	-4.3	*
NEET 12 months after	-1.8	*
NEET 18 months after	-0.3	
NEET 24 months after	0.5	
<b>Employment</b>		
In employment 6 months after starting YS	-3.2	*
In employment 12 months after	-2.3	*
In employment 18 months after	-1.0	
In employment 24 months after	-0.6	

Notes: Estimates that are statistically significant at the 95% confidence level are marked with an asterisk (\*).

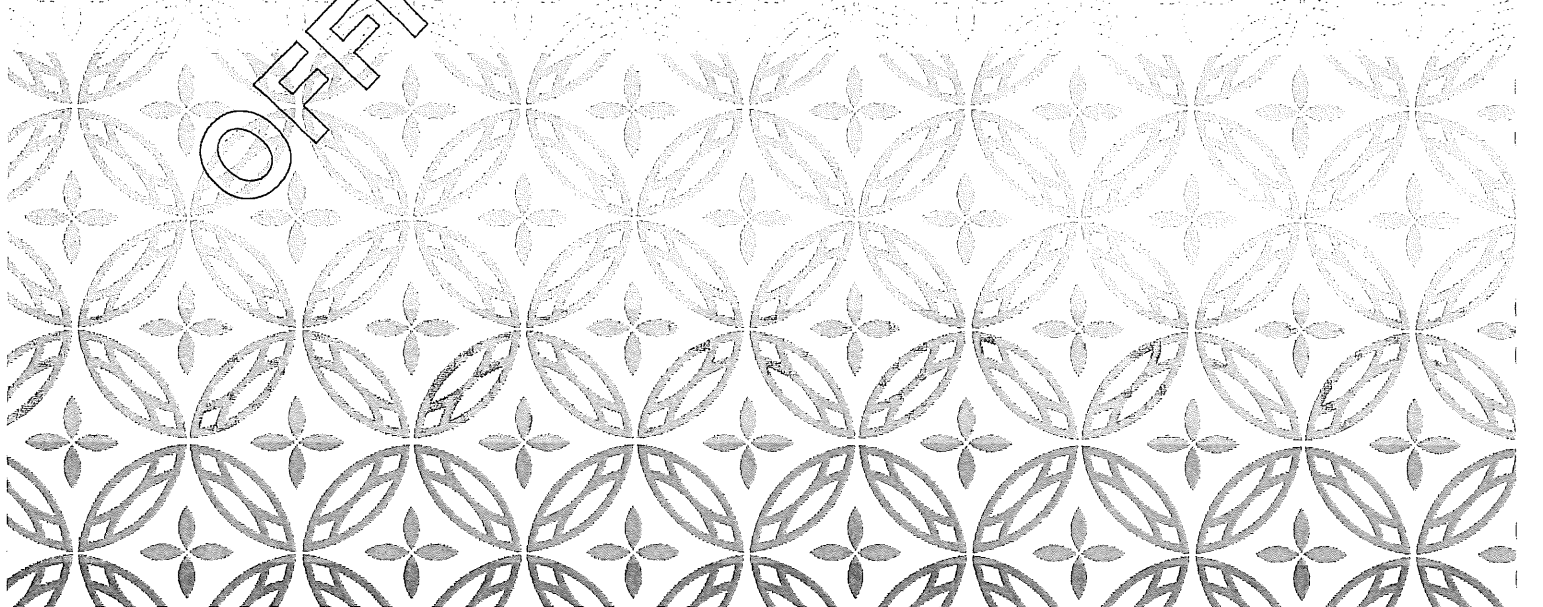


**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

**Treasury evaluation of Youth  
Service – Proposed  
Communications Response**

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# Introduction

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Treasury has completed an evaluation of the Youth Service and will be publishing the two associated working papers on 24 January 2017.

Whilst the Young Parent Payment is shown to have largely positive results, the work MSD does with those on Youth Payment and in Youth Service NEET programmes is described as 'marginally effective' and having a 'modest impact'.

This strategy outlines considerations and recommendations regarding the communications approach for the publication of the reports.

## Background

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Youth Service, started on 20 August 2012, and was evaluated by the Ministry in 2014 and 2015 using MSD administrative data, and expect to update Treasury's IDI analysis in 2017.

The 2014 evaluation was broadly positive, given that at 18 months in, the Youth Service programme achieved 63 per cent of 16 and 17 year olds receiving the Youth Payment achieving NCEA credits in their first year, compared to 24 per cent of similar young people who received the Independent Youth Benefit (IYB).

Following the 2015 evaluation, the YPP was extended to include young parents up to 18 years.

The current evaluation was undertaken by Treasury's Analytics and Insights team using data from Statistic New Zealand's Integrated Data Infrastructure (IDI), with the support of the Ministry of Social Development (MSD).

## Findings in Brief

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Findings from the evaluation show that the Youth Service is effective for young parents (YPP) in particular at improving educational attainment, reducing time on benefit and increasing employment outcomes.

Results for young people without children (YP) are mixed, with short term improvements seen in educational participation and attainment, and modest impacts on employment outcomes. Improved employment outcomes did not however translate to less time on benefit.

YS: NEET has shown to be marginally effective at improving educational attainment on average, but not effective at improving participants' employment or benefit outcomes. The service is however more effective for the very highest risk 10 percent of youth (in terms of expected poor outcomes at age 18) at improving educational attainment.

The YS: NEET results suggest there are opportunities for tighter targeting of YS: NEET participants toward young people at very high risk of poor outcomes.

## Limitations

It has been noted that the results from these evaluations should be treated with some caution, given that there was no control group to measure the services impact against; and that the wholesale change in the welfare system and changes in the labour market at the time makes it difficult to use an historical comparison group to measure any direct cause and effect of the service.

## Considerations

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### Areas of potential comment are:

- What use the evaluation will be put to – what happens next?
- Why have previous public statements regarding the Youth Service reported it as a success?
- Questions regarding provider quality.

### Overall, the operational response is:

- From October 2016, YPP eligibility has been extended to enable YPP participants to maintain their participation in the service for longer. This recognises the success of our work with young parents
- An improved referral and administration process supporting young people participating in YS: NEET has already been introduced. Since July 2016, MSD has strengthened both its provider contracts and operational guidelines.
- Specific changes to YS: NEET include:
  - The Ministry is reducing participants in 2016/17 from 12,000 to 10,500 and making youth with a 'very low' risk rating ineligible for enrolment in YS: NEET.
  - Management of provider contracts has been tightened and better guidance provided to providers to support better identification of those with the most need and more 'real time' response to their needs.
  - s9(2)(j) Ongoing negotiations
- The Ministry of Education and MSD are working together to improve the effectiveness of the interface between the Youth Service and education programmes, particularly with regard to improvements in targeting, delivery and reach/impact of initiatives.



# Audiences

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There are broadly four groups with an interest in this work, its intent and potential use.

The first are academics and experts in both the public and private sector who are familiar with the more technical aspects of the work, its limitations and international comparisons.

s9(2)(g)(i) Free and Frank advice

The third audience is those at the frontline, including our own staff, the Youth Service providers, etc. who will seek to understand the impact of this work on their own area of practice.

The fourth and last audience is the general public, s9(2)(g)(i) Free and Frank advice

s9(2)(g)(i) Free and Frank advice

# Communications Approach

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The Ministry is committed to building trust and understanding among the public/commentators on work the Ministry of Social Development is undertaking in the community arena by being open and transparent.

While it's noted that similar research and evaluation work has not attracted significant attention, references to mixed and/or marginal results with the YP and NEET cohorts attract comment.

As a result it is recommended that supporting material is developed that ensures that the Treasury's evaluation is placed in context, and minimises any potential misrepresentation.

s9(2)(g)(i) Free and Frank advice

It is anticipated that the Associate National Commissioner, Te Rehia Papesch, will respond to any operational enquiries, supported by the technical expertise of

Manager, Research and Evaluation – iMSD.

Section 9(2)(a) Privacy of Natural Pers

s9(2)(a)

The Minister of Social Development may also wish to comment on this work and Public Affairs will seek guidance as to what, if any, role the Minister wishes to undertake.

s9(2)(g)(i) Free and Frank advice

Key messages to support this approach follow.

## Key Messages:

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- MSD welcomes the Treasury's evaluation into the effectiveness of the Youth Service
- The findings are a welcome reinforcement of changes already under way to make the Service, particularly our Youth Payment clients and our youth 'Not in Education, Employment and Training' more effective.
- The detailed findings of this evaluation will help us even further understand what does and does not work with these young people.
- We are very ambitious for our young people; we want them to have a healthy, productive future that includes education, in the longer term leading to work, rather than long-term welfare assistance.
- To do that we need to continually evolve and improve our services and how we deliver them.
  
- The work we do with young people is both vital and challenging.
- While the vast majority of our young people do just fine, some struggle.
- This group in particular tend to have grown up in circumstances where they have had few opportunities and little access to positive adult guidance.
- We know that young people accessing welfare assistance as teenagers usually come from significantly disadvantaged circumstances and many have complex, multiple problems – including chaotic home lives.
- These are our youth that historically have been put in the too hard basket.
- We cannot expect them to do this alone. It's challenging, but the challenges are not insurmountable.
- To turn that around we need to continue to improve what we do every day to respond to their needs.
- They deserve every support that has been denied to them growing up and we are committed to walking alongside them as they learn to be strong and independent adults.
  
- It must also be stressed that Youth Service should not be seen in isolation.
- There is no single answer, no single programme that has all the answers. It is a valuable part of a range of programmes government has in place to help young people right across the spectrum of need.

# Communications Collateral

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Communications deliverables for the release of the reports:

Collateral	Who	Status
• Key Messages	s9(2)(a)	✓
• FAQ's	s9(2)(a)	✓
• Responsive Q&A's	s9(2)(a)	✓
• Draft Holding Statement	s9(2)(a)	✓
• Message to Staff	TBC	TBC
• Message to Providers	TBC	TBC

## Q&A's – Responsive

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# YP/YPP & NEET Evaluation – MSD Holding Statement - Operational

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s9(2)(g)(i) Free and Frank advice

## Editor's Note – Changes Underway for the Youth Service:

- YPP eligibility has already been extended to enable YPP participants to maintain their participation in the service for longer. This recognises the success of our work with young parents
- An improved referral and administration process supporting young people participating in YS: NEET has already been introduced. Since July 2016, MSD has strengthened both its provider contracts and operational guidelines.
- Specific changes to YS: NEET include:
  - The Ministry is reducing participants in 2016/17 from 12,000 to 10,500 and making youth with a 'very low' risk rating ineligible for enrolment in YS: NEET.
  - Management of provider contracts has been tightened and better guidance provided to providers to support better identification of those with the most need and more 'real time' response to their needs.

- An increase in the payments made to providers for participants achieving level two qualifications.
- The Ministry of Education and MSD are working together to improve the effectiveness of the interface between the Youth Service and education programmes, particularly with regard to improvements in targeting, delivery and reach/impact of initiatives.

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# aide-mémoire

Date: 6 January 2016 Security Level: In Confidence  
For: Hon Anne Tolley, Minister for Social Development  
File Reference: REP/16/1/002

## Update on outcomes for participants in the Youth Service and Youth Guarantee fees-free

### Purpose

This aide-memoire provides additional information for you on the 'Update on outcomes for participants in the Youth Service and Youth Guarantee fees-free' report provided by the Ministry of Education (MoE). It is part of the second stage of work looking at the interface between the Youth Service (YS) and certain education programmes.

The report provides provisional findings on the outcomes of participants in the Youth Guarantee (YG) fees-free, YS NEET, or in both programmes. It is intended to inform a discussion with Ministers on the interface of these two programmes.

### Limitations of analysis

The report notes that caution must be taken when interpreting the results of the comparison analysis and that the outcomes reported should *not* be seen as a measure of programme performance. The main reasons are that:

- the comparison methodology used in the report does not directly control for the variation in personal attributes (such as motivation, attitude and persistence). For example, if a YS participant did not choose to participate in YG fees-free then this is a decision that may point to a difference in motivation and attitude between them and those who did participate
- the YS NEET comparison group is unlikely to be a fair comparison group for those engaged in YS NEET only because YS is capturing those who are at risk and who volunteer for the Service. The comparison group are people who either did not volunteer for the YS, or are not considered to be at risk
- in order to access YS NEET, participants have already been identified as being at risk and are, therefore, likely to be on the periphery of the benefit system. This is likely to account for the findings which suggest that this group is more likely to be in receipt of a benefit one year following the programme compared to the comparison group.

For these reasons, the results for YS NEET participants are likely to be biased and should not be used as a measure of the impact of the programme.

### Provisional findings

The provisional findings for young people who started YG fees-free or YS NEET in 2013 show (relative to each comparison group):

- Similar effects on **education retention** for those in YG fees-free only and YG fees-free and YS, and lower educational retention for those only in YS. *MSD comment: Those who were in YS only are likely to include clients who have not yet re-engaged in education as it can take months before a young person is ready to re-engage in education,*



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particularly if they are assisting with other issues, such as addiction or family problems.

- Young people who were in YG fees-free only had higher relative gains in **attainment of NCEA Level 2 or equivalent**; those in YG fees-free and YS had similar attainment to the comparison group; and those in YS only had lower relative attainment. *MSD comment: Those who are involved in YS and do not go in YG fees-free may be more interested in employment and less interested in education. In addition, the YS only group is likely to include young people in a higher risk group with lower motivation for either employment or education.*
- In all three groups, the rate of **progression to Level 4 and above** was similar to the comparison groups.
- Young people in YG fees-free only had relatively higher **rates of employment** following the programme; there was no difference in employment outcomes for those in YG fees-free and YS; but there were slightly higher relative employment rates for those in YS only. *MSD comment: This is likely to reflect that some YS NEET clients are better off finding work and supported by YS providers to do this.*
- Young people in YG fees-free only and YG fees-free with YS were less likely to **be NEET** during the programme period but more likely to be NEET one year later. Those in the YS only were more likely to be NEET during the programme and one year later. *MSD comment: The YS only group is likely to include young people in a higher risk group with lower motivation for either employment or education and therefore this is likely to be reflected in the findings.*
- In all three groups, young people were more likely to **receive a benefit** in the year following the programme than the comparison group. *MSD comment: As noted earlier, those involved in YS NEET are likely to be on the periphery of the benefit system while in the programme. This is likely to account for the finding for those participating in the YS.*

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**Youth Service extension**

The Social Security (Extension of Young Persons Services and Remedial Matters) Amendment Bill extends the existing Youth Service to:

- young clients aged 18 and 19 who are assessed as being at significant risk of long term welfare dependency
- nineteen year old parents.

The findings in this report are for those in the YS NEET stream only.

The service offering for YS Young Parent Payment (YPP) or Youth Payment (YP) clients is different to YS NEET clients because YP and YPP clients have obligations that are attached to their benefit, whereas participation in YS NEET is voluntary.

What we know from MSD's 2015 Outcomes Report is that YP clients are showing improved educational outcomes. The 2015 Outcomes Report highlighted that YP clients' achievement for NCEA Level 1 was 9 (±8) percentage points higher than the comparison group over a two year follow-up period. Similarly, for NCEA Level 2, YP participants' achievement was 11 (±8) percentage points higher than the comparison group.

Therefore, the findings from MoE's report cannot be considered as reflective of the YP/YPP group or those who will be targeted for the YS extension. Those targeted in the YS extension will also have obligations as part of receiving a benefit.

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**Additional**

MSD is continuing to strengthen the YS NEET programme by ensuring that it accurately targets those at risk and identifying specific activities and

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**information** ways of working that are making a difference to young people's outcomes. Specific pieces of work underway are detailed below.

**Development of a new risk model:**

The current NEET risk model works on the basis that the young person has formally exited school. An automated data feed is received from MoE every fortnight.

This feed includes basic demographic information such as gender, date of birth and the total number, duration and costs (if any) of different kinds of events from each client's history. These events include:

- Work & Income - time on benefit as a child (when registered with parent or caregiver)
- Child, Youth and Family - details of most common Care & Protection or Youth Justice events e.g. Reports of Concern (Notifications), Investigations, Findings, Family Group Conferences etc.
- MoE - details of secondary education qualifications, interventions, locations, number of schools attended, and date formally exited school.

The model scores for a young person are then presented in the range 0 (Low) to 100 (High).

When the YS was first introduced, the assumption was that the bulk of the referrals to the NEET service would be via the automated data feed received from MoE. Instead, just over half of all the referrals made to the NEET service come in through a manual process and the model assumes the young person has formally exited school. Consequently the risk rating score may not accurately reflect the young person's circumstances.

Another version of the existing model is being built to accurately reflect the fact that the young person is still at school, but at risk of leaving. This version of the model has been developed but has yet to go live until the financial impact to Youth Service providers as a result of altering a young person's risk rating (and subsequent funding attached to that rating) has been assessed by MSD. This is expected to occur in the next six months.

**Working with providers to strengthen best practice:**

Work is currently underway to understand which service delivery factors contribute to better outcomes for young people, and to better understand which of these factors are in place for particular providers. Findings from this work are intended to be part of a continuous feedback loop to providers in order to strengthen the capability and outcomes of the Service nationally.

**Evaluating the Youth Service:**

In addition to the impact/outcomes evaluation of the Youth Service expected in mid-June 2016, there are plans underway to undertake an in-depth qualitative evaluation of the Service in late 2016, with a view to understanding how specific providers are delivering the Service to NEET, YP and YPP participants, particularly for providers who are achieving better outcomes.

This work will identify specific activities and ways of working that are making a difference to young people's outcomes, and will be used to strengthen the capability of providers who are not achieving outcomes at the same level.

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**Next steps**

Following a meeting between the Minister for Tertiary Education, Skills and Employment and MoE officials, MSD will work with MoE on further analysis on this interface and provide you with an update as necessary.

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