NCS Trust: Response to DCMS Select Committee

1. The reason for the underspend on the NCS is lower than anticipated levels of participation. Can you explain why this has been the case, especially given that participation targets were significantly revised downwards in 2017?

Participation targets for NCS are set annually by DCMS in conjunction with NCS Trust. This is different to what the National Audit Office (NAO) referred to as a “participation limit” which was originally set at the 2015 Spending Review and revised in 2017. This “participation limit” is effectively a maximum envelope that is intentionally set high to ensure that the manifesto commitment that no young person is turned away from the NCS programme is met. The participation target is set each year and reflects best estimates of demand for the programme.

While reaching these participation limits was always the aspiration, it was agreed that this could only be achieved through substantive statutory policy support, specifically the introduction of primary legislation to put a duty on schools and local authorities to promote NCS. While this statutory duty was originally included in the NCS Bill in 2016, it was subsequently removed from the draft legislation. The maximum participation ceiling was subsequently revised downwards in 2017. The NAO stated:

The Trust’s modelling, from summer 2015, showed NCS participation could increase to 269,000 through, for example, business as usual growth and policy changes. It is unclear how NCS used this analysis to set its 360,000 participation aim. The Trust updated its plans in response to this aim. These included young people being automatically enrolled on NCS, with an option to opt-out, supported by a formal requirement that schools promote NCS and NCS is considered in school inspections. In May 2016, the Queen’s speech introduced the NCS Bill, which proposed a formal duty on schools to promote NCS. This did not reflect the Department for Education’s published commitment. However, the Bill, laid before Parliament in October 2016, did not reference this duty (National Audit Office report, p 8).

In the absence of substantive policy commitments, the Department and NCS Trust have agreed annual targets and budgets separately to the spending review limits. These targets are set based on the Trust’s latest projections of demand and are significantly lower than participation ceilings set out in the spending reviews, in order to protect taxpayer value (see Table 1).

<table>
<thead>
<tr>
<th>Table 1: Overview of NCS participation, 2016 - 2019</th>
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<tr>
<td>2015 SR participation ceiling</td>
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<tr>
<td>--------------------------------</td>
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<tr>
<td>124,000</td>
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<tr>
<td>2017 SR revised participation ceiling</td>
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<tr>
<td>Target</td>
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<td>Actual participation</td>
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(1) Average of stretch target [170K] and minimum performance threshold [90K]
(2) DCMS sets public target based on the calendar year, as well as separate, more stretching target, in our annual funding agreement. For the previous two years, our public target has been 100,000 participants, while our funding agreement has been 109,000 and 102,000 respectively.
(3) Subject to final compliance checks

2. Can you tell us what you are doing to drive up participation amongst target groups, and what assessment you have made of the measures you have taken to date?

NCS’ target group is 15 - 17 year olds from all backgrounds. To date, NCS is shown to be successful at reaching this audience. Since 2011 we have grown to reach one sixth of the 15 - 17

1 National Audit Office report into National Citizen Service, 2016, p.27
cohort nationally (c. 100,000 young people a year), at a compound annual growth rate of 42%. This growth has been relatively proportional to the population, although we over-index on young people from more disadvantaged backgrounds (see Figure 2).

![Figure 2: overview of NCS growth and reach](image)

<table>
<thead>
<tr>
<th>Metric</th>
<th>NCS representation</th>
<th>Population</th>
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<tbody>
<tr>
<td>BAME</td>
<td>31%</td>
<td>25%</td>
</tr>
<tr>
<td>Minority Religion</td>
<td>17%</td>
<td>10%</td>
</tr>
<tr>
<td>SEN</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>FSM</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>In Care</td>
<td>2%</td>
<td>1%</td>
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Driving up participation among our target group over the long term is the first pillar of our strategy. The headings below represent the four key ways we are looking to achieve this, with examples of activities we are undertaking (please note the sub-bullets are illustrative and not exhaustive).

**Optimising our customer journey**

- Smart, integrated campaigns that use a broad range of platforms, particularly social media, and robust measurement of the effectiveness of our campaigns using econometric analysis so we can continually improve.
- Segmentation of our customer base so we can appeal to young people in different ways depending on demographic, ethnicity, and religion, as well as attitude and mindset.
- Consistent use of branding throughout our network to make sure the NCS brand is both youth-led and instantly recognisable. Our brand refresh is due this autumn.
- Converting to a single website platform so the online sign up experience is smoother and easier, including for those with inclusion need.
- Launching an inclusion fund so those with additional needs are better able to access the programme.
- Reconfiguring the way waiting lists and date requests are managed to allow participants more flexibility.
- Building alternatives for ‘phase 1’ of the programme so young people have other options besides an outward bound experience.
Developing more meaningful social action projects which span regions, cohorts and years to further improve the impact and quality of the social action experience.

Developing our extension pathways for young people, so once they have completed NCS they can access a broad range of training, volunteering, recruitment and other opportunities which can be filtered by region and interests.

Deepening integration with local communities, schools, and youth and voluntary organisations

- Launching a ‘localities’ team with the objectives of building better reach in local communities, particularly across the government’s priority integration areas.
- NCS Guidance for Local Authorities which has been published and welcomed by the Local Government Association https://www.gov.uk/government/publications/national-citizen-service-guidance-for-local-authorities
- Partnership working with key stakeholders in all government “Opportunity Areas”, having been strongly referenced in all 12 Social Mobility and Opportunity Area delivery plans https://www.gov.uk/government/publications/social-mobility-and-opportunity-areas
- Strategic collaboration with partners, such as the Careers & Enterprise Company and National Collaborative Outreach Projects, supporting wider delivery ambitions for young people.
- Piloting activities for the most vulnerable, such as running an inspiring 12-week pre-NCS activity for young people at risk of NEET in Doncaster.
- Unlocking new local partnerships such as working with Butlins Minehead to deliver tailored careers sessions as part of local NCS programmes, and guaranteed interviews for local NCS Graduates.
- Signing up to DCMS’ Youth Charter together with UK Youth, The Scouts, Girlguiding, National Youth Agency, Youth United Foundation, Step Up to Serve, The Prince’s Trust, and the British Youth Council. Through this charter these youth organisations will work together and across government to create a cohesive youth offer, championing and sponsoring the work of each agency at key stages of a young person’s life.

Recommissioning our network

- We have now concluded our recommissioning procurement and look forward to welcoming a range of new organisations to the NCS family. The new operating model - which involves direct delivery in two regions - will allow us to: drive consistency of quality through tighter control of the NCS curriculum, achieve economies of scale through centralising key functions, deepen our reach into local communities while supporting local organisations, drive further cost reductions through more competitive contract pricing and a lower risk payment mechanism, and more easily test programme variations to continuously improve the programme. Together, these changes will set a solid foundation for the future of the programme, and for future growth.

Government support

- Alongside DCMS officials, we are working to deepen engagement with DfE. We hope that this will help us to build closer relationships with schools and colleges, which will allow us to significantly drive up our reach among our target group. We will also continue to work with DCMS to identify opportunities for wider government to support our growth strategy, and for NCS to in turn support government’s youth and wider policy mandate.

3. Can you tell us if you are planning any changes to your budget for the next financial year in light of the experience this year?
Each year we follow a rigorous process to develop the NCS Trust budget. From a high level funding envelope agreed between DCMS and the NCS Trust Board, we work across NCS departments and with DCMS officials to develop a detailed bottom up spending profile. Requested funds are based upon likely demand for the programme. These projections are based upon an increasingly sophisticated forecasting model.

While we met our public-facing target of 100,000 participants last year, we did not meet a more ambitious target, set out in our grant agreement, of 109,000 participants. As our 2018/19 budget was based on this target, there was an in-year underspend of approximately £23 million.

Our budget for FY 2019/20 reflects our latest participation forecast of demand, which are more conservative this year, reflecting the transitional changes expected as a result of the recommissioning programme. We believe that this will help deliver greater efficiency for the taxpayer and improved visibility of funding requirements for DCMS. The 2019/20 budget also includes prepayments for the 2020 programme, which will be under our new contracts. These contracts include a significant cost reduction on contract prices and an improved payment mechanism designed to lower the financial risk to the taxpayer if young people sign up but don’t turn up. Both of these factors should allow us to further improve our value for money.

4. Can you tell us if you have suggestions for alternative ways that the policy intentions of the National Citizen Service could be met, given that these funds comprise a significant part of government youth funding and now have had their ring fence removed?

The NCS Act sets out the following functions of NCS

1. Enabling participants from different backgrounds to work together in local communities to participate in projects to benefit society, and
2. Enhancing communication, leadership and team-working skills of participants

The Charter states that “in exercising its primary functions, the objectives of the NCS Trust are- a. to promote social cohesion through social integration, by ensuring equality of access to the programmes by participants regardless of their background or circumstances, and to seek to expand the number of participants”.

Within the framework of these founding artefacts, DCMS sets the overarching policy intentions for NCS Trust, in the context of broader youth policy. DCMS’ Civil Society Strategy states that “The government wants [NCS] to be a key step in young people’s development that is fully embedded in the wider youth sector.”

Through evaluations, NCS has demonstrated that it returns up to £8.36 for every £1 invested in the programme, representing a significant return on investment. We believe that young people need varying support at every stage of life, that can be provided by a range of youth organisations. It is for this reason that we have signed up to a Youth Charter together with UK Youth, The Scouts, Girlguiding, National Youth Agency, Youth United Foundation, Step Up to Serve, The Prince’s Trust, and the British Youth Council. We look forward to continuing to work alongside these organisations and government departments to develop a cohesive offer for young people at the heart of policy and investment.
Michael Lynas  
Chief Executive  
National Citizen Service Trust  
The Pembroke Building, Kensington Village  
Avonmore Road, London W14 8DG

13 March 2019

Dear Michael

The Digital, Culture, Media and Sport Select Committee recently received Supplementary Estimates from the DCMS for the current financial year. I note that these indicate significant underspend on the National Citizen Service budget and am writing to request further information about this.

- The reason given for the underspend on the NCS is lower than anticipated levels of participation. Can you explain why this has been the case, especially given that participation targets were significantly revised downwards in 2017?
- Can you tell us what you are doing to drive up participation amongst target groups, and what assessment you have made of the measures that you have taken to date?
- Can you tell us if you are planning any changes to your budget for the next financial year in light of the experience of this year?
- Can you tell us if you have suggestions for alternative ways that the policy intentions of the National Citizen Service could be met, given that these funds comprise a significant part of government youth funding and have now had their ring-fence removed?

I look forward to receiving more information about your activities.

Yours sincerely

[Signature]

DAMIAN COLLINS MP  
CHAIR, DCMS COMMITTEE