

## **The Comprehensive Spending Review, 20 October, 2010: Abolition of the Education Maintenance Allowance (EMA).**

Michael Gove's clear assurance given during a 'Guardian' interview two months before the general election that "Ed Balls keeps saying that we are committed to scrapping the EMA. I have never said this. We won't"<sup>1</sup> was completely undermined by Chancellor of the Exchequer George Osborne in his CSR statement on 20 October.

In fact, the EMA is to be effectively abolished. The total funds available after the CSR announcement of a cut of 'around £0.5 billion' will leave a tiny fraction of the present EMA budget - projected to be £564,000,000 for 2010/2011- to be allocated to 16 to 19 year old learners through whatever new method of "targeted support" emerges out of "locally managed discretionary funds" and/or local transport subsidies announced by the Chancellor.<sup>2</sup>

This decision was based on two arguments.

First, raising the compulsory learning participation age to 18 from 2015 nullifies the need for any financial incentives:

'As we move towards full participation by 2015 we will secure reduction in individual unit costs'.<sup>3</sup>

Second, 'Ending EMAs, which have deadweight costs of around 90%, saving £0.5 billion, and replacing them with targeted support for those who face genuine financial barriers to participation'.<sup>4</sup>

'Deadweight' here means that students in receipt of the EMA would have continued in education even if they had not been paid the allowance, an argument that is both in itself flawed and based on unrepresentative research undertaken by the National Foundation for

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<sup>1</sup> 'Why Should Any Teacher Vote Tory?', *Education Guardian*, 2 March 2010:  
[www.guardian.co.uk/education/2010/mar/02/michael-gove-readers-questions-ofsted](http://www.guardian.co.uk/education/2010/mar/02/michael-gove-readers-questions-ofsted)

<sup>2</sup> Page 21, HM Treasury, *Spending Review 2010*: [cdn.hm-treasury.gov.uk/sr2010\\_completereport.pdf](http://cdn.hm-treasury.gov.uk/sr2010_completereport.pdf)

<sup>3</sup> <http://www.education.gov.uk/aboutdfe/spendingreview/a0065470/2010/012>

<sup>4</sup> As 3.

Educational Research (NFER) for the DfE.<sup>5</sup> The NFER research was only undertaken in a small sample of schools using a small number of students from Year 10 and 11 only. The NFER research also excludes all students in receipt of EMA studying in FE colleges (the majority) and neither does it have an effective analysis of the impact of the EMA on staying on and certification rates.

These limited findings are contradicted by other comprehensive, large data set longitudinal research and analysis by the Institute for Fiscal Studies<sup>6</sup> and the comprehensive review of the EMA by education economist Mick Fletcher<sup>7</sup>, who found that the 'deadweight cost' is around 36%. His analysis is supported by research undertaken by NUS, which found that 55% of EMA recipients said that they could not continue in education without the allowance.<sup>8</sup>

Contrary to the Chancellor and the Secretary of State for Education Michael Gove's emphasis on the 'deadweight' argument, Alan Johnson has claimed that EMAs have been 'the single biggest contributor to increasing the number of children from poorer backgrounds that stay on in education'.

His argument is entirely supported by analysis of both who is in receipt of EMA and the Institute for Fiscal Studies careful, long term analyses, who found that the impact of EMA was found to be 'quite substantial'<sup>9</sup>:

- Participation in the first year of a course increased by 5% for males, for females by 4%.
- The EMA increased the proportion staying on in full time education for two years by 7.4% for males, 5.9% for females, 'suggesting that the effect of the policy is to increase not only initial participation but also retention within full-time education'
- 'The initial effects are largest for those who receive the maximum payment (£30 per week)', i.e. young people from the poorest families
- 'It is estimated that around two-thirds of individuals who stayed in education were drawn from inactivity rather than paid work'.
- 'The effect of the EMA is found to be largest for children with lower levels of prior educational achievement'.

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<sup>5</sup> <http://www.education.gov.uk/research/data/uploadfiles/DFE-RR009.pdf>

<sup>6</sup> IFS, Education Maintenance Allowance: the first two years – a quantitative evaluation, 2002

<sup>7</sup> M. Fletcher, 'Should we end the EMA?', CfBT Educational Trust, October 2009, at: [www.cfbt.com/evidenceforeducation/pdf/1.EMA\\_v4\(FINAL\)W.pdf](http://www.cfbt.com/evidenceforeducation/pdf/1.EMA_v4(FINAL)W.pdf)

<sup>8</sup> NUS, EMA Satisfaction Survey 2010, at: [resource.nusonline.co.uk/media/resource/emareport2010.pdf](http://resource.nusonline.co.uk/media/resource/emareport2010.pdf)

<sup>9</sup> IFS, as above.

On this evidence, the EMA is a very substantial return on investment for some of the most disadvantaged young people in the country.

Depending on how it is measured, it is estimated that between one fifth and one third of all young people aged 14-16 are disengaged from education (Steedman and Stoney, 2004), the main reason England still performs very poorly in comparison to other OECD countries in post-16 staying on rates.

The implication of this for the young person and for wider society are well known, leading to poor labour market opportunities (McIntosh and Houghton, 2005) and the risk of being 'not in education, employment or training' (NEET), alongside other associated negative outcomes including teenage pregnancy (Hosie, 2007) and drug use (Beinart et al, 2002).

EMAs were designed to address both disengagement from education and the associated poor international performance, a policy that has been a substantial success, payments being made to the most disadvantaged young people in England and Wales as the DfE responses to a recent Information Disclosure request<sup>10</sup> show.

In answer to the question:

'In 2009-2010 how many students in England and Wales received the £30 per week (the maximum weekly payment) means tested Educational Maintenance Allowance?'

The answer was: 'As at 24 June 2010, take-up was 538,101 for the academic year 2009/10, which includes a small number who are not means tested, for example care leavers'.

According to the same Information Request, the cost to the Exchequer for 2009/10, including staff and administration costs, is £585, 614,052, so that the £0.5 billion cut announced by the Chancellor effectively abolishes the EMA scheme.

This is not a social, educational or labour market policy to support fairly the most disadvantaged but an opportunist deficit reduction policy which also hits disadvantaged young people regionally as well as individually. In 2008/09, take-up of EMA was highest in London, then the English Region with the highest rate of youth unemployment; at 24 June 2010, take-up of EMA was highest in North West England, which now has the highest rate of youth unemployment. In both regions unemployment was coupled with very low levels of qualifications.

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<http://www.education.gov.uk/aboutdfe/foi/disclosuresaboutchildrenyoungpeoplefamilies/a0065442/education-maintenance-allowance-ema>