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to the report*

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The Committee of Public Accounts

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Committee staff

The current staff of the Committee are Dr Stephen McGinness (Clerk), Dr Mark Ewbank (Second Clerk), Sue Alexander and Ruby Radley (Committee Assistants), and Tim Bowden (Media Officer).

Contacts

All correspondence should be addressed to the Clerk of the Committee of Public Accounts, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 4099; the Committee's email address is pubaccom@parliament.uk.

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Summary

Early indications, from the Office for Civil Society's (OCS) evaluations, suggest that the National Citizen Service (NCS), a programme bringing together groups of 16- to 17-year-olds to undertake activities, has had a real impact on those participating. It has improved their confidence, developed team-building and life skills, and increased their awareness of the local community. However, what remains to be seen is whether NCS will become a 'rite of passage' and meet its ambitious targets for increasing the number of participants or achieve its long-term societal aims. Without achieving both these, at a cheaper cost per participant, NCS may no longer be justifiable and the future of the programme could be called into doubt. Now is the time to think radically about what can be learnt from achievements to date and outline what is needed to grow NCS, bring costs under control and ensure NCS becomes a real and sustainable investment in our young people. The National Citizen Service Bill also provides an opportunity to revisit the Trust's governance and management arrangements. The Cabinet Office set up the NCS Trust as a community interest company almost wholly funded by government, but it has not adopted the transparency and robust governance arrangements we would expect to see.

Introduction

Since 2011, over 300,000 16- to 17-years-old have participated in the National Citizen Service (NCS). The Government's stated ambition is for NCS to become a 'rite of passage' for young people and lead to a more cohesive, responsible and engaged society. NCS usually takes place over four consecutive weeks and involves groups of 12 to 15 young people undertaking together: an outdoor residential course to improve team building skills; a residential course to learn life skills and prepare for independent living; and a community project, such as planting a communal garden or arranging a family fun day. In July 2016, the Department for Culture, Media & Sport (the Department) took responsibility for the Office for Civil Society (OCS), and therefore NCS, from the Cabinet Office. NCS is managed by the NCS Trust, a community interest company funded by the OCS. The Trust currently contracts nine providers, across 18 regions, to deliver NCS. It delivers NCS directly in one region where it stepped in after the then provider failed to deliver. In February 2016, the OCS set an ambitious target to grow the number of NCS participation to 360,000 a year in 2020–21. In February 2017, the Department revised the target down to 247,000 in 2020–21. Between 2011–12 and 2016–17, OCS spent around £0.6 billion on NCS. Government has committed a further £0.9 billion, to NCS, to 2019–20.

Conclusions and recommendations

1. **NCS has shown early signs of success but the Department for Culture Media & Sport lacks the data to measure long-term outcomes or understand what works.** External evaluations commissioned by the the Office for Civil Society (OCS) assess the short-term impact of NCS on a sample of participants. This showed, for example, that over 80% of young people participating in the summer programme felt more positive towards those from different backgrounds afterwards. Long-term impact measures are not yet in place although the Trust and the Department for Culture, Media & Sport (the Department) have started thinking about linking with UCAS and HM Revenue & Customs data to measure long-term outcomes. The Department also has plans to track and link schools's outcome data to past NCS participants. A more detailed understanding of outcomes in the short and long-term, and of what works, could help differentiate NCS from similar schemes aimed at young people, such as the Duke of Edinburgh's Award, and allow the National Citizen Service Trust (the Trust) to better explore opportunities to, for example, mix young people from urban and rural backgrounds.

Recommendation: *We expect the Department to establish a clear plan, and secure agreement with other government departments where necessary, by September 2017 for how it is going to evaluate the long-term impact of NCS.*

2. **Despite revising downwards the target for the number of NCS participants, the new target remains extremely challenging.** In February 2017 the Department for Culture, Media & Sport revised its aim to grow NCS participation from 360,000 in 2020–21, which had been in the Cabinet Office's single departmental plan, down to 247,000. The Department and Trust told us they felt this figure to be more realistic. However, the new target still requires an increase in the rate of participant growth from 17,000 to 38,500 more participants each year, and so remains very challenging. To meet this aim, the Trust and Department told us they needed wider support from the Department for Education and to encourage young people from all backgrounds to participate. The Trust should also do more to work with existing youth organisations, with differing delivery approaches, to understand how similar youth schemes can work alongside NCS. For instance, The Scouts Association has very similar objectives to NCS. The target for participation requires a step change in activity which creates a challenge in maintaining and assuring quality. To date, the Trust has adopted a one size fits all approach to rolling out NCS—it needs to think more imaginatively about the options for how the programme will be delivered.

Recommendation: *The Department and Trust need to think radically about what meeting the revised target means for how NCS is provided and works alongside other organisations. We expect to see detailed plans to support achieving the revised participations figures within six months.*

3. **The Department highlighted the importance of safeguarding NCS participants.** In a dispersed delivery model involving different organisations it is vital to have a robust assurance model concerning the safety of young people going through the programme.

Recommendation: *In its response to this report the Trust should provide us with details of how it will ensure safeguarding will be embedded as it expands.*

4. **The Trust and Department cannot justify the seemingly high cost per participant of NCS.** The 2016 expected cost per participant is £1,863 of taxpayers' money, compared to the expected unit cost of £1,562 that was in the 2015 spending review settlement. The Trust has benchmarked some costs against private sector comparators but not against similar voluntary sector youth organisations which provide input at a much lower cost. For instance, The Scout Association estimates it costs £550 to create a place in the scouts that lasts at least four years. The cost per NCS participant needs to fall to at least £1,649 for NCS participation to grow to the level aspired and for OCS to remain within its spending envelope. The Trust and Department do not have a complete understanding of NCS spend, such as the amount spent locally on marketing or the value of the pro bono support received.

Recommendation: *The NCS Trust and Department need to develop a robust and complete NCS cost model and publish benchmarking of its costs in advance of the next commissioning round in 2018.*

5. **The Trust paid providers around £10 million in 2016 for places that were not filled.** The Trust pays providers 50% of the contracts costs, based on the contracted number of places and contracted unit cost, up-front. In 2016, as providers only filled 87% of these contracted places, the Trust overpaid an estimated £10 million for places not filled. In late 2016, the Trust began an audit to better understand its providers' costs and potentially recover the 2016 overpayments. The audit did not explicitly cover overpayments before 2016, although the Trust estimates these were around £6.6 million for 2015 alone. This is taxpayers' money and we were disappointed at the Trust's relaxed attitude about the non-recovery of these funds. The Trust's current contracts with its providers end in autumn 2018. New commercial arrangements provide the Trust an opportunity to revisit cost and payment structures.

Recommendation: *In its response to this report the Trust should update us on progress with recovering monies paid to providers, in respect of 2016 and previous years. With new provider contracts due next year it must take the opportunity to minimise the risk of paying for unfilled places in future.*

6. **The NCS Trust has not met the standards of transparency to be expected from organisations funded almost entirely by the taxpayer.** There were salary increases and other figures in the Trust's annual report that the Chief Executive of the Trust could not explain. This lack of knowledge of the finances concerned us. As a community interest company, the Trust's published annual report and accounts do not legally need to include some of the disclosures, such as director salaries and pensions contributions, that are required from public sector organisations. Since 2014–15, the Trust has received an expected £475 million of taxpayers' money, 99% of its income. The Trust has not published these additional disclosures despite there being no legal impediment to doing so. The Trust cannot be properly held to account without adequate information in the public domain. The National Citizen Service Bill and Royal Charter, currently being considered by Parliament, will make the Trust a public body so it will be formally obliged to comply with stricter public

sector transparency requirements and standards. But there is no reason why it cannot, in the spirit of openness and transparency publish additional disclosures in the meantime, and we were concerned by the Trust's apparent reluctance to do so.

Recommendation: *Rather than waiting until it receives a Royal Charter, the NCS Trust should comply with public sector expectations and standards of financial reporting for the current year.*

7. **The Cabinet Office set up the Trust without appropriate governance arrangements.** The Cabinet Office set the Trust up as community interest company to manage NCS outside of government. It told us the aim of this was to make the Trust sufficiently arm's length so it did not appear as a government body to young people. The Chief Executive of the NCS Trust and the Chief Executive of the Civil Service both confirmed that as a non-public body they did not expect Managing Public Money (the principles for managing public resources) to apply to the Trust. The Department suggested that its governance and departmental risk management processes would only apply once the NCS Trust formally becomes a public body. We would expect that basic principles of governance, accountability and transparency should apply to all bodies who are primarily funded by the taxpayer or controlled by government, regardless of their legal form. It is worrying that, despite our previous concerns, some bodies substantively funded by the taxpayer are still not subject to basic principles for managing public money, and that the Cabinet Office has sanctioned this situation.

Recommendation: *We expect the Cabinet Office to provide us, within six months, a list of all companies substantially funded or controlled by the government that are not currently required to apply the principles of Managing Public Money, and its plans to regularise their accountability.*

8. **It is unclear whether the Trust has the skills and expertise necessary to oversee a project of this scale.** We were concerned that the skills and experience needed to oversee the projected increase in participation were not clearly evident. The Trust has been expanding its staff numbers rapidly since 2013, but only appointed a 'Chief People Officer' in summer 2016. The Chief Executive of the Trust told us that he has no experience running an organisation of this size but has set up a youth organisation and worked with bigger budgets than NCS as a consultant. We were unclear how these roles equated to setting up a project and implementing changes of the scale required.

Recommendation: *Alongside its response to this report, the Trust should provide us with a timetable and action plan for how it will put in place the governance, leadership and expertise necessary to deliver the expansion.*

1 Achieving outcomes

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Cabinet Office, the Office for Civil Society (OCS), the Department for Culture, Media & Sport (the Department) and the NCS Trust (the Trust).¹

2. In 2011, the Cabinet Office established the National Citizen Service (NCS) programme as part of its ‘Big Society’ agenda. The then Prime Minister’s stated ambition was for NCS to become universal and a ‘rite of passage’ for young people and lead to a more cohesive, responsible and engaged society. Since being piloted in 2011 and 2012, over 300,000 16- to 17-years-old have participated in NCS, with 93,000 doing so in 2016. An NCS course is normally for four consecutive weeks and involves groups of 12 to 15 young people undertaking together an outdoor residential course to improve team building skills; a residential course to learn life skills and prepare for independent living; and a community project, such as planting a communal garden or arranging a family fun day. In July 2016, the Department took responsibility for the OCS, and therefore NCS, from the Cabinet Office.²

3. In 2013, the OCS set up the Trust as a community interest company funded by government, to take over managing NCS. The Trust is responsible for increasing the number of participants in NCS, ensuring NCS is high-quality, reducing costs and ensuring its long-term sustainability. The Trust currently contracts nine providers, across 18 regions, to deliver NCS. It coordinates the programme itself in one further region, where it stepped in after the then provider failed to deliver. Providers work with 300 other organisations, mainly not-for-profit, specialising in youth work. In February 2016, the OCS set a target to grow the number of NCS participation to 360,000 (60% of 16 year olds) in 2020–21.³ In February 2017, the Department revised the target down to 247,000 in 2020–21.⁴ Up to 2016–17, OCS spent around £0.6 billion and government committed a further £0.9 billion to 2019–20 to work towards providing 247,000 places.⁵

Long-term outcomes

4. At the time of our evidence session in February 2017, it had been nearly six years since the first government NCS pilot.⁶ External evaluations commissioned by the OCS show NCS has a positive short-term effect on a sample of participants. Three to five months after the summer programme, over 80% of young people felt more positive towards those from different backgrounds. The Cabinet Office told us that 90% of young people attending NCS believe it had been worthwhile and 90% of NCS participants felt it helped to develop their skills.⁷

1 C&AG’s Report, [National Citizen Service](#), Session 2016–17, HC 916, 13 January 2017

2 [C&AG’s Report](#), paras 1–5, 8

3 [C&AG’s Report](#), paras 3–4, 12

4 [Q 24](#)

5 [C&AG’s Report](#), figure 8; [PQ 62737](#) [on voluntary work: young people], 6 February 2017

6 [C&AG’s Report](#), figure 8

7 [Qq 1–4](#); [C&AG’s Report](#), paras 10, 25

5. We recognise that as most of those young people involved in the NCS pilots will have only reached 21 years of age in 2016, it is too early to say whether NCS is meeting its long-term objectives of contributing to a more cohesive, responsible and engaged society. But, the OCS has not yet established a baseline to assess NCS's longer-term performance or identified how longer-term outcomes could be tracked.⁸

6. We asked the Department how it planned to monitor the lasting impact of NCS. It told us that as the number of young people participating in NCS grows, it “can definitely try to track them through time.” It acknowledged the need to be more imaginative and explore how it could link government datasets to track outcomes. It told us it should be able to track national insurance numbers over time to see earnings profiles for participants and it also committed to link NCS data with schools' outcome data.⁹ The Trust told us it is working with UCAS to track the 2015 participants' higher education outcomes and had been considering tracking other outcomes, such as behaviour.¹⁰ Lessons can also be learnt from the Department for Education's approach in measuring the impact and outcomes of interventions for young people.¹¹

7. We questioned the Trust as to the value NCS added for young people compared to other programmes. For example, The Scouts Association says that it has objectives that explicitly cover the NCS stated outcomes of teamwork, communication and leadership skills, transition to adulthood and engagement with the community. Furthermore its troops also mix participants from different schools. The Trust told us that one of the key distinctions between NCS and other programmes is the focus that NCS has on social mix.¹² Ensuring young people mix with those from different backgrounds, in particular with those from different economic and social backgrounds, may be difficult to achieve in some local areas. The Trust told us it mixed young people from across schools to help ensure each group of participants represented a range of ethnicity, faith and socio-economic backgrounds. We questioned the value of this given the extent of social mixing already in some schools, particularly in some parts of London. The Trust explained that in areas where social attitudes and demographics can differ substantially, it creates groups of young people from across different boroughs and areas.¹³ The Trust told us that in autumn 2016 it ran pilots with young people from rural areas undertaking part of their NCS programme in urban areas with other groups. It hadn't explored how young people in urban areas could work alongside those from more rural areas but could look at doing this.¹⁴

Achieving growth

8. In February 2016, the Cabinet Office's single departmental plan included an aim to increase the number of young people participating in NCS to 360,000 (60% of 16-year-olds) in 2020–21. With 93,000 participants in 2016, this would have meant the number of participants growing by an average 66,000 a year, compared to an average growth rate of 17,000 a year up to 2016.¹⁵ The Trust's business plan showed this growth would require

8 [Q 6; C&AG's Report](#), para 11

9 [Qq 12, 15](#)

10 [Qq 13, 18](#)

11 [Q 27](#)

12 [Qq 84, 86](#); The Scouts Association ([NCS0005](#))

13 [Qq 7–8; C&AG's Report](#), para 1.15

14 [Qq 19–20](#)

15 [Q 24; C&AG's Report](#), paras 8, 12, 2.2 and figures 2, 9

significant policy changes, including placing a formal duty on schools to promote NCS. The OCS, Trust and providers agreed that the growth in participation necessary to achieve 360,000 was a significant challenge and the Cabinet Office described it as a “step change”.¹⁶

9. In February 2017, the Department revised its 2020–21 target down to 247,000. The new target is based on the Trust’s projections for what it thinks is stretching but achievable over the Parliament. The February 2017 target requires the rate of growth in participants to double from around 17,000 a year to 38,500 more each year.¹⁷ The Department, OCS and Trust told us they felt this target to be more realistic than the February 2016 target of 360,000 participants in 2020–21.¹⁸

10. The Department told us that, to achieve the level of growth now aspired to, it would require a range of people, including schools, to engage and support the Trust. We questioned the OCS about the Department for Education’s supportiveness for NCS. It told us they had been working together closely, for example, developing guidance for schools on their role in increasing participation. The Department told us it plans to issue this guidance once the NCS Bill gets Royal Assent.¹⁹ The Trust also told us how it is working with the Department for Education to test the use of financial incentives for schools and having a champion teacher. The Trust also told us that to address variances across its nine providers it is seeking to better share best practice.²⁰

11. A lower percentage of independent schools (63%) have NCS participants compared with mainstream schools (93%) and sixth forms (92%).²¹ We asked the Trust to explain these figures, particularly as they have spent time targeting independent schools. It told us one of the reasons a lower proportion of independent schools had young people participating was because of the range of programmes available to them from other organisations.²²

12. We asked the Trust about what it is doing with other youth schemes to look at ways of delivering NCS differently. The Trust has not fully explored how existing programmes can work alongside NCS. It told us that in autumn 2016 it worked with a range of voluntary sector organisations such as the Sea Cadets to explore different approaches to delivering NCS and is still reviewing the results of these pathfinders.²³ The Trust said that it is speaking to a range of organisations with different delivery approaches and ways of working from the Duke of Edinburgh’s Award to the Scouts, to see whether these schemes could more effectively sit alongside each other.²⁴ When describing the risks to NCS as it expands, the Department told us that its first concern was the safeguarding of the young people attending the programme. It told us that it had spoken on this at length with the Chief Executive of the Trust. It said that “There seem to be very good arrangements for safeguarding, but it is always a worry.” The Trust told us that, with large number of young people going through NCS, parental concern for safety is “always going to be the main thing”.²⁵

16 [Q 30; C&AG’s Report](#), para 2.3, figure 10

17 [Qq 24–25, 88](#)

18 [Qq 25–26, 28, 116](#)

19 [Qq 23, 25](#)

20 [Qq 29, 35](#)

21 [C&AG’s Report](#), para 10

22 [Qq 9–10](#)

23 [Qq 79–86](#)

24 [Qq 81–82, 86](#)

25 [Q 120](#)

2 Achieving cost effectiveness

Costs of NCS

13. The Office for Civil Society (OCS) and the National Citizen Service Trust (the Trust) expect to spend £1,863 for each participant in 2016, compared to a cost of £1,562 per participant implied in the autumn 2015 Spending Review. The latest figures provided by the Department for Culture, Media & Sport (the Department) in February 2017 show that the full cost per participant needs to fall to at least £1,649 in 2019 for the Trust to provide 199,000 places and stay within the revised funding amount available. The Department told us that it does not expect the cost per participant to come down until 2019, once the new contracts are in place and the programme scales up.²⁶

14. The NAO reported that the OCS and Trust do not yet fully know how much the National Citizen Service (NCS) should cost and, so far, have not prioritised cost control.²⁷ We asked the Trust whether it has done any benchmarking with other youth organisations to see what they could do with the £1,863 currently spent on each NCS participant. It told us that it is difficult to make direct comparisons because of the two week residential element on NCS. The Trust told us that a two-week residential course with a private provider costs from £1,850 to £2,000. It had not compared costs with voluntary sector youth programmes which we suggested would be able to stretch the money further than what is provided.²⁸

15. The Scouts Association told us that Scouting is very comparable in terms of stated outcomes and activities used to reach those outcomes. It said that where the two programmes differentiate is in volume of contact, length of involvement and intensity, in that Scouting has a much higher volume of contact, over a longer period of time but in a less intense way. It achieves this at a much lower cost. The Scouts Association has been funded for a number of years by Government (first the Department for Communities and Local Government then OCS, via the Youth United Foundation) to create new Scouting provision in areas of deprivation. This has established that it costs approximately £550 to create a place that lasts at least four years.²⁹

16. The Department acknowledged the “need to have a much better handle than we have now on cost, on the variation in cost between different areas, and on who is being able to deliver very cheaply”.³⁰

17. When summarising its main worries about NCS, the Department spoke about the need to get a better understanding of the costs alongside safeguarding young people and getting the new contracts right. The Trust told us it was most concerned with missing the opportunities of NCS becoming a ‘normal thing’ for young people and, when prompted, added that programme expansion and costs were part of this.³¹

26 [Qq 24, 26; C&AG’s Report](#), para 24; [PQ 62737](#) [on voluntary work: young people], 6 February 2017

27 [C&AG’s Report](#), para 24

28 [Qq 78–80, 86](#)

29 The Scouts Association ([NCS0005](#))

30 [Q 118](#)

31 [Qq 120–122](#)

18. We questioned the Trust on how much it spends on marketing NCS. The Trust spent £2.7 million on television advertising in 2016.³² The Trust told us that to get someone to sign up to NCS it spends just over £100 per person covering sales, marketing, public relations and its telephone contact centre. It could not provide similar information on what its providers spend on local marketing. The Department and OCS agreed that there is a need to better understand the total marketing spend. It told us it had not benchmarked its marketing spend against national or international youth organisations, making it difficult to assess whether the marketing spend represents good value for money. The Department told us that it would “be looking for the average cost of the marketing to come down. Ideally in 10 years”.³³

19. The Trust told us that in 2016–17 it expects to receive just under £10 million of pro bono support including discounts, cash and other benefits. It does not take account of how pro bono support impacts providers, and any support they may be getting, which could impact the funding they needed. We pointed out the need for the Trust to know what the risk is to a provider should a corporate sponsor decide to withdraw pro bono support or start charging.³⁴

Overpayments

20. NCS providers receive payments based on a total cost that combines a cost per participant and total participant places agreed in the contract. Of this total cost, 50% is paid from up to nine months before the start of a programme to cover up-front costs such as staffing and equipment.³⁵ In 2016, providers were contracted to provide 107,000 places with up-front payments based on these figures. Actual participation was 93,000, 13% lower than set-out in the contracts, thus leading to overpayments. In 2016 the Trust paid providers an estimated £10 million up-front for contracted places not filled.³⁶

21. We questioned the Trust on what it is doing to recoup the money paid to providers for unfilled places. In 2016, for the first time, the Trust commissioned an independent audit of five providers’ who were not filling their commissioned number of places. This would include looking at costs and whether overpayments could be reclaimed.³⁷ The Trust explained that given a desire for growth and to support providers, it decided not to recoup money from providers in 2015. It added that if the 2016 audit identifies money not being spent properly by providers it may also review 2015 figures. The Trust told us that in 2015 it overpaid providers by about £6.6 million.³⁸

22. The Trust’s current contracts end in autumn 2018. In summer 2016, the Trust appointed a Director of Strategic Commissioning to develop the specification for contracting new providers from autumn 2018.³⁹ The Trust told us that in advance of this recommissioning it is looking at different ways to deliver NCS.⁴⁰ The Department told us that it is working

32 [Q 38; C&AG’s Report](#), para 2.16

33 [Qq 40–44, 46](#)

34 [Qq 74, 76–78](#)

35 [Q 66; C&AG’s Report](#), para 3.10, figure 16

36 [C&AG’s Report](#), para 16, figure 13

37 [Qq 66–68; C&AG’s Report](#), para 2.16

38 [Qq 68, 70](#)

39 [C&AG’s Report](#), paras 3.2, 3.14; National Citizen Service Trust ([NCS0003](#)), para 9

40 [Q 86; National Citizen Service Trust \(NCS0003\)](#), paras 16, 19

very closely with the Trust on the cost structures and in designing the new commercial arrangements. It also told us it would consider what learning could be drawn from across the Department, such as from the Chief Executive of the rural broadband programme.⁴¹

3 Transparency and governance

Management of the Trust

23. We asked the National Citizen Service Trust (the Trust) about its recruitment processes and how it plans to manage the expansion on the National Citizen Service (NCS).⁴² The Trust has grown rapidly from 29 employees in 2013 to 101 in November 2016.⁴³ It told us that to manage the size of programme set out in the 2015 spending review it has been preparing itself and employing more people. The Trust explained that it advertised all posts publically and for senior roles used an external headhunter. We questioned whether it has ever used other contacts or connections other than headhunters to recruit people. The Trust told us that for board director roles it uses application forms and would “always go with names that have come through the public process with the headhunters”. For more junior roles it said that it requires a cover letter and CV and that is possible for Trust staff to suggest names which would be put through the normal recruitment process.⁴⁴

24. The NAO reported that it has taken time for the Trust to develop some of the capability necessary to deliver a programme of the scale of NCS.⁴⁵ We questioned the Trust about its capability to deliver the ambitious growth rate. It told us that it had improved its people function to recruit the right people and give the right training and support.⁴⁶ In summer 2016 the Trust appointed a chief people officer.⁴⁷ We also questioned the Chief Executive of the Trust about his previous experience of running an organisation with a budget of this size. He spoke about working as a management consultant with other organisations with bigger budgets than NCS and having started up a separate youth organisation. But told us that he had “never run an organisation this big” before.⁴⁸

Transparency of the Trust’s information

25. Between 2014–15 and 2016–17, the Trust received around £475 million of taxpayers’ money, 99% of its forecast income.⁴⁹ Given this dependence on public funds we questioned the Trust’s lack of transparency in, for example, not disclosing individual directors’ salary and pension contribution figures in its published accounts. The Trust explained that it files its annual report and accounts at Companies House in line with community interest company rules. We asked the Trust to explain the reason for directors’ salary and pension increases shown in its accounts. It was not able to give a clear explanation for the increases. The Trust has since confirmed that there is a miscalculation in the notes to the financial statements, and that it is working with its auditors to correct this. The Trust told us that it does not need to apply Managing Public Money (the rulebook governing appropriate financial practice and control in the UK public sector).⁵⁰

42 [Qq 59–65](#)

43 [C&AG’s Report](#), para 3.2

44 [Qq 59–64](#)

45 [C&AG’s Report](#), para 18

46 [Q 88](#)

47 [C&AG’s Report](#), para 3.2

48 [Qq 123–126](#)

49 [C&AG’s Report](#), figure 8

50 [Qq 51–55](#); Supplementary written evidence, National Citizen Service Trust ([NCS0004](#))

26. We asked the Trust whether they had considered the need to introduce more transparency given the level of public funding received. We pressed the Trust on why this had not been the case. The Trust confirmed it did not need to get permission to publish more information and there was no legal impediment to them doing so.⁵¹ We put it to the Trust that it could and should have published more information but had chosen not to—the Trust agreed. The Trust told us several times that it is waiting for the National Citizen Service Bill (the Bill) to be passed before sharing more information, but finally agreed that it could share information before then. It added that it had been fully transparent with the Government about its spending.⁵²

27. The Bill, alongside a draft Royal Charter, aims to ensure the Trust’s governance and accountability are appropriate for the increased level of public funds it will manage. In light of the Bill, the Trust told us it had been speaking to the OCS about the appropriate transparency and regulations for the Trust for over a year.⁵³ The Trust recognised that it will have to be much more transparent if the Bill is enacted. This includes publishing its accounts in Parliament and being audited by the NAO.⁵⁴

Governance of the Trust

28. In 2013 the OCS set up the Trust as a not-for-profit community interest company, funded by the Cabinet Office, to manage NCS from 2014. After considering different delivery models it decided that setting the Trust up as a community interest company would give it greater independence.⁵⁵ The Cabinet Office told us it wanted the Trust to be sufficiently arms-length from Government so it did not look like Government to young people.⁵⁶ The Chief Executive of the Civil Service agreed with the Trust that as a non-public body Managing Public Money would not apply to the Trust.⁵⁷

29. The Cabinet Office told us they felt a community interest company was appropriate “for the time” but that it is probably not right given the level of expected growth and associated funding requirements, which is why it revisited the governance structures.⁵⁸ Since 2014–15 the Trust has been spending about £150 million a year of public funds.⁵⁹

30. The Department for Culture, Media & Sport told us that once the Trust becomes a public body, it hopes that the Department’s more routine oversight of arm’s length bodies will apply. This included a specific arm’s length body committee and risk register, although the Trust is already on the departmental risk register.⁶⁰

31. Parliament and the public should always be able to follow the pound and see how taxpayers’ money is being spent, even when responsibility for delivery is devolved. On numerous occasions we have raised concerns about the accountability for spending public

51 [Qq 57–58](#)

52 [Qq 91, 103–105](#)

53 [Q 91; C&AG’s Report](#), para 17

54 [Q 54](#)

55 [Q 73; C&AG’s Report](#), paras 3, 17, 1.5

56 [Q 73](#)

57 [Q 55](#)

58 [Q 73](#)

59 [C&AG’s Report](#), figure 8

60 [Q 118](#)

money.⁶¹ We reported in 2016 that accountability to Parliament for the use of public funds has been weakened by the failure of the government's accountability arrangements to keep pace with increasingly complex ways of delivering policies and services. The growing use of complex delivery methods, such as outsourced contracts and government companies, has often not been accompanied by clarity over accountability arrangements.⁶² The previous Committee in 2011 reported on accountability for public spending and set out the fundamental principles of accountability.⁶³ *Managing Public Money* states that each public sector organisation should establish governance arrangements that combine efficient decision-making with accountability and transparency. We would expect that these principles apply to all bodies who are primarily funded by the taxpayer or controlled by government. We note that, in its December 2015 report *Companies in government*, the NAO found 218 parent companies with 229 subsidiaries in central government. In total, 134 of these parent companies were not on official registers of public bodies.⁶⁴

61 Committee of Public Accounts, [Protecting the Public's Money: First Annual Report from Chair of Committee of Public Accounts](#), First Special Report of Session 2016–17, para 6

62 Committee of Public Accounts, [Accountability to Parliament for taxpayers' money](#), Thirty-ninth Report of Session 2015–16, para 1

63 Committee of Public Accounts, [Accountability for public money](#), Twenty-eighth Report of Session 2010–11, para 7, figure 1

64 NAO Briefing, [Cross-government, Companies in government](#), December 2015, paras 7, 4.11

Formal Minutes

Monday 6 March 2017

The Committee met at Sellafield

Members present:

Meg Hillier, in the Chair

Philip Boswell

Karin Smyth

Kevin Foster

Mrs Anne-Marie Trevelyan

Nigel Mills

Draft Report (*National Citizen Service*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 31 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Forty-sixth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Thursday 9 March 2017 at 9.00am

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 6 February 2017

Question number

Sue Owen, Permanent Secretary, **Mark Fisher CBE**, Director of the Office for Civil Society and Innovation, Department for Culture, Media and Sport, **Michael Lynas**, Chief Executive Officer, NCS Trust, **John Manzoni**, Permanent Secretary, Cabinet Office

[Q1-126](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

NCS numbers are generated by the evidence processing system and so may not be complete.

- 1 Catch22 ([NCS0001](#))
- 2 National Citizen Service Trust ([NCS0003](#))
- 3 National Citizen Service Trust ([NCS0004](#))
- 4 The Football League (Community) Ltd, trading as the EFL Trust ([NCS0002](#))
- 5 The Scout Association ([NCS0005](#))

List of Reports from the Committee during the current session

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2016–17

First Report	Efficiency in the criminal justice system	HC 72 (Cm 9351)
Second Report	Personal budgets in social care	HC 74 (Cm 9351)
Third Report	Training new teachers	HC 73 (Cm 9351)
Fourth Report	Entitlement to free early education and childcare	HC 224 (Cm 9351)
Fifth Report	Capital investment in science projects	HC 126 (Cm 9351)
Sixth Report	Cities and local growth	HC 296 (Cm 9351)
Seventh Report	Confiscations orders: progress review	HC 124 (Cm 9351)
Eighth Report	BBC critical projects	HC 75 (Cm 9351)
Ninth Report	Service Family Accommodation	HC 77 (Cm 9351)
Tenth Report	NHS specialised services	HC 387 (Cm 9351)
Eleventh Report	Household energy efficiency measures	HC 125 (Cm 9351)
Twelfth Report	Discharging older people from acute hospitals	HC 76 (Cm 9351)
Thirteenth Report	Quality of service to personal taxpayers and replacing the Aspire contract	HC 78 (Cm 9351)
Fourteenth Report	Progress with preparations for High Speed 2	HC 486 (Cm 9389)
Fifteenth Report	BBC World Service	HC 298 (Cm 9389)
Sixteenth Report	Improving access to mental health services	HC 80 (Cm 9389)
Seventeenth Report	Transforming rehabilitation	HC 484 (Cm 9389)
Eighteenth Report	Better Regulation	HC 487 (Cm 9389)

Nineteenth Report	The Government Balance Sheet	HC 485 (Cm 9389)
Twentieth Report	Shared service centres	HC 297 (Cm 9389)
Twenty-first Report	Departments' oversight of arm's-length bodies	HC 488 (Cm 9389)
Twenty-second Report	Progress with the disposal of public land for new homes	HC 634 (Cm 9413)
Twenty-third Report	Universal Credit and fraud and error: progress review	HC 489 (Cm 9413)
Twenty-fourth Report	The sale of former Northern Rock assets	HC 632 (Cm 9413)
Twenty-fifth Report	UnitingCare Partnership contract	HC 633 (Cm 9413)
Twenty-sixth Report	Financial sustainability of local authorities	HC 708 (Cm 9429)
Twenty-seventh Report	Managing government spending and performance	HC 710 (Cm 9429)
Twenty-eighth Report	The apprenticeships programme	HC 709 (Cm 9413)
Twenty-ninth Report	HM Revenue & Customs performance in 2015–16	HC 712 (Cm 9429)
Thirtieth Report	St Helena Airport	HC 767 (Cm 9429)
Thirty-first Report	Child protection	HC 713 (Cm 9429)
Thirty-second Report	Devolution in England: governance, financial accountability and following the taxpayer pound	HC 866 (Cm 9429)
Thirty-third Report	Troubled families: progress review	HC 711 (Cm 9429)
Thirty-fourth Report	The Syrian Vulnerable Persons Resettlement programme	HC 768 (Cm 9429)
Thirty-fifth Report	Upgrading emergency service communications	HC 770
Thirty-sixth Report	Collecting tax from high net worth individuals	HC 774
Thirty-seventh Report	NHS treatment for overseas patients	HC 771
Thirty-eighth Report	Protecting information across government	HC 769
Thirty-ninth Report	Consumer-funded energy policies	HC 773
Fortieth Report	Progress on the Common Agricultural Policy Delivery Programme	HC 766

Forty-first Report	Excess Votes 2015–16	HC 954
Forty-second Report	Benefit sanctions	HC 775
Forty-third Report	Financial sustainability of the NHS	HC 887
Forty-fourth Report	Modernising the Great Western Railway	HC 776
Forty-fifth Report	Delivering Restoration and Renewal	HC 1005
First Special Report	Protecting the Public's Money: First Annual Report from Chair of Committee of Public Accounts	HC 835

Public Accounts Committee

Oral evidence: National Citizen Service, HC 955

Monday 6 February 2017

Ordered by the House of Commons to be published on 6 February 2017.

Watch the meeting <http://www.parliamentlive.tv/Event/Index/6499fbeb-5ac7-4736-8f0d-1d394328f622>

Members present: Meg Hillier (Chair); Mr Richard Bacon; Kevin Foster; Kwasi Kwarteng; Nigel Mills; Anne Marie Morris; John Pugh; Mrs Anne-Marie Trevelyan.

Sir Amyas Morse, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, National Audit Office, Joshua Reddaway, Director of Cross-Government Value for Money Work, National Audit Office, and Richard Brown, Treasury Officer of Accounts, were in attendance.

Questions 1-126

Witnesses

I: Mark Fisher, CBE, Director of the Office for Civil Society and Innovation, Department for Culture, Media and Sport, Michael Lynas, Chief Executive Officer, NCS Trust, John Manzoni, Permanent Secretary, Cabinet Office, and Sue Owen, Permanent Secretary, Department for Culture, Media and Sport.



Report by the Comptroller and Auditor General

National Citizen Service (HC 916)

Examination of witnesses

Witnesses: Mark Fisher, Michael Lynas, John Manzoni and Sue Owen.

Chair: Welcome to the Public Accounts Committee on Monday 6 February 2017. We are here today to look at the National Citizen Service, which was part of the last Government's big society programme. It aims to provide 15 to 17-year-olds—basically year 11s, so 16-year-olds, but some of them are a bit younger or a bit older—with a programme of activities to help them to connect with people from different backgrounds and build our communities. Currently, about 12% of that cohort go through the system. The cost is just shy of £1,800 a place—although we had some revised figures, which we may want to go into with you, Ms Owen, in a PQ on Friday.

I think it is fair to say that feedback from young people has been very positive. All of us who have visited schemes in our areas will know young people who have been through it, and those people have given good feedback. But our job is not really to look at that side of it; it is to look at the governance, the value for money, the big plans for the future—there are ambitious plans to ramp this up—and whether they are realistic. We are really here to make sure that all the taxpayers' money that is going in is being spent well and wisely and is getting results.

We all also want to see an evaluation of the long-term impact, and I am sure you do too. We recognise that it is early days for us to be probing that, but we will be asking questions on that too.

Let me introduce our witnesses, from my left to my right. Mark Fisher is director of the Office for Civil Society and Innovation, which is now at the Department for Culture, Media and Sport—it recently moved from the Cabinet Office. Sue Owen is Permanent Secretary for the Department for Culture, Media and Sport, which has been responsible for the programme since the summer of last year. John Manzoni is Permanent Secretary for the Cabinet Office, which was responsible for it up to the summer of last year. Michael Lynas is the chief executive officer of the National Citizen Service Trust, which is the community interest company that runs the scheme. A Bill is going through Parliament that will change the status.

Our hashtag today, for anyone following on Twitter, is #citizenservice. I will now hand over to Anne Marie Trevelyan.

Q1 **Mrs Trevelyan:** As the Chair says, there is a strong feeling among colleagues that the scheme is settling in. There is a lot of positive feedback from the 12% of children in their cohort who have so far participated. The aims were to promote a more cohesive, a more



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responsible and a more engaged society, which were the three worthy aims set out by the former Prime Minister. Mr Manzoni, with those aims in mind, what does success for the NCS look like?

John Manzoni: Success looks like a society that is more of those things that you have just mentioned. Early soundings, which are all we can do at the moment, suggest that, when you ask the kids who have come off the programme, 90% of them believe it has been worthwhile; 70% believe they would do more volunteering and helping in their local community than they would have done before they went—there is an estimate of about 8 million man hours of volunteering. Some 90% of them feel it has helped to develop their skills; 80% feel more positive towards people who are not quite like themselves, so there is more inclusiveness. All of those things are reflective of the goals and aims that the programme has been searching for.

In a quantitative sense, as you know, we measure the value for money of that. That is perhaps for a different conversation. But I think success looks like everybody who wants a place on this programme getting one; the programme builds its brand, its attractiveness, to young people across all mixes of society; and we get the outcomes that you have mentioned. So far, there are the outcomes in the sample that I have given you the data for, but awareness is growing at an extraordinary pace. This programme has got to 55% awareness after two or three years. It has taken the Duke of Edinburgh 60 years to get to 75% awareness.

Mrs Trevelyan: Not that you're comparing.

John Manzoni: I should say awareness of his scheme; I think people are aware of the Duke of Edinburgh. So, the team has done a good job.

Mrs Trevelyan: To be fair, he has done it without Government money.

John Manzoni: But he has been at it 60 years. For us, so far, so good. It's early days.

Q2 **Mrs Trevelyan:** In terms of measuring it, do you have basic stats? When it was set up, was there was a strong understanding that there was a need to really be able to measure the impact on the young people who came through, compared with those young people who were not participating? 12% is not the whole cohort by any means.

John Manzoni: I don't know whether I'm the best person to answer that question.

Mrs Trevelyan: Mr Lynas?

Michael Lynas: I'm happy to answer that. Obviously we asked the people who had been through the programme, but, as you alluded to, many people have not. We worked with an independent evaluator, paid for by Government, to keep it independent from us so that we are not evaluating ourselves. Ipsos MORI took a control group of people who were demographically similar, but also attitudinally similar, so that we get



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similar people who have not done the programme, and then any impact that we report is versus the control group. Let us say we ask young people if they are more confident about getting a job. It is about the impact over and above the change in the control group. We need to ensure there is nothing going on over the year 11 summer, for example, that would be happening anyway.

Q3 Mrs Trevelyan: Would the control group be people who would actively have chosen not to go and do NCS, or who did not know about it? Was that differential between the groups tracked?

Michael Lynas: Obviously the gold standard would be to have a randomised control trial, because this is a Government programme that we do not want to have to turn people away from, but Ipsos MORI do the next best thing, which is the control group. I think what they are doing at the moment is taking people who had signed up to do the programme and had withdrawn late in the day, maybe because they had got a job or because of a summer holiday. That is the best fit they can get for the control group.

Q4 Mrs Trevelyan: So everyone was positive about the idea of participating.

Michael Lynas: Yes.

Q5 Mrs Trevelyan: Thank you. Ms Owen, now that you are the responsible owner of this, and we have a different Prime Minister in place whose focus is, perhaps necessarily, more on social mobility, in terms of the language used, do you think that the NSC could meet that objective, or would we have needed to do things differently from the outset to achieve that sort of outcome as well?

Sue Owen: Social mobility is not explicitly an objective, but I think the cohesive, responsible and engaged society objectives will help to achieve some social mobility. As you know, the programme is designed to be open to anybody from any background, and the evidence so far shows that it has been more appealing to youngsters from poorer households. I think that, of those on the NCS, double the proportion are on free school meals compared with the population average. We know, as John has said, that 70% feel more confident about getting jobs in the future and so on. I think it can only help on the social mobility objective. Also—Mark or Michael might be able to say more about this—we are experimenting a bit, working with the Department for Education on the work they are doing in the so-called opportunity areas, where there is low social mobility, and how we can collaborate with them in those areas. Indeed, a member of Mark's staff has just gone off, I think, to work in Scarborough in one of those areas. So yes, it will help with that.

Of course, some of the work we need to do, now that the programme is more mature, is to start thinking about what we might expect the profile of the benefits to be over time. If it has been focused very disproportionately in the earlier years on kids from poorer backgrounds. They might be the ones who will have the most to gain from the programme—we don't know. So over time we might expect the added



value of the programme to decline, but we need to think a bit about what we would expect to measure as being the benefits for kids from more affluent backgrounds, because there must be some benefits there. So, yes on social mobility and yes, we need to do some more thinking about what we might expect the benefits to be.

- Q6 **Mrs Trevelyan:** Mr Fisher, that is interesting, because what I hear from it is that maybe the direction of travel for the NCS will unwittingly be that social mobility becomes an important driver of growing the scheme. There are some fairly aggressive targets in terms of pupil participation that you are hoping to achieve in the next few years, but that does not necessarily meet the social cohesion aim in quite the same way. Free school meal percentages indicate that what I would call aspirational behaviour is being seen in young people who are taking advantage of this really exciting way to develop their personal skills, but is that driving us towards a different set of aims from the ones that it started with?

Mark Fisher: I am not sure we need to alter the design of the scheme to achieve both social cohesion and social mobility. On the social cohesion point—it is very good that Louise Casey picked up the power of the NCS in her work—you get that by designing a scheme in which you achieve a social mix, and that is front and centre of the design. The social mobility point comes from encouraging children from all sorts of backgrounds to gain confidence and leadership skills, and to begin to understand the power of social action, thereby becoming more attractive to employers and more attractive in terms of getting into higher education.

One of the points that the NAO picked up is the self-evident thing that there is no child yet older than 21 who has ever been on the NCS. What that means is that we have not yet been able to track fully the impact in terms of children getting into higher education or getting jobs, or any of these things. We are building close links between the scheme and apprenticeships and all those things, so I do not see a conflict between social mobility on the one hand and social cohesion on the other. The design of the scheme achieves both. We just need to make sure, as we go forward, that we build those connections in and evaluate for them.

Michael Lynas: When we look at the links between social cohesion and social mobility, allowing young people from different backgrounds to mix can help, we think, for example to reduce prejudice—we see that in the early figures. In time, as people become employers, that will hopefully feed into the labour market. Also, people having more contacts and connections with people from all sorts of backgrounds should in theory help social mobility.

- Q7 **Chair:** May I ask, Mr Lynas, what you at the NCS add to that that does not already happen in schools, in terms of social mix?

Michael Lynas: We very deliberately mix different schools together. For a whole variety of reasons, people tend to go to school with people like them—in the independent sector or different faith schools—and we find that it is really powerful when we take schools and mix them together to



get a whole range of different mixes, which can be of ethnicity, faith background or socioeconomic group.

- Q8 **Chair:** If I think of schools in my borough—though admittedly my borough is a bit unusual, compared with Mrs Trevelyan’s borough, say—we pretty much get that mix in our school playgrounds anyway. The only bit that would be different routinely might be the independent schools, with possibly a bit of a mix, but actually the inter-faith work happens as well. Do you have different targets for that sort of mix in different areas?

Michael Lynas: What we definitely see in certain parts of London—the way we work in cities is a little different from how we work in other parts of the country—and when I am out on programmes in London is that we tend to mix different boroughs in London quite a lot, so we find quite a lot of different social attitudes and different demographic mixes across boroughs in London. The independent school point is obviously a big thing, and I think it is a really positive thing for young people from both sorts of schools to get that mix.

Maybe we will talk about this later, but one of the things that we thought about when we were designing the programme in the early days was the rural and urban mix as another area to test. This year we want to start looking at that. Logistically, it is a little more difficult, but I think it would be beneficial.

- Q9 **John Pugh:** On social cohesion, if you look at figure 11, it seems as if you have exerted a disproportionate amount of energy on independent schools. A quarter of all the schools you contacted are independent ones, but they are not a quarter of the schools in the UK. You obviously spent a lot of energy on the independent schools, but your pick-up is significantly worse. I wondered whether you had an explanation for that. The obvious explanation that leaps to mind is that these schools already have a portfolio of extracurricular activities that makes it difficult, but have you managed to talk to the schools and to find out why it is that their pupils are less interested?

Michael Lynas: We do. Success for us is, over time, having a social mix that absolutely represents the social mix across the country—

- Q10 **John Pugh:** What is the reason here, and what has the conversation with the independent schools been like?

Michael Lynas: One of the main reasons we get is that the young people in those schools have a whole range of options. They have nice holidays booked in the summer and they have other programmes that they do, a whole range of opportunities. I think that is the main reason.

- Q11 **John Pugh:** Have you spoken to many independent schools about how you could improve your offer to make it more attractive to them?

Michael Lynas: Yes. We have worked with a number of the big independent schools, as well as the governing bodies, to talk to them about what makes this programme different for them. The social cohesion point is the big difference. Their pupils are getting all sorts of advantages



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in life, by the time they leave, but one of the things they are not doing is necessarily spending time with people who are different from them, outside their—

John Pugh: Which may be why they have been sent to the independent school in the first place—not to do that.

Michael Lynas: That may indeed be the reason, but I think we are getting some purchase from some heads of schools, who are saying, “Actually, to prepare our young people for the world out there, this would be a good thing for them to do.”

Q12 **Mrs Trevelyan:** Let us come on to how you will be able to monitor that lasting impact. As you say, the oldest are 21, and in Northumberland we have two who went through the first year and who are now helping to run this year’s scheme. That is fantastic. That is a lovely cycle, and they are bringing their university experience back. What are you doing to prepare to be able to give really robust data in the new governance framework, which you are going to need once the Bill has gone through Parliament? You are going to need to be a lot more detailed and robust, and it seems to me that that governance would give it the credibility it needs to grow. Perhaps, Ms Owen, you could answer that.

Sue Owen: I think you are right. As the cohorts get bigger, we can definitely try to track them through time. The NAO rightly prompted us to explore other ways of tracking outcome, such as being able to link data sets. For example, we ought to be able to track national insurance numbers through time and see the earnings profiles and so on relative to groups that did not go on the scheme. I think we can definitely be more imaginative about following through time.

Q13 **Mrs Trevelyan:** How does that work in practice? I’m relatively new here, but computer systems and departmental connectivity do not seem to work terribly well in Whitehall. They are challenging. Mr Manzoni’s special challenge while he is in tenure is to try to make all that work better. Is it a realistic proposition to get a strong data set so that we can see the growth and how impactful it is in real terms? It is a lot of money not to be able to track over several years.

John Manzoni: Of course it is difficult, and we are in relatively early days with our data sharing and the way we use it, but we are completely determined to do this across a range of services, whether it is Health and DWP, whether it is this sort of thing, whether it is targeting better mental health or, indeed, whether it is finding internal Government efficiencies. We are determined, and legislation is going through right now to enable some specific cases of data sharing. I think we are in the early days, but it is the next enabler for an awful lot of better policy outcomes, as well as for efficiency in Government. There is a complete determination to do it. I am not going to sit here and promise that we can do this particular one.

Michael Lynas: In the past few months we have been working with UCAS to track the higher education outcomes of the young people who went through the programme in 2015. We are comparing that with their



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database. We are able to do that because we have built a database of all the young people who have gone through the programme—obviously, appropriately anonymised. That was quite a hard thing to do, because we have hundreds of different organisations that work with us, but I think it has been worth the investment. We have now got a solid database that we can do that with.

Q14 **Mrs Trevelyan:** You say hundreds, but have you not got 19 organisations that run it?

Michael Lynas: We have got 19 regions and nine regional providers, and they subcontract to over 200 local organisations.

Q15 **Chair:** There was a discussion about having outcomes data through schools to measure progress. Is that something you are planning to link with?

Sue Owen: Yes, absolutely.

Q16 **Chair:** So it will all be part of the same scheme.

Sue Owen: Yes.

Q17 **Chair:** There will be a flag on a young person who has gone through the National Citizens Service scheme.

Sue Owen: Yes. Well, that's what we would like to happen. The first stage is to get some data on the schools about how many kids have gone through, so the schools know. At the moment, the schools don't know.

Mark Fisher: We are about to publish some data sets about how many schools and children are taking it up.

Q18 **Chair:** But it's not so much about the rate at which they are taking it up; it's about the outcomes for those young people. If the schools are measuring outcomes anyway and seeing what progress, in terms of life chances, young people are making, will there be something that identifies the fact that they have gone through this scheme or some other scheme that the school is involved with?

Michael Lynas: Our team is currently working with an organisation that has access to these databases and will be able to track everything including exam outcomes and some less obvious things, such as behaviour. I don't have all the details, but I am happy to write to you.

Chair: If you could write with some more details, we would be very interested. We like evaluation on this Committee.

Q19 **Anne Marie Morris:** You mentioned that you were beginning to compare the rural with the urban, and you said, Mr Lynas, that you treat the city cohorts separately. One of the biggest challenges in rural areas is to get young people to aspire. Have you given any thought to comparing what you have measured and what that tells you—clearly, you can do that with the data you have already—and what you could do to have people from urban areas on rural projects, and vice versa?



Michael Lynas: That is something we think a lot about. The challenges are quite different and the distances are big, so transport is an issue. We ran a pilot last year in which we gave young people free bus passes, so we worked with one of the bus companies. The social action part of the programme, where they have to travel, was proving a barrier for some young people in rural areas. In terms of the impact, we have looked at doing urban programmes for young people from rural areas—we ran some pilots last autumn—where they go to a city and do a city challenge, because potentially doing the outward bound week is not quite the same if you are already from a rural area. We are interested in exploring that first week, with the outcomes of mixing a group together, stretching them and seeing whether we can do that slightly differently.

Q20 **Anne Marie Morris:** Will you do it the other way around as well? One of the challenges for rural areas is to recruit—they have a much greater challenge in filling employment opportunities—so it seems to me there is a two-way benefit.

Michael Lynas: Yes, that is something that we could look at. We are not currently, but we could.

Q21 **Anne Marie Morris:** Are the social action projects very different when you look at what happens in an urban setting and in a rural setting?

Michael Lynas: In our social action projects, we try to give the young people as much freedom as we can to determine those, but we also work with local charities, so they tend to reflect the needs of a local area and what young people in that area care about. In urban areas things like knife crime can be issues—we tend to see that come up a lot. In rural areas, things like transport would come up more. So there are variations.

Q22 **Anne Marie Morris:** Have you thought of sharing the experiences of those different social action projects across the different groups? Surely part of what you are trying to do in social mobility and so on is to have these young people a little better educated, if I can put it like that, in the different opportunities and ways of life across the country.

Michael Lynas: I think we could do a lot more with that. As I said, in that first week, people travel 2.5 hours, 3 hours from their home. That potentially gives us an opportunity, in which we are really interested, to try out whether we can take a group from a city area and a group from a rural area and have that first week shared, where they mix together. That sometimes happens at the moment by accident, and we would like to explore how we would do that deliberately.

In terms of the social action, we have started running a national awards, which we had on Channel 4 last year, to celebrate what is done and share some of the ideas. But again I think there is more we could do with that.

Q23 **Mrs Trevelyan:** You are going to have this new framework and governance. I am not hearing that the Department for Education is really in there with you in terms of helping you assess the value for money and the effectiveness of the outcomes. There is £5,500 per pupil spent on an



academic year by the Department, and you are spending £1,800 on four weeks. That is a big chunk of money. Are you comfortable that this is a really good way to spend that amount of money? Why is the Department for Education perhaps not being as supportive as it might be to help as you move into the next phase of the programme?

Mark Fisher: The Department for Education has actually been very helpful throughout the process. For example, as soon as we get Royal Assent—Parliament willing—for the Bill, we will issue guidance to schools, which we have written in consultation with them, over how they can take most advantage of the service. So we have worked very closely with them.

Obviously, the distinction slightly reflects the fact that youth policy now sits with DCMS as opposed to the DFE, and that has been a distinction for some time. But we have always worked very closely with the DFE. We will work very closely with them on the evaluation. We work closely with its agents, such as the Education Endowment Foundation, on all these things. So the division between the Departments does not feel like an issue to me.

Q24 **Mrs Trevelyan:** In practical terms of getting your governance arrangements and tracking data, I do not feel from earlier answers that you have a robust system in place that is working with the DFE and their systems. That is not really there yet. You are talking in positive terms, which is encouraging, but are you confident that, if we see you in a year's time, once you have had a royal charter and run a whole year of these schemes, you will be able to say to us, "We are working with the DFE and all this data have now been collected, and they are matched to the kids who are now doing A-levels"? Are we anywhere near that?

Mark Fisher: If you see me again in a year's time and we have not made progress, it won't be because of a lack of will on either our part or the DFE's; it will be just the practical difficulties—as I have said, the age of the kids and how mature this whole system is—of whether we will have been able to properly match the datasets and all those things. It won't be because the will is not there to do more together.

Sue Owen: You were asking about the cost of a school place. It is a kind of apples and pears question. The NCS programme is about three weeks, full time. A lot of it is residential with food and care. It is round the clock. There are different sorts of activities, transport and lots of safeguarding, because it is in an unfamiliar environment and so on. I would not want to compare the unit cost of a place on the NCS with a school place. If you want to talk about whether the cost of a place on the NCS is reasonable, I think it is a unique programme. It is very well evaluated. There is not really a direct comparator out there. If you look at the cost of a week on an adventure programme, it is about the same. It is about £600 a week or a little bit more. It is a bit cheaper if they are staying indoors, rather than outdoors. At the moment, I do not personally feel that the cost is way out of line with what we are getting for it. Nevertheless, at the moment there is quite a lot of investment cost. There is marketing cost. We would hope in the new set of contracts that we can start to get the unit costs down a



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bit as the programme scales up and we can look at which costs can be spread and which costs are direct costs that cannot be spread.

Mrs Trevelyan: You have given us some revised numbers following the parliamentary question last week.

Chair: Just to be clear, we got it at 5.15 on Friday.

Mrs Trevelyan: Those numbers revise down what had been your target of 360,000 children participating by 2020 to 247,000. That shows a substantial decrease in that growth level—it is probably more realistic, but it is still expected to be double the growth rate currently. You have been growing at about 17,000 participants every year, which is excellent, but with that target, that is leaping up to somewhere nearer 35,000.

Chair: I think it is 38,500.

Q25 **Mrs Trevelyan:** Sorry, yes. That is a big increase. Again, are you hoping that your new royal charter gives you a wider footing to sell yourselves? The unit costs will come down by definition if your numbers go up and you have the same budget, which makes you better value for money in one sense, but you have to meet that quite substantial increase in numbers. I am still not feeling very confident that you have got that support from the Department for Education to help you grow that from the school base.

Mark Fisher: The 247,000 number is based on some projections from the trust on what they think is stretching, but achievable over the Parliament. You are absolutely right; it requires not only schools, but a range of people to participate, get engaged and give support to Michael and his colleagues at the trust to deliver that.

As I said in response to an earlier question, we are about to issue guidance to schools on the role they can play in getting the numbers up. That guidance has been agreed and fully supported by the DFE. The trust already participates in assemblies and other things in virtually all schools. Michael has probably got the figure on the number of schools that are already giving these messages. We think at the moment that those numbers are challenging, but achievable. They are certainly more realistic than the 360,000 target over the Parliament.

Can I just be clear? If we underachieve against those numbers, the deal we have with the Treasury is that neither we nor the trust keep the savings. It goes back to the Treasury. In a way, the value for money question—clearly we want to achieve as many numbers as we can, but we will not keep the profits if we underperform.

Q26 **Chair:** Can we just be clear about this answer? This is for Ms Owen or Mr Fisher. The target number of participants has gone down, as Mrs Trevelyan has highlighted, from 360,000 to 247,000. You put it very positively there, Mr Fisher, saying that this is a challenging target that the NCS has agreed, but it is a drop in the target. The budget has gone down by more than the number of participants, so the cost per head has



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gone up. Is that right? What is your thinking as the accounting officer? Why did you issue the PQ in this way?

Sue Owen: The cost per head—the unit cost—is flat up until 2019, and then it starts to go down. My understanding there is that that is the year when we will first have the new contracts. We will have worked better with providers to understand better where we can save on costs and we will be spreading out some of our investment costs. So I do not think we are going to see a fall in the unit cost until 2019.

Q27 **Chair:** You say “our”. It is a community interest company at the moment; it is going to be in a different guise. You are the Department that provides the money, but do you feel part of it? It could have been all sorts of structures, but it has been set up as very independent of the Government but with taxpayer funding.

Sue Owen: Yes, but once the Bill is published and once we start to get the new board in place, it will be closer to us. Even before that, we are working very closely with Michael on what the cost structures are. We are already designing the new contracts.

Chair: I’ll bring in Sir Amyas Morse on this point.

Sir Amyas Morse: I hope this is a helpful comment. We have done a series of studies of intervention programmes—I am going to classify this as an intervention programme. We have done early learning and all those types of interventions, young offenders, and people with learning difficulties. In each case, you’re trying to achieve a tipping point in terms of discernible outcomes and behaviours. The measurement protocol around such a large amount of money as to whether it really achieves results in the long term is very important. I urge you to consult the Department for Education about how they have measured these outcomes. They have actually done quite a lot of work on it, and it is not easy to do. I am not suggesting you would not do a great job of it, but it may be valuable to talk to people who have done these types of intervention programmes quite extensively before to see how they went about it.

Chair: I think that is a fair point well made about reinventing the wheel, potentially at great expense to the taxpayer.

Q28 **Mrs Trevelyan:** Coming back to the numbers, Mr Lynas, perhaps you can explain why the target has come down from 360,000 to 247,000. I hear that that is considered a more achievable target. Was the original target just a figure plucked out of the air? Is it just proving that much more difficult to get beyond 15% of the year group? What are the reasons for downgrading those participation numbers?

Michael Lynas: The 360,000 number is called an aim in the Report. It was set at the 2015 spending review, obviously looking five years out. As I understand it from colleagues in government who know a bit more about how these budget settlements are set, it was a spending envelope to allow the promise that was in both parties’ manifestos of a place for everyone



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who wanted one to be fulfilled. Our targets are set annually, when we know a lot more precisely how much supply to put into the marketplace to meet the demand in that year. In a sense, those numbers out to 2020 are important, but as Mr Fisher said, they are set in a way that we can, as we learn more, hand the money back to the Treasury so that the taxpayer is no worse off.

In terms of where we are for 2020, that range is more realistic. We talk in our business plan about three areas. One is driving the best practice, so finding all the things that are going on in all our partners—

Chair: We will come on to the point about how you will monitor costs in the future in a moment. We are talking about the numbers at this point.

Q29 **Mrs Trevelyan:** I am trying to understand where this has come from so that, as we go forward into the new framework, we know that it is robust. Was there an amount of cash put on the table for NCS to go out and do stuff with, and the numbers have just grown? Was that 360,000 a number that seemed to look pretty on a graph but did not bear any relationship to things on the ground, and was the money just divided on a unit cost basis, which is where we get the £1,800? My concern is that there has not been the level of planning and understanding of the impact of the work that your team do—incredibly well—across all the schools. How were you monitoring and really keeping on top of what that was going to look like? Or were you just running year to year, knowing that there was a pot of money—which now obviously will be more closely supervised?

Michael Lynas: There are three areas, two of which are directly within our control. The first is best practice. There is a fair amount of variability within our network at the moment, and some areas—we might come to this later—are more effective than others. What we are doing at the moment is taking that best practice and making it more widespread. We think that will lead to a growth in improvement.

The second area is the central investments that we are conducting at the moment. For example, this year for the first time you can book the date when you are going on the programme upfront, rather than having it allocated later. That obviously means that fewer people will drop out, because they can plan this around their holidays.

The third area is the policy levers that we can recommend and that ultimately the Government have to decide on. Whatever those policy levers are will help to ensure what number of people ultimately take part in the programme. Obviously we have talked a lot about the schools channel, which is the most important channel. We are doing a range of things with the Department for Education now, testing out things in the opportunity areas, which might include financial incentives for schools, or having a champion teacher who might be incentivised in a school.

There were plans in the NAO report that talked about statutory guidance in the Bill, but that didn't happen. Over time, as Government policy changes,



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those targets or aims for the out years will vary. I helped to set up the first programme in 2009, when we had 158 people. Since then we have had 300,000—it is very fast growing. Awareness is growing fast and whether this is achieved in four years or 10 years, we are on a definite trajectory to get there.

Q30 **Chair:** Well, we are going to talk about that in a moment. Joshua Reddaway, did you have a comment on the numbers? Sorry, John Manzoni.

John Manzoni: Would it be helpful to give a little context to the 360 and the reduction of such things. There is no question but that the programme was growing very fast, as Michael said. It was a new programme, and it was growing with remarkable speed. There was no question but that in the 2015 spending review settlement there was a different tenor to that target—360,000 was a step change of ambition, of requirements for trust, of governance requirements and so on.

As you know, within the 360,000 some rather more obligations on the Department for Education, schools and other parties of Government were written into the legislation. That target was associated with some quite formal structures of the whole Government leaning into the thing. That target has also resulted in the discussion that Sue put on the table, which was about how we create an increased accountability for the trust, which was previously a community investment company. How do we create better accountability for the board and the executive of the trust straight through to Parliament, because this is now a different ball game?

I think that context is helpful. There is no question but that 360 was a step change. Things happened in response to the step change, including the governance and formal accountabilities elsewhere. Those formal accountabilities then fell away and there are different, less formal accountabilities, and hence targets come back.

Q31 **Mrs Trevelyan:** Mr Lynas, you mentioned that this is an iterative process as the programme has been growing, and that you are looking to take some of the better outcomes. Are there particular areas of the country where you see stronger and better outcomes, and where some of the providers are better than others? What are the particular things you have seen that in the next year you plan to bring forward and try to roll out to other operators?

Michael Lynas: We have quite a diverse set of organisations delivering at the moment. I think it is fair to say that all of them are really good at running the youth programmes. Members here will have seen the charities locally that do a great job. The level of infrastructure, organisation and process that comes with even the size we are at the moment—

Q32 **Chair:** I am sorry, Mr Lynas, but I am just aware of time. You are giving us a good description, but Mrs Trevelyan asked a particular question about how you are going to take the best practice and make sure that it is applied across the board.



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Michael Lynas: One area is how we process the number of people involved. We are improving our contact centre response, because we were having young people and their parents calling up and not getting responses quickly enough. That is an area we are really focusing on at the moment.

Q33 **Chair:** Is that a national contact centre or are there local ones?

Michael Lynas: We have built a national contact centre.

Q34 **Chair:** To be clear, Mrs Trevelyan was asking about the different bodies you are dealing with. I just want to be clear: are you talking about what you have direct control over at the NCS or about call centres around the country?

Michael Lynas: We have built a national contact centre.

Chair: Perhaps we can get back to the point about how you are looking at the performance of individual companies.

Q35 **Mrs Trevelyan:** Some have obviously been doing a better job, if they are getting better outcomes and more kids through the system.

Michael Lynas: Yes. Where it is not working with the contact centre, we would mandate that the organisations join the national contact centre. School access—the number of schools in a region that are accessed—is another area where there has been variability. We are taking the best practice, which is having a specific individual in a region who organises and liaises with the school, and making that something we do everywhere, as well as working on the effectiveness of the assembly by having central training for the people who give the assemblies to the schools.

Q36 **Mrs Trevelyan:** So under existing contracts with the various suppliers, you are effectively varying their requirements in order to stay in the system. Was it part of the original contracts that they would have to iterate with you, as it were?

Michael Lynas: Yes. The original contracts gave us the freedom, if the organisation was not delivering, to not just wait until the end of the contract but actually enforce that. That flexibility was positive, because we did not have to end the whole contract; we could take an area that was not working and vary it.

Q37 **Mrs Trevelyan:** Thank you. That is very encouraging. Certainly in my area, the call centre and that contact, to develop understanding before committing to it, has sometimes been an issue. Your stats indicate that about 55% of the cohort are aware of the scheme and presumably consider or do not consider joining it. Again, is that regional? Have some areas just done a much better PR job? Is it simply that there is less engagement? It seems quite strange if you are going into schools and all year 11s are hearing about it, but only half of them can remember that beyond the end of the day, and when you ask them they don't know anything about it. That is quite an interesting and slightly mystifying stat, if you are getting into all the schools and having that initial contact.



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Michael Lynas: What we are measuring—it is a marketing statistic—is brand recall. Surprisingly, people can see things around them and then not necessarily recall it. It is a bit higher now. This time last year we were at 33% in terms of our prompted awareness. This year we are at 70%, so that is a huge increase. That is partly about school access and partly due to the marketing investment we have made. In the early years of the programme, young people did not know about it; they heard about it and maybe thought it was something to do with Government.

Q38 **Chair:** How much do you spend on marketing in a year?

Michael Lynas: The Report refers to £2.6 million on television advertising. In addition to that, we do the PR that you were referring to.

Q39 **Chair:** Do you benchmark that against similar organisations such as the Duke of Edinburgh's Award, the Scouts and other youth organisations?

Michael Lynas: We don't benchmark against those organisations, partly because we don't have those figures and partly because the Scouts is a 100-year-old organisation and has a waiting list, and the Duke of Edinburgh's Award is 60 years old; they have that awareness.

Q40 **Chair:** Do you benchmark against any similar schemes internationally? This is taxpayers' money going directly into marketing something. We recognise that there may be a need for some of that.

Michael Lynas: The way we control our marketing costs is to put a case to Government on our marketing, to see whether they believe it is good value for money, and then at the end of the year we look at our—

Q41 **Chair:** Ms Owen, how do you evaluate whether the marketing is good value for money? Do you benchmark it? Mr Lynas, it is your responsibility, but Government have to pay for it.

Sue Owen: We haven't had a business case since it has come to DCMS, but we certainly would have it signed off under the Cabinet Office marketing controls. I think they probably do have figures to understand the return of certain channels—if you are doing a YouTube ad, how many hits are you getting on that compared with another form of marketing? The Bill will give HMRC powers to write to young people for whom they have contact details. Again, that sounds like a relatively cheap way of contacting kids.

Q42 **Chair:** Would that be funded out of the marketing budget for NCS or out of HMRC's funds?

Sue Owen: I don't know.

Mark Fisher: That will be funded out of Michael's budget.

Michael Lynas: From our marketing costs, yes.

Joshua Reddaway: Do you also have an estimate for how much of the money that you are giving your local providers they are also spending on marketing, and therefore the total marketing that is going on for this



programme?

Michael Lynas: I think the Report says that we are doing a full audit at the moment of all the costs that our providers are spending, which will enable us to find that when we are commissioning next time around. Centrally, we are spending just over £100 per person on the full suite of getting someone who has never heard of the programme actually signed up. That will be sales and marketing, so everything from the contact centre to the PR and the awareness raising.

Sir Amyas Morse: Even if you have not done your full audit yet, I guess you must have a pretty good idea what you are spending on marketing, so let's have a go. If you are spending £100 per person in the centre, are they spending another £100 in the subsidiaries, or is it more or less? What would you say? Just give us a ballpark figure.

Michael Lynas: I would prefer to write to you with those figures when we do the audit. I don't want to give the wrong—

Q43 **Chair:** Not even a ballpark figure?

Michael Lynas: I just don't want to give the wrong number. We contract with the organisations to deliver a place, and they can therefore use the networks that they have—links with local youth clubs—

Sir Amyas Morse: I don't quite understand what that has to do with not being able to have a rough estimate of what they spend on this. I'm sorry, but I just don't follow why you are finding it that difficult. You must have an idea.

Michael Lynas: The way in which we contract with our providers is that we have a specification of what they have to do: reach a number of young people and deliver the services. We have not broken down the cost buckets of what they have to do. We do have figures, but I just don't know them off the top of my head, I'm afraid. I can write to you.

Chair: We are going to be probing more about the money in a moment.

Q44 **Mrs Trevelyan:** Ms Owen, with it coming under your absolute remit as soon as the Bill goes through, what level of governance and audit requirement will be set for the trust, who clearly have not had that kind of framework of detailed watching of the money being spent?

Sue Owen: We will definitely be looking for the average cost of the marketing to come down. Ideally, in 10 years—

Q45 **Mrs Trevelyan:** But you need to know how much it is.

Sue Owen: We definitely need to know that—that's for sure—but, as I was saying before, we also need to know the impact: what type of marketing has the most impact and reaches the kids? Hopefully, in 10 years' time this programme will just be so well known that you will not need to spend very much money on marketing, so we would expect that profile to come down over time. My figures are that around 6% of the total



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at the moment is spent on marketing. It was 7% a couple of years ago. We would expect that trend to come down.

Q46 **Chair:** I am going to allow the Comptroller and Auditor General one more shot on this, because we do want to move on.

Sir Amyas Morse: I just want to understand whether we are talking about central spend here. If we are just talking about the central spend, it is important to understand the total amount being spent. In order to understand the relative cost of having visibility at a certain level, you need to know what the total marketing spend is, and that includes both the centre and the subsidiary level. Otherwise, you cannot really understand what is going on. We think it would be great to know that.

Mark Fisher indicated assent.

Sue Owen indicated assent.

Sir Amyas Morse: You agree. Great.

Q47 **Mrs Trevelyan:** I have one more question on this area. I guess it relates to marketing. There is obviously a large proportion of young people who either do not get beyond listening to the lecture in school or think about it, put their names down and then never make it through to the actual summer or Easter activities. How are you planning to reduce that cohort of failure—I don't want to call it that—of those who engage and then step away? Obviously marketing provides that initial impact, but there is a whole other piece of sales work to do there.

Michael Lynas: We call that attrition, and we have reduced that by about 9% between 2015 and 2016. That takes two forms: one is pre-programme withdrawals and the other is no-shows on the day. In terms of the pre-programme withdrawals, the more visibility we can give young people up front on where they are going and when they are going—like for booking a holiday—the more likely they are to stay with the programme. So we are investing a lot in our systems and processes to enable us to do that. Then, in our contact with the young people, we are giving them the right information, because a lot of them are signing up in January or February and going on the programme in June. I can talk some more about that if that is helpful.

The other thing is no-shows. What we are doing with all our central data this year and last—we started it last year—is actually assigning a likelihood of not turning up based on prior behaviour with similar demographic groups and then putting extra effort into those groups that are less likely to turn up. That might include a call to the house of that person to encourage the parents and encourage the young person to come.

Q48 **Mrs Trevelyan:** Have some providers got a lower attrition rate than others? Are those who are not doing so well willing to take advice and change how they do things?



Michael Lynas: Yes. The example I could give is that one of our providers that was doing a really good job on this sent a welcome kit through to the young people, including information about turning up. It was during exam time, so they sent a tea bag just to help everyone de-stress a bit during their exams. That was very popular, and they had a lower attrition rate. We took that example in the south-west region, which is a region we work closely in, and we did a trial, so we did half the group with that and half the group without that. And the group we did not do it with was less likely to turn up. So we are rolling that out all over the country this year.

Q49 **Mrs Trevelyan:** Sorry, I made a flippant joke there about PG Tips and other tea bags being available. But you will be looking to find more corporate sponsors to help you, and I know the former Prime Minister is getting involved in that. It is a great idea—we talk about YouTube use to reach them—because those are the sorts of corporate investments that are likely to catch the eye of the teenager. Are you working in that arena to help this to be stepped up and taken on?

Michael Lynas: Yes, we might go directly to the tea bag manufacturers after this meeting. But I think—

Chair: We have given them a little advert there.

Mrs Trevelyan: I recommend Yorkshire Tea.

Chair: We don't usually assist with corporate sponsorship.

Mrs Trevelyan: We want their money.

Chair: It saves the taxpayer.

Michael Lynas: An area that we are working on very seriously is employment after the programme. With Government we held a roundtable with about 10 major employers a few weeks ago, trying to build on a model we have got with Santander. Santander, like a lot of employers, were working through their own networks to fill all their opportunities and first job opportunities, and they have worked with us to give those opportunities to young people from all backgrounds who would not necessarily have them. That has been really effective in getting that first work experience, which is so important. We think that if we can roll that out—our patrons may be able to help us with that.

Q50 **Chair:** Joshua Reddaway from the NAO wanted to come in on the figures.

Joshua Reddaway: I wanted to make sure I understood properly what you were saying about the attrition rate. Obviously, looking at figure 12 and the numbers previously discussed, I am not sure how the numbers you were talking about fit with those in our Report on two grounds. First, the numbers you showed us when we were doing the audit suggested that the attrition rate was not falling; I think they showed that the sign-up rate was higher in 2016 than in 2015 and you then applied the same amount of attrition to that. In other words, people who were going into the schools were being more successful in signing up when there, but the



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attrition rate was the same for those who actually turned up. Secondly, when we talked to your staff, you were very clear that we could not make that comparison—this is in figure 2—because of the change in operational processes and definitions between the two years. I was not quite sure where you were getting the numbers from or exactly what the story was on that.

Michael Lynas: I am talking about the attrition rates between summer 2015 and summer 2016, between those young people who have signed up and turned up, and the reduction from 23% to 21%, which is a 9% reduction.

Q51 **Chair:** I want to get into some of the issues around money and governance. I am looking at your accounts, Mr Lynas. The highest paid director had a 16% salary increase between 2015 and 2016. That is the only information the accounts show about an individual salary. Who is the highest paid director at the NCS?

Michael Lynas: I am the highest paid director and I definitely have not had a 16% salary increase.

Q52 **Chair:** So can you explain that? That is between 2015 and 2016.

Michael Lynas: It may be a year effect because it is a financial year, so there may be something. I have been paid the same amount for the past two years.

Q53 **Chair:** On remuneration for directors generally, that has gone up from £466,000 and a bit in 2015 to £511,000 in 2016, though interestingly the pension has not gone up much. Can you explain that?

Michael Lynas: I can generally explain that the overall number of directors has increased—I think the Report refers to the fact that we have been strengthening our team. I can also say that I am the highest paid director and my salary has not changed. I can write with more detail on what some of the movements around pensions may have been.

Q54 **Chair:** That brings me to one of the points of concern. You are a community interest company and you have a major parliamentary Act. Not many organisations such as yours get that sort of support put on a statutory footing. Yet it is really difficult to get information from your annual report and accounts. Have you given any thought to that? For example, under the community interest company rules, which rules on transparency and managing public money actually apply to you and which do you choose to take? First, which apply to you?

Michael Lynas: We file our accounts in accordance with the normal community interest company rules with Companies House. There will be a major change in how we do that. We will be audited by the NAO in future. We expect to publish our accounts in Parliament if the Bill goes through, so we will be much more transparent. We will also become subject to freedom of information.

Q55 **Chair:** We know what you are going to become. Does managing public



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money currently apply to you as a trust?

Michael Lynas: Not formally.

John Manzoni: Which is one of the reasons the accountability structures are changing as we move into the new era.

- Q56 **Chair:** Which is a good thing. Given that you are funded almost entirely—apart from a tiny bit—by taxpayers' money, we are pretty hot on this Committee. Whoever is funded by taxpayers' money, we want, without fear or favour, to chase that money through. These are remarkably un-transparent. There is a list of board members, but otherwise there is no list of named staff easily available, except for a few. The numbers are here but very difficult to penetrate.

Given the risks to this project—it was a high-profile, prime ministerial issue from a unique coalition Government with a really ambitious programme of ramping up—did you not think, as the chief executive officer, that it might be a good idea to have a bit more information out there, so that when you are questioned it is not like we are dragging it out of you, and that it is available to everybody?

Michael Lynas: The organisation was not established by me; it was established by Government in order to do a range of things.

- Q57 **Chair:** You are chief executive officer. You could choose to produce information. I was chair of a school governing body and I made sure that our pictures were up in the lobby and details about us were available because we were managing public money. That was not an absolute requirement but it was about transparency. Did you not think about introducing a more transparent approach to the governance of the trust?

Michael Lynas: I have been speaking for the past year to 18 months with colleagues about the appropriate transparency and regulatory environment for this organisation, with the changes that came in the 2015 spending review.

- Q58 **Chair:** Did you need to ask their permission to produce more information in public? Was there anything you had got to hide? I suppose that is the question.

Michael Lynas: Absolutely not. These are our standard accounts for the sort of organisation we are. We obviously put out lots of other information on our website and in other places and we frequently support Government to answer parliamentary questions, freedom of information requests and other things that come.

- Q59 **Chair:** Let us go back to some of the costs. The cost of staffing is one thing: you have gone up from 19 to 101 in recent years. That is a big change and a big on-cost for the organisation. How have you managed that expansion and how have you gone about the recruitment process?

Michael Lynas: In terms of managing it, clearly, the 2015 spending review was an important moment, regarding direction of travel and a huge growth. What you are seeing in those numbers is the organisation getting



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itself ready, employing more teams to look after a programme of this size. In terms of what we are doing, we have moved to having an in-house HR team, we have a chief people officer focusing on all our systems and processes and on recruitment to help us to recruit these people at a decent cost. In terms of what our processes are, I can talk more about that.

Q60 **Chair:** Did you advertise the posts? Were they advertised publicly?

Michael Lynas: Yes, all posts are advertised publicly. For senior roles in the organisation, we have used external headhunters to ensure we are getting the very best candidates through.

Q61 **Chair:** Have you always recruited from the list from the headhunters or have you ever sought to use any other contacts or connections to recruit people?

Michael Lynas: We have always used the people who have come in to the headhunters for director roles. For more junior roles, we sometimes now have a system where people in the organisation can put forward names as well. We find that that helps to reduce costs if we can use networks in the organisation.

Q62 **Chair:** If I were working for you now and I put forward a name, what would you do with that name? Would you go through some process of checking that person out and interviewing them or would you take them on board because I had recommended them?

Michael Lynas: For our board director roles, we would always go with names that had come through the public process with the headhunters.

Q63 **Chair:** You mentioned, for the junior roles, you would sometimes take recommendations from existing staff.

Michael Lynas: For other roles, if there are those names, we would take them and put them through the normal recruitment process, which involves a sift of CVs, then that goes through to a final number of people to get interviews.

Q64 **Chair:** You use CVs for applicants, do you?

Michael Lynas: Yes, we do.

Chair: Not application forms.

Michael Lynas: We use CVs and application forms, depending on the role. So, again, for board positions, we would have an application form. For other positions, we would use a cover letter and CV and then, depending on the role, we have special tests—

Q65 **Chair:** I just raise it because if you are an organisation that, although social mobility is not absolutely at your heart, there is a lot of evidence that says that applicants via CV favour certain groups over others, whereas application forms—it was just something just worth flagging up when you mentioned it.



Michael Lynas: Yes, it is a good point.

Q66 **Chair:** Talking about the costs per place you have, we are a bit concerned about this figure of £1,800 that you cost per person. Your spending settlement is roughly £1,500. You are quite a way off that figure and you have not—you say you have been giving the money out to the local organisations that are running things, but some of them have taken money and then not delivered a place. It seems from the Report that there are two issues: one about the timings of your decisions, but also about the ability you have to recoup that money from those organisations out there, some of whom are still sitting on taxpayers' money that was not spent for the purpose it was intended.

So, first, what are you going to do to get that money back from those providers and why has that not been recouped until now?

Michael Lynas: The way in which the funding for NCS is spent, it is about a year before the actual programmes go out. Organisations start spending money on recruiting young people, building relationships with schools and so we pay 50% of the funding upfront. That is reduced from the previous contracts, from 75%. So, in a way, we share the risk, the taxpayer and the organisations.

We wanted to do that because we wanted to have a level playing field so that small organisations and charities could play in this market and not just have 100% at risk. We felt, for a fast-growing programme with the targets we had, that that was appropriate to incentivise that growth.

In terms of the question about the money that has been spent and invested in growth for places that were not filled, what we are doing at the moment we have an external audit firm working with us to look at all those contracts and go through them and ensure that any money that was not spent properly is recouped.

Q67 **Chair:** Is that going right back to the beginning of the programme?

Michael Lynas: That would be for this financial year.

Q68 **Chair:** What about previous years?

Michael Lynas: Going back to the beginning of the programme, colleagues in Government can talk about earlier. In previous years they did recoup money with some of the big organisations. In the very first year of the contract that we are running we made a judgment not to do that, because contractually 50% of this funding was paid to these organisations to deliver, and 50% was a risk for them and for the taxpayer. In the round, we have had to make a judgment about what we want to recoup and what we don't want to recoup.

Chair: I am a bit confused. A provider is getting 50% upfront because, clearly, they need to start the programme. But in the end, as Mrs Trevelyan highlighted, there are variations in the levels of recruitment by different providers. So if you are a poor provider—not getting in lots of people—you are still getting 50% for delivering absolutely nothing, for the



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young people that you are not getting into those places. They are still getting 50% of funding, even if there is a no-show or someone they don't even manage to recruit to come.

Michael Lynas: The funding is going to invest not only in the programme itself but in all the work that goes into actually having a programme happen. So what we are doing is looking at whether that money is—

Q69 **Chair:** So it is not a per head funding?

Michael Lynas: If we were to split all the costs of delivering a place on NCS, some of the funding goes on booking beds which have to be booked well in advance, and some goes on school access, running the assemblies and running the contact centres. In a sense, that is infrastructure that has to have money spent on it whether or not the young person ends up going on the programme.

Q70 **Chair:** Take the beds, for example. You are booking beds in a hostel somewhere for a scheme. If I were doing that a year out, I would try and build in a caveat that said I would confirm finally, and that these are provisional figures. Do you do an audit to check that that is happening? It could just be a very nice little sweet. If you wanted to defraud this programme, it would be a nice little earner to put money through the system and then, mysteriously, a lot of young people don't turn up and you have got those beds filled. I am not suggesting that this is happening, but it is your job to make sure that it does not happen.

Michael Lynas: Absolutely. I am sorry if I have been unclear. What we are doing this year to ensure that that is not happening is doing this audit.

Chair: This year. But previous years you haven't, and that is my worry.

Michael Lynas: We chose not to do the audit in the first year of the programme because with all the desire for growth and the desire to ensure that our organisations were building their infrastructure, we did not want an audit in the first year.

Chair: So some of this money is building the infrastructure of those organisations out there.

Michael Lynas: What the audit this year will do is this: if we find anything that is the way you were describing or anything like that, we will of course have the right to go back—as we do in our contracts—and check those organisations in the first year of the contract as well, or in the second year.

Joshua Reddaway: I just wanted to help the Committee. Would it be reasonable to think of this as those that have signed up and not turned up: it is 50% of the payment, so can't they—just for broad ballpark purposes to think about the previous year—take the 2015 numbers for sign-up and the fact that 69% of those eventually completed the programme, and apply that to the £1,800, so 50% of that. You get a broad estimate of the millions of pounds that could be claimed if you



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audited the prior year as well.

Michael Lynas: I think I followed your logic. So it would be a substantially smaller number, probably about two thirds of the number in this year. If we find anything untoward, or if we find taxpayer savings, we will go after them in the first year of the programme as well.

Joshua Reddaway: Why would it only be two thirds of the number of this year?

Michael Lynas: The figure I have which we have calculated is £6.6 million, which is—I think—two thirds of the number. I can send you the precise workings, I don't have them here.

Q71 **Chair:** Can I just go back to your question about the headhunters? You talk about the process, and you said that all the directors had been appointed through people recommended by headhunters. Is that since you became chief executive officer, or is that for all directors currently in post?

Michael Lynas: I believe that is all directors in post since the beginning of the community interest company.

Q72 **Chair:** If you could confirm that to us in writing, that would be helpful.

Just going back over the issues around transparency, Mr Manzoni, were the executive appointments at the NCS approved by the Cabinet Office?

John Manzoni: Initially the chair was, when we set up the community interest company.

Q73 **Chair:** The non-executive chair?

John Manzoni: Non-executive chair—not the executive people. It is an interesting question. As I say, it is one of the reasons why we need to move the whole system to a more accountable structure—which is what the Bill is about—as we ramp up and get more serious about the targets. So this is another step in the journey of the NCS.

The original idea for a community interest company was the balance between sufficiently arm's length from Government—there was a full business case done, a full assessment of options—the balance of how do you embed a social mission into the company's ethos? How do you make it sufficiently arm's length from Government, so that it does not look like Government to the young kids so they can be attracted to it?

Having looked at ALB, agency, fully in-sourced or charity: all of those were reviewed and we decided at the time—I wasn't here but it was decided at the time—that a community interest company was the right thing to do. Frankly, it was probably, for the time. It is probably not right when you are looking at the ramp, and the sort of money that goes with that ramp, as we ramp up this programme. Hence we have got to change the governance structure.

Q74 **Chair:** We certainly welcome the change of structure. Just going back to



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the way the programmes are run, and you are doing this audit. Are you also auditing the pro bono support that the local providers are getting from other organisations?

Michael Lynas: Can I just add another thing for the Committee? We do have a Government-appointed representative on our board who sits on our nominations committee and, certainly for my interview, sat on the interview panel and was part of the decision making for that.

Q75 **Chair:** Was that Government person appointed through the Nolan principles—the Office of Public Appointments?

Mark Fisher: It was a Cabinet Office official.

Q76 **Chair:** A Cabinet Office official, okay.

Michael Lynas: In terms of the question about pro bono support, we have a system for looking centrally at all the support that comes in. That comes in terms of discounts, cash and other sorts of benefits, and we total that. This year it is just under £10 million.

Q77 **Chair:** So you total that. Do you look at whether there is a particular provider who may be getting more pro bono support than another and whether you should be giving the same level of funding as a result?

Michael Lynas: We have not actually done that, no.

Q78 **Chair:** The Houses of Parliament Education Service provides support directly to the NCS without charge. That is still taxpayer money going into the NCS, and I know there are other bodies that do the same. It just seems that there should be some accounting for that. If they suddenly decided to withdraw or to charge, surely you need to know what the risk is to a provider who suddenly loses that input overnight which, given budgets being tight all round, is definitely a possibility.

Michael Lynas: Thank you.

Chair: Mrs Trevelyan highlighted the comparison with per pupil funding, per head per school, and Sue Owen gave an attempted response to say it is fair money. If you approached any other youth organisation—Duke of Edinburgh has been mentioned as a similar one, the scouts, the guides, the Boys' Brigade, other non-uniformed youth groups—and told them that they would get £1,863, a lot of them would be able to stretch that money further than what is provided to the NCS, for various reasons. Have you done any benchmarking to see what other youth organisations would do with the money to see if your providers are up to scratch in terms of the finances?

Michael Lynas: What our independent evaluation does is look at some other organisations as well.

Q79 **Chair:** Can you name any that you compare with?

Michael Lynas: It is difficult to make a direct comparison because of the residential—the two weeks back-to-back residential.



Q80 Chair: Yes, but you could, for instance, compare the costs of the residential week with a number of organisations that do that, including schools themselves, of course, that do it directly. You could compare some of the other aspects and then see what the aggregate would be. You might expect some cost savings if you aggregated three different sets of activities and brought them together in one place in the NCS. Do you do anything like that?

Michael Lynas: Yes. Sue Owen was talking about comparable programmes available in the marketplace, which is a good place to start. I have a list here of two-week residential programmes that range from £1,850 to £2,000—

Q81 Chair: But those are private holiday providers, effectively, in the marketplace. That is slightly different. Most youth organisations are run with voluntary support or some pro bono support. Even the Cadets get a little honorarium from the Ministry of Defence; their uniform is paid for, but otherwise it is 50p or £1 a week for those young people. Do you have any comparisons with voluntary sector youth organisations, to see what bang they are managing to get for their buck?

Michael Lynas: In October and November last year, we opened up to a range of those organisations. We had the Sea Cadets, and we are currently speaking to the Scouts and a range of other organisations to see whether they could deliver NCS using their systems in a more cost-effective way. We already have about 250 of those sorts of organisations working with us, and we would like to commission many more. We are ultimately a commissioning body, so if they can use their systems to deliver what we do at a cheaper cost, we would welcome that.

Q82 Chair: So you are effectively looking at franchising out the model to other youth organisations, so that they can deliver it for you within their existing framework.

Michael Lynas: In a sense, that is what we already do. The trust does not deliver any programmes itself; we just work with partners. Because we are quite new, some of those organisations maybe chose not to get involved in the first round of contracts, and they are now interested in how we could work together. We are having different conversations, because as I say, different organisations have different models and ways of working, but we are speaking to everyone, from the Duke of Edinburgh's Award to the Scouts and the Cadets, about how we could deliver and deliver more effectively together.

Q83 Chair: It is interesting, because a lot of those organisations will twin-track something from their organisation—for example, one of the chief scout awards with the Duke of Edinburgh's scheme—whereby people do much the same thing with some variations and get both awards together. Do you envisage a future where the NCS is alongside an existing scheme in those organisations?

Michael Lynas: What we don't want to do is badge an activity that people already do within a group. We don't want to say, "You've done x, y and z,



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so you'll get your National Citizen Service award," because we value that mix. As you referred to, the Scouts do the Duke of Edinburgh's award within their scouting journey. If there is a way of building into what those groups are already doing and enhancing those experiences—

- Q84 **Chair:** We will take that as an example. If you were talking to the Duke of Edinburgh's scheme or the Scouts, what would they have to do differently to meet the NCS requirements? We have heard about the social mix. That is presumably one of the key things. How would you evaluate whether they are doing that or just badging what they are already doing?

Michael Lynas: I see the question the other way around as well—what might we have to do differently? For example, as part of our commissioning we are looking at whether we can change the way in which we accredit and select our residential providers so that they match the Duke of Edinburgh's award criteria. Then you can almost passport—you can do part of your Duke of Edinburgh's award by doing NCS. That could help the Duke of Edinburgh's award to grow, because there is a cost associated with doing that piece of the experience that is borne by the young people and their families. We think that would be a good thing to do. In terms of the Scouts, the reason we did these pathfinders last year was to open up and say, "How might you do this differently?" At the moment we are looking at the results, which we hope will inform our commissioning. I don't know how exactly it will work, but we are definitely open to it.

- Q85 **Chair:** Are there any limits? Are you talking to faith groups? The pathfinders in the Seventh-day Adventist Church are active and similar to the Scouts. Are you talking to those groups as well?

Michael Lynas: Yes, we are. The Jewish Lads and Girls Brigade is one of the organisations we work with, and it is a good example. It may be hard for relatively small groups to work within a large system like this, so we are trying to find a way of contracting that works with those groups and allows them to offer what they offer. We are also working with an organisation called Portland College, which provides programmes for profoundly disabled young people, to mirror the NCS experience as closely as possible.

- Q86 **Chair:** All that prompts the question of what extra the NCS is providing. If you have organisations out there already delivering—at quite low cost in some cases—programmes that are similar albeit not exactly the same, the cost of your scheme is high and it is funded entirely by the taxpayer, except for those bits of pro bono support I mentioned.

Going back to the benchmarking, you have 43 main providers; there are nine regions—sorry, I have lost track of the numbers here—and a couple of hundred smaller providers. Are you sure you are getting the competitiveness on cost that you should be getting? If some of these organisations doing similar things charge a lot less, how come you are paying so much per head?



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Michael Lynas: I think there are two ways to look at that. One is the recommissioning. We are currently looking at different ways to deliver and seeing if it can be done more cost effectively by working with these groups to deliver the programme.

The second way to look at it is scale. That comes back to social mobility: some of the groups are charging young people and their families to take part, but NCS does not charge, so it is able to offer what it does to all young people and obviously it is disproportionately reaching those who may not have the opportunities.

Q87 Chair: It does not charge because the taxpayer is funding it. It is not free. Everybody is paying for it. The other organisations we have been talking about may charge for those who can afford it, but they will also try to raise funds and have all sorts of initiatives to get the money in so that young people can participate. I think we have to be really clear.

Michael Lynas: Of course, I absolutely agree. The other thing to add to that is scale. If we take an organisation such as the Scouts, we are working with them to try to get more NCS graduates over time to be Scout leaders and help them to tackle a waiting list of 40,000 people—they cannot get enough adult volunteers to serve that waiting list.

That takes me back to the point about why one might invest in a programme such as NCS. If we said to lots of other groups, “Go and deliver more,” they would not necessarily be able to do that within their current structures using volunteers. We pay our staff to deliver; that costs, but it allows us to reach that scale very rapidly and offer places to all the young people.

Q88 Chair: Talking about scale, figure 9 on page 28, part 2 of the Report, has this figure. We were revising it ahead of this meeting, given the parliamentary answer that Sue Owen of the Department put out on Friday afternoon. The plans Mrs Trevelyan was talking about earlier are for very steep expansion and you have all these new staff in place getting ready for it. The growth rate has now gone down from 17,000 a year to 38,500 a year roughly, so double what you have been growing at. It is still very ambitious and you have quite a lot of people at headquarters. How are you going to make sure that you have the capability to deliver this and what happens if you fail? The target has already been revised, but where does the buck stop if you don’t deliver on these quite ambitious numbers?

Michael Lynas: There were two questions. The first one was—

Chair: How can you be sure you have the capability? You have recruited all these new people, 101 in total now, up from 19. How are you sure you have the right people to deliver this?

Michael Lynas: We have improved our whole people function in the organisation to make sure that we are recruiting the right people, giving them the right training and supporting them. Ultimately, the answer to both your questions comes down to the results that we achieve every



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year. Our targets are set every year by Government and I expect that every year Parliament increasingly will be looking at what we are doing against these targets and whether we are achieving. We will be very publicly accountable for that.

Q89 Chair: We talked earlier about the fact that you do not have much private money at the moment. Do you have an ambition to wean your organisation off taxpayer funding?

Michael Lynas: Yes, we have a goal at present to get about £10 million from business partners in different ways. We have pursued mainly value in kind—so discounts and partnerships that add value; everything from Santander to what we do with Salesforce, who give us a 90% discount on our system—rather than going out and proactively raising funds, because we don't want to—

Q90 Chair: I have to say if I had the money to give you money and I saw the £10 million that you have paid providers for places not filled, I am not sure I would want to put my money into an organisation that was not getting money back for unfilled places. Have you had any conversations with funders along those lines?

Michael Lynas: On that issue, as I said, we are auditing at the moment, and any—

Q91 Chair: But you have not done so before—that is the point. We recognise that NCS has great aims, but the youth work field is a crowded marketplace. You have made a good fist of what your unique selling point is, challenging though that is, but it just feels like it is not tightly financially managed. The fact that we can find out so little from your annual report and accounts—it is in your gift as CEO to put more information in the public domain, and you have chosen not to do that. That is a risk for your organisation, because you are solely funded by the taxpayer, and it is only right that there should be more information in the public domain. What do you have to say to that?

Michael Lynas: I absolutely agree with that, and that is why I have been working with colleagues to change the governance arrangements for the organisation. We worked extremely closely and I think it is fair to say very co-operatively with colleagues from the National Audit Office. The Government have full transparency of all our spending and we share everything with them. I reassure you that we do take it seriously, and we have been very open with both the Government and the NAO. We are midway through Parliament with a Bill that will transform the way that this works.

Chair: I just think the taxpayer needs to see it as well.

Q92 Mr Bacon: That was going to be a question of mine, but I will not ask that, since the Chair has just made that point. I apologise for not being here for most of the hearing, but I was unavoidably detained elsewhere.

Mr Lynas, there is a lot of evidence—Ipsos MORI has done work on this, as have others—that the portrayal of young people in the media is



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disproportionately negative. When I go round high schools in my constituency, I get a completely different impression. Your service could play an invaluable role in changing those perceptions. What are you doing about that?

Michael Lynas: I could not agree more. I meet young people all the time, and they are so different from their portrayal in the media. We see it as part of our responsibility through our programme to give young people the opportunity to do something tangible and positive in their local area. They have given over 8 million hours to build projects in their local communities. Those perhaps do not get reported a lot in the national press, but I get clippings from the local press every day, and a lot of stuff gets reported—scout huts being renovated, youth clubs being done up and a range of other things that young people have done through the programme.

In terms of what we do nationally to boost that, as I said earlier, we had a programme with Channel 4 last year where we talked about the positive things that young people are doing in their communities. We are working with Radio 1 at the moment to highlight mental health as an issue. We are using NCS grads to put those programmes on. We have also published a set of reports in the *i* newspaper every month in which young people talk about their perceptions of their community and society, to get the word out that young people are not necessarily the way they are portrayed in the media.

Q93 **Mr Bacon:** You are right about local newspapers being generally better. Have you used your office to sit down with the national newspaper editors one by one and show them the evidence of how negative the portrayal is compared with the reality?

Michael Lynas: I have done that with the editor of the *i* newspaper, and he has agreed to give us a double-page spread every month to do that.

Q94 **Mr Bacon:** What about all the others? I am not necessarily saying you have to do the *Racing Post* or *Sporting Life*—well, it might not hurt; some young people like racing and horses—but why don't you work your way through the entirety of Fleet Street?

Michael Lynas: One of the things that we are doing at the moment is putting together a board of patrons, and we hope to secure a national newspaper editor for that to help us to reach them. Believe it or not, my office does not necessarily get me access to all the national newspaper editors.

Q95 **Mr Bacon:** Do you think the new chair of your board of patrons will?

Michael Lynas: I think he might be able to help.

Q96 **Mr Bacon:** So is that your first task for him? Has he started yet?

Michael Lynas: He has started, yes.

Q97 **Mr Bacon:** How much time is he devoting to it? For the record, we should say that we are referring to the former Prime Minister, Mr Cameron. How



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much time does he devote to it?

Michael Lynas: He has given a lot of time so far. We are in the scoping phase of looking at who the different people are. An early priority is to get, as well as a newspaper editor, a prominent cross-party figure to sit alongside him. We are working right through. I am actually seeing him tomorrow to talk about the list of different people that we want to get.

Q98 **Mr Bacon:** Right. Do you think, if you get some of your research people working on it and producing all the evidence of this negativity, which is out there, that your new chair of patrons and your newspaper editor when you get him, might jointly go round and see all the newspaper editors one by one, do you?

Michael Lynas: I think that would be a great thing to do, yes. We have got—

Mr Bacon: Thank you, that will do.

Michael Lynas: We've made a start.

Chair: Mr Bacon walked you into a trap I think you could see coming. Mr Foster.

Q99 **Kevin Foster:** I have a brief follow-up to the Chair's question and then one of my own. You say you are reviewing the amount of information that will be available and that you as chief executive would like to put it out there. When do you expect that review of information that you can supply will be completed and when will you actually start supplying it? If you want to supply it, as chief executive, presumably you could do.

Michael Lynas: The review of evidence on?

Kevin Foster: Sorry. Mr Bacon's question came in the form of a supplementary to the Chair's. We were talking about the amount of information out there that taxpayers can see. You said that you would like to be sharing more, which was your comment, and that you were reviewing that. When do you expect that review to be completed and more information to be published? You can review things for ever.

Michael Lynas: We expect the Bill to be passed, pending the work of the Houses of Parliament—

Chair: Mr Lynas, you are just waiting for the Bill. There is nothing to stop you doing anything now. I think that is the point of Mr Foster's question.

Q100 **Kevin Foster:** Is there any legal impediment to doing it?

Michael Lynas: We expect the Bill to—

Chair: Sorry, Mr Lynas, it is not about the Bill. Mr Foster, would you like to repeat your question?

Q101 **Kevin Foster:** Just to help, Mr Lynas, I know you are waiting for the Bill to go through. You would only need the Bill to go through if there were actually a legal bar to your sharing information. I presume there is not.



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There is a legal bar to your sharing information currently, is there?

Michael Lynas: No.

Q102 **Kevin Foster:** You say you want to share information. You then say you are waiting for the Bill to go through. If you wish to share information about how your organisation is run and there is no legal bar to your doing so, why don't you do it?

Michael Lynas: I apologise. What I was trying to say was that, as soon as we know when the Bill will go through, that will allow us—and we are talking to Government at the moment about transition—to know how quickly we will transition to the new arrangements. If the transition to the new arrangements happens quickly—for example, within the next financial year—we will already have moved on to those new arrangements. If not, we can certainly talk to colleagues.

Q103 **Kevin Foster:** Let me help you there. You said earlier that there is some information about how your organisation runs that you would be happy to share. Why would you need to transition to a new organisation to do that? Why don't you just do it?

Michael Lynas: I think that was my answer. My answer was that we do not need to wait for that new organisation. If it happens quickly, we will work with colleagues at the NAO who will be our new auditors to set those systems up.

Q104 **Chair:** Sorry. There are not many systems you need to set to publish the salary levels and names of the people you recruit. That is quite basic information in governance terms. Mr Foster has a clear point here.

Michael Lynas: Yes, so our new audited accounts will include a whole range of different information from currently.

Chair: You could do that now, as Mr Foster has repeated three times.

Q105 **Kevin Foster:** And you said that you would like to do it. I have asked you if there is a legal bar to sharing that information and you have not said that there is. For example, you could have come out and said that there was a specific legal bar—and sometimes there is—to certain information being shared and that the law says that you cannot. But you have said several times that you are waiting for the new Bill to go through. I accept that would be a new transition and structure but, if you want to share information and there is no legal bar to do doing so, and it relates to an organisation that is taxpayer-funded, why don't you do it?

Michael Lynas: I absolutely agree. I just thought it was a question about whether we did it under the auspices of the new arrangements or whether we did it before then. We can do it before then.

Mr Bacon: This question of whether we do it under the old auspices or the new arrangements: how profound is that question and how difficult to solve? Why does it matter? Why can't you just do it, if it doesn't make any difference? Are you familiar with the maxim, "Don't ask for permission, ask for forgiveness"? Why don't you just get on with it?



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Chair: We'd pat you on the back if you did it.

Q106 **Mr Bacon:** I am not trying to make Mr Manzoni laugh, although I do appear to be succeeding.

Michael Lynas: I think the question was whether we would publish more information. We publish a whole range of information at the moment, not all of it in our accounts. We can supplement what we publish. Absolutely. I can write with any information that the Committee wants now. As I said, we get frequent parliamentary questions and we answer with information on those. We can put more information out to the public.

Q107 **Chair:** It is great that MPs get answers to questions—that is fantastic—but the cost of a parliamentary question is quite high. It is much easier if it is just in the public domain to begin with.

Michael Lynas: I agree.

Q108 **Chair:** As I was saying earlier, it is all taxpayers' money, and the more transparent you are, frankly, the easier it is for you as well as for us, because it shows that you have nothing to hide.

Can I go back quickly to the number of providers you have? I think 43% of your provision is from the Challenge Network, which provides in London and a number of other regions. There is supposed to be competition among providers, in a sense to help keep the costs down. At the moment they are all getting a flat rate. Are you concerned that you are not getting competitive tension because you have one large provider?

Michael Lynas: We are not unduly concerned about that. The Challenge Network has 37% of the regions—seven out of 19—and it delivers 30% of the places that are delivered—

Q109 **Chair:** I thought it was 43%. Can the National Audit Office check? You explain the figure, Mr Lynas, and then we will see if the Report agrees.

Michael Lynas: They have 43% of the contracts. They actually work with a range of other providers locally to deliver and subcontract.

Chair: So they subcontract some of those—

Michael Lynas: Yes, exactly. We set the limit of seven out of 19 regions because when we worked on the last commissioning process we thought that that was the right limit to set, and we are within that. There are some advantages that come from having a range of larger organisations: we have secured cost savings from all the organisations that have multiple regions. And we think that as we go into the new recommissioning process of course we want new organisations to come in—I have talked about some of those—but for the reasons I have given I am not unduly concerned about that.

Q110 **Chair:** Okay. It is worth mentioning that the Challenge Network was set up by Lord Wei of Shoreditch, so he is connected to my constituency. Again, this is partly an issue about transparency. You have an organisation set up by someone who became the big society tsar, who



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after he had left that role got a large chunk of the contract from a totally taxpayer-funded body, the NCS Trust. You can appreciate my points about transparency. Can you be clear about the basis on which the Challenge Network won the original contract?

Michael Lynas: As a public contracting authority, all our contracts go through OJEU procurements. We had a full open OJEU procurement. We worked with colleagues in Government to ensure that that was properly run. We had a competition in each of our regions, where 30% of the scoring was on the price and 70% was on the quality. And this organisation won in 37% of the regions and, as I said, delivers 30% of the places.

Q111 **Chair:** Had it been involved in any of the pilots? Had any of the providers been involved in pilots ahead of the formal setting up of the NCS?

Michael Lynas: The contracts I was talking about were the ones that the NCS Trust let in 2015. The Challenge Network and a range of other organisations had been involved in the first generation of contracts that were let by Government in 2012. Previously, they were also involved in the pilots alongside many other organisations.

Q112 **Chair:** Sorry, were all of them involved in the pilots or just the Challenge Network? That was not clear from your answer.

Michael Lynas: I think in the first year of pilots there were around 27 organisations. I will write to you with the exact figures involved in the pilots.

Q113 **Chair:** And did they all bid and do they now run programmes under the 2012 and 2015 contracts? Did they stay in?

Michael Lynas: Some of the organisations like vinspired, the National Youth Agency and the Football League Trust—now the EFL Trust—have been involved since the early days and now have regional contracts. Some of the organisations like Catch22 have been involved since the start and have local contracts. Actually, Catch22 deliver a large number of places across the country even though they do not have a regional contract.

Q114 **Chair:** Okay, thank you for that. Ms Owen, I will go back to the parliamentary answer you gave at the end of last week. It is interesting that you have taken over responsibility since the summer and there must be a dividend to DCMS for basically getting the budget and headcount to match reality more. How much did you claw back?

Sue Owen: The difference has gone back to the Treasury.

Q115 **Chair:** Do you get any credit for that in spending terms?

Sue Owen: Oh, no.

Q116 **Chair:** Nothing at all—oh, right. So you did your job as accounting officer. Were you a bit alarmed about the rather optimistic rate of increase, which is currently still 38,500 a year? It was higher than that.



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Sue Owen: I was quite alarmed at the previous rate of increase. I did not think that was achievable and you are right, if it were to carry on growing at the same absolute number extra per year, we would not get to the new target. So there is some degree of stretch in there, but given the experience that Michael has described to date about learning from experience of what works and what doesn't work, as well as the new policy possibilities coming in with the Bill, we think there is a very realistic chance of getting to 200,000 by 2019.

Q117 **Chair:** If they don't, are you going to do as you announced on Friday?

Sue Owen: We will not pay unless the places are delivered.

Q118 **Chair:** So you are relying on their audit as well, to make sure you are watching.

Sue Owen: We will now have the NAO auditing as well, which is always very good.

Particularly in setting the new contracts, we need to have a much better handle than we have now on cost, on the variation in cost between different areas, and on who is being able to deliver very cheaply. We also need to know what we are getting for that. If there is a region that appears to be costing a bit more but is getting a lot more added value, we need to know about that too.

There is lots of work going on—these pathfinders and experiments with the different style of programmes—so I feel reasonably confident that there is a lot more information now, and that we can match supply and demand better, have a better handle on both the cost and benefits side and put that into the new contracts. We are hoping, once we have the NCS Trust as one of our arm's length bodies, that we will come into the more routine DCMS oversight of arm's length bodies. We have an arm's length body committee with a different risk register and so on. It is already on our departmental risk register. I have already asked our chief executive of the broadband programme, who has some experience of looking across different contracts and areas, and he is going to sit down with the team and see whether we have any experience from there that they can use.

Q119 **Chair:** Okay. Your department's single departmental plan includes the original figures as targets. Mr Lynas downplayed it a little in an earlier answer, saying they were ambitious and you had your own targets, but they were written into the single departmental plan.

Sue Owen: Yes, and they will be revised.

Q120 **Chair:** So, Ms Owen and Mr Lynas—and perhaps Mr Fisher, I may want to ask him about this—what is keeping you awake at night about the risks to this programme, particularly as regards expansion and taxpayers' money?

Sue Owen: That is a very good question. The first thing that keeps me awake at night is something we have not talked about, which is safeguarding. That was the first question I asked about when I came



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across this programme and I have discussed it at length with Mr Lynas. There seem to be very good arrangements for safeguarding, but it is always a worry.

Getting a better understanding of the cost drivers is really important. Thirdly, the new contracts and getting those right.

Michael Lynas: I would also say the same on the safeguarding. We have large numbers of young people going through programmes and the parental regard for the safety of this programme is always going to be the main thing. I have been involved in this programme for eight years and it has the opportunity to help in a number of the areas we have been talking about, from social mobility to social cohesion. It is really important for the future of the country. I want to make sure we give Parliament, the public and the taxpayer the confidence they need that this is a good thing.

Q121 **Chair:** Is that keeping you awake at night?

Michael Lynas: What is keeping me awake is the risk of missing the opportunity, because this programme has a fantastic opportunity to become something that is a normal thing that people do in this country.

Q122 **Chair:** Are you not worried about the rate of expansion or the costs of the programme?

Michael Lynas: Those are tied up. It is about missing the opportunity and those are two of the biggest things that we will miss out on.

Q123 **Chair:** You worked for a consultancy. Did you ever run an organisation with a budget of this size?

Michael Lynas: I have never run an organisation with a budget of this size. I have worked with a lot—

Q124 **Chair:** You have never run any organisation before.

Michael Lynas: I have worked with a lot of organisations with budgets bigger than this, and I have worked across the civil service and across consultancies. I have also started up a youth organisation of my own, but I have never run an organisation this big.

Q125 **Chair:** What is the biggest project you managed prior to running the NCS Trust? That would be useful for us to know.

Michael Lynas: I have been involved in this now for eight years. I helped to set up the first pilot. That is my ultimate experience. I have worked in Government covering everything from the London 2012 Olympics to the same-sex marriage proposals when I was a senior policy adviser at No. 10.

Q126 **Chair:** The same-sex marriage proposals, important as they were, are not quite the same things as running a contract with a big budget.

Michael Lynas: The Olympics had a large budget, obviously. When I was a management consultant for five years I looked at a whole range of



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projects, some of which were very large, but as I said, I have not managed something with this budget before.

Chair: It is amazing, then, that it does not worry you and keep you awake at night. You are cool and calm, but Ms Owen is worried, so I think you will have an interesting discussion in the corridor. Thank you very much for your time. We will be coming back to this, no doubt. It is entirely taxpayer-funded, so we will be looking at it, and the NAO will be looking at it more regularly, so we will get regular Reports and consider them. The transcript will be up on the website in the next couple of days, uncorrected. It will also come to you. Our report will not be out until after the recess. We work as fast as we can. We will ensure you get a copy of it when it comes out. Thank you very much indeed.