

**SOCIAL SECURITY**

**ADVISORY COMMITTEE**

# **The influence of the social security system on educational and vocational decision-making at age 16**

**A study by the Social Security Advisory Committee:  
Occasional Paper No. 27**

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## About this report

This project was conducted as part of the Social Security Advisory Committee's independent work programme, under which the Committee investigates pertinent issues relating to the operation of the benefits system.

We are grateful to Lauren Shields, who is currently conducting a PhD at Imperial College London examining undergraduate STEM students, and who joined us on a three-month secondment to undertake this research. As ever, we are grateful to our extensive stakeholder community for their engagement with this project and to the individuals, in particular nine students from years 10 and 11, who have shared their direct and personal experiences of the benefits examined in this report. We are also grateful for the assistance of operational staff and policy officials from the Department for Work and Pensions, HM Treasury, HM Revenue and Customs and the Department of Education who provided factual information and insight.

The views expressed and recommendations presented in the report are solely those of the Committee.

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## Chair's foreword

This report shines light on a systemic problem that has persisted for more than a decade: the social security system, as currently designed, is inadvertently shaping the choices young people make at age 16 in ways that directly contradict the Government's own stated policy ambitions.

When the Raising of the Participation Age legislation made post-16 pathways - academic, technical and work-based - mandatory, it created a new landscape for young people. Yet the benefits system, originally built for a very different era, has not been realigned to reflect this shift. Our analysis demonstrates that the result is not simply a marginal inconsistency, but a structural misalignment with profound, yet avoidable consequences.

This has created a system that unintentionally penalises families when their children pursue apprenticeships, and it does so in ways that fall hardest on those who may already face the greatest barriers. For too many households, choosing a vocational pathway - one that the Government promotes as an equally valid route into adulthood - can trigger substantial losses in financial support. These losses can reach levels that no realistic apprenticeship wage can offset. In the starkest cases, this creates pressures so acute that young people are discouraged from taking up apprenticeships or, in some instances, are forced to abandon them.

Behind these patterns are real lives. We heard from families who wanted to support their children's aspirations but could not absorb a sudden and severe drop in income; from young carers who selected courses that did not match their interests in order to retain essential financial support; and from disabled young people navigating major educational transitions at precisely the moment their own benefits were being reassessed. Their experiences make clear that the system, as currently configured, is placing vulnerable young people in positions where they must choose between the right pathway for them and an affordable one.

It need not be this way. Other parts of the UK, and most comparable countries internationally, have demonstrated that supporting all approved post-16 pathways equitably is both achievable and effective. These examples show that the UK's cliff-edge rules are not an inevitable by-product of our benefits architecture - they reflect policy drift, accumulated over time, rather than deliberate design.

The Secretary of State for Work and Pensions has repeatedly emphasised that improving outcomes for young people is a top priority. He has made clear that "*the number of young people not in education, employment or training is much too high at almost a million*"<sup>1</sup> and warned that, and that failure to act swiftly risks entrenched

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<sup>1</sup> Speech by the Rt Hon Pat McFadden, Secretary of State for Work and Pensions (16 March 2026)

economic inactivity, higher lifetime benefit costs, and poorer health and social outcomes. Our report is therefore presented to him at a moment of genuine opportunity and salience. Recent policy initiatives aimed at reducing NEET rates, strengthening vocational pathways, and improving cross-departmental coordination have the potential to create the conditions for meaningful reform. Aligning the benefits system with today's participation framework would not only address but also reinforce the Government's broader ambitions to expand opportunity, enhance skills, and remove barriers facing disadvantaged young people.

I am very grateful to the young people, families, practitioners and officials who contributed to this work. Their candour and insight have been invaluable. Their experiences also bring into clear focus that systems matter: when rules do not align with policy intent, it is young people - especially those already facing disadvantage - who feel the consequences first and most sharply. My thanks and appreciation also go to Carl Emmerson who expertly led this project before standing down from the Committee in November 2025.

In conclusion, the evidence is clear, the harm is documented, and the solutions are within reach. A coherent system - one in which no young person is penalised for choosing the pathway that best fits their talents and ambitions - is both possible and urgently needed. We hope this report is a meaningful contribution to achieving it.

A handwritten signature in black ink, appearing to read 'Stephen Brien', written in a cursive style.

**Dr Stephen Brien**

## Executive summary

Government declares that all post 16 educational and vocational pathways are of equal value. But does the social security system support that parity in practice? This report finds that it does not.

Between ages 16 and 18, young people pass through various overlapping transitions as they move from being a dependant child to an independent adult. At 16 they must decide whether to remain in full-time education or pursue an alternative pathway, such as an apprenticeship. The Raising of the Participation Age (RPA) legislation, introduced in 2013 in England, mandates that all 16-18-year-olds must remain in some form of education or recognised training until their 18<sup>th</sup> birthday.<sup>2</sup>

The report assesses how social security interacts with that decision. As well as exploring the consequences for benefit payments that flow from the choice, we ask whether the decision could end up being skewed against a young person's best interests, or indeed whether they are making it without understanding the financial consequences – ignorance that could create nasty surprises. In effect, social security provision has never been adequately updated to adapt to the increased participation age. The unintended result of siloed departmental responsibilities and policy drift are rules that can punish the parents of young people particularly when on Universal Credit – and sometimes whole households – when a young person takes up an apprenticeship.

Recent data underlines the urgency of our topic: the number of young people who are not in any form of education, employment or training (NEET) has reached 957,000. At 12.8 per cent that means that over one in eight young people aged 16-24 are inactive, with youth unemployment at its highest level - 732,000 - since 2015.<sup>3</sup> These worrying trends apply across all of the devolved nations of the UK. And the NEET problem is concentrated in already-disadvantaged groups, such as young people with disabilities or caring responsibilities.

## Scope, approach and findings

The benefits we examine include: Universal Credit (UC), Child Benefit, Disability Living Allowance for Children (CDLA), Personal Independence Payment (PIP) and

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<sup>2</sup> [Education and Skills Act 2008](#). The RPA through this legislation applies only to England. Any changes to the Universal Credit qualifying young person eligibility criteria would apply to Great Britain, and Northern Ireland has separate legislation but applies a principle of parity.

<sup>3</sup> Young People not in education, employment or training (NEET) UK February 2026 Office for National Statistics

Carer's Allowance (CA).<sup>4</sup> Throughout, it is important to disentangle the effects of participation choices on the income of the young person themselves, their parents and the household as a whole. If an apprenticeship allows a young person to earn more than their family would lose in benefits then, in theory, financial transfers within the household could ensure that nobody ends up worse off. In practice, an expectation that it is for the parent to support their child may thwart adequate contributions flowing in the other direction. If – as we find does sometimes happen – households as a whole are made poorer by a young person embarking on an apprenticeship then even on sanguine assumptions about redistribution within the home, that pathway will be deterred. We elucidate exactly how the arithmetic plays out for seven households with different characteristics in Annex C, and refer to these example families throughout.

We deployed a range of methods to assess understanding of these interactions, and families' response to them. We interviewed nine 14-15-year-olds with parents on Universal Credit, and two care-experienced young people aged 18-24. We held roundtable discussions and other meetings with key stakeholder organisations and experts, and we visited a DWP Youth Hub including observations and discussions with operational and policy staff. And we had conversations with officials from DWP, HMRC, and DfE.

### ***The apprenticeship cliff-edge***

Many apprentices are unaware of the ways that their 16+ participation choice could feed back into household income. Other young people and their families do perceive that there will be costs of doing an apprenticeship, and are dissuaded from pursuing this route.

It is not surprising that understanding of the interaction is low. Even if there were a systematic effort to communicate it (which there is not) it is formidably complicated. Looking at the effects across our seven example homes reveals huge variation, depending on household circumstances including whether the young person is the only child or young person in the benefit claim, and whether there are one or two parents in the home. As the young person starts earning their modest apprenticeship wage (which is set at £7.55 per hour, against the adult minimum wage for those aged 21 or over of £12.21 for 2025-26), they drop out of the family unit for benefit purposes, and their families' entitlements take a hit.

This occurs in all six of the example families that we examine where the young person lives with one or both parents, although the scale of the hit varies massively – ranging from £17.25 per week to an extraordinary £339.92. In five of the six cases,

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<sup>4</sup> Whilst this report focusses on the benefits listed here, the Committee notes that there is other support that an apprentice may be entitled to when they start work, for example Access to Work grants.

the apprentice wage is theoretically sufficient to offset the loss of parental benefits, although it will not do so when parents are reluctant to demand or unable to secure a significant claim on the money their offspring is earning. In the most extreme case – a single parent with one child who is disabled and the only child left in the benefit claim – the loss is simply too big to be offset, even if the parent collected the entire apprenticeship wage. The household as a whole is left significantly worse off.

The complex and poorly-understood financial consequences for families mean that choices made by an apprentice can, in practice, be a lottery for them – with as many potential losses as prizes. Families – particularly those in vulnerable circumstances – can tumble over a ‘apprenticeship cliff-edge’ and end up significantly worse off when their child pursues an apprenticeship. We heard how this can lead to hardship and dropping out. In stark contrast, the choice to stay in education ensures that benefit income remains with the parents, just as it is with younger children. This minimises the disruption. Young people who stay in education can even earn money without it reducing their families’ entitlements.<sup>5</sup> A young person who wants to keep studying presents no equivalent financial dilemmas to the young person who wants to train.

Young apprentices from low-income households face special problems in the first month, during which travel, work clothes, equipment and other costs must be found before the first pay-cheque is received. In some cases, this has led to young people leaving the apprenticeship. In addition, parents, teachers, schools and even local authorities sometimes discourage apprenticeships for institutional as well as financial reasons. Apprenticeships are a government-approved choice, and supposed to be just as valid as the continued pursuit of traditional academic education. It turns out, however, that they are not supported as they would need to be for all young people to be free to make the choice based only on what is best for their future.

Financial incentives for continuing in formal study such as the Educational Maintenance Allowance (EMA) in Scotland, Northern Ireland and Wales, and the discretionary 16-19 Bursary in England, can improve monitoring and participation by encouraging young people to remain in education to receive that financial reward. Such schemes can, however, be another bias against more vocational routes: we heard how they can, on occasions, encourage young people to remain in full-time education when a vocational route may be more appropriate. In England, we heard that the September Guarantee, which is intended to secure all young people a suitable learning offer at age 16, can sometimes fail due to limited local options or underachievement at GCSE.<sup>6</sup>

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<sup>5</sup>To remain a qualifying young person for UC purposes, the education or training being undertaken cannot be provided by means of a contract of employment, and it must be a course of non-advanced education or approved training.

<sup>6</sup> Local authorities are also responsible for the September Guarantee: an offer, by the end of September, of a ‘suitable’ place in learning to young people completing compulsory education.

## ***Tracking and monitoring post-16 participation***

Tracking and monitoring post-16 participation is essential for effective education and training in general, and more specifically for ensuring a sound fit with social security. And yet implementation varies widely across the UK. In England, local authorities are required by legislation to monitor and report participation to the Department for Education, but we heard that data-sharing between schools, colleges and local authorities was often delayed and/or incomplete. This leaves young people who drop out falling through the cracks, impeding early and effective interventions for those who become NEET or who are at risk of becoming NEET.

Scotland adopts a more proactive model, aiming to follow up with all school leavers in the first two years after young people leave full-time education at age 16. This approach is centrally implemented through Skills Development Scotland and is based on legislative provision. Wales tracks participation on a termly basis though we were told that there is interest in considering the Scottish model while Northern Ireland takes a similar annual snapshot approach to England.

Tracking is especially important for those young people who are more likely to struggle to complete an educational course or apprenticeship, but many vulnerable groups are not consistently flagged and tracked. Neither young adult carers nor estranged young people are not routinely identified in participation and monitoring systems, particularly in vocational pathways like apprenticeships. They are therefore frequently missed, which can perpetuate inequalities by reducing access to targeted support.

### ***Challenges faced by vulnerable groups***

The report examines a number of groups who face specific difficulties when making choices at age 16. It is important to acknowledge, however, that our approach is not exhaustive: others we have not had the capacity to examine in detail, including young parents, also face particular challenges.

#### ***Young adult carers***

Young adult carers are three times more likely to be NEET than their peers. In practice, they face complex financial, employment and educational pressures and often feel like they need to balance all three of these considerations.

The eligibility rules of Carer's Allowance exclude carers in full-time education at age 16-18 as well as apprentices who earn over the earnings threshold. We heard evidence that combining caring even with part time courses or work represented a heavy burden, and that some young carers were becoming overwhelmed when balancing education, caring and sometimes employment. However, some young adult carers also felt pushed to choose courses that were part-time, unsuitable for

their interests or long-term prospects, and indeed not always in line with participation requirements. In these situations, we heard, young adult carers can often fail to achieve qualifications on a par with their peers. Moreover, those who care for less than 35 hours a week are ineligible for Carers' Allowance, which not only denies them important financial support but can also leave them invisible to the system.

Scotland's Young Carer Grant is a valuable attempt to address this, with a lower threshold for caring hours than Carer's Allowance and no restrictions on studying. In Scotland, Wales and Northern Ireland EMAs are another help: in all of them, young adult carers are a named group that should receive support. Their counterparts in England fare less well. The 16-19 Bursary is sometimes available to them; but it is discretionary, and has more restrictive conditions than with EMAs.

### *Disabled young people*

We heard that disabled young people face significant barriers during the post-16 transition. In recent years, the proportion of NEET young people with a reported disability has dramatically increased, with over half (52%) of NEETs aged 16-24 reporting a disability.<sup>7</sup> Diagnoses of Autism Spectrum Condition and other neuro-developmental conditions are becoming increasingly prevalent in the NEET population.

In line with our scenario modelling, we heard directly how much worse off some families can be when a disabled 16-year-old - particularly where he or she is the only child on the household's benefit claim - leaves full-time education to begin an apprenticeship. At that point, the parents' entitlement to Child Benefit and to the child and disabled child elements of UC ends, and the apprenticeship wage may not be sufficient to offset the immediate loss of support. While a 16-year-old who leaves education may form their own benefit unit, only in limited and tightly defined circumstances can a 16- or 17-year-old claim UC in their own right.<sup>8</sup> Those exceptions include (among others) cases where the young person is responsible for a child, is without parental support, has substantial caring responsibilities, or has (or is awaiting confirmation of) LCW or LCWRA. In the scenario we considered - a disabled 16-year-old apprentice who is no longer in full-time education - an independent UC claim would therefore depend on meeting the LCW/LCWRA exception. The process for being assessed on these criteria takes time, during which the young person does not receive the additional financial support meaning the family may have already fallen over the cliff-edge. We heard that this process could cause stress and potentially lead to dropout.

Another issue explored was the experiences of transitioning from Child Disability Living Allowance to PIP, which in England, Wales and Northern Ireland takes place

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<sup>7</sup> Youth Futures Foundation. '[Trends in young people not in education, employment or training](#)'. 2025

<sup>8</sup> CPAG Welfare Benefits and Tax Credits Handbook

at 16. We heard that this process could cause stress and uncertainty during a critical period of transition and sometimes crunch exams, with lengthy reassessments that can sometimes take months leaving families in financial limbo. Greater flexibility to decide exactly when to claim the adult benefit would be welcome and the Committee is following the Department's current consultation with great interest. Wider accessibility issues including transport and buildings remain a major factor in educational decision-making, with neurodiverse and physically disabled young people particularly vulnerable to finding themselves in a learning environment that is not suited to their needs.

### *Care leavers and estranged young people*

Care leavers and estranged young people face particularly acute challenges at age 16, as they are often assumed to have more independence compared to their non-cared-for or estranged peers. However, we heard that this assumed independence does not often come with the necessary support to make a success of it. Almost 40 per cent of care leavers aged 19-21 are NEET.<sup>9</sup> This stark figure could reflect a mix of childhood traumas and disruptions to both family life and education. But we were told that another reason for potential non-participation was financial. It was described to us as a 'benefit trap', caused by the interaction of UC and Housing Benefit for young people who live in supported accommodation aged 16-18 which discourages work and apprenticeships. We heard that although supported accommodation can potentially offer stability, it can limit the rewards to progression as extra earnings give rise to sharp reductions in Housing Benefit. Our worked example of a young person living alone in supported accommodation (Scenario 7 in annex C) illustrates how the benefit losses triggered by earning an apprenticeship wage substantially exhausts the gains. It illustrates, too, how choosing education over an apprenticeship leads to a marginally higher disposable income – and a meaningfully higher one if study is compared with part-time work. If there are travel or other costs associated with participating in an apprenticeship or if taking one up leads to the loss of entitlements 'passported' from Universal Credit, these perversities will become even more important.

It is welcome that the government committed, in its Autumn 2025 budget, to smooth the cliff edges for claimants in supported housing and temporary accommodation by Autumn of this year.

### **Access to information**

We found little evidence of the availability of good quality information on the social security and other financial ramifications of 16+ participation decisions. Indeed, we were heard that that young people were often steered in directions that suited

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<sup>9</sup> N Foley and others. ['Support for care leavers'](#); and 2025 House of Commons Library

education providers rather than their own aptitudes and prospects. There is a pressing need to youth hubs and other services to provide tailored assistance and information on the social security implications of participation choices.

### ***International comparisons***

We heard about various ways in which other countries have avoided the problem of cliff edges. These include the smart use of: training status tests in Austria and Germany; appropriate earnings thresholds in France; a pure age-related transition to adult status in the Dutch benefit system; a mix of state and employer funding in Denmark; and, a Youth Allowance Student Payments scheme in Australia. There are, then, ample ways to ensure that young peoples' families need not be penalised for choosing vocational rather than academic routes.

### ***Core questions***

Finally, the report poses a number of central questions on what the social security system should be aiming to achieve when young people make important choices about their immediate futures when aged between 16 and 18.

### **Recommendations**

The recommendations are organised by implementation timelines and complexity into four groups, namely: immediate interventions, short term adjustments, medium term reforms and comprehensive review. Each group can stand on their own, while collectively they offer a road map to full coherence for 16–18-year-olds to enable informed decision-making when choosing education or vocational pathways, remove financial barriers within the social security system and assist in reducing the risk of falling into becoming Not in Education, Employment or Training (NEET).

#### **Immediate interventions**

##### ***Close the August 31st timing gap***

###### *Recommendation 1*

The Department should address the timing gap between benefit cessation (31 August after the child's 16<sup>th</sup> birthday) and participation commencement by extending support from the current cut-off date until young people begin their apprenticeship and have received their first wage.

## ***Information strategy***

### *Recommendation 2*

The Department should develop and implement a strategy to ensure improved access to information as to how household and individual benefits change when a young person pursues an apprenticeship or remains in education, with this information clearly signposted to schools, parents and other advisers including those working in Youth Hubs.

## ***Clarify "approved training" definition***

### *Recommendation 3*

The Department and HMRC should review, update and clarify the definition and list of "approved training" in Child Benefit and UC regulations and publish new guidance.

## **Short-term adjustments**

### ***Flexible CDLA→PIP transition***

#### *Recommendation 4*

Following the completion of its current consultation, the Department should consider giving young people choice over the timing of the CDLA to PIP transition – either at age 18 or at a point of the young person's choosing between the ages of 16 and 18.

### ***Young carer support reform***

#### *Recommendation 5*

To assist young adult carers to make effective choices in their long-term best interests, the Department should review the financial support available to them, including the removal of the 21-hour/Full-Time Education rule for Carer's Allowance. In addition, it should consider introducing a Young Carer Grant to England and Wales and, on the basis of parity, see a similar development in Northern Ireland.

### ***Care leaver/estranged youth: Housing Benefit/UC interaction***

#### *Recommendation 6*

The Department should urgently bring forward its proposals<sup>10</sup> to review the Housing Benefit and Universal Credit interaction for residents of supported housing and

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<sup>10</sup> As announced by the Chancellor of the Exchequer in the Autumn Budget 2025.

temporary accommodation which includes Care Leavers and Estranged Youth to ensure that young people are not penalised for pursuing any approved pathway.

### **Medium-term reforms**

#### ***Strengthen tracking***

##### *Recommendation 7*

The Department should work closely with colleagues from the Department for Education and devolved administrations where appropriate to strengthen the tracking and monitoring of young people aged 16-18, including considering introducing tracking in real time.

#### ***Include vulnerable groups in tracking***

##### *Recommendation 8*

Vulnerable and disadvantaged groups, such as disabled young people, estranged young people, young parents and Young Adult Carers should be included in targeted tracking to monitor participation.

#### ***Clarifying the objectives of social security policy in relation to the 16+ group***

##### *Recommendation 9*

The Department should consider whether it should have as one explicit objective of policy to ensure that there is equivalent support to all approved participation choices for young people. Even if this is not deemed a priority (or there are insufficient resources to pursue it) the Department should consider whether a goal should be ensuring that there are more even-handed consequences of choosing apprenticeships between different types of families. That is, it should explore whether it wants to reduce the vast current variation in the hit to parents' benefit entitlements depending on the makeup and characteristics of their households.

#### ***Economic dependency and benefit unit review***

##### *Recommendation 10*

The Department should consider whether the current benefits system appropriately reflects the transitional economic dependency status of 16-18-year-olds. It should ask whether the reality is that most of these children remain economically dependent, and – as such – should remain part of their parents' family unit for benefit claims. And then – if so – it should ask more specifically whether it is appropriate for

parents of apprentices to lose Child Benefit and elements of Universal Credit, while parents of students who are earning do not?

### ***Review treatment of young peoples' earnings***

#### *Recommendation 11*

The Department should consider whether 16-18-year-old apprentices should remain part of the parental benefit unit, and whether their earnings should be treated similarly to earnings from young people in full-time education who have part time jobs.

### **Comprehensive review**

#### ***Comprehensive benefits review***

#### *Recommendation 12*

A comprehensive review of all benefits rules and other income interacting with participation of 16-18-year-olds should be undertaken.

#### ***Joined-up delivery approach (Child Benefit to DWP)***

#### *Recommendation 13*

The Department, in consultation with HMRC colleagues, should consider a more joined-up approach to providing support for families, which would have particular benefits for 16-18-year-olds. Specifically, consideration should be given to transferring responsibility for Child Benefit to DWP, from HMRC.

## Chapter 1: Background and Rationale

This report begins with a simple observation that has profound consequences: the UK government simultaneously declares all post-16 pathways equivalent - while its benefits system financially penalises some families whose children choose vocational routes. This is not a minor administrative inconsistency. It represents a fundamental policy contradiction potentially affecting thousands of families, distorting educational decision-making, and working directly against government's stated objectives for universal participation and skills development.

The contradiction arose through policy drift rather than design. When the Raising of the Participation Age (RPA) legislation<sup>11</sup> was introduced in England it redefined apprenticeships as educational pathways equivalent to A-levels, benefit rules designed for a different policy era remained unchanged. The result has been that families can lose substantial weekly income when young people choose apprenticeships, creating systematic inequality between pathways government declares equal. The UK's 12.8 per cent Not in Education, Employment or Training (NEET) rate suggests this misalignment has consequences, particularly for vulnerable groups the benefits system should support most effectively.<sup>12</sup>

This chapter establishes the scale and nature of the problem:

- Section 1.1 examines the regulatory mechanisms creating the contradiction and quantifies government investment flowing unequally to different pathways.
- Section 1.2 demonstrates what benefit loss means for families across different household compositions, showing how abstract policy creates concrete harm.
- Section 1.3 documents the NEET crisis and its concentration among vulnerable populations.
- Section 1.4 examines current policy initiatives, arguing they create rare conditions for addressing fundamental misalignment rather than symptoms.

### 1.1 - A system at odds with itself

The social security system's treatment of apprenticeships contradicts education policy's treatment of them in ways that create observable harm. Education policy, through the RPA legislation, established apprenticeships as approved pathways equivalent to A-levels - government-mandated routes to meet the participation requirement. But social security policy, through unchanged regulations, treats

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<sup>11</sup> [Education and Skills Act 2008](#)

<sup>12</sup> Young People not in education, employment or training UK February 2026 Office for National Statistics

apprenticeships as employment that triggers loss of child-related support. This section examines the regulatory mechanism creating this contradiction and its consequences. Over £16 billion in annual government investment flows almost entirely to families choosing academic routes, while families choosing apprenticeships - an equivalent pathway - lose access to this same support.<sup>13</sup>

### *The regulatory clause creating the exclusion*

The social security system offers varying levels of support to 16-18-year-olds and their families, depending on their chosen pathways, the composition of their households and where they reside within the UK. The state provides financial support to help raise children, most commonly through Child Benefit. This is available for children up to age 16, or up to and including age 19 if they are considered a 'qualifying young person' - which in its simplest form is defined as being in full-time non-advanced education. For families on Universal Credit (UC), additional child-related elements apply under similar conditions (including the child element of UC, the disabled child element of UC and - in some situations - the Work Allowance).

However, the definition of 'qualifying young person' contains an exclusion that creates a fundamental divide between academic and vocational pathways. This exclusion determines which families retain support when their children turn 16, and which families lose it - largely based on how training is delivered rather than the young person's actual circumstances or dependency.

### *The 'qualifying young person' definition and its impact*

If a young person leaves full time education (FTE) to begin an apprenticeship, they no longer meet the criteria for 'qualifying young person' status. Full-time students qualify; apprentices do not. In effect, they exit the parental benefit unit and form their own, even if they still live in their parents' home. In this sense, apprentices are treated as 'independent', whereas those continuing in FTE are treated as 'dependants'.

This exclusion stems from a regulatory clause that excludes education or training provided by means of a contract of employment from the definition of a qualifying young person. Because apprenticeships require an apprenticeship agreement (a form of contract), they are automatically excluded regardless of the young person's

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<sup>13</sup> Over £16 billion a year is directed to supporting children in households through Child Benefit and the child-related elements of Universal Credit. Figure derived from *DWP/OBR welfare spending data on Child Benefit and Universal Credit*; and the Institute for Fiscal Studies' research into *The two-child limit: poverty, incentives and cost*.

actual circumstances. This binary classification treats activity type - how training is delivered - as a proxy for economic dependency. Of course, this may have made sense when introduced, but now it excludes those earning as little as £7.55 per hour and who are still reliant on parental support. The findings from this project suggest this proxy no longer reflects reality.

The consequences of this exclusion can be profound. These elements of social security support are a significant investment. In 2024-25, the government spent over £2.4 billion on Child Benefit payments to households for 16-19-year-old children.<sup>14</sup> In the same year, just over 832,000 young people aged 16-19 were in households that received the child element of UC, and the total expenditure on the child element in that year was £12.8 billion. Almost 188,000 young people aged 16-19 were in households that received the disabled child element.<sup>15</sup> This substantial annual investment flows almost entirely to families whose children remain in full-time education. The families of young people choosing apprenticeships lose access to this support, creating inequality between pathways the government declares equivalent.

## 1.2 - What this looks like for families

Abstract policy contradictions matter because they create concrete consequences for real families. When young people choose apprenticeships, household benefit income can fall by £70 to £339 per week depending on family composition. While this may be offset by the apprenticeship wage paid to young people the loss of household benefit income alongside the shift in income has significant consequences. These are not theoretical calculations - they reflect actual benefit rules applied to representative family circumstances across a range of scenarios.

### *How benefits change when apprenticeships begin*

Understanding the financial cliff requires understanding which benefits families receive and how they interact. Most families with 16-18-year-olds in full-time education receive Child Benefit (£26.05 per week for a first child; £17.25 for the second and subsequent children). For families on UC, additional elements apply: the child element (£78.23 per week at the higher rate)<sup>16</sup> and, critically for single-child households, the UC Work Allowance allows lower income families to earn more before their UC begins to be tapered away at the standard 55 per cent rate. Without the Work Allowance, families lose 55 pence of UC for every pound earned; with it, renting households can earn up to £411 per

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<sup>14</sup> Figure 9)a), '[Child Benefit Statistics: annual release, data at August 2023](#)'. HMRC 2024

<sup>15</sup> Calculation made using [Stat-Xplore](#).

<sup>16</sup> There are two rates of child element: a higher rate (£339 per month) for the first child born before 6 April 2017 and a standard rate (£292.81) for the first children born on or after 6 April 2017 and second and any other eligible children.

month (for single-child households) before the taper applies.<sup>17</sup> This is equivalent to an extra £52.17 in UC per week.

As we described earlier, a young apprenticeship ceases to be a 'qualifying young person' and no longer forms part of the parental benefit unit and is classified as an independent worker. As a consequence, the family loses Child Benefit. Because UC's child element and Work Allowance depend on qualifying young person status, these cease simultaneously.

For example, consider a two-parent renting household with one 16-year-old child. Both parents work part-time on low wages, earning £1,200 per month combined. They receive UC and Child Benefit.

When the young person remains in full-time education:

- Child Benefit: £26.05 per week
- UC Child Element: £78.23 per week
- UC Work Allowance: £52.17 per week

If the young person works part-time (say, 12 hours at £7.55 per hour = £90.60 per week), this income is disregarded for family UC purposes while they remain in full-time education. The family's benefit position is unchanged; total household income increases by £90.60.

When the young person begins an apprenticeship

- Child Benefit: £0 (entitlement ceases)
- UC Child Element: £0 (entitlement ceases)
- UC Work Allowance: £0 (entitlement ceases)

Consequently, the family's benefit position is reduced by £156.45 per week (compared to a situation where the young person enters full-time education). If the young person's apprenticeship is 35 hours per week (at £7.55 per hour), then the salary will be (net) £257.98 per week. In this case, total household income increases by £101.53 per week (£257.98 - £156.45).

The apprentice's income enters the household, but it goes to the young person direct, not to the parents. The household's combined income (parent(s) + young person) may be slightly higher overall, but the income available to cover household costs - rent, utilities, food, transport for the entire family - has fallen substantially unless the apprentice contributes most of their wage to replace the loss.

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<sup>17</sup> The financial impact of losing the Work Allowance is not the £411 itself – it is the additional UC withdrawn through the taper that would otherwise have been protected.

## *Variation across family types*

This calculation represents one scenario. Seven detailed scenarios showing how financial impact varies dramatically based on household composition are provided in Annex C.<sup>18</sup> Two-parent households with multiple children may fare better if they have younger children who preserve some UC elements. Single-parent households face steeper losses (including the potential to lose child maintenance). Families with disabled members - whether the young person or a parent - experience the most severe cliff edges, with weekly losses reaching £339. Where an apprentice is the last child in their family UC claim, the loss can again be substantial. The fundamental mechanism remains constant: apprenticeships trigger benefit loss whereas education and part-time job do not.

### *Why household income calculations miss the point*

Policy rationale often assumes apprentice wages compensate for benefit loss at the household level: yes, parents lose benefits, but the young person earns wages, so total household income may even increase. This logic fails on two grounds.

First, the income flows to different people. Child-related benefit income - particularly Child Benefit - flows overwhelmingly to women.<sup>19</sup> These payments cover household costs: rent, utilities, food, transport for the entire family. Apprentice wages flow to the young person. Compensation requires intra-household transfers: the apprentice must regularly hand over a substantial portion of their wages to parents to offset the benefits loss. Research on intra-household resource allocation demonstrates that income cannot be assumed to be shared equally, as access to resources is shaped by internal household dynamics rather than co-residence alone.<sup>20</sup> Studies of youth transitions further show that young people may actively resist financial dependence on parents, even in co-resident households.<sup>21</sup>

Second, the benefits system treats the apprentice as independent - they exit the parental benefit unit and form their own entity. This classification contradicts the compensation assumption. If apprentices are independent, why would they transfer income to parents? If they remain dependent, why are benefits withdrawn? The system simultaneously declares apprentices independent (for benefit purposes) while assuming they remain part of the household (for income-sharing purposes).

The financial cliff edge matters not because household income necessarily falls in all cases -though it does in many - but because it redistributes income from parents

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<sup>18</sup> This example is drawn from Scenario 3 in Annex C.

<sup>19</sup> [Child Benefit Statistics: annual release, data as at August 2021 - GOV.UK](#) "In August 2021, 87% (6.17 million) of families in receipt of Child Benefit payments had a female as the registered claimant and 13% (0.92 million) had a male registered as the claimant."

<sup>20</sup> Bennett, F. (2013) 'Researching within-household distribution: overview, debates and policy implications', *Journal of Marriage and Family*.

<sup>21</sup> G Main '[Fair Shares and Families: a child-focused model of intra-household sharing](#)'. 2019 Childhood Vulnerability Journal vol.1 no.1

managing household costs to young people earning minimum wages, then assumes voluntary transfers will compensate. For families already managing on tight budgets, this assumption becomes untenable whereas families on higher incomes can more readily absorb the cost.

### 1.3 - The rising NEET crisis

Initially the RPA legislation appeared to be working, with a fall in NEET rates after implementation, but these gains have not been sustained. The UK's current 12.8 per cent rate means that 957,000 16-24 year olds - over one in eight - were not in education, employment or training between October and December 2025.<sup>22</sup> This section examines three dimensions: England's rates compared to devolved nations, the gap between RPA's original policy objectives and current reality, and the disproportionate concentration of NEET status among vulnerable populations - young people with disabilities, caring responsibilities, and from low-income households. This concentration among precisely those groups the benefits system should support most effectively creates particular urgency for examining whether benefit rules inadvertently contribute to the problem they were meant to solve.

#### *England's high NEET rate*

In England in 2025, there were 839,000 young people aged 16-24 not in education, employment or training. Of these 783,000 were aged 18 -24 (a rate of 13.3 per cent) and 56,800 aged 16-17 (a rate of 4.8 per cent).

The picture is similar across the devolved nations. In Scotland, 70.5 per cent of 16-19-year-olds are in education, and 3.9 per cent were not participating with a further 2.8 per cent unconfirmed.<sup>23</sup> In Wales, 17% of 16-24-year-olds were NEET in the year ending September 2025. This represents an increase of 6.2 percent over the past year.<sup>24</sup> In Northern Ireland the number of young people aged 16-24 NEET between July and September 2025 was 23,000 – a rate of 11.1 per cent.<sup>25</sup>

#### *RPA's original objectives and current reality*

RPA legislation pursued clear objectives: to reduce NEET rates, upskill young people, and reduce inequality of opportunity. Research demonstrates that prolonged NEET spells are linked to poorer health outcomes and lower lifetime earnings, making these policy goals particularly important. Government declared all approved

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<sup>22</sup> [Calendar year 2025, NEET age 16 to 24](#), Department for Education (March 2026).

<sup>23</sup> C McGarvey and K McGuire. '[Annual Participation Measure for 16-19 year olds in Scotland 2025](#)'. 2025.

<sup>24</sup> [Young people not in education, employment or training \(NEET\): October 2024 to September 2025](#) Welsh Government, January 2026.

<sup>25</sup> Young People Not in Education, Employment or training LFS (NI), Department for the Economy 22 November 2025.

pathways equivalent and mandatory, yet current reality shows these objectives have not been fully realised - NEET rates are rising, inequality persists, and pathway choices appear distorted by factors beyond educational suitability.

Understanding this gap requires examining how the social security system interacts with young people's decision-making. Specifically, we need to understand whether social security arrangements support informed choices or whether it inadvertently incentivises or disincentivises certain routes and/or leads to unexpected changes in household income. A deeper understanding of these early transitions - and the potential impact of the benefits system on them - can help ensure young people are clearly supported to make choices that set them on a positive trajectory into adulthood.

### *NEET concentration in vulnerable groups*

This is especially timely, given that the NEET rate is the highest it has been in over a decade. Young people with Special Educational Needs and Disabilities (SEND), caring responsibilities and from low-socioeconomic backgrounds - those most reliant on the social security system – are considerably more likely to be NEET.<sup>26</sup> NEET status concentrates disproportionately among these vulnerable populations. Young adult carers are also three times more likely to be NEET than their peers.

It is therefore imperative to urgently address the question of whether the social security system, which is intended to support the most vulnerable, is inadvertently contributing to this rising NEET rate among disadvantaged groups. Our report examines this long-overlooked issue. Our work is particularly timely given the Government's current focus on reducing the NEET rate, and the recently announced investigation into youth unemployment and inactivity.<sup>27</sup> We therefore trust our research will add a useful contribution to this discussion.

## **1.4 - A shifting policy landscape**

Multiple concurrent policy initiatives - from the Youth Guarantee to institutional integration of skills policy - demonstrate the Government's ambition to address rising NEET rates. This section examines these initiatives and argues they create unusual conditions for systematic reform: political attention, cross-departmental capacity, and recognition that youth outcomes require addressing interacting systems. The question is whether this window will be used to address fundamental policy misalignment or merely symptoms.

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<sup>26</sup> J Crowley and others ['Risk factors for being NEET among young people'](#). National Centre for Social Research 2023

<sup>27</sup> The Milburn Review: [Alan Milburn calls for a 'movement' to address lost generation of young people not earning or learning as investigation opens - GOV.UK](#)

*Get Britain Working and the Youth Guarantee:* Understandably, the rising NEET rate has sharpened government attention. Recent policy initiatives include the 2024 Get Britain Working white paper<sup>28</sup> and the Youth Guarantee<sup>29</sup> ensuring all 16-24-year-olds have access to education, training, or employment support - and the expansion of DWP-run Youth Hubs to provide integrated support.<sup>30</sup> These initiatives recognise youth unemployment and inactivity as priority areas, though their focus on post-18 populations raises questions about consistency of support for 16-18-year-olds and how benefits rules affect pathway choices during this earlier transition.

*Post-16 Skills White Paper and DWP-DfE Integration:* The Post-16 Education and Skills white paper, published in October 2025, places renewed emphasis on identifying and supporting potential NEETs. Following the move of the Adult Skills agenda to DWP, a new joint skills strategy hub aims to strengthen collaboration between DWP and DfE.<sup>31</sup> This institutional integration creates capacity for addressing policy silos between education and benefits policy for 16-18-year-olds.

*The Milburn Review on Youth Inactivity:* In autumn 2025, an independent review led by former Health Secretary, The Rt. Hon Alan Milburn, was announced. This review will examine the drivers of youth inactivity, with particular attention given to mental health and disability.<sup>32</sup> Given that 48 per cent of NEETs aged 16-24 are classed as disabled<sup>33</sup> - more than double the rate fifteen years ago - and mental health conditions among NEETs have increased significantly, this review will examine populations most affected by the benefit cliff edges documented in this report. It is due to report in Summer 2026.<sup>34</sup>

### *Window for systematic reform*

These concurrent initiatives create rare conditions for systematic reform: political attention to youth outcomes, institutional capacity for cross-departmental coordination, and recognition that addressing NEET rates requires understanding multiple interacting systems. In this project, we work with the assumption that the current government's principles are that all post-16 routes, whether academic, technical or apprenticeship, should be viewed as equally valid and that neither route should be prioritised over another; rather the route chosen should be the one that best meets the young person's needs. Another assumed principle is that where barriers exist for young people in making decisions in their best interest, such as for

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<sup>28</sup> [Get Britain Working White Paper - GOV.UK](#)

<sup>29</sup> Press Release: '[Almost a million young people to benefit from expanded support, new training, and work experience opportunities.](#)' Department for Work and Pensions 2025

<sup>30</sup> '[DWP Youth Offer](#)'. Department for Work and Pensions

<sup>31</sup> White Paper: '[Post-16 education and skills white paper](#)'. Department for Education, Department for Work and Pensions, Department for Science, Innovation and Technology 2025

<sup>32</sup> Press Release: '[Independent investigation to be launched to tackle rising youth inactivity](#)'. Department for Work and Pensions 2025

<sup>33</sup> DWP, "The employment of disabled people 2025" (November 2025)

<sup>34</sup> Interim findings expected in Spring 2026.

the high-risk NEET groups outlined above, such barriers should be minimised wherever possible.

However, as our report will outline, these ambitions are not always realised in the lived experiences of the young people and their supporters when making these decisions. The gap between stated principles and lived reality makes this moment especially opportune. With infrastructure for cross-departmental coordination in place and political will focused on youth outcomes, the chapters that follow provide a basis for addressing fundamental policy misalignment rather than continuing incremental adjustments that leave root causes unchanged.

### **1.5 - Why reform is achievable**

The problems documented are neither inevitable nor unprecedented. International evidence and UK devolved nations demonstrate that governments can support 16-18-year-olds through mandatory participation frameworks without creating the financial cliffs and distorted choices to the extent that characterise England's current system.

As we explore further in more detail at Chapter six, the UK is unusual among developed countries in imposing financial penalties on families based solely on a young person's training pathway. Nations such as Germany, Austria, France, the Netherlands and Australia ensure family benefits are maintained for apprentices through a variety of means: earnings thresholds, age-based support or equal treatment across learning routes. None of these mechanisms discriminate between classroom learning and workplace delivery. Countries that introduced participation mandates, such as Austria and France, aligned their benefits systems with these aims, avoiding the cliff edges seen in England, where the Raising of the Participation Age (RPA) was implemented without cross-government coordination. Within the UK, Scotland, Northern Ireland and Wales have adopted more supportive individual policies - such as predictable Education Maintenance Allowance, flexible disability transitions, and grants for young carers - addressing problems documented in this report and demonstrating that more coherent approaches are feasible within the UK framework.

Current arrangements reflect cumulative policy choices rather than insurmountable constraints. Chapter 6 examines international and devolved alternatives in detail, demonstrating how the specific problems identified in Chapters 3-5 can be - and have been - addressed through different policy design. This report examines whether and how these proven approaches could be adapted to the specific contexts across the UK.

## Chapter 2: The policy evolution gap

Policy contradictions rarely emerge from deliberate design. More commonly, they result from uncoordinated evolution - parts of the policy landscape changing at different times, for varied reasons, without systematic review of how changes interact. The misalignment between social security policy and education policy for 16-18-year-olds exemplifies this pattern. Our understanding is that what exists today is not the product of careful consideration and explicit choice, but rather policy drift across more than a decade.

This chapter traces how we arrived at current arrangements through four distinct phases:

- the pre-2015 world when categorical boundaries aligned with reality,
- the 2013-2015 RPA transformation that redefined apprenticeships as educational pathways,
- the regulatory stasis that left benefits rules unchanged despite transformed education policy, and
- the resulting proxy problem where activity type determines support rather than family dependency.

Each section documents not just what changed or did not change, but why those decisions (or non-decisions) matter for families navigating pathway choices today.

Understanding this evolution matters because it reveals the problem is not inevitable. The contradiction emerged through policy drift, not design. What drifted apart can be brought back together - but only through deliberate, systematic reform that acknowledges how fundamentally the landscape has changed since benefits rules were last reviewed for this population.

### 2.1 - Pre-2015: when the binary choice was clear

This section documents the pre-2015 baseline: how young people's multi-dimensional transitions created policy challenges, what choices they faced at 16, and why benefits rules coherently reflected that choice. Establishing this former coherence provides the benchmark against which to measure current misalignment.

#### *Young people's transitions at 16*

Young people's transitions from childhood to adulthood occur across multiple dimensions between ages 16 and 18. Legal transitions (gaining adult rights) occur at specific ages through statute. Economic transitions (moving towards self-sufficiency) progress gradually and unevenly. Educational transitions (shifting from compulsory

to voluntary participation) historically occurred at 16. Household transitions (from parental dependence to potential independence) vary widely by circumstance. These transitions also affect the wider family network – particularly parents – whose eligibility for certain social security benefits changes as the young person’s status evolves. This non-synchronous nature creates inherent policy challenges around categorical boundaries.

### *The education/work choice at age 16*

Pre-2015, age 16 presented young people with a clear binary choice: continue in education or enter employment (including apprenticeships). At this point, young people typically choose between two main routes: remaining in full-time education or starting work, with or without an apprenticeship.<sup>35</sup> This choice carried significant weight because school leaving age was 16, making education beyond this point voluntary. Employment was a valid, compliant option. Apprenticeships were work-based routes with wages. The binary distinction was meaningful because options were genuinely different in structure, status, and economic characteristics.

### *When the system was coherent*

Benefits rules treating students as dependent and workers as independent made sense when the binary choice was clear. When benefit rules were originally established, the school leaving age was 16 and the education/work distinction was clear (as it is now for the majority of those turning 18). Students in voluntary education beyond 16 remained economically dependent on parents. Workers - including apprentices earning wages - achieved economic independence. Activity type accurately proxied for economic status. Parents needed continued support for dependent students; workers earned sufficiently to support themselves. In this pre-RPA context, the social security system was coherent and rational because categorisation aligned with economic reality.

## **2.2 - The 2013-2015 transformation: RPA implementation**

The Education and Skills Act 2008 created the moment of fundamental misalignment. Between 2013 and 2015, government implemented Raising of the Participation Age (RPA) legislation that eliminated the education/work choice at age 16, mandating participation in education or training to 18 and declaring apprenticeships equivalent to academic routes. This section documents the transformation: how the Act was staged, what changed when apprenticeships were redefined as educational pathways, why full-time employment ceased as a valid option, and what policy objectives government intended to achieve. These changes matter because benefits rules - designed for a world where 16-year-olds could choose between education and employment - were never

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<sup>35</sup> [School leaving age: Can you leave school at 16 and what are your options? – The Education Hub](#)

systematically reviewed to reflect the new reality where all approved pathways became mandatory educational participation.

### *Education and Skills Act 2008 and staged implementation*

The Education and Skills Act 2008<sup>36</sup> introduced the Raising the Participation Age (RPA) framework, mandating that all young people remain in some form of education or training until age 18. Implementation occurred in two stages. In 2013, pupils leaving Year 11 were required to remain in education or training for one additional year, and from 2015 when they were required to remain in education or training until their 18<sup>th</sup> birthday.

All post-16 pathways were required to include an educational component. The RPA legislation meant that apprenticeships, once considered as work-based routes, were re-defined as educational routes equivalent to A-Levels or BTECs. Full-time employment at age 16 ceased to be a valid or compliant option, creating a clear shift from pre-RPA choices (employment or education) to post-RPA choices (education-based only).

The RPA legislation was intended partly to reduce the number of young people classified as NEET as part of a wider ambition to upskill young people and reduce inequality of opportunity.<sup>37</sup> Research consistently shows that prolonged NEET spells are linked to poorer health and lower lifetime earnings, amongst other negative outcomes.<sup>38</sup>

### *Apprenticeships redefined as educational pathways*

This redefinition of apprenticeships carried profound potential implications for benefits policy. By requiring all post-16 pathways to include educational components, RPA positioned apprenticeships as equivalent to A-levels and BTECs - equally valid routes meeting mandatory participation requirements.<sup>39</sup> Government policy declarations treated these pathways as interchangeable for fulfilling legal obligations. The historical work/education choice dissolved in education policy. Yet as we demonstrate later, benefits policy continued operating as though the earlier binary world remained unchanged.

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<sup>36</sup> Education and Skills Act, 2008.

<sup>37</sup> M Dickson and S Maguire and others. '[Keeping young people in learning until the age of 18 – does it work?](#)' University of Bath 2025, Page 1

<sup>38</sup> A Kyriakopoulou. '[What are the individual consequences of being NEET?](#)' Cedefop 2021

<sup>39</sup> A development since 2013 is that apprenticeships can be Level 2-6 (i.e. level 2 apprenticeships are GCSE equivalent, not A-Level)

### *Full-time employment ceases as valid option*

The elimination of full-time employment as a legitimate post-16 choice fundamentally altered how young people's status should be understood. What was previously a recognised path to independence - leaving education at 16 to work full-time - became contrary to government policy – and to the law. Young people pursuing government-approved pathways, whether academic or vocational, all occupied the same legal status: mandatory participants in education or training. This shift raises questions about whether benefits categorisation, which treats some approved pathways as "employment" while others remain "education," reflects post-RPA reality.

### *The intended policy objectives*

These objectives - reducing NEET rates, upskilling young people, and reducing inequality of opportunity - assumed pathway parity. Government declared apprenticeships and academic routes equivalent, creating expectation that approved pathways would be equally accessible and supported. Success required ensuring financial circumstances did not determine which approved pathway families could afford. These intended outcomes establish benchmarks for evaluating whether benefits rules support or undermine RPA's goals, and whether the system creates the pathway parity that policy declarations promised.

## **2.3 - What did not change: benefits were never revised**

When RPA fundamentally transformed post-16 education, the benefits system was not systematically reviewed. This section explores regulatory stasis across three dimensions: the qualifying young person definition that remained unchanged despite transformed apprenticeship reality, the UC rollout that deepened rather than addressed the cliff edge, and institutional silos across HMRC, DWP, and DfE that prevented a coordinated policy response.

### *Child Benefit and UC rules remained static*

The crux of our research is that the social security system was not amended to take account of the introduction of the RPA legislation.<sup>40</sup> Despite RPA's fundamental transformation of post-16 pathways, this lack of review resulted in a system designed for an entirely different policy environment, which is now operating under fundamentally changed circumstances. When benefit rules were originally established, the school leaving age was 16, apprentices earned higher wages, and the education/work binary was clear (as it is now for the majority of those turning 18).

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<sup>40</sup> By 'social security system', we mean the network of state-issued benefits and financial support provided to individuals and families, including Universal Credit and Child Benefit.

In this pre-RPA context, the social security system was coherent and rational. The qualifying young person definition excluded education provided through employment contracts - a rule that had made sense at one time. Benefits ceased when young people started apprenticeships, treating them as independent workers entering the labour market.

However, when the RPA was implemented, the social security system was not revisited to reflect the change to compulsory learning after age 16. The qualifying young person definition remained unchanged. Benefits continued ceasing when young people started apprenticeships - exactly as before - despite apprenticeships now being mandatory educational pathways equivalent to A-levels, with apprentices (then) earning as little as £3.70 per hour.<sup>41</sup> As we will show, the streamlining of social security into UC further exacerbated the policy drift.

### *The cliff edge deepened under Universal Credit*

The financial cliff edge became more severe as UC rolled out. Under the previous system (Tax Credits), families might lose Child Benefit and part of Child Tax Credit. Under UC, families now lose Child Benefit, plus multiple UC elements: Work Allowance (£684/month or £411/month for single-child renting households) and Disabled Child Element (£158.76/month where applicable). For single parent households, Child Maintenance can also be affected (where applicable).

Recent modelling by the Youth Futures Foundation showed that families with an apprentice (where two parents work full-time at the National Living Wage) can fall short of the income required for a minimum socially acceptable standard of living when these benefit changes occur.<sup>42</sup> It is arguable that the apprentice's wage should make up for the loss in parental benefit income. However, as we show in our research, the amount earned by the apprentice does not always make up the difference. This argument also relies on finance-sharing within the household, which research shows cannot always be guaranteed.<sup>43</sup>

The Tax Credits to UC transition occurred without revisiting the fundamental question of whether categorical boundaries remained appropriate for 16-18-year-olds post-RPA. UC consolidated multiple benefits but maintained Child Benefit's qualifying young person definition as a gatekeeper for additional UC elements. This consolidation meant the regulatory clause's operation had wider impact: single exclusion now triggered multiple simultaneous losses. The transition represented a missed opportunity to align benefits policy with the transformed education landscape.

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<sup>41</sup> <https://www.gov.uk/national-minimum-wage-rates>

<sup>42</sup> M Padley 'Apprenticeships, Child Benefit and Universal Credit: exploring the impact of eligibility criteria on living standards and income inadequacy'. Youth Futures Foundation 2024

<sup>43</sup> G Main 'Fair Shares and Families: a child-focused model of intra-household sharing'. 2019 Childhood Vulnerability Journal vol.1 no.1 pages 31-49

### *Institutional silos: HMRC, DWP, DfE operating separately*

Institutional responsibilities remained siloed throughout this period. HMRC administered Child Benefit (moved from DWP in 2003 to align with Tax Credits). DWP administered UC. DfE implemented education policy including RPA. No institutional mechanism ensured policy coherence across departments when fundamental changes occur.

The administrative history of Child Benefit is part of the explanation for why this policy drift has occurred. In 2003, responsibility for Child Benefit was moved from DWP's predecessor, the Department for Social Security, to the Inland Revenue (now HMRC) to align with Tax Credits. As Tax Credits have migrated to UC, which has become the primary mechanism for household support, this institutional split has become increasingly disconnected from reality. These departmental divisions meant that when DfE implemented RPA - fundamentally redefining apprenticeships as educational pathways – we have seen no evidence that an institutional mechanism existed to trigger a corresponding review of HMRC's Child Benefit rules or DWP's UC regulations. Education policy transformed; benefits policy, which is reserved matter in Wales and Scotland remained static.<sup>44</sup>

### **Section 2.4 - Activity type Instead of economic status**

The heart of the misalignment is a proxy that no longer measures what it was intended to measure. Benefits rules use "contract of employment" presence as a proxy for economic independence - treating young people in employment-based training as independent adults no longer requiring parental support. It has a substantial financial impact when applied to 16-year-olds earning minimum wage apprentice rates and still reliant on parents for housing, food, and transport.

The proxy measures activity type (how training is delivered) rather than economic status (whether the young person can support themselves). Education policy says apprentices are students in mandatory education. Benefits policy says they are independent workers. Reality says they are substantially economically dependent on parents regardless of pathway. This section establishes the proxy problem, documents actual apprentice earnings that reveal the disconnect, and examines consequences that concentrate precisely among vulnerable groups the social security system exists to support.

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<sup>44</sup> Additional financial support for 16-18-year-olds in education is administered by other departments and agencies, further illustrating the institutional fragmentation: the Department for Education funds the discretionary 16-19 Bursary in England, while devolved education authorities administer Education Maintenance Allowance in Scotland, Wales, and Northern Ireland.

### *Activity type as proxy for dependency*

Current benefits rules use activity type - whether training is delivered through educational institution (classroom) or employment contract (workplace) - as the criterion for dependency status. This treats the administrative form of training delivery as indicative of economic circumstances: education-based training equals dependent; employment-based training equals independent.

### *Apprentices treated as "independent"*

The minimum apprentice wage is £7.55 per hour (2025-26 rates), resulting in approximately £250-£275 weekly take-home pay for first-year full-time apprentices. This wage was designed for learning and skill development, not household support or independent living. It sits below the National Minimum Wage for any other employment category precisely because apprentices are recognised as learners rather than workers.

Yet benefits rules treat apprentices earning this amount as independent adults no longer requiring parental support - the identical treatment applied to 18-year-olds earning £10.00/hour or adults earning £12.21/hour in full employment. The assumption that £250 weekly enables independence can often fail to reflect that this may cover independent housing,<sup>45</sup> food, transport, and living costs. Apprentices remain dependent on parental support for accommodation, meals, and transport to placements, yet the proxy treats the presence of an employment contract as evidence of independence regardless of actual earnings or living circumstances. For non-benefit households the loss of income is confined to Child Benefit, while for a household reliant on Universal Credit the financial ramifications are much greater.

### *The disconnect between policy and reality*

The result is a three-way policy contradiction. Education policy (through RPA) says apprentices aged 16-18 are students in mandatory education equivalent to those doing A-levels - requiring support to participate. Benefits policy (through qualifying young person exclusion) says they are independent workers no longer requiring household support.

To some extent parents provide similar support to 16-year-olds in apprenticeships and A-levels: accommodation, meals, transport, clothing, incidental costs. The young person's living circumstances, dependency status, and household role remain substantially unchanged across pathways. Yet the benefits system provides support to one configuration and withdraws it from the other, based not on actual economic circumstances but on the administrative structure through which equivalent

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<sup>45</sup> A claim to UC could be made if a young person is in independent housing.

mandatory education is delivered. This represents policy incoherence: different government functions operating on contradictory assumptions about the same population.

*NEET concentration among those the system should support most*

The proxy's failure has consequences that concentrate precisely among groups the social security system exists to support. NEET status now clusters among young people with disabilities (over 50% of NEETs report disability), caring responsibilities (three times more likely to be NEET), and from low-income households - the populations most reliant on benefits and least able to absorb income shocks.

These groups face the steepest benefit cliff edges. Our scenario modelling showed losses ranging from £70 to £339 weekly depending on household composition, with single-parent households with disabled children experiencing the worst impacts. When benefits policy fails to provide pathway neutrality, the consequences concentrate among those with least capacity to manage financially. The system designed to support vulnerability instead compounds disadvantage, using a proxy that systematically disadvantages precisely those it should protect. This represents a policy operating in direct contradiction to its stated protective purpose.

## Chapter 3: The financial cliff-edge and its consequences

The previous chapters established that the UK's approach is historically contingent and internationally exceptional. This chapter documents what this misalignment actually does to families through systematic evidence across two dimensions: quantified financial impact and documented behavioural distortion.

- Section 3.1 establishes our evidence base, identifying the gap between existing research on household income effects and the specific role of UK benefit rules in post-16 decisions.
- Section 3.2 presents financial modelling across household types, revealing how benefit cliff-edges increase with vulnerability.
- Section 3.3 examines how these financial pressures distort pathway choices in practice - parents dissuading suitable apprenticeships, institutions steering away from vocational routes, and the failure of assumptions underlying benefit design.

Throughout, we demonstrate that while all families choosing apprenticeships face benefit cliffs, the impact compounds systematically along lines of existing disadvantage. The evidence is unambiguous: harm is real, quantifiable, and concentrated precisely where the social security system should provide greatest protection.

### 3.1 - Evidence base

This research deliberately built upon existing scholarship rather than replicating established knowledge. Our literature review identified a critical gap: while substantial research documents how poverty affects educational outcomes and how family resources shape pathway choices, virtually nothing examines the specific role of UK benefit rules in 16-18 decision-making post-RPA.

We designed research questions targeting this gap directly, combining quantitative modelling of benefit changes with qualitative investigation of family experiences. This section establishes theoretical foundations, identifies the specific evidence gap our research addresses, and outlines our mixed-methods approach.<sup>46</sup>

#### *Income effects on educational outcomes*

A substantial body of evidence links household income directly to children's educational and life outcomes. For example, a systematic review across OECD countries found that children from low-income households fare worse in educational achievement and cognitive outcomes as well as reported self-esteem. The authors

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<sup>46</sup> Complete literature review in Appendix B; methodological approach outlined in Appendix D.

conclude that these outcomes are due to the direct effects of a low family income, not just because of correlated parental characteristics or poverty.<sup>47</sup>

Two well-established theoretical frameworks support these findings: the *investment theory*, which posits that financial resources in the household enable parents to provide enriching environments for their children including a warm home, healthy food and learning resources<sup>48</sup> and the *family stress model* which suggests that economic hardship undermines parenting quality and emotional support through increased stress.<sup>49</sup>

Empirical evidence echoes these ideas, with studies finding that children facing 'persistent adversity' (particularly poverty combined with poor parent mental health) experience lower emotional support and weaker parent-adolescent relationships.<sup>50</sup> It is reasonable to suggest therefore that financial hardship may shape the nature of conversations about future pathways.

### *Parental qualifications and family influence*

Young people within the Longitudinal Survey of Young People in England: Cohort 2 (LSYPE2), a longitudinal study of young people in England, whose parents hold degree-level qualifications are less likely to choose vocational routes.<sup>51</sup> A study of 60 UK young people who did choose an apprenticeship, however, adds important nuance. Family support and encouragement played a significant part in the decision of most participants to pursue an apprenticeship, regardless of the professional or educational backgrounds of their families.

Formal advice from schools and careers advisors was much less important, though those with stronger qualifications were more likely to have been discouraged by their school. Informal networks proved important with at least half having a fellow apprentice amongst their close friends.<sup>52</sup> Important though this is, this unstructured support will, by definition, vary by circumstance.

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<sup>47</sup> K Cooper and K Stewart. [Does household income affect children's outcomes? A systematic review of the evidence](#). 2020 Child Indicators Research Journal, Volume 14, pages 981-2005

<sup>48</sup> G Duncan and others. 'Moving beyond correlations in assessing the consequences of poverty'. 2017 Annual Review of Psychology, Volume 68, pages 413-434

<sup>49</sup> K Magnuson and G Duncan. 'Parents in poverty'. 2002 Handbook of parenting second edition: Volume 4: Social conditions and applied parenting. New Jersey: Lawrence Erlbaum Associates

<sup>50</sup> N Adjei and others. [Impact of parental mental health and poverty on the health of the next generation: A multi-trajectory analysis using the UK millennium cohort study](#). 2024 Journal of Adolescent Health, Volume 74, Issue 1, pages 60-70

<sup>51</sup> A Ross and others. [Post-16 Pathways: Analysis of outcomes at age 19 to 20](#). 2025 Government Social Research, Department for Education

<sup>52</sup> S McIntosh. [The decision to undertake an apprenticeship: a case study](#). 2017 Centre for Vocational Education Research

These findings establish that family context matters profoundly for pathway choices. What remains unclear is how financial pressures created by benefit rules interact with these family dynamics - a question our research addresses directly.

### *School type and careers guidance*

School-based factors also shape post-16 decisions in documented ways. While over half of higher-attaining students simply continue into their school's sixth form, fewer than one in five lower attainers do so, meaning that lower-attaining students are faced with complex choices in Year 11 in a pressurised environment.<sup>53</sup>

Another study suggested that schools with attached sixth forms typically encourage pupils to stay on, whilst schools without sixth forms typically offer broader, more balanced guidance on vocational and further education options.<sup>54</sup> Schools ethos, socio-economic profile, and the structure of their careers information advice and guidance (IAG) also affected the framing of post-16 choices across the 24 schools that they studied.

The structure and quality of IAG has also been analysed by other scholars, who caution that there is not parity of esteem between apprenticeships and degrees – and that the former is not always framed as a realistic alternative to the latter.<sup>55</sup> These studies highlight that whilst school type does affect post-16 decision making, they do so in diverse ways that will be experienced differently by young people in the same school and vary between and within regions.

### *NEET patterns and vulnerability*

NEET young people are much more likely to come from the most disadvantaged backgrounds, have lower levels of attainment, have parents with low or no qualifications and live in a single-parent household.<sup>25</sup> Students from disadvantaged backgrounds and their families are often more reliant on schools to access the resources that support post-secondary education.<sup>56</sup>

These patterns establish that NEET status concentrates among vulnerable populations - precisely those most likely to be affected by benefit rule changes.

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<sup>53</sup> R Lupton and others. [‘Moving on from initial GCSE ‘failure’: Post-16 transitions for ‘lower attainers’ and why the English education system must do better’](#). 2021 Nuffield Foundation

<sup>54</sup> N Foskett. [‘The influence of the school in the decision to participate in learning post-16’](#). 2013 British Educational Research Journal, Volume 34, Issue 1, pages 37-61

<sup>55</sup> D Thompson. [‘Aspirations and ambiguities – the need for focussed IAG for school pupils considering progression to higher education \(HE\)’](#). 2020 Journal of Further and Higher Education, Volume 44, Issue 7, pages 991-924

<sup>56</sup> E Smyth and J Banks. [‘There was never really any question of anything else: young people’s agency, institutional habitus and the transition to higher education’](#). 2012 British Journal of Sociology of Education, Volume 33, Issue 2, pages 263-281

Understanding whether benefit cliffs contribute to NEET outcomes requires examining how financial pressures affect these already-vulnerable groups.

### *Addressing the evidence gap*

Although this existing research makes valuable contributions in highlighting the importance of families and parents in shaping young people's decision-making, there remains a notable gap in understanding how household financial pressures, particularly in relation to the UC context, may influence these decision-making processes.

Existing evidence conclusively links household income to educational outcomes. We know parental characteristics affect pathway choices. We know school structures matter. We know NEET status concentrates among disadvantaged populations. However, a critical gap exists: no research systematically examines how UC rules specifically influence post-16 pathway choices under RPA's mandatory participation framework.

This gap is particularly significant given that RPA fundamentally changed the policy context in 2013-2015, UC rollout subsequently deepened benefit cliffs for some family groups, and NEET rates have risen to their highest levels since 2012 - with vulnerable populations disproportionately affected. Our research was designed to fill this specific gap, examining how benefit rules interact with the well-documented factors affecting pathway choice.

We developed three research questions targeting the identified gap. First, what happens to household benefits when young people turn 16, and how do these changes differ when the young person remains in full-time education, pursues an apprenticeship, or enters employment? Second, how much do families understand these changes, and are they making informed decisions with adequate knowledge of benefit consequences? Third, to what extent does the social security system influence decisions - do benefit rules distort educational decision-making at age 16?

To address these questions, we employed a mixed-methods approach combining scenario modelling with Citizens Advice to quantify benefit changes across different household types, interviews with nine young people aged 14-15 whose parents were all receiving UC and two care-experienced young people aged 18-24, six roundtable discussions with key stakeholder organisations and experts, a visit to a DWP Youth Hub including observations and discussions with operational and policy staff, and conversations with officials from DWP, HMRC, and DfE.

## 3.2 - The financial cliff-edge across all family types

We begin with financial evidence because it provides the clearest, most quantifiable demonstration of impact. Working with Citizens Advice's benefit expertise, we modelled seven scenarios representing progressively vulnerable households: from two-parent median-income families receiving only Child Benefit, through various low-income UC-claiming configurations.<sup>57</sup> Each scenario calculates precise weekly household income under two pathways: the young person remains in full-time education or chooses an apprenticeship.

### *Baseline pathways*

Three pathway options establish our comparison framework:

1. Full-time education (FTE) with no employment: No change to household income - young person receives no wages, parents retain all benefits.
2. FTE with part-time work (12 hours at £7.55/hour): Young person gains £90.60 weekly. Parents retain all benefits since the young person remains in qualifying education. Net household change: +£90.60, with no parental benefit loss.
3. Apprenticeship (35 hours at £7.55/hour): Young person gains (net) £257.98 weekly. However, parents lose benefits because the young person no longer meets "qualifying young person" criteria. The specific benefit losses - and therefore net household outcomes - vary dramatically by household composition, as the following scenarios demonstrate.

#### *Scenario 1: Two-Parent Household, Median Income, Two Children*

This two-parent renting household has median income, two children, and receives Child Benefit. Both parents work and nobody has a disability. When their 16-year-old chooses apprenticeship, the family loses £17.25 weekly in Child Benefit. Net household change: +£240.73 per week (young person +£257.98, parents -£17.25).

This represents the most straightforward case: parents lose Child Benefit, but the apprentice's wages more than compensate at household level - though the benefit goes to the young person while the loss falls on parents. The net gain (+£240.73) substantially

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<sup>57</sup> For more details, see Annex C. The next chapter provides further scenarios of more vulnerable situations.

exceeds the FTE part-time work alternative (+£90.60), though that alternative avoids any parental benefit loss.

*Scenario 2: Two-Parent Household, Low Income, Two Children<sup>58</sup>*

This two-parent renting household has low income, two children, and receives both UC and Child Benefit. Both parents work and nobody has a disability. When their 16-year-old starts apprenticeship, the family loses £17.25 weekly in Child Benefit plus £78.23 in UC child element - £95.48 total. Net household change: +£162.50 per week (young person +£257.98, parents -£95.48).

UC nearly quintuples parental benefit loss compared to Scenario 1, yet net household income still rises substantially - though now less than double the FTE part-time work baseline. Multiple benefit streams compound the cliff edge, a pattern that intensifies further in subsequent scenarios.

*Scenario 3: Two-Parent Household, Low Income, One Child*

This two-parent renting household has low income, one child, and receives UC (with work allowance) and Child Benefit. Both parents work and nobody has a disability. When their 16-year-old enters apprenticeship, the family loses £26.05 weekly in Child Benefit, £78.23 in UC child element, and £52.17 through work allowance withdrawal - £156.45 total. Net household change: +£101.53 per week (young person +£257.98, parents - £156.45).

Only-child status adds a third benefit stream to the cliff-edge, with parental losses now exceeding £150 weekly. Household composition profoundly affects impact: one versus two children increases parental loss by £60.97 weekly despite identical parental employment and income. The net gain has fallen to £101.53 - less than half Scenario 1's outcome - though still marginally exceeds the FTE part-time work baseline.

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<sup>58</sup> Where parent(s) are on low income in these scenarios, we have assumed that there is still some Universal Credit entitlement after the educational choice has been made. However, depending on the level of income, parents may lose UC entitlement entirely, which can have knock-on effects such as less Council Tax reduction and loss of passported benefits such as Free School Meals.

#### *Scenario 4: Single-Parent Household, Low Income, One Child*

This single parent renting household has low income and one child, with the parent working full-time. The household receives UC and Child Benefit. When the 16-year-old begins apprenticeship, losses include £26.05 weekly in Child Benefit, £78.23 in UC child element, £52.17 through work allowance withdrawal, and £69.04 in child maintenance -£225.49 total. Net household change: +£32.49 per week (young person +£257.98, parent -£225.49).

Single parenthood compounds all previous factors, adding child maintenance loss as a fourth benefit stream. Parental loss now exceeds £225 weekly - thirteen times Scenario 1's loss. The net household gain in income has collapsed to £32.49, now substantially less than the FTE part-time work baseline (+£90.60). For this household, apprenticeship creates worse financial outcomes than part-time education/employment, purely due to benefit rules rather than earning potential or educational value.

#### *Key findings from scenario analysis*

The progression reveals a stark pattern. First, vulnerability amplifies harm: median-income two-parent families see modest impacts, but single parents on UC receiving child maintenance face significant losses. Second, household composition matters profoundly: only-child households lose more than multi-child families save where the last child in the benefit unit is lost, single parents lose more than couples. Third, the compensation assumption fails: apprentice wages cannot offset benefit losses in many configurations. These are not theoretical calculations - they represent real families' actual circumstances and help explain the behavioural responses.

Real-world evidence confirms these patterns. As the scenarios demonstrated, apprenticeship income may not always compensate for the lost social security income in the household. Our scenarios show that there are often circumstances where the young person's apprenticeship income does not outweigh the loss of parental income, and this often coincides with disadvantage (e.g., in lone parent households or when a member of the household is disabled - see later).

We heard other similar cases of considerable losses. For example, one Citizens Advice client with a teenage son who was pursuing an apprenticeship had been told she would be £650 worse off per month after taking the apprenticeship income into account. We heard another case of a family reportedly being £700 per month worse off if their child, who has a disability, left full-time education to pursue an apprenticeship.

Variations in family characteristics and compositions resulted in very different financial impacts when a young person pursued an apprenticeship. This emerged in our roundtable discussions too. For example, we heard that in some cases, where the benefit cap applied, a child leaving full-time education to pursue an apprenticeship may not actually result in any material change in social security income. On the other hand, we heard multiple case studies of single-parent households that were so concerned about losing Child Maintenance payments if their child pursued an apprenticeship that they were actively discouraging their child from taking this route.

These findings, along with the outlined scenarios, shows that whilst the aim may be for apprenticeship income to make up for lost benefits, this is not always the case and may hit more vulnerable families harder. It is also particularly felt where the young person is an only child or the only child left on a lone parent claim.

### Section 3.3 - The distortion of choices

Financial cliff-edges documented above matter not merely as static snapshots but because they distort behaviour in systematic ways. This section presents qualitative evidence of how benefit rules influence pathway decisions in practice, organised across four documented patterns: parental dissuasion of suitable pathways, institutional steering away from apprenticeships, failure of the compensation assumption underlying benefit loss, and young people's obligation to family overriding their own preferences. Each pattern represents a fundamental failure of informed choice - decisions driven by benefit rules rather than educational suitability.

#### *Parental dissuasion and enforced dropout*

Our most concerning evidence involves parents prohibiting apprenticeships or forcing young people to quit mid-programme. We documented two cases where young people were told to choose between quitting their apprenticeship or leaving the family home. Contributors emphasised parents act from financial necessity, not malice - families operating with "scarcity mindset" focused on immediate needs over long-term prospects.

As a result of the loss of parental benefit income, we heard evidence that parents were telling their children that they could not pursue an apprenticeship. One such case study is highlighted in the following box.

A young person had just started an apprenticeship, which felt like a great choice for them. However, their parent – once she realised that some of their benefits had stopped due to the apprenticeship – asked the young person to either quit the apprenticeship or leave the family home. After indicating that they did not want to quit the apprenticeship, the parent kicked the young person out of the family home. The young person then approached the Youth Hub to claim Universal Credit to support themselves on their apprentice wage, as it was not enough to live on independently.

Ultimately, the young person moved back into the family home, but they left their apprenticeship as a result and went back to college.

The Youth Hub worker who told us this account then lost contact with the young person, as they were no longer technically needing support, so could not provide an update on their current situation.

While direct testimony from young people is limited, available evidence suggests obligation dynamics influence decisions. One young person described wanting to pursue an apprenticeship but agreeing not to after learning her parents would lose income. She characterised this as 'deeply unfair' but prioritised household finances. A roundtable participant observed that 'kids often feel obligated to their family and don't want to interfere.' Young Adult Carers provide clearer evidence of this pattern, deliberately choosing unsuitable courses to maintain Carer's Allowance (detailed in Chapter 5).

### *Teacher and institutional steering*

Beyond parental pressure, institutional actors actively discourage apprenticeships. We also heard evidence that teachers and - in one case a local authority representative - were also encouraging young people to remain in full-time education. Schools with sixth forms face funding incentives to retain students, creating conflicts of interest in careers guidance. A contributor from an independent Careers' Advice Service shared that in their consultancy work with schools, they found that some schools were explicitly encouraging their pupils to stay on in their sixth form so that they could retain funding for that pupil. This contributor advocated for independent careers advice for young people. This can be provided through organisations that schools can contract in, however this comes at a considerable cost. Such advice is also provided through Youth Hubs, but their resources may be stretched, and it can be hard for them to meet the level of need that is required. Notably, even in the Youth Hubs, we heard that parents would attend appointments with their child to ask about benefit-related queries, suggesting that professional advisers are seen as benefit experts but may lack comprehensive knowledge

themselves. Parents' frequent attendance to ask benefit-related questions indicates that these issues were often driven by parents' concerns.

### *Why the compensation assumption fails*

We heard from officials at DWP that the rationale behind the loss of social security income is because another income (the apprenticeship income) is coming into the household and that this should make up for the lost income. This compensation assumption fails on two distinct grounds.

First, benefits and apprentice wages enter households through different routes, creating intra-household distribution problems. However, this relies on two assumptions: firstly, that this intra-household sharing does indeed take place, and secondly that the apprenticeship income can make up for the loss in income from benefits. We heard evidence where both were not necessarily true.

One careers' advisor we spoke to shared that income from an apprenticeship is not always seen by some families as making up for the loss of benefits, due to the different ways in which these incomes enter the household. Benefit income goes straight to the parent(s), whereas apprenticeship income goes to the young person.

In addition, where relationships within households may be fraught, it is not always reasonable to assume that sharing of money between parents and children is always the case. Research on household income distribution shows that financial sharing cannot be assumed, particularly in households experiencing relationship strain.<sup>59</sup>

Most of the young people in schools we spoke to were keen to contribute financially at home. However, many caveated this by noting that they did not feel they were expected to do this or - in some cases - their parents would actively not want them to contribute. One young person explained:

"I would offer to contribute to household bills, but my mum wouldn't want it, she needs the extra money, but she won't admit it. She doesn't like it when I offer to pay for things."

**Year 10 pupil**

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<sup>59</sup> Bennett, F., Avram, S. and Austen, S. (eds.) (2024) *A Research Agenda for Financial Resources within the Household*, Cheltenham: Edward Elgar; Pahl, J. (1989) *Money and Marriage*, Macmillan Education; Vogler, C. And Pahl, J., (1994) *Money, Power and Inequality within Marriage*, *Sociological Review*, 42 (2). pp. 263-288

Second, apprentice status creates fundamental ambiguity about household membership and financial responsibility. Linked to this, there seemed to be a lack of clarity about what pursuing an apprenticeship meant for a young person's status within the household. One careers' advisor said that apprentices were often seen as 'becoming an adult', 'managing money' and generally becoming more independent. Some families view apprentices as "becoming adults" who should be responsible for self-support, yet at £7.55 per hour, genuine economic independence remains difficult for many. This perception contradicts the reality of continued dependency. The below quotes also demonstrate this.

"In their first year, apprentices earn so little they're still financially dependent, yet families lose support overnight, so parents discourage their teen taking on an apprenticeship over full-time education."

**Survey respondent (teacher), shared by a roundtable attendee**

"If I'd have done an apprenticeship, my mum would have told me to start paying for myself. That level of responsibility would have been a bit stressful."

**Young person**

In this section we also show that, although the rationale for a loss of benefit income is that apprentice income should compensate, the assumption that such sharing within the household falls short. We heard that it was difficult to be financially independent on an apprentice wage, and that some parents were taking drastic measures to retain their social security income. We also heard evidence that views and attitudes towards apprenticeships may also shape how the income from an apprenticeship is viewed, especially compared to income from part-time work. This is complicated by the routes that these different streams of income take into the household, and the problematic assumption that sharing will occur.

## Chapter 4: Challenges for vulnerable groups

The previous chapter demonstrated that financial cliff edges and choice distortion affect all families choosing apprenticeships. But for certain populations in vulnerable situations, these universal harms compound exponentially with existing barriers to create situations that can make appropriate pathway choice impractical.

This chapter examines four specific groups where standard benefit rules interact badly with other challenges.

1. Disabled young people face not only the steepest financial cliffs (up to £339 weekly household loss) but also poorly timed Disability Living Allowance for Children (CDLA)-to-PIP reassessments at age 16, physical and social accessibility barriers across many post-16 options, and stereotyping that underestimates their capabilities. The combination can force them into unsuitable full-time education settings where they struggle, purely to avoid benefit loss their families cannot afford.
2. Young adult carers - who are three times more likely to be NEET than peers - face perverse incentives from Carer's Allowance eligibility rules that reward choosing unsuitable part-time courses, encourage hiding caring responsibilities in apprenticeships to avoid support obligations, and create burnout from combining 35+ hour weekly caring with full-time study while receiving no compensation if caring falls below 35 hours.
3. Young parents face 54% poverty rates and complex benefit interactions with limited research attention.
4. Care leavers and estranged youth face complex rules in the interaction between housing benefit and UC benefit rules that can make pursuing government-approved apprenticeships financially impossible, accountability gaps, and peer pressure against claiming UC.

These are substantial populations – over 50% of NEETs report disability, there are 270,000 young adult carers with over 50,000 care leavers aged 17-21 – the current rules create impossible situations requiring urgent, systematic reform.

Aside from the issues around tracking vulnerable groups, we heard evidence that the transition at age 16 can be more complex for particular groups of young people. In our report, we focus on issues relating to disabled young people, young adult carers, care leavers and estranged young people. We detail our evidence relating to each of these groups below.

## 4.1 - Disabled young people

Disabled young people face compounded challenges where benefit rules, accessibility barriers, and poorly timed reassessments interact badly. This section examines four dimensions of harm. First, financial cliff edges are steeper for families with disabled children. Second, CDLA-to-PIP reassessment timing adds stress during turbulent transitions. Third, physical and social accessibility barriers limit pathway options. Fourth, financial pressures force young people into unsuitable full-time education settings where they struggle. Latest NEETs data shows that 52.1% of those who were NEET (aged 16-24) reported having a disability. Disability rates in the NEET group have more than doubled in over the last 15 years. The proportion of disabled NEETs citing mental health as their main health problem was almost 43% in 2025, compared to 24% in 2011. There has also been an increase in the proportion of NEETs who cite autism as their main health problem, increasing from 6% in 2020 to 25% in 2025.

### *Scenario 5 - Single Parent, Low Income, Disabled Young Person*

For families with a disabled young person, the addition of the disabled child element creates an additional benefit stream in the apprenticeship cliff-edge, distinguishing this from previous scenarios and demonstrating how disability compounds financial vulnerability.

This single-parent renting household has low income and one child with a disability eligible for higher-rate PIP daily living. The household receives UC and Child Benefit, with the parent working full-time. When the 16-year-old enters an apprenticeship, the household loses £26.05 weekly in Child Benefit, £78.23 in UC child element, £52.17 through work allowance withdrawal, £69.04 in child maintenance, and £114.43 in UC disabled child element -£339.92 total. Net household change: -£81.94 per week (young person +£257.98, parent -£339.92).

This represents the first scenario where apprenticeship produces net household loss - the apprentice's wages cannot compensate for parental benefit losses. The disabled child element adds a fifth benefit stream to the cliff-edge, pushing total losses to £340 weekly, £114 more than Scenario 4. Crucially, this household becomes £81.94 worse off by choosing apprenticeship while the FTE part-time work baseline would produce +£90.60 - a £172.54 weekly difference purely due to benefit rules. For this family, the benefit system actively penalises choosing the government-approved vocational pathway.

Single-parent households face significantly worse outcomes than comparable two-parent households in this scenario. This scenario revealed the steepest financial

impact we documented, representing the first case where apprenticeship produces net household income loss - where the apprentice's wages cannot compensate for parental benefit losses. Families with disabled young people may face this cliff-edge during the transitional re-assessment period from CDLA to PIP, even if the young person ultimately claims UC independently, compounding financial stress during an already uncertain time.

As demonstrated, the combined loss of the Disabled Child Element of UC, the Child Element and Child Benefit results in a substantial reduction in household income when a young person leaves full-time education for an apprenticeship. In some cases, this loss is not offset by the apprenticeship wage, which runs counter to the policy rationale that such earnings should compensate for the withdrawal of parental benefits. This issue is particularly acute for single-parent households that may also rely on Child Maintenance payments.

We acknowledge that disabled young people can, in certain circumstances, claim UC in their own right (if they qualify for the LCW or LCWRA element). In these cases, the financial impact described in Scenario 5 may ultimately be less severe than presented. However, we have been made aware that the LCW/LCWRA element cannot be included in an award for the first three months and that the re-assessment process can take several months, meaning families experience this financial cliff-edge when the young person turns 16 and begins an apprenticeship. It is this transitional period that is most concerning, as it can cause significant harm and, as highlighted earlier, may lead to dropout.

### *CDLA to PIP timing stress*

Beyond financial cliffs, disabled young people face automatic CDLA-to-PIP reassessment at age 16. Children with disabilities who are eligible can receive CDLA except in Scotland where Child Disability Payment is paid instead. At age 16, these young people undergo a re-assessment to transition from CDLA to PIP, aligning with their move from paediatric to adult care under the NHS. As at August 2025, approximately 860,000 children under 16 in England and Wales who are in receipt of CDLA<sup>60</sup> and approximately 194,000 16-19-year-olds who receive a PIP Daily Living Award of some type.<sup>61</sup>

Although 83 per cent of those who registered to PIP successfully transitioned on their latest attempt (often to higher awards), successfully transition (often to higher awards), nonetheless the Resolution Foundation research exploring trends in children's disability benefits shows that:

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<sup>60</sup> [Benefit Combinations: Official Statistics to August 2025 - GOV.UK](#).

<sup>61</sup> Derived from Stat-Xplore.

*'Alongside those young people who previously received Child DLA and whose claim for PIP at age 16 is unsuccessful is another group who simply do not go on to make a PIP claim (estimated to be 13 per cent of those receiving Child DLA in 2022). As a result, the number of young people in receipt of disability benefits falls by more than one-quarter between the ages of 15 and 17, a time when, at the cusp of adulthood, a smoother transition would clearly be ideal.'*<sup>62</sup>

The process itself creates significant stress during already-turbulent periods. We heard evidence that young people's experiences of this re-assessment can be stressful in what is already a challenging period. Reassessment can take months to complete. We heard one case requiring nine months to reinstate a Mobility car used for school transport:

A young person was on a lifetime Child DLA award which resulted in them requiring a Mobility car. Following the assessment for PIP, the mobility car was taken away. The young person's parent used this car to take them to school. The case was fought by the parent and ultimately reinstated, but this took nine months and caused considerable disruption to the young person's schooling.

**Citizens Advice**

Many of our contributors were concerned that conducting the re-assessment at age 16 coincides with a time of change when young people are making numerous life decisions. As one roundtable participant noted:

"When looking at health and disability, there is so much more uncertainty around transitions. It is not a simple calculation for them, fluidity is really important for these groups."

**Roundtable participant**

Scotland offers flexible timing (young people can choose when to undergo the Child Disability Payment (CDP) to PIP re-assessment between the ages of 16 and 18). England and Wales are currently consulting on adopting a similar flexible approach. Many roundtable contributors supported this change, as reflected in the following quote:

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<sup>62</sup> [Growing pressures • Resolution Foundation](#) (August 2024)

“Increasing the age of Disability Living Allowance to PIP transition from 16 to 18, or making it more flexible, will help with all of the decisions being made at 16. They need more stability around that age because they are also moving from paediatric to adult care... Many health conditions are also made worse by stress, and that can come from the assessments themselves.”

**Roundtable participant**

Evidence supports flexibility in the timing of re-assessment, which would enable young people to make future decisions first and address benefit transitions later, providing greater stability.

### *Wider inaccessible post-16 pathways*

There are issues that go beyond the financial implications of decisions made by young people with disabilities and necessarily outside of DWP’s responsibilities. Physical accessibility barriers persist across many post-16 options - buildings, transport, work placements. But social barriers prove equally significant. Neurodiverse students and those with mental health conditions face particular challenges: college environments can overwhelm, smaller alternative settings have long waiting lists, and anxiety can make attendance impossible despite educational aptitude.

Our evidence indicates that many post-16 options - both education and apprenticeship pathways - are not consistently accessible to young people with additional needs. A representative from a children’s disability charity highlighted that physical accessibility remains a significant barrier, particularly for apprenticeships and work experience placements, which are statutory components of careers development. Beyond physical barriers, persistent stereotyping and underestimation of young people with additional needs creates additional obstacles, even within educational settings. In one troubling example we heard, a school support staff member told a disabled young person there was “no point” seeking work experience because they would never be able to work. Another example involved a young person being taken to a careers fair only to be directed to a stall explaining benefits entitlement rather than employment opportunities. However, it was not just those with physical disabilities that found their educational pathways inaccessible. Those with learning disabilities, debilitating mental health conditions and neurodiverse young people also face inaccessible working conditions, potentially leading to dropout. It is widely understood that an increase in mental health conditions is closely linked to the rising NEET figures in England. It is also striking that in 2022-23, more than four-fifths of the increase in disabled children in Great Britain were

children with a social or behavioural impairment.<sup>63</sup> These challenges manifest in multiple ways:

“I think many of the NEET young people I engage with on our programmes are neurodiverse. Many of them also have mental health issues. Neurodiverse students are more likely to be seen as difficult; they are more likely to be expelled. It’s difficult to get employers to adapt to different recruitment techniques to support neurodiverse people or those with anxiety.”

**Roundtable participant**

“We have many young people with mental health issues. They often can’t cope with a large college environment. The alternative is a smaller setting, but [they are] limited on numbers. One student suffers from anxiety and has panic attacks when she tries attending the college course she applied for. The college cannot offer the course as a remote option, and a smaller setting is full and has a long waiting list.”

**Youth Hub worker**

We also heard that the inaccessibility of some workplaces and the associated struggles for young people with additional needs can be exacerbated by the financial cliff-edge we outlined earlier. Due to the dramatic reduction in income, we heard evidence that some young people were being forced to remain in full-time education even though that setting may not be accessible for them.

“I think some people are forced to stay in college when they don’t want to, particularly those with additional needs. I know someone who has additional needs who was forced to stay in college by their parents due to benefits issues and they have dropped out now.”

**Young person**

### *Forced into unsuitable full-time education*

Financial cliff edges exacerbate adversely existing accessibility problems. Young people report being "forced to stay in college" despite not thriving, because families cannot afford benefit loss from alternatives. Many of our contributors raised concerns that being steered away from suitable apprenticeships toward the wrong path at age 16 could lead to drop-out for those who may not thrive in a full-time school education

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<sup>63</sup> L Murphy. ‘[Growing pressures: Exploring trends in children’s disability benefits.](#)’ Resolution Foundation 2024

setting, with neurodiverse students highlighted as particularly vulnerable. This particularly harms neurodiverse students who might excel in workplace-based apprenticeships but struggle in classroom environments. Indeed, as we noted in the introduction, a significant proportion of NEET young people are neurodiverse or have mental health conditions such as chronic anxiety. The result: young people trapped in inappropriate pathways at high drop-out risk, gaining inadequate qualifications - precisely the outcomes RPA sought to prevent. Benefit rules contradict educational objectives.

### *Summary*

This section demonstrated how benefit design compounds existing disadvantage for disabled young people face. The steepest financial cliff-edges faced by families of disabled young people are considerably higher than for other families, due to the loss of Disabled Child Element of UC and of the Work Allowance (reaching £339 weekly in some cases). This financial pressure forces young people to stay in full-time education even when this setting does not suit their needs.

These financial pressures coincide with the wider inaccessibility of other options. Evidence, particularly about neurodiverse young people and those with mental health issues, shows that inaccessible settings were causing them to dropout with severe mental health needs. Persistent stereotyping - including school staff telling disabled students there's "no point" seeking work experience - further limits options.

The potential added stress of the Child DLA to PIP re-assessment process compounds these pressures. The current re-assessment timeline, typically at age 16 alongside other life transitions, makes the re-assessment process more stressful. Scotland's model, whereby the re-assessment can occur at a time of the young person's choosing between the ages of 16 and 18 demonstrates alternatives exist.

The convergence of these harms - steepest financial cliffs, poorly timed reassessments, inaccessible pathways, and stereotyping - produces precisely the outcomes RPA sought to prevent dropout, inadequate qualifications, and elevated NEET rates. Benefit rules actively contradict educational policy objectives for this vulnerable population.

## **4.2 - Young adult carers**

An estimated 270,000 young adult carers aged 16-25 exist in England and Wales. Learning and Work Institute research suggests that they are three times more likely to be or have been NEET than peers without caring responsibilities.<sup>64</sup> They face unique pressures: caring responsibilities that do not pause for education, creation of

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<sup>64</sup> Learning and Work Institute. '[Young adult carers](#)'

stigma and a sense of shame about their role, while benefit rules force choices between suitable education and caring income.

Young adult carers are young people aged 16-25 who care, unpaid, for a family member or friend with an illness or disability, mental health condition or an addiction.<sup>65</sup> In keeping with our project's scope, we focus here particularly on those who are aged 16-18. This section demonstrates how Carer's Allowance eligibility rules create systematic pathways to NEET through four distinct mechanisms: forcing unsuitable course choices, driving caring underground in apprenticeships, creating burnout from impossible schedules, and rendering under-35-hours carers invisible.

During our research, we learned that young adult carers are entitled to different support in the different devolved UK nations and that this variation can influence the post-16 pathways that they may pursue.

### *The Carer's Allowance contradiction*

Carer's Allowance creates a policy contradiction for young adult carers subject to the RPA. This subsection establishes the structural conflict that generates all subsequent harms.

The main support offered for young adult carers nationally is Carer's Allowance, which is available for people who spend at least 35 hours a week caring for someone who gets specified benefits. As of April 2025, Carer's Allowance is £83.30 per week. Carer's Allowance can be claimed from age 16.

Although young adult carers *can* claim Carer's Allowance from age 16, in reality many young people do not meet its eligibility conditions. As we outlined earlier, the RPA legislation mandates that all young people are required to remain in full-time education (FTE) or equivalent until age 18. One of the Carer's Allowance eligibility criteria is that you cannot be in FTE, or studying 21 hours or more per week, to claim. This means that any young person aged 16-18 who is in FTE cannot currently claim Carer's Allowance. Another criterion is that you must not earn more than £196 per week after tax, National Insurance and expenses. As we outlined in our scenarios, apprentices typically earn over £250 per week after tax and National Insurance, potentially ruling them out of Carer's Allowance too. These two criteria mean that the young people aged 16-18 who can claim Carer's Allowance are those who are in part-time education (who may or may not be working) or who are not in any education, employment or training. These two pathways are not compliant with the RPA legislation. It could be argued therefore that claiming Carer's Allowance incentivises young people to either be NEET or partake in other activities that are not approved by the government's RPA legislation. As we outlined earlier, when young

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<sup>65</sup> Carers Trust. ['About young adult carers'](#)

people are not enrolled in activities that are approved by RPA, their parents lose access to Child Benefit and some elements of UC. This creates an additional financial impact on the household where there is a young carer.

*Scenario 6 - Single disabled out-of-work parent with one young carer*

This single parent renting household has no earnings and one child, where the parent cannot work due to disability and receives PIP daily living. The household receives UC and Child Benefit. When the 16-year-old enters apprenticeship (35 hours at £7.55), the household loses £26.05 weekly in Child Benefit, £78.23 in UC child element, and £69.04 in child maintenance -£173.32 total. Net household change: +£84.66 per week (young person +£257.98, parent -£173.32).

This scenario introduces caring dynamics absent from previous cases. If the young person provides 35+ hours of care, they qualify for Carer's Allowance (£83.30 weekly) but face education restrictions (maximum under 21 hours weekly) - creating direct conflict with RPA's full-time education requirement. Part-time education with Carer's Allowance produces net household loss of -£30.33 weekly compared to the FTE baseline. To achieve household parity, the young person must combine part-time education, 35+ hours caring, and 12 hours paid work - a 68+ hour weekly schedule that risks severe burnout. The benefit system forces young carers to choose between suitable education, caring income, and household financial stability - an impossible trilemma that apprenticeships cannot resolve due to conflicts with Carer's Allowance eligibility.

Beyond education and caring hour restrictions, eligibility complexity creates additional uncertainty. Carer's Allowance eligibility requires that the cared-for person receives specified benefits (such as PIP or Attendance Allowance at particular rates). This means young carers' eligibility depends not only on their own circumstances but on someone else's benefit status - a factor outside their control that can change unpredictably due to reassessments, appeals, or administrative delays.

We heard that the criteria specifying that the young person needs to be caring for someone with specified benefits sometimes created some uncertainty and confusion regarding eligibility, as the two quotes below indicate. These findings align with other themes in this research, specifically regarding what it means to be a dependent or independent young person, when we treat young people as adults, and the financial cliff-edges that can arise from drawn-out, delayed processes due to backlogs in the system.

“The young person’s support is linked to the parents’ benefits, and this becomes complicated. If there is a break in their benefit, then there are difficult conversations to be had with the young person and relationships can become blurred.”

**Roundtable participant**

“There are so many issues relating to people not being on the right benefit, for example parents not being on a benefit that allows for Carer’s Allowance. Another issue is when people have a really delayed diagnosis, particularly those with mental health conditions.”

**Roundtable participant**

This fundamental contradiction - cannot comply with both Carer’s Allowance and RPA - creates the foundation for four distinct pathways to harm documented in the following subsections.

#### *Unsuitable course choices to maintain income*

The first consequence of the Carer’s Allowance contradiction: young adult carers deliberately choosing courses based on CA eligibility rather than educational suitability or career development.

In our research, we heard that young adult carers were actively choosing to pursue courses that made them eligible for Carer’s Allowance, and some were being advised by others - including school staff and parents - to do so. Typically, these courses were part-time or were not necessarily aligned with the young person’s interests or long-term development prospects. For example, we heard that in some cases, courses were chosen due to their proximity to home in order that the young person could return home easily and quickly. In an urban environment where many opportunities are within commutable distances, this may not appear to be as much of an issue. However, in rural areas, such choices could potentially be significant as, rural areas typically do not have as many post-16 opportunities available within a commutable distance.

“Those who care might have to go back and forth from college to attend appointments or provide care. A Young Carer I know chose a course that had less hours specifically so that she could get Carer’s Allowance.”

**Roundtable participant**

Our contributors expressed concern that choosing courses that are potentially not aligned with a young person's long-term goals may not equip them with the requisite qualifications for the next steps of their educational or professional trajectory. This could potentially put them at a disadvantage compared to their peers who are not caring, increase the risk of them becoming NEET, and scuppering their chances of progressing in the labour market - as the case study from the Youth Hub we visited below shows.

We heard about a young person who was caring for a terminally ill relative. As the caring responsibilities were so significant, they had dropped out of education to care full-time. When the young person turned 18, the person they were caring for died. The young person had been out of education for so long that they had no qualifications, no professional experience and entered the Youth Hub to ask for support with what to do next.

### *Hidden caring in apprenticeships*

The second consequence: young adult carers hiding caring responsibilities in apprenticeships where they cannot be supported, creating the appearance of participation while actually struggling.

Young adult carers are typically flagged on school systems and on UCAS applications for university. Consequently, there is better insight into what happens to those who pursue an educational pathway. However, this flag is not raised in the Labour Market data or through apprenticeships, making tracking this group of young people incomplete. Those representing young carers highlighted that this could limit the awareness of and actual support young adult carers are eligible for. Scotland's Young Carer support demonstrates these young people can be known and supported across all pathways, not just education.

Even more concerningly, we heard that young people were exploiting the siloed tracking and monitoring processes in apprenticeships to mask their caring responsibilities, as the following quote demonstrates.

“In my experience, some young carers will choose apprenticeships as they feel ashamed to care for their parents. An apprenticeship allows them to hide their caring responsibilities and disguise it, because they can miss the odd class here or shift there. If they have to be registered at school every single day, then it might be more obvious.”

**Roundtable participant**

We heard that stigma and embarrassment mean many prefer invisibility, but this leaves them unsupported and at high drop-out risk while appearing to meet participation requirements.

### *Burnout from impossible schedules*

The third issue we heard is that even when young people did pursue a course that was suited to their long-term interests, their caring responsibilities did not stop or reduce. For many, this meant that their caring came without any state recognition or compensation, as they were not eligible to claim Carer's Allowance. In some cases, young people are still caring 35 hours per week, on top of their studies or apprenticeship. We heard concerns of significant pressure on young people, both from a wellbeing perspective but also a financial one. For example, during our discussions we heard anecdotes of young adult carers who felt pressure to bring income into the household, despite also being in full-time education. Typically, these stories were of single-parent families, where mental health conditions are more common. We also heard examples of young adult carers feeling burnt out or dropping out of education due to the struggle of balancing care, education and employment. We know that the drop-out rate of young adult carers in education is higher than those who do not have caring responsibilities.<sup>66</sup> We do not know what the drop-out rate of young adult carers is in other pathways, as this data is not readily available.

We heard about a young person, who was a primary carer for a sibling, as their mother, a single parent, was working. The young person was not eligible for Carer's Allowance because they were studying full-time. They took on three part-time jobs because they felt the pressure to take on employment. The young person felt severely burnt out and was considering dropping out of their course.

### *Under-35-hours carers invisible*

The fourth consequence: young people caring under 35 hours weekly remain invisible to support systems, despite caring responsibilities significantly impacting their ability to participate in education or training.

As well as those caring for over 35 hours per week, there are a considerable number of young people who care for less time than this and who are also at risk of becoming NEET. However, as they do not care for enough time to claim Carer's

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<sup>66</sup> J Sempik and S Becker. '[Young Adult Carers and Employment](#).' 2014 The Carers Trust and University of Nottingham

Allowance, they are typically not known or identified. The actual process of identifying young people who are carers was raised as a challenge by our contributors. We heard that many young people do not recognise themselves as carers, feel stigmatised or shame and so do not seek support, or simply do not know where to go for support. We heard that this becomes particularly challenging when people move in and out of local authorities or who speak English as an additional language. We were told that many local authorities do indeed provide support (including financial) for young adult carers who care less than 35 hours a week, but this is only, of course, available if young people both recognise themselves as a carer and know where to go to get support.

This creates a paradox: support exists in many areas, but the young people who most need it remain invisible to the systems designed to help them. The 35-hour threshold operates as a sharp dichotomy- above it, young people qualify for Carer's Allowance and become visible in administrative data; below it, they disappear entirely from official recognition despite facing substantial caring pressures that significantly impact their ability to participate in education or training. The identification challenges compound vulnerability: if young people are transient, speak English as an additional language, or do not self-identify as carers due to perception of stigma, they cannot access even the discretionary local authority support that exists.

### *Summary*

This section demonstrated how Carer's Allowance eligibility rules can create harm for young adult carers.

Research by the Learning and Work Institute shows young adult carers are three times more likely to be NEET than peers. Our evidence documents multiple pathways toward this outcome.<sup>67</sup> Young carers choose unsuitable courses to maintain Carer's Allowance, hide caring in apprenticeships where they lack support, burn out from combining 35+ hours caring with full-time study, and remain invisible to providers if caring under 35 hours. Each pressure increases drop-out risk; their convergence helps explain the documented 3x NEET rate.

Young adult carers face additional challenges when choosing their post-16 pathway. Many of those who have significant caring responsibilities are aware of the financial implications of choosing to remain in Full-Time Education or pursue an apprenticeship, and some actively choose not to pursue these routes in order to claim Carer's Allowance. However, even for those who give up Carer's Allowance to pursue a particular course are often still making decisions based on their caring

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<sup>67</sup> Learning and Work Institute. '[Young adult carers](#)'

responsibilities – for example choosing to study close to home or to study an apprenticeship to mask their caring.

We heard in our roundtable discussions that young adult carers are often severely burnt out, are at a heightened risk of becoming NEET compared to their non-caring peers and sometimes are not even known to their education provider or local authority due to the threshold of care that is required to claim Carer's Allowance. We heard that the Scottish approach – the Young Carer Grant and Young Scot Carer's Package – offer more generous support for those caring for less than 35 hours. We also note that, in November 2025, the Welsh Government launched a public consultation on a new draft National Strategy for Unpaid Carers with eight priorities for action, including ensuring that young carers do not have too much responsibility.<sup>68</sup>

Other devolved differences, between access to the Education Maintenance Allowance and the discretionary 16-19 Bursary, further exacerbate the postcode lottery for young adult carers who do not have access to an EMA or a Bursary. These challenges are not inevitable - Scotland and Wales demonstrate that alternative approaches can succeed.

### 4.3 - Young parents

A group of young people that have been largely ignored in policy discussions around this issue are young parents. An estimated 536,000 young people under the age of 25 are parents, with around 64% in couples.<sup>69</sup> They face substantial disadvantage: with 54% of young parents living in poverty compared to 28% of non-parents in the same age group.<sup>9</sup>

Young parents face significant barriers when pursuing education, employment or apprenticeships at age 16. These include insecure housing, limited childcare options and financial constraints linked to UC and Child Benefit rules. As a result, they are less likely to attend university, and more likely to experience poor mental health and domestic violence. They often lack tailored support, leaving them vulnerable to social exclusion.

The lack of policy attention that this group has received, as well as the cultural stigma of being a young parent, can discourage re-engagement with education or training.<sup>70</sup> Despite this, there is evidence that with appropriate support, early

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<sup>68</sup> [Wales vision to be a 'Carer Aware' nation as public consultation launched | GOV.WALES](#)

<sup>69</sup> M Wood. '[Falling between the cracks – the experiences of young parents on Universal Credit](#)'. 2023 Journal of Youth Studies, Volume 27, Issue 7, pages 1042-1057

<sup>70</sup> A Hosie. '[I hated everything about school: an examination of the relationship between dislike of school, teenage pregnancy and educational disengagement](#)'. 2007 Social Policy and Society, Volume 6, Issue 3, pages 333-347

parenthood can motivate young people to return to learning, and improve their life outcomes. One anecdote from a Youth Hub worker illustrates how young parents can experience these barriers in practice:

A 16-year-old girl found out she was pregnant. Her parents were religious and would not allow her to stay at home or have any contact or even have her belongings. Fortunately, she was able to move in with her partner, who was studying, and her partner's father who worked. There was a lot of uncertainty about the rules relating to who was eligible to claim Child Benefit and other Universal Credit elements for the baby and this took time to resolve.

We did not specifically collect data relating to this group in our research. Future studies should consider young parents in more detail to better understand their needs and inform policy responses.

#### 4.4 - Care leavers and estranged young people

Another vulnerable group of young people who face additional challenges during the transition at age 16 are those who are care leavers or who are estranged from parents and live independently. Although these two groups share similar struggles, and in many cases overlap, they also have distinct barriers which we outline here.

For these groups, turning 16 often coincides with gaining far greater independence than peers who live at home. They become responsible for housing, finances and other life decisions as well as their educational choices. Apprentice wages of around £250 weekly, while seemingly substantial, are insufficient to live independently once benefit withdrawals are applied - yet these same wages trigger substantial benefit reductions through the interaction of Universal Credit and Housing Benefit. A commitment to tackle this issue was raised in the Autumn 2025 Budget, however, little detail was provided on how the government are planning on responding to this.<sup>71</sup>

According to the Department for Education, in 2023/24 there were just over 50,000 care leavers in England aged 17 to 21, of which 65 per cent were male.<sup>72</sup> From the age of 16, a young person in the care system has the option to leave care but is not legally obliged to until they turn 18. When a young person moves out of their foster or care home and finds their own accommodation, they become known as a care leaver.

<sup>71</sup> Policy Paper: '[Budget 2025](#)'. HM Treasury

<sup>72</sup> N Foley and others. '[Support for care leavers](#)'. 2025 House of Commons Library

There is another group of young people who have not been through the formal care system but are estranged from their parents when they turn 16 and begin living independently. The data on this group are limited, but it was estimated from the 2021 Census data that approximately 93,000 young people aged 16 and 17 were estranged from their parents.<sup>73</sup>

Both groups typically enter supported accommodation, which provides housing and some level of support for young people living independently. Many estranged young people resort to sofa surfing with friends or living in precarious housing situations.

One of our earlier reports, *Young people living independently*,<sup>74</sup> acknowledged this issue but noted a lack of research into the younger age group - particularly those aged 16 to 18 - who are still subject to the RPA legislation, requiring them to remain in education or training until age 18. Our research found that this requirement poses significant challenges for both care leavers and estranged young people.

#### *Interaction between Housing Benefit and Universal Credit*

For care leavers and estranged youth living in supported accommodation or temporary accommodation, the interaction between Housing Benefit and UC creates a "cliff edge" that can make pursuing apprenticeships or employment financially punitive.

Scenario 7 (annex C) examines a 17-year-old living independently in supported accommodation, estranged from parents.

We assume they are eligible for a (discretionary) bursary £23 a week conditional on taking the full-time education route. When the young person enters apprenticeship (35 hours at £7.55), they receive £257.98 weekly in wages. However, the bursary disappears, and UC is fully withdrawn through the 55% taper. Also withdrawn is most of the support that previously covered their £180 rent: they keep only £15.58 in Housing Benefit. This gives them a total weekly income – before they have paid that rent – of £273.56.

Perversely this is £2.59 **less** than if they stayed in school, even without taking a part time-job. And if they stayed in school **and** taken a part time job, they would have

<sup>73</sup> L Ingram and others. '[Surviving Estrangement: The experiences of young people through COVID-19 and into a Cost-of-Living crisis.](#)' Chances for Children, Buttle UK

<sup>74</sup> SSAC. '[Young people living independently](#)'. 2018

been some £43.36 better off. Centrepoin have estimated that this benefit trap affects over 30,000 young people.<sup>75</sup>

Some of the young people whom policy should be most keen to protect as vulnerable – care leavers, and youngsters who have run away from their families – are left with a stark choice. On the one hand, they can pursue an apprenticeship but then suffer a drop in disposable income; on the other, they can protect their tight disposable income by pressing on in formal education, even if that would not otherwise be their preferred route. Another temptation could be to drop out entirely and become NEET. Walking away from that full 35 hours of working and training involved in the apprenticeship would only reduce their income by £20.41, a small drop that could easily be offset by savings on things like clothes and travel that the apprenticeship might require. Dropping out, like staying in education, would also mean having rent paid directly and in full. By contrast, it is not hard to imagine a vulnerable young person staying in an apprenticeship struggling with the financial planning involved in having to pay most of their own rent.

For care leavers and estranged youth living independently, then, benefit rules can create powerful reasons not to pursue apprenticeships, even though these are a valid and approved participation route. There could plausibly face other perversities – beyond those encapsulated in our example – if earnings that exhaust their Universal Credit entitlement lead to the loss of passported benefits. In the light of all this, it is welcome that the Government announced in the Autumn 2025 budget that – by Autumn 2026 – it wished to smooth the financial cliff edges facing claimants in supported housing and temporary accommodation.

Beyond the immediate financial disincentives created by benefit rules, care leavers face compounded educational disadvantage that contributes to persistently high NEET rates. In 2017, 87 per cent% of surveyed care leavers had fewer than five GCSE grades at A\* to C and that almost 40 per cent of 19-to-21-year-old care leavers are NEET compared to 13 per cent of all 18-24-year-olds. The trauma and missed education that many care leavers experience results in significant challenges relating to the transition at age 16.

The many barriers faced by care leavers have gained some government attention. Care leavers are supported by the Care Leavers' Service, which provides Personal Advisors to assist with various aspects of their transition to independence. In Wales, a recent trial offering care leavers a basic income is currently being evaluated.<sup>76</sup>

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<sup>75</sup> <https://centrepoin.org.uk/research-reports/making-work-pay-supported-accommodation>

<sup>76</sup> D Westlake and others. '[The Welsh Basic Income Evaluation](#).' CASCADE

### *Estranged youth falling through cracks*

While care leavers receive at least some statutory support, estranged young people face similar challenges without equivalent frameworks to support their transition to independence. Because they have not been part of the care system, estranged youth often lack the same level of support available to care leavers, leaving them vulnerable to falling through the cracks.

While care leavers receive support through the Care Leavers' Service and Personal Advisors, estranged youth have no equivalent statutory support framework. Though limited research exists on this population, our evidence suggests they face similar precarious housing situations to care leavers - many resort to sofa surfing or unstable accommodation. They appear to fall between policy categories: no longer eligible for child-focused support systems yet lacking the statutory frameworks available to care leavers. Without dedicated support structures, they remain vulnerable despite facing comparable challenges in navigating independence at age 16.

### *Peer pressure against claiming UC*

Cultural factors within supported housing settings can create additional barriers to young people accessing the financial support they are entitled to receive. We heard that in some supported housing settings, peer pressure discourages residents from pursuing certain forms of support. Some young people refuse to apply for UC at all, even when they are eligible, because they perceive it as “sponging”. These individuals can end up homeless or working full-time at ages 16-17, despite this being incompatible with RPA legislation. Youth Hub workers reported that accountability for these situations is unclear.

### *Accountability gaps*

The support frameworks available to care leavers, while better than nothing, create ambiguities about expectations and enforcement that can leave young people uncertain about their obligations. Many contributors emphasised that stability is the main priority for these young people, making it challenging to encourage them off benefits, which provide a degree of security during a turbulent period.

“They move from being a Looked After Child where many services may be involved and the day they [leave care] they are expected to manage themselves with only Care Leavers’ Service supporting them. [...] Some may have suffered abuse, neglect, have periods where they were out of education that they are not ready for the responsibilities placed on them.”

**Roundtable participant**

Young people in supported accommodation who are in education must either find work or claim UC to cover living costs. Those who are in education are not required to seek work under UC during term time, but they may be expected to do so during the summer holidays. We heard in our evidence that enforcement of these rules often depends on the discretion and empathy of individual work coaches

### *Summary*

This section has demonstrated how care leavers and estranged youth face compounded disadvantage when benefit rules designed for different circumstances interact with RPA requirements. The interaction of Universal Credit and Housing Benefit makes approved pathways financially impractical, almost 40 per cent NEET rates<sup>77</sup> show current support fails despite good intentions, estranged youth lack even basic structures available to care leavers, cultural stigma creates additional barriers to claiming entitled support, and unclear accountability means young people fall through administrative cracks. These populations require urgent, systematic reform beyond current provision.

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<sup>77</sup> Source: DfE Children looked after in England including adoptions [Step 6: Explore data - Create your own tables on children looked after in England including adoptions](#)

## Chapter 5: Tracking, information and advice services.

Documenting harm is essential but insufficient - we must also explain why the system fails to identify, prevent, or mitigate these problems. If financial cliff edges create such severe impacts, and behavioural distortions are so systematic, why doesn't the system intervene earlier? Why do families make decisions without crucial information? Why do vulnerable groups fall through cracks despite being known high-risk populations?

This chapter examines three systemic failures that enable the harms documented in Chapter 3 to persist unchecked. These are not implementation problems or resource constraints alone - they represent failures in how the system identifies problems, enables informed choice, and learns from alternatives.

First, tracking gaps mean young people who disengage from education or training post-16 often go unidentified until they claim benefits at age 18 - far too late for early intervention. Second, complexity and information failures mean families, professional advisers, and even some government officials do not understand benefit consequences until after pathway choices are made. Third, devolved variations demonstrate that better approaches exist within the UK itself.

### 5.1 - The tracking gap

Tracking young people's participation is foundational to any system requiring universal compliance with a participation mandate. Yet tracking robustness deteriorates sharply after age 16, particularly in England, undermining the system's ability to identify and support those at risk of becoming NEET.

This section examines tracking failures across four dimensions. First, we compare England's approach with Scotland's more robust model, showing proven alternatives exist. Second, we demonstrate how vulnerable groups become invisible in England's siloed systems. Third, we show that even when tracking successfully identifies young people needing pathways, provision failures mean suitable options do not materialise - the September Guarantee exists on paper but fails in practice. Finally, we examine how financial incentives designed to support participation can create perverse effects that undermine policy objectives.

#### *England's annual snapshot system*

In England, local authorities are responsible for tracking post-16 participation, working with many schools that have data-sharing agreements with their local authority, but the robustness and timeliness of such data-sharing is not always acceptable. The RPA legislation evaluation conducted by researchers at the

University of Bath found that often data was shared with the local authority only through annual ‘snapshots’, rather than ongoing data exchanges, meaning that in too many cases, young people had dropped out of their post-16 activity, but this information was not reported to the local authority in a timely manner, and early drop-outs go unidentified for months. This impedes early intervention which could support young people who become NEET.<sup>78</sup> In contrast, Scotland monitors young people’s progress in real time, and this is underpinned by a statutory requirement to do so. We heard that, in Wales, they were looking to adopt the real time tracking approach applied in Scotland.

Understanding how this system operates in practice reveals the depth of these failures. We heard that tracking and monitoring of young people’s participation activities varied depending on where the young person was living in the UK.

In England, local authorities are ultimately responsible for post-16 participation tracking. They are also responsible for supporting schools and colleges in their responsibility to report participation, as well as managing and sharing data. Schools and colleges have a responsibility to inform the local authority if a young person has dropped out of learning.

Our roundtable discussions and interviews with young people provided further detail on these issues. One participant involved in this work highlighted that the National Client Caseload Information System (NCCIS) - the database that local authorities use to support young people in engaging in education and training - is not often used to its fullest capacity due to staffing constraints and the responsibility placed on schools to report the participation of young people. One young person also highlighted this:

“If you drop out during school, a support plan is put in place, and you are monitored. But I think this is limited when you’re 16 to 18. It becomes a grey area as to who is responsible for you. It feels like people don’t care if you drop out of college.”

**Young person**

The haphazard tracking was also raised in the RPA evaluation, which noted that the stretched resources in local authorities were potentially exacerbating the collating and analysis of participation data from schools and colleges. One careers’ provider who works with a local authority that we spoke to said that their team were having to do much more of the tracking and monitoring due to the lack of resources to do this

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<sup>78</sup> M Dickson and S Maguire and others. [‘Keeping young people in learning until the age of 18 – does it work?’](#) University of Bath 2025, Page 1

in the local authority itself, and that these differing approaches to tracking across local authorities were potentially resulting in incomplete and inconsistent NEET data.

“We have a tracking team that will ring, email and even door-knock to try and reach that young person. Our [local authority] NEET rate might look high, but it’s because we have the resources to actually identify them. In other places, the NEET rate looks lower but it’s often because they haven’t been identified.”

**Roundtable participant**

The tracking failure becomes even more acute at age 18. Because the RPA legislation requires local authorities to track only 16 and 17-year-olds, any drop-out or change in activity for 18-year-olds is not tracked in the same way. This potentially makes 18-year-olds more vulnerable as their participation is not required to be tracked. The RPA evaluation highlighted that for 18-year-olds who become NEET, the only time they are picked up by the Local Authority is when they claim benefits, resulting in many missed early interventions. We did not hear any evidence of continued tracking of participation after the age of 17 in England. This is concerning, given the increasing proportion of NEETs in the 18-24 category.

#### *Vulnerable groups invisible in non-education pathways*

We heard instances of where specific groups of young people were not known to their education provider and so participation of their activities is unknown. The most common example we heard was that of young adult carers. This group are typically flagged on school systems and on UCAS applications for university. Consequently, there is better insight into what happens to young adult carers who pursue an educational pathway. However, this flag is not raised in the Labour Market data or through apprenticeships, making tracking this group of young people incomplete. Those representing young carers highlighted that this could limit the awareness of and access to eligible support. Scotland's Young Carer support demonstrates these young people can be known and supported across all pathways, not just education.

We heard from a local authority representative that it was particularly difficult to track and monitor those who are transient across areas of the UK or have language barriers. It can therefore be difficult for those supporting such people to identify and understand whether young people meet certain criteria, e.g., to claim the Young Carer package or Carer’s Allowance.

Although we did not hear other groups raised specifically as not being included in tracking, we believe the same principle should apply that to be able to actively support vulnerable groups, they first need to be known. When tracking systems do

not identify vulnerable groups, support cannot reach them regardless of how well-designed that support might be.

But tracking creates only the foundation for intervention. Even when systems successfully identify young people requiring pathways, a different failure mode can emerge: the system knows who needs support but cannot provide suitable options.

### *The September guarantee*

Even when tracking successfully identifies young people needing pathways, provision can fail badly. As part of their tracking duties, local authorities are also responsible for the September Guarantee: an offer, by the end of September, of a 'suitable' place in learning to young people completing compulsory education. The September Guarantee has been operational since 2008 and, in 2009, it was announced that this would extend to a January Guarantee. We found no evidence that a January Guarantee is currently operating, and one local authority representative told us that they have never been required to offer a January Guarantee for the young people in their area.

However, we heard evidence at the roundtables that the September Guarantee is not always fit for purpose. Offers are frequently unsuitable, get cancelled mid-September, or do not materialise for those missing grade requirements. For example, two case studies we heard from a Youth Hub illustrate these failures:

A young person applied for a college course last year and was offered a place. However, the college pulled the course mid-September due to low student numbers. The young person looked for apprenticeships in a similar area of interest but there were none available locally. They are reluctant to apply for college again in case the course does not run. At the moment, the young person is classed as NEET and Child Benefit for their parent(s) has been stopped.

Another young person is currently studying at home as they were not able to access the college course they wanted, due to not achieving the grades and not being offered an alternative. However, this young person was not home educated before the end of Year 11, so this arrangement is not recognised as an acceptable option. The young person's family is therefore unable to claim Child Benefit and there were no other education options available.

It is worth noting that from 1 September 2025 the *Child Benefit (Miscellaneous Amendments) Regulations 2025* exempts those children with an illness or disability from having to be doing 12 hours a week and also removes the condition that those who are home schooled with a statement of special needs must have been in that position before reaching age 16.

These case studies show that although local authorities have a duty to find a suitable offer for all 16-18-year-olds by the end of September, these are not always suitable for young people. Safeguards exist on paper but do not always function reliably in practice.

### *The double edge of financial incentives*

Enhanced tracking carries risks of impoverishing vulnerable groups through coercive enforcement. EMA's weekly registration requirements create pressure on low-income families to keep young people in education even when inappropriate. Young people report attending school solely to receive EMA payments, hiding behind increased participation rates while gaining inadequate qualifications. The 16-19 Bursary creates similar dynamics. This demonstrates that financial support can encourage unsuitable pathway persistence as well as appropriate participation - implementation matters as much as policy design. These concerns apply to EMA and Bursary mechanics, not to the principle of maintaining family support.

We shared the tracking approach taken by Scotland with some of our roundtable participants and asked for their views on a more direct and personal approach to tracking. One contributor had concerns that monitoring people even more closely may exacerbate these risks. Some attendees had concerns about the potentially coercive effects that the EMA in Scotland, Wales and Northern Ireland had in regard to tracking. We heard evidence that families on low incomes were encouraging their young people to stay in full-time education in order to receive the EMA, even if it may not be the most appropriate route for them. We also heard many comments that the EMAs and the 16-19 Bursary were encouraging young people to stay on in school, who may have otherwise ended up dropping out. One of the young people we spoke to said that one of the only reasons she went into school was to receive the weekly 16-19 Bursary.

Those not receiving the Bursary may not get the same level of monitoring. However, one roundtable attendee shared their concerns about monitoring through using financial incentives:

“It is not always the most positive of outcomes if a young person receives the EMA. It does increase participation but might delay their NEET status if they don't achieve the qualifications. It also incentivises staying in school.”

**Roundtable participant**

## 5.2 - The information and complexity failure

First, we outline awareness gaps among families about how benefit rules interact with pathway choices, with perceptions focused on visible costs while missing household-level impacts. Second, we show how the August 31st<sup>79</sup> timing gap creates immediate cash-flow crises even when families understand the rules. Third, we set out that structural complexity prevents even professional advisers from navigating the system, from complex 'approved training' definitions to fragmented cross-departmental administration.

### *Lack of awareness among families*

Systematic awareness failures prevent informed choice across all levels. Young people, families, professional advisers, and even government officials lack detailed knowledge about benefit consequences of pathway choices. Meanwhile, perceptions about apprenticeship costs focus on visible expenses (travel, equipment) while missing the crucial household-level impact: apprentice earnings arrive in the young person's pocket, but parent benefits disappear from the household budget.

In a survey of 40 apprentices,<sup>80</sup> 61 per cent of respondents reported no understanding of how benefits would be affected when they started their apprenticeship. The contributor who shared this data, an apprentice themselves, commented that there was very little information online when they tried to research these issues. Even a senior official in DWP was unaware that Child Benefit was lost if an apprenticeship is pursued.

Despite the reported lack of knowledge about benefit changes, we did find evidence of the perception that pursuing an apprenticeship would be more financially burdensome than remaining in full-time education. 58 per cent of respondents in the apprenticeship survey shared with us highlighted financial issues as a major factor when respondents were deciding whether to pursue an apprenticeship. We heard from multiple contributors that a striking number of apprentices were unaware that they were liable for health-related costs such as dental charges when turning 18 and fees for eye tests when they began their apprenticeship. Such discounts, as well as other benefits such as a student discount, are typically available for full-time students but not for apprentices.

The perceived expense of apprenticeships emerged in our conversations with young people. One young person said:

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<sup>79</sup> Dependent child benefits cease on 31<sup>st</sup> August following the child's 16th birthday.

<sup>80</sup> Shared with kind permission of the Association of Apprenticeships

“A bad thing about apprenticeships is the travel and cost associated with it. I haven’t spoken to anyone about how doing an apprenticeship would change family finances, but I think it would be quite expensive because it would cost more money to get there.”

**Year 10 pupil**

The reality is more complex: apprenticeships are typically the pathway that offers the *young person* more income. Indeed, many of the young people we spoke to highlighted that the salary afforded by an apprenticeship was a particularly attractive aspect of pursuing this route. However, the apprentice’s income comes at the expense of the parents’ benefit income (assuming the young person lives at home).

### *The August 31st timing gap*

Benefits cease on August 31<sup>st</sup> following a child’s 16<sup>th</sup> birthday, but young people typically do not commence education or training until mid-to-late September, with first apprentice wages arriving at the end of September. This timing creates a critical financial gap that places families with unpalatable choices between maintaining household stability and supporting their young person’s transition.

In the survey of apprentices that was shared with us, 42% of those surveyed said they or someone they knew had experienced financial hardship because of starting an apprenticeship. They had struggled to buy clothes or pay for travel and food when they first started. This was a particularly acute issue during the first month of the apprenticeship, when the apprentice’s first wage had not yet been paid, but parents had already lost their benefits income. We heard evidence that people were dropping out of apprenticeships within this first month due to inability to afford these transition costs.

### *Complexity*

There is a lack of awareness about how the benefits system interacts with decision-making at age 16. The complexity of the benefits system was often raised as a reason for this lack of understanding.

Even professional advisers struggle to navigate the system. Youth Hub workers report parental attendance at appointments frequently focuses on benefit-related queries, suggesting advisers are seen as benefit experts but may lack comprehensive knowledge. Careers advisers report needing independent advice capacity to navigate system complexity.

Child Benefit and UC regulations reference "approved training," but the definition cites the 1973 Employment and Training Act and does not explicitly include modern apprenticeships. The list is not transparent - representatives report not knowing what's on it, making it difficult to advise whether specific courses might trigger benefit changes. If professionals advising young people cannot access or understand this list, it cannot serve its intended purpose of providing clear eligibility boundaries. This opacity exemplifies the broader structural complexity of the system: historically fragmented benefits were consolidated into UC while maintaining separate Child Benefit administration across multiple departments. When professional advisers cannot navigate specific eligibility questions, expecting families under financial stress to do so is unrealistic.

### *Summary*

This section has outlined tracking and monitoring. We showed that tracking is enacted differently across different UK nations, resulting in different approaches to identifying and supporting those who are, or are at risk of becoming, NEET.

We showed that some financial incentives can have unintended consequences, such as the Education Maintenance Allowance and 16-19 Bursary. These may both increase participation and encourage unsuitable pathway persistence for those for whom school is not the most suitable path.

We outlined the September Guarantee but found it is not always fit for purpose, due to limited opportunities or lack of suitable options for those who do not meet grade requirements.

Finally, we highlighted that vulnerable groups are not always included in the tracking mechanisms, potentially leading to missed opportunities for support.

## Chapter 6: International comparison

International comparisons and evidence from within the UK reveal there are alternatives. If all comparable countries faced identical problems, current arrangements might stem from inherent structural constraints. If the UK stands alone, current outcomes reflect choices rather than necessity.

Many countries have raised the age of participation in education and training, pursuing similar objectives to the UK. The EU, US, Australia and Canada have all extended compulsory learning in recent years aiming to upskill young people, reduce social inequities and tackle rising NEET populations. However, the UK stands virtually alone in creating severe financial cliff edges when families choose vocational pathways.

More significantly, Scotland and Wales have implemented alternative approaches within the UK's devolved framework and reserved benefits system. These are not theoretical proposals from countries with incompatible systems, but proven practices in jurisdictions sharing the UK's legal and administrative structures.

This comparative evidence illustrates that pathway neutrality - ensuring families face no financial penalties for choosing government - approved vocational routes - represents conventional practice internationally and demonstrates that alternatives function within UK devolved contexts. Current arrangements reflect policy choices, not unavoidable constraints.

### 6.1 - The UK's internationally exceptional position

Meaningful international comparisons require careful selection of comparable cases. We examined countries meeting three criteria: mandatory participation requirements extending beyond age 16, established apprenticeship systems serving significant student populations, and developed social security systems providing family-based support. This methodology excludes countries lacking participation mandates, those where vocational training is marginal, and those with fundamentally different welfare models.

#### *Ireland as the only comparable case*

Within the comparison group, only Ireland creates financial cliff edges similar to the UKs. Ireland's Child Benefit extends to age 18 for non-employment-based education or training but excludes apprenticeships, creating similar financial disincentives for vocational routes. However, Ireland's misalignment is less severe: compulsory education ends at 16 rather than 18, so the system does not simultaneously mandate participation while penalising one approved pathway through benefit withdrawal.

### *Why the UK's approach is exceptional*

The UK stands virtually alone in maintaining severe financial cliff edges for families whose children choose government-approved apprenticeship pathways. This exceptional position is not explained by unique economic circumstances, apprenticeship structures, or social security traditions - comparable countries with similar features have deliberately avoided this outcome.

Although research directly linking participation mandates and social security is scarce, insights can be drawn from international practice. A Sutton Trust report, *A World of Difference*,<sup>81</sup> found that the UK is typically less generous in supporting apprenticeships compared to other countries. Beyond the benefit cliff edge issue, Austria, France, Germany and Norway provide housing support for apprentices and, in some cases, transport subsidies and targeted financial assistance for those from disadvantaged backgrounds. These additional supports mean that even if family benefits were affected, apprentices would receive direct compensation through alternative mechanisms. In the UK, by contrast, national support is limited to care-experienced apprentices, who can receive a bursary of up to £3,000.<sup>82</sup> This was introduced in acknowledgement of the fact that young people living alone could not afford to do an apprenticeship on the apprenticeship minimum wage.<sup>83</sup> Some local authorities may have discretionary financial support for wider groups of young people, but this creates a postcode lottery rather than systematic provision.

## **6.2 - How other countries avoid this problem**

Countries with mandatory participation and apprenticeship systems have avoided creating UK-style financial cliff edges through diverse mechanisms. Germany and Austria use training status tests. France employs earnings thresholds. The Netherlands operates age-based transitions. Australia provides equal individual entitlements. Denmark blends state and employer funding across training phases. There are approaches to demonstrate that pathway neutrality is achievable through multiple viable mechanisms.

### *Germany and Austria - training status tests*

Germany and Austria use training status rather than employment contract presence to determine benefit eligibility. Young people in recognised vocational training - including dual apprenticeships with employment contracts - remain eligible for family

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<sup>81</sup> S Field. '[A World of Difference: International apprenticeship policy and lessons for England.](#)' 2025 The Sutton Trust

<sup>82</sup> In England, a funding uplift was provided to apprenticeship training providers when the apprentice was disadvantaged (as measured by the Index of Multiple Deprivation). This was largely phased out along with the old version of apprenticeships - 'frameworks'. Additional payments are available for employers and training providers of apprentices aged under 19 and further payments for employers in foundation apprenticeships are being introduced.

<sup>83</sup> '[Support for care experienced apprentices](#)'. HM Government

benefits (Kindergeld/Familienbeihilfe) because they are in approved education/training. The test is substantive (is this training?) not formal (is there an employment contract?). First training generally qualifies; second training may have additional conditions, such as limits on side employment hours.

### *France - earnings thresholds*

France maintains family benefits (allocations familiales) until age 20 provided young people's net earnings do not exceed 55% of minimum wage (SMIC). Many apprentice wage brackets - particularly for younger apprentices in early training years - fall below this threshold, allowing families to retain benefits. Older apprentices in advanced training years may exceed 55%, creating gradual rather than cliff-edge transitions. This earnings-based approach links benefit retention to actual economic dependency.

### *Netherlands - age-based transitions*

The Netherlands operates age-based child benefit (kinderbijslag) paid until 18 regardless of pathway. Amount varies by child's age, not by programme type. Whether young people pursue general education, VET school-based programmes, or apprenticeships, families receive equivalent support until the age threshold. This eliminates pathway-based differentials entirely, ensuring government-approved routes receive equal family support.

### *Australia - equal entitlements through Youth Allowance*

Australia explicitly recognises apprentices aged 16-24 as a transitional group - neither fully dependent nor fully independent - and provides direct financial support through the Youth Allowance Student Payment. The same legal instrument and payment framework apply to full-time students and Australian Apprentices. Rates vary by dependency status and living circumstances but not by pathway choice. This explicit recognition of transitional status creates pathway neutrality through equal individual entitlements.

### *Denmark - hybrid state/employer funding*

Denmark operates a hybrid approach for vocational education and training. State Education Grant (SU) supports school-based phases of VET programmes; employer wages support work-based apprenticeship phases. This blending maintains income continuity across training phases while distinguishing funding sources. Young people do not face cliff edges between phases because the system was designed for sequential transitions.

## *Common principles*

Despite varied mechanisms, all these approaches share common principles. None uses employment contract presence as the determining criterion. All ensure families or young people do not face financial penalties for government-approved pathways. The diversity demonstrates that multiple viable approaches exist suited to different institutional contexts, benefit structures, and apprenticeship systems.

These varied mechanisms reflect broader choices around dependence and independence in youth policy. Research on transitions to adulthood shows that most young people rely heavily on family support, but approaches across countries vary significantly. One study concluded that countries such as Belgium, Finland and Denmark, which treat young people as independent households but consider cohabitation with parents, are generally more effective at reducing youth poverty.<sup>84</sup> The UK could learn from multiple models rather than being constrained by current institutional arrangements.

### **6.3 - Recent implementers achieved coordination from the outset**

Countries implementing participation mandates recently - particularly Austria (2016) and France (2020) - provide instructive comparisons because they designed systems in current policy contexts rather than inheriting legacy structures. Both achieved policy coordination from the outset.

#### *Austria 2016 - pre-aligned systems*

Austria introduced its training obligation (Ausbildungspflicht) in 2016, first applying to young people completing compulsory schooling in July 2017. Critically, family allowance (Familienbeihilfe) already treated apprentices as in training before 2016, requiring no changes when the obligation was introduced. The participation mandate and benefit rules were aligned from the outset.

#### *France 2020 - designed for policy coherence*

France's training obligation (obligation de formation) took effect September 2020, requiring participation to 18. Unlike Austria, where benefits were already aligned, France faced the design challenge of introducing a mandate within existing benefit structures. France used existing family benefit structures with earnings thresholds (55% of SMIC) that already accommodated most apprentices, particularly younger ones in early training years. The obligation was designed recognising these

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<sup>84</sup> V Vergnat. '[Tax-benefit policies to fight poverty among young adults in Europe](#)'. 2021 Luxembourg Institute of Socio-Economic Research

structures existed, ensuring the mandate did not create new financial disincentives for vocational pathways.

*What they asked that the UK did not*

Both Austria and France, despite different starting points, achieved the same outcome: participation mandates that do not penalise vocational choices. Recent implementers asked during the design phase: "How should benefits support this participation mandate?" and "Will existing benefit rules create disincentives for approved pathways?"

The UK took a different approach. The Raising of the Participation Age legislation (Education and Skills Act 2008, implemented 2013-2015) proceeded through the Department for Education. Child Benefit rules, administered by HMRC, remained unchanged despite apprenticeships being redefined as educational pathways. UC rollout by DWP occurred without examining education pathway interactions. No evidence exists of systematic cross-departmental review.

The consequence is the contradiction documented in Chapters 2-5. The UK now faces a correction problem, requiring disruption of established systems. Recent implementers avoided this by thinking systemically from the outset.

## **6.4 - Devolved nations demonstrate UK feasibility**

Some of the most powerful evidence that England's approach represents policy choice rather than inevitability comes from within the UK itself. Scotland and Wales have implemented alternative approaches to financial support for young people and carers, disability benefit transitions, and participation tracking. These are not theoretical proposals from distant countries with incompatible systems - they are functioning policies operating under UK constitutional frameworks and benefit structures.

Scotland, Wales, and Northern Ireland operate within identical constitutional frameworks and broadly the same benefits rules for Child Benefit and UC).

### *Scotland's Young Carer Grant*

Scotland has a specific support package for young adult carers called the Young Carer Grant. The grant offers £390.25 per year for 16-19-year-olds who care for someone in receipt of specific benefits for 16 or more hours a week, compared to England's Carer's Allowance requirement of 35+ hours. Additionally, there is a Young Scot Young Carers package available to 11-18-year-olds who care, offering non-financial incentives such as streaming platform subscriptions and other vouchers. 18-year-old carers benefit from an additional transition package including support for opening savings accounts.

Critically, the Young Carer Grant has no education restrictions, unlike Carer's Allowance which excludes young people in full-time education or studying 21 hours or more per week. An interim evaluation found that the grant was viewed positively by recipients and stakeholders. Recipients felt that the grant had given them more control over their lives and contributed to providing recognition for their caring role.

This addresses a number of problems documented in section 5.2. English young adult carers choose part-time courses to maintain Carer's Allowance eligibility; Scottish Young Carer Grant removes this pressure. English young carers hide caring responsibilities in apprenticeships; Scotland's approach does not penalise education choices. Scotland's 16+ hour threshold recognises substantial caring even below 35 hours, making more carers visible to support systems.

### *Education Maintenance Allowance vs. Bursary*

Young adult carers are one of the specified groups automatically eligible for EMA in Wales, Northern Ireland and Scotland. EMA is a means-tested weekly payment to students aged 16-19 in full-time education. In contrast, England operates a discretionary 16-19 Bursary where schools choose recipients.

One contributor shared knowledge of a young carer in a Welsh school who received EMA, while another young person in an English school just across the border did not receive the Bursary despite similar caring roles. This demonstrates differential support based purely on geography - identical caring responsibilities, identical household finances, different support depending on which side of a devolved boundary the family lives.

Evidence suggests EMA is a significant driver for keeping young people in education. One contributor from Northern Ireland shared that in her area, EMA was such a significant influence that young people would choose any course to receive the payment. In some cases, young people agreed to part-time timetable contracts with their school just to retain EMA payments, despite education not being most appropriate for their learning needs.

This reveals a tension in devolved policy. EMA provides predictable support that demonstrably helps keep young people in education, particularly from low-income households and vulnerable groups. However, evidence suggests this can create perverse incentives on some occasions where financial considerations override educational suitability. England's discretionary Bursary avoids these perverse incentives but creates postcode lottery effects and leaves many vulnerable young people without guaranteed support. Neither system is perfect, but the devolved variations demonstrate that England's current approach represents one choice among several possible alternatives.

### *Scotland's individual contact tracking model*

Scotland operates legislatively mandated tracking through Skills Development Scotland, aiming to track participation of every young person aged 16-24 through an individual contact strategy. Skills Development Scotland uses similar data sources to England - reports from schools and colleges, apprentice providers, and DWP benefits data - but this data is shared in a more timely fashion. Information sharing is more integrated than England's annual snapshots, though HMRC employment data gaps remain.

A key difference is that Skills Development Scotland, as one body, aims to follow up with every school leaver personally within a 12-month period, ideally by phone. This contrasts with England's devolved approach where local authorities are responsible for tracking. The strategy serves dual purposes: tracking and monitoring, plus signposting young people to services if they are NEET or need support.

As outlined in Chapter 1, Scotland has a slightly lower NEET rate than England. Although we cannot fully attribute the lower rate to more robust tracking, multiple representatives from Scotland highlighted that this element of their strategy seemed well-recognised and regarded as effective.

In Wales, participation is tracked termly rather than annually, and those flagged as leaving their participation activity are prioritised for engagement with local services. This more frequent tracking allows available resources to be directed toward those at highest risk. Wales is actively considering adopting Scotland's individual contact model for future developments.

Northern Ireland takes a similar approach to England, where data is gathered from aggregated sources and dropouts are not monitored in real-time. Schools have no incentive to report dropouts to the Education Authority, partly because they would lose funding and partly because they are encouraged to support the young person back into school due to pressures on increasing attendance.

### *Geographic boundaries creating administrative confusion*

Devolved policy variations create confusion around benefit eligibility. Different school starting ages create age-related anomalies. For example, we heard of a young person in Northern Ireland who had repeated a year at school, with parents hoping to retain Child Benefit for the next academic year. However, as children born between July and September do not start school at age four years and two months in Northern Ireland (as in England and Wales), a child who starts school a year later and subsequently misses a year may be aged 19 before restarting the last year of a course. The family could not get an extra year of Child Benefit payments or continue to have the young person included in their UC claim, despite the young person still being in compulsory-non-advanced level education.

Confusion also occurs near borders between England and Scotland or England and Wales. In schools close to borders, pupils can live in either England or Wales/Scotland, meaning eligibility for certain payments is confusing for both schools and families. These border effects create postcode lotteries where identical circumstances receive different treatment based solely on which side of a devolved boundary a family live.

## 6.5 - What comparative evidence demonstrates

Synthesising international and devolved evidence reveals fundamental conclusions about the UK's current arrangements.

### *Pathway neutrality Is conventional practice*

Among developed countries with mandatory participation and established apprenticeship systems, treating approved pathways equally in benefits terms represents conventional practice. Germany, Austria, France, Netherlands, Australia, and Denmark all ensure that families choosing vocational routes face no systematic financial penalties compared to academic routes. Mechanisms vary but the principle is shared: government-approved pathways should receive equivalent support.

Only the UK and Ireland create severe pathway-based cliff edges, and Ireland's are less severe because compulsory education ends at 16 rather than 18. When virtually all comparable countries avoid an approach, that signals the approach serves no essential purpose.

### *Devolved evidence demonstrates UK feasibility of alternatives*

International evidence demonstrates that pathway neutrality is achievable through varied mechanisms suited to different institutional contexts. The UK could adopt elements from multiple models or design entirely new mechanisms suited to UK institutions. The current categorical exclusion based on employment contract presence is the outlier, not one viable choice among alternatives.

The unique power of devolved evidence is that it operates within the UK's exact constitutional framework and reserved benefits system. Scotland's Young Carer Grant, individual contact tracking model, and Scotland, Wales and Northern Ireland's EMA all function within these constraints, eliminating "that wouldn't work here" objections. England could implement identical policies tomorrow. When Scotland demonstrates something works in the UK context, "that's impossible" becomes "we've chosen not to." England's different approach reflects political choices, not technical impossibilities.

### *Comprehensive support systems enable participation mandates*

Evidence from participation mandate implementation internationally suggests that extending participation alone is not enough to tackle rising NEET numbers and upskill young people. An assessment of raising the participation age legislation in Ontario, Canada found that flexibility and choice in post-16 provision, combined with robust monitoring and tracking, contributed to higher graduation rates. Research on raising the participation age in the US suggests that as a standalone policy it is insufficient and should form part of a broader NEET prevention package.<sup>85</sup>

Effective support for young people requires a holistic approach that combines education policy with social security and other financial incentives, underpinned by a clear policy stance on dependence and independence during the transition to adulthood. The countries examined in this chapter demonstrate this principle in practice: they asked how benefits should support their participation mandates, rather than allowing systems to drift apart.

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<sup>85</sup> P Mackey and T Duncan. '[Does raising the state compulsory school attendance age achieve the intended outcomes?](#)' 2013 U.S. Department of Education, Institute of Education Sciences, National Centre for Education Evaluation and Regional Assistance

## Chapter 7: Seven choices that shape the system

Policy design involves answering questions about what the system should achieve and how categorical boundaries should be drawn. Currently, the benefits system operates on implicit positions inherited through institutional inertia rather than explicit decisions. Making these positions explicit enables systematic evaluation of whether boundaries serve intended purposes or preserve outdated assumptions. The seven questions that follow represent genuine choices where government must take clear positions informed by evidence rather than historical accident.

**Question 1: What should determine dependent child vs. independent adult status for 16-18-year-olds in the benefits system** - i.e., should categorisation be based on things like:

- age,
- economic dependency (e.g. the fact of earning and/or earning a particular amount, being otherwise self-sufficient),
- the living arrangements of the Young Person (living with parents or independently),
- whether they have a child of their own?

Or, if education/training is important, should actual participation versus notional enrolment be the key test? Or is it appropriate, as sometimes happens currently, that the way that the education is delivered - employment contract vs. educational institution - is important?

The system currently uses employment contract presence as the determining criterion, treating how training is delivered as indicative of economic status. This proxy may have once, however, it fails when applied to 16-year-olds earning £7.55 per hour (against a National Living Wage of £12.21)<sup>86</sup> and still requiring parental support for housing, food, and transport. Scenario 5 (a lone parent, living with one disabled young person – who, depending on their pathway, can be classed as independent or an adult) showed this categorisation can create a £339 weekly income loss for the parent, and indeed an overall £81 loss of total income across the household as a whole. It is easy to imagine that many parents will provide identical support whether young people pursue apprenticeships or A-levels, yet the system withdraws benefits from one configuration while maintaining them for the other.

Germany and Austria test whether young people are genuinely in recognised training rather than whether employment contracts exist. France measures dependency directly through earnings thresholds. The Netherlands supports everyone to age 18

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<sup>86</sup> 2025-26

regardless of pathway. The choice involves balancing administrative simplicity - contract presence is easily verified - against accuracy in reflecting actual circumstances. Policy distinctions should either reflect meaningful differences in dependency, or - if administrative considerations necessitate assumptions disconnected from current reality - at least explicitly acknowledge this compromise.

**Question 2: Should the system maintain uniform rules for all households with 16-18-year-olds or adjust for household circumstances to ensure neutrality between education and apprenticeship pathways** - i.e., should government apply identical rules regardless of pathway or household structure (simpler but potentially less fair), or calibrate support to ensure families<sup>87</sup> with children choosing apprenticeships face no disadvantage compared to those choosing academic routes?

Current rules are largely uniform within pathways - generally age 16-18 apprentices lose benefits, generally age 16-18-year-old students retain them - but create dramatically different impacts by household composition. Single-parent families lose £70 weekly more than two-parent families when their 16-18-year-old child starts an apprenticeship. Households with disabled young people can face cliff edges of £183.47 weekly. Young people in supported accommodation encounter rapid withdrawal of benefit meaning they can be worse off in work than not in work. Uniform pathway rules produce highly non-uniform household impacts, with consequences scaling systematically along lines of existing disadvantage.

France adjusts for earnings, Germany distinguishes between initial vocational training and subsequent retraining, Australia uses household means testing. The question is whether identical pathway rules creating vastly different household outcomes serve policy objectives, or whether the system should actively ensure all families can afford appropriate pathway choices regardless of composition.

**Question 3: To what extent should a 16-18-year-old's participation pathway affect how their earnings are treated in household benefit calculations** - i.e., should all young people's earnings be treated equally for UC purposes, or should the current distinction between earnings while in education (disregarded) and apprenticeship wages (counted) continue?

Earnings from part-time work during full-time education are largely disregarded. Apprenticeship wages trigger complete benefit loss as young people exit parental benefit units. This creates different treatment of economically similar situations - both groups may earn comparable amounts while remaining similarly dependent on parental support. The assumption that apprentice wages compensate for benefit loss fails because income flows to different recipients. Benefit income covers household

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<sup>87</sup> Benefit units for welfare purposes.

costs; apprentice wages flow to young people. The system simultaneously treats apprentices as independent while assuming they'll transfer wages to parents.

Australia treats all youth earnings under one framework. France uses earnings thresholds rather than pathway distinctions. The choice is whether similar dependency situations deserve similar treatment, or whether simplifying administration justifies differential outcomes for economically comparable circumstances.

**Question 4: To what degree should benefit rules for vulnerable groups be modified for 16–18-year-olds to enable them to make decisions in their best interests** - i.e., should standard provisions for disability benefits, Carer's Allowance, and supported accommodation be adjusted to ensure they do not create barriers to choices between mandatory education and training pathways?

Standard rules apply with minimal adjustment for vulnerability. CDLA-to-PIP transition occurs at the fixed age of 16. Carer's Allowance requires 35-plus hours caring but restricts education to under 21 hours weekly. Care leavers and estranged youth face complex benefit interactions making work financially impossible. Families with disabled young people can face £339 weekly cliff edges, far in excess of an apprenticeship wage. CDLA-to-PIP timing stress compounds educational transitions, with case studies showing nine-month delays disrupting schooling. Young carers may choose unsuitable courses to maintain Carer's Allowance. Forty per cent of care leavers are NEET partially because benefit rules make some approved pathways financially unviable.

Scotland demonstrates how alternatives can function. Flexible CDP to PIP timing allows young people to control reassessment timing. The Young Carer Grant supports 16-plus hours caring without education restrictions. It's hard to imagine that considerations of administrative ease or cost could be sufficient to justify closing off pathways that can lead young people to a future that is likely to lead to them contributing most in the future.

**Question 5: To what extent should government track 16-18-year-old attendance and participation in education and training?** - i.e., Should the state implement comprehensive monitoring to enable early intervention, maintain current limited tracking that preserves autonomy but identifies problems late, or treat 16–18-year-olds with the same minimal monitoring as adults despite their mandatory participation requirements?

England uses annual snapshots. Pre-16 tracking is robust; post-16 deteriorates significantly. Vulnerable groups in non-education pathways become invisible. Young people dropping out early go unidentified for months. The September Guarantee fails

in practice. Systems identify young people only when they claim benefits at 18 - too late for early intervention.

Scotland operates legislatively mandated individual contact with 12-month goals. Wales tracks termly. The question is whether government prioritises early identification enabling intervention, or whether current limitations adequately balance autonomy against ensuring compliance with mandatory participation.

**Question 6: How should government address the tension between benefits system complexity and families' need to understand pathway consequences -** i.e., Should the government rationalise historically fragmented structures and timing mismatches, or maintain institutional stability while investing in helping families navigate necessary complexity through better information and advice?

Child Benefit sits with HMRC (a legacy of the Tax Credits architecture), UC with DWP, education policy with DfE. Regulations on what constitutes approved training references 1973 legislation. Sixty-one percent of apprentices had no prior understanding of benefit consequences. The "approved training" list remains elusive to professional advisers. The August 31st timing gap creates immediate cash-flow crises.

Austria and France ensured coherence when implementing participation mandates. The question is whether current fragmentation prevents informed choice and requires structural reform, or whether enhanced information provision can overcome administrative complexity.

**Question 7: What level of policy coordination should government pursue to reduce misalignments between education and benefits policy for 16–18-year-olds -** i.e., Given the separate evolution of education and benefits administration, should the government invest in comprehensive alignment, maintain existing structures with better coordination, or focus solely on fixing critical misalignments like timing and definitions?

RPA was implemented without reviewing benefits implications. UC rolled out without examining education pathway interactions. The contradictions documented in this report resulted from this lack of coordination. Timing gaps exist because departments do not align benefit cessation with education commencement. "Approved training" definitions do not include modern apprenticeships. Tracking gaps result from unclear boundaries between local authorities and DWP.

The transfer of skills to DWP in September 2025 signals similar concerns have been identified within Government, and we trust this change will deliver more co-ordinated outcomes.

Austria and France coordinated systems during participation mandate design rather than fixing contradictions afterward. The question is whether government addresses root causes through comprehensive alignment, or whether targeted fixes to critical misalignments suffice while maintaining separate departmental structures.

### *The underlying choice*

These seven questions resolve to a fundamental issue: should the benefits system support or contradict stated education policy objectives? Government established approved pathways under RPA, declared them equivalent, and made participation mandatory. Yet the system provides full household support for academic routes while removing it for apprenticeships, producing distorted pathway choices, forced drop-outs, compounded disadvantage for vulnerable groups, and plausibly contributing towards to the 13.3% NEET rate.<sup>88</sup>

The general question is one of policy coherence: do operative incentives align with stated objectives? The evidence demonstrates they do not. Government can maintain current boundaries and accept documented consequences, or recalibrate to ensure the system supports participation, pathway parity, and skills objectives. What cannot be credibly claimed is that current arrangements are coherent or that harms are unavoidable.

Making these questions explicit forces positions on fundamental design choices rather than allowing persistence through institutional inertia. It enables systematic evaluation of whether boundaries serve policy objectives or preserve outdated assumptions. It provides principles guiding future policy development even as specific programmes evolve. The goal is not merely fixing the apprenticeship cliff-edge but building a coherent framework for supporting 16-18-year-olds that withstands future changes and serves clearly articulated objectives.

The recommendations that follow take positions informed by evidence presented in the report and comparative analysis demonstrating alternatives exist. Government might take different positions, but doing so requires articulating clear justifications and accepting documented consequences. The choice should be explicit: align the system with stated objectives or maintain inherited structures that contradict them.

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<sup>88</sup> 'NEET age 16 to 24 statistics, Calendar year 2025'. Department for Education.

## Chapter 8: Recommendations

Three principles guide these recommendations. First, they respond to documented evidence from our research. Second, they acknowledge genuine trade-offs - the advantages of addressing documented problems outweigh implementation costs, but costs exist. Third, they draw on proven practice from Scotland, Wales, or international comparators rather than untested approaches.

Our recommendations are organised by implementation timeline and complexity into four groups: immediate interventions, short-term adjustments, medium-term reforms, and comprehensive review. Each group can stand independently, but collectively they represent a road map to full coherence. The first group addresses specific issues at minimal fiscal cost. The second removes invidious choices for severely affected vulnerable populations. The third tackles core misalignments affecting all families. The fourth restructures institutions to prevent future policy drift.

Government could implement all of the first group of interventions quickly, select priorities from short-term adjustments, phase medium-term reforms over multiple years, and reserve comprehensive review for longer-term consideration. The grouping suggests sequencing but allows flexibility in adoption.

### Section 8.1 - Immediate interventions

These three recommendations address the most immediate and easily fixable problems: the timing gap that creates cash flow crises for young people and their households, the information gap that prevents informed choice, and the definitional ambiguity that causes unnecessary confusion. All three can be implemented quickly with minimal fiscal cost and would prevent significant problems currently experienced by families. They represent "no-regrets" interventions that make sense regardless of positions on deeper structural questions.

#### *Close the August 31st timing gap*

Currently, benefits cease on August 31 after a child's 16 birthday but young people typically do not commence an apprenticeship until mid-to-late September, creating a critical gap where families must choose between meeting essential start-up costs (travel, equipment, clothing) for the young person's pathway and maintaining basic household expenses, with many forced to take on debt or risk the young person dropping out before they even begin.

**Recommendation 1: The Department should address the timing gap between benefit cessation and participation commencement by extending support from the current August 31 cut-off until young people begin their apprenticeship and have received their first wage.**

There are a number of options the Department could consider to achieve this. The following (non-exhaustive) list provides some examples:

- **Option A (Full alignment):** Extend both Child Benefit and the UC elements that depend on 'qualifying young person' status for all parents/carers of 16-18-year-olds until participation begins, regardless of pathway chosen.
- **Option B (UC focus):** Prioritise low-income families by extending only the UC elements that currently require 'qualifying young person' status until participation begins, maintaining current Child Benefit rules.
- **Option C (Child Benefit focus):** Extend only Child Benefit until participation begins.

This change would ameliorate or prevent depending on the option chosen the immediate cash flow crises that currently force families to choose between meeting essential start-up costs and maintaining basic household expenses. By aligning benefit cessation with actual pathway commencement, government would acknowledge that families need support during the transition period when young people cannot yet earn. The fiscal impact would be minimal - extending existing entitlements by a month for the affected cohort - but the practical impact for families would be substantial, removing a significant barrier to successful pathway transitions.

### **Information strategy**

In much of the current guidance, it is not always clearly spelled out that other benefits alongside Child Benefit are lost in this situation, and we heard evidence that the advisers of young people were also not aware of the extent to which benefits are lost. We heard evidence that some disabled young people were not aware they could claim benefits in their own right and that delays surrounding the transition to different benefits both caused confusion and impacted some young people's decision-making.

**Recommendation 2: The Department should develop and implement a strategy to ensure improved access to information as to how household and individual benefits change when a young person pursues an apprenticeship or remains in education, with this information clearly signposted to schools, parents and other advisers including those working in Youth Hubs.**

Informed choice requires understanding consequences. Even if benefit rules do not change, families should know what they're choosing. Current information gaps mean discoveries happen after pathways are chosen, when it's too late to adjust decisions without forcing drop-out. The fiscal impact of addressing this failure is minimal - primarily communications and training costs - making this a straightforward intervention that would prevent significant harm at negligible expense.

### **Clarify "approved training" definition**

We heard evidence from advisers to young people that the definition of "approved training" in Child Benefit and UC regulations, was not transparent and readily understandable. This caused confusion around the definition of "approved training" and creating delays in trying to clarify whether courses might trigger certain losses in income.

**Recommendation 3: The Department and HMRC should review, update and clarify the definition and list of "approved training" in Child Benefit and UC regulations and publish new guidance.**

The government cannot effectively enforce, and families cannot reliably comply with, rules that are not clearly defined. The current lack of clarity creates delays, generates uncertainty, and prevents families from planning informed pathway choices. Clarification would carry no fiscal impact as it represents definitional refinement of existing policy rather than substantive change.

## **8.2 - Short-term adjustments**

These three recommendations address situations where standard benefit rules create impractical options for disadvantaged groups. The affected groups are relatively small (disabled young people, young adult carers, care leavers/estranged youth) but experience severe harm. Adjustments would enable these populations to comply with RPA requirements without forcing significant benefit loss or inappropriate pathway choices. Most have been proven effective in Scotland or other contexts, reducing implementation risk.

### *Flexible CDLA→PIP transition*

At age 16, most people eligible for Child Disability Living Allowance (CDLA) move to Personal Independence Payment, with many of those receiving higher awards. However, the fixed timing of re-assessment at age 16 in England, Wales and Northern Ireland can add unnecessary stress during an already unstable period, as young people navigate educational choices and other transitions (such as the switch from paediatric care to adult care). We heard that this stress could contribute to

worsening mental health, reduced attendance and a potentially increased risk of becoming NEET. The Department is already consulting on this issue.

**Recommendation 4: Following the completion of its current consultation, the Department should consider giving young people choice over the timing of the CDLA to PIP transition – either at age 18 or at a point of the young person’s choosing between the ages of 16 and 18.**

Allowing flexible timing for CDLA to PIP reassessment would reduce pressure during this turbulent period and give young people greater control. Most young people qualify for PIP at similar or higher levels than their previous CDLA - but rigid timing at age 16 means that what will, for some, be an inevitable moment of anxiety could strike at a moment where it is needlessly hard to manage. The fiscal impact would be minimal, as this merely extends existing CDLA awards - which in some cases will be replaced by *higher* adult awards - by up to two years for some young people.

#### *Young carer support reform*

We heard evidence that young adult carers were actively choosing inappropriate courses that did not suit their best or long-term interests so as to keep Carer’s Allowance.

**Recommendation 5: To assist young adult carers to make effective choices in their long-term best interests, the Department should review the financial support available to them, including the removal of the 21-hour/Full-Time Education rule for Carer’s Allowance. In addition, it should consider introducing a Young Carer Grant to England and Wales and, on the basis of parity, see a similar development in Northern Ireland.**

Current rules force young carers to choose between appropriate education and caring income. The 270,000 young adult carers aged 16-24 in England and Wales face a NEET rate three times higher than their peers. Scotland’s Young Carer Grant demonstrates that flexible support enables better outcomes, providing financial support for 16+ hours of caring (rather than the Carer’s Allowance benchmark of 35+) without educational restrictions. At £390 per year, the Grant costs substantially less than Carer’s Allowance (£83.30/week) while reducing NEET rates among a vulnerable group currently forced into inappropriate pathway choices.

#### *Care leaver/estranged youth: Housing Benefit/UC interaction*

Young people in supported accommodation can face perverse incentives against pursuing apprenticeships. Almost all their benefit entitlements disappear on account

of modest apprenticeship earnings, meaning they are only modestly better-off than if they did nothing at all. Indeed, if they face costs associated with doing the apprenticeship or risk a loss of 'passported' entitlements they could actually be better-off being NEET, a status that would also relieve them of the potential anxiety associated with budgeting for their own rent. On the assumption that continuing in full-time education secures a bursary, it leads to a marginally higher disposable income than earning an apprenticeship wage – and a meaningfully higher disposable income if study is combined with a part-time job. All of this defies the logic of the participation mandate, which is supposed to provide powerful reasons to follow one approved pathway – and parity of esteem between them.

**Recommendation 6: The Department should urgently bring forward its proposals<sup>89</sup> to review the Housing Benefit and Universal Credit interaction for residents of supported housing and temporary accommodation which includes Care Leavers and Estranged Youth to ensure that young people are not penalised for pursuing any approved pathway.**

The Department should develop a policy framework for estranged young people who currently fall between cracks by exploring an extension of leaving care support principles.

The costs of reducing taper rates in, and/or adding earnings disregards to, housing benefit would be offset by reduced long-term benefits dependency and improved employment outcomes for a group that currently faces unpalatable choices between compliance with participation requirements and basic financial survival.

### 8.3 - Medium-term reforms

The next four recommendations address core misalignments affecting all families, not just vulnerable subgroups. They require more substantial policy changes: reviewing economic dependency categories, considering household-calibrated support, treating earnings consistently across pathways, and strengthening tracking infrastructure. Implementation would take longer and involve greater fiscal commitments but would resolve the fundamental contradictions that create cliff edges, distorted choices, and contribution to rising (and ultimately expensive) NEET rates. They would achieve real coherence between RPA objectives and benefits system design.

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<sup>89</sup> As announced by the Chancellor of the Exchequer in the Autumn Budget 2025.

### *Strengthen tracking (DWP-DfE collaboration)*

Currently, tracking processes in England rely on an annual snapshot, which means young people who disengage from education or training may go unidentified until they claim benefits at age 18. This delay limits opportunities for early intervention, and re-engagement. In contrast, Scotland's more regular and systematic tracking of individuals enables better identification and support for those at risk of becoming NEET. This approach ensures that public spending can be better targeted to the right young people at the right time.

**Recommendation 7: The Department should work closely with colleagues from the Department for Education and devolved administrations where appropriate to strengthen the tracking and monitoring of young people aged 16-18, including considering introducing tracking in real time.**

Government cannot credibly enforce mandatory participation without knowing who is and is not participating. Early identification through robust tracking enables intervention before situations escalate into crises, preventing young people from falling through gaps in the system. Scotland demonstrates that more comprehensive tracking is operationally feasible and produces measurably better outcomes, including lower NEET rates. While implementation requires moderate investment in tracking infrastructure, engagement and awareness raising with employers, data sharing systems, and personnel for individual contact, these costs would be offset by reduced expenditure on long-term NEET status and the associated social and economic costs of disengagement during this critical transitional period.

### *Extend the vulnerable groups covered by priority tracking*

In addition, the government should ensure tracking systems explicitly identify and flag estranged young people (not just care leavers) and Young Adult Carers as a vulnerable group alongside young parents requiring targeted support, recognising that they face similar challenges to care leavers but lack statutory support frameworks. Currently, for example, Young Adult Carers are only flagged in education pathway streams, meaning participation and outcomes for those who take alternative routes are not understood.

**Recommendation 8: Vulnerable and disadvantaged groups, such as disabled young people, estranged young people, young parents and Young Adult Carers should be included in targeted tracking to monitor participation.**

Young people in disadvantaged groups must be identifiable if they are to be supported - if young carers disappear from data when they enter apprenticeships, support cannot reach them regardless of how well-designed that support might be. Similarly, estranged youth experience care-leaver-level disadvantage but without the care-leaver support frameworks that depend on identification. The fiscal impact is minimal, as this represents an enhancement to existing tracking systems rather than new infrastructure, yet it would ensure that the most vulnerable young people remain visible to services precisely when they are at greatest risk of disengagement.

*Clarifying the objectives of social security policy in relation to the 16+ group*

Our evidence suggests that the financial impact of losing benefit entitlements when a young person aged 16 leaves full-time education is felt most acutely in households with fewer sources of income or support. Single-parent families, households with only one child - or where the last child leaves home - and families with disabled young people all experience a disproportionate reduction in financial stability when Child Benefit and UC are withdrawn. In addition, if young people live independently and in supported accommodation rather than living with their parents, they face a much more financially precarious situation than those living with parents who are not directly exposed to the same perils.

**Recommendation 9: The Department should consider whether it should have as one explicit objective of policy to ensure that there is equivalent support to all approved participation choices for young people. Even if this is not deemed a priority (or there are insufficient resources to pursue it) the Department should consider whether a goal should be ensuring that there are more even-handed consequences of choosing apprenticeships between different types of families. That is, it should explore whether it wants to reduce the vast current variation in the hit to parents' benefit entitlements depending on the makeup and characteristics of their households.**

If pathways were truly equivalent, then young people in families of all sorts would make a decision that is neutral for benefit income. In practice, this doesn't happen at the moment, but some are much better able to absorb the consequences of a young person's decision to pursue an apprenticeship than others – either because of the detail of the way the rules work, or because they start out with more resources to manage it. For example, two-parent families are typically much better placed than single-parent families to manage the consequence of their offsprings' decision. Government faces a fiscal choice: targeted adjustments for those households (single parents most exposed under the current system, (lone parent families with disabled children) involve modest costs; while comprehensive reform ensuring neutrality across all family types requires substantial investment. The judgement here will

depend on whether government prioritises universal pathway neutrality or targeted support for those facing the steepest cliff-edges.

### *Economic dependency and benefit unit review*

**Recommendation 10: The Department should consider whether the current benefits system appropriately reflects the transitional economic dependency status of 16-18-year-olds. It should ask whether the reality is that most of these children remain economically dependent, and - as such – should remain part of their parents’ family unit for benefit claims. And then - if so – it should ask more specifically whether it is appropriate for parents of apprentices to lose Child Benefit and elements of Universal Credit?**

To address this misalignment, the government should ensure parents/carers retain financial support for all 16-18-year-olds meeting participation requirements, regardless of whether they choose academic or vocational pathways.

Implementation options include:

- Extending Child Benefit alone by removing the apprenticeship exclusion from 'qualifying young person' status
- Extending UC elements that currently depend on qualifying young person status (Child Element, Disabled Child Element, Work Allowance)
- Extending both Child Benefit and UC elements to create comprehensive pathway neutrality

Each option would apply for the duration of the young person's participation in approved education or training.

The RPA legislation declared pathways equivalent, yet the benefits system penalises families who choose apprenticeships. Apprentice wages (£7.55 hour minimum) are insufficient for independence - parents mostly continue providing housing, food, and transport just as they do for young people pursuing A-Levels. Government currently spends £2.4 billion on Child Benefit for 16-19-year-olds, and £12.8 billion on the UC Child Element for the same age group. Extending these to apprentices would cost hundreds of millions annually. The question is whether this existing substantial investment should support stated policy objectives - pathway parity and universal participation - or preserve categorical boundaries from a different policy era.

### *Review treatment of young peoples’ earnings*

Apprentices exit the parental “benefit unit” and become their own family unit for benefit purposes despite continuing to live at home and, very likely, continuing to rely

on parental support. Apprentice earnings end up being indirectly factored into a parents' household income calculation due to loss of benefit, while the part time earnings of students do not have the same consequence due to being disregarded for benefit purposes.

**Recommendation 11: The Department should consider whether 16-18-year-old apprentices should remain part of the parental benefit unit, and whether their earnings should be treated similarly to earnings from young people in full-time education who have part time jobs.**

The government should consider whether 16-18-year-old apprentices should remain in the parental benefit unit given their continued economic dependency, and whether apprenticeship earnings should be treated similarly to part-time earnings from young people in Full-Time Education, given both scenarios typically involve continued reliance on parental support.

Benefit unit membership should reflect actual independence rather than the administrative form of training delivery. Two young people in comparable circumstances - earning similar amounts while living with parents - should not face dramatically different benefit treatment merely because one trains in a classroom and the other in a workplace. Keeping apprentices within the parental benefit unit would necessitate retaining Child Benefit and UC elements.

## 8.4 - Comprehensive review

The next two recommendations address institutional structures and coordination mechanisms that initially allowed the current misalignment to develop - and could potentially see it creep back into the system even after it is fixed. They represent the most substantial interventions: creating a new benefits category for 16-18s, moving Child Benefit administration from HMRC to DWP, and conducting comprehensive review of all benefits rules interacting with 16-18 participation. Implementation would require sustained political commitment, significant administrative change, and take years to complete. However, they hold out the promise of an end to future policy drift.

### *Comprehensive benefits review*

As part of a longer-term agenda, a comprehensive review of all benefits rules interacting with 16-18 participation should be undertaken. The Department should consider creating a specific benefits category for 16-18-year-olds meeting RPA requirements, acknowledging that this age group represents a transitional status (neither fully dependent children nor fully independent adults) and ensuring that meeting the legal participation requirement does not trigger substantial benefit loss

regardless of pathway chosen.

It would also examine Housing Benefit and UC for those living in supported accommodation, Carer's Allowance, Child Maintenance payments and Child Benefit plus rules for young parents aged 16-18. It should also include reviewing the impact evaluation of the Education Maintenance Allowance in devolved nations, the discretionary 16-19 bursary and the Young Carer Grant in Scotland to inform future decisions.

**Recommendation 12: A comprehensive review of all benefits rules and other income interacting with participation of 16-18-year-olds should be undertaken.**

This report has examined the primary cliff edge - the exclusion of apprenticeships from qualifying young person status - but other benefit rules may create similar misalignments that undermine participation objectives. A comprehensive review would ensure that all policies support rather than contradict RPA requirements, rather than discovering problems one at a time through future research or crises. Review costs would be modest, while implementation costs would depend on findings. Such a review would provide government with a complete picture of how the benefits system interacts with its participation mandate and enable systematic rather than piecemeal reform.

*Joined-up delivery approach (Child Benefit to DWP)*

Several different departments currently act in this space, including HMRC, DWP and DfE, as well as devolved departments in Scotland, Wales and Northern Ireland. We would encourage the government to review which departments are best placed to administer different parts of the system, and where data could be shared between them more effectively. The current fragmentation maintains institutional silos that prevented RPA implications from being reviewed when the participation mandate was introduced, allowing the policy drift we have documented to develop unchecked.

**Recommendation 13: The Department, in consultation with HMRC colleagues, should consider a more joined-up approach to providing support for families, which would have particular benefits for 16-18-year-olds. Specifically, consideration should be given to transferring responsibility for Child Benefit and associated Guardian Allowance to DWP, from HMRC.**

HMRC currently have oversight of Child Benefit due to its historic links with Tax Credits. Now this system has gone, and Child Benefit remains connected to UC, we

propose that bringing responsibility for Child Benefit and associated Guardians' Allowance to DWP would strengthen communication and reduce tensions between these two interlinked benefits. We recognise such a change in delivery would be a substantial undertaking, but we suggest it could contribute to a more coherent and efficient welfare system. While there would be no direct programme cost changes, long-term savings would arise from reduced fragmentation and better policy coherence that prevents future misalignments from emerging.

## 8.5: Fiscal and implementation considerations

Transparency about costs and implementation challenges is essential for credible recommendations. Three questions require consideration: What are the fiscal implications? What implementation requirements exist? How do devolved nations factor into reform efforts?

### *Fiscal context and impact*

Current spending provides important context. Universal Credit includes a child element that supports millions of children and qualifying young people, with total annual expenditure of around £12–13 billion. A proportion of this spending supports 16–19-year-olds who remain in approved education or unpaid training, but is withdrawn when young people enter apprenticeships. Extending support to apprentices could be designed primarily as a reallocation of existing pathway-contingent support, rather than an automatic net increase in spending.

Fiscal impacts vary substantially across the four recommendation groups:

- **First group** (timing gaps, information, definitions): Minimal cost - tens of millions for short benefit extensions and communications
- **Second group** (vulnerable population adjustments): Hundreds of millions affecting relatively small populations
- **Third group** (core pathway neutrality reforms): £500 million to over £1 billion annually depending on options chosen
- **Fourth group** (institutional restructuring): High transition costs but minimal ongoing programme costs

### *Implementation timeline*

Implementation complexity varies across recommendations. The first set can be actioned quickly through existing departmental authority. The second set benefits from straightforward implementation - Scotland has already demonstrated that flexible PIP transition timing and Grant administration structures function effectively. The third set demands substantial policy development work: defining economic dependency tests, designing household calibration mechanisms, and building enhanced tracking infrastructure - realistically one to two years. The fourth set would

require three to five years minimum given the scale of administrative restructuring involved.

Cross-departmental coordination is essential. HMRC administers Child Benefit, DWP manages UC and benefits policy, DfE oversees education policy and RPA compliance, and HM Treasury must approve fiscal commitments. Without senior-level coordination, these recommendations risk reproducing the fragmentation that created current problems.

### *Devolved considerations*

Scotland and Wales have already implemented many second and third group recommendations: Young Carer Grants without education restrictions, flexible DLA-to-PIP transition timing, Education Maintenance Allowance, and more frequent participation tracking. This means England would be adopting some proven approaches rather than pioneering untested innovations.

Some recommendations apply across the UK as reserved matters or through the principle of parity, particularly Child Benefit and UC extensions. Others - tracking systems and support mechanisms for vulnerable groups - would require devolved government agreement for coordinated implementation. Spending changes in England may trigger Barnett Consequentials for devolved administrations. Coordination with devolved governments during the design phase is essential to avoid creating new cross-border inconsistencies or undermining approaches already functioning well in Scotland, Wales, and Northern Ireland.

## Chapter 9: Conclusion

Our research has highlighted that the misalignment between the benefits system and the Raising of the Participation Age legislation has created unintended but severe consequences. The benefits system influences educational decision-making at age 16 in ways that contradict stated government policy, particularly for vulnerable young people, who face the greatest barriers to informed choice about their futures. These are not inevitable features of supporting 16-18-year-olds but rather the documented results of policy drift across separate departments and timeframes.

Our research demonstrates a fundamental misalignment between the UK's education and benefits policies for 16-18-year-olds. Through the Raising of the Participation Age legislation, government established apprenticeships as approved pathways equivalent to A-levels and made participation mandatory. However, the benefits system treats these pathways differently: families choosing academic routes retain full support, while those choosing apprenticeships face substantial benefit losses ranging from £70 to £339 per week depending on household composition.

This misalignment creates documented harm. Sixty-one percent of apprentices had no prior understanding of benefit consequences. Parents dissuade suitable apprenticeships or require young people to quit. Teachers steer students away from vocational routes due to funding pressures. Young people prioritise household finances over their own educational interests. Vulnerable groups experience compounded impacts: disabled young people face severe financial cliff edges alongside poorly-timed benefit reassessments; young adult carers choose unsuitable courses to maintain Carer's Allowance; care leavers and estranged youth encounter complex benefit interactions making approved pathways financially unviable.

These outcomes are not inevitable. International evidence shows that virtually every comparable country with mandatory participation and developed apprenticeship systems avoids creating severe financial penalties based on pathway choice. Germany and Austria use training status tests; France employs earnings thresholds; the Netherlands provides age-based support regardless of pathway; Australia offers equal individual entitlements. Countries implementing participation mandates recently - Austria in 2016, France in 2020 - coordinated benefits and education policy from the outset.

More significantly, Scotland and Wales have adopted alternative approaches within the UK's constitutional framework. Scotland's Young Carer Grant provides support without education restrictions; Scotland, Wales and Northern Ireland all offer Education Maintenance Allowance ensuring predictable support; Scotland operates more robust individual contact tracking. These functioning policies demonstrate that alternatives are viable within the UK.

Current arrangements reflect policy drift rather than deliberate design. When the Raising of the Participation Age was implemented in 2013-2015, the benefits system was not systematically reviewed. Benefit rules designed for circumstances where apprenticeships meant adult wages and voluntary employment now operate in a context where apprenticeships are mandatory education with training wages. Substantial government investment in apprenticeship infrastructure, Youth Hubs, and skills development is undermined by a benefits system creating powerful disincentives to choose apprenticeships.

Our recommendations, organised by implementation timeline, provide pathways for addressing this misalignment. Government can implement all recommendations, select priorities based on available resources, or phase changes over time. The evidence demonstrates that policy coherence between education mandates and benefits systems is both achievable and essential for ensuring young people can make appropriate pathway choices based on their aptitudes and interests rather than household financial pressures.

## Individuals and organisations who provided evidence

We would like to thank the following individuals and organisations who contributed their time and knowledge to this project:

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Whitehaven Academy  
Whizz Kids  
Youth Futures Foundation

## Literature Review

### Decision-making at 16: what does the literature say?

Our research, as well as a growing body of external evidence, suggests that benefit rules can shape young people's choices in ways that policymakers may not have intended.

Recent research found that half (50%) of current UC claimants found it difficult to know what benefits they might be eligible for, and almost 30% reported difficulties when updating DWP on changes to their circumstances.<sup>90</sup> As claimants are responsible for informing DWP when their child is leaving FTE to pursue an apprenticeship, this process can be difficult to navigate and filled with uncertainty. In addition, the Sutton Trust found that a quarter of would-be apprentices cited cost as a reason not to pursue an apprenticeship.<sup>91</sup> Whilst the already-published literature offers some insights, there is a lack of research exploring the direct role that the benefits system plays in influencing educational decision-making. In the following sections, we outline elements of what the current literature says about young people and income more broadly.

### *The influence of finances on decision-making*

A substantial body of evidence links household income directly to children's educational and life outcomes. For example, a systematic review across OECD countries found that children from low-income households fare worse in educational achievement and cognitive outcomes as well as reported self-esteem. The authors conclude that these outcomes are due to the direct effects of a low family income, not just because of correlated parental characteristics or poverty.<sup>92</sup> Two well-established theoretical frameworks support these findings: the *investment theory*, which posits that financial resources in the household enable parents to provide enriching environments for their children including a warm home, healthy food and learning resources<sup>93</sup> and the *family stress model* which suggests that economic hardship undermines parenting quality and emotional support through increased

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<sup>90</sup> S Davies and others. '[Stigma in the System: Experiences of the UK Social Security system](#)'. Turn2Us and the University of Bristol. 2025

<sup>91</sup> '[Where Next? What influences the choices of would-be apprentices?](#)'. The Sutton Trust and UCAS. 2023

<sup>92</sup> K Cooper and K Stewart. '[Does household income affect children's outcomes? A systematic review of the evidence](#)'. 2020 Child Indicators Research Journal, Volume 14, pages 981-2005

<sup>93</sup> G Duncan and others. 'Moving beyond correlations in assessing the consequences of poverty'. 2017 Annual Review of Psychology, Volume 68, pages 413-434

stress.<sup>94</sup> Empirical evidence echoes these ideas, with studies finding that children facing ‘persistent adversity’ (particularly poverty combined with poor parent mental health) experience lower emotional support and weaker parent-adolescent relationships.<sup>95</sup> It is reasonable to suggest therefore that financial hardship may shape the nature of conversations about future pathways. Although this existing research makes valuable contributions in highlighting the importance of families and parents in shaping young people’s decision-making, there remains a notable gap in understanding how household financial pressures, particularly in relation to the UK UC context, may influence these decision-making processes.

### *Support networks and family influences*

Young people within the LSYPE2 cohort, a longitudinal study of young people in England, whose parents hold degree-level qualifications are less likely to choose vocational routes.<sup>96</sup> A study of 60 UK young people who did choose an apprenticeship, however, adds important nuance. Family support and encouragement played a significant part in the decision of most participants to pursue an apprenticeship, regardless of the professional or educational backgrounds of their families. Formal advice from schools and careers advisors was much less important, though those with stronger qualifications were more likely to have been discouraged by their school. Informal networks proved important with at least half having a fellow apprentice amongst their close friends.<sup>97</sup> Important though this is, this unstructured support will, by definition, vary by circumstance.

### *Educational history, school type and IAG*

NEET young people are much more likely to come from the most disadvantaged backgrounds, have lower levels of attainment, have parents with low or no qualifications and live in a single-parent household.<sup>25</sup> Students from disadvantaged backgrounds and their families are often more reliant on schools to access the resources that support post-secondary education.<sup>98</sup>

While over half of higher-attaining students simply continue into their school’s sixth form, fewer than one in five lower attainers do so, meaning that lower-attaining

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<sup>94</sup> K Magnuson and G Duncan. ‘Parents in poverty’. 2002 Handbook of parenting second edition: Volume 4: Social conditions and applied parenting. New Jersey: Lawrence Erlbaum Associates

<sup>95</sup> N Adjei and others. ‘[Impact of parental mental health and poverty on the health of the next generation: A multi-trajectory analysis using the UK millennium cohort study](#)’. 2024 Journal of Adolescent Health, Volume 74, Issue 1, pages 60-70

<sup>96</sup> A Ross and others. ‘[Post-16 Pathways: Analysis of outcomes at age 19 to 20](#)’. 2025 Government Social Research, Department for Education

<sup>97</sup> S McIntosh. ‘[The decision to undertake an apprenticeship: a case study](#)’. 2017 Centre for Vocational Education Research

<sup>98</sup> E Smyth and J Banks. ‘[There was never really any question of anything else: young people’s agency, institutional habitus and the transition to higher education](#)’. 2012 British Journal of Sociology of Education, Volume 33, Issue 2, pages 263-281

students are faced with complex choices in Y11 in a pressurised environment.<sup>99</sup> Another study suggested that schools with attached sixth forms typically encourage pupils to stay on, whilst schools without sixth forms typically offer broader, more balanced guidance on vocational and further education options.<sup>100</sup> Schools ethos, socio-economic profile, and the structure of their careers information advice and guidance (IAG) also affected the framing of post-16 choices across the 24 schools that they studied. The structure and quality of IAG has also been analysed by other scholars, who caution that there is not parity of esteem between apprenticeships and degrees – and that the former is not always framed as a realistic alternative to the latter.<sup>101</sup>

These studies highlight that whilst school type does affect post-16 decision making, they do so in diverse ways that will be experienced differently by young people in the same school and vary between and within regions.

### Summary

Overall, then, the already-published literature suggests that educational decision-making is influenced by a myriad of social, cultural, structural and financial contextual layers. Despite this - and given the policy drift between the social security system and the Raising of the Participation Age legislation we outlined in Chapter 1 - little is understood about the exact role that the benefits system may play in decision-making at age 16.

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<sup>99</sup> R Lupton and others. [‘Moving on from initial GCSE ‘failure’: Post-16 transitions for ‘lower attainers’ and why the English education system must do better’](#). 2021 Nuffield Foundation

<sup>100</sup> N Foskett. [‘The influence of the school in the decision to participate in learning post-16’](#). 2013 British Educational Research Journal, Volume 34, Issue 1, pages 37-61

<sup>101</sup> D Thompson. [‘Aspirations and ambiguities – the need for focussed IAG for school pupils considering progression to higher education \(HE\)’](#). 2020 Journal of Further and Higher Education, Volume 44, Issue 7, pages 991-924

## Scenarios

The following section details seven scenarios depicting the changes to household (and benefit unit – see Key below) income depending on the educational choices made by a young person when they turn 16. We have developed these scenarios following in-depth discussions with officials in DWP and with external advisors. We are very grateful to Citizens Advice for their support in developing these scenarios.

### Scenario modelling methodology and assumptions

The scenarios increase in complexity and highlight that more vulnerable households (single parent, those with disabilities) are disproportionately affected by the changes in income. The scenarios are:

1. Two-parent renting household on the median income with two children, that is receiving Child Benefit. Both parents are working and nobody in the household has a disability.
2. Two-parent renting household on low income with two children, that is receiving Universal Credit and Child Benefit. Both parents are working and nobody in the household has a disability.
3. Two-parent renting household on low income with one child, that is receiving Universal Credit and Child Benefit. Both parents are working and nobody in the household has a disability.
4. Single parent renting household on low income with one child, that is receiving Universal Credit and Child Benefit. The parent works full-time and nobody in the household has a disability.
5. Single parent renting household on low income with one child, that is receiving Universal Credit and Child Benefit. The child has a disability resulting in them being eligible for the higher rate of the PIP daily living payment.
6. Single parent household on low income with one child, that is receiving Child Benefit and Universal Credit. The parent is not able to work due to a disability and is in receipt of Personal Independence Payment daily living component. This assumes that the Young Person would claim Carers' Allowance where they were eligible.

7. A young person aged 17 who is living independently in supported accommodation as they are estranged from their parents.

In order to maintain a level of comprehension and focus only on the elements relevant to our project, certain assumptions have been made in creating these scenarios. These are:

- All families live in England but outside of London.
- In the one-child scenarios, the child is aged 16. In the two-child scenarios, the older child is 16 and the younger child is aged 6 in 2025.
- In scenarios 2-6, where the parent(s) is (are) on low income, we have assumed that there is still some Universal Credit entitlement after the educational choice has been made. However, depending on the level of income, parents may lose UC entitlement entirely, which can have knock-on effects such as less Council Tax reduction and loss of passported benefits such as Free School Meals.
- In the single parent scenarios, the other parent (who lives separately) pays Child Maintenance for the 16-year-old child. We assumed that this parent earned £30,000 annually and had no other children or children for whom they were paying Child Maintenance.
- The apprentice take-home wage in each scenario was calculated using a tax calculator and accounts for a small amount of tax and National Insurance.
- In Scenario 7, we have assumed that the Housing Benefit received is £180 per week.
- As the 16-19 Bursary is discretionary, we have assumed that only the young person in Scenario 7 would likely be eligible. If these scenarios were in Scotland, Wales and Northern Ireland, young people in Scenarios 1-6 may be eligible for the Education Maintenance Allowance.
- Whilst we recognise that in some situations, households may be eligible for a Council Tax Reduction, schemes vary across different local authorities and so we have excluded this from our scenarios for simplicity. However, it should be recognised that some households may face additional losses where the Council Tax reduction eligibility is lost.

- All values have been taken from the most up-to-date Universal Credit information available online.

**Key:**

BU = Benefit Unit. BU1 = Benefit Unit 1. BU2 = Benefit Unit 2. In the cases of apprenticeships, the apprentice becomes their own benefit unit.

HH = Household. This could be made up of one or two benefit units, depending on the educational pathway chosen by the 16-year-old.

YP = Young Person.

**Scenario 1:** 2- parent renting household on the median income with two children, that is receiving Child Benefit. Both parents are working and nobody in the household has a disability.

<b>Group</b>	<b>Choices</b>	<b>Income</b>	<b>Income Lost</b>	<b>Change to Household Income</b>
<i>16-year-old educational choice</i>	Apprenticeship	Apprenticeship wage + (net) £257.98 per week (35 hrs at £7.55)	Child Benefit - £17.25 per week	Parents (BU1): Loss of £17.25 per week YP (BU2): Additional £257.98 per week HH (BU1+2): Additional £240.73 per week
	Full-time education plus part-time job	Part-time job earnings +£90.60 per week (12 hours at £7.55)	Not Applicable	Parents (BU): no change YP: Additional £90.60 per week HH (BU): Additional £90.60 per week
	Full-time education (no part-time job)	Not Applicable	Not Applicable	Parents (BU): no change YP: no change HH (BU): no change

**Scenario 2:** 2-parent renting household on low income with two children, that is receiving Universal Credit and Child Benefit. Both parents are working and nobody in the household has a disability.

<b>Group</b>	<b>Choices</b>	<b>Income</b>	<b>Income Lost</b>	<b>Change to Household Income</b>
<i>16-year-old educational choice</i>	Apprenticeship	Apprenticeship wage + (net) £257.98 per week (35 hrs at £7.55)	Child Benefit - £17.25 per week Child Element of Universal Credit -£78.23 per week Total Loss: £95.48 per week	Parents (BU1): Loss of £95.48 per week YP (BU2): Additional £257.98 per week HH (BU1+2): Additional £162.50 per week
	Full-time education plus part-time job	Part-time job earnings +£90.60 per week (12 hours at £7.55) Total Gain: £90.60	Not Applicable	Parents (BU): no change YP: Additional £90.60 per week HH (BU): Additional £90.60 per week
	Full-time education (no part-time job)	Not Applicable	Not Applicable	Parents (BU): no change YP: no change HH (BU): no change

**Scenario 3:** 2- parent renting household on low income with one child, that is receiving Universal Credit and Child Benefit. Both parents are working and nobody in the household has a disability.

<b>Group</b>	<b>Choices</b>	<b>Income</b>	<b>Income Lost</b>	<b>Change to Household Income</b>
<i>16-year-old educational choice</i>	Apprenticeship	Apprenticeship wage + (net) £257.98 per week (35 hrs at £7.55)	Child Benefit - £26.05 per week Child Element of Universal Credit -£78.23 per week Work Allowance -£52.17 (55% of £411 p/month in p/week for renters) Total Loss: £156.45 per week	Parents (BU1): Loss of £156.45 per week YP (BU2): Additional £257.98 per week HH (BU1+2): Additional £101.53 per week
	Full-time education plus part-time job	Part-time job earnings +£90.60 per week (12 hours at £7.55) Total Gain: £90.60	Not Applicable	Parents (BU): no change YP: Additional £90.60 per week HH (BU): Additional £90.60 per week
	Full-time education (no part-time job)	Not Applicable	Not Applicable	Parents (BU): no change YP: no change HH (BU): no change

**Scenario 4:** Single parent renting household on low income with one child, that is receiving Universal Credit and Child Benefit. The parent works full-time and nobody in the household has a disability

<b>Group</b>	<b>Choices</b>	<b>Income</b>	<b>Income Lost</b>	<b>Change to Household Income</b>
<i>16-year-old educational choice</i>	Apprenticeship	Apprenticeship wage + (net) £257.98 per week (35 hrs at £7.55)	Child Benefit - £26.05 per week Child Element of Universal Credit -£78.23 per week Work Allowance -£52.17 (55% of £411 p/month in p/week for renters) Child maintenance - £69.04 per week Total Loss: £225.49 per week	Parents (BU1): Loss of £225.49 per week YP (BU2): Additional £257.98 per week HH (BU1+2): Additional £32.49 per week
	Full-time education plus part-time job	Part-time job earnings +£90.60 per week (12 hours at £7.55)	Not Applicable	Parents (BU): no change YP: Additional £90.60 per week HH (BU): Additional £90.60 per week
	Full-time education (no part-time job)	Not Applicable	Not Applicable	Parents (BU): no change YP: no change HH (BU): no change

**Scenario 5:** Single parent renting household on low income with one child, that is receiving Universal Credit and Child Benefit. The child has a disability resulting in them being eligible for the higher rate of the PIP daily living payment.

<b>Group</b>	<b>Choices</b>	<b>Income</b>	<b>Income Lost</b>	<b>Change to Household Income</b>
<i>16-year-old educational choice</i>	Apprenticeship	Apprenticeship wage + (net) £257.98 per week (35 hrs at £7.55)	Child Benefit - £26.05 per week Child Element of Universal Credit -£78.23 per week Work Allowance -£52.17 (55% of £411 p/month in p/week for renters) Child maintenance -£69.04 per week Disabled Child Element of Universal Credit -£114.43 Total Loss: £339.92 per week	Parents (BU1): Loss of £339.92 per week YP (BU2): Additional £257.98 per week HH (BU1+2): Loss of-£81.94 per week
	Full-time education plus part-time job	Part-time job earnings +£90.60 per week (12 hours at £7.55) Total Gain: £90.60	Not Applicable	Parents (BU): no change YP: Additional £90.60 per week HH (BU): Additional £90.60 per week
	Full-time education (no part-time job)	Not Applicable	Not Applicable	Parents (BU): no change YP: no change HH (BU): no change

**Scenario 6:** Single parent renting household on low income with one child, that is receiving Child Benefit and Universal Credit. The parent is not able to work due to a disability and is in receipt of Personal Independence Payment daily living component. This assumes that the Young Person would claim Carers' Allowance where they were eligible.

<b>Group</b>	<b>Choices</b>	<b>Income</b>	<b>Income Lost</b>	<b>Change to Household Income</b>
<i>16-year-old educational choice</i>	Apprenticeship	Apprenticeship wage + (net) £257.98 per week (35 hrs at £7.55)	Child Benefit - £26.05 per week Child Element of Universal Credit - £78.23 per week Child Maintenance - £69.04	Parents (BU1): Loss of £173.32 per week YP (BU2): Additional £257.98 per week HH (BU1+2) Additional £84.66 per week
	Full-time education plus part-time job	Part-time job earnings +£90.60 per week (12 hours at £7.55) Total Gain: £90.60	Not Applicable	Parents (BU): no change YP: Additional £90.60 per week HH (BU): Additional £90.60 per week
	Full-time education	Not Applicable	Not Applicable	No changes
	Part-time education (less than 21 hours) no part time job	16-19 Bursary +£23 per week Carer's allowance +£83.30 per week. Universal Credit + £36.69 Total gain £142.99	Child benefit - £26.05 per week Child Element of Universal Credit - £78.23 per week Child Maintenance - £69.04 per week	Parents (BU1): Loss of £173.32 per week YP (BU2): Additional £142.99 per week HH (BU1+2) Loss of £30.33 per week
	Part-time education (less than 12 hours) plus part-time job (12 hours)	Carer's Allowance +£83.30 per week Part time job earnings +£90.60	Child benefit -£26.05 per week Child Element of Universal Credit - £78.23 per week Child Maintenance - £69.04 per week	Parents (BU1): - £173.32 per week YP (BU2): Additional £173.90 HH (BU1+2): Additional £0.58 per week

**Scenario 7:** A young person aged 17 who is living independently in supported accommodation (rent £180 pw) as they are estranged from their parents.

<b>Group</b>	<b>Choices</b>	<b>Wage / Bursary Income</b>	<b>UC / HB income</b>	<b>Change to Household Income</b>
<i>16-year-old educational choice</i>	Apprenticeship	Apprenticeship wage + (net) £257.98 per week (35 hrs at £7.55)	Universal Credit (None) – all removed due to taper  Housing Benefit + £15.58	Total income £273.56 per week
	Full-time education plus part-time job	16 – 19 Bursary +£23 per week  Part time job Earnings + £90.60 per week (12 hours £7.55)	Universal Credit +£23.32 per week (£49.83 lost due to taper)  Housing benefit + £180 per week	Total Income £316.92 per week
	Full-time education	16 – 19 Bursary +£23 per week	Universal Credit + £73.15 per week  Housing Benefit + £180 per week	Total Income £276.15 per week
	NEET	Not applicable	Universal Credit + £73.15 per week  Housing benefit + £180	Total Income £253.15 per week

## Methodological approach

This research took place between June and December 2025. Following a review of the previously published research, we developed the following three research questions:

1. What happens to specific household benefits when a young person turns 16? How do these change when the young person remains in full-time education, pursues an apprenticeship or enters employment?
2. How much do young people and their families understand about these changes and are they making informed decisions?
3. To what extent is the state security system influencing the educational decision-making of 16-18-year-olds?

To address these questions, we took the following methodological approach:

- Interviews with nine young people aged 14-15 whose parents were in receipt of UC.
- Interviews with two care-experienced young people aged 18-24.
- Roundtable discussions and other meetings with stakeholder organisations and policy experts (full list of representation is included in Annex A), some of whom also provided written evidence.
- A visit to a DWP Youth Hub, including observations of sessions and a roundtable discussion with key operational and policy staff.
- Conversations with policy officials from DWP, HMRC, DfE.
- A literature review of relevant published research.

A central aim of this project has been to identify areas where the social security system may not be functioning as intended, particularly in relation to the policy objectives we outline in Chapter 1. The qualitative elements of our research were instrumental in supporting this approach, by allowing us to engage directly with individuals and organisations representing individuals who are directly affected by these policies. We used interviews and roundtable discussions to gather personal experiences and facilitate meaningful discussions that brought diverse perspectives together.

All data collection adhered to Government Social Research guidance.

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